INDEPENDENCE GROUP NL

30 JUNE 2005: QUARTERLY REPORT

GROUP HIGHLIGHTS

- 2004/5 production 212,654t @ 4.17% Ni – 8,868 nickel tonnes (Ni t) (Budget 8,900Ni t)
- 2004/5 NPAT (unaudited) - $21.7m (receivables estimated at A$19,222 per Ni t)
- June quarter profit - $0.9m consolidated NPAT after $0.5 million exploration write off and $1.5m write down of March 2005 quarter receivables due to decrease in nickel price during the June quarter
- $28.7 million cash and net receivables (Mar $32.1m)
- 5 cent final dividend (fully franked) expected to be announced after completion of the financial year audit

OPERATIONS HIGHLIGHTS

- June quarter production – 45,787t at 3.86% Ni for 1,767 Ni t
- June quarter - 574 Ni t mined outside or in excess of June 2004 ore reserves
- YTD – 2,316Ni t mined outside or in excess of June 2004 ore reserves
- Significant new nickel discovery at McLeay from drilling outside current resources:
  - 4.5m @ 4.0% Ni
  - 3.9m @ 7.1% Ni
  - 4.65m @ 4.0% Ni
  - 3.70m @ 7.5% Ni
  - 2.4m @ 10.2% Ni
- New nickel discovery from drilling above Long outside current resources:
  4.41m @ 16.2% Ni

EXPLORATION HIGHLIGHTS

NICKEL

- Duketon JV
  - rock chipping of a weathered ultramafic rock returned values of up to 2.3%Cu, 0.9%Ni, 0.70 g/t Pt, 0.68 g/t Pd, 0.4 g/t Au
  - strong bedrock conductors associated with ultramafics
- Cullen JV
  - strong bedrock conductors associated with ultramafics

GOLD

- Francis Furness
  - 3m @ 14.6 g/t Au – new quartz reef intersected
- Tropicana JV
  - 2m @ 7.2 g/t Au (EOH) at Rusty Nail prospect 7km SSW of Tropicana prospect (400m x 100m drill grid)
- Mt Padbury
  - strong surface gold anomalies south of the Fortnum gold mill
- Dalwallinu
  - strong gold results in auger sampling and gold mineralisation on 200m spaced RC drill holes

INVESTMENT HIGHLIGHTS

- Matrix Metals
  - significant Cu intercepts at Mt McCabe likely to expand the White Range Cu/Co resources

CORPORATE

2005 FINAL DIVIDEND

Subject to audit, IGO expects to announce a 5 cent fully franked final dividend.

PROFIT

The quarter and annual profit figures quoted in this report are subject to finalisation of estimated nickel prices and USD/AUD exchange rates. Receivables and sales figures in this report are based on a nickel price of US$14,609/t and an exchange rate of 0.76. All figures quoted in this report are unaudited.

The 2004/5 profit after tax was $21.7m resulting in 20 cents earning per share (fully diluted).

The pre-tax profit for the quarter was $1.5 million after exploration expenditure of $0.5 million was written off and March quarter receivables were reduced by $1.5m due to the falling nickel price in the June quarter. Profit after tax for the quarter was $0.9 million.

ISSUED CAPITAL

Since the end of the quarter 1 million contributing shares were fully paid and listed as ordinary shares raising $0.1 million. At 25 July 2005 there were 2.1 million partly paid contributing shares remaining on issue.

IGO's listed securities as at 25 July 2005 were 107,989,857 ordinary shares.

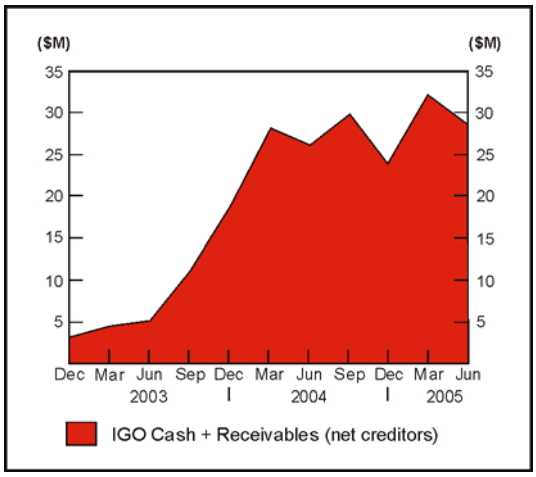
CASH AND DEBT

CASH RESERVES AS AT 30 JUNE 2005

- $24.2 million cash (Mar $24.5m).
- $4.5 million nickel revenue in receivables net of creditors (Mar $7.6m).
- Total cash and net receivables were $28.7 million at end of the quarter.
- Unhedged receivables have been valued using $US14,609/t Ni and 0.76 USD exchange rate.

Major cash movements during the quarter were:-

- $1.0 million spent on the Long South exploration decline.
- $2.4 million bank and hire purchase debt repaid.



DEBT AS AT 30 JUNE 2005

- A debt repayment of $2.0 million was made during the quarter to reduce bank debt from $6.5 million to $4.5 million.
- $0.8 million (Mar $1.2m) remains owing on hire purchase of mining equipment.

NICKEL SALES PRICE CALCULATION

Due to the off-take agreement the company holds with WMC Resources 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 its effect on receivables is reflected in each quarter's cash flow and profit figures.

2004/5 EXPLORATION EXPENDITURE & WRITE-OFF

- $2.7 million exploration expenditure was incurred during the quarter. This includes expenditure on the Long South target exploration decline.

- $0.5 million exploration expenditure was written off during the quarter (Mar $2.2m).

HEDGING

- Hedged nickel metal remaining at the end of the quarter was 5,016t at AU$15,533/t.
- This will be delivered as follows:

2005/6	3,366t	Average AU$14,724/t
2006/7	1,650t	Average AU$17,183/t

INVESTMENTS

INVESTMENT IN SOUTHSTAR DIAMONDS LIMITED (IGO 50%)

A number of anomalies have been generated from the De Beers database, including diamond-bearing intrusives, and these are being followed up by Southstar.

INVESTMENT IN MATRIX METALS LIMITED (IGO 18.9%)

During the quarter, IGO completed its preliminary assessment of the White Range project. IGO believes that while economic, additional ore sources are needed to maximise the profitability and mine life of the project. During the quarter, Matrix announced further significant results from the Mt McCabe deposit (White Range satellite prospect) which could provide the additional required tonnages. Details are as follows:

- Drilling has now confirmed copper mineralisation extends over an area of approximately 1.2km by 0.7km and to a depth of 300m. Mineralisation remains open in all directions.

- Geochemical sampling has further extended copper anomalism 1.25 kilometres to the south, 1.25km to the north and 2km to the east.

- Significant intersections reported from the diamond drilling at McCabe Central include:

McCabe Central

Prospect	Hole No.	Northing	Easting	RL	Azimuth	Dip	E.O.H	From	To	Width	True Width	Grade
		(m)	(m)	(m)	(degr.)	(degr.)	(m)	(m)	(m)	(m)	(m)	(Cu%)
McCabe Central	MMXRD01	7,670,247	446,904		230	-60	280	211	269	58		1.61
	(including)							235	263	28		2.93
McCabe East	MMXRC04	7,670,262	447,009		174	-60	100	29	63	34		1.00
	MMXRC17	7,670,289	446,984		260	-60	198	78	113	35		0.77
	MMXRC18	7,670,293	447,005		174	-60	179	46	114	68		1.02
	(including)							98	110	12		3.6
McCabe South	MMXRC13	7,669,429	446,720		65	-60	118	56	66	10		1.34
McCabe North	MRC11	7,670,520	446,874		200	-60	80	52	80	28		0.87
	(including)							52	66	14		1.20

IMPLICATIONS OF THE MT MCCABE RESULTS

Matrix concluded that the success of these initial, and at this stage, limited drilling programs, strongly suggests that the current resource and newly identified mineralised zones are a part of a much larger copper breccia system. This interpretation is further supported when considered in light of the positive results being reported from the ongoing mapping and geological interpretation. This larger mineralised system has only been partially drill tested to date, both at depth and laterally.

MINING OPERATION

LONG NICKEL MINE
IGO 100%

SAFETY

The Lost Time Injury Frequency Rate (LTIFR) since the mine re-opened in October 2002 is 3.14 against an industry average of 6.6. There were no LTI's during the quarter.

2004/5 MINING SUMMARY

Nickel metal mined from the operation (8,868 Ni t) was below the 2004/5 Budget of 8,900 Ni t by 32 Ni t (variance 0.4%). The operating costs were similarly well controlled with an expenditure of $38.4m against a budget of $37.4m (variance : 2.9%). Details of 2004/5 production from the various deposits are set out below:

	Tonnes	% Ni	Ni t
Long	132,375	3.5	4,636
Gibb South	14,177	8.0	1,133
Victor South	64,803	4.7	3,054
Victor	1,299	3.7	45
TOTAL	**212,654**	**4.2**	**8,868**

JUNE QUARTER PRODUCTION

Production was 45,785 t @ 3.86% Ni for 1,768 Ni t using the following mining methods:

Flat-back	8,541	t @	5.57%	Ni for	476	Ni t
Long-hole	22,845	t @	2.92%	Ni for	666	Ni t
Hand-held	6,552	t @	5.61%	Ni for	368	Ni t
Jumbo Development						
- Long	2,506	t @	2.60%	Ni for	65	Ni t
- Victor South	5,341	t @	3.61%	Ni for	193	Ni t
TOTAL	**45,785**	**t @**	**3.86%**	**Ni for**	**1,768**	**Ni t**

The below budget head grade is due to the high percentage of long-hole ore tonnes being extracted and lower than expected flat-back mined ore tonnes.

Production was from the following sources:

Long	30,983	t @	3.22%	Ni for	999	Ni t
Gibb South	2,164	t @	6.16%	Ni for	133	Ni t
Victor South	12,638	t @	5.03%	Ni for	636	Ni t
TOTAL	**45,785**	**t @**	**3.86%**	**Ni for**	**1,768**	**Ni t**

Quarterly nickel production was below budget for the quarter with payable nickel costs being AUD$4.31/lb Ni.

Production during the quarter was adversely affected by the following:

- Rockburst event in the 48 stockpile (3rd April). The mine ceased all development in Victor South (both decline and access to ore) until additional ground support was installed. The delay set the mine development schedule in this area back 4 to 5 weeks which in turn reduced the amount of high-grade ore able to be derived from Victor South. June production from Victor South was 1,643 ore tonnes (budget 6,000t) at 3.44% Ni (budget 4% Ni) leading to a shortfall of 183 nickel

tonnes (contained). However, the delay enabled exploration drilling to be undertaken from Victor South, which resulted in the McLeay Deposit being discovered during the quarter.

- Ore derived from Long Shaft sources was below budget as a number of flatback stoping blocks reached their geotechnical limit for this mining method. The transition to longhole stoping took longer than anticipated causing a shortfall in ore tonnes produced (30,358t versus budget of 44,498t) and the nickel grade reflected unavoidable dilution (3.19% versus budget of 4.02%) from a specific stope. These conditions are unlikely to be repeated in the September quarter.

In addition to the above, the scheduling for the 16/3 & 16/1 blocks was made more complex with development taking place around known voids. These blocks are located in the keel of the Long ore body and are the most difficult to access and to produce from. The June quarter's production was adversely affected by slow development rates in these stopes.

ORE RESERVE COMPARISON

Nickel tonnes mined outside or in excess of the current ore reserve was 48% higher than reserve estimates for the quarter as follows:

June Quarter 2005 Ore Reserve Comparison

Inside Reserves	39,920	t @	3.95%	Ni for	1,576	Ni t
Outside Reserves	5,865	t @	3.28%	Ni for	192	Ni t
TOTAL MINED	**45,785**	**t @**	**3.86%**	**Ni for**	**1,768**	**Ni t**
*Reserve Estimate**	*25,402*	*t @*	*4.70%*	*Ni for*	*1,195*	*Ni t*

** expected ore reserve grade and tonnes as defined by the area mined "inside reserves".*

Since June 2004, nickel mined outside or in excess of ore reserves has exceeded ore reserve estimates by 35%.

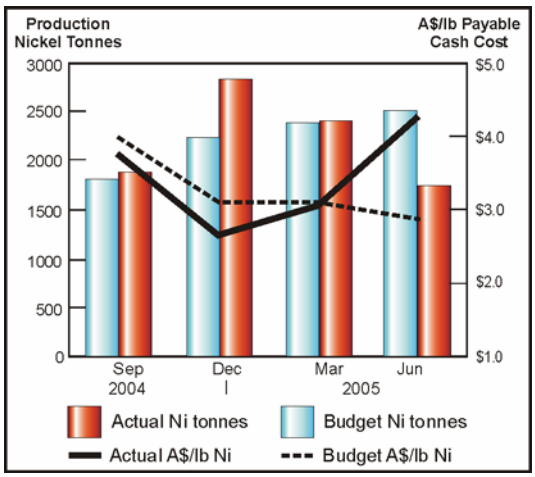
2004/5 Ore Reserve Comparison

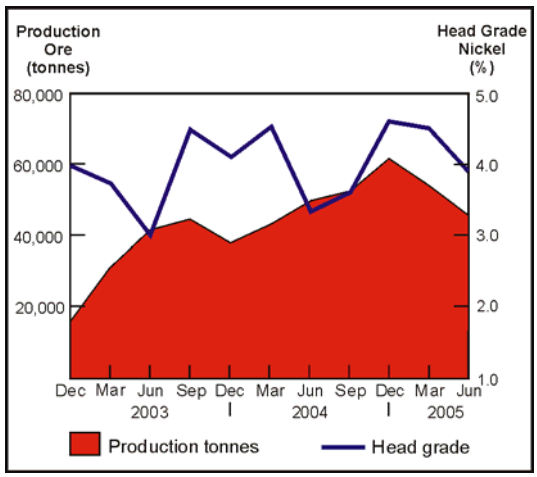
Inside Reserve Actual	179,259	t @	4.1%	Ni	7,378 Ni t
Outside Reserve Actual	33,395	T @	4.5%	Ni	1,490 Ni t
TOTAL MINED	**212,654**	**t @**	**4.2%**	**Ni**	**8,868 Ni t**
Reserve Estimate	*145,046*	*t @*	*4.5%*	*Ni*	*6,554 Ni t)*

Since IGO production commenced in October 2002, 5,922 Ni t (46%) have been mined outside or in excess of ore reserves.

October 2002 – June 2005 IGO Ore Reserve Comparison

Ore Reserve Actual	368,885	t @	4.0%	Ni	14,671 Ni t
Outside Reserve Actual	99,923	t @	4.0%	Ni	4,048 Ni t
TOTAL MINED	**468,808**	**t @**	**4.0%**	**Ni**	**18,719 Ni t**
Ore Reserve Estimate	*294,139*	*t @*	*4.3%*	*Ni*	*12,798 Ni t*





DEVELOPMENT

- Long South Exploration Decline

Progress since commencement in October 2004 is 390 metres. The decline was halted during the quarter to allow the McLeay drill drive development to commence.

- McLeay Drill Drive

The McLeay development drill drive has been extended 130m to the south of Victor South to facilitate the commencement of a drilling program to convert the underlying McLeay mineralisation into a mining reserve. The drive intersected Sheet 2 (upper ore shoot) mineralisation for a total of 15m, and the ore is now in the floor of the drive.

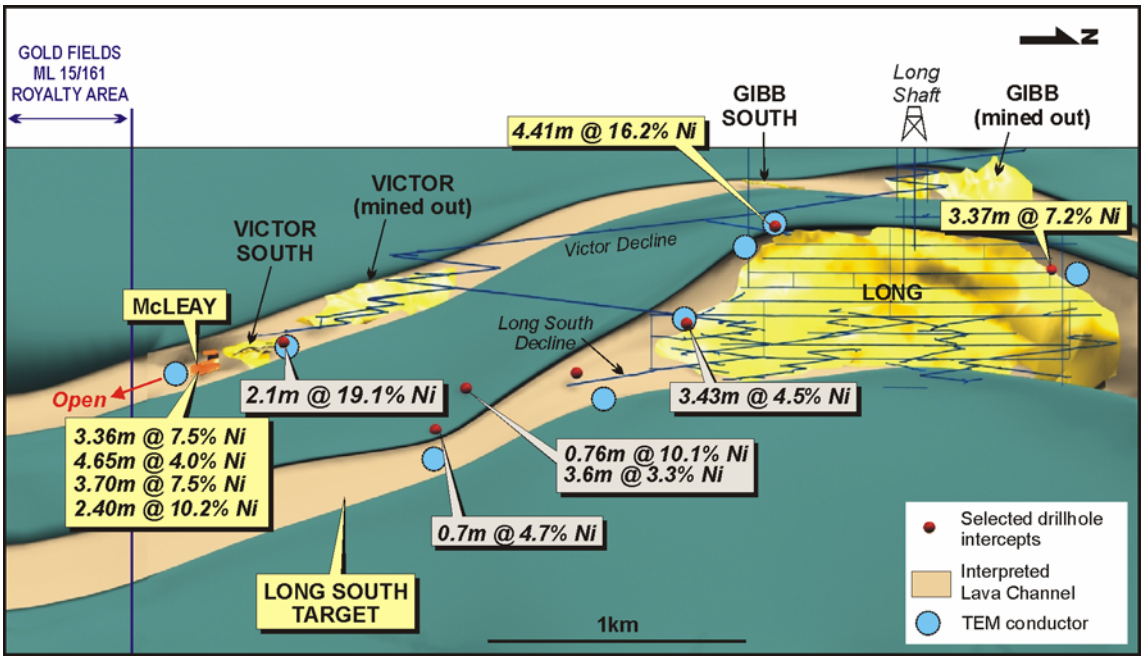


Figure 1: Long Project – Longitudinal projection showing selected exploration drill hole intersections, McLeay discovery, location of TEM conductors outside current resource and interpreted lava channels

- Victor South

Ore production was down in Victor South as the W3 ore drive was put on hold while the McLeay drill drive was developed. Low-grade mineralisation outside of reserve was encountered in the central access on a similar structure to the main mineralisation. Early in the quarter a second flat-back lift on the upper surface of Victor South was completed providing high-quality ore. As discussed in the quarter production commentary, the main access to the 465mRL was delayed due to a rock burst event coincident with blasting causing a change in the mine schedule in this part of the mine. Tonnages of ore are expected to be back on budget in the September quarter.

- Long

The delineation and circumventing of voids to identify potential ore zones outside of current reserves slowed down jumbo progress during the quarter. The blocks under development (16/1 & 16/3) are located in the keel of the Long ore body and represent a higher stress domain than elsewhere within Long . The activity has been conducted in accordance with geotechnical controls and the development has not compromised safe working conditions.

Significant airleg tonnages were broken in the upper levels of Long outside reserves from the 11-6 and 13-3 blocks.

2005/6 BUDGET

In 2005/6 the mine will produce at approximately the same levels as in 04/05. The second half is scheduled to be marginally better than the first half as the mining of Victor South starts to dominate and the stoping methods are confirmed. The operation is anticipating increased and additional operating costs (circa 15%), part of which is additional costs for activities that were not necessary in previous years (loader rebuilds and the possible introduction of cemented sandfill). Conservative high dilution rates have also been anticipated for 100% ore extraction from Victor South Shoot 2. However, the turnover of personnel at the mine remains low and the safety standard remains high.

2005/6 production is estimated to be 8,500 – 9,500 Ni t. It is difficult to accurately forecast production for the year due to future nickel overcalls above reserve estimates and Victor South dilution uncertainty. The following estimates production parameters for 2005/6:

	2004/5	2005/6 Budget
Mined t	212,654	240,000
Ni %	4.2	3.5 – 4.0
Ni t Produced	8,870	8,500 – 9,500
IGO Payable Ni t	5,248	5,000 – 5,500
AU$/lb Payable Costs	3.32	3.50 – 4.00

EXPLORATION

The June quarter continued the run of significant drill results.

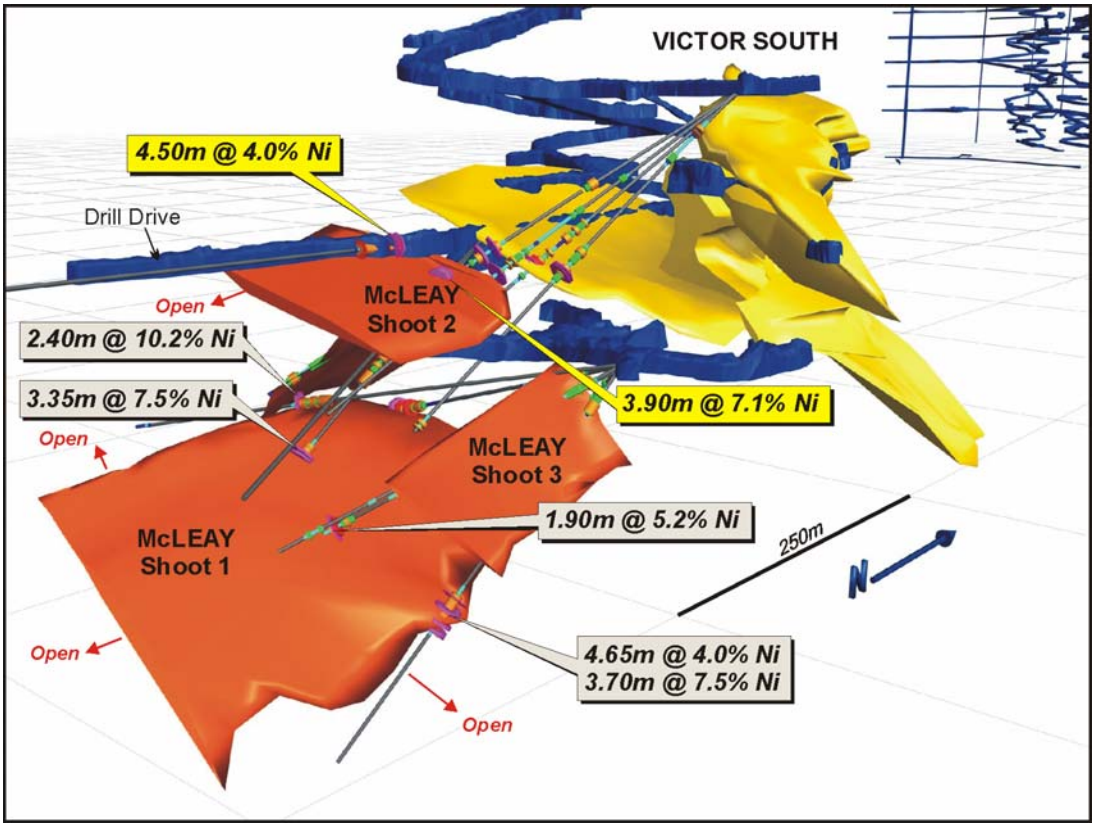


Figure 2: McLeay Deposit: 3D isometric projection looking northwest showing location of the new McLeay discovery in relation to Victor South and significant drill intersections

- McLeay Deposit

During the quarter the Company announced the discovery of the high-tenor McLeay nickel deposit south of Victor South. Both primary lava channel (Shoot 1) and remobilised massive nickel sulphides (shoot 2) have been intersected close to existing underground development (Figures 1 and 2). Four mineralised surfaces are interpreted to exist, with the most substantive being McLeay Shoot 1. The drilling results listed below lie outside currently defined resources and reserves, and mineralisation is open in all directions.

Table 1: McLeay Significant Extensional Drilling Results – Shoot 1

Shoot	Hole No.	Northing	Easting	RL	Azimuth	Dip	E.O.H	From	To	Width	True Width	Grade
		(m)	(m)	(m)	(degr.)	(degr.)		(m)	(m)	(m)	(m)	(Ni%)
1	VS15-128	547398	375243	-460	251	-13	148.6	86	86.26	0.26	0.2	8.8
1	VS15-129	547398	375243	-460	223	-33	101.4	74.1	75.25	1.15	0.9	5.2
1	VS15-130	547398	375243	-460	274	-20	100.4	74.35	76.75	**2.40**	**2**	**10.2**
1	VS15-132	547399	375243	-461	214	-27	106.2	porphyry	contact			
1	VS15-134	547399	375243	-461	210	-52	110.5	63.65	68.3	**4.65**	**3.5**	**4.0**
2								69.8	73.5	**3.7**	**3.1**	**7.5**
2	VS15-135	547418	375180	-439	179	2	142	31.5	36	**4.5**	**2.2**	**4.0**
2	VS15-138	547418	375180	-439	153	-7	150	33.7	37.6	**3.9**	**2.6**	**7.1**
3	VS15-125	547419	375180	-439	183	-38	110	38.4	38.7	0.3	0.3	6.5
3	VS15-130	547398	375243	-460	274	-20	100.4	19.8	19.9	0.1	0.1	5.8
3	VS15-131	547398	375243	-461	278	-48	71.5	12.4	15.4	3	3	1.8

(Intersections calculated by the specific gravity method)

All holes have been logged with down hole TEM (DHTEM) and interpretation confirms the continuity of Shoot 1. The interpreted area of the surface is approximately 70 by 100m and is **open in all directions**. The DHTEM indicates that VS15–131 and VS15–132 missed the edge of the McLeay channel by approximately 5m. **DHTEM also indicates the existence of a further surface, approximately 10m below Shoot 1** which is yet to be drill tested.

Torch TEM surveying completed along the length of the McLeay drill drive has confirmed the existence of mineralisation near the drive over its entire length (Shoot 2) immediately below the southern end of the drill drive. The position, geometry and grade of the mineralisation will be determined by the ongoing McLeay shoot drill out program due for completion in August 2005.

Of additional note is Shoot 3 (Figure 2), which is contact mineralization lying to the east and above McLeay, presently thin and of lower grade, but only the western edge has been drilled. Torch and DHTEM indicates the mineralized sheet extends further to the east.

An initial McLeay resource and reserve estimate is expected to be completed in September 2005.

- Long 7/6 Block

Drilling intersected fault-remobilised nickel sulphides, assaying **4.41m** @ **16.2%Ni**, within basalt, 50m from existing development and the current resource boundary at the top of Long (Figure 1).

SIGNIFICANT DRILL RESULTS 7/6 BLOCK

Shoot	Hole No.	Northing	Easting	RL	Azimuth	Dip	E.O.H	From	To	Width	True Width	Grade
		(m)	(m)	(m)	(degr.)	(degr.)		(m)	(m)	(m)	(m)	(Ni%)
7/6	LG7-129	549360	374538	-7.5	060	32	48.1	32.3	36.64	**4.41**	**3.8**	**16.19**

- Long South Decline

The Long South Decline is currently under two surface diamond holes which intersected nickel sulphides on the footwall contact, located approximately 360m south of Long.

One further drill hole was completed testing the Long South Target area. The hole intersected a porphyry obscured contact containing sub-grade nickel sulphide mineralization in high MgO ultramafics. The ultramafic intersected is consistent with that encountered in a mineralised channel and hence is regarded as highly encouraging. DHTEM logging has indicated several off hole conductors, one of which is associated with the basal contact. Diamond drilling is currently underway from the second stockpile area to test the contact position.

A tabulation of previous drilling and geology has indicated further targets for drilling which will be actioned in the next quarter. The mine's objective is to replace the high grade ore produced from Gibb South, which is expected to be mined out next quarter.

LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Jun '05 Quarter	2004/5 FY to Date	Jun '04 Prev. Quarter
Mining Inventory/Reserve (Dry Tonnes)				
Start of Period		1,018,132	1,185,000	632,998
- ROM Production	1	(45,787)	(212,655)	(44,999)
End of Period		972,345	972,345	587,999
Production Details:				
Ore Mined (Dry Tonnes)	1	45,787	212,655	47,123
Ore Milled (Dry Tonnes)		45,787	212,655	47,123
Nickel Grade (Head %)		3.86	4.17	3.25
Copper Grade (Head %)		0.28	0.29	0.24
Metal in Ore Production (Tonnes)				
Nickel delivered	2	1,767	8,868	1,530
Copper delivered	2	127	622	113
Metal Payable IGO share (Tonnes)				
Nickel		1,032	5,248	905
Copper		52	253	46
Hedging				
Tonnes delivered into Hedge		972	2,820	540
Average Price (AU$/t)		14,477	13,516	12,366

Note 1. Production is sourced from both reserves/inventory and outside reserves.
Note 2. The Recovery Rate is fixed with WMC 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***	
Sales Revenue (incl. hedging)		14,808	85,766	12,242
Cash Mining/Development Costs		(6,314)	(24,578)	95,858)
Other Cash Costs	3	(3,490)	(14,004)	(2,091)
Depreciation/Amortisation/Rehabilitation		(2,172)	(8,860)	(1,342)
Total Unit Cost Summary		***A$/lb Total Metal Produced***	***A$/lb Total Metal Produced***	
Cash Mining/Development Costs		1.62	1.26	1.74
Other Cash Costs	3	0.90	0.72	0.62
Depreciation/Amortisation/Rehabilitation		0.56	0.45	0.40
Revenue/Cost Summary		***A$/lb Payable Metal***	***A$/lb Payable Metal***	
Sales Revenue (incl. hedging)		6.51	7.41	6.14
Cash Mining/Development Costs		2.78	2.11	2.94
Other Cash Costs	3	1.53	1.21	1.05
Depreciation/Amortisation/Rehabilitation		0.96	0.77	0.67

Note 3. Other Cash Costs include milling, royalties and site administration.

Safety and Productivity				
- Lost Time IFR		0	4.9	0
- Medically Treated IFR		37.1	39.4	14.5
- Nickel Productivity Rate	4	64.9	83.1	70.1

Note 4. Nickel Productivity Rate = Productivity measured as annualised nickel tonnes per full-time-equivalent-employee.

Development/Exploration Drilling	**Metres**	**Metres**	
Development	1,009	2,455	5,229
Production	721	7,321	1,595
Exploration	1,304	3,707	2,161
	3,034	13,482	8,985

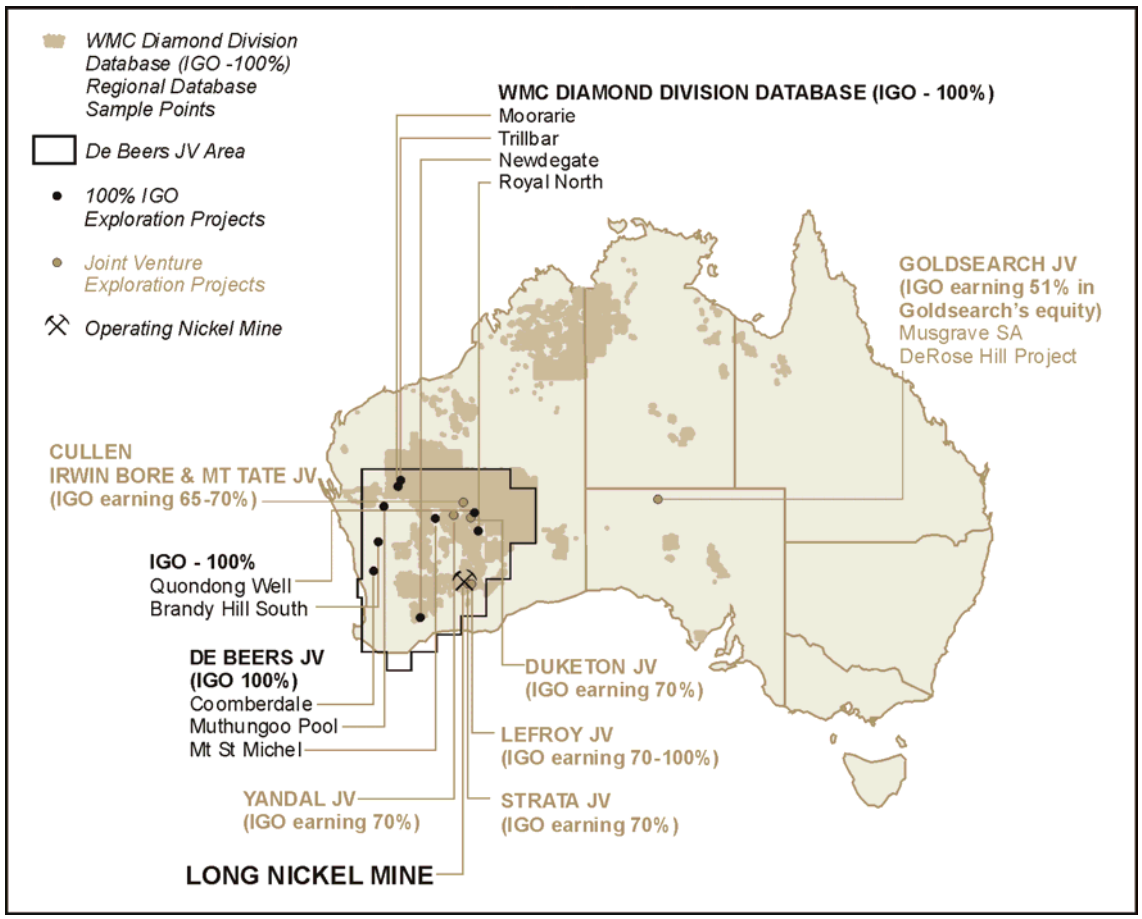


Figure 3(a): Independence Group Nickel Project Locations

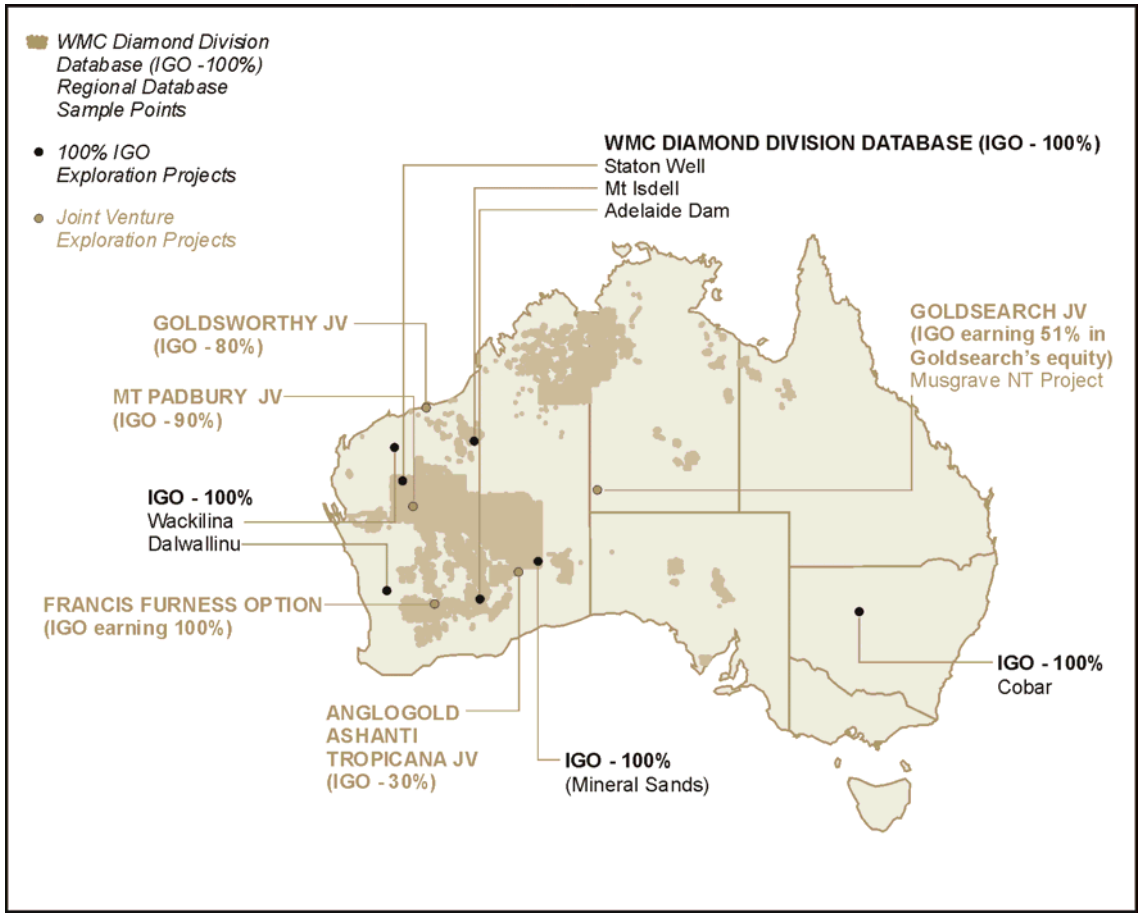


Figure 3(b): Independence Group Gold Project Locations

REGIONAL NICKEL EXPLORATION

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

The Cullen Joint Venture is situated immediately south of WMC Resources Ltd's AK47 massive nickel-copper sulphide discovery. Independence is testing the strike extension of the AK47 ultramafic stratigraphy for nickel sulphides using a combination of soil geochemistry and surface TEM surveys.

During the quarter systematic surface TEM surveying was completed over the target stratigraphy resulting in the identification of numerous bedrock conductors. These conductors have been ranked according to association with known and interpreted ultramafic stratigraphy and previously identified surface geochemical anomalism (up to 1,050ppm Ni).

A total of 9 high priority areas requiring drill testing have been delineated (Figure 4). A work program has been submitted for heritage clearance to enable first-pass aircore drill testing of these targets in the September quarter.

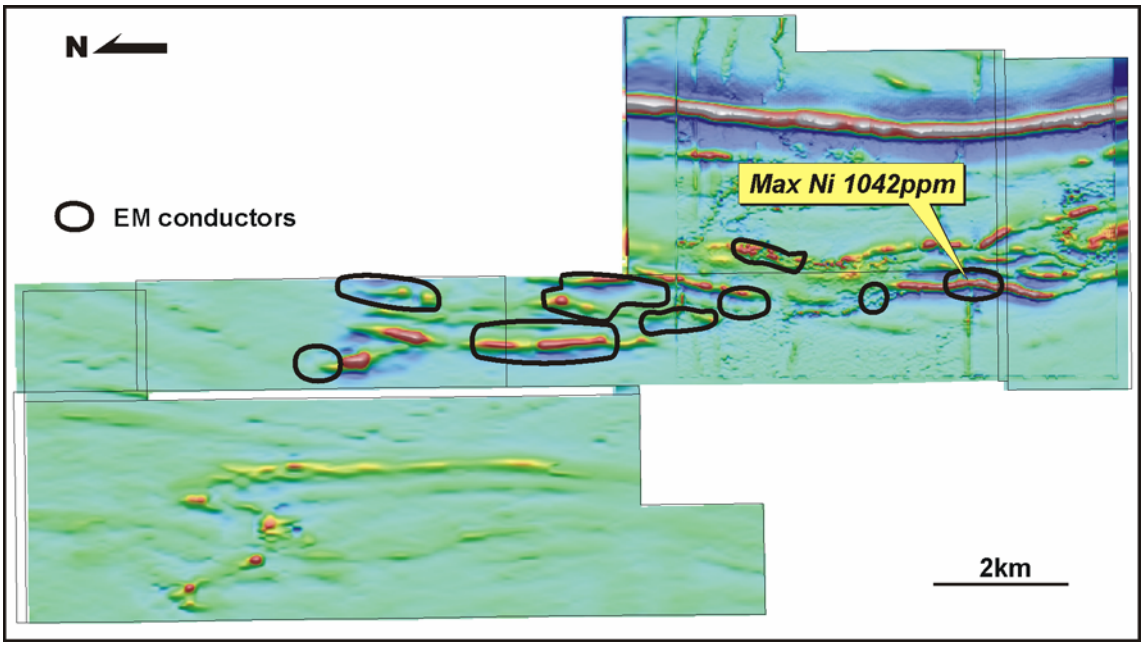


Figure 4: Cullen Joint Venture – Irwin Bore location of TEM conductors associated with aeromagnetic highs interpreted to be ultramafics

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

The Duketon Nickel Joint Venture covers approximately 60 kms of strike of ultramafic rich stratigraphy in the Duketon Greenstone Belt. The belt is considered prospective for Ni-Cu-PGE mineralisation and has not been subject to modern nickel sulphide exploration techniques. The focus of exploration during the quarter was on the Camp Oven and Matt's Bore Prospects.

Camp Oven

Rock chip sampling of a small exposure of weathered olivine cumulate ultramafic returned strongly anomalous results including **2.3% Cu, 0.9% Ni, 0.7g/t Pt, 0.68g/t Pd and 0.4g/t Au**. Soil and lag geochemical surveys along strike from the outcrop supports this anomalism with results up to **0.34 % Ni, 406ppm Cu, and 140ppb Pd**. (Figure 5).

A gradient array IP survey has outlined two strong IP anomalies both 400m long within the ultramafic and partly coincident with the soil and rock chip geochemical anomalies (Figure 5).

A short first-pass RC program to test these two targets is scheduled for the September quarter.

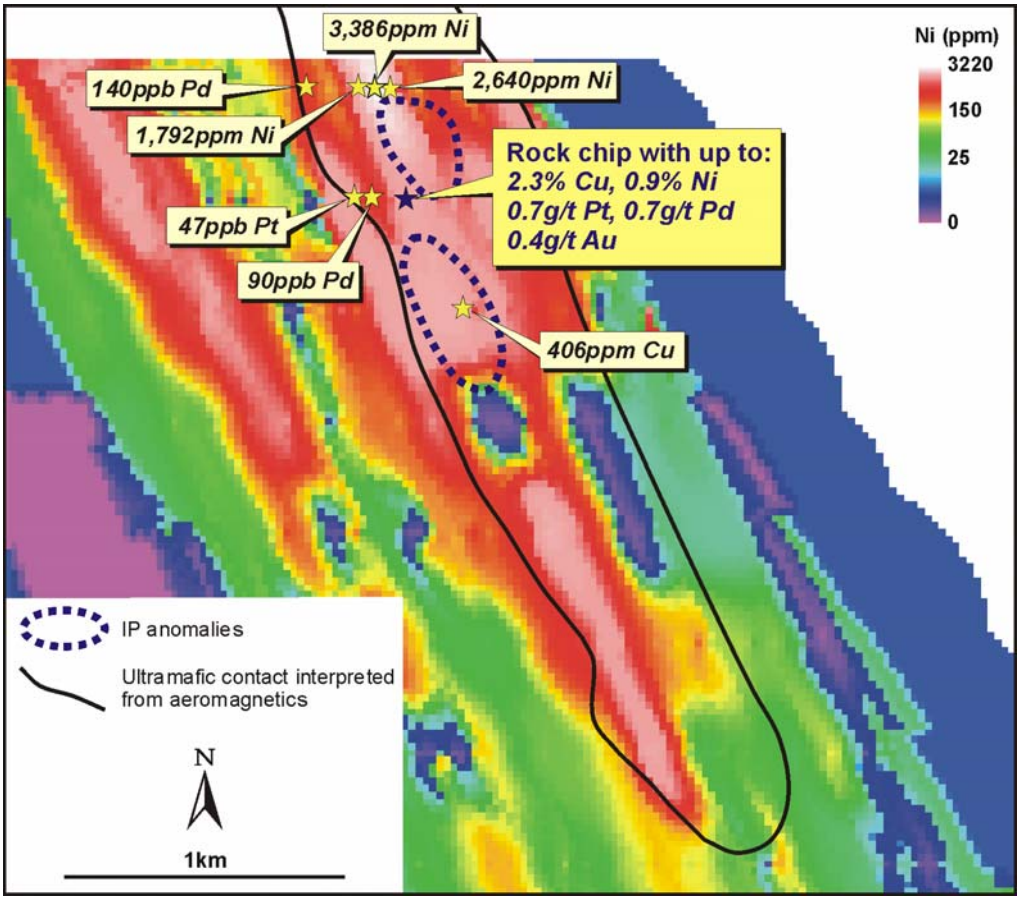


Figure 5: Duketon JV – Camp Oven Nickel Suite Geochemistry, IP Anomalies, Rock Chip Locations and Interpreted Ultramafic Contact Positions

Matt's Bore

TEM surveying at Matt's Bore, 15km SSE of Camp Oven, has delineated a strong bedrock conductor associated with interpreted ultramafic stratigraphy. Surface lag geochemical sampling in the area has been ineffective because of transported cover over a partially stripped profile. Follow-up infill and extension TEM surveys are required prior to planning a drill program to test the anomaly.

South Boulder also acquired the rights to additional tenure in the project area during the quarter. These tenements are part of the Duketon JV and cover additional ultramafic stratigraphy of interest to IGO.

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

During the quarter the company entered into a Joint Venture with Audax Resources over a package of four tenements in the Yandal Greenstone Belt. Under the agreement IGO can earn 70% of the nickel rights by expenditure of $800,000 over 3 years with a minimum spend of $100,000 in the first year.

The tenements are situated 50 to 70km north of the Waterloo nickel sulphide discovery, cover approximately 14km of strike of the main ultramafic units in the belt, and have yet to be explored by modern nickel sulphide exploration techniques.

LAKE LEFROY JV AND OPTION
(JV – STRATA - IGO EARNING 80%)
(OPTION – ANGLOGOLD ASHANTI – IGO CAN EARN 100%, SUBJECT TO GOLD CLAWBACK RIGHTS)

Through a JV and option arrangement, IGO has acquired tenure covering magnetic features interpreted to be potentially prospective ultramafic stratigraphy under the Lake Lefroy salt lake 15 – 30 km east of Kambalda (Figure 6). The project areas contain stratigraphy and structure analogous to the Kambalda Dome Nickel Camp. These essentially untested targets will be utilizing Anglo American's (AAE) SQUID TEM sensor under the IGO/AAE SQUID Joint Venture.

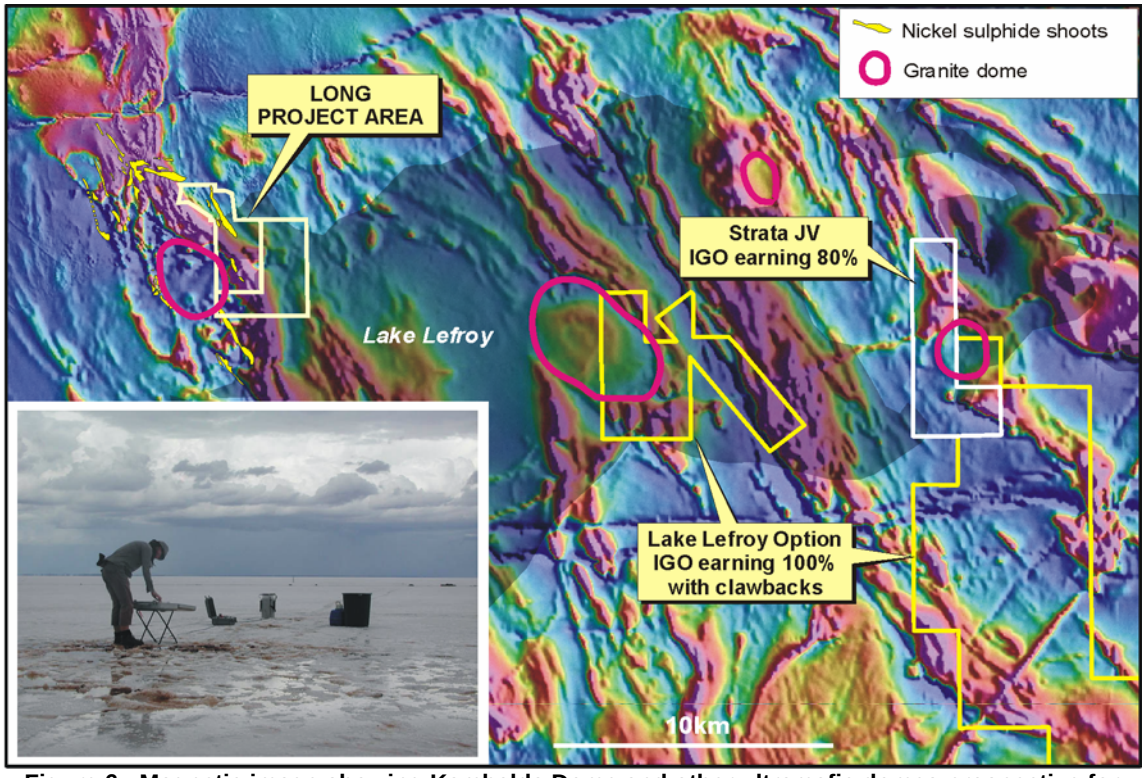


Figure 6: Magnetic image showing Kambalda Dome and other ultramafic domes prospective for nickel sulphides under Lake Lefroy

REGIONAL GOLD EXPLORATION

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

The Tropicana Joint Venture comprises approximately 8,000 km^2 of tenure over a strike length of 350km along the Yilgarn Craton – Fraser Range Mobile Belt collision zone.

Geochemical sampling has identified a number of large surface gold anomalies including Tropicana, Rusty Nail, Black Feather and Kamikaze. Encouraging gold intercepts have previously been returned from the Tropicana Prospect, associated with broad intense pyrite and sericite alteration zones. Induced polarisation surveys suggest the sulphide zone is in excess of 2 km in strike length.

Reconnaissance aircore drill testing of the Rusty Nail, Black Feather and Kamikaze auger anomalies commenced during the quarter.

Rusty Nail
Initial results have been received for 59 vertical air core drill holes of the 158 planned at Rusty Nail, a new gold prospect located approximately 7km to the south south west of the original Tropicana discovery. Results include **2m @ 7.22 g/t Au** from 33m – 35m (**EOH**) in TPA470 (Figure 7). These results are considered significant as the drilling was undertaken on a 400m x 100m grid.

The anomalous gold samples comprise muscovite-biotite schist adjacent to chlorite-altered calc-silicate gneiss and quartzofeldspathic gneiss with up to 5-10% disseminated pyrite and minor visible chalcopyrite. Values are comparable with those intersected in the envelope of mineralised alteration zones at the main Tropicana Prospect. Continued assessment of the anomaly will be undertaken on initially a 400 x 200m grid with selected infill on receipt of additional assay results.

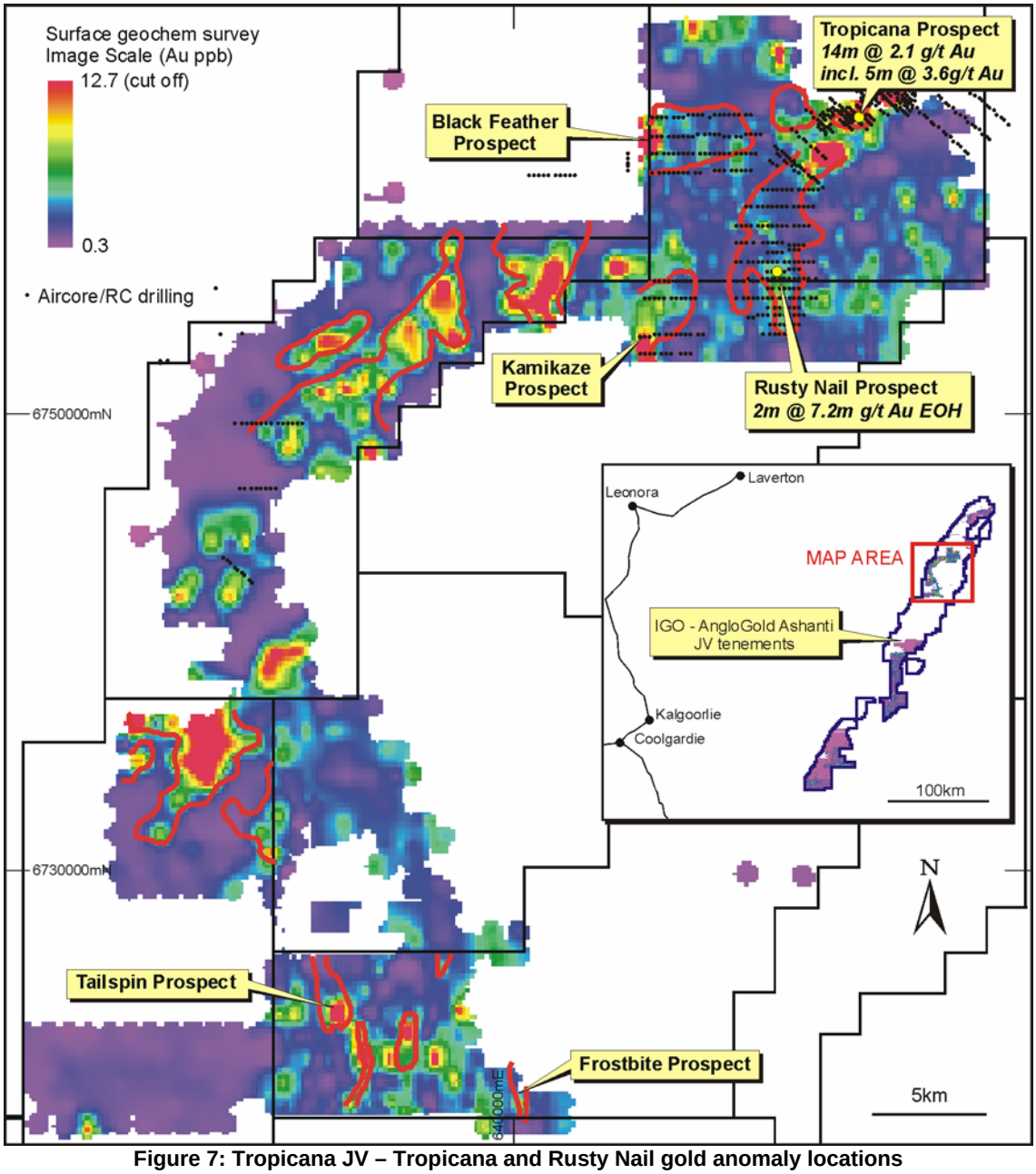


Figure 7: Tropicana JV – Tropicana and Rusty Nail gold anomaly locations and significant drilling results

FRANCIS FURNESS OPTION (IGO OPTION TO ACQUIRE 100%)

The Francis Furness project is located 4km southeast of the Marvel Loch gold mine within the same structural corridor. The Francis Furness Gold mine and surrounding satellite deposits were historic high grade producers (+15g/t Au) and remain essentially unexplored beneath the old mine workings. The mineralisation and alteration style shows many similarities to the Marvel Loch orebodies which typically have excellent depth persistence. The company is exploring for narrow, high-grade and depth extensive gold mineralisation beneath the old mine workings.

Detailed surface mapping, relogging of selected drill holes and examination of historic mine plans has resulted in the selection of three high priority targets to be followed up by drill testing in July-August (Figure 8).

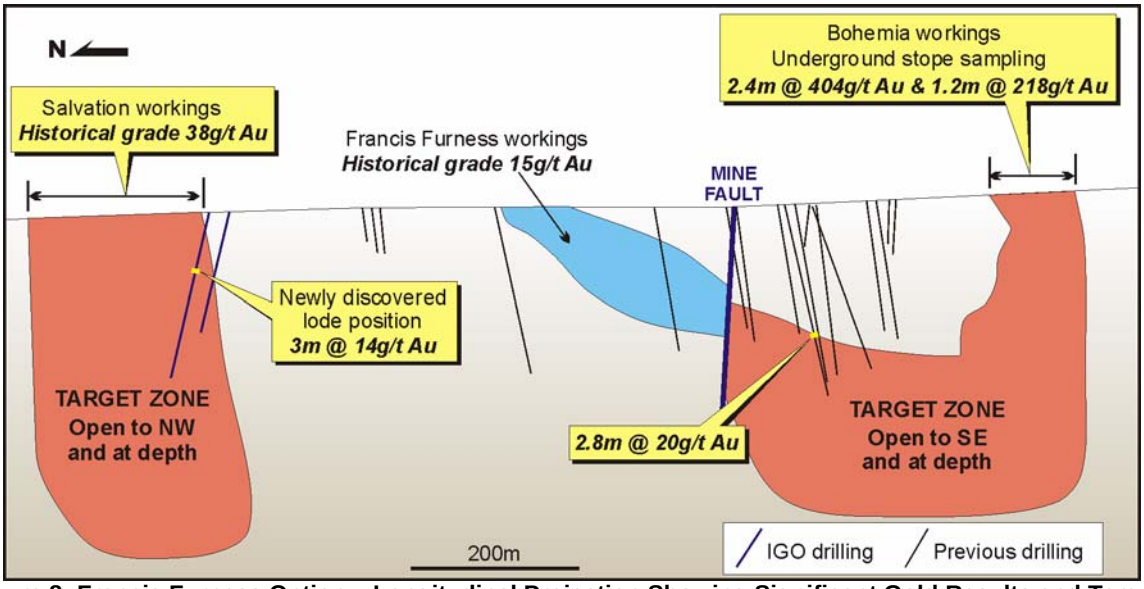


Figure 8: Francis Furness Option – Longitudinal Projection Showing Significant Gold Results and Targets

Salvation
Salvation is a small but high grade (38g/t) mine at the northern end of the leases. An initial two hole RC program early in the quarter located a new "hanging wall" quartz reef position, west of the mine workings returning a best intersection of **3m @ 14.58g/t Au.**

Two follow-up holes are planned at Salvation to test the down dip and strike potential of the hanging wall lode and the old mine workings.

Francis Furness
At Francis Furness historic mining of the "Eastern" and "Western" lodes was terminated against a fault which displaced mineralisation. Exploratory drilling by the vendors has located the offset, down plunge continuation of both lodes **(best intercept 2.8m @ 20.07g/t Au)**. IGO has planned an initial single RC-diamond drill hole to test the down dip potential of these lodes.

Bohemia
The Bohemia Gold Mine lies to the south east of Francis Furness. The mine was exceptionally high-grade with previous underground channel sampling returning **218g/t Au over 1.2m** and **404g/t Au over 2.4m**. A single RC hole is planned to intercept mineralisation approximately 40m below and slightly north of the old workings.

MT PADBURY
(IGO MANAGER 90%)

Regional 400m by 400m lag sampling with 100m infill has delineated five high order gold anomalies over mafic and ultramafic rocks of the Narracoota Volcanics within the Bryah Basin, south of the Fortnum Gold Mine (Figure 9).

Wood Creek	Gold to 542ppb over an area of approximately 800m by 400m supported by rock chip values to 2.4 g/t Au in quartz veining. The anomaly is open to the south under a large floodplain.
Rudd's Ridge	Gold to 212ppb over an area of 400m by 400m associated with strong arsenic anomaly. Rock chips from small quartz veins in sediments have returned up to 0.5 g/t gold.
Dorrah	Mainly covered by alluvium with gold to 50ppb. The prospect is situated immediately east of Meteoric's Harrod Gold Prospect (Figure 9).
Bare Flat	Gold in soil to 89ppb over an area of 250m by 50m.

Rudd's Ridge East A discontinuous gold anomaly with a peak value of 67ppb and strong arsenic association.

The targets are drill ready and awaiting approvals for heritage site survey access.

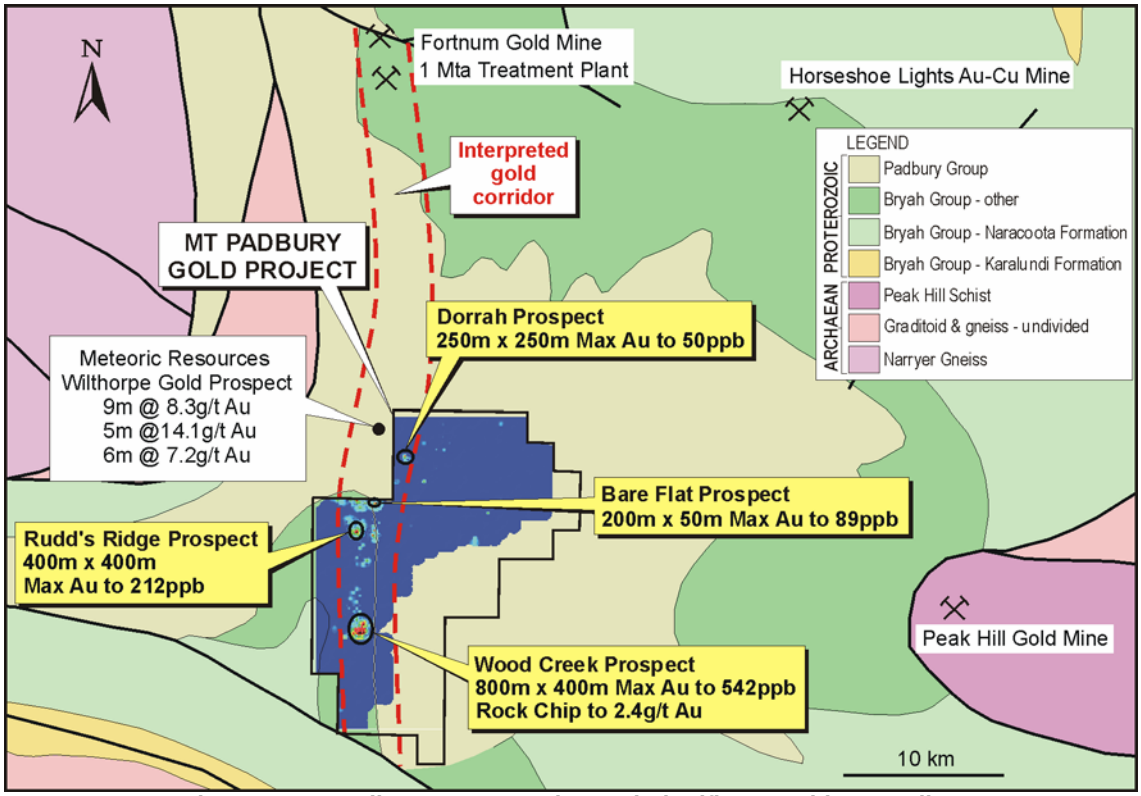


Figure 9: Mt Padbury JV – Location and Significant Gold Anomalies

DALWALLINU
(IGO 100%)

The Dalwallinu Project is centred approximately 60km south-south-west of the ca. 1 million ounce Mt Gibson gold orebodies.

Reconnaissance style wide-spaced roadside geochemical sampling completed last year defined a north-north-east trending zone of elevated gold (to 180ppb Au) and pathfinder elements approximately 60km in strike length.

Only one area, referred to as the Pithara Prospect, has been followed up to date.

Pithara
Auger sampling on 200m x 50m spacings delineated a high order gold anomaly covering a strike length of 1.2km (50ppb contour). First pass RC drill testing of the anomaly returned up to **2m @ 1.93g/t Au** from 89m in PTRC008 and **1m @ 2.24g/t Au** in PTRC010 associated with highly deformed amphibolites (Figure 10). The highly deformed nature of the host lithologies suggests that mineralisation may occur as plunging shoots with relatively short strike extents. Infill auger sampling is planned for July to assist in delineation of the shoot positions.

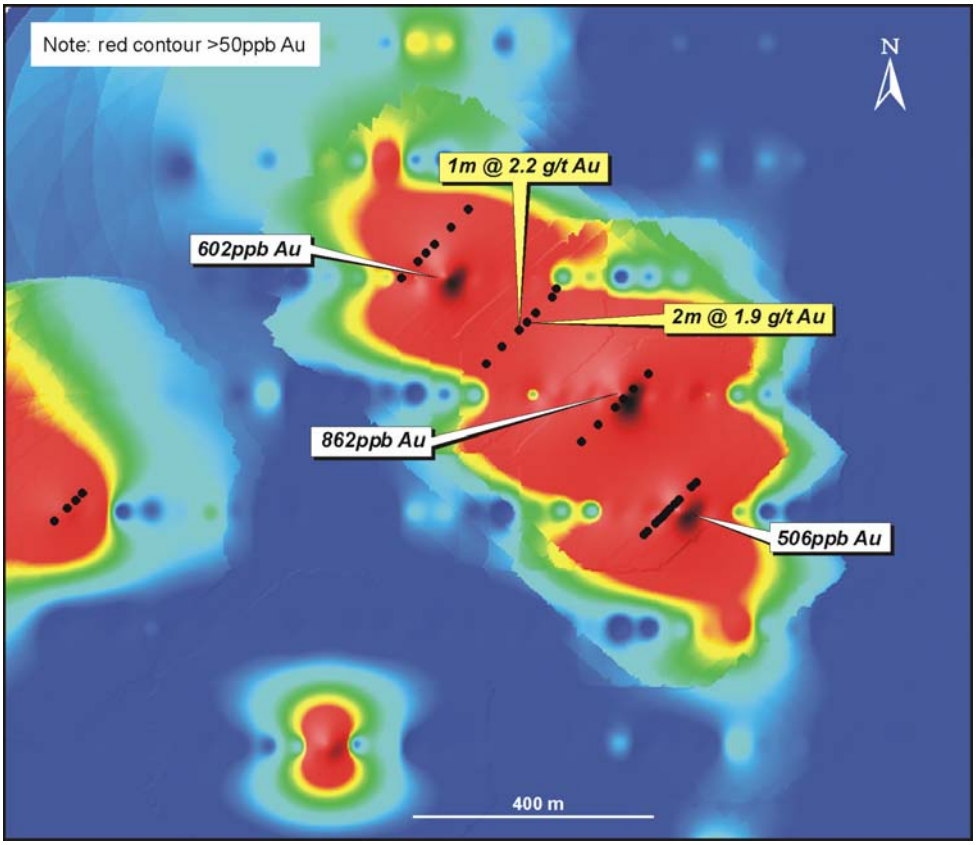


Figure 10: Dalwallinu Project – Pithara Prospect – Auger Gold Geochemistry and Reconnaissance Drilling Results

Additional areas will be tested as ground access becomes available following the cropping season.

COBAR
(IGO 100%)

Five exploration licences have been applied for to cover conceptual gold targets along basin margins in the NSW Cobar and base metal mining camp. Gold mines in the district include Hera (450,000 oz at 9.4 g/t Au) and Peak Gold Mine (530,000 oz at 7.3 g/t Au). Two exploration licences have been granted and regional geochemistry is planned to commence in the September quarter.

MERTONDALE OPTION – GIANT WELL
(IGO EARNING 70%)

Follow-up drilling at the Cowbell Dig Prospect, where intercepts up to 7m @ 4 g/t and 3m @ 86 g/t Au were reported last quarter, failed to delineate a mineralised system with the scope for a large stand-alone orebody. IGO consequently declined to exercise its option over this property.

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.

GOLD PROJECTS

Giant Well	Declined to exercise option. Mineralisation and alteration intersected not indicative of a large system.
Gabanintha	Relinquished. Further assessment downgraded the target.
Benari	Relinquished. RC drill testing of targets failed to intersect significant mineralisation.

Nambi	Relinquished. Auger sampling failed to identify geochemical anomalies.

NICKEL PROJECTS

Thadoona	Relinquished. Geophysics survey and surface examination downgraded target.

SEPTEMBER QUARTER PROGRAM

REGIONAL NICKEL EXPLORATION

Duketon	RC drill testing of Camp Oven and Matt's Bore prospects
Irwin Bore	Aircore drill testing of nine TEM conductors
Yandal JV	First pass soil/lag geochemistry and TEM

REGIONAL GOLD EXPLORATION

Tropicana JV	Aircore drilling at Rusty Nail, Kamikaze and Black Feather prospects
Francis Furness	RC and diamond drilling program to test targets at Salvation, Francis Furness Deeps and Bohemia
Dalwallinu	Infill auger and follow-up RC if warranted
Cobar	Regional surface geochemistry on two granted tenements
Mt Padbury	Obtain heritage clearance to allow drilling to commence

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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 893
SOUTH PERTH WA 6951
T: (08) 9367 2755
F: (08) 9367 3288
E: contact@igo.com.au
W: www.igo.com.au