INDEPENDENCE GROUP NL
ABN 46 092 786 304

28 October 2004

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

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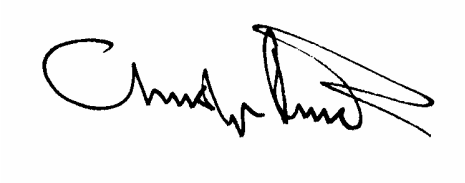
SEPTEMBER 2004 QUARTERLY REPORT

Please find enclosed the September 2004 Quarterly Report.



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HIGHLIGHTS

CORPORATE

- **$6.4 million consolidated pre-tax profit**
- **$17.7 million cash with debt reduced by $2.5 million to $10.2 million**

LONG NICKEL MINE

- **No Lost Time Injuries (LTI's) for six successive quarters**
- **Production 52,258t at 3.56% Ni for 1,858 Ni tonnes (budget 1,789 Ni t)**
- **48,300 Ni tonnes defined in the June 2004 ore reserve for a 5 year mine life**
- **Production ramp up on schedule to achieve ore production of 220,000 t @ 4.0% Ni (8,900 Ni t), a 30% increase over 2003/4**
- **Long South exploration decline commenced in October 2004**
- **Mining cost reduction initiative commenced**
- **Life of Mine Plan review in progress to be followed by a dividend policy review**
- **2.2m @ 6% Ni and 2.8m @ 6% Ni intersected south of Victor South resource and reserve boundary (visual estimates – awaiting assays)**

REGIONAL EXPLORATION

Nickel Exploration:

- **Cullen JV** — **Encouraging initial ground EM geophysical results coincident with nickel, copper and magnetic anomalies**
- **Duketon JV** — **Significant nickel soil anomalies with peak values up to 3,383ppm Ni, 406ppm Cu, 47ppb Pt and 140ppb Pd**

Gold Exploration:

- **Goldsworthy JV** — **Encouraging results up to 4m @ 2.2 g/t Au from wide spaced air core drilling**
- **Tropicana JV** — **Large new gold anomaly defined**
- **Musgrave JV** — **Encouraging first pass gold geochemical results**

CORPORATE

PROFIT

The pre-tax profit for the quarter was $6.4 million after exploration expenditure of $0.8 million was written off. Profit after tax for the quarter was $4.1 million.

OPTION CONVERSIONS

During the quarter 2.8 million 20 cent options were exercised.

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

78,320,645	Ordinary shares
21,769,355	Options

The 20 cent options expire on 31 January 2005.

During the quarter 300,000 contributing shares were fully paid and listed as ordinary shares.

IGO would like to remind all holders of IGOO listed options that these options are due to expire in January 2005. Options not exercised by 31 January 2005 or traded by the due date prescribed by ASX will no longer be tradable and will become worthless. A reminder will be sent to option holders prior to expiry.

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.

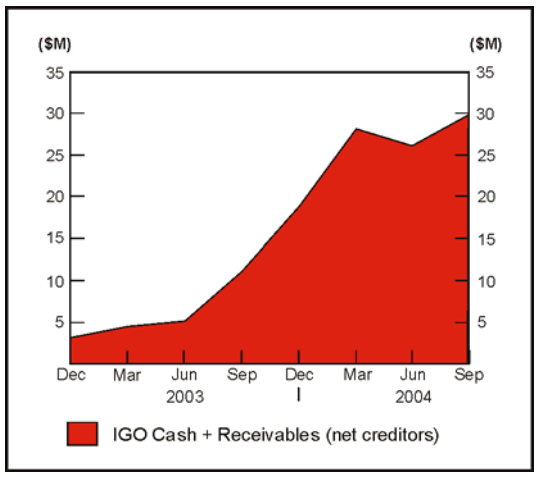
DIVIDEND POLICY

The company has received numerous queries from shareholders with regard to the payment of dividends. The directors are awaiting analysis of the updated Life of Mine Plan which is expected to be completed prior to the 2004 Annual General Meeting before reviewing IGO's dividend policy.

CASH AND DEBT

CASH RESERVES AS AT 30 SEPTEMBER 2004

- $17.7 million cash (June $18.4m).
- $11.1 million nickel revenue in receivables net of creditors (June $7.7m).
- Unhedged receivables have been estimated using a $US15,100/t nickel price and a 0.72 USD/AUD exchange rate.
- $1.7 million cash was spent purchasing mining equipment during the quarter.



DEBT AS AT 30 SEPTEMBER 2004

- A debt repayment of $2 million was made during the quarter to reduce bank debt from $10 million to $8 million.
- $2.2 million (June $2.7m) owing for hire purchase of Long 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
July	October
August	November
September	December

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

- $1.4 million exploration expenditure was incurred during the quarter.

- $0.8 million exploration expenditure was written off during the quarter.

HEDGING

– Hedge contracts were placed during the quarter for 4,200t at AU$17,205/t to be delivered between December 2004 and June 2007.

– Hedged nickel metal remaining at the end of the quarter was 7,332t at AU$14,995/t.

– This will be delivered as follows:

2004/5	2,316t	Average $14,685/t
2005/6	3,366t	Average $14,136/t
2006/7	1,650t	Average $17,183/t

MINING OPERATION

LONG NICKEL MINE
IGO 100%

SAFETY

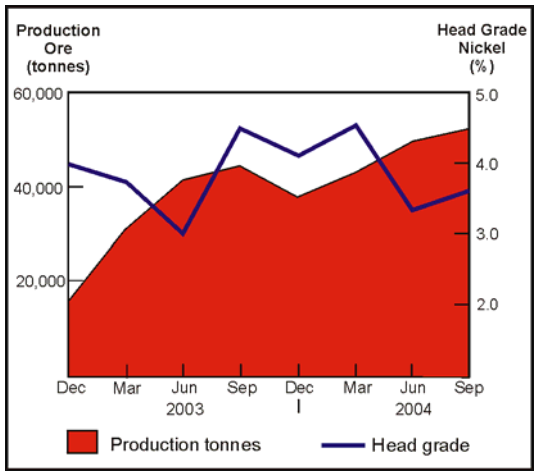
No Lost Time Incidents (LTI's) occurred during the quarter. Only one LTI has occurred since the mine re-opened in October 2002.

An underground high temperature fire fighting training exercise was successfully undertaken with local mines' rescue teams.

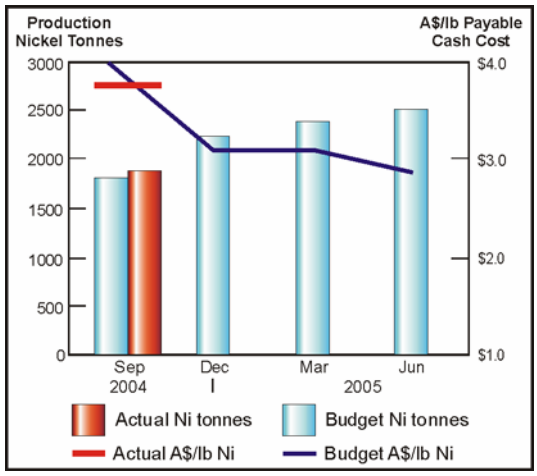
SEPTEMBER QUARTER PRODUCTION

Production was 52,259 t @ 3.56% Ni for 1,858 Ni tonnes comprised of the following:

Flat-back	15,164t @ 3.84% Ni	582(Ni t)
Long-hole	11,745t @ 2.89% Ni	340(Ni t)
Hand-held	6,338t @ 5.94% Ni	376(Ni t)
Jumbo Development		
- Long	1,851t @ 4.85% Ni	90(Ni t)
- Victor South	17,161t @ 2.74% Ni	470(Ni t)
TOTAL	**52,259t @ 3.56% Ni**	**1,858 Ni t**



Quarterly nickel production was 4% above budget with payable nickel costs being A$3.77/lb Ni (6% below budget). Budgeted nickel production increases over the financial year as outlined below. Costs are budgeted to decrease over time as Victor South moves from development to full production with payable nickel costs averaging <$A3.30/lb for the 2004/5 financial year.



Nickel tonnes mined outside the current ore reserve comprised 5% of production as follows:

	September Quarter		
	Tonnes	**Grade**	**% Ni**
Outside Reserve	2,475	3.5	86
Inside Reserve	49,783	3.6	1,772
*Reserve Estimate **	*44,761*	*4.1*	*1,843*
TOTAL	**52,259**	**3.6**	**1,858**

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

COST REDUCTION INITIATIVES

The Company has introduced the following initiatives to reduce mining costs:

Shotcrete costs:
Currently building concrete batch plant to significantly reduce shotcreting costs.

Power costs:
Variable speed controller installed on the Victor raise bore extraction fan to reduce power costs.

Water costs:
Saline water pumped from the mine now being used at Victor South.

Ground support:
Reducing use of cone bolts in non-porphyry areas after ground support blast experiments.

Decline Haulage costs:
Purchased new AD55 tonne haulage truck to increase haulage speed and efficiency.

DEVELOPMENT

- Victor South
  Shoot 1: Development is continuing along the footwall and hangingwall contacts to define ore boundaries. As expected, development ore along these contacts was low grade with 17,160 tonnes at 2.7% Ni (470 Ni t) produced during the quarter. High grade (5 – 15% Ni) massive nickel sulphides have been intersected in development and grades are expected to increase significantly next quarter.

  Shoot 2: Decline development has intersected Shoot 2 and will continue next quarter to delineate the Shoot.

- Gibb South

Air leg development and mining continued during the quarter producing 2,595t at 7.7% Ni (201 Ni t). Stripping of high grade ore at the southern extremity of the deposit indicated the ore is stoped out by a porphyry intrusive (Figure 3). An EM Torch survey and drilling are planned to determine whether the Gibb South lava channel and sulphides continue south of this intrusive as no drilling has tested this position.

JUNE 2004 RESERVES

In the March 2004 quarter the Company announced the commencement of a large geophysical and drilling program with the aim of increasing the Long Nickel Mine reserves to 50,000 nickel tonnes over a 12 month period. Results to date have exceeded expectations with **48,300 nickel tonnes** in reserves already defined (Figures 1-3). Many targets remain to be tested and drilling and geophysical surveys will continue throughout the year.

RESERVE ESTIMATION

Further details relating to the Reserves and Resources for June 2004 can be found in IGO's ASX Announcement dated 21 September 2004.

Reserves Broken Down by Mining Method

June 2004 Reserves by mining method are as follows:

Mining Method	Ni Tonnes
Mechanised flat back	6,300
Mechanised Long hole	28,600
Mechanised room and pillar	2,500
Air leg	8,000
Development	2,900
TOTAL	**48,300**

Reserve Increase

The increase in reserves is due to the following:

- Conversion of significant quantities of Lower Long 12-16 Level X-Pillars previously determined by WMC to be non-recoverable. X-Pillars have only been converted to reserve where a viable mining method has been established.

- A detailed evaluation of Upper Long 7-11 level X-Pillars has identified significant areas that can be recovered by air-leg mining. Upper Long was not evaluated in detail for the June 30 2003 Resources and Reserves.

- Conversions of significant quantities of Victor South resources into the reserve.

- Additional drilling and interpretation has resulted in some grade and volume increases in previously known surfaces.

- Additional drilling and interpretation has identified several small additional mineralised surfaces.

- Re-interpretation of porphyries has in some cases resulted in an increase in available mineralisation previously thought to be displaced by porphyry.

Long Nickel Mine – Resources – 1% Nickel Cut-off[1]

		Undiluted Resources as at 30 June 2003			Undiluted Resources as at 30 June 2004		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long Shaft	Measured	489,500	6.7	32,800	**417,000**	**7.0**	**29,000**
	Indicated	426,700	5.8	24,800	**465,000**	**5.7**	**26,400**
	Inferred	58,000	4.1	2,400	**32,000**	**4.7**	**1,500**
	Sub-Total	974,200	6.2	60,000	**914,000**	**6.2**	**56,900**
Victor South	Measured	-	-	-	-	-	-
	Indicated	106,000	7.7	8,100	**510,000**	**4.5**	**22,900**
	Inferred	258,000	4.9	12,700	-	-	-
	Sub-Total	364,000	5.7	20,800	**510,000**	**4.5**	**22,900**
Gibb South	Measured	-	-	-	**14,000**	**5.4**	**800**
	Indicated	17,400	7.4	1,300	**8,000**	**3.5**	**300**
	Inferred	13,000	4.8	600	**13,000**	**2.9**	**400**
	Sub-Total	30,400	6.3	1,900	**35,000**	**4.1**	**1,400**
TOTAL		1,368,600	6.0	82,700[2]	**1,459,000**	**5.6**	**81,200**[2]

Long Nickel Mine - Reserves[1]

		Mining Inventory at 2% Ni Cut-off as at 30 June 2003			Mining Reserve at 2.5% Ni Cut-off as at 30 June 2004		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long 12-16L mechanised	Proven	358,000	3.8	13,600	**417,000**	**4.1**	**17,300**
	Probable	116,000	3.1	3,600	**211,000**	**3.3**	**6,800**
	Sub-Total	474,000	3.6	17,200	**628,000**	**3.8**	**24,100**
Long 7-11L hand-held	Proven	10,000	4.0	400	**30,000**	**3.7**	**1,100**
	Probable	72,000	3.8	2,800	**139,000**	**4.5**	**6,300**
	Sub-Total	82,000	3.9	3,200	**169,000**	**4.4**	**7,400**
Victor South mechanised	Proven	-	-	-	**0**	**0**	-
	Probable	105,000	5.7	5,900	**380,000**	**4.3**	**16,500**
	Sub-Total	105,000	5.7	5,900	**380,000**	**4.3**	**16,500**
Gibb South hand-held	Proven	19,000	4.0	700	**7,000**	**3.7**	**280**
	Probable	9,000	3.1	300	**1,000**	**2.9**	**20**
	Sub-Total	28,000	3.7	1,000	**8,000**	**3.7**	**300**
TOTAL		688,000	4.0	27,300[2]	**1,185,000**	**4.1**	**48,300**[2]

Notes:

[1] The Competent Persons and Members of the AusIMM with the appropriate experience in reporting the above are Richard Butcher of Lightning Nickel Pty Ltd, Rick Adams and Ted Coupland of Cube Consulting Pty Ltd and Gary Davison of BFP Consultants Pty Ltd.

[2] Nickel tonnes have been rounded to the nearest 100 tonnes.
Ore tonnes have been rounded to the nearest 1000 tonnes.

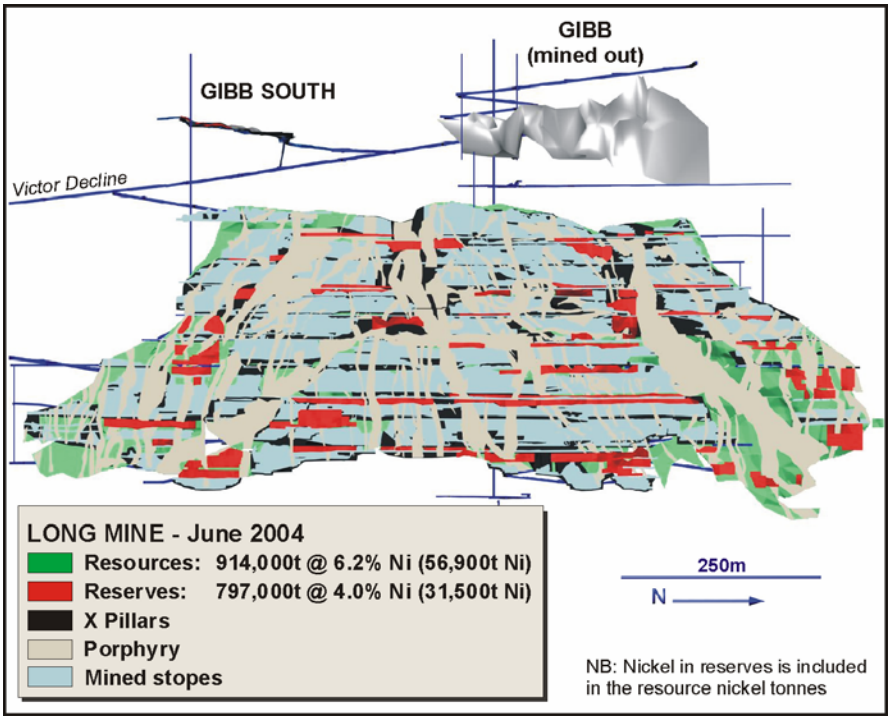


Figure 1: Long – Resource and Reserves

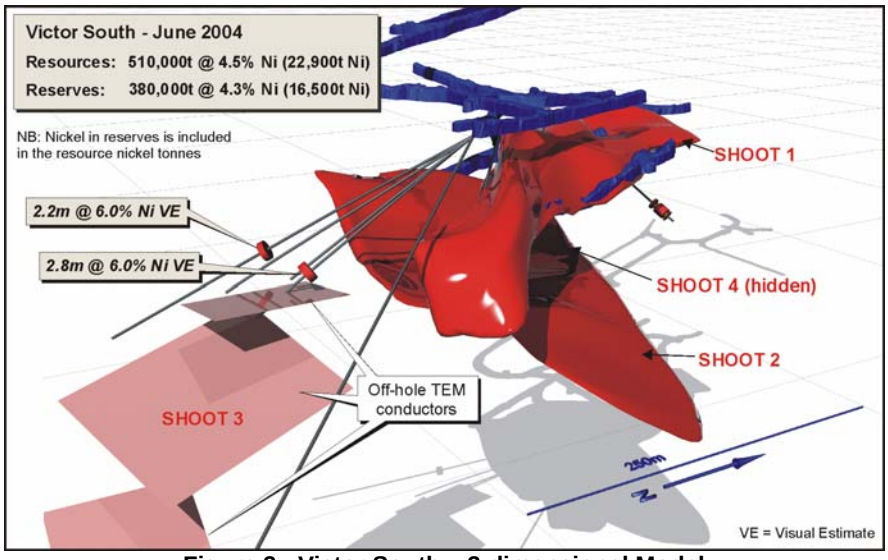


Figure 2: Victor South – 3-dimensional Model

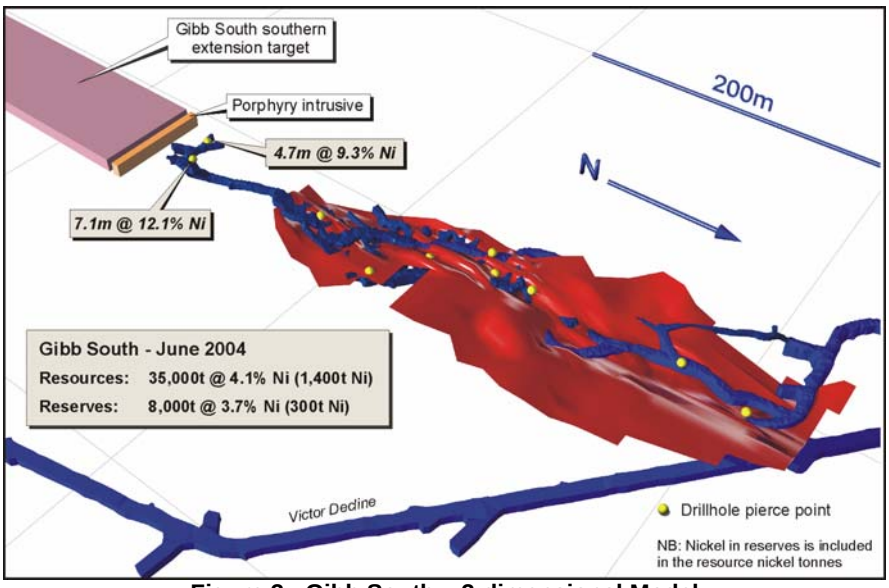


Figure 3: Gibb South – 3-dimensional Model

EXPLORATION

- Long South Nickel Target exploration decline

The Board has approved a budget of approximately $4 million for the decline, which will drive from the lower southern end of the Long ore body (Figure 4). 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 located approximately 1km south of the 15 level take off point.

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.

There has been limited drilling between the Long Mine and the Long South target. The Company believes there is potential to discover nickel along the length of the decline and has approved a budget of approximately $1 million to drill-test the target as well as the decline as it progresses. 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.

- Victor South

Extensional drilling has intersected Shoot 2 nickel sulphides 30m south of the current reserve and resource boundary. Visual grade estimates are shown in Table 1. Down hole EM surveys have also defined an off hole conductor south of the current reserve boundary (Figure 2) which will be drill tested in the December quarter.

- Long

Ore reserve definition drilling was completed during the quarter. Drilling and in mine geophysics have defined a number of targets outside the current resources which will continue to be tested throughout the year. Studies also continue to evaluate mining methods to extract X-Pillars which are currently not in reserves.

- Gibb South

In mine geophysics and drilling are planned to test for additional high grade ore south of current reserve boundary (Figure 3).

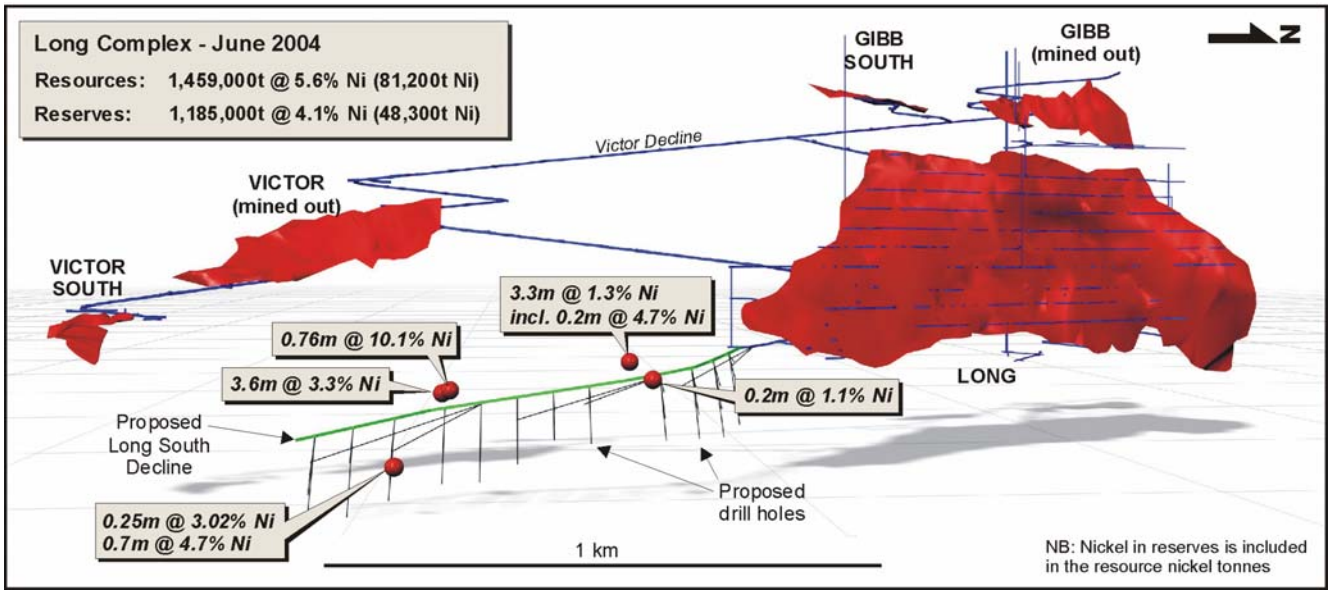


Figure 4: Long Nickel Mine – Resources, Reserves and Location of Proposed Long South Decline

TABLE 1 – SIGNIFICANT VICTOR SOUTH EXTENSION RESULTS

Shoot	Hole No.	Northing (m)	Easting (m)	Rl (m)	Azi (degr.)	Dip (degr.)	E.O.H (m)	From (m)	To (m)	Width (m)	True Width (m)	Grade (Ni)
2	VS15-107	547472	375224	-401	217	-29	150.1	81.3	83.5	2.2	2.2	6.0% VE
2	VS15-108	547472	375224	-401	193	-37	126.1	69.5	72.3	2.8	2.2	6.0% VE

(These intercepts have been calculated using the specific gravity weighted method)
(VE = Visual Estimation)

Infill reserve drilling was completed during the quarter. Previously unreleased significant results are outlined in Table 2 confirming the high grade nature of this deposit.

TABLE 2 – SIGNIFICANT VICTOR SOUTH RESERVE DRILLING RESULTS

Shoot	Hole No.	Northing (m)	Easting (m)	Rl (m)	Azi (degr.)	Dip (degr.)	E.O.H (m)	From (m)	To (m)	Width (m)	True Width (m)	Grade (Ni)
1	VS15-025A	547522	375209	-402	270	-66	75	11.3	23.9	**12.6**	**12.6**	**6.5%**
2								55.6	57.9	2.3	2.3	7.1%
1	VS15-026	547522	375209	-401	282.5	-83.5	77.3	9.5	33.8	**24.3**	**20.4**	**3.9%**
1	VS15-027	547521	375211	-402	89	-79	119.1	16.2	28.7	12.5	10.9	4.1%
2	VS15-028	547521	375212	-401	94	-64.5	125	97.1	105.5	8.45	8.45	5.4%
2	VS15-082	547508	375141	-440	113	-4	100.1	32	40.1	8.1	6.2	8.4%
2	VS15-083	547508	375141	-440	95	-6	86.3	31.64	35.5	3.86	3.86	10.3%
4								63.3	65.56	2.26	2.26	12.4%
2	VS15-087	547508	375141	-440	104	-2	141.9	29.9	34.5	4.6	2.8	9.1%
1	VS15-091	547472	375229	-401	134	-58	68.4	41.45	49.2	7.75	6.2	9.6%
2	VS15-094	547508	375141	-440	60	3	91.9	23.9	27.7	3.8	3.8	7.8%
4								62	66.95	4.95	4.95	4.9%
2	VS15-095	547511	375138	-441	50	-9.5	111	44.4	48.6	4.2	4.2	8.1%

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

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Sep '04 Quarter	2004/5 FY to Date	Sep '03 Prev. Quarter
Mining Inventory/Reserve (Dry Tonnes)				
Start of Period		1,185,000	1,185,000	688,000
- ROM Production	1	(52,259)	(52,259)	(42,722)
End of Period		1,132,741	1,132,741	645,278
Production Details:				
Ore Mined (Dry Tonnes)	1	52,259	52,259	42,722
Ore Milled (Dry Tonnes)		52,259	52,259	42,722
Nickel Grade (Head %)		3.56	3.56	4.47
Copper Grade (Head %)		0.25	0.25	0.30
Metal in Ore Production (Tonnes)				
Nickel delivered	2	1,857.94	1,857.94	1,907.68
Copper delivered	2	132.23	132.23	126.66
Metal Payable IGO share (Tonnes)				
Nickel		1,102.68	1,102.68	1,132.59
Copper		53.55	53.55	51.29
Hedging				
Tonnes delivered into Hedge		504	504	486
Average Price (AU$/t)		12,353	12,353	12,387

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%.

Revenue/Cost Summary		***A$'000's***	***A$'000's***	
Sales Revenue (incl. hedging)		18,590	18,590	14,994
Cash Mining/Development Costs		(6,112)	(6,112)	(5,220)
Other Cash Costs	3	(3,057)	(3,057)	(2,169)
Depreciation/Amortisation/Rehabilitation		(1,747)	(1,747)	(2,179)
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	
Cash Mining/Development Costs		1.61	1.61	1.24
Other Cash Costs	3	0.80	0.80	0.52
Depreciation/Amortisation/Rehabilitation		0.46	0.46	0.52
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	
Sales Revenue (incl. hedging)		7.65	7.65	6.01
Cash Mining/Development Costs		2.51	2.51	2.09
Other Cash Costs	3	1.26	1.26	0.87
Depreciation/Amortisation/Rehabilitation		0.72	0.72	0.87

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

Safety and Productivity				
- Lost Time IFR		0	0	0
- Medically Treated IFR		37.9	37.9	110.9
- Nickel Productivity Rate	4	72.03	72.03	94.5

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

Development/Exploration Drilling	**Metres**	**Metres**	
Development	796	796	795
Production	4,410	4,410	844
Exploration	1,027	1,027	2,021
	5,437	5,437	3,660

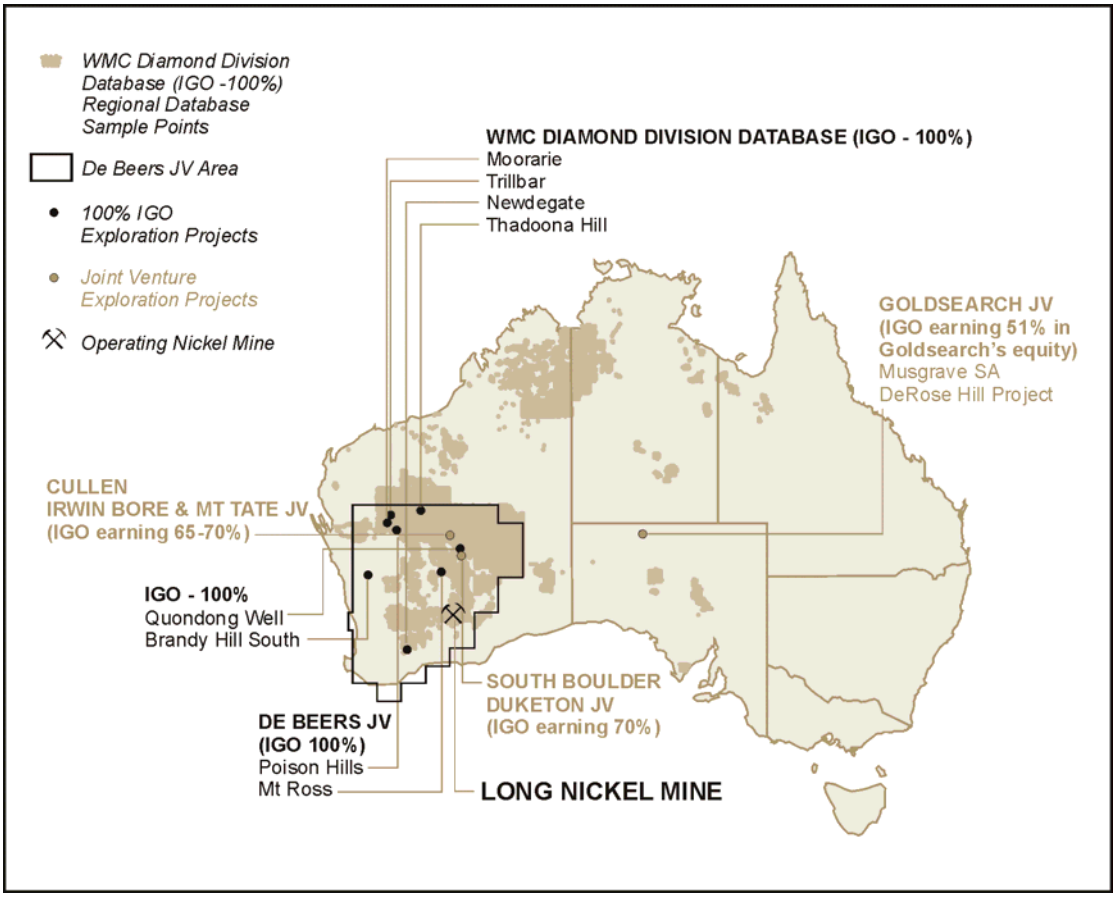


Figure 5(a): Independence Group Nickel Project Locations

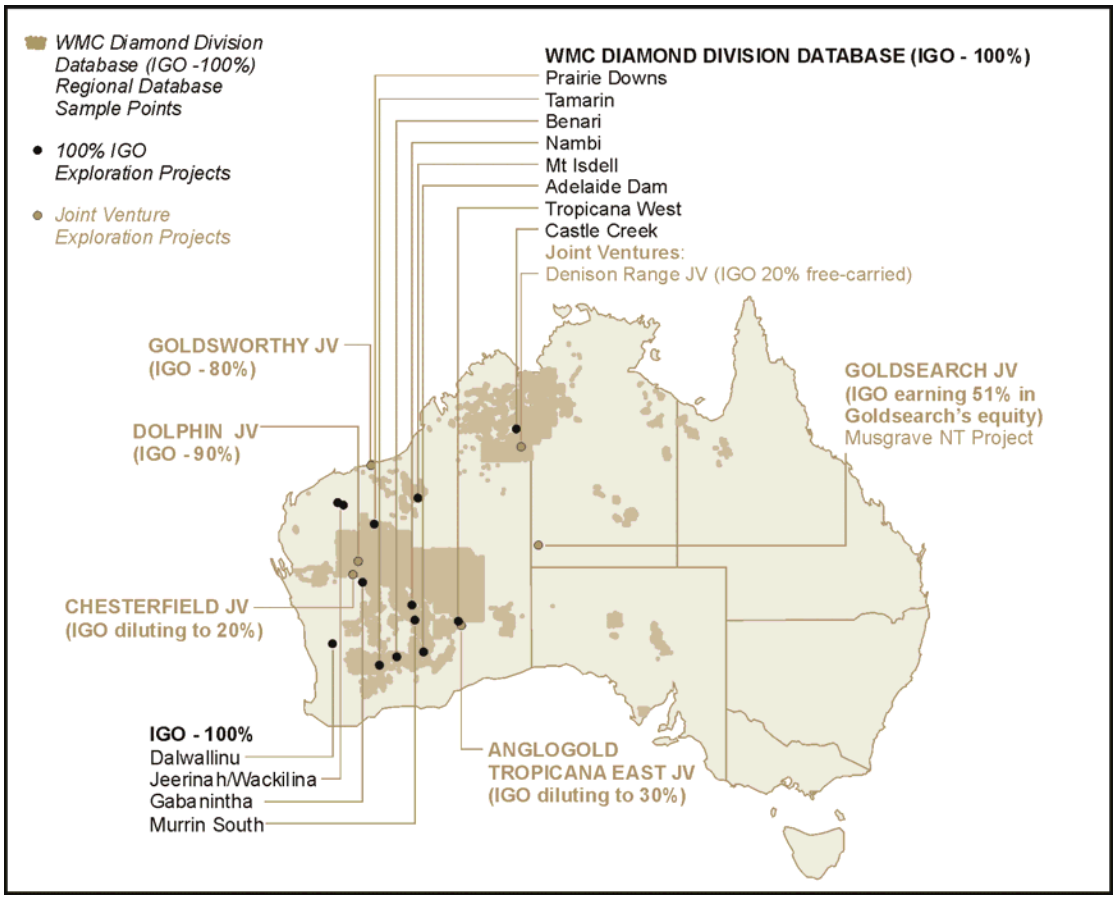


Figure 5(b): Independence Group Gold Project Locations

REGIONAL NICKEL EXPLORATION

CULLEN JOINT VENTURE
(IGO MANAGER EARNING 70% NICKEL RIGHTS**)**

Ground EM geophysical surveying commenced during the quarter. The surveys cover anomalous nickel-suite soil geochemical targets up to 1,050ppm Ni within prospective ultramafic sequences (Figure 6). Initial results are encouraging; however the survey has been suspended for several weeks to allow pastoral activities to be undertaken in the general area. It is anticipated that first pass and infill geophysical surveying will re-commence during the December quarter following the completion of geophysical programs currently underway at other project areas.

DUKETON NICKEL JOINT VENTURE
(IGO MANAGER EARNING 70% NICKEL RIGHTS**)**

A first pass geochemical program over specific target areas was completed during the quarter. A total of 1838 soil and lag samples were collected. Encouraging results with peak values up to 3,383ppm Ni, 406ppm Cu, 47ppb Pt and 140ppb Pd were returned from one of the targets (Figure 7). Ground EM geophysical surveys over subsequently prioritized target areas commenced early in October.

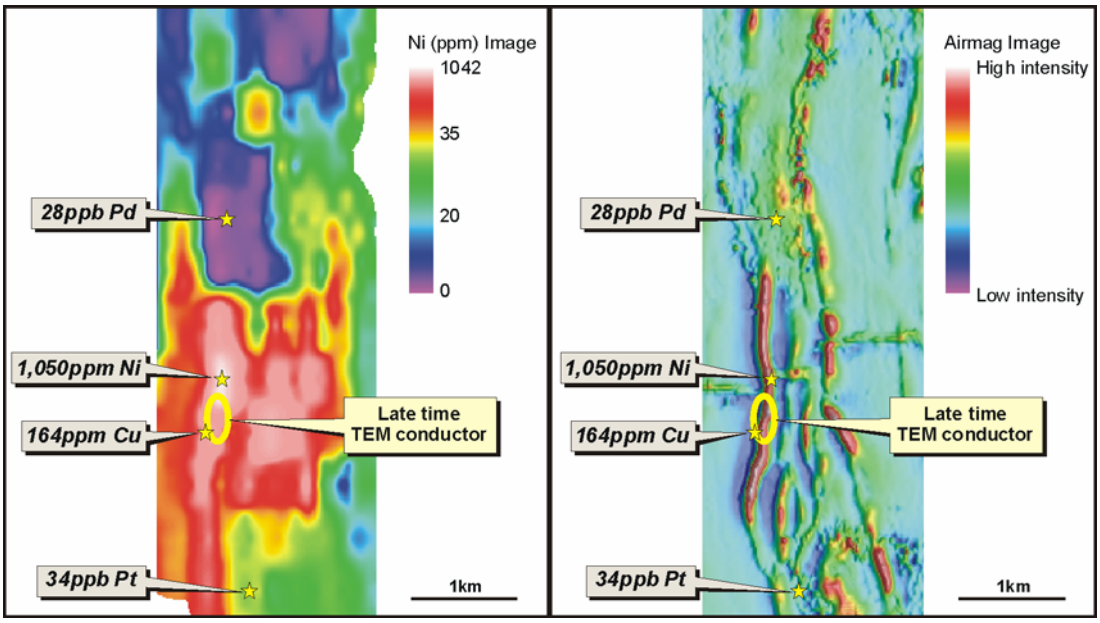


Figure 6(a): Cullen JV – Soils Peak Values Over Image of Ni Soil Geochemistry

Figure 6(b): Cullen JV – EM Conductor Over Magnetics

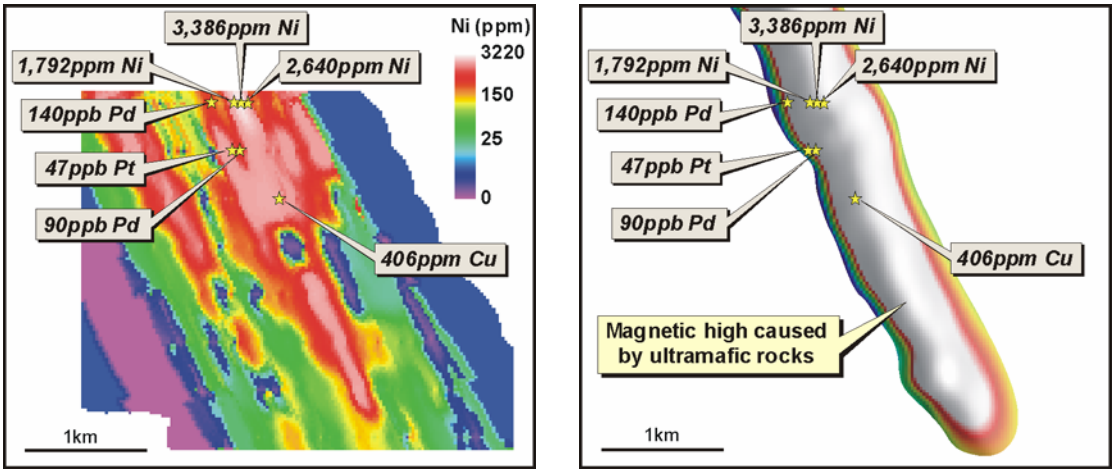


Figure 7(a): Duketon JV – Soils Peak Values Over Image of Ni Soil Geochemistry

7(b):Duketon JV – Peak Soil Values Over Magnetics

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 continued. To date two new projects have been generated from this database and exploration will commence upon grant of tenements.

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 modest RC drill program.

MUSGRAVE JOINT VENTURE
(IGO MANAGER EARNING 51%**)**
A total of 62 aircore drill holes were drilled to test coincident geochemical and geophysical targets in two separate areas at DeRose Hill. Assay results are yet to be received.

ANGLO AMERICAN JOINT VENTURE
New Generation Electromagnetic Exploration for Nickel Sulphides
During the quarter Independence announced the formation of a joint venture with Anglo American Exploration (Australia) Pty Ltd (AAE), which gives Independence the exclusive licence to use AAE's new "Squid" sensor technology for transient electromagnetic (TEM) surveying to explore for nickel in specified areas of the Yilgarn Block in Western Australia. The areas for which Independence has the exclusive licence are considered to be highly prospective for the discovery of new nickel sulphide deposits.

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

The key terms of the agreement are summarised in IGO's ASX announcement dated 30 September 2004.

Independence has authority to negotiate joint venture agreements on ground already held by third parties and on which a farm-in to at least 51% of the nickel rights can be negotiated. In these cases, AAE will be entitled to earn 80% of Independence's interest should a threshold ore body be defined.

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

REGIONAL GOLD EXPLORATION

WACKILINA
(IGO 100%)
A total of 9 RC holes for 1002m were drilled to test geophysical targets adjacent to previously identified gold mineralisation. The project will be re-assessed in light of disappointing results.

TROPICANA WEST
(IGO 100%, WMC 1.5% ROYALTY)
Reconnaissance air core drilling commenced late in the September quarter. Awaiting results.

TROPICANA EAST JOINT VENTURE
(ANGLOGOLD ASHANTI AUSTRALIA MANAGER EARNING 70%)
Regional calcrete sampling of the Tropicana East tenements has been ongoing. Sampling has been completed on a systematic 1km x 500m spacing over five of the Joint Venture tenements to date.

A total of 2,510 calcrete samples have been collected, with 594 coarse calcrete samples and 463 fine calcrete samples collected during the September quarter.

To date the peak gold assay is 300ppb Au. This result is surrounded by samples returning numerous anomalous values of >8ppb Au (Figure 8). The gold anomalism is coincident with a 20km x 5km NE-SW tellurium anomalous corridor. Tellurium is often associated with large gold systems (eg. the Kalgoorlie Golden Mile).

Diamond drilling to further test the previously identified bedrock Au mineralisation is scheduled to commence in November.

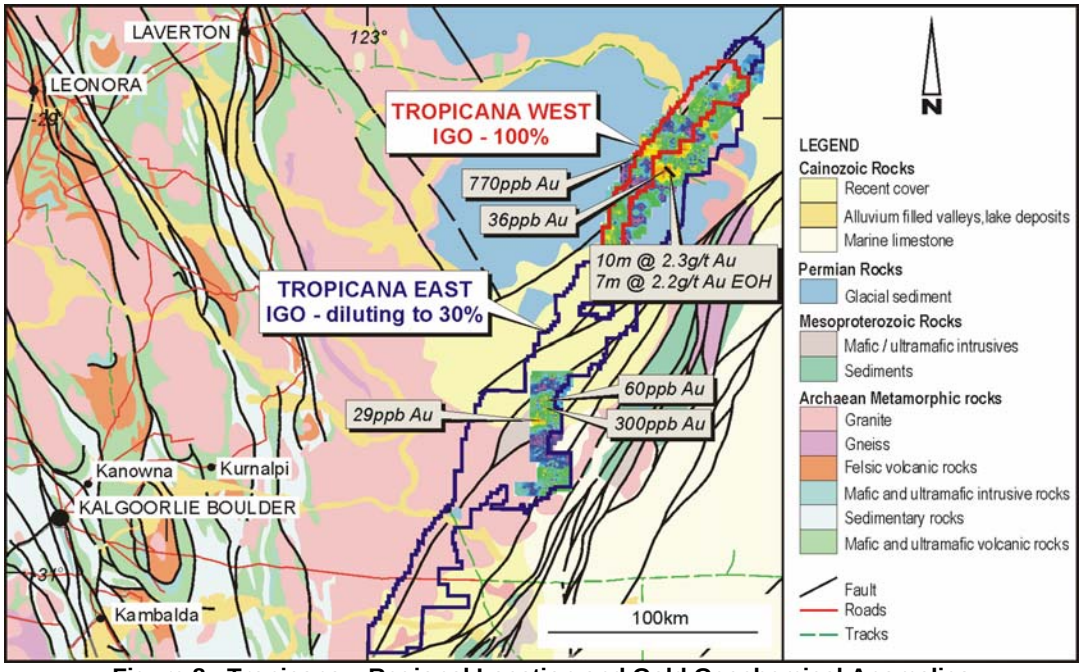


Figure 8: Tropicana – Regional Location and Gold Geochemical Anomalies

GOLDSWORTHY JOINT VENTURE (IGO MANAGER EARNING 80%)

Continued wide spaced air-core drilling at both the TG1 and TG2 targets further defined previously identified zones of elevated Au, As and Sb mineralization. A total of 153 aircore holes for 6189m were drilled.

At TG1, the target is defined as a 50-100m wide zone of shearing in fine grained mafic, ultramafic and sedimentary rocks and is now defined over a 5km strike length which is open along strike in both directions (Figure 9). Hole GWA259 returned 15m @ 0.9 g/t Au from 44m. Within the intercept a higher grade zone of 4m @ 2.2 g/t Au from 44m is associated with strong silicification and sulphide mineralisation. A program of RC drilling commenced in early October to follow up this encouraging intercept.

Based on regional aeromagnetic interpretations the structure at TG1 is thought to also be related to mineralisation previously intercepted at the TG2 target. Therefore the target structure potentially occurs over a strike of at least 14km.

An aeromagnetic survey is scheduled for November to assist with further defining drill targets.

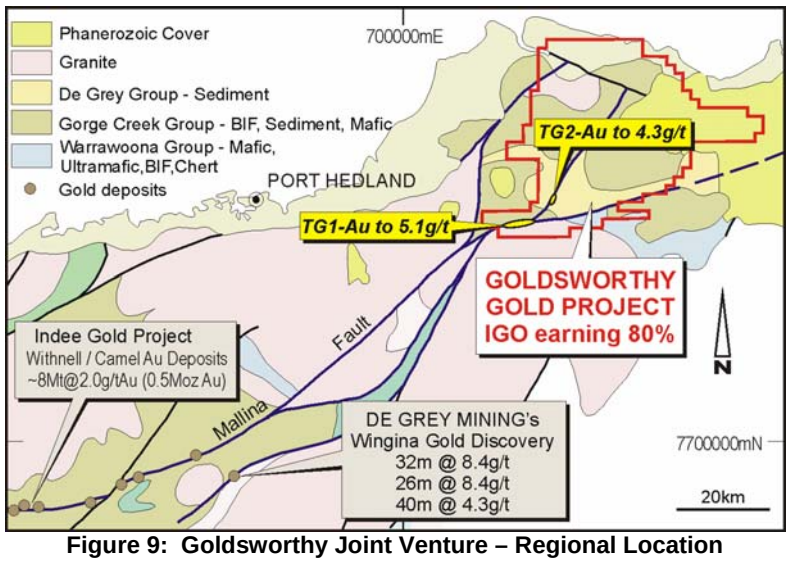


Figure 9: Goldsworthy Joint Venture – Regional Location

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

Laboratory results were received for a total of 1464 geochemical samples that were collected from 732 separate sample sites on a grid spacing ranging from 1km x 0.5km to 4km x 0.5km.

The sampling consisted of a fine -75 micron soil sample and ironstone concentrate sample from

each sample site and were analysed for a range of elements.

Several encouraging trends of low level Au anomalism ranging from 6ppb up to 15ppb Au (background <2ppb Au) in ironstone samples have been identified up to 8km in length (Figure 10). These trends are in several cases in part coincident with a number of other elevated elements in both ironstone and fine fraction soil sampling.

Despite being relatively low level, the wide spread gold anomalism is encouraging given the considerable wind blown aeolian sand component of the regolith in this region and the wide-spaced sampling grid.

It is anticipated that follow-up and infill sampling will commence during the December quarter.

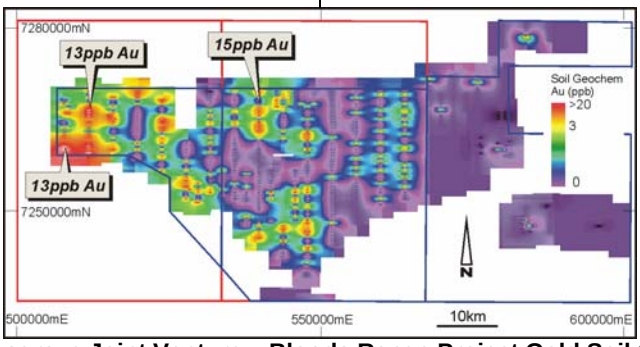


Figure 10: Musgrave Joint Venture – Bloods Range Project Gold Soil Geochemistry

DECEMBER QUARTER PROGRAM

LONG EXPLORATION

- *Long South*

Commence exploration decline to target.

- *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*
  Ground EM geophysical surveys.
- *Duketon Nickel Joint Venture*
  Ground EM geophysical surveys.
- *Reconnaissance*
  Reconnaissance investigation of new targets.

REGIONAL GOLD EXPLORATION

- *Goldsworthy Joint Venture*
  Airborne magnetics, aircore drilling.
- *Tropicana East Joint Venture*
  Diamond drilling to further test the main mineralised trend.
- *Musgrave Joint Venture*
  Follow up geochemical sampling

INDEPENDENCE GROUP NL

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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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