Dear Sir / Madam

DRILLING RESULTS AND JOINT VENTURE NEGOTIATIONS FOR ACRA

Pioneer Nickel Limited ("Pioneer") is pleased to announce the following:

Significant Disseminated Nickel Sulphide Intersections Continue To Be Returned From Acra.

Following the completion of the recent 18 hole reverse circulation drilling programme Pioneer has received the following significant nickel sulphide intercepts from drill holes ARC25 to ARC36. These results are in addition to the results for holes ARC18 to ARC24 announced in the June 2004 Quarterly Report.

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>East (m)</th>
<th>North (m)</th>
<th>Lower Grade Cutoff (Ni%)</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Intercept (m)</th>
<th>Ni (%)</th>
<th>Cu (ppm)</th>
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</thead>
<tbody>
<tr>
<td>ARC031</td>
<td>414,060</td>
<td>6,621,190</td>
<td>0.4</td>
<td>15</td>
<td>33</td>
<td>18</td>
<td>0.54</td>
<td>446</td>
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<td>ARC032</td>
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<td>6,621,233</td>
<td>0.4</td>
<td>16</td>
<td>41</td>
<td>25</td>
<td>0.48</td>
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<td>6,621,290</td>
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<td>80</td>
<td>82</td>
<td>2</td>
<td>0.87</td>
<td>713</td>
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<td></td>
<td>including</td>
<td>1.0</td>
<td>81</td>
<td>82</td>
<td>1</td>
<td>1.23</td>
<td>1020</td>
<td></td>
</tr>
</tbody>
</table>

Table 1.

Acra Nickel Sulphide Project: Significant Drilling Results

This round of drilling has successfully confirmed the presence of a large disseminated nickel sulphide system at Acra, with the boundaries of known mineralisation extended to exceed 600m in strike length while remaining open at a depth of 250m. Within the overall deposit mineralisation is evident as three discrete plunging zones, with significant intercepts between 15m and 40m in thickness at a grade comparable with the Mt Keith and Black Swan disseminated nickel sulphide mines. A full list of drilling intercepts will be available on Pioneer’s web site at www.pioneernickel.com.au

The next development step will focus on the geological constraints for the deposit. The development of a 3D model has commenced, which will incorporate all geological and geochemical information. This will be used to determine the orientation of higher grade intercepts for future drill targets. It should be borne in mind that the Silver Swan massive nickel sulphide deposit is characterised by a disseminated nickel sulphide halo comparable to that defined by Pioneer at Acra.

Metallurgical samples will also be submitted to determine the nature of the sulphides and possible concentration processes to which the mineralisation would be amenable.
Joint Venture for Acra

Following completion of the recent drilling program, Pioneer has commenced confidential negotiations for a joint venture covering Acra and the surrounding tenements. The proposed partner with its existing mining experience would bring nickel sulphide mining and processing expertise to the project, with the proposed level of expenditure enabling evaluation and development to proceed at an accelerated rate.

Further information will be provided if and when a formal agreement is concluded.

In Specie Share Distribution

Pioneer shares were allotted on Friday 10 September 2004 to the holders of 15 million In Specie Pioneer shares previously held in trust for Heron Resources Limited shareholders. Holding statements will be mailed today.

Yours faithfully

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 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.