INDEPENDENCE GROUP NL
ABN 46 092 786 304

20 October 2004

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

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ANNUAL REPORT FOR YEAR ENDING 30 JUNE 2004

Independence Group NL is pleased to provide the 2004 Annual Report, which will be forwarded to shareholders next week.

The Annual General Meeting is to be held in Perth on 24 November 2004.

CHRISTOPHER BONWICK
Managing Director

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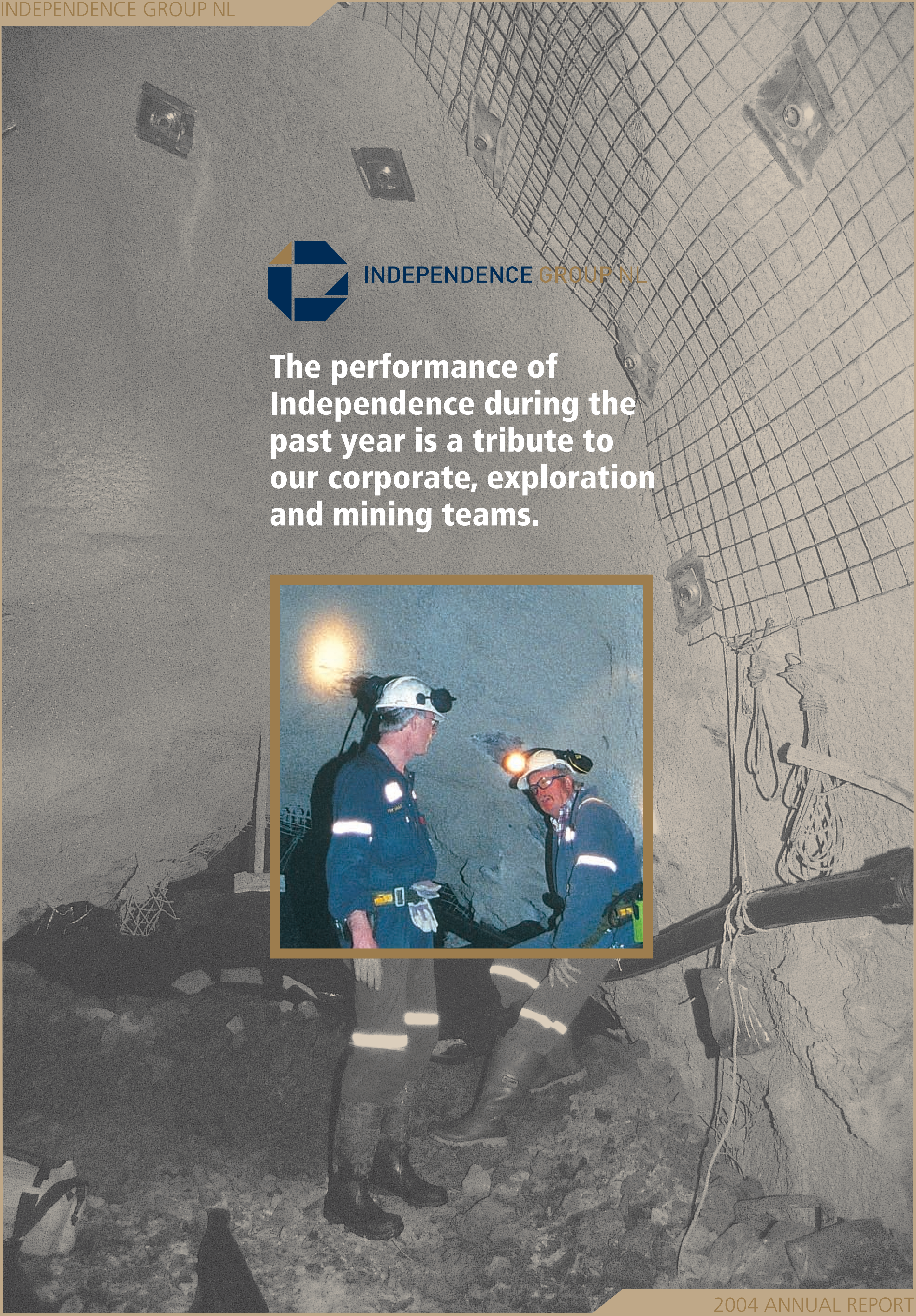

INDEPENDENCE GROUP NL

The performance of Independence during the past year is a tribute to our corporate, exploration and mining teams.

Corporate Directory

Directors
Rod Marston (Chairman and Non-executive Director)
Christopher Bonwick (Managing Director)
Kelly Ross (Executive Director/Company Secretary)
John Christie (Non-executive Director)

Management
Heath Hellewell (Chief Geologist)
Peter Williams (Chief Geophysicist)

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Kambalda Office – Long Nickel Mine
Tim Moran (General Manager)
Lightning Nickel Pty Ltd
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Kambalda, Western Australia 6442
Telephone: (08) 9027 6699
Facsimile: (08) 9027 6609

Solicitors
Blakiston & Crabb
1202 Hay Street
West Perth, Western Australia 6005

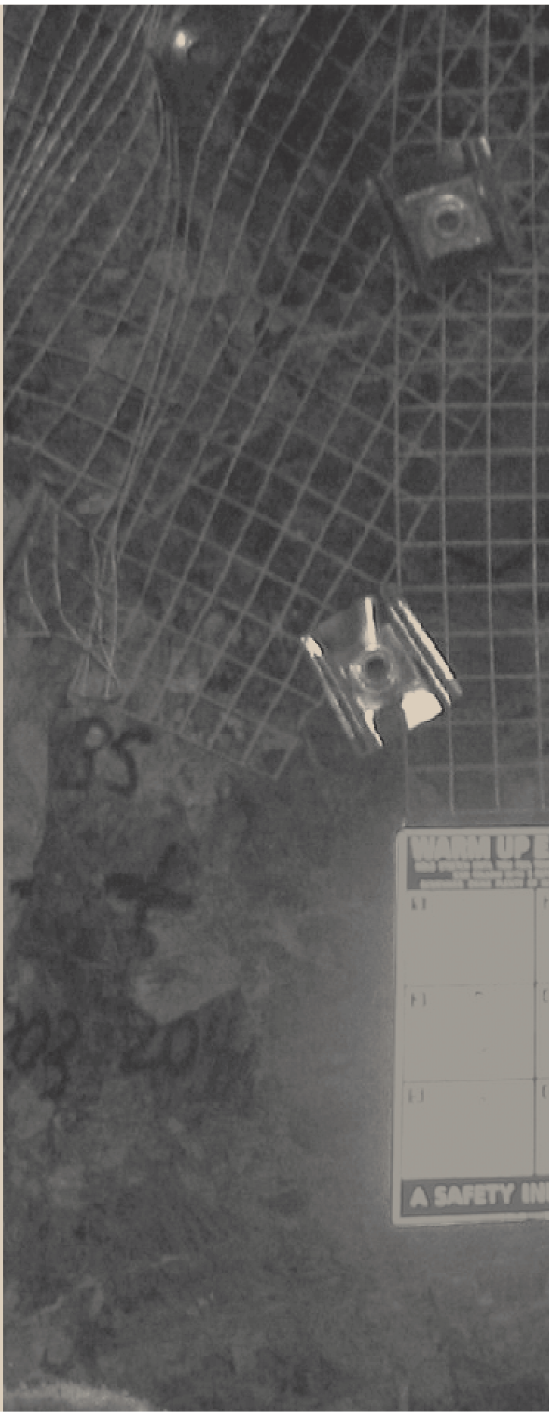
Auditor
BDO Chartered Accountants & Advisers
Level 8, 256 St George's Terrace
Perth, Western Australia 6000
Telephone: (08) 9360 4200

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Telephone: (08) 9315 0933

ASX Code
IGO – shares
IGOO – options

Share Structure at 30 June 2004

Listed	
> Ordinaries	75,237,280
> Options	24,552,720
Unlisted	
> Contributing	7,310,000
> Options	9,750,000
Total	116,850,000



Contents

Independence has declared a net profit after income tax of $17.3 million for the year, and is putting in place a dividend payment policy after only two years of mining operations.

Company Highlights

Group

> Net profit after tax of $17.3 million

> Current market value of shares $1.19

Operations

> No lost time accidents

> $28.1 million operating cash flow before capital costs and $27.0 million pre-tax profit from the Long Nickel Mine

> 168,991 ore tonnes mined at 4.1% Ni producing 6,843 nickel tonnes

> Production budgeted to increase to 222,000 tonnes at 4.0% Ni for 8,900 nickel tonnes in 2004/5

> Long reserves increased by 77% to 48,300 nickel tonnes, 136% if 2003/4 production is included

> 2003/4 cash costs down to AU$3.32 per pound payable nickel

Exploration

> Continued generation of high quality exploration targets

> Long South target, $4 million exploration decline planned

> $2 million Long Exploration budget for 2004/5

> Victor South Extension, Gibb South Extension and Long Deeps targets at Long Nickel Mine

> 2004/5 Regional Exploration budget increased to $4.1 million

> Large anomalies in regional projects

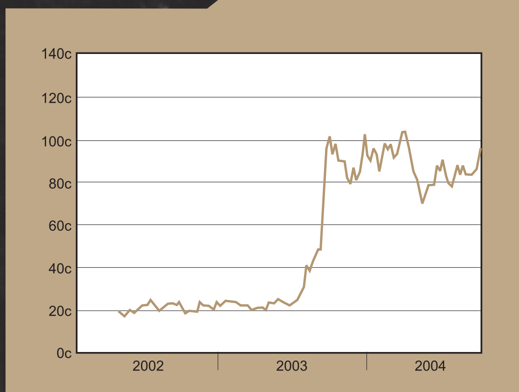
> > Tropicana East (JV - diluting to 30%) – IP anomalies, alteration zones and gold mineralisation defined over several kilometres

> > Goldsworthy (JV – earning 80%) – 6km long gold anomalous shear zone defined under shallow transported cover

> > Cullen (JV – earning 65-70% of nickel rights) – several geochemical targets defined in under-explored nickel-endowed belt

Share Price

Option Price




UDR
MAJOR PONTIL

Independence Group is dedicated to maximising shareholder returns through the discovery of world class ore bodies in Australia.

Background

Independence was incorporated in May 2000 for the purpose of discovering world-class ore bodies in Australia, focusing on gold and nickel. Our philosophy is to favour ore bodies amenable to rapid evaluation and project turnover.

Through exploration success and corporate growth, the Company's aims are to have a number of Australian metal mines and a significant market capitalisation. Unless an outstanding opportunity arises which would justify the issue of additional shares, the Board intends to grow Independence through free cash flow and debt funding. Our aim is to maximise shareholder wealth and minimise dilution of shareholders' interests.

A general industry downturn directly benefited the Company through its ability to procure the services of a highly experienced and qualified team of geo-scientists. The Company identified and acquired an interest, or right to earn an interest, in numerous prospective projects.

In September 2002 the Company acquired the Long Nickel Mine, and became a nickel producer in October 2002.

Company Profile

The intangible wealth of this Company is the depth of expertise that has been gathered. The Board would like to thank all employees for another outstanding year.

Rod Marston
(61) B.Sc. (Hons), Ph.D., MAusIMM, MSEG
Non-executive Chairman

Dr Marston is a geologist with over 35 years experience in the mineral exploration and mining industry, both in Australia and internationally. He has held senior positions with the Geological Survey of Western Australia and several mineral resource consulting groups, who have provided their services to major Australian mining houses the ilk of WMC and BHP Limited.

He compiled landmark mineral resource bulletins on copper and nickel mineralisation in Western Australia when at the GSWA. Dr Marston played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Dr Marston was previously a director of Ranger Minerals Ltd (now merged with Perilya Ltd) and is also a director of Southstar Diamonds Limited.

Christopher Bonwick

(45) B.Sc. (Hons), MAusIMM

Managing Director

Mr Bonwick is a geologist with over 20 years experience in the mineral exploration and mining industry, particularly in the areas of Australian gold and nickel exploration. He has a proven track record of successful mineral exploration and team management. Mr Bonwick was employed by mining house WMC for ten years, as an open-cut and underground mine geologist, and senior supervising geologist at WMC's Kalgoorlie Exploration Division. In 1991, he moved to Samantha Gold NL where he was employed as Chief Geologist. Mr Bonwick accepted a position at Resolute Limited as Chief Geologist in 1994, where he was joint leader of one of the most successful exploration teams in Australia.

Mr Bonwick has led numerous teams that have successfully located virgin gold discoveries, including the Chalice (which returned $100 million profit in just over three years and won "Diggers and Dealer's Discovery of the Year" in 1994), Redeemer and Indee deposits, as well as near-mine gold discoveries in Australia (Hill 50 satellites and Marymia satellites) and Africa.

Kelly Ross

(42) B.Bus., CPA

Executive Director

Kelly Ross is an accountant with over 20 years experience in the mineral exploration and mining industry. Ms Ross was with the Resolute group from 1987 to 2000, during which time Resolute grew from a small exploration company to a major gold producer.

Ms Ross has held positions with National Resources Exploration Pty Ltd, the Kimseed Group, Murchison United NL and the Department of Mineral & Petroleum Resources. Ms Ross is also the Company Secretary of Independence Group NL.

John Christie

(66) CPA, ACIS

Non-executive Director

Mr Christie is an accountant by profession with experience primarily in the resource and construction industries. He spent 16 years with Anaconda Australia Inc, a subsidiary of Atlantic Richfield, including seven years as Vice President and Treasurer. Mr Christie has previously held board positions with Ranger Minerals Ltd and General Minerals Corporation.

Chairman's Review

Dear Fellow Shareholders,

It gives me great pleasure to review the progress of Independence Group NL during the past year. The Company has declared a net profit after income tax of $17.3 million for the year, and is putting in place a dividend payment policy after only two years of mining operations. I am happy that you have shared in that growth, and am confident that more growth is to come, with the Company now having a solid cash flow from its expanding nickel mine at Kambalda. You have a shareholding in a Company with exceptional team skills and high quality mineral and technology assets.

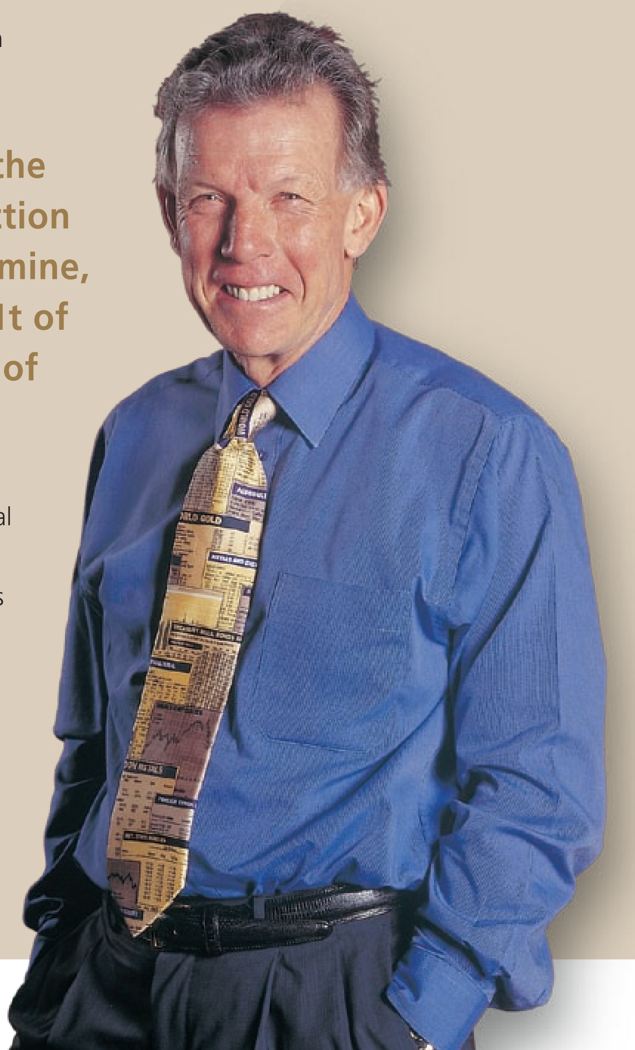
The 2003/4 year was the first full year's production from the Long Nickel mine, which yielded 168,991t of ore containing 6,843t of nickel metal (a third of which was from outside reserves), and achieved a monthly production rate of some 14,000t of nickel ore averaging 4.1% nickel. This resulted in revenue to Independence of about $67 million.

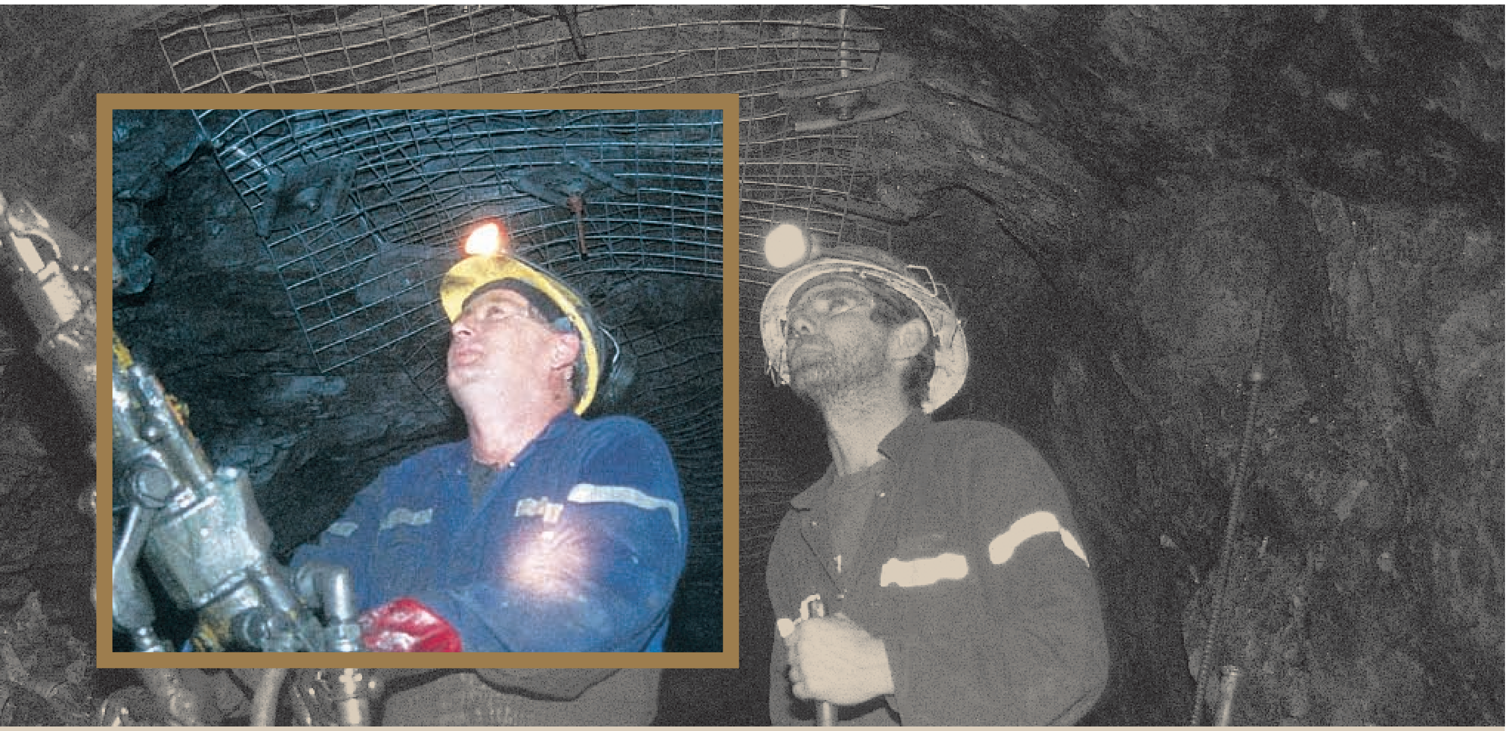
Although our operating costs per pound of nickel are already at the lower end of the spectrum of underground Australian nickel producers, mining costs are expected to be further reduced as production levels increase towards 9,000t of nickel metal per annum, and high-grade ore is accessed from the recently commissioned Victor South mine in the 2004/5 year.

The 2003/4 year was the first full year's production from the Long Nickel mine, which yielded 168,991t of ore containing 6,843t of nickel metal

The mineable reserve of nickel metal at year-end has been dramatically increased by 77% over the previous year's figure, to become one of the largest massive nickel sulphide reserves in Australia, standing at 48,300t of nickel metal.

The mine is therefore very well-placed to exceed the feasibility study prediction of a $60 million cash flow after tax and debt repayment, given the higher nickel prices we have experienced since the feasibility study was completed in 2002, and the continued success in defining new





mineable reserves by an aggressive exploration program. There are many exciting targets to explore that will be accessible from modest extensions to the existing Long underground openings.

Innovative mining methods are being applied to access ore in areas previously considered unproductive. New technology will continue to be employed to enhance the mine's performance, in devising safer and more productive pillar extraction methods, and to find massive nickel sulphides more efficiently using advanced magnetic/electromagnetic techniques.

The Company has also made the decision to commence an exploration decline from the Long ore body to the Long South target, which has the potential to significantly increase mine life beyond the 5-6 full years currently envisaged. The existing mine life has allowed the Company to consider a dividend payment policy to reward shareholders in the Company, whilst the Company continues to grow.

The Company's regional exploration focus remains on gold and nickel sulphide resources primarily in Western Australia, both easily measurable and saleable commodities for the foreseeable future. Through a number of farm-in joint ventures, the Company is now earning a majority nickel interest in some very prospective eastern goldfields properties. The application of new techniques in chromite mineral analysis to discover new nickel sulphide deposits in Precambrian rocks of Western Australia is also producing exciting targets.

A new gold province is potentially emerging from the ongoing work on the Tropicana property in south-eastern Western Australia, where AngloGold Ashanti Limited is earning an interest in part of the project. The Company also has full rights to self-generated exploration projects in new gold areas in the Yilgarn Block and the Fortescue Group rocks of the Pilbara region, and is developing a promising gold project as a farm-in to third party ground in the Goldsworthy area. I expect that some of these properties will further mature with drilling in the 2004/5 year. The Company will quickly recognise the potential of all new properties and relinquish or farm out those that represent a higher risk path to a profitable mineral deposit.

On your behalf, I extend my thanks to our management team and employees for their contribution to the current equity value of our Company. I thank shareholders for their support and urge them to maintain their interest in the growth of Independence, an innovative, safe and efficient explorer and miner.

Rod Marston
CHAIRMAN

The Company's performance on the ASX since listing has seen an increase in share and option value from $0.20 and $0.01 to the current level of $1.19 and $0.96 respectively.

Managing Director's Operations Report

When Independence floated on 17 January 2002 as a pure exploration play, the following targets were set to grow the Company and reward shareholders:

> Produce a positive cash flow in two years by finding or acquiring a mine;

> Find a new mining camp within three years; and

> Over time, build a large Australian resource house.

At the time of purchase in 2002 the Long Nickel Mine had a five year mine life at a conservative production rate of 5,300 nickel tonnes per year.

Based on current reserves the Company has now increased this by a further two years to 2009, at an increased production rate of 8,900 nickel tonnes per year.

Current resources give scope for a further large increase in mine life, as the resources are systematically converted to reserves.

Drilling and geophysical surveys at Victor South during the year resulted in Victor South reserves increasing from 5,900 nickel tonnes to 16,500 nickel tonnes. These reserves are defined over a 170 metre strike length. This work also identified new mineralisation and geophysical targets to the south, indicating potential for further discoveries in the Victor South area.

Last year drilling to test the Long South target intersected 3.6m @ 3.3% Ni. Drilling in 2003/4 was hampered by technical difficulties but did intersect an ultramafic lava channel south of Long. Intercepts such as 3.6m @ 3.3% Ni, 0.76m @ 10.1% Ni and 0.7m @ 4.8% Ni have increased the probability that economic nickel sulphides may be discovered at Long South. The Company believes that results to date justify the development of an exploration decline to more thoroughly and efficiently explore the target. We believe the Long South target has the potential to contain a new large nickel ore body, and the target is close to existing underground infrastructure.

Based on current reserves the Company has extented the Long Nickel Mine's life by a further two years to 2009, at an increased production rate of 8,900 nickel tonnes per year.

Significant cash flow from the mine is now available to fund the Company's aggressive Australian exploration programs, primarily focused on finding new nickel and gold deposits using the following principles:

> Utilising the skills of an exploration team which has a record of major significant discoveries.

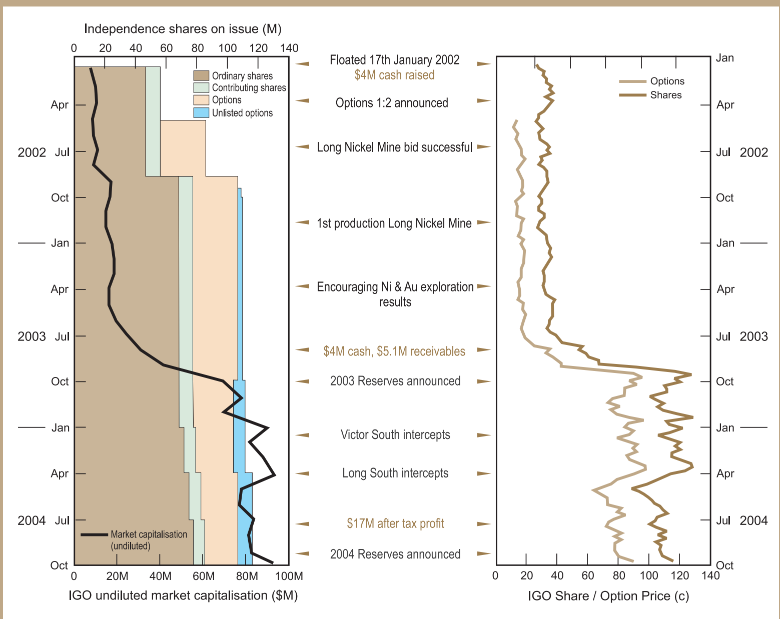
> Acquiring exploration assets such as the WMC Diamond Division database and the De Beers Yilgarn Chromite database.

> Using up-to-date geological models to conceptually target areas where large gold deposits could occur (eg. Goldsworthy, Wackilina and Dalwallinu gold projects).

> Targeting existing high quality ore bodies with potential for significant extensions (eg. Long Nickel Mine).

> Keeping abreast of scientific discoveries and technological advances, resulting in novel in-house exploration techniques

Figure 1



Market Capitalisation - Significant Events and Share Price

to improve the exploration odds (eg. chromite analysis for nickel and new electromagnetic (EM) geophysical techniques – EM torch and magnetic transient EM (TEM probes).

> Continually and rigorously reviewing projects to only focus on properties with the potential to generate large economically recoverable mineral resources at low exploration cost and risk.

Through the exclusive control of the non-diamond component of the WMC Diamond Division Database to August 2009, and via conceptual targeting, our proven team of geoscientists has delineated numerous gold and nickel targets with the potential to contain large virgin deposits.

The discovery of extensive gold mineralisation and alteration at Tropicana and Goldsworthy is evidence of the veracity of the approach.

Exploration in the 2004/5 financial year will focus on continuing to increase the mine life of Long and advancing the Company's numerous high quality gold and nickel targets, with the aim of discovering another stand-alone operation.

The Company's performance on the ASX since listing has seen an increase in share and option value from $0.20 and $0.01 to the current level of $1.19 and $0.96 respectively, and fully diluted market capitalisation has increased to $125 million (Figure 1).

This performance is a tribute to our corporate, mining and exploration teams. The 2004/5 financial year should produce another impressive result based on current nickel prices.

We believe the Company has all the ingredients to become a major force in the resources industry.

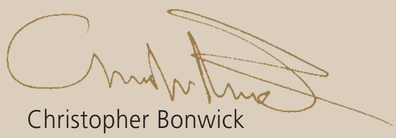
Through exploration success and corporate growth, the Company aims to have a number of Australian metal mines, which would further increase its market capitalisation.

Unless an outstanding opportunity arises which would justify the raising of additional equity, the Board intends to grow Independence through free cash flow and debt funding. Our aim is to maximise shareholder wealth and minimise dilution of shareholders' interests.

I wish to thank all our employees, contractors and consultants for their hard work and commitment during the year.

I also wish to thank our shareholders for their strong support.

Independence will continue its commitment to delivering shareholder value.



Christopher Bonwick
MANAGING DIRECTOR

Operations

LONG NICKEL MINE

IGO: 100%

Long Nickel Mine Acquisition
Independence Group's wholly owned subsidiary Lightning Nickel Pty Ltd (Lightning), acquired the Long Nickel Mine from WMC Resources Ltd for $15 million in September 2002. The mine is located at Kambalda in Western Australia (Figure 2). The mine is providing a significant cash flow to the Company and has significant upside for further mine life extensions.

Apart from the tenure and reserves, the assets included a headframe and winders, office complex, underground communications system, air compressors, dewatering pumps, seismic system and mining equipment.

The Company employs a highly skilled workforce at the Long Nickel Mine, with most having many years of underground experience in the Kambalda region.

The mine was successfully commissioned in October 2002 and produced at an annualised rate of 168,000 tonnes of ore in 2003/4, which is budgeted to increase to 222,000 tonnes in 2004/5.

Since commissioning the mine, exploration and development activities have resulted in the discovery of an additional 2 years of reserves increasing current mine life to 2009 at an increased production rate (Figure 3).

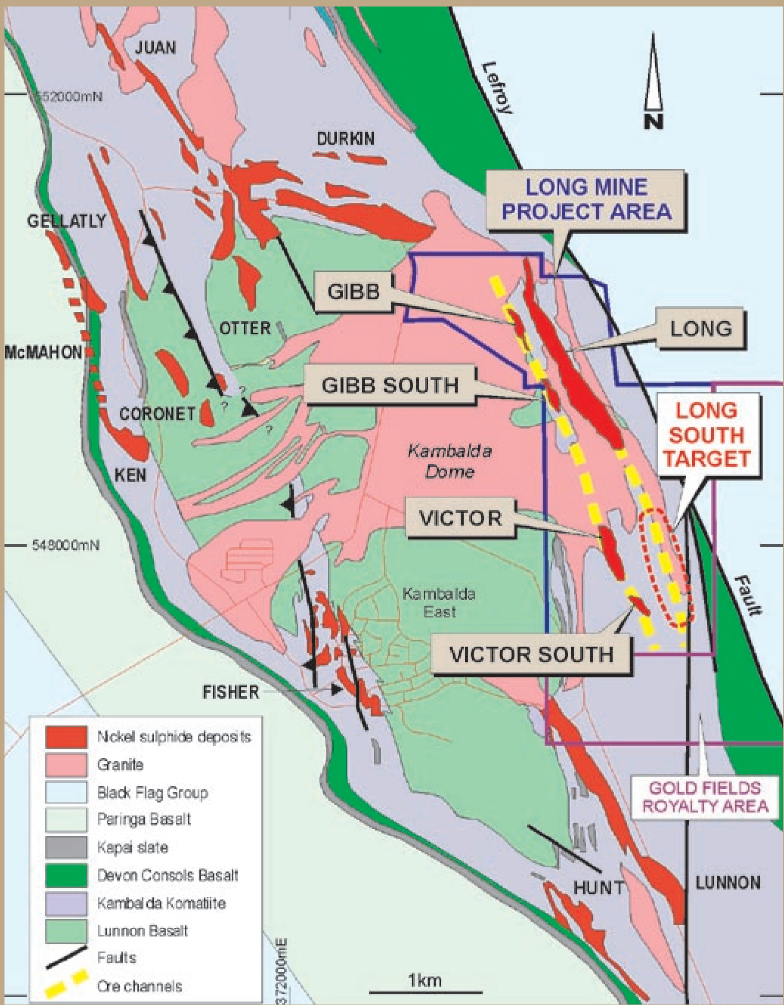
Research and development studies to extract mine pillars outside reserves, and further exploration success at Victor South and Long South, also have the potential to significantly increase mine life.

Long Nickel Mine History
The Long Shoot was first intersected by WMC Resources Ltd ("WMC") diamond drilling in 1971, with subsequent drilling indicating the presence of significant mineralisation within both the Long and Victor nickel ore bodies. Underground development commenced at Long in 1975 with the sinking of a vertical shaft to a depth of 971.4m. Ore production began in 1979. In 1989 the Victor decline was started to access the Victor ore body and by 1994 had provided mechanised access to the deeper levels of the Long Nickel Mine. Since the mine was placed on care and maintenance in April 1999, WMC maintained the underground infrastructure, shaft and headframe in excellent condition for a planned resumption of mining. WMC also refurbished sections of the mine, undertook additional exploration and completed a mine operating plan which was later used by Independence.

Past production from Long Shaft and Victor decline represents the second largest concentration of nickel in the Kambalda region, and qualifies as one of WMC's longest operating nickel mines with a 21 year mine life. Total production to closure in 1999 was 5.43 million tonnes at an average reconciled grade of 3.7% nickel (>200,000 nickel tonnes).

Long Nickel Mine was successfully commissioned in October 2002 and produced at an annualised rate of 168,000 tonnes of ore in 2003/4, which is budgeted to increase to 222,000 tonnes in 2004/5.

Figure 2



Long Nickel Mine - Regional Geology (Base Geology Source WMR)

Tenure

The Long Complex assets are located on three Western Australian Mining Act (1904) Mineral Leases (ML15/158, 159 and 160), and a portion of East Location 48 leased to Independence until April 2011. Location 48 is one of a number of freehold land grants created in the Eastern Goldfields district in 1890.

WMC Offtake Agreement

The Company has an agreement with WMC whereby the ore produced from the mine is delivered to the adjacent WMC Kambalda Nickel Operations Concentrator for toll treatment and production of nickel concentrates, which are then sold to WMC on terms set out in that agreement. The agreement expires on 27 February 2010, with WMC having the option to extend for another nine years.

Safety

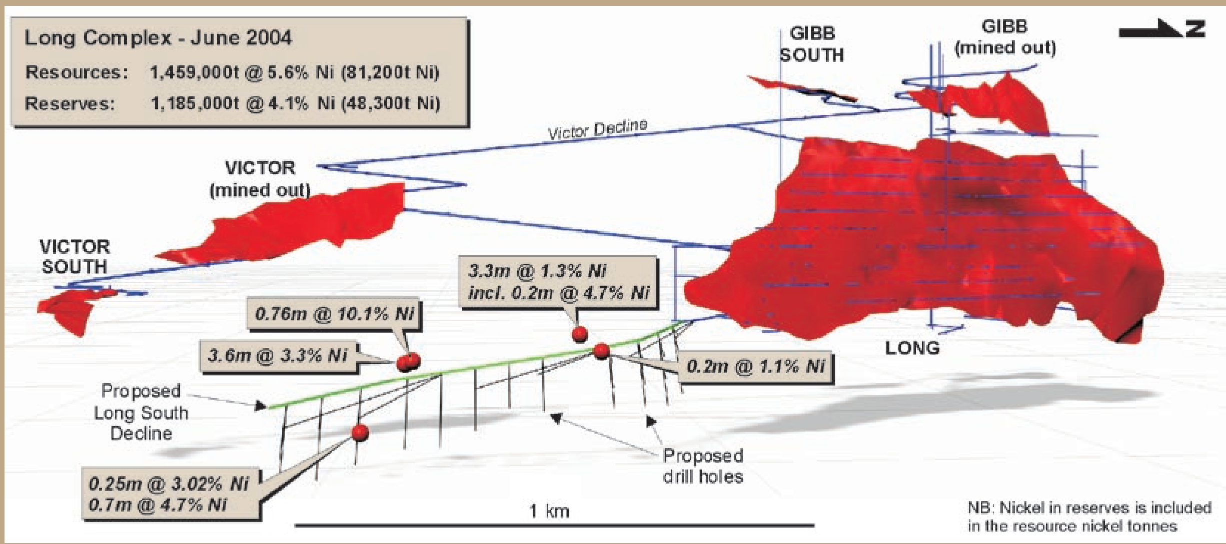
The mine plan adopted by the company incorporates a number of procedures and policies to ensure the safety of our team is not jeopardised. A significant amount of work has been undertaken setting up and rehabilitating old Long stoping blocks, some of which have not been mined for over ten years. No Lost Time Injuries were suffered during 2003/4 and only one Lost Time Incident (LTI) has occurred since the mine was purchased in 2002, which is a great credit to the dedication of all personnel on site.

Lightning committed to fulfil the obligations of the Mines Safety and Inspection Act 1994 and Regulation 1995 by involving the entire workforce in satisfying their requirements. Lightning's policy necessitates that operators are regularly taken out of production for Mines Rescue training. This is not an easy task, but it has been executed well, and safety teams from surrounding mines have also undertaken training activities with Lightning's personnel.

The occupational health and safety regime is stated in the Lightning Nickel Safety Policy, which is based on the belief that profits can be made without compromising safety. It is management's conviction that a positive attitude is the dynamo in any safety programme. Hazard identification, accident/incident investigation, competency training, work procedures development, competency reassessment, as well as regular monthly work place inspections and the development of

Operations continued

Figure 3



Long Nickel Mine - Resources, Reserves and Location of Proposed Long South Decline

task standards, are carried out with the help of every employee.

Safety statistics from commencement of operations in September 2002 to the end of June 2004 reveal a total of 353,169 exposure hours for 56 Incidents, 24 minor Injuries, 16 medically treated Injuries and 1 LTI where 1.5 days were lost.

Ground Conditions and Seismicity

The risks of "mine-induced" seismicity are well known and understood at Long. The ore body is disrupted by a swarm of cross-cutting porphyries, some of which are stressed. These bodies have reacted in a consistent and predictable geotechnical fashion. When mining the discrete ore blocks within the Long Mine, procedures to manage these events are built into the operating standards of Lightning and are well understood by our mining personnel.

Ground Support: A combination of mesh and rock-bolting, cable bolting and shotcrete, form the standard practice for excavations of varying size and accessibility. No person is allowed to perform their duties beyond safe and secure overhead support.

Sponsorship: Lightning is a sponsor of the Australian Centre for Geomechanics Research ("ACGR") seismicity research studies. ACGR and the University of Western Australia have been undertaking ground support studies at the Long Nickel Mine with the assistance of the Company's mining and geotechnical team. The studies involve explosive-induced shockwaves to test various ground support 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 provided by our current ground support regime.

This has the potential to reduce mining costs at Long in 2004/5 and beyond.

Mine Work Force

Lightning currently employs 92 full-time staff. Many employees including the General Manager are ex-WMC Kambalda employees, who brought an immediate pool of sound operating knowledge, experience and skills to the project.

Lightning's work force has been very stable with a very high retention rate since the commencement of mining in October 2002. All miners apart from the hand-held team are on salary, and a gain-share bonus scheme was instigated during the year to reward the mining team where safety, teamwork and cost targets are achieved.

Mine Production

Mining methods range from longhole open stoping with mullock/sand backfill and mechanised Jumbo flat back stoping, to handheld mining which is utilised to extract blocks in narrow stopes not suitable for mechanisation. Wherever possible, non-entry, mechanised mining methods are employed for safety reasons and to maximise productivity. The spacing of stoping sub-levels and other aspects of the mining methods have been designed to minimise dilution.

Production for the year was 6,843 tonnes of nickel metal as shown in Table 1.

Not only did the Company produce 27% of its nickel from outside reserves in 2003/4, an additional 1,292 nickel tonnes were produced from within reserve blocks than expected from the reserve model.

Independence's share of nickel produced in 2003/4 was 4,063 tonnes, producing revenue of $67.2 million.

Table 1: Long Nickel Mine – 2003/4 Ore Production

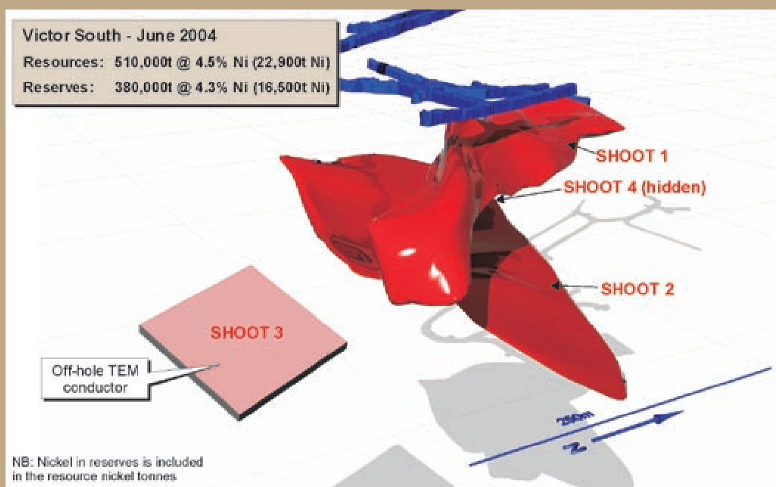
	Tonnes	Ni %	Ni Tonnes
Reserve	126,183	4.0	4,990
Outside Reserve	42,808	4.3	1,853
TOTAL	168,991	4.1	6,843
Long (mechanised and hand-held)	143,651	3.7	5,240
Gibb South (hand-held)	22,130	6.9	1,528
Victor South (development ore)	3,210	2.4	75
TOTAL	168,991	4.1	6,843

Capitalised Development

Only development costs relating to the initial development to the Gibb South and Victor South ore bodies have been capitalised. Mining at Long Shaft involves re-establishing reserve blocks which in some cases have not been in operation for more than a decade. The rehabilitation of these areas involves extensive shotcreting, re-meshing, cone and cable bolting, and these costs have been absorbed by the mine in its monthly operating costs.

Capitalised decline development to access the high grade Victor South deposit commenced in July 2003. Jumbo development of 1,168 metres was completed during the year to intersect Shoot 1. Additional development is planned in 2004/5 to gain access to Shoots 2 and 4 which are located below the current development (Figure 4).

Figure 4



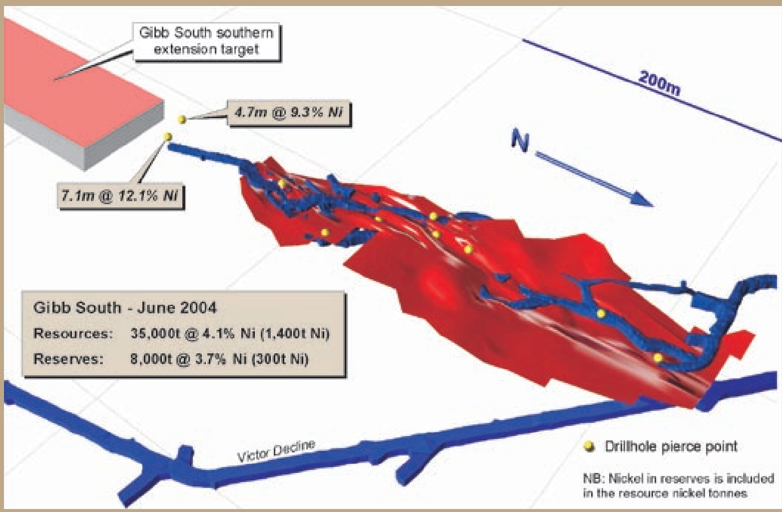
Victor South - 3-dimensional Model

Operations continued

Ore Reserves and Resources
Lightning personnel, Cube Consulting Pty Ltd (ore resource consultants) and BFP Consultants Pty Ltd (mine engineering consultants) were used to calculate JORC standard reserves and resources based on industry best practice.

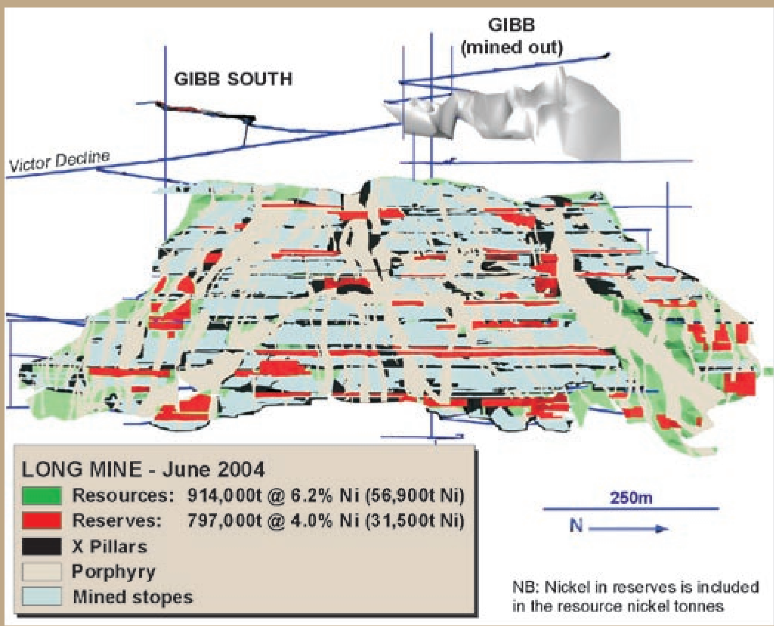
Ore reserve tonnages and grades have been calculated at a 2.5% nickel cut-off grade in the new reserve model, which takes into account the high value of the ore, its mode of occurrence, the geotechnical considerations to ensure successful and safe mining in the geological environment, cost of production, forecast future nickel prices, and the depths at which the operations will be conducted (Figures 4-6). The reserve was calculated using the 2D and 3D metal accumulation of grade, thickness and density interpolated by ordinary Kriging into blocks for each mineralised surface, followed by the subtraction of porphyries, unextractable pillars and mining depletion.

Figure 5



Gibb South - 3-dimensional Model

Figure 6



Long Nickel Mine - Resources and Reserves

Table 2: Long Nickel Mine – Resources

		Undiluted Resources at 1% Ni Cut-off as at 30 June 2003			Undiluted Resources at 1% Ni Cut-off 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**	**700**
	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	**1,459,000**	**5.6**	**81,200**

Table 3: Long Nickel Mine - Reserves

		Mining Inventory at 2% Ni Cut-off as at 30 June 2003 [2]			Mining Reserve at 2.5% Ni Cut-off as at 30 June 2004 [2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long 12-16L	Proven	358,000	3.8	13,600	**417,000**	**4.1**	**17,300**
mechanised	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	Proven	10,000	4.0	400	**30,000**	**3.7**	**1,100**
hand-held	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	Proven	-	-	-	**-**	**-**	**-**
mechanised	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	Proven	19,000	4.0	700	**7,000**	**3.7**	**280**
hand-held	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	**1,185,000**	**4.1**	**48,300**

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 Ore tonnes have been rounded to the nearest thousand tonnes. Nickel tonnes have been rounded to the nearest hundred tonnes.

Operations continued

Remnant Pillars

Approximately 44,000 tonnes of nickel metal were contained in mine X-pillars when the Company purchased Long, which were considered by the previous owner to be unextractable.

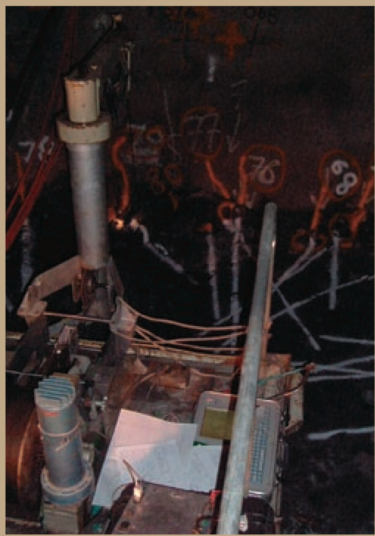
The Company's Research and Development program to develop a new mining method to extract stressed pillars using underhand mechanised stoping, continued during the year. If successful, this technique will enable the conversion of a significant proportion of the pillars to reserve status. Significant progress was made during the year, as it was demonstrated that the unconsolidated tailings above the ore pillars were able to be mined and supported.

The pillars chosen as the subject of the research program were below the 13 level of the Long mine. Once access was gained and tests conducted it was discovered that the pillars were already "de-stressed", enabling the pillars to be mined by conventional methods and therefore incorporated into reserves. This will result in reduced mining costs for these pillars.

The R&D program will be applied to other pillars in the mine in the future should traditional mining methods prove impractical.

Geophysics

A portable underground EM "Torch" system (analogous to a large metal detector), conductivity probes and a 3-component magnetic TEM probe, have been incorporated into the mine's exploration program to produce real time massive and matrix nickel sulphide location information, providing a vector to the mineralisation. This has resulted in a reduction in drilled metres, allowed more accurate mine design, reduced expensive "exploration" development, and has located new ore positions in the mine environment.



Conductivity Probe

3 Component Magnetic TEM Probe

Exploration

Nickel Sulphide Formation

The Long and Victor deposits are typical Kambalda-style nickel deposits, consisting of narrow, steeply dipping, shallowly plunging, ribbon-like accumulations of massive or semi-massive sulphides located at the base of komatiitic ultramafic flows at their contact with an underlying basalt unit. Massive sulphide is overlain by matrix and then disseminated mineralisation, with the bulk of the ore being massive and matrix in nature. The ore averages 2.6m in thickness.

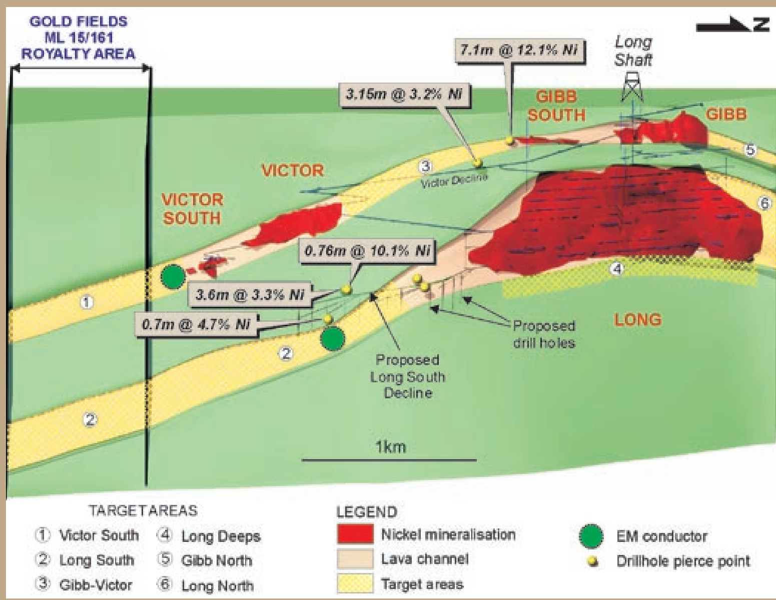
The Long nickel ore shoots consist of shallowly plunging channels which produce high tonnes of ore per vertical metre and together with the high nickel tenor of massive sulphides, means that even small incremental discoveries can have a significant positive impact on profitability.

At Long nickel mineralisation is associated with Archaean ultramafic lava channels (analogous to river channels), in which the olivine-rich magmas are characterised by very high magnesia (MgO) contents. When in a molten liquid state during volcanic formation the very dense nickel sulphides pooled in depressions along the lava channel (Figure 8). Subsequent folding and faulting has tipped the channels to a 60 to 85 degree dip towards the east, and also resulted in the remobilisation of some of the original sulphides into structurally controlled positions (eg. Victor South). During these deformation events and resultant sulphide remobilisation, the massive sulphide can be thought to behave like a tube of toothpaste when it is squeezed, with weak massive sulphides squeezed into surrounding country rocks under extreme pressure. To date, two prospective channels have been recognised and confirmed by MgO studies (Figure 7):

Channel 1: The upper, high tenor nickel channel is interpreted to contain from north to south, the Gibb, Gibb South, Victor and Victor South deposits.

Channel 2: The lower, wider, moderate tenor nickel channel contains the Long deposit and nickel sulphides to the south, including the Long South target.

Figure 7



Long Nickel Mine - Exploration Targets and Proposed Long South Target Drilling

Strategy

Exploration at Long targets the following:

> Mine Life Extensions - targets which have the potential to significantly increase mine life, and

> Incremental Ore - targets which may replace depleting reserves/ resources in and around known ore bodies.

The Company's exploration team is focusing on both types of targets using the integration of geological mapping, structural studies and magnetic and electromagnetic geophysical surveys to produce a 3-dimensional picture of the ultramafic stratigraphy.

During the March 2004 quarter a large geophysical and drilling program commenced with the aim of increasing the Long Nickel Mine reserves to 50,000 nickel tonnes over the next 12 months. Results have exceeded expectations with 48,300 nickel tonnes already defined.

To date, exploration has been very successful given the small ($2.8 million) exploration spend in 2003/4 (reserves – taking into account 2003/4 production - have increased by 27,800 nickel tonnes or 136%). As a consequence, the 2004/5 Long exploration budget has increased to approximately $6 million, which includes $4 million for the Long South decline.

Significant potential exists to discover additional ore from the Mine Life Extension Targets.

Mine Life Extension Targets

Long South

Drilling to test for a possible repetition of the 1.6 kilometre long and 0.6 kilometre high Long ore body (production to date: 4.89Mt @ 3.7% for 181,800 nickel tonnes) beneath Victor and Victor South continued during the year. Previous drilling by WMC intersected 0.76m @ 10.09% Ni in KD6067B, 700 metres south along strike from the most southerly known point of the Long ore body.

The Company drilled a wedge from this hole and intersected 3.6m @ 3.3% Ni, including thin, high tenor massive sulphides of 0.36m @ 14.6% Ni. Two surface diamond holes were attempted to test the target south of the previous intercepts.

Operations continued

One hole intersected the interpreted western flank of the channel, whilst the other was abandoned prior to target depth due to technical difficulties.

An 869 metre underground diamond hole was then drilled from the Victor Decline to test the target. Due to the low drilling angle in relation to the dipping stratigraphy the hole stayed in footwall basalt for its entirety and did not hit the prospective contact, however a down-hole EM survey defined a number of off-hole conductors. A wedge drilled off this hole intersected remobilised nickel sulphides, including 0.7m @ 4.8% Ni in sediments, also interpreted to occur on the western flank of the channel. A number of EM conductors were not fully tested and due to difficulties conducting down-hole surveys the target area itself was not completely tested.

This hole also intersected high MgO (40% MgO, volatile-free) channel ultramafics at the end of the hole above the prospective contact, confirming the presence of the extension to the Long Lava Channel 2.

A subsequent wedge between the two holes failed to reach target depth and was abandoned due to difficult drilling conditions.

Based on the above nickel intercepts and confirmation of the southern continuation of the Long Lava Channel, the Company is planning the development of an exploration decline to more thoroughly and efficiently test this target area (Figure 7).

The 1:7 decline will be driven from the southern end of the Long ore body. The decline will provide a drilling platform to test for additional nickel between Long and the Long South Target, and as its dimensions will be 5m x 5.5m, will also provide mining access if reserve blocks can be defined at Long South.

The decline involves development of approximately 1,315 metres and is expected to be completed in January 2006.

Incremental Ore Targets

General Mine Extensions

Numerous isolated WMC intercepts remain to be followed up in the Long mine.

Underground TEM surveys undertaken by the Company using the EM Torch have defined conductors within the mine workings which require follow up drilling.

Mining also continued during the year to locate previously unknown ore shoots open in many directions. Drilling and down-hole EM surveys will continue to be used to evaluate these targets to determine their commercial viability.

Victor South Extensions

Drilling during the year defined 22,900 nickel tonnes in resources and 16,500 nickel tonnes in reserves.

Down-hole EM in VS15-098 has defined a 50m x 50m flat surface, 25m south of the resource area (Shoot 3 – Figure 4). A single hole (VS15-097) was drilled south of Victor South which intersected 3.7m @ 2.32% (true width 2.3m) remobilised nickel in ultramafics, 20m south of the current resource. Further drilling is planned for 2004/5 to follow up these encouraging results.

Long Deeps

Reinterpretation of the lower levels of the Long orebody suggests potential for additional nickel sulphide shoots below the southern end of the deposit in an area structurally complicated by thrust faulting.

Gibb South Extensions

The southern limit of the Gibb South mineralisation has yet to be defined. Historically only limited drilling has tested the upper lava channel between Gibb South and Victor (Figure 5). Additional drilling is planned for 2004/5 to test for high-grade nickel sulphides along the prospective channel.

Exploration

Philosophy

Independence Group is focused on continually creating shareholder wealth and the discovery of a large, high-grade gold or nickel deposit in Australia would increase the value of the Company. Given exploration is a high risk investment, the Company has developed a set of principles in order to reduce this risk and improve the chances of success.

The Company's exploration targeting favours ore deposit types amenable to rapid evaluation and project turnover and that have the potential to be brought into production within a short time-frame. The commodity focus is based on the wealth of experience and technical expertise within the Group and the country focus is also based on careful consideration of endowment, political risk and operational logistics based primarily on in-house experience.

The key to the Company's exploration objective is to continuously identify, secure and explore the most prospective targets. At the project stage, ongoing critical assessment of multi-disciplinary exploration results ensures the maximum chance for this objective to be met. Independence is continuously seeking to utilise new technology and ideas to improve its chances of discovery.

The Independence Group Board is committed to ensuring that the exploration effort is well-funded to ensure that multiple projects can be simultaneously assessed. As a result, assessment can be based on quality exploration results with only the best quality projects retained and further funded by the Company.

Exploration Goals

In conjunction with the ongoing goal of defining additional tonnes of recoverable nickel metal at or near the Long Nickel Mine, the aim is to define large, high grade gold and sulphide nickel deposits amenable to open cut mining.

The mid-term aim is to use the sustainable cash flow from the Company's mining operation to locate and then mine large deposits capable of dramatically increasing market capitalisation.

2004/5 Exploration

Despite an apparent general up-turn in Australian exploration expenditure and activity in the last year, levels are still significantly below peaks of the 1990's. Much of the recent activity in the exploration sector has been on areas with a considerable history of mining and exploration, because those areas are more amenable to industry standard exploration techniques and technologies.

Based on these standard techniques and technologies, many of these historic areas could be rated as having a mature exploration status as most large outcropping/sub-cropping ore bodies are thought to have already been discovered.

However, a significant proportion of Australian mineral fields are under sand, lake or younger rock cover, which hinders many standard exploration techniques. Many opportunities exist in these areas to locate large ore bodies close to existing infrastructure, using improved or new exploration technology and concepts.

Investment in exploration over the past twelve months has advanced a number of exciting projects for Independence and its partners including Long South, Tropicana East, Wackilina, Goldsworthy and Musgrave, as well as the Cullen and Duketon joint ventures.

As more of the Company's tenements have now been granted, the 2004/5 financial year will see a shift towards more advanced exploration programs, including a significant commitment to drilling high priority targets.

Ongoing project generation and the continued assessment of the WMC Diamond Division geochemical database and both the WMC Diamond Division and De Beers chromite microprobe databases are also expected to generate new projects in the forthcoming year.

The Company plans to spend $10.1 million on exploration in 2004/5, allocated as follows:

	2003/4 Expenditure	2004/5 Budget
Nickel exploration	0.6m	1.8m
Gold exploration	2.3m	2.3m
Long mine/near-mine exploration	2.8m	2.0m
Long South exploration decline	-	4.0m
Total	$5.7m	$10.1m

Exploration continued

WMC Diamond Division Database
Independence has 100% equity in metal projects generated from an extensive geochemical and mineralogical database comprising over 24,000 samples collected by WMC using proprietary sampling, processing and analytical techniques between 1979 and 1997 (Figure 9). The samples were processed to separate the ironstone component from the fine heavy mineral fraction prior to mineralogical assessment. The residual fractions were also retained for later geochemical analysis. WMC is entitled to a 1.5% gross royalty from any discoveries directly generated from the database. It is estimated that it would cost over $40 million to replicate this database.

Numerous geochemical targets covering a range of commodities have been identified to date. Nine gold and four nickel projects have been pegged and initial fieldwork and reconnaissance programs have commenced. Other high priority targets have been identified and are in the early stages of assessment. On-going laboratory analysis of the extensive sample library relating to this database also provides the opportunity to progressively generate additional targets. To ensure Independence extracts maximum value from the database, a geochemist has been engaged to undertake an in-depth assessment of the database, with a particular emphasis on non-gold/nickel base metal opportunities. Being non-core to Independence's exploration strategy, these commodities have not been a focus of the exploration team to date.

In addition to the geochemical samples, the heavy mineral concentrates may contain 'indicator minerals', such as gold, platinum, gahnite, tantalite, cassiterite and some species of chromite that directly indicate the presence of nickel mineralisation. The analysis of indicator mineral data in conjunction with assays of the ironstone fraction therefore represents a potentially powerful exploration tool. Following the successful digital capture of the extensive library of indicator observation data over the last twelve months, the use of this new data layer will be incorporated into future Independence project generation and assessments.

The WMC database provides Independence with the opportunity to continue generating new exploration targets until the termination of the agreement in August 2009.

Finding Nickel Sulphides Using Chromites
Independence has developed an in-house nickel targeting technique using mineral textural and geochemical data from chromite grains collected for diamond exploration. The Company believes it can now identify the textural and geochemical signatures of chromites which potentially precipitated both intimately with nickel sulphides and from prospective ultramafic sequences (Figure 8). As well as identifying existing nickel sulphide mines (eg. Cosmos), approximately 40 new nickel target areas have been delineated using these techniques.

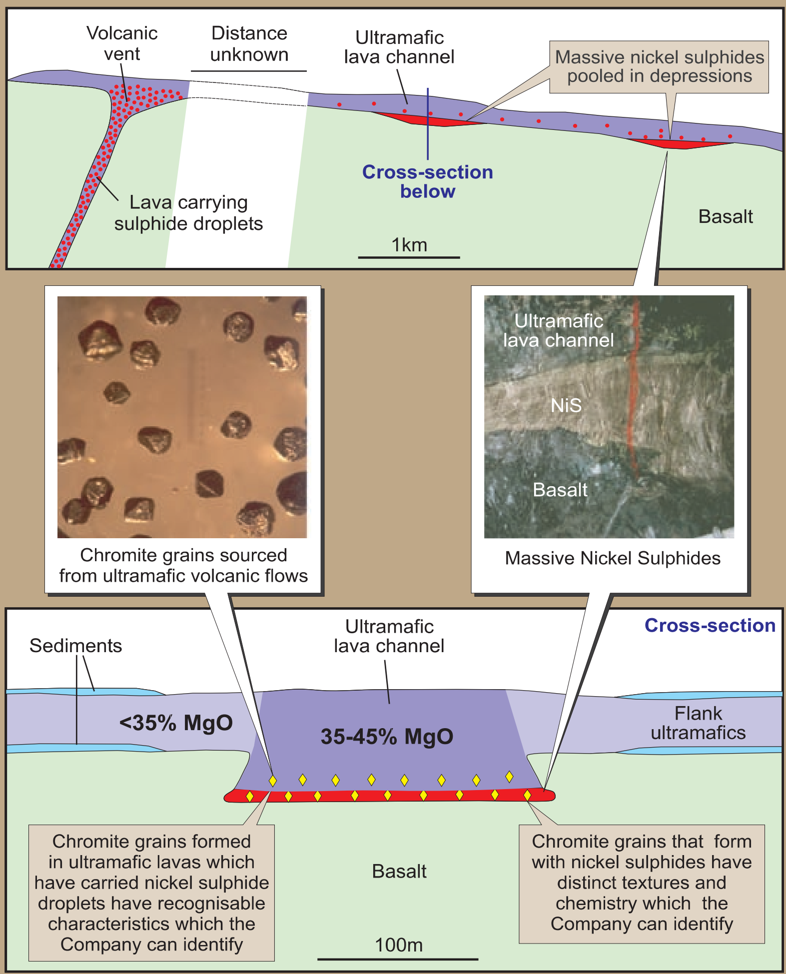
It is hoped that this new technology results in the discovery of new massive nickel sulphide deposits.

Chromite textural and mineral geochemical data from the WMC Diamond Division Database (approximately 30,000 grain analyses) and from the De Beers Joint Venture (currently approximately 192,000 grain analyses) is being used to target the most prospective portions of the Archaean belts, in the search for Kambalda and Cosmos style high-grade sulphide nickel deposits. Further assessment of the databases is ongoing in order to apply the technology to other deposit styles and potential target areas.

De Beers Chromite Database
Based on the initial success of using chromite information from the WMC Diamond Division database, Independence Group entered into a joint venture agreement with De Beers Exploration Australia Limited (De Beers). This agreement gives Independence immediate access to the highest priority portion of De Beers' Australian chromite database to explore for nickel sulphide deposits, and the option, subject to further approval by De Beers, to access their entire Australian non-kimberlitic chromite database for nickel (Figure 9). The De Beers database is by far the most extensive and detailed chromite database in Australia.

Under the terms of the agreement, Independence, at its sole discretion, is free to peg new projects based on information from the database. De Beers has the right to acquire a 70% interest in any nickel or other

Figure 8



Nickel Sulphide Formation and Chromites

non-diamond deposit with an in situ value in excess of A$1 billion, and any diamond deposit with the potential based on feasibility studies to have an average annual production in excess of A$50 million, by paying Independence five times the relevant project exploration expenditure up to that point. If De Beers does not exercise its rights to acquire a 70% interest in the project then De Beers is entitled to a 2% royalty.

New Exploration Technology and Techniques

As part of Independence Group's commitment to use the best new and improved technology, concepts and techniques, it is working closely with a number of leading academic, research, industry and commercial technical groups. The application of new techniques to analyse historical diamond exploration databases is only part of this commitment.

The technical and research relationships Independence has developed since inception, has produced a number of new and improved tools, particularly in the field of geophysics, both for in-mine use and for regional exploration. Of particular note is the development of the EM Torch System and advancements in surface and down-hole MagTEM systems and processing.

MagTEM systems provide the advantage of being able to identify bodies of conductive nickel sulphides in the highly conductive regolith and salty groundwater environments of Western Australia, including beneath the extensive salt lake cover. Conventional EM systems do not work in these types of environments. The advances in the technology and processing also enable the systems to effectively "see deeper" and provide better discrimination of anomalies associated with non-economic geological features such as conductive shales.

Independence is also currently sponsoring post-graduate research into specific styles of high-level gold and base metal mineralising systems and is involved in a number of collaborative research projects.

In order to ensure the most time efficient deployment of new techniques and technology and to fit with the strategy of more efficient and rapid data and project assessment, Independence has invested considerably in acquiring its own key geophysical equipment.

Exploration continued

SQUID TEM Receiver

Dedicated geophysical crews are employed by Independence to operate this equipment. Because there is only a limited number of contract geophysical crews currently servicing the industry, the waiting periods for access to equipment and crews (as well as mobilisation and data acquisition costs) can be significant and often result in major program delays. By owning and operating its own equipment, Independence has eliminated these delays.

Not only does this make Independence a more efficient explorer, it also serves to make Independence a preferred joint venture partner enabling access to the most prospective areas.

During September 2004 the Company also signed an agreement 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 nickel sulphide deposits.

The low-temperature Squid instrument has at least 5 to 10 times more sensitivity than presently used transient electromagnetic 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 methods.

The key terms of the agreement are summarised below:-

> Independence has exclusive use of the technology within various areas of the Yilgarn Block.

> Any tenements acquired using the technology are to be brought into the JV.

> In such JV areas, AAE to receive a net smelter royalty of 1% if the technology leads to a mine.

> AAE can elect to trade their royalty for a 75% interest in cases where a threshold ore body is found.

> A threshold ore body is one which a feasibility study determines has either 100,000 tonnes or more of contained nickel at a grade of 5% or more, or 250,000 tonnes or more of contained nickel at a grade of less than 5%.

> If AAE makes a threshold ore body election, AAE will pay Independence 3 times the amount of expenditure incurred by Independence and Independence will retain a 25% interest.

- > AAE can earn an additional 10% should Independence elect to have its expenditure carried by AAE through to completion of a feasibility study in which case Independence would then repay its share of expenditure out of the operation's cash flow.
- > 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.

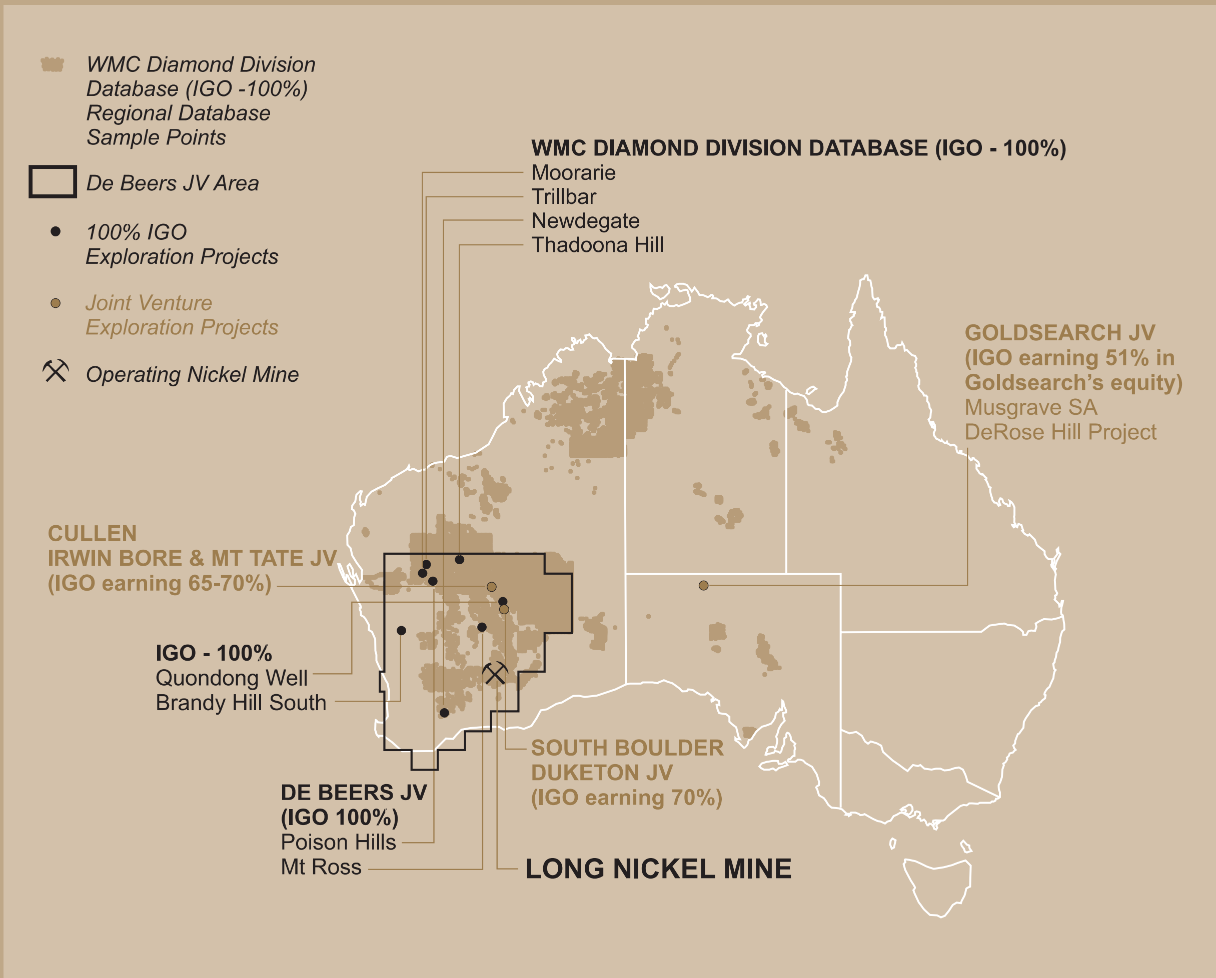
The exclusive licence granted by AAE to Independence expires on 31st October 2005 but any tenements acquired using the technology will remain subject to the joint venture agreement.

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.

In order to ensure the most time efficient deployment of new techniques and technology and to fit with the strategy of more efficient and rapid data and project assessment, Independence has invested considerably in acquiring its own key geophysical equipment.

Regional Nickel Exploration Projects

Figure 9: Independence Group Nickel Project Locations



CULLEN JOINT VENTURE

Commodity: Nickel

Project Generation: Conceptually Targeted

IGO: Earning 65-70% Nickel Rights (Owner: Cullen Resources Limited)

Geological Setting: Under-explored Archaean Ultramafic Belt

Independence has entered into an agreement with Cullen Resources Limited (Cullen) to explore for nickel on its 90%-owned Irwin Bore and 100%-owned Mt Tate (including New Taffy Well) projects. The two project areas adjoin the Cullen-WMC Resources Ltd Gunbarrel Joint Venture, where work by WMC to date has discovered significant massive nickel sulphides at the AK47 prospect.

The Irwin Bore and Mt Tate projects cover strike extensions to the prospective ultramafic stratigraphy at AK47 (Figure 10).

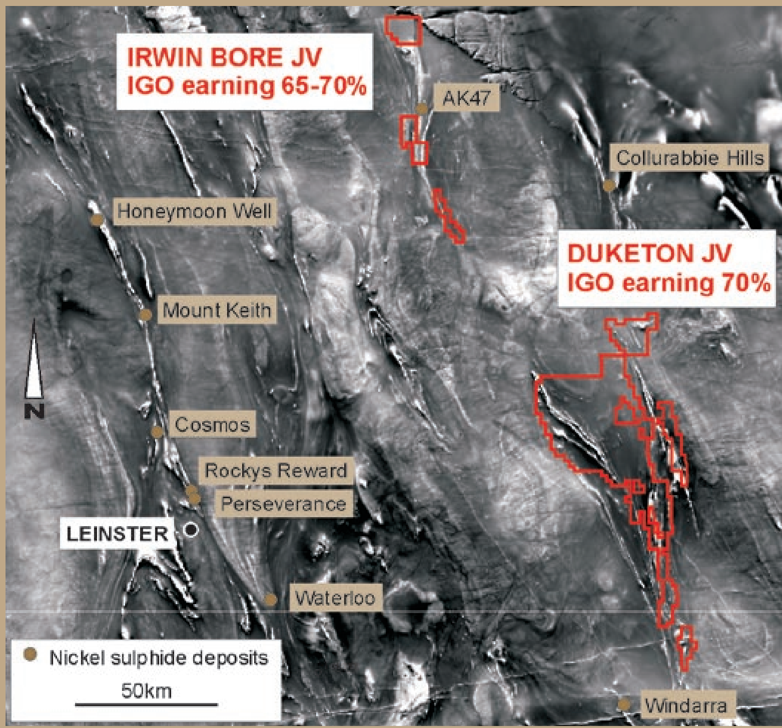
The remaining 10% of the Irwin Bore project is held by Revesco Group Limited. This interest is free carried to completion of a pre-feasibility study.

An initial geochemical survey has been completed at the Irwin Bore Joint Venture. The wide-spaced sampling was completed over the interpreted location of the entire prospective ultramafic sequence within the JV area. The aim of the survey was to enable scheduled ground EM geophysical surveys to focus on areas with elevated nickel suite geochemistry.

Overall the results from the survey were encouraging, with eight areas of initial 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 (Figures 11-12).

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 100m loop ground EM surveying of prioritised areas has commenced.

Figure 10



Cullen Joint Venture and Duketon Joint Venture – Project Locations over Magnetics

Figures 11 and 12

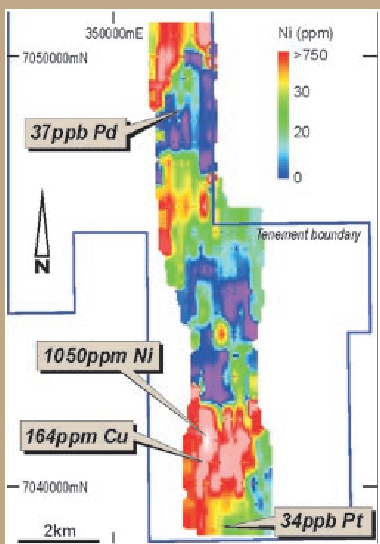


Figure 11: Cullen Joint Venture - Irwin Bore Project Soil Geochemistry

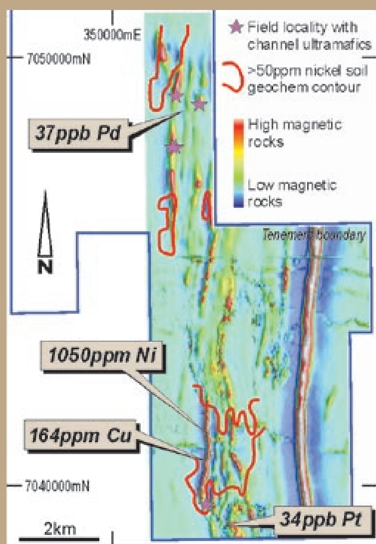


Figure 12: Cullen Joint Venture - Irwin Bore Project Nickel in Soil Contour Over Magnetics

Regional Nickel Exploration Projects continued

DUKETON JOINT VENTURE

Commodity: Nickel

Project Generation: Conceptually Targeted

IGO: Earning 70% Nickel Rights (Owner: South Boulder Mines Ltd)

Geological Setting: Under-explored Archaean Ultramafic Belt

Independence has entered into an agreement with South Boulder Mines Ltd to earn 70% of the nickel metal rights on tenements held by South Boulder in the Duketon greenstone belt (Figure 10).

The Duketon belt is considered highly prospective for nickel sulphide deposits and has seen little nickel exploration using modern technology. It is believed the extensive transported cover in the belt would have significantly hindered previous explorers, and in-house new technology held by Independence will give the joint venture an advantage in this terrain.

Independence is free to nominate tenements to be included in the joint venture from all existing and future tenements held by South Boulder in the defined area. Independence must spend a minimum of $0.4 million on nickel exploration on the nominated tenements and free-carry South Boulder at 30% to completion of a bankable feasibility study.

South Boulder is free to dilute to 5% at which point its interest converts to a 5% net profit royalty.

First-pass targeted geochemical programs have commenced, based on compilation of historical gold exploration data and targeting undertaken by Independence. The aim of the geochemical survey is to enable scheduled ground EM geophysical surveys to focus on areas with elevated nickel suite geochemistry.

MT ROSS

Commodity: Nickel

Project Generation: Chromite Targeting

IGO: 100% Equity (De Beers Right To Acquire 70% In Deposits Worth More Than $1 Billion Or 2% Net Royalty)

Geological Setting: Under-explored Archaean Ultramafic Belt

Targeting based on chromite mineral chemistry from diamond exploration samples collected in the Mt Ross area, has identified a prospective ultramafic sequence. Limited geochemical sampling by previous explorers returned results up to 3800ppm Ni and 870ppm Cu.

Ground EM geophysics is planned over the prospective sequence upon grant of the tenements.

MUSGRAVE SA

Commodity: Nickel (Gold & Base Metals)

Project Generation: Conceptually Targeted

IGO: Earning 51% Equity (Goldsearch Limited Diluting)

Geological Setting: Under-explored Proterozoic Musgrave Complex

Independence is earning a 51% interest in tenements and applications covering approximately 18,200 square kilometres of the South Australian portion of the Musgrave Block. The tenement applications within the freehold Anagu Pintjatjatjara Lands are progressing towards being granted whilst exploration programs continue on granted tenements over pastoral leases to the east.

Geophysics and geochemistry is being used to target nickel sulphide mineralisation associated with the 1080Ma Giles Complex and associated mafic and ultramafic intrusive rocks.

THADOONA HILL

Commodity: Nickel

Project Generation: Chromite Targeting

IGO: 100% (WMC 1.5% Gross Royalty)

Geological Setting: Under-explored Archaean Ultramafic Belt

Targeting based on chromite mineral chemistry from diamond samples collected in the Thadoona Hill area, has identified a prospective ultramafic sequence. Reconnaissance geochemical sampling returned results up to 1277ppm Ni and 8232ppm Cr.

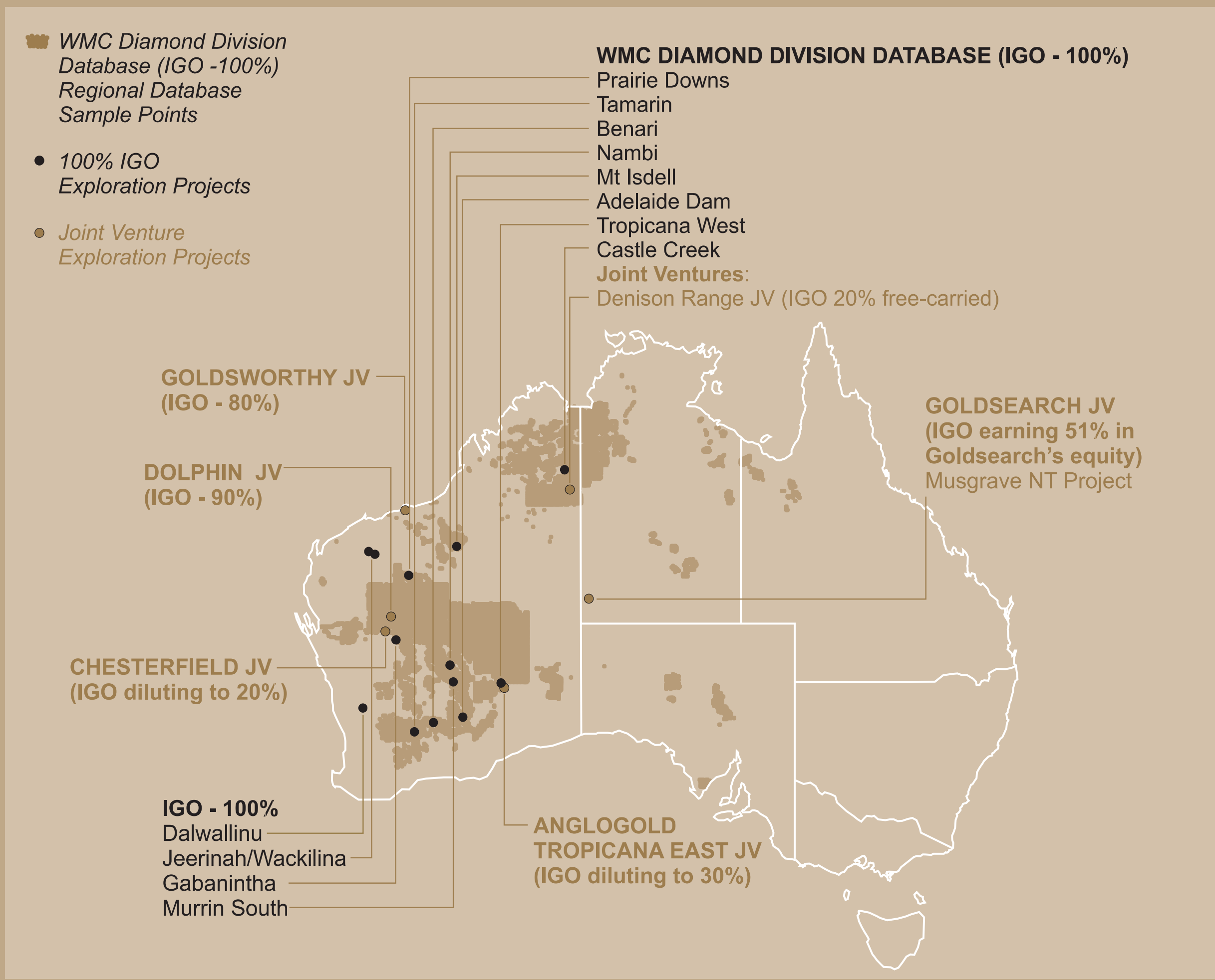
Ground EM geophysics is planned over the targets upon grant of tenements.

OTHER NICKEL PROJECTS

A total of seven Exploration Licence applications have been pegged to cover prospective nickel targets in the Archaean Yilgarn Block, based on conceptual targeting and Independence geochemical and chromite databases (Figure 9).

Regional Gold Exploration Projects

Figure 13: Independence Group Gold Project Locations



DALWALLINU

Commodity: Gold

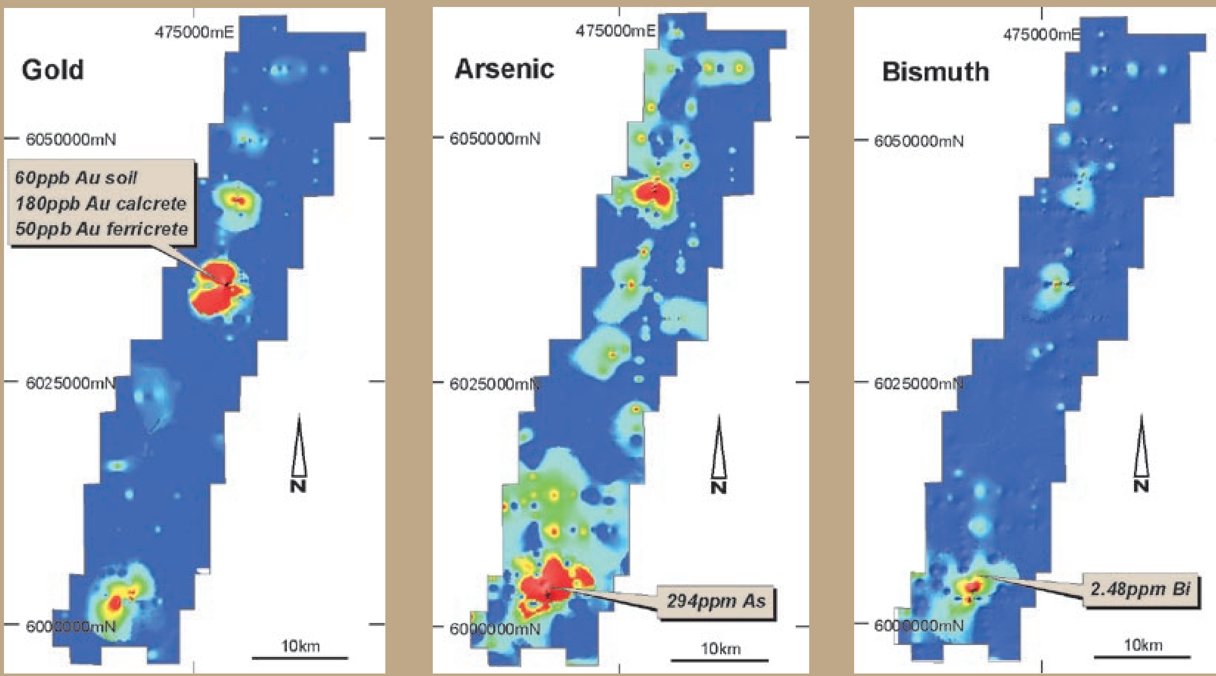
Project Generation: Conceptually Targeted

IGO: 100%

Geological Setting: Under-explored Archaean Greenstone On Mount Gibson Gold-bearing Structure

Limited wide-spaced roadside soil geochemical sampling defined a north-north-east regional trend of elevated gold (up to 180ppb Au) and pathfinder elements approximately 60 kilometres in strike length (Figure 14). Four Exploration Licences and one Prospecting Licence covering 830 square kilometres have been pegged to cover this trend, which is centred on an area approximately 60 kilometres south-south-west of the one million ounce Mt Gibson resource. The area has not been subjected to any documented previous mineral exploration. The tenement applications are being progressed through the grant process with a view to exploration access being available in 2004/5.

Figure 14



Dalwallinu Project - Gold, Arsenic and Bismuth Soil Geochemistry

GABANINTHA

Commodity: Gold

Project Generation: Conceptually Targeted

IGO: 100%

Geological Setting: Covered Archaean Greenstone

Recent pegging has increased Independence's tenement position to one Exploration Licence and ten Prospecting Licences covering 30 square kilometres. These tenements have been pegged to cover part of the covered and under-explored north-west extension to the Gabanintha mineralised trend, approximately 30 kilometres south-east of Meekatharra.

Historically the Gabanintha gold mining centre has produced over 200,000 ounces of gold from several individual pits. Most of the tenements are now granted and compilation of historical exploration has been completed in preparation for field exploration in 2004/5.

Regional Gold Exploration Projects continued

Figures 15 and 16

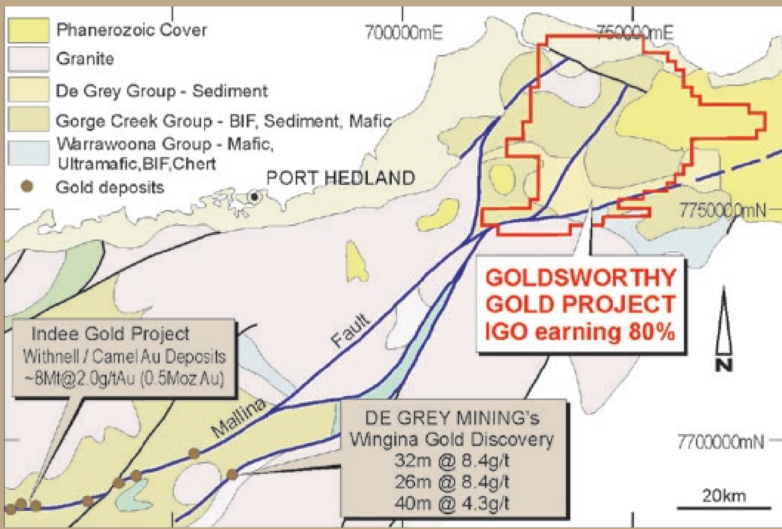


Figure 15: Goldsworthy Joint Venture - Regional Location

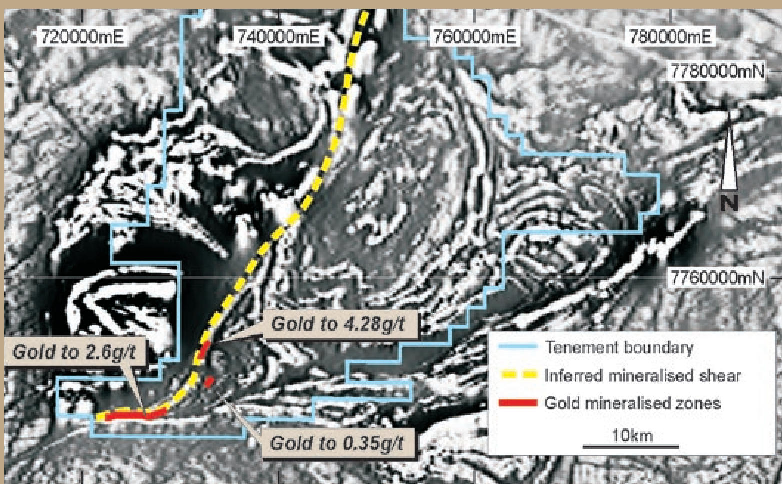


Figure 16: Goldsworthy Joint Venture - Reconnaissance Drilling Over Magnetics

GOLDSWORTHY

Commodity: Gold (Nickel)

Project Generation: Conceptually Targeted

IGO: Earning 80% (Owner: Revesco Group Limited, Diluting)

Geological Setting: Gold-mineralised Mallina And Indee Fault Structures In Archaean Pilbara Block

Wide-spaced air core drilling to test geophysical targets identified a number of significant gold geochemical trends north-east of the Indee and Wingina gold discoveries (Figure 15).

At the TG1 target, 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 2.6g/t Au (Figure 16).

At the TG2 target, follow up drilling of EM targets returned elevated gold up to 1m @ 4.28 g/t Au.

A detailed aeromagnetic survey is 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.

Independence is earning 80% in the project by free-carrying Revesco Group Limited to completion of a pre-feasibility study.

MT ISDELL

Commodity: Gold, (Base Metals)

Project Generation: WMC Diamond Division Database

IGO: 100% Non Diamonds / 50% Diamonds (WMC 1.5% Gross Royalty))

Geological Setting: Under-explored Proterozoic Patterson Province

The Mt Isdell project consists of two Exploration Licence applications totalling 428 square kilometres and was targeted on anomalous WMC Diamond Division samples up to 12ppb gold, 598ppb copper, 1031ppm cerium with anomalous arsenic and lead.

The project covers Proterozoic Yeneena Group meta-sediments concealed by extensive aeolian sand dune cover and is 35 kilometres south of the 26 million ounce Telfer gold resource.

Limited reconnaissance follow-up by Independence returned up to 86ppb gold in rock chips and highlighted a number of gold and base metal targets, with one base metal anomaly of 4 x 1 kilometres in area.

MUSGRAVE NT

Commodity: Gold (Base Metals)

Project Generation: Conceptually Targeted

IGO: Earning 36 To 51% Equity (Goldsearch Limited Diluting)

Geological Setting: Under-explored Proterozoic Musgrave Complex

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.

Wide-spaced (4km x 0.5km) reconnaissance soil and ironstone sampling has identified a number of areas of elevated gold up to 15ppb Au (Figures 17-18). Confirmation and infill sampling is scheduled to be completed by the end of the calendar year.

Figures 17 and 18

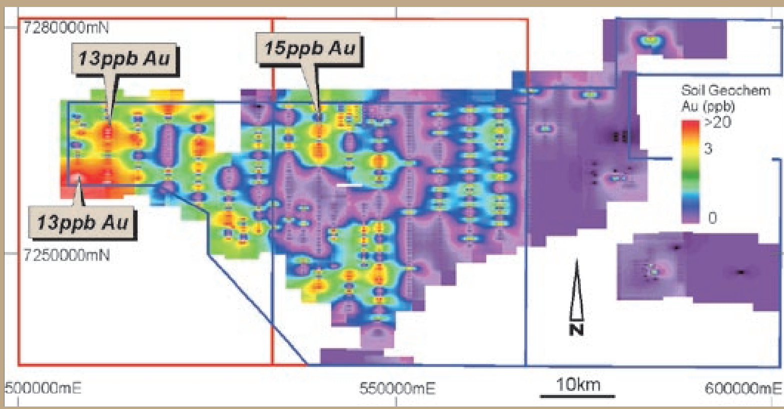


Figure 17: Musgrave Joint Venture - Bloods Range Project Gold Soil Geochemistry

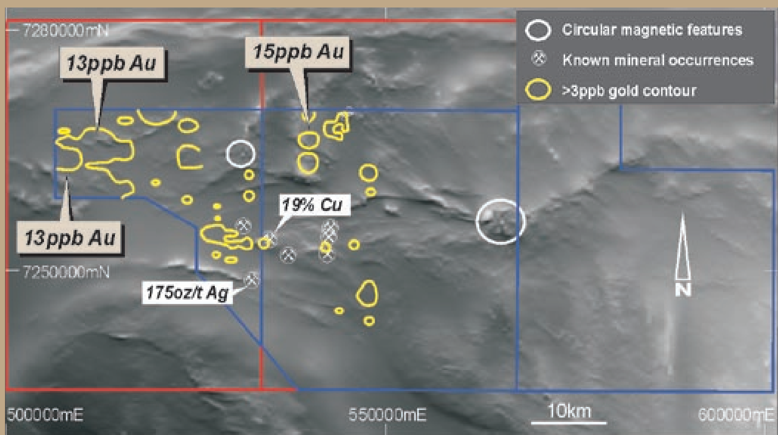


Figure 18: Musgrave Joint Venture - Bloods Range Project Gold Contours Over Magnetics

Regional Gold Exploration Projects continued

TROPICANA WEST

Commodity: Gold

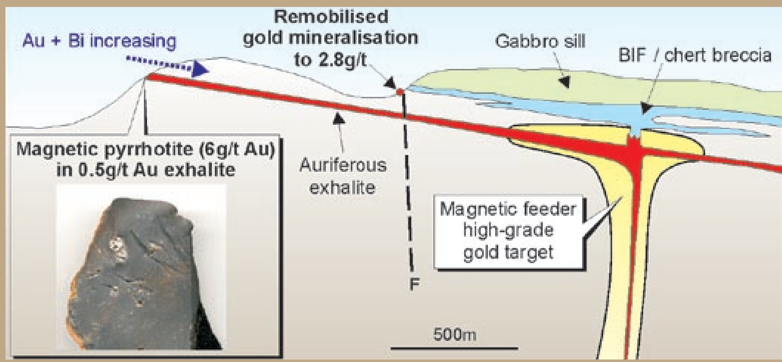
Project Generation: WMC Diamond Division Database

IGO: 100% (WMC 1.5% Gross Royalty)

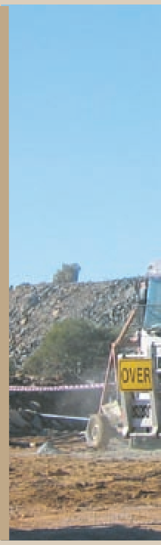
Geological Setting: Yilgarn - Fraser Archaean/Proterozoic Collision Zone, Major Gravity Structure

The project covers 1,260 square kilometres and was targeted on anomalous WMC Diamond Division samples up to 236ppb Au (Figure 21). A detailed aeromagnetic survey was completed during the June quarter. A number of structural, aeromagnetic and geochemical targets have been identified for reconnaissance drill testing to be completed by the end of October 2004.

Figure 19



Wackilina Project - Gold Rich Sulphides and Magnetic Model



WACKILINA

Commodity: Gold

Project Generation: Conceptually Targeted

IGO: 100% Non Iron Ore/ Iron Ore Production Royalty (Poondano Iron Ore Rights)

Geological Setting: Lower Fortescue Group Domal Structure

Mineralogical test work has been completed to better determine the nature of extensive low-grade gold mineralisation previously identified. Sulphide concentrate samples from a laterally extensive gold-bearing exhalite unit, returned assays up to 6.57g/t Au with the tails returning 0.25g/t Au from an original rock 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 in late September 2004.

The laterally significant zones of low-grade stratabound gold (and copper) mineralisation at Wackilina are thought to be associated with a submarine volcanic centre (Figure 19). Exploration is currently aimed at identifying possible major volcanic vents with a view to locating significant tonnages of high-grade gold (+/- base metal) mineralisation.

Other Gold Projects

The Company also holds tenure in numerous other gold project areas (Figure 13). A full listing of the Company's projects is available in the Tenement Schedule of this report.

Third Party Operated Exploration Projects

DENISON RANGE

Commodity: Gold (Copper)

Project Generation: WMC Diamond Division Database

IGO: 25% Free-carried (WMC 1.5% Gross Royalty) (Manager: Polaris Metals)

Geological Setting: Proterozoic Domal And Antiform Structures

Generated from a cluster of anomalous WMC Diamond Division samples with peak values up to 18ppb gold, 150ppm copper and 330ppm arsenic, the project has been packaged into a Joint Venture with Polaris Metals NL (formerly Eclipse Minerals) who had already acquired a significant land position over part of the target area.

The project covers several structural targets adjacent to the north-western margin of the Granites-Tanami Complex, 140 kilometers south-east of Halls Creek. Within the project area a Proterozoic clastic sequence is deformed into a series of domes and antiformal fold structures with north-west trending axes. These structures are coincident with the geochemical targets and are considered priority targets for Proterozoic gold-copper styles of mineralization. Independence has a 25% free-carried interest in the project up to commencement of a bankable feasibility study.

CHESTERFIELD

Commodity: Gold

IGO: Dilutiing To 20% (Manager: Terra Gold Mining Limited)

Geological Setting: Archaean Greenstone

The project is considered to have considerable exploration potential for smaller, high grade, profitable gold deposits. Terra Gold Mining can earn a 60% interest in the project by spending $400,000 on exploration prior to 30 June 2007, at which point Terra Gold Mining may elect to pay $250,000 each to Independence and St Barbara Mines Limited or withdraw from the project and retain no equity. Independence's residual interest would then be free-carried to the commencement of a bankable feasibility study, at which time Independence can elect to either contribute to the project, or revert to a 10% non-contributing net profits interest in the project.

Regional Gold Exploration Projects continued

TROPICANA EAST

Commodity: Gold

Project Generation: Conceptually Targeted

IGO: Diluting To 30% (Manager: Anglogold Ashanti Limited Earning 70%)

Geological Setting: Yilgarn – Fraser Archaean/Proterozoic Collision Zone

Previous air core and RC drilling by Joint Venture partner AngloGold Ashanti Limited has returned gold intercepts up to 10m @ 2.3 g/t gold and 7m @ 2.2 g/t gold (EOH) (Figure 20). The mineralisation is associated with sericite-pyrite altered granodiorite. A detailed regional aeromagnetic survey has recently been completed and is being used in conjunction with IP geophysics to target further drilling. A program of deeper RC and diamond 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.

Wide-spaced reconnaissance geochemical sampling over parts of the current 8,200 square kilometre project area has identified a number of targets, with elevated gold up to 300ppb gold in calcrete samples (Figure 21).

Figures 20 and 21

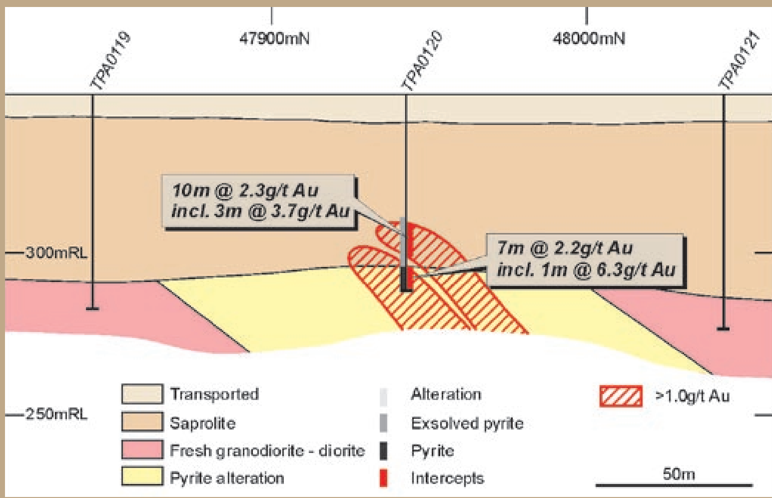


Figure 20: Tropicana East Joint Venture – 142,800mN Cross Section

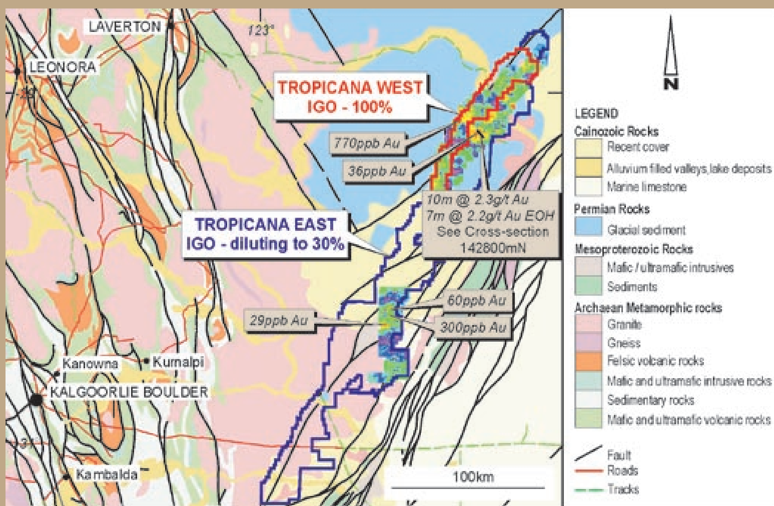


Figure 21: Tropicana – Regional Location and Gold Geochemical Anomalies

0ther Investments

SOUTHSTAR DIAMONDS LIMITED

Commodity: Diamonds

IGO: 50%

Southstar Diamonds Limited (Southstar) was established to evaluate the diamond component of the WMC Diamond Division Database. The Database contains numerous diamond indicator mineral anomalies in Australia and other countries that were not followed up for small area, extremely gem-rich diamond-bearing kimberlite pipes. Recent discoveries of similar pipes in Canada and the former Soviet Union have shown the extremely high commercial value of these deposits.

WMC stopped exploring for diamonds in 1996. Since then a number of technological advances have been made in diamond exploration, especially in more rapid and efficient diamond indicator mineral recovery and understanding where high-grade diamond pipes occur on a continental scale. Re-observing a portion of WMC's early indicator mineral observations has revealed that early observations missed many diamond indicator minerals including kimberlitic-sourced chromite grains and even micro-diamonds. Approximately two thirds of the 24,000 samples in the Database require re-observing.

The Database has been converted into a digital format to enable the evaluation of known and new anomalies using new in-house proprietary technology and models. Southstar plans to follow-up Australian priority targets from the Database in 2004/5. A major international diamond company has indicated a desire to farm into a number of diamond targets.

Southstar is 50%-owned by Independence, with the other 50% owned by Perilya Ltd.

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed best practice recommendations, identify which recommendations have not been followed and the reason for not adopting the recommendations.

The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and that companies should only adopt those recommendations that are suitable in each individual case.

The following is a summary of policies adopted by the Company and where appropriate, explanations of where best practice recommendations have not been applied. Implementation dates of policies are shown on the last page of this Corporate Governance Statement. Implementation dates relate to the date the various policies were formalised and officially adopted by the Board, however the various policies and procedures were followed throughout the entire financial year.

Board Composition and Functions

Under the Company's Constitution, the Board is required to consist of at least 3 and no more than 10 directors. If the Company has 3 or more directors, one third of the directors, with the exception of the Managing Director, must retire and seek re-election at the Annual General Meeting each year.

The Board of the Company currently consists of 2 independent non-executive directors and 2 executive directors. The board includes the Managing Director (executive) and the Chairman (non-executive).

The Board composition does not follow ASX recommendations, in that a majority of directors are not independent. However, the roles of Chairman and Chief Executive Officer (or Managing Director) are not exercised by the same person, and the Board is considered to be comprised of directors with the experience and qualifications best suited to the Company's size and range of activities.

The Company has an independent Chairman (Rod Marston). The Company has followed ASX recommendations in the assessment of whether a director is considered to be "Independent". The other independent director is John Christie.

The Board delegates responsibilities to committees, executive directors and senior management.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies.

The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

Directors of the Company during the financial year and information pertaining to individual directors is included in the Directors' Report.

Board members have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense.

Director Independence

The Company has established guidelines for testing the independence of directors.

A director is considered to be independent if they satisfy certain criteria, the most significant being as follows:

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration. The director must have no other material contractual relationship with the Company other than as a director of the Company,
- The director is not a substantial shareholder of the Company,
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last 3 years, and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

The full policy on determining the independence of directors is available in the Corporate Governance section of the Company's website.

Risk Management

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment;
- identify business risk areas;
- identify business opportunities; and
- monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board meets on a regular basis. The Company does not follow the ASX best practice recommendation that the Company should have an internal control function. The Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate internal control function.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Audit Committee

The Company has established an Audit Committee which is responsible for the following:

- oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements;
- oversee the financial reporting process, including reviewing and reporting to the Board on the accuracy of all financial reports lodged with ASX which include the quarterly, half-yearly and annual financial reports;
- recommend to the Board the nomination, removal and remuneration of the external auditors; and
- review the external audit arrangements, including ensuring that any non-audit services provided do not impair auditor independence.

The Audit Committee reports to the Board and meets as required, but in any case at least twice each year. Current members are Christopher Bonwick, Kelly Ross and John Christie. Christopher Bonwick is a geologist with corporate experience, and Kelly Ross and John Christie are qualified accountants with considerable financial experience. The Committee has authority to seek any pertinent information it requires from any employee or external party. Qualifications held by the individuals on the Audit Committee are included in the Directors' Report.

The Audit Committee does not follow ASX recommendations as the members are not all independent and not all members are non-executive directors. The Audit Committee is comprised of those directors the Board considers best qualified to carry out the responsibilities required of an Audit Committee and it is Company policy that the Committee must comprise at least 3 members.

Any member of the Committee is able, and obliged, to bring any matter to the attention of the Board where the member believes the matter has not been adequately dealt with by the Committee, or is of significant importance that the Board should be informed.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company's financial reports present a true and fair view of the Company's financial condition and that operational results are reported in accordance with relevant accounting standards.

The Audit Committee Charter is available on the Company's website.

Hedging Committee

The Company has established a Hedging Committee to make recommendations to the Board on hedging policies and to maintain the hedging portfolio.

The members of the Hedging Committee at the date of this report are Kelly Ross and John Christie.

Procedure for the Selection of New Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement.

Corporate performance is enhanced when the Board has an appropriate mix of skills and experience. The Board is evaluated before a candidate is selected to join the Board. Candidates are nominated by existing Board members and independent search consultants are also utilised if necessary. Where a director nominates a candidate for the Board, the director must disclose any pre-existing relationship with the nominee.

New directors are provided with a letter of appointment setting out their responsibilities and rights, and are provided with a copy of the Company's Constitution.

The full policy for nomination of directors is available on the Company's website.

Remuneration of Board Members

The Company has established a Remuneration Committee to oversee the remuneration of senior executives and executive directors. According to the Company's Constitution the Remuneration Committee must consist of at least 2 non-executive directors. At the date of this report, the committee members were Rod Marston and John Christie. The Committee does not follow ASX recommendations as it has less than 3 members.

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to performance, relative industry remuneration levels, and where appropriate, the Committee seeks independent advice to ensure appropriate remuneration levels are in place.

The Committee recommended the issue of options to executive directors after considering the performance of the Company's management during the 2003 financial year and the issue was approved by shareholders at the 2003 Annual General Meeting.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees.

The Board, after receiving a recommendation from executive directors, approved the issue of options to non-executive directors, which was approved by shareholders at the 2003 Annual General Meeting. The issue was recommended by the executive directors following a review of the performance of the non-executive directors during the 2003 financial year.

Non-executive directors may provide consulting services to the Company, which are over and above the services normally provided by a non-executive director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive director that fall outside their normal duties as a director, additional services may be charged to the Company, at a rate approved by the Board.

Performance evaluations for Board members are held annually and are undertaken with a view to comparing the performance of individual directors to the performance and growth of companies of similar size and complexity within the mining industry.

No director may be involved in setting their own remuneration or terms and conditions.

Conflicts of Interest

The Board has implemented Code of Conduct and Share Trading Policies which have been designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain.

These policies are available on the Company's website.

Code of Conduct

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal Policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

Disclosure of Information to ASX and Investors

The Company has established policies and procedures relating to the disclosure of information to interested parties. The following policies and procedures are contained in the Corporate Governance section of the Company's website:

Policy	Adopted
• Code of Conduct	27/04/2004
• Director Independence	12/03/2004
• Legal, Environmental & Social Responsibilities	12/03/2004
• Remuneration Policy	12/03/2004
• Risk Management & Internal Control Procedures	27/05/2004
• Audit Committee	01/08/2003
• Board and Management Responsibilities	01/08/2003
• Compliance with ASX Disclosure Requirements	01/08/2003
• Nomination of Directors	01/08/2003
• Directors' and Officers' Trading in Securities	24/06/2003
• Communication with Shareholders	21/05/2003
• Investor Relations and Media Interaction	21/05/2003

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2004.

Directors

The names of directors in office at any time during or since the end of the year are:

Name of Director	Tenure as Director
Mr Rod Marston	4 years
Mr Christopher Bonwick	4 years
Ms Kelly Ross	2 years
Mr John Christie	2 years
Mr Keith Docking (resigned 20 August 2003)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the economic entity during the financial year were mineral exploration and nickel mining.

There were no significant changes in principal activities during the financial year.

Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to $17,334,436 (2003: $1,398,278).

Dividends Paid or Recommended

No dividends have been paid or declared for payment at the date of this report. The Company has not yet recommended a dividend in respect of the year ended 30 June 2004. No franking credits are currently available, however the Company anticipates that franking credits will arise during the year ending 30 June 2005.

Review of Operations

The economic entity focused on the Long Nickel Mine operation. The economic entity concentrated its exploration activities on various targets provided by assay indicators from the WMC Diamond Division Database and from regional exploration programs. The consolidated profit before income tax was $24,791,916 (2003: $1,382,787).

Nickel revenue for the year was $66,737,138 (2003: $24,553,510) and nickel production was 6,843 tonnes (2003: 3,007 tonnes).

A summary of activities during the year is contained in the Exploration and Operations sections of this report.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the economic entity occurred during the financial year.

Environmental Issues

The economic entity's operations are subject to significant environmental regulation under the laws of the Commonwealth and various States of Australia. During the year there were no non-compliance incidents. The Environmental Policy is available in the Corporate Governance section of the Company's website.

After Balance Date Events

Since the end of the financial year, the Company entered into commodity contracts to hedge future nickel sales revenue. Foreign exchange contracts were also entered into to coincide with the commodity contracts. The contracts average AU$17,000 per nickel tonne and a total of 1,400 tonnes were hedged. The contracts fall due in 2004/5 (350 tonnes), 2005/6 (600 tonnes) and 2006/7 (450 tonnes). No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significant affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Future Developments

The likely developments in the operations of the economic entity and the expected results of those operations in future financial years are the exploration of new and existing project areas in the search for gold, nickel, platinoids, copper and zinc, and the production of nickel and copper from the Long Nickel Mine.

The Board anticipates that the Long Nickel Mine's cash flow will allow the economic entity to vigorously explore existing tenement interests, as well as provide the opportunity to develop any discoveries to their full potential. The Company will also consider corporate investments or acquisition of projects should suitable opportunities arise.

Information on Directors

Rod Marston	**- (Chairman) (Non-executive) Age 61**
Qualifications	BSc(Hons), PhD, MAusIMM, MSEG
Experience	Board member since 2001. Chairman since 20 August 2003.
Special Responsibilities	Dr Marston is on the Remuneration Committee.
Christopher Bonwick	**- Managing Director (Executive) Age 45**
Qualifications	BSc (Hons), MAusIMM
Experience	Managing Director and Board member since 2000.
Special Responsibilities	Mr Bonwick is the executive in charge of operations and corporate development. He is also on the Audit Committee.
Kelly Ross	**- Director (Executive) Age 42**
Qualifications	BBus, CPA
Experience	Board member since 2002.
Special Responsibilities	Ms Ross is the Company Secretary, and is on the Audit and Hedging Committees.
John Christie	**- Director (Non-executive) Age 66**
Qualifications	CPA, ACIS
Experience	Board member since 2002.
Special Responsibilities	Mr Christie is on the Remuneration, Audit and Hedging Committees.

Directors' Interest in Shares and Options

Director	Ordinary Fully Paid Shares	Contributing Shares (10 cents unpaid)	Ordinary Fully Paid Options	Unlisted Options
Mr C Bonwick	2,053,504 2,000,000 (i)	2,500,000	315,002 1,000,000 (i)	1,500,000 (iii)
Mr R Marston	160,000	-	1,040,000	1,000,000 (iv)
Ms K Ross	10,000	300,000	-	300,000 (ii) 750,000 (iii)
Mr J Christie	180,000	-	40,000	500,000 (iv)
TOTALS	2,403,004 2,000,000 (i)	2,800,000	1,395,002 1,000,000 (i)	300,000 (ii) 2,250,000 (iii) 1,500,000 (iv)

(i) Director Mr Bonwick is a director and shareholder of Independence Mining Exploration NL and therefore has an indirect interest in the shares and options held by that company as shown above.

(ii) The options were issued under the Employee Share Plan, and are exercisable at 34 cents each after certain dates have lapsed. The options were issued prior to Ms Ross being appointed as a director of the Company.

(iii) The options were issued pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting.

(iv) The options were issued pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting.

Details of the terms and conditions for these securities are disclosed in note 22 to the Financial Statements in this report and in note 8 of Additional Information for Listed Public Companies.

Directors' and Executive Officers' Emoluments

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives is set out in the Corporate Governance section of this report.

The remuneration structure for executive officers, including executive directors, seeks to emphasise payment for results through providing various reward schemes, including bonus and employee option schemes.

The objective of the reward schemes is to both reinforce the short and long term goals of the Company and to provide a common interest between management and shareholders.

The remuneration of non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board.

Further details relating to the emoluments of each director and officer are contained in note 5 to the Financial Statements.

The specified directors who held office during the financial year were:

Rod Marston, Christopher Bonwick, Kelly Ross, John Christie and Keith Docking. Mr Docking resigned on 20 August 2003. All other directors held office during the entire financial year.

The specified executives during the financial year were:

Tim Moran (General Manager – Long Nickel Mine).

The specified executives were also the most highly remunerated officers, other than directors, of the consolidated entity.

Terms and conditions of employment contracts

i) Non-executive directors do not have employment contracts with the Company.

ii) Executive directors are employed under 2 year contracts. These contracts include provision for termination benefits of 12 months' remuneration should their employment be terminated due to a take-over event.

iii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts. The Company bears any fringe benefits tax cost relating to executive directors' remuneration payments.

iv) Current employment contracts provide for remuneration of $273,000 (Christopher Bonwick) and $176,000 (Kelly Ross).

Officers of the economic entity received the following remuneration:

2004	Salary & Fees	Bonus	Vehicle Costs	Superannuation	Options (vi)	Total ($)
Specified directors (v)						
R Marston (i)	53,955	-	-	-	80,683	134,638
C Bonwick (ii)	241,076	4,000	25,354	-	184,738	455,168
K Ross (ii)	141,908	3,000	10,014	13,061	95,851	263,834
J Christie (i)	93,721	-	-	-	40,341	134,062
K Docking	44,219	-	-	8,750	-	52,969
Total	574,879	7,000	35,368	21,811	401,613	1,040,671
Specified executives (v)						
T Moran (iv)	161,680	2,600	-	14,551	41,110	219,941

2003	Salary & Fees	Bonus	Vehicle Costs	Superannuation	Options (vi)	Total ($)
Specified directors (v)						
R Marston	16,250	-	-	-	-	16,250
C Bonwick	191,872	-	24,359	-	-	216,231
K Ross (iii)	110,505	-	9,730	8,458	32,580	161,273
J Christie	73,610	-	-	-	-	73,610
J Schiller	51,301	-	15,306	5,277	-	71,884
K Docking	75,836	-	-	43,750	-	119,586
Total	519,374	-	49,395	57,485	32,580	658,834
Specified executives (v)						
T Moran (iv)	160,000	-	-	14,400	91,645	266,045

(i) R Marston and J Christie were granted options pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. Further information relating to these options is contained in notes 5 and 28 to the Financial Statements.

(ii) C Bonwick and K Ross were granted options pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. Further information relating to these options is contained in notes 5 and 28 to the Financial Statements.

(iii) K Ross was issued options pursuant to the Employee Option Plan on 11 September 2002. Further information relating to these options is contained in notes 5 and 28 to the Financial Statements.

(iv) T Moran was issued options pursuant to the Employee Option Plan on 1 October 2002. Further information relating to these options is contained in notes 5 and 28 to the Financial Statements.

(v) T Moran is employed by a subsidiary of the Company and his remuneration is disclosed for consolidation purposes only. The specified directors are all directors of the parent entity.

(vi) Remuneration options: Granted and vested during the year.

The Company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" and the pending AASB 2 "Share-based Payments" prospectively for all options granted to directors and relevant executives, which had not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures).

From 1 July 2003 options granted as part of director and executive emoluments have been valued using the Black-Scholes Option Pricing Model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The amount included in remuneration from options is based on fair value and has been calculated by an independent major accounting firm. The Black-Scholes Option Pricing Model does not take into account the following terms relevant to the options:

- The options have the characteristics of American options (not European) in that once vested they can be exercised at any time up until the expiry date;
- The options are not readily tradeable in that they are not listed on the ASX;
- The options cannot be transferred to any other party; and
- If the option holder ceases to be a director of the Company, any unexercised portion of the options will be cancelled.

The restrictive nature of the abovementioned factors is likely to have a negative impact on the option values calculated under the Black-Scholes Option Pricing Model. In order to reflect the negative impact of these factors, the independent accounting firm applied a discount to the maximum theoretical value of each of the options.

The fair value of the options affecting remuneration for the year ending 30 June 2004 is shown in the following table:

Director	Discount %	Discounted Option Value cents	Present Value of Cash Payment cents	Adjusted Option Value cents	Issued Options number	Value $
R Marston	30	39.5	10.3	29.2	250,000	80,683
C Bonwick	30	43.8	-	43.8	375,000	184,738
K Ross	30	43.8	-	43.8	187,500	92,369
J Christie	30	39.5	10.3	29.2	125,000	40,341

Options were also issued in a prior year to Kelly Ross and Tim Moran and these options have been revalued on a basis consistent with the options issued during the 2004 financial year. The remuneration of Kelly Ross and Tim Moran in the current year and the previous year's comparatives include the value of these options allocated according to the independent advice received.

These fair values are not recognised as expenses in the financial statements.

Further information relating to the options issued by the Company during the year is included in note 28 to the Financial Statements.

Meetings of Directors

During the financial year, 26 meetings of directors (including committees of directors) were held. The number of meetings attended by each director during the year is as follows:

	Directors' Meetings		Remuneration Committee		Audit Committee		Hedging Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Christopher Bonwick	9	9	-	-	4	4	-	-
Rod Marston	9	9	9	9	-	-	-	-
Kelly Ross	9	9	-	-	4	4	4	4
John Christie	9	9	8	8	4	4	4	4
Keith Docking	1	1	1	1	-	-	-	-

Unlisted Options

Options that were granted over unissued shares during or since the end of the financial year by the Company to directors or any of the five most highly remunerated officers as part of their remuneration are as follows:

- 1,500,000 options for ordinary shares issued to Christopher Bonwick on 26 November 2003 at an exercise price of $1.03.
- 1,000,000 options for ordinary shares issued to Rod Marston on 26 November 2003 at an exercise price of $1.33.
- 750,000 options for ordinary shares issued to Kelly Ross on 26 November 2003 at an exercise price of $1.03.
- 500,000 options for ordinary shares issued to John Christie on 26 November 2003 at an exercise price of $1.33.

Unlisted options issued as at the date of this report are as follows:

Number	Expiry Date	Exercise Price
300,000	10/09/05	34 cents
2,000,000	30/06/06	45 cents
950,000	31/07/07	35 cents
1,450,000	30/09/08	96 cents
1,500,000	30/06/08	$1.33
2,250,000	30/06/08	$1.03
1,300,000	30/06/09	$1.16
9,750,000		

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

No shares have been issued since the end of the financial year as a result of the exercise of unlisted options.

Further information relating to unlisted options is included in note 8(ii) of Additional Information for Listed Public Companies.

Employees

The economic entity had 101 employees at the end of the financial year (2003: 75).

Indemnifying Officers or Auditor

During or since the end of the financial year the economic entity has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company or any controlled entity of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $5,592 for each director: Christopher Bonwick, Rod Marston, Kelly Ross and John Christie.

The Company has not paid any premiums to indemnify or insure the auditors of the Company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors.

C M Bonwick

Managing Director

Dated this 31st day of August 2004

STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Economic Entity		Parent Entity	
		2004 $'000	2003 $'000	2004 $'000	2003 $'000
Revenues from ordinary activities	2	**67,223**	24,649	**10,724**	673
Mining and development costs		**(12,735)**	(8,123)	-	-
Employee costs		**(9,699)**	(4,513)	**(695)**	(253)
Depreciation and amortisation expense		**(7,545)**	(3,757)	**(68)**	(30)
Rehabilitation provision		**(207)**	-	-	-
Borrowing cost expense	3	**(1,309)**	(1,042)	-	-
Royalty expense		**(1,722)**	(773)	-	-
Ore tolling costs		**(5,251)**	(2,658)	-	-
Exploration costs written off		**(1,974)**	(1,286)	**(1,158)**	(1,286)
Other expenses from ordinary activities		**(1,989)**	(1,114)	**(956)**	(861)
Profit from ordinary activities before income tax expense		**24,792**	1,383	**7,847**	(1,757)
Income tax benefit/(expense) relating to ordinary activities	4	**(7,457)**	15	**771**	1,015
Profit from ordinary activities after related income tax expense		**17,335**	1,398	**8,618**	(742)
Basic earnings per share (cents per share)	7	**24.48**	2.13		
Diluted earnings per share (cents per share)	7	**17.72**	1.80		

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	Economic Entity 2004 $'000	Economic Entity 2003 $'000	Parent Entity 2004 $'000	Parent Entity 2003 $'000
CURRENT ASSETS					
Cash assets	8	**18,370**	4,041	**9,791**	547
Receivables	9	**13,677**	5,691	**98**	68
Inventories	10	**11**	41	-	-
Other	12	**9,910**	14,460	-	-
TOTAL CURRENT ASSETS		**41,968**	24,233	**9,889**	615
NON-CURRENT ASSETS					
Receivables	9	**514**	1,001	**14,116**	6,965
Tax assets	11	**657**	3,535	**657**	1,380
Investments	13	**564**	561	**564**	561
Property, plant and equipment	15	**8,252**	8,608	**384**	105
Exploration and development expenditure	16	**14,480**	11,590	**2,908**	1,215
Mine acquisition and pre-production costs	17	**2,062**	2,733	-	-
Other	12	-	7	-	-
TOTAL NON-CURRENT ASSETS		**26,529**	28,035	**18,629**	10,226
TOTAL ASSETS		**68,497**	52,268	**28,518**	10,841
CURRENT LIABILITIES					
Payables	18	**6,490**	4,577	**404**	333
Interest bearing liabilities	19	**7,371**	4,738	-	-
Tax liabilities	20	**4,414**	-	**4,414**	-
Other	21	**10,202**	14,697	**32**	7
TOTAL CURRENT LIABILITIES		**28,477**	24,012	**4,850**	340
NON-CURRENT LIABILITIES					
Interest bearing liabilities	19	**5,289**	12,460	-	-
Tax liabilities	20	**3,686**	3,520	**3,686**	365
Other	21	**207**	-	-	-
TOTAL NON-CURRENT LIABILITIES		**9,182**	15,980	**3,686**	365
TOTAL LIABILITIES		**37,659**	39,992	**8,536**	705
NET ASSETS		**30,838**	12,276	**19,982**	10,136
EQUITY					
Contributed equity	22	**13,777**	12,549	**13,777**	12,549
Accumulated profits/(losses)	23	**17,061**	(273)	**6,205**	(2,413)
TOTAL EQUITY		**30,838**	12,276	**19,982**	10,136

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS
AS AT 30 JUNE 2004

	Note	Economic Entity 2004 $'000	Economic Entity 2003 $'000	Parent Entity 2004 $'000	Parent Entity 2003 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		58,954	19,139	600	602
Dividends received from subsidiary		-	-	10,000	-
Payments to suppliers and employees		(29,947)	(12,969)	(1,803)	(1,045)
Interest received		456	94	102	72
Borrowing costs		(1,394)	(1,042)	-	-
GST refunded from ATO		-	74	-	(2)
Net cash provided by (used in) operating activities	26a	28,069	5,296	8,899	(373)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,319)	(5,177)	(343)	(29)
Payments relating to acquisition and investments		(3)	(5)	(3)	(5)
Proceeds from sale of exploration property		20	-	20	-
Proceeds from sale of property, plant and equipment		8	-	-	-
Payments relating to mine development		(2,232)	(3,660)	-	-
Bonds to acquire property, plant and equipment		490	(980)	-	-
Loan to subsidiary		-	-	-	(6,716)
Payments for exploration and evaluation expenditure		(5,394)	(12,329)	(2,638)	(1,475)
Net cash provided by (used in) investing activities		(10,430)	(22,151)	(2,964)	(8,225)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,228	7,009	1,228	7,009
Costs associated with issue of shares		-	(274)	-	(274)
Proceeds from borrowings		11,335	13,000	-	-
Repayment of borrowings		(15,873)	(1,249)	2,081	-
Net cash provided by (used in) financing activities		(3,310)	18,486	3,309	6,735
Net increase/(decrease) in cash held		14,329	1,631	9,244	(1,863)
Cash at beginning of year		4,041	2,410	547	2.410
Cash at end of year	8	18,370	4,041	9,791	547

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the economic entity of Independence Group NL and controlled entities. Independence Group NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of Consolidation

A controlled entity is any entity controlled by Independence Group NL. Control exists where Independence Group NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Independence Group NL to achieve the objectives of Independence Group NL. A list of controlled entities is contained in note 14 to the Financial Statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b. Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

d. Interests in Joint Ventures

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the statements of financial performance and financial position. Details of the economic entity's interests, if any, are shown in note 13.

The Company's interests in joint venture entities, if any, are brought to account at cost using the equity method of accounting in the financial statements.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less, where applicable, any accumulated depreciation.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The depreciable amount of all fixed assets excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The useful lives for each class of depreciable assets are:

Class of Fixed Asset	*Useful Life*
Office furniture and equipment	3-5 years
Mine plant and equipment	2-5 years

Refer to note 1(g) for the amortisation policy applying to exploration and development costs and note 1(t) for the policy applying to the amortisation of pre-production and acquisition costs.

Recoverable Amount

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is devalued to its recoverable amount. The decrement is recognised as an expense in the statement of financial performance. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets.

f. Leased Non-Current Assets

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal and the interest component of the payment. The leased asset is depreciated over its useful life.

g. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A review is undertaken of each area of interest on a quarterly basis to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of development costs only when future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The net carrying value of each mine property is reviewed regularly. If this value exceeds its recoverable amount, the excess is either fully provided for or written off in the financial year in which this is determined.

h. Restoration and Rehabilitation Expenditure

Restoration and rehabilitation costs necessitated by exploration, evaluation and mining activities are charged to costs of production on a gradual basis over the life of the economically recoverable resources. These costs include the cost of revegetation, plant and waste site closure and subsequent monitoring of the environment. Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

i. Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

j. Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

k. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

l. Revenue

Sales revenue comprises revenue earned from the provision of products to entities outside the economic entity. Sales revenue is recognised when the product is delivered and risk has been passed to the customer.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of shipment and the time of final settlement of sales proceeds.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

m. Payables

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

n. Receivables

Receivables represents GST recoverable together with trade debtors and monies held on deposit. All receivables are recognised at the full value of the amount receivable.

Trade debtors represents gross sales revenue proceeds receivable from the customer. A receivable is recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of shipment and the time of final settlement of sales proceeds, which is 120 days following the month of delivery of the product to the customer.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision is raised where there is some doubt as to the collectability of a debt.

o. Earnings per Share

The economic entity has applied AASB 1027 *Earnings Per Share*.

Basic Earnings per Share

Basic EPS earnings are calculated using net profit or loss after income tax attributable to members of the Company.

Diluted earnings per Share

Diluted EPS earnings are calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shared assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

Where diluted earnings per share are not dilutive, they are not disclosed.

p. Foreign Currency Transactions

Foreign currency transactions are initially converted to Australian currency at the rate of exchange ruling at the date of each transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year in the statement of financial performance.

(i) Specific Commitments

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods or services, together with subsequent exchange gains or losses resulting from those transactions, are deferred to the date of the purchase or sale and included in the measurement of the purchase or sale. In the case of hedges of monetary items, exchange gains or losses are brought to account in the financial year in which the exchange rates change. Gains or costs arising at the time of entering into such hedging transactions are brought to account in the statement of financial performance over the lives of the hedges.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When anticipated purchase or sale transactions have been hedged, actual purchases or sales which occur during the designated hedge period are accounted for as having been hedged until the amounts of those transactions in the designated period are fully allocated against the hedged amounts.

If the hedged transaction is not expected to occur as originally designated, or if the hedge is no longer expected to be effective, any previously deferred gains or losses are recognised as revenue or expense immediately. If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur as designated, deferral of any gains or losses which arose prior to termination continues and those gains or losses are included in the measurement of the hedged transaction.

(ii) General Commitments

Exchange gains or losses on other hedge transactions are brought to account in the statement of financial performance in the financial year in which the exchange rates change. Gains or costs arising on entry into hedges of general commitments are recognised as assets or liabilities at the time of entry into the hedges and are amortised over the lives of the hedges.

q. Derivatives

The economic entity is exposed to fluctuations in commodity prices and foreign exchange rates resulting from its activities. It is the economic entity's policy to use derivative financial instruments to hedge a proportion of this exposure.

Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure.

r. Commodity Hedging

Hedging is undertaken in order to avoid or minimise possible adverse financial or cash flow effects of movements in commodity prices. Premiums received or costs arising upon entering into forward sale, option and other derivative contracts intended to hedge specific future production, together with subsequent realised and unrealised gains or losses, are deferred until the hedged production is delivered and included in the measurement of sale.

Where a hedging transaction is terminated prior to maturity because the hedged production is no longer expected to be produced, any gains or losses are recognised in the statement of financial performance on the date of termination. If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains and losses which arose prior to termination are deferred and brought to account when the hedged transaction occurs.

If a hedge transaction relating to a commitment for the sale of a commodity is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedge prior to this redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedge transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the statement of financial performance at the date of the redesignation.

s. Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of costs and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

t. Mine Pre-production and Acquisition Costs

When an operation is acquired, various costs are incurred prior to operations commencing on the mine property. Acquisition Costs, such as legal expenses, financing arrangement expenses and feasibility costs, are capitalised and included in the statement of financial position (see note 17).

Prior to commencing production at a mine property, various costs are incurred to enable the commencement of mining operations, such as recruitment of staff, repair and maintenance of the site and its related equipment, and mine planning and scheduling. These Pre-production Costs are capitalised and included in the statement of financial position (see note 17).

Mine Acquisition Costs and Pre-production Costs are amortised on a unit-of-production basis, based upon the recoverable mineral reserves estimated at the time of acquisition of the mine property.

u. Royalties

Royalties are accrued and charged against earnings in the period in which the minerals are extracted.

v. Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Financial Statements. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

w. Tax Consolidation Regime

Independence Group NL and its wholly owned subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Independence Group NL is responsible for recognising the current and deferred tax liabilities for the tax consolidated group. The group formed an income tax consolidated group on 1 July 2002.

	Note	Economic Entity 2004 $'000	Economic Entity 2003 $'000	Parent Entity 2004 $'000	Parent Entity 2003 $'000
NOTE 2: REVENUE					
Ordinary activities					
Sale of goods		**66,737**	24,553	**-**	-
Interest received		**459**	95	**105**	72
Dividend received from wholly-owned entity		**-**	-	**10,000**	-
Management fees		**-**	-	**600**	600
Other revenue		**27**	1	**19**	1
Total Revenue		**67,223**	24,649	**10,724**	673
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES					
Profit from ordinary activities before income tax has been determined after charging the following items:					
Cost of sale of goods		**29,745**	15,814	**-**	-
Employee entitlements provision		**202**	230	**25**	-
Borrowing costs - other entities		**1,309**	1,043	**-**	-
Amortisation		**3,807**	1,635	**-**	-
Depreciation		**3,738**	2,122	**68**	30
Write-off of capitalised exploration expenditure		**1,974**	1,286	**1,158**	1,286
Provision for mine restoration		**207**	-	**-**	-
NOTE 4: INCOME TAX EXPENSE					
a. The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:					
Prima facie tax benefit/(expense) on profit/ loss from ordinary activities before income tax at 30%		**(7,437)**	(415)	**(2,354)**	527
Add: Tax effect of:					
Non-allowable items		**(4)**	(69)	**(4)**	(11)
(Under)/over provision		**(16)**	-	**129**	-
Timing differences not previously brought to account		**-**	(302)	**-**	(302)
Tax losses carried forward not previously brought to account		**-**	801	**-**	801
Impact of the Tax Consolidation System					
Initial recognition of deferred tax balance of subsidiary on implementation of tax consolidation system		**-**	-	**(2,805)**	-
Consideration payable by subsidiary in respect of transferred tax balances		**-**	-	**2,805**	-
Current and deferred taxes relating to transactions, events and balances of subsidiary in the tax consolidated group		**-**	-	**(8,054)**	-
Net income tax benefit arising under tax sharing agreement with subsidiary in the tax consolidated group		**-**	-	**8,054**	-
Non-assessable and non-deductible amounts related to transactions within the tax consolidated group		**-**	-	**3,000**	-
Income tax (expense)/benefit		**(7,457)**	15	**771**	1,015

b. Tax Consolidation

Independence Group NL and its wholly owned subsidiaries formed a tax consolidated group effective 1 July 2002. The entities have also entered a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on the same basis as if they were tax-paying entities. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head company default on its tax payment obligations. The head company of the tax consolidated group is Independence Group NL.

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) Details of Specified Directors and Specified Executives

The specified directors who held office during the financial year were:

Rod Marston (Chairman, Non-executive)
Christopher Bonwick (Managing Director)
Kelly Ross (Executive)
John Christie (Non-executive)
Keith Docking (Non-executive), resigned 20 August 2003

The specified executives during the financial year were:

Tim Moran (General Manager – Long Nickel Mine)

The specified executives are the same as the most highly remunerated officers of the consolidated entity. Executives are those directly accountable and responsible for the operational management and strategic direction of the consolidated entity.

(b) Remuneration of Specified Directors and Specified Executives

The remuneration committee reviews the remuneration packages of all specified executive directors and specified executives on an annual basis and makes recommendations to the Board. Remuneration packages are determined with regard to current market rates and comparable industry salaries, adjusted to reflect the performance of the executives. The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting.

The elements of remuneration have been determined on the basis of the cost to the Company or the consolidated entity.

2004	Salary & Fees	Bonus	Vehicle Costs	Superannuation	Options	Total ($)
Specified directors (v)						
R Marston (i)	53,955	-	-	-	80,683	134,638
C Bonwick (ii)	241,076	4,000	25,354	-	184,738	455,168
K Ross (ii)	141,908	3,000	10,014	13,061	95,851	263,834
J Christie (i)	93,721	-	-	-	40,341	134,062
K Docking	44,219	-	-	8,750	-	52,969
Total	574,879	7,000	35,368	21,811	401,613	1,040,671
Specified executives (v)						
T Moran (iv)	161,680	2,600	-	14,551	41,110	219,941

2003	Salary & Fees	Bonus	Vehicle Costs	Superannuation	Options	Total ($)
Specified directors (v)						
R Marston	16,250	-	-	-	-	16,250
C Bonwick	191,872	-	24,359	-	-	216,231
K Ross (iii)	110,505	-	9,730	8,458	32,580	161,273
J Christie	73,610	-	-	-	-	73,610
J Schiller	51,301	-	15,306	5,277	-	71,884
K Docking	75,836	-	-	43,750	-	119,586
Total	519,374	-	49,395	57,485	32,580	658,834
Specified executives (v)						
T Moran (iv)	160,000	-	-	14,400	91,645	266,045

(i) R Marston and J Christie were granted options pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. Further information relating to these options is contained in note 28 to the Financial Statements.

(ii) C Bonwick and K Ross were granted options pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. Further information relating to these options is contained in note 28 to the Financial Statements.

(iii) K Ross was issued options pursuant to the Employee Option Plan on 11 September 2002. Further information relating to these options is contained in note 28 to the Financial Statements.

(iv) T Moran was issued options pursuant to the Employee Option Plan on 1 October 2002. Further information relating to these options is contained in note 28 to the Financial Statements.

(v) T Moran is employed by a subsidiary of the Company and his remuneration is disclosed for consolidation purposes only. The specified directors are all directors of the parent entity.

(c) Remuneration options: Granted and vested during the year

The Company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" and the pending AASB 2 "Share-based Payments" prospectively for all options granted to directors and relevant executives, which had not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures).

From 1 July 2003 options granted as part of director and executive emoluments have been valued using the Black-Scholes Option Pricing Model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The amount included in remuneration from options is based on fair value and has been calculated by an independent major accounting firm. The Black-Scholes Option Pricing Model does not take into account the following terms relevant to the options:

- The options have the characteristics of American options (not European) in that once vested they can be exercised at any time up until the expiry date;
- The options are not readily tradeable in that they are not listed on the ASX;
- The options cannot be transferred to any other party; and
- If the option holder ceases to be a director of the Company, any unexercised portion of the options will be cancelled.

The restrictive nature of the abovementioned factors is likely to have a negative impact on the option values calculated under the Black-Scholes Option Pricing Model. In order to reflect the negative impact of these factors, the independent accounting firm applied a discount to the maximum theoretical value of each of the options.

The fair value of the options affecting remuneration for the year ending 30 June 2004 is shown in the following table:

Director	Discount %	Discounted Option Value cents	Present Value of Cash Payment cents	Adjusted Option Value cents	Issued Options number	Value $
R Marston	30	39.5	10.3	29.2	250,000	80,683
C Bonwick	30	43.8	-	43.8	375,000	184,738
K Ross	30	43.8	-	43.8	187,500	92,369
J Christie	30	39.5	10.3	29.2	125,000	40,341

These fair values are not recognised as expenses in the financial statements.

Options were also issued in a prior year to Kelly Ross and Tim Moran and these options have been revalued on a basis consistent with the options issued during the 2004 financial year. The remuneration of Kelly Ross and Tim Moran in the current year and the previous year's comparatives include the value of these options allocated according to the independent advice received.

Further information relating to the options issued by the Company during the year is included in note 28 to the Financial Statements.

(d) Option holdings of specified directors and specified executives

2004	Balance at Start of Year	Granted During Year	Options Exercised	Balance at End of Year	Vested at 30 June 2004		
					Total	Not Exercisable	Exercisable
Specified directors							
R Marston	-	1,000,000	-	1,000,000	-	-	-
C Bonwick	-	1,500,000	-	1,500,000	-	-	-
K Ross	300,000	750,000	-	1,050,000	300,000	-	300,000
J Christie	-	500,000	-	500,000	-	-	-
Specified executives							
T Moran	1,200,000	-	(250,000)	950,000	950,000	300,000	650,000
Total	**1,500,000**	**3,750,000**	**(250,000)**	**5,000,000**	**1,250,000**	**300,000**	**950,000**

NOTE 5: DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

(e) Terms and conditions of employment contracts

i) Non-executive directors do not have employment contracts with the Company.

ii) Executive directors are employed under 2 year contracts. These contracts include provision for termination benefits of 12 months' remuneration should their employment be terminated due to a take-over event.

iii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts. The Company bears any fringe benefits tax cost relating to executive directors' remuneration payments.

iv) Current employment contracts provide for remuneration of $273,000 (Christopher Bonwick) and $176,000 (Kelly Ross).

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
NOTE 6: AUDITORS' REMUNERATION				
Remuneration of the auditor of the economic entity for:				
a. auditing or reviewing the financial report	**39**	26	**39**	26
b. other services	**-**	-	**-**	-

	No. '000	No. '000
NOTE 7: EARNINGS PER SHARE		
a. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**70,818**	64,739
Weighted average number of options outstanding	**24,012**	11,859
Weighted average number of issued contributing shares	**2,990**	400
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS	**97,820**	76,998
	2004 $'000	2003 $'000
b. Earnings used in the calculation of basic EPS	**17,335**	1,383
c. Options outstanding and contributing shares have been classified as potential ordinary shares and have been included in the determination of dilutive EPS.		

NOTE 8: CASH ASSETS					
Cash on hand		**1**	1	**-**	-
Cash at bank		**6,385**	56	**2,763**	4
Deposits at call		**11,984**	3,984	**7,028**	543
		18,370	4,041	**9,791**	547
NOTE 9: RECEIVABLES					
CURRENT					
Trade debtors (i)	1(n)	**13,231**	5,401	**-**	-
Other debtors		**51**	13	**1**	-
GST receivable		**395**	277	**97**	68
		13,677	5,691	**98**	68
NON-CURRENT					
Deposits		**514**	1,001	**24**	21
Amounts owing from wholly-owned entities		**-**	-	**14,092**	6,944
		514	1,001	**14,116**	6,965

(i) Trade debtors consists of payments outstanding from WMC Resources Ltd for nickel delivered prior to the end of the financial period. Proceeds from nickel deliveries are paid in US dollars and are finalised on the average LME nickel price prevailing in the third month after the month of delivery. The economic entity is therefore required to use a "forecast" price when valuing the outstanding payments. The result is that the actual proceeds received in the future may be different to the trade debtor amount shown and may result in an adjustment being required to be made to subsequent financial statements.

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
NOTE 10: INVENTORIES				
CURRENT				
Mine spares and stores	11	41	-	-
NOTE 11: TAX ASSETS				
Future income tax benefit	657	3,535	657	1,380
a. The future income tax benefit is made up of the following estimated tax benefits:				
- tax losses	427	3,440	427	1,371
- timing differences	230	95	230	9
	657	3,535	657	1,380
NOTE 12: OTHER ASSETS				
CURRENT				
Prepayments	148	-	-	-
Foreign exchange gain (i)	9,762	14,460	-	-
	9,910	14,460	-	-
NON-CURRENT				
Prepayments	-	7	-	-

(i) The foreign exchange gain relates to USD currency hedging contracts held by the economic entity at the end of the financial year. The contracts give rise to a future foreign exchange gain as at the end of the financial year, based on the excess to be received from closing out the contracts over the spot USD exchange rate applicable at the end of the financial year. The economic entity also held USD nickel commodity contracts at the end of the financial year which are not reflected in the Financial Statements in accordance with AASB 1012. The estimated effect of reflecting the value of these contracts in the Financial Statements is shown in note 29.

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following unlisted associated companies:

Name	Principal Activities	Class of share	Ownership Interest		Carrying Amount of Investment	
			2004 %	2003 %	2004 $'000	2003 $'000
Southstar Diamonds Limited	Diamond exploration	Ordinary	50	50	564	561

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
a. Movements during the year in equity accounted investment in associated companies				
Balance at beginning of the financial year	**561**	555	**561**	555
New investments during the year	**3**	6	**3**	6
Balance at end of the financial year	**564**	561	**564**	561
b. Retained earnings attributable to associate:	-	-	-	-
Share of retained (losses) at end of the financial year	**(52)**	(24)	**(52)**	(24)
c. Summarised presentation of aggregate assets, liabilities and performance of associates:				
Total Assets	**7**	15	**7**	15
Net (loss) from ordinary activities after income tax of associates	**(56)**	(48)	**(56)**	(48)

d. The interest in Southstar Diamonds Limited was acquired on 28 March 2002. The purchase consideration was 1,499,994 Independence Group NL fully paid ordinary shares.

e. Due to the immaterial balance of the associated company's retained losses, the economic entity has not reflected its share of the associate's losses in the investment balance.

NOTE 14: CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	Percentage Owned		Contribution to Profit	
			2004 %	2003 %	2004 $'000	2003 $'000
Controlled Entity: Lightning Nickel Pty Ltd	Australia	Ord	**100**	100	**18,717**	2,220

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Mine plant and equipment - leased	5,900	5,565	-	-
Accumulated amortisation	(2,996)	(1,125)	-	-
	2,904	4,440	-	-
Mine plant and equipment - other	7,730	5,030	-	-
Accumulated depreciation	(2,766)	(967)	-	-
	4,964	4,063	-	-
Other plant and equipment	491	146	491	146
Accumulated depreciation	(107)	(41)	(107)	(41)
	384	105	384	105
Total written down value	8,252	8,608	384	105
Reconciliation of the movement for the year:				
Carrying amount at the beginning of year	*8,608*	*106*	*105*	*106*
Additions	*3,382*	*10,624*	*347*	*29*
Disposals	-	-	-	-
Depreciation/amortisation expense	*(3,738)*	*(2,122)*	*(68)*	*(30)*
Carrying amount at the end of year	*8,252*	*8,608*	*384*	*105*

NOTE 16: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Exploration and evaluation expenditure:				
Opening balance	11,010	1,255	1,215	1,027
Current year's expenditure	5,682	12,328	2,851	1,474
Written off during the year	(1,974)	(1,286)	(1,158)	(1,286)
Amortisation expense	(2,457)	(1,287)	-	-
	12,261	11,010	2,908	1,215
Development expenditure:				
Opening balance	580	-	-	-
Current year's expenditure	2,232	580	-	-
Amortisation expense	(593)	-	-	-
	2,219	580	-	-
Carrying amount at end of year	14,480	11,590	2,908	1,215

Note1(g) describes the policy relating to the carrying value of interests in exploration, evaluation and development expenditure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
NOTE 17: MINE ACQUISITION AND PRE-PRODUCTION COSTS				
Mine acquisition costs	**1,692**	1,692	-	-
Pre-production costs	**1,473**	1,389	-	-
	3,165	3,081	-	-
Accumulated amortisation	**(1,103)**	(348)	-	-
Carrying amount at end of year	**2,062**	2,733	-	-

Note1(t) describes the policy relating to the carrying value of interests in mine acquisition and pre-production costs.

NOTE 18: PAYABLES				
Trade creditors	**2,928**	2,405	**239**	253
GST Payable	**368**	285	**2**	-
Sundry creditors and accrued expenses	**3,194**	1,887	**163**	80
	6,490	4,577	**404**	333
NOTE 19: INTEREST BEARING LIABILITIES				
CURRENT				
Bank loans (i)	**5,500**	3,000	-	-
Lease liabilities (ii)	**1,871**	1,738	-	-
	7,371	4,738	-	-
NON-CURRENT				
Bank loans (i)	**4,500**	10,000	-	-
Lease liabilities (ii)	**789**	2,460	-	-
	5,289	12,460	-	-
Financing Arrangements (iii)				
Entities have access to the following financing arrangements at balance date:				
Working capital facility	-	*3,000*	-	-
Less: drawn down portion	-	*(3,000)*	-	-
Cash advance facility	***10,000***	*10,000*	-	-
Less: drawn down portion	***(10,000)***	*(10,000)*	-	-
Guarantee facility	***1,500***	*2,000*	-	-
Less: drawn down portion	***(1,389)***	*(1,389)*	-	-
	111	*611*	-	-

(i) The bank loans are secured by a fixed and floating charge over the assets of the economic entity.

(ii) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(iii) The facilities are denominated in Australian dollars and interest is charged at the BBSY rate plus an applicable margin. The facilities are repayable by 30 June 2006. Provision has been made in the Facility Arrangements to enable early repayment of the facilities at the election of the economic entity. The facilities in place with Bank of Western Australia Ltd at the commencement of the financial year were refinanced with Commonwealth Bank of Australia during the financial year.

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
NOTE 20: TAX LIABILITIES				
CURRENT				
Income tax payable	**4,414**	-	**4,414**	-
NON-CURRENT				
Provision for deferred income tax	**3,686**	3,520	**3,686**	365
NOTE 21: OTHER LIABILITIES				
CURRENT				
Foreign exchange gain (i)	**9,762**	14,460	**-**	-
Employee entitlements	**440**	237	**32**	7
	10,202	14,697	**32**	7
NON-CURRENT				
Provision for restoration (ii)	**207**	-	**-**	-

(i) The foreign exchange gain relates to USD currency hedging contracts held by the Company at the end of the financial year. The contracts give rise to a future foreign exchange gain as at the end of the financial year, based on the excess to be received from closing out the contracts over the spot USD exchange rate applicable at the end of the financial year. The economic entity also held USD nickel commodity contracts at the end of the financial year which are not reflected in the Financial Statements in accordance with AASB 1012. The estimated effect of reflecting the value of these contracts in the Financial Statements is shown in note 29.

(ii) A provision for restoration is recognised in relation to mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration of the mining site. Estimates of the restoration obligations are based on anticipated technology, legal requirements and future costs. In determining the restoration provision the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future.

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
NOTE 22: CONTRIBUTED EQUITY				
75,237,280 (2003: 68,155,750) fully paid ordinary shares (a)	**13,485**	12,271	**13,485**	12,271
7,310,000 (2003: 9,955,000) partly paid contributing shares (b)	**7**	10	**7**	10
24,552,720 (2003: 28,739,250) fully paid options for ordinary shares (c)	**246**	268	**246**	268
375,000 (2003: Nil) partly paid unlisted options (d)	**39**	-	**39**	-
	13,777	12,549	**13,777**	12,549
a. Ordinary shares (i)				
At the beginning of year	**12,271**	5,536	**12,271**	5,536
Shares issued during the year				
Issued 1 July 2002 to 30 June 2003	**-**	7,009	**-**	7,009
4,186,530 listed options exercised (c)	**860**	-	**860**	-
2,645,000 contributing shares fully paid (b)	**267**	-	**267**	-
250,000 unlisted options exercised (v)	**87**	-	**87**	-
Transaction costs relating to share issues	**-**	(274)	**-**	(274)
At reporting date	**13,485**	12,271	**13,485**	12,271

NOTE 22: CONTRIBUTED EQUITY (continued)

	2004 No. '000	2003 No. '000	2004 No. '000	2003 No. '000
At beginning of the year	***68,156***	*47,506*	***68,156***	*47,506*
Shares issued during year	***7,081***	*20,650*	***7,081***	*20,650*
At reporting date	***75,237***	*68,156*	***75,237***	*68,156*
	$'000	$'000	$'000	$'000
b. Ordinary Contributing Shares – Partly Paid (ii)				
At beginning of the year	**10**	10	**10**	10
Converted to ordinary shares during the year	**(3)**	-	**(3)**	-
At reporting date	**7**	10	**7**	10
	No. '000	No. '000	No. '000	No. '000
At beginning of the year	***9,955***	*10,000*	***9,955***	*10,000*
Converted to ordinary shares during the year	***(2,645)***	*(45)*	***(2,645)***	*(45)*
At reporting date	***7,310***	*9,955*	***7,310***	*9,955*
	$'000	$'000	$'000	$'000
c. Options for Ordinary Shares - Listed (iii)				
At beginning of the year	**268**	268	**268**	268
Converted to ordinary shares during the year	**(22)**	-	**(22)**	-
At reporting date	**246**	268	**246**	268
	No. '000	No. '000	No. '000	No. '000
At beginning of the year	***28,739***	*28,744*	***28,739***	*28,744*
Converted to ordinary shares during the year	***(4,186)***	*(5)*	***(4,186)***	*(5)*
At reporting date	***24,553***	*28,739*	***24,553***	*28,739*
	$'000	$'000	$'000	$'000
d. Options for Ordinary Shares - Unlisted (iv)				
At beginning of the year	-	-	-	-
Issued during the year	**39**	-	**39**	-
At reporting date	**39**	-	**39**	-
	No. '000	No. '000	No. '000	No. '000
At beginning of the year	**-**	-	**-**	-
Issued during the year	***375***	-	***375***	-
At reporting date	***375***	-	***375***	-

(i) Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Each ordinary share is entitled to one vote.

(ii) Contributing shares were issued during the year ended 30 June 2002 paid to 0.1 cent each. Payment of a further 10 cents each can be made at any time to entitle the holder to one ordinary fully paid share. The Company will not make a call on these shares before 31 December 2005.

(iii) On 3 May 2002 the Company issued 28,750,000 1 cent options to subscribe for one ordinary share each, exercisable at 20 cents on or before 31 January 2005. The options are listed on the ASX.

(iv) On 26 November 2003 the Company issued 1,500,000 unlisted options exercisable at $1.33 to non-executive directors. A cash payment of 10.3 cents was made on application for the first of four tranches to be issued over 4 years. The 10.3 cents is non-refundable but will be included in the exercise price should the options be exercised in the future.

(v) These options were issued under the Employee Option Plan and were exercised at 35 cents each during the year.

(vi) At the end of the year there were 9,750,000 (2003: 3,500,000) unissued ordinary shares in respect of which options were outstanding.

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
NOTE 23: ACCUMULATED PROFITS				
Retained (losses) at the beginning of the financial year	**(273)**	(1,671)	**(2,413)**	(1,671)
Net profit/(loss) attributable to the members of the parent entity	**17,334**	1,398	**8,618**	(742)
Retained profits/(losses) at the end of the financial year	**17,061**	(273)	**6,205**	(2,413)

NOTE 24: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable				
not later than 1 year	**58**	22	**58**	22
later than 1 year but not later than 5 years	**188**	230	**188**	230
	246	252	**246**	252

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

b. Finance Lease Commitments

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Finance and hire purchase rentals for plant and equipment are payable as follows:				
not later than 1 year	**2,005**	1,995	-	-
later than 1 year but not later than 5 years	**812**	2,607	-	-
minimum lease payments	**2,817**	4,602	-	-
less: future lease finance charges	**(157)**	(404)	-	-
Recognised as a liability	**2,660**	4,198	-	-
Finance and hire purchase liabilities provided for in the financial statements				
Current	**1,871**	1,738	-	-
Non-current	**789**	2,460	-	-
Total liability	**2,660**	4,198	-	-

c. Exploration Commitments

In order to maintain current rights of tenure to certain exploration tenements, the Company will be required to spend $2,075,581 in 2004/5.

d. Capital Commitments

The economic entity has ordered a truck for the Long Nickel Mine operations at a cost of $1,500,000 which is expected to be delivered and for which cash payment is to be made in August 2004.

NOTE 25: SEGMENT INFORMATION

The economic entity operated in two industrial or Primary segments, which were the mining and mineral exploration industries. The economic entity operated only in one geographical or Secondary segment which was Australia.

	Mining $'000	Exploration $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Primary Industrial Segment Information 2004				
Revenue from external customers	66,737	-	-	66,737
Inter-segment revenue	-	-	-	-
Other revenue	-	20	466	486
Total segment revenue	66,737	20	466	67,223
Consolidated entity profit/(loss) after income tax	21,766	(4,431)	-	17,335
Segment assets	38,585	29,912	-	68,497
Segment liabilities	36,608	1,051	-	37,659
Depreciation and amortisation expense	3,729	3,744	68	7,541
Other non-cash expenses	384	1,974	25	2,383
Primary Industrial Segment Information 2003				
Revenue from external customers	24,553	-	-	24,553
Inter-segment revenue	-	-	-	-
Other revenue	-	-	96	96
Total segment revenue	24,553	-	96	24,649
Consolidated entity profit/(loss) after income tax	2,740	(1,342)	-	1,398
Segment assets	31,712	20,636	-	52,348
Segment liabilities	39,287	705	-	39,992
Depreciation and amortisation expense	2,440	1,287	30	3,757
Other non-cash expenses	230	928	-	1,158

NOTE 26: CASH FLOW INFORMATION

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax				
Profit from ordinary activities after income tax	**17,335**	1,383	**8,618**	(1,757)
Non-cash flows in profit from ordinary activities				
Depreciation	**3,738**	2,122	**68**	30
Write-off of capitalised expenditure	**1,974**	1,286	**1,159**	1,286
Amortisation	**3,807**	1,635	-	-
Profit on sale of plant and exploration property	**(27)**	-	**(20)**	-

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Changes in assets and liabilities				
(Increase)/decrease in trade debtors	**(7,866)**	(5,415)	**-**	1
(Increase)/decrease in other debtors	**(226)**	-	**-**	-
Increase in trade creditors and accruals	**1,560**	4,091	**(143)**	56
(Increase)/decrease in inventory	**30**	(41)	**-**	-
(Increase)/decrease in other debtors	**(122)**	4	**(33)**	10
Increase/(decrease) in provisions	**7,866**	231	**(750)**	1
Cash flows from operations	**28,069**	5,296	**8,899**	(373)

b. Non-cash Financing and Investing Activities

During the year the economic entity acquired leased plant and equipment with an aggregate value of $335,508 (2003: $5,447,372).

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year, the Company entered into commodity contracts to hedge future nickel sales revenue. Foreign exchange contracts were also entered into to coincide with the commodity contracts. The contracts average AU$17,000 per nickel tonne and a total of 1,400 tonnes were hedged. The contracts fall due in 2004/5 (350 tonnes), 2005/6 (600 tonnes) and 2006/7 (450 tonnes).

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

NOTE 28: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

	Economic Entity		Parent Entity	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
a. Director-related Entities				
Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related	**11**	7	**11**	7
Consulting fees have been paid to BFP Consultants Pty Ltd, a company to which a director of a subsidiary is associated	**131**	263	**-**	-
b. Share Transactions of Directors				
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the parent entity:	No.	No.	No.	No.
Independence Group NL (i)				
ordinary shares	**4,403,004**	5,113,504	**4,403,004**	5,113,504
contributing ordinary shares	**2,800,000**	4,300,000	**2,800,000**	4,300,000
options over ordinary shares (listed)	**2,395,002**	3,995,002	**2,395,002**	3,995,002
options over ordinary shares (unlisted)	**4,050,000**	300,000	**4,050,000**	300,000

(i) Prior year interests included 425,000 ordinary shares, 1,500,000 contributing ordinary shares and 1,375,000 listed options held by former director Keith Docking. As Mr Docking resigned during the year, these interests are not included in the beneficial interests held by directors at the end of the current year.

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

c. Share Options

Share options have been issued to directors and executives of the Company. Each share option converts into one ordinary share of Independence Group NL on exercise. Share options issued by Independence Group NL to specified directors and specified executives are as follows:

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.	Balance Vested at end of year No.	Vested and exercisable No.	Options Vested During year No.
Specified directors (v)							
R Marston (i)	-	1,000,000	-	1,000,000	-	-	-
C Bonwick (ii)	-	1,500,000	-	1,500,000	-	-	-
K Ross (ii), (iii)	300,000	750,000	-	1,050,000	300,000	300,000	150,000
J Christie (i)	-	500,000	-	500,000	-	-	-
Specified executives (v)							
T Moran (iv)	1,200,000	-	250,000	950,000	650,000	650,000	600,000
	1,500,000	3,750,000	250,000	5,000,000	950,000	950,000	750,000

(i) The options were issued to non-executive directors pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vest 25% each 12 month period and are exercisable at $1.33. The options are only exercisable once payment of 10.3 cents each is received by the Company. This cash payment is required to be made within 30 days of the commencement of each vesting period. The cash payment is non-refundable but forms part of the exercise price should the options eventually be exercised. The cash payment for the first tranche of options was paid by the non-executive directors in December 2004. Any options that have not vested are cancelled should the director resign or be removed as a director of the Company. The options expire on 30 June 2008. The fair value of the options at their grant date was 29.2 cents each.

(ii) The options were issued to executive directors pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vest 25% each 12 month period and are exercisable at $1.03. Any options that have not vested are cancelled should the director resign or be removed as a director of the Company. The options expire on 30 June 2008. The fair value of the options at their grant date was 43.8 cents each.

(iii) The 300,000 options issued to the director on 11 September 2002 were issued pursuant to the Company's Employee Option Plan. They are exercisable at 34 cents each. The options expire on 10 September 2005. The fair value of the options at their grant date was 12.4 cents each.

(iv) The options were issued to the executive on 1 October 2002 pursuant to the Company's Employee Option Plan. They are exercisable at 35 cents each and vest 25% each 6 month period from 31 July 2002. Any options that have not vested are cancelled should the executive resign or be removed as an employee of the Company. The options expire on 31 July 2007. The fair value of the options at their grant date was 12.5 cents each.

(v) The options do not entitle the holder to voting or dividend rights. Options may be exercised at any time from the date on which they vest to the date of their expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from directors and executives, is not recognised in the Financial Statements, except for the purposes of determining directors' and executives' remuneration in note 5 to the Financial Statements. The amounts are disclosed in remuneration in respect of the financial years over which the entitlement was earned.

Consideration received from the cash payment in note 28(c)(i) and consideration received on the exercise of options is recognised in contributed equity. During the year $38,625 was recognised in contributed equity arising from the cash payment by non-executive directors. During the year $87,500 was recognised in contributed equity arising from the exercise of executives' options.

d. Other Related Entities

During the financial year a wholly-owned entity paid a dividend of $10,000,000 to Independence Group NL. This amount has been included in note 2 to the Financial Statements but has been eliminated on consolidation for the purposes of calculating the profit of the economic entity for the financial year.

	Economic Entity 2004 $'000	2003 $'000	Parent Entity 2004 $'000	2003 $'000
NOTE 29: FOREIGN EXCHANGE AND COMMODITY CONTRACTS				
Forward foreign exchange contracts	**9,762**	5,229	-	-
Futures commodity contracts	**(46,450)**	(8,040)	-	-
	(36,688)	(2,811)	-	-

The net fair value of forward foreign exchange contracts of $9,762,244 is recognised in the Consolidated Statement of Financial Position at 30 June 2004. The net fair value of commodity contracts at 30 June 2004 has not been recognised in the Consolidated Statement of Financial Position. The net fair value of forward foreign exchange contracts and commodity contracts are based on the exchange rate and commodity prices prevailing at 30 June 2004 and have not been discounted. The contracts relate to 3,636 tonnes of nickel. The contracts expire during 2004/5 (1,896 tonnes at AUD12,188/tonne) and 2005/6 (1,740 tonnes at AUD12,158/tonne).

NOTE 30: FINANCIAL INSTRUMENTS

a. Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate 2004 %	2003 %	Floating Interest 2004 $'000	2003 $'000	Non-interest Bearing 2004 $'000	2003 $'000	Total 2004 $'000	2003 $'000
Financial Assets:								
Cash	**5.08**	4.44	**13,774**	3,984	**4,596**	57	**18,370**	4,041
Receivables	**5.78**	5.06	**514**	1,001	**13,677**	5,691	**14,191**	6,692
Investments			-	-	**564**	561	**564**	561
Total Financial Assets			**14,288**	4,985	**18,837**	6,309	**33,125**	11,294
Financial Liabilities:								
Payables			-	-	**6,490**	4,577	**6,490**	4,577
Bank Loans	**7.82**	7.67	**10,000**	13,000	-	-	**10,000**	13,000
Lease Liabilities	**8.08**	8.12	**2,660**	4,198	-	-	**2,660**	4,198
Total Financial Liabilities			**12,660**	17,198	**6,490**	4,577	**19,150**	21,775

b. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and notes to the Financial Statements.

c. Net Fair Values

The net fair values of unlisted investments where there is no organised financial market, have been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

The net fair value of assets and liabilities approximates the carrying value.

No financial assets or financial liabilities are readily traded on organised markets.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

NOTE 30: FINANCIAL INSTRUMENTS (continued)

Aggregate net fair values and carrying amounts of financial assets at balance date:

	2004		2003	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial Assets				
Security deposit	**514**	**514**	1,001	1,001
Unlisted investments	**564**	**564**	561	561
	1,078	**1,078**	1,562	1,562

NOTE 31: COMPANY DETAILS

The registered office and principal place of business of the Company is Suite 9, Level 3 PDM House, 72 Melville Parade, South Perth, Western Australia. The Company changed its name from Independence Gold NL to Independence Group NL pursuant to a special resolution passed at the 2003 Annual General Meeting.

NOTE 32: ECONOMIC DEPENDENCY

Independence Group NL depends on WMC Resources Ltd for a significant volume of revenue. During the year ended 30 June 2004 all sales revenue was sourced from this company. The agreement relating to sales revenue contains provision for the Company to seek alternative revenue providers in the event that WMC Resources Ltd is unable to accept supply of the Company's product due to a force majeure event.

NOTE 33: IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Independence Group NL has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Company has isolated key areas that will be impacted by the transition to IFRS. As Independence Group NL has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS, and is required when the Company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables (measured at amortised cost), held to maturity (measured at amortised cost), held for trading (measured at fair value with fair value changes charged to net profit or loss), available for sale (measured at fair value with fair value changes taken to equity) and non-trading liabilities (measured at amortised cost). This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on the statement of financial position. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been completed.

Impairment of Assets

Under the Australian equivalent to IAS 36 *Impairment of Assets,* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the economic entity's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is possible that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. It is not expected that there will be any material impact as a result of the adoption of this standard.

Share Based Payments

Under AASB 2 *Share based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. The standard will apply to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impraticable as the details of future equity based remuneration plans are unknown.

Income Taxes

Under the Australian equivalent to IAS 12 *Income Taxes*, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. It is not expected that there will be any material impact as a result of the adoption of this standard.

Exploration Expenditure

There is not yet an approved IFRS equivalent to AASB 1022 *Accounting for Extractive Industries*. If a standard is introduced which changes the current standard, this may have an as yet unknown effect on the Company's financial position.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 48 to 70:
   a. comply with Accounting Standards and the Corporations Act 2001; and
   b. give a true and fair view of the financial position as at 30 June 2004 and performance for the year ended on that date of the company and economic entity;
2. in the directors' opinion there are reasonable grounds to believe that the economic entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

R J Marston
Chairman
Dated this 31st day of August 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF INDEPENDENCE GROUP NL

BDO

Chartered Accountants
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61 8) 9360 4200
Fax: (61 8) 9481 2524
Email: bdo@bdowa.com.au
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Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Independence Group NL (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Independence Group NL is in accordance with:

a. the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of its performance for the year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b. other mandatory financial reporting requirements in Australia.

BDO

Chartered Accountants

G F Brayshaw

G F Brayshaw
31 August 2004
Perth, Western Australia

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information not shown elsewhere in this report is required by the Australian Stock Exchange Ltd in respect of listed public companies only. This information is current as at 14 September 2004.

1. Shareholding

a. Distribution of shareholders as at 14 September 2004:

Category (size of Holding)	Ordinary Shares	Listed Options
1 – 1,000	160	14
1,001 – 5,000	904	140
5,001 – 10,000	699	102
10,001 – 100,000	861	229
100,001 – and over	78	36
	2,702	521

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 18.

c. There were no substantial shareholders listed in the parent entity's register as at 14 September 2004.

d. Voting Rights

The voting rights of each class of share are as follows:-

Fully Paid Ordinary Shares – one vote per share held.

Partly Paid Contributing Shares – a fraction of one vote equal to the proportion which the amount paid on each share bears to the total amounts paid and payable on that share.

Options – no voting rights are attached to unexercised options.

2. The name of the company secretary is Mrs Kelly Ross. Mrs Ross holds a Bachelor of Business in Accounting from Curtin University and the designation CPA from the Australian Society of Certified Practising Accountants.

3. The address of the principal registered office in Australia is Suite 9 PDM House, 72 Melville Parade, South Perth, Western Australia, Telephone (08) 9367 2755.

4. The Register of securities is held at Security Transfer Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia.

5. There is no current on-market buy-back of the Company's securities.

6. Stock Exchange Listing

Quotation has been granted for 77,883,225 ordinary shares and 20,206,775 options of the company on all Member Exchanges of the Australian Stock Exchange Limited. Unquoted securities are detailed in Note 8 below.

7. (i) 20 Largest Holders of Ordinary Shares as at 14 September 2004

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	ANZ Nominees Limited	3,342,110	4.29
2.	J P Morgan Nominees Australia Limited	2,915,135	3.74
3.	Equity Trustees Limited	2,884,860	3.70
4.	Forbar Custodians Limited	2,692,300	3.46
5.	National Nominees Limited	2,459,200	3.16
6.	Independence Mining Exploration NL	2,000,000	2.57
7.	Jeffrey Christopher Schiller	1,995,002	2.56
8.	Virtual Genius Pty Ltd	1,978,504	2.54
9.	RBC Global Services Australia Nominees Pty Ltd	1,470,488	1.89
10.	Citicorp Nominees Pty Limited	1,126,278	1.45
11.	Queensland Investment Corporation	1,112,114	1.43
12.	Health Super Pty Ltd	1,018,400	1.31
13.	Westpac Custodian Nominees Limited	898,423	1.15
14.	CSFB Fourth Nominees Pty Ltd	717,709	.92
15.	Citicorp Nominees Pty Limited (452 Aust Share A/c)	702,409	.90
16.	Paull Parker	685,000	.88
17.	Yarandi Investments Pty Ltd	561,500	.72
18.	Neogold Enterprises Pty Ltd	550,000	.71
19.	Fortis Clearing Nominees Pty Ltd	546,593	.70
20.	Cogent Nominees Pty Limited	533,500	.68
		30,189,525	38.76

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(ii) 20 Largest Quoted Listed Option Holders as at 14 September 2004

Name	Number of Options Held	% Held of Listed Options
1. Yarandi Investments Pty Ltd	1,727,352	7.79
2. Nattai Pty Ltd	1,010,000	4.55
3. Independence Mining Exploration NL	1,000,000	4.51
4. ANZ Nominees Limited	977,000	4.41
5. Bradleys Polaris Pty Ltd	803,000	3.62
6. Forbar Custodians Limited	660,600	2.98
7. Goldsearch Limited	500,000	2.25
8. Jayare Nominees Pty Ltd	444,199	2.00
9. Ross William Anderson	375,568	1.69
10. Jeffrey Christopher Schiller	372,501	1.68
11. Commodity Traders NZ Limited	330,000	1.49
12. Peto Pty Ltd	316,500	1.43
13. CSFB Fourth Nominees Pty Ltd	315,320	1.42
14. Richard Davis	308,000	1.39
15. CRX Investments Pty Limited	300,000	1.35
16. Virtual Genius Pty Ltd	277,502	1.25
17. J P Morgan Nominees Australia Limited	266,000	1.20
18 Karen Alana Schiller	257,744	1.16
19. Finance Associates Pty Ltd	240,679	1.09
20. Daradine Pty Ltd	225,000	1.01
	10,706,965	48.27

8. Unquoted Securities

The following securities have been issued and the Company has not requested their quotation by the Australian Stock Exchange:-

(i) Partly Paid Contributing Shares

Security Holder	Number of Securities	% of Securities on Issue	Number of Holders
Virtual Genius Pty Ltd	2,500,000	35.66	1
K Ross	300,000	4.28	1
Unrelated parties	4,210,000	60.06	5
	7,010,000	100.00	7

Contributing shares are partly paid ordinary shares paid to 0.1 cent each with 10 cents unpaid.

Since the end of the financial year 300,000 contributing shares were fully paid up and converted to ordinary shares. This transaction has been reflected in the total number of securities shown above.

Contributing shares represent 100% of the total partly paid shares on issue. No call will be made on these shares until 31 December 2005.

(ii) Unlisted Options

(a) On 11 September 2002, 300,000 unlisted options exercisable at 34 cents were issued to a party related to director Kelly Ross. The options were issued pursuant to the company's Employee Option Plan. The options expire on 10 September 2005.

(b) On 17 September 2002, the Company issued 2,000,000 unlisted options exercisable at 45 cents to Bank of Western Australia Ltd, pursuant to the financing arrangement for the purchase of the Long/Victor Nickel Mine by Lightning Nickel Pty Ltd. The issue was approved at a general meeting held on 23 August 2002. The options were sold by Bank of Western Australia Ltd to unrelated entities in March 2004 and are due to expire on 30 June 2006.

(c) On 1 October 2002, the Company issued 1,200,000 unlisted options exercisable at 35 cents to a party related to Timothy Moran, a director of subsidiary Lightning Nickel Pty Ltd. The options were issued pursuant to the company's Employee Option Plan and the issue was approved at a general meeting held on 23 August 2002. 250,000 of these options were exercised during the year ending 30 June 2004. The remaining 950,000 options expire on 31 July 2007.

(d) On 24 September 2003, the Company issued 1,300,000 unlisted options exercisable at 96 cents to employees. A further 150,000 were issued on 4 February 2004. The options were issued pursuant to the company's Employee Option Plan and expire on 30 September 2008.

(e) On 26 November 2003, the Company issued 1,000,000 unlisted options to director Rod Marston and 500,000 to director John Christie. The options are exercisable at $1.33 with 10.3 cents payable on allotment. The options were issued pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options expire on 30 June 2008.

(f) On 26 November 2003, the Company issued 1,500,000 unlisted options to director Christopher Bonwick and 750,000 to director Kelly Ross. The options are exercisable at $1.03. The options were issued pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options expire on 30 June 2008.

(g) On 31 March 2004, the Company issued 550,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the company's Employee Option Plan and expire on 30 June 2009.

(h) On 31 March 2004, the Company issued 750,000 unlisted options exercisable at $1.16 to employees. The options expire on 30 June 2009.

Tenement Schedule

Following are the details of the tenements comprising the projects of Independence Group NL (IG):

OPERATIONS

Tenement [1]	Grant Date	Expiry Date	Area (sq km)	Registered Holder (%) [2]	IG Interest (%)	EC ($)
Long Complex						
M15/158	G - 01/01/67	31/12/08	1.2	Lightning Nickel Pty Ltd (100.00)	100.00	12,100
M15/159	G - 01/01/67	31/12/08	1.2	Lightning Nickel Pty Ltd (100.00)	100.00	12,200
M15/160	G - 01/01/67	31/12/08	1.2	Lightning Nickel Pty Ltd (100.00)	100.00	12,200
Total – Long Complex			3.6			$36,500

[1] M15/158, M15/159 and M15/160 were granted pursuant to, and are currently subject to the provisions of, the Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968 (WA). Caveats have been lodged by St Ives Gold Mining Pty Ltd against the granted tenements M15/158, M15/159 and M15/160.

Part of the Long Complex is located on East Location 48, one of a number of freehold grants created in the Eastern Goldfields in the 1890's. The nature of these freehold grants confers a number of unique rights upon the owners and/or leaseholders of the property, including mineral ownership rights, and exemptions from rent, EC and royalty payments. Native title has been extinguished on East Location 48. IG has access to an approximate 1.5 square kilometre area within East Location 48, as part of a lease arrangement. IG has lodged a caveat over the area to protect its interests.

INDEPENDENCE GROUP 100% PROJECTS

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%)	IG Interest (%)	EC ($)
Dalwallinu Project						
E70/2581	A - 22/04/03	n/a	222.0	IG (100.00)	100.00	n/a
E70/2582	A - 22/04/03	n/a	222.0	IG (100.00)	100.00	n/a
E70/2583	A - 22/04/03	n/a	222.0	IG (100.00)	100.00	n/a
E70/2635	A – 11/11/03	n/a	190.2	IG (100.00)	100.00	n/a
P70/1481	A – 05/07/04	n/a	0.6	IG (100.00)	100.00	n/a
Sub-total			856.8			n/a
Gabanintha Project						
P51/2484	G – 06/08/04	n/a	1.8	IG (100.00)	100.00	7,280
P51/2485	G – 06/08/04	n/a	1.9	IG (100.00)	100.00	7,640
P51/2486	G – 06/08/04	n/a	1.8	IG (100.00)	100.00	7,000
P51/2487	G – 06/08/04	n/a	2.0	IG (100.00)	100.00	8,000
P51/2488	G – 06/08/04	n/a	1.5	IG (100.00)	100.00	5,960
P51/2489	G – 06/08/04	n/a	1.0	IG (100.00)	100.00	4,120
P51/2490	G – 06/08/04	n/a	2.0	IG (100.00)	100.00	8,000
P51/2491	G – 06/08/04	n/a	2.0	IG (100.00)	100.00	8,000
P51/2492	G – 06/08/04	n/a	2.0	IG (100.00)	100.00	7,920
ELA51/1077	A – 28/07/04	n/a	12.7	IG (100.00)	100.00	n/a
Sub-total			28.7			$63,920
Jeerinah Project[1]						
E47/1072	G - 05/10/01	04/10/06	222.3	IG (100.00)	100.00	63,000
E47/1073	G - 18/09/01	17/09/06	222.3	IG (100.00)	100.00	63,000
Sub-total			444.6			$126,000

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%)	IG Interest (%)	EC ($)
Murrin South Project						
P39/4286	A - 17/06/03	n/a	1.2	IG (100.00)	100.00	n/a
P39/4287	A - 17/06/03	n/a	1.2	IG (100.00)	100.00	n/a
P39/4288	A - 17/06/03	n/a	2.0	IG (100.00)	100.00	n/a
P39/4289	A - 17/06/03	n/a	2.0	IG (100.00)	100.00	n/a
P39/4290	A - 17/06/03	n/a	2.0	IG (100.00)	100.00	n/a
P39/4291	A - 17/06/03	n/a	2.0	IG (100.00)	100.00	n/a
P39/4292	A - 17/06/03	n/a	1.5	IG (100.00)	100.00	n/a
P39/4293	A - 17/06/03	n/a	2.0	IG (100.00)	100.00	n/a
P39/4301	A - 19/08/03	n/a	1.2	IG (100.00)	100.00	n/a
P39/4302	A - 19/08/03	n/a	1.2	IG (100.00)	100.00	n/a
P39/4303	A - 19/08/03	n/a	1.2	IG (100.00)	100.00	n/a
P39/4304	A - 19/08/03	n/a	1.2	IG (100.00)	100.00	n/a
P39/4305	A - 19/08/03	n/a	1.3	IG (100.00)	100.00	n/a
Sub-total			20.0			n/a
Wackilina Project[1]						
E47/1204	G - 23/07/03	22/07/08	222.0	IG (100.00)	100.00	63,000
E47/1205	G - 23/07/03	22/07/08	222.0	IG (100.00)	100.00	59,400
ELA47/1245	G – 03/12/03	n/a	222.0	IG (100.00)	100.00	63,000
ELA47/1246	G – 03/12/03	n/a	211.0	IG (100.00)	100.00	60,300
ELA47/1295	A – 02/09/03	n/a	222.0	IG (100.00)	100.00	n/a
Sub-total			1,099.0			$245,700
Brandy Hill South						
E59/1156	A – 18/03/04	n/a	98.3	IG (100.00)	100.00	n/a
P59/1695	A – 18/06/04	n/a	0.4	IG (100.00)	100.00	n/a
Sub-total			98.7			n/a
Hyden						
E70/2689	A – 20/05/04	n/a	126.8	IG (100.00)	100.00	n/a
E70/2690	A – 20/05/04	n/a	222.0	IG (100.00)	100.00	n/a
Sub-total			348.8			n/a
Royal North						
E38/1626	A – 22/10/03	n/a	53.9	IG (100.00)	100.00	n/a
Quondong Well						
E38/1625	A – 22/10/03	n/a	177.5	IG (100.00)	100.00	n/a
Total – Independence Group 100% Projects			3,128.0			$435,620

[1] Poondano Exploration Pty Ltd has the exclusive rights to explore for and mine iron ore on these tenements.

JOINT VENTURE PROJECTS

Chesterfield Joint Venture

Tenement [1, 2]	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [3]	IG Interest (%)	EC ($)
E51/830	G – 13/06/00	12/06/05	42.0	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	20,000
E51/917	G – 28/05/01	27/05/06	144.6	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	43,200
E51/1035	A – 19/12/02	n/a	45.0	IG (100.00)	Diluting to 20.0	n/a
M51/270	G – 16/12/88	15/12/09	0.3	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	10,000
M51/353	G – 27/03/90	26/03/11	1.2	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	12,000
M51/451	G – 11/11/92	10/11/13	0.2	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	10,000
M51/650 [4]	A – 30/01/97	n/a	2.0	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	n/a
P51/1441 [4]	G – 10/02/93	09/02/95	2.0	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	8,000
E51/1069	A – 20/05/04	n/a	9.5	IG(51.00) & St Barbara (49.00)	Diluting to 20.0	n/a
Total - Chesterfield Joint Venture			246.8			$103,200

1 Caveats have been lodged by IG against the granted tenements E51/830, E51/917, M51/270, M51/353, M51/451 and P51/1441.

2 Aurex Consolidated Limited has the right to earn up to a 60% interest in the tenements by spending $400,000 on exploration prior to 30 June 2007, paying IG and St Barbara $250,000 each and sole funding exploration to completion of a pre-feasibility study into mining operations at the tenement.

3 St Barbara refers to St. Barbara Mines Limited.

4 M51/650 is a mining lease application for conversion of existing granted tenement P51/1441. Underlying tenements can continue to be explored until such time as M51/650 is granted. As such, only the existing tenement area and EC for P51/1441 have been included in the totals for the Chesterfield Project (to avoid double counting).

Dolphin Joint Venture

Millidie Project [1]

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) 3	IG Interest (%)	EC ($)
E52/1529	G – 23/02/04	22/02/09	216.8	Dolphin (10.00) & IG (90.00)	90.00	63,000
E52/1530	G - 21/02/02	20/02/07	216.6	Dolphin (10.00) & IG (90.00)	90.00	63,000
Total - Dolphin Joint Venture			433.4			$126,000

1 Peak Hill Manganese Pty Ltd has exclusive rights to explore for manganese on the tenement and is responsible for meeting EC and managing all native title issues with respect to the Millidie Project.

Goldsworthy Joint Venture

Tenement [1]	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [3]	IG Interest (%)	EC ($)
E45/2285	G – 08/05/02	07/05/07	39.0	Revesco (100.00)	80.00	20,000
E45/2286	G – 08/05/02	07/05/07	41.0	Revesco (100.00)	80.00	20,000
E45/2380	G – 24/10/03	23/10/08	225.4	IG (100.00)	80.00	63,000
E45/2381	G – 24/10/03	23/10/08	225.4	IG (100.00)	80.00	63,000
ELA45/2537	A – 01/09/03	n/a	192.0	IG (100.00)	80.00	n/a
ELA45/2538	A – 01/09/03	n/a	224.0	IG (100.00)	80.00	n/a
ELA45/2539	A – 01/09/03	n/a	224.0	IG (100.00)	80.00	n/a
ELA45/2540	A – 01/09/03	n/a	224.0	IG (100.00)	80.00	n/a
Total - Goldsworthy Joint Venture			1,394.8			$166,000

1 Revesco refers to Revesco Group Limited.

2 Independence Group NL has the right to earn up to an 80% interest in the tenement by free carrying Revesco until completion of a pre-feasibility study.

Musgrave Joint Venture

Tenement [1,8]	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [1]	IG Interest (%)	EC ($)
SA tenements						
EL2910 [2]	G – 02/04/02	01/04/07	1,673.0	Goldsearch (100.00)	Earning 51.00	190,000
EL3031 [3]	G – 17/10/02	17/10/07	469.0	Goldsearch (100.00)	Earning 51.00	75,000
ELA198/96	A – 16/05/96	n/a	714.0	Goldsearch (100.00) [4]	Earning 51.00	n/a
ELA260/96	A – 20/06/96	n/a	519.0	Goldsearch (100.00) [4]	Earning 51.00	n/a
ELA262/96	A – 20/06/96	n/a	463.0	Goldsearch (100.00) [4]	Earning 51.00	n/a
ELA336/96	A - 02/08/96	n/a	653.0	Miltonpak Pty Limited (100.00)	Earning 51.00	n/a
ELA337/96	A - 02/08/96	n/a	1,854.0	Miltonpak Pty Limited (100.00)	Earning 51.00	n/a
ELA338/96	A - 02/08/96	n/a	620.0	Miltonpak Pty Limited (100.00)	Earning 51.00	n/a
ELA339/96	A - 02/08/96	n/a	1,301.0	Miltonpak Pty Limited (100.00)	Earning 51.00	n/a
ELA340/96	A - 02/08/96	n/a	2,198.0	Goldsearch (100.00)	Earning 51.00	n/a
ELA341/96	A - 02/08/96	n/a	1,230.0	Goldsearch (100.00)	Earning 51.00	n/a
ELA342/96	A - 02/08/96	n/a	2,136.0	Goldsearch (100.00)	Earning 51.00	n/a
ELA343/96	A - 02/08/96	n/a	1,906.0	Goldsearch (100.00)	Earning 51.00	n/a
ELA534/96	A - 05/11/96	n/a	1,783.0	Caytale Pty Limited (100.00)	Earning 51.00	n/a
ELA35/99	A - 22/03/99	n/a	692.0	Goldsearch (100.00)	Earning 51.00	n/a
Sub-total			18,211.0			$265,000

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [3]	IG Interest (%)	EC ($)
NT tenements						
EL5701	G – 17/02/04	26/02/10	1,559.0	AL (100.00) [6]	Earning 38.25	50,000
EL5703	G – 17/02/04	26/02/10	1,559.0	AL (100.00) [6]	Earning 38.25	50,000
EL9407 [5]	G - 13/12/01	12/12/07	1,225.0	Chiljill Pty Limited (100.00)	Earning 51.00	35,000
ELA23783 [7]	A – 24/08/87	n/a	19.3	AL (100.00) [6]	Earning 38.25	n/a
ELA23785 [7]	A – 24/08/87	n/a	386.4	AL (100.00) [6]	Earning 38.25	n/a
ELA23786 [7]	A – 24/08/87	n/a	1,181.7	AL (100.00) [6]	Earning 38.25	n/a
Sub-total			5,930.4			$135,000
Total - Musgrave Joint Venture			24,141.4			$400,000

1 Goldsearch refers to Goldsearch Limited; A refers to James Allender, H refers to Anthony Hosking and L refers to Anthony Le Brun (in combinations thereof).
2 Formerly EL2245.
3 Formerly EL2435.
4 Goldsearch now hold a 100% interest in the tenement following confirmation from Primary Industries and Resources SA that Tjuiangnu Pty Ltd has been removed from the application.
5 Caveats have been lodged by IG and AL against granted tenement EL9407.
6 AHL's interests in the tenement are in equal proportions. Goldsearch has entered into a Farm-in and Joint Venture Agreement with AHL, dated 8 April 1998, to acquire up to a 75% interest in the tenement.
7 These tenements are re-pegged partial areas of EL5701 & 5703 and have been vetoed until 02/01/08.
8 Independence can earn a 51% interest in the relative interest of Goldsearch by keeping the tenements in good standing for at least two years and by spending $2 million on exploration over an unlimited period.

Tropicana East Joint Venture

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [1]	IG Interest (%)	EC ($)
E39/951	G - 21/08/02	20/08/07	209.5	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	63,000
E39/952	G - 21/08/02	20/08/07	209.6	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	61,200
E39/954	G - 21/08/02	20/08/07	209.9	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	63,000
E39/956	G - 21/08/02	20/08/07	225.4	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	63,000
ELA39/1008	A – 01/05/03	n/a	209.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1009	A – 01/05/03	n/a	209.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1010	A – 01/05/03	n/a	209.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1037	A – 28/07/03	n/a	159.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1038	A – 28/07/03	n/a	210.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1040	A – 28/07/03	n/a	210.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1041	A – 28/07/03	n/a	210.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1042	A – 28/07/03	n/a	129.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1043	A – 28/07/03	n/a	153.0	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA39/1044	A – 31/07/03	n/a	6.1	Southstar (25.00) & IG (75.00) [2]	Diluting to 30.0	n/a
ELA28/1354	A – 04/07/03	n/a	206.8	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1355	A – 04/07/03	n/a	159.3	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1356	A – 04/07/03	n/a	206.3	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1357	A – 04/07/03	n/a	206.1	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1358	A – 04/07/03	n/a	206.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1359	A – 04/07/03	n/a	205.8	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1360	A – 04/07/03	n/a	205.7	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1361	A – 04/07/03	n/a	205.5	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1362	A – 04/07/03	n/a	187.8	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1363	A – 04/07/03	n/a	206.8	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1364	A – 04/07/03	n/a	206.8	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1365	A – 04/07/03	n/a	207.4	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1366	A – 04/07/03	n/a	207.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1367	A – 04/07/03	n/a	207.7	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1369	A – 04/07/03	n/a	207.6	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1370	A – 04/07/03	n/a	207.4	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1371	A – 04/07/03	n/a	207.1	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1372	A – 04/07/03	n/a	207.6	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1373	A – 04/07/03	n/a	207.3	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [1]	IG Interest (%)	EC ($)
ELA28/1374	A – 04/07/03	n/a	207.1	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA28/1502	A – 13/08/04	n/a	207.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA38/1588	A – 15/05/03	n/a	209.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
E39/1012	G – 18/05/04	17/05/09	209.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	63,000
E39/1013	G – 18/05/04	17/05/09	209.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	63,000
ELA39/1016	A – 16/06/03	n/a	3.2	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA39/1028	A – 04/07/03	n/a	208.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA39/1029	A – 04/07/03	n/a	208.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA39/1030	A – 04/07/03	n/a	89.2	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
ELA39/1097	A – 30/06/04	n/a	207.0	AngloGold Australia Limited (100.00) [3]	Diluting to 30.0	n/a
Total - Tropicana East Joint Venture			8,177.0			$376,200
Mt Ross Joint Venture [4]						
E37/785	A – 26/03/04	n/a	25.4	IG (100.00)	100.0	n/a
P37/6682	A – 29/03/04	n/a	1.8	IG (100.00)	100.0	n/a
P37/6683	A – 29/03/04	n/a	1.8	IG (100.00)	100.0	n/a
P37/6684	A – 29/03/04	n/a	1.8	IG (100.00)	100.0	n/a
Total – Mt Ross Joint Venture			30.8			n/a
Poison Hills Joint Venture [4]						
E51/1083	A – 17/08/04	n/a	142.7	IG (100.00)	100.0	n/a
Total – Poison Hills Joint Venture			142.7			n/a
Mt Tate Joint Venture [5]						
E53/1040	A – 28/03/02	n/a	38.0	Cullen (100.00)	Earning 70% Ni	n/a
P53/1154	A – 28/03/02	n/a	1.8	Cullen (100.00)	Earning 70% Ni	n/a
E53/1096	A – 11/07/03	n/a	60.2	Cullen (100.00)	Earning 70% Ni	n/a
Total – Mt Tate Joint Venture			100.0			n/a
Irwin Bore Joint Venture [5]						
E53/403	G – 09/11/92	08/11/07	34.9	Cullen (90.00)& Revesco (10.0)	Earning 65% Ni	20,000
M53/494	A – 11/07/96	n/a	10.0	Cullen (90.00)& Revesco (10.0)	Earning 65% Ni	n/a
M53/495	A – 11/07/96	n/a	9.8	Cullen (90.00)& Revesco (10.0)	Earning 65% Ni	n/a
M53/713	A – 29/10/97	n/a	9.2	Cullen (90.00)& Revesco (10.0)	Earning 65% Ni	n/a
M53/878	A – 17/11/99	n/a	3.1	Revesco (100.0)	Earning 65% Ni	n/a
E53/981	A – 20/04/01	n/a	101.4	Revesco (100.0)	Earning 65% Ni	n/a
E53/925	A – 02/06/00	n/a	22.2	Revesco (100.0)	Earning 65% Ni	n/a
Total – Irwin Bore Joint Venture			190.6			20,000

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Tenement	Grant or Application Date	Expiry Date	Area (sq km)	Registered Holder or Applicant (%) [3]	IG Interest (%)	EC ($)
Duketon Joint Venture [6]						
E38/1043	G – 30/01/98	29/01/08	3.2	Wedgetail Exploration NL (100.00)	Earning 70% Ni	n/a
E38/1471	G – 28/07/03	27/07/08	222.0	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1502	G – 23/06/04	22/06/09	60.2	South Boulder (100.00)	Earning 70% Ni	n/a
L38/33	G – 20/12/89	19/12/10	0.0	Sub-Sahara Resources NL (100.00)	Earning 70% Ni	n/a
M38/330	G – 27/11/91	26/11/12	1.5	Wedgetail Exploration NL (100.00)	Earning 70% Ni	n/a
M38/331	G – 01/10/91	30/09/12	9.7	Sub-Sahara Resources NL (100.00)	Earning 70% Ni	n/a
P38/3093	G – 30/05/03	29/05/07	0.6	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1485	A – 28/02/02	n/a	222.0	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1499	A – 16/05/02	n/a	47.6	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1511	A – 02/07/02	n/a	142.7	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1519	A – 23/08/02	n/a	12.7	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1522	A – 23/08/02	n/a	79.3	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1532	A – 19/11/02	n/a	222.0	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1533	A – 19/11/02	n/a	120.5	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1535	A – 26/11/02	n/a	145.8	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1537	A – 03/12/02	n/a	177.5	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1548	A – 17/02/03	n/a	6.3	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1549	A – 04/03/03	n/a	15.9	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1564	A – 04/03/03	n/a	130.0	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1594	A – 12/06/03	n/a	6.3	Essfor Pty Ltd (100.00)	Earning 70% Ni	n/a
E38/1602	A – 30/06/03	n/a	9.5	South Boulder (100.00)	Earning 70% Ni	n/a
E38/1614	A – 08/08/03	n/a	31.7	South Boulder (100.00)	Earning 70% Ni	n/a
M38/874	A – 10/10/00	n/a	4.2	Wedgetail Exploration NL (100.00)	Earning 70% Ni	n/a
M38/950	A – 24/01/03	n/a	2.6	Wedgetail Exploration NL (100.00)	Earning 70% Ni	n/a
P38/3160	A – 08/05/03	n/a	1.2	Essfor Pty Ltd (100.00)	Earning 70% Ni	n/a
P38/3161	A – 08/05/03	n/a	0.9	Essfor Pty Ltd (100.00)	Earning 70% Ni	n/a
P38/3162	A – 08/05/03	n/a	1.6	Essfor Pty Ltd (100.00)	Earning 70% Ni	n/a
P38/3163	A – 08/05/03	n/a	0.0	Essfor Pty Ltd (100.00)	Earning 70% Ni	n/a
P38/3164	A – 08/05/03	n/a	1.8	Essfor Pty Ltd (100.00)	Earning 70% Ni	n/a
P38/3218	A – 24/03/04	n/a	2.0	South Boulder (100.00)	Earning 70% Ni	n/a
P38/3219	A – 24/03/04	n/a	1.3	South Boulder (100.00)	Earning 70% Ni	n/a
P38/3220	A – 24/03/04	n/a	2.0	South Boulder (100.00)	Earning 70% Ni	n/a
Total – Duketon Joint Venture			1,684.6			n/a
Total - Joint Venture Projects			36,542.1			1,191,400

1 Southstar refers to Southstar Diamonds Limited.

2 IG and Southstar are dual applicants in the tenements. AngloGold Australia Limited has the right to earn up to a 70% interest in the tenements by spending up to $2 million from the date the last tenement is granted, subject to certain conditions.

3 AngloGold Australia Limited is the applicant of the tenement. This tenement is subject to a signed amendment to the Tropicana East Joint Venture Agreement whereby the interest in the tenements is subject to the same conditions as those held in the name of Southstar and IG.

4 This tenement is subject to a signed agreement with De Beers Australia Exploration Ltd ("DBAE"). DBAE is entitled to acquire a 70% interest in a tenement where annual sales of diamonds is likely to be in excess of AU$50 million or where a deposit of other minerals has an in situ value of over AU$1 billion.

5 This tenement is subject to a signed agreement with Cullen Resources Limited and IG is earning an interest in the nickel rights only.

6 This tenement is subject to a signed agreement with South Boulder Mines Limited and IG is earning an interest in the nickel rights only.

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