INDEPENDENCE GROUP NL
ABN 46 092 786 304

16 January 2006

Australian Stock Exchange Limited
Company Announcements
Level 10, 20 Bond Street
SYDNEY NSW 2000

NO. OF PAGES : (4)

INTERIM RESOURCE AND RESERVE STATEMENT – MCLEAY NICKEL DEPOSIT

KEY POINTS:

- **McLeay interim reserves increased by 71% to 14,030t contained nickel.**
- **McLeay interim resources increased by 81% to 23,600t contained nickel.**
- **The McLeay deposit remains open to the north, south and east with further reserve/resource increases anticipated.**

The directors of Independence Group NL are pleased to provide updated resources and reserves for the McLeay nickel sulphide deposit, which is part of the Long Nickel Mine. The ore resources and reserves for the remainder of the Long Nickel Mine as announced on 22 September 2005 have not been re-estimated. This statement is an update on the McLeay deposit only.

McLeay resource and reserve contained nickel tonnes have increased by 81% and 73% respectively since the September 2005 estimation. Indicated resource to probable reserve conversion was 85%.

As the McLeay deposit is still open to the north, south and east (Figures 1 - 3), the resources and reserves announced are an interim estimation only. Further drilling is planned to extend these resources and reserves following the completion of a drill drive along the eastern edge of Shoot 2.

Table 1: The McLeay resources defined to date are shown in the table below using Appendix I estimation methodology

		Undiluted Resources at 1% Ni Cut-off as at 22 September 2005[2]			Undiluted Resources at 1% Ni Cut-off as at 12 January 2006[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
McLeay	Measured	-	-	-	-	-	-
	Indicated	*140,000*	*7.0*	*9,800*	224,000	7.4	16,600
	Inferred	*54,000*	*6.0*	*3,200*	120,000	5.8	7,000
TOTAL		*194,000*	*6.7*	*13,000*	344,000	6.9	23,600

Table 2: The McLeay reserves defined to date are shown in the table below using Appendix II estimation methodology

		Diluted Reserve at 2.5% Ni Cut-off as at 22 September 2005			Diluted Reserve at 2.5% Ni Cut-off as at 12 January 2006[3]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
McLeay	Proven	-	-	-	-	-	-
	Probable	*183,600*	*4.4*	*8,110*	338,800	4.1	14,030
TOTAL		*183,600*	*4.4*	*8,110*	338,800	4.1	14,030

Notes:

1 The Competent Persons and Members of the AusIMM or AIG with the appropriate experience in reporting the above are Ian Taylor of Lightning Nickel Pty Ltd, Ted Coupland of Cube Consulting Pty Ltd and Phil Bremner of Mining One Pty Ltd.

2 Resource tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.

3 Reserve tonnes have been rounded to the nearest hundred tonnes and nickel tonnes have been rounded to the nearest ten tonnes.

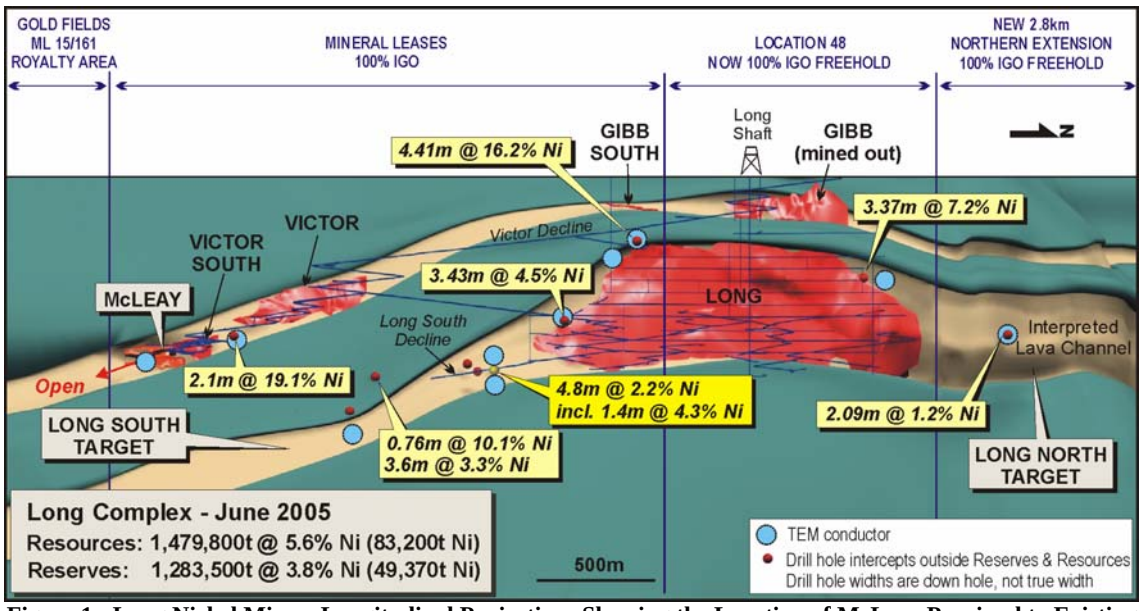

Figure 1: Long Nickel Mine – Longitudinal Projections Showing the Location of McLeay Proximal to Existing Victor South Decline Development

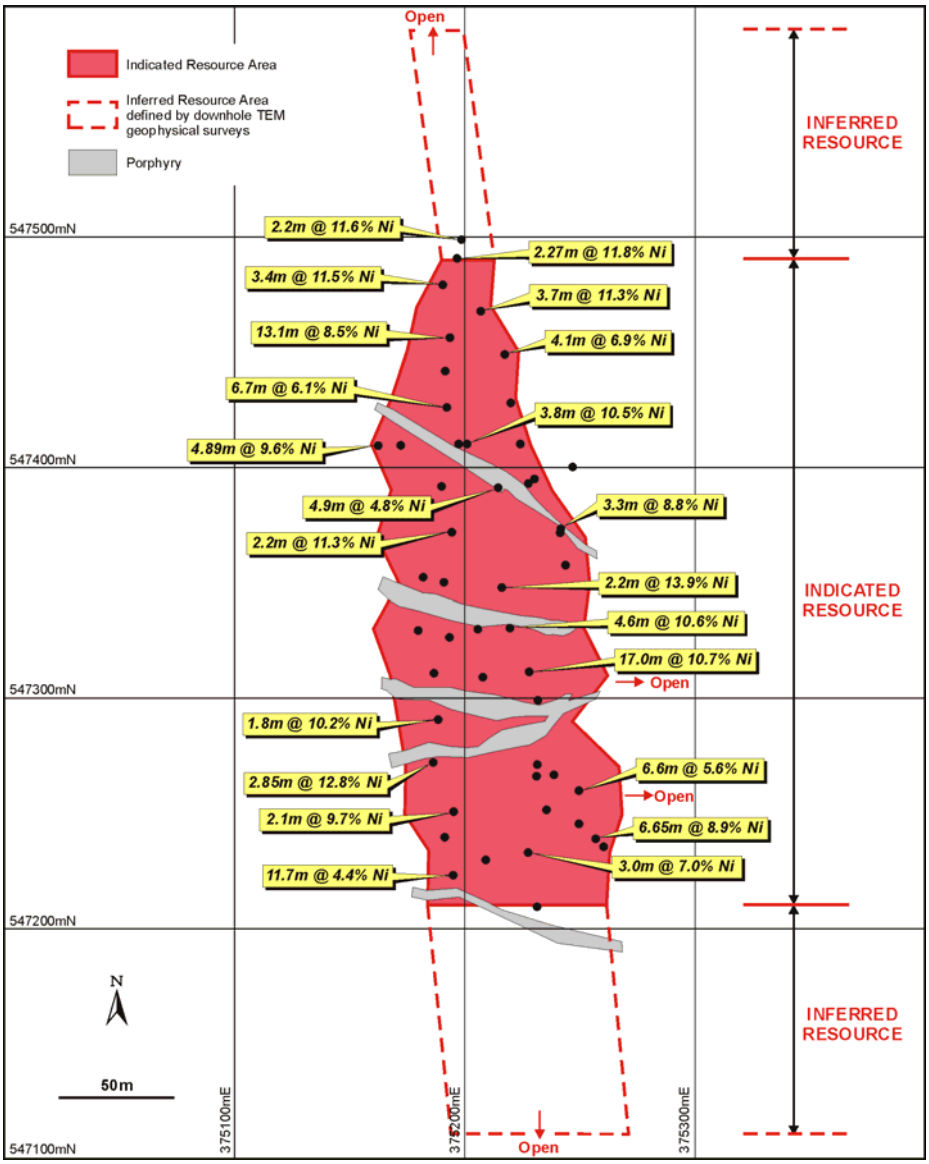

Figure 2: McLeay Shoot 1 Showing Resource Boundaries, Cross Cutting Porphyry Dykes and Significant Intercepts

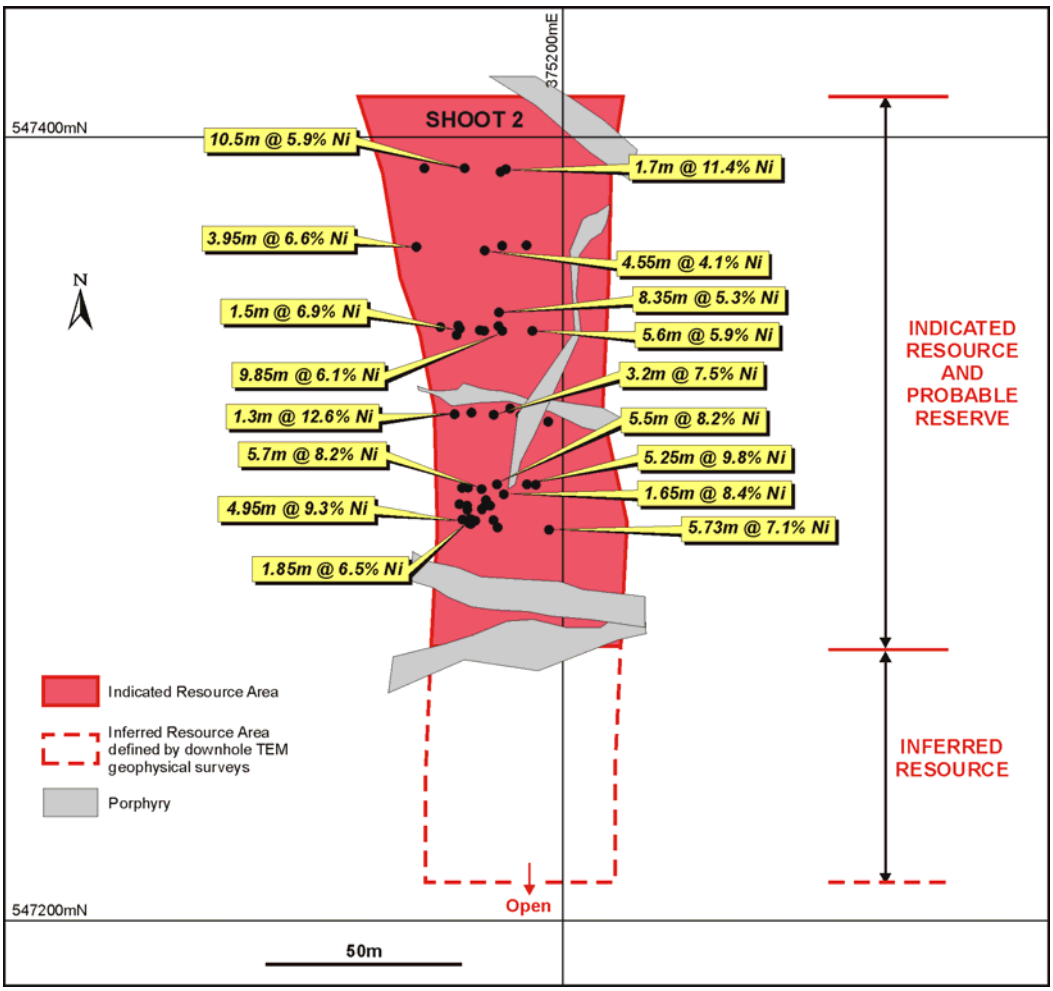

Figure 3: McLeay Shoot 2 Showing Resource Boundaries, Cross Cutting Porphyry Dykes and Significant Intercepts

The new McLeay reserve when added to the 30 June 2005 reserve would increase the total JORC compliant proven and probable mine reserve to 55,290 Ni tonnes, a six year mine life at a mining rate of 9,000 Ni tonnes per annum, based on reserves only.

The interim McLeay resources and reserves will be updated in the June 2006 total mine resources and reserves re-estimation once further drilling can be completed to test extensions to the north, south and east.

CHRISTOPHER BONWICK
Managing Director

Note: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Christopher M Bonwick who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Christopher Bonwick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Christopher Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

APPENDIX I

January 2006 McLeay Resource Estimation Parameters

The resource was estimated using 2D metal accumulation of grade, thickness and density interpolated by kriging.

Data

The following geological information and data were incorporated into the estimation process:

- Drill hole data
- Ore and porphyry intrusive (barren) locations defined by underground mapping and drilling

Cut-offs, Modelling Technique and Cell Size

1.0% Ni lower cutoff
Horizontal 2D planar kriging
20mN x 12mE

Indicated resource - Was estimated using drill hole assays, downhole TEM geophysics and mapping on an approximate 20m x 20m drill hole spacing.

Inferred resource - Was estimated using downhole TEM geophysical survey conductor shapes and the dimensions of the bounding indicated resource blocks.

Porphyry intrusives - Porphyry intrusion wire frames (0.01% Ni, 2.7t/m^3) were used to constrain resource boundary's within McLeay 2D models.

APPENDIX II

January 2006 McLeay Reserve Estimation Parameters

The reserve was estimated using stoping wire frames overlaid on resource block models.

Reserve estimation parameters are as follows:

Nickel metal price - AUS $15,700t Ni (in-house estimate)

Grade cut-off - 2.5% Ni lower cut
- This cut-off has been used as an average for a combination of stoping methods and includes all operating costs and expected nickel recoveries.

Extractions and dilution factors

Mining Method	Extraction	Dilution
Long hole stopes	42%	95%	25%
Flat back stopes	44%	100%	5%
Room and pillar stopes	5%	80%	5%
Airleg slotting	9%	95%	5%

Geotechnical loss - 1.3% volume applied to all reserve blocks.

Method - Stopes were designed in 3 dimensions using the above inputs and resource block models. Final reserves were estimated after the subtraction of porphyry, and mining depletion.