



QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2009

GROUP HIGHLIGHTS

- **NPAT for the quarter was \$5.0 million** (Dec Qtr loss \$1.2 million, YTD profit \$5.1 million).
- **\$128.7 million cash and net receivables** (Dec \$133.3 million).
- **2c fully franked interim dividend paid to shareholders during the quarter.**

OPERATIONS HIGHLIGHTS

- **Production – 55,961t @ 4.4% Ni for 2,476 Ni t** (Budget 55,023t @ 3.7% for 2,038 Ni t). Production is still forecast to be in the range of 8,400 to 8,800 Ni t for the year.
- **Cash costs – A\$3.39/lb payable nickel** (Budget A\$4.83) for the quarter (YTD cash costs A\$3.83/lb payable nickel). **IGO continues to be one of the lowest cost nickel producers in Australia.**
- **New intersections extend the new high grade Moran nickel deposit (5m @ 4.3% Ni, 5m @ 6.3% Ni, 5m @ 6.0% Ni - true widths - and 10m @ 3.5% Ni – visual estimate). Nickel sulphides now intersected over a 410m strike length and open to the south and east.**
- **High grade nickel intersected in McLeay Shoot 3 (29.2m @ 10.2% Ni down-hole width).**
- **New nickel surface (“Shoot 6”) intersected east of McLeay Shoot 3, extending McLeay to a strike length of 800m.**

EXPLORATION HIGHLIGHTS

GOLD

- Tropicana JV - **Pre-feasibility Study scheduled for completion in the June quarter.**
 - **15m @ 3.1 g/t, 10m @ 4.1 g/t and 13m @ 2.3 g/t Au intersected south of the current Havana conceptual pit shell.**
- Karlawinda - **1m @ 20.3 g/t, 1m @ 18.3 g/t and 1m @ 21.8 g/t Au** indicates a possible +450m long gold system.
- Database - Database covering a large portion of Australia was purchased to explore for precious and industrial metals as well as base metals. The database contains over 290,000 samples. 2,300 of the samples contain visible gold.

BASE METALS

- Musgrave JV - 10 large Ni-Cu-PGE geochemical anomalies identified.
- Jeannie River - High grade tin mineralisation confirmed.



CORPORATE

DIVIDEND

The Company paid a 2 cent fully franked interim dividend to shareholders on 17 March.

HALF YEAR REPORT

The December 2008 half year report was lodged with ASX during the quarter.

PROFIT AND LOSS

The estimated and unaudited NPAT for the quarter is \$5.0 million (Dec loss \$1.2M). **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\$14,516/t and are subject to possible audit adjustments.**

ISSUED CAPITAL - CURRENT

113,413,539 ordinary shares and 1,512,500 unlisted options.

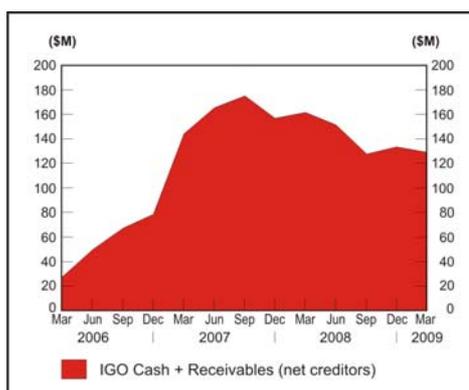
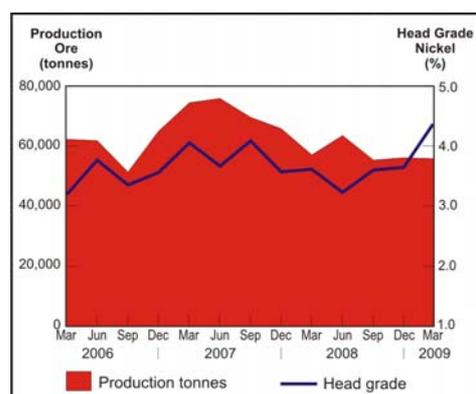
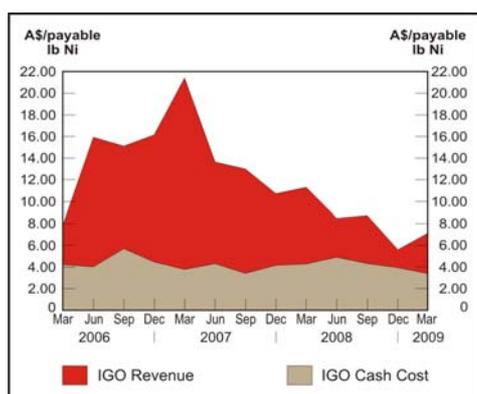
CASH AND DEBT

CASH RESERVES

- \$122.7 million cash (Dec \$113.0M).
- \$6.0 million nickel revenue in receivables net of creditors (Dec \$5.0M).
- Total cash and net receivables were \$128.7 million at the end of the quarter (Dec \$133.3M which included \$15.2M tax refund receivable).
- **Unhedged receivables have been valued using AU\$14,516/t Ni.**

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

- \$2.0 million on Long and regional exploration, including contributions to the Tropicana JV Fast Track feasibility program.
- \$1.7 million income tax payments.
- \$1.5 million purchase of exploration targeting database.
- \$2.3 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.

2008/9 EXPLORATION EXPENDITURE

\$3.3 million exploration expenditure was incurred during the quarter (YTD \$12.7 million).

HEDGING

Hedged nickel metal remaining at the date of this report was 600t at A\$18,489/t, which is scheduled to be delivered at 200 tonnes per month during 2008/9.

INVESTMENTS

MATRIX METALS LIMITED (IGO 17.7%)

IGO has 128.9 million Matrix shares which were valued at \$nil at the end of the quarter (ASX Code: MRX).

BRUMBY RESOURCES LIMITED (IGO 11.5%)

IGO has 6 million Brumby shares and 2 million listed options which were valued at \$0.3 million at the end of the quarter (ASX Codes: BMY and BMYO respectively).

MINING OPERATION

LONG NICKEL MINE IGO 100%

SAFETY

Lightning Nickel incurred no Lost Time Injuries during the quarter bringing the Frequency Rate (LTIFR) down to **3.23** for the life of the operation. Subsequent to the end of the quarter 1 Lost Time Injury has been recorded.

PRODUCTION

Production for the quarter was 55,961t at 4.42% Ni for 2,476 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stopping	16,521	t @	4.1%	Ni for	678	Ni t
Long-hole	25,910	t @	5.3%	Ni for	1,371	Ni t
Hand-held	4,977	t @	4.1%	Ni for	202	Ni t
Jumbo Development	8,553	t @	2.6%	Ni for	225	Ni t
TOTAL	55,961	t @	4.4%	Ni for	2,476	Ni t



Production was from the following areas within the mine:

Long	22,908	t @	4.6% Ni for	1,058 Ni t
McLeay	19,790	t @	3.7% Ni for	723 Ni t
Victor South	13,263	t @	5.2% Ni for	695 Ni t
TOTAL	55,961	t @	4.4% Ni for	2,476 Ni t

The budget for the quarter was 55,023t @ 3.70% Ni for 2,038 tonnes of contained metal. Production exceeded budget by:

- 1.7% increase in delivered ore tonnes
- 0.72% Ni improvement in run of mine grades (19.5% above budget)
- Resulting in a **21.5%** improvement in contained metal

A continued focus on reducing and maintaining low operating costs, combined with the delivery of high quality ore to the mill has resulted in excellent production and financial KPI's for this quarter. Some particular highlights in the quarter included:

- **30%** reduction in payable cash costs (**\$3.39** vs \$4.83/lb payable)
- OPEX costs down by 15% against budget
- The quality of ore being won in Long and Victor South
- High grade ore being won in long-hole stopes (**5.3% Ni**)
- Continued exploration success in McLeay and Moran shoots

Metal during the quarter was produced at a cash cost of A\$3.39 per payable pound of nickel, versus a budget of A\$4.83/lb.

DEVELOPMENT

CAPITAL DEVELOPMENT

A total of 286 metres of capital development was undertaken during the quarter, which was mainly in the development of exploration drilling platforms to facilitate ongoing exploration.

Single boom capital development was focused on the development of a new underground explosive magazine.

OPERATING DEVELOPMENT

A total of 594 metres of normal development was also undertaken during the quarter, of which 240m was in waste.

Development was concentrated in the following areas:

- McLeay - On the 500mRL, 520mRL, and the 545mRL production headings
- Long – 116 metres of production development occurred in Long

FOCUS FOR JUNE QUARTER

The focus for the next financial quarter will be:

- Ongoing commitment to ensure a safe workplace for all employees.
- Focus on costs and head grade to continue being a low cost producer of nickel.
- Advancement of the Moran exploration and commencement of mining studies.



EXPLORATION

Moran Definition and Extensional Drilling

After the completion of drill drive extensions, infill drilling recommenced at Moran on a 40m x 40m grid and drilling also continued testing for extensions to known mineralisation. High grade nickel sulphide mineralisation has been intersected over a 410m strike and 90m width in plan view and is open to the north (limited), south and east. Mineralisation is relatively continuous and homogeneous with widths amenable to mechanised underground mining.

Drilling will continue throughout the June Quarter to define mineralisation and test for extensions with the aim of increasing drill density to enable resource and reserve estimation once mining studies have been completed.

The Moran ultramafic lava channel is strongly mineralised on the current southernmost drill section, with drill hole LSU-179 (**17.7m @ 4.3% Ni**) intersecting matrix to massive nickel sulphide over a true width of 10.0m. The LSU-103 DHTM target lying 130m to the south of this intersection will be tested following extension of the drill drive.

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

Table 1: Long Nickel Mine – March Quarter Significant Moran Drilling Results

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-150A	547634	375333	521	-47	1	263.1	228.3	229.3	1	1.0	4.7
LSU-151	547633	375333	521	-69	3	170.3	140.2	146.23	6.03	3.3	6.9
LSU-154	547634	375334	521	-73	108	201.4	128.47	133.73	5.26	4.9	6.4
LSU-171	547610	375364	524	-50	161	172.8	129.05	135.75	6.7	4.5	3.4
LSU-179	547612	375364	525	-49	126	207.8	162.8	180.5	17.7	10.0	4.3
LSU-180	547612	375364	525	-54	126	230.5	191.4	195.4	4.0	2.6	11.9
LSU-183	547672	375353	517	-43	333	129	200.23	208.13	7.9	6.4	4.3
LSU-187	547672	375353	517	-72	350	190.7	162.7	167.2	4.5	4.5	4.7% VE
LSU-188	547672	375356	518	-72	31	186.5	189.8	197.25	7.45	5.5	5.8% VE
LSU-190	547612	375368	524	-76	74	146.4	138.3	152.7	14.4	9.0	6.0% VE

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

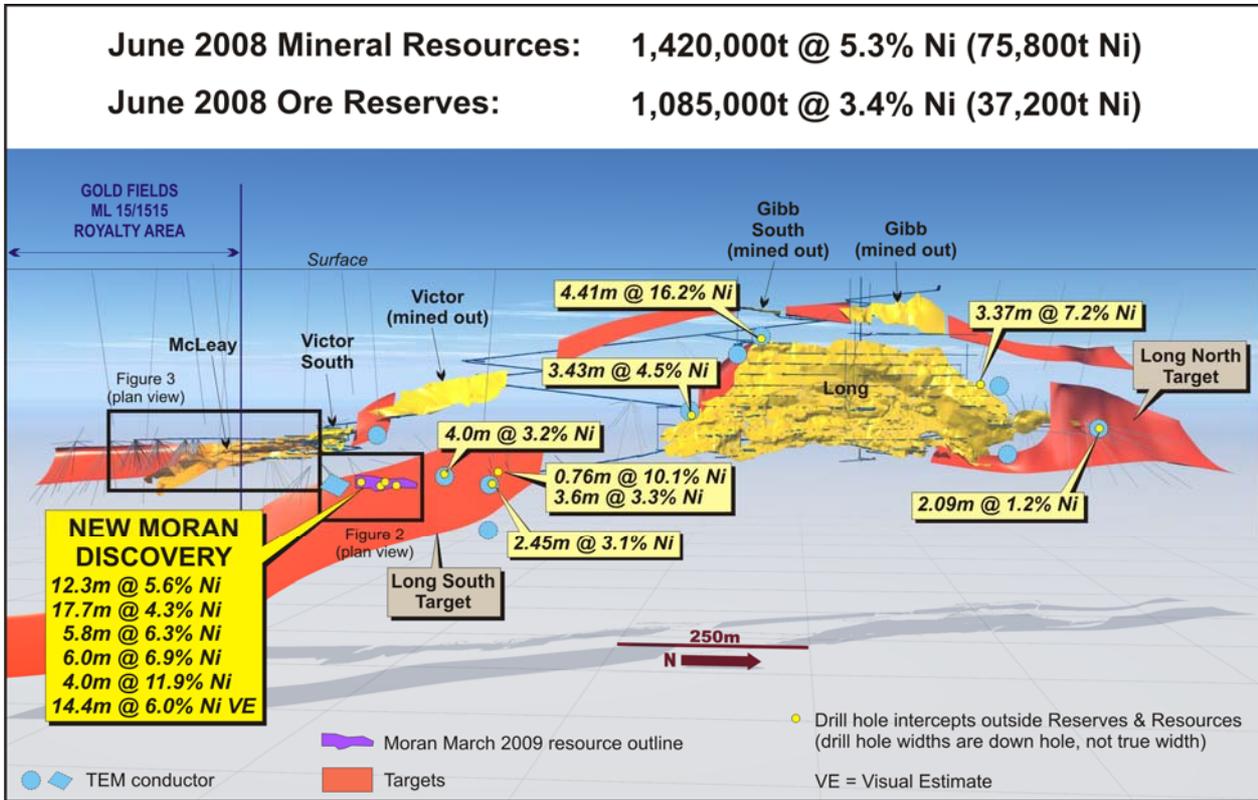


Figure 1: Long Nickel Mine - Longitudinal Projection Showing Moran Location, Target Areas, TEM Conductors, Significant Intercepts Outside Current Resources and Reserves and Figures 2 and 3 Locations

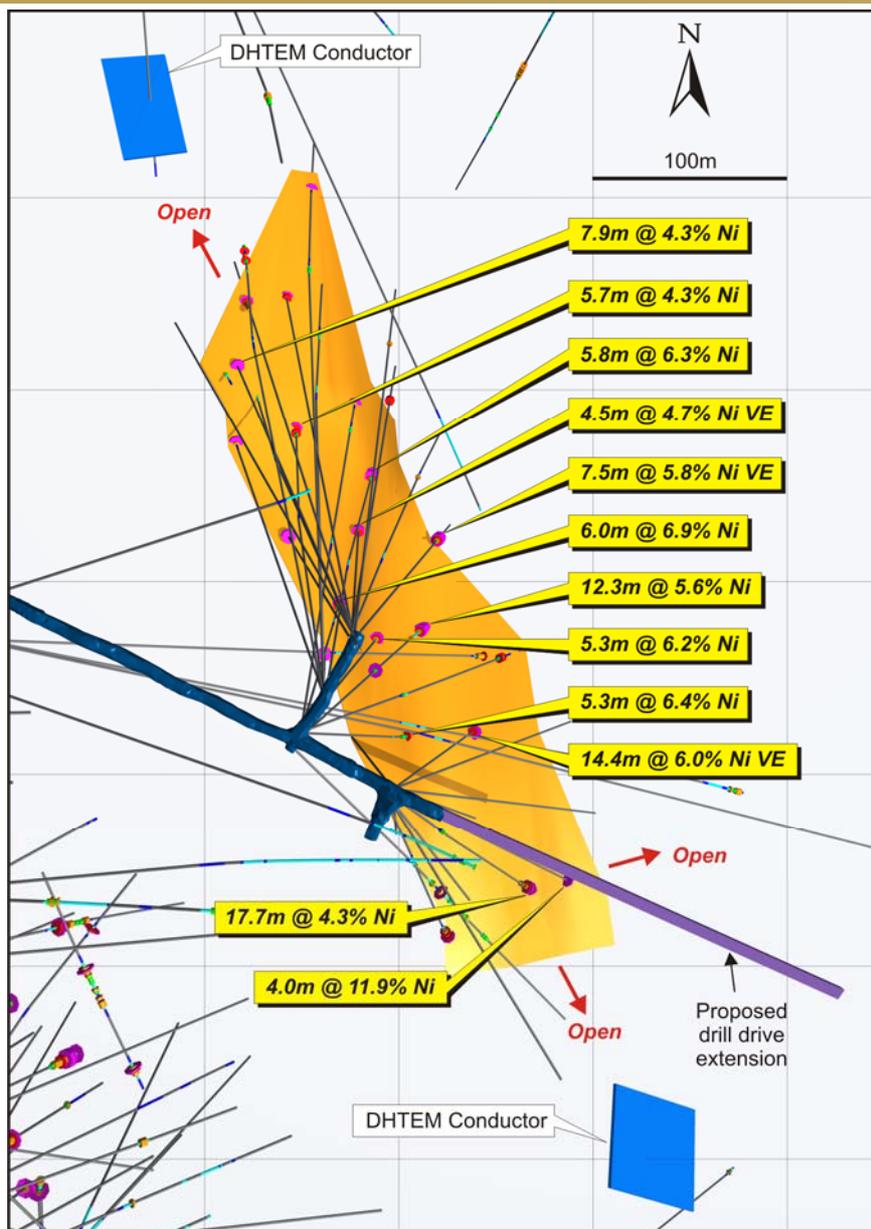


Figure 2: Moran Ore Body - Plan Showing Significant Intercepts, Mineralisation Outline, Proposed Drill Drive Extension and Untested Down-Hole TEM Anomalies

McLeay Extensional Drilling

Drilling east of Shoot 3 intersected a new mineralised surface (Shoot 6) containing massive and matrix sulphide on the eastern flank of the Shoot 3 lava channel. Intercepts including 6.8m @ 2.2% Ni and 1.5m @ 6.3% Ni are open to the south-east and north-east. These intercepts overlie an intact basalt-ultramafic contact, unlike the structurally remobilised Shoot 3 mineralisation which partially lies within the basalt footwall. These intercepts are significant, in that they represent a new surface containing primary mineralisation that lies well to the east of the main McLeay ore body trend.

A drill hole across the Shoot 3 channel intersected **29.2m @ 10.2% Ni** emphasising the high grade nature of portions of the McLeay ore body (Figure 3). The McLeay ore system has now been defined over an 800m strike length and remains open to the south-east. Significant March quarter McLeay intercepts are shown in Table 2.



Table 2: Long Nickel Mine – March Quarter Significant McLeay Drilling Results

Hole No.	Northing (m)	Easting (m)	RL (m)	Dip (degr)	Azimuth (degr)	EOH (m)	From (m)	To (m)	Width (m)	True Width (m)	Ni%
MDU-507	547074	375173	-561	-2	107	307.1	179.37	208.6	29.2	5-7	10.2
							284.03	285.53	1.5	0.5	6.3
MDU-508	547073	375173	-562	-6	116	363.3	331.45	338.25	6.8	1.5	2.2

(Intersections calculated by the specific gravity method)

The 570 drill drive is being developed to provide a platform for further drilling to test this new target. The drive will pass through Shoot 3 within the basalt footwall, and into the hanging wall. A total of 240m of development remains to be completed during the June quarter. This drill drive will also enable testing of southern extensions to the Moran lava channel.

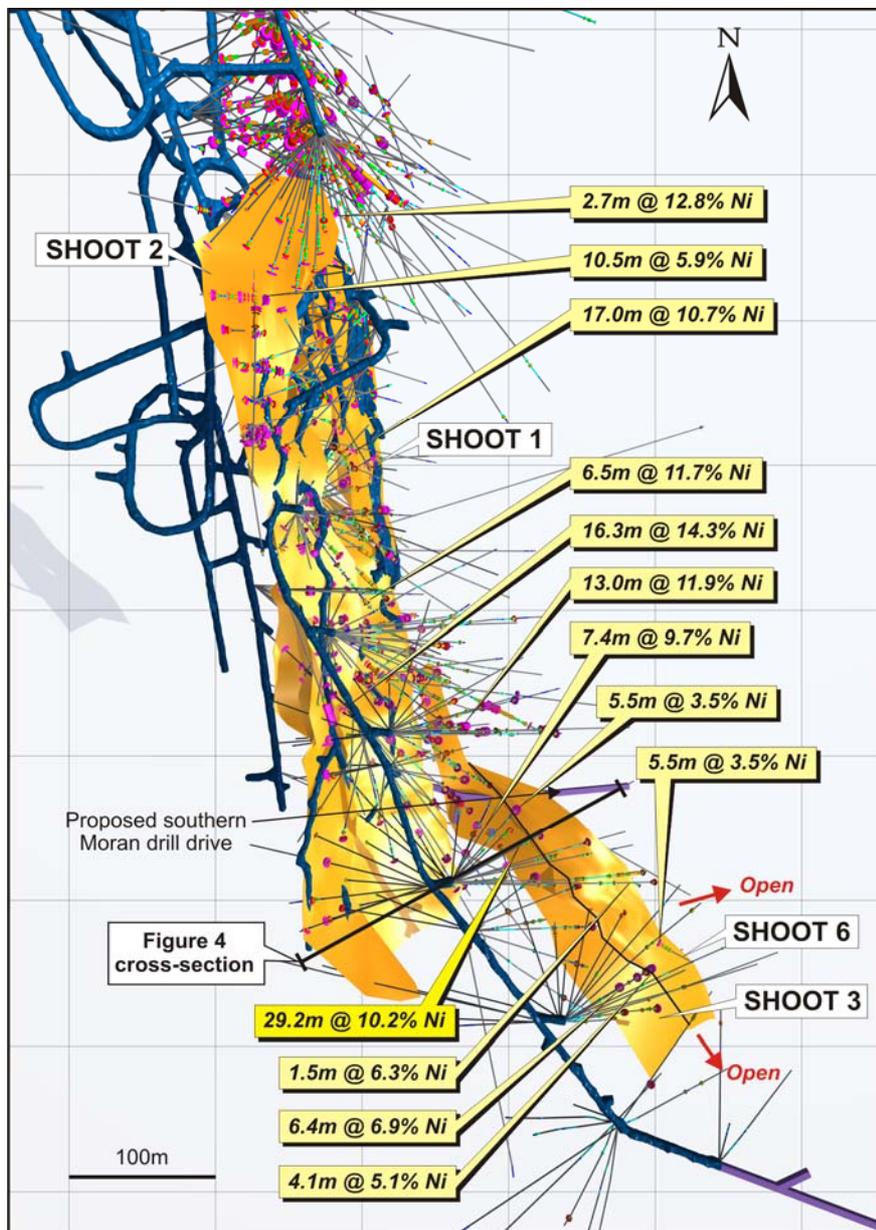


Figure 3: McLeay Ore Body - Plan Showing Significant Intercepts, Mineralisation Outline, Location of New Shoot 6 and Figure 4 Cross-Section Location

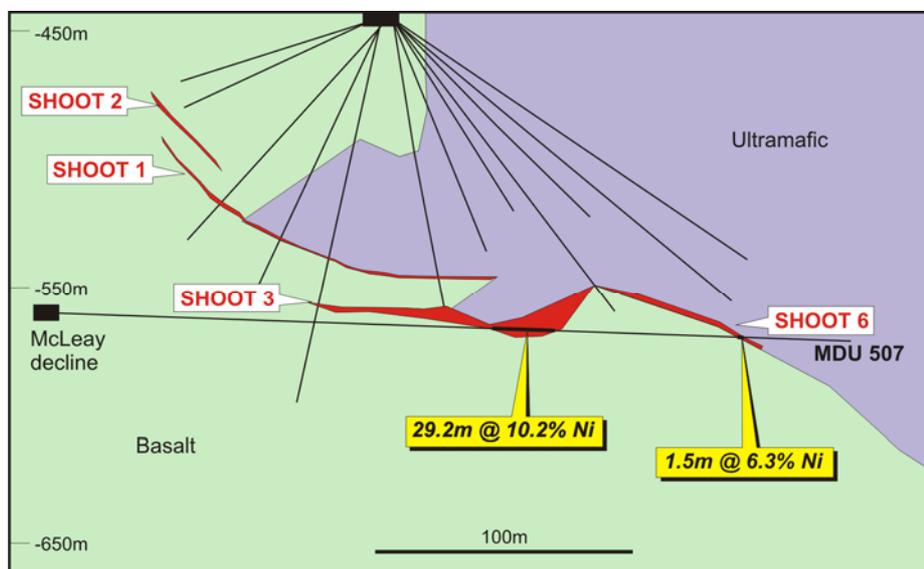


Figure 4: McLeay Ore Body – Cross-Section Showing Shoots 1, 2, 3 and 6 Locations and Significant Intercepts in Hole MDU-507

Long Seismic Survey

Interpretation of the Long South 3D seismic survey data progressed during the quarter. The ultramafic basal contact was interpreted from the seismic volume, and work has begun on using seismic attributes and automated anomaly picking algorithms to identify responses potentially related to nickel sulphide mineralisation. Confidence in the migration and depth conversion processing has been increased by the close correspondence between the locations of strong reflectors and the known positions of underground workings.



LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Mar '09 Quarter	2008/9 FY to Date	Prev. Corresp. Quarter (Mar '08)
Mining Reserve (Dry Tonnes)				
Start of Period		972,748	1,085,000	965,560
- ROM Production	1	(55,961)	(168,213)	(56,958)
End of Period		916,787	916,787	908,602
Production Details:				
Ore Mined (Dry Tonnes)	1	55,961	168,213	56,958
Ore Milled (Dry Tonnes)				
Nickel Grade (Head %)		55,961	168,213	56,958
Copper Grade (Head %)		4.42	3.88	3.60
		0.32	0.29	0.27
Metal in Ore Production (Tonnes)				
Nickel delivered	2	2,476	6,521	2,053
Copper delivered	2	179	485	156
Metal Payable IGO share (Tonnes)				
Nickel		1,497	3,933	1,232
Copper		73	196	63
Hedging				
Tonnes delivered into Hedge		600	600	600
Average Price (AU\$/t)		18,489	18,489	17,717

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)		23,148	62,869	30,907
Cash Mining/Development Costs		(7,006)	(20,791)	(7,248)
Other Cash Costs	3	(4,172)	(12,380)	(4,433)
Depreciation/Amortisation/Rehabilitation		(2,858)	(8,050)	(1,977)
Total Unit Cost Summary				
		A\$/lb Total Metal Produced	A\$/lb Total Metal Produced	A\$/lb Total Metal Produced
Cash Mining/Development Costs		1.28	1.45	1.60
Other Cash Costs	3	0.76	0.86	0.98
Depreciation/Amortisation/Rehabilitation		0.52	0.56	0.44
Revenue/Cost Summary				
		A\$/lb Payable Metal	A\$/lb Payable Metal	A\$/lb Payable Metal
Sales Revenue (incl. hedging)	4	7.02	7.25	11.38
Cash Mining/Development Costs		2.12	2.40	2.67
Other Cash Costs	3	1.27	1.43	1.63
Depreciation/Amortisation/Rehabilitation		0.87	0.93	0.73

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

Safety and Productivity

- Lost Time Injuries		0	1	1
- Medically Treated IFR		81.9	60.8	33.6
- Nickel Productivity Rate	5	83.9	83.9	71.4

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

		Metres	Metres	Metres
Development/Exploration Drilling				
Development		-	-	0
Production		2,336	3,206	1,992
Exploration		2,124	17,279	8,250
		4,460	20,485	10,242



REGIONAL GOLD EXPLORATION

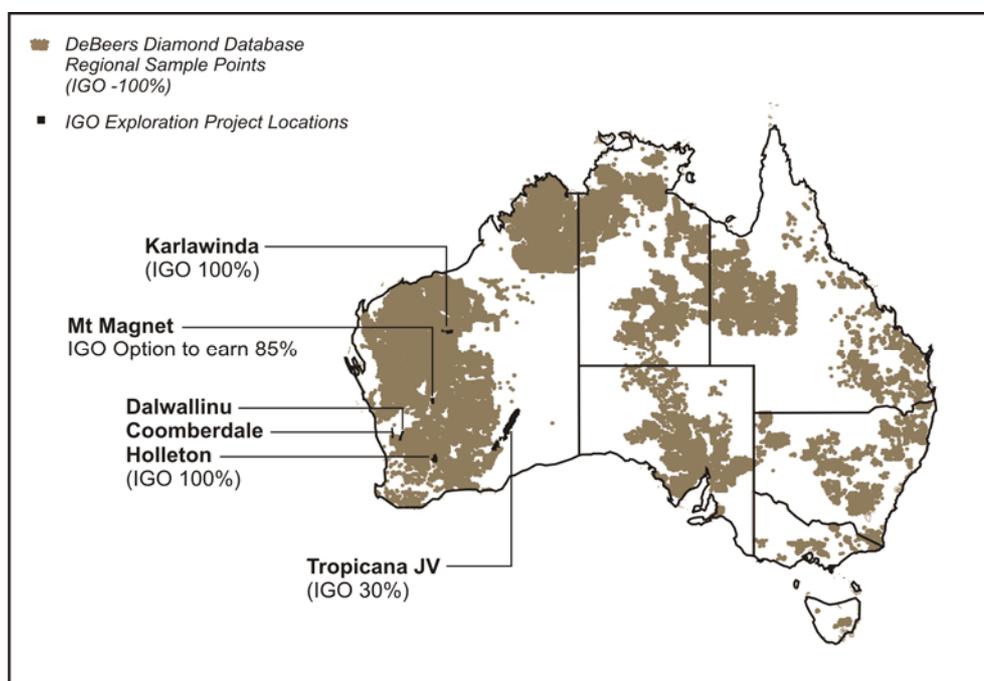


Figure 5: IGO Gold Project Locations

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

The Tropicana Joint Venture comprises approximately 13,000km² of largely unexplored tenure over a strike length of 330km along the Yilgarn Craton – Fraser Range Mobile Belt collision zone (**Figure 6**).

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, which is in the final stages of a Pre-feasibility Study examining the viability of a number of development scenarios.

Last quarter a new 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.

In addition to the pre-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

- Two life of mine schedules for two final pit design scenarios, one based on a larger optimal shell and the second on a smaller optimal shell, have been completed.
- Estimation of owner and contract mining capital and operating costs for the alternative mining options.
- Optimisation of the proposed High Pressure Grinding Roll (HPGR) – Ball Mill comminution circuit based on pilot scale testwork, with improvements to energy efficiency and recovery identified.
- The EPFS processing and engineering report was completed by Lycopodium.



- Generation of capital and operating costs estimates for diesel, natural gas and grid power options.
- The Solar Thermal Power PFS is scheduled to be completed by the end of May. The results of this PFS will form the basis of a submission to the Federal Government for a Renewable Energy Demonstration Program (REDP) grant that will facilitate a full feasibility study on the viability of the Solar Thermal Power option.
- The Pre-feasibility Study is expected to be completed in the June quarter.
- The draft Public Environmental Review document has been submitted to the Environmental Protection Authority for review. It is anticipated the final document will be available for public review mid-year.

Exploration

Exploration statistics for the quarter are summarised below:

Drill Type	Total Metres	Total Holes
AC	34,242	916
RC	7,919	50
Auger	-	2,154
Rock Chips	-	76

- Drilling continues to delineate additional mineralisation in the Havana South area, outside of pit designs developed as part of the Pre-feasibility Study. RC results returned during the quarter include **15m @ 3.1 g/t Au**, **10m @ 4.1 g/t Au** and **4m @ 4.5 g/t Au** (Table 3).

Table 3: Tropicana JV – Havana South Significant RC Drilling Results

Prospect	Hole No.	Northing (m)	Easting (m)	Azimuth (degr)	Dip (degr)	Total Depth	Depth From (m)	Depth To (m)	Intercepts
Havana South	TPRC982	6761163	649123	318	-62	140	71	90	19m @ 1.8 g/t Au
						<i>Includes</i>	73	86	13m @ 2.3 g/t Au
							103	106	3m @ 2.0 g/t Au
	TPRC995	6761021	648981	319	-61	80	38	42	4m @ 2.2 g/t Au
	TPRC1029	6761092	649194	313	-63	165	126	141	15m @ 3.1 g/t Au
	TPRC1031	6761021	649264	320	-65	200	130	140	10m @ 4.1 g/t Au
							149	161	12m @ 1.4 g/t Au
	TPRC1036	6760951	649194	326	-62	185	133	137	4m @ 2.3 g/t Au
							150	152	2m @ 3.3 g/t Au
							156	161	5m @ 2.7 g/t Au
	TPRC1039A	6760898	649169	318	-61	165	147	151	4m @ 4.5 g/t Au

RC = Reverse Circulation

(True widths yet to be determined)

- RC drilling at Screaming Lizard intercepted intensely altered and pyritic lithologies, similar to those at Tropicana. Assays are awaited.
- Drilling returned anomalous gold results at the Black Dragon and Double Vision Prospects. Significant regional RC and aircore drilling results for the quarter are presented in **Table 4**.
- Approximately 8,000 line km of aeromagnetics was flown in the northern part of the JV area to assist in regional targeting.
- IP surveys commenced on a number of regional targets to assist in drill hole targeting beneath cover.



Table 4: Tropicana JV – Significant Regional Drilling Results

Prospect	Hole No.	Northing (m)	Easting (m)	Azimuth (degr)	Dip (degr)	Total Depth (m)	Depth From (m)	Depth To (m)	Intercepts
Black Dragon	BDA189	6789463	670711	0	-90	51	0	9	9m @ 1.6 g/t Au
						<i>including</i>	0	2	2m @ 6.9 g/t Au
Double Vision	DVRC042	6772602	657162	223	-60	150	91	95	4m @ 1.2 g/t Au
	DVRC046	6772678	657094	223	-60	150	21	37	16m @ 0.6 g/t Au
	DVRC049	6772748	657026	217	-59	179	25	34	9m @ 1.1 g/t Au

A = Aircore RC = Reverse Circulation

(True widths yet to be determined)

Proposed June Quarter Programs

Pre-feasibility Study

Pre-feasibility Study activities in the June quarter will focus on:

- Completion of the Pre-feasibility Study, including financial analysis, recommendations for feasibility study and detailed engineering.
- Solar thermal power study and the Renewable Energy Demonstration (REDP) grant submission.
- Environmental approvals and stakeholder engagement.

Regional Exploration

Regional exploration will focus on locating and testing additional open pitmineralisation within economic trucking distance of the proposed Tropicana plant site. Programs will include RC and diamond drilling at Havana South and Tropicana West and RC drilling at Rusty Nail. IP, aircore and RC drilling are planned for Purple Haze. Aircore drilling is scheduled for Medusa, Angel's Kiss, Silhouette, Rusty Nail and the "southern ML's". IP is planned for the Hat Trick and Montego Bay – Zombie areas (**Figures 6 and 7**).

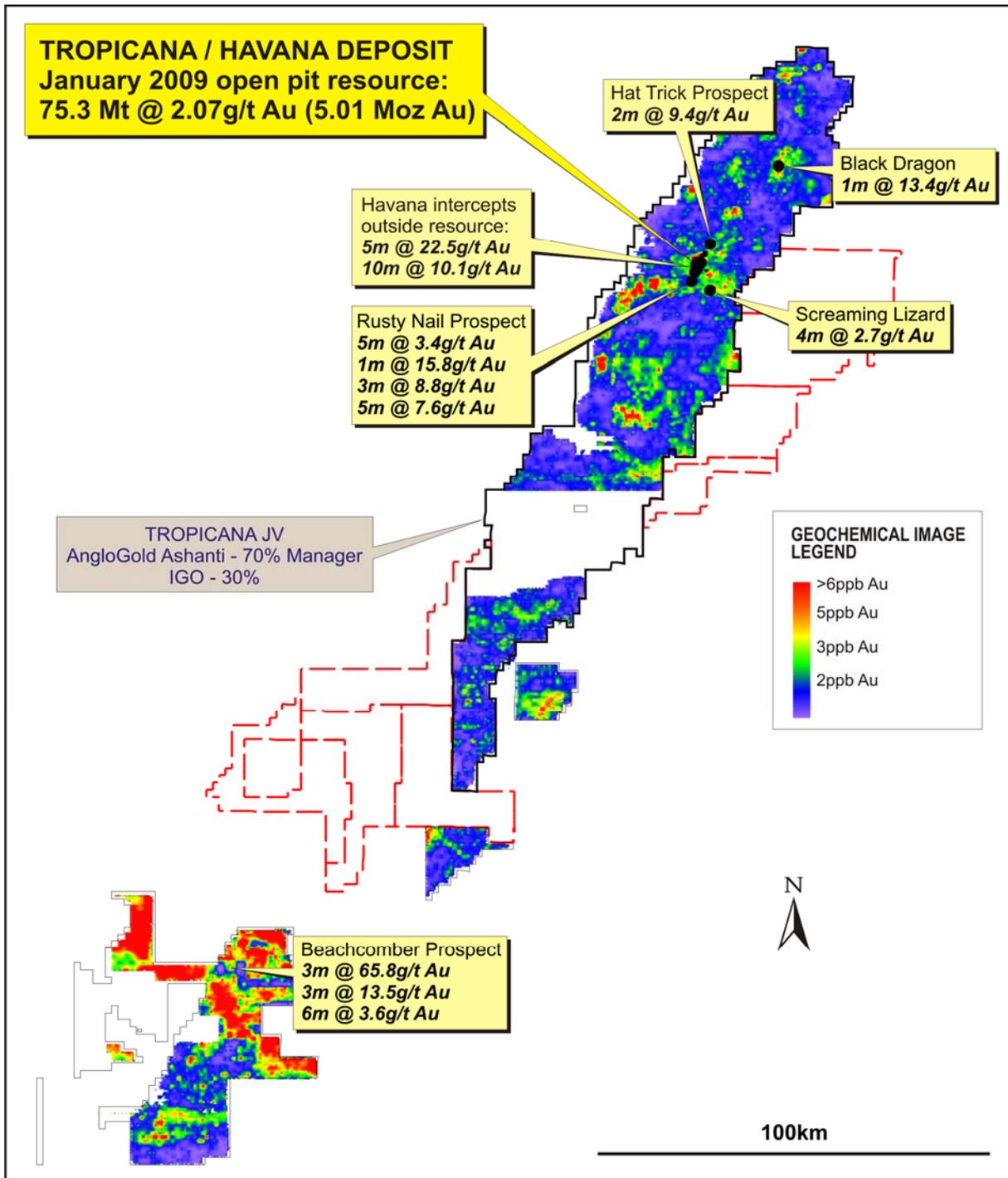


Figure 6: Tropicana JV – Tenure, Gold Geochemical Anomalies, Significant Drill Intercepts and Selected Prospect Locations

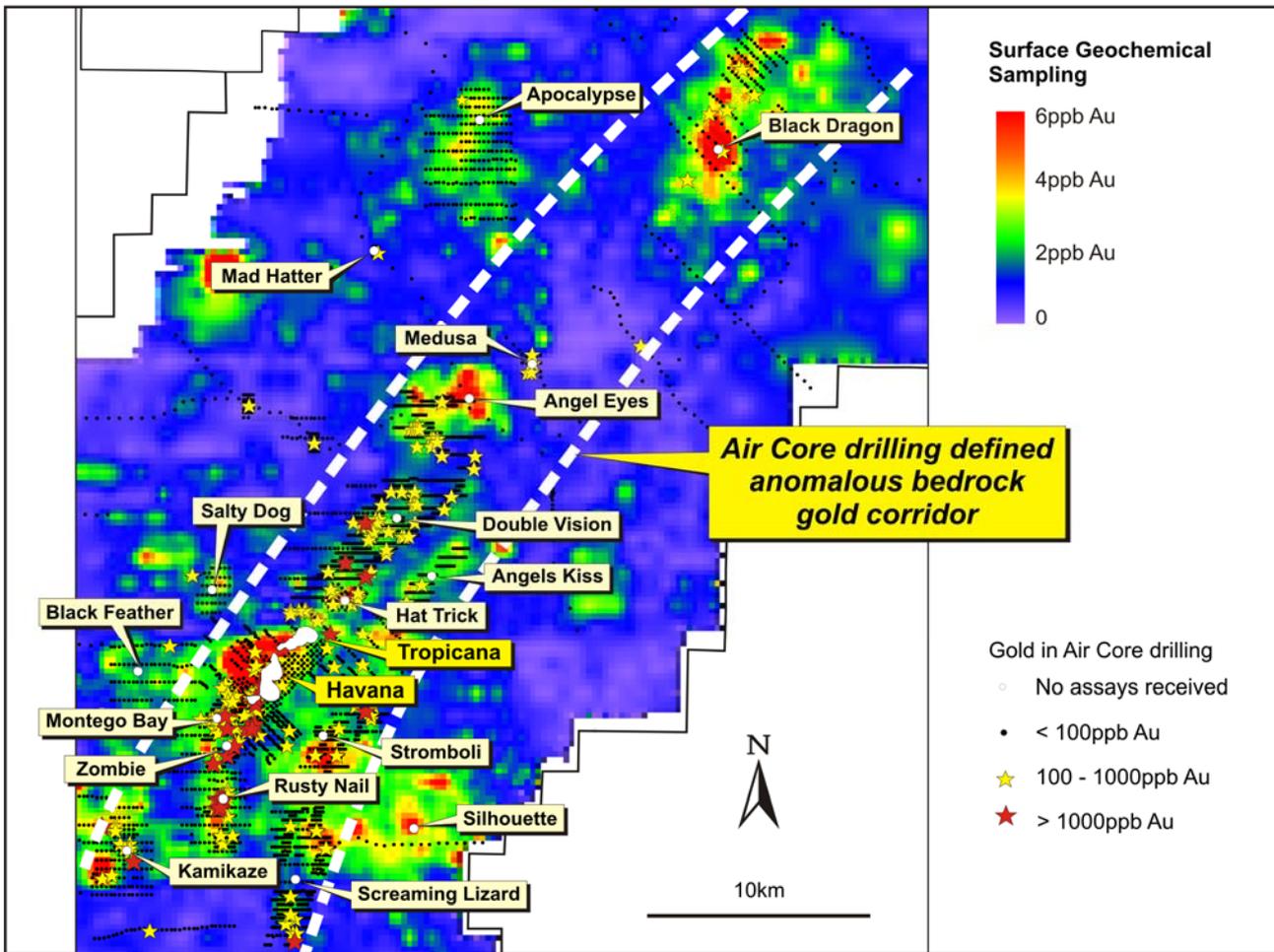


Figure 7: Tropicana JV –Prospect Locations and Regional AC Gold Anomalies in the Vicinity of the Proposed Tropicana and Havana Open Pits

KARLAWINDA
 (IGO 100%)
 BHPB – CLAWBACK RIGHTS)

The Karlawinda Project is located within the Pilbara Craton some 65km south-east of Newman, close to road and gas pipeline infrastructure.

Francopan Prospect

Based on limited drilling by WMC (now BHP Billiton) which defined gold mineralisation (including 7m @ 4.6 g/t Au and 6m @ 4.5 g/t Au) over an area of 600m x 400m at the Francopan Prospect, this project is considered to have good potential for the delineation of a significant Archaean mesothermal lode gold system.

Follow-up drilling previously announced by IGO has included intercepts up to 81m @ 1.2 g/t Au (including 15m @ 3 g/t Au) and has defined the system over a strike length of 700m and 500m down dip. High grade intercepts of **1m @ 20.3 g/t, 1m @ 18.3 g/t and 1m @ 21.8 g/t Au** may be part of the same mineralised structure horizon (Figure 8). The system remains open along strike and down dip. Subsequent work has focused on defining potential shallow extensions to the system and on similar potential mineralised systems to the north where Archaean bedrock is not obscured by cover.

Regional

Aircore drilling last quarter at the Bibra Prospect 5km north-west of Francopan highlighted a large area of supergene gold mineralisation (1km x 400m at +100ppb). An aircore drilling program to define the extents of this mineralisation and to locate a bedrock source is scheduled to commence in April.

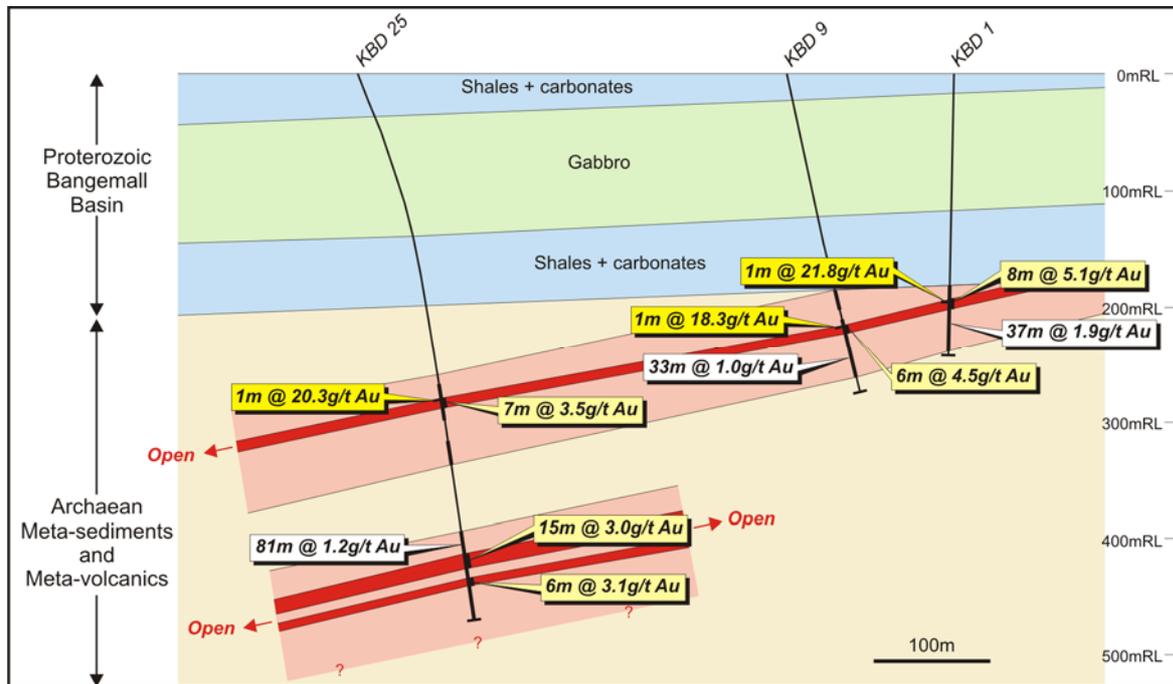


Figure 8: Karlawinda – 060 Degree Orientated Cross-Section Showing Thick Gold Alteration Zones Containing Narrow Higher Grade Intervals

**MT MAGNET JV
 (IGO OPTION TO EARN 85%)**

IGO has 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.

**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 (**Figures 5 and 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. Numerous gold and base metal anomalies are evident in the analysed dataset. It is IGO’s intention to follow-up these previously identified anomalies, as well as undertake geochemical analysis on the unanalysed samples which is highly likely to produce numerous additional anomalies.

IGO sees the acquisition of this database as an ideal way in which to apply its regional exploration expertise at a time when competitor companies are winding back activities and tenure is becoming more readily available.



Database Highlights:

- Culmination of over 30 years of exploration and expenditure in excess of \$300 million
- Over 2,300 samples in the database reporting visible gold
- 103,000 analysed geochemical samples
- 189,000 unanalysed geochemical samples
- 300,000 heavy mineral concentrates available
- 893,000 microprobes analyses
- 175 geophysical surveys covering 306,000km²

IGO has completed data normalisation and first-pass target identification on the 103,000 analysed samples. Targets will be refined and initial field checking will commence in the coming quarter. Once unanalysed samples have been ranked according to geographic and metallogenic location they will be selectively sent to laboratories for analysis.

REGIONAL BASE METAL EXPLORATION

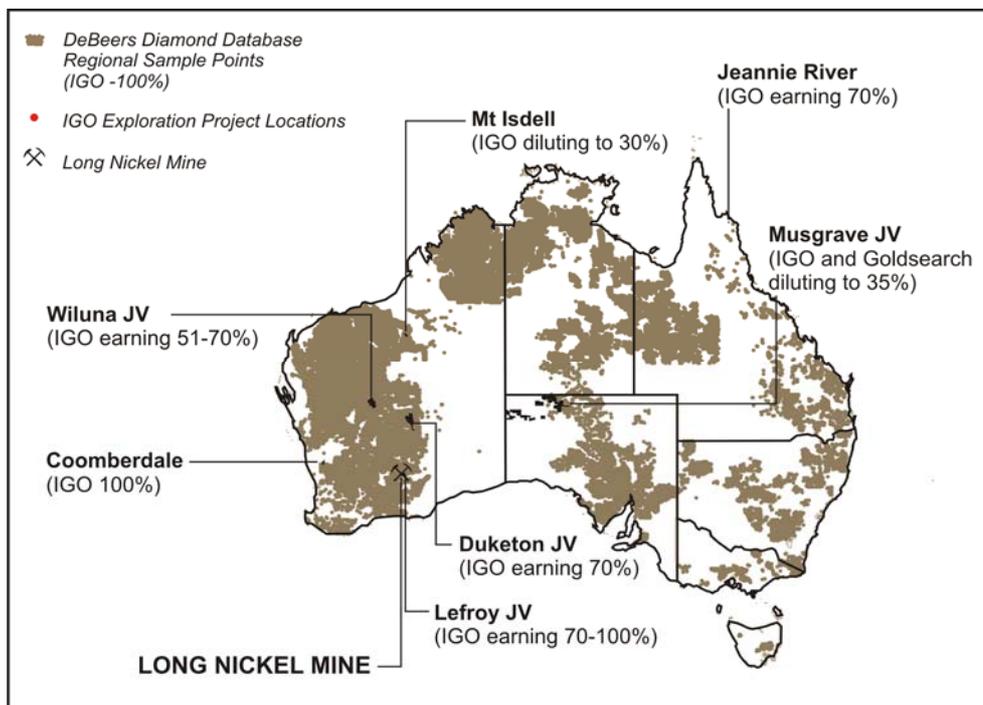


Figure 9: IGO Base Metal Project Locations

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

The Duketon Nickel JV covers approximately 60km of strike of ultramafic rich stratigraphy in the Duketon Greenstone Belt, which prior to IGO's involvement was essentially unexplored for nickel sulphide mineralisation.

The current focus is on the Bulge area, a thickened package of ultramafic stratigraphy on the western flank of the project where IGO has identified widespread disseminated Ni-Cu-PGE mineralisation containing discrete narrow higher grade zones of matrix, stringer and massive nickel sulphide (best intercept 4.5m @ 2.04% Ni; max assay 3.43% Ni).

No further drilling was completed during the quarter however a program of RC and diamond drilling is planned to test down dip/down plunge positions of the higher grade zones which in some cases are co-incident with down hole TEM conductors.



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

The Wiluna Joint Venture with Oxiana comprises a package of tenements located on the northern end of the Agnew-Wiluna Greenstone Belt. This belt is one of the most highly endowed nickel sulphide belts in the world, containing such deposits as Mt Keith, Leinster, Cosmos and Honeymoon Well.

The JV tenure covers approximately 40kms of strike of the ultramafic trend immediately north of Honeymoon Well and the Wedgetail Deposit.

A number of prospect areas are currently being evaluated.

Lake Way

The Lake Way prospect covers the buried ultramafic stratigraphy immediately north along strike from large disseminated Honeymoon Well Ni sulphide deposit + 1Mt Ni metal) and the high grade Wedgetail massive nickel sulphide deposit (1Mt @ 5.9% Ni). Conventional TEM systems are ineffective in this area due to the thick conductive overburden associated with the salt lake. An attempt was made to test the area using a sensitive caesium vapour magnetometer TEM system; however this test was also ineffective due to instrument error. Further testwork will be completed to determine the most suitable method to test this high priority target.

Other Prospects

A review of areas west of the main Wiluna ultramafic trend has highlighted three prospect areas, Freshwater Well, Ward Well and Bridal Well South, where ultramafic stratigraphy has been intersected by previous drilling or is likely to occur beneath thin cover and has yet to be tested for nickel sulphide mineralisation by TEM surveys. At Freshwater Well historic aircore drilling has intersected up to 0.21% Ni in mesocumulate ultramafic lithologies. A TEM program testing all three prospect areas commenced in April and will be completed in May.

**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.

Excalibur JV

During the quarter IGO withdrew from the Excalibur JV, forming part of the Lefroy Project, as interpretation of earlier IGO testing of the very large TEM conductor indicated that it was due to conductive interflow sediment horizons.

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. Infill TEM surveying is planned for the June quarter prior to drilling if warranted.

An aircore drilling program is planned to test potential ultramafic stratigraphy within E26/108 between Carnilya Hill and the St Alvano Prospect some 14km to the east-south-east. Both Carnilya Hill and the ultramafic rocks identified from limited drilling at St Alvano have little or no magnetic signature and hence are not readily visible in aeromagnetic images. Broad spaced aircore traverses will be completed to verify the position of the ultramafic in preparation for testing by TEM surveys for nickel sulphide mineralisation.



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 planned for the coming quarter.

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.

MUSGRAVE JV (IGO 51%/GOLDSEARCH 49% BHP BILLITON EARNING 65%)

IGO is managing exploration on the Musgrave Joint Venture, being funded by BHP Billiton, which comprises tenements and applications covering approximately 18,000km² 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.

Soil geochemical sampling and gravity surveying has delineated 10 Ni-Cu-PGE anomalous target areas. A program of TEM to detect massive sulphide mineralisation associated with geochemical/gravity anomalies has been planned but will not commence until weather conditions are suited to TEM surveying. It is anticipated that exploration will recommence in Q3 2009.

JEANNIE RIVER JV (IGO EARNING 70%)

IGO has signed a farm-in and Joint Venture Agreement with Supersorb Environmental NL to earn a 70% interest in the Jeannie River Tin Project by spending \$1.5m within three years.

The Jeannie River Project lies approximately 90km NNW of Cooktown in north Queensland and comprises a single EPM covering an area of 22km².

The target is a Renison Bell style tin dominant deposit. The project also has potential for Bolivian Porphyry style systems based on the strong polymetallic zonation.

Results of core re-sampling undertaken last year have been received and confirm the high grade tin mineralisation identified by previous explorers. Field work will commence following the wet season, likely to be in early H2 2009.



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:

Lefroy - Excalibur: Targets tested. TEM anomaly interpreted to be due to conductive interflow sediment horizons

JUNE QUARTER EXPLORATION PROGRAM

REGIONAL NICKEL EXPLORATION

Duketon: RC/diamond follow-up drilling program to test higher grade Ni-Cu-PGE mineralisation down dip at C2 prospect

Wiluna: TEM testing ultramafic stratigraphy at the Freshwater Well and Bridal Well prospect areas. Further TEM testwork at Lake Way

Musgrave: Preparation for TEM follow-up of surface geochemistry and gravity anomalies. Continued Traditional Owner liaison

Lefroy: Infill TEM at Lisa's Dune. AC testing interpreted Carnilya South - Alvano UM trend. TEM test over Yalco Prospect

REGIONAL GOLD EXPLORATION

Tropicana: Continuation of Enhanced Pre-feasibility Study over Tropicana and Havana Zones and on-going testing and identification of regional targets

Karlawinda: AC drill testing Bibra Prospect

Holleton: Commencement of first pass auger and aircore testing of covered greenstone belts

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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