



**PIONEER NICKEL LIMITED**

ABN 44 103 423 981

**Interim Financial Report  
for the  
Half-Year ended 31 December 2007**

# PIONEER NICKEL LIMITED

ABN 44 103 423 981

## CORPORATE DIRECTORY

### DIRECTORS

Reginald N Gillard  
*Non-Executive Chairman*

David J Crook  
*Managing Director*

Allan Trench  
*Non-Executive Director*

Peter Langworthy  
*Non-Executive Director*

### COMPANY SECRETARY

Julie A Wolseley

### PRINCIPAL REGISTERED OFFICE

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### AUDITOR

Butler Settineri (Audit) Pty Ltd  
Unit 16, First Floor  
100 Railway Road  
Subiaco  
Western Australia, 6008

### SHARE REGISTRY

Security Transfer Registrars Pty Limited  
770 Canning Highway  
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Western Australia, 6153  
Telephone: (08) 9315 0933  
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### STOCK EXCHANGE LISTING

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

### ASX CODE

PIO - ordinary shares

**PIONEER NICKEL LIMITED**  
**ABN 44 103 423 981**

**C O N T E N T S**

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**PIONEER NICKEL LIMITED**  
and its controlled entity

**DIRECTORS' REPORT**

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Your Directors present their report on the consolidated financial statements for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**DIRECTORS**

The following persons held office as Directors of Pioneer Nickel Limited during the half-year and until the date of this report:

***Reginald N Gillard*** – BA, FCPA, FAICD, JP  
**Non-Executive Chairman**

Mr Gillard was appointed a Director on 17 March 2005. Mr Gillard is an accountant with more than 30 years of experience initially in public practice and now in an advisory capacity focussing on corporate management and the identification and evaluation of resource project opportunities in Australia and overseas. Mr Gillard has had extensive experience in the successful acquisition and international funding of a number of resource projects particularly in developing countries for Australian and international companies.

Mr Gillard currently holds directorships in Aspen Group Limited, Caspian Oil & Gas Limited, Perseus Mining Limited, Tiger Resources Limited, Elemental Minerals Limited, Eneabba Gas Limited, Lindian Resources Limited and Lafayette Mining Limited.

***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 26 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.

Dr Trench currently holds a directorship in Navigator Resources Ltd Limited.

***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 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.

Mr Langworthy currently holds directorships in Northern Star Resources Ltd and Falcon Minerals Ltd.

The Directors named above each held office as at 31 December 2007.

**PIONEER NICKEL LIMITED**  
**and its controlled entity**

**DIRECTORS' REPORT**

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**COMPANY SECRETARY**

*Julie Wolseley – B.Com, CA, MAICD*

Ms Wolseley is the principal of a corporate advisory company with over 15 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 directorships on the boards of OM Holdings Ltd and Territory Resources Ltd.

**REVIEW OF OPERATIONS**

The consolidated entity recorded an operating loss after income tax for the half-year ended 31 December 2007 of \$1,112,333 compared to the 31 December 2006 operating loss after income tax of \$418,747. Included within the result were exploration write-downs totalling \$1,448,845 related primarily to the Wattle Dam and Higginsville Projects.

During the half-year the consolidated entity in its own right incurred a total of \$1,606,371 on exploration expenditure. A further \$614,753 was also incurred by the consolidated entity and was recharged to joint venture participants in accordance with joint venture arrangements. A significant proportion of the exploration and evaluation expenditure was incurred on the consolidated entity's Golden Ridge JV, Ravensthorpe Copper Gold JV and Silver Swan Northwest Projects in Western Australia.

During the half-year the Company earned a 51% participating interest in the Golden Ridge JV Project from Australian Mines Limited. The Company completed a number of regional drilling programs to test ultramafic units, as well as deeper drilling to test a number of advanced targets. Regional drilling has identified a further four anomalies with coincident nickel-copper and PGE anomalism which will be further tested during 2008. Drill testing and DHEM surveying of targets identified at the Marshall and Triumph Prospects was undertaken. One DHEM anomaly requires additional testing.

The Company's controlled entity Western Copper Pty Ltd earned a 75% participating interest in the Ravensthorpe Copper Gold JV Project from Galaxy Resources Ltd ("Galaxy"). Diamond drilling comprised 12 holes beneath the old Mt Desmond and Elverdton Copper Mines to target mineralisation approximately 100 – 200 metres beneath the mine workings commenced. The copper gold mineralisation is hosted within an 850 metres long shear structure within granite. To date 9 pre-collared diamond drill holes have been completed for a total of 3,230 metres including 1,862 metres of diamond core. Assay results from only two holes have been returned which included 12 metres grading 1.35% copper and 0.75 g/t gold. A trial downhole MMR and DHEM geophysical survey was completed on three holes. A number of conductors were identified by the survey. Surveying of the remaining holes will be completed at the end of the program. Encouraging metallurgical recoveries were returned from testwork completed on RC cuttings from earlier drilling around the Desmond mine. Concentrate recoveries were in excess of 92% for copper and 85% for gold with concentrate grades averaging 22% copper and 10g/t gold.

At the Company's Silver Swan Northwest Project, work has identified a green-field gold discovery. The Company has completed two passes of RAB geochemistry drilling and has identified a series of gold targets within an overall zone of gold anomalism at least 9 kilometres long. Drill results returned to date have all been within weathered granite, and include 4 metres at 1.79g/t gold and 9 metres at 0.9g/t gold. In addition the Company identified a new nickel sulphide target by MLTEM at the Scotia East Prospect in ultramafic rocks.

At the Company's Balagundi Project a detailed geological review was completed coupled with extensive auger geochemical sampling. The interpretation has highlighted the area as being prospective for VMS-style copper zinc and gold mineralisation. Once the results of the geochemistry have been received additional testing is planned.

**PIONEER NICKEL LIMITED**  
and its controlled entity

**DIRECTORS' REPORT**

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**REVIEW OF OPERATIONS (Continued)**

During the half year Ramelius Resources Limited ("Ramelius") exercised two options it held over the Company's Wattle Dam and Larkinville Projects with the Company receiving \$700,000. Ramelius has the right to earn an 80% interest in the Company's nickel rights at its Wattle Dam and Larkinville Projects by expending \$1,000,000 on nickel-related exploration expenditure, following which the Company will retain a 20% free-carried interest to completion of a feasibility study. Ramelius reported significant gold results from the Larkinville West Prospect where anomalous drill results were returned over a strike length of approximately 700 metres. Results including 32 metres at 2.0g/t gold from RAB drilling, and 20 metres at 2.4g/t gold and 6 metres at 3.3 g/t gold from RC drilling were received. Ramelius is planning additional drilling on the prospect. Ramelius also reported 0.1 metre at 5.0% nickel from the 1A north nickel prospect in the Wattle Dam Project area.

At the Company's Acra Joint Venture Jubilee Mines NL ("Jubilee"), completed RC and diamond drilling over the Jubilee Prospect. RC drilling was also completed on a gold target. Jubilee also completed a number of geophysical surveys and soil sampling programs over new areas. This work has resulted in a number of new targets that will require follow up testing.

During the half year the Company sold 0.3 million shares held in Galaxy realising proceeds of \$0.2 million and a profit of \$0.15 million. As at the end of the half year the Company held 1 million shares in Galaxy with a market value of approximately \$0.6 million. Since the end of the half year the Company has sold 0.3 million Galaxy shares realising net proceeds of \$0.12 million.

The Company's cash position at the end of the half-year was \$1,765,233. In addition the Company was awaiting the settlement of joint venture calls totalling \$0.45 million.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2007.

This report is made and signed in accordance with a resolution of Directors.

Dated at Perth this 14 March 2008.



**DJ Crook**  
Managing Director



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Pioneer Nickel Limited for the half year ended 31 December 2007, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

*Butler Settineri (Audit) Pty Ltd*  
BUTLER SETTINERI (AUDIT) PTY LTD

COLIN P BUTLER  
Director

Perth  
Date: 14 March 2008

**BUTLER  
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Directors:  
**Colin Butler**  
FCA  
**Paul Chabrel**  
FCA  
**Lucy Gardner**  
CA

**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF PIONEER NICKEL LIMITED**

Chartered  
Accountants



**Scope**

We have reviewed the accompanying financial report of Pioneer Nickel Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both Pioneer Nickel Limited (the company) and the entities it controlled during the half year.

**Directors' Responsibility for the Half Year Financial Report**

The directors are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pioneer Nickel Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain the assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BUTLER  
SETTINERI**

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Directors:

**Colin Butler**

FCA

**Paul Chabrel**

FCA

**Lucy Gardner**

CA

## Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Pioneer Nickel Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Butler Settineri (Audit) Pty Ltd

BUTLER SETTINERI (AUDIT) PTY LTD



COLIN P BUTLER  
Director

Perth  
Date: 14 March 2008

**PIONEER NICKEL LIMITED**  
**and its controlled entity**

**DIRECTORS' DECLARATION**

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In accordance with a resolution of the Directors of Pioneer Nickel Limited, I state that:

In the opinion of the Directors:

1. The financial statements and notes of the consolidated entity, as set out on pages 8 to 14:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity.
2. In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Dated at Perth this 14 March 2008.



**DJ Crook**  
Managing Director

**PIONEER NICKEL LIMITED**  
and its controlled entity

**CONDENSED CONSOLIDATED INCOME STATEMENT**

**For the half-year ended 31 December 2007**

	Note	31 December 2007 \$	31 December 2006 \$
Other income		<b>987,569</b>	157,099
Total revenue		<b>987,569</b>	157,099
Employee expenses		<b>(500,008)</b>	(290,782)
Corporate expenses		<b>(82,758)</b>	(109,739)
Cost base of investments sold		<b>(55,971)</b>	-
Depreciation		<b>(28,212)</b>	(18,485)
Rental expense on operating leases		<b>(61,989)</b>	(48,505)
Non-Executive Directors' fees		<b>(60,000)</b>	(60,000)
Insurance expenses		<b>(21,506)</b>	(20,574)
Employee costs recharged to capitalised exploration		<b>377,764</b>	188,697
Expense of share-based payments		<b>(76,643)</b>	(208,969)
Exploration costs written off	2	<b>(1,448,845)</b>	-
Other expenses		<b>(141,734)</b>	(137,489)
Reversal of provision for diminution in the value of investments		-	130,000
Loss before income tax		<b>(1,112,333)</b>	(418,747)
Income tax		-	-
Net loss attributable to members of the Company		<b>(1,112,333)</b>	(418,747)
Basic earnings/(loss) per share (cents per share)	4	<b>(1.24)</b>	(0.58)
Diluted earnings/(loss) per share (cents per share)	4	<b>(1.24)</b>	(0.58)

*The accompanying notes form an integral part of these financial statements.*

**PIONEER NICKEL LIMITED**  
and its controlled entity

**CONDENSED CONSOLIDATED BALANCE SHEET**

**As at 31 December 2007**

	Note	31 Dec 2007 \$	30 June 2007 \$	31 Dec 2006 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		1,765,233	3,284,346	2,854,046
Other receivables		598,983	87,323	59,979
Other financial assets		728,226	945,536	13,988
<b>TOTAL CURRENT ASSETS</b>		<b>3,092,442</b>	4,317,205	2,928,013
<b>NON-CURRENT ASSETS</b>				
Investments		-	-	200,000
Plant, equipment and motor vehicles		194,973	199,842	141,215
Capitalised mineral exploration		7,102,109	6,944,583	5,292,724
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,297,082</b>	7,144,425	5,633,939
<b>TOTAL ASSETS</b>		<b>10,389,524</b>	11,461,630	8,561,952
<b>CURRENT LIABILITIES</b>				
Trade and other payables		624,208	520,529	310,373
Provisions		44,866	32,182	30,465
<b>TOTAL CURRENT LIABILITIES</b>		<b>669,074</b>	552,711	340,838
<b>TOTAL LIABILITIES</b>		<b>669,074</b>	552,711	340,838
<b>NET ASSETS</b>		<b>9,720,450</b>	10,908,919	8,221,114
<b>EQUITY</b>				
Contributed equity	3	12,074,996	12,074,996	10,048,554
Share option reserve		657,933	581,290	493,294
Investments revaluation reserve		492,721	645,500	-
Accumulated losses		(3,505,200)	(2,392,867)	(2,320,734)
<b>TOTAL EQUITY</b>		<b>9,720,450</b>	10,908,919	8,221,114

*The accompanying notes form an integral part of these financial statements.*

**PIONEER NICKEL LIMITED**  
and its controlled entity

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the half-year ended 31 December 2007**

	<b>31 December 2007 \$</b>	<b>31 December 2006 \$</b>
<b>Total equity at the beginning of the half-year</b>	<b>10,908,919</b>	5,639,359
<i>Adjustments to equity:</i>		
Option reserve – share based payments	<b>76,643</b>	277,969
Investments revaluation reserve	<b>(152,779)</b>	-
Loss for the half-year	<b>(1,112,333)</b>	(418,747)
Total recognised income and expense for the half-year	<b>(1,188,469)</b>	(140,778)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	-	2,722,533
	-	2,722,533
<b>Total equity at the end of the half-year</b>	<b>9,720,450</b>	8,221,114

*The accompanying notes form an integral part of these financial statements.*

**PIONEER NICKEL LIMITED**  
and its controlled entity

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the half-year ended 31 December 2007

	31 Dec 2007 \$ Inflows/(Outflows)	31 Dec 2006 \$ Inflows/(Outflows)
<b>Cash flows from operating activities</b>		
Interest received	81,702	77,099
Farm in income	700,000	70,000
Other income	2,600	10,000
Payments to suppliers and employees (inclusive of goods and services taxes)	<u>(382,442)</u>	<u>(469,787)</u>
Net cash flows used in operating activities	<u>401,860</u>	<u>(312,688)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(2,049,780)	(785,940)
Payments for plant and equipment	(23,343)	(28,814)
Payments for bonds	(60,000)	(4,500)
Refund of tenement bonds	10,000	-
Receipt of earn in funds pursuant to Acra Joint Venture	-	430,000
Proceeds from the sale of investments	<u>202,150</u>	<u>-</u>
Net cash flows used in investing activities	<u>(1,920,973)</u>	<u>(389,254)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	2,843,656
Payments for the issue of shares	<u>-</u>	<u>(121,123)</u>
Net cash flows provided by financing activities	<u>-</u>	<u>2,722,533</u>
Net increase/(decrease) in cash held	(1,519,113)	2,020,591
Cash at the beginning of the half-year	<u>3,284,346</u>	<u>833,455</u>
Cash at the end of the half-year	<u>1,765,233</u>	<u>2,854,046</u>

*The accompanying notes form an integral part of these financial statements.*

**PIONEER NICKEL LIMITED**  
and its controlled entity

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2007**

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**1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS**

These general purpose half-year financial statements for the half-year ended 31 December 2007 have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including Accounting Standard AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS "Interim Financial Reporting".

It is recommended that these half-year financial statements and reports be read in conjunction with the Annual Report for the year ended 30 June 2007 and any public announcements made by Pioneer Nickel Limited and its controlled entity during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act, 2001.

The half-year report has been prepared on the accruals basis and in accordance with the historical cost convention. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore 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.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2007 annual financial report for the financial year ended 30 June 2007.

In the half-year ended 31 December 2007, the consolidated entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the consolidated entity's accounting policies.

31 December 2007	31 December 2006
\$	\$

**2. RESULT FOR THE HALF-YEAR**

The result for the half-year includes the following item that was unusual because of its size:

Exploration costs written off	1,448,845	-
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**PIONEER NICKEL LIMITED**  
and its controlled entity

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2007**

	31 Dec 2007 \$	30 June 2007 \$	31 Dec 2006 \$
<b>3. CONTRIBUTED EQUITY</b>			
<b>(a) Issued Capital</b>			
89,798,479 ordinary shares; (30 June 2007: 89,798,479 ordinary shares); (31 December 2006: 78,085,634)	<b>12,074,996</b>	12,074,996	10,048,554

During the half year there was no change to the issued capital of the Company.

**(b) Options**

The following unlisted options are outstanding in respect of ordinary shares:

- 3,750,000 options exercisable at 25 cents each on or before 28 November 2009.
- 500,000 options exercisable at 30 cents each on or before 1 April 2009.
- 250,000 options exercisable at 30 cents each on or before 31 December 2008.
- 1,000,000 options exercisable at 25 cents each on or before 31 August 2011.
- 2,400,000 options exercisable at 20 cents each on or before 8 September 2010.
- 2,400,000 options exercisable at 22 cents each on or before 8 September 2011.
- 200,000 options exercisable at 25 cents each on or before 31 March 2012.
- 350,000 options exercisable at 25 cents each on or before 30 June 2011.
- 250,000 options exercisable at 30 cents each on or before 30 June 2011.

**(c) Share Based Payments**

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the options issued during the half-year ended 31 December 2007:

Number of Options	100,000
Volatility (%)	65%
Risk-free interest rate (%)	6.35%
Expected life of option (years)	3.7
Exercise price (cents)	25
Weighted average share price at grant date (cents)	15.5
Value per option (cents)	5.17

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

**PIONEER NICKEL LIMITED**

and its controlled entity

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2007**

	31 Dec 2007 \$	31 Dec 2006 \$
<b>4. EARNINGS/(LOSS) PER SHARE</b>		
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	<b>(1,112,333)</b>	(418,747)
	<u>Number of Shares 2007</u>	<u>Number of Shares 2006</u>
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	<b>89,798,479</b>	72,172,159
<i>Effect of dilutive securities</i>		
Share options*	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	<b>89,798,479</b>	72,172,159

**\*Non-dilutive securities**

As at balance date, 11,100,000 unlisted options (which represent 11,100,000 potential ordinary shares) (31 December 2006: 18,850,000 unlisted options) which represent potential ordinary shares were not dilutive as they would decrease the loss per share.

**5. DIVIDENDS**

No dividend has been declared or paid during the half-year ended 31 December 2007.

**6. EVENTS SUBSEQUENT TO BALANCE DATE**

Since 31 December 2007, no event has arisen that would be likely to materially affect the operations of the consolidated entity, the results of the consolidated entity or the state of affairs of the consolidated entity not otherwise disclosed in the consolidated entity's financial statements except that the Company has sold 0.3 million shares held in Galaxy Resources Limited raising net proceeds of \$0.12 million.

**7. CONTINGENT ASSETS AND LIABILITIES**

Since the last reporting date, there has been no change of any contingent liabilities or contingent assets.

**8. 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.