INDEPENDENCE GROUP NL

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2006

GROUP HIGHLIGHTS

- **NPAT - $6.6 million** for the quarter (YTD $15.9m) after $0.3 million exploration write off and $1.1 million write up of December quarter receivables due to increase in nickel price during the March quarter
- Quarterly NPAT based on unhedged nickel sales at A$21,493 per tonne, significantly lower than current prices, which should result in a profit revaluation in the June quarter
- **$27.0 million** cash and net receivables (Dec $21.5m) after debt repayment of $1.0 million and tax payment of $3.1 million
- Original project finance low value hedging (174t/month @A$12,168/t) will be completed in April 2006 which will result in an additional $1.4 million revenue each month from May 2006 (based on a spot nickel price of A$20,000/tonne)
- Interim dividend announced - 2 cents per share fully franked, payable 9 May 2006

OPERATIONS HIGHLIGHTS

- Production – **62,340t at 3.18% Ni** (Budget 3.4%) **for 1,984 Ni t**. June quarter production expected to significantly exceed the budget of 2,210 Ni t.
- Cash costs – **A$4.13/lb payable** nickel (Budget A$3.98) (**YTD A$3.66/lb**, Budget A$3.94)
- 515 Ni t (**35%** of production) mined outside or in excess of June 2005 ore reserves
- McLeay Shoots 1 and 2 intersected by decline development and both shoots remain open to the south and east
- Long South decline has progressed to the start of the Long South target area (drill-hole KD6067BW7 – 3.6m @ 3.3%Ni). Drilling intersected **2.45m @ 3.1% Ni** on the basal ultramafic channel contact, on the most southerly traverse drilled to date (open to the south and west)

EXPLORATION HIGHLIGHTS

NICKEL/OTHER

- Ravensthorpe JV - drill intercept of **6m @ 1.0% Ni** from 157m with strong electromagnetic (EM) conductor identified adjacent to hole
- Goldsworthy JV - large strong gravity anomaly coincident with a banded iron formation synform fold closure on tenements where IGO earning an 80% interest. Anomaly has estimated excess mass of 4 billion tonnes – drilling in June quarter to determine if anomaly is caused by iron ore. Refer to Atlas Iron Limited's quarterly report for progress on the Atlas option tenements

GOLD

- Tropicana JV - true width drill intercepts including **42m @ 3.3g/t Au, 45m @ 2.2g/t Au and 23m @ 2.1g/t Au.** Current drilling program expected to enable **initial resource** calculation to commence**.**
- Dalwallinu - new virgin gold anomaly at Little Wongan Hills
- Coomberdale - new large virgin gold anomaly
- Cobar - new large virgin gold anomalies

CORPORATE

DIVIDEND

IGO announced a 2 cent fully franked dividend will be paid to shareholders on 9 May 2006 (record date 28 April).

PROFIT

The profit figures quoted in this report are subject to finalisation of estimated nickel prices and USD/AUD exchange rates. Receivables and sales figures in this report are based on a nickel price of US$15,690/t and an exchange rate of 0.73.

IFRS EFFECT

In addition to the $0.3 million write off of exploration expenditure for the quarter, the adoption of International Accounting Standards (IFRS) requires that exploration expenditure of $0.2 million be expensed rather than capitalised under the Australian Accounting Standards previously applied (AGAAP). A share-based payment expense of $0.1 million has also been recorded in accordance with IFRS requirements.

ISSUED CAPITAL

Listed securities at 26 April 2006: 111,771,107 ordinary shares.

WEBSITE

Investors and other interested parties can now register to receive IGO announcements via Email Alerts. Please go to the new Investor Centre on the company's website www.igo.com.au to register.

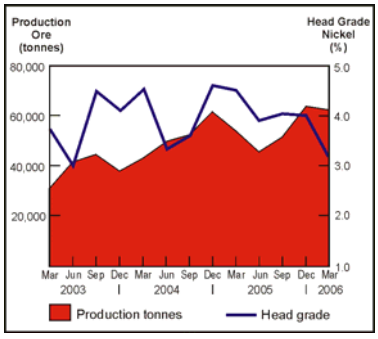
CASH AND DEBT

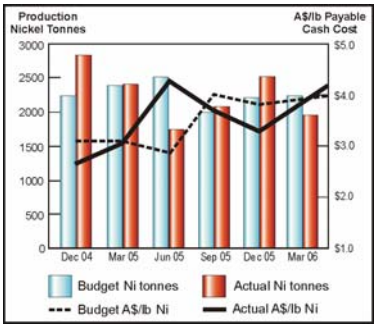
CASH RESERVES

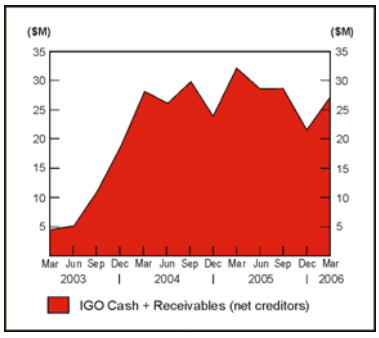
- $12.2 million cash (Dec $9.8m).
- $14.8 million nickel revenue in receivables net of creditors (Dec $11.7m).
- Total cash and net receivables were $27.0 million at the end of the quarter. A $1.5 million bond placed with WMC Resources Ltd for the purchase of the Long Nickel Mine lease and additional tenure is not included in the cash quoted.
- **Unhedged receivables have been conservatively valued using $US15,690/t Ni and 0.73 USD exchange rate.**

Major cash movements during the quarter were:-

- $1.2 million spent on the Long South exploration decline.
- $1.0 million bank and hire purchase debt repaid.
- $1.5 million spent on Long and regional exploration.
- $3.1 million income tax payment.







DEBT AT END OF THE QUARTER

A debt repayment of $0.7 million was made during the quarter to reduce bank debt from $1.7 million to $1.0 million.

During the quarter, underground equipment costing $1.3 million was acquired via a hire purchase arrangement. This equipment is required for mining of the McLeay deposit. $3.6 million (Dec $2.6m) remains owing on hire purchase of mining equipment.

NICKEL SALES PRICE CALCULATION

Due to the off-take agreement the company holds with WMC Resources Ltd, nickel 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.

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 used represents the estimated final USD nickel payment converted to AUD, also at an estimated exchange rate.

The effect of the changing nickel price and exchange rate on receivables is reflected in each quarter's cash flow and profit figures.

2005/6 EXPLORATION EXPENDITURE & WRITE-OFF

- $2.7 million exploration expenditure was incurred during the quarter. This includes expenditure on the Long South target exploration decline.
- $0.3 million exploration expenditure was written off during the quarter (Dec $0.8m). An additional $0.2m was expensed against profits.

HEDGING

- Initial project hedging (174t/month @ A$12,168/t) will be completed in April 2006, meaning an extra 174t/month will be available for selling at spot from May onwards.
- Nickel metal hedged subsequent to the end of the quarter was 1,200t at AU$19,501/t, deliverable at 50t per month from July 2007 to June 2009.
- Hedged nickel metal remaining at the date of this report was 7,050t at AU$17,851/t, which is scheduled to be delivered as follows:

2005/6	450t	Average AU$17,474/t
2006/7	1,800t	Average AU$17,335/t
2007/8	2,400t	Average AU$17,670/t
2008/9	2,400t	Average AU$18,489/t

INVESTMENTS

SOUTHSTAR DIAMONDS LIMITED (IGO 50%)

Exploration continued on diamond indicator anomalies generated from the De Beers database, including diamond-bearing intrusives.

MATRIX METALS LIMITED (IGO 18.9%)

Matrix announced that they are negotiating funding options with Westpac Bank and off-take parties to fund the development of the White Range project.

MINING OPERATION

LONG NICKEL MINE
IGO 100%

SAFETY

The Lost Time Injury Frequency Rate (LTIFR) since the mine re-opened in October 2002 is 2.31 (Industry Average: 6.6). There were no Lost Time Injuries during the quarter and there have been 2 LTI's since operations commenced in October 2002.

PRODUCTION

Production for the quarter was 62,340t @ 3.18% Ni for 1,984 tonnes of contained nickel, which was mined by the following methods:

Flat-back	23,235	t @	3.3%	Ni for	759	Ni t
Long-hole	17,740	t @	2.8%	Ni for	499	Ni t
Hand-held	6,589	t @	4.0%	Ni for	261	Ni t
Jumbo Development	14,776	t @	3.1%	Ni for	465	Ni t
TOTAL	**62,340**	t @	**3.2%**	Ni for	**1,984**	Ni t

Production was from the following sources:

Long	41,544	t @	3.2%	Ni for	1,327	Ni t
Mcleay (development)	4,510	t @	2.4%	Ni for	106	Ni t
Victor South	16,286	t @	3.4%	Ni for	551	Ni t
TOTAL	62,340	t @	3.2%	Ni for	1,984	Ni t

Cash costs were A$4.13/lb payable nickel (YTD A$3.66).

The budget for the quarter was 66,038t @ 3.37% Ni for 2,247 tonnes of contained nickel. The low head-grade for the quarter was due to:

- Delays in commissioning the next high-grade Victor South stope (now in production);
- Low-grade McLeay development ore (high-grade anticipated for the June quarter);
- Significant hanging-wall dilution in a number of the long-hole stopes at Long; and
- Stockpiling of high-grade hand-held Long ore to enable grizzly maintenance (now completed). This ore will be hoisted in the June quarter.

Comparing the quarter's performance against budget the quarter's production can be summarised as follows:

- **Victor South** – Budgeted figures for Victor South were 23,289t @ 3.33% to produce 775 Ni t. Production was hampered by a temporary reduction in working areas, and some delays in the commissioning of the backfilling program which resulted in delays to mining the high-grade Shoot 2 stope. At the commencement of the June quarter the backfilling network is now operational and the first of the drift & fill stopes is now filled, in preparation for resumption of mining of high-grade ore.

- Ore derived from **Long** sources was slightly below budget (2.8% or 41,544t versus budget of 42,748t). Quarterly highlights from Long included better than budgeted flat-back stoping tonnes and metal and commencement of stoping on the Southern section of the 14/1 pillars. The lower grades from the long-hole stopes were the result of hanging wall dilution, the extent of which varies and is heavily weighted towards the structural controls of the stoping blocks under extraction during the period. High-grade ore tonnes were stockpiled to allow maintenance of a grizzly on the 10 Level, which will be included in production figures for the June quarter.

- **McLeay** – A small quantity of development ore was won from around the upper boundary of Surface 1 and Eastern edge of Surface 2. This was the first ore to be derived from the McLeay Surfaces; the

development was planned to help define the limits of the ore zones. The lower grades reflect the transitional ore on the approach to these ore bodies and are not representative of the reserve grades of the block. High-grade ore has been mined early in the June quarter.

ORE RESERVE COMPARISON

35% of the nickel tonnes produced during the quarter was mined outside or in excess of the current ore reserve as follows:

Inside Reserves	58,132	t @	3.2%	Ni	1,833	Ni t
Outside Reserves	4,208	t @	3.2%	Ni	151	Ni t
TOTAL MINED	62,340	t @	3.2%	Ni	1,984	Ni t
*Reserve Estimate**	37,168	t @	3.9%	Ni	1,469	Ni t

** expected ore reserve grade and tonnes as defined by the area mined "inside reserves".*

Lightning Nickel is currently undertaking a resource and reserve update which will be compiled during the June quarter. The results of this review will form the basis of the production planning & scheduling for the next two financial years.

DEVELOPMENT

Long South Exploration Decline

During the quarter the exploration decline was developed for two months, achieving 181.4 metres of advance. Development was placed on hold in the third month to facilitate an intensive drilling program. The decline will proceed when the drilling program has defined the trough geometry and the distribution of ore within the target area. See Exploration section for details.

McLeay Decline

In March some mining equipment from the Long South Exploration Decline was transferred to the McLeay Decline. A total of 155 metres advance was achieved in this area.

Victor South

There was no capital development for Victor South. Production development was undertaken in the 462mRL and 456mRL ore drives.

Long

Production development in Long was focused on the 16/4, 15/2, 16/3 and 15/5 ore blocks. Rehabilitating of the northern section of the 14/1 pillars is continuing, whilst stoping has commenced in the southern end.

QUARTERLY FORECAST

The focus for the June quarter will be:

McLeay

- Complete capital development down to the 500mRL McLeay access and commence production from Surface 1.
- Continue development of McLeay Surface 2 via the southerly 460mRL exploration drill drive. The drive, whilst currently outside reserves, is expected to remain in ore. This exploration drive will ultimately form a drilling platform, from which the southern extensions of the McLeay (Surface 1) resource will be converted to reserve status. Drilling will also search for any further ore bodies that are similar to the stacked sequence as defined by the Victor South and McLeay lodes.

Victor South

- Continuous stoping of Surface 2.
- Minor Capital development to access the Eastern flank of Surface 2, down dip of the 465mRL production stope.

Long

- Continued focus on rehabilitation of 14/1 northern pillars and stoping of the 14/1 southern pillars.
- Completion of stoping the 13/3 block.
- Continuation of stoping in the 15/2, 16/4, and 16/3 ore blocks.
- Complete accessing and commence ore driving in the 15/5 ore block.

The following are the budget KPI's for the June quarter:

	Qtr 4 Budget	YTD Figures	2005/6 Budget
Mined t	63,130	176,679	240,000
Ni %	3.50	3.72	3.5 – 4.0
Ni t Produced	2,210	6,577	8,500 – 9,500
IGO Payable Ni t	1,291	3,839	5,000 – 5,500
AU$/lb Payable Cash Costs	3.86	3.66	3.50 – 4.00

Based on results to date, production for the June quarter is likely to significantly exceed the budget of 2,210 Ni tonnes.

EXPLORATION

Exploration activities during the quarter focused on drilling from the Long South Decline and defining the northern end of McLeay Shoot 1.

McLeay Deposit

Last quarter the company announced the following interim resources and reserves which were open to the north, south and east.

Indicated and inferred resources:	344,000t	@	6.9%Ni	(23,600Ni t)
Probable reserve:	338,800t	@	4.1% Ni	(14,030Ni t)

McLeay Shoot 1

Drilling has now defined the northern boundary of McLeay Shoot 1 at 547,515m N, the shoot being still open to the south and east. Down-hole transient electromagnetic (DHTEM) surveying has defined another conductor beneath McLeay Shoot 1 which requires follow-up to determine whether the anomaly is due to the presence of nickel sulphides.

Development has now intersected the north western corner of the shoot at the -480m RL **(Figure 1).** Development is now underway to intersect Shoot 1 at the -500m RL.

McLeay Shoot 2

Development in Shoot 2 is progressing north and south (**Figure 2**). The southern heading, in strong massive sulphides, is now south of the interim Shoot 2 resource and reserve boundary. Development will continue south at approximately -460m RL to:

(i) determine the southern Shoot 2 strike length; and
(ii) provide drilling access to test the southern continuation of Shoot 1 high-grade nickel sulphides.

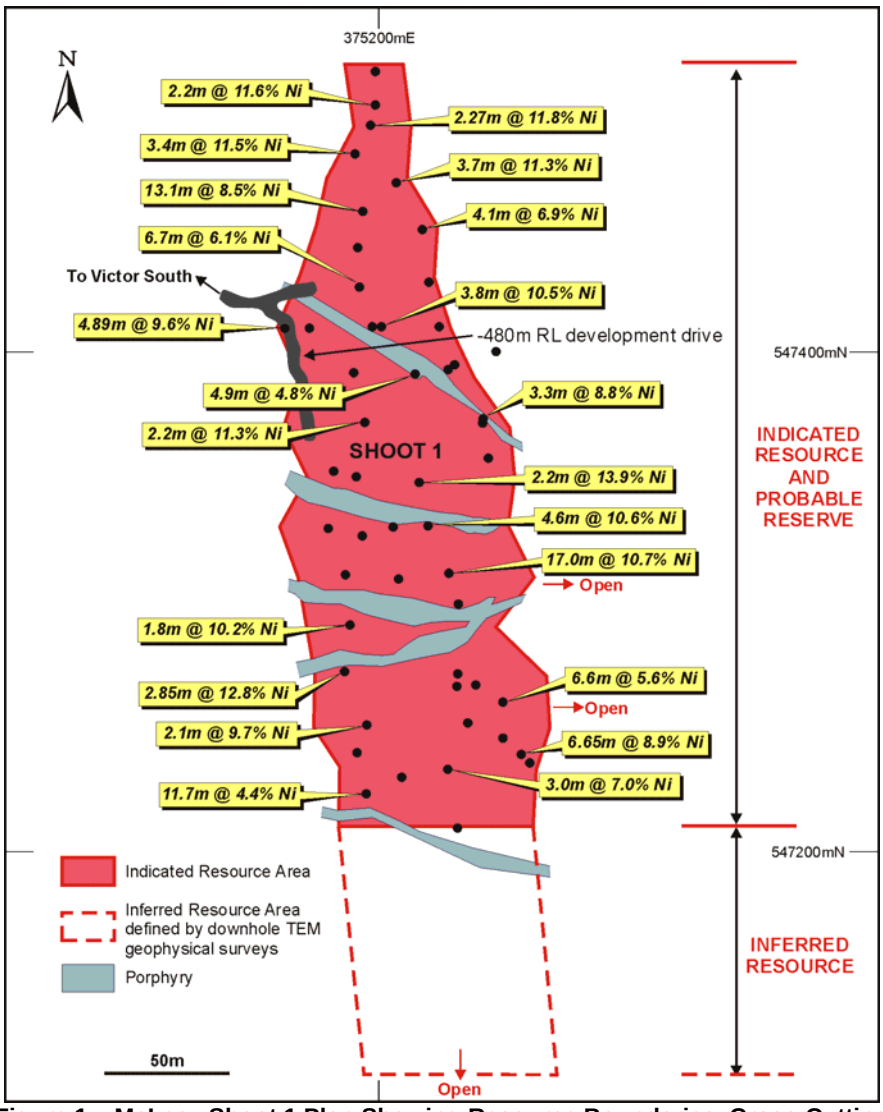


Figure 1: McLeay Shoot 1 Plan Showing Resource Boundaries, Cross-Cutting Porphyry Dykes, Significant Intercepts and the Location of the 480 Development Drive

Long South

The Long South decline has reached the northern end of the Long South target area beneath drill-hole KD6067BW7 which intersected 3.6m @ 3.3% Ni approximately 30m above the decline backs. Recent drill-hole LSU-045 intersected massive and matrix sulphides on the footwall, ultramafic-basalt contact, 55m south of the KD6067BW7 surface hole. These sulphides assayed at **2.45m @ 3.1% Ni** indicating potential for economic grade sulphide in the lava channel **(Figure 2)**. Other holes on the section hit sub-economic mineralisation or porphyry-obscured contact, indicating the channel is narrow in the area tested. DHTEM is yet to be completed on any of the recent holes, with drilling about to commence to test the channel approximately 80m south of the 2.45m @ 3.1% Ni intercept.

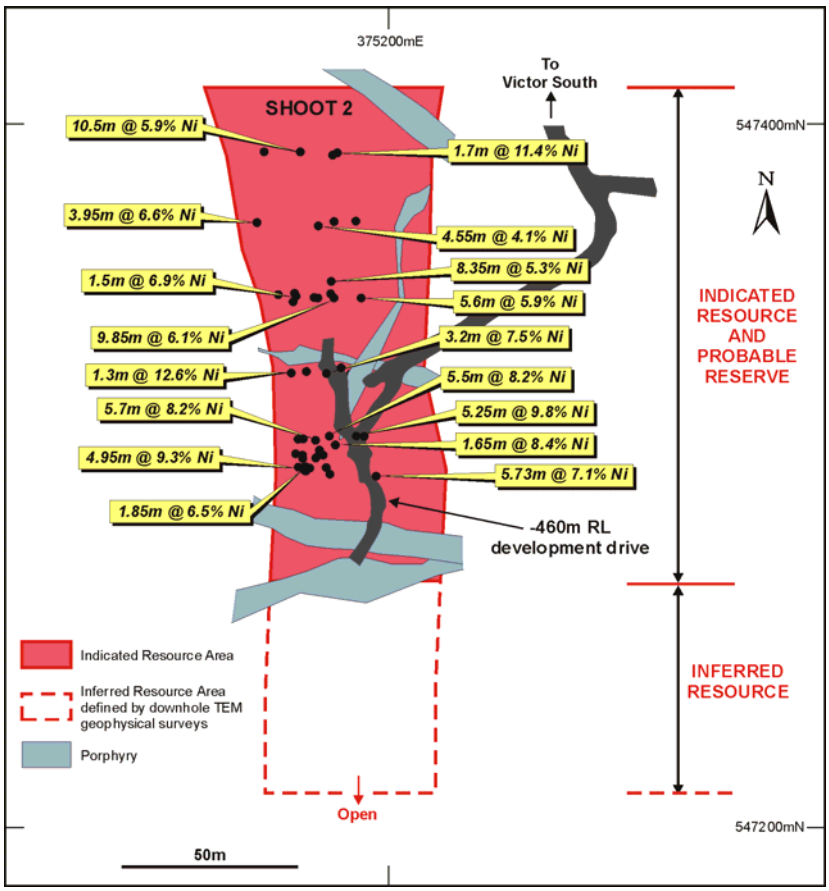


Figure 2: McLeay Shoot 2 Plan Showing Resource Boundaries, Cross-Cutting Porphyry Dykes, Significant Intercepts and the Location of the 460 Development Drive

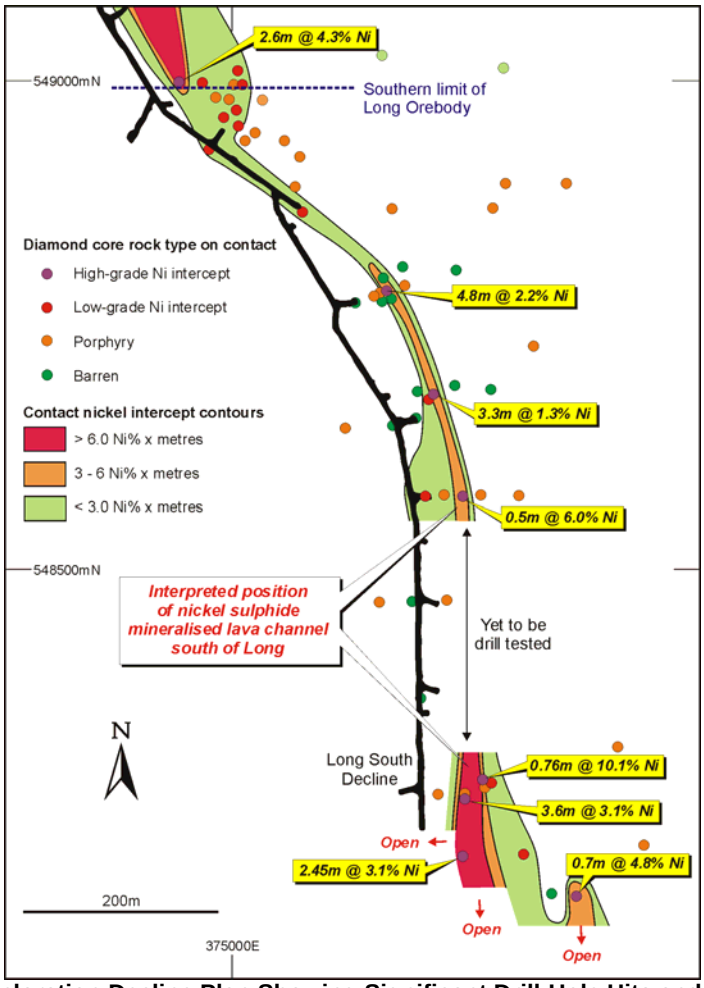


Figure 3: Long South Exploration Decline Plan Showing Significant Drill-Hole Hits and Nickel % x thickness (m) Mineralisation Envelopes, Open to the South

Long North Target

Legal agreements to purchase freehold land containing the Long North Target area **(Figure 4)** from BHP Billiton are yet to be finalised. A drilling program is planned to test the Long Lava Channel north of the Long deposit where WMC only drilled 2 holes, both of which intersected nickel sulphides, once the transaction is completed.

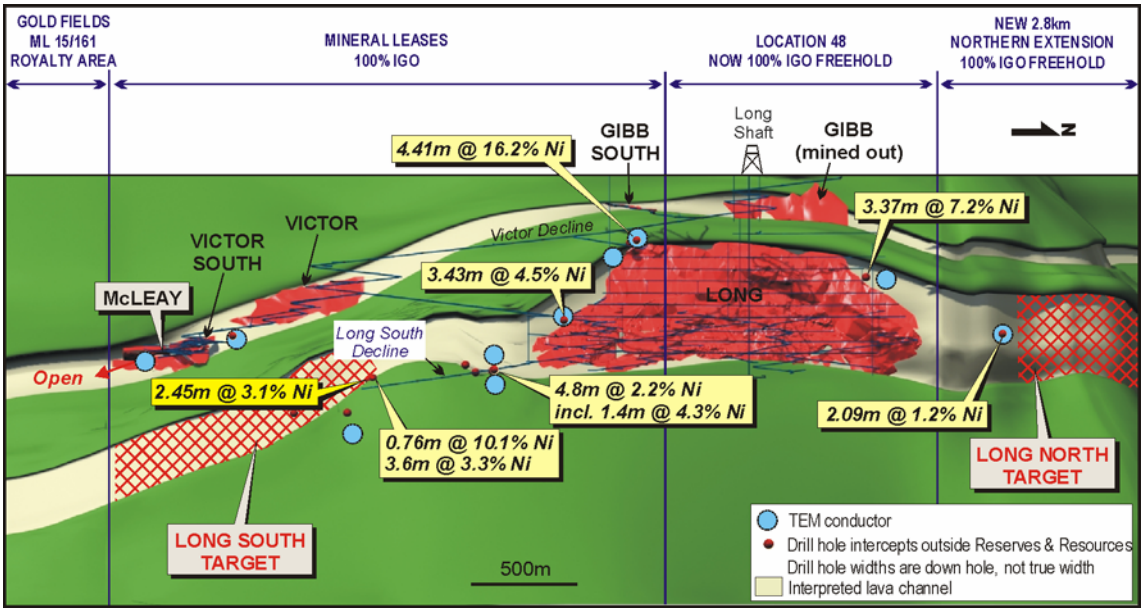


Figure 4: Long Mine Complex Longitudinal Projection Showing the Long South and Long North Target Access and Significant Intercepts Outside Current Reserves and Resources

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Mar '06 Quarter	2005/6 FY to Date	Mar '05 Prev. Quarter
Mining Reserve (Dry Tonnes)				
Start of Period		1,324,361	1,438,700	1,070,988
- ROM Production	1	(62,340)	(176,679)	(52,856)
End of Period		1,262,021	1,262,021	1,018,132
Production Details:				
Ore Mined (Dry Tonnes)	1	62,340	176,679	52,856
Ore Milled (Dry Tonnes)		62,340	176,679	52,856
Nickel Grade (Head %)		3.18	3.72	4.53
Copper Grade (Head %)		0.22	0.26	0.32
Metal in Ore Production (Tonnes)				
Nickel delivered	2	1,984	6,577	2,397
Copper delivered	2	140	466	169
Metal Payable IGO share (Tonnes)				
Nickel		1,150	3,839	1,422
Copper		56	189	68
Hedging				
Tonnes delivered into Hedge		972	2,916	772
Average Price (AU$/t)		13,584	14,179	13,759

Note 1. Production is sourced from both reserves/inventory and outside reserves.
Note 2. 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%.

		A$'000's	***A$'000's***	
Revenue/Cost Summary				
Sales Revenue (incl. hedging)		19,865	62,539	26,053
Cash Mining/Development Costs		(6,712)	(20,157)	(6,067)
Other Cash Costs	3	(3,750)	(10,858)	(3,502)
Depreciation/Amortisation/Rehabilitation		(2,038)	(6,935)	(2,169)
		A$/lb Total Metal Produced	***A$/lb Total Metal Produced***	
Total Unit Cost Summary				
Cash Mining/Development Costs		1.54	1.40	1.15
Other Cash Costs	3	0.86	0.75	0.66
Depreciation/Amortisation/Rehabilitation		0.47	0.48	0.41
		A$/lb Payable Metal	***A$/lb Payable Metal***	
Revenue/Cost Summary				
Sales Revenue (incl. hedging)		7.84	7.39	8.31
Cash Mining/Development Costs		2.65	2.38	1.94
Other Cash Costs	3	1.48	1.28	1.12
Depreciation/Amortisation/Rehabilitation		0.80	0.82	0.69

Note 3. Other Cash Costs include milling, royalties and site administration.

Safety and Productivity				
- Lost Time Injuries		0	0	0
- Medically Treated IFR		53.4	44.0	28.6
- Nickel Productivity Rate	4	67.7	70.3	81.9

Note 4. Nickel Productivity Rate = Productivity measured as annualised nickel tonnes per full-time-equivalent-employee.

		Metres	**Metres**	
Development/Exploration Drilling				
Development		939	2,679	650
Production		1,623	4,214	369
Exploration		1,942	14,478	606
		4,504	21,371	1,625

REGIONAL NICKEL EXPLORATION

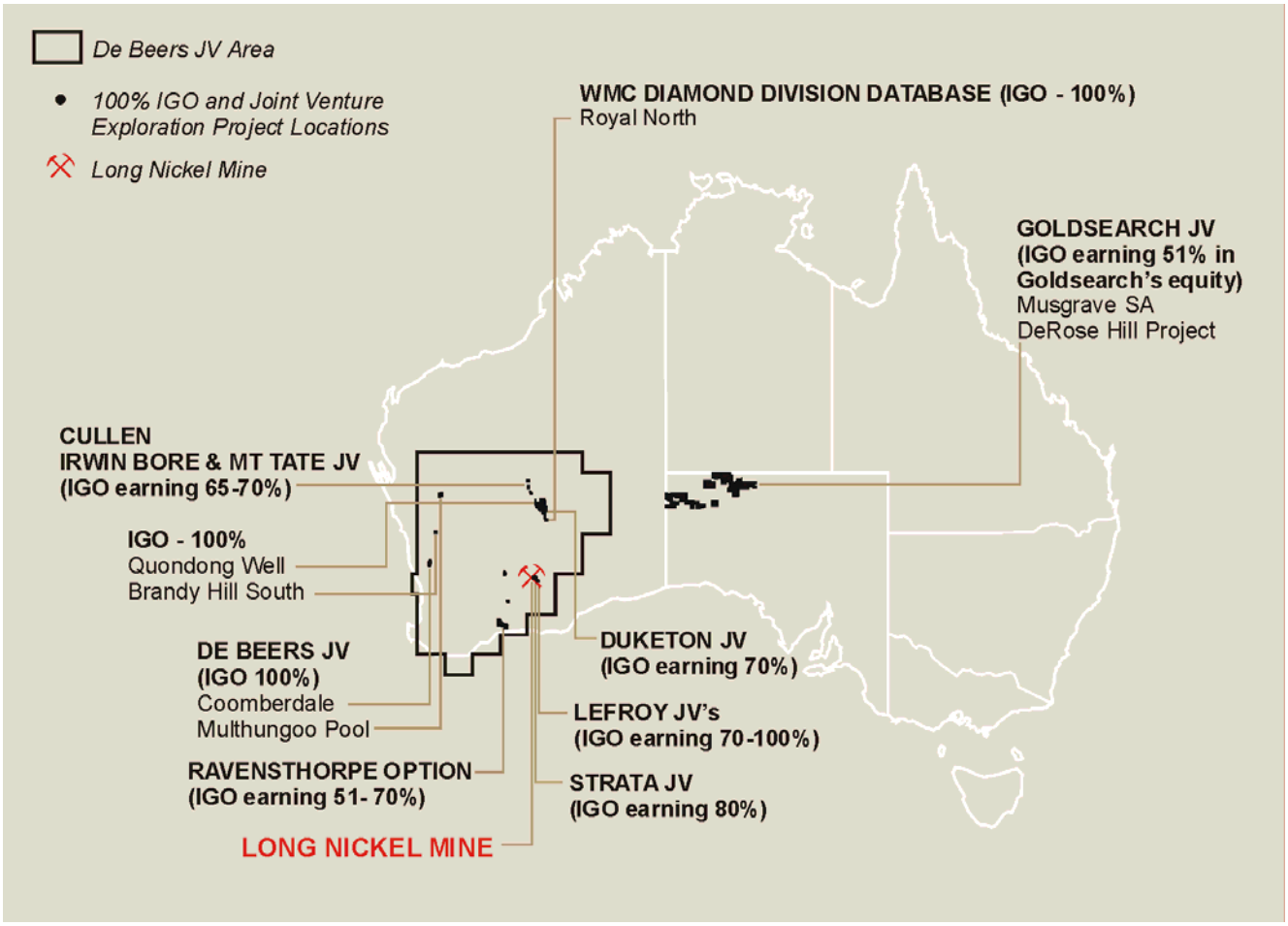


Figure 5: IGO Nickel Project Locations

RAVENSTHORPE OPTION (IGO OPTION TO EARN 51% NON-NICKEL LATERITES)

IGO has an option to earn a 51% interest in Traka Resources Limited's ("Traka") Ravensthorpe Nickel Project (except nickel laterite rights). IGO has committed to spend $1.5 million on the project by December 2006.

The Ravensthorpe Project contains numerous Ni sulphide prospects and covers about 60 strike kilometres of prospective ultramafic stratigraphy within the Ravensthorpe Greenstone Belt **(Figure 6)**.

The project tenure is immediately adjacent to the RAV8 deposit, which has produced 443,000t at 3.46% Ni for 15,350t contained Ni to date (*Tectonic Quarterly Report 30 June 2005*). The Ravensthorpe Greenstone Belt may be equivalent stratigraphically to the Forrestania Greenstone Belt, which contains numerous deposits including the Flying Fox T5 nickel deposit (Probable Ore Reserve of 843,000t @ 5.9% Ni containing 49,500t of nickel metal (*Western Areas NL website*)).

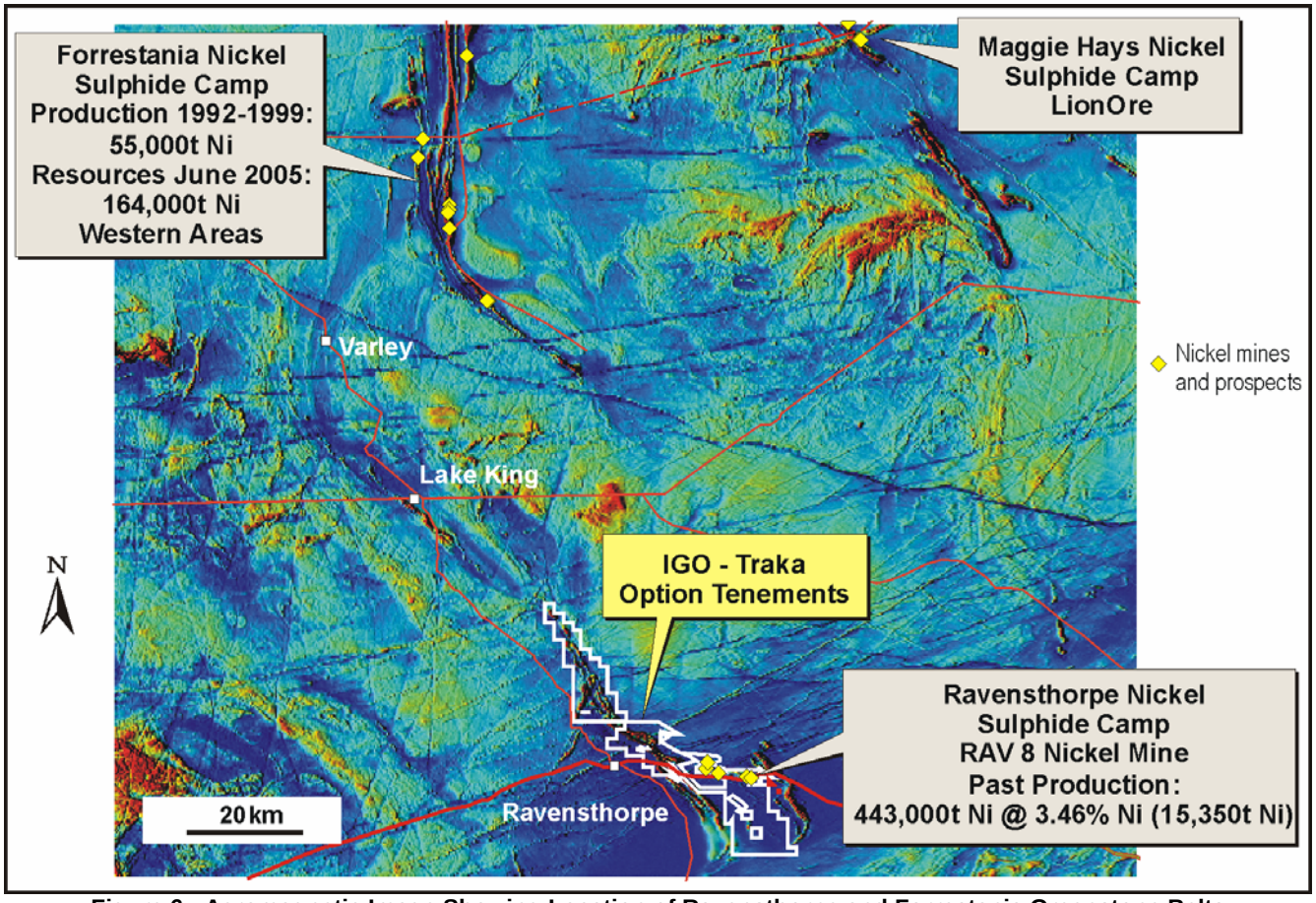


Figure 6: Aeromagnetic Image Showing Location of Ravensthorpe and Forrestania Greenstone Belts

Historic work in the project area has identified numerous prospects containing nickel sulphides, including the RAV4 West area where drilling has returned intersections up to 3m @ 3.0% Ni (RAVC148). RAV4 West mineralisation is open down dip and down plunge. In addition to nickel, parts of the project area are prospective for gold and base metals.

During the quarter an aggressive program of mapping, surface geochemical sampling and ground geophysics over the most prospective areas was completed. Integration and interpretation of this data is currently being done. A short RC drill program (9 holes for 1,697m) was completed on 5 initial targets including the RAV4 West and B1 prospects late in the quarter.

Two holes were drilled at RAV4 West testing the down-dip position of RAVC148 (3m @ 3.0% Ni) completed by Traka in 2005. One drill-hole returned **1m @ 2.4% Ni from 132m,** and the mineralisation remains open down plunge.

Three drill-holes were completed at B1 testing an EM conductor associated with an historic diamond drill hole intercept of 4.57m @ 1.1% Ni. The first hole returned **6m @ 1.0% Ni from 157m** in RAVC162 and a strong off-hole EM conductor was identified. Further down-hole EM surveying and ground geophysics is being completed to better define the target zone, along strike and down-dip from the RAVC162 intersection.

Numerous additional geophysical anomalies have been outlined in the Jerdacuttup and Mt Short areas. Data analysis and interpretation and field checking of these anomalies is currently being completed. The next phase of drilling will probably commence early in the September quarter.

STORBODSUND JV - SWEDEN (IGO EARNING 70%)

IGO has reached agreement with Mawson Resources Ltd, a TSX listed company, to earn a 70% interest in their Storbodsund Nickel-Copper-Cobalt Project in northern Sweden by expenditure of A$2 million over 4 years. Upon transfer of the 70% interest IGO must pay Mawson A$300,000. IGO must spend a minimum of AU$80,000 within 12 months before it may withdraw from the Joint Venture. Sweden has a progressive mining act and the Government is strongly supportive of exploration and mining development. The Swedish corporate tax rate is 28% and there are no mining royalties on minerals.

The Storbodsund Project was first discovered in the 1940's using boulder tracing. Ten holes were drilled over a 2,500 metre square area defining a flat sheet of semi-massive sulphide lying 10-15m below surface. Five holes intersected mineralisation averaging 2.3% Ni and 0.6% Cu over thicknesses of 0.6 to 2.7m (**Figure 7**). Mineralisation is located at the contact between a gabbro and a granitoid footwall. Strong assimilation of country rock within the host gabbro is indicative of a feeder dyke setting similar to other gabbroic hosted nickel deposits such as Voisey's Bay.

Disseminated nickel mineralisation has been mapped in outcrop 2.5 km north of the drilled area and an interpretation of aeromagnetic data indicates that the host intrusion continues under cover for 16km to the north east.

There is no record that the project has ever been tested by electrical geophysical techniques. IGO intends to fly a detailed airborne electromagnetic survey over the entire interpreted intrusion in the June quarter.

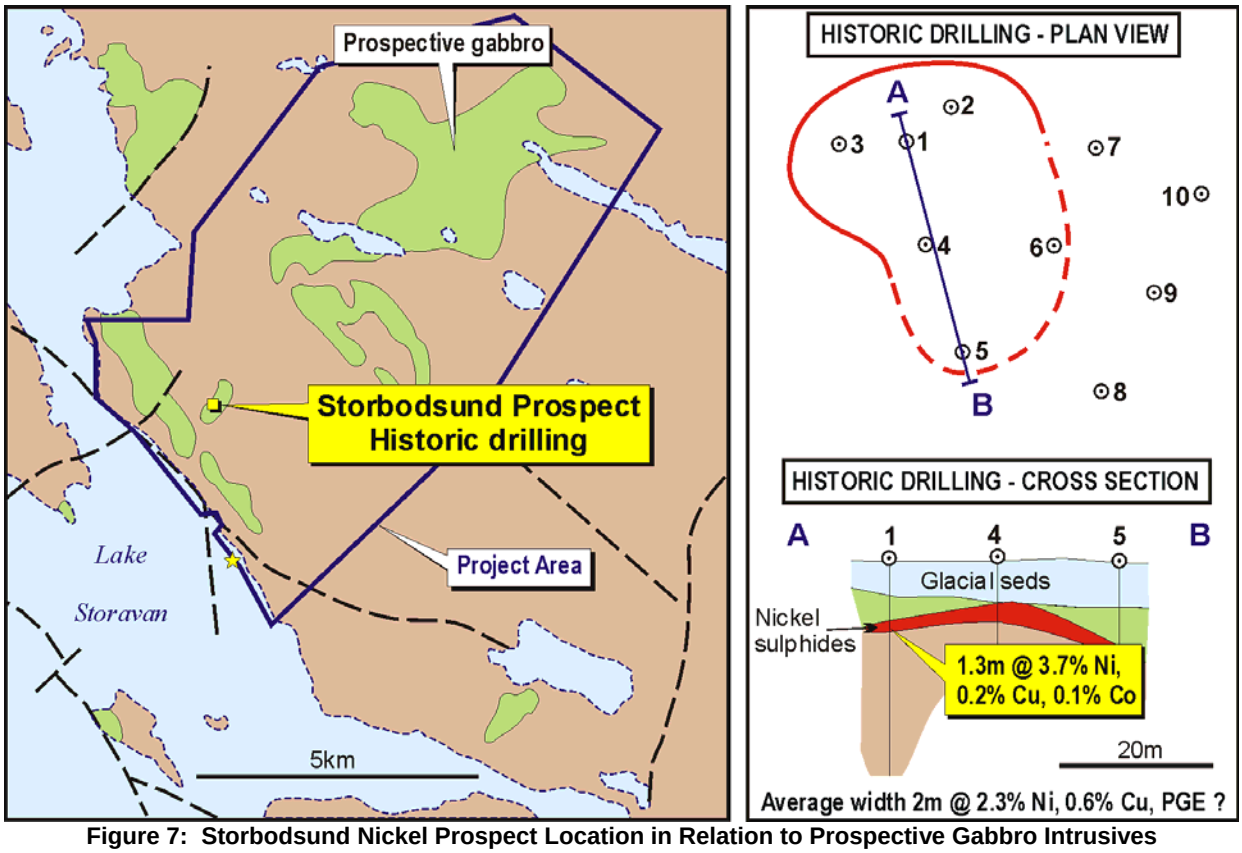


Figure 7: Storbodsund Nickel Prospect Location in Relation to Prospective Gabbro Intrusives

CULLEN JOINT VENTURE (IGO MANAGER EARNING 65-70% NICKEL RIGHTS)

The Cullen JV is situated immediately south of BHP Billiton's AK47 Ni-Cu sulphide discovery. The company is systematically testing the strike extension of the AK47 ultramafic stratigraphy for Ni-Cu sulphides using a combination of exploration methods.

Planned work consisted of infill and extension EM coverage over an anomaly previously announced, prior to drill testing if appropriate. However adverse weather conditions over the last month have delayed the planned work. The field work is now scheduled to commence in late April.

DUKETON NICKEL JOINT VENTURE (IGO MANAGER EARNING 70%) NICKEL RIGHTS)

The Duketon Nickel JV covers over 60kms of strike of ultramafic-rich stratigraphy in the Duketon Greenstone belt. The belt is considered prospective for Ni-Cu-PGE mineralisation and has not been subjected to modern exploration techniques.

Further processing of EM data over the Bulge area was completed which highlighted two priority targets and drill testing of the targets will commence once the tenement is granted.

LAKE LEFROY PROJECT (STRATA JV - IGO EARNING 80% ANGLOGOLD ASHANTI – IGO EARNING UP TO 100%)

IGO has a licence agreement with Anglo American to use its proprietary Low Temperature SQUID Sensor (SQUID) in parts of the Yilgarn Block. The SQUID sensor is able to detect conductors, possibly representing massive nickel sulphide mineralisation, beneath areas of conductive overburden far more effectively than competing system.

Work done during the quarter consisted of detailed data analysis and a ground magnetic survey over one of the main anomaly areas. Water in areas of the lake restricted access in some of the other target areas. Additional SQUID EM surveying will be done when access allows, and drill testing of the current main anomaly will commence when the tenement is granted.

REGIONAL GOLD EXPLORATION

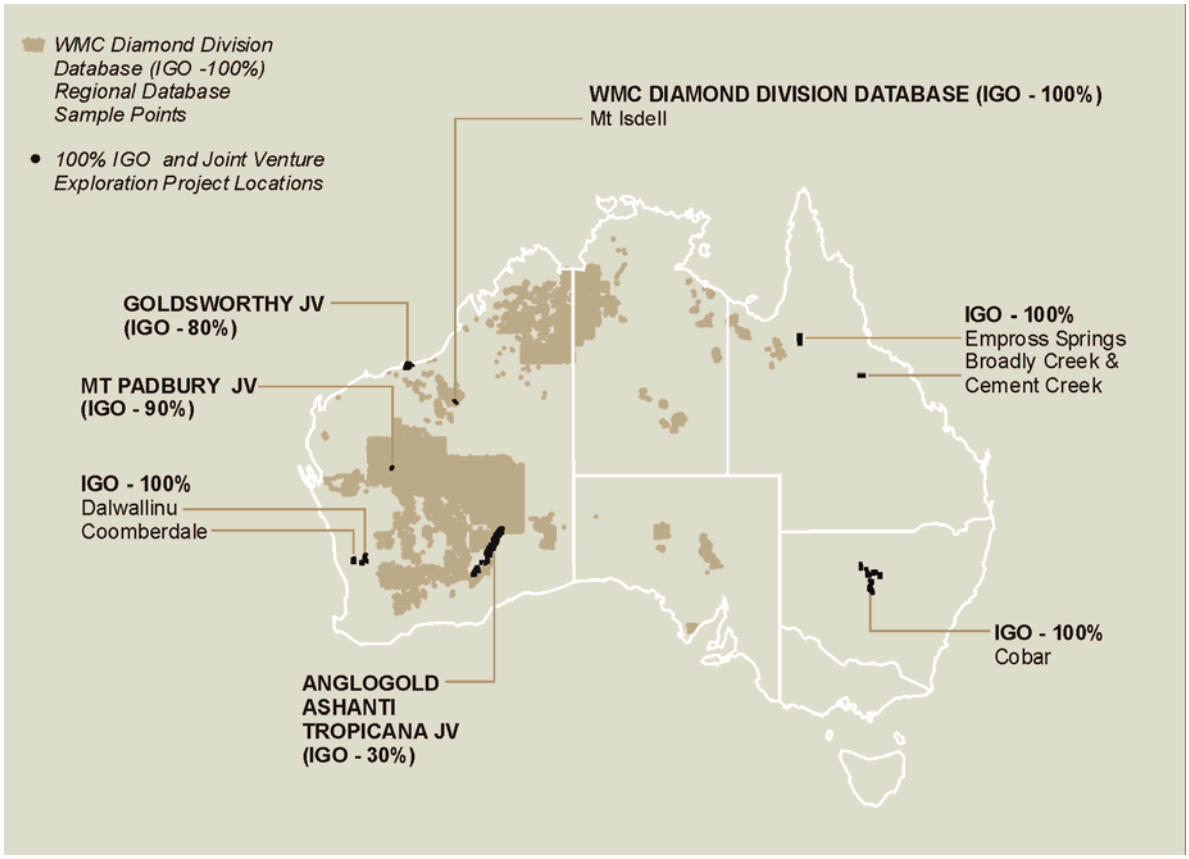


Figure 8: IGO Gold Project Locations

DALWALLINU
(IGO 100%)

The Dalwallinu Project is situated at the southern margin of the Murchison Province of the Yilgarn Block in Western Australia between the Boddington Gold Mine (+20M oz of gold) and the Mt Gibson Gold Mine (+1M oz). The project was generated from in-house structural analysis, with road-side sampling delineating several surface gold anomalies. All of the anomalies lie within freehold farming ground and are not subject native title. During the quarter detailed follow-up continued at Pithara, first pass auger drilling was completed at Little Wongan Hills and a detailed aeromagnetic survey was flown over a large portion of the project area to better define the prospective structures.

Pithara Prospect

The company has previously announced high grade gold mineralisation from drilling at the Pithara Prospect including aircore intersections **of 7m @ 21.8 g/t Au from 20m and 9m @ 6.3 g/t Au from 19m** and an RC intersection of **7m @ 30.1g/t Au from 46 (including 2m @ 58.3 g/t).**

The continuity of the high-grade zone has been confirmed over a strike length of a least 65m and a width of 5m. It appears to have a steep southerly plunge and be offset to the north by a high angle fault.

Step-out shallow vertical RAB regolith drilling was completed during the quarter to identify extensions of the gold mineralisation within the same north-south structure particularly to the north of the mineralized zone where the depth of cover was too thick to be adequately tested by the initial auger program that identified Pithara. This work indicates that the mineralised zone continues for at least 300m to the north-west (**Figure 9**).

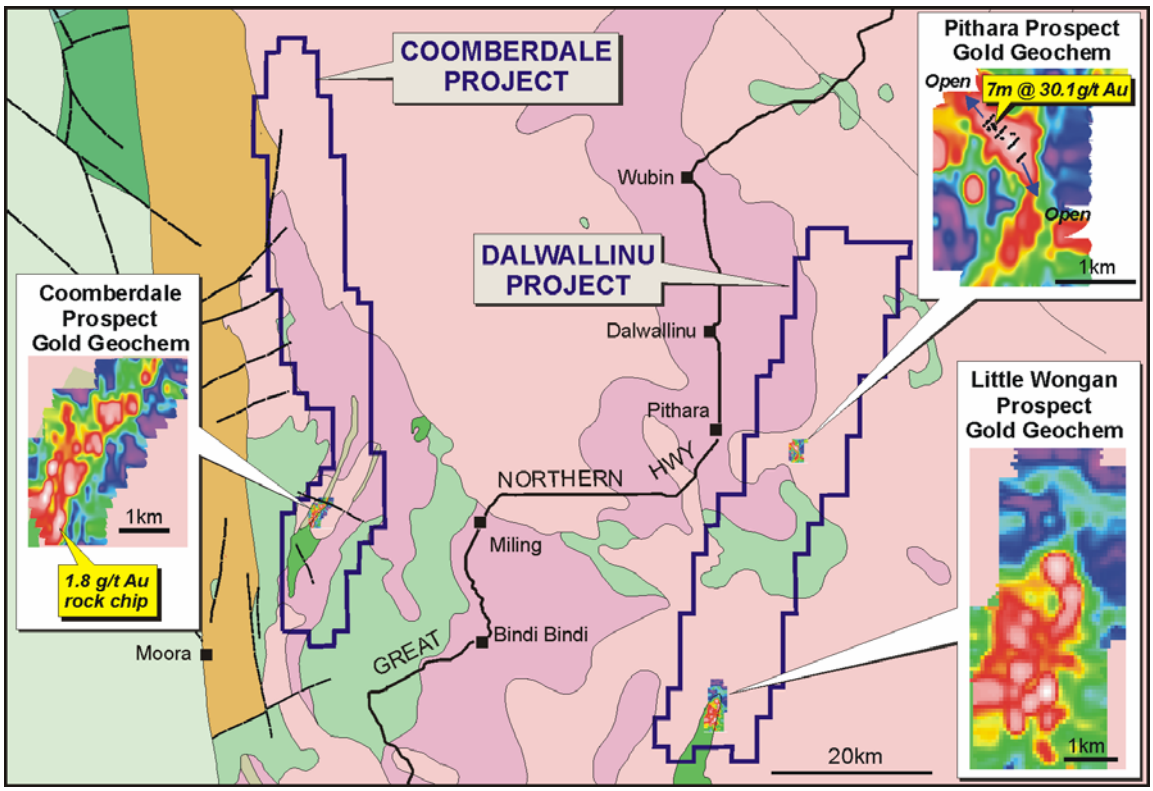


Figure 9: Dalwallinu and Coomberdale Location Plan and Auger Geochemical Gold Anomalies

Little Wongan Hills Prospect

A 600 hole auger programme to test geochemical anomalism from initial regional lag sampling has outlined two areas of gold and copper anomalism (**Figure 9**). The northern area which is coincident with the initial sampling has returned strong arsenic (to 108ppm) with elevated copper and gold to

27ppb. The southern area returned a maximum of 69.1ppb Au with a peak of 378ppm Cu.

Follow-up sampling to better delineate the extent of anomalism is currently underway.

COOMBERDALE (IGO 100%)

Ongoing regional targeting has identified a gold anomalous trend in the Coomberdale area, approximately 65 km east of Dalwallinu's Pithara Prospect. Auger drilling over the trend during the quarter has delineated a NNW trending zone of elevated gold over an area of approximately 2km x 1 km (max value of 56.1 ppb Au) that correlates with a mapped sequence of probable Archaean amphibolite and quartzite (**Figure 9**).

Road-side rock-chip sampling returned up to 1.8g/t Au. Follow-up RAB drilling is planned to test the significance of the anomaly.

Interpretation of regional Government aeromagnetics infers the trend continues some 40km to the north under sand plain and subsequently two additional exploration licences have been applied for to cover this.

TROPICANA JV (IGO 30%, ANGLOGOLD ASHANTI AUSTRALIA LIMITED MANAGER 70%)

The Tropicana Joint Venture comprises approximately 7,500 km^2 of largely unexplored tenure over a strike length of 350km along the Yilgarn Craton – Fraser Range Mobile Belt collision zone (**Figure 10**).

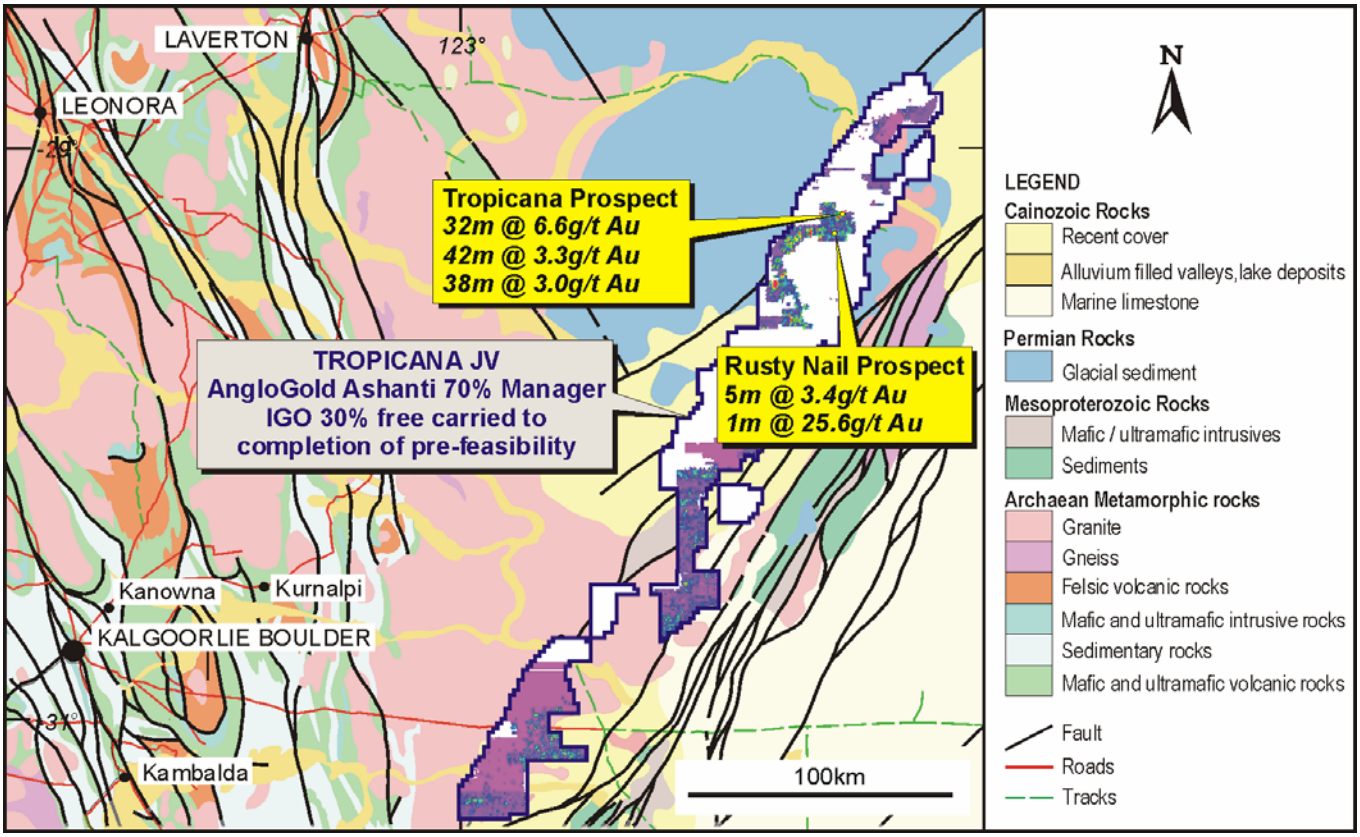


Figure 10: Tropicana Joint Venture Tenure and Gold Geochemical Anomalies Over the Yilgarn Craton-Fraser Range Mobile Belt Collision Zone

Ongoing regional geochemical sampling has identified a number of large surface gold anomalies including Tropicana, Rusty Nail, Black Feather and Kamikaze (**Figure 11**).

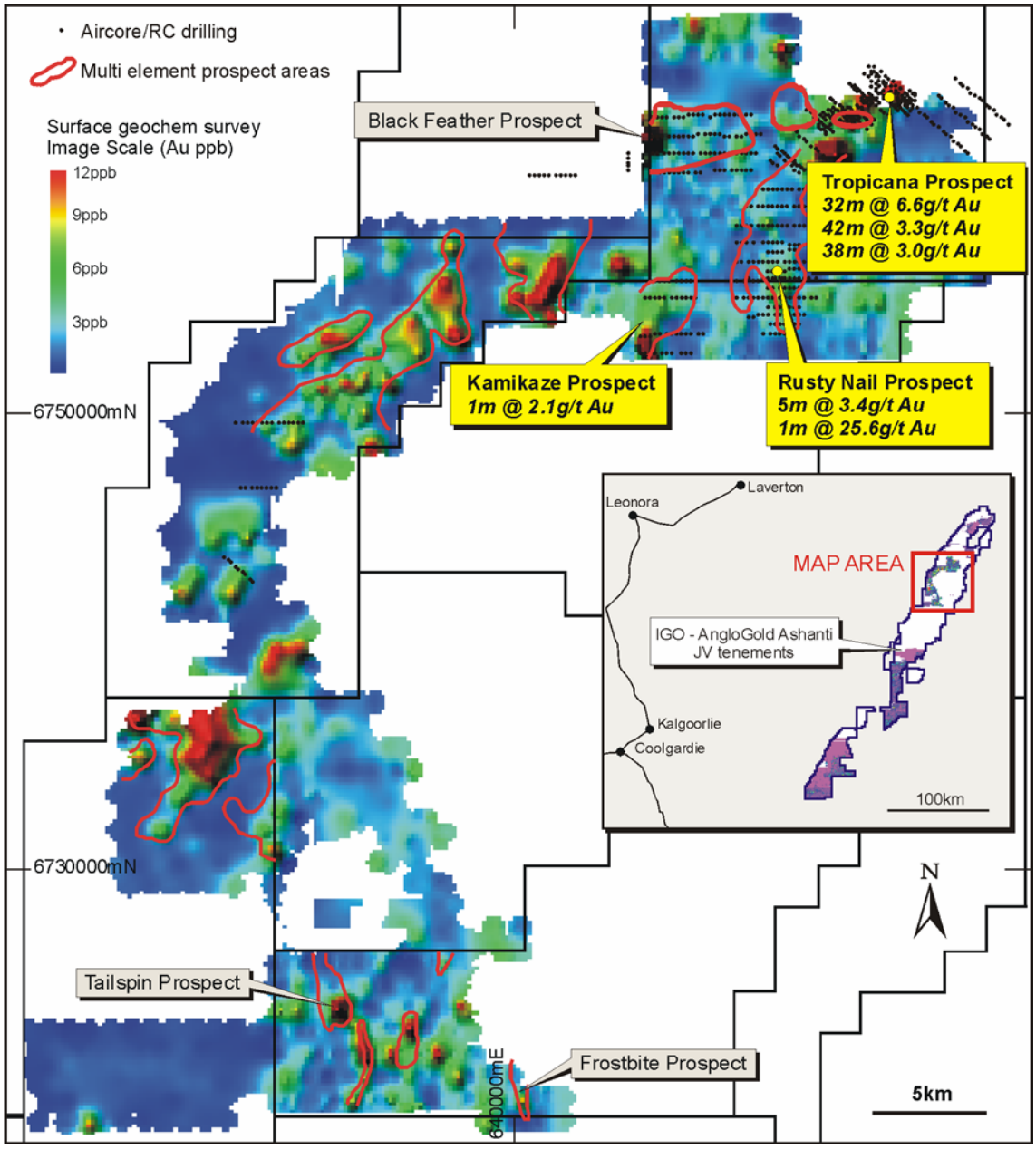


Figure 11: Tropicana, Rusty Nail and Kamikaze Gold Anomaly Locations and Significant Drilling Results

AngloGold Ashanti has advised that approximately $11m has been allocated for exploration in the region during 2006. Work completed during the quarter was mainly focused at Tropicana, the most advanced prospect, and comprised diamond, RC and aircore drilling and IP surveying.

Tropicana Prospect

A number of new significant intercepts were returned during the quarter (previously announced) as follows:

- **42m @ 3.3g/t Au from 35m, including 18m @ 6.0g/t Au from 56m;**
- **45m @ 2.2g/t Au from 67m, including 9m @ 4.2g/t Au from 67m and 23m @ 2.1g/t Au from 89m**

Gold mineralisation (+1 g/t Au) has now been delineated over a strike length of 1.3 kilometres (**Figure 12**). The northeast position has been closed by a cross-cutting fault, however the projected position of the offset zone has been drill tested (600m of strike). Assays are awaited from this program which produced intersections of strong sulphide-biotite alteration. The southwest position is open**.** Wide zones of gold mineralisation have now been confirmed on a number of sections **(Figures 13 and 14)**.

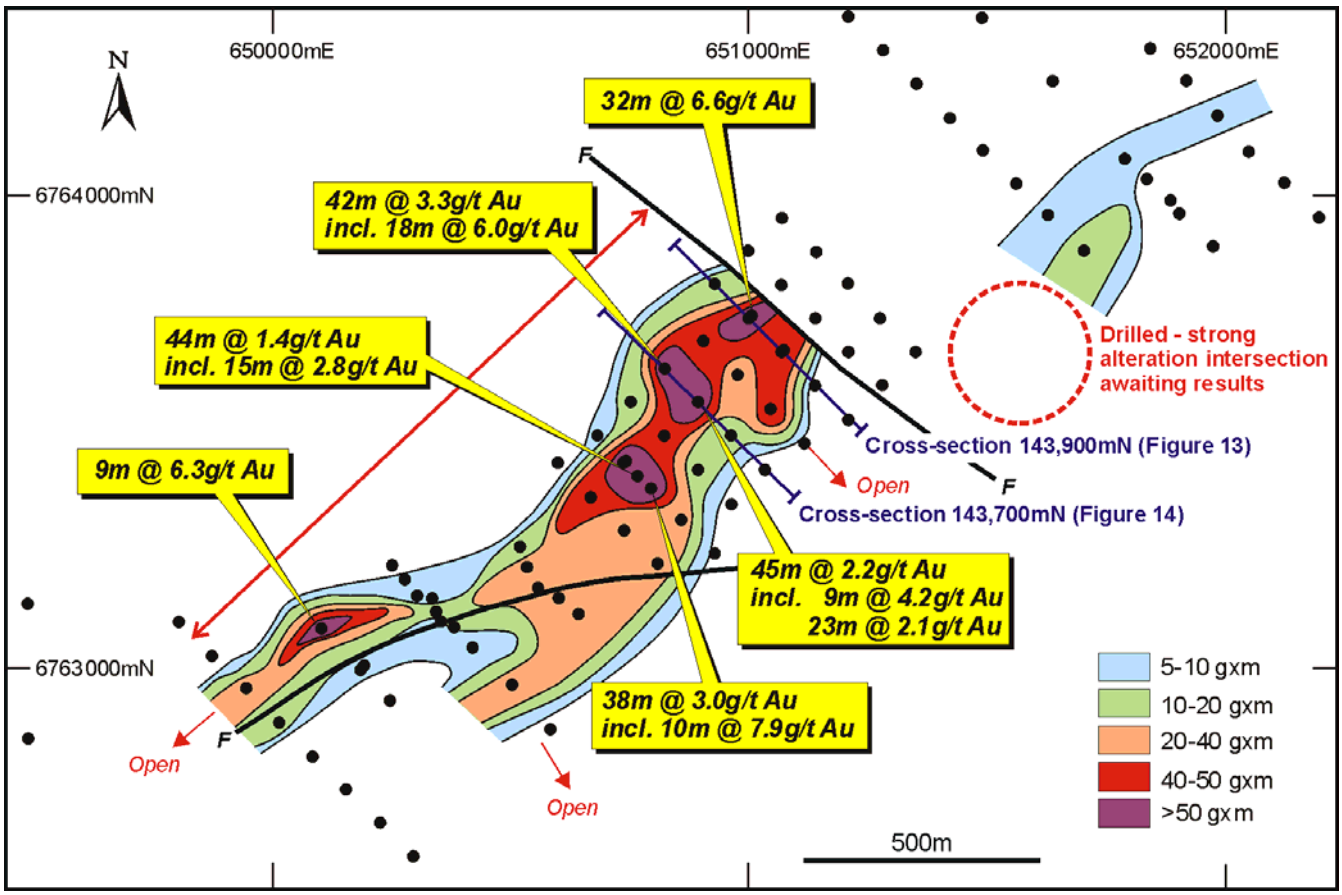


Figure 12: Tropicana Prospect Plan Showing Intercept Locations, g/t Au x m Thickness Contours and Significant Intercepts

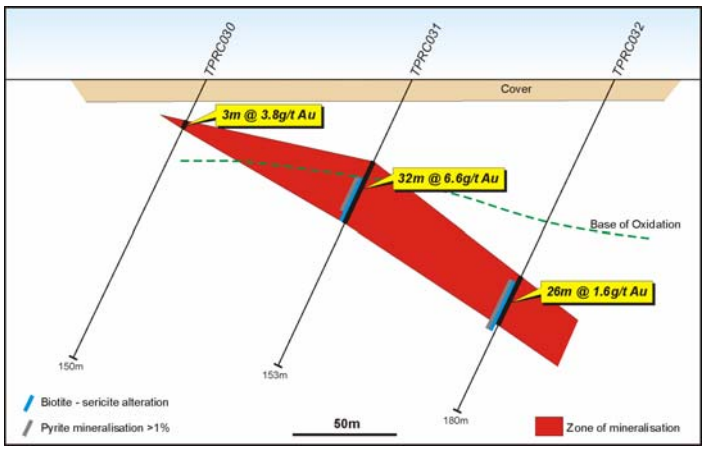


Figure 13: Tropicana Prospect 143,900m N Cross Section Showing Significant Drill Results

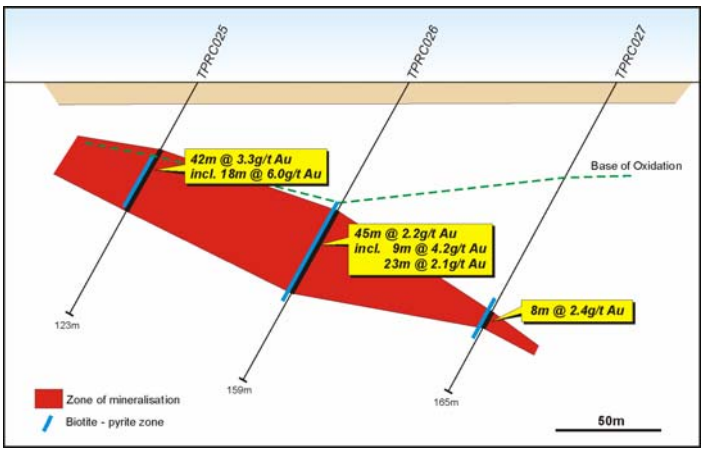


Figure 14: Tropicana Prospect 143,700m N Cross Section Showing Significant Drill Results

The current drilling program, including a number of diamond tails, is systematically testing the Tropicana Prospect on a broad pattern (100m x 100m) which should enable an initial resource estimate to be completed.

Rusty Nail Prospect

Reconnaissance drilling at the Rusty Nail Prospect (8km SSW of the Tropicana Prospect) has returned **5m @ 3.4g/t Au from 34 metres** in oxide (**Figure 11**). Previous narrow high grade intercepts include **2m @ 7.2g/t Au EOH, 1m @ 8.8g/t Au and 1m @ 25.6g/t Au.** Follow up drilling is planned.

Regional Exploration

AngloGold Ashanti Australia Ltd's regional geochemical sampling continues to generate new gold anomalies which require follow up**.**

COBAR (IGO 100%)

The Cobar project comprises 7 exploration licences and applications covering conceptual and geochemical gold and base metal targets along basin margin faults in the Cobar mining district in NSW (**Figure 15**). Cobar is one of the most endowed metallogenic provinces in Australia and includes mines such as the Peak Gold Mine (Au), Tritton (Cu), Elura (Zn-Pb-Ag), CSA (Cu, Pb, Zn, Ag), New Occidental (Au) and the recent Hera discovery (Au).

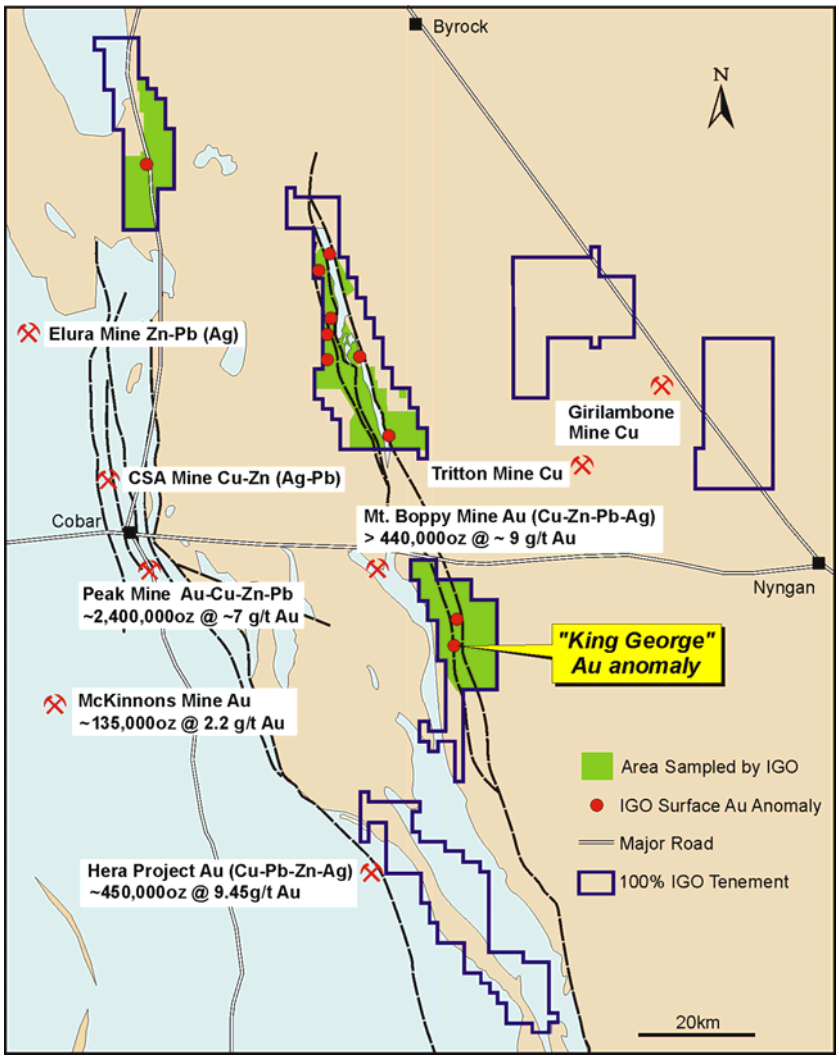


Figure 15: Cobar Project Location Plan Showing IGO Tenure, Major Mines, Geochemical Coverage and Surface Gold Anomalies

A review of open file reports indicates that systematic regional geochemical sampling programs have not been completed over much of this tenure even though the regolith is thought to be amenable to this technique.

IGO has completed approximately 50% of a regional surface sampling program designed to provide first pass geochemical coverage over priority areas within the tenure.

A full interpretation of the data will be undertaken once sampling is completed on granted tenements late in the June quarter. An initial appraisal of results received to date has highlighted several areas of polymetallic anomalism associated with regional structures.

Of particular interest is the "King George" anomaly, comprising gold and copper anomalism at approximately 5x background values occurring over a strike length of 4km and up to 1km wide. The anomaly lies along a significant NNW trending structural zone that contains newly defined highly prospective Devonian rocks (host to the majority of ore bodies in the region) to the north and is associated with a number of other anomalies on the tenements to the north.

OTHER

GOLDSWORTHY PROJECT (IGO 80%)

As reported last quarter IGO and Western Australian Resources Ltd have farmed out the iron ore rights on selected tenements forming part of the Goldsworthy Project to Atlas Iron Limited.

Given the highly strategic position of the Goldsworthy Project in relation to transportation routes and infrastructure at Port Hedland, a review of the iron ore potential of the remaining project tenure has been undertaken.

A banded formation (BIF) forming part of the Cleaverville Formation, which hosts BHP Billiton's high-grade Goldsworthy deposit, has been interpreted to occur extensively beneath thin cover within the project area. Mineralisation within BIF hosted deposits typically occurs where the BIF has been structurally disrupted enabling the pathways for fluids that act to upgrade the iron content.

A limited gravity survey has been completed over a zone of structural disruption and folding along the BIF (**Figure 16**). This survey has delineated a large strong gravity anomaly coincident with an interpreted synformal fold, potentially representing a zone of metasomatic upgrading of the iron content and conversion of magnetite to haematite. The gravity anomaly is concealed beneath alluvial cover and has an estimated mass of 4 billion tonnes.

GOLDSWORTHY PROJECT ATLAS OPTION (ATLAS OPTION TO EARN 100% WITH IGO/WAR CLAWBACK OPTION)

Please refer to the Atlas Iron Limited March 2006 quarterly report for details of progress and results.

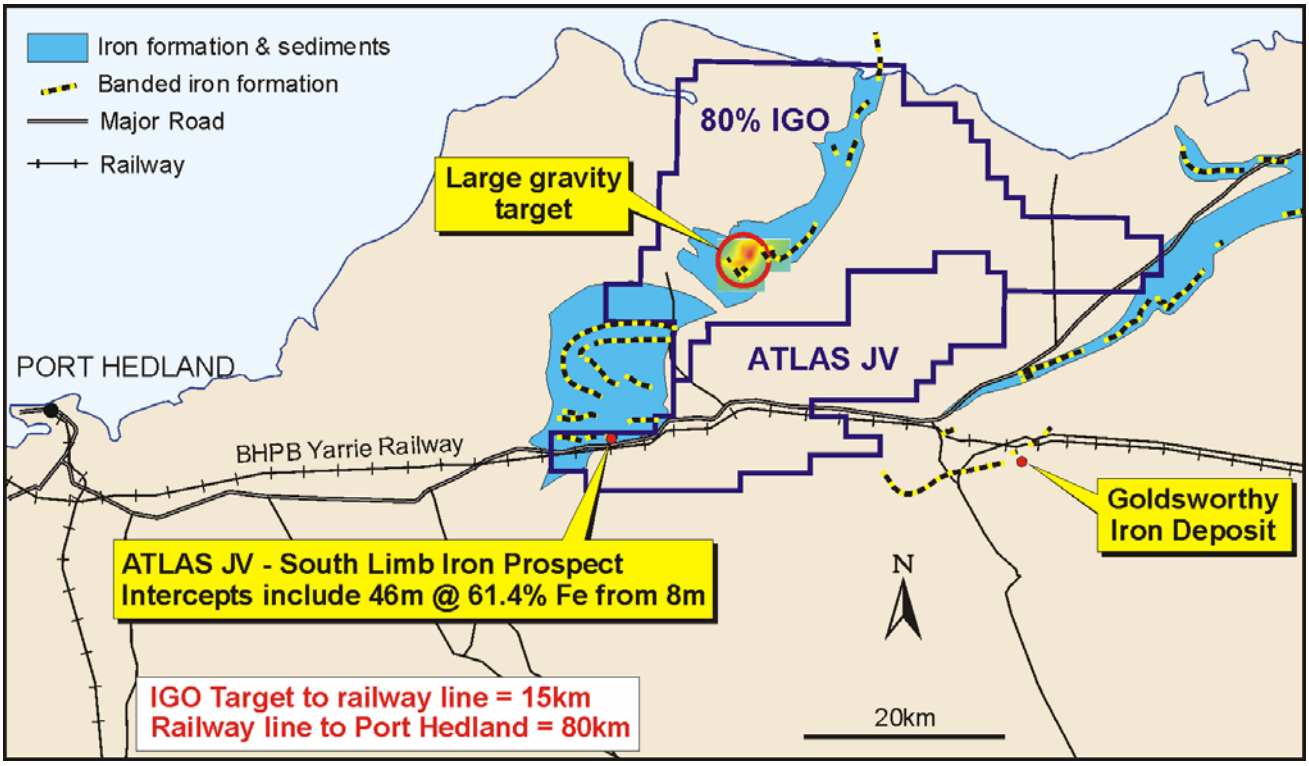


Figure 16: Goldsworthy Project Location Plan Showing Gravity Target in Relationship to Railway Lines and Port Hedland

IGO intends to test this feature with a limited program of RC drilling in the June quarter to determine whether the anomaly is caused by the presence of haematite.

PROJECTS RELINQUISHED OR AVAILABLE FOR JOINT VENTURE

Results from the following projects do not meet with the company's project investment criteria and exploration has ceased accordingly.

NICKEL PROJECTS

Yandal: Withdrawn from JV. EM and follow-up drilling failed to locate significant mineralisation.

GOLD PROJECTS

Wackalina: Surrendered. Unable to locate possible high-grade feeder zone.

JUNE QUARTER PROGRAM

REGIONAL NICKEL EXPLORATION

Ravensthorpe: Compilation of geology, geophysics, geochemistry and target generation.

Storbudsund: Airborne EM survey over prospective intrusion.

REGIONAL GOLD EXPLORATION

Tropicana: Diamond, RC and aircore drilling and regional surface geochemistry.

Cobar: Ongoing regional and infill surface geochemistry.

Mt Padbury: RAB testing gold targets.

OTHER COMMODITIES

Goldsworthy (Iron): RC drill test gravity anomaly.

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INDEPENDENCE GROUP NL

CHRISTOPHER M. BONWICK
MANAGING DIRECTOR

Note: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Christopher M Bonwick who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Christopher Bonwick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Christopher Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

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