

25/01/2005

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:

### **PIONEER'S 2005 DRILLING CAMPAIGN HAS COMMENCED AT WATTLE DAM**

During the 2004 field season Pioneer had returned very encouraging drill results from its 100% owned Wattle Dam nickel sulphide prospect. In addition, Ramelius Resources Limited ("Ramelius") announced a nickel sulphide drill intersection approximately 200m along strike from a Pioneer target. Drilling has commenced today which will see four targets tested

#### **Aircore Drilling – Hilditch North**

Pioneer had previously announced that nickel sulphide gossans were located during field reconnaissance, outcropping along the strike of an interpreted basal ultramafic contact. This contact extends to the massive nickel sulphide intersection (1m at 3.9% Ni and 0.5% Cu) at Hilditch announced by Ramelius on 16 December 2004. An electromagnetic survey conducted by Pioneer earlier returned weak responses on two lines, at positions coincident with the gossan horizon.

Aircore drilling will provide geochemistry, geometry and nature of the basal ultramafic contact as a precursor to deeper drilling. The programme planned is 1,500m.

#### **Reverse Circulation Drilling 1H, 1A South and 5B South**

Pioneer will shortly commence RC drilling which will target extensions to very anomalous nickel assays returned from RAB drilling during October 2004. Targets are locations along the eastern Spargoville nickel sulphide mine sequence. Holes will 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.

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

Yours faithfully



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 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.

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### 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**

