Independence Group

ANNUAL **REPORT**

2014

TROPICANA GOLD MINE

PRODUCTION RAMP UP COMPLETED

Joint Venture with AngloGold Ashanti

Scoping Study commenced

2001 — Tenement Application Lodged

2002 — Joint Venture with AngloGold Ashanti

2005 — Discovery Hole

2006 — Scoping Study commenced

2007 — Pre-feasibility Study commenced

2009

Bankable Feasibility Study commences

2010

Project Approved by Joint Venture Partners

2013

Construction Completed and first gold poured (Sept 2013)

2014

Production Ramp-up to nameplate capacity completed (March 2014)

CONTENTS

COMPANY DIRECTORY

Directors

Peter Bilbe
(Chairman and Non-Executive Director)

Peter Bradford
(Managing Director)

Kelly Ross
(Non-Executive Director)

Rod Marston
(Non-Executive Director)

Geoffrey Clifford
(Non-Executive Director)

Peter Buck
(Non-Executive Director)

Management

Peter Bradford
(Managing Director)

Brett Hartmann
(Group Operations Manager)

Tony Walsh
(Company Secretary & General Manager Corporate)

Matt Dusci
(General Manager New Business)

Scott Steinkrug
(Chief Financial Officer)

Sam Retallack
(Human Resources Manager)

Auditor

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Shares

Listed on Australian Securities Exchange [ASX]

ASX code: IGO

Shares on issue: 234,256,573 ordinary shares

vision

TO BUILD A DIVERSIFIED
RESOURCES GROUP DELIVERING
SUPERIOR RETURNS

OUR VISION

"To build a diversified resources group delivering superior returns"

OUR MISSION

- Engaging our people through development of their capabilities and recognition of their contributions to our future
- Encouraging innovation to drive efficiency and growth
- Achieving measured and sustainable growth through high returns from diverse, low cost, long life assets
- Committing to the wellbeing of all stakeholders

OUR VALUES

We will build an organisation that reflects the following values:

- Integrity: Working as a whole (undivided) and with honesty and strong moral principles
- Teamwork: Working together to achieve shared goals
- Accountability: Taking ownership for what we do and responsibility for others
- Diligence: Careful (safe) and persistent effort
- Respect :Valuing the views of others and accepting people for who they are

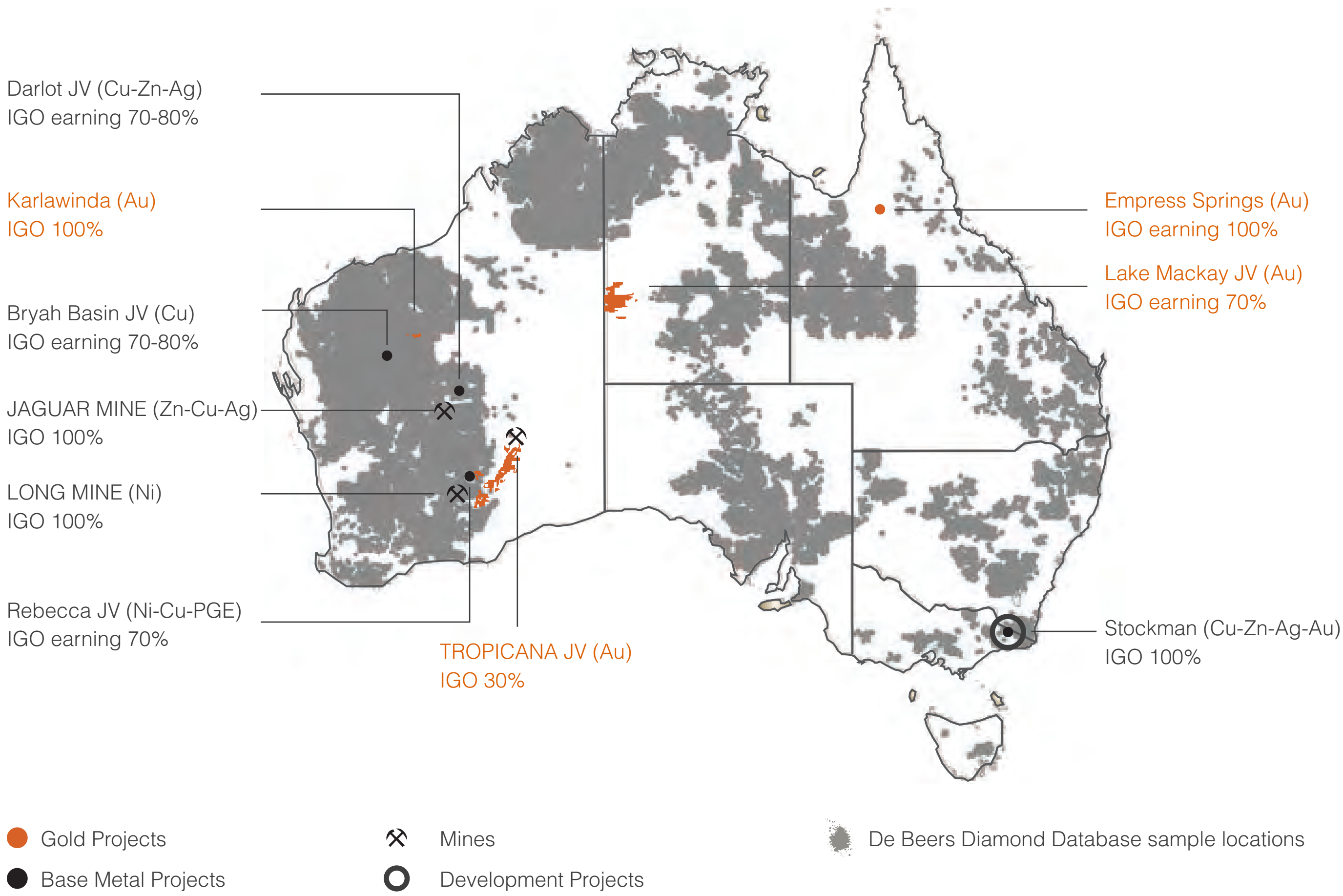


Figure 1: Independence Group NL ("IGO" or the "Company"): Mining operations and project locations

WORKING AS A WHOLE (UNDIVIDED) AND WITH HONESTY AND STRONG MORAL PRINCIPLES

Integrity

COMPANY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- The Company realised a $46.6 million Net Profit After Tax in the 2014 Financial Year (FY2014) (FY2013: $18.3 million), which included an abnormal non-cash impairment of $17 million.
- Underlying EBITDA[1] increased to $174.8 million (FY2013: $56.8 million).
- Revenue increased to $399.0 million (FY2013: $225.9 million) primarily due to the addition of revenue from Tropicana.
- Net cash flows from operating activities increased to $153.6 million (FY2013: $67.5 million).
- At 30 June 2014 the Company had cash and cash equivalents of $57.0 million (2013: $27.2 million) and debt of $29.0 million (2013: $20.0 million), a net increase of $14.8 million since 30 June 2013 which is inclusive of the Tropicana project construction spend.
- The Company announced a fully franked Final Dividend of 5.0 cents per share (FY2013: 1.0 cent).
- Total fully franked dividends paid during FY2014 were 4.0 cents per share (FY2013: 2.0 cents).

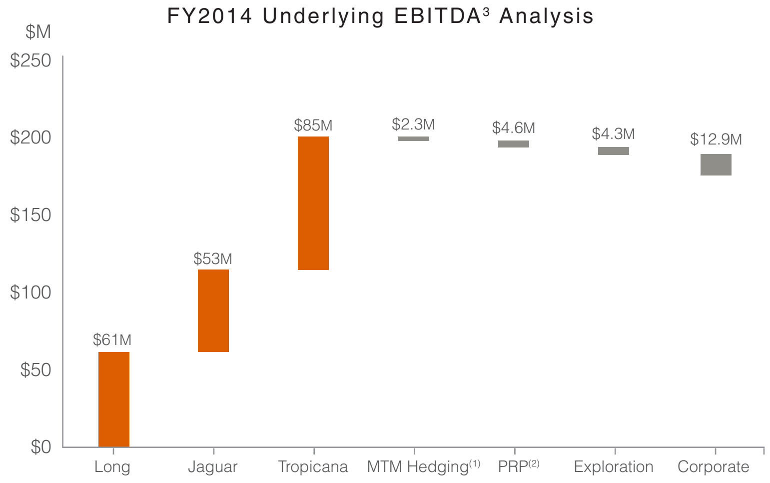
OPERATIONAL SUMMARY

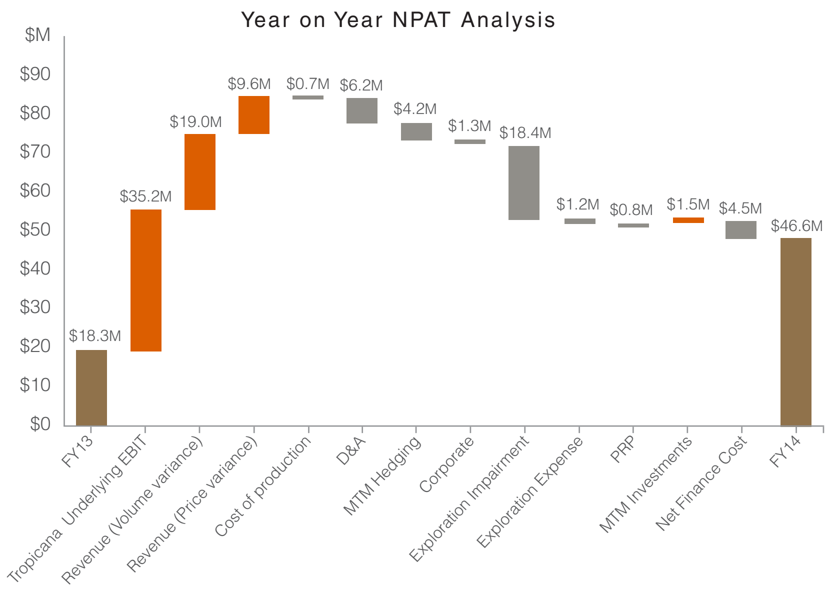
- Tropicana Gold Mine (TGM) [IGO 30%]: Ramp up to nameplate capacity is now complete following commissioning and first gold pour in September 2013. Targeted production from Tropicana in FY2015 is expected to be in the range of 470,000 to 490,000 ounces (oz) (100% basis), with cash costs[2] expected to be in the range of $590 to $630 per ounce of gold (A$/oz Au).

- Long Operation [IGO 100%]: Annual production was 10,909 tonnes (t) of contained nickel metal in FY2014 (FY2013: 11,180t) 9% above the upper range of guidance. Cash costs including royalties and by-product credits for the year were $3.78 per payable pound of nickel (FY2013: $4.34), 12.1% below the lower end of guidance.

- Jaguar Operation [IGO 100%]: Production for FY2014 was 41,162 tonnes of contained zinc metal (FY2013: 33,809t), 7,692 tonnes of contained copper metal (FY2013: 4,992t) and 1,657,161 oz of contained silver metal (FY2013: 1,376,804 oz). The payable cash costs including royalties and by-product credits were $0.31 per pound zinc (FY2013: $0.49 per pound zinc), being 22.5% below the lower end of market guidance. Production of copper was 28.2% above the higher end of guidance and zinc production was 1.6% above the upper range of guidance.

[1] See JORC Code (2012) Competent Persons' Statements and Forward-looking statements in Section 8 for a definition of Underlying EBITDA.
[2] See JORC Code (2012) Competent Persons' Statements and Forward-looking statements in Section 8 for a definition of cash costs.





Notes

(1) MTM is mark to market.

(2) PRP is the non-cash charge for the Company's employee performance rights plan.

3 See JORC Code (2012) Competent Persons' Statements and Forward-looking statements in Section 8 for a definition of Underlying EBITDA.

FINANCIAL SUMMARY

Financial Year Ended 30 June	2014	2013	Increase
Total Revenue	$399.0M	$225.9M	77%
Underlying EBITDA[4]	$174.8M	$56.8M	208%
Profit Before Tax	$67.8M	$27.8M	144%
Profit After Tax	$46.6M	$18.3M	155%
Net Cash Flow From Operating Activities	$153.6M	$67.5M	128%
Total Assets	$891.3M	$822.0M	8%
Total Liabilities	$204.4M	$172.5M	18%
Shareholders' Equity	$686.9M	$649.5M	6%
Net tangible assets per share	$2.94	$2.79	5%

4 See JORC Code (2012) Competent Persons' Statements and Forward-looking statements in Section 8 for a definition of Underlying EBITDA.

PROJECT AT FEASIBILITY STUDY STAGE

Stockman project [IGO 100%]

The Stockman Project's Environmental Effects Statement (EES) permitting documentation for the State of Victoria (also accredited with the Federal EPBC Act) was completed and lodged during FY2014, with permitting expected to be received in the first half of FY2015.

The Enhanced Feasibility Study (EFS) was progressed in parallel with the approvals process. The Company expects to complete the EFS work in the first half of FY2015. This will allow an accurate project timeline and the approval conditions to be properly assessed and integrated into the final investment assessment expected to be considered by the Board in the December 2014 Quarter.

EXPLORATION PROJECTS

Tropicana Gold Mine [IGO 30%] – Near Mine Exploration

Work on the Havana Deeps Pre-Feasibility study included the design, permitting and site preparation for the 3D seismic survey targeting depth extensions to the Tropicana and Havana mineralisation. The survey was completed early in the September 2014 Quarter and will be used to help define drill targets below the current mineral resource pit shells.

Tropicana Project – Beachcomber Joint Venture (IGO Earning 70%)

During FY2014, the Company entered into a joint venture with AngloGold Ashanti Australia Pty Ltd (AngloGold Ashanti) on five tenements at the southern end of the Tropicana footprint whereby the Company has the right to increase its interest in these tenements from 30% to 70% by spending $3M over 4 years. The Company has identified Electromagnetic (EM) conductors co-incident with copper geochemical anomalism defined in previous aircore drilling, which warrant drill testing. Drill testing is planned for FY2015.

Jaguar Regional Exploration - Darlot JV (IGO Manager And Earning 70% - 80%)

During FY2014, the Company entered into a joint venture on the Darlot Project, held by Enterprise Metals Limited (ASX: ENT). The Company is earning a 70%-80% interest in the project which covers some 740 square kilometres of tenure approximately 60km north and along-strike from IGO's Jaguar Project. The Project, which covers similar volcanic stratigraphy to the Jaguar Project, has strategic value to the Company as any base metals discoveries are potentially within economically viable trucking distance of its Jaguar processing facility.

Lake Mackay Exploration Alliance (IGO Has Potential To Earn Up To 70%)

During FY2014, the Company entered into an exploration alliance with ABM Resources NL (ASX: ABU) under which the Company could earn up to 70% of a portfolio of tenements in the Lake Mackay region in the Northern Territory. The Lake Mackay Project is located 400km northwest of Alice Springs, adjacent to the Western Australian border, and includes 7,200 square kilometres of exploration licences and 5,000 square kilometres of exploration licence applications. The project area is considered prospective for gold, base metals and nickel sulphide mineralisation.

Bryah Basin Joint Venture (JV) (IGO Manager And Earning 70% - 80%)

During FY2014, the Company entered into an exploration alliance with Alchemy Resources Limited (ASX: ALY) under which the Company could earn up to a 70% interest in ALY's Bryah Basin portfolio of tenements. The Bryah Basin JV tenure is situated approximately 40km west along strike from the DeGrussa Cu-Au VMS deposit currently being mined by Sandfire Resources Ltd (ASX: SFR) and covers the same prospective Narracoota Volcanic host stratigraphy. The Company intends to apply the exploration techniques developed at these projects together with its in-house geophysical expertise in the exploration of the Bryah Basin JV Project.

OUTLOOK

A major focus for IGO in the 2015 financial year (FY2015) will be working with its joint venture partner, AngloGold Ashanti, on gaining additional operating efficiencies at the TGM. IGO's attributable gold production from this project in FY2015 is expected to be in the range of 141,000 to 147,000 ounces at a cash cost plus royalties in the range of $590 to $630/oz Au. IGO's attributable share of production from TGM is expected to provide substantial cash flows and profits to IGO during FY2015 and beyond.

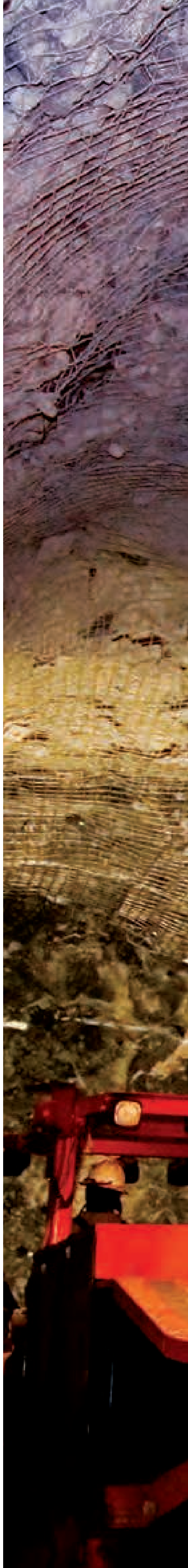
Production guidance for the Long Operation for FY2015 is 230,000 to 270,000 ore tonnes for production of between 9,000 and 10,000 tonnes of contained nickel. Payable cash costs plus royalties for FY2015 are forecast at $4.30 to $4.70 per payable pound of nickel, net of copper credits. Exploration at Long over the next 12 months will continue to test for extensions to existing deposits and for new deposits in the tenement area.

Production guidance for the Jaguar Operation for FY2015 is 420,000 to 440,000 ore tonnes for production of 5,800 to 6,500 tonnes of copper metal, 40,000 to 43,000 tonnes of zinc metal and 1,000,000 to 1,100,000 ounces of silver metal in concentrate. Cash costs for FY2015 are forecast at A$0.40 to A$0.60 per payable pound of zinc, including royalty costs and net of copper and silver credits. Drilling over the next 12 months will focus on increasing the confidence in existing indicated and inferred resources and looking for new deposits.

At the Stockman Project in Victoria, work to complete the EES permitting and EFS is expected to conclude in the first half of FY2015. The Company expects to spend in the order of $3 million to complete this process.

IGO is expecting to spend in the order of $11 million on greenfields exploration and $26 million on brownfields exploration during FY2015. There has been a reduction in the total cost of the greenfields exploration program, compared with the previous year, due to a change in the nature of IGO's priorities during FY2015 and an emphasis on brownfields exploration, permitting at the Stockman Project and identifying new, more advanced assets that will enhance the Company's project pipeline.

A major focus for IGO in the 2015 financial year (FY2015) will be working with its joint venture partner, AngloGold Ashanti, on gaining additional operating efficiencies at the TGM.




TAMROCK

Left to right: Rod Marston, Geoffrey Clifford, Peter Bradford, Peter Bilbe, Kelly Ross, Peter Buck.

Peter Bilbe (64)
B.Eng. (Mining) (Hons), MAusIMM

Non-Executive Chairman

Mr. Bilbe is a mining engineer with 40 years Australian and international mining experience in gold, base metals and iron ore 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's most recent executive position was Managing Director of Aztec Resources Limited, which successfully developed the Koolan Island iron ore project from exploration to production. Mr. Bilbe is also a past member of the Executive Council of Chamber of Minerals and Energy. Mr Bilbe is currently a director of Northern Iron Limited. Mr Bilbe holds a Bachelor of Engineering (Mining) degree from the University of New South Wales and is a member of the AusIMM.

Peter Bradford (56)
B.AppSc., FAusIMM, MSMME

Managing Director

Mr. Bradford is a senior executive and a qualified metallurgist with over 35 years' experience in gold and base metals mining operations, exploration and development and has held senior positions internationally and within Australia. Mr. Bradford graduated as a metallurgist at the Western Australian School of Mines and commenced his career with various gold, nickel and mineral sands operations in Western Australia. Mr. Bradford was resident manager at both Gidgee and Plutonic Gold Mines during the development and early operational phases. Internationally, Mr. Bradford has held senior and chief executive roles with Ashanti Goldfields (and Golden Shamrock Mines), Golden Star Resources, Anvil Mining, Copperbelt Minerals and PMI Gold, providing leadership in the development of strategy and growth for many of these companies. More recently, Mr. Bradford successfully oversaw the merger of PMI Gold with TSX listed, Asanko Gold, which was completed in February 2014. Mr. Bradford is a non-executive director of Asanko Gold, Inc., a fellow of the AusIMM and a member of the Society of Mining Engineers.

Rod Marston (71)
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.

BOARD OF DIRECTORS

Kelly Ross (52)
B.Bus., CPA, ACIS, ACSA

Non-Executive Director

Mrs. Kelly Ross is an accountant with over 25 years' experience in the mineral exploration and mining industry. Mrs. Ross was with the Resolute group from 1987 to 2000, during which time Resolute grew from being a small exploration company to become a major multi-national gold producer. Mrs. Ross has held positions with National Resources Exploration Pty Ltd, the Kimseed Group, Murchison United NL and the Department of Mineral & Petroleum Resources. Mrs. Ross was the Company Secretary of Independence Group NL until 23 August 2011. Mrs. Ross is currently a director of Musgrave Minerals Limited.

Geoffrey Clifford (64)
B.Bus., FCPA, FCIS, FAICD

Non-Executive Director

From 2007 until 2011 Mr. Clifford was a Non-Executive Director of Atlas Iron Limited, Centaurus Metals Limited and Fox Resources Limited. From December 2008 to July 2011, he was Non-Executive Chairman of Atlas Iron Limited. During that time Mr. Clifford presided over a period of exceptional growth in production and shareholder wealth. From 2005 to 2007, Mr. Clifford was a Non-Executive Director of, and consultant to, Aztec Resources Limited and, prior to his time at Aztec, he was General Manager Administration and Company Secretary of Portman Limited for 8 years.

Mr. Clifford holds a Bachelor of Business degree from Curtin University and undertook post graduate studies in Administrative and Secretarial Practice. Mr. Clifford has more than 35 years' experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries. Mr. Clifford was admitted as a Fellow of the Australian Society of Certified Practising Accountants in 1989 and as a Fellow of the Institute of Chartered Secretaries and Administrators in 1995. Mr. Clifford was also admitted as a Fellow of the Australian Institute of Company Directors in March 2011.

Peter Buck (65)
M.Sc. (Geology), M.AusIMM

Non-Executive Director

Mr. Peter Buck was appointed as a Non-Executive Director of the Company in October 2014. Mr. Buck is a geologist with over 35 years' experience in the mineral exploration and mining industry who is associated with the discovery and development of a number of mineral deposits in Australia and Brazil. Mr. Buck commenced his career and spent 23 years with WMC Resources. In 1994, Mr. Buck joined Forrestania Gold as exploration manager and, following Forrestania Gold's acquisition by LionOre Mining International, became director of exploration and geology with LionOre Mining International until 2006. Mr. Buck played a key role in progressing the Maggie Hays, Emily Ann, Waterloo, Amorac and Thunderbox deposits from discovery through to production. Mr. Buck was managing director of Breakaway Resources from 2006 to 2009 and has been a non-executive director of Gallery Gold Ltd and PMI Gold Corporation. Mr. Buck is currently a non-executive director of Antipa Minerals Ltd.

Mr. Buck holds a Bachelor of Science (Geology) degree from Macquarie University, a Master of Science degree from the University of Manitoba, Canada and is a member of the Australian Institute of Mining and Metallurgy. Mr. Buck is a Board member of the Centre for Exploration Targeting at the University of Western Australia and Curtin University and formerly was a Vice President of the Association of Mining and Exploration Companies.

CHAIRMAN'S REVIEW

As envisaged, the Company has now become a diversified resources group.

Dear Shareholders

Following the decision by the joint venture partners in late 2010 to proceed with the development of the Tropicana Gold Mine (TGM), the commissioning, first gold production and ramp up to nameplate capacity of the TGM represents a very significant milestone in the history of the Company and consequently has substantially enhanced the Company's revenue and profitability. Our base metals operations at Long (nickel) and Jaguar (zinc, copper, silver) continue to perform strongly and represent important sources of free cash flow. As envisaged, the Company has now become a diversified resources group.

As I mentioned at the 2013 Annual General Meeting, it was with regret that in November 2013 the Company accepted the resignation of Chris Bonwick as Managing Director after a period of ill-health. The Board wishes to express its thanks to Chris for his service to the Company which spanned the founding of Independence, its listing on the ASX, the acquisition and restart of the Long Nickel mine, the discovery and development of the Tropicana Gold Project deposits and the takeover of Jabiru Metals Limited, which has culminated in Independence Group becoming an ASX 200 multi-commodity mining and exploration company.
I thank Chris for his dedication, leadership, incredible exploration talent and hard work over the last 13 years.

Following the retirement of Chris Bonwick, the Company was pleased to announce, after an extensive executive search, the appointment of Peter Bradford in March 2014, an experienced mining industry executive, as its Managing Director and Chief Executive Officer. Peter Bradford has over 35 years experience in Australia and internationally across all aspects of the industry including exploration, development and mining operations. Peter graduated as a metallurgist from the Western Australian School of Mines and then worked in a number of roles in Western Australia in various gold, nickel and mineral sands operations, including resident manager of the Gidgee and Plutonic Gold Mines during the development and early operational phases. Since then, Peter has worked internationally in senior and chief executive roles for Ashanti Goldfields (and Golden Shamrock Mines), Golden Star Resources, Anvil Mining, Copperbelt Minerals and PMI Gold, providing leadership in the development of strategy and the growth of many of these companies. More recently, Peter successfully oversaw the merger of PMI Gold with TSX listed Asanko Gold, which was completed in February 2014. Peter is a fellow of the AusIMM and member of the Society of Mining Engineers.

The Board sought to find an experienced mining professional who is a recognised leader of listed mining companies and in Peter Bradford, the Board believes it has found a high calibre and well proven leader for the Company with a demonstrated track record at chief executive level in mining operations, finance, commercial transactions and development of strategy. Since joining the Company, Peter and the Management team have taken substantial steps in developing strategies to grow shareholder value and to continue to build a diversified resources group. The Board is delighted with the appointment and has strong confidence in Peter's ability to lead the Company and deliver growth in shareholder value.

The Company continues to investigate opportunities both in Australia and overseas. In the light of the economic and legislative risks associated with some countries, the Board believes that any overseas opportunity needs to be rigorously assessed against the Company's investment criteria prior to consideration.

Commodity markets, particularly nickel prices and foreign exchange rates, again fluctuated this year and, despite some financial risk management strategies such as hedging, most of these external conditions remain beyond our control. What remains constant is the Board and Management's continued focus on creating value for shareholders through cost control, innovation, discovery and development. A prudent approach to any decision on the development of the Stockman Project and a sustained focus on costs at existing operations has continued to improve net cash flow from operating activities and Underlying EBITDA [(5)].

The Company's improved profit and cashflow performance in FY2014, low debt and strong financial position has enabled it to increase the dividends payment for FY2014 despite the considerable capital investment made in the TGM in the first half of FY2014.

FY2015 will be the first full financial year of revenue and cashflows from the TGM. The Board expects FY2015 to be an exciting year as the Company sees gold sales from TGM representing circa 60% of total revenue and cashflows, Long and Jaguar continue robust operational performance, progression at its Stockman Project and ongoing investment in exploration.

It is with great sadness I advise shareholders that, after 14 years of service, founding director and former chairman, Dr Rod Marston is retiring as a director effective from the close of the 2014 Annual General Meeting.

I would like to acknowledge Rod's tremendous contribution to the Company on so many levels and, on behalf of the Company and its shareholders, I thank Rod for his outstanding dedication and service. We wish Rod all the best in his well-deserved retirement.

The Board recently appointed respected geologist and mining executive, Mr Peter Buck, as Dr Marston's replacement. Peter Buck has been associated with the discovery and development of a number of mineral deposits in Australia and Brazil and, during his career, has worked with WMC Resources, Forrestania Gold, LionOre Mining International, following its acquisition of Forrestania Gold, and was managing director of Breakaway Resources. I would like to welcome Peter to the Company and look forward to his contribution in the coming years.

In particular, I would like to acknowledge and thank our employees for their hard work and achievements during the year in which so much has been accomplished.

On behalf of the Board, Management and all the Company's employees, I thank you, our shareholders, for your continued support.

Peter Bilbe
Chairman

Retiring director, Dr Rod Marston at a recent Tropicana Gold Mine gold pour

[5] See JORC Code (2012) Competent Persons' Statements and Forward-looking statements in Section 8 for a definition of Underlying EBITDA.

MANAGING DIRECTOR'S REPORT

Dear Shareholders,

It is my great pleasure to report to you on the growth and progress of the Company during FY2014.

Early in FY2014 the Company made a significant step towards creating sustainable value for shareholders with the commissioning and first gold pour at the Tropicana Gold Mine (TGM) (IGO 30%, AngloGold Ashanti 70%) in September 2013. The Company has now developed from a nickel production company into a diversified resources group producing gold, nickel, copper, zinc and silver from three separate operations.

The commissioning and completion of the ramp-up of the TGM is a very important achievement for the Company.

The commissioning and completion of the ramp-up of the TGM is a very important achievement for the Company. The Company's 30% share of gold production is expected to represent circa 60% of the Company's revenue in FY2015. Because TGM will be one of the lowest cash cost gold producers in Australia, the increase in the Company's earnings is expected to be significant. I would like to thank our joint venture partner and project manager, AngloGold Ashanti for their hard work in commissioning and ramping-up the TGM.

Independence Group, thanks to AngloGold Ashanti, now has an interest in a world class gold project that was completed safely, on budget and ahead of schedule.

The Long Operation continues to be an important source of free cashflow for the Company. The mine's nickel metal production was greater than FY2014 guidance by 9%. Cash costs per pound of payable nickel were again kept at a low level through some cost control measures instigated at the start of FY2014. Cash costs were 12% below the lower end of FY2014 guidance.

The Jaguar Operation has had an excellent FY2014 and, despite two unplanned shutdowns at the mill, metal production in concentrate of zinc, copper and silver increased during the year and was ahead of guidance. The Jaguar mill has shown during FY2014 that it can support additional throughput beyond just one source of ore, currently being the Bentley deposit.

The Company has during FY2014, continued to place significant emphasis on exploration. The Company continues to see great potential at Tropicana, Long and Jaguar as well as the prospects at joint venture tenements.

Our Jaguar Regional Exploration Project covers a 50 kilometre long corridor, along which ten Volcanogenic Massive Sulphide (VMS) alteration zones have been defined, indicating potential for other base metal discoveries. During the latter half of FY2014, the Company's brownfields and greenfields exploration teams have identified the Flying Spur lens and Triumph mineralisation respectively. Subsequent to the year end, the Company reported a mineral resource for Flying Spur, an extension to the Bentley deposit. Additional drilling is already underway at Triumph with the objective of assessing the potential of this prospect. During the next 12 months, we will continue to focus on exploring for high grade massive zinc-copper sulphides associated with those anomalies in this highly prospective VMS camp.

At Long, the Company has a history of successful discoveries over the last seven years. In the second half of FY2014 four underground diamond drill holes for 1,514m and one surface diamond drill hole for 1,072m were completed at the McLeay South prospect. Nickel sulphide mineralisation was intersected by both the underground and surface drill holes.

The surface drill hole intersected nickel mineralisation 450m south of current mine development. Exploration over the next twelve months will continue to test for extensions at McLeay South and Long North and new deposits in Moran South. The capital development is focusing on the development of the Moran South exploration drilling platform with the first platform expected to be completed in the first half of FY2015.

You will recall that the Company had loan facilities with National Australia Bank Limited (NAB) totalling A$170 million. These loan facilities gave the Company the financial flexibility needed to complete the development of the TGM and to provide support to further the Company's growth strategy. During FY2014 the Company started to repay this debt facility with a view to becoming debt free during FY2015. At 30 June 2014, the Company had net cash of $28 million.

During the last quarter of FY2014 the Management team recommended, and the Board approved, new Vision and Mission statements as well as best practice values. Our Vision is "To build a diversified resources group delivering superior returns".

One the most important aspects of our Mission is "Achieving measured and sustainable growth through high returns from diverse, low cost, long life assets".

I thank all shareholders for welcoming me as Managing Director and I look forward to your continued support in FY2015. The Company's employees and I are striving to achieve measured and sustainable growth.

Peter Bradford
Managing Director

OPERATIONS AND PROJECTS

TROPICANA GOLD PROJECT, WESTERN AUSTRALIA (IGO 30%, ANGLOGOLD ASHANTI 70% AND MANAGER)

Background

TGM construction was within budget and production commenced in September 2013, ahead of schedule.

The Tropicana Gold Project comprises approximately 9,200 square kilometres of tenements stretching over more than 350 kilometres in strike length along the Yilgarn Craton and Fraser Range Mobile Belt Collision Zone (Figures 1 and 4). The Company targeted and pegged the area containing the current gold reserves in 2001. AngloGold Ashanti farmed into the project in 2002, discovering Tropicana, Havana and Boston Shaker Gold Deposits respectively in 2005, 2006 and 2010. The gold deposits occur over a 5km strike length with gold mineralisation intersected over 1km vertically beneath the natural surface.

The decision by the Tropicana Joint Venture (TJV) partners to develop the Tropicana Gold Mine (TGM) was announced to the market in November 2010 following a positive Bankable Feasibility Study (BFS) assessment.

In early 2011, construction of the 220km access road commenced, followed by development of site infrastructure such as an aerodrome, accommodation village, borefields and processing plant. Mining of the Havana deposit commenced in 2012.

In FY2014, activity has centred around commissioning activities for first gold production in September 2013. Commissioning and ramp up to nameplate capacity was completed in March 2014.

Annual gold production is anticipated to average between 470,000 – 490,000 ounces in the first three years. This translates to IGO's attributable gold production averaging in the range of 141,000 ounces to 147,000 ounces per annum during the first three years of production. Average cash costs over the first 3 years of production are expected to be in the range of A$590 – A$630/oz Au.

FY2014 Production

TGM construction was within budget and production commenced in September 2013, ahead of schedule.

During FY2014, ore was predominantly sourced from the Havana pit with smaller amounts sourced from the Tropicana pit. Run of mine (ROM) grades for the total ore mined averaged 2.48g/t Au over this period. Total material movement, inclusive of ore, was 44.4 million tonnes (Mt). Pre-strip mining in the Tropicana open cut continued during the FY2014.

The ramp-up to processing plant design capacity was achieved in March 2014 and this was sustained during the June 2014 Quarter. In FY2015, the Company expects the manager to focus on process improvements to access efficiency opportunities in an attempt to push mill throughput beyond nameplate capacity.

IGO was pleased to report that its attributable gold production for FY2014 was 104,542 ounces with 100,167 ounces of gold sold. Average cash costs per ounce were $552/oz Au.

FY2015 Guidance

IGO expects approximately 6Mt of ore to be processed during FY2015. The Company's attributable gold production during FY2015 is expected to be in the range of 141,000 to 147,000 ounces with cash costs plus royalties in the range of $590 to $630/oz Au.

IGO's share of exploration is expected to be approximately $6 million on an annualised spend rate basis until December 2014, with an expected increase in spend in the calendar year 2015 (CY2015). IGO's share of sustaining capital is expected to be approximately $9 million.

Havana Deeps Pre-Feasibility Study

The Havana Deeps Pre-Feasibility Study (PFS) examined development options for extracting the Havana resource below the Havana Pit BFS design. Options reviewed included expansion of the BFS final Havana Pit and/or underground extraction. Work on the PFS was suspended in FY2014 and a decision to do additional exploration work, including a 3D seismic survey, which started in July 2014, was agreed as part of an enhanced PFS.

Design, permitting and site preparation for the 3D seismic survey, targeting depth extensions to the high grade shoots at Tropicana and Havana, were completed in FY2014. The results of the survey, completed in early in FY2015, will be used to refine deep drill targets.

Gas Pipeline Project

In July 2014, AngloGold Ashanti, on behalf of the TJV, entered into agreements with APA Group (APA) for the transportation of natural gas to the TGM. Under the agreements APA will construct a new 292km gas pipeline which will connect TGM to APA's Goldfields Gas Pipeline and Murrin Murrin lateral. TGM power generation costs are expected to reduce by 12 to 15% which will result in a reduction in cash costs of about $25 to $30/oz Au.

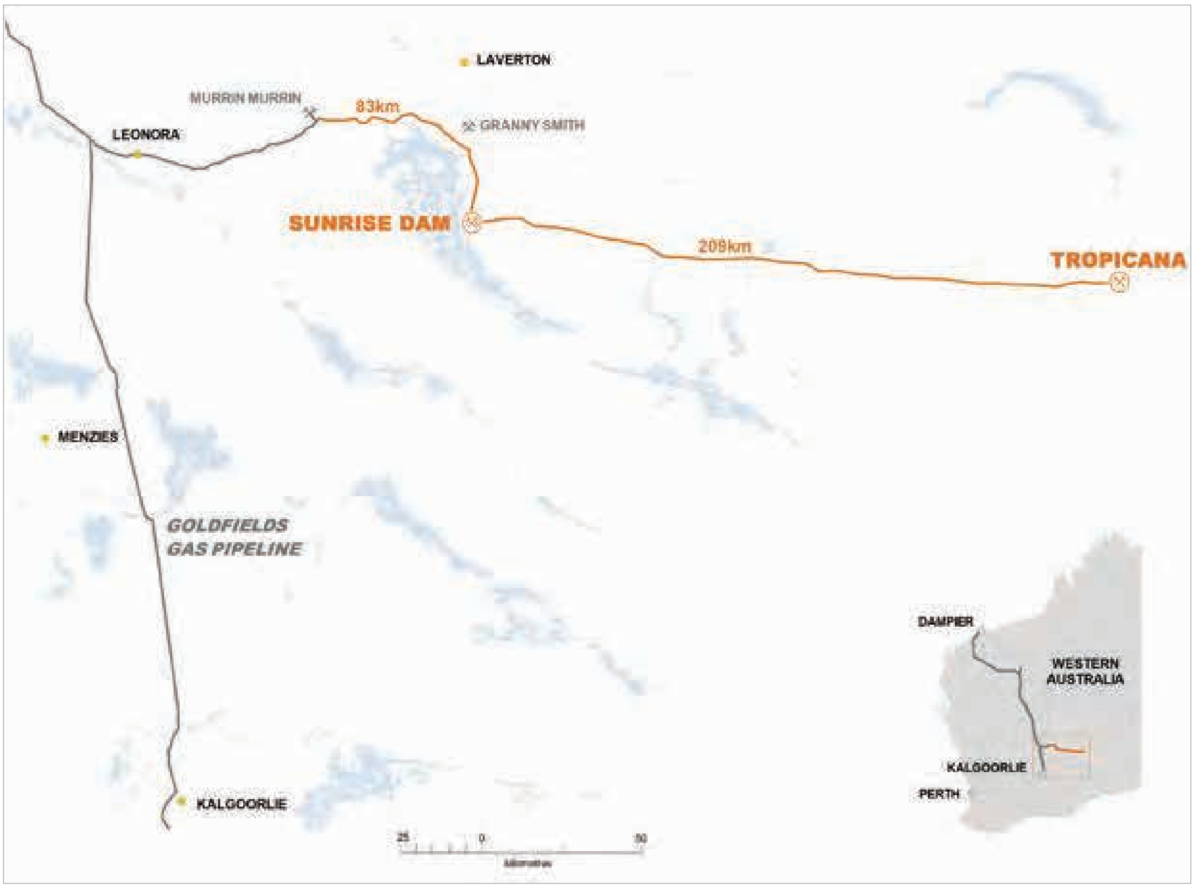


Figure 2 – Proposed gas pipeline construction (in orange)

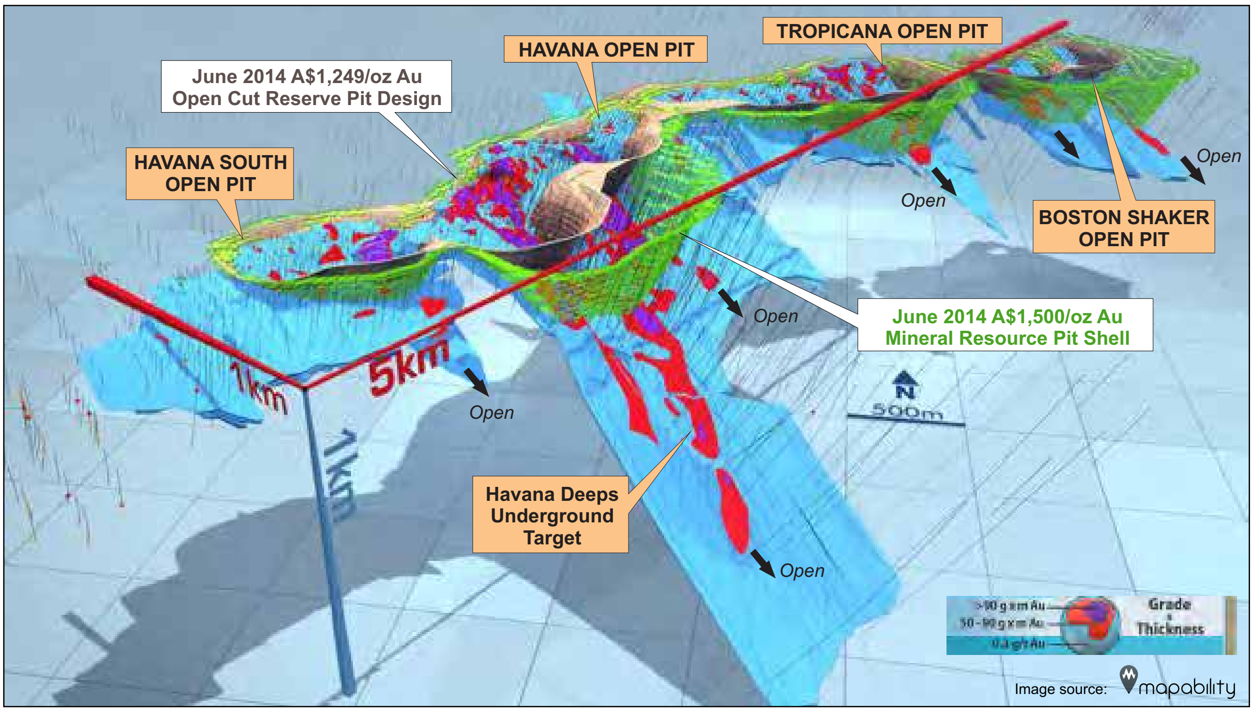


Figure 3:Tropicana Gold Project - Boston Shaker, Tropicana, Havana and Havana South open pit outlines

Tropicana-Havana Near-Mine Exploration

A total of 417 aircore (AC) holes (12,998m), 27 reverse circulation (RC) holes (4,250m) and one diamond hole (184m) were completed in FY2014 exploring for additional mineralisation within trucking distance of the TGM. During the year, encouraging results from this work were received at the Phoenix and Tumbleweed Prospects.

Regional Exploration

Regional exploration continued identifying and testing numerous prospects throughout the year. In total 1,433 AC holes (70,997m), 20 RC holes (3,075m) and seven diamond holes (1,309m) were completed.

Encouraging gold assay results from AC drilling at the Lichini Prospect located 90km southwest of Tropicana and at Madras, 25km south of Tropicana, were received. AC drilling at Beetle Juice, located 20km south of Tropicana, returned a significant Ni-Cu-PGE-Au intercept. Though follow-up drilling returned only low level anomalism, the results do highlight the base metal potential of the area. Airborne electromagnetic surveys tested selected areas for conductors possibly representing base metals mineralisation. A ground EM survey commenced in late June 2014 to better define a conductor identified in the airborne survey, the Belvedere Prospect. Results are expected in FY2015 and will be modelled to determine whether follow up drilling is justified.

Beachcomber Joint Venture (BJV)

The Company has entered into a joint venture with AngloGold Ashanti on five tenements at the southern end of the TJV footprint whereby the Company has the right to increase its interest in these tenements from 30% to 70% by spending $3 million over 4 years. The area is considered to have potential for base metal mineralisation which has not been the focus of previous exploration. A total of 200 line Km of Moving Loop Electromagnetic (MLEM) surveying has been completed over BJV tenements testing a number of target areas. This work has identified EM conductors, some coincident with previous aircore geochemical anomalism, which are planned to be drill tested in the second half of FY2015.

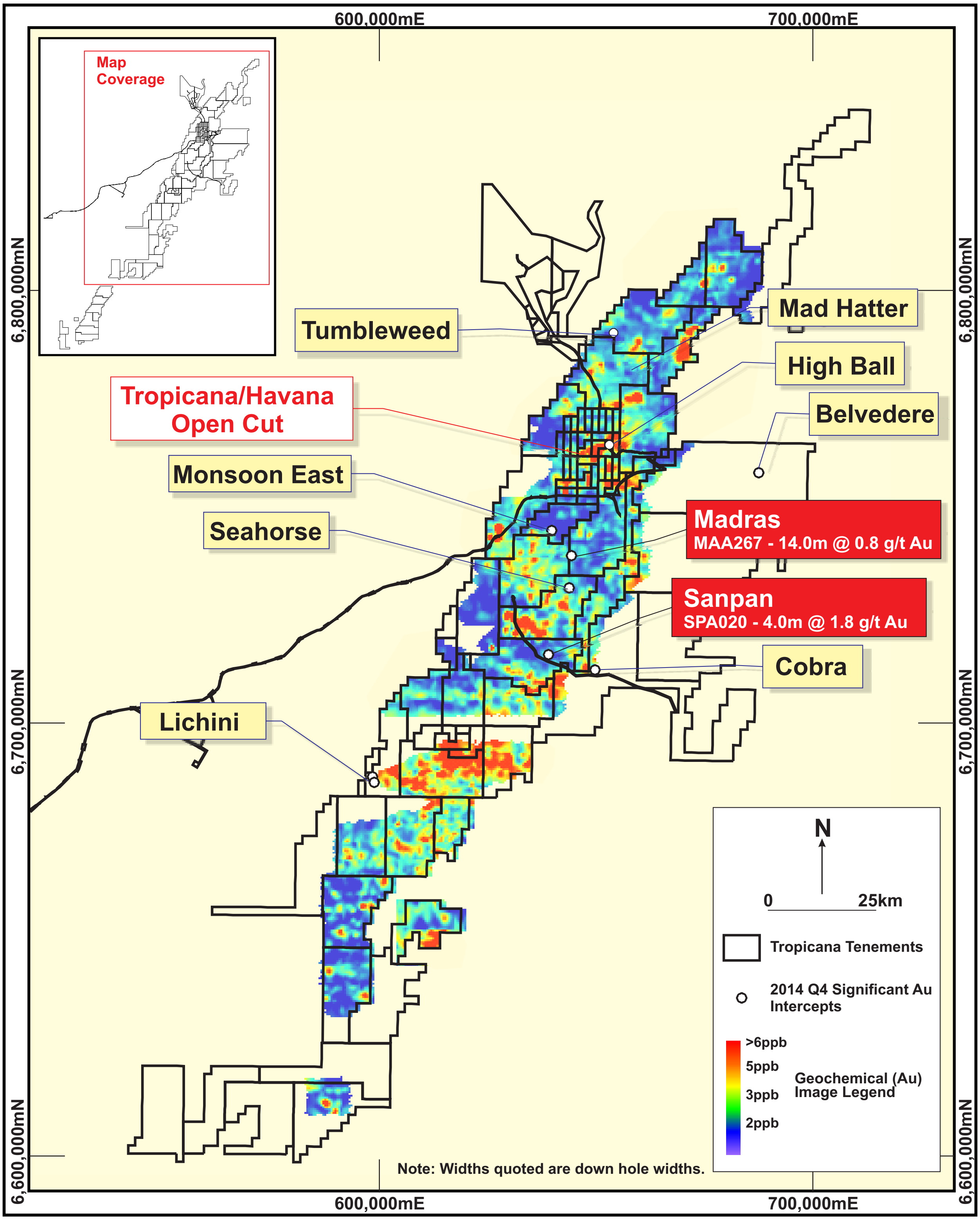


Figure 4: Tropicana Joint Venture tenure (IGO – 30%)
See June 2014 Quarterly Report released to ASX on 28 July 2014

LONG OPERATION, WESTERN AUSTRALIA IGO 100%

Background

The Company acquired the Long Operation in Kambalda, WA, from BHP Billiton Nickel West Pty Ltd (BHPB) (formerly WMC Resources Ltd) in September 2002. The mine was successfully re-commissioned in October 2002 and has been operating successfully and safely since then (Figures 5 and 6).

Since October 2002, the Company has produced over 2Mt of nickel ore, producing approximately 100,000 contained nickel metal tonnes. A commitment to brownfields exploration has seen the discovery of the McLeay (2005) and Moran (2008) ore bodies and has enabled the operation to develop a reserve base to support a 3 to 4 year life until at least 2017/18, at a nominal production rate of 9,000 to 10,000 tonnes of contained nickel metal per annum.

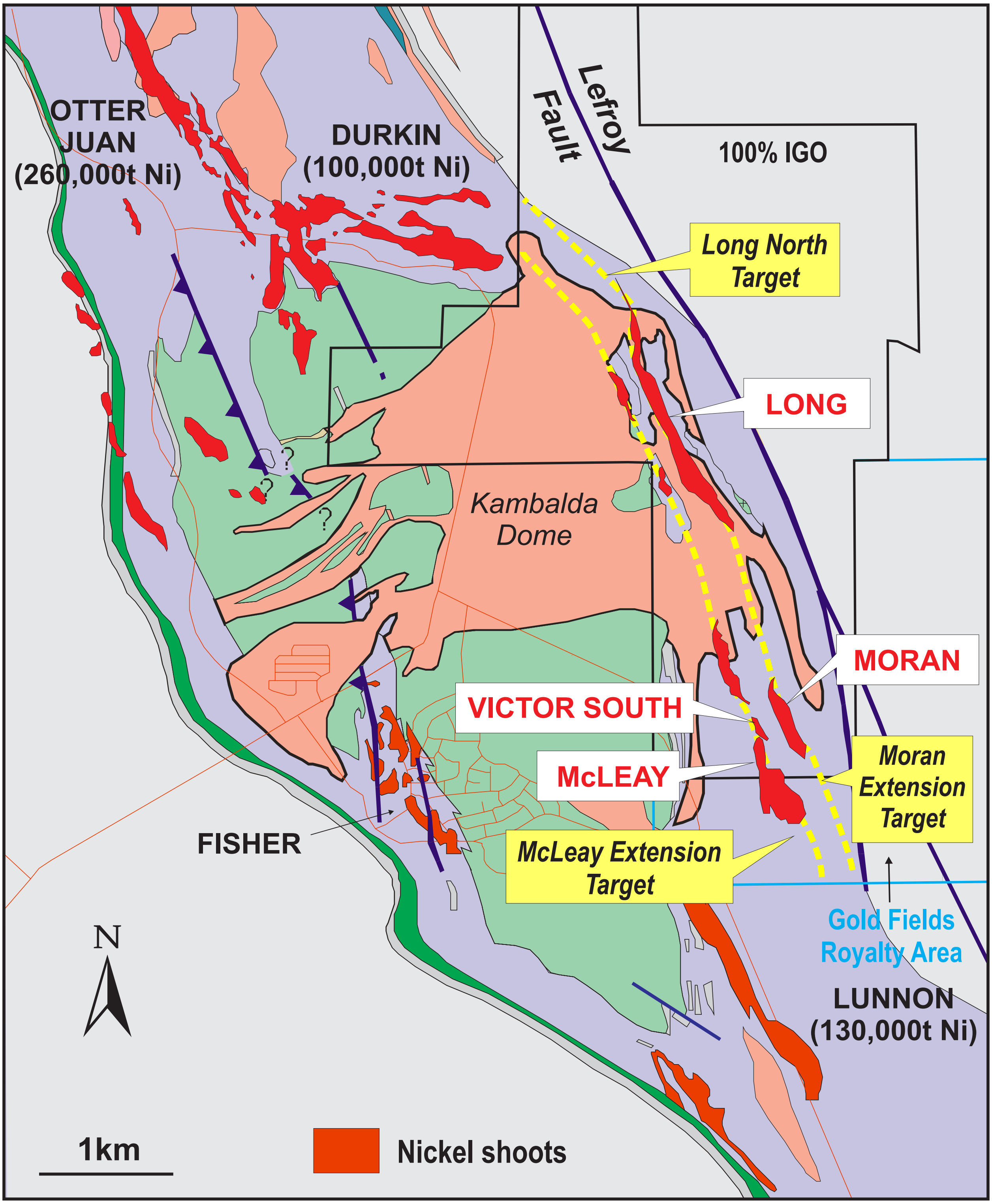


Figure 5: Long Operation - Regional geology, tenure, nickel shoots and targets.

Offtake Agreement

The Company has an agreement with BHPB whereby the ore produced from the mine is delivered to the adjacent BHPB Kambalda Nickel Concentrator for toll treatment and production of nickel concentrate. This offtake agreement expires in 2019.

Safety

The Company is committed to continual improvement and targeting zero injuries at the Long Operation. We also recognise that our safety objectives cannot be attained without equal input from all our employees and contractors, so we continue to actively engage and consult all employees and contractors to revise safe work practices. Four Lost Time Injuries ("LTIs") occurred at Long during FY2014. The 12 month LTIFR at 30 June 2014 was 11.8.

The occupational health and safety regime is based on the belief that profits can be made without compromising safety. It is Management's conviction that a positive attitude towards safety is the key to any safety program. Hazard identification, accident/incident investigation, competency training, safe work procedures, competency reassessment and regular workplace inspections and task observations are carried out with the input of our employees.

There continues to be a strong focus on emergency preparedness, with the application of risk mitigation and emergency management procedures throughout the year.

Long Operation Seismicity

Shareholders will be familiar with the fact that mining-induced and regional seismicity is an inherent risk at the Long Operation. The Long Operation ore bodies are, to a varying degree, disrupted by a swarm of cross-cutting porphyries, some of which are stressed. When mining the discrete ore blocks within the Long Operation, procedures to manage these conditions are built into the operating standards and are well understood by our mining team.

To ensure continued safety of our people, as well as regulatory compliance, the Company undertakes regular internal audits on its geotechnical systems and ground control practices. In addition, geotechnical professionals are also utilised to undertake external independent geotechnical audits. This constant feedback forms part of our continued focus on safety as well as ensuring regulatory compliance.

Mine Production

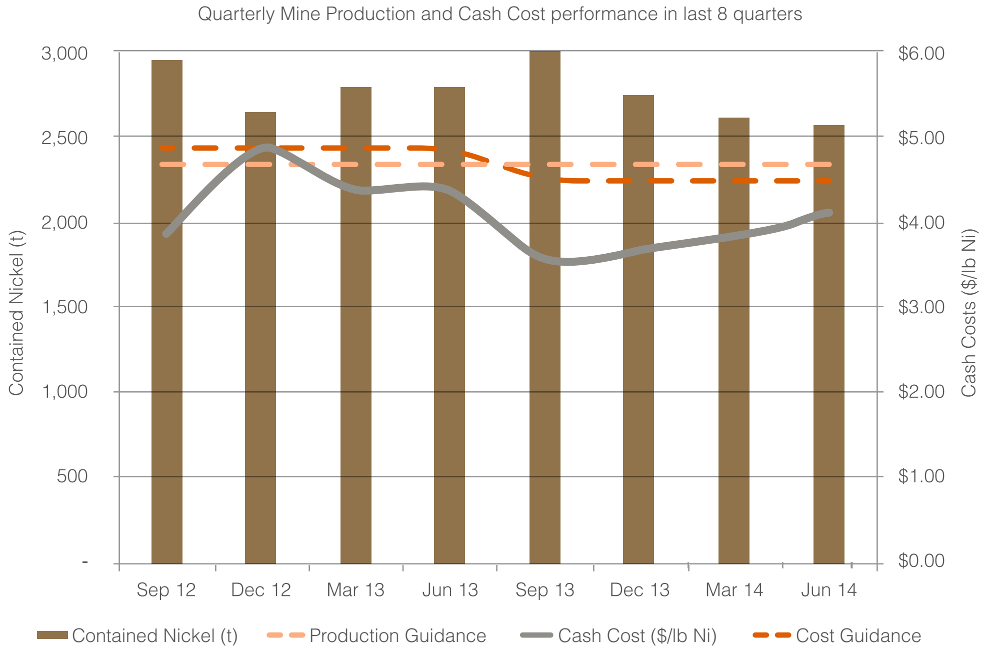
The Long Operation continues to use various mining methods ranging from mechanised cut and fill, long-hole open stoping, long-stoping with backfill and non-mechanised methods. Safety and the practicalities of the ore body dictate which extraction method is utilised.

The majority of production in FY2014 came from mining of the high grade Moran ore body. Production achieved (Table 1) was 268,162 tonnes (FY2013: 291,195t) at an average head grade of 4.07% nickel (FY2013: 3.84%) for 10,909 tonnes of contained nickel metal (FY2013: 11,180t), 9% above the upper range of FY2014 guidance.

Payable cash costs for the year including royalties and by-product credits were $3.78 per pound nickel (FY2013 $4.34), which was 12% below the lower end of FY2014 guidance.

Table 1: Long Nickel Operation – FY2014 Ore Production

Orebody	Ore Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	14,523	2.5	363
Victor South (mechanised)	8,790	3.1	270
McLeay (mechanised and hand-held)	35,707	3.3	1,185
Moran (mechanised)	209,142	4.4	9,091
TOTAL	268,162	4.1	10,909



FY2015 Production Guidance

Production guidance for the Long Operation for FY2015 is 230,000 to 270,000 ore tonnes for production of between 9,000 and 10,000 tonnes of contained nickel. Payable cash costs plus royalties for FY2015 are forecast at $4.30 to $4.70 per payable pound of nickel, net of copper credits. Exploration at Long over the next 12 months will continue to test for extensions to existing ore bodies at McLeay, Moran South and Long North, and for new deposits in the tenement area. Approximately $12 million is budgeted for exploration in FY2015 of which around 45% is budgeted on development for exploration access. Sustaining capital expenditure is forecast to be approximately $8 million during FY2015.

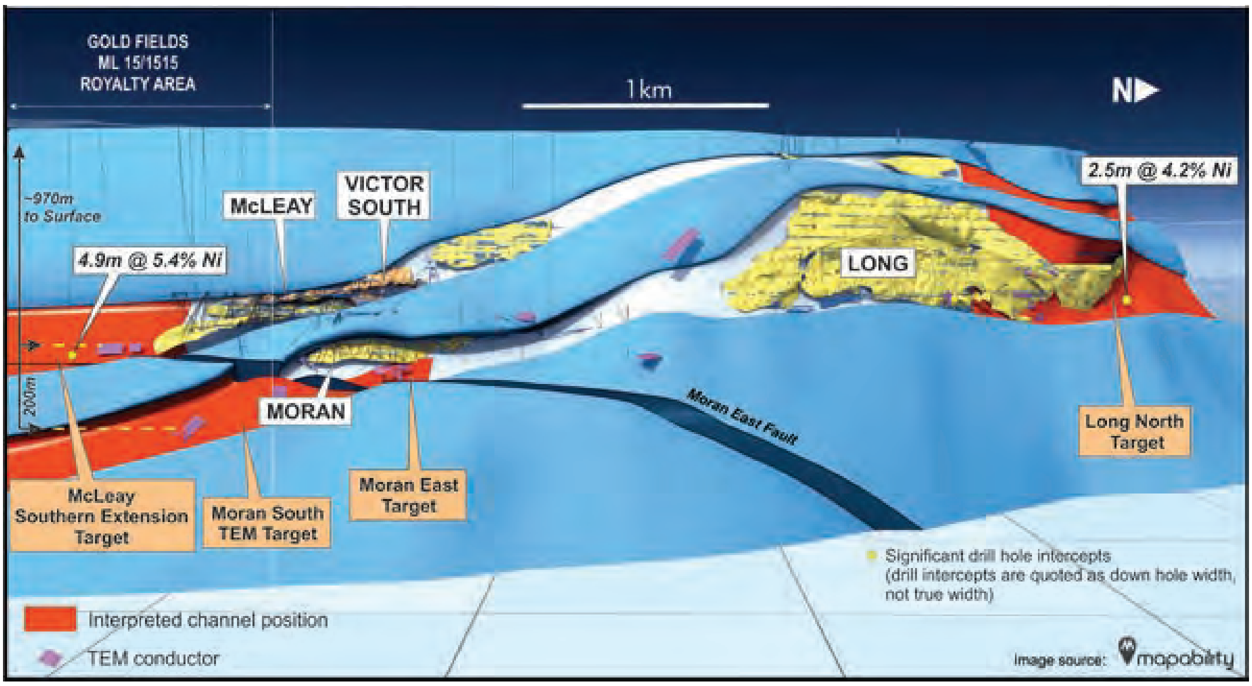


Figure 6: Long Operation - Longitudinal Projection showing target areas, TEM conductors and significant intercepts. See June 2014 Quarterly Report released to ASX on 28 July 2014.

Development

During FY2014, a total of 2,784m was advanced by jumbo development, of which 1,264m was booked as capital development and 1,520m as operational. FY2015 capital development is focusing on the development of the Moran South exploration drilling platform, with the first platform expected to be completed in the first half of FY2015.

Near Mine Exploration

The Company maintained a strong focus on exploration over the course of the year to find extensions to existing orebodies and to identify new ore bodies in order to extend the mine life of the Long Operation. A total of 17,150m of drilling tested targets at McLeay South, Moran South and Long North.

At McLeay South, nine underground diamond drill holes for 1,660m and one surface diamond drill hole for 1,072m were completed. Drilling intersected nickel sulphide mineralisation in both the underground and surface drill holes with the best results reported in the following drill holes:

- LNSD-063W2 with 4.9m @ 5.4% Ni from 997.5m (True width 4.4m);
- MDU-687A with 2.2m @ 7.6% Ni from 235m (True width 1.6m); and
- MDU-688 with 2.2m @ 5.0% Ni from 306m (True width 2.0m).

The intercept in surface drill hole LNSD-063W2 is located some 450m south of current mine development (Figures 6 and 7) and provides strong encouragement for the extension of this ore body further to the south . The hole was part funded through the “Western Australia Government Exploration Incentive Scheme Co-funded Drilling” program (see Table 5 in Appendix 4 of June 2014 Quarterly Report for further details). A surface drill hole targeting 60m north of drill hole LNSD-063W2 is planned for FY2015.

At Long North, 33 underground diamond drill holes for 6,197m were completed. Drilling targeting a down-hole electromagnetic (DHEM) conductor, referred to as the “Spanner Plate”, intersected disseminated, matrix and massive nickel sulphide mineralisation with the best result from drill hole LG16-387 which returned 2.50m @ 4.16% Ni from 99.8m (true width 1.7m) (Refer to Table 6 in Appendix 4 of June 2014 Quarterly Report for further details). The intercept is coincidental with a DHEM target approximately 40m by 35m in size and located 240m north of the 2013 Long resource boundary (Figure 6). Further drill testing is planned for Long North in FY2015.

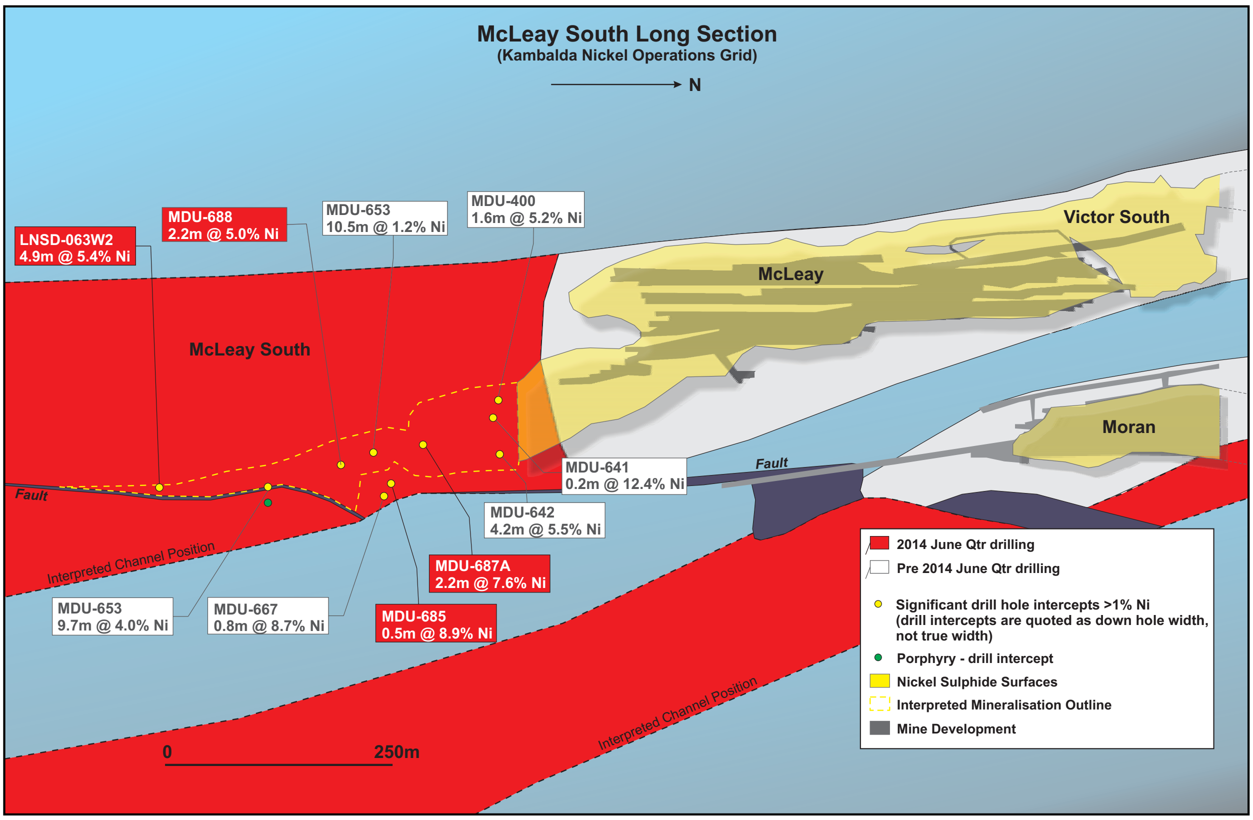


Figure 7: Long Operation – Longitudinal Projection showing McLeay South Target areas, TEM conductors and significant intercepts. See June 2014 Quarterly Report released to ASX on 28 July 2014

JAGUAR OPERATION, WESTERN AUSTRALIA IGO 100%

Background

The Jaguar Operation, located 60km north of Leonora in Western Australia (Figure 13), was acquired by the Company in 2011. The Jaguar Operation has significant exploration potential along 50km of prospective tenure.

The Operation originally comprised the Jaguar and Bentley zinc-copper-silver-gold underground mines and processing facility. The Jaguar deposit was discovered in 2002 approximately 4km south of the historic Teutonic Bore open cut and underground zinc-copper-silver mine. Bentley was discovered in 2008 and brought into production in 2011 when development intersected the top of the ore body. Ore is processed at the Jaguar concentrator which produces a copper and a zinc concentrate. The copper concentrate also contains significant silver and gold credits. The concentrates are trucked to the port of Geraldton where they are shipped to our customers.

During FY2014, mining was completed at Jaguar and, as a result, all FY2015 mill production ore is expected to be sourced from the Bentley deposit.

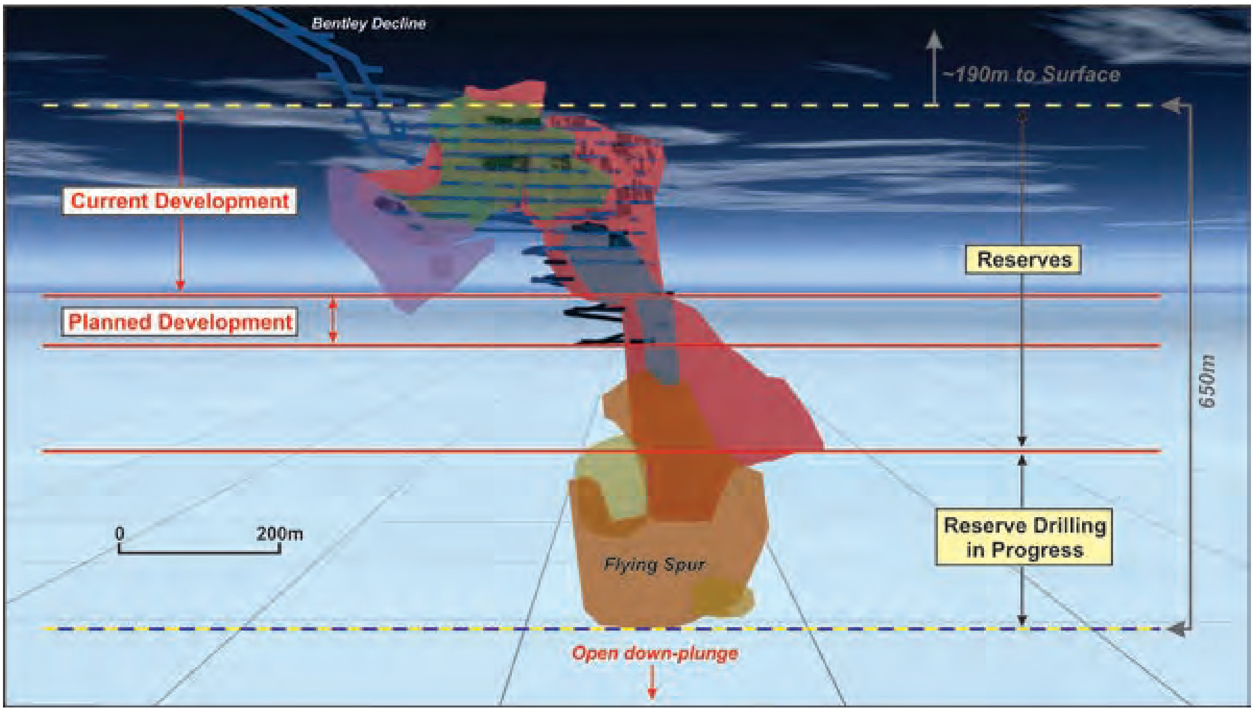


Figure 8: Jaguar Operation - Bentley Mine - 3D isometric projection showing mineralised envelopes, drilling and planned development. See June 2014 Quarterly Report released to ASX on 28 July 2014

Jaguar Operation – Processing plant at sunrise.

Safety

Two LTIs occurred during FY2014. The 12 month LTIFR at 30 June 2014 was 3.4. The Company is dedicated to improving its safety performance and targeting zero injuries at the Jaguar operation. The Company believes that profits can be made without compromising safety. Safety remains our highest priority with the key being engagement of management, employees and contractors. Proactive safety standards, hazard identification, competency training, continual reviewing of safe work procedures, competency reassessment and regular workplace inspections all play a large role in our safety culture and commitment.

In FY2015, some of our objectives in safety include standardising systems and practices, benchmarking and ongoing process improvements.

Mine Production

A total of 431,362t of ore was mined during FY2014 predominantly from the Bentley underground mine, with a minor contribution from the Jaguar underground mine (Table 2). Mining at the Jaguar underground mine ceased during FY2014.

Table 2: Jaguar Operation – FY2014 Ore Production

	Ore Tonnes	Cu%	Zn%	Ag g/t
Jaguar	11,302	2.8	0.5	19
Bentley	420,060	2.0	11.5	153
TOTAL	431,362	2.0	11.2	150

Mill Production

A total of 441,867 tonnes of ore at an average grade of 10.65% Zn, 1.97% Cu and 145g/t Ag (FY2013: 392,125t @ 10.1% Zn, 1.63% Cu and 143g/t Ag) was milled. Metal production in concentrate was 41,162 tonnes of contained zinc metal (FY2013: 33,809t), 7,692 tonnes of contained copper metal (FY2013: 4,992t) and 1,657,461 ounces of contained silver metal (FY2013: 1,376,804oz). Production of copper was 28% above the higher end of guidance. Zinc production exceeded the higher end of guidance by 1.6%. The payable cash costs plus royalties was $0.31 per pound payable zinc net of by-product (FY2013: $0.49 per pound), 22.5% below the lower end of FY2014 guidance.

FY2015 Production Guidance

Production guidance for the Jaguar Operation for FY2015 is 420,000 to 440,000t of ore for production of 5,800 to 6,500t of copper metal and 40,000 to 43,000t of zinc metal in concentrate. Cash costs for FY2015 are forecast at $0.40 to $0.60 per pound of zinc, including royalty and net of by-product credits.

Sustaining capital, development and exploration expenditure are forecast to be approximately $10 million, $11 million and $8 million respectively during FY2015.

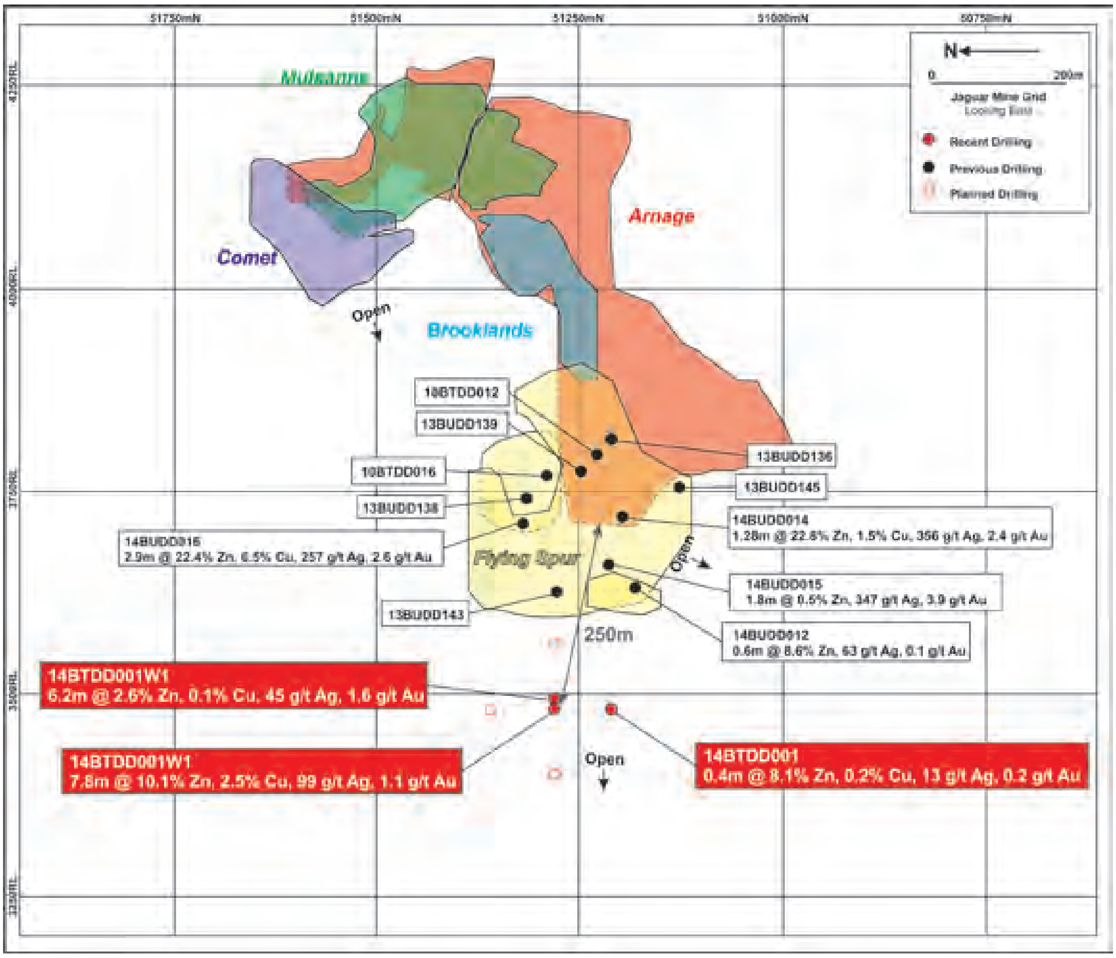


Figure 9 : Jaguar Operation: Bentley Composite Long Section showing location of Flying Spur and Bentley Deeps drill holes. Down hole widths are true widths. Note: North is to the left in the diagram. See June 2014 Quarterly Report released to ASX on 28 July 2014 and ASX release dated 22 September 2014

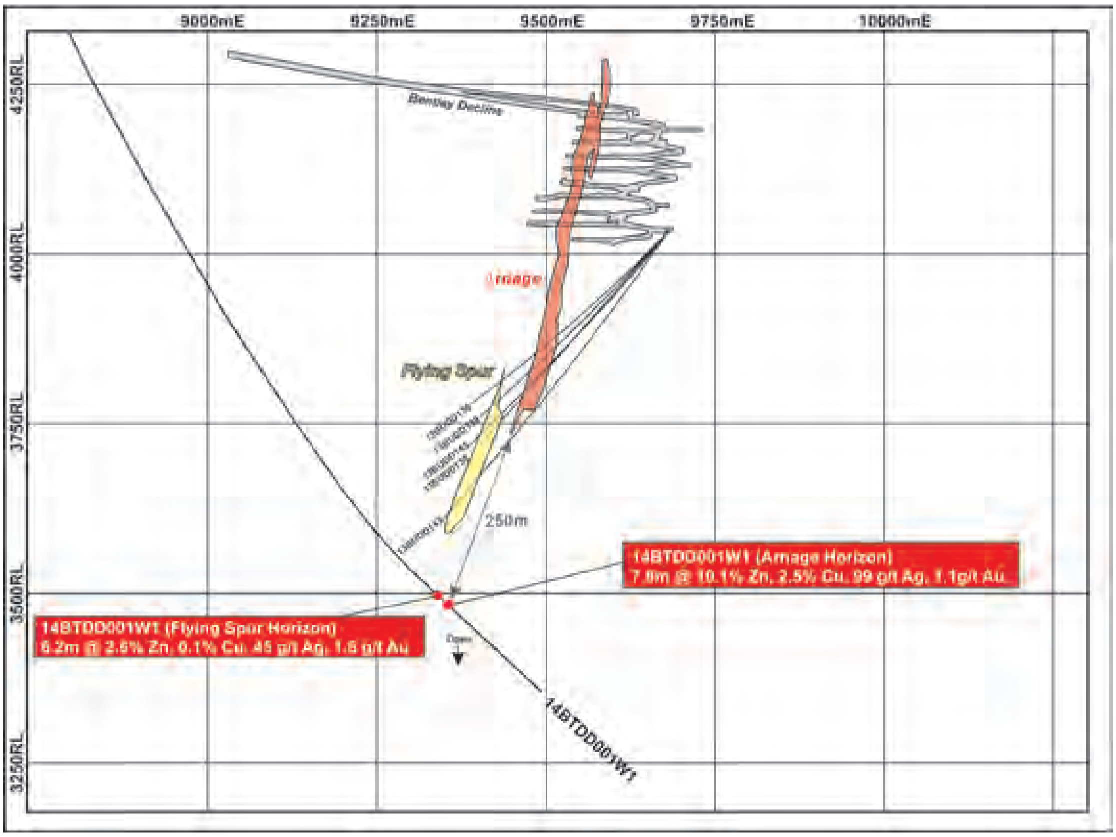


Figure 10: Cross Section of Bentley deposit showing location of Arnage and Flying Spur lenses, intercept pierce points and planned follow-up drilling pierce points (see ASX release dated 22 September 2014)

Near Mine Exploration

Early in 2014, the Flying Spur lens, located at the down dip extremity and in the hanging wall to the main Arnage lens at Bentley (see Figure 9), was identified and a drilling program was initiated.

The defined extent of Flying Spur at the end of June 2014 was 290m of strike and 350m of dip. The lens remains open down plunge and along strike. Further drill testing is planned on the Flying Spur lens in early FY2015. All significant underground exploration drill hole intercepts from drilling at Flying Spur were reported in the March and June 2014 Quarterly Reports. An Inferred Resource estimate of 449,000t @ 12.6% Zn, 0.6% Cu, 209g/t Ag and 1.7g/t Au has been delineated to date for the Flying Spur lens (for full details see Mineral Resource and Ore Reserve update released to ASX on 28 August 2014).

Subsequent to year end the Company announced significant new results from diamond drilling programs recently completed proximal to the Bentley Mine. A two-hole drilling program testing deep target positions beneath the Bentley resource was undertaken from surface. The drill result below the Arnage Lens indicates the potential to define significant mineralisation more than 250m below the current Resource (see ASX release dated 22 September 2014 for full details).

Regional Exploration

The Jaguar Project covers 50km of strike prospective for the discovery of Volcanogenic Massive Sulphides (VMS) deposits (Figure 14). It encompasses three known high grade zinc-copper-silver-gold deposits: Teutonic Bore (inactive), Jaguar (recently completed) and Bentley (in production). Fertile VMS belts generally contain numerous deposits and accordingly the Teutonic Bore belt has high potential for the discovery of additional ore lenses. Deep drilling outside the resource envelope of the known deposits has been limited to date and much of it has been directed at gold exploration rather than base metals exploration.

Unlike most other major VMS belts elsewhere around the globe, the surface geophysical and geochemical expression of buried deposits in Western Australia is generally subtle to non-existent due to a very strong weathering profile. The relatively short strike length of deposits, combined with the complex interplay of post-mineralising structures and intrusives, further complicates exploration. Accordingly, successful targeting within the Jaguar Project requires the careful integration of multidisciplinary datasets including regolith geochemistry, geophysics (IP and EM), spectral, stratigraphic and structural interpretation followed by aggressive multi-phase drilling programs.

Ongoing exploration has identified a number of high priority areas including Wilson, the Daimler–Triumph–Lagonda trend, Jensen and South Bentley areas, which exhibit the signatures of mineralised hydrothermal centres and are being systematically assessed.

Exploration activities during the second half of FY2014 focused on the Triumph Prospect approximately 5km north of the Jaguar processing plant. Previous work at Triumph had defined an extensive geochemical anomaly with associated hydrothermally altered rocks at the prospective Bentley/Jaguar/Teutonic Bore ore position. During early 2014, a comprehensive geological review of Triumph identified a high priority target that was tested by a program of nine diamond drill holes for a total of 4,777m of drilling. This drilling intersected a significant zone of hydrothermally altered rocks containing varying thicknesses of VMS style massive to semi-massive pyrite-sphalerite rich mineralisation and underlying stringer style pyrite-chalcopyrite-sphalerite mineralisation. At 30 June 2014, results had been received for five holes including the best intercept of 2.7m (true width) @ 14.8% Zn, 1,115/t Ag and 1.8g/t Au from 456.95m in 14TRDD006.

The mineralised system has a strike length of over 450m and remains open up and down-plunge. The down-plunge extent is trending towards the Daimler prospect and is approximately 900m north of the Daimler VMS style stringer mineralisation. The area between Triumph and Daimler remains largely untested by previous drilling.

Work during FY2015 at Triumph will focus on interpreting the geometry of the Triumph hydrothermal system, delineating the higher grade parts of the system and developing drill targets within the untested area. Also planned is a comprehensive geological review and re-modelling of the Daimler prospect where a stringer style copper zone has been defined. The work aims to discover potential massive sulphide lenses associated with Daimler stringer mineralisation and the relationship with the newly discovered Triumph mineralisation. A long section showing drill hole pierce points into the Triumph target is provided in Figure 12. All significant intercepts received at 30 June 2014 from drilling at Triumph were reported in the June 2014 Quarterly Report.

Subsequent to year end the Company announced a significant new result from diamond drilling programs recently completed at the Triumph Prospect. Recent 3D geological modelling and re-logging of an historic drill hole JHDD0003 in the prospect area identified that an additional target horizon may have been present beyond the end of the hole. Consequently, the hole was re-entered and extended from 764.4m to a final depth of 936.8m. Within 6m of the commencement of drilling, the extension intersected significant zones of light to heavy semi-massive sulphide mineralisation within a volcaniclastic sediment package which extended over a thickness of 50m. This mineralisation included a best intercept of 8.4m (true width) @ 9.7% Zn, 0.1% Cu, 44g/t Ag and 0.3g/t Au between 788.0m and 799.1m at a vertical depth of 650m (an extension of JHDD0003 originally drilled in 2008). The intercept remains open in all directions and confirms the exploration potential of the Triumph Prospect. Results for the Triumph Prospect continue to provide evidence that this prospect could host a VMS style base metal deposit (see ASX release dated 22 September 2014 for full details).

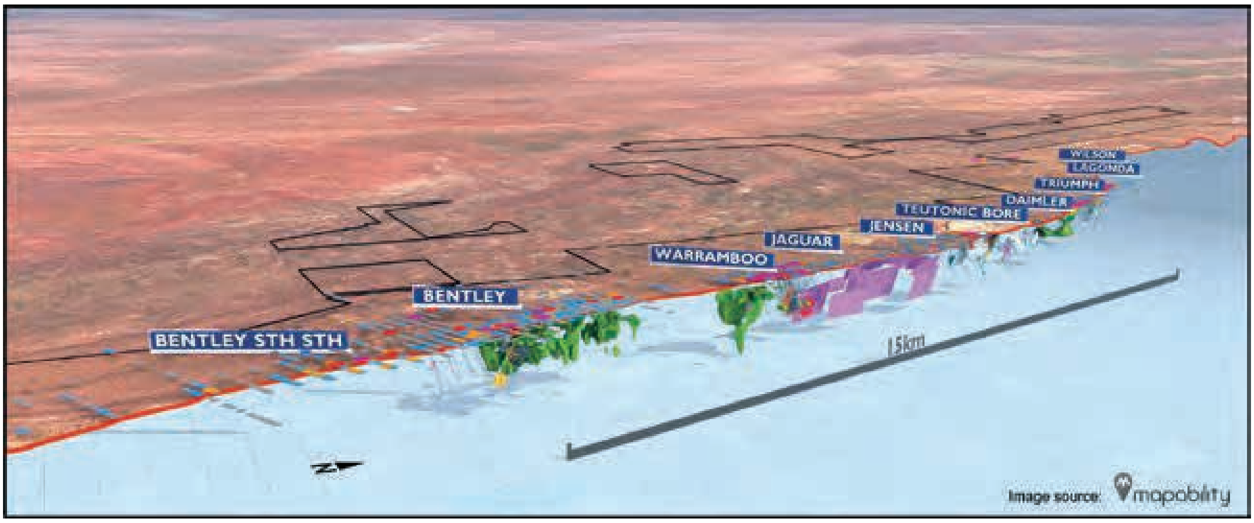


Figure 11: Jaguar Operation – Tenure, Regional Geology, Mines and Significant Prospect Locations 50km long corridor surrounding three known mines with ten Zn-Cu-Ag alteration anomalies under cover

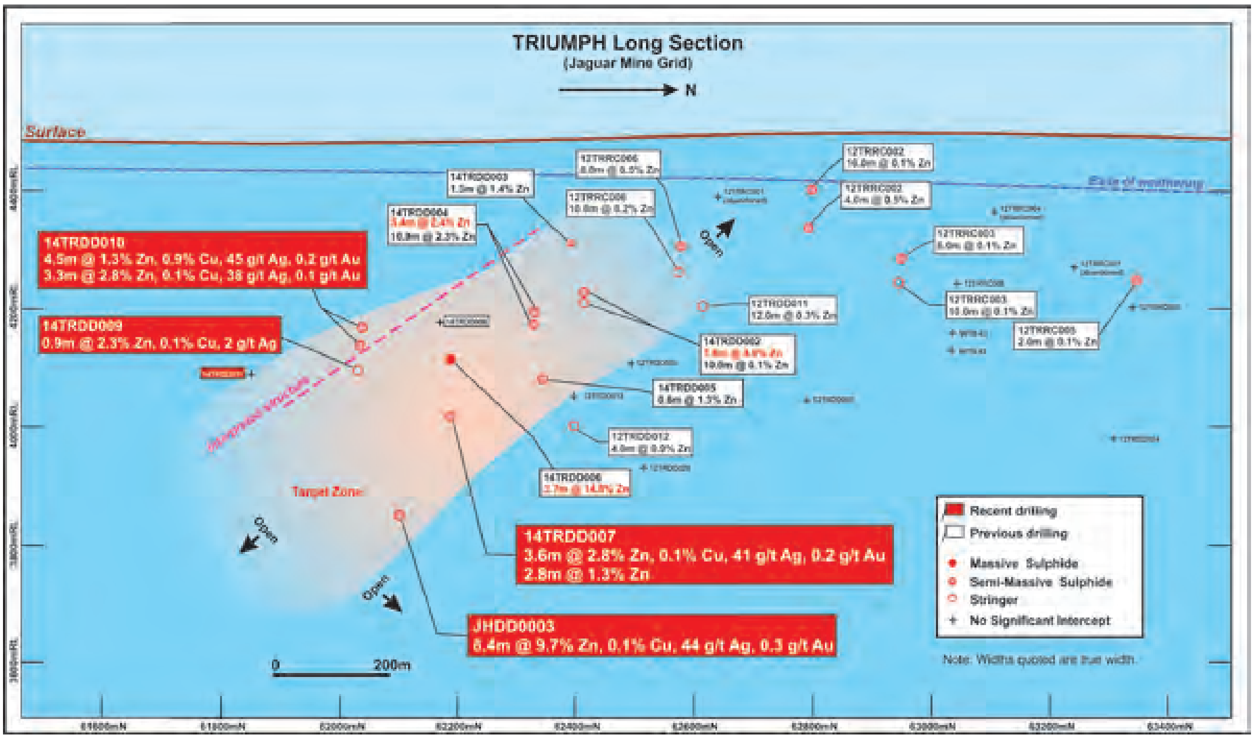


Figure 12: Jaguar Operation Regional Exploration - Long-section of Triumph Prospect showing location of the intercept in JHDD0003 extension relative to other drilling at the prospect. See June 2014 Quarterly Report released to ASX on 28 July 2014 and ASX release dated 22 September 2014

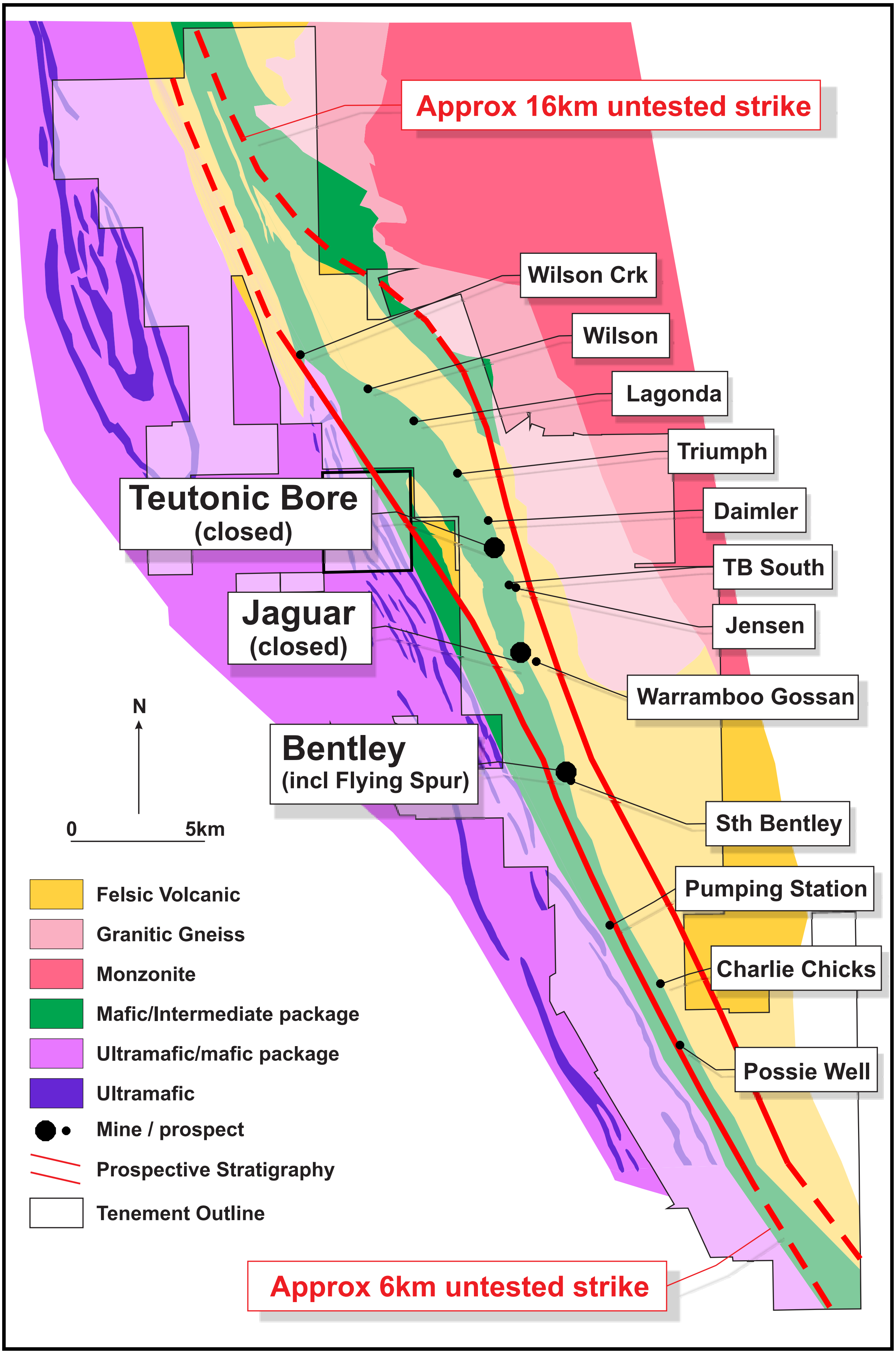


Figure 13: Jaguar Operation Regional Exploration targets

Darlot JV (IGO Manager and Earning 70% - 80%)

During the year the Company entered into a joint venture on the Darlot Project, held by Enterprise Metals Limited (ASX: ENT). The Company is earning a 70%-80% interest in the project which covers some 740 square kilometres of tenure approximately 60km north and along-strike from IGO's Jaguar Project. The Project, which covers similar volcanic stratigraphy to the Jaguar Project, has strategic value to the Company as any base metals discoveries are potentially within economically viable trucking distance of its Jaguar processing facility.

During FY2014, an AC drilling program comprising 111 holes (4,732m) tested six prospect areas. The drilling was designed to identify geochemical anomalism and alteration signatures potentially representing VMS mineralisation at depth. Interpretation of the drilling results will be completed once assay results have been received.

FY2015 Jaguar Operation Exploration

Drilling over the next twelve months will continue to focus on defining high grade massive zinc-copper sulphides. The Company is expecting to spend approximately $8 million on exploration during FY2015 for ongoing work at Flying Spur, Triumph and elsewhere on the Jaguar concession and on Darlot JV tenements.

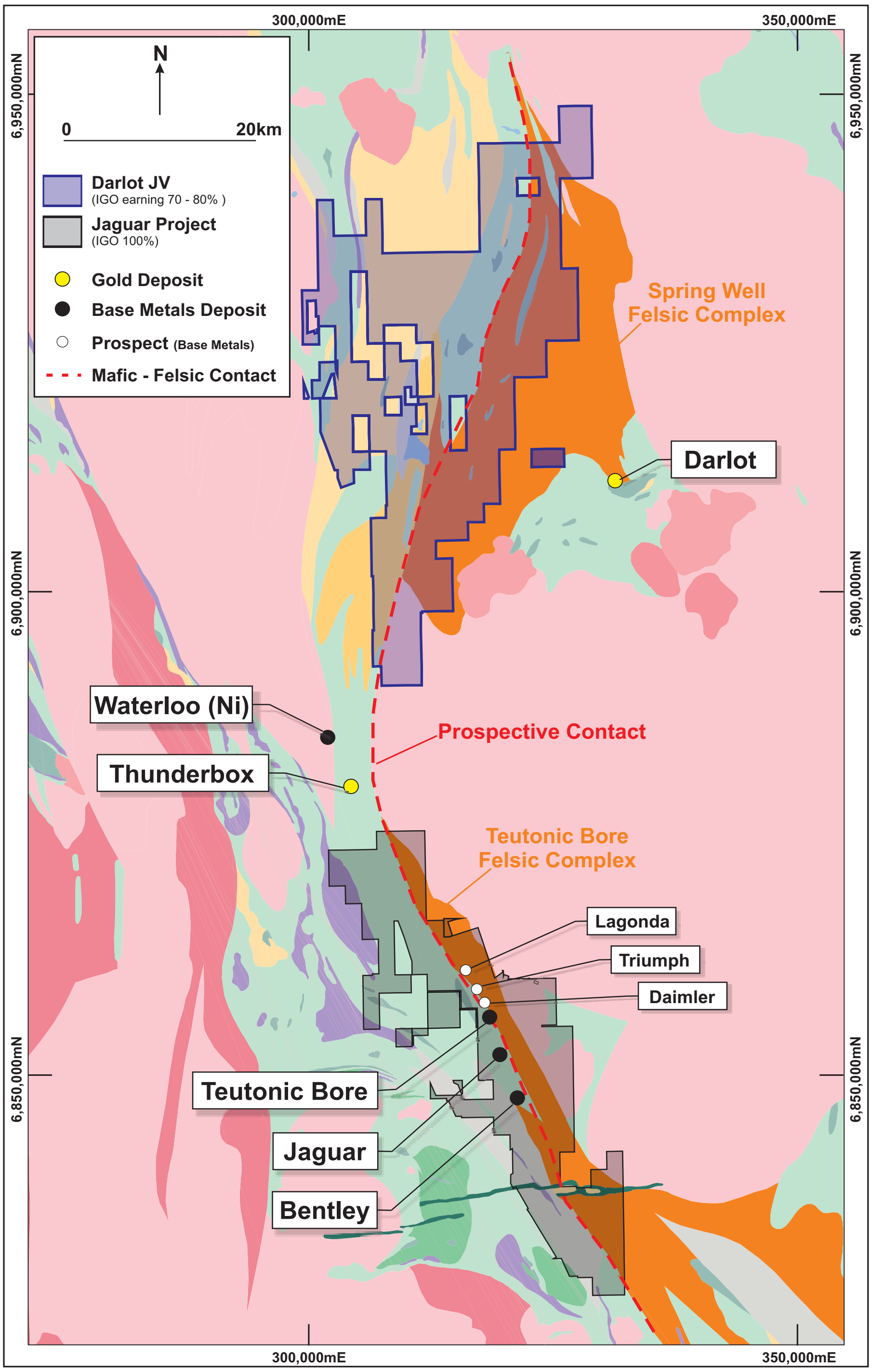


Figure 14: Jaguar Operation and Darlot Joint Venture – Tenure, Regional Geology, Mines and Significant Prospect Locations

STOCKMAN PROJECT, VICTORIA IGO 100%

Background

The Stockman Project is located in Eastern Victoria, 460km by road north-east of Melbourne. The project encompasses two copper-zinc-lead-silver-gold deposits, Wilga and Currawong, which were discovered in 1978 and 1979. The larger Currawong deposit is fully intact, whilst a core of copper-rich ore from the Wilga deposit was mined and processed onsite between 1992 and 1996.

The Wilga and Currawong VMS deposits are hosted within the Lachlan Fold Belt that are known to contain VMS deposits. Both massive sulphide deposits are approximately 350m in strike and dip extent, dip shallowly to the north (local grid) and are located some 100m below the surface. The Currawong deposit comprises five massive sulphide lenses and associated stringer style mineralisation stacked by a series of post-mineralisation faults. Located approximately 4km to the south, Wilga comprises a single massive sulphide lens with an extensive halo of stringer style mineralisation. The sulphide mineralogy is predominantly pyrite, sphalerite, chalcopyrite and galena.

The Currawong massive sulphide lenses contain copper-rich domains that in part reflect primary hydrothermal fluid pathways controlled by original structural trends. The structural complexity of the larger landholding is being interpreted with a view to greater understanding of the potential for additional host stratigraphy under barren cover in the vicinity of the two deposits, as well as regionally.

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

The existing modern Tailings Storage Facility (TSF) would be expanded for use by the project, whilst additional water would be sourced from the Benambra plains, some 30km from the project site. Other key infrastructure would include a site gas-fired power station, an accommodation village for the drive-in drive-out regional workforce and re-commissioning of a nearby Telstra communications tower.

Following the completion of the FY2013 Feasibility Study (FS) substantial additional work has been undertaken during FY2014 on an Enhanced Feasibility Study (EFS) including:

- the opportunities identified in the FS;
- a review of proposed capital and operating expenditure;
- assessing opportunities to enhance revenue;
- updating and optimisation of key technical and economic parameters; and
- reduction of technical risk.

The EFS will be finalised in the first half of FY2015 to coincide with expected permitting milestones.

Permitting

An Environment Effects Statement (EES), which is the overarching permitting instrument for Stockman under the *Victorian Environment Effects Act 1978*, was submitted during FY2014. The EES describes all aspects of the Stockman project. In total, some 26 separate studies have been completed and reported, covering biophysical, social and economic impacts and benefits from the project. The EES also addresses matters raised by the Commonwealth through the *Environmental Biodiversity and Conservation Act 1999*. The Company has worked with a wide range of stakeholders during the EES process to ensure robust consultation, and the resultant community support for the project is strong and based on in-depth understanding of project components.

Submission to government of the Stockman EES included exhibition for public comment in the June 2014 Quarter, and a formal Inquiry Panel undertaken by Planning Panels Victoria in June 2014. The Inquiry Panel delivered its report to the Minister for Planning during the September 2014 Quarter, allowing the Minister to then commence production of his Assessment Report for the licencing agencies.

While it is anticipated that the Minister will release his Assessment Report before the end of 2014, it must be noted that there are no statutory timelines mandating this timing.

FY2015

Approximately $3 million is expected to be spent in FY2015 on evaluation, permitting and targeting new mineralised zones at site. Shareholders should note that this budget is likely to be revised once the outcomes of the EES assessment are known.

Figure 15: Artist's impression of proposed Stockman concentrator and administration areas

Diligence

CAREFUL (SAFE) AND
PERSISTENT EFFORT

REGIONAL EXPLORATION

OVERVIEW

Exploration in FY2014 has focused on target refinement and drill testing at the Jaguar and Karlawinda Gold Projects as well as four new exploration joint ventures.

Target generation activities continued in Australia, South America and Scandinavia, boosted by the application of the Global Lithospheric Architecture Mapping (GLAM) database. These targeting initiatives, together with the ongoing De Beers generative work and the current market downturn, are expected to continue to create a number of new exploration opportunities in FY2015. With its high calibre exploration team and robust exploration budget, the Company is confident of adding value, through ongoing exploration success.

KARLAWINDA GOLD PROJECT (IGO 100%)

The Company has determined that the Karlawinda Gold Project is unlikely to meet its size and economic thresholds for development and accordingly is seeking expressions of interest from parties regarding a potential divestment.

LAKE MACKAY EXPLORATION ALLIANCE (IGO HAS POTENTIAL TO EARN UP TO 70%)

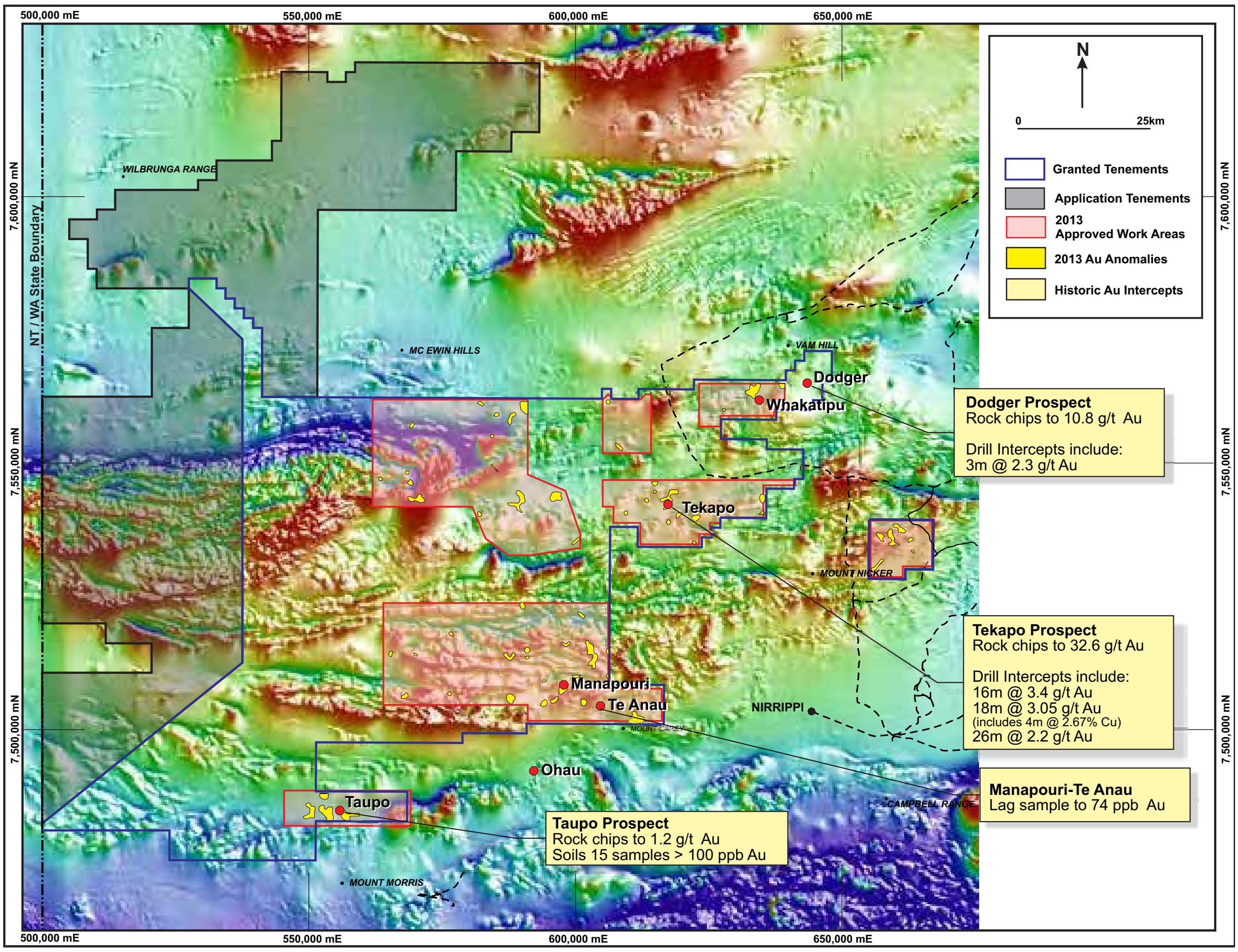


Figure 16 – Lake Mackay tenure with aeromagnetic underlay

Early in FY2014, the Company entered into an exploration alliance with ABM Resources NL (ASX: ABU) under which the Company could earn up to 70% of a portfolio of tenements in the Lake Mackay region in the Northern Territory.

The Lake Mackay Project is located 400km northwest of Alice Springs, adjacent to the Western Australian border, and includes 7,200 square kilometres of exploration licences and 5,000 square kilometres of exploration licence applications. The project area comprises poorly explored Proterozoic age metasediments intruded by granitic and mafic rocks beneath varying thickness of aeolian sand cover and is considered prospective for gold, base metals and nickel sulphide mineralisation.

The exploration approach being taken by IGO is to initially blanket the project area with high quality surface geochemical sampling to identify large gold bearing mineralised systems. During FY2014, IGO collected 8,716 soil samples, consisting of 4,094 reconnaissance samples and 4,622 in-fill samples over soil anomalies identified from the reconnaissance sampling.

Results were received for 6,587 samples which have refined known targets and highlighted a number of new target areas. Once the current phase of sampling is completed it is planned to test the highest priority targets by a program of AC drilling in FY2015.

The Central Land Council conducted an additional heritage survey in June 2014 to allow access to the highly prospective, and presently un-sampled, south western block of the Lake Mackay Project.

BRYAH BASIN JOINT VENTURE (JV) (IGO MANAGER AND EARNING 70% - 80%)

In the second half of FY2014, the Company entered into an exploration alliance with Alchemy Resources Limited (ASX: ALY) under which the Company could earn up to a 70% interest in ALY's Bryah Basin portfolio of tenements. The Bryah Basin JV tenure is situated approximately 40km west along strike from the DeGrussa Cu-Au VMS deposit currently being mined by Sandfire Resources Ltd (ASX: SFR) and covers the same prospective Narracoota Volcanic host stratigraphy. The IGO exploration team has extensive VMS exploration and discovery experience through its Jaguar and Stockman projects. The Company intends to apply the exploration techniques developed at these projects together with its in-house geophysical expertise in the exploration of the Bryah Basin JV Project.

In the second half of FY2014, the Company undertook a comprehensive data review in order to prioritise target areas. A ground EM survey, followed by an AC drilling program, will be undertaken in early FY2015 as a preliminary test of the target areas identified.

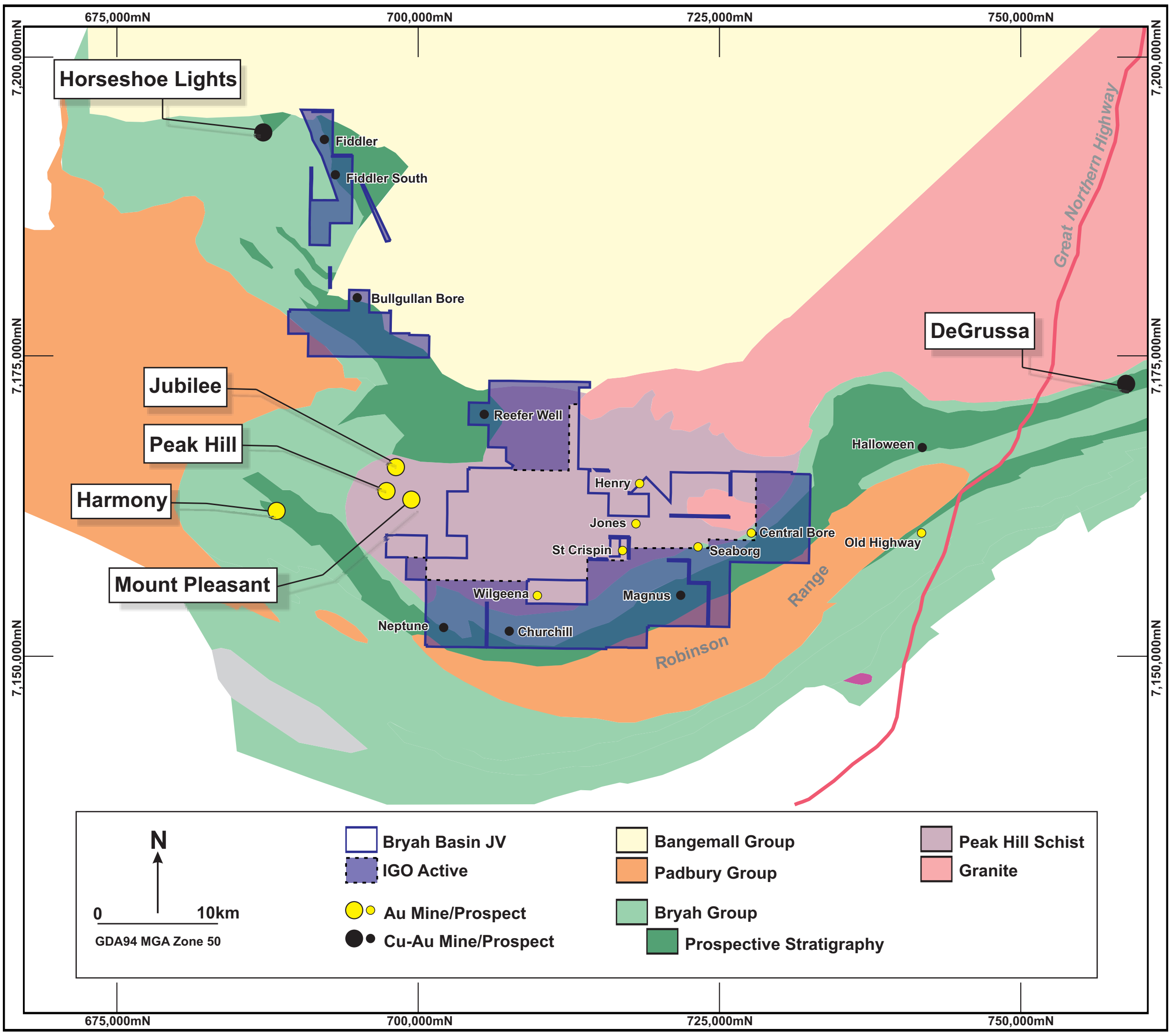


Figure 17 – Bryah Basin joint venture tenure

REBECCA JV (IGO MANAGER AND EARNING 70%)

Early in the second half of FY2014, the Company entered into an exploration alliance with Apollo Consolidated Limited (ASX: AOP) under which the Company could earn up to 70% in AOP's Rebecca Project tenements. The Rebecca Project is located approximately 145km east of Kalgoorlie and covers ultramafic volcanic stratigraphy on the eastern margin of the Norsemen Wiluna Greenstone Belt, considered to be prospective for massive Ni-Cu-PGE sulphide mineralisation.

A MLEM survey has been completed over 28 strike kilometres of ultramafic stratigraphy considered to have the highest potential. This work has delineated a number of conductors in five separate prospect areas. The conductors in three of these areas, East, Addis and North are interpreted to represent sulphide mineralisation. A two hole RC drill program in the second half of FY2014 has downgraded the East prospect with no further work planned.

Further work, including surface geochemical sampling, is being completed at the Addis and North prospects to determine if drill testing of these targets is warranted.

FY2015 REGIONAL EXPLORATION

IGO has budgeted $11 million for greenfields and generative exploration in FY2015. This is in addition to funds committed to ongoing brownfields and regional exploration at the Tropicana Gold Project and the Company's in-mine programs and regional exploration at Long and Jaguar discussed in previous sections of this Annual Report.

A number of new gold and base metal exploration projects are currently being evaluated and a budget has been set aside to commence exploration on one or more of these in the coming 12 months. There will be a continued strong focus on target generation including ongoing evaluation of the De Beers database.

Respect

VALUING THE VIEWS OF OTHERS AND ACCEPTING PEOPLE FOR WHO THEY ARE

COMMUNITY DEVELOPMENT AND ASSISTANCE PROGRAMS

The Company works closely with these organisations during the entire program cycle to help them achieve the planned and potentially sustainable outcomes.

The Company has a structured and targeted Community Development and Assistance Program (CDAP) in place.

The CDAP provides targeted assistance to a range of community-based programs with an emphasis on education and capacity building for Indigenous and non-Indigenous groups across urban, regional and disadvantaged communities.

The Company identifies appropriate opportunities and participates in the programs in consultation with the relevant organisations. The Company works closely with these organisations during the entire program cycle to help them achieve the planned and potentially sustainable outcomes. The Company is focused on establishing and maintaining programs in Leonora, Kambalda and Boulder, regions in which the Company has its mining operations.

Structured programs to which the Company contributed during FY2014 under its CDAP are as follows:

Leonora District High School "Young Leaders in the Field" Program

This program invites a number of students aged between 9 and 16 years to participate in a Leadership Program as a means of developing their skills to become major contributors and leaders within the Leonora school environment. All students involved are elected by their peers to participate in the program. The program focuses on the importance of leadership, the critical role of good communication and the ability to act on the students' leadership aspirations.

The Kambalda West District High School Youth Leadership Program

The Company is providing funding to support the Youth Leadership Program at Kambalda West District High School which encourages students to engage in leadership training and skill development. The program promotes school attendance and achievement, and encourages students to explore their vocational options. The program also supports the liaison with community groups and local council to plan community improvement projects and social events.

Teach, Learn, Grow

Teach, Learn, Grow is a volunteer based tutoring program that sees university students give up their vacation time to spend one week, twice a year, in rural and remote schools throughout WA. The Company sponsors the Teach, Learn, Grow team to work with primary school students in Coolgardie and Boulder Primary Schools and CAPS Kurrawang Aboriginal Independent School as part of its CDAP in the Goldfields. The tutors engage in pre-service training and work in teams to provide assistance to both teachers and students. The Company has received positive feedback from all parties involved in the program.

Challis Primary School: Independence Group Human Resources Manager, Sam Retallack officially launching the playground construction program

The Aboriginal Student Scholarship Program with Mt Lawley Senior High School

This program has been designed to provide Aboriginal students with a sound academic aptitude the opportunity to attend a premier high school in Perth. Participating students receive strong encouragement from teachers to reach graduation and continue on to tertiary education or vocational outcomes. The program provides individual learning plans, homework classes, university student mentors, access to the adjoining facilities at Edith Cowan University, cultural excursions and completion of a relevant research assignment as part of the program. The Company is providing scholarships to a number of students in 2014. Mt Lawley SHS's Aboriginal Excellence Program (AEP) students have been strong supporters of Reconciliation Week Services at the Kings Park War Memorial since the program commenced in 2011. AEP students laid a wreath at the site of the Eternal Flame as a sign of their respect for the fallen soldiers. This special service required the involvement of all the armed services, the Returned Services League, Department of Veterans' Affairs, Honouring Indigenous War Graves Inc. and affiliated Aboriginal organisations.

The Challis Primary School

Challis Primary School, located in Armadale, Perth, is in a disadvantaged area experiencing a range of social issues. The Company supports various programs at the school which aim to encourage social and scholastic development in the crucial early years of a child's education. The programs include a focus on early childhood development through the construction of a nature playground and the development of a youth leadership program to encourage leadership skills and effective decision making in the older primary students.

Leonora District High School "Young Leaders in the Field" Program (Camping beneath Mt Ballard)

Leonora District High School "Young Leaders in the Field" Program (Evening campfire marshmallow roast)

Mt Lawley Senior High School students attending Reconciliation Week services at Kings Park, Perth, Western Australia

MINERAL **RESOURCES** AND ORE **RESERVES**

Table 1: Tropicana Gold Mine – 100% Project (IGO Share 30%) – 30 June 2014 Resources (and 2013 comparison)

		Mineral Resource – 31 December 2013[1]			Mineral Resource – 30 June 2014		
	Classification	Tonnes (Mt)	Au g/t	Contained Au (M Oz)	Tonnes (Mt)	Au g/t	Contained Au (M Oz)
Open Pit	Measured	28.6	2.06	1.89	22.8	2.11	1.56
	Indicated	74.0	1.88	4.48	73.7	1.89	4.47
	Inferred	5.8	2.57	0.48	5.8	2.57	0.48
	Sub-Total	108.4	1.97	6.85	102.4	1.97	6.50
Underground	Measured	-	-	-	-	-	-
	Indicated	2.4	3.58	0.27	2.4	3.58	0.27
	Inferred	6.1	3.07	0.60	6.1	3.07	0.60
	Sub-Total	8.5	3.21	0.87	8.5	3.21	0.87
Stockpiles	Measured				4.9	1.04	0.16
Total Tropicana	Measured	28.6	2.06	1.89	27.7	1.92	1.72
	Indicated	76.4	1.94	4.75	76.1	1.94	4.74
	Inferred	11.9	2.83	1.08	11.9	2.83	1.08
GRAND TOTAL		116.8	2.06	7.72	115.7	2.03	7.54

Notes:

1. As reported by Independence Group to the ASX on 28 February 2014.
2. For the Open Pit Mineral Resource estimate, mineralisation in the Havana, Havana South, Tropicana and Boston Shaker areas was calculated within a US$1,550/oz pit optimisation at an AUD:USD exchange rate of $1.03 (A$1,500/oz).
3. The Open Pit Mineral Resources have been estimated using the geostatistical technique of Uniform Conditioning, using cut-off grades of 0.3g/t Au for Transported and Saprolite material, 0.4g/t Au for Transitional and Fresh material.
4. The Havana Deeps Underground Mineral Resource estimate has been reported outside the US$1,550/oz pit optimisation at a cut-off grade of 1.73g/t Au, which was calculated using a gold price of US$2,000/oz (AUD:USD 1.05) (A$1,896/oz).
5. The Havana Deeps Underground Mineral Resource was estimated using the geostatistical technique of Ordinary Kriging using average drill hole intercepts.
6. Mining depletion as at 30 June 2014 has been removed from the 2014 resource estimate.
7. Resources are inclusive of Reserves.
8. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
9. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 2: Tropicana Gold Mine – 100% Project (IGO Share 30%) – 30 June 2014 Reserves (and December 2013 comparison)

		Ore Reserve – 31 December 2013[1]			Ore Reserve – 30 June 2014		
	Classification	Tonnes (Mt)	Au g/t	Contained Au (M Oz)	Tonnes (Mt)	Au g/t	Contained Au (M Oz)
Open Pit	Proved	22.2	2.29	1.64	20.2	2.29	1.49
	Probable	29.9	2.02	1.95	29.7	2.02	1.94
	Stockpiles	2.6	2.04	0.17	3.3	1.27	0.13
GRAND TOTAL		54.8	2.13	3.76	53.3	2.08	3.56

Notes:

1. As reported by Independence Group to the ASX on 28 February 2014.
2. The Proved and Probable Ore Reserve (30 June 2014) is reported above economic break-even gold cut-off grades of 0.4 g/t for Transported/Upper Saprolite material, 0.5 g/t for Lower Saprolite material, 0.6g/t for Sap-Rock (Transitional) material and 0.7g/t for Fresh material at nominated gold price US$1,100/oz and exchange rate 0.88 AUD:USD (equivalent to A$1,249/oz Au).
3. The 30 June 2014 Reserve estimate is updated using the end of June 2014 surveyed surface topography and end of June 2014 stockpile balances. The final pit designs, cut-off grades and the Resource model used are unchanged from the December 2013 estimate.
4. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
5. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 3: Long Nickel Operation – June 2014 Resources (and 2013 comparison)

		Mineral Resource - 30 June 2013			Mineral Resource - 30 June 2014		
	Classification	Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	61,000	5.4	3,300	70,000	5.5	3,900
	Indicated	213,000	5.2	11,100	270,000	5.5	15,000
	Inferred	116,000	5.1	5,900	138,000	5.4	7,400
	Sub-Total	390,000	5.2	20,300	478,000	5.5	26,300
Victor South	Measured	-	-	-	-	-	-
	Indicated	212,000	2.4	5,000	188,000	2.0	3,700
	Inferred	28,000	1.4	400	28,000	1.6	400
	Sub-Total	240,000	2.3	5,400	216,000	1.9	4,100
McLeay	Measured	79,000	6.7	5,300	74,000	6.7	4,900
	Indicated	164,000	5.7	9,300	85,000	4.8	4,100
	Inferred	75,000	4.5	3,400	75,000	4.6	3,400
	Sub-Total	318,000	5.6	18,000	234,000	5.3	12,400
Moran	Measured	181,000	6.7	12,200	285,000	7.3	20,800
	Indicated	241,000	7.4	17,700	90,000	6.9	6,300
	Inferred	11,000	4.5	500	86,000	4.0	3,500
	Sub-Total	433,000	7.0	30,400	461,000	6.6	30,600
Stockpiles	Measured				3,000	3.3	100
GRAND TOTAL		1,381,000	5.4	74,100	1,392,000	5.3	73,400

Notes:

1. Mineral Resources are reported using a 1% Ni Cut-off grade except for the Victor South disseminated Mineral Resource which is reported using a cut-off grade of 0.6% Ni.
2. Mining depletion as at 30 June 2014 has been removed from the 2014 resource estimate.
3. Resources are inclusive of Reserves.
4. Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes. This may result in slight rounding differences in the total values in the table above.
5. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
6. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 4: Long Nickel Operation – June 2014 Reserves (and 2013 comparison)

		Ore Reserve - 30 June 2013			Ore Reserve - 30 June 2014		
	Classification	Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Proved	45,000	3.1	1,400	50,000	3.8	1,900
	Probable	66,000	2.9	1,900	56,000	3.1	1,700
	Sub-Total	111,000	3.0	3,300	106,000	3.4	3,600
Victor South	Proved	-	-	-	5,000	3.7	200
	Probable	20,000	3.9	800	8,000	3.2	200
	Sub-Total	20,000	3.9	800	13,000	3.4	400
McLeay	Proved	46,000	3.0	1,400	49,000	4.1	1,900
	Probable	70,000	3.6	2,500	3,000	3.3	100
	Sub-Total	116,000	3.3	3,900	52,000	3.9	2,000
Moran	Proved	229,000	4.5	10,300	449,000	4.5	20,200
	Probable	405,000	3.9	15,600	120,000	3.1	3,600
	Sub-Total	634,000	4.1	25,900	569,000	4.2	23,800
Stockpiles	Proved				3,000	3.3	100
GRAND TOTAL		881,000	3.8	33,900	743,000	4.0	29,900

Notes:

1. Ore Reserves are reported above an economic Ni Cut-off value as at 30 June.
2. A Net Smelter Return (NSR) value of $214 per ore tonne has been used in the evaluation of the 2014 reserve.
3. Mining depletion as at 30 June 2014 has been removed from the 2014 reserve estimate.
4. Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.
5. Revenue factor inputs (US$): Ni $14,508/t, Cu $6,820/t. Exchange rate AU$1.00 : US$0.90.
6. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
7. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 5: Jaguar Operation – June 2014 Resources (and 2013 comparison)

		Mineral Resource - 30 June 2013					Mineral Resource - 30 June 2014				
	Classification	Tonnes	Cu %	Zn %	Ag g/t	Au g/t	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Jaguar	Measured	264,000	2.4	3.4	47	-	-	-	-	-	-
	Indicated	181,000	1.8	2.0	28	-	-	-	-	-	-
	Inferred	30,000	2.6	2.7	42	-	-	-	-	-	-
	Sub-Total	475,000	2.2	2.8	39	-	-	-	-	-	-
Bentley	Measured	453,000	1.6	17.1	212	1.0	706,000	2.2	12.3	172	0.8
	Indicated	1,442,000	1.7	7.9	103	0.6	1,502,000	1.5	8.0	123	0.7
	Inferred	849,000	2.4	8.4	161	1.0	631,000	1.2	6.1	101	0.6
	Stockpiles	27,000	1.3	11.0	135	0.4	16,000	1.8	11.7	166	0.8
	Sub-Total	2,771,000	1.9	9.6	139	0.8	2,855,000	1.6	8.7	130	0.7
		Mineral Resource - August 2009					Mineral Resource - August 2009				
Teutonic Bore	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	946,000	1.7	3.6	65	-	946,000	1.7	3.6	65	-
	Inferred	608,000	1.4	0.7	25	-	608,000	1.4	0.7	25	-
	Sub-Total	1,554,000	1.6	2.5	49	-	1,554,000	1.6	2.5	49	-
GRAND TOTAL		4,800,000	1.8	6.6	100	-	4,409,000	1.6	6.5	102	-

Notes:
1. Mineral Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined; stringer sulphide resources for 2014 are reported above cut-off grades of 0.6% Cu for Bentley and 0.7% Cu for Teutonic Bore.
2. Block modelling mainly used ordinary kriging grade interpolation methods within wireframes for all elements and density. The Flying Spur lens, part of the Bentley deposit, was estimated using the Inverse Distance Squared Weighting method (IDW2). The Flying Spur addition to Mineral Resources this year comprised 449,000t @ 12.6% Zn, 0.6% Cu, 209g/t Ag and 1.7g/t Au (Inferred).
3. Mining depletion as at 30 June 2014 has been removed from the 2014 resource estimate for Bentley. Historic mining has been removed from the 2009 resource estimate for Teutonic Bore.
4. Resources are inclusive of Reserves.
5. Mining of the Jaguar deposit was completed on 29 February 2014. Economic evaluation of remaining resources has shown that they are not economic at foreseeable metal prices within a reasonable timeframe and have been removed from the 2014 inventory.
6. The Teutonic Bore resource estimate is now reported in compliance with JORC Code 2012 reporting guidelines. The model is unchanged from the 2009 model.
7. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
8. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 6: Jaguar Operation – June 2014 Reserves (and 2013 comparison)

		Ore Reserve - 30 June 2013					Ore Reserve - 30 June 2014				
	Classification	Tonnes	Cu %	Zn %	Ag g/t	Au g/t	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Jaguar	Proved	20,000	1.7	0.4	15	-	-	-	-	-	-
	Probable	3,000	1.8	0.3	11	-	-	-	-	-	-
	Sub-Total	23,000	1.7	0.4	14	-	-	-	-	-	-
Bentley	Proved	431,000	1.3	13.4	163	0.8	499,000	2.1	12.1	168	0.8
	Probable	830,000	1.8	7.7	107	0.6	771,000	1.6	8.8	144	0.8
	Sub-Total	1,261,000	1.6	9.6	126	0.7	1,270,000	1.8	10.1	154	0.8
Stockpiles	Proved						16,000	1.8	11.7	166	0.8
GRAND TOTAL		1,284,000	1.6	9.4	124	-	1,286,000	1.8	10.1	154	0.8

Notes:
1. Cut-off values were based on Net Smelter Return (NSR) values of $180 per ore tonne for direct mill feed and $100 per ore tonne for marginal feed.
2. Revenue factor inputs (US$): Cu $6,820/t, Zn $2,070/t, Ag $19.50/troy oz, Au $1,248/troy oz. Exchange rate AU$1.00 : US$0.90.
3. Metallurgical recoveries – 82% Cu, 53% Ag, and 43% Au in Cu concentrate; 83% Zn and 22% Ag in Zn concentrate.
4. Longitudinal sub-level long hole stoping is used at Bentley.
5. All Measured Resource and associated dilution was classified as Proved Reserve. All Indicated Resource and associated dilution was classified as Probable Reserve. No Inferred Resource has been converted to Reserve.
6. Mining of the Jaguar deposit was completed on 29 February 2014. All remaining in situ mineralisation was evaluated and deemed inappropriate for Reserve conversion. The Jaguar underground mine was subsequently closed.
7. Mining depletion as at 30 June 2014 has been removed from the 2014 reserve estimate.
8. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
9. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 7: Stockman Project – June 2014 Resources (and 2013 comparison)

		Mineral Resource - 30 June 2013					Mineral Resource - 30 June 2014				
		Tonnes	Cu %	Zn %	Ag g/t	Au g/t	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Currawong	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	9,548,000	2.0	4.2	42	1.2	9,548,000	2.0	4.2	42	1.2
	Inferred	781,000	1.4	2.2	23	0.5	781,000	1.4	2.2	23	0.5
	Sub-Total	10,329,000	2.0	4.0	40	1.1	10,329,000	2.0	4.0	40	1.1
Wilga	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	2,987,000	2.0	4.8	31	0.5	2,987,000	2.0	4.8	31	0.5
	Inferred	670,000	3.7	5.5	34	0.4	670,000	3.7	5.5	34	0.4
	Sub-Total	3,657,000	2.3	4.9	32	0.5[3]	3,657,000	2.3	4.9	32	0.5[3]
GRAND TOTAL		13,986,000	2.1	4.3	38	1.0[3]	13,986,000	2.1	4.3	38	1.0[3]

Notes:

1. All Resources tonnes have been rounded to the nearest one thousand tonnes and grade to the nearest 1/10th percentage/gram per tonne.
2. Mineral Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined; stringer sulphide resources are reported above cut-off grades of 0.5% Cu.
3. Au grades for Wilga are all inferred due to paucity of Au data in historic drilling.
4. Block modelling used ordinary kriging grade interpolation methods within wireframes for all elements and density.
5. Mining depletion as at end of historic mine life (1996) has been removed from the Resource estimate for Wilga.
6. The Mineral Resource estimate is unchanged since 2012.
7. Resources are inclusive of Reserves.
8. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
9. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 8: Stockman Project – June 2014 Reserves (and 2013 comparison)

		Ore Reserve - 30 June 2013					Ore Reserve - 30 June 2014				
		Tonnes (Mt)	Cu %	Zn %	Ag g/t	Au g/t	Tonnes (Mt)	Cu %	Zn %	Ag g/t	Au g/t
Currawong	Proved	-	-	-	-	-	-	-	-	-	-
	Probable	7.3	2.2	4.1	40	1.2	7.3	2.2	4.1	40	1.2
	Sub-Total	7.3	2.2	4.1	40	1.2	7.3	2.2	4.1	40	1.2
Wilga	Proved	-	-	-	-	-	-	-	-	-	-
	Probable	1.1	2.5	5.3	30	0.5[3]	1.1	2.5	5.3	30	0.5[3]
	Sub-Total	1.1	2.5	5.3	30	0.5[3]	1.1	2.5	5.3	30	0.5[3]
GRAND TOTAL		8.4	2.3	4.3	39	1.1[3]	8.4	2.3	4.3	39	1.1[3]

Notes:

1. All Reserves tonnes have been rounded to the nearest one hundred thousand tonnes and grade to the nearest 1/10th percentage/gram per tonne.
2. The Ore Reserve is unchanged since 2013.
3. Gold (Au) grades are Inferred at Wilga due to a paucity of gold assays in historic drilling. Revenue from gold in the Wilga ore was included in the estimation of the Ore Reserve. The contribution to Revenue of this gold was estimated to be $3.84 per gram of gold in situ. This inclusion was not material to the value of the mining envelopes considered and did not warrant downgrading of any portion of the Ore Reserve attributable to Wilga. The contribution from Wilga represents 13% of the Total Ore Reserve.
4. Historic mining depletion for Wilga has been removed from the Reserve estimate.
5. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
6. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

Table 9: Karlawinda Gold Project – Bibra Prospect - June 2014 Resources (and 2013 comparison)

	Mineral Resource - 30 June 2013			Mineral Resource - 30 June 2014		
Classification	Tonnes (Mt)	Au g/t	Contained Au (Oz)	Tonnes (Mt)	Au g/t	Contained Au (Oz)
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Inferred	18.0	1.1	650,800	18.0	1.1	650,800
GRAND TOTAL	18.0	1.1	650,800	18.0	1.1	650,800

Notes:

1. The Mineral Resource estimate was estimated within a conceptual A$1,600/oz Au pit optimisation shell completed in 2012 and for the area of drill coverage at 100m x 50m spacing or less. Contained gold (oz) figures have been rounded to the nearest one hundred ounces.
2. The Mineral Resource is unchanged since 2013.
3. Mostly RC drilling with 1m cone split samples analysed for Au by 50g fire assay.
4. Mineralisation was wireframed at a cut-off grade of 0.3g/t Au and Mineral Resources were reported above a cut-off grade of 0.5g/t Au.
5. Block modelling used ordinary kriging grade interpolation methods for composites that were top-cut to 10g/t Au in the supergene zone and 16g/t Au for the remaining mineralisation. Top-cuts are not severe, trimming no greater than 0.5% of the samples.
6. There are no Ore Reserves for Karlawinda.
7. The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
8. See IGO's ASX Release of 28 August 2014 for JORC Code (2012) Table 1 Parameters.

JORC Code (2012) Competent Persons' Statements and Forward-looking Statements

General

The information in this report that relates to Exploration Results is based on information compiled by Mr Tim Kennedy. Mr Kennedy is a full-time employee and security holder of the Company and is a member of The Australasian Institute of Mining and Metallurgy. Mr Kennedy 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 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Tropicana Gold Mine (TGM) Resources and Reserves

The information that relates to TGM Mineral Resources was based on information compiled by Mr Mark Kent, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Kent has sufficient experience relevant to the type and style of mineral deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Kent consented to the release of the Mineral Resource estimate, based on the information in the form and context in which it appears. The information that relates to TGM Ore Reserves was based on information compiled by Dr Salih Ramazan, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Dr Ramazan has sufficient experience relevant to the type and style of mineral deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Dr Ramazan consented to the release of the Ore Reserve estimate, based on his information, in the form and context in which it appears.

Long Operation Resources and Reserves

The information in this report that relates to the Long Operation's Mineral Resources is based on information compiled by Ms Somealy Sheppard. The information in this report that relates to the Long Operation's Ore Reserves is based on information compiled by Mr Brett Hartmann. Ms Sheppard is a full-time employee and security holder of the Company and is a member of the Australian Institute of Geoscientists. Mr Hartmann is a full-time employee and security holder of the Company and is a member of The Australasian Institute of Mining and Metallurgy. Ms Sheppard and Mr Hartmann 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 2012 edition of the JORC Code, and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Jaguar Operation: Bentley / Teutonic Bore Resources and Reserves

The information in this report that relates to the Bentley Mineral Resources is based on information compiled by Ms Michelle Wild. The information in this report that relates to the Teutonic Bore Mineral Resources is based on information compiled by Mr Graham Sweetman. The information in this report that relates to the Bentley Ore Reserves is based on information compiled by Mr Brett Hartmann. Ms Wild, Mr Sweetman and Mr Hartmann are full-time employees and security holders of the Company and are members of The Australasian Institute of Mining and Metallurgy. Ms Wild, Mr Sweetman and Mr Hartmann have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined in the 2012 edition of the JORC Code. Ms Wild, Mr Sweetman and Mr Hartmann consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Stockman project: Currawong and Wilga Resources and Reserves

The information in this report that relates to the Stockman Mineral Resources is based on information compiled by Mr Bruce Kendall. Mr Kendall is a full-time employee and security holder of the Company and is a member of the Australian Institute of Geoscientists. Mr Kendall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Kendall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Stockman Ore Reserves is based on information compiled by Mr Geoff Davidson who is a member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a consultant working for Mining and Cost Engineering Pty Ltd and is not a security holder of the Company. Mr Davidson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Davidson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Karlawinda Resources

The information in this report that relates to the Bibra Prospect Mineral Resources is based on information compiled by Ms Michelle Wild. Ms Wild is a full-time employee and security holder of the Company and is a member of The Australasian Institute of Mining and Metallurgy. Ms Wild has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Ms Wild consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Annual Report Mineral Resource and Ore Reserve Statement

The information in this report that relates to the Independence Group Annual Report Mineral Resources and Ore Reserves Statement as a whole is based on information compiled by Ms Michelle Wild who is a member of The Australasian Institute of Mining and Metallurgy and is a full-time employee and security holder of the Company. The Annual Report Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by the above-named Competent Persons. The Annual Report Mineral Resources and Ore Reserves Statement has been issued with the prior written consent of Ms Wild, in the form and context in which it appears in the Annual Report.

Mineral Resource and Ore Reserve Governance

Governance of the Independence Group Mineral Resources and Ore Reserves estimation and development is a major responsibility of the Resources & Reserves Committee (the Committee). The Committee was established in 2013 and oversees the governance arrangements and internal controls for verifying the Estimates and Estimation processes for Mineral Resources and Ore Reserves. The Committee is comprised key technical personnel and currently includes an appropriately qualified Board representative who is an independent non-executive director. The Committee meets at least twice a year and reports to the Board on its activities.

The Committee is responsible for:

- Adopting annual Board approved metal prices and foreign exchange assumptions for use in Estimates
- Monitoring the planning, progress, estimation and reporting of Mineral Resources and Ore Reserves across the Group
- The framework of quality control protocols from drilling, sampling, sample preparation, analysis, sample and assay security, to data collection and storage
- Provision of standards, procedures and guidelines
- JORC Code compliant reporting
- Company procedures for public reporting aligned with current regulatory requirements
- Annual reporting to ASX of Mineral Resource and Ore Reserve Estimates accounting for mining depletion for operating mines owned by the Company. Prior to this reporting, a reconciliation of performance metrics is completed to validate Ore Reserves Estimates for each operating mine owned by the Company
- Internal peer assessment of process compliance and data veracity
- Periodic external review of process, data, Estimates and reports for new or materially changed Estimates.

Independence Group NL reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves.

Competent Persons named by Independence Group NL are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

Forward-looking statements

This document may include Forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO’s planned production and 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 IGO 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.

Cash Costs

All cash costs quoted include royalties and net of by-product credits unless otherwise stated.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY2014

Underlying EBITDA is a non-IFRS measure and comprises $67.8M profit before tax (FY2013:$27.8M) less $5.1M interest income net of finance costs (FY2013: $1.2M), $69.8M depreciation & amortisation expense (FY2013: $24.4M) and $32.0M exploration impairment expenses (FY2013: $5.8M).

Currency

All currency amounts in this report are Australian Dollars unless otherwise stated.

CORPORATE **GOVERNANCE STATEMENT**

The Board of Directors has a clear understanding that it is responsible for the Company's corporate governance and recognises the importance of its corporate governance framework in establishing accountabilities, guiding and regulating activities, monitoring and managing risks and optimising the Company's performance. The Board also recognises the need to review regularly its system of corporate governance as best practice evolves over time. This Statement outlines the Company's current corporate governance framework, by reference to the Corporate Governance, Principles and Recommendations ("CGC Principles and Recommendations") of the ASX Corporate Governance Council.

The CGC Principles and Recommendations presently consist of recommendations relating to eight Principles. The ASX Corporate Governance Council recognises that not all Recommendations are appropriate for all companies and acknowledges that a company should only adopt those Recommendations that are suitable for its circumstances. The Board believes that the corporate governance policies and procedures in place as at the date of this Statement follow all Recommendations.

During the second half of FY2014 the Board reviewed all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines. A new Risk Committee Charter and a new Privacy Policy were approved by the Board. The following new and updated Corporate Governance Codes, Charters, Policies and Guidelines have been put on the Company's website and presented to staff on all sites:

1. Code of Conduct;
2. Guidelines for Dealing in Securities;
3. Continuous Disclosure and Communication Policy;
4. Board Charter;
5. Audit Committee Charter;
6. Risk Committee Charter;
7. Remuneration Committee Charter;
8. Nomination Committee Charter;
9. Diversity and Equal Opportunity Policy;
10. Privacy Policy; and
11. Legal, Environmental and Social Policy.

An annual review process for all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines has now been put in place to ensure all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines are reviewed annually, kept up to date and are in line with best practice.

The third edition of the CGC Principles and Recommendations was published by the ASX Corporate Governance Council on 27 March 2014. ASX introduced the requirement to publish the information set out in Appendix 4G - Key to Disclosures Corporate Governance Council Principles and Recommendations.

As part of the review process, and in preparation for compliance with the third edition of the CGC Principles and Recommendations in next year's annual report (FY2015), the Company has assessed itself against the criteria set out in Appendix 4G of the ASX Listing Rules. These are set out below:

Third edition of the cgc principles and recommendations

	Principle 1 – lay solid foundations for management and oversight	
	Recommendation	Status/Document - Location
1.1	A listed entity should disclose:	
	(a) the respective roles and responsibilities of its board and management; and	Board Charter – IGO website
	(b) those matters expressly reserved to the board and those delegated to management.	Board Charter - IGO website
1.2	A listed entity should:	
	(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	Nominations Committee Charter - IGO website
	(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Nominations Committee Charter - IGO website 2014 Notice of AGM - IGO website
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Comply
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Board Charter - IGO website
1.5	A listed entity should:	
	(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Diversity and Equal Opportunity Policy - IGO website
	(b) disclose that policy or a summary of it; and	Summary of Diversity and Equal Opportunity Policy in Annual Report - IGO website
	(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Annual Report - IGO website
1.6	A listed entity should:	
	(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Board Charter and Nominations Committee Charter - IGO website
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	A performance evaluation of the Board was completed in June 2014
1.7	A listed entity should:	
	(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Each year a performance review and improvement plan is completed
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	A performance evaluation for FY2014 was completed in August 2014

Principle 2 - structure the board to add value

	Recommendation	Status/Document - Location
2.1	The board of a listed entity should:	
	(a) have a nomination committee which:	Comply
	(1) has at least three members, a majority of whom are independent directors; and	Six members (all of the Board)
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	Nominations Committee Charter - IGO website
	(4) the members of the committee; and	Disclosed in Annual Report – IGO Website
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR	Disclosed in Annual Report – IGO Website
	(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	n/a
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Disclosed in Annual Report – IGO Website
2.3	A listed entity should disclose:	
	(a) the names of the directors considered by the board to be independent directors;	Disclosed in Annual Report – IGO Website
	(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and	Disclosed in Annual Report – IGO Website
	(c) the length of service of each director.	Disclosed in Annual Report – IGO Website
2.4	A majority of the board of a listed entity should be independent directors.	Comply: Disclosed in Annual Report – IGO Website
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Comply: Disclosed in Annual Report – IGO Website
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	An updated version of the exiting induction process was reviewed and approved by the Board subsequent to year end as referred to in the Board Charter and Nominations Committee Charter - IGO website

Principle 3 – act ethically and responsibly

	Recommendation	Status/Document - Location
3.1	A listed entity should:	
	(a) have a code of conduct for its directors, senior executives and employees; and	Comply: Code of Conduct – IGO Website
	(b) disclose that code or a summary of it.	Summary of Code of Conduct in Annual Report - IGO website

Principle 4 – safeguard integrity in corporate reporting

	Recommendation	Status/Document - Location
4.1	The board of a listed entity should:	
	(a) have an audit committee which:	Comply
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Comply
	(2) is chaired by an independent director, who is not the chair of the board,	Comply
	and disclose:	
	(3) the charter of the committee;	Audit Committee Charter - IGO website
	(4) the relevant qualifications and experience of the members of the committee; and	Disclosed in Annual Report – IGO Website
	(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR	Disclosed in Annual Report – IGO Website
	(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	n/a
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complied for 1. FY2013 Annual Accounts sign-off; 2. H1 FY2014 Half Year Accounts sign-off; and 3. FY2014 Annual Accounts sign-off.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complied for 2013 AGM 2014 Notice of AGM discloses external auditor will attend 2014 AGM

Principle 5 – make timely and balanced disclosure

	Recommendation	Status/Document - Location
5.1	A listed entity should:	
	(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Continuous Disclosure and Information Policy – IGO Website
	(b) disclose that policy or a summary of it.	Disclosed in Annual Report – IGO Website

Principle 6 – respect the rights of security holders

	Recommendation	Status/Document - Location
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Comply – IGO Website
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply Continuous Disclosure and Information Policy – IGO Website
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Comply

Principle 7 – recognise and manage risk

	Recommendation	Status/Document - Location
7.1	The board of a listed entity should:	
	(a) have a committee or committees to oversee risk, each of which:	Comply – appointed in March 2014
	(1) has at least three members, a majority of whom are independent directors; and	Comply – appointed in March 2014
	(2) is chaired by an independent director,	Yes – appointed in March 2014
	and disclose:	
	(3) the charter of the committee;	Risk Committee Charter - IGO website
	(4) the members of the committee; and	Disclosed in Annual Report – IGO Website
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR	Disclosed in Annual Report – IGO Website
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	n/a
7.2	The board or a committee of the board should:	
	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Comply
	(b) disclose, in relation to each reporting period, whether such a review has taken place.	Disclosed in Annual Report – IGO Website The last review was completed in June 2014.
7.3	A listed entity should disclose:	
	(a) if it has an internal audit function, how the function is structured and what role it performs; OR	The Company does not have an internal audit function
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company does not have an internal audit function. However, it does have 1. Regular monthly reports presented to the Board. 2. Regular risk management reviews. 3. The results of risk management reviews are presented to the Risk Committee and Board
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Disclosed in Annual Report – IGO Website

Principle 8 – remunerate fairly and responsibly

	Recommendation	Status/Document - Location
8.1	The board of a listed entity should:	
	(a) have a remuneration committee which:	Comply
	(1) has at least three members, a majority of whom are independent directors; and	Comply
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	Remuneration Committee Charter - IGO website
	(4) the members of the committee; and	Disclosed in Annual Report – IGO Website
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR	Disclosed in Annual Report – IGO Website
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	n/a
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Disclosed in Annual Report – IGO Website (see Remuneration Report)
8.3	A listed entity which has an equity-based remuneration scheme should:	
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Comply Dealing in Securities Guidelines – IGO Website
	(b) disclose that policy or a summary of it.	Disclosed in Annual Report – IGO Website

Prior to the publication of the third edition of the CGC Principles and Recommendations by the ASX Corporate Governance Council on 27 March 2014 the Company was required to consider the second edition of the CGC Principles and Recommendations. The second edition of the CGC Principles and Recommendations was followed throughout the entire financial year and up to the date of this Statement.

As mentioned above, in the second half of FY2014 the Board reviewed all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines. A new Risk Committee Charter and a new Privacy Policy were approved by the Board.

Principle 1: Lay solid foundations for management and oversight

The matters reserved to the Board are set out in the Board Charter in the Corporate Governance section of the Company's website. In summary, the Board is responsible for delegating powers to Management for the day to day management of the Company, approving long term corporate strategy, reviewing and approving business plans and annual budgets, approving material capital expenditure, approving and monitoring the adherence to Company policies, developing and promoting corporate governance, and approval of financial statements. The Board is also responsible for monitoring compliance with the Code of Conduct, monitoring the Company's performance, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

The Board has delegated the following functions to the Managing Director and the other senior executives:

- the effective leadership of IGO;
- the preparation and implementation of development and operational plans to achieve the strategic, operational and financial objectives of IGO as determined by the Board;
- the management of the day to day affairs of IGO, including its people, processes, policies and systems;
- the conduct of commercial negotiations with other entities;
- the development and maintenance of effective relationships with IGO's employees, shareholders, joint venture partners, governments at all levels and government agencies, suppliers and customers and local landowners;
- reporting to the Board and providing prompt and full information regarding the conduct of the business of IGO; and
- ensuring all material matters that affect IGO are brought to the Board's attention.

The process for evaluating the performance of senior executives is carried out within the framework of the Remuneration Policy and delegations set out in the Remuneration Committee Charter which is set out in the Corporate Governance section of the Company's website. Evaluations are conducted annually. The evaluations of the Managing Director are conducted by the Remuneration Committee. Their most recent evaluation was carried out in August 2014. The evaluations of the other senior executives are conducted by the Managing Director, through a structured interview process. The most recent evaluations were carried out in August 2014. All evaluations were carried out in accordance with the process disclosed.

Principle 2: Structure the Board to add value

The Board currently consists of one executive director (the Managing Director) and five non-executive directors (including the Chairman). The Board considers that four of the six directors are independent: Mr Peter Bilbe (Chairman), Dr Rod Marston, Mr Geoff Clifford and Mr Peter Buck.

The Board considers that Mrs Kelly Ross is not independent because she was an executive director of the Company for approximately 10 years until 2011 when she became a non-executive director. In making these assessments of independence the Board has followed the evaluation criteria of the Board's Guidelines on Director Independence which is set out in the Board Charter available in the Corporate Governance section of the Company's website. These guidelines are in conformity with the guidelines of the ASX Corporate Governance Council and requires the satisfaction of all of the items on a list of criteria, the most significant of which are:

- 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 Board considers that Dr Rod Marston is independent despite he being a director of the Company for more than 14 years.

Information pertaining to the relevant skills, experience and expertise of the directors of the Company as at the date of this Statement is included at the front of this 2014 Annual Report. As at that date the period in office of each of those directors was as follows:

- Mr Peter Bilbe: 5 years
- Mr Peter Bradford: less than 1 year (appointed 17 March 2014)
- Dr Rod Marston: 14 years
- Mrs Kelly Ross: 12 years
- Mr Geoff Clifford: 22 months
- Mr Peter Buck: less than 1 month

The Board has established a Nomination Committee pursuant to the Nomination Committee Charter and the policies included therein. Given that the current total number of directors is six, the Board considers it appropriate that all of the directors should be members of that Nomination Committee. It is chaired by an independent director, the Board's Chairman, Mr Peter Bilbe.

In accordance with the Nomination Committee Charter and the Diversity Policy, the Board seeks to achieve in its membership persons with demonstrable skills, capability, experience and ability to question and debate with other Board members, the ability to operate as part of a team, the ability to contribute outstanding performance and have a track record of impeccable ethics and values. The Board seeks to have a mix of age, skills, knowledge, experience and expertise in its ranks. The current mix of skills and experience on the Board is as follows:

Board Skills Matrix

Skills and Experience	Board	Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee
Mining and Processing	4 directors	1 director	4 directors	2 directors	4 directors
Exploration and Geology	3 directors	1 director	3 directors	1 director	3 directors
Financial Acumen	3 directors	2 directors	3 directors	1 director	3 directors
Capital Projects	5 directors	2 directors	5 directors	2 directors	5 directors
Governance	5 directors	3 directors	5 directors	3 directors	5 directors
Strategy	5 directors	2 directors	5 directors	2 directors	5 directors
Remuneration	6 directors	3 directors	6 directors	3 directors	6 directors
Executive Leadership	6 directors	3 directors	6 directors	3 directors	6 directors
Sustainability	3 directors	1 director	3 directors	2 directors	3 directors
ECM and M&A	6 directors	3 directors	6 directors	3 directors	6 directors

In considering new appointments the Board will have regard to the need to augment the skills, knowledge, experience and capabilities of the current members and to meet its future needs, the Company's sustainable growth ambitions and diversity aspirations. In doing so, the Board recognises the unique skills, experience and outlook that different genders can bring to the group.

The process, which has been adopted by the Board, for evaluating the performance of the Board, its Committees and non-executive directors is that every third year the Board engages the services of an independent facilitator with expertise in this field to guide the Board through a comprehensive evaluation process. In the other years, the Board carries out an internal evaluation. A comprehensive evaluation with the assistance of an independent consultant was carried out in June 2013. In June 2014, the Board carried out an internal evaluation of the experience, performance and composition of the Board. The results of this evaluation are currently being implemented. The process for evaluating the performance of the only executive director, the Managing Director, was referred to above in the section relating to Principle 1.

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

Principle 3: Promote ethical and responsible decision making

The Company aims to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all its dealings with customers, clients, shareholders, government, employees, suppliers and the community. Directors and employees are expected to perform their duties in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Board has a clear understanding that it 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, its colleagues and the general community. With this in mind the Board reviewed and approved an updated and best practice Code of Conduct that has now been presented to staff at all sites. In summary, the Code of Conduct adopted by the Company and set out in the Corporate Governance section of the Company's website requires that all employees and directors:

- act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided;
- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and not misuse information;
- value and maintain professionalism;
- avoid conflicts of interest;
- act in accordance with the Company's policies procedures and guidelines;
- strive to be good corporate citizens on responsibilities such as sustainable development, health, safety, environment and community; and
- have respect for each other, including by embracing diversity, openness, sharing, mutual trust and teamwork.

The Code of Conduct imposes a responsibility on individuals to report breaches of the Code to executive management or to a director so that appropriate remedial action can be taken.

In March 2014, the Company has reviewed and updated its Diversity and Equal Employment Opportunity (EEO) Policy. The Board recognises that corporate performance is enhanced when a company has an appropriate and diverse mix of skills and experience. The policy aims to ensure fair and unbiased remuneration between the genders, recruitment and retention campaigns that encourage diversity, no gender bias when considering senior executive and Board positions and that no discrimination on the basis of gender or race takes place within the Company. The Board will monitor compliance with the Diversity and EEO Policy and to ensure that there is annual reporting of the achievement of performance measures contained in that Policy.

The following measurable objectives were set early in June 2013 and reviewed in March 2014:

Measurable objectives and progress towards achievement

A. All persons with appropriate experience and qualifications are to be considered equally when new employees or directors are being recruited. All recruitment is being carried out on this basis. The Company's Human Resources Manager, who oversees recruitment processes, is a female who is sensitive to the importance of the Board's Diversity and EEO Policy.

B. All persons with appropriate experience and qualifications are to be considered equally when opportunities for promotion or advancement arise. All such opportunities are being carried out on this basis.

C. There is to be at least one female representative of the Company involved in the selection process for all new senior executives and directors. This procedure is being followed.

D. Promotion of equality in remuneration levels: A review of gender remuneration parity is required to be carried out at least once each year, taking into account relative performance, experience, location and job nature and a report is to be provided to the Board. This objective was set in June 2013.

The key statistics relating to gender diversity within the Company statistics are as follows:

(a) Proportion of women employees in the Group at 30 June 2014: 18% (2013: 17%).

(b) Proportion of women in senior executive roles in the Group at 30 June 2014: 21% (2013: 20%).

(c) Proportion of women on the Board of the Company at 30 June 2014: 20% (2013: 20%).

For the purposes of (b) above, senior executives are categorised as those who hold a senior manager or senior executive role.

Principle 4: Safeguarding integrity in financial reporting

The Board has an Audit Committee, structured in accordance with the CGC Principles and Recommendations. The Board's Audit Committee's Charter, which was reviewed and updated for best practice during FY2014, is set out in the Corporate Governance section of the Company's website.

The Chairman of the Audit Committee is Mr Geoff Clifford, a non-executive director who is not the Chairman of the Board. Mr Clifford was appointed to the Audit Committee in December 2012. The other members of the Audit Committee are non-executive directors Dr Rod Marston and Mrs Kelly Ross. The majority of the members are independent directors. Mr Clifford and Mrs Ross are qualified accountants/chartered secretaries with considerable financial and managerial experience. Dr Marston is an economic geologist with considerable corporate experience. There were two meetings of the Audit Committee held during FY2014. Details of attendance are disclosed in the Directors' Report.

The Audit Committee reports to the Board and in summary is responsible for the following:

- overseeing the Group's relationship with the external auditor and the external audit function generally as set out in the External Audit Policy (set out in Attachment 1 of the Audit Committee Charter);
- overseeing the adequacy of the control processes in place in relation to the preparation of financial statements and reports; and
- overseeing the adequacy of the Group's financial controls.

The Audit Committee has specific functions on audit and is required to review and report to the Board on certain matters set out in the Audit Committee Charter.

Principle 5: Make timely and balanced disclosure

The Company has established policies and procedures, set out in its Continuous Disclosure and Information Policy, relating to the disclosure of information to interested parties. During FY2014 the Company reviewed and updated its Continuous Disclosure and Information Policy for best practice and incorporated various changes to the law and regulations. A copy of the Policy is in the Corporate Governance section of the Company's website.

The Company Secretary is responsible for ensuring the Company complies with ASX Listing Rules and is responsible for communicating with the ASX.

Principle 6: Respect the rights of shareholders

The Company has established a Continuous Disclosure and Information Policy which is designed to ensure that the Company communicates effectively with its shareholders and the investment community and that information is released and made available in an equitable manner.

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

All shareholders receive a copy of the Company's annual report unless they have elected not to receive a copy. Copies of the Company's quarterly and half yearly reports are provided to the ASX and placed on the website. Copies of these reports are sent to any shareholder or interested party requesting a copy.

Notices of meetings are mailed to all shareholders unless they have elected not to receive a copy and are also placed on the Company's website. Notices of meeting are to be as easily read and understandable as possible, however they must comply with the legal requirements contained in the Corporations Act and the ASX Listing Rules.

All information disclosed to the ASX is placed on the Company's website as soon as it is disclosed to and acknowledged by the ASX. When analysts are briefed on the Company's activities, any information provided in the presentation (if material and not previously released) is released to the ASX and placed on the Company's website.

As part of the Company's efforts to ensure that it communicates effectively with its shareholders and the investment community, the Company's analyst briefing and presentation for the June 2014 Quarterly Report was webcast live on the Company's website. A link to this webcast was released to ASX to allow shareholders to either listen live or at a later date. Webcasts are available for a substantial period after the live webcast.

Principle 7: Recognise and manage risk

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 systemlished to ensure prompt and appropriate responses to shareholder complaints and enquiries.

During FY2014, the Board approved a Risk Committee Charter and formally established a Risk Committee to review the Company's risk management systems and procedures. The Board's Risk Management Policy is set out in the Company's new Risk Committee Charter as disclosed in the Corporate Governance section of the Company's website.

Management has put in place a risk management system which requires regular risk reviews and requires all identified risks to be 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 Board discusses with senior management periodically at Board Meetings the subject of risk management. The Risk Committee meets at least annually with senior management to interrogate the risk register and to ensure that all reasonable procedures have been put in place to mitigate the Company's risks. The last Risk Committee review was held in June 2014. At that Meeting the Risk Committee carried out the above-mentioned procedures and senior management reported on the effectiveness of the Company's management of its material business risks.

The Company's risk management program is designed to ensure that the Company identifies, documents, communicates and proactively manages material risks in a systematic way. This ensures that risk management is embedded within the culture of the business. This structure enables consideration of both the long term interests of the business as well as the day to day operations. It also ensures focus is given to those unlikely events with potentially catastrophic impacts to our business.

The Managing Director and Chief Financial Officer provided a declaration in accordance with Section 295A of the Corporations Act most recently on 27 August 2014 for the FY2014 annual accounts and assured the Board that the declaration is founded on a sound system of risk management and internal controls and that the systems are operating effectively and efficiently in all material respects. The Managing Director and Chief Financial Officer also provided a similar declaration during FY2014 in relation to accounts for the half-year ended 31 December 2013 and the annual accounts for FY2013.

Material exposure to economic, environmental and social sustainability risks

The Company does have material exposure to economic, environmental and social sustainability risks, including exposure to commodity and foreign exchange market fluctuations and changes in environmental regulatory legislation.

To assist with management of its exposure to commodity and foreign exchange market fluctuations, the Company has established a Financial Risk Management Policy which is overseen by the Hedging Committee (discussed below).

The Company employs suitably qualified personnel to assist with the management of its exposure to environmental and social sustainability risks including appropriate health and safety personnel as well as heritage and environmental experts.

Hedging Committee

The Company has a Hedging Committee to make recommendations to the Board on hedging policies, consider relevant financial risk management strategies and to maintain the hedging portfolio. The members of the Hedging Committee at the date of this Statement are director, Mr Geoff Clifford, director, Mrs Kelly Ross, Managing Director, Mr Peter Bradford and Chief Financial Officer, Mr Scott Steinkrug.

Dealing in Securities Guidelines (Share Trading Policy)

The Company has put in place guidelines to ensure that directors, officers and employees 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 Company's shares by way of margin loans and other derivative trading methods. Executive directors and employees are prohibited from entering into transactions or arrangements which limit the risk of participating in unvested employee entitlements (i.e. hedging arrangements). A copy of the recently reviewed and updated Dealing in Securities Guidelines is set out in the Corporate Governance section of the Company's website.

Principle 8: Remunerate fairly and responsibly

The Board has a Remuneration Committee, structured in accordance with the CGC Principles and Recommendations. The Chairman of the Committee is Dr Rod Marston. The other two members are Mr Geoff Clifford and Mr Peter Bilbe. All three are independent directors. The Board's Remuneration Policy, as set out in the Remuneration Report, was reviewed in August 2014.

During FY2014, the Board reviewed and approved an updated Remuneration Committee Charter. This updated Remuneration Committee Charter is disclosed in the Corporate Governance section of the Company's website.

The Company has clearly distinguished the remuneration structures of the non-executive directors from that of executive directors and executives. The full details of the remuneration of these persons during the year ended 30 June 2014 is set out in the Remuneration Report within the Directors' Report in this 2014 Annual Report.

Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

Legal and Environmental Policy

The Company has a Legal and Environmental Policy which requires that all employees comply with the laws and 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 community matters, environmental issues, such as landholders, governmental agencies and native title claimants.

Sustainability Report

The Long Operation, acquired by the Company in 2002, is one of the oldest operating mines in the Kambalda Nickel field. Despite there being limited scope to change the mine's environmental footprint, mine management continue to work with an internal and external environmentalist teams who undertake regular review and development improvement plans. These plans are being implemented and will continue to be implemented as areas become available and are no longer required for mining operations. Regular internal and external audits are performed to ensure and advise on compliance and best practice.

At the Jaguar Operation, an in-house environmental officer has been employed for a number of years. The environmental officer's skills and local knowledge base are supplemented by regular site visits by external environmental consultants and specialists. An operational environmental plan is in place to minimise the future environmental footprint and to continually monitor and rehabilitate previously disturbed areas.

At both the Long Operation and the Jaguar Operation external specialists are employed to undertake annual environmental audits. These audits focus on all areas of environmental responsibility and feedback into the operational planning phase. This process also forms the basis of, and assists with, the Company's annual regulatory compliance reporting.

The National Greenhouse and Energy Reporting Act 2007 (NGER Act) creates registration and reporting obligations for controlling corporations whose greenhouse gas emissions, energy consumption and energy production reach certain thresholds.The Company is registered with the Clean Energy Regulator (CER) and has been disclosing its greenhouse gas emissions under the NGER Act since 2008. The Company will next be reporting in October 2014.

The Company is currently in the process of refreshing its Environmental Management Plan to align it across all operations. This document sets minimum acceptable environmental standards for all Company sites and is supported by specific policies and procedures to ensure that the Company is able to comply with the laws and regulations. These standards, policies and procedures are periodically reviewed as part of the Company's Risk Management system and, as required, are updated to ensure compliance in all the jurisdictions in which the Company operates.

Policies and Procedures on the Company's website

The following codes, policies, guidelines and charters are contained in the Corporate Governance section of the Company's website www.igo.com.au:

1. Code of Conduct;
2. Guidelines for Dealing in Securities;
3. Continuous Disclosure and Communication Policy;
4. Board Charter;
5. Audit Committee Charter;
6. Risk Committee Charter;
7. Remuneration Committee Charter;
8. Nomination Committee Charter;
9. Diversity and Equal Opportunity Policy;
10. Privacy Policy; and
11. Legal, Environmental and Social Policy.

FINANCIAL REPORT **2014**

Contents

Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Independence Group NL (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise noted:

Peter Bradford (Managing Director)
Peter Bilbe (Non-executive Chairman)
Geoffrey Clifford (Non-executive Director)
Rod Marston (Non-executive Director)
Kelly Ross (Non-executive Director)

Peter Bradford was appointed Managing Director effective 17 March 2014. Christopher Bonwick was Managing Director from the beginning of the financial year until his resignation on 15 November 2013.

Principal activities

The principal activities of the Group during the financial year were non-operator gold mining from the Company's 30% interest in the Tropicana gold mine, nickel mining at the Long nickel mine, zinc and by-product mining at the Jaguar Operations and ongoing mineral exploration.

Dividends – Independence Group NL

Dividends paid to members during the financial year were as follows:

	2014 $000	2013 $000
Final ordinary dividend for the year ended 30 June 2013 of 1 cent (2012: 1 cent) per fully paid share paid on 27 September 2013	2,333	2,329
Interim ordinary dividend for the year ended 30 June 2014 of 3 cents (2013: 1 cent) per fully paid share paid on 28 March 2014	7,000	2,329
	9,333	4,658

In addition to the above dividends, since the end of the financial year the Directors have announced the payment of a final ordinary dividend of $11,713,000 (5 cents per fully paid share) to be paid on 30 September 2014.

Operating and financial review

Independence Group NL is a company listed on the Australian Securities Exchange (ASX:IGO). The Group currently has operations in the production phase in Western Australia comprising:

- The Long nickel mine located near Kambalda – 100% owned,
- The Jaguar zinc, copper and silver mine and processing operations north of Leonora – 100% owned, and
- The Tropicana gold operation (IGO: Non-operator joint venturer; 30% owned) located 330km east northeast of Kalgoorlie.

The Group is also an active explorer for base and precious metals within and outside of Australia. Active search areas within Australia include the Stockman Project (copper, zinc, silver, gold) located in Victoria and numerous tenement holdings at or near the above mines, as well as other remote areas.

This review should be read in conjunction with the financial statements and the accompanying notes.

The objective and strategy of the Group is to create long-term shareholder value through the discovery, development and acquisition of low cost and high grade projects. Since incorporation in 2002, the Company is proud of its achievement of returning to shareholders in excess of $108 million by way of a combination of $98.3 million fully franked dividends and a $9.7 million share buy back in 2009. The Company currently has 234,256,573 shares outstanding.

The Group's future prospects are dependent on a number of external factors that are summarised towards the end of this report.

At the end of the financial year, the Group had cash and cash equivalents of $57.0 million (2013: $27.2 million). A milestone achievement for the Company was the commencement of commissioning of the Tropicana Operations by joint venture partner and project operator AngloGold Ashanti Australia Limited during the September 2013 quarter. Consequently, gold sales have largely driven the Group's cash inflows during financial year 2014. The cash increase of $29.8 million includes $138.4 million in gold sales receipts, which represented 35% of the Group's customer receipts for the year. Other receipts came from nickel sales ($113.4 million) with the remaining $140.2 million sales coming from the Jaguar Operation. During the financial year, the Company paid Tropicana joint venture contributions totalling $110.2 million (2013: $165.1 million). These contributions provided for funding of the Company's share of construction capital expenditure completion, ongoing funding of its share of the mine's operational expenditure and ongoing sustaining and non-sustaining capital expenditure and exploration expenditure. Joint venture contributions to the operator will be ongoing over the life of the mine whereas gold sales receipts will be credited to each individual venturer's metal account held with the gold refiner.

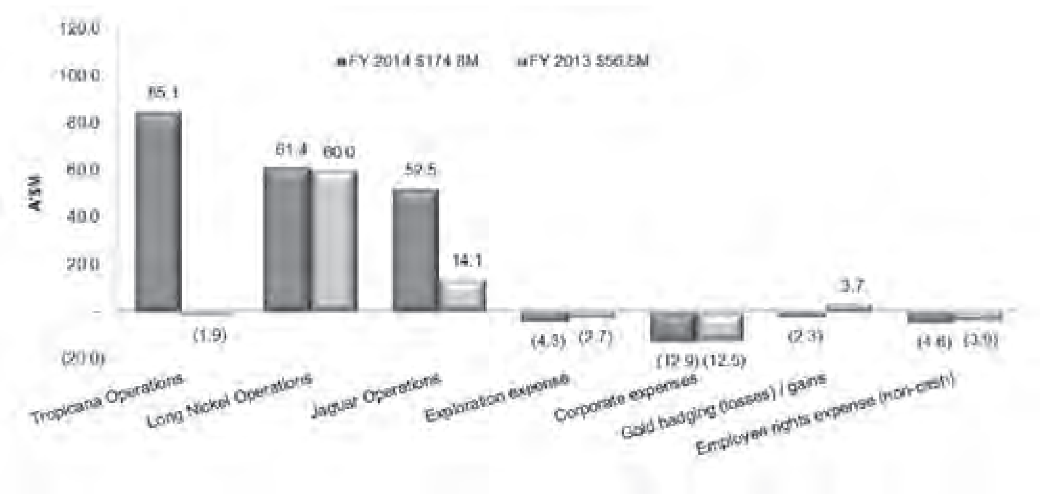
Operating and financial review (continued)

Other significant cash flows during the year include payments to suppliers and employees of $258 million (2013: $173 million); the higher payments arising due to operating cost payments for the Tropicana mine. Total exploration and evaluation expenditure was $38.7 million with the significant expenditure including $14 million at Long, $6 million for Jaguar regional activity, $4 million at Tropicana, $5 million at the Company's Stockman project and $14 million on the Group's remaining and varied exploration tenements. A number of new joint venture exploration projects were entered into during the year including the Lake MacKay JV in the Northern Territory where the Company is targeting large gold deposits in a prospective but underexplored tenure package, the Darlot JV where the Company is exploring for satellite VMS deposits within trucking distance of the Jaguar Project and the Bryah Basin JV along strike to the west of the DeGrussa copper & gold mine, where the Company is targeting DeGrussa style deposits. Significant results during the year include identification of possible extensions to the McLeay and Long North deposits at the Long Operation, identification of the Flying Spur lens at the Jaguar Operation and the discovery of a zone of potentially significant mineralisation at the Triumph Prospect located 5km to the north of the Jaguar processing plant.

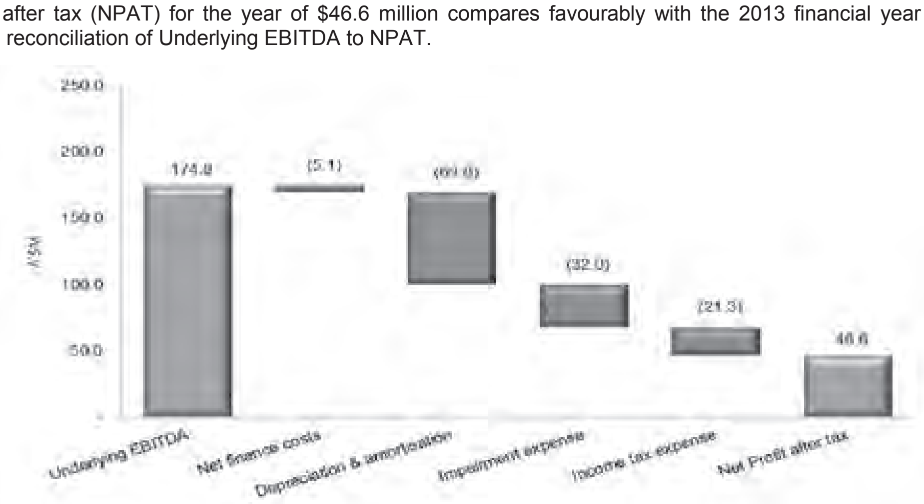
Total development and construction capital expenditure was $76 million of which $57 million was for plant construction and mine open pit waste stripping at Tropicana. $16.6 million was for Jaguar underground mine development and the balance was for Long underground development.

Financing activities of the Group included $47 million in corporate facility borrowings between July and September 2013 whilst Tropicana was in the construction phase and facility repayments of $32 million between March 2014 and June 2014. In addition, there were $6 million in equipment finance debt repayments and $9.3 million in fully franked dividends.

During discussions of the operating results of its business, the Group's Board and management often refer to a measure known as Underlying EBITDA. The Board considers this measure to be important to the Group and investors alike, as it represents a useful proxy to measuring an operation's cash generating capabilities. Underlying EBITDA is calculated as profit after tax adjusted for income tax expense, finance costs, interest income, asset impairments, depreciation and amortisation. Underlying EBITDA increased relative to the previous financial year as can be seen in the following chart:



Net profit after tax (NPAT) for the year of $46.6 million compares favourably with the 2013 financial year NPAT of $18.3 million. Below is a reconciliation of Underlying EBITDA to NPAT.



Depreciation & amortisation expense of $69.8 million includes $36.6 million relating to Tropicana assets, $22 million to Long, $9.4 million to Jaguar Operations and the balance to corporate assets. Exploration and evaluation asset impairments during the 2014 financial year of $32 million include a $17.0 million write-down of the Karlawinda Gold Project as the Company considers that the Project no longer meets internal metrics for development.

Operating and financial review (continued)

Operations

Long Operation

The Long Operation was acquired from Western Mining Corporation in 2002 and is located adjacent to Kambalda. The mine has entered into a long term ore tolling agreement with BHP Billiton Nickel West Pty Ltd whereby the Group is paid for the nickel metal contained in the ore mined, less applicable ore toll charges. Revenue from nickel sales is priced on a quotational period of three months after the month of production. 70% of the sales receipt is provisionally paid based on the average London Metals Exchange (LME) price for the month of delivery; a balancing adjustment is paid in the fourth month after delivery based on the average LME price of the third month after delivery. The mine produced 10,909 tonnes of contained nickel during the year at payable cash costs including royalties (net of copper credits) of A$3.78 per pound (2013: A$4.34 per pound).

The Long Operation constitutes an operating segment as disclosed in the Financial Report. During the year a total of 268,162 tonnes of ore was mined, with all four underground ore bodies (Long, Victor South, McLeay and Moran) contributing. The majority of ore was won via long hole stoping with lesser amounts coming from other mechanised mining methods and non-mechanised methods.

Segment revenue was $118.9 million in 2014, a decrease of 7% from $127.7 million in 2013. This was the result of a combination of lower realised nickel prices (~5%), and lower payable nickel sold as outlined in the table below. Net operating profit before income tax fell 9% from $40.1 million in 2013 to $36.3 million in the current year, due to revenue factors outlined above, offset by lower cash costs during the year.

Based on current ore reserves, the mine currently has a life of approximately four years.

Table 1 highlights the key operational statistics during the current and prior year.

Table 1

Long Operation		2014	2013
Ore mined	*Tonnes*	**268,162**	**291,196**
Nickel grade	*Head %*	4.07	3.84
Copper grade	*Head %*	0.29	0.28
Tonnes milled	*Tonnes*	**268,162**	**291,196**
Nickel delivered	*Tonnes*	10,909	11,180
Copper delivered	*Tonnes*	769	821
Metal payable (IGO share)			
- Nickel	*Tonnes*	6,589	6,754
- Copper	*Tonnes*	312	332
C1 Ni cash costs & royalties *	*A$ payable metal pound*	**3.78**	**4.34**

*C1 cash costs include credits for copper

Jaguar Operation

The Jaguar Operation was acquired by the Company from Jabiru Metals Limited in 2011. The Operation is located 60km north of Leonora and 250km north of Kalgoorlie. Active mining is currently underway in the Bentley underground mine. In addition, both near mine and greenfields exploration targets continue to be investigated for potential to add mine life to the operation.

The Bentley mine performed well during the year; copper and zinc grades mined increased year on year by 33% and 8% respectively. Ore mined is beneficiated at the Jaguar processing facility to produce zinc and copper concentrates.

These concentrates are trucked to the Geraldton port for shipping to customers primarily in Asia. The copper concentrate contains significant levels of silver and gold as by-products, which attract precious metal credits that contribute significantly to the Group's cash flows and revenue. The zinc concentrate has minor amounts of silver in its concentrate.

Similar to nickel sales, copper and zinc concentrate sales are paid on a quotational period that varies between one and three months with generally 90% of the sales receipt payable by the customer shortly after shipment. The one month or three month average LME copper and zinc price ultimately determines the final price paid by the customer.

Based on current ore reserves, the Bentley mine is currently anticipated to have a life of approximately four years.

Operating and financial review (continued)

Jaguar Operation (continued)

Table 2

Jaguar Operation		2014	2013
Ore mined	*Tonnes*	**431,362**	**446,584**
Copper grade	*%*	2.0	1.5
Zinc grade	*%*	10.6	9.8
Silver grade	*g/t*	145	139
Ore milled	*Tonnes*	**441,867**	**392,125**
Concentrate produced			
- Copper	*Tonnes*	29,574	20,010
- Zinc	*Tonnes*	86,296	71,138
Metal payable (IGO share)			
- Copper	*Tonnes*	7,396	4,792
- Zinc	*Tonnes*	34,258	28,118
- Silver	*Ounces*	1,233,972	982,313
- Gold	*Ounces*	4,467	2,938
Zinc C1 cash costs & royalties *	*A$/lb Total Zn Metal Produced*	**0.31**	**0.49**

*C1 cash costs include credits for copper, silver and gold

The Jaguar Operation also constitutes an operating segment. Segment revenue increased to $141.8 million from $91.8 million in the previous year. Zinc revenue increased 33% due to a combination of 22% higher payable zinc and 9% higher realised prices. Copper revenue increased 105% due to both 54% higher payable copper and 33% higher realised prices. Segment profit before income tax was $42.7 million during the 2014 financial year (2013: $7.0 million).

Tropicana Gold Project

The Tropicana Gold Project segment comprises the Tropicana Gold Mine and exploration activities. The Project is located approximately 330km east northeast of Kalgoorlie in Western Australia and has a combined tenement holding of approximately 9,200 km^2. The Tropicana Gold Mine is operated as an unincorporated joint venture. Joint operators of the venture are AngloGold Ashanti Australia Limited (70% share and manager) and Independence Group NL (30% share). The mine commenced commissioning during the September 2013 quarter and by financial year end produced 348,371 ounces. MacMahon Mining Contractors undertake the mining using conventional open cut mining methods. A total of 32.1Mt of material was mined this financial year following commencement of the first full month of commissioning. Since September 2013, 4.0Mt of ore was processed, with the processing plant achieving name plant capacity (5.8Mt/yr) in March 2014.

Power on site is currently generated via diesel-fired generators. During the year the feasibility of piping gas to site and generating power from gas-fired generators was studied. In July 2014 a decision to proceed with this project was approved.

The Tropicana Gold Mine is currently expected to have a life in excess of 10 years. Segment revenue for the financial year was $137.9 million. Segment profit was $42.5 million.

Table 3

Tropicana Gold Mine		2014 *
Gold ore mined (>0.6g/t Au)	***'000 wmt***	**5,721**
Gold ore mined (>0.4 and <0.6g/t Au)	*'000 wmt*	1,088
Waste mined	*'000 wmt*	25,251
Gold grade mined (>0.6g/t Au)	*g/t*	2.22
Ore milled	*'000 wmt*	4,043
Gold grade milled	*g/t*	3.02
Metallurgical recovery	*%*	89.4
Gold recovered	*Ounces*	350,743
Gold produced	*Ounces*	348,371
Gold refined and sold (IGO share)	*Ounces*	100,167
Cash Costs	*$ per ounce produced*	552
All-in Sustaining Costs ("AISC") **	*$ per ounce sold*	740

***** 2014 refers to the period October 2013 to June 2014 being the period when the first full month of commissioning commenced.

****** All-in Sustaining costs is a measure derived by the World Gold Council. On 27 June 2013, the Council released a publication outlining definitions of both Cash Costs and All-in Sustaining Costs.

Operating and financial review (continued)

External factors affecting the Group's results

The Group operates in an uncertain economic environment and its performance is dependent upon the result of inexact and incomplete information. As a consequence, the Group's Board and management monitor these uncertainties and mitigate the associated risk of adverse outcomes where possible. The following external factors are all capable of having a material adverse effect on the business and will affect the prospects of the Group for future financial years.

Commodity prices

The Group's operating revenues are sourced from the sale of commodities and precious metals that are priced by the London Metals Exchange (LME). The Group is not a price maker with respect to the commodities it sells and it is, and will remain, susceptible to adverse price movements. By way of example, average cash seller and settlement LME nickel prices rose 30% from June 2013 to June 2014 (compared to a fall of 15% during the previous corresponding period). Zinc and copper cash seller and settlement LME prices rose 16% and fell 3% over the June 2014 financial year respectively. The Group's Board and management regularly review commodity prices in light of forecast trends and give consideration to hedging between 0% and 50% of payable production.

Exchange rates

The Group is exposed to exchange rate risk on sales denominated in United States dollars whilst its Australian dollar functional currency is the currency of payment to the majority of its suppliers and employees. The monthly average AUD/USD currency pair strengthened from 0.9138 for the month of June 2013 to 0.9420 in June 2014. A strengthening AUD implies a lower AUD receipt of sales denominated in USD. The Group's policy is to mitigate adverse foreign exchange risk by transacting commodity hedges in AUD equivalent terms where possible.

Downstream processing markets

The price of sea freight, smelting and refining charges are market driven and vary throughout the year. These also impact on the Group's overall profitability.

Interest rates

Interest rate movements affect both returns on funds on deposit as well as the cost of borrowings. Furthermore, AUD and USD interest rate differentials are intimately related to movements in the AUD/USD exchange rate.

Native Title

With regard to tenements in which the Group has an existing interest in, or will acquire an interest in the future, it is the case that there are areas over which common law Native Title rights exist, or may be found to exist, which may preclude or delay exploration, development or production activities. Specifically, at our Long Operation, a Federal Court judgment has recently determined that certain tenements are invalid insofar as they are inconsistent with the exercise of the Native Title rights of the Aboriginal Native Title holders. The Company is currently assessing the implications of this judgment however final Orders have not yet been made by the Court. The Company will continue to monitor the matter, including any right of appeal, in conjunction with other affected parties.

Other external factors and risks

The Group is subject to many other external factors and risks, including the following:

- Operational performance including uncertain mine grades, seismicity ground support conditions, grade control, in fill resource drilling, mill performance and experience of the workforce;
  - Contained metal (tonnes and grades) are estimated annually and published in resource and reserve statements, however actual production in terms of tonnes and grade often vary as the ore body can be complex and inconsistent.
  - Active underground mining operations can be subjected to varying degrees of seismicity. This natural occurrence can represent significant safety, operational and financial risk. To mitigate this risk substantial amounts of resources and technology are used in an attempt to predict and control seismicity.
- Exploration success or otherwise;
  - Due to the nature of an ever depleting reserve/resource base, the ability to continually find or replace reserves/resources presents a significant operational risk. Drill sites need to be continually mined (for underground drilling) to enable effective exploration drilling.
- Operating costs including labour markets and productivity;
  - Labour is one of the main cost drivers in the business and as such can materially impact the profitability of an operation.
- Changes in market supply and demand of products;
  - Any change in the supply or demand impacts on the ability to generate revenues and hence the profitability of an operation.
- Changes in government taxation legislation;
- Changes in health, safety and environmental regulations;
- Environmental issues and social expectations; and
- Assumption of estimates that impact on reported asset and liability values.

Shareholders are also encouraged to read notes 3 and 4 in the Financial Report.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Significant events after the reporting date

On 27 August 2014, the Company announced that a final dividend for the year ended 30 June 2014 would be paid on 30 September 2014. The dividend is 5 cents per share and will be fully franked.

Other than the above, there has been no other transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental regulation and performance

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 subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group reports its greenhouse emissions, energy consumption and production. 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.

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

Information on Directors

Peter Bilbe	**Chairman and Non-executive Director. Age 64**
Qualifications	BEng (Mining) (Hons), MAusIMM
Tenure	Board member since 31 March 2009 and Chairman since 29 July 2011.
Special Responsibilities	Mr Bilbe is a member of the Remuneration and Risk Committees.
Other Directorships	Mr Bilbe is currently a director of Northern Iron Limited. He was also a director of Sihayo Gold Limited until November 2013 and Norseman Gold plc until December 2011.
Peter Bradford	**Managing Director and Chief Executive Officer from 17 March 2014. Age 56**
Qualifications	BAppSc (Extractive Metallurgy), FAusIMM, MSMME
Tenure	Managing Director and Board member since his appointment on 17 March 2014.
Special Responsibilities	Mr Bradford is the executive in charge of the day to day management of the Group's activities, including operations, risk management and corporate development. He is also a member of the Risk Committee.
Other Directorships	Mr Bradford was previously a director of PMI Gold Corporation until February 2014.
Geoffrey Clifford	**Non-Executive Director. Age 64**
Qualifications	BBus, FCPA, FCIS, FAICD
Tenure	Board member since 2012.
Special Responsibilities	Mr Clifford is a member of the Remuneration, Audit, Hedging and Risk Committees.
Other Directorships	Mr Clifford is currently a director of Saracen Mineral Holdings Limited (from 1 October 2013). Mr Clifford was also previously a director of Atlas Iron Limited (until July 2011), Centaurus Metals Limited (until August 2011) and Fox Resources Limited (until September 2011).
Rod Marston	**Non-executive Director. Age 71**
Qualifications	BSc (Hons), PhD, MAIG, MSEG
Tenure	Board member since 2001.
Special Responsibilities	Dr Marston is a member of the Remuneration, Audit and Risk Committees.
Other Directorships	Dr Marston has been a director of Kasbah Resources Limited since November 2006.
Kelly Ross	**Non-Executive Director. Age 52**
Qualifications	BBus, CPA, ACSA
Tenure	Board member since 2002.
Special Responsibilities	Mrs Ross is a member of the Hedging, Audit and Risk Committees.
Other Directorships	Mrs Ross is currently a director of Musgrave Minerals Limited.
Christopher Bonwick	**Managing Director until 15 November 2013. Age 55**
Qualifications	BSc (Hons), MAusIMM
Tenure	Managing Director and Board member until his resignation on 15 November 2013.
Special Responsibilities	Mr Bonwick was the executive in charge of the day to day management of the Group's activities, including operations, risk management and corporate development.
Other Directorships	None.

Company Secretary qualifications

Mr Tony Walsh was appointed Company Secretary effective 17 July 2013. Mr Walsh, who is also employed as the Company's General Manager Corporate, was previously Company Secretary of ASX listed iron ore producer Atlas Iron Limited for seven years from July 2006. Mr Walsh has over 25 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions, including four years as a director of Shaw River Manganese Limited and 14 years with the ASX Limited in Perth where he acted as ASX liaison with the JORC Committee. Mr Walsh is currently a member of the West Australian State Council of Chartered Secretaries Australia and a member of Newman College school council. Prior to his role at the ASX, he worked with Ernst & Young for over 5 years in an audit and compliance capacity. Mr Walsh is also a Fellow of Chartered Secretaries Australia and the Institute of Chartered Accountants in Australia.

Mr Adrian Di Carlo was the interim Company Secretary from 11 February 2013 until 2 August 2013. Mr Di Carlo is a member of Chartered Secretaries Australia.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

			Meetings of Committees							
	Directors' meetings		**Remuneration Committee**		**Audit Committee**		**Hedging Committee**		**Risk Committee**	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Bilbe	11	11	1	1	-	-	-	-	1	1
Christopher Bonwick[1]	4	2	-	-	-	-	-	-	-	-
Peter Bradford[2]	3	3	-	-	-	-	-	-	1	1
Geoffrey Clifford	11	11	1	1	2	2	1	1	1	1
Rod Marston	11	11	1	1	2	2	-	-	1	1
Kelly Ross	11	10	-	-	2	1	1	1	1	1

1. Mr Bonwick resigned with effect from 15 November 2013.
2. Mr Bradford was appointed Managing Director with effect from 17 March 2014.

Interests in shares and share rights of the Company

At the date of this report, the interests of the Directors in the shares and share rights of Independence Group NL were as follows:

	Ordinary Fully Paid Shares	Share Rights
Peter Bilbe	-	-
Peter Bradford	-	-
Geoffrey Clifford	-	-
Rod Marston	1,321,917	-
Kelly Ross	345,000	-
Total	1,666,917	-

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 Rod Marston (Chairman), Geoffrey Clifford and Peter Bilbe, each of which are independent non-executive directors.

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to the skills, experience, the relative industry remuneration levels and performance of both the Group and the individuals themselves. 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 $600,000 which was approved by shareholders at the Annual General Meeting on 24 November 2010, of which $490,000 was being utilised at 30 June 2014 (2013: $440,000).

Non-executive directors may provide additional consulting services to the Group, at a rate approved by the Board. During the current year, the Board approved an additional one-off payment of $20,000 to Mr Bilbe (Chairman) for the extra services he provided to the Company during the current year.

Performance evaluations of the Board are undertaken with a view to comparing the performance of the Board and directors to the performance and growth of companies of similar size and complexity within the mining industry. The current base remuneration was reviewed during the current financial year and was amended accordingly.

Bonuses may be given to senior managers where the Committee believes their performance, experience and skills have provided the Group with ongoing and enduring benefits that align with shareholder interests. Other performance-based rewards, including short term incentives, are given where the Committee believes performance of an individual senior manager compares favourably with their peers within the industry and is at the discretion of the Committee. The objectives of the rewards are to both reinforce the short and long term goals of the Group and to provide a common interest between management and shareholders. The following summarises the performance of the Group over the last 5 financial years:

	2010	2011[1]	2012	2013	2014
Revenue ($millions)	116.7	163.6	216.6	225.9	399.1
Net profit (loss) after income tax ($millions)	28.7	5.5	(285.3)[2]	18.3	46.6
Share price at year end ($/share)	4.72	5.63	3.16	2.26	4.35
Dividends paid (cents/share)	5	7	5	2	4

1. Includes results and performance of Jabiru Metals Limited from 4 April 2011.
2. Includes after tax non-cash asset impairments of $288 million.

Company performance based remuneration

Short term incentive (STI)

The objective of STI's 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 Group 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 Group that is reasonable in the circumstances.

Managing Director's STI

The Board introduced performance based criteria in 2010 to incentivise the former Managing Director, based on achievement versus target key performance indicators (KPI's). The target KPI's relate to matters such as mine production, safety, mine development and costs, as well as exploration success, corporate growth, environmental activity and risk management actions. The total available to be paid in 2014 as an STI for the Managing Director's performance in the 2013 financial year was $300,000 (2013: $300,000). STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. During the year, the former Managing Director, Mr Bonwick, was allocated 72% of the total bonus available ($216,000) for his performance in the 2013 financial year.

Long term incentive (LTI) – Executives and other employees

The LTI component of the remuneration package is to reward executive directors, senior managers and other invited employees of the Group 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 Independence Group NL Employee Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting in November 2011. Under the PRP, participants are granted share rights which will only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the PRP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

AUDITED REMUNERATION REPORT (continued)

Long term incentive (LTI) – Executives and other employees (continued)

Vesting of the performance rights to executive directors and executives is subject to a combination of the Company's shareholder return and return on equity. The performance rights will vest if over the three year measurement period the following performance hurdles are achieved:

Shareholder Return

The vesting of 75% of the performance rights at the end of the third year will be based on measuring the actual shareholder return over the three year period compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period. The portion of performance rights (75% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the Index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

Return on equity

The vesting of the remaining 25% of the performance rights at the end of the third year will be based on the average return on equity over the three year period compared with the average target return on equity as set by the Board for the same period.

Return on equity (ROE) for each year will be calculated in accordance with the following formula:

ROE = Net profit after tax / Total shareholders' equity

The target ROE will be set each year by the Board as part of the budget approval process for the following year. The target ROE for the financial year ending 30 June 2014 was 10% (2013: 10%). The portion of performance rights (25% of the total) that will vest based on the comparative return on equity will be:

Actual ROE	Level of vesting
100% of average target ROE	25%
Between 100% and 115% of average target ROE	Pro-rata straight line percentage
115% of average target ROE or greater	100%

The performance rights will not be subject to any further escrow restrictions once they have vested to the employees.

Share trading policy

The trading of shares issued to participants under the PRP is subject to, and conditional upon, compliance with the Company's employee share trading policy.

Long term incentives (LTI) – Non-executive directors

The PRP permits non-executive directors to be eligible employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

Voting and comments made at the Company's 2013 Annual General Meeting (AGM)

Independence Group NL received more than 97% of "yes" votes (with another 1.6% abstaining or at the Chairman's discretion) on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Use of independent remuneration consultants

During the current financial year, the Board authorised the engagement of Aon Hewitt McDonald as independent remuneration consultants. Aon Hewitt McDonald were engaged to prepare a report examining the competitiveness of remuneration for directors and officers employed by the Company in the context of a group of a peer companies. An amount of $8,500 was paid for the report and the Board is satisfied that the recommendations in the report were made free from undue influence from any members of the key management personnel.

Key Management Personnel

The Directors who held office during the financial year were Peter Bilbe (Non-executive Director and Chairman), Christopher Bonwick (Managing Director until his resignation on 15 November 2013), Peter Bradford (Managing Director and Chief Executive Officer following his appointment on 17 March 2014), Geoffrey Clifford (Non-executive Director), Rod Marston (Non-executive Director) and Kelly Ross (Non-executive Director). The Directors held office during the entire financial year unless otherwise stated.

The only other persons who qualified as key management personnel during the financial year, and to whom this Remuneration Report also relates, are as follows:

- Andrew Eddowes – Business Development Manager
- Brett Hartmann – Group Operations Manager (and Acting Chief Executive Officer from 16 October 2013 until 17 March 2014)
- Rodney Jacobs – Development Manager
- Tim Kennedy – Exploration Manager
- Scott Steinkrug – Chief Financial Officer
- Tony Walsh – Company Secretary and General Manager Corporate (following his appointment on 17 July 2013).

AUDITED REMUNERATION REPORT (continued)

Employment contracts

Terms and conditions of employment contracts of key management personnel in effect during the year ended 30 June 2014 were as follows:

i) Non-executive directors do not have employment contracts with the Company. The current base fees for non-executive directors are as follows:

	From 1 January 2014 $	From 1 July 2013 to 31 December 2013 $
Base fees		
Chairman	190,000	170,000
Non-executive directors	100,000	90,000

ii) The current Managing Director, Peter Bradford, is employed under a contract which does not have a defined term. The contract includes provision for a maximum termination benefit payable of up to 12 months of average annual base salary should the Company terminate the employment contract without cause, but only if such payment would not breach ASX Listing Rules. A termination benefit of three months' remuneration is payable to the Managing Director should the Company terminate the employment contract due to illness, injury or incapacity. In all other circumstances the contract can be terminated by either party after provision of six months' notice. The Company may pay the executive in lieu of notice. The current employment contract for Mr Bradford as at 30 June 2014 provides for total fixed remuneration of $750,000. Mr Bradford commenced his position with the Company effective 17 March 2014.

Mr Bradford is also entitled to short term incentives to a maximum of 40% of total fixed remuneration. This amount is currently set at $300,000 and is normally paid in cash in the subsequent financial year. The short term incentive is based on achievement versus target KPI's relating to such matters such as mine production, safety, mine development and costs, as well as exploration success, corporate growth, environmental activity and risk management actions.

Mr Bradford is also entitled to participate in the PRP. The maximum amount he may be awarded under the PRP is 100% of total fixed remuneration ($750,000). The granting of such performance rights are subject to the necessary shareholder approvals.

iii) The key management personnel Andrew Eddowes 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 $327,750 per annum (2013: $261,600 per annum). Mr Eddowes may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Eddowes is also entitled to participate in the PRP.

iv) The key management personnel 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 $447,925 per annum (2013: $408,205 per annum). Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Hartmann is also entitled to participate in the PRP.

v) The key management personnel Rodney Jacobs 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 $366,741 per annum (2013: $356,975 per annum). Mr Jacobs may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Jacobs is also entitled to participate in the PRP.

vi) The key management personnel Tim Kennedy 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 $345,230 per annum (2013: $317,462 per annum). Mr Kennedy may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Kennedy is also entitled to participate in the PRP.

vii) The key management personnel Scott Steinkrug 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 $391,039 per annum (2013: $378,775 per annum). Mr Steinkrug may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Steinkrug is also entitled to participate in the PRP.

viii) The key management personnel Tony Walsh is employed under a contract which does not have a defined term. The contract can be terminated by the Company with the provision of six months' notice, other than in the event of redundancy where the termination benefit is the greater of six months' salary or four weeks salary per year of service. Mr Walsh can terminate the contract with three months' notice. The current employment contract provides for total remuneration of $381,501 per annum. Mr Walsh may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Walsh is also entitled to participate in the PRP.

ix) The former managing director, Christopher Bonwick, was employed under a contract which did not have a defined term. The contract included provision for termination benefits of one month's remuneration for every year of service should the Company terminate the employment contract without cause. A termination benefit of 12 months remuneration was payable to Mr Bonwick 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 contract could be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration was payable. The employment contract for Mr Bonwick provided for total fixed remuneration of $750,000. Mr Bonwick resigned from his position with the Company effective 15 November 2013. Mr Bonwick was also entitled to receive short term cash bonuses and was entitled to participate in the PRP.

AUDITED REMUNERATION REPORT (continued)

Details of remuneration

The following tables show details of the remuneration received by the Directors and key management personnel of the Group for the current and previous financial year:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary & fees[1]	Cash bonus	Other	Superannuation	Long service leave[2]	Share rights[3]	Total
2014	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors							
Peter Bilbe[4]	192,982	-	-	17,851	-	-	210,833
Geoffrey Clifford	91,284	-	-	8,444	-	-	99,728
Rod Marston	91,284	-	-	8,444	-	-	99,728
Kelly Ross	91,284	-	-	8,444	-	-	99,728
Executive Directors							
Peter Bradford[5]	218,058	-	-	17,371	740	-	236,169
Christopher Bonwick[6]	256,382	216,000	-	24,067	1,083	257,509	755,041
Other key management personnel							
Andrew Eddowes	277,144	25,000	-	25,000	19,939	49,455	396,538
Brett Hartmann	461,964	40,000	-	45,489	15,469	130,351	693,273
Rodney Jacobs	333,705	-	-	25,000	12,618	114,042	485,365
Tim Kennedy	303,708	25,000	-	25,000	11,009	101,381	466,098
Scott Steinkrug	355,280	25,000	-	25,000	8,797	120,940	535,017
Tony Walsh[7]	350,985	-	-	25,000	1,248	29,587	406,820
Total remuneration	3,024,060	331,000	-	255,110	70,903	803,265	4,484,338
2013							
Non-executive Directors							
Peter Bilbe	155,963	-	-	14,037	-	-	170,000
John Christie[8]	34,404	-	-	3,096	-	-	37,500
Geoffrey Clifford[9]	46,526	-	-	4,187	-	-	50,713
Rod Marston	82,569	-	-	7,431	-	-	90,000
Kelly Ross	82,569	-	-	7,431	-	-	90,000
Executive Directors							
Christopher Bonwick	723,611	-	-	25,000	17,795	224,937	991,343
Other key management personnel							
Terry Bourke[10]	183,758	-	27,273	19,076	(817)	(12,701)	216,589
Brett Hartmann	382,054	20,000	-	36,994	12,810	67,259	519,117
Rodney Jacobs	312,042	15,000	-	25,350	8,397	58,852	419,641
Tim Kennedy	289,135	10,000	-	25,000	9,732	52,312	386,179
Scott Steinkrug	360,394	15,000	-	25,000	6,041	62,401	468,836
Drew Totterdell[11]	159,676	-	-	5,963	(6,564)	(10,999)	148,076
Andrew Eddowes[12]	177,059	15,000	-	16,988	10,957	47,402	267,406
Total remuneration	2,989,760	75,000	27,273	215,553	58,351	489,463	3,855,400

1 Cash salary and fees includes movements in annual leave provision during the year.
2 Long service leave relates to movements in long service leave provision during the year.
3 Rights to shares granted under the PRP are expensed over the performance period, which includes the vesting period of the rights, in accordance with AASB 2 *Share-based Payment*. Negative amounts reflect share rights lapsed during the year which have been reversed. Refer to note 31 for details of the valuation techniques used for the PRP.
4 In addition to his base fee for the year, the Board approved that Mr Bilbe be paid an additional once off payment of $20,000 for the extra services provided by him during the current year for the benefit of the Company.
5 Mr Bradford commenced employment as Managing Director effective 17 March 2014.
6 Mr Bonwick resigned from his position as Managing Director effective 15 November 2013. Amounts accrued for annual leave ($25,210) and long service leave ($161,279) were paid out on termination, these amounts have been offset against the movement in the provisions for the year.
7 Mr Walsh commenced employment as Company Secretary and General Manager Corporate on 17 July 2013.
8 Mr Christie resigned from his position as a Non-executive Director effective 21 November 2012.
9 Mr Clifford commenced employment as a Non-executive Director on 10 December 2012.
10 Mr Bourke ceased employment effective 8 February 2013. Other short-term benefits relate to a living away from home allowance paid to Mr Bourke.
11 Mr Totterdell resigned from his position as Business Development Manager effective 30 September 2012. An amount accrued for annual leave of $53,223 was paid out on termination, this amount has been offset against the movement in the provision for the 2013 year.
12 Mr Eddowes was appointed to the position of Business Development Manager effective 1 October 2012. Remuneration has been included from the date of his appointment as a key management personnel.

AUDITED REMUNERATION REPORT (continued)

Details of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration[1]		At risk - STI		At Risk – LTI	
	2014	2013	2014	2013	2014	2013
Name	%	%	%	%	%	%
Non-executive Directors						
Peter Bilbe	100.0	100.0	-	-	-	-
Geoffrey Clifford	100.0	100.0	-	-	-	-
Rod Marston	100.0	100.0	-	-	-	-
Kelly Ross	100.0	100.0	-	-	-	-
John Christie	-	100.0	-	-	-	-
Executive Directors						
Peter Bradford[2]	100.0	-	-	-	-	-
Christopher Bonwick	37.3	77.3	28.6	-	34.1	22.7
Other key management personnel						
Andrew Eddowes	81.2	76.7	6.3	5.6	12.5	17.7
Brett Hartmann	75.4	83.2	5.8	3.8	18.8	13.0
Rodney Jacobs	76.5	82.4	-	3.6	23.5	14.0
Tim Kennedy	72.9	83.9	5.4	2.6	21.7	13.5
Scott Steinkrug	72.7	83.5	4.7	3.2	22.6	13.3
Tony Walsh	92.7	-	-	-	7.3	-
Terry Bourke	-	100.0	-	-	-	-
Drew Totterdell	-	100.0	-	-	-	-

1. Fixed 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.

2 Mr Bradford commenced employment with the Company on 17 March 2014. Eligibility for short term and long term incentives was not assessed at 30 June 2014, therefore 100% of Mr Bradford's remuneration was considered fixed for the current year.

AUDITED REMUNERATION REPORT (continued)

Share-based payments

A reference to share rights is a reference to share rights granted under the PRP.

The details of each grant of share rights affecting remuneration in the current or future reporting period are as follows:

Name	Date of grant	Number of share rights granted	Fair value of share right at date of grant $	Fair value of share rights at grant date[1] $	Vesting date[3]	Unamortised total value of grant yet to vest[2] $
Executive Directors						
Christopher Bonwick[4]	21/11/2012	183,824	2.00	368,179	1/07/2015	-
Christopher Bonwick[4]	23/11/2011	159,235	2.14	341,559	1/07/2014	-
Other key management personnel						
Andrew Eddowes	28/02/2014	45,771	2.14	97,756	1/07/2016	77,421
Andrew Eddowes	28/02/2013	34,597	2.06	71,245	1/07/2015	29,120
Andrew Eddowes	13/03/2012	17,125	3.64	62,370	1/07/2013	-
Brett Hartmann	28/02/2014	71,421	2.14	152,537	1/07/2016	120,807
Brett Hartmann	28/02/2013	67,324	2.06	138,643	1/07/2015	56,668
Brett Hartmann	13/03/2012	58,318	1.69	98,848	1/07/2014	-
Rodney Jacobs	28/02/2014	62,458	2.14	133,395	1/07/2016	105,647
Rodney Jacobs	28/02/2013	58,908	2.06	121,311	1/07/2015	49,584
Rodney Jacobs	13/03/2012	51,028	1.69	86,492	1/07/2014	-
Tim Kennedy	28/02/2014	55,544	2.14	118,630	1/07/2016	93,953
Tim Kennedy	28/02/2013	52,363	2.06	107,382	1/07/2015	44,075
Tim Kennedy	13/03/2012	45,358	1.69	76,880	1/07/2014	-
Scott Steinkrug	28/02/2014	66,272	2.14	141,542	1/07/2016	112,099
Scott Steinkrug	28/02/2013	62,461	2.06	128,626	1/07/2015	52,574
Scott Steinkrug	13/03/2012	54,106	1.69	91,708	1/07/2014	-
Tony Walsh	28/02/2014	66,596	2.14	142,233	1/07/2016	112,647

1. The value at grant date for share rights granted during the year as part of remuneration is calculated in accordance with AASB 2 *Share-based Payment*. Refer to note 31 for details of the valuation techniques used for the PRP.
2. Unamortised total value of grant yet to vest comprises the total fair value of the award at the date of grant less amounts expensed to date.
3. Share rights only vest if performance targets are achieved.
4. Following Mr Bonwick's resignation from the Company on 15 November 2013, the Board resolved to allocate the share rights previously granted to him on a period of service pro-rata basis in the relevant performance period. This resulted in the cancellation of a total of 132,746 share rights previously granted to Mr Bonwick. Refer to the following table for further information.

AUDITED REMUNERATION REPORT (continued)

Share-based payments (continued)

The number and percentage of share rights that vested in the financial year and the number and percentage of share rights that were forfeited during the financial year are set out below.

Name	Date of grant	Vesting date	Number of share rights granted	% of share rights vested during the year	Number of share rights vested during the year	Value of share rights at vesting date	% of share rights forfeited during the year	Number of share rights forfeited during the year	Value of share rights forfeited
				%		$	%		$
Executive Directors									
Christopher Bonwick[1]	21/11/2012	1/07/2015	183,824	-	-		54.2	99,572	366,425
Christopher Bonwick[1]	23/11/2011	1/07/2014	159,235	-	-		20.8	33,174	122,080
Other key management personnel									
Andrew Eddowes	28/02/2014	1/07/2016	45,771	-	-	-	-	-	-
Andrew Eddowes	28/02/2013	1/07/2015	34,597	-	-	-	-	-	-
Andrew Eddowes	13/03/2012	1/07/2013	17,125	60.0	10,275	25,821	40.0	6,850	17,214
Brett Hartmann	28/02/2014	1/07/2016	71,421	-	-	-	-	-	-
Brett Hartmann	28/02/2013	1/07/2015	67,324	-	-	-	-	-	-
Brett Hartmann	13/03/2012	1/07/2014	58,318	-	-	-	-	-	-
Rodney Jacobs	28/02/2014	1/07/2016	62,458	-	-	-	-	-	-
Rodney Jacobs	28/02/2013	1/07/2015	58,908	-	-	-	-	-	-
Rodney Jacobs	13/03/2012	1/07/2014	51,028	-	-	-	-	-	-
Tim Kennedy	28/02/2014	1/07/2016	55,544	-	-	-	-	-	-
Tim Kennedy	28/02/2013	1/07/2015	52,363	-	-	-	-	-	-
Tim Kennedy	13/03/2012	1/07/2014	45,358	-	-	-	-	-	-
Scott Steinkrug	28/02/2014	1/07/2016	66,272	-	-	-	-	-	-
Scott Steinkrug	28/02/2013	1/07/2015	62,461	-	-	-	-	-	-
Scott Steinkrug	13/03/2012	1/07/2014	54,106	-	-	-	-	-	-
Tony Walsh	28/02/2014	1/07/2016	66,596	-	-	-	-	-	-

1. Following Mr Bonwick's resignation from the Company on 15 November 2013, the Board resolved to allocate the share rights previously granted to him on a period of service pro-rata basis in the relevant performance period. This resulted in the cancellation of a total of 132,746 share rights previously granted to Mr Bonwick.

AUDITED REMUNERATION REPORT (continued)

Shareholdings and share rights of key management personnel

The number of shares in the Company and share rights for ordinary shares in the Company held by each director and other key management personnel, including their personally related entities, are set out below.

Shareholdings in the Company

2014	Balance 1 July 2013	Granted as remuneration[3]	Net other changes during the year	Balance 30 June 2014
Directors of Independence Group NL				
Peter Bilbe	-	-	-	-
Christopher Bonwick[1]	2,057,500	-	(2,057,500)	-
Peter Bradford	-	-	-	-
Geoffrey Clifford	-	-	-	-
Rod Marston	1,321,917	-	-	1,321,917
Kelly Ross	345,000	-	-	345,000
Other key management personnel				
Andrew Eddowes	75,500	10,275	-	85,775
Brett Hartmann	40,000	-	-	40,000
Rodney Jacobs	-	-	-	-
Tim Kennedy	50,000	-	-	50,000
Scott Steinkrug	2,000	-	-	2,000
Tony Walsh[2]	-	-	10,000	10,000
Total	**3,891,917**	**10,275**	**(2,047,500)**	**1,854,692**

1. Shareholdings are reversed to show a zero balance at 30 June 2014 on resignation as a director or key management personnel.
2. Other changes during the year include opening balances on becoming a key management personnel for the first time during the year.
3. Shares granted as remuneration relate to the vesting of share rights under the PRP.

Share rights in the Company

2014	Balance 1 July 2013	Granted during the year	Vested as shares during the year	Lapsed during the year	Other changes during the year	Balance 30 June 2014
Directors of Independence Group NL						
Peter Bradford	-	-	-	-	-	-
Christopher Bonwick[1]	343,059	-	-	(132,746)	(210,313)	-
Other key management personnel						
Andrew Eddowes	51,722	45,771	(10,275)	(6,850)	-	80,368
Brett Hartmann	125,642	71,421	-	-	-	197,063
Rodney Jacobs	109,936	62,458	-	-	-	172,394
Tim Kennedy	97,721	55,544	-	-	-	153,265
Scott Steinkrug	116,567	66,272	-	-	-	182,839
Tony Walsh	-	66,596	-	-	-	66,596
Total	**844,647**	**368,062**	**(10,275)**	**(139,596)**	**(210,313)**	**852,525**

1. Following Mr Bonwick's resignation from the Company on 13 November 2013, the Board resolved to allocate the share rights previously granted to him on a period of service pro-rata basis based in the relevant performance period. This resulted in the cancellation of a total of 132,746 share rights previously granted to Mr Bonwick. Mr Bonwick's share rights are reversed to show a zero balance at 30 June 2014 following his resignation as Managing Director.

The share rights relate to the key management personnel's participation in the PRP. The share rights represent the maximum number of share rights that the key management personnel are entitled to. They are subject to certain performance conditions being met, including the ongoing employment of the key management personnel at the end of the vesting period.

Other transactions and balances with key management personnel and their related parties

Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which former Managing Director Mr Bonwick is related. The fees were based on normal commercial terms and conditions. Fees paid to Virtual Genius Pty Ltd during the year totalled $3,000 (2013: $4,000).

End of Audited Remuneration Report

Share options

At the reporting date, there were no unissued ordinary shares under options, nor were there any ordinary shares issued during the year ended 30 June 2014 on the exercise of options.

Insurance of officers

During the financial year, the Company paid an insurance 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 Law. 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 by such an officer.

Proceedings on behalf of the 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.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for non-audit services provided during the year are set out below.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The nature and the scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO received or are due to receive the following amounts for the provision of non-audit services during the year:

	$
Other services	2,350
	2,350

Auditor independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 82. This declaration forms part of the Directors' Report.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report 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.

Peter Bilbe
Chairman

Perth, Western Australia
Dated this 27th day of August 2014

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Australia

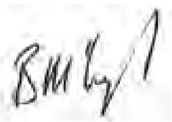
DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF INDEPENDENCE GROUP NL

As lead auditor of Independence Group NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $000	2013 $000
Revenue from continuing operations	6	399,059	225,871
Other income	7	-	690
Mining, development and processing costs		(100,310)	(63,156)
Employee benefits expense		(61,196)	(54,659)
Share-based payments expense		(4,632)	(3,874)
Fair value movement of financial investments		(2)	(2,196)
Depreciation and amortisation expense		(69,840)	(24,450)
Rehabilitation and restoration borrowing costs		(565)	(268)
Exploration costs expensed		(4,334)	(2,667)
Royalty expense		(14,309)	(8,029)
Ore tolling expense		(11,973)	(11,978)
Shipping and wharfage costs		(17,551)	(12,464)
Net losses on fair value financial liabilities		-	(345)
Borrowing and finance costs		(5,138)	(1,356)
Impairment of exploration and evaluation expenditure	19	(32,045)	(5,762)
Other expenses		(9,355)	(7,530)
Profit from continuing operations before income tax		67,809	27,827
Income tax expense	9	(21,253)	(9,539)
Profit after income tax		46,556	18,288
Other comprehensive income			
Items that will be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax		(4,435)	(10,160)
Other comprehensive loss, net of tax		(4,435)	(10,160)
Total comprehensive income		42,121	8,128
Profit attributable to the members of Independence Group NL		46,556	18,288
Total comprehensive income attributable to the members of Independence Group NL		42,121	8,128
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	11	19.95	7.85
Diluted earnings per share	11	19.78	7.79

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2014

	Notes	2014 $000	2013 $000
ASSETS			
Current assets			
Cash and cash equivalents	12	56,972	27,215
Trade and other receivables	13	30,070	24,159
Inventories	14	40,567	22,760
Financial assets	15	858	1,092
Derivative financial instruments	24	2,519	6,946
Total current assets		130,986	82,172
Non-current assets			
Receivables	16	57	604
Inventories	14	8,803	-
Property, plant and equipment	17	47,230	36,278
Mine properties	18	364,443	349,115
Exploration and evaluation expenditure	19	186,784	199,392
Deferred tax assets	9	152,339	152,261
Intangible assets	20	-	179
Derivative financial instruments	24	658	1,981
Total non-current assets		760,314	739,810
TOTAL ASSETS		891,300	821,982
LIABILITIES			
Current liabilities			
Trade and other payables	21	46,855	53,599
Borrowings	25	3,508	6,030
Derivative financial instruments	24	6,381	1,910
Provisions	22	2,557	2,446
Total current liabilities		59,301	63,985
Non-current liabilities			
Borrowings	25	24,854	11,524
Provisions	23	25,545	21,724
Deferred tax liabilities	9	94,711	75,280
Total non-current liabilities		145,110	108,528
TOTAL LIABILITIES		204,411	172,513
NET ASSETS		686,889	649,469
EQUITY			
Contributed equity	26	735,060	734,007
Reserves	27	13,476	14,332
Accumulated losses	27	(61,647)	(98,870)
TOTAL EQUITY		686,889	649,469

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $000	2013 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		418,790	241,164
Payments to suppliers and employees (inclusive of GST)		(258,318)	(173,355)
		160,472	67,809
Interest and other costs of finance paid		(4,177)	(1,314)
Interest received		563	3,547
Exploration expenditure		(4,194)	(2,824)
Receipts from other operating activities		959	301
Net cash flows from operating activities	28	153,623	67,519
Cash flows from investing activities			
Dividends received		5	-
Payments for purchase of listed and unlisted investments		(75)	(183)
Proceeds from sale of property, plant and equipment and other investments		377	1,258
Payments for property, plant and equipment		(8,935)	(7,634)
Payments for development expenditure		(76,101)	(170,558)
Payments for exploration and evaluation expenditure		(38,692)	(37,980)
Net cash flows used in investing activities		(123,421)	(215,097)
Cash flows from financing activities			
Proceeds from borrowings		47,000	10,000
Repayment of borrowings		(32,000)	(7,382)
Transaction costs associated with borrowings		(82)	(2,045)
Repayment of finance lease liabilities		(6,030)	(13,800)
Payment of dividends		(9,333)	(4,658)
Net cash flows used in financing activities		(445)	(17,885)
Net increase (decrease) in cash held		29,757	(165,463)
Cash and cash equivalents at the beginning of the financial year		27,215	192,678
Cash and cash equivalents at the end of the financial year	12	56,972	27,215

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Issued capital	Accumulated losses	Hedging reserve	Share-based payments reserve	Acquisition reserve	Total equity
	$000	$000	$000	$000	$000	$000
At 1 July 2012	734,007	(112,500)	12,557	4,919	3,142	642,125
Profit for the year	-	18,288	-	-	-	18,288
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(10,160)	-	-	(10,160)
Total comprehensive income (loss) for the year	-	18,288	(10,160)	-	-	8,128
Transactions with owners in their capacity as owners						
Dividends paid	-	(4,658)	-	-	-	(4,658)
Share-based payments	-	-	-	3,874	-	3,874
At 30 June 2013	734,007	(98,870)	2,397	8,793	3,142	649,469
At 1 July 2013	734,007	(98,870)	2,397	8,793	3,142	649,469
Profit for the year	-	46,556	-	-	-	46,556
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(4,435)	-	-	(4,435)
Total comprehensive income (loss) for the year	-	46,556	(4,435)	-	-	42,121
Transactions with owners in their capacity as owners						
Dividends paid	-	(9,333)	-	-	-	(9,333)
Share-based payments, net of tax	-	-	-	4,632	-	4,632
Issue of shares – Employee Performance Rights Plan	1,053	-	-	(1,053)	-	-
At 30 June 2014	735,060	(61,647)	(2,038)	12,372	3,142	686,889

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Independence Group NL (the Company) and its subsidiaries (collectively, the Group) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 27 August 2014.

Independence Group NL is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Independence Group NL and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

- *AASB 10 Consolidated Financial Statements*

The Group has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

- *AASB 11 Joint Arrangements*

The Group has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets, are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

- *AASB 12 Disclosure of Interests in Other Entities*

The Group has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates*, AASB 131 *Interests in Joint Ventures* and Interpretation 112 *Consolidation - Special Purpose Entities*.

- *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

The Group has applied AASB 2011-4 from 1 July 2013, which amends AASB 124 *Related Party Disclosures* by removing the disclosure requirements for individual key management personnel. Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the Directors' Report.

- *Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*

The Group has applied Interpretation 20 from 1 July 2013. Interpretation 20 applies to waste removal (stripping) costs that are incurred in surface mining activity during the production phase of the mine. The Interpretation clarifies that the costs of removing mine waste materials (overburden or deferred stripping) to gain access to mineral ore deposits during the production phase of a surface mine must be capitalised as inventories under AASB 102 *Inventories* if the benefits from the stripping activity is realised in the form of inventory produced. If, however, the stripping activity provides improved access to the ore, and recognition criteria are met, then the stripping costs must be capitalised as non-current mine properties (as an addition to, or enhancement of, an existing asset). Refer to note 2(o).

(iii) Early adoption of standards

The Group has not elected to early adopt any new accounting standards.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Independence Group NL (Company or parent entity) as at 30 June 2014 and the results of all subsidiaries for the year then ended. Independence Group NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of the Tropicana Gold Project and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note (2)(e)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(iii) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group's interests in joint venture entities, if any, are brought to account at cost using the equity method of accounting in the financial statements, after initially being recognised at cost in the balance sheet.

(c) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers – identified as being the Board of Independence Group NL.

Operating segments that meet the quantitative criteria as described by AASB 8 *Operating Segments* are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ($), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the asset's value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that become impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(h) Trade and other receivables

Trade receivables are generally received up to four months after the shipment date. The receivables are initially recognised at fair value.

Trade receivables are subsequently revalued by the marking-to-market of open sales. The Group determines mark-to-market prices using forward prices at each period end for copper and zinc concentrates and nickel ore.

Collectibility of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Inventories

(i) Ore, concentrate and gold inventories

Inventories, including gold, copper and zinc in concentrate, gold dore, gold in circuit and ore stockpiles, are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

(ii) Stores and fuel

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, and the estimated costs necessary to make the sale.

The recoverable amount of surplus items is assessed regularly on an ongoing basis and written down to its net realisable value when an impairment indicator is present.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative financial instruments

The Group uses derivative financial instruments to manage its risks associated with metals price and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at the end of each reporting period.

The Group uses derivative financial instruments such as foreign currency contracts and commodity contracts to hedge its risks associated with gold, nickel, copper and zinc prices 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 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 other comprehensive income and the ineffective portion is recognised in the profit or loss. If the hedge accounting conditions are not met, movements in fair value are recognised in the profit or loss.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income 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 profit or loss within sales.

(k) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

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

After initial recognition, financial assets which are classified as held for trading are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss. 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 future.

For investments carried at amortised cost, gains and losses are recognised in the statement of profit or loss and other comprehensive income 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.

(l) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. It also includes the direct cost of bringing the asset to the location and condition necessary for first use and the estimated future cost of rehabilitation, where applicable. The assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using either units-of-production or straight-line depreciation as follows:

Depreciation periods are primarily:	
Buildings	5 – 10 years
Mining plant and equipment	2 – 5 years
Motor vehicles	3 – 8 years
Furniture and fittings	3 – 10 years
Leased assets	3 – 4 years

Depreciation is expensed as incurred, unless it relates to an asset or operation in the construction phase, in which case it is capitalised.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to an abandoned area are written off to profit or loss in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently measured at cost less any accumulated impairment.

(n) Mine properties

(i) Mine properties in development

When technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, then any subsequent expenditure in that area of interest is classified as mine properties in development. These costs are not amortised but the carrying value is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

(ii) Mine properties in production

Mine properties in production represent the accumulation of all acquisition, exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of the mineral resource has commenced. When further development expenditure, including waste development and stripping, is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a units-of-production basis, with separate calculations being made for each mineral resource. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure not yet amortised exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

(o) Deferred stripping

Stripping activity costs incurred in the development phase of a mine are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production basis.

Stripping activity incurred during the production phase of a mine is assessed as to whether the benefit accruing from that activity is to provide access to ore that can be used to produce ore inventory, or whether it in addition provides improved access to ore that will be mined in future periods.

To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for those stripping activity costs in accordance with AASB102 *Inventories*. A stripping activity asset is brought to account if it is probable that future economic benefits (improved access to the ore body) will flow to the Group, the component of the ore body for which access has been improved can be identified and costs relating to the stripping activity can be measured reliably.

The amount of stripping activity costs that are capitalised is determined based on a comparison of the stripping ratio in the relevant period with the life of mine stripping ratio. To the extent that there is a period of sustained stripping that exceeds the average life of mine stripping ratio, mine waste stripping costs are capitalised to the stripping activity asset. Such capitalised costs are amortised over the life of that mine on a units-of-production basis. The life of mine ratio is based on economically recoverable reserves of the mine. Changes to the life of mine are accounted for prospectively.

Deferred stripping costs are included in Mine Properties in the balance sheet. These form part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

(p) Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of the mines.

Annual increases in the provision relating to the change in the net present value of the provision are recognised as finance costs. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2(e). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Other

Other intangible assets relate to a database for research purposes, which is carried at fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated based on the time it will take to complete the research on the database which is currently four years.

(r) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (refer note 25). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(u) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(v) Financial liabilities

The Group designates certain liabilities at fair value through profit or loss. Financial liabilities are initially measured at cost, being the fair value of the amounts received. After initial recognition, financial liabilities are measured at fair value, with gains or losses recognised in the profit or loss.

(w) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in trade and other payables.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Share-based payment transactions

Equity-settled transactions

The Company provides benefits to employees (including directors) of the Group 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 a plan in place to provide these benefits, the Employee Performance Rights Plan (PRP), 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 in conjunction with an external valuation consultant using a trinomial tree which has been adopted by the Boyle and Law (1994) node alignment algorithm to improve accuracy. 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 the reporting 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.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence indicating that there has been a transfer of risks and rewards to the customer.

Sales revenue comprises gross revenue earned, net of treatment and refining charges where applicable, from the provision of product to customers, and includes hedging gains and losses. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metals price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

(ii) Interest revenue

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(aa) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income 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 reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Independence Group NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, directly in equity or as a result of a business combination. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(ab) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ac) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to shareholders, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to shareholders, adjusted for:

- cost of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(ad) Comparatives

Where appropriate, comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Annual reporting periods beginning on or after 1 January 2017	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. This standard is not expected to impact the Group as financial assets are currently classified as fair value through profit or loss.	1 July 2017
AASB 2012-6 (issued September 2012)	Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures	Defers the effective date of AASB 9 to 1 January 2015. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods beginning on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015
AASB 2013-4 (issued July 2013)	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (AASB 139)	Clarifies treatment of novated hedging instruments and continuation of hedge accounting where entities are required to replace the original party with a central counterparty as a consequence of laws or regulations or the introduction of laws and regulation.	1 January 2014	There will be no impact on first-time adoption of this amendment as the Group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.	1 July 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) New accounting standards and interpretations (continued)

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Makes three amendments to AASB 9: •Adding the new hedge accounting requirements into AASB 9 •Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and •Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements. Under the new hedge accounting requirements: •The 80-125% highly effective threshold has been removed •Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable •An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure •When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI •When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI Net foreign exchange cash flow positions can qualify for hedge accounting.	Annual reporting periods beginning on or after 1 January 2017	The Group currently applies hedge accounting. It is expected that the application of the new amendments will not have an impact on the Group's financial statements.	1 July 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) New accounting standards and interpretations (continued)

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
AASB 2013-5 (issued August 2013)	Amendments to Australian Accounting Standards - Investment Entities	The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria. The amendment also introduces disclosure requirements for investment entities into AASB 12 *Disclosure of Interests in Other Entities* and amends AASB 127 *Separate Financial Statements.*	1 January 2014	As the Group does not meet the definition of an investment entity, it will continue to consolidate its investments in subsidiaries in accordance with AASB 10 *Consolidated Financial Statements*.	1 July 2014
AASB 2013-3 (issued June 2013)	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Clarifies the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangibles with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	1 January 2014	As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements. The recoverable amount for CGUs with significant amounts of goodwill and intangibles with indefinite lives will only be required to be disclosed where an impairment loss has been recognised. However, there will be additional disclosures about the level of the fair value hierarchy where recoverable amount for a CGU is determined based on fair value less costs to sell.	1 July 2014
AASB 2014-1	Amendments to Australian Accounting Standards [Operative dates: Parts A-C – 1 Jul 2014; Part D – 1 Jan 2016; Part E – 1 Jan 2015]	Non-urgent but necessary changes to standards arising from Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.	1 July 2014, 1 January 2016, 1 January	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively or are disclosure impacts only.	1 July 2014, 1 July 2015, 1 July 2016
Improvements to IFRSs (issued December 2013)	Annual Improvements 2011-2013 Cycle (IFRS13 & IAS 40)	Non-urgent but necessary changes to standards • IFRS13 – Clarifies portfolio exception in relation to contracts under IAS 39 • IAS 40 – Clarifies interrelationship between IFRS 3 & IAS 40 when classifying the acquisition of property as investment or owner occupied	1 July 2014	There will be no impact on the financial statements when these amendments are first adopted.	1 July 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) New accounting standards and interpretations (continued)

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
Interpretation 21 (issued June 2013)	Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.	1 January 2014	The Group is liable to pay royalties. The royalties are payable quarterly and are calculated based on revenue generated in the previous quarter and only become payable in the following quarter of operations. The new standard is not expected to impact on the recognition of royalties in the Group accounts.	1 July 2014
IFRS 15 (issued June 2014)	Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	Annual reporting periods beginning on or after 1 January 2017	Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.	1 July 2017

(af) Parent entity financial information

The financial information for the parent entity, Independence Group NL, disclosed in note 35 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Independence Group NL. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Independence Group NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Independence Group NL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Independence Group NL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Independence Group NL for any current tax payable assumed and are compensated by Independence Group NL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Independence Group NL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

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.

Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

3. 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, forward commodity contracts and collar arrangements to hedge certain risk exposures.

Risk management relating to commodity and foreign exchange risk is overseen by the Hedging Committee 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.

Risk exposures and responses

Foreign currency risk

As 100% of the Group's sales revenues for nickel, copper, zinc and silver are denominated in US dollars and the majority of operating costs are denominated in Australian dollars, the Group's cash flow is significantly exposed to movements in the A$:US$ exchange rate. The Group mitigates this risk through the use of derivative instruments, including but not limited to forward contracts and the purchase of Australian dollar call options.

The financial instruments denominated in US dollars and then converted into the functional currency (i.e. A$) were as follows:

	2014 $000	2013 $000
Financial assets		
Cash and cash equivalents	17,923	3,319
Trade and other receivables	25,054	14,801
Derivative financial instruments	1,809	5,263
	44,786	23,383
Financial liabilities		
Derivative financial instruments	6,381	1,910
	6,381	1,910
Net financial assets	38,405	21,473

The cash balance above only represents the cash held in the US dollar bank accounts at the reporting date and converted into Australian dollars at the 30 June 2014 A$:US$ exchange rate of $0.9420 (2013: $0.9138). The remainder of the cash balance of $39,049,000 (2013: $23,896,000) was held in Australian dollars and therefore not exposed to foreign currency risk.

The trade and other receivables amounts represent the US dollar denominated trade debtors. All other trade and other receivables were denominated in Australian dollars at the reporting date.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table summarises the Group's sensitivity of financial instruments held at 30 June 2014 to movements in the A$:US$ exchange rate, with all other variables held constant. Sensitivity analysis is calculated using a reasonable possible change of 1.5% (2013: 1.5%) in the foreign rate in both directions based on the exposure period of the trade receivables, a 5.0% (2013: 5.0%) variation for derivative contracts and a 3.0% (2013: 9.0%) variation for USD cash balances in both directions.

Sensitivity of financial instruments to foreign currency movements	Impact on profit after tax		Impact on other components of equity	
	2014 $000	2013 $000	2014 $000	2013 $000
Financial assets				
Cash and cash equivalents				
Increase 3.0% (2013: 9.0%)	(365)	(211)	-	-
Decrease 3.0% (2013: 9.0%)	388	258	-	-
Trade receivables				
Increase 1.5% (2013: 1.5%)	(176)	(153)	-	-
Decrease 1.5% (2013: 1.5%)	222	158	-	-
Derivative financial instruments				
Increase 5.0% (2013: 5.0%)	361	-	1,444	(175)
Decrease 5.0% (2013: 5.0%)	(399)	-	(1,596)	194
	31	52	(152)	19
Financial liabilities				
Derivative financial instruments				
Increase 5.0% (2013: 5.0%)	50	-	163	679
Decrease 5.0% (2013: 5.0%)	(55)	-	(180)	(751)
	(5)	-	(17)	(72)
Net sensitivity to foreign currency movements	26	52	(169)	(53)

Commodity price risk

The Group's sales revenues are generated from the sale of nickel, copper, zinc, silver and gold. Accordingly, the Group's revenues, derivatives and trade receivables are exposed to commodity price risk fluctuations, primarily nickel, copper, zinc, silver and gold.

Nickel

Nickel ore sales have an average price finalisation period of three months until the sale is finalised with the customer.

It is the Board's policy to hedge between 0% and 50% of total nickel production tonnes. All of the hedges qualify as "highly probable" forecast transactions for hedge accounting purposes.

Copper and zinc

Copper and zinc concentrate sales have an average price finalisation period of up to four months from shipment date.

It is the Board's policy to hedge between 0% and 50% of total copper and zinc production tonnes.

Gold

It is the Board's policy to hedge between 0% and 50% of forecast gold production from the Company's 30% interest in the Tropicana Gold Mine.

The markets for nickel, copper, zinc, silver and gold are freely traded and can be volatile. As a relatively small producer, the Group has no ability to influence commodity prices. The Group mitigates this risk through derivative instruments, including, but not limited to, quotational period pricing, forward contracts and collar arrangements.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Commodity price risk (continued)

At the reporting date, the carrying value of the financial instruments exposed to commodity price movements were as follows:

Financial instruments exposed to commodity price movements	**2014 $000**	**2013 $000**
Financial assets		
Trade and other receivables	19,853	12,839
Derivative financial instruments – commodity hedging contracts	1,777	8,927
	21,630	21,766
Financial liabilities		
Derivative financial instruments – commodity hedging contracts	6,381	-
	6,381	-
Net exposure	15,249	21,766

The following table summarises the sensitivity of financial instruments held at 30 June 2014 to movements in the nickel price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2013: 1.5%) which is based upon the three month forward commodity rate as there is a three month lag time between delivery and final nickel price received. A 20.0% (2013: 20.0%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

Sensitivity of financial instruments to nickel price movements	**Impact on profit after tax**		**Impact on other components of equity**	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Financial assets				
Trade receivables				
Increase 1.5% (2013: 1.5%)	217	298	-	-
Decrease 1.5% (2013: 1.5%)	(217)	(298)	-	-
Derivative financial instruments – commodity hedging contracts				
Increase 20.0% (2013: 20.0%)	(1,346)	-	(3,949)	(2,117)
Decrease 20.0% (2013: 20.0%)	1,353	-	3,946	2,117
	7	-	(3)	-

The following table summarises the sensitivity of financial instruments held at 30 June 2014 to movements in the copper price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2013: 1.5%) which is based upon the three month forward commodity rate as there is a three month lag time between delivery and final copper price received. A 20.0% (2013: 20.0%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

Sensitivity of financial instruments to copper price movements	**Impact on profit after tax**		**Impact on other components of equity**	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Financial assets				
Trade receivables				
Increase 1.5% (2013: 1.5%)	11	124	-	-
Decrease 1.5% (2013: 1.5%)	(11)	(124)	-	-
Derivative financial instruments – commodity hedging contracts				
Increase 20.0% (2013: 20.0%)	(960)	-	(1,323)	-
Decrease 20.0% (2013: 20.0%)	957	-	1,317	-
	(3)	-	(6)	-

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Commodity price risk (continued)

The following table summarises the sensitivity of financial instruments held at 30 June 2014 to movements in the gold price, with all other variables held constant. A 20.0% (2013: 20.0%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

Sensitivity of financial instruments to gold price movements	Impact on profit after tax 2014 $000	2013 $000
Financial assets		
Derivative financial instruments – commodity hedging contracts		
Increase 20.0% (2013: 20.0%)	(4,280)	(6,569)
Decrease 20.0% (2013: 20.0%)	1,581	1,287
	(2,699)	(5,282)

There were no financial instruments held at 30 June 2014 relating to zinc that were affected by movements in the zinc price. The following table summarises the sensitivity of financial instruments held at 30 June 2013 to movements in the zinc price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% in the previous financial year which is based upon the three month forward commodity rate as there is a four month lag time between delivery and final zinc price received.

Sensitivity of financial instruments to zinc price movements	Impact on profit after tax 2014 $000	2013 $000
Financial assets		
Trade receivables		
Increase 0.0% (2013: 1.5%)	-	94
Decrease 0.0% (2013: 1.5%)	-	(94)
	-	-

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 movements with the sensitivity rate based on a reasonably possible change of 45% (2013: 45%). At reporting date, if the equity prices had been higher or lower, net profit for the year would have increased or decreased by $254,000 (2013: $328,000).

Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. At the reporting date, the Group had the following exposure to interest rate risk on financial instruments:

	Weighted average interest rate 2014 %	Balance 2014 $000	Weighted average interest rate 2013 %	Balance 2013 $000
Financial assets				
Cash and cash equivalents	1.3%	56,972	3.0%	27,215
		56,972		27,215
Financial liabilities				
Bank loans	4.9%	25,000	5.0%	10,000
		25,000		10,000
Net exposure		31,972		17,215

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Cash flow and fair value interest rate risk (continued)

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.

Sensitivity of interest revenue and expense to interest rate movements	Impact on profit after tax 2014 $000	2013 $000
Revenue		
Interest revenue		
Increase 1.0% (2013: 1.0%)	243	57
Decrease 1.0% (2013: 1.0%)	(243)	(57)
	-	-
Expense		
Interest expense		
Increase 1.0% (2013: 1.0%)	(175)	(70)
Decrease 1.0% (2013: 1.0%)	175	70
	-	-

The interest rate on the outstanding lease liabilities is fixed for the term of the lease, therefore there is no exposure to movements in interest rates.

Credit risk

Nickel sales

The Group has a concentration of credit risk in that it depends on BHP Billiton Nickel West Pty Ltd for a significant volume of revenue. During the year ended 30 June 2014 all nickel 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 Nickel West Pty Ltd is unable to accept supply of the Group's product due to a force majeure event. The risk is further mitigated by the receipt of 70% of the value of any months' sale within a month of that sale occurring. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

Copper and zinc sales

Credit risk arising from sales to customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale. This is generally paid promptly after vessel loading. Title to the concentrate does not pass to the buyer until this provisional payment is received by the Group.

Due to the large size of concentrate shipments, there are a relatively small number of transactions each month and therefore each transaction and receivable balance is actively managed on an ongoing basis with attention to timing of customer payments and imposed credit limits. The resulting exposure to bad debts is not considered significant.

Gold sales

Credit risk arising from the sale of gold to customers is low as customers have short contractual payment terms (commonly within 2 days) and customers are considered to be reliable.

Other

In respect of financial assets and derivative financial instruments, the Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed below. The Group does not hold any credit derivatives to offset its credit exposure.

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Other (continued)

The maximum exposure to credit risk at the reporting date was as follows:

	2014 $000	2013 $000
Financial assets		
Cash and cash equivalents	56,972	27,215
Trade and other receivables	24,828	22,463
Other receivables	2,456	525
Financial assets	858	1,092
Derivative financial instruments	3,177	8,927
Total exposure	88,291	60,222

On analysis of trade and other receivables, none are past due or impaired for either 30 June 2014 or 30 June 2013.

Liquidity risk

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 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.

	Contractual maturities			Contractual value	Carrying value
	Less than 6 months $000	6 - 12 months $000	Between 1 and 5 years $000	A$ $000	A$ $000
2014					
Trade and other payables	42,982	-	-	42,982	42,982
Lease liabilities	2,300	1,371	522	4,193	4,018
Bank loans	-	-	25,000	25,000	24,344
	45,282	1,371	25,522	72,175	71,344
2013					
Trade and other payables	49,798	-	-	49,798	49,798
Lease liabilities	3,694	2,910	4,193	10,797	10,048
Bank loans	-	-	10,000	10,000	7,506
	53,492	2,910	14,193	70,595	67,352

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 net amount payable is not fixed, the amount disclosed has been determined by reference to the projected forward curves existing at the reporting date.

	Contractual maturities			Contractual value	Carrying value
	Less than 6 months $000	6 - 12 months $000	Between 1 and 5 years $000	A$ $000	A$ $000
2014					
Net settled					
Commodity hedging contracts	3,013	3,368	-	6,381	6,381
	3,013	3,368	-	6,381	6,381
2013					
Net settled					
Foreign currency contracts hedging contracts	-	1,910	-	1,910	1,910
	-	1,910	-	1,910	1,910

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values

a) Fair value hierarchy

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013 on a recurring basis.

At 30 June 2014	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets				
Derivative instruments				
Commodity hedging contracts	-	1,777	-	1,777
Foreign currency hedging contracts	-	1,400	-	1,400
Listed and unlisted investments	808	-	50	858
	808	3,177	50	4,035
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	6,381	-	6,381
	-	6,381	-	6,381
At 30 June 2013				
Financial assets				
Derivative instruments				
Commodity hedging contracts	-	8,927	-	8,927
Listed and unlisted investments	1,042	-	50	1,092
	1,042	8,927	50	10,019
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	1,910	-	1,910
	-	1,910	-	1,910

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2014 and did not transfer any fair value amounts between the fair value hierarchy levels during the year ended 30 June 2014.

b) Valuation techniques used to derive level 1 values

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

c) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity and forward foreign exchange contracts is determined using forward commodity and exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which are included in level 3.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values (continued)

d) Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. These instruments had the following fair value at the reporting date.

At 30 June 2014	**Carrying amount $000**	**Fair value $000**
Current assets		
Cash and cash equivalents	56,972	56,972
	56,972	56,972
Current liabilities		
Lease liabilities	3,508	3,671
	3,508	3,671
Non-current liabilities		
Bank loans	24,344	25,000
Lease liabilities	510	522
	24,854	25,522
At 30 June 2013		
Current assets		
Cash and cash equivalents	27,215	27,215
	27,215	27,215
Current liabilities		
Lease liabilities	6,030	6,604
	6,030	6,604
Non-current liabilities		
Bank loans	7,506	10,000
Lease liabilities	4,018	4,193
	11,524	14,193

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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:

Trade receivables

The Group estimates the value of trade receivables in accordance with the accounting policy disclosed in note 2(h).

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates.

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the profit or loss and the calculation of inventory. The Group prepares reserve estimates in accordance with the JORC Code 2012, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Rehabilitation and restoration provisions

The provision for rehabilitation and restoration costs is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a trinomial tree. The related assumptions are detailed in note 31. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

5. OPERATING SEGMENTS

Identification of reportable segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Group operates in predominantly only one geographic segment (ie. Australia) and has identified four operating segments, being the Long Nickel Operation which is disclosed under the nickel mining segment, the Jaguar Operation which is disclosed under the copper and zinc mining segment, the Tropicana Gold Project, and other regional exploration, scoping studies and feasibility which are disclosed under feasibility and regional exploration activities.

The Long Nickel Operation produces primarily nickel, together with copper, from which its revenue is derived. Revenue derived by the Long Nickel Operation is received from one customer, being BHP Billiton Nickel West Pty Ltd. The Registered Manager of the Long Nickel Operation is responsible for the budgets and expenditure of the operation, which includes exploration activities on the mine's tenure. The Long Nickel Operation and exploration properties are owned by the Group's wholly owned subsidiary Lightning Nickel Pty Ltd.

The Jaguar Operation primarily produces copper and zinc concentrate. Revenue is derived from a number of different customers. The Registered Manager of the Jaguar Operation is responsible for the budgets and expenditure of the operation, responsibility for ore concentrate sales rests with corporate management. The Jaguar Operation and exploration properties are owned by the Group's wholly owned subsidiary Jabiru Metals Limited.

The Tropicana Gold Project represents the Group's 30% joint venture interest in the Tropicana Joint Venture. AngloGold Ashanti Australia Limited is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti Australia Limited and are considered for approval by the Independence Group NL Board. The project comprises regional and brownfields exploration tenements covering in excess of 9,200 square kilometres, together with the Tropicana gold mine which had its maiden gold pour in late September 2013. The Project is allocated its own segment.

The Group's Exploration Manager and its Development Manager are responsible for budgets and expenditure relating to the Group's regional exploration, scoping studies and feasibility studies. The feasibility and regional exploration division does not normally derive any income. Should a project generated by the feasibility and regional exploration division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from feasibility and regional exploration and become reportable as a separate segment.

5. OPERATING SEGMENTS (continued)

	Nickel mining $000	Copper and zinc mining $000	Tropicana gold project $000	Feasibility and regional exploration activities $000	Total $000
Year ended 30 June 2014					
Revenue					
Sales to external customers	118,648	140,963	137,918	-	397,529
Other revenue	211	832	-	55	1,098
Total segment revenue	118,859	141,795	137,918	55	398,627
Segment net operating profit (loss) before income tax	36,330	42,703	42,466	(30,984)	90,515
Segment assets	114,151	102,828	495,407	167,498	879,884
Segment liabilities	29,960	30,535	29,705	30,879	121,079
Acquisition of property, plant and equipment	1,076	5,358	1,993	-	8,427
Impairment loss before tax	2,736	-	2,598	26,711	32,045
Depreciation and amortisation expense	22,019	9,744	36,600	-	68,363
Other non-cash expenses	36	233	296	-	565
Year ended 30 June 2013					
Revenue					
Sales to external customers	127,175	91,579	3,664	-	222,418
Other revenue	486	233	-	4	723
Total segment revenue	127,661	91,812	3,664	4	223,141
Segment net operating profit (loss) before income tax	40,140	6,986	1,596	(5,879)	42,843
Segment assets	103,126	107,053	336,303	174,254	720,736
Segment liabilities	22,490	40,404	22,872	64,408	150,174
Acquisition of property, plant and equipment	8,503	1,364	2,119	58	12,044
Impairment loss before tax	2,572	-	-	3,190	5,762
Depreciation and amortisation expense	17,039	6,209	185	-	23,433
Other non-cash expenses	45	223	-	-	268

5. OPERATING SEGMENTS (continued)

(i) Reconciliation of segment revenue to total revenue

A reconciliation of reportable segment revenue to total revenue is as follows:

	2014 $000	2013 $000
Total segment revenue	398,627	223,141
Other revenue from continuing operations	432	2,730
Total revenue	399,059	225,871

Revenues for the nickel mining segment are all derived from a single customer, being BHP Billiton Nickel West Pty Ltd. Revenues for the copper and zinc mining segment were derived from various customers during the year.

Revenues for the Tropicana gold project were derived from a single customer, being The Perth Mint.

(ii) Reconciliation of segment net profit (loss) before tax to operating profit before tax

A reconciliation of reportable segment net profit before income tax to net profit before income tax is as follows:

	2014 $000	2013 $000
Segment net profit before tax	90,515	42,843
Interest revenue on corporate cash balances and other unallocated revenue	433	2,730
Unrealised losses on financial assets	(2)	(2,196)
Share-based payments expense	(4,632)	(3,874)
Other corporate costs	(13,961)	(11,331)
Net losses on silver hedge financing	-	(345)
Borrowing and finance costs	(4,544)	-
Total net profit before tax	67,809	27,827

(iii) Segment assets reconciliation to the balance sheet

A reconciliation of reportable segment assets to total assets is as follows:

	2014 $000	2013 $000
Total assets for reportable segments	879,884	720,736
Intersegment eliminations	(163,841)	(60,304)
Unallocated assets		
Deferred tax assets	152,339	152,261
Listed equity securities	808	1,042
Cash and receivables held by the parent entity	19,224	5,452
Office and general plant and equipment	2,886	2,795
Total assets as per the balance sheet	891,300	821,982

(iv) Segment liabilities reconciliation to the balance sheet

A reconciliation of reportable segment liabilities to total liabilities is as follows:

	2014 $000	2013 $000
Total liabilities for reportable segments	121,079	150,174
Intersegment eliminations	(44,489)	(75,047)
Unallocated liabilities		
Deferred tax liabilities	94,711	75,280
Creditors and accruals	7,598	13,398
Provision for employee entitlements	1,168	1,202
Bank loans	24,344	7,506
Total liabilities as per the balance sheet	204,411	172,513

6. REVENUE

	2014 $000	2013 $000
Sales revenue		
Sale of goods	397,529	222,418
	397,529	222,418
Other revenue		
Interest received	566	3,218
Other revenue	964	235
	1,530	3,453
Total revenue	399,059	225,871

7. OTHER INCOME

	2014 $000	2013 $000
Net gain on disposal of property, plant and equipment and other investments	-	42
Net gain on disposal of tenements	-	648
Total other income	-	690

8. EXPENSES AND LOSSES

	2014 $000	2013 $000
Profit before income tax includes the following specific items:		
Cost of sale of goods	199,138	144,672
Share-based payments expense	4,632	3,874
Employee benefits expense	61,196	54,659
Exploration costs expensed	4,334	2,667
Rental expense relating to operating leases	1,291	1,190
Rehabilitation and restoration borrowing costs	565	268
Amortisation expense	54,839	11,466
Depreciation expense	15,369	13,847
Less : Amounts capitalised	(368)	(863)
Depreciation expensed	15,001	12,984
Borrowing and finance costs		
Borrowing and finance costs – other entities	3,919	1,338
Amortisation of borrowing costs	1,763	90
Less: Amounts capitalised	(544)	(72)
Borrowing and finance costs expensed	5,138	1,356
Impairment of exploration and evaluation expenditure	32,045	5,762
Net loss on sale of property, plant and equipment and other investments	60	-

9. INCOME TAX

	2014 $000	2013 $000
(a) Income tax expense		
The major components of income tax expense are:		
Deferred income tax expense	(21,253)	(9,539)
Income tax expense	(21,253)	(9,539)
Deferred tax income (expense) included in income tax expense comprises:		
Increase (decrease) in deferred tax assets	841	(359)
(Increase) decrease in deferred tax liabilities	(22,094)	(9,180)
	(21,253)	(9,539)
(b) Amount charged or credited directly to equity		
Deferred income tax income (expense) related to items charged or credited to other comprehensive income		
Recognition of hedge contracts	1,900	4,354
Income tax expense reported in equity	1,900	4,354

(c) Numerical reconciliation of income tax expense and tax expense calculated per the statutory income tax rate		
Profit before tax from continuing operations	67,809	27,827
At the Group's statutory income tax rate of 30% (2013: 30%)	(20,343)	(8,348)
Capital losses not brought to account	(357)	-
Other non-deductible items	(1,184)	(1,197)
Adjustments for current tax of prior periods	631	6
Aggregate income tax expense	(21,253)	(9,539)

9. INCOME TAX (continued)

(d) Deferred tax assets and liabilities

	Balance Sheet		Profit or loss		Equity	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Deferred tax liabilities						
Capitalised exploration, pre-production and acquisition costs	(48,834)	(57,877)	(9,043)	1,909	-	-
Capitalised development expenditure	(40,802)	(11,654)	29,148	7,844	-	-
Deferred gains and losses on hedging contracts	(900)	(2,678)	885	(153)	(2,663)	(4,354)
Trade debtors	(2,885)	(1,497)	1,388	(984)	-	-
Consumable inventories	(1,259)	(1,162)	97	-	-	-
Other	(31)	(412)	(381)	564	-	-
Gross deferred tax liabilities	(94,711)	(75,280)	22,094	9,180	(2,663)	(4,354)
Deferred tax assets						
Property, plant and equipment	24,019	26,668	2,649	4,834	-	-
Deferred losses on hedged commodity contracts	1,862	1,884	(741)	(1,713)	763	-
Capitalised development expenditure	-	2,312	2,312	9,723	-	-
Concentrate inventories	32	566	534	172	-	-
Business-related capital allowances	1,402	2,598	1,196	1,382	-	-
Provision for employee entitlements	2,387	1,917	(470)	(198)	-	-
Provision for rehabilitation	7,205	6,208	(997)	(2,295)	-	-
Mining information	2,680	11,376	8,696	-	-	-
Carry forward tax losses	110,243	97,257	(12,986)	(11,596)	-	-
Other	2,509	1,475	(1,034)	50	-	-
Gross deferred tax assets	152,339	152,261	(841)	359	763	-
Deferred tax expense (income)	57,628	76,981	21,253	9,539	(1,900)	(4,354)

(e) Tax losses

In addition to the above recognised tax losses, the Group also has the following tax losses for which no deferred tax asset has been recognised:

	2014 $000	2013 $000
Unrecognised capital tax losses	2,576	1,388
Potential tax benefit at 30% (2013: 30%)	773	416

(f) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Independence Group NL and its wholly owned subsidiaries formed a tax consolidated group with effect from 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 of 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.

10. DIVIDENDS PAID AND PROPOSED

	2014 $000	2013 $000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2013 of 1 cent (2012: 1 cent) per fully paid share	2,333	2,329
Interim dividend for the year ended 30 June 2014 of 3 cents (2013: 1 cent) per fully paid share	7,000	2,329
Total dividends paid during the financial year	9,333	4,658
(b) Unrecognised amounts		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 5 cents (2013: 1 cent) per fully paid share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 30 September 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at year end is:	11,713	2,333

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2015.

	2014 $000	2013 $000
Franking credits available for subsequent financial year based on a tax rate of 30% (2013: 30%)	58,888	62,884

The above amounts represent the balance of the franking account at the end of the reporting period, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $5,020,000 (2013: $1,000,000).

11. EARNINGS PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

Profit used in calculating basic and diluted earnings per share attributable to ordinary equity holders of the parent is $46,556,000 (2013: $18,288,000).

(b) Weighted average number of shares

	2014 Number of shares	2013 Number of shares
Weighted average number of ordinary shares for basic earnings per share	233,318,721	232,882,535
Effect of dilution:		
Share rights	1,991,871	1,902,035
Weighted average number of ordinary shares adjusted for the effect of dilution	235,310,592	234,784,570

(c) Information on the classification of securities

Share rights

There are share rights included in the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future.

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2014 $000	2013 $000
Cash at bank and in hand	32,021	26,039
Deposits at call	24,951	1,176
	56,972	27,215

The Group has cash balances of $1,268,000 (2013: $12,887,000) not generally available for use as the balances are held by Tropicana Joint Venture and may only be used in relation to joint venture expenditure. In the previous financial year, the Group also had amounts of $469,000 in cash balances not generally available for use as they were subject to security with respect to government performance bonds and other guarantees issued by a financier.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 3.

13. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2014 $000	2013 $000
Trade receivables	24,828	12,839
GST receivable	1,112	5,117
Sundry debtors	1,314	4,507
Prepayments	2,816	1,696
	30,070	24,159

No balances within trade and other receivables contain impaired assets nor are past due. It is expected that these balances will be received when due.

The Group's exposure to credit risk, foreign exchange and commodity price risk in relation to trade receivables is disclosed in note 3.

14. INVENTORIES

	2014 $000	2013 $000
Current		
Mine spares and stores – at cost	14,965	9,664
ROM inventory – at cost	3,834	1,632
Concentrate inventory – at cost	4,441	5,361
Concentrate inventory – at net realisable value	11,661	6,103
Work in progress – gold in process	499	-
Gold in circuit	1,566	-
Gold dore	3,601	-
	40,567	22,760
Non-current		
ROM inventory – at cost	8,803	-
	8,803	-

Inventory classified as non-current relates to 0.6 to 1.2 g/t grade gold ore stockpiles which are not intended to be utilised in the next 12 months but will be utilised over the life of the mine.

There were no impairment charges to inventories recognised as an expense for the year ended 30 June 2014 (2013: $nil).

15. CURRENT ASSETS – FINANCIAL ASSETS

	2014 $000	2013 $000
Shares in Australian listed and unlisted companies - at fair value through profit or loss	858	1,092
	858	1,092

The shares in Australian listed companies are valued at fair value through profit or loss and are all held for trading. Changes in the fair values of these financial assets are recognised in the profit or loss and are valued using market prices at year end.

The Group's exposure to price risk and a sensitivity analysis for financial assets are disclosed in note 3.

16. NON-CURRENT ASSETS – RECEIVABLES

	2014 $000	2013 $000
Term deposits	30	525
Prepayments	27	79
	57	604

The term deposit is interest-bearing and is used by way of security for government performance bonds issued by a financier.

17. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2014 $000	2013 $000
Buildings - at cost	35,994	17,577
Accumulated depreciation and impairment	(12,570)	(9,786)
Net carrying amount	23,424	7,791
Mining plant under construction - at cost	407	2,362
Net carrying amount	407	2,362
Mining plant and equipment - at cost	92,223	88,602
Accumulated depreciation and impairment	(79,039)	(75,159)
Net carrying amount	13,184	13,443
Motor vehicles - at cost	18,205	14,033
Accumulated depreciation and impairment	(14,331)	(12,303)
Net carrying amount	3,874	1,730
Furniture, fittings and other equipment - at cost	7,396	6,590
Accumulated depreciation and impairment	(4,787)	(3,322)
Net carrying amount	2,609	3,268
Leased assets	18,746	20,266
Accumulated depreciation and impairment	(15,014)	(12,582)
Net carrying amount	3,732	7,684
Total net carrying amount	47,230	36,278

(a) Reconciliation of the carrying amounts at the beginning and end of the period

Reconciliations of the carrying amount for each class of property, plant and equipment at the beginning and end of the financial year are as follows:

Buildings		
Carrying amount at beginning of financial year	7,791	9,627
Additions	684	-
Transfers	18,030	146
Depreciation expense	(3,081)	(1,982)
Carrying amount at end of financial year	23,424	7,791
Mining plant under construction		
Carrying amount at beginning of financial year	2,362	2,102
Additions	279	2,136
Transfers	(2,234)	(1,876)
Carrying amount at end of financial year	407	2,362

17. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

	2014 $000	2013 $000
(b) Reconciliation of the carrying amounts at the beginning and end of the period (continued)		
Mining plant and equipment		
Carrying amount at beginning of financial year	13,443	14,804
Additions	3,865	3,903
Transfers	2,003	852
Disposals	(50)	-
Depreciation expense	(6,077)	(6,116)
Carrying amount at end of financial year	13,184	13,443
Motor vehicles		
Carrying amount at beginning of financial year	1,730	1,144
Additions	3,274	965
Transfers	(146)	478
Disposals	-	(25)
Depreciation expense	(984)	(832)
Carrying amount at end of financial year	3,874	1,730
Furniture, fittings and other equipment		
Carrying amount at beginning of financial year	3,268	1,822
Additions	1,113	1,861
Transfers	(438)	762
Disposals	(59)	(7)
Depreciation expense	(1,275)	(1,170)
Carrying amount at end of financial year	2,609	3,268
Leased assets		
Carrying amount at beginning of financial year	7,684	7,674
Additions	-	3,762
Disposals	-	(5)
Depreciation expense	(3,952)	(3,747)
Carrying amount at end of financial year	3,732	7,684
Total property, plant and equipment		
Carrying amount at beginning of financial year	36,278	37,173
Additions	9,215	12,627
Transfers from mine properties in development	17,215	1,095
Transfers to mine properties in production	-	(733)
Disposals	(109)	(37)
Depreciation expense	(15,369)	(13,847)
Carrying amount at end of financial year	47,230	36,278

(c) Non-current assets pledged as security

Refer to note 25 for information on non-current assets pledged as security by the Group.

18. NON-CURRENT ASSETS – MINE PROPERTIES

	2014 $000	2013 $000
Mine properties in development	-	258,778
Mine properties in production	364,443	90,337
	364,443	349,115

Reconciliations of the carrying amounts at the beginning and end of the financial year are as follows:

	2014 $000	2013 $000
Mine properties in development		
Carrying amount at beginning of financial year	258,778	59,609
Additions	28,587	167,484
Transfers from exploration and evaluation expenditure	228	32,708
Transfers to property, plant and equipment	(17,215)	(1,095)
Transfers to mine properties in production	(271,095)	-
Borrowing costs capitalised	544	72
Depreciation expense capitalised	173	-
Carrying amount at end of financial year	-	258,778

	2014 $000	2013 $000
Mine properties in production		
Carrying amount at beginning of financial year	90,337	63,665
Additions	47,589	34,162
Transfers from exploration and evaluation expenditure	19,601	3,061
Transfers from mine properties in development	271,095	-
Transfers from property, plant and equipment	-	733
Transfers to inventories	(9,519)	-
Disposals	-	(93)
Amortisation expense	(54,660)	(11,191)
Carrying amount at end of financial year	364,443	90,337

19. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	2014 $000	2013 $000
Exploration and evaluation costs	186,784	199,392
	186,784	199,392

Reconciliations of the carrying amounts at the beginning and end of the financial year are as follows:

	2014 $000	2013 $000
Carrying amount at beginning of financial year	199,392	203,371
Additions	39,266	37,759
Transfers to mine properties in production	(19,601)	(3,061)
Transfers to mine properties in development	(228)	(32,708)
Impairment charge	(32,045)	(5,762)
Disposals	-	(207)
Carrying amount at end of financial year	186,784	199,392

19. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE (continued)

Impairment of exploration and evaluation expenditure

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Management regularly evaluates the recoverability of exploration and evaluation assets. The Group has impaired the following capitalised exploration and evaluation costs:

	2014 $000	2013 $000
Jaguar regional exploration costs	5,797	677
Karlawinda exploration and feasibility costs[1]	16,992	-
Other exploration costs	9,256	5,085
	32,045	5,762

1. During the current financial year, the Company determined that the Karlawinda Gold Project is unlikely to meet its size and economic thresholds for development, resulting in an impairment of $16,992,000 (2013: $nil).

20. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Goodwill $000	Database $000	Total $000
At 1 July 2012			
Cost	91,065	1,378	92,443
Accumulated amortisation	(91,065)	(924)	(91,989)
Net book amount	-	454	454
Year ended 30 June 2013			
Opening net book amount	-	454	454
Amortisation expense	-	(275)	(275)
Closing net book amount	-	179	179
At 30 June 2013			
Cost	91,065	1,378	92,443
Accumulated amortisation	(91,065)	(1,199)	(92,264)
Net book amount	-	179	179
Year ended 30 June 2014			
Opening net book amount	-	179	179
Amortisation expense	-	(179)	(179)
Closing net book amount	-	-	-
At 30 June 2014			
Cost	91,065	1,378	92,443
Accumulated amortisation and impairment	(91,065)	(1,378)	(92,443)
Net book amount	-	-	-

21. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2014 $000	2013 $000
Trade payables	7,706	7,368
Other payables	35,276	42,430
Employee entitlements	3,873	3,801
	46,855	53,599

The Group's exposure to liquidity risk in disclosed in note 3.

22. CURRENT LIABILITIES – PROVISIONS

	2014 $000	2013 $000
Provision for employee entitlements	2,557	2,446
	2,557	2,446

23. NON-CURRENT LIABILITIES – PROVISIONS

	2014 $000	2013 $000
Provision for employee entitlements	1,527	1,030
Provision for rehabilitation costs (i)	24,018	20,694
	25,545	21,724
(i) Movements in the provision for rehabilitation costs during the year are as follows:		
Carrying amount at beginning of financial year	20,694	13,045
Additional provision	2,889	7,381
Rehabilitation and restoration borrowing costs expense	565	268
Payments during the period	(130)	-
Carrying amount at end of financial year	24,018	20,694

Rehabilitation provision

A provision for restoration is recognised in relation to mining activities for such costs as reclamation, site closure, plant closure and other costs associated with the restoration of the mining sites.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2014 $000	2013 $000
Current assets		
Commodity hedging contracts – cash flow hedges	1,119	6,946
Foreign currency contracts – at fair value through profit or loss	29	-
Foreign currency contracts – cash flow hedges	1,371	-
	2,519	6,946
Current liabilities		
Commodity hedging contracts – at fair value through profit or loss	1,489	-
Commodity hedging contracts – cash flow hedges	4,892	-
Foreign currency contracts – cash flow hedges	-	1,910
	6,381	1,910
Non-current assets		
Commodity hedging contracts – cash flow hedges	658	1,981
	658	1,981

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates and commodity prices.

The fair value of the derivative instruments at the reporting date is reflected in current and non-current assets and liabilities in the balance sheet and is calculated by comparing the contracted rate to the market rates for derivatives with the same length of maturity.

Refer to note 3 and below for details of the foreign currency and commodity prices risk being mitigated by the Group's derivative instruments as at 30 June 2014 and 30 June 2013.

24. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedges

Nickel

At 30 June 2014, 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.

The outstanding contracts held by the Group at 30 June 2014 are as follows:

Year of delivery	Sell (Nickel tonnes)	USD/tonne	Exchange rate	AUD/tonne
2014/15	2,400	16,608	0.9163	18,126
Total	2,400	16,608	0.9163	18,126

The hedge contracts are to be settled at the rate of 200 tonnes per month from July 2014 to June 2015. The hedge contracts have been marked to market as at 30 June 2014 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the hedging reserve in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the profit or loss by the related amount deferred in equity.

The forecast transactions are expected to occur three months prior to the maturity of its respective commodity and foreign exchange contracts.

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

Sell USD forward

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2014 $000	2013 $000	2014	2013	2014 $000	2013 $000
0 – 3 months	10,174	-	0.9368	-	29	-
3 – 6 months	10,005	-	0.9212	-	140	-
6 – 12 months	19,681	18,676	0.9036	0.9881	493	(1,910)
Total	39,860	18,676	0.9163	0.9881	662	(1,910)

Copper

At 30 June 2014, the Group held various copper commodity contracts designated as hedges of expected future copper 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 copper sales.

The outstanding contracts held by the Group at 30 June 2014 are as follows:

Year of delivery	Sell (Copper tonnes)	USD/tonne	Exchange rate	AUD/tonne
2014/15	1,500	7,257	0.8720	8,322
Total	1,500	7,257	0.8720	8,322

The hedge contracts are to be settled at the varying rates per month from September 2014 to June 2015. The hedge contracts have been marked to market as at 30 June 2014 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the hedging reserve in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the profit or loss by the related amount deferred in equity.

The forecast transactions are expected to occur three months prior to the maturity of its respective commodity and foreign exchange contracts.

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

Sell USD forward

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2014 $000	2013 $000	2014	2013	2014 $000	2013 $000
0 – 3 months	-	-	-	-	-	-
3 – 6 months	3,948	-	0.8783	-	195	-
6 – 12 months	6,938	-	0.8591	-	543	-
Total	10,886	-	0.8720	-	738	-

24. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedges (continued)

Gold

Gold collar structures (i.e. purchased put and sold call) have been designated as hedges of expected future gold sales and have been designated as cash flow hedges. These comprise:

	Ounces of metal		Weighted average price (A$/ounce)		Fair value	
	2014	2013	2014	2013	2014 $000	2013 $000
0 – 6 months						
Gold put options purchased	33,000	-	1,300	-	237	-
Gold call options sold	33,000	-	1,803	-	(14)	-
6 – 12 months						
Gold put options purchased	29,000	33,000	1,316	1,300	803	2,339
Gold call options sold	29,000	33,000	1,719	1,728	(316)	(657)
12 – 18 months						
Gold put options purchased	23,500	33,000	1,350	1,300	1,175	3,274
Gold call options sold	23,500	33,000	1,744	1,803	(517)	(1,293)
Total/weighted average strike price						
Gold put options purchased	85,500	66,000	1,319	1,300	2,215	5,613
Gold call options sold	85,500	66,000	1,758	1,766	(847)	(1,950)

The fair value of the gold collars outstanding at balance date is comprised exclusively of the extrinsic value (time value) of the options.

Derivatives at fair value through profit or loss

In addition to the above, the Group also had a commodity derivative financial instrument outstanding which was designated as a derivative at fair value through profit or loss. This contract did not qualify as a cash flow hedge and therefore the fair value marked to market adjustments on the contract were recorded directly in the profit or loss for the period. Details of commodity derivatives at fair value through profit or loss outstanding as at the reporting date are summarised below.

Copper

US dollar forward copper sales contracts – at fair value through profit or loss at the reporting date were as follows:

	Tonnes of metal		Weighted average price (US$/metric tonne)		Fair value	
	2014	2013	2014	2013	2014 $000	2013 $000
0 – 6 months	1,200	-	6,889	-	(175)	-
	1,200	-	6,889	-	(175)	-

25. BORROWINGS

	2014 $000	2013 $000
Current		
Secured		
Lease liability (note 32)	3,508	6,030
	3,508	6,030
Non–current		
Secured		
Bank loans (a)	24,344	7,506
Lease liability (note 32)	510	4,018
	24,854	11,524

(a) Corporate loan facility

On 1 March 2013, the Company entered into a Corporate Loan Facility (Facility) with National Australia Bank. The Facility comprises a corporate debt facility of $130,000,000, an asset finance facility of $20,000,000 and a contingent instrument facility of $20,000,000.

Total capitalised transaction costs to 30 June 2014 are $2,377,000 (2013: $2,504,000). Transaction costs are accounted for under the effective interest rate method. These costs are incremental costs that are directly attributable to the loan and include loan origination fees, commitment fees and legal fees. The balance of unamortised transaction costs of $656,000 (2013: $2,494,000) have been offset against the bank loans contractual liability of $25,000,000 (2013: $10,000,000).

Borrowing costs of $544,000 (2013: $72,000) relate to a qualifying asset (Tropicana Gold Project) and have been capitalised in accordance with AASB 123 *Borrowing Costs.* Refer to note 18.

The Facility has certain financial covenants that the Company has to comply with. All such financial covenants have been complied with in accordance with the Facility.

In addition to the above Facility, the Group has an additional asset finance facility with ANZ of $420,000 (2013: $20,000,000). This facility was cancelled during the year and will expire once the outstanding lease contracts have been repaid in full.

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk are disclosed in note 3.

(c) Assets pledged as security

The carrying amount of assets pledged as security for non-current borrowings is $25,000,000 (2013: $10,000,000). The security is provided under a General Security Agreement (GSA) and is on arm's length commercial terms with the financier.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

In addition to the above, $15,950,000 (2013: $15,249,000) is pledged as security in relation to the contingent instrument facility.

25. BORROWINGS (continued)

(d) Financing arrangements

The Group had access to the following financing arrangements at the reporting date:

	2014 $000	2013 $000
Total facilities		
Corporate debt facility	130,000	130,000
Asset finance facility	20,420	40,000
Contingent instrument facility[1]	20,000	20,000
	170,420	190,000
Facilities used as at reporting date		
Corporate debt facility	25,000	10,000
Asset finance facility	3,826	9,691
Contingent instrument facility	15,950	15,249
	44,776	34,940
Facilities unused as at reporting date		
Corporate debt facility	105,000	120,000
Asset finance facility	16,594	30,309
Contingent instrument facility	4,050	4,751
	125,644	155,060

1. This facility provides financial backing in relation to non-performance of third party guarantee requirements.

26. CONTRIBUTED EQUITY

	2014 $000	2013 $000
Fully paid issued capital	735,060	734,007

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in shares on issue	2014 No. of shares	2014 $000	2013 No. of shares	2013 $000
Balance at beginning of financial year	232,882,535	734,007	232,882,535	734,007
Issued during the year:				
- issue of shares under the Employee Performance Rights Plan	441,370	1,053	-	-
Balance at end of financial year	233,323,905	735,060	232,882,535	734,007

Capital 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, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

Operating cash flows are used to maintain and expand the Group's operating and exploration assets, as well as to make dividend payments. The Board and management assess various financial ratios to determine 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.

27. RESERVES AND RETAINED EARNINGS

	2014 $000	2013 $000
(a) Reserves		
Share-based payments reserve	12,372	8,793
Hedging reserve	(2,038)	2,397
Acquisition reserve	3,142	3,142
	13,476	14,332
Movements		
Share-based payments reserve		
Balance at beginning of financial year	8,793	4,919
Share-based payments expense	4,632	3,874
Issue of shares under the Employee Performance Rights Plan	(1,053)	-
Balance at end of financial year	12,372	8,793
Hedging reserve		
Balance at beginning of financial year	2,397	12,557
Revaluation – gross	(7,894)	(4,250)
Deferred tax	2,368	1,275
Transfer to net profit – gross	1,559	(10,264)
Deferred tax	(468)	3,079
Balance at end of financial year	(2,038)	2,397
Acquisition reserve		
Balance at beginning of financial year	3,142	3,142
Balance at end of financial year	3,142	3,142
(b) Accumulated losses		
Balance at beginning of financial year	(98,870)	(112,500)
Net profit for the year	46,556	18,288
Dividends paid during the year	(9,333)	(4,658)
Balance at end of financial year	(61,647)	(98,870)

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 31 for further details of these plans.

Hedging reserve

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 or loss when the associated hedged item occurs.

Acquisition reserve

The acquisition reserve is used to record differences between the carrying value of non-controlling interests and the fair value of the shares issued, where there has been a transaction involving non-controlling interests that do not result in a loss of control. The reserve is attributable to the equity of the parent.

28. CASH FLOW STATEMENT RECONCILIATION

	2014 $000	2013 $000
Net profit for the year	46,556	18,288
Adjustments for:		
Depreciation and amortisation	69,840	24,450
Impairment of exploration and evaluation expenditure	32,045	5,762
(Gain) loss on disposal of property, plant and equipment and other investments	60	(690)
Devaluation of investments in listed entities	2	2,196
Dividend income	(5)	-
Employee share-based payment expenses	4,632	3,874
Unrealised gains on financial liabilities	-	345
Unrealised loss on changes in fair value of derivative financial instruments	3,886	1,849
Amortisation of borrowing costs	1,280	-
Amortisation of lease incentive liability	(55)	(38)
Changes in operating assets and liabilities		
(Increase)/decrease in trade debtors	(11,989)	17,680
(Increase)/decrease in other debtors and prepayments	2,602	(3,662)
(Increase)/decrease in inventories	(26,610)	(5,974)
(Increase)/decrease in deferred tax assets	(78)	359
Increase/(decrease) in trade and other payables	9,083	(6,881)
Increase/(decrease) in deferred tax liability	21,331	9,181
Increase/(decrease) in provisions	1,043	780
Net cash flows from operating activities	153,623	67,519

Non-cash investing and financing activities		
Acquisition of plant and equipment by means of finance leases	-	5,230
	-	5,230

29. RELATED PARTIES DISCLOSURE

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of Entity	Country of Incorporation	Class of share	Equity interest 2014 %	Equity interest 2013 %
Independence Long Pty Ltd*	Australia	Ordinary	100	100
Independence Newsearch Pty Ltd	Australia	Ordinary	100	100
Independence Karlawinda Pty Ltd	Australia	Ordinary	100	100
Independence Jaguar Limited*	Australia	Ordinary	100	100
Independence ESP Pty Ltd	Australia	Ordinary	100	100
Independence Jaguar Exploration Parent Pty Ltd	Australia	Ordinary	100	100
Independence Jaguar Exploration Pty Ltd	Australia	Ordinary	100	100
Independence Stockman Parent Pty Ltd	Australia	Ordinary	100	100
Independence Stockman Project Pty Ltd	Australia	Ordinary	100	100
Independence Jaguar Project Parent Pty Ltd	Australia	Ordinary	100	100
Independence Jaguar Project Pty Ltd	Australia	Ordinary	100	100
Independence CM Pty Ltd	Australia	Ordinary	100	100
Independence BBS Pty Ltd	Australia	Ordinary	100	100
Independence Projects Pty Ltd	Australia	Ordinary	100	100
Independence Europe Pty Ltd	Australia	Ordinary	100	-

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. Refer to note 36 for further information.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 30.

(c) Transactions with related parties

During the financial year, a wholly-owned entity paid dividends of $20,000,000 (2013: $63,000,000) to Independence Group NL. This amount has been eliminated on consolidation for the purposes of calculating the profit of the Group for the financial year.

Loans were made between Independence Group NL and certain entities in the wholly-owned group. The loans receivable from controlled entities are interest-free and repayable on demand.

30. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

	2014 $	2013 $
Short-term employee benefits	3,355,060	3,092,033
Post-employment benefits	255,110	215,553
Long-term employee benefits	70,903	58,351
Share-based payments	803,265	489,463
	4,484,338	3,855,400

31. SHARE-BASED PAYMENT PLANS

Employee Performance Rights Plan

The Independence Group NL Employee Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting of the Company in November 2011. Under the PRP, participants are granted share rights which will only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the PRP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

31. SHARE-BASED PAYMENT PLANS (continued)

Employee Performance Rights Plan (continued)

The following table illustrates the maximum number and weighted average fair value of, and movements in, share rights during the year:

	2014		2013	
	Number of share rights	Weighted average fair value $	Number of share rights	Weighted average fair value $
Outstanding at the beginning of the year	3,239,280	2.66	1,608,837	2.58
Rights issued during the year	1,821,215	3.29	2,042,423	2.68
Rights vested during the year	(441,370)	3.93	-	-
Rights lapsed during the year	(1,231,204)	3.62	(411,980)	2.39
Rights cancelled during the year	(132,746)	2.04	-	-
Outstanding at the end of the year	3,255,175	2.99	3,239,280	2.66

The fair value of the share rights granted under the PRP is estimated at the grant date using a trinomial tree which has been adopted by the Boyle and Law (1994) node alignment algorithm to improve accuracy.

The following table lists the inputs to the models used.

Grant date	Performance hurdle	Dividend yield	Expected stock volatility	Expected index volatility	Risk free rate	Expected life	Weighted average share price at grant date	Probability ROE exceeding target
		%	%	%	%	Years	$	%
28/02/2014	TSR	1.45	48	22	2.70	0.3	4.13	-
28/02/2014	TSR	1.45	43	24	2.95	2.3	4.13	-
28/02/2014	ROE	-	-	-	-	-	-	<50
21/11/2012	TSR	0.47	41	24	2.64	2.6	4.29	-
21/11/2012	ROE	-	-	-	-	-	-	<50
28/02/2013	TSR	0.45	40	22	2.67	0.3	4.47	-
28/02/2013	TSR	0.45	40	23	2.72	2.3	4.47	-
28/02/2013	ROE	-	-	-	-	-	-	<50
23/11/2011	TSR	1.07	54	30	3.09	2.6	4.69	-
23/11/2011	ROE	-	-	-	-	-	-	<50
13/03/2012	TSR	0.72	46	29	3.56	0.3	4.17	-
13/03/2012	TSR	0.72	46	29	3.56	2.3	4.17	-
13/03/2012	ROE	-	-	-	-	-	-	<50

The share-based payments expense included in profit or loss for the year totalled $4,632,000 (2013: $3,874,000).

Executive directors and other executives

Vesting of the performance rights to executive directors and other executives of the Company is subject to a combination of the Company's shareholder return and return on equity. The performance rights will vest if over the three year measurement period the following performance hurdles are achieved:

Shareholder return

The vesting of 75% of the performance rights at the end of the third year will be based on measuring the actual shareholder return over the three year period compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period: The portion of performance rights (75% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the Index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

31. SHARE-BASED PAYMENT PLANS (continued)

Employee Performance Rights Plan (continued)

Return on equity

The vesting of the remaining 25% of the performance rights at the end of the third year will be based on the average return on equity over the three year period compared with the average target return on equity as set by the Board for the same period.

Return on equity (ROE) for each year will be calculated in accordance with the following formula:

ROE = Net profit after tax / Total shareholders' equity

The target ROE will be set each year by the Board as part of the budget approval process for the following year. The target ROE for the financial year ending 30 June 2014 is 10% (2013: 10%). The portion of performance rights (25% of the total) that will vest based on the comparative return on equity will be:

Actual ROE	Level of vesting
100% of average target ROE	25%
Between 100% and 115% of average target ROE	Pro-rata straight line percentage
115% of average target ROE or greater	100%

Other employees

Vesting of the performance rights to all other employees of the Company is subject to a combination of the personal performance of the individual and the Company's shareholder return over the measurement period, being one year. The performance rights will vest one year after measurement period on the following basis:

Personal performance

The vesting of between 60-90% of the performance rights at the end of the second year will be based on the personal performance of the individual employee. The personal performance of the participant will be determined solely at the discretion of the Company and is determined as a result of the annual performance review of each participant. The portion of performance rights (ranging between 60-90% of the total) that will vest based on the personal performance return will be:

Performance standard criteria	Level of vesting
Unsatisfactory work performance	0%
Improvement in performance standard required	0%
Developing contributor	40%
Consistent contributor	60%
Solid contributor	80%
Outstanding contributor	100%

Shareholder return

The vesting of between 10-40% of the performance rights at the end of the second year will be based on measuring the actual shareholder return at the end of the measurement period of one year compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period. The portion of performance rights (ranging between 10-40% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the Index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

The performance rights will not be subject to any further escrow restrictions once they have vested to the employees.

Share trading policy

The trading of shares issued to participants under the Company's PRP is subject to, and conditional upon, compliance with the Company's employee share trading policy.

Non-executive directors

The PRP permits non-executive directors to be eligible employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

32. COMMITMENTS AND CONTINGENCIES

	2014 $000	2013 $000
(a) Commitments		
(i) Leasing commitments		
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:		
Within one year	1,374	1,361
After one year but no more than five years	6,768	6,620
After more than five years	1,242	2,689
Total minimum lease payments	9,384	10,670
Finance lease and hire purchase commitments		
Future minimum lease payments under lease contracts with the present value of net minimum lease payments are as follows:		
Within one year	3,671	6,604
After one year but not more than five years	522	4,193
Total minimum lease payments	4,193	10,797
Less amount representing finance charges	(175)	(749)
Present value of minimum lease payments	4,018	10,048
Current borrowings (note 25)	3,508	6,030
Non-current borrowings (note 25)	510	4,018
Total included in borrowings	4,018	10,048

(ii) Property, plant and equipment commitments

The Group had no specific contractual obligations to purchase plant and equipment at the reporting date (2013: $nil).

(b) Contingencies

The Group had guarantees outstanding at 30 June 2014 totalling $15,950,000 (2013: $15,249,000) which have been granted in favour of various third parties. The guarantees primarily relate to environmental and rehabilitation bonds at the various mine sites.

33. EVENTS AFTER THE REPORTING DATE

On 27 August 2014, the Company announced a fully franked final dividend of 5 cents per share to be paid on 30 September 2014.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years, other than as stated elsewhere in the financial report.

34. AUDITOR'S REMUNERATION

	2014 $	2013 $
The auditor of Independence Group NL is BDO Audit (WA) Pty Ltd		
Amounts received or due and receivable by BDO for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated Group	261,200	213,351
• Other services in relation to the entity and any other entity in the consolidated Group	2,350	23,165
	263,550	236,516

35. PARENT ENTITY INFORMATION

a) Summary financial information

The following information relates to the parent entity, Independence Group NL, at 30 June. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2014 $000	2013 $000
Balance sheet		
Current assets	38,136	27,421
Non-current assets	712,562	680,643
Total assets	750,698	708,064
Current liabilities	26,013	28,297
Non-current liabilities	67,850	33,952
Total liabilities	93,863	62,249
Net assets	656,835	645,815
Shareholders' equity		
Contributed equity	735,060	734,007
Reserves	15,514	11,935
Accumulated losses	(93,739)	(100,127)
Total equity	656,835	645,815
Profit for the year	15,721	6,680
Other comprehensive income for the year	-	-
Total comprehensive income for the year	15,721	6,680

b) Guarantees entered into by the parent entity

The parent entity has given unsecured guarantees in respect of finance leases of subsidiaries amounting to $3,406,000 (2013: $7,050,000).

There are cross guarantees given by the Independence Group NL, Independence Long Pty Ltd and Independence Jaguar Limited as described in note 36. No deficiencies of assets exist in any of these companies.

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

d) Contractual commitments for the acquisition of property, plant and equipment

The parent entity did not have any outstanding contractual commitments for the acquisition of property, plant and equipment at 30 June 2014 or 30 June 2013.

36. DEED OF CROSS GUARANTEE

Independence Group NL, Independence Long Pty Ltd and Independence Jaguar Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of profit or loss and other comprehensive income and summary of movements in consolidated accumulated losses

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Independence Group NL, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated accumulated losses for the year ended 30 June 2014 and 30 June 2013 of the closed group consisting of Independence Group NL, Independence Long Pty Ltd and Independence Jaguar Limited.

Statement of profit or loss and other comprehensive income	**2014 $000**	**2013 $000**
Revenue from continuing operations	399,004	225,867
Other income	-	715
Mining and development costs	(100,310)	(63,156)
Employee benefits expense	(61,196)	(54,659)
Share-based payments expense	(4,632)	(3,874)
Fair value movement of financial investments	(2)	(2,196)
Depreciation and amortisation expense	(67,923)	(24,265)
Rehabilitation and restoration borrowing costs	(269)	(268)
Exploration costs expensed	(4,334)	(2,667)
Royalty expense	(14,309)	(8,029)
Ore tolling expense	(11,973)	(11,978)
Shipping and wharfage expense	(17,551)	(12,464)
Net losses on fair value financial liabilities	-	(345)
Borrowing and finance costs	(5,138)	(1,356)
Impairment of exploration and evaluation expenditure	(11,602)	(5,672)
Impairment of loans to subsidiaries	(12,518)	-
Other expenses	(9,362)	(5,645)
Profit from continuing operations before income tax	77,885	30,008
Income tax expense	(12,920)	(10,170)
Profit after income tax	64,965	19,838
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges, net of tax	(4,435)	(10,160)
Other comprehensive loss, net of tax	(4,435)	(10,160)
Total comprehensive income	60,530	9,678
Summary of movements in consolidated retained earnings (accumulated losses)		
Accumulated losses at the beginning of the financial year	(36,302)	(51,482)
Profit for the year	64,965	19,838
Dividends paid	(9,333)	(4,658)
Retained earnings (accumulated losses) at the end of the financial year	19,330	(36,302)

36. DEED OF CROSS GUARANTEE (continued)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June of the closed group consisting of Independence Group NL, Independence Long Pty Ltd and Independence Jaguar Limited.

	2014 $000	2013 $000
ASSETS		
Current assets		
Cash and cash equivalents	55,603	14,327
Trade and other receivables	27,637	18,185
Inventories	26,935	22,193
Financial assets at fair value through profit or loss	808	1,042
Derivative financial instruments	2,519	6,946
Total current assets	113,502	62,693
Non-current assets		
Receivables	3,475	49,489
Property, plant and equipment	25,030	30,638
Exploration and evaluation expenditure	26,138	22,655
Mine properties	96,779	88,774
Deferred tax assets	151,443	152,255
Investments in controlled entities	139,276	139,276
Investments in joint ventures	316,546	292,561
Intangible assets	-	179
Derivative financial instruments	658	1,981
Total non-current assets	759,345	777,808
TOTAL ASSETS	872,847	840,501
LIABILITIES		
Current liabilities		
Trade and other payables	28,372	37,907
Borrowings	3,508	6,030
Derivative financial instruments	6,381	1,910
Provisions	2,557	2,446
Total current liabilities	40,818	48,293
Non-current liabilities		
Borrowings	24,854	11,524
Provisions	13,540	12,904
Deferred tax liabilities	25,769	55,743
Total non-current liabilities	64,163	80,171
TOTAL LIABILITIES	104,981	128,464
NET ASSETS	767,866	712,037
EQUITY		
Contributed equity	735,060	734,007
Reserves	13,476	14,332
Retained earnings (accumulated losses)	19,330	(36,302)
TOTAL EQUITY	767,866	712,037

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 83 to 132 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 36 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 36.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Board

Peter Bradford
Managing Director

Perth, Western Australia

Dated this 27th day of August 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Independence Group NL

Report on the Financial Report

We have audited the accompanying financial report of Independence Group NL, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Independence Group NL, would be in the same terms if given to the directors as at the time of this auditor's report.

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 consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a)(i).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Independence Group NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, 27 August 2014

ADDITIONAL ASX **INFORMATION**

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed companies only. This information is current as at 30 September 2014.

1. Shareholding

a. Distribution of shareholders

Holding range	No of holders	Fully paid ordinary shares	Number of holders
1 – 1,000	2,353	1,062,341	0.45%
1,001 – 5,000	2,258	5,671,407	2.42%
5,001 – 10,000	601	4,441,155	1.90%
10,001 – 100,000	589	14,715,655	6.28%
100,001 and over	70	208,366,015	88.95%
TOTAL	5,871	234,256,573	100.00%

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 362.

c. The Company has received the following notices of substantial shareholding ("Notice"):

Substantial shareholder	Relevant Interest per the Notice - Number of shares
Commonwealth Bank of Australia	17,841,661
FIL Limited	15,399,951

d. Voting rights: The voting rights of the fully paid ordinary shares are one vote per share held.

2. The name of the Company Secretary is Mr Tony Walsh B.Com, MBA, FCA, FCIS. Mr Walsh is a fellow of Governance Institute of Australia (formerly called Chartered Secretaries Australia) and fellow of the Institute of Chartered Accountants in Australia. Mr Walsh has over 20 years' experience in dealing with ASX listed companies. ASIC, the Corporations Act and ASX listing rules. Prior to joining the Company in July 2013, Mr Walsh worked for Atlas Iron Limited in a similar role for 7 years, ASX Limited for over 14 years and Ernst & Young for over 5 years.
3. The address of the registered office and principal administrative office in Australia is Suite 4, Level 5, South Shore Centre, 85 South Perth Esplanade, South Perth, Western Australia, telephone (08) 9238 8300.
4. The register of securities is held at Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth WA 6000, Australia.
5. No on-market share buy-back is current.
6. Stock Exchange Listing: Quotation has been granted for 234,256,573 ordinary shares of the Company on the Australian Securities Exchange (ASX).
7. Unquoted securities: There are currently no securities outstanding which have been issued by the Company and not quoted on the ASX.
8. Twenty largest holders of ordinary shares

	Ordinary Shareholders	No. of Shares held	Percentage Held
1	J P Morgan Nominees Australia Limited	63,449,374	27.09
2	National Nominees Limited	38,915,821	16.61
3	HSBC Custody Nominees Australia Pty Limited	38,746,988	16.54
4	Citicorp Nominees Pty Limited	23,493,586	10.03
5	BNP Paribas Noms Pty Ltd	7,747,800	3.31
6	Citicorp Nominees Pty Limited	3,195,679	1.36
7	AMP Life Limited	2,991,685	1.28
8	HSBC Custody Nominees Australia Pty Limited	2,738,043	1.17
9	Amalgamated Dairies Limited	2,061,553	0.88
10	RBC Investor Services Australia Nominees Pty Limited <pi pooled a/c>	2,018,500	0.86
11	RBC Investor Services Australia Nominees Pty Limited <bkcust a/c>	1,879,065	0.80
12	Forsyth Barr Custodians Ltd	1,449,264	0.62
13	Virtual Genius Pty Ltd	1,003,750	0.43
14	National Nominees Limited	989,711	0.42
15	Nattai Pty Ltd	900,000	0.38
16	QIC Limited	885,091	0.38
17	The Australian National University	856,285	0.37
18	CPU Share Plans Pty Limited	829,514	0.35
19	Bonwick Superannuation Pty Ltd	800,000	0.34
20	Yarandi Investments Pty Ltd	790,492	0.34
		195,742,201	83.56%

GLOSSARY OF **TERMS**

AC drilling – means air core drilling.

AngloGold Ashanti – means AngloGold Ashanti Australia Pty Ltd.

Ag – means Silver.

Au – means Gold.

Cu – means Copper.

LTIFR – means lost time injury frequency rate per million man hours worked.

Mt – means million metric tonnes.

Ni – means Nickel.

oz – means ounce.

t – means metric tonnes.

TGM – means the Tropicana Gold Mine that is 30% owned by the Company and 70% owed by AngloGold Ashanti under the TJV agreement.

TJV – means the Tropicana Joint Venture that is 30% owned by the Company and 70% owned by AngloGold Ashanti.

Underlying EBITDA – is a non-IFRS measure and in FY2014 comprises $67.8M profit before tax (FY2013:$27.8M) less $5.1M interest income net of finance costs (FY2013: $1.2M), $69.8M depreciation & amortisation expense (FY2013: $24.4M) and $32.0M exploration impairment expenses (FY2013: $5.8M).

Zn – means Zinc.

$ – means Australian dollars. All currency amounts in this report are Australian Dollars unless otherwise stated.

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