

24 January 2006

## ASX/MEDIA ANNOUNCEMENT

### PIONEER JV TO UNLOCK PRIME WA NICKEL GROUND

Specialist West Australian nickel explorer **Pioneer Nickel Limited (ASX: PIO)** today announced that it had agreed to enter into a joint venture with **Australian Mines Limited (ASX: AUZ)**, to farm into the Golden Ridge Nickel Sulphide Project.

The Golden Ridge Joint Venture ("GRJV") covers more than 100 square kilometres of highly nickel-prospective tenements, located 30 kilometres north of Kambalda in WA. The tenements cover more than 20 strike kilometres of the Golden Ridge Ultramafics, which host the Blair and nearby Carnilya Hill nickel sulphide mines. The GRJV specifically excludes the Blair Mine.

Under the GRJV, Pioneer may earn an initial 51 per cent interest in nickel and other non-gold metals by expending \$2.25 million exploring the JV ground within three years. There are then provisions for Pioneer to increase its interest up to 80% should AUZ elect to not contribute to exploration expenditure; and Pioneer meet further expenditure and development milestones (Appendix 2).

Pioneer Managing Director David Crook said the GRJV, subject to the completion of final documentation, was an important development for the Company.

"The joint venture is precisely aligned with the Company's objective: to build shareholder wealth through the discovery and development of high value nickel resources in the Eastern Goldfields." Mr Crook said. "It provides a substantial landholding in a world-class nickel region, and with anomalous nickel values identified in drilling at 11 prospects, it is primed for a nickel sulphide discovery"

Pioneer plans to dedicate up to \$1.0 million this year for initial target appraisal and anticipates drilling will commence at the GRJV in February 2006.

Mr Crook also said that Pioneer was the right partner for the GRJV, who, with its specialist nickel expertise and intimate project knowledge, would add significant value and help to unlock the ground's potential.

"Much of the ground was originally part of WMC's Kambalda Nickel Operations, before WMC reduced their exploration effort in the area during a time of low nickel prices, and then ultimately sold the Blair Mine," Mr Crook said.

Pioneer Director Peter Langworthy was formerly a WMC geologist in charge of exploration for the Golden Ridge Project, while fellow Pioneer Director Dr Allan Trench was also formerly a WMC geophysicist, whose responsibilities included the Golden Ridge area.

A map of the GRJV, the basic terms of the GRJV and the Schedule of Tenements covered under the GRJV are set out in the attached appendices.

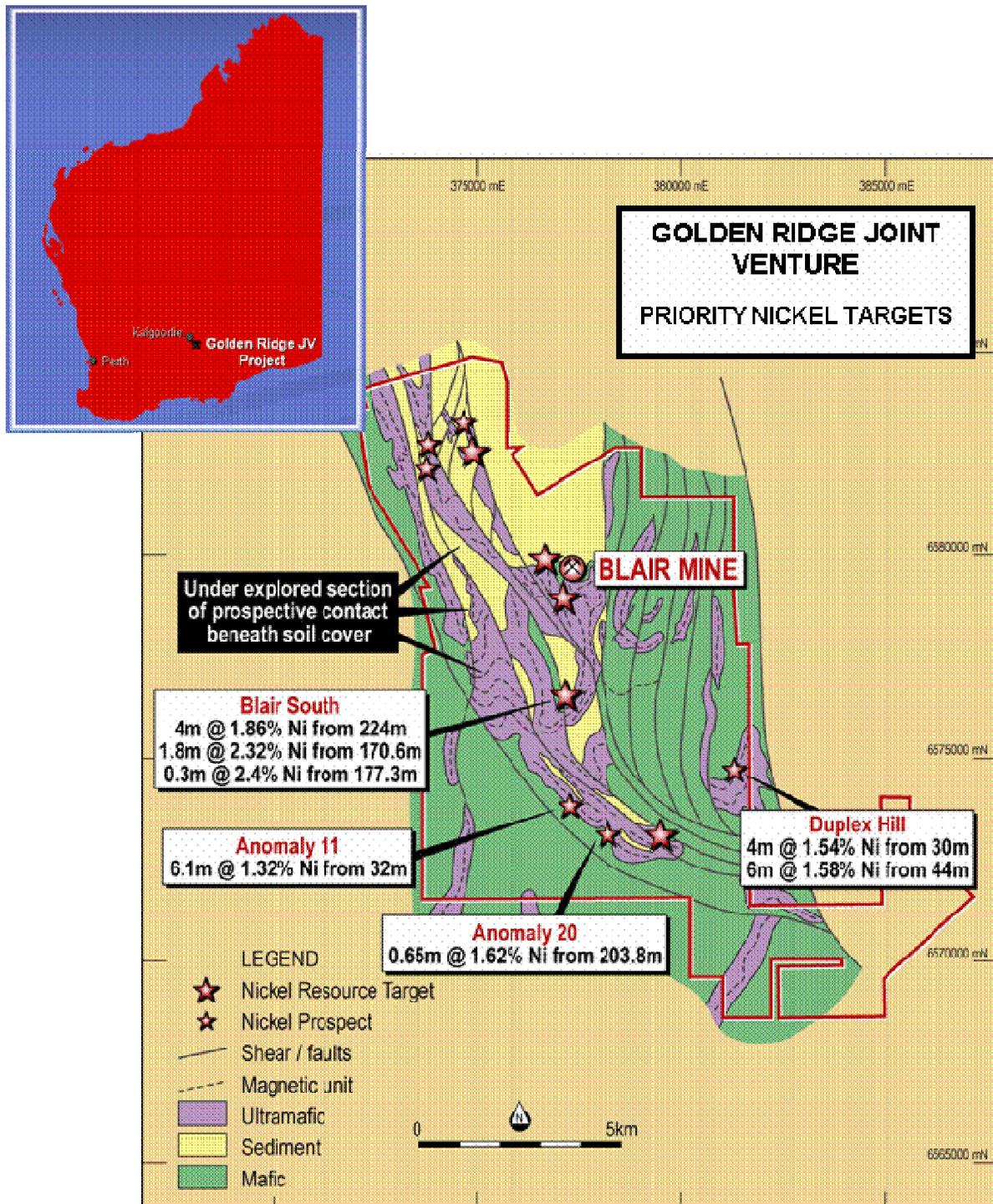
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**Appendix 1.**



## **Appendix 2**

### **Basic terms of the Golden Ridge Joint Venture:**

- Pioneer may earn an initial 51% in the Golden Ridge Joint Venture expending \$2,250,000 within three (3) years.
- Following Pioneer earning a 51% Interest, AUZ will have a once only election to either:
  - Contribute to exploration expenditure in proportions equal to their Interest, in which case Pioneer will fund 51% and AUZ will fund 49%; or
  - Not contribute, in which case Pioneer may earn a further 19% (for a total of 70%) by the earlier of expending an additional \$3.0 million (for a total of \$5.25 million) or completing a feasibility study, within a further 3 years;
- Once Pioneer has earned a 70% Interest the Parties will contribute to further exploration expenditure in proportions equal to their Interest. If AUZ elects to not contribute then Pioneer's Interest will immediately increase to 80% (and AUZ's decrease to 20%) and Pioneer will then free-carry AUZ until the completion of the first feasibility study;
- Should AUZ elect to not contribute to the mining operation it will convert its Interest to a 1.5% net smelter return royalty.
- Pioneer must spend a minimum of \$600,000 on an agreed work programme to test a number of specific targets before it may retire from the GRJV. Pioneer will be deemed to have earned a 25% Participating Interest in the Project on completion, presuming it continues.

## **Appendix 3**

### **Schedule of Golden Ridge Joint Venture tenements:**

#### **Nickel Tenements:**

Pioneer may earn an interest in all metals except gold and will manage the tenements, including keeping the tenements in good standing.

#### Nickel Tenement

M26/219, M26/220, M26/221, M26/222, M26/223, M26/225, M26/284, M26/285, M26/286, M26/287, M26/288, M26/289, M26/384, M26/508

#### **Gold Tenements:**

Pioneer may earn an interest in all metals except gold however AUZ will manage the tenements, and keep the tenements in good standing.

#### Gold Tenements

P26/2403, M26/469, E26/64, M26/782, P26/2899, P26/2900, P26/2901