INDEPENDENCE GROUP NL

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2009

GROUP HIGHLIGHTS

- **NPAT for the quarter was $8.3 million (Mar $5.0 million, YTD $13.4 million), unaudited.**
- **$137.6 million cash and net receivables (Mar $128.7 million), unaudited.**
- **Nickel hedge contracts of 4,800 tonnes at A$19,013/t were placed during the quarter covering 200 nickel tonnes per month until June 2011.**

OPERATIONS HIGHLIGHTS

- **Production – 52,740t @ 4.3% Ni for 2,258 Ni t (Budget 55,049t @ 3.9% for 2,128 Ni t). Production for the year was 8,779 Ni t (Budget 8,404 Ni t).**
- **Cash costs – A$3.93/lb payable nickel (Budget A$4.59) for the quarter (YTD A$3.85/lb payable nickel, Budget A$4.59). IGO continues to be one of the lowest cost nickel producers in Australia.**
- **High grade Moran nickel intercepts (9m @ 7.3% Ni, 8.5m @ 6.0% Ni, 6m @ 5.0% Ni and 5.5m @ 6.8% Ni - all true widths). Nickel sulphides now intersected over a 480m strike length and open to the north (limited), south and east.**
- **Maiden high-grade Moran Resource announced (456,000t @ 7.1% for 32,400 nickel tonnes).**

EXPLORATION HIGHLIGHTS

GOLD

- **Tropicana JV** - **Pre-feasibility Study results announced and decision made to proceed with Bankable Feasibility Study.**
  - **Further exploration success at Havana South could increase current resource base. True width intercepts include 9m @ 7.2 g/t, 15m @ 3.1 g/t, 10m @ 4.1 g/t, 16m @ 5.6 g/t, 12m @ 6.3 g/t, 6m @ 10.3 g/t and 2m @ 28.2 g/t Au.**
- **Karlawinda** - **First 2 RC drill holes testing a 1 km x 0.4 km open supergene +100ppb Au gold anomaly intersected 38m @ 1.5 g/t Au from 38m (including 10m @ 2.2 g/t Au) and 6m @ 3.4 g/t Au from 58m (true widths unknown).**

BASE METALS

- **Duketon JV** - **Disseminated nickel sulphides (up to 50m @ 0.92% Ni, 36m true width) intersected at the Bulge Prospect.**

CORPORATE

DIVIDEND

The Company will announce the final 2008/9 dividend with the Preliminary Final Report which is due for release by 31 August.

PROFIT AND LOSS

The estimated and unaudited NPAT for the quarter is $8.3 million (Mar $5.0M). **The profit or loss 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$18,724/t and are subject to possible audit adjustments.**

ISSUED CAPITAL - CURRENT

113,651,039 ordinary shares and 1,250,000 unlisted options.

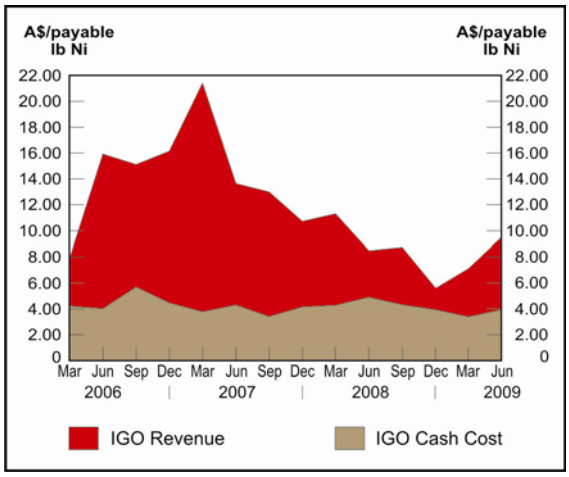
CASH AND DEBT

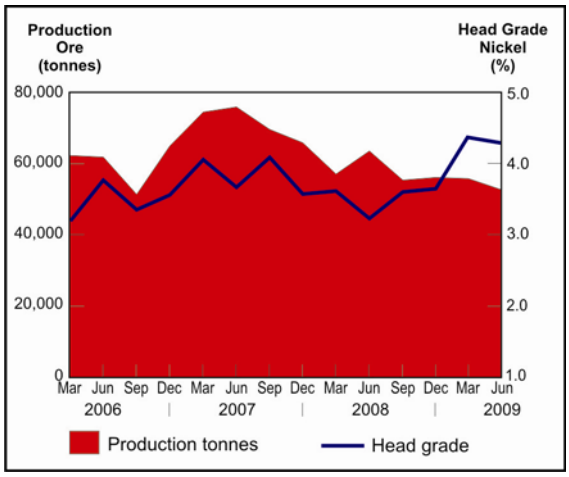
CASH RESERVES

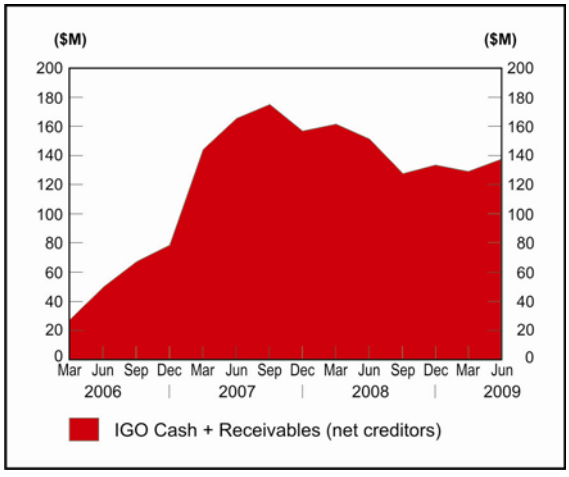
- $127.2 million cash (Mar $122.7M).
- $10.4 million nickel revenue in receivables net of creditors (Mar $6.0M).
- Total cash and net receivables were $137.6 million at the end of the quarter (Mar $128.7M).
- **Unhedged receivables have been valued using AU$18,724/t Ni.**

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

- $5.9 million on Long and regional exploration, including contributions to the Tropicana JV.
- $1.6 million income tax payments.
- $1.2 million purchase of replacement Jumbo.







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.

2008/9 EXPLORATION EXPENDITURE

$9.2 million exploration expenditure was incurred during the quarter (YTD $20.2 million) which includes Tropicana JV expenditure.

HEDGING

The Company placed hedge contracts during the quarter covering 4,800 tonnes of nickel, with corresponding AUD:USD forward contracts. Total hedged nickel metal at the date of this report is 4,800t at A$19,013/t, which is scheduled to be delivered at 200 tonnes per month from July 2009 to June 2011.

MINING OPERATION

LONG NICKEL MINE IGO 100%

SAFETY

Lightning Nickel incurred two Lost Time Injuries during the quarter bringing the Frequency Rate (LTIFR) to **4.13** for the life of the operation.

PRODUCTION

Production for the quarter was 52,740t at 4.28% Ni for 2,258 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stoping	4,497	t @	4.1%	Ni for	147	Ni t
Long-hole	22,976	t @	4.6%	Ni for	1,056	Ni t
Hand-held	6,804	t @	4.9%	Ni for	333	Ni t
Jumbo Development	18,463	t @	3.9%	Ni for	722	Ni t
TOTAL	52,740	t @	4.3%	Ni for	2,258	Ni t

Production was from the following areas:

Long	17,840	t @	5.1%	Ni for	901	Ni t
McLeay	22,819	t @	3.8%	Ni for	869	Ni t
Victor South	12,081	t @	4.0%	Ni for	488	Ni t
TOTAL	52,740	t @	4.3%	Ni for	2,258	Ni t

The budget for the quarter was 55,049t @ 3.87% Ni for 2,128 tonnes of contained metal. Production exceeded budget by:

- 6.1% increase in metal production
- 0.4% Ni improvement in run of mine grades

A conscious effort on maintaining low operating costs combined with the delivery of high quality ore to the mill has resulted in better than budgeted operational and financial KPI's for the quarter. Some particular highlights included:

- **Metal 14% during the quarter was produced at a cash cost of A$3.93 per payable pound of nickel, versus a budget of A$4.59/lb (14%** reduction)
- OPEX costs down by 9% against budget
- The quality of ore being won in Long and Victor South
- Continued exploration success in Moran deposit

DEVELOPMENT

CAPITAL DEVELOPMENT

47 metres of capital development was undertaken for the development of the Moran exploration drilling platform.

OPERATING DEVELOPMENT

A total of 647 metres of normal development was also undertaken during the quarter, of which 444m was in waste.

Development was concentrated in the following areas:

- McLeay - On the 520mRL, 545mRL, 560mRL AND 570mRL production headings
- Long – Production and waste development

FOCUS FOR FINANCIAL YEAR 2009-10

The focus for the next financial year will be:

- Continued focus on ensuring a safe workplace for all employees
- Completion of updated resource and reserve estimates, which will include the initial Moran resource estimate
- Completion of the Moran Feasibility Report and commence the capital development required for the exploitation of the Moran ore body, with first production expected in the June 2010 quarter
- Continued focus on brownfields resources extensions, with high emphasis on Moran and McLeay
- 2009-10 production guidance: 200,000 – 220,000t @ 4% for 8,000 – 8,400 Ni tonnes at a cash cost of A$4.20 – A$4.40 per payable pound of nickel

EXPLORATION

Moran Definition and Extensional Drilling

Exploration during the quarter focused exclusively on infill and extensional drilling of the Moran deposit.

An initial resource estimate for Moran was announced on 28 July 2009. **The total Moran resource comprised 456,000t @ 7.1% Ni (32,400 Ni t)**, which currently has a strike extent of 480m and is up to 110m wide. The deposit remains open. Resource categories are tabulated below:

Moran Undiluted Estimated Mineral Resource at 1% Ni Cut-off at 30 June 2009

	Tonnes	Ni%	Ni Tonnes
Measured	-	-	-
Indicated	401,000	6.9%	27,800
Inferred	55,000	8.3%	4,600
Total	**456,000**	**7.1%**	**32,400**

The Moran deposit is located in a Kambalda-style, open contact (ultramafic hangingwall and basaltic footwall) komatiite lava channel position south of the Long ore body, and consists of massive and matrix nickel sulphides (**Figure 1**). The nickel sulphides are medium to high tenor, with grades ranging from 1% to 23% nickel.

The deposit remains open to the north (limited), south and east.

The current northern resource limit is located 200m south of the end of the Long South decline and is 70m east of a 30m x 50m geophysical down-hole TEM target (Northern EM target) (**Figure 2**).

The current southern resource limit is located 25m north of a 50m x 50m geophysical down-hole TEM target (Southern EM target) and is 1.4 km north of the lease boundary.

The Moran drilling program included a limited amount of extensional exploration. Attempts were made to test the Southern EM target. Although these holes failed to test the conductor, the Moran mineralisation was intersected, extending the strike length of the deposit to 480m. Further extensional drilling in this southern area will be completed after extension of the Moran Drill Drive 200m to the south of the current face during the September quarter. A program of wildcat drilling designed to locate the prospective Moran lava channel to the south of the southern target conductor will also be undertaken during the September quarter. These holes will be drilled from the McLeay 570 drill drive, which is expected to be completed early in the quarter.

Significant drilling results during the quarter are shown in **Table 1**.

Table 1: Long Nickel Mine –Significant Moran Drilling Results Since the March 2009 Quarterly Report

(Intersections calculated by the specific gravity method, VE= Visual Estimate)

Hole No.	Northing (m)	Easting (m)	RL (m)	Dip (degr)	Azi (degr)	EOH (m)	From (m)	To (m)	Width (m)	True Width (m)	Ni%
LSU-186	547670	375352	-518	-62	316	190.7	145.63	146.5	0.87	0.8	4.6%
LSU-187	547672	375353	-517	-72	350	186.5	162.65	167.2	4.55	**4.5**	**6.6%**
LSU-188	547672	375356	-518	-72	31	214.4	189.35	197.25	7.9	**5.5**	**6.5%**
LSU-190	547612	375368	-524	-76	74	168.8	141.3	155	13.7	**9.0**	**7.3%**
LSU-191	547612	375368	-524	-65	83	2027	178.05	179.2	1.15	1.0	1.4%
LSU-192	547612	375368	-524	-73	186	142.5	102.04	103.44	1.4	1.0	11.7%
LSU-193	547612	375368	-524	-70	133	157.7	130.13	136.05	5.92	**5.6**	**6.2%**
LSU-195	547672	375353	-519	-39	339	274.8	239.86	240.18	0.32	0.3	11.2%
LSU-196	547672	375353	-519	-42	345	264	216.95	217.65	0.7	0.7	0.8%
LSU-198	547672	375353	-519	-48	339	236.3	217.9	220.45	2.55	2.1	2.3%
LSU-201	547672	375353	-519	-61	346	217	184.05	189.61	5.56	**4.8**	**7.8%**
LSU-203	547672	375353	-519	-67	323	176.8	148.58	153.13	4.55	**4.1**	**7.5%**
LSU-204	547672	375356	-517	-71	45	210	192.85	195.61	2.76	2.6	12.6%
LSU-206	547671	375352	-519	-73	300	152.7	130.25	133.55	3.3	**3.3**	**8.2%**
LSU-207	547672	375356	-517	-83	32	197.9	145.9	155.4	9.5	**8.5**	**5.9%**
LSU-208	547672	375356	-517	-76	68	215.2	169.18	179.06	9.88	**6**	**5.3%**
LSU-212	547611	375368	-524	-84	318	137.6	114.2	116.4	2.2	**2**	**12.7%**
LSU-213	547611	375368	-524	-70	78	196.6	174.95	182.9	7.95	**7**	**5.8%**
LSU-214	547593	375360	-523	-77	120	143.5	117.7	123.17	5.47	**5**	**5.4%**
LSU-215	547593	375360	-523	-60	140	167.6	137.25	142.15	4.9	2.8	4.4%
LSU-218	547593	375360	-523	-51	141	218.8	156.05	167.82	11.77	**6**	**5.0%**
LSU-219	547593	375360	-523	-49	129	236.3	205.7	210.5	4.8	**3.3**	**10.1%**
LSU-222	547593	375360	-523	-39	146	290.7	198.48	203.6	5.12	**3.5**	**10.8%**
LSU-225	547672	375356	-517	-72	20	210	178.8	185.83	7.03	**4.9**	**6.8%**
LSU-227	547595	375363	-523	-65	101	201	162.9	173.55	10.65	**8.7**	**4.5%**
LSU-229	547593	375360	-523	-68	151	140.4	111.85	115.45	3.6	**3.5**	**9.3%**
LSU-233	547615	375368	-523	-75	29	166.6	140.9	150.1	9.2	**5.7**	**5.2%**
LSU-235	547672	375353	-520	-58	326	183	163	165.5	2.5	2.5	4.6%
LSU-236	547593	375360	-523	-37	146	317.6	199.65	203.61	3.96	**3.2**	**12.1%**
LSU-237	547666	375350	-519	-85	232	150	129.62	131.74	2.12	1.5	10.8%
LSU-239	547670	375357	-520	-71	74	211.2	197.8	200.45	2.65	1	8.9%

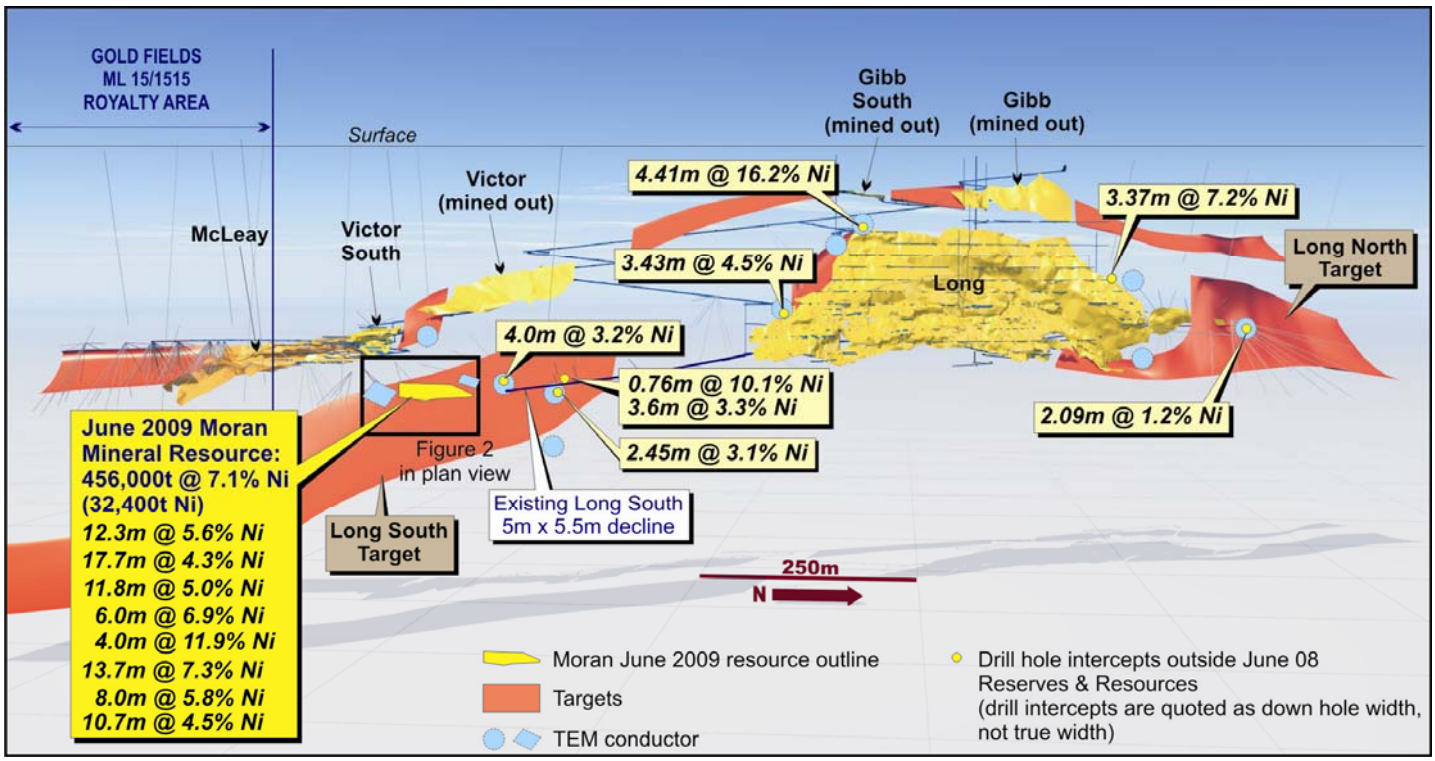


Figure 1: Long Nickel Mine - Longitudinal Projection Showing Moran Deposit Location, TEM Conductors, Significant Intercepts Outside June 2008 Resources and Reserves and Figure 2 Location

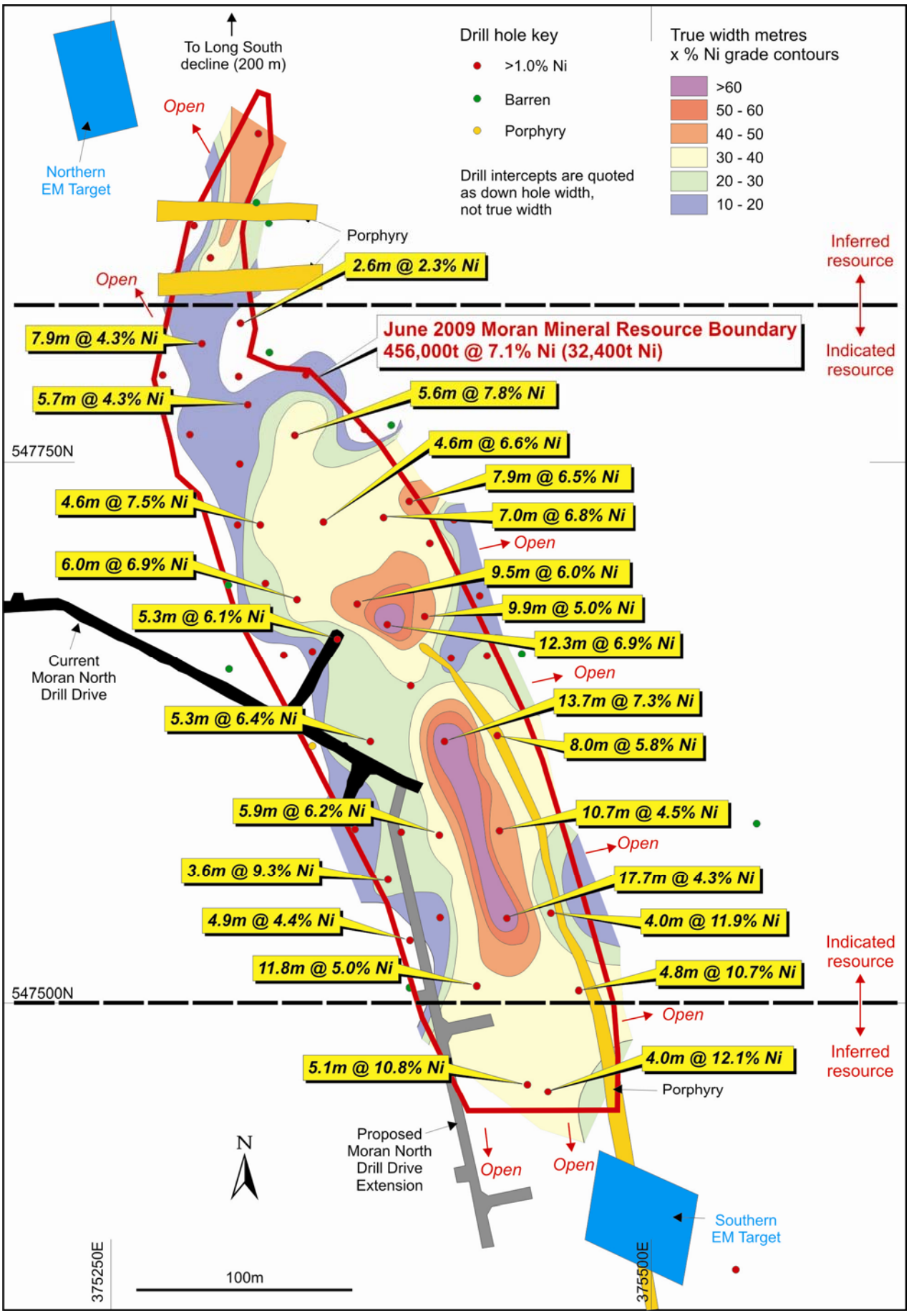


Figure 2: Moran Ore Body – Resource Plan Showing Significant Intercepts, Proposed Drill Drive Extensions and Untested Down-Hole TEM Anomalies

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Jun '09 Quarter	2008/9 FY to Date	*Prev. Corresp. Quarter (Jun '08)*
Mining Reserve (Dry Tonnes)				
Start of Period		916,787	1,085,000	*908,602*
- ROM Production	1	(52,740)	(220,953)	*(63,590)*
End of Period		864,047	864,047	*845,012*
Production Details:				
Ore Mined (Dry Tonnes)	1	52,740	220,953	*63,590*
Ore Milled (Dry Tonnes)		52,740	220,953	*63,590*
Nickel Grade (Head %)		4.28	3.97	*3.21*
Copper Grade (Head %)		0.30	0.29	*0.25*
Metal in Ore Production (Tonnes)				
Nickel delivered	2	2,258	8,779	*2,041*
Copper delivered	2	159	644	*156*
Metal Payable IGO share (Tonnes)				
Nickel		1,365	5,298	*1,216*
Copper		65	261	*63*
Hedging				
Tonnes delivered into Hedge		600	2,400	*600*
Average Price (AU$/t)		18,489	18,489	*18,063*

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%.

		A$'000's	***A$'000's***	***A$'000's***
Revenue/Cost Summary				
Sales Revenue (incl. hedging)		28,542	91,411	*22,678*
Cash Mining/Development Costs		(7,261)	(28,053)	*(8,199)*
Other Cash Costs	3	(4,551)	(16,931)	*(4,892)*
Depreciation/Amortisation/Rehabilitation		(3,457)	(11,501)	*(2,282)*
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***
Cash Mining/Development Costs		1.46	1.45	*1.82*
Other Cash Costs	3	0.91	0.88	*1.09*
Depreciation/Amortisation/Rehabilitation		0.70	0.60	*0.51*
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	***A$/lb Payable Metal***
Sales Revenue (incl. hedging)	4	9.49	7.83	*8.46*
Cash Mining/Development Costs		2.42	2.40	*3.06*
Other Cash Costs	3	1.51	1.45	*1.83*
Depreciation/Amortisation/Rehabilitation		1.15	0.99	*0.85*

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	3	*1*
- Medically Treated IFR		99.2	70.8	*95.4*
- Nickel Productivity Rate	5	76.5	74.9	*70.1*

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

Development/Exploration Drilling	**Metres**	**Metres**	***Metres***
Development	-	-	*0*
Production	-	3,206	*5,305*
Exploration	9,213	26,492	*8,279*
	9,213	29,698	*13,584*

REGIONAL GOLD EXPLORATION

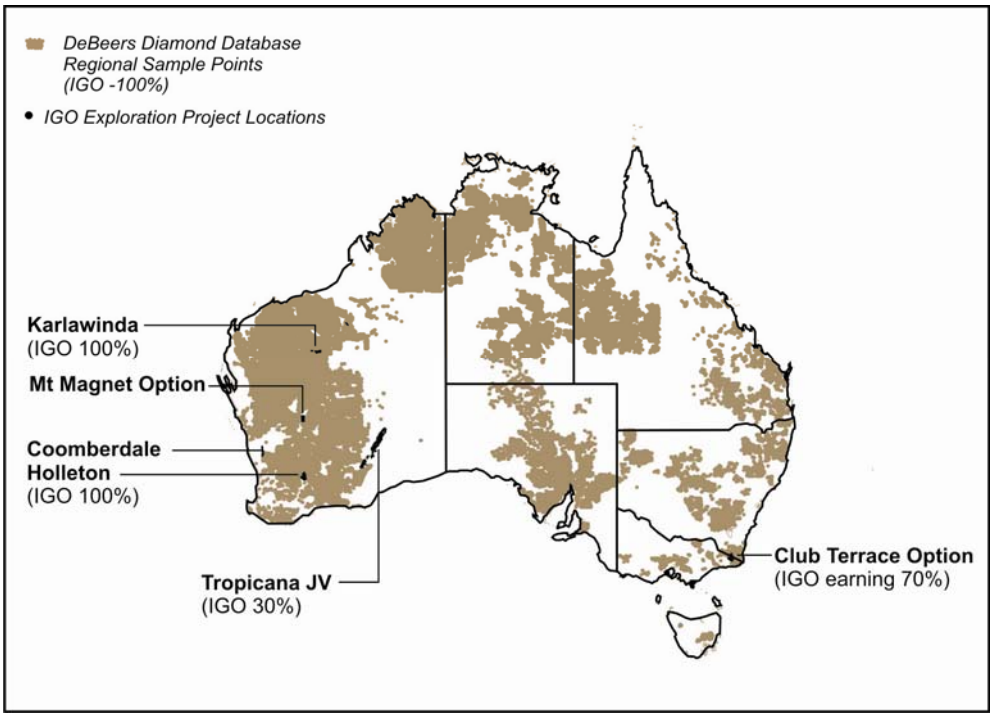


Figure 3: IGO Gold Project Locations

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

The Tropicana Joint Venture comprises approximately 13,000km^2 of highly prospective tenure covering a strike length of 330km along a newly defined gold province occurring at the Yilgarn Craton – Fraser Range Mobile Belt collision zone (**Figure 4**).

The Tropicana project was generated by IGO and 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 Pre-feasibility Study has been completed (*see ASX announcement dated 27 July 2009*). A Bankable Feasibility Study has commenced.**

In November 2008 a JORC-code compliant resource estimate of 5.01Moz based on a gold price of A$1,250/oz was announced. The resource estimate is based on open cut mineralisation only.

During the quarter the resource estimate was updated which resulted in an increase in Measured and Indicated Resources as follows:

CLASSIFICATION	JANUARY 2009 CLASSIFICATION				JUNE 2009 CLASSIFICATION			
	Mt	g/t	Moz	% Ounces	Mt	g/t	Moz	% Ounces
Measured	19.9	2.4	1.53	30%	**24.2**	**2.3**	**1.79**	**36%**
Indicated	31.1	2.1	2.05	41%	**39.8**	**2.0**	**2.58**	**51%**
Inferred	24.3	1.8	1.43	29%	**11.3**	**1.8**	**0.64**	**13%**
TOTAL	**75.3**	**2.1**	**5.01**	**100%**	**75.3**	**2.1**	**5.01**	**100%**

(Comparison of June 2009 and January 2009 Resource Classifications within A$1250/oz Au Optimisation. Cut offs: 0.6 g/t Au oxide ore, 0.7 g/t Au fresh ore)

In addition to the Feasibility work at the Tropicana deposit, exploration is continuing at a number of priority regional locations throughout the joint venture area.

Highlights during the quarter

Pre-feasibility Study

- Completion of the Pre-feasibility Study and a decision to proceed to Bankable Feasibility Study.

Exploration

- RC and diamond drilling at Havana South continues to delineate additional mineralisation outside of the pit designs developed as part of the Pre-feasibility Study (**Figure 5**). It is highly likely the future pit re-optimisations will expand to include additional ounces from this area. Intercepts are shown in **Table 2** and include:
  - **16m @ 5.6 g/t Au**
  - **12m @ 6.3 g/t Au**
  - **9m @ 7.2 g/t Au**
  - **2m @ 28.2 g/t Au**
- RC drilling at Screaming Lizard 8 km to the south of Havana has intersected gold mineralisation within intensely altered and pyritic lithologies similar to Tropicana, together with an associated strong IP chargeability response. Results received during the quarter include:
  - **12m @ 2.5 g/t Au (incl. 5m @ 3.2 g/t Au)**
  - **3m @ 1.6 g/t Au**

  Screaming Lizard is currently considered the most prospective area for mineralisation potentially within trucking distance of any future operation at Tropicana. Further RC drilling is planned for the coming quarter particularly focussing on the chargeability anomaly, most of which is yet to be tested by RC drilling,
- Aircore drilling at the Angel's Kiss Prospect 6km east north east of Tropicana returned encouraging intercepts including 4m @ 1.2 g/t Au.
- A full listing a significant drilling intercepts from regional exploration is included in **Table 3**.

Table 2: Tropicana JV – Havana South Significant RC and Diamond Drilling Results, Including July Assay Results

Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azimuth (degr)	Dip (degr)	Total Depth	Depth From (m)	Depth To (m)	Intercepts
TPD393	6761110	649459	357	323	-67	300	259	268	**9 m @ 7.2 g/t Au**
TPD397	6760986	649441	356	323	-68	276	257	259	**2 m @ 28.2 g/t Au**
TPRC090D	6762933	649687	344	324	-57	301	177	179	2 m @ 4.1 g/t Au
TPRC1046D	6761216	649422	359	319	-63	255	204	220	**16 m @ 5.6 g/t Au**
						includes	205	211	**6 m @ 10.3 g/t Au**
						includes	215	217	**2 m @ 11.2 g/t Au**
TPRC908D	6761198	649511	361	327	-62	304	180	185	5 m @ 2.9 g/t Au
							255	268	**13 m @ 5.9 g/t Au**
						includes	255	267	**12 m @ 6.3 g/t Au**
TPRC981	6761198	649088	352	318	-65	120	56	71	15 m @ 2.4 g/t Au
							85	99	14 m @ 1.5 g/t Au

RC = Reverse Circulation **D = Diamond** *(Down-hole widths approximate true widths)*

Tropicana Pre-feasibility Study Outcomes

Resource	75.3Mt @ 2.07 g/t Au	5.0Moz
Mining Inventory*	56Mt @ 2.0 g/t Au	3.6Moz
Strip Ratio	6.2:1	
Plant Throughput	5.5 – 6Mtpa	
Gold Recovery	92%	
Gold Production (recovered)	330,000 – 410,000 oz Au	Life of Mine
	420,000 – 430,000 oz Au	First 5 Years
Mine Life	8-10 Years	
Cash Costs (Real**)	A$590 - 610/oz Au	Owner Mining
	A$690 - 710/oz Au	Contract Mining
Capital	A$500 - 540M	Mill, Camp, Airstrip, Access Road, Borefield, Communications, Buildings, etc
	A$170 - 190M	Mining fleet capital if owner operator option selected.

**The following key JV assumptions were used in the PFS: Gold US$900/oz; AUD:USD 0.85; Oil Price US$103/bbl; discount rate 15%.*

***Current prices: Gold US$950/oz; AUD:USD 0.80; Oil Price US$70/bbl.*

Please refer to the 27 July 2009 ASX announcement for further information.

Feasibility Study Scope

The Bankable Feasibility Study (BFS) scope will be based on a 6Mtpa operation with owner and contract mining options to be further evaluated. The BFS will consider a number of opportunities to optimise mining and plant performance, and optimise and better define capital and operating costs.

Exploration

Exploration statistics for the quarter are summarised below:

Drill Type	Total Metres	Total Holes
AC	35,763	841
RC	4,950	34
Auger		19,910
Rock Chips		89

RC drilling was undertaken at Screaming Lizard and Rusty Nail and auger sampling and aircore drilling were done at Tropicana West and in Group 1 and Group 4 tenements (**Figure 4**).

Table 3: Tropicana JV – Significant Regional Drilling Results

Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azimuth (degr)	Dip (degr)	Total Depth (m)	Depth From (m)	Depth To (m)	Intercepts
AKA217	6766301	656457	327	0	-90	31	12	16	4 m @ 1.2 g/t Au
RND006	6756136	647662	374	308	-66	311	183	188	5 m @ 1.7 g/t Au
						includes	183	186	3 m @ 2.5 g/t Au
						311	207	210	3 m @ 1.6 g/t Au
SLRC012	6754149	652060	349	78	-63	153	147	150	3 m @ 1.6 g/t Au
						includes	147	149	2 m @ 2.1 g/t Au
SLRC013	6754200	652148	349	68	-57	173	49	61	**12 m @ 2.5 g/t Au**
						includes	50	55	**5 m @ 3.2 g/t Au**
						includes	58	61	**3 m @ 3.8 g/t Au**

A = Aircore **RC = Reverse Circulation** **D = Diamond** *(True widths yet to be determined)*

Proposed September Quarter Exploration Program

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

- Ongoing RC and diamond drilling programs at Havana South to define the strike and down plunge extent of mineralisation immediately adjacent to the Pre-feasibility pit designs.
- RC drilling at Screaming Lizard testing mineralisation associated with the IP chargeability anomaly.
- RC testing of aircore anomalism at Silhouette.
- Infill aircore drilling at Angel's Kiss.
- Aircore testing of surface geochemical anomalism at the Dragonfly/Scorpion, Illusion and Beetlejuice prospects.

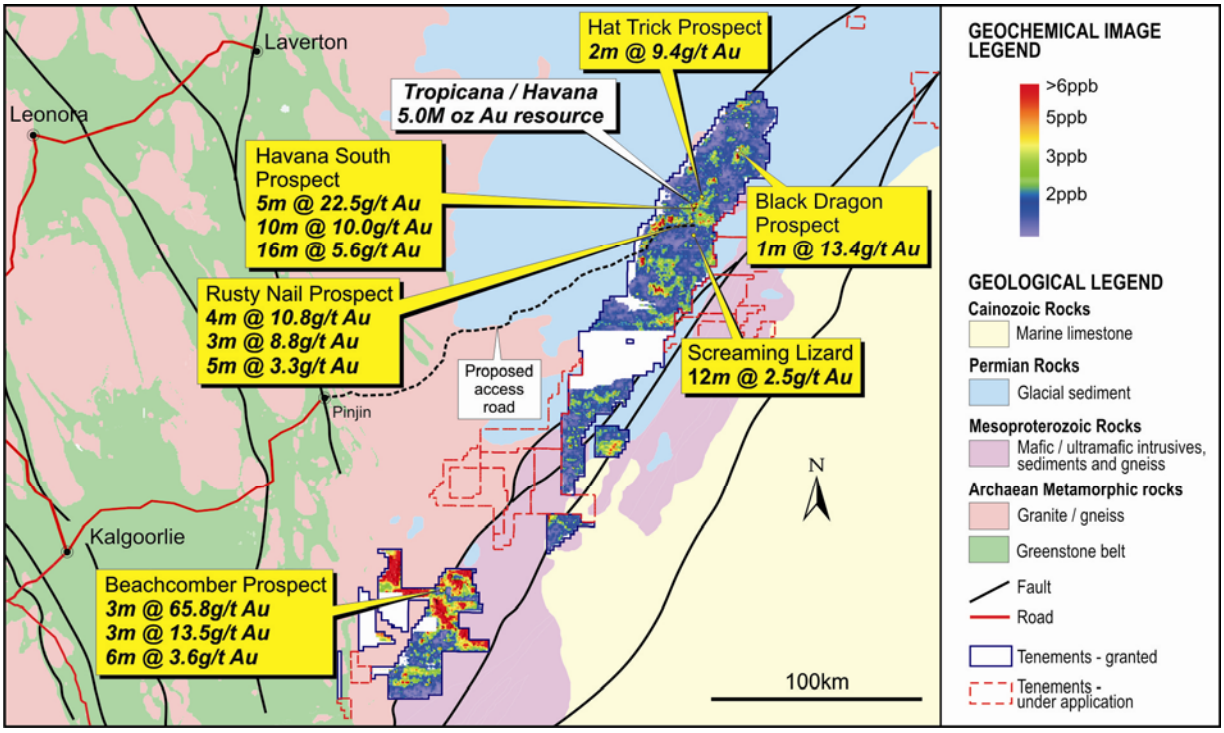


Figure 4: Tropicana JV – Tropicana and Havana Resource Location, Tenure, Gold Geochemical Anomalies, Significant Drill Intercepts Outside June 2009 Tropicana and Havana Resources and Selected Prospect Locations

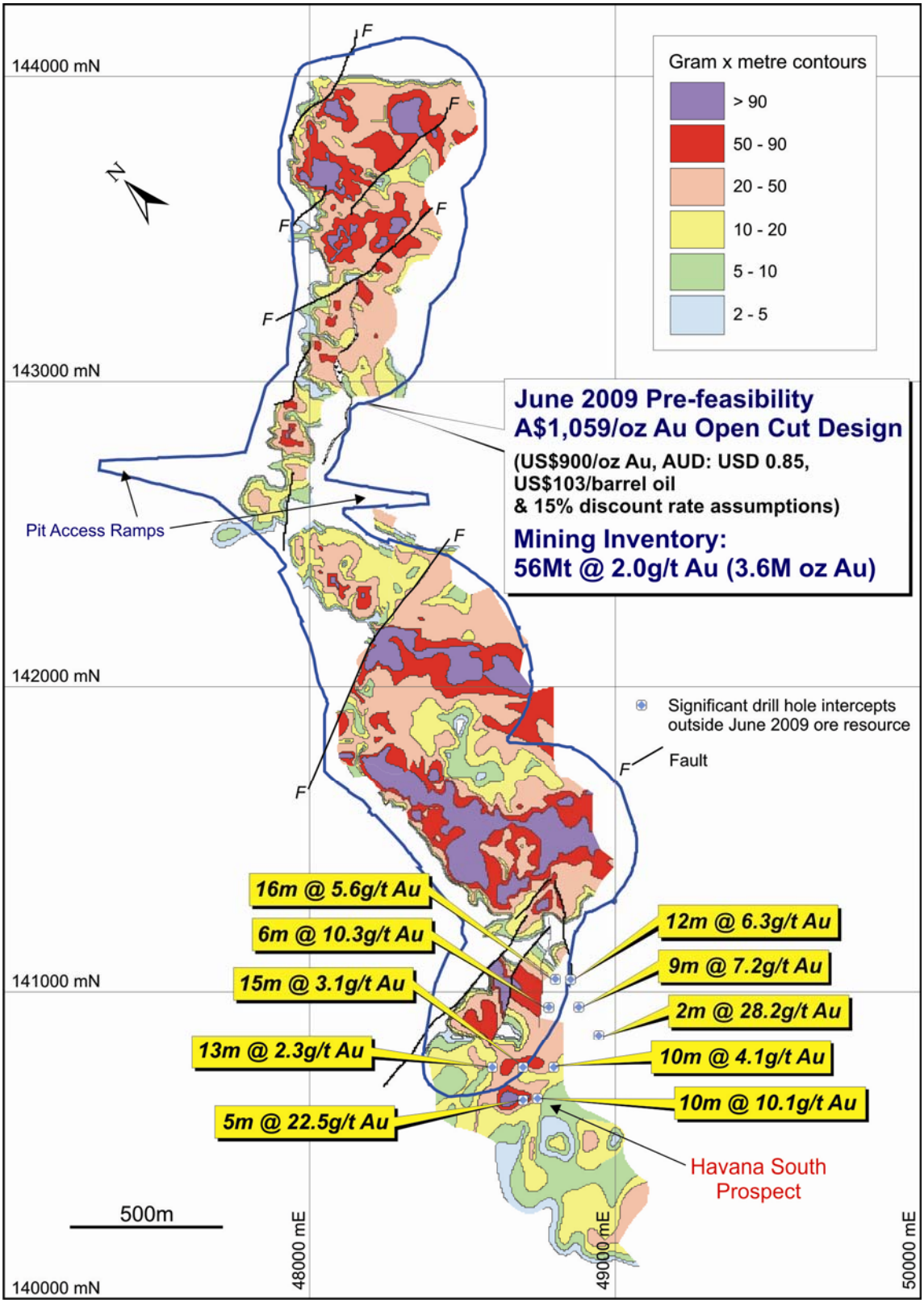


Figure 5: Tropicana JV – Proposed Tropicana and Havana Open Pit Outlines, g/t Au x m Thickness Contours and Significant Havana South Drill Intercepts Outside June 2009 Tropicana and Havana Resources

KARLAWINDA (IGO 100% BHPB – CLAWBACK RIGHTS)

The Karlawinda Project is located within the Pilbara Craton some 65km south-east of Newman, close to the Great Northern Highway and gas pipeline infrastructure (**Figure 6**).

Drilling by IGO and previous explorers has defined a gold mineralised system extending over a strike length of 1,100m and 500m 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 15m @ 3.0 g/t Au (**Figure 7**). 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.

More recent work has focused on defining potential shallow extensions to the mineralised system and repeats to the north where Archaean bedrock is not obscured by cover.

Follow-up aircore and RC drilling has been completed at the Bibra Prospect 5km north-west of Francopan where previous aircore drilling has highlighted a large east-west trending zone of supergene gold mineralisation (1km x 400m at +100ppb) which is open along strike to the east and west.

A total of 42 holes for 2,533m were completed during the quarter. **This drilling has confirmed a primary source to mineralisation returning results up to 8m @ 1.9 g/t Au from 32m, 4m @ 1.7 g/t Au from 32m and 4m @ 1.4 g/t Au) from surface.**

An RC program commenced in early July testing some of the better aircore intercepts in fresh rock at Bibra. A total of 6 slimline RC holes for 836m were completed (**Figure 6**).

Preliminary assays for the first 2 holes received late in the quarter were as follows:

- **10m @ 2.2 g/t Au, 6m @ 2.5 g/t Au and 4m @ 2.8 g/t Au within an overall zone of 38m @ 1.5 g/t Au in KBRC005 from 38m down hole**
- **6m @ 3.4 g/t Au including 2m @ 9.1 g/t from KBRC006 from 58m down hole**

Intercepts of this nature in a first pass RC program are highly encouraging. The broad nature of the mineralised envelope combined with discrete higher grade zones in lithologies similar to that found at the Francopan prospect, confirm the extensive nature of altered and mineralised packages within the project and support the potential of the project to host a significant orebody.

A high resolution aeromagnetic survey was flown over the entire project area late in the quarter to assist in production of a more detailed geological interpretation of the area to aid future drill targeting.

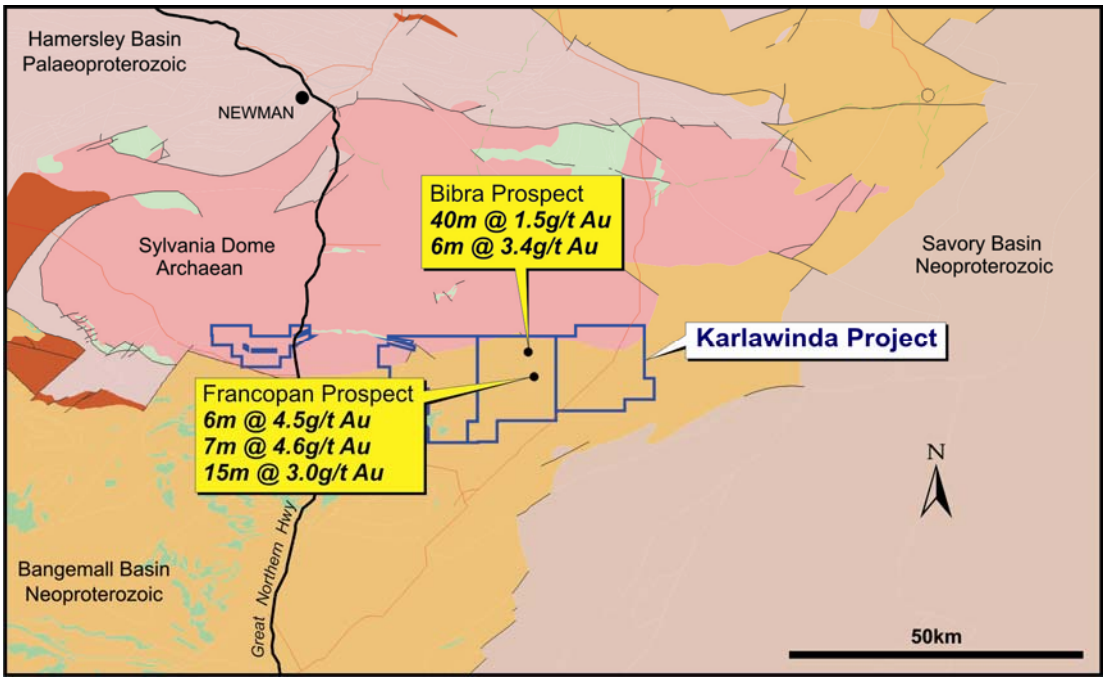


Figure 6: Karlawinda – Location Plan Showing Tenure, Prospects and Significant Drilling Intercepts

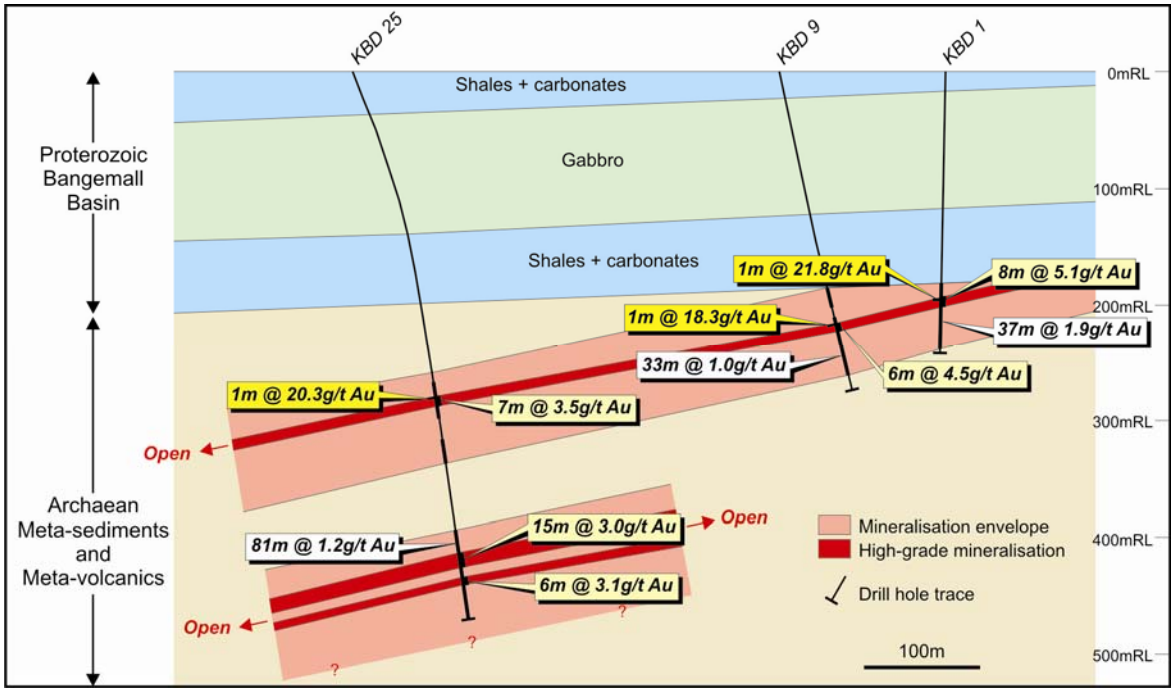


Figure 7: Karlawinda – Francopan Prospect Cross-Section Showing Thick Gold Alteration Zones Containing Narrow High Grade Intervals

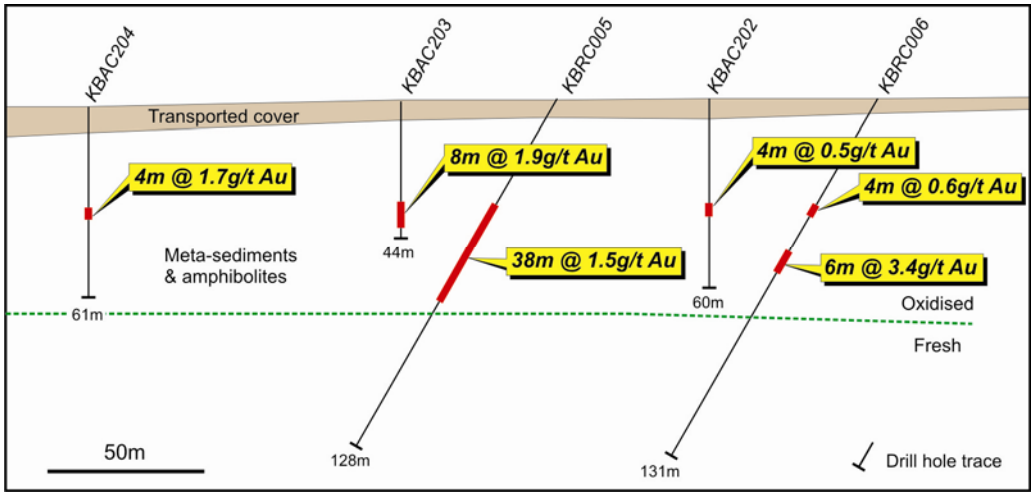


Figure 8: Karlawinda – Bibra Prospect Cross-Section

MT MAGNET JV (IGO OPTION TO EARN 85%)

Last quarter IGO entered into a drilling option on a series of prospecting licences 5km south-east of Mt Magnet. Previous sampling of a water bore within the tenure identified an intersection of 48m @ 185ppb Au from 36m and this was confirmed by IGO re-sampling. Field due diligence by IGO has determined that mineralisation is associated with altered and pyritic quartz feldspar porphyries, a common association with gold ore bodies in the Yilgarn.

During the option period IGO will drill-test the area for evidence of a significant gold mineralised system. IGO may then elect to enter into a JV to earn an 85% interest.

During the quarter, key tenements were granted and a RAB drilling proposal will be submitted to DoIR for access approval once heritage clearances have been received. It is anticipated that this drilling will take place in the coming quarter.

CLUB TERRACE JV (IGO OPTION TO EARN 70%)

During the quarter IGO entered into an option agreement with Oroya Mining Limited ("Oroya") to explore a package of gold prospective tenements in the Lachlan Fold Belt straddling the NSW and Victorian borders.

Under the option arrangement IGO will fund exploration for a minimum of $70,000 within an initial one year period. During this period IGO may elect to earn a 70% interest by expending an additional $1.5 million within 3 years. After earning a 70% interest, IGO will free carry Oroya for a 30% interest to completion of a bankable feasibility study, with standard dilution clauses applying.

The initial focus of exploration will be on the Buldah North Prospect. The exploration target is a structurally controlled, intrusive related, large tonnage, disseminated gold and/or base metal deposit.

Regional geochemical exploration by Oroya identified, within an area of 5km x 3km, anomalous gold and base metals in stream sediment, soil and rock chip samples. Geochemical anomalism appears to be associated with a prominent aeromagnetic anomaly believed to represent a buried granitic intrusive in Ordovician turbiditic metasediments which are silicified, sheared and faulted.

An initial program of systematic follow-up soil sampling has been completed and assay results are expected in early-mid August.

DE BEERS DATABASE (IGO 100%)

In February 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 primarily for diamonds, with broader largely untapped application for other commodities, across vast tracts of Australia including many recognized metallogenic provinces (**Figure 9**). The key assets of the database are the surface geochemical samples collected and associated analytical results. As DBAE was solely focused on diamond exploration, less than half of the samples were analysed for commodities other than diamonds. Refer to the March 2009 quarterly report for further details.

IGO has completed data normalisation and first-pass target identification on the 103,000 analysed samples and initial follow-up has commenced.

During this initial data review a number of issues related to assay reliability were noted. As an independent check on data and sample veracity, an "orientation" study was completed whereby sample results in the vicinity of known deposits were assessed for anomalism expected from that style of deposit. Of 23 deposit areas assessed, 5 deposits were identified as anomalies in the assayed dataset.

This confirms that the sampling can potentially locate deposits but also suggests that the much of the assayed dataset needs to be re-analysed to extract maximum value.

Ranking of the 189,000 unanalysed samples according to geographic and metallogenic location is currently taking place and the initial batches of high priority samples will be retrieved and forwarded to the laboratory for analysis in the coming quarter.

REGIONAL BASE METAL EXPLORATION

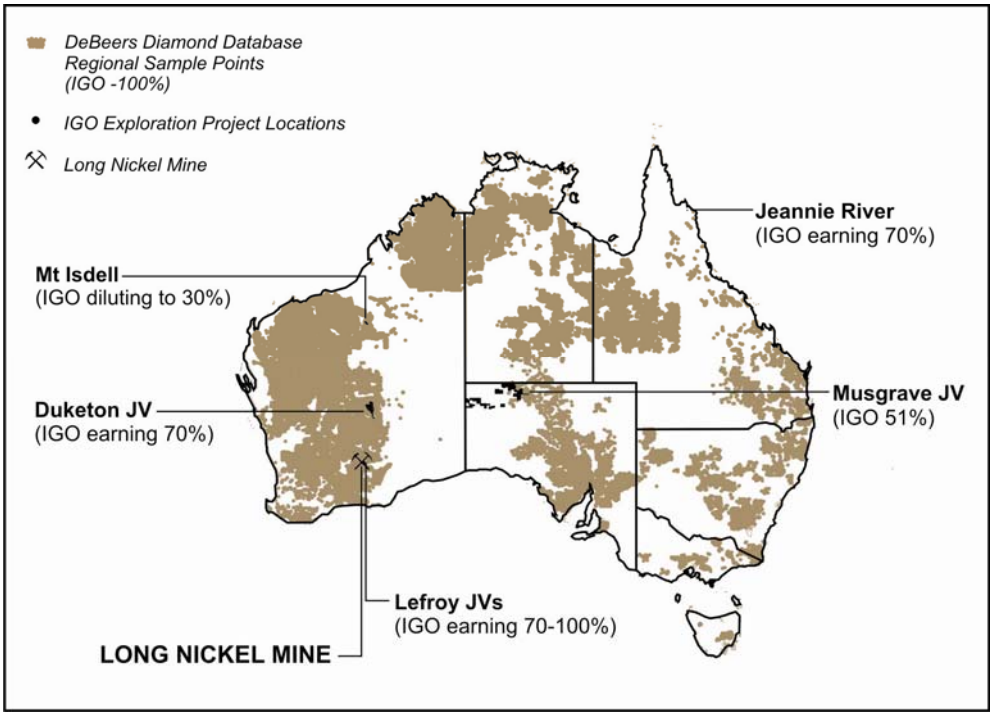


Figure 9: IGO Base Metal Project Locations

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 10**).

IGO has confirmed the nickel prospectivity of the belt by the discovery of an extensive area of disseminated magmatic Ni-(Cu-PGE) sulphide at the C2 Prospect within the Bulge ultramafic (**Figure 11**). The C2 mineralisation occurs in three horizons (eastern contact, central and western contact) and significantly also contains discrete zones of blebby and stringer sulphide mineralisation with grades up to 3.43% Ni providing strong encouragement that massive nickel sulphide mineralisation may be present within the Bulge ultramafic. Elsewhere in Western Australia, similar large accumulations of disseminated nickel sulphides such as the deposits at Mt Goode (Cosmos camp) and Black Swan have associated massive sulphide deposits.

During the quarter a further three diamond holes were completed at the C2 prospect targeting a down hole EM conductor and down plunge/ down dip positions of mineralisation intersected in previous drilling. **All three holes intersected nickel sulphide mineralisation, with the best result coming from TBDD074 which intersected:**

- **50m at 0.92% Ni (including 37m @ 1.05% Ni) from 275m**

This intersection indicates that both the width and grade of the eastern zone mineralisation is improving with depth (Figure 12).

TBD067 targeting an intersection of 2.2% Ni in TBRC066 (western contact position) failed to reach the planned final depth due to drilling difficulties but did return an intercept of 15m @ 0.51% Ni in the targeted position.

TBDD075 was drilled targeting a modelled down hole TEM plate associated with an intercept of 1.26% Ni in TBDD073. The hole intersected two zones of disseminated mineralisation (max 1.7% Ni) both approximately 4.5m wide in the eastern contact position.

Prior to undertaking further drilling at C2 it is planned to fly a high resolution aeromagnetic survey over the entire Bulge ultramafic (completed July 2009) to assist in drill hole targeting. Similarly, as the majority of the prospective eastern contact zone at the Bulge south of C2 remains untested, with only 8 holes completed over a 5km strike length, further drilling will be completed along the contact to ensure that deeper drilling is focused on the most prospective area of the Bulge.

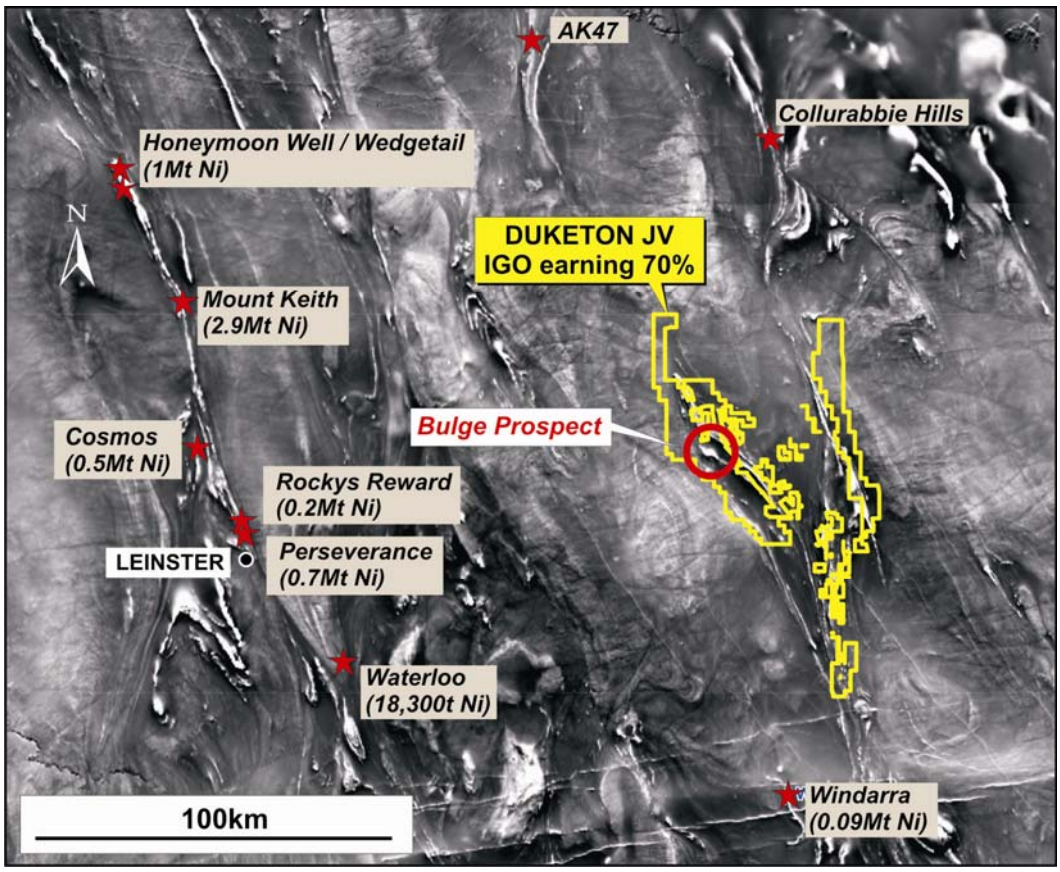


Figure 10: Duketon JV – Location Plan Over Magnetics Image Showing Location of the Bulge Prospect

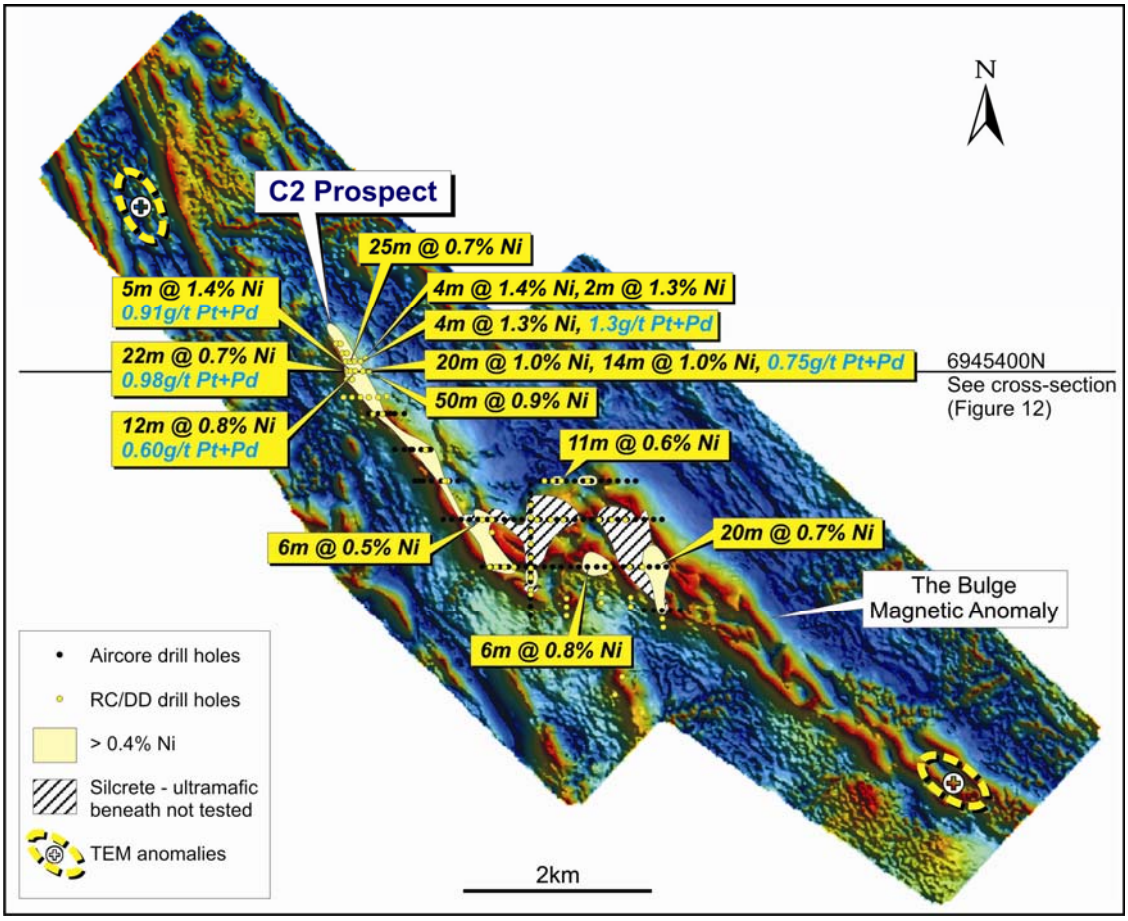


Figure 11: Duketon JV – Bulge Prospect Plan Over Magnetic Intensity Image Showing Significant Nickel Drill Intercepts and Untested Contact

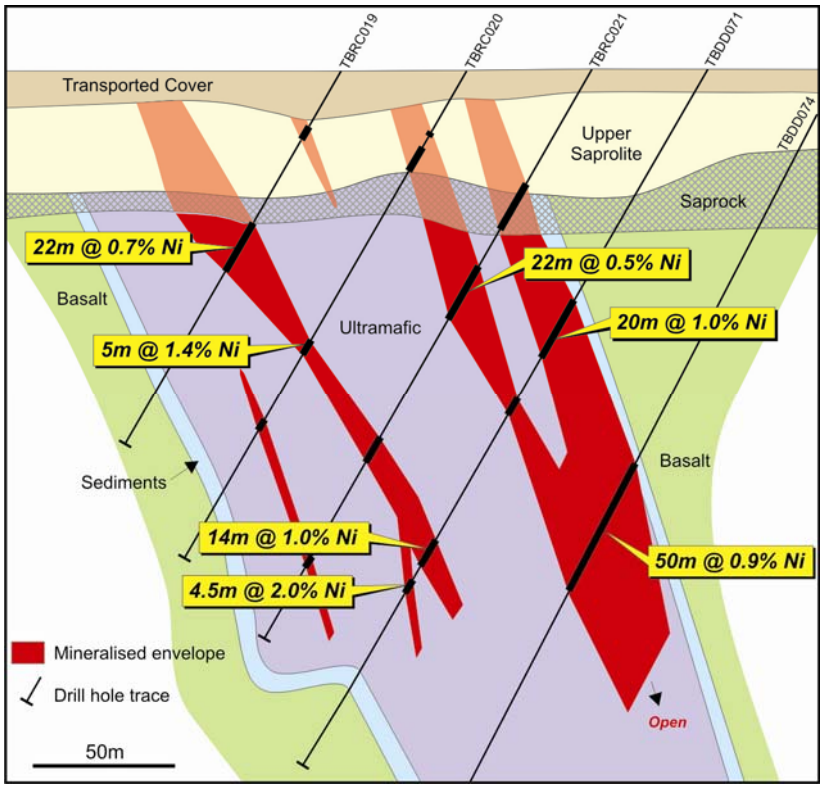


Figure 12: Duketon JV – Bulge Prospect Cross-Section Showing Significant Nickel Drill Intercepts

LAKE LEFROY JV'S (IGO EARNING 70% -100% NICKEL SULPHIDE RIGHTS)

At Lake Lefroy, IGO is exploring for massive nickel sulphide mineralisation associated with untested or poorly tested ultramafic horizons interpreted from aeromagnetic data or known from previous drilling. In some cases this ultramafic stratigraphy is located in domal structures analogous to the Kambalda dome nickel camp 15 – 25km to the west. Where ultramafic stratigraphy is beneath conductive stratigraphy, which masks the bedrock TEM response, IGO has been using a proprietary Low Temperature SQUID TEM system ("LTS") under licence from Anglo American which is capable of testing beneath highly conductive lake sediments.

Gladiator JV

First pass LTS testing of ultramafic stratigraphy obscured by conductive lake sediments has been completed over the Lisa's Dune target area. Work to date has defined a number of very large conductors which because of their size are likely to represent conductive metasediments. However, it is possible that they represent large nickel sulphide systems. Follow-up infill TEM surveying was completed over some of the targets during the quarter, however surface water has hampered access to the highest priority targets. A further attempt to infill these targets will be undertaken later in the year when the surface has dried sufficiently to enable access.

Two aircore traverses testing potential ultramafic stratigraphy within E26/108 between Carnilya Hill and the St Alvano Prospect some 14km to the east-south-east intersected predominantly metasediments and metabasalts not prospective for nickel sulphide mineralisation and consequently no further work is planned in this area.

IGO 100%

Exploration on the 100% IGO tenure is focusing on the Yalco Prospect, where limited historic AC drilling identified nickel and copper anomalism in weathered ultramafic rock on the margin of a granite batholith. Maximum results intercepted in drilling were 3600ppm Ni, 1150ppm Cu. Check assaying by IGO of the drill spoils and subsequent soil sampling has confirmed the nickel anomalism. A TEM program to test the area for nickel sulphide mineralisation is currently underway.

Yamarna JV

The Yamarna JV tenements are located marginal to and within Lake Lefroy that is commonly prone to water inundation making access only possible for limited periods. Interpreted ultramafic stratigraphy in the JV area has been tested by the LTS in limited areas where access has been possible. TEM Conductors have been outlined, however follow-up TEM is required to determine their significance. This will be completed when surface conditions are suitable.

MUSGRAVE JV (IGO 51%/GOLDSEARCH 49%)

The Musgrave Joint Venture comprises tenements and applications covering approximately 18,000km^2 of the South Australian portion of the Musgrave block. Most of the project area is held under Aboriginal Freehold tenure and as a result has only been subject to cursory exploration in the past.

The principal target is Ni-Cu-PGE mineralisation associated with the feeder conduits and dykes forming part of the extensive mafic-ultramafic Giles Complex. Further to the west, Giles Complex intrusives host BHP Billiton's Nebo and Babel nickel sulphide discoveries.

Two tenements (from a total of 13 applications) have been granted to date. One of the granted tenements contains the Anomaly 4 Prospect, a nickel sulphide occurrence identified and partially tested by platinum explorers in the 1970's.

Seven priority areas have been defined on basis of aeromagnetics, Landsat, radiometrics and limited surface geological information.

The joint venture signed an agreement with BHP Billiton for BHP Billiton to potentially earn a 65% interest in the project by spending $25 million or by delivering a Bankable Feasibility Study within 10 years.

Recently BHP Billiton advised the Joint Venture partners that following an internal corporate directive to focus increasingly on more advanced exploration/development projects it is withdrawing from the Joint Venture.

IGO and Goldsearch are currently formulating a work program and budget to commence in Q3 2009. This program will initially involve detailed ground TEM geophysics over the two highest priority anomalies generated from the BHP Billiton funded exploration programs completed to date (Anomaly 4 and Anomaly 6). Should results from this survey be positive a contingent budget is proposed to drill test the targets following relevant approvals.

WILUNA NICKEL JV (IGO OPTION TO EARN UP TO 70% NICKEL SULPHIDE RIGHTS)

TEM testing undertaken during the quarter at the Freshwater Well, Ward Well and Bridal Well South did not locate conductors consistent with a massive sulphide signature. As reported previously, TEM testing of the Lake Way ultramafic was affected by data integrity issues. A further review of this data suggests that the majority of the target area has been adequately tested, consequently a decision was made to withdraw from the JV.

PROJECTS RELINQUISHED OR AVAILABLE FOR JOINT VENTURE

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

NICKEL PROJECTS:	Wiluna:	Project relinquished

SEPTEMBER QUARTER EXPLORATION PROGRAM

REGIONAL NICKEL EXPLORATION	Duketon:	Aircore drilling testing C2 ultramafic contact, high resolution aeromagnetics, follow-up RC/DDH
	Lefroy:	Infill TEM at Lisa's Dune. TEM testing various target areas
	Musgrave:	TEM follow-up of surface geochemistry and gravity anomalies. Continued Traditional Owner liaison
REGIONAL GOLD EXPLORATION	Tropicana:	Ongoing RC/DDH testing of Havana South and priority regional prospects near the Tropicana/Havana deposits
	Karlawinda:	Infill AC drill testing and follow-up RC drilling at Bibra Prospect
	Holleton:	Continued first pass auger and soil sampling of covered greenstone belts
	Mt Magnet:	RAB drill testing target area around mineralised water bore
	Club Terrace:	Soil sampling over Buldah Prospect

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INDEPENDENCE GROUP NL
CHRISTOPHER M. BONWICK
MANAGING DIRECTOR

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

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

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