



INDEPENDENCE GROUP NL
ABN 46 092 786 304

17 October 2006

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

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2006 ANNUAL GENERAL MEETING

Independence Group NL is pleased to confirm that the 2006 Annual General Meeting will be held at 10am on Wednesday 22nd November 2006.

A copy of the Notice of Meeting is attached hereto.

All shareholders are encouraged to vote on the meeting's resolutions by proxy if they are unable to attend the meeting.

A copy of the 2006 Annual Report and Notice of Meeting including Proxy Form will be forwarded to shareholders by the end of this week.

CHRISTOPHER BONWICK
Managing Director



Notice of Annual General Meeting

NOTICE IS HEREBY given for an Annual General Meeting of Independence Group NL (Company) to be held at Perth Zoo Conference Centre Theatre, 20 Labouchere Road, South Perth, Western Australia on Wednesday 22 November 2006 at 10:00am (WST) (Meeting).

The Explanatory Statement and Proxy Form accompanying this Notice of Annual General Meeting are hereby incorporated in and comprise part of this Notice of Meeting.

Ordinary Business

Annual Report

The Company's 2006 Annual Report (including the financial, directors' and auditors' report for the year ended 30 June 2006) will be tabled.

That members consider, and, if thought fit, pass the following resolution as a non-binding resolution in accordance with section 250R(2) of the Corporations Act 2001:-

Resolution 1. Adoption of the Remuneration Report

The Remuneration Report contained within the 2006 Directors' Report be adopted.

That members consider, and, if thought fit, pass the following resolutions as ordinary resolutions:-

Resolution 2. Re-election of Mr John Christie as a Director

Mr John Christie, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.

Resolution 3. Issue Options to Executive Director Mr Chris Bonwick

For the purposes of section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, the Company approve and authorise the issue of 500,000 options for no consideration to executive director Mr Chris Bonwick, or his nominee, on the terms set out in the Explanatory Statement.

Resolution 4. Issue Options to Executive Director Mrs Kelly Ross

For the purposes of section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, the Company approve and authorise the issue of 250,000 options for no consideration to executive director Mrs Kelly Ross, or her nominee, on the terms set out in the Explanatory Statement.

DATED this 6th day of October 2006

By Order of the Board

Kelly Ross
Company Secretary



Explanatory Statement

ANNUAL REPORT

Shareholders will be given an opportunity to ask questions of the directors of the Company (Directors) and the Auditors in relation to the accounts of the Company at the Annual General Meeting.

RESOLUTION 1. ADOPT THE REMUNERATION REPORT

One of the requirements introduced by the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act (CLERP 9) is that the Remuneration Report to be adopted must be put to a vote. The vote is advisory only and is not binding on the Directors.

RESOLUTION 2. RE-ELECTION OF MR JOHN CHRISTIE

Mr Christie is an accountant by profession with experience primarily in the resource and construction industries. He spent 16 years with Anaconda Australia Inc, a subsidiary of Atlantic Richfield, including seven years as Vice President and Treasurer. Mr Christie has previously held board positions with Ranger Minerals Ltd (now merged with Perilya Ltd) and General Minerals Corporation.

Mr Christie has been a Director of Independence Group NL since 2002 and is Chairman of the Audit Committee and a member of the Hedging and Remuneration Committees.

In accordance with the Company's Constitution, Mr Christie retires as a Director and is seeking re-election. The Directors, with Mr Christie abstaining, recommend that Mr Christie be re-elected as a member of the board.

RESOLUTIONS 3 AND 4. ISSUE OPTIONS TO EXECUTIVE DIRECTORS

Introduction

The non-executive Directors wish to allow the executive Directors, being Christopher Bonwick and Kelly Ross (Executive Directors), the opportunity to share in the growth of the Company in the form of unlisted options. The Company is mindful of the need to retain the current management team and to encourage their loyalty to the Company. The Company requests shareholder approval pursuant to section 208 of the Corporations Act 2001 (Cth) (Corporations Act) and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited (ASX) (Listing Rules) for the issue of options to the Executive Directors, or their respective nominees, on the following principal terms:

- The options are only exercisable and transferable after a period of 12 months from date of issue. If an Executive Director ceases employment with the Company during the 12 month period prior to the vesting of the options, the options will automatically lapse.
- The exercise price is set at the average ASX market price of the Company's ordinary shares (Shares) prevailing during the 5 days prior to the date of issue. Each option will carry the right to subscribe for one fully paid ordinary share in the capital of the Company.
- The options shall not be quoted on ASX. The options will carry no right to participate in pro-rata issues of securities to shareholders unless the options are exercised before the record date for determining entitlements to the relevant pro-rata issue.
- The expiry date of the options will be 30 June 2011.

Under the Company's current circumstances, it is considered that the incentive to the Executive Directors represented by the issue of these options are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. The non-executive Directors consider it is better for the Company that the Executive Directors be rewarded by way of securities in the Company, rather than by way of cash.

The number of options to be issued to Mr Bonwick and Mrs Ross, or their respective nominees, and their exercise price and expiry date have been determined based upon the Directors' wish to ensure that the remuneration offered is competitive with market standards and, where appropriate, based upon performance hurdles. The Directors have generally reviewed a selection of comparable companies to determine market conditions generally and consider the proposed number of options to be issued will ensure that Mr Bonwick's and Mrs Ross's overall remuneration is in line with market standards.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Executive Directors are each a related party of the Company.



Resolutions 3 and 4 provide for the issue of options to the Executive Directors (or their respective nominees) which is a financial benefit for the purposes of Chapter 2E of the Corporations Act.

In accordance with section 219 of the Corporations Act, the following information is provided to shareholders:

(a) The related parties to whom the proposed resolutions would permit the financial benefit to be given are as follows:

Name	Options
Christopher Bonwick, or nominee	500,000
Kelly Ross, or nominee	250,000

(b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit proposed to be given is the issue of the options for no consideration on the terms and conditions set out in Resolutions 3 and 4 and Annexure A to this Explanatory Statement.

(c) Directors' recommendation:

The Directors, with Mr Bonwick and Mrs Ross abstaining, recommend the issue of options to the Executive Directors (or their respective nominees) to encourage loyalty to the Company and to retain the current management team.

(d) Other information that is reasonably required by shareholders to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 4 that is known to the Company or any of its Directors:

- a. The proposed resolutions would have the effect of giving power to the Directors to issue up to 750,000 options on the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above. The Company currently has 113,107,557 shares and 4,210,400 options on issue.
- b. The Company has sought an independent valuation of these options. The independent valuers have provided an indicative valuation of the proposed options, based on the Binomial Option Pricing Model, and have arrived at an indicative valuation of \$1.34 per option. This valuation is based on the following data:-

Input Details	Inputs	Basis for Input Value
Underlying share price	\$3.75	Based on closing share price on 27 September 2006
Strike/exercise price	\$3.75	Assumed average price 5 days prior to issue
Risk free rate	5.64%	Implied yield on zero-coupon Australian government bonds at 27 September 2006 continuously compounded, corresponding to the expected life of the options
Issue date	22 November 2006	Expected issue date of the options
Expected vesting date	22 November 2007	Terms and conditions of options
Expiry date	30 June 2011	Terms and conditions of options
Expected life of the options	3.7 years	Assumption based on terms and conditions of the options, including vesting date and expiry date.
Expected volatility (annualised)	46.69%	Weekly historical volatility corresponding to the expected life of the option, as sourced from Bloomberg
Dividend yield	2.37%	Continuously compounded rate, based on total dividends paid in previous twelve months divided by closing share price on 27 September 2006

The valuation provided is indicative only, being based on data available as at 27 September 2006. The exercise price, and therefore the final value of the options, will not be known until the date of the option issue.

Explanatory Statement

- c. If any options granted as proposed are exercised, the effect would be to dilute the shareholding of existing shareholders. Based on the number of Shares on issue and assuming all the options the subject of Resolutions 3 and 4 are exercised (but no other options on issue are exercised), the total dilution would be approximately 0.66%. The market price of the Company's Shares during the period of the options will normally determine whether or not option holders exercise the options. At the time any options are exercised and Shares are issued pursuant to the exercise of the options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the options.
- d. As at the date of this Notice of Annual General Meeting, the Executive Directors and their associates have relevant interests in securities in the Company as follows:

Name	Number of Shares	Number of Options
Christopher Bonwick	3,873,506	750,000
Kelly Ross	695,000	375,000

- e. The current annual emoluments of the Executive Directors are Mr Christopher Bonwick \$410,000 and Mrs Kelly Ross \$240,000, which include at risk bonuses of \$60,000 and \$20,000 respectively.
- f. The following table gives details of the highest, lowest and latest price of the Company's Shares trading on ASX over the past 12 months ending on 27 September 2006:

Security	Highest Price (\$)	Date of highest price	Lowest Price (\$)	Date of lowest price	Latest price on 27 September 2006 (date of valuation)
Ordinary Shares	\$3.86	14 September 2006	\$1.50	6 October 2005	\$3.75

- g. Under the Australian Equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the options the subject of Resolutions 3 and 4 in its income statement in the financial year/s in which the options vest. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the options pursuant to Resolutions 3 and 4.
- h. Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions 3 and 4.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the issue of options to the Executive Directors, or their respective nominees.

Additional Information

The following information is provided to shareholders for the purposes of Listing Rule 10.13:

- the options will be issued to the Executive Directors, or their respective nominees;
- the maximum number of options to be issued pursuant to Resolutions 3 and 4 is 750,000;
- the options will be allotted and issued on a date which will be no later than 1 month after the date of this Annual General Meeting, or such later date as approved by ASX;
- the options will be issued for no consideration and accordingly, no funds will be raised by the issue of the options; and
- the full terms and conditions of the options are set out in Annexure A to this Explanatory Statement.

As approval is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Annexure A

Terms and Conditions of Options (Resolutions 3 and 4)



1. Each option carries the right to subscribe for one fully paid ordinary Share in the capital of the Company (**Share**).
2. The **exercise price** of each option is set at the average ASX market price of the Company's ordinary shares prevailing during the 5 days prior to the date of issue.
3. The **Expiry Date** of these options is 30 June 2011 (**Expiry Date**).
4. Subject to clause 13, the options are only exercisable during the period commencing on the date which is 12 months from their date of issue (**Vesting Date**) and ending on the Expiry Date.
5. The options shall be transferable after they vest, being either after the Vesting Date or earlier vesting as referred to in clause 13.
6. Options not validly exercised on or before the Expiry Date will automatically lapse.

Subject to clause 13, if the Executive ceases to be employed by the Company prior to the Vesting Date, the options will automatically lapse. For the avoidance of doubt, if the Executive ceases to be employed by the Company after the Vesting Date, the options will remain exercisable until the Expiry Date.

7. Options may be exercised by delivering to the Company's registered office a notice stating the number of options to be exercised (**Notice**) together with a cheque made payable to the Company for an amount equal to the exercise price less the Cash Payment amount for each option being exercised.
8. The Company will make application to have the Shares (issued pursuant to an exercise of options) listed for quotation by ASX within 7 days of the date of issue. From the date of issue, the Shares shall rank pari passu with existing Shares in all respects.
9. Options shall not be quoted on ASX.
10. Options carry no right to participate in pro rata issues of securities to shareholders. Each option holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with the ASX Listing Rules.
11. There is no right to change the exercise price of the options nor the number of underlying shares over which the options can be exercised, if the Company completes a bonus or pro rata issue.
12. In the event of a reorganisation of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital), the terms of the options shall be changed to the extent necessary to comply with the Listing Rules in force at the time of the reorganisation.
13. Notwithstanding clauses 4 and 6, all options shall vest and may be exercised by the option holder:
 - (a) during a Bid Period; or
 - (b) at any time after a Change of Control Event has occurred; or
 - (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these Terms and Conditions:

Bid Period means in relation to a takeover bid in respect of shares in the Company, the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the board of directors of the Company;

Corporations Act means Corporations Act 2001 (Cth); and

Executive means Christopher Bonwick or Kelly Ross, as applicable.

Voting Exclusion Statement

The Company will disregard any votes cast on the following resolutions by any person ("Participating Party") who is, in the case of:-

Resolution 2, Mr John Christie and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act 2001 would be regarded as a person associated with the Participating Party ("Associate").

Resolution 3, Mr Christopher Bonwick or his Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed issue of options.

Resolution 4, Mrs Kelly Ross or her Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed issue of options.

However, the Company will not disregard a vote if it is cast by the Participating Party:

- a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or
- b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.



Shareholder's Name & Address

Please write your name(s) above

Number & Street/PO Box Number City/Town State Post Code

Country (if not Australia)

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairperson see fit) at the General Meeting of Independence Group NL to be held on 22 November 2006 at 10.00 am WST at Perth Zoo Conference Centre Theatre, 20 Labouchere Road, South Perth, Western Australia (and at any adjournment thereof) **(Meeting)**:

 OR

Name of person you are appointing (if not the Meeting Chairperson)

*** The Chairperson intends to vote undirected proxies in favour of all resolutions.**

Resolutions	For	Against	Abstain**
1. Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr John Christie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of options to Mr Christopher Bonwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of options to Mrs Kelly Ross	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This proxy empowers the person appointed as proxy to vote on any other motions validly put to the Meeting as the proxy sees fit.

****If you mark the "Abstain" box for a particular item, you are directing your proxy not to vote on that item.**

Appointing a Second Proxy (if applicable)

Contact Telephone Number

 or %

The number of shares applicable to this proxy form The percentage of your voting rights Area Code Telephone Number

Signature(s)

Shareholder 1

Shareholder 2

Shareholder 3

Director

Director/Secretary

Sole Director and Secretary

Company Seal (if required)

Proxies may be lodged either by:-

- **facsimile** to (08) 9367 3288,
- **mail** to PO Box 893, South Perth, Western Australia, 6951, or
- **delivery** to the registered office of the Company at Suite 9, 3rd Floor, PDM House, 72 Melville Parade, South Perth, Western Australia.

To be valid, a proxy form must be received by the Company not less than 48 hours before the time appointed for the Meeting. For assistance in completing this form, please refer to the accompanying Instructions for Completion of the Proxy Form.

Instructions for Completion of the Proxy Form

Shareholder's Name & Address

This is the name and address of the shareholder as it appears on the Company's share register. For the purposes of the Meeting, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of the Meeting.

Appointment of Proxy

A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairperson of the Meeting will be your proxy to vote your shares even if you attend the Meeting (unless you revoke your proxy before the Meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/s. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

Contact Telephone Number

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.