



27<sup>th</sup> August 2010

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

NO. OF PAGES : (12)

## **FINAL DIVIDEND DISTRIBUTION AND PRELIMINARY FINAL RESULT**

### **FINAL DIVIDEND 2010**

Independence Group NL is pleased to announce that a final dividend of 3 cents per share will be paid to shareholders based upon the financial results for the year ending 30 June 2010.

The dividend will be fully franked.

The dividend will be paid on 30<sup>th</sup> September 2010.

The record date to determine dividend entitlements is 15<sup>th</sup> September 2010.

### **PRELIMINARY FINAL RESULTS**

Independence Group NL is pleased to announce a net profit after tax of \$28.7 million. (An estimated and unaudited profit of \$28.1 million was provided in the June 2010 Quarterly Report. Higher nickel prices since 30 June have resulted in an increase in the value of provisionally priced nickel deliveries resulting in an increased profit.)

Preliminary Final Report information is attached to this announcement.

**CHRISTOPHER BONWICK**  
Managing Director

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2009 TO 30 JUNE 2010**

**LODGED WITH THE ASX UNDER LISTING RULE 4.3A**

<b>CONTENTS</b>	<b>PAGE</b>
Key Information – Results for Announcement to the Market .....	2
Preliminary Final Report	
Review of Operations .....	3
Consolidated Statement of Comprehensive Income .....	4
Consolidated Statement of Financial Position .....	5
Consolidated Statement of Cash Flows .....	6
Consolidated Statement of Changes in Equity .....	7
Notes to the Consolidated Financial Statements .....	8

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2009 TO 30 JUNE 2010**  
**LODGED WITH THE ASX UNDER LISTING RULE 4.3A**

**Key Information – Results for Announcement to the Market**

	\$'000	% Increase/(Decrease) over Previous Corresponding Period
Revenue from continuing operations	116,670	17%
Profit from continuing operations after tax attributable to members	28,740	78%
Net profit attributable to members	28,740	78%

The previous corresponding period is the year ended 30 June 2009.

	2010	2009
Basic earnings per share (cents)	25.28	14.14
Diluted earnings per share (cents)	25.27	14.11
Net tangible assets per share (cents)	137.48	134.13

The major factor contributing to the above increases was that spot nickel prices during the 2010 period were significantly higher (by approximately A\$4,164/tonne) than in the previous corresponding period.

The net profit after tax of \$28.7 million is \$0.6 million higher than the unaudited estimate of \$28.1 million provided in the June 2010 Quarterly Report. The increase in profit is due to the effect of higher nickel prices prevailing since 30 June 2010 on the portion of nickel sales subject to provisional pricing.

The Company paid a fully franked interim dividend of 2 cents per share from 2009/10 profits. The Company has announced a fully franked 2009/10 final dividend of 3 cents per share will be paid on 30 September 2010. The record date for determining dividend entitlements is 15 September 2010.

The Company did not gain or lose control over any entity during the period.

The accounts are currently being audited by BDO Audit (WA) Pty Ltd who have advised that the accounts are not likely to be subject to dispute or qualification.

# INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES

## ABN 46 092 786 304

### Review of Operations

A summary of consolidated revenues and results for the year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Long nickel mine	115,767	100,295	53,083	43,256
Tropicana gold project	-	-	-	-
Other regional exploration	-	77	(6,248)	(4,555)
Unallocated revenue	-	-	-	-
	<u>115,767</u>	<u>100,372</u>	<u>46,835</u>	<u>38,701</u>
Unallocated revenue less unallocated expenses			(6,422)	(13,647)
Profit before income tax expense			40,413	25,054
Income tax expense			(11,673)	(8,933)
Profit after income tax expense			<u>28,740</u>	<u>16,121</u>
Net profit attributable to members of Independence Group NL			<u>28,740</u>	<u>16,121</u>

Comments on the operations and the results of those operations are set out below:

- a) Long nickel mine  
This division consists of Lightning Nickel Pty Ltd's Kambalda operation, the Long Nickel Mine.
- b) Tropicana gold project  
This division consists of the Group's expenditure on the Tropicana Joint Venture. The project is currently the subject of a feasibility study into the development and construction of a gold mine. The project is managed by AngloGold Ashanti Australia Limited (70%) and the Company has a 30% interest in the project.
- c) Other regional exploration  
Exploration expenditure is incurred throughout Australia. The exploration activities reflected in this segment relate to exploration expenditure incurred on projects excluding Tropicana and expenditure at the Long Nickel Mine.

Profit from ordinary activities before related income tax expense increased by \$15.4 million (61%) to \$40.4 million.

The major factor contributing to the increase in profit was that spot nickel prices during the 2010 period were considerably higher (by approximately A\$4,164/tonne) than in 2009.

#### Rounding of amounts to nearest thousand dollars

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

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**Consolidated Statement of Comprehensive Income**  
For the year ended 30 June 2010

	2010	2009
	\$'000	\$'000
<b>Revenue from continuing operations</b>	<b>116,670</b>	100,083
Other income	30	1,018
Mining and development costs	(18,856)	(17,280)
Employee benefits expense	(19,966)	(18,120)
Share-based payment expense	(87)	(189)
Revaluation/(devaluation) of listed investments	(554)	(8,276)
Impairment of loan to associated company	-	(63)
Depreciation and amortisation expenses	(11,400)	(11,998)
Borrowing costs expense	-	(23)
Exploration costs expensed	(2,291)	(1,437)
Capitalised exploration costs written off	(4,977)	(4,936)
Provision for mine rehabilitation	(28)	(13)
Reversal of over-stated provision for mine rehabilitation	-	1,321
Ore tolling costs	(7,512)	(8,205)
Royalty expense	(4,920)	(3,451)
Other expenses	(5,696)	(3,377)
	<hr/>	<hr/>
<b>Profit before income tax expense</b>	<b>40,413</b>	25,054
<b>Income tax expense</b>	<b>(11,673)</b>	(8,933)
	<hr/>	<hr/>
<b>Profit for the period</b>	<b>28,740</b>	16,121
<b>Other Comprehensive Income</b>		
Effective portion of changes in fair value of cash flow hedges	(4,273)	4,413
	<hr/>	<hr/>
<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b>(4,273)</b>	4,413
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>24,467</b>	20,534
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit attributable to the members of Independence Group NL</b>	<b>28,740</b>	16,121
	<hr/>	<hr/>
<b>Total comprehensive income for the period attributable to the members of Independence Group NL</b>	<b>24,467</b>	20,534
	<hr/>	<hr/>
	<b>Cents</b>	Cents
Basic earnings per share	25.28	14.14
Diluted earnings per share	25.27	14.11

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**Consolidated Statement of Financial Position**  
As at 30 June 2010

	Notes	30 June 2010 \$'000	30 June 2009 \$'000
<b>Current assets</b>			
Cash and cash equivalents		143,957	127,238
Trade and other receivables		21,565	25,646
Current tax receivable		-	1,393
Inventories		257	310
Other financial assets	3	3,453	2,445
Total current assets		<u>169,232</u>	<u>157,032</u>
<b>Non-current assets</b>			
Trade and other receivables		6	30
Property, plant and equipment		5,070	6,108
Exploration and development expenditure	4	86,366	58,791
Deferred tax assets		7,267	6,367
Investments accounted for using the equity method		117	-
Other financial assets		3,756	20
Intangible assets		1,006	1,281
Mine acquisition costs		726	1,394
Total non-current assets		<u>104,314</u>	<u>73,991</u>
<b>Total assets</b>		<u>273,546</u>	<u>231,023</u>
<b>Current liabilities</b>			
Trade and other payables		17,107	13,338
Derivative financial instruments	5	13,922	392
Current tax payable		2,299	-
Total current liabilities		<u>33,328</u>	<u>13,730</u>
<b>Non-current liabilities</b>			
Derivative financial instruments	5	3,696	3,214
Deferred tax liabilities		20,335	17,438
Provisions		1,407	1,205
Total non-current liabilities		<u>25,438</u>	<u>21,857</u>
<b>Total liabilities</b>		<u>58,766</u>	<u>35,587</u>
<b>Net assets</b>		<u>214,780</u>	<u>195,436</u>
<b>Equity</b>			
Share capital	6	29,552	29,078
Reserves	7	(1,741)	2,446
Retained earnings	7	186,969	163,912
<b>Total equity</b>		<u>214,780</u>	<u>195,436</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	118,512	78,220
Payments to suppliers and employees (inclusive of goods and services tax)	(55,407)	(50,039)
	<u>63,105</u>	<u>28,181</u>
Finance costs	-	(23)
Income tax payments	(7,565)	(14,229)
Income tax receipts	3,347	15,318
Insurance claim receipts	-	900
Other income	30	103
<b>Net cash provided by operating activities</b>	<u>58,917</u>	<u>30,250</u>
<b>Cash flows from investing activities</b>		
Interest received	5,075	6,228
Payment for unlisted investments	(93)	-
Payments for listed investments	-	(45)
Payments for security bonds	-	(4)
Payments for property, plant and equipment	(1,987)	(4,283)
Proceeds from sale property, plant and equipment	-	220
Payments for capitalised development costs	(16,110)	(5,754)
Payments for exploration and evaluation expenditure	(23,874)	(24,440)
Payments for intangible assets	-	(1,378)
Loans to associated company	-	(63)
<b>Net cash used in investing activities</b>	<u>(36,989)</u>	<u>(29,520)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of share capital	474	545
Repayment of borrowings	-	(632)
Payments to buy-back shares	-	(10,697)
Payment of dividends	(5,683)	(8,092)
<b>Net cash used in financing activities</b>	<u>(5,209)</u>	<u>(18,876)</u>
<b>Net increase/(decrease) in cash held</b>	<b>16,719</b>	<b>(18,146)</b>
Cash and cash equivalents at the beginning of the reporting period	127,238	145,384
Effects of exchange rate changes on cash	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>143,957</u>	<u>127,238</u>

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

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2010

CONSOLIDATED	Issued Capital	Retained Earnings	Share Based Payment Reserve	Hedging Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2008</b>	29,481	165,632	3,765	(5,921)	192,957
<b>Total comprehensive income for the period</b>					
Profit for the period	-	16,121	-	-	16,121
<b>Other comprehensive income</b>					
Profit on cash flow hedges, net of tax	-	-	-	4,413	4,413
<b>Total comprehensive income for the period</b>	-	<b>16,121</b>	-	<b>4,413</b>	<b>20,534</b>
<b>Contributions by and distributions to owners</b>					
Cost of share-based payment	-	-	189	-	189
Exercise of options	545	-	-	-	545
On-market share buy-back	(948)	(9,749)	-	-	(10,697)
Equity dividends	-	(8,092)	-	-	(8,092)
<b>At 30 June 2009</b>	<b>29,078</b>	<b>163,912</b>	<b>3,954</b>	<b>(1,508)</b>	<b>195,436</b>
<b>At 1 July 2009</b>	<b>29,078</b>	<b>163,912</b>	<b>3,954</b>	<b>(1,508)</b>	<b>195,436</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	<b>28,740</b>	-	-	<b>28,740</b>
<b>Other comprehensive income</b>					
Profit/(loss) on cash flow hedges, net of tax	-	-	-	(4,273)	(4,273)
<b>Total comprehensive income for the period</b>	-	<b>28,740</b>	-	<b>(4,273)</b>	<b>24,467</b>
<b>Contributions by and distributions to owners</b>					
Cost of share-based payment	-	-	<b>86</b>	-	<b>86</b>
Exercise of options	<b>474</b>	-	-	-	<b>474</b>
Equity dividends	-	(5,683)	-	-	(5,683)
<b>At 30 June 2010</b>	<b>29,552</b>	<b>186,969</b>	<b>4,040</b>	<b>(5,781)</b>	<b>214,780</b>

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



# INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES

## ABN 46 092 786 304

### Notes to the Consolidated Financial Statements

For the year ended 30 June 2010

#### Note 1. Segment information

##### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the board that are used to make strategic decisions. The board of directors is the chief operating decision maker of the Group. The Group operates in only one geographic segment (ie. Australia) and has identified three operating segments, being the Long Nickel Mine which is disclosed under the Nickel mining segment, the Tropicana Project, and "other exploration" which is disclosed under Regional exploration activities. 2009 comparative information has been reclassified to be comparable with the current year segment information.

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

The Tropicana Project represents the Group's 30% joint venture interest in the Tropicana Gold Project. AngloGold Ashanti Australia is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti Australia and are considered for approval by the Independence Group NL board. The project is currently the subject of a feasibility study to consider the construction and development of a gold mine on the joint venture tenure. It is therefore allocated its own segment.

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

##### (b) Segment information provided to the board

	Nickel mining \$'000	Tropicana project \$'000	Regional exploration activities \$'000	Total \$'000
<b>2010</b>				
<b>External revenue</b>	<b>115,767</b>	-	-	<b>115,767</b>
<b>Inter-segment revenue</b>	-	-	-	-
<b>Reportable segment profit before income tax expense</b>	<b>53,083</b>	-	<b>(6,248)</b>	<b>46,835</b>
<b>Reportable segment assets</b>	<b>195,848</b>	<b>33,919</b>	<b>16,389</b>	<b>246,156</b>
<b>Reportable segment liabilities</b>	<b>39,557</b>	-	-	<b>39,557</b>
<b>2009</b>				
External revenue	100,295	-	77	100,372
Inter-segment revenue	-	-	-	-
Reportable segment profit before income tax expense	43,256	-	(4,555)	38,701
Reportable segment assets	170,679	21,833	12,566	205,078
Reportable segment liabilities	22,292	-	-	22,292

# INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES

## ABN 46 092 786 304

### Notes to the Consolidated Financial Statements

For the year ended 30 June 2010

#### Note 1. Segment information (continued)

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

A reconciliation of reportable segment profit or loss to operating profit before income tax is provided as follows:

	Consolidated	
	2010	2009
	'000	\$'000
Total profit or loss for reportable segments	<b>46,835</b>	38,701
Intersegment eliminations		
Unrealised financial instrument gains/(losses)	<b>(554)</b>	(8,276)
Share based payment expense	<b>(87)</b>	(188)
Other corporate costs	<b>(5,781)</b>	(5,904)
Profit before income tax from continuing operations	<b>40,413</b>	25,054

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

Total assets for reportable segments	<b>246,156</b>	205,078
Tax assets	<b>940</b>	2,168
Listed and unlisted equity securities	<b>737</b>	1,175
Cash and receivables held by the parent entity	<b>24,412</b>	21,960
Office and general plant and equipment	<b>1,301</b>	642
Total assets as per the balance sheet	<b>273,546</b>	231,023

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

Total liabilities for reportable segments	<b>39,557</b>	22,292
Deferred tax liabilities	<b>15,083</b>	10,547
Current tax liabilities	<b>2,299</b>	-
Creditors and accruals	<b>1,469</b>	2,440
Provision for employee entitlements	<b>358</b>	308
Total liabilities as per the balance sheet	<b>58,766</b>	35,587

#### Note 2. Revenue

##### Revenue from continuing operations

Sale of goods	<b>111,109</b>	93,855
Other revenue		
Interest income	<b>5,561</b>	6,228
	<b>116,670</b>	100,083

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**Notes to the Consolidated Financial Statements**  
For the year ended 30 June 2010

**Note 3. Other financial assets**

	<b>2010</b>	2009
	<b>\$'000</b>	\$'000
<b>Current</b>		
Foreign exchange gain	2,832	1,270
Investment in Australian listed entities at market value	621	1,175
	<u>3,453</u>	<u>2,445</u>
<b>Non-current</b>		
Foreign exchange gain	-	20
Commodity hedging gain	3,756	-
	<u>3,756</u>	<u>20</u>

**Note 4. Exploration and development expenditure**

**Exploration and evaluation expenditure:**

Opening balance	41,761	35,124
Current year's expenditure	23,962	20,481
Transfer to development expenditure	-	(5,355)
Written off during the year	(4,977)	(4,936)
Amortisation expense	(2,845)	(3,553)
	<u>57,901</u>	<u>41,761</u>

**Development expenditure:**

Opening balance	17,030	10,169
Current year's expenditure	16,109	5,754
Transfer from exploration expenditure	-	5,355
Amortisation expense	(4,674)	(4,248)
	<u>28,465</u>	<u>17,030</u>
	<u>86,366</u>	<u>58,791</u>

**Note 5. Derivative financial instruments**

**Current**

Commodity hedging loss	13,922	392
	<u>13,922</u>	<u>392</u>

**Non-current**

Forward foreign exchange contracts – cash flow hedges	3,696	3,214
	<u>3,696</u>	<u>3,214</u>

**INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES**  
**ABN 46 092 786 304**

**Notes to the Consolidated Financial Statements**  
For the year ended 30 June 2010

**Note 6. Contributed equity**

	2010 No. of Shares '000	2009 No. of Shares '000	2010 \$'000	2009 \$'000
<b>Issues of ordinary shares during the year</b>				
Exercise of options issued under the Independence Group NL Employee Option Plan	200	340	474	400
Unlisted options converted at \$1.16 each	-	125	-	145
<b>Ordinary shares cancelled during the year</b>				
Fully paid ordinary shares bought back	-	3,791	-	948
<b>Issued and paid up capital at end of the year</b>				
Fully paid ordinary shares	113,814	113,614	29,552	29,078

**Note 7. Other Information**

**(a) Reconciliation of retained earnings**

Balance at the beginning of the year	163,912	165,632
On-market share buy-back	-	(9,749)
Net profit attributable to members of Independence Group NL	28,740	16,121
Total available for appropriation	192,652	172,004
Dividends paid during the year	(5,683)	(8,092)
Balance at the end of the year	186,969	163,912

**(b) Dividends paid**

Dividends paid during the year (fully franked)	5,683	8,092
--	-------	-------

**(c) Reserves**

Share-based payment reserve	4,040	3,954
Hedge reserve	(5,781)	(1,508)
	(1,741)	2,446

**Note 8. Subsequent events**

On 27 August 2010 the Company announced a final 2009/10 dividend of 3 cents per share. The dividend will be fully franked and is payable on 30 September 2010. The record date for determining dividend entitlements is 15 September 2010.