Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2010.

Directors

The names of directors in office at any time during or since the end of the year are Oscar Aamodt, Christopher Bonwick, Kelly Ross, John Christie, Rod Marston and Peter Bilbe. Directors have been in office since the start of the financial year to the date of this report.

Principal Activities

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

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

Operating Results

The consolidated profit of the Group after providing for income tax amounted to $28,740 thousand (2009: $16,121 thousand).

Dividends Paid or Recommended

The Company paid a fully franked 3 cent final dividend to shareholders in respect of the year ended 30 June 2009 in September 2009.

The Company paid a fully franked 3 cent interim dividend to shareholders in respect of the year ended 30 June 2010.

The Company has announced that a fully franked 3 cent dividend will be paid to shareholders on 30 September 2010.

Franking credits of $71,606 thousand are currently available.

Review of Operations

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

The consolidated profit before income tax increased by 61% to $40,413 thousand (2009: $25,054 thousand).

Nickel revenue for the year increased by 18% to $111,109 thousand (2009: $93,855 thousand).

Fully diluted earnings per share increased to 25.27 cents in 2010 from 14.11 cents in 2009. The Group had cash assets of $143,957 thousand (2009: $127,238 thousand) and net assets of $214,780 thousand (2009: $195,436 thousand) at the end of the financial year.

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

Future Developments

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

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

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

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

Audit Independence

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

Audit Services

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

Unlisted Options

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

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

Number	Expiry Date	Exercise Price
112,500	30/06/11	$4.85
225,000	30/06/11	$4.64
750,000	30/06/11	$4.44
1,087,500		

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

Information on Directors

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

Oscar Aamodt	**- Chairman (Non-executive) Age 64**
Qualifications	FCIS
Tenure	Board member since 2005. Chairman since 31 March 2009.
Special Responsibilities	Mr Aamodt is on the Hedging, Remuneration and Audit Committees.
Christopher Bonwick	**- Managing Director (Executive) Age 51**
Qualifications	BSc (Hons), MAusIMM
Tenure	Managing Director and Board member since 2000.
Special Responsibilities	Mr Bonwick is the executive in charge of operations and corporate development.
Kelly Ross	**- Director (Executive) Age 48**
Qualifications	CPA, Grad.Dip.CSP
Tenure	Board member since 2002.
Special Responsibilities	Ms Ross is the Company Secretary and is on the Hedging Committee.
John Christie	**- Director (Non-executive) Age 72**
Qualifications	CPA, ACIS
Tenure	Board member since 2002.
Special Responsibilities	Mr Christie is on the Remuneration, Audit and Hedging Committees.
Rod Marston	**- Director (Non-executive) Age 67**
Qualifications	BSc (Hons), PhD, MAIG, MSEG
Tenure	Board member since 2001. Chairman from 20 August 2003 to 31 March 2009.
Special Responsibilities	Dr Marston is on the Remuneration and Audit Committees.
Peter Bilbe	**- Director (Non-executive) Age 60**
Qualifications	BE (Mining) (Hons), MAusIMM
Tenure	Board member since 31 March 2009.
Special Responsibilities	Mr Bilbe is on the Remuneration Committee.

Other Listed Company Directorships Held During Past 3 Years

Dr Marston has been a director of Kasbah Resources Limited since November 2006. Mr Aamodt was a director of Energy Metals Limited from July 2005 to December 2009. Mr Bilbe was a director of Mount Gibson Iron Limited and Aztec Resources Limited until November 2007 and January 2007 respectively. Mr Bilbe is currently a director of Northern Iron Limited, Norseman Gold plc and Sihayo Gold Limited, and was a director of Aurox Resources Limited until August 2010 and RMA Energy Limited until April 2010.

Company Secretary Qualifications

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

Meetings of Directors

During the financial year, 20 meetings of directors (including committees of directors) were held. The number of meetings attended by each director during the year is as follows:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE		AUDIT COMMITTEE		HEDGING COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Oscar Aamodt	13	13	2	2	3	3	2	2
Christopher Bonwick	13	12	-	-	-	-	-	-
Kelly Ross	13	13	-	-	-	-	2	2
John Christie	13	13	2	2	3	3	2	2
Rod Marston	13	13	2	2	3	3	-	-
Peter Bilbe	13	13	2	2	-	-	-	-

Interests in Shares and Options Held by Key Management Personnel at the Date of This Report

	Ordinary Fully Paid Shares	Unlisted Options
Mr C Bonwick	2,003,506	500,000
Mr R Marston	1,285,000	-
Ms K Ross	345,000	250,000
Mr J Christie	545,000	-
Mr O Aamodt	30,000	-
Mr P Bilbe	-	-
Mr B Hartmann	37,500	-
Mr T Moran	-	-
Mr G Davison	2,700	-
Mr D Totterdell	4,500	-
TOTALS	4,253,206	750,000

Details of the terms and conditions for these securities are disclosed in note 28 of the Financial Statements and in notes 1 and 7 of Additional Information for Listed Public Companies.

Audited Remuneration Report

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

Remuneration Policy and Procedures

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

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

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees. The remuneration of non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board. The available non-executive directors' fees pool is $300,000 which was approved by shareholders at the Annual General Meeting on 18 November 2003, of which $300,000 (2009: $300,000) is currently being utilised. Shareholders will be asked to increase the directors' fees pool to $600,000 at the Annual General Meeting to be held on 24 November 2010. The increase is to provide capacity for the Company to increase directors' fees should it be required.

Non-executive directors may provide additional consulting services to the Company, at a rate approved by the Board. No such services were provided during the year ending 30 June 2010.

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

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

	2006	2007	2008	2009	2010
Income ($millions)	**113.4**	**226.5**	**149.1**	**101.1**	**116.7**
Net profit after income tax ($millions)	**35.0**	**105.3**	**51.5**	**16.1**	**28.7**
Share price at year end ($/share)	**2.72**	**6.95**	**5.10**	**4.63**	**4.72**
Dividends paid (cents/share)	**7**	**13**	**17**	**7**	**5**

Performance Based Remuneration

Short Term Incentives (STI)

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

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

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

The peer group of ASX listed companies against which the Company's TSR performance was measured for the 2009 TSR were Western Areas NL (WSA), Oxiana Limited (OZL), Straits Resources Limited (SRL), Mincor Resources NL (MCR) and Panoramic Resources Limited (PAN). The companies in the peer group are reviewed each year to take account of any new Australian-based and ASX listed entities producing the same or similar products as those produced by the Company and to eliminate any entity that ceased to produce the same or similar products or was merged into a multi-commodity entity having no ongoing similarity to the Company.

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

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

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

STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. During the year executive directors received 100% of the total allocated bonus for the 2009 year.

TSR – Independence Group NL versus Peer Group

TSR was adopted as a key performance indicator for executive remuneration in 2004. The following table shows the TSR of the Company

Audited Remuneration Report (continued)

relative to its peer group. The 2009 TSR measure was used for evaluating executives' performance in the 2009 financial year, with the bonus being paid during the 2010 financial year.

TSR	2005	2006	2007	2008	2009
Company	29	1.4	4.4	(24)	(8)
Peer Group	16	0.7	3.9	23	(54)

Managing Director's KPI's

The Remuneration Committee introduced a new performance criteria in 2010 to incentivise the Managing Director which is based on achievement versus target KPI's. The target KPI's are a combination of mine production, safety, mine development and mine costs. There is also a component which measures performance relating to exploration success, corporate growth and measurement against the Company's risk management system. The total available to be paid as an STI for this category for 2010 is $100 thousand (2009: nil).

Long Term Incentives (LTI) – Executives

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

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

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

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

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

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

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

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

Long Term Incentives (LTI) – Non-executive Directors

In 2003 the Company issued options to non-executive directors which aimed to align a proportion of their remuneration package with the creation of shareholder wealth. However, no options have been granted or issued to non-executive directors since those issued in 2003 and there is no intention to issue options to non-executive directors in the foreseeable future. Accordingly, there is no current LTI plan for non-executive directors.

Key Management Personnel

The directors who held office during the financial year were Oscar Aamodt (Chairman), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director), John Christie (Non-executive Director), Rod Marston (Non-executive Director) and Peter Bilbe (Non-executive Director). The directors held office during the entire financial year.

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

- Brett Hartmann (General Manager – Long Nickel Mine). The General Manager – Long Nickel Mine is employed by the Company's subsidiary Lightning Nickel Pty Ltd.
- Drew Totterdell (Business Development Manager). Drew Totterdell commenced employment with the Company on 1 March 2010.

Also included in remuneration disclosures are Tim Moran and Gary Davison who are classified as relevant group executives as they are non-executive directors of subsidiary Lightning Nickel Pty Ltd.

Employment Contracts

Terms and conditions of employment contracts:

i) Non-executive directors do not have employment contracts with the Company. Executive directors are employed under contracts which do not have a defined term. These contracts include provision for termination benefits of 1 month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 month's remuneration is payable to the executive should the Company terminate the employment contract due to a takeover event, but only if such payment would not breach ASX Listing Rules. In all other circumstances the contracts can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. Current employment contracts provide for base remuneration of $600,000 (2009: $550,000) for Christopher Bonwick and $350,000 (2009: $310,000) for Kelly Ross.

ii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts.

iii) The executive Brett Hartmann is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment

Audited Remuneration Report (continued)

contract provides for total remuneration of $275,000 (2009: $275,000) plus motor vehicle expenses and superannuation contributions.

Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

iv) The executive Drew Totterdell is employed under a contract which does not have a defined term and can be terminated by Mr Totterdell after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. If the Company terminates Mr Totterdell's employment for reasons other than misconduct, the Company will pay 12 months remuneration as compensation. The current employment contract provides for base remuneration of $250,000. The Company also paid Mr Totterdell a fee of $25 thousand as a sign-on fee after 3 months of service. Mr Totterdell may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

Details of Remuneration Cash Bonuses and Options

For each cash bonus and grant of options included in the tables in the Remuneration Report, the percentage of the available bonus or grant that was paid or that vested in the financial year is set out below. No cash bonus or option granted was forfeited because the person did not meet the performance criteria. No part of the bonus is payable in future years. The options issued to C Bonwick and K Ross in 2006 vested 12 months after the date of issue and the fair value of the options was expensed in prior years. No options remain unvested.

Name	% Cash Bonus Paid
C Bonwick	100
K Ross	100
B Hartmann	100
D Totterdell	100

At Risk Compensation

The following at risk compensation was paid to key management personnel during the year.

2010	At Risk – LTI	At Risk – STI	
Name	Equity Compensation	Performance Based Bonuses	Fixed Remuneration
O Aamodt	0%	0%	100.0%
C Bonwick	0%	15.1%	84.9%
K Ross	0%	10.7%	89.3%
J Christie	0%	0%	100.0%
R Marston	0%	0%	100.0%
P Bilbe	0%	0%	100.0%
B Hartmann	0%	22.7%	77.3%
D Totterdell	0%	36.6%	63.4%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%
2009			
O Aamodt	0%	0%	100.0%
C Bonwick	0%	0%	100.0%
K Ross	0%	0%	100.0%
J Christie	0%	0%	100.0%
R Marston	0%	0%	100.0%
P Bilbe	0%	0%	100.0%
B Hartmann	0.5%	0%	99.5%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%

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

Remuneration options: Granted and vested during the year

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

There were no options granted to directors or executives during the year (2009: nil).

There were no options exercised by directors or executives during the year (2009: 37,500).

Audited Remuneration Report (continued)

Compensation Paid for the Financial Year

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

	Short-term Benefits			Post-employment Benefits	Share-based Payments	
	Cash Salary & Fees	Cash Bonus	Non-monetary Benefits	Superannuation	Options (ii)	Total
2010	$	$	$	$	$	$
O Aamodt *Non-executive Chairman*	61,927	-	-	28,073	-	90,000
C Bonwick *Managing Director*	516,055	100,000	-	47,821	-	663,876
K Ross *Executive Director/Company Secretary*	290,463	40,000	18,182	25,644	-	374,289
J Christie *Non-executive Director*	32,110	-	-	37,890	-	70,000
R Marston *Non-executive Director*	32,110	-	-	37,890	-	70,000
P Bilbe *Non-executive Director*	64,220	-	-	5,780	-	70,000
B Hartmann *General Manager – Long Nickel Mine*	275,000	90,873	2,557	32,677	-	401,107
D Totterdell (ii) *Business Development Manager*	76,453	50,688	-	11,423	-	138,564
T Moran *Non-executive Director of subsidiary*	40,000	-	-	-	-	40,000
G Davison *Non-executive Director of subsidiary*	40,000	-	-	-	-	40,000
Total remuneration	1,428,338	281,561	20,739	227,198	-	1,957,836
2009						
O Aamodt *Non-executive Chairman*	75,000	-	-	-	-	75,000
C Bonwick *Managing Director*	504,587	-	-	45,413	-	550,000
K Ross *Executive Director/Company Secretary*	270,416	-	21,977	25,596	-	317,989
J Christie *Non-executive Director*	70,000	-	-	-	-	70,000
R Marston *Non-executive Director*	85,000	-	-	-	-	85,000
P Bilbe (i) *Non-executive Director*	17,500	-	-	-	-	17,500
B Hartmann *General Manager – Long Nickel Mine*	275,000	1,680	9,382	24,750	1,418	312,230
T Moran *Non-executive Director of subsidiary*	43,333	-	-	-	-	43,333
G Davison *Non-executive Director of subsidiary*	43,333	-	-	-	-	43,333
Total remuneration	1,384,169	1,680	31,359	95,759	1,418	1,514,385

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

(ii) D Totterdell commenced employment with the Company on 1 March 2010.

End of Audited Remuneration Report

Indemnifying Officers or Auditor

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

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

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

Proceedings on Behalf of Company

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

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

Significant Changes in State of Affairs

During the year the Company received $474 thousand as a result of the exercise of 200 thousand unlisted options. No other significant changes in the state of affairs of the Group occurred during the financial year.

Environmental Regulation

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

The Group is likely to be affected by the proposed Carbon Pollution Reduction Scheme ("CPRS") announced by the Australian Government. The proposed scheme would put a price on carbon by requiring entities to hold a permit for every tonne of carbon dioxide equivalent emitted. The CPRS was intended to apply to entities from 1 July 2010 but has been deferred until 2013.

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

The Group is subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group will report its greenhouse emissions, energy consumption and production from 1 July 2008. Systems have been put in place to comply with these reporting requirements. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that there are no current reporting requirements, but have elected to report on a voluntary basis.

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

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

After Balance Date Events

On 27 August 2010 the Company announced that a final dividend for 2009/10 would be paid on 30 September 2010. The dividend is 3 cents per share and will be fully franked.

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

Rounding of Amounts

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

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

O Aamodt
Chairman
Dated this 17th day of September 2010

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

17 September 2010

The Directors
Independence Group NL
PO Box 893
SOUTH PERTH WA 6951

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF INDEPENDENCE GROUP NL

As lead auditor of Independence Group NL for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Glyn O'Brien

Glyn O'Brien
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
Revenues from continuing operations	2a	116,670	100,083
Other income	2b	30	1,018
Mining and development costs		(18,856)	(17,280)
Employee costs		(19,966)	(18,120)
Share-based payment expense		(87)	(189)
Fair value adjustment of listed investments		(554)	(8,276)
Depreciation and amortisation expense		(11,400)	(11,998)
Rehabilitation reversal/(provision)		(28)	1,308
Finance costs expensed		-	(23)
Royalty expense		(4,920)	(3,451)
Ore tolling costs		(7,512)	(8,205)
Exploration costs expensed		(2,291)	(1,437)
Impairment of capitalised exploration costs		(4,977)	(4,936)
Impairment of loan to associated company		-	(63)
Other expenses		(5,696)	(3,377)
Profit before income tax	3	40,413	25,054
Income tax benefit/(expense)	4	(11,673)	(8,933)
Profit for the year attributable to members of Independence Group NL		28,740	16,121
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		(4,273)	4,413
Other comprehensive income, net of tax		(4,273)	4,413
Total comprehensive income for the year attributable to members of Independence Group NL		24,467	20,534
Basic earnings per share (cents per share)	7	25.28	14.14
Diluted earnings per share (cents per share)	7	25.27	14.11

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

		Consolidated	
	Note	2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	143,957	127,238
Current tax receivable		-	1,393
Trade and other receivables	9	21,565	25,646
Inventories	10	257	310
Other financial assets	11	3,453	2,445
TOTAL CURRENT ASSETS		169,232	157,032
NON-CURRENT ASSETS			
Trade and other receivables	9	6	30
Deferred tax assets	4	7,267	6,367
Other financial assets	11	3,756	20
Property, plant and equipment	13	5,070	6,108
Exploration, evaluation and development expenditure	14	86,366	58,791
Investments accounted for using the equity method		117	-
Mine acquisition costs	15	726	1,394
Intangible assets	16	1,006	1,281
TOTAL NON-CURRENT ASSETS		104,314	73,991
TOTAL ASSETS		273,546	231,023
CURRENT LIABILITIES			
Trade and other payables	17	17,107	13,338
Current tax payable		2,299	-
Other financial liabilities	19	13,922	392
TOTAL CURRENT LIABILITIES		33,328	13,730
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4	20,335	17,438
Other financial liabilities	19	3,696	3,214
Provisions	20	1,407	1,205
TOTAL NON-CURRENT LIABILITIES		25,438	21,857
TOTAL LIABILITIES		58,766	35,587
NET ASSETS		214,780	195,436
EQUITY			
Share capital	21	29,552	29,078
Reserves	22	(1,741)	2,446
Retained earnings	23	186,969	163,912
TOTAL EQUITY		214,780	195,436

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2010

	Consolidated				
	Issued Capital	Retained Earnings	Hedging Reserve	Share Based Payment Reserve	Total Equity
	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	29,481	165,632	(5,921)	3,765	192,957
Profit for the year	-	16,121	-	-	16,121
Other comprehensive income	-	-	4,413	-	4,413
Total comprehensive income for the year	-	16,121	4,413	-	20,534
Contributions by and distributions to owners					
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)
At 30 June 2009	29,078	163,912	(1,508)	3,954	195,436
At 1 July 2009	29,078	163,912	(1,508)	3,954	195,436
Profit for the year	-	28,740	-	-	28,740
Other comprehensive income	-	-	(4,273)	-	(4,273)
Total comprehensive income for the year	-	28,740	(4,273)	-	24,467
Contributions by and distributions to owners					
Cost of share-based payment	-	-	-	86	86
Exercise of options	474	-	-	-	474
Equity dividends	-	(5,683)	-	-	(5,683)
At 30 June 2010	29,552	186,969	(5,781)	4,040	214,780

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
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)
Finance costs		-	(23)
Income tax receipts		3,347	15,318
Income tax paid		(7,565)	(14,229)
Receipts from insurance claims		-	900
Other income		30	103
Net cash inflow from operating activities	26a	58,917	30,250
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,987)	(4,283)
Proceeds on sale of equipment		-	220
Payments for purchase of listed investments		-	(45)
Payments for purchase of mine prospects		-	-
Payments for purchase of unlisted investments		(93)	-
Interest received		5,075	6,228
Loans to associated company		-	(63)
Payment of security bonds		-	(4)
Payments relating to mine development		(16,110)	(5,755)
Payments for intangible assets		-	(1,378)
Payments for exploration and evaluation expenditure		(23,874)	(24,440)
Net cash inflow/(outflow) from investing activities		(36,989)	(29,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		474	545
Payments to buy-back shares		-	(10,697)
Payment of dividends		(5,683)	(8,092)
Repayment of hire purchase debt		-	(632)
Net cash inflow/(outflow) from financing activities		(5,209)	(18,876)
Net increase/(decrease) in cash and cash equivalents		16,719	(18,146)
Cash and cash equivalents at the beginning of the year		127,238	145,384
Cash and cash equivalents at the end of the year	8	143,957	127,238

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements of Independence Group NL also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

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

a. Principles of Consolidation

(i) Subsidiaries

A controlled entity is any entity controlled by Independence Group NL. Control exists where Independence Group NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Independence Group NL to achieve the objectives of Independence Group NL. A list of controlled entities is contained in note 12 to the financial statements. Investments in subsidiaries are carried at cost, less impairment, in the parent company.

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity using the cost method and consolidated financial statements using the equity method.

b. Income Tax

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

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

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

Income and deferred taxes relating to items recognised directly in other comprehensive income/equity are recognised in other comprehensive income/equity and not in the profit or loss.

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

c. Investments

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

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

For investments carried at amortised cost, gains and losses are recognised in the statement of 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

d. Interests in Joint Ventures and Joint Arrangements

The Company's share of the assets, liabilities, revenue and expenses of joint operations are included in the appropriate items of the statement of financial position and statement of comprehensive income. Details of the Group's interests are shown in note 35.

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

e. Property, Plant and Equipment

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

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

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

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

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

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

Depreciation

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

The useful lives for each class of depreciable assets are:

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

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

f. Impairment of Assets

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

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

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

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

g. Leased Non-Current Assets

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability. Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal and the interest component of the payment. The leased asset is depreciated over the shorter of its useful life and the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Exploration and Development Expenditure and Amortisation

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

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

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

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

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

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

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

i. Restoration and Rehabilitation Expenditure

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

j. Employee Entitlements

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

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

k. Cash and Cash Equivalents

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

l. Comparative Figures

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

m. Revenue

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

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

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

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

n. Payables

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Receivables

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

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

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

p. Earnings per Share

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

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

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

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

q. Foreign Currency Transactions

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

r. Derivatives

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

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

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

In relation to cash flow hedges (forward foreign currency contracts and nickel commodity contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in 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 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.

s. Share-based Payments

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

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

t. Inventories

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

u. Mine Pre-production and Acquisition Costs

When an operation is acquired, various costs are incurred prior to operations commencing on the mine property. Acquisition Costs, such as legal expenses, financing arrangement expenses and feasibility costs, are capitalised and included in the statement of financial position (see note 15). The purchase price of acquiring mine property is allocated directly to exploration expenditure or property, plant and equipment.

Prior to commencing production at a mine property, various costs are incurred to enable the commencement of mining operations, such as recruitment of staff, repair and maintenance of the site and its related equipment, and mine planning and scheduling. These Pre-production Costs, if any, are capitalised and included in the statement of financial position (see note 15).

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

v. Royalties

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

w. Rounding of Amounts and Currency

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

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

x. Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments. The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the board of Independence Group NL. Comparative information has been re-stated accordingly.

y. Intangible Assets

The database for research purposes is carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the time it will take to complete the research on the database which is currently 4 years.

z. Critical Accounting Estimates and Judgments

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

Carbon Emissions - As the legislation around the Carbon Pollution Reduction Scheme is still being finalised, the directors are unable to reliably quantify the potential future impact of both direct and indirect costs related to this scheme. These have therefore not been taken into

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

account when preparing budgets, forecasts and/or valuation models for measurement of recognised amounts.

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

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. The carrying value of exploration and other plant and equipment as at 30 June 2010 is $62,971 thousand (2009: $47,869 thousand).

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 we use 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 income statement and the calculation of inventory. We prepare reserve estimates in accordance with the JORC Code, 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.

	Consolidated	
NOTE 2: REVENUE AND OTHER INCOME	2010 $'000	2009 $'000
a. Revenue		
Sale of goods	111,109	93,855
Interest received – other parties	5,561	6,228
Total Revenue	116,670	100,083
b. Other Income		
Net gain on disposal of property, plant and equipment	-	925
Other revenue	30	93
Total Other Income	30	1,018

NOTE 3: PROFIT

Profit before income tax has been determined after charging the following items:		
Cost of sale of goods	49,408	44,984
Employee entitlements provision	174	73
Superannuation expense	1,828	1,569
Share-based payment expense	87	189
Finance costs - other entities	-	23
Amortisation of non-current assets	8,358	7,920
Depreciation of non-current assets	3,042	4,078
Exploration costs expensed	2,291	1,437
Impairment of loan to associated company	-	63
Foreign exchange losses	-	491
Rental expense relating to operating leases	420	312
Impairment of capitalised exploration expenditure	4,977	4,936
Provision/(reversal) for mine restoration	28	(1,308)

NOTE 4: INCOME TAX

a. The major components of income tax expense are:	*Consolidated*	
Statement of Comprehensive Income	*2010 $'000*	*2009 $'000*
Current income tax		
Current Income Tax Charge	*7,845*	*6,437*
Deferred income tax		
Relating to origination and reversal of temporary differences	*3,828*	*2,496*
Income tax expense reported in the statement of comprehensive income	*11,673*	*8,933*
Deferred income tax expense/(benefit) included in income tax expense comprises:		
(Decrease)/increase in deferred tax assets	*(931)*	*4,931*
Decrease/(increase) in deferred tax liabilities	*(2,897)*	*(7,427)*
	(3,828)	*(2,496)*
Statement of Changes in Equity		
Deferred income tax expense/(income) related to items charged or credited directly to other comprehensive income		
Recognition of commodity hedge contracts	*(1,831)*	*1,891*
Rehabilitation	*-*	*-*
Income tax expense reported in other comprehensive income	*(1,831)*	*1,891*
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before tax from continuing operations	*40,413*	*25,054*
At the Group's statutory income tax rate of 30% (2009: 30%)	*12,124*	*7,516*
Share-based payments	*26*	*56*
Non-deductible legal expenses	*-*	*47*
Expenditure not allowable for income tax purposes	*45*	*218*
Unrecognised temporary difference – reduction in carrying value of investment below its original cost	*19*	*2,127*
Other	*(541)*	*(1,031)*
Income tax expense	11,673	8,933
The applicable weighted average effective tax rates are as follows:	30%	30%

	Statement of Financial Position		Statement of Comprehensive Income	
	2010	2009	2010	2009
Deferred Income Tax	$'000	$'000	$'000	$'000
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Consumable inventories	(77)	(93)	(16)	(18)
Accrued income	(165)	(155)	10	(248)
Revaluation of hedged trade debtors	(165)	-	165	-
Revaluations on financial assets through profit or loss	-	(147)	(147)	(375)
Capitalised exploration, pre-production and acquisition costs	(17,866)	(13,346)	4,520	1,357
Deferred gains and losses on foreign exchange contracts	-	(387)	(387)	(644)
Capitalised development expenditure	(1,813)	(3,339)	(1,526)	2,849

NOTE 4: INCOME TAX (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Other	(249)	29	278	3
Gross deferred income tax liabilities	(20,335)	(17,438)	2,897	2,924
CONSOLIDATED				
Deferred tax assets				
Plant and equipment	1,833	1,815	(18)	(228)
Trade debtors	-	1,655	1,655	(1,324)
Accrued expenses	391	277	(113)	(179)
Deferred loss on hedged commodity contracts	3,309	1,082	(397)	1,442
Capitalised exploration and pre-production costs	27	39	12	(39)
Provisions for employee entitlements	771	679	(92)	(71)
Provision for rehabilitation	235	235	-	392
Other	701	585	(116)	(401)
Gross deferred income tax assets	7,267	6,367	931	(408)
Deferred tax (income)/expense			3,828	2,516

b. Tax Consolidation

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

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

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

	Consolidated	
	2010 $'000	2009 $'000
NOTE 5: AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Group for:		
a. audit and review of financial reports	114	86
b. other services	-	-
	114	86

NOTE 6: DIVIDENDS PAID

a. Interim ordinary dividend franked at the tax rate of 30%		
2010: 2 cents (2009: 2 cents) per share	2,274	2,267
b. Final ordinary dividend franked at the tax rate of 30%		
2010: 3 cents (2009: 5 cents) per share	3,409	5,825
Total dividends paid during the financial year	5,683	8,092
c. Franking account balance at the end of the financial year	71,606	69,824

d. In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3 cents (2009: 3 cents) per share, fully franked at the tax rate of 30%. The aggregate amount of the proposed dividend expected to be paid on 30 September 2010 but not recognised as a liability at year end is $3,414 thousand (2009: $3,410 thousand).

	Consolidated	
NOTE 7: EARNINGS PER SHARE	2010 ’000 No.	2009 ’000 No.
a. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	113,669	114,010
Weighted average number of options outstanding	76	224
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	113,745	114,234
	$’000	$’000
b. Earnings used in the calculation of basic EPS	28,740	16,121

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

	Consolidated	
NOTE 8: CASH AND CASH EQUIVALENTS	2010 $’000	2009 $’000
Cash at bank and on hand	13,124	11,061
Deposits at call	14,833	21,081
Fixed term deposits	116,000	95,096
	143,957	127,238

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 30.

	Note	Consolidated	
NOTE 9: TRADE AND OTHER RECEIVABLES		2010 $’000	2009 $’000
CURRENT			
Trade debtors (i)	1(o)	19,115	23,908
Other debtors (ii)		987	576
Prepayments		532	636
GST receivable		931	526
		21,565	25,646

	Consolidated 2010 $'000	Consolidated 2009 $'000
NOTE 9: TRADE AND OTHER RECEIVABLES (continued)		
NON-CURRENT		
Deposits	6	30
Amounts owing from associated entities	-	1,388
Less: Amounts written off	-	(1,388)
	6	30

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

The Group or Parent has no trade or other debtors that are past due or impaired. The Group's exposure to credit risk, foreign exchange and commodity price risk in relation to trade receivables is disclosed in note 30.

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

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
NOTE 10: INVENTORIES			
CURRENT			
Mine spares and stores		257	310
NOTE 11: OTHER FINANCIAL ASSETS			
CURRENT			
Forward foreign exchange contracts – cash flow hedges (i)	30(d)	2,832	1,270
Australian listed equity securities (ii)		621	1,175
		3,453	2,445
NON-CURRENT			
Forward foreign exchange contracts – cash flow hedges (i)	30(d)	-	20
Commodity hedging gain		3,756	-
		3,756	20

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

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

The Group's exposure to price risk and a sensitivity analysis for financial assets are disclosed in note 30.

NOTE 12: CONTROLLED ENTITIES

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

Controlled Entity	Country of Incorporation	Class of Share	Percentage Owned 2010 %	Percentage Owned 2009 %	Contribution to Profit 2010 $'000	Contribution to Profit 2009 $'000
Lightning Nickel Pty Ltd	Australia	Ord	100	100	37,682	31,599

	Consolidated	
NOTE 13: PROPERTY, PLANT AND EQUIPMENT	2010 $'000	2009 $'000
Mine plant and equipment	28,563	27,727
Accumulated depreciation	(24,927)	(22,348)
	3,636	5,379
Other plant and equipment	4,068	2,916
Accumulated depreciation	(2,634)	(2,187)
	1,434	729
Total written down value	5,070	6,108
Reconciliation of the movement for the year:		
Carrying amount at the beginning of year	*6,108*	*6,108*
Additions	*1,988*	*4,283*
Disposals	*-*	*(205)*
Depreciation/amortisation expense	*(3,026)*	*(4,078)*
Carrying amount at the end of year	*5,070*	*6,108*

NOTE 14: EXPLORATION, EVALUATION 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)
	57,901	41,761
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)
	28,465	17,030
Carrying amount at end of year	86,366	58,791

Note1(h) describes the policy relating to the carrying value of this expenditure.

NOTE 15: MINE ACQUISITION COSTS		
Cost	1,509	1,613
Accumulated amortisation	(783)	(219)
Carrying amount at end of year	726	1,394
Reconciliation of the movement for the year:		
Opening balance	*1,394*	*1,752*
Current year's expenditure	*-*	*-*
Transfer to prepayments	*(104)*	*(336)*
Amortisation expense	*(564)*	*(22)*
Carrying amount at end of year	*726*	*1,394*

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

	Consolidated	
NOTE 16: INTANGIBLE ASSETS	2010 $'000	2009 $'000
Opening balance	1,281	1,378
Amortisation expense	(275)	(97)
Carrying amount at end of year	1,006	1,281

NOTE 17: TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	10,786	7,713
GST Payable	1,339	893
Employee entitlements	1,476	1,341
Sundry creditors and accrued expenses	3,506	3,391
	17,107	13,338

NOTE 18: BORROWINGS		
CURRENT		
Lease liabilities	-	-
The Group had access to the following financing arrangements at balance date:		
Guarantee facility (i)	*2,160*	*1,500*
Less: drawn down portion	*(1,607)*	*(768)*
	553	*732*

(i) The facility is denominated in Australian dollars and interest is charged at the BBSY rate plus an applicable margin.

The Group's exposure to interest rate and liquidity risk and a sensitivity analysis for financial liabilities are disclosed in note 30.

	Note	Consolidated	
NOTE 19: OTHER FINANCIAL LIABILITIES		2010 $'000	2009 $'000
CURRENT			
Commodity hedging loss	30	13,922	392
NON-CURRENT			
Forward foreign exchange contracts – cash flow hedges	30	3,696	3,214

NOTE 20: PROVISIONS		
NON-CURRENT		
Employee entitlements (i)	1,095	921
Provision for restoration (ii)	312	284
	1,407	1,205
Provision for restoration movement for the year		
Balance at start of the year	*284*	*1,591*
Reversal of over-stated provision	*-*	*(1,321)*
Provision recognised for the year	*28*	*14*
Balance at the end of the year	*312*	*284*

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

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

NOTE 21: SHARE CAPITAL	Consolidated 2010 $'000	2009 $'000
113,813,539 (2009: 113,613,539) fully paid ordinary shares (a)	29,552	29,078
Ordinary shares		
At the beginning of year	29,078	29,481
Shares issued during the year		
Issued 1 July 2008 to 30 June 2009	-	545
37,500 unlisted options exercised at $1.16 (ii)	43	-
25,000 unlisted options exercised at $3.07 (ii)	77	-
100,000 unlisted options exercised at $2.94 (ii)	294	-
37,500 unlisted options exercised at $1.59 (ii)	60	-
Shares bought back on-market and cancelled (iii)	-	(948)
Transaction costs relating to share issues	-	-
At reporting date	29,552	29,078
	No. '000	*No. '000*
At the beginning of the year	*113,614*	*116,940*
Shares bought back on-market and cancelled	-	*(3,791)*
Shares issued during the year	*200*	*465*
At reporting date	*113,814*	*113,614*

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

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

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

(iv) At the end of the year there were 1,087,500 (2009: 1,287,500) unissued shares in respect of which options were outstanding. Details relating to unpaid and unlisted options are disclosed in note 33.

NOTE 22: RESERVES	Note	Consolidated 2010 $'000	2009 $'000
Share-based payment reserve (i)		4,040	3,954
Hedging reserve (ii)	29	(5,781)	(1,508)
		(1,741)	2,446
Share-based payment reserve movement for the year:			
Balance at the start of the year		*3,954*	*3,765*
Current year movements due to vesting		*86*	*189*
Balance at the end of the year		*4,040*	*3,954*
Hedging reserve movement for the year:			
Balance at the start of the year		*(1,508)*	*(5,921)*
Revaluation – gross		*8,714*	*8,963*
Deferred tax		*(2,614)*	*(2,688)*
Transfer to net profit – gross (iii)		*(14,818)*	*(2,660)*
Deferred tax		*4,445*	*798*
Balance at the end of the year		*(5,781)*	*(1,508)*

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

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

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

	Consolidated	
NOTE 23: RETAINED EARNINGS	2010 $'000	2009 $'000
Retained profits at the beginning of the financial year	163,912	165,632
Dividends paid – fully franked	(5,683)	(8,092)
On-market buy back of ordinary shares	-	(9,749)
Net profit attributable to the members of the parent entity	28,740	16,121
Retained profits at the end of the financial year	186,969	163,912

NOTE 24: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable:		
not later than 1 year	390	354
later than 1 year but not later than 5 years	985	1,210
later than 5 years	-	-
	1,375	1,564

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

b. Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to spend $4,388 thousand in 2010/11.

c. Capital Commitments

At the end of the financial year, the Group had no material orders of equipment to be delivered and paid for during 2010/11.

NOTE 25: SEGMENT INFORMATION

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 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.

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.

2009 comparative information has been reclassified to be comparable with the current year's segment information. The following segment information was provided to the board.

NOTE 25: SEGMENT INFORMATION (continued)

Segment Information 2010	Nickel mining $'000	Tropicana project $'000	Regional exploration $'000	Total $'000
External revenue	115,767	-	-	115,767
Inter-segment revenue	-	-	-	-
Reportable segment profit/(loss) before income tax	53,083	-	(6,248)	46,835
Segment assets	195,848	33,919	16,389	246,156
Segment liabilities	39,557	-	-	39,557
Acquisition of property, plant and equipment	979	-	-	979
Depreciation and amortisation expense	10,771	-	275	11,046
Other non-cash expenses	1,194	-	3,957	5,151
Segment Information 2009				
External revenue	100,295	-	77	100,372
Inter-segment revenue	-	-	-	-
Reportable segment profit/(loss) before income tax	43,256	-	(4,555)	38,701
Segment assets	170,679	21,833	12,566	205,078
Segment liabilities	22,292	-	-	22,292
Acquisition of property, plant and equipment	1,733	-	-	1,733
Depreciation and amortisation expense	11,502	-	97	11,599
Other non-cash expenses	2,004	-	3,097	5,101

	Consolidated 2010 $'000	2009 $'000
A reconciliation of reportable segment profit or loss to operating profit before income tax is provided as follows:		
Total profit or loss for reportable segments	46,835	38,701
Inter-segment eliminations	-	-
Unrealised financial instrument gains/(losses)	(554)	(8,276)
Share based payment expense	(87)	(188)
Other corporate costs	(5,781)	(5,183)
Profit before income tax from continuing operations	40,413	25,054
A reconciliation of reportable segment assets to total assets is provided as follows:		
Total assets for reportable segments	246,156	205,078
Tax assets	940	2,168
Listed and unlisted equity securities	737	1,175
Cash and receivables held by the parent entity	24,412	21,960
Office and general plant and equipment	1,301	642
Total assets as per the balance sheet	273,546	231,023
A reconciliation of reportable segment liabilities to total liabilities is provided as follows:		
Total liabilities for reportable segments	39,557	22,292
Deferred tax liabilities	15,083	10,547
Current tax liabilities	2,299	-
Creditors and accruals	1,469	2,440
Provision for employee entitlements	358	308
	58,766	35,587

	Consolidated 2010 $'000	Consolidated 2009 $'000
NOTE 26: CASH FLOW INFORMATION		
a. Reconciliation of Cash Flow from Operations with profit from ordinary activities after income tax		
Profit from ordinary activities after income tax	28,740	16,121
Devaluation/(revaluation) of investments in listed entities	554	8,339
Unrealised gain/(loss) on trade debtors revaluation	4,442	(4,549)
Dividend and interest income	(5,075)	(6,228)
Gain on sale of assets	-	(915)
Depreciation	3,042	4,078
Write-off of capitalised expenditure	4,977	4,936
Write-off of plant and equipment	-	900
Provision against loan to associated company	-	63
Amortisation	8,358	7,920
Share-based payment expense	87	189
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	4,242	(12,977)
(Increase)/decrease in other debtors and prepayments	(161)	1,046
Increase/(decrease) in trade and other payables	3,633	497
(Increase)/decrease in inventory	53	59
(Increase)/decrease in deferred tax asset	(900)	3,191
Increase/(decrease) in current tax payable	3,692	7,328
Increase in deferred tax liability	2,897	1,395
Increase/(decrease) in provisions	336	(1,143)
Cash flows from operations	58,917	30,250

b. Non-cash Financing and Investing Activities

During the year the Group acquired leased plant and equipment with an aggregate value of $nil (2009: $nil).

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

On 27 August 2010 the Company announced a fully franked final dividend of 3 cents per share to be paid on 30 September 2010.

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

NOTE 28: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms. Transactions with related parties are as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000
a. Director-Related Entities		
Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related	14	7
Consulting fees have been paid to MiningOne Pty Ltd, a company to which two directors of a subsidiary are associated. One director is a principal of MiningOne Pty Ltd and the other is a consultant to the company	315	104

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

b. Share Transactions of Key Management Personnel

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:	No.	No.
ordinary shares	5,238,506	5,378,506
options over ordinary shares (unlisted)	750,000	750,000
Other key management personnel hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:		
ordinary shares	44,700	40,200
options over ordinary shares (unlisted)	-	-

c. Key Management Personnel

The Company's key management personnel during the period were non-executive directors Oscar Aamodt (Chairman), John Christie, Rod Marston and Peter Bilbe, executive directors Christopher Bonwick (Managing Director) and Kelly Ross (Company Secretary), and employees Brett Hartmann (General Manager – Long Nickel Mine) and Drew Totterdell (Business Development Manager). Also included in Key Management Personnel are subsidiary non-executive directors Tim Moran and Gary Davison. All were in office for the entire financial year except for Drew Totterdell who commenced employment on 1 March 2010.

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

2010	Balance start of year	Granted during year	Exercised during year	Balance at end of year
	No.	No.	No.	No.
C Bonwick	500,000	-	-	500,000
K Ross	250,000	-	-	250,000
	750,000	**-**	**-**	**750,000**

2009				
C Bonwick	500,000	-	-	500,000
K Ross	250,000	-	-	250,000
B Hartmann	37,500	-	(37,500)	-
	787,500	-	(37,500)	750,000

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

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

Shareholdings of Key Management Personnel for the year ending 30 June 2010

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
O Aamodt	20,000	-	10,000	30,000
C Bonwick	3,003,506	-	-	3,003,506
K Ross	445,000	-	(100,000)	345,000
J Christie	595,000	-	(50,000)	545,000
R Marston	1,315,000	-	-	1,315,000
P Bilbe	-	-	-	-
B Hartmann	37,500	-	-	37,500
D Totterdell	-	-	4,500	4,500
T Moran	-	-	-	-
G Davison	2,700	-	-	2,700
Total	**5,418,706**	**-**	**(135,500)**	**5,283,206**

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

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

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

Key Management Personnel Compensation

	Consolidated 2010 $	Consolidated 2009 $
Short-term employee benefits	1,730,638	1,417,208
Post-employment benefits	227,198	95,759
Long-term benefits	-	-
Share-based payments	-	1,418
	1,957,836	1,514,385

d. Other Related Entities

During the financial year a wholly-owned entity paid dividends of $40,000 thousand 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.

	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Loan to/(from)subsidiary		
Balance at beginning of the year	(4,298)	8,530
Loan advances	16,234	18,862
Loan repayments	(1,737)	(31,690)
Balance at end of the year	10,199	(4,298)

NOTE 29: FOREIGN EXCHANGE AND COMMODITY CONTRACTS

At 30 June 2010 the Group held various nickel commodity contracts designated as hedges of expected future nickel sales. These hedge contracts are in US dollars. Foreign exchange contracts are also held which match the terms of the commodity contracts. These contracts are all designated as cash flow hedges and are used to reduce the exposure to a future decrease in the Australian dollar market value of nickel sales. Refer to notes 11 and 19 of the financial statements for marked to market values of these contracts.

The following summarises the hedge contracts held by the Group at 30 June 2010:

Year of Delivery	Sell (Nickel Tonnes)	USD/tonne	Exchange Rate	AUD/tonne
2010/11	2,400	14,815	A/US0.7792	19,013
2011/12	2,160	18,000	A/US0.8220	21,898
2012/13	1,200	23,920	A/US0.8346	28,660

The hedge contracts are to be settled at the rate of 200 tonnes per month in 2010/11, 180 tonnes per month in 2011/12 and 100 tonnes per month in 2012/13. The hedge contracts have been marked to market value as at 30 June 2010 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the hedging reserve in the consolidated statement of financial position.

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

NOTE 29: FOREIGN EXCHANGE AND COMMODITY CONTRACTS (continued)

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

	Average exchange rate		USD		Contract value		Fair value	
Outstanding contracts			2010	2009	2010	2009	2010	2009
Consolidated	2010	2009	USD $'000	USD $'000	$'000	$'000	$'000	$'000
Sell US dollars								
3 months or less	0.7792	0.7792	8,889	8,889	11,408	11,408	885	431
3 to 6 months	0.7792	0.7792	8,889	8,889	11,408	11,408	763	355
6 months to 1 year	0.7792	0.7792	17,778	17,778	22,816	22,816	1,183	484
1 to 2 years	0.8220	0.7792	38,880	35,556	47,299	45,632	(1,221)	20
2 to 3 years	0.8346	-	28,704	-	34,393	-	(2,475)	-

As at reporting date the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on the anticipated future sale of nickel is $(5,781) thousand (2009: $1,508 thousand). It is anticipated that the sales will take place as scheduled in the table above at which stage the amount deferred in equity will be released into profit or loss.

The portion of the gain or loss on the hedging instruments to be an effective hedge is recognised directly in other comprehensive income and deferred in equity in the hedging reserve. When the forecasted transaction occurs, the Group adjusts the amounts deferred in equity to the profit or loss. During the year ended 30 June 2010, $10,373 thousand (2009 $1,862 thousand) was released from equity (net of tax) to sale of goods in the statement of comprehensive income.

NOTE 30: FINANCIAL INSTRUMENTS

a. Financial Risk Management Objectives and Policies

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

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

b. Capital Risk Management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 8, 21, 22, and 23 respectively. The Board monitors the return on capital, which the Group defines as net profit before tax divided by shareholders' equity, excluding reserves. The Board also monitors the level of dividends paid to ordinary shareholders. The Group's gearing ratio as at balance date is 0% (2009: 0%).

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's current target is to achieve a real return on capital of at least 10%. During the financial year the return was 19% (2009: 13%). The Group defines a real return on capital as net profit before tax divided by net assets (net of non-distributable reserves).

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

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

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

c. Interest Rate Risk Management

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

NOTE 30: FINANCIAL INSTRUMENTS (continued)

	Weighted Average Effective Interest Rate		Floating Interest		Total	
	2010	2009	2010	2009	2010	2009
	%	%	$'000	$'000	$'000	$'000
Consolidated						
Financial Assets:						
Cash	3.20	1.90	27,866	32,142	27,866	32,142
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			27,866	32,142	27,866	32,142
Financial Liabilities:						
Payables			-	-	-	-
Bank Loans			-	-	-	-
Total Financial Liabilities			-	-	-	-

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

Interest rate sensitivity analysis

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

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $195 thousand (2009: increase/decrease by $225 thousand). This is mainly due to the Group's exposure to interest rates on its cash and cash equivalents. The Group's sensitivity to interest rates has decreased during the current period due to the decrease in its cash and cash equivalents that are exposed to a variable interest rate.

d. Credit Risk Management

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 2010 all sales revenue was sourced from this company. The risk is mitigated in that the agreement relating to sales revenue contains provision for the Group to seek alternative revenue providers in the event that BHP Billiton Nickel West Pty Ltd is unable to accept supply of the Group's product due to a force majeure event. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and BHP Billiton Nickel West Pty Ltd is considered to be a low risk customer.

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

The at risk amounts are as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash	143,957	127,238
Trade receivables	19,155	23,908
Foreign exchange derivatives	(864)	1,290

On analysis of trade and other receivables, none are past due or impaired for either 30 June 2010 or 2009.

NOTE 30: FINANCIAL INSTRUMENTS (continued)

e. Market Risk Management

(i) Foreign exchange risk

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

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

Foreign Currency Risk Management

The Group receives nickel sales revenue denominated in US dollars ("USD") and is therefore exposed to exchange rate fluctuation risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. All USD received are exchanged for AUD within 40 days of receipt.

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

	Consolidated 2010 US Dollars A$'000	Consolidated 2009 US Dollars A$'000
Cash and cash equivalents	5,064	10,498
Trade receivables	19,155	23,908
Foreign exchange derivatives	(864)	1,290
Commodity derivatives liability	(10,166)	(3,606)

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

The Group's risk management policy is to hedge between 0% and 40% of anticipated transactions in US dollars for the period of the forecast transaction, which ranges between 12 and 36 months. All of the projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to movement in the AUD against the USD. Sensitivity analysis is calculated using a reasonable possible change of 1.5% in the foreign rate in both directions based on the exposure period of the trade receivables and a 5% variation for derivative contracts in both directions. USD cash balances uses a 1.5% change in 2010 (4% change in 2009) based on the 12 month forward exchange rate. All of the above changes affect Profit or Loss for the next 12 months.

	Consolidated	
	2010 $'000	2009 $'000
Currency Risk		
Debtors revaluation		
Increase 1.5%	205	1,430
Decrease 1.5%	(205)	(1,430)
Derivative instruments (Sold)		
Increase	4,320	4,073
Decrease	(4,774)	(1,967)
Cash and cash equivalents		
Increase 1.5% (4%)	146	308
Decrease 1.5% (4%)	(146)	(308)

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

(ii) Equity price risk

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

The group has 100% concentration of investments in Australian Listed mining companies (2009: 100%).

NOTE 30: FINANCIAL INSTRUMENTS (continued)

Equity price risk sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date. Each equity instrument is assessed on its individual price movement with the sensitivity rate based on a reasonably possible change of 45%. At reporting date, if the equity prices had been higher or lower, net profit for the year ended 30 June 2010 would have increased or decreased by $196 thousand (2009: $370 thousand).

f. Commodity Price Risk Management

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

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

Commodity price risk sensitivity analysis

The following table summarises the sensitivity of the fair value of financial instruments held at balance date to movement in the relevant forward commodity price, with all other variables held constant. Debtors valuation used a sensitivity analysis of 1.5% (2009: 4%) which is based upon the 3 month forward commodity rate as there is a 3 month lag-time between delivery and final nickel price received. A 20% sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Consolidated	
	2010	2009
	$'000	$'000
Commodity Price Risk		
Trade Receivables	(142)	1,451
Commodity Liabilities		
20% Increase	(15,442)	(12,556)
20% Decrease	15,442	12,556

All other variables remain constant: A downward sensitivity analysis has not been performed for trade receivables as the numbers would be consistent with the increase. All of the above changes affect Profit or Loss for the next 12 months.

g. Liquidity Risk Management

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

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

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Carrying Amount
Consolidated	$'000	$'000	$'000	$'000	$'000	$'000
2010						
Trade and other payables	14,292	-	-	-	-	14,292
Finance lease liabilities	-	-	-	-	-	-
	14,292	-	-	-	-	14,292
2009						
Trade and other payables	11,104	-	-	-	-	11,104
Finance lease liabilities	-	-	-	-	-	-
	11,104	-	-	-	-	11,104

NOTE 30: FINANCIAL INSTRUMENTS (continued)

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

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Carrying Amount
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
2010						
Net settled:						
Forward commodity contracts	1,147	2,309	10,468	(3,758)	-	10,166
	1,147	2,309	10,468	(3,758)	-	10,166
2009						
Net settled:						
Forward commodity contracts	124	268	1,370	1,844	-	3,606
	124	268	1,370	1,844	-	3,606

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

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

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

h. Fair Value of Financial Instruments

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

	2010 Consolidated		2009 Consolidated	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	$'000	$'000	$'000	$'000
Australian Listed investments	621	621	1,175	1,175
Security deposit	6	6	29	29
Foreign exchange contracts	(864)	(864)	1,290	1,290
Commodity contracts	(10,166)	(10,166)	(3,606)	(3,606)
Cash and cash equivalents	143,957	143,957	127,238	127,238
Trade and other receivables	19,552	19,552	24,484	24,484
	153,106	153,106	150,610	150,610

As at 1 July 2009, the Company has adopted the amendments to AASB 7 Financial Instruments: Disclosures, which requires disclosures 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) (level3).

The following table presents the group's assets and liabilities measured and recognised at fair value at 30 June 2010. As permitted by the transitional provisions of the new rules, comparative information has not been provided.

NOTE 30: FINANCIAL INSTRUMENTS (continued)

Consolidated – at 30 June 2010	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Assets			
Australian Listed investments	621	-	-
Total assets	**621**	**-**	**-**
Liabilities			
Foreign exchange contracts	-	(864)	-
Commodity contracts	-	(10,166)	-
Total liabilities	**-**	**(11,030)**	**-**

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.

The fair value of foreign exchange contracts is reported as the net gain/(loss) in contracts as marked to market at reporting date. The fair value of commodity contracts is reported as the net gain/(loss) in contracts as marked to market at reporting date.

NOTE 31: COMPANY DETAILS

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

NOTE 32: CONTINGENT LIABILITIES

Lightning Nickel Pty Ltd, which is 100% owned by Independence Group NL, has guarantees of $1,607 thousand outstanding to various third parties. The guarantees relate to environmental and rehabilitation bonds predominantly for the Long Nickel Mine and Tropicana Gold Project.

NOTE 33: SHARE-BASED PAYMENTS

(i) The following share-based payment arrangements existed at 30 June 2010:

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

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

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

	Consolidated			
	2010		**2009**	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	1,287,500	4.19	1,777,500	3.38
Granted	-	-	-	-
Forfeited	-	-	(25,000)	3.07
Exercised	(200,000)	2.37	(465,000)	1.17
Expired	-	-	-	-
Outstanding at year-end	1,087,500	4.52	1,287,500	4.19
Exercisable at year-end	975,000	4.50	1,000,000	4.20

NOTE 33: SHARE-BASED PAYMENTS (continued)

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

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

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

There were 200,000 options exercised during the year ended 30 June 2010. These options had a weighted average share price of $4.79 a exercise date.

The options outstanding at 30 June 2010 had a weighted average exercise price of $4.52 and a weighted average remaining contractual life of 1 year. Exercise prices range from $4.44 to $4.85 in respect of options outstanding at 30 June 2010.

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

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

Included under share-based payment expense in the statement of comprehensive income is $87 thousand (2009: $189 thousand), which relates in full, to equity-settled share-based payment transactions.

(ii) Employee option plan

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

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

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

NOTE 34: NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

AASB Amendment	AASB Standard Affected	Nature of change In Accounting Policy and Impact	Application Date of the Standard[1]	Application Date for the Group
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.	1 January 2013	1 July 2013
AASB 2009-5 (issued May 2009)	AASB 101 - Presentation of Financial Statements	Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities. Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.	1 January 2010	1 July 2010
AASB 2009-5 (issued May 2009)	AASB 107 - Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position.	1 January 2010	1 July 2010
AASB 2009-5 (issued May 2009)	AASB 136 - Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 *Operating Segments* before aggregation. There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010.	1 January 2010	1 July 2010

NOTE 34: NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

AASB Amendment	AASB Standard Affected	Nature of change In Accounting Policy and Impact	Application Date of the Standard[1]	Application Date for the Group
AASB Interpretation 19 (issued December 2009)	Extinguishing Financial Liabilities with Equity Instruments	Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss. There will be no impact as the entity has not undertaken any debt for equity swaps.	1 July 2010	1 July 2010
AASB 2010-3 (issued June 2010)	AASB 3 - Business Combinations	Confirms that any balances of contingent consideration that relate to acquisitions under the superseded AASB 3 must be accounted for under the superseded standard, i.e. not via profit or loss. There will be no impact on initial adoption as there have been no acquisitions prior to 1 July 2009.	1 July 2010	1 July 2010
AASB 2010-4 (issued June 2010)	AASB 7 - Financial Instruments: Disclosures	Deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.	1 January 2011	1 July 2011
AASB 2010-4 (issued June 2010)	AASB 101 - Presentation of Financial Statements	A detailed reconciliation of each item of other comprehensive income may be included in the statement of changes in equity or in the notes to the financial statements. There will be no impact on initial adoption of this amendment as a detailed reconciliation of each item of other comprehensive income has always been included in the statement of changes in equity.	1 January 2011	1 July 2011

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

NOTE 35: INTEREST IN JOINT VENTURES

The Company has a 30% equity interest in the tenements associated with the Tropicana Joint Venture (AngloGold Ashanti Australia Ltd owns 70% and is the Manager). As the venture is a joint controlled operation, the Company's share of costs in relation to the project are capitalised on the statement of financial position under AASB 6. The Company contributes 30% of the project costs which includes bankable feasibility study costs. The Company has pledged $11,848 thousand for these Tropicana budgets which is not included in the statement of financial position as it relates to anticipated expenditure in 2010/11.

NOTE 36: PARENT ENTITY INFORMATION

The following details information related to the parent entity, Independence Group NL, at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2010 $'000	2009 $'000
Current assets	24,412	24,498
Non-current assets	63,484	35,846
Total assets	**87,896**	**60,344**
Current liabilities	4,126	2,747
Non-current liabilities	15,083	14,845
Total liabilities	**19,209**	**17,592**
Contributed equity	29,552	29,078
Retained earnings	35,095	9,720
Option reserve	4,040	3,954
Total equity	**68,687**	**42,752**
Profit for the year	31,058	14,522
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**31,058**	**14,522**

As detailed in note 32, there is a contingent liability in respect of bank guarantees, of which $1,368 thousand relates to the parent company.

The parent company has guaranteed the loan facility of Lightning Nickel Pty Ltd. Details of the loan facility can be found in note 18.

NOTE 37: BOARD APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on 17 September 2010.

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable,

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements,

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and

(d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

(e) the remuneration disclosures included in pages 4 to 7 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

C M Bonwick

Managing Director

Dated this 17th day of September 2010

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the Financial Statement 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of it's performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the Director's Report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor' Opinion

In our opinion the Remuneration Report of Independence Group NL for the year ended 30 June 2010 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien
Director

Perth, Western Australia
Dated this 17th Day of September 2010

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed public companies only. **This information is current as at 2 September 2010.**

1. Shareholding

a. Distribution of shareholders:

Category (size of Holding)	Ordinary Shares
1 – 1,000	1,031
1,001 – 5,000	1,412
5,001 – 10,000	438
10,001 – 100,000	498
100,001 – and over	63
	3,442

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 112. The number of shareholders holding less than an economic parcel is 341.

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

11,645,716 ordinary shares from JF Capital Partners Ltd.

8,294,564 ordinary shares from Orion Asset Management Limited.

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

d. Voting Rights

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

Fully Paid Ordinary Shares – one vote per share held.

Options – no voting rights are attached to unexercised options.

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

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

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

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

6. Stock Exchange Listing

Quotation has been granted for 113,813,539 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange (ASX Limited). Unquoted securities are detailed in Note 7 below.

7. Unquoted Securities

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

Unlisted Options

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

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

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

8. **20 Largest Holders of Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	JP Morgan Nominees Australia Limited	18,987,763	16.68
2.	HSBC Custody Nominees (Australia) Limited	17,792,625	15.63
3.	National Nominees Limited	14,838,334	13.04
4.	Citicorp Nominees Pty Limited	7,088,861	6.23
5.	Cogent Nominees Pty Limited	5,336,063	4.69
6.	ANZ Nominees Limited	3,937,206	3.46
7.	RBC Dexia Investor Services Australia Nominees Pty Limited	2,834,000	2.49
8.	Ron Medich Properties Pty Ltd	1,808,253	1.59
9.	AMP Life Limited	1,389,086	1.22
10.	Bonwick Superannuation Fund	1,003,506	0.88
11.	UBS Nominees Pty Ltd	1,000,000	0.88
12.	Virtual Genius Pty Ltd	1,000,000	1.88
13.	Ron Medich Properties Pty Ltd	950,000	0.83
14.	Nattai Pty Ltd	915,000	0.80
15.	Mrs Karen Alana Schiller	875,000	0.77
16.	Yarandi Investments Pty Ltd	790,492	0.69
17.	UBS Nominees Pty Ltd	779,945	0.69
18.	Mr Jeffrey Schiller	750,000	0.66
19.	Drexwill Pty Ltd	555,000	0.49
20.	Doppelganger Pty Ltd	550,000	0.48
		83,181,134	73.09