HIGHLIGHTS

FINANCE

- **$10.2 million Long Nickel Mine quarterly cash flow** (September $6.7m).
- **$9.9 million consolidated pre-tax profit for the quarter** (September $4.6m).
- **$11.3 million cash at end of quarter**.
- **Debt repayment of $2 million in January 2004**

LONG NICKEL MINE

Safety: No Lost Time Injuries (LTI's).

Production: 38,075 tonnes @ 4.09% Ni (IGO share: 927 Ni tonnes -16% over budget).

- YTD 796 Ni tonnes (23%) produced from outside June 2003 ore reserve.
- YTD 2,671 Ni tonnes from ore mined from reserve blocks 28% higher than reserve estimates.
- 2,492t @ 7.9% Ni mined from Gibb South during the quarter.
- The underhand cut and fill research project is progressing well with the successful excavation and support of uncemented mine tailings above high grade pillars in a localised area.
- **When Victor South comes on line, 2004/5 production is expected to result in IGO's share of annual nickel metal increasing by 70%.**

Development:

Victor South: Decline development, to access shoots 1 and 2 continued during the quarter, with the aim of commencing production in the June quarter. A drill drive is expected to be completed in the March quarter above Victor South to enable conversion of additional resources to reserves.

Exploration Results:

Long South: A down-hole electromagnetic EM anomaly has been defined in LSU001 approximately 150m south of the previously reported 3.6m @ 3.3% Ni intercept in drillhole KD6067BW7.

11 – 12 Level: **9.9m @ 9.8% Ni (5.9m true width)** intersected on the M04C ore surface in area outside existing resources and previously interpreted to be stoped out by porphyry.

Bermingham: New EM anomaly defined by the EM Torch. Hole LG5 – 52 intersected 3.7m @ 1.2% Ni (2.1m true width) south of an historical mining area, which represents a potential extension of the ore position between Long and Gibb.

15 Level: Significant tonnages of high grade massive nickel sulphide ore have been discovered during mining operations outside known reserve and resource areas, and the expectation is for a reserve upgrade.

REGIONAL EXPLORATION

NICKEL EXPLORATION

De Beers Chromite Joint Venture: A joint venture with De Beers Australia to access their extensive chromite data base over the Yilgarn Block (to explore for new massive nickel sulphide deposits using IGO's in hose nickel-fertile chromite discriminator) was signed during the quarter.

Musgrave JV: Ground transient electromagnetic (TEM) geophysics defined a moderate bedrock conductor coincident with previously identified aeromagnetic and geochemical nickel anomalies.

Geophysics: Independence Group has acquired a new generation Mag TEM system sensor. It is hoped that this new technology will be less affected by conductive overburden, giving greater geological signal to noise ratios (enabling the discrimination of high tenor nickel sulphide from black shales) and have a more effective penetration depth than all previous exploration EM systems.

GOLD EXPLORATION

Reconnaissance Geochemistry: New large surface geochemical gold anomalies have been defined at the Benari and Dalwallinu projects.

Wackilina: Drilling intersected an extensive gold-anomalous, high-level, silica rich unit. Further drilling is planned to test an interpreted concealed vent position with the potential to contain high-grade gold mineralisation.

CORPORATE

Profit

Independence Group NL is pleased to announce a consolidated pre-tax profit of $9.9 million for the December quarter. The Board would like to thank all employees for this outstanding result.

Change of Name

Independence Gold NL changed its name to Independence Group NL on 21 November 2003 to reflect its focus on nickel mining and exploration as well as gold exploration.

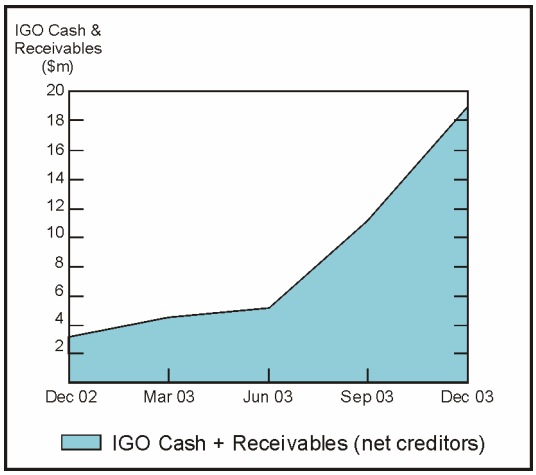
Website

The Company is finalising the content of the new website, which we expect to be completed and available to shareholders during the March quarter.

CASH AND DEBT

Cash reserves as at 31 December 2003

- $11.3 million (September $6.6m).
- $7.6 million nickel revenue in receivables net of creditors (September $2.5m).



Quarterly Debt Profile

- Refinancing of $13 million outstanding debt from BankWest to the Commonwealth Bank will result in a future interest saving, as well as provide for more flexible future funding.
- Debt repayment of $2 million in January 2004 reduced bank debt from $13 million to $11 million since the end of the quarter.
- $3.6 million (September $4.1m) for hire purchase of Long mining equipment.

Quarterly Exploration Expenditure & Write-off

- $1.3 million exploration expenditure.
- $0.4 million exploration expenditure write-off.

Hedging

- Total hedged nickel metal at the end of the quarter was 4,662 tonnes at AU$12,224 per tonne.
- This will be delivered at an average rate of 518 tonnes per quarter to March 2006.

MINING OPERATION

LONG NICKEL MINE

IGO 100%

TARGETS: I) SAFELY PRODUCE $60 MILLION CASH AFTER DEBT REPAYMENT AND TAX OVER 5 YEARS
II) DOUBLE CURRENT MINING RESERVES TO +50,000 TONNES NICKEL METAL

The Long Nickel Mine, operated by Independence Group's wholly owned subsidiary Lightning Nickel Pty Ltd ("LN"), produced 1,449 Ni tonnes (IGO share 927 Ni tonnes) during the quarter.

The 4.09% head grade (budget 3.3%) continued to reflect:

- a higher proportion of massive sulphides from Long stopes,
- improved grade control via the introduction of new geophysical technology, and
- high-grade ore from Gibb South (2,492 tonnes @ 7.9% Ni) which is performing above expectations.

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

Production during the quarter comprised 38,075 tonnes @ 4.09% Ni consisting of the following:

Jumbo	18,434t @	4.0% Ni	(735 Ni t)
Long Hole	10,925t @	3.3% Ni	(360 Ni t)
Hand Held	4,885t @	6.4% Ni	(313 Ni t)
Jumbo Development			
- Long	3,831t @	3.9% Ni	(150 Ni t)
TOTAL	**38,075t @**	**4.1% Ni**	**(1,558Ni t)**

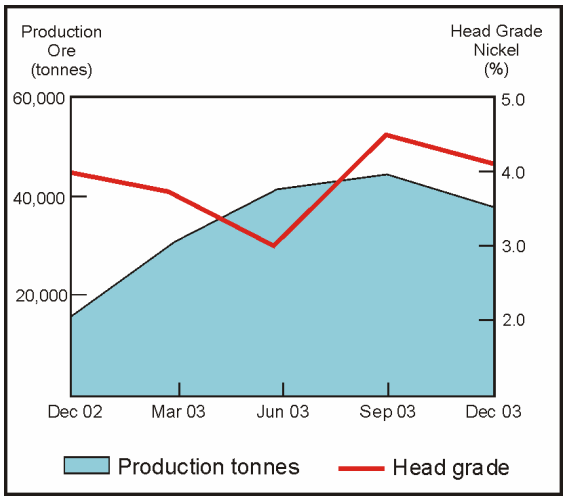
Nickel tonnes mined outside the current ore reserve comprised 23% of the YTD production. Over 28% more Ni metal has been mined from within the ore reserve blocks than estimated by the ore reserve as follows:

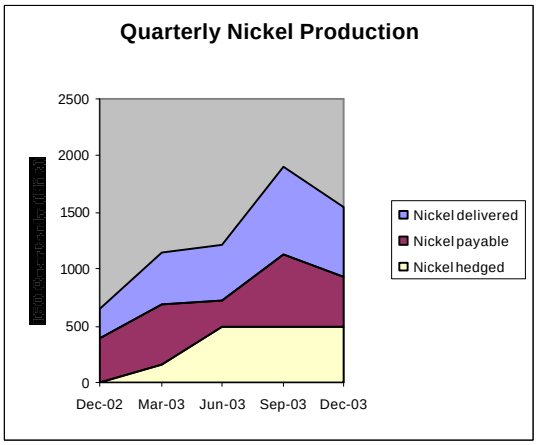
	Year to Date		
	Tonnes	**Grade**	**% Ni**
Outside Reserve	18,216	4.4	796
Inside Reserve	62,580	4.3	2,671
*Reserve Estimate **	*55,002*	*3.8*	*2,082*
Total	80,797	4.3	3,467
Gibb South Total	13,501	6.9	933
Long Total	67,296	3.8	2,534
TOTAL	**80,797**	**4.3**	**3,467**

	December Quarter		
	Tonnes	**Grade**	**% Ni**
Outside Reserve	13,016	4.6	596
Inside Reserve	25,059	3.8	962
*Reserve Estimate**	*16,199*	*4.1*	*665*
Total	38,075	4.1	1,558
Gibb South Total	2,492	7.9	196
Long Total	35,583	3.8	1,363
TOTAL	**38,075**	**4.1**	**1,558**

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

The higher than budgeted head grade continues to reflect improved grade control and the discovery of new high grade positions outside June 30 resource and reserve estimate boundaries. The geotechnically driven mining schedule is being adhered to and no high grading has taken place.





LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Dec '03 Quarter	2003/4 FY to Date	Dec '02 Prev. Quarter
Mining Inventory/Reserve (Dry Tonnes)				
Start of Period		649,197	688,000	746,345
- ROM Production from Reserves	1	(16,199)	(55,002)	(10,674)
+/- Reserve Addition/(Subtraction)		-	-	-
End of Period		632,998	632,998	735,671
Production Details:				
Ore Mined (Dry Tonnes)	1	38,075	80,797	15,990
Ore Milled (Dry Tonnes)		38,075	80,797	15,990
Nickel Grade (Head %)		4.09	4.29	4.02
Copper Grade (Head %)				0.29
Metal in Ore Production (Tonnes)				
Nickel delivered	2	1,558	3,465.68	643.24
Copper delivered	2	110.07	236.32	46.80
Metal Payable IGO share (Tonnes)				
Nickel		926.89	2,059.48	382.86
Copper		44.58	95.71	18.95
Average Spot Price for period				
Nickel LME Official Close (US$/t)		10,939	10,057	7,095
Hedging				
Tonnes delivered into Hedge		486	972	0
Average Price (AU$/t)		12,389	12,383	

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)	3	18,404	33,398	4,872
Cash Mining/Development Costs		(5,131)	(10,351)	(2,466)
Other Cash Costs	4	(1,273)	(3,442)	(983)
Depreciation/Amortisation		(1,955)	(4,134)	(815)
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	
Cash Mining/Development Costs		1.49	1.36	1.74
Other Cash Costs	4	0.37	0.45	0.69
Depreciation/Amortisation		0.57	0.54	0.57
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	
Sales Revenue (incl. hedging)	3	9.01	7.36	5.74
Cash Mining/Development Costs		2.51	2.28	2.92
Other Cash Costs	4	0.62	0.76	1.16
Depreciation/Amortisation		0.96	0.91	0.96

Note 3. Unhedged revenue is conservatively valued at AUD14,325/tonne.
Note 4. Other Cash Costs include milling, royalties and site administration.

Safety and Productivity				
- Lost Time IFR		-	-	-
- Medically Treated IFR		18.8	64.8	-
- Nickel Productivity Rate	5	73.2	82.9	52.3

Note 5. Nickel Productivity Rate = Productivity measured as annualised nickel tonnes per full-time-equivalent-employee.

Development/Exploration Drilling	**Metres**	**metres**	
Development	20	815	269
Production	427	1,271	-
Exploration	2,222	4,243	847

DEVELOPMENT

- Victor South

A total of 2,500 metres of Jumbo development is planned to fully develop this high-grade position. To the end of this quarter 497.2 metres have been completed. Mining is on track for start up in the June 2004 quarter. A drill drive is planned to be completed over Victor South next quarter enabling further reserve definition drilling and testing for new resources to the south and beneath the current resource envelope.

- Underhand Cut and Fill Remnant Pillar Extraction

The Company's Research and Development program to extract high-grade pillars beneath tailings-filled stopes is progressing well with the successful excavation and support of uncemented mine tailings above high grade pillars in a localised area.

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 to maintain IGO's conservative balance sheet.

GROUND CONDITIONS AND SEISMICITY

Rock bolting, cable bolting, meshing and shotcreting continue to provide excellent ground support. Mine induced seismic events continue to be recorded at a much lower frequency than when Long was being mined at higher rates by the previous operator.

RESERVES

- Long Shoot: New Hanging Wall and Footwall Surfaces

New ore blocks outside ore reserves continue to be defined in the upper and lower levels of the mine. Over 18,000 t @ 4.37% Ni have been mined outside reserve blocks this financial year, predominantly from previously unknown remobilised massive nickel sulphide hanging wall and footwall surfaces. More importantly, these new surfaces are open in many directions which will add to the reserve base.

- Long Shoot: Pillars

Mining high grade pillars which have been covered by tailings outside current reserves is planned to commence in the June quarter.

- Gibb South

To date, Gibb South's ore grade averages 6.9% Ni, significantly higher than the 3.7% Ni reserve grade. Additional high grade nickel ore has been defined outside the June 2003 ore reserve boundary. The 1,000 Ni t June 2003 ore reserve will be significantly exceeded.

- Victor South

Victor South contains 5,900 Ni t in reserve and an additional 14,900 Ni t in resources. Ore reserve definition drilling is planned to commence in the June quarter, after the completion of a drill drive over the ore body, to convert existing resources to reserves by increasing drill density. Drilling will also test for extensions to the south (open) and around the open 5.35m @ 13.4% Ni drillhole intercept in Shoot 3 (not in the mining schedule).

GEOPHYSICS

- Blast Hole Conductivity Probe

The blast hole conductivity probe, which can define nickel sulphide grades up to a 1.5m diameter around blast holes, has been successfully introduced into the long-hole pillar mining sequence.

The probe quantifies the distribution of nickel ore in pillars which is used to plan blasting rings. In several instances, extra nickel ore has been located outside the initial ring design allowing more blast holes to be drilled to extract the additional metal.

The conductivity probe has also been successful in logging underground exploration percussion holes (far cheaper than diamond drilling) which intersected nickel sulphides in new foot wall and hanging wall ore surfaces.

- EM Torch

The EM Torch is a proprietary portable underground EM system which can locate massive nickel sulphides up to 100m from mine workings. The system has been trialled in a number of areas in the mine proving ore continuity and delineating new anomalies.

- New Mag TEM System

The company has acquired a new generation mag TEM sensor system. It is hoped that this new technology will be less affected by conductive overburden, giving

greater geological signal to noise ratios (discriminate high tenor nickel sulphides from black shales) and have more effective penetration than all previous exploration EM systems.

LONG EXPLORATION

- Long South

At the Long South target underground diamond drillhole LSU001 was drilled to 869m. The hole was drilled from the footwall at a low angle to the interpreted position of prospective ultramafic – mafic contact in order to give maximum down-hole geophysical coverage over the prospective contact. The drillhole ended in footwall pillowed mafic basalt after passing through a narrow interval of faulted ultramafics containing significant concentrations of disseminated sulphides. Geological interpretation suggests a slightly higher degree of structural complexity in the area with a resultant flattening of the main target contact. The hole failed to reach the prospect basalt – ultramafic contact because the drilling rig reached the limits of its capacity. The hole has been surveyed by down-hole EM from 0 to 756 metres. The remaining 113 metres closer to the prospective contact remains to be surveyed, an off hole EM anomaly has already been defined.

- 11 – 12 Level Exploration

Exploration in the upper handheld production areas has intercepted an extension to the M04C surface between the 11 and 12 level. Drillhole LG11 - 133 intersected 9.9m @ 9.77% Ni (True Width 5.9m). This intercept defines a new ore block in an area previously thought to be stoped out by a porphyry intrusive and is indicative of the potential for new incremental ore to be discovered in the current and historical production areas.

- Bermingham Shoot

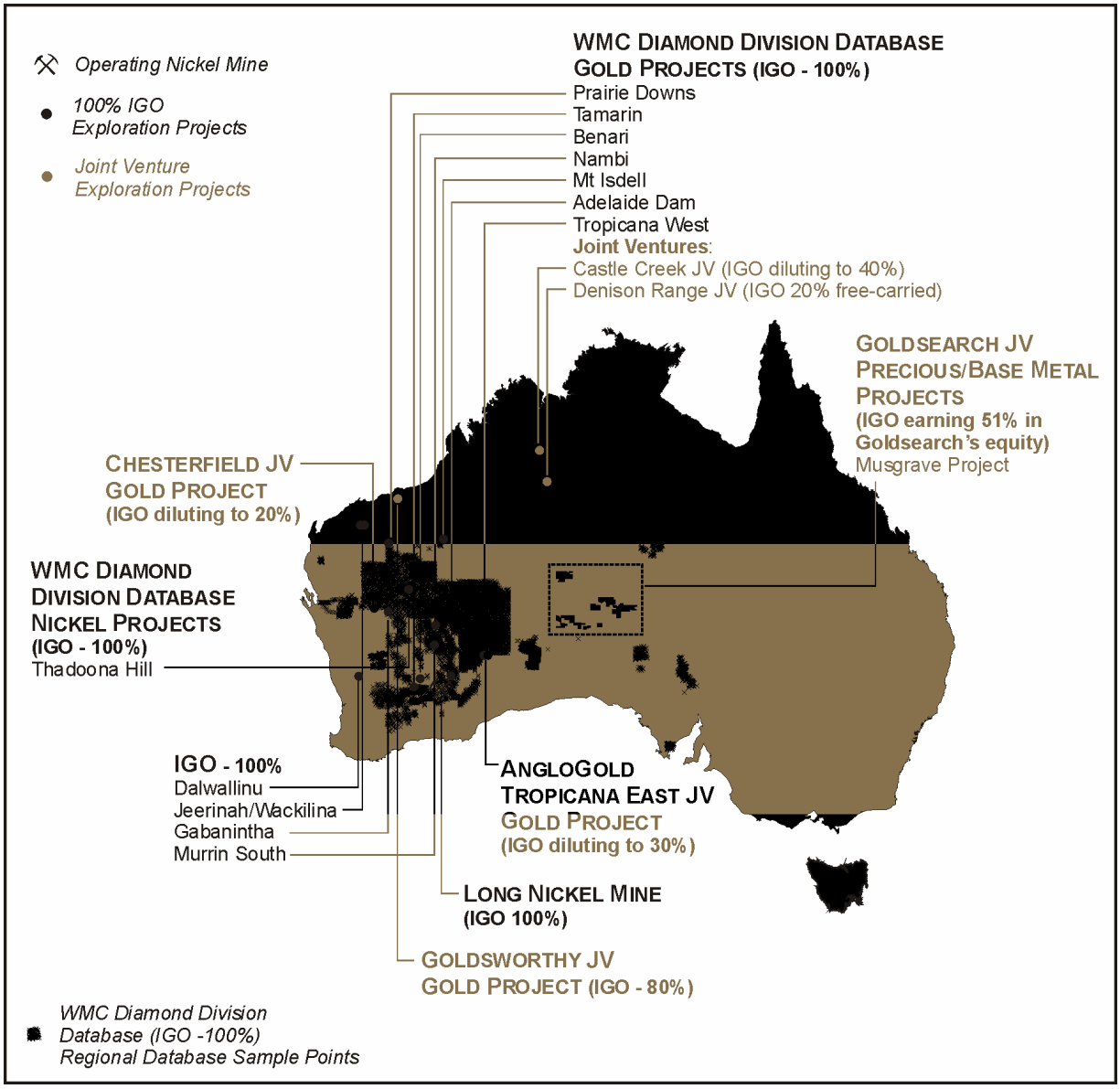
Drilling to test interpreted extensions to historical production areas as defined by anomalous EM responses from an in-decline EM Torch survey has intersected 3.7m @ 1.2%Ni (2.1m true width) associated with stringer sulphides. The drill intercept is adjacent to an area where a porphyry intrusive has stoped out the historically mined surface. Mining did not extend beyond the porphyry into the area drilled. Downhole EM surveying is currently underway to further assess the target, which is open to the south.

- Victor West

Drilling indicated the near-surface TEM anomaly was caused by conductive sulphidic metasediments, not nickel sulphides.

- Long West

Surface RC and diamond drilling commenced at the Long West target to follow up historical drill intercepts including up to 3.15m @ 3.2% Ni. Metasediments were intersected at the target depth. A barren contact was intersected deeper than originally interpreted indicating the hole has likely intersected a channel flank position. Downhole EM work is currently in progress.


Operating Nickel Mine
100% IGO Exploration Projects
Joint Venture Exploration Projects
WMC DIAMOND DIVISION DATABASE
GOLD PROJECTS (IGO - 100%)
Prairie Downs
Tamarin
Benari
Nambi
Mt Isdell
Adelaide Dam
Tropicana West
Joint Ventures:
Castle Creek JV (IGO diluting to 40%)
Denison Range JV (IGO 20% free-carried)
GOLDSEARCH JV
PRECIOUS/BASE METAL
PROJECTS
(IGO earning 51% in
Goldsearch's equity)
Musgrave Project
CHESTERFIELD JV
GOLD PROJECT
(IGO diluting to 20%)
WMC DIAMOND
DIVISION DATABASE
NICKEL PROJECTS
(IGO - 100%)
Thadoona Hill
IGO - 100%
Dalwallinu
Jeerinah/Wackilina
Gabanintha
Murrin South
ANGLOGOLD
TROPICANA EAST JV
GOLD PROJECT
(IGO diluting to 30%)
LONG NICKEL MINE
(IGO 100%)
GOLDSWORTHY JV
GOLD PROJECT (IGO - 80%)
WMC Diamond Division
Database (IGO -100%)
Regional Database Sample Points

REGIONAL NICKEL EXPLORATION

DE BEERS JOINT VENTURE

- Chromite Targeting

During the quarter IGO signed a Joint Venture agreement with De Beers Australia Exploration Limited which gives IGO access to most areas of the chromite chemistry database collected over the Yilgarn Craton by De Beers as part of their regional diamond exploration program. IGO has the right to screen this database for nickel sulphide targets based on the results from previous in-house research by IGO on chromite samples collected by the WMC Diamond Division. Initial work on the De Beers database, which compliments the WMC database will begin late in the March quarter.

WMC DIAMOND DATABASE PROJECTS

- Thadoona Hill

Ground geophysical surveys and first pass soil geochemical sampling on a 300 x 50m sample grid was completed over three target areas as defined by chromite targeting and regional magnetics. A moderate priority bedrock EM conductor was defined beneath coincident soil geochemical peaks of Ni (1277ppm), Cr (8232ppm) and Cu (67ppm). This anomaly is associated with outcrops of intensely silicified ultramafics.

- Chromite Targeting

An assessment of over 40 priority targets as defined by chromite chemistry data from the WMC Diamond Division Database has commenced. A number of opportunities are currently being pursued and reconnaissance work has commenced over several targets.

MUSGRAVE JOINT VENTURE

- De Rose Hill

Ground EM surveys over two target areas on EL2910 (DeRose Hill) defined by coincident geochemical and aeromagnetic features has highlighted a moderate priority EM bedrock conductor coincident with interpreted mafic – ultramafic intrusive rocks beneath shallow sand cover. Further ground EM surveys are scheduled over a third geochemical target for the March quarter followed by drill testing of targets in the June quarter.

REGIONAL GOLD EXPLORATION

100% IGO

- Wackilina

First pass RC drilling of an extensive Au, Cu soil geochemical anomaly was completed during the December quarter. Drilling intercepted a sequence of interpreted shallow marine volcaniclastic and carbonaceous shales and high level silica-rich volcanics, including silica sinter pyroclastics. Elevated gold up to 0.28 g/t Au was intercepted in a laterally extensive siliceous exhalative unit containing blebby sulphides. Structural interpretation, trace element geochemistry and geophysical data are being used to focus in on an interpreted volcanic vent, which could host higher grade mineralisation. Regional soil and stream geochemical sampling is currently underway to extend the coverage over the project area.

- Dalwallinu

Recently completed reconnaissance roadside sampling has identified an additional high priority regional geochemical target. Samples collected on roadside traverses at a spacing of one kilometre have returned widespread anomalous values up to 4.7ppb Au and 293ppm As. This target area is close to sub-cropping greenstones approximately 2km north of an area of historical gold workings at the Little Wongan Hills prospect.

WMC DIAMOND DATABASE PROJECTS

- Benari

Auger geochemical sampling at the Benari project approximately 30km west of Coolgardie has defined a number of geochemical targets along a sand and soil covered section of the Ida Fault. The main coherent target area defined by 200m x 100m spaced sampling occurs over an area of 1km x 600m and peaks at 23.8ppbAu. The anomaly is open to the south.

- Mt Isdell

Widely spaced 500m x 500m soil geochemical sampling at the Mt Isdell project based on reconnaissance geochemical targets and encouraging rock chip results returned highly anomalous base metal results. Results include up to 354ppm Cu, 799ppm Pb and 811ppm Zn over an area approximately 5km x 2km.

IGO JOINT VENTURES

ANGLOGOLD TROPICANA EAST JOINT VENTURE
During the December quarter a Portable Infrared Mineral Analyser (PIMA) study was completed by AngloGold Australia Ltd to determine the characteristics of alteration associated with the gold mineralisation identified to date at Tropicana East. The study was successful in identifying a suite of diagnostic minerals which may be useful to assist with vectoring towards high grade mineralisation within the large alteration halo. A geochemical study to determine the multi-element characteristics of mineralisation commenced during December. A program of RAB and diamond drilling originally scheduled for the December 2003 quarter had to be rescheduled and will be completed during the March 2004 quarter.

GOLDSWORTHY JOINT VENTURE
During the December quarter drilling commenced over airborne EM and magnetic targets; results are awaited.

PLANNED MARCH QUARTER EXPLORATION

Long Exploration

- Long South

A wedge hole off drillhole LSU001 will be drilled to test the off-hole EM conductor.

- Birmingham

Drilling and DHEM to follow up the 3.7m @ 1.2% Ni intercept in the first hole of the program will be completed.

- Long West

DHEM to follow up the historical intercept of 3.15m @ 3.2% Ni will be completed.

- Long Extension

Ongoing torch EM surveying will be done at Long to define targets associated with possible ore body extensions or additional footwall or hanging-wall surfaces.

Regional Nickel Exploration

- Chromite Targeting

First pass screening of DeBeers database and ongoing assessment of targets from WMC Diamond Database will be undertaken.

- Thadoona Hill

Infill geochemical sampling to firm up drill targets is planned for the March 2004 quarter.

- DeRose Hill

Ground EM survey is scheduled to be completed over a third geochemical target.

Regional Gold Exploration

- Benari

Infill and extension auger geochemical sampling will be completed to better define RAB drilling targets. RAB drilling of geochemical targets will then be completed.

- Goldsworthy

Drilling to test airborne EM and magnetic targets will be completed.

- Prairie Downs

Ground geophysical surveys are scheduled for the March 2004 quarter to firm up drilling targets based on previous surface geochemistry.

- Tropicana East

A detailed airborne magnetic survey is scheduled to begin late in January 2004. RAB drilling to test strike extensions to the mineralised zone is scheduled for late February 2004. Diamond drilling to test the depth extent and potential of the mineralised zone is scheduled for March 2004.

- Tropicana West

A detailed airborne magnetic survey to better define drill targets is scheduled for February 2004.

- Wackilina

A ground geophysical survey and multi-element geochemical study to further define potential volcanic vent drill targets is planned.

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.

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