INDEPENDENCE GROUP NL

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2010

GROUP HIGHLIGHTS

- **Estimated NPAT for the quarter was $6.3 million (Mar $9.1 million, YTD $28.1 million) unaudited and subject to possible nickel price and foreign exchange adjustment.**
- **$148.4 million cash and estimated net receivables (Mar $152.3 million). The reduction in net receivables was mainly due to the accrual of Moran development costs at year end.**

OPERATIONS HIGHLIGHTS

- **Production** - **53,737t @ 4.4% Ni for 2,347 Ni t (Budget 50,272t @ 4.0% Ni for 2,001 Ni t). Production for the year was 8,615 Ni t (Budget 8,127 Ni t).**
- **Cash Costs (including Royalties)** - **A$4.41 /lb Ni payable (Budget A$4.54) for the quarter. YTD A$4.44/lb Ni (Budget A$4.30). On an annual basis IGO was the lowest cost Australian mid-cap nickel producer.**
- **Moran Development & Exploration** - **On budget and schedule. First ore mined in the quarter at a 4.6% Ni head grade.**
  - **High grade Moran nickel intercepts including 5.2m @ 4.6% Ni, 4.8m @ 6.6% Ni, 4.1m @ 6.2% Ni, 2.7m @ 12.5% Ni and 2.8m @ 12.2% Ni (all true width) have extended the strike length of Moran from 390m to 530m. Mineralisation remains open to the north (limited) and south.**
- **Long North** - **Additional new TEM anomalies intersected north of Long indicates potential for new massive sulphide shoots.**

EXPLORATION HIGHLIGHTS

GOLD

- **Tropicana JV** - **Bankable Feasibility Study nearing completion with finalisation of capital and operating costs in progress.**
  - **Environmental impact assessment on track for government approval in the December quarter.**
  - **Boston Shaker prospect infill and extension drilling intersected 32m @ 3.7 g/t Au, 22m @ 4.4 g/t Au and 18m @ 4.3 g/t Au (true width) extending the strike length to 700m.**
  - **True width intercepts of 14m @ 5.8 g/t Au, 14m @ 4.8 g/t Au, 14m @ 4.2 g/t Au, 13m @ 6.1 g/t Au and 12m @ 5.3 g/t Au indicate potential for underground gold mining at Havana after 35m @ 5.0 g /t Au intersected in the March quarter.**
- **Holleton** - **5m at 3.5 g/t Au (laterite) and 8m @ 2.6 g/t Au (oxide), intersected on a single air core traverse testing a 1.5km long auger geochemical gold anomaly.**
- **Karlawinda** - **Shallow oxide intercepts including 12m @ 2.5 g/t au, 5m @ 3.4 g/t Au, 7m @ 5.7 g/t Au, 11m @ 2.5 g/t Au and 10m @ 2.6 g/t Au intersected at Bibra Prospect.**

BASE METALS

- **Duketon JV** - **Mining Lease applied for to cover the Rosie and C2 prospects. Scoping study drill out being planned.**

CORPORATE

DIVIDEND

The Company will announce the 2009/10 final dividend amount once the financial statements have been subject to audit and the full year profit is finalised.

PROFIT AND LOSS

The estimated and unaudited NPAT for the quarter is $6.3 million (Mar $9.1M). **The profit figures quoted in this report are subject to finalisation of estimated nickel prices and USD/AUD exchange rates. Unhedged receivables and sales figures in this report are based on a nickel price of AU$22,728/t and are subject to subsequent final price adjustments.**

ISSUED CAPITAL - CURRENT

113,813,539 ordinary shares and 1,087,500 unlisted options.

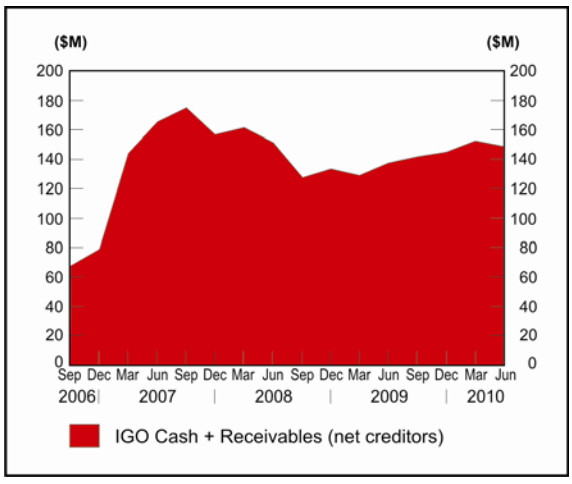
CASH AND RECEIVABLES

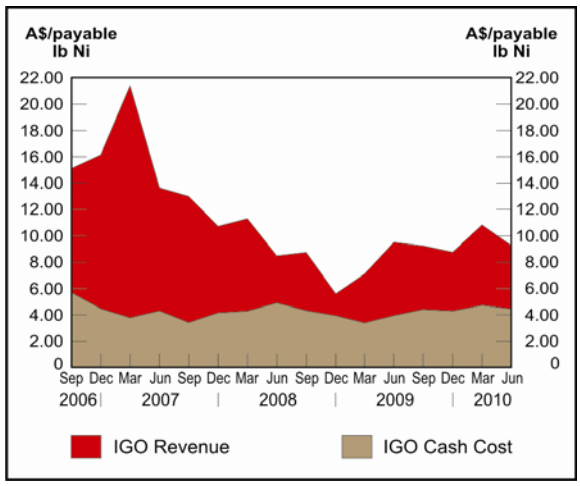
- $144.0 million cash (Mar $135.3M).
- $4.4 million nickel revenue in receivables net of creditors (Mar $17.0M). The decrease was mainly due to accrued Moran development costs.
- Total cash and net receivables were $148.4 million at the end of the quarter (Mar $152.3M).
- **Unhedged receivables have been valued using AU$22,728/t Ni.**

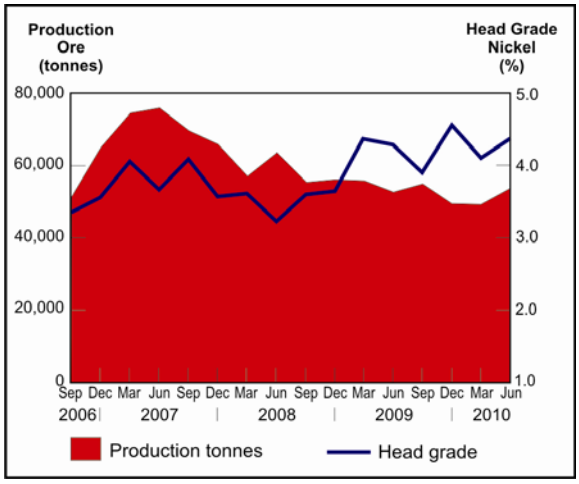
CASH OUTFLOWS

Excluding operating cash costs, major cash expenditure in the quarter was:-

- $6.5 million on Long and regional exploration, including contributions to the Tropicana JV.
- $5.4 million capitalised development costs, including Moran development.
- $2.3 million income tax payments.







DEBT

The Company had no debt at the end of the quarter.

NICKEL SALES PRICE CALCULATION

Due to the off-take agreement the Company has with BHP Billiton Nickel West Pty 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.

2009/10 EXPLORATION EXPENDITURE

$6.5 million exploration expenditure was incurred during the quarter (YTD $24.0 million) which includes accruals and Tropicana JV expenditure.

HEDGING

Total hedged nickel metal at the date of this report is 5,760t at A$22,105/t, which is scheduled to be delivered at 200 tonnes per month from July 2010 to June 2011, 180 tonnes per month from July 2011 to June 2012 and 100 tonnes per month from July 2012 to June 2013.

MINING OPERATION

LONG NICKEL MINE
IGO 100%

SAFETY

Lightning Nickel incurred two Lost Time Injuries (LTIs) during the quarter, bringing the Frequency Rate (LTIFR) to **6.07** for the life of the operation.

PRODUCTION

Production for the quarter was 53,737t at 4.4% Ni for 2,347 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stoping	22,869	t @	4.8	Ni for	1,104	Ni t
Long-hole	14,900	t @	4.4	Ni for	654	Ni t
Hand-held	5,149	t @	3.8	Ni for	198	Ni t
Jumbo Development	10,819	t @	3.6	Ni for	391	Ni t
TOTAL	53,737	t @	4.4%	Ni for	2,347	Ni t

Production was from the following areas:

Long	24,978	t @	3.9	Ni for	967	Ni t
McLeay	18,042	t @	4.4	Ni for	795	Ni t
Victor South	9,614	t @	5.6	Ni for	534	Ni t
Moran	1,103	t @	4.6	Ni for	51	NI t
TOTAL	53,737	t @	4.4%	Ni for	2,347	Ni t

Nickel production was 17% higher than budgeted, with the budget for the quarter being 50,272 tonnes of ore at 4.0% Ni for 2,001 tonnes of contained metal.

Metal during the quarter was produced at a cash cost of A$4.41 per payable pound of nickel, versus a budget cost of A$4.54/lb (including all royalties). Cash costs were 3% below budget.

Operational highlights for the quarter included:

- Better than budgeted ore production at improved grades resulting in 17% over budget contained metal.
- Improved cash costs, even after accounting for early expenditure for some of Moran works.
- Delivery of 1st ore parcel from Moran (1,103t @ 4.6% Ni).
- Continued intensive capital development phase to ensure Moran development remains on target to deliver ore as scheduled for the 2010/11 financial year.
- Continued exploration success.

DEVELOPMENT

CAPITAL DEVELOPMENT

During the quarter a total of 530 metres were developed as capital development, all of which has occurred in Moran. This level of activity is scheduled to continue next quarter.

OPERATING DEVELOPMENT

A total of 929 metres of normal operating development was also undertaken during the quarter, of which 454 metres occurred in McLeay, 29 metres in Moran, 312 metres in Victor South and the remainder in Long.

Development occurred in the following work areas:

- McLeay - On the 515mRL, 545mRL, 560mRL and 570mRL production headings
- Moran – 665
- Victor South - 423
- Long – 11 level Rhondo, 13/7

FOCUS FOR SEPT QUARTER

The September quarter will see the operation focus on:

- Site wide risk assessment and review of standards
- Supervision and contractual control
- Continued capital development to enable exploitation of Moran reserves
- Completion of Resource / Reserve update.

EXPLORATION

Resources and Reserves

IGO expects to release the updated Resource and Reserves estimates in the September 2010 Quarter.

Drill Drive Development

Development of the Moran 525 drill drive was completed during the quarter. The drill platform allowed extensional drill testing of the Moran ore channel beyond the current Moran resource boundaries (**Figure 3**).

Development of the Moran 570 drill drive is complete, with a 70m advance during the quarter. The drill platform will allow drill testing of the Moran South ultramafic lava channel, including the down-hole TEM target located immediately south of the Moran ore body (**Figures 1 and 2)**.

Moran

Extensional Drilling

Ten diamond drill holes designed to upgrade and extend the Moran Resource were drilled this quarter. Seven drill holes intersected nickel mineralisation and are summarized in **Table 1**. The intercepts were also reported in the ASX announcement dated 15th July 2010.

The latest resource definition drilling at the Moran ore body has extended high grade mineralisation 160m south-east of the June 2009 southern reserve boundary. The Moran ore body remains open to the north, south and east.

Extensional drilling 140m to the north of the existing Moran resource intersected high grade mineralisation associated with small interpreted conductors close to existing development. These small targets have subtle geophysical responses but are encouraging.

Table 1: Long Nickel Mine – Significant June Quarter Moran Southern Extension Drilling Results

Hole_ID	LocalNorth	LocalEast	LocalRL	EOH	Dip	Azimuth	mFrom	mTo	Interval	TrueWidth	Grade % Ni
LSU-304	547468	375430	-523	171	-59	162					porphyry
LSU-305	547470	375434	-523	240	-62	114	200.5	204.4	3.90	1.6	3.1
LSU-306	547472	375434	-523	216	-69	97	185.8	194.6	8.77	4.3	8.0
LSU-307	547398	375428	-520	210	-61	104	187.0	199.9	12.87	4.8	6.6
LSU-309	547472	375433	-523	179	-79	74	150.7	159.3	8.58	5.2	4.6
LSU-310	547471	375434	-523	231	-57	127					porphyry
LSU-313A	547399	375428	-520	229	-59	98	197.3	202.4	5.10	4.5	1.6
LSU-315A	547472	375432	-523	225	-67	31	183.9	184.5	0.59	0.3	8.2
LSU-318A	547469	375432	-523	195	-67	140	150.1	153.9	3.84	2.3	12.0
LSU-324	547469	375432	-523	243	-53	127					porphyry

Exploration Drilling

One 219m deep underground diamond drill hole designed to test the Moran North DHEM target was completed this quarter. The drill hole intersected nickel sulphide mineralisation in a basal contact position 140m north of Moran. The Moran North target is open in all directions but appears to be limited. Follow up drilling is planned for the next quarter **(Figure 3).**

Table 2: Long Nickel Mine – Significant June Quarter Moran North Results

Hole_ID	LocalNorth	LocalEast	LocalRL	EOH	Dip	Azimuth	mFrom	mTo	Interval	TrueWidth	Grade % Ni
LSU-325	547806	375205	-514	218.7	-42	020	172.5	175.1	2.64	0.3	7.9
LSU-325	547806	375205	-514	218.7	-42	020	181.8	183.1	1.30	0.1	4.9

Four exploration drill holes are planned to be drilled next quarter to test the Moran South ore channel position. One hole will be collared in the Moran 525 drill drive and designed to test the prospective channel 110m down plunge of Moran. Three holes are designed to be collared in the Moran 570 drill drive and will test the interpreted southern continuation of the prospective Moran ultramafic lava channel, including a TEM target centred 420m south-east of the June 2009 Moran reserve boundary **(Figure 3)**.

Underground DHTEM Transmitter Loop

A 335m underground diamond drill hole collared in the Moran 525 drill drive and designed to intersect the Moran 570 drill drive was successfully completed this quarter. The drill hole allows connection of a 1.6km circumference underground TEM transmitter loop which will provide improved definition of geophysical targets in the Moran South and McLeay South areas. A similar transmitter loop constructed in the Long South area was used in the program leading to the discovery of the Moran ore body. Commissioning of the loop has commenced and is expected to be ready for use during the next phase of Moran South exploration drilling planned for the September quarter **(Figures 2 and 3).**

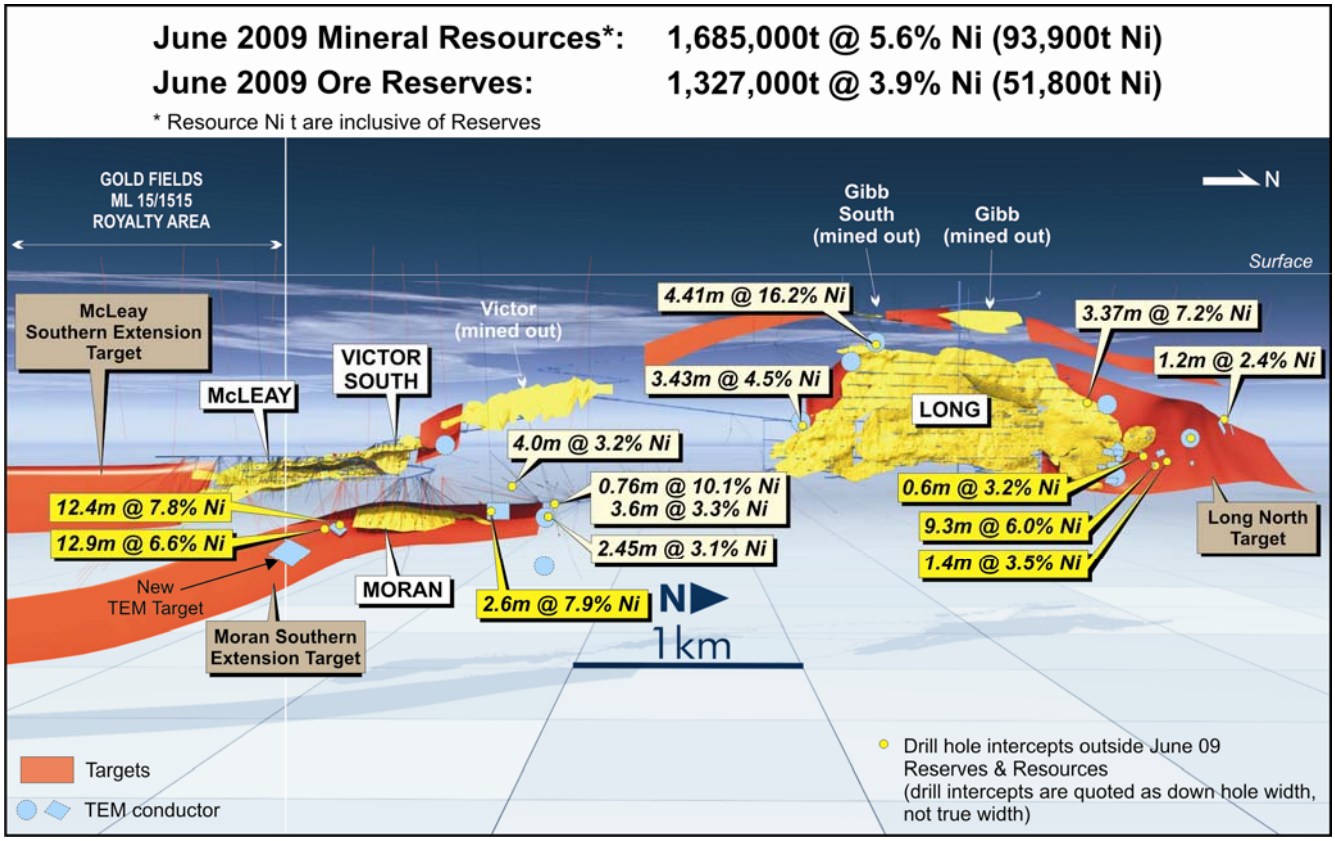


Figure 1: Long Nickel Mine – Longitudinal Projection Showing Target Areas, TEM Conductors and Significant Intercepts Outside June 2009 Ore Reserves

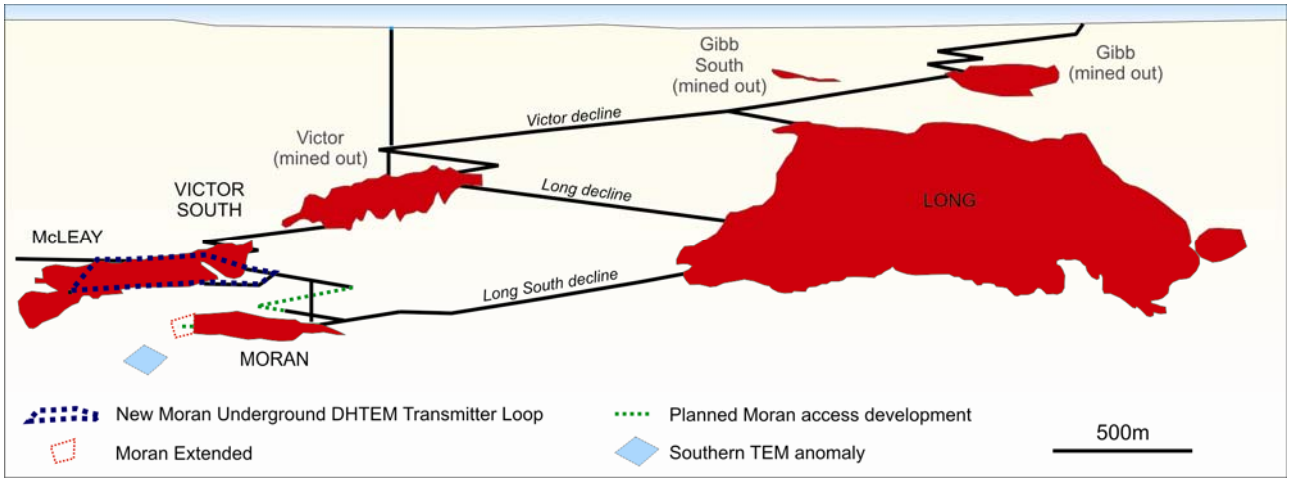


Figure 2: Long Nickel Mine – Longitudinal Projection Showing Progress of Moran Development and TEM Conductor South of Moran

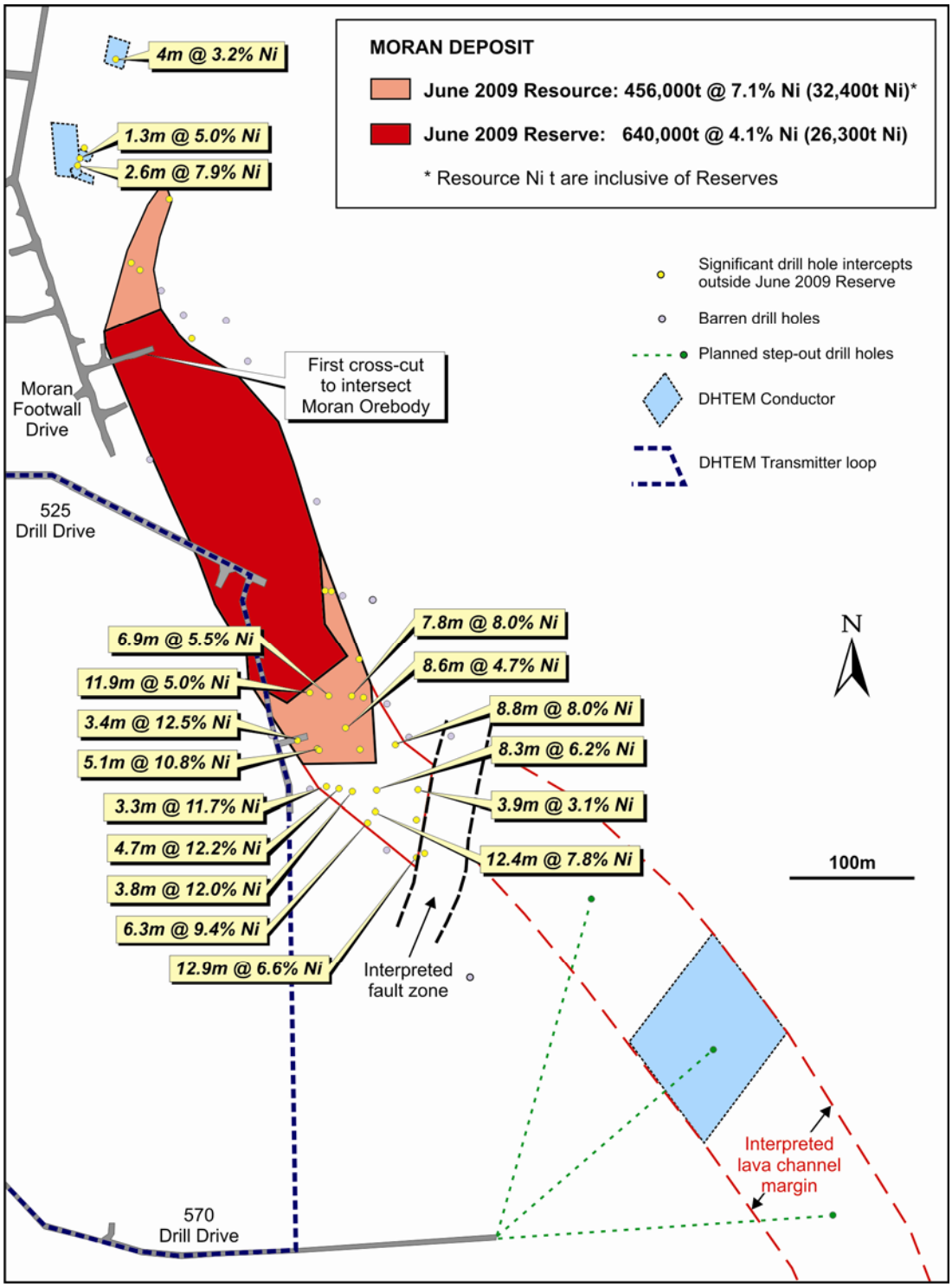


Figure 3: Long Nickel Mine - Moran - Plan Showing Nickel Shoot, Development, 525 Drill Drive and New Moran TEM Loop, Recent Significant Drill Intercepts Outside June 2009 Reserves and 570 Drill Drive Proposed Extension Holes

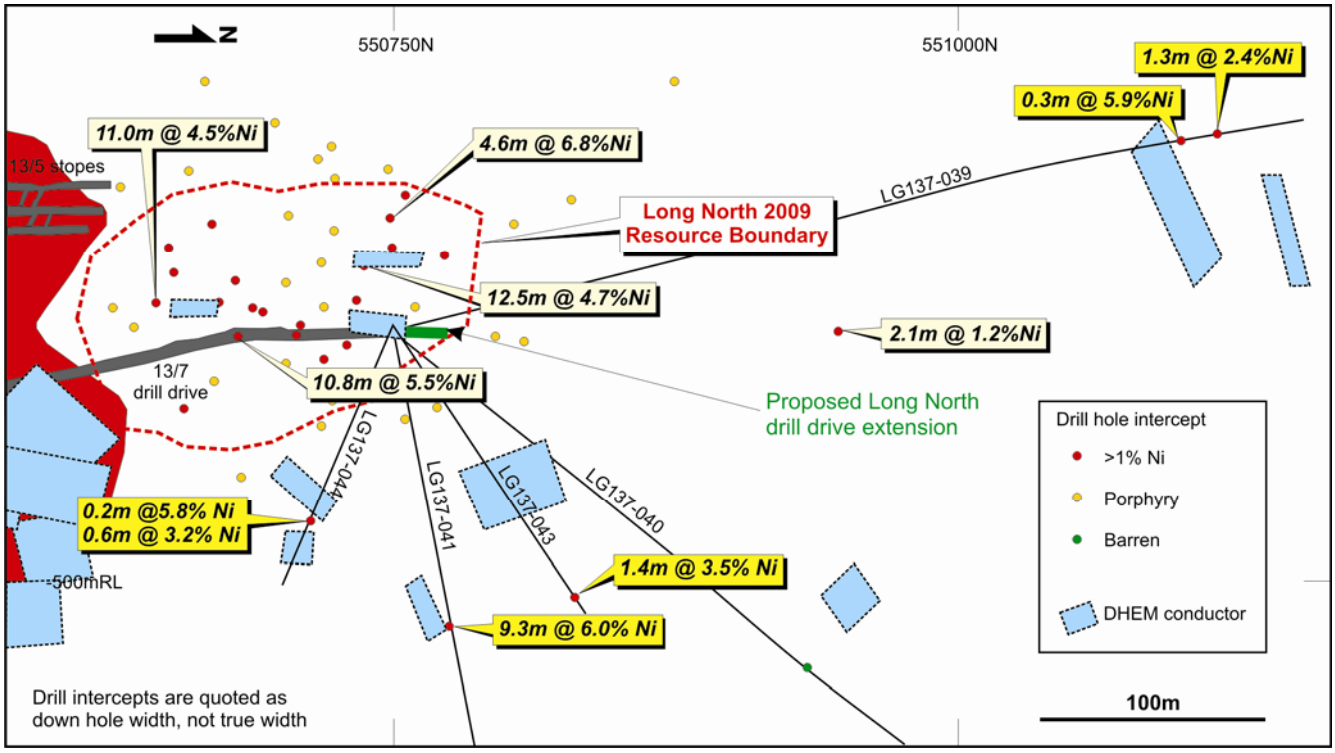


Figure 4: Long Nickel Mine - Long North - Longitudinal Projection Showing Recent Drill Intercepts and TEM Conductors in Relation to the Northern End of the Long Ore Body

Long North Extensional Drilling

Underground diamond drill holes LG137-043 and LG137-044 were completed during the June quarter, with both holes intersecting nickel mineralisation. Drilling was designed to follow up the mineralisation in drill hole LG137-041 (9.3m @ 6.0% Ni), which is located 100m down dip from the Long North ore body.

Drill hole LG137-043 intersected **1.36m** @ **3.5% Ni** at a position 60m north of the LG137-043 intersection and 120m down dip of Long North ore body. The DHTEM survey of LG137-043 detected a strong conductor located close to this intersection. Although LG137-044 intersected only narrow intervals of massive sulphide mineralisation, the DHTEM survey of this hole also detected two strong conductors in close proximity to these intersections (**Figure 4**). These geophysical responses are similar to those defined within the main Long North ore body.

Table 3: Long Nickel Mine – Significant June Quarter Long North Results

Hole_ID	LocalNorth	LocalEast	LocalRL	EOH	Dip	Azimuth	mFrom	mTo	Interval	True Width	Grade % Ni
LG137-043	550751	374039	-394	155.3	-58	004	135.6	137.0	1.36	1.3	3.48
LG137-044	550748	374042	-393	154.8	-50	112	117.9	118.1	0.17	0.16	5.78
LG137-044	550748	374042	-393	154.8	-50	112	120.5	121.1	0.59	0.3	3.23

Long North Drill Drive Extension

Twenty meters of drill drive development is planned to extend the Long North drill drive during the September quarter. This extended drill platform will allow follow up drill testing of holes LG137-041 (9.3m @ 6.0% Ni) and LG137-039 (0.3m @ 5.9% Ni and 1.3m @ 2.4% Ni) further down plunge and to the north.

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Jun '10 Quarter	2009/10 FY to Date	*Prev. Corresp. Quarter (Jun '09)*
Mining Reserve (Dry Tonnes)				
Start of Period		1,177,941	1,327,000	*916,787*
- ROM Production	1	(53,737)	(202,796)	*(52,740)*
End of Period		1,124,204	1,177,941	*864,047*
Production Details:				
Ore Mined (Dry Tonnes)	1	53,737	202,796	*52,740*
Ore Milled (Dry Tonnes)		53,737	202,796	*52,740*
Nickel Grade (Head %)		4.37	4.25	*4.28*
Copper Grade (Head %)		0.30	0.30	*0.30*
Metal in Ore Production (Tonnes)				
Nickel delivered	2	2,346	8,615	*2,258*
Copper delivered	2	161	605	*159*
Metal Payable IGO share (Tonnes)				
Nickel		1,418	5,204	*1,365*
Copper		65	245	*65*
Hedging				
Tonnes delivered into Hedge		600	2,400	*600*
Average Price (AU$/t)		19,013	19,013	*18,489*

Note 1. Production is sourced from both reserves/inventory and outside reserves.
Note 2. The Recovery Rate is fixed with BHP 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%.

Revenue/Cost Summary		***A$'000's***	***A$'000's***	***A$'000's***
Sales Revenue (incl. hedging)		28,905	110,122	*28,542*
Cash Mining/Development Costs		(9,153)	(32,039)	*(7,261)*
Other Cash Costs	3	(4,643)	(18,832)	*(4,551)*
Depreciation/Amortisation/Rehabilitation		(3,578)	(11,268)	*(3,457)*
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***
Cash Mining/Development Costs		1.77	1.69	*1.46*
Other Cash Costs	3	0.90	0.99	*0.91*
Depreciation/Amortisation/Rehabilitation		0.69	0.59	*0.70*
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	***A$/lb Payable Metal***
Sales Revenue (incl. hedging)	4	9.24	9.60	*9.49*
Cash Mining/Development Costs		2.93	2.79	*2.42*
Other Cash Costs	3	1.48	1.64	*1.51*
Depreciation/Amortisation/Rehabilitation		1.15	0.98	*1.15*

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		2	6	*2*
- Medically Treated IFR		83.6	43.2	*99.2*
- Nickel Productivity Rate	5	67.6	64.8	*76.5*

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

Development/Exploration Drilling	**Metres**	**Metres**	***Metres***
Development	-	-	-
Production	75	8,198	-
Exploration	4,956	10,309	*9,213*
	5,031	18,507	*9,213*

REGIONAL GOLD EXPLORATION

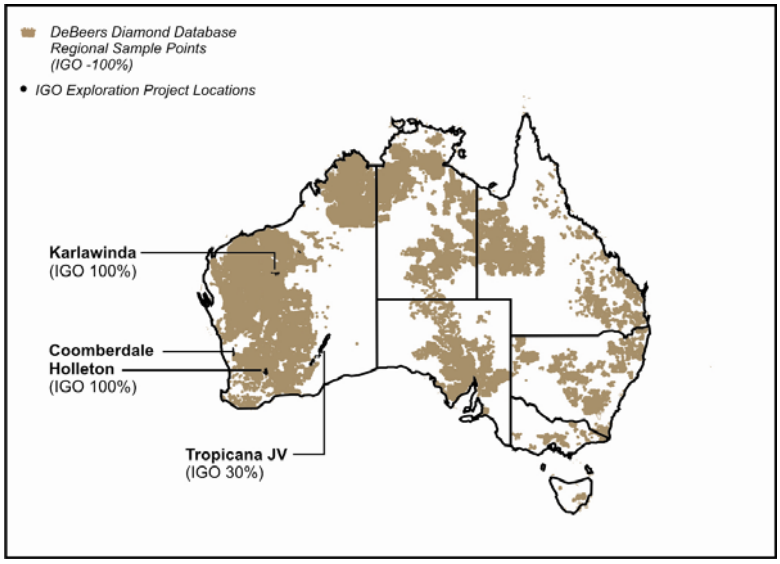


Figure 5: IGO Gold Project Locations

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

The Tropicana Joint Venture comprises approximately 15,000km^2 of highly prospective tenure covering a strike length of 396km (**Figure 6**) along an emerging new gold province.

The Tropicana project was generated and pegged by IGO and subsequently joint ventured to AngloGold Ashanti Australia Limited on 30 January 2002. The first discovery within this extensive tenement package is the Tropicana deposit, comprising the Tropicana and Havana Zones on which a Bankable Feasibility Study ("BFS") is in progress.

In addition to the Feasibility work at the Tropicana deposit, exploration is continuing at priority regional locations throughout the joint venture area, with a focus on those within trucking distance of the potential operation at Tropicana-Havana.

Feasibility Study

The Feasibility Study is advancing, with completion of open pit material movement optimisation and related expenditure profiles completed during the quarter. Process plant and supporting site infrastructure engineering and take-off quantities are now largely complete, with associated quotations from suppliers received. Project operating and capital costs are nearing completion, with alternate mining and construction strategies under evaluation.

The Tropicana Gold Project Public Environmental Review has been positively received by the Environmental Protection Authority ("EPA"). The Joint Venture does not anticipate any material issues to be raised during the public objection period, with Ministerial approval expected in the December quarter.

Tropicana-Havana Proximal Exploration

Exploration during the quarter continued on two key areas proximal to the Tropicana Resource. Firstly, continued delineation of the mineralisation at Boston Shaker 360m north of the Tropicana resource and secondly, the Havana Deeps RC and diamond drilling program testing the plunge extents of high grade shoots down plunge beyond the currently planned open cut.

Boston Shaker is currently being infilled on a 100m x 50m drilling grid with significant mineralisation now defined over a strike length of 700m. Mineralisation remains open down dip (**Figure 7 and Table 4**). **True width** intercepts as reported to the ASX on 22nd July included:

- **32m @ 3.7 g/t Au** from 181m including **29m @ 4.0 g/t Au**
- **22m @ 4.4 g/t Au** from 247m
- **18m @ 4.3 g/t Au** from 34m

The drilling at Havana Deeps is part of a two phase Scoping Study to determine whether high-grade shoots continue beneath the proposed Havana Open-Cut and determine whether ore derived from bulk underground mining methods could be mined and blended with open-cut ore after the completion of the high-grade starter open-cuts.

Previous drilling intersected up to **35m @ 5.0 g/t Au (true width)** beneath Havana and demonstrated that mineralisation continues at least 600m down plunge beyond the proposed open-cut. **True width** intercepts announced to ASX on 22nd July **(Figure 7 and Table 5)** confirmed the continuity of high grade shoots and included:

- **22m @ 4.0 g/t Au** from 550m including **14m @ 5.8 g/t Au**
- **14m @ 4.8 g/t Au** from 663m
- **18m @ 3.5 g/t Au** from 386m including **14m @ 4.2 g/t Au**
- **12m @ 5.3 g/t Au** from 607m
- **13m @ 6.1 g/t Au** from 417m

Joint Venture manager AngloGold Ashanti expects that scoping level economic studies on the Boston Shaker and Havana Deeps resource additions will be completed in H2 2010.

Regional Exploration

A total of 35,102m of aircore drilling tested targets at a number of regional prospect areas during the quarter including Havana West Paleochannel and Dragonfly.

Drill testing of the Havana West Paleochannel did not intersect the target of remobilised gold within paleochannel sediments but did return an intercept of 7m @ 1.4 g/t Au from 31m in saprolite some 200m south-west of the Havana conceptual pit shell.

First pass RC drill testing of part of the 4km long aircore geochemical anomaly at Tumbleweed (10km north of Tropicana), has returned initial intercepts of 2m @ 1.1 g/t Au from 100m and 2m @ 1.9 g/t Au from 108m. Further results are awaited.

Table 4: Significant Boston Shaker Drilling Results (Down-hole Widths Approximate True Widths)

Hole No.	Northing (m)	Easting (m)	RL (m)	Dip (degr)	Azi (degr)	Total Depth (m)	From (m)	To (m)	Width (m)	g/t Au
BOSTON SHAKER RC										
BSRC118	6763887	651491	340	-60	321	100	47	52	5	3.0
						includes	47	51	4	3.6
BSRC119	6763818	651559	340	-60	324	150	95	98	3	5.1
BSRC121	6763923	651525	339	-61	319	100	34	52	**18**	**4.3**
BSRC139	6763995	651948	344	-58	316	160	54	60	6	3.2
BSRC148	6764239	651985	349	-62	318	96	58	68	10	2.9
BSRC155	6764278	652090	347	-59	315	175	85	105	20	2.2
TFRC3317	6764063	651949	344	-61	320	150	139	141	2	7.2
TFRC3320	6763852	652161	345	-59	325	250	208	213	5	2.1
TFRC3321	6763955	652196	345	-61	319	238	181	213	**32**	**3.7**
						includes	182	211	**29**	**4.0**
TFRC3322	6764275	652022	349	-61	318	150	61	66	5	3.5
TFRC3324	6764132	652164	348	-61	319	170	151	160	**9**	**7.4**
						includes	151	157	**6**	**10.8**
BOSTON SHAKER DIAMOND										
TFRC3295D	6763745	651704	341	-63	317	219	168	178	10	2.5
						219	183	202	19	1.9
TFRC3299D	6763889	652265	346	-62	323	282	247	269	**22**	**4.4**

Table 5: Significant Havana Deeps Diamond Drilling Results (Down-hole Widths Approximate True Widths)

Hole No.	Northing (m)	Easting (m)	RL (m)	Dip (degr)	Azi (degr)	Total Depth (m)	From (m)	To (m)	Width (m)	g/t Au
HAVANA DEEPS DIAMOND										
HDD001	6761255	650077	365	-60	324	438	386	404	**18**	**3.5**
						includes	387	401	**14**	**4.2**
HDD005	6761283	650332	365	-54	327	648	584	608	24	1.5
HDD005						*includes*	596	608	12	2.2
HDD006	6761393	650271	366	-62	328	601	508	513	5	3.6
HDD006	6761393	650271				601	519	539	**20**	**2.2**
HDD006						*includes*	532	536	**4**	**7.0**
HDD008	6761368	650402	364	-57	327	709	607	619	**12**	**5.3**
HDD012	6761799	650250	360	-62	318	478	417	430	**13**	**6.1**
TPD408	6761471	650193	365	-64	321	526	460	489	29	2.0
TPD408						*includes*	477	488	**11**	**3.8**
TPD409	6761432	650345	366	-61	322	628	550	572	**22**	**4.0**
TPD409						*includes*	558	572	**14**	**5.8**
TPD411	6761341	650502	361	-57	327	714	663	677	**14**	**4.8**

RC = Reverse Circulation **D = Diamond**

(Down-hole widths approximate true widths except where Calculated True Widths are shown)

Proposed September Quarter Exploration Program

Exploration will focus on locating and testing additional open-cut and underground mineralisation within economic trucking distance of the proposed Tropicana plant site. Programs will include:

- Diamond drilling to test the down dip continuity and underground potential of the high grade shoots of the Tropicana-Havana gold system.
- RC and diamond drilling to delineate the extent of mineralisation intersected north of the Boston Shaker shear zone which marks the current northern limit of Tropicana.
- AC testing of anomalies at Dragonfly, Scorpion and Ambrosia and possible RC follow-up at regional prospects including Tumbleweed.
- Aeromagnetic survey over Group 2 and 3 tenure to assist with further targeting.

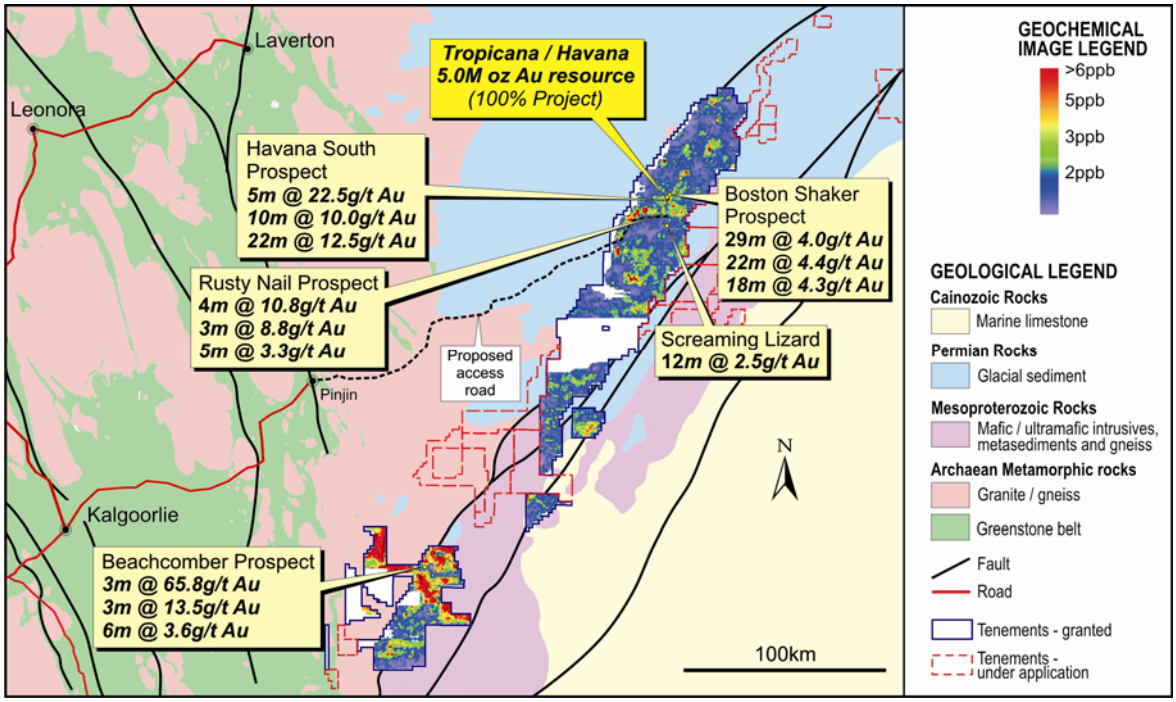


Figure 6: Tropicana JV – Tropicana and Havana Resource Locations, Tenure, Gold Anomalies, Significant Drill Intercepts Outside Tropicana-Havana Resources and Selected Prospect Locations

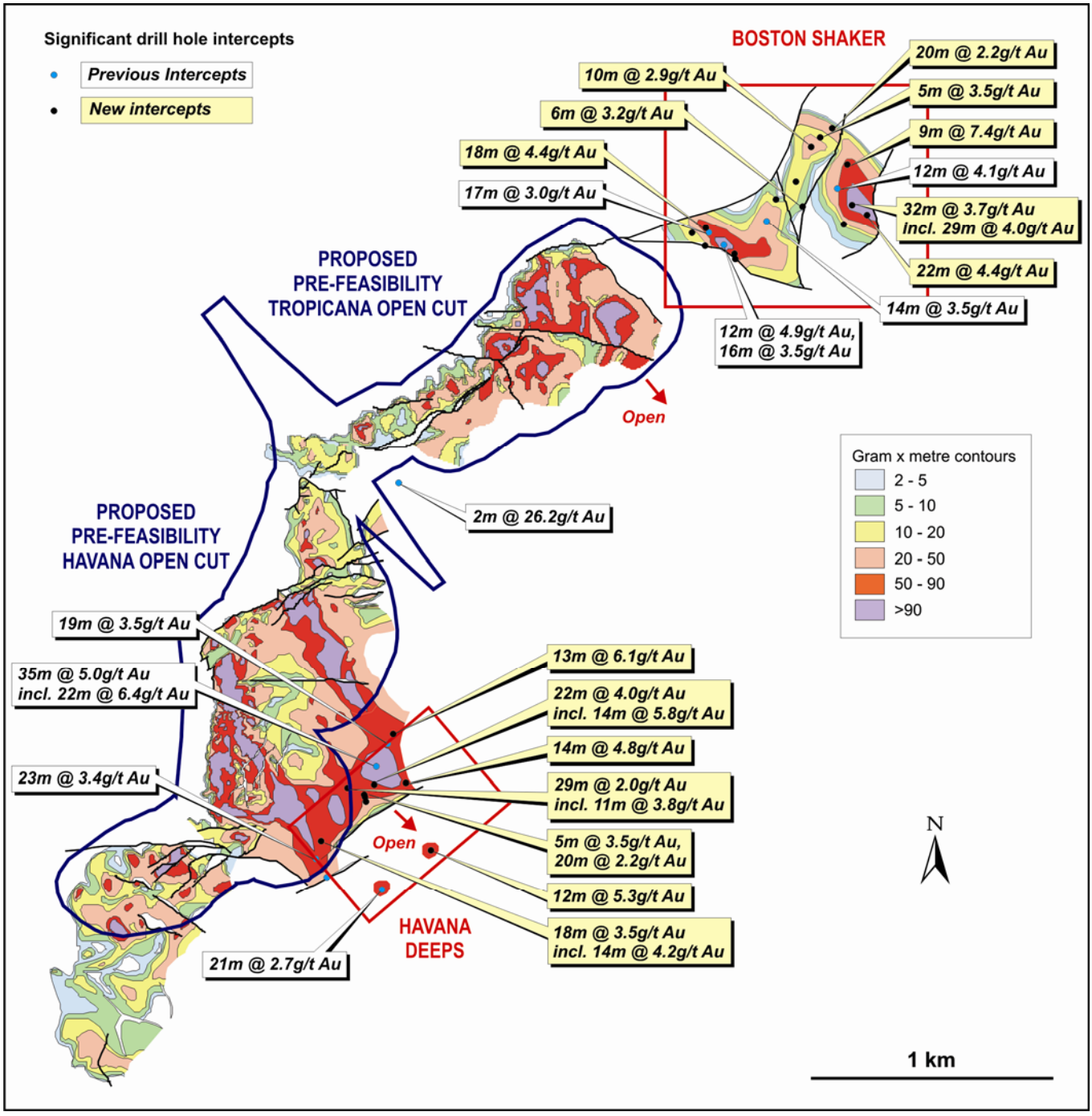


Figure 7: Tropicana JV – Pre-feasibility Tropicana and Havana Open Pit Outlines, g/t Au x Thickness (m) Contours and Significant Boston Shaker and Havana Deeps Intercepts Drilled Subsequent to the June 2009 Tropicana and Havana Resource Estimates

KARLAWINDA (IGO 100% BHPB – CLAWBACK RIGHTS)

The Karlawinda Project is located on the southern margin of the Archaean Sylvania Inlier, some 65km south-east of Newman, close to the Great Northern Highway and gas pipeline infrastructure (**Figure 8**).

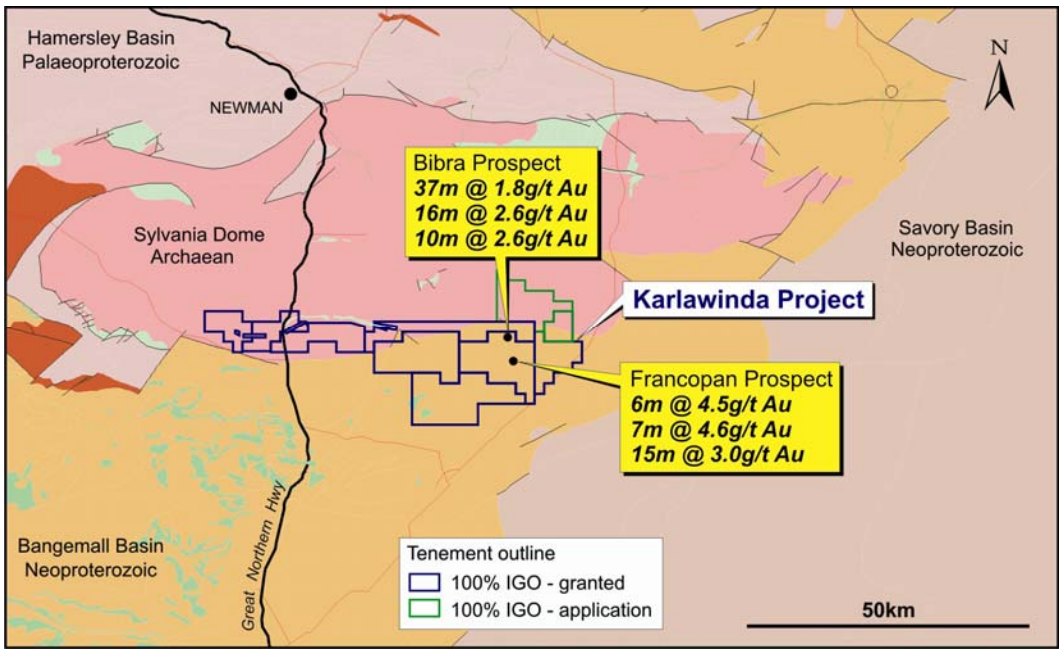


Figure 8: Karlawinda – Location Plan Showing Tenure, Prospects and Significant Drilling Intercepts

Drilling by IGO and previous explorers has defined a gold mineralised system extending over a strike length of 1.1km and 0.5km down dip at the Francopan prospect beneath approximately 190m of Bangemall Basin cover sediments. Previously announced intercepts include 7m @ 4.6 g/t Au, 6m @ 4.5 g/t Au and 15m @ 3.0 g/t Au. Based on the extent and style of mineralisation this project is considered to have good potential for the delineation of a significant Archaean mesothermal lode gold system.

The current focus of exploration is on the Bibra Prospect approximately 4km to the north of Francopan, where Archaean bedrock is not obscured by thick Bangemall cover.

Bibra Prospect

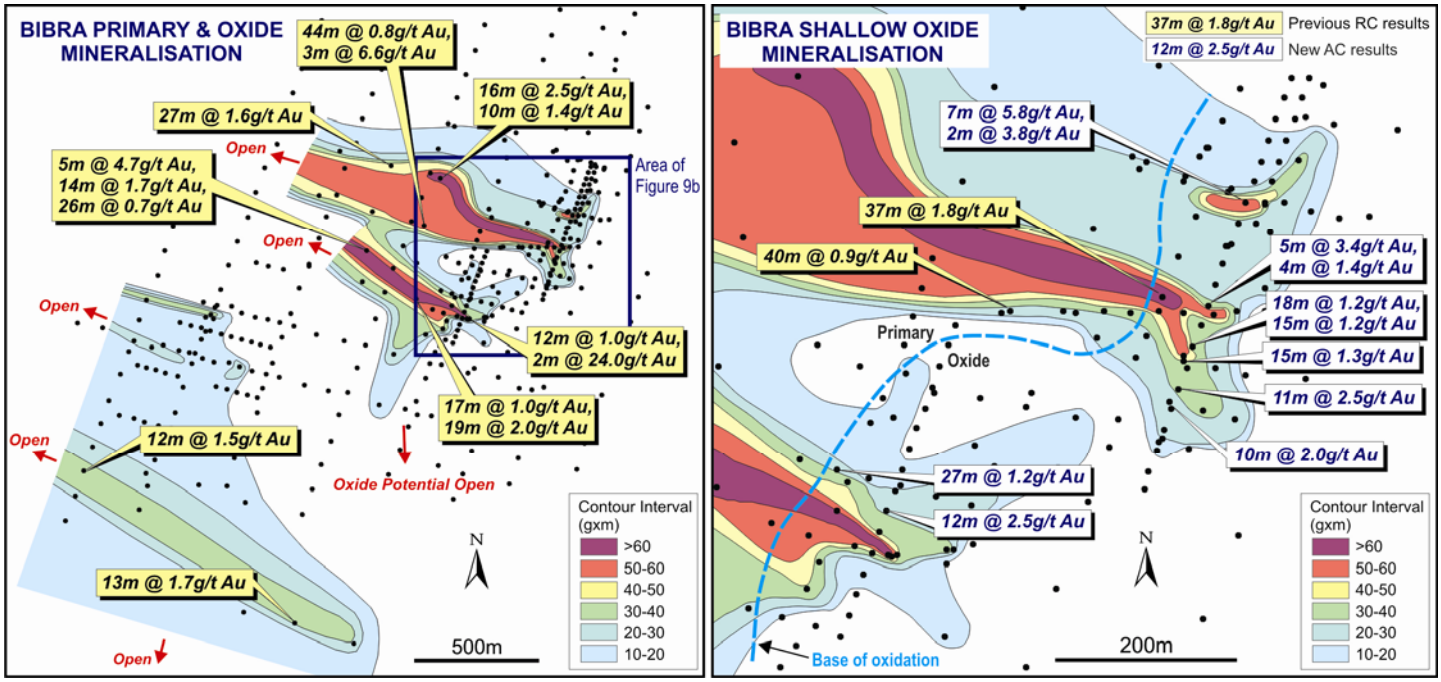
Previous work by IGO at Bibra has defined gold mineralisation extending over 1km both along strike and down dip (**Figure 9a and 9b**). Mineralisation strikes NNE and is developed in a series of shallowly plunging NNW orientated shoots within a more continuous lower grade halo.

Supergene gold is generally well developed above the up-dip oxidised portion of the main mineralised zone.

An aircore drilling program comprising 109 holes for 6,516m was completed during the quarter to test the supergene and oxide gold potential over a 1,600m strike length to a vertical depth of 60m. Results of the drilling confirmed the potential of the supergene zone and returned a number of highly encouraging intercepts including:

- **12m @ 2.5 g/t Au from 7m**
- **5m @ 3.4 g/t Au from 21m**
- **7m @ 5.7 g/t Au from 45m**
- **11m @ 2.5 g/t Au from 42m**
- **5m @ 4.3 g/t Au from 6m**
- **10m @ 2.6 g/t from 9m**
- **9m @ 2.5 g/t Au from 27m**
- **9m @ 2.4 g/t Au from 40m**
- **8m @ 2.6 g/t Au from 50m**

These results are considered encouraging for the potential of the oxide zone to contain exploitable mineralisation. Further drilling is currently being planned.



Figures 9a and 9b: Karlawinda – Bibra Prospect Plan Showing g/t Au x Thickness (m) Contours and Significant Drill Intercepts

Last quarter a pole-dipole IP survey completed over the Bibra area identified two IP chargeability anomalies having potential to represent sulphide alteration associated with gold mineralisation. Anomaly 1 lies 1.5km to the east of the main mineralised zone and is the larger and stronger of the two anomalies, whilst Anomaly 2 is positioned close to the surface immediately south and east of the main mineralised zone and exhibits a similar plunge to the mineralisation. A first pass RC test of the targets was completed subsequent to the end of the quarter. A source of the IP anomalism was not apparent in geological logging. Assay results are awaited.

HOLLETON (IGO 90-100%)

The Holleton Project covers an area of 1,257 km^2 over the largely unexplored Holleton greenstone belt in the Southern Cross Province of the Archaean Yilgarn Craton (**Figure 10**).

IGO is exploring the project area for Yilgarn Star, Marvel Loch and Westonia style gold deposits.

The current focus of exploration is on two narrow shallowly buried north-south trending greenstone belts in the northern half of the project area.

An aircore program comprising 119 holes for 2,945m tested 4 surface geochemical anomalies during the quarter. The most significant AC results came from the “Symes Find” anomaly where surface geochemistry had previously defined a north-east trending gold anomaly measuring 1.5km long by 0.5km wide (**Figure 11**). A single line of aircore drilled across the centre of the anomaly returned a near surface hit of **5m @ 3.5 g/t Au and oxide intervals up to 8m @ 2.6 g/t Au** corresponding with a zone of deeper weathering. Further drilling to define the extent of mineralisation is planned for the September quarter.

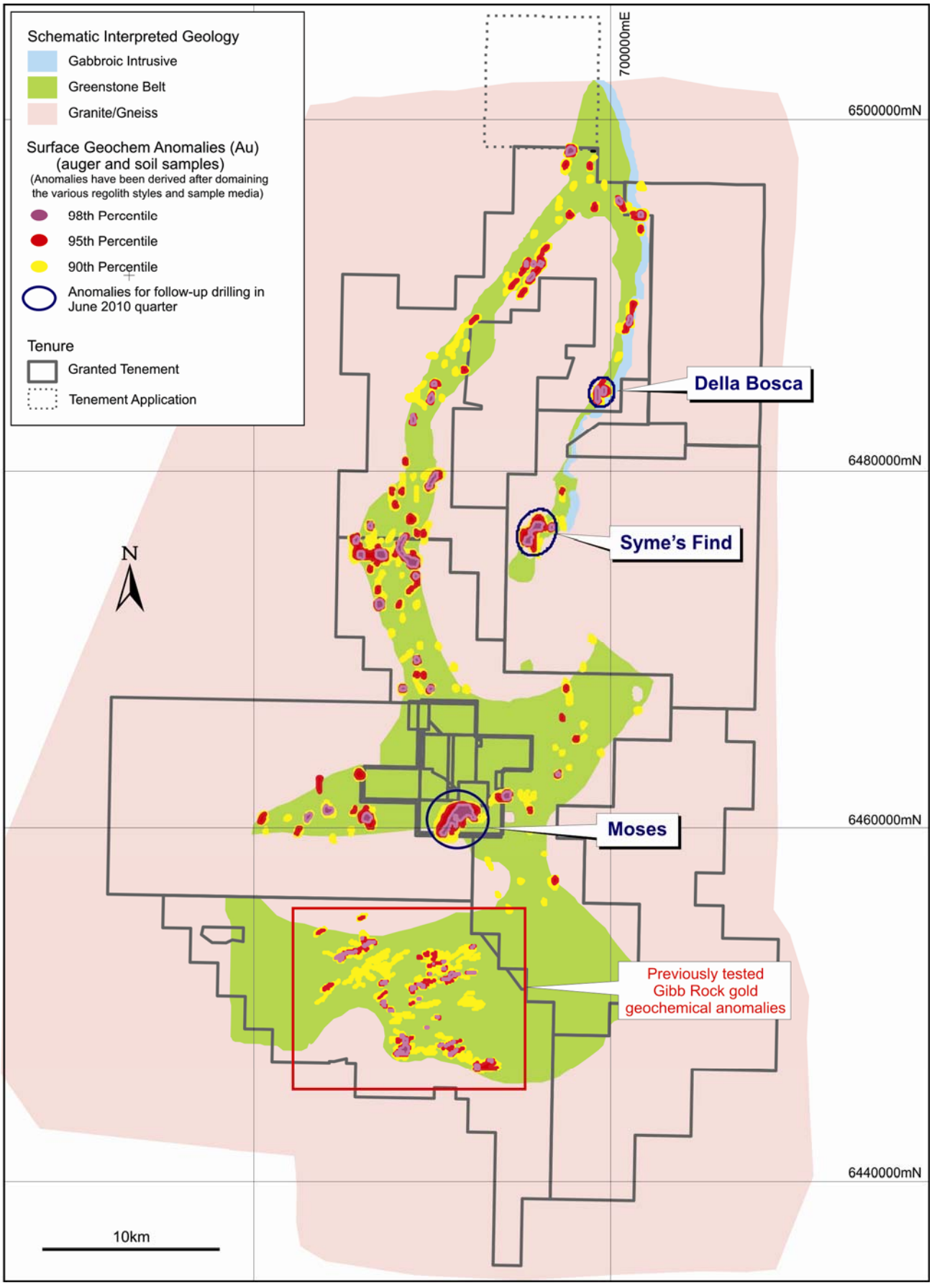


Figure 10: Holleton Project – Regional Geology, Tenure, Soil and Auger Gold Geochemical Anomalies and Drill Targets

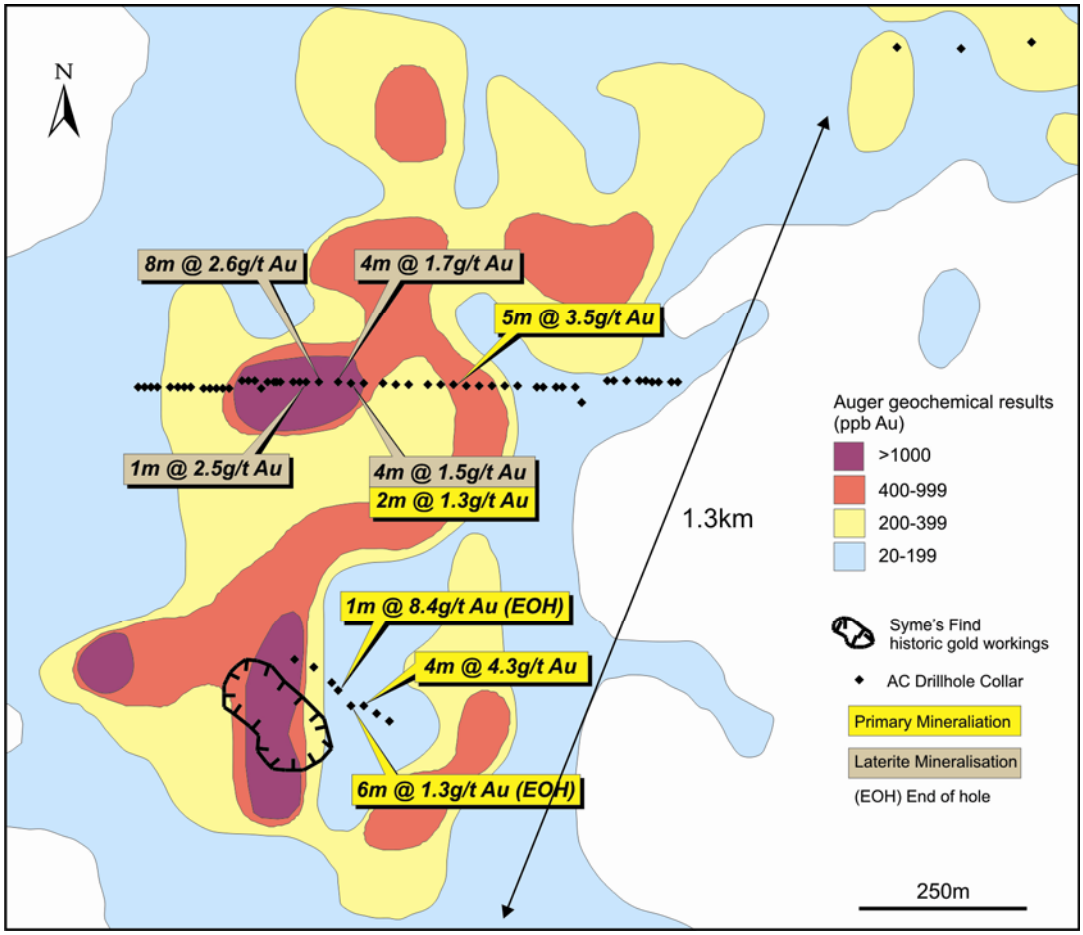


Figure 11: Holleton Project – Syme's Find Geochemical Anomaly, Drill Holes and Significant Intercepts

DE BEERS DATABASE (IGO 100%)

In 2009 IGO acquired the non-diamond specific exploration database of De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration and 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 11**). As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds.

The initial focus is on analysis of samples covering under-explored Proterozoic basin margins in Western Australia, prospective for polymetallic base metals and gold mineralisation.

At the end of the quarter a total of 28,385 samples had been submitted for geochemical analysis with a total of 26,369 sample results received.

This work continues to generate a number of anomalies in gold, base metals and other commodities. Systematic prioritisation and field appraisal of these anomalies is progressing.

REGIONAL BASE METALS EXPLORATION

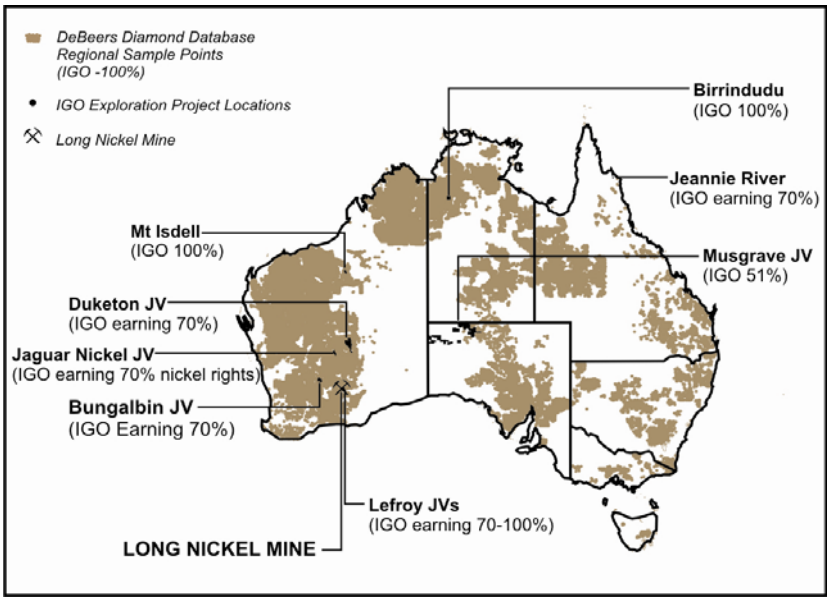


Figure 12: IGO Base Metal Project Locations

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

The Duketon Nickel JV with South Boulder Mines Ltd covers ultramafic-rich stratigraphy prospective for massive and disseminated nickel sulphide mineralisation in the Duketon Greenstone Belt, approximately 80km north of the Windarra nickel deposit (**Figure 13**).

IGO is focusing on the Bulge ultramafic, a prominent thickened portion of ultramafic with a strike length of 8km situated along a more extensive ultramafic package located on the western flank of the project tenure (**Figure 14**).

Two prospects have been defined to date;

- the **high-grade Rosie Prospect** which has previously returned intercepts up to **3.3m (true width) @ 9.1% Ni, 1.1% Cu, 0.2% Co and 7.1 g/t PGEs (2.2 g/t Pt, 1.7 g/t Pd, 0.8 g/t Rh, 1.8 g/t Ru),** and
- the **C2 Prospect** which is dominated by disseminated mineralisation and includes past intercepts up to **52m @ 0.92% Ni including 37m @ 1.05% Ni**.

Both of these prospects remain open along strike and down dip.

The potential for further mineralisation at Rosie is supported by DHTEM survey results from the deepest holes TBDD093 and TBDD098 which indicate that the strongest mineralisation is situated between these holes and continues steeply down plunge to the north-west **(Figures 15 and 16).**

On the basis of these encouraging results the Joint Venture partners applied for a Mining Lease (M38/1252) that covers the area from C2 through to Rosie plus sufficient surrounding area to cover potential infrastructure should an economic deposit be defined.

IGO is currently planning a scoping study incorporating both C2 and Rosie. Activities during the quarter included:

- Planning a drilling program designed to take Rosie and C2 to Inferred Resource status
- POW approvals for resource drilling program

- POW approval for Exploration base camp
- Commencement of baseline Environmental Studies
- Engagement of Aboriginal Heritage consultants
- Preliminary mineralogical studies to aid future metallurgical test work.

It is expected that drilling will commence once all necessary approvals have been received.

Other Prospects

The German Well prospect covers an ultramafic unit located on the eastern flank of the project area towards the northern end of E38/1825. Previous work by IGO has identified a TEM anomaly in close proximity to highly anomalous geochemistry in aircore drilling (max 0.43% Ni, 306ppm Cu, 55ppb Pt+Pd). It is intended to RC drill test the conductor as soon as the necessary approvals are in place.

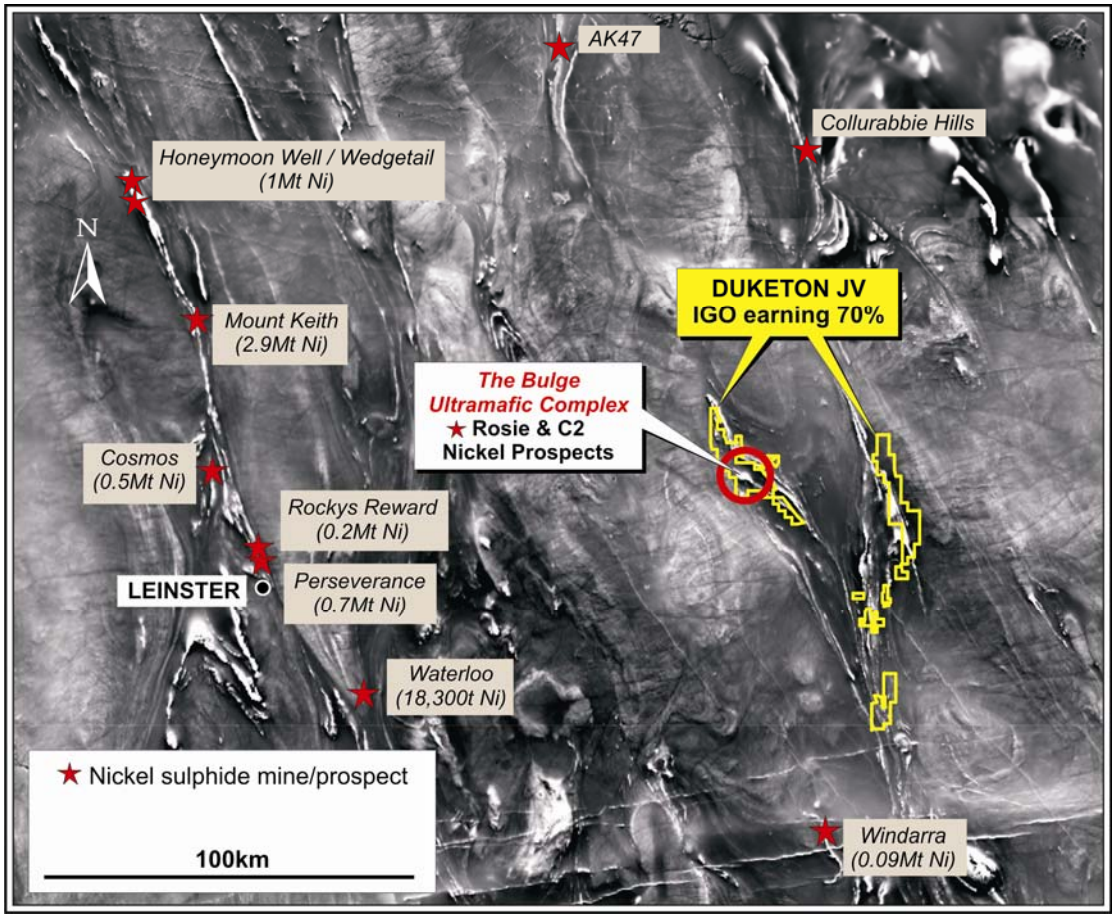


Figure 13: Duketon JV – Location Plan Over Magnetics Showing Locations of the Bulge Ultramafic Complex and Rosie and C2 Nickel Sulphide Prospects

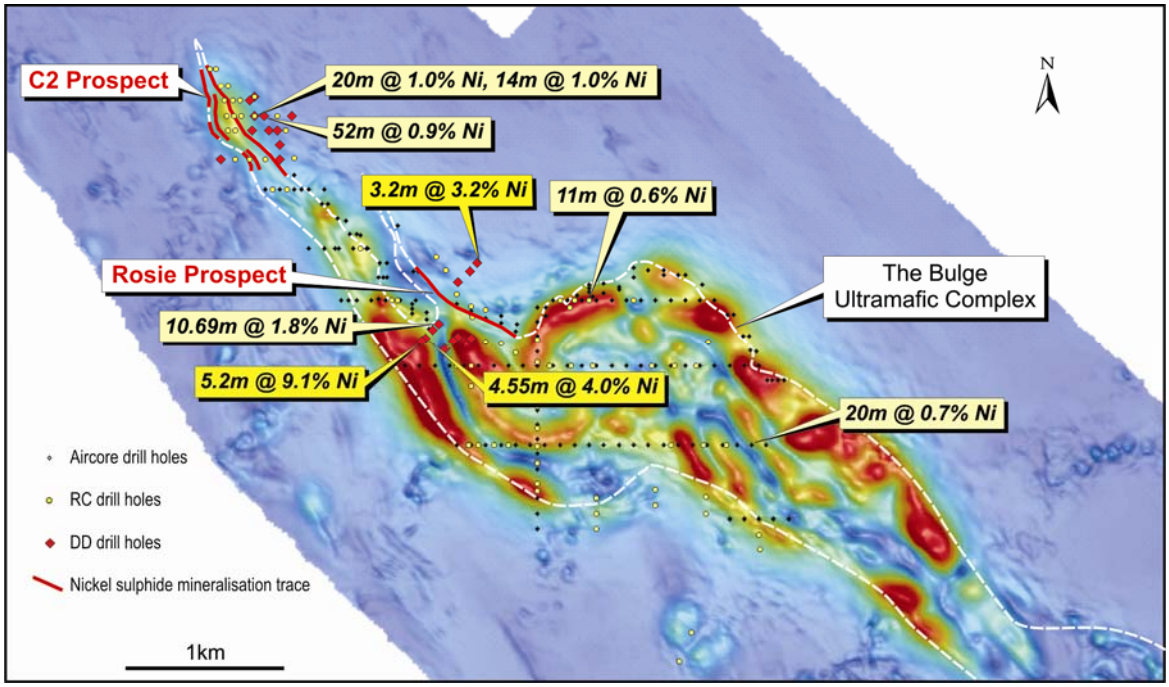


Figure 14: Duketon JV – Rosie and C2 Nickel Sulphide Prospects, Drill Hole Locations and Significant Intercepts Over Aeromagnetic Image

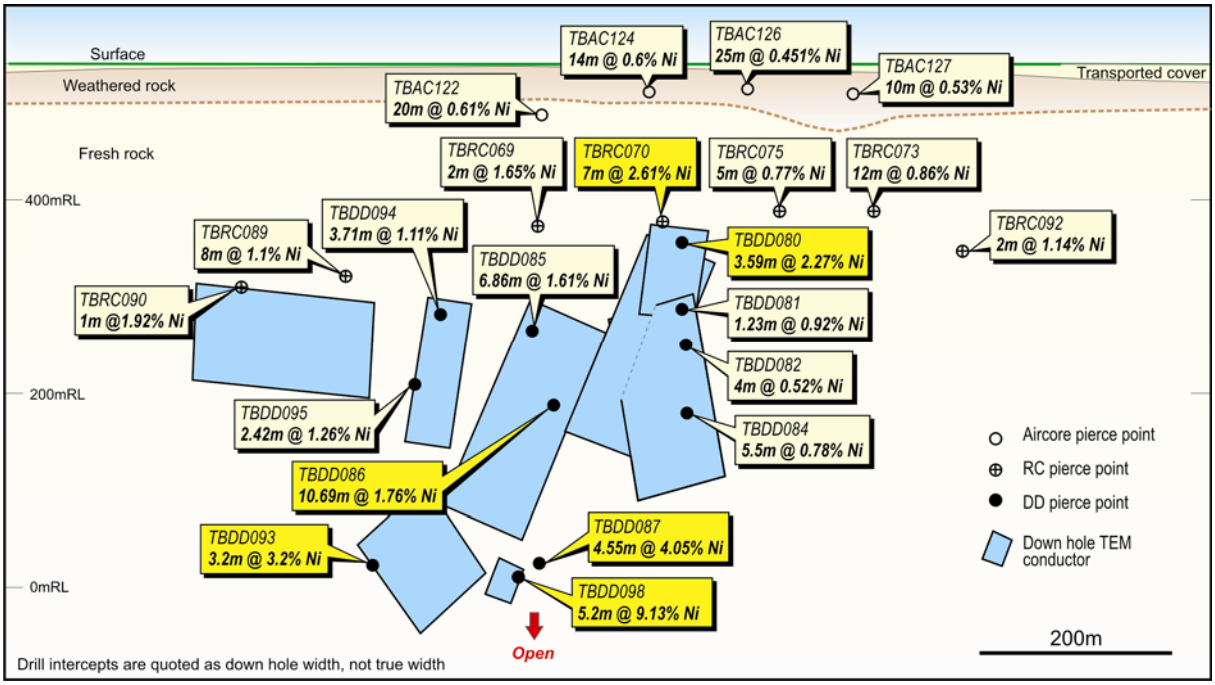


Figure 15: Duketon JV – Rosie Prospect Longitudinal Projection Showing Significant Drill Intercepts and Down-Hole TEM Conductors

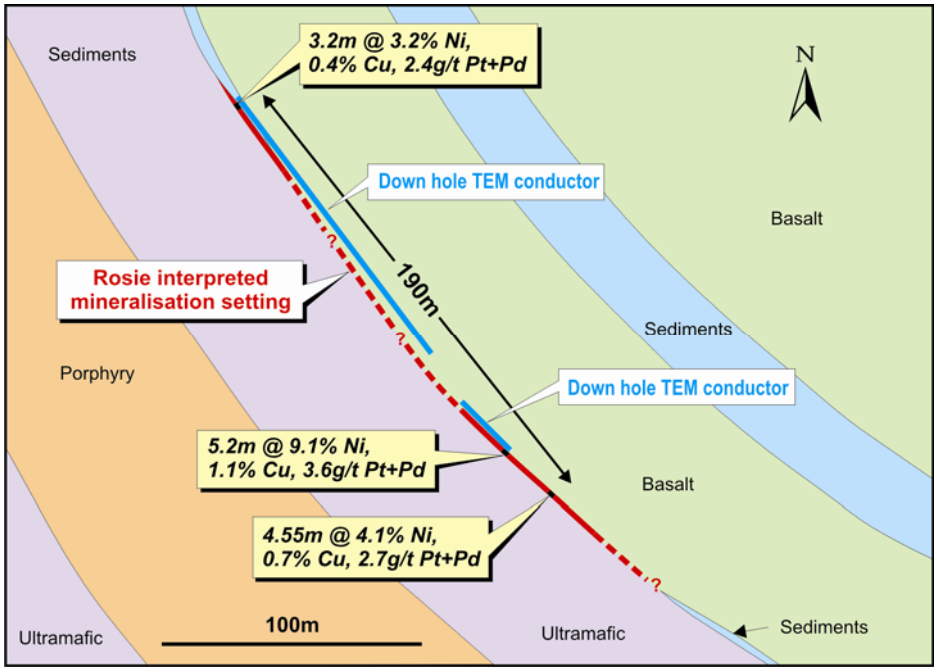


Figure 16: Duketon JV – Rosie Prospect Plan Approximately 500m Beneath the Surface Showing Significant Intercepts, Down-Hole TEM Conductors and Interpreted Nickel Sulphide Mineralisation Location

JAGUAR NICKEL SULPHIDE JV (IGO EARNING 70% NICKEL RIGHTS)

IGO has entered into a JV with Jabiru Metals Limited whereby IGO may earn a 70% interest in the nickel rights by expenditure of $3m within 6 years including a minimum of $220,000 within the first 12 months.

The JV area covers 188km2 of tenure 50km from Leonora located over part of the southern portion of the Agnew-Wiluna Greenstone Belt, one of the most highly endowed komatiitic nickel-sulphide belts in the world. The project is well situated with regard to infrastructure and access being near to a gas pipeline and having bitumen access.

Past exploration in the area has recently been focussed on VMS deposits, with relatively limited nickel sulphide exploration.

The project area includes 3 main ultramafic units considered prospective for massive nickel-copper sulphide deposits similar in style to Cosmos and the nearby Sinclair deposit.

Initial exploration, comprising a surface geochemical sampling and Moving loop EM surveys will commence in Q3 2010.

MT ISDELL (IGO 100%)

The Mt Isdell Project covers an area of over 400 square kilometres and is located 35km south of the 26M ounce Telfer gold resource and 80km south-east of the Nifty Copper Mine. The project straddles the same major NW trending structure that is adjacent to both the Nifty and Maroochydore deposits.

Previous reconnaissance and infill lag sampling by IGO has delineated a 5km x 5km area of high order zinc, lead, copper, cobalt and gold anomalism. Preliminary AC testing confirmed geochemical anomalism, however a more robust test using heavier drilling equipment is required to fully test the targets at depth.

A review of TEMPEST airborne electromagnetic data flown by the Geological Survey in 2009 has highlighted a number of interesting conductive responses within the project tenure. One response is associated with the fold closure of a south-east plunging synform, similar in characteristic to Nifty. A second more discrete response is coincident with surface Cu lag geochemical anomalism. It is planned to test both targets for Nifty-style copper mineralisation via a detailed Heliborne EM survey commencing Q3 2010.

ORRBÄCKEN JV (IGO EARNING UP TO 73%)

The Orrbäcken Ni-Cu-Co Joint Venture with Mawson Resources is located 10km from the regional centre of Skellefteå in north eastern Sweden.

Orrbäcken is a nickel occurrence discovered by local prospectors who identified approximately 80 gabbroic boulders that form a 1.5km long glacial boulder train, 25 of which are mineralised and interpreted to be close to source. Four boulder samples were taken by the Swedish Geological Survey from the Orrbäcken discovery. Nickel content ranged from 1.9% to 0.6% and averaged 1.0%, cobalt ranged from 0.21% to 0.05% and averaged 0.1% and copper ranged from 0.7% to 0.1% and averaged 0.3%. The boulder train is associated with a magnetic feature that is of a similar scale to other mafic intrusives that have eventually been found to host economic deposits.

IGO intends to initially test the project area using airborne EM and magnetics. The survey was planned to be flown in Q1 2010 but due to contractor issues is now scheduled to commence in the September quarter with on-ground reconnaissance field work to follow. Should results be sufficiently encouraging, ground electromagnetic surveys will be used to define drill targets with follow-up diamond drilling during the northern winter of 2010/11.

SEPTEMBER QUARTER EXPLORATION PROGRAM

REGIONAL NICKEL/BASE METALS	Duketon:	Scoping study planning. Drill test German Well TEM conductor.
	Lefroy:	DDH Lisa's Dune TEM target on salt lake. Aircore test ultramafic stratigraphy in the Yamana JV tenure.
	Bungalbin:	Surface geochemical test of ultramafic units.
	Jaguar:	Surface geochemical test of ultramafic units.
	Mt Isdell:	Airborne TEM survey to test TEMPEST anomalies and Cu geochemical target.
	Orrbäcken:	Detailed airborne aeromagnetic and TEM survey to delineate extents of potential host gabbro and identify potential massive sulphide deposits.
REGIONAL GOLD PROJECTS	Tropicana:	RC/DDH test underground potential down-dip of Tropicana-Havana and along strike potential of Tropicana north of the Boston Shaker shear. RC/AC test of priority regional prospects.
	Karlawinda:	Drill test oxide gold potential of the Bibra prospect and IP targets. AC test of regional gold targets.
	Holleton:	Follow-up AC drill testing of priority targets including Syme's Find.
	DeBeers:	Continued analysis of priority geochemical samples and field follow-up of anomalies.

.

INDEPENDENCE GROUP NL
CHRISTOPHER M. BONWICK
MANAGING DIRECTOR

Sign Off: 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.

PO BOX 496
SOUTH PERTH WA 6951

T: +61 8 9479 1777 **F:** +61 8 9479 1877 **E:** contact@igo.com.au **W:** www.igo.com.au