

31 July 2006

## **ANNOUNCEMENT / LETTER TO SHAREHOLDERS**

Dear Shareholder

Last week FirstMac Limited announced that it has sent a letter to Pioneer shareholders offering to buy up to 14.9% of Pioneer shares for \$4.50 a share cash.

Subsequently Wide Bay Australia Ltd announced its intention to increase its cash offer for 100% of Pioneer shares to \$4.55 per share.

Pioneer is investigating how to achieve the best outcome for shareholders, employees and customers. Accordingly the Pioneer Board has authorised discussions with a number of financial institutions interested in Pioneer's business.

Whilst Pioneer will be issuing a formal Target's Statement in reply to Wide Bay Australia's offer in due course, at this stage the Board advises you to be careful in any decision you make about your shares and get independent financial advice.

You should consider the prospect that there may be higher or other offers. You should also consider the taxation consequences of any offer.

Unless you really need the money now, you may do better than accepting FirstMac's offer by holding on to your shares. If you accept FirstMac's offer now you may not be able to change your mind to take advantage of a superior unconditional offer.

As the Australian Stock Exchange has now formally confirmed Pioneer's admission to listing on the ASX subject to certain conditions, trading on the Newcastle Stock Exchange has been suspended pending quotation of Pioneer securities on the ASX by mid-August.

Finally, in order to keep the market informed, we have publicly released Pioneer's unaudited financial results for the year ended 30 June 2006. The preliminary pre-tax profit for the year ended 30 June 2006 of \$2.8 million is higher than last year's figures. As a result the Pioneer Board anticipates paying a higher dividend than last year.

We will keep you informed of any developments.

Yours Sincerely

Clifford Flor  
Chairman