



45 Brookman St, Kalgoorlie WA 6430
PO Box 883, Kalgoorlie WA 6430

ABN 44 103 423 981

16 December 2004

Phone: (08) 9091 6974
Fax: (08) 9022 2294
Email: dcrook@pioneernickel.com.au

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

Dear Sir / Madam

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

NICKEL SULPHIDE MINERALISATION CONFIRMED AT PIONEER JH PROJECT

Pioneer has received very encouraging drill results from its 100% owned JH nickel sulphide deposit and has planned follow-up drill holes for completion in the first quarter of 2005.

Diamond drill hole PND001 was drilled to a depth of 138.4m to identify the nature of mineralisation intersected in drilling by Newmont Propriety Limited in approximately 1970. Basal contact nickel sulphide mineralisation was intersected in several zones over 8.6m from 68.9m, including two intervals of massive sulphides associated with a network of fracture hosted stringer mineralisation. Table 1 lists significant results.

Table 1								
Results From Pioneer Prospect Diamond Drill Hole PND001								
Hole ID	North (m)	East (m)	From (m)	To (m)	Intercept (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
PND001	6,461,814	371,674	68.88	69.00	0.12	2.08	22,700	193
	and		73.25	77.00	3.75	1.04	758	211
	Including		74.87	75.87	1.00	1.36	1,040	369
	Including		75.87	76.25	0.38	3.91	3,160	170

* Grid coordinates GDA94-51

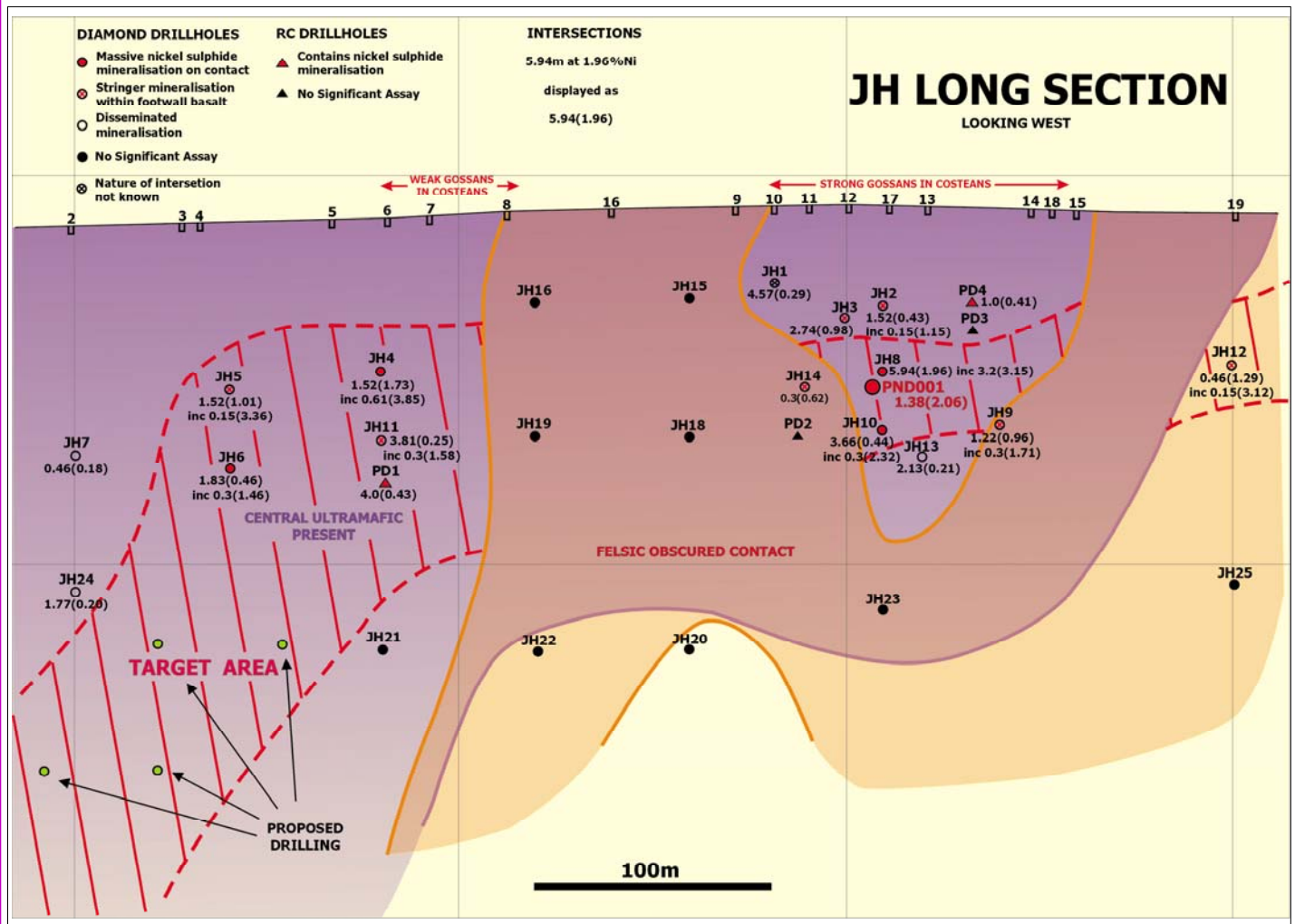
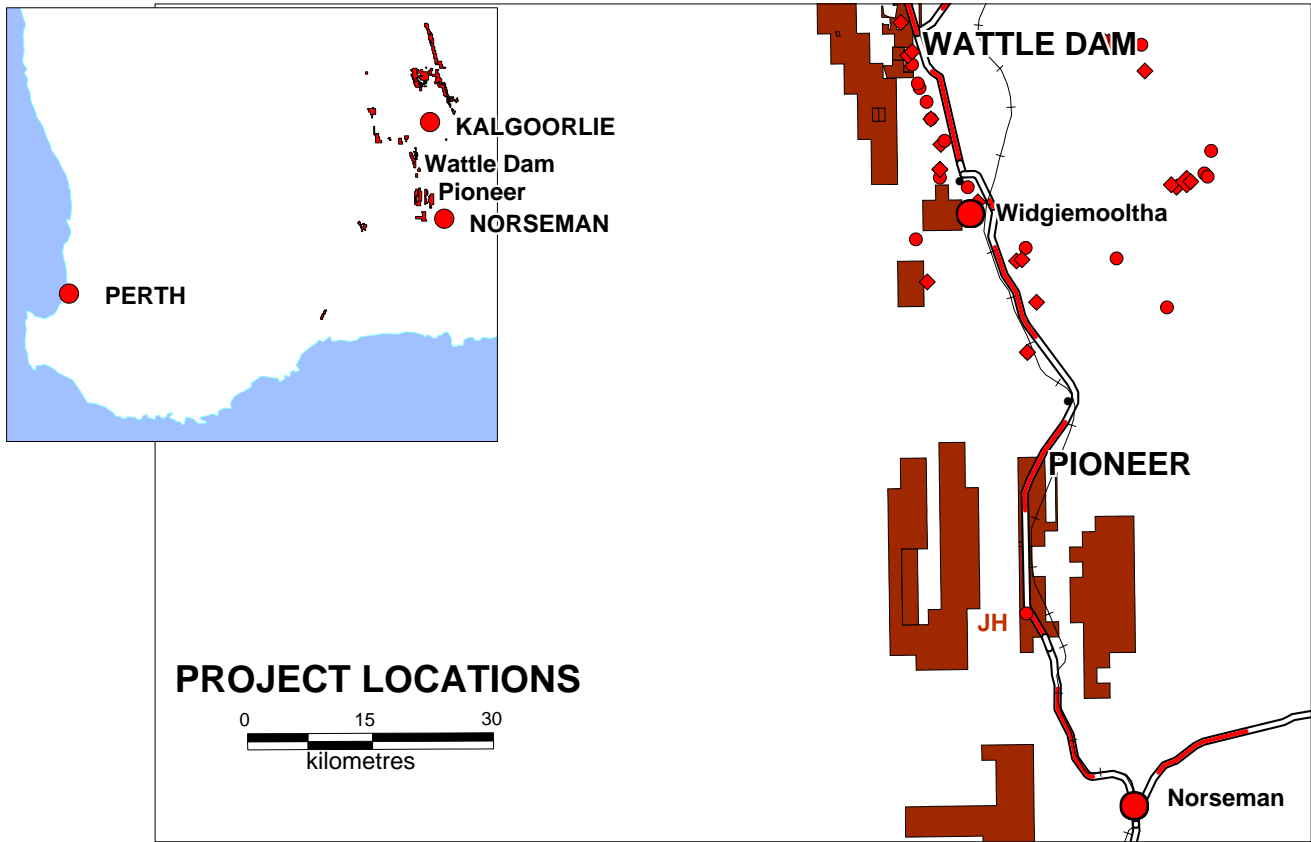
SURFACE ELECTROMAGNETIC SURVEY COMPLETED AT PIONEER

A surface electromagnetic survey completed over the JH and BB nickel sulphide deposits has identified a number of conductive bodies, which are currently being modelled. Results will be used in conjunction with geological information to confirm drill hole sites.

FORWARD PROGRAM

A nickel sulphide-endowed ultramafic basal contact has been confirmed at shallow depths at the JH Prospect. Sulphide textures in PND001 suggest significant remobilisation of the nickel sulphide. The next phase of exploration is to test the proposed extension at depth, to locate potential non-remobilised sulphides at a basal contact position. Down-hole Electromagnetic Surveying will be a key component of this programme.

Pioneer is most encouraged by these results. JH will be Pioneer's exploration focus in the New Year, with follow-up drill holes planned for completion in the first quarter of 2005, to test this exciting target.



WATTLE DAM PROJECT DRILLING SCHEDULED FOR FIRST QUARTER 2005

Rotary Air Blast Drilling – Hilditch North

Nickel sulphide gossans have been located by field reconnaissance, outcropping along the strike of an interpreted basal ultramafic contact, which extends from within Pioneer's tenement to the recently announced massive nickel sulphide intersection at Hilditch (16 December 2004, by Ramelius Resources Limited), located 200m south of Pioneer's tenement boundary. An electromagnetic survey conducted by Pioneer earlier this year returned weak responses on two lines, at positions coincident with the gossan horizon.

Significant assays of Pioneer gossan samples are shown on figure 2.

The Hilditch drill intersection (1m at 3.9% Ni and 0.5% Cu) is the first recorded occurrence of significant nickel sulphide mineralisation within this sequence and entirely re-rates the prospectivity of the western Spargoville ultramafic unit. Pioneer has approximately 10 kilometres of the western ultramafic within this project.

Rotary air blast ("RAB") drilling will provide geochemistry, geometry and nature of the basal ultramafic contact as a pre-cursor to deeper drilling. The programme planned is 900m and will be completed during January 2005.

Reverse Circulation Drilling

Following the return of very anomalous nickel assays from reconnaissance RAB drilling during October 2004, which targeted locations along the eastern Spargoville nickel sulphide mine sequence, Pioneer has planned a follow-up programme of reverse circulation ("RC") drilling.

Holes will further test multi-element geochemical anomalies and for parallel ore lenses to the 1A and 5B nickel sulphide mines. These holes will also act as a platform for Down-hole Electromagnetic Surveying.

Significant RAB drilling intercepts are also shown on figure 2.

The drilling programme planned will be 2,900m and be completed by the end of February 2005.

Yours faithfully



David Crook
Managing Director

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.

The information within this report as it relates to geophysics was compiled by Mr Bill Peters of Southern Geoscience Consultants who is a member of the Australasian Institute of Mining and Metallurgy and is a competent person with over 25 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.

**Pioneer Hilditch North Gossan Results
From Interpreted Basal Contact.**
 ARC12605 0.43% Ni, 3350 ppm Cu
 ARC15109 0.83% Ni, 624 ppm Cu
 ARC15093 0.51% Ni, 995 ppm Cu
 ARC15140 0.36% Ni, 1506 ppm Cu
 ARC15108 1.29% Ni, 2820 ppm Cu

**RAB Drilling Planned
30 Holes 900 metres**

**Hilditch 1m at 3.9% Ni
(Ramelius Resources Limited)**

**RC Drilling Planned
3 Holes 750 metres**

**RC Drilling Planned
5 Holes 1,250 metres**

**RC Drilling Planned
5 Holes 900 metres**

