INDEPENDENCE GROUP NL
ABN 46 092 786 304

ASX RELEASE

QUARTERLY ACTIVITIES REPORT
1 JULY TO 30 SEPTEMBER 2012

GROUP HIGHLIGHTS

- **Tropicana Gold Project JV ("Tropicana") (IGO 30%) continues to meet scheduled construction and development milestones for "first gold" in December quarter 2013. Key Tropicana progress during the quarter included:**
- **Passing the 64% milestone on the Tropicana Gold Mine pathway to completion (i.e. engineering, procurement, logistics and construction tasks). Construction of the plant and associated infrastructure was approximately 41% complete at the end of the quarter.**
- **Intercepts of 18m @ 5.4 g/t Au (including 11.0m @ 8.3 g/t Au) and 24m @ 2.4 g/t Au (including 5.0m @ 9.0 g/t Au) north of the previous defined Havana Deeps gold resource indicate potential for a new high grade shoot, open down plunge.**
- **Pre-strip continued with the commencement of the first three mining benches of Havana Starter Pit.**
- **Strong balance sheet with $146.9 million cash as at 30 September 2012 and debt of $21.4 million.**

MINING OPERATIONS

LONG OPERATION (Ni) (IGO 100%)

Production:
- **Quarter: 76,713 @ 3.8% Ni for 2,952t Ni @ A$3.88/lb payable Ni cash costs and royalties.**
  (Budget: 68,673t @ 3.4% Ni for 2,362t Ni @ A$4.73/lb payable Ni cash costs and royalties).

Exploration:
- **Intercepts of 4.1m @ 5.3 Ni down plunge of the McLeay ore body and 3.3m @ 4.7% Ni at Long North (both intercepts down hole width).**

JAGUAR / BENTLEY OPERATION (Cu, Zn, Ag) (IGO 100%)

Production:
- **Quarter Milled: 102,191 @ 1.6% Cu, 7.9% Zn, 140g/t Ag for 6,668t Zn, 1,360t Cu @ A$0.69/lb payable Zn cash costs and royalties. (Budget 106,058 @ 1.9% Cu, 8.4% Zn, 101g/t Ag for 5,972t Zn, 1,657t Cu @ A$0.52/lb payable Zn cash costs).**

PROJECT UNDER CONSTRUCTION : HIGHLIGHTS

TROPICANA JV (Au) (IGO 30%, AngloGold Ashanti 70%, Manager), Western Australia

- **Tropicana Gold Mine development continued its momentum, passing the 64% milestone on the path to completion (i.e. engineering, procurement, logistics and construction tasks).**
- **Concrete placement exceeded 10,000m3 following completion of the last major concrete pour.**
- **Systematic platework and structural steel installation commenced, including CIL tanks, tailings thickener, modularised stairways and platforms.**
- **100 seat passenger jet service commenced late in the quarter following CASA approval of the Tropicana Gold Mine Aerodrome. This has reduced site inflight travel time from Perth to 1.5 hours.**
- **Project infrastructure progressed with welding of 39km of the 46km Minigwal Trough raw water pipeline, foundation preparation for the 40Mw power station, platework installation of a 4 million litre diesel storage facility, together with construction of large steel framed buildings to service mine operations.**
- **Heavy mining equipment "first fleet" commissioned, based around a CAT 6040 360t excavator focused on the pre-strip of the first three mining benches in the Havana Starter Pit, reaching a depth of 7.5m below surface.**
- **Commencement of grade control and drill & blast activities.**

PROJECT AT FEASIBILITY STUDY STAGE : HIGHLIGHTS

STOCKMAN (Cu, Zn, Ag, Au) (100% IGO), Victoria

- **Resource upgrade to 13,986,000t @ 2.1% Cu, 4.3% Zn, 38 g/t Ag and 1.0 g/t Au.**
- **Permitting and feasibility tasks further progressed.**

PROJECT AT SCOPING STUDY STAGE : HIGHLIGHTS

KARLAWINDA (Au) (IGO 100%), Western Australia

- **A significant drill program commenced shortly after the close of the quarter, testing opportunities identified during scoping study.**
- **Native title discussions continuing over the Bibra mining lease application.**

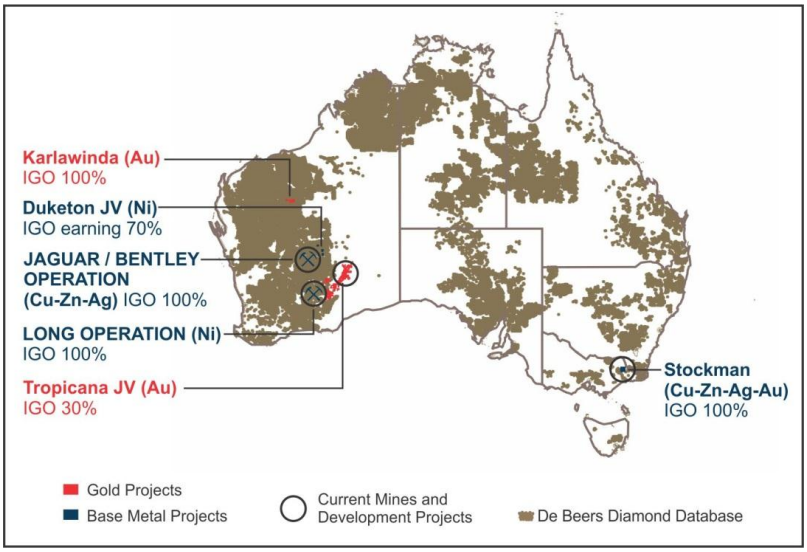

Figure 1: Independence Group - Mining Operations and Major Project Locations

CORPORATE

PROFIT AND LOSS

The estimated and unaudited Net Profit After Tax for the September quarter was $7.5 million.

ISSUED CAPITAL - CURRENT

232,882,535 ordinary shares.

CASH BALANCES

At the end of the quarter, the Company had $146.9 million cash (June 2012 quarter: $192.7 million).

CASH FLOWS

Material cash flows during the quarter included:

- $18.3 million net inflow of cash from operating activities.
- $1.7 million of bank interest revenue.
- $41.2 million contributions to the Tropicana JV.
- $6.5 million spent on Long, Jaguar/Bentley, Karlawinda and regional exploration.
- $3.1 million spent on plant and equipment, including $2.5 million at Long and $0.6 million at Jaguar/Bentley.
- $2.3 million spent on the Stockman Feasibility Study, permitting and resource upgrade activities.
- $6.7 million for capitalised development costs (Long $3.3 million and Bentley $3.4 million).
- $3.7 million net repayment of borrowings.
- $2.3 million for payment of dividends.

DEBT

The Company had debt at the end of the quarter of $21.4 million (June 2012 quarter: $23.4 million) comprising finance lease obligations of $17.1 million and a silver loan of $4.3 million.

HEDGING

Total hedged nickel metal at the end of September was 1,800 tonnes at an average price of A$26,830/t, scheduled to be delivered by June 2013 at 200 tonnes per month. During October 2012 the Company entered into additional hedging for 1,000 nickel tonnes at A$18,900/t, scheduled to be delivered at the rate of 200 tonnes per month from February 2014 to June 2014.

Zinc metal is currently unhedged. At the end of September the Company had 1,100 tonnes of copper hedged at US$7,350 per tonne, expiring 31 October 2012. During October 2012 the Company entered into 1,100 tonnes of copper hedging at US$8,274 per tonne, expiring 31 December 2012.

PROJECT UNDER CONSTRUCTION

TROPICANA JV (IGO 30%, AngloGold Ashanti Australia Limited, Manager 70%), Western Australia

PROJECT DEVELOPMENT

Tropicana Gold Mine development continued to gain momentum in the quarter, achieving 64% of the pathway to completion, (i.e. engineering, procurement, logistics and construction tasks). Construction of plant and associated infrastructure reached approximately 41% completion. The Project continues to meet its schedule to achieve the target of "first gold" in the December quarter 2013.

Electrical and Instrumentation, the last of the major treatment plant construction contracts, was awarded for October 2012 site mobilisation. All concrete, structural, mechanical & piping, electrical and instrumentation engineering work was issued for construction in the quarter.

Construction ramp up continued during the quarter, supported by off-site fabrication, manufacture and transport (to site) activities which achieved 92% completion. This included pre-assembled pipe racks, stairways and platforms. The last of the major treatment plant concrete pours were undertaken, including primary and secondary crusher, ball mill, primary stockpile and thickener foundations and structural concrete. This brought total project concrete placement to over 10,000m^3.

Systematic progress on plate work and structural steel assembly continued during the quarter. Four of the eight 17m diameter CIL tanks were built to design height and associated platforms and inter-tank launders were installed, whilst construction of the remaining tanks approached full design height. Progress on the 44m diameter tailings thickener was well advanced by quarter end.

Tropicana Gold Mine Aerodrome was completed to full operational specifications and CASA approval obtained. Jet services commenced operation with 100 seat aircraft, reducing flight time from Perth to 1.5 hours.

Delivery of all accommodation units onsite will facilitate Tropicana Village completion in October 2012, providing in excess of 800 rooms to support the peak of onsite construction activity in the first half of January 2013. Commissioning of the Waste Water Treatment plant commenced during the quarter.

Project infrastructure construction included site offices, erection of warehouse, workshop, stores, core and laboratory shed steel framework, internal walls and services installation. Thirty nine kilometres of the forty six kilometre 560mm diameter Minigwal Trough raw water pipeline was welded ready for trench placement. External and onsite communications were complete, foundations were prepared for the 40Mw diesel fired power station and the 4 million litres diesel storage facility platework was erected.

The mining contractor's "first fleet" of heavy mining equipment supporting the on-site Cat 6040 360t excavator was fully commissioned and in production during the quarter. Mine excavation focused on the first three 2.5m mining benches of Havana Starter Pit to a maximum depth of 7.5m. Grade control and drill & blast activity commenced in late September 2012. In excess of one million cubic metres of growth medium, sand dune and in-pit material has been cleared and mined to date.

Mobilisation of personnel to the Tropicana Gold Mine to fill mine site positions commenced during the quarter. This included department management, senior operational and technical staff.

TROPICANA-HAVANA PROXIMAL EXPLORATION

During the quarter 9 diamond drill holes were completed for a total of 2,183m proximal to the Tropicana – Havana planned open cut. This completed the drilling component of the Havana Deeps pre-feasibility study, evaluating the open pit and underground mining potential of the Havana Deeps mineralisation. Results from this programme included:

- HDD246: **18m** @ **5.4g/t** Au from 500m including **11m** @ **8.3g/t** Au from 507m
- HDD247: **24m** @ **2.4g/t** Au from 542m including **5m** @ **9.0g/t** Au from 560m
- HDD270: **22m** @ **4.9g/t** Au from 437m
- HDD273: **15m** @ **7.9g/t** Au from 402m
- HDD265A: **14m** @ **3.1g/t** Au from 346m including **10m** @ **4.1g/t** Au from 347m.

(True widths approximate down hole widths).

Significant Havana Deeps intercepts received during the quarter are listed in **Table 1** and shown in **Figure 2.**

A total of 40 holes (7,444m of RC and 676m of diamond drilling) were completed north of the proposed Boston Shaker pit, testing for strike extensions. Results have been received for approximately half of this drilling, with only narrow low grade intercepts to date. Seventeen RC holes for 2,354m were completed at the Springbok prospect (1.6km north of Boston Shaker). Results are yet to be received for this drilling, however favourable alteration was intersected in most holes.

REGIONAL EXPLORATION

A total of 1,166 aircore holes (52,006m), were completed on a number of regional prospects including Wild Voodoo, Don King, Beetle Juice, Prairie Fire and Rosetta. Better results included 4m @ 1.3 g/t Au at Don King.

RC (4,250m) and diamond drilling (244m) was completed at Voodoo Child and Don King. Results for this drilling are yet to be received.

All significant results as received to date are listed in Table 2.

The SPECTREM airborne electromagnetic survey results have been received and a number of bedrock conductors requiring further investigation have been identified.

TECHNICAL STUDIES

The Havana Deeps Pre-feasibility Study

The Havana Deeps Pre-feasibility Study drill program was completed during the quarter. The Study focus has moved to sampling of mineralised and unmineralised drill cores for geological interpretation and modelling for resource estimation in the December quarter 2012.

The extensive metallurgical testwork program remains ongoing.

Table 1: Significant September Quarter Tropicana - Havana Deeps Drilling Results

COLLAR							INTERCEPT DETAILS			
Hole No.	Northing (M)	Easting (M)	RL (MaHD)	Azi (Degr)	Dip (Degr)	Total Depth	Depth From	Depth To	Width (M)	Au (G/T)
HDD242	6,761,959	650,379	357.0	320.0	-59.9	552.6	452	489	37	1.8
						including	470	482	12	3.3
HDD246	6,761,905	650,500	356.6	320.3	-60.5	598.8	500	518	**18**	**5.4**
						including	507	518	**11**	**8.3**
HDD247	6,761,836	650,572	357.3	319.5	-59.3	660.6	542	566	24	2.4
						including	560	565	**5**	**9.0**
HDD254A	6,761,126	650,536	361.6	319.3	-61.7	759.4	699	726	**27**	**3.1**
						including	710	726	16	4.0
HDD255A	6,761,365	650,405	363.3	318.5	-70.1	699.5	581	611	30	2.2
						including	594	609	15	3.8
HDD265A	6,761,348	650,013	367.8	317.9	-71.3	396.6	346	360	14	3.1
						including	347	357	10	4.1
HDD266	6,761,394	650,165	365.6	317.6	-60.9	504	451	473	22	2.1
						including	464	473	9	3.8
HDD270	6,761,588	650,148	363.0	319.5	-70.2	489.2	426	460	**34**	**3.8**
						including	437	459	**22**	**4.9**
HDD273	6,761,752	650,168	361.0	319.8	-62.7	450.6	402	417	**15**	**7.9**
HDD274A	6,761,669	650,246	361.3	318.4	-62.4	504.7	449	462	13	3.0
HDD276A	6,761,607	650,340	364.0	319.8	-61.1	576.5	502	513	11	2.2
HDD277A	6,761,718	650,303	360.3	318.4	-62.1	516.7	450	472	22	2.4
HDD278	6,761,930	650,123	360.1	322.2	-63.2	438.6	349	374	25	2.1
						including	353	372	19	2.5
HDD280A	6,761,698	650,355	360.4	319.9	-62.0	552	488	513	25	1.7
						including	493	511	18	2.2
HDD288A	6,761,555	650,339	366.4	319.6	-69.6	606.6	525	553	**28**	**3.7**
						including	531	553	**22**	**4.2**
HDD292	6,761,380	650,346	364.8	321.3	-64.5	612.6	557	576	19	2.4
						including	559	574	15	2.9
HDD298	6,761,716	650,304	360.4	318.9	-68.1	510.7	455	478	23	2.2
						including	456	474	18	2.6

D = Diamond Drill Hole

(Downhole widths approximate true width except where indicated as * not true width)

Table 2: Significant September Quarter Regional Exploration Drilling Results

COLLAR							INTERCEPT DETAILS			
Hole No.	Easting (M)	Northing (M)	RL (MaHD)	Azi (Degr)	Dip (Degr)	Total Depth	Depth From	Depth To	Width (M)	Au (G/T)
TWA624	626900	6744900		360	-90	42	36	40	4	1.3

A = Aircore drill hole

(Note aircore result is a 4m composite sample)

PROPOSED EXPLORATION ACTIVITIES FOR DECEMBER QUARTER 2012

- Drill testing of Boston Shaker
- Aircore drilling north of Tropicana, and in the Tropicana Group 4 tenements
- RC drilling of regional targets including Voodoo Child, Wild Voodoo, Don King and Monsoon

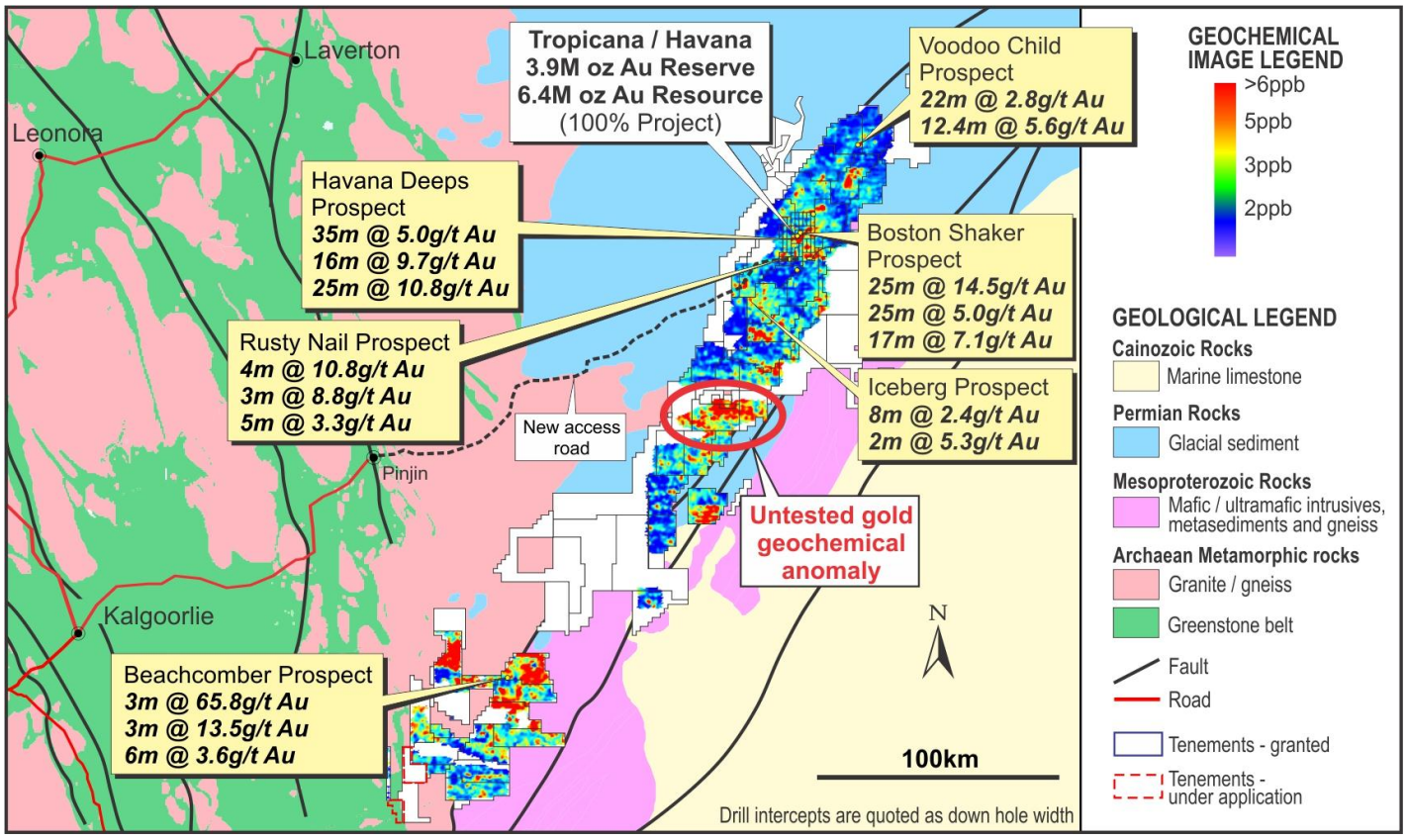

Figure 2: Tropicana JV – Tenure, Tropicana and Havana Reserve Locations, Gold Geochemical Anomalies, Significant Drill Intercepts and Selected Prospect Locations

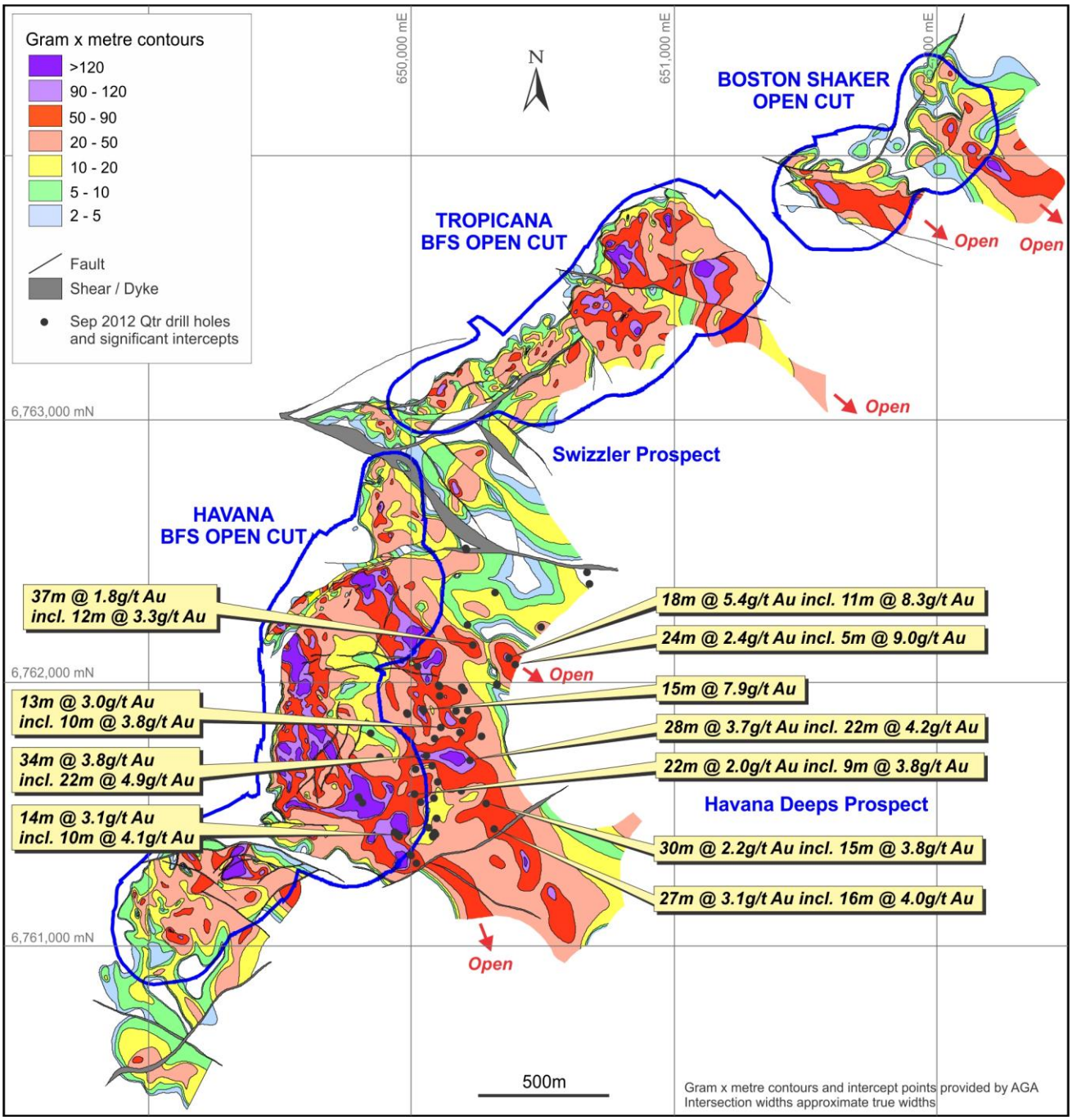

Figure 3: : Tropicana JV – Proposed Boston Shaker, Tropicana, Havana and Havana South Open Pit Outlines, g/t Au x Thickness (m) Contours significant September 2012 quarter intercepts.

MINING OPERATIONS

LONG NICKEL OPERATION (IGO 100%), Western Australia

SAFETY

Lightning Nickel incurred 2 Lost Time Injuries (LTI) during the quarter, increasing the Frequency Rate (LTIFR) to 7.6 for the life of the operation. One injury involved keyhole surgery for ligament damage.

The Operation continues to implement its Strategic Safety Management Plan for 2011-12, with a strong focus on improving hazard identification and hazard mitigation.

Certification as a Registered Training Organisation (RTO) was achieved and the training of shot firers commenced in-house.

PRODUCTION

Production for the quarter was 76,713 at 3.8% Ni for 2,952 tonnes of contained nickel, which was mined by the following methods:

PRODUCTION						
Jumbo Stoping	6,584t	@	1.8%	Ni for	118	Ni t
Long-hole	27,566t	@	4.5%	Ni for	1,228	Ni t
Hand-held	2,751t	@	4.1%	Ni for	112	Ni t
Jumbo Development	29,812t	@	3.8%	Ni for	1,494	Ni t
TOTAL	76,713	@	3.8%	Ni for	2,952	Ni t

Production was won from the following areas:

Long	7,338t	@	2.9%	Ni for	210	Ni t
McLeay	19,757t	@	2.4%	Ni for	475	Ni t
Victor South	12,044t	@	5.4%	Ni for	652	Ni t
Moran	37,574t	@	4.3%	Ni for	1,615	Ni t
TOTAL	76,713	@	3.8%	Ni for	2,952	Ni t

(See Figure 4 for location of ore bodies)

Contained nickel metal in ore for the quarter was 25% or 590t higher than budget by way of 12% increased production (+8,039t) delivered at 12% better than budget grade.

Metal during the quarter was produced at $3.88 per payable pound of nickel. Lower grades from McLeay were offset by above budget production from Moran.

Operational highlights for the quarter included:

- Victor South mining areas out-performing budget on tonnes and grade (+4,282t and +0.89% Ni respectively) aided by the initial use of paste fill in the area.
- Moran mining areas continuing to exceed budget (+204Nt).
- Consistent development advances achieved through stable manning levels.
- The trial of threaded reticulation pipes to deliver paste from surface, reducing pipe wear and cost.

MINE DEVELOPMENT

CAPITAL DEVELOPMENT

During the quarter a total of 323.4 metres were advanced as capital development: 230 metres in Moran and 93.4 metres in 13-7 and 16-5 exploration drill drives.

OPERATING DEVELOPMENT

A total of 915 metres of operating development was also undertaken during the quarter, of which 249.5m occurred in McLeay, and 152m in Victor/Long, and the remaining 513.5m in Moran. Operating development costs are included in cash costs.

RESOURCES AND RESERVES

After the close of the quarter the Company released the June 2012 Mineral Resource and Ore Reserve estimates as follows :

Resources: 1,303,000t @ 5.9% Ni for 76,600 Ni tonnes (inclusive of reserves)

Reserves: 1, 121,000t @ 3.7% Ni for 41, 900 Ni tonnes.

Refer to IGO's ASX release dated 17 October 2012 for further details and IGO's Annual Report 2012 released 19 October 2012 for Competent Persons' Consents.

FOCUS FOR DECEMBER 2012 QUARTER

The December quarter will see the operation focus on:

- Staff training on INX safety systems software.
- Emergency management scenario training.
- Life of Mine (LOM) planning.
- Raise drilling to extend the Moran primary ventilation circuit further south.
- Development to establish a drill platform at the southern end of the Moran footwall drive.

EXPLORATION

DRILL DRIVE DEVELOPMENT

The Long North 16/5 Drill Drive is progressing with Stockpile 2 currently being established. A program of drill holes, collared from Stockpile 1, is planned to commence in the December quarter. The holes are designed to test down dip of Long North, beyond the current known limits of the Long mineralisation.

MORAN SOUTH

Footwall drill drive development has 30m remaining to complete before it can be utilised as a drilling platform to test Moran South Transient Electromagnetic (TEM) targets (interpreted to be 135m long and 50m wide in dimension). A program of six underground diamond drill holes for 2,000m is planned to commence in the December quarter **(Figures 4 and 5).**

MORAN EAST

Four underground diamond drill holes were completed in the September quarter. The drill holes were designed to test 100m north and south from nickel mineralisation intersected in drill hole LSU-382 (1.6m @ 6.1% Ni). Out of the four drill holes, only one successfully intersected the prospective contact with LSU-407 intersecting sediment and stringer sulphides. Assay results are pending.

McLEAY SOUTH

One underground exploration diamond drill hole (MDU-642) designed to test the TEM target south of McLeay was completed for 367.9m. The drill hole intersected 4.1m @ 5.3% Ni from 335.1m and is located 35m south of the 2012-13 McLeay resource boundary **(Figures 4 and 5).**

Further drilling is planned in the December quarter.

Table 3: Long Nickel Mine – September Quarter 2012: Moran East Drilling Result

Hole ID	Northing (m)	Easting (m)	RL (mAHD)	EOH (m)	Dip (deg.)	Azimuth (deg.)	From (m)	To (m)	Interval (m)	True Width (m)	Assay Grade % Ni
LSU-407	547,594	375,425	-678	184	-26.7	71.4	132.3	132.9	0.6	0.6	5%*

** Visual estimate*

Table 4: Long Nickel Mine – September Quarter 2012: Long North Drilling Result

Hole ID	Northing (m)	Easting (m)	RL (mAHD)	EOH (m)	Dip (deg.)	Azimuth (deg.)	From (m)	To (m)	Interval (m)	True Width (m)	Assay Grade % Ni
LG137-082	550,740	374,060	-395	140	-60	9	107.55	110.8	3.3	3.0	4.7%

Table 5: Long Nickel Mine – September Quarter 2012: McLeay South Drilling Result

Hole ID	Northing (m)	Easting (m)	RL (mAHD	EOH (m)	Dip (deg.)	Azimuth (deg.)	From (m)	To (m)	Interval (m)	True Width (m)	Assay Grade % Ni
MDU-642	547,029	375,288	-561	367.9	-14	132	335.1	339.25	4.1	2.4	5.3%

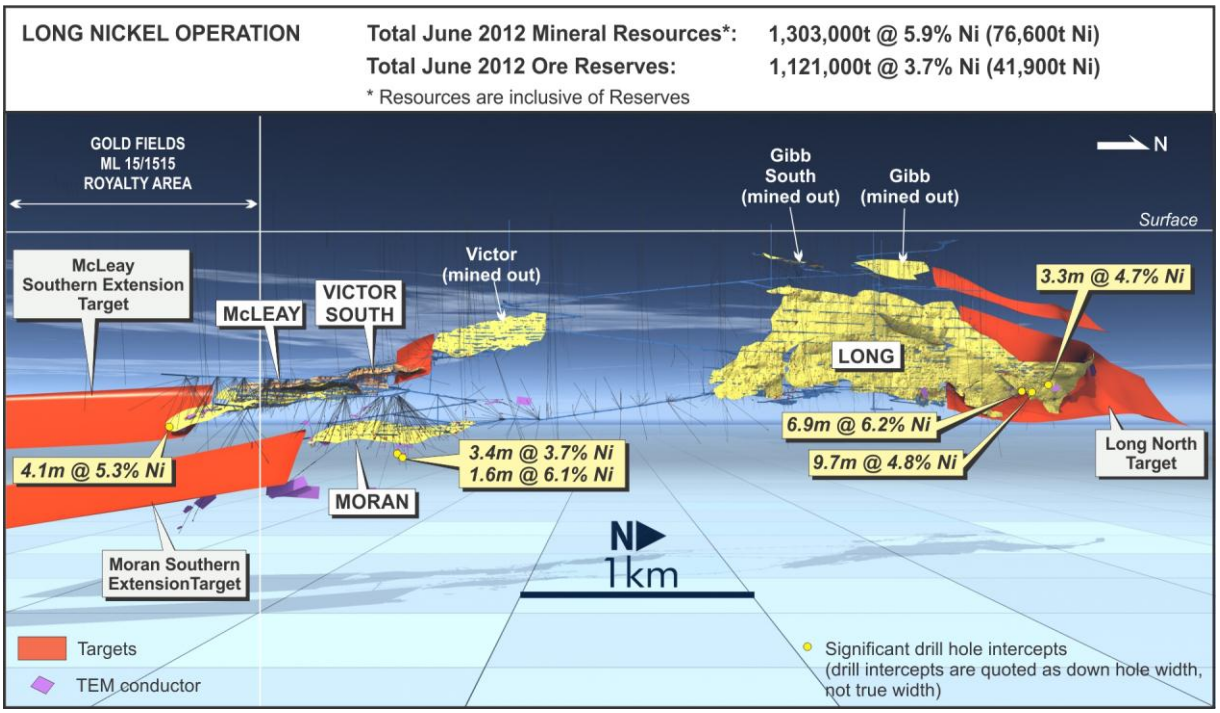

Figure 4: Long Nickel Mine – Longitudinal Projection showing Target Areas, TEM Conductors and Significant Intercepts.

Refer IGO ASX Release on 17 October 2012 for Mineral Resource and Reserve as of 30 June 2012 and IGO's Annual Report 2012 released 19 October 2012 for Competent Persons' Consents. .

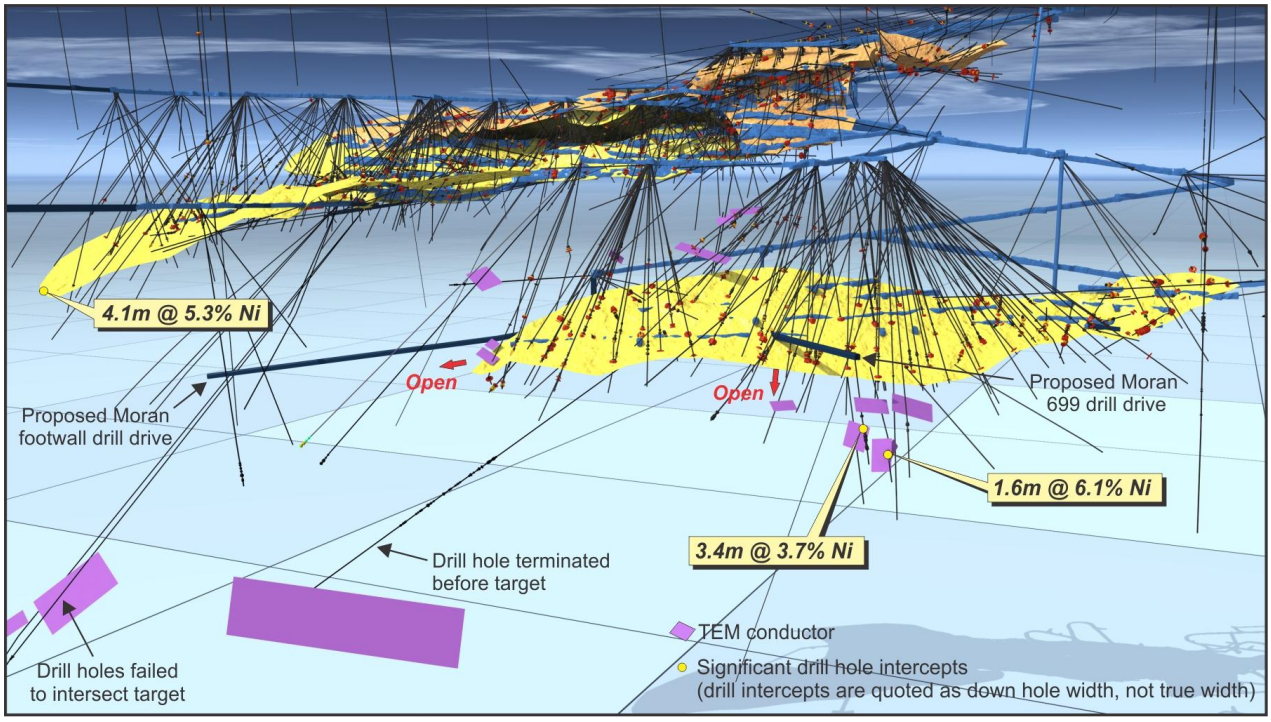

Figure 5: Moran and McLeay 3D Isometric Model showing Nickel Shoots, Drillholes, Development and Intercepts outside June 2012 Mineral Resources.

Table 6: Long Nickel Mine Operation Production Summary

	Note	SEP '12 Quarter	2012/13 FY to Date	Previous Corresponding Quarter (Sep'11)
Mining Reserve (Dry Tonnes)				
Start of Period		1,121,000	1,121,000	1,610,000
- ROM Production	1	(76,713)	(76,713)	(56,897)
End of Period		1,044,287	1,044,287	1,553,103
Production Details:				
Ore Mined (Dry Tonnes)	1	76,713	76,713	56,897
Ore Milled (Dry Tonnes)		76,713	76,713	56,897
Nickel Grade (Head %)		3.85	3.85	3.51
Copper Grade (Head %)		0.29	0.29	0.24
Metal in Ore Production (Tonnes)				
Nickel delivered	2	2,952	2,952	1,999
Copper delivered	2	222	222	138
Metal Payable IGO share (Tonnes)				
Nickel		1,780	1,780	1,208
Copper		90	90	56
Hedging				
Tonnes delivered into Hedge		600	600	540
Average Price (AU$/t)		26,831	26,831	21,898
Note 1. Production is sourced from both inside and outside reserve and updated as at 1 July 2012. Note 2. The Recovery Rate is fixed with BHP depending on head grade.				
Revenue/Expense Summary		**A$'000's**	**A$'000's**	**A$'000's**
Sales Revenue (incl. hedging)		36,119	36,119	20,278
Cash Mining/Development Costs		(9,904)	(9,904)	(8,676)
Other Cash Costs	3	(6,095)	(6,095)	(5,452)
Depreciation/Amortisation		(3,543)	(3,543)	(4,015)
Unit Cost Summary		**A$/lb Total Metal Produced**	**A$/lb Total Metal Produced**	**A$/lb Total Metal Produced**
Cash Mining/Development Costs		1.52	1.52	1.96
Other Cash Costs	3	0.94	0.94	1.23
Copper Credit		(0.11)	(0.11)	(0.09)
C1 Ni cash costs & Royalties		2.35	2.35	3.10
Depreciation/Amortisation		0.54	0.54	0.91
Unit Cost Summary		**A$/lb Payable Metal**	**A$/lb Payable Metal**	**A$/lb Payable Metal**
Sales Revenue (incl. hedging)	4	9.20	9.20	7.60
Cash Mining/Development Costs		2.52	2.52	3.25
Other Cash Costs	3	1.55	1.55	2.04
Copper Credit		(0.19)	(0.19)	(0.15)
C1 Ni cash costs & Royalties		3.88	3.88	5.14
Depreciation/Amortisation		0.90	0.90	1.50
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		2	2	-
- Medically Treated IFR		19.3	19.3	32.5
- Nickel Productivity Rate	5	86.3	86.3	63.1
Note 5. Nickel Productivity Rate = Annualised nickel tonnes per full-time-equivalent-employee.				
Production/Exploration Drilling		**Metres**	**Metres**	**Metres**
Production		2,110	2,110	*1,302*
Exploration		2,915	2,915	*2,600*
		5,025	5,025	*3,902*

JAGUAR / BENTLEY COPPER ZINC OPERATION (IGO 100%)

SUMMARY

The September quarter saw a 7% increase in mine production, producing 128,618 ore tonnes (previous quarter 120,258 ore tonnes).

Mill performance was reduced towards the end of Q1, with very high zinc head grades over-supplying the zinc filter. Plans are in place to upgrade filters.

Development of Bentley underground continues to progress well, with stoping and CAF backfill success through the quarter.

Operational highlights for the quarter included:

- Bentley Mine brought into production – three stopes mined and two CAF backfilled.
- CAF backfill infrastructure completed.

Zinc and silver production increased throughout the quarter (see **Figure 6**).

SAFETY

One LTI occurred during the quarter: a lacerated right hand (moderate severity). The site's Frequency Rate (LTIFR) subsequently increased to **3.40** per million man hours worked for the life of the Operation.

MINE PRODUCTION

During the September quarter the Operation mined 128,618 tonnes of ore averaging 1.5% Cu, 7.5% Zn and 105g/t Ag. This production was sourced from both the Jaguar underground (57,574t) and the Bentley underground (71,044t).

TONNES MINED						
Stoping – Jaguar	55,169t	@	2.2% Cu,	2.7% Zn,	44g/t Ag
Development – Jaguar	2,405t	@	1.9% Cu,	0.6% Zn,	25g/t Ag
Stoping – Bentley	15,213t	@	0.3% Cu,	11.7% Zn,	165g/t Ag
Development – Bentley	55,831t	@	1.2% Cu,	11.3% Zn,	152g/t Ag
TOTAL	128,618t	@	1.5% Cu,	7.5% Zn,	105g/t Ag

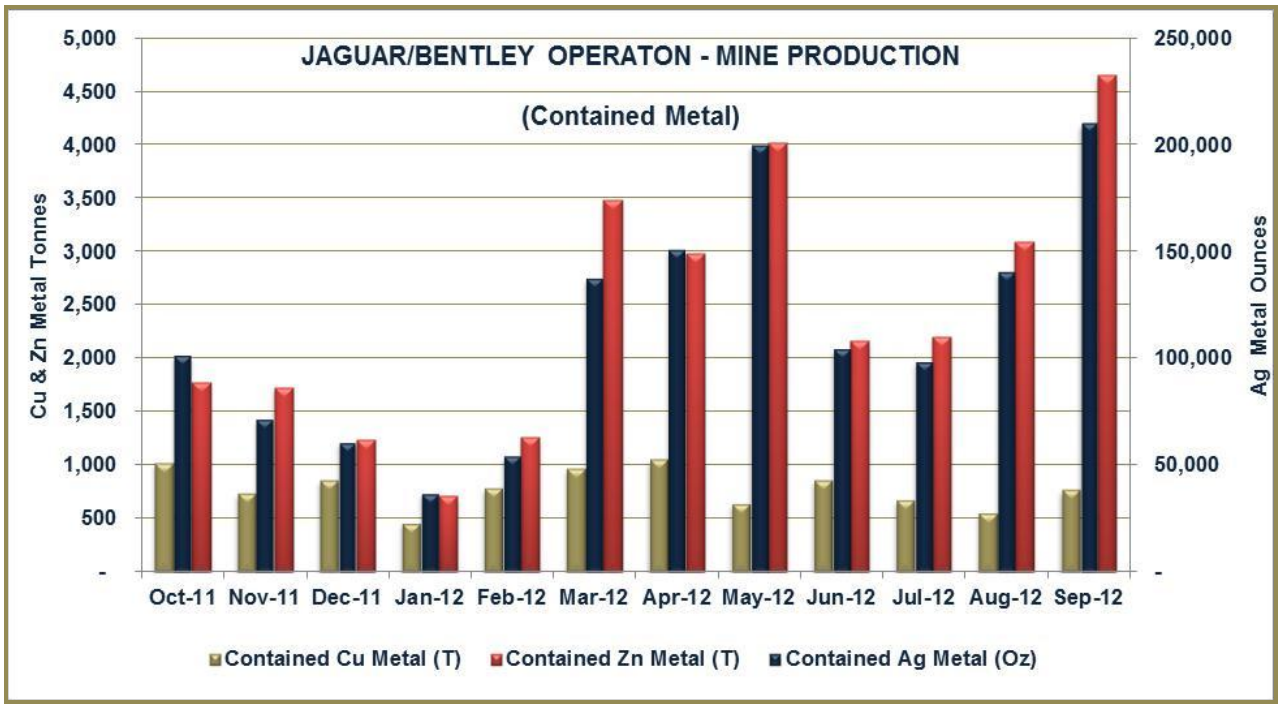

Figure 6: Jaguar/Bentley Operation – Mine Production - Contained Metal

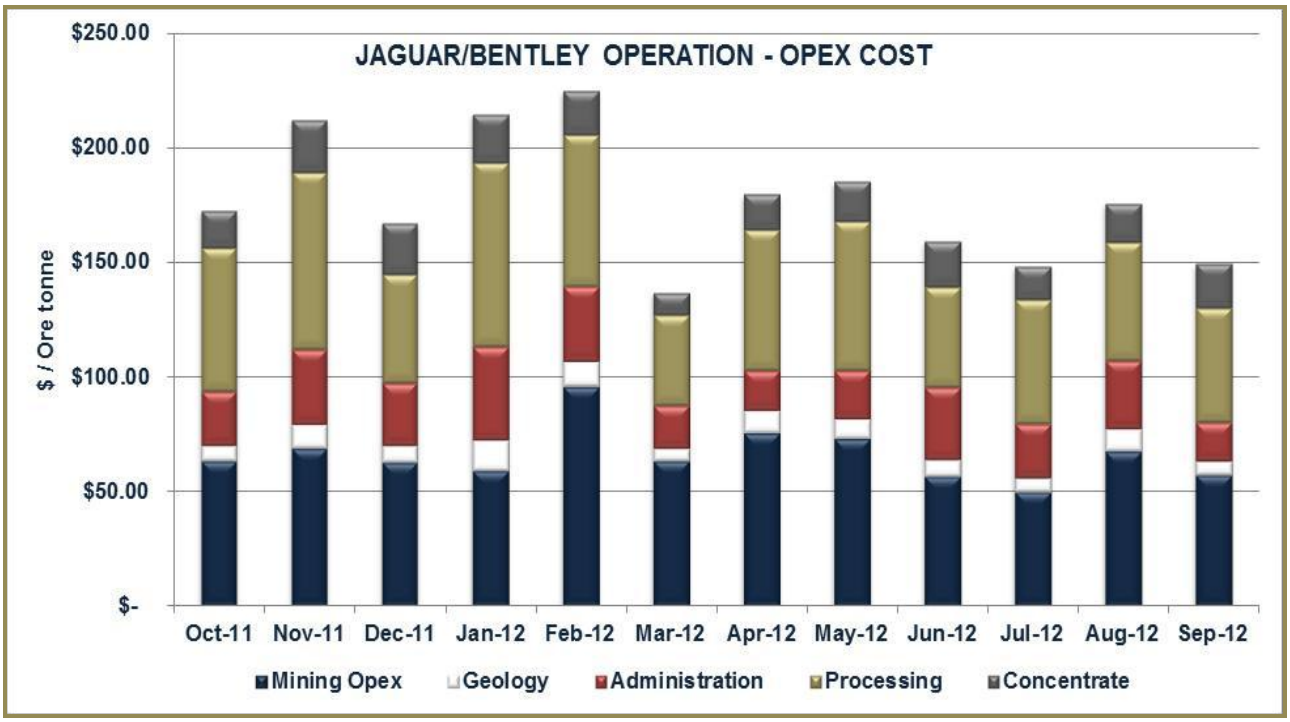

Figure 7: Jaguar/Bentley -Operational Costs

MILL PRODUCTION

Mill production for the quarter was 102,191t at 1.63% Cu, 7.86% Zn and 140g/t Ag.

TONNES PROCESSED (DMT)	Actual	Budget
	102,191	106,058
Cu(%)	1.6%	1.9%
Zn(%)	7.9%	8.4%
Ag(g/t)	140g/t	101g/t
RECOVERY (%)		
Copper	81.7%	82.3%
Zinc	82.2%	77.7%
Silver	54.2%	54.0%
CONCENTRATE PRODUCED		
Cu Concentrate (dmt)	5,399t	7,205t
Cu (%)	25.2%	23.0%
Cu (t)	1,360t	1,657t
Zn concentrate (dmt)	14,711t	12,441t
Zn (%)	45.3%	48.0%
Zn (t)	6,668t	5,972t

Payable zinc metal during the quarter was produced at an average C1 cash cost of A$0.61/lb (June 2012 quarter: A$0.44/lb). After considering royalties, cash costs were A$0.69/lb (June 2012 quarter: A$0.51/lb). The increased cost during the quarter was primarily due to an increase in Bentley development costs, which should facilitate an improved stoping flexibility in the medium to long term.

HMS PLANT

The HMS plant continues to perform as expected, with in excess of 40,000 tonnes throughput this quarter.

CONCENTRATE

Three shipments (nominally 16,500WMT) of zinc concentrate and one shipment of copper concentrate (nominally 5,500WMT) were shipped during the quarter.

MINE DEVELOPMENT

CAPITAL DEVELOPMENT

During the quarter 433 metres of capital development occurred, all within the Bentley underground mine.

OPERATING DEVELOPMENT

963 metres of advance occurred during the quarter. Of this total, 930m occurred in Bentley and 33m in the underground at Jaguar Farside.

MINE DEFINITION DRILLING

Results from the upper extents of the Arnage and Mulsanne lodes at Bentley are still outstanding. All holes hit mineralisation as expected.

MINE EXTENSION DRILLING

In-mine drilling during the quarter targeted both Comet mineralisation as well as improved definition of the upper extents of the Arnage and Mulsanne lenses.

Results for the Comet Lens can be seen in the table below, showing some good intercepts, however, the lens is not as extensive as first assumed.

Hole ID	True Thickness	Cu %	Zn %	Ag g/t	Au g/t
12BUDD031	2.4	0.1	10.9	94	0.7
12BUDD032	2.3	0.2	14.7	53	0.7
12BUDD033	1.7	0.5	12.1	224	1.1
12BUDD034	3.7	0.01	1.3	7	5.7
12BUDD036	0.6	0.2	20.2	74	0.6
12BUDD037	1.8	0.8	15.2	70	0.7
12BUDD038	0.9	0.2	20.3	157	0.6
12BUDD039	1.3	4.9	25.4	293	3.6
12BUDD040	2.2	0.1	9.8	35	0.3
12BUDD041	0.5	0.3	12.3	97	0.4
12BUDD042	0.5	0.2	22.0	47	0.9
12BUDD043	0.8	1.2	19.6	395	3.1

FOCUS FOR DECEMBER QUARTER 2012

- Continue to refine Bentley backfill process.
- Review and reduce capital and operational costs.
- Complete Jaguar underground mining.

Table 7: Jaguar / Bentley Operation Production Summary

	Note	SEP 2012 Quarter	2012/13 FY to date	Previous Corresponding Quarter (Sep' 2011)
Mining Reserve (Dry Tonnes)				
Start of Period	1	2,452,000	2,452,000	3,276,000
- ROM Production	2	(102,191)	(102,191)	(100,752)
End of Period		2,349,809	2,349,809	3,175,248
Production Details				
Ore Mined (Dry Tonnes)		128,618	128,618	100,752
Ore Milled (Dry Tonnes)		102,191	102,191	92,526
Copper Grade (Head %)		1.63	1.63	1.96
Zinc Grade (Head %)		7.86	7.86	5.24
Silver Grade (g/t)		140	140	78
Metal in Concentrate Production (Tonnes)				
Copper		1,360	1,360	1,570
Zinc		5,491	5,491	3,714
Metal Payable IGO share (Tonnes)				
Copper		1,306	1,306	1,498
Zinc		6,668	6,668	3,060
Revenue/Expense Summary		***A$'000's***	***A$'000's***	***A$'000's***
Sales Revenue (incl. hedging TC's/ RC's)		23,908	23,908	2,788
Cash Mining & Processing Costs		(15,373)	(15,373)	(12,777)
Site Admin & Trucking Costs		(5,236)	(5,236)	(4,255)
Shipping		(839)	(839)	(549)
Royalties		(820)	(820)	(141)
Depreciation/Amortisation		(1,729)	(1,729)	(8,970)
Notional Unit Cost Summary		**A$/lb Total Zn Metal Produced**	**A$/lb Total Zn Metal Produced**	**A$/lb Total Zn Metal Produced**
Mining & Processing Costs		1.05	1.05	1.56
Other Cash Costs	3	0.64	0.64	0.91
Copper, Silver and Gold		(1.19)	(1.19)	(2.07)
C1 Costs	4	0.50	0.50	0.40
Royalties		0.07	0.07	0.02
Depreciation/Amortisation		0.12	0.12	*1.10*
Notional Unit Cost Summary		**A$/lb Total Zn Metal Payable**	**A$/lb Total Zn Metal Payable**	**A$/lb Total Zn Metal Payable**
Mining & Processing Costs		1.27	1.27	1.89
Other Cash Costs	3	0.78	0.78	1.11
Copper, Silver and Gold		(1.44)	(1.44)	(2.52)
C1 Costs	4	0.61	0.61	0.49
Royalties		0.08	0.08	0.02
Depreciation/Amortisation		0.14	0.14	*1.33*
Safety and Productivity				
- Lost Time Injuries		1	1	1
- Medically Treated IFR		6	6	17

Note 1: In relation to current year, reserve updated as of 1 July 2012.
Note 2: Production sourced from inside and outside of reserves.
Note 3: Other Cash Costs include, site administration, trucking, notional TCs & RCs, notional shipping and notional royalties.
Note 4 C1 Costs include credits for copper, silver and gold notionally priced at US$3.53 per pound, US$31.40 per ounce andUS$1,716 per ounce for the quarter respectively.

REGIONAL EXPLORATION

The Jaguar Regional Exploration Project covers 50kms of strike prospective for the discovery of VMS (volcanogenic massive sulphide) deposits **(Figure 8).** It encompasses three known high grade copper-zinc-lead-silver-gold deposits: Teutonic Bore (inactive) and Jaguar and Bentley (in production), located 300km north of Kalgoorlie in Western Australia.

The exploration approach combines systematic aircore geochemical drilling, geophysics (IP, MIMDAS, GTEM and DHEM), spectral analysis and detailed geological mapping and logging to vector in to prospective areas along the corridor. This work has resulted in the identification of a number of high priority areas including the Daimler–Triumph–Lagonda trend, Jensen (between Teutonic Bore and Jaguar) and South Bentley areas which exhibit the signatures of possible mineralised hydrothermal centres.

During the quarter aircore, RC and diamond drilling programs recommenced defining and testing target areas in the South Bentley to Triumph corridor. The majority of results had not been received by quarter's end however preliminary observations are provided below:

JENSEN

Aircore drilling has defined an area in excess of 300m of strike length exhibiting a strong hydrothermal signature. Semi-massive pyrite zones and intervals up to 36m grading greater than 1,000ppm Zn, suggesting proximity to mineralisation, were intersected by drilling. This area will be tested by RC drilling early in the October quarter.

TEUTONIC BORE SOUTH

Aircore drilling immediately south of Teutonic Bore revealed highly sericite altered rocks over large stratigraphic intervals, with two holes containing sporadic fresh sulphides (pyrite and chalcopyrite). Portable XRF data from the drill spoils (analytical results are awaited) suggest that 3 holes have highly anomalous compositions of the key indicator elements and extend a previously identified geochemical anomaly. Further drilling is planned to test this anomaly.

BENTLEY SOUTH

Several aircore holes encountered sericite altered rhyolite and trace sulphides in areas previously mapped as dolerite, suggesting that prospective areas are now significantly larger and more extensive than previously identified. Four diamond drill holes on 150m centres tested an area immediately SSW of Bentley targeting the 4200m RL (250m vertical depth). All holes intersected moderately to intensely silica/sericite altered basalts in contact with similarly altered footwall rhyolites. All holes contained varying amounts of disseminated pyrite with one hole exhibiting stringer style sulphides in rhyolite that had elevated base metal values when tested with a hand held XRF.

JAGUAR UP PLUNGE

Three aircore traverses were completed over a projected up plunge location of Jaguar ore lenses to provide additional signatures for geochemical targeting.

JAGUAR EAST

Two diamond holes tested a target east of Jaguar in an area of shallow transported cover adjacent to a poorly tested gossan (Warramboo). Drilling intercepted sulphidic and sericite/silica altered andesite and rhyolite. The stratigraphy in this area is strongly affected by late cross-cutting faults. Updated interpretation is in progress.

TRIUMPH

Two diamond holes testing the Triumph area intersected pyrite and strong alteration on the mafic/rhyolite contact. A revised interpretation of the Triumph area is underway as the source of geochemical anomalism intersected in previous drilling has not yet been explained.

FOCUS FOR DECEMBER QUARTER 2012

Targets to be drill tested in the coming quarter include the Jensen area, MIMDAS IP anomalies immediately north of Triumph and Teutonic Bore North.

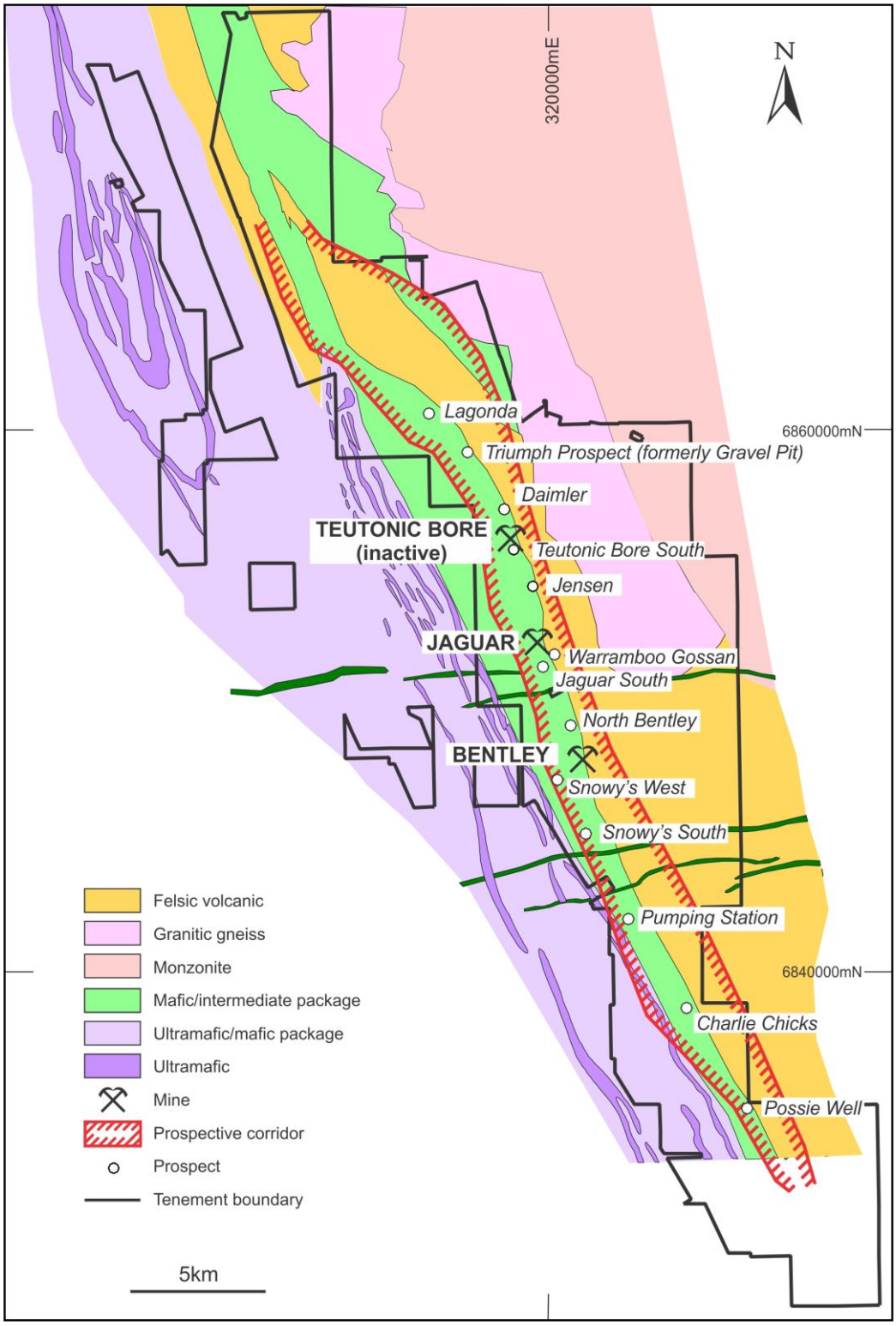

Figure 8: Jaguar / Bentley Operation – Tenure, Regional Geology, Mines and Significant Prospect Locations

FEASIBILITY STUDY

STOCKMAN BASE METALS PROJECT (IGO 100%)

PROJECT OVERVIEW

The Stockman Project is located in eastern Victoria, 300km north-east of Melbourne **(Figure 1).** The Project encompasses two copper-zinc-lead-silver-gold Volcanic Massive Sulphide (VMS) deposits: Wilga and Currawong. The larger Currawong deposit is fully intact, whilst a core of copper-rich ore from the Wilga deposit was mined and processed onsite from 1992 to 1996.

Project works underway in the September quarter have included:

- an updated estimation of the resource to include the exploration and feasibility data accumulated over the past year
- near-deposit and regional exploration utilising data and targets generated from the Company's proprietary geophysical equipment
- continuation of the feasibility study into the project mining, processing and marketing potential
- progression of project permitting under the State and Federal processes

FEASIBILITY STUDY

The scope of the project is concurrent development of the two underground deposits to feed a central 1.0Mtpa differential flotation processing plant that could produce approximately 150,000tpa of copper and zinc concentrates over a project life of approximately eight years. The concentrate products would be exported to customer smelters in the southern Asia region.

It now seems likely that the site operational water demand can be met from a small borefield within the Benambra plains area (~32km distance to site), and, importantly, that on closure a permanent water cover can be naturally maintained on the tailings storage facility.

As the feasibility study is drawing to a close, the tasks remaining are largely confirmation of data and tightening up estimation confidence, as well as peer review of the critical project elements.

PERMITTING

The Environmental Effects Statement (EES) permitting documentation for the State of Victoria (also accredited with the Federal EPBC Act) is continuing to be developed, as is the other ancillary documentation that is required to satisfy the secondary licensing requirements (such as Work Plans, Closure Plans and various other management plans). Progress with government has continued to be slower than anticipated but is expected to increase now that tailings and water management requirements have been better defined.

Vegetation offset requirements have been reduced across a range of habitats following optimisation of infrastructure locations and layouts which will have a significant positive impact on the project.

Interaction and consultation with the local community has continued successfully throughout the quarter.

RESOURCE ESTIMATE

The Stockman Mineral Resource was recently updated, as detailed in the Company's ASX release of 17 October 2012:

- **Global Mineral Resource: 13,986,000t @ 2.1% Cu, 4.3% Zn, 38 g/t Ag and 1.0 g/t Au**

Within the global resource, high grade domains have been identified which form the basis of the Feasibility Study. The high grade resource is a sub set of the global resource shown above:

- **High Grade Resource: 9,361,000t @ 2.4% Cu, 5.4% Zn, 42 g/t Ag and 1.1 g/t Au**

Refer IGO ASX Release of 17 October 2012 for details of the Stockman Mineral Resource as of 30 June 2012 and to IGO's Annual Report 2012 released 19 October 2012 for Competent Persons' Consents.

STOCKMAN EXPLORATION

Exploration has been focused on a number of key positions proximal to both the Currawong and Wilga massive sulphide deposits, as well as on geochemical, geophysical and conceptual targets generated from historical datasets and a comprehensive and detailed airborne VTEM survey covering the entire project area **(Figure 9)**.

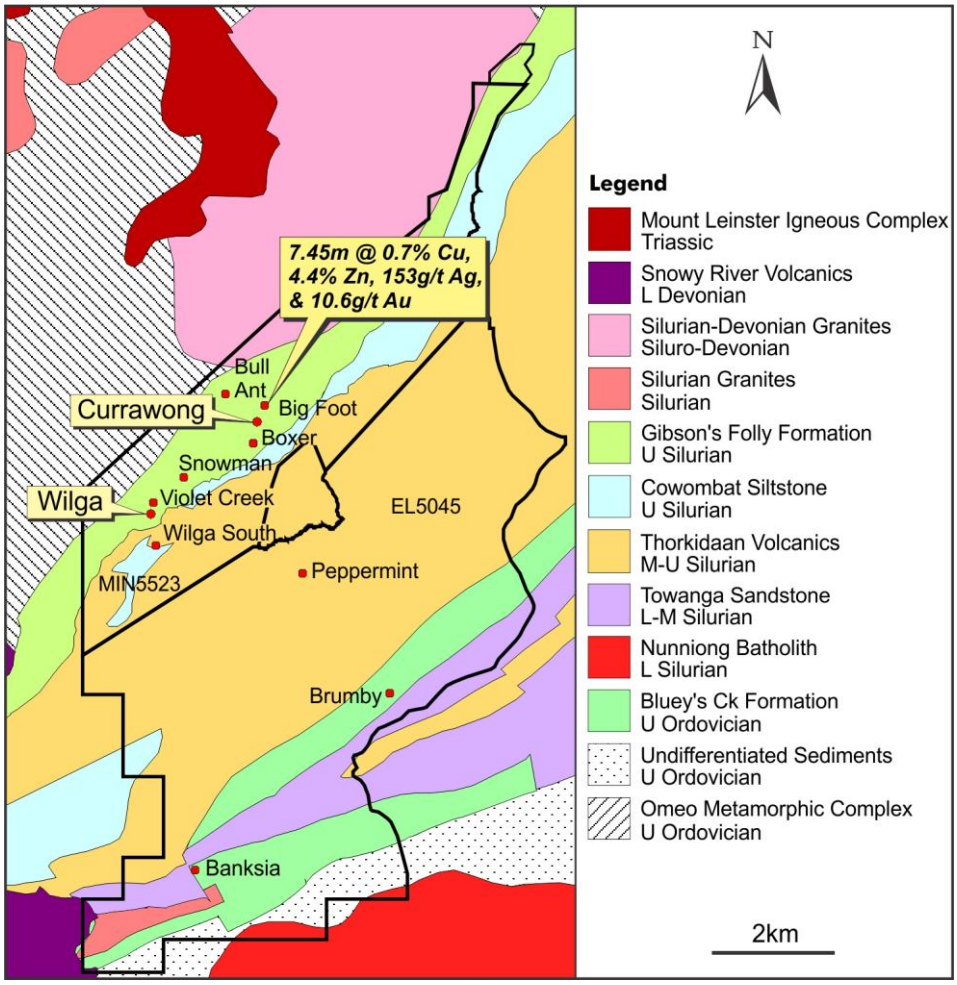

Figure 9: Stockman Project – Regional Geology, Tenure, Deposits and Prospects.

BIGFOOT

Further modelling of Down Hole Transient Electromagentic (DHTEM) data collected during the drill testing of the gold-rich Bigfoot mineralisation last quarter **(Figure 9)** has highlighted a new conductor located immediately north east of Bigfoot. The new anomaly, referred to as Deepfoot, is interpreted to be in the same stratigraphic position as the main "M" lens position at Currawong has had very limited previous drilling. It is planned to drill test Deepfoot during the next drilling program.

During the quarter a project-wide stream sediment survey commenced with an emphasis on generation of new gold targets. Historical stream sediment surveys for the most part did not did not analyse for gold. Recent work, particularly in the Big Foot area, confirms that the project has significant potential for VMS and fault related gold mineralisation that may not be evident in exploration programs focussed on the detection of massive base metal sulphide mineralisation. This survey is ongoing and no assay results were received by the end of the quarter.

CURRAWONG AND CLANCY

Two prospect scale soil sampling surveys were completed over the Currawong and Clancy grid areas to test for both gold and base metal targets. The Currawong grid covered 2km of strike extending from WSW to NNE of Currawong. Results highlight an area of Cu-Zn-Au anomalism located approximately 700m ENE from Currawong, in a position that has never been drill tested.

The Clancy Grids covers an area of Thorkidan Volcanics between the Wilga Deposit and the Peppermint Prospect where historic sampling identified several anomalous Cu and Pb anomalies. Results confirm the original anomaly and highlight elevated Ag in addition to Cu and Pb. Further work is required to determine the significance of this anomaly.

EXPLORATION - GOLD

KARLAWINDA GOLD PROJECT (IGO 100%)

PROJECT OVERVIEW

The Karlawinda Gold Project is located approximately 1,000km NNE of Perth and 65km SE of the regional mining centre of Newman in Western Australia **(Figure 1)**. The Project is close to key infrastructure such as to the Great Northern Highway and Goldfields Gas Pipeline and covers a previously unrecognised Archaean greenstone belt. During the quarter an upgraded Inferred Resource estimate of 674,300oz Au was released. It is now the focus of a Scoping Study *(ASX Release 28 June 2012).*

KARLAWINDA SCOPING STUDY

The Karlawinda scoping study that has been examining open pit mining and onsite treatment of the Bibra deposit was progressed during the quarter to the stage of being able to identify and rank a suite of potential improvement initiatives compared to the initial base-case assumptions as described in the June 2012 Quarterly report. Those initiatives have been used to target the next round of development drilling, expected to commence early in the December quarter.

Slow laboratory performance has delayed results from the heap leach testwork described in the previous report, and this is now expected early in the December quarter.

BIBRA DEPOSIT

The Bibra deposit comprises a large gold mineralised zone extending over 1km both along strike and down-dip. Bibra currently has an Inferred Mineral Resource estimate of 18.5Mt @ 1.1g/t Au (674,300oz), using a 0.5g/t Au cut-off grade within a conceptual A$1,600/oz Au optimal pit shell. *Refer to IGO ASX release dated 28 June 2012 for further details of the Mineral Resource Estimate and Competent Person's Consent.*

Additional RC and diamond drilling is planned to commence in early October. RC drilling is primarily aimed at testing for extensions to Bibra with some infill drilling to 50m x 50m drill spacing. Diamond drilling is primarily on infill areas and will also provide geotechnical and metallurgical samples.

It is expected that the extra drilling will materially increase confidence in several key technical aspects of the project.

Discussions have continued with representatives of the native title claimants, the Nyiyparli people, over the Bibra mining lease application.

REGIONAL EXPLORATION

A total of 5,230m aircore drilling was completed during the quarter, testing regional targets around the main Bibra Prospect. Assays are yet to be received.

REGIONAL EXPLORATION BASE METALS

DUKETON NICKEL JOINT VENTURE (IGO Manager and earning 70% Nickel rights)

PROJECT OVERVIEW

The Duketon Nickel JV with South Boulder Mines Ltd covers ultramafic-rich stratigraphy in the Duketon Greenstone Belt in Western Australia, prospective for massive and disseminated nickel-copper-platinum group element (PGE) sulphide mineralisation. It is located approximately 100km north of the Windarra nickel deposit **(Figure 1).**

RESOURCES

On 25 January 2012 an initial Mineral Resource Estimate for Rosie was announced to the ASX. *Full details of that Estimate are available in IGO's ASX release.*

An extensive diamond and RC drilling program was carried out from February to June 2012, with the principal aim of enabling an updated Mineral Resource Estimate for Rosie and an initial Mineral Resource Estimate for the C2 deposit. A Mineral Resource Estimate update for Rosie and a tonnage/grade estimate for C2 were commenced in the September 2012 quarter and were completed in October 2012.

ROSIE PROSPECT

The updated estimate of the Rosie Mineral Resource above a 1% Ni cut-off is **1,940,000t @ 1.7% Ni (32,700 Ni t), 0.4% Cu and 1.9g/t Pt + Pd (platinum and palladium)** according to the following classification:

Table 8: Rosie Nickel Mineral Resource – October 2012

ROSIE NICKEL RESOURCE >1.0%NI - OCTOBER 2012								
Classification	**Oxidation**	**Tonnes**	**Ni (%)**	**Ni (t)**	**Cu (%)**	**Pt (g/t)**	**Pd (g/t)**	**Pt+Pd (g/t)**
Indicated	Fresh	1,380,000	1.7	23,700	0.4	0.8	1.0	1.8
	Transitional	30,000	1.2	400	0.4	0.7	0.9	1.6
	Sub-Total	**1,410,000**	**1.7**	**24,100**	**0.4**	0.8	1.0	1.8
Inferred	Fresh	520,000	1.6	8,400	0.4	0.9	1.3	2.2
	Transitional	10,000	1.3	200	0.4	0.7	1.1	1.8
	Sub-Total	**530,000**	**1.6**	**8,600**	**0.4**	0.9	1.3	2.2
Total		**1,940,000**	**1.7**	**32,700**	**0.4**	**0.8**	**1.1**	**1.9**

Note:Ni(t) figures have been rounded to the nearest 100t. All tonnage and grade values have been rounded to relevant significant figures. Slight differences may occur due to this rounding of values.

The above estimate represents an increase of 196,000t @ 1.7% Ni (2,900 Ni t) from the previously announced Resource estimate in January 2012. The main change was to increase the confidence in much of the Resource from Inferred to Indicated status.

The Rosie Mineral Resource Estimate Parameters table with supporting details is provided in Appendix 1 of this report.

C2 PROSPECT

The C2 mineralisation occurs over a vertical depth of approximately 480m and a strike length of about 800m. The C2 mineralisation is a disseminated nickel sulphide style with three major zones of continuity in an ultramafic host.

The current estimate for the C2 mineralisation provided a tonnage and grade estimate that is not considered economically viable within a reasonable time frame, hence it is not considered a Mineral Resource under the JORC (2004) reporting guidelines.

BUNGALBIN JOINT VENTURE with FE Ltd (ASX:FEL) (IGO earning 70% non iron ore rights)

The Bungalbin Project is located over the Marda-Diemals greenstone belt approx 108kms NE of Southern Cross. The Company considers the Bungalbin Project to have good potential for the discovery of massive nickel sulphide deposits. The project 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 ultramafic stratigraphy largely untested by modern exploration methods and only partly tested for nickel sulphides in the 1970's.

Soil sampling by the Company has enabled prioritisation of the more prospective ultramafic bodies for follow-up. Subsequent Moving Loop Electromagenetic (MLEM) surveying over the highest priority areas has defined a bounded conductor indicative of massive sulphides. TEM modelling suggests two possible plate orientations: (1) a 500m×110m plate, striking approximately north-south, relatively flat dipping and plunging to the south and, (2) a 200m×300m plate striking approximately north-south, and dipping 54° to the west.

The latter plate best corresponds with geological observations, however holes will be designed to test both plates. Drill testing will commence once access approvals have been received.

EXPLORATION PROJECT GENERATION

DE BEERS DATABASE (IGO 100%)

The Company owns the non-diamond specific exploration database which was built up by De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration. 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 1*).*** As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds.

This work continues to generate a significant number of anomalies in gold, base metals and other commodities. Systematic prioritisation and field appraisal and ground acquisition of these anomalies is progressing. No further details can be released due to the competitive nature of this work.

DECEMBER QUARTER 2012 EXPLORATION PROGRAM

NICKEL/BASE METALS	**JAGUAR:**	Diamond drill testing at Triumph, Jensen and other key prospect areas.
	STOCKMAN:	Surface TEM and geochemical target generation with a focus on gold.
	DINGO RANGE:	Continued TEM testing of ultramafic horizons. Analysis of auger sampling.
	BUNGALBIN:	Preparation for drill test of TEM anomaly.
GOLD PROJECTS	**TROPICANA:**	Continued drilling and aircore geochemical traversing. .
	KARLAWINDA:	Diamond and RC drilling at Bibra to gather samples for metallurgical and geotechnical test work and engineering studies, as well as resource expansion and upgrade. Aircore testing of geophysical targets within the greater project tenure.
PROJECT GENERATION	**DE BEERS:**	Continued analysis of priority geochemical samples and field follow-up of anomalies.

Christopher M. Bonwick
Managing Director
INDEPENDENCE GROUP NL

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results 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. Mr 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'. Mr Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

With the exception of the Rosie Mineral Resource, the information in this report that relates to Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The Company's 2012 Annual Report released to the ASX on 19 October 2012 contains details of the Competent Persons Consents for these Mineral Resources or Ore Reserves.

Duketon JV (Rosie Deposit): The information in this report that relates to the Rosie Mineral Resource is based on information compiled by Ms Michelle Wild who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy, and Mr Mark Zammit who is a Principal Consultant Geologist with Cube Consulting Pty Ltd and is a Member of the Australian Institute of Geoscientists. Ms Wild and Mr Zammit 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'. Ms Wild and Mr Zammit 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.

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DUKETON PROJECT: ROSIE RESOURCE — APPENDIX 1

Mineral Resource Estimate Parameters – October 2012

Geological setting	The Rosie deposit is a komatiite-hosted nickel sulphide deposit. The mineralisation is characterised by accumulations of massive, matrix, breccia and disseminated Ni-Cu-PGE magmatic sulphides at the basal contact of a komatiite ultramafic rock, overlying a mafic pillow basalt footwall +/- fine grained siltstone sediments which may also contain sulphides in varying amounts.
Drilling techniques	The deposit has been drilled with a combination of Aircore, RC and Diamond drilling (NQ2) from surface to a vertical depth of approximately 600m over a strike length of ~1500m, however mineralisation has been intersected over a strike length of ~1km and is still open to the east and down-dip. The primary method of drilling for the Rosie deposit has been oriented diamond core (NQ2) using the Ace and EziMark orientation tools.
Drillhole Spacing	The drillhole spacing within the area of the resource is a maximum of single holes on 100m spaced sections or less, down to approximately 30 x 30m in places.
Drillhole Collar Positions	Drillhole collars were surveyed using DGPS equipment to sub 0.5m accuracy. A combination of licensed surveyors and company field technicians was used during various programs to determine accurate collar positions. Co-ordinates were surveyed in the MGA94 grid system. No local grid has been established as yet.
Drillhole directional control	Dip and azimuth readings have been completed using DHA SEG Target INS– North Seeking Gyroscope for all diamond holes where possible. All gyro downhole surveys have to pass DHS internal audit by cross referencing the in-run and out-run which equates to <10m misclose between IN and OUT run over 1000m (1%). RC drilling has been surveyed approximately every 50m down hole with a Reflex EZ single shot digital camera. Note that the amount of RC drilling used for the resource calculation is less than 20% of the drilling.
Geometry of intercepts	The Contact mineralisation intersected to date is sub-vertical in orientation and forms a semi-continuous sheet of mineralisation approximately 1m true width with an average grade of ~2% Ni (plus Cu, Co and PGE), with thicker accumulations in places. The mineralisation is syn-genetic and as such is not primarily structurally-controlled, however structural modification is apparent with the formation of breccia-ore. The deposit could be classified as a moderately deformed magmatic sulphide deposit. The details of the structural modification and extent of over-printing relationships are a work in progress and not well understood at this stage. The drillholes were orientated to pierce the mineralisation approximately perpendicular to the strike, at an angle of approximately 60 degrees dip, this may vary from time to time depending on the depth and amount of deviation encountered within the drillhole. Drillhole intersections through the mineralisation are suitable for resource estimation and do not introduce sampling bias.
Metal Equivalences	No metal equivalences have been included in this resource estimate.
Sampling techniques	RC drillholes have been sampled initially as 4m composites, and subsequently 1m samples. RC 1m samples were split with a riffle splitter into calico bags where mineralisation has been encountered. Diamond core (NQ2) has been sampled as half core in areas of mineralisation with a 5m buffer sampled at either side of the mineralised zone. The samples are generally 1m intervals, however can be less than 20cm in places based on geology and mineralisation styles. This allows tenor determination of the sulphide mineralisation intercepted. Geological boundaries are deemed sample boundaries, in order to gain multi-element analysis of the complete suite of rocktypes observed, and not to contaminate one rock type with another, and/or mineralisation. Diamond holes have also been systematically assayed on 1m intervals using a handheld XRF machine (Innov-X Systems) where no physical sampling has taken place. Also, the XRF machine is used to analyse the mineralisation prior to core-cutting, giving a good approximation to the grade intercepted, prior to the receipt of the assay results from the lab. The XRF data have not been used in the resource estimate and are purely used as a guide to the geological interpretation.
Data spacing and distribution	The Contact domain was reviewed in longitudinal projection showing the drill intercept locations. The drill spacing was variable with some well-informed areas where drill spacing was approximately 30 x 30m and some areas where the drilling spacing was in excess of 50 x 50m, to 100 x 100m in parts. The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied.
Sample preparation and assaying	All assay results reported to date for the Rosie deposit have been determined at Ultra Trace Pty Ltd (now Bureau Veritas Group), Canning Vale, WA. All samples were sorted and dried in ovens for up to 24 hours (approx +/-) at 105°C. Primary sample preparation has been by crushing the whole sample. For RC samples, the whole sample was crushed to a nominal 3mm. For diamond core the whole sample was crushed to a nominal 10mm (primary crush) and then further crushed to a nominal 3mm. All samples were then split with a riffle splitter to obtain a sub-fraction, a nominal 2.4 kg sample where possible. All material was retained after splitting. Samples were then milled using a robotic preparation system to 90% passing -75um. Sample catch weight was 0.15g for

	Mixed acid digest. 1m split RC samples and all diamond core samples have been analysed for: Au(1ppb), Pt (5ppb), Pd(5ppb) – the samples have been analysed by firing a 40g portion of the sample. Lower sample weights may be employed for samples with very high sulphide and metal contents. This is the classical fire assay process and will give total separation of gold, platinum and palladium in the sample. Au(FA), Pt(FA), Pd(FA) have been determined by Inductively Coupled Plasma Optical Emission Spectrometry (ICP-OES). As(1ppm), Co(5ppm), Cu(2ppm), Cr(10ppm), Fe(0.01%), Ti(50ppm), Ni(2ppm), Zn(2ppm), Mg(0.01%) and S(0.01%) – 0.15g was digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. This extended digest approaches a total digest for many elements however some refractory minerals are not completely attacked. The mixed acid digest (0.3g sample weight) is modified to prevent losses of sulphur from high sulphide samples. The samples are peroxidised using an oxidant that converts the sulphides present to sulphates. As has been determined by Inductively Coupled Plasma Mass Spectrometry (ICP-MS). Co, Cu, Cr, Ti, Fe, Ni, Zn, Mg, S have been determined by Inductively Coupled Plasma Optical Emission Spectrometry (ICP-OES). High Sulphide content Diamond Core samples have also been analysed for 6 PGE: Pt(1ppb), Pd(1ppb), Rh(1ppb), Ru(1ppb), Os(1ppb), Ir(1ppb) – the samples have been analysed by Fire Assay using Nickel sulphide as the collecting medium. Here a nominal 25g sample is mixed with a Nickel Carbonate / Sulphur based flux and fused at 1120°C for 1.25 hours. The resultant Nickel Sulphide button is pulverised and a portion is digested to remove the Nickel Sulphide base. Ultra Trace ensures recovery of the platinoids by carrying out this stage in a reducing environment which is coupled with Tellurium co-precipitation. The insoluble Platinoid Sulphides are separated by filtration, digested, and the resulting solution is analysed by ICP-MS. If gold has been reported the result may be low. This is a method limitation. Inter-laboratory (Umpire) Checks on pulps from the Rosie deposit were completed at Genalysis, Maddington, WA. The pulps were analysed by a comparative method and for the same suite of elements as those completed at Ultra Trace (detailed above).
Audits or reviews	No audits or reviews of sampling techniques, database integrity and data validation procedures have been completed to date. Standard validation procedures are in place for data upload to the SQL database via the AcQuire front end. Assays are merged from electronic files supplied by the laboratory. The downhole survey database table was overhauled and magnetic and true north azimuths corrected for magnetic declination and grid convergence to the MGA94 grid, prior to wireframing. Cube Consulting did not detect any errors during the resource estimation work.
Sample compositing	All sample/intercept composites have been length and density-weighted. Most diamond core samples have measured density values assigned to them. All RC assay results were assigned a density based on a regression formula calculated from the measured density and Ni, Cu, Co and S content of the diamond core samples. Where S values were not present, a modified regression formula calculated from the measured density and Ni, Cu and Co was used.
Quality Control procedures	Prior to 2012, standards were submitted with a minimum 3/100 samples, blanks minimum 2/100 samples, duplicates minimum 2/100 samples, in Aircore and RC drilling. In 2012 the standard insertion rate was increased to 5/100 samples. With diamond drillholes, every zone of mineralisation generally had 2 or more standards,1 or more blanks and 1 or more duplicates spread throughout the zone of mineralisation. Various Geostats Pty Ltd Certified Reference Materials standards have been used from 0.5%, 1%, 2%, 3% Nickel, up to 11.65% Nickel for high grade massive sulphide. A Gold, Platinum and Palladium standard has also been used where Nickel Sulphide Fire Assays have been completed for the PGE suite of elements. Standards were submitted within mineralised intervals in a suitable location based on the expected grade of the zone being sampled and using a comparable grade standard, i.e., disseminated mineralisation would have a ~0.5% Ni standard inserted into the sample run, whereas matrix sulphide mineralisation may have a 3% Ni standard inserted and so on. In 2011, three standards consistently returned a low result, irrespective of the laboratory used: GBM310-12 expected value 2.993%Ni, mean value obtained 2.880%Ni, and mean bias -3.79%. GBM305-13 expected value 2.971%Ni, mean value obtained 2.693%Ni, and mean bias -9.34%. GBM307-11 expected value 1.128% Ni, mean value obtained 1.029% Ni, and mean bias -8.80%.

	IGO, in discussion with various laboratories to ascertain the reason for these standards returning lower than expected values on a consistent basis, concluded that the standards returned reduced values as a consequence of oxidation of the standard pulps. New standards were purchased for the 2012 drilling, sourced from Geostats Pty Ltd, O'Connor, Western Australia. All of the standards were stored in sealed, separate plastic containers to prevent contamination and with oxygen absorbing sachets in the containers to prevent oxidation. The suite of standards used in diamond drilling and RC drilling were slightly different, and were spread across the expected grade range of the ore forming sulphide minerals of the Rosie deposit. The main economic minerals targeted are Nickel (Ni), Copper (Cu), Cobalt (Co), Platinum (Pt) and Palladium (Pd). The nickel sulphide mineralisation observed historically at the Rosie deposit typically ranges in grade from around 0.4%-9.9% Ni and around 0.02-1.5% Cu, with around 500ppm Co and 2g/t Pt combined with Pd. Duplicates have been taken for RC drilling using conventional cone and riffle splitters and for diamond drilling, using ¼ NQ2 core. External laboratory (umpire) checks for 2012 have been completed on 4.8% of the total sample count. IGO protocol minimum (5%). Total Blank count for the 2012 resource drilling is 4.0% of samples. IGO protocol minimum (5%). Total Standard count for the 2012 resource drilling is 6.3% of samples. IGO protocol minimum (5%). Total Field Duplicates for the 2012 resource drilling is 2.6%. IGO protocol minimum (2%). Laboratory results for 2012 have been reasonably high quality, with good accuracy and minimal bias. No twin holes have been completed at this time and will be addressed in the next infill resource drilling program.
Drill sample recovery	The majority of the resource drilling to date has been diamond core and sample quality on the whole was excellent. Wet samples have been recorded for RC drilling, however the wet samples were not used in the resource estimate. RC sample weights (total for 1m) were noticeably variable through each 6m rod run, tending to increase with penetration depth per rod. In addition, individual sample weights per 1m drilled also varied considerably. The cone splitter was swapped for a riffle splitter which alleviated some of the blockage and contamination issues seen in the cone split samples. An area of concern was that there might be a grade/weight bias in the RC 1m samples. Statistical analysis for the riffle splitter has shown that although there was a weight bias, it did not necessarily affect the grades. The cone split sample weights have not been able to be statistically analysed due to mixed methods of primary vs field duplicate sample selection in the field, an issue which was rectified later in the program. Problems with drilling methods and sampling technique for RC drilling will be addressed in future programs.
Geological logging and photography	Logging has been completed in detail for diamond core including rock type, grain size, texture, colour, foliation, mineralogy, alteration and a detailed description written for every interval. In sections of oriented diamond core structural measurements of fractures, foliation, veins and shearing have been measured systematically using the Kenometer, with Alpha and Beta measurements taken for each feature where possible. If the core is not orientated only an Alpha reading has been taken. RC chip samples have been logged with a detailed geological description. All logging is of a level sufficient in detail to support resource estimation. All diamond holes are logged on paper logs using the IGO geological codes library and a detailed written description is recorded for each interval. The logs are then data entered into an excel spreadsheet before being uploaded to the SQL database with an AcQuire front end. All original paper logs are stored in the Perth Office in lever-arch folders and digital records are stored on the server. Field Marshall software is used for RC logging and the files are loaded directly into the SQL database. Core photography has been completed both wet and dry for the majority of the diamond drilling over the entire length of the hole. The photographs are labelled and stored on the Perth server. Geotechnical logging has been completed for 30m either side of the footwall contact/mineralisation – and involved measuring fracture frequency, depth, hardness, fracture type, alpha, beta angle, profile of the fracture, the roughness of the joint surface, the infill type and characteristics. These data are recorded on paper logs, entered into an excel spreadsheet which is then loaded into the SQL database by the database administrator.

	The handheld Innov-X XRF machine stores a multi-element analysis of the point at which the reading was taken. These data have been used as an aid to the geological interpretation of the drilling where sampling and analysis by a laboratory has not taken place. The XRF machine is also used to analyse the mineralisation prior to sampling, which gives a good approximation to the grade intercepted and allows a visual estimate to be obtained from the core prior to the receipt of the assay results from the lab. No handheld XRF data have been used in the resource estimate.
Geological interpretation	There is a high confidence level in the geological interpretation and that of the mineralisation. The resource estimate has been guided by the geology due mostly to the fact that the mineralisation is syn-genetic and directly linked to the contact horizon of the base of the ultramafic rock unit in which it resides. The grade distribution of the mineralisation has been used as a controlling guide for the wireframes for the estimation, the rock type of the mineralised envelope will vary in places but is in general restricted to ultramafic rocks and minor zones of the footwall sediments and basalts. The grades are highest in the ultramafic rocks and weakest within the sediments and basalts of the footwall units. The main factors affecting continuity of grade are rock type and amount of structural deformation within the zone of mineralisation. Some minor remobilisation into the footwall units has been observed. Cube Consulting interpreted a single Contact mineralisation domain as well as Footwall and Hangingwall disseminated domains, based on the geological logging. The Contact mineralisation was defined by the mineralisation style and position relative to the basal geological contact (ultramafic), and displays grades of typically greater than 1% Ni. The Footwall and Hangingwall domains were interpreted based on mineralisation styles of heavily disseminated sulphides (10-40% sulphides) and stringer sulphides (10-75% sulphides), and typically display grades generally greater than 0.2% Ni. Wireframes were built for all three mineralised domains and were used to constrain grade interpolation. The wireframe for the Contact mineralisation was constructed to include all mineralised drillholes, however the resource estimate was limited to boundaries around blocks considered appropriate for inclusion in the resource estimate. A felsic porphyry intrusion in the hangingwall of the Contact mineralisation was also modelled. This porphyry is more than 50m from the Contact mineralisation and does not intersect it.
Dimensions	The drilling used for the estimate of the Mineral Resource to date spans a vertical depth of approximately 600m over a strike length of ~1500m, however mineralisation has been intersected over a strike length of ~1km and is still open to the east and down-dip. The main mineralised envelope (+1% Ni) is approximately 0.2m-4.5m wide (true width) and sub-vertical in a sheet like orientation striking approximately north-west to south-east. The mineralisation projects to the surface, however is obscured from direct detection by a thin veneer of transported overburden (~10-20m thick).
Estimation and modelling techniques	Isatis v11.2 and Surpac v6.3 software were used for variography, domain modelling and grade estimation. Ordinary kriging was used for grade interpolation, based on the variography and validation of the search orientations in Surpac. All grade interpolation was constrained to within the interpreted domain boundaries. The Contact domain was estimated using a 2D projection method, which simplifies undulating, narrow lode geometry onto a longitudinal plane. Drillhole intercepts for each intersection were represented as a single point composite per drillhole. The horizontal width for each intersection was calculated and composites carried accumulation variables for each element. The accumulation variable for each element was the top-cut grade x horizontal width x density. Also carried was the density thickness accumulation variable (density x horizontal width). Variography was carried out on the accumulation variables for each element in Isatis. No preferred direction of continuity was obtained from the variography therefore omni-directional searches were used for grade estimation. Accumulation variables for Ni, Cu, Co, As, Au, Pt, Pd, S and density were interpolated into a 2D block model, along with the density thickness accumulation variable and the horizontal width. After kriging, the block grades for each element were back-calculated from the kriged accumulation variables to obtain the element grades (accumulation variable / density thickness accumulation variable). A high grade sub-domain was identified within the Contact domain. The estimation neighbourhood was constrained so that the grade within the high grade domain was not over-represented. Blocks inside the high grade domain were estimated using all intercept composite data and blocks outside the high grade domain were estimated using only the intercept composite data outside the high grade sub-domain. The block centroids and grades were converted to 3D and imported into a real world block model using nearest neighbour assignment. The orientation, block size and sub-celling regime of the real world block model were designed to provide sufficient volume resolution for accurate surface geometry representation.

	Hangingwall and Footwall sub-economic mineralisation was also modelled but does not form part of the resource estimate. Arsenic (As) is a deleterious element and has been estimated into the resource model. A maiden resource estimate was previously completed for the Rosie Deposit in late December 2011 by Cube Consulting Pty Ltd and released to the ASX by IGO on 25 January 2012. This estimate is an update of that model.
Block modelling	The 2D block model consisted of 50 x 50m parent cells (NW-SE longitudinal grid) with a single cell 1m thick in the longitudinal plane. Data spacing, geometry of mineralised zones and volume fill were the primary considerations in selecting this parent block size. The 3D block model was 1088m in X, 960m in Y and 800m in Z. The parent cells were 16mN x 16mE x 16mRL, sub-celling to 1mN x 1mE x 2mRL for better volume resolution.
Moisture	Tonnages are currently estimated with natural moisture with laboratory testwork planned in future infill drilling programs to determine actual moisture content. It is expected that the moisture content will be very low (<1%) based on IGO's experience with other Ni sulphide deposits in WA.
Previous mine production	No previous mining has taken place at the Rosie deposit.
Cut-off grades, top-cut grades	The Contact domain is a geological domain with no assay cut-off grade. Top-cuts were reviewed by Cube Consulting and applied to the intercept composites in the Contact domain, prior to calculation of the accumulation variables for each composite. Only Co and Pd required top-cutting. Top-cut values assigned were: Co_ppm (1500), and Pd_ppb (3000). No top-cuts were applied to Ni, Pt or Cu. For resource reporting, a block cut-off grade of 1.0% Ni was applied to the Contact mineralisation.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made. Various options for both are being considered.
Density	Bulk densities were determined by Ultra Trace and IGO for the majority of significant interval diamond core samples from the Rosie deposit. Ultra Trace and IGO used the same water displacement method. The samples were weighed in air (DryWt) and then submerged in water and the water displacement measured (WetWT) and the formula Density=DryWT/(DryWT-WetWT) was applied. For IGO core samples, a single density measurement using one piece of core from the respective sample bag was taken in areas of weak mineralisation (<0.5% Ni). In areas that were interpreted to be well mineralised (+0.5% Ni visual estimate), three pieces of core were measured from the respective sample bag and an average taken of the three pieces to give a more representative density of the mineralisation. Core was not coated prior to weighing – porosity was considered to be extremely low. For a selection of the holes drilled, IGO used a certified 200g brass weight as a standard. It was weighed both before, and after, the sample run was measured for density. This was primarily to monitor the digital scales for potential drift and accuracy. For the RC samples, there were no measured densities, hence the sample intervals were assigned a density based on a regression formula calculated from the measured density and Ni, Cu, Co and S content of the diamond core samples. Where S values were not present, a modified regression formula calculated from the measured density and Ni, Cu and Co was applied. Densities were used for all downhole compositing and metal accumulation variables. Density was interpolated into the resource model as with the grade (metal accumulation) attributes.
Classification	The data spacing and quality is sufficient to classify the resource as Indicated and Inferred. Indicated classification was assigned to Contact mineralisation where the drilling was at a drillhole spacing of 50 x 50m or less. Inferred classification was assigned where the drillhole spacing was greater than 50 x 50m and within a boundary where geological continuity and confidence was considered reasonable. Search strategy, number of informing composites, average distance of composites from blocks and kriging quality parameters such as slope of regression were also taken into account. Based on the drilling to date the tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.
Tenement and land tenure status	A Joint Venture exists between Independence Group NL (IGO) and South Boulder Mines Ltd, whereby IGO can earn a 70% joint venture interest in the Nickel rights of the relevant tenement by completing a Bankable Feasibility Study within 5 years of the grant of the relevant tenement. The Rosie resource area is within Mining Lease M38/1252 which was granted on 19 October 2010. There are no known relevant impediments or agreements with third parties over the tenement M38/1252. There are no known cultural sites of significance in the proposed resource area and no known environmental impediments based on the level 1 flora and fauna baseline studies completed to date.
Audits or reviews	No audits or reviews of the Mineral Resource estimate have been conducted as the work was completed by external consultants Cube Consulting Pty Ltd.

Further work	Further work is required to find additional high grade mineralisation. It is anticipated that this material will likely be structurally controlled and possibly at depth, down plunge, below the current resource area. Further structural work is warranted and a review of the geochemistry of the system may provide vectors toward further mineralisation.
Resource Model Number	RO_RSC_2012_10