

Dated: 19 March 2004

GROUND GEOPHYSICS SERVICE AGREEMENT

BETWEEN

DISCOVERY NICKEL LIMITED (ACN 104 924 423)

AND

QUANTEC GEOSCIENCE PTY LIMITED (ACN 093 032 001)

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THIS AGREEMENT is made on 19 March 2004

BETWEEN

DISCOVERY NICKEL LIMITED (ACN 104 924 423)

ABN 29 104 924 423

Level 1, 684-6 Sherwood Road,

P.O. Box 59, Sherwood, Qld. 4075, Australia.

(hereinafter called "the Company")

AND

QUANTEC GEOSCIENCE PTY LIMITED (ACN 093 032 001)

ABN 44 093 302 001

128 Waterworks Road,

P.O. Box 276, Ashgrove, Qld. 4060, Australia

(hereinafter called "the Contractor")

RECITALS

- A. The Company has requested the Contractor to undertake the Services.
- B. The Contractor represents that it has all necessary skill and resources to provide the Services and has agreed to undertake the work in accordance with the terms of this agreement.

NOW IT IS AGREED AS FOLLOWS:

1. Definitions and Interpretations

In this agreement unless a contrary intention appears:

1.1 "Completion Date(s)"

means, subject to Clause 9, the date or dates specified in Schedule 1 hereto.

1.2 "Contractor"

includes the Contractor's permitted sub-contractors and their respective officers and employees.

1.3 "Contractor's Representative"

means the person nominated by the Contractor in Clause 19 hereof or such other person as may be agreed in writing with the Company.

1.4 “Contractor Supplied Items”

means those items set out in Schedule 3 hereto.

1.5 “Day”

means the provision of the Services by the Contractor at the site for 8 - 10 hours on any working day.

1.6 “Force Majeure”

means a cause beyond a party's reasonable control including, without limitation, an act of God, strike, lockout or other interference with work, war declared or undeclared, blockade, land disputes, riot or civil commotion, malicious damage or other attacks upon or interference with persons or property associated with the Site, lightning, fire, earthquake, storm, flood, explosion, governmental or quasi-governmental restraint, expropriation, prohibition, intervention, direction or embargo, unavailability or delay in availability of equipment or transport, inability or delay in obtaining governmental or quasi-governmental approvals, consents, permits, licences, authorities or allocations, any withdrawal or non renewal of governmental or quasi-governmental approvals consents, permits, licences, authorities or allocations.

1.7 “The Company”

means Discovery Nickel Limited and any other corporation wherever situated in which Discovery Nickel Limited owns or controls directly or indirectly more than 50% of the shares or stock carrying the right to vote at a general meeting (or its equivalent) of the corporation.

1.8 “Company Representative”

means the person nominated by the Company in Clause 19 hereof or such other person who may be nominated in writing to the Contractor.

1.9 “The Company Supplied Items”

means those items details of which are set out in Schedule 4 hereto.

1.10 “the Services”

means those services, details of which are set out in Schedule 1 hereto and this Agreement shall apply to and refer to any amendment of the Schedule signed by the duly authorised representatives of the parties.

1.11 “the Site”

means the location for provision of the services as set out in Schedule 1 hereto.

1.12

The Schedules form part of this Agreement.

2. Contractor's Investigations

1. The Company shall provide the Contractor with access to the Site and advise the Contractor of any access restrictions.
2. The Company gives no warranty of accuracy, sufficiency or otherwise in relation to information provided for the convenience of the Contractor and disclaims all responsibility for such information.
3. The Contractor acknowledges that:-
 - 3.1 The Company has allowed it to inspect the Site.
 - 3.2 It has investigated and satisfied itself as to all local and other conditions affecting the provision of the Services including prevailing geological, labour, accommodation, fuel, power, water and transport conditions.
 - 3.3 It has fully informed itself as to the means of access to the Site and the facilities at or in the vicinity of the Site.
 - 3.4 Its entry into this Agreement is based solely on its own investigations and determinations.

3. Provision of the Services

1. The Contractor shall perform the Services hereunder in a timely, prudent and diligent manner using all reasonable skill, care, modern techniques and sound practices and to the highest professional standards.
2. The Contractor shall and shall procure that its officers and employees shall in the provision of Services hereunder comply with and respect the laws and customs of the countries and communities in which it works in the performance of this Agreement.
3. In addition to providing the Services the Contractor shall supply the Contractor Supplied Items.
4. In performing the Services the Contractor is and shall at all times be an independent contractor and shall not act as or be an agent or employee of the Company.
5. The Contractor must make available to The Company for inspection on request all books of account, records, invoices, receipts, payroll records, time sheets and other documents relating to the Services.

4.**Duration and Schedule**

1. The Agreement shall commence on the date hereof and, subject to earlier termination under Clause 4 paragraph 2, if applicable, or Clause 10, shall continue until satisfactory completion of the Services.
2. The Company may terminate this Agreement at any time upon the expiry of three (3) working days by written notice to the Contractor.
3. The Company may from time to time request deviations from the agreed program including acceleration of the work. The Contractor must, whenever possible, comply with such requests and may be required to supply a revised program for the Company's approval.
4. The Contractor shall submit to the Company such written reports as may be required by the Company specifying, inter alia, the work performed by the Contractor, the Days spent thereon, the results acquired by the Contractor from the performance of the Services and if relevant a proposed program of future work to be undertaken by the Contractor. The Company shall review each report and give written instructions to the Contractor specifying what further work, if any, shall be performed by the Contractor.
5. If at any time the Company reasonably considers that the Contractor will not be able to finish the work by the Completion Date, the Company may direct the Contractor to:
 - 5.1 Work overtime including additional shifts and on holidays, and
 - 5.2 Supply additional labour, supervision, plant and equipment to maintain the work program without additional cost to The Company. The Contractor must use all reasonable endeavours to comply with any such direction from The Company. The Contractor's obligations under this Clause 4.5 will cease only when the Contractor brings the work back into line with the work program.

5.**Fees**

1. The fees for the Services hereunder shall be payable at the rates specified in Schedule 2 hereto.
2. The Contractor shall invoice the Company on a periodic basis as specified in Schedule 2 hereto.
3. If any item or part of an item of an invoice rendered by the Contractor is disputed or subject to question by the Company, the payment by the Company of the remainder of that invoice

shall not be withheld on those grounds. The disputed or questioned item shall be paid promptly if and to the extent it is determined to have been properly due to the Contractor.

4. The Contractor is liable for all taxes arising from payments under this Agreement.

6. Equipment, Materials and Labour

1. The Company shall provide the Company Supplied Items at the Site.
2. Subject to Clause 6 paragraph 1, the Contractor shall provide at the Site all labour and equipment necessary for the proper provision of the Services and the maintenance of such equipment, including, in particular, the Contractor's Supplied Items.
3. If any item of the Contractor's Supplied Items is unavailable, the Contractor shall supply replacement equipment of the same or equivalent type.
4. The Contractor's personnel must be careful, skilled, fully qualified and experienced in their professions or trades.
5. If the Company has reasonable objection to any Contractor's personnel, the Contractor must immediately remove the personnel from the project.

7. Safety, Environment and Community Relations

1. The Contractor shall be responsible for the health, safety and environmental compliance of its operations at all times. The Contractor shall also comply in full with the Company procedures referred to in Schedule 6 hereto. The Contractor hereby acknowledges familiarity with each such procedure.
2. Any registered manager appointed by the Company pursuant to any State legislation shall be responsible for the safety of work covered by that legislation. The Contractor must comply with any instructions issued under the authority of the registered manager.
3. Non-compliance with health, safety, environmental or community relations requirements will entitle the Company to suspend the provision of the Services at no cost to the Company until compliance is achieved.

8.**Drugs and Weapons**

1. Possession of weapons (including firearms or crossbows) whilst on the Site will entitle the Company to suspend the provision of the Services at no cost to the Company until the weapon and the individual in whose possession the weapon was found are removed from the Site.
2. The consumption of alcohol or being intoxicated whilst working is prohibited. Any individual who, in the opinion of the Company, is under the influence of alcohol or drugs (illicit or prescribed) will be instructed to leave the Site for the day. Such an event will be recorded as a safety incident.
3. Using or being in possession of illicit drugs of any kind will entitle the Company to suspend the provision of the Services at no cost to the Company until the offender is removed from the Site.
4. Any suspension of the provision of the Services or removal of any individual from the Site pursuant to Clause 8 paragraphs 1, 2 or 3 shall not in any way relieve the Contractor from its obligation to ensure a timely completion of the Services.

9.**Extension of Time**

1. If the Company suspends the work for reasons other than non-compliance with this Agreement, or directs any variation in the work, or the work is delayed or suspended as a result of Force Majeure the Contractor may request an extension of time within which to complete the work.
2. If the Contractor requests an extension of time, it must include details of the extent and the cause of the delay and all other facts on which the request is based and show the effect on the work program. The Company shall then notify the Contractor as soon as practicable of any extension to the Completion Date.
3. The Completion Date may be brought forward in circumstances where the parties agree to a reduced scope for the Services.

10.**Termination**

1. The Company may terminate this Agreement forthwith by notice in writing to the Contractor in the event of:
 - 1.1 any serious misconduct by the Contractor or if the Contractor is in breach of any material provision of this Agreement and in the case of a breach capable of remedy has failed to remedy the same within 30 days of receipt of notice requiring remedy of the breach

- 1.2 the insolvency of the Contractor or the liquidation of the Contractor or if a receiver or administrative receiver is appointed over any of the assets of the Contractor
2. The Contractor may terminate this Agreement forthwith by notice in writing to the Company:
 - 2.1 if the Company is in breach of any material provision of this Agreement and in the case of a breach capable of remedy had failed to remedy the same within 30 days of receipt of notice requiring remedy of the breach
 - 2.2 if the Company should go into liquidation, except for the purposes of reconstruction or amalgamation, or if the Company should become insolvent or if a receiver or administrative receiver is appointed over any of the assets of the Company.
3. Any termination as provided in this Agreement shall be without prejudice to the rights of either party arising out of any antecedent breach of this Agreement and shall not affect Clause 14 which shall survive the expiry or termination of this Agreement.

11. Delivery of The Company Property

On the expiry or termination of the Agreement howsoever caused the Contractor shall deliver up to the Company all property of the Company (including the Company Supplied Items) and all documents relating to the Services which have been prepared by or supplied to the Contractor and which are then in its possession or under its control together with all copies or extracts from such documents and shall make no further use of the same save with the prior written consent of the Company.

12. Indemnity

The Contractor hereby indemnifies the Company against any and all damages, claims, losses, liabilities, costs and expenses that may be incurred or sustained by the Company as a result of any act, matter or thing done, permitted or omitted to be done by the Contractor, its officers and employees in relation to the performance of its obligations under this Agreement.

13. Insurance

At all times during the term of this Agreement, the Contractor must maintain the following insurance:

1. Worker's compensation insurance in full compliance with applicable laws and regulations
2. Public liability insurance in respect of bodily injury (including death) and property damage howsoever caused with a limit of not less than ten million Australian dollars.
3. Insurance covering Contractor's Supplied Items against all risks of loss or damage.

Unless copies have already been provided to the Company the Contractor must provide the Company with copies of insurance certificates (and any updates) relating to the insurance policies maintained pursuant to Clause 13.

14.**Confidentiality**

1. The Company possesses valuable information, technical knowledge, experience and data of a secret and confidential nature (the "Confidential Information" which term shall also include all information and documents generated by the Contractor in connection with the provision of the Services), all of which are regarded as commercial assets of considerable value. In the course of this Agreement members of the Company will disclose Confidential Information to the Contractor.
2. The Contractor shall use the Confidential Information for the sole purpose of providing the Services hereunder and shall not use whether directly or indirectly or turn to its advantage in any way or profit from the use of the Confidential Information or any part thereof whether during the term hereof or any time thereafter.
3. The Contractor undertakes to treat as strictly confidential and not to divulge to any third party any of the Confidential Information without the Company's prior written consent.

15.**Assignment and Sub-contracting**

1. Unless the Contractor obtains the prior written approval from the Company, it must not assign or subcontract any of its rights, benefits, obligations or interest under this Agreement to any third party.
2. Notwithstanding any approval by the Company to assign or subcontract, the Contractor shall remain liable to the Company for its obligations under this Agreement. The Contractor shall be liable for the sub-contractor's acts as if they were the Contractor's own.

16.**Alterations**

This Agreement may be varied only by mutual consent given in writing.

17.**Governing Law and Jurisdiction**

This Agreement shall be governed by and construed according to the laws of the State or Territory in which the services are undertaken and the Contractor hereby submits to the jurisdiction of the Courts of said State or Territory.

18.**Notices**

Any notice to be given hereunder shall unless some other mode of giving the same is accepted by the party to whom given, be sufficiently given if delivered personally or sent by facsimile transmission addressed in the case of the Company:

Andrew Johnstone
PROJECT MANAGER

DISCOVERY NICKEL LIMITED
Level 1, 684-6 Sherwood Road, Sherwood, Qld. 4075
Tel: 07 3278 4625
Fax: 07 3278 4372
Mob: 0414 564 288
Email: andrew@discoverynickel.com.au

and in the case of the Contractor:

Phil Andrews
MANAGER

QUANTEC GEOSCIENCE PTY LIMITED
128 Waterworks Road, Ashgrove, Qld. 4060
Tel: 07 3366 8020
Tel: 07 3366 8022
Mob: 0408 737 410
Fax: 07 3366 8030
Email: quantecgeo@ozemail.com.au

or to such other address as a party may in writing notify to the other.

19.**Representatives**

1. All directions on behalf of the Company to the Contractor shall be given by the Company Representative. Directions given to the Contractor by any other person will not bind the Company unless ratified by the Company.
2. The Contractor's Representative shall supervise the provision of the Services and all work at the Site, and must be available at all times while work is in progress.
3. The Company's Representative will be

Andrew Johnstone

Level 1, 684-6 Sherwood Road, Sherwood, Qld. 4075

Tel: 07 3278 4625

Fax: 07 3278 4372

Mob: 0414 564 288

Email: andrew@discoverynickel.com.au

4. The Contractor's Representative will be:

Phil Andrews

128 Waterworks Road, Ashgrove, Qld. 4060

Tel: 07 3366 8020

Mob: 0408 737 410

Fax: 07 3366 8030

Email: quantecgeo@ozemail.com.au

5. Each party shall immediately notify the other of any changes to the Representative contact details.

Signed by: *(print name)*_____

.....
(signature)

for and on behalf of
Discovery Nickel Limited (ACN 104 924 423)

Witnessed by: *(print name)*_____

.....
(signature)

*(address)*_____

Signed by: *(print name)*_____

.....
(signature)

for and on behalf of
Quantec Geoscience Pty Limited (ACN 093 032 001)

Witnessed by: *(print name)*_____

*(address)*_____

.....

(signature)

Schedule 1 - The Services

The Site The survey area, called STIRLING, is located on Stirling and Anninge Stations approx 270km north of Alice Springs in Ti-Tree region of the Northern Territory of Australia.

Start Date The services will begin on or about 21 March 2004 subject to appropriate authorisations and signing of this contract.

Completion Date The Contractor shall complete the services as soon as safe and proper practice permits – approximately 15 days field acquisition is estimated to complete the field acquisition portion of the services.

The Company expects delays to production of more than 3 days will be rare, and that down time due to equipment failure during the performance of the services should be less than 10% of the total time services are rendered.

Delivery Schedule Deliverable items and a delivery schedule are listed in Schedule 5 and are subject to conditions stated in Schedule 2 (Rates and Payment). Extensions or modifications to these conditions may be negotiated in writing with the Company.

Survey Specifications Data to be acquired: Central-loop Electromagnetic (EM) measurements, using 'moving-loop' survey mode, AND 'fixed loop' measurements with a roving receiver.

Loop Size: 100x100m (moving loop) 400x800m (fixed)

Components: Z, X & Y

Station Interval: 100m or 50 m with 25 m forward readings as directed during survey

Survey Size: approx.30 line km (moving loop) and 6 fixed loops

Primary instrumentation and acquisition parameters (eg, repeat measurements, stacking times, receiver gain settings, transmitter frequency) will be determined on site at the start of the survey and monitored carefully for the remainder of the data acquisition stage.

Other The Company will provide the location of each moving loop line (start and finish co-ordinates). Contractor will locate, record and mark stations on grid lines adequate for surveying.

Schedule 2 Rates and Payment

Mobilisation Including movement of equipment, support vehicles and personnel to and from the Contractor's base of operations to Stirling Station NT:

\$7000 Total Mobilisation

Data Acquisition Including preliminary field processing, final processing and quality control costs:

\$2550 / day

Other Costs Accommodation/Meals/Fuel/Consumables

At Cost +10%

Standby Rate The Company shall pay the Contractor at the Standby Rate during any period that:

- the Contractor is denied access to the Site, or is unable to work for any reason not within the control of the Contractor. This will include days that the Contractor is unable to acquire data due to bad weather or excessive geophysical noise.
- the Contractor's equipment is shut down awaiting the Company Supplied Items or instructions from the Company.

provided that the Contractor is fully ready to resume operations and that negligence of the Contractor or Contractor's personnel did not contribute to the work interruption.

\$1600 /day

No Production Rate Work stoppage Rate during any period that the work is suspended due to equipment failure.

\$no charge /day

Estimated Contract Value based on a total survey of approx **30 line km / 6 fixed Loops**

Mobilisation **\$ 7000.00**

Data Acquisition (estimate 15 days) **\$ 38250.00**

Other Costs (est. 15 days @ \$320) **\$ 4800.00**

Estimated total contract value \$ 50050.00

Payment Schedule Invoices will be submitted for the services in two stages as follows:

Completion of field acquisition

- At completion of field acquisition (and/or end of a month), an initial invoice for the field acquisition component of the services will be issued.

Delivery of final data

A final invoice for the balance of the contract value will be issued when final data delivery and reporting is made. Payment will be made following inspection and acceptance of the final data.

Ownership of all data and products resulting from this Services Agreement shall remain with the Contractor until full and final payment for the services has been received by the Contractor.

Schedule 3 Items and Services Supplied by Contractor

Contractor's Supplied Items The Contractor shall supply at the site all labour and equipment necessary to perform the Services, as described in Schedule 1.

Reports While at the site, the Contractor must be prepared to provide the Company with a daily report of work completed.

Equipment Maintenance The Contractor must at its cost maintain all equipment used in the performance of the Services in good operating condition at all times and shall bear the costs of any damage to such equipment and perform any checks prescribed in the Schedules to this Agreement. The Contractor must use all reasonable means to protect both its own equipment and any the Company Supplied Items.

Crew - Geophysical The Contractor shall provide at the site a four person geophysical crew, suitably qualified and experienced to operate and process as specified in Schedule 1.

Equipment

- 2 x Toyota Landcruiser Traybacks
- SMARTem 5 Receiver system
- Zonge ZT30 Transmitter
- 120V portable Transmitter system
- RVR Coil (X Y Z components)
- All wire, connecting cables and ancillary equipment necessary for carrying out efficient and safe TEM field acquisition surveys
- Ancillary and test equipment as necessary for the safe and efficient execution of the work, including but not limited to:
 - Oscilloscope and Multimeter
 - Field Processing Computer and printer
 - Hand-held UHF Radios
 - GPS's

Data Quality Control The Contractor will prove to the Company, by way of data repeats, the integrity of the acquisition system.

Copies of Documents The contractor must provide the Company with copies of the following documents before survey work can begin:

- Workers Compensation Insurance
- Public Liability Insurance. The minimum third party liability insurance cover must be \$5 million.
- Quantec Geoscience Safety Policy and Manual

Schedule 4 Items and Services Supplied by the Company

Company Supplied Items The Company shall supply the following items:

- Maps and instructions to the survey area
- Landowner contact, permissions, and permits established prior to commencing the survey

The Company Supplied Items shall at all times remain the property of the Company and the Contractor must not allow any lien or charge to be fixed to them or any other property of the Company.

Return of Company Supplied Items On completion of the work the Contractor shall return to the Company all Company Supplied Items. The Contractor shall be liable to the Company for loss of or damage to these Items if caused by the negligence or wilful misconduct of the Contractor.

Delivery Dockets The Contractor shall supply delivery dockets for the Company Supplied Items, must reconcile the docket with the items and ensure that the dockets are properly certified.

Schedule 5 Deliverable Items

- Preliminary (Field) Products** The Contractor shall deliver the following while on site during the field data acquisition stage of the services:
- Field processed data, both digital files and field plots, must be made available each evening, as soon as practical after returning to the field camp, to the Company's contract supervisor or its nominee. Digital data will be supplied in 'AMIRA-compatible' format, or other format as agreed by both the Company and the Contractor. The layout, format, scale and content of hardcopy plots will be agreed to by both the Company and the Contractor while on site.
 - All crew leader field notes, instrument calibrations and cultural noise information collected during the survey should be forwarded to the Company's contract supervisor prior to the crew's departure at the end of field acquisition.
 - Weekly production report including total hours worked and number of stations acquired.
- Final Products**
- **Final processed digital located data**, in 'AMIRA-compatible' format (or other agreed format) provided on suitable computer media (CD-ROM or 3.5" disk).
 - Digital located data will be checked and approved by the Company before acceptance of the final products will be given.
 - **Logistics Report** detailing all acquisition and processing activities undertaken by the contractor including daily production reports, safety reports, calibration results, quality control information and instrument settings. The logistics report will also include descriptions and specifications of equipment used and a log of any modifications or repairs to the equipment.
 - Itemised receipts of all expenses incurred by the contractor and charged to the Company.

Schedule 6 Company Procedures

THE COMPANY'S SAFETY REQUIREMENTS

The Contractor represents that it has read and understands the Company's Safety Policy and requirements as set forth in this Schedule 6.

The Contractor shall ensure that its employees, agents, permitted sub-contractors (collectively "Contractor's Personnel") strictly adhere to all safety requirements set forth herein.

1. Safety Regulations. The Contractor shall ensure that it and all its personnel will, at all times, strictly observe and comply with all the Company and Government safety regulations and requirements which are applicable to the Services.
2. Safety Plan. The Contractor shall perform the Services in accordance with a safety and emergency plan which shall include regular safety meetings. And provide appropriate safety and occupational training for the Contractor's personnel, standards for accident and near-miss reporting, use and maintenance of safety equipment, emergency action and drills to familiarise the Contractor's personnel with emergency procedures.
3. Safety Instructions. The Contractor shall ensure that all Contractor's personnel arriving at the Site are properly instructed in the safety plan, safety training, and first aid prior to their commencing work.
4. Safety Meetings. The Contractor's Representative shall be in charge of and responsible for safety and safety related matters with respect to the provision of Services at each Site and shall convene weekly meetings of the Contractor's Personnel to discuss and consider safety aspects relating to provision of the Services. The Contractor's Representative shall keep complete and accurate minutes of each meeting, signed copies of which shall be forwarded to the Company's Representative. The Contractor's Representative shall attend safety meetings as required by the Company.

The Contractor's Personnel, at the Contractor's sole cost and direction, shall be given safety, job-related and survival training required by law, the Company's Safety Policy, and good practices, prior to their commencing any work.

5. Access Denied. The Company may refuse access, without charge or penalty to the Company, to the Site of any or all of the Contractor's Personnel who, in the Company's best judgment do not comply with the Company's Safety Policy and Requirements.
6. Equipment Safety. The Contractor shall ensure that its machinery, tools and equipment used in performing the Services are and remain in a good and safe operating condition; that they are operated in accordance with safe operating practices; and that all dangerous or moving parts (including but not limited to chains, belts, sprockets, shafts, couplings and clutches) are adequately covered with safety guards to prevent accident or injury. All machinery or equipment to be repaired shall be isolated before repairs are effected.
7. Safety Inspections. The Contractor's Representative shall conduct regular safety inspections of all machinery, tools, and equipment and immediately report any deficiencies to the Company's Representative.

The Company or its designated agent, may at all times or from time to time inspect and observe all machinery, equipment and work performed by the Contractor's Personnel. If in the Company's best judgment, any machinery or equipment does not perform as it was intended; if any of the machinery or equipment is not safely secured, fitted or installed; or if the services are not being carried out in a diligent, careful, safe, and competent manner, then the Company shall notify the Contractor's Representative in writing of such situation

and the Contractor shall, at its sole expense, immediately correct or remedy such situation to the satisfaction of the Company's Representative.

8. Health. The Contractor shall take reasonable measures to ensure that the Contractor's Personnel are physically fit and medically healthy. Medical conditions, which may affect a person's ability to perform work contemplated herein, shall be reported to the Company's Representative prior to the start of such work.

The Company shall not be responsible for the medical care of the Contractor's Personnel.

The Contractor shall require the Contractor's Personnel to maintain the highest standards of hygiene.

9. Safety Equipment. The Contractor shall require and provide:

- (i) a first aid kit appropriate for the number of personnel in the area, which shall be provided to every support vehicle, a minimum standard being the St John's first aid kit. The Contractor's Personnel must know the location and use of these kits. At least two crew members shall have a current First Aid qualification with an accredited First Aid trainer and one of these members shall be delegated the task of regularly checking and restocking the first aid kits;
- (ii) an Australian Standards approved automotive type fire extinguisher approved by the Company's Representative for every vehicle. Extinguishers must be checked regularly and refilled or replaced immediately after use. All personnel on Site must be familiar with the location and use of these extinguishers;
- (iii) radios suitable for emergency contact with the Royal Flying Doctor Service for work in remote locations or a satellite phone. All personnel on Site must be familiar with the emergency operating procedures;
- (iv) a minimum of 10 litres of drinking water per person which is to be carried in all personnel vehicles and kept for emergency situations.

10. Safety Procedures. The Contractor shall require and provide that:

- (i) seat belts be worn at all times by personnel in vehicles;
- (ii) flammable materials such as diesel, petrol, oils and gas cylinders be isolated and stored in a cleared area;
- (iii) high pressure water pumps used in connection with the Services be fitted with pressure relief valves;
- (iv) all electrical generators, appliances, fittings, power leads and power tools at the Site conform to Australian Standards;
- (v) the handles of tools, such as axes, sledge hammers, shovels, picks, rakes etc. used in connection with the Services are properly secured

11. Safety Reports. The Contractor shall provide the Company with prompt and full reports of all accidents and incidents arising from performance of the Services which have caused or potentially could cause personnel safety to be threatened. Initial reports will be made verbally as soon as possible and confirmed in writing within 24 hours of the incident or accident.

12. Suspension of Work. The Company reserves the right to suspend Services as a result of unacceptable safety performance on the part of the Contractor. The Company's

Representative will determine the duration of such a suspension, and any costs incurred by the Contractor from such suspension will be borne by the Contractor.

13. Search and Rescue Procedures. Contact with shall be made on all days. These calls are to be made daily at 6 pm (local time). The crew must report their planned movements for the following day.

If no contact is made by 9am the following day a full search and rescue procedure will be implemented.

14. Rest Period. After four weeks production work, the entire Contractor crew shall have the following day free from production work for rest and relaxation and then one day per fortnight free from production work for the remainder of the Contract.

15. Additional Requirements. The survey will be conducted in strict accordance with the safety procedures specified in the Contractor's Safety Policy. All Contractor's personnel engaged in any aspect of the survey will have achieved at least the minimum training levels as specified in the Contractor's Safety Policy. If the Contractor's Safety Coordinator makes random visits to all Contractor field crews and he has the mandate to immediately suspend all survey operations if, in his opinion, any safety procedure specified in the Safety Policy is not being followed.

It is the responsibility of the Company to make every attempt to not knowingly place any Contractor crew member in a potentially dangerous situation. In the event of a dangerous situation developing, the Company must, within reason, endeavour to assist the Contractor to alleviate the danger. Any support provided by the Company will be required to meet the Contractor Safety Policy standards.

Should any requirement of the contract for work between the Company and the Contractor be found to be in violation of the Contractor's standard safety procedures, the Contractor retains the right to suspend any further work under the contract without penalty until an acceptable solution is negotiated.

A copy of the Contractor's Safety Policy will be made available to the Company.



Safety Policy

Discovery Nickel Limited is committed to providing work environments which allow employees to undertake their jobs without fear of injury, giving employee's confidence in the fact that they will leave their workplace without suffering any adverse physical affects from undertaking their jobs.

We aim to meet or exceed all Occupational, Health and Safety legislation applicable to our areas of operation. Where adequate laws do not exist, we will adopt and apply standards that reflect the Company's commitment to Safety.

Discovery Nickel Limited commits itself to:

- Providing plant and equipment and systems of work that are safe and without risk to the health of employees
- Provide information, instruction and training in order to ensure the safety at work of all employees
- Provide protective equipment as is necessary to ensure the health and safety of employees at work
- Monitor the effectiveness of safety procedures to ensure that safety is enhanced where possible
- Encourage openness and transparency in the reporting of safety incidents
- Ensure that employees, contractors and visitors are informed of and understand their obligations in respect of this policy

We will be successful when we achieve zero harm to all employees.

A handwritten signature in black ink, reading 'Jeremy Read'.

Jeremy Read
Managing Director



Environment Policy

Discovery Nickel Limited is committed to conducting our operations in such a manner as to minimize our impact on the environment while still allowing our operations to be commercially viable. We commit ourselves to giving due consideration to the environmental impacts of our work throughout the exploration, development and mining cycle and to implement methods to minimise our impact.

Discovery Nickel Limited will adhere to all environmental laws and regulations applicable to our operations and where adequate laws do not exist, adopt and apply standards that reflect the Company's commitment to the environment.

In order to fulfil our commitment to minimize our environmental impact we will:

- Assess the environmental impacts of our activities. Monitor and audit our environmental performance in order to continuously improve.
- Implement systems to reduce our impact on the environment, reduce our emissions, increase re-cycling, and more efficiently use energy and water resources.
- Rehabilitate areas affected by our operations.
- Ensure environmental impacts are considered during planning and operational processes.
- Provide appropriate information, training and supervision necessary to meet our environmental commitments and responsibilities.
- Communicate our environment policy to all employees and external stakeholders.
- Work with traditional landowners and value their environmental knowledge.
- Ensure that employees, contractors and visitors are informed of and understand their obligations in respect of this policy.

A handwritten signature in black ink, appearing to read 'Jeremy Read', is written over a light blue grid background.

Jeremy Read

Managing Director