2009 | ANNUAL REPORT

INDEPENDENCE GROUP NL

2009 | ANNUAL REPORT

2009: Independence produced a net profit after income tax of $16 million for the year. Independence had returned franked dividends of $59 million to shareholders to 30 June 2009. The Long Nickel Mine was successfully commissioned in October 2002 and has returned $458 million of cash flow before capital and tax. The Tropicana Joint Venture with AngloGold Ashanti Australia Limited promises to be one of the largest gold discoveries in Western Australia in the last decade and a Bankable Feasibility Study is in progress.

Corporate Goals: The overall corporate goal is to increase shareholder wealth through share price and dividends, by successful investment in operations, exploration and corporate acquisitions.

Directors

Oscar Aamodt *(Chairman and Non-executive Director)*

Christopher Bonwick *(Managing Director)*

Kelly Ross *(Executive Director/ Company Secretary)*

John Christie *(Non-executive Director)*

Rod Marston *(Non-executive Director)*

Peter Bilbe *(Non-executive Director)*

Management

Tim Kennedy *(Exploration Manager)*

David Johnson *(Chief Geophysicist)*

Michael Neubauer *(Group Mining Engineer)*

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Kambalda Office – Long Nickel Mine

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Solicitors

Blakiston & Crabb
1202 Hay Street
West Perth, Western Australia 6005

Auditor

BDO Kendalls Chartered Audit and Assurance (WA) Pty Ltd
128 Hay Street
Subiaco, Western Australia 6008
Telephone: +61 8 9380 8400

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Telephone: +61 8 9315 0933

ASX Code : IGO

Group

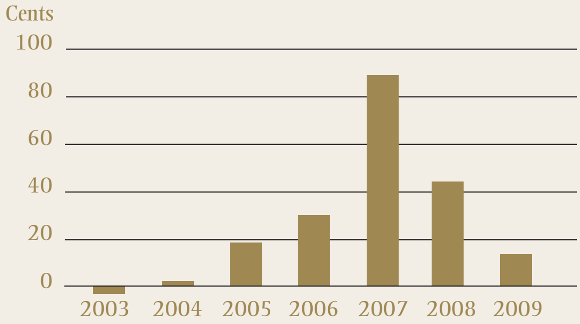
- Net profit after tax of $16 million (2008: $51 million)
- Dividends paid during the year - 7 cents fully franked (2008: 17 cents)
- Dividends payable subsequent to year end - 3 cents fully franked, paid 29 September 2009
- Fully diluted EPS of 14 cents (2008: 44 cents)

Operations

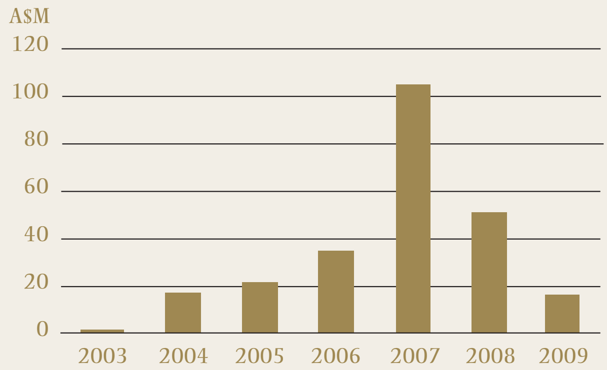
- Only 8 lost time injuries since the commencement of mining in October 2002
- 220,953 tonnes of ore mined at 4.0% Ni producing 8,779 nickel tonnes
- Long reserves at 30 June 2009: 51,800 (2008: 37,200) nickel tonnes
- Long resources at 30 June 2009: 93,900 (2008: 75,800) nickel tonnes (including reserves)
- New nickel shoot discovered at McLeay nickel deposit which remains open to the south-east
- New Moran nickel deposit discovered in the Long South target area which remains open

Exploration

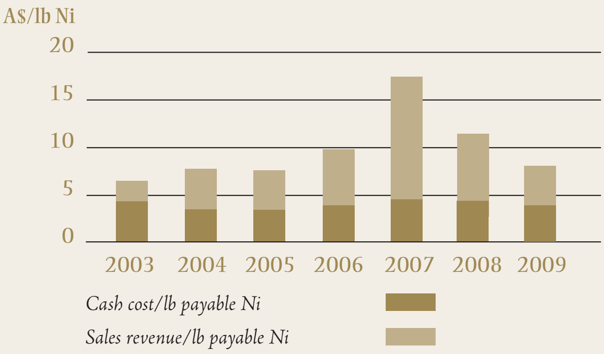
- Tropicana JV – Open-cut resource of 5.01Moz gold announced
- Tropicana JV – Bankable Feasibility Study in progress and numerous high-grade gold intercepts remain open down-plunge
- New nickel sulphides intersected at Duketon
- Encouraging gold mineralisation intersected at Karlawinda with other shallow gold anomalies yet to be tested by deeper drilling

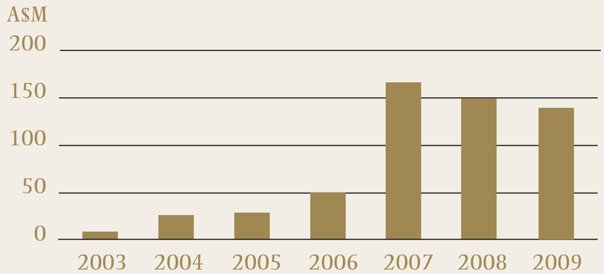


Earnings per share - Diluted

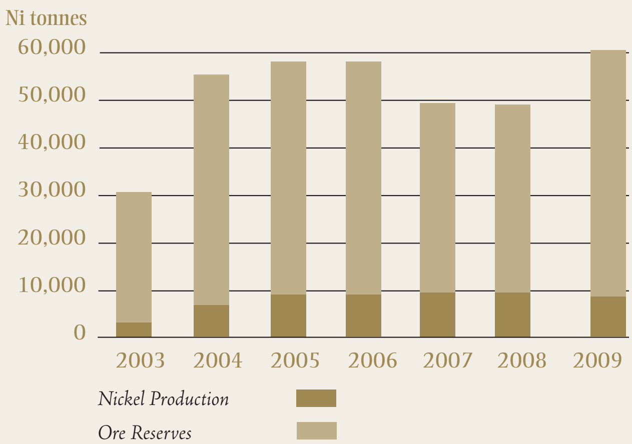


Net Profit after Tax





Cash and Receivables net of creditors



Weekly Average Share Price

Share Structure

Listed	- Ordinaries	113,613,539
Unlisted	- Options	1,712,500
Total		**115,326,039**

Oscar Aamodt (63)
FCIS
Non-executive Chairman

Oscar Aamodt is a fellow of the Institute of Chartered Secretaries and has more than 30 years experience in the administration and management of listed mining and exploration companies in Australia and overseas. He has held a number of directorships in Australian mining companies as well as having held the positions of CFO and COO with Resolute Limited, a company that had numerous operations in Australia and Africa. He has had extensive involvement in project development team work, project financing as well as corporate activities. From February 2002 until May 2003 he was a Director and Company Secretary of Abelle Limited and was subsequently Company Secretary of Bluestone Tin Limited and Metals Exploration Limited. Mr Aamodt is also currently a director of ASX listed company Energy Metals Limited.

Christopher Bonwick (50)
B.Sc. (Hons), MAusIMM
Managing Director

Mr Bonwick is a geologist with 28 years experience in the mineral exploration and mining industry, particularly in the areas of Australian gold and nickel exploration. Mr Bonwick was employed by mining house WMC for ten years, as an open-cut and underground mine geologist, and senior supervising geologist at WMC's Kalgoorlie Exploration Division. In 1991, he moved to Samantha Gold NL where he was employed as Chief Geologist and became Chief Geologist at Resolute Limited in 1994. Mr Bonwick has led teams that have successfully located virgin gold discoveries, including the Chalice (which returned $100 million profit in just over three years and won "Diggers and Dealer's Discovery of the Year" in 1994), Redeemer and Indee deposits, as well as near-mine gold discoveries in Australia (Hill 50 and Marymia satellites) and Africa.

Rod Marston (66)
B.Sc. (Hons), Ph.D., MAIG, MSEG
Non-executive Director

Dr Marston is a geologist with over 40 years experience in the mineral exploration and mining industry, both in Australia and internationally. He has held senior positions with the Geological Survey of Western Australia and several mineral resource consulting groups. He compiled landmark mineral resource bulletins on copper and nickel mineralisation in Western Australia when at the Survey. Dr Marston played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Dr Marston was previously a director of Ranger Minerals Ltd (now merged with Perilya Ltd) and is also a director of Kasbah Resources Limited.

Kelly Ross (47)
CPA, ACIS

Executive Director

Kelly Ross is an accountant with 25 years experience in the mineral exploration and mining industry. Ms Ross was with the Resolute group from 1987 to 2000, during which time Resolute grew from a small exploration company to a major gold producer.

Ms Ross has held positions with National Resources Exploration Pty Ltd, the Kimseed Group, Murchison United NL and the Department of Mineral & Petroleum Resources. Ms Ross is also the Company Secretary of Independence Group NL.

John Christie (71)
CPA, ACIS

Non-executive Director

Mr Christie is an accountant by profession with experience primarily in the resource and construction industries. He spent 16 years with Anaconda Australia Inc including seven years as Vice President and Treasurer. Mr Christie has previously held board positions with Ranger Minerals Ltd and General Minerals Corporation. Mr Christie was Company Secretary and CFO of Ranger Minerals Ltd from 1984 to 2002.

Peter Bilbe (59)
B.Eng. (Mining) (Hons), MAusIMM

Non-executive Director

Mr Bilbe is a mining engineer with considerable experience at the operational, managerial and board levels. Mr Bilbe has held senior positions at Mount Gibson Iron Limited, Aztec Resources Limited, Portman Limited, Aurora Gold Limited and Kalgoorlie Consolidated Gold Mines Pty Ltd.

Mr Bilbe is also a past member of the Executive Council of Chamber of Minerals and Energy. Mr Bilbe is currently a director of RMA Energy Limited, Aurox Resources Limited, Northern Iron Limited and Norseman Gold plc.

Rod Marston, John Christie, Christopher Bonwick, Peter Bilbe, Oscar Aamodt and Kelly Ross

Dear Shareholders,

The financial year ended 30 June 2009 was an extraordinary year, characterised by an unprecedented decline in global economic conditions. This resulted in the rapid and severe decline in commodity prices, nickel being the most severely affected, and a significant deterioration in share markets around the world.

These circumstances had a major impact on your Company, and the Board, together with management, reacted to these circumstances by adopting a conservative approach to managing the capital resources of the Company. This was reflected in the following actions:

- Reduced exploration, development and capital plant expenditure
- Suspension of bonus payments
- Reduced dividends

Notwithstanding the severe economic and financial market circumstances, the Company achieved a solid result for the year with a pre-tax profit of $25 million and cash and receivables at the end of the financial year of $141 million.

Importantly our operations at the Long Nickel Mine maintained better than budget performance in both production of metal and keeping costs below industry averages. The commitment to intensive exploration in and around the mine which resulted in the discovery of the McLeay and Moran ore bodies is an ongoing one. The newly developed high-powered transmitter is now performing above expectations and an extensive innovative seismic program was completed during the year. This has highlighted a number of new targets which will become the focus for exploration in the 2010 year. For further details of operations and exploration please refer to the Managing Director's Operations Report.

The Company will continue with its policy of funding regional exploration for gold and nickel in Australia with a commitment to discovering a significant resource that will lead to new mine development for the company.

The Tropicana Project team has now completed the Pre-feasibility Study the results of which were announced to the market in July 2009 together with the commitment to a Bankable Feasibility Study which is expected to be completed in the middle of the 2010 calendar year. The Company is now a contributing partner to the joint venture and has become more involved to ensure that input in respect to our 30% interest in the project is benefiting the Company for the longer term.

The Company's business development activities continued during the year with a number of projects and companies assessed for additional investment opportunities. To date this activity has not resulted in any investment opportunities that would have added value to the Company in the longer term and at a realistic price. We will continue to assess other opportunities as they become available.

Various stakeholders in our Company, and in particular long term shareholders and those organisations that represent superannuation funds, are challenging ASX listed companies to report on the management of corporate governance risks and sustainability. Please refer to the Corporate Governance Report included in this annual report for detailed information in this regard.

During the 2009 financial year the Board structure was re-assessed and it was decided to strengthen the Board with the appointment of a mining engineer to add a new area of expertise at the Board level.

Mr Peter Bilbe was appointed to this role in March and I take this opportunity to welcome him to the Company. At the same time Mr Rod Marston stood down as Chairman to focus on other personal priorities and I take this opportunity to thank him for his outstanding commitment and leadership during the formative years of our Company.

There has been a lot of recent publicity surrounding the question of carbon emissions and carbon reduction schemes. The Company is already registered for reporting carbon emissions under the National Greenhouse and Energy Reporting Act with the first report due by 31 October 2009. The impact on the Company of any of the mooted carbon trading schemes is still unclear but there will be a cost in due course. The Board will maintain close scrutiny of the issue and its potential impact on the Company.

I also wish to express our gratitude to all employees for their contributions to the strong results achieved during a year of unexpected challenges. I also compliment the management, exploration and operations teams for their co-operation and successful implementation of plans and strategies that have kept the Company in good shape during the year.

I express the appreciation of all Company employees and management for the support we receive from our shareholders, contractors and suppliers.

Oscar Aamodt
Chairman

Head frame - *Long Nickel Mine, Kambalda.*


2009 | OPERATIONS REPORT
INDEPENDENCE GROUP NL

Dear Shareholders,

Despite the significant fall in nickel prices and challenging world market conditions, 2008/9 was another strong year for the Company. I would like to thank all of our employees and contractors for the following achievements:

Safety and Environmental Standards

- Continued excellent safety record at the Long Nickel Mine (only 8 Lost Time Injuries since the mine opened in October 2002) and no environmental incidents.

Financial

- Net profit after tax of $16 million (2008: $51 million). Given the fall in average nickel prices from A$31,800/tonne in 2008 to A$17,451/tonne in 2009 this was an outstanding result.
- Cash and net receivables of $141 million (2008: $150 million).
- Fully franked dividends per share of 5 cents (2008: 10 cents).
- Fully franked dividends paid during the year totalled $8.1 million (7 cents per share).

Operations

- Above budget nickel production of 8,779 Ni tonnes (2008: 9,275 Ni tonnes).
- Head grade remained one of the highest of all nickel producers at 4.0% Ni (2008: 3.6%).
- Below budget cash costs of A$3.85/payable pound of nickel (2008: $4.12), the lowest of all mid-sized Australian nickel producers. The mine's cash costs fell by approximately 7%.

Mine Exploration

- Discovery of the Moran Deposit south of Long, resulting in the announcement of the largest resource and reserve tonnes ever recorded at the mine by the Company.
- McLeay deposit now comprising six separate shoots remains open to the south-east.

Regional Exploration

- An aggressive exploration effort resulting in expenditure of $14 million on regional exploration in 2008/9, including exploration programs at Tropicana.
- Nickel sulphides intersected at Duketon.
- Significant gold mineralisation intersected at Karlawinda.

Tropicana Project

- Completion of a Pre-feasibility Study and commencement of a Bankable Feasibility Study on the Tropicana and Havana Zones which is expected to be completed within the next 12 months. A resource of 5.01Moz gold was released in 2009.
- Continued high-grade intercepts at Tropicana and Havana which remain open down-plunge.
- Significant surface and bedrock mineralisation intersected at a number of Tropicana regional prospects, highlighting the potential for other gold discoveries on the large project area.

2009/10 will be another important year for the growth of the Company. The focus will remain on maintaining our excellent safety and environmental record. We will strive to continue producing low-cost nickel at the mine and aim to continue paying shareholder dividends. The recovery in nickel prices should provide the opportunity to produce a higher profit in 2009/10.

In the coming year particular focus will be on the following projects:

Long Nickel Mine

- Development of the Moran ore body with the aim of commencing production by the end of the year.
- Once access is available to the Moran ore body, test for extensions and other nickel sulphides along strike.
- Test for nickel sulphides north of the Long ore body and south of the McLeay deposit.

Regional Exploration

- Test the large Karlawinda gold system for potential economic gold deposits.
- Generate targets from the recently acquired De Beers data base.
- Test the new Holleton gold geochemical anomalies.
- Continue testing for nickel sulphides at Duketon.

Tropicana Project

- Completion of the Feasibility Study.
- Delineate additional ore along strike or beneath the current known gold resources.
- Test other gold targets in this new Australian gold province.

I would like to thank all shareholders for their strong support and assure you that Independence will continue its commitment to delivering shareholder value.

Christopher Bonwick
Managing Director

Safety Inspection - *Long Nickel Mine, Kambalda.*

Long Nickel Mine
IGO 100%

Background

Independence Group's wholly owned subsidiary Lightning Nickel Pty Ltd ("Lightning"), acquired the Long Nickel Mine and the lease of related infrastructure and equipment from WMC Resources Ltd for $15 million in September 2002. The mine was successfully commissioned in October 2002.

The mine is located at Kambalda in Western Australia (Figure 1). The mine provides a healthy cash flow to the Company and has significant upside for further mine life extensions.

Historic production from the Long Nickel Mine represents the second largest concentration of nickel in the Kambalda region, and qualified as one of WMC's longest operating nickel mines with a 21 year mine life. Total production to closure in 1999 was 5.43 million tonnes at an average reconciled grade of 3.7% per cent nickel (203,184 nickel tonnes).

Since IGO recommissioned the mine in 2002, the mine has produced 1.47 million tonnes at a reconciled grade of 3.85% nickel (55,496 nickel tonnes). Exploration and development activities have resulted in the discovery of an additional 9 years of reserves increasing current mine life to at least 2015, based on reserves only, at a production rate of approximately 9,000 tonnes of nickel per annum.

The McLeay nickel deposit was discovered in 2005 and is still open to the south.

In September 2008 the Moran nickel deposit was discovered. It currently has a resource of 32,400 nickel tonnes and is also open to the south.

Tenure

The Long Complex assets are located on four Western Australian Mining Leases and a portion of East Location 48. Location 48 is one of a number of freehold land grants created in the Eastern Goldfields district in 1890.

Figure 1: *Long Nickel Mine - Regional Geology, Tenure and Targets*

Offtake Agreement

The Company has an agreement with BHP Billiton Nickel West Pty Ltd whereby the ore produced from the mine is delivered to the adjacent Nickel West Kambalda Nickel Operations Concentrator for toll treatment and production of nickel concentrates, which are then sold to BHP on terms set out in that agreement. The agreement expires on 27 February 2019.

Safety

The mine plan adopted by the Company incorporates a number of procedures and policies to ensure the safety of our team is not jeopardised. Two Lost Time Injuries ("LTI") occurred during 2009 to give a total of only 8 Lost Time Injuries since the mine was purchased in 2002, which is a great credit to the dedication of all personnel on site.

Ore truck exits Victor Decline - *Long Nickel Mine, Kambalda.*

Lightning's safety policy requires that operators undertake regular emergency training, and teams from surrounding mines have also participated in safety and training activities with Lightning's personnel.

The occupational health and safety regime is stated in the Lightning Nickel Safety Policy, which is based on the belief that profits can be made without compromising safety. It is management's conviction that a positive attitude is the key to any safety programme. Hazard identification, accident/incident investigation, competency training, work procedures development, competency reassessment and regular workplace inspections, are carried out with the help of our employees.

Ground Conditions and Seismicity

The risks of "mine-induced" seismicity are well known and understood at Long. The ore body is disrupted by a swarm of cross-cutting porphyries, some of which are stressed. When mining the discrete ore blocks within the Long Mine, procedures to manage these conditions are built into the operating standards and are well understood by our mining team.

Lightning is a sponsor of the Australian Centre for Geomechanics Research ("ACGR") seismicity research studies. ACGR and the University of Western Australia have been undertaking ground support studies at the Long Nickel Mine with the assistance of the Company's mining and geotechnical team.

Mine Work Force

Lightning currently employs 120 full-time staff as well as 6 full-time contractors. Contract drillers are also on site on an ongoing basis. Many employees are ex-WMC Kambalda employees, who brought a pool of sound operating knowledge, experience and skills to the mine.

Lightning's work force has been very stable with a high retention rate since the commencement of mining in October 2002. All miners apart from the hand-held team are on salary, and an incentive scheme is in place to reward all on site when production and development targets are achieved.

Mine Production

Mining methods range from long-hole open stoping with mullock/sand backfill and mechanised Jumbo flat-back stoping, to hand-held mining which is utilised to extract blocks in narrow stopes not suitable for mechanisation. Wherever necessary, non-entry, mechanised mining methods are employed for safety reasons. The spacing of stoping sub-levels and other aspects of the mining methods have been designed to minimise dilution.

Production for the year was 8,779 tonnes of nickel metal as shown in Table 1.

Not only did the Company mine 26% (2,297 tonnes) of its nickel from outside reserves in 2008/9, an additional 1,631 nickel tonnes (19%) were produced from within reserve blocks than was predicted by the reserve model.

	Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	96,751	4.2	4,103
Victor South (mechanised)	44,549	4.2	1,855
McLeay (mechanised)	79,653	3.5	2,821
TOTAL	220,953	4.0	8,779
Reserve			4,851
In addition to Reserve			3,928
TOTAL			8,779

Table 1: *Long Nickel Mine – 2008/9 Ore Production*

Independence's share of nickel produced in 2008/9 was 5,298 tonnes and 261 copper tonnes, resulting in revenue of $93.9 million.

Resources and Reserves

Lightning personnel, Cube Consulting Pty Ltd (mineral resource consultants), and MiningOne Pty Ltd (mine engineering consultants) were used to estimate resources and reserves based on industry best practice. Tabulated resource and reserve numbers have been rounded for reporting purposes.

Ore reserve tonnages and grades have been estimated at economic nickel cut-off grades in the new resource model, which takes into account the high value of the ore, its mode of occurrence, the geotechnical considerations to ensure successful and safe mining in the geological environment, forecast cost of production and estimated future nickel prices (Tables 2 - 3).

The resource was estimated using 2D and 3D metal accumulation of grade, thickness and density, interpolated by Ordinary Kriging into blocks for each mineralised surface. The reserve process utilises the 3D resource models to construct 3D mining stopes from which the reserve tonnes are reported, after subtracting porphyries and unextractable pillars and adding in mining depletion.

Geophysics

A portable underground electromagnetic ("EM") "Torch" system (analogous to a large metal detector), conductivity probes and a 3-component down-hole magnetic TEM probe are used to produce real time massive and matrix nickel sulphide location information, providing a vector to potential mineralisation. This technology contributed to the discovery of the McLeay and Moran deposits. It has also resulted in a reduction in drilled metres, allowed more accurate mine design and reduced the need for expensive "exploration" development.

A surface high-powered TEM transmitter is in operation, which was developed by Independence and Curtin University of Technology in Western Australia. An underground high-powered TEM transmitter and loop have also been installed, which assisted in the discovery of the Moran deposit.

Drill core farm - *Long Nickel Mine, Kambalda.*

Table 2: *Long Nickel Mine - Resources*

		Undiluted Resources at 1% Ni Cut-off[1] as at 30 June 2008[2]			Undiluted Resources at 1% Ni Cut-off[1] as at 30 June 2009[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	167,000	6.5	10,800	**64,000**	**6.4**	**4,100**
	Indicated	401,000	5.2	20,900	**298,000**	**5.2**	**15,500**
	Inferred	77,000	4.9	3,800	**61,000**	**4.4**	**2,700**
	Sub-Total	645,000	5.5	35,500	**423,000**	**5.3**	**22,300**
Victor South	Indicated	303,000	3.9	11,700	**305,000**	**3.2**	**10,100**
	Sub-Total	303,000	3.9	11,700	**305,000**	**3.2**	**10,100**
McLeay	Measured	-	-	-	**118,000**	**6.8**	**8,000**
	Indicated	267,000	7.0	18,800	**217,000**	**5.6**	**12,100**
	Inferred	205,000	4.8	9,800	**162,000**	**5.4**	**8,800**
	Sub-Total	472,000	6.0	28,600	**497,000**	**5.8**	**28,900**
Moran	Indicated	-	-	-	**401,000**	**6.9**	**27,800**
	Inferred	-	-	-	**55,000**	**8.4**	**4,600**
	Sub-Total	-	-	-	**456,000**	**7.1**	**32,400**
Broken Stocks	Measured	-	-	-	**4,000**	**5.0**	**200**
	Sub-Total	-	-	-	**4,000**	**5.0**	**200**
TOTAL		1,420,000	5.3	75,800	**1,685,000**	**5.6**	**93,900**

Table 3: *Long Nickel Mine - Reserves*

		Mining Reserve at Economic Ni Cut-off[1] as at 30 June 2008[2]			Mining Reserve at Economic Ni Cut-off[1] as at 30 June 2009[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Proven	124,000	3.9	4,800	**70,000**	**3.5**	**2,500**
	Probable	288,000	2.9	8,400	**155,000**	**2.9**	**4,500**
	Sub-Total	412,000	3.2	13,200	**225,000**	**3.1**	**7,000**
Victor South	Proven	-	-	-	**-**	**-**	**-**
	Probable	286,000	3.1	9,000	**112,000**	**4.6**	**5,200**
	Sub-Total	286,000	3.1	9,000	**112,000**	**4.6**	**5,200**
McLeay	Proven	-	-	-	**170,000**	**3.7**	**6,400**
	Probable	387,000	3.9	15,000	**176,000**	**3.8**	**6,700**
	Sub-Total	387,000	3.9	15,000	**346,000**	**3.8**	**13,100**
Moran	Proven	-	-	-	**-**	**-**	**-**
	Probable	-	-	-	**640,000**	**4.1**	**26,300**
	Sub-Total	-	-	-	**640,000**	**4.1**	**26,300**
Broken Stocks	Proven	-	-	-	**4,000**	**5.0**	**200**
	Sub-Total	-	-	-	**4,000**	**5.0**	**200**
TOTAL		1,085,000	3.4	37,200	**1,327,000**	**3.9**	**51,800**

Notes:

1 The cut-off grade used for Victor South resources is 0.6% Ni.

2 Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes. Resources are inclusive of reserves.

3 See page 42 for competent persons statement.

During 2009 a high resolution 3 dimensional seismic survey was completed north and south of the Long ore body targeting new massive nickel sulphide deposits. Processing of the data from this survey generated a number of targets south of McLeay and Moran and elsewhere on the prospective basalt-ultramafic contact.

Exploration

Exploration during the year resulted in the discovery of the high-grade Moran deposit and also identified extensions to the McLeay ore body.

Significant potential exists to discover additional ore south of Moran and McLeay, as well as the largely unexplored Long North zone.

Two lava channels have been identified on the Company's Long Nickel Mine tenure (Figure 2):

Channel 1: The upper nickel channel is interpreted to contain from north to south, the Gibb, Gibb South, Victor, Victor South and McLeay deposits.

Channel 2: The lower nickel channel is interpreted to contain Long, Long North and Long South (Moran deposit).

The Company's exploration team integrates geological mapping, structural studies, magnetic, electromagnetic and seismic geophysical surveys to produce a 3-dimensional picture of the ultramafic stratigraphy in its exploration targeting.

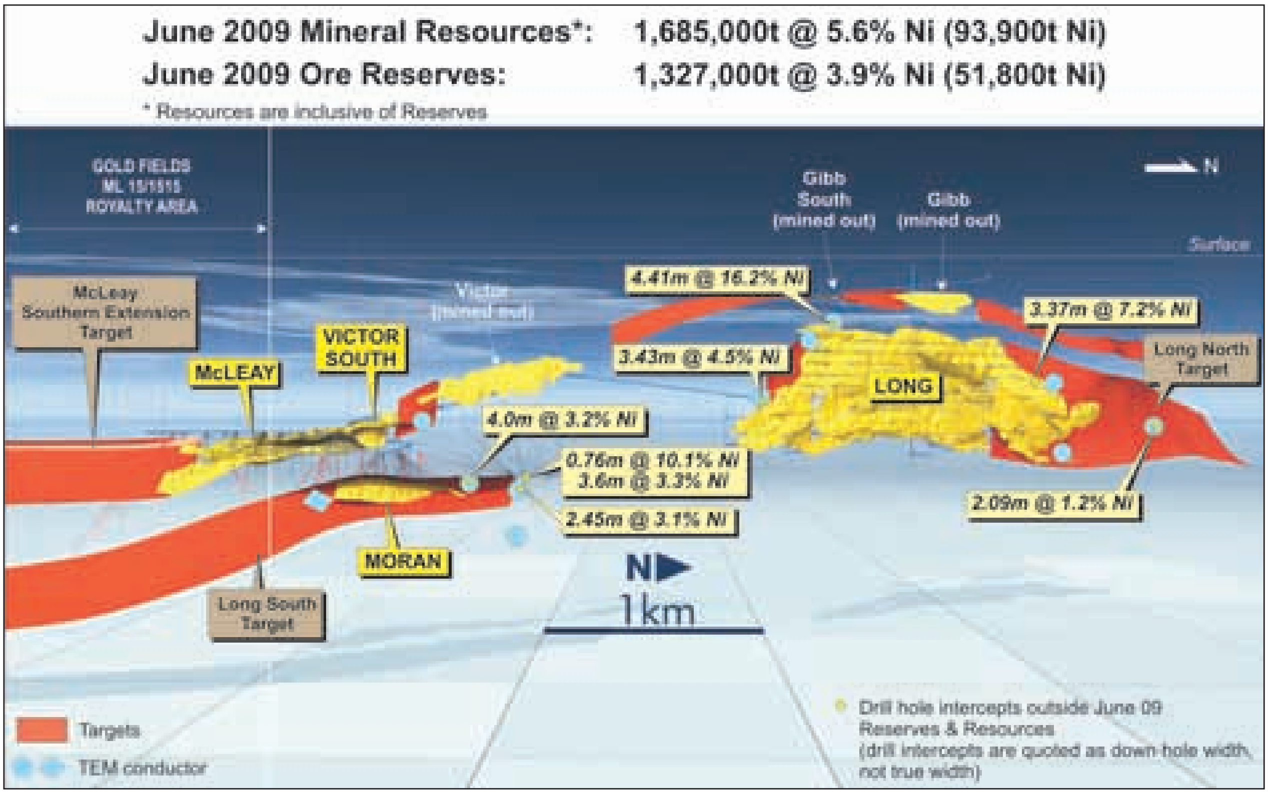


Figure 2: *Long Nickel Mine - Longitudinal Projection Showing Target Areas, TEM Conductors, Significant Intercepts Outside Current Resources and Reserves and 2009/10 Exploration Targets*

Moran

The high-grade Moran deposit is the second discovery of new nickel sulphide ore bodies by the Company's exploration team (Figure 3). The Moran nickel sulphides are within the same lava channel hosting the +200,000 nickel tonne Long ore body. Moran is currently interpreted to have a 480m strike length and extends 110m down-dip. The deposit is located 200m south of the existing Long South decline.

Mineralisation is relatively continuous and homogeneous with widths amenable to mechanical underground mining.

The deposit is open to the north (limited), south and east. Untested TEM anomalies occur north and south of the deposit which will be followed up with drilling once drill drives have been extended to provide better drilling access.

The Moran deposit is a significant discovery and drilling in 2009/10 is expected to increase the size of the ore body.

Development has commenced and it is planned to bring the Moran deposit into production in the June 2010 quarter.

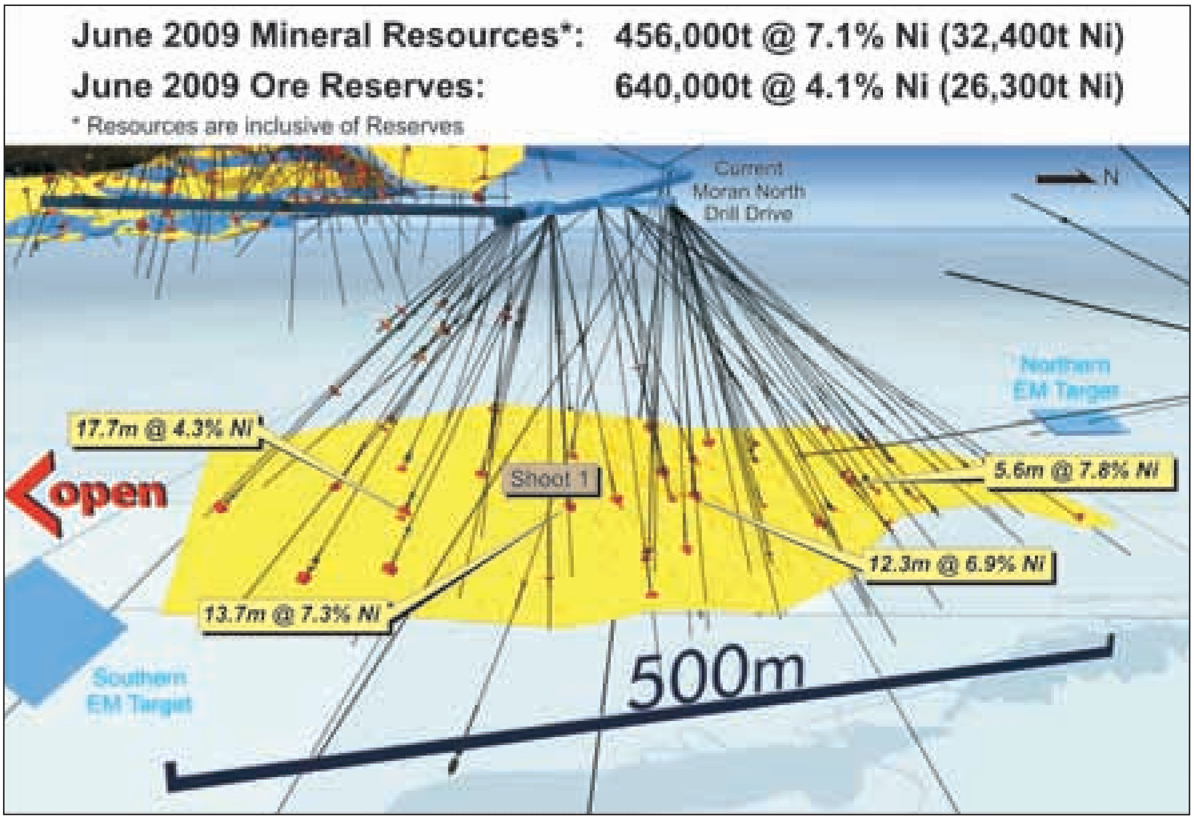


Figure 3: *Moran Deposit - 3D Isometric Model Showing Nickel Shoot, Drill Holes and Development*

McLeay

The McLeay discovery was Independence's first new nickel discovery, the discovery of which relied heavily on the use of TEM geophysics. The deposit, which now comprises six different shoots, remains open to the south-east (Figure 4). Geophysical surveys have identified new conductors south of the current resource limits which will be drill tested in 2009/10 with the aim of increasing the current 730m strike length of the resource.

Long North

Drilling north of the Long ore body in 2007/8 identified a new ore surface (the 07 Shoot), which was previously thought to have been stoped out by porphyry dykes.

Geophysical surveys and drilling are scheduled for 2009/10 to determine whether ore blocks occur north of the porphyry dykes.

Long, Victor South, McLeay and Moran Resources

Approximately 42,100 nickel tonnes occur in resources in addition to the 51,800 nickel tonnes in reserves. Systematic drill-testing is ongoing to convert resources to reserves.

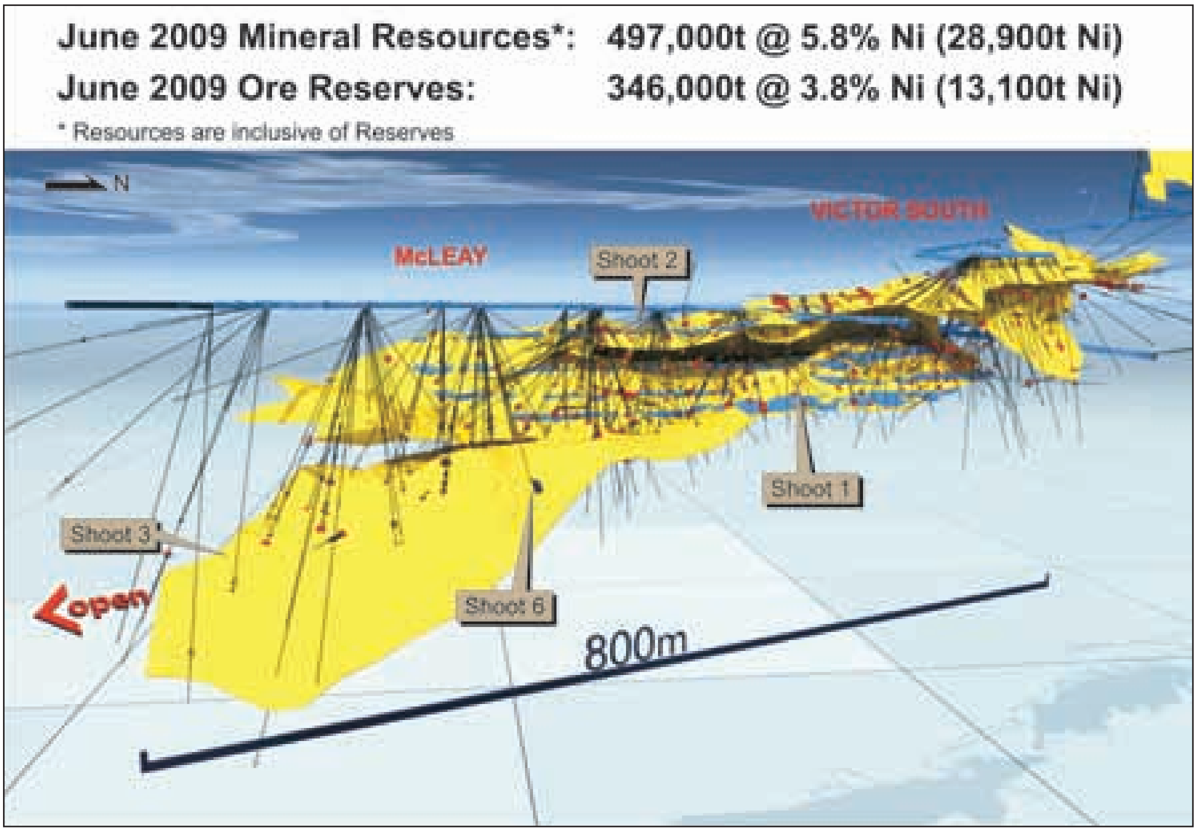


Figure 4: *McLeay Deposit - 3D Isometric Model Showing Nickel Shoots, Drill Holes and Development*


2009 | EXPLORATION REPORT
INDEPENDENCE GROUP NL

Strategy

One of Independence Group's (IGO's) key strategies for achieving long term growth is the discovery and development of high-value ore bodies with a focus on gold, nickel and copper deposits. IGO recognises that exploration is inherently high risk and that many of the well known mining areas in Australia have been well explored. However, IGO believes that there are many more ore bodies yet to be discovered in Australia, in covered areas and in previously unrecognised mineralised belts. Whilst Australia continues to be the preferred destination, a number of overseas jurisdictions are becoming increasingly attractive for exploration and mining and opportunities in these countries are being actively considered. The following tactical approach is being applied to maximise our chance of success:

- Application of leading edge geoscientific techniques by a small, highly motivated and well resourced team with a track record of exploration success
- Investment in technical innovation, particularly in the development of geophysical tools and geochemical techniques to assist in the identification of buried deposits beneath thick cover
- Application of new technologies in established and emerging mineral belts to discover deposits missed by historical exploration methods
- Acquisition of major land positions in "frontier" belts not recognised as prospective by previous explorers, a classic example being the Tropicana Project
- Efficient assessment and farm-out or relinquishment of projects not meeting internal technical milestones.

Exploration success requires focus and perseverance and IGO has the financial and technical resources to achieve this goal.

Exploration Technology and Techniques

An important component of IGO's exploration strategy is the development of new and improved tools particularly in the fields of geophysics and geochemistry, both for in-mine use and on regional exploration programs. Through technical and research relationships IGO has assisted in the development of or gained access to geophysical tools that provide significant advantages in mine-site and greenfields exploration. These tools include:

- **EM Torch System** for use in-mine to identify new and remnant ore positions overlooked by traditional mine exploration techniques
- **Down-hole magnetic TEM ("DHTEM") systems** and processing software that can be used to identify and model in 3D, mineralised systems intersected or closely missed in drilling programs
- **High-Powered TEM Transmitter,** which is significantly more powerful than commercially available systems, enabling surface TEM surveys to test deeper under cover and DHTEM surveys to test a greater distance around drill-holes both in-mine and on regional programs
- **Surface Moving Loop TEM systems** that can be used to identify bodies of conductive nickel sulphides in the highly-conductive regolith and salty groundwater environments of Western Australia, including beneath extensive salt lake cover where conventional EM systems are ineffective
- **Low Temperature SQUID ("LTS") technology** via agreement with Anglo American Exploration (Australia) Pty Ltd ("AAE"), IGO has had access to AAEA's LTS to explore for nickel in specified areas of the Yilgarn in Western Australia considered to be highly prospective for nickel sulphides.

- **3 D Seismic.** IGO together with Curtin University have completed an extensive 3D seismic survey in the immediate vicinity of the Long Complex. IGO was one of the first adopters of this technology, originally developed for use in the petroleum industry, in nickel sulphide exploration. This survey has resulted in a greater understanding of the geological framework at Long and has aided in the identification of a number of interesting target positions that are planned to be tested for nickel sulphide mineralisation over the coming 12 months.

Exploration Overview

Over the past 12 months IGO and its JV partners have made significant advances on a number of key gold projects and a number of new projects have been initiated. At Tropicana, the open-cut gold resource inventory for the Tropicana-Havana Zones now stands at over 5Moz, the Pre-feasibility Study was completed and a Bankable Feasibility study has commenced.

At Karlawinda, the focus of exploration has moved from Francopan to shallowly covered areas to the north at Bibra, where AC and RC programs are in the process of delineating what appears to be a very large gold mineralised system.

At Holleton, exploration has commenced testing the extensive greenstone belts under shallow cover evident in recent government aeromagnetic surveys which have not been explored by any previous companies.

Nickel exploration has concentrated on advancing key projects with highly significant results being returned from drilling at Duketon and continued encouragement from exploration on the Lake Lefroy tenure and also the Musgrave project which has reverted back to IGO control.

IGO looks forward to continued success from its ongoing aggressive exploration programs, at the Long mine, Tropicana and on regional exploration projects in the 2010 financial year.

Surface TEM system used to identify nickel sulphide bodies - *Irwin Bore, Western Australia.*

2009 | REGIONAL GOLD EXPLORATION PROJECTS

2009 - 2010: IGO has budgeted $6 million for regional gold exploration including $2.2 million earmarked for analytical and target generation work associated with the newly acquired De Beers database. Most of the regional gold exploration budget has been allocated towards advancing the Karlawinda and Holleton Projects. This budget figure does not include the Tropicana Joint Venture exploration and BFS budgets which are expected to approximate $11 million. A location map of all regional gold projects is provided in Figure 5.

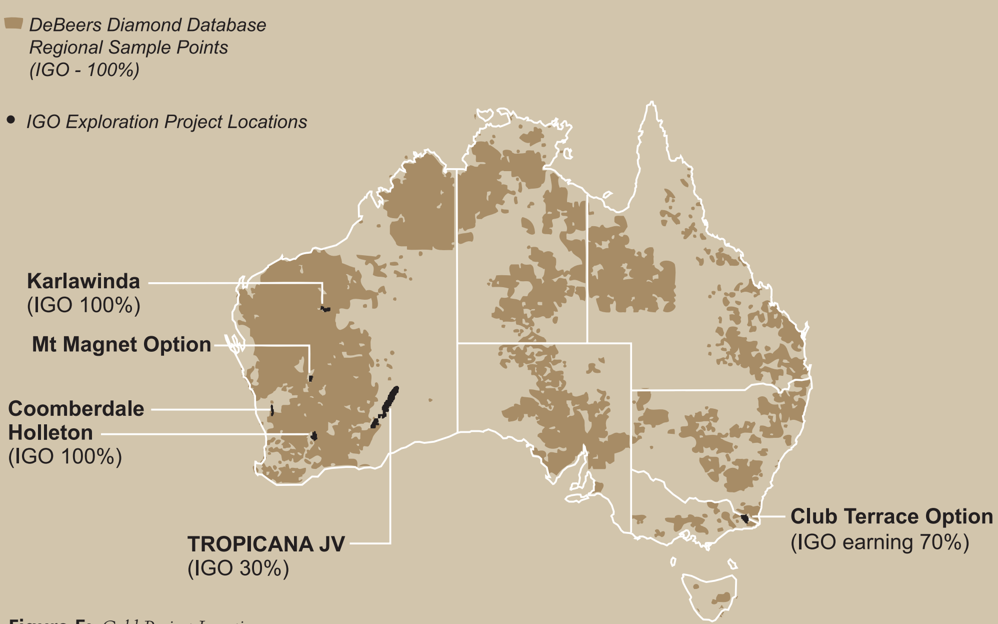


Figure 5: *Gold Project Locations*

TROPICANA JOINT VENTURE

Target:	New Gold Camp
Project Generation:	Conceptually Targeted
Equity:	IGO 30% (Manager: AngloGold Ashanti Australia Limited 70%)
Geological Setting:	Yilgarn Craton – Fraser Range Mobile Belt Collision Zone

The Tropicana JV comprises approximately 13,000 km^2 of largely unexplored tenure over a strike length of 340km along the Yilgarn Craton – Fraser Range Mobile Belt Collision Zone (Figure 6). The project was initially targeted and pegged by IGO in 2001. AngloGold Ashanti was brought in to fund and manage exploration due to the resources required to effectively explore this very large and remote tenement package. The JV has a dominant ground position in what is shaping up to be a new Australian Gold Province.

Feasibility Study

A Pre-feasibility Study ("PFS") has been completed on the Tropicana-Havana Deposit, the first major discovery within the project area (Figure 7). Mineralisation identified to date dips at approximately 30° to the south-east and has been drilled to a vertical depth of 400m where it remains open. Mineralisation is hosted in a quartzo-feldspathic gneiss and generally occurs as one or two laterally extensive, moderately dipping planar lenses.

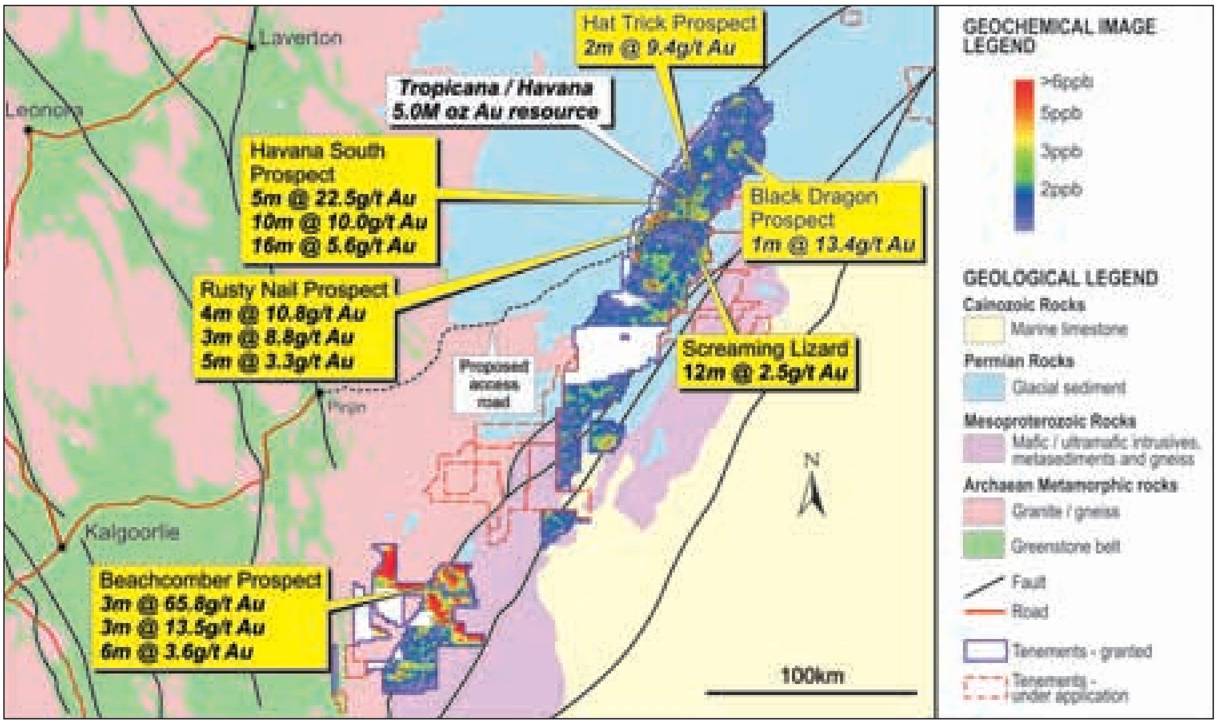


Figure 6: *Tropicana JV – Tenure, Tropicana and Havana Resource Location, Gold Geochemical Anomalies, Significant Drill Intercepts Outside June 2009 Resources and Selected Prospect Locations*

In July 2009 AngloGold Ashanti released the results of the Pre-feasibility Study which included a new resource estimate as follows:

- 75.3Mt @ 2.07 g/t Au gold for 5.01Moz (cut-off: 0.6 g/t Au oxide, 0.7 g/t Au fresh)

This resource is constrained by A$1,250 per ounce Au conceptual open-pit shells and does not take into account mineralisation down-plunge of the conceptual pits that may be exploitable by underground mining methods. The PFS indicated a viable project producing at between 330,000 – 410,000 contained gold ounces per annum over an 8-10 year period and on this basis a Bankable Feasibility Study (BFS) has commenced.

Resource at 30 June 2009 within A$1,250/oz Au optimisation.
Cut-offs: 0.6g/t Au oxide ore, 0.7g/t Au fresh ore

	Million Tonnes	g/t Au	Million Ounces
Measured	24.2	2.3	1.79
Indicated	39.8	2.0	2.58
Inferred	11.3	1.8	0.64
Total	75.3	2.1	5.01

Table 4: *Tropicana Gold Project Mineral Resources*

The information in this table is based on information compiled by Mark Kent, who is a full-time employee of AngloGold Ashanti Limited, and a member of the AusIMM. Mark Kent has sufficient experience relative to the type and style of mineral deposit under consideration and to the activity which has been undertaken, to qualify as a Competent Person (or Recognised Mining Professional) as defined in the 2004 Edition of the JORC Code. Mark Kent consents to the release of this resource based on the information in the form and context in which it appears. Resource tonnes have been rounded to the nearest hundred thousand tonnes and gold ounces have been rounded to the nearest ten thousand ounces.

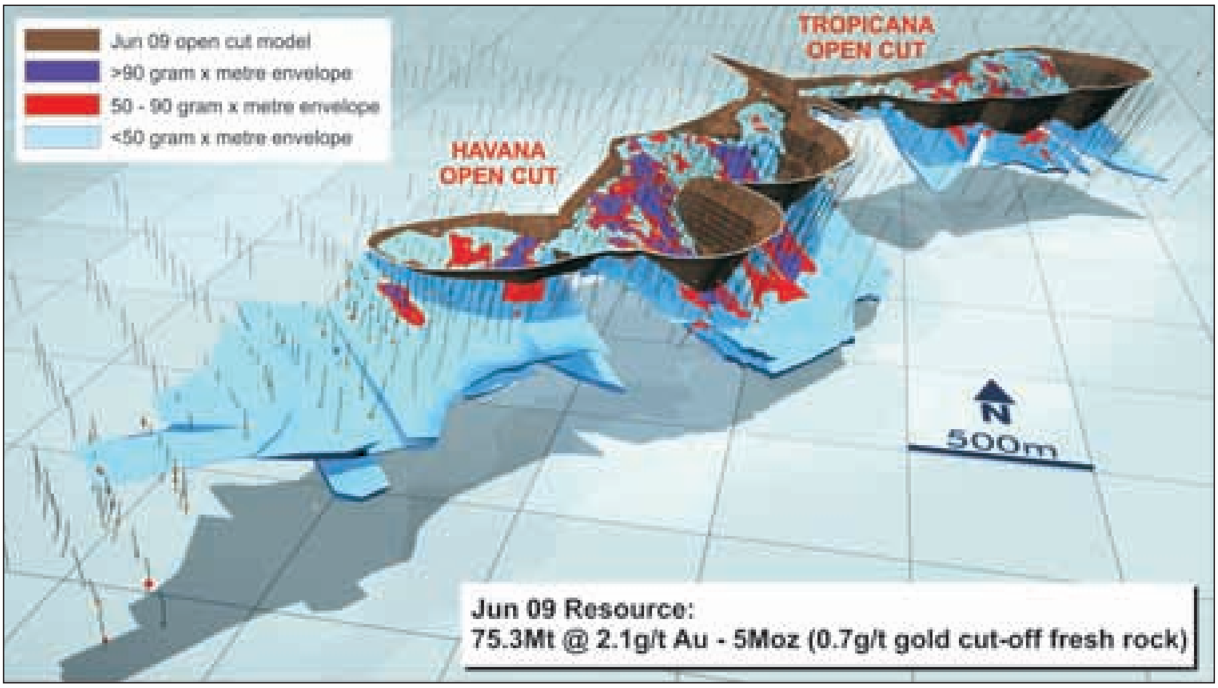


Figure 7: *Tropicana JV - Isometric Model Showing 0.3 g/t Au Mineralised Envelope, > 50 gram Au x Metre Envelope and Preliminary Conceptual Open Pit Outlines*

The following summarises the results of the PFS and the focus for the BFS:

The PFS considered a wide range of project options and the BFS focus has been narrowed to assess in detail owner and contract mining options at a processing rate of 6 Mtpa. Based on the current resource estimate, the open-cut is expected to provide approximately 56 million tonnes of plant feed (including less than 5% Inferred Resources) at an average grade of 2 g/t and producing 3.3 million ounces of recovered gold. A total of 356 Mt of waste is planned to be mined at an overall waste to ore ratio of 6.2:1.

Mining is planned to be by conventional open pit drill and blast methods using trucks and excavators. It has been assumed that bulk mining methods would be appropriate for waste material. The BFS will evaluate the options of contract mining and owner mining.

A comprehensive metallurgical test work program and engineering analysis has been completed with a range of processing flow sheets considered. A gold process flow sheet including high pressure grinding rolls and ball milling to 80% passing 75 microns followed by a carbon-in-leach (CIL) circuit is currently recommended. This is anticipated to result in an average recovery rate of 92%.

A nominal plant throughput of 6.0Mtpa is indicated with oxide and fresh rock ores blended at up to 20% oxide to optimise plant throughput, recovery, power efficiency and cost performance. The plant throughput is expected to progressively reduce to approximately 5.5Mtpa when processing 100% fresh rock.

Plant and infrastructure capital costs (excluding mining) were estimated at A$500-$540 million which includes 15% contingency. Cash operating costs were estimated at A$590-$610/oz in the case of owner mining and A$690-$710/oz if contract mining is selected. Costs for the PFS were largely derived during the 'boom' period in 2008 when a number of projects experienced delays and high input costs. Capital and operating costs will be optimised and reviewed during the BFS. Mining costs will depend on whether contract mining or owner mining is selected.

Expenditure during the two quarter commissioning period is likely to be substantially offset by gold production during the same period.

IGO's share of initial planned production is over 1Moz Au. Production has the potential to increase with further resource drilling and potential underground operations as well as exploration success. Underground mining may be viable for exploiting extra material at depth under the open pit resource, however no underground material has been included in the PFS resource or in the scope of the BFS.

Gold production for the first 5 years is forecast at 420,000 to 430,000oz pa (contained gold).

Since the updated resource was estimated, extensions to mineralisation have been identified at Havana South (Figure 8). Intersections in this location which could add to the resource but which currently fall outside of the conceptual pit designs include:

- 9m @ 7.2 g/t Au from 259m in TPD393
- 16m @ 5.6 g/t Au from 204m in TPRC1046D
- 12m @ 6.3 g/t Au from 255m in TPRC981
- 15m @ 3.1 g/t Au from 126m in TPRC1029
- 10m @ 4.1 g/t Au from 130m in TPRC1031

The environmental assessment of the project will involve State and Federal agencies. The primary assessment process will be a Public Environmental Review (PER), with a draft PER document currently being considered by the State Government. It is anticipated the required approvals will be obtained by mid-2010, enabling construction to commence shortly thereafter. Construction of the new 220km site access road will be required before major site construction activities can commence.

Construction of site infrastructure is anticipated to take up to two years. Providing all JV partner and environmental approvals are obtained by mid-2010, it is anticipated that project commissioning would occur in early 2013.

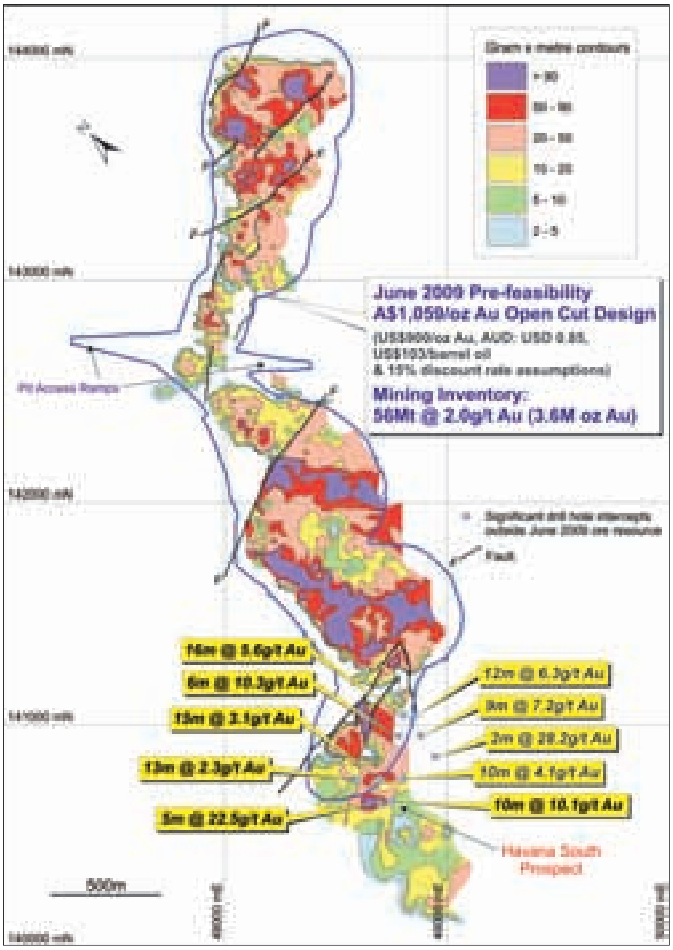


Figure 8: *Tropicana JV – Proposed Tropicana and Havana Open Pit Outlines, g/t Au x Thickness (m) Contours and Significant Havana South Drill Intercepts Outside June 2009 Resources*

All Mining Licences and Miscellaneous Licences necessary to enable the project to proceed have been granted. A comprehensive consultation programme with key stakeholders is continuing.

Regional Exploration

In addition to the Feasibility work at the Tropicana deposit, exploration is continuing at a number of priority regional locations throughout the joint venture area.

RC drilling at Screaming Lizard, 8 km to the south of Havana, has intersected gold mineralisation within intensely altered and pyritic lithologies similar to Tropicana together with an associated strong IP chargeability response (Figure 6). Recent results include:

- 12m @ 2.46 g/t Au (incl. 5m @ 3.19 g/t Au)
- 3m @ 1.57 g/t Au

Screaming Lizard is considered a prospective area for mineralisation potentially within trucking distance of any future operation at Tropicana. Further RC drilling is planned for 2009/10 particularly focussing on the chargeability anomaly, most of which is yet to be tested by RC drilling.

Surface geochemical sampling has been completed over the majority of granted tenure generating numerous anomalies. First pass and follow-up aircore drilling to test these anomalies will continue throughout the year.

KARLAWINDA

Target:	Multi-Million Ounce Mesothermal Gold Deposit
Project Generation:	Opportunistic Acquisition
Equity:	IGO 100% (BHP Billiton 2% NSR Plus Clawback Rights)
Geological Setting:	Metasediment Dominated Greenstone Belt Within Archaean Pilbara Craton

The Karlawinda Project is located within the Pilbara Craton some 65km south-east of Newman, close to road and gas pipeline infrastructure.

Drilling by IGO and previous explorers has defined a gold mineralised system extending over a strike length of 700m and 500m down dip at the Francopan prospect beneath approximately 190m of Bangemall Basin cover sediments. Intercepts include 7m @ 4.6 g/t Au, 6m @ 4.5 g/t Au and 15m @ 3.0 g/t Au. Based on the extent and style of mineralisation this project is considered to have good potential for the delineation of a significant Archaean mesothermal lode gold system.

More recent work has focused on defining potential shallow extensions to the mineralised system and repeats to the north where Archaean bedrock is not obscured by cover.

Aircore and RC drilling at the Bibra Prospect 5km north-west of Francopan has identified a large east-west trending zone of supergene and primary gold mineralisation extending over 3km in strike (100ppb contour) and up to 800m in width.

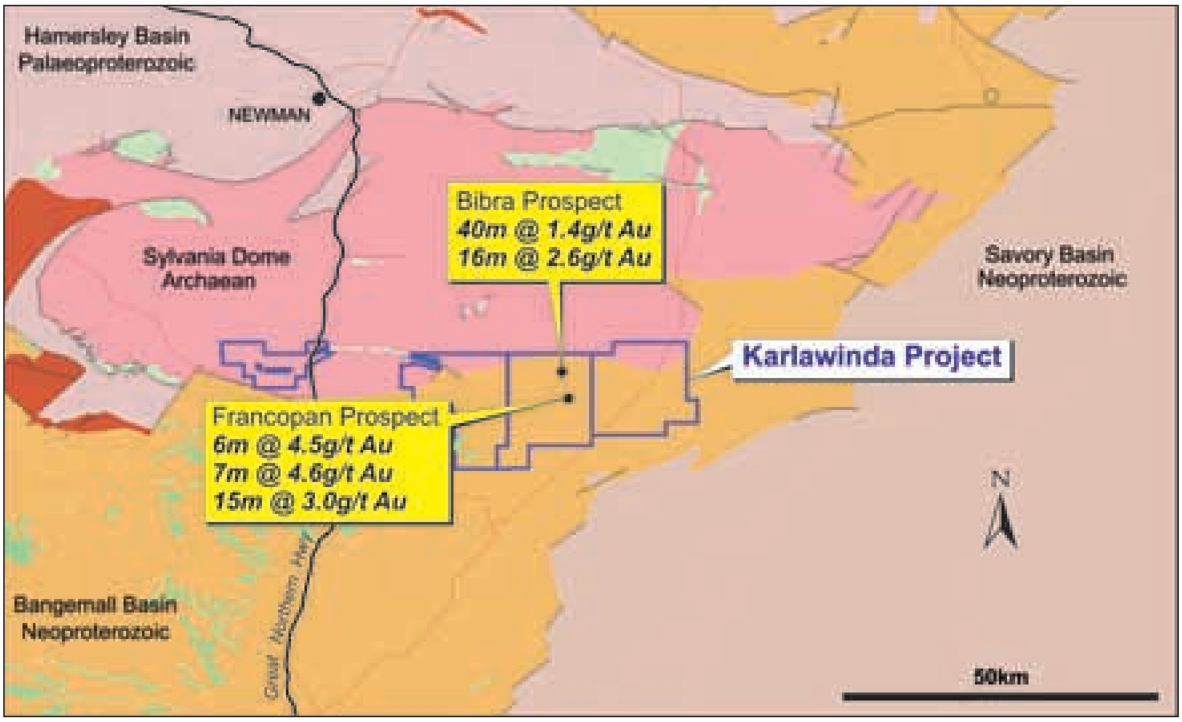


Figure 9: *Karlawinda – Location Plan Showing Tenure, Prospects and Significant Drill Intercepts*

Within this zone, which remains open along strike to the west, intercepts in excess of 1 g/t Au extend over 1.9km and include:

- 40m @ 1.4 g/t Au
- 16m @ 2.4 g/t Au (preliminary)
- 16m @ 1.7 g/t Au (preliminary)
- 13m @ 1.0 g/t Au (preliminary)

The majority of drilling at Bibra is shallow aircore (<75m) with only 6 RC holes drilled deeper than 100m.

Following on from these encouraging results the Bibra area will be the focus of sustained AC, RC and diamond drilling programs for the remainder of 2009/10 to test the strike and dip extents of mineralisation and potential for stacked lenses.

The broad nature of the mineralised envelope combined with discrete higher grade zones in lithologies similar to that found at the Francopan prospect, confirm the extensive nature of altered and mineralised packages and support the potential of the project to host a significant ore body.

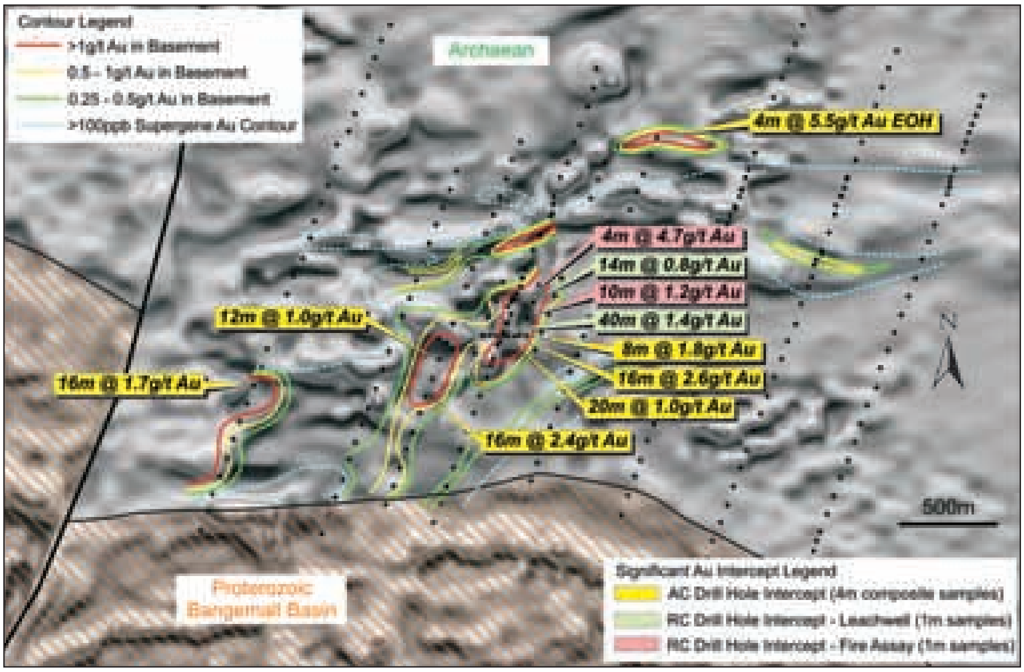


Figure 10: *Karlawinda – Bibra Prospect, Basement Gold Anomalies and Significant Drill Intercepts Over Aerial Magnetics*

HOLLETON

Target:	High Grade Gold Deposit
Project Generation:	Conceptually Targeted
Equity:	IGO 90-100%
Geological Setting:	Archaean Holleton Greenstone Belt, Southern Cross Region

The Holleton Project comprises numerous tenements and tenement applications covering an area of approximately 1,250km^2 over the largely unexplored Holleton greenstone belt in the Southern Cross Province of the Archaean Yilgarn Craton.

The Southern Cross Province has total production and resources of approximately 11 million ounces and contains a number of plus 1 million ounce gold resource deposits including:

- Westonia (2.3M oz),
- Yilgarn Star (1.7M oz)
- Southern Cross (1.5M oz)
- Marvel Loch-Nevoria (2M oz)

Much of the greenstone within the project is under varying thickness of sand cover. However where exposed in the centre of the project, there are a number of old gold workings. The Holleton greenstone belt has similarities to the Westonia belt and it is inferred that these belts are structurally connected. A number of magnetic and non-magnetic domes intrude the belt providing favourable structural positions for gold mineralisation.

IGO's main areas of interest are the large areas of greenstone under cover in the north and south east of the project tenure that have yet to be subjected to any effective exploration for gold. Broad roadside surface sampling together with selected aircore traverses have confirmed that soil sampling combined with auger sampling in areas disturbed by agricultural activities will be effective first pass techniques over the greenstones. During the year tenure over the covered greenstones was granted and first pass auger sampling has been completed, generating a number of new geochemical gold anomalies over the eastern greenstones (Figure 11).

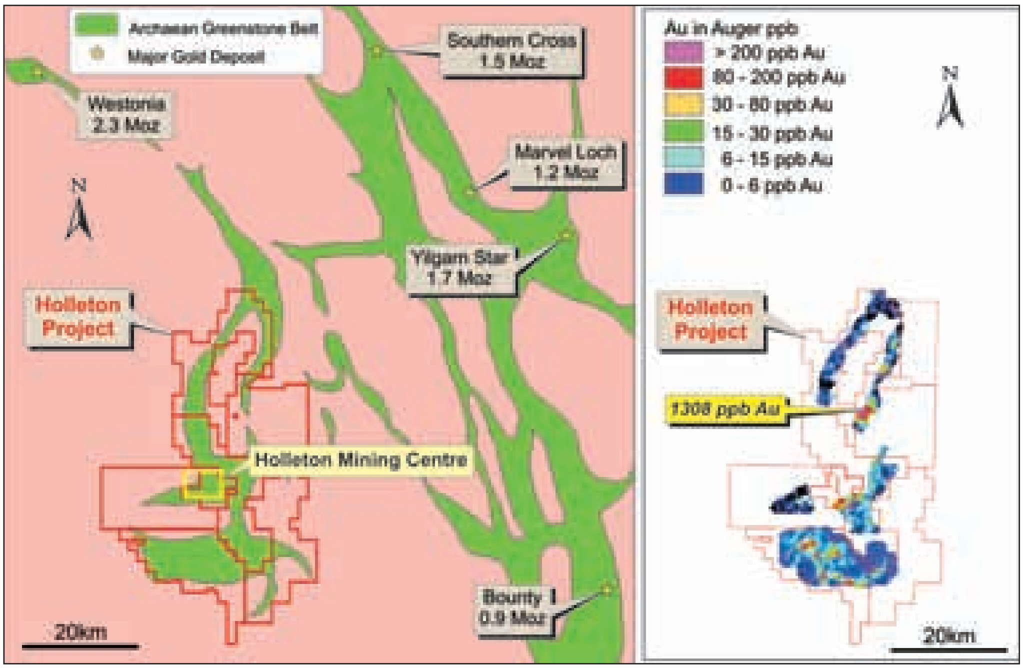


Figure 11: *Holleton – Tenure, Gold Geochemical Anomalies and Significant Drill Intercepts Over Regional Geology*

CLUB TERRACE JOINT VENTURE

Target:	Intrusive Related Disseminated Gold and Base Metal Mineralisation
Project Generation:	Surface Geochemistry
Equity:	IGO Option to Earn 70%
Geological Setting:	Devonian Granitic Intrusions and Turbiditic Sediments of the Ordovician Lachlan Fold Belt

During the year IGO entered into an option agreement with Oroya Mining Limited ("Oroya") to explore a package of tenements in the Lachlan Fold Belt straddling the NSW and Victorian borders.

Under the option arrangement IGO will fund exploration to a minimum of $70,000 within an initial one year period. During this period IGO may elect to earn a 70% interest by spending an additional $1.5 million within 3 years. After earning a 70% interest, IGO will free carry Oroya for a 30% interest to completion of a bankable feasibility study, with standard dilution clauses applying.

The initial focus of exploration will be on the Buldah North Prospect where the exploration target is structurally controlled, intrusive related, large tonnage, disseminated gold and base metal mineralisation.

Regional geochemical exploration by Oroya identified, within an area of 5km x 3km, anomalous gold and base metals in stream sediment, soil and rock chip samples. Geochemical anomalism appears to be associated with a prominent aeromagnetic anomaly believed to represent a buried granitic intrusive in Ordovician turbiditic sediments which are silicified, sheared and faulted.

An initial program of systematic follow-up soil sampling has been completed and assay results are awaited.

DE BEERS DATABASE - PROJECT GENERATION

Target:	Grass Roots Discoveries of High Value Gold, Copper, Nickel and other Metalliferous Ore Bodies
Project Generation:	Opportunistic Acquisition
Equity:	IGO 100%
Geological Setting:	Focus on Under Explored Proterozoic Basins

In February 2009 IGO acquired the exploration database of De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration for diamonds by DBAE across vast tracts of Australia including many recognized metallogenic provinces (Figures 5 and 12). The key assets of the database are the surface geochemical samples collected and associated analytical results. As DBAE was focused solely on diamond exploration, less than half the samples were analysed for commodities other than diamonds. Numerous gold and base metal anomalies are evident in the analysed dataset, some corresponding to known ore bodies. It is IGO's intention to follow-up these previously identified anomalies, as well as to undertake geochemical analysis on the unanalysed samples which is highly likely to produce numerous additional anomalies.

IGO sees the acquisition of this database as an ideal way in which to gain first mover advantage at a time when exploration tenure is becoming more readily available. It is noted that the 5Moz Tropicana gold discovery was a direct result of the IGO team recognising the significance of surface geochemical results released by a competitor company and made available on open file at a time of general industry downturn.

Database Highlights:

- Culmination of over 30 years of exploration and expenditure greater than $300 million
- Over 2,300 samples in the database reporting visible gold
- 103,000 analysed samples
- 189,000 unanalysed samples
- 300,000 diamond concentrates available
- 893,000 microprobes analyses
- 175 geophysical surveys covering 306,000km^2

Preliminary ranking of the 189,000 unanalysed samples according to geographic and metallogenic location has been completed and the initial batches of high priority samples have been forwarded to the laboratory for analysis. All selected samples will be analysed for a comprehensive 60 element suite which includes the key commodity elements of Au, Cu, Ni, Pt, Pd, An, Pb, Ag, Sn, W, U and associated pathfinder elements.

2009 | REGIONAL NICKEL & BASE METAL EXPLORATION PROJECTS

2009 - 2010 IGO has budgeted $2.5 million in 2009/10 for regional nickel and base metal exploration. The majority of this work is being undertaken within the Yilgarn Block of Western Australia, where IGO's proven operational and exploration expertise can be used to best effect. IGO is focussing on greenfields projects where a new discovery has potential to add significant value for the Company. A location map of all regional nickel and other base metal projects is provided in Figure 12.

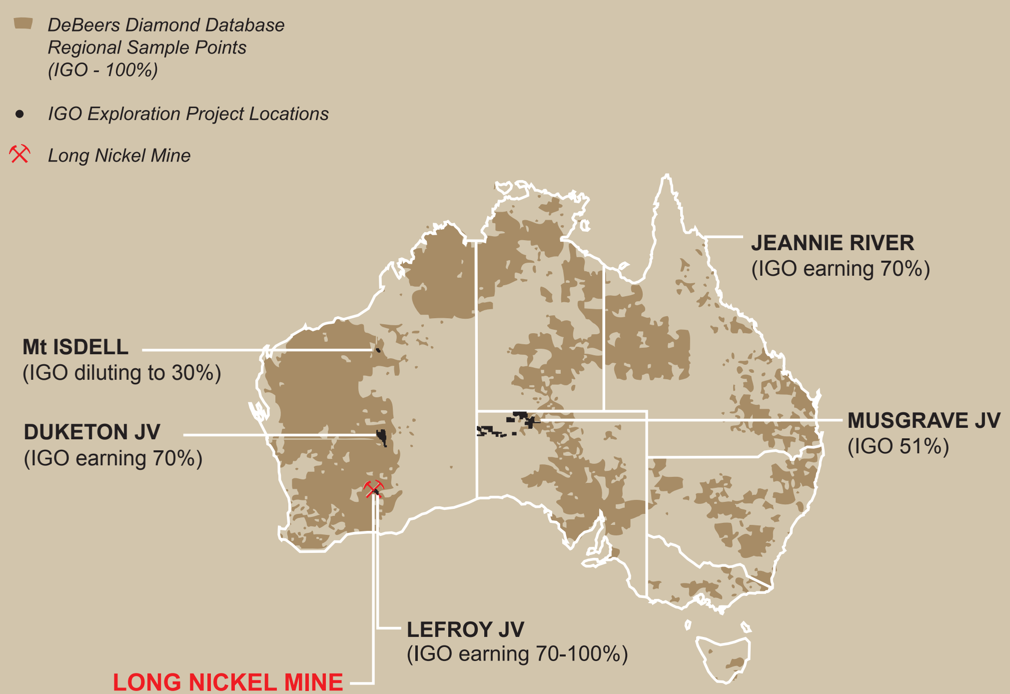


Figure 12: *Nickel and Base Metals Project Locations*

DUKETON JOINT VENTURE

Target:	Massive and Disseminated Magmatic Nickel Sulphide Mineralisation
Project Generation:	Conceptually Targeted
Equity:	IGO Earning 70% Nickel Rights (South Boulder Mines Ltd Diluting)
Geological Setting:	Under-Explored Archaean Ultramafic Belt

The Duketon Nickel JV covers ultramafic rich stratigraphy prospective for massive and disseminated nickel sulphide mineralisation in the Duketon Greenstone Belt, approximately 80km north of the Windarra nickel deposit.

IGO has confirmed the nickel prospectivity of the belt by the discovery of an extensive area of disseminated magmatic Ni-(Cu-PGE) sulphide mineralisation at the C2 Prospect within the Bulge ultramafic (Figure 13). The C2 mineralisation occurs in three horizons (eastern contact, central and western contact) and significantly also contains discrete zones of blebby and stringer sulphide mineralisation with grades up to 3.43% Ni, providing strong encouragement that massive nickel sulphide mineralisation may be present within the Bulge ultramafic. Elsewhere in Western Australia, similar large accumulations of disseminated nickel sulphides such as the deposits at Mt Goode (Cosmos camp) and Black Swan have associated massive sulphide deposits.

Late in the year a further three diamond holes were completed at the C2 prospect targeting a down hole TEM conductor and down plunge/down dip positions of mineralisation intersected in previous drilling. All three holes intersected nickel sulphide mineralisation, with the best result coming from TBDD074 which intersected:

- 50m at 0.92% Ni (including 37m @ 1.05% Ni) from 275m

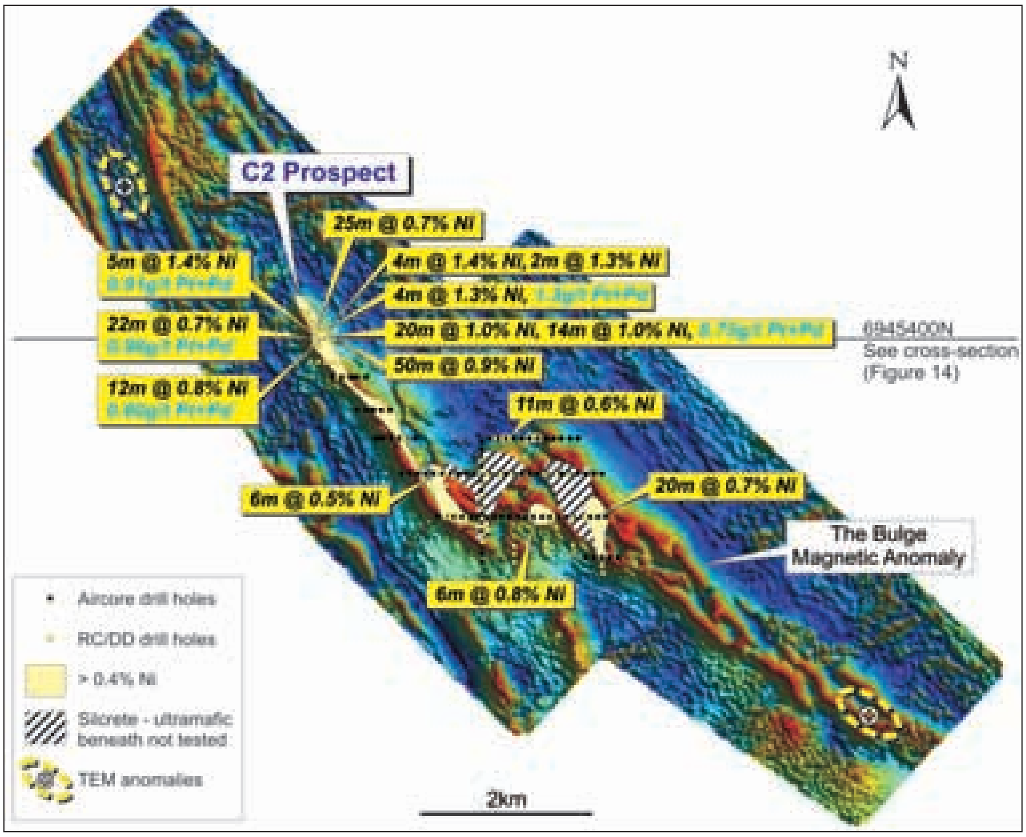


Figure 13: *Duketon JV - Bulge Prospect Plan Over Magnetic Intensity Image Showing Location of Significant Nickel Drill Intercepts*

This intersection indicates that both the width and grade of the eastern zone mineralisation is improving with depth.

Away from C2, the majority of the Bulge has yet to be tested by effective drilling, with only 5 holes testing a 5km strike length of the prospective eastern contact and a similar number testing the western contact.

It has been decided that prior to any further deep RC and diamond drilling at C2, further drilling will be completed along the eastern and western contact to ensure that deep drilling is focussed on the most prospective areas. A detailed aeromagnetic survey has been completed to assist in defining the ultramafic margins prior to drill testing.

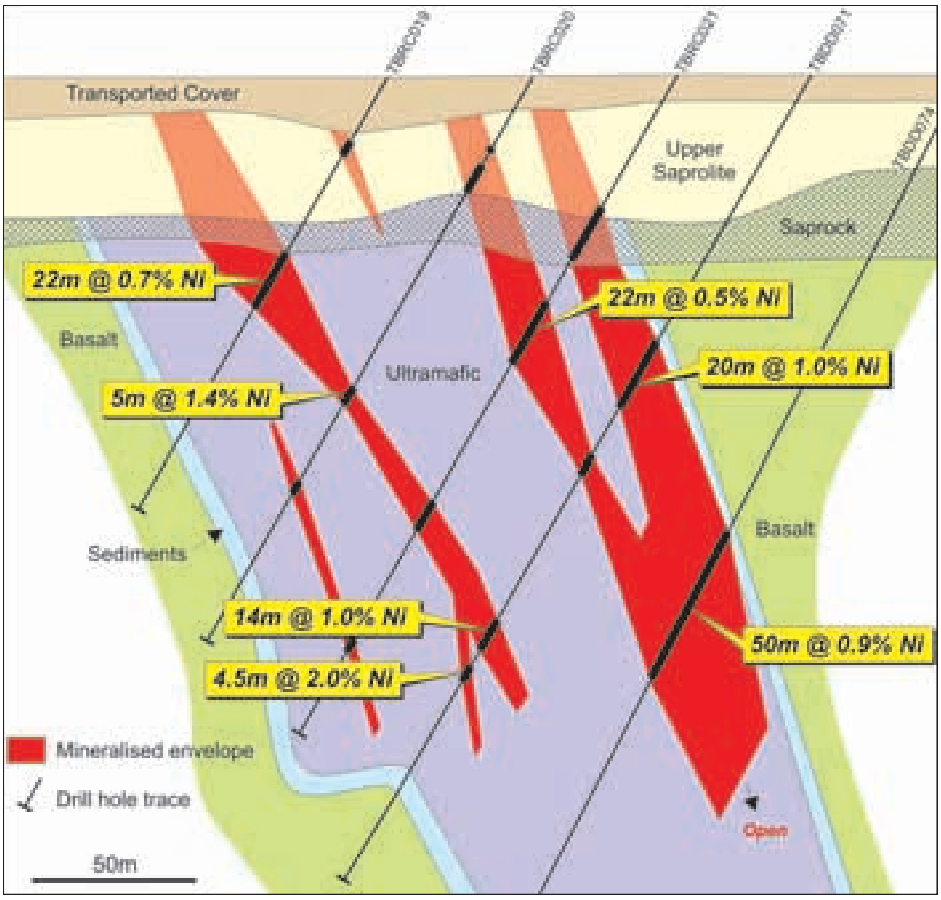


Figure 14: *Duketon JV - Bulge Prospect Cross-Section Showing Significant Nickel Drill Intercepts*

LEFROY JOINT VENTURES

Target:	Massive Magmatic Nickel Sulphide Mineralisation
Project Generation:	Conceptually Targeted
Equity:	IGO Earning 80% (Yamarna Goldfields Limited Diluting)
	IGO 100% (AngloGold Ashanti Clawback)
	IGO Earning 70% Nickel Rights (Gladiator Resources Ltd Diluting)
Geological Setting:	Interpreted Archaean Ultramafic Belt Beneath Conductive Cover

Through a number of JV agreements, IGO is exploring tenure covering magnetic features interpreted to be potentially prospective ultramafic stratigraphy under the Lake Lefroy salt lake 15–30 km east of Kambalda (Figure 15). The stratigraphy and structural setting of these features is potentially analogous to the Kambalda Dome Nickel Camp. Numerous targets have been or are currently being tested utilizing various TEM techniques including Anglo American's (AAE) Low Temperature SQUID TEM sensor (LTS) under the IGO/ AAE SQUID Joint Venture.

All accessible target areas have now been TEM tested and a number of priority conductors have been defined. First pass TEM in less accessible areas in the vicinity of salt lakes has defined additional TEM conductors, however wet conditions have prevented follow-up surveys. Drill testing of the best conductors will take place once all infill TEM work has been completed.

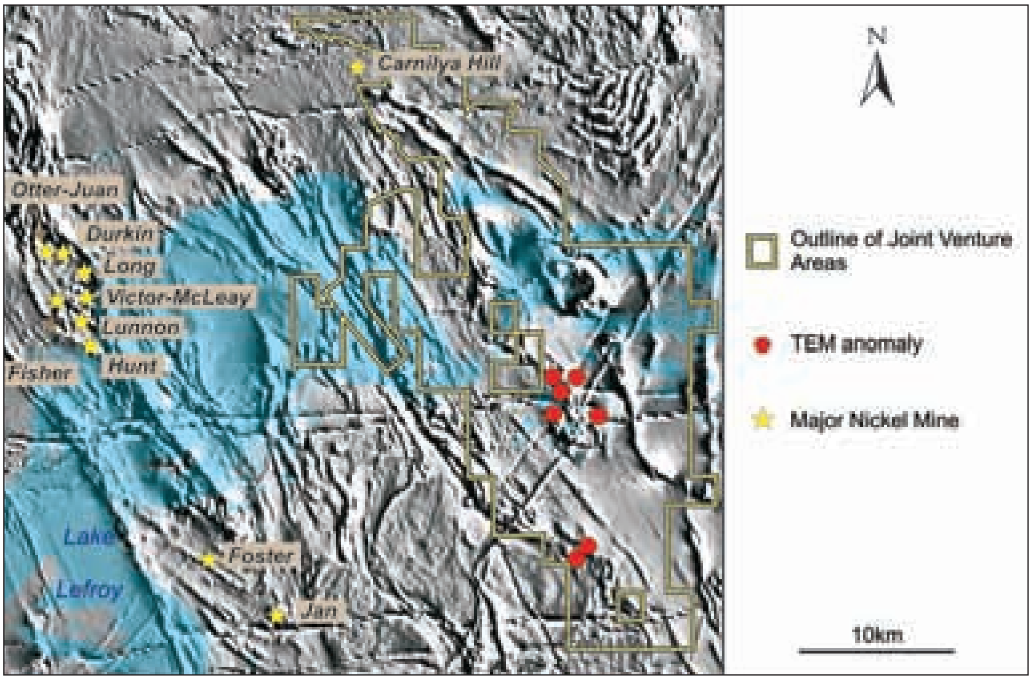


Figure 15: *Lake Lefroy JV's - Tenure, Lake Coverage, TEM Anomalies and Major Nickel Mines Over Aeromagnetic Image*

MUSGRAVE

Target:	Intrusive Related Magmatic Nickel, Copper, PGE Sulphide Mineralisation
Project Generation:	Conceptually Targeted
Equity:	IGO 51% (Goldsearch Limited 49%)
Geological Setting:	Under-Explored Proterozoic Musgrave Complex

The Musgrave JV comprises tenements and applications covering approximately 18,000 square kilometres of the South Australian portion of the Musgrave Block. Most of the tenure is held within freehold Aboriginal Lands and is yet to be granted. At the end of the 2009 financial year, JV partner BHP Billiton advised of its intention to withdraw from the project due to changing priorities. IGO and remaining JV partner Goldsearch have elected to continue exploration of the project.

The main target is Ni-Cu-PGE sulphide mineralisation associated with the 1080Ma Giles Complex and associated mafic and ultramafic intrusive rocks, equivalent to those hosting BHP Billiton's Nebo-Babel Ni-Cu-PGE sulphide discovery in Western Australia. The Giles Complex is one of the largest mafic intrusive complexes in the world, and due to its remote location has only been subjected to cursory exploration in the past. Limited work in the 1970's has confirmed a nickel sulphide occurrence within the JV tenure.

During the year exploration continued on seven priority "blocks" delineated within the two granted tenements, EL3954 and EL3955, using regional Landsat, aeromagnetic, radiometric, gravity and geological data. Geochemical soil sampling and gravity surveys over the priority target blocks have delineated ten coincident Ni–Cu–PGE and gravity anomalies over known and interpreted Giles Complex mafic–ultramafic intrusives.

Geophysical electromagnetic surveys that can directly detect buried massive nickel sulphides are planned to test the geochemical and gravity anomalies in 2009/10.

Negotiations regarding the grant of the next tranche of priority tenements are continuing.

MT ISDELL

Target:	Sediment Hosted Gold and Base Metal Deposits
Project Generation:	WMC Resources Diamond Division Database
Equity:	IGO 100%
Geological Setting:	Paterson Province, 35km South of 26M Oz Telfer Gold Deposit

The Mt Isdell Project consists of two Exploration Licences totalling 428 square kilometres, located 35 kilometres south of the 26 million ounce Telfer gold resource and 80 kilometres south-east of the Nifty copper operation (148M t @ 1.3% Cu) (Figure 16).

The project covers Proterozoic Yeneena Group meta-sediments concealed by extensive aeolian sand dune cover and was targeted on anomalous WMC Diamond Division samples up to 12ppb gold, 598ppm copper, 1031ppm cerium, with anomalous arsenic and lead.

Reconnaissance and infill lag sampling by IGO has delineated a 5km x 3km area of high order zinc, lead, and copper with elevated cerium, cobalt, arsenic, bismuth and gold anomalism. Geophysical surveys have highlighted a major north-west trending gravity gradient structure which coincides with the high order surface anomaly. Both the Nifty Copper and Maroochydore Copper/Cobalt deposits are proximal to this feature.

Due to funding constraints, Joint Venture partner (Teck-Cominco Australia Pty Ltd a 100% owned subsidiary of Teck Cominco Limited), withdrew from the joint venture in 2009. IGO intends to test the 5 priority surface geochemistry anomalies with a 14 hole aircore drilling program in 2009/10, subject to access approvals.

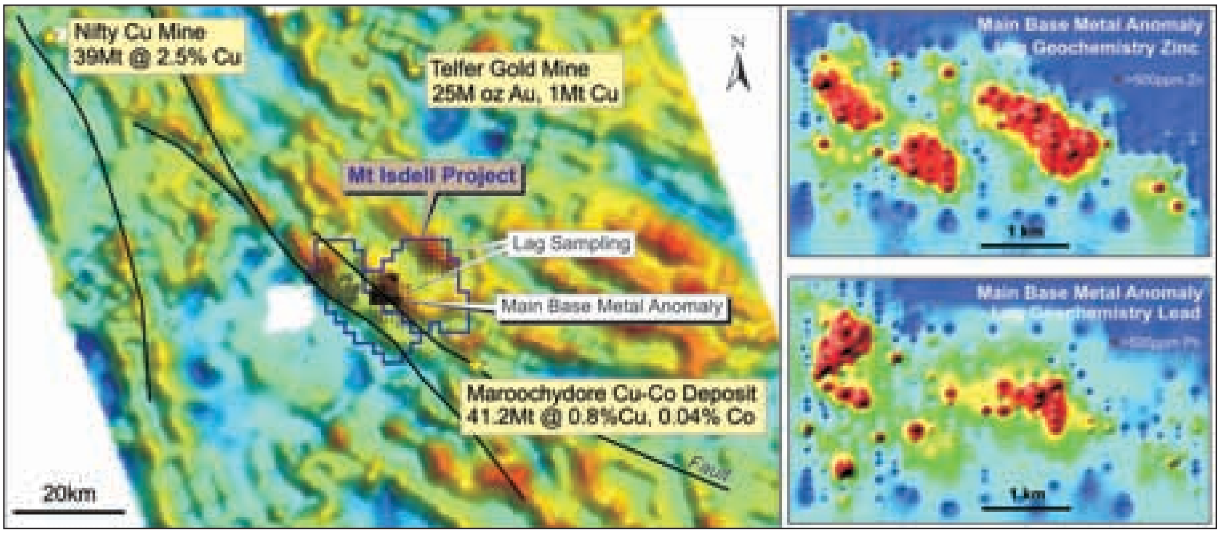


Figure 16: *Mt Isdell – Tenure, Base Metal Anomalies and Significant Nearby Mines Over Gravity Image*

2009 | OTHER INVESTMENTS

MATRIX METALS LIMITED

Commodity: | Copper

IGO has 128.9 million shares (16%) in Matrix Metals Limited ("Matrix").

The investment has been fully provided for as Matrix is under administration. See Matrix's announcements for further details (ASX Code: MRX).

BRUMBY RESOURCES LIMITED

Commodity: | Iron Ore and Manganese

IGO holds 6 million fully paid Brumby Resources Limited shares (11.5%) and 2 million listed options (ASX Code: BMY and BMYO respectively).

JORC CODE AND FORWARD-LOOKING STATEMENTS

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

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

Tropicana Resources: The information in this report that relates to the Tropicana Gold Project's Mineral Resources is based on information compiled by Mark Kent. Mark Kent is a full-time employee of AngloGold Ashanti Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mark Kent 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' and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

2009 | ANNUAL REPORT

INDEPENDENCE GROUP NL

Corporate Governance Statement

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed its recommendations, identify which recommendations have not been followed and the reason for not adopting the recommendations.

The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and that companies should only adopt those recommendations that are suitable in each individual case.

The following is a summary of policies adopted by the Company and where appropriate, explanations of where the recommendations have not been applied. The various policies and procedures were followed throughout the entire financial year.

Board Composition and Functions

Under the Company's Constitution, the Board is required to consist of at least 3 and no more than 10 directors. If the Company has 3 or more directors, one third of the directors, with the exception of the Managing Director, must retire and seek re-election at the Annual General Meeting each year.

The Board of the Company currently consists of 2 executive directors and 4 independent non-executive directors. The Board includes the Managing Director (executive) and the Chairman (non-executive). Directors of the Company during the financial year and information pertaining to individual directors are included in the Directors' Report.

The Board composition complies with ASX recommendations, in that a majority of directors are independent. The roles of Chairman and Chief Executive Officer (or Managing Director) are not exercised by the same person, and the Board is considered to be comprised of directors with the experience and qualifications best suited to the Company's size and range of activities.

The Company has an independent Chairman (Oscar Aamodt). The Company has followed ASX recommendations in the assessment of whether a director is considered to be "Independent". The other independent directors are Rod Marston, John Christie and Peter Bilbe.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies. The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

The Board delegates other responsibilities to committees, executive directors and senior management. The matters reserved to the Board are in the Board Charter in the Corporate Governance section of the Company's website. The roles of and matters reserved to senior executives are considered internal matters and are not publicly available.

The process for evaluating the performance of the Board and individual directors and senior executives is detailed in the Remuneration Policy which is in the Corporate Governance section of the Company's website. Executive directors and senior executives' performance was last evaluated in December 2008. Performance of non-executive directors was last evaluated in March 2009. The process for evaluating performance was in accordance with the Company's Remuneration Policy.

Board members have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense.

Director Independence

The Company has established guidelines for testing the independence of directors.

A director is considered to be independent if they satisfy certain criteria, the most significant being as follows:

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration. The director must have no other material contractual relationship with the Company other than as a director of the Company;
- The director is not a substantial shareholder of the Company;
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last 3 years; and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

The full policy on determining the independence of directors is available in the Corporate Governance section of the Company's website.

Risk Management

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment;
- identify business risk areas;
- identify business opportunities; and
- monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

Management has implemented a risk management system whereby all identified risks are entered into a risk register. Any controls implemented to mitigate these risks are then linked to the risks to produce a mitigated risk register. The register is updated on a monthly basis by management and a quarterly update of the register is provided to the Board. The Board meets at least annually with senior management to interrogate the risk register and to ensure that all reasonable procedures are put in place to mitigate the Company's risks. The last full risk management review by the Board was held in May 2009.

The Board meets on a regular basis. The Company commissions an internal audit to be performed by an independent consultant twice each year to assess compliance with the Company's internal financial control policies and procedures. The independent consultant reports to the Audit Committee.

The Managing Director and Company Secretary are required to provide written assurance to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating effectively in all material respects in relation to the Company's material business risks.

The Company has put in place guidelines to ensure that directors and officers do not trade in the Company's shares if they are aware of non-public information that could be expected to have a material effect on the market price of the Company's shares. The Company has also put in place a restriction on any employee or director securing 3% or more of the Company's shares by way of margin loans. Directors and employees are prohibited from entering into transactions or arrangements which limit the risk of participating in unvested employee entitlements (ie. hedging arrangements). The full Share Trading Policy is available on the Company's website.

As the Company operates an underground mine, subsidence or rock falls are considered to be the main operational risk. The mine site has a Ground Control Management Plan ("GCMP") which is regularly updated as part of the risk management process. Daily operations and proposals for development of new areas in the mine take into account the procedures and recommendations of the GCMP, which takes into account seismic activity and ground support requirements under various conditions.

The oversight and management of other categories of material business risk are addressed specifically elsewhere in this report.

Audit Committee

The Company has established an Audit Committee which is responsible for the following:

- oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements;
- oversee the financial reporting process, including reviewing and reporting to the Board on the accuracy of all financial reports lodged with ASX which include the quarterly, half-yearly and annual financial reports;
- recommend to the Board the nomination, removal and remuneration of the external auditors; and
- review the external audit arrangements, including ensuring that any non-audit services provided do not impair auditor independence.

The Audit Committee reports to the Board and meets as required, but in any case at least twice each year. Current members are Rod Marston, John Christie and Oscar Aamodt. Rod Marston is a geologist with corporate experience. John Christie is a qualified accountant/chartered secretary and Oscar Aamodt is a chartered secretary, both having considerable financial and managerial experience. The Committee has authority to seek any pertinent information it requires from any employee or external party. Qualifications held by the individuals on the Audit Committee are included in the Directors' Report. The chairman of the Committee is John Christie.

The Audit Committee follows ASX recommendations as the members are all independent non-executive directors.

Any member of the Committee is able, and obliged, to bring any matter to the attention of the Board where the member believes the matter has not been adequately dealt with by the Committee, or is of significant importance that the Board should be informed.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company's financial reports present a true and fair view of the Company's financial condition and that operational results are reported in accordance with relevant accounting standards. The Auditor is required to attend the Company's annual general meeting. Providing the external auditor performs to the satisfaction of the Audit Committee and audit independence is not considered to be impaired, there is no requirement for a rotation of external audit partners, other than as required by law and to comply with accounting standards and interpretations.

The Audit Committee Charter is available on the Company's website.

Hedging Committee

The Company has established a Hedging Committee to make recommendations to the Board on hedging policies and to maintain the hedging portfolio. The members of the Hedging Committee at the date of this report are Oscar Aamodt, John Christie and Kelly Ross.

Procedure for the Selection of New Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. Incumbent directors due to retire by rotation are automatically nominated for re-election, subject to the willingness of the director to continue on the Board and providing there are no objections raised by other Board members.

Corporate performance is enhanced when the Board has an appropriate mix of skills and experience. The Board is evaluated before a candidate is selected to join the Board. Candidates are nominated by existing Board members and independent search consultants are also utilised if necessary. Where a director nominates a candidate for the Board, the director must disclose any pre-existing relationship with the nominee.

New directors are provided with a letter of appointment setting out their responsibilities and rights, and are provided with a copy of the Company's Constitution and corporate governance policies.

The full policy for nomination of directors is available on the Company's website.

Compensation of Board Members

The Company's policies and procedures relating to the remuneration of board members and senior management are contained in the Remuneration Report which forms part of the Directors' Report.

Conflicts of Interest

The Board has implemented Code of Conduct and Share Trading Policies which have been designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain.

These policies are available on the Company's website.

Code of Conduct

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

Environmental Policy

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

Sustainability Report

The Company purchased and commenced operations at the Long Nickel Mine in the last quarter of 2002. This mine had been operating for approximately 21 years before being placed on care and maintenance about 3 years before being purchased by the Company.

At the time of the acquisition the Company was cognizant of the difficulty of re-opening what was historically a challenging mining operation. The primary focus of management was ensuring that the operations could be conducted with safety as a priority, with operating procedures and production targets that did not jeopardize that objective. As a result the safety record of the Company has been of a high standard. The details are provided in the Operations Report section of this Annual Report.

The Company has also aimed to employ as many of its people from the local community as possible, as without this ongoing employment the community in which we operate will diminish and local facilities will be neglected due to lower population numbers. The Company also assists the local community by contributing to the development of facilities needed to encourage people to remain in the area and has spent $387,000 on community activities and facilities since commencing operations in 2002.

The Company's environmental footprint was impacted by the arrangements that were imposed pursuant to the purchase agreement, which meant that the key inputs to the operation were already in place, leaving the Company with minimal scope to pursue alternative environmentally favourable supplies of key inputs. However, by carrying out reviews of the consumption of key inputs to the mine, the quantity of water and electricity used has declined over the last two financial years by approximately 43% and 7% respectively.

In addition the Company has been using material from the surrounding tailings storage dams as backfill in the mine. This is assisting with the reduction in the potential environmental impact in the area.

The reporting requirements under The National Greenhouse and Energy Reporting Act 2007 became effective from 1 July 2008. As the Company is an energy consumer it has registered under the Act and will report its emissions as a result of power and diesel fuel usage on an annual basis.

The Company has developed specific policies and procedures to ensure that we are able to comply with the laws and regulations that affect the mining and exploration activities being conducted by the Company. These are reviewed as part of the Company's risk management procedures and varied as necessary to ensure compliance in all jurisdictions in which we operate.

Disclosure of Information to ASX and Investors

The Company has established policies and procedures relating to the disclosure of information to interested parties. The Company Secretary is responsible for ensuring the Company complies with ASX Listing Rules and general continuous disclosure obligations. The following policies and procedures are contained in the Corporate Governance section of the Company's website:

- Code of Conduct
- Director Independence
- Legal, Environmental & Social Responsibilities
- Remuneration Policy
- Risk Management & Internal Control Procedures
- Audit Committee
- Board and Management Responsibilities
- Compliance with ASX Disclosure Requirements
- Nomination of Directors
- Directors' and Officers' Trading in Securities
- Communication with Shareholders
- Investor Relations and Media Interaction

Directors' Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

The names of directors in office at any time during or since the end of the year are Oscar Aamodt, Christopher Bonwick, Kelly Ross, John Christie, Rod Marston and Peter Bilbe. Directors have been in office since the start of the financial year to the date of this report except for Peter Bilbe who was appointed as a director on 31 March 2009.

Principal Activities

The principal activities of the Group during the financial year were mineral exploration and nickel mining.

There were no significant changes in principal activities during the financial year.

Operating Results

The consolidated profit of the Group after providing for income tax amounted to $16,121 thousand (2008: $51,538 thousand).

Dividends Paid or Recommended

The Company paid a fully franked 5 cent final dividend to shareholders in respect of the year ended 30 June 2008 in September 2008.

The Company paid a fully franked 2 cent interim dividend to shareholders in respect of the year ended 30 June 2009.

The Company has announced that a fully franked 3 cent dividend will be paid to shareholders on 29 September 2009.

Franking credits of $69,824 thousand are currently available.

Review of Operations

The Group focused on the Long Nickel Mine operation. The Group concentrated its exploration activities on various targets generated by regional exploration programs.

The consolidated profit before income tax decreased by 66% to $25,054 thousand (2008: $74,199 thousand).

Nickel revenue for the year decreased by 32% to $93,855 thousand (2008: $137,665 thousand).

Fully diluted earnings per share decreased from 43.82 cents in 2008 to 14.01 cents in 2009. The Group had cash assets of $127,238 thousand (2008: $145,384 thousand) and net assets of $195,436 thousand (2008: $192,957 thousand) at the end of the financial year.

A summary of the Company's activities during the year is contained in the Managing Director's Operations Report section of the Annual Report.

Future Developments

The likely developments in the operations of the Group and the expected results of those operations in future financial years are the exploration of new and existing project areas in the search for gold, nickel, platinoids, copper and other minerals, and the production of nickel and copper from the Long Nickel Mine.

The Board anticipates that the Long Nickel Mine's cash flow will allow the Group to vigorously explore existing tenement interests, as well as provide the opportunity to develop any discoveries to their full potential. These expected future cash flows are subject to future nickel prices and exchange rates. The Company will also consider corporate investments or acquisition of projects should suitable opportunities arise, as well as pay regular dividends to shareholders.

The Board anticipates that the Company will contribute to its share of costs for the development of the Tropicana Gold Project. Detailed information relating to the project is included in the Managing Director's Operations Report which forms part of this Annual Report.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Audit Independence

The Auditor's Independence Declaration included in this report forms part of the Directors' Report.

Audit Services

The auditor did not provide any non-audit services to the Company or the Group. Details of audit services provided are in note 5 to the financial statements.

Unlisted Options

No options were granted over unissued shares during or since the end of the financial year by the Company to directors or any of the five most highly remunerated officers as part of their remuneration.

Unlisted options issued as at the date of this report are as follows:

Number	Expiry Date	Exercise Price
25,000	30/06/10	$3.07
100,000	30/06/10	$2.94
37,500	30/06/10	$1.59
112,500	30/06/11	$4.85
225,000	30/06/11	$4.64
750,000	30/06/11	$4.44
1,250,000		

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate. 37,500 shares have been issued since the end of the financial year as a result of the exercise of unlisted options. Further information relating to unlisted options is included in note 7 of Additional Information for Listed Public Companies.

Information on Directors

The experience of each director is included in the Managing Director's Operations Report section of the Annual Report.

Oscar Aamodt	-	**Chairman (Non-executive) Age 63**
Qualifications		FCIS
Tenure		Board member since 2005. Chairman since 31 March 2009.
Special Responsibilities		Mr Aamodt is on the Hedging, Remuneration and Audit Committees.
Christopher Bonwick	-	**Managing Director (Executive) Age 50**
Qualifications		BSc (Hons), MAusIMM
Tenure		Managing Director and Board member since 2000.
Special Responsibilities		Mr Bonwick is the executive in charge of operations and corporate development.
Kelly Ross	-	**Director (Executive) Age 47**
Qualifications		CPA, Grad.Dip.CSP
Tenure		Board member since 2002.
Special Responsibilities		Ms Ross is the Company Secretary and is on the Hedging Committee.
John Christie	-	**Director (Non-executive) Age 71**
Qualifications		CPA, ACIS
Tenure		Board member since 2002.
Special Responsibilities		Mr Christie is on the Remuneration, Audit and Hedging Committees.
Rod Marston	-	**Director (Non-executive) Age 66**
Qualifications		BSc (Hons), PhD, MAIG, MSEG
Tenure		Board member since 2001. Chairman from 20 August 2003 to 31 March 2009.
Special Responsibilities		Dr Marston is on the Remuneration and Audit Committees.
Peter Bilbe	-	**Director (Non-executive) Age 59**
Qualifications		BE (Mining) (Hons), MAusIMM
Tenure		Board member since 31 March 2009.
Special Responsibilities		Mr Bilbe is on the Remuneration Committee.

Other Listed Company Directorships Held During Past 3 Years

Dr Marston has been a director of Kasbah Resources Limited since November 2006. Mr Aamodt has been a director of Energy Metals Limited since July 2005. Mr Bilbe is a past director of Mount Gibson Iron Limited and Aztec Resources Limited. Mr Bilbe is currently a director of Aurox Resources Limited, RMA Energy Limited, Northern Iron Limited and Norseman Gold plc.

Company Secretary Qualifications

The Company Secretary is Kelly Ross, who is a qualified accountant holding a Bachelor of Business (Accounting) and has the designation CPA from the Australian Society of Certified Practicing Accountants. Ms Ross is a Chartered Secretary with over 25 years experience in accounting and administration in the mining industry and has been the Company Secretary of Independence Group NL since 2001.

Meetings of Directors

During the financial year, 21 meetings of directors (including committees of directors) were held. The number of meetings attended by each director during the year is as follows:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE		AUDIT COMMITTEE		HEDGING COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Oscar Aamodt	10	10	1	1	5	5	5	5
Christopher Bonwick	10	10	-	-	-	-	-	-
Kelly Ross	10	10	-	-	-	-	5	4
John Christie	10	10	1	1	5	5	5	5
Rod Marston	10	10	1	1	5	4	-	-
Peter Bilbe	4	4	-	-	-	-	-	-

Interests in Shares and Options

Interests in shares and options held by key management personnel at the date of this report were as follows:

	Ordinary Fully Paid Shares	Unlisted Options
Mr C Bonwick	3,003,506	500,000
Mr R Marston	1,315,000	-
Ms K Ross	445,000	250,000
Mr J Christie	545,000	-
Mr O Aamodt	20,000	-
Mr P Bilbe	-	-
Mr B Hartmann	37,500	-
Mr T Moran	-	-
Mr G Davison	2,700	-
TOTALS	5,368,706	750,000

Details of the terms and conditions for these securities are disclosed in note 29 of the Financial Statements and in notes 1 and 7 of Additional Information for Listed Public Companies.

Audited Remuneration Report

The Information provided in this Remuneration Report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Remuneration Policy and Procedures

The Company has established a Remuneration Committee to oversee the remuneration of senior executives and executive directors. At the date of this report, the Committee members were independent directors Rod Marston, John Christie, Oscar Aamodt and Peter Bilbe.

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to performance, relative industry remuneration levels, and where appropriate, the Committee seeks independent advice to ensure appropriate remuneration levels are in place. No director may be involved in setting their own remuneration or terms and conditions.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees. The remuneration of non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board. The available non-executive directors' fees pool is $300,000 which was approved by shareholders at the Annual General Meeting on 18 November 2003, of which $300,000 (2008: $230,000) is currently being utilised.

Non-executive directors may provide consulting services to the Company, which are over and above the services normally provided by a non-executive director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive director that fall outside their normal duties as a director, additional services may be charged to the Company, at a rate approved by the Board. No such services were provided during the year ending 30 June 2009.

Performance evaluations for all Board members are held annually and are undertaken with a view to comparing the performance of individual directors to the performance and growth of companies of similar size and complexity within the mining industry. The current base remuneration was last reviewed with effect from 6 April 2009.

Bonuses and performance-based rewards are given where the Committee believes performance of an individual senior manager compares favourably with their peers within the industry. The objective of the reward schemes is to both reinforce the short and long term goals of the Company and to provide a common interest between management and shareholders. The following summarises the performance of the Company over the last 5 financial years:

	2005	2006	2007	2008	2009
Revenue ($ millions)	86.6	113.4	226.5	149.1	101.1
Net profit after income tax ($ millions)	20.9	35.0	105.3	51.5	16.1
Share price at year end ($/share)	1.35	2.72	6.95	5.10	4.63
Dividends paid (cents/share)	8	7	13	17	7

Performance Based Remuneration

Short Term Incentives (STI)

The objective of STI is to link the creation of shareholder wealth in the short term with the remuneration of those employees who are charged with the management of the Company and are primarily responsible for its performance. The total potential STI available is set annually at a level to provide sufficient incentive to executive directors and senior managers to achieve operational targets at a cost to the Company that is reasonable in the circumstances.

For executive directors, these performance based incentives are based on Total Shareholder Return (TSR) growth for the Company compared with its peers. For senior managers, these performance based incentives are based on actual outcomes compared with budgets and Key Performance Indicators (KPI's).

TSR is used as a performance hurdle because it is recognised as one of the best measures of shareholder return. As the Company's results are subject to market conditions for its products that are outside its control, the Company's results are best judged by a comparison with its peers and not on the absolute results achieved. The TSR measure is readily comparable with similar companies.

The peer group of ASX listed companies against which the Company's TSR performance was measured for the 2008 TSR were Western Areas NL (WSA), Oxiana Limited (OXR), Straits Resources Limited (SRL), Mincor Resources NL (MCR) and Panoramic Resources Limited (PAN) The companies in the peer group are reviewed each year to take account of any new Australian-based and ASX listed entities producing the same or similar products as those produced by the Company and to eliminate any entity that ceased to produce the same or similar products or was merged into a multi-commodity entity having no ongoing similarity to the Company.

The maximum STI payable each financial year is set by the Remuneration Committee on an individual basis after taking into account employment market conditions and the amount determined to be paid as the variable component.

The maximum amount of the STI is to be paid where the Company's TSR for the relevant period is greater than the average of the peer group. Where the Company's TSR for the relevant period is less than 50% of the peer group average no STI is payable. Between 50% and 100% a proportional amount is paid. The KPI's selected are designed to ensure a maximum return on assets and to reflect the effect of the executives' performance on shareholder wealth.

For senior managers the STI payment will depend on the extent to which specific operating targets set at the beginning of the year are met. The operational targets consist of a number of KPI's relevant to the individual senior manager's position.

STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. During the year executive directors received 0% of the total allocated bonus for the 2008 year.

Long Term Incentives (LTI) – Executives

The LTI component of the remuneration package is to reward executive directors and senior managers in a manner which aligns a proportion of their remuneration package with the creation of shareholder wealth over a longer period than the STI.

The LTI benefits are delivered in the form of options to acquire ordinary shares in the Company. The use of options that are issued with an exercise price at market price ensures that the executive director or senior manager only receives a benefit where shareholder wealth has increased though an increase in the market value of the Company's shares. The issue of options has been to ensure quality staff remain within the organisation and have therefore been linked to employment service periods rather than performance measures.

The options are issued on the basis that 25 percent of the total number issued to an executive director or senior manager will vest on each of the 4 anniversary dates following their issue, with the exception of the options issued in November 2006 which vested after 12 months. The options have a 5 year life and can be exercised at any time after they have vested. The exercise price is set at the prevailing market price of the Company's ordinary shares at the time of the issue of the options, with the exception of the options issued in November 2006 which have an exercise price of the average market price of the Company's ordinary shares over the 5 days prior to the date of issue.

The options do not entitle the holder to voting or dividend rights.

Options that have not vested are cancelled if the executive director or senior manager ceases to be an employee of the Company.

The options are allocated to executive directors and senior management personnel on the basis of the incumbent's position and responsibilities on the recommendation of the Managing Director and the approval of the Board. Options issued to the Managing Director are on the recommendation of the Chairman and are approved by the Board.

All options granted to executive directors are approved in advance by shareholders.

No options were granted or issued to directors or key management personnel during the year.

Long Term Incentives (LTI) – Non-executive Directors

In 2003 the Company issued options to non-executive directors which aimed to align a proportion of their remuneration package with the creation of shareholder wealth.

However, no options have been granted or issued to non-executive directors since those issued in 2003 and there is no intention to issue options to non-executive directors in the foreseeable future. Accordingly, there is no current LTI plan for non-executive directors.

Key Management Personnel

The directors who held office during the financial year were Oscar Aamodt (Chairman), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director), John Christie (Non-executive Director), Rod Marston (Non-executive Director) and Peter Bilbe (Non-executive Director). The directors held office during the entire financial year except for Peter Bilbe who was appointed on 31 March 2009. Rod Marston held the position of Chairman until 31 March 2009.

The only other person who qualified as key management personnel during the financial year, and to whom this Remuneration Report also relates, is Brett Hartmann (General Manager – Long Nickel Mine). The General Manager – Long Nickel Mine is employed by the Company's subsidiary Lightning Nickel Pty Ltd. Also included in remuneration disclosures are Tim Moran and Gary Davison who are classified as relevant group executives as they are non-executive directors of subsidiary Lightning Nickel Pty Ltd.

Employment Contracts

Terms and conditions of employment contracts:

i) Non-executive directors do not have employment contracts with the Company. Executive directors are employed under contracts which do not have a defined term. These contracts include provision for termination benefits of 1 month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 month's remuneration is payable to the executive should the Company terminate the employment contract due to a takeover event, but only if such payment would not breach ASX Listing Rules. In all other circumstances the contracts can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. Current employment contracts provide for base remuneration of $550,000 (2008: $550,000) for Christopher Bonwick and $310,000 (2008: $310,000) for Kelly Ross.

ii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts. The Company pays any fringe benefits tax cost relating to executive directors' remuneration payments and that cost is included in the executive directors' total compensation in the table below.

iii) The executive Brett Hartmann is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $275,000 (2008: $275,000) plus motor vehicle expenses and superannuation contributions. Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

Compensation Paid for the Financial Year

Key management personnel during the financial year received the following remuneration:

	Short-term Benefits			Post-employment Benefits	Share-based Payments	
	Cash Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Options (ii) $	Total $
2009						
O Aamodt *Non-executive Chairman*	75,000	-	-	-	-	75,000
C Bonwick *Managing Director*	504,587	-	-	45,413	-	550,000
K Ross *Executive Director/Company Secretary*	270,416	-	21,977	25,596	-	317,989
J Christie *Non-executive Director*	70,000	-	-	-	-	70,000
R Marston *Non-executive Director*	85,000	-	-	-	-	85,000
P Bilbe (i) *Non-executive Director*	17,500	-	-	-	-	17,500
B Hartmann *General Manager – Long Nickel Mine*	275,000	1,680	9,382	24,750	1,418	312,230
T Moran *Non-executive Director of subsidiary*	43,333	-	-	-	-	43,333
G Davison *Non-executive Director of subsidiary*	43,333	-	-	-	-	43,333
Total remuneration	1,384,169	1,680	31,359	95,759	1,418	1,514,385
2008						
O Aamodt *Non-executive Director*	62,404	-	-	1,125	-	63,529
C Bonwick *Managing Director*	466,736	100,000	-	41,597	16,063	624,396
K Ross *Executive Director/Company Secretary*	255,024	40,000	23,110	23,778	8,032	349,944
J Christie *Non-executive Director*	65,825	-	-	-	3,588	69,413
R Marston *Non-executive Chairman*	85,825	-	-	-	7,176	93,001
B Hartmann *General Manager – Long Nickel Mine*	262,499	85,000	13,871	23,625	4,130	389,125
T Moran *Non-executive Director of subsidiary*	36,667	-	-	-	-	36,667
G Davison *Non-executive Director of subsidiary*	36,667	-	-	-	-	36,667
Total remuneration	1,271,647	225,000	36,981	90,125	38,989	1,662,742

(i) P Bilbe was appointed to the board on 31 March 2009.

	At Risk – LTI Equity Compensation	At Risk – STI Performance Based Bonuses	Fixed Remuneration
2009			
O Aamodt	0%	0%	100.0%
C Bonwick	0%	0%	100.0%
K Ross	0%	0%	100.0%
J Christie	0%	0%	100.0%
R Marston	0%	0%	100.0%
P Bilbe	0%	0%	100.0%
B Hartmann	0.5%	0%	99.5%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%
2008			
O Aamodt	0%	0%	100.0%
C Bonwick	2.6%	16.0%	81.4%
K Ross	2.3%	11.4%	86.3%
J Christie	5.2%	0%	94.8%
R Marston	7.6%	0%	92.4%
B Hartmann	1.1%	21.8%	77.1%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%

Non-performance based remuneration paid is not based upon any measurable performance indicators. Non-performance based remuneration is based on relative industry remuneration levels and is set at a level designed to retain the services of the director or senior executive.

(ii) Remuneration options: Granted and vested during the year

The Company uses the fair value measurement provisions of AASB 124 "Related Party Disclosures" and AASB 2 "Share-based Payments" for all options granted to directors and relevant executives. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis from grant to vesting date. Fair values at grant date are independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate and the term of the option. No adjustments have been made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures). The following options which were granted in prior years, were exercised during the year:

- 37,500 options at $1.16 each by key management person B Hartmann (2008: 37,500)

There were no options granted to directors or executives during the year (2008: nil).

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
26 November 2003	26 November 2006	30 June 2008	$1.33	$0.29
26 November 2003	26 November 2006	30 June 2008	$1.03	$0.44
10 February 2005	4 February 2008	30 June 2010	$1.16	$0.21
27 November 2006	27 November 2007	30 June 2011	$4.44	$1.71

The fair value of options issued is recognised as an expense in the financial statements. Further information relating to the options issued by the Company during prior years is included in note 29 to the financial statements.

Options granted carry no dividend or voting rights. The exercise price is based on the closing price at which the Company's shares traded on the Australian Securities Exchange on the day the options were issued, except for those in note (i) below which were issued at a 30% premium to the closing price. When exercisable, each option is convertible into one ordinary share.

Share options were issued to directors and executives of the Company in prior years. Options may be exercised at any time from the date on which they vest to the date of their expiry. Share options issued by Independence Group NL to key management personnel are as follows:

	Balance Vested at end of year No.	Vested and Exercisable No.	Options Vested during year No.	Options Unvested at end of year No.
2009				
C Bonwick (iv)	500,000	500,000	-	-
K Ross (iv)	250,000	250,000	-	-
B Hartmann (iii)	-	-	37,500	-
	750,000	**750,000**	**37,500**	**-**
2008				
R Marston (i)	-	-	250,000	-
C Bonwick (ii), (iv)	500,000	500,000	875,000	-
K Ross (ii), (iv)	250,000	250,000	437,500	-
J Christie (i)	-	-	125,000	-
B Hartmann (iii)	-	-	37,500	37,500
	750,000	**750,000**	**1,725,000**	**37,500**

(i) The options were issued to non-executive directors pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vested 25% each 12 month period and were exercisable at $1.33. The options were only exercisable once payment of 10.3 cents each was received by the Company. This cash payment was required to be made within 30 days of the commencement of each vesting period. The cash payment was non-refundable but formed part of the exercise price should the options eventually be exercised. The options have all been exercised. The fair value of the options at their grant date was 29.2 cents each.

(ii) The options were issued to executive directors pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vested 25% each 12 month period and were exercisable at $1.03. The options have all been exercised. The fair value of the options at their grant date was 43.8 cents each.

(iii) The options were issued to the executive on 10 February 2005. The options vest 25% each 12 month period and are exercisable at $1.16. Any options that have not vested are cancelled should the executive resign or be removed as an employee of the Company. The options expire on 30 June 2010. The fair value of the options at their grant date was 21.1 cents each.

(iv) The options were issued to executive directors pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting. The options were issued on 27 November 2006 with an exercise price of $4.44 and vest 12 months after the issue date. Any options that have not vested are cancelled should the director resign or be removed as an employee of the Company. The options expire on 30 June 2011. The fair value of the options at their grant date was $1.71 each.

TSR – Independence Group NL versus Peer Group

Total Shareholder Returns was adopted as a key performance indicator for executive remuneration in 2004. In 2003 executive remuneration was based on a broad range of criteria considered appropriate by the Remuneration Committee for the Company at its stage of development at that time. There were no bonuses paid to executives in 2002. The following table shows the TSR of the Company relative to its peer group. The 2009 TSR measure will be used for evaluating executives' performance in the 2010 financial year.

			Total Shareholder Returns		
	2004	2005	2006	2007	2008
Company	206	29	1.45	4.36	(24.03)
Peer Group	176	16	0.66	3.87	22.65

Details of Remuneration Cash Bonuses and Options

For each cash bonus and grant of options included in the tables in the Remuneration Report the percentage of the available bonus or grant that was paid or that vested in the financial year is set out below. No cash bonus or option granted was forfeited because the person did not meet the performance criteria. No part of the bonuses is payable in future years. The options vest 25% each year for 4 years, except for the options issued to C Bonwick and K Ross in 2006 which vested after 12 months. The options only vest if the key person is still employed by the Company on vesting date. The minimum value of the options is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

	Cash bonus	Options			
Name	Paid %	Year granted	Vested %	Financial years in which options may vest	Total value of grant yet to vest
B Hartmann	0	2005	100	-	-

No cash bonuses or options issued as part of any key management personnel's remuneration were forfeited during the year.

Further details relating to options are set out below:

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
B Hartmann	0.5%	-	90,000	-

A The percentage of the value of remuneration consisting of options based on the value of options expensed during the current year

B The value at grant date calculated in accordance with AASB 2 of options granted during the year as part of remuneration

C The value at exercise date of options that were granted as part of remuneration, either in the current year or any previous year, and were exercised during the year, being the intrinsic value of the options at that date

D The value at lapse date of options that were granted as part of remuneration and that lapsed during the year

End of Audited Remuneration Report

Indemnifying Officers or Auditor

During the financial year, the Company paid a premium in respect of a contract insuring the directors and executive officers of the Company and of any related body corporate against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as such an officer.

The Company has not paid any premiums to indemnify or insure the auditors of the Company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Significant Changes in State of Affairs

During the year the Company received $545 thousand as a result of the exercise of 465 thousand unlisted options. During the year the Company bought back 3,792 thousand shares on-market at a total cost of $10,697 thousand.

No other significant changes in the state of affairs of the Group occurred during the financial year.

Environmental Regulation

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and various States of Australia. During the year there were no non-compliance incidents.

The Group is likely to be affected by the proposed Carbon Pollution Reduction Scheme ("CPRS") recently announced by the Australian Government. The proposed scheme will put a price on carbon by requiring entities to hold a permit for every tonne of carbon dioxide equivalent emitted. The CPRS is intended to apply to entities from 1 July 2010.

The Group is likely to be classed as a liable entity under the CPRS, which will mean it will need to acquire carbon permits. Based on existing scheme information, this is not expected to have a significant effect on the financial results of the Group.

The Group will be subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group will report its greenhouse emissions, energy consumption and production from 1 July 2008. Systems have been put in place to comply with these reporting requirements. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

The Group is not expecting to be subject to the requirements of the Energy Efficiency Opportunity Act 2006, under which entities will be required to assess their energy use and report publicly on the results and business response to that assessment.

The Environmental Policy is available in the Corporate Governance section of the Company's website.

After Balance Date Events

On 27 August 2009 the Company announced that a final dividend for 2008/9 would be paid on 29 September 2009. The dividend is 3 cents per share and will be fully franked.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significant affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the"rounding off" of amounts in the directors' report. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors.

O Aamodt
Chairman

Dated this 11th day of September 2009

Declaration of Independence by Brad McVeigh

To the Directors of Independence Group NL

As lead auditor of Independence Group NL for the year ended 30 June 2009 , I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to this audit.

This declaration is in respect of Independence Group NL and the entities it controlled during the period.

Brad McVeigh
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Perth, Western Australia
11 September 2009

Income Statements

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Revenues from continuing operations	2a	**100,083**	147,937	**30,721**	31,232
Other income	2b	**1,018**	1,208	**85**	832
Mining and development costs		**(17,280)**	(20,262)	-	-
Employee costs		**(18,120)**	(18,529)	**(2,073)**	(1,770)
Share-based payment expense		**(189)**	(930)	**(189)**	(930)
Fair value adjustment of listed investments		**(8,276)**	(5,326)	**(8,276)**	(5,326)
Depreciation and amortisation expense		**(11,998)**	(8,800)	**(496)**	(373)
Rehabilitation reversal/(provision)		**1,308**	(417)	-	-
Finance costs expensed		**(23)**	(106)	-	-
Royalty expense		**(3,451)**	(4,651)	-	-
Ore tolling costs		**(8,205)**	(8,913)	-	-
Exploration costs expensed		**(1,437)**	(1,279)	**(1,437)**	(1,279)
Impairment of capitalised exploration costs		**(4,936)**	(1,208)	**(3,097)**	(969)
Impairment of investment in associated company		-	(564)	-	(564)
Impairment of loan to associated company		**(63)**	(1,325)	**(63)**	(1,325)
Other expenses		**(3,377)**	(2,636)	**(3,377)**	(2,635)
Profit before income tax	3	**25,054**	74,199	**11,798**	16,893
Income tax benefit/(expense)	4	**(8,933)**	(22,661)	**2,724**	3,401
Profit from continuing operations		**16,121**	51,538	**14,522**	20,294
Profit attributable to equity holders of Independence Group NL		**16,121**	51,538	**14,522**	20,294
Basic earnings per share (cents per share)	7	**14.14**	44.54		
Diluted earnings per share (cents per share)	7	**14.11**	43.82		

The accompanying Notes form part of these Financial Statements.

Balance Sheets

As at 30 June 2009

		Consolidated		Parent Entity	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash and cash equivalents	8	**127,238**	145,384	**21,387**	9,332
Current tax receivable		**1,393**	8,721	**1,393**	8,721
Trade and other receivables	9	**25,646**	13,485	**543**	434
Inventories	10	**310**	369	-	-
Other financial assets	11	**2,445**	18,913	**1,175**	9,469
TOTAL CURRENT ASSETS		**157,032**	186,872	**24,498**	27,956
NON-CURRENT ASSETS					
Trade and other receivables	9	**30**	25	**30**	8,555
Deferred tax assets	4	**6,367**	9,558	**774**	401
Other financial assets	11	**20**	-	-	-
Investments accounted for using the equity method	12	-	-	-	-
Property, plant and equipment	14	**6,108**	6,108	**643**	734
Exploration, evaluation and development expenditure	15	**58,791**	45,293	**33,118**	21,792
Mine acquisition and pre-production costs	16	**1,394**	1,751	-	-
Intangible assets	17	**1,281**	-	**1,281**	-
TOTAL NON-CURRENT ASSETS		**73,991**	62,735	**35,846**	31,482
TOTAL ASSETS		**231,023**	249,607	**60,344**	59,438
CURRENT LIABILITIES					
Trade and other payables	18	**13,338**	16,906	**2,747**	5,425
Borrowings	19	-	632	-	-
Other financial liabilities	20	**392**	20,722	-	-
TOTAL CURRENT LIABILITIES		**13,730**	38,260	**2,747**	5,425
NON-CURRENT LIABILITIES					
Trade and other payables	18	-	-	**4,298**	-
Deferred tax liabilities	4	**17,438**	16,043	**10,547**	7,728
Other financial liabilities	20	**3,214**	-	-	-
Provisions	21	**1,205**	2,347	-	-
TOTAL NON-CURRENT LIABILITIES		**21,857**	18,390	**14,845**	7,728
TOTAL LIABILITIES		**35,587**	56,650	**17,592**	13,153
NET ASSETS		**195,436**	192,957	**42,752**	46,285
EQUITY					
Contributed equity	22	**29,078**	29,481	**29,078**	29,481
Reserves	23	**2,446**	(2,156)	**3,954**	3,765
Retained earnings	24	**163,912**	165,632	**9,720**	13,039
TOTAL EQUITY		**195,436**	192,957	**42,752**	46,285

The accompanying Notes form part of these Financial Statements.

Statements of Changes in Equity

As at 30 June 2009

	Consolidated				Parent Entity			
	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total Equity $'000	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total Equity $'000
At 1 July 2007	26,621	133,712	(57,452)	102,881	26,621	12,362	2,835	41,818
Gain on cash flow hedges, net of tax	-	-	54,366	54,366	-	-	-	
Total income and expense for the period recognised directly in equity	-	-	54,366	54,366	-	-	-	-
Profit for the year	-	51,538	-	51,538	-	20,294	-	20,294
Total income/expense recognised for the year	**-**	**51,538**	**54,366**	**105,904**	**-**	**20,294**	**-**	**20,294**
Cost of share-based payment	-	-	930	930	-	-	930	930
Exercise of options	2,860	-	-	2,860	2,860	-	-	2,860
Equity dividends	-	(19,618)	-	(19,618)	-	(19,617)	-	(19,617)
At 30 June 2008	29,481	165,632	(2,156)	192,957	29,481	13,039	3,765	46,285
At 1 July 2008	29,481	165,632	(2,156)	192,957	29,481	13,039	3,765	46,285
Gain on cash flow hedges, net of tax	-	-	4,413	4,413	-	-	-	
Total income and expense for the period recognised directly in equity	-	-	4,413	4,413	-	-	-	-
Profit for the year	-	16,121	-	16,121	-	14,522	-	14,522
Total income/expense recognised for the year	**-**	**16,121**	**4,413**	**20,534**	**-**	**14,522**	**-**	**14,522**
Cost of share-based payment	-	-	189	189	-	-	189	189
Exercise of options	545	-	-	545	545	-	-	545
On-market share buy-back	(948)	(9,749)	-	(10,697)	(948)	(9,749)	-	(10,697)
Equity dividends	-	(8,092)	-	(8,092)	-	(8,092)	-	(8,092)
At 30 June 2009	29,078	163,912	2,446	195,436	29,078	9,720	3,954	42,752

The accompanying Notes form part of these Financial Statements.

Cash Flow Statements

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		**78,220**	137,975	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(50,039)**	(53,557)	**(5,637)**	(4,957)
Finance costs		**(23)**	(106)	-	-
Income tax receipts		**15,318**	-	**15,318**	-
Income tax payments		**(14,229)**	(51,087)	**(14,229)**	(51,087)
Receipts from insurance claims		**900**	-	-	-
Other income		**103**	76	**85**	40
Net cash inflow/(outflow) from operating activities	27a	**30,250**	33,301	**(4,463)**	(56,004)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(4,283)**	(2,533)	**(308)**	(369)
Proceeds on sale of equipment		**220**	580	-	-
Payments for purchase of listed investments		**(45)**	(1,140)	**(45)**	(1,140)
Payments for purchase of mine prospects		-	(4,000)	-	(4,000)
Proceeds on sale of listed investments		-	3,690	-	3,690
Interest received		**6,228**	10,272	**721**	1,232
Dividends received from subsidiary		-	-	**30,000**	30,000
Loans to associated company		**(63)**	(425)	**(63)**	(425)
Payment of security bonds		**(4)**	-	**(4)**	-
Payments relating to mine development		**(5,755)**	(4,512)	-	-
Payments for intangible assets		**(1,378)**	-	**(1,378)**	-
Payments for exploration and evaluation expenditure		**(24,440)**	(23,799)	**(18,397)**	(14,235)
Net cash inflow/(outflow) from investing activities		**(29,520)**	(21,867)	**10,526**	14,753
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital		**545**	2,860	**545**	2,860
Payments to buy-back shares		**(10,697)**	-	**(10,697)**	-
Payment of dividends		**(8,092)**	(19,617)	**(8,092)**	(19,617)
Repayment of loan from subsidiary		-	-	**24,236**	49,972
Repayment of hire purchase debt		**(632)**	(1,279)	-	-
Net cash inflow/(outflow) from financing activities		**(18,876)**	(18,036)	**5,992**	33,215
Net increase/(decrease) in cash and cash equivalents		**(18,146)**	(6,602)	**12,055**	(8,036)
Cash and cash equivalents at the beginning of the year		**145,384**	151,986	**9,332**	17,368
Cash and cash equivalents at the end of the year	8	**127,238**	145,384	**21,387**	9,332

The accompanying Notes form part of these Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of Independence Group NL and its controlled entities (the "Group"). Independence Group NL is a listed public company, incorporated and domiciled in Australia. The functional and presentation currency of Independence Group NL is Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of fair value assets through profit or loss (including derivatives in a designated hedge accounting relationship).

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of Consolidation

(i) Subsidiaries

A controlled entity is any entity controlled by Independence Group NL. Control exists where Independence Group NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Independence Group NL to achieve the objectives of Independence Group NL. A list of controlled entities is contained in note 13 to the financial statements. Investments in subsidiaries are carried at cost, less impairment, in the parent company.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity using the cost method and consolidated financial statements using the equity method. The Group's share of its associates' post-acquisition profits or losses is not recognised in the income statement due to the application of materiality.

b. Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income and deferred taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Independence Group NL and its wholly owned subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Independence Group NL is responsible for recognising the current and deferred tax liabilities for the tax consolidated group. The Group formed an income tax consolidated group on 1 July 2002.

c. Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as held for trading are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement. The Group has investments in listed entities which are considered to be tradeable by the board and which the Company expects to sell for cash in the foreseeable future.

For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are de-recognised or impaired, as well as through the amortisation process.

Fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (eg. unlisted securities), a valuation technique is applied and if this is deemed unsuitable, they are held at initial cost.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date (ie. the date that the Company commits to purchase the asset).

d. Interests in Joint Ventures and Joint Arrangements

The Company's share of the assets, liabilities, revenue and expenses of joint operations are included in the appropriate items of the balance sheet and income statement. Details of the Group's interests are shown in note 36.

The Company's interests in joint venture entities, if any, are brought to account at cost using the equity method of accounting in the financial statements.

e. Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such impairment indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses are recognised in the income statement as an expense.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is de-recognised.

Depreciation

The depreciable amount of all fixed assets excluding freehold land, are depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The useful lives for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Office furniture and equipment	3-5 years
Mine plant and equipment	2-5 years

Refer to note 1(h) for the amortisation policy applying to exploration and development costs and note 1(u) for the policy applying to the amortisation of pre-production and acquisition costs.

Note 1: Statement of Significant Accounting Policies (continued)

f. Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

g. Leased Non-Current Assets

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal and the interest component of the payment. The leased asset is depreciated over the shorter of its useful life and the lease term.

h. Exploration and Development Expenditure and Amortisation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A review is undertaken of each area of interest on a quarterly basis to determine the appropriateness of continuing to carry forward costs in relation to that area of interest, and at each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of development costs only when future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The net carrying value of each mine property is reviewed regularly. If this value exceeds its recoverable amount, the excess is either fully provided for or written off in the financial year in which this is determined.

i. Restoration and Rehabilitation Expenditure

The Company provides for the future cost of rehabilitating and closing its mining operation, regardless of when that operation is expected to cease. A provision for restoration is required to be brought to account as soon as there is a probable outflow of resources that can be measured reliably. The provision for restoration is based on the discounted cash flow of the expected future cost, discounted at 9%.

j. Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

k. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

l. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

m. Revenue

Sales revenue comprises revenue earned from the provision of products to entities outside the Group. Sales revenue is recognised when the product is delivered and risk has been passed to the customer.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

n. Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are recognised initially at fair value and subsequently at amortised cost.

o. Receivables

Receivables represents GST recoverable together with trade debtors and monies held on deposit. All receivables are recognised at the full value of the amount receivable on initial recognition and subsequently at amortised cost.

Trade debtors represents gross sales revenue proceeds receivable from the customer. A receivable is recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of shipment and the time of final settlement of sales proceeds, which is 120 days following the month of delivery of the product to the customer.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance is raised where there is objective evidence of doubt as to the collectability of a debt.

Note 1: Statement of Significant Accounting Policies (continued)

p. Earnings per Share

Basic EPS earnings are calculated using net profit or loss after income tax attributable to members of the Company. Diluted EPS earnings are calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

Where diluted earnings per share are not dilutive, they are not disclosed.

q. Foreign Currency Transactions

Foreign currency transactions are initially converted to Australian currency at the rate of exchange ruling at the date of each transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year in the income statement.

r. Derivatives

The Company uses derivative financial instruments such as foreign currency contracts and commodity contracts to hedge its risks associated with nickel price and foreign currency fluctuations. Such derivative financial instruments are recognised at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of commodity contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to cash flow hedges (forward foreign currency contracts and nickel commodity contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement. If the hedge accounting conditions are not met, movements in fair value are recognised in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss, for instance when the forecast sale that is hedged takes place. The gain or loss relating to the effective portion of forward foreign exchange contracts and forward commodity contracts is recognised in the income statement within sales.

s. Share-based Payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP), which provides benefits to executive directors and other employees.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Independence Group NL ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if it was a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

t. Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

u. Mine Pre-production and Acquisition Costs

When an operation is acquired, various costs are incurred prior to operations commencing on the mine property. Acquisition Costs, such as legal expenses, financing arrangement expenses and feasibility costs, are capitalised and included in the balance sheet (see note 16).

Prior to commencing production at a mine property, various costs are incurred to enable the commencement of mining operations, such as recruitment of staff, repair and maintenance of the site and its related equipment, and mine planning and scheduling. These Pre-production Costs, if any, are capitalised and included in the balance sheet (see note 16).

Mine Acquisition Costs and Pre-production Costs are amortised on a unit-of-production basis, based upon the recoverable ore reserves estimated at the time of acquisition of the mine property, which is amended periodically whenever ore reserve estimates are updated.

v. Royalties

Royalties are accrued and charged against earnings in the period in which the minerals are extracted.

w. Rounding of Amounts and Currency

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

All references to dollars in this report are to Australian Dollars, unless otherwise stated.

x. International Financial Reporting Standards

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report of Independence Group NL complies with International Financial Reporting Standards ('IFRS').

y. Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Note 1: Statement of Significant Accounting Policies (continued)

z. Intangible Assets

The database for research purposes is carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the time it will take to complete the research on the database which is currently 5 years.

aa. Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Carbon Emissions - As the legislation around the Carbon Pollution Reduction Scheme is still being finalised, the directors are unable to reliably quantify the potential future impact of both direct and indirect costs related to this scheme. These have therefore not been taken into account when preparing budgets, forecasts and/or valuation models for measurement of recognised amounts.

Trade receivables – The Group estimates the value of trade receivables in accordance with the accounting policy disclosed in note 1(o).

Investments held at fair value through profit and loss – Investments in Australian listed equity securities are deemed to be actively traded and thus the market price has been used to value investments held. See note 1(c) for the detailed policy.

Exploration and evaluation expenditure – Such capitalised expenditure is carried at $58,791 thousand. See note 1(h) for the detailed policy.

Note 2: Revenue and Other Income

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
a. Revenue				
Sale of goods	**93,855**	137,665	**-**	-
Interest received – other parties	**6,228**	10,272	**721**	1,232
Dividend received from wholly-owned entity	**-**	-	**30,000**	30,000
Total Revenue	**100,083**	147,937	**30,721**	31,232
b. Other Income				
Net gain on sale of held for trading investments	**-**	792	**-**	792
Net gain on disposal of property, plant and equipment	**925**	340	**-**	-
Other revenue	**93**	76	**85**	40
Total Other Income	**1,018**	1,208	**85**	832

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 3: Profit

Profit before income tax has been determined after charging the following items:				
Cost of sale of goods	**44,984**	53,242	**-**	-
Employee entitlements provision	**73**	222	**78**	61
Superannuation expense	**1,569**	1,546	**328**	283
Share-based payment expense	**189**	930	**189**	930
Finance costs - other entities	**23**	106	**-**	-
Amortisation of non-current assets	**7,920**	5,312	**97**	-
Depreciation of non-current assets	**4,078**	3,488	**399**	373
Exploration costs expensed	**1,437**	1,279	**1,437**	1,279
Write-off of investment in associated company	**-**	564	**-**	564
Impairment of loan to associated company	**63**	1,325	**63**	1,325
Foreign exchange losses	**491**	3,135	**-**	-
Rental expense relating to operating leases	**312**	186	**312**	186
Impairment of capitalised exploration expenditure	**4,936**	1,208	**3,097**	969
Provision/(reversal) for mine restoration	**(1,308)**	417	**-**	-

Note 4: Income Tax

a. The major components of income tax expense are:				
Income Statement				
Current income tax				
Current Income Tax Charge	**6,437**	11,299	**(5,835)**	(7,911)
Deferred income tax				
Relating to origination and reversal of temporary differences	**2,496**	11,362	**3,111**	4,510
Income tax expense/(benefit) reported in the income statement	**8,933**	22,661	**(2,724)**	(3,401)
Deferred income tax expense/(benefit) included in income tax expense comprises:				
(Decrease)/increase in deferred tax assets	**4,931**	(4,713)	**1,704**	218
Decrease/(increase) in deferred tax liabilities	**(7,427)**	(6,649)	**(4,815)**	(4,728)
	(2,496)	(11,362)	**3,111**	(4,510)

Note 4: Income Tax (continued)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Recognition of commodity hedge contracts	**1,891**	23,580	**-**	-
Rehabilitation	**-**	-	**-**	-
Income tax expense reported in equity	**1,891**	23,580	**-**	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Profit before tax from continuing operations	**25,054**	74,199	**11,798**	16,893
At the Group's statutory income tax rate of 30% (2008: 30%)	**7,516**	22,260	**3,540**	5,068
Share-based payments	**56**	279	**56**	279
Non-deductible legal expenses	**47**	-	**47**	-
Expenditure not allowable for income tax purposes	**218**	14	**112**	8
Intercompany dividend	**-**	-	**(9,000)**	(9,000)
Unrecognised temporary difference - reduction in carrying value of investment below its original cost	**2,127**	304	**2,127**	304
Other	**(1,031)**	(196)	**394**	(60)
	8,933	22,661	**(2,724)**	(3,401)
Income tax expense/(benefit) reported in the consolidated income statement	**8,933**	22,661	**(2,724)**	(3,401)
Income tax attributable to discontinued operations	**-**	-	**-**	-
	8,933	22,661	**(2,724)**	(3,401)
The applicable weighted average effective tax rates are as follows:	**30%**	30%	**-**	-

	Balance Sheet 2009 $'000	Balance Sheet 2008 $'000	Income Statement 2009 $'000	Income Statement 2008 $'000
Deferred Income Tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Consumable inventories	**(93)**	(111)	**(18)**	20
Accrued income	**(155)**	(362)	**(248)**	352
Revaluation of hedged trade debtors	-	-	-	-
Revaluations on financial assets through profit or loss	**(147)**	(522)	**(375)**	(1,824)
Capitalised exploration, pre-production and acquisition costs	**(13,346)**	(11,604)	**1,357**	7,606
Deferred gains and losses on foreign exchange contracts	**(387)**	(2,833)	**(644)**	-
Capitalised development expenditure	**(3,339)**	(588)	**2,849**	480
Other	**29**	(23)	**3**	15
Gross deferred income tax liabilities	**(17,438)**	(16,043)	**2,924**	6,649
CONSOLIDATED				
Deferred tax assets				
Plant and equipment	**1,815**	1,606	**(228)**	(295)
Trade debtors	**1,655**	331	**(1,324)**	1,728
Accrued expenses	**277**	98	**(179)**	12
Deferred loss on hedged commodity contracts	**1,082**	6,217	**1,442**	3,725
Capitalised exploration and pre-production costs	**39**	-	**(39)**	-
Provisions for employee entitlements	**679**	607	**(71)**	(66)
Provision for rehabilitation	**235**	478	**392**	(125)
Other	**585**	221	**(401)**	(266)
Gross deferred income tax assets	**6,367**	9,558	**(408)**	4,713
Deferred tax (income)/expense			**2,516**	11,362
PARENT ENTITY				
Deferred tax liabilities				
Accrued income	**(80)**	(6)	**74**	(11)
Revaluations on financial assets through profit or loss	**(147)**	(522)	**(375)**	(1,824)
Capitalised exploration expenditure	**(10,320)**	(7,200)	**3,783**	6,563
Gross deferred income tax liabilities	**(10,547)**	(7,728)	**3,482**	4,728
PARENT ENTITY				
Deferred tax assets				
Plant and equipment	**106**	76	**(30)**	(27)
Accrued expenses	**42**	35	**(7)**	4
Provisions for employee entitlements	**92**	69	**(23)**	(18)
Other	**534**	221	**(311)**	(177)
Gross deferred income tax assets	**774**	401	**(371)**	(218)
Deferred tax (income)/expense			**3,111**	4,551

Note 4: Income Tax (continued)

b. Tax Consolidation

Independence Group NL and its wholly owned subsidiaries formed a tax consolidated group effective 1 July 2002. Independence Group NL is the head entity of the tax-consolidated group. Tax expense/income, deferred tax liabilities, and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate tax payer within group" approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits on the members of the tax-consolidated group are recognised by the Company, as head entity in the tax-consolidated group.

Due to the existence of a tax funding arrangement between entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see notes 9 and 18).

		Consolidated		Parent Entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 5: Auditor's Remuneration

Remuneration of the auditor of the Group for:					
a.	audit and review of financial reports	**86**	64	**86**	64
b.	other services	-	-	-	-

Note 6: Dividends Paid

a.	Interim ordinary dividend franked at the tax rate of 30%				
	2009: 2 cents (2008: 5 cents) per share	**2,267**	5,826	**2,267**	5,826
b.	Final ordinary dividend franked at the tax rate of 30%				
	2009: 5 cents (2008: 12 cents) per share	**5,825**	13,791	**5,825**	13,791
	Total dividends paid during the financial year	**8,092**	19,617	**8,092**	19,617
c.	Franking account balance at the end of the financial year	**69,824**	78,364	**69,824**	78,364
d.	In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3 cents (2008: 5 cents) per share, fully franked at the tax rate of 30%. The aggregate amount of the proposed dividend expected to be paid on 29 September 2009 but not recognised as a liability at year end is:	**3,410**	5,847	**3,410**	5,847

	2009 '000 No.	2008 '000 No.

Note 7: Earnings Per Share

		2009 '000 No.	2008 '000 No.
a.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**114,010**	115,709
	Weighted average number of options outstanding	**224**	1,897
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	**114,234**	117,606
		$'000	$'000
b.	Earnings used in the calculation of basic EPS	**16,121**	51,538

c. Options outstanding have been classified as potential ordinary shares and have been included in the determination of diluted EPS.

Note 8: Cash and Cash Equivalents

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Cash at bank and on hand		**11,061**	6,637	**(197)**	(101)
Deposits at call		**21,081**	20,747	**6,584**	1,433
Fixed term deposits		**95,096**	118,000	**15,000**	8,000
		127,238	145,384	**21,387**	9,332

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 31.

Note 9: Trade and Other Receivables

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CURRENT					
Trade debtors (i)	1(o)	**23,908**	10,931	**-**	-
Other debtors (ii)		**576**	1,499	**317**	163
Prepayments		**636**	406	**-**	-
GST receivable		**526**	649	**226**	271
		25,646	13,485	**543**	434
NON-CURRENT					
Deposits		**30**	25	**30**	25
Amounts owing from associated entities		**1,388**	1,325	**1,388**	1,325
Less: Provision for diminution (iii)		**-**	(1,325)	**-**	(1,325)
Less: Amounts written off		**(1,388)**	-	**(1,388)**	
Amounts owing from wholly-owned entities (iv)		**-**	-	**-**	8,530
		30	25	**30**	8,555

Note 9: Trade and Other Receivables (continued)

(i) Trade debtors consist of payments outstanding from BHP Billiton Ltd for nickel delivered prior to the end of the financial period. Proceeds from nickel deliveries are paid in US dollars and are finalised on the average LME nickel price prevailing in the third month after the month of delivery. The Group is therefore required to use a "forecast" price when valuing the outstanding payments. The result is that the actual proceeds received in the future may be different to the trade debtor amount shown and may result in an adjustment being required to be made to subsequent financial statements.

The Group or Parent has no trade or other debtors that are past due or impaired. The Group's exposure to credit risk, foreign exchange and commodity price risk in relation to trade receivables is disclosed in note 31.

(ii) Other debtors consists mainly of interest accrued but not yet paid on short term deposits at the end of the year.

(iii) A provision was created in the prior year as the Company did not expect to be able to recover the loan from Southstar Diamonds Limited. The amount owing increased from $1,325 thousand in 2008 to $1,388 thousand at the end of the current financial year. Southstar Diamonds Limited was de-registered during the year and consequently the loan amount was fully written off at the end of the financial year.

(iv) The current year amount owing to wholly-owned entities is shown in note 18.

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000

Note 10: Inventories

CURRENT					
Mine spares and stores		**310**	369	-	-

Note 11: Other Financial Assets

CURRENT					
Forward foreign exchange contracts - cash flow hedges (i)	31(d)	**1,270**	9,444	-	-
Australian listed equity securities (ii)		**1,175**	9,469	**1,175**	9,469
		2,445	18,913	**1,175**	9,469
NON-CURRENT					
Forward foreign exchange contracts - cash flow hedges (i)	31(d)	**20**	-	-	-

(i) Movements in cash flow hedges held at fair value are recorded in equity.

(ii) Australian listed equity securities at fair value through profit or loss are all held for trading. Changes in fair values of these financial assets are recorded in the income statement. Equity securities are valued using bid prices at year end. The Board reviews the performance of the investments at fair value each month.

The Group's exposure to price risk and a sensitivity analysis for financial assets are disclosed in note 31.

Note 12: Investments Accounted For Using The Equity Method

		Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
a.	Movements during the year in equity accounted investment in associated companies:				
	Balance at beginning of the financial year	-	564	-	564
	Investments written off during the year	-	(564)	-	(564)
	Balance at end of the financial year	-	-	-	-
b.	Retained earnings attributable to associate:				
	Share of loss after income tax expense	-	(474)	-	(474)
	Share of retained losses at beginning of the financial year	-	(808)	-	(808)
	Share of retained losses at end of the financial year	-	(1,282)	-	(1,282)
c.	Summarised presentation of aggregate assets, liabilities and performance of associates:				
	Current Assets	-	4	-	4
	Non-current Assets	-	13	-	13
	Total Assets	-	17	-	17
	Current Liabilities	-	49	-	49
	Non-current Liabilities	-	2,500	-	2,500
	Total Liabilities	-	2,549	-	2,549
	Net Liabilities	-	(2,532)	-	(2,532)
	Net loss after income tax of associates	-	(948)	-	(948)

d. Due to the immaterial balance of the associated company's retained losses, the Group did not reflect its share of the associate's losses in the investment balance.

e. The associated company was an unlisted company incorporated in Australia, Southstar Diamonds Limited. Independence Group NL had a 50% (2008: 50%) ownership interest until the company was de-registered on 20 May 2009.

Note 13: Controlled Entities

Controlled entities and their contribution to consolidated profit after income tax were as follows:

Controlled Entity	Country of Incorporation	Class of Share	Percentage Owned 2009 %	Percentage Owned 2008 %	Contribution to Profit 2009 $'000	Contribution to Profit 2008 $'000
Lightning Nickel Pty Ltd	Australia	Ord	**100**	100	**31,599**	61,121

Note 14: Property, Plant and Equipment

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Mine plant and equipment – leased	-	3,676	-	-
Accumulated amortisation	-	(3,336)	-	-
	-	340	-	-
Mine plant and equipment - other	**27,727**	22,989	-	-
Accumulated depreciation	**(22,348)**	(17,955)	-	-
	5,379	5,034	-	-
Other plant and equipment	**2,916**	1,937	**2,246**	1,937
Accumulated depreciation	**(2,187)**	(1,203)	**(1,603)**	(1,203)
	729	734	**643**	734
Total written down value	**6,108**	6,108	**643**	734
Reconciliation of the movement for the year:				
Carrying amount at the beginning of year	***6,108***	*8,525*	***734***	*738*
Additions	***4,283***	*2,293*	***308***	*369*
Disposals	***(1,657)***	*-*	*-*	*-*
Depreciation/amortisation expense	***(2,626)***	*(4,710)*	***(399)***	*(373)*
Carrying amount at the end of year	***6,108***	*6,108*	***643***	*734*

Note 15: Exploration, Evaluation and Development Expenditure

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Exploration and evaluation expenditure:				
Opening balance	**35,124**	12,339	**21,792**	2,121
Current year's expenditure	**20,481**	26,349	**14,423**	20,640
Transfer to development expenditure	**(5,355)**	-	-	-
Written off during the year	**(4,936)**	(1,208)	**(3,097)**	(969)
Amortisation expense	**(3,553)**	(2,356)	-	-
	41,761	35,124	**33,118**	21,792
Development expenditure:				
Opening balance	**10,169**	7,245	-	-
Current year's expenditure	**5,754**	4,512	-	-
Transfer from exploration expenditure	**5,355**	-	-	-
Amortisation expense	**(4,248)**	(1,588)	-	-
	17,030	10,169	-	-
Carrying amount at end of year	**58,791**	45,293	**33,118**	21,792

Note1(h) describes the policy relating to the carrying value of interests in exploration, evaluation and development expenditure.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 16: Mine Acquisition Costs

Opening balance	**1,752**	1,896	**-**	-
Current year's expenditure	**-**	2	**-**	-
Transfer to prepayments	**(336)**	-	**-**	-
Amortisation expense	**(22)**	(146)	**-**	-
Carrying amount at end of year	**1,394**	1,752	**-**	-

Note1(u) describes the policy relating to the carrying value of interests in mine acquisition costs.

Note 17: Intangible Assets

Data base at cost	**1,378**	-	**1,378**	-
Amortisation expense	**(97)**	-	**(97)**	-
Carrying amount at end of year	**1,281**	-	**1,281**	-

Note 18: Trade and Other Payables

CURRENT				
Trade creditors	**7,713**	7,364	**1,766**	712
GST Payable	**893**	1,038	**25**	5
Employee entitlements	**1,341**	1,268	**307**	229
Sundry creditors and accrued expenses	**3,391**	7,236	**649**	4,479
	13,338	16,906	**2,747**	5,425
NON-CURRENT				
Amounts owing to wholly-owned entities (i)	**-**	-	**4,298**	-

(i) The prior period amount owing from wholly-owned entities is shown in note 9.

Note 19: Borrowings

CURRENT				
Lease liabilities	**-**	632	**-**	-
The Group had access to the following financing arrangements at balance date:				
Guarantee facility (i)	***1,500***	*1,500*	**-**	-
Less: drawn down portion	***(768)***	*(301)*	**-**	-
	732	*1,199*	**-**	-

(i) The facility is denominated in Australian dollars and interest is charged at the BBSY rate plus an applicable margin. See note 33 for further details.

The Group's exposure to interest rate and liquidity risk and a sensitivity analysis for financial liabilities are disclosed in note 31.

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000

Note 20: Other Financial Liabilities

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CURRENT					
Commodity hedging loss	30	**392**	20,722	-	-
NON-CURRENT					
Commodity hedging loss	30	**3,214**	-	-	-

Note 21: Provisions

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
NON-CURRENT					
Employee entitlements (i)		**921**	756	-	-
Provision for restoration (ii)		**284**	1,591	-	-
		1,205	2,347	-	-
Provision for restoration movement for the year					
Balance at start of the year		***1,591***	*1,174*	-	-
Reversal of over-stated provision		***(1,321)***	-	-	-
Provision recognised for the year		***14***	*417*	-	-
Balance at the end of the year		***284***	*1,591*	-	-

(i) This is a provision for long service leave entitlements. The Company estimates how many employees are likely to complete 7 years of service on the mine site based upon an estimated probability calculation. This forms the basis for the provision.

(ii) A provision for restoration is recognised in relation to mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration of the mining site. Estimates of the restoration obligations are based on current technology, legal requirements and future costs. In determining the restoration provision the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future. The present value of the provision is based upon the current estimated life of the mine's ore reserves.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 22: Contributed Equity

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
113,613,539 (2008: 116,940,457) fully paid ordinary shares (a)	**29,078**	29,481	**29,078**	29,481
a. Ordinary shares (i)				
At the beginning of year	**29,481**	26,583	**29,481**	26,583
Shares issued during the year				
Issued 1 July 2007 to 30 June 2008	-	2,898	-	2,898
175,000 unlisted options exercised at $1.16 (iii)	**203**	-	**203**	-
65,000 unlisted options exercised at $0.96 (iii)	**62**	-	**62**	-
62,500 unlisted options exercised at $1.20 (iii)	**75**	-	**75**	-
37,500 unlisted options exercised at $1.59 (iii)	**60**	-	**60**	-
125,000 unlisted options exercised at $1.16 (iv)	**145**	-	**145**	-
Shares bought back on-market and cancelled	**(948)**	-	**(948)**	-
Transaction costs relating to share issues	-	-	-	-
At reporting date	**29,078**	29,481	**29,481**	29,078

	No. '000	No. '000	No. '000	No. '000
At the beginning of the year	***116,940***	*114,712*	***116,940***	*114,712*
Shares bought back on-market and cancelled	***(3,791)***	-	***(3,791)***	-
Shares issued during the year	***465***	*2,228*	***465***	*2,228*
At reporting date	***113,614***	*116,940*	***113,614***	*116,940*

b. Options for ordinary shares – partly paid unlisted (ii)

	$'000	$'000	$'000	$'000
At beginning of the year	-	38	-	38
Converted to ordinary shares during the year	-	(38)	-	(38)
At reporting date	-	-	-	-

	No. '000	No. '000	No. '000	No. '000
At beginning of the year	-	*375*	-	*375*
Converted to ordinary shares during the year	-	*(375)*	-	*(375)*
At reporting date	-	-	-	-

(i) Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Each ordinary share is entitled to one vote.

(ii) On 26 November 2003 the Company issued 1,500,000 unlisted options exercisable at $1.33 to non-executive directors. A cash payment of 10.3 cents was made on application for each of four tranches to be issued over 4 years. The 10.3 cents was non-refundable but is included in the exercise price when the options were exercised on vesting.

(iii) These options were issued under the Employee Option Plan.

(iv) These options were issued to employees in March 2004 and were not issued under the Employee Option Plan.

(v) During the year the Company purchased and cancelled 3,791,918 ordinary shares on-market. The shares were acquired at an average price of $2.82 per share. The total cost of $10,696 including $53 thousand of transaction costs was deducted from shareholders' equity ($948 thousand) and retained earnings ($9,748 thousand).

(vi) At the end of the year there were 1,287,500 (2008: 1,777,500) unissued shares in respect of which options were outstanding.

c. Unlisted Options

Details relating to unpaid and unlisted options are disclosed in note 34.

Note 23: Reserves

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Share-based payment reserve (i)		**3,954**	3,765	**3,954**	3,765
Hedging reserve (ii)	30	**(1,508)**	(5,921)	**-**	-
		2,446	(2,156)	**3,954**	3,765
Share-based payment reserve movement for the year:					
Balance at the start of the year		***3,765***	*2,835*	***3,765***	*2,835*
Current year movements due to vesting		***189***	*930*	***189***	*930*
Balance at the end of the year		***3,954***	*3,765*	***3,954***	*3,765*
Hedging reserve movement for the year:					
Balance at the start of the year		***(5,921)***	*(60,287)*	**-**	-
Revaluation – gross		***8,963***	*91,016*	**-**	-
Deferred tax		***(2,688)***	*(27,305)*	**-**	-
Transfer to net profit – gross (iii)		***(2,660)***	*(13,350)*	**-**	-
Deferred tax		***798***	*4,005*	**-**	-
Balance at the end of the year		***(1,508)***	*(5,921)*	**-**	-

(i) The share-based payment reserve is used to record the value of options provided to employees and directors as part of their remuneration.

(ii) The hedging reserve is used to record gains or losses on a hedged instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(iii) These amounts have been included in sales revenue.

Note 24: Retained Earnings

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Retained profits at the beginning of the financial year	**165,632**	133,712	**13,039**	12,363
Dividends paid – fully franked	**(8,092)**	(19,618)	**(8,092)**	(19,618)
On-market buy back of ordinary shares	**(9,749)**	-	**(9,749)**	-
Net profit attributable to the members of the parent entity	**16,121**	51,538	**14,522**	20,294
Retained profits at the end of the financial year	**163,912**	165,632	**9,720**	13,039

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000

Note 25: Capital and Leasing Commitments

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable:				
not later than 1 year	**354**	177	**354**	177
later than 1 year but not later than 5 years	**1,210**	708	**1,210**	708
later than 5 years	-	-	-	-
	1,564	885	**1,564**	885

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

b. Finance Lease Commitments

Finance and hire purchase rentals for plant and equipment are payable as follows:				
not later than 1 year	-	647	-	-
later than 1 year but not later than 5 years	-	-	-	-
minimum lease payments	-	647	-	-
less: future lease finance charges	-	(15)	-	-
Recognised as a liability	-	632	-	-
Finance and hire purchase liabilities provided for in the financial statements:				
Current	-	632	-	-
Non-current	-	-	-	-
Total liability	-	632	-	-

c. Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to spend $4,305 thousand in 2009/10.

d. Capital Commitments

At the end of the financial year, the Group had no material orders of equipment to be delivered and paid for during 2009/10.

Note 26: Segment Information

The Group operated in two industrial or Primary segments, which were the mining and mineral exploration industries. The Group operated only in one geographical or Secondary segment which was Australia.

	Mining $'000	Exploration $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Primary Industrial Segment Information 2009				
Revenue from external customers	93,855	-	-	**93,855**
Inter-segment revenue	-	-	-	**-**
Other revenue	915	-	6,331	**7,246**
Total segment revenue	94,770	-	6,331	**101,101**
Segment profit/(loss) before income tax	37,749	(19,026)	6,331	**25,054**
Income tax expense				**(8,933)**
Group profit/(loss) for the year				**16,121**
Segment assets	50,593	45,432	134,998	**231,023**
Segment liabilities	15,401	2,748	17,438	**35,587**
Acquisition of property, plant and equipment	1,733	309	-	**2,042**
Depreciation and amortisation expense	11,502	496	-	**11,998**
Other non-cash expenses	165	5,014	189	**5,368**
Primary Industrial Segment Information 2008				
Revenue from external customers	137,665	-	-	137,665
Other revenue	417	792	10,271	11,480
Total segment revenue	138,082	792	10,271	149,145
Segment profit/(loss) before income tax	78,144	(14,216)	10,271	74,199
Income tax expense				(22,661)
Group profit/(loss) for the year				51,538
Segment assets	40,157	54,518	154,932	249,607
Segment liabilities	35,182	5,425	16,043	56,650
Acquisition of property, plant and equipment	1,924	369	-	2,293
Depreciation and amortisation expense	8,427	373	-	8,800
Other non-cash expenses	625	1,269	930	2,824

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000

Note 27: Cash Flow Information

a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Profit from ordinary activities after income tax	**16,121**	51,538	**14,522**	20,294
Devaluation/(revaluation) of investments in listed entities	**8,339**	5,326	**8,339**	5,326
Unrealised gain on trade debtors revaluation	**(4,549)**	(13,070)	-	-
Dividend and interest income	**(6,228)**	(10,272)	**(30,806)**	(31,232)
Gain on sale of assets	**(915)**	(1,132)	-	(793)
Depreciation	**4,078**	3,488	**399**	373
Write-off of capitalised expenditure	**4,936**	1,208	**3,173**	969
Write-off of investment in associated company	-	564	-	564
Write-off of plant and equipment	**900**	-	-	-
Provision against loan to associated company	**63**	1,325	**63**	1,325
Amortisation	**7,920**	5,312	**97**	-
Share-based payment expense	**189**	930	**189**	930
Changes in assets and liabilities:				
(Increase)/decrease in trade debtors	**(12,977)**	16,221	-	-
(Increase)/decrease in other debtors	**1,046**	(1,576)	**(89)**	(144)
Increase/(decrease) in trade and other payables	**497**	1,295	**1,119**	811
(Increase)/decrease in inventory	**59**	(68)	-	-
(Increase)/decrease in deferred tax asset	**3,191**	4,494	**373**	239
Increase/(decrease) in current tax payable	**7,328**	(39,788)	**(7,406)**	(59,456)
Increase in deferred tax liability	**1,395**	6,868	**5,486**	4,729
Increase/(decrease) in provisions	**(1,143)**	638	**78**	61
Cash flows from operations	**30,250**	33,301	**(4,463)**	(56,004)

b. Non-cash Financing and Investing Activities

During the year the Group acquired leased plant and equipment with an aggregate value of $nil (2008: $nil).

Note 28: Events Subsequent to Reporting Date

On 27 August 2009 the Company announced a fully franked final dividend of 3 cents per share to be paid on 29 September 2009.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

Note 29: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

a. Director-Related Entities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related	**7**	13	**7**	13
Consulting fees have been paid to MiningOne Pty Ltd, a company to which two directors of a subsidiary are associated. One director is a principal of MiningOne Pty Ltd and the other is a consultant to the company	**104**	120	**27**	107

	Consolidated 2009 No.	Consolidated 2008 No.	Parent Entity 2009 No.	Parent Entity 2008 No.

b. Share Transactions of Key Management Personnel

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:

	Consolidated 2009 No.	Consolidated 2008 No.	Parent Entity 2009 No.	Parent Entity 2008 No.
ordinary shares	**5,378,506**	6,583,506	**5,378,506**	6,583,506
options over ordinary shares (unlisted)	**750,000**	750,000	**750,000**	750,000

Other key management personnel hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:

	Consolidated 2009 No.	Consolidated 2008 No.	Parent Entity 2009 No.	Parent Entity 2008 No.
ordinary shares	**40,200**	40,200	-	-
options over ordinary shares (unlisted)	-	37,500	-	-

c. Key Management Personnel

The Company's key management personnel during the period were non-executive directors Oscar Aamodt (Chairman), John Christie, Rod Marston and Peter Bilbe, executive directors Christopher Bonwick (Managing Director) and Kelly Ross (Company Secretary), and employee Brett Hartmann (General Manager - Long Nickel Mine). Also included in Key Management Personnel are subsidiary non-executive directors Tim Moran and Gary Davison. All were in office for the entire financial year except for Peter Bilbe who was appointed on 31 March 2009.

Share options have been issued to directors and executives of the Company. Each share option converts into one ordinary share of Independence Group NL on exercise. Share options issued by Independence Group NL to key management personnel are as follows:

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.
2009				
R Marston	-	-	-	-
C Bonwick	500,000	-	-	500,000
K Ross	250,000	-	-	250,000
J Christie	-	-	-	-
T Moran	-	-	-	-
G Davison	-	-	-	-
B Hartmann	37,500	-	(37,500)	-
	787,500	**-**	**(37,500)**	**750,000**
2008				
R Marston	250,000	-	(250,000)	-
C Bonwick	875,000	-	(375,000)	500,000
K Ross	525,000	-	(275,000)	250,000
J Christie	125,000	-	(125,000)	-
T Moran	-	-	-	-
G Davison	-	-	-	-
B Hartmann	75,000	-	(37,500)	37,500
	1,850,000	-	(1,062,500)	787,500

The options do not entitle the holder to voting or dividend rights. Options may be exercised at any time from the date on which they vest to the date of their expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from directors and executives, is not recognised in the financial statements. The amounts are disclosed in key management personnel's compensation in respect of the financial years over which the entitlement is earned in the Remuneration Report, which forms part of the Directors' Report.

Shareholdings of Key Management Personnel for the year ending 30 June 2009

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
O Aamodt	20,000	-	-	20,000
C Bonwick	3,503,506	-	(500,000)	3,003,506
K Ross	795,000	-	(350,000)	445,000
J Christie	595,000	-	-	595,000
R Marston	1,670,000	-	(355,000)	1,315,000
P Bilbe	-	-	-	-
B Hartmann	37,500	37,500	(37,500)	37,500
T Moran	-	-	-	-
G Davison	2,700	-	-	2,700
Total	**6,623,706**	**37,500**	**(1,242,500)**	**5,418,706**

Note 29: Related Party Transactions (continued)

Shareholdings of Key Management Personnel for the year ending 30 June 2008

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
O Aamodt	20,000	-	-	20,000
C Bonwick	3,248,506	375,000	(120,000)	3,503,506
K Ross	695,000	275,000	(175,000)	795,000
J Christie	470,000	125,000	-	595,000
R Marston	1,520,000	250,000	(100,000)	1,670,000
P Bilbe	-	-	-	-
B Hartmann	37,500	37,500	(37,500)	37,500
T Moran	10,000	-	(10,000)	-
G Davison	2,700	-	-	2,700
Total	6,003,706	1,062,500	(442,500)	6,623,706

Key Management Personnel Compensation

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Short-term employee benefits	**1,417,208**	1,533,628	**1,041,062**	1,098,924
Post-employment benefits	**95,759**	90,125	**73,009**	66,500
Long-term benefits	-	-	-	-
Share-based payments	**1,418**	38,989	**1,418**	34,859
	1,514,385	1,662,742	**1,115,489**	1,200,283

d. Other Related Entities

During the financial year a wholly-owned entity paid dividends of $30,000,000 to Independence Group NL. This amount has been included in note 2 but has been eliminated on consolidation for the purposes of calculating the profit of the Group for the financial year.

	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Loan to/(from)subsidiary		
Balance at beginning of the year	**8,530**	39,313
Loan advances	**18,862**	24,003
Loan repayments	**(31,690)**	(54,786)
Balance at end of the year	**(4,298)**	8,530

Note 30: Foreign Exchange and Commodity Contracts

At 30 June 2009 the Group held various nickel commodity contracts designated as hedges of expected future nickel sales. These hedge contracts are in US dollars. Foreign exchange contracts are also held which match the terms of the commodity contracts. These contracts are all designated as cash flow hedges and are used to reduce the exposure to a future decrease in the Australian dollar market value of nickel sales. Refer to notes 11 and 20 of the financial statements for marked to market values of these contracts.

The following summarises the hedge contracts held by the Group at 30 June 2009:

Year of Delivery	Sell (Nickel Tonnes)	USD/tonne	Exchange Rate	AUD/tonne
2009/10	2,400	14,815	A/US0.7792	19,013
2010/11	2,400	14,815	A/US0.7792	19,013

The hedge contracts are to be settled at the rate of 200 tonnes per month. The hedge contracts have been marked to market value as at 30 June 2009 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the hedging reserve in the consolidated balance sheet.

The forecasted transaction is expected to occur 3 months prior to the maturity of its respective commodity and foreign exchange contracts.

The following table details the forward foreign currency contracts outstanding as at reporting date:

Outstanding contracts Consolidated	Average exchange rate 2009 %	2008 %	USD 2009 $'000	2008 $'000	Contract value 2009 $'000	2008 $'000	Fair value 2009 $'000	2008 $'000
Sell US dollars								
3 months or less	**0.7792**	0.7305	**8,889**	8,107	**11,408**	11,093	**431**	2,579
3 to 6 months	**0.7792**	0.7305	**8,889**	8,107	**11,408**	11,093	**355**	2,431
6 months to 1 year	**0.7792**	0.7305	**17,778**	16,215	**22,816**	22,186	**484**	4,434
1 to 2 years	**0.7792**	-	**35,556**	-	**45,632**	-	**20**	-

As at reporting date the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on the anticipated future sale of nickel is $1,508 thousand (2008: $5,921 thousand). It is anticipated that the sales will take place as scheduled in the table above at which stage the amount deferred in equity will be released into profit or loss.

The portion of the gain or loss on the hedging instruments to be an effective hedge is recognised directly in equity. When the forecasted transaction occurs, the Group adjusts the amounts deferred in equity to the income statement. During the year ended 30 June 2009, $1,862 thousand (2008 $9,345 thousand) was released from equity (net of tax) to sale of goods in the income statement for the Group only.

Note 31: Financial Instruments

a. Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk, equity price risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and forward commodity contracts to hedge certain risk exposures.

Risk management is overseen by the Risk Management and Hedging Committees under policies approved by the Board of Directors. The Board identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, commodity price, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

b. Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 8, 22, 23, and 24 respectively. The Board monitors the return on capital, which the Group defines as net profit before tax divided by shareholders' equity, excluding reserves. The Board also monitors the level of dividends paid to ordinary shareholders. The Group's gearing ratio as at balance date is 0% (2008: 0%).

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's current target is to achieve a real return on capital of at least 10%. During the financial year the return was 13% (2008: 38%). The Group defines a real return on capital as net profit before tax divided by net assets (net of non-distributable reserves).

Operating cash flows are used to maintain and expand the Group's operating and exploration assets, as well as to make the routine outflows of tax and dividends. The Board reassesses the Group's debt levels and capital structure prior to making any major investment or expansion decisions.

None of the Group's entities are currently subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

c. Interest Rate Risk Management

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest		Total	
	2009 %	2008 %	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Parent						
Financial Assets:						
Cash	**2.95**	7.60	**6,388**	1,333	**6,388**	1,333
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			**6,388**	1,333	**6,388**	1,333
Financial Liabilities:						
Payables			-	-	-	-
Bank Loans			-	-	-	-
Total Financial Liabilities			-	-	-	-
Consolidated						
Financial Assets:						
Cash	**1.90**	7.30	**32,142**	27,384	**32,142**	27,384
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			**32,142**	27,384	**32,142**	27,384
Financial Liabilities:						
Payables			-	-	-	-
Bank Loans			-	-	-	-
Total Financial Liabilities			-	-	-	-

Floating interest and non-interest bearing assets and liabilities have maturity periods of 1 year or less.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $225 thousand (2008: increase/decrease by $192 thousand). This is mainly due to the Group's exposure to interest rates on its cash and cash equivalents. The Group's sensitivity to interest rates has decreased during the current period due to the decrease in its cash and cash equivalents that are exposed to a variable interest rate.

Note 31: Financial Instruments (continued)

d. Credit Risk Management

The Group has a concentration of credit risk in that it depends on BHP Billiton Ltd for a significant volume of revenue. During the year ended 30 June 2009 all sales revenue was sourced from this company. The risk is mitigated in that the agreement relating to sales revenue contains provision for the Group to seek alternative revenue providers in the event that BHP Billiton Ltd is unable to accept supply of the Group's product due to a force majeure event. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and BHP Billiton Ltd is considered to be a low risk customer.

Derivative counterparties and cash transactions are restricted to high credit quality financial institutions.

The at risk amounts are as follows:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash	**127,238**	145,384	**21,387**	9,332
Trade receivables	**23,908**	10,931	**-**	-
Foreign exchange derivatives	**1,290**	9,444	**-**	-

No analysis of trade and other receivables are past due or impaired for either 30 June 2009 or 2008.

e. Market Risk Management

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group is paid in US dollars for its nickel deliveries and is exposed to foreign exchange risk arising from currency exposures to the US dollar.

Foreign Currency Risk Management

The Group receives nickel sales revenue denominated in US dollars ("USD") and is therefore exposed to exchange rate fluctuation risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. All USD received are exchanged for AUD within 40 days of receipt. The parent company has no exposure to foreign exchange risk.

The carrying amount of the Group's monetary assets and monetary liabilities denominated in USD at the reporting date is as follows:

	Consolidated		Parent	
	2009 US Dollars A$'000	2008 US Dollars A$'000	2009 US Dollars A$'000	2008 US Dollars A$'000
Cash and cash equivalents	**10,498**	6,627	**-**	-
Trade receivables	**23,908**	10,931	**-**	-
Foreign exchange derivatives	**1,290**	9,444	**-**	-
Commodity derivatives liability	**(3,606)**	(20,722)	**-**	-

Forward contracts transacted by the Hedging Committee are sometimes used to manage foreign exchange risk. The Board is responsible for managing exposures in foreign currency by using external forward currency contracts.

The Group's risk management policy is to hedge between 0% and 40% of anticipated transactions in US dollars for the period of the forecast transaction, which ranges between 12 and 24 months. All of the projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to movement in the AUD against the USD. Sensitivity analysis is calculated using a reasonable possible change of 3% in the foreign rate in both directions based on the exposure period of the trade receivables and a 5% variation for derivative contracts in both directions. USD cash balances uses a 4% change in 2009 (4% change in 2008) in both directions.

	Impact on Profit (Net of Tax)				Impact on Equity (Net of Tax)			
	Consolidated		Parent		Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Currency Risk								
Debtors revaluation	**1,430**	675	**-**	-	**-**	-	**-**	-
Derivative instruments (sold)								
5% Increase	**-**	-	**-**	-	**4,073**	1,103	**-**	-
5% Decrease	**-**	-	**-**	-	**(1,967)**	(1,219)	**-**	-
Cash and cash equivalents	**308**	164	**-**	-	**-**	-	**-**	-

The Group's sensitivity to foreign currency has increased during the current period mainly due to the increase in USD denominated trade receivables.

(ii) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as fair value through profit or loss. The price risk exists as the market value of the investments is subject to supply and demand and other market forces. Equity price risk is managed by periodically reviewing market rates of return to optimise returns.

The group has 100% concentration of investments in Australian Listed mining companies (2008: 100%).

The at risk amount for the Group and the Parent Company is $1,175 thousand (2008: $9,469 thousand).

Equity price risk sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date. Each equity instrument is assessed on its individual price movement with the sensitivity rate based on a reasonably possible change of 45%. At reporting date, if the equity prices had been higher or lower, net profit for the year ended 30 June 2009 would have increased or decreased by $370 thousand (2008: $4,882 thousand). The Group's sensitivity to equity prices has reduced from the prior year due to an investment in an ASX listed entity going into administration during the year.

f. Commodity Price Risk Management

The Group's revenues, derivatives and trade receivables are exposed to commodity price risk fluctuations, namely nickel prices. Commodity price risk arises when nickel production is delivered to customers and a financial asset is created. The nickel price fluctuates for three months until final settlement with the customer.

Forward contracts are used to manage the commodity price fluctuation. It is the Board's policy to hedge between 0% and 40% of total nickel reserve tonnes. All of the hedges qualify as "highly probable" forecast transactions for hedge accounting purposes. It is the Board's policy to hedge anticipated nickel production operating costs, whilst remaining exposed to spot nickel prices for the remainder of the Group's revenue.

Refer to note 31e for a summary of the 'at risk amounts'.

Note 31: Financial Instruments (continued)

Commodity price risk sensitivity analysis

The following table summarises the sensitivity of the fair value of financial instruments held at balance date to movement in the relevant forward commodity price, with all other variables held constant. Debtors valuation used a sensitivity analysis of 4% (2008: 4%) which is based upon the 3 month forward commodity rate as there is a 3 month lag-time between delivery and final nickel price received. A 20% sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Impact on Profit (Net of Tax)				Impact on Equity (Net of Tax)			
	Consolidated		Parent		Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Commodity Price Risk								
Trade Receivables	**1,451**	507	-	-	-	-	-	-
Commodity Liabilities								
20% Increase	-	-	-	-	**(12,556)**	(7,539)	-	-
20% Decrease	-	-	-	-	**12,556**	7,539	-	-

All other variables remain constant: A downward sensitivity analysis has not been performed for trade receivables as the numbers would be consistent with the increase.

g. Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board monitors liquidity levels on an ongoing basis.

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Carrying Amount $'000
Consolidated						
2009						
Trade and other payables	**11,104**	-	-	-	-	**11,104**
Finance lease liabilities	-	-	-	-	-	-
	11,104	-	-	-	-	**11,104**
2008						
Trade and other payables	14,600	-	-	-	-	14,600
Finance lease liabilities	-	348	168	-	-	516
	14,600	348	168	-	-	15,116
Company						
2009						
Trade and other payables	**2,415**	-	-	-	-	**2,415**
	2,415	-	-	-	-	**2,415**
2008						
Trade and other payables	5,191	-	-	-	-	5,191
	5,191	-	-	-	-	5,191

The following table details the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settles on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The parent company does not hold any derivative instruments (2008: nil).

	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Carrying Amount $'000
Consolidated						
2009						
Net settled:	**124**	**268**	**1,370**	**1,844**	**-**	**3,606**
Forward commodity contracts	**124**	**268**	**1,370**	**1,844**	**-**	**3,606**
2008						
Net settled:	1,727	3,471	15,524	-	-	20,722
Forward commodity contracts	1,727	3,471	15,524	-	-	20,722

(i) Trade and other payables and forward commodity contracts agree to the balance sheet values for their respective years. The Group believes these positions to be a true reflection of what would be paid assuming the position had to be paid immediately.

(ii) The analysis is per a contractual obligation with the counterparty to the derivative instruments.

(iii) The gross cash outflows in relation to foreign exchange contract derivatives have not been shown, as if the hedge positions were closed out the Group would benefit.

h. Fair Value of Financial Instruments

Aggregate net fair values and carrying amounts of financial assets at balance date:

	2009 Consolidated		2009 Parent		2008 Consolidated		2008 Parent	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Australian Listed investments	**1,175**	**1,175**	**1,175**	**1,175**	9,469	9,469	9,469	9,469
Security deposit	**29**	**29**	**29**	**29**	25	25	25	25
Foreign exchange contracts	**1,290**	**1,290**	**-**	**-**	9,444	9,444	-	-
Commodity contracts	**(3,606)**	**(3,606)**	**-**	**-**	(20,722)	(20,722)	-	-
Cash and cash equivalents	**127,238**	**127,238**	**21,388**	**21,388**	145,384	145,384	9,332	9,332
Trade and other receivables	**24,484**	**24,484**	**317**	**317**	12,430	12,430	8,693	8,693
	150,610	**150,610**	**22,909**	**22,909**	156,030	156,030	27,519	27,519

Note 32: Company Details

The registered office and principal place of business of the Company is Suite 1, 183 Great Eastern Highway, Belmont, Western Australia.

Note 33: Contingent Liabilities

Lightning Nickel Pty Ltd, which is 100% owned by Independence Group NL, has guarantees of $768 thousand outstanding to various third parties. The guarantees relate to environmental and rehabilitation bonds predominantly for the Long Nickel Mine and Tropicana Gold Project.

Note 34: Share-Based Payments

(i) The following share-based payment arrangements existed at 30 June 2009:

(a) On 10 February 2005, the Company issued 800,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 762,500 options had been exercised or cancelled as at the end of the financial year. The remaining 37,500 expire on 30 June 2010.

(b) On 23 December 2005, the Company issued 150,000 unlisted options exercisable at $1.59 to employees. The options were issued pursuant to the Company's Employee Option Plan. 112,500 options had been exercised at the end of the financial year. The remaining 37,500 expire on 30 June 2010.

(c) On 2 May 2006, the Company issued 100,000 unlisted options exercisable at $2.94 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.

(d) On 16 May 2006, the Company issued 50,000 unlisted options exercisable at $3.07 to employees. The options were issued pursuant to the Company's Employee Option Plan. 25,000 options had been exercised or cancelled at the end of the financial year. The remaining 25,000 options expire on 30 June 2010.

(e) On 31 October 2006, the Company issued 150,000 unlisted options exercisable at $4.85 to employees. The options were issued pursuant to the Company's Employee Option Plan. 37,500 options had been exercised or cancelled as at the end of the financial year. The remaining 112,500 expire on 30 June 2011.

(f) On 13 November 2006, the Company issued 300,000 unlisted options exercisable at $4.64 to employees. The options were issued pursuant to the Company's Employee Option Plan. 75,000 options had been exercised or cancelled as at the end of the financial year. The remaining 225,000 expire on 30 June 2011.

(g) On 27 November 2006, the Company issued 500,000 unlisted options to director Christopher Bonwick and 250,000 to director Kelly Ross. The options are exercisable at $4.44. The options were issued pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting and expire on 30 June 2011.

All options issued are exercisable 25% at the end of each year for four years with the exception of options detailed in note (g) above which are exercisable 12 months after the date of issue.

All options are only exercisable if the employee or director is still employed or engaged by the Company. If employment or directorship is terminated, only those options already vested will be exercisable with the unvested portion cancelled.

All options entitle the holder to one ordinary share in Independence Group NL for every option held and no dividend or voting rights attach to options on issue.

	Consolidated				Parent Entity			
	2009		2008		2009		2008	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	**1,777,500**	**3.38**	4,005,900	1.20	**1,777,500**	**1.20**	4,005,900	1.20
Granted	**-**	**-**	-	-	**-**	**-**	-	-
Forfeited	**(25,000)**	**3.07**	-	-	**(25,000)**	**3.07**	-	-
Exercised	**(465,000)**	**1.17**	(2,228,400)	1.30	**(465,000)**	**1.17**	(2,228,400)	1.30
Expired	**-**	**-**	-	-	**-**	**-**	-	-
Outstanding at year-end	**1,287,500**	**4.19**	1,777,500	3.38	**1,287,500**	**4.19**	1,777,500	3.38
Exercisable at year-end	**1,000,000**	**4.20**	1,361,875	3.29	**1,000,000**	**4.20**	1,361,875	3.29

There were 465,000 options exercised during the year ended 30 June 2009. These options had a weighted average share price of $3.24 at exercise date.

The options outstanding at 30 June 2009 had a weighted average exercise price of $4.19 and a weighted average remaining contractual life of 1.8 years. Exercise prices range from $1.16 to $4.85 in respect of options outstanding at 30 June 2009.

The weighted average fair value of options granted during the year was nil. The weighted average fair value of options granted during the previous year was nil.

There were no options granted during the year or the previous year.

Included under share-based payment expense in the income statement is $189 thousand (2008: $930 thousand), which relates, in full, to equity-settled share-based payment transactions.

(ii) Employee option plan

The establishment of the Independence Group NL Employee Option Plan was approved by shareholders at the 2000 annual general meeting. The Employee Option Plan is designed to provide long-term incentives for senior managers and executive directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain tenure of employment conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on continued employment with the Company over the vesting period. Options granted vest 25% each year for four years. Once vested the options remain exercisable until their expiry date. Options are granted under the Plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is the price at which the Company's shares traded on the Australian Securities Exchange on the day the options are granted.

Note 35: New Accounting Standards Not Yet Effective

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and Group, but are not yet effective. They have therefore not been adopted in preparation of the financial statements at reporting date. No other standards, amendments or interpretations are expected to affect the accounting policies of the Group.

ASB Amendments	AASB Standard Affected	Nature of change In Accounting Policy and Impact	Application Date of the Standard[1]	Application Date for the Group
AASB 101 (revised September 2007)	AASB 101: Presentation of Financial Statements	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.	1 January 2009	1 July 2009
AASB 2008-1 (issued February 2008)	Amendments to AASB 2 - Share-based Payments Vesting Conditions and Cancellations	The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.	1 January 2009	1 July 2010
AASB 123 (revised June 2007)	AASB 123: Borrowing Costs	All borrowing costs for qualifying assets will have to be capitalised where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.	1 January 2009	1 July 2009
AASB 2009-2 (issued April 2009)	Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.	1 January 2009	1 July 2009
AASB 136	Impairment of Assets	Additional disclosure requirements about discounted cash flow assumptions used for the fair value less costs to sell method. There will be no financial impact when these amendments are first adopted because these amendments relate to disclosure requirements only.	1 January 2009	1 July 2009
AASB 8 (issued February 2007)	AASB 114: Operating Segments	This is a disclosure standard only in relation to reporting by operating segments instead of reporting by business and geographical segments.	1 January 2009	1 July 2009
AASB 107	Cash Flow Statements	Clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities. Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the balance sheet.	1 January 2010	1 July 2010

1 *Application date of the Standard refers to the annual reporting periods commencing on or after this date.*

Note 36: Interest in Joint Ventures

The Company has a 30% equity interest in the tenements associated with the Tropicana Joint Venture (AngloGold Ashanti Australia Ltd owns 70% and is the Manager). As the venture is a joint controlled operation, the Company's share of costs in relation to the project are capitalised on the balance sheet of the parent entity under AASB 6. The Company contributes 30% of the project costs which includes bankable feasibility study costs. The parent entity has pledged $8,866 thousand for these Tropicana budgets which is not included in the balance sheet as it relates to anticipated expenditure in 2009/10.

Note 37: Board Approval of Financial Statements

The financial statements were approved by the directors on 11 September 2009.

Directors' Declaration

The directors of the Company declare that in their opinion:

1. the financial statements and notes of the Company and the consolidated Group:

   a. comply with Accounting Standards and the Corporations Act 2001;

   b. give a true and fair view of the financial position as at 30 June 2009 and performance for the year ended on that date of the Company and the consolidated Group; and

   c. the remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001;

2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2009.

This declaration is made in accordance with a resolution of the Board of Directors.

C M Bonwick
Managing Director

Dated this 11th day of September 2009

Independent Auditor's Report

To the members of Independence Group NL

We have audited the accompanying financial report of Independence Group NL, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Independence Group NL is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Independence Group NL for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Brad McVeigh
Director

Perth, Western Australia
Dated this 11th day of September 2009

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed public companies only. This information is current as at 2 September 2009.

1. Shareholding

a. Distribution of shareholders:

Category (size of Holding)	Ordinary Shares
1 - 1,000	1,009
1,001 - 5,000	1,546
5,001 - 10,000	510
10,001 - 100,000	579
100,001 - and over	74
	3,718

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 103. The number of shareholders holding less than an economic parcel is 361.

c. The Company has received the following notices of substantial holding:

9,931,847 ordinary shares from JP Morgan Chase & Co. and its affiliates.

6,823,578 ordinary shares from National Australia Bank Limited and associated companies.

5,902,977 ordinary shares from Orion Asset Management Limited.

d. Voting Rights

The voting rights of each class of share are as follows:-

Fully Paid Ordinary Shares – one vote per share held.

Options – no voting rights are attached to unexercised options.

2. The name of the company secretary is Mrs Kelly Ross. Mrs Ross holds a Bachelor of Business in Accounting from Curtin University and the designation CPA from the Australian Society of Certified Practising Accountants.

3. The address of the principal registered office in Australia is Suite 1, 183 Great Eastern Highway, Belmont, Western Australia, Telephone (08) 9479 1777.

4. The Register of securities is held at Security Transfer Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia.

5. No on-market share buy-back is current.

6. Stock Exchange Listing

   Quotation has been granted for 113,651,039 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange (ASX Limited). Unquoted securities are detailed in Note 7 below.

7. Unquoted Securities

The following securities have been issued and the Company has not requested their quotation by the Australian Stock Exchange:-

Unlisted Options

(a) On 23 December 2005, the Company issued 150,000 unlisted options exercisable at $1.59 to employees. The options were issued pursuant to the Company's Employee Option Plan. 75,000 options had been exercised at the end of the financial year and 37,500 were exercised after the end of the year. The remaining 37,500 expire on 30 June 2010.

(b) On 2 May 2006, the Company issued 100,000 unlisted options exercisable at $2.94 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.

(c) On 16 May 2006, the Company issued 50,000 unlisted options exercisable at $3.07 to employees. The options were issued pursuant to the Company's Employee Option Plan and the remaining 25,000 options expire on 30 June 2010. 25,000 options were cancelled during the financial year.

(d) On 31 October 2006, the Company issued 150,000 unlisted options exercisable at $4.85 to employees. The options were issued pursuant to the Company's Employee Option Plan. 37,500 options had been exercised or cancelled as at the end of the financial year. The remaining 112,500 expire on 30 June 2011.

(e) On 13 November 2006, the Company issued 300,000 unlisted options exercisable at $4.64 to employees. The options were issued pursuant to the Company's Employee Option Plan. 75,000 options had been exercised or cancelled as at the end of the financial year. The remaining 225,000 expire on 30 June 2011.

(f) On 27 November 2006, the Company issued 500,000 unlisted options to director Christopher Bonwick and 250,000 to director Kelly Ross. The options are exercisable at $4.44. The options were issued pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting and expire on 30 June 2011.

8. 20 Largest Holders of Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. National Nominees Limited	17,351,264	15.27
2. HSBC Custody Nominees (Australia) Limited	13,997,401	12.32
3. JP Morgan Nominees Australia Limited	13,409,551	11.80
4. ANZ Nominees Limited	5,856,309	5.15
5. Citicorp Nominees Pty Limited	3,892,054	3.42
6. Cogent Nominees Pty Ltd	3,784,251	2.22
7. Forty Traders Limited	3,134,000	2.76
8. Ron Medich Properties Pty Ltd	2,043,000	1.80
9. Virtual Genius Pty Ltd	2,000,000	1.76
10. Legend Mining Limited	1,900,000	1.67
11. UBS Nominees Pty Ltd	1,253,552	1.10
12. Queensland Investment Corporation	1,192,165	1.05
13. Karen Alana Schiller	975,000	0.86
14. Nattai Pty Ltd	945,000	0.83
15. Bonwick Superannuation Fund	930,648	0.82
16. Jeffrey Schiller	900,000	0.79
17. Yarandi Investments Pty Ltd	883,001	0.78
18. RBC Dexia Investor Services Australia Nominees Pty Limited	875,313	0.77
19. AMP Life Limited	831,385	0.73
20. Perpetual Corporate Trust	709,488	0.62
	76,863,382	67.63

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INDEPENDENCE GROUP NL