16 March 2004

The Company Announcement Officer
Australian Stock Exchange Limited
Post Office Box H224 - Australia Square
Sydney  NSW  2000

Dear Sir / Madam

DRILLING COMMENCES AT THE WATTLE DAM NICKEL SULPHIDE PROSPECT

Pioneer Nickel Limited reports the commencement today of reverse circulation drilling at its Wattle Dam project, located 20km SW of Kambalda, WA.

The drilling programme, the first on the tenements for nickel sulphide since the mid-1970s, will consist of 6 holes (totalling 1,040 metres) to appraise 5 targets, identified as WDC1-5. The drilling programme is estimated to take 10 days to complete.

Targets were generated during the current electromagnetic ("TEM") survey, due to be completed later this month.

Additional holes will be planned as further targets are resolved, and all holes completed will be surveyed by down-hole TEM.

Yours sincerely

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.