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**Australian Stock Exchange Limited
Company Announcements
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ANGLO AMERICAN – INDEPENDENCE GROUP JOINT VENTURE:

**NEW GENERATION ELECTROMAGNETIC EXPLORATION FOR NICKEL
SULPHIDES**

Independence Group NL is pleased to announce the formation of a joint venture with Anglo American Exploration (Australia) Pty Ltd (AAE), which gives Independence the exclusive licence to use AAE's new "Squid" sensor technology for transient electromagnetic (TEM) surveying to explore for nickel in specified areas of the Yilgarn Block in Western Australia. The areas for which Independence has the exclusive licence are considered to be highly prospective for the discovery of new nickel sulphide deposits.

The low-temperature Squid instrument has at least 5 to 10 times more sensitivity than presently used transient electromagnetic (TEM) sensors and higher sensitivity to detecting high tenor nickel sulphide ore bodies. This sensitivity is expected to provide considerable advantage in discovering highly conductive massive nickel sulphide bodies, especially under highly conductive cover, such as salt lakes, conductive clays and in terrains containing shallow saline groundwater. A large amount of very prospective ultramafic stratigraphy is known to exist under areas such as these in the Yilgarn, which have not been effectively tested by older TEM sensors due to limitations in detection method.

The key terms of the agreement are summarised below:-

- Independence has exclusive use of the technology within various areas of the Yilgarn Block.
- Any tenements acquired using the technology are to be brought into the JV.
- In such JV areas, AAE to receive a net smelter royalty of 1% if the technology leads to a mine.



- AAE can elect to trade their royalty for a 75% interest in cases where a threshold ore body is found.
- A threshold ore body is one which a feasibility study determines has either 100,000 tonnes or more of contained nickel at a grade of 5% or more, or 250,000 tonnes or more of contained nickel at a grade of less than 5%.
- If AAE makes a threshold ore body election, AAE will pay Independence 3 times the amount of expenditure incurred by Independence and Independence will retain a 25% interest.
- AAE can earn an additional 10% should Independence elect to have its expenditure carried through to completion of a feasibility study in which case Independence would then repay its share of expenditure out of the operation's cash flow.
- Independence has authority to negotiate joint venture agreements on ground already held by third parties and on which a farm-in to at least 51% of the nickel rights can be negotiated. In these cases, AAE will be entitled to earn 80% of Independence's interest should a threshold ore body be defined.

The exclusive licence granted by AAE to Independence expires on 31st October 2005 but any tenements acquired using the technology will remain subject to the joint venture agreement.

Independence is extremely pleased to have access to this technology and believes it will provide a competitive advantage when exploring difficult terrains for nickel sulphides, as well as providing much greater detection depths than provided by previously used TEM technology.

CHRISTOPHER BONWICK
Managing Director