6 December 2004

Olinda Gomes
Titles Officer
Northern Territory
Dept of Business, Industry & Resources Development
Titles Division
GPO Box 3000
DARWIN NT 0801

Dear Ms Gomes,

FINAL REPORT – EXPLORATION LICENCE 9407 (Chiljill Pty Limited)

The above exploration licence was surrendered on 15 November 2004.

As requested in your letter dated 17 November 2004, please find enclosed report prepared by Independence Group NL. Exploration did not involve ground disturbance, therefore no rehabilitation of the area was required.

If you have any queries relating to this matter please do not hesitate to contact me on the above number.

Yours sincerely,

John Percival
Director Operations
2004 Annual Technical Report
(Report Number EL9407/2004)

Musgrave Joint Venture
EL9407 East Bloods Range
November 2004

Heath Hellewell

[ ] Independence Gold NL
[ ] Goldsearch Limited
[ ] NTDBIRD
Summary

During the year Independence Group NL on behalf of the Joint Venture with Goldsearch Limited conducted follow up geochemical programs over two target areas defined by previous regional geochemical sampling. This work identified a weak to moderate cobalt anomaly with weak copper and palladium (nickel, gold and platinum at background) in magnetic iron concentrate samples and a very weak gold signature in fine fraction soils (minus 75 microns). The anomaly covers approximately 2.5km x 1.5km and occurs at the western end of the small detachment zone in the central eastern part of the tenement.

Exploration expenditure for the current year of tenure is $55,310 excluding aboriginal compensation costs. The statutory expenditure commitment is $35,000.
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Digital Appendices

2004_Maglag.xls – Magnetic concentrate geochemical sample results.
2004_75um.xls – Minus 75 micron geochemical sample results.
Readme.txt – Leach and assay information.

List of Tables, Figures and Plans

Table 1. EL9407 Expenditure

Figure 1. Location Diagram

Figure 2. Regional Geology

Plan 1. EL9407 Maglag Cu Geochemistry

Plan 2. EL9407 Maglag Co Geochemistry
1 Introduction

Application for EL 9407 was made on 27th October 1995 and it was granted to Chijjil Pty Ltd, a 100% owned subsidiary of Goldsearch Limited, on December 13th 2001. Independence Gold NL is earning a 51% interest in EL9407 as part of a Joint Venture agreement signed on the 25th August 2000.

Independence is manager of exploration on behalf of the Joint Venture.

Upon granting of the tenement a comprehensive report detailing the proposed exploration program was lodged and sacred site clearance was undertaken. Notification of aboriginal heritage exclusion zones and access approval for exploration was received by the Joint Venture on 16th of October 2002.

2 Location

EL9407 is located approximately 75km east of Kaltukatjara and 120km west northwest of Yulara immediately north of the main road between Yulara and Kaltukatjara Figure 1. The lease covers a total area of 1225km²; with a total of 105km² excluded from exploration due to aboriginal cultural and heritage reasons.

3 Regional Geology

Exploration Licence EL9407 covers an area in the central northern part of the Musgrave Block. The Musgrave Block is a high-grade, Mid to Late Proterozoic metamorphic terrane (Figure 2). Basement gneisses of igneous and metasedimentary origin were intruded by mafic and ultramafic magmas of the Giles Complex at moderate to deep crustal levels and are now exposed in the southern half of the block. The Giles Complex represents the one of the largest layered mafic/ultramafic intrusive complexes in the world, and is probably associated with a major mantle thermal event beneath the crust that is now Central Australia.

Basement gneissic rocks were also intruded by several suites of granitic rocks derived from both partial melting of crustal material and in some cases fractionation of mantle melts. Several generations of mafic dyke swarms intrude the complex. A sequence of Middle Proterozoic felsic to mafic volcanics and sedimentary rocks and minor granite unconformably overlies and intrudes the metamorphic basement in the southwest and northwest of the complex. In the north (Northern Territory) they consist of the Mt Harris Basalt, Tjuinanta Formation, Puutjiitja Rhyolite and the Bloods Range Beds (Tjuuwata Group) and the Hull Granite Suite. In the south and west (Western Australia) the Bentley Supergroup. The upper unit of the Bentley Supergroup is contemporaneous with the lowermost units in the bounding Officer and Amadaus sedimentary basins.

The region has been affected by at least four major metamorphic events and at least seven individual deformation phases have been recognised. The area was greatly affected by at least two major Australian orogenic events, the c1200Ma “Grenvillian” Orogeny and the c550Ma Petermann Ranges Orogeny. Deep seismic surveys suggest that during the Petermann Ranges compressional event the area was subject to “Thick-skinned Tectonics” whereby deep crustal structures offset the entire section of crust and the Moho discontinuity. It is possible that these structures developed along pre-existing, deep-seated and potentially mantle-tapping structures. This compressional event exposed a section through the crust. From deep crustal rocks immediately south of the south-dipping Woodroffe Thrust Zone through intermediate depths to upper crustal volcanics (Bentley Supergroup) in the southwest. The c300Ma Alice Springs Orogeny may have also affected the region.

In the north the Musgrave block is overlain by the intracratonic Amadaus Basin. Late Proterozoic to Palaeozoic basal Amadaus sequences are tectonically intercalated with Musgrave metamorphics in the Petermann Ranges Nappe structure. This structure is
associated with the Petermann Ranges Orogenic event. The basal Amadaus sequences are thought to be equivalent to the Adelaidean sequences of the Adelaide Geosyncline.

The exploration licence subject of this report covers Mid Proterozoic granitic rocks of the Pottoyu Granite Suite (c1190-1140Ma) and Hull Granite Suite (1090-1075Ma), volcanic rocks belonging to the Mt Harris Basalt and Tjuntjintana Formations (c1090-1075Ma) and Late Proterozoic (c1000-820Ma) basal Amadaus sediments of the Petermann Ranges Nappe structure in the Pinyinna Range area. In the Pinyinna Range area the Nappe consists of a steep south-dipping to steep north-dipping, east to southeast-striking zone of younger sediments intercalated with older basement granites. Pinyinna Range is bound to the south by a steep south-dipping thrust, with the range itself thought to represent an isoclinal drag fold associated with this thrust. The Petermann Ranges Nappe was developed during the Petermann Ranges Orogeny (c560-520Ma). The Proterozoic rocks in the lease area are unconformably overlain by the Ordovician Larapinta Group of the Amadaus Basin sequence.

The entire lease area is covered by extensive Aeolian sand dune deposits which obscure the bedrock geology.

3.1 Pottoyu Granite
The Pottoyu Granite Suite consists of coarse-grained, foliated, porphyritic, biotite granites. Porphyroblasts consist of K feldspar and are often rounded showing a rapakivi texture. This suite of rocks is typically poorly exposed in the lease area.

3.2 Tjuntjintana Formation and Mt Harris Basalt
Dominantly mafic volcanic rocks belonging to the Tjuntjintana Formation and Mt Harris Basalt consist of variably silicified and epidotised amygdaloidal basalts with minor sediments and volcaniclastic rocks.

3.3 Hull Granite Suite
Coarsely porphyritic biotite, muscovite, epidote, garnet granites belonging to the Hull Granite suite are mapped in an area 20km south of McNichols Range. These granites may have A-type geochemical characteristics. Geochronology suggests they are essentially synchronous with the major volcanic episode represented by the Mt Harris and Tjuntjintana mafics, and the intrusion of the Giles Complex at lower crustal depths.

3.4 Late Proterozoic sediments in the Pinyinna Range Area
In the Pinyinna Range area basal Amadaus sediments occur as a 2 to 5 km wide zone of steep south (overturned) to north-dipping quartz sandstone, schists, phyllites and dolomites, intercalated with mafic volcanic rocks. Intense mylonitisation occurs within the zone. Basal Amadaus units consist of the Kulail Sandstone, Dean Quartzite and the Pinyinna Beds.

The Kulail Sandstone is a red to purple ferruginous, quartz sandstone with abundant trough crossbeds and local heavy mineral horizons. The Dean quartzite is a clean, white crystalline quartz sandstone or quartz muscovite schist. The Pinyinna Beds consist of a sequence of grey to red-brown phyllites, and dolomites with rare tuffaceous beds.

3.5 Larapinta group
The rocks of the Ordovician Larapinta Group consist of bioturbated red sandstones with minor siltstone and conglomerate horizons.
4 Exploration Targets

The exploration program is focussed on both precious and base metals with the interpreted potential of the region based on two distinct ore deposit models.

4.1 Shear and Lode-hosted Precious Metal Deposits
The interpreted high-level Hull Granite Suite which intrudes a coeval volcanic rift sequence is considered a favourable environment for this style of mineralization.

4.2 Sediment-hosted Stratiform Basemetal
The Neoproterozoic Pinyinna Beds which overlie a basalt, red bed sequence which is interpreted as an early rift phase sequence is considered prospective for this style of mineralization.

5 Exploration Completed

During the period 13th December 2003 to 12th of November 2004 work completed by the Joint Venture included follow up geochemical sampling over two targets identified by previous geochemical sampling.

5.1 Follow-up Geochemistry

Follow-up geochemical sampling was conducted using 4wd motorbike access. The aim of the exercise was to assess two targets identified in wide-spaced regional geochemistry (4km x 0.5km) with closer spaced sampling on a 0.5km x 0.5km grid. One area was targeted based on elevated copper up to 167ppm Cu in two individual samples. A second area was targeted to follow up elevated cobalt results up to 97ppm Co. A total of 46 fine fraction (minus 75 micron) soil samples and 46 magnetic iron fraction soil samples were collected.

This work identified a weak to moderate cobalt anomaly with weak copper and palladium (nickel, gold and platinum at background) in magnetic iron concentrate samples and a very weak gold signature in fine fraction soils (minus 75 microns). The anomaly covers approximately 2.5km x 1.5km and occurs at the western end of the small detachment zone in the central eastern part of the tenement.
6 Expenditure

Total expenditure for EL9407 excluding aboriginal, ethnographic and rental costs for the period was $55,310 as detailed in Table 1.

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The annual expenditure commitment on EL9407 is $35,000.

7 Forward Work Program

On the basis of the low order geochemical anomalism Independence Group NL withdrew from the Joint Venture with Goldsearch Limited with respect to this tenement.
Appendix One

Geochemical Plans