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MEDIA RELEASE

RAVENSTHORPE COPPER – GOLD JOINT VENTURE

3 June 2005

Pioneer Nickel Limited (ASX: PIO; Pioneer) today announced that it had entered into a joint venture with Galaxy Resources Limited (“Galaxy”) to explore for high grade copper and gold mineralisation on tenements and tenement applications near Ravensthorpe, Western Australia (the “Ravensthorpe Joint Venture”).

Pioneer will be the manager of the Ravensthorpe Joint Venture and can earn an initial 75% and up to an 85% interest in the project by spending \$500,000 on exploration on the joint venture tenements. As an adjunct to the joint venture, Pioneer has also increased its holding in Galaxy to 7% by investing \$100,000 in a placement of new Galaxy shares.

Pioneer Managing Director David Crook said that he was pleased that Pioneer had been able to find such a prospective project.

“We have been actively looking for an advanced exploration project since Jubilee Mines NL agreed to spend \$6.9 million to earn up to a 75% interest in our Acra Nickel Sulphide Project,” he said.

“The Ravensthorpe Joint Venture satisfies our criteria regarding development potential and adds diversification to Pioneer’s existing portfolio of high quality nickel projects.”

“We believe there is the potential for cash flow-generating copper-gold production around the old workings on the Ravensthorpe Joint Venture tenements. As soon as the key tenement applications are granted, we will commence exploration work, with drilling planned for the project later this year.”

The Ravensthorpe district has a long history of copper and gold production. From 1897 to 1971, the district produced nearly 50% of Western Australia’s copper. The most significant producing mines in the district included the Elverdton, Mt Desmond, Mt Cattlin and Marion Martin mines, all of which occur within the Ravensthorpe Joint Venture. The mines closed in 1971 due to the then prevailing low copper prices.

-ENDS-

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The project area is 23.7 square kilometres, and exploration will initially focus on areas of significant past copper (and associated gold) production. The four principal mines, Elverdton, Mt Desmond, Mount Cattlin and Marion Martin, account for some 15,000 tonnes of the area’s historical copper production. These mines are all located within the JV tenements, and have been left largely untouched since production ceased in 1971 due to the then prevailing low copper prices.

Copper was discovered in the Ravensthorpe area in 1891. The first mine, Mount Benson, began production in 1899. Historical production in the district is believed to be in excess of 20,000 tonne of copper and 120,000 ounces of gold (Marston, 1979). Copper occurs within disseminated to massive, chalcopyrite-pyrite-pyrrhotite-magnetite-gold-mineralised lenses. These have formed within en-echelon shear zones in Archaean host rocks on the northern flanks of the Manyutup Tonalite. The shear zones can be up to 1km long and 30m wide, but are disrupted by later faults and dykes, forming complex, usually narrow, mineralised shoots 30m to 300m in strike.

The largest known Cu-Au-mineralised system in the area, the Elverdton-Desmond, was developed over a strike-length of 850m to a depth of between 200 and 300m (Figure 1). The bulk of copper ore was produced during two periods - an earlier period between 1901 and 1918 when shallow, higher grade supergene ore was mined, and a later period, between 1958 and 1971, when lower grade ores from primary rock (averaging around 2% copper and 0.8g/t gold) were mined.

Although copper production records from the second mining phase show an apparent low grade for ore, mine long-sections record assays and thicknesses from face and stope sampling that indicate a number of high grade shoots with grades often in excess of 4% Cu (e.g. the Elverdton-Desmond mine, Figure 1). Mineralisation appears open “down plunge” of the indicated ore positions, in particular when copper assays from face and stope sampling from the lowest mined levels and a few wide-spaced drill holes below the workings are considered.

No gold assay records have been located for the project; only that gold was produced as a co-product in concentrates. The tenor and geological control of the gold mineralisation is therefore not known, however gold credits may provide a significant economic benefit to the project. Immediately to the south of the JV tenements (10 km south of Elverdton), in a geologically analogous setting, Tectonic Resources NL has announced resources of 3.57 million tonnes at 4.1 g/t Au (and 0.47% Cu) for 471,000oz of gold for its Phillips River Project at Kundip.

Pioneer believes there is strong potential to generate cash flow from copper (-gold) production from within the joint venture tenements. The area surrounding, and beneath, the old workings is under-explored for copper and gold, having not been systematically explored using modern geochemical or geophysical techniques.

Ore styles that will be tested for include:

- Shallow, oxidised copper mineralisation, including remnants, dumps and crown pillars from the upper mining levels of the Elverdton-Desmond and Mt Cattlin mines. If present, an early cash flow could be generated should this style of ore be amenable to treatment by heap leach;
- Medium grade copper (-gold) ore that could be extracted by open pit;
- Deeper primary mineralisation. Pioneer's financial modelling indicates that high value ore could be economically extracted using modern underground mining techniques similar to those in place to extract narrow massive nickel sulphide and quartz-lode gold ores. Current mining practices in the Eastern Goldfields have permitted ore extraction to depths of 1,200m;
- New and parallel lode systems near known workings and within the greater project area.

The Ravensthorpe Joint Venture Project comprises tenements and tenement applications P74/250, MLA74/122, MLA74/158, MLA74/159, MLA74/162, MLA74/163 and MLA74/183, totalling 23.7 km² (Figure 2).

The terms of the joint venture are:

- Pioneer may earn a 75% Participating Interest in the Ravensthorpe Joint Venture tenements and applications by expending \$500,000 on exploration at its sole discretion within five years;
- After Pioneer has earned a 75% Participating Interest in the Ravensthorpe Joint Venture, both parties will contribute to further expenditure and development on a pro-rata basis;
- Should Galaxy elect to not contribute to further expenditure, it will immediately convert its 25% Participating Interest to a 15% Free Carried Interest until the completion of a feasibility study that results in a decision to mine;
- Should Galaxy elect to not contribute to mine development expenditure it will convert its 25% Participating Interest or 15% Free Carried Interest, as the case may be, to a 1.5% Net Return Royalty and retire from the Joint Venture.

As an adjunct to the Ravensthorpe Joint Venture, Pioneer has also increased its holding in Galaxy to 7% by investing \$100,000 in a placement of new Galaxy shares.

Pioneer identified that an investment in Galaxy, which is an unlisted public company, has good growth potential due to a strategic tenement position in the highly prospective Ravensthorpe district. The Galaxy tenement portfolio is prospective for a range of commodities including copper-gold, nickel, iron and tantalum. Pioneer has previously announced the Aerodrome Joint Venture with Galaxy, principally to explore for nickel sulphides.

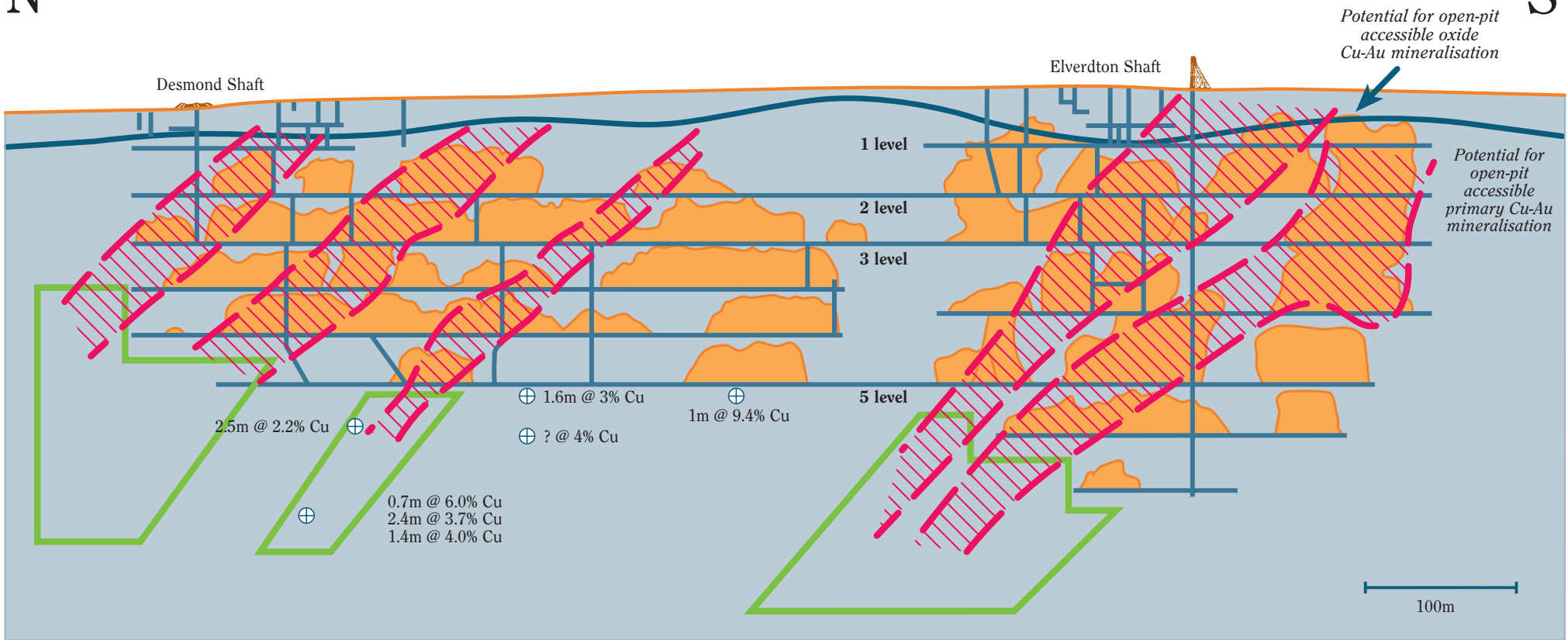
Within the Ravensthorpe area Tectonic Resources NL are mining the RAV8 nickel sulphide deposit, and are developing their Phillips River gold project and Trilogy base metal project; and BHP Billiton is constructing the Ravensthorpe Nickel Operations lateritic nickel plant.



Managing Director

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Underground Development



Ravensthorpe Copper Mines N.L. (RCM)
Approximate stope outline
(1958 - 1971)



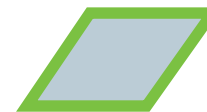
Interpreted plunge of
high-grade (>4% Cu)
mineralisation



Approximate base
of oxidation



Drill Hole pierce point (approx)
from RCM drill cross sections



Areas of potential
high-grade Cu-Au
mineralisation

Elverdton - Desmond Copper Mine: Longitudinal Section

Figure 1

