Dear Sir / Madam

EXPLORATION UPDATE:
DRILLING PROGRAMMES CURRENT AT WATTLE DAM, PIONEER AND ACRA PROJECTS

1. Wattle Dam Project
A reverse circulation ("RC") drilling programme, amounting to approximately 2,500m, is 75% complete.

Pioneer is encouraged by the presence of sulphidated high magnesium ultramafic rocks, similar to those of the Spargoville mine sequence, which have been intersected beneath geochemical targets from the 2004 RAB drilling programme. The drilling rig is currently at the 5B South Prospect, and is expected to be finished within the next week. RC samples have been submitted for analysis on an ongoing basis; however no results have been received to date.

2. Pioneer Project
Following completion of the Wattle Dam RC drilling programme, the rig will commence work at the Pioneer JH and BB prospects where six holes are planned for approximately 1,200m.

Holes drilled at the JH and BB will target down plunge extensions to known nickel sulphide mineralisation. In addition, two surface EM targets will be tested. Drilling is expected to be complete by mid April 2005.

3. Acra Project
Jubilee Mines NL ("Jubilee") has notified Pioneer that RC drilling has recently re-commenced at Acra on an on-going basis. The initial programme is expected to take one month to complete. Jubilee has the right to earn up to a 75% interest in the Acra Project by expending $6.5 million on exploration.

This follows the completion of a detailed geological model for the prospect. Field programmes completed this year include a gravity survey to validate geological concepts and a moving loop EM survey, filling in the previously unsurveyed area between Acra and Jubilee prospects, is currently underway.

The March quarter has been a busy period for Pioneer with substantial programmes of fieldwork in train. Work completed, including EM surveys, mapping and geochemistry, continues to add confidence to the quality of the targets being tested. Further details and results will be released as they become available.

Yours faithfully

David Crook
Managing Director
Figure 1 Workspace Map Grid: MGA94_51Scale: Kilometres

PIONEER NICKEL LIMITED
Project and Prospect Location Plan

Menzies
Kalgoorlie
Kambalda
Coolgardie
Town
Nickel Sulphide Mine
Nickel Sulphide Prospect

Boomerang Lake
Acra Joint Venture
Jubilee
Kurnalpi
Larkinville - Bullabulling Joint Venture
Hindmarsh N
1H, 1A-S, 5B-S
1H, 1A-S, 5B-S
1H, 1A-S, 5B-S
1H, 1A-S, 5B-S
1H, 1A-S, 5B-S
1H, 1A-S, 5B-S
1H, 1A-S, 5B-S

Wattle Dam RC Drilling Current
Pioneer RC Drilling Planned
Maggie Hayes Lake Joint Venture

Acra JV
RC Drilling Current

Nickel Sulphide Mine
Nickel Sulphide Prospect

0 30 60 kilometres
Long Section (looking west) of Pioneer JH mineralisation showing location of pierce points of planned RC drilling. Conductor, based on data from electromagnetic surveys, are modelled as dipping plates.

Long Section (looking west) of Pioneer BB mineralisation showing location of pierce points of planned RC drilling.