



7 July 2004

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

NO. OF PAGES : (3)

SIGNIFICANT VICTOR SOUTH DRILL RESULTS AND JUNE QUARTER UPDATE

Victor South Resource Expansion Drill Results

Independence Group NL ("IGO") is pleased to announce a massive and matrix nickel sulphide intercept of 16.75m @ 9.4% Ni (true width 9.1m) southeast of the June 2003 Victor South resource model.

This intercept, situated on a basalt-ultramafic contact (Figure 1) is interpreted to represent the southern continuation of the high-grade Victor South Shoot 1 mineralisation and is open to the south and east. **All intercepts depicted in Figure 1 lie outside the June 2003 reserve blocks.**

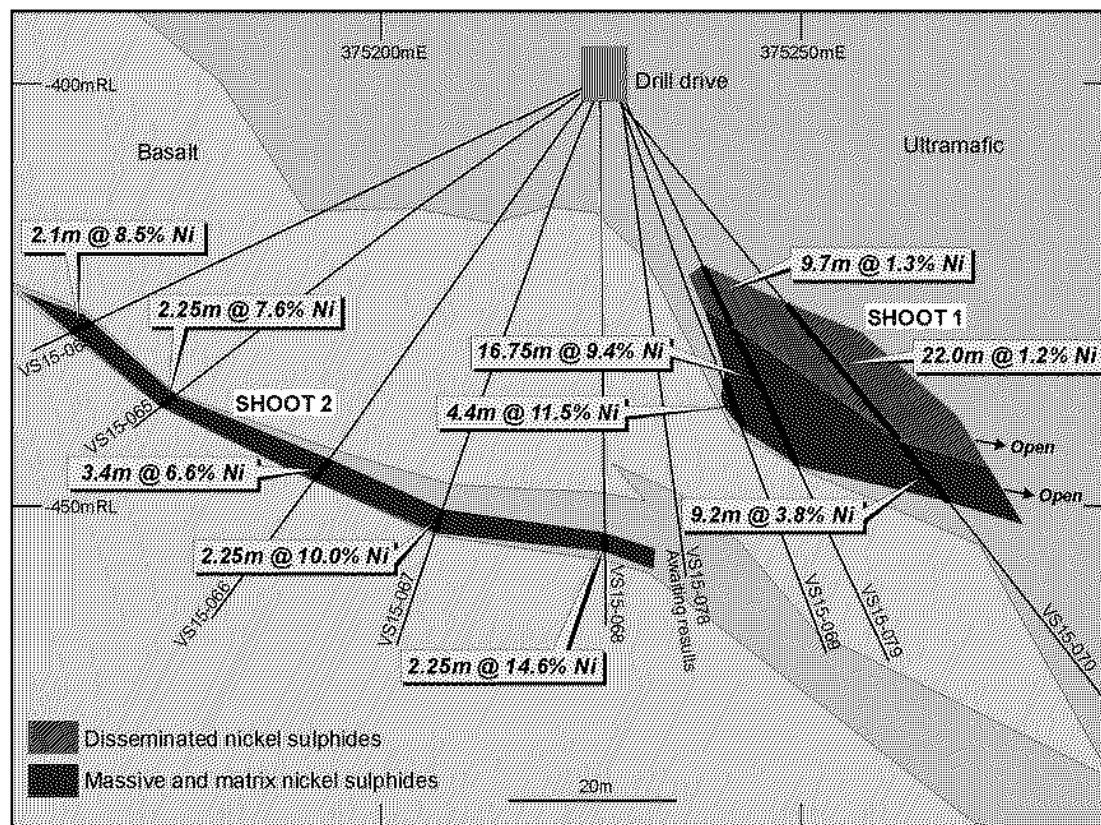


Figure 1 – Victor South 547,460N Cross Section

A number of other high-grade Shoot 2 intercepts have also been returned along the southern June 2003 resource boundary, indicating potential for further extensions to the south (Table 1). Both shoots are close to planned development ensuring this high grade ore can be mined with minimal additional development. Additional extension and infill intercepts will be released in the June quarterly report.



TABLE 1: VICTOR SOUTH – SIGNIFICANT NICKEL INTERCEPTS

Shoot	Hole No.	Northing (m)*	Easting (m)*	RL (m)	Azimuth (degr.)	Dip (degr.)	From (m)	To (m)	Width (m)	True Width (m)	Grade (Ni%)
	VS15-064	547470.5	375225.2	-400.0	245	-23.5	69.5	71.6	2.1	2.1	8.5
	VS15-065	547470.5	375225.2	-400.0	252	-34	64.15	66.5	2.35	2.0	7.6
	VS15-066	547472.3	375224.8	-400.7	241	-51	56.7	60.1	3.4	3.4	6.6
	VS15-067	547472.2	375224.8	-400.7	228	-64	55.45	57.7	2.25	2.3	10.0
	VS15-068	547470.8	375226.0	-400.7	179	-71.5	55.4	57.65	2.25	2.3	14.6
	VS15-069	547471.6	375227.9	-400.7	135	-63	40.6	45.0	4.4	?	11.5
	VS15-070	547470.5	375227.6	-400.9	113	-49	33.3	55.3	22.0	7.4	1.2
							55.3	64.5	9.2	4.0	3.8
	VS15-079	547472.4	375228.5	-400.8	106	-64	23.2	32.9	9.7	5.6	1.3
							32.9	49.65	16.75	9.1	9.4

(These intersections have been calculated using the specific gravity weighting method).

** KNO local grid*

June Quarter Profit Adjustment

Due to the offtake agreement the company holds with WMC Resources Ltd, sales for any given month are required to be estimated.

This is due to the lag-time between delivery of ore and setting of the price to be received, which is based on the average LME price prevailing in the third month after the month of delivery. An example of the time difference is illustrated below:-

Month of Delivery	Average LME Price Received
January	April
February	May
March	June

The company is also required to estimate the USD/AUD exchange rate when calculating sales for any given month, as payment for nickel delivered is received in US dollars.

Therefore, when calculating the quarter's cash flow and profits, revenue which will be received based on future nickel prices is estimated using the most up-to-date price information available prior to the release of the quarterly report. The receivables figure shown represents the estimated final USD nickel payment converted to AUD, also at an estimated exchange rate.

If the equivalent AUD nickel price increases in the third month after delivery, the company receives more revenue than estimated. If the AUD nickel price falls, the company receives less.

The March quarter receivables of \$14.5 million were estimated on this basis. Due to the rapid fall in LME nickel prices experienced during April and May, the actual price received for unhedged nickel has been much lower and has resulted in a variance between the estimated and actual sales for the March quarter of approximately AUD 3.5 million.

The effect of the reduced payment will be reflected in the June quarter's cash flow and profit figures.

June Quarter Production Update

The Long nickel mine June quarter head grade will be in line with budget (40,000t @ 3.3% Ni). The head grade is lower than the previous 3 quarters due to a 60% tonnage increase in long-hole ore production compared to the last three quarters. Long-hole ore is typically lower grade than ore produced by flat-backing and hand-held mining methods due to higher dilution.



The increased percentage of long-hole pillar ore is due to many high grade flat back and hand held stopes being offline during the quarter, as development has been taking place in preparation for mining these high grade blocks in 2004/5.

Despite being in line with budget, the effect of reduced grades and the adjustment to estimated March quarter sales will impact negatively on the June quarter profit and cash flow results, with profit for the quarter expected to be significantly less than in the previous two quarters.

September Quarter Production Preview

Most of the mine's high grade blocks are now back on line and September quarter grades are expected to increase to 4.0% Ni, which will also reflect the contribution to production of high grade ore from new stopes in Victor South.

Rising nickel prices are also expected to impact favourably on the September quarter's cash flow.

Dividend Policy

The company has received numerous queries from shareholders with regard to the payment of dividends. The directors are awaiting the updated Resource/Reserve Statement and Life of Mine Plan which are expected to be completed prior to the release of the 2004 Annual Report before considering any change to the company's dividend policy.

INDEPENDENCE GROUP NL

CHRISTOPHER BONWICK
Managing Director

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