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Date of lodgement: 08-Oct-2007

Title: Open Briefing®. Independence. MD Gives Growth Update

Record of interview:

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Independence Group NL recently recorded EBITDA of \$161.1 million in FY07 compared with \$59.7 million in FY06. Independence produced 9,825 tonnes of contained nickel in FY07 compared with 8,897 tonnes in FY06. What nickel (Ni) production do you expect in the future?

MD Chris Bonwick

We have forecast 9,000 tonnes Ni metal production in FY08. Our FY07 forecast production was 8,600 – 8,800 tonnes Ni, but we ended up producing 9,825 tonnes Ni. This was mainly due to mining more metal than predicted from our ore reserve blocks, locating additional ore outside the reserve blocks and mining some lower grade incremental mineralisation, which again was not previously classified as ore.

As a result of the increased production, the high nickel price and low cash costs, we were able to increase our profit and EBITDA significantly.

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As at 30 June 2007 cash and equivalents exceeded interest-bearing debt by \$162.5 million. What major expenditures do you expect this year, particularly with capital and exploration?

MD Chris Bonwick

At our Long Nickel Mine, we expect our mining operating costs to be around \$55 million, with \$4 million spent on capital and \$10 million on exploration. Regional

gold and nickel exploration excluding Tropicana will be approximately \$7 million. Approximately \$5 million (IGO's share) will be spent on the Tropicana Fast Track budget and IGO's share of the Tropicana exploration budget is expected to be about \$4 million.

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In FY07, the cash cost per payable pound was A\$4.35/lb compared with A\$3.75/lb in FY06. Can you explain the difference? What major influences do you expect on costs this year? What average nickel price did you receive in FY07?

MD Chris Bonwick

Inclusive of hedging, we received an average nickel price of A\$18.75/lb in FY07. Cash costs were A\$4.35/payable pound of nickel, the lowest of all mid-sized Australian nickel producers. Cash costs included higher than budgeted royalty costs of A\$0.23/lb due to higher nickel prices. When increased royalty costs are excluded the mine's costs only increased by 9% amidst an escalating cost environment.

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What impact will mining the McLeay deposit have on production? Can you recap the extent of the McLeay deposit and the potential to extend it?

MD Chris Bonwick

McLeay currently has a resource of 528,000 tonnes @ 5.4% Ni (28,600 tonnes Ni) and a reserve of 336,000 tonnes @ 3.9% Ni (13,100 tonnes Ni). FY08 production from McLeay will be approximately 1,700 tonnes Ni, which is 19% of the mine's total production. We anticipate production from McLeay to increase over time but we are still forecasting 9,000 tonnes Ni per annum for the next few years. McLeay has a strike length of 625 metres and is still open to the south. If it keeps on going we may be able to increase our production profile.

McLeay contains 15,500 tonnes Ni in resources, which are not included in reserves. We expect additional resources to be converted to reserves in FY08. Due to McLeay's structural complexity, we had to drill it out on a 10 metre by 10 metre grid in certain areas and did not convert as much of the resources to reserves as we had originally anticipated. Also the drill meterage per shift was approximately 50% less than budgeted, which compounded the problem, but hopefully an extra drill rig on site will mean better resource to reserve conversion this year.

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What is the status of your nickel exploration program at the mine? What potential is there to upgrade resources and reserves?

MD Chris Bonwick

We have recently released our June 2007 resource and reserve statement. Our resources have increased by 14% to 79,300 tonne Ni after taking into account the FY07 depletion of reserves by 6,588 tonnes Ni. During FY07 3,235 tonnes Ni were mined in addition to nickel that was in the reserve blocks and extensions outside of reserves. This trend has continued since we started production in

October 2002. Since we commenced mining, we have produced 37,441 tonnes Ni from ore reserves estimated to have contained 24,992 tonnes Ni. In fact the reserve blocks produced 31,808 tonnes Ni while an additional 5,633 tonnes Ni were mined outside the reserve blocks.

Nickel reserves decreased by 15% to 39,600 tonnes after FY07 production is taken into account. This was due to geological complexity at McLeay and drilling issues previously discussed. Approximately 39,700 tonnes of our nickel resource remains outside current reserves with drilling continuing in FY08 to speed up resource conversion. In terms of potential for other upgrades, McLeay remains open to the south and new ore blocks have been found at Long. IGO has budgeted \$10 million for Long Mine site exploration in FY08.

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Thank you Chris.

For further information on Independence Group please visit www.igo.com.au or call Chris Bonwick on (08) 9367 2755.

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