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

PIONEER TO EXTEND DRILLING PROGRAM AT THE WATTLE DAM NICKEL PROJECT TO INCLUDE NEW BASAL CONTACT NICKEL SULPHIDE TARGETS

Pioneer Nickel Limited is pleased to report its intention to extend the current drilling and exploration activities at its Wattle Dam nickel prospect, 20km SW of Kambalda. The Directors are greatly encouraged by the March 2004 drilling, which has identified a highly sulphidic ultramafic setting, with excellent potential for nickel sulphide mineralisation. This has provided important geological information which is currently being used to interpret recent electromagnetic ("TEM") data

The present status at Wattle Dam is as follows:

- Six reverse circulation drill holes completed with two, at the 1H and the 5J prospects, returning significant thicknesses of sulphidic, high-magnesian, ultramafic rocks. Importantly, one hole located at the 5J prospect intersected a thin band of massive-to-matrix sulphides at a sediment-free basal contact. The four remaining holes intersected sulphide-bearing shales above the prospective basal contact, thought to account for the TEM response. Assay results are awaited
- Soil geochemical sampling has been completed. These data will be interpreted in conjunction with the TEM and aeromagnetic data, to optimise drill hole siting. Assay results are awaited
- Field validation of detailed geological mapping has confirmed the location of the folded basal contact. Interpretations, including the recently flown aeromagnetic data, show the basal contact in Pioneer's project area to be continuous with that hosting the adjacent Spargoville and Armstrong nickel sulphide mines.

The Wattle Dam stratigraphy hosts in excess of 12km of mapped basal ultramafic contact and, to date, fifteen TEM conductor locations have been selected for modelling. Drilling of targets will be undertaken on a campaign basis over the next 3-6 months.

Drilling will resume at Wattle Dam during the June 2004 quarter, to test all the targets generated from this integrated study. The June programme is currently forecast at 4,000m of reverse circulation drilling.

Yours sincerely



David Crook
Managing Director

