



24 January 2005

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

NO. OF PAGES : (12)

DECEMBER 2004 QUARTERLY REPORT

Independence Group NL is pleased to announce that the December 2004 quarter has produced the following results:

- Record production (61,753t at 4.61% for 2,847 nickel tonnes)
- Record low operating costs (AU\$2.65 per payable pound of nickel)
- 762 tonnes nickel mined outside or in excess of ore reserves
- Record \$11.5 million consolidated pre-tax profit (unaudited)
- Half-year after tax EPS of 14.5 cents per share (unaudited)

CHRISTOPHER BONWICK
Managing Director



GROUP HIGHLIGHTS

- Record \$11.5 million consolidated pre-tax profit (YTD \$17.9 million)
- \$23.8 million cash and net receivables
- Inaugural 5 cents per share fully franked dividend paid in December 2004
- Strategic 19.9% investment in Matrix Metals Limited
- Half year EPS 14.5 cents (after tax, unaudited. Fully diluted 11.2 cents)

OPERATIONS HIGHLIGHTS

- Record Production - 61,753t at 4.61% Ni for 2,847 Ni tonnes
- Nickel production 11% above budget – up 53% from previous quarter
- Operating costs - record low of AU\$2.65/lb (payable Ni) – 30% below previous quarter
- Production on track for target of 220,000 t @ 4.0% Ni (8,900 Ni t) per annum
- Long South exploration decline commenced and advanced 160 metres
- 762 Ni tonnes mined outside or in excess of June 2004 ore reserves
- Continued excellent Long ore reserve drilling results including 12.4m @ 10.1% Ni and 4.4m @ 11.7% Ni (true widths)

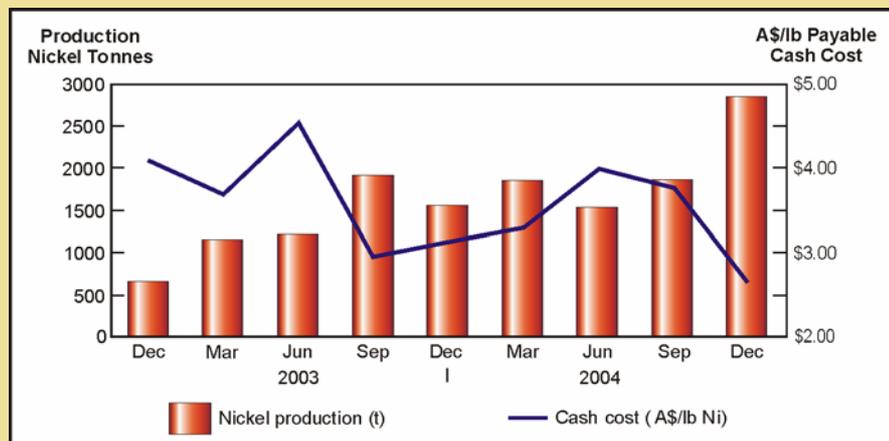
EXPLORATION HIGHLIGHTS

NICKEL

- Duketon JV - Bedrock TEM conductors identified

GOLD

- Goldsworthy JV - RC drilling confirms widespread gold mineralised shear zones which are untested along strike





CORPORATE

PROFIT

The pre-tax profit for the quarter was a record \$11.5 million after exploration expenditure of \$1.0 million was written off. Profit after tax for the quarter was \$7.7 million. All figures quoted in this report are unaudited.

OPTION CONVERSIONS

During the quarter 19.9 million 20 cent options were exercised raising \$4 million.

IGO's listed securities as at 31 December 2004 were:

103,838,678	Ordinary shares
1,901,322	Options

The 20 cent options expire on 31 January 2005. ASX trading of IGOO listed options ceased on 21 January 2005.

During the quarter 2.9 million contributing shares were fully paid and listed as ordinary shares raising \$0.3 million. At 31 December 2004 there were 4.1 million partly paid contributing shares remaining on issue.

INVESTMENT IN MATRIX METALS LIMITED

During the quarter the company acquired 19.9% of the ordinary shares of Matrix Metals Limited (MRX) at a cost of \$11.8 million. IGO is pleased to have made its first step towards achieving its corporate strategy of becoming a diversified mining company.

MRX is an ASX listed company with considerable strategic tenement holdings in the highly endowed Mt Isa/Cloncurry copper province. On 12 January 2005 MRX released the results of an initial bankable feasibility study into the White Range copper project, which forecasts annual production of 15,000 tonnes of 99.9% copper cathode.

Based on current resources and copper prices, this equates to gross revenue of approximately AU\$62 million per annum. MRX expects White Range to have a mine life of at least 6 years and is capable of being in production within 12 months.

However, the initial feasibility study results released by MRX indicate that further work is required to improve the economics of the project.

Various avenues of project optimisation have been identified and are currently being pursued. In addition, exploration is being focused on following up other mineralised prospects near the initial resource to enhance the overall project economics by reducing the overall project strip ratio.

MRX also owns various other copper resources in the region, including the Mt Watson project. Mt Watson is anticipated to contain a similar resource to that delineated at White Range.

MRX currently has a fully diluted market capitalisation of approximately \$43 million and is holding cash of approximately \$18 million.

It is considered that MRX has the potential to become a 30,000 tonne p.a. copper producer from its two key 100% owned projects. The MRX tenement package is also considered to be relatively under-explored and possess outstanding mineral potential for copper, uranium and gold.

CORPORATE GOVERNANCE

The company's corporate governance policies are available on IGO's website.

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@igo.com.au.

DIVIDEND POLICY

The directors received the updated Life of Mine Plan which supported the payment of an inaugural 5 cent fully franked dividend to all shareholders in December 2004. Based on existing information, the board believes that this level of dividend is sustainable for the current life of the mine. The board will monitor dividend levels to ensure that other investment opportunities are able to be pursued which may generate increased returns to shareholders.

CASH AND DEBT

CASH RESERVES AS AT 31 DECEMBER 2004

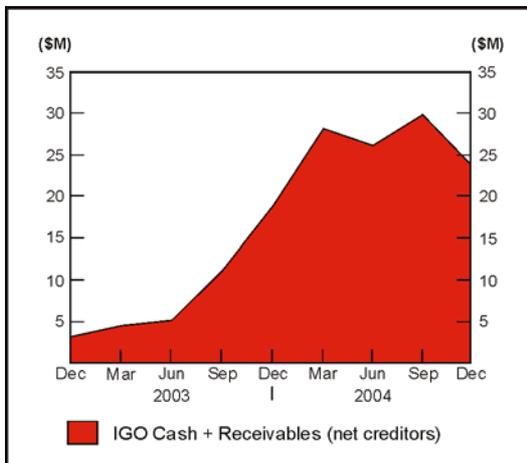
- \$12.4 million cash (Sept \$17.7m).
- \$11.4 million nickel revenue in receivables net of creditors (Sept \$11.1m).



- Total cash and net receivables \$23.8 million at end of the quarter.
- Unhedged receivables have been estimated using a \$US14,400/t nickel price and a 0.77 USD/AUD exchange rate.

Major cash movements during the quarter were:-

- \$0.7 million spent purchasing mining equipment during the quarter.
- \$1.3 million bank and hire purchase debt repaid.
- \$5.4 million paid to shareholders via a 5 cent fully franked dividend.
- \$4.3 million received from option and contributing shareholders.
- \$4.6 million paid for 2003/4 income tax.
- \$11.8 million cash invested for a 19.9% interest in Matrix Metals Limited.



DEBT AS AT 31 DECEMBER 2004

- A debt repayment of \$0.8 million was made during the quarter to reduce bank debt from \$8.0 million to \$7.2 million.
- \$1.7 million (Sept \$2.2m) remains owing on hire purchase of mining equipment.

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
October	January
November	February
December	March

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 effect of the changing nickel price and its effect on receivables is reflected in each quarter's cash flow and profit figures.

2004/5 EXPLORATION EXPENDITURE & WRITE-OFF

- \$2.3 million exploration expenditure was incurred during the quarter. This includes expenditure on the Long South target exploration decline.
- \$1.0 million exploration expenditure was written off during the quarter.

HEDGING

- Hedged nickel metal remaining at the end of the quarter was 6,760t at AU\$15,198/t.
- This will be delivered as follows:

2004/5	1,744t	Average AU\$15,371/t
2005/6	3,366t	Average AU\$14,136/t
2006/7	1,650t	Average AU\$17,183/t



MINING OPERATION

LONG NICKEL MINE IGO 100%

SAFETY

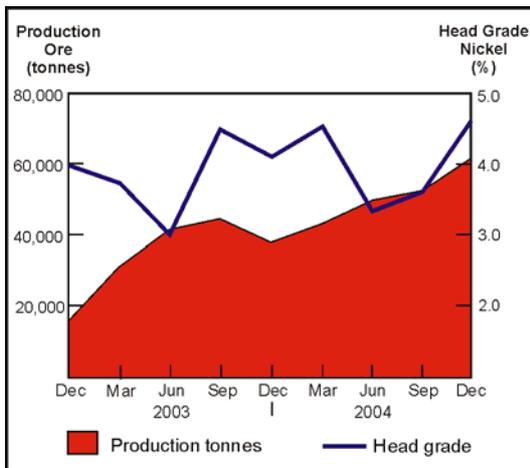
One Lost Time Incident (LTI) occurred during the quarter when an employee stumbled and injured his shoulder. Only two LTI's have occurred since the mine re-opened in October 2002.

DECEMBER QUARTER PRODUCTION

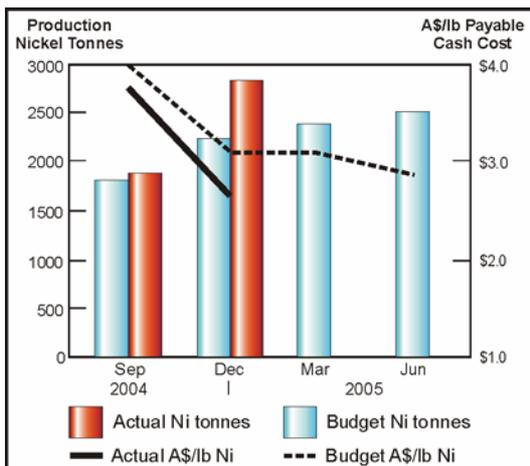
Production was 61,753 t @ 4.61% Ni for 2,847 Ni tonnes comprised of the following:

Flat-back	15,409t @ 3.52% Ni	543(Ni t)
Long-hole	13,265t @ 3.74% Ni	497(Ni t)
Hand-held	6,940t @ 5.92% Ni	411(Ni t)
Jumbo Development		
- Long	2,983t @ 3.73% Ni	111(Ni t)
- Victor South	23,156t @ 5.55% Ni	1,285(Ni t)

TOTAL 61,753t @ 4.61% Ni 2,847 Ni t



Quarterly nickel production was 11% above budget with payable nickel costs being A\$2.65/lb Ni (14% below budget).



Nickel tonnes mined outside or in excess of the current ore reserve comprised 27% of production as follows:

	December Quarter		
	Tonnes	Grade	% Ni
Outside Reserve	7,275	3.8	275
Inside Reserve	54,478	4.7	2,572
Reserve Estimate *	45,077	4.6	2,085
TOTAL	61,753	4.6	2,847

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

DEVELOPMENT

Victor South

Surface 1: Development continued along the footwall and hangingwall contacts to define ore boundaries. As expected, high grade ore was developed along the footwall bounding fault, with a total of 14,731 tonnes at 6.6% Ni (970 Ni t) produced here during the quarter.

Surfaces 2-4: Jumbo development continued along strike producing 7,142 tonnes at 4% (287 Ni t) during the quarter. Decline development has progressed south and is anticipated to intersect the keel structure (Surface 4) next quarter. This development also intersected Surface 3, which is currently outside the June 2004 ore reserves.

Gibb South

Air leg development and mining continued during the quarter producing 4,674t at 6.6% Ni (307 Ni t). Additional ore was mined below the main Gibb South lava channel which was not included in reserves (1,733 tonnes at 6.1% Ni for 107 Ni t).

Stripping of high grade ore at the southern extremity of the deposit indicated the ore is stoned out by a porphyry intrusive. An EM Torch survey within the mined out southern extremity of the stope indicated no additional ore near the workings.

A small massive sulphide trough was mined north of the main lava channel. Stripping of high-grade ore will continue next quarter.

Long

Development in Long itself is progressing to access the 16/1 and 16/3 blocks. Development is scheduled to enable the resources in these blocks to be converted to reserve status.

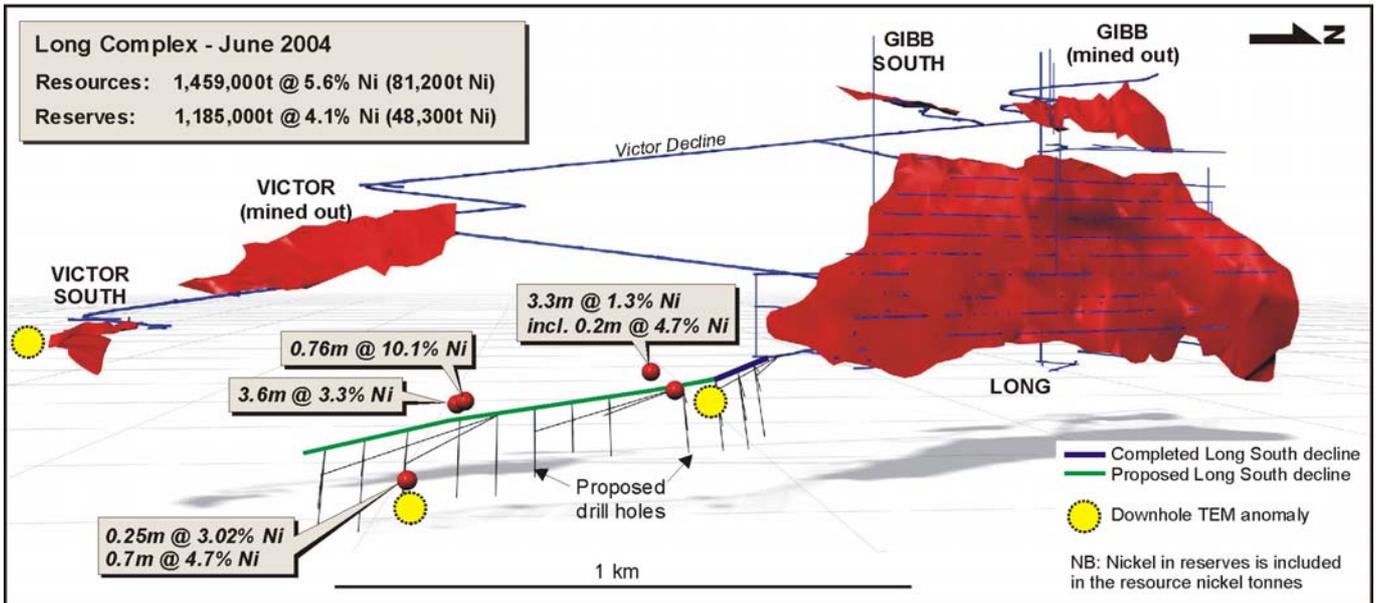


Figure 1: Long Nickel Mine – reserves, resources, drill hole MagTEM conductors and planned location of Long South decline

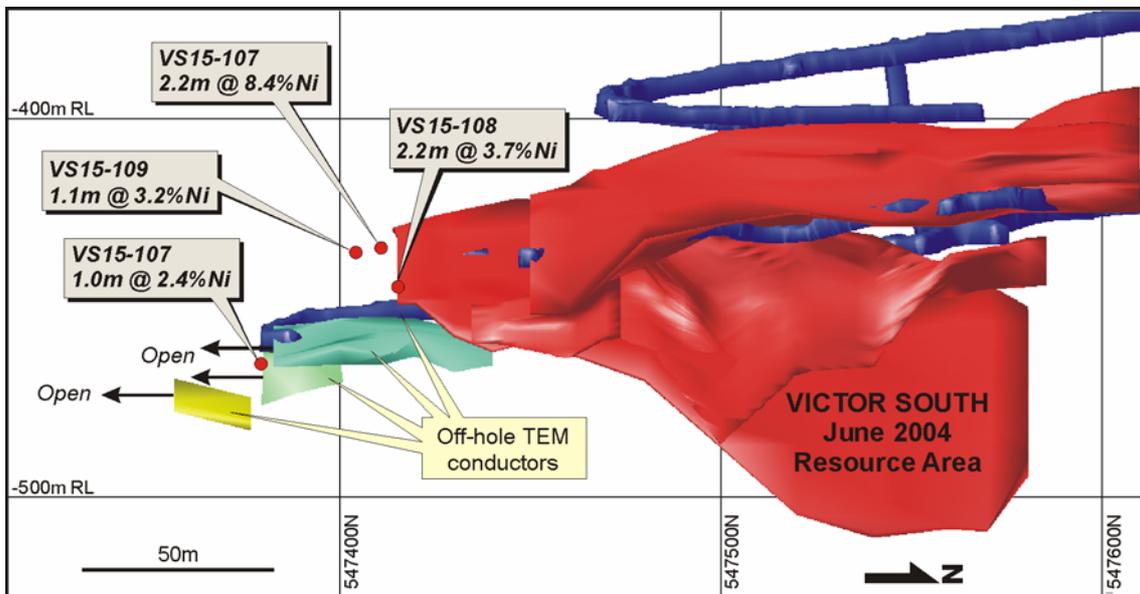


Figure 2: Victor South model showing off-hole MagTEM conductors and new intercepts south of the current resource area

EXPLORATION

▪ Long South Target Exploration Decline
 The Board approved a budget of approximately \$4 million for the decline, which will drive from the lower southern end of the Long ore body (Figure 1). Drilling at the Long South Target has previously intersected a number of encouraging intercepts indicating potential for additional nickel sulphide mineralisation south of Long. The decline will involve approximately 1,315 metres of development to reach the Long South target which is about 1km south of the 15 level take off point. Progress since commencement in October 2004 is 160 metres.

The decline is planned to have a profile of 5 x 5.5 metres, which will enable full truck and mining access should the target prove to contain economic nickel mineralisation.

Drilling will be undertaken on approximately 80m centres and drill holes will be logged by the company's new MagTEM probe which can delineate nickel sulphide conductors up to 40 metres from the drill hole. One drill cuddy has been cut. The decline is in basalt and porphyry as scheduled. Exploration drilling and down hole MagTEM surveying will commence in the next quarter.



Drilling from the start of the decline has intersected a conductor 230 metres south of the Long mine (Figure 1). This conductor will be drill-tested once the decline has advanced far enough to allow access.

▪ Victor South
 Exploration drilling has continued at a reduced rate awaiting optimal drill sites to test for southerly extensions to the Victor South deposit. These sites will become available in the March quarter as decline development continues.

Final results for holes VS15-107 and VS15-108 from extensional drilling at Victor south indicate economic ore grades and widths 30m south of the current reserve boundary (Table 1).

Down hole TEM surveys conducted in these holes indicate conductors south of and below the current reserve boundary (Figure 2). These conductors require drill-testing.

▪ Long
 Detailed assessment of each level using in-mine geophysics, historical drilling and mapping has continued.

Drilling of a target on Level 9 has better defined an ore block 80m by 40m in size past current mining areas (Table 2).

Targets from in mine geophysics will continue to be tested next quarter.

TABLE 1 – SIGNIFICANT VICTOR SOUTH EXTENSION RESULTS

Shoot	Hole No.	Northing	Easting	RL	Azimuth	Dip	E.O.H	From	To	Width	True Width	Grade
		(m)	(m)	(m)	(degr.)	(degr.)		(m)	(m)	(m)	(m)	(Ni%)
2	VS15-107	547472	375224	-401	209	-29	150.1	81.3	83.5	2.2	2.2	8.38
3								122.8	123.8	1	1	2.43
2	VS15-108	547472	375224	-401	195	-37	127.1	69.5	72.3	2.8	2.2	3.7
2	VS15-109	547472	375224	-401	196	-30	145.5	83.8	84.9	1.1	1.1	3.29

(These intercepts have been calculated using the specific gravity weighted method)

TABLE 2 – SIGNIFICANT LONG RESERVE DRILLING RESULTS

Surface	Hole No.	Northing	Easting	RL	Azimuth	Dip	E.O.H	From	To	Width	True Width	Grade
		(m)	(m)	(m)	(degr.)	(degr.)		(m)	(m)	(m)	(m)	(Ni%)
M03C	LG16-284	550022	374350	-507	84	13	48.6	38.25	42.6	4.35	4.35	11.74
M03C	LG16-285	550022	374350	-507	74	23	51	38.25	39.46	1.25	1.25	6.75
M03C	LG16-286	550032	374357	-506	37	4	31.2	26.8	28.2	1.4	1.4	8.5
M03C	LG16-287	550032	374357	-506	20	-15	39.5	28.9	30.7	1.8	1.5	11.08
M02C	LG9-035	550227	374203	-161	100.3	-7.5	28	21.5	23.3	1.8	1.8	5.14
M02C	LG9-036	550227	374203	-161	115	-5	76.4	32.2	34.9	2.7	2.7	4.04
M02C	LG9-044	549425	374580	-159	28.6	-19.9	33.2	27.1	33.2	6.1	4	5.05
M02C	LG9-045B	549412	374592	-159	151	-18	65	0	19.9	19.9	12.4	10.08
M02C	LG9-045B							29.4	42.2	12.8	6	5.49

(These intercepts have been calculated using the specific gravity weighted method)



LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Dec '04 Quarter	2004/5 FY to Date	Dec '03 Prev. Quarter
Mining Inventory/Reserve (Dry Tonnes)				
Start of Period		1,132,741	1,185,000	649,197
- ROM Production	1	(61,753)	(114,012)	(16,199)
End of Period		1,070,988	1,070,988	632,998
Production Details:				
Ore Mined (Dry Tonnes)	1	61,753	114,012	38,075
Ore Milled (Dry Tonnes)				
Nickel Grade (Head %)		4.61	4.13	4.09
Copper Grade (Head %)		0.32	0.29	0.29
Metal in Ore Production (Tonnes)				
Nickel delivered	2	2,847	4,705	1557.26
Copper delivered	2	196	330	110.07
Metal Payable IGO share (Tonnes)				
Nickel		1,696	2,798	926.89
Copper		80	134	44.58
Hedging				
Tonnes delivered into Hedge		572	1,076	486
Average Price (AU\$/t)		12,580	12,474	12,389

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%.

		A\$'000's	A\$'000's	
Revenue/Cost Summary				
Sales Revenue (incl. hedging)		26,022	44,611	18,404
Cash Mining/Development Costs		(5,958)	(12,070)	(5,131)
Other Cash Costs	3	(3,981)	(7,038)	(1,273)
Depreciation/Amortisation/Rehabilitation		(2,772)	(4,519)	(1,955)
Total Unit Cost Summary				
		A\$/lb Total Metal Produced	A\$/lb Total Metal Produced	
Cash Mining/Development Costs		0.95	1.16	1.49
Other Cash Costs	3	0.63	0.68	0.37
Depreciation/Amortisation/Rehabilitation		0.44	0.44	0.57
Revenue/Cost Summary				
		A\$/lb Payable Metal	A\$/lb Payable Metal	
Sales Revenue (incl. hedging)		6.96	7.23	9.01
Cash Mining/Development Costs		1.59	1.96	2.51
Other Cash Costs	3	1.06	1.14	0.62
Depreciation/Amortisation/Rehabilitation		0.74	0.73	0.96

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

Safety and Productivity

- Lost Time IFR		15.53	7.5	0
- Medically Treated IFR		31.06	45.03	18.8
- Nickel Productivity Rate	4	98.99	85.51	73.2

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

	Metres	Metres	
Development/Exploration Drilling			
Development	0	796	20
Production	1,822	6,232	427
Exploration	770	1,797	2,222
	2,592	8,029	2,669

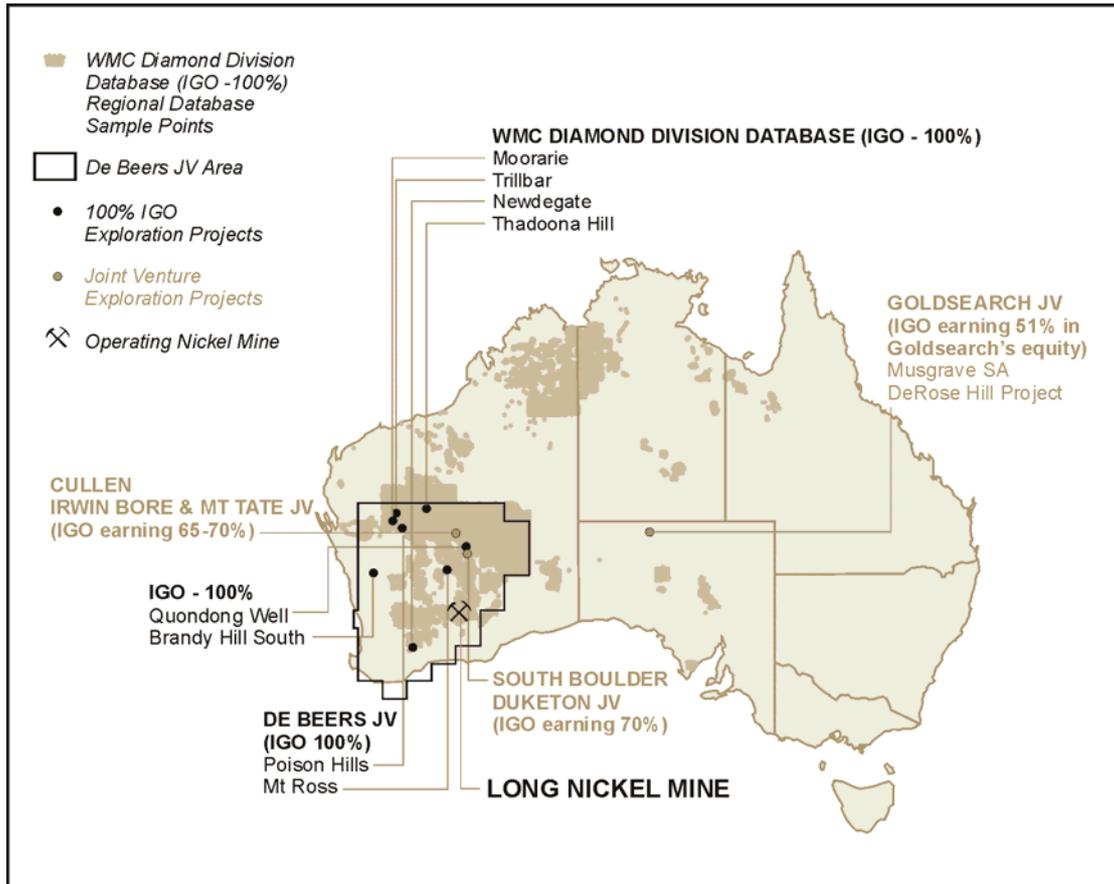


Figure 3(a): Independence Group Nickel Project Locations

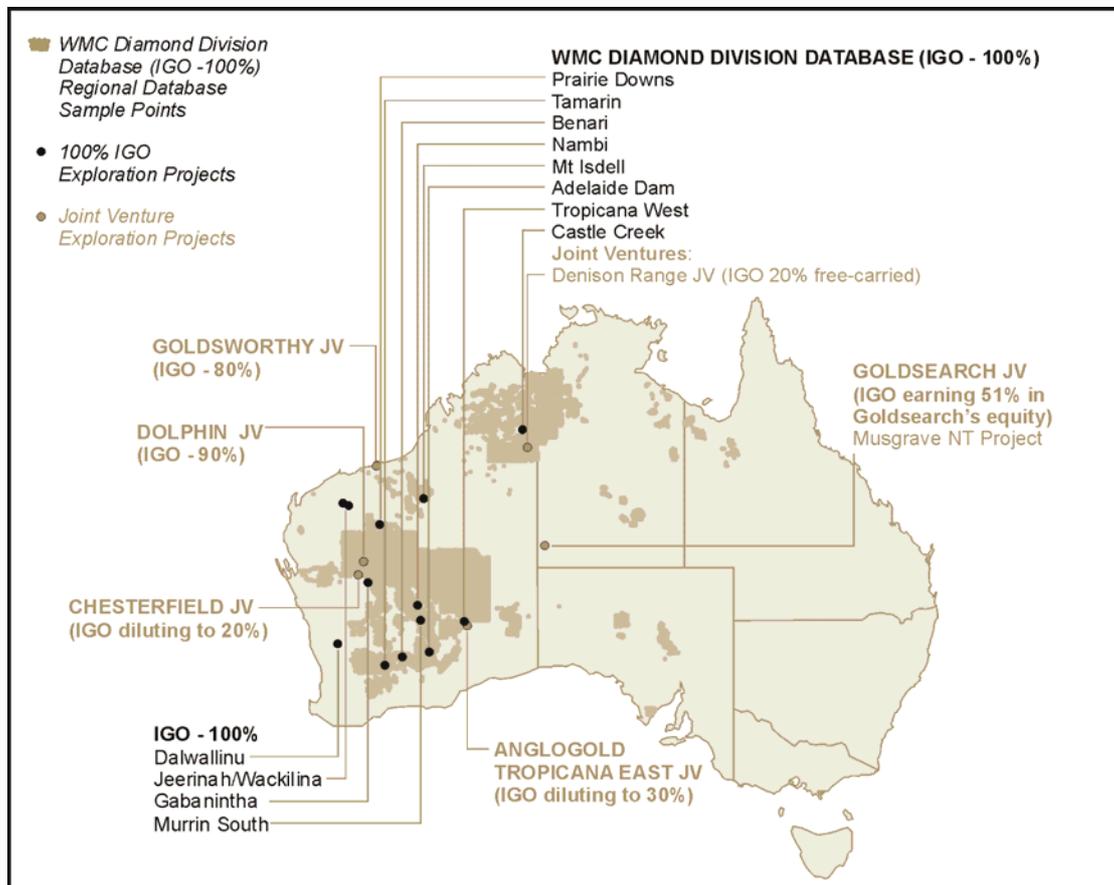


Figure 3(b): Independence Group Gold Project Locations



REGIONAL NICKEL EXPLORATION

CULLEN JOINT VENTURE

(IGO MANAGER EARNING 70% NICKEL RIGHTS)

A number of conductive responses associated with interpreted ultramafic units were identified during the ground EM survey commenced last quarter. A follow-up fixed loop survey to better define the best bedrock conductor for drill testing is scheduled for January/February 2005 together with continuation of the systematic first pass survey over the remainder of the project area.

DUKETON NICKEL JOINT VENTURE

(IGO MANAGER EARNING 70% NICKEL RIGHTS)

A program of TEM surveying to test the largely unexplored ultramafic units beneath cover commenced in November and will continue into the March quarter. A number of possible bedrock conductors are evident in preliminary data to hand.

DE BEERS JOINT VENTURE

- Chromite Targeting

Regional nickel sulphide targeting is ongoing using the company's in-house developed filters for chromite mineral chemistry. Several priority targets are undergoing detailed assessment.

BENARI

(IGO 100%, WMC 1.5% ROYALTY)

Two EM targets with co-incident Ni, Cu geochemical anomalism identified in previous gold exploration work will be tested by a short RC drill program in the March quarter.

MUSGRAVE JOINT VENTURE

(IGO MANAGER EARNING 51%)

Results of the 62 hole aircore drilling program completed last quarter have been received. Maximum assays values from 319 composite samples submitted include 516ppm Ni and 367 ppm Cu. No features readily explaining the EM anomalism were identified.

REGIONAL GOLD EXPLORATION

TROPICANA WEST

(IGO 100%, WMC 1.5% ROYALTY)

A 70 hole aircore drilling program testing several calcrete geochemical and aeromagnetic structural targets was completed in October. One hole, TWA069, coincident with a large magnetic high on the southern most traverse returned a high order gold anomaly comprising

140-160ppb from 0-4m and 70ppb Au from 4-8 metres. Check assays will be completed to determine if a follow-up program is warranted.

TROPICANA EAST JOINT VENTURE

(ANGLOGOLD ASHANTI AUSTRALIA MANAGER EARNING 70%)

Joint Venture partners AngloGold Ashanti completed a five hole (1338.2m) diamond drilling program during the quarter. The drilling was designed to provide orientated core in fresh rock from the mineralized intervals.

The drill holes intersected variably altered and sulphidised intermediate gneiss and granitoid lithologies. Gold mineralisation dips shallow to the southeast and is associated with 5 – 10% very fine-grained disseminated pyrite. To date only the visibly altered portions of the core have been sampled. Best results are detailed in Table 3.

Table 3: Tropicana Diamond Drilling Results Summary

Hole	Depth (m)	Width (m)	Au (g/t)
TPD001	67-73	6	2.1
TPD002	111-115	4	1.8
TPD007	184-197	13	1.7

Detailed logging of mineralized intervals and sampling of all core will be completed early in the March quarter. Geological studies including structural assessment, lithological sampling and petrophysical assessment are planned with the aim of determining the style of mineralisation, its timing relative to major structures and its potential for forming a significant deposit.

Depending on the results of these studies diamond drilling will resume early in the June quarter.

Regional calcrete and auger sampling of the Cundeelee tenements continued in areas deemed amenable to surface or near surface sampling techniques. In the northern portion of the leases adjacent to the Tropicana Prospect, 1373 auger and calcrete samples were collected. Assays results for this work are yet to be received.

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

Two aircore targets detailed last quarter were tested by a short RC drill program comprising 9 holes for 822m. Nine holes on 3 traverses 200m apart were completed at TG1 and 3 holes on a single traverse were completed at TG2. A detailed aeromagnetic survey was completed over the two main shear zones to assist with target delineation (Figure 4).

At TG1, RC drilling intercepted a strong zone of gold mineralization dipping 75°-80° to the south.

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

Check and infill surface geochemical sampling was completed over 10 gold and multi-element targets generated last quarter.

Three anomalies were confirmed including one high order (104.8ppb total digest) and 2 low order (5.75ppb BLEG and 5.15ppb Au total digest) anomalies all situated on a north-south trend centrally within E5701.

Follow-up of these anomalies is contingent on the results of check assaying currently being completed.

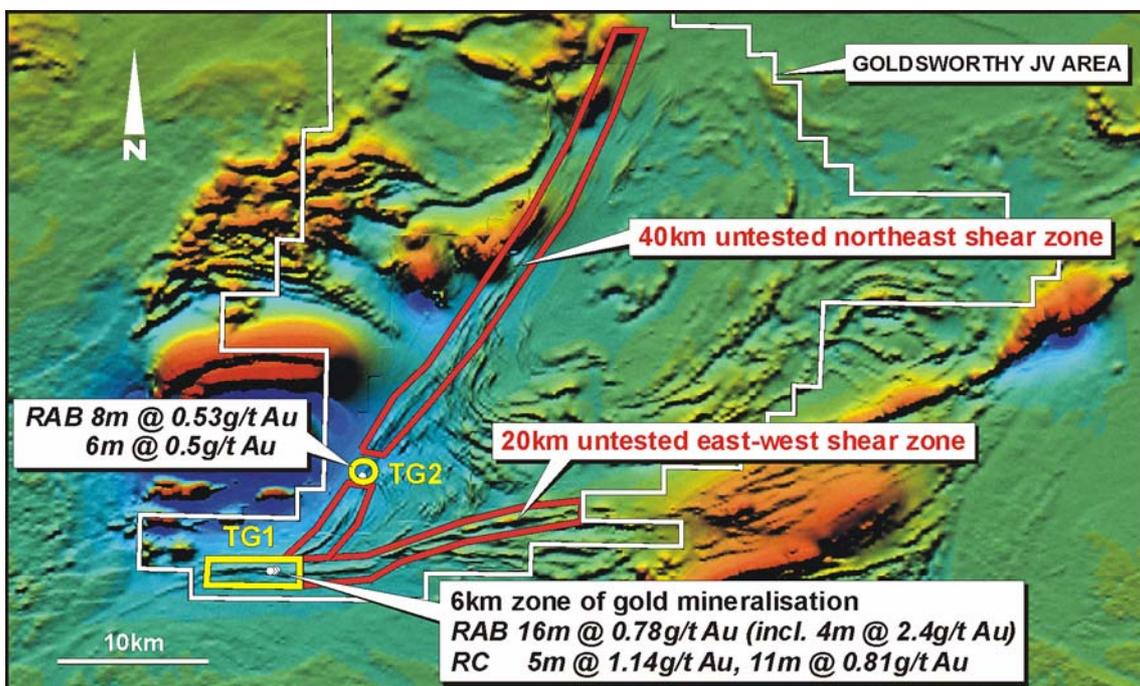


Figure 4: Goldsworthy Joint Venture – Aeromagnetics, drill results and targets

Table 4 Goldsworthy - RC Drilling Results Summary

Hole	Depth (m)	Width (m)	Au (g/t)
GRC004	31-36	5	1.10
GRC006	70-75	5	1.14
GRC008	58-60	2	1.26

The main zone of mineralization occurs as a cherty quartz vein ranging from 2 – 5 m in width and is consistent over the three sections tested.

Depth of cover is very shallow averaging 6m.

Although no economic intercepts were encountered at TG1, the style of shear zone mineralization along with continuity of quartz veins is encouraging for the potential of a large gold mineralised system

MARCH QUARTER PROGRAM

LONG EXPLORATION

- *Long South*
 - Continue exploration decline to target.
 - Drill 2 diamond drill hole traverses and log with DHEM
- *Long, Victor South & Gibb South*
 Ongoing drilling, geological and geophysical exploration as part of the current program with the aim of increasing reserves to 50,000t of contained nickel metal.

REGIONAL NICKEL EXPLORATION

- *Cullen Joint Venture*



Detailed fixed loop follow-up of bedrock conductors. Ongoing first pass EM and drill testing.

- *Duketon Joint Venture*
Systematic first pass EM testing and drill testing.

REGIONAL GOLD EXPLORATION

- *Goldsworthy Joint Venture*
3000m aircore program testing aeromagnetic targets.
- *Tropicana East Joint Venture*
Structural lithological and petrophysical assessment of Tropicana mineralisation.

INDEPENDENCE GROUP NL

A handwritten signature in black ink, appearing to read 'Chris Bonwick', written over a horizontal line.

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

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