



## QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2005

### GROUP HIGHLIGHTS

- Production 51,467t @ 4.03% Ni – 2,074 nickel tonnes (Ni t) (Budget 1,984 Ni t)
- Cashflow from Long Nickel Mine - \$4.8 million before tax and capital
- NPAT - \$1.3 million after \$0.9 million exploration write off and \$1.6 million write down of June 2005 quarter receivables due to decrease in nickel price during the September quarter
- \$28.6 million cash and net receivables (Jun \$28.7m) after debt repayment of \$2.4 million
- IGO awarded “Miner of the Year” at the Excellence in Exploration & Mining Conference in October 2005
- Ore Reserves increased to 1.28mt at 3.8% Ni (49,370 Ni t)

### OPERATIONS HIGHLIGHTS

- Production – 51,467t at 4.03% Ni for 2,074 Ni t (Budget 1,984 Ni t)
- Cash costs of A\$3.70 per pound payable nickel (Budget A\$4.03/lb Ni)
- 449 Ni t (22%) mined outside or in excess of June 2005 ore reserves
- Further high-grade drill results at McLeay with the deposit remaining open to the north, south and east
- Significant new nickel drill intercepts at McLeay from outside current resources:**
  - 13.10m @ 8.5% Ni
  - 9.85m @ 6.1% Ni
  - 6.45m @ 8.3% Ni
  - 5.70m @ 8.2% Ni
  - 4.95m @ 9.3% Ni
  - 3.80m @ 10.5% Ni
  - 3.70m @ 11.3% Ni
  - 2.20m @ 13.9% Ni
- Drilling from the Long South exploration decline intersected nickel sulphides 30m east of the decline, 250m south of the Long ore body:
  - 4.8m @ 2.2% Ni (including 1.4m @ 4.3% Ni)Strong down-hole TEM anomalies have been identified in the vicinity of this intercept.

### EXPLORATION HIGHLIGHTS

#### NICKEL

- Lake Lefroy JV - strong TEM anomaly defined approximately 800m long in structural setting similar to Kambalda ultramafic dome, approximately 20km east of Long
- Ravensthorpe - option to earn 51% equity in Traka Resources' Ravensthorpe project

#### GOLD

- Tropicana JV - virgin gold discovery with true width drill intercepts up to **38m @ 3.0g/t Au** (including 10m @ 7.9g/t Au). **2m @ 15.2g/t Au at EOH to be followed up**
- Dalwallinu - virgin gold discovery with drill intercepts up to **7m @ 21.8g/t Au** (including 2m @ 61.5g/t Au)



## CORPORATE

### DIVIDEND

IGO paid a 5 cent fully franked dividend to shareholders on 4<sup>th</sup> October.

### PROFIT

The 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\$12,590/t and an exchange rate of 0.75. This valuation resulted in a write down of \$1.6 million of June quarter receivables.

### IFRS EFFECT

In addition to the \$0.9 million write off of exploration expenditure for the quarter, the adoption of International Accounting Standards (IFRS) require that exploration expenditure of \$0.2 million be expensed rather than capitalised as under the Accounting Standards previously applied (AGAAP). A share-based payment expense of \$0.1 million has also been recorded in accordance with IFRS requirements.

### ISSUED CAPITAL

Listed securities at 12 October 2005: 108,564,857 ordinary shares.

### AWARD

IGO was awarded "Miner of the Year" at the prestigious Excellence in Exploration & Mining Conference in October 2005.

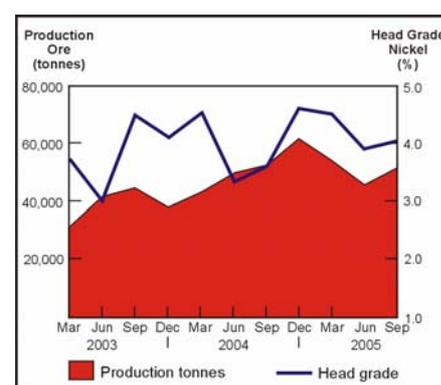
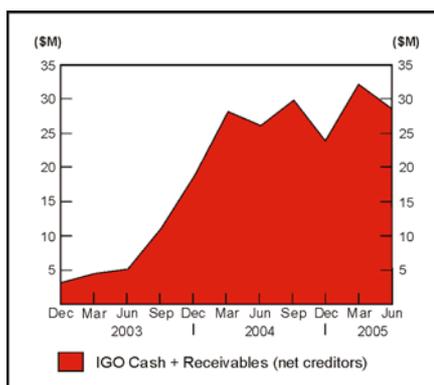
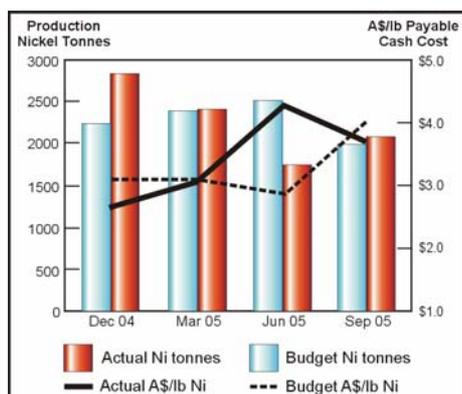
## CASH AND DEBT

### CASH RESERVES

- \$19.9 million cash (Jun \$24.2m).
- \$8.7 million nickel revenue in receivables net of creditors (Jun \$4.5m).
- Total cash and net receivables were \$28.6 million at end of the quarter. A \$1.5 million bond placed with WMC Resources Ltd for the purchase of the Long Nickel Mine lease and additional tenure is not included in the cash quoted.
- Unhedged receivables have been valued using \$US12,590/t Ni and 0.75 USD exchange rate.

Major cash movements during the quarter were:-

- \$1.5 million spent on the Long South exploration decline.
- \$2.4 million bank and hire purchase debt repaid.
- \$1.1 million spent on Long and regional exploration.





#### DEBT AT END OF THE QUARTER

A debt repayment of \$2.0 million was made during the quarter to reduce bank debt from \$4.5 million to \$2.5 million.

\$0.4 million (Jun \$0.8m) 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.

#### 2005/6 EXPLORATION EXPENDITURE & WRITE-OFF

- \$2.6 million exploration expenditure was incurred during the quarter. This includes expenditure on the Long South target exploration decline.
- \$0.9 million exploration expenditure was written off during the quarter (Jun \$0.5m). An additional \$0.2m was expensed against profits.

#### HEDGING

- Hedged nickel metal remaining at the end of the quarter was 4,044t at AU\$15,782/t.
- This is scheduled to be delivered as follows:

2005/6	2,394t	Average AU\$14,816/t
2006/7	1,650t	Average AU\$17,183/t

## INVESTMENTS

#### INVESTMENT IN SOUTHSTAR DIAMONDS LIMITED (IGO 50%)

Exploration continued on diamond indicator anomalies generated from the De Beers database, including diamond-bearing intrusives.

#### INVESTMENT IN MATRIX METALS LIMITED (IGO 18.9%)

Matrix has recently commenced a resource delineation and step out drilling program at the White Range Project area specifically targeting the McCabe Deposit with drilling also planned at Vulcan and Leone. The program is initially planned to comprise 10,000m of reverse circulation (RC) drilling.

Matrix reported extensional drilling at the Vulcan Prospect had increased the resource by 50% to 458,000t @ 1.08% copper. A further drilling program is planned to continue testing the open north-westerly and southern resource boundaries.

Matrix also announced numerous significant occurrences of high-grade uranium mineralisation and several extensive under-explored uranium geochemical anomalies. These occurrences are near the Mary Kathleen Uranium Mine and the large undeveloped Valhalla and Skäl uranium deposits.

Matrix reports having cash of \$11.4 million as at 30 September 2005.



## MINING OPERATION

### LONG NICKEL MINE IGO 100%

#### SAFETY

The Lost Time Injury Frequency Rate (LTIFR) since the mine re-opened in October 2002 is 2.8 against an industry average of 6.6. There were no LTI's during the quarter.

#### PRODUCTION

Production for the quarter was 51,467 t @ 4.03% Ni for 2,074 Ni t using the following mining methods:

Flat-back	16,465	t @	3.86%	Ni for	636	Ni t
Long-hole	14,509	t @	3.44%	Ni for	500	Ni t
Hand-held	7,589	t @	4.44%	Ni for	337	Ni t
Jumbo Development	12,904	t @	4.65%	Ni for	601	Ni t
<b>TOTAL</b>	<b>51,467</b>	<b>t @</b>	<b>4.03%</b>	<b>Ni for</b>	<b>2,074</b>	<b>Ni t</b>

The budget for this period was 52,523 t @ 3.78% Ni for 1,984 Ni tonnes. Comparing performance against budget:

- Ore tonnes were 2% below budget,
- ROM grade was 7% higher than budgeted
- Contained metal was 4% above budget.

Production was from the following sources:

Long	27,345	t @	2.96%	Ni for	810	Ni t
Gibb South	3,416	t @	5.42%	Ni for	185	Ni t
Victor South	20,706	t @	5.06%	Ni for	1,079	Ni t
<b>TOTAL</b>	<b>51,467</b>	<b>t @</b>	<b>4.03%</b>	<b>Ni for</b>	<b>2,074</b>	<b>Ni t</b>

Nickel production exceeded budget for the quarter with payable nickel cash costs being AUD \$3.70/lb Ni, 8% below budget (\$4.03/lb).

The quarter's production can be summarised as follows:

- Victor South - Produced 20,706 t of ore at 5.06% for 1,079 nickel tonnes versus budget of 14,900t @ 3.68% for 549 Ni tonnes. This was due to thicker widths of ore being mined than the modelling had interpreted.
- Ore derived from Long Shaft sources was below budget by 24.9% (27,345t versus budget of 36,423t). Lower production is a result of re-opening an old rail drive to access reserve blocks and delays in critical long-hole stopes on the lower mechanised levels. Production is expected to return to its normal levels in the December quarter.
- Gibb South – Continued to perform above budget in both tonnes and grade. (3,416t @ 5.42% for 185 Ni t versus budget of 1,200t @ 4.00% for 48Ni t). Gibb South reserves are now interpreted to be exhausted, however geophysical surveys are yet to be completed at Gibb South.

#### ORE RESERVE COMPARISON

Nickel tonnes mined outside or in excess of the current ore reserve was 28% higher than reserve estimates for the quarter as follows:

Inside Reserves	44,978	t @	4.05%	Ni	1,823	Ni t
Outside Reserves	6,489	t @	3.97%	Ni	251	Ni t
<b>TOTAL MINED</b>	<b>51,467</b>	<b>t @</b>	<b>4.03%</b>	<b>Ni</b>	<b>2,074</b>	<b>Ni t</b>
<i>Reserve Estimate*</i>	<i>38,450</i>	<i>t @</i>	<i>4.23%</i>	<i>Ni</i>	<i>1,625</i>	<i>Ni t</i>

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

Mining outside reserves occurred at Victor South, Gibb South and selective mining around porphyries in the 13.3.2 stope. Air leg mining of the 12.6 stope also netted significant ore from outside reserves.



On 23<sup>rd</sup> September 2005, IGO released its updated 2005 ore resources and reserves as follows:

Total Resources - 1,479,800t @ 5.6% for 83,200 nickel tonnes  
 Total Reserves - 1,283,500t @ 3.8% for 49,370 nickel tonnes

## DEVELOPMENT

### Long South Exploration Decline

During the quarter 189 metres were advanced in the exploration decline. The budget was 300 metres but mining and drilling resources were redirected to progress the McLeay Drill drive.

### McLeay Drill Drive

The development of the McLeay drill drive was completed in July. During the quarter this drill drive facilitated an infill diamond drilling program which resulted in the conversion of 8,115 nickel tonnes to reserves, and also delineated significant new resources subsequent to the reserve calculations.

### Victor South

During the quarter Victor South production development was concentrated in the 465mRL, 462mRL and 423mRL ore drives. A total of 245 metres were advanced in ore. Capital development achieved 147 metres in the 475mRL return airway, which will enable the primary ventilation circuit to be advanced during the next quarter.

### Long

Production development in Long was focused on rehabilitating the 16/5 decline to access reserves, level 14 pillars, 16/4 and 15/2 ore blocks. Minor capital development was undertaken to access the 13/5 ore block.

## 2005/6 BUDGET

The keys to 2<sup>nd</sup> quarter performance will be;

Victor South –

- Ramping up production by 23% to produce 18,373 ore tonnes.
- Completing of the 475 return airway facilitating increase stoping / development flexibility in Victor South.
- Commencement of McLeay Decline.

Long Shaft -

- Commencement of stoping of the 14 Pillars.
- Continuation of stoping 15/2, 16/4, and 13/3 ore blocks.
- Continued rehabilitation of the 16/5 decline.
- Commencement of cut & fill stoping in 16/3 ore block.
- Continued development and diamond drilling of Long South Exploration decline.

The following are production estimates for 2<sup>nd</sup> quarter of 2005/6:

	Qtr 2 Budget	2005/6 Budget
Mined t	60,565	240,000
Ni %	3.6	3.5 – 4.0
Ni t Produced	2,176	8,500 – 9,500
IGO Payable Ni t	1,275	5,000 – 5,500
AUS\$/lb Payable Costs	3.85	3.50 – 4.00

## EXPLORATION

The September quarter continued the run of outstanding drill results.

At **McLeay**, drilling not only confirmed the continuity and geometry of the mineralisation, but indicated substantive increases in the width and lateral extent of the mineralisation. The extremely high tenor of the mineralisation



has been maintained. The mineralisation remains open in 3 of the 4 cardinal directions, with indications that the grade and thickness may increase to the east.

At **Long South**, between the southern margin of the Long Mine and the Long South target, drilling intersected nickel sulphides, with the best intercept being **4.8m @ 2.23 % Ni**. The intersection is 30m due east of the decline and 250m south of Long Mine.

**McLeay Deposit**

During the quarter the Company announced the first resource estimates for the McLeay deposit as follows:

Indicated Resource	140,000t	@ 7.0% Ni (9,800 Ni t)
Inferred Resource	<u>54,000t</u>	@ 6.0% Ni (3,200 Ni t)
McLeay Resource	194,000t	@ 6.7% Ni (13,000 Ni t)

This resource included a probable diluted reserve of 183,600t @ 4.4% Ni (8,110 Ni t).

Subsequent to this resource and reserve calculation, the company announced further drilling results, which indicated substantially greater widths of mineralisation, including:

- **6m @ 8.3% Ni (true width)**
- **6m @ 6.1% Ni (true width)**

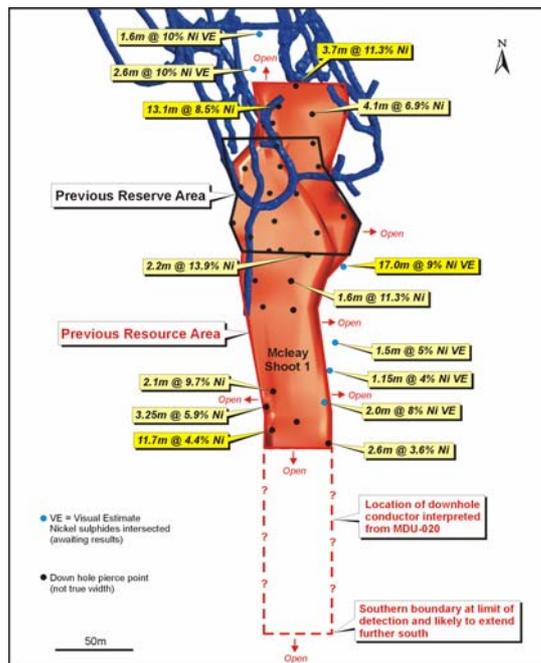
New significant (previously unreported) results include:

- **8m @ 8.52% Ni (true width)**
- **13m @ 9% Ni (true width, visual estimate (VE), including 8m @ 16% Ni, VE)**

All holes have been logged with down-hole TEM (DHTEM) and interpretation confirms the continuity of Shoot 1. **The interpreted area of this shoot is approximately 320m by 70m and is open to the north, south and east (Figure 1).**

No further drilling has taken place targeting Shoot 3.

An upgraded McLeay resource and reserve estimate is expected to be completed in December 2005.



**Figure 1: McLeay Shoot 1 -- Plan Showing Significant Intercepts**



**Table 1: McLeay Significant Extensional Drilling Results – Shoots 1, 2 and 4**

Shoot	Hole No.	Northing	Easting	RL	Azimuth	Dip	E.O.H	From	To	Width	TRUE	Grade
		(m)	(m)	(m)	(degr)	(degr)	(m)	(m)	(m)	(m)	Width	
		(m)										
1	MDU-006	547330	375177	-438	90	-66	100	70	71.6	1.6	1.6	11.3
1	MDU-009	547350	375178	-438	90	-61	110	75.9	78.1	2.2	2.2	13.9
1	MDU-010	547370	375176	-438	90	-75	80	58.1	60.3	2.2	2.2	11.3
1	MDU-012	547390	375183	-440	90	-86	65	53.8	56.05	2.25	2.25	7.4
1	MDU-013A	547390	375185	-440	90	-64	105	78	82.9	4.9	4.9	4.8
1	MDU-014	547410	375179	-440	270	-79	50	43.3	45.05	1.75	1.75	9.0
1	MDU-015	547410	375180	-440	90	-73	75	56.2	58.15	1.95	1.95	7.7
1	MDU-015	547410	375180	-440	90	-73	75	67.5	71.3	3.8	3.8	10.5
1	MDU-016	547410	375182	-440	90	-63	100	91.1	92.85	1.75	1.75	6.0
1	MDU-024	547397	375245	-461	189	-72	119.7	74.2	77.5	3.3	2.5	8.8
								80	82.95	2.95	2.95	5.2
1	MDU-033	547418	375239	-458	298	-33	91.5	59.55	66	6.45	6	8.3
1	MDU-034	547418	375240	-459	327	-58.7	91.8	72.1	76.2	4.1	3.8	6.9
1	MDU-035	547418	375239	-458	282	-36	87.3	54.75	61.45	6.7	6	6.1
1	MDU-036	547417	375240	-459	298	-71	90.3	65.6	67.3	1.7	1.5	8.1
1	MDU-038	547417	375238	-458	312	-21	133	57.2	70.3	13.1	8	8.5
1	MDU-039	547418	375239	-458	328	-44	101	80.4	84.1	3.7	3.2	11.3
1	MDU-040	547304	375174	-435	142	-75	99.6			2.5		6VE
1	MDU-041	547310	375177	-435	90	-55	142.1	81.5	98.5	17	13	9VE
							<i>include</i>	<i>87.45</i>	<i>95.95</i>	<i>8.5</i>	<i>6</i>	<i>16VE</i>
1	MDU-042	547304	375174	-435	160	-62	111.4			1.85		8VE
1	MDU-043	547310	375177	-435	129	-53	132.9			1.5		5VE
1	MDU-044	547304	375174	-435	160	-51	122.4	89.9	92	2.1	2.1	9.7
1	MDU-046	547304	375174	-435	166	-43	122.4	91.8	95.05	3.25	3.1	5.9
1	MDU-047	547310	375177	-435	145	-42	141.7			2		8VE
1	MDU-048	547304	375174	-435	167	-37	140.3	99	110.7	11.7	8.2	4.4
1	MDU-049	547304	375174	-435	149	-37	169.4	139	141.6	2.6	2.6	3.6
1	MDU-052	547478	375219	-461	273	-54	75.2			2.6		10VE
1	MDU-053A	547478	375219	-461	315	-60	84.7			1.55		10VE
2	MDU-002	547310	375175	-437	90	-80	90.9	2.1	3.1	1	1	9.3
2	MDU-003	547310	375176	-437	90	-65	105.8	2.6	8.3	5.7	3.5	8.2
2	MDU-004	547330	375174	-438	270	-76	74.1	3	4.3	1.3	1.2	12.6
2	MDU-005	547330	375175	-438	90	-86	84.8	7.2	8.15	0.95	0.95	11.4
2	MDU-006	547330	375177	-438	90	-66	100	8.8	12	3.2	2.5	7.5
2	MDU-007	547350	375175	-438	270	-75	86.1	2.9	4.4	1.5	1.5	6.8
2	MDU-008	547350	375177	-438	90	-77	80	4.9	7.2	2.3	1.8	14.6
2	MDU-009	547350	375178	-438	90	-61	110	7	16.85	9.85	3.5	6.1
2	MDU-010	547370	375176	-438	90	-75	80	0.8	5.35	4.55	3.5	4.1
2	MDU-012	547390	375183	-440	90	-86	65	0	1.7	1.7	1.7	11.4
2	MDU-018	547350	375177	-438	90	-40	120	16.5	22.1	5.6	3.8	5.9
2	MDU-019	547305	375175	-438	179	-36	167.1	2.7	3.3	0.6	0.6	3.7
2	MDU-020	547305	375175	-438	155	-41	219.7	2.4	7.35	4.95	2.5	9.3
2	MDU-029	547305	375177	-438	115	-59	140.1	4.45	6.3	1.85	1.8	9.4
2	MDU-037	547311	375177	-437	104	-50	151			5.6		5VE
2	MDU-040	547304	375174	-435	142	-75	99.6			0.05		16VE
2	MDU-041	547310	375177	-435	90	-55	142.1	8.2	13.45	5.25	4.2	9.8
2	MDU-041	547310	375177	-435	90	-55	142.1	23	32.95	9.95	7.5	2.9
2	MDU-043	547310	375177	-435	129	-53	132.9			2.2		15VE
2	MDU-044	547304	375174	-435	160	-51	122.4	1.95	6.25	4.3	2.5	4.5
2	MDU-045	547310	375177	-435	137	-47	146.3			1		16VE
2	MDU-046	547304	375174	-435	166	-43	122.4	1.8	5.55	3.75	2.6	5.6
2	MDU-048	547304	375174	-435	167	-37	140.3	3.4	5.4	2	1.5	5.6
2	MDU-049	547304	375174	-435	149	-37	169.4	1.8	6.65	4.85	3.2	6.4
4a	MDU-010	547370	375176	-438	90	-75	80	14.95	16.05	1.1	1.1	12.8
4a	MDU-012	547390	375183	-440	90	-86	65	18.25	19.8	1.55	1.55	4.2
4a	MDU-041	547310	375177	-435	90	-55	142.1	45.55	47.1	1.55	1.55	8.4

(Intersections calculated by the specific gravity method. VE = visual estimate)



**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 (Figure 2).

Seven diamond drill holes have been drilled in the exploration drive. **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.

Of significance is the intersection of massive sulphide on the basal contact in hole LSU 13. The intersection is 30m due east of the decline and 250m south of the Long Mine. The best intercept of **4.8m @ 2.2% Ni**, (including 1.4m @ 4.3% Ni) reported on 10 October 2005 (Table 2).

All holes have been logged with DHTeM and a new integrated interpretation will be derived to guide a second phase of drilling.

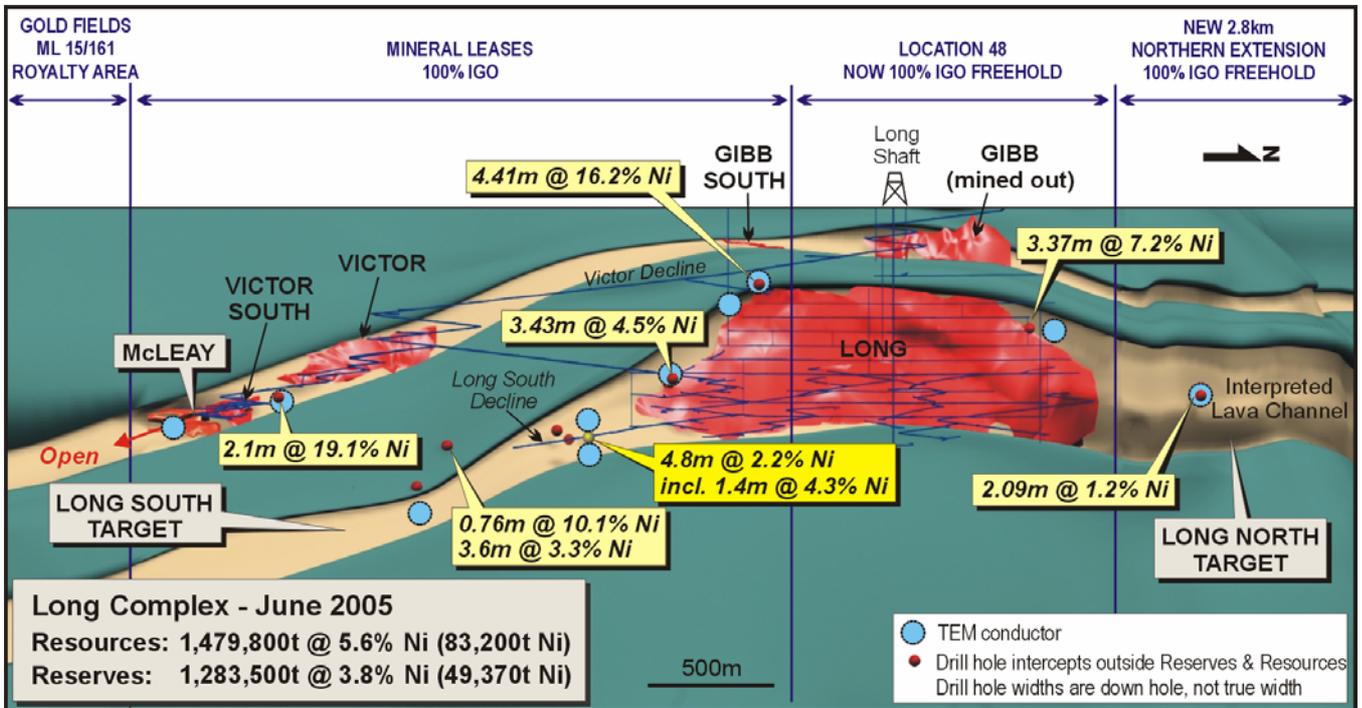


Figure 2: Long Nickel Mine – Longitudinal Projection Showing Ore Reserves and Targets

Table 2: Long South Significant Drilling Results

Hole No.	Northing (m)	Easting (m)	RL (m)	Azimuth (degr)	Dip (degr)	E.O.H (m)	From (m)	To (m)	Width (m)	TRUE Width (m)	Grade Ni%
LSU-013	548775	375126	-544	73	2	86.5	49.2	54.0	4.8	4.8	2.2
						<i>including</i>	49.2	50.6	1.4	1.4	4.3



**LONG NICKEL MINE PRODUCTION SUMMARY**

	Note	Sep '05 Quarter	2005/6 FY to Date	Sep '04 Prev. Quarter
<b>Mining Reserve (Dry Tonnes)</b>				
Start of Period		1,283,500	1,283,500	1,185,000
- ROM Production	1	(51,467)	(51,467)	(52,259)
End of Period		1,232,033	1,232,033	1,132,741
<b>Production Details:</b>				
Ore Mined (Dry Tonnes)	1	51,467	51,467	52,259
<b>Ore Milled (Dry Tonnes)</b>				
Nickel Grade (Head %)		4.03	4.03	3.56
Copper Grade (Head %)		0.28	0.28	0.25
<b>Metal in Ore Production (Tonnes)</b>				
Nickel delivered	2	2,074	2,074	1,858
Copper delivered	2	143	143	132
<b>Metal Payable IGO share (Tonnes)</b>				
Nickel		1,213	1,213	1,103
Copper		59	59	54
<b>Hedging</b>				
Tonnes delivered into Hedge		972	972	504
Average Price (AU\$/t)		14,477	14,477	12,353

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%.

<b>Revenue/Cost Summary</b>				
		<b>A\$'000's</b>	<b>A\$'000's</b>	
Sales Revenue (incl. hedging)		15,813	15,813	18,590
Cash Mining/Development Costs		(6,424)	(6,424)	(6,112)
Other Cash Costs	3	(3,474)	(3,474)	(3,057)
Depreciation/Amortisation/Rehabilitation		(2,332)	(2,332)	(1,747)
<b>Total Unit Cost Summary</b>				
		<b>A\$/lb Total Metal Produced</b>	<b>A\$/lb Total Metal Produced</b>	
Cash Mining/Development Costs		1.41	1.41	1.61
Other Cash Costs	3	0.76	0.76	0.80
Depreciation/Amortisation/Rehabilitation		0.51	0.51	0.46
<b>Revenue/Cost Summary</b>				
		<b>A\$/lb Payable Metal</b>	<b>A\$/lb Payable Metal</b>	
Sales Revenue (incl. hedging)		5.91	5.91	7.65
Cash Mining/Development Costs		2.40	2.40	2.51
Other Cash Costs	3	1.30	1.30	1.26
Depreciation/Amortisation/Rehabilitation		0.87	0.87	0.72

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

**Safety and Productivity**

- Lost Time IFR		0	0	0
- Medically Treated IFR		51.3	51.3	37.9
- Nickel Productivity Rate	4	71.5	71.5	72.0

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

<b>Development/Exploration Drilling</b>				
		<b>Metres</b>	<b>Metres</b>	
Development		1,033	1,033	796
Production		281	281	4,410
Exploration		2,345	2,345	1,027
		<u>3,659</u>	<u>3,659</u>	<u>5,437</u>

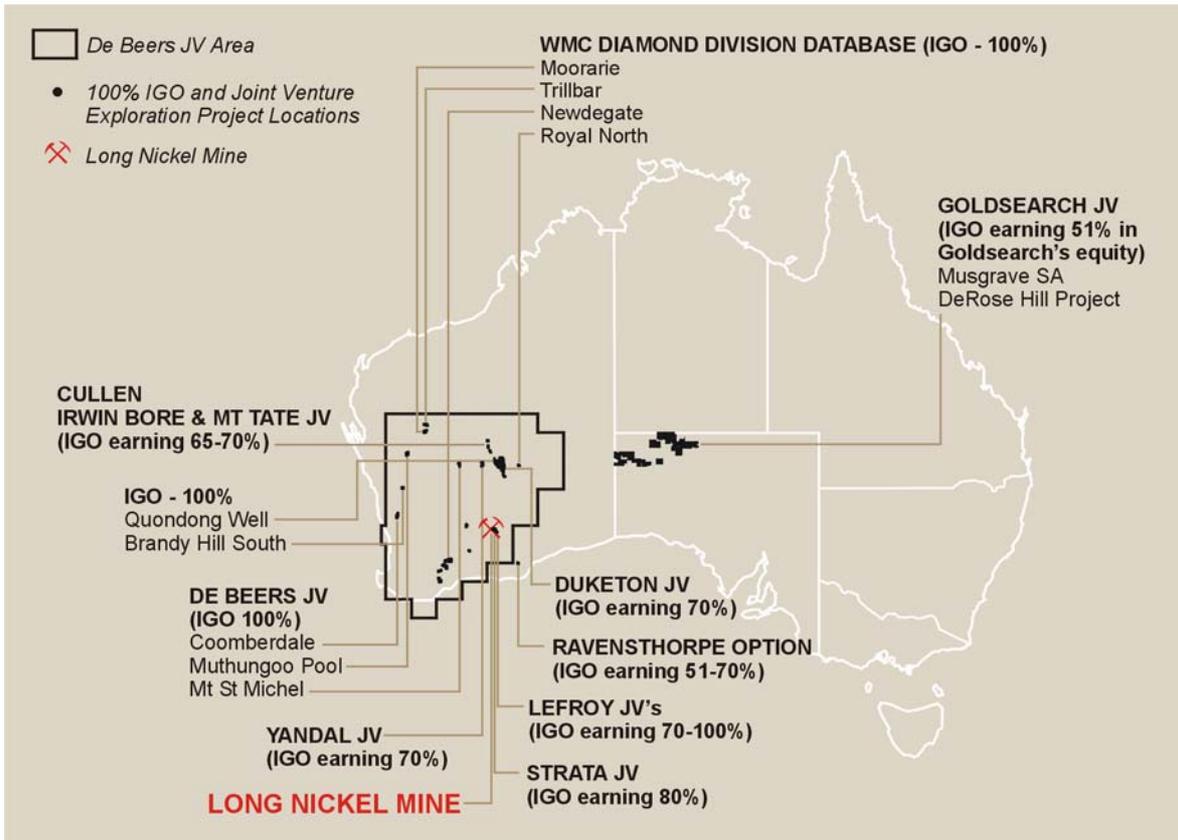


Figure 3: Independence Nickel Project Locations

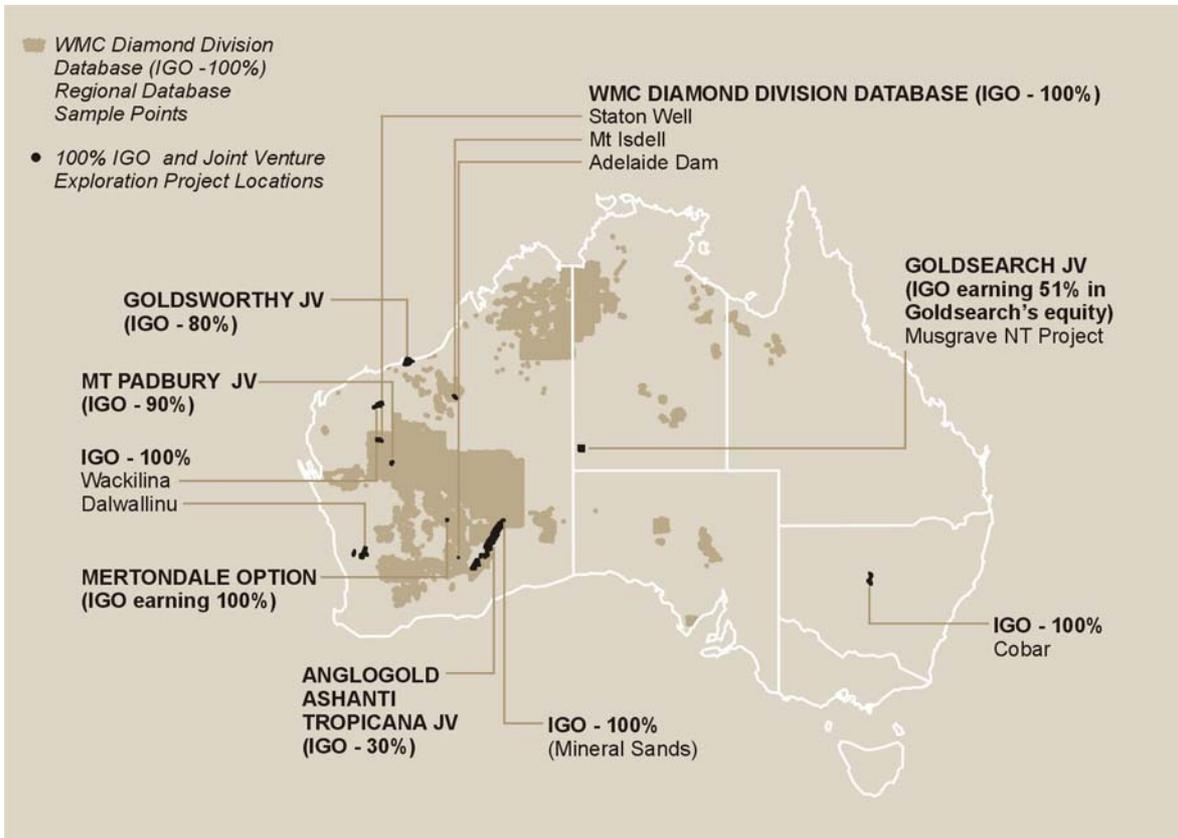


Figure 4: Independence Gold Project Locations



## REGIONAL NICKEL EXPLORATION

### RAVENSTHORPE OPTION (IGO OPTION TO EARN 51% NICKEL SULPHIDE RIGHTS)

IGO is pleased to announce an Option Agreement has been entered into with Traka Resources Limited ("Traka") on Traka's Ravensthorpe tenure.

IGO commits to spend \$1.5m on exploration before 31 December 2006 and may then exercise its option to enter into a joint venture with Traka to earn 51% equity in the JV by spending a minimum of \$5m by 31 December 2009.

IGO will not be entitled to nickel laterites or iron ore on the tenements.

Traka will manage the expenditure during the option period with technical input from IGO and intends to commence geophysical, geochemical and geological surveys on numerous targets immediately.

IGO is extremely pleased to have the option to earn into the Ravensthorpe Project which covers approximately 60 strike km of prospective ultramafic stratigraphy within the Ravensthorpe Greenstone Belt.

Tectonic Resources NL have recently completed mining the nearby highly profitable RAV8 deposit which to June 2005 had produced 443,000t at 3.46% Ni for 15,350t contained Ni. (*Tectonic Quarterly report 30 June 2005*).

The Ravensthorpe Greenstone Belt is interpreted to represent a southern continuation of the Forrestania Greenstone Belt to the North, which contains numerous deposits including the Flying Fox T5 nickel deposit which has an Inferred Resource of 115,800t @ 6.5% Ni containing about 42,600t of nickel metal (*Western Areas NL website*).

Much of the ultramafic stratigraphy within the Traka tenure has yet to be explored with modern TEM equipment.

Previous work has identified numerous prospects containing nickel sulphides, including the RAV4W area where drilling intersected narrow breccia sulphides grading up to 10% Ni.

IGO believes that with systematic and aggressive exploration using state-of-the-art techniques, the project area has excellent potential for the discovery of economic nickel sulphide orebodies.

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

The Duketon Nickel JV covers approximately 60kms of strike of ultramafic rich stratigraphy in the Duketon Greenstone Belt (Figure 5). The belt is considered prospective for Ni-Cu-PGE mineralisation and has not been subjected to modern nickel sulphide exploration techniques.

Systematic surface sampling programs and TEM surveys continued during the quarter.

At the Bulge Prospect, where several bedrock conductors associated with a thickened package of ultramafic stratigraphy have been defined, access approvals to enable drill testing are being finalised (Figures 6 and 7).

Major systematic TEM surveys are being scheduled for the ultramafic stratigraphy within tenure that South Boulder acquired the rights to during last quarter.

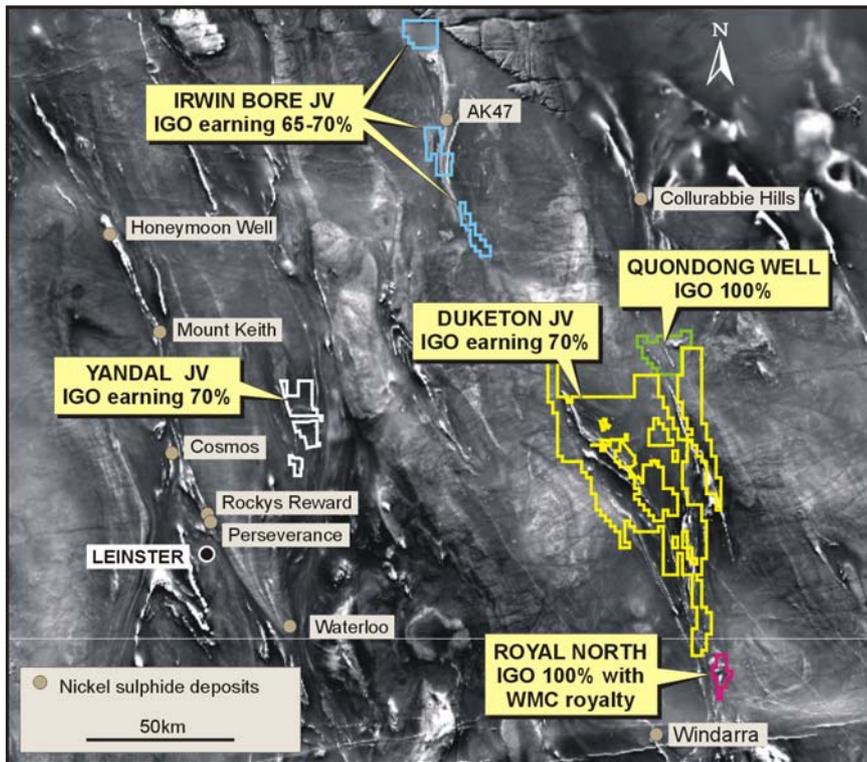


Figure 5: North Eastern Goldfields Nickel Project Locations Over Magnetic Image

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

IGO has a Joint Venture with AuDax Resources over a package of four tenements in the Yandal Greenstone Belt (Figure 5). 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 and cover approximately 14km of strike of the main ultramafic units in the belt, which prior to IGO involvement, had not been explored by modern nickel sulphide exploration techniques.

A 1300 sample surface geochemical program was completed over prospective ultramafic units in the Bronzewing South, Karra and West Yandal prospect areas. Results are pending.

A 200m line spaced, 100m moving loop Slingram TEM survey has tested the eastern zone ultramafic in the Karra and West Yandal prospect areas. Bedrock conductors have been identified and detailed follow-up TEM surveys will be completed to assist in drill targeting.

Further TEM surveys will be undertaken over ultramafics in the South Bronzewing tenement where historical drilling has returned up to 0.58% Ni.

**LAKE LEFROY PROJECT  
 (STRATA JV - IGO EARNING 80%)  
 (ANGLOGOLD ASHANTI – IGO  
 EARNING UP TO 100%)  
 (YAMARNA OPTION – IGO EARNING  
 UP TO 100%)**

IGO has a licence agreement with Anglo American to use its proprietary Low Temperature SQUID Sensor (SQUID) in parts of the Yilgarn Block. The SQUID sensor is able to detect conductors, possibly representing massive nickel sulphide mineralisation, beneath areas of conductive overburden far more effectively than competing EM systems.

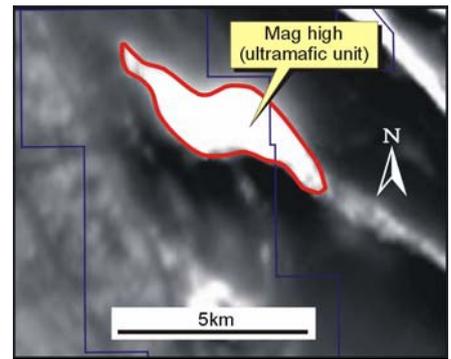


Figure 6: Duketon JV – Bulge Magnetic Image

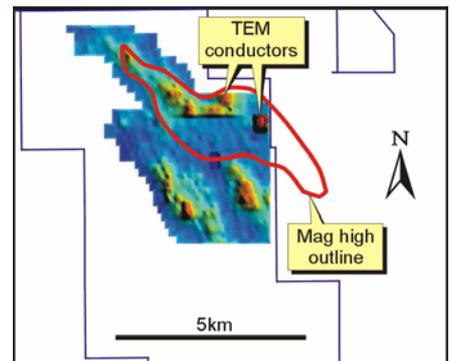


Figure 7: Duketon JV - Bulge Magnetic Outline Over TEM Conductors



In the Kambalda region a number of targets have been generated under highly conductive cover in the Lake Lefroy area that may be Kambalda Dome analogues.

IGO has secured agreements with three separate companies on tenement packages covering several of these targets. Each agreement is subject to certain clawback rights by Anglo American under the licencing agreement.

During the quarter a SQUID survey was undertaken over the target within the Strata and AngloGold Ashanti agreement areas.

One high order conductor was located in the south eastern portion of the Strata tenement area (Figures 8 and 9).

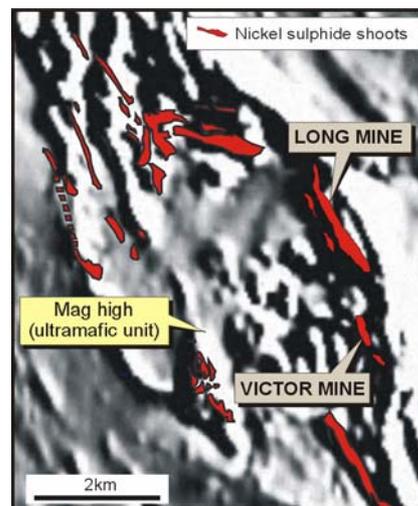


Figure 8: Kambalda Ultramafic Dome Nickel Sulphide Shoot Location

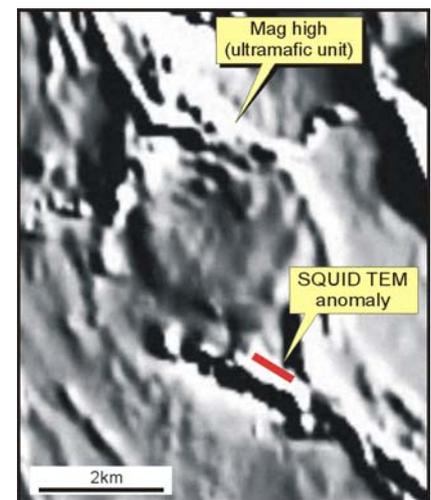


Figure 9: Lake Lefroy Ultramafic Dome and SQUID TEM Anomaly

The conductor is coincident with a linear magnetic feature. WMC undertook stratigraphic drilling across the aeromagnetic feature in the mid-1990's. This work included two lines of drilling that essentially straddled the strongest part of the anomaly. They confirmed moderate MgO ultramafic (up to 35%). No nickel sulphides were reported, though possible remnant sulphide was logged. The drilling was shallow (less than 80m), drilled in the down dip direction of the modelled conductor and does not appear to have tested the SQUID anomaly. WMC abandoned work in the area in part because they did not have a suitable targeting tool.

A detailed follow-up survey will be completed to confirm the conductor prior to a drill test. Further targets in the Project Area are currently inaccessible due to inundation of the lake by winter rains. These will be tested once the lake dries out later in the year.



# REGIONAL GOLD EXPLORATION

## DALWALLINU (IGO 100%)

The Dalwallinu Project is situated at the southern margin of the Murchison Province of the Yilgarn Block in Western Australia between the Boddington Gold Mine (+20M oz of gold) and the Mt Gibson Gold Mine (+1M oz). The project was generated from in-house structural analysis techniques, with road-side sampling delineating three main surface gold anomalies of which only one has been partly tested to date (Pithara Prospect). All of the anomalies lie within freehold wheat and sheep farming ground with no native title implications.

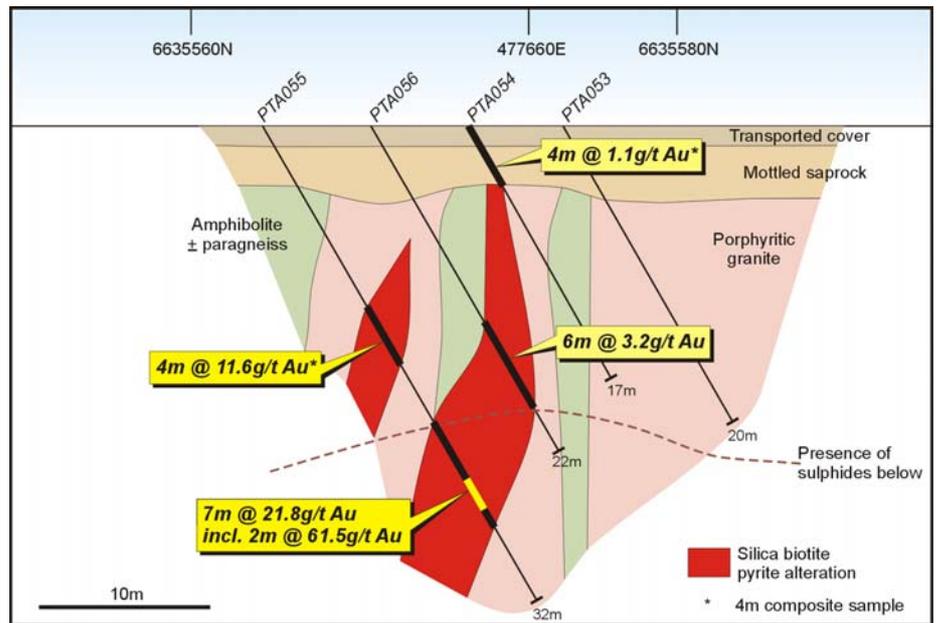


Figure 10. Dalwallinu Project – Pithara prospect cross-section 1, showing air core drill-holes with >0.5g/t gold intercepts (provisional results) bearing 045° GDA94 Zone 50

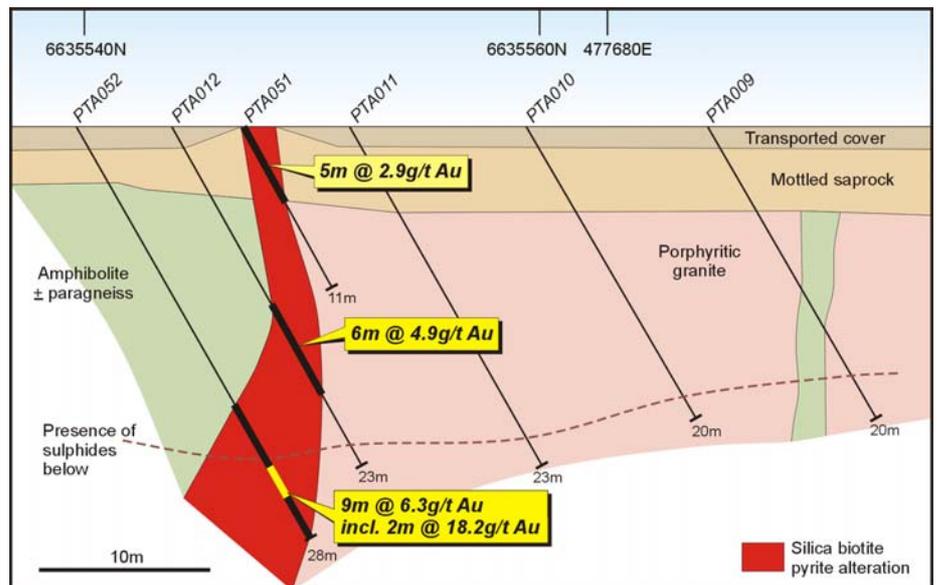


Figure 11: Dalwallinu Project – Pithara prospect cross-section 2, showing air core drill-holes with >0.5g/t gold intercepts (provisional results) bearing 045° GDA94 Zone 50



**During the quarter the company announced the discovery of high grade gold mineralisation from an aircore drilling program testing a high order gold-in-auger anomaly at the Pithara Prospect.**

Shallow air core drilling (65 angled holes for 1491m) was completed over 11 short traverses on 25m, 50m and 100m spacings, targeting zones within the gold-in-auger anomalism area grading greater than 500ppb. Significant intercepts from this program were announced on 10 October and included:

- **7m @ 21.8 g/t Au** from 20m, primary mineralisation (including 2m @ 61.5 g/t Au from 24m)
- **9m @ 6.3 g/t Au** from 19m (including 2m @ 18.2 g/t Au from 23m)
- **6m @ 4.9 g/t Au** from 12m
- **6m @ 3.2 g/t Au** from 13m

Although the mineralisation defined to date occurs over a short strike length, the width appears to be increasing with depth (Figures 10 and 11).

The location of the drill-defined high-grade gold mineralisation is some 200m to 400m down slope from the core of the main gold-in-auger anomalism, indicating potential to delineate further zones/shoots of high-grade gold mineralisation.

An induced polarisation (IP) survey and RC drilling program to further delineate the shoot and test for repeats is planned.

First pass testing of the Widgie Hill and North Wongan prospects will take place once access is possible following the cropping season.

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

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

Ongoing regional geochemical sampling has identified a number of large surface gold anomalies including Tropicana, Rusty Nail, Black Feather and Kamikaze (Figure 12).

*Summary*

**A program of 6 diamond drill holes was completed at the Tropicana prospect and returned excellent results.**

Reconnaissance aircore drill testing of the Rusty Nail, Black Feather and Kamikaze auger anomalies was completed during the quarter, with holes mostly spaced at 200m on lines 800m apart. Infill drilling at 400 x 200 m and 200 x 100 m has been completed locally.

An 11 hole “slim-line” RC program was completed in the northern portion of the Tropicana prospect.

Aircore drilling commenced at the Tailspin prospect but was halted after 7 holes due to difficult drilling conditions, lack of drilling water, and poor access. The program at Tailspin has been postponed until 2006.

*Tropicana Prospect*

Diamond drilling of the main Tropicana prospect tested the down dip and northern strike extent of mineralised zones defined during 2004. Drill holes intersected biotite-sericite-altered banded felspathic and garnet-bearing gneiss with 5-10% disseminated pyrite. Results of this program were announced on 17 August 2005 and best intersections included:



- **38m @ 3.0g/t Au**, primary mineralisation (including 10m @ 7.9g/t Au) from 104m
- **26m @ 2.2g/t Au** (including 10m @ 4.1g/t Au) from 70m

Subsequent to the announcement of these results, follow-up sampling from the base of TPD010 returned **2m @ 15.2g/t** indicating that the hole ended in mineralisation. This intersection will be followed-up with further drilling in the coming quarter (Figure 13).

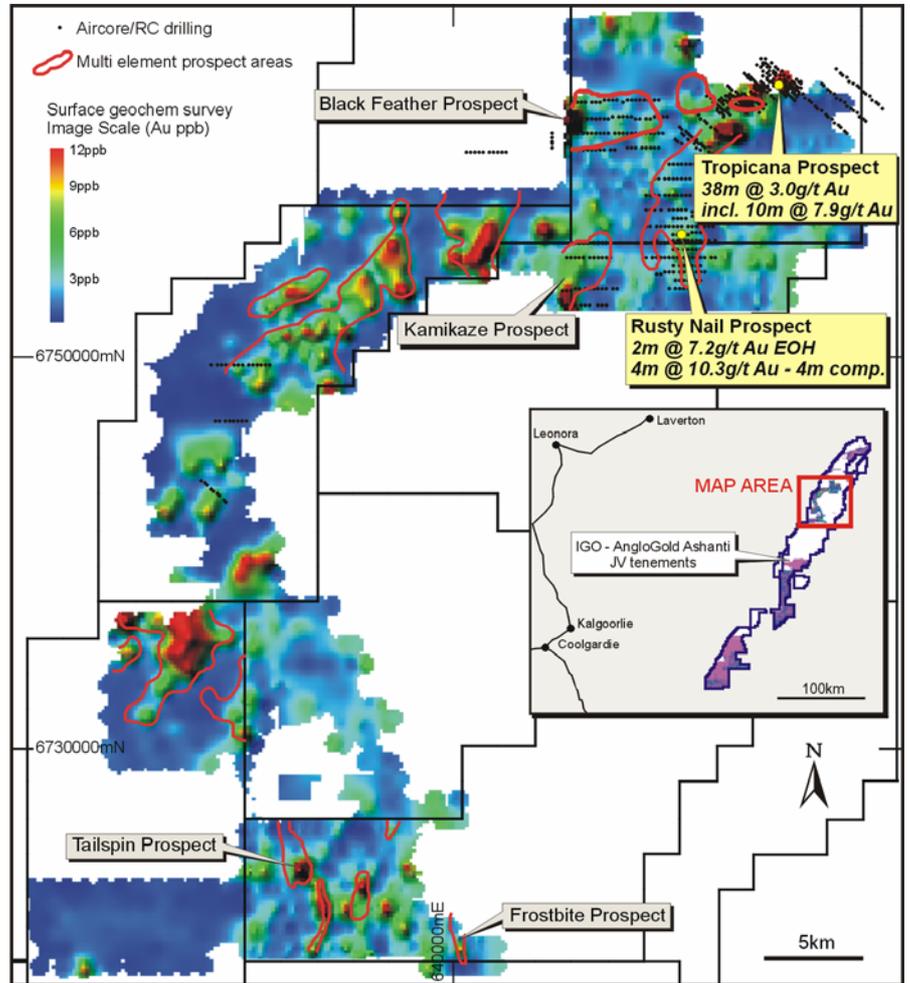


Figure 12: Tropicana JV – Tropicana and Rusty Nail Au Anomalies and Significant Gold Drill Results

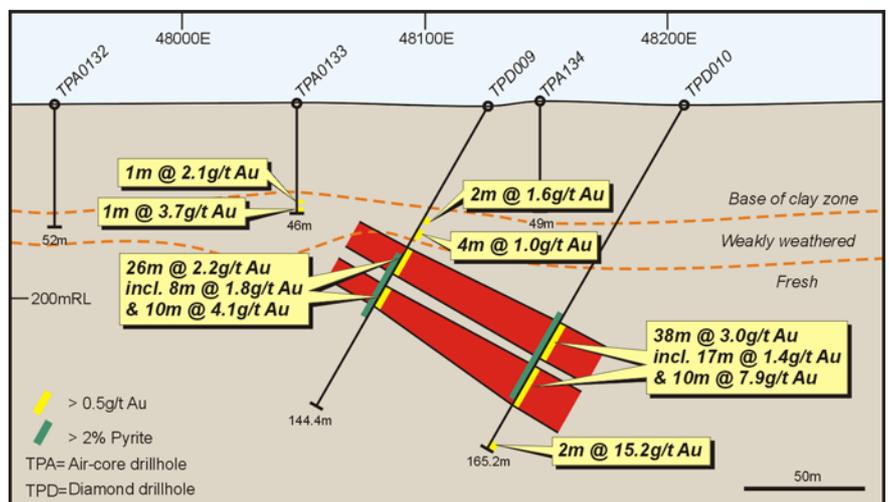


Figure 13: Tropicana JV – 14,350m N Cross-Section Showing Significant Gold Drill Results



Induced polarisation surveys suggest the sulphide zone intersected in diamond drilling is in excess of 2km in strike length. A reconnaissance slim-line RC program totalling 1082m targeted the northern portions of the anomaly and returned encouraging results including 8m @ 1.0g/t Au suggesting potential for additional mineralised zones outside the area tested during diamond drilling. Mineralised intercepts correspond to zones of biotite-sericite-pyrite-altered gneiss.

#### *Rusty Nail Prospect*

Encouraging gold intercepts previously reported from the Rusty Nail prospect have been followed up with infill aircore and RAB drilling. Infill drilling on 400m x 200m (locally 200m x 100m) has defined targets that require further testing by RC drilling during 2006. The anomalous samples comprise muscovite-biotite schist adjacent to chlorite-altered calc-silicate gneiss and quartzo-feldspathic gneiss with up to 5-10% disseminated pyrite and minor chalcopyrite. Assay values are comparable with those intersected in the upper portions of mineralised alteration zones intersected in drilling at the main Tropicana Prospect. An assessment of anomalies defined during the drilling programs is in progress. Significant results include:

- **4m @ 10.3g/t Au** from 44m (4m composite)
- **2m @ 7.22g/t Au** from 33m (2m composite, EOH)

#### *Kamikaze Prospect*

Reconnaissance aircore drilling testing of the Kamikaze auger anomaly was completed during the quarter. Infill drilling around zones of encouraging results was suspended after 5 holes due to a mechanical failure and has been postponed. Significant results from the initial program (800m x 200m) include 4m @ 0.92g/t Au (4m composite).

#### *Proposed Programs*

An RC drilling program is planned for the December quarter to test the northern strike extent of the Tropicana deposit.

Soil sampling of the western portion of tenements E38/1463 and E38/1465 is in progress along with auger sampling of tenements bordering the Tropicana prospect (E39/951).

#### **COBAR (IGO 100%)**

Five exploration licences have been applied for to cover conceptual gold and base metal targets along basin margins in the Cobar mining district in NSW. 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). Five exploration licences have been granted. A review of open file reports indicates that systematic regional geochemical sampling programs have not been completed over much of this tenure even though the regolith is thought to be amenable to this technique.

First pass regional geochemical sampling to test the tenements commenced in August and is scheduled for completion in the December quarter.

Two additional tenements were applied for during the quarter. One of these tenements was pegged to cover high order anomalies (up to 1.9g/t Au, 0.53% Cu) in a new release by the Mines Department of historical and re-assayed rock chip sampling data not previously in the public domain.

#### **FRANCIS FURNESS**

RC and diamond drilling at Francis Furness, Salvation and Bohemia prospects failed to locate depth extensions to the high grade shoots and it is likely a decision will be made to withdraw from this project.



## 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

**Adelaide Dam:** Relinquished. Drill testing failed to locate significant mineralisation

**Murrin South:** Relinquished. Drill testing failed to locate significant mineralisation

## DECEMBER QUARTER PROGRAM

### REGIONAL NICKEL EXPLORATION

**Duketon:** Continued systematic TEM surveying. Drill programs awaiting access approval

**Irwin Bore:** Follow-up TEM surveying and drill testing of bedrock conductors for massive nickel sulphides

**Yandal:** TEM follow-up of anomaly and first pass TEM surveying at Bronzewing South

### REGIONAL GOLD EXPLORATION

**Dalwallinu:** IP surveying and RC drilling

**Tropicana:** RC drilling at Tropicana and soil sampling within E38/1463 and E38/1465

**Cobar:** Regional surface geochemistry on five granted tenements

**Mt Padbury:** Obtain heritage clearance to allow drilling to commence

### IGO EMAIL SERVICE

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## INDEPENDENCE GROUP NL

A handwritten signature in black ink, appearing to read 'Chris Bonwick'.

**CHRISTOPHER M. BONWICK**  
MANAGING DIRECTOR

*Note: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Christopher M Bonwick who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Christopher Bonwick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Christopher Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

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