

Pioneer



Annual Report
2008

ABN 44 103 423 981

CORPORATE DIRECTORY

DIRECTORS

Craig I McGown Independent Non-Executive Chairman
David J Crook Managing Director
Allan Trench Independent Non-Executive Director
Peter Langworthy Non-Executive Director

COMPANY SECRETARY Julie A Wolseley

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SECURITIES EXCHANGE LISTING

The Company's shares are quoted on the
Australian Securities Exchange.
The Home Exchange is Perth.

ASX CODE

PIO - ordinary shares

CONTENTS

Company Strategy	1
Chairman's Letter	2
Corporate Overview	3
Operations Report	4 - 15
Summary of Tenements	16 - 18

Corporate Governance Statement	19 - 24
Directors' Report	25 - 30
Auditor's Independence Declaration	31
Income Statement	32
Balance Sheet	33

Statement of Changes in Equity	34
Cash Flow Statement	35
Notes to the Concise Financial Report	36 - 38
Directors' Declaration	38
Independent Audit Report	39
ASX Additional Information	40

Company Strategy



Pioneer is a specialist explorer with a strategically located portfolio of tenements in well mineralised areas of the Eastern Goldfields of Western Australia.



This year saw very encouraging results generated from four projects. These represent opportunities in nickel, gold, cobalt and manganese, and will be the priority for the Company going forward.



The Company's business plan includes:

Maintaining exploration focus on its core projects;
Remaining well-funded to permit substantial exploration programs;

The results generated this year confirm that real opportunities do exist within the Company's tenement portfolio, and that a multi-commodity exploration strategy can generate exciting results which will translate into increased value for shareholders.



Researching and ranking projects to a 'develop or divest' decision point; and

Developing a portfolio of farm-out joint ventures to mitigate financial risk.



The Company will continue to uncover value through aggressive exploration programs. At times this will mean entering into partnerships with other well regarded mining companies to ensure exploration momentum is maintained. Pioneer will also continue to review external project opportunities as they become evident.



While cognisant that market conditions are currently very difficult for junior explorers, the Company maintains a medium to long-term growth strategy driven by genuine discovery, and looks forward to emerging into a recovering market in good shape.

Chairman's Statement



Craig McGown
Chairman

Dear Shareholder,

It is with pleasure that I present to you the 2008 Annual Report for Pioneer Nickel Limited. This report provides a review of what has been a very successful year of exploration for the Company. Pioneer has maintained its commitment to shareholders to provide a high level of field-orientated exploration activity for the investment dollar. Significant progress has been achieved on the priority projects which will provide Pioneer with a strong foundation for the next 12 months.

In preparing this letter I reviewed last year's Chairman's review from which it is immediately evident that we are living in a significantly different world economic environment than was the case 12 months ago. The current environment is one of erratic and primarily downward movements in international equities markets, which has had a consequential impact on your Company as a participant in this market.

Despite the anticipated negative reaction by the local equity market to the international financial crisis, many well regarded economists still expect strong demand for commodities from BRIC countries in particular. Production constraints in commodities including iron, nickel, manganese and gold are forecast to continue for the next several years, with strong prices anticipated, and it is against this backdrop that Pioneer has taken the view that the commodity market will recover and your Company plans to be in a position to take full advantage of it.

It was based on this premise that your Company focused exploration efforts over the past year within its large tenement portfolio and has been rewarded with a number of very significant discoveries in nickel, gold, manganese and cobalt. During the 2007-2008 financial year your Company expended \$3.4 million to achieve these results.

Recognising the prevailing market conditions however, Pioneer is required to maintain a very focused approach to its projects including a pragmatic approach to the rationing of capital, both existing and new, going forward.

Your Company's management has undertaken a ranking of its current projects and has prioritised the allocation of funds to those which are most likely to result in a cash flow, whether in the medium or long term. In this regard your Company's focus remains on the Golden Ridge Nickel Project, while advancing the Mt Chester Manganese, Lignum Dam Gold and the Mt Thirsty Nickel South Cobalt-Nickel Projects, and in this report we have provided a brief view of how we think each of these projects' value could be unveiled.

I would like to take this opportunity to thank shareholders, including Xstrata Nickel Australasia Investments Pty Ltd, who supported capital raisings during the year or supported the Company on-market. We are very conscious of putting "investor dollars" to good use and have seen exciting results generated this year. We are confident that continuing exploration will lead to further success.

Pioneer remains a company whose technical competence provides it with the platform to explore efficiently, to build a resource inventory and proceed to development of that resource. In this regard I would like to particularly thank David Crook and his team for their efforts and also to my fellow Board members whose enthusiasm and understanding of the mineral exploration industry has impressed me considerably in the short time that I have been Chairman of your Company.

I would also like to sincerely thank the outgoing Chairman, Reg Gillard, for his efforts over the past three years.

The Australian stock market leading indicator, the ASX All Ordinaries Index, peaked at 6873 points on 1st November 2007 and has been declining steadily since. Pioneer's share price started its decline at the beginning of December 2007 from 24c, coming off rapidly until the end of March 2008, but continuing to dwindle to today's price. While this is no consolation, many other ASX listed explorers, and even miners with robust cash flows, have been equally sold down.

What it means to your Company however is:

- Investment capital for junior companies is currently very scarce;
- Where capital is available, brokers are requiring large discounts to market to complete fundraisings;
- With a depressed share price, new issues are very dilutive; and
- Significant raisings are hampered by a rule which caps the quantum of shares available for issue to 15% of the already issued capital.

Pioneer expended \$3.4 million on exploration expenditure for the year which was paid for from existing cash reserves, sale of its stake in listed Galaxy Resources Limited and a placement of 13,410,000 shares which raised an additional \$1,139,850. At the end of the financial year the Company had 103,208,479 ordinary shares on issue.

Bearing in mind the current market, your Company is implementing a strategy which will include expanding alliances with existing partners and developing additional alliances with other companies through project equity divestment, thereby minimising highly dilutive conventional capital raisings. The overriding priority however, is to remain sufficiently funded, permitting priority exploration programs to go ahead while remaining well prepared should the downturn in the equities market become protracted.

During the year Mr Reg Gillard resigned as Chairman and non-executive Director following a decision to reduce his work commitments. On behalf of your Company, the Board extends its thanks to Mr Gillard for his valued contribution to the growth of Company since 2005.

Pioneer's farm-out joint venture portfolio now includes:

- Xstrata Nickel Australasia Pty Limited managing the Acra JV Project;
- Lake Johnston Ltd (Norilsk) managing the Maggie Hays Lake JV Project;
- BHP Billiton Minerals Pty Ltd managing the Silver Swan Northwest JV Project;
- Ramelius Resources Limited managing the Wattle Dam and Larkinvile JV Projects; and
- Bass Metals Ltd managing the Heazlewood and Whyte River Royalty Agreement (Tasmania).

Of importance, Pioneer has retained a significant participating interest that is free-carried until the commencement of mining in each of these agreements, whether in the form of a minority interest, equity position or future royalty stream.

In addition to the employees who have put in another exemplary year, the Directors would like to acknowledge and thank the casual and part-time geologists, field assistants, database managers and consultants who have provided a valuable contribution to the Company during the year.



David Crook
Managing Director

Summary of Work Programs for Pioneer Managed Projects 2007- 2008

During the year the Company's commitment to 'spending money in the ground' has proved very successful with new sulphide nickel and gold discoveries made within core projects areas.

The Company believes that its decision to diversify its commodity mix is generating results with quality targets generated for gold, manganese, lateritic cobalt-nickel and copper-lead-zinc. Importantly these projects have all been generated from within the Company's extensive land bank.

Lignum Dam Gold Project (60km N of Kalgoorlie. PIO 100%)

- Located 60km N of Kalgoorlie, Western Australia.
- Tregurtha - a green-fields gold discovery, within the Rainbow Dam Granodiorite.
- RAB drilling completed, returning anomalous gold values:
SSB0412: 29m at 2.08g/t Au
SSB0413: 8m at 2.43g/t Au
SSB0400: 4m at 3.31g/t Au

Golden Ridge JV Nickel Project (PIO 51%)

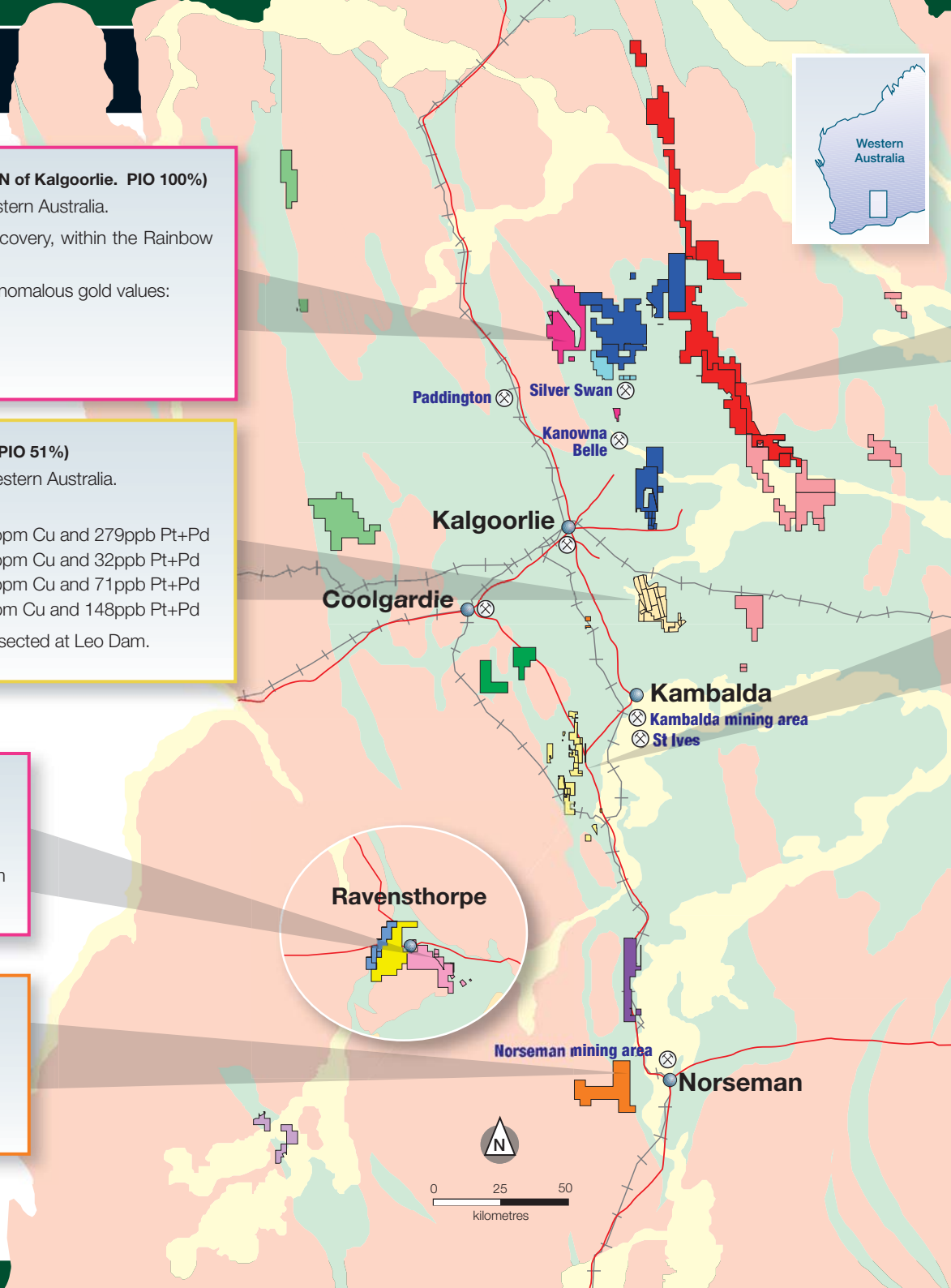
- Located 30km SE of Kalgoorlie, Western Australia.
- 4 new targets identified:
Leo Dam: 68m at 0.56% Ni, 403ppm Cu and 279ppb Pt+Pd
Central 2: 11m at 0.35% Ni, 118ppm Cu and 32ppb Pt+Pd
Central 8: 13m at 0.53% Ni, 397ppm Cu and 71ppb Pt+Pd
Central 16: 5m at 0.37% Ni, 717ppm Cu and 148ppb Pt+Pd
- Disseminated nickel sulphides intersected at Leo Dam.

Mt Chester (Ravensthorpe JV) Manganese Project (PIO 75%)

- Located 10km SE of Ravensthorpe, Western Australia.
- Manganese exploration commenced.
- Spot outcrop samples assayed between 30% and 49% manganese over a 500m strike length.

Mt Thirsty South Cobalt, Nickel, Manganese Project (160km S of Kalgoorlie. PIO 100%)

- Located 160km S of Kalgoorlie, Western Australia.
- Lateritic cobalt-nickel-manganese mineralisation identified.
- Mineralisation is along the strike extension of a known resource.



Acra Joint Venture Project (Farm-out, Nickel, Gold, PIO 40%)

- Located 70km E of Kalgoorlie, Western Australia.
- Nickel sulphides have been intersected for the first time on an intact basal ultramafic contact.

The Ramelius Alliance Area (Farm-out, Nickel-Gold, PIO 20-25%)

- Located 70km SW of Kalgoorlie, Western Australia.
- New nickel sulphide targets identified in RAB drilling at Wattle Dam.
- Narrow zone of high nickel tenor massive sulphide confirms prospectivity at 1A Prospect.
- Positive gold results returned from drilling at Larkinville West JV.

The Heazlewood JV Project (Royalty Agreement, Polymetallic, PIO 2% NSR)

- Located NW Tasmania, Tasmania.
- Pioneer converted its equity in the Project into a 2% Net Smelter Return royalty.
- Venture Minerals Limited enters into an iron and tungsten JV for the project

Figure 1: Eastern Goldfields Projects and Key Achievements

Outlook – Discoveries Develop Into Drilling Targets

Golden Ridge Project – Nickel Sulphide Discovery at Leo Dam

The Company's systematic approach to exploring the Golden Ridge JV Project is proving effective following the discovery of disseminated nickel sulphides at its Leo Dam Prospect, and the identification of other priority targets along the Central Ultramafic Unit. This is a direct result of an in-house process of geochemically fingerprinting ultramafic units.

Following aircore drilling, deeper RC drill holes, which target the ultramafic footwall, will be used as DHTM platforms. This is a technique used to locate massive sulphide accumulations, if present, near the drill hole.

Mt Chester Manganese Project – Strategically Located Manganese Mineralisation

Reconnaissance work by the Company has located high value manganese in outcrop for 500m of strike. Spot samples returning assays between 30% and 49% Mn. Mt Chester is approximately 160km from the Esperance Port.

Initial drilling will test the manganese-bearing horizon with five fans of holes planned from an easily accessible area near an old sampling adit.

Lignum Dam Gold Project – Greenfield Gold Hits at Tregurtha

Pioneer's new gold discovery is located entirely within sheared granodiorite. This environment is analogous to the setting of the Federal and Golden Cities Deposits, hosted in the Scotia Granodiorite, 15km to the southwest. RAB drilling to date has generated a series of very significant results.

While RAB drilling is still required to infill and extend 3 of 4 anomalies identified to date, Tregurtha is at a stage where mineral resource definition drilling can commence.

Mt Thirsty South Cobalt-Nickel-Manganese Project - Potential for High Grade Cobalt

Pioneer has identified potential cobalt-nickel-manganese lateritic mineralisation. The Mt Thirsty South Project is the immediate southern extension of the Mt Thirsty Project (not held by Pioneer) which has a published mineral resource of 29 million tonne of 0.56% Ni, 0.12% Co and 0.88% Mn. Drilling will initially confirm the presence of a mineralised weathering mantle and locate smaller lenses of high cobalt material.

The Company anticipates that it will pursue a joint development plan with other companies with similar mineralisation, who presently operate in the area.

Operational Statistics for 2007-2008

Soil Sampling 17,324 samples

Ravensthorpe JV	575 sites
Balogundi	1,868 sites
Silver Swan NW	1,618 sites
Ida Fault	941 sites
Aerodrome JV	344 sites
Acra JV	11,978 sites

RC and Diamond Drilling 132holes 25,813m

Golden Ridge JV	5 holes	1,685m
Ravensthorpe JV	21 holes	5,540m
Balogundi	10 holes	1,255m
Larkinville	35 holes	3,668m
Wattle Dam	21 holes	3,993m
Acra	40 holes	9,672m

RAB/Aircore Drilling 49,287m

Golden Ridge JV	14,183m
Silver Swan NW	19,624m
Wattle Dam	15,480m

Golden Ridge Joint Venture Project

Pioneer has a 51% interest in the project. Australian Mines Limited has a 49% contributing interest.

The Golden Ridge Project targets ultramafic stratigraphy that is well endowed in respect of nickel mineralisation, hosting the Blair Nickel Mine and a number of other occurrences, including the Leo Dam discovery made this year. The Blair Mine is excluded from the JV, as are rights to gold within the project.

The project includes 100km² of predominantly granted mining leases which are accessed by well formed roads, being 20 minutes drive from the mining centre of Kalgoorlie. The Blair Mine, within the project perimeter, has scheme electricity and other mining infrastructure in place, including a haul road direct to the Kambalda Nickel Concentrator. The Company has a ‘good faith’ access agreement for mine infrastructure if required. This ensures that when a discovery is made, the transition to mining will be expeditious.

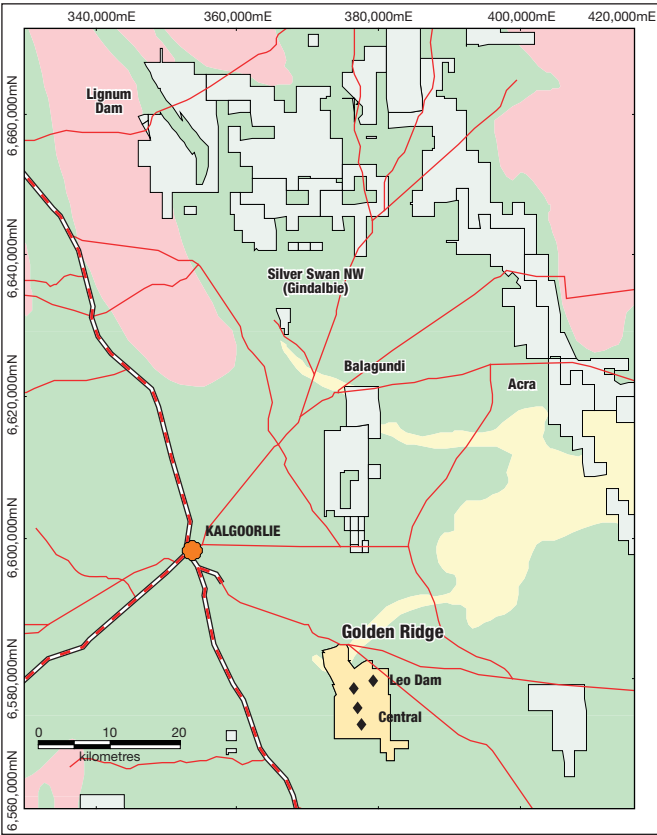
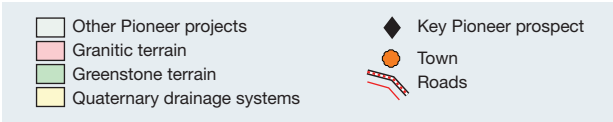


Figure 2: Golden Ridge JV Project Locations



Nickel: Reconnaissance Drilling Leads to a New Discovery

Nickel sulphide exploration is about locating the specific geological environment where mineralisation deposition may occur. The joint venture uses reconnaissance drilling as the principal exploration tool to locate this environment, which directly led to the discovery of nickel at the Leo Dam Prospect.

Drilling for the year totalled 14,183m of aircore, 408m of RC and 1,277m of diamond core.

Pioneer's New Geological Model Adds Focus for the Next Exploration Phase

A comprehensive interpretation of the project geology has been completed, drawing information from drilling programs and geophysical data. Geological and geochemical characteristics that are consistent with ‘Kambalda-style’ nickel sulphide deposits have been identified for a number of zones including the anomalous Leo Dam Ultramafic Unit and the Central Ultramafic Unit.

As a direct result of the new geological model, four nickel sulphide targets have been identified. The Leo Dam Prospect and three targets along the basal contact of the Central Ultramafic Unit feature coincident zones of Ni-Cu-PGE anomalism at or near apparent thermal erosion channels.

Leo Dam	68m at 0.56% Ni, 403ppm Cu and 279ppb Pt+Pd
Central 2:	11m at 0.35% Ni, 118ppm Cu and 32ppb Pt+Pd
Central 8:	13m at 0.53%Ni, 397ppm Cu and 71ppb Pt+Pd
Central 16:	5m at 0.37% Ni, 717ppm Cu and 148ppb Pt+Pd

Positive Outlook – Follow-Up Drilling Planned

From a technical standpoint, the Company has developed a clear exploration strategy, which has resulted in the identification of four new priority targets. The Company will focus on further testing these targets, while continuing generative work in other areas of the project.

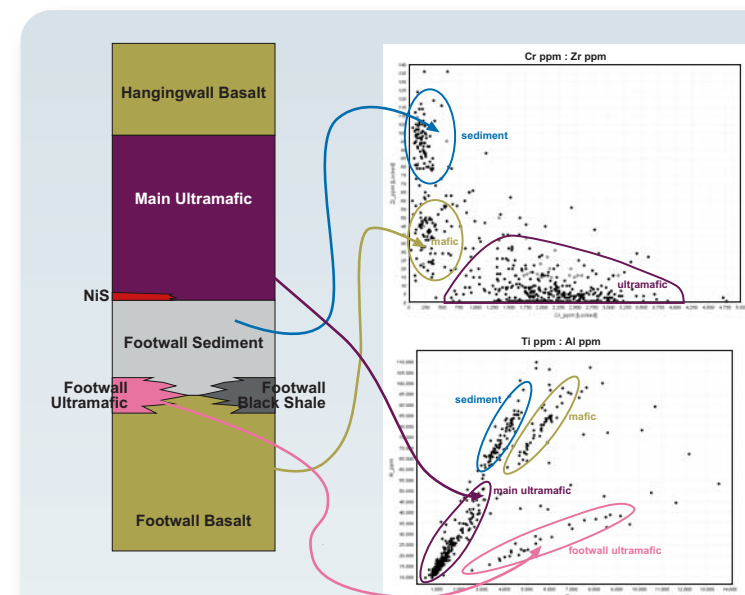
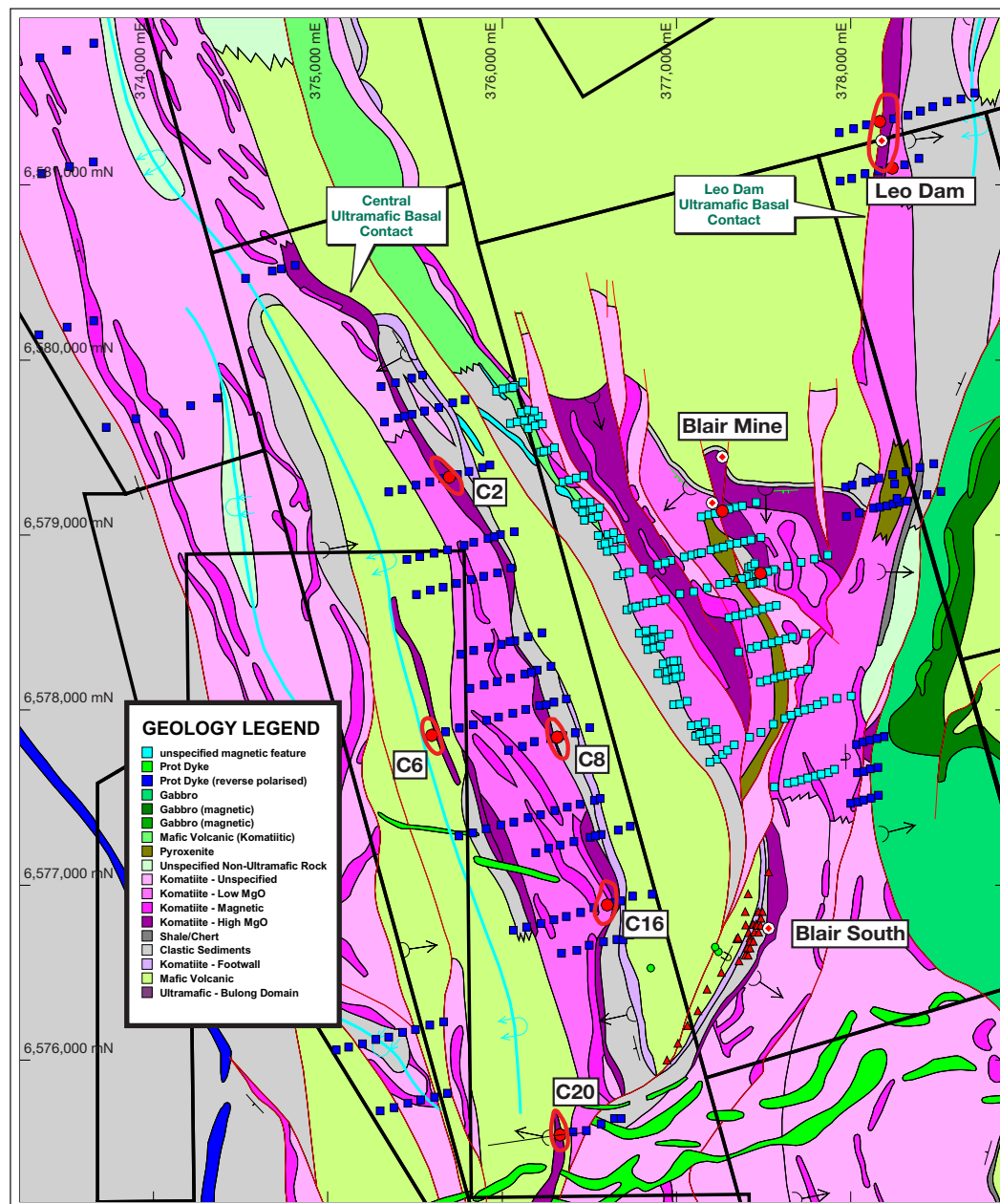


Figure 3b: Stratigraphic Column and Rock Geochemistry Plots

The collection of multielement assay data has allowed Pioneer to gain an understanding of the rocks in the GRJV that was unavailable to previous explorers in the area. This understanding has allowed Pioneer to identify with confidence prospective basal contacts within the GRJV.

- By using the immobile elements Al, Cr, Ti and Zr Pioneer is able to characterise the rock units even for extremely weathered rocks.
- The units that comprise the basal stratigraphic package can be defined using Ti-Al and Cr-Zr plots.
- Using relative values of Al, Ti and Zr, Pioneer is able to discriminate prospective basal high MgO komatiite from low MgO komatiite in highly weathered aircore and RAB samples.

Figure 3a: Golden Ridge JV Project Detailed Geology

Ravensthorpe Joint Venture Project

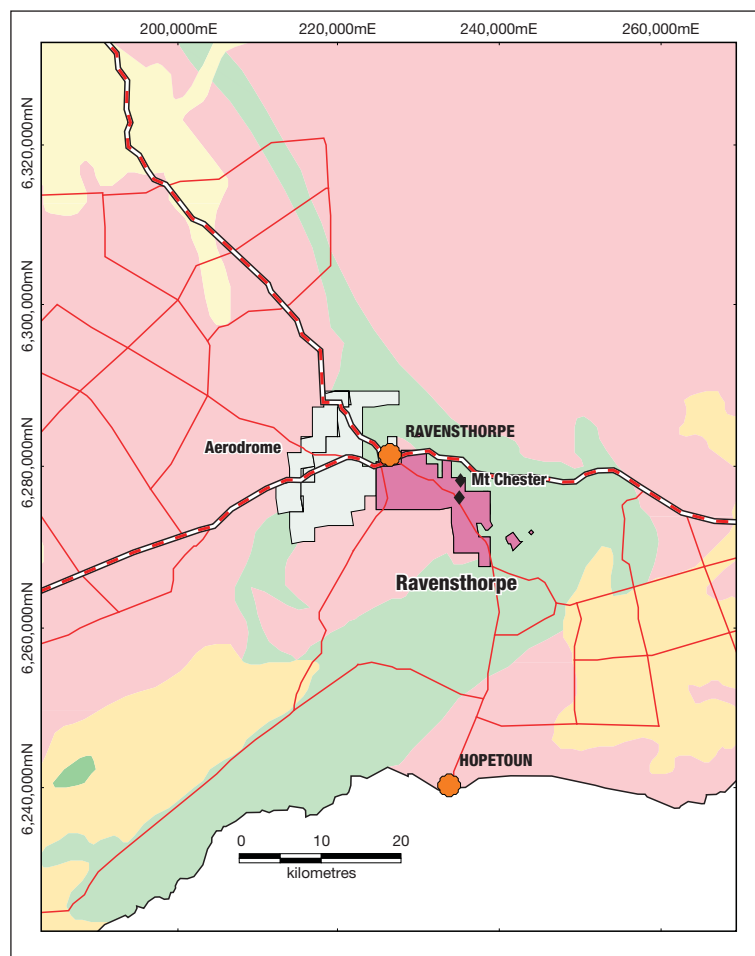


Figure 4: Ravensthorpe JV Project Locations

Western Copper Pty Limited (a wholly owned subsidiary of Pioneer) has a 75% interest in the Project. Galaxy Resources Limited has a 25% contributing interest.

Located approximately 10km from Ravensthorpe WA and 180km from the Esperance Port, the Company initially targeted the historical Mt Desmond and Elverdton copper mines, however emphasis has now changed to the Mt Chester Manganese Project, located within a granted mining lease. The project is accessed by sealed road and has scheme electricity running through the tenement.

Manganese: A High Value Commodity With a Good Future Identified at Mt Chester

Manganese is an essential component and is currently in high demand in the burgeoning Chinese steel industry. Manganese has experienced unprecedented price increases, exceeding 600% in some reports, throughout 2007 and 2008. Market fundamentals indicate continued future price strengthening, due to a global shortage of high-grade manganese ore. Pioneer therefore considers this to be a very important project.

Rock-chip assays from a geochemistry program which targeted the out-cropping manganese-rich horizon returned very significant values above 30% Mn, to a maximum value of 49% Mn over a strike length of 500m. Soil covers the horizon at each end; however soil samples anomalous in manganese may indicate obscured strike extensions.

The mineralised horizon was previously tested by an adit at approximately 30m below the surface, which was dug before 1909. The adit was mapped and sampled during the 1980s by Metana Minerals NL, with a report recording 15m at 17.7% Mn from the sampling. No other work is evident. The mineralogy of samples collected by Pioneer from the adit dumps indicates that the predominant manganese mineral is the high value pyrolusite.

Outlook – Drilling To Test Depth Potential Of Mineralisation

The joint venture views that the Mt Chester Prospect has the potential to provide high-grade manganese ore and notes the favourable proximity to the deep water port of Esperance, a strategic advantage should drilling prove successful.

An initial 250m of strike length will be drilled to provide orientation material and subsequent programs will test the full strike length of outcrop and other manganese anomalies in the area. Key elements to be tested include how wall rocks would respond in a mining proposition and the capacity of the mineralisation to respond to beneficiation.

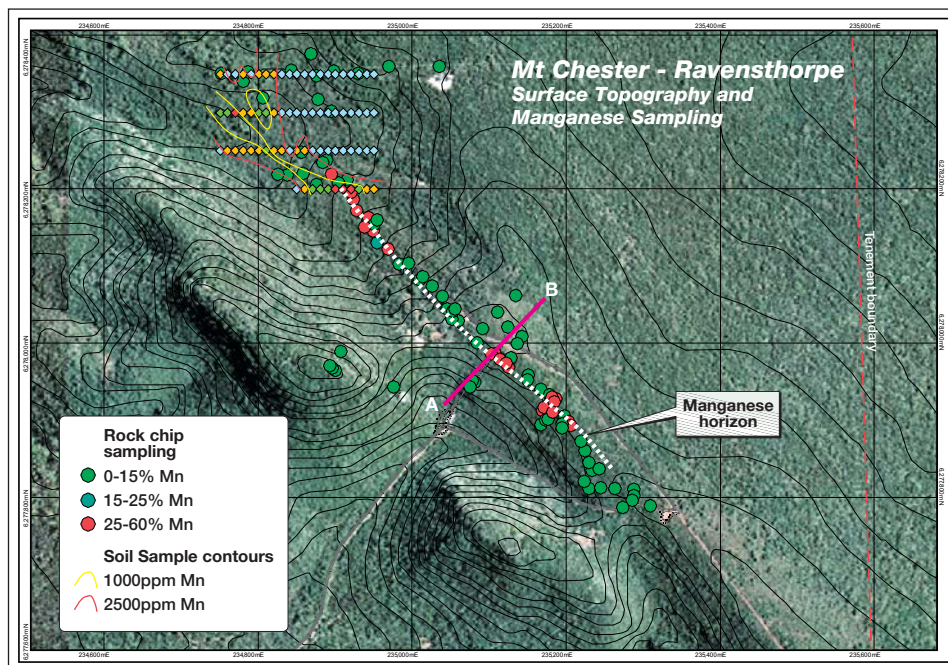


Figure 5: Mt Chester - Ravensthorpe Surface Topography and Manganese Sampling

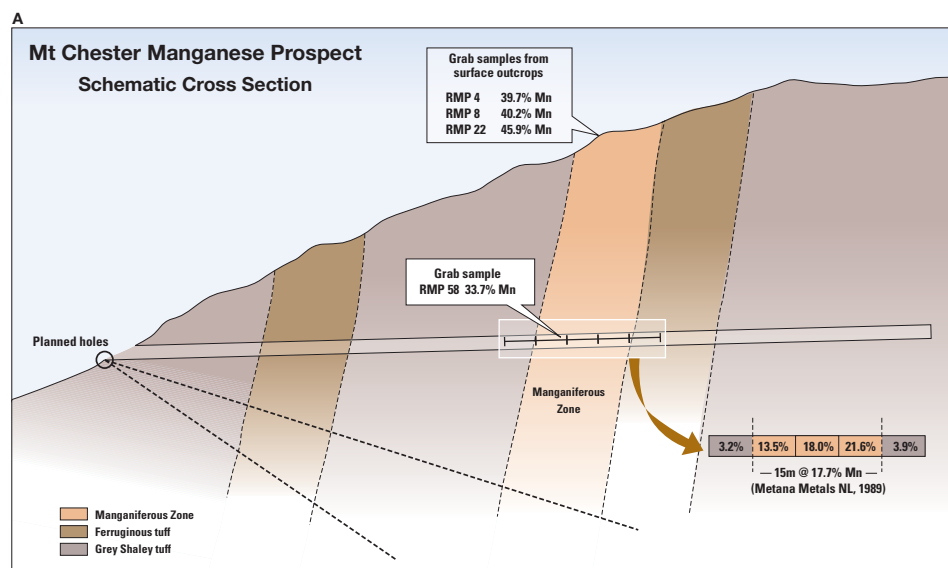


Figure 6: Mt Chester Manganese Prospect Schematic Cross Section

Mt Desmond-Elverdtton Copper-Gold Prospect

Copper-gold mineralisation intersected in drilling is interpreted to occur as thin, discontinuous lenses, and it is considered unlikely that a significant underground mining proposition exists directly beneath the workings. Better results were returned from the northern Mt Desmond Mine to PLP Workings where extensions to mineralisation remain untested, assuming a shallow northerly plunge.

Aerodrome Joint Venture Project

Pioneer is earning a 75% interest in the project through expending \$0.5 million. Galaxy Resources Limited 100%.

Soil geochemistry and geological mapping was completed over areas of ultramafic stratigraphy, VTEM and MLTEM anomalies. Coincident nickel-copper-PGE anomalies were identified adjacent to magnetic highs warranting further work.



Drilling at Ravensthorpe

Silver Swan Northwest Group of Projects

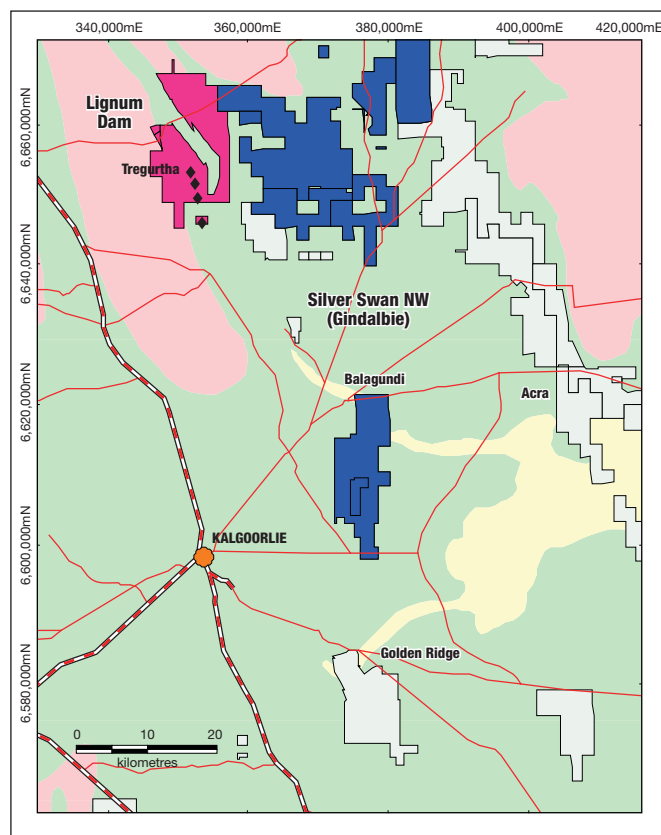


Figure 7: Silver Swan NW Group of Projects

Pioneer has a 100% interest in the projects.

The Silver Swan Northwest group of projects, including Balagundi, has an area of 635km² which covers sequences of ultramafic, mafic and felsic units, intruded by granites, which are considered prospective for nickel sulphide, gold and volcanogenic massive sulphide mineralisation. During the year all tenements within the project were granted and in-ground exploration activity commenced in earnest.

Gold: A New Discovery at the Lignum Dam Project

The Lignum Dam Project occurs within granodiorite, an environment analogous to the setting of the Federal and Golden Cities Deposits (currently being mined by Norton Gold Fields Limited) located 15km SSW, which had a combined in-ground mineral resource exceeding 1 million ounces of gold. The Project is approximately 21km NE from the Paddington Gold Mill and 35km NNW of the Kanowna Belle Gold Mill.

Pioneer completed 19,624m of RAB drilling to test a 12km long structural and geochemical anomaly which resulted in the discovery of a new fertile gold corridor. Initial targets include the Tregurtha, Pianto, Hughes and Top gold prospects.

Holes have been completed on traverses between 400m and 100m apart and spaced at 80m or 40m apart along the lines. Significant results from the Tregurtha Prospect included:

SSB0400 4m at 3.13g/t Au from 12m

SSB0400 2m at 2.11g/t Au from 40m

SSB0412 29m at 2.08g/t Au from 36m

SSB0413 8m at 2.43g/t Au from 36m

Outlook for the Gold Discovery

The Tregurtha gold anomaly is now sufficiently defined that resource definition drilling can commence. Further drilling is also required at the Pianto, Hughes, Airstrip and Top Prospects.

Nickel: Ultramafic Units with Nickel Sulphide Potential are Mapped

A compilation and interpretation of open file data, geophysical data and new geochemistry was undertaken. Within the project, three ultramafic units are considered prospective for nickel sulphide mineralisation.

A MLTEM conductor detected within the Scotia East Ultramafic Unit was drilled with three RC holes. The conductor was attributed to a sulphide-rich chert horizon at the basal ultramafic contact.

Outlook – Continued Testing of Ultramafic Units for Nickel Sulphides

While the sulphide mineralisation encountered in first pass drilling was not nickeliferous, the ultramafic rocks are anomalous and therefore the Scotia Ultramafic Unit remains prospective for nickel sulphide mineralisation elsewhere.

Regional exploration programs for the Rainbow Dam and Wishbone Ultramafic Units will commence during the year.

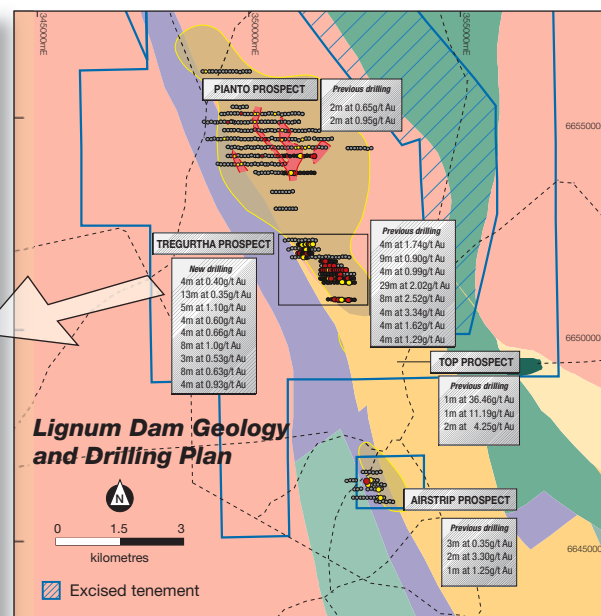
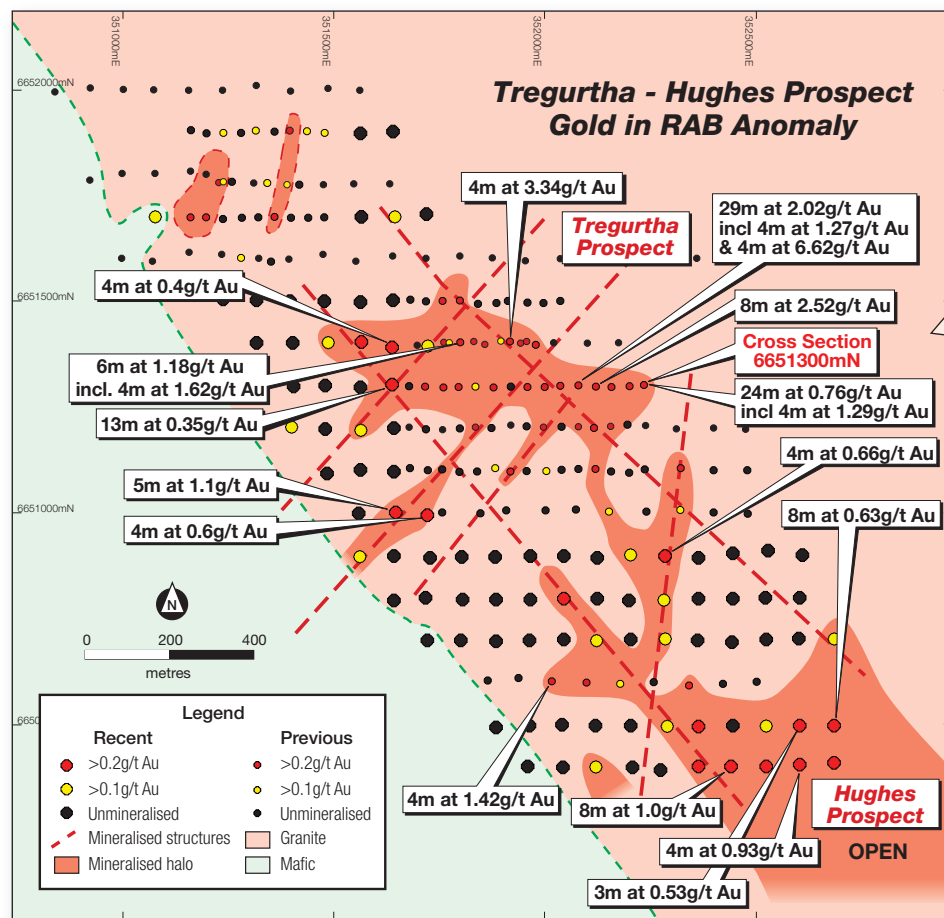


Figure 8a: Lignum Dam Project

Figure 8b: Tregurtha and Hughes Prospects

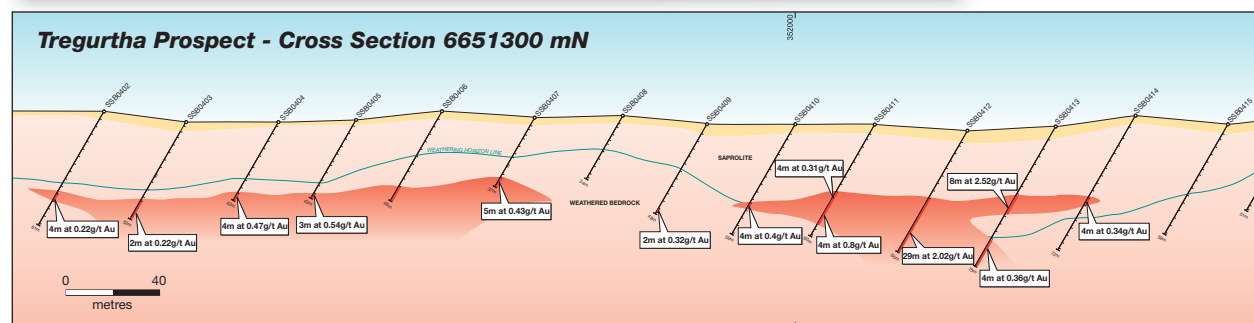


Figure 8c: Tregurtha Stylised Cross Section

Volcanogenic Massive Sulphide: Gindalbie Terrain Yields Targets

The Gindalbie Terrain VMS Project targets geological units which are considered by the GSWA to be prospective for volcanogenic massive sulphide ("VMS") style copper-lead-zinc deposits.

The project aggregates the eastern tenements of the Silver Swan Northwest Project with the Balagundi Project. This target style includes Golden Grove and Teutonic Bore Mines as Western Australian examples.

A compilation of information for over 2,200 km² of Gindalbie Terrain stratigraphy was completed. This analysis drew information from historical drilling programs and geophysical data, and resulted in the production of a series of base maps of the geological, weathering and erosion systems that interplay within Pioneer's project area.

Pioneer also completed:

- A 3,486 site geochemical sampling program, which generated two stand-out anomalies at the Red Bluff Gully and Trapdoor Prospects;
- PIMA analysis of samples from pre-existing RAB drilling to map rock alteration patterns, often a feature of mineralised systems; and
- A 10 hole RC program at the Trapdoor Prospect. Two holes intersected a zone of weak malachite (copper) mineralisation.

Outlook - a Systematic Approach to VMS exploration

The Company has commenced detailed geological mapping and sampling to validate targets ahead of the next phase of drilling.

Mt Thirsty South Cobalt-Nickel-Manganese Project

Pioneer has a 100% interest in the project.

The Mt Thirsty South Project is a single exploration licence with an area of 114km², which is located on the sealed Kalgoorlie-Esperance Highway, 20km N of Norseman. The tenement was recently granted and drilling commenced. Pioneer believes that it has located two zones of highly weathered ultramafic rocks which exhibit characteristics of a nickel laterite deposit.

The tenement is immediately adjacent to the Mt Thirsty Joint Venture Project ("MTJV") (Barra Resources Limited and Fission Energy Limited) where a mineral resource of 29 million tonne of 0.56% Ni, 0.12% Co and 0.88% Mn has been reported. When compared to other Goldfields lateritic nickel deposits, Mt Thirsty contains very elevated cobalt concentrations.

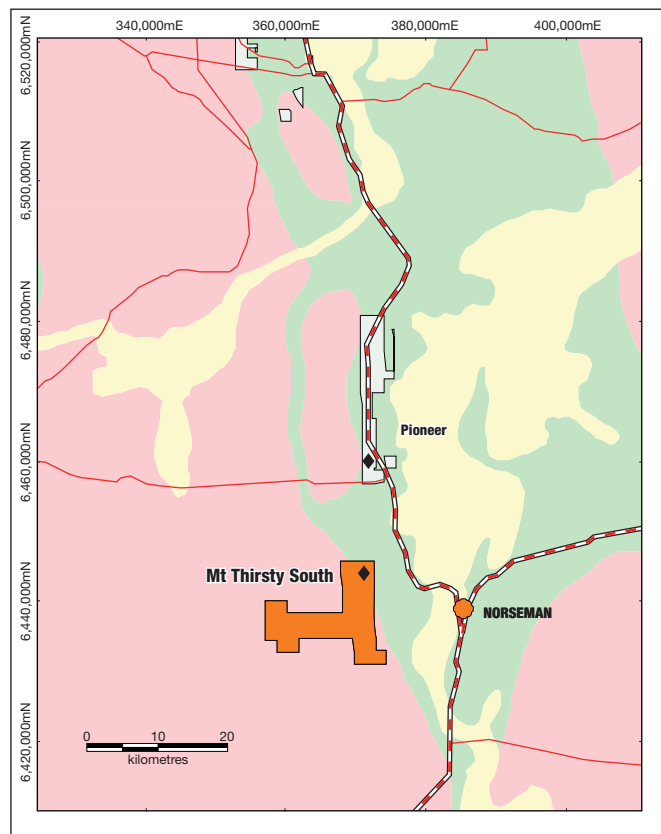


Figure 9: Mt Thirsty South Project Location

Cobalt: Favourable Deposition Environment Identified for this High Value Metal

Pioneer previously flew a detailed aeromagnetic survey to cover the Mt Thirsty Ultramafic Complex. Images show a 3km long demagnetised zone which represents the pervasively weathered olivine cumulate-textured peridotite, being the southern strike extension of the MTJV's deposit. This was confirmed by drilling RAB traverses.

Outlook – Delineating Cobalt-Nickel Laterite Resources

The Company is aware that for a project of this size and nature to succeed, a scheme of arrangement with neighbouring companies will be required.

The project is differentiated from other lateritic nickel projects due to the elevated concentrations of cobalt reported for Mt Thirsty. This, and advances in moderate temperature, ambient pressure leaching technology to recover key payable metals could mean that an eventual treatment plant would have a much lower construction cost when compared with PAL alternatives.

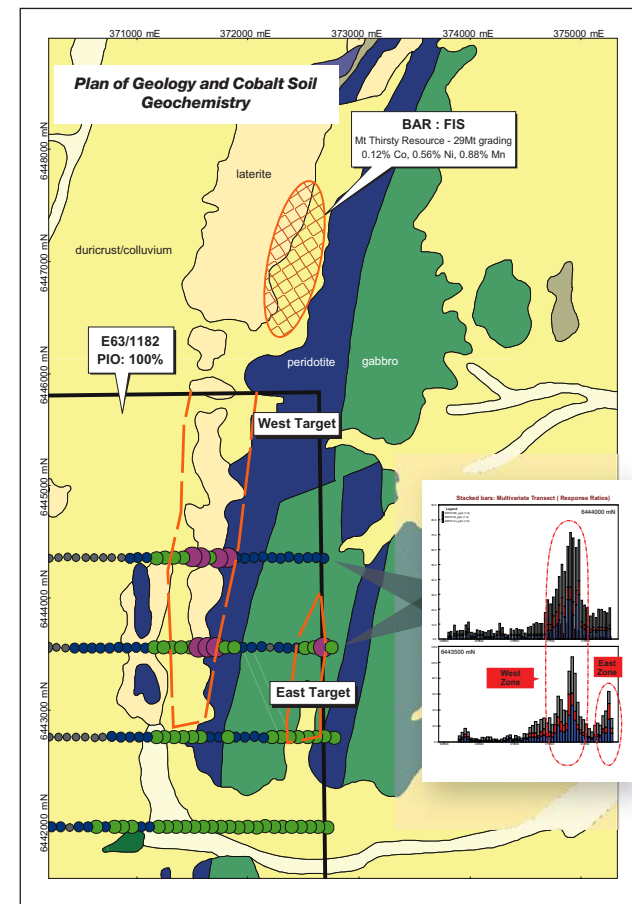
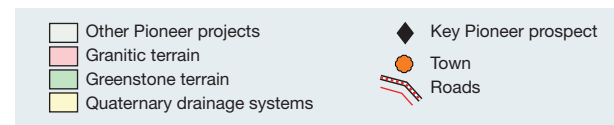


Figure 10: Plan of Geology and Cobalt Soil Geochemistry

Acra Joint Venture Project

Pioneer 40%. Xstrata Nickel Australasia Pty Limited (“Xstrata”), currently holds a 60% interest and is earning up to a 75%. Heron Resources Limited retains rights to nickel laterite ore.

Nickel: Deep Drilling Intersects an Intact Mineralised Basal Contact

Xstrata has now identified nickel sulphide mineralisation at three locations, the Jubilee-JSW Gossan, Jubilee West and Acra South Prospects, along the southern ultramafic unit limb in addition to the original Acra Prospect.

Xstrata has notified Pioneer that RC and diamond drilling, amounting to 40 holes for 9,672m, was completed during the year. Holes tested geological and geophysical targets, and were subsequently tested with DHTM surveys.

Disseminated nickel sulphide mineralisation intersected internal to the ultramafic host unit at the JSW Gossan Prospect included:

JBDD004	3.0m at 0.56% Ni from 249.5m
JBDD008	0.29m at 0.98% Ni from 273.81m
JBDD009	4.3m at 0.55% Ni from 299.75m
JBRC021	10.0m at 0.79% Ni from 10m (including 2m at 1.38% Ni from 16m)
JBRC028	16.0m at 0.70% Ni from 16m

and the Jubilee West Prospect drilling intersected minor disseminated nickel sulphides internal to the ultramafic unit as well as narrow stringer massive nickel sulphides and cloud sulphides in an interpreted overturned, basal contact position, which assayed:

JBDD014	0.1m at 2.58% Ni from 553.72m
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This intersection is significant as it represents the first intact Type 1 nickel sulphide intersection within the project area.

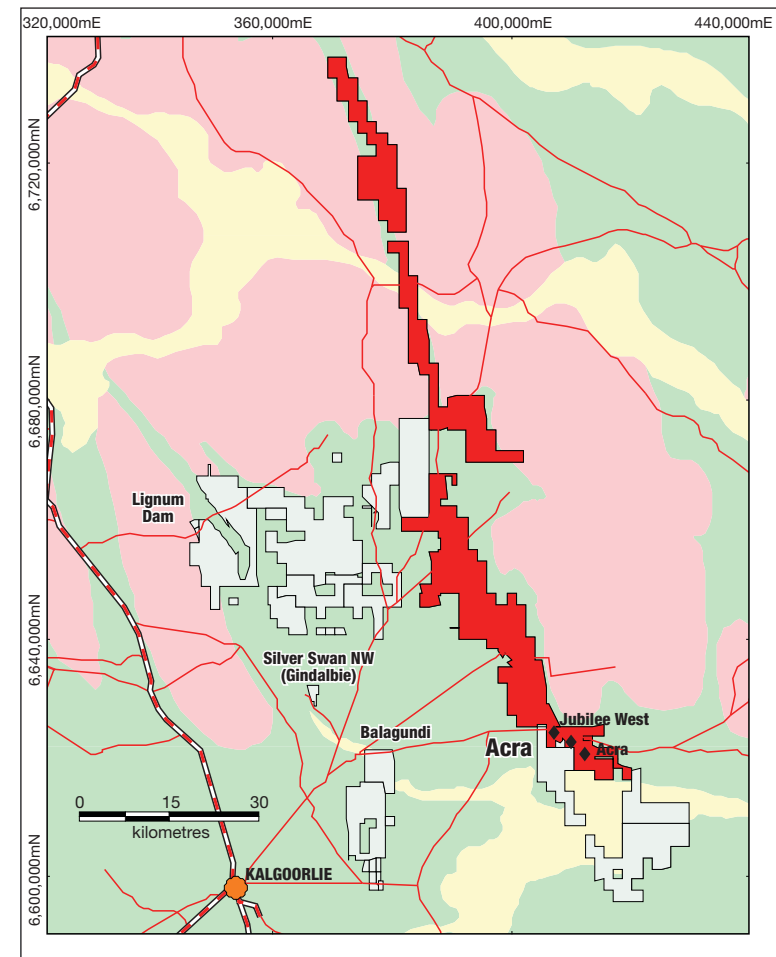
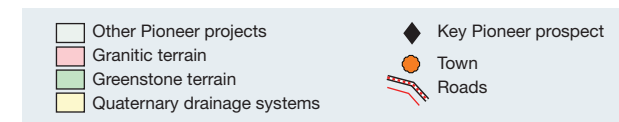


Figure 11: Acra JV Project Location



Farm out Projects

Ramelius Alliance - Wattle Dam Joint Venture Project

Pioneer 20% of nickel rights. Ramelius Resources Limited holds a 100% interest in gold and tantalum rights and 80% of nickel rights.

Nickel exploration programs are targeting the mineralised Spargoville Ultramafic Unit, which hosts the Spargoville 1A, 5B and Andrew's Shaft Deposits (located in small excisions held by Breakaway Resources Limited).

Nickel Sulphides Intersected at the 1A North Nickel Prospect

Drilling to test for mineralised extensions to an earlier intersection of 0.45m at 2.0% Ni intersected an encouraging 0.1m of massive sulphides grading 5.0% nickel within 1ANDH0002. Further drilling will evaluate an associated DHTM conductor.

Additional RAB, aircore and RC drilling tested the ultramafic sequence north of the 1A North Prospect. Best results included:

(RC drilling) 6m at 0.50% Ni (including 1m at 1.0% Ni).

(RAB drilling) 18m at 0.77% Ni (including 4m at 1.1% Ni).

Ramelius Alliance - Larkinvile Joint Venture Project

Pioneer 20%-25%. Ramelius Resources Limited holds a 75% interest in gold and tantalum rights and 80% of nickel rights.

Encouraging Gold Results Returned at the Larkinvile West Gold Prospect

Ramelius has reported to Pioneer that RC drilling which targeted a RAB anomaly returned significant results within two mineralised zones:

Supergene zone: **LWRC0020** 12m at 2.6g/t Au;

Fresh rock zone: **LWRC0026** 3m at 4.9g/t Au and 1m at 20.6g/t Au.

First pass deeper drilling beneath the fresh rock intercepts did not return significant results.

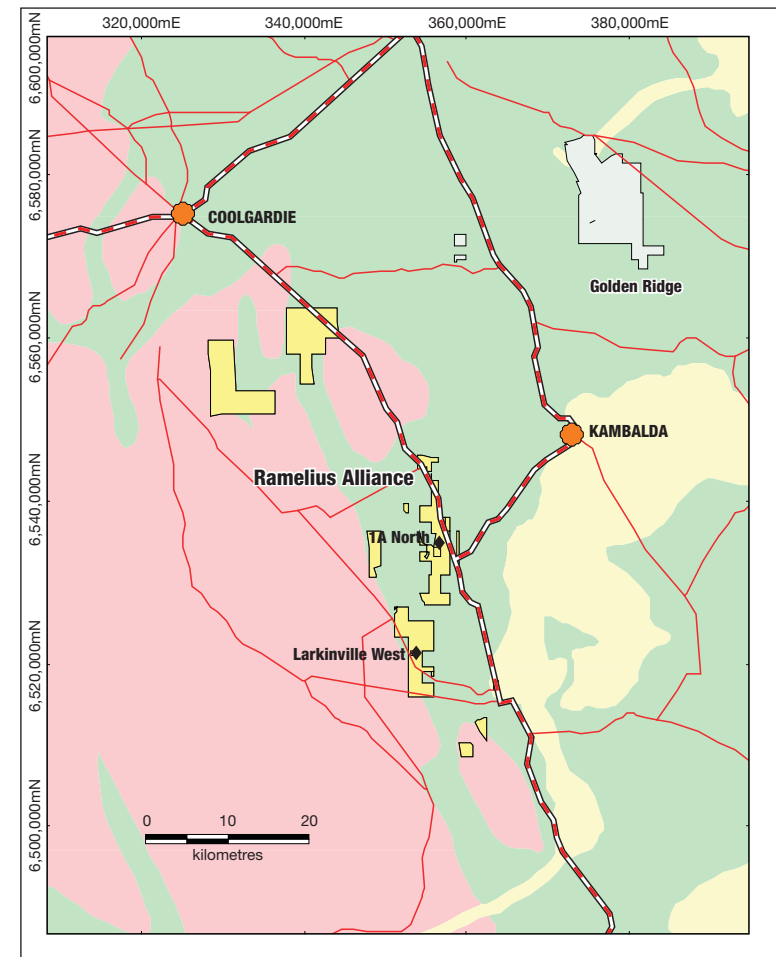
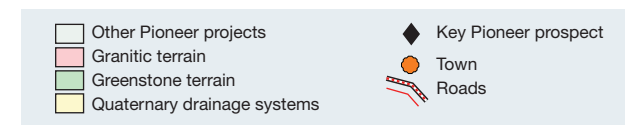


Figure 12: Ramelius Alliance Project Locations



Farm out Projects

Heazlewood Joint Venture

Pioneer 2% NSR

A New Joint Venture Partner for Iron and Tin

Bass Metals Ltd has entered into a joint venture covering its iron, tin and tungsten prospects with Venture Minerals Limited. Rights to all commodities other than Fe, Sn and W are retained by Bass.

As well as being prospective for gold, nickel and platinum group metal deposits, the Heazlewood and Whyte River Projects are prospective for magnetite skarn-type mineralisation. At Heazlewood the same geological sequence that hosts significant magnetite-tin-tungsten mineralisation at the Mt Lindsay Project occurs in the south of the tenement, with a strong magnetic signature. The Whyte River licence contains the Rocky River group which also hosts the Savage River Magnetite Mine located approximately 10km to the north.



Auger Sampling Crew on Shift

Definitions

Transient Electromagnetic Surveys ("TEM") detect conductive rock units (which may include lenses of nickeliferous sulphides). Configurations include:

Moving Loop ("MLTEM");

Fixed Loop ("FLTEM"); or

Down hole ("DHTEM").

Superconducting quantum interference device ("SQUID") and Fluxgate are types of TEM receivers.

Rotary Air Blast ("RAB") and aircore are drilling techniques used to sample weathered rock.

Reverse Circulation ("RC") drilling is a technique which delivers relatively uncontaminated, pulverised rock to the surface through an inner drill rod tube.

Diamond drilling is a technique which delivers a cylinder of drill core, which is cut by a diamond-set drill bit.

NSR means Net Smelter Return, which is the revenue received from a smelter less certain costs.

PGE means platinum group elements.

Pressure Acid Leach ("PAL") is a technique using high pressure, high temperature acid contained in an autoclave to dissolve nickel laterite ore.

Sulphide minerals commonly found in deposits include:

nickel minerals: pentlandite and violarite;

copper minerals: chalcopyrite and covellite;

and iron minerals: pyrrhotite and pyrite.

VMS means volcanogenic massive sulphide, which is a specific style of mineralisation thought to accumulate from metal sulphide-rich volcanic plumes on the sea floor.

The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook (which includes information provided by other third parties for this report). Mr Crook is a full time employee of Pioneer Nickel Limited, is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is a Competent Person as defined in the Joint Ore Reserves Committee (JORC) of the AUSIMM, with over 20 years experience in the minerals industry including the activity reported. This person consents to the inclusion of this information in the form and context in which it appears in this report.

Data in this report have previously been lodged with ASX during the prior 12 months. Supplementary information pertaining to the data is available in the earlier reports.

Summary of Tenements

Prospect	Tenement	Holder	Status	Responsible	Notes
Western Australia					
Pioneer					
Pioneer	E63/1030	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1,2
Higginsville					
Theatre Rocks	E63/1182	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Widiemooltha	P15/4749	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Feysville	P26/3287	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Feysville	P26/3295	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Golden Ridge JV					
Golden Ridge	M26/219	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Blair Nickel Mine	M26/220	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Golden Ridge	M26/221	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Golden Ridge	M26/222	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Golden Ridge	M26/223	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Golden Ridge	M26/225	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Duplex Hill	M26/284	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Duplex Hill	M26/285	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Duplex Hill	M26/286	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Duplex Hill	M26/287	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Duplex Hill	M26/288	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Duplex Hill	M26/289	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Blair Nickel Mine	M26/384	Blair Nickel Mine Pty Ltd	G	Pioneer Nickel Ltd	4
Golden Ridge	M26/508	Blair Nickel Mine Pty Ltd	P	Pioneer Nickel Ltd	4
Wattle Dam					
Wattle Dam	M15/1101	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam	M15/1263	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam	M15/1264	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam	M15/1323	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam	M15/1338	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Spargoville	M15/1769	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Spargoville	M15/1770	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6

Prospect	Tenement	Holder	Status	Responsible	Notes
Wattle Dam (continued)					
Wattle Dam	M15/1771	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam	M15/1772	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam North	M15/1773	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Wattle Dam	P15/4479	Rameli Resources Ltd	G	Rameli Resources Ltd	1,5,6
Larkinville					
Scahill	E15/896	Pioneer Nickel Ltd	G	Rameli Resources Ltd	1,7,8
Larkinville	E15/689	Pioneer Nickel Ltd / Rameli	G	Rameli Resources Ltd	7,8
Wannaway NE	E15/742	Pioneer Nickel Ltd / Rameli	G	Rameli Resources Ltd	7,8
Yallari	E15/1039	Pioneer Nickel Ltd	P	Rameli Resources Ltd	7,8
Larkinville	P15/4213	Pioneer Nickel Ltd / Rameli	G	Rameli Resources Ltd	7,8
Larkinville	P15/4214	Pioneer Nickel Ltd / Rameli	G	Rameli Resources Ltd	7,8
Larkinville	M15/1449	Pioneer Nickel Ltd / Rameli	P	Rameli Resources Ltd	7,8
Logans	P15/4790	Pioneer Nickel Ltd / Rameli	P	Rameli Resources Ltd	7,8
Larkinville	P15/4904	Pioneer Nickel Ltd / Rameli	P	Rameli Resources Ltd	7,8
Larkinville	P15/4905	Pioneer Nickel Ltd / Rameli	P	Rameli Resources Ltd	7,8
Burnam North	P15/4765	Pioneer Nickel Ltd	P	Rameli Resources Ltd	7,8
Silver Swan NW					
Ringlock Dam	E24/146	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1
Mt Jewell	E27/300	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1
Whitehead Dam	E27/335	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Carr Boyd South	E27/336	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1
Gordon	E27/340	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1
Lindsays Find NW	E27/365	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1
Mulgarrie East	E27/388	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Lindsays Find	E27/400	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Carr Boyd	E31/617	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	1
Scotia East	P24/4233	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Scotia East	P24/4234	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	

Summary of Tenements

Prospect	Tenement	Holder	Status	Responsible	Notes
Balagundi					
Mt Gwynne	E27/304	Avoca Resources Ltd	G	Pioneer Nickel Ltd	9
Balagundi	E27/310	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Lake Perolilli	E27/341	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Balagundi	P25/1945	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Balagundi	P25/1946	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Balagundi	P25/1947	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Balagundi	P25/1948	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Balagundi	P25/1949	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Balagundi	P25/1950	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Balagundi	P25/1951	Western Copper Pty Ltd	G	Pioneer Nickel Ltd	
Silver Swan NW JV					
Silver Swan North	E27/333	Pioneer Nickel Ltd	G	BHP Minerals	1,10
Silver Swan North	P27/1819	Heron Resources Ltd	G	BHP Minerals	1,9,10
Silver Swan North	P27/1820	Heron Resources Ltd	G	BHP Minerals	1,9,10
Silver Swan North	P27/1821	Heron Resources Ltd	G	BHP Minerals	1,9,10
Acra					
Horseshoe Dam	E25/381	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Lady of the Lake	E28/1783	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	11
Gundocketa Hill	E28/1865	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Mt Parkin	E28/1866	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Gundocketa Hill Sth	E28/1875	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Emu Lake	E31/827	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Kurrajong Well	E31/843	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Mt Monger	P25/1811	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Mt Monger	P25/1812	Pioneer Nickel Ltd	G	Pioneer Nickel Ltd	
Jubilee	P28/1013	Pioneer Nickel / Xstrata	G	Pioneer Nickel Ltd	
Acra JV					
Sampson	E27/273	Pioneer Nickel / Xstrata	G	Xstrata Nickel Australasia Operations P/L	9,12,13
Kalpini	E27/278	Pioneer Nickel / Xstrata	G	Xstrata Nickel Australasia Operations P/L	9,12,13
Acra	E28/1223	Pioneer Nickel / Xstrata	G	Xstrata Nickel Australasia Operations P/L	12,13

Prospect	Tenement	Holder	Status	Responsible	Notes
Acra JV (continued)					
Acra South	E28/1515	Pioneer Nickel	G	Xstrata Nickel Australasia Operations P/L	
Jubilee	E28/1746	Pioneer Nickel / Xstrata	G	Xstrata Nickel Australasia Operations P/L	
Boomerang Lake	E31/519	Pioneer Nickel	G	Xstrata Nickel Australasia Operations P/L	12,13
Mt Ballona	E31/575	Pioneer Nickel	G	Xstrata Nickel Australasia Operations P/L	9,12,13
Boomerang North	E31/581	Pioneer Nickel	G	Xstrata Nickel Australasia Operations P/L	12,13
Jubilee	P28/1120	Pioneer Nickel / Xstrata	G	Xstrata Nickel Australasia Operations P/L	12
Mid East Tank	P31/1707	Pioneer Nickel	G	Xstrata Nickel Australasia Operations P/L	12
Ida Fault					
Jaurdie Hills	E16/363	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Riverina	E30/364	Pioneer Nickel Ltd	P	Pioneer Nickel Ltd	
Maggie Hayes Hill JV					
Maggie Hayes Hill	E63/625	Pioneer Nickel Ltd	G	Lake Johnston Ltd	14
Aerodrome JV					
Elstree Farm	E74/334	Galaxy Resources Ltd	G	Pioneer Nickel Ltd	15
Aerodrome	E74/398	Galaxy Resources Ltd	G	Pioneer Nickel Ltd	15
Ravensthorpe JV					
Ravensthorpe	E74/406	Western Copper / Galaxy Resources	P	Pioneer Nickel Ltd	16
Mosaic	M74/136	Dowling, Locsei, Wanless, Chaytor, Walker	P	Pioneer Nickel Ltd	16
Marion Martin	M74/158	Galaxy Resources	P	Pioneer Nickel Ltd	17
Mt Cattlin	M74/159	Galaxy Resources	P	Pioneer Nickel Ltd	17
Elverdtton Sth	M74/162	Galaxy Resources	P	Pioneer Nickel Ltd	16
Desmond	M74/163	Galaxy Resources	G	Pioneer Nickel Ltd	16
Hecla	P74/304	Galaxy Resources	G	Pioneer Nickel Ltd	16
Fed	P74/305	Galaxy Resources	G	Pioneer Nickel Ltd	16
Fed	P74/306	Galaxy Resources	G	Pioneer Nickel Ltd	16

Summary of Tenements

Prospect	Tenement	Holder	Status	Responsible	Notes
Ravensthorpe					
Ravensthorpe	E74/399	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Mt Desmond	P74/259	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Elverdton South	P74/260	Western Copper Pty Ltd	P	Pioneer Nickel Ltd	
Eastern States					
Tasmania					
Heazlewood	E31/2003	Pioneer Nickel Ltd	G	Bass Metals Ltd	18
Whyte River	E36/2003	Pioneer Nickel Ltd	G	Bass Metals Ltd	18

NOTES

- 1 Heron Resources Limited retains pre-emptive right to purchase Nickel Laterite Ore
- 2 BHP Billiton Minerals Pty Ltd has a right to negotiate an off-take agreement
- 3 Royalty of \$2/tonne of ore mined payable to Oroya Mining and Exploration Pty Ltd on part of tenement
- 4 Golden Ridge JV with Australian Mines Limited: Pioneer has earned 51% and both parties contribute to joint venture
- 5 Title, Gold and Tantalum Rights held by Ramelius Resources Limited
- 6 Ramelius has purchased an 80% interest in Pioneer's nickel rights
- 7 Larkinville JV Agreement; Ramelius 75% in Gold and Tantalite
- 8 Ramelius has purchased an 80% interest in Pioneer's nickel rights
- 9 Pioneer beneficial holder
- 10 Silver Swan NW JV Agreement: BHP Billiton Minerals Pty Ltd right to earn 80% nickel by spending US\$5.0m
- 11 Pioneer all mineral rights except gold which is held by Bill Allen
- 12 Acra JV Agreement: Xstrata Nickel Australasia Operations Pty Ltd holds 60% with right to earn 75% by spending \$3.5m
- 13 Heron retains nickel laterite ore
- 14 Maggie Hays Lake JV Agreement: Lake Johnston Ltd 70% Pioneer 30% & free carried interest to commencement of mining
- 15 Aerodrome JV Agreement with Galaxy Resources Limited: Pioneer right to earn 75% in all minerals by spending \$0.5m
- 16 Ravensthorpe JV Agreement with Galaxy: Pioneer has earned 75% in all minerals
- 17 Ravensthorpe JV Agreement with Galaxy: Pioneer has earned 75% in all minerals except tantalite, spodumene
- 18 Heazlewood and Whyte River JV: Bass Metals Ltd, Venture Minerals. Pioneer 2% NSR.

STATUS

- G Granted
P Pending

Corporate Governance Statement

This statement outlines the main corporate governance practices in place during the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

1. BOARD OF DIRECTORS

1.1 Role of the Board and Management

The Board of Pioneer Nickel Limited is responsible for its corporate governance, that is, the system by which the Company and its wholly owned controlled entity ("consolidated entity") is managed. In governing the consolidated entity, the Directors must act in the best interests of the consolidated entity as a whole. It is the role of senior management to manage the consolidated entity in accordance with the direction and delegation of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the consolidated entity. The Board must also ensure that the consolidated entity complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the consolidated entity.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors and key executives in the performance of their roles. The Code of Conduct is detailed in Section 3.1 of this report and is contained on the Company's website.

The Board represents shareholders' interests in developing and then continuing a successful mineral resources business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the consolidated entity is managed in such a way to best achieve this desired result. Given the size of the consolidated entity's exploration and development activities, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the consolidated entity, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the consolidated entity.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary/Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the consolidated entity and measuring the performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and exploration expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the consolidated entity's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;

- Determining that satisfactory arrangements are in place for auditing the consolidated entity's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the consolidated entity's objectives and best practice are in place and that the consolidated entity and its officers act legally, ethically and responsibly on all matters.

The Board's role and the consolidated entity's corporate governance practices are being continually reviewed and improved as the consolidated entity's business develops.

The Board convenes regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities (not less than one per month).

The Board may from time to time, delegate some of its responsibilities listed above to its senior management team.

The Managing Director is responsible for running the affairs of the consolidated entity under delegated authority from the Board and implementing the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the consolidated entity's operational results and financial position.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the consolidated entity, in accordance with the delegated authority of the Board.

1.2 Composition of the Board

To add value to the consolidated entity, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are disclosed in the Directors' Report. Directors are appointed based on the specific governance skills required by the consolidated entity and on the independence of their decision-making and judgement.

The consolidated entity recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr McGown the Non-Executive Chairman and Dr Trench a Non-Executive Director are considered independent. Mr Langworthy a Non-Executive Director is not considered to be independent. From the Company's perspective Directors are considered to be independent when they are independent of management and free from any business or other relationship which could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

The Board considers that the current structure is sufficient despite not complying with the ASX Corporate Governance Council Recommendation 2.1.

At present the Board considers that the consolidated entity is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent Non-Executive Directors.

If the consolidated entity's activities increase in size, nature and scope the size of the Board will be reviewed and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be re-assessed.

1.2 Composition of the Board (continued)

The Board acknowledges that a greater proportion of independent Directors is desirable over the longer term and will be seeking to demonstrate that it is monitoring the Board's composition as required.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual's background, experience and achievement, compatibility with other Board members, credibility within the consolidated entity's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to re-appointment by shareholders not later than the third anniversary following their last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A managing director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the consolidated entity. It is required to do all things that may be necessary to be done in order to carry out the objectives of the consolidated entity.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. Leadership of the Consolidated Entity - overseeing the consolidated entity and establishing codes that reflect the values of the consolidated entity and guide the conduct of the Board, management and employees.
2. Strategy Formulation - working with senior management to set and review the overall strategy and goals for the consolidated entity and ensuring that there are policies in place to govern the operation of the consolidated entity.
3. Overseeing Planning Activities - overseeing the development of the consolidated entity's strategic plans (including exploration programmes and initiatives) and approving such plans as well as the annual budget.
4. Shareholder Liaison - ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management - overseeing the consolidated entity's risk management, compliance, control and accountability systems and monitoring and directing the operational and financial performance of the consolidated entity.
6. Consolidated Entity Finances - approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources - appointing, and, where appropriate, removing the Managing Director as well as reviewing the performance of the Managing Director and monitoring the performance of senior management in their implementation of the consolidated entity's strategy.

8. Ensuring the Health, Safety and Well-Being of Employees - in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the consolidated entity's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority - delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the consolidated entity and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a summary of which is contained on the Company's website.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the consolidated entity; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act 2001, absent himself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.5 Related Party Transactions

Related party transactions include any financial transaction between a Director and the consolidated entity. Unless there is an exemption under the Corporations Act 2001 from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

Corporate Governance Statement

1.4.6 Trading in the Company Shares

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company. A summary of the Company's Share Trading Policy is available on the Company's website.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 2 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act 2001 and the ASX Listing Rules, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

1.4.7 Attestations by Managing Director and Company Secretary

In accordance with the Board's policy, the Managing Director and the Company Secretary/Chief Financial Officer made the attestations recommended by the ASX Corporate Governance Council as to the consolidated entity's financial condition prior to the Board signing this Annual Report.

2. BOARD COMMITTEES

The Board considers that the consolidated entity is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the consolidated entity's activities and to ensure that it adheres to appropriate ethical standards.

The Board has however established a framework for the management of the consolidated entity including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the consolidated entity's activities increase in size, scope and nature, the appointment of separate or special committee's will be reviewed by the Board and implemented if appropriate.

2.1 Audit Committee

The consolidated entity does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis.

In the absence of an audit committee, the Board when required sets aside time at Board meetings to deal with the issues and responsibilities usually delegated to the audit committee so as to ensure the integrity of the financial statements of the consolidated entity and the independence of the external auditor.

The Board in its entirety reviews the audited annual financial statements and the audit reviewed half-yearly financial statements and any reports which accompany published financial statements.

The Board in its entirety considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Board is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

The Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Managing Director; reviewing the Pioneer Nickel Limited Directors', Officers', Employees' and Other Permitted Persons' Option Plan, reviewing superannuation arrangements, reviewing the remuneration of Non-Executive Directors and undertaking an annual review of the Managing Director's performance, including, setting with the Managing Director goals for the coming year and reviewing progress in achieving those goals.

The Company is committed to remunerating its executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

2.3 Nomination Committee

The Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Board also oversees management succession plans including the Managing Director and his direct reports, and evaluates the Board's performance and makes recommendations for the appointment and removal of Directors.

Corporate Governance Statement

2.3 Nomination Committee (continued)

Directors are appointed based on the specific governance skills required by the consolidated entity. Given the size of the consolidated entity and the business that it operates, the Company aims at all times to have at least one Director with experience in the mining and exploration industry, appropriate to the Company's market. In addition, Directors should have the relevant blend of personal experience in:

- accounting and financial management;
- legal skills; and
- Managing Director – appropriate business experience.

3. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the consolidated entity.

3.1 Code of Conduct for Directors and Key Executives

The Board has adopted a Code of Conduct for Directors and key executives to promote ethical and responsible decision-making. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors. A summary of the Company's Code of Conduct is also available on the Company's website.

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company:

- will act honestly, in good faith and in the best interests of the whole Company;
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;
- will not disclose non-public information except where disclosure is authorised or legally mandated;
- will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;
- will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;

- will not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- will not engage in conduct likely to bring discredit upon the Company;
- will encourage fair dealing by all employees with the Company's suppliers, competitors and other employees;
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;
- will give their specific expertise generously to the Company;
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

3.2 Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company. A summary of the Company's Code of Ethics and Conduct is also available on the Company's website.

All Directors and employees are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must advise that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established the Code of Ethics and Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, government authorities, creditors and the community as whole. This Code includes the following:

Corporate Governance Statement

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the consolidated entity's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of the consolidated entity's assets or resources.

Responsibilities to the Community

As part of the community the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs;
- encourages all employees to engage in activities beneficial to their local community; and
- supports community charities.

The Company supports the Indigenous Community:

- is committed to conducting its business in accordance with applicable heritage laws and regulations and encourages all employees to have regard for the specific rights of indigenous communities when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to the indigenous community.

Responsibility to the Individual

The Company is committed to keeping private information which has been provided by employees and investors confidential and protecting it from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between their personal interests and the interests of the Company.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Ethics and Conduct and each individual is accountable for such compliance.

Disciplinary measures may be imposed for violating the Code.

4. DISCLOSURE OF INFORMATION

4.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information. The Company's Continuous Disclosure Policy is available on its website.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- (a) A reasonable person would not expect the information to be disclosed or it is material but due to a specific valid commercial reason is not to be disclosed; and
- (b) The information is confidential; or
- (c) One of the following applies:
 - i. It would breach a law or regulation to disclose the information;
 - ii. The information concerns an incomplete proposal or negotiation;
 - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - iv. The information is generated for internal management purposes;
 - v. The information is a trade secret;
 - vi. It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
 - vii. It would harm the Company's potential application or possible patent application; or
 - viii. The information is scientific data that release of which may benefit the Company's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

4.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders. The Company's Shareholder Communications Strategy is available on the Company's website.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company to be provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Reports;
- Half Yearly Report and Annual Report; and
- Presentations at the Annual General Meeting/General Meetings.

The Board encourages the full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

5. RISK MANAGEMENT

5.1 Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Company Secretary having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the consolidated entity.

5.2 Integrity of Financial Reporting

The Company's Managing Director and Company Secretary report in writing to the Board that:

the financial statements of the consolidated entity for each half and full year present a true and fair view, in all material aspects, of the consolidated entity's financial condition and operational results and are in accordance with accounting standards;

the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

the consolidated entity's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

5.3 Role of Auditor

The Company's auditor is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

6. PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance during each financial year. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the consolidated entity's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the consolidated entity.

The Directors present their report on Pioneer Nickel Limited and the entity it controlled at the end of, or during the year ended 30 June 2008.

DIRECTORS

The names and details of the Directors of Pioneer Nickel Limited during the financial year and until the date of this report are:

Craig Ian McGown – B Comm, FCA, ASIA

Non-Executive Chairman

Mr McGown was appointed a Director on 13 June 2008. Mr McGown is an investment banker with over 35 years experience consulting to companies in Australia and internationally, particularly in the natural resources sector. He holds a Bachelor of Commerce degree, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia. Mr McGown is an executive director of the corporate advisory business New Holland Capital Pty Ltd and prior to that appointment was the chairman of DJ Carmichael Pty Limited. Mr McGown has had extensive experience in the corporate finance sector, including mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings. During the three year period to the end of the financial year, Mr McGown held directorships in Bass Metals Ltd (7 July 2004 to present), Peel Exploration Limited (1 February 2008 to present) and Entek Energy Ltd (18 July 2008 to present).

David J Crook – B.Sc, MAusIMM, MAICD

Managing Director

Mr Crook was appointed a Director on 11 August 2003. Mr Crook is a geologist with over 27 years experience in exploration, mining and management, predominantly within Western Australia. Mr Crook has investigated nickel sulphide, nickel laterite, gold, and other commodity resources and has an excellent discovery record. He has held senior exploration and mining operations roles, including contract negotiation and management and corporate evaluations.

Allan Trench – B.Sc (Hons), Ph. D, M.Sc (Min. Econ), MBA (Oxon), ARSM, AWASM, MAusIMM, MAICD

Non-Executive Director

Dr Trench was appointed a Director on 8 September 2003. Dr Trench is a mineral economist, geophysicist and business management consultant with minerals experience including nickel, gold, vanadium and mineral sands. Dr Trench led nickel sulphide exploration teams for WMC Resources in the Widgiemooltha-Pioneer and Leinster-Mt Keith regions of WA in the mid 1990's. He has subsequently worked with McKinsey and Company, KCGM Pty Ltd and is now with CRU, an independent business analysis and consultancy group, based in London.

During the three year period to the end of the financial year, Dr Trench also held a directorship in Navigator Resources Ltd (14 November 2005 to present) and Heron Resources Limited (8 December 2003 to 5 February 2007).

Peter Langworthy – B.Sc (Hons), MAusIMM

Non-Executive Director

Mr Langworthy was appointed a Director on 29 November 2004. Mr Langworthy is presently the General Manager – Exploration for Xstrata Nickel Australasia Pty Ltd (formerly Jubilee Mines NL) where he has been responsible for exploration and mine development activities. Mr Langworthy has had extensive experience in nickel sulphide exploration extending to regional exploration and operating mines. This experience was gained from 11 years with WMC Resources Ltd, which included being Geology Manager for the Leinster Nickel operation and prior to this was Exploration Manager for all nickel exploration in the Mount Keith Leinster belt for WMC.

During the three year period to the end of the financial year, Mr Langworthy also held a directorship in Northern Star Resources Ltd (16 June 2006 to present) and Falcon Minerals Ltd (18 February 2008 to present).

Reginald N Gillard – BA, FCPA, FAICD, JP

Mr Gillard who was appointed a Director on 17 March 2005 resigned as a Director on 13 June 2008.

COMPANY SECRETARY

Julie Wolseley – B.Com, CA, MAICD

Ms Wolseley was appointed Company Secretary on 11 August 2003. Ms Wolseley is the principal of a corporate advisory company with over 16 years experience acting as company secretary to a number of ASX listed public companies operating primarily in the resources sector. Previously Ms Wolseley was an audit manager both in Australia and overseas for an international accounting firm. Ms Wolseley also holds a directorship on the board of OM Holdings Ltd.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year consisted of mineral exploration and development principally in Western Australia.

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

The consolidated net loss after income tax for the financial year was \$1,326,408 (2007: \$490,880).

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

REVIEW OF OPERATIONS AND ACTIVITIES

A detailed review of the consolidated entity's activities during the financial year is set out in the section titled "Operations Report" in this Annual Report.

Corporate and Financial Position

As at 30 June 2008 the consolidated entity had cash reserves of \$1,605,850.

Business Strategies and Prospects

The consolidated entity currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to increase the value of the consolidated entity's mineral assets located in Western Australia through exploration success;
- (ii) Specifically advance the consolidated entity's Golden Ridge JV, Silver Swan, Mt Thirsty, Ravensthorpe JV and Acra JV Projects; and
- (iii) Continue to examine new mineral opportunities, with particular focus on advanced projects with the potential to deliver early cash flow opportunities.

Risk Management

The Board is responsible for the oversight of the consolidated entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the consolidated entity are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the consolidated entity.

EMPLOYEES

The consolidated entity employed 6 full-time employees as at 30 June 2008 (2007: 5 employees).

SHAREHOLDER RETURNS

	2008 Cents	2007 Cents
Basic loss per share	(1.4)	(0.6)
Diluted loss per share	(1.4)	(0.6)
Share price – 30 June 2008	8.1	20.0

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review except for:

- On 20 May 2008 the Company completed a share placement of 13,000,000 ordinary shares at an issue price of 8.5 cents per share which raised \$1,105,000 (before issue costs). The share placement was offered and accepted by professional and sophisticated investors within the exemptions detailed in section 708 of the Corporations Act 2001.
- On 26 May 2008 the Company completed a further share placement of 410,000 ordinary shares at an issue price of 8.5 cents per share which raised \$34,850 (before issue costs). The share placement was offered and accepted by professional and sophisticated investors within the exemptions detailed in section 708 of the Corporations Act 2001.

Proceeds from the placements completed during the year were applied towards exploration programmes at the Company's Golden Ridge JV, Silver Swan and Mt Thirsty Projects and for working capital.

OPTIONS OVER UNISSUED CAPITAL

Unlisted Options

During the financial year the Company granted the following fully vested unlisted options over unissued shares to the following party:

Issued to:	Number of Options Granted	Exercise Price	Value per Option at Grant date	Value of Options Granted	Expiry Date
Employee	100,000	25 cents each	5.17 cents	\$5,170	30 June 2011

Since the end of the financial year and following shareholder approval obtained on 29 July 2008 the Company granted the following unlisted options over unissued shares to the following Director as part of his remuneration:

Director	Number of Options Granted	Exercise Price	Value per Option at Grant Date	Value of Options Granted	Vesting Date	Expiry Date
Cl McGown	750,000	20 cents each	2.91 cents	\$21,825	29 August 2008	30 June 2012
Cl McGown	750,000	22 cents each	3.78 cents	\$28,350	29 August 2009	30 June 2013

Further details on the value per options are disclosed in Note 19 to the full financial report.

During the financial year 8,550,000 unlisted options expired and were cancelled.

Since 30 June 2008 and to the date of this report other than the above options no unlisted options have been issued.

OPTIONS OVER UNISSUED CAPITAL

Unlisted Options (continued)

As at the date of this report unissued ordinary shares of the Company under option are:

Number of Options on Issue	Exercise Price	Expiry Date
3,750,000 ⁽ⁱ⁾ *	25 cents each	28 November 2009
250,000 *	30 cents each	31 December 2008
500,000 *	30 cents each	1 April 2009
1,000,000 ⁽ⁱ⁾ *	25 cents each	31 August 2011
2,400,000 *	20 cents each	8 September 2010
2,400,000 *	22 cents each	8 September 2011
200,000 *	25 cents each	31 March 2012
250,000 *	25 cents each	30 June 2011
250,000 *	30 cents each	30 June 2011
100,000 *	25 cents each	30 June 2011
750,000 *	20 cents each	30 June 2012
750,000 ⁽ⁱⁱ⁾ *	22 cents each	30 June 2013
12,600,000		

(i) unlisted options held by Xstrata Nickel Australasia Investments Pty Ltd (formerly a wholly owned controlled entity of Jubilee Mines NL).

(ii) unlisted options have a 12 month vesting period prior to exercise which can occur on 29 August 2009.

* unlisted options fully vested.

The above options represent unissued ordinary shares of the Company under option as at the end of the financial year and as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the Corporations Act 2001, and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Corporate Structure

Pioneer Nickel Limited (ACN 103 423 981) is a company limited by shares that was incorporated on 17 January 2003 and is domiciled in Australia. The Company has prepared a consolidated financial report including the entity it incorporated and controlled during the financial year, Western Copper Pty Ltd. Western Copper Pty Ltd (ACN 114 863 928) was incorporated on 21 June 2005.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than market announcements released to the Australian Securities Exchange since balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no known breach of the consolidated entity's licence conditions and all exploration activities comply with relevant environmental regulations.

INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options
Craig I McGown	Non-Executive Chairman Appointed on 13 June 2008	-	1,500,000
David J Crook	Managing Director Appointed on 11 August 2003	1,045,111	1,750,000
Allan Trench	Non-Executive Director Appointed on 8 September 2003	303,426	500,000
Peter Langworthy	Non-Executive Director Appointed on 29 November 2004	-	-

Directors' Report

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings		Short Notice Meetings	
	Held	Attended	Held	Attended
C I McGown	1	1	-	-
R N Gillard	10	10	2	2
D J Crook	10	10	2	2
A Trench	10	9	2	2
P Langworthy	10	9	2	2

During the financial year there were ten general Directors' meetings for which formal notice of meeting was given. In addition, there were two Directors' meetings called for specific purposes.

REMUNERATION REPORT

Recommendation 9.2 of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly it was resolved that there would be no separate Board sub-committee for remuneration purposes.

This report details the amount and nature of remuneration of each Director of the Company. Other than Directors, there were no executive officers of the Company during the year.

Overview of Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide the Managing Director and the executive team with a remuneration package consisting of a fixed and variable component that together reflects the person's responsibilities, duties and personal performance. An equity based remuneration arrangement for the Board and the executive team is in place. The remuneration policy is to provide a fixed remuneration component and a specific equity related component, with no performance conditions. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning Director and executive objectives with shareholder and business objectives.

The remuneration policy in regard to setting the terms and conditions for the Managing Director has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% per annum and do not receive any other retirement benefit. Some individuals, however, have chosen to sacrifice part or all of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at cost to the Company and expensed. Options are valued using the Black-Scholes or Binomial valuation methodology. In accordance with current accounting policy the value of these options is expensed over the relevant vesting period.

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. The annual aggregate amount of remuneration paid to Non-Executive Directors was approved by shareholders on 25 September 2003 and is not to exceed \$200,000 per annum. Actual remuneration paid to the Company's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and have in limited circumstances received options.

On 29 July 2008 shareholders approved the issue to an entity associated with Mr Craig McGown of 750,000 unlisted options exercisable at 20 cents each by 30 June 2012 and 750,000 unlisted options exercisable at 22 cents each by 30 June 2013, as part of his remuneration. The options had no performance conditions attached to the share based remuneration.

Managing Director and Senior Management

The remuneration of the Managing Director is dictated by his executive service agreement.

The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- Reward executives in line with the strategic goals and performance of the Company; and
- Ensure that total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration;
- Fixed remuneration levels dictated by benchmark criteria; and
- Issuance of unlisted options

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis including any employee benefits eg. motor vehicles) as well as employer contributions to superannuation funds.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Remuneration packages for the staff who report directly to the Managing Director are based on the recommendation of the Managing Director, subject to the approval of the Board in the annual budget setting process.

Fixed Remuneration Benchmarks – Managing Director only

The objective of the programme is to link the achievement of the Company's operational targets with the remuneration received by the Managing Director.

The operational targets for the Managing Director consist of a number of key performance indicators including acquisition or discovery of a significant economic mineral resource, enhancing corporate credibility and creation of value for shareholders.

At the end of the calendar year the Board assesses the actual performance of the consolidated entity and individual against the key performance indicators previously set. Any cash incentives and/or options granted require Board approval. Options proposed to be granted to the Managing Director also require shareholder approval.

Service Agreement

The Managing Director, Mr David Crook is employed under contract. The current Service Agreement commenced on 1 January 2004.

Under the terms of the present contract:

- The Service Agreement has no fixed term.
- Mr Crook may resign from his position and thus terminate the contract by giving two months written notice. On resignation any options that have not yet vested will lapse.
- The Company may terminate the contract by providing two months written notice or provide payment in lieu of notice by the Company. Any options that have vested, or will vest during the notice period will be released, whilst the options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately lapse.
- If the Managing Director and the Company agree to terminate the contract by mutual consent, or if the Managing Director is removed, or if the Company enters into a deed of arrangement with creditors, placed under the control of receivers or is in breach of regulations, the Company will pay a sum to the Managing Director calculated in accordance with section 200G9(3) of the Corporations Act 2001.

It is the Company's practice to enter into Australian Workplace Agreements with employees. The Agreement is for a two year term and may be terminated with four weeks written notice.

Details of the nature and amount of each element of the emoluments of each Director of Pioneer Nickel Limited paid/accrued during the year are as follows:

2008

Director	Primary			Post Employment	Equity Compensation	Other	Total
	Base Emolument /Fees	Motor Vehicle	Other Benefits	Superannuation/ Salary Sacrifice Contributions	Options	Insurance	
	\$	\$	\$	\$	\$	\$	\$
C I McGown ⁽ⁱ⁾ (Non – Executive Chairman)	2,914	-	-	-	-	208	3,122
R N Gillard ⁽ⁱⁱ⁾	47,665	-	-	-	-	4,009	51,674
D J Crook (Managing Director)	203,569	10,000	4,556	26,331	-	4,217	248,673
A Trench (Non-Executive Director)	32,110	-	-	2,890	-	4,217	39,217
P Langworthy ⁽ⁱⁱⁱ⁾ (Non-Executive Director)	35,000	-	-	-	-	4,217	39,217
Total	321,258	10,000	4,556	29,221	-	16,868	381,903

(i) Mr McGown was appointed on 13 June 2008.

(ii) Mr Gillard resigned on 13 June 2008.

(iii) Mr Langworthy's fees were paid to a wholly owned controlled entity of Jubilee Mines NL or Xstrata Nickel Australasia Pty Ltd.

2007

Director	Primary			Post Employment	Equity Compensation	Other	Total
	Base Emolument /Fees	Motor Vehicle	Other Benefits	Superannuation/ Salary Sacrifice Contributions	Options	Insurance	
	\$	\$	\$	\$	\$	\$	\$
R N Gillard (Non-Executive Chairman)	50,000	-	-	-	50,737	5,075	105,812
D J Crook (Managing Director)	206,157	10,000	4,302	22,559	101,475	5,075	349,568
A Trench (Non-Executive Director)	32,110	-	-	2,890	33,825	5,075	73,900
P Langworthy ⁽ⁱ⁾ (Non-Executive Director)	35,000	-	-	-	-	5,075	40,075
Total	323,267	10,000	4,302	25,449	186,037	20,300	569,355

(i) Mr Langworthy's fees were paid to a wholly owned controlled entity of Jubilee Mines NL.

Service Agreement (continued)

Option remuneration as a percentage of total remuneration for the year ended 30 June 2008 for all Directors was 0% (30 June 2007: RN Gillard was 48%, for DJ Crook was 29% and for A Trench 46%).

Other than the Directors disclosed above there were no other executive officers who received emoluments during the financial year ended 30 June 2008.

INDEMNIFYING OFFICERS AND AUDITOR

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

AUDITORS' INDEPENDENCE DECLARATION

Section 370C of the Corporations Act 2001 requires the Company's auditors Butler Settinieri (Audit) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is attached and forms part of this Directors' Report.

NON-AUDIT SERVICES

No fees for non-audit services were paid/payable to the external auditors (Butler Settinieri (Audit) Pty Ltd) during the year ended 30 June 2008.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Annual Report.

DATED at Perth this 30th day of September 2008.

Signed in accordance with a resolution of the Directors.



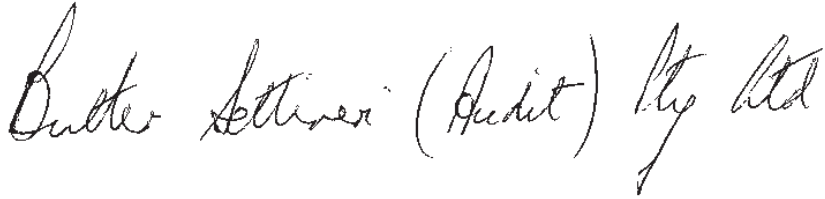
D J Crook
Managing Director

The CONCISE FINANCIAL REPORT has been derived from Pioneer Nickel Limited's and its controlled entity 2008 full financial report. The financial statements included in the concise financial report cannot be expected to provide as full an understanding of Pioneer Nickel Limited's and its controlled entity's financial performance, financial position and financing and investing activities as provided by the consolidated entity's full financial report. A copy of the consolidated entity's 2008 full financial report, together with the independent audit report, is available to all shareholders. Shareholders wishing to receive a full financial report and independent audit report may obtain a copy by contacting the Company (refer contact details in the Corporate Directory).

Auditor's Independence Declaration

As lead auditor for the audit of Pioneer Nickel Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.



BUTLER SETTINERI (AUDIT) PTY LTD



COLIN P BUTLER

Director

Perth

Date: 30 September 2008

Income Statement

For the year ended 30 June 2008

		CONSOLIDATED	
	NOTE	2008 \$	2007 \$
Continuing operations			
Other income	2	1,496,173	749,949
Total revenue	2	1,496,173	749,949
Exploration expenditure written off	2	(1,492,008)	-
Employee expenses		(1,001,345)	(686,573)
Cost base of investments sold		(237,500)	(127,500)
Depreciation	2	(130,345)	(44,048)
Corporate expenses		(123,382)	(156,602)
Non-Executive Directors' Fees		(120,579)	(120,000)
Rental expense on operating leases	2	(108,795)	(95,111)
Expense of share-based payments	2	(91,808)	(296,965)
Insurance expenses		(39,591)	(42,369)
Employee costs recharged to capitalised exploration		794,125	494,606
Administration costs recharged to capitalised exploration		50,591	-
Reversal of provision for diminution in value of investments	2	-	130,000
Other expenses		(321,944)	(296,267)
Loss before income tax		(1,326,408)	(490,880)
Income tax		-	-
Net loss attributable to members of the Company	3, 4	(1,326,408)	(490,880)
Earnings/(loss) per share from continuing operations			
Basic earnings/(loss) per share (cents per share)	6	(1.4)	(0.6)
Diluted earnings/(loss) per share (cents per share)	6	(1.4)	(0.6)

The above income statement should be read in conjunction with the accompanying discussion and analysis and the notes to the concise financial report.

Balance Sheet

As at 30 June 2008

		CONSOLIDATED	
	NOTE	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,605,850	3,284,346
Other receivables		310,026	87,323
Other financial assets		57,985	945,536
Total Current Assets		1,973,861	4,317,205
Non-Current Assets			
Plant and equipment and motor vehicles		99,933	199,842
Capitalised mineral exploration		8,417,176	6,944,583
Total Non-Current Assets		8,517,109	7,144,425
Total Assets		10,490,970	11,461,630
LIABILITIES			
Current Liabilities			
Trade and other payables		311,900	520,529
Provisions		51,814	32,182
Total Current Liabilities		363,714	552,711
Total Liabilities		363,714	552,711
Net Assets		10,127,256	10,908,919
EQUITY			
Contributed equity		13,173,433	12,074,996
Share option reserve		673,098	581,290
Investments revaluation reserve		-	645,500
Accumulated losses	3	(3,719,275)	(2,392,867)
Total Equity	4	10,127,256	10,908,919

The above balance sheet should be read in conjunction with the accompanying discussion and analysis and the notes to the concise financial report.

Statement of Changes in Equity

For the year ended 30 June 2008

	NOTE	CONSOLIDATED	
		2008 \$	2007 \$
Total equity at the beginning of the year		10,908,919	5,639,359
Adjustments to equity:			
Share option reserve		91,808	365,965
Investments revaluation reserve		(645,500)	645,500
Loss for the year		(1,326,408)	(490,880)
Total recognised income and expense for the year		(1,880,100)	520,585
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		1,098,437	4,748,975
		1,098,437	4,748,975
Total equity at the end of the year	4	10,127,256	10,908,919

The above statement of changes in equity should be read in conjunction with the accompanying discussion and analysis and the notes to the concise financial report.

Cash Flow Statement

For the year ended 30 June 2008

	CONSOLIDATED	
	2008	2007
	\$	\$
	Inflows/ (Outflows)	
Cash flows from operating activities		
Interest received	124,271	157,249
Other income	15,932	12,100
Payments to suppliers and employees (inclusive of goods and services tax)	(714,208)	(916,933)
Net cash used in operating activities	(574,005)	(747,584)
Cash flows from investing activities		
Payments for exploration and evaluation	(4,096,322)	(2,238,635)
Joint venture contributions received	607,222	-
Receipt of exploration option fee	700,000	70,000
Receipt of earn in funds re: Acra Joint Venture	-	430,000
Proceeds from sale of investments	648,647	510,600
Payments for investments	-	(202,500)
Refund of tenement bonds	29,360	-
Payments for bonds	(61,400)	(5,860)
Payments for plant and equipment and motor vehicles	(30,435)	(114,105)
Net cash used in investing activities	(2,202,928)	(1,550,500)
Cash flows from financing activities		
Proceeds from the issue of shares	1,139,850	4,951,968
Payments for transactions costs relating to the issue of shares	(41,413)	(202,993)
Net cash provided by financing activities	1,098,437	4,748,975
Net increase/(decrease) in cash held	(1,678,496)	2,450,891
Cash at the beginning of the financial year	3,284,346	833,455
Cash at the end of the financial year	1,605,850	3,284,346

The above cash flow statement should be read in conjunction with the accompanying discussion and analysis and the notes to the concise financial report.

Notes to the Concise Financial Report

For the year ended 30 June 2008

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

(a) Basis of Preparation

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Pioneer Nickel Limited ("the Company").

The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Pioneer Nickel Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange. The financial statements are presented in Australian dollars which is the Company's functional currency.

The financial report has been prepared on the historical cost basis except that the available-for-sale investments are carried at fair value.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

These accounting policies have been consistently applied by each entity in the consolidated entity.

The concise financial report was authorised for issue by the Directors on 30 September 2008.

	CONSOLIDATED	
	2008	2007
	\$	\$
2. INCOME/EXPENSES/DIVIDENDS		
(a) Income		
Sales revenue	-	-
Interest revenue	124,271	157,249
Proceeds from the sale of investments	655,970	510,600
Proceeds from exploration farm-in option	700,000	70,000
Other income	15,932	12,100
	1,496,173	749,949
(b) Expenses		
Contributions to employees superannuation plans	83,949	57,899
Share based payments expense	91,808	296,965
Depreciation	130,345	44,048
Rental expense on operating leases	108,795	95,111
Provision for employee entitlements	19,632	20,348
Exploration expenditure written off	1,492,008	-
Reversal of provision for diminution in the value of investments	-	(130,000)
(c) Dividends paid or proposed		
Dividends paid or proposed	-	-

Notes to the Concise Financial Report

For the year ended 30 June 2008

	CONSOLIDATED	
	2008	2007
	\$	\$
3. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the year	2,392,867	1,901,987
Net loss attributable to members	1,326,408	490,880
Accumulated losses at the end of the year	3,719,275	2,392,867
4. TOTAL EQUITY RECONCILIATION		
Total equity at the beginning of the year	10,908,919	5,639,359
Add: Contributions of equity	1,139,850	4,951,968
Less: Cost of contributions of equity	(41,413)	(202,993)
Add: Share option reserve	91,808	365,965
Add: Investments revaluation reserve	(645,500)	645,500
Add: Share of operating loss	(1,326,408)	(490,880)
Total equity at the end of the year	10,127,256	10,908,919
5. SEGMENT INFORMATION		
The consolidated entity operates predominantly in one segment involved in the mineral exploration and development industry. Geographically the consolidated entity is domiciled and operates in one segment being Australia.		
6. EARNINGS/(LOSS) PER SHARE		
The following reflects the loss and share data used in the calculations of basic and diluted earnings/(loss) per share:		
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share	(1,326,408)	(490,880)
	Number of Shares	Number of Shares
	2008	2007
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	91,334,808	76,997,904
Effect of dilutive securities		
Share options*	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	91,334,808	76,997,904

*Non-dilutive securities

As at balance date, 11,100,000 unlisted options (30 June 2007: 19,550,000 unlisted options) which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2008

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

Notes to the Concise Financial Report

For the year ended 30 June 2008

7. CONTINGENT LIABILITIES

There were no contingent liabilities not provided for in the financial statements of the consolidated entity as at 30 June 2008 other than:

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the consolidated entity has an interest. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the consolidated entity has an interest.

8. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than market announcements released to the Australian Securities Exchange since balance date.

9. FULL FINANCIAL REPORT

Further financial information can be obtained from the full financial report which is available from the Company, free of charge, on request. A copy may be requested by calling the Company on (08) 9322 6974.

Directors' Declaration

In the opinion of the Directors of Pioneer Nickel Limited the accompanying concise financial report of the consolidated entity, comprising Pioneer Nickel Limited and its controlled entity for the year ended 30 June 2008, set out on pages 32 to 38.

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 30th day of September 2008.



D J Crook
Managing Director

Independent Audit Report

To the Members of Pioneer Nickel Limited

Report on the Concise Financial Report

The accompanying concise financial report of Pioneer Nickel Limited comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Pioneer Nickel Limited for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Pioneer Nickel Limited for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 30th September 2008 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information included in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standards AASB 1039: Concise Financial Reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

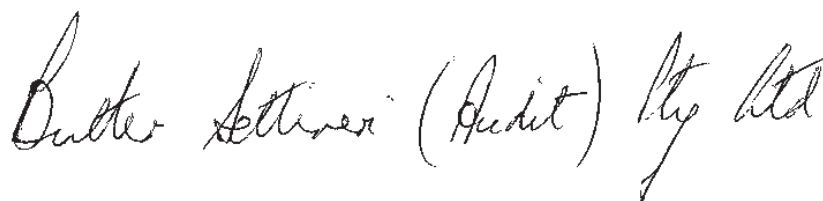
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion on the Concise Financial Report

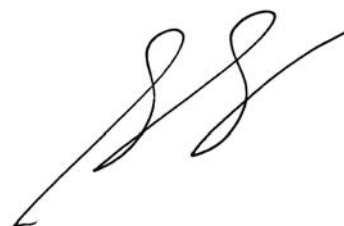
In our opinion, the concise financial report of Pioneer Nickel Limited for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Auditor's Opinion on the AASB 124 Remuneration Disclosures contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 28 to 30 of the directors' report comply with section 300A of the Corporations Act 2001.



BUTLER SETTINERI (AUDIT) PTY LTD



COLIN P BUTLER

Director

Perth

Date: 30 September 2008

ASX Additional Information

Pursuant to the Listing Requirements of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 23 September 2008.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shareholders
1 – 1,000	78
1,001 – 5,000	239
5,001 – 10,000	276
10,001 – 100,000	996
More than 100,000	152
Totals	1,741

There were 410 holders of less than a marketable parcel of ordinary shares.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below.

Shareholder Name	Issued Ordinary Shares	
	Number of Shares	Percentage of Shares
Xstrata Nickel Australasia Investments Pty Ltd	17,746,935	17.20%
IJ Buchhorn and related entities	5,510,725	5.34%

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Listed Ordinary Shares	
	Number	Percentage Quoted
Xstrata Nickel Australasia Investments Pty Ltd	17,746,935	17.20%
Kurana Pty Ltd <Buchhorn Unit Fund>	4,524,646	4.38%
Mr Lafras Luitingh	1,677,602	1.63%
MBM Corporation Pty Ltd	1,650,086	1.60%
Mr Phillip Clive Hardcastle	1,100,000	1.07%
Claymore Investments Pty Ltd <Waldeck Super Fund Account>	1,000,000	0.97%
Hazurn Pty Ltd <Buchhorn Super Fund Account.	986,077	0.96%
Camboom Trading Pty Ltd	960,086	0.93%
Vendex Pty Ltd <Vendex Family Account>	800,000	0.78%
Shefa Corporation Pty Ltd	750,000	0.73%
Central Courthouse Pty Ltd <Allwood Williams Super Fund Account>	701,495	0.68%
Mr Raymond Keith and Mrs Jennifer Ann Everett <Ray Everett Super Fund Account>	650,000	0.63%
Chaos Investments Pty Limited <Alexandrou Family Account>	641,653	0.62%
Lock Nominees Pty Ltd <Lock Super Fund Account>	600,000	0.58%
Kavalex Pty Limited	555,958	0.54%
Ocean Grove Investments Pty Ltd	495,000	0.48%
Ms Mara Jane Rudd	487,792	0.47%
Mr David John and Mrs Jennifer Anne Crook <Parkway Account>	482,486	0.47%
Mr Robert William Piper	464,189	0.45%
Oregon Nominees Pty Ltd <Oregon Nominees Super A/c>	450,000	0.44%
	36,724,005	35.61%

D. Unquoted Options

Options	Number of Options
Unlisted options exercisable at 30 cents each by 31 December 2008	250,000
Unlisted options exercisable at 25 cents each by 1 April 2009	500,000
Unlisted options exercisable at 25 cents each by 28 November 2009	3,750,000
Unlisted options exercisable at 20 cents each by 8 September 2010	2,400,000
Unlisted options exercisable at 25 cents each by 30 June 2011	250,000
Unlisted options exercisable at 30 cents each by 30 June 2011	350,000
Unlisted options exercisable at 25 cents each by 31 August 2011	1,000,000
Unlisted options exercisable at 22 cents each by 8 September 2011	2,400,000
Unlisted options exercisable at 25 cents each by 31 March 2012	200,000
Unlisted options exercisable at 20 cents each by 30 June 2012	750,000
Unlisted options exercisable at 22 cents each by 30 June 2013	750,000
	12,600,000

E. Distribution of Unquoted Options

Analysis of numbers of optionholding by size of holding:

Distribution	Number of Optionholders
1 – 1,000	-
1,001 – 5,000	-
5,001 – 10,000	-
10,001 – 100,000	1
More than 100,000	13
Totals	14

F. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

