



## QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2009

### GROUP HIGHLIGHTS

- Estimated NPAT for the quarter was \$5.3 million (Sep \$5.9 million).
- \$11.2 million estimated and unaudited NPAT for half year (2008 half year: \$0.1 million).
- \$144.9 million cash and unaudited net receivables (Sep \$140.1 million).

### OPERATIONS HIGHLIGHTS

- **Production** - 49,448t @ 4.6% Ni for 2,255 Ni t (Budget 53,998t @ 3.9% Ni for 2,115 Ni t).
- **Cash Costs** - A\$4.25/lb payable nickel (Budget A\$4.24).
- **Exploration** - 12.4m @ 7.8% Ni (7m true width) intersected 120m south of the June 2009 Moran reserve boundary extending the deposit strike length.
  - A new large TEM anomaly centred 420m south-east of the Moran reserve boundary could represent the southern strike continuation of the ore body.
  - A new zone of nickel sulphides intersected 465m north of the current Long ore reserve boundary.

### EXPLORATION HIGHLIGHTS

#### GOLD

- **Tropicana JV** - Bankable Feasibility Study continuing.
  - Pre-feasibility Study initial open cut reserve of 45M t @ 2.3 g/t Au for 3.3M oz (excludes inferred resources).
  - TFD181 intersected 7m @ 2.1 g/t Au and 14m @ 3.5 g/t Au 550m north-east of the proposed Tropicana open cut and may represent the fault off-set continuation of the Tropicana-Havana gold system.
  - Further significant gold intercepts (21m @ 2.5 g/t Au, 13m @ 2.4 g/t Au, 2m @ 25 g/t Au) intersected south of the current Havana open cut resource.
  - 17m @ 2.3 g/t Au intersected at the Voodoo Child Prospect 50km north of Tropicana/Havana.
- **Karlawinda** - 16m @ 2.5 g/t Au, 14m @ 2.4 g/t Au, 2m @ 24.0 g/t Au and 2m @ 19.2 g/t Au intersected at the Bibra Prospect.

#### BASE METALS

- **Duketon JV** - Massive and matrix sulphides intersected over a 300m strike length at the Rosie Prospect including 7m @ 2.6% Ni and 3.75 g/t Pt and Pd (2.3m true width) and 3.6m @ 2.3% Ni and 3.11 g/t Pt and Pd (2.1m true width).
  - Down-hole TEM surveys defined broad strong TEM anomalies beneath these intercepts which require drill follow up.



## CORPORATE

### DIVIDEND

The Company will announce the amount of the 2009/10 interim dividend with the release of the half yearly report prior to the end of February.

### PROFIT AND LOSS

The estimated and unaudited NPAT for the quarter is \$5.3 million (Sep \$5.9M). **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\$19,650/t and are subject to subsequent final price adjustments.**

### ISSUED CAPITAL - CURRENT

113,688,539 ordinary shares and 1,212,500 unlisted options.

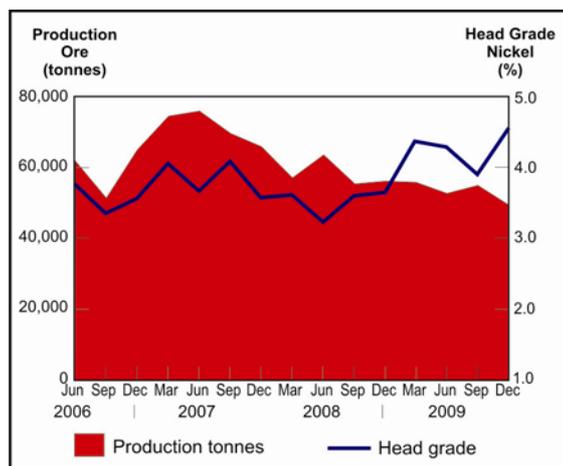
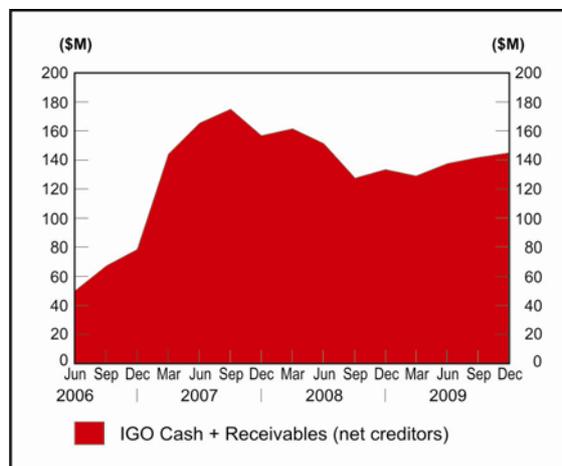
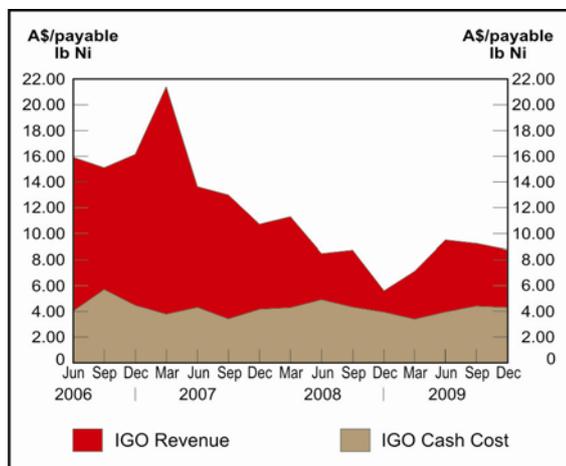
## CASH AND DEBT

### CASH RESERVES

- \$137.1 million cash (Sep \$136.4M).
- \$7.8 million nickel revenue in receivables net of creditors (Sep \$3.7M).
- Total cash and net receivables were \$144.9 million at the end of the quarter (Sep \$140.1M).
- **Unhedged receivables have been valued using AU\$19,650/t Ni.**

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

- \$8.5 million on Long and regional exploration, including contributions to the Tropicana JV.
- \$3.3 million Moran development costs.
- \$1.5 million income tax payments.





## DEBT

The Company had no debt at the end of the quarter.

## NICKEL SALES PRICE CALCULATION

Due to the off-take agreement the Company has with BHP Billiton Nickel West Pty Ltd, nickel sales for any given month are required to be estimated. This is due to the lag-time between delivery of ore and setting of the price to be received, which is based on the average LME price prevailing in the third month after the month of delivery.

The Company is also required to estimate the USD/AUD exchange rate when calculating sales for any given month, as payment for nickel delivered is received in US dollars. Therefore, when calculating the quarter's cash flow and profits, revenue which will be received based on future nickel prices is estimated using the most up-to-date price information available prior to the release of the quarterly report. The receivables figure used represents the estimated final USD nickel payment converted to AUD, also at an estimated exchange rate.

The effect of the changing nickel price and exchange rate on receivables is reflected in each quarter's cash flow and profit figures.

## 2009/10 EXPLORATION EXPENDITURE

\$7.4 million exploration expenditure was incurred during the quarter which includes accruals and Tropicana JV expenditure.

## HEDGING

During the quarter the Company placed hedge contracts to cover part of anticipated nickel production in 2011/12. Hedge contracts for 70 tonnes of nickel per month at A\$21,003/t were placed for a total of 840 tonnes. Total hedged nickel metal at the date of this report is 4,440t at A\$19,390/t, which is scheduled to be delivered at 200 tonnes per month from January 2010 to June 2011 and 70 tonnes per month from July 2011 to June 2012.

# MINING OPERATION

## LONG NICKEL MINE IGO 100%

### SAFETY

Lightning Nickel incurred one Lost Time Injury (LTI) during the quarter, bringing the Frequency Rate (LTIFR) to **5.19** for the life of the operation. The LTI occurred as an employee was required to travel to Perth for medical treatment.

### PRODUCTION

Production for the quarter was 49,448t at 4.6% Ni for 2,255 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stopping	9,161	t @	3.3	Ni for	306	Ni t
Long-hole	22,634	t @	4.7	Ni for	1,069	Ni t
Hand-held	8,186	t @	4.5	Ni for	372	Ni t
Jumbo Development	9,467	t @	5.4	Ni for	508	Ni t
<b>TOTAL</b>	<b>49,448</b>	<b>t @</b>	<b>4.6%</b>	<b>Ni for</b>	<b>2,255</b>	<b>Ni t</b>

Production was from the following areas:

Long	20,549	t @	4.7	Ni for	975	Ni t
McLeay	21,298	t @	4.4	Ni for	938	Ni t
Victor South	7,601	t @	4.5	Ni for	342	Ni t
<b>TOTAL</b>	<b>49,448</b>	<b>t @</b>	<b>4.6%</b>	<b>Ni for</b>	<b>2,255</b>	<b>Ni t</b>



Nickel production exceeded budget expectation, with the budget for the quarter being 53,998 tonnes of ore at 3.9% Ni for 2,115 tonnes of contained metal. This represents a 6.6% increase in contained metal.

Metal during the quarter was produced at a cash cost of A\$4.25 per payable pound of nickel, versus a budget of A\$4.24/lb.

Operational highlights included:

- Continued low cost production
- High quality ore being delivered to the mill (4.6% versus budgeted 3.9% head grade)
- Continuation of capital development for accessing Moran reserves
- Development of drilling platforms (525mRL & 570mRL) for the continued exploration and resource drilling of Moran

**DEVELOPMENT**

**CAPITAL DEVELOPMENT**

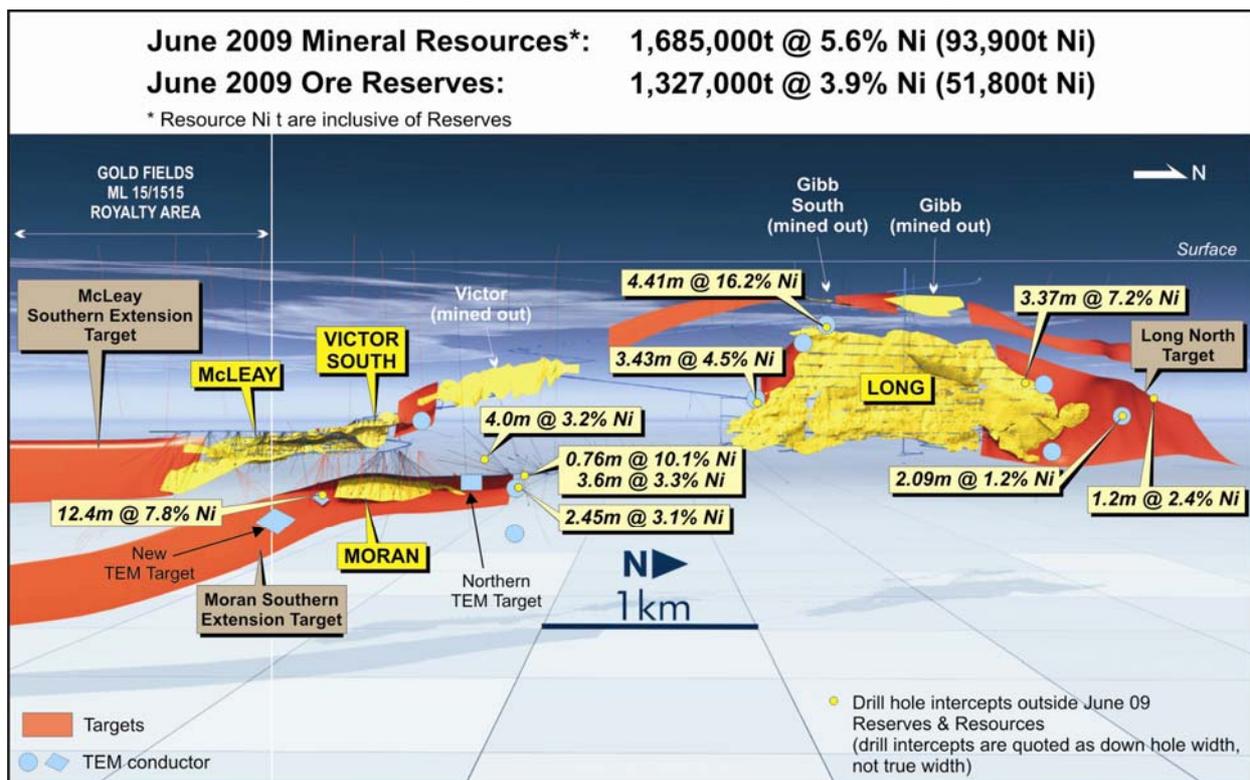
The focus for the quarter was on the development of accesses and infrastructure necessary to enable the commencement of production from the Moran ore body. A total of 477 metres of capital development was undertaken, 436 metres of which occurred in Moran and 42 metres in McLeay.

**OPERATING DEVELOPMENT**

A total of 810 metres of normal operating development was also undertaken during the quarter, of which 67% was undertaken in McLeay and 33% in Long.

Development occurred in the following work areas:

- McLeay - On the 515mRL, 545mRL, 560mRL and 570mRL production headings
- Long – 11 level Rhondo and 16 level Sub stopes



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



## FOCUS FOR MARCH QUARTER

Operationally, Quarter 3 will see our focus on:

- Supervision and contractual control
- Continued risk assessment of site activities
- Focusing on employee risk awareness and reinforcement of a safe workplace culture
- Continued capital development to enable exploitation of Moran reserves
- Continued focus on brownfields resources extensions, with high emphasis on exploration south of Moran

## EXPLORATION

### Drill Drive Development

Extensional drilling at Moran was suspended for most of the quarter whilst development of the 525 and 570 drill drives progressed (**Figures 1-3**). A further 60m of development will be completed on the 525 drill drive early in the March quarter before extensional drilling recommences from the face of the drill drive.

### Extensional Drilling

One step-out diamond drill hole (LSU279) was completed in the Moran 525 drill drive. This hole was designed to test a TEM anomaly immediately south of Moran and intersected:

#### **12.35m @ 7.8% Ni (7m true width) from 167m**

This intercept is 120m south of the southern boundary of the June 2009 reserves and remains open east, west and south (**Figure 2**). Follow up drilling and further extensional drilling is planned.

### Reserve Drilling (Moran)

Reserve drilling continued during the quarter. Results were generally consistent with the June 2009 reserve model. However, holes LSU260 and LSU273 both intersected thicker mineralisation than expected at the previously interpreted down-dip limit of the ore body as follows:-

#### **LSU260 - 3.6m @ 11.3% Ni (2m True width) from 195m**

#### **LSU273 - 4.0m @ 7.1% Ni (2.5m True width) from 209m**

These intersections extend the interpreted width by 20m, and the ore body remains open in the down-dip direction in this area (**Figure 2**).

### Geophysics

A down-hole survey has detected a large TEM anomaly centred 420m south-east of the southern June 2009 Moran reserve boundary (**Figure 2**). Drill testing is required to determine whether this conductor represents massive nickel sulphides or barren conductive meta-sediments.

### Long North Extensional Drilling

IGO purchased the tenure north of Long from BHP Billiton in 2007. Drilling north of Long discovered the Long North ore body (the "07 Shoot") in December 2007 which was converted to reserve status in September 2008.

The first diamond drill hole (LG137-039) in a program designed to test for northern extensions to the Long North ore body intersected remobilised massive sulphide (**0.3m @ 5.9% Ni**) and light matrix sulphide (**1.2m @ 2.4% Ni**) in an open contact position 465m north of the current ore reserve limit (**Figure 1**). This intersection lies 290m north and 100m up-dip from the mineralised intercept in WMC drill hole LG14-37 (2.09m @ 1.25% Ni).

Although the drill hole intersected extensive porphyry and granite, the result demonstrates that areas of mineralised ultramafic basal contact are preserved to the north of the current Long reserve.

Drilling at Long North will continue during the March quarter.



### Long South Seismic Targets

Surface diamond drill hole LNSD-062 will be drilled during the March quarter to test a seismic target located on the ultramafic basal contact up-dip from the projected McLeay lava channel.

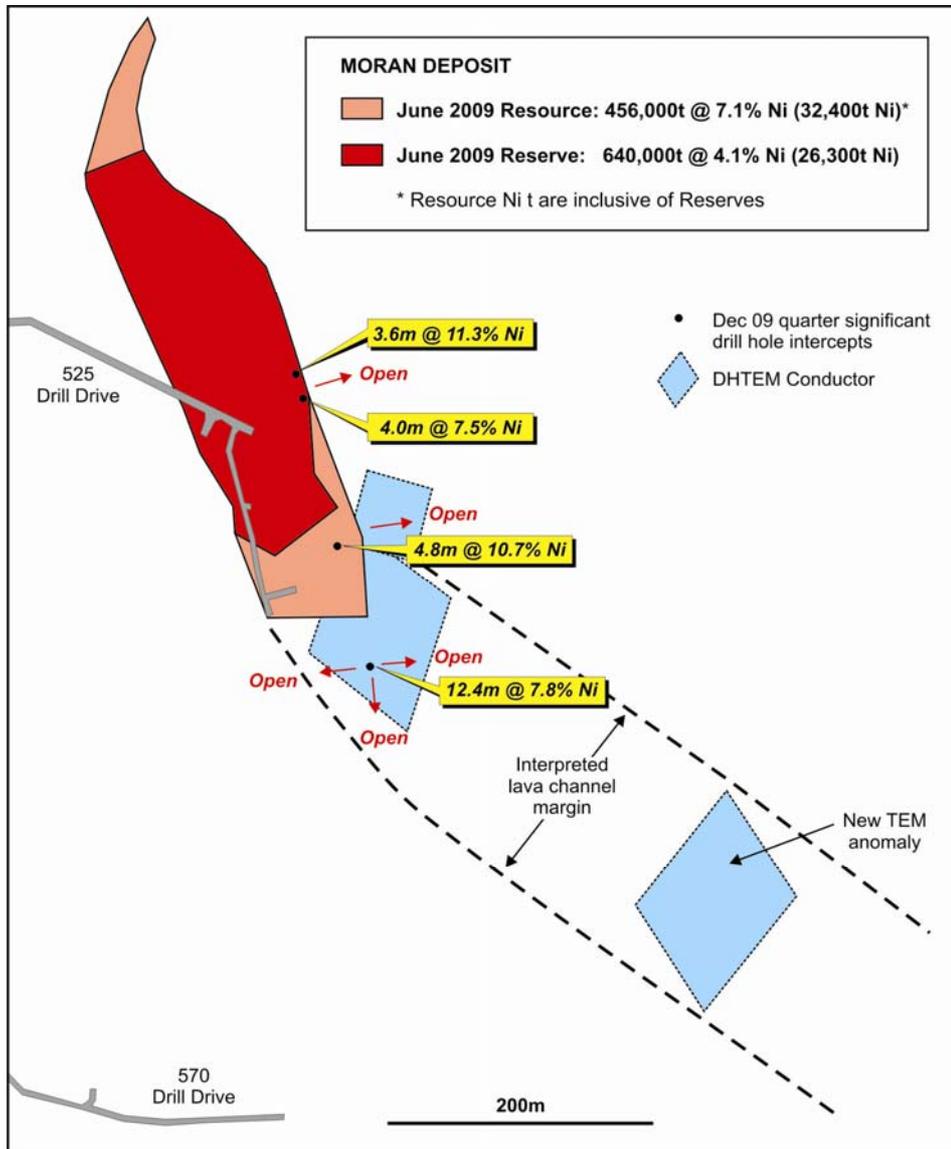


Figure 2: Moran Deposit - Plan Showing Nickel Shoot, Development and December Quarter Significant Intercepts



Figure 3: Long Nickel Mine – Longitudinal Projection Showing New Moran South TEM Anomaly and Location of Proposed Moran Development



### LONG NICKEL MINE PRODUCTION SUMMARY

	Note	Dec '09 Quarter	2009/10 FY to Date	Prev. Corresp. Quarter (Dec '08)
<b>Mining Reserve (Dry Tonnes)</b>				
Start of Period		1,276,270	1,327,000	1,029,580
- ROM Production	1	(49,448)	(99,728)	(56,832)
End of Period		1,227,272	1,227,272	972,748
<b>Production Details:</b>				
Ore Mined (Dry Tonnes)	1	49,448	99,728	56,832
<b>Ore Milled (Dry Tonnes)</b>				
Nickel Grade (Head %)		4.55	4.25	3.65
Copper Grade (Head %)		0.33	0.30	0.27
<b>Metal in Ore Production (Tonnes)</b>				
Nickel delivered	2	2,255	4,242	2,074
Copper delivered	2	164	304	152
<b>Metal Payable IGO share (Tonnes)</b>				
Nickel		1,364	2,561	1,254
Copper		66	122	61
<b>Hedging</b>				
Tonnes delivered into Hedge		600	1,200	600
Average Price (AU\$/t)		19,013	19,013	18,489

Note 1. Production is sourced from both reserves/inventory and outside reserves.  
 Note 2. The Recovery Rate is fixed with BHP depending on head grade. For grades from 3.0% to 3.5% recovery is 92%, for grades in excess of 3.5% recovery is 93%.

		A\$'000's	A\$'000's	A\$'000's
<b>Revenue/Cost Summary</b>				
Sales Revenue (incl. hedging)		26,340	50,647	15,413
Cash Mining/Development Costs		(8,349)	(15,378)	(6,552)
Other Cash Costs	3	(4,419)	(8,990)	(4,175)
Depreciation/Amortisation/Rehabilitation		(2,726)	(5,377)	(2,386)
<b>Total Unit Cost Summary</b>				
		<b>A\$/lb Total Metal Produced</b>	<b>A\$/lb Total Metal Produced</b>	<b>A\$/lb Total Metal Produced</b>
Cash Mining/Development Costs		1.68	1.64	1.43
Other Cash Costs	3	0.89	0.96	0.91
Depreciation/Amortisation/Rehabilitation		0.55	0.58	0.52
<b>Revenue/Cost Summary</b>				
		<b>A\$/lb Payable Metal</b>	<b>A\$/lb Payable Metal</b>	<b>A\$/lb Payable Metal</b>
Sales Revenue (incl. hedging)	4	8.76	8.97	5.58
Cash Mining/Development Costs		2.78	2.72	2.37
Other Cash Costs	3	1.47	1.59	1.51
Depreciation/Amortisation/Rehabilitation		0.91	0.95	0.86

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	3	1
- Medically Treated IFR		30.5	43.2	40.8
- Nickel Productivity Rate	5	75.7	93.3	71.5

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

Development/Exploration Drilling	Metres	Metres	Metres
Development	-	-	-
Production	2,847	5,422	245
Exploration	1,559	4,143	5,927
	4,406	9,565	6,172



## REGIONAL GOLD EXPLORATION

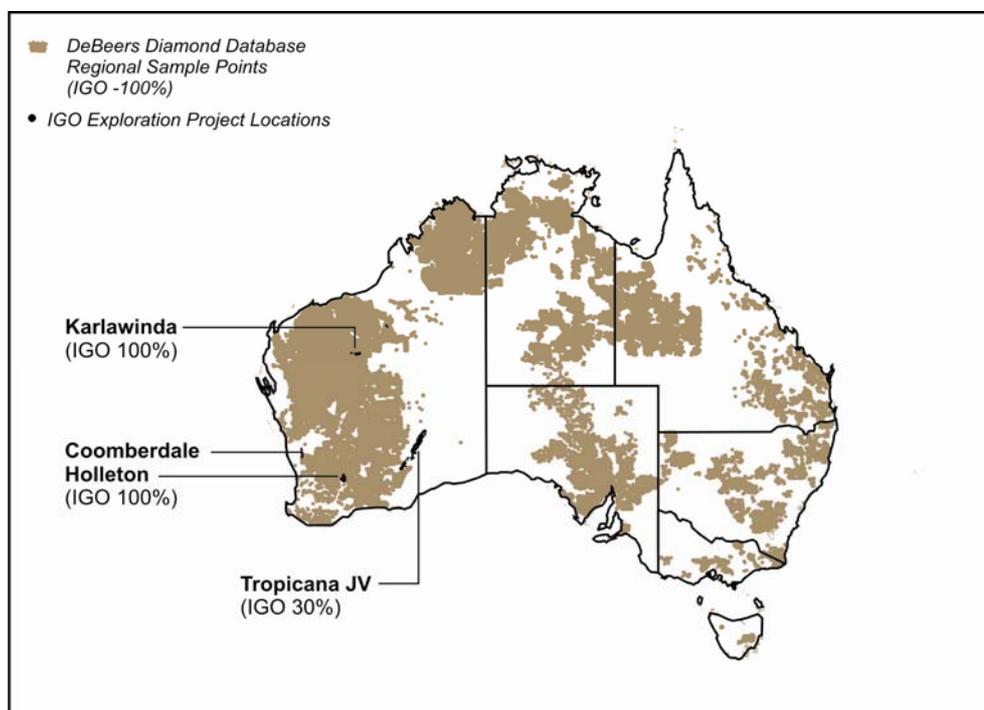


Figure 4: IGO Gold Project Locations

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

The Tropicana Joint Venture comprises approximately 13,000km<sup>2</sup> of highly prospective tenure covering a strike length of 330km (**Figures 4 and 5**).

The Tropicana project was generated by IGO and joint ventured to AngloGold Ashanti Australia Limited on 30 January 2002. The first discovery within this extensive tenement package is the Tropicana deposit, comprising the Tropicana and Havana Zones on which a Bankable Feasibility Study ("BFS") has commenced.

In addition to the Feasibility work at the Tropicana deposit, exploration is continuing at priority regional locations throughout the joint venture area, with a focus on those within trucking distance of the potential operation at Tropicana-Havana.

#### Feasibility Study

The JV partners have agreed to report the initial Tropicana Gold Project Ore Reserve based on the outcomes of the Pre-feasibility Study.

**The Ore Reserve is based on the Pre-feasibility Study Measured, Indicated and Inferred Mineral Resource estimate of 75.3 million tonnes grading 2.07 g/t gold for 5.01 million ounces** and a pit optimisation at an assumed US\$900/oz gold price and 0.85 A\$/US\$ exchange rate.

The Proved and Probable Ore Reserve using the estimated break-even cut-off grade of 0.7 g/t gold for oxide and transitional materials and 0.8 g/t gold for fresh material on a 100% basis as at 31 December 2009 is as follows:



Classification	Tonnes (Mt)	Grade (g/t)	Contained Gold (t)	Contained Gold (Moz)
Proved	22	2.4	53	1.7
Probable	23	2.1	50	1.6
<b>TOTAL</b>	<b>45</b>	<b>2.3</b>	<b>103</b>	<b>3.3</b>

*See last page of report for JORC required competent person sign-off.*

The mining inventory utilised for assessment in the Pre-feasibility Study includes additional Inferred Mineral Resources within the open pit design for Tropicana and Havana. Consistent with internationally recognised codes for the reporting of resources and reserves, the Inferred Mineral Resources are not part of the Ore Reserve. The published resources and reserves will be updated at the conclusion of the BFS.

Drilling and an update of the resource model as part of the BFS have been completed with the estimate currently being internally and independently reviewed and audited. A close-spaced drilling program was completed within the Havana resource to simulate grade control drilling. Results from this drilling confirm the resource interpretation and the continuity of mineralisation. The data will be further analysed to validate the resource model and optimise grade control and mining selectivity.

Work on updating the pit designs, mining schedules and reserve for the BFS has commenced. Tendering for contract mining is in progress with owner mining costs to be updated.

A comprehensive metallurgical testwork program for the BFS has been substantially completed. Results confirm the processing flowsheet selected from the Pre-feasibility Study of primary and secondary crushing, high pressure grinding rolls followed by conventional carbon in leach. A number of engineering studies have been undertaken to optimise the plant operating and capital costs and operating performance. The major aspects of the plant design and engineering will occur over the forthcoming quarter.

Geotechnical studies for the mine access road and tailings storage facility are in progress and will be utilised as inputs for refining designs and developing feasibility level cost estimates.

The eight week public review period for the Tropicana Gold Project environmental impact assessment closed in late November with a limited number of submissions received. The Tropicana JV is currently consulting with the organisations that have made submissions and developing a formal response to the submissions which will be provided to the Office of the Environmental Protection Authority in the March quarter. The Environmental Protection Authority will provide a recommendation on the project approval and approval conditions to the WA Minister for the Environment. The approval and conditions are subject to potential public appeals.

#### Tropicana-Havana Proximal Exploration

Exploration drilling continued to focus on targets proximal to the Tropicana – Havana deposits.

An RC and diamond drilling program designed to test potential extensions along strike and down dip of the Tropicana-Havana system intercepted **7m @ 2.1 g/t Au from 141m and 14m @ 3.49 g/t Au from 176m in TFD181, 550m north-east of the proposed Tropicana pit (Figure 6)**. Significantly, these intersections may represent the faulted and offset northern continuation of the Tropicana ore body. Other holes in this program testing underground targets down dip of Tropicana-Havana and shear zones between the two deposits intersected zones of strong pyrite alteration potentially reflecting gold mineralisation, however assays have not yet been received.



Encouraging results were also obtained to the south of the proposed Havana pit at the Havana South zone. Significant intersections included **13m @ 2.37 g/t Au** from 317m, **21m @ 2.50 g/t Au** from 202m and 8m @ 2.83 g/t Au from 134m.

Regional Exploration

Aircore drilling confirmed and/or extended the size potential of a number of prospects including **17m @ 2.25 g/t Au from 3m** at Voodoo Child, 50km north of Tropicana (**Figure 5**).

Infill aircore drilling and follow-up reverse circulation drilling are planned for various regional prospects during 2010.

**Table 1: Tropicana JV – Havana - Significant RC and Diamond Drilling Results**

Hole No.	Northing (m)	Easting (m)	RL (mAHD)	Azi (degr)	Dip (degr)	Total Depth	Depth From (m)	Depth To (m)	Intercepts
TFD179	6762688	650228	350	336	-64	300	143	147	4 m @ 4.9 g/t Au
TFD181	6763780	651809	341	327	-60	325.6	141	148	7 m @ 2.1 g/t Au
							<b>176</b>	<b>190</b>	<b>14 m @ 3.5 g/t Au</b>
TFD188	6761109	649599	361	325	-66	375.8	294	314	20 m @ 1.47 g/t Au
							317	330	13 m @ 2.4 g/t Au
							320	363	43 m @ 1.1 g/t Au
TFD192	6761057	649652	360	324	-59	429.7	<b>345</b>	<b>347</b>	<b>2 m @ 25.2 g/t Au</b>
							351	360	9 m @ 2.6 g/t Au
TFD195	6760933	649421	357	323	-60	267.8	<b>202</b>	<b>223</b>	<b>21 m @ 2.5 g/t Au</b>
TFD199	6760879	649407	358	324	-57	282.55	215	238	23 m @ 1.5 g/t Au
TFD201	6760808	649408	360	328	-56	295.2	243	251	8 m @ 2.4 g/t Au
TFRC3224	6760545	649034	365	315	-60	210	148	154	6 m @ 2.9 g/t Au

**RC = Reverse Circulation      D = Diamond**

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

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

**Proposed March Quarter Exploration Program**

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

- RC and diamond drilling will continue to test conceptual targets proximal to Tropicana-Havana.
- Aircore and RC follow-up at regional prospects.
- Diamond drilling to test the underground potential of the Tropicana-Havana gold system.

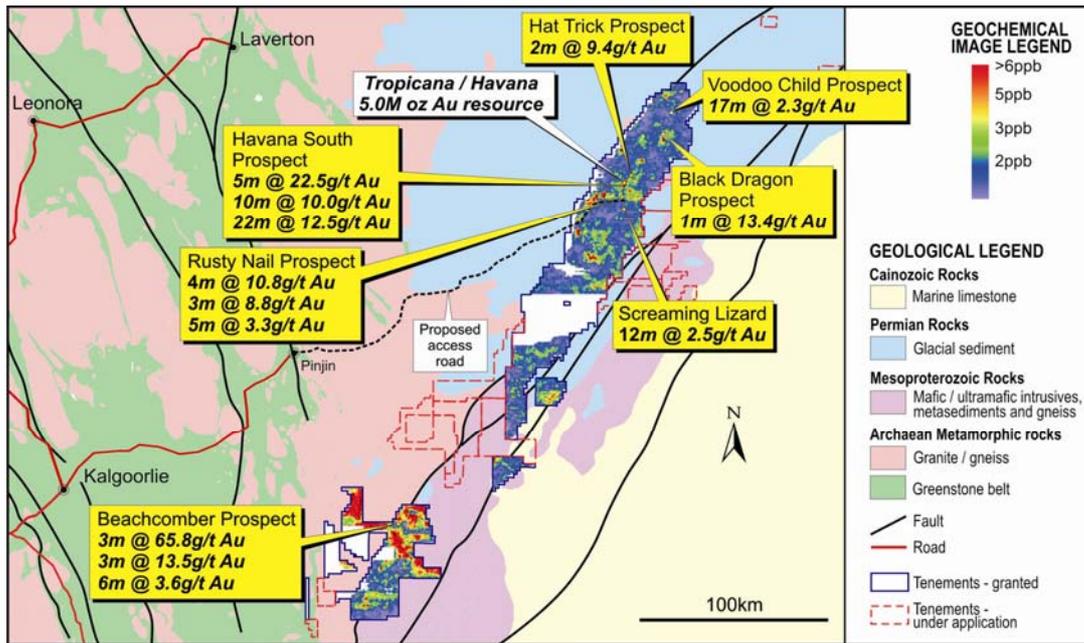


Figure 5: Tropicana JV – Tropicana and Havana Resource Locations, Tenure, Gold Geochemical Anomalies, Significant Drill Intercepts Outside Tropicana-Havana Resources and Selected Prospect Locations

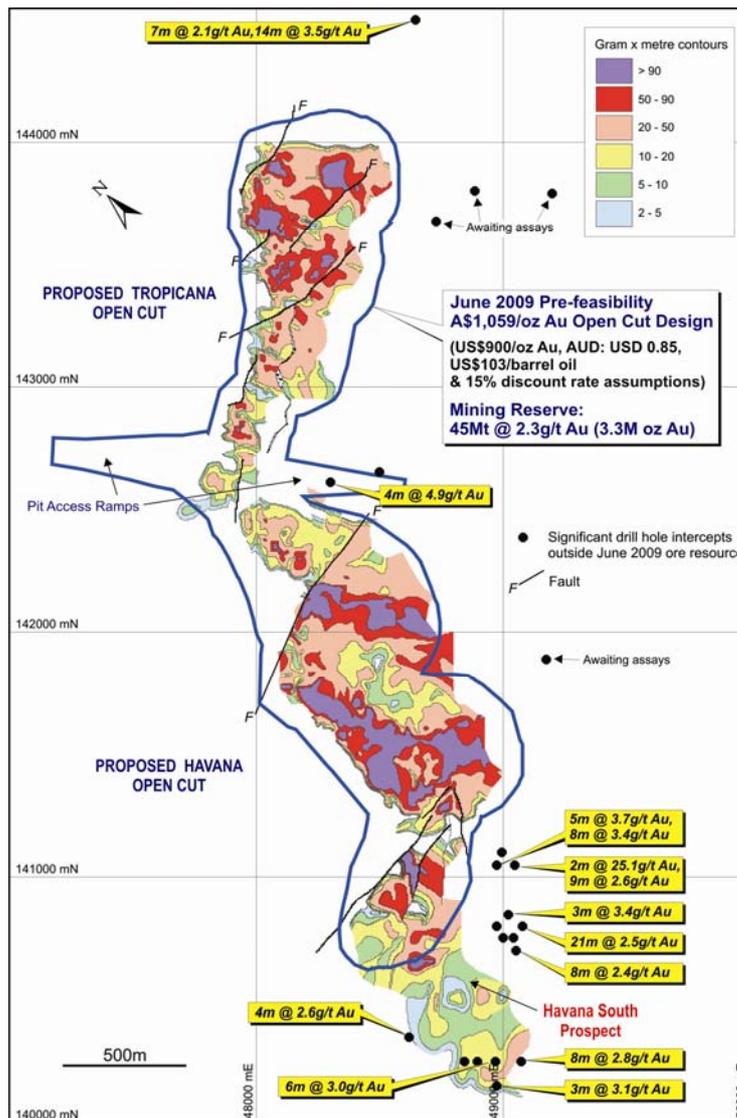


Figure 6: Tropicana JV – Proposed Tropicana and Havana Open Pit Outlines, g/t Au x m Thickness Contours and Significant December Quarter Drill Intercepts Drilled Subsequent to June 2009 Tropicana and Havana Resources



**KARLAWINDA**  
**(IGO 100%**  
**BHPB – CLAWBACK RIGHTS)**

The Karlawinda Project is located on the southern margin of the Archaean Sylvania Inlier, some 65km south-east of Newman, close to the Great Northern Highway and gas pipeline infrastructure (**Figure 7**).

Drilling by IGO and previous explorers has defined a gold mineralised system extending over a strike length of 1.1km and 0.5km down dip at the Francopan prospect beneath approximately 190m of Bangemall Basin cover sediments. Previously announced intercepts include 7m @ 4.6 g/t Au, 6m @ 4.5 g/t Au 15m @ 3.0 g/t Au. Based on the extent and style of mineralisation this project is considered to have good potential for the delineation of a significant Archaean mesothermal lode gold system.

More recent work has focused on the Bibra Prospect approximately 4 km to the north of Francopan, where Archaean bedrock is not obscured by thick Bangemall cover.

*Bibra Prospect*

During the quarter a total of 4 diamond holes (522m), 42 RC holes (9,847m) and 76 aircore holes were completed within and proximal to Bibra. The aims of these programs were to:

- Test the down dip and along strike potential of the main meta-arenite hosted mineralised zone
- Test the potential for a shallow “up-dip” oxide resource
- Determine the structural and lithological controls on mineralisation
- Test discrete magnetic targets proximal to Bibra and between Bibra and Francopan.

An initial appraisal indicates that the Bibra system, which dips approximately 15° to the west, has along strike and down dip extents of over 1km and the system remains open down dip. The geometry and continuity of mineralised zones is complicated by a series of late cross-cutting faults.

Significant results from this drilling are shown in **Figures 8 - 10** and include:

- **16m @ 2.5 g/t Au from 164m** in KBRC027
- 5m @ 4.7g /t Au from 188m in KBRC031
- 8m @ 2.6 g/t Au from 134m in KBRC016
- **14m @ 2.4 g/t Au from 43m** in KBRC045
- 4m @ 5.1 g/t Au from 38m in KBRC044
- 4m @ 4.5 g/t Au from 11m in KBRC050
- **2m @ 24.0 g/t Au from 218m** in KBRC025
- **2m @ 19.2 g/t Au from 116m** in KBRC015

Two holes targeting the northern extension of Francopan successfully intersected gold mineralisation. KBRC023D intersected 27m @ 1.1 g/t Au from 234m and KBRC024 intersected 21m @ 1.0 g/t Au, both hosted by a magnetite bearing meta-arenite unit typical of the Bibra style mineralisation providing evidence that Francopan and Bibra are part of the same very extensive gold system.

A listing of all significant results for the quarter is provided in **Tables 2, 3 and 4**.

A pole-dipole IP program testing the Bibra area will be carried out when weather conditions are suitable, possibly late in the March quarter. Future drilling programs will be planned once all data, including assays, structural observations, petrology, litho-geochemistry and IP have been integrated and interpreted.



**Table 2: Karlawinda – Bibra Prospect Significant AC Drilling Results**

Hole ID	Northing	Easting	Azimuth	Dip	Total Depth	Depth From	Depth To	Au
	(m)	(m)	(degr)	(degr)	(m)	(m)	(m)	Intercept
KBAC400	203935	7368081	0	-90	63	32	40	8m @ 1.0 g/t
KBAC410	204310	7368282	0	-90	70	56	60	4m @ 1.4 g/t
KBAC492	203145	7368359	105	-60	74	44	60	16m @ 1.7 g/t
KBAC496	203438	7368482	105	-60	77	-6052	56	4m @ 1.2 g/t

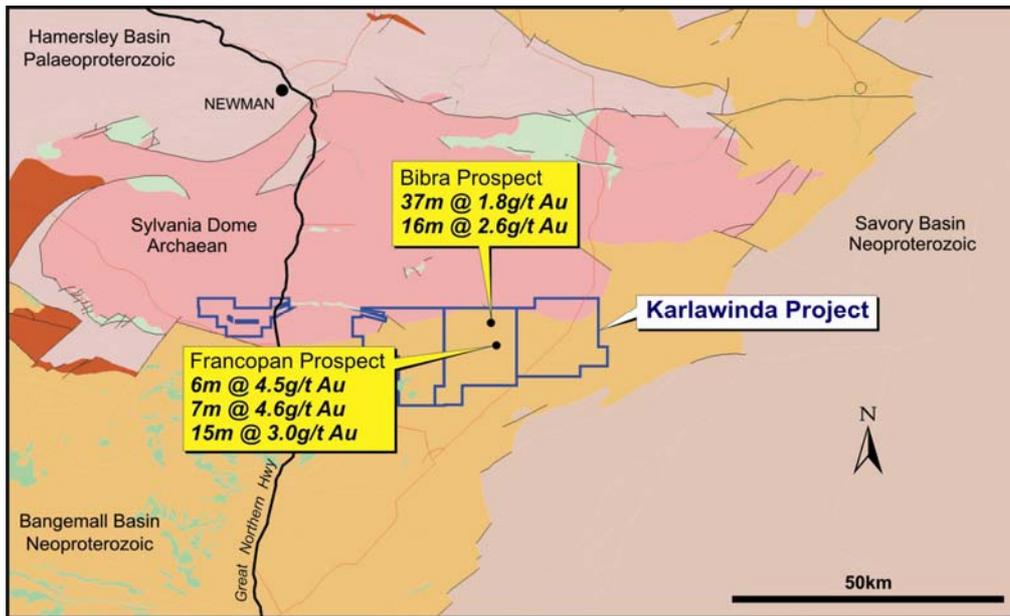
**Table 3: Karlawinda – Bibra Prospect Significant RC Drilling Results**

Hole ID	Northing	Easting	Azimuth	Dip	Total Depth	Depth From	Depth To	Au
	(m)	(m)	(degr)	(degr)	Depth	(m)	(m)	Intercept
<b>KBRC012</b>	<b>7368903</b>	<b>203850</b>	<b>105</b>	<b>-60</b>	<b>262</b>	<b>33</b>	<b>36</b>	<b>3m @ 6.6 g/t</b>
					<b>262</b>	<b>165</b>	<b>209</b>	<b>44m @ 0.8 g/t</b>
KBRC013	7368958	203654	105	-60	328	106	111	5m @ 1.9 g/t
						230	276	46m @ 0.7 g/t
KBRC014	7369018	203451	105	-60	390	307	350	43m @ 0.8 g/t
<b>KBRC015</b>	<b>7368616</b>	<b>203824</b>	<b>105</b>	<b>-60</b>	<b>250</b>	<b>78</b>	<b>95</b>	<b>17m @ 1.0 g/t</b>
						<b>116</b>	<b>118</b>	<b>2m @ 19.2 g/t</b>
<b>KBRC016</b>	<b>7368685</b>	<b>203614</b>	<b>105</b>	<b>-60</b>	<b>346</b>	<b>134</b>	<b>142</b>	<b>8m @ 2.6 g/t</b>
KBRC019	7368458	202737	105	-60	132	69	81	12m @ 1.4 g/t
						110	114	4m @ 1.4 g/t
KBRC020	7367901	202989	105	-60	240	225	228	3m @ 2.4 g/t
KBRC021	7367943	202780	105	-60	340	317	329	12m @ 1.5 g/t
KBRC022	7367839	203175	105	-60	292	143	150	7m @ 1.3 g/t
KBRC024	7366395	206924	60	-60	316	179	200	21m @ 1.0 g/t
						288	291	3m @ 4.3 g/t
KBRC025	7368541	204015	105	-60	352	9	21	12m @ 1.0 g/t
						<b>218</b>	<b>220</b>	<b>2m @ 24.0 g/t</b>
KBRC026	7369037	204108	105	-60	202	101	106	5m @ 1.7 g/t
KBRC027	7369088	203915	105	-60	220	17	27	10m @ 1.4 g/t
						<b>164</b>	<b>180</b>	<b>16m @ 2.5 g/t</b>
KBRC028	7369140	203722	105	-60	280	<b>199</b>	<b>226</b>	<b>27m @ 1.6 g/t</b>
KBRC030	7368755	203826	105	-60	340	97	116	19m @ 0.7 g/t
KBRC031	7368805	203631	105	-60	304	153	179	26m @ 0.7 g/t
						<b>188</b>	<b>193</b>	<b>5m @ 4.7 g/t</b>
						225	239	14m @ 1.7 g/t
KBRC033	7368412	203734	105	-60	298	83	88	5m @ 1.4 g/t
						238	240	2m @ 3.0 g/t
KBRC036	7368219	203682	105	-60	304	129	143	14m @ 0.7 g/t
KBRC038	7368316	203301	105	-60	202	174	177	3m @ 1.6 g/t
KBRC039	7367324	203546	105	-60	352	166	179	13m @ 0.9 g/t
						279	280	1m @ 13.7 g/t
KBRC040	7367376	203353	105	-60	268	114	127	13m @ 1.7 g/t
KBRC041	7367419	203159	105	-60	298	194	203	9m @ 1.0 g/t
KBRC044	7368985	204302	105	-60	100	<b>38</b>	<b>42</b>	<b>4m @ 5.1 g/t</b>
KBRC045	7368766	204347	105	-60	124	<b>9</b>	<b>13</b>	<b>4m @ 2.4 g/t</b>
						43	57	14m @ 2.4 g/t
KBRC046	7368792	204250	105	-60	124	58	81	23m @ 1.0 g/t
KBRC048	7368644	204210	105	-60	154	9	15	6m @ 1.0 g/t
KBRC049	7368670	204115	105	-60	154	6	11	5m @ 1.9 g/t
KBRC050	7368552	204083	105	-60	100	<b>11</b>	<b>15</b>	<b>4m @ 4.5 g/t</b>
KBRC051	7369230	204160	105	-60	202	36	39	3m @ 4.5 g/t
KBRC052	7369282	203967	105	-60	232	101	103	2m @ 1.9 g/t

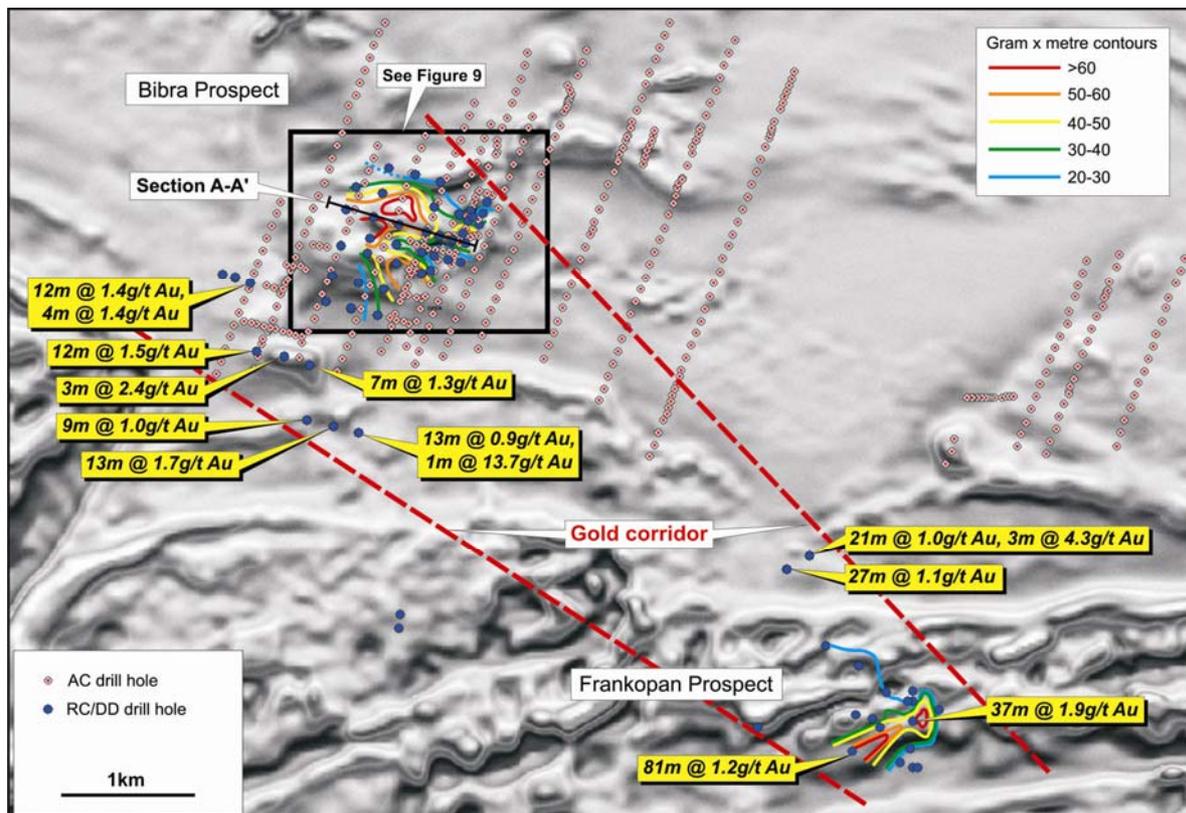


**Table 4: Karlawinda – Bibra Prospect Significant Diamond Drilling Results**

Hole ID	Northing	Easting	Azimuth	Dip	Total Depth	Depth From	Depth To	Au
	(m)	(m)	(degr)	(degr)	(m)	(m)	(m)	Intercept
KBD026	7369186	203529	105	-60	321.4	268	287	18.6m @ 1.0 g/t
KBD027	7368818	204153	105	-60	147	71	83	12m @ 0.8 g/t
						90	110	20m @ 0.9 g/t
KBRC023D	7366291	206754	60	-60	410	<b>234</b>	<b>261</b>	<b>27m @ 1.1 g/t</b>



**Figure 7: Karlawinda – Location Plan Showing Tenure, Prospects and Significant Drilling Intercepts**



**Figure 8: Karlawinda – Bibra and Francopan Prospects, RC and Diamond Drill Holes, Significant Gold Intercepts, g/t Au x Thickness (m) Contours and Figure 9 Location Over Aeromagnetic Image**

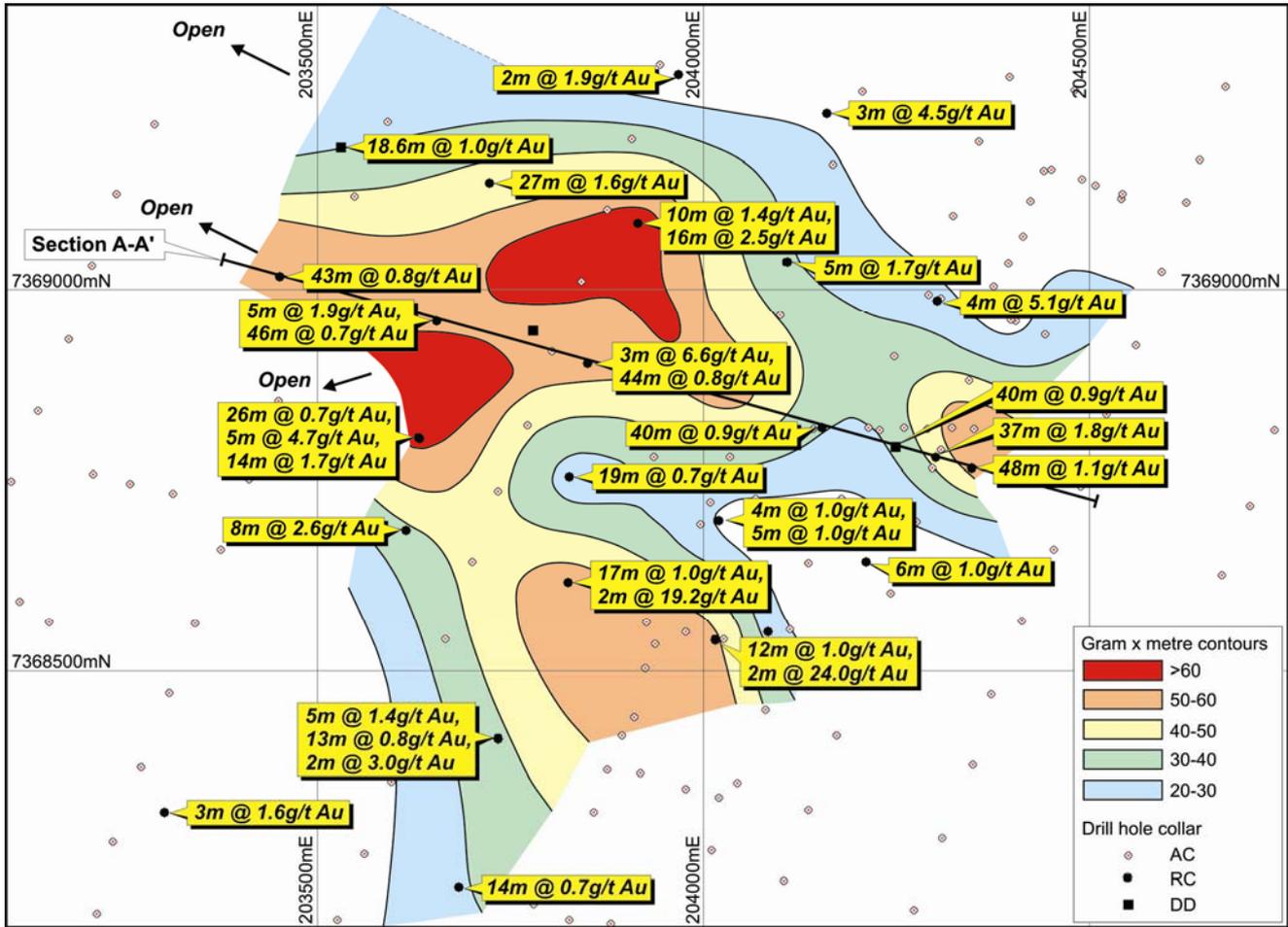


Figure 9 – Karlawinda – Bibra Prospect - RC Intercepts, g/t Au x Thickness (m) Contours and Cross-Section A-A' Location

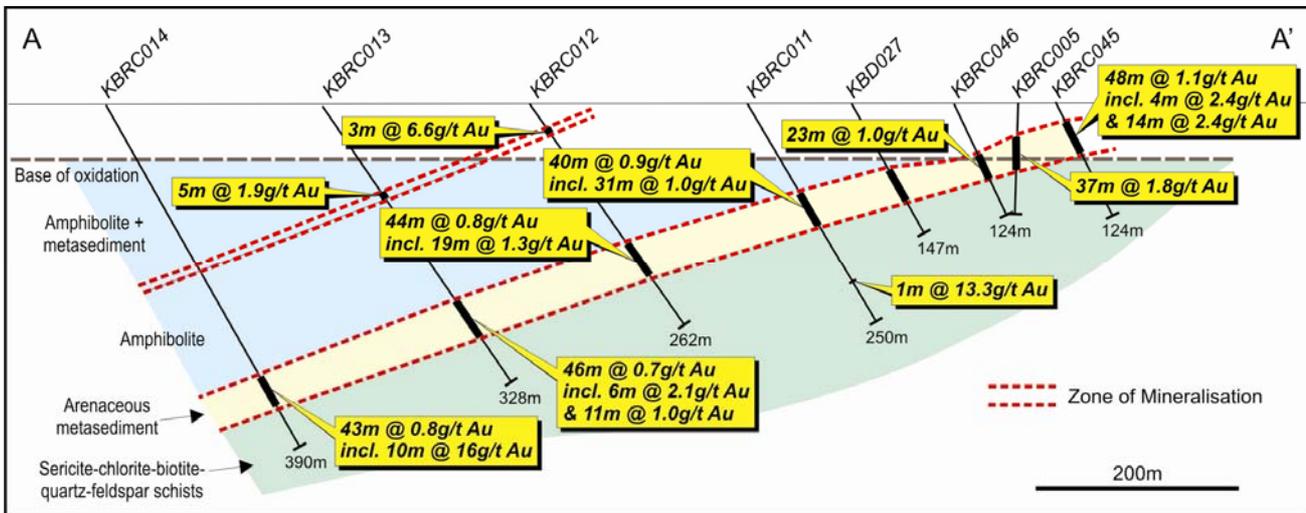


Figure 10: Karlawinda – Bibra Prospect Cross-Section A-A'



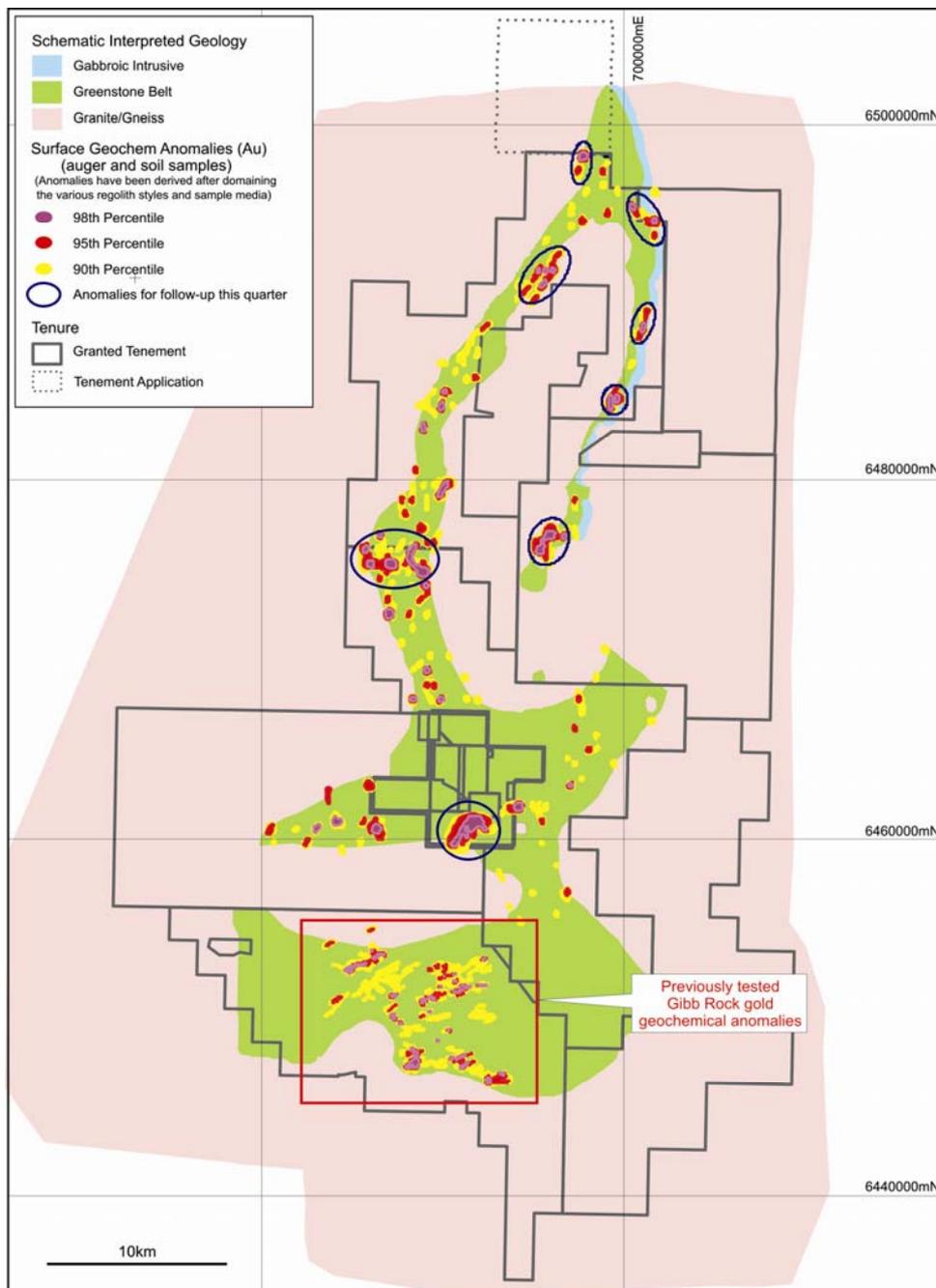
**HOLLETON**  
**(IGO 90-100%)**

The Holleton Project covers an area of 1,257 km<sup>2</sup> over the largely unexplored Holleton greenstone belt in the Southern Cross Province of the Archaean Yilgarn Craton.

IGO is exploring the project area for Yilgarn Star, Marvel Loch and Westonia style gold deposits.

During the quarter first pass 400m x 200m spaced geochemical testing was completed over the accessible shallowly covered portions of the greenstone belts which have previously not been the focus of systematic exploration for gold. A combination of auger (1,698 holes) and soil (908 samples) geochemical sampling was used depending upon the regolith type and access conditions.

This has resulted in the delineation of 8 priority geochemical anomalies for follow-up as shown in **Figure 11**. An infill auger sampling program following up these anomalies commenced in January.



**Figure 11: Holleton – Regional Geology, Tenure and Soil and Auger Gold Geochemical Anomalies**



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**DE BEERS DATABASE  
(IGO 100%)**

In February 2009 IGO acquired the non-diamond specific exploration database of De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration and the key assets of the database are the 292,000 surface geochemical samples and associated analytical results covering many mineral prospective regions throughout Australia (**Figure 4**). As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds.

The initial focus is on analysis of samples covering under explored Proterozoic basin margins in Western Australia, prospective for polymetallic base metals and gold mineralisation.

At the end of the quarter results had been received for 10,857 samples from a total of 13,273 submitted to date.

This work has generated a number of anomalies in gold, base metals and other commodities which are systematically being field checked.

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

During the quarter IGO completed an aircore program testing for mineralised porphyries along an ultramafic-mafic contact. This work demonstrated that the porphyries were discontinuous and with only patchy weak gold anomalism and hence the decision was made to withdraw from the project.

**CLUB TERRACE JV  
(IGO OPTION TO EARN 70%)**

Following a review of all results received to date including final ground-truthing IGO has concluded that the gold and base metal geochemical anomalism at the Buldah Prospect is associated with incipient shears and that further exploration is unlikely to result in a discovery meeting the Company's economic threshold.

As a consequence, IGO has elected to withdraw from the project.



## REGIONAL BASE METALS EXPLORATION

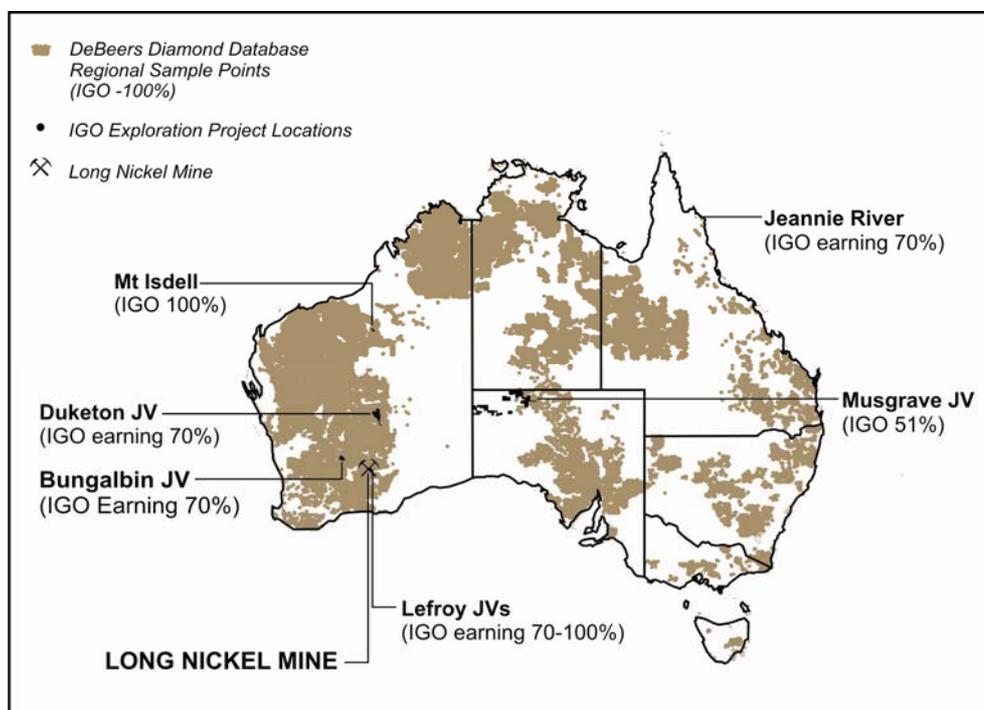


Figure 12: IGO Base Metal Project Locations

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

The Duketon Nickel JV with South Boulder Mines Ltd covers ultramafic-rich stratigraphy prospective for massive and disseminated nickel sulphide mineralisation in the Duketon Greenstone Belt, approximately 80km north of the Windarra nickel deposit (**Figure 13**).

IGO is focussing exploration on the Bulge ultramafic, a prominent thickened portion of ultramafic with a strike length of 8km situated along a more extensive ultramafic package located on the western flank of the project tenure. Two prospects have been defined to date: Rosie and C2. Away from these two prospects, much of the Bulge is yet to be effectively tested for nickel sulphide mineralisation at depth and this is currently the focus of a first pass geochemical program to prioritise areas for drill testing.

#### Rosie Prospect

The Rosie Prospect is located centrally along the northern contact of the Bulge. Aircore drilling last quarter in the oxide to transitional zone intersected broad zones of >0.5% Ni together with elevated Cu (up to 0.75%) and Pt+Pd (up to 3.2 g/t) over a strike length of 350m.

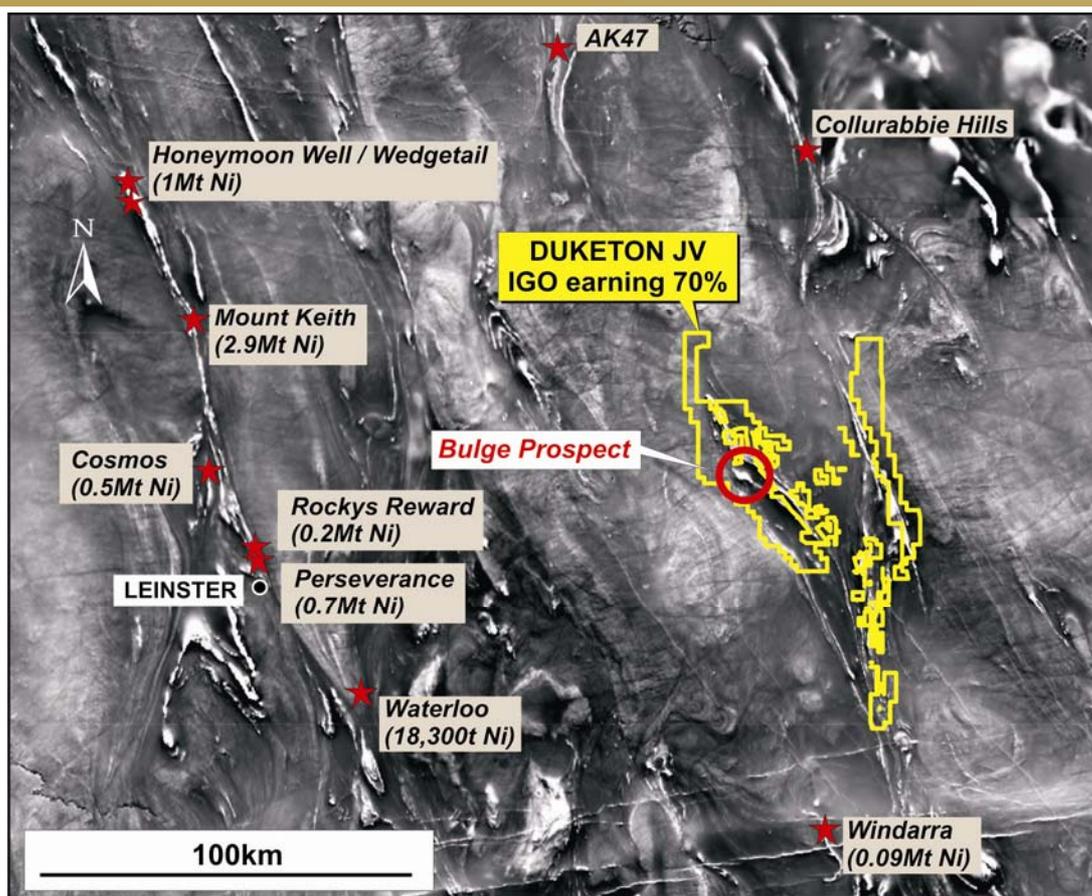


Figure 13: Duketon JV – Location Plan Over Magnetics Image Showing Location of the Bulge Prospect

Drilling this quarter was designed to test for primary sulphide mineralisation beneath the aircore intercepts. A total of 7 holes for 1,694m were drilled comprising 6 RC holes and one RC hole with a 43m NQ2 diamond tail (Tables 5 and 6).

The holes tested 300m of strike at a vertical depth of 150 to 180m on four sections spaced at 100m intervals (Figure 14).

Primary Ni-Cu-PGE sulphide mineralisation was intersected on all four sections with the best intercepts being:

- 7m @ 2.61% Ni, 0.42% Cu and 3.75 g/t Pt + Pd from 190m in TBRC070 (true width approx 2.3m)
- 3.59m @ 2.27% Ni, 0.24% Cu and 3.11g/t Pt + Pd from 205.54m in TBDD080 (true width approx 2.1m)

The mineralised intercept in TBRC070 comprises matrix mineralisation whilst the intersection within TBDD080 which is located some 25m down dip comprises brecciated massive (maximum grade 4.98% Ni) and matrix mineralisation. Both intersections occur within broader disseminated sulphide halos at the ultramafic-basalt footwall contact. A complete listing of significant intercepts at Rosie is provided in Table 6.

Down-hole TEM surveying of all 4 holes completed at Rosie identified strong conductive “plates” down dip of the mineralised intercepts with the strongest conductor correlating with the intercepts in TBRC070 and TBDD080. It is noted that there is conductive sediment on the footwall contact on the eastern two drill sections, however there was no sediment on the footwall contact on the western two drill sections, which include holes TBRC070 and TBDD080, providing support that these conductors may represent massive sulphide mineralisation (Figures 15 and 16).



### C2 Prospect

C2 Is located towards the north-western end of the Bulge where previous drilling has identified three zones (Eastern, Central and Western) of disseminated nickel sulphide mineralisation (best intersection 50m @ 0.92% Ni including 37m @ 1.05% Ni) and discrete blebby and stringer zones of higher grade mineralisation grading up to 3.34% Ni.

During the quarter four diamond holes and one RC hole were completed for a total of 1,045m of RC drilling and 680m of NQ2 diamond core. The holes were designed to test for along strike and down plunge extension of mineralisation in the Eastern zone.

Disseminated mineralisation over widths of 7-14m corresponding with the Eastern zone was intersected in all four diamond holes. The Eastern zone remains open down plunge and further drilling to test this position is being planned for the March quarter.

**Table 5: Duketon JV – Rosie Prospect – Significant Drill Hole Details**

Hole No.	Drill Hole Type	Easting (m)	Northing (m)	Azimuth (degrees)	Dip (degrees)	Precollar Depth (m)	Total Depth (m)
TBRC069	RC	6944190	402450	180	60	NA	250
TBRC070	RC	6944110	402550	180	60	NA	250
TBRC073	RC	6943855	402750	0	60	NS	202
TBRC075	RC	6943860	402650	0	60	NA	208
TBDD080	DDH	6943888	402550	0	62	191	234

**Table 6: Duketon JV – Rosie Prospect Significant RC and Diamond Drilling Results**

Hole No.	Depth From (m)	Depth To (m)	Intercept Width (m)	Approx True Width (m)	Ni (%)	Cu (%)	Pt+Pd (g/t)	As (ppm)
TBRC069	193	194	1	0.4	2.85	0.11	0.11	368
TBRC070	186	197	11	3.6	2.04	0.35	2.57	1,576
incl	<b>190</b>	<b>197</b>	<b>7</b>	<b>2.3</b>	<b>2.61</b>	<b>0.42</b>	<b>3.75</b>	<b>1,305</b>
TBRC073	154	158	4	3.6	1.27	0.10	0.83	402
TBRC075	171	176	5	4.3	0.77	0.14	1.30	86
<b>TBDD080</b>	<b>205.54</b>	<b>209.13</b>	<b>3.59</b>	<b>2.1</b>	<b>2.27</b>	<b>0.24</b>	<b>3.11</b>	<b>1,973</b>

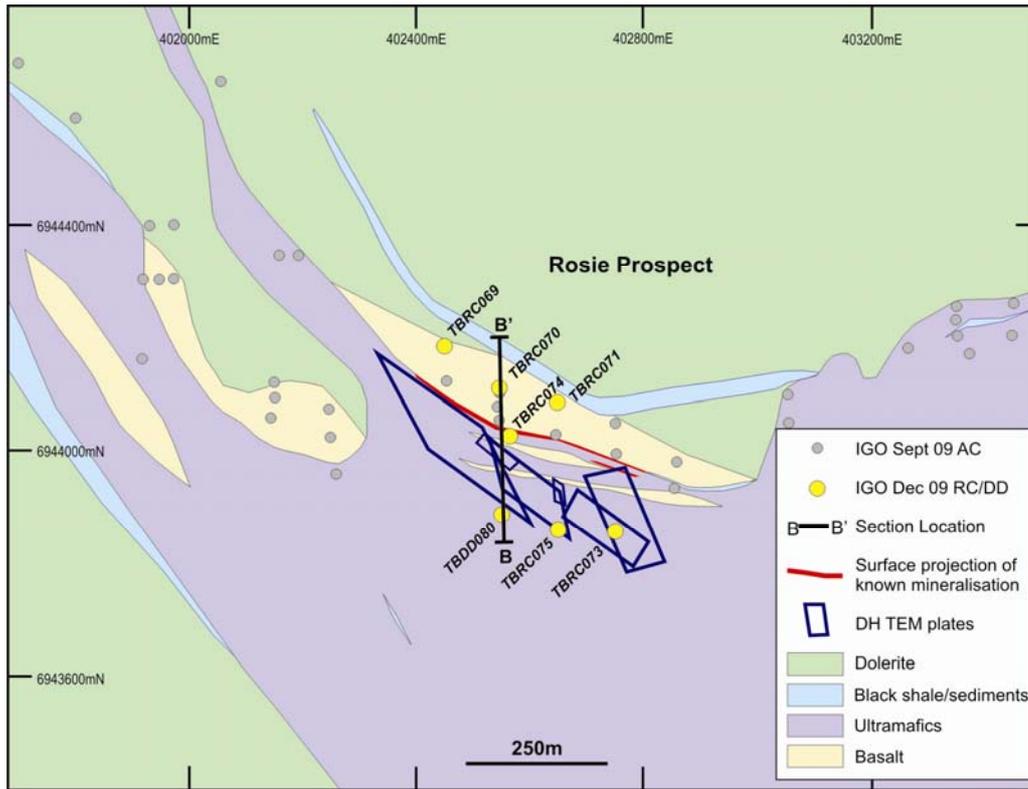


Figure 14: Duketon JV – Rosie Prospect – Geology, Drill-Hole Collars, Untested TEM Anomalies and Cross-Section B-B' Location

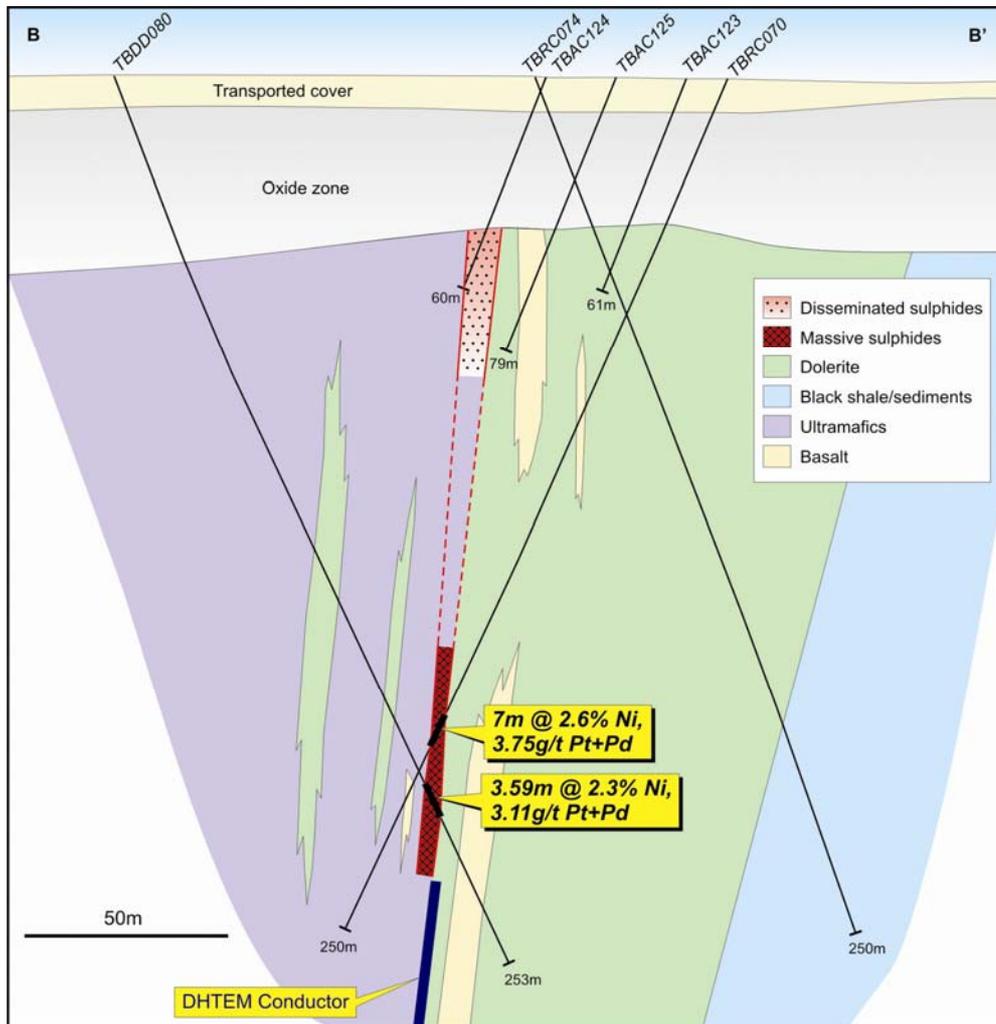


Figure 15: Duketon JV – Rosie Prospect – Cross-Section B-B'

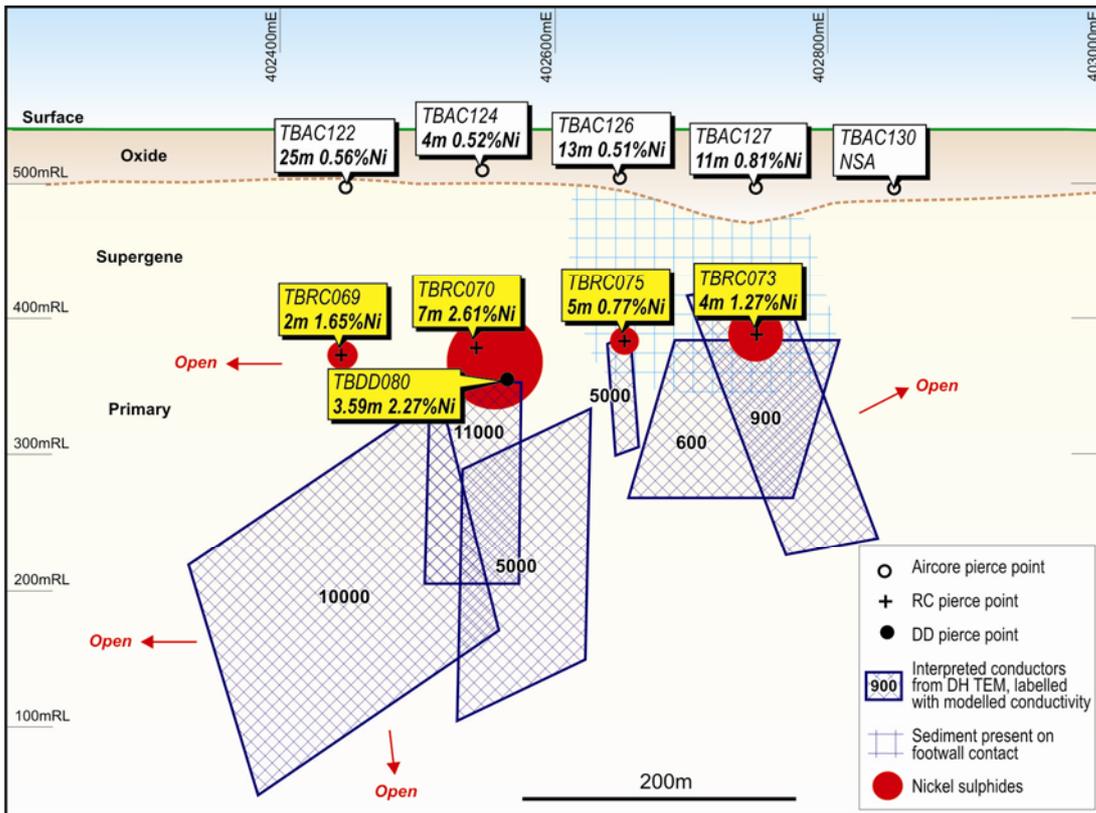


Figure 16: Duketon JV – Rosie Prospect – Longitudinal Projection Showing Untested TEM Anomalies Beneath Recent Nickel Drill Intercepts

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

At Lake Lefroy, IGO is exploring for massive nickel sulphide mineralisation associated with untested or poorly tested ultramafic horizons interpreted from aeromagnetic data or known from previous drilling.

*Gladiator JV*

First pass SQUID TEM testing of ultramafic stratigraphy obscured by conductive lake sediments has been completed over the Lisa's Dune target area. Work to date has defined a number of very large conductors which require follow-up infill TEM surveying to determine whether they warrant drill testing. Infill TEM is planned to commence in late January 2010.

*IGO 100%*

Exploration on the 100% IGO tenure is focusing on the Yalca Prospect, where limited historic AC drilling identified nickel and copper anomalism in weathered ultramafic rock on the margin of a granite batholith. Maximum results intercepted in drilling were 3600ppm Ni and 1150ppm Cu. A TEM program has identified four strong bedrock conductors, three of which are considered to have potential for massive nickel sulphide mineralisation. Access clearance was completed during the quarter and a drill test is planned for H1 2010.

*Yamarna JV*

The Yamarna JV tenements are located marginal to and within Lake Lefroy which is commonly prone to water inundation, making access only possible for limited periods. Interpreted ultramafic stratigraphy in the JV area has been tested in limited areas where access has been possible using Anglo American's proprietary SQUID TEM system. The survey, including any necessary detailed infill readings, will be completed once surface conditions are suitable and the SQUID system becomes available. This is expected to occur in Q1 2010.



**MUSGRAVE JV**  
**(IGO 51%/GOLDSEARCH 49%)**

The Musgrave Joint Venture comprises tenements and applications covering approximately 18,000km<sup>2</sup> 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.

Seven priority areas were covered by a surface geochemical sampling program together with detailed gravity. Four priority nickel sulphide targets were selected on the basis of this work.

During the quarter the four target areas were tested for massive nickel sulphide mineralisation with a program of Moving Loop EM. This work did not locate any conductors consistent with massive nickel sulphide mineralisation.

The extensive surface multi-element geochemical database generated by the Joint Venture over these tenements is being reviewed for other commodities of interest.

The JV partners continue to liaise with the traditional owners and PIRSA regarding the grant of the next tranche of tenements.

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

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

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

IGO plans to commence TEM testing in the March quarter.

**MT ISDELL**  
**(IGO 100%)**

The Mt Isdell Project covers an area of over 400 square kilometres and is located 35km south of the 26M ounce Telfer gold resource and 80km south-east of the Nifty Copper Mine. Reconnaissance and infill lag sampling by IGO has delineated a 5km x 5km area of high order zinc, lead, copper, cobalt and gold anomalism.

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

During the quarter IGO completed a first pass aircore drill test of the highest priority geochemical targets. Low level base metal anomalism was detected, however due to drill rig constraints, particularly limitations to the maximum drill depth, this program is regarded as preliminary and not an optimal test of the targets. It is likely that the targets will be tested by a heavier RC rig more suited to the ground conditions later in 2010.



## MARCH QUARTER EXPLORATION PROGRAM

<b>REGIONAL NICKEL/BASE METALS</b>	<b>Duketon:</b>	Follow-up RC/DDH drilling at Rosie and C2
	<b>Lefroy:</b>	RC testing Yalca Hill TEM targets (access dependent), infill TEM at Lisa's Dune, SQUID follow-up on Yamarna JV
	<b>Musgrave:</b>	Review of multi-element geochemical data. Continued Traditional Owner liaison
	<b>Bungalbin:</b>	First pass TEM testing of prospective ultramafics
<b>REGIONAL GOLD PROJECTS</b>	<b>Tropicana:</b>	RC/DDH testing of conceptual targets proximal to Tropicana-Havana and RC/AC testing of priority regional prospects
	<b>Karlawinda:</b>	Pole-dipole IP testing of the Bibra area. Data integration and interpretation and planning of follow-up programs
	<b>Holleton:</b>	Auger infill of first pass auger geochemical anomalies
	<b>DeBeers:</b>	Analysis of priority geochemical samples and anomaly follow-up

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### INDEPENDENCE GROUP NL CHRISTOPHER M. BONWICK MANAGING DIRECTOR

*Tropicana JV Sign Off: The information in this report that relates to the Tropicana Joint Venture Ore Reserves is based on information compiled by Marek Janas, who is a full-time employee of AngloGold Ashanti Limited, and a member of the AusIMM. Marek Janas has sufficient experience relative to the type and style of mineral deposit under consideration and to the activity which has been undertaken, to qualify as a Competent Person (or Recognised Mining Professional) as defined in the 2004 Edition of the JORC Code. Marek Janas consents to the release of this reserve based on the information in the form and context in which it appears.*

*Sign Off: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves other than the Tropicana Joint Venture 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](mailto:contact@igo.com.au) W: [www.igo.com.au](http://www.igo.com.au)