



45 Brookman St, Kalgoorlie WA 6430
PO Box 883, Kalgoorlie WA 6430

ABN 44 103 423 981

28 January 2005

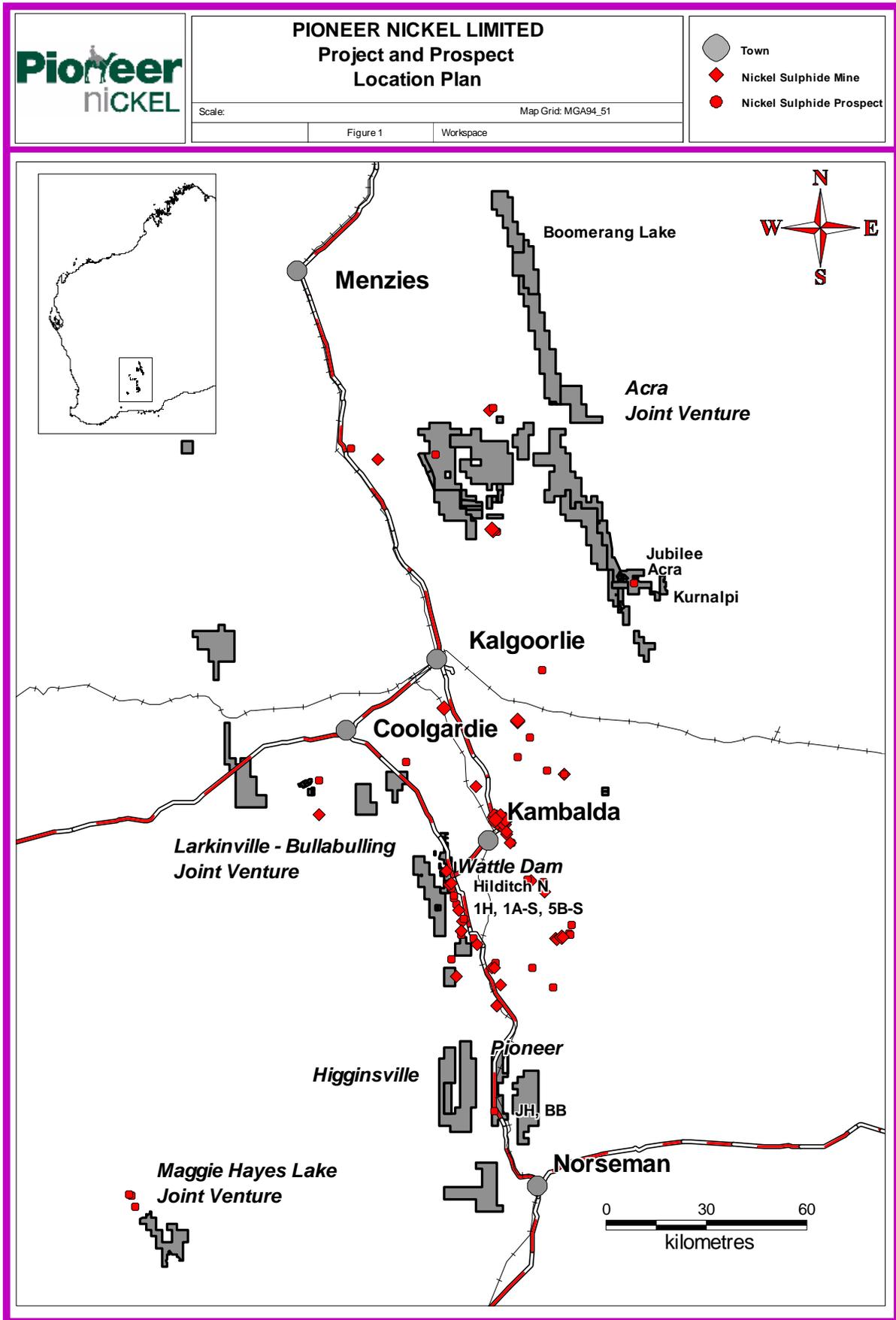
The Company Announcement Officer
Australian Stock Exchange Limited
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Dear Sir / Madam

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2004.

Key Achievements
<ul style="list-style-type: none">• Drilling at the Pioneer JH Prospect returns massive nickel sulphide intercepts;• Four drill-ready nickel sulphide targets confirmed at the Wattle Dam Project;• Jubilee Mines NL completes its first drilling programme at the Acra Joint Venture Project.
Key Objectives March 2005 Quarter
<ul style="list-style-type: none">• Aircore and reverse circulation drilling has commenced at four Wattle Dam targets;• Reverse circulation drilling scheduled for the Pioneer JH and BB Prospects;• Jubilee to resume geophysical surveys and drilling at the Acra Joint Venture Project.
Overview
<p>Massive nickel sulphide was intersected in diamond drill hole PND001 at the Pioneer JH Prospect. Intercepts, considered very encouraging, include 0.38m at 3.91% Ni within 3.75m at 1.04% Ni. The mineralised basal contact at JH and BB will be targeted at a greater depth with drilling in March 2005.</p> <p>Rotary Air Blast drilling at the Wattle Dam Prospect returned 15m at 0.64% Ni at 1A South and 17m of 0.44% Ni at 5B South. These results are considered high priority and Pioneer has commenced a programme of aircore and reverse circulation drilling to test four targets.</p> <p>Jubilee Mines NL has completed a 2,900m reverse circulation drilling programme at the Acra Joint Venture Project, which returned 40 metres at 0.57% Ni and 242ppm Cu.</p> <p>Work completed during the quarter included:</p> <ul style="list-style-type: none">• Diamond Drilling: 1 drill hole for 138.4m at the Pioneer JH Prospect.• Reverse Circulation Drilling: 12 drill holes for 2,900m at the Acra Joint Venture - Acra Prospect; and 3 drill holes for 233m at the Maggie Hays Lake Joint Venture Project.• Soil Geochemistry: 90 MMI soil samples at the Kurnalpi Project; 93 costean samples at the Wattle Dam - Hilditch North Prospect; and 419 samples at Acra Joint Venture – Boomerang Lake Prospect.• Geophysics: Moving Loop electromagnetic surveys at the Pioneer - JH and BB Prospects, Higginsville - Spinifex Prospect and Acra Joint Venture - Boomerang Lake Prospect; and Down hole electromagnetic survey of PND001 at the Pioneer JH Prospect.
Working Capital
<p>As at 31 December 2004 the Company had cash reserves of \$2.82 million and is debt free. In accordance with the Acra Joint Venture Agreement Pioneer is due to receive an additional \$0.23 million in cash from Jubilee Mines NL.</p>



1 WATTLE DAM PROJECT

Wattle Dam is located 20km SW of Kambalda and covers the Spargoville nickel sulphide mine sequence.

There are 5 nickel sulphide deposits immediately adjacent to Pioneer's project.

Drilling technologies used by Pioneer include:

Rotary Air Blast ("RAB") drilling, for geochemical sampling in weathered rock

Aircore drilling, for more precise sampling in weathered rock

Reverse Circulation ("RC") drilling for precise sampling of weathered and fresh rock. Suitable for ore reserve drilling.

Diamond drilling, which produces a near continuous cylindrical core of rock. Very precise for sampling as well as for many geotechnical tests.

RAB drilling completed at Wattle Dam during late 2004 returned significant nickel assays at three prospects: 5B South, 1H and 1A South. Pioneer rates these now as high priority drill targets.

In addition, through field reconnaissance, Pioneer has identified a continuous 600m geochemical and geological zone which includes nickel sulphide gossan outcrops, referred to as Hilditch North. This horizon is contiguous with the trend of a nickel sulphide drill intercept recently announced by Ramelius Resources Limited (2m at 2.4% Ni) collared 200m south of Pioneer's tenement boundary. This trend is supported by an electromagnetic response on two lines, at positions coincident with the gossan horizon.

A drilling programme has commenced which will include aircore and RC drilling to test targets at Hilditch North, 5B South, 1H and 1A South.

Work completed by Pioneer this quarter included:

- Costean Mapping at Hilditch North, 93 geochemical samples;
- Detailed geological and geochemical analysis; and
- Drilling environmental approvals.

Current Aircore Drilling

A 1,500m aircore drilling programme has commenced to test the basal ultramafic contact as a pre-cursor to deeper drilling at Hilditch North.

Scheduled Reverse Circulation Drilling

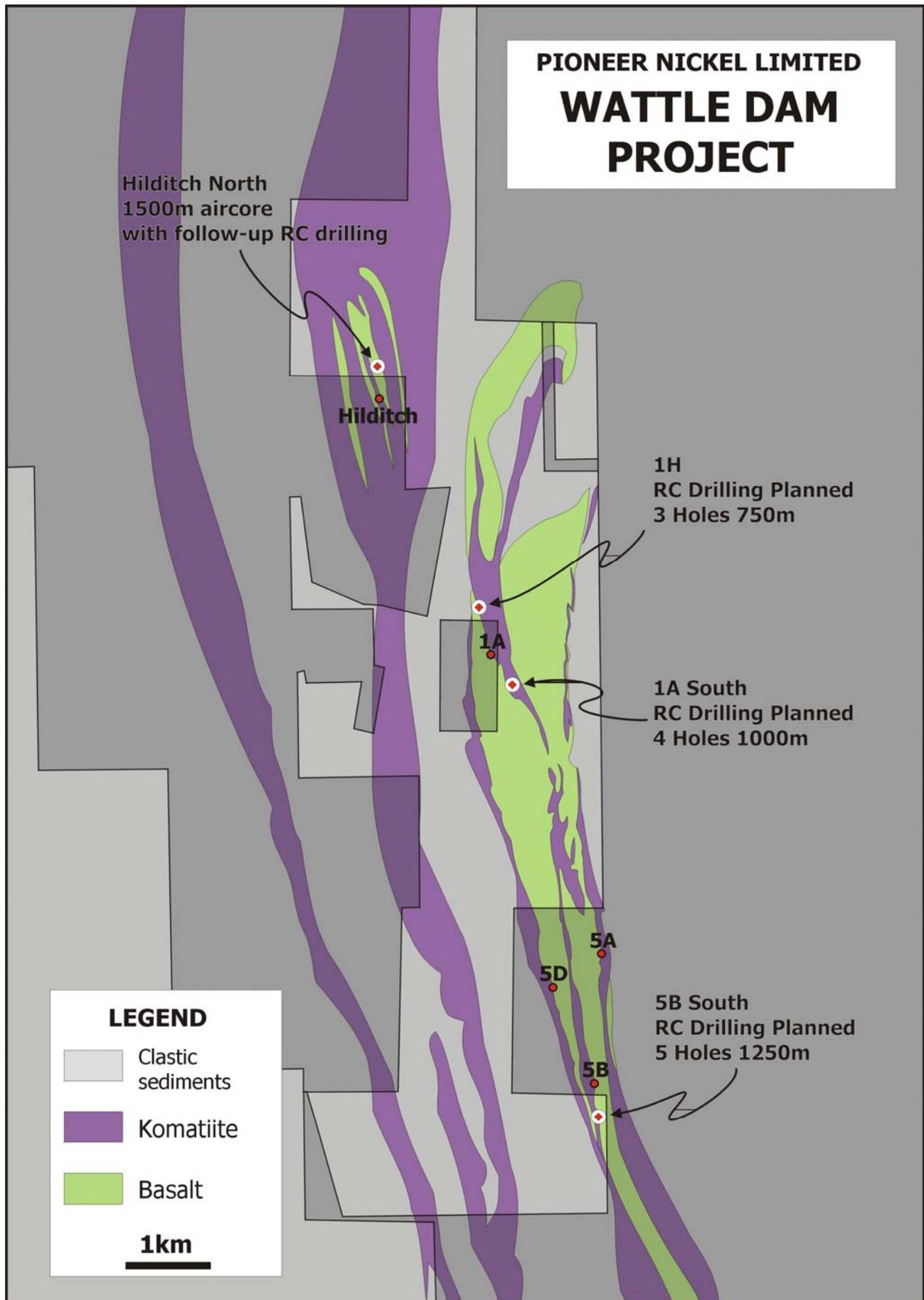
3,000m of RC drilling will test three targets during the March 2005 quarter including:

- 1H where Pioneer RAB drilling returned 2m at 0.57% Ni. The prospect is located 550m N along strike of the 1A nickel sulphide deposit*;
- 1A south, where Pioneer RAB drilling returned 15m at 0.64% Ni. The prospect is 300m SE along strike of the 1A nickel sulphide deposit*;
- 5B south where Pioneer RAB drilling returned 4m at 0.55% Ni and 17m at 0.44% Ni. The prospect is 200m S along strike of the 5B nickel sulphide deposit*.

Soil Geochemistry and Mapping

Mapping and soil geochemistry is scheduled for the 5H, 5K and 5M prospects, north along strike of the mined out Andrews (5D) nickel sulphide deposit*.

(* NB The Andrews (5D), 1A and 5B deposits are in tenement excisions held by Breakaway Resources Limited.)



2 ACRA PROJECT (Including Jubilee and Boomerang Lake)

Jubilee Mines NL has the right to earn up to 75% through sole funding expenditure of \$6.9 million.

*Acra is located
80km E of
Kalgoorlie*

Jubilee Mines NL (“Jubilee”), manager of the Acra Joint Venture Project, has completed an RC drilling programme and a comprehensive data compilation for the Acra Prospect; and surface geochemical surveys, an MLTEM survey, geological mapping and evaluation at the Boomerang Lake Prospect, located within the northern joint venture area.

*Transient
Electromagnetic
Surveys (“TEM”)
can either be:*

- Moving Loop (“MLTEM”);*
- Fixed Loop (“FLTEM”); or*
- Down hole (“DHTEM”).*

Work completed this quarter included:

- 12 RC holes drilled for 2,900 metres at the Acra Prospect;
- 419 soil geochemistry samples from the Boomerang Lake Prospect; and
- 10.4 line kilometre MLTEM survey at the Boomerang Lake Prospect.

Reverse Circulation Drilling

A reconnaissance RC drilling programme was completed at the Acra Prospect targeting extensions to the known disseminated nickel sulphide mineralisation, to provide a number of tests of the prospective basal contact and to better define critical geological controls.

In total, 12 holes were drilled for 2,900 metres. Results have been received from 6 holes to date and are considered very encouraging, with significant intercepts presented in Table 1.

The extent of known nickel sulphide mineralisation has been increased and indications of key structural and stratigraphic controls, which are critical for targeting future drilling, have been obtained.

Table 1 Significant Results From Reverse Circulation Drilling: Acra Prospect							
Hole ID	North (m)	East (m)	From (m)	To (m)	Intercept (m)	Ni (%)	Cu (ppm)
ACRC005	6,621,775	413,100	145	185	40	0.57	242
ACRC006	6,621,771	413,200	203	213	10	0.56	343
ACRC011	6,621,100	413,660	14	32	18	0.56	320

* Grid coordinates GDA94-51

*Gossan forms at
surface when
massive sulphides
oxidise.*

Anomaly Targeting

A comprehensive historical data compilation has been completed. This information has highlighted that a prospective trend extends at least for a 5 kilometre strike between the Acra and Jubilee Prospects, indicated by a series of nickel gossans, which have been identified in costeans.

Work completed at the Boomerang Lake Prospect has confirmed prospectivity for a range of commodities, including nickel sulphide, zinc sulphide and gold mineralisation.

Proposed Exploration Programmes

Further diamond drilling, RC drilling, MLTEM surveys, gravity surveys and programmes of geological mapping are planned for completion during the next 12 months, focussing on the interpreted mineralised trend that includes the Acra and Jubilee Prospects.

The details contained in the Acra Project section of this report have been compiled by Mr Peter Langworthy, who is a Member of The Australasian Institute of Mining and Metallurgy (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.

3 PIONEER DOME PROJECT

The Pioneer Dome Project is located approximately 135km S of Kalgoorlie.

The JH and BB Prospects remain the exploration priority for the Pioneer Dome Project. Nickel sulphide mineralisation was discovered here during the 1970s by Nemont Proprietary Limited.

Historical data has been extensively reviewed, including drill hole databases, mapping, interpretations and soil geochemistry, providing a substantial basis for future exploration programmes. This has resulted in two additional prospects being identified for further appraisal.

WMC Resources Limited has a right to negotiate an off-take agreement with Pioneer to treat NiS ore from this project.

Work completed by Pioneer this quarter included:

- One diamond drill hole, PND001;
- A 115 station MLTEM survey; and
- DHTEM survey for PND001.

Diamond Drilling

One diamond drill hole, PND001, was completed to a depth of 138.4m to test the nature of the mineralisation present at the JH Prospect.

Basal contact nickel sulphide mineralisation was intersected in several zones over 8.6m from 68.9m, including two intervals of massive sulphide. These zones are strongly structurally affected; however assays confirm that high nickel-tenor sulphides are present at the JH Prospect.

Table 2 lists significant results

Table 2 Results From Diamond Drill Hole PND001: Pioneer JH Prospect								
Hole ID	North (m)	East (m)	From (m)	To (m)	Intercept (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
PND001	6,461,814	371,674	68.88	69.00	0.12	2.08	22,700	193
	and		73.25	77.00	3.75	1.04	758	211
	Including		74.87	75.87	1.00	1.36	1,040	369
	Including		75.87	76.25	0.38	3.91	3,160	170

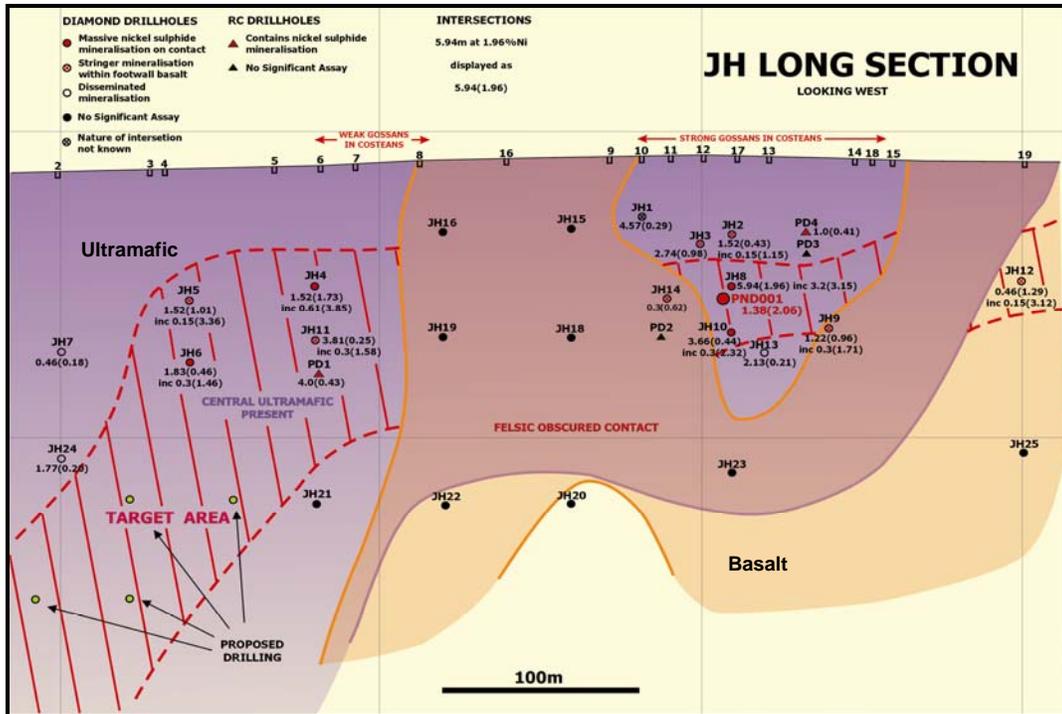
* Grid coordinates GDA94-51

MLTEM Survey

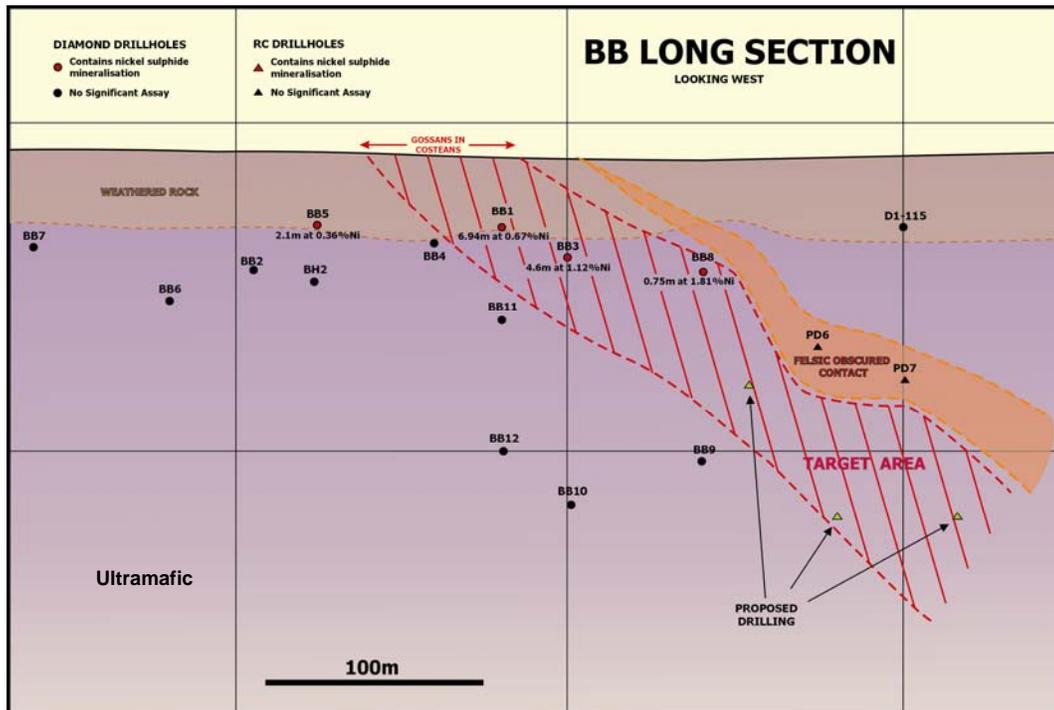
An MLTEM survey, which covered the basal ultramafic contact from the JH Prospect south to the BB Prospect, was completed. Six conductors have been identified but may be associated with conductive sedimentary units. A lower magnitude, single station response has been recorded at the BB Prospect.

Proposed Reverse Circulation Drilling

Long section interpretations have been completed to ascertain the likely plunge of mineralisation at the JH and BB prospects. A 1,500m programme of RC drilling will commence during the March quarter to test these projections.



Long Section (looking west) of JH showing location of PND001 and location of pierce points of planned RC drilling.



Long Section (looking west) of BB mineralisation showing location of pierce points of planned RC drilling.

4 HIGGINSVILLE PROJECT

Higginsville is located approximately 35km NW from Norseman and includes the western limb of the Pioneer Dome.

Parts of the Higginsville project, including the Mt Thirsty and Mission Sills, are considered prospective for gold and platinum group elements ("PGE"), in addition to nickel.

The Spinifex Prospect is located on the western limb of the Pioneer Dome in a geological setting analogous with the location of the JH and BB deposits.

Current exploration is focused on a discrete magnetic anomaly with a coincident Ni-Cu-PGE geochemical anomaly. Together these can indicate the presence of ultramafic rocks that are prospective for nickel sulphide mineralisation.

Pioneer has retained consulting group Lithofire to generate a regolith map of the Pioneer Dome to facilitate the characterization of samples for the large geochemical database held for the project.

Work completed by Pioneer this quarter included:

- A 180 station MLTEM survey.

MLTEM Survey

The survey identified one distinct conductive zone, SC-1, striking north-south through the survey area. The conductor is coincident with the western margin of a magnetic anomaly which may represent an ultramafic unit.

Proposed Reverse Circulation Drilling

SC-1 can be tested with a 90m RC drill hole intersecting the conductor at approximately 65m. This hole will be drilled during the March 2005 quarter.

5 MAGGIE HAYS LAKE JOINT VENTURE

LionOre Australia Pty Limited has the right to earn 70% through sole funding expenditure of \$0.2 million.

The Maggie Hays Lake project is located 5km SE along strike of the Maggie Hays mine.

Three reconnaissance RC holes, drilled close to the northern boundary of the Maggie Hays Lake tenement, tested for a southern continuation of the Central Ultramafic Unit which hosts the Maggie Hays nickel sulphide deposit to the north. One hole intersected an intercalated ultramafic and BIF. Mapping and RAB drilling completed during the 1990s indicates that the mine sequence extends onto the joint venture tenement.

Work completed this quarter included:

- 3 RC drill holes for 233m.

Assay results from the drilling program have not been received.

Proposed Exploration Programme

Work on the tenement for 2005 will include further RC drilling to test the nature of a second ultramafic unit identified in costeaning, as well as MLTEM over the prospective stratigraphic horizons.



Managing Director

Other than for the Acra Project, 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.

Information of a geophysical nature is based on work completed by W.S. Peters of Southern Geoscience Consultants. This person consents to the inclusion of information in the form and context in which it appears in this report.

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 DECEMBER 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(356)	(919)
(b) development	-	-
(c) production	-	-
(d) administration	(156)	(289)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(488)	(1,145)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(100)
(c) other fixed assets	(3)	(28)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Payments for tenement bonds	-	(30)
Net investing cash flows	(3)	(158)
1.13 Total operating and investing cash flows (carried forward)	(491)	(1,303)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(491)	(1,303)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	611	611
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 – Proceeds from the sale of unmarketable shareholdings	6	153
	Payments to unmarketable holders	(153)	(153)
	Net financing cash flows	464	611
	Net increase (decrease) in cash held	(27)	(692)
1.20	Cash at beginning of quarter/year to date	2,842	3,507
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,815	2,815

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	\$93
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

<i>Within item 1.2</i>	
(i)	Managing Director and Non-Executive Directors' remuneration - \$72k
(ii)	Legal consultancy fees paid to Pullinger Readhead Lucas an entity related to CL Readhead - \$14k
(iii)	Office rental expenses paid to an entity related to IJ Buchhorn- \$7k

+ 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	450
4.2 Development	NIL
Total	450

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	56	11
5.2 Deposits at call	2,759	2,831
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,815	2,842

+ 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	EPM14549	Registered Applicant	100	0
	EPM14551	Registered Applicant	100	0
	EPM14552	Registered Applicant	100	0
6.2 Interests in mining tenements acquired or increased	E28/1515	Registered Applicant	0	100
	E63/753	Registered Holder	0	100
	M24/901	Registered Applicant	0	100
	M24/902	Registered Applicant	0	100
	M27/439	Registered Applicant	0	100
	M27/440	Registered Applicant	0	100
	P15/1812	Registered Holder	0	100

+ See chapter 19 for defined terms.

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)	48,077,633	42,433,684		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,077,623 -	4,077,623 -	15 cents	Fully paid
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Unlisted options (PIOAK) Unlisted options (PIOAK) Unlisted options (PIOAO)	3,500,000 3,500,000 3,750,000	- - -	<i>Exercise price</i> 25 cents each 25 cents each 25 cents each	<i>Expiry date</i> 31 Dec 2007 31 Dec 2007 28 Nov 2009
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

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: 24 Jan 2005
Company Secretary

Print name: JULIE-ANNE WOLSELEY

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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+ See chapter 19 for defined terms.