



21 September 2004

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

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**LONG NICKEL MINE JUNE 2004  
 RESOURCE AND RESERVES STATEMENT**

- **Long Nickel Mine reserves upgraded to 1,185,000t at 4.1% nickel for 48,300t nickel**
- **136% increase in nickel metal reserves after taking 2003/4 production into account**

Independence Group NL is pleased to announce a significant increase in JORC compliant nickel reserves at the Kambalda nickel operation.

Since mining commenced in October 2002, the Company has mined over 10,000 tonnes of nickel metal and has increased mine life to at least 2009, at an expanded production rate of 222,000t at 4.0% Ni (8,900 nickel tonnes per annum).

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

**Resource Estimation**

Resource estimation methodology is detailed in Appendix I.

**Reserve Estimation**

The reserve was estimated using stoping wire frames overlaid on resource block models.

Reserve estimation parameters are as follows:

- Nickel metal price - AUS \$15,700t Ni (in-house estimate)
- Grade cut-off - 2.5% Ni lower cut
- This cut-off has been used as an average for a combination of stoping methods and includes all operating costs and expected nickel recoveries.

	<b>Extraction</b>	<b>Dilution</b>
Extractions and dilution factors:		
Long hole stopes	95%	25%
Flat back stope	100%	5%
Room and pillar stopes	80%	5%

- Geotechnical loss - 1.3% applied to all reserve blocks.
- Method - Stopes were designed in 3 dimensions using the above inputs and resource block models. Final reserves were estimated after the subtraction of porphyry, unextractable X-Pillars and mining depletion.

Undiluted resources as at 30 June 2004 are as follows:

**Long Nickel Mine - Resources - 1% Nickel Cut-off<sup>1</sup>**

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

Diluted reserves as at 30 June 2004 are as follows:

**Long Nickel Mine - Reserves<sup>1</sup>**

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

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> Nickel tonnes have been rounded to the nearest 100 tonnes.  
Ore tonnes have been rounded to the nearest 1000 tonnes.

### Reserve Increase

The increase in reserves is due to the following factors:

- Conversion of significant quantities of Lower Long 12-16 Level X-Pillars previously determined by WMC to be non-recoverable. X-Pillars have only been converted to reserve where Lightning Nickel has established a viable mining method.
- A detailed evaluation of Upper Long 7-11 Level X-Pillars has identified significant areas that can be recovered by air-leg mining. Upper Long was not evaluated in detail for the June 30 2003 Resources and Reserves.
- Conversions of significant quantities of Victor South resources into the reserve.
- Additional drilling and interpretation has resulted in some grade and volume increases in previously known surfaces.
- Additional drilling and interpretation has identified several small additional mineralised surfaces.
- Re-interpretation of porphyries has in some cases resulted in an increase in available mineralisation previously thought to be displaced by porphyry.

### Reserves Broken Down by Mining Method

June 2004 Reserves broken down into mining method are as follows:

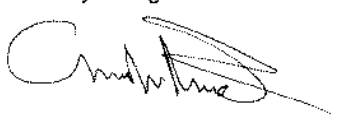
Mining Method	Ni Tonnes
Mechanised flat back	6,300
Mechanised Long hole	28,600
Mechanised room and pillar	2,500
Air leg	8,000
Development	<u>2,900</u>
<b>TOTAL</b>	<b><u>48,300</u></b>

### Competent Persons

The resource and reserve estimations were undertaken by Long Nickel Mine employees and consultants from Cube Consulting Pty Ltd (ore resource consultants) and BFP Consultants Pty Ltd (mine engineering consultants). Ted Coupland and Rick Adams from Cube and Gary Davison from BFP, who are Competent Persons as defined in the "Australasian Code for Reporting of Mineral Resources and Ore Reserves", checked and respectively signed off on the resources and reserves and consented to their release.

### Dividends

Independence Group NL is focused on enhancing shareholder value and believes paying sustainable franked dividends is one way of achieving this aim. A new life of mine plan is currently being estimated based on the June 2004 reserve estimation.



Christopher Bonwick  
Managing Director

**Long June 2004 Resource Estimation Parameters**

The resource was estimated using 2D and 3D metal accumulation of grade, thickness and density interpolated by kriging.

**Data**

The following geological information and data were incorporated into the estimation process:

- Drill hole data
- Ore and porphyry locations defined by underground mapping and drilling
- Survey pick up of mining depletion boundaries
- X-Pillar outlines

**Cut-offs, Modelling Technique and Cell Size**

	Long	Victor South	Gibb South
Lower cut offs	1.0% Ni	0.6% Ni	1.0% Ni
Modelling technique	2D longitudinal kriging	01, 04 Surfaces – 3D ordinary block kriging 02 Surface – horizontal 2D planer kriging.	Horizontal 2D planer kriging
Parent cells	10mN x 8m RL	10mN x 4mE x 4mRL	10mN x 5mE x 1mRL
Block discretisation points	5 x 5 points in the longitudinal plane	3D interpolation - 4 x 5 x 2 (XYZ) 2D interpolation - 5 x 5 x 1 (XYZ)	2D interpolation - 2 x 5 x 1 (XYZ)

**Mining Depletion, Pillars and Porphyry Intrusives**

- Mining depletion - Depletion areas were stamped into each mineralised surface using 2D string outlines.
- X-Pillar (non-recoverable) - X-Pillar wire frames were stamped into each mineralised surface using 2D string outlines.
- Porphyry Intrusives - Porphyry intrusion wire frames (0.01% Ni, 2.7t/m<sup>3</sup>) were used to stamp a porphyry code into the Long shaft and Gibb South block models, and constrained within the Victor South 3D model.