

31 January 2006

ASX RELEASE

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2005.

Key Achievements:

Golden Ridge JV Project (30 km south east of Kalgoorlie)

- **Major farm-in joint venture established with Australian Mines Limited;**
- The joint venture tenements contain 11 drill-ready Ni sulphide exploration targets.

Pioneer Dome Project (125km south east of Kalgoorlie)

- Two Diamond drill holes completed for 321m;
- Stringer and matrix nickel sulphide mineralisation intersected in one hole, including:
PND002 8.4 metres at 0.51% Ni from 108.5m (including 0.1 metres at 4.11% Ni).

Acra JV Project (80km east of Kalgoorlie)

- 3,612m of RC drilling in 12 holes completed;
- Intersections of nickel sulphide horizons include:
JBRC010 27 metres at 0.42% Ni from 81m (including 2 metres at 0.94% Ni);
ACRC017 43 metres at 0.45% Ni from 58m (including 10 metres at 0.61% Ni); and
ACRC018 7 metres at 0.83% Ni from 202m (including 2 metres at 1.04% Ni).

Wattle Dam Project (55km south west of Kalgoorlie)

- 148.3m of diamond drilling completed;
- Down hole geophysical survey identifies a moderate off-hole conductor at the 1H Prospect.

Maggie Hays Lake JV Project (220km south west of Kalgoorlie)

- Down hole geophysical survey refines a nickel sulphide drill target along strike from Maggie Hays Mine.

Key Objectives March 2006 Quarter

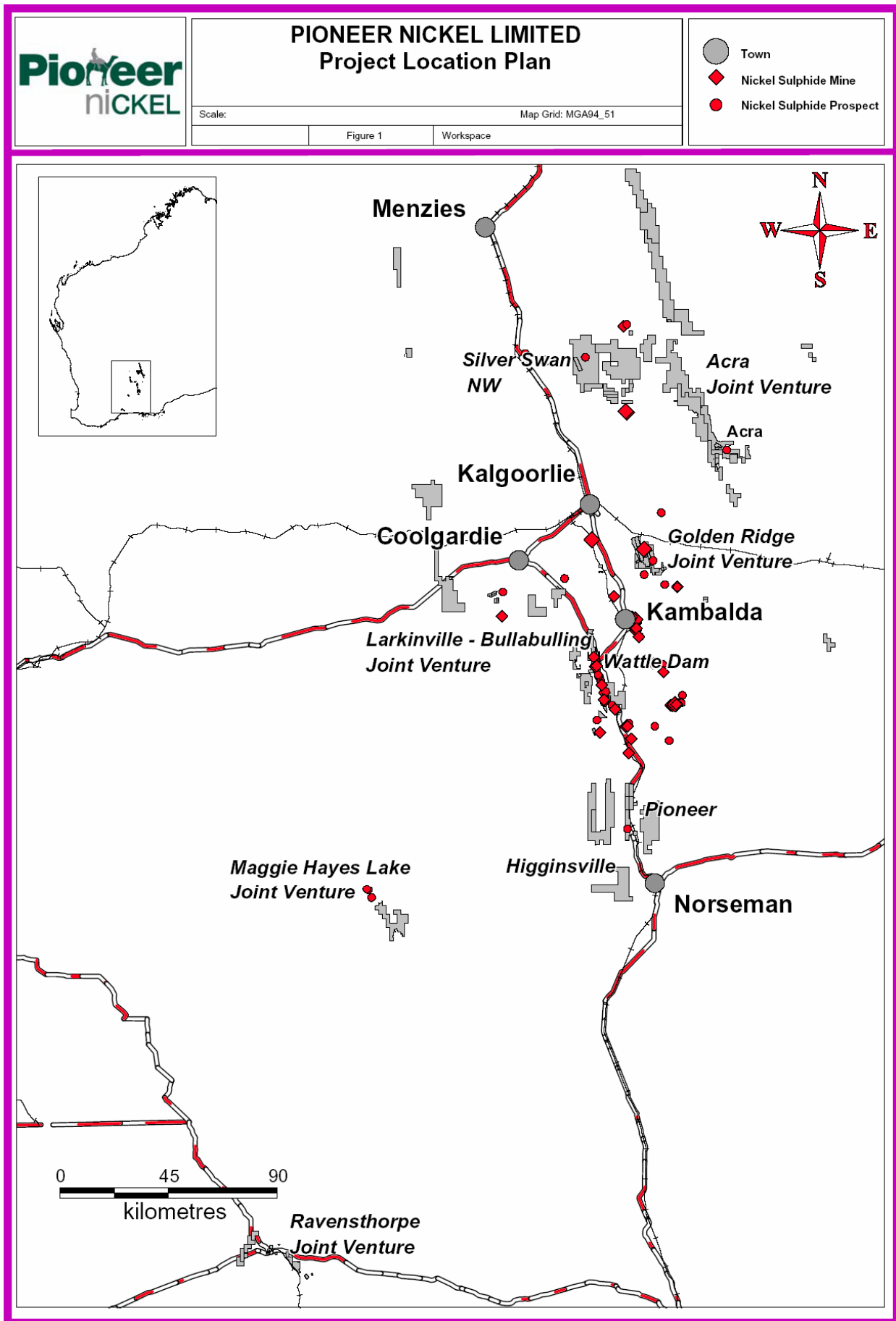
- Commence a major drilling programme at the Golden Ridge JV Project;
- Finalise details of heritage protection and ancillary agreements for the Ravensthorpe Project;
- Continue channel definition drilling at Pioneer.

Corporate

As at 31 December 2005 the Company had cash of \$2.0 million and no debt.

In accordance with the Acra Joint Venture Agreement Pioneer is due to receive an additional \$0.23 million in cash from Sir Samuel Mines.

Following a Resolution made at the Pioneer AGM held on 25 November 2005, Heron Resources Limited was issued with 2.5 million options in exchange for Pioneer acquiring certain retained nickel laterite rights for the Higginsville, Pioneer, Larkinvile and Londonderry Projects.



1 GOLDEN RIDGE JOINT VENTURE PROJECT

- *The Golden Ridge Project is located 30km SE of Kalgoorlie and 30km N of Kambalda in WA.*
- *Pioneer has the right to earn an initial interest of 51% and up to 80% in the project from Australian Mines Limited ("AUZ").*

Pioneer has entered into the Golden Ridge Joint Venture (GRJV) with Australian Mines Limited to explore more than 100 square kilometres of highly nickel-prospective tenements, targeting ultramafic units of the Golden Ridge Belt that host the Blair and nearby Carnilya Hill nickel sulphide mines. The immediate Blair Mine area is excluded from the GRJV, as are all gold rights.

As the tenure is mostly granted mining leases that are in close proximity to an existing nickel concentrator, it is expected that a nickel sulphide discovery could be brought into production quickly and at minimal capital cost.

Pioneer's knowledge of the project is greatly augmented by Director Peter Langworthy being formerly the WMC geologist in charge of exploration for the Golden Ridge Project before its sale. Fellow Pioneer Director Dr Allan Trench, formerly a WMC geophysicist, also had responsibilities, which included the Golden Ridge area.

A review of exploration data for the GRJV has highlighted a number of nickel anomalies (generated largely by WMC) ready for follow-up drilling. Eleven prospects have anomalous nickel intercepts from earlier drilling, and four of these, with nickel sulphide mineralisation identified, have priority drill targets ready for immediate drilling.

Basic terms of the Golden Ridge Joint Venture:

- Pioneer may earn an initial 51% in the Golden Ridge Joint Venture by expending \$2,250,000 within three years.
- Following Pioneer earning a 51% interest, AUZ may elect to either:
 - Contribute to exploration expenditure, in which case Pioneer will fund 51% and AUZ will fund 49%; or
 - Not contribute, in which case Pioneer may earn a further 19% (for a total of 70%) by the earlier of expending an additional \$3.0 million (for a total of \$5.25 million) or completing a feasibility study, within a further 3 years.
- Once Pioneer has earned a 70% interest, AUZ may elect to contribute to further exploration expenditure, in which case Pioneer will fund 70% and AUZ will fund 30%. If AUZ elects to not contribute then Pioneer's interest will immediately increase to 80% (and AUZ's decrease to 20%) and Pioneer will free-carry AUZ until the completion of the first feasibility study;
- Should AUZ elect to not contribute to the mining operation it will convert its interest to a 1.5% net smelter return royalty.
- Pioneer must spend a minimum of \$600,000 on an agreed work programme to test a number of specific targets before it may retire from the GRJV.

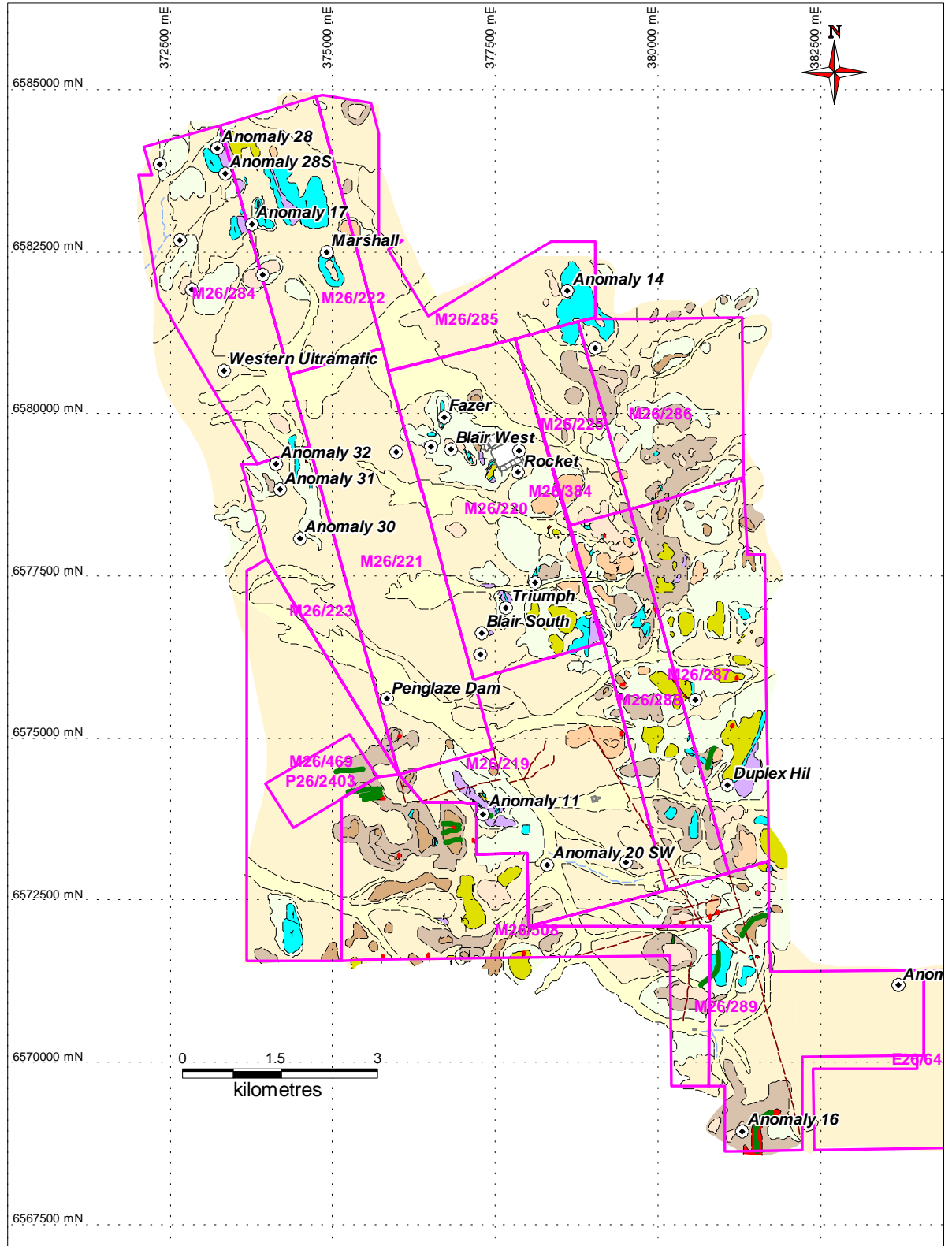
Geology

The Golden Ridge stratigraphy comprises a series of north-northwest striking, westerly dipping mafic and ultramafic rocks overlying sediments. Chert and sulphidic black shale sediments are commonly present at the basal contact and intercalated with ultramafic units. There are numerous fold and fault repetitions of the ultramafic stratigraphy.

The Blair Mine, within the Golden Ridge JV area but excluded from the Joint Venture, has produced more than 27,000t of nickel metal.



Golden Ridge Joint Venture
Regolith Map showing
Nickel Sulphide Prospects



Outlook - Priority Drill Targets

Pioneer plans to dedicate up to \$1.0 million this year for target appraisal, with drilling scheduled to recommence in February 2006.

Anomaly 11

Anomaly 11 is located 5.5km south of the Blair Mine. Encouraging mineralised intersections include disseminated nickel sulphide located close to the basal contact. The best intersection to date is **11m at 1.18% Ni**, including **3m at 2.33% Ni**. Most historical drilling is restricted to testing the basal contact down to 125m below surface, with very few deeper holes. There are three shallow FLTEM anomalies identified for immediate appraisal.

Six drill holes are planned to test the basal contact down plunge of known mineralisation. All drill holes will have DHTEM surveys conducted on completion.

Blair South - BSA

Blair South is approximately 2.7km south of the Blair Mine. Several campaigns of drilling have identified widespread shallow anomalous mineralisation, including a reported nickel sulphide intercept of **1.8m at 2.33% Ni** from 170.6m.

Immediately prior to the JV, an MLTEM conductor was tested by hole AMRC088 to 150m and an off-hole DHTEM conductor tested by hole AMDD020 to 590.3m by AUZ. Final assays and follow-up DHTEM survey results are awaited.

Anomaly 20SW

Mineralisation is located approximately 6.7km south of the Blair Mine and consists of disseminated, stringer and narrow massive nickel sulphide. Part of the prospect is tested to 175m, while the remainder is tested to less than 125m, below surface. Best drill result reported to date is **20m at 0.6% Ni** from 96m (including **6m at 1.15% Ni** from 106m).

Initially, seven drill holes are planned, with DHTEM surveys following.

Marshall

The Marshall Project is located approximately 4km northwest of the Blair Mine with records showing several intersections of nickel sulphide in a basal ultramafic contact position. The best result reported to date is **4m at 2.55% Ni** from 78m.

Priority targets include an untested late time MLTEM conductor, present below existing drilling.

A more detailed project summary is available on the Company's website:

www.pioneernickel.com.au

2 ACRA JOINT VENTURE PROJECT (Including Jubilee and Boomerang Lake)

- *Acra is located 80km E of Kalgoorlie, WA.*
- *Sir Samuel Mines NL, a wholly owned subsidiary of Jubilee Mines NL, has the right to earn up to a 75% interest in the project through cash and sole funding \$6.9million of exploration expenditure.*

Exploration activities for the quarter consisted of the completion of a programme of reverse circulation drilling and associated DHTEM surveys at the Acra and Jubilee Prospects. In total 12 holes were completed for 3,612 metres.

As reported earlier, Jubilee Mines NL ("Jubilee") has notified Pioneer that it has intersected two new nickel sulphide-bearing surfaces in drilling; one each at the Jubilee Prospect and southern Acra Prospect.

Results from the drilling have confirmed the prospectivity of the southern contact and for the potential for fold or fault repeats of the basal contact to be present at depth. A number of zones of disseminated sulphide were intersected at both the Acra and Jubilee Prospects. Significant results are summarised in Table 1.

Table 1							
Significant Results From RC Drilling at Jubilee and Southern Acra Prospect							
Hole ID	North	East	From	To	Intercept	Ni	Cu
	AMG (m)	AMG (m)	(m)	(m)	(m)	(%)	(ppm)
Southern Acra							
ACRC017	6,620,945	412,500	58	68	10	0.61	270
ACRC018	6,621,000	412,700	202	209	7	0.83	569
	Including		204	208	2	1.04	778
Jubilee							
JBRC009	6,622,378	409,634	18	20	2.0	0.51	367
JBRC010	6,622,402	409,892	81	108	27	0.42	144
	Including		101	103	2	0.94	318

Outlook

Pending the completion of DHTeM surveys, new drilling results will be fully compiled and the next phase of work planned accordingly.

3 RAVENSTHORPE COPPER-GOLD JOINT VENTURE PROJECT

- *The Ravensthorpe Copper-Gold Joint Venture Project is located 10km SE of Ravensthorpe, WA.*
- *Western Copper Pty Limited has the right to earn a 75% interest in the project through sole funding exploration expenditure totalling \$0.5 million*

The project provides mineral diversity to Pioneer, through its subsidiary Western Copper Pty Ltd, with potential for early cash flow from the discovery of gold and copper mineralisation.

Mapping

Orientation mapping and sampling around old workings in the Desmond mining area was undertaken. High-grade copper and gold mineralisation occurs in narrow shear zones which have been exploited by early miners. Best rock chip assays included 4.59% Cu with 1.05g/t Au and 2.57% Cu with 4.42g/t Au taken from the oxidised sheared lodes at the surface. There are indications of a broad, lower grade mineralised halo around the old workings, which will be the focus of the initial drilling programs.

Botanical surveys

A botanical survey of proposed drill lines at Elverdton, Desmond and PLP was completed, which is a requirement ahead of clearing drill pads. A draft report has been forwarded to CALM in Ravensthorpe for comment.

Outlook

Negotiations with representatives of local Aboriginal People are progressing satisfactorily, to achieve a negotiated settlement which will expedite the grant process for tenements in this area. On the grant of the key mining lease, drilling can proceed.

4 PIONEER DOME PROJECT

- *The Pioneer Dome Project is located approximately 125km S of Kalgoorlie, WA.*
- *Pioneer controls 100 per cent of the project.*

During the last quarter Pioneer announced it had located a previously unrecognised nickel sulphide-bearing surface in RC drilling. Two diamond drill holes, Holes PND002 and PND003, were completed to further test in the vicinity of PNR010, which had returned 3m at 4.0% Ni and 0.21% Cu. The holes tested for mineralisation adjacent to, and down plunge of the mineralised hole, to depths of 147m and 174m respectively.

Results from PND002, collared 10m from PNR010 and which encountered nickel sulphide mineralisation, include:

Table 2 Significant Results From Diamond Drilling at Pioneer JH Prospect							
Hole ID	North	East	From	To	Intercept	Ni	Cu
	AMG (m)	AMG (m)	(m)	(m)	(m)	(%)	(ppm)
<i>Pioneer E1 Surface</i>							
PND002	6,461,528	371,899	108.5	116.9	8.4	0.51	347
	<i>Including</i>		114.3	114.4	0.10	4.11	1432

- Assays were completed by Genalysis Laboratory Services using a 4 acid digest and ICP-OES finish.
- Assuming mineralisation dips with concordant geological units, intercepts will approximate true thickness.

Results from a DHTeM survey of PND003 indicate the presence of a moderate off-hole conductor above the hole and slightly to the north, consistent with mineralisation intercepted in PND002 and PNR010.

Outlook

Reverse circulation drilling, followed by DHTeM surveys, is planned to further test the JH Prospect.

5 WATTLE DAM PROJECT

- *Wattle Dam is located 20km SW of Kambalda.*
- *Pioneer controls 100 per cent of minerals, excluding gold and tantalum.*

Two diamond tails were drilled at the Wattle Dam Project, totalling 148.3m. Hole WDRT023 (1A South Prospect) was drilled from 161.8 to 233.5m, and WDRT024 (1H Prospect) was extended from 183.4 to 260.0m

Both holes encountered intervals of sulphide mineralisation, however a DHTeM response tested by WDRT023 was best explained by a sulphidic black shale. No assays have been received.

Outlook

Minor sulphides were intersected in WDRT024 at the targeted depth, within mafic volcanic rocks adjacent to the basal ultramafic contact. From the follow-up DHTeM survey a short wavelength, moderate, off-hole anomaly correlates with the intersected sulphides. The response indicates that a conductor exists, which is largely to the south of the surveyed hole. This new target will be tested during the next phase of drilling.

6 MAGGIE HAYES LAKE JOINT VENTURE PROJECT

- *Maggie Hays Lake JV is located 220km SW of Kalgoorlie, WA.*
- *LionOre 80%. Pioneer free carried at 20% to commencement of mining.*

One diamond drill hole, LJP0090 with a follow-up DHEM survey, was completed identifying a conductor running parallel to the drill hole between 225m and 325m. Decay curve analysis yielded values typical of those associated with massive sulphide mineralisation.

Further modelling is required to properly orientate the conductor and, if necessary, a further DHEM survey (with different loop configuration) will be completed.

7 LARKINVILLE-BULLABULLING JOINT VENTURE PROJECT

- *Larkinville-Bullabulling is located 30-80km W of Kambalda.*
- *Pioneer 100%, Ramelius Resources Limited earning 75% in gold and tantalum.*

An auger soil sampling programme has been completed on an exploration licence at Bullabulling. Results indicate a broad gold-anomalous zone.

8 SILVER SWAN NORTHWEST PROJECT

- *Silver Swan Northwest is located 50km N of Kalgoorlie WA.*
- *Pioneer 100% of all minerals.*

Surface geochemistry sampling has been completed as a first pass assessment of the ultramafic stratigraphy of the Rainbow Dam Prospect. A 200m x 50m sampling programme comprising approximately 1250 soil samples was completed. Assay results have not yet been received.

Pioneer is considering an offer from another company to farm in to parts of this project.

9 NEW SOUTH WALES

- *The tenements are located near Goulburn and Cootamundra, E of Sydney NSW.*
- *Kinsha Exploration Pty Ltd 100%, Pioneer \$10/oz royalty on Au and 1.5% NSR on Base Metals.*

Pioneer has vended its NSW projects to Kinsha Exploration Pty Ltd, retaining a \$10/oz royalty for gold and platinum group metals and a 1.5% net smelter return royalty for other commodities.



David Crook
Managing Director

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.

The details within this report that relate to the Acra JV Project have been provided and reviewed by Mr Peter Langworthy, who is a full time employee of Jubilee Mines NL, is a Member of the AusIMM with 18 years of experience in the mining industry. Mr Langworthy has relevant experience in relation to the mineralisation being reported on and qualifies as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) of the AusIMM.

The details within this report that relate to the Maggie Hays Lake JV Project have been provided and reviewed by Dr Mark Bennett, who is a full time employee of LionOre Australia (Nickel) Ltd, is a Member of the AusIMM with over 15 years of experience in the mining industry. Dr Bennett has relevant experience in relation to the mineralisation being reported on and qualifies as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) of the AusIMM.
