INDEPENDENCE GROUP NL

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009

GROUP HIGHLIGHTS

- **NPAT for the quarter was $5.9 million (Jun $11.0 million).**
- **$140.1 million cash and net receivables (Jun $139.5 million).**
- **2009 Final dividend of 3c per share paid to shareholders during the quarter.**

OPERATIONS HIGHLIGHTS

- **Production – 50,280t @ 4.0% Ni for 1,987 Ni t (Budget 48,825t @ 4.0% Ni for 1,954 Ni t).**
- **Cash costs – A$4.40/lb payable nickel (Budget A$4.20). The above budget cost relates to the effect of higher nickel prices on royalty costs. IGO continues to be one of the lowest cost nickel producers in Australia.**
- **Resource and Reserve estimates at 30 June 2009 announced providing the longest forecast mine life in IGO's history (Resources: 1,685,000t @ 5.6% Ni for 93,900 nickel tonnes, including Reserves of 1,327,000t @ 3.9% Ni for 51,800 nickel tonnes).**

EXPLORATION HIGHLIGHTS

GOLD

- **Tropicana JV** - **Bankable Feasibility Study continuing.**
  - **Further exploration success at Havana South could increase current resource base. True width intercepts include 22m @ 12.5 g/t and 7m @ 7.8 g/t Au.**
  - **True width up-dip true width intersections at Havana West including 28m @ 15.3 g/t, 19m @ 6.4 g/t, 24m @ 4.6 g/t, 23m @ 4.1 g/t, 19m @ 11.6 g/t and 16m @ 5.1 g/t Au increase confidence in resource envelope.**
  - **Hole drilled 600m down dip of Havana intersected 20m @ 2.7 g/t Au from 535m, confirming the depth continuity of mineralisation, which now has a demonstrated dip length in excess of 1km.**
- **Karlawinda** - **Main zone of gold mineralisation defined over a strike length of 1.3km and up to 900m down-dip.**

BASE METALS

- **Duketon JV** - **Rosie Prospect identified – broad zone of +0.5% Ni with elevated Cu (up to 0.75%) and Pt+Pd (up to 3.2 g/t), over a 350m strike length.**

CORPORATE

DIVIDEND

The Company paid a 3 cent fully franked final 2008/9 dividend during the quarter. The Preliminary Final Report was released on 27 August.

PROFIT AND LOSS

The estimated and unaudited NPAT for the quarter is $5.9 million (Jun $11.0M). **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$20,551/t and are subject to subsequent final price adjustments.**

ISSUED CAPITAL - CURRENT

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

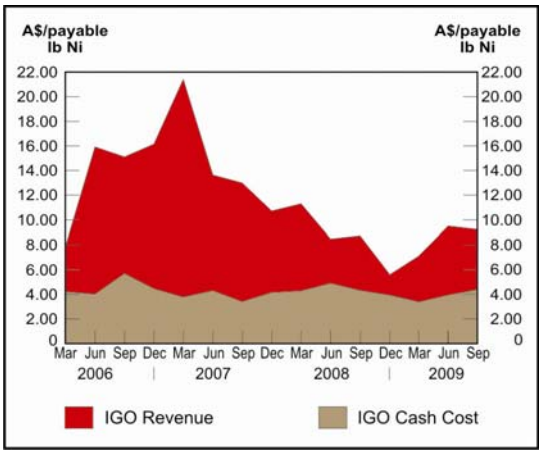
CASH AND DEBT

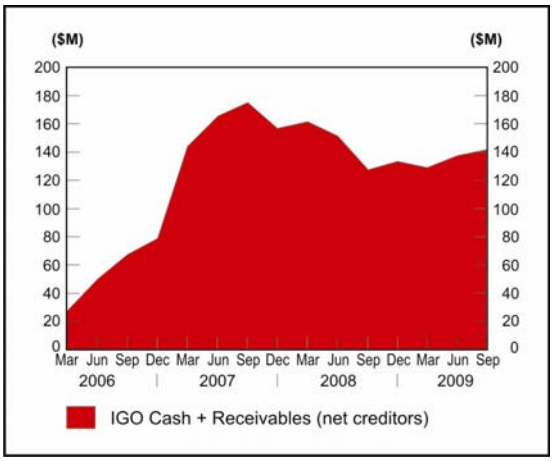
CASH RESERVES

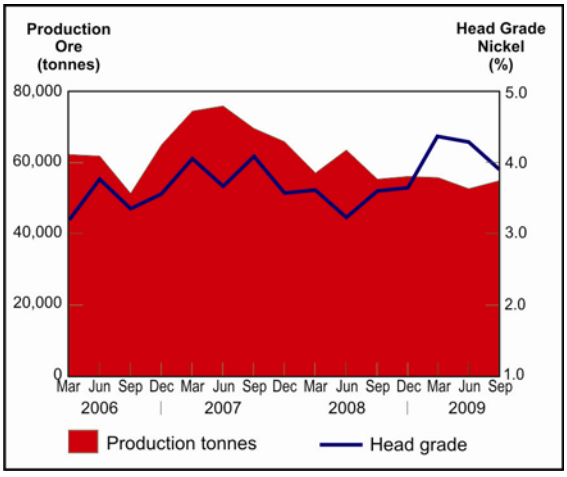
- $136.4 million cash (Mar $127.2M).
- $3.7 million nickel revenue in receivables net of creditors (Jun $12.3M).
- Total cash and net receivables were $140.1 million at the end of the quarter (Jun $139.5M).
- **Unhedged receivables have been valued using AU$20,551/t Ni.**

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

- $6.0 million on Long and regional exploration, including contributions to the Tropicana JV.
- $2.0 million Moran development costs.
- $2.0 million income tax payments.
- $3.5 million shareholders' dividend.







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

$5.5 million exploration expenditure was incurred during the quarter which includes accruals and Tropicana JV expenditure.

HEDGING

Total hedged nickel metal at the date of this report is 4,200t at A$19,013/t, which is scheduled to be delivered at 200 tonnes per month from October 2009 to June 2011.

MINING OPERATION

LONG NICKEL MINE IGO 100%

SAFETY

Lightning Nickel incurred two Lost Time Injuries (LTI's) during the quarter, which were Medical Treatment Injuries (MTI's) in the previous year, bringing the Frequency Rate (LTIFR) to **4.94** for the life of the operation. The LTI's related to surgery required for shoulder injuries which were previously classed as MTI's.

PRODUCTION

Production for the quarter was 50,280t at 4.0% Ni for 1,987 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stoping	5,438	t @	2.6%	Ni for	142	Ni t
Long-hole	22,593	t @	4.2%	Ni for	939	Ni t
Hand-held	8,170	t @	4.7%	Ni for	384	Ni t
Jumbo Development	14,079	t @	3.7%	Ni for	522	Ni t
TOTAL	50,280	t @	4.0%	Ni for	1,987	Ni t

Production was from the following areas:

Long	17,488	t @	4.4%	Ni for	761	Ni t
McLeay	24,134	t @	3.5%	Ni for	836	Ni t
Victor South	8,658	t @	4.5%	Ni for	390	Ni t
TOTAL	50,280	t @	4.0%	Ni for	1,987	Ni t

Production exceeded budget expectation, with the budget for the quarter being 48,825t @ 4.00% Ni for 1,954 tonnes of contained metal.

Metal during the quarter was produced at a cash cost of A$4.40 per payable pound of nickel, versus a budget of A$4.20/lb, mainly due to an increase in royalty costs due to higher realised metal prices than budgeted.

Operational highlights included:

- Continued focus on the safe extraction of high grade ore
- Commencement of capital development for accessing the new Moran reserves
- Continued development of exploration platforms for the future drilling of Moran deposit

DEVELOPMENT

CAPITAL DEVELOPMENT

Development to access the new Moran deposit commenced during the quarter. A total of 405 metres of capital development was undertaken during the quarter, all of which was on Moran access development or Moran exploration platforms.

OPERATING DEVELOPMENT

A total of 556 metres of normal operating development was also undertaken during the quarter, of which 78% was undertaken in McLeay, 21% in Long and the remainder in Victor South.

Of the total 556 metres of normal operating development 248 metres or 45% was undertaken in waste.

Development occurred in the following work areas:

- McLeay - On the 545mRL, 560mRL and 570mRL production headings
- Long – 11 level Rhondo, 14 bypass and 16/1 stopes

RESOURCE AND RESERVE ESTIMATE AT JUNE 2009

During the quarter the Company released new estimates of resources and reserves at the Long Nickel Mine.

Highlights of the June 2009 estimates were as follows:

- **Largest resource and reserve in the history of Independence Group NL**
- **Mineral Resources: 1,685,000t @ 5.6% Ni for 93,900 Ni t (inclusive of reserves)**
- **Ore Reserves: 1,327,000t @ 3.9% Ni for 51,800 Ni t**

The updated resource estimate is provided in **Table 1** and updated reserves are shown in **Table 2**. For further information relating to the June 2009 resource and reserve estimates please refer to the ASX announcement dated 25 September 2009.

Table 1: Long Nickel Mine – Resources

		Undiluted Resources at 1% Ni Cut-off[1] as at 30 June 2008 [2]			Undiluted Resources at 1% Ni Cut-off[1] as at 30 June 2009 [2]		
		Tonnes	*Ni %*	*Ni Tonnes*	Tonnes	Ni %	Ni Tonnes
Long	Measured	*167,000*	*6.5*	*10,800*	**64,000**	**6.4**	**4,100**
	Indicated	*401,000*	*5.2*	*20,900*	**298,000**	**5.2**	**15,500**
	Inferred	*77,000*	*4.9*	*3,800*	**61,000**	**4.4**	**2,700**
	Sub-Total	*645,000*	*5.5*	*35,500*	**423,000**	**5.3**	**22,300**
Moran	Measured	-	-	-	-	-	-
	Indicated	-	-	-	**401,000**	**6.9**	**27,800**
	Inferred	-	-	-	**55,000**	**8.4**	**4,600**
	Sub-Total	-	-	-	**456,000**	**7.1**	**32,400**
Victor South	Measured	-	-	-	-	-	-
	Indicated	*303,000*	*3.9*	*11,700*	**305,000**	**3.2**	**10,100**
	Inferred	-	-	-	-	-	-
	Sub-Total	*303,000*	*3.9*	*11,700*	**305,000**	**3.2**	**10,100**
McLeay	Measured	-	-	-	**118,000**	**6.8**	**8,000**
	Indicated	*267,000*	*7.0*	*18,800*	**217,000**	**5.6**	**12,100**
	Inferred	*205,000*	*4.8*	*9,800*	**162,000**	**5.4**	**8,800**
	Sub-Total	*472,000*	*6.0*	*28,600*	**497,000**	**5.8**	**28,900**
Broken Stocks	Measured	-	-	-	**4,000**	**5.0**	**200**
	Sub-Total	-	-	-	**4,000**	**5.0**	**200**
TOTAL		*1,420,000*	*5.3*	*75,800*	**1,685,000**	**5.6**	**93,900**

Resources are inclusive of reserves

Table 2: Long Nickel Mine – Reserves

		Mining Reserve at Economic Ni Cut-off as at 30 June 2008 [2]			Mining Reserve at Economic Ni Cut-off as at 30 June 2009 [2]		
		Tonnes	*Ni %*	*Ni Tonnes*	Tonnes	Ni %	Ni Tonnes
Long	**Proven**	*124,000*	*3.9*	*4,800*	**70,000**	**3.5**	**2,500**
	Probable	*288,000*	*2.9*	*8,400*	**155,000**	**2.9**	**4,500**
	Sub-Total	*412,000*	*3.2*	*13,200*	**225,000**	**3.1**	**7,000**
Moran	**Proven**	-	-	-	-	-	-
	Probable	-	-	-	**640,000**	**4.1**	**26,300**
	Sub-Total	-	-	-	**640,000**	**4.1**	**26,300**
Victor South	**Probable**	*286,000*	*3.1*	*9,000*	**112,000**	**4.6**	**5,200**
	Sub-Total	*286,000*	*3.1*	*9,000*	**112,000**	**4.6**	**5,200**
McLeay	**Proven**	-	-	-	**170,000**	**3.7**	**6,400**
	Probable	*387,000*	*3.9*	*15,000*	**176,000**	**3.8**	**6,700**
	Sub-Total	*387,000*	*3.9*	*15,000*	**346,000**	**3.8**	**13,100**
Broken Stocks	**Proven**	-	-	-	**4,000**	**5.0**	**200**
	Sub-Total	-	-	-	**4,000**	**5.0**	**200**
TOTAL		*1,085,000*	*3.4*	*37,200*	**1,327,000**	**3.9**	**51,800**

Reserves are included in resources

Notes:

[1] The cut-off grade used for Victor South resources is 0.6% Ni.

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

FOCUS FOR DECEMBER QUARTER

Leading into Quarter 2 and the remainder of the financial year, attention will focus on:

- Risk assessments, verifying work procedures and reinforcing a safe workplace culture for all employees and contractors
- Cost control
- Optimising of mine planning
- Continued capital development to access Moran
- Continued focus on brownfields resources extensions, with high emphasis on Moran and McLeay

EXPLORATION

Moran Definition and Extensional Drilling

The focus at Moran during the quarter was exclusively on extending the Moran North Drill Drive to establish a drill platform for the next phase of resource definition and extension drilling.

The Moran North drill drive was extended 95m during the quarter. Two underground geotechnical, diamond drill holes were also drilled to probe ground conditions 150m beyond the current face location. The information was used to plan the next 140m of development due to be completed in the December quarter.

The first drilling location is expected to be established early in the December quarter which will allow drill access for the next phase of ore definition and exploration drilling beyond the southern limits of the current Moran resource.

An ore definition drilling program is planned for the December quarter designed to better define the southern zone of the Moran resource area. This program has the potential to upgrade the resource from Inferred to Indicated Resource category.

An exploration drilling program consisting of 4 underground diamond drill holes for 1,000m is planned for the December quarter. This program will test 200m south of the current Moran resource limits as well as test the Moran southern EM target (50m by 50m estimated size) (**Figure 1 and 2**).

Long North 07 Shoot

Exploration at Long North targeting new massive sulphide lodes will recommence in the December quarter. A number of holes are planned to test the Long North target area (**Figure 1**).

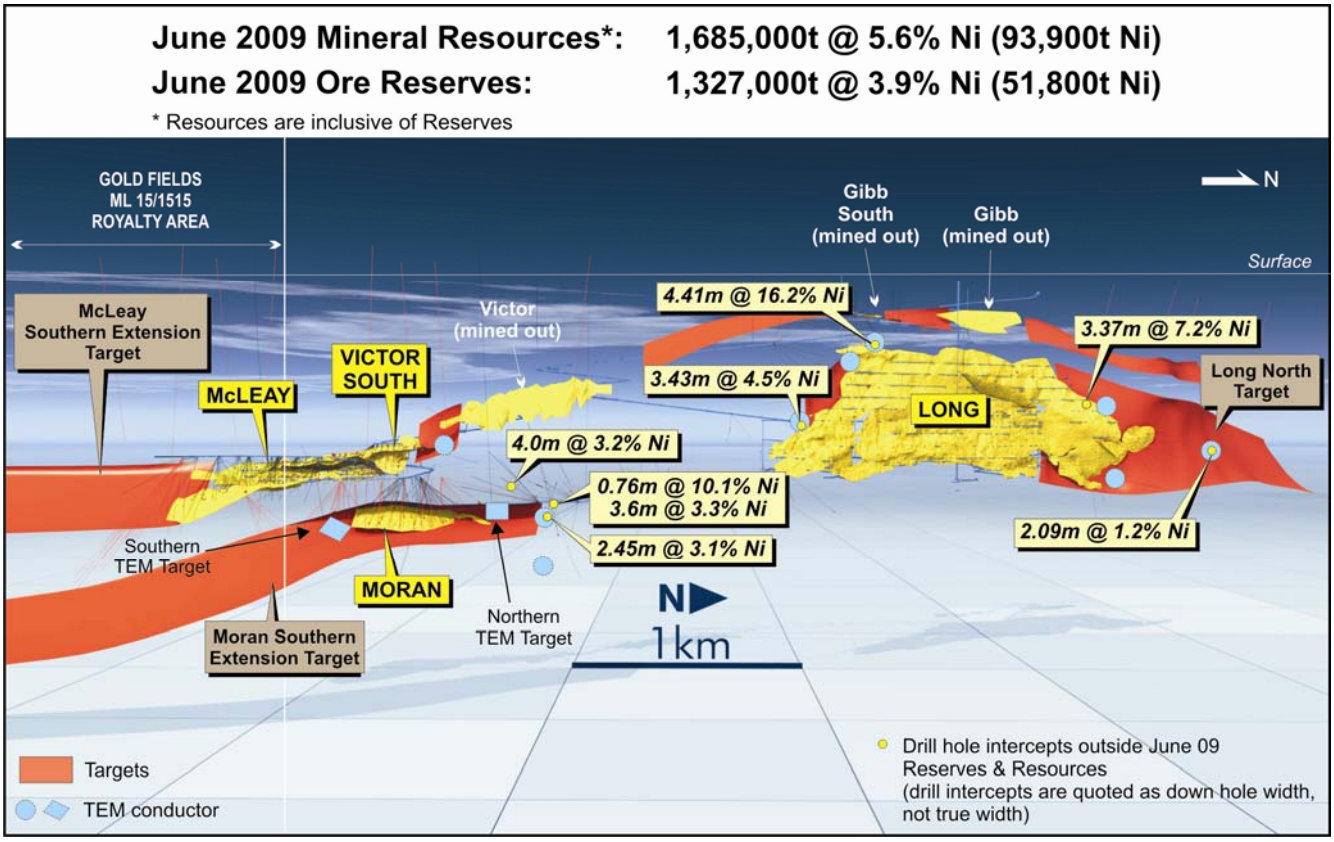


Figure 1: Long Nickel Mine - Longitudinal Projection Showing Target Areas, TEM Conductors, Significant Intercepts Outside Current Resources and Reserves and 2009/10 Exploration Targets

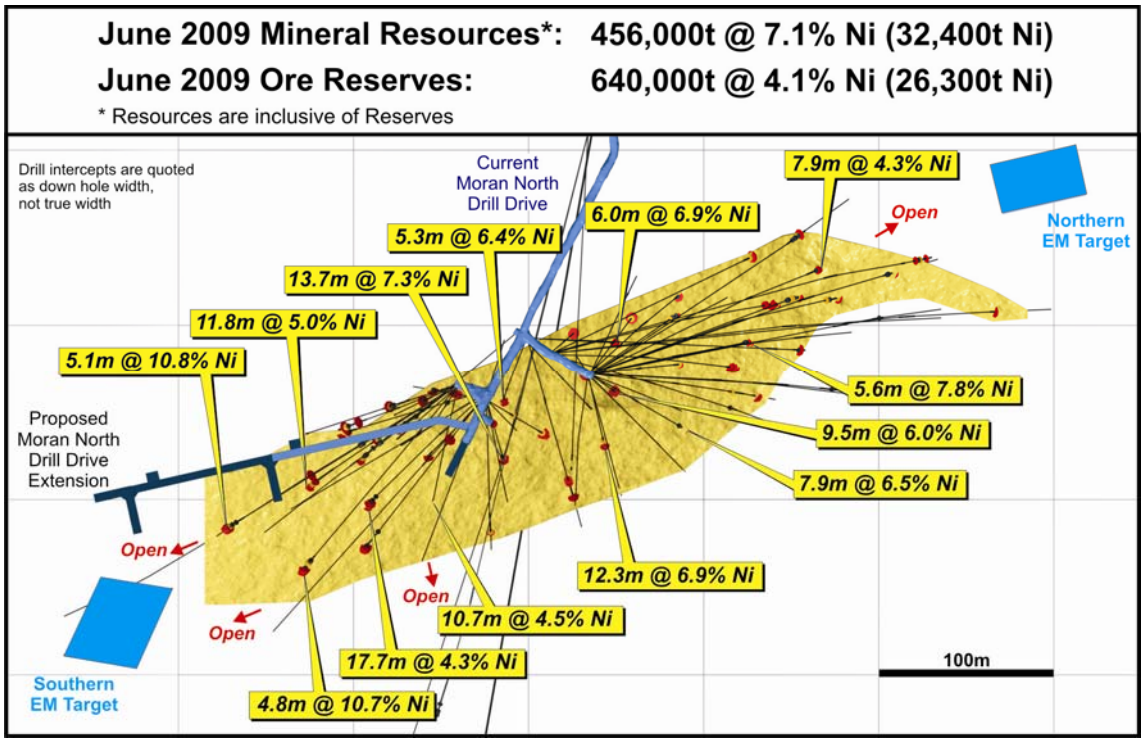


Figure 2: Moran Deposit - 3D Isometric Model Showing Nickel Shoot, Drill Holes and Development

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Sep '09 Quarter	2009/10 FY to Date	*Prev. Corresp. Quarter (Sep '08)*
Mining Reserve (Dry Tonnes)				
Start of Period		1,327,000	1,327,000	*1,085,000*
- ROM Production	1	(50,280)	(50,280)	*(55,420)*
End of Period		1,276,720	1,276,720	*1,029,580*
Production Details:				
Ore Mined (Dry Tonnes)	1	50,280	50,280	*55,420*
Ore Milled (Dry Tonnes)		50,280	50,280	*55,420*
Nickel Grade (Head %)		3.95	3.95	*3.56*
Copper Grade (Head %)		0.28	0.28	*0.27*
Metal in Ore Production (Tonnes)				
Nickel delivered	2	1,987	1,987	*1,971*
Copper delivered	2	140	140	*154*
Metal Payable IGO share (Tonnes)				
Nickel		1,197	1,197	*1,182*
Copper		56	56	*62*
Hedging				
Tonnes delivered into Hedge		600	600	*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$'000's***
Sales Revenue (incl. hedging)		24,308	24,308	*22,789*
Cash Mining/Development Costs		(7,029)	(7,029)	*(7,233)*
Other Cash Costs	3	(4,571)	(4,571)	*(4,033)*
Depreciation/Amortisation/Rehabilitation		(2,651)	(2,651)	*(2,256)*
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***
Cash Mining/Development Costs		1.61	1.61	*1.67*
Other Cash Costs	3	1.04	1.04	*0.93*
Depreciation/Amortisation/Rehabilitation		0.61	0.61	*0.52*
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	***A$/lb Payable Metal***
Sales Revenue (incl. hedging)	4	9.21	9.21	*8.75*
Cash Mining/Development Costs		2.66	2.66	*2.78*
Other Cash Costs	3	1.72	1.72	*1.54*
Depreciation/Amortisation/Rehabilitation		1.00	1.00	*0.87*

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	2	*1*
- Medically Treated IFR		57.6	57.6	*59.8*
- Nickel Productivity Rate	5	67.3	67.3	*67.9*

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

Development/Exploration Drilling	**Metres**	**Metres**	***Metres***
Development	-	-	*-*
Production	2,575	2,575	*625*
Exploration	2,584	2,584	*9,228*
	5,159	5,159	*9,853*

REGIONAL GOLD EXPLORATION

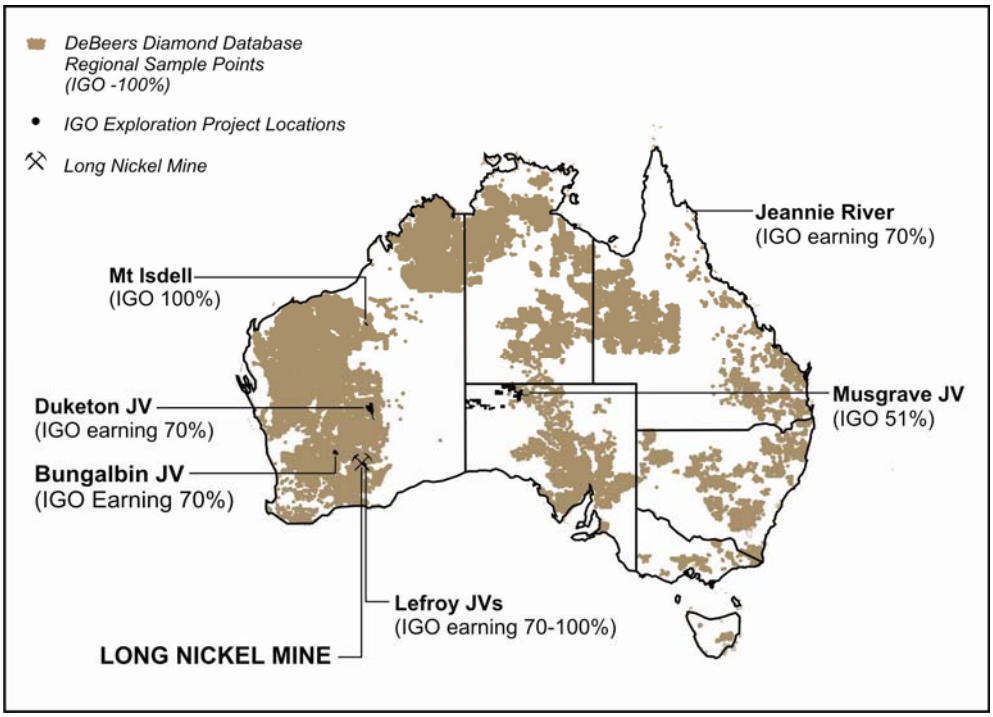


Figure 3: IGO Gold Project Locations

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 (**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 ("BFS") has commenced.

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

Feasibility Study

- The Public Environmental Review document was released for public comment during the quarter.
- Project engineering specifications for civil, structural, electrical, mechanical, plant control system, fire protection, environmental and instrumentation are currently being finalised.
- Detailed BFS scope of work finalised.
- Mining contract tendering documents are currently being finalised.
- Metallurgical testwork and plant design studies are in progress.

Tropicana-Havana Exploration and Infill Drilling

Havana South

- Significant RC and DDH drilling was focussed on testing the dip and strike extents of the Havana South mineralisation outside the conceptual open-cut pit shell (**Table 3(a)**). This work has returned some very encouraging results which are likely to add to the current resource base (**Figure 6**). Not all assays have been received however some intercepts to date include:
  - **22m @ 12.5 g/t Au (true width)**
  - **7m @ 7.8 g/t Au (true width)**

Havana West

- Additional drilling was carried out along the up-dip portions of Havana along the western margin, where access constraints had previously left gaps in the systematic drill spacing. In general this work confirmed interpreted resource envelopes and has added to the confidence of the resource estimate. **Of interest was an intercept of 43m @ 15.3 g/t Au (28.5m true width) in TFRC3180** which was drilled to 045^0 (magnetic azimuth), 90^0 offset from the usual drilling direction of 315^0. The grade of this intercept is significantly higher than surrounding holes and further work is required to determine if this is due to the modified drilling direction preferentially testing a previously unidentified high grade structure or whether it is due to inherent spatial grade variability. Other intersections from Havana West (**Figure 7 and Table 3(b)**) during the quarter include:
  - **39m @ 6.4 g/t Au (19.5m true width)**
  - **24m @ 4.6 g/t Au**
  - **23m @ 4.1 g/t Au**
  - **23m @ 3.8 g/t Au**
  - **20m @ 5.1 g/t Au (16.4m true width)**
  - **19m @ 11.6 g/t Au**

Havana Deeps

- A number of conceptual holes based on an improved understanding of the geology and new geophysical data have been planned proximal to Tropicana-Havana, testing for high-grade shoots which could be mined by underground methods. The first hole of this program, TFD177 was drilled to test the southern high grade shoot at Havana some 600m down dip. This hole successfully intersected the shoot returning an intercept of **20m @ 2.67 g/t Au from 535m** down hole (**Figure 5 and Table 3(c)**). Alteration in the mineralised interval is typical of the rest of Tropicana-Havana with feldspar dominated gneiss overprinted by strong biotite-sericite alteration and 2-5% pyrite. Further drilling is required to determine if the hole intersected the margins or the centre of the shoot, however it is considered highly encouraging as it **confirms the depth continuity of mineralisation which now has a demonstrated dip length in excess of 1km.**

Regional Exploration

- Auger sampling continued at Tropicana West and Group 1, Group 3 and Group 4 tenements. Aircore was completed at Angels Kiss, Brass Monkey, Dragonfly and Scorpion.

- At Angels Kiss, aircore drilling intersected 12m @ 0.29 g/t Au which has extended the zone of mineralisation to a total of 2km in a south-easterly trend. RC drilling is required to test the significance of this anomaly.

- At Rusty Nail an intercept of **4m @ 9.0 g/t Au from 70m** was returned from RND002 drilled earlier in the year and located down-dip from a previously reported intercept of 3m @ 5.0 g/t Au from 34m in RNRC007. The high grade intercept in RNR002 occurs within a conspicuous quartz ± biotite vein/fault zone within highly sheared, interpreted granite. The mineralisation at Rusty Nail, typically narrow high grade intercepts within quartz-veined granitic host rocks, suggests that gold mineralisation is shear hosted, rather than typical Tropicana-Havana style.

Table 3: Tropicana JV – Havana - Significant RC and Diamond Drilling Results

Hole Type	Hole_ ID	Northing	Easting	RL	Azimuth	Dip	Total Depth	From	To	Intercept	Calculated True Width
(a)	**Havana South**										
DDH	TFD188	6761109	649599	361	325	-66	376	228	233	5m @ 2.56g/t Au	
DDH	TPD396	6761057	649369	355	324	-65	234	201	210	9m @ 3.53g/t Au	
RC	TFRC3190	6761183	648963	351	317	-61	70	34	41	7m @ 7.82g/t Au	
RC	TFRC3260	6760952	649334	356	312	-62	227	172	176	4m @ 1.07g/t Au	
RC	TPRC906	6761269	649440	361	334	-62	215	120	124	4m @ 1.25g/t Au	
RC	TPRC910	6761216	649352	357	327	-64	221	176	198	**22m @ 12.47g/t Au**	
(b)	**Havana West**										
RC	TFRC3111	6761762	649479	361	324	-85	60	28	33	5m @ 1.97g/t Au	4.1m
RC	TFRC3112	6761744	649497	363	318	-84	60	27	47	**20m @ 5.1g/t Au**	**16.4m**
RC	TFRC3114	6762044	649552	363	324	-55	71	40	66	**26m @ 3.3g/t Au**	**21.3m**
RC	TFRC3115	6762154	649475	357	322	-63	60	27	36	9m @ 1.96g/t Au	
RC	TFRC3116	6762188	649475	356	322	-63	50	18	31	13m @ 2.08g/t Au	
RC	TFRC3119	6762295	649583	355	317	-62	60	27	42	**15m @ 5.14g/t Au**	
RC	TFRC3126	6762366	649794	354	321	-61	146	77	103	26m @ 1.91g/t Au	
RC	TFRC3127	6762348	649812	354	323	-64	179	90	136	**46m @ 2.59g/t Au**	
RC	TFRC3131	6762380	649851	353	323	-61	150	82	92	**10m @ 3.52g/t Au**	
								99	122	**23m @ 3.82g/t Au**	
RC	TFRC3156	6762591	649848	352	203	-89	50	31	33	2m @ 8.79g/t Au	
RC	TFRC3157	6762561	649882	354	320	-60	65	27	40	13m @ 2.55g/t Au	
RC	TFRC3158	6762557	649885	354	144	-88	70	28	40	**12m @ 4.59g/t Au**	
RC	TFRC3159	6762488	649881	354	318	-62	65	13	15	2m @ 6.01g/t Au	
RC	TFRC3167	6762327	649759	355	318	-76	138	94	105	11m @ 2.67g/t Au	
RC	TFRC3170	6762163	649633	359	312	-79	95	62	85	**23m @ 4.1g/t Au**	
RC	TFRC3175	6762167	649566	357	319	-85	70	39	58	**19m @ 11.56g/t Au**	
RC	TFRC3176	6762133	649532	358	142	-88	65	38	46	**8m @ 10.94g/t Au**	
RC	TFRC3177	6762132	649533	358	133	-62	110	40	79	**39m @ 6.36g/t Au**	**19.5m**
RC	TFRC3178	6762031	649631	364	323	-54	145	51	54	3m @ 4.16g/t Au	
								87	89	2m @ 12.23g/t Au	
								98	122	**24m @ 4.65g/t Au**	
RC	TFRC3179	6762117	649515	359	150	-63	95	34	48	**14m @ 12.98g/t Au**	**7.0m**
RC	TFRC3180	6762046	649518	361	50	-54	101	40	53	**13m @ 8.1g/t Au**	**8.6m**
								56	99	**43m @ 15.28g/t Au**	**28.5m**
RC	TFRC3181	6761777	649534	362	138	-73	108	36	60	**24m @ 1.2g/t Au**	**15.4m**
								65	85	**20m @ 3.43g/t Au**	**12.9m**
(c)	**Havana Deeps**										
DDH	TFD177	6761022	650323	364	326	-64	736	535	556	**21m @ 2.67g/t Au**	

RC = Reverse Circulation **DDH = Diamond**

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

Intercept Parameters Minimum Intercept 2m @ 0.5 g/t Lower cut off grade 0.5 g/t
Maximum Consecutive Waste 2m Minimum Intercept grade 1 g/t

Proposed December 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:

- RC and diamond drilling will continue to test conceptual targets proximal to Tropicana-Havana.
- Aircore drilling will continue at Tropicana West before testing targets at Tumbleweed, Phoenix, Black Dragon South, Beetlejuice and Iceberg.

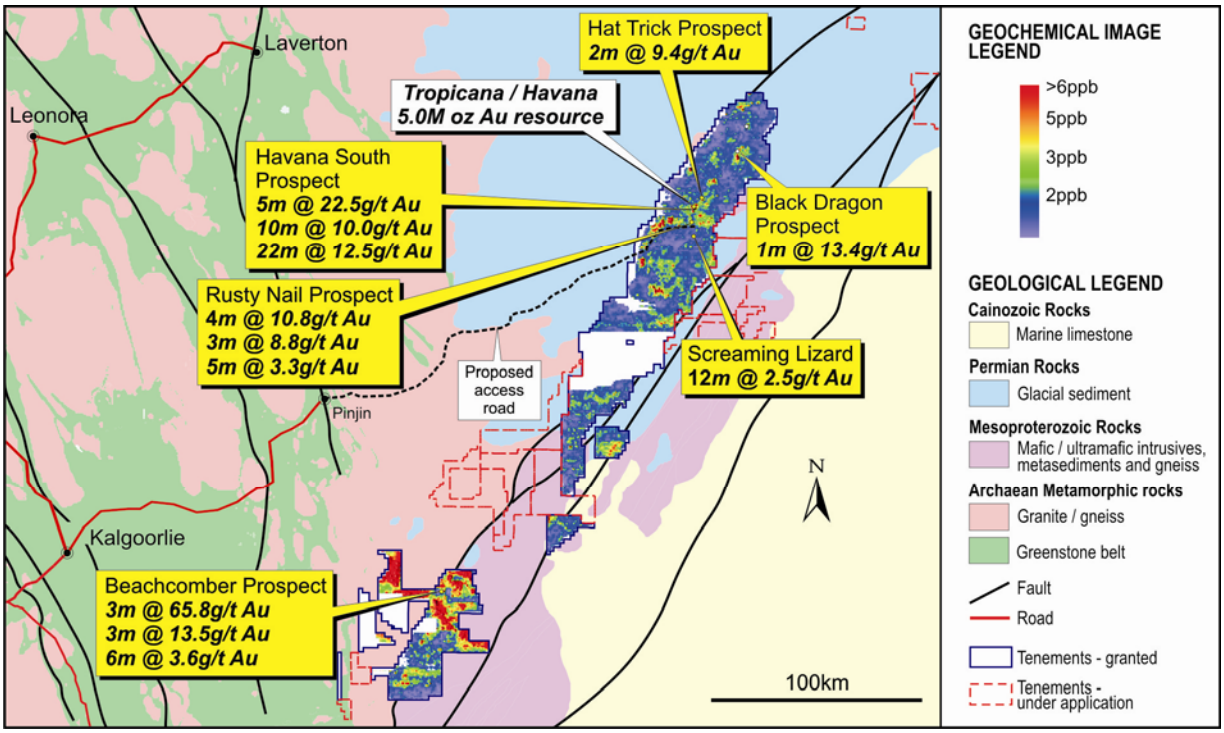


Figure 4: Tropicana JV – Tropicana and Havana Resource Location, Tenure, Gold Geochemical Anomalies, Significant Drill Intercepts Outside Tropicana and Havana Resources and Selected Prospect Locations

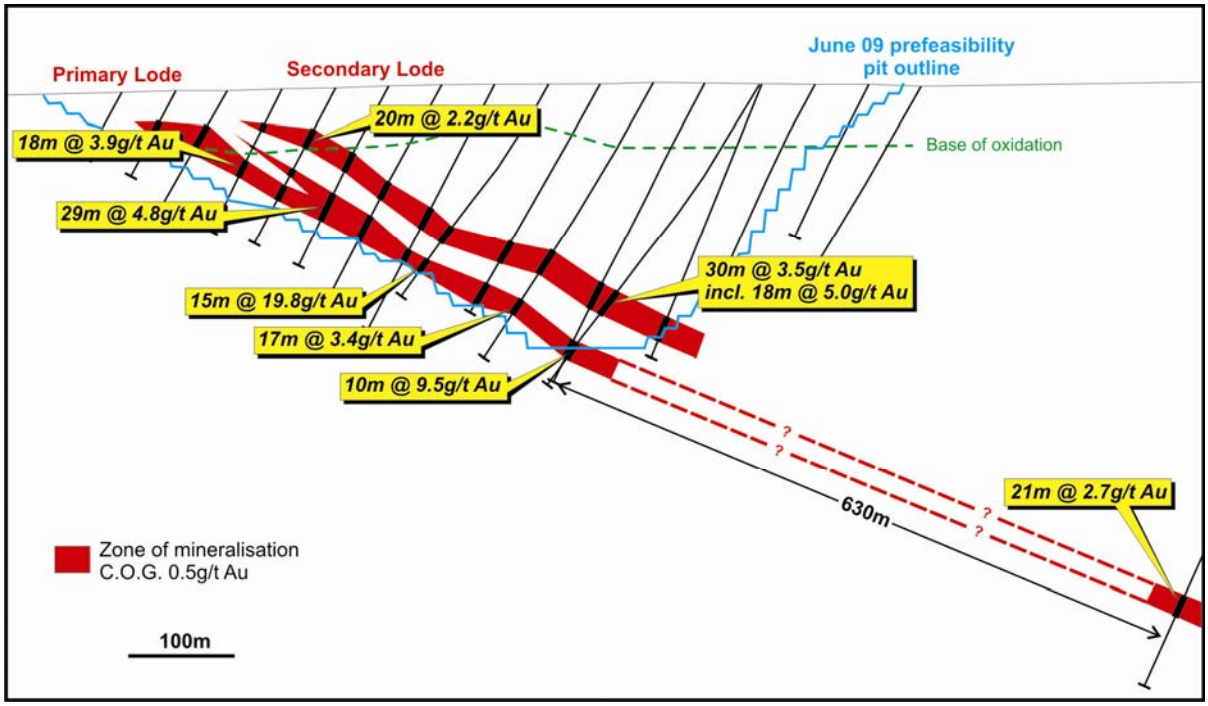


Figure 5: Tropicana JV – Havana 141,550m North Cross-Section Showing TFD177 21m @ 2.7 g/t Au Down Plunge Extension

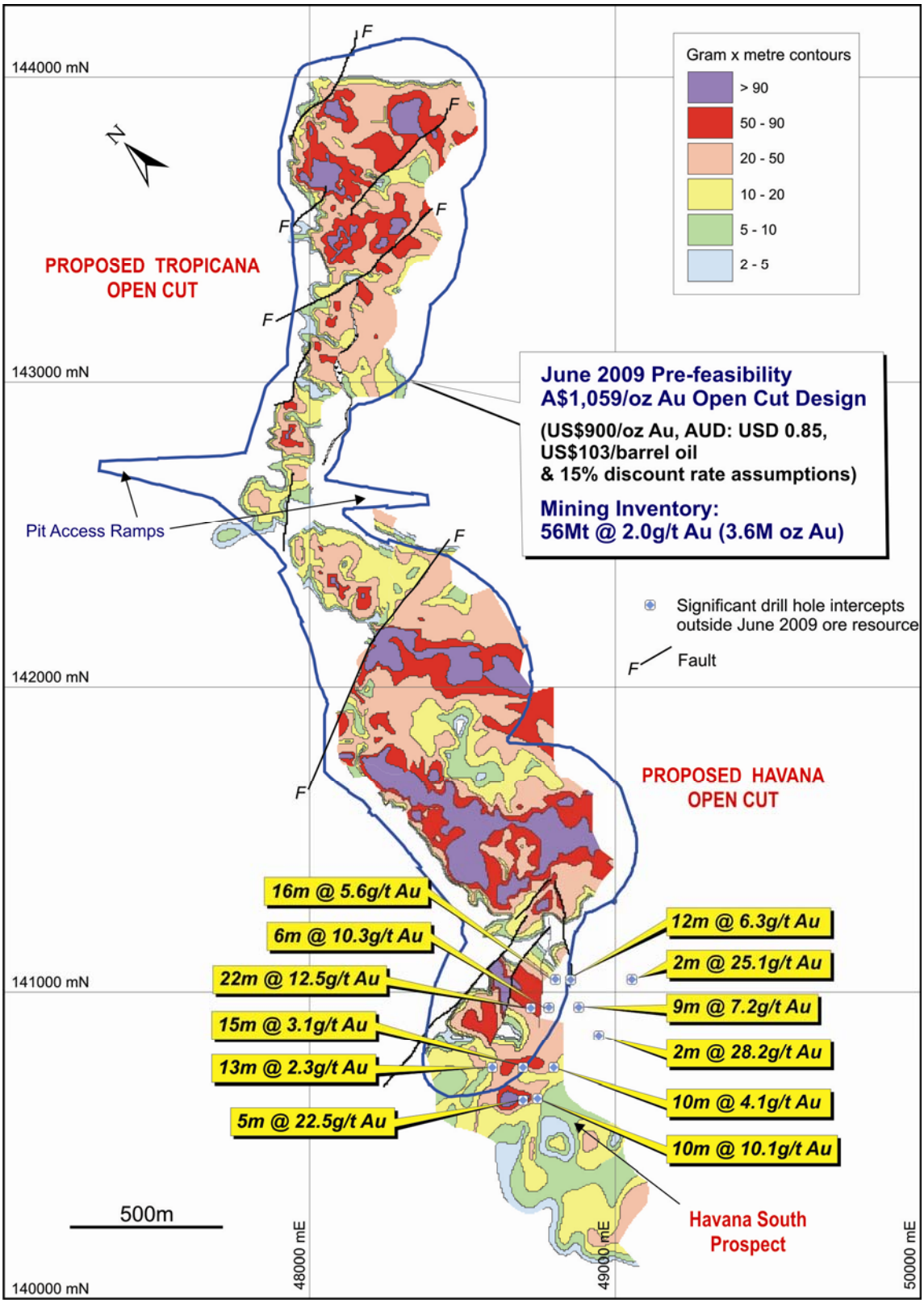


Figure 6: Tropicana JV – Proposed Tropicana and Havana Open Pit Outlines, g/t Au x m Thickness Contours and Significant Havana South Drill Intercepts Drilled Subsequent to June 2009 Tropicana and Havana Resources

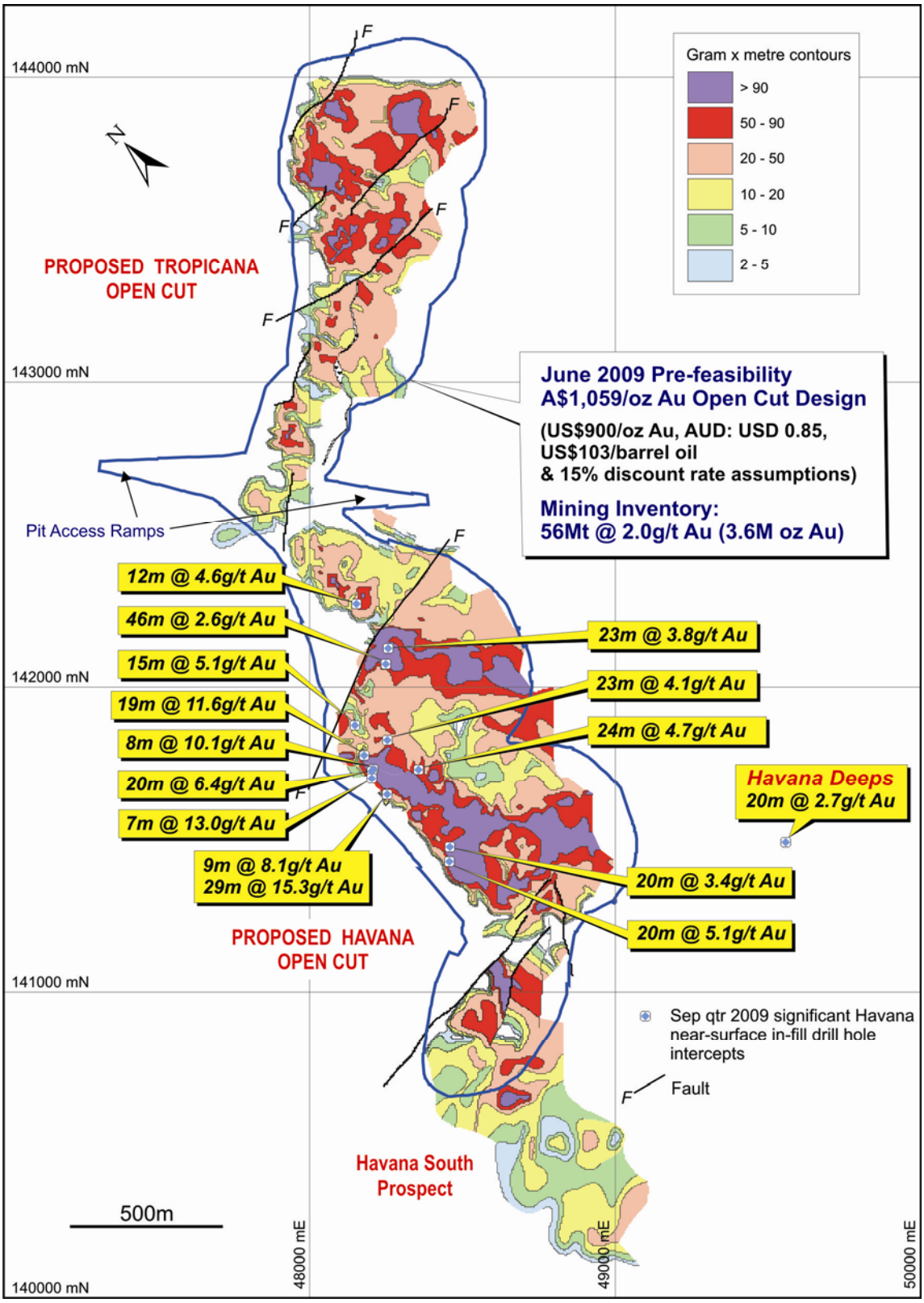


Figure 7: Tropicana JV – Significant Havana West and Havana Deeps Drill Intercepts in Relation to Proposed Tropicana and Havana Open Pit Outlines, g/t Au x m Thickness Contours

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**).

Francopan Prospect

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 and 15m @ 3.0 g/t Au (**Figure 9**). 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.

Bibra Prospect

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 consolidated cover.

Ongoing aircore (AC) drilling programs during the quarter at Bibra have further defined and extended the footprint of near surface mineralisation. Mineralisation dips shallowly to the west (approximately 15^{o}) and is preferentially developed in an arenaceous lithology within a metamorphosed mafic dominated volcano-sedimentary package. The main zone of mineralisation has now been defined over a NNE strike length of 1.3km and a cross-strike extent in excess of 150m. A second parallel "hanging wall" zone located approximately 1km to the west has been defined over 1km in strike length (+1 g/t Au) (**Figures 10 and 11**).

AC intercepts (4m composites) during the quarter are in **Table 4A** and include:

- **16m @ 2.6 g/t Au**
- **16m @ 2.4 g/t Au**

Ongoing RC drilling is testing the down dip extent of mineralisation and testing new target zones beyond the depth limits of the AC rig. The 6 holes completed to date during this phase of drilling have confirmed that the main zone of mineralisation is generally 40m thick and extends for at least 900m down dip.

RC assay results (**Table 4B**) have only been received for the first two holes and part of the third hole and include:

- 40m @ 0.88 g/t Au from 104m including **31m @ 1.0 g/t Au** from 113m in KBRC011.
- 44m @ 0.87 g/t Au from 165m including **19m @ 1.3 g/t Au** from 190m plus a hanging wall zone of **3m @ 7.7 g/t Au** from 33m in KBRC012.
- **5m @ 2.0 g/t Au** from 106m (hanging wall zone) in KBRC013 (further results awaited).

Due to a variation in drilling direction, down hole widths quoted in RC intercepts approximate true mineralisation widths, whilst down hole aircore intercepts can be up to 20% thicker than the actual width.

AC and RC drilling is continuing with the aim of locating high-grade shoots in the very large gold mineralised system.

Table 4A: Karlawinda – Bibra Prospect Significant AC Drilling Results

Hole ID	Northing	Easting	Azimuth	Dip	Total	Depth From	Depth To	Au	Comment
	(m)	(m)	(degr)	(degr)	Depth	(m)	(m)	Intercept	
KBAC203	7368790	204308	0	-90	44	32	40	8m @ 1.9 g/t	
KBAC243	7368559	203033	0	-90	58	28	44	16m @ 1.7 g/t	
KBAC261	7368781	204034	0	-90	56	48	56	8m @ 1.0 g/t	EOH
KBAC262	7368693	203996	0	-90	62	36	48	12m @ 1.0 g/t	
KBAC264	**7368504**	**203923**	**0**	**-90**	**60**	**8**	**24**	**16m @ 2.4 g/t**	
KBAC273	7369845	205121	0	-90	28	24	28	4m @ 5.5 g/t	EOH
KBAC295	7368818	204410	90	-60	53	12	20	8m @ 1.8 g/t	
KBAC296	**7368814**	**204385**	**90**	**-60**	**44**	**8**	**24**	**16m @ 2.6 g/t**	
KBAC297	7368816	204351	90	-60	64	24	44	20m @ 1.0 g/t	
KBAC345	7368812	204043	20	-60	62	48	56	8m @ 1.2g/t	
KBAC347	7368625	203969	20	-60	69	8	16	8m @ 1.6g/t	
KBAC347						32	44	12m @ 1.7g/t	
KBAC347						60	68	8m @ 1.2g/t	
KBAC348	7368535	203937	20	-60	69	8	16	8m @ 1.2g/t	
KBAC348						32	40	8m @ 1.6g/t	
KBAC349	7368440	203911	20	-60	74	36	44	8m @ 1.2g/t	
KBAC376						40	44	4m @ 2.1g/t	
KBAC377	7368853	203448	0	-90	47	28	36	8m @ 1.2g/t	
KBAC386	7368007	203124	0	-90	62	52	56	4m @ 3.5g/t	
KBAC394	7368642	204136	0	-90	64	4	12	8m @ 1.6g/t	
KBAC395	7368554	204111	0	-90	61	8	16	8m @ 1.0g/t	

Table 4B: Karlawinda – Bibra Prospect Significant RC Drilling Results

Hole ID	Northing	Easting	Azimuth	Dip	Total	Depth From	Depth To	Au	Assay Method
	(m)	(m)	(degr)	(degr)	Depth	(m)	(m)	Intercept	
KBRC005	7368835	204330	200	-60	128	38	75	37m @ 1.8g/t	Fire Assay
KBRC006	7368930	204367	200	-60	131	59	63	4m @ 5.1 g/t	Fire Assay
KBRC008	7368907	204448	200	-60	129	9	16	7m @ 2.0g/t	Fire Assay
KBRC008						50	55	5m @ 1.7 g/t	Fire Assay
KBRC009	7368991	204480	200	-60	150	10	15	5m @ 1.4 g/t	Fire Assay
KBRC009			200			34	38	4m @ 1.6 g/t	Fire Assay
KBRC009			200			47	48	1m @ 18.5 g/t	Fire Assay
KBRC010	7369076	204509	200	-60	147	64	65	1m @ 1.5 g/t	Fire Assay
KBRC011	7368846	204055	105	-60	250	104	144	40m @ 0.9 g/t	Fire Assay
						207	208	1m @ 10.6 g/t	Fire Assay
KBRC012	7368903	203850	105	-60	262	165	205	44m @ 0.9 g/t	Fire Assay
KBRC012						33	36	3m @ 7.7g/t	Fire Assay

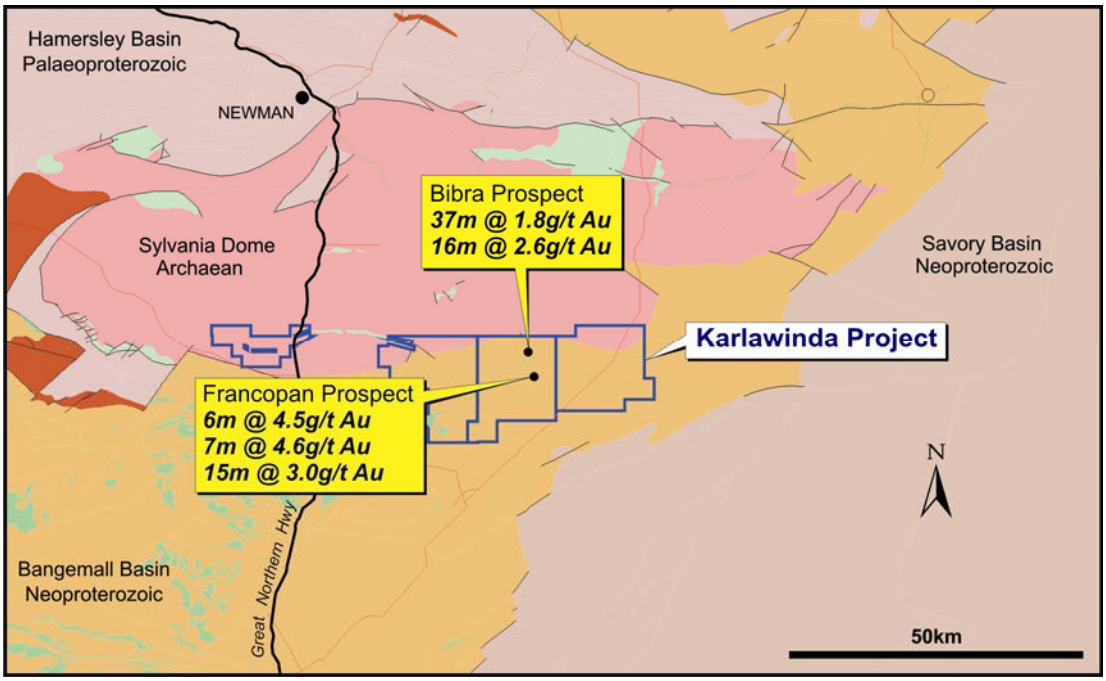


Figure 8: Karlawinda – Location Plan Showing Tenure, Prospects and Significant Drilling Intercepts

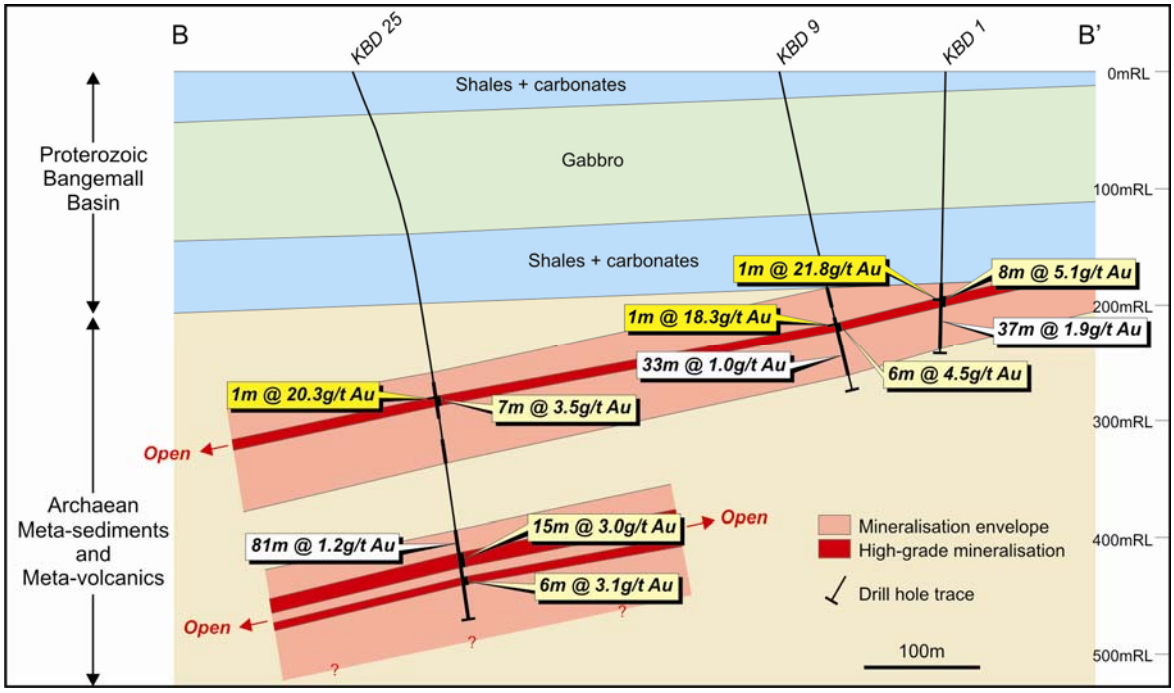


Figure 9: Karlawinda – Francopan Prospect Cross-Section Showing Thick Gold Alteration Zones Containing Narrow High Grade Intervals

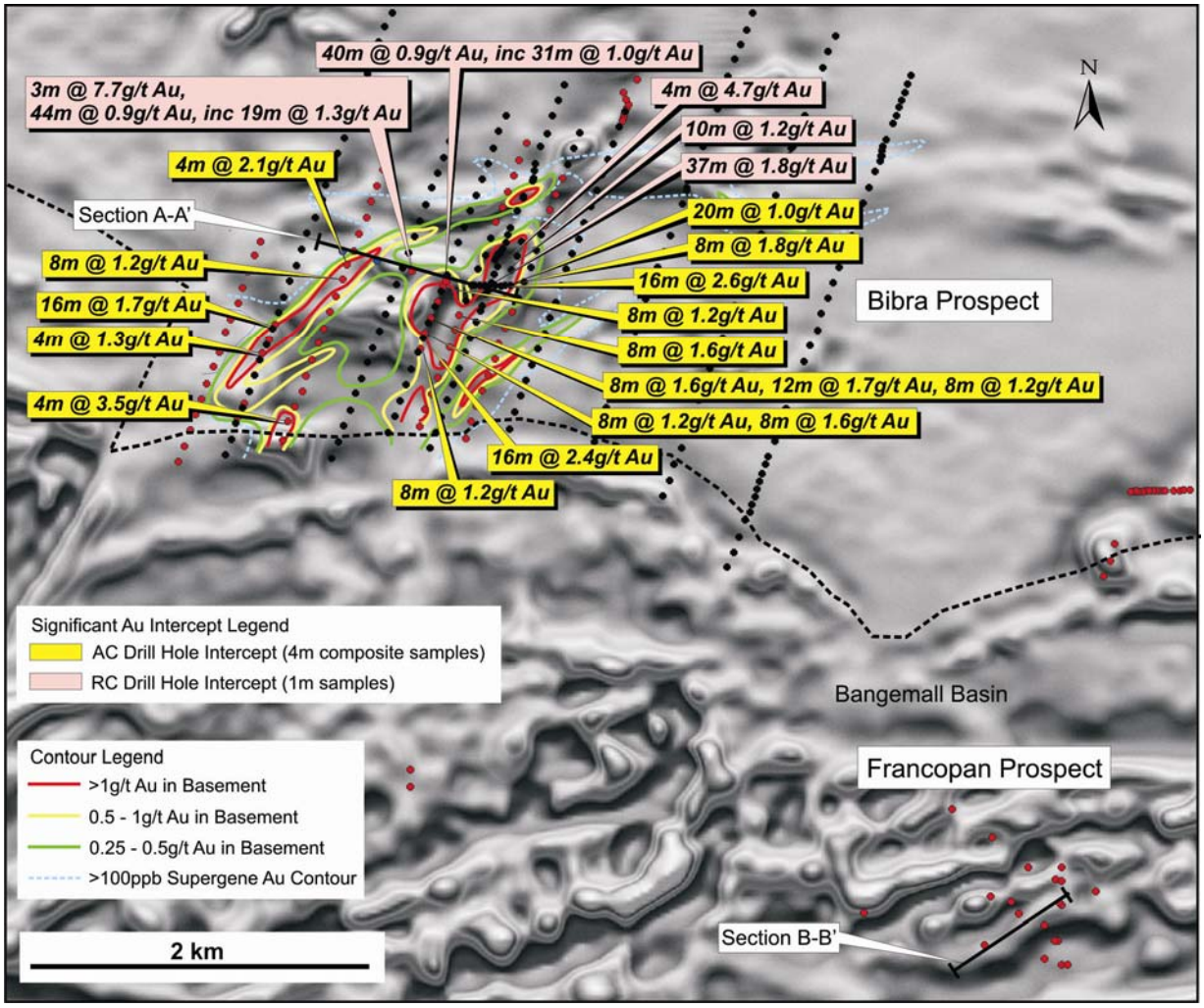


Figure 10 – Karlawinda – Bibra Prospect - Aircore Au Contours and RC Intersections Over Aeromagnetic Image Showing Relative Location of Francopan Prospect

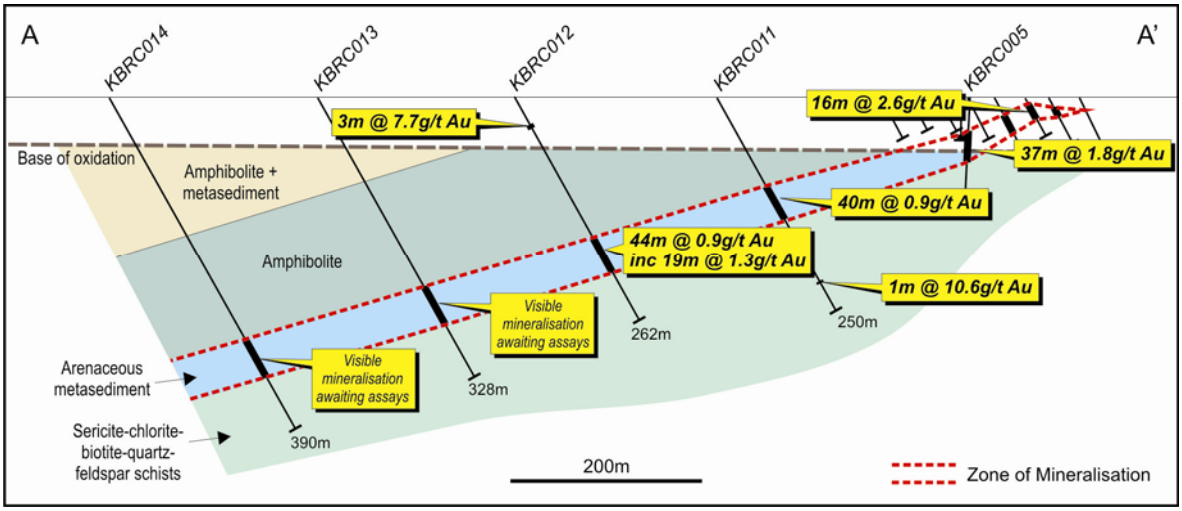


Figure 11: Karlawinda – Bibra Prospect Cross-Section

MT MAGNET JV (IGO OPTION TO EARN 85%)

IGO has a drilling option on a series of prospecting licences 5km south-east of Mt Magnet. Previous sampling of water bore drill cuttings 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 a heritage clearance survey was completed and DMP approval was received to undertake first pass RAB and follow-up RC drilling programs over the area of interest. RAB drill testing of the target commenced in late October.

CLUB TERRACE JV (IGO OPTION TO EARN 70%)

IGO has 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.

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

Previous 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 situated within silicified, sheared and faulted Ordovician turbiditic metasediments.

An initial program of systematic follow-up soil sampling was completed by IGO in July and a second phase, infilling anomalies from the first phase, was completed in September.

The initial follow-up soil sampling program identified two anomalous areas, the first and most significant was a north-east trending gold + base metals anomaly that stretches across the grid for almost 3.5km and is coincident with a north-east trending magnetic feature. The second area comprised low level gold and semi-coincident Mo + Sb anomalism. Rock samples collected as part of this program returned elevated base metal values including up to 4,354ppm Pb.

The second phase of detailed follow-up soil sampling was completed in September. Field observations during this program suggest that the magnetic anomaly is due to the presence of a fine to medium grained dioritic intrusive. Assay results from this program are awaited.

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 and 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.

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

Ranking of the 189,000 unanalysed samples according to geographic and metallogenic location has been completed and the initial batches of high priority samples have been forwarded to the laboratory for multi-element analysis. The initial focus is on under explored Proterozoic basin margins in Western Australia, prospective for polymetallic base metals and gold mineralisation. Results have been received for 2,660 samples from the total 6,500 submitted during the quarter. Some anomalies have been noted but a full interpretation of results will not be possible until all results have been received.

REGIONAL BASE METAL EXPLORATION

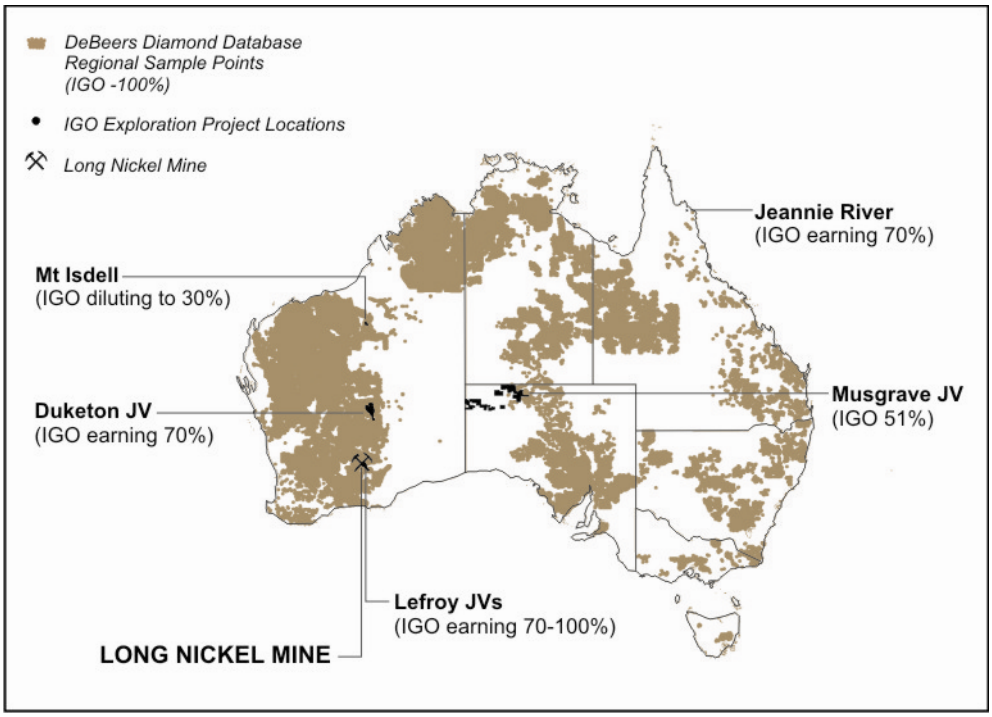


Figure 12: IGO Base Metal Project Locations

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 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 15**). 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.

During the quarter the focus was on testing the prospectivity of the eastern contact of the ultramafic to the south east of the C2 prospect where diamond drilling last quarter returned intercepts up to **50m at 0.92% Ni (including 37m @ 1.05% Ni) from 275m** in TBDD074. A high resolution aeromagnetic survey was flown to accurately determine the contact position of the ultramafic prior to drill testing. A total of 61 holes for 4,649m subsequently drill tested approximately 4.5km of ultramafic contact strike on approximately 100m spacing as shown in **Figure 14**.

This work has resulted in the identification of the Rosie Prospect where broad zones of >0.5% Ni together with elevated Cu (up to 0.75%) and Pt+Pd (up to 3.2 g/t) have been intersected over a strike length of 350m (**Figure 14**). Better intercepts include:

- 20m @ 0.61% Ni, 0.14% Cu & 1 g/t Pt+Pd from 61m in TBAC122
- 19m @ 0.57% Ni, 0.13% Cu & 0.69 g/t Pt+Pd from 62m in TBAC126
- 11m @ 0.81% Ni, 0.04% Cu & 0.15 g/t Pt+Pd from 48m in TBAC127

Significant intercepts from AC drilling during the quarter are provided in **Table 5**.

Table 5: Duketon JV – Rosie Prospect Significant AC Drilling Results

Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azimuth (degr)	Dip (degr)	Total Depth	Depth From (m)	Depth To (m)	Ni (%)	Cu (%)	Pt+Pd (g/t)
TBAC114	6944300	401920	550	270	-60	102	20	24	**0.47**	**0.02**	**0.05**
							31	35	**0.48**	**0.02**	**0.04**
TBAC122	6944125	402450	550	180	-60	91	61	81	**0.61**	**0.14**	**0.99**
							84	86	**0.75**	**0.09**	**0.03**
							88	91	**0.46**	**0.09**	**0.03**
including							*65*	*71*	***0.64***	***0.36***	***2.70***
TBAC124	6944050	402545	550	180	-60	*60*	33	37	**0.53**	**0.75**	**3.26**
							46	60	**0.59**	**0.07**	**0.03**
including							*32*	*42*	***0.40***	***0.49***	***2.25***
TBAC126	6944025	402645	550	180	-60	*81*	41	44	**0.54**	**0.36**	**2.10**
							47	54	**0.57**	**0.28**	**1.64**
							62	81	**0.57**	**0.13**	**0.69**
including							*40*	*65*	***0.45***	***0.28***	***1.81***
TBAC127	6943995	402750	550	180	-60	96	36	40	**0.42**	**0.19**	**0.75**
							48	59	**0.81**	**0.04**	**0.02**
							63	78	**0.63**	**0.02**	**0.04**
							81	87	**0.52**	**0.08**	**0.46**
							91	95	**0.55**	**0.1**	**0.56**

Note that these intersections are entirely within oxide to transitional material.

Down-hole EM (DHEM) surveying of the holes at the Rosie Prospect has identified a broad conductive response north of the drilling. This is of interest as to date drilling at Rosie has not intersected sediments at the ultramafic contact which also produce EM anomalies but are not related to nickel mineralisation.

During the December quarter it is intended to commence detailed systematic surface geochemical sampling programs to test for additional mineralised zones internally within the Bulge ultramafic and along the western contact which is largely untested.

An RC diamond drilling program is also planned to test strike and plunge extensions of mineralisation at C2 particularly as previous drilling indicates that mineralisation is strengthening down plunge.

At the Rosie Prospect, RC drilling will be used to test the DHEM conductor as well as to test for mineralisation in fresh rock beneath the aircore intersections. Additional holes will be drilled across the ultramafic to assist in the geological interpretation and future targeting.

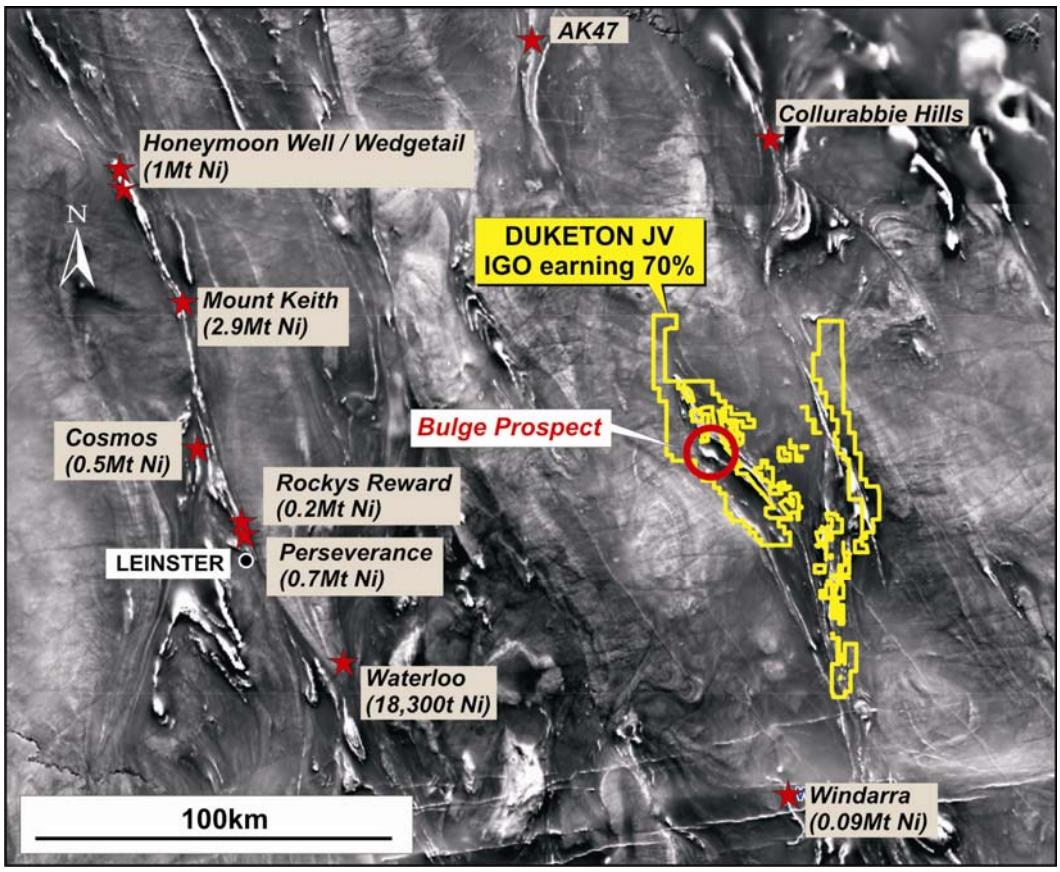


Figure 13: Duketon JV – Location Plan Over Magnetics Image Showing Location of the Bulge Prospect

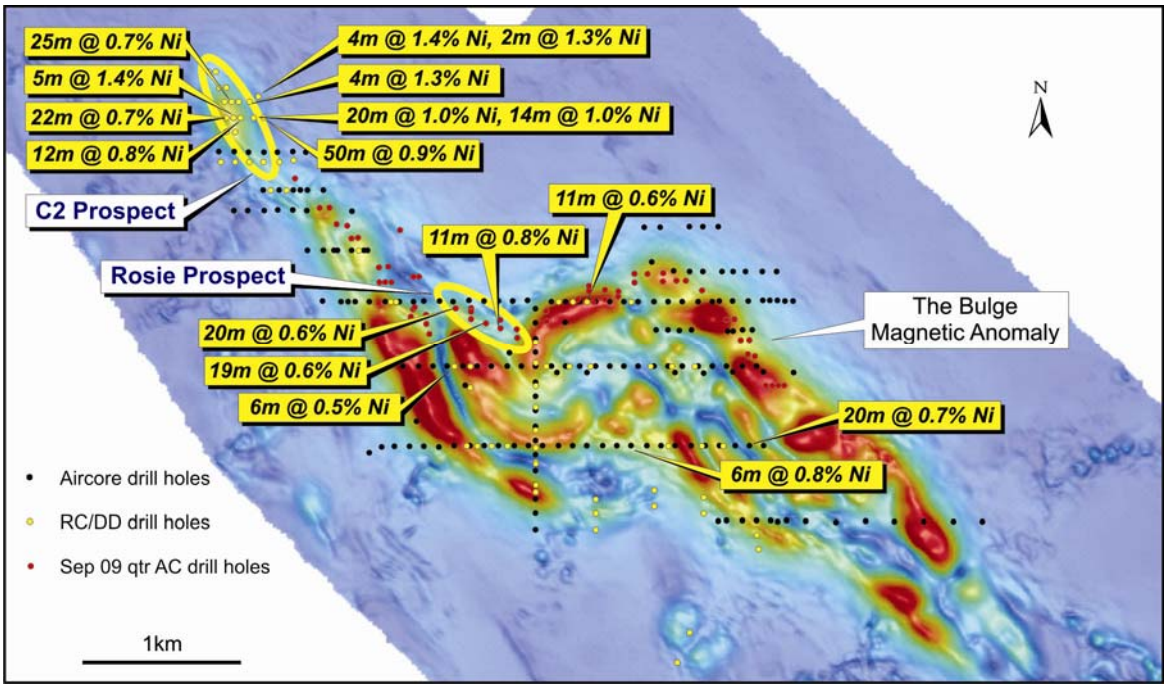


Figure 14: Duketon JV – Bulge Prospect Plan Over Magnetic Intensity Image Showing Significant Nickel Drill Intercepts and Untested Contact

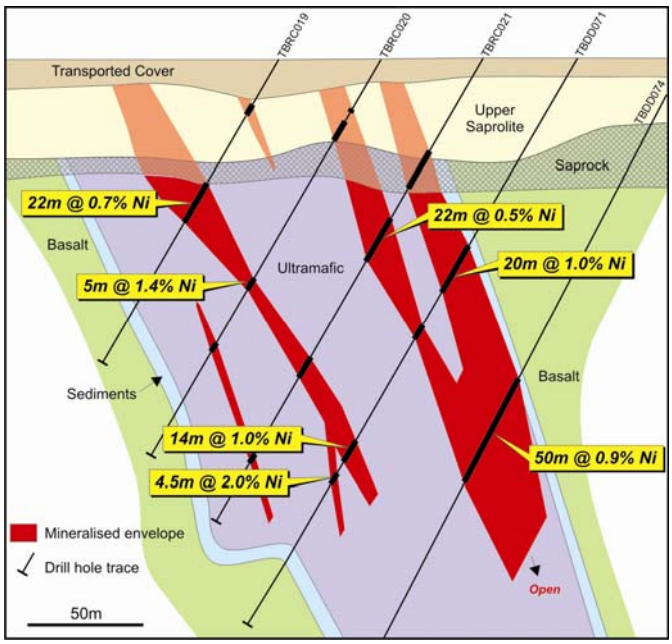


Figure 15: Duketon JV – Bulge Prospect Cross-Section Showing Significant Nickel Drill Intercepts

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.

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 require follow-up infill TEM surveying to determine whether they warrant drill testing. Infill TEM is planned for later in the year when the surface has dried sufficiently to enable access.

IGO 100%

Exploration on the 100% IGO tenure is focusing on the Yalca 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 and 1150ppm Cu. A TEM program was completed during the quarter and identified four strong bedrock conductors, three of which are considered to have potential for massive nickel sulphide mineralisation. A drill test is planned for late 2009 subject to access clearance and suitably dry weather conditions.

Yamarna JV

The Yamarna JV tenements are located marginal to and within Lake Lefroy which is commonly prone to water inundation, making access only possible for limited periods. Interpreted ultramafic stratigraphy in the JV area has been tested in limited areas where access has been possible. TEM conductors have been identified, 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.

During the quarter a program of Moving Loop EM designed to test the top four target areas for massive nickel sulphides commenced and is expected to be completed by late October.

BUNGALBIN JV (IGO EARNING 70% NON-IRON ORE RIGHTS)

During the quarter IGO entered into a JV with Cauldron Energy Limited whereby IGO may earn a 70% interest in the non-iron ore rights by expenditure of $2m within 5 years. IGO must complete a minimum of 100 line km of EM before it may withdraw from the JV.

The Bungalbin Project is located over the Marda-Diemals greenstone belt approx 108kms NE of Southern Cross. IGO considers the Bungalbin Project to have good potential for the discovery of massive nickel sulphide deposits, as the host stratigraphy has similarities to the Lake Johnson Greenstone Belt to the south, which is host to the Maggie Hays and Emily Anne deposits. The project contains approximately 20km of strike of favourable cumulate ultramafic unit untested by modern exploration methods and only partly tested for nickel sulphides in the 1970's.

IGO plans to commence EM testing in late 2009/early 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. Reconnaissance and infill lag sampling by IGO has delineated a 5km x 5km area of high order zinc, lead, copper, cobalt and gold anomalism.

Geophysical surveys have highlighted a major north-west trending gravity gradient structure which coincides with the high order surface anomaly. Both the Nifty Copper and Maroochydore Copper/Cobalt deposits are proximal to this feature.

The project was subject to a JV with Teck-Cominco who were earning up to 70% in the project via exploration expenditure. Teck-Cominco withdrew from the project due to budgetary constraints.

IGO is currently aircore drill testing the highest priority geochemical targets. The drilling program is expected to be completed by late October with results available by the end of 2009.

DECEMBER QUARTER EXPLORATION PROGRAM

REGIONAL NICKEL/BASE METALS PROJECTS

Duketon:	Follow-up RC/DDH drilling at C2 and Rosie Prospects. Soil sampling across the Bulge UM unit
Lefroy:	RC testing Yalca Hill TEM targets (access dependant) Infill TEM at Lisa's Dune
Musgrave:	Completion of TEM testing priority surface geochemistry and gravity anomalies. Continued Traditional Owner liaison

	Bungalbin:	First pass TEM testing of prospective ultramafics
	Mt Isdell:	AC testing of priority soil geochemical anomalies
REGIONAL GOLD PROJECTS	Tropicana:	RC/DDH testing of conceptual targets proximal to Tropicana-Havana and RC/AC testing of priority regional prospects
	Karlawinda:	Ongoing AC, RC and diamond drill testing at Bibra Prospect
	Holleton:	Continued soil sampling of shallowly covered and unexplored greenstone belts
	Mt Magnet:	RAB drill testing target area around mineralised water bore. RC follow-up if warranted
	Club Terrace:	Interpretation of soil geochemical sampling results from the 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.

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