

26 Juli 2006

The Principal Register
Titles Division
Department of Business, Industry and Resource Development
GPO Box 3000
DARWIN NT 0801

Dear Sir/Madam

RE: ANNUAL EXPENDITURE REPORT FOR EL 23392

On behalf of our client Discovery Nickel Ltd the reported expenditure for the EL 23392 for the year ending the 17th January 2006 are as follows:

EXPENDITURE:	AMOUNT:
Ground EM Survey	\$ 11,598.00
Travel, Meals & Accommodation Costs	\$ 313.00
Consultants	\$ 1,364.00
Salaries & Wages	\$ 3,194.00
TOTAL	\$ 16,469.00

Should you require any further information, please do not hesitate to contact our office.

Yours faithfully,

Andrew Johnstone
Discovery Nickel Limited