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ASX/MEDIA ANNOUNCEMENT

GOLDEN RIDGE DRILLING RETURNS NEW NICKEL SULPHIDE INTERSECTIONS

Pioneer Nickel Limited (**ASX: PIO**) is pleased to announce excellent drilling results from its Golden Ridge Project, ("GRJV") a joint venture with Australian Mines Limited (ASX: AUZ).

Pioneer Managing Director David Crook said the Blair South Prospect, located 2.8km south of the operating Blair nickel mine (AUZ owned and operated) continued to return highly encouraging drilling results.

"This round of drilling repeatedly intersected a relatively shallow, wider zone of magmatic nickel sulphide mineralisation over a horizontal strike of approximately 100m." Mr Crook said.

Significant intersections included:

- **9 metres at 1.20% Ni and 0.12% Cu from 86 metres (GRR014); and**
- **17 metres at 1.16% Ni and 0.12% Cu from 99 metres (GRR015).**

These results are in addition to Pioneer's first drill hole at Blair South which returned **15 metres at 1.12% Ni and 0.13% Cu from 98 metres** (**GRR008**) reported last month. These and other significant drill results are summarised in Table 1.

Mr Crook said the newly identified zone of heavy-matrix sulphides is sub-horizontal and at a vertical depth between approximately 80 and 100m (see Figure 1). Drilling at the prospect will now include testing for mineralisation that could be extracted by open pit mining. Importantly, in many Western Australian nickel mines, the discovery of massive nickel sulphide ore bodies has followed the identification of matrix sulphide mineralisation and the resolution of its geological environment.

Drilling is scheduled to recommence at Blair South following the completion of Down-Hole EM and direction surveys, which are currently underway. The programme will then move to test for new mineralisation along the highly prospective, but under explored, ground between Blair South and the Blair Mine (see Figure 2). Targets generated by the recent drilling programmes at Marshalls and 20SW Prospects will also receive further testing.

The drilling programme at the GRJV is part of a $1 million, 5,000m target appraisal programme being conducted by Pioneer at the project. Under the terms of the GRJV, Pioneer has the right to earn an initial interest of 51% by expending $2.25 million and up to 80% by expending an additional $3.0 million over six (6) years.

The Project is located 30 kilometres SE of Kalgoorlie, WA and is joined by haul road to the Kambalda nickel concentrator, located 40km to the south.

Table 1 Significant Results From RC Drilling at Blair South Prospect							
Hole ID	**North**	**East**	**From**	**To**	**Intercept**	**Ni**	**Cu**
	(m)	**(m)**	**(m)**	**(m)**	**(m)**	**(%)**	**(%)**
GRR008*	6,576,729	377,414	98	113	**15**	**1.12**	**0.13**
	Including		101	104	3	2.02	0.24
GRR012	6,576,693	377,355	213	217	4	1.20	0.15
GRR013	6,576,776	377,441	106	110	4	0.96	0.09
GRR014	6,576,777	377,457	86	95	**9**	**1.20**	**0.12**
	Including		91	92	1	1.80	0.16
GRR015	6,576,699	377,423	99	115	**17**	**1.16**	**0.12**
	Including		107	109	2	1.92	0.20
GRR016	6,576,700	377,355	203	207	4	1.07	0.12
	Including		203	205	2	1.65	0.19

- Assays were completed by Genalysis Laboratory Services using a 4 acid digest and ICP-OES finish. Mineralised intervals also assayed using 4 acid digest, AAS finish.
- Primary intercepts are composited using a 0.40% Ni lower cut-off.
- Assuming mineralisation dips with concordant geological units, intercepts will approximate true thickness.
- Collar coordinates are MGA 94 (zone 51).

* NB Results from GRR008 were previously reported in Pioneer's March 2006 Quarterly Activity Report.

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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 full time employee of Pioneer Nickel Limited, is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is a Competent Person as defined in the Joint Ore Reserves Committee (JORC) of the AusIMM, 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.

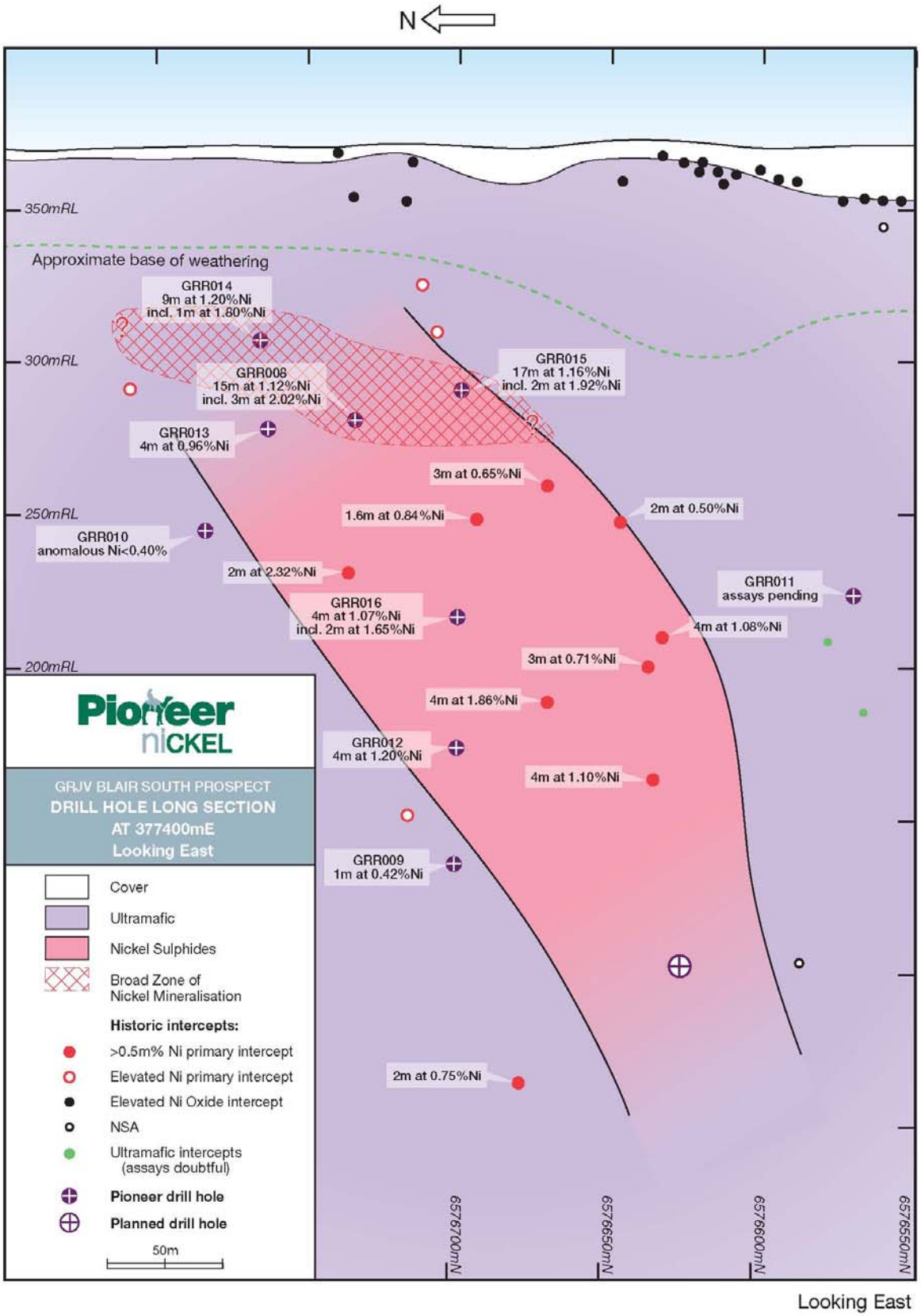

Figure 1:
Diagrammatically in long section, the location of the new nickel intercepts relative to previously identified mineralisation at the Blair South Prospect. The hatching indicates the newly recognised wider zone of magmatic nickel sulphide mineralisation.

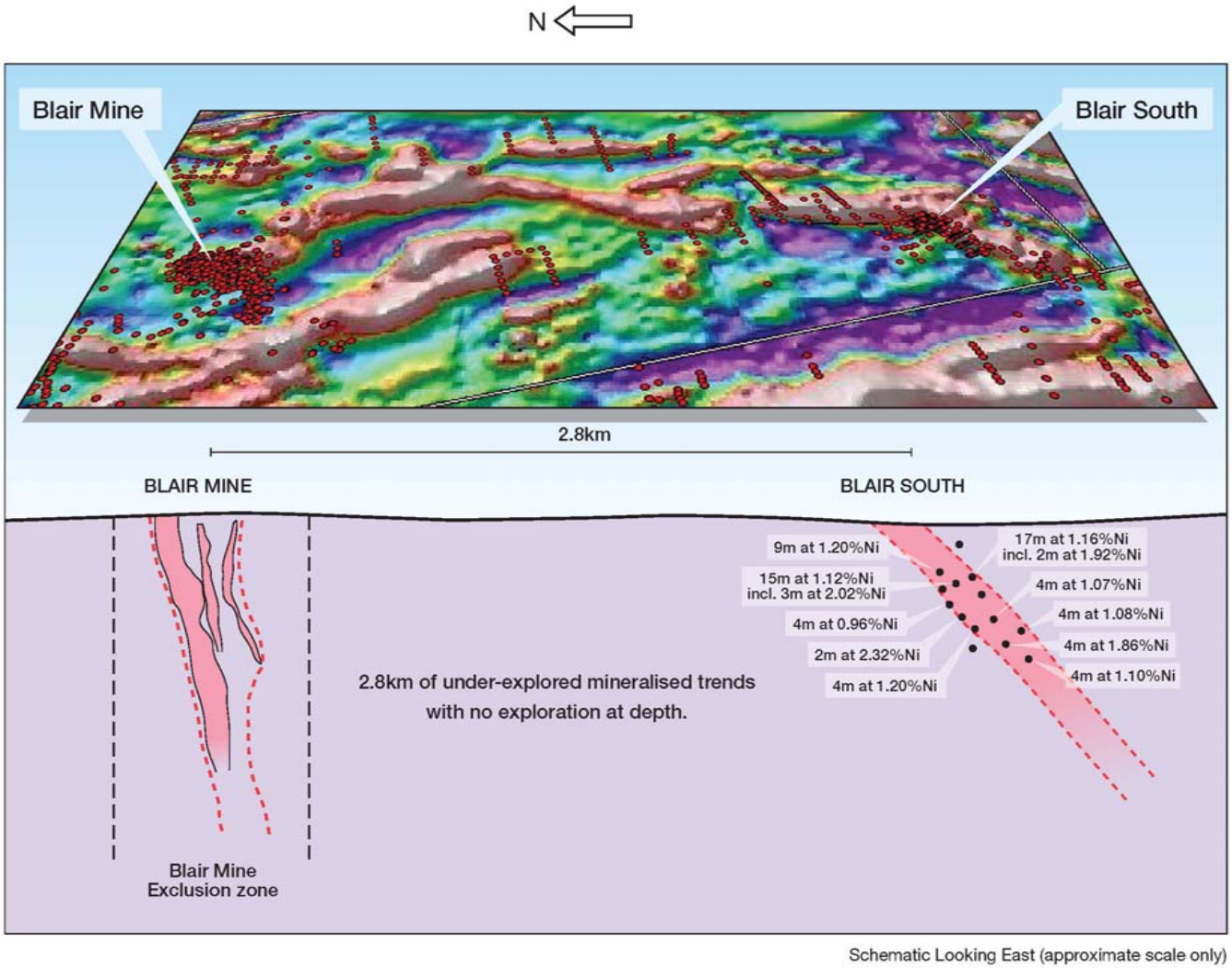

Figure 2:

A) The upper diagram shows Total Magnetic Intensity (which highlights the trends of magnetic rock units) of the Blair Mine to Blair South area, in isometric plan view. Red dots represent existing drill hole collars, which are mostly clustered about the immediate Blair Mine and Blair South areas.

B) The lower diagram presents a schematic longitudinal section through the Blair Mine to Blair South area, showing the identified plunging nickel mineralised shoots. The area in between is largely unexplored.