INDEPENDENCE GROUP NL
ABN 46 092 786 304

ASX RELEASE

QUARTERLY ACTIVITIES REPORT
1 APRIL TO 30 JUNE 2012

GROUP HIGHLIGHTS

- **Tropicana Gold Project JV ("Tropicana") (IGO 30%) remains on schedule for "first gold" in December quarter 2013. Major Tropicana achievements during the June quarter 2012 included:**
  - **Half-way milestone reached on pathway to completing the Tropicana Gold Mine (ie. engineering, drafting, procurement, contracts and construction tasks).**
  - **Practical completion of engineering and associated specifications.**
  - **Commencement of construction of treatment plant and supporting infrastructure.**
  - **Commencement of Havana Pit pre-stripping with mobilisation of start-up mining fleet.**
  - **Significant contracts awarded: Structural and mechanical, tank installation and power station.**
- **Strong balance sheet with $192.0 million cash as at 30 June 2012 (excluding $9.5 million copper concentrate shipment payment received in early July) and debt of $23.4 million.**
- **Long Operation (IGO 100%) annual production of contained nickel metal in ore of 9,995t was a 10 year record and exceeded upper end of guidance by 8.6%. This Operation continues to perform consistently as a low cost nickel mine in the current challenging nickel price environment.**
- **Jaguar/Bentley Operation (IGO 100%) annual production of contained zinc and silver metal in concentrate (being 16,569t Zn and 577,266 oz Ag) exceeded upper end of guidance by 0.4% and 15.0% respectively. Annual production of contained copper metal in concentrate of 7,257t was 3.2% below lower end of guidance.**
- **Karlawinda Gold Project (IGO 100%) Inferred Resource estimate more than tripled in size to 674,300oz Au. A production Scoping Study is well advanced.**

MINING OPERATIONS

LONG OPERATION (Ni) (IGO 100%)

Production:
- **Quarter: 91,639t @ 3.5% Ni for 3,247t Ni @ A$4.08/lb payable Ni cash costs.**
  (Budget: 71,184t @ 3.8% Ni for 2,690t Ni @ A$4.51/lb payable Ni cash costs).
- **2011/12 FY: 9,995t Ni @ $4.79/lb payable Ni cash costs.**
  (Guidance: 8,800 - 9,200t Ni @ $4.80 - $5.00/lb payable Ni cash costs).

Exploration:
- **Intercept of 3.4m @ 3.7% Ni (down hole width) intersected at Moran East.**

JAGUAR / BENTLEY OPERATION (Cu, Zn, Ag) (IGO 100%)

Production:
- **Quarter Milled: 105,279t @ 2.1% Cu, 7.7% Zn, 116g/t Ag for 1,920t Cu, 6,531t Zn @ A$0.54/lb payable Zn cash costs.**
  (Revised Budget: 99,927t @ 3.0% Cu, 7.0% Zn, 97.0g/t Ag.)
- **2011/12 FY: 7,257T Cu, 16,569t Zn, 577,266oz Ag @ A$0.58/lb payable Zn cash costs.**
  (Guidance: 7,500-8,500t Cu, 15,500-16,500t Zn, 0.4-0.5Moz Ag).

PROJECT UNDER CONSTRUCTION : HIGHLIGHTS

TROPICANA JV (Au) (IGO 30%, AngloGold Ashanti 70%, Manager), Western Australia

- **Tropicana Gold JV development continues to meet construction and mining milestones to achieve target of first gold pour in December quarter 2013.**
- **Engineering for construction achieved practical completion, whilst procurement deliveries to site remain well ahead of construction.**
- **Tropicana Village, which reached accommodation for 450 personnel in June quarter 2012, will increase to greater than 800 personnel in support of an acceleration in construction and mining activity in the September 2012 quarter.**
- **The Airstrip has now been completed, allowing site to be serviced by 30 seat turbo prop aircraft, prior to receiving approval for use of 100 seat jet aircraft utilisation (expected in the September quarter 2012).**
- **Construction of Tropicana treatment plant and supporting infrastructure commenced, with concrete foundation pours for crushing, grinding and leach circuits and steel structure erection underway.**
- **The major structural and mechanical (SMP) and tank installation contracts were awarded to Pacific Industries Company (PIC).**
- **Power station "build, own and maintain" contract awarded to Pacific Energy Ltd (KSS Power Generation).**

- **Commencement of Havana Pit pre-strip with mobilisation of a start-up mining fleet including 400t excavator and 240t dump trucks.**
- **5m @ 4.0g/t Au (down hole width) intersected 1.6km north of the proposed Boston Shaker open pit, representing a new near mine exploration target.**

PROJECT AT FEASIBILITY STUDY STAGE : HIGHLIGHTS

STOCKMAN (Cu, Zn, Ag, Au) (100% IGO), Victoria

- **Preparation of the Definitive Feasibility Study and Environmental Effects Statement progressed during the quarter.**
- **Drilling at the Big Foot prospect 300m north of the Currawong Deposit intersected further precious metal rich mineralisation, including 7.45m @ 0.7% Cu, 4.4% Zn, 4.1% Pb, 153g/t Ag, 10.6g/t Au.**

PROJECT AT SCOPING STUDY STAGE : HIGHLIGHTS

KARLAWINDA (Au) (IGO 100%), Western Australia

- **The Bibra Inferred Mineral Resource estimate increased to 18.5Mt @ 1.1g/t Au (674,300oz Au).**
- **The Scoping Study continued, evaluating open pit mining and Carbon-In-Leach and Heap Leach processing scenarios.**

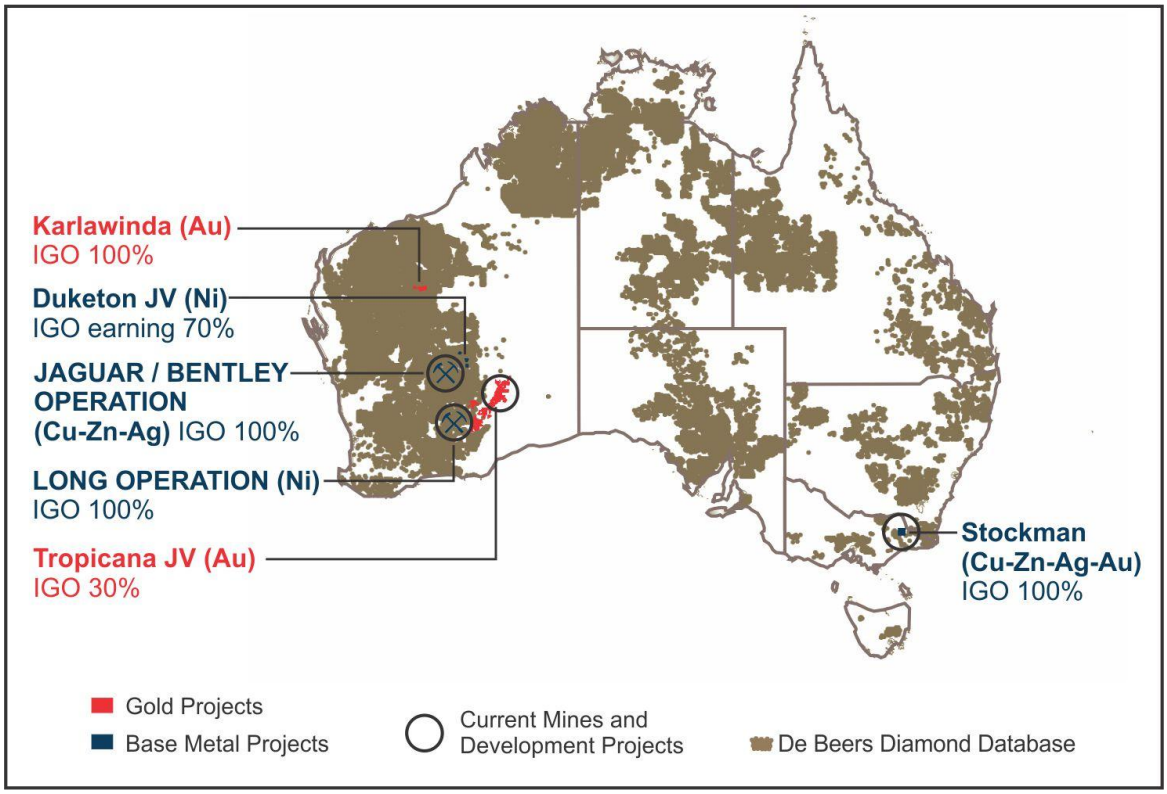


Figure 1: IGO Major Project Locations

CORPORATE

PROFIT AND LOSS

Consistent with prior half and full year reporting quarters, IGO is not providing unaudited profit estimates in this Report due to the nearness of completion of the external audit.

ISSUED CAPITAL - CURRENT

232,882,535 ordinary shares.

CASH BALANCES

At the end of the quarter, the Company had $192.0 million cash (March 2012 quarter: $228.7 million). This figure excludes US$9.5 million copper concentrate receipts received early in July 2012.

CASH FLOWS

Material cash flows during the quarter included:

- $13.0 million net inflow of cash from operating activities (does not include US$9.5 million sales receipts relating to June shipments received in early July).
- $3.5 million of bank interest revenue.
- $27.5 million contributions to the Tropicana JV.
- $9.8 million spent on Long, Jaguar/Bentley, Stockman, Karlawinda and regional exploration.
- $7.8 million spent on plant and equipment, including $4.2 million at Long and $3.1 million at Jaguar/Bentley.
- $4.0 million spent on the Stockman Feasibility Study, permitting and resource upgrade activities.
- $5.3 million for capitalised development costs (Long $2.6 million and Jaguar/Bentley $2.7 million).
- $1.4 million net repayment of borrowings.

DEBT

The Company had debt at the end of the quarter of $23.4 million (March 2012 quarter: $23.2 million) comprising finance lease obligations of $18.6 million and a silver loan of $4.8 million.

HEDGING

Total hedged nickel metal at the end of June was 2,400 tonnes at an average price of A$26,830/t, scheduled to be delivered by June 2013 at 200 tonnes per month.

Zinc metal is currently unhedged and 2,200 tonnes of copper are hedged at US$7,423 per tonne, expiring 31 October 2012.

PROJECT UNDER CONSTRUCTION

TROPICANA JV (IGO 30%, AngloGold Ashanti Australia Limited, Manager 70%), Western Australia

PROJECT DEVELOPMENT

The Project continues to meet its schedule to achieve the target of "first gold" in the December quarter 2013.

Engineering, drafting and associated specification and data sheets achieved practical completion and were issued for construction.

Construction of the treatment plant and its supporting infrastructure commenced during the June quarter. The treatment plant site was cleared and concrete foundations were poured for the crushing and grinding process circuit. Each of the eight plant leach tank rings were placed and tank fabrication commenced.

Tropicana Village was progressively commissioned with the completion of the 325 seat kitchen and dry mess and accommodation available for 450 personnel by the end of the June quarter 2012. Accommodation is scheduled to increase to greater than 800 rooms in the September quarter 2012 in support of the peak in Tropicana mine site construction activity in the second half of calendar 2012. ESS has been awarded the Tropicana Project catering and village services contract.

The major structural and mechanical (SMP) and tank installation contracts were awarded to Pacific Industries Company (PIC). Also during the June quarter Pacific Energy was awarded a 15 year contract to build, own and maintain a 44MW power station scheduled to commence onsite power generation in the June quarter 2013. The Site fuel supply contract was awarded to Caltex.

Pre-strip of the Havana Pit commenced with mining contractor MacMahon mobilising to site during the June quarter 2012. Current onsite fleet includes 400t Cat 6040 excavator, 240t Cat 793 dump trucks and ancillary mining equipment. Construction of fleet service facilities has commenced.

Grade control and production drill rigs will mobilise over coming months, to commence drilling during the September quarter 2012. The Tropicana Project explosive contract was awarded to Dyno Nobel.

Half of the Tropicana Mine pre-commissioning tasks (engineering, drafting, procurement, contracts and construction) were complete by the end of the June quarter 2012.

TECHNICAL STUDIES

The Havana Deeps pre-feasibility metallurgical test work program commenced during the June quarter 2012. The Havana Deeps pre-feasibility drill program is scheduled for completion in the September quarter 2012.

Photo 1: Commencement of mining, with pre-stripping of the Havana Pit. The recently assembled 400 tonne CAT 6040 excavator loads one of the 225 tonne payload CAT 793F dump trucks.

Photo 2: Tropicana Gold Project - Sealed Airstrip.

Photo 3: Tropicana Gold Project – CIL Tanks (left) and Ball Mill (right).

TROPICANA-HAVANA PROXIMAL EXPLORATION

During the June quarter 51 holes were completed (1,128m of RC drilling and 16,649m diamond drilling) as part of the **Havana Deeps Pre-feasibility study,** evaluating the open pit and underground mining potential of the Havana Deeps mineralisation. This comprised infill and edge definition drilling. The better results were:

- HDD045W1: **5m** @ **9.5g/t** Au from 746m including **3m** @ **15.4g/t** Au from 748m.
- HDD049W1: **14m** @ **2.8g/t** Au from 804m and **14m** @ **2.7g/t** Au from 822m.
- HDD207W1: **20m** @ **2.3g/t** Au from 892m.

Significant Havana Deeps intercepts received during the quarter are listed in ***Table 1*** and shown in ***Figure 3.***

A total of 3 holes (378m of RC and 852m of diamond drilling) were completed north of the proposed Boston Shaker pit, testing for strike extensions (no significant results).

Five holes (984m of RC and 89m of diamond drilling) were completed at the Springbok prospect (1.6km north of Boston Shaker), following up encouraging aircore intercepts. Results have been received from 4 of the 5 holes with a best intercept of **5m** @ **4.0g/t Au** in SKRC007. These results represent a new near mine exploration target close to the Tropicana Mine. Significant near mine exploration results, other than those for Havana Deeps, are listed in ***Table 2*** and shown in ***Figure 2.***

REGIONAL EXPLORATION

A total of 1140 aircore holes (58,257m), were completed on a number of regional lines and prospects including Sidewinder, Don King, Tailspin, Depth Charge and Tomahawk.

Auger drilling was completed over a number of tenements with a total of 2,449 holes drilled during the June quarter 2012.

At Iceberg, some 30 km south-west of Tropicana, the last of the diamond drilling results from last year were returned with an intersection of **3m @ 1.0g/t** Au from 108m in IBD001 within a large shear zone that cuts through the prospect.

Aircore drilling results were returned from Don King, which is also about 30 km south-west of Tropicana Gold Mine, including **5m @ 1.2g/t** Au from 36m in TWA659. Weak anomalous results were also returned from a number of other regional prospects including Beetlejuice, Wild Voodoo, Monsoon and Tomahawk.

All significant results are listed in ***Table 3***.

The Spectrem airborne electromagnetic survey was completed over the Tropicana JV during June. Data are being processed and results are expected in the September 2012 quarter.

Table 1: Significant June Quarter 2012 Tropicana - Havana Deeps Drilling Results

COLLAR							INTERCEPT DETAILS			
Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azi (deg.)	Dip (deg.)	Total Depth (m)	Depth From (m)	Depth To (m)	Width (m)	Au (g/t)
HDD045W1	6760969	650624	361.0	319.3	-61.2	855.2	746.0	751.0	**5.0**	**9.6**
						including	*748.0*	*751.0*	***3.0***	**15.4**
							756.0	763.0	7.0	1.9
HDD048W1	6760968	650696	359.8	319.8	-62.4	924.1	817.0	826.0	9.0	2.2
HDD049W1	6761022	650713	359.6	317.9	-63.1	897.6	804.0	818.0	14.0	2.8
							822.0	836.0	14.0	2.7
HDD207W1	6760845	650781	359.7	316.8	-59.9	969.4	866.0	871.0	5.0	2.1
							892.0	912.0	**20.0**	**2.3**
HDD211W1	6761129	650784	358.2	314.8	-60.6	879.6	827.0	847.0	20.0	1.8
HDD235	6761820	650343	358.7	316.9	-60.8	510.7	432.0	439.0	7.0	2.3
							456.0	464.0	8.0	3.4
HDD238	6761945	650317	357.9	319.0	-60.3	489.6	448.0	461.0	**13.0**	**3.0**
HDD239	6761886	650375	357.7	316.9	-60.8	519.8	455.0	467.0	12.0	1.2
HDD240	6761817	650444	357.8	317.8	-60.7	573.5	496.0	508.0	12.0	1.1
HDD248	6761126	650041	364.0	313.0	-60.0	372.3	332.0	337.0	5.0	2.6
HDD250	6761161	650180	365.7	318.5	-60.8	498.4	462.0	475.0	13.0	2.8
HDD253A	6761146	650409	363.3	316.5	-60.3	717.4	612.0	619.0	7.0	4.0
TPRC414D	6762329	650571	352.0	325.8	-61.1	630.4	516.0	529.0	13.0	1.6

RC = Reverse Circulation drill hole DD = Diamond drill hole

(Downhole widths approximate true width except where indicated as * not true width)

Table 2: Significant June Quarter 2012 Near Mine Exploration Drilling Results

COLLAR							INTERCEPT DETAILS			
Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azi (deg.)	Dip (deg.)	Total Depth (m)	Depth From (m)	Depth To (m)	Width (m)	Au (g/t)
SKRC007	6765800	652600	335.5	270.0	-60.0	168	75.0	80.0	**5.0***	**4.0**
SKRC011	6766100	652575	334.8	270.0	-60.0	150	90.0	92.0	2.0*	1.4
SKRC014	6765700	652775	334.9	277.5	-60.7	222	187.0	190.0	3.0*	1.2

RC = Reverse Circulation drill hole D = Diamond drill hole

(Downhole widths approximate true width except where indicated as * not true width)

Table 3: Significant June Quarter 2012 Regional Exploration Drilling Results

COLLAR							INTERCEPT DETAILS			
Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azi (deg.)	Dip (deg.)	Total Depth (m)	Depth From (m)	Depth To (m)	Width (m)	Au (g/t)
IBD001	6733600	634550	385.4	270.0	-60.0	198.7	108.0	111.0	3.0	1.0
TWA659	6743252	627048	390	360	-90	41.0	36.0	41.0	5.0	1.2

A = Aircore drill hole D = Diamond drill hole
(Note aircore result includes a 4m composite sample)

PROPOSED EXPLORATION ACTIVITIES FOR SEPTEMBER QUARTER

- Drill testing of near mine targets, north and south of the Tropicana-Havana trend.
- Infill drilling on high priority targets north of Tropicana, including Voodoo Child, Don King and Monsoon.
- RC drilling of regional targets.
- Continued auger sampling in Group 2, 3 and 4 tenure.
- An airborne TEM survey completed in June will be processed during the September quarter.

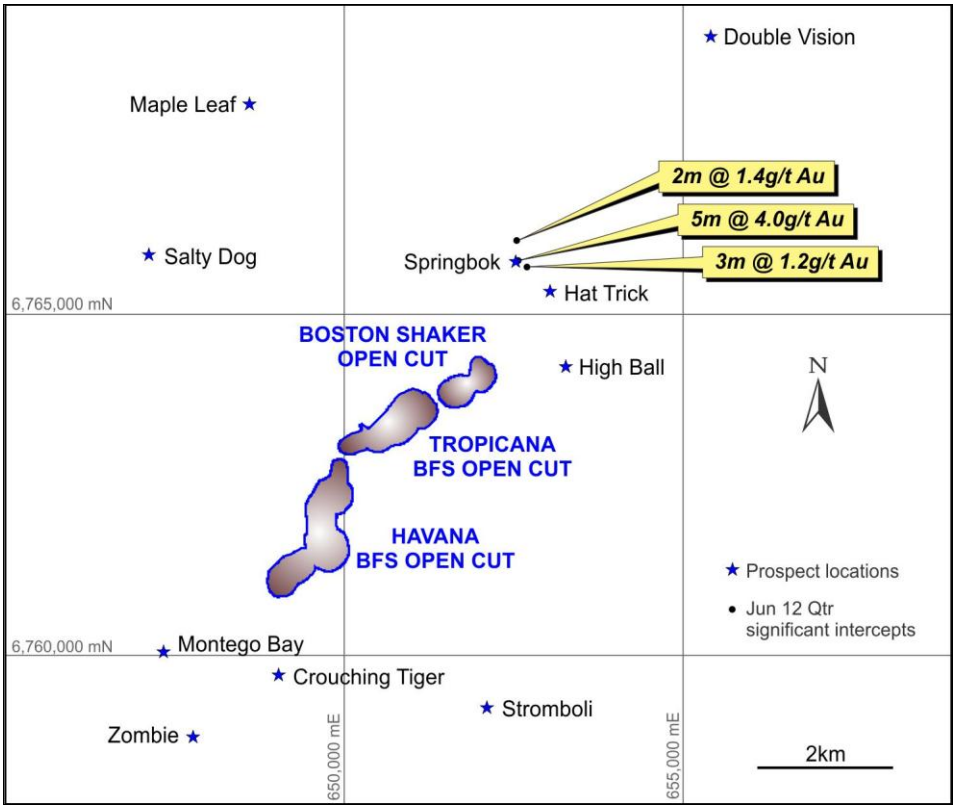


Figure 2: Tropicana JV – Location of Springbok Prospect in relation to proposed Boston Shaker, Tropicana and Havana South Open Pit Outlines.

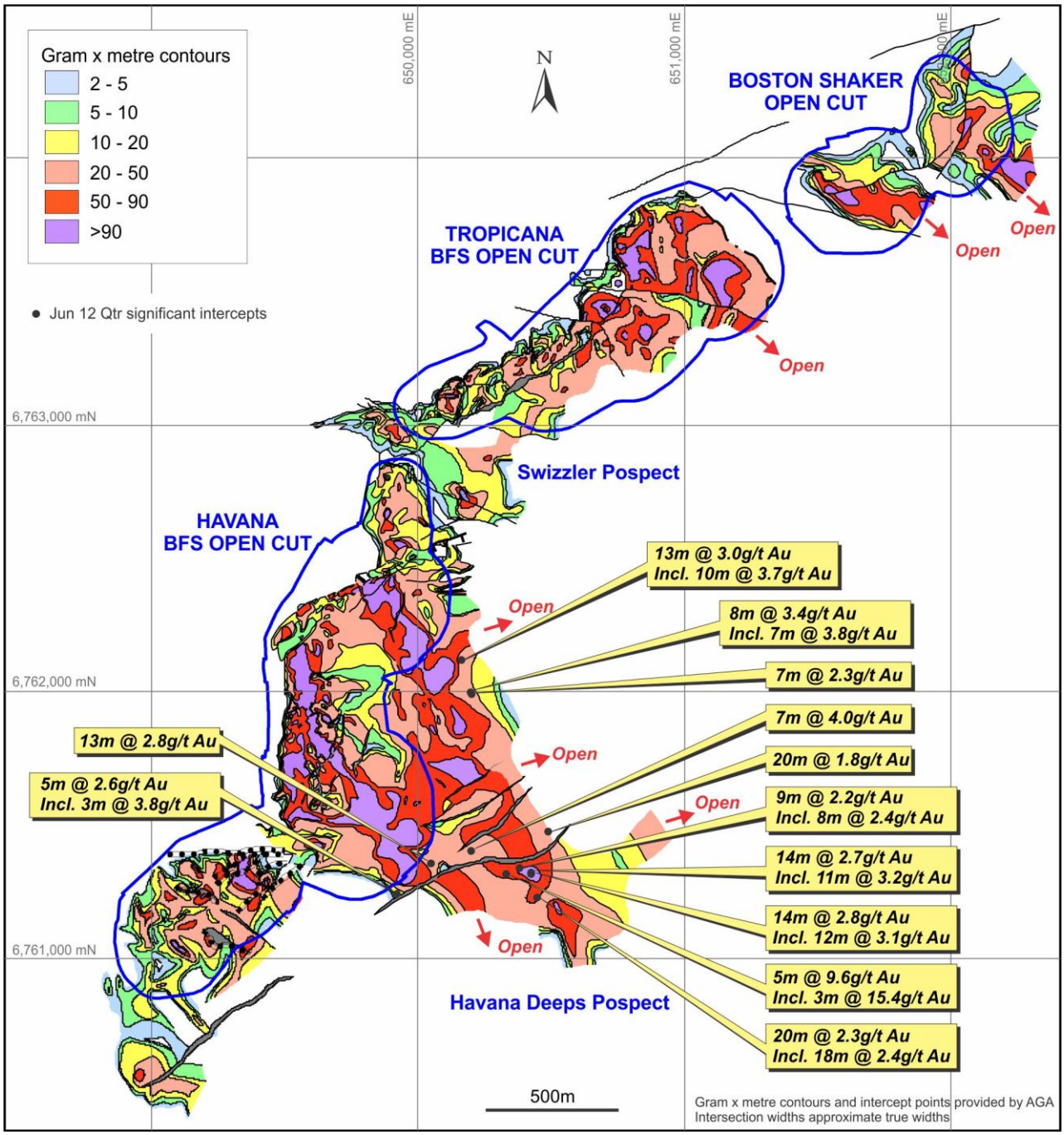


Figure 3: Tropicana JV – Proposed Boston Shaker, Tropicana, Havana and Havana South Open Pit Outlines, g/t Au x Thickness (m) Contours Significant June Quarter 2012 Intercepts.

MINING OPERATIONS

LONG NICKEL OPERATION (IGO 100%), Western Australia

SAFETY

The Long Nickel Operation incurred no Lost Time Injuries (LTI) during the quarter, decreasing the Frequency Rate (LTIFR) to 7.21 per million man hours worked for the life of the Operation.

The Operation continues to implement its Strategic Safety Management Plan for 2011-12 and is improving hazard identification through comprehensive inspection and audit criteria.

Preparations continued for the implementation of INX software to support Safety and Training systems with hardware installation and integration with corporate requirements.

An application was made to become a Registered Training Organisation (RTO) and approval is expected in the September quarter 2012.

PRODUCTION

Production for the quarter was 91,639t at 3.54% Ni for 3,247 tonnes of contained nickel, which was mined by the following methods:

PRODUCTION					
Jumbo Stoping	16,919t	@	2.0% Ni	for	342 Ni t
Long-hole	20,301t	@	4.1% Ni	for	830 Ni t
Hand-held	5,432t	@	3.1% Ni	for	171 Ni t
Jumbo Development	48,988t	@	3.9% Ni	for	1,904 Ni t
TOTAL	91,639t	@	3.5% Ni	for	3,247 Ni t

Production was won from the following mining locations:

Long	6,133t	@	2.9% Ni	for	179 Ni t
McLeay	28,185t	@	2.3% Ni	for	653 Ni t
Victor South	8,697t	@	4.5% Ni	for	395 Ni t
Moran	48,624t	@	4.2% Ni	for	2,020 Ni t
TOTAL	91,639t	@	3.5% Ni	for	3,247 Ni t

*(See **Figure 4** for ore body locations)*

Contained nickel metal in ore for the quarter was 20.6% higher than budget (2,690 Ni t) through 28.7% increased production (+20,455t) delivered at 6.3% below budget grade.

Contained nickel metal for the year ended 30 June 2012 was 9,995t Ni, which was the highest achieved by the Operation in any year during the last decade.

Metal during the quarter was produced at a cash cost of $4.08 per payable pound of nickel, versus a quarterly budget of $4.51/lb. Lower grades from McLeay were offset by above budget production from Moran.

Operational highlights for the quarter included:

- Moran mining areas out-performed budget on tonnes and grade (+20,748t and +0.19% Ni respectively), underpinning above budget metal production for the quarter.
- Expanding the paste fill reticulation system to Victor South.
- Modifying the paste plant binder dosing system to achieve more consistent delivery and improved system operation.

- Completion of a program of decline rehabilitation.
- Commencement of production from long hole stoping in the Moran northern ore body extension.
- Improvements in development rates through successful recruitment and onsite training.

Production guidance for the financial year ended June 2013 has not been released because the Company is presently determining the optimum mine production plan in the present low commodity price environment.

MINE DEVELOPMENT

CAPITAL DEVELOPMENT

During the quarter a total of 168.1 metres were advanced as capital development, 132 metres in Moran and 22 metres in 13-7 and 16-5 exploration drill drives and 14.1 metres in Victor South paste reticulation access.

OPERATING DEVELOPMENT

A total of 1143.7 metres of operating development was also undertaken during the quarter, of which 393.1m occurred in McLeay, 62.8m in Victor South with the remaining 687.8m in Moran. Operating development costs are included in cash costs.

FOCUS FOR SEPTEMBER 2012 QUARTER

The September 2012 quarter will see the Operation focus on:

- Operator skills and working at heights training
- Implementation of INX software to support safety and training systems.
- Updating the Emergency Response Plan and scenario training.
- Finalisation of Ore Reserve and Life of Mine planning.
- Developing additional accesses into Moran ore body.
- Drill testing of Moran South and Long North exploration targets.

EXPLORATION

DRILL DRIVE DEVELOPMENT

The Long North 16/5 Drill Drive is progressing with the first stockpile scheduled to be established in the September Quarter.

MORAN SOUTH

Two drill holes (LSU-400 and LSU-367AW4), designed to test two off hole TEM conductors south of Moran ***(Figure 4),*** are complete. LSU-400 was abandoned at 491.8m with drilling unable to penetrate through the north-south striking fault immediately east of Moran. The drill hole is interpreted to end in flanking, non-mineralised komatiite ultramafics. The TEM conductor remains untested. Follow up drilling is planned to test the TEM conductor after construction of a new drill drive closer to the target.

LSU-367AW4 was abandoned at 664m in high talc-magnesite ultramafics. The hole hit pyritic meta-sediments, which may explain the conductor.

MORAN EAST

Three underground diamond drill holes were completed in the June quarter, designed to follow up nickel mineralisation intersected in drill hole LSU-382 with 1.6m @ 6.1% Ni from 234.25m. Of the three holes, only one **(**LSU-401), hit the target and intersected 3.4m @ 3.7%Ni from 212.5m, 10m south of the original intercept ***(Figure 4*****).**

Table 4: Long Nickel Mine – June Quarter 2012: Moran East Drilling Result

Hole ID	Northing (m)	Easting (m)	RL (mAHD)	EOH (m)	Di (deg.)	Azimuth (deg.)	From (m)	To (m)	Interval (m)	True Width (m)	Assay Grade %Ni
LSU-401	547623	375329	-651	260.8	-24	188	212.5	215.9	**3.4**	**2**	**3.7**
LSU-402	547623	375329	-651	263.3	-32	63	263.3				**In footwall**
LSU-402	547623	375329	-651	263.3	-32	66	269.8				**In footwall**

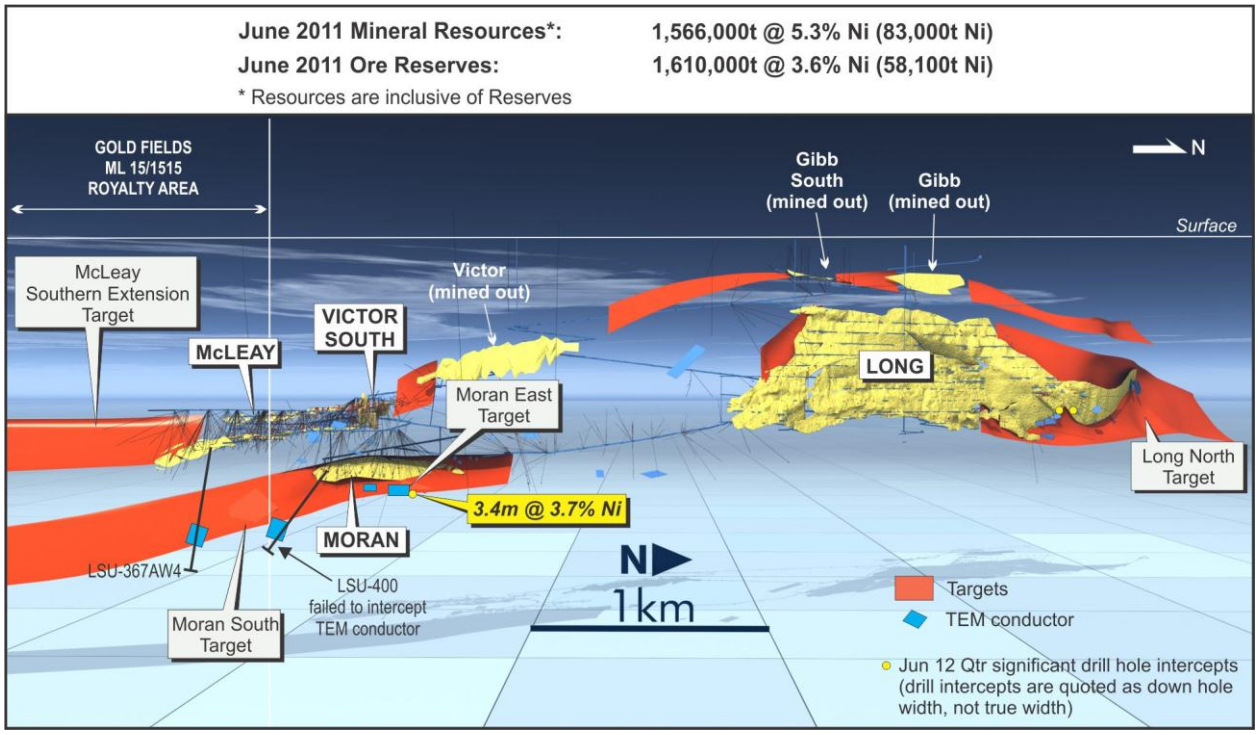


Figure 4: Long Nickel Mine – Longitudinal Projection showing Target Areas, TEM Conductors and Significant June Quarter 2012 Intercept. *Please refer to IGO's 2011 Annual Report for JORC Compliant Competent Person Sign-off released to the ASX on 20 October 2011.*

LONG NORTH DRILLING

Underground diamond drill hole LG137-084, collared from the 13/7 Drill Drive face designed to test TEM conductors 500m north of the 2011 Long reserve boundary, has commenced with 140.2m completed during the June quarter 2012.

Table 5: Long Nickel Mine Operation Production Summary

	Note	JUN '12 Quarter	2011/12 FY to Date	Previous Corresponding Quarter (June'11)
Mining Reserve (Dry Tonnes)				
Start of Period		1,419,462	1,610,000	*1,154,823*
- ROM Production	1	(91,639)	(282,177)	*(64,665)*
End of Period		1,327,823	1,327,823	*1,090,158*
Production Details:				
Ore Mined (Dry Tonnes)	1	91,639	282,177	*64,665*
Ore Milled (Dry Tonnes)		91,639	282,177	*64,665*
Nickel Grade (Head %)		3.54	3.54	*4.29*
Copper Grade (Head %)		0.26	0.27	*0.32*
Metal in Ore Production (Tonnes)				
Nickel delivered	2	3,247	9,995	*2,773*
Copper delivered	2	244	759	*204*
Metal Payable IGO share (Tonnes)				
Nickel		1,951	6,013	*1,676*
Copper		99	307	*83*
Hedging				
Tonnes delivered into Hedge		540	3,129	*600*
Average Price (AU$/t)		21,898	20,893	*19,013*

Note 1. Production is sourced from both inside and outside reserve and updated as at 1 July 2011.
Note 2. The Recovery Rate is fixed with BHP depending on head grade.

Revenue/Expense Summary		***A$'000's***	***A$'000's***	***A$'000's***
Sales Revenue (incl. hedging)		38,554	118,640	*34,328*
Cash Mining/Development Costs		(10,181)	(40,207)	*(9,579)*
Other Cash Costs	3	(7,346)	(23,398)	*(5,655)*
Depreciation/Amortisation		(4,017)	(12,407)	*(3,955)*
Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***
Cash Mining/Development Costs		1.42	1.82	*1.57*
Other Cash Costs	3	1.03	1.06	*0.93*
Depreciation/Amortisation		0.56	0.56	*0.65*
Unit Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	***A$/lb Payable Metal***
Sales Revenue (incl. hedging)	4	8.96	8.94	*9.29*
Cash Mining/Development Costs		2.37	3.03	*2.59*
Other Cash Costs	3	1.71	1.76	*1.53*
Depreciation/Amortisation		0.93	0.93	*1.07*

Note 3. Other Cash Costs include milling, royalties and site administration.
Note 4. Sales Revenue per pound includes nickel price adjustments for prior periods.

Safety and Productivity				
- Lost Time Injuries		0	3	*1*
- Medically Treated IFR		9.68	18.75	*41.1*
- Nickel Productivity Rate	5	98.0	76.0	*88.0*

Note 5. Nickel Productivity Rate = Annualised nickel tonnes per full-time-equivalent-employee.

Production/Exploration Drilling	**Metres**	**Metres**	
Production	1,001	2,931	*1,166*
Exploration	3,743	11,697	*2,333*
	4,744	14,627	*3,499*

JAGUAR / BENTLEY COPPER ZINC OPERATION (IGO 100%)

SUMMARY

The June quarter saw a 24.5% increase in mine production, producing 120,258 ore tonnes (previous quarter 90,839 ore tonnes).

Mill performance improved similarly, with the increase in the availability of ore and further advancement in the commissioning of the HMS plant.

Development of Bentley underground continues to progress well, with primary ventilation and high voltage reticulation upgraded during the quarter.

Operational highlights for the quarter included:

- Good safety performance.
- Greater production in mining and processing.
- Operational consistency continuing to improve.

Lower contained zinc and silver in the month of June 2012 (see **Graph 1**) was due to lower grade ore being processed during that month, prior to the commencement of Bentley stoping.

Production guidance for the financial year ending June 2013 has not yet been released because the Company is presently finalising studies to optimise mine and mill production levels in the present low commodity price environment.

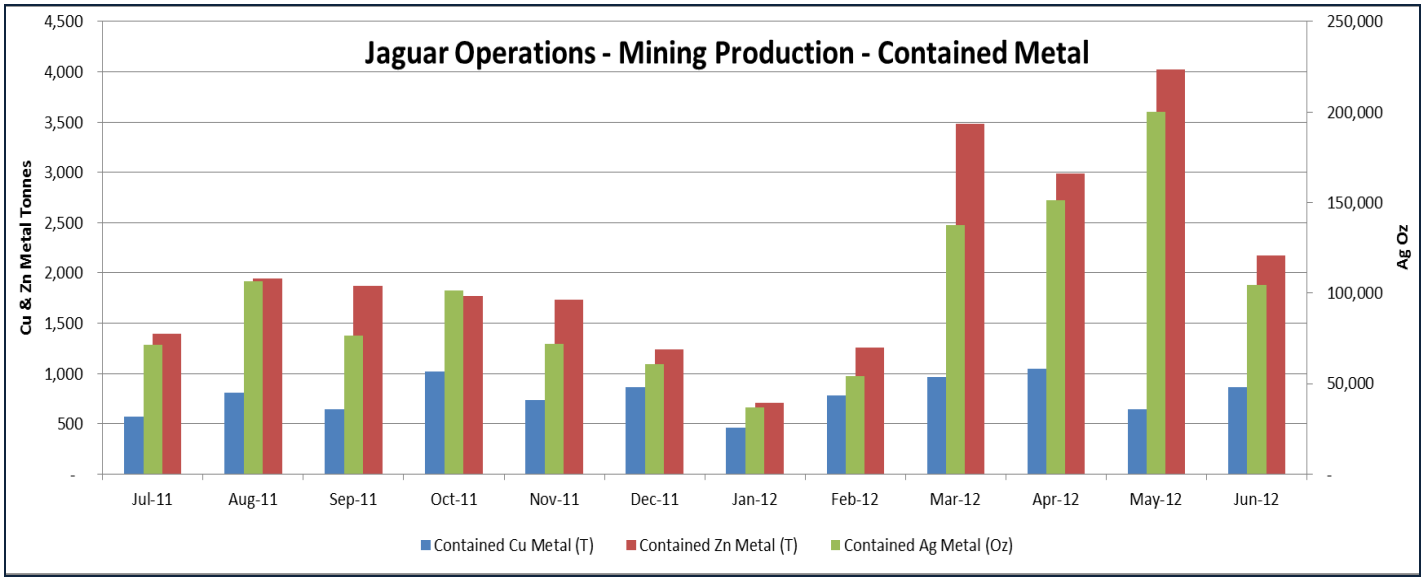
SAFETY

No LTI's occurred during the quarter. The site's Frequency Rate (LTIFR) subsequently decreased to **3.18** per million man hours worked for the life of the Operation.

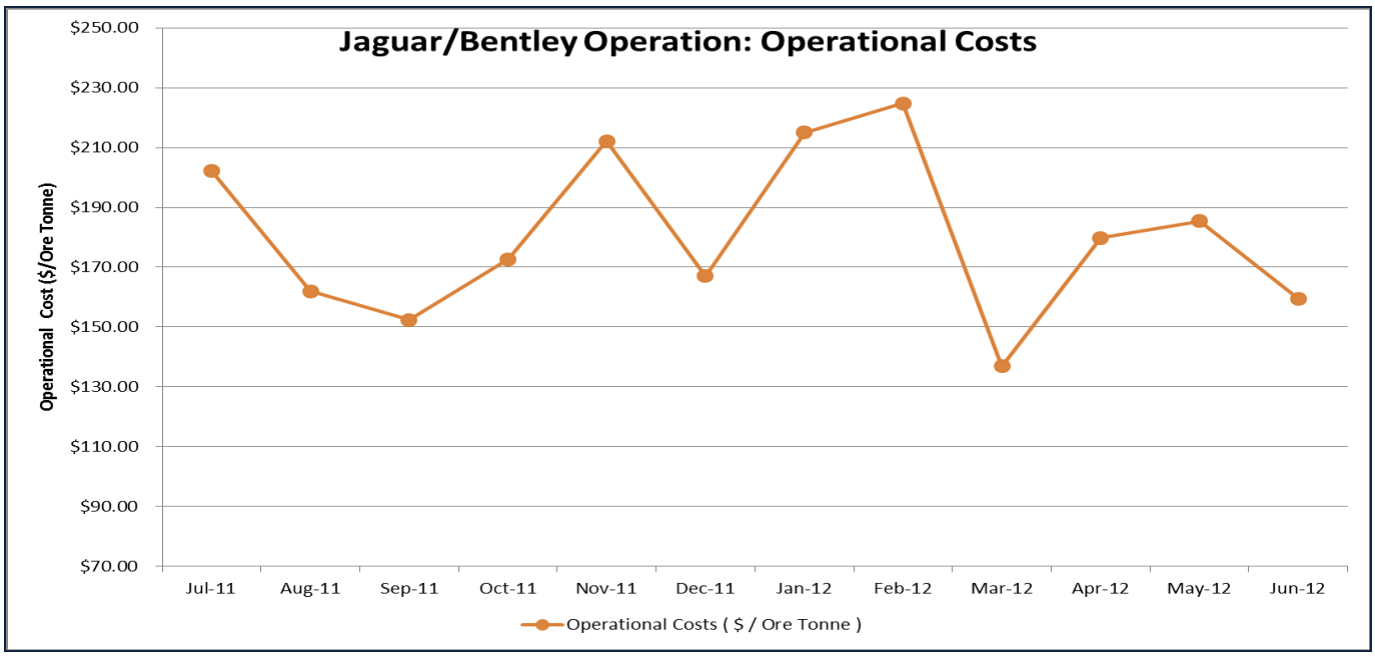
MINE PRODUCTION

During the June quarter the Operation mined 120,258 tonnes of ore averaging 2.12% Cu, 7.63% Zn and 118g/t Ag. This production was sourced from both Jaguar underground (72,699t) and the Bentley underground (47,559t).

TONNES MINED			
Stoping – Jaguar	64,789t	@	2.5% Cu, 3.9% Zn, 57g/t Ag
Development Jaguar	7,910t	@	3.1% Cu, 0.7% Zn, 35g/t Ag
Development Bentley	47,559t	@	1.5% Cu, 13.9% Zn, 215g/t Ag
TOTAL	120,258t	@	2.1% Cu, 7.6% Zn, 118g/t Ag



Graph 1: Jaguar / Bentley Operation – Monthly Mine Contained Metal.



Graph 2: Jaguar / Bentley Operational Costs for the financial year ended June 2012.

MILL PRODUCTION

Mill production for the quarter was 105,279t at 2.13% Cu, 7.70% Zn and 116g/t Ag, which was sourced primarily from the mine. This is a 33% increase in productivity compared to the previous quarter.

TONNES PROCESSED (DMT)	Actual	Budget*
	105,279	99,927
Cu(%)	2.13%	2.98%
Zn(%)	7.70%	6.95%
Ag(g/t)	116g/t	97g/t
RECOVERY (%)		
Copper	85.4%	85.2%
Zinc	79.9%	74.6%
Silver	58.6%	48.0%
CONCENTRATE PRODUCED		
Cu Concentrate (dmt)	8,071t	11,030t
Cu (%)	23.8%	23.0%
Cu (t)	1,923	2,536t
Zn concentrate (dmt)	13,628t	10,792t
Zn (%)	47.9%	48.0%
Zn (t)	6,530t	5,180t

The above budget numbers represents the revised budget set against the new mining schedule developed last quarter. The revision was required to align H2 2012 forecasts with the actual mining sequence.

Payable zinc metal during the quarter was produced at an average C1 cash cost of A$0.40/lb (March 2012 quarter: A$0.44/lb). After considering royalties, cash costs were A$0.54/lb (March 2012 quarter: A$0.56/lb).

HMS PLANT

The HMS plant continues to deliver expected beneficial upgrades.

CONCENTRATE SHIPMENTS

Two shipments (nominally 11,000wmt) of zinc concentrate and three shipments of copper concentrate (nominally 16,500WMT) were shipped during the quarter. Revenue from one of the copper parcels (nominally 5,500wmt) was received in early July.

MINE DEVELOPMENT

CAPITAL DEVELOPMENT

During the quarter 707 metres of capital development occurred, all within the Bentley underground mine.

OPERATING DEVELOPMENT

770 metres of advancement occurred as operational development during the quarter. Of this total, 637m occurred in Bentley and 133m in the underground at Jaguar Farside.

MINE DEFINITION DRILLING

In-mine drilling during the quarter improved definition of both the Farside surface in Jaguar and the stringer mineralisation in Bentley. Whilst results are still pending for Bentley some of the better results from Farside include:

Table 6: Jaguar / Bentley Operation – June 2012 Quarter Farside Drilling Results

HOLE NO.	From m	To m	Width* m	Cu %	Zn %	Ag g/t
JUDD006	206.77	210.2	3.43	3.6	0.9	23
JUDD009	185.15	188.0	2.85	3.8	3.1	51
JUDD010	217.23	222.0	4.77	2.5	0.4	24

Down hole width

MINE EXTENSION DRILLING

Underground drilling at Bentley, following up last quarter's Comet Lode intercept (3.9m @ 1.1% Cu, 11.8% Zn, 129g/t Ag and 2.7g/t Au) intersected additional copper-zinc massive sulphides. Results are awaited. The Comet Lode, which lies outside current Reserves and Resources, is close to existing development and remains open in a number of directions.

FOCUS FOR SEPTEMBER 2012 QUARTER

The new financial year will require:

- Completion of resource, reserve and LOM process.
- Review of proposed budgets, both physicals and financials, reflecting continued low base metal prices.
- Increased understanding of the role of the HMS plant.

Table 7: Jaguar / Bentley Operation Production Summary

	Note	June 2012 Quarter	2011/12 Full Year	Previous Corresponding Quarter (June 2011)
Mining Reserve (Dry Tonnes)				
Start of Period	1	2,984,782	3,276,000	*2,977,345*
- ROM Production	2	(120,258)	(411,476)	*(59,056)*
End of Period		2,864,524	2,864,524	*2,918,289*
Production Details				
Ore Mined (Dry Tonnes)		120,258	411,476	*59,056*
Ore Milled (Dry Tonnes)		105,279	366,891	*87,546*
Copper Grade (Head %)		2.13	2.28	*1.72*
Zinc Grade (Head %)		7.70	5.95	*3.08*
Silver Grade (g/t)		116	87	*43*
Metal in Concentrate Production (Tonnes)				
Copper		1,923	7,257	*1,342*
Zinc		6,530	16,569	*1,946*
Metal Payable IGO share (Tonnes)				
Copper		1,840	6,940	*1,278*
Zinc		5,441	13,748	*1,603*
Revenue/Expense Summary		***A$'000's***	***A$'000's***	***A$'000's***
Sales Revenue (incl. hedging TC's/ RC's)		35,754	87,609	*17,469*
Cash Mining & Processing Costs		(16,416)	(54,974)	*(11,306)*
Site Admin & Trucking Costs		(5,018)	(17,921)	*(3,947)*
Shipping		(1,496)	(3,908)	*(772)*
Royalties		(1,706)	(3,735)	*(703)*
Depreciation/Amortisation		(5,511)	(26,006)	*(8,886)*
Notional Unit Cost Summary		***A$/lb Total Zn Metal Produced***	***A$/lb Total Zn Metal Produced***	***A$/lb Total Zn Metal Produced***
Mining & Processing Costs		1.14	1.50	*2.64*
Other Cash Costs	3	0.61	0.83	*1.37*
Copper and Silver Credits		(1.41)	(1.96)	*(3.06)*
C1 Costs	4	0.34	0.38	*0.94*
Royalties		0.12	0.10	*0.16*
Depreciation/Amortisation		0.38	0.71	*2.07*
Notional Unit Cost Summary		***A$/lb Total Zn Metal Payable***	***A$/lb Total Zn Metal Payable***	***A$/lb Total Zn Metal Payable***
Mining & Processing Costs		1.37	1.81	*3.20*
Other Cash Costs	3	0.73	1.01	*1.66*
Copper and Silver Credits		(1.70)	(2.36)	*(3.72)*
C1 Costs	4	0.40	0.46	*1.14*
Royalties		0.14	0.12	*0.20*
Depreciation/Amortisation		0.46	0.86	*2.51*
Safety and Productivity				
- Lost Time Injuries		0	2	*0*
- Medically Treated IFR		18.8	19.06	*20.3*

Note 1: In relation to current year, reserve updated as of 1 July 2011.
Note 2: Production sourced from inside and outside of reserves.
Note 3: Other Cash Costs include, site administration, trucking, notional TCs & RCs and notional shipping.
Note 4 C1 Costs include credits for copper and silver notionally priced at US$3.60 per pound and US$29.07 per ounce for the quarter respectively.

REGIONAL EXPLORATION

The Jaguar Regional Exploration Project covers 50kms of strike prospective for the discovery of VMS (volcanogenic massive sulphide) deposits ***(Figure 5).*** It encompasses three known high grade copper-zinc-lead-silver-gold deposits: Teutonic Bore (inactive) and Jaguar and Bentley (in production), located 300km north of Kalgoorlie in Western Australia.

The current approach is to use a combination of systematic aircore geochemical drilling, geophysics, spectral analysis and detailed geological mapping and logging to vector in to prospective areas along the corridor. Over the past 18-24 months this work has resulted in the identification of a number of high priority areas including the Daimler – Gravel Pit (now referred to as Triumph) – Lagonda trend, South Bentley, South Jaguar and Pumping Station, which exhibit the signatures of possible mineralised hydrothermal centres.

In addition to the ongoing regional aircore drilling, exploration drilling during the quarter comprised one diamond hole at Daimler, two diamond holes at Bentley South and one diamond hole at Pumping Station. The holes at Daimler and Bentley South all exhibited very strong hydrothermal alteration with varying amounts pyrite mineralisation suggestive that they are on the margins of a base metal mineralised system. No significant alteration or mineralisation was intersected at Pumping Station, however the hole has provided valuable stratigraphic information that will assist in future testing of geochemical and geophysical targets in the area.

Early in the June quarter 2012 the exploration RC and diamond rigs were demobilised from site to enable the Jaguar exploration team time to fully integrate and interpret all datasets, including the recently completed MIMDAS IP survey. Drilling rigs are scheduled to arrive back on site in late July to test targets and provide additional geochemical information in selected areas.

The exploration team is currently preparing drilling proposals to test high priority targets in the 2nd half of 2012 following receipt of access approvals. Though this work is still in progress, very high priority targets, comprising intense alteration, strong geochemical anomalism in favourable structural and stratigraphic settings, have been delineated at Triumph, Jaguar East and South Teutonic Bore.

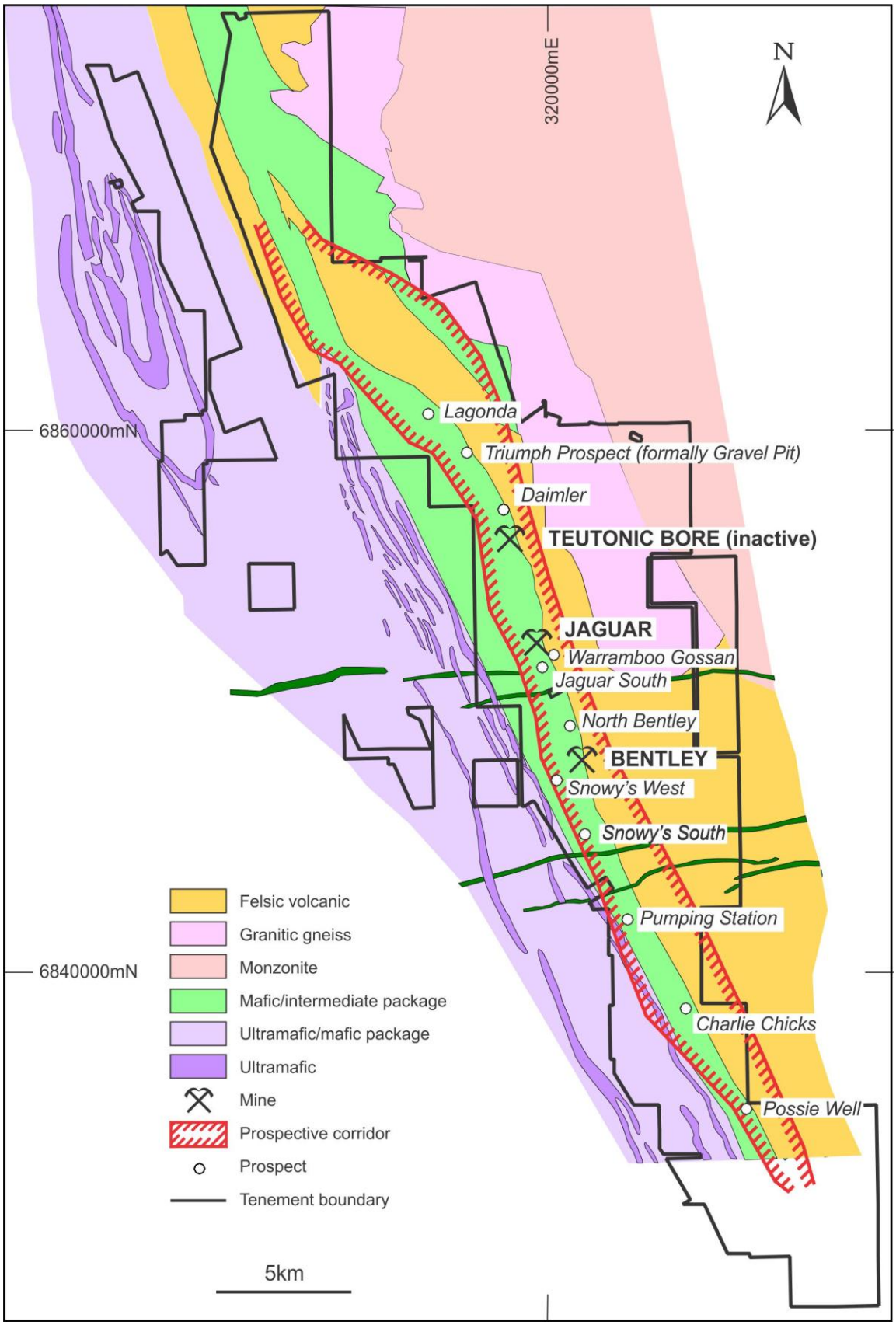


Figure 5: Jaguar / Bentley Operation – Tenure, Regional Geology, Mines and Significant Prospect Locations.

FEASIBILITY STUDY

STOCKMAN BASE METALS PROJECT (IGO 100%)

PROJECT OVERVIEW

The Stockman Project is located in eastern Victoria, 300km north-east of Melbourne ***(Figure 1).*** The Project encompasses two copper-zinc-lead-silver-gold Volcanic Massive Sulphide (VMS) deposits: Wilga and Currawong. The larger Currawong deposit is fully intact, whilst a core of copper-rich ore from the Wilga deposit was mined and processed onsite from 1992 to 1996.

Project works underway in the June quarter have included:

- near-deposit and regional exploration using the Company's proprietary geophysical equipment, diamond drilling and comprehensive field work.
- progression of the full feasibility study into the mining potential of the Wilga and Currawong resources
- progression of project permitting under the State and Federal processes.
- underground (Wilga) resource drilling, including probe drilling of the previous mining pillars and voids.
- regional groundwater exploration and definition of supply.

STOCKMAN FEASIBILITY STUDY

The scope of the project is concurrent development of the two underground deposits to feed a central 1.0Mtpa differential flotation processing plant that could produce approximately 150,000tpa of copper and zinc concentrates over a project life of approximately eight years. The concentrate products would be exported to customer smelters in the southern Asia region.

With the mining and processing studies essentially completed, the remaining technical areas requiring finalisation are specifics of the water supply and tailings management. The site has a negative water balance despite the rugged, approximate 1,000m ASL elevation, location. The two underground mines produce very little water, and losses are incurred with evaporation, tailings disposal and moisture within the concentrate exported from site.

Groundwater exploration has been focused on assessing the sustainable yield available from the site catchments (tailings dam and processing plant footprints), coupled with make-up supply from the Benambra plains area some 25km from the project site. Development bores have provided useful pump-test data that is currently being assessed. It is expected that a supply of sufficient capacity will be identified and permitted.

Utilisation of approximately 50% of the project tailings to produce a paste underground backfill is a key element of the favoured tailings management strategy. Test work is ongoing, and despite some irregularities, has generally shown paste disposal is likely to be feasible. As a risk management strategy, the surface tailings dam will be designed to be able to store all the project tailings if required to do so.

The underground feasibility drilling program at Wilga has been completed. A total of 14 holes for 1,916m were drilled into the stringer sulphide zones in order to reduce the drill hole spacing and hence increase resource confidence. The primary aim was to be able to convert Inferred classification material to Indicated classification in the next resource calculation. In addition, 12 probe holes for 926m were drilled into remnant pillars to help determine the extent of historical mining and reconcile the current void model. Following completion of the program the Wilga portal has been closed and all equipment has been demobilised.

Figure 6 below shows significant probe drilling results. These holes returned high grades, but these will not be included in resources until a mining plan has been formulated.

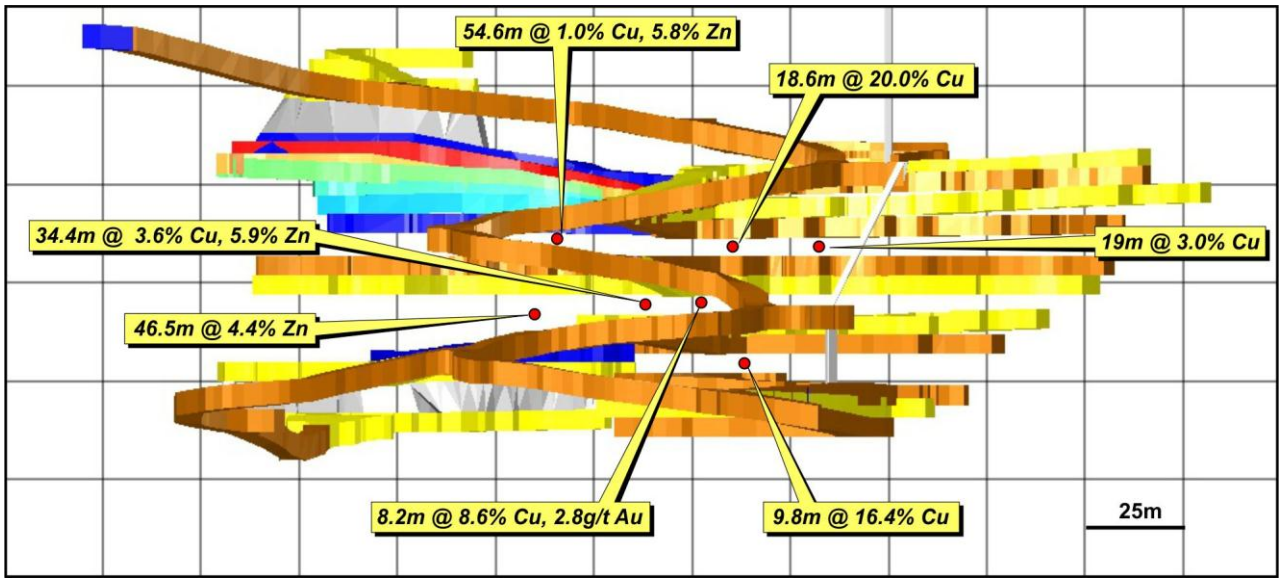


Figure 6: Stockman Project – Wilga Base Metal Deposit - Significant Mine Pillar Probe Intercepts. ***(Down hole widths, not true widths.)***

PERMITTING

The submission of the Environmental Effects Statement (EES) permitting documentation is presently scheduled to be achieved by December 2012. It has taken longer than originally anticipated time to resolve the complex regulatory regime around technical issues, in particular, the tailings and water issues. Whilst time consuming, the process has provided more certainty to requirements which may have delayed regulator decision-making later in the process.

Development of a Work Plan is required for Department of Primary Industry (DPI) licensing of the project after completion of the over-arching EES process. Discussions on the specific Work Plan requirements have been held with regulators. It is intended to append the draft Work Plan to the EES for public exhibition (as required for the EES), so that any issues with the Work Plan can be formally identified and addressed as early as possible. Normally the Work Plan approval would sequentially follow the more generic EES approvals.

The Memorandum of Understanding (MoU) between the East Gippsland Shire Council (EGSC) and the Company, described last quarter, was signed by both parties and made public. The MoU is tangible evidence of the strong community support for the project in the region and will be well regarded in the assessment of the EES.

A requirement to provide post-closure bonding for the rehabilitated site arose during the June quarter. A proposal and likely financial commitment that could satisfy both the Company and regulators has been developed and discussed. Final acceptance will come from the EES process.

RESOURCE ESTIMATE

The current resource estimate was calculated in June 2011 and is as follows: **12,690,000t @ 2.1% Cu, 4.4% Zn, 0.7% Pb, 39g/t Ag, 1.0g/t Au**.

Refer to IGO's 2011 Annual Report released through an ASX Announcement dated 20 October 2011 for further details regarding the resource estimate.

An updated resource estimate is currently in progress, incorporating 2011/12 drilling. A maiden reserve statement will be published in conjunction with the feasibility study.

STOCKMAN EXPLORATION

Exploration is focused on a number of key positions proximal to both the Currawong and Wilga massive sulphide deposits, as well as on geochemical, geophysical and conceptual targets generated from historical datasets and a comprehensive and detailed airborne VTEM survey covering the entire project area **(*Figure 7)***.

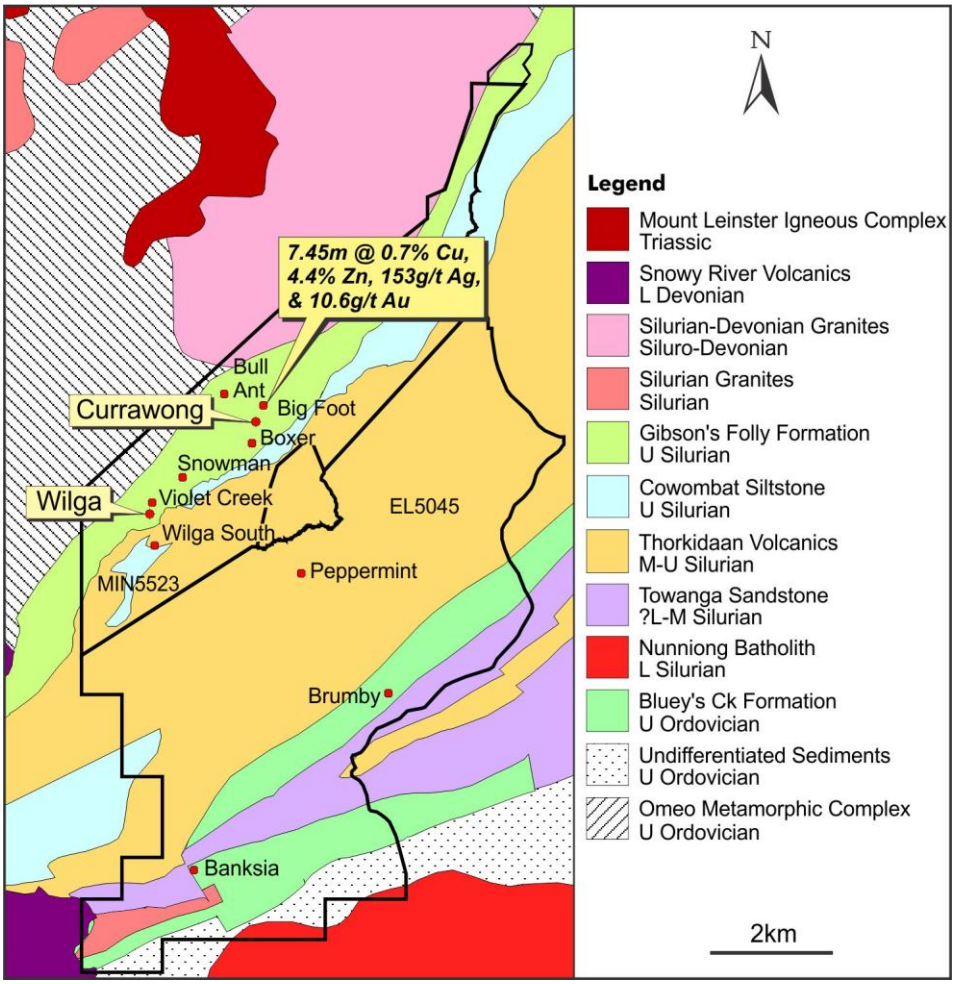


Figure 7: Stockman Project – Regional Geology, Tenure, Deposits and Prospects.

During the June quarter exploration focused on testing the gold-rich Big Foot lens located 300m north of Currawong, the Wilga South stringer copper mineralisation and the Bullant, Brumby and Peppermint prospects ***(Figure 7)***.

Four diamond holes tested the Big Foot lens where the March quarter hole 12SMDD005 intersected 3.1m @ 1.5% Cu, 8.4% Pb, 14.5% Zn, 188g/t Ag and 7g/t Au. Hole 12SMDD0012 drilled in the updip portion of the lens returned the highest gold grade so far from the lens **(0.4m @ 63.3g/t Au) within an overall intercept of 7.45m @ 0.7% Cu, 4.4% Zn, 4.1% Pb, 153g/t Ag and 10.6g/t Au.** Three holes (12SMDD013, 12SMDD014 & 12SMDD015) testing the up-dip and eastern strike extents of the lens did not intersect mineralisation, effectively closing off the lens in these positions.

At Wilga South two diamond holes (12SMDD008 and 12SMDD009) were completed to further define the extents of stringer mineralisation. 12SMDD008 returned intercepts of 1.2m @ 1.5% Cu from 249.2m, 7.4m @ 1.0% Cu from 262.7m and 0.7m @ 2.3% Cu from 303.1m.

No significant results were returned from drilling at the Bullant, Peppermint and Brumby prospects.

Drill rigs have been demobilised from Stockman whilst data is compiled and interpreted. Field work over the coming quarter will comprise geological mapping and soil geochemical sampling, with a particular focus on gold, which in the most part was not analysed in historical surveys, and ground geophysics over priority prospect areas.

EXPLORATION - GOLD

KARLAWINDA GOLD PROJECT (IGO 100%)

PROJECT OVERVIEW

The Karlawinda Gold Project is located approximately 1,000km NNE of Perth and 65km SE of the regional mining centre of Newman in Western Australia ***(Figure 1)***. The Project is close to key infrastructure such as to the Great Northern Highway and Goldfields Gas Pipeline and covers a previously unrecognised Archaean greenstone belt. During the quarter an upgraded Inferred Resource estimate of 674,300oz Au was released. It is now the focus of a Scoping Study *(ASX Release 28 June 2012).*

KARLAWINDA SCOPING STUDY

The Scoping Study is examining both Carbon-in-Leach (CIL) and Heap Leach processing options for 2.0Mtpa of ore supplied from a relatively large, but low grade, low strip ratio, open pit mine based upon the Bibra deposit. The Project could have an operating life of approximately 8 years.

Initial metallurgical test work has been used to develop a CIL flow sheet and associated design criteria that feature the following circuits:

- Primary crushing
- SAG mill, ball mill and pebble crushing
- Leach and CIL
- Elution and gold recovery
- Tailings disposal.

Key features of the test work to date point to relatively standard behaviour of the ore, typical of many other Western Australian deposits. Parameters used in the process design include:

- Oxide ore grind size of P_{80} = 150µm
- Fresh ore grind size of P_{80} = 75µm
- Gold recoveries of 90% to 94%, with some potential to improve further, and relatively low reagent consumption.

Heap Leach test work indicates that gold recovery is crush size sensitive and a design criteria size of P_{80} = 12.5mm has been selected. Agglomerate formation of oxide and transition material has been largely encouraging at low cement contents although the presence of some swelling clays (smectite) has been noted.

Leach column test work has commenced on Laterite, Upper Saprolite, Lower Saprolite and Transition sub-categories of ore types and results are expected in the September quarter 2012. To date the tests are progressing generally as expected.

Hydrology, geotechnical and environmental scoping level studies have been completed. To date they do not indicate any fatal flaws for the Project. Further detailed work is scheduled for the next phase of the project.

Sufficient engineering planning has been undertaken to locate the support infrastructure such as the plant site, tailings storage facility, surface water flood path control drains, and an accommodation village. Capital and operating cost estimates will be calculated during the September quarter 2012 so as to financially evaluate the Project and to rank and prioritise inherent scope options that are available.

BIBRA DEPOSIT

The Inferred Mineral Resource estimate for the Bibra deposit has increased by 207% over the previous estimate to **674,300 ounces of contained gold** as detailed in the ***Table 8*** below.

Table 8: Bibra Inferred Mineral Resource Estimate* – June 2012

Mineralisation Type	Tonnes (Mt)	Au Grade (g/t)	Contained Oz (Cut)
Laterite	2.2	1.1	77,100
Upper Saprolite	0.9	1.1	31,000
Lower Saprolite	1.9	1.1	63,600
Transitional	2.1	1.0	68,200
Sub-total	**7.1**	**1.1**	**239,900**
Fresh	**11.4**	**1.1**	**434,400**
Total Inferred	18.5	1.1	**674,300**

*Note: * This estimate has been reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004), the JORC Code. The Inferred Mineral Resource estimate was calculated within a conceptual A$1,600/oz Au pit optimisation and for the area of drill coverage at 100m x 50m spacing. Au (oz) figures have been rounded to the nearest 100oz. The parameters relevant to the estimation of this Mineral Resource are provided in Table 2 of the ASX Release of 28 June 2012*

The Bibra Inferred Mineral Resource estimate is within a conceptual A$1,600/oz Au optimal pit shell ***(Figure 9)***. The Resource estimate has increased to 18.5Mt @ 1.1g/t Au (674,300oz), using a 0.5g/t Au cut-off grade. This represents an increase of 454,400oz over the previous Mineral Resource estimate of 219,900oz reported to the ASX in the Quarterly Report for the 3 months ended 31 March 2011.

The growth in the Inferred Mineral Resource estimate primarily reflects the addition of fresh rock mineralisation following the success of the CIL test work carried out to date.

Most of the tenure outside of the Bibra prospect area has been subject to little, if any, exploration for gold. In the second half of 2012, subject to receiving access approvals, first pass air core drilling will test a number of high priority targets which exhibit similar geophysical characteristics to Bibra.

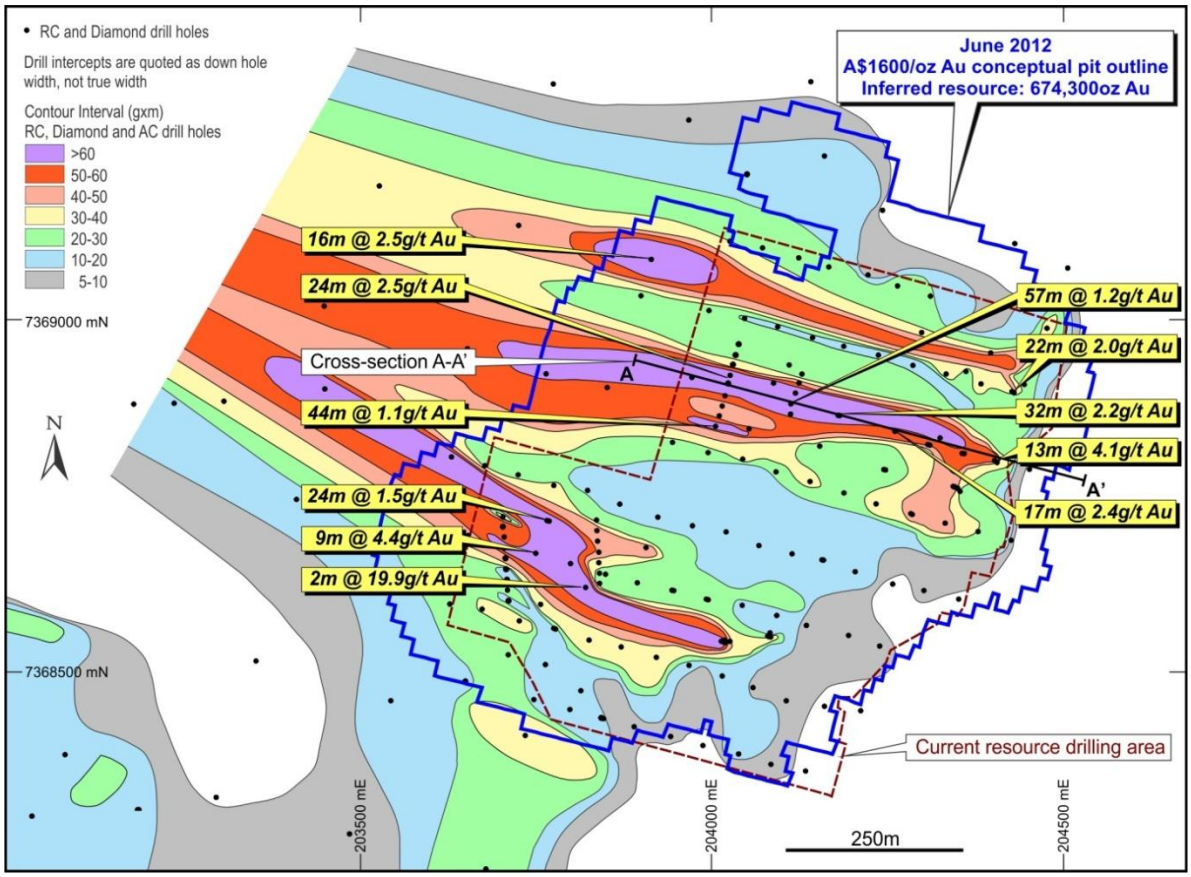


Figure 8: Bibra Resource area – gram x metre Contours with A$1,600/oz Au June 2012 Conceptual Optimised Pit Outline, RC and Diamond Drilling Collar Locations (AC Collars omitted) and Figure 9 A-A' Cross-Section Location.

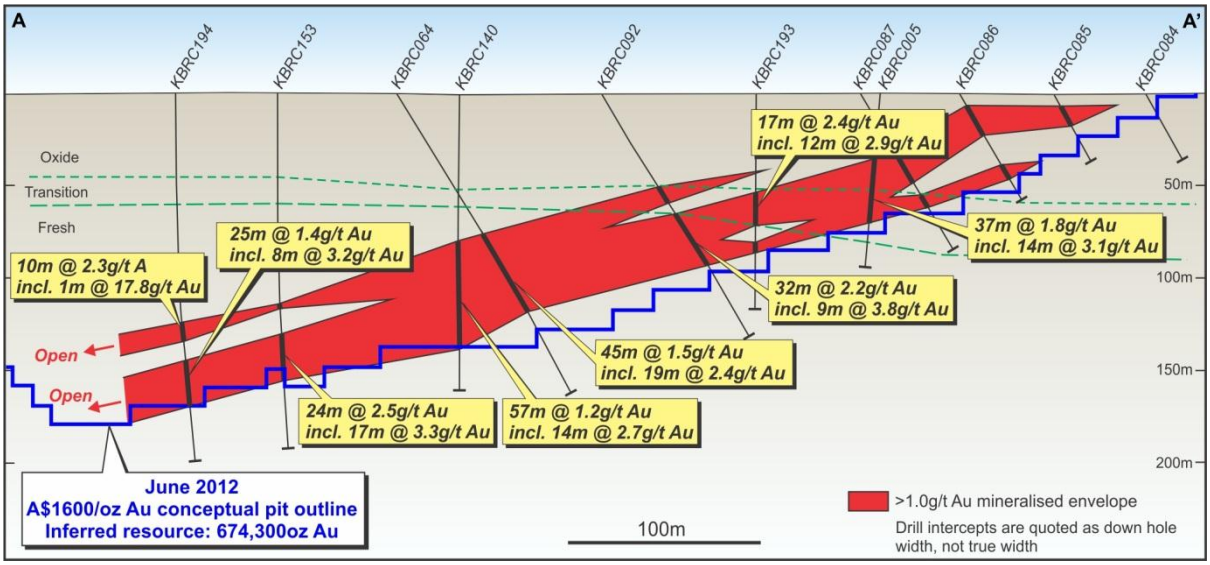


Figure 9: Bibra Cross-Section with Mineralisation and June 2012 Conceptual Optimal Pit Outline ($1,600/oz Au).

REGIONAL EXPLORATION BASE METALS

DUKETON NICKEL JOINT VENTURE (IGO Manager and earning 70% Nickel rights)

PROJECT OVERVIEW

The Duketon Nickel JV with South Boulder Mines Ltd covers ultramafic-rich stratigraphy in the Duketon Greenstone Belt in Western Australia, prospective for massive and disseminated nickel-copper-platinum group element (PGE) sulphide mineralisation. It is located approximately 100km north of the Windarra nickel deposit ***(Figure 1).***

Over the past 12 months the Company has been focusing its efforts predominantly on the Rosie and C2 discoveries.

SCOPING STUDY

Last quarter an initial Mineral Resource Estimate was completed for the Rosie deposit. Refer to the ASX announcement of 25 January 2012 for full details of the Resource.

DRILLING

An extensive diamond and RC drilling program commenced in February 2012 and was completed during the June quarter 2012:

ROSIE PROSPECT

RC Drilling

A total of eleven RC holes were drilled to test the up-dip margins of the Rosie resource envelope. Best intercepts were from TBRC107, 1m @ 2.4% Ni, 0.3% Cu and 2.3g/t Pt+Pd from 168m and TBRC108, 4m @ 1.9% Ni, 0.31% Cu and 3.4g/t Pt+Pd from 154m. A further seven RC holes were drilled to test the ultramafic contact to the east and north of the Rosie deposit.

DD Drilling

Twelve diamond holes were completed at Rosie for 5297m. Four holes were drilled to the west of the Rosie deposit, and eight to the east. The best result from the western drilling was from TBDD130, 3.25m @ 1.5% Ni, 0.8% Cu and 2.1g/t Pt+Pd with a similar result obtained in TBDD139. To the east of Rosie TBDD133 returned 8.1m @ 1.2% Ni, 0.3% Cu and 1.1g/t Pt+Pd. Two deeper holes TBDD138 and TBDD140 intersected narrow zones of breccia and stringer sulphides. TBDD138 returned 0.36m @ 4.74% Ni, 0.8% Cu and 4g/t Pt+Pd and TBDD140, **3.2m @ 3.0% Ni, 0.6% Cu and 3.3g/t Pt+Pd**. *Note: All diamond core results are S.G. weighted*.

DHEM surveys completed at Rosie have detected that a high conductance plate is present, down dip from TBDD140.

An updated Resource estimate for Rosie is planned to be undertaken in the September quarter 2012.

C2 PROSPECT

A total of 29 RC holes for 6123m were completed on 50m infill sections to provide a sufficient drill density to enable a resource estimation to be completed at C2. In addition, two diamond tails were drilled for metallurgical purposes (440m). Results include, 12m @ 1.2% Ni from 226m in TBRC131 and 5m @ 2% Ni, 0.2% Cu and 1.5g/t Pt+Pd from 66m in TBRC132. Both holes are located toward the centre of the deposit. A maiden resource estimate for C2 is planned to be undertaken in the September quarter 2012.

TBRC34 AREA

Three initial diamond holes (TBDD126 - TBDD128 co-funded by DMP) intersected narrow (<1m) zones of sulphide mineralisation grading up to 1.8% Ni. These holes were followed-up along strike with two RC holes (TBRC156 – TBRC157), which intersected weaker mineralisation. A further diamond hole (TBDD141) was drilled down-dip of TBDD127, and intersected a broader zone of mineralisation with breccia and stringer sulphides totalling 4.2m, dispersed throughout an overall interval length of 6.8m. Assay results from this hole have yet to be received.

EXPLORATION PROJECT GENERATION

DE BEERS DATABASE (IGO 100%)

The Company owns the non-diamond specific exploration database which was built up by De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration. The key assets of the database are the 292,000 surface geochemical samples and associated analytical results covering many mineral prospective regions throughout Australia ***(Figure 1).*** As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds.

A total of 49,170 samples have been submitted for geochemical analysis, with results from 44,988 samples having been received by the end of the June quarter 2012.

This work continues to generate a significant number of anomalies in gold, base metals and other commodities. Systematic prioritisation and field appraisal and ground acquisition of these anomalies is progressing. No further details can be released due to the competitive nature of this work.

SEPTEMBER QUARTER 2012 EXPLORATION PROGRAM

NICKEL/BASE METALS	**JAGUAR:**	DDH testing at Triumph and other key prospect areas.
	STOCKMAN:	Surface EM and geochemical testing various targets.
	DUKETON:	Resource estimates for Rosie and C2.
	DINGO RANGE:	Continued TEM testing of ultramafic horizons. Analysis of auger sampling.
GOLD PROJECTS	**TROPICANA:**	Continued drilling and aircore geochemical traversing. Airborne TEM interpretation.
	KARLAWINDA:	Scoping study activities at Bibra including metallurgical test work and economic analysis. AC testing of geophysical targets within the greater project tenure.
PROJECT GENERATION	**DE BEERS:**	Continued analysis of priority geochemical samples and field follow-up of anomalies.

Christopher M. Bonwick
Managing Director
INDEPENDENCE GROUP NL

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results 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. Mr 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'. Mr Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

With the exception of the Tropicana Mineral Resources and Ore Reserves, the Karlawinda (Bibra Prospect) Mineral Resources and the Rosie Mineral Resource, the information in this report that relates to Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by the Company of the same information in the same context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The Company's 2011 Annual Report released to the ASX on 20 October 2011 contains the Competent Persons Consents for these Mineral Resources or Ore Reserves.

Tropicana JV: Please refer to the Company's ASX announcements on 27 July 2011 and 29 November 2011 for Tropicana Mineral Resource and Ore Reserve Competent Persons Statements.

Duketon JV (Rosie Deposit): Please refer to the Company's ASX announcement on 25 January 2012 for the Rosie Mineral Resource Competent Persons Statement.

Karlawinda (Bibra Prospect): Please refer to the Company's ASX announcement on 28 June 2012 for the Karlawinda Mineral Resource Competent Person's Statement.

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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