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ASX / MEDIA RELEASE

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US\$5.0M JOINT VENTURE FOR SILVER SWAN NORTHWEST

Pioneer Nickel Limited (ASX: PIO) is pleased to announce that a Memorandum of Agreement ("MOA") has been completed by which BHP Billiton Minerals Pty Limited ("BHP Billiton") has agreed to a major farm-in and joint venture with Pioneer, referred to as the Silver Swan Northwest Joint Venture Project.

Under the terms of the MOA, BHP Billiton may earn up to an 80% interest in a portfolio of tenements, located approximately 50 kilometres north of Kalgoorlie, by spending US\$5.0 million on the ground. Pioneer will continue to be free-carried until a decision to mine is reached.

The joint venture will result in a comprehensive exploration programme, managed by one of the world's leading nickel producers, focussing on geological targets located from 5 kilometres to the northwest of the Silver Swan and Black Swan Nickel Sulphide Mines.

Pioneer Managing Director David Crook said the joint venture recognised the prospectivity of the under-explored Black Swan Ultramafic Sequence, and had the potential to provide substantial benefits to both parties.

"The Silver Swan Northwest Project, by virtue of its location, contains a number of untested geological targets in a well mineralised, but under-explored province. This agreement provides BHP Billiton with access to tenements that are in close proximity to one of Western Australia's most important nickel deposits, the Silver Swan Mine." Mr Crook said.

"Pioneer is very pleased to have attracted BHP Billiton to invest in this project. For Pioneer, this agreement introduces a world leader in nickel exploration and production, who will accelerate mineral exploration at Silver Swan Northwest, enabling us to continue our encouraging exploration programmes at Golden Ridge and Ravensthorpe."

JOINT VENTURE AGREEMENT

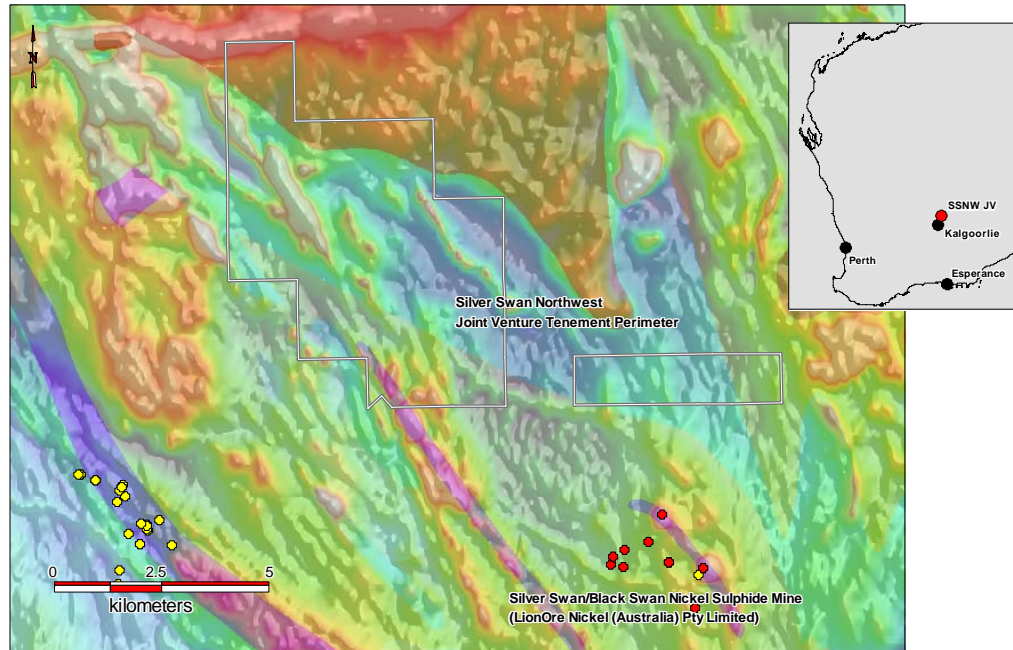
The terms of the agreement with BHP Billiton include:

1. BHP Billiton will manage the joint venture and it may spend US\$5 million to acquire an 80% interest in the project;
2. Once BHP Billiton has earned an 80% interest Pioneer will continue to be free carried to a decision to mine, at which time Pioneer must decide whether to contribute to project development or dilute its interest;
3. BHP Billiton will spend a minimum of US\$0.16 million before it has the right to withdraw;
4. Subsequent to BHP Billiton expending US\$1 million, should it elect to withdraw from the JV, it will retain a first right to negotiate an offtake agreement for any mineralisation identified by it during the JV.

ENDS



Silver Swan Northwest Joint Venture
Composite Image of Aeromagnetic Data and Interpretive
Geological Mapping; and Showing MOA Tenement Outlines



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