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The Company Announcement Officer
Australian Stock Exchange Limited
Post Office Box H224 - Australia Square
Sydney NSW 2000

Dear Sir / Madam

SALE OF UNMARKETABLE PARCELS OF SHARES

Pioneer Nickel Limited ("Pioneer") is pleased to announce the following:

Management of Sale of Unmarketable Parcels of Pioneer Shares

As part consideration for the previous transfer of nickel sulphide assets from Heron Resources Limited ("Heron") to Pioneer, Heron was issued 15 million ordinary shares by Pioneer, which have been held on trust for Heron shareholders registered on 28 October 2003.

Heron had previously advised that it would distribute the 15 million ordinary shares on an approximate 1 for 8 basis, at no cost, to eligible Heron shareholders. On 2 August 2004 Heron and Pioneer announced that the in specie distribution of Pioneer shares to eligible shareholders will occur on Friday 10 September 2004.

As a result of distributing these Pioneer shares to Heron shareholders, a large number of unmarketable parcels of Pioneer shares will be distributed. Pursuant to an Elimination Notice issued on 2 August 2004 to shareholders with an unmarketable parcel of Pioneer shares as a result of the in specie distribution, one alternative available to such shareholders is that the shares distributed can be sold by Pioneer on the shareholder's behalf (with any costs borne by Pioneer). The sale process will occur as soon as is practicable after 10 September 2004. The proceeds will be subsequently remitted to all such shareholders.

Pioneer and Paterson Securities Ltd ("Patersons") have reached agreement whereby Patersons will manage the sale of the pool of Pioneer shares that will arise as a result of shareholders electing to not retain their unmarketable shareholdings and participate in the sale process, which will be co-ordinated by Pioneer.

Yours faithfully

A handwritten signature in black ink, appearing to read "D Crook", with a horizontal line underneath it.

David Crook
Managing Director