INDEPENDENCE GROUP NL

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2008

GROUP HIGHLIGHTS

- **Unaudited operating profit before write offs was $5.8 million for the quarter (Sep $7.0 million).**
- **Unaudited net loss after tax for the quarter was $1.2 million** after $5.1 million write down of listed investments and $1.9 million capitalised exploration write off (Sep profit $1.3 million). This is subject to possible audit and tax adjustments. Negative adjustments to prior period nickel sales revenue have been included in the estimated profit and loss figures.
- **Unaudited $133.3 million cash and net receivables** (Sep $127.5 million).

OPERATIONS HIGHLIGHTS

- **Production** – **56,832t @ 3.6% Ni for 2,074 Ni t** (Budget 57,485t @ 3.6% for 2,056 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$3.88/lb** payable nickel (Budget A$4.58). **IGO continues to be one of the lowest cost nickel producers in Australia.**
- **New intersections extend the high grade Moran nickel deposit discovered last quarter (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 275m strike length and open to the south and east.**
- Efficiency studies are ongoing to maintain low cash costs on the mine.

EXPLORATION HIGHLIGHTS

GOLD

- Tropicana JV - **Updated open cut resource estimate of 75.3Mt @ 2.07 g/t Au (5.01 million ounces)** announced on 23 January for Tropicana and Havana. **New intercepts outside this resource model** which are expected to add to resources include **10m @ 10.1 g/t Au** and **5m @ 22.5 g/t Au** south of Havana.
  - **5m @ 7.6 g/t Au** at Rusty Nail, 100m south-east of previous intercept of 3m @ 8.8 g/t Au.
  - **1m @ 13.4 g/t Au** intercept at the Black Dragon Prospect.
- Karlawinda - 45m @ 1.5 g/t Au (including **15m @ 3.0 g/t Au**).

NICKEL

- Duketon JV - RC Drilling intersected further nickel sulphides with elevated copper and platinoid values, including:

20.2m @ 1.0% Ni
2.3m @ 2.2% Ni + 0.2% Cu + 2.1 g/t Pt + Pd
1.3m @ 2.2% Ni + 0.1% Cu + 1.5 g/t Pt + Pd
4.5m @ 2.0% Ni
1.3m @ 2.6% Ni + 0.4% Cu + 2.5 g/t Pt + Pd

CORPORATE

SHARE BUY-BACK

The on-market share buy-back was cancelled during the quarter, as the Company believes that its cash reserves should be maintained to enable IGO to take advantage of the current financial crisis to purchase assets for future growth.

AGM

All resolutions were passed on a show of hands at the AGM held on 19th November.

PROFIT AND LOSS

The estimated and unaudited net loss after tax for the quarter is $1.2 million, which was achieved after writing off exploration expenditure and the value of listed investments by $7.0 million. **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$15,730/t and are subject to possible audit adjustments.**

ISSUED CAPITAL - CURRENT

113,213,539 ordinary shares and 1,712,500 unlisted options. 0.4 million shares were bought back and cancelled under the on-market share buy-back program during the quarter. The buy-back program has ceased.

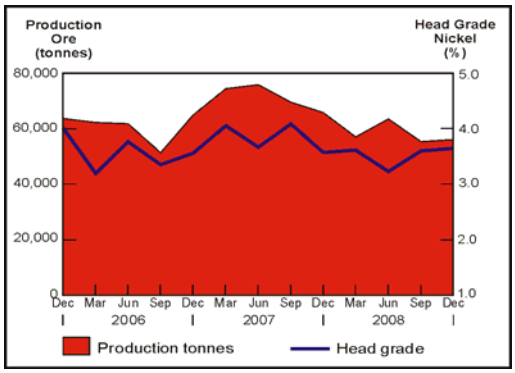
CASH AND DEBT

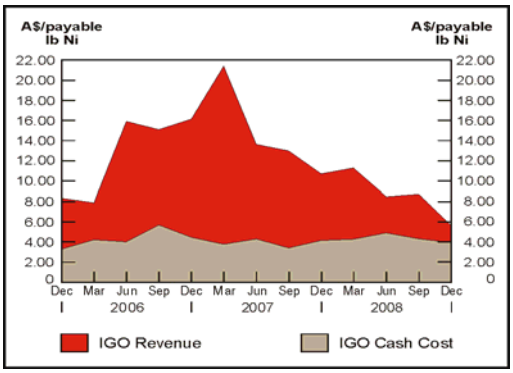
CASH RESERVES

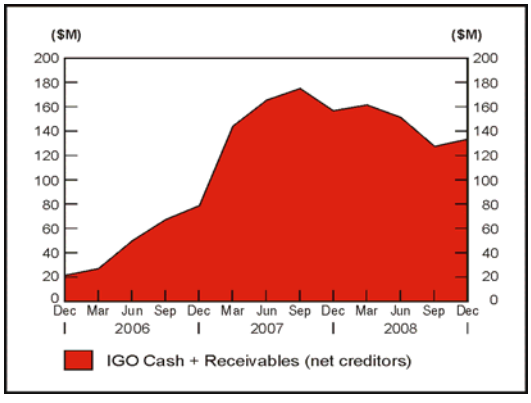
- $113.0 million cash (Sep $119.9M).
- $5.0 million nickel revenue in receivables net of creditors (Sep $7.6M).
- $15.2 million income tax refund in receivables.
- Total cash and net receivables were $133.3 million at the end of the quarter (Sep $127.5M).
- **Unhedged receivables have been valued using AU$15,730/t Ni.**

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

- $6.4 million on Long and regional exploration, including contributions to the Tropicana JV Fast Track feasibility program.
- $5.6 million income tax payments.
- $0.6 million share buy-back.







DEBT

The Company had no debt at the end of the quarter, other than $0.7 million in bank guarantee bonds.

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

$3.7 million exploration expenditure was incurred during the quarter.

HEDGING

Hedged nickel metal remaining at the date of this report was 1,200t 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).

MRX was placed into administration during the quarter and the shares have therefore been suspended from trading.

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 bring the Frequency Rate (LTIFR) down to **3.37** for the life of the operation.

PRODUCTION

Production for the quarter was 56,832t at 3.65% Ni for 2,074 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stoping	19,940	t @	3.1%	Ni for	619	Ni t
Long-hole	19,629	t @	4.4%	Ni for	857	Ni t
Hand-held	6,528	t @	3.8%	Ni for	251	Ni t
Jumbo Development	10,735	t @	3.2%	Ni for	347	Ni t
TOTAL	56,832	t @	3.6%	Ni for	2,074	Ni t

Production was from the following areas within the mine:

Long	22,710	t @	3.7%	Ni for	847	Ni t
McLeay	21,213	t @	3.5%	Ni for	738	Ni t
Victor South	12,909	t @	3.8%	Ni for	489	Ni t
TOTAL	56,832	t @	3.6%	Ni for	2,074	Ni t

The budget for the quarter was 57,485t @ 3.58% Ni for 2,056 tonnes of contained metal. Production exceeded budget by:

- Delivering a higher quality of ore to the mill than budgeted grades
- Achieving better than budgeted metal
- Focusing on unit costs to deliver metal 15% below budgeted costs.

During this difficult economical time the mine continues to deliver budgeted metal at low operating costs. Some particular highlights in the quarter included:

- Outstanding cash costs
- The quality of ore being won in long-hole stopes (averaging 4.37% Ni)
- Continued exploration success in the Moran shoot

Metal during the quarter was produced at a cash cost of A$3.88 per payable pound of nickel, versus a budget of A$4.58/lb.

DEVELOPMENT

CAPITAL DEVELOPMENT

A total of 298 metres of capital development was undertaken during the quarter, 218m as twin boom and 80m as single boom development.

The majority of capital development has been in the development of exploration drilling platforms to facilitated ongoing exploration.

Operationally, the mine requires very little capital development to facilitate the exploitation of current reserves.

OPERATING DEVELOPMENT

A total of 688 metres of normal development was also undertaken during the quarter, of which 161m were in waste and 527 metres in ore.

Development was concentrated in the following areas:

- McLeay - On the 460mRL, 500mRL, 540mRL and the 545mRL production headings.
- Long – 225 metres of production development occurred in Long, which included 110m in ore.

FOCUS FOR MARCH 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.
- Continuing to adapt the business to deal with the current low metal price environment.

EXPLORATION

Moran Definition and Extensional Drilling

Definition and extensional drilling of the new Moran deposit (1.4km south of the Long ore body – **Figure 1**) commenced in October, following development of the Moran drill drive to provide access for drilling.

A total of 11 holes were drilled on an 80m × 40m grid. The majority of these holes were DHTEM surveyed using the high-powered transmitter and Long South underground loop to support the structural interpretation and test for extensions.

Significant drilling results are shown in **Table 1**.

Table 1: Long Nickel Mine – New 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-155	547630	375329	-521	-33	140	223.4	107.7	107.9	0.20	0.2	8.8%
LSU-159	547649	375342	-521	-33	353	343.4	303.94	304.53	0.59	0.5	7.0%
LSU-162	547650	375342	-520	-50	341	241.1	195.5	201.2	5.70	5.0	4.3%
LSU-163	547649	375343	-520	-56	0	252.5	192.5	198.27	5.77	5.0	6.3%
LSU-165	547649	375341	-520	-82	316	177.1	116.35	119.8	3.45	3.0	1.9%
LSU-166	547649	375344	-520	-80	28	195.1	135.47	140.8	5.33	5.0	6.1%
LSU-171	547610	375364	-524	-50	161	172.8	134.75	135.75	1.0	1.0	*13% VE*
LSU-177	547650	375342	-520	-33	343	303.7	256.17	259.8	3.63	3.5	1.0%
LSU-178	547649	375343	-520	-45	334	209.8	177	178.1	1.1	1.0	12.6%
LSU-179	547612	375364	-525	-49	126	207.8	162.35	178.55	16.2	10.0	*3.5% VE*

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

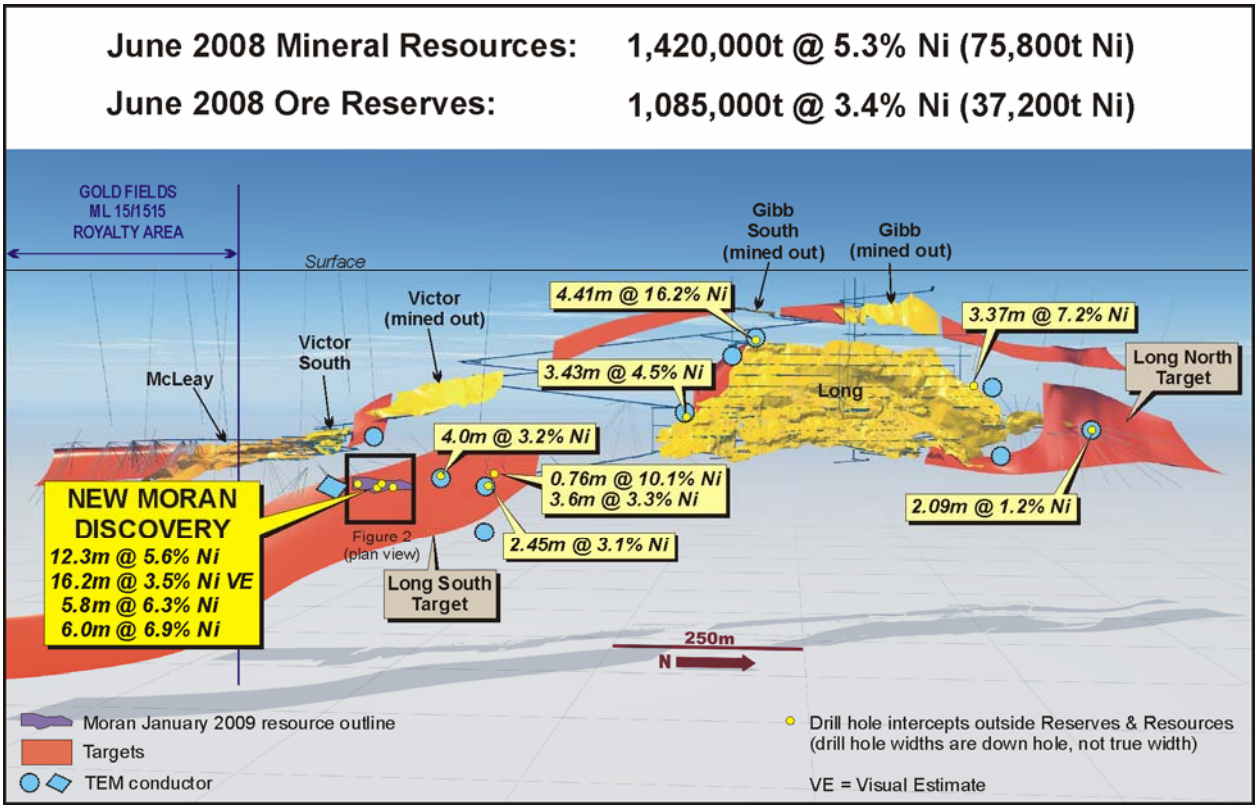


Figure 1: Long Nickel Mine - Longitudinal Projection Showing Moran Location, Target Areas, TEM Conductors, Significant Intercepts Outside Current Resources and Reserves and Figure 2 Location

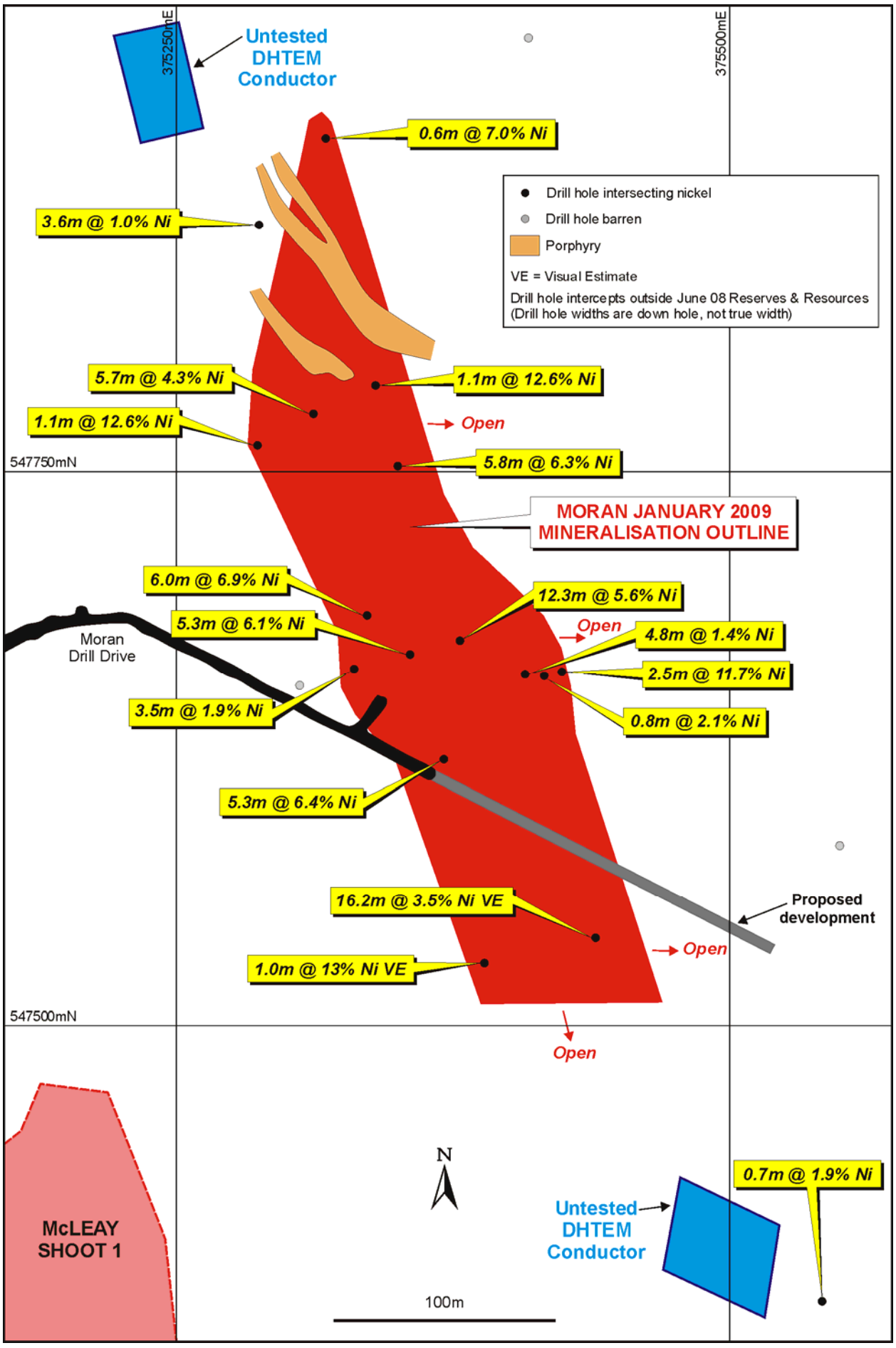


Figure 2: Moran Discovery - Plan Showing Significant Intercepts, Mineralisation Outline, Proposed Drill Drive Extension and Untested Down-Hole TEM Anomalies

Drilling has defined a thick profile of massive and matrix sulphides in the centre of the interpreted lava channel (**Figure 2**). Narrow zones of high-grade massive sulphides in structurally remobilised basal-basalt pinch-outs were intersected on both edges of the komatiite channel.

The combined interpretation of geology and DHTEM data indicates that the mineralisation drilled to date has dimensions of approximately 275m strike length and 50 to 60m width. The Moran ore appears to have excellent continuity, with only two thin porphyry intrusive bodies stoping out the nickel sulphides in the northern margins of the ore body. Importantly, the mineralised zone is open to the south and east.

A strong conductor interpreted to lie close to hole LSU-103 south of Moran remains untested. This target is located approximately 150m from the southern limit of the currently defined Moran deposit, and appears to occupy the same interpreted lava channel. Drill testing will be completed next quarter when drive development provides a suitable site for the hole collar.

Long North 07 Shoot

Extensional drilling completed during the quarter targeting mineralisation above the existing resource was ineffective. Holes LG137-036 and LG137-038 intersected porphyry intrusive rocks in the footwall and the contact remains untested. Strong potential for extensions to the 13-7 ore exists up dip, down dip and to the north.

The 50m drill drive development was not completed last quarter due to the exploration focus on Moran.

DHTEM surveying to test for potential target conductors near LG137-036 and LG137-038 is planned for next quarter.

McLeay Extensional Drilling

Drilling continued targeting the eastern pinch out zone of McLeay Shoot 1 and northern pinch out zone of McLeay Shoot 3. Two of these holes intersected mineralisation in footwall basalt as follows:

Shoot 1 - MDU-473 - **1.4m** @ **10.4% Ni** from 111m (1m true width)

Shoot 3 - MDU-476 - **2.8m** @ **7.0% Ni** from 51m (2m true width)

A new drill drive extending eastwards from the 560 access drive will be completed next quarter to provide an improved platform for testing southern extensions of the McLeay and Moran ore bodies.

Long Seismic Survey

Curtin University completed processing of the Long South 3D seismic survey in December. Interpretation of the data has commenced.

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Dec '08 Quarter	2008/9 FY to Date	*Prev. Corresp. Quarter (Dec '07)*
Mining Reserve (Dry Tonnes)				
Start of Period		1,029,580	1,085,000	*1,031,438*
- ROM Production	1	(56,832)	(112,252)	*(65,878)*
End of Period		972,748	972,748	*965,560*
Production Details:				
Ore Mined (Dry Tonnes)	1	56,832	112,252	*65,878*
Ore Milled (Dry Tonnes)		56,832	112,252	*65,878*
Nickel Grade (Head %)		3.65	3.60	*3.56*
Copper Grade (Head %)		0.27	0.27	*0.27*
Metal in Ore Production (Tonnes)				
Nickel delivered	2	2,074	4,045	*2,343*
Copper delivered	2	152	306	*177*
Metal Payable IGO share (Tonnes)				
Nickel		1,254	2,436	*1,407*
Copper		61	123	*72*
Hedging				
Tonnes delivered into Hedge		600	600	*600*
Average Price (AU$/t)		18,489	18,489	*17,451*

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$'000's***
Sales Revenue (incl. hedging)		15,413	22,789	*33,045*
Cash Mining/Development Costs		(6,552)	(7,233)	*(7,971)*
Other Cash Costs	3	(4,175)	(4,033)	*(4915)*
Depreciation/Amortisation/Rehabilitation		(2,386)	(2,256)	*(2,285)*
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***
Cash Mining/Development Costs		1.43	1.55	*1.54*
Other Cash Costs	3	0.91	0.92	*0.95*
Depreciation/Amortisation/Rehabilitation		0.52	0.52	*0.44*
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	***A$/lb Payable Metal***
Sales Revenue (incl. hedging)	4	5.58	7.12	*10.66*
Cash Mining/Development Costs		2.37	2.57	*2.57*
Other Cash Costs	3	1.51	1.53	*1.59*
Depreciation/Amortisation/Rehabilitation		0.86	0.86	*0.74*

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		1	1	*0*
- Medically Treated IFR		40.8	50.9	*60.0*
- Nickel Productivity Rate	5	71.5	95.4	*79.4*

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

Development/Exploration Drilling	**Metres**	**Metres**	***Metres***
Development	-	-	*76*
Production	245	870	*2,100*
Exploration	5,927	15,155	*6,092*
	6,172	16,025	*8,268*

REGIONAL GOLD EXPLORATION

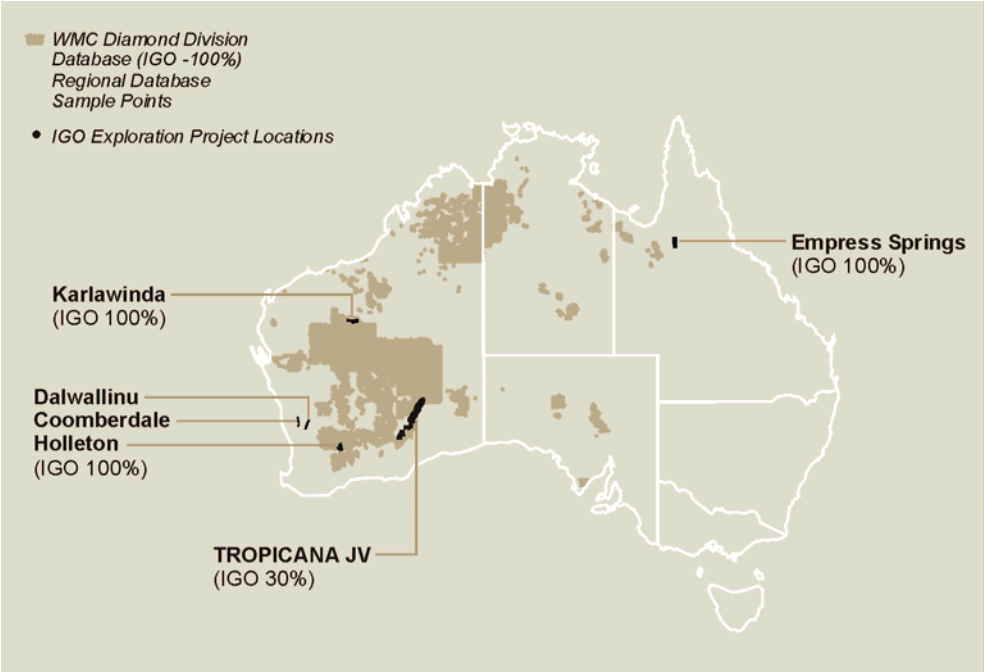


Figure 3: IGO Gold Project Locations

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

The Tropicana Joint Venture comprises approximately 12,500km^2 of largely unexplored tenure over a strike length of 330km along the Yilgarn Craton – Fraser Range Mobile Belt collision zone.

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 Prospect, 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.

In addition to the high level of activity at the Tropicana Prospect, surface sampling and follow up drilling are continuing at a number of priority regional locations throughout the joint venture area.

Highlights during the quarter

Tropicana/Havana

- A new resource estimate has been completed which takes into account drilling completed between November 2007 and November 2008.
- **The new JORC-code compliant resource estimate based on a gold price of A$1,250/oz increased from 4.05Moz to 5.01Moz at a higher head grade as follows**:

Tropicana/Havana Zones			
Classification	**Tonnes (millions)**	**Grade g/t Au**	**Ounces (millions)**
Measured	**19.9**	**2.38**	**1.53**
Indicated	**31.0**	**2.06**	**2.06**
Inferred	**24.3**	**1.83**	**1.43**
Total	**75.3**	**2.07**	**5.01**

Refer to ASX release of 23 January 2009 for further details.

Regional Exploration

- New RC intersections at the southern end of Havana but outside of the conceptual pit shell are likely to add further ounces to the resource **(Figure 4)**. Best intersections include:
  - **10m @ 10.10 g/t Au** from 139m in TPRC991
  - **10m @ 3.74 g/t Au** from 101m in TPRC990
  - **5m @ 22.45 g/t Au** from 120m in TPRC990
  - **8m @ 3.44 g/t Au** from 290m in TPD360A
- Encouraging RC results returned from Rusty Nail approximately 4km south of Havana included **5m @ 7.64 g/t Au** from 40m in RNRC016 (**Figure 5**).

Tropicana Pre-feasibility Study

AngloGold Ashanti continued to make good progress on the Pre-Feasibility Study which is now expected to be completed in the June quarter.

The key focus during the quarter was on completing the updated resource estimation. Other activities included:

- A review of the various power supply options available with a particular focus on a solar-thermal alternative. A scope of work for this study has been developed with the preferred supplier.
- Commencement of updated mine design and financial analysis taking into account the upgraded resource base.
- Commissioning of a Greenhouse Gas Emission Assessment.
- Submission of an Environmental Scoping document to EPA for the Tropicana Gold Project.

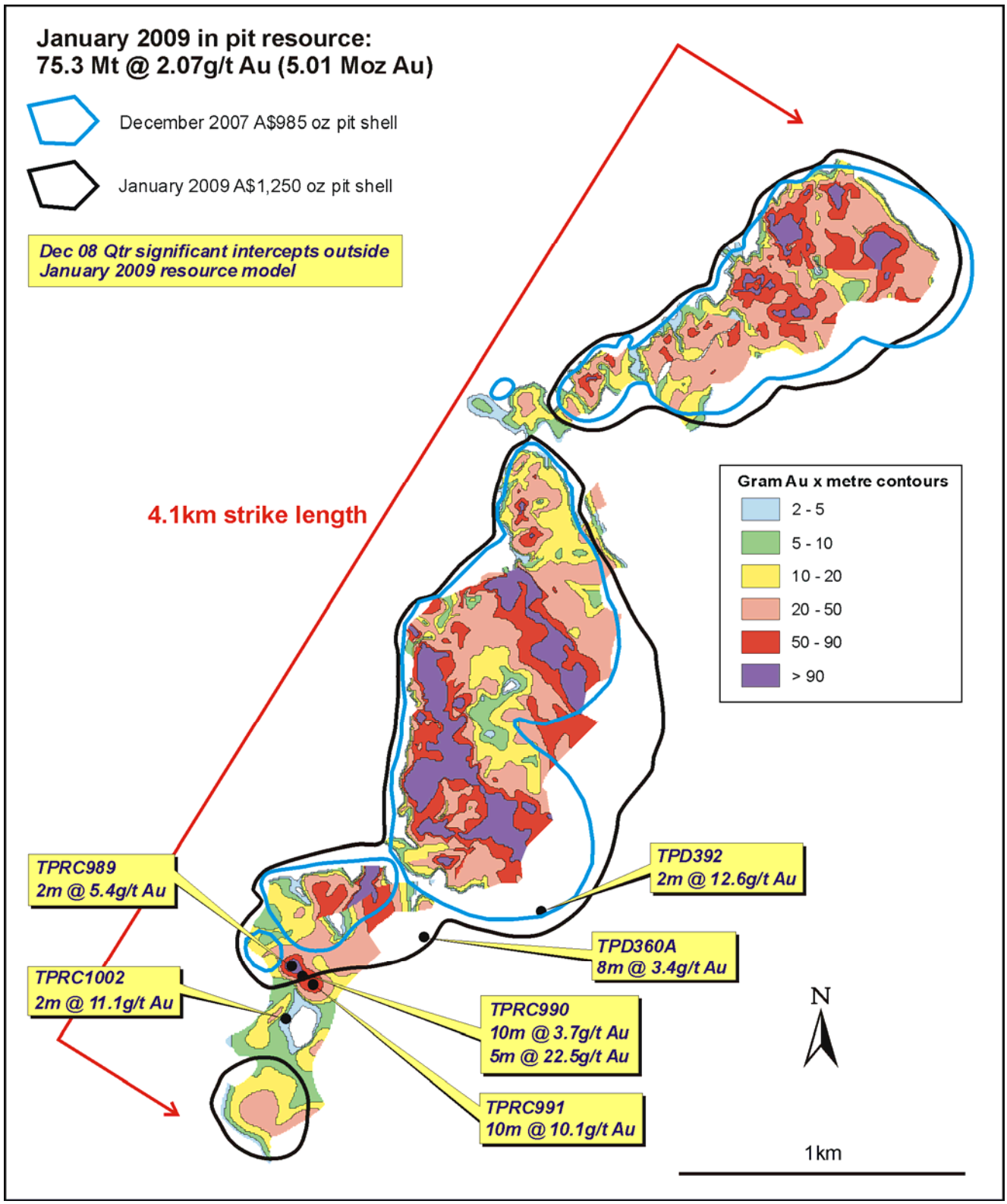


Figure 4: Tropicana JV – Tropicana-Havana Prospect Plan Showing g/t Au x Thickness (m) Contours, A$1,250/oz Au Pit Outlines and New Significant Intercepts Outside Current Havana Pit Shell

Regional Exploration

Regional exploration during the quarter included the completion of 12,624 auger samples, 29,209m of RAB and aircore drilling and 13,752m of reverse circulation drilling.

Auger

A number of auger anomalies on the northern tenements were infilled and sampling programs were extended in the Tropicana West tenement as well as to the north, west and east of Tropicana.

Aircore

Aircore drilling was completed at Beachcomber South, Brass Monkey, Southern Mining Leases and Silhouette. A number of targets were generated which are currently being assessed.

RC

RC drilling was completed between Havana South and Crouching Tiger, at Rusty Nail, Zombie and Black Dragon. A list of all significant intercepts from RC drilling during the quarter is provided in **Table 2**.

Several significant intercepts were returned from Havana South with best results including:

- **10m @ 3.7 g/t Au** from 101m and **5m @ 22.5 g/t Au** from 120m in TPRC990
- **10m @ 10.1 g/t Au** from 139m in TPRC991

Numerous intersections are proximal to, but fall outside of, the newly optimised pit shell. However, the results were not received in time to be incorporated into the new resource estimate.

This region is considered to have high potential to add significant ounces to the project.

Encouraging results were returned from Rusty Nail 4km south of Havana including **5m @ 7.64 g/t Au** from 40m in RNRC016. This mineralisation is located 100m south-east of an intersection of **3m @ 8.80 g/t Au** reported last quarter and is associated with a thick interval of quartz veining.

A total of 22 holes testing three target areas were completed at the Black Dragon prospect.

RC testing of the central target, where high-grade rock chips (max 575 g/t Au) associated with a hematitic breccia were sampled over an area of 250m by 250m, did not intersect the prospective hematitic breccia at depth. However assay results did indicate the presence of narrow intervals of gold within these drill holes (BDRC010 peak of 1m @ 2.48 g/t Au and BDRC003 peak of 1m @ 1.17 g/t Au). A thorough review of the target and drilling results is being performed.

Drilling at the southern Black Dragon RC target returned two significant intercepts of **2m @ 2.42 g/t Au from 146m** in hole BDRC020 and **1m @ 13.4 g/t Au at 148m** in hole BDRC021 (**Figure 5**).

Table 2: Tropicana JV - Significant Drilling Results

Hole No.	Easting (m)	Northing (m)	RL (m)	Azimuth (degr)	Dip (degr)	E.O.H. (m)	From (m)	To (m)	Intercepts
Havana South									
TPD360A	6761155	649543	361	323	-62	310	290	298	**8m @ 3.4 g/t Au**
TPD392	6761249	649952	366	328	-61	361	277	279	**2m @ 12.6 g/t Au**
TPRX1002	6760869	649063	357	318	-59	141	79	81	**2m @ 11.1 g/t Au**
TPRC907D	6761231	649475	361	327	-60	268	146	157	11m @ 1.1 g/t Au
							202	210	8m @ 1.3 g/t Au
TPRC988	6761092	649051	352	309	-62	150	47	52	5m @ 2.0 g/t Au
							68	73	5m @ 2.4 g/t Au
TPRC989	6761058	649086	352	313	-61	150	49	59	10m @ 1.1 g/t Au
							87	93	6m @ 1.7 g/t Au
							107	109	2m @ 5.4 g/t Au
TPRC990	6761018	649119	353	315	-61	149	101	111	**10m @ 3.7 g/t Au**
						Includes	102	110	8m @ 4.5 g/t Au
							120	125	**5m @ 22.4 g/t Au**
TPRC991	6760986	649156	353	319	-64	155	98	105	7m @ 1.1 g/t Au
							139	149	**10m @ 10.1 g/t Au**
						Includes	142	148	**6m @ 16.3 g/t Au**
TPRC992	6761104	648951	351	314	-61	105	32	41	9m @ 1.6 g/t Au
TPRC993	6761043	649021	352	309	-63	120	36	45	9m @ 1.0 g/t Au
Rusty Nail									
RNRC016	6756218	647429	378	315	-60	180	40	45	**5m @ 7.6 g/t Au**
Black Dragon									
BDRC020	6786122	669738	363	313	-55	150	146	148	2m @ 2.4 g/t Au
BDRC021	6785980	669879	361	313	-55	150	147	148	**1m @ 13.4 g/t Au**
Crouching Tiger									
CTRC012	6759961	648981	373	303	-60	150	70	72	2m @ 2.6 g/t Au
Screaming Lizard									
SLRC001	6754200	652150	349	90	-60	150	47	51	4m @ 2.7 g/t Au
							57	59	2m @ 1.3 g/t Au
							145	149	4m @ 1.9 g/t Au
Zombie									
ZBRC022	6759006	648311	362	302	-60	150	91	95	4m @ 2.7 g/t Au

(True widths yet to be determined)

Proposed March Quarter Programs

Pre-feasibility Study

Pre-feasibility Study activities during the coming quarter will focus on:

- Revised open cut designs and mine scheduling
- Examining power generation options
- Financial optimisation studies
- Environmental studies and approvals
- Infrastructure conceptual design work
- Stakeholder engagement

Regional Exploration

Regional exploration will focus on locating and testing additional open pittable mineralisation within economic trucking distance of the proposed Tropicana plant site.

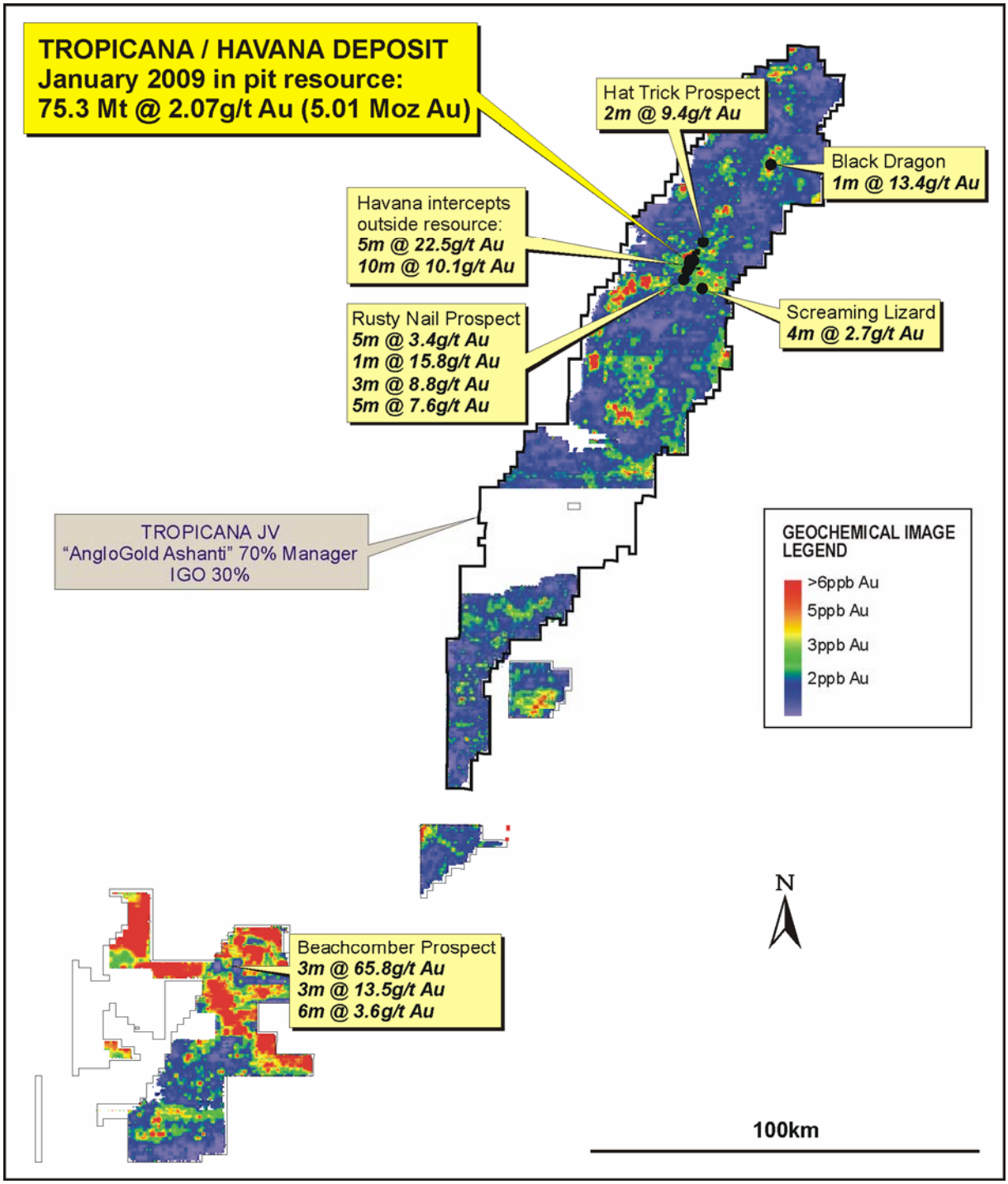


Figure 5: Tropicana JV – Tenure, Gold Geochemical Anomalies, Significant Drill Intercepts and Prospect Locations

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.

Last quarter IGO completed a 3 hole diamond drilling program. Assay results have now been received and **KBD25 returned a very broad intercept of 45m @ 1.5 g/t Au from 408m (including 15m @ 3 g/t Au)**.

This is the strongest intersection so far recorded at Francopan. Significantly this intercept was within a mafic amphibolite package which is interpreted to be the footwall to the main Francopan host metasedimentary package. This footwall package has not been directly targeted to date and is likely to be the focus of future testing.

Regional

A program of maglag geochemical sampling at the Bibra Prospect (5km north-west of Francopan) has highlighted a strong gold anomaly covering 1,000m x 600m (10ppb contour). A second smaller anomaly (peak 49ppb) occurs 3km to the east of the main anomaly and is coincident with a small window of residual regolith within an alluvial flood plain. Both anomalies were tested by a program of aircore drilling late in the quarter.

Three lines of aircore drilled across the western anomaly intersected shallow broad supergene gold mineralisation (>100ppb), over three 500m spaced traverses over a width of 400m. This anomaly remains open along strike in both directions.

A single traverse across the eastern anomaly also intersected supergene gold anomalism.

This very widespread anomalism from first pass wide spaced aircore drilling provides encouragement that the Bibra Prospect has the potential to host a significant gold system.

DALWALLINU (IGO 100%)

The small high grade zone of mineralisation defined by IGO at the Pithara prospect has been sold to a consortium that intends to commence a small mining operation in H1 2009. IGO retains a royalty and 60% clawback right should resources in excess of 100,000oz be defined. IGO also retains a small exploration licence containing numerous anomalies surrounding the intended operation.

REGIONAL BASE METAL EXPLORATION

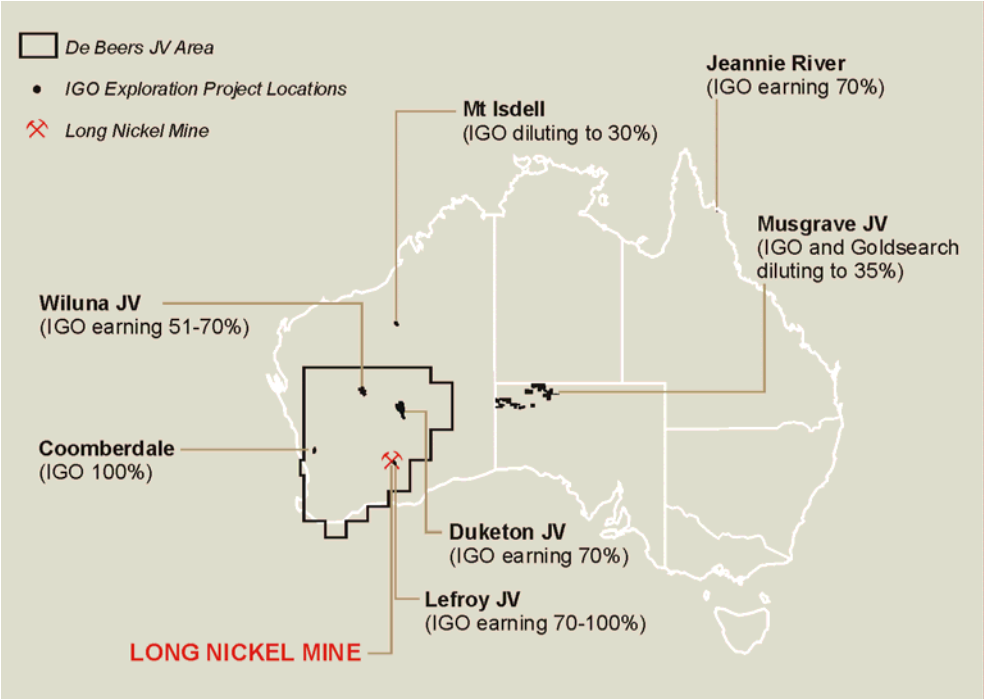


Figure 6: IGO Base Metal Project Locations

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. The majority of work during the quarter focused on the Bulge area, a thickened package of ultramafic stratigraphy on the western flank of the project where previous work by IGO has identified widespread disseminated Ni-Cu-PGE mineralisation.

Diamond drilling at the C2 prospect at the northern end of the Bulge ultramafic returned the following results:

Table 3: Duketon JV – Bulge C2 Prospect Significant Nickel, Copper, Platinum and Palladium Drilling Results

HOLE NO.	EASTING (M)	NORTHING (M)	RL (M)	AZIMUTH (DEGR)	DIP (DEGR)	E.O.H. (M)	FROM (M)	TO (M)	INTERVAL (M)	TRUE WIDTH (M)	NI (%)	CU (%)	PT+PD (G/T)
TBDD071	401078	6945400	550	270	-56	393	159.84	180.00	20.16	16.00	0.98	0.04	0.08
includes							159.84	167.00	7.16	5.68	1.16	0.05	0.08
includes							171.08	171.69	0.61	0.48	1.21	0.04	0.14
includes							175.00	177.15	2.15	1.98	1.25	0.04	0.09
							189.00	193.06	4.06	4.00	0.46	0.02	0.03
							248.89	263.00	14.11	14.00	0.96	0.07	0.75
includes							248.89	251.15	2.26	2.24	2.23	0.20	2.10
includes							254.78	256.11	1.33	1.32	2.20	0.13	1.54
							267.33	271.83	4.50	4.46	2.04	0.04	0.36
TBDD073	401045	6945500	550	270	-61	372	200.00	223.00	23.00	14.00	0.66	0.05	0.45
includes							200.00	204.00	4.00	2.43	1.31	0.19	1.36
includes							202.00	203.27	1.27	0.77	2.56	0.39	2.46
includes							213.00	223.00	10.00	6.09	0.57	0.02	0.10
includes							214.00	215.00	1.00	0.61	1.40	0.06	0.14

TBDD0071 - Intersections calculated by the length weighted method
TBDD0073 - Intersections calculated using the specific gravity length weighted method

TBDD071 (Section 6945400N) intersected **20m @ 0.98% Ni from 160m including 7.16m @ 1.16% Ni** (max assay 2.09% Ni) on the eastern contact (**Figure 7**).

An intercept of **14m at 0.96% Ni** (**with individual assay intervals up to 3.28% Ni) was returned in the centre of the ultramafic**. As per previous results, this zone typically also has elevated Cu and PGE values**.** A stringer sulphide zone was also intersected near the western contact which assayed **4.5m at 2.04% Ni (maximum value 3.43% Ni)**.

TBDD073 (Section 6945500N), intersected **23m @ 0.66% Ni** (including **4m @ 1.31% Ni, 0.19% Cu and 1.3 g/t Pt+Pd)** on the eastern margin of the ultramafic unit with a **highest assay of 3.16% Ni** over 0.69m. A large (100m x 100m) off-hole DHTEM conductor was defined adjacent to the hole.

Overall this drilling program has confirmed a general increase in sulphide content and contained nickel for the central and eastern zone positions at C2 compared to the previous round of drilling up-dip, with nickel sulphide grades increasing at depth.

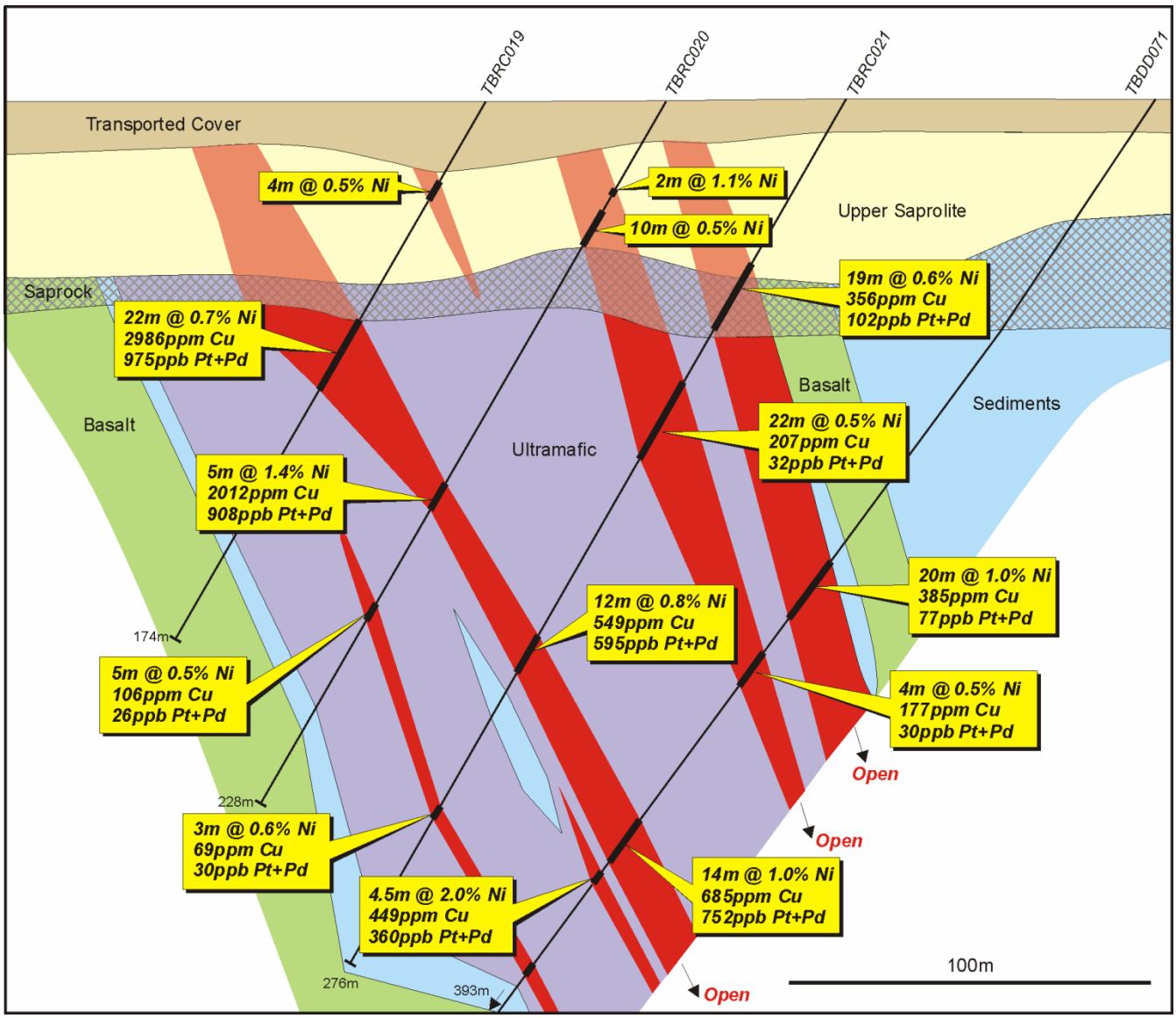


Figure 7: Duketon JV – Bulge C2 Prospect 6,945,400mN Cross-Section Showing Significant Drilling Results

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

A TEM survey incorporating a sensitive Cesium Vapour sensor capable of "seeing" beneath the conductive surficial material was completed during the quarter. A number of strongly anomalous responses were recorded however inconsistencies were noted in follow-up readings, potentially due to instrument error. This is currently being investigated.

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

SQUID TEM testing of ultramafic stratigraphy obscured by conductive lake sediments was undertaken on the Gladiator JV tenements over the Lisa's Dune target area. Testing of this area is now approximately 90% complete.

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. During the quarter these anomalies were infilled with additional SQUID TEM and further first pass readings were completed over target areas. Results are currently being interpreted.

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 18,000km^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.

Regional broad-spaced (500m x 1000m) and infill (500m x 500m) soil sampling has been completed over the seven areas. This has resulted in the delineation of 10 anomalies, the largest of which corresponds to the mafic intrusion hosting the Anomaly 4 Prospect (**Figure 8**). First pass gravity surveying (1km x 1km) to assist in delineation of prospective mafic intrusives has also been completed over all seven areas with infill gravity (500m x 500m) completed over five of the geochemical anomalies.

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 more suited to TEM surveying.

Progress is being made towards grant of additional tenements with a "consent to negotiate" being given for 5 of the remaining applications.

Consultation meetings were held with Traditional Owners in December to discuss the grant of applications 341/96 and 342/96. Traditional Owners present at this meeting had no objection to the grant of these applications.

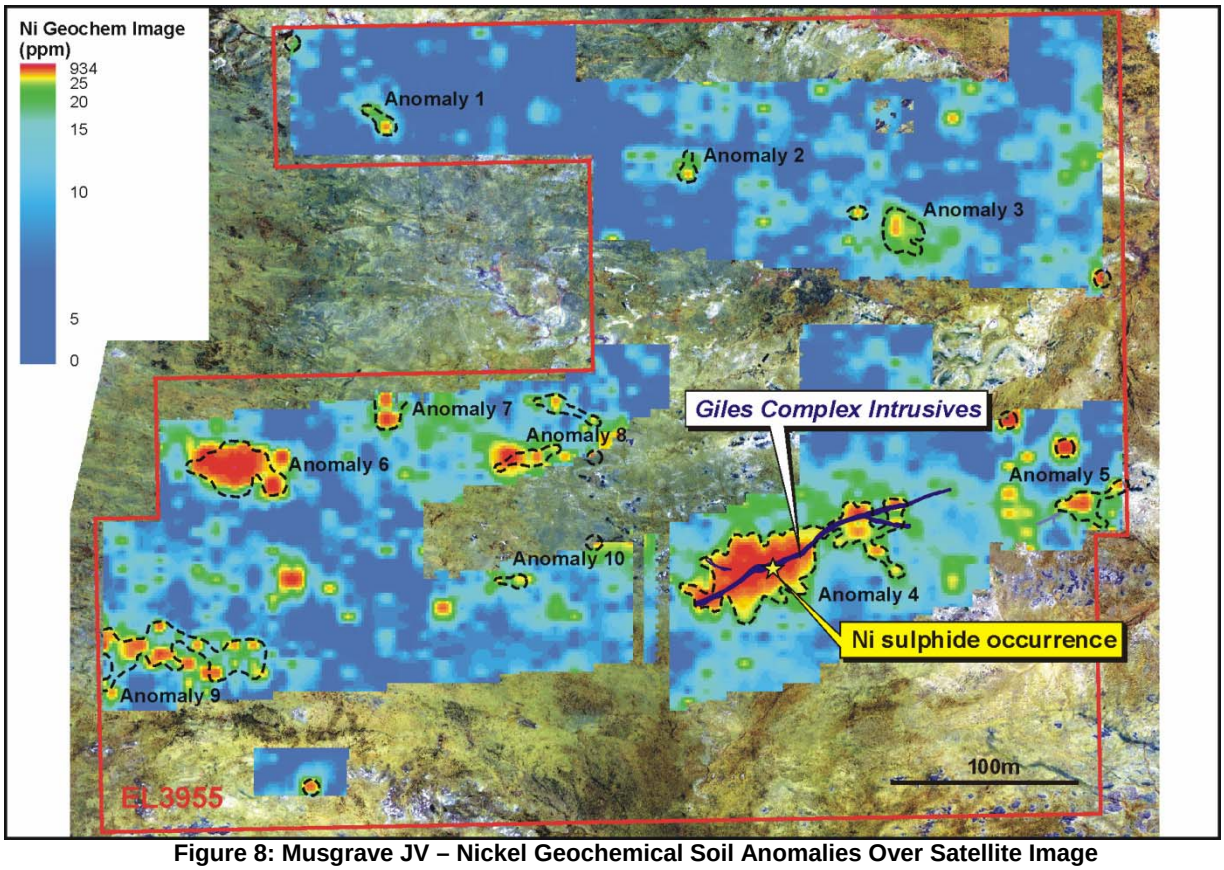


Figure 8: Musgrave JV – Nickel Geochemical Soil Anomalies Over Satellite Image

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, north Queensland and comprises a single EPM (EPM 14580) covering an area of 22km².

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

No exploration has been completed on the project since the early 1980's when drilling by Carpentaria Exploration defined a potential deposit size of 4.2mt @ 0.85% Sn (non JORC-code compliant) at the main Jeannie River Prospect.

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:

BASE METAL/GOLD PROJECTS: Cobar: All targets tested. Project relinquished

MARCH QUARTER EXPLORATION PROGRAM

REGIONAL NICKEL EXPLORATION	Duketon:	Planning of follow-up programs testing mineralisation at C2
	Wiluna:	Interpretation of TEM results at Lake Way and planning drill follow-up testing if warranted. TEM testing of additional prospect areas
	Musgrave:	Preparation for TEM follow-up of surface geochemistry and gravity anomalies. Continued Traditional Owner liaison
	Lefroy:	Interpretation of SQUID data and targeting of drill hole follow-up
REGIONAL GOLD EXPLORATION	Tropicana:	Continuation of Enhanced Pre-feasibility Study over Tropicana and Havana Zones and on-going exploration of regional targets
	Karlawinda:	Planning follow-up of large 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.

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