28 May2009

ASX/MEDIA ANNOUNCEMENT

BEST GOLD INTERSECTION TO DATE FROM PIONEER'S LIGNUM DAM GOLD PROJECT

HIGHLIGHTS

- Shallow RAB drilling has intersected the highest gold grades to date at Lignum Dam
- Intersections of significant grade gold mineralisation were identified at shallow depths within dry oxidised rock. Results include:
  - **SSB0687 12m at 6.86 g/t Au including 4m at 16.90g/t Au** (from 32m)
  - **SSB0605 5m at 2.24 g/t Au** (from 36m)
  - **SSB0615 3m at 2.94 g/t Au** (from 34m)
  - **SSB0626 4m at 1.90 g/t Au** (from 36m)
- The Hughes Prospect anomaly remains open to the north
- First RC drilling for the Tregurtha and Hughes Prospects scheduled for June quarter
- Planning is under way for a Sub-Audio Magnetic ("SAM") survey to map structures
- Drill-ready targets have now been identified at Tregurtha, Hughes and Top Prospects, which occur within a 3km long structural zone with highly anomalous RAB drilling geochemistry.

Pioneer Nickel Limited (ASX: PIO) today announced assay results from a program of RAB drilling that have been returned from its 100% owned **Lignum Dam Gold Project**.

Managing Director Mr David Crook said the results reinforced the view that the Lignum Dam Gold Project has the potential to become a significant gold discovery for the Company.

"Pioneer's RAB drilling has identified two excellent targets at the Lignum Dam Project and we now clearly have a lot of work ahead. The next step will be a SAM survey, which will help us plan an initial 5,000m RC program targeting mineralisation in fresh rock later this year," he said.

"We look forward to keeping shareholders informed as future exploration results come to hand."

The Lignum Dam Gold Discovery

Pioneer has received its highest grade assay results to date at its greenfields gold discovery at the Lignum Dam Project 70 km NE of Kalgoorlie, as shown in Figure 1. This update follows the receipt of assay results from an 88 hole, 3,858m RAB drilling program, which targeted and extended previously identified gold anomalies at the Tregurtha and Hughes Prospects. Significant results from this drilling are listed in Table 1 with a selection of better intercepts shown on the accompanying figures.

The program included three in-fill holes to establish the dip of mineralisation at the Tregurtha Prospect. Earlier hole SSB414, which intersected 29m at 2.02 g/t Au, was straddled with 20m spaced holes. Results included:

- **SSB0687 12m at 6.86 g/t Au including 4m at 16.90g/t Au** (from 32m)

The cross section presented as Figure 3 shows the presence of high grade supergene mineralisation and indicates a primary mineralisation target which will be tested by deeper drilling.

The drilling at the Hughes Prospect returned**:**

- **SSB0605 5m at 2.24 g/t Au** (from 36m)
- **SSB0615 3m at 2.94 g/t Au** (from 34m)
- **SSB0626 4m at 1.90 g/t Au** (from 36m)

The Hughes Prospect currently has dimensions of approximately 300m NS by 600m EW, with the anomaly remaining open to the north.

Gold mineralisation at the Lignum Dam Project is located entirely within sheared and altered granodiorite, considered analogous to the Federal and Golden Cities Deposits located 15km to the south-southwest. The Federal and Golden Cities Deposits, owned by Norton Gold Fields Limited, had a pre-mined resource exceeding 1,000,000 oz Au and are currently being mined as the main ore feed for the Paddington Gold Treatment Mill.

- ENDS -

For more information please contact:

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

Katherine Knox
FD Third Person
(08) 9386 1233
katherine.knox@fdthirdperson.com.au

Web: www.pioneernickel.com.au

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 venture tenement portfolio.

Pioneer has drill-ready targets at its Lignum Dam Gold Project, as well as at the Mt Chester (manganese) Golden Ridge JV (nickel) and Mt Thirsty (nickel-cobalt laterite) Projects. 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

Table 1.
Lignum Dam Gold Project -Significant RAB Drill Results
May - June 2008 Drill Program

Hole ID	North (m)	East (m)	Azimuth	Dip	Total Depth	From (m)	To (m)	Interval (m)	Gold (g/t)
SSB605	6650592	352740	270	-60	41	36	41eoh	5	**2.24**
SSB606	6650597	352785	270	-60	49	40	46	6	0.63
SSB607	6650598	352822	270	-60	49	28	38	10	0.57
SSB611	6650497	352320	270	-60	66	28	56	28	0.61
				Incl		40	44	4	**1.42**
						48	52	4	**1.00**
SSB615	6650501	352642	270	-60	37	34	37eoh	3	**2.94**
SSB616	6650500	352736	270	-60	49	40	45	5	**1.45**
SSB623	6650402	352391	270	-60	47	44	47eoh	3	0.93
SSB624	6650398	352475	270	-60	38	34	38eoh	5	0.60
SSB626	6650397	352547	270	-60	53	36	48	12	0.77
				Incl		36	40	4	**1.90**
SSB686	6651301	352058	270	-60	60	52	56	8	0.56
SSB687	6651298	352099	270	-60	62	36	48	12	**6.86**
				Incl		44	48	4	**16.90**

- *Drill hole collar positions determined by hand held GPS receiver MGDA94-51 datum*
- *Analytical results by Genalysis Laboratories Pty Ltd 50g Fire Assay 1ppb lower detection limit*
- *Intersection grade is based on composite and single metre samples. Length weighted average grade reported.*
- *Intercepts are "down-hole" metres. No estimate regarding true thickness is made or implied.*

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.

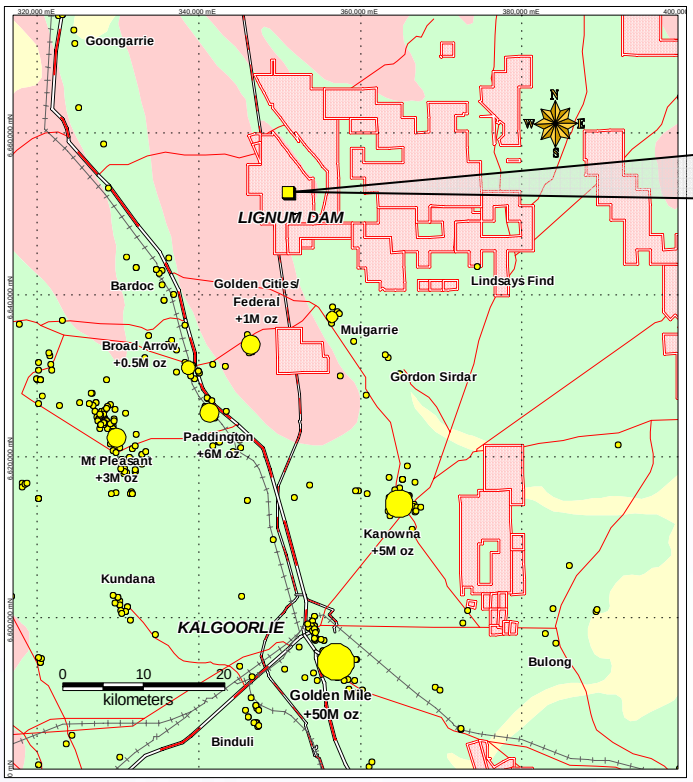

Figure 1: Project Location Plan showing Pioneer's tenements, Lignum Dam, and gold mines.

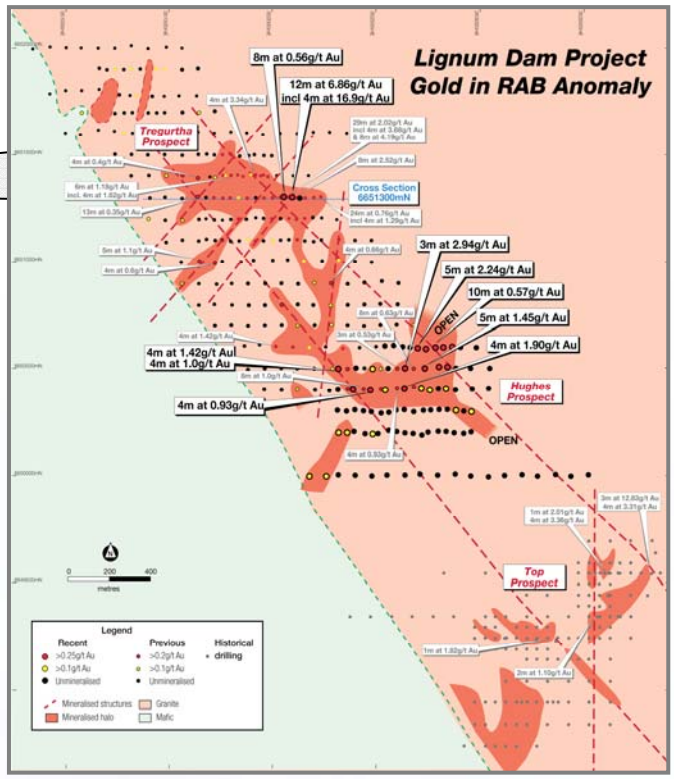

Figure 2: Lignum Dam drill hole locations with significant intercepts

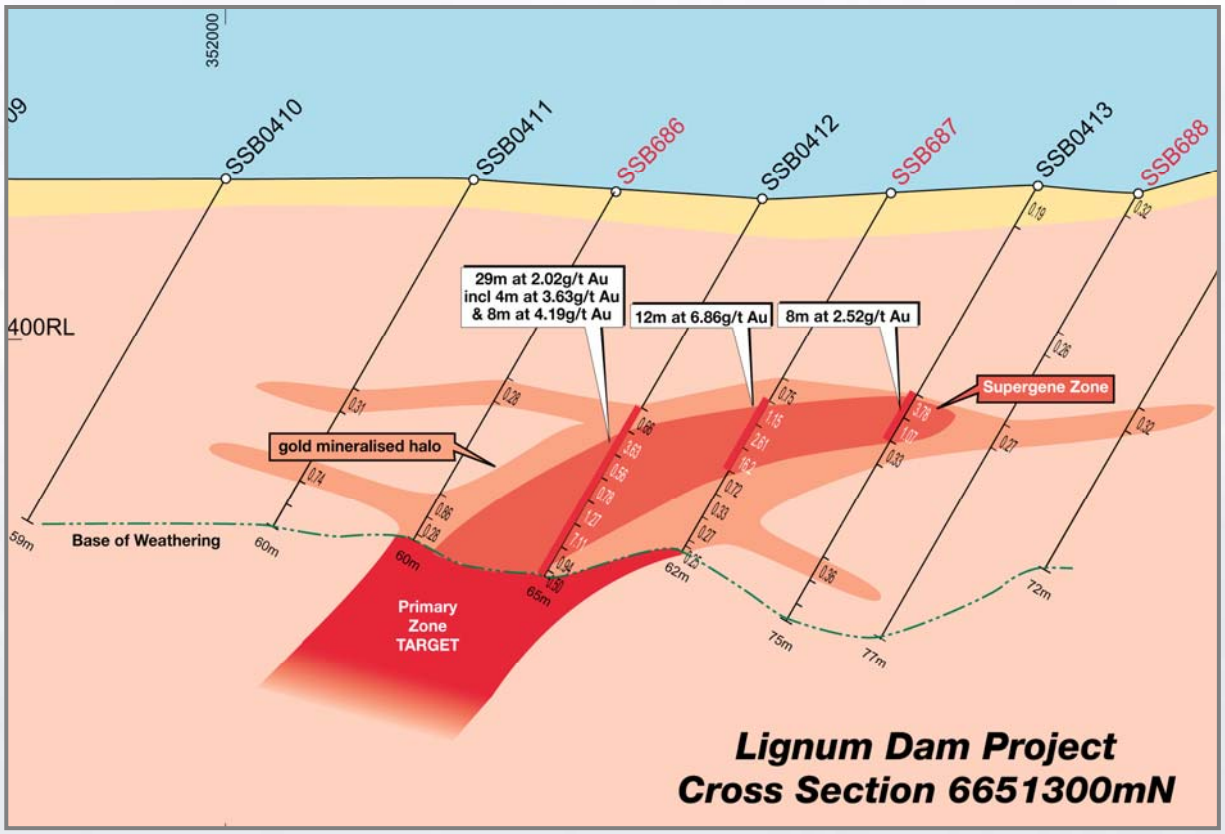

Figure 3: Cross section through Tregurtha Prospect.