



## HIGHLIGHTS

### KEY HIGHLIGHTS

- \$25.4 million 2003/4 consolidated unaudited pre-tax profit.
- \$18.4 million cash with debt reduced to \$12.7 million at end of quarter.
- Estimated EPS \$0.25 (\$0.18 fully diluted) for 2003/4 (unaudited).
- 6,843 Ni tonnes produced in 2003/4 (budget 5,280). June quarter production 1,530 Ni tonnes (budget 1,320).
- 1,854 Ni tonnes produced from outside reserves in 2003/4.
- 1,292 Ni tonnes were produced from reserve blocks in 2003/4 in excess of reserve estimates.
- Approximately 23,600 Ni tonnes defined in the June 2003 reserve (27,300 Ni t) remain unmined.
- Budget 2004/5 ore production to increase to 220,000 t @ 4.0% Ni (8,900 Ni t), a 30% increase over 2003/4.
- Ore reserve upgrade and new Life of Mine Plan scheduled for completion in September to be followed by a dividend policy review.
- Outstanding drill results continue from reserve/resource expansion program, including 36.2m @ 8.6%, 16.2m @ 5.0% and 26.45m @ 6.8%.

### LONG NICKEL MINE

#### SAFETY:

No Lost Time Injuries (LTI's) for five successive quarters.

#### JUNE QUARTER PRODUCTION:

- 47,123t @ 3.3% for 1,530 Ni t (Budget 1,320 Ni t).
- 398 Ni t (26%) mined from outside reserves.
- 260 Ni t (24%) more nickel tonnes produced from reserve blocks.

#### EXPLORATION:

- Victor South

Ore reserve definition drilling and extension drilling commenced. Significant intersections include:



Resource infill – **20.4m @ 4.1%, 16.2M @ 5.0%, 14.4m @ 5.8%, 36.2m @ 8.6% Ni**, 11.2m @ 6.2%, 6.4m @ 11.9% Ni (intercept widths represent true widths except for the 36.2m @ 8.6% which is down-hole length)

Resource extension – 4.4m @ 11.5%, 6.8m @ 4.3% Ni **26.45m @ 6.8%** (intercept widths represent down-hole lengths)

Nickel mineralisation remains open in many directions.

- Long South

The first wedge of the parent hole intersected:

- channel ultramafics (40.1% MgO) containing fine disseminated sulphides indicating the channel is fertile; and
- remobilised nickel sulphides in meta-sediments up to **0.7m @ 4.8% Ni**.

A second wedge is in progress to test the contact between the first wedge and parent hole.

#### DEVELOPMENT:

- Victor South development intersected Shoot 1 mineralisation
- Development at Gibb South intersected high grade nickel ore south of current resource outline
- The Company is considering developing an exploration decline to evaluate the Long South target

## REGIONAL EXPLORATION

### NICKEL EXPLORATION

- Cullen JV Encouraging nickel soil anomalies
- Benari Coincident nickel auger anomaly, magnetic high and TEM anomaly
- Musgrave JV Large coincident nickel and platinum surface anomaly, magnetic anomaly and TEM anomalies

### GOLD EXPLORATION

- Goldsworthy JV 6km long gold anomalous shear zone defined under shallow transported cover



## CORPORATE

### PROFIT

Independence Group NL (IGO) is pleased to announce a consolidated unaudited pre-tax profit of \$25.4 million for the 2003/4 financial year (2002/3 \$1.4 million). The Board would like to thank all employees for this outstanding result. Estimated and unaudited earnings per ordinary share for the year are 25c (18c fully diluted). The June pre-tax quarter profit was lower than previous quarters at \$1.4 million after estimated March quarter receivables were downgraded by \$3.0 million and exploration expenditure of \$1.0 million was written off.

### OPTION CONVERSIONS

During the quarter 1.6 million 20 cent options were exercised.

IGO's listed securities as at 30 June 2004 were:

75,237,280	Ordinary shares
24,552,720	Options

The 20 cent options expire on 31 January 2005.

### CORPORATE GOVERNANCE

The following corporate governance policy was approved by the board during the quarter and has been posted on IGO's website:-

- Risk management

### IGO EMAIL SERVICE

If shareholders or interested parties wish to receive copies of ASX announcements including quarterly reports via email, please forward your email address to [contact@independencegroup.com.au](mailto:contact@independencegroup.com.au).

### DIVIDEND POLICY

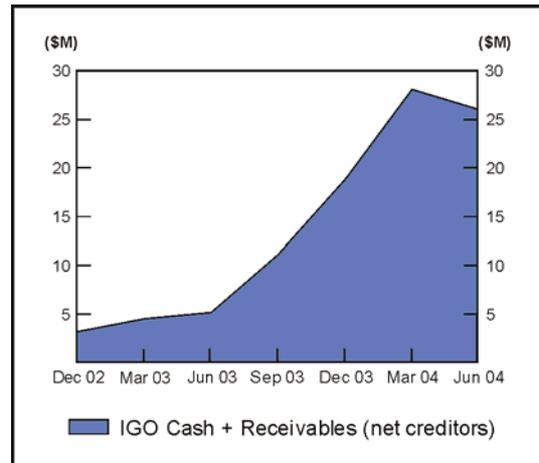
The company has received numerous queries from shareholders with regard to the payment of dividends. The directors are awaiting the updated Resource/Reserve Statement and Life of Mine Plan which are expected to be completed prior to the release of the 2004 Annual Report before reviewing IGO's dividend policy.

## CASH AND DEBT

### CASH RESERVES AS AT 30 JUNE 2004

- \$18.4 million (March \$17.4m).

- \$7.7 million nickel revenue in receivables net of creditors (March \$10.6m).
- Unhedged receivables were estimated using a \$US15,500/t nickel price and a 0.72 USD/AUD exchange rate.
- \$2.7 million cash was spent purchasing mining equipment during 2003/4 in readiness for mining of Victor South in 2004/5.



### DEBT AS AT 30 JUNE 2004

- A debt repayment of \$1 million was made during the quarter to reduce bank debt from \$11 million to \$10 million.
- \$2.7 million (September \$3.1m) for hire purchase of Long mining equipment.
- Debt was reduced by \$4.5 million in 2003/4

### NICKEL SALES PRICE CALCULATION

Due to the off take agreement the company holds with WMC Resources Ltd, sales for any given month are required to be estimated.

This is due to the lag-time between delivery of ore and setting of the price to be received, which is based on the average LME price prevailing in the third month after the month of delivery. An example of the time difference is illustrated below:-

Month of Delivery	Average LME Price Received
January	April
February	May
March	June

The company is also required to estimate the USD/AUD exchange rate when calculating sales for any given month, as payment for nickel delivered is received in US dollars.



Therefore, when calculating the quarter's cash flow and profits, revenue which will be received based on future nickel prices is estimated using the most up-to-date price information available prior to the release of the quarterly report. The receivables figure used represents the estimated final USD nickel payment converted to AUD, also at an estimated exchange rate.

If the equivalent AUD nickel price increases in the third month after delivery, the company receives more revenue than estimated. If the AUD nickel price falls, the company receives less.

The March quarter receivables of \$14.5 million were estimated on this basis. Due to the rapid fall in LME nickel prices experienced during April and May, the actual price received for unhedged nickel was much lower and has resulted in a variance between the estimated and actual sales for the March quarter of approximately AUD 3.0 million.

The effect of the reduced payment is reflected in the June quarter's cash flow and profit figures.

**2003/4 EXPLORATION EXPENDITURE & WRITE-OFF**

- \$5.7 million exploration expenditure was incurred during the year as follows:
  - Mine Exploration \$1.9 million
  - Mine Resource Definition \$0.9 million
  - Regional Nickel \$0.6 million
  - Regional Gold \$2.3 million
- \$2.0 million exploration expenditure was written off during the year.

**HEDGING**

- Hedged nickel metal remaining at the end of the quarter was 3,636t at AU\$12,174/t.
- This will be delivered at an average rate of 519t per quarter to March 2006.

**MINING OPERATION**

**LONG NICKEL MINE**

IGO 100%  
 TARGET: DOUBLE CURRENT MINING RESERVES TO +50,000 TONNES NICKEL METAL

**SAFETY**

No Lost Time Incidents (LTI's) occurred during the quarter. Only one LTI has occurred since the mine re-opened in October 2002.

**PRODUCTION**

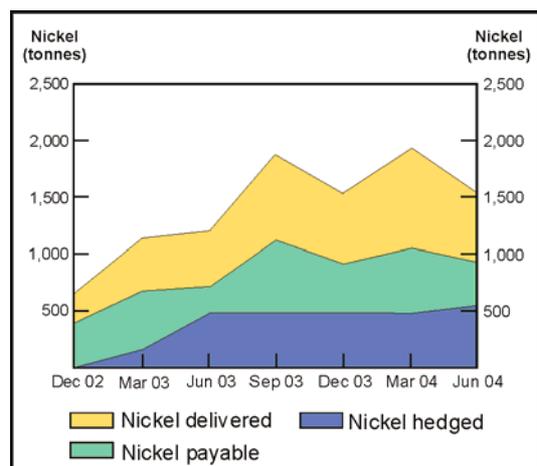
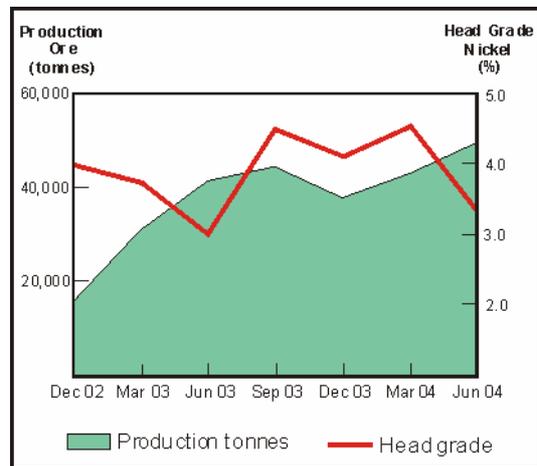
The Long Nickel Mine, operated by IGO's wholly owned subsidiary Lightning Nickel Pty Ltd, produced 1,530 Ni t (IGO share 905 Ni t) during the quarter.

**JUNE QUARTER PRODUCTION**

Production during the quarter was 47,123 t @ 3.25% Ni comprised of the following:

Flat-back	16,518t @	3.6% Ni	590(Ni t)
Long-hole	13,563t @	2.6% Ni	346(Ni t)
Hand-held	6,269t @	4.6% Ni	289(Ni t)
<b>Jumbo Development</b>			
- Long	7,562t @	3.0% Ni	230(Ni t)
- Victor South	3,211t @	2.4% Ni	75(Ni t)

**TOTAL 47,123t @ 3.3% Ni 1,530 Ni t**



The June quarter production grade was in line with budget. The head grade was lower than experienced in the previous 3 quarters due to higher production from lower grade long-hole stopes and the lack of high-grade ore from areas currently under development.

The high-grade flat-back and hand-held stopes offline during the quarter were as follows:

- High-grade 15 and 16 level mechanised flat-back stopes were being developed to set up the stopes for 2004/5.
- High-grade Gibb South stopes were being developed to access a block of high-grade nickel south of the current resource boundary.
- High-grade 9 – 12 level stopes were offline due to development required to set up three high-grade stopes for 2004/5.

### 2003/4 PRODUCTION BUDGET

Production for 2003/4 was as follows:

Deposit	Tonnes	% Ni	Ni t
Long	143,651	3.7	5,240
Gibb South	22,130	6.9	1,528
Victor South	3,210	2.4	75
Mining Method			
Flat-back	62,006	3.9	2,386
Long-hole	47,748	3.2	1,520
Hand-held	22,264	5.7	1,274
Development	36,973	4.5	1,663
TOTAL	<b>168,991</b>	<b>4.1</b>	<b>6,843</b>

### 2003/4 ORE RESERVE COMPARISON

Nickel tonnes mined outside the current ore reserve comprised 37% of the year's production. In addition, 35% more Ni metal was mined from within the ore reserve blocks than estimated by the ore reserve as follows:

	Year to Date		
	Tonnes	Grade	% Ni
Outside Reserve	42,808	4.3	1,853
Inside Reserve	126,183	4.0	4,990
Reserve Estimate *	100,001	3.7	3,698
TOTAL	<b>168,991</b>	<b>4.1</b>	<b>6,843</b>

	June Quarter		
	Tonnes	Grade	% Ni
Outside Reserve	11,041	3.6	398
Inside Reserve	36,082	3.1	1,332
Reserve Estimate*	28,696	3.7	1,072
TOTAL	<b>47,123</b>	<b>3.3</b>	<b>1,530</b>

\* expected ore reserve grade and tonnes as defined by the area mined "inside reserves".

### 2004/5 PRODUCTION

Production during 2004/5 is budgeted to increase to 222,000t at 4.0% Ni for 8,900t Ni. The Group's attributable nickel production is budgeted to increase to 5,300t Ni of which 2,070t Ni is hedged at AUS\$12,186/t.

### DEVELOPMENT

#### Victor South

Development has intersected the northerly end of Shoot One and driving will continue south in the September quarter to expose the high-grade core of the deposit. A total of 2,500 metres of Jumbo development is planned to fully develop this high-grade position. During the quarter 302.2m of development was completed (1,168.1m to date). Reserve definition drilling commenced with significant results shown in Table 1(A), and exploration drilling commenced to test for new resources to the north, south and beneath the current resource envelope. Significant results are listed in Table 1(B).

#### Gibb South

A 45.6 metre development drive was completed during the quarter to evaluate a high-grade block previously intersected by drilling (7.1m @ 12.1% Ni and 4.7m @ 9.3% Ni) south of the existing resource.

The drive intersected high-grade mineralisation and stripping will commence in the September quarter. Diamond drilling is planned from this position to test for additional high-grade blocks along strike to the south.

#### Underhand Cut and Fill Remnant Pillars

The Company's Research and Development program to extract high-grade pillars beneath tailings-filled stopes is progressing. Test work has indicated that the 14 level pillars (115,000t @ 4.8% Ni – 5,500t) are in an un-stressed condition and therefore can be safely extracted by less expensive traditional methods once voids beneath the pillars are filled. This is expected to add to the 2003 reserve tonnes. Development and rehabilitation is continuing to enable ore extraction in the second half of 2004/5.



**LONG NICKEL MINE PRODUCTION SUMMARY**

		June '04	2003/4	June '03 Prev. Quarter
	Note	Quarter	FY to Date	Quarter
<b>Mining Inventory/Reserve (Dry Tonnes)</b>				
Start of Period		632,998	688,000	715,677
- ROM Production from Reserves	1	(44,999)	(100,001)	32,776
+/- Reserve Addition/(Subtraction)		-	-	-
End of Period		587,999	587,999	682,901
<b>Production Details:</b>				
Ore Mined (Dry Tonnes)	1	47,123	168,992	40,582
<b>Ore Milled (Dry Tonnes)</b>				
Nickel Grade (Head %)		47,123	168,992	40,582
Copper Grade (Head %)		3.25	4.05	3.01
		0.24	0.29	0.23
<b>Metal in Ore Production (Tonnes)</b>				
Nickel delivered	2	1,529.58	6,842.22	1,220.32
Copper delivered	2	112.95	484.17	92.93
<b>Metal Payable IGO share (Tonnes)</b>				
Nickel		904.76	4,063.41	713.36
Copper		45.75	196.09	37.64
<b>Hedging</b>				
Tonnes delivered into Hedge		540	1,998	450
Average Price (AU\$/t)		12,366	12,385	12,215

Note 1. Production is sourced from both reserves/inventory and outside reserves.  
 Note 2. The Recovery Rate is fixed with WMC depending on head grade. For grades from 3.0% to 3.5% recovery is 92%, for grades in excess of 3.5% recovery is 93%.

<b>Revenue/Cost Summary</b>		<b>A\$'000's</b>	<b>A\$'000's</b>	
Sales Revenue (incl. hedging)		12,242	67,338	9,553
Cash Mining/Development Costs		(5,858)	(21,974)	(4,804)
Other Cash Costs	3	(2,091)	(7,771)	(2,291)
Depreciation/Amortisation/Rehabilitation		(1,342)	(7,684)	(1,528)
<b>Total Unit Cost Summary</b>		<b>A\$/lb Total Metal Produced</b>	<b>A\$/lb Total Metal Produced</b>	
Cash Mining/Development Costs		1.74	1.46	1.79
Other Cash Costs	3	0.62	0.52	0.85
Depreciation/Amortisation/Rehabilitation		0.40	0.51	0.57
<b>Revenue/Cost Summary</b>		<b>A\$/lb Payable Metal</b>	<b>A\$/lb Payable Metal</b>	
Sales Revenue (incl. hedging)		6.14	7.52	6.08
Cash Mining/Development Costs		2.94	2.45	3.06
Other Cash Costs	3	1.05	0.87	1.46
Depreciation/Amortisation/Rehabilitation		0.67	0.86	0.97

Note 3. Other Cash Costs include milling, royalties and site administration.

**Safety and Productivity**

- Lost Time IFR		0	0	0
- Medically Treated IFR		14.46	64.54	45.22
- Nickel Productivity Rate	4	70.17	78.84	64.46

Note 4. Nickel Productivity Rate = Productivity measured as annualised nickel tonnes per full-time-equivalent-employee.

**Development/Exploration Drilling**

	<b>Metres</b>	<b>Metres</b>	
Development	5,229	7,049	0
Production	1,595	2,564	1,898
Exploration	2,161	5,755	379
	8,985	15,368	2,277



## DEVELOPMENT CAPITALISATION

Currently only the Gibb South incline and Victor South decline are being capitalised. All other development in the mine is being expensed in the quarter in which the work is undertaken.

A large amount of development has been undertaken to set up the mine for 2004/5 and beyond. Significant development has also been completed to access the high-grade 14 level pillars. None of this work has been capitalised; the expenditure has been included in 2003/4 mining costs.

## GROUND CONDITIONS AND SEISMICITY

Rock bolting, cable bolting, meshing and shotcreting continue to provide excellent ground support, as evidenced by the mine's excellent safety record.

Ground support experiments have commenced in conjunction with the Australia Centre for Geomechanics Research and the University of Western Australia, using explosive induced shock waves to test various ground support bolting and shotcrete arrays. Initial results of these tests, believed to be the first of their type in the world, indicate that the use of cone bolts can be reduced at the mine without compromising the safety afforded by our current support regime. This has the potential to reduce mining costs at Long.

## CONCRETE BATCHING PLANT

A concrete batching plant is currently being built onsite which will reduce the cost of concrete used in shotcreting and pillar construction.

## RESERVES

A large geophysical and drilling program aimed at increasing the Long Nickel Mine reserves to 50,000t of contained nickel metal continued during the quarter. The program, which will continue during 2004/5, comprises:

- a systematic geophysical survey, testing the Long, Gibb South and Victor South ore positions using the company's proprietary electromagnetic (EM) Torch to locate and define new massive and matrix nickel sulphides up to 100m from existing mine workings;
- geological studies;

- a +10,000 metre diamond drilling program converting existing resources to reserves and testing new targets defined by the EM Torch and geological studies; and
- down-hole transient EM surveys.

Approximately 23,600 Ni t defined in the June 2003 reserves remained unmined at the end of 2003/4. An additional 26,400 t is being targeted from:

- existing mine resources outside reserves (60,000 Ni t at June 2003);
- mine pillars outside reserves and resources (27,200 Ni t at June 2003); and
- new near-mine discoveries which can be cheaply mined using existing underground infrastructure.
- Victor South

The June 2003 reserve/resource model for Victor South contained 5,900 Ni t in reserves and an additional 14,900 Ni t in resources. Ore reserve definition drilling is now advanced, using the drill drive over the ore body, to convert existing resources to reserves and to test for extensions. A total of 81 holes on 20m spaced traverses have been completed (7,036.5m). Drilling is continuing and results are outstanding for 27 holes.

### *Resource Infill Drill Results*

Results to date broadly confirm the June 2003 resource model and support the high-grade nature of the mineralisation. A number of high-grade intercepts have been returned including VRS15-015 (36.20m @ 8.6% Ni) (Figure 1) which drilled vertically through flat lying Shoot 1 (4.55m @ 6.9%) down a mineralised link Shoot 4 (30.25m @ 8.6% Ni) into flat lying Shoot 2 (1.4m @ 13.4% Ni).

Intersections within the 2003 resource model are shown in Table 1(A).

### *Resource Expansion Drill Results*

A number of significant intercepts were returned outside the June 2003 resource model and are shown in Table 1(B). Mineralisation is still open in many directions and further extensions are likely. VS 15-079 returned the most significant intercept (16.75m @ 9.4% Ni – 9.1m true width). Situated on a basalt-ultramafic contact (Figure 2), this mineralisation represents the southern

continuation of the high-grade Victor South Shoot 1 mineralisation.

A number of other high-grade Shoot 2 intercepts have also been returned along and south of the southern June 2003 resource boundary (547,460N). High-grade nickel mineralisation has been intersected on 547,440m north (including 6.8m @ 4.3% Ni and 2.4m @ 5.6% Ni) which remains open, indicating potential for further extensions to the south. All intercepts depicted in Figure 2 lie outside the June 2003 reserve blocks.

The Victor South deposit is still open in many directions (Figure 3). Down hole TEM indicates potential for other blocks to the east. The source of the Shoot 2 remobilised sulphides, which have been squeezed along a fault, also represents a priority target. The extensions are close to planned development ensuring this high-grade ore can be mined with minimal additional development.

#### *Ore Reserves*

A new Victor South reserve is expected to be released in the September quarter.

- Long

Drilling throughout the mine looking for extensions and testing resource blocks continued. A total of 30 holes for 2,795.8m have been completed. Drilling is continuing and results are awaited for 19 holes. Significant intercepts including 2.55m @ 4.7% Ni and 2.4m @ 5.7% Ni are listed in Table 2 and depicted on Figure 4.

## **EXPLORATION**

### Long South Target

Exploration at Long South has reached an exciting phase with the intersection in the first wedge (LSU-001 W2) of:

- remobilised nickel sulphides (0.7m @ 4.8% Ni) in meta-sediments interpreted to be on the western edge of the high MgO lava channel; and
- high MgO (40% MgO – volatile free) channel ultramafics containing fine disseminated sulphides indicating the channel is fertile, (channel ultramafics, where massive and matrix nickels sulphides are deposited at their base, have compositions of + 36% MgO).

The parent hole LSU-001 drilled beneath the channel, stayed in basalt and did not intersect the ultramafic contact. The first wedge intersected the basalt-ultramafic contact west and up-dip of the interpreted channel, (Figure 5). The wedge could not be geophysically logged due to a broken wire line and jammed casing. A second wedge, between the first wedge and the parent hole, is currently in progress to try to intersect the interpreted channel base. The wedge is currently at 528m in fine-grained foot wall pillow basalt with pyrrhotite (iron sulphide mineral) rich stringers in carbonate veins along the pillow margins. The presence of this style of sulphide mineralisation in basalt underlying massive nickel sulphides is common in the Kambalda district.

Based on the previous nickel intercepts south of Long (3.6m @ 3.3%Ni, 0.76m @ 10.1%Ni and 0.7m @ 4.8% Ni - Figure 6) and confirmation of the southern continuation of the Long lava channel, the Company is considering the development of an exploration decline to more efficiently and effectively test this target area. The decline, driven from the southern end of the Long mine, would provide a drilling platform to test for additional nickel between Long and the current target area and also provide mining access if reserve blocks can be defined.

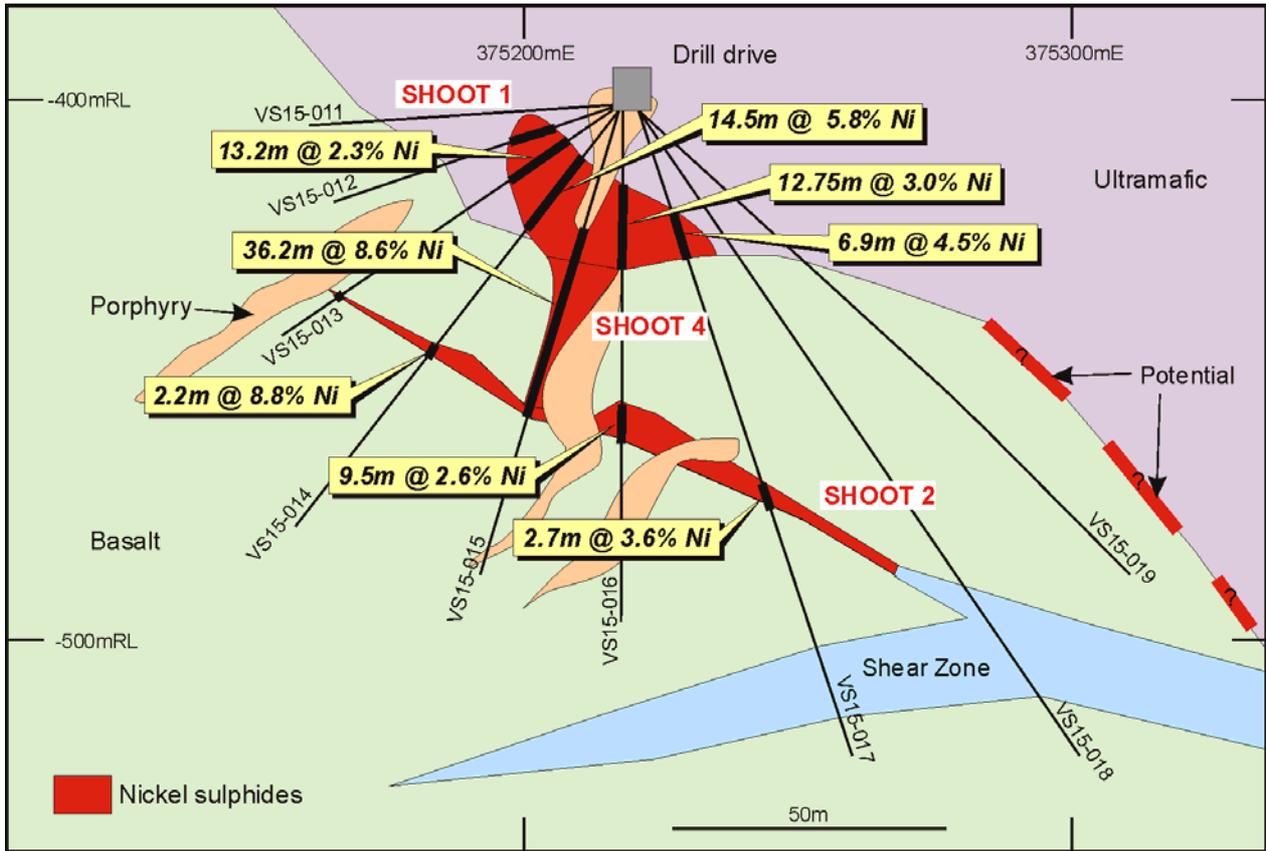


Figure 1: Victor South 547,500N Cross Section

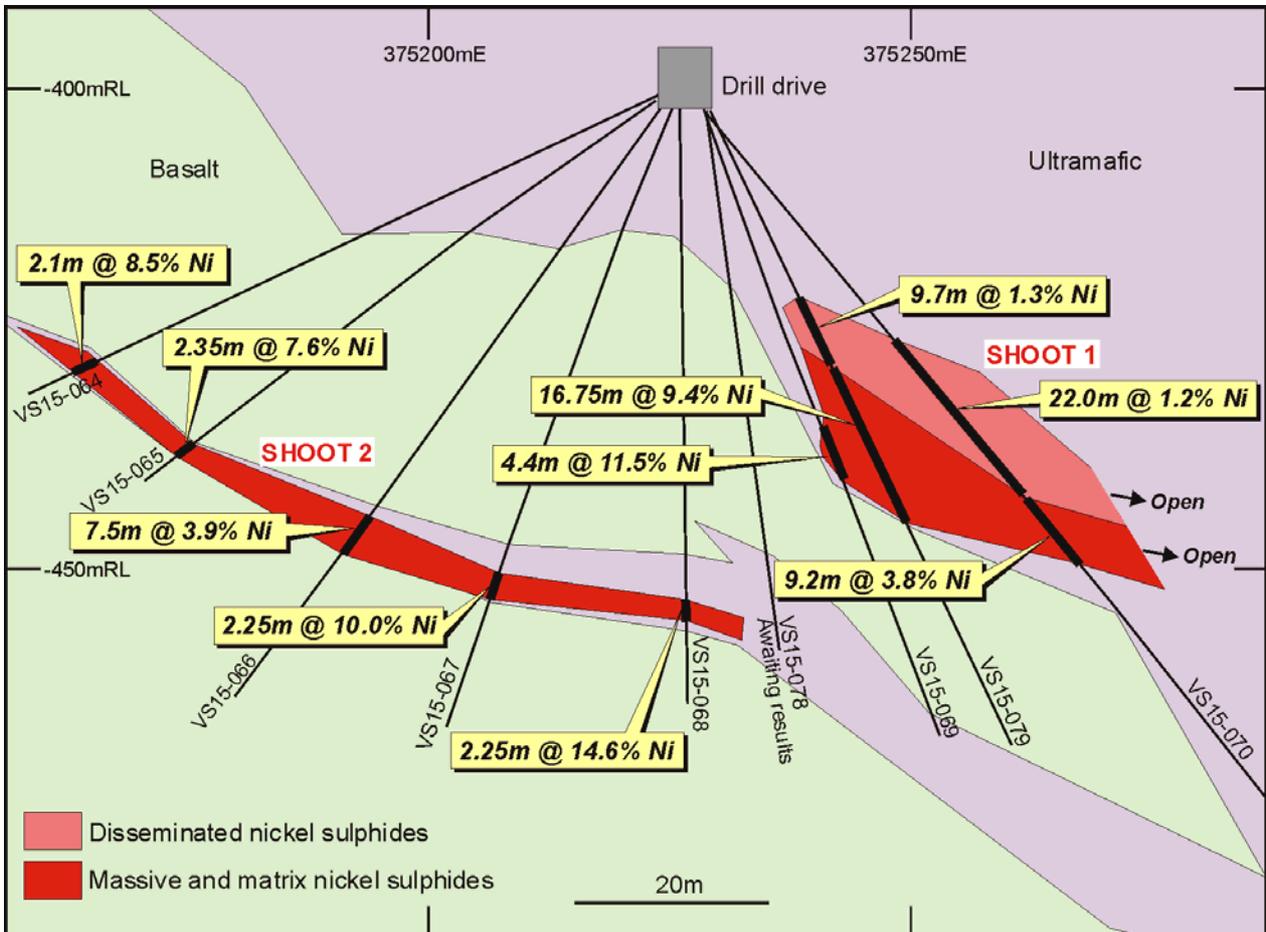


Figure 2: Victor South 547,460N Cross Section

**TABLE 1(A): VICTOR SOUTH – SIGNIFICANT NICKEL INTERCEPTS INSIDE RESOURCE**

**SECTION 547 460mN**

Shoot	Hole No.	Northing (m)	Easting (m)	RL (m)	Azimuth (degr.)	Dip (degr.)	E.O.H (m)	From (m)	To (m)	Width (m)	True Width (m)	Grade (Ni)
2	VS15-064	547470	375225	-400	248	-24	92.8	69.5	71.6	2.1	2.1	8.5%
2	VS15-065	547470	375195	-401	252	-64	82.4	64.15	66.5	2.35	<b>2.35</b>	<b>7.6%</b>
2	VS15-066	547470	375225	-401	241	-51	82.7	52.6	60.1	7.5	7.5	3.9%
2	VS15-067	547470	375225	-401	228	-64	86.5	55.45	57.7	2.25	<b>2.1</b>	<b>10.0%</b>
2	VS15-068	547470	375227	-401	179	-71.5	84.9	55.4	57.65	2.25	<b>2.1</b>	<b>14.6%</b>

**SECTION 547 480mN**

1	VS15-002	547480	375222	-401	270	-24	93	70	73.5	3.5	<b>3.5</b>	<b>9.5%</b>
2	VS15-003	547480	375222	-401	270	-38	102	62.7	65.3	2.6	2	9.1%
1	VS15-004	547480	375222	-401	270	-54	79.5	13	33.4	20.4	<b>20.4</b>	<b>4.1%</b>
1	VS15-005	547480	375222	-401	266	-68	99	35.4	37.2	1.8	1.8	6.6%
2								50.1	59.11	9.01	8.5	2.8%
1	VS15-007	547480	375224	-401	90	-77	126.9	18.8	35	16.2	<b>16.2</b>	<b>5.0%</b>

**SECTION 547 500mN**

1	VS15-013	547500	375216	-401	266	-34	75	10.7	23.9	13.2	13.2	2.3%
1	VS15-014	547500	375216	-401	266	-52	97.4	11.8	26.3	14.5	<b>14.4</b>	<b>5.8%</b>
2								56.2	58.4	2.2	1.7	8.8%
1	VS15-015	547500	375216	-401	266	-73	90.2	23.1	27.65	4.55	<b>4.55</b>	<b>6.9%</b>
4								27.65	57.9	30.25	<b>DH</b>	<b>8.6%</b>
2								57.9	59.3	1.4	1.4	13.4%
1	VS15-016	547500	375216	-401	90	-89	95	14.65	27.4	12.75	<b>11.7</b>	<b>3.0%</b>
2								51.6	61.1	9.5	5.5	2.6%
1	VS15-017	547500	375219	-401	88	-71.5	127.1	21.9	28.8	6.9	<b>6.3</b>	<b>4.5%</b>

**SECTION 547 520mN**

1	VS15-023	547520	375208	-401	267	-34	80	8.1	17.2	9.1	9.1	2.8%
1	VS15-024	547520	375208	-401	271	-54	127	9.6	18.75	9.15	9.15	2.3%
2								54.3	57.0	2.7	<b>2.7</b>	<b>6.0%</b>
1	VS15-025	547520	375208	-401	263	-66	25.3	11	22.2	11.2	<b>11.2</b>	<b>6.2%</b>

**SECTION 547 540mN**

1	VS15-035	547540	375201	-401	270	-58	125.1	8.62	18.91	10.29	9.1	2.9%
2								54.5	56.55	2.05	2.05	9.1%
1	VS15-036B	547540	375202	-401	270	-78	96.1	9.75	26.9	17.15	<b>16.6</b>	<b>3.9%</b>
1	VS15-037	547540	375204	-401	90	-84	120	14.8	23.4	8.6	<b>8.6</b>	<b>3.5%</b>
2								60.95	66.8	5.85	2.6	5.5%

**SECTION 547 560mN**

1	VS15-044	547560	375193	-401	264	-51	78.6	9	17.15	8.15	8.15	2.9%
1	VS15-045	547560	375193	-401	270	-73	74.6	10	28.5	18.5	<b>18.5</b>	<b>3.1%</b>
2	VS15-047	547560	375198	-401	86	-70	140.5	85.3	93	7.7	<b>6.4</b>	<b>11.9%</b>

**SECTION 547 580mN**

1	VS15-056	547569	375193	-401	334	-68.5	108.8	14	23.7	9.7	<b>8.9</b>	<b>7.2%</b>
2								36	37.5	1.5	1.2	14.3%
1	VS15-055	547570	375193	-401	309	-60	91.5	14.8	25.05	10.25	8.8	2.6%

*(These intersections have been calculated using the specific gravity weighting method).*

TABLE 1(B): VICTOR SOUTH – SIGNIFICANT NICKEL INTERCEPTS OUTSIDE RESOURCE

SECTION 547 440MN

Shoot	Hole No.	Northing (m)	Easting (m)	RL (m)	Azimuth (degr.)	Dip (degr.)	E.O.H	From (m)	To (m)	Width (m)	True Width (m)	Grade (Ni)
2	VS15-072	547471	375226	-401	231	-46	92.8	58	64.8	6.8	4.5	4.3%
2	VS15-073	547471	375226	-401	210	-51	98.3	57.2	59.6	2.4	2.2	5.6%
2	VS15-074	547471	375227	-400	188	-56	99	56.3	58.9	2.6	2.6	2.8%

SECTION 547 460MN

1	VS15-069	547470	375228	-401	135	-63	85.6	40.6	45	4.4	DH	11.5%
1	VS15-070	547470	375228	-401	113	-49	143.7	33.3	64.5	31.2	DH	2.0%
1	VS15-079	547472	375229	-401	106	-64	75.1	23.2	49.65	26.45	DH	6.8%

(These intersections have been calculated using the specific gravity weighting method).

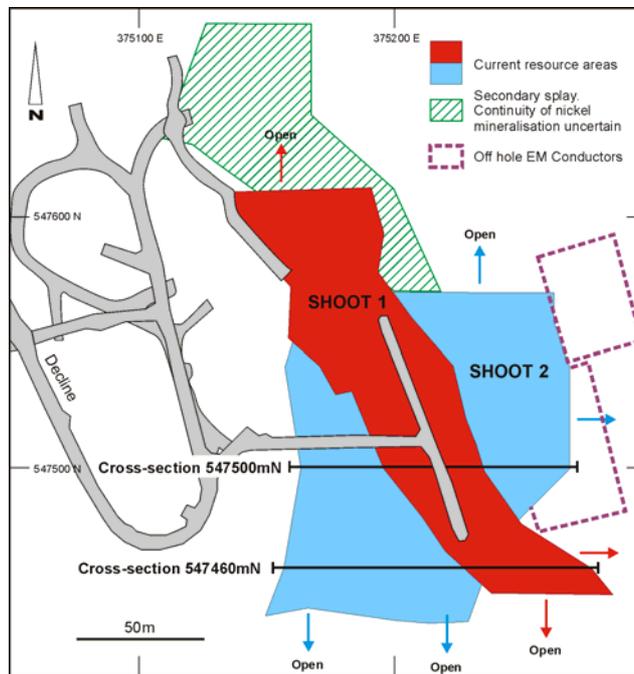


Figure 3: Victor South Plan showing Shoot 1 and Shoot 2 positions and down-hole TEM anomalies

TABLE 2: LONG - SIGNIFICANT NEW NICKEL INTERCEPTS

Shoot	Hole No.	Northing (m)	Easting (m)	RL (m)	Azimuth (degr.)	Dip (degr.)	E.O.H	From (m)	To (m)	Width (m)	True Width (m)	Grade (Ni)
M02C	LG9-031	550133	374235	-162	90	-29	33.6	22.05	23.25	1.2	1	2.8%
M02C								27.45	29.4	1.95	1.2	3.5%
M02C	LG9-032	550133	374234	-161	90	-63	55.3	39.7	42.25	2.55	2	4.7%
M02C	LG9-034	550133	374222	-161	90	-54	46.4	34.63	39	4.37	2	2.3%
M03C	LG14-236	550339	374173	-445	90	-67	124.1	58.1	58.5	0.4	0.4	5.8%
M03C								69.45	70.85	1.4	1.2	6.0%
M03C	LG15-207	549775	374498	-484	83	-4.5	134	50.26	51.3	1.04	1.04	2.7%
M03C								65.3	67.7	2.4	2.4	5.7%
M03C	LG15-209	549775	374498	-484	110	-6	43	17.2	18.63	1.43	1.43	4.7%

(These intersections have been calculated using the specific gravity weighting method).

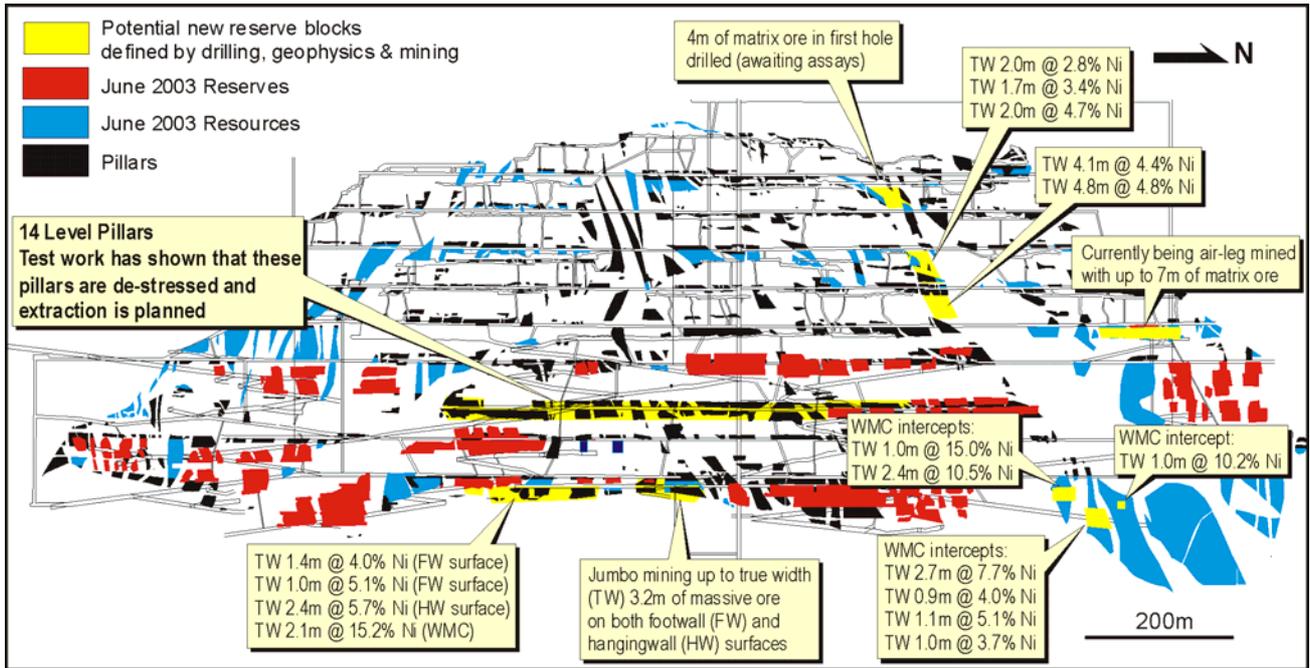


Figure 4 : Long Project - Longitudinal Projections showing potential new reserve blocks as defined by drilling, geophysics and mining

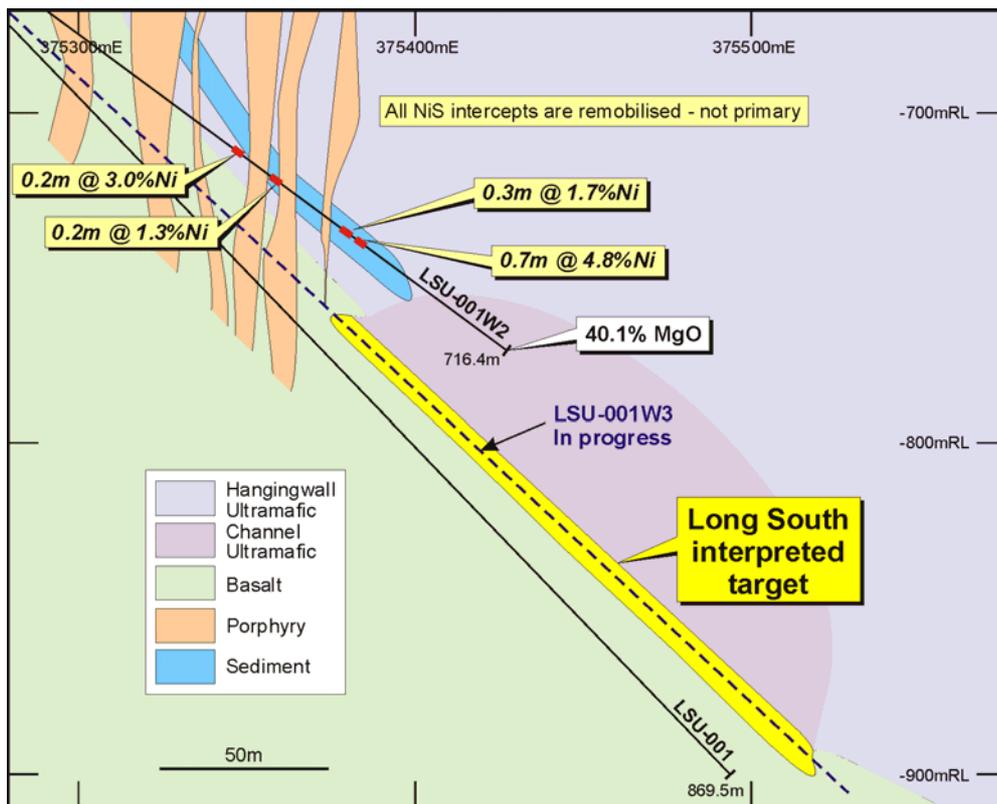


Figure 5 : Long South Target Cross-section showing interpreted target area, remobilised nickel sulphides intersected in LSU-001 W2 and LSU-001 W3 target

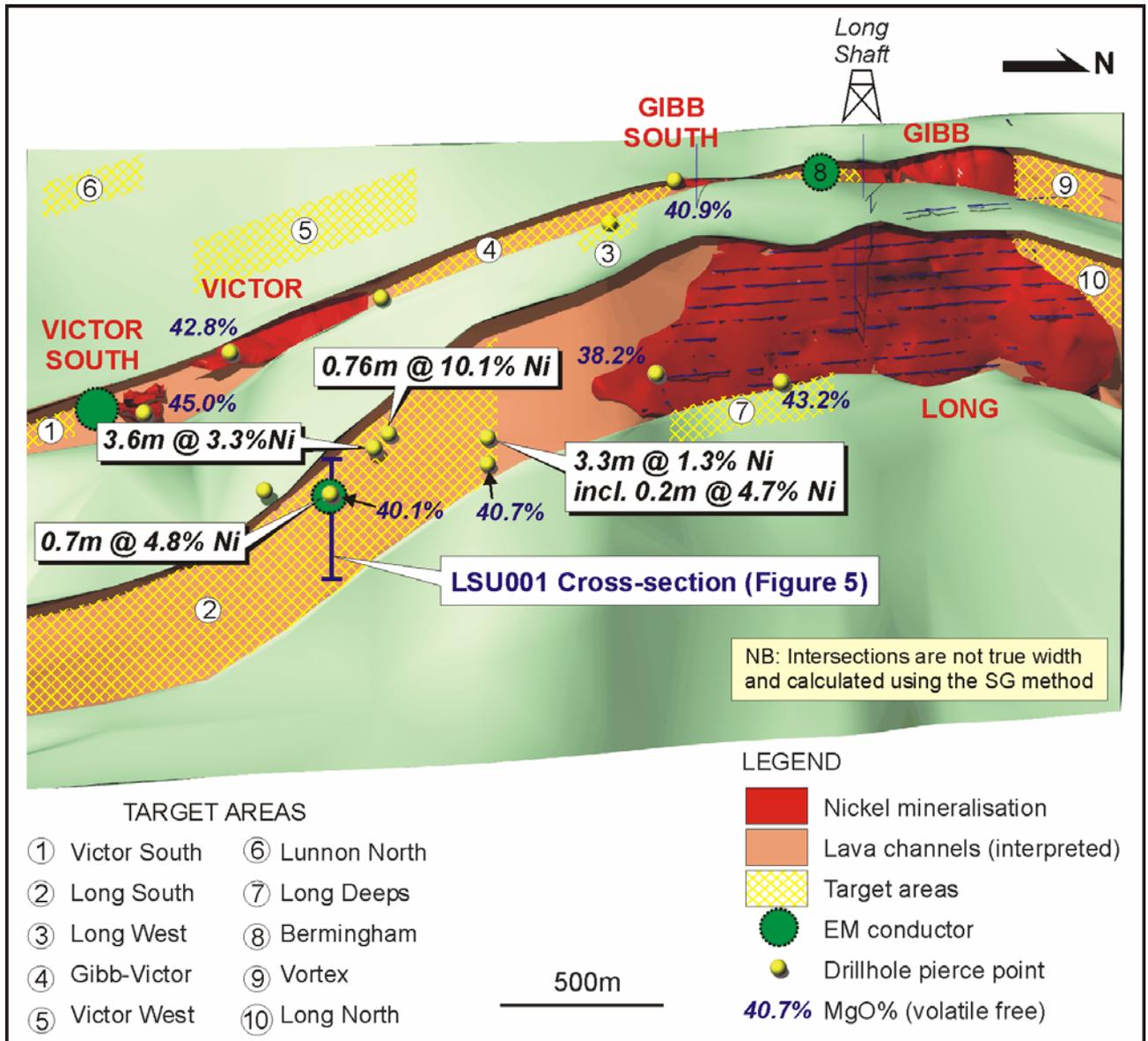


Figure 6 : Long Project - Longitudinal projections showing Long South target area and channel ultramafics

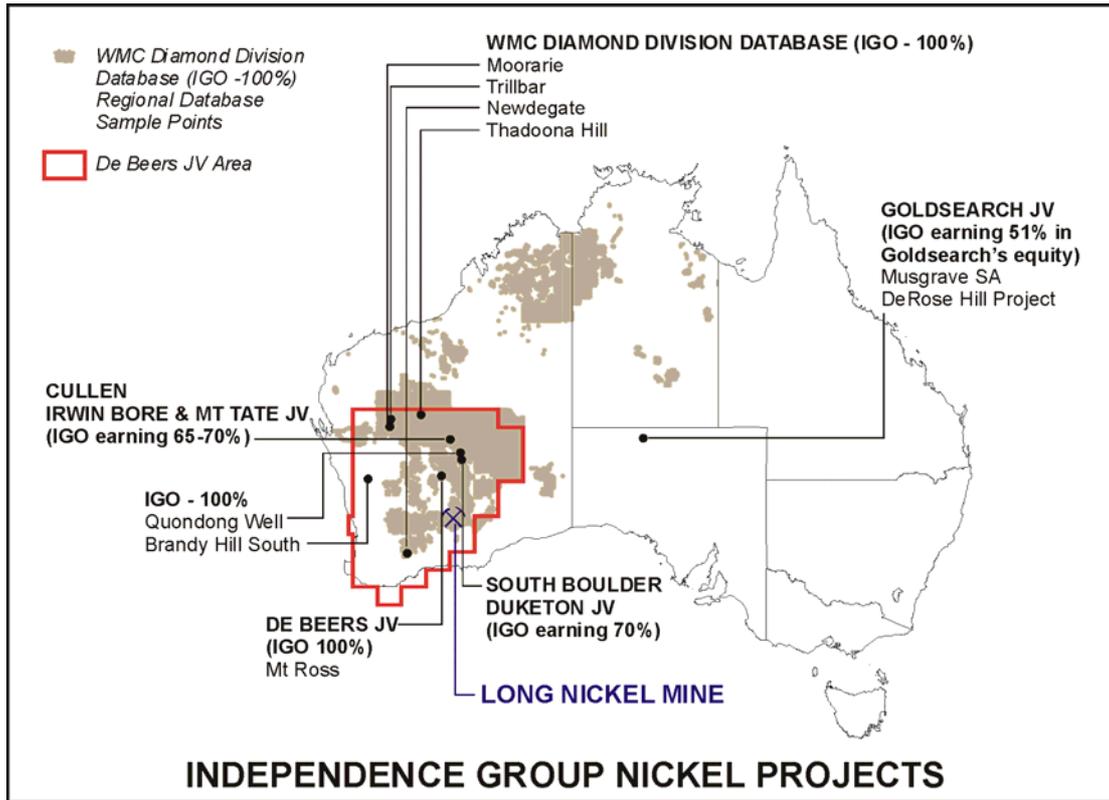


Figure 7(a): Independence Group Nickel Project Locations

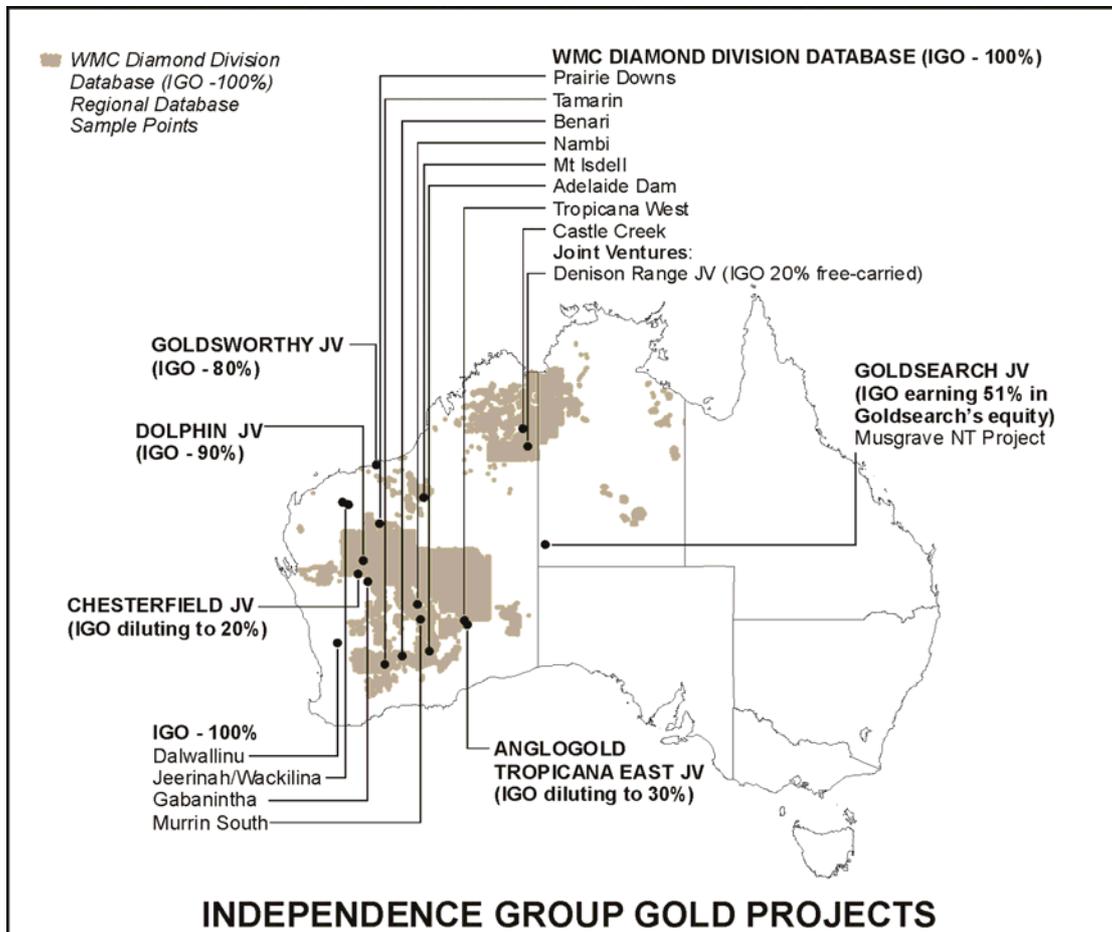


Figure 7(b): Independence Group Gold Project Locations



## REGIONAL NICKEL EXPLORATION

As a result of an aggressive regional nickel targeting and acquisition strategy during 2003/4, Independence now owns or has the right to earn a majority interest in the nickel rights in approximately 1880km<sup>2</sup> of highly prospective tenure in the North Eastern Goldfields. This ground position is focused on the under-explored Duketon and Mt Fisher greenstone belts and is situated between WMC Resources Ltd's emerging Gunbarrel and Collurabbie Hills projects and the historical nickel mining centre at Windarra.

The Company also has numerous other targets under tenure in the Yilgarn and Musgrave provinces. Independence is continuing to build on its quality ground position based on chromite targeting, using the WMC Resources and De Beers databases, and via regional studies.

### CULLEN JOINT VENTURE

#### (IGO MANAGER EARNING 70% NICKEL RIGHTS)

An initial 604 sample, -2mm size fraction geochemical survey was completed at the Irwin Bore Joint Venture during the quarter. The sampling was completed on a grid spacing of 500m x 50m and was designed to cover the interpreted location of the entire ultramafic sequence within the JV area. The aim of the survey is to enable scheduled ground EM geophysical surveys to focus initially on areas with elevated nickel suite geochemistry.

Overall the results from the survey were encouraging with eight areas of interest identified. In these areas clusters of samples returned elevated nickel suite assays over areas interpreted to be underlain by ultramafic rocks. Peak soil geochemical responses were 1050ppm Ni, 164ppm Cu, 1790ppm Cr, 37ppb Pd and 34ppb Pt.

The forward work program consists of field checking of areas of anomalous geochemistry in conjunction with a regolith interpretation exercise based on aerial photography. The aim is to determine areas where the geochemistry may have been ineffective. First pass 200m loop, ground EM surveying of prioritised areas is scheduled to commence during the September quarter.

Further infill geochemistry may be completed in selected areas of anomalous EM response to assist drill targeting.

### DUKETON NICKEL JOINT VENTURE

#### (IGO MANAGER EARNING 70% NICKEL RIGHTS)

First pass targeted geochemical programs, based on compilation of historical exploration data, and targeting undertaken during the quarter are scheduled to commence in the September quarter.

### DE BEERS JOINT VENTURE

#### ▪ Chromite Targeting

Regional nickel sulphide targeting using the company's in-house, developed filters for chromite mineral chemistry is ongoing. Reconnaissance investigation of targets generated from this work is ongoing.

### WMC DIAMOND DATABASE PROJECTS

#### ▪ Benari

As part of the routine assessment of all the Company's targets for nickel potential, a ground EM geophysical survey was initiated and completed at the Benari Project during the quarter. The survey targeted a number of areas of anomalous Ni and Cu auger geochemistry, and Ni and Cu values from RAB drilling which had highlighted two trends of interest.

The geophysical program consisted of 30.4 line km at 200m line spacings. This work has identified two discrete conductors which are of interest and are coincident with anomalous Ni and Cu geochemistry and interpreted ultramafic rocks. Infill geophysics is scheduled to better define targets for drilling which is expected to be completed this calendar year.

### MUSGRAVE JOINT VENTURE

#### (IGO MANAGER EARNING 51%)

#### ▪ De Rose Hill

Ground geophysics over a third geochemical target anomalous in Ni, Cu, Co and PGE's was successful in identifying a number of bedrock conductive features (Figure 8). This target is coincident with several interesting features in regional magnetic data.

Approximately 3500m of shallow drilling is planned for the September quarter to test the EM conductors identified by two of the three ground EM surveys completed over geochemical targets within EL2910.

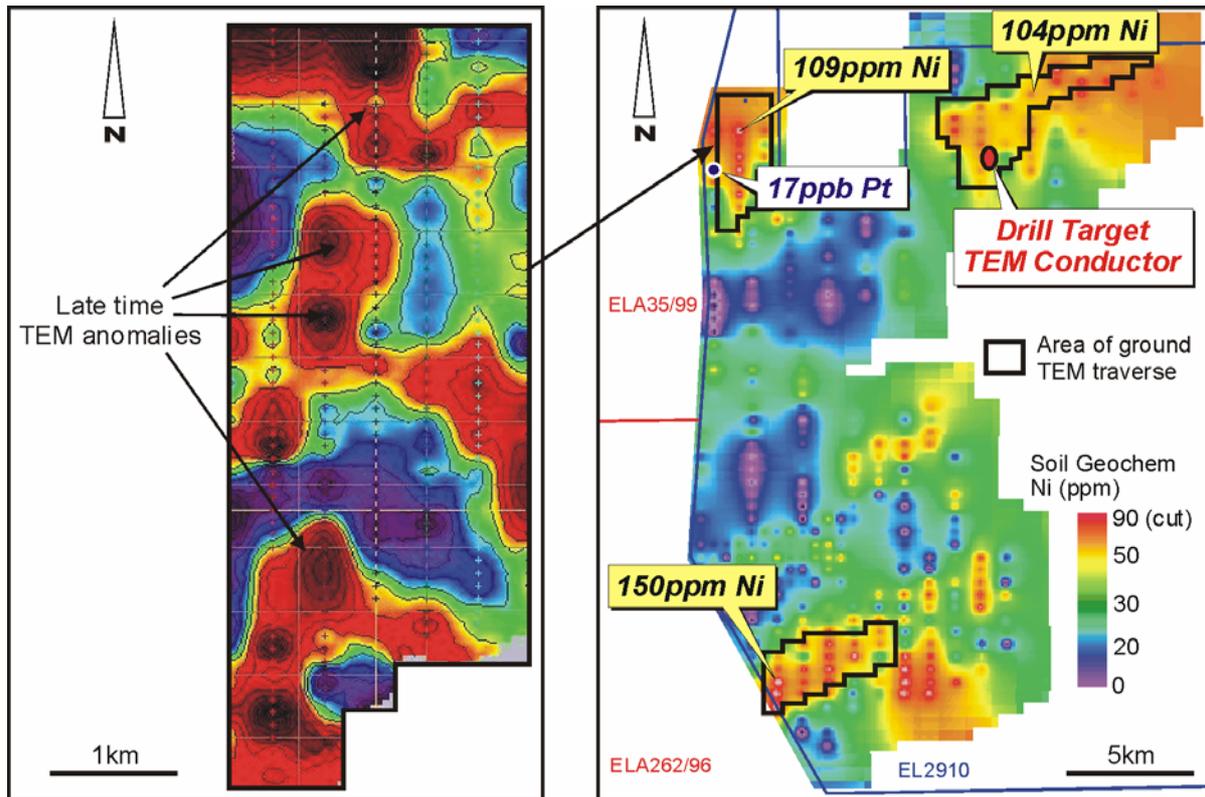


Figure 8: Musgrave Joint Venture, De Rose Hill Project. Surface Ni Pt anomalies and TEM conductors

## REGIONAL GOLD EXPLORATION

### 100% IGO

#### Wackilina

During the quarter limited mineralogical test work was completed to better determine the nature of extensive low-grade gold mineralisation previously identified. Sulphide concentrate samples returned assays up to 6.57g/t Au (50g) with the tails returning 0.25g/t Au (2900g) from an original sample with a grade of 0.45g/t Au.

Petrographic observation of the sulphides from the concentrates confirmed that magnetic pyrrhotite is the dominant sulphide mineral. As the known gold mineralisation is intimately associated with a potentially magnetic sulphide species, previously identified conceptual magnetic targets will be drill tested during the September quarter.

During the quarter Independence signed an iron ore exploration agreement with Poondano Exploration Pty Ltd, which gives Poondano the right to explore for iron ore deposits on a number of Independence tenements in the Hammersley Basin, including those at the Wackilina project. Independence retains an AUD \$0.25 per tonne royalty on all mined iron ore.

### WMC DIAMOND DATABASE PROJECTS

#### Benari

A further 36 inclined holes for 1871m were completed to test gold targets at the Benari Project during the quarter. Whilst drilling failed to intercept economically significant mineralisation, a reasonably broad zone of elevated Au (up to 26m @ 0.17g/t) and associated As (up to 30m @ 176ppm) has been defined over 200m of the central anomaly and remains open along strike to the north west. Further drilling to test the extension to this zone will be undertaken in conjunction with proposed nickel exploration.

#### Tropicana West

A detailed aeromagnetic survey was completed during the quarter. A number of structural targets have been identified for reconnaissance drill testing to be completed by the end of the calendar year.

### ANGLOGOLD TROPICANA EAST JOINT VENTURE (ANGLOGOLD ASHANTI AUSTRALIA MANAGER EARNING 70%)

Recent air core drilling by Joint Venture partner AngloGold Ashanti Limited returned a best result of 4m @ 1.4 g/t gold. The mineralization is associated with sericite-pyrite altered granodiorite. A detailed aeromagnetic survey has recently been completed and is currently being interpreted. Regional geochemical programs are ongoing.



A program of deeper RC and possible DD drilling, to test the depth potential of the previously identified 3km long zone of gold mineralisation and alteration, is scheduled to be completed by the end of the calendar year.

**GOLDSWORTHY JOINT VENTURE  
(IGO MANAGER EARNING 80%)**

Air core drilling has further tested three target areas within E45/2380. A total of 98 holes for 3403m were completed during the quarter following completion of Aboriginal Heritage clearance surveys.

At the TG1 target, seven drill traverses tested approximately 6km of strike of the main east – west trending shear zone. All traverses intercepted elevated Au, As and Sb mineralisation over wide intervals with individual 1m samples up to 0.5 g/t Au. The shallow (generally 20 – 40m deep) angled holes were spaced at 50m or 100m spacings on traverses up to 2km apart.

At the TG2 target, follow up drilling of vertical holes spaced at 100m on traverses 400m apart also intercepted a zone of elevated Au, (Cu, As, Zn) mineralisation which parallels the main north-east structural trend in this area.

The proposed follow up program consists of further drilling to better define the widths and tenor of the known mineralisation. A detailed aeromagnetic survey is also planned to assist with targeting of potential structural and lithological mineralising fluid traps. Results to date suggest the major structures in the area have at some time acted as large conduit systems for significant volumes of potentially mineralising hydrothermal fluids.

**MUSGRAVE JOINT VENTURE  
(IGO MANAGER EARNING 36 - 51%)**

Encouraging reconnaissance rock chip sample results have been returned from a number of areas within EL5701 in the Northern Territory. Sampling returned peak values up to 12.03% Pb, 2.55% Cu, 162g/t Ag, 257ppm Bi and 90ppb Au from previously identified quartz veins hosted by basalts close to a late intrusive granitic body.

A field crew arrived on site late in June to commence regional geochemical sampling over EL5701 and EL5703.

## PLANNED IGO SEPTEMBER QUARTER EXPLORATION

### LONG EXPLORATION

- *Long South*  
Complete 2nd wedge hole (LSU-001 W3) at Long South and acquire down-hole geophysical data.
- *Long, Victor South & Gibb South*  
Ongoing drilling, geological and geophysical exploration as part of the current program with the aim of increasing the mine's reserves to 50,000t of contained nickel metal.

### REGIONAL NICKEL EXPLORATION

- *Cullen Joint Venture*  
Ground EM geophysical surveys.
- *Duketon Nickel Joint Venture*  
Targeted surface geochemical programs.
- *Benari*  
Infill ground EM geophysics and follow up drilling if justified.
- *Reconnaissance*  
Reconnaissance investigation of new targets.

### REGIONAL GOLD EXPLORATION

- *Goldsworthy Joint Venture*  
Follow up air core drilling and detailed aeromagnetics.
- *Wackilina*  
RC drilling of conceptual magnetic targets.
- *Nambi*  
RAB drilling of geochemical and structural targets.

### INDEPENDENCE GROUP NL

**CHRISTOPHER M. BONWICK  
MANAGING DIRECTOR**

Information in this report relating to geological data has been compiled or reviewed by Mr Christopher M. Bonwick who is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient relevant experience in the reported fields of activity.

**INDEPENDENCE GROUP NL**  
PO Box 893  
SOUTH PERTH WA 6951

T: (08) 9367 2755  
F: (08) 9367 3288  
E: contact@igo.com.au  
W: www.igo.com.au