INDEPENDENCE GROUP NL
ABN 46 092 786 304

ANNUALREPORT ON EL27557, MORDOR PROJECT, FOR THE PERIOD 12APRIL 2010TO11 APRIL 2011.

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NTGS (1)

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DATA SHEET

Project Name:	Mordor Project
Tenement Number:	EL27557
Tenement Operator:	Independence Group NL
Tenement Holder:	Independence Group NL
Date of Grant:	12April 2010
Reporting Period:	12 April 2010 to 11 April 2011
Expenditure Commitment:	$10,000
Target Commodity:	Ni-Cu-PGE, Au
Geological Province:	AruntaProvince
Geological Units Targeted:	Mafic-ultramafic intrusives (Ni), contacts and shears (Au)
250K Map Sheet:	Illogwa Creek SF53-15
100K Map Sheet:	Quartz5951
Keywords:	Arunta, Mordor, EL27557, nickel, copper,mafic-ultramafic intrusives

SUMMARY

Independence Group NL ("IGO") spent a total of $5,873.02 on EL27557 during the reporting period.

The bulk of this expenditure was spent on:

- field reconnaissance
- data acquisition, compilation and interpretation (open file, magnetics, gravity, other geological data).

Additional field checking of the main area of interest within EL27557 was planned for January 2011, but was delayed due to mustering. Large rainfall events in February and March and other project commitments in April hindered this field checking.

Further work is planned. While the mapped gabbros within the tenement represent a priority target, field confirmation of the mapping is required before additional phases of exploration commence. The targets of interest do not appear to have been tested by previous exploration. Access is yet to be established to our main target area. It has been recommended that helicopter access be used to verify the targets prior to any helicopter EM surveys or systematic local geochemical surveys (the likely next exploration phases).

1.0 INTRODUCTION

The AruntaProvince, in central Australia, comprises200,000km² ofmetamorphosedearly to late Proterozoic rocks.

There is demonstrated potential for base metal (Cu, Pb, Zn, Sn), ferrous metal (Cr, Ni, V, Ti), precious metals (platinum group metals, Au, Ag, Ta),semi-precious stones (garnets, zircons), uranium mineralisation and petroleum (lignite).

IGO began applying for tenements in the Arunta Province in August 2009.

EL27643, EL27644, EL27646, EL27557 and EL27558 were all granted on 12 April 2010.EL27644 was surrendered on 9 September 2010.EL28824 was applied for in September 2010 and granted in March 2011.

2.0 LOCATION AND ACCESS

The Mordor Project is located in central Australia, approximately 120km northeast of Alice Springs in the Northern Territory.

Access to the Mordor Project is via the sealed Ross Highwayfrom Alice Springs to the Arltunga turnoff, and then along unsealed roads and station tracks to the various tenements.

The topography is dominated by thehills and mountains of Harts Range and other smaller ranges scattered throughout the area.

The rugged terrain of these ranges limits vehicularaccess and causes maintenance problems with existing roads and tracks.

Vegetation consists of large tussocks of spinifex grass(*Triodia)* with scattered shrubs and low trees ofCorkwood (*Hakea*), Cypress (*Callitris*), Witchetty Bush, Gidgee and Mulga (*Acacia*).

The dissected relief of Harts Range results in a high erosion rate, large sediment loads and a well-developed drainage system. Major rivers and creeks drain southeast into the Simpson Desert.

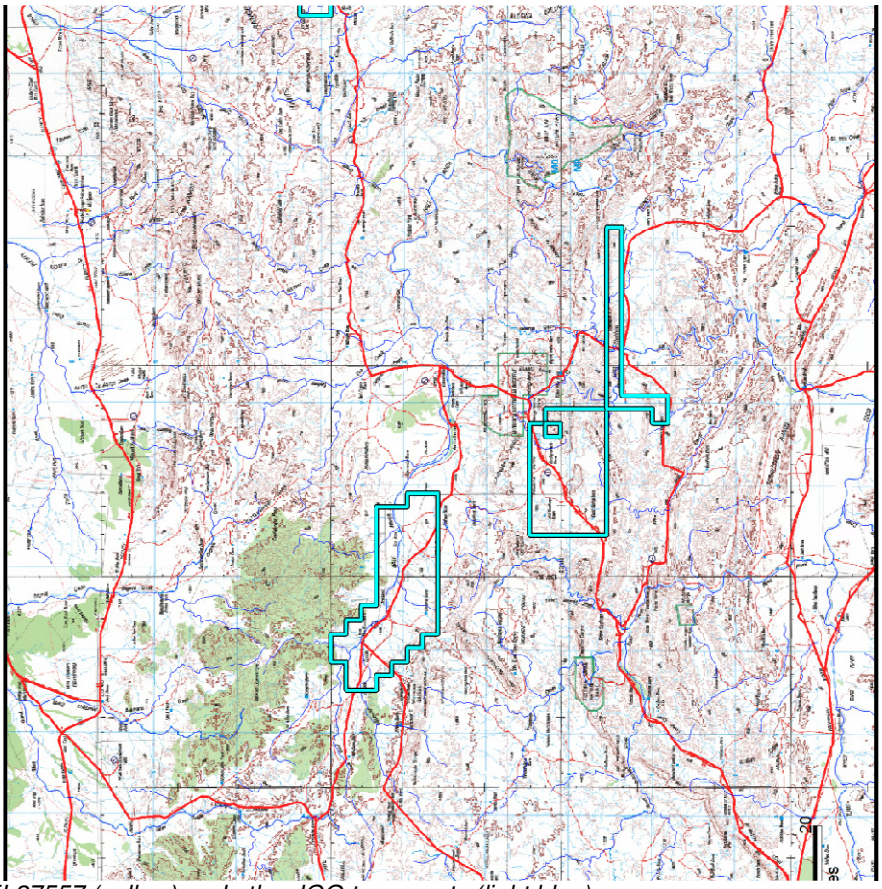

Figure 1:*Location of EL27557 (yellow) and other IGO tenements (light blue).*

3.0 REGIONAL GEOLOGY

The following summaries are mainly taken from Bell (2010). The AruntaProvince can be divided into three tectonic regions, each of which has undergonea separate history of metamorphism and deformation during the early to middle Proterozoic.

The Northern Arunta consists of low-grade metasediments of amphibolite and greenschistfacies. It is separated from the Central Arunta by large granitoids.

The Central Arunta consists primarily of hypersthene-bearing augen gneiss, migmatitic and quartzofeldspathic gneiss and felsic and mafic granulite.

The Redbank Thrust is a 7-10km wide east-west trending zone of anastomosing mylonites that dips 45° to the north and separates the Central Arunta from the SouthernArunta.

These high strain mylonites are thought to be the result of reactivation of the Redbank Thrust during the Alice Springs Orogeny (400Ma – 390Ma).

The Southern Arunta, between the Redbank Thrust and the northern margin of the Amadeus Basin, consists predominantly of amphibolite-grade quartzofeldspathic and migmatitic gneiss with minor potassic granite.

Five major magmatic events have been recognised at ~1810Ma, ~1780Ma, ~1690, ~1635 and a much younger early Proterozoic event.

A sixth event at ~1135Ma has alkaline-ultramafic affinities.

The area has been mapped at 1:100,000 scale by the BMR and NTGS, with the tenement on the QUARTZ (5951) sheet. This map sheet was published in 1990.

4.0 PREVIOUS EXPLORATION

The AruntaProvince has a very limited history of mining and exploration, and althoughseveral mines have been operated, total production is low.

Deposits mined includegold, copper, lead and zinc, tin-tungsten-tantalum, fluorite and mica.

Exploration hasbeen limited due to the rugged terrain and remoteness, as well as the perception that the Arunta Province is toohighly metamorphosed and has had too protracted a tectonothermal history to host significant mineralisation.

However, recentexploration efforts and geochemical studies indicate that the western and central portions of the AruntaProvince have the potential to host Ni-Cu-Co mineralisation, while the eastern portionhas the potential to host orthomagmatic and hydrothermal PGE mineralisation.

Some potential also exists for structurally controlled hydrothermal polymetallic deposits of Cu-Au±PGE±Ag±Pb.

4.1 Gold

Gold was first discovered at Arltunga in April 1887, when Joseph Hele and Isaac Smith panned alluvial gold from a dry creek bed near Paddy's Rockhole.

By 1888 between 150 and 200 prospectors were camped in the area and central Australia's first gold rush was underway.

Mining activity decreased significantly by 1913, primarily due to a lack of water.

In 1937, geologist, P. HossfeldIt, estimated that a total of 19,960 ounces of gold bullion had been produced from Arltunga and White Range.

White Range was briefly reworked again in the 1950's.

In the 1980's prospectors returned to Cavenagh Range with gold pans, metal detectors and dolly pots to assess the potential of gold bearing quartz-pyrite veins proximal to the Woolanga Lineament.

Mithril Resources announce significant Au results from about 900m south of EL27557 in an ASX announcement in December 2010 (named the Tibbs Prospect).

4.2 Uranium

During the nineties Japanese Government owned PNC Exploration (Australia) Pty Ltd ("PNC") explored vast tracts of Western Australia, South Australia and the Northern Territory in search of uranium and other commodities.

Their Harts Range Project was located in the eastern portion of the Arunta Province and under underwent extensive exploration including geological and structural mapping, costeaning, rock chip sampling, soil sampling, stream sediment sampling, petrology, airborne magnetic surveys, airborne radiometric surveys, ground magnetic surveys, ground spectrometric surveys and diamond drilling.

These exploration efforts highlighted several anomalous uranium values, the best of which was 633,000ppm U, 40,500ppm Pb and5,200ppmTh from rock chip sample HR05313.

4.3 Base Metals

In the early seventies, companies like Russgar Minerals NL ("Russgar")and Central Pacific Minerals NL ("Central") completed mapping, costeaning, rock chip sampling, soil sampling, stream sediment sampling, ground magnetic surveys and downhole hammer drilling.

Russgar delineated a magnetic conductor over 1,200 feet in length and collected rock chips up to 5.6% Cu and 6.9% Zn from cupriferous outcrop traced for over 3 miles at its Oonagalabi Prospect.

Central discovered a lenticular Pb-Zn±Cuhorizon associated with a former calcareous sandstone horizon at its WinneckeProject. This mineralised horizon can be traced 12 miles east of their Rankins Prospect and returned rock chips up to 180ppm Cu, 3,800ppm Pb, 210ppm Zn, 12ppm Ag and 1.80ppm Au.

In the late eighties Petrocarb Exploration NL ("Petrocarb"), in joint venture with Peko-Wallsend Operations Ltd, evaluated mineralisation at Blueys Silver Prospect. Mineralisation consisted of secondary Ag-Pb-Cu mineralisation associated with barite and quartz veining in dolomites and dolomitic sandstone. Rock chips returned up to 10,000ppm Ag and drilling returned up to 55g/t Ag.

Previously mentioned PNC, whose focus was primarily uranium, also discovered some highly anomalous base metal results in the 1990's.

Rock chip sample HR01436 returned 195ppb Au, 16ppm Ag, 31,000ppm Cu and 370ppb Pt+Pdfrom malachite stained, epidote-sericite-quartz altered wall rock in intermediate granite adjacent to a quartz blow.

Similarly, rock chip sample HR02378 1,800ppb Au, 35ppm Ag, 190,000ppm Cu and 160ppb Pt+Pd from a malachite stained, clay altered pod of copper mineralisation in granite.

4.4 Ferrous Metals

Nickel exploration beganin the seventies, when CRA Exploration Pty Ltd ("CRA") startedits searchfor economic nickel sulphidemineralisation associated with mafic-ultramafic intrusives.

Work completed by CRA included helicopter reconnaissance, mapping, stream sediment sampling, rock chip sampling, soil sampling, petrology, ground magnetic surveys and ground scintillometer surveys.

Results were considered to be disappointing with average values of 300ppm Ni and 600ppm Cu – although rock chip sample 192361 (collected from a

serpentinised mica-peridotite containing traces of pentlandite-pyrrhotite-chalcopyrite) did return 3,000ppm Ni.

In addition, rock chip samplescollected from a small gossanous feature over a shonkinite returned up to 1,950ppm Ni, 5,000ppm Cu, 140ppm Pb and 300ppm Zn.

Very few companies explored the Arunta Province for nickel sulphide mineralisation during the eighties and nineties, but this has changed in recent years.

Mithril Resources Ltd ("Mithril") has had significant exploration success at its Huckitta Project with the discovery of six new nickel sulphide prospects and three new copper sulphide prospects.

Nickel sulphide mineralisation appears to be associated with weakly to unaltered olivine bearing gabbroic intrusions, while copper sulphide mineralisation appears to be associated with highly metamorphosed amphibolites.

Reverse circulation drilling at the Baldrick Prospect returned 9m @ 0.48% Ni and 0.37% Cu from BARC006.

Recent diamond drilling at the Basil Prospectreturned 59m @ 0.63% Cu and 0.06% Co from LBDD035.

5.0 RECENT EXPLORATION

5.1 Field Reconnaissance

In August 2009 and early 2010, representatives of IGO used Northern Territory Geological Survey ("NTGS") 1:100,000 and 1:250,000 geological series mapsand magnetic images to visit a range of mapped and interpreted mafic-ultramafic intrusives within the region including EL27557. Four small gabbroic intrusives are mapped by the NTGS within the northern section of EL27557 on the QUARTZ (5951) 1:100,000 map (Figure 2).

Several days were then spent driving to as many interpreted mafic-ultramafic intrusivesin the region as possible in order to assess their potential to host nickel sulphide mineralisation. However the mapped intrusives of interest within EL25557 were not accessed as mapped tracks from both the east and west were not as indicated on topographic maps, and time precluded longer traverses on foot.

A plan of traverses done and the 1:100,000 NTGS geology is shown in Figure 2.

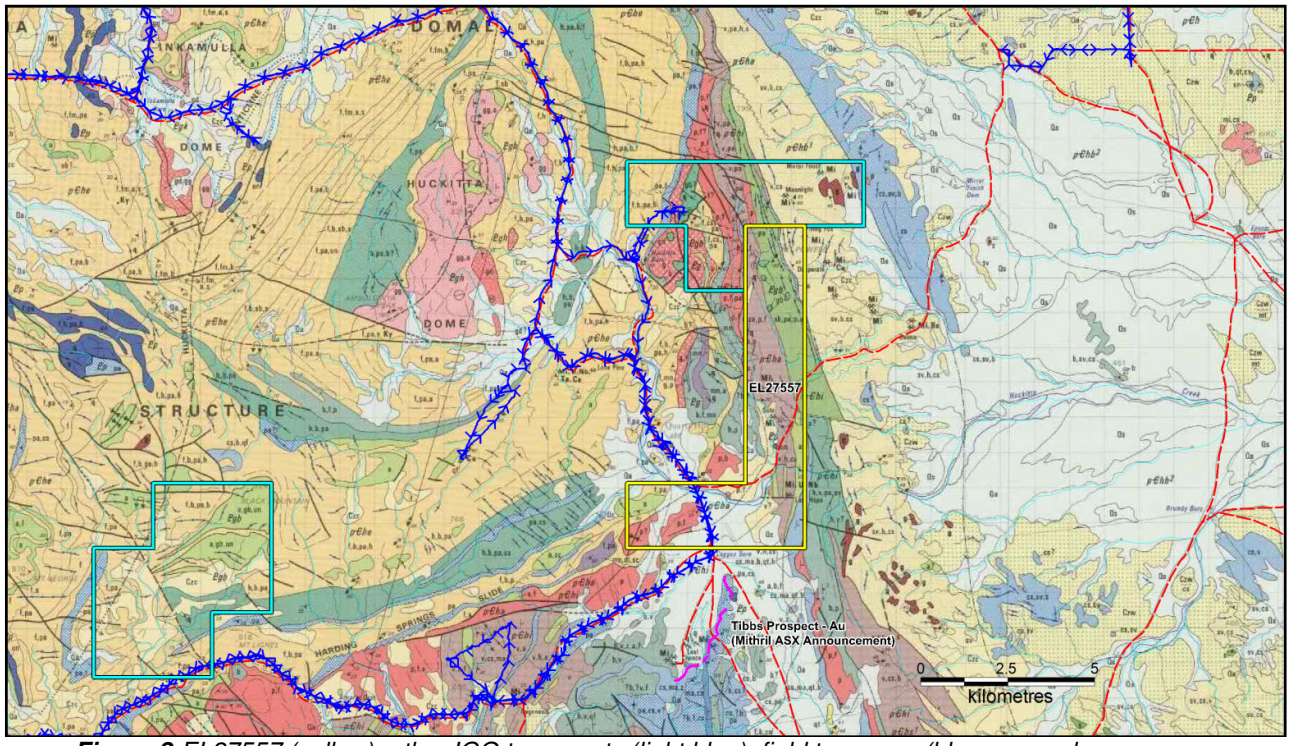

Figure 2:*EL27557 (yellow), other IGO tenements (light blue), field traverses (blue arrowed lines) and location of Tibbs Prospect (pink line) over located QUARTZ 1:100k NTGS geological map.*

The track on topo maps that would have provided access to the northeastern part of EL 27557 was attempted to be located from both the west and east. Neither access could be located. Satellite imagery since sourced suggests that the track may be further north than marked on the maps. However the heavy rains in February and March may well have significantly degraded the access.

6.0 EXPENDITURE STATEMENT

Expenditure	Amount
Consulting - Geological	$4,317.83
Consulting – Field Technician	$843.12
Consulting – Tenement Maintenance	$70.00
Consumables	$-
Travel	$-
Food &Accommodation	$-
Freight / Couriers	$-
Communications	$-
Total	**$5,873.02**

Table 1:*Expenditure Summary for EL27557*

7.0 CONCLUSIONS

The potential for EL27557 to host Ni-Cu-PGE mineralisation has not yet been adequately tested and further work is recommended. It is planned to be done in the current year in conjunction with other ELS in the region.

The recent discovery of gold mineralisation about 900m south of the southern tenement boundary of EL27557 is also recommended to be followed up. Very little gold exploration is documented for the immediate area, and again further work is recommended.

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