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***MEDIA RELEASE***  
***30 JUNE 2005 QUARTERLY REPORT***

**26 July 2005**

Pioneer Nickel Limited "Pioneer" (ASX: PIO) has today released its summary of activities for the quarter ending 30 June 2005.

Pioneer Managing Director David Crook said the recent quarter had been a busy and important period for the Company.

The quarter featured drilling and geophysical programmes at Pioneer's prospective Acra Joint Venture Project, 80 kilometres east of Kalgoorlie; and geophysical programmes at the Wattle Dam and Pioneer Projects 55 km south west and 155 km south east of Kalgoorlie respectively. In addition to its continued nickel exploration Pioneer also entered into a joint venture with Galaxy Resources Limited to explore for high grade copper and gold mineralisation on tenements near Ravensthorpe, Western Australia.

Drilling at Acra, conducted by joint venture partner Jubilee Mines NL, intersected multiple horizons of disseminated sulphide mineralisation within the targeted ultramafic sequence. Further diamond and reverse circulation drilling is planned for the Acra Prospect and surrounding area.

"The drill core generated has hugely improved our knowledge of the complex geology at Acra and provided very positive signs for work going forward," Mr Crook said.

Compilation of drilling results at Pioneer's Wattle Dam and Pioneer Projects during the quarter also provided encouraging results.

At Wattle Dam nickel sulphides were intersected at a fresh basal contact surface at the 1A North Prospect and a down-hole EM conductor identified along strike at the 1A South Prospect. A high priority drill programme is planned for the September quarter to test these results.

At Pioneer, drilling intersected nickel sulphides within an ultramafic channel at the JH Prospect, with additional drilling confirming the position of mineralised channel flanks.

Mr Crook said that while exploration results from Wattle Dam and Pioneer have been very positive and will continue to be the focus for a new nickel sulphide discovery, the addition of the Ravensthorpe Copper-Gold Project adds commodity diversity and increases the potential for an early cash flow.

"Pioneer has been actively looking for an advanced exploration project since entering into the Acra Joint Venture with Jubilee," he said.

The Ravensthorpe district has a long history of copper and gold production. From 1897 to 1971 the district produced nearly 50 per cent of Western Australia's copper. The most significant producing mines in the district included the Elverdton, Mt Desmond, Mt Cattlin and Marion Martin mines, all of which occur within the Ravensthorpe Joint Venture tenements.

-ENDS-



## **QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2005.**

### **Key Achievements**

- Nickel sulphide mineralisation intersected on the basal contact at the Wattle Dam 1A North Prospect and an off-hole electromagnetic ("EM") conductor located along strike at 1A South Prospect;
- Agreement reached to farm into the Ravensthorpe Copper-Gold Joint Venture Project with Galaxy Resources Limited;
- A total of 3,363 metres of reverse circulation and diamond drilling completed at the Acra JV Project by Jubilee Mines NL, intersecting multiple sulphide horizons;
- Surface EM surveys identify two further targets at the Acra JV Project; and
- Mineralised ultramafic channel intersected at Pioneer JH Prospect.

### **Key Objectives September 2005 Quarter**

- 1,000m of drilling proposed, targeting basal contact positions at the Wattle Dam Project;
- 800m of drilling proposed for the Pioneer JH Prospect targeting down-plunge mineralisation;
- Drilling and geophysical programmes to continue at the Acra JV Project; and
- Complete negotiating a mining lease access agreement with various stakeholders for the Ravensthorpe Copper-Gold JV Project.

### **Corporate**

The Company increased its holding in Galaxy Resources Limited ("Galaxy") to 7% through a subscription for shares and options for \$100,000.

During August 2005 Pioneer Board members will make presentations in Perth, Sydney, Melbourne, Adelaide and Kalgoorlie to brokers, media personnel, shareholders and others interested. For further information please contact Linda White on (08) 9091 6974.

### **Working Capital**

As at 30 June 2005 the Company had cash reserves of \$1.63 million and is debt free.

In accordance with the Acra Joint Venture Agreement Pioneer is due to receive an additional \$0.23 million in cash from Sir Samuel Mines NL (a wholly owned subsidiary of Jubilee Mines NL.) subject to the completion of a Deed of Covenant with Heron Resources Limited to protect Heron's right to nickel laterite ore from the Acra Project.

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### **For more information**

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Porter Novelli  
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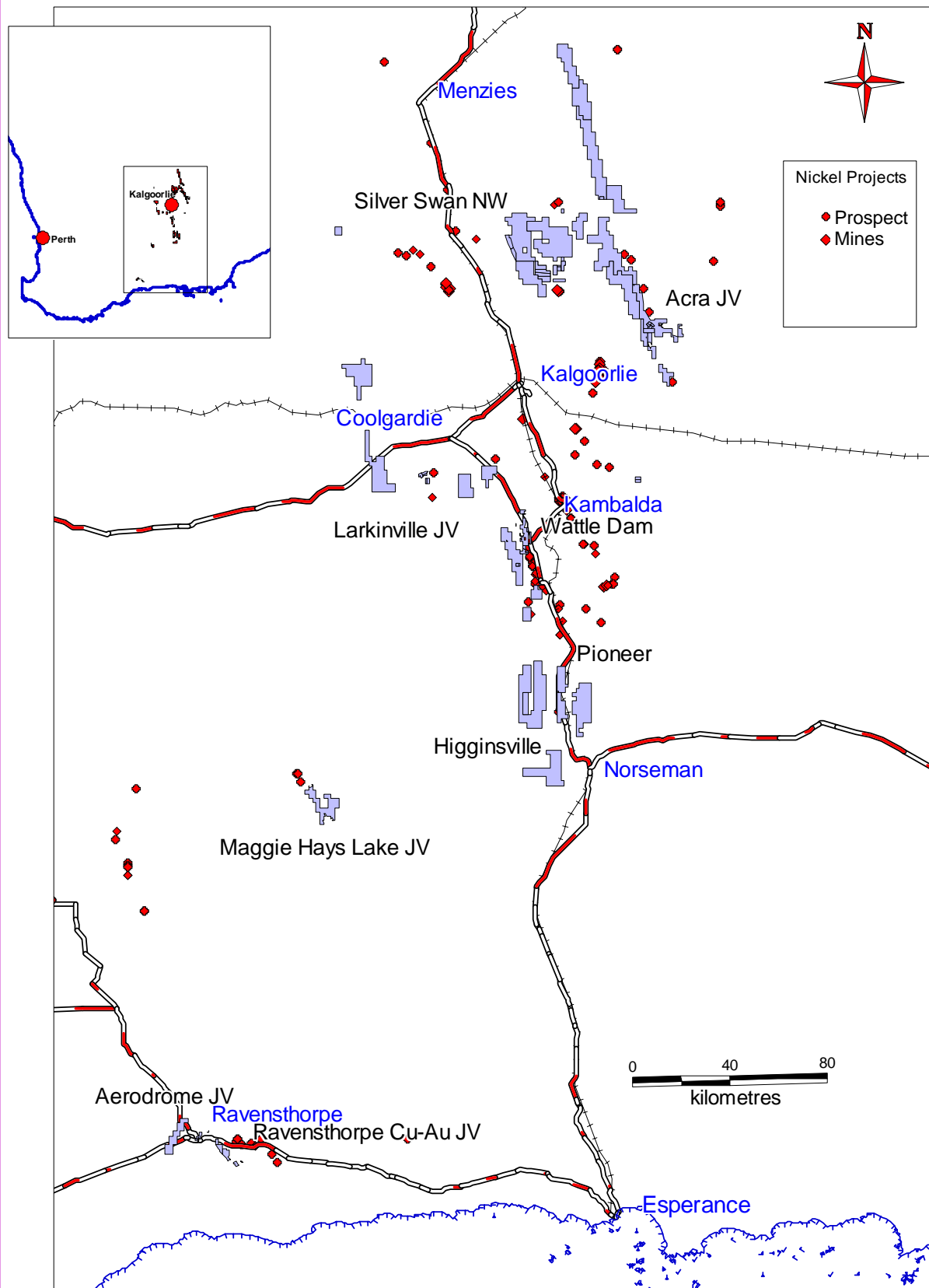
**PIONEER NICKEL LIMITED**  
**Project and Prospect**  
**Location Plan**

Scale:

Map Grid: MGA94\_51

Figure 1

Workspace



## 1 RAVENSTHORPE COPPER-GOLD JOINT VENTURE PROJECT

- *The Ravensthorpe Copper-Gold Joint Venture Project is located 10km E of Ravensthorpe, WA.*
- *WCL has the right to earn a 75% interest in the project through sole funding exploration expenditure totalling \$0.5 million*

Western Copper Pty Ltd ("WCL"), a wholly owned subsidiary of Pioneer Nickel Limited, has entered into a joint venture with Galaxy Resources Limited ("Galaxy") to explore for high grade copper and gold mineralisation on tenements near Ravensthorpe, Western Australia. WCL will be the manager of the Ravensthorpe Joint Venture.

The project area is 23.7 square kilometres and exploration will initially focus on zones of significant past copper (and associated gold) production. The four principal mines, Elverdton, Mt Desmond, Mount Cattlin and Marion Martin, accounted for the bulk of the area's historical copper production and all are located within the project tenements. These have been largely unexplored since production ceased in 1971.

The largest known copper-gold-mineralised system in the area, the Elverdton-Mt Desmond, was developed over a strike-length of 850m, to a depth of between 200 and 300m (Figure 2). The bulk of copper ore was produced during two periods - an earlier period between 1901 and 1918 when shallow, higher grade ore was mined, and a later period, between 1958 and 1971, when lower grade ores were produced from primary rock.

Mine plans, which record assays and thicknesses from face and stope sampling, indicate the presence of a number of high grade shoots with grades often in excess of 4% copper. Mineralisation remains open down plunge of the mined ore positions, evidenced by copper assays from face and stope sampling from the lowest mined levels and a few wide-spaced drill holes below the workings.

Very few gold assay records have been located for the project; however gold was produced as a co-product in concentrates. Gold credits may provide a significant economic benefit to the project. Immediately to the south of the JV tenements (10 km south of Elverdton), in a geologically analogous setting, Tectonic Resources NL has announced resources of 3.57 million tonnes at 4.1 g/t Au (and 0.47% Cu) for 471,000oz of gold for its Phillips River Project.

The Ravensthorpe District is currently going through a mining renaissance with Tectonic Resources NL mining the RAV8 nickel sulphide deposit and undertaking the Phillips River Project feasibility study; and BHP Billiton is currently constructing the \$1.8 billion Ravensthorpe Nickel Operations lateritic nickel plant. Pioneer will benefit from the established mining culture and infrastructure as the project develops.

### Outlook

Pioneer has requested that the Department of Industry and Resources fast track the key mining lease application towards grant, which is currently in the "Right to Negotiate" process.

On approval, drill targets generated from the collation of historic data will be tested. At least three mineralisation styles are evident:

- Oxidised copper ore, potentially accessible by open cut mining;
- Open pit-accessible copper sulphide ore; and
- High grade copper-gold ore accessed by underground mining methods.

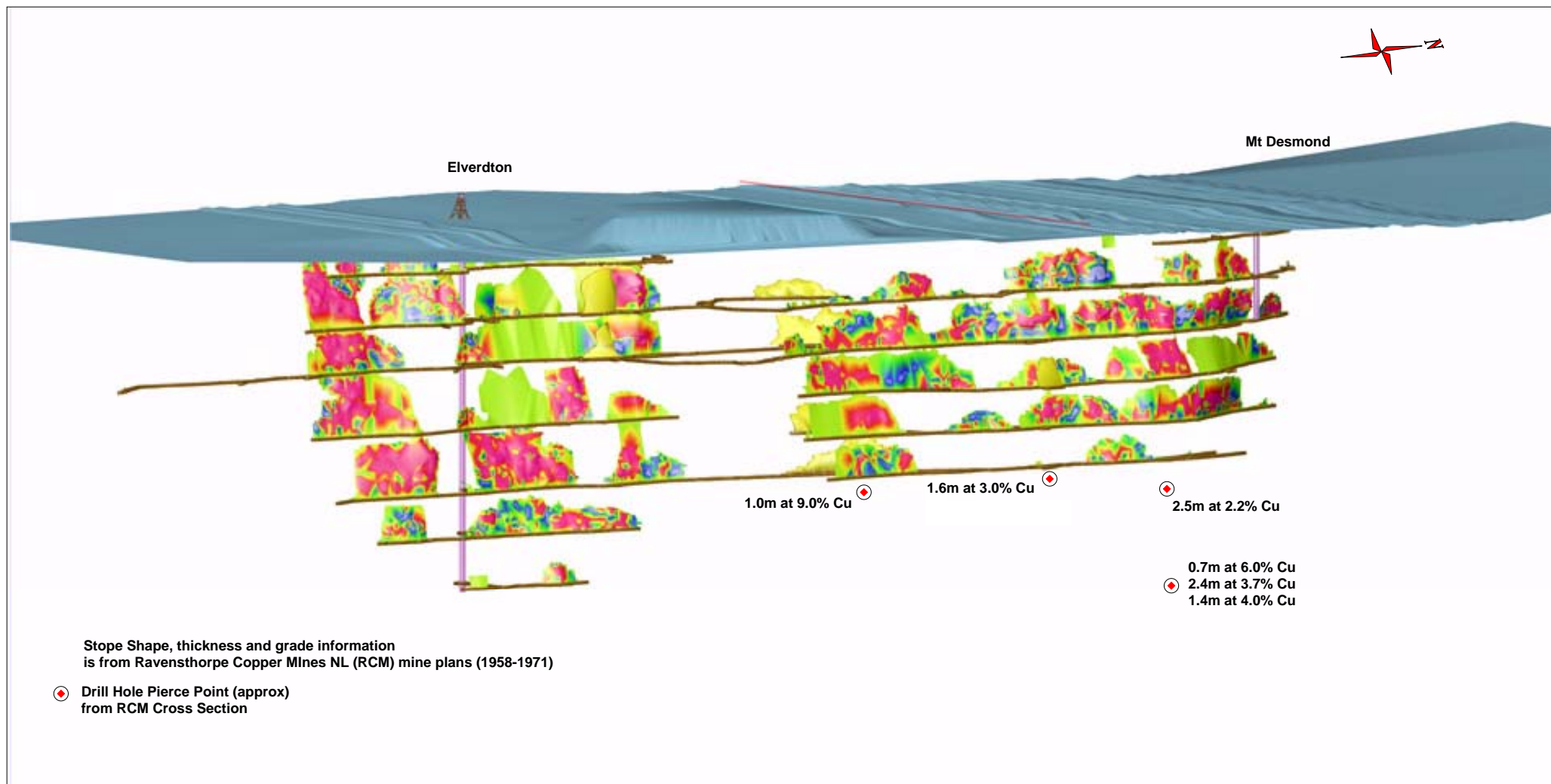
**PIONEER NICKEL LIMITED**  
**Ravensthorpe Cu-Au Project**  
**Longitudinal Section coloured with Cu%\*M**

Scale: 1: 12,500

Map Grid: MGA94\_51

Figure 2

Workspace



## **2 ACRA PROJECT (Including Jubilee and Boomerang Lake)**

- *Acra is located 80km E of Kalgoorlie*
- *Sir Samuel Mines NL, a wholly owned subsidiary of Jubilee Mines NL, has the right to earn up to 75% in the project through cash and sole funding exploration expenditure totalling \$6.9 million*

The Acra JV Project provides a dominant tenement position covering a 140km strike length of a highly prospective ultramafic sequence that has been demonstrated to host both high tenor massive and disseminated nickel sulphides at a number of locations (Figure 3). The project is also considered prospective for gold and base metals.

Exploration activities for the quarter included reverse circulation drilling, diamond drilling, surface and down hole EM surveys and surface geochemistry. Programmes of geological mapping and associated surface rock chip sampling were maintained during the quarter away from the main prospect areas.

### **Diamond Drilling**

Five pre-collared diamond drill holes were completed for 2,007.3m at the Acra Prospect during the quarter. The holes were designed to target the prospective basal contact surface at depth and also to identify possible structural repeats of the prospective surface. Drill holes intersected multiple horizons of disseminated mineralisation within the ultramafic sequence and confirmed the opportunity for structural repeats of the basal contact surface to exist. The majority of the assay results are pending. All holes will be down-hole EM surveyed.

### **Reverse Circulation Drilling**

Seven reverse circulation drill holes were completed for a total of 1,354 metres. This reconnaissance phase of drilling, at the Acra and Jubilee Prospect areas, targeted a series of geochemical and geophysical anomalies defined by earlier surveys. Although no significant nickel mineralisation was intersected, a number of holes returned anomalous gold values over narrow intervals including:

JBRC001; 34 to 41m, 7 metres at 1.33g/t Au.

### **Geophysics**

Two moving loop EM surveys were completed at the Acra and Jubilee Prospects. Two significant anomalies were identified from these surveys and, subject to field checking and evaluation, will be drill tested in the next quarter.

### **Outlook**

Further Diamond and RC percussion holes are planned for the Jubilee and Acra Prospect areas.

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The details contained in the Acra Project section of this report have been compiled by Mr Peter Langworthy, who is a Member of The Australasian Institute of Mining and Metallurgy (AUSIMM) with 18 years of experience in the mining industry. Mr Langworthy has relevant experience in relation to the mineralisation being reported on and qualifies as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) of the AUSIMM.

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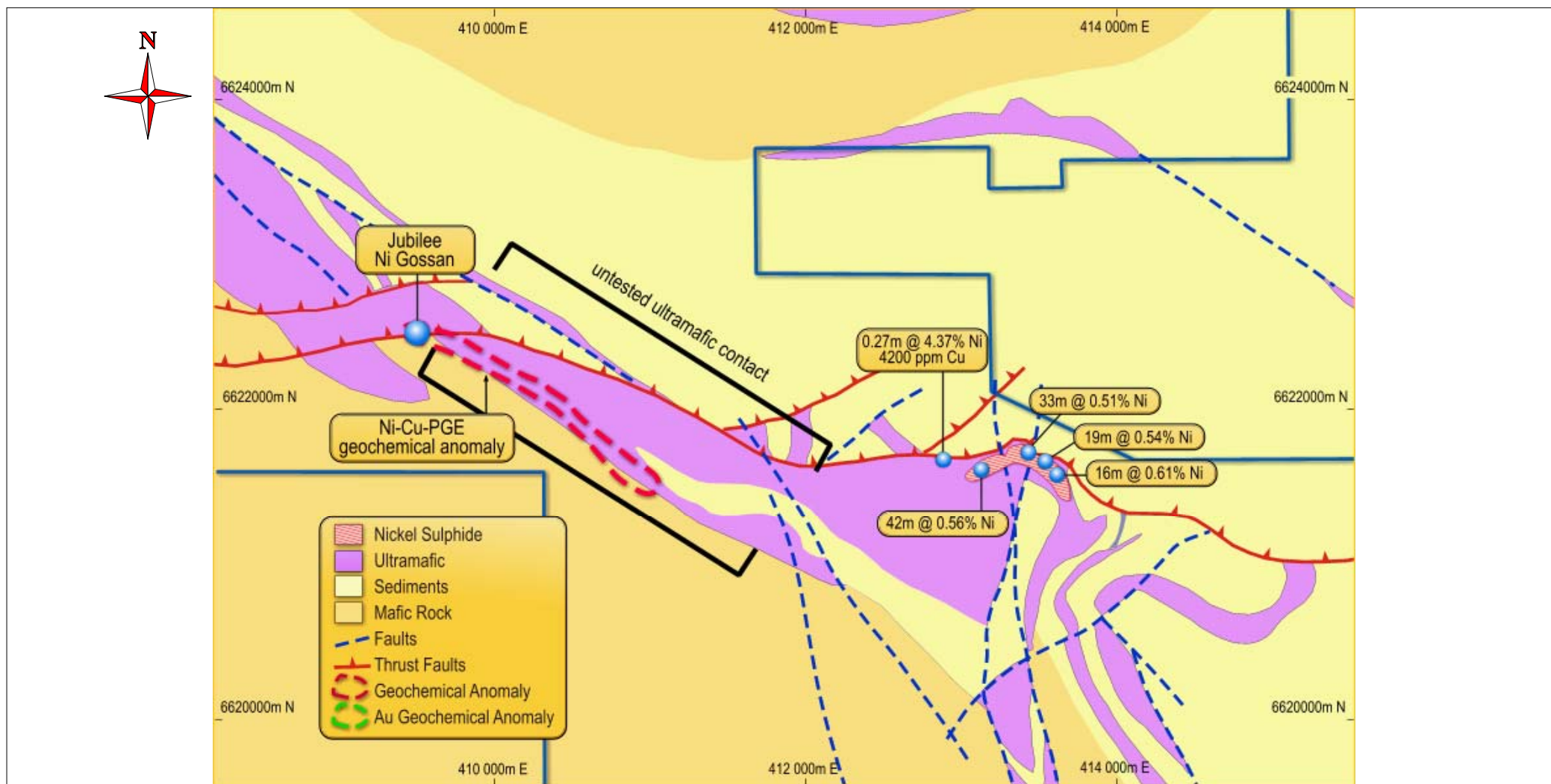
# PIONEER NICKEL LIMITED Acra JV Summary Plan Showing Geological Interpretation

Scale: 1: 12,500

Map Grid: MGA94\_51

Figure 3

Workspace



### 3 WATTLE DAM PROJECT

- *Wattle Dam is located 20km SW of Kambalda*
- *Pioneer controls 100 per cent of minerals, excluding gold and tantalum.*

The Wattle Dam Project covers an approximate 10km strike of multiple ultramafic horizons of the Northern Widgiemooltha Greenstone Belt. Many nickel sulphide mines and occurrences, including the Armstrong, Zabel, McEwen, Andrews, Hilditch and 1A, occur in close proximity to Pioneer's tenements.

#### **Reverse Circulation Drilling.**

Following the completion of detailed sampling and down hole EM surveys two high priority targets have been resolved at Wattle Dam.

RC drilling completed 300m north of the 1A mine at **1A North** intersected moderate to high-magnesian ultramafic rocks, with WRC020 **intersecting nickel sulphides** on the basal ultramafic contact. On completion, these holes collapsed so were not able to be surveyed with down-hole EM. Considerable work remains to be conducted to the north of 1A to assess strike extensions to the mineralised ultramafic unit. Drilling results included:

WRC020, 153 to 154m, 1m at 0.64% Ni and 2,200ppm Cu

RC drill testing at **1A South** intersected a very high-magnesian sequence of ultramafic rocks with a sediment-free basal contact. This is interpreted as an ultramafic channel with a parallel orientation to the 1A mine, which is located approximately 350m to the north.

The prospectivity of the 1A South is further enhanced by the presence of a down hole EM conductor. The conductor is located within highly prospective geology, with no black shale logged in the hole (Figure 4).

#### **Outlook**

Pioneer has planned to complete 1,000m of drilling to test the conductor identified off-hole from WRC-018 at 1A South and nickel sulphide mineralisation at 1A North. This high priority work is scheduled for the September quarter

### 4 PIONEER DOME PROJECT

- *The Pioneer Dome Project is located approximately 135km S of Kalgoorlie, WA.*
- *Pioneer controls 100 per cent*

The Pioneer Project covers an approximate 22km strike of ultramafic stratigraphy of the Southern Widgiemooltha Greenstone Belt. Elsewhere the Widgiemooltha Greenstone Belt, which extends north to Pioneer's Wattle Dam Project, hosts many nickel sulphide mines and occurrences.

#### **Reverse Circulation and Diamond Drilling.**

Drilling at the JH Prospect confirmed a southerly plunge to mineralisation, with two holes intersecting mineralisation within, or marginal to, highly magnesian channel rocks at the projected location. The down plunge continuation of this trend will be further tested in the next drilling programme. A previously identified down-hole EM conductor was confirmed to be black shale (Figure 5).



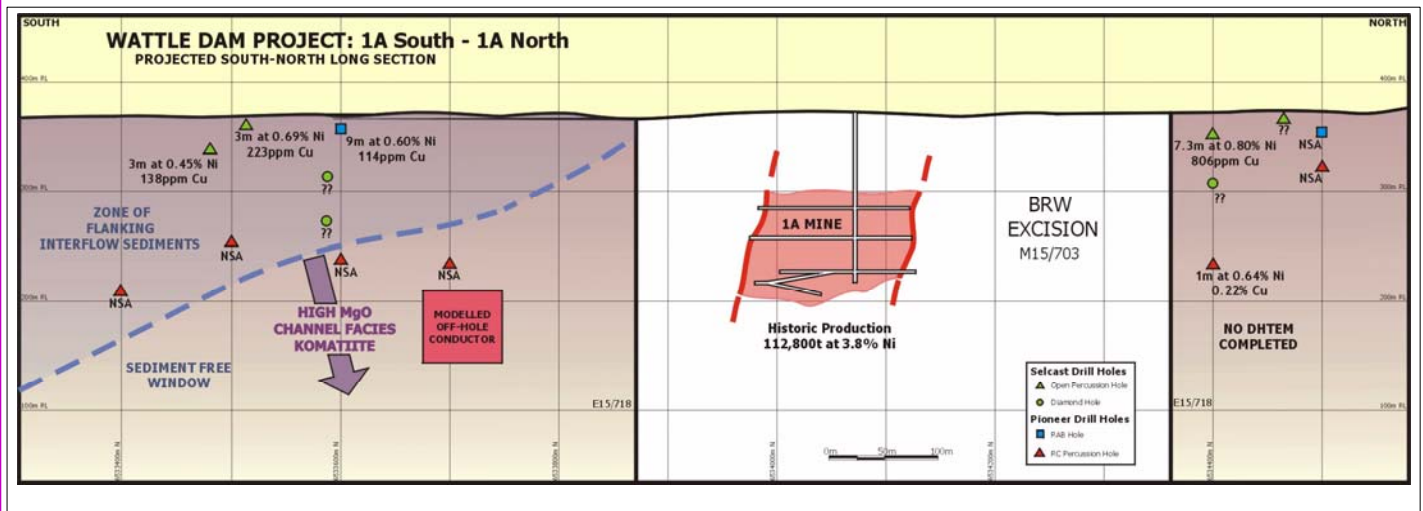
## Wattle Dam Summary Plan Long Section Interpretation

Scale: 1: 12,500

Map Grid: MGA94\_51

Figure 4

Workspace



## Pioneer Summary Plan Long Section Interpretation

Scale: 1: 12,500

Map Grid: MGA94\_51

Figure 5

Workspace

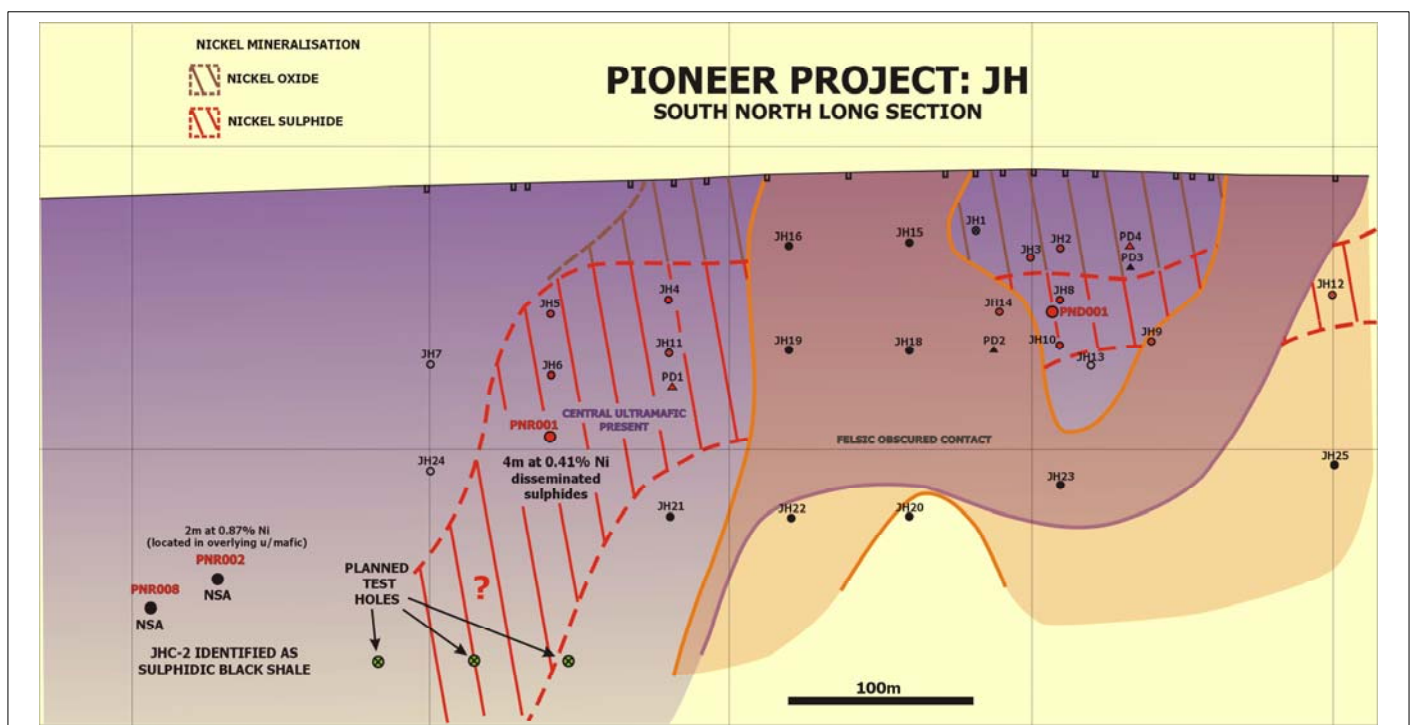


Table 1 Significant Results From Reverse Circulation Drilling: Pioneer Prospect								
Hole ID	Prospect	North (m)	East (m)	From (m)	To (m)	Intercept (m)	Ni (%)	Cu (ppm)
PNR001	JH	6,461,555	371,796	172	174	2	0.46	157.5
PNR002	JH	6,461,406	371,861	90	92	2	0.87	293.5
PNR003	BB	6,460,655	371,949	68	72	4	0.47	112.8
PNR003	BB	and		78	79	1	0.49	637

Drilling targeting the shallowly north plunging zone of nickel sulphide mineralisation at the BB Prospect intersected a broad, nickel-anomalous zone, however deeper test holes did not contain any significant intersections. A surface EM target was confirmed to be black shale.

### Outlook

Drilling amounting to 800m is planned for completion at the JH Prospect during the September quarter. Three holes drilled at BB require down-hole EM surveys to be completed, with further drilling contingent on results.

## 5 AERODROME JOINT VENTURE PROJECT

- *The Aerodrome Joint Venture Project is located 5km W of Ravensthorpe, WA.*
- *Pioneer has the right to earn a 75% interest in the project through sole funding exploration expenditure totalling \$0.5 million*

Initial mapping at the Aerodrome Prospect has identified a west facing ultramafic sequence containing thickened zones of high-magnesian cumulate rock. Pioneer believes that the rocks observed are prospective for nickel sulphide mineralisation. In addition, samples taken showed evidence of the formation of nickeliferous laterites over adcumulate ultramafic rocks.

## 6 HEAZLEWOOD AND WHYTE RIVER JOINT VENTURE PROJECT

- *The Heazlewood and Whyte River projects are near Savage River, NW Tasmania.*
- *Resource Finance and Investment Limited ("RFI") has the right to earn up to an 80% interest in the projects through funding expenditure of \$0.6 million.*

The Heazlewood district was the world's principal supplier of osmiridium (a platinum-group-metal alloy) during the 1800s and occurrences of nickel sulphides have been identified within the project.

The JV agreement is subject to the successful float of RFI on the Australian Stock Exchange within 3 months.



David Crook  
Managing Director

Other than for the Acra Project, the information within this report as it relates to geology and mineralisation was compiled by Mr David Crook who is a member of the Australasian Institute of Mining and Metallurgy and is a competent person 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.

## Appendix 5B

# Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**PIONEER NICKEL LIMITED**

ABN

**44 103 423 981**

Quarter ended ("current quarter")

**30 JUNE 2005**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(477)	(1,686)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(189)	(674)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	36	143
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Sundry income	6	6
<b>Net Operating Cash Flows</b>		(624)	(2,211)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(100)	(200)
	(c) other fixed assets	(8)	(47)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Payments for tenement bonds	-	(30)
<b>Net investing cash flows</b>		(108)	(277)
1.13	Total operating and investing cash flows (carried forward)	(732)	(2,488)

1.13	Total operating and investing cash flows (brought forward)	(732)	(2,488)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	611
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Proceeds from the sale of unmarketable shareholdings	-	153
	Payments to unmarketable holders	-	(153)
	<b>Net financing cash flows</b>	-	611
	<b>Net increase (decrease) in cash held</b>	(732)	(1,877)
1.20	Cash at beginning of quarter/year to date	2,362	3,507
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,630</b>	<b>1,630</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	\$91
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions <i>Within item 1.2</i> (i) Managing Director and Non-Executive Directors' remuneration - \$83k (ii) Office rental expenses paid to an entity related to IJ Buchhorn- \$8k	

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	NIL
<b>Total</b>	<b>350</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	55	69
5.2 Deposits at call	1,575	2,293
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,630</b>	<b>2,362</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	E27/169	Registered Holder	100	0
6.2	Interests in mining tenements acquired or increased	MLA74/122 MLA74/136 MLA74/158 MLA74/159 MLA74/162 MLA74/163 MLA74/183 P74/250	Ravensthorpe JV, right to earn 75% from Galaxy Resources Ltd.	0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b> Ordinary Shares (PIO)	48,127,633	42,483,684		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> Unlisted options (PIOAK) Unlisted options (PIOAK) Unlisted options (PIOAO)	3,000,000 3,050,000 3,750,000	- - -	<i>Exercise price</i> 25 cents each 25 cents each 25 cents each	<i>Expiry date</i> 31 Dec 2007 31 Dec 2007 28 Nov 2009
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter (lapsed)	950,000	-		
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				



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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 22 July 2005  
Company Secretary

Print name: JULIE-ANNE WOLSELEY

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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