

30 April 2007  
**ASX RELEASE**

## QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2007

Pioneer Nickel Limited (ASX: PIO) is pleased to provide to shareholders the March 2007 Quarterly Activities Report, which provides a summary of the progress made by your Company.

### KEY ACHIEVEMENTS MARCH 2007 QUARTER

#### **Exploration:**

##### ***At the Ravensthorpe JV Project (10km SE of Ravensthorpe. Farm-in Copper-Gold).***

- 12 reverse circulation ("RC") drill holes for 1,350m (9 completed holes, 3 precollars);
- Detailed aeromagnetic and radiometric surveys completed covering 290 km<sup>2</sup>;
- Detailed helicopter-borne VTEM "conductor" surveys covering 186 km<sup>2</sup> completed;
- Surveys have resulted in a number of new nickel and copper targets being identified;
- Region-wide soil sampling commenced. 281 soil samples taken to date, assays awaited.

##### ***At the Golden Ridge JV Project (30km SE of Kalgoorlie. Farm-in Nickel).***

- 55 RAB holes completed for 2,404m;
- Three dimensional modelling better resolves a deep conductor beneath the mineralised ultramafic channel at Blair South;
- Nickel-anomalous basal ultramafic contact defined; SQUID EM survey will test this zone;

##### ***At the Balagundi VMS Project (30km NE of Kalgoorlie. 100% Pioneer, Copper-Lead-Zinc)***

- 1,624 auger soil samples taken;
- Results have defined a coincident copper-lead-zinc anomaly 2.5km long, which remains open both to the north and south.

##### ***Regional Projects (100% Pioneer)***

- 961 soil samples taken for assay from the Rainbow Dam Project;
- 297 soil samples taken for assay from the Feysville Project.

##### ***The Silver Swan Northwest JV Project (50km N of Kalgoorlie. Farm-out Nickel-Gold)***

- BHP-Billiton has notified Pioneer that the inaugural 21 RC and 2 diamond drill hole programme is about to commence.

##### ***The Heazlewood JV Project (NW Tasmania of Kalgoorlie. Farm-out Nickel-Gold)***

- Bass Metals Limited has notified Pioneer that 512 soil samples have been taken.

##### ***For the Acra Project (50km S of Kalgoorlie. Farm-out Nickel)***

- Jubilee Mines NL has notified Pioneer that drilling is scheduled for the June 2007 quarter.

#### **Corporate:**

- As at 31 March 2007, the Company had cash reserves of \$1.94 million and no debt.
- Subsequent to the end of the Quarter, institutional and private clients of State One Stockbroking Ltd, and Jubilee Mines NL, participated in a capital raising by placement of up to 11,012,845 fully paid ordinary shares at 18 cps for a gross amount of \$1.98 million. The company now has 89.1 million shares on issue.
- Pioneer holds 1,333,333 shares and 825,000 \$0.20 options in Galaxy Resources Limited, currently with an approximate value (on a fully diluted basis of) \$1.95 million.
- At 30 April 2007, the Company has cash and marketable equities of approximately \$5.7m.

## 1 RAVENSTHORPE DISTRICT

- *Western Copper Pty Limited (a wholly owned subsidiary of Pioneer) has completed its expenditure obligation to earn a 75% interest in the Ravensthorpe Copper-Gold Project from Galaxy Resources Limited (“Galaxy”). The project covers the historical Mt Desmond and Elverdton Mines as well as ground prospective for VMS style massive sulphide deposits.*
- *Western Copper Pty Limited also has a 100% interest in additional tenements in the Ravensthorpe District prospective for copper and gold.*
- *Pioneer has the right to earn a 75% interest in the Aerodrome Nickel Project from Galaxy through sole funding exploration expenditure totalling \$0.5 million. The project is prospective for massive nickel sulphide mineralisation*

### **PROJECT STATUS**

During the quarter the Company established a permanent base at Ravensthorpe to support its increasingly active exploration presence in the area. The Company now has interests in tenements that cover 262 km<sup>2</sup>.

#### **Ravensthorpe Copper Gold Joint Venture Project**

Located approximately 10km from Ravensthorpe WA, the project covers the historical Elverdton and Mt Desmond Mines that produced copper and gold via a series of underground workings. Pioneer’s exploration programmes are the first in much of the area since mining operations ceased in the 1970s.

In addition to drilling at Mt Desmond, the Company has also identified a number of priority areas, based on magnetic imagery, VTEM and the historical record, for further investigation.

#### ***Project Equity***

During the quarter Pioneer notified its joint venture partner, Galaxy Resources Limited, that it has met its commitment to spend \$500,000 on the Ravensthorpe JV Tenements to earn a 75% interest in the Project.

#### ***Drilling***

Drilling for the quarter amounted to 12 holes, which included 9 RC holes testing for mineralisation and 3 pre-collars (which will be completed by diamond drilling during the June 2007 quarter). Assay results have not been received; however the holes intersected varying widths of the targeted disseminated copper sulphide mineralisation before entering the old workings. Massive copper sulphide ore has been largely mined from above 200m below surface; however remnants of high tenor ore have been intersected by Pioneer in two previously reported holes, (ELV002, 1m at 9.56% Cu and ELV012, 3m at 13.8% Cu).

Drilling, targeting massive copper sulphides below the old workings will commence when the next Clearing Permit is received from the DoIR, in approximately 6 weeks time.

#### ***Regional Geophysical Surveys***

Geophysical surveys that cover the entire Ravensthorpe JV and Aerodrome JV areas were completed. Aeromagnetic and radiometric data were collected for an area of 290 km<sup>2</sup>. The resultant imagery has provided geological information, particularly of ultramafic units prospective for nickel sulphides within the Aerodrome JV area; and structural controls for the Ravensthorpe JV copper-gold mineralisation

Interpretation of the helicopter-borne VTEM (Versatile Time-domain Electromagnetics) survey has commenced, with a number of coherent late time anomalies recognised, particularly within the Aerodrome JV Project. Of particular importance, three conductors are coincident with nickel anomalies from previous Pioneer soil sampling.

Follow-up ground EM surveys have commenced, from which drill targets will be generated.

#### ***Regional Exploration Targets***

A number of old copper gold workings north of the main Mt Desmond Mine were located and mullock sampled. Grab samples collected have returned highly anomalous copper and gold results as shown in Table 1 below. The sampling demonstrates the prospectivity of the greater Ravensthorpe Project Area, away from the main historical workings.

Table 1 Ravensthorpe JV: Rock Chip Sampling Results.						
Sample	Easting GDA94-51 (m)	Northing GDA94-51 (m)	Prospect	Description	Cu %	Au g/t
ARC34806	233,143	6,279,521	FED	Malachite mineralisation	22.86	0.60
ARC34811	235,082	6,276,646	PLP	Carbonate altered felsic rock	9.61	2.03
ARC34813	235,082	6,276,646	PLP	Quartz carbonate veining	4.89	0.90
ARC34814	232,905	6,278,847	Daws	Malachite ore	17.97	0.90
ARC34816	232,921	6,278,823	Daws	Quartz carbonate vein	4.96	1.23
ARC34821	234,536	6,277,519	Ironclad	Altered felsic volcanic	1.25	0.08
ARC34822	234,536	6,277,519	Ironclad	Malachite quartz carbonate vein	7.57	1.06
ARC34827	235,039	6,276,644	PLP West	Malachite quartz carbonate vein	1.92	6.98

**KEY OBJECTIVES JUNE 2007 QUARTER**

**Drilling**

Drilling at Mt Desmond will recommence on receipt of a Clearing Permit from the Department of Industry and Resources. Samples from the drilling will also be used to undertake metallurgical studies. This programme will extend north to include the PLP and PLP West workings where recent rock chip samples have returned up to 9.6% Cu and 2.0g/t Au.

**Geophysics**

Follow-up moving loop EM surveys have commenced to test seven targets identified by the recent airborne geophysical surveys. The ground surveys will assist in better defining the conductors ahead of drilling.

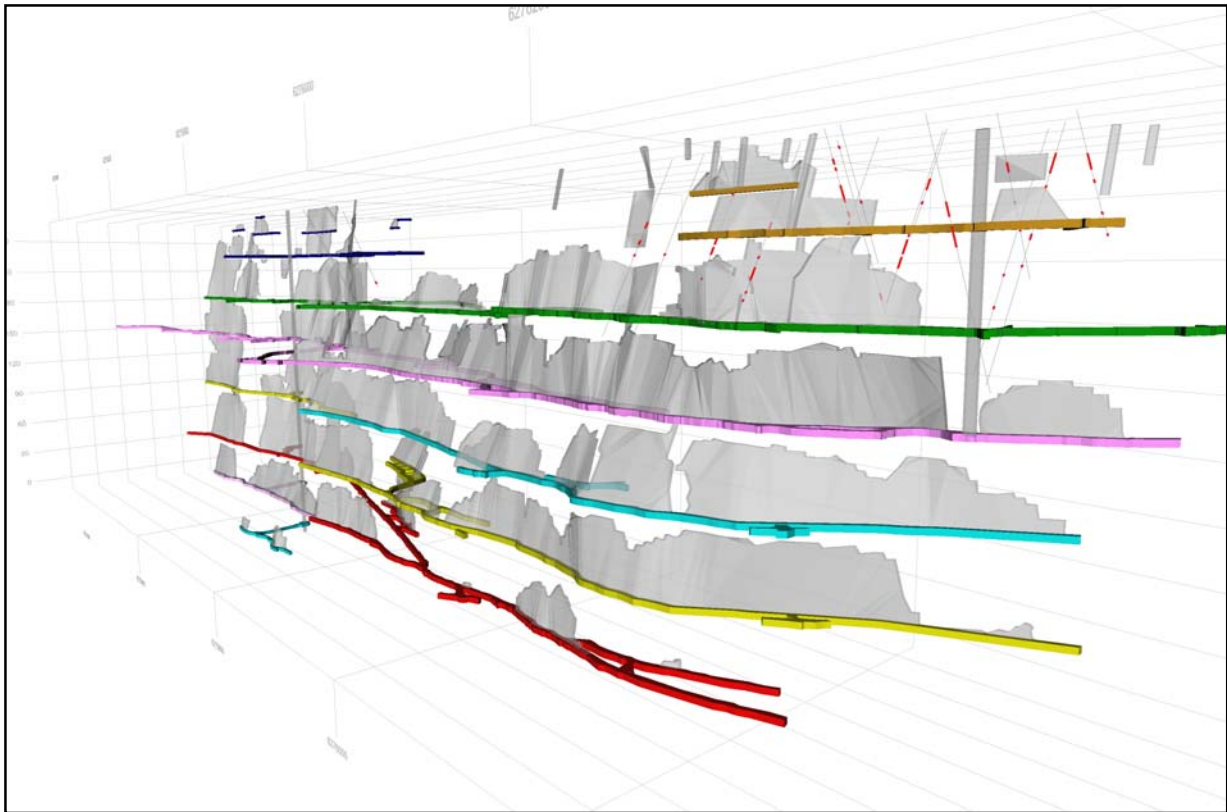


Figure 1 shows historic mine workings for (LHS) Elverdton and (RHS) Mt Desmond. The lower-most red level is approximately 240m below surface, and the grey areas are stopes mined by earlier operators. The overall workings are 850m long.

Pioneer drill holes are on the Mt Desmond end to date, shown as grey drill hole traces with red showing mineralised intervals above 0.5% Cu.

## 2 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”).

### PROJECT STATUS

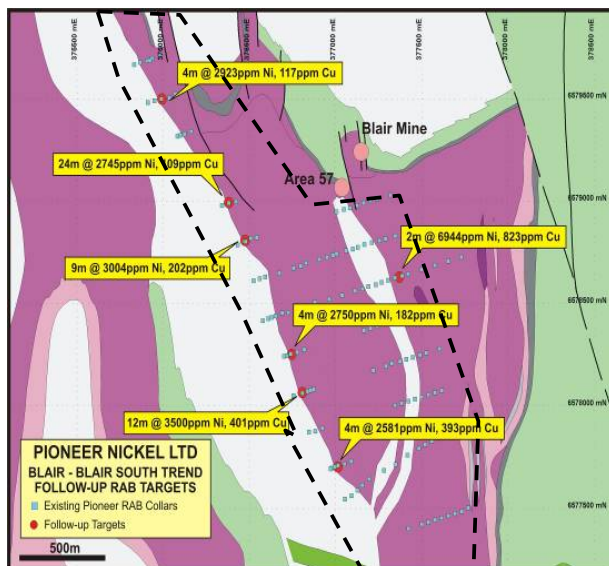
#### Blair to Blair South Zone

A RAB drilling programme, designed to follow up anomalous nickel intersections between Blair and Blair South, was completed. This comprised 55 holes for a total of 2,404m.

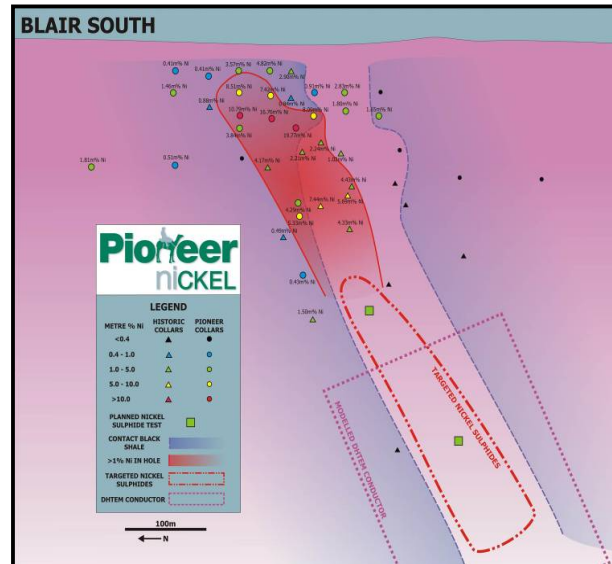
Geological interpretations, based on RAB drilling, gravity, aeromagnetic and geochemical data has determined the positioning of a prospective basal ultramafic contact over a strike length of 4.5km. This contact will now be surveyed using a SQUID fixed loop EM system ahead of drilling.

#### Blair South Prospect

Three dimensional modelling of drill hole geology, nickel mineralisation and down-hole EM data has resulted in the definition of a steeply plunging ultramafic channel structure which contains an unresolved down-hole EM conductor. This target will be tested with a 600m drill hole during the June 2007 quarter.



**Figure 2** shows the geology of the Blair to Blair South zone, including anomalous RAB drill hole locations. The perimeter of the proposed SQUID FLTEM survey is shown as a dashed line.



**Figure 3** shows a long section of Blair South, including the interpreted sediment-free basal contact location and proposed drill holes to test the nature of a conductive EM conductor plate.

### Drilling

Results have been returned for RC holes GRR030 to GRR036. GRR030 and GRR031, situated north of the Blair South Prospect, contained thick zones of anomalous nickel sulphides within the main ultramafic unit, which are considered significant.

Table 2 Golden Ridge JV: Reverse Circulation Drilling Significant Mineralisation Summary.										
Hole ID	Easting GDA94-51 (m)	Northing GDA94-51 (m)	Dip	Azimuth	Hole Depth	From	To	Intercept	Ni ppm	Cu ppm
GRR030	377410	6576950	-60	90	220	192	220	28	3244	194
including						206	210	4	4515	334
GRR031	377390	6576850	-60	90	214	152	153	1	5894	589
and						169	187	18	3479	228
GRR035	377060	6576200	-60	90	250	57	70	13	4026	279

### **KEY OBJECTIVES JUNE 2007 QUARTER**

#### ***RC Drilling***

Two RC holes are scheduled to be drilled at the Blair South Prospect during the June 2007 quarter. Of these, one will be a pre-collar for a deep diamond hole to test the DHTEM conductor shown on Figure 3.

Following the completion of the SQUID FLTEM survey, additional RC drill holes will be planned to test responses detected.

#### ***Regional RAB Drilling***

RAB drilling will also commence during the June 2007 quarter, to extend geological information near the Blair Mine and investigate an ultramafic contact to the west of the Blair South Prospect.

#### ***DHTEM***

Five RC holes have now had PVC casing installed and are scheduled for Down Hole EM survey.

### **3 BALAGUNDI PROJECT**

- *The Balagundi Project is located 20km E of Kalgoorlie.*
- *Pioneer (through Western Copper Pty Limited) 100%.*

The project comprises three exploration licences and seven prospecting licences, totalling 123km<sup>2</sup>.

#### **PROJECT STATUS**

The Balagundi Project has a geological setting that is considered by Pioneer's geological consultant as typical of that hosting volcanogenic massive sulphide deposits. This target style includes Golden Grove and Teutonic Bore Mines as Western Australian examples.

A 1,624 sample auger soil geochemistry programme was completed. Results have confirmed the very prospective nature of the project, with a 2.8km multi-element anomaly indicated. Surface reconnaissance has located sulphide gossans anomalous in copper within the geochemically anomalous trend.

### **KEY OBJECTIVES MARCH 2007 QUARTER**

Results from the geochemistry and mapping programmes are considered very encouraging. Soil geochemistry coverage will be extended throughout the project and RAB traverses will be completed to assist with a geological interpretation for the project.

### **4 RAINBOW DAM (SILVER SWAN NORTHWEST) PROSPECT**

- *The Rainbow Dam Prospect is located 50km N of Kalgoorlie.*
- *Pioneer 100%.*

A 961 infill soil sample programme was completed over the Rainbow Dam Prospect. Samples were designed to follow up significant nickel and gold anomalies identified in an earlier survey. Results have not been received.

### **5 FEYSVILLE PROSPECT**

- *The Feysville Prospect is located 25km S of Kalgoorlie.*
- *Pioneer 100%.*

A 297 sample 200m x 40m auger programme was completed over the Feysville Prospect. Results show a significant Au +Cu anomaly with a maximum value of **1730ppb (1.73g/t) Au**. Infill soils will follow.

## 6 ACRA JOINT VENTURE PROJECT

- *The Acra Project is located approximately 75km NE of Kalgoorlie.*
- *Jubilee Mines NL (“Jubilee”) holds a 60% interest and is earning a 75% interest in the project.*

The project provides a dominant tenement holding over a 140km strike length of a highly prospective ultramafic sequence that has been demonstrated to host both high tenor massive and disseminated sulphides at a number of locations.

As part of a systematic regional assessment, geochemical soil sampling programmes have been undertaken in areas likely to host ultramafic lithologies based on the interpretation of airborne magnetic data. During this process all samples have routinely been assayed for gold which has provided a valuable additional data set to assess exploration opportunities.

As a result of this work, a strong cohesive gold anomaly has been delineated over an area of 400m x 250m (peak value 15 ppb Au) at the Samson Prospect. Follow-up assessment identified a series of shallow drill holes completed approximately 2 kilometres to the north with results from these drill holes indicate consistently anomalous results. Some of these holes are reported in Table 3 below.

Whilst these results have not been independently verified by Jubilee they are believed to be significant and potentially have identified a large, gold-anomalous corridor that covers a number of large regional structures, including the Melita-Emu Fault. Current plans are to undertake confirmatory programmes of aircore drilling in the June quarter.

Hole ID	Easting GDA94-51 (m)	Northing GDA94-51 (m)	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Au (g/t)
KPR041	391,450	6,654,900	-60	270	107	108	1	2.67
KPR042	391,400	6,654,900	-60	270	83	84	1	1.69
KPR043	391,350	6,654,900	-60	270	103	104	1	2.79
SDR029	389,765	6,656,147	-60	258	36	38	2	2.29
SDR034	389,548	6,656,304	-60	258	24	36	12	0.58
SDR038	389,646	6,656,326	-60	258	34	42	8	0.43

## 7 RAMELIUS ALLIANCE AREA

### WATTLE DAM PROJECT

- *Pioneer 100% of nickel sulphide rights.*
- *Ramelius holds title and a 100% interest in gold and tantalum mineral rights.*
- *Ramelius has an Option to purchase an 80% interest in nickel rights for \$500,000.*

### LARKINVILLE-BULLABULLING PROJECT

- *Pioneer 100% of all mineral rights.*
- *Ramelius may earn up to a 75% interest in the gold and tantalum mineral rights.*
- *Ramelius has an Option to purchase an 80% interest in nickel rights for the Larkinville Project.*

The Wattle Dam Project hosts the Spargoville ultramafic belt and initial work has focused on this sequence along strike from the Spargoville 1A, 5B and Andrew’s Shaft Deposits (located in small excisions held by Breakaway Resources Limited). A series of nickel anomalies has been generated across the Wattle Dam tenements utilizing a combination of both geochemical and geophysical exploration techniques. Field checking of the initial 17 anomalies has commenced and will be completed in the coming weeks.



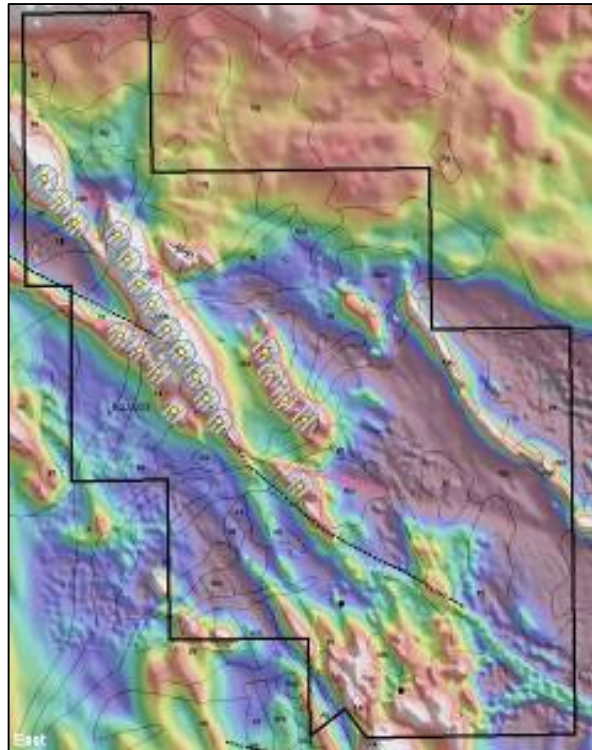
The Logan's/Larkinville tenements, which host a similar ultramafic belt, have had little nickel exploration during the last thirty years. More anomalies will be generated in this region as the exploration data that has been gathered is assessed using modern techniques.

## 8 SILVER SWAN NORTHWEST JOINT VENTURE PROJECT

- *The Silver Swan Northwest JV Project is located approximately 50km N of Kalgoorlie.*
- *BHP Billiton has the right to earn an 80% interest in this project by expending US\$5.0 million on project exploration.*

BHP Billiton has notified Pioneer that it intends commencing exploration drilling at the Silver Swan Northwest JV Project during the June 2007 quarter.

The programme will include up to 21 RC and two diamond drill holes, testing two Pioneer EM targets and ultramafic stratigraphy. Holes into prospective stratigraphy will be followed with down hole EM surveys.



**Figure 4.** Proposed drilling at Silver Swan Northwest. RC holes (yellow dots) have a hatched "area of influence" of follow-up down-hole EM surveys. Black dots are the collar locations for two diamond drill holes to test Pioneer EM conductors.

David Crook  
Managing Director

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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 for this report). Mr Crook 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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For more detailed information please see below or contact;

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**PIONEER NICKEL LIMITED**  
**Project Location Plan**

