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ASX / MEDIA RELEASE

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**JUBILEE TAKES MAJOR SHAREHOLDING IN PIONEER;
COMMITTS TO \$6.9M ACRA JOINT VENTURE**

Pioneer Nickel Limited (ASX: PIO) is pleased to announce discussions have now been completed which will result in Jubilee Mines Limited (ASX: JBM) entering into a major joint venture at the Acra project and acquiring approximately 10% of Pioneer.

Yesterday (Monday) Pioneer and Jubilee agreed to the terms of the joint venture where Jubilee may earn up to a 75% interest in a large portfolio of tenements, including the Acra deposit. The joint venture will result in accelerated exploration at the Acra nickel sulphide deposit, located 80km east of Kalgoorlie, and could see \$6.5 million spent on the ground within six years.

Pioneer Managing Director David Crook said the joint venture recognises the significance of the nickel sulphide mineralisation at Acra and the prospectivity of the Kurnalpi terrain.

"This agreement is a strong reflection of the value of the Acra nickel sulphide deposit," Mr Crook said.

"Jubilee has been actively investigating many nickel sulphide projects to invest in or acquire, so this agreement recognises the quality of Pioneer's exploration assets."

As a result of a series of related transactions, together with a cash component from the Acra JV, Pioneer will bank approximately \$840,000.

Agreement has been reached between Paterson Securities Pty Ltd and Jubilee whereby Jubilee will acquire the firm pool of unmarketable Pioneer share parcels resulting from the recent in-specie distribution of Pioneer shares to eligible Heron shareholders, for \$0.15 cents per share.

In addition, subject to Pioneer shareholder approval, Jubilee has agreed to subscribe for 4,077,623 Pioneer shares at \$0.15 cents per share. Jubilee will also receive 3,750,000 options to purchase Pioneer shares for \$0.25 cents per share within 5 years of this Agreement. On completion, Jubilee will hold 4.75 million Pioneer shares representing around 10% of the Company on an undiluted basis, which will position Jubilee as Pioneer's second biggest shareholder.

"For Pioneer, this agreement introduces a strong, like minded, cornerstone investor who will accelerate the development of Acra, while enabling us to continue our own exploration programmes along the highly prospective Widgiemooltha Greenstone Belt projects, with a strengthened cash balance.

"In fact, drilling is scheduled to start at Wattle Dam later this week." Mr Crook said.

JOINT VENTURE AGREEMENT

The Acra Joint Venture Project comprises a portfolio of exploration and prospecting licences that cover approximately 800 square kilometres with a north-south extent of 140 kilometres. The tenements contain ultramafic rocks of the Emu fault system, including Boomerang Lake, Emu Lake, Kurnalpi West, Jubilee and Acra.

The Acra Deposit is a large disseminated nickel sulphide system, with the boundaries of known mineralisation exceeding 600m in strike length while remaining open at a depth of 250m. Within the overall deposit mineralisation is evident as three discrete plunging zones, with many intercepts between 15m and 40m in thickness at a grade comparable with the Mt Keith and Black Swan disseminated nickel sulphide mines.

The Acra Joint Venture Project will complement Jubilee's Emu Lake JV interests with Image Resources Limited, where high tenor nickel sulphide mineralisation has been intersected on tenements which are contiguous with the Acra Joint Venture Project.

The terms of the agreement with Jubilee include:

1. a cash payment of \$230,000 to Pioneer for reimbursement of past exploration expenditure;
2. Jubilee to manage a two-stage joint venture where it must initially spend \$3 million on exploration over three years to acquire a 60% interest in the project. A minimum of \$1.2 million must be expended before Jubilee has the right to withdraw;
3. Jubilee to have the right to move to a 75% interest by paying a further \$200,000 in cash to Pioneer plus expending a further \$3.5 million on exploration over the next three years (extendable to four years); and
4. Once Jubilee has earned its 75% interest Pioneer will be free carried to a decision to mine at which time Pioneer must decide whether to contribute to project development or sell its share to Jubilee.

Mr Crook said the Acra Joint Venture Project would provide substantial benefits to both parties with Jubilee gaining access to a large project in an under explored, but well mineralised, ultramafic province.

He said Pioneer would continue to participate in Acra with a large retained equity while negating its financial risk during the next phase of deeper drilling.

On completion of these transactions, Jubilee will have the right to nominate a director to the Board of Pioneer, with this appointment expected to be announced shortly.

ENDS

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