



ASX/MEDIA ANNOUNCEMENT

Drilling Progress Report Nickel Sulphides Intersected At Leo Dam

12 September 2008

Golden Ridge JV Project (30km SE of Kalgoorlie. Pioneer 51%, Australian Mines Limited (ASX:AUZ) 49%).

On 5 September 2008 Pioneer Nickel Limited advised investors that exploration drilling had resumed at its Leo Dam Nickel Sulphide Prospect, shown on Figure 1.

This round of drilling, comprising 10 holes for approximately 1,000m is now finished and the drilling rig has moved to another Company project. The work successfully investigated an earlier drill intercept of 68m at 0.56% Ni, 403ppm Cu and 279ppb Pt+Pd in GRA0223.

Pioneer's geologist noted that for hole GRA0275, while the majority of samples were weathered, disseminated sulphides are present within fresh ultramafic rock. GRA0275 is deeper but adjacent to hole GRA0233. The Company has used its Niton portable XRF analyser to confirm that a number of samples are anomalous for nickel and these have been submitted for priority laboratory analysis. Composited intercepts from Niton analyses are tabulated below.

Pioneer's Managing Director Mr David Crook said that these results are very significant. "While certified assay results are 4 weeks away, the Niton indicative results reaffirm that we have located nickel mineralisation at Leo Dam."

The Leo Dam ultramafic was first identified during the Company's recently completed geological compilation for the project.

"Our first pass of drilling at Leo Dam intersected a zone with very anomalous nickel geochemistry and our second pass has intersected sulphides, reinforcing that our exploration approach using geochemical fingerprinting of ultramafic units works." Mr Crook said.

The Company is now planning its next phase of deeper drilling. Drill holes will intersect the mineralised ultramafic at approximately 200m below surface and will be used as a platform for down-hole EM surveys.

The drilling rig is currently operating at the new Lignum Dam Gold Project and is expected to mobilise to the Company's Mt Thirsty South Project (nickel-cobalt laterite) early next week.

- ENDS -

For more information please contact:

David Crook
Pioneer Nickel
Managing Director
(08) 9322 6974
dcrook@pioneernickel.com.au

or
Katherine Knox
Porter Novelli
(08) 9386 1233
kknox@wa.porternovelli.com.au

Web: www.pioneernickel.com.au



Table 1 Golden Ridge JV Project: Aircore Drilling Indicative Assay Results (Niton XRF Analyser) Significant Intercepts										
Hole Id	East (m)	North (m)	EOH (m)	Azi	Dip	From (m)	To (m)	Interval (m)	Ni (ppm)	Cu (ppm)
GRA0256	378,130	6,581,352	86m	075	-60	76	81	5	4,850	134
GRA0274	378,200	6,581,088	122m	075	-60	64	70	6	5,830	<80
					inc	64	65	1	7,870	<80
GRA0275	378,150	6,581,358	101m	075	-60	58	94	36	6,745	224
					inc	58	64	6	8,800	487
					inc	81	90	9	7,605	197

- The Company expressly states that these assay results are indicative only
- The analyses were made using a Niton portable XRF analyser
- Readings were of 30 second duration
- Sample analyses were made in an uncontrolled environment. No drying or other sample preparation was used
- No standards were used other than an in-built calibration facility
- Drill hole collar positions determined by hand held GPS receiver and MGDA94-51 datum
- Length weighted average grade calculated from single metre samples.
- Intercepts are “down-hole” metres. No estimate regarding true thickness is made or implied.

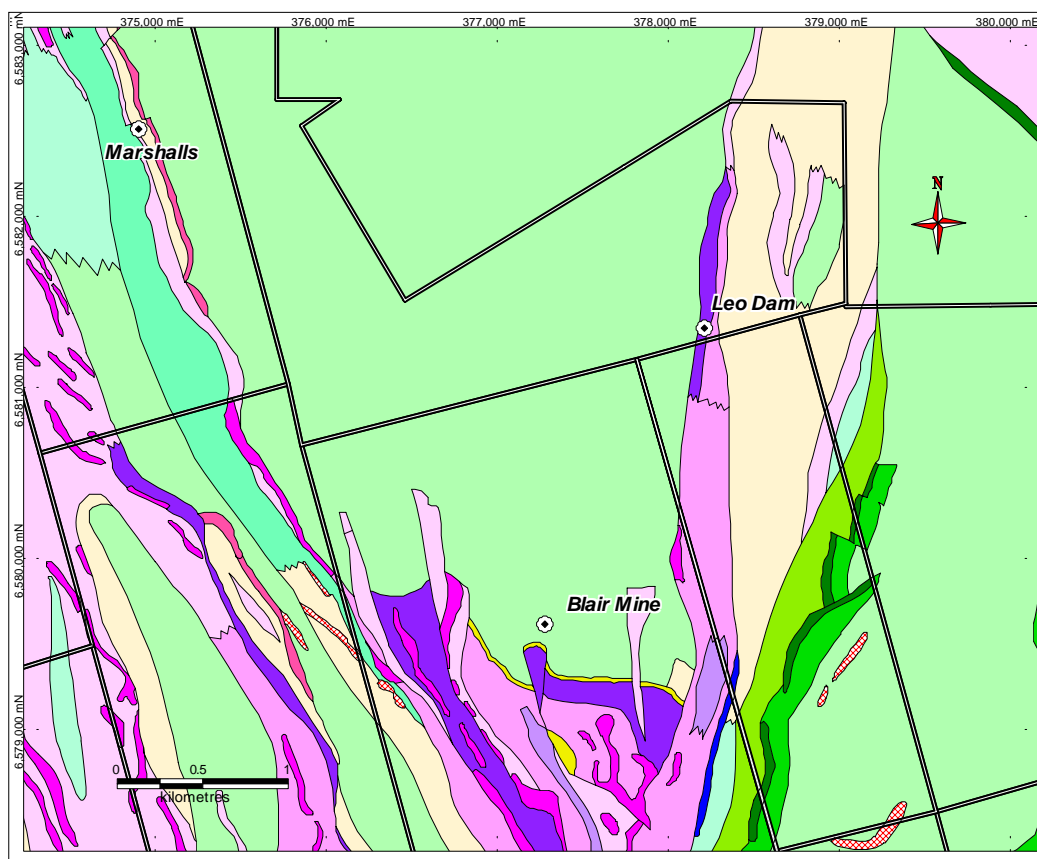


Figure 1. Geological Interpretation showing the location of the Blair Mine and Leo Dam.

David Crook is a Competent Person as defined by the 2004 JORC Code and is a member of the Australasian Institute of Mining and Metallurgy. He attests that this announcement is based on, and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Exploration Results.

