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

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## LONG NICKEL MINE – 2005 ORE RESERVES AND RESOURCES

### Highlights

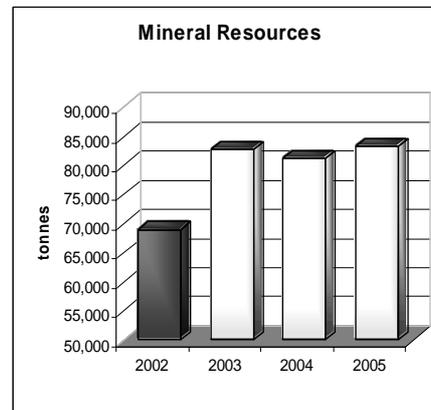
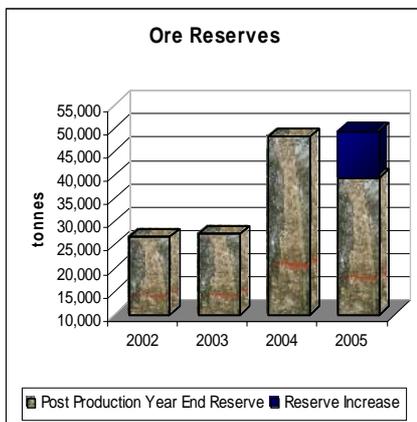
- Long Nickel Mine reserves increased to 1,283,500t at 3.8% nickel for 49,370 nickel tonnes
- 25% increase in nickel metal reserves after taking 2004/5 production of 8,868t nickel into account
- The new McLeay deposit is open to the north, south and east.
- Further resource/reserve increases are likely - a number of extensional nickel sulphide intercepts remain to be assayed.

Independence Group NL is pleased to announce a significant increase in JORC-compliant nickel reserves at the Kambalda nickel operation.

Since mining commenced in October 2002, the Company has mined over 18,500 tonnes of nickel metal and has increased mine life to at least 2010, at the current production rate of approximately 222,000t at 4.0% Ni (8,900 nickel tonnes per annum).

In the March 2005 quarter the Company announced the discovery of McLeay deposit which currently contains 13,000t nickel in resource including 8,110t nickel in the reserve category (Figures 1 – 3). The deposit remains open to the north, south and east and assays are awaited for a number of holes containing massive and matrix nickel sulphides, which could significantly increase the reserve base. It is planned to continue geophysical surveys throughout the year to define the McLeay resource/reserve potential (Figure 5).

The Company has budgeted approximately \$6 million on exploration decline development, geophysical surveys and drilling in 2005/6, with the aim of substantially increasing resources and reserves. At Long, 24,500t Ni in the resource category are currently outside of reserves, and drilling will continue with the aim of converting more resources to the reserve category (Figure 4).





**Table 1: Long Nickel Mine – Ore Resources – Comparison 2004 to 2005**

		<i>Undiluted Resources at 1% Ni Cut-off as at 30 June 2004</i>			<i>Undiluted Resources at 1% Ni Cut-off<sup>3</sup> as at 30 June 2005</i>		
		<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>	<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>
Long Shaft	Measured	417,000	7.0	29,000	357,000	7.0	25,000
	Indicated	465,000	5.7	26,400	399,000	5.8	23,200
	Inferred	32,000	4.7	1,500	33,000	4.8	1,600
	Sub-Total	914,000	6.2	56,900	789,000	6.3	49,800
Victor South	Measured	-	-	-	-	-	-
	Indicated	510,000	4.5	22,900	468,000	4.1	19,300
	Inferred	-	-	-	-	-	-
	Sub-Total	510,000	4.5	22,900	468,000	4.1	19,300
Victor	Measured	-	-	-	-	-	-
	Indicated	-	-	-	3,700	6.1	200
	Inferred	-	-	-	-	-	-
	Sub-Total	-	-	-	3,700	6.1	200
Gibb South	Measured	14,000	5.4	800	6,900	5.1	400
	Indicated	8,000	3.5	300	6,500	3.6	200
	Inferred	13,000	2.9	400	11,700	2.4	300
	Sub-Total	35,000	4.1	1,400	25,100	3.5	900
McLeay	Measured	-	-	-	-	-	-
	Indicated	-	-	-	140,000	7.0	9,800
	Inferred	-	-	-	54,000	6.0	3,200
	Sub-Total	-	-	-	194,000	6.7	13,000
<b>TOTAL</b>		<b>1,459,000</b>	<b>5.6</b>	<b>81,200</b>	<b>1,479,800</b>	<b>5.6</b>	<b>83,200</b>

**Table 2: Long Nickel Mine – Ore Reserves – Comparison 2004 to 2005**

		<i>Mining Reserve at 2.5% Ni Cut-off as at 30 June 2004<sup>2</sup></i>			<i>Mining Reserve at 2.5% Ni Cut-off as at 30 June 2005<sup>2,4</sup></i>		
		<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>	<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>
Long 12-16L mechanised	Proven	417,000	4.1	17,300	339,000	4.1	13,500
	Probable	211,000	3.3	6,800	180,000	3.3	5,700
	Sub-Total	628,000	3.8	24,100	519,000	3.8	19,200
Long 7-11L hand-held	Proven	30,000	3.7	1,100	27,000	3.7	1,000
	Probable	139,000	4.5	6,300	115,000	4.5	5,100
	Sub-Total	169,000	4.4	7,400	142,000	4.4	6,100
Victor South mechanised	Proven	-	-	-	-	-	-
	Probable	380,000	4.3	16,500	428,000	3.6	15,600
	Sub-Total	380,000	4.3	16,500	428,000	3.6	15,600
Victor mechanised	Proven	-	-	-	-	-	-
	Probable	-	-	-	6,000	3.4	200
	Sub-Total	-	-	-	6,000	3.4	200
Gibb South hand-held	Proven	7,000	4.0	280	4,300	3.2	140
	Probable	1,000	2.9	20	600	2.8	20
	Sub-Total	8,000	3.7	300	4,900	3.2	160
McLeay mechanised	Proven	-	-	-	-	-	-
	Probable	-	-	-	183,600	4.4	8,110
	Sub-Total	-	-	-	183,600	4.4	8,110 <sup>4</sup>
<b>TOTAL</b>		<b>1,185,000</b>	<b>4.1</b>	<b>48,300</b>	<b>1,283,500</b>	<b>3.8</b>	<b>49,370</b>

**Notes:**

<sup>1</sup> 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 Frazers Mining Services.

<sup>2</sup> Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes, except for Gibb South, Victor and McLeay where ore tonnes have been rounded to the nearest hundred tonnes and nickel tonnes have been rounded to the nearest ten tonnes.

<sup>3</sup> The cut-off grade used for the Victor South resource is 0.6% Ni.

<sup>4</sup> The McLeay reserve was calculated in September 2005.

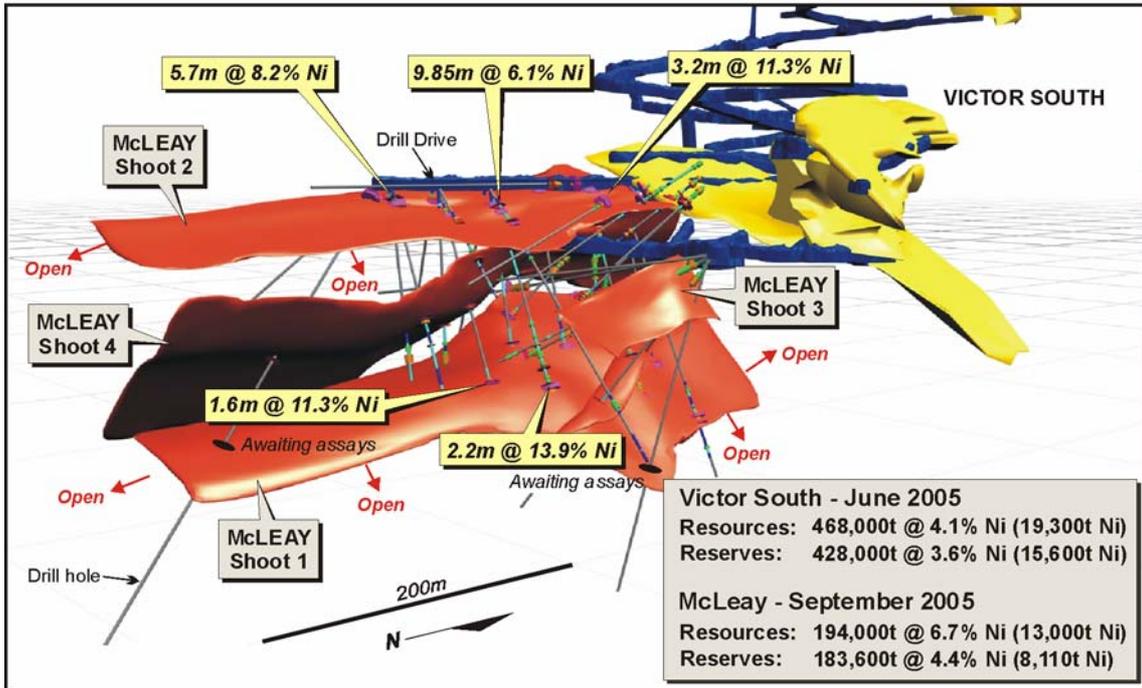


Figure 1: McLeay and Victor South 3D Isometric Projection

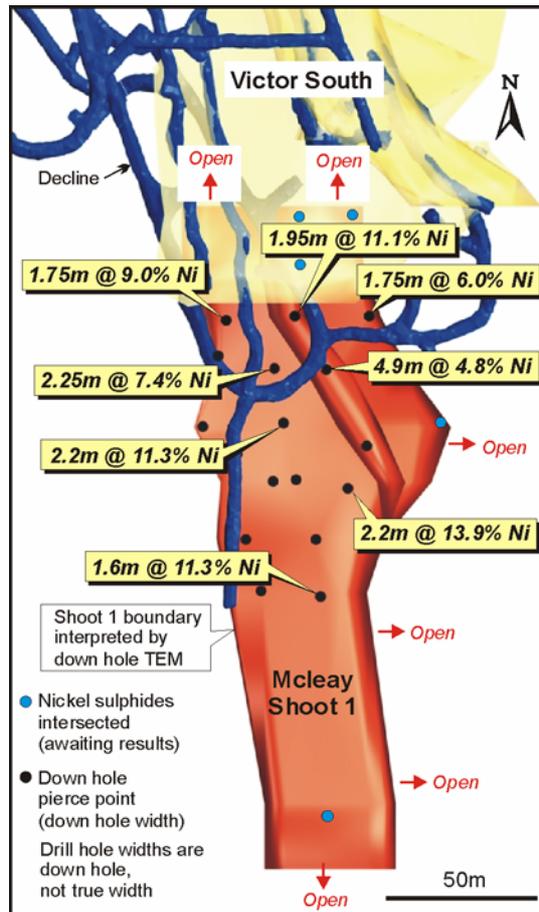


Figure 2: McLeay Shoot 1 Plan View Showing Significant Intercepts

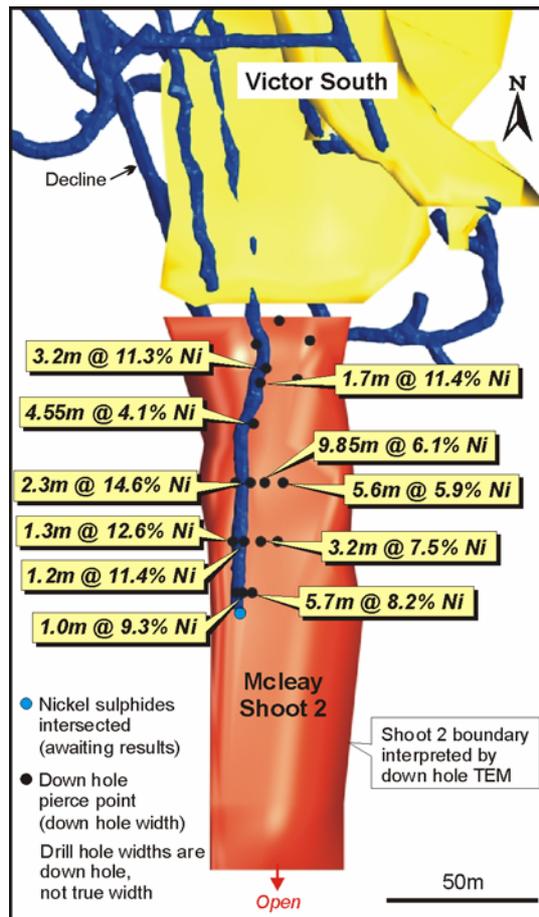


Figure 3: McLeay Shoot 2 Plan View Showing Significant Intercepts

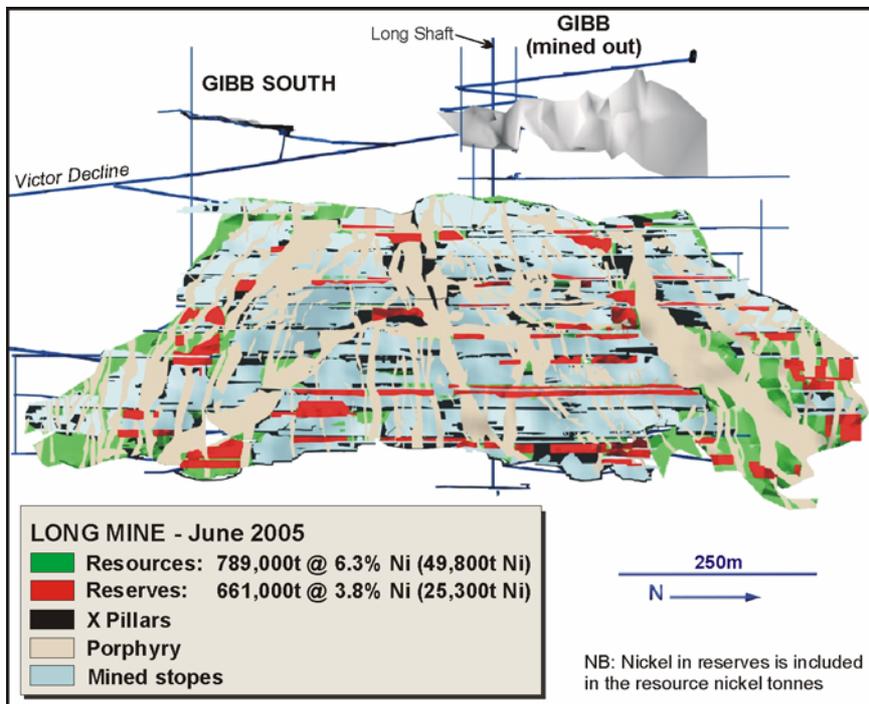


Figure 4: Long Nickel Mine Longitudinal Projection Showing June 2005 Resources and Reserves

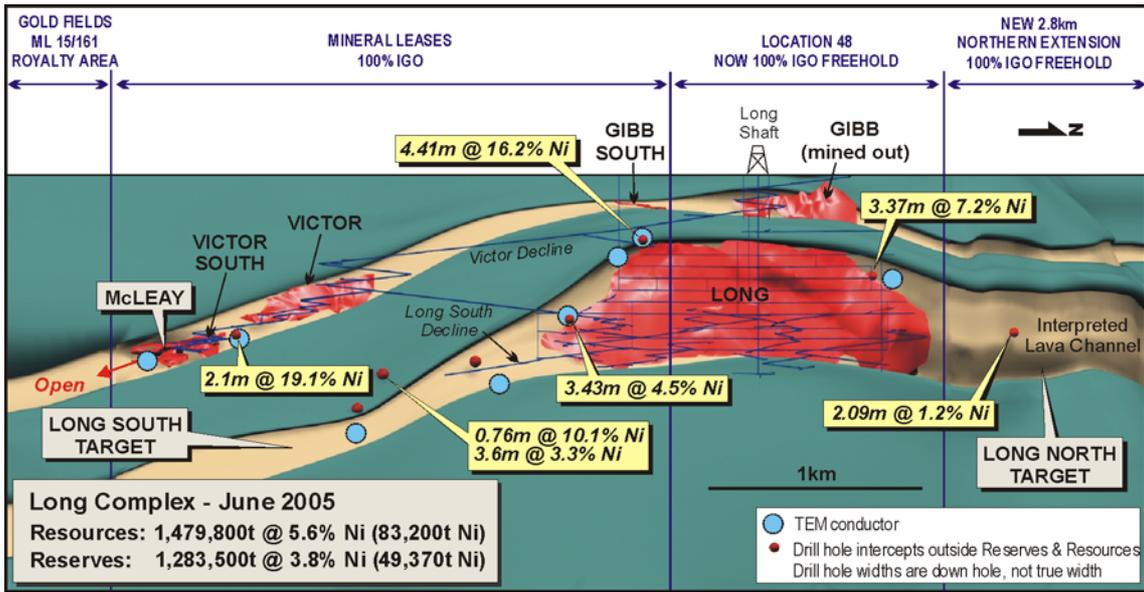


Figure 5: Long Project Longitudinal Projection Showing Mine Locations Selected Drill Intersections and TEM Conductors Outside June 2005 Resources and Reserves, Targets and Interpreted Lava Channels.

### Reserves Broken Down by Mining Method

Reserves broken down by mining method are as follows:

Mining Method	Ni Tonnes
Mechanised flat back	11,700
Mechanised Long hole	23,700
Mechanised room and pillar	3,700
Air leg	7,470
Development	2,800
<b>TOTAL</b>	<b><u>49,370</u></b>

### Resource and Reserve Estimation

Resource and reserve estimation methodology is detailed in Appendix I.

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

### June 2005 Resource Estimation Parameters

The resource was estimated using 2D and 3D 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
- Survey pick up of mining depletion boundaries
- X-Pillar outlines (non-recoverable)

#### Cut-offs, Modelling Technique and Cell Size

	Long	Victor South	Gibb South	McLeay
Lower cut offs	1.0% Ni	0.6% Ni	1.0% Ni	1.0% Ni
Modelling technique	2D longitudinal kriging	01, 04 Surfaces – 3D ordinary block kriging 02 Surface – horizontal 2D planar kriging.	Horizontal 2D planar kriging	Horizontal 2D planar kriging.
Parent cells	10mN x 8m RL	10mN x 4mE x 4mRL	10mN x 5mE x 1mRL	10mN x 4mE x 4mRL
Block discretisation points (metres)	2D interpolation - 5 x 5 x 1 (XYZ)	3D interpolation - 4 x 5 x 2 (XYZ) 2D interpolation - 5 x 5 x 1 (XYZ)	2D interpolation - 2 x 5 x 1 (XYZ)	2D interpolation - 5 x 5 x 1 (XYZ)

#### Mining Depletion, Pillars and Porphyry Intrusives

- Mining depletion - Depletion areas were stamped into each mineralised surface using 2D string outlines.
- X-Pillar (non-recoverable) - X-Pillar wire frames were stamped into each mineralised surface using 2D string outlines.
- Porphyry Intrusives - Porphyry intrusion wire frames (0.01% Ni, 2.7t/m<sup>3</sup>) were used to stamp a porphyry code into the Long shaft and Gibb South block models, and constrained within the Victor South and McLeay 3D models.

#### June 2005 Reserve Estimation Parameters

The reserve was estimated using stopping 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 stopping methods and includes all operating costs and expected nickel recoveries.

Extractions and dilution factors:

	Extraction	Dilution
Long hole stopes	95%	25%
Flat back stope	100%	5%
Room and pillar stopes	80%	5%
Air Leg slotting	90%	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, unextractable X-Pillars and mining depletion.