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

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LONG NICKEL MINE – JUNE 2006 ORE RESOURCES AND RESERVES

Highlights

- **Long Nickel Mine Resources: 1,367,000t at 5.6% Ni (76,700 Ni t)**
- **Long Nickel Mine Reserves: 1,114,000t @ 4.2% Ni (46,800 Ni t)**
- **At current production rates, mine life has been extended to at least 2011**
- **The following recent McLeay extension drilling intercepts have yet to be incorporated into resources and reserves:**

McLeay Shoot 1: 9.0m @ 4.6% Ni (5.0m true width) located 65m south of the current McLeay Shoot 1 ore reserve boundary and is open to the south

McLeay Shoot 2: 16.3m @ 14.3% Ni (3.5m true width) located 150m south of the current McLeay Shoot 2 reserve boundary and is also open to the south

Drilling to define new resources and reserves south of McLeay will continue throughout 2006/7

- **Intersections at the northern end of the Long South Target (0.76m @ 10.1% Ni, 3.6m @ 3.3% Ni and 2.45m @ 3.1% Ni) and a transient electromagnetic (TEM) conductor further south of these intercepts may also add to resources and reserves**
- **Independence has budgeted over \$6 million for 2006/7 to continue McLeay and Long South decline development and exploration drilling**

Independence is pleased to announce a new JORC-compliant reserve at the Long Nickel Mine (**Figure 1**).

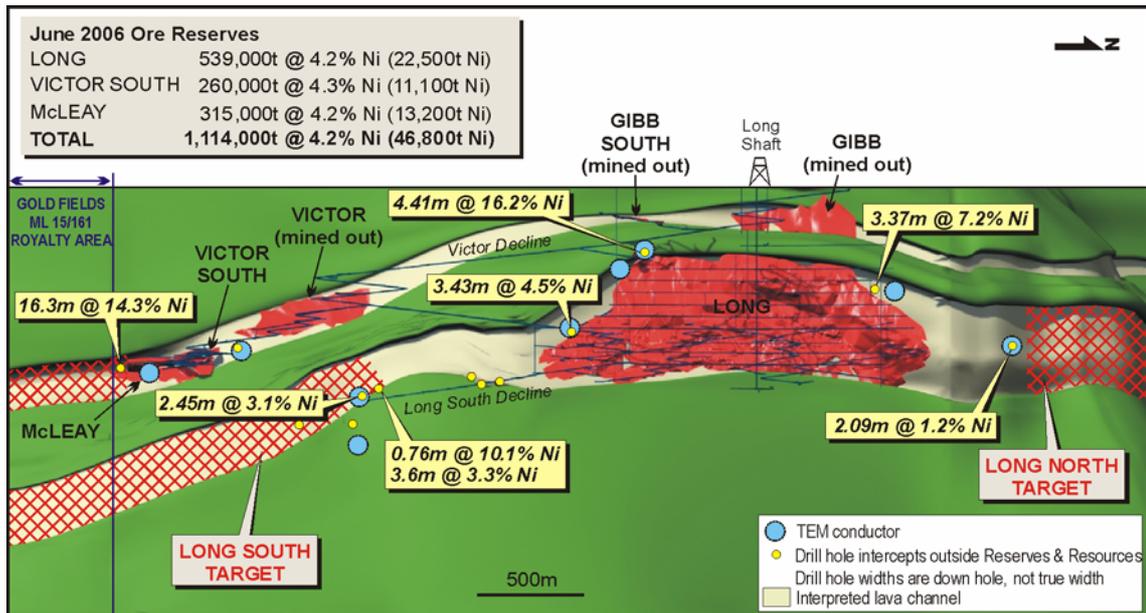


Figure 1: Long Nickel Mine – Longitudinal Projection Showing Ore Reserves, Targets and Significant Intercepts Outside Current Reserves and Resources.

To 30 June 2006, the Company had mined 27,618 tonnes of nickel metal.

The average reserve grade has increased from 3.8% Ni in June 2005 to 4.2% Ni.

The reserve nickel tonnage has decreased by 2,570t Ni (5%) between the June 2005 and June 2006 reserve estimation due to:

- 2005/6 production of 8,897t Ni with 5,536t Ni depleted from the reserve and the remaining 3,361t Ni being mined outside or in excess of 2005 reserves.
- Additional geological information from mining reducing the Victor South and McLeay reserves by 1,200t Ni and 600t Ni respectively. This was primarily due to a better understanding of the structure and more barren porphyrys stopping out the ore than previously modelled.
- 1,200t Ni loss due to previously unknown voids in pillars and the reclassification of previous ore blocks to the unextractable category due to geotechnical or access issues.

Despite these ore losses exploration during the year extended mine life from 2010 to 2011.

Recent intercepts of 9m @ 4.6% Ni and 16.3m @ 14.3% Ni south of the current McLeay resource/reserve boundary have not yet been included in the June 2006 ore resources or reserves (**Figure 2**). Drill-drive decline development and drilling will continue throughout 2006/7 with the aim of converting these extensions to resources and reserves.

Step-out drilling will also continue to test for extensions south of these intercepts.

Intersections at the northern end of the Long South Target (0.76m @ 10.1% Ni, 3.6m @ 3.3% Ni and 2.45m @ 3.1% Ni) and a TEM conductor further south of these intercepts, may also add to resources and reserves (**Figure 3**).

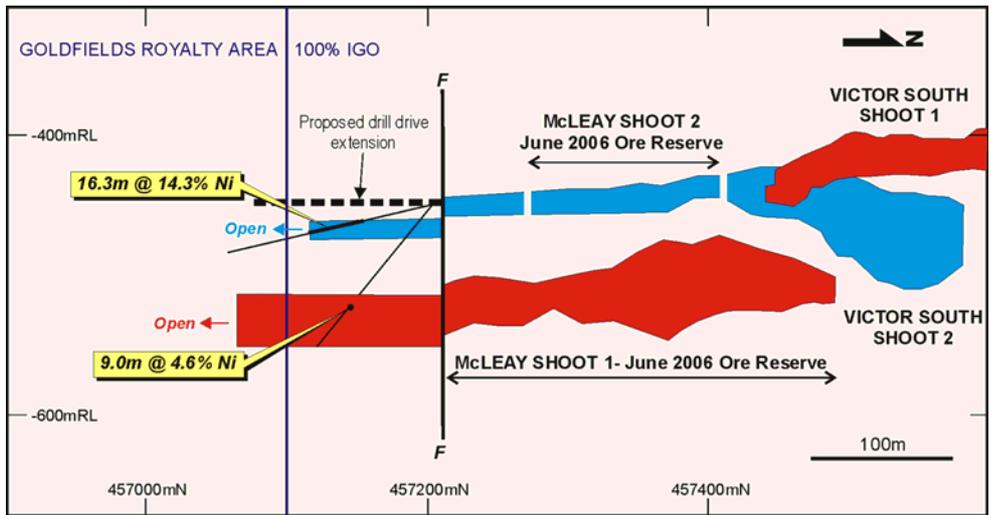


Figure 2: McLeay Shoots 1 and 2 Longitudinal Projection Showing Shoot Locations and New Extensions Outside Ore Reserves to the South.

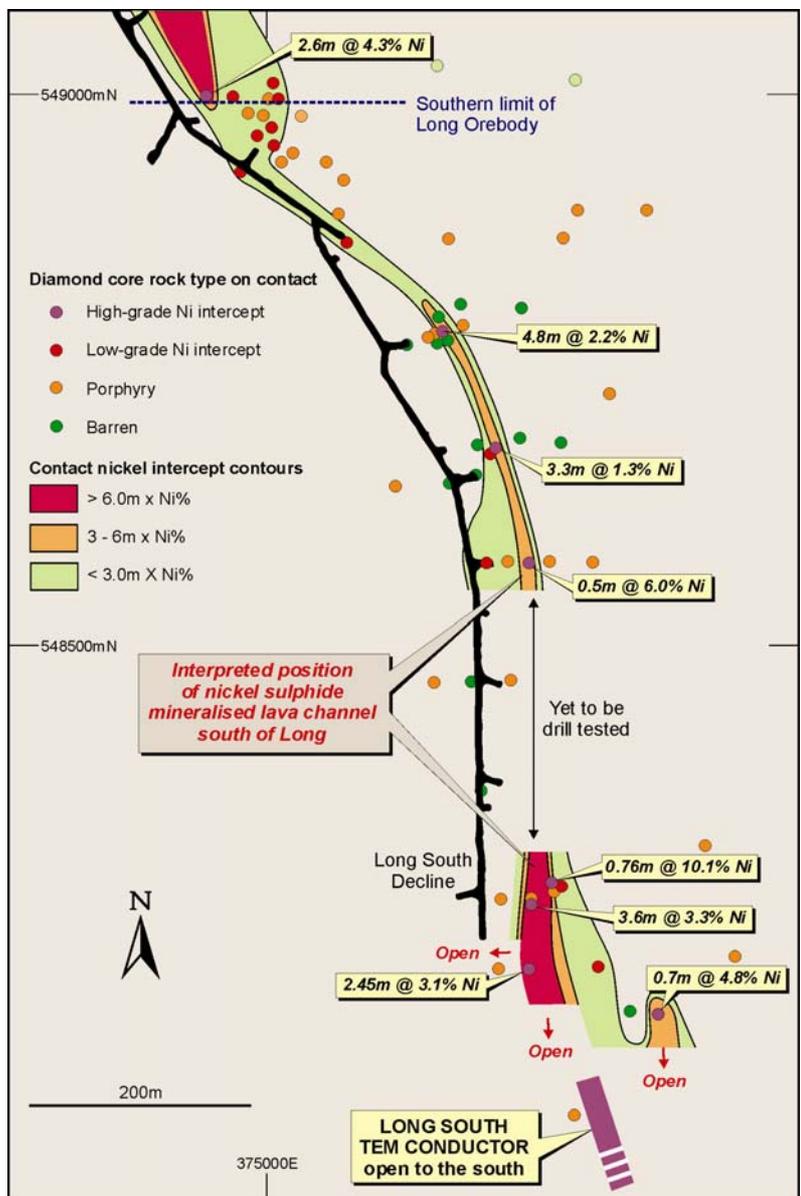


Figure 3: Long South Exploration Decline Plan Showing Significant Drill-Hole Hits and Nickel % x Thickness (m) Mineralisation Envelopes and TEM Conductor, Open to the South.

Table 1: Long Nickel Mine – Ore Resources – Comparison 2005 to 2006

		<i>Undiluted Resources at 1% Ni Cut-off^a as at 30 June 2005</i>			<i>Undiluted Resources at 1% Ni Cut-off^b as at 30 June 2006</i>		
		<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>	<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>
Long Shaft	Measured	357,000	7.0	25,000	268,000	7.1	19,100
	Indicated	399,000	5.8	23,200	335,000	5.8	19,500
	Inferred	33,000	4.8	1,600	29,000	4.1	1,200
	Sub-Total	789,000	6.3	49,800	632,000	6.3	39,800
Victor South	Measured	-	-	-	-	-	-
	Indicated	468,000	4.1	19,300	422,000	3.8	16,100
	Inferred	-	-	-	-	-	-
	Sub-Total	468,000	4.1	19,300	422,000	3.8	16,100
Victor	Measured	-	-	-	-	-	-
	Indicated	3,700	6.1	200	-	-	-
	Inferred	-	-	-	-	-	-
	Sub-Total	3,700	6.1	200	-	-	-
Gibb South	Measured	6,900	5.1	400	-	-	-
	Indicated	6,500	3.6	200	-	-	-
	Inferred	11,700	2.4	300	-	-	-
	Sub-Total	25,100	3.5	900	-	-	-
McLeay	Measured	-	-	-	-	-	-
	Indicated	140,000	7.0	9,800	212,000	7.4	15,600
	Inferred	54,000	6.0	3,200	101,000	5.1	5,200
	Sub-Total	194,000	6.7	13,000	313,000	6.6	20,800
TOTAL		1,479,800	5.6	83,200	1,367,000	5.6	76,700

Table 2: Long Nickel Mine – Ore Reserves – Comparison 2005 to 2006

		<i>Mining Reserve at 2.5% Ni Cut-off² as at 30 June 2005²</i>			<i>Mining Reserve at 2.5% Ni Cut-off² as at 30 June 2006²</i>		
		<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>	<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>
Long 12-16L mechanised	Proven	339,000	4.1	13,500	208,000	4.7	9,800
	Probable	180,000	3.3	5,700	170,000	3.6	6,100
	Sub-Total	519,000	3.8	19,200	378,000	4.2	15,900
Long 7-11L hand-held	Proven	27,000	3.7	1,000	32,000	3.4	1,100
	Probable	115,000	4.5	5,100	129,000	4.3	5,500
	Sub-Total	142,000	4.4	6,100	161,000	4.1	6,600
Victor South mechanised	Proven	-	-	-	-	-	-
	Probable	428,000	3.6	15,600	260,000	4.3	11,100
	Sub-Total	428,000	3.6	15,600	260,000	4.3	11,100
Victor mechanised	Proven	-	-	-	-	-	-
	Probable	6,000	3.4	200	-	-	-
	Sub-Total	6,000	3.4	200	-	-	-
Gibb South hand-held	Proven	4,300	3.2	140	-	-	-
	Probable	600	2.8	20	-	-	-
	Sub-Total	4,900	3.2	160	-	-	-
McLeay mechanised	Proven	-	-	-	-	-	-
	Probable	183,600	4.4	8,110	315,000	4.2	13,200
	Sub-Total	183,600	4.4	8,110 ⁴	315,000	4.2	13,200
TOTAL		1,283,500	3.8	49,370	1,114,000	4.2	46,800

Notes:

¹ The Competent Persons and Members of the AusIMM or AIG with the appropriate experience in reporting the above are Brett Hartmann and Ian Taylor of Lightning Nickel Pty Ltd and Mark Zammit of Cube Consulting Pty Ltd. Phil Bremner of Mining One Pty Ltd has verified the reserve figures..

² Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.

³ The cut-off grade used for the Victor South resource is 0.6% Ni.

Reserves Broken Down by Mining Method

Reserves broken down by mining method are as follows:

Mining Method	Ni Tonnes
Mechanised flat back	12,400
Mechanised long-hole	22,800
Mechanised room and pillar	600
Air-leg	<u>11,000</u>
TOTAL	<u>46,800</u>

Resource and Reserve Estimation

Resource and reserve estimation methodology is detailed in Appendix 1.

Approximately 29,900 resource tonnes of nickel remain in the Long Mine outside current reserves.

The Company has budgeted over \$6 million in 2006/7 to continue Long, Long South and McLeay exploration decline development and drilling with the aim of increasing the reserve base.



Christopher 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.

Board of Directors

Rod Marston	Non-Executive Chairman
Chris Bonwick	Managing Director
Kelly Ross	Executive Director
John Christie	Non-Executive Director
Oscar Aamodt	Non-Executive Director

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Stock Exchange Listing

Australian Stock Exchange
ASX Code: IGO

Capital Structure

Ordinary Shares	112,833,607
Unlisted Options	
Various Expiry Dates	4,484,350

Substantial Shareholders

MIR Investment Management	7.24%
Barclays Global Investors Australia	5.27%

Appendix I

June 2006 Resource Estimation Parameters

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

Data

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

- Drill-hole data
- Ore and porphyry intrusive (barren) locations defined by underground mapping and drilling
- Survey pick up of mining depletion boundaries
- X-Pillar outlines (non-recoverable)

Cut-offs, Modelling Technique and Cell Size

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

Mining Depletion, Pillars and Porphyry Intrusives

- Mining depletion - Depletion areas were stamped into each mineralised surface of Long using 2D string outlines. Depletions areas in Victor South and Mcleay were constrained by 3D survey pickups of the mined areas.
- X-Pillar (non-recoverable) - X-Pillars were stamped into each mineralised surface using 2D string outlines.
- Porphyry Intrusives - Porphyry intrusion wire frames (0.01% Ni, 2.7t/m³) were used to constrain the porphyry interpretation within the ore models.

June 2006 Reserve Estimation Parameters

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

Reserve estimation parameters are as follows:

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

Extractions and dilution factors:

	Extraction	Dilution
Long-hole stopes	95%	25%
Flat-back stope	100%	5%
Room and pillar stopes	80%	5%
Air-Leg slotting	90%	5%

- Geotechnical loss - 1.3% subtracted from reserves in the Long deposit to represent the remnant nature of the reserves in this area.
- Method - Stopes were designed in 3 dimensions using the above inputs and resource block models. Final reserves were estimated after the subtraction of porphyry, unextractable X-Pillars and mining depletion.