



ABN 44 103 423 981

30 April 2009

ASX RELEASE

Pioneer Nickel Limited (ASX: PIO)

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

HIGHLIGHTS

- **Successfully implements a capital raising strategy, raising \$1.1 million. At 31 March 2009 Pioneer had cash reserves of \$0.97 million and no debt.**
- **Drilling commences at Pioneer's gold discovery, the 100% owned Lignum Dam Project. Drilling to follow up earlier results from the project including 29m at 2.03g/t Au, 8m at 2.52g/t Au and 4m at 3.34g/t Au; and**
- **Pioneer resumes management of the Acra JV Nickel Project. Work programs are funded by Xstrata Nickel Australasia Pty Ltd ("Xstrata").**

Exploration:

Lignum Dam Gold Project.

Pioneer 100%.

The project is located 50km N of Kalgoorlie, WA, and 21km NE from the Paddington Gold Mine.

Pioneer has identified an open-ended, 1,200m long geochemical corridor based on RAB drilling, encompassing the Tregurtha and Hughes Prospects.

Outlook

A program of 5,000m of RAB drilling has commenced. This is designed to infill the Hughes Prospect and test for strike extensions to the SE towards the Top Prospect.

Results are expected before the end of May 2009, when RC targets will be selected for drilling.

Acra Joint Venture Project.

Xstrata earning 80%, Pioneer diluting to 20%, free carried.

Pioneer has resumed technical management of the Acra JV Project, which remains fully funded by Xstrata. Xstrata has approximately \$1.1 million of its expenditure commitment outstanding so as to entitle it to earn an 80% interest in the project. Pioneer will continue to be free-carried for further exploration expenditure thereafter.

During 2008, the Joint Venture announced the discovery of an intact, nickel sulphide-bearing basal ultramafic contact, which greatly enhanced the prospectivity of the project.

Work completed included detailed logging of the mineralised drill hole, mapping and geochemistry.

Outlook

Work scheduled includes further detailed geochemical and geological evaluations in light of the nickel sulphide discovery, followed by ground EM surveys and drilling later in the year.

Mt Chester Manganese Prospect.

Pioneer 75%, Galaxy Resources Limited 25%, contributing interest.

The Joint Venture has reported an initial target based on a 600m long rock chip and soil geochemical anomaly, with rock chip assays ranging between 30% and 49% Mn. A second manganese soil anomaly is evident north along strike of the initial outcropping target.

The Mt Chester Prospect has significant infrastructure advantages over other manganese projects located on mainland Australia, being 10km from an established town and 180km from a deep water port.

Outlook

Work scheduled includes mapping and geochemistry to the south of the initial target using the Company's Niton portable XRF analyser. In all, the Company holds 8km of prospective stratigraphy requiring evaluation.

Corporate:

During the March 2009 quarter the Company received or obtained funding commitments for:

- \$150,000 pursuant to the amended Acra Joint Venture Agreement;
- \$50,000 as part payment from Panoramic Resources Limited for an 80% interest in the Pioneer Dome Project. \$50,000 remains payable upon the completion of documentation;
- \$910,000 through the successful completion of its Share Purchase Plan ("SPP"), placements to sophisticated investors and to Directors. A total of 45,500,000 ordinary shares at an issue price of 2 cents per share were issued during or subsequent to the quarter end.

Like many of its peers, Pioneer has implemented various cost cutting measures including staff retrenchments, salary and Directors' fee reductions and downsizing of the Kalgoorlie office.

Pioneer Directors sincerely thank Shareholders and investors for subscribing to shares under the capital raisings. Statistics indicated that approximately 21% of eligible Shareholders subscribed for shares under the SPP, taking up approximately 77% of the available SPP capacity. With the present market uncertainty influencing many investment decisions, this rates as a very successful outcome.

Following the completion of the issue of shares for these capital raisings Pioneer has 152,108,479 fully paid ordinary shares presently on issue.

Yours sincerely

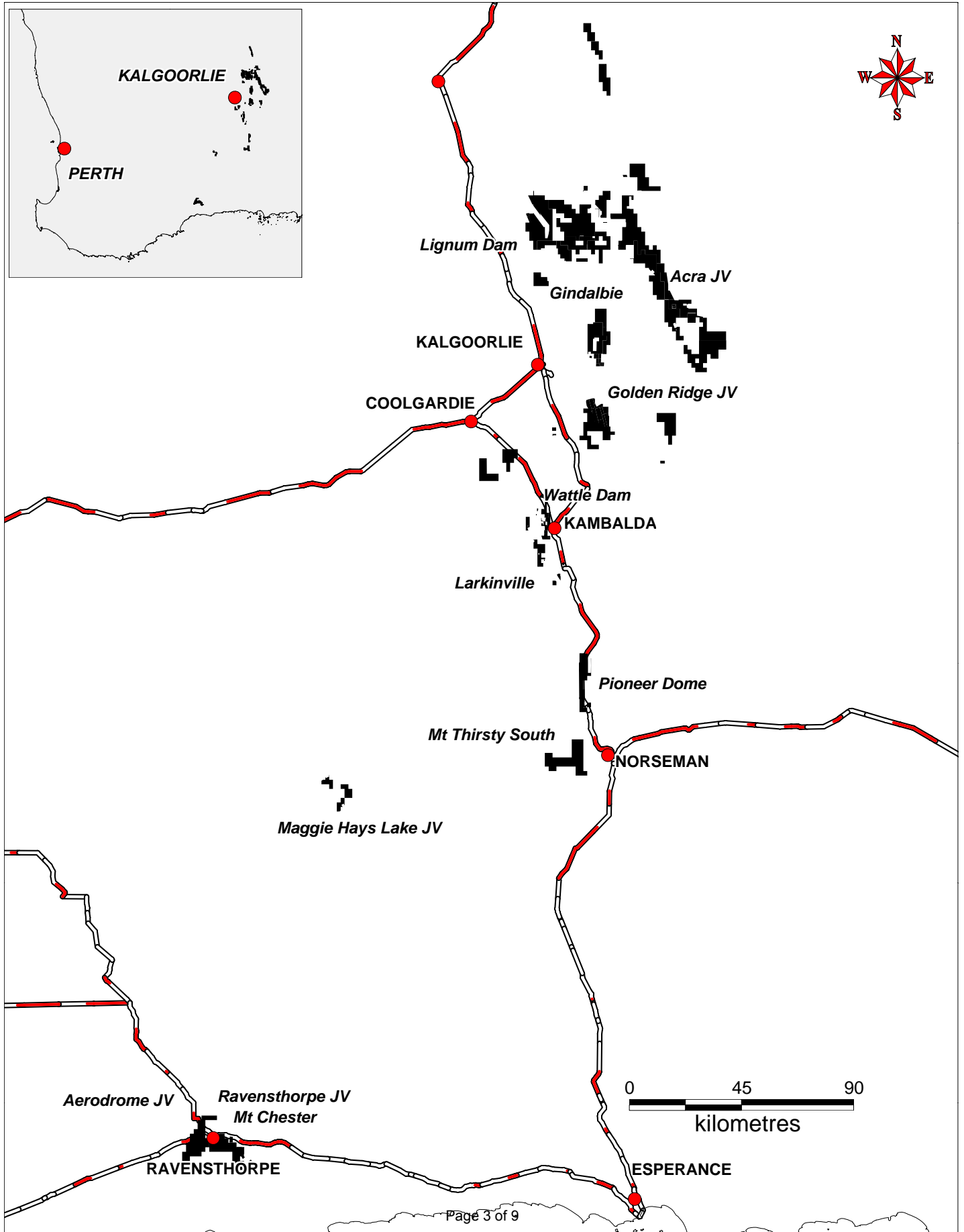
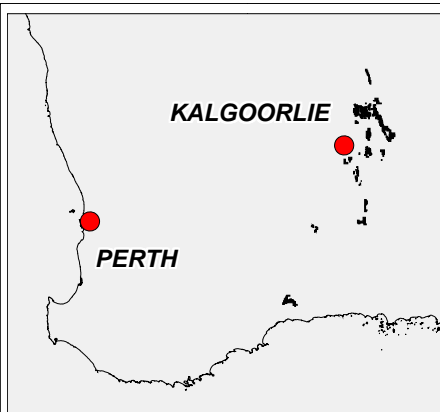


Managing Director

The information within this report as it relates to geology and mineralisation was compiled by Mr David Crook who is a member of the Australasian Institute of Mining and Metallurgy and is a competent person 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.

For more information please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

PIONEER NICKEL LIMITED

ABN

44 103 423 981

Quarter ended ("current quarter")

31 MARCH 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(310)	(1,213)
(b) development	-	-
(c) production	-	-
(d) administration	(139)	(625)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Joint venture exploration funding	150	150
Net Operating Cash Flows	(296)	(1,654)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(31)
1.9 Proceeds from sale of: (a) prospects	50	50
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Payment for tenement bond	-	-
Other – Tenement bonds refunded	17	17
Net investing cash flows	67	36
1.13 Total operating and investing cash flows (carried forward)	(229)	(1,618)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(229)	(1,618)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	813*	983*
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	-	-
Net financing cash flows		813	983
Net increase (decrease) in cash held		584	(635)
1.20	Cash at beginning of quarter/year to date	387	1,606
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	971	971

*A further \$37k cleared as proceeds from the Share Purchase Plan (subsequent to 31 March 2009). An additional \$60k was also raised subsequent to 31 March 2009 from a placement to Directors (as approved by Shareholders on 30 March 2009)

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	\$88k
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
<p><i>Within item 1.2</i></p> <p>(i) Managing Director and Non-Executive Directors' remuneration - \$88k</p>		

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	NIL
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	18	25
5.2 Deposits at call	953	362
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	971	387

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E74/334	Earn-in JV Interest	0%	0%
	E74/398	Earn-in JV Interest	0%	0%
	E27/340	Registered Holder	100%	0%
	M26/223	Earn-in JV Interest	54%	0%
	M26/284	Earn-in JV Interest	54%	0%
	M26/287	Earn-in JV Interest	54%	0%
	M26/288	Earn-in JV Interest	54%	0%
	M26/289	Earn-in JV Interest	54%	0%
6.2 Interests in mining tenements acquired or increased	E27/388	Registered Holder	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities Ordinary Shares (PIO)	121,108,479*	121,108,479*		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,500,000	14,500,000		
7.5 +Convertible debt securities <i>(description)</i>	-	-		

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options			<i>Exercise price</i>	<i>Expiry date</i>
	Unlisted options (PIOAO)	3,750,000	-	25 cents each	28 Nov 2009
	Unlisted options	500,000	-	30 cents each	1 April 2009
	Unlisted options	1,000,000	-	25 cents each	31 Aug 2011
	Unlisted options	2,400,000	-	20 cents each	8 Sept 2010
	Unlisted options	2,400,000	-	22 cents each	8 Sept 2011
	Unlisted options	200,000	-	25 cents each	31 March 2012
	Unlisted options	350,000	-	25 cents each	30 June 2011
	Unlisted options	250,000	-	30 cents each	30 June 2011
	Unlisted options	750,000	-	20 cents each	30 June 2012
	Unlisted options	750,000	-	22 cents each	30 June 2013
			-		
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter (lapsed) Unlisted options				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

*A further 28,000,000 ordinary shares were issued on 3 April 2009 following completion of the Share Purchase Plan (of which funds of \$523k cleared up to 31 March 2009 and \$37k cleared after 31 March 2009) and a further 3,000,000 ordinary shares were also issued on 3 April 2009 to Directors (raising \$60k) following a placement to Directors (as approved by Shareholders on 30 March 2009). At the time of this report the Company has 152,108,479 ordinary shares on issue.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 28 April 2009

Company Secretary

Print name: JULIE-ANNE WOLSELEY

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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