

4 April 2006

**ASX/MEDIA ANNOUNCEMENT**

**Nickel & Copper-Gold Drilling at Ravensthorpe,  
Golden Ridge & Balagundi Projects**

**RAVENSTHORPE COPPER-GOLD PROJECT**

***Highlights:***

- **2,000m RC and Diamond Drilling programme commenced at Mt Desmond;**
- **Initial results are expected within 4 weeks;**
- **V-TEM, aeromagnetic and radiometric imagery highlight new targets – a new tenement pegged;**
- **Soil sampling and has mapping commenced to validate new targets.**

***Drilling***

Drilling resumed at Mt Desmond over the weekend, with four holes now complete. Mt Desmond Copper Mine is located approximately 10km from Ravensthorpe, WA, and was mined during the 1900s and 1970s as an underground operation along with the adjacent Elverdton Mine. For this programme 14 holes will be drilled on three sections, including 3 diamond drill holes, for approximately 2,000m metres. Sections, spaced at 80m along strike, will test at depth the previously reported intercepts which include:

- **3m at 13.8% Cu and 4.3g/t Au;**
- **15m at 2.32% Cu and 1.04g/t Au; and**
- **7m at 2.00% Cu and 1.48g/t Au amongst others.**

A second Clearing Application is currently with the DoIR, with processing expected to be completed by the end of April 2007. On receipt, further drilling will continue.

***Geophysics***

Imagery from the recently completed low level aeromagnetic, radiometric and V-TEM airborne geophysical surveys have now been received which has successfully highlighted a number of targets that coincide with prospective geological settings.

These new settings include conductors associated with ultramafic sequences, prospective for nickel sulphide mineralisation; and in felsic volcanic settings, prospective for copper and gold. An initial seven targets will be appraised using ground EM later in April 2007.

***Mt Desmond***

The Mt Desmond mine, together with the nearby Elverdton mine, were once WA's largest copper producers. Western Copper Pty Limited, a wholly owned subsidiary of Pioneer Nickel, has the right to earn a 75% interest in the Ravensthorpe Copper-Gold Project from Galaxy Resources Limited (ASX:GXY) through sole funding exploration expenditure totalling \$0.5 million on the

tenements, which cover the historical Mt Desmond and Elverdton Mines. Western Copper Pty Limited also has a 100% interest in additional tenements prospective for copper and gold in the Ravensthorpe District.

## **GOLDEN RIDGE JV PROJECT**

### ***Highlights:***

- **Diamond drilling commenced at Golden Ridge;**
- **Initial results are expected May 2007;**
- **Down-hole EM scheduled for 7 unsurveyed holes;**
- **RAB drilling scheduled.**

### ***Drilling***

Diamond drilling is underway at the Golden Ridge JV Project, which is located 30km SE of Kalgoorlie and 30km north of Kambalda in WA. The programme includes 3 diamond core tails, completing holes pre-collared earlier in the year; and PVC casing of a number of previously completed RC holes in preparation for down-hole EM surveys.

### ***Geophysics***

A ground EM survey is about to commence between the Blair Nickel Mine (ASX:AUZ) and the Blair South Prospect to validate geochemical targets generated by earlier RAB drilling. Down-hole EM surveys are scheduled for 7 unsurveyed holes at the Blair South and Marshalls Prospects.

### ***Golden Ridge Joint Venture***

Pioneer is earning an initial 51 per cent in the nickel and other non-gold metals at the Golden Ridge Project through a joint venture with Australian Mines Limited (ASX: AUZ). The project area covers more than 100 km<sup>2</sup> of prospective nickel sulphide ground, including the exciting new Blair South Prospect, where Pioneer's exploration work has generated an initial Indicated Resource of 2,164 tonnes of contained nickel,

## **BALAGUNDI PROJECT**

### ***Highlights:***

- **5km Cu+Pb+Zn anomaly identified from auger soil sampling;**
- **RAB drilling scheduled.**

### ***Drilling***

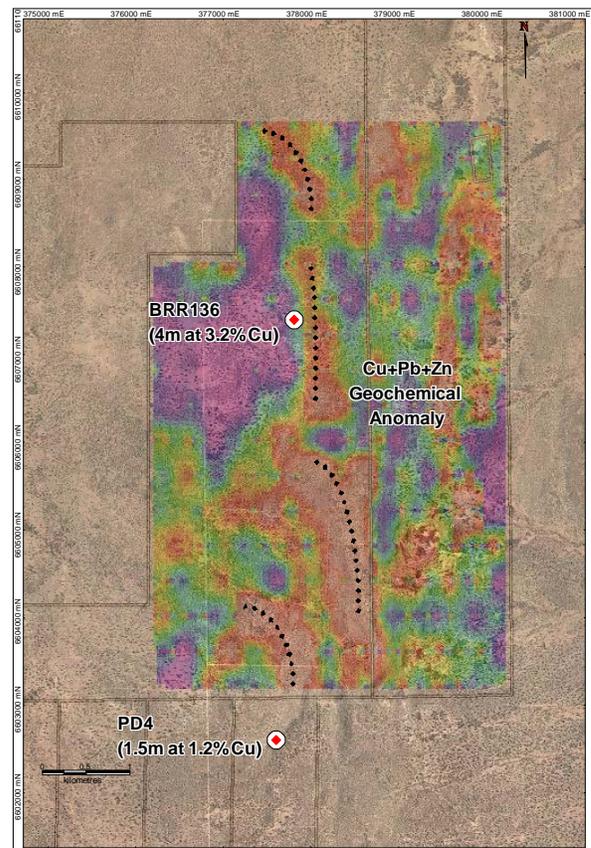
A 10,000m RAB drilling programme has been scheduled to test a 5 kilometres long copper-lead-zinc anomaly for the June 2007 quarter.

### ***The Balagundi Project***

The project, which is located 20km E of Kalgoorlie WA, has a geological setting that is considered by Pioneer's geological consultant as typical of that hosting volcanogenic massive sulphide deposits, prospective for copper, zinc and lead. This target style is similar to the world class Golden Grove and Teutonic Bore deposits in Western Australia.

Pioneer's wholly owned subsidiary, Western Copper Pty Ltd, holds a 100% interest in this project.

**Figure 1.** Aerial photo of the Balagundi Prospect overlain with an image of Cu+Pb+Zn geochemistry response ratios.



Results from Pioneer's recent 1,600 metre auger geochemistry sample programme have returned a very clearly anomalous, coincident Cu+Pb+Zn response over a strike length exceeding 2.5 kilometres. The geochemical response coincides with an arcuate magnetic feature within Pioneer's project, and field reconnaissance has located gossans within the geochemically anomalous zone. Within the geochemical zone, results from very limited drilling reported by previous tenement holders include:

- **4m at 3.2% Cu; and**
- **1.5m at 1.2% Cu.**

- ENDS -

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The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook (which includes information provided by other third parties specifically disclosed elsewhere in this report) 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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