



5 October 2010

Australian Stock Exchange Limited
Company Announcements
Level 10, 20 Bond Street
SYDNEY NSW 2000

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LONG NICKEL MINE – JUNE 2010 RESOURCES AND RESERVES

Highlights

- **Mineral Resources: 1,702,000t @ 5.4% Ni – 91,500 Ni t (inclusive of reserves)**
- **Ore Reserves: 1,315,000t @ 4.1% Ni – 53,400 Ni t**
- **Assuming current production rates, mine life has been extended to 2016 based on reserves only.**
- **Both the high-grade Moran and McLeay deposits remain open to the south-east and Long remains open to the north. The Company has budgeted \$6.7 million to continue to explore these areas in 2010/11.**

Details

Independence Group NL (“IGO”) is pleased to announce new resource and reserve estimates at the Long Nickel Mine, in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC” Code 2004).

To 30 June 2010, the Company had mined 64,109 tonnes of nickel metal at the Long Nickel Mine (reserves at acquisition in 2002: 26,800 Ni t).

After mining depletion of 8,615 nickel tonnes (2009/10 production), resources decreased by 2% from 93,900 Ni t in June 2009 to 91,500 Ni t in June 2010 (**Figure 1**).

After mining depletion of 8,615 nickel tonnes (2009/10 production), reserves increased by 3% from 51,800 Ni t in June 2009 to 53,400 Ni t in June 2010 (**Figure 2**).

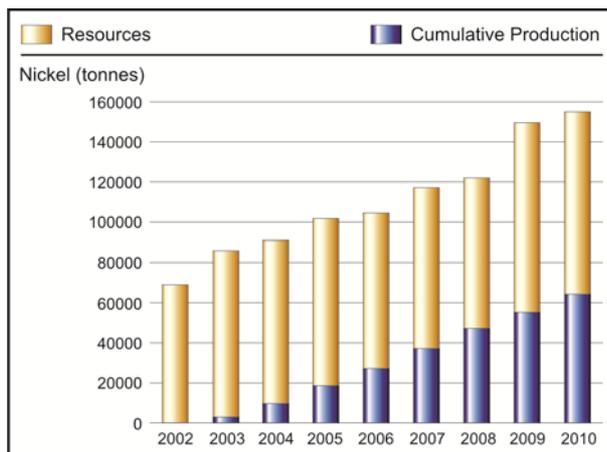


Figure 1: Accumulated Resource and Production Nickel Tonnes

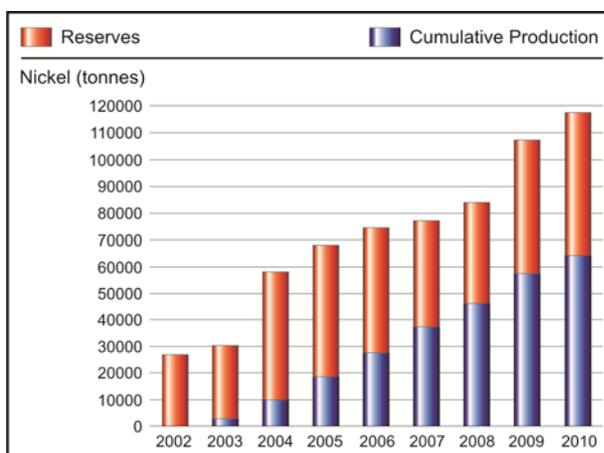


Figure 2: Accumulated Reserve and Production Nickel Tonnes

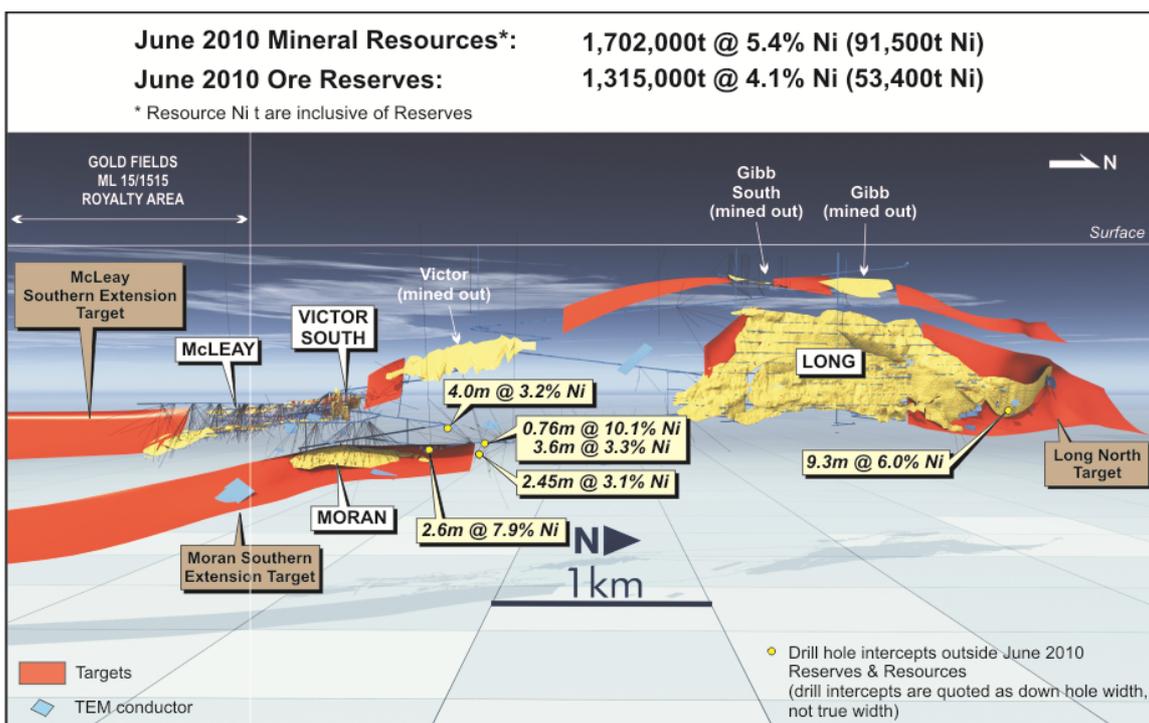


Figure 3: Long Nickel Mine – Longitudinal Projection Showing Target Areas, TEM Conductors and Significant Intercepts Outside Current Resources and Reserves

The 2010 reserve estimate includes 32,700 Ni t for the Moran deposit south of the Long ore body (**Figure 4**). The Moran deposit remains open to the south-east. Both the McLeay and Long North ore bodies also remain open along strike (**Figures 5 and 6**).

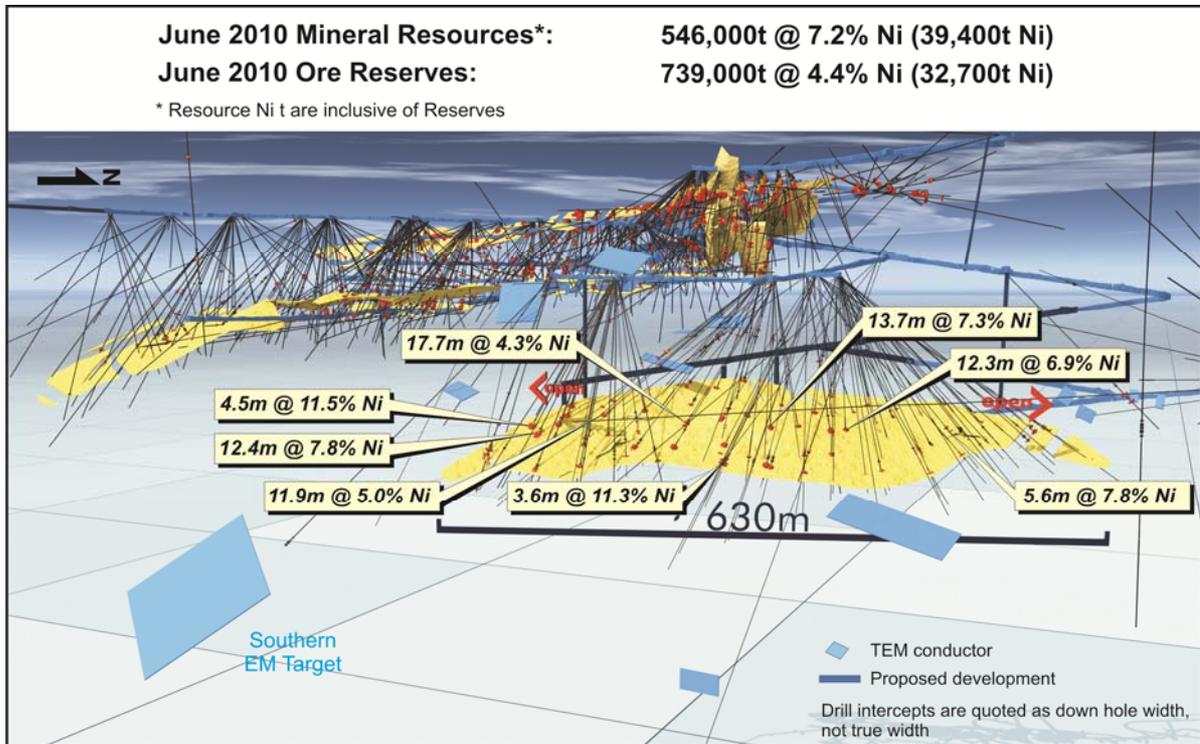


Figure 4: Moran - 3D Isometric Model Showing Nickel Shoot, Drill-Holes, TEM Conductors, Proposed Development and Significant Intercepts

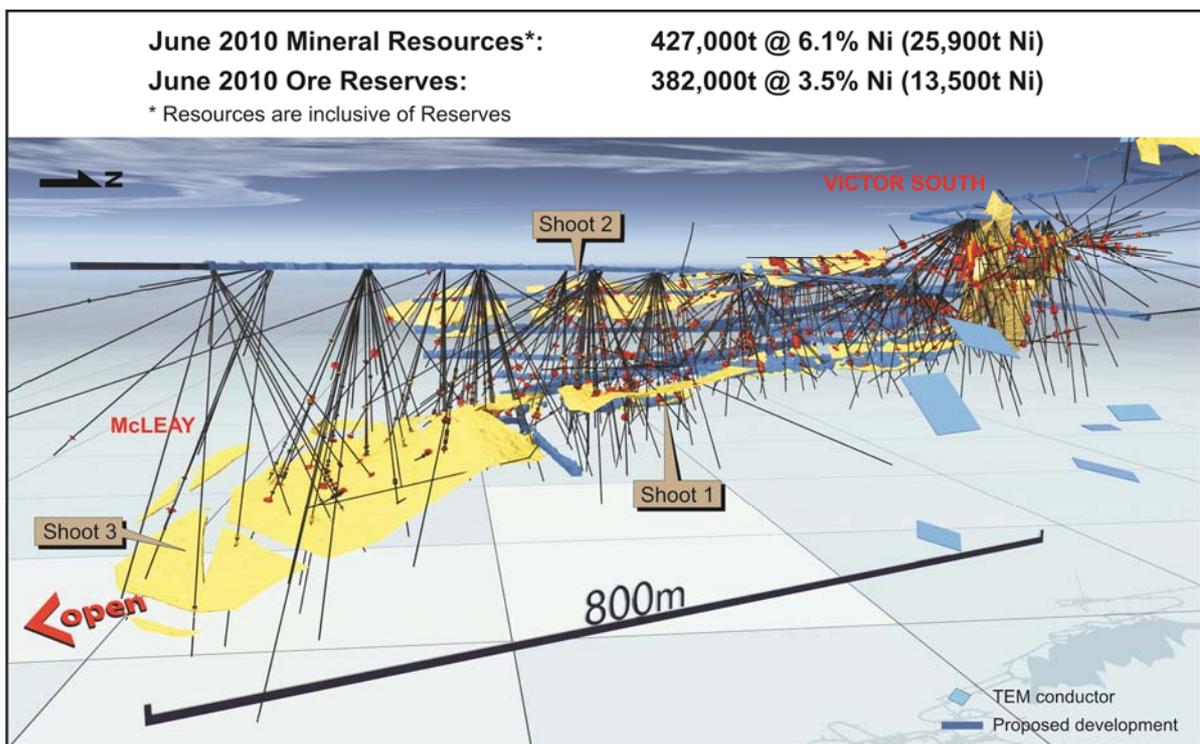


Figure 5: McLeay – 3D Isometric Model Showing Nickel Shoots, Drill-Holes and Development

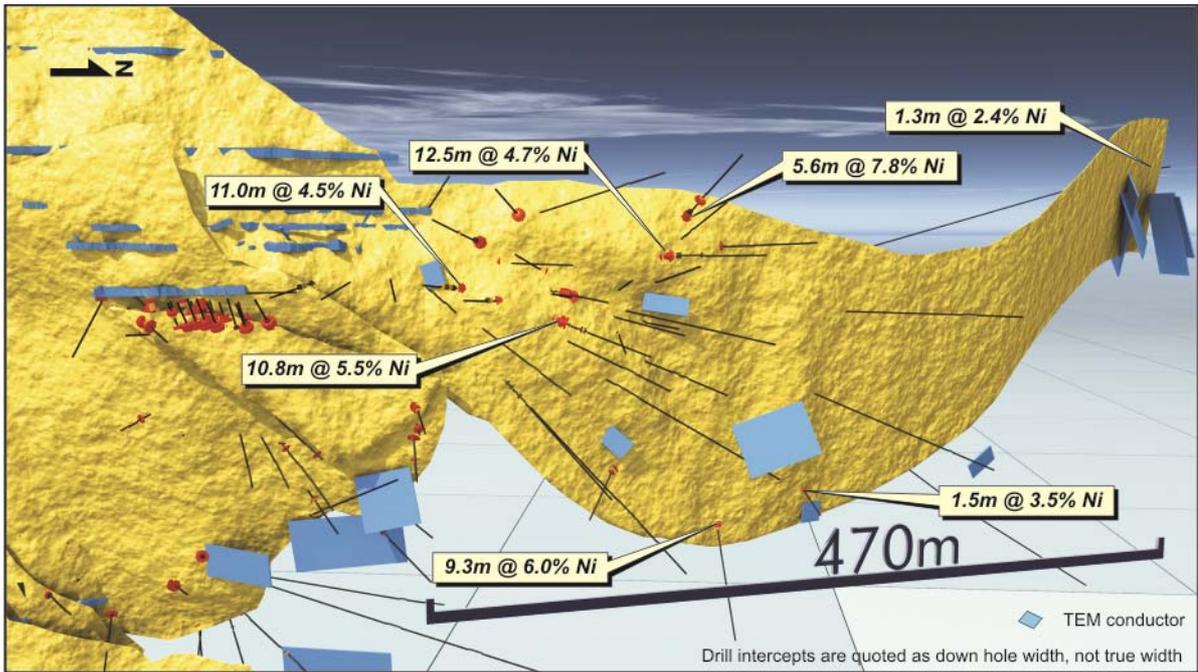


Figure 6: Long North – 3D Isometric Model Showing Nickel Shoots, Drill-Holes, TEM Conductors, Proposed Development and Significant Intercepts

Table 1: Long Nickel Mine – Resources

		<i>Undiluted Resources at 1% Ni Cut-off¹ as at 30 June 2009²</i>			<i>Undiluted Resources at 1% Ni Cut-off¹ as at 30 June 2010²</i>		
		<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>	<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>
Long	Measured	64,000	6.4	4,100	26,000	5.6	1,500
	Indicated	298,000	5.2	15,500	215,000	4.8	10,300
	Inferred	61,000	4.4	2,700	105,000	4.4	4,600
	Sub-Total	423,000	5.3	22,300	346,000	4.7	16,400
Moran	Measured	-	-	-	-	-	-
	Indicated	401,000	6.9	27,800	494,000	7.2	35,700
	Inferred	55,000	8.4	4,600	52,000	7.1	3,700
	Sub-Total	456,000	7.1	32,400	546,000	7.2	39,400
Victor South	Measured	-	-	-	17,000	7.0	1,200
	Indicated	305,000	3.2	10,100	232,000	2.7	6,300
	Inferred	-	-	-	131,000	1.7	2,200
	Sub-Total	305,000	3.2	10,100	380,000	2.6	9,700
McLeay	Measured	118,000	6.8	8,000	85,000	8.1	6,900
	Indicated	217,000	5.6	12,100	248,000	5.7	14,200
	Inferred	162,000	5.4	8,800	94,000	5.1	4,800
	Sub-Total	497,000	5.8	28,900	427,000	6.1	25,900
Broken Stocks	Measured	4,000	5.0	200	3,000	4.0	100
	Sub-Total	4,000	5.0	200	3,000	4.0	100
TOTAL		1,685,000	5.6	93,900	1,702,000	5.4	91,500

Table 2: Long Nickel Mine – Reserves

		<i>Mining Reserve at Economic Ni Cut-off¹ as at 30 June 2009²</i>			<i>Mining Reserve at Economic Ni Cut-off¹ as at 30 June 2010²</i>		
		<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>	<i>Tonnes</i>	<i>Ni %</i>	<i>Ni Tonnes</i>
Long	Proven	70,000	3.5	2,500	15,000	2.8	400
	Probable	155,000	2.9	4,500	98,000	2.9	2,900
	Sub-Total	225,000	3.1	7,000	113,000	2.9	3,300
Moran	Proven	-	-	-	-	-	-
	Probable	640,000	4.1	26,300	739,000	4.4	32,700
	Sub-Total	640,000	4.1	26,300	739,000	4.4	32,700
Victor South	Proven	-	-	-	24,000	4.0	1,000
	Probable	112,000	4.6	5,200	55,000	5.1	2,800
	Sub-Total	112,000	4.6	5,200	79,000	4.8	3,800
McLeay	Proven	170,000	3.7	6,400	121,000	3.9	4,700
	Probable	176,000	3.8	6,700	261,000	3.4	8,800
	Sub-Total	346,000	3.8	13,100	382,000	3.5	13,500
Broken Stocks	Proven	4,000	5.0	200	2,000	3.0	100
	Sub-Total	4,000	5.0	200	2,000	3.0	100
TOTAL		1,327,000	3.9	51,800	1,315,000	4.1	53,400

Notes:¹ The cut-off grade used for Victor South resources is 0.6% Ni.² Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.**Reserves Broken Down by Mining Method**

Reserves broken down by mining method are as follows:

Mining Method	Ni Tonnes
Mechanised jumbo stoping	35,900
Mechanised long-hole	10,500
Mechanised development	4,000
Air-leg	<u>2,900</u>
TOTAL – excluding broken stocks	<u>53,300</u>

Resource and Reserve Estimation

Resource and reserve estimation methodology is detailed in Appendix 1.

The Company has budgeted \$20.2 million in 2010/11 to continue Moran, Long North and McLeay exploration drilling and capital drill drive development with the aim of bringing forward the conversion of resources to reserves.



Christopher Bonwick
Managing Director

Note: The information in this report that relates to Exploration Results is based on information compiled by Christopher Bonwick. The information in this report that relates to Mineral Resources is based on information compiled by Somealy Sheppard and Jason Harris. The information in this report that relates to Ore Reserves is based on information compiled by Brett Hartmann and Phil Bremner. Christopher Bonwick, Somealy Sheppard and Brett Hartmann are full-time employees of the Company and are members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists. Jason Harris is a consultant for Cube Consulting Pty Ltd and Phil Bremner is a consultant for MiningOne Pty Ltd and are members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists. Christopher Bonwick, Brett Hartmann, Somealy Sheppard, Jason Harris and Phil Bremner have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consent to the inclusion in the report of the matters based on their 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.

Board of Directors		Stock Exchange Listing	
Oscar Aamodt	Non-Executive Chairman	Australian Stock Exchange	
Chris Bonwick	Managing Director	ASX Code: IGO	
Kelly Ross	Executive Director		
John Christie	Non-Executive Director	Capital Structure	
Rod Marston	Non-Executive Director	Ordinary Shares	113,813,539
Peter Bilbe	Non-Executive Director		
Contact		Unlisted Options	
Address:	PO Box 496	Various Expiry Dates	1,087,500
	South Perth, WA, 6951		
Telephone:	+61 8 9479-1777		
Facsimile:	+61 8 9479-1877		
Email:	contact@igo.com.au		
Website:	www.igo.com.au		
Share Registry		Substantial Shareholder Notices	
Security Transfer Registrars Pty Ltd		JF Capital Partners Ltd	10.24%
770 Canning Highway		Orion Asset Management	6.24%
Applecross, WA 6153		National Australia Bank Limited	6.06%
Telephone:	+61 8 9315-0933		
Facsimile:	+61 8 9315-2233		

Appendix 1

June 2010 Resource Estimation Parameters

The resource was estimated using 2D and 3D metal accumulation of grade, thickness and density interpolated by kriging.

Data

The following geological information and data were incorporated into the estimation process:

- Drill-hole data
- Ore and porphyry intrusive (barren) locations defined by drilling and/or underground mapping
- Survey pick up of mining depletion boundaries
- X-Pillar outlines (non-recoverable)

Cut-offs, Modelling Technique and Cell Size

	Long	Victor South	McLeay	Moran
Lower cut offs	1.0% Ni	0.6% Ni	1.0% Ni	1.0% Ni
Modelling technique	2D longitudinal kriging	01, 04 Surfaces – 3D ordinary block kriging 02 Surface – horizontal 2D planar kriging	Horizontal 2D planar kriging	Horizontal 2D planar kriging
Parent cells	2D 10mN x 8mRL 3D 10mN x 4mE x 4mRL	3D 10mN x 4mE x 4mRL	2D 20mN x 12mE	2D 20mN x 20mE 3D 10mN x 4mE x 4mRL
Block discretisation points (metres)	2D interpolation - 5 x 5 x 1 (XYZ)	3D interpolation - 4 x 5 x 2 (XYZ) 2D interpolation - 5 x 5 x 1 (XYZ)	2D interpolation - 5 x 5 x 1 (XYZ)	2D interpolation – 5 x 5 x 1 (XYZ)

Mining Depletion, Pillars and Porphyry Intrusives

- Mining depletion - Depletion areas were stamped into each mineralised surface of Long using 2D string outlines. Depletion areas in Victor South and McLeay were constrained by 3D survey pickups of the mined areas.
- X-Pillar (non-recoverable) - X-Pillars were stamped into each mineralised surface using 2D string outlines.
- Porphyry Intrusives - Porphyry intrusion wire frames (0.01% Ni, 2.7t/m³) were used to constrain the porphyry interpretation within the ore models.

June 2010 Reserve Estimation Parameters

The reserve was estimated using stoping wire frames overlaid on resource block models. Reserve estimation parameters are as follows:

- Nickel metal price - AU \$22,700/ Ni (in-house estimate).
- Grade cut-off - 1.45% Ni site average but varies by area depending on development requirements.
- This cut-off has been used as an average for a combination of stoping methods and includes all operating costs and expected nickel recoveries.

Extractions and dilution factors:

	Extraction	Dilution
Long-hole stopes	95%	25%
Flat-back stopes	95%	5%
Drift and fill stopes	95%	5%

- Method - Stopes were designed in 3 dimensions using the above inputs and resource block models. Final reserves were estimated after the subtraction of porphyry, unextractable X-Pillars and mining depletion.