



16 October 2008

ASX/MEDIA ANNOUNCEMENT

LIGNUM DAM GOLD PROJECT: STRIKE LENGTH OF ANOMALY DOUBLES PIONEER IS WELL POSITIONED TO CAPITALISE ON STRENGTHENING GOLD PRICE

Pioneer Nickel Limited (ASX: PIO) today announced results from the latest round of RAB geochemistry drilling at its greenfields gold discovery, the 100% owned Lignum Dam Project.

Drilling, comprising 121 hole, for 5,577m, was completed for the Tregurtha and Airstrip Prospects. Gold results have effectively doubled the size of the Tregurtha Prospect to approximately 1,200m, including the identification of a new anomaly, named the Hughes Prospect.

These results, which are considered very anomalous for RAB geochemistry, included:

- **SSB0533** **5m at 1.10g/t Au**
- **SSB0592** **8m at 1.00 g/t Au**
- **SSB0585** **8m at 0.63g/t Au**

Pioneer discovered the Lignum Dam Project while testing an 8 kilometre long gold-in-soil anomaly within the Rainbow Dam Granodiorite in late 2007. The Project is approximately 21km NE from the Paddington Gold Mill and 35km NNW of the Kanowna Belle Gold Mill. This environment is analogous to the setting of the Federal and Golden Cities Deposits, hosted in the Scotia Granodiorite 15km to the south-southwest.

This program is the fourth pass of shallow RAB drilling for the project, and focused on the southern strike extrapolation of the Tregurtha Prospect, where previous drilling had returned **29m at 2.03g/t Au, 8m at 2.52g/t Au and 4m at 3.34g/t Au**. The current program was drilled on a wide-spaced 100x80m drill pattern. At the completion of this round, the anomaly still remains open to the SE, boding well for further expansions. Key results are shown on the accompanying Figure 1. Significant results are presented in Table 1.

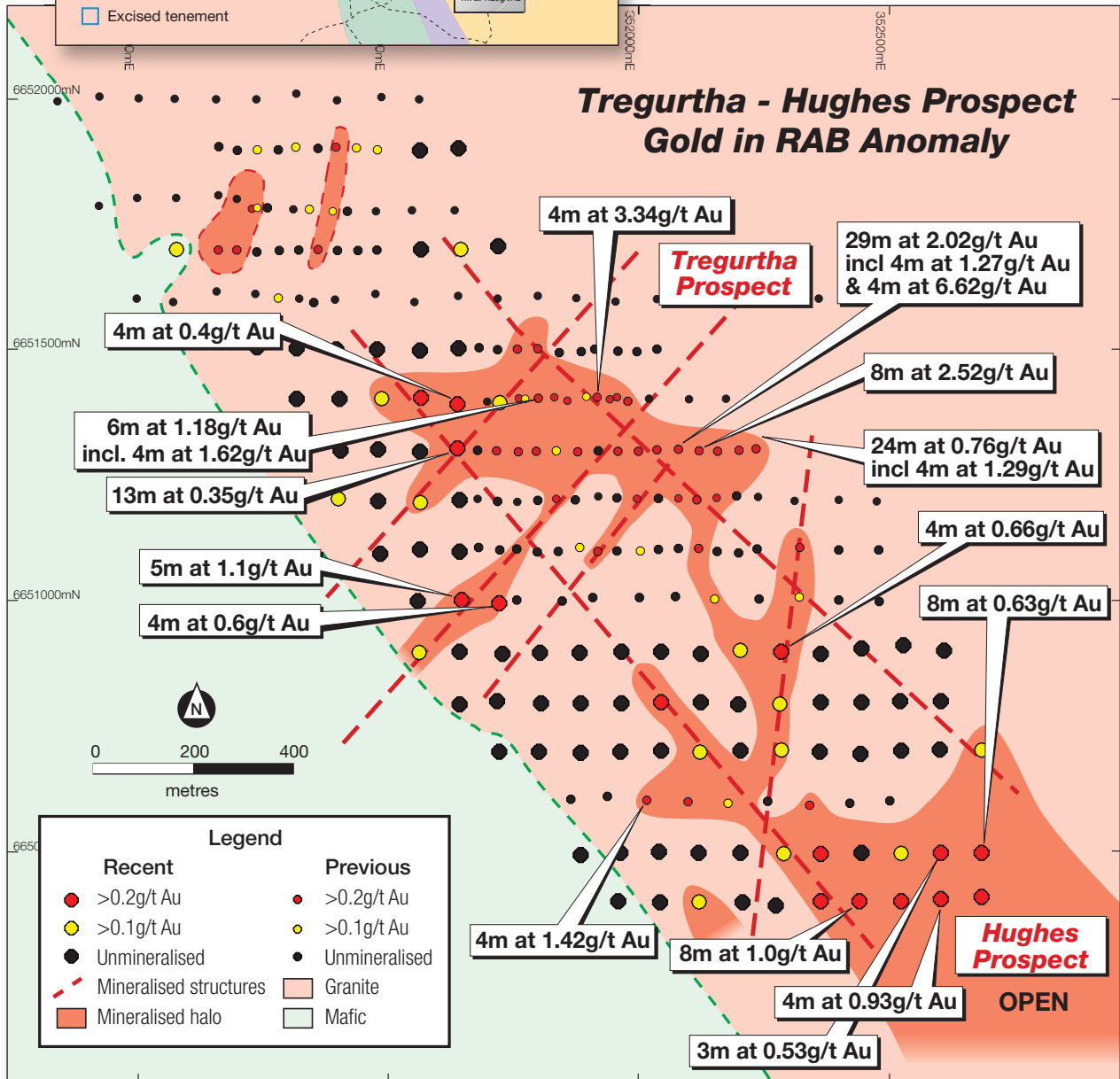
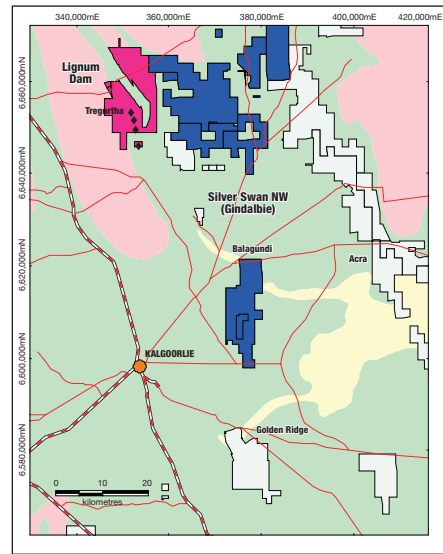
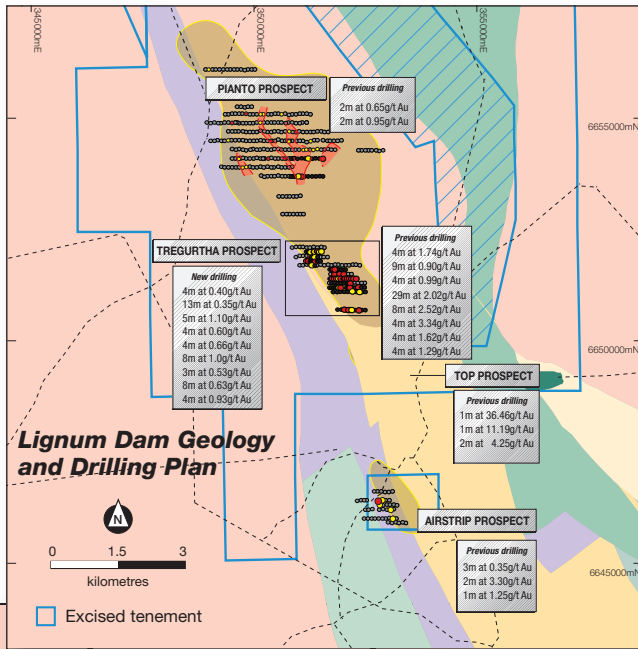
Pioneer Managing Director Mr David Crook said that the drilling results have identified a second broad zone of anomalism approximately 700m SE of the Tregurtha Prospect, named the Hughes Prospect after another early pioneer.

“The Lignum Dam Project is starting to shape up as an important series of gold targets for the Company, and at a time of rising gold prices it is pleasing that the Company’s decision to broaden its commodity profile was made” he said.

“We are now starting to identify structural controls for the mineralisation at Tregurtha and Hughes which we can apply to the broader project area.”

Another phase of infill and extension RAB drilling is planned for the new Hughes Project and also Pianto, Airstrip and Top Prospects. RC drilling on the Tregurtha Prospect is scheduled for early 2009.





**Table 1
Lignum Dam Gold Project RAB Drilling: Anomalous Result Summary
September 2008 Drill Program**

Hole ID	Northing (m)	Easting (m)	Depth (m)	Azi	Dip	From (m)	To (m)	Interval (m)	Grade (g/t)
SSB0488	6646397	352758	59	270	-60	24	28	4	0.41
						44	59eoh	15	0.36
						58	59eoh	1	1.04
SSB0524	6651304	351636	53	270	-60	40	53	13	0.35
						48	52	4	0.56
SSB0533	6651002	651644	37	270	-60	32	37eoh	5	1.10
						32	36	4	1.26
SSB0534	6650996	351720	43	270	-60	32	36	4	0.65
SSB0557	6650798	352279	68	270	-60	36	44	8	0.66
SSB0584	6650500	352600	35	270	-60	32	35eoh	3	0.53
SSB0585	6650499	352681	44	270	-60	36	44eoh	8	0.63
						40	44eoh	4	0.90
SSB0592	6650403	352437	48	270	-60	0	4	4	0.58
						32	48eoh	16	0.72
						inc 32	40	8	1.00
SSB0594	6650409	352600	44	270	-60	36	44eoh	8	0.58
						36	40	4	0.93
SSB0595	6650413	352681	46	270	-60	36	40	4	0.36

- Drill hole collar positions determined by hand held GPS receiver MGDA94-51 datum
- Analytical results Ardel Laboratories Pty Ltd fire assay technique 1ppb lower detection limit
- Intersection grade based on composite and some single metre samples
- Length weighted average grade reported
- Intercepts are "down-hole" metres. No estimate regarding true thickness is made or implied.

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About Pioneer Nickel Limited

Pioneer Nickel Limited (ASX: PIO) is a specialist exploration company searching for base metals and gold in the Kalgoorlie and Ravensthorpe Districts of Western Australia. The Company strives to add shareholder value by balancing work on advanced projects with active project generation from within the Company's 100%-owned and joint ventured tenement portfolio.

Pioneer has drill-ready prospects at the Golden Ridge JV (nickel), Ravensthorpe JV (manganese) and Mt Thirsty (nickel-cobalt laterite) Projects, in addition to the Lignum Dam Gold Project. The Company's joint venture partners are also active at Acra (Xstrata Nickel Australasia) and Wattle Dam (Ramelius Resources Limited) Nickel Projects.

A summary of the Company's planned activities is presented in a fact sheet and other reports available from the Company's web site at www.pioneernickel.com.au

Discovery Timeline

- Dec 2003 Pioneer floats with Silver Swan Northwest nickel rights only
- May 2004 Acquires gold rights for Silver Swan Northwest
- May 2007 Tenement reversion completed under new provisions of mining act
 - Data review and comprehensive interpretation identifies low-order, but anomalous soil geochemistry, results in the Lignum Dam Gold Project. Limited previous drilling at Top and Airstrip Prospects had intersected significant gold. No other gold drilling evident in Lignum Dam Project area.
 - demagnetised shear zones in granite: (Federal-Golden Cities model)
 - dilatational jog in granite-greenstone contact: (Tarcoola model)
- Aug 2007 First RAB drilling on a 400x80m. 12 intercepts >0.2g/t Au, max 4m at 1.0g/t
- Nov 2007 Second pass (infill and extensional). Identifies 3 prospects
- April 2008 Third pass of RAB drilling. Tregurtha Prospect confirmed. Max 4m at 6.6g/t
- Sep 2008 Fourth Pass of RAB drilling doubles size of bedrock anomaly,
 - Identified Hughes Prospect

I, James Walter Guy:

- I have read and understood the requirements of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code").
- I am a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a Member of *The Australasian Institute of Mining and Metallurgy*.
- I have reviewed the Report to which this Consent Statement applies.
- I am a full time employee of Pioneer Nickel Limited.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Exploration Results.



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