



INDEPENDENCE GOLD NL  
ABN 46 092 786 304

## QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2002

### HIGHLIGHTS

#### LONG NICKEL MINE

- Mining commenced on 24 October 2002, five weeks after purchase from WMC Resources Ltd.
- The Long Nickel Mine was officially re-opened by MLA for Eyre Mr John Bowler on 14 November 2002.
- A total of 15,990 dry tonnes ore averaging 4.02% Ni (Independence Gold NL's share: 382.86 Ni tonnes) produced during the quarter from Long.
- 34% of Ni contained tonnes produced from blocks outside feasibility ore inventory.
- The mine produced \$1.4 million operating cash surplus.
- Exploration drill intercepts of 7.1m @ 12.1% Ni (true width = 5.1m) and 4.7m @ 9.3% Ni (true width = 2.1m) intercepts extended Gibb South resource by 50m in strike length.

#### EXPLORATION

- Encouraging results reported by farminee AngloGold Australia Limited from 1000m x 200m vertical geochemical drilling (9m @ 1.04g/t and 4m @ 1.34g/t gold) suggests the Tropicana Project area could represent a new Western Australian gold province.

### CORPORATE

- Agreement was reached with Perilya Limited to purchase the remaining 12.5% of the WMC Diamond Division non-diamond geochemical database. Agreement to be finalised during March 2003 quarter.
- The 2002 Annual Report was completed and forwarded to shareholders.
- The 2002 Annual General Meeting was held on 19 November 2002 and was well attended by media and shareholders. All resolutions from the Notice of Meeting were passed at the meeting.
- Mr John Christie was appointed as a non-executive director on 21 October 2002.

### CASH AND DEBT

The Company drew down the \$3 million working capital facility provided by BankWest during the quarter.

The Company invested \$0.3 million in exploration during the quarter, in addition to expenditure at the Long Nickel Mine.

The Long operation contributed a cash surplus of \$1.25 million for the quarter (budget \$0.9 million).

The Company placed a cash bond of \$0.1 million over hire-purchase arrangements during the quarter. There is now \$1 million on deposit as security over mining equipment hire-purchase and leasing arrangements, with a total value of \$4.9 million. These deposits are not included in the Company's cash position as they are not accessible in the short term.

The Company had cash reserves of \$2.8 million at the end of the quarter (\$1.8 million September quarter). Nickel revenue accrued but not yet received (\$2.4 million) is not included in cash reserves.

**Cash reserves are also conservatively valued, as proceeds from nickel delivered have been valued at A\$12,642/tonne, whereas proceeds received will be adjusted to the average market price prevailing in the third month after delivery.** This price is expected to be considerably higher based on market expectations.



## MINING OPERATION

### LONG NICKEL MINE

IGO 100%

- TARGETS: I) SAFELY PRODUCING \$60 MILLION NET CASH FLOW AFTER DEBT REPAYMENT AND TAX OVER 5 YEARS
- II) DOUBLING CURRENT MINING RESERVES TO +50,000 TONNES NICKEL METAL

Independence Gold NL's wholly owned subsidiary Lightning Nickel Pty Ltd purchased the Long Nickel Mine from WMC Resources Ltd on 17 September 2002 and commenced production on 24 October 2002.

### PRODUCTION

The ramp-up to an annualised production rate of 150,000 ore tonnes at 3.6% Ni is in progress. The first ore was delivered in the last week of October. Total December quarter production was 15,990 tonnes @ 4.02% Ni. The grade improvement was due to a combination of factors, some of which related to the vagaries of the Long ore body. However the focus on 'minimum mining widths' (with a consequent reduction in dilution) is making a significant contribution.

'Longhole' mining methods (which will allow for increased tonnages of ore) have yet to play a significant part in the production profile with only 39% of the quarter's production attributed to this technique. The long term strategy for the mine anticipates up to 80% of production being derived from this cheaper method of extraction.

The December quarter cashflow and profit results have exceeded budget estimates. Production costs are shown in Table 1.

### SAFETY

No Lost Time Injuries or Medically Treatable Accidents have occurred at the mine.

### EMPLOYEES

The Company's operation is now fully staffed with a very experienced workforce comprising 62 full-time employees and 4 contractors.

### DEVELOPMENT

- Gibb South  
 Development has commenced to access the Gibb South nickel resource (4,022 Ni tonnes). Ore to be mined from this position adds to mine life as it was not included in the previously published feasibility mining inventory of 746,000 Ni tonnes @ 3.6% Ni for 26,791 Ni tonnes. Recent intersections (see Figure 1) will also add to the current Gibb South nickel resource.

- Victor South  
 Development to access the high-grade Victor South resource (11,554 Ni tonnes) is planned to commence after the completion of a mine design and geotechnical feasibility study which is currently in progress.

### EXPLORATION

- Drilling  
 Three holes were completed during the quarter testing for additional ore south of the Gibb South deposit. High-grade nickel mineralisation was intersected in hole GSU 5-10A, 7.1m @ 12.1% Ni (true width = 5.1m). GSU 5-11A intersected 4.7m @ 9.3% Ni (true width = 2.1m) 10m west of the GSU 5-10 intercept (Figures 1 & 2). The third hole encountered a porphyry intrusive in the target position.

The drill intercepts have extended the Gibb South resource by at least 50m in a southerly (strike) direction. This resource, contained within the Victor-Gibb lava channel, remains open to the south. These intercepts confirm that additional nickel sulphide mineralisation can occur in the two lava channels within the mine, extending the existing resource outline. Drilling is continuing.

- Geophysics  
 Surface EM geophysical prospecting commenced late in the quarter to test a number of prospective positions, including the upper Victor-Gibb lava channel. Results are yet to be received.

Preliminary electromagnetic noise measurements for planning the installation of an underground EM loop configuration have been completed and work is currently underway on the design and layout of the permanent loop.

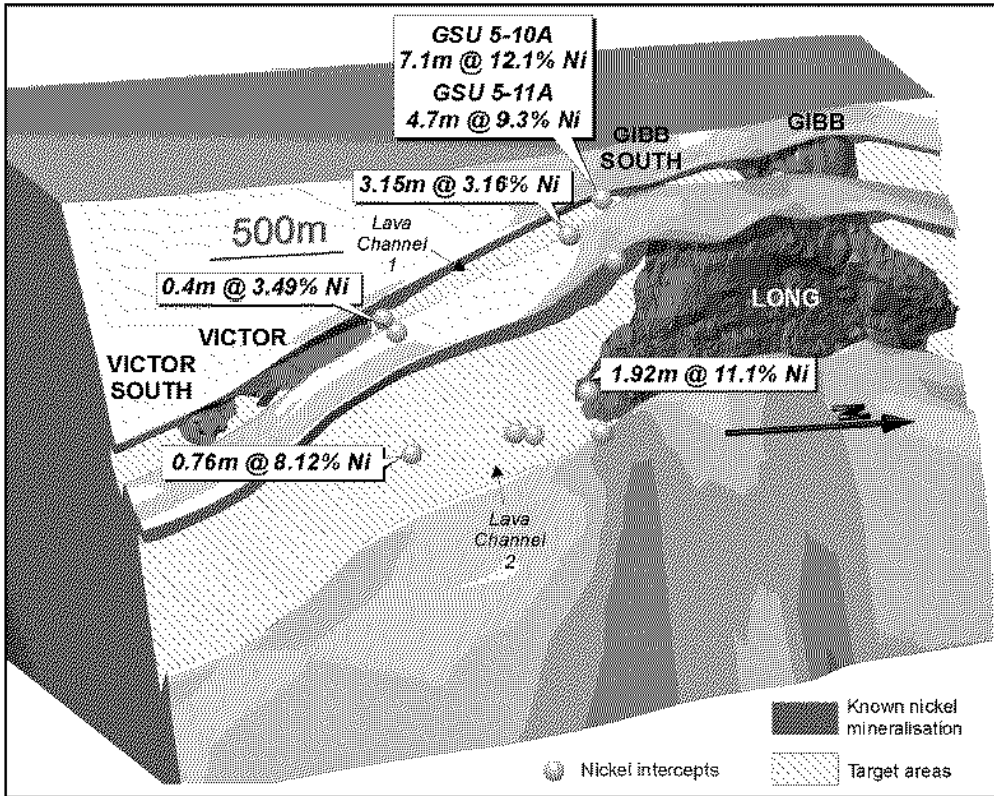
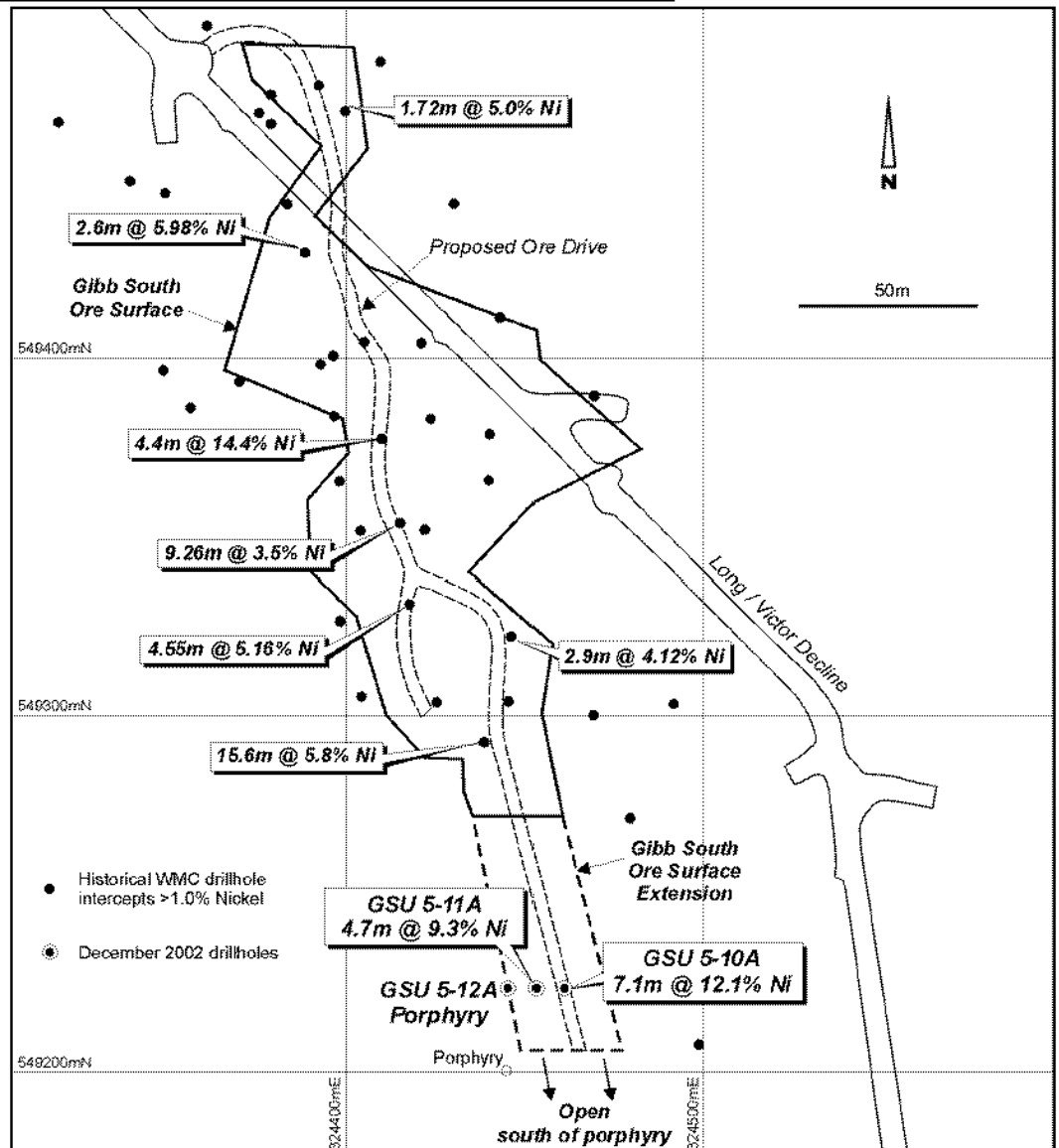


FIGURE 1:  
 LONG NICKEL MINE  
 BLOCK MODEL LOOKING WEST  
 SHOWING NEW GIBB SOUTH  
 INTERCEPTS, KNOWN NICKEL  
 MINERALISATION, SIGNIFICANT  
 INTERCEPTS AND TARGET ZONES

FIGURE 2:  
 LONG NICKEL MINE  
 GIBB SOUTH PLAN  
 SHOWING LOCATION OF NEW  
 INTERSECTIONS SOUTH OF THE  
 GIBB SOUTH NICKEL RESOURCE,  
 EXISTING ORE SURFACE AND  
 PROPOSED ORE DRIVE





**TABLE 1: LONG NICKEL MINE PRODUCTION SUMMARY**

		December '02 Quarter	2002/03 FY to Date	December '01 Prev. Quarter
<b>Mining Inventory/Reserve (Wet Tonnes)</b>				
Start of Period	(t)	746,345	746,345	n/a
- ROM Production from Reserves	(t)^	(10,674)	(10,674)	n/a
+/- Reserve Addition/(Subtraction)	(t)	-	-	n/a
End of Period	(t)	735,671	735,671	n/a
<b>Production Details:</b>				
Ore Mined (Dry Tonnes)	(t)^	15,990	15,990	n/a
<b>Ore Milled (Dry Tonnes)</b>				
Nickel Grade (Head)	(Ni%)	4.02	4.02	n/a
Copper Grade (Head)	(Cu%)	0.29	0.29	n/a
<b>Concentrate Production</b>				
Nickel in Concentrate	(t) (1)	643.24	643.24	n/a
Copper in Concentrate	(t) (1)	46.80	46.80	n/a
<b>Metal Payable IGO share</b>				
Nickel	(t)	382.86	382.86	n/a
Copper	(t)	18.95	18.95	n/a
<b>Average Spot Price for period</b>				
Nickel LME Official Close	US\$/t	7,095	6,969	5,039
<b>Hedging</b>				
Tonnes delivered into Hedge	T	0	0	n/a
Average Price	A\$/t			n/a

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

<b>Revenue/Cost Summary</b>		<b>A\$'000's</b>		
Sales Revenue (incl.hedging)	2	4,872	4,872	n/a
Cash Mining/Development Costs		(2,466)	(2,466)	n/a
Other Cash Costs	3	(983)	(983)	n/a
Depreciation/Amortisation		(815)	(815)	n/a
<b>Total Unit Cost Summary</b>		<b>A\$/lb Total Metal Produced</b>		
Cash Mining/Development Costs		1.74	1.74	n/a
Other Cash Costs		0.69	0.69	n/a
Depreciation/Amortisation		0.57	0.57	n/a
<b>Revenue/Cost Summary</b>		<b>A\$/lb Payable Metal</b>		
Sales Revenue (incl.hedging)		5.74	5.74	n/a
Cash Mining/Development Costs		2.92	2.92	n/a
Other Cash Costs		1.16	1.16	n/a
Depreciation/Amortisation		0.96	0.96	n/a

Note 2. Revenue is conservatively valued at AUD12,642/tonne. Proceeds actually received are likely to be higher based on current market expectations of the nickel price and AUD/USD exchange rate.  
 Note 3. Other Cash Costs include milling, royalties and site administration.

<b>Safety and Productivity</b>				
- Lost Time IFR		-	-	n/a
- Medically Treated IFR		-	-	n/a
- Nickel Productivity Rate		52.31	52.31	n/a

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

<b>Development/Exploration Drilling</b>				
Development	metres	269	269	n/a
Production		-	-	n/a
Exploration		847	847	n/a



## EXPLORATION

### SOUTHSTAR JOINT VENTURE PROJECTS

IGO CURRENT DIRECT INTEREST 12.5% AND EARNING AN ADDITIONAL 75%

Independence Gold NL and Perilya Limited have reached an agreement whereby Perilya Limited will sell its 12.5% interest in the non-diamond component of the Southstar Database to Independence Gold NL, for 350,000 ordinary Independence shares (both Perilya and Independence will retain their 50% interest in the diamond component). The agreement is expected to be finalised in the March 2003 quarter.

This will take the Company's total interest in the non-diamond component of the Southstar Database to 100%.

Gold projects already generated from the database include Benari, Castle Creek, Denison Range, Mt Isdell, Nambi, Onslow Peak, Tamarin and Tropicana West (Figure 3).

Analysis of samples and field evaluations continued during the quarter. The Company has also commenced evaluation of the nickel component of the database with the aim of locating new nickel deposits. WMC Resources retains the right of first

refusal to acquire an interest in any nickel discovery made using the database within a specified area.

### CASTLE CREEK PROJECT

SIPA (MANAGER) EARNING 60%

TARGET: HIGH GRADE OPEN CUT GOLD MINERALISATION

The Castle Creek Project is located 40km east-northeast of Halls Creek within the East Kimberley region of Western Australia.

Previous activity in the project area (excluding diamond sampling) was limited to tungsten-specific exploration, which defined a number of mineralised systems. WMC Resources' diamond exploration defined a significant gold-copper stream sediment anomaly (maximum gold value of 190ppb) over a 10km strike length. The source of this anomaly has yet to be defined and drill-tested.

Sipa-Gaia NL has completed a regional stream geochemical program (75 samples) covering base metal targets in the eastern portion of the exploration licence. Three low order base metal anomalies (up to 190ppm lead) were identified.

Geochemical sampling has yet to cover the main WMC Resources gold target, however, anomalous gold was returned from one stream sample (50ppb gold) confirming regional gold anomalism within the joint venture area approximately 15km south-southwest of the main target.

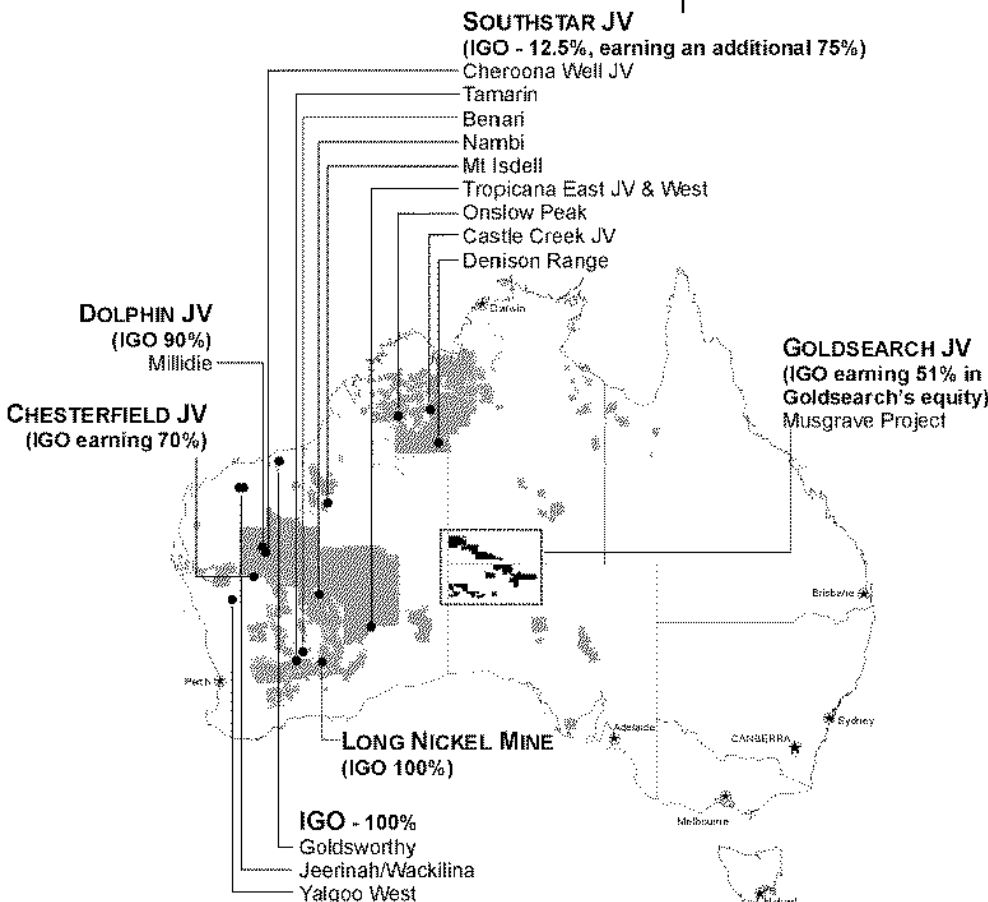


FIGURE 3:  
 INDEPENDENCE GOLD PROJECTS

⊗ SOUTHSTAR JV (IGO -12.5%,earning an additional 75%)  
 Regional Database Sample Points



**TROPICANA EAST PROJECT**  
**ANGLOGOLD (MANAGER) EARNING 70%**  
**TARGET: NEW GOLD CAMP**

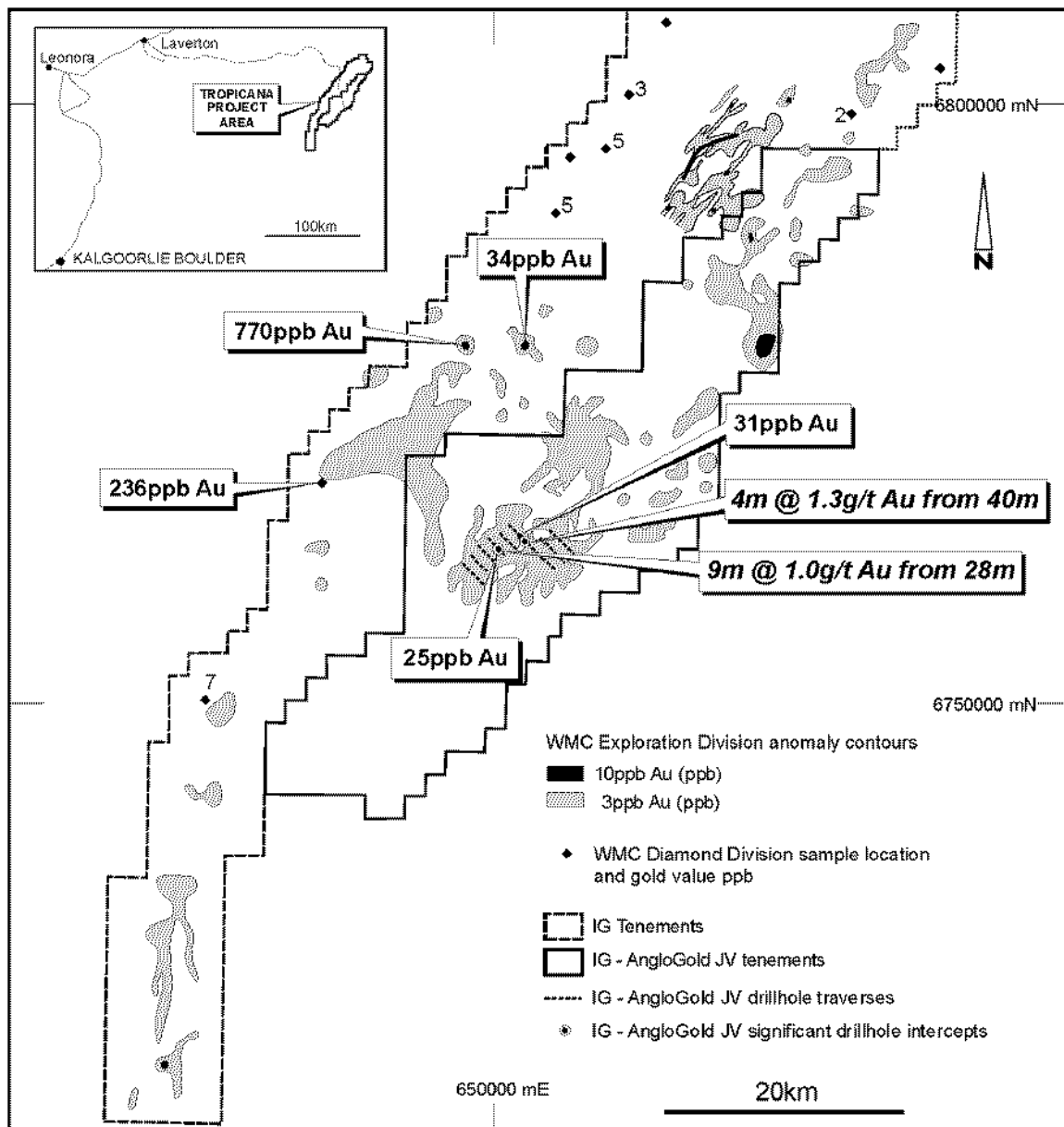
AngloGold Australia Limited can earn a 70% participating interest by spending \$2 million on the four tenements within eight years. AngloGold will sole fund all expenditure to the completion of a pre-feasibility study.

Exploration over the Joint Venture area, which contains undrilled gold anomalies generated by WMC Resources' nickel group, has commenced. Encouraging gold results were returned from first pass, wide-spaced (1000m x 200m) vertical aircore drilling to test previously defined surface gold anomalies. A total of 106 holes (3200m) tested a 7km strike length of high-grade gneissic and sheared granitic/granodioritic rocks. Significant mineralisation was intercepted in a number of holes at the saprolite – fresh rock interface beneath transported colluvium and gravels up to 15m thick.

Samples collected over 4m intervals were assayed for gold only with analytical results returning several encouraging intersections such as TPA0027 with 9m @ 1.04g/t gold. This hole ended in mineralisation at 37m. This mineralisation (interpreted to be supergene) occurs from 28m down hole in lower saprolite into fresh granodiorite at the base (Figure 4).

In addition, TPA0010 intersected 4m @ 1.34g/t gold from 41m (total depth of 47m), with mineralisation occurring along the saprolite-rock boundary within moderately sheared granodiorite.

Mineralised holes TPA0010 and TPA0027 occur along strike (interpreted from the geochemical anomaly), 2km apart from each other. Drill hole TPA0015 occurs on the intervening drill traverse between these mineralised holes, and returned 4m @ 0.2g/t from 17m.



**FIGURE 4: TROPICANA EAST & WEST PROJECT AREAS**  
**SHOWING SIGNIFICANT DRILL RESULTS AND GEOCHEMICAL ANOMALIES**



## **TROPICANA WEST PROJECT**

### **TARGET: NEW GOLD CAMP**

The Tropicana West Project tenements, located 230km east-southeast of Laverton in Western Australia within the Archaean Yilgarn Craton, are expected to be granted next quarter. WMC Resources' diamond exploration undertook bulk soil sampling that defined several single point gold anomalies ranging from 3ppb to 236ppb. Exploration by WMC Resources' nickel group returned elevated background gold in a number of areas, including a 10km long anomalous corridor overlying wind-blown cover peaking at 770ppb gold. None of these anomalies have been drill tested.

Given the encouraging gold drill results generated by AngloGold on the adjoining Tropicana East Joint Venture tenure, this project also represents an excellent target for a new gold camp discovery.

## **MT ISDELL PROJECT**

### **TARGET: VIRGIN PROTEROZOIC GOLD CAMP**

A review of all previous open file exploration data has been completed for the project (located approximately 50km south of the Telfer Gold Mine) which was pegged to cover a 12ppb gold anomaly generated from the Southstar Database.

Despite a significant amount of historical exploration focused on base metal exploration, it is believed the gold potential of the project area has not been fully assessed due to the extensive cover of transported aeolian material. Previous very widely spaced drill holes intercepted gold values up to 0.2 g/t. Work programs are currently being formulated for the 2003 field season to follow-up the regional gold anomaly and other targets.

## **TAMARIN PROJECT**

### **TARGET: VIRGIN ARCHAEOAN GOLD CAMP**

The Tamarin Project covers a cluster of anomalous samples returned from the Southstar Database 4km west of the Marvel Loch Gold Mining Centre and 30km southwest of Southern Cross. Follow-up work by Independence has outlined significant gold in soil anomalism (+20ppb gold contour) over a strike of at least 2.5km. Preliminary geophysics suggests the gold anomaly overlies cover close to a greenstone/granite contact.

Drilling to test the large geochemical gold anomaly is planned after ground disturbance compensation is negotiated.

## **WESTERN AUSTRALIA RECONNAISSANCE**

### **IGO 100%**

## **YALGOO WEST PROJECT**

### **TARGET: OPEN CUT GOLD MINERALISATION**

First pass vertical air core drilling (35 holes for 1406m) to test covered structural and magnetic targets at Yalgoo West was completed during the quarter. Weakly anomalous gold was intercepted in 200m spaced holes hosted by ultramafic rocks (up to 29ppb gold). Ultramafic rocks are important host rocks to high-grade gold mineralisation at a number of deposits in the Yalgoo region. Follow-up infill drilling is planned for the next quarter to test for economic gold mineralisation in the vicinity of the anomalous holes.

## **JEERINAH PROJECT**

### **TARGET: NEW GOLD CAMP**

Regional soil sampling (200 samples) on 800m x 200m and 400m x 100m grids continued during the quarter over the central core of the Jeerinah dome, following up highly anomalous stream sediment results (peak value of 73.1ppb gold). Results are awaited.

## **GOLDSWORTHY JOINT VENTURE**

### **IGO EARNING 80%**

### **TARGET: VIRGIN ARCHAEOAN GOLD CAMP**

Independence Gold NL signed a Joint Venture agreement covering two Exploration Licences contiguous with the existing Goldsworthy tenure during the quarter. Independence can earn 80% in all tenements by free-carrying Revesco Group Limited to pre-feasibility.

A recently completed review of all open file exploration data suggests that despite the area's high prospectivity only very limited previous exploration has been completed over the Archaean greenstone sequence.

Field work is expected to commence next quarter.



**GOLDSEARCH MUSGRAVE JOINT VENTURE**  
IGO EARNING 51% IN GOLDSEARCH'S EQUITY  
TARGET: WORLD CLASS COPPER-GOLD AND NICKEL  
DEPOSITS

Exploration access was granted to approximately 1765km<sup>2</sup> of tenure in the Northern Territory during the quarter. A preliminary helicopter assisted reconnaissance visit was completed during November. A total of 21 rock samples and 8 orientation geochemical samples were collected.

Rock samples were collected from a series of extensively developed quartz vein systems hosted by granite. This work was completed over an area of approximately 550km<sup>2</sup> where the bedrock is well exposed. The remainder of the area is poorly exposed with bedrock obscured by aeolian sand dune cover. The geology of the covered area consists of rift-sequence volcanics and sedimentary rocks considered to be more prospective than the exposed granite terrain. No significant assay results were returned from the scout rock chip sampling.

Orientation geochemical samples are currently being assessed to determine regolith and stream load characteristics in order to determine the most effective geochemical sampling methods for the area.

Regional geochemical sampling is scheduled for the June 2003 Quarter.

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**CHESTERFIELD JOINT VENTURE**  
IGO EARNING 70%

TARGET: +200,000 TONNES AT +10G/T OPEN CUT ORE

During the quarter the Company earned 51% equity in the project by the expenditure of \$500,000 since the commencement of the Joint Venture.

Although exploration to date has defined a number of small high-grade positions, potential for a large open cut gold reserve base is now considered lower than some of the Company's other projects.

Based on the Company's exploration philosophy, which is to focus on projects that can substantially increase the value of the Company, the board has decided to dispose of its interest in the Chesterfield project. Several prospective buyers have been approached for expressions of interest.

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**DOLPHIN JOINT VENTURE**  
IGO EARNING 90%

**DURAL SPRINGS & YANDIL PROJECTS**

Following disappointing results from initial reconnaissance samples at Yandil and Dural Springs, Independence Gold NL has elected to withdraw from the Joint Venture covering E53/955 and E51/958.

**INDEPENDENCE GOLD NL**

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

**CHRISTOPHER M. BONWICK**  
MANAGING DIRECTOR

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

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