

LITCHFIELD PROJECT

WORK PROGRAM FOR EXPLORATION LICENCE 22959

Introduction

Exploration Licence 22959 is a part of Discovery Nickel Limited's Litchfield Project which comprises exploration tenements 10140, 22961, 22959 and tenement applications 22960, 23619 and 23623. Discovery Nickel is exploring the Palaeoproterozoic Halls Creek Group rocks of the Litchfield Block for Voisey's Bay and Sally Malay style nickel-copper deposits. Discovery Nickel acquired the Litchfield Project from Falconbridge (Aust.) Pty Ltd following the successful listing of Discovery Nickel on the Australian Stock Exchange on 17th December 2003.

Due to the fact that most significant nickel-copper massive sulphide deposits are extremely good conductors Discovery Nickel's exploration approach will rely heavily on airborne electromagnetic (EM) surveys, geochemical samples to prioritise targets and then cost effective reverse-circulation (RC) drilling to test targets.

Work Program

Prior to Discovery Nickel acquiring exploration licence 22959, Falconbridge had conducted a ground reconnaissance trip collecting geochemical samples from the target Wangi Basic rocks. Interpretation of the geochemical data confirmed the prospectivity of the Wangi Basic's for hosting significant nickel-copper mineralisation. Interpretation of aeromagnetic data located several anomalies requiring further exploration. Discovery Nickel now intends to cover the aeromagnetic anomalies and target Wangi Basic's with airborne EM data in order to locate any conductors that may be due to nickel-copper sulphide mineralisation. Airborne EM conductors that are located and interpreted to be due to bedrock sources will then be prioritised by collecting geochemical samples over the target conductors.

It is planned that the airborne EM survey will be flown in June or July 2004 with the prioritisation of conductors completed prior to the onset of the next wet season.

The allocated budget for the airborne EM, ground follow up of targets identified from the airborne EM data and geochemical sampling is \$47,942. Included in this budget are the following items:

- 100 line/km of airborne EM flying
- Interpretation of the airborne EM data
- Clearance of the ground programs by the Traditional Owners
- Contract geologist

registered office

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- Contract geophysicist
- Geochemical samples
- Field Support (vehicle hire, field technician, travel)
- Tenement Fees
- Administration (charged at 15%)

The detailed exploration Budget is shown in Table One.

Table One – Exploration Program Budget

Project	Litchfield - 22959		AUD\$
Land Access			\$5,000
Airborne EM	100	line/km	\$20,000
Geologist /			
Geophysicist	10	Days	\$5,000
Geochemistry	100	Samples	\$3,000
Field Tech	10	Days	\$2,500
Vehicle Hire	10	Days	\$1,100
Travel			\$5,000
Tenement Fee			\$124
Administration			\$6,240
Total			\$47,964

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