

11 December 2006

## ASX/MEDIA ANNOUNCEMENT

### RAVENSTHORPE DRILLING CONFIRMS BROAD COPPER & GOLD HALO

Pioneer Nickel (**ASX: PIO**) is pleased to announce that outstanding results have been returned from a drilling programme testing the historic Elverdton-Mt Desmond Copper Mine – part of the Company's exciting Ravensthorpe Joint Venture, near Ravensthorpe, WA.

The first 16 holes from the programme, which targeted the upper 100m of the Desmond workings as well as three holes drilled close to the Elverdton main shaft, returned significant copper and gold intersections from shallow depths.

Standout intersections included **15m at 2.32% Cu and 1.04g/t Au from 34m; and 7m at 2.00% Cu and 1.48g/t Au from 11m.**

Pioneer Managing Director David Crook said that the initial drilling programme results strongly supported the Company's strategy to take a fresh look at the historic mining region with modern mining and exploration techniques.

"These results confirm the presence of a broad halo of copper and gold mineralisation enveloping narrower high grade shoots, which were the targets of the earlier miners," Mr Crook said.

"Such a broad zone of mineralisation could be amenable to open pit mining if sufficiently well developed."

Significant results from the current round of drilling received recently include:

- **15m at 2.32% Cu and 1.04g/t Au from 34m**
- **7m at 2.00% Cu and 1.48g/t Au from 11m**
- **3m at 2.74% Cu and 0.37g/t Au from 34m**
- **3m at 3.78% Cu and 0.39g/t Au from 31m**
- **1m at 1.51% Cu and 17.85g/t Au from 31m, in the wall of a stope.**
- **1m at 6.36% Cu and 7.38g/t Au from 42m**

The Ravensthorpe Joint Venture is with unlisted Galaxy Resources Limited ("**Galaxy**"), and gives Pioneer the right to earn up to an 85% interest in the project.

To date 19 holes have been completed from the Company's proposed 7,000 metre initial drilling programme. First pass drilling has now tested approximately 180m of the 850m mineralised strike indicated from underground workings.

Results from holes ELV001 to ELV004 were previously announced, and ELV006, ELV012, ELV017-ELV019 have been drilled, however assays have not been received.

Clearing Permits, which are required to clear native vegetation, are currently being processed by the Department of Industry and Resources; and the Department of Environment and Conservation. Deeper drilling will commence when these permits have been received.

On 28 November 2006 Pioneer announced that Galaxy had advised that a possible dispute has arisen over access to Mining Lease M74/102 held by Paxton Enterprises Pty Ltd ("Paxton"). Pioneer and Galaxy have retained Legal Counsel to provide advice with a view to resolving any issues expeditiously. We now expect to be drilling at Ravensthorpe in January 2007.

**For more information please contact:**

David Crook  
Pioneer Nickel  
Managing Director  
(08) 9322 6974

[dcrook@pioneernickel.com.au](mailto:dcrook@pioneernickel.com.au)

Jim Hawtin  
Porter Novelli  
(08) 9386 1233

Web: [www.pioneernickel.com.au](http://www.pioneernickel.com.au)



Drilling at Mt Desmond



Elverdton-Mt Desmond Drill Hole Locations

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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.

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**Table 1  
Reverse Circulation Drilling Ravensthorpe JV: Significant Mineralisation Summary**

Hole ID	Easting GDA94-51 (m)	Northing GDA94-51 (m)	Dip	Azimuth	Hole Depth	Significant mineralized intersections	From	To	Intercept	Cu %	Au g/t
ELV005	235351	6276360	-60	90	86m	12-17m averaging ~10% chalcopryrite + some Qz veining	11	18	7	2.00	1.48
						Including	14	15	1		7.61
ELV006	235340	6276350	-60	90	84m	16-25m, 33-64m some Su including chalcopryrite	Assays Pending				
ELV007	235383	6276354	-60	270	53m	35-36m ~15% chalcopryrite with around 3% in each metre either side	15	18	3	1.27	0.2
							34	37	3	2.74	0.37
ELV008	235398	6276340	-60	270	95m	27-28m ~10% chalco, 30-31m ~6% chalco +Qz veining and 34-41m averaging ~3% chalcopryrite	27	32	5	1.71	0.33
							35	42	7	1.11	0.21
ELV009	235361	6276325	-60	90	61m	39-48m mineralized, best been 40-41m with ~70%qz and 30% Su inc chalcopryrite	34	49	15	2.32	1.04
						Including	39	42	3	6.50	1.17
						Including	46	49	3	2.23	3.41
						Including	47	48	1		6.69
ELV010	235366	6276304	-60	90	44m	32.6-33m ~2% chalcopryrite (wall on old stope)	32	33	1	1.51	17.85
ELV011	235400	6276312	-60	270	47m	36-39m ~70% Qz with minor Su ~2%	35	37	2	1.63	0.9
ELV012	235370	6276290	-60		68m	59-62m Massive Su including chalcopryrite, 5-30% qz	Assays Pending				
ELV013	235375	6276278	-60	90	70m	31-33m ~7% chalco and 52-53m ~5% chalcopryrite	31	34	3	3.78	0.39
							44	45	1	1.73	0.39
							49	53	4	1.40	0.67
							67	68	1		5.43
ELV014	235375	6276255	-60	90	58m	weak mineralization from 26-58m (around 1 to 2% Su), Qz vein at 36-37m with 3% Su	36	38	2	0.97	0.29
							40	43	3	1.54	0.55
							67	68	1		5.43
ELV015	235378	6276234	-60	90	88m	42-43m ~10% chalcopryrite	42	43	1	6.36	7.38
							82	84	2	1.02	0.79
ELV016	235377	6276216	-60	90	77m	Strong Qz veining from 36-40m with weak Su inc chalcopryrite (1-2%)	30	31	1	1.32	1.25
							37	38	1	1.60	1.45
ELV017	235340	6275840	-60	255	62m		Assays Pending				
ELV018	235370	6275840	-60	270	60m		Assays Pending				
ELV019	235350	6275800	-60	270	82m	49-60, 62-82 (EOH) minor to abundant Su including chalcopryrite. Two stopes intersected.	Assays Pending				

- Assays were completed by KalAssay Group Perth, using a 4 acid digest and ICP-OES finish.
- Intercepts are "down-hole" metres. No estimate regarding true thickness is made or implied.
- Collar coordinates are MGA 94 (zone 51).