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28 April 2006

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## ASX / MEDIA RELEASE

### NICKEL DRILLING SUCCESS CONTINUES AT GOLDEN RIDGE

**Pioneer Nickel Limited (ASX: PIO)** is pleased to announce that the Golden Ridge Joint Venture ("GRJV" with Australian Mines Limited ASX: AUZ) has provided excellent results during the March quarter with drilling at a second target intersecting nickel sulphides.

The GRJV, which Pioneer has the right to earn an initial interest of 51% and up to 80%, is located 30 kilometres SE of Kalgoorlie, WA.

From drilling currently underway at the Blair South Prospect, assays from the first drill hole have returned **15m at 1.21% Ni and 0.13% Cu from 98m**, including **3m at 2.21% Ni and 0.27% Cu from 102m**. This is in addition to drilling at the Marshall Prospect, where a recent drill hole also intersected **1m at 2.26% Ni and 0.12% Cu from 215m**.

Pioneer Managing Director David Crook said he was not surprised by the intersection at Blair South.

"Pioneer has great experience with this region and we considered Blair South to be very prospective. From the producing Blair Nickel Mine to Blair South, located almost 3 kilometres to the south, previous shallow drilling has highlighted a number of anomalous nickel locations at the basal ultramafic contact," Mr Crook said.

"This target zone will now clearly remain a priority for us this year," Mr Crook said.

The recent drilling at Blair South and Marshall is part of a \$1 million, 5,000m target appraisal programme being conducted at the GRJV, where 11 prospects with anomalous nickel values have been identified. To date, two of four priority prospects have returned moderate grade nickel sulphides, with drilling at Blair South continuing during May.

Mr Crook said that Pioneer's portfolio of projects and joint ventures continued to be kept in good order. He said the Company had approximately \$1.5 million in the bank with a further \$0.43 million in cash expected from Jubilee under the terms of the Acra JV shortly.

"Our team is eagerly looking forward to meeting the key objectives for the next quarter."

"With the GRJV continuing to be drilled, results should continue to flow and at our Ravensthorpe Copper Gold Project we hope to commence the first drilling for more than 30 years upon ratification of land access agreements," he said.

Please also refer to full ASX Third Quarter Activities and Cashflow Reports

#### For more information:

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28 April 2006

## ASX RELEASE

### QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2006.

#### Key Achievements:

**Golden Ridge JV Project** (30 km south east of Kalgoorlie. Farm-in Nickel)

- The first Blair South hole has returned **15m at 1.21% Ni and 0.13% Cu** from 98m, including **3m at 2.21% Ni and 0.27% Cu** from 102m.
- This follows the recently announced intercept from the Marshall Prospect of **1m at 2.26% Ni and 0.12% Cu from 215m**.
- Drilling is continuing at the Blair South Prospect.

**Silver Swan Northwest Project** (50km north of Kalgoorlie. Wholly owned Nickel, Gold)

- A 1,250 site geochemistry programme was completed at the Rainbow Dam North Prospect.
- Nickel and gold targets have been identified for further work during the June quarter.

**Aerodrome JV Project** (10km west of Ravensthorpe. Farm-in Nickel)

- A 963 site geochemistry programme was sampled. Assays are awaited.

**Maggie Hays Lake JV Project** (220km south west of Kalgoorlie. Farm-out Nickel)

- Modelling of new geophysical data has refined a previous nickel sulphide drill target. The model shows that the target may not have been drilled effectively, warranting a further test.

**Larkinville-Bullabulling JV Project** (50km south and west of Kalgoorlie. Farm-out Gold)

- An 886 site geochemistry programme at the Larkinville Prospect has identified three anomalous gold trends. 50% of assays have been returned.
- An 872 sample geochemistry programme at the Ida Fault Prospect has generated one broad gold target.

**Acra JV Project** (80km east of Kalgoorlie. Farm-out Nickel, Gold)

- Modelling and interpretation of existing data is complete. Mapping and sampling has located a third nickel sulphide gossan. Ground geophysics is planned ahead of drilling.

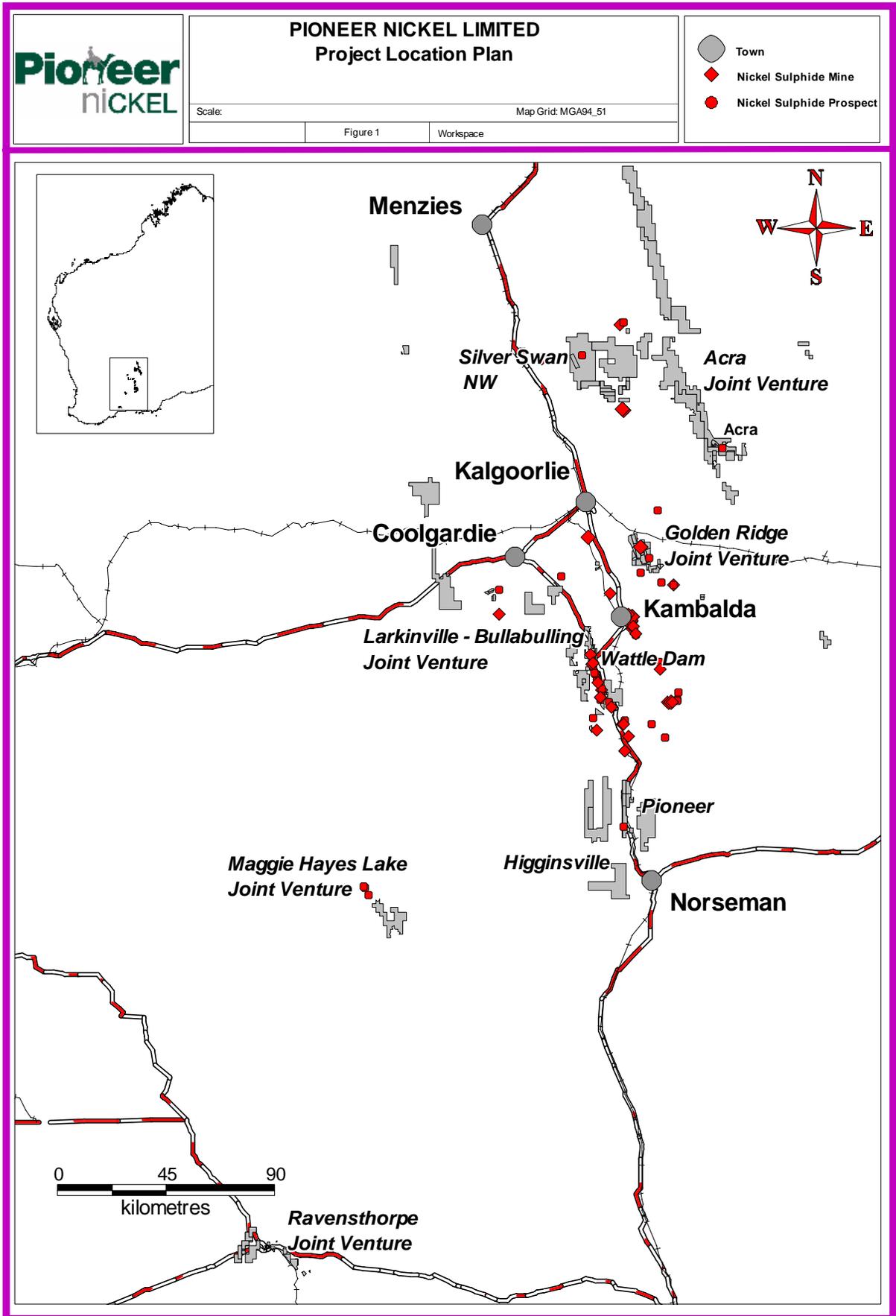
#### Key Objectives June 2006 Quarter

- Materially advance the Golden Ridge JV Project.
- Execute Native Title agreements for the Ravensthorpe Cu-Au Project. Pioneer's inaugural drilling programme – the first at the Elverdton and Mt Desmond copper-gold mines since they were closed in 1971 – is planned to commence shortly thereafter.

#### Corporate

As at 31 March 2006 the Company had cash of \$1.54 million and no debt.

During the quarter Jubilee Mines NL notified Pioneer that it has expended \$3.0 million at the Acra Joint Venture Project. With Jubilee reaching the second expenditure threshold, Pioneer is now due to receive a total of \$430,000 which is expected shortly. On settlement, Jubilee will have earned a 60% Participating Interest in the Project. Pioneer will also issue 1 million unlisted options to Jubilee, exercisable within 5 years for \$0.25 per share.



## 1 GOLDEN RIDGE JOINT VENTURE PROJECT

- The Golden Ridge Project is located 30km SE of Kalgoorlie and 30km N of Kambalda in WA.
- Pioneer has the right to earn an initial interest of 51% and up to 80% in the project from Australian Mines Limited (“AUZ”).

Drilling is continuing at the Golden Ridge Joint Venture. Pioneer is pleased to announce that the Blair South Prospect has provided immediate success with the first hole intersecting reasonably shallow nickel sulphide mineralisation. Assays results included **15m at 1.21% Ni and 0.13% Cu** from 98m, with a higher grade intercept of **3m at 2.21% Ni and 0.27% Cu** from 102m (Figure 1).

This is in addition to the recently announced intercept at the Marshall Prospect of **1m at 2.26% Ni and 1,203ppm Cu** from 215 metres.

### Drilling

- Drilling for the quarter totalled 9 holes for 2,070 metres completed.
  - Three Reverse Circulation (“RC”) holes and two diamond holes were drilled at Anomaly 20SW.
  - Three RC holes were drilled at the Marshall Prospect.
  - One RC hole was completed at the Blair South Prospect.

Prospect	Hole ID	East (m)	North (m)	From (m)	To (m)	Intercept (m)	Ni (%)	Cu (ppm)
20SW	GRD002	378,431	6,572,716	276	276.75	0.8	0.37	434
20SW	GRR003	378,508	6,572,730	188	189	1	0.31	107
Marshall	GRR006	374,797	6,582,400	221	222	1	0.33	196
<b>Marshall</b>	<b>GRR007</b>	<b>374,766</b>	<b>6,582,491</b>	<b>215</b>	<b>216</b>	<b>1</b>	<b>2.26</b>	<b>1,203</b>
<b>Blair South</b>	<b>GRR008</b>	<b>377,415</b>	<b>6,576,730</b>	<b>98</b>	<b>113</b>	<b>15</b>	<b>1.21</b>	<b>1,308</b>
<b>including</b>				<b>102</b>	<b>105</b>	<b>3</b>	<b>2.21</b>	<b>2,681</b>

NB Grid coordinates are GDA94-51

Assays by Genalysis Laboratory Services using 4 acid digest and ICP-OES finish, except Blair South AAS finish.

### Outlook – Drilling at Blair South

The Blair South Prospect is located approximately 2.7km south of the Blair Nickel Mine (29,000t past production of nickel metal, owned by AUZ) and is thought to lie on a geologically continuous contact. This contact is considered by Pioneer to be very prospective, with sporadic shallow drilling having identified coincident nickel and copper anomalism adjacent to the basal contact in a number of locations.

Previous campaigns of drilling at Blair South have identified nickel sulphide mineralisation with a number of intersections reported to assay up to 1.8m at 2.32% Ni. There is also a cluster of moderate to weak DHTeM anomalies requiring investigation by drilling.

Pioneer has allocated up to \$1 million for the Golden Ridge JV this year. Drilling will test for mineralisation and provide DHTeM platforms. Further drilling results are expected to be announced during May 2006.

### Regional Geochemistry

- From existing surface data, Pioneer’s geochemistry consultant has identified several areas of surface anomalism not tested by drilling. There are also large areas of alluvial cover where previous surface work may not have been effective.
- Historical shallow drill data is being interrogated to identify sub-surface anomalies that require testing at depth.

**Anomaly 20SW**

Drilling targeted an ultramafic channel interpreted to have a shallow southerly plunge. Confirming the geological interpretation, anomalous nickel values to 0.44% Ni were encountered in highly magnesian ultramafic rocks, however down hole EM surveys completed did not detect significant off-hole conductors likely to represent mineralisation.

**Marshall**

The intersection of 1m of remobilised nickel sulphide mineralisation grading 2.26% Ni and 1,203ppm Cu in GRR007 was located within a 4m thick black shale. DHTEM surveys completed for 2 holes did not detect significant off-hole conductors likely to represent mineralisation. GRR007 was unable to be surveyed at the time due to the hole closing off near the surface. The hole will be cleared, cased and surveyed when a diamond drill rig is next on site.

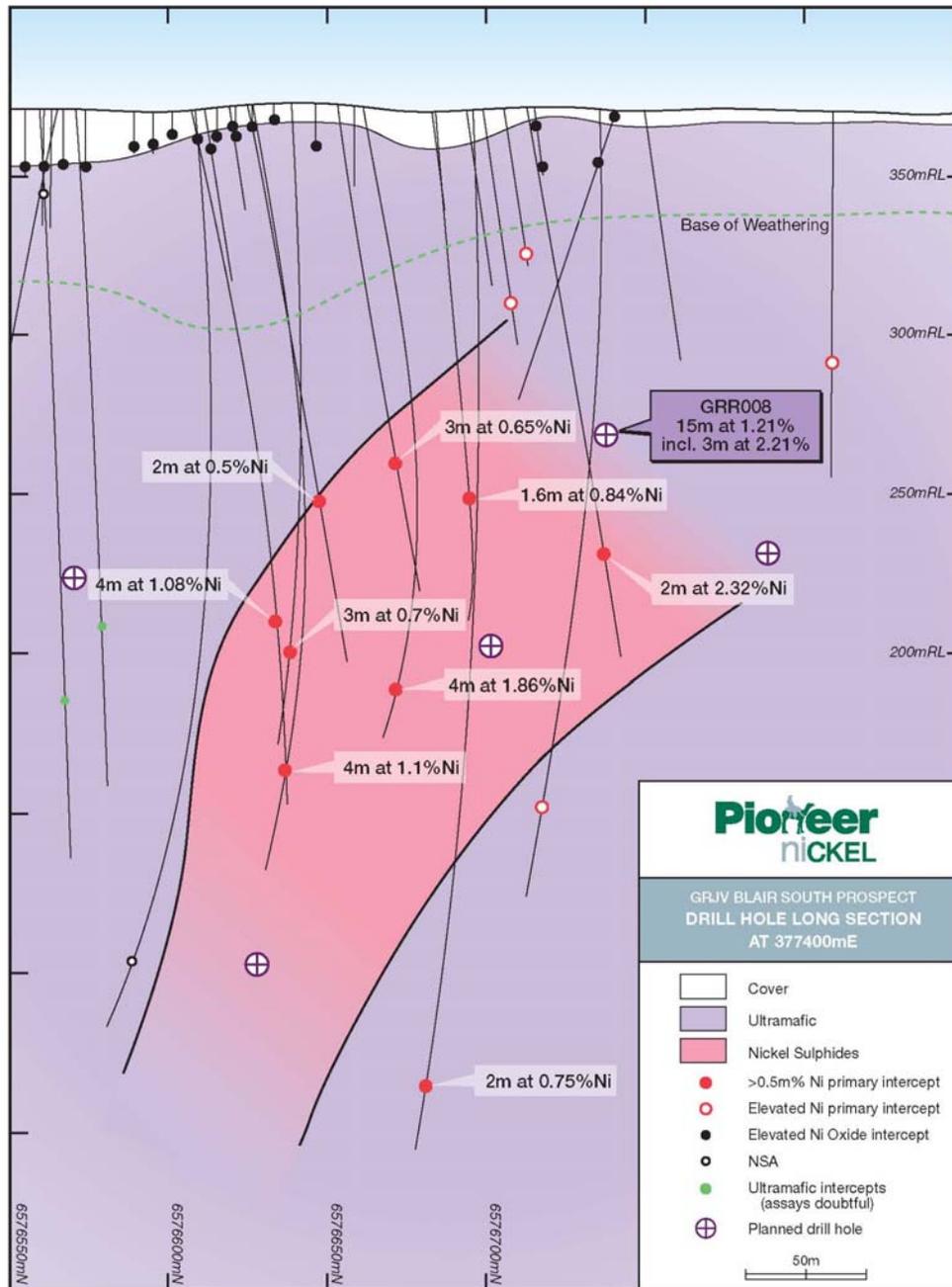


Figure 2. Blair South Long Section looking West

## 2 RAVENSTHORPE COPPER-GOLD JOINT VENTURE PROJECT

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

The project provides mineral diversity to Pioneer, through its subsidiary Western Copper Pty Ltd, with potential for early cash flow from the discovery of gold and copper mineralisation.

### Outlook – Negotiations Continuing

Detailed negotiations with representatives of the Noongar Aboriginal People have reached an advanced stage. On completion the key mining lease can proceed to grant.

Following grant of the tenement, a 5,000m drilling programme is scheduled to target the closed Elverdton and Mt Desmond mines, which produced 813,000t of copper-gold ore grading 1.6% Cu and 0.8ppm Au until their closure in 1971. Initial drilling will test an off-mine intercept reported on 1970s mine plans of 40ft (12.2m) at 2.1% Cu.

## 3 AERODROME NICKEL JOINT VENTURE PROJECT

- *The Aerodrome Nickel Joint Venture Project is located 10km 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*

A 963 auger sampling programme has been completed, with samples taken on a minimum density of 400m spaced lines with 40m spaced sites. The programme will assess on a first pass basis the Eastern and Western ultramafic units on tenements E74/205 and E74/334. This is believed to be the first time these units have been systematically sampled.

Sample assays have not yet been received.

## 4 RAVENSTHORPE REGIONAL

- *The Annabelle tenement is located 5km SW of Ravensthorpe.*
- *Pioneer 100% all commodities.*

### **Annabelle**

Pioneer has significantly increased its presence in the Ravensthorpe District by acquiring a 100% interest in E74/253, a 30 km<sup>2</sup> exploration licence with a geological setting considered analogous to the Elverdton and Mt Desmond mine area and therefore prospective for copper and gold. The tenement has numerous small gold workings including the Annabelle, James Henry, Ellen Tommy and Jim Dunn workings, whilst the Red Hill workings, also within the licence area, were mined for copper.

## 5 ACRA JOINT VENTURE PROJECT (Including Jubilee and Boomerang Lake)

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

The project provides a dominant ownership position over a 140km strike length of a highly prospective ultramafic sequence that has been demonstrated to host both high tenor massive and disseminated sulphides at a number of locations.

Exploration activities for the quarter have included mapping and rock chip sampling over the Jubilee Prospect area. This has resulted in the identification of a third nickel sulphide gossan, away from the known JSW and Trinidad Gossans.

Prospect	East (m)	North (m)	Ni (%)	Cu (ppm)	Ag (ppm)
Jubilee	409,448	6,622,493	0.74	132	0.09
Jubilee	409,519	6,622,370	0.49	536	0.07
Jubilee	409,548	6,622,372	0.38	1,110	0.10
Jubilee	409,618	6,622,475	0.15	3,910	1.79

NB Grid coordinates are AMG84-51

### Outlook

A review of all surface and down-hole geophysical data over the Acra and Jubilee prospects has been completed, which has delineated a number of anomalies for follow up. This will include field checking, infill surface TEM and ultimately drill testing of resulting targets.

A fluxgate TEM survey will be carried out as a priority over the Jubilee (JSW) gossan area using 200 metre loops during May or June 2006. It is considered likely that this loop configuration will give better depth penetration. Infill soil sampling will also be completed over the Jubilee gossan area using a 25 by 25 metre grid during July 2006.

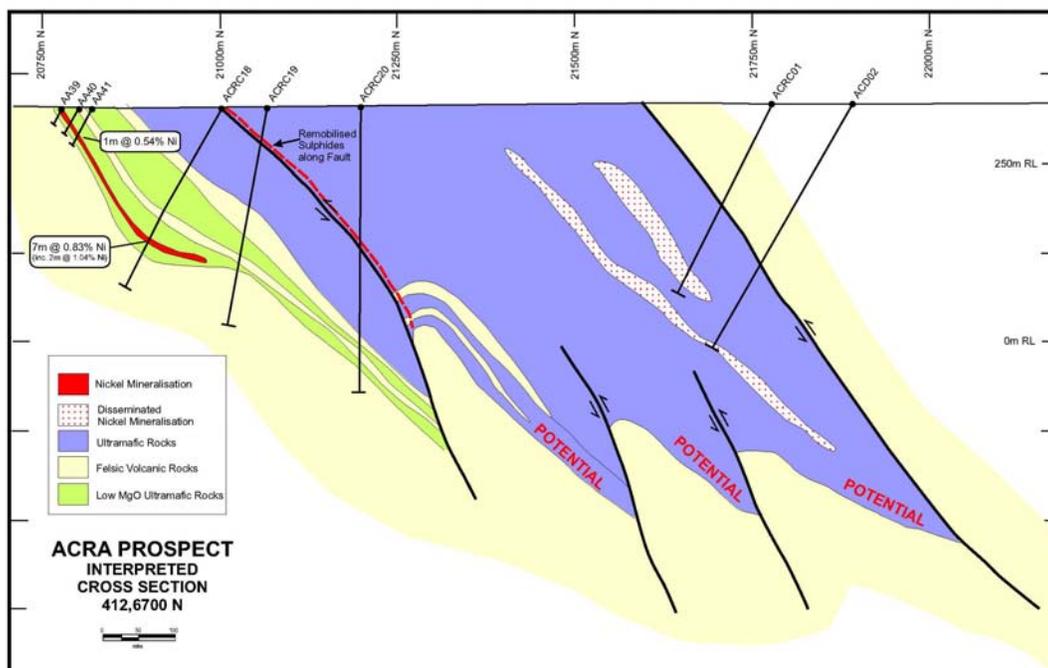


Figure3 Interpreted Cross Section through the Acra Ultramafic Suite.

## 6 SILVER SWAN NORTHWEST PROJECT

- *Silver Swan Northwest is located 50km N of Kalgoorlie WA.*
- *Pioneer 100% of all minerals.*

Results from a 1,250 soil sample geochemistry survey for E27/300 have been returned highlighting areas of nickel and gold anomalism.

Ground checks of the anomalies are yet to be undertaken. It is envisaged that infill auger sampling will be completed ahead of RAB and RC drilling as appropriate.

Pioneer is favourably considering a substantial joint venture offer from another company to farm in to parts of this project.

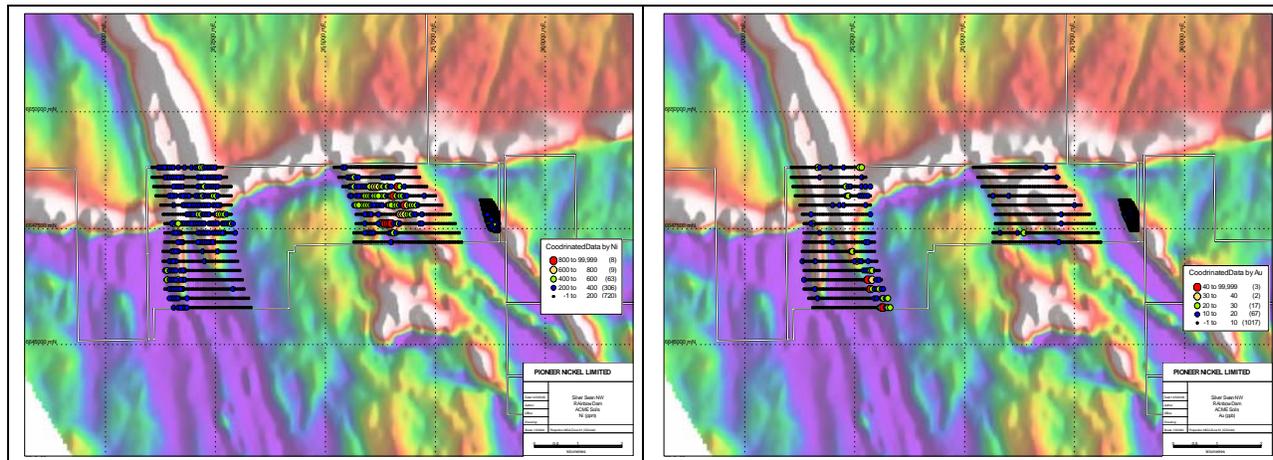


Figure 2 showing Rainbow Dam auger sample locations highlighted by nickel grade range (LHS) and gold grade range (RHS). Background is Total Magnetic Imagery. Assays completed by ACME Laboratory, Canada, using Aqua Regia digest with ICP-OES or AAS finish

## 7 MAGGIE HAYES LAKE JOINT VENTURE PROJECT

- *Maggie Hays Lake JV is located 220km SW of Kalgoorlie, WA.*
- *LionOre 80%. Pioneer free carried at 20% to commencement of mining.*

Interpretations now suggest that a drill hole completed during 2005 missed the targeted conductor because the dip assumed in the original geophysical model was too shallow. The revised model has the target much closer to a Banded Iron Formation (“BIF”), possibly representing a sulphidic zone in the BIF.

## 8 LARKINVILLE-BULLABULLING JOINT VENTURE PROJECT

- *Larkinville-Bullabulling is located 30-80km W of Kambalda.*
- *Pioneer 100%, Ramelius Resources Limited earning 75% in gold and tantalum.*

### **Logans-Larkinville Prospect**

An auger sampling programme of 886 samples was completed during the quarter. This programme entailed soil/auger sampling across the entire Logan’s/Larkinville project area to a minimum sample density of 400m spaced lines and a 40m sample interval. To date approximately 50% of assay results have been received.

Three trends of elevated gold in soil have been identified from historical and the recently completed auger sampling. Two of these trends, Groper North and Mistletoe South, are located along mafic rocks and have strike lengths of 3.5km and 6.5km respectively. The third trend is in two parts and has a very strong, co-incident gold-arsenic geochemical association. The anomalous zone lies within sedimentary units in proximity to the contact with a mapped ultramafic unit.

Ground checks of the anomalies are yet to be undertaken. It is envisaged that infill auger sampling will be undertaken ahead of RAB and RC drilling as appropriate.

***Ida Fault Prospect***

A ground check was made of a gold anomaly located in the north central portion of E15/573. This anomaly was further defined by an auger sampling programme undertaken during the previous quarter. Much of the area is obscured by colluvial cover, which may host the anomaly rather than a localised bed rock source.



David Crook  
Managing Director

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The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook who 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.

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## 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")

**31 MARCH 2006**

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(344)	(794)
(b) development	-	-
(c) production	-	-
(d) administration	(166)	(526)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	91
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Sundry income	-	-
<b>Net Operating Cash Flows</b>	<b>(486)</b>	<b>(1,229)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(5)	(18)
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 – Refund of tenement bonds	-	30
<b>Net investing cash flows</b>	<b>(5)</b>	<b>12</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(491)</b>	<b>(1,217)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(491)	(1,217)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	1,148
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 – brokerage paid	-	(20)
<b>Net financing cash flows</b>		-	1,128
<b>Net increase (decrease) in cash held</b>		(491)	(89)
1.20	Cash at beginning of quarter/year to date	2,032	1,630
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,541</b>	<b>1,541</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	\$88
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
<p><i>Within item 1.2</i></p> <p>(i) Managing Director and Non-Executive Directors' remuneration - \$79k</p> <p>(ii) Office rental expenses paid to an entity related to IJ Buchhorn- \$9k</p>		

+ See chapter 19 for defined terms.

### 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
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- 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
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### 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	15	30
5.2 Deposits at call	1,526	2,002
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,541</b>	2,032

+ See chapter 19 for defined terms.

**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	E15/679	Registered Holder	100	0
	E27/45	Registered Holder	100	0
	P27/1672	Registered Applicant	100	0
6.2 Interests in mining tenements acquired or increased	E27/333	Registered Applicant	0	100
	E63/1030	Registered Applicant	0	100
	M27/477	Registered Applicant	0	100
	M27/478	Registered Applicant	0	100
	M27/479	Registered Applicant	0	100
	M63/633	Registered Applicant	0	100
	M63/634	Registered Applicant	0	100
	M63/635	Registered Applicant	0	100
	M63/636	Registered Applicant	0	100
	P15/4765	Registered Applicant	0	100

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+ See chapter 19 for defined terms.

**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)	55,336,383	55,336,383		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)	3,000,000	-	<i>Exercise price</i> 25 cents each	<i>Expiry date</i> 31 Dec 2007
Unlisted options (PIOAK)	3,050,000	-	25 cents each	31 Dec 2007
Unlisted options (PIOAO)	3,750,000	-	25 cents each	28 Nov 2009
Unlisted options	300,000	-	30 cents each	30 Nov 2009
Unlisted options	250,000	-	30 cents each	31 Dec 2008
Unlisted options	500,000	-	30 cents each	1 April 2009
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter (lapsed)	-	-		
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

**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: 26 April 2006  
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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+ See chapter 19 for defined terms.