Looking ahead

INDEPENDENCE GROUP NL
ABN 46 092 786 304

ANNUAL REPORT 2010

Corporate Directory

Directors

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

Christopher Bonwick *(Managing Director)*

Kelly Ross *(Executive Director and Company Secretary)*

John Christie *(Non-executive Director)*

Rod Marston *(Non-executive Director)*

Peter Bilbe *(Non-executive Director)*

Management

Drew Totterdell *(Business Development Manager)*

Tim Kennedy *(Exploration Manager)*

Michael Neubauer *(Group Mining Engineer)*

Perth Office

Ground Floor, Suite 1
183 Great Eastern Highway
Belmont, Western Australia
Postal: Po Box 496
South Perth, WA, 6951
Telephone: +61 8 9479 1777
Facsimile: +61 8 9479 1877
Email: contact@igo.com.au
Website: www.igo.com.au

Kambalda Office – Long Nickel Mine

Brett Hartmann (General Manager)
Lightning Nickel Pty Ltd
PO Box 318
Kambalda, Western Australia 6442
Telephone: +61 8 9027 6699
Facsimile: +61 8 9027 6609

Solicitors

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

Auditor

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

Share Registry

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

ASX Code : IGO

2010: Independence produced a net profit after income tax of $28.7 million for the year. Since inception, Independence has returned franked dividends of $65 million to shareholders. The Long Nickel Mine was commissioned in October 2002 and has produced 64,109 tonnes of nickel for IGO. The Tropicana Joint Venture with AngloGold Ashanti Australia Limited is one of the largest gold discoveries in Western Australia in the last decade. A Bankable Feasibility Study is being completed. Significant discoveries of high-grade massive nickel sulphides at Duketon and oxide and primary gold mineralisation at Karlawinda could lead to further organic growth.

Corporate Goals: The overall corporate goal is to increase shareholder wealth through share price growth and dividends, by successful investment in operations, exploration and corporate acquisitions, and to grow a multi-commodity mining company.

2010

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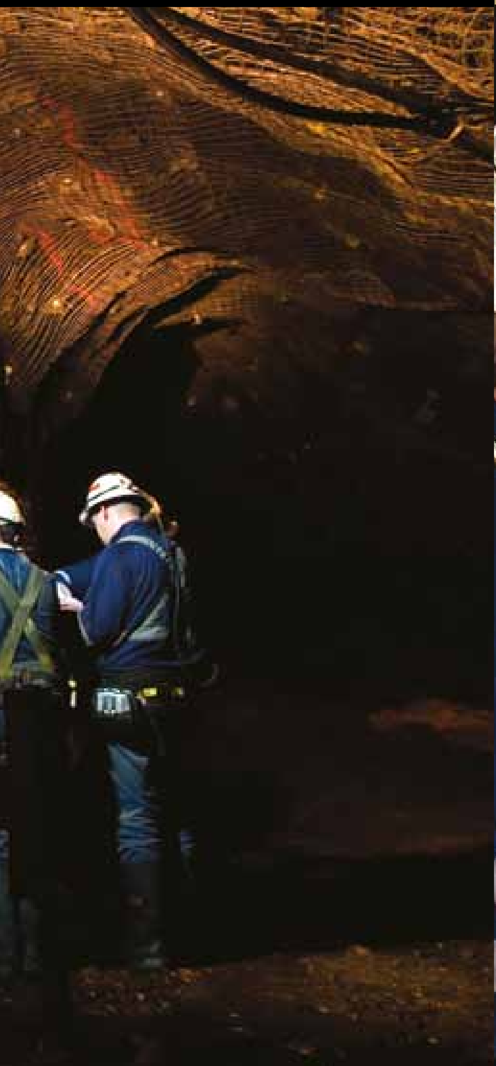


Company Highlights

Group

- Net profit after tax of $29 million (2009: $16 million)
- Dividends paid during the year - 5 cents fully franked (2009: 7 cents)
- Dividends payable subsequent to year end - 3 cents fully franked, paid 30 September 2010
- Fully diluted EPS of 25 cents (2009: 14 cents)

Share Structure

Listed	- Ordinaries	113,813,539
Unlisted	- Options	1,087,500
Total		114,901,039

Operations

- 202,796 tonnes of ore mined at 4.25% Ni producing 8,615 nickel tonnes
- Long reserves at 30 June 2010: 53,400 nickel tonnes
- Long resources at 30 June 2010: 91,500 nickel tonnes (including reserves)
- Moran nickel ore body extended to the south resulting in an increase in reserves
- Encouraging high-grade nickel intercepts north of the Long ore body with associated DHTEM anomalies remaining to be tested
- Moran, McLeay and Long North nickel systems remain open

Exploration

- Tropicana JV – Boston Shaker gold discovery north-east of Tropicana likely to be amenable to open-cut mining has increased the known gold system strike-length to 5 kilometres
- Tropicana JV – Wide, high-grade gold intercepts beneath the planned Havana open pit indicate potential for underground mining
- Tropicana JV – Bankable Feasibility Study expected to be completed in the December 2010 quarter
- Duketon JV – High-grade massive nickel sulphides intersected with associated high Cu, Co and PGE credits
- Karlawinda – Oxide and primary gold mineralisation intersected over an extensive area
- Holleton – Encouraging gold intercepts beneath a large geochemical anomaly
- De Beers Database – Continued sample analysis with a number of Au, Cu, Pb, Zn, Ni, Cu and Sn anomalies identified

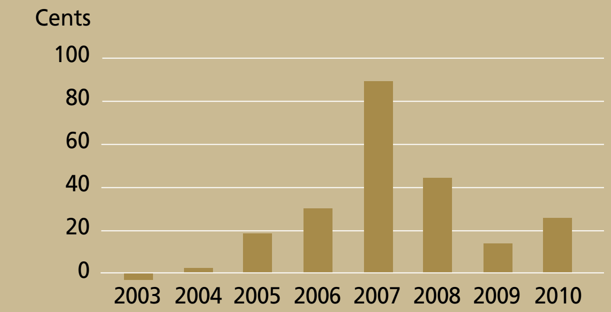


Diagram 1: Earnings per share - Diluted

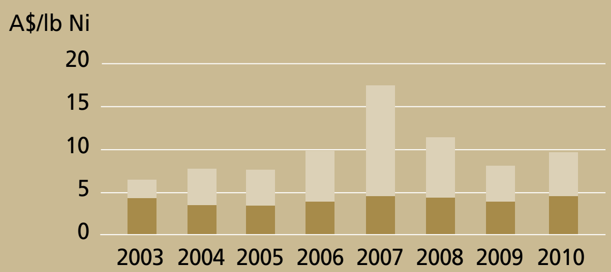


Diagram 2: Cash Costs/lb Payable Ni

Sales Revenue/lb Payable Ni

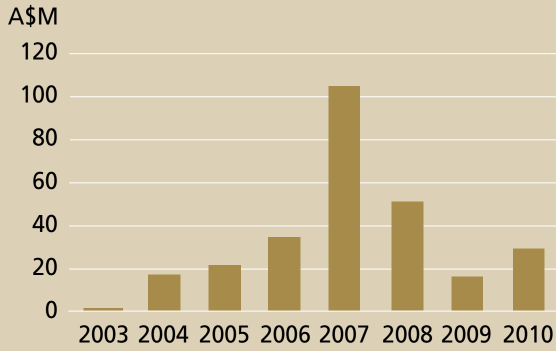


Diagram 3: Net Profit after Tax

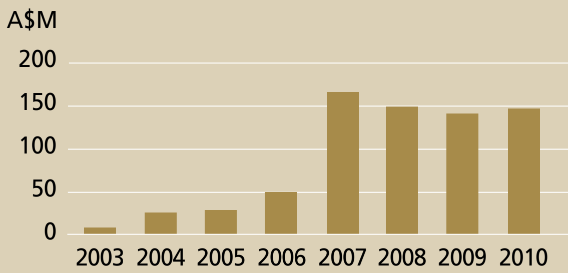


Diagram 4: Cash and Receivables Net of Creditors

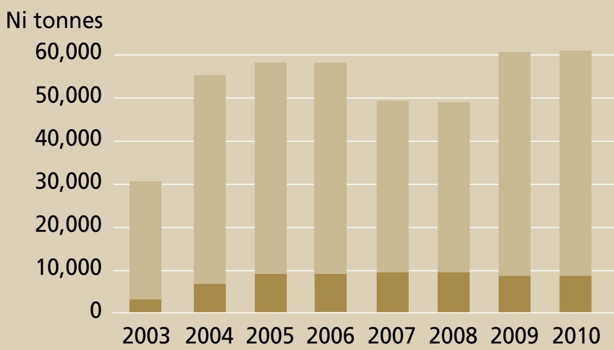


Diagram 5: Nickel Production

Ore Reserves

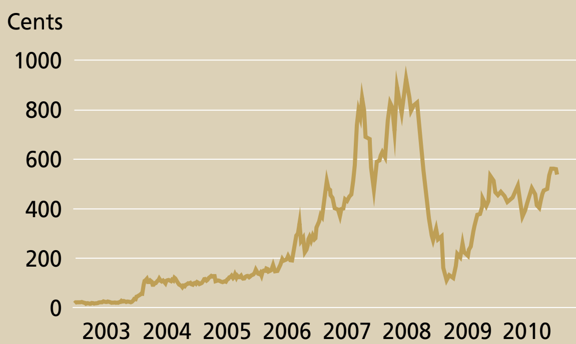


Diagram 6: Average Share Price

Company Profile

Oscar Aamodt (64)
FCIS
Non-executive Chairman

Oscar Aamodt is a fellow of the Institute of Chartered Secretaries and has more than 30 years experience in the administration and management of listed mining and exploration companies in Australia and overseas. He has held a number of directorships in Australian mining companies as well as having held the positions of CFO and COO with Resolute Limited, a company that had numerous operations in Australia and Africa. He has had extensive involvement in project development team work, project financing as well as corporate activities. From February 2002 until May 2003 he was a Director and Company Secretary of Abelle Limited and was subsequently Company Secretary of Bluestone Tin Limited and Metals Exploration Limited. Mr Aamodt was also a director of ASX listed company Energy Metals Limited until December 2009.

Christopher Bonwick (51)
B.Sc. (Hons), MAusIMM
Managing Director

Mr Bonwick is a geologist with 28 years experience in the mineral exploration and mining industry, particularly in the areas of Australian gold and nickel exploration. Mr Bonwick was employed by mining house WMC for ten years, as an open-cut and underground mine geologist, and senior supervising geologist at WMC's Kalgoorlie Exploration Division. In 1991, he moved to Samantha Gold NL where he was employed as Chief Geologist and became Chief Geologist at Resolute Limited in 1994. Mr Bonwick has led teams that have successfully located virgin gold discoveries, including the Chalice (which returned $100 million profit in just over three years and won "Diggers and Dealer's Discovery of the Year" in 1994), Redeemer and Indee deposits, as well as near-mine gold discoveries in Australia (Hill 50 and Marymia satellites) and Africa. Mr Bonwick was also presented with the Geological Society of Australia's Joe Harms Medal in 2010.

Rod Marston (67)
B.Sc. (Hons), Ph.D., MAIG, MSEG
Non-executive Director

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

Kelly Ross (48)
CPA, ACIS
Executive Director

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

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

John Christie (72)
CPA, ACIS
Non-executive Director

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

Peter Bilbe (60)
B.Eng. (Mining) (Hons), MAusIMM
Non-executive Director

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

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

Chairman's Review

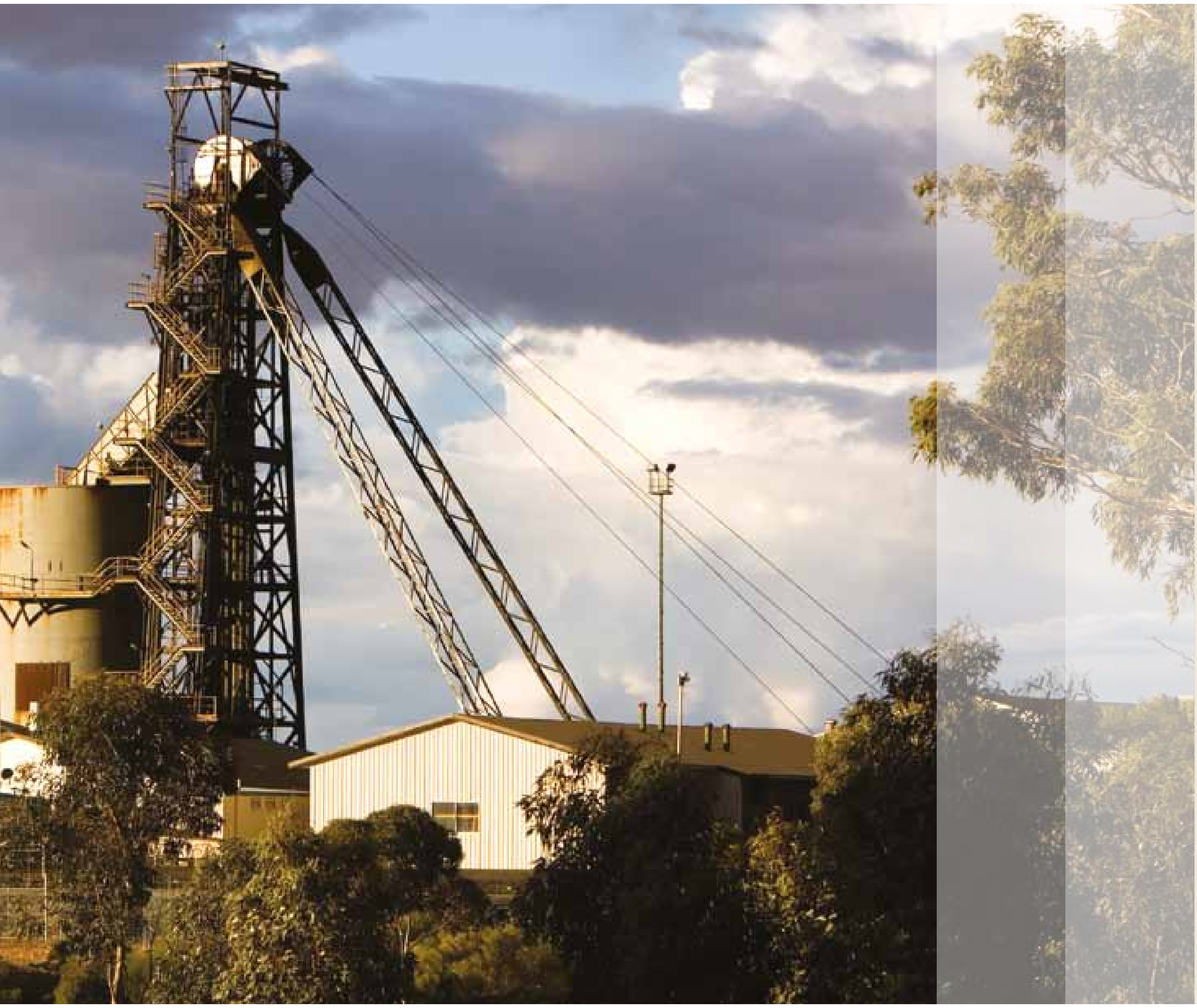
With the Company's strong focus on extending the life of the Long Nickel Mine's resources, shareholders and employees can be assured that IGO has a long term future.

Dear Shareholders, Your Company had a successful financial year ended 30 June 2010 with a solid after tax profit of $29 million and cash and receivables at the end of the financial year of $144 million.

The main drivers of this solid result were:

- The return to more robust commodity prices
- Our operations at the Long Nickel Mine continued to operate at above budget production and below industry average cash costs
- Significant investment in mine site development and exploration
- A stable and motivated workforce

From the time of purchasing the Long Nickel Mine your board and management have had a strong focus on extending the life of the mine's resources so that shareholders and employees could be assured that the Company had a long term future.



To demonstrate this strong focus the board committed to an intensive development and exploration strategy at the mine and has spent $41 million on development and $47 million on mine site exploration since acquiring the mine. We have now extended our expected mine life to about 6 years which ensures that our shareholders and employees have confidence in the long term future of the Company.

Unfortunately, having survived the global financial crisis by taking strong action to manage costs and keep people employed, the Company and our employees were placed in a period of extreme uncertainty when the Federal Government proposed a retrospective 40% Resources Super Profits Tax which would have seen a significant reduction in the funds we would have had available to extend the mine life at Long. Whilst the Government proposal, after a significant reaction by the mining industry, was subsequently modified to a Minerals Resources Rent Tax and now excludes minerals other than mined iron ore and coal, it has severely damaged the country in the eyes of overseas investors in the mining sector.

It is important that all of our stakeholders understand that we, as a mining company, have paid far more in Government taxes and royalties ($207 million) than we have paid in dividends to shareholders ($64 million) and wages to our employees ($106 million). The Government's argument that the mining industry does not pay its fair share of taxes and that our profits are being sent overseas to "rich foreign investors" simply doesn't reflect reality. Please see Chart 1 for further expenditure details.

Since inception the Company has sought to grow by investing significant funds each year into exploration, which is a high risk investment that demands the potential for high rewards to be a worthwhile and sustainable strategy. The Mining Tax increases risks and limits the potential for high rewards and therefore renders exploration in Australia a much less attractive investment option and will inevitably see these critical funds directed to more favorable jurisdictions. This is not good for the long term sustainability of Australia's mineral industry.

Following the outcome of the Federal election, we believe that the mining industry should not be complacent about this matter and we will continue to express our concerns about any future Government proposals that would have an impact on our ability to provide long term employment to our employees and a stable and competitive investment platform for our shareholders.

IGO's regional exploration activities during the year have been extremely successful with positive and promising results from the Karlawinda, Holleton and Duketon Projects. The Board has approved a substantial exploration budget for the 2010/2011 financial year which we believe will enable the exploration team to add significant value to these projects in the near term.

The Company will continue its policy of funding regional exploration for gold, nickel and other metals in Australia with a commitment to discovering a significant resource that will lead to additional mine developments for the Company.

The Tropicana Project team has, through a major effort by all involved, progressed the feasibility study to the stage where we expect it to be completed by the end of October 2010 and the joint venture owners are expected to make the final development approval decision in November 2010.

Apart from the extensive work on the Tropicana Project feasibility study, the Company's business development activities continued during the year, with a number of projects and companies assessed for investment opportunities that would add value to the Company. Although there have not been any investment opportunities that we believe would have added value to your Company in the longer term, either via realistic pricing or exploration upside, it is still the intention to continue assessing further opportunities as they are presented.

For further details of operations and exploration please refer to the Managing Director's Operations Report.

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

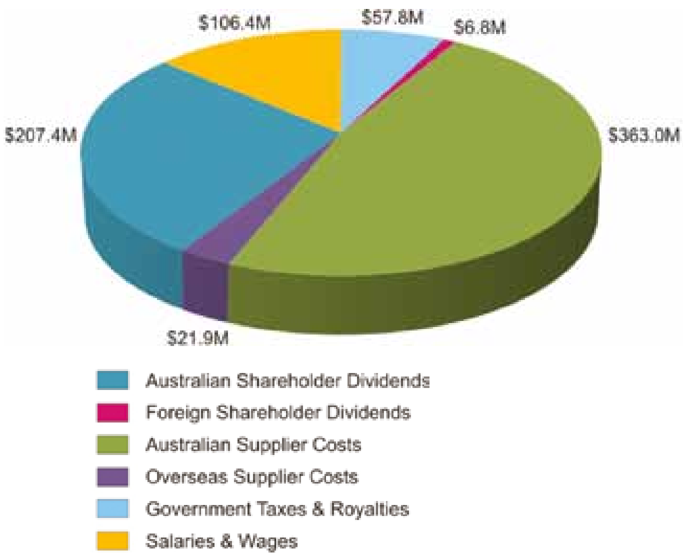
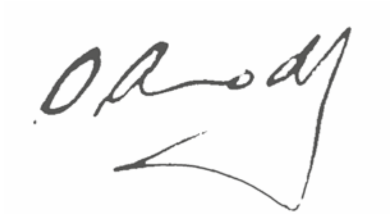


Chart 1: *Breakdown of Company expenditure.*

The strong results this financial year have to a large extent been a result of our employees' outstanding contributions to all of our mining and exploration operations and I wish to congratulate them all for their consistent efforts over the course of the year. I also compliment the management, administration, exploration and mining teams for their co-operation and successful implementation of plans and strategies that have kept the Company performing strongly during the year.

I also wish to once again express our appreciation for the support we receive from our shareholders, contractors and suppliers.



Oscar Aamodt
Chairman

Managing Director's Operations Report

During the year, Managing Director Chris Bonwick was presented with the Geological Society of Australia's Joe Harms Medal.

Dear Fellow Shareholders, Along with improving market conditions and nickel price, 2009/10 was a year of strong growth for the Company resulting in a number of new growth opportunities. I would like to thank all of our employees and contractors for the following achievements:

Safety and Environmental Standards

- Continued excellent safety record at the Long Nickel mine (only 13 Lost time Injuries since the mine opened in October 2002) and no environmental incidents.

Financial

- Net profit after tax increased 78% to $29 million (2009: $16 million).
- Cash and net receivables of $144 million (2009: $141 million).
- Fully franked dividends per share of 5 cents (2009: 5 cents).
- Fully franked dividends paid during the year totalled $5.7 million (5 cents per share).

Operations

- Above budget nickel production of 8,615 Ni tonnes (2009: 8,779 Ni tonnes).
- Head grade remained one of the highest of all nickel producers at 4.2% Ni (2009: 4:0% Ni).
- Cash costs including royalties of A$4.43/ payable pound of nickel (2009: $3.85), the lowest of all mid-sized Australian nickel producers.
- Development and the commencement of mining from Moran.

Mine Exploration

- Extension of the high grade Moran nickel ore body to the north and south.
- Discovery of new nickel sulphide shoots and DHTEM conductors north of Long.
- Moran, McLeay and Long ore bodies remain open along strike.

Regional Exploration

- Continued aggressive exploration effort resulting in expenditure of $24 million in 2009/10, including exploration programs at Tropicana.
- High-grade massive nickel sulphides containing associated copper, cobalt and platinum group elements intersected at Duketon.
- Further oxide and primary gold mineralisation intersected at Karlawinda.
- 1.3km long gold auger geochemical anomaly identified at the Holleton project with encouraging first-pass drilling results.

Tropicana Project

- Tropicana, Havana and Havana South open cut Bankable Feasibility Study results expected to be announced in the December 2010 quarter.
- New Boston Shaker open-pit gold discovery and Havana Deeps gold intercepts, which remain open down plunge, could add to the current mine life estimate.
- Significant surface and bedrock mineralisation at a number of Tropicana regional prospects, highlighting the potential for other gold discoveries.

Proposed 2010/11 Exploration, Capital Development and Equipment Programs

Due to the promising growth opportunities generated in 2009/10, the Company expects to spend about $80 million on capital expenditure in the 2010/11 financial year as follows:

Long Nickel Mine - Capital Equipment, Moran Development and Exploration	$40M
Tropicana – Finalise BFS, Mine Infrastructure and Exploration	$27M
Regional Exploration - excludes resource drilling, includes potential acquisitions	$13M

In the 2011 year, particular focus is expected to be on the following projects:

Long Nickel Mine

- Continued development of the Moran ore body including construction of a paste plant.
- Expand the current mining fleet to accelerate in-house underground development.
- Underground drilling to scope the size of the Moran, McLeay and Long North ore systems.

Tropicana Joint Venture

- Complete the Tropicana Bankable Feasibility Study for board approvals in late 2010.
- Continue Boston Shaker and Havana Deeps infill and extensional drilling with the aim of completing Scoping Studies by late 2010.
- Following project approval, commence road, airstrip and camp detailed design and construction.
- Test other targets in this new Australian gold province.

Regional Exploration

- Continue testing the extensive Karlawinda gold system for economic open-pit and underground gold deposits.
- Drill test Holleton geochemical anomalies for open-pit ore bodies.
- Depending on approvals, drill out the Duketon massive and disseminated nickel sulphide discoveries and start a scoping study.
- Continue ranking and testing targets in our extensive Australian and overseas project portfolio.
- Continue generating and follow up De Beers database targets.

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

Christopher Bonwick
Managing Director

Operations

Long Nickel Mine
IGO 100%

Exploration and development activities have resulted in the discovery of additional reserves increasing current mine life to at least 2016.

Background

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

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

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

Since IGO recommissioned the mine in 2002, the mine has produced 1.65 million tonnes at a reconciled grade of 3.9% nickel (64,109 nickel tonnes). Exploration and development activities have resulted in the discovery of an additional 10 years of reserves increasing current mine life to at least 2016, based on reserves only, at a production rate of approximately 9,000 tonnes of nickel per annum.

The McLeay nickel deposit was discovered in 2005 and is still open to the south. The Moran nickel deposit was discovered in 2008. It currently has a resource of 39,400 nickel tonnes and is open to the south-east. Results to date also indicate that the Long nickel deposit is open to the north.

Tenure

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

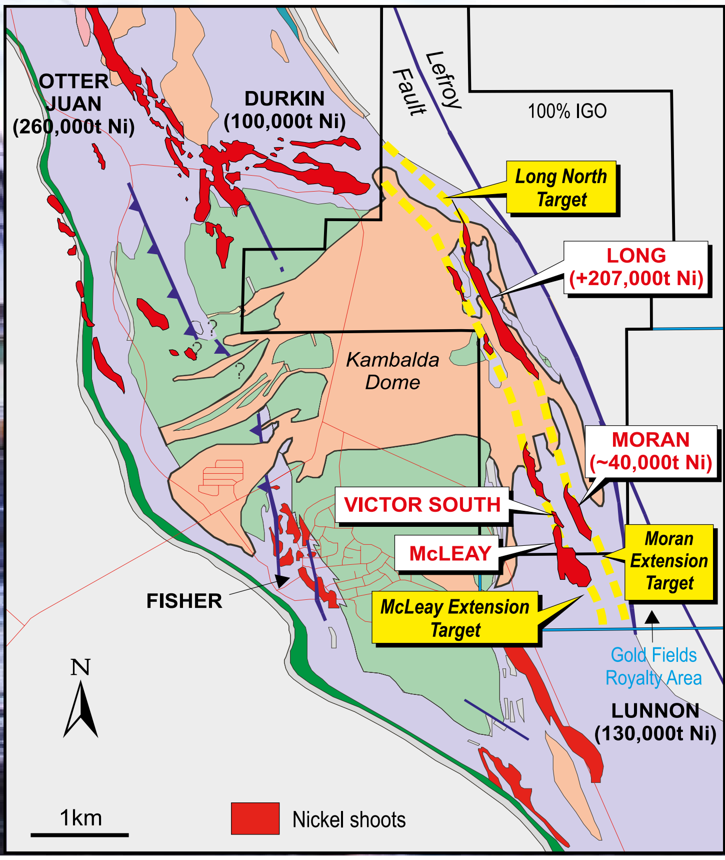


Figure 1: *Long Nickel Mine - Regional Geology, Tenure, Nickel Shoots and Targets*

Offtake Agreement

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

Safety

The mine plan adopted by the Company incorporates a number of procedures and policies to ensure the safety of our team is not jeopardised. Five Lost Time Injuries ("LTI") occurred during 2010 and the mine has implemented new safety procedures as a result of the higher than normal injury rate on the mine. The mine has also engaged an outside consultant to perform a safety audit to ensure existing procedures comply with best practice in the industry.

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

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

Ground Conditions and Seismicity

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

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

Mine Work Force

Lightning currently employs 121 full-time staff as well as 14 full-time contractors. Contract drillers are also on site on an ongoing basis and there are also currently numerous contractors on site assisting with the development of the Moran ore body. Many employees are ex-WMC Kambalda employees, who brought a pool of sound operating knowledge, experience and skills to the mine.

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

Mine Production

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

Production for the year was 8,615 tonnes of nickel metal as shown in Table 1.

Independence's share of metal produced in 2009/10 was 5,204 nickel tonnes and 245 copper tonnes, resulting in revenue of $111 million.

Resources and Reserves

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

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

Table 1: *Long Nickel Mine - 2009/10 Production*

	Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	83,774	4.3	3,589
Victor South (mechanised)	31,730	4.9	1,552
McLeay (mechanised and hand-held)	86,189	4.0	3,423
Moran (mechanised)	1,103	4.6	51
TOTAL	202,796	4.2	8,615
Reserve			6,478
In addition to Reserve			2,137
TOTAL			8,615

June 2010 Mineral Resources*: **1,702,000t @ 5.4% Ni (91,500t Ni)**

June 2010 Ore Reserves: **1,315,000t @ 4.1% Ni (53,400t Ni)**

* Resource Ni t are inclusive of Reserves

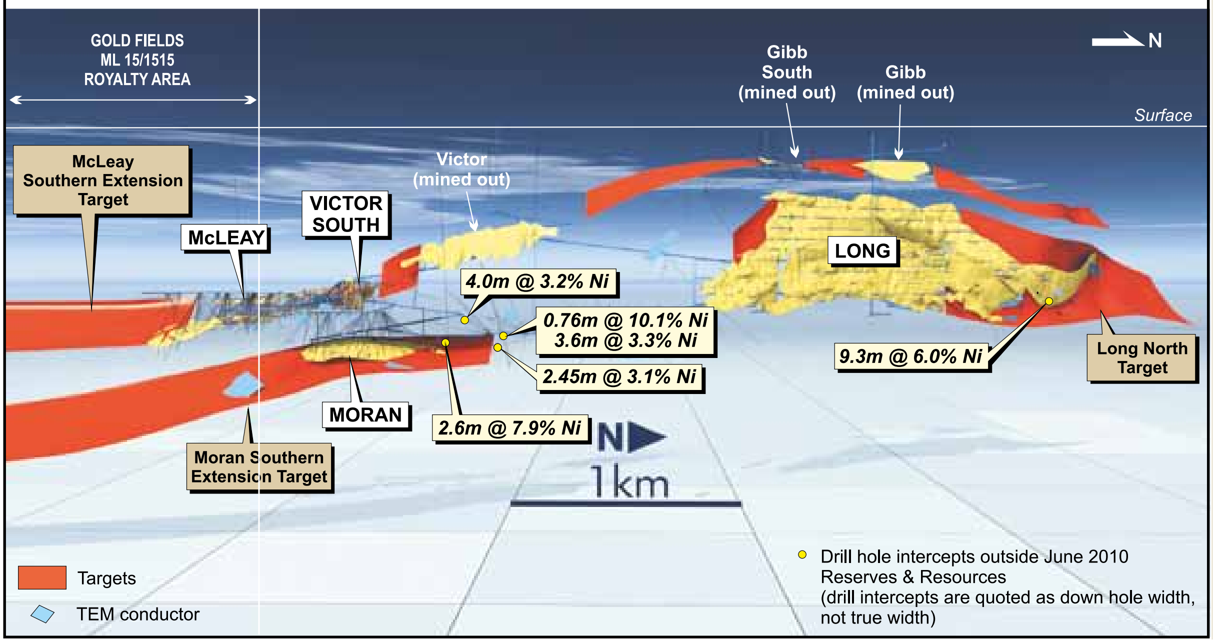


Figure 2: *Long Nickel Mine - Longitudinal Projection Showing Target Areas, TEM Conductors and Significant Intercepts Outside Current Resources and Reserves*

Table 2: *Long Nickel Mine - Resources*

		Undiluted Resources at 1% Ni Cut-off [1] as at 30 June 2009 [2]			Undiluted Resources at 1% Ni Cut-off [1] as at 30 June 2010 [2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	64,000	6.4	4,100	26,000	5.6	1,500
	Indicated	298,000	5.2	15,500	215,000	4.8	10,300
	Inferred	61,000	4.4	2,700	105,000	4.4	4,600
	Sub-Total	423,000	5.3	22,300	346,000	4.7	16,400
Victor South	Measured	-	-	-	17,000	7.0	1,200
	Indicated	305,000	3.2	10,100	232,000	2.7	6,300
	Inferred	-	-	-	131,000	1.7	2,200
	Sub-Total	305,000	3.2	10,100	380,000	2.6	9,700
McLeay	Measured	118,000	6.8	8,000	85,000	8.1	6,900
	Indicated	217,000	5.6	12,100	248,000	5.7	14,200
	Inferred	162,000	5.4	8,800	94,000	5.1	4,800
	Sub-Total	497,000	5.8	28,900	427,000	6.1	25,900
Moran	Indicated	401,000	6.9	27,800	494,000	7.2	35,700
	Inferred	55,000	8.4	4,600	52,000	7.1	3,700
	Sub-Total	456,000	7.1	32,400	546,000	7.2	39,400
Broken Stocks	Measured	4,000	5.0	200	3,000	3.0	100
	Sub-Total	4,000	5.0	200	3,000	3.0	100
TOTAL		1,685,000	5.6	93,900	1,702,000	5.4	91,500

Table 3: *Long Nickel Mine - Reserves*

		Mining Reserve at Economic Ni Cut-off [1] as at 30 June 2009 [2]			Mining Reserve at Economic Ni Cut-off [1] as at 30 June 2010 [2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Proven	70,000	3.5	2,500	15,000	2.8	400
	Probable	155,000	2.9	4,500	98,000	2.9	2,900
	Sub-Total	225,000	3.1	7,000	113,000	2.9	3,300
Victor South	Proven	-	-	-	24,000	4.0	1,000
	Probable	112,000	4.6	5,200	55,000	5.1	2,800
	Sub-Total	112,000	4.6	5,200	79,000	4.8	3,800
McLeay	Proven	170,000	3.7	6,400	121,000	3.9	4,700
	Probable	176,000	3.8	6,700	261,000	3.4	8,800
	Sub-Total	346,000	3.8	13,100	382,000	3.5	13,500
Moran	Proven	-	-	-	-	-	-
	Probable	640,000	4.1	26,300	739,000	4.4	32,700
	Sub-Total	640,000	4.1	26,300	739,000	4.4	32,700
Broken Stocks	Proven	4,000	5.0	200	2,000	3.0	100
	Sub-Total	4,000	5.0	200	2,000	3.0	100
TOTAL		1,327,000	3.9	51,800	1,315,000	4.1	53,400

Notes:

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

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

3 The competent persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.

Portable underground electromagnetic EM Torch system

High-powered TEM surface transmitter

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

Geophysics

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

A surface high-powered TEM transmitter is in operation, which was developed by Independence and Curtin University of Technology in Western Australia. An underground high-powered TEM transmitter and loop have also been installed, which assisted in the discovery of the Moran deposit. The Company has also commenced development of the next generation of TEM transmitter, which is expected to deliver greater reliability and higher signal strength.

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

Exploration

Exploration during the year resulted in extensions to the high-grade Moran deposit and also identified extensions to the Long North ore body.

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

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

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

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

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

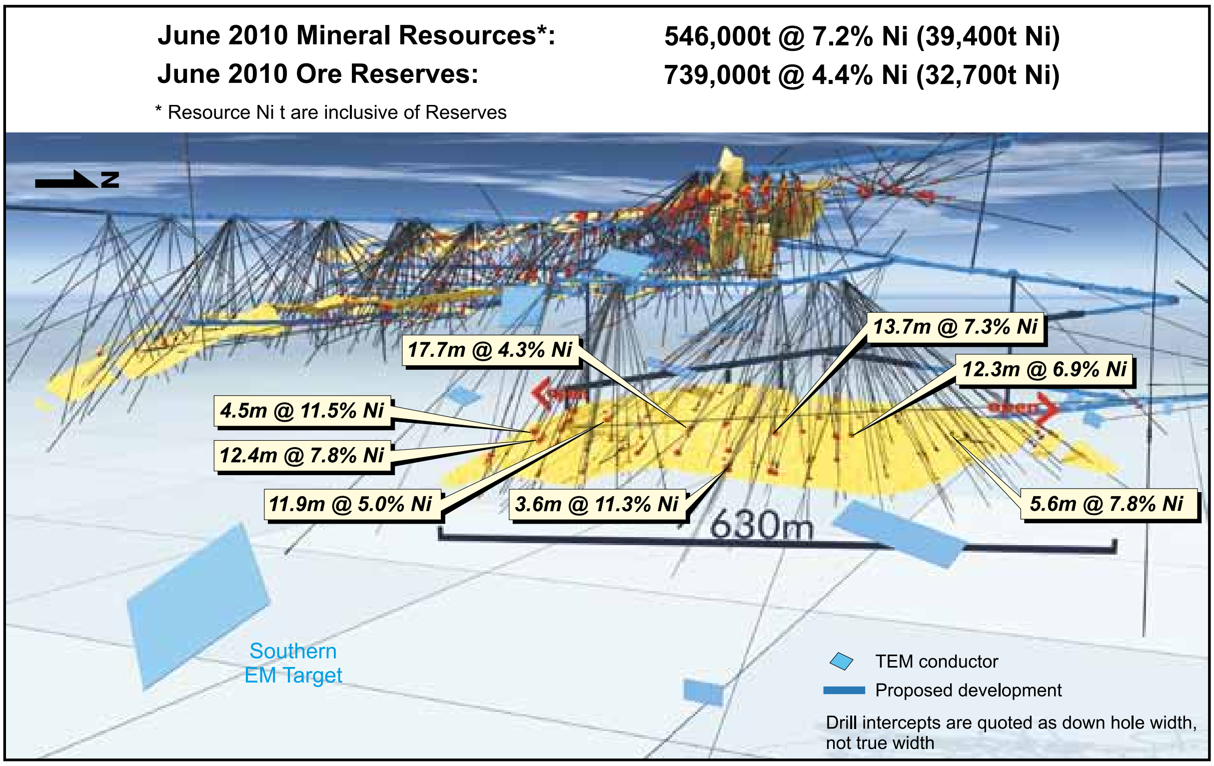


Figure 3: *Moran Deposit - 3D Isometric Model Showing Nickel Shoot, Drill Holes, TEM Conductors and Development*

Moran

The high-grade Moran deposit was discovered by the Company’s exploration team in late 2008 and a maiden resource estimate was published in September 2009. The Moran nickel sulphides are within the same lava channel hosting the +200,000 nickel tonne Long ore body. Moran is currently interpreted to have a 620m strike length and remains open to the south-east. The deposit is located approximately 1km south of the Long ore body.

The work program for the 2010 financial year focused on extending the Moran resource to the south, where a strong DHEM anomaly and stringer sulphides intersected by hole LSU-103 supported an interpreted continuation of the system. Geotechnical problems slowed development of the Moran 525 hanging wall drill drive, limiting the amount of drilling completed during the reporting period. However, the initial hole testing the DHEM target (LSU-279) intersected 12.3m @ 7.8% Ni (7m true width). Follow-up drilling has extended the Moran ore body 140m beyond the southern boundary of the June 2009 resource.

The exploration team will continue the extensional drilling program to the south of Moran during the next financial year, utilising the 525 and 575 drill drives completed in 2010. An interpreted conductor lying within the projected lava channel south-east of Moran will be tested in the third quarter of 2010. In order to support this program, a new underground TEM transmitter loop was constructed by drilling a 335m underground diamond drill-hole between the 525 and 575 drives, allowing connection of a 1.6km circumference wire loop energized by the Company’s proprietary high-powered transmitter.

Exploration drilling to the north of the 2009 resource boundary has intersected high-grade mineralisation close to existing development (LSU-325: 1.3m @ 5.0% Ni and 2.6m @ 7.9% Ni). Although the potential ore tonnage in this area appears limited, further delineation drilling is justified.

The first production from Moran occurred in June 2010.

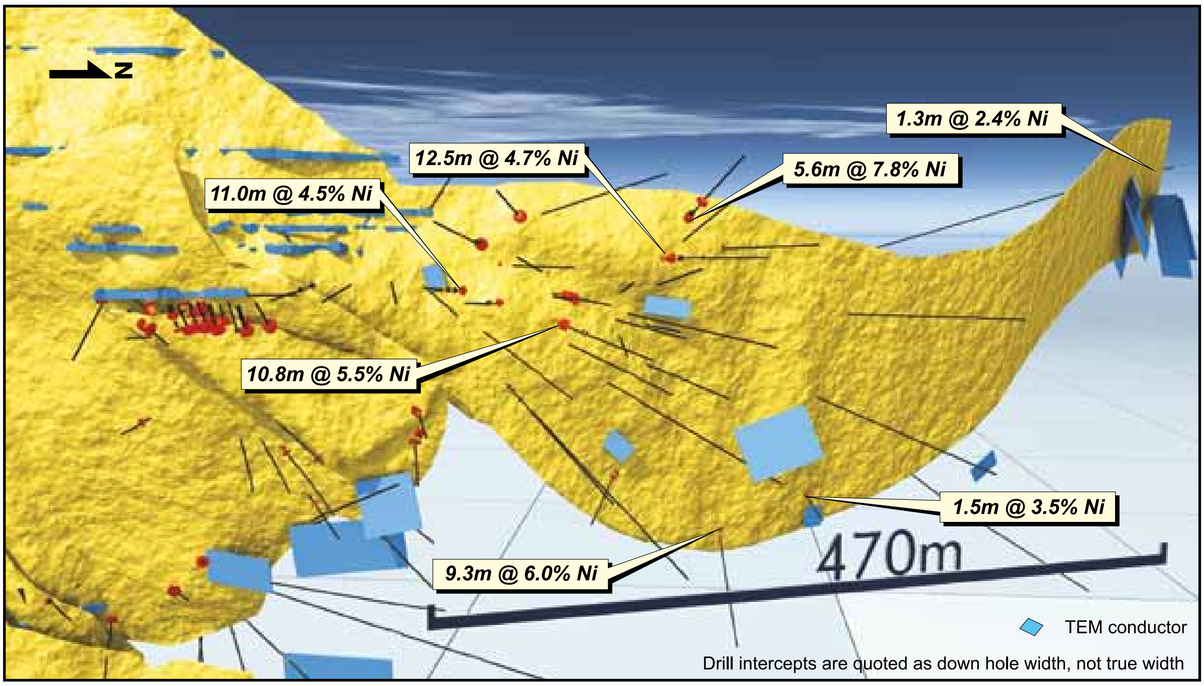


Figure 4: *Long North - 3D Isometric Model Showing Nickel Shoots, Drill Holes, TEM Conductors, Proposed Development and Significant Intercepts*

Long North

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

Several extensional holes were drilled to test the prospective contact to the north and down-dip from the 07 Shoot. The first of these holes, LG137-039, intersected remobilized massive sulphide (0.3m @ 5.9% Ni) and light matrix sulphide (1.2m @ 2.4% Ni) approximately 465m north of the 07 Shoot 2009 resource boundary.

Hole LG137-041 intersected 9.3m @ 6.0% Ni (3.9m true width) 75m below the 07 Shoot, and LG137-043 intersected 1.4m @ 3.5% Ni 60m to the north of this intersection. Although hole LG137-044 intersected thin zones of nickel sulphide mineralisation down-dip from the 07 Shoot, a DHEM survey read in this hole detected strong conductors in the vicinity of these intersections. These results upgrade the prospectivity of the Long North target area, and a program of drill drive development and infill drilling is planned for the 2011 financial year.

June 2010 Mineral Resources*:	**427,000t @ 6.1% Ni (25,900t Ni)**
June 2010 Ore Reserves:	**382,000t @ 3.5% Ni (13,500t Ni)**

* Resources are inclusive of Reserves

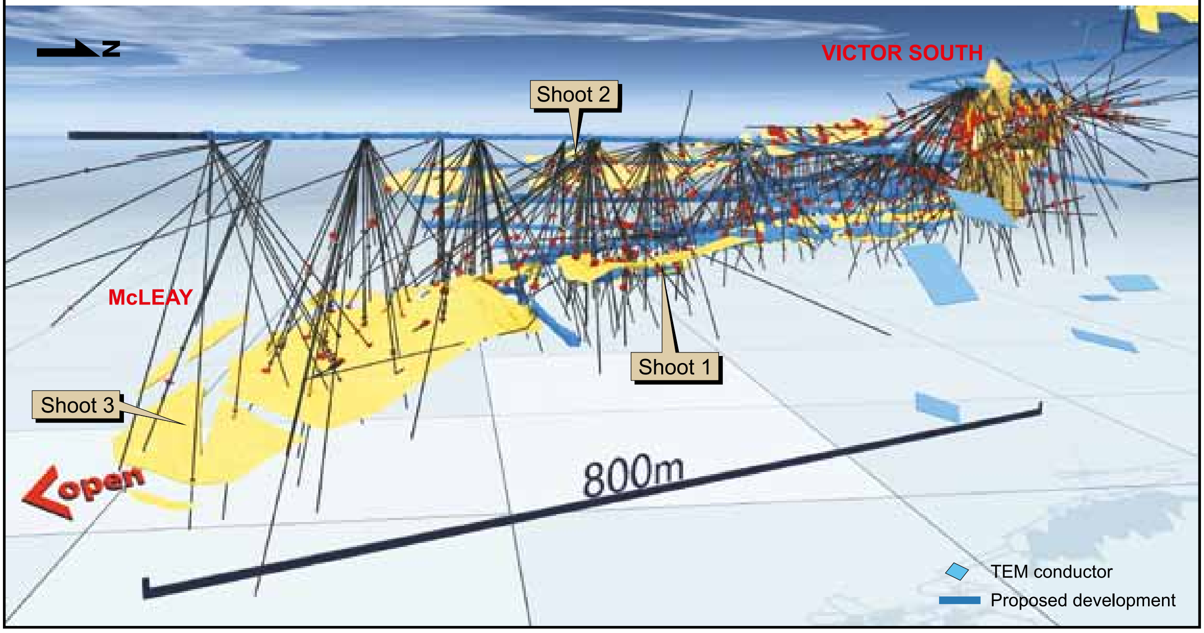


Figure 5: *McLeay - 3D Isometric Model Showing Nickel Shoots, Drill Holes and Development*

McLeay

The McLeay ore body remains open to the south. A swarm of porphyry dykes stopes out mineralisation at the southern limit of the existing resource and creates difficult drilling conditions that have thus far prevented effective testing of the prospective contact further to the south. The new 570 drill drive will be used to extend the drilling past the porphyry swarm to test for a continuation of the McLeay ore system. The new underground transmitter loop will allow DHTEM surveying with greatly improved data quality in the underground diamond drill holes.


LIGHTNING
NICKEL

Exploration

Strategy

Independence Group (IGO) continues to place a high priority on the discovery and development of high-value ore bodies to achieve its long term growth objectives. While the focus is on gold, nickel and copper deposits, other target types such as strategic metals are being assessed as part of the De Beers database initiative. IGO recognises that exploration is inherently high risk and that most of the well known mining areas in Australia have been thoroughly explored. However, IGO believes that there are many more ore bodies yet to be discovered, in less explored areas including those beneath cover and in previously unrecognised mineralised belts, through the application of new ideas, good science and carefully considered exploration programs. Australia is currently the preferred destination, however a number of overseas jurisdictions are becoming increasingly attractive and exploration and mining opportunities in these countries are being actively considered. The following proven tactical approach is being applied to maximise our chance of success:

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

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

Exploration Technology and Techniques

An important component of IGO's exploration strategy is the development and application of new and improved exploration tools to generate new projects, unlock value in existing projects and provide competitive advantage. Since its inception IGO, through technical and research relationships, has assisted in the development of or gained access to technologies that provide significant advantages in mine-site and greenfields exploration. These technologies have included:

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

- **3 D Seismic.** IGO together with Curtin University have completed an extensive 3D seismic survey in the immediate vicinity of the Long Complex. IGO was one of the first adopters of this technology, originally developed for use in the petroleum industry, in nickel sulphide exploration. This survey has resulted in a greater understanding of the geological framework at Long and has aided in the identification of a number of interesting target positions.
- **Chromite trace element geochemical "finger-printing"** from regional geochemical heavy mineral concentrate databases as a vector to fertile ultramafic belts.
- **Collaborative R&D** programs with CSIRO and other bodies examining the application of bio-geochemical and hydro-geochemical sampling in regional exploration.

Exploration Overview

The past 12 months has been a watershed year for IGO and some of its JV partners with significant exploration success at a number of key projects.

Continued exploration at Tropicana has extended the Tropicana-Havana deposit along strike to the north (Boston Shaker) and south (Havana South) and a deep drilling program has confirmed the down-dip continuity of high-grade shoots providing substantial scope for potential underground mining beyond the currently planned open cut.

At the Duketon JV a significant high-grade Ni-Cu-PGE discovery has been made at the Rosie Prospect and further drilling at the nearby C2 prospect has increased the down-dip extent of disseminated mineralisation.

Drilling programs at the Karlawinda Gold project south of Newman, have confirmed the continuity and extent of low to moderate grade oxide gold mineralisation at the Bibra Prospect up-dip of several shallowly dipping primary gold mineralised shoots. Studies have commenced to assess the economic viability of a modest but low strip ratio oxide resource, whilst exploration drilling to discover large higher grade primary deposits continues.

At Holleton several prospects within shallowly covered greenstone are being tested, including Syme's Find where first-pass aircore testing of a 1.3km long surface geochemical anomaly has returned intercepts up to 8m @ 2.6 g/t Au.

With its aggressive exploration budget and very strong pipeline of quality projects across a range of commodities, IGO is confident of further exploration success in the 2011 financial year.

Exploration
Regional Gold Projects

IGO has budgeted $5.6 million for regional gold exploration in 2010/11. The bulk of the regional gold exploration budget has been allocated to drill testing advanced targets at Karlawinda and Holleton. A location map of all regional gold projects is provided in Figure 6.

This budget figure does not include Tropicana Joint Venture exploration and feasibility budgets, or potential construction expenditure should the JV partners approve the development of the project.

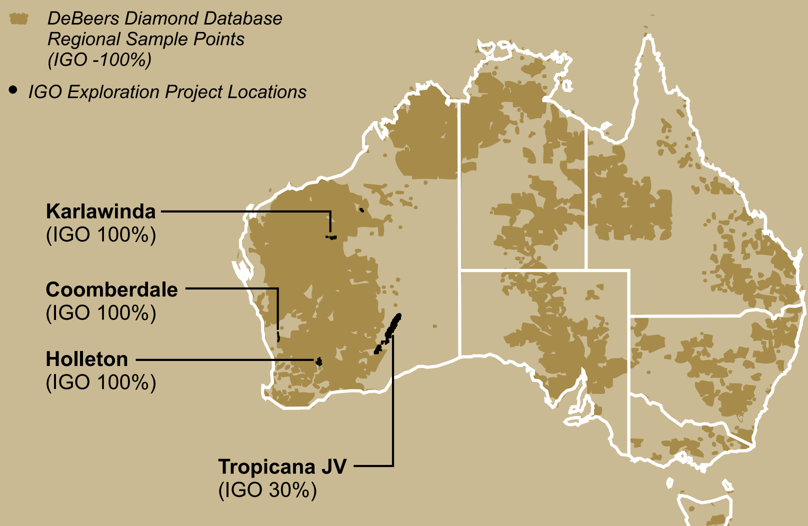


Figure 6: *Gold Project Locations*

Tropicana Joint Venture

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

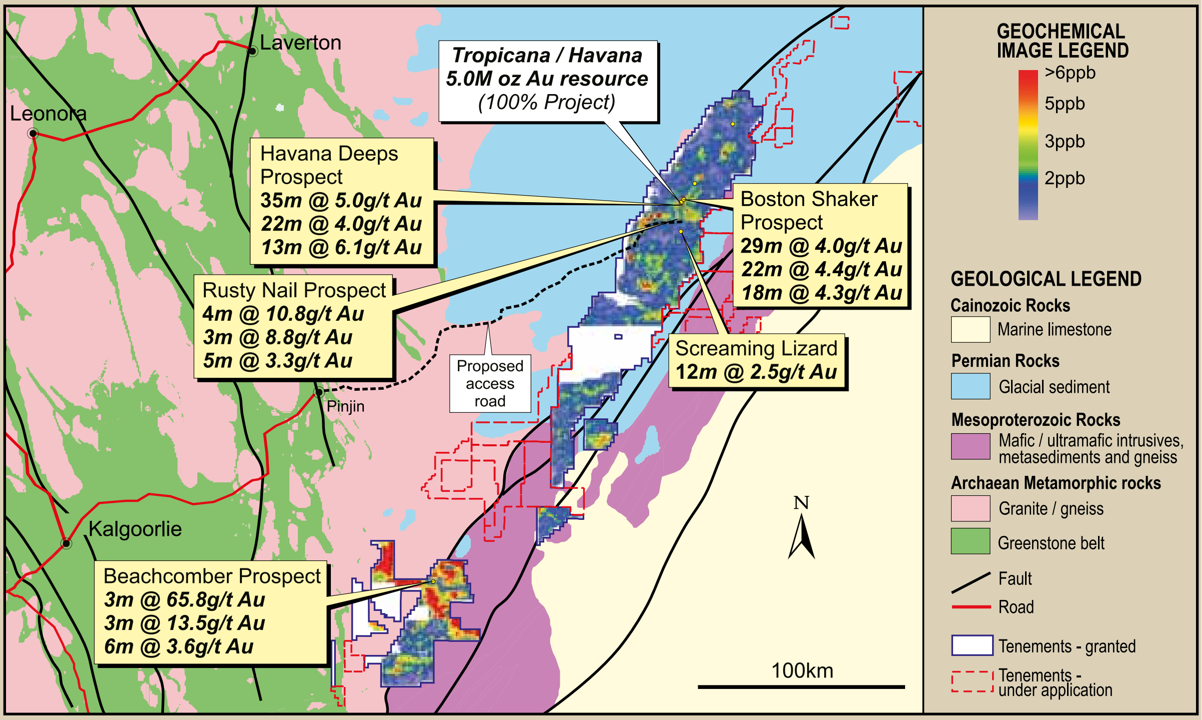


Figure 7: *Tropicana JV – Tenure, Tropicana and Havana Resource Location, Gold Geochemical Anomalies, Significant Drill Intercepts Outside June 2009 Resources and Selected Prospect Locations*

The Tropicana JV comprises approximately 15,000 km^2 of largely unexplored tenure over a strike length of 400km along the Yilgarn Craton – Fraser Range Mobile Belt Collision Zone (Figure 7). The project was initially targeted and pegged by IGO in 2001. AngloGold Ashanti Australia was brought in to fund and manage exploration due to the substantial resources required to effectively explore this very large and remote tenement package. The JV has a dominant ground position in what is shaping up to be a new Australian Gold Province. In 2005 the JV discovered the Tropicana deposit which now has resources in excess of 5 million ounces of gold and is the subject of a Bankable Feasibility Study ("BFS") which is due for completion in late 2010.

Feasibility Study

Following the conclusion of the Tropicana Prefeasibility Study ("PFS") in mid-2009, the Tropicana JV partners commenced a BFS on the Tropicana and Havana deposits, focusing on open pit resources. The outcome of the BFS will be presented for Project approval by the JV partners scheduled to be in the final quarter of 2010. The BFS will only consider the Tropicana, Havana and Havana South open cuts (Figure 8). The Havana Deeps underground and Boston Shaker open cut scoping studies are planned for completion in late 2010.

Tropicana-Havana mineralisation identified to date dips at approximately 30 degrees to the south-east and has been drilled to a vertical depth of 570m where it remains open. Gold mineralisation, which has now been delineated over a 5km strike length, is hosted in quartzo-feldspathic gneiss and generally occurs as one or two laterally extensive, moderately dipping planar lenses.

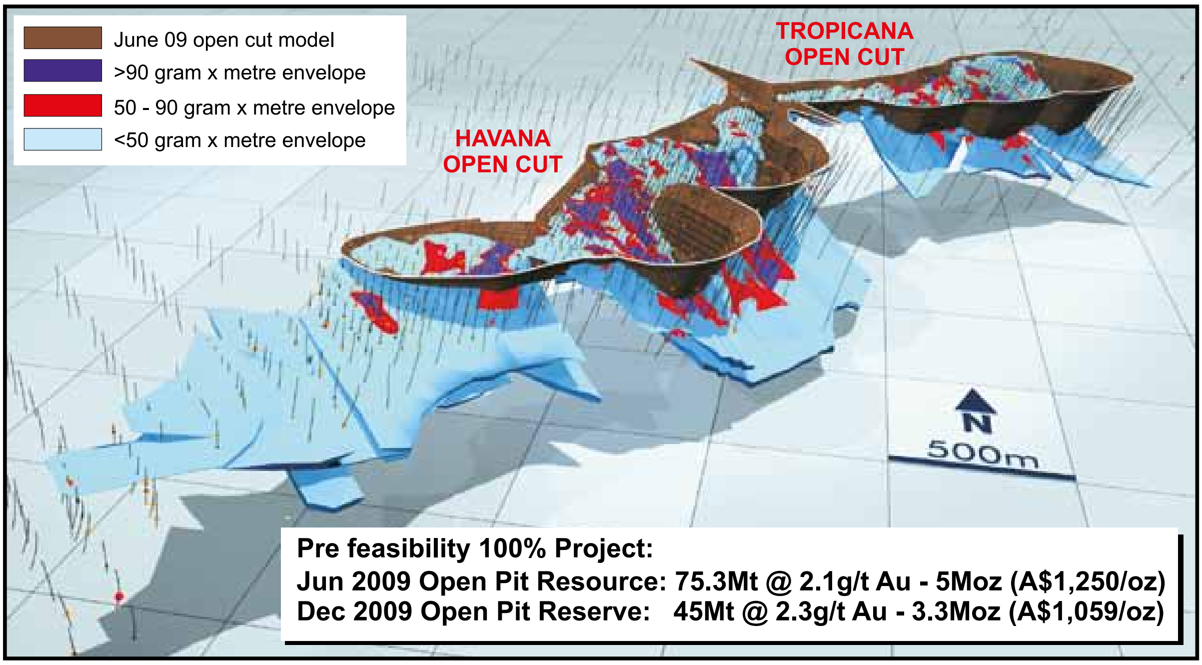


Figure 8: *Tropicana JV – Isometric Model Showing 0.3 g/t Au Mineralised Envelope, >50 gram Au x Metre Envelope and Pre-feasibility Study Open Pit Outlines*

Table 4: *Tropicana JV Resources and Reserves*

	JUNE 2009 Open Pit Resources				DECEMBER 2009 Open Pit Reserves		
	Tonnes (Mt)	Grade (g/t)[1]	Contained Gold (Moz)[2]		Tonnes (Mt)	Grade (g/t)[3]	Contained Gold (Moz)[4]
Measured	24.2	2.3	1.79	Proved	22	2.4	1.7
Indicated	39.8	2.0	2.58	Probable	23	2.1	1.6
Inferred	11.3	1.8	0.64				
TOTAL	**75.3**	**2.1**	**5.01**	**TOTAL**	**45**	**2.3**	**3.3**

1 Cut-offs: 0.6 g/t Au oxide ore, 0.7 g/t Au fresh ore
2 A$1,250/oz Au optimisation
3 Cut-off: 0.7 g/t Au oxide ore, 0.8 g/t Au fresh ore
4 A$1,059/oz Au optimisation

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

Reserves: The information in this report that relates to the Tropicana Joint Venture Ore Reserves is based on information compiled by Marek Janas, who is a full-time employee of AngloGold Ashanti Limited, and a member of the AusIMM. Marek Janas has sufficient experience relative to the type and style of mineral deposit under consideration and to the activity which has been undertaken, to qualify as a Competent Person (or Recognised Mining Professional) as defined in the 2004 Edition of the JORC Code. Marek Janas consents to the release of this reserve based on the information in the form and context in which it appears.

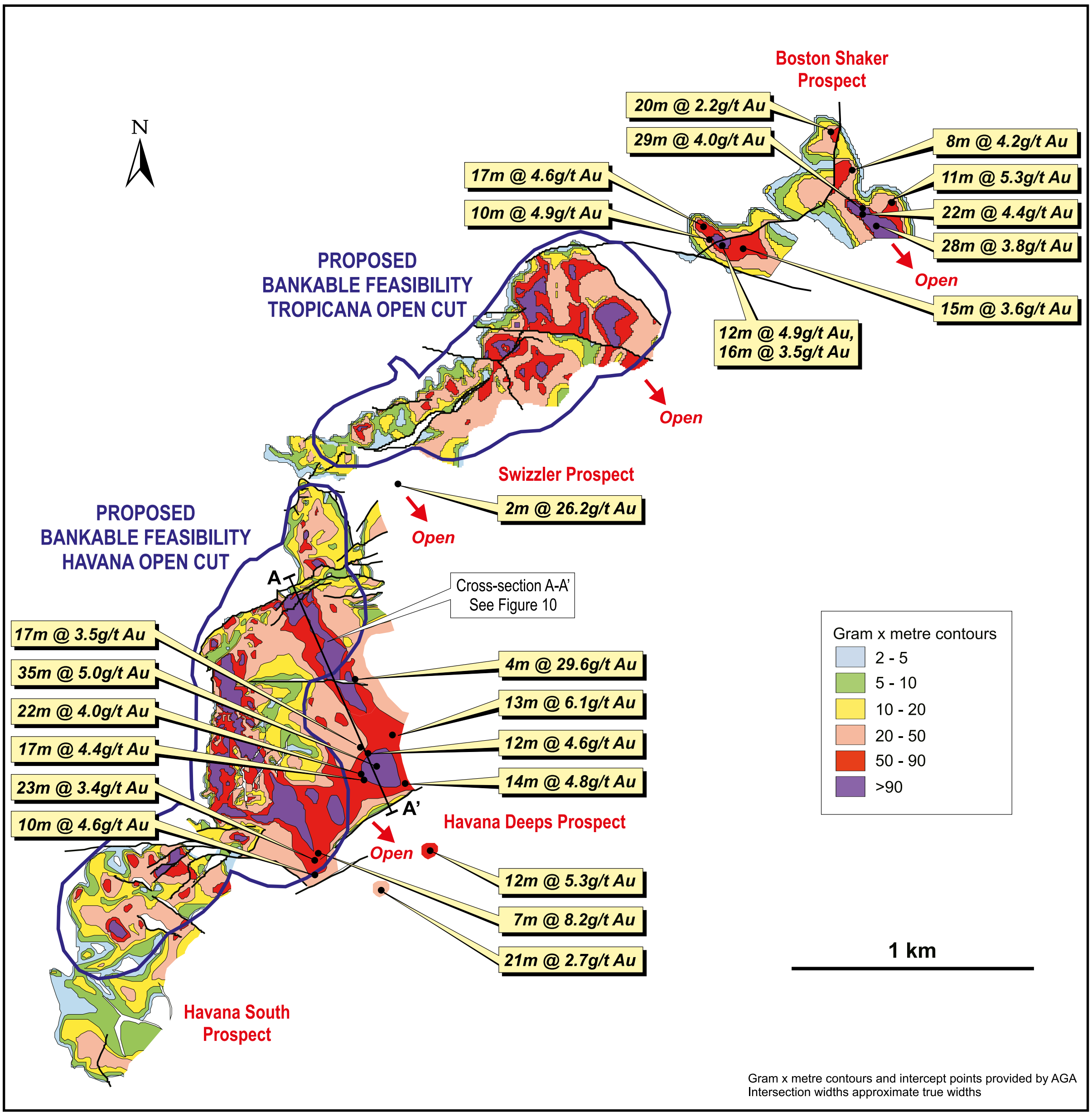


Figure 9: *Tropicana JV – Proposed Tropicana and Havana BFS Open Pit Outlines, Prospect Locations, g/t Au x Thickness (m) Contours, Figure 10 Cross-Section Location and Significant Intercepts Outside June 2009 Resources*

Tropicana Project mineral resource estimates released by AngloGold Ashanti Australia in July 2009 identified a resource of 75.3Mt @ 2.07 g/t Au for 5.01Moz (Table 4) with oxide and fresh cut-off grades of 0.6 g/t Au and 0.7 g/t Au respectively. The resource is constrained by an A$1,250/oz optimal pit shell.

A PFS mining reserve of 45Mt @ 2.3 g/t for 3.3 Moz (Table 4) with oxide and fresh cut-off grades of 0.7 g/t Au and 0.8 g/t Au respectively was estimated in December 2009. The resource was optimised at an A$1,059/oz Au gold price and does not take into account down-plunge mineralisation which could potentially be mined by underground methods or the recently discovered Boston Shaker gold deposit.

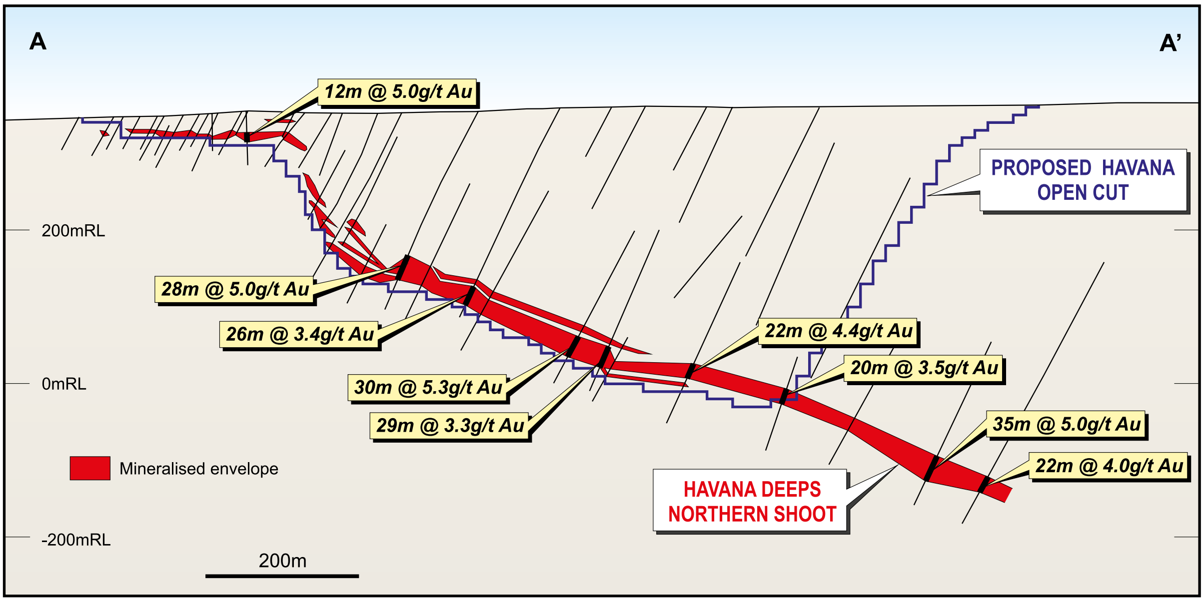


Figure 10: *Tropicana JV – Havana South Cross-Section Showing the Down Dip Continuation of the Havana Gold System Beneath the Proposed Open Pit*

The BFS is based on contract mining and a processing rate of up to 6Mtpa over a 10 year mine life, treating stockpiled Tropicana and Havana ore in years 8-10. Mining is planned to be undertaken by conventional open-pit drill and blast methods using trucks and excavators. It has been assumed that bulk mining methods would be appropriate for waste material.

A comprehensive metallurgical test work program and engineering analysis was completed, which recommended a BFS gold process flow sheet including high pressure grinding rolls and ball milling to 80% passing 75 microns followed by a carbon-in-leach (CIL) circuit. This is anticipated to result in an average recovery rate of 90%.

All mining licences and miscellaneous licences necessary to enable the project to proceed have been granted. A comprehensive consultation programme with key stakeholders is continuing. Environmental approval of the project by the State and Federal agencies is anticipated by December 2010.

Construction of a new 220km site access road will be required before major site construction activities can commence. Construction of site infrastructure is anticipated to take up to two years. Providing all JV partner and regulatory approvals are obtained by late 2010, it is anticipated that project commissioning would occur in 2013.

IGO's share of initial planned production is over 1Moz Au. Mine life has the potential to increase via the incorporation of the Boston Shaker mineralisation into future mine schedules, potential Havana underground operations, as well as the potential for further regional exploration success.

Exploration

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

The focus of work has been on exploring prospects within trucking distance of the proposed Tropicana treatment plant. Drilling programs proximal to Tropicana, including Havana South, Havana Deeps and Boston Shaker have been very successful and are likely to add significantly to the resource base of the project.

Figure 11: *Tropicana JV – Computer Generated Model of Proposed Plant Layout*

At Boston Shaker, located 360m north of the Tropicana resource, drilling on a 100 x 50m spacing has identified the faulted offset of Tropicana mineralisation over a strike length of 700m. The northern end of Boston Shaker in turn appears to be fault offset and additional drilling is planned to locate potential further extensions to the north. Intercepts from Boston Shaker include:

- 32m @ 3.7 g/t Au from 181m including 29m @ 4.0 g/t Au
- 22m @ 4.4 g/t Au from 247m
- 18m @ 4.3 g/t Au from 34m

The Havana Deeps area, testing the down dip extensions of the high-grade shoots at Havana beneath the conceptual pit floor, has been a major focus of exploration drilling during the year (Figure 10). It is anticipated that if these extensions can be demonstrated to have sufficient continuity, thickness and grade, there is potential for ore derived from bulk underground mining methods to be mined and blended with open-cut ore after the completion of the planned high-grade starter open-cuts.

Drill testing of the Havana Deeps target has been highly encouraging with step out drilling intersecting mineralisation up to 800m down plunge of the conceptual pit wall (570m vertically) and "step-back" drilling returning numerous thick high-grade intersections including:

- 35m @ 5.0 g/t Au from 514m
- 22m @ 4.0 g/t Au from 550m including 14m @ 5.8 g/t Au
- 14m @ 4.8 g/t Au from 663m
- 18m @ 3.5 g/t Au from 386m including 14m @ 4.2 g/t Au
- 12m @ 5.3 g/t Au from 607m
- 13m @ 6.1 g/t Au from 417m

Drill intersections quoted for Boston Shaker and Havana Deeps approximate true widths.

Joint Venture manager AngloGold Ashanti Australia expects that scoping level economic studies on the Boston Shaker and Havana Deeps potential resource additions will be completed by December 2010.

Elsewhere on the project's tenure, surface geochemical sampling has been completed over the majority of granted tenements generating numerous anomalies. First pass and follow-up aircore drilling and RC drilling to test these anomalies continues to provide encouraging results at a number of prospects and this effort will continue throughout the year.

Karlawinda

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

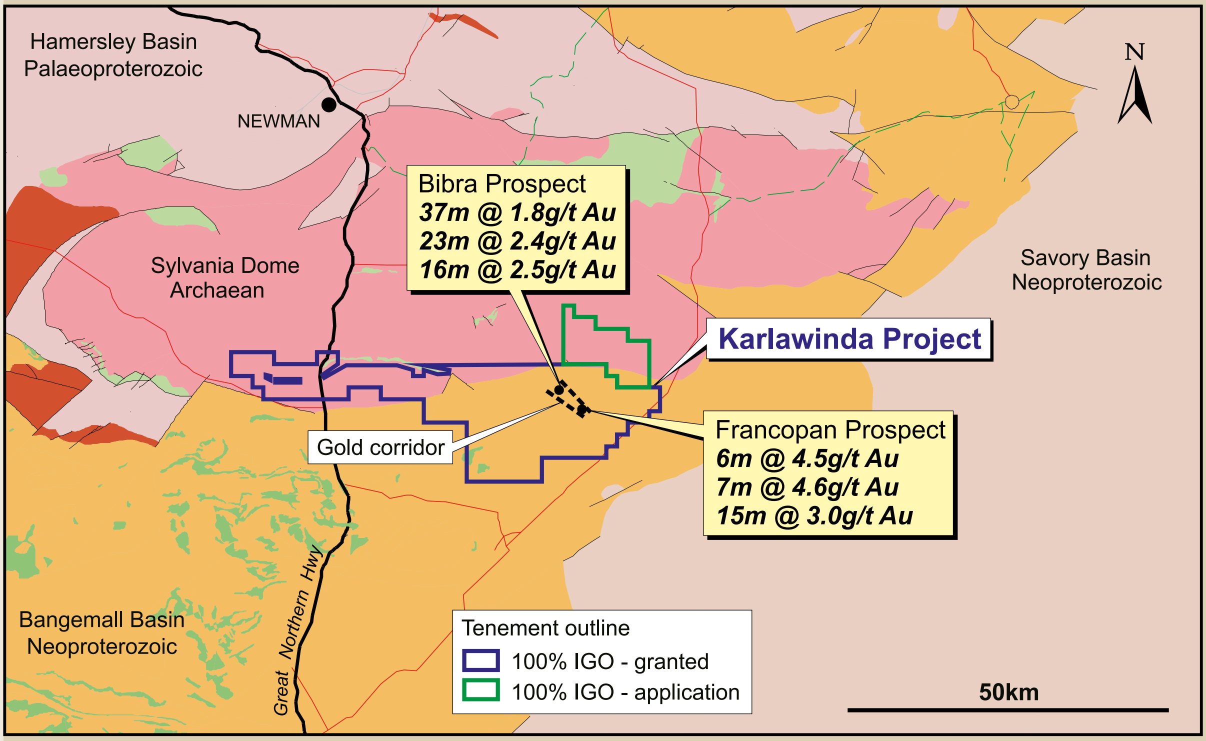


Figure 12: *Karlawinda – Location Plan Showing Tenure, Prospects and Significant Drill Intercepts*

The Karlawinda Project is located on the southern margin of the Archaean Sylvania Inlier, some 65km south-east of Newman, close to the Great Northern Highway and gas pipeline infrastructure (Figure 12).

Drilling at Francopan has defined an extensive gold mineralised system extending over a strike length of 1.1km and 0.5km down dip (open in both directions) beneath approximately 190m of Proterozoic Bangemall Basin cover sediments. Previously announced intercepts include 7m @ 4.6 g/t Au, 6m @ 4.5 g/t Au and 15m @ 3.0 g/t Au. Based on the extent and style of mineralisation the project is considered to have good potential for the delineation of a significant Archaean mesothermal lode gold system.

The current focus of exploration is on the Bibra Prospect approximately 4km to the north of Francopan, where Archaean bedrock is not obscured by thick Bangemall cover.

Bibra Prospect

At Bibra IGO has defined gold mineralisation extending over 1km both along strike and down dip (open). Mineralisation strikes NNE and is developed in a series of shallowly plunging WNW orientated shoots within a more continuous lower grade halo.

Supergene gold is generally well developed above the up-dip oxidised portion of the main mineralised zone.

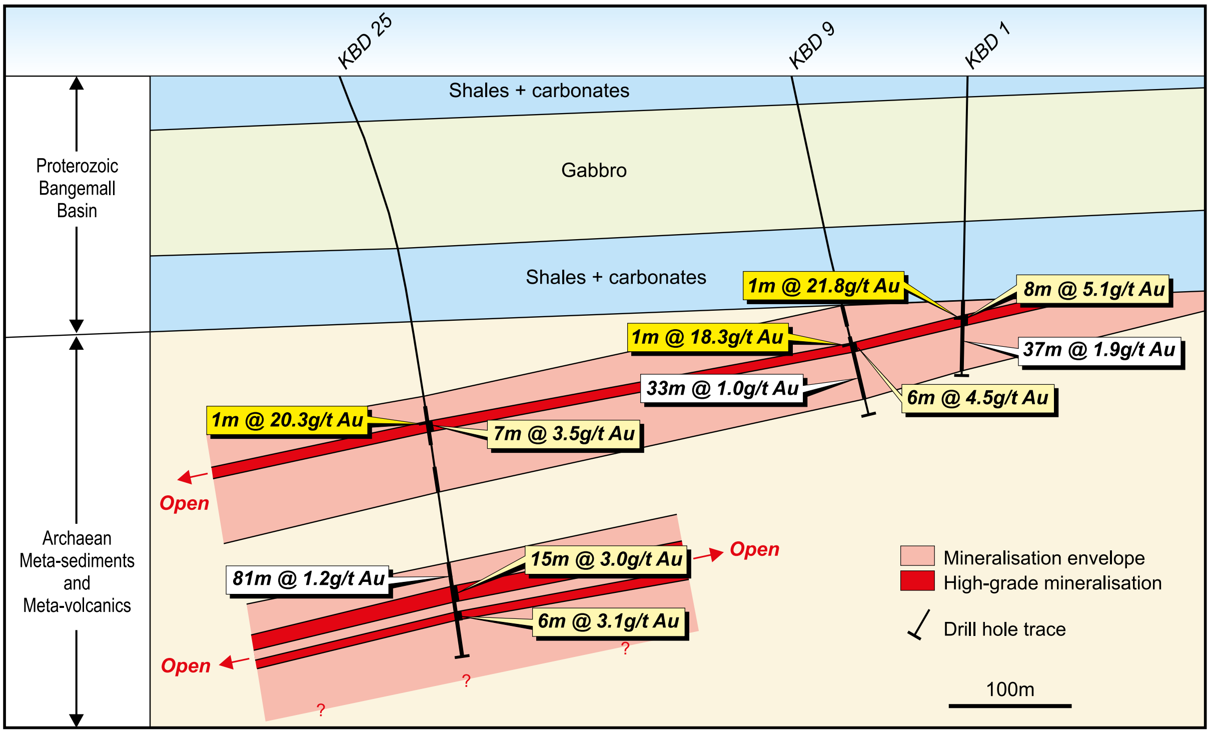


Figure 13: *Karlawinda – Francopan Cross-Section Showing Thick Gold Alteration Zones Containing Narrow Higher Grade Intervals*

A recent aircore drilling program comprising 109 holes for 6,516m tested the supergene and oxide gold potential over a 1,600m strike length to a vertical depth of 60m. Results confirmed widespread shallow oxide mineralisation including the following highly encouraging intercepts:

- 23m @ 2.4 g/t Au from 37m
- 12m @ 2.5 g/t Au from 7m
- 18m @ 2.2 g/t Au from 21m
- 7m @ 5.7 g/t Au from 45m
- 11m @ 2.5 g/t Au from 42m
- 5m @ 4.3 g/t Au from 6m
- 10m @ 2.6 g/t from 9m
- 9m @ 2.5 g/t Au from 27m
- 9m @ 2.4 g/t Au from 40m
- 8m @ 2.6 g/t Au from 50m

The economic potential of the oxide mineralisation is currently being assessed. Leach-well assay results indicate that the gold is readily liberated with average recoveries in excess of 97%. Further extensional and infill drilling together with preliminary metallurgical sampling is planned.

Drilling to date at Karlawinda has been mostly confined to the Francopan and Bibra Prospects. The tenement package contains numerous other untested stratigraphic, structural and geophysical target positions which are planned to be drill tested in 2010/11.

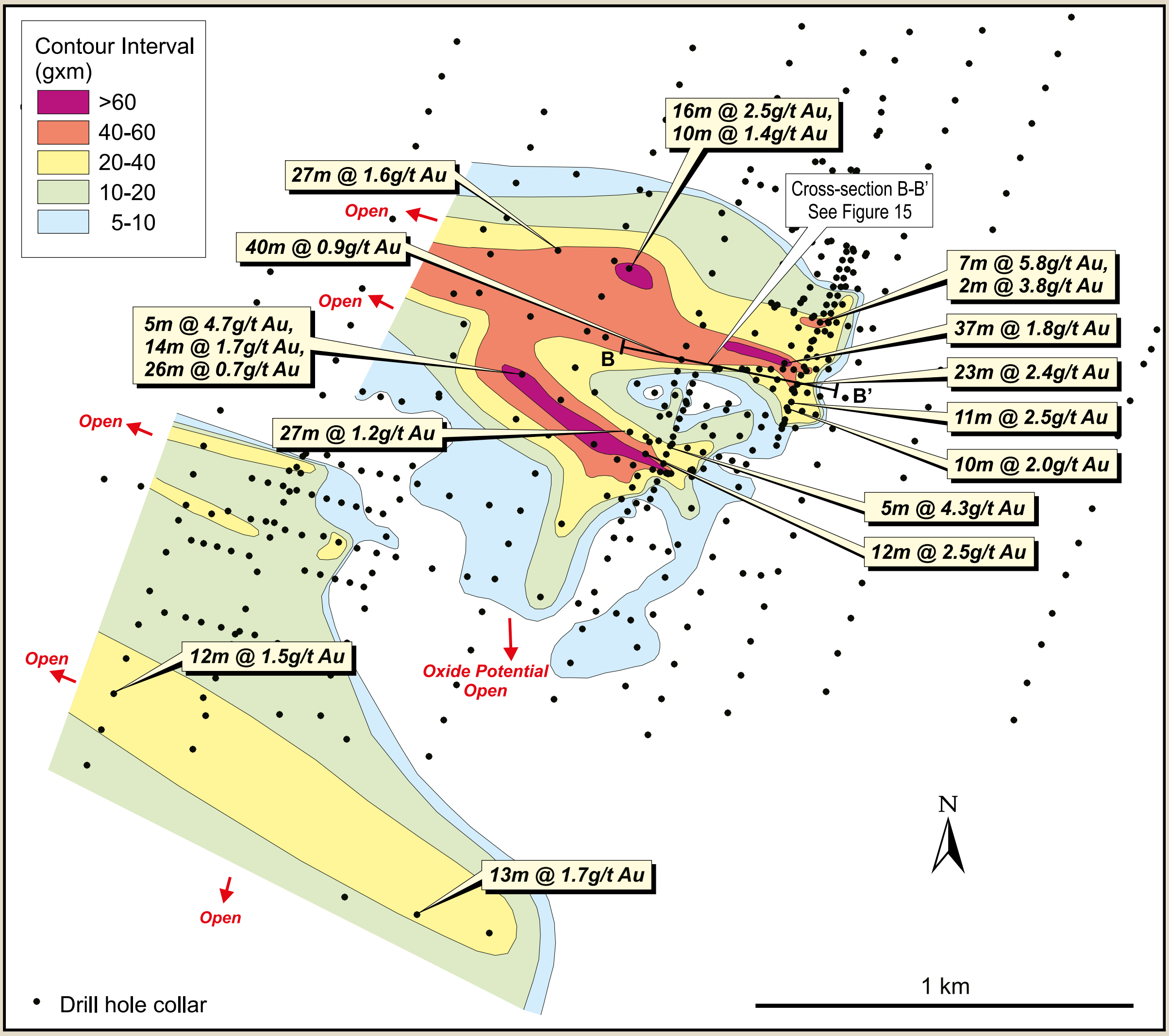


Figure 14: *Karlawinda – Bibra Prospect – Drill-Defined Gold Anomalies, Significant Intercepts and Figure 15 Cross-Section Location*

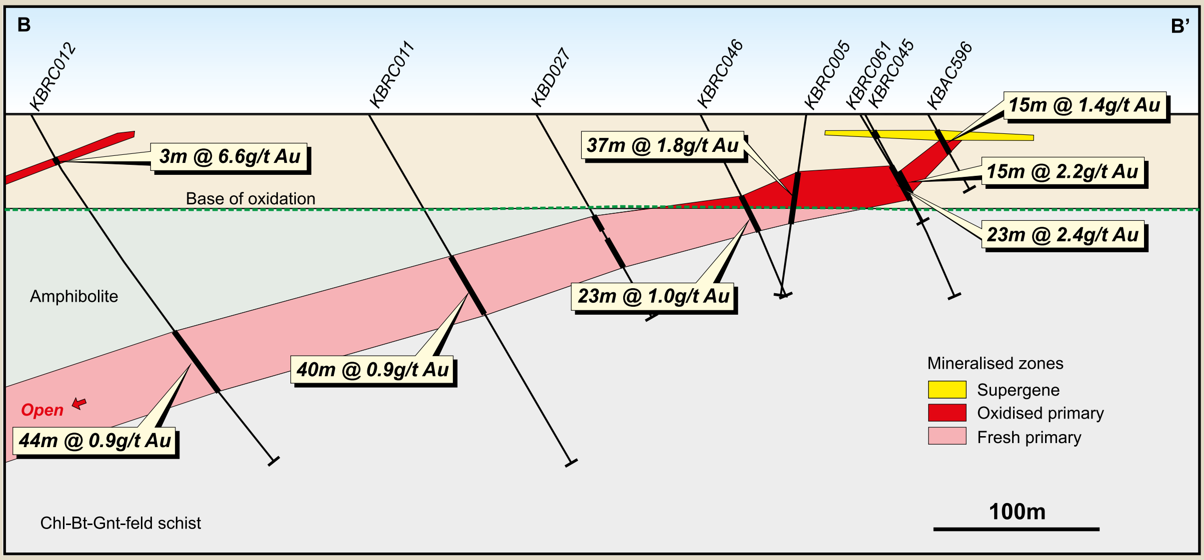


Figure 15: *Karlawinda – Bibra Prospect – Cross-Section Showing Supergene, Oxidised and Primary Mineralised Zones*

Holleton

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

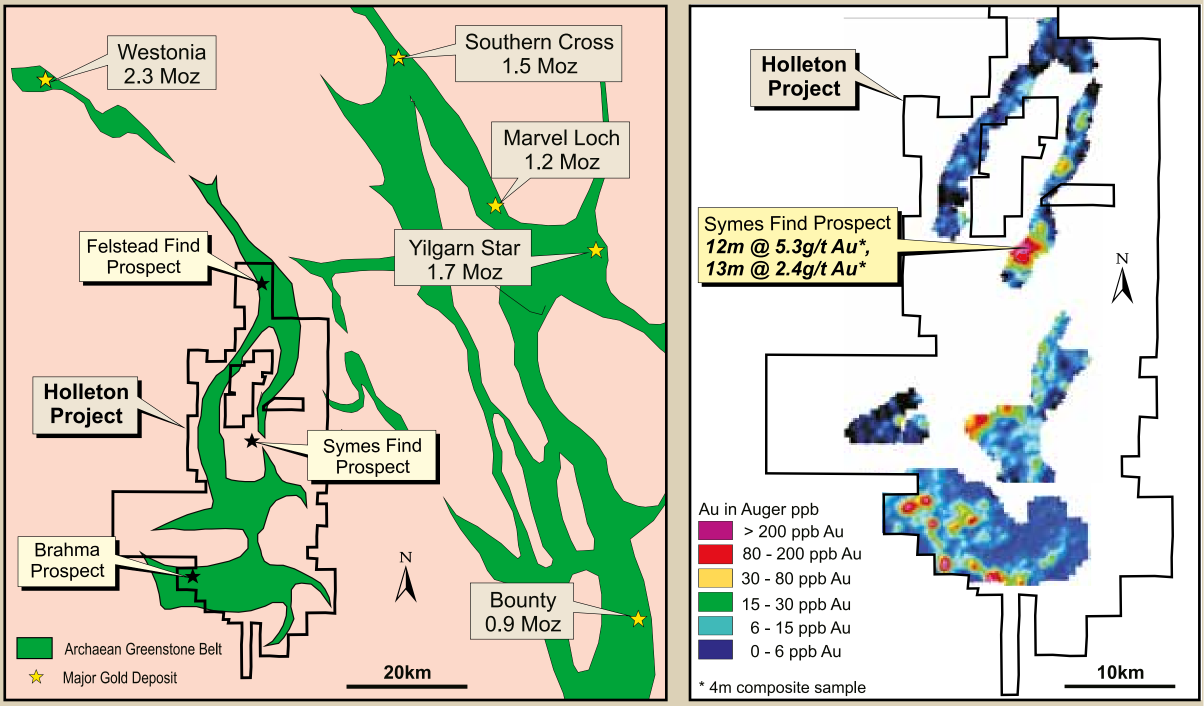


Figure 16: *(a) Holleton – Project Tenure Over Regional Geology Showing Major Gold Mines Proximal to the Project and Selected Prospects, Gold Geochemical Anomalies and Significant Drill Intercepts over Regional Geology (b) Geochemical Gold Anomalies and Significant Syme's Find Prospect Drill Results*

The Holleton Project covers an area of approximately 1,300km^2 over the largely unexplored Holleton greenstone belt in the Southern Cross Province of the Archaean Yilgarn Craton.

The Southern Cross Province has total production and resources of approximately 11 million gold ounces and contains a number of individual deposits with total gold endowment in excess of 1 million ounces including:

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

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

IGO's focus is on two narrow unexplored north–south trending greenstone belts in the north of the project area and a larger poorly exposed area of greenstone towards the southern end of the project (Brahma).

During the year surface sampling at the Syme's Find Prospect, located at a "jog" position in the eastern most north-south trending greenstone belt, defined a NNE trending Au-in-soil anomaly measuring 1.5km x 500m (+200ppb Au). A single line of AC drilling across the anomaly has returned shallow intervals of up to 5m @ 3.5 g/t Au (primary oxide) and 8m @ 2.6 g/t Au (laterite). Follow-up aircore drilling on 100m spaced lines along the strike of the anomaly has recently been completed with preliminary results (4m composite sampling) including up to 12m @ 5.3 g/t Au.

Other prospects include:

- Felstead's Find (new tenement application) which contains mineralized intervals open both along strike and down-dip including 9m @ 2.5 g/t Au and 9m @ 1.7 g/t Au in strongly weathered rocks.
- Brahma Prospect where auger sampling has defined a +50ppb Au anomaly over a strike length of 2.4km (max 7.2 g/t Au). Aircore and limited diamond drill testing has returned broad low grade intervals of up to 13m @ 0.7 g/t Au, 22m @ 0.4 g/t Au and 18m @ 0.5 g/t Au which include narrower higher grade zones of 1m @ 7.6 g/t Au and 1m @ 4.3 g/t Au. These results are considered encouraging, as the lithologies intersected are very similar to those at the Westonia gold mine (+1Moz). Further work will target interpreted structural positions that will potentially provide the focus necessary for these zones to develop into significantly mineralised systems.

De Beers Database - Project Generation

Target:	Grass Roots Discoveries Of High Value Gold, Copper, Nickel And Other Metalliferous Ore Bodies
Project Generation:	Opportunistic Acquisition
Equity:	IGO 100%
Geological Setting:	Focus On Under Explored Proterozoic Basins

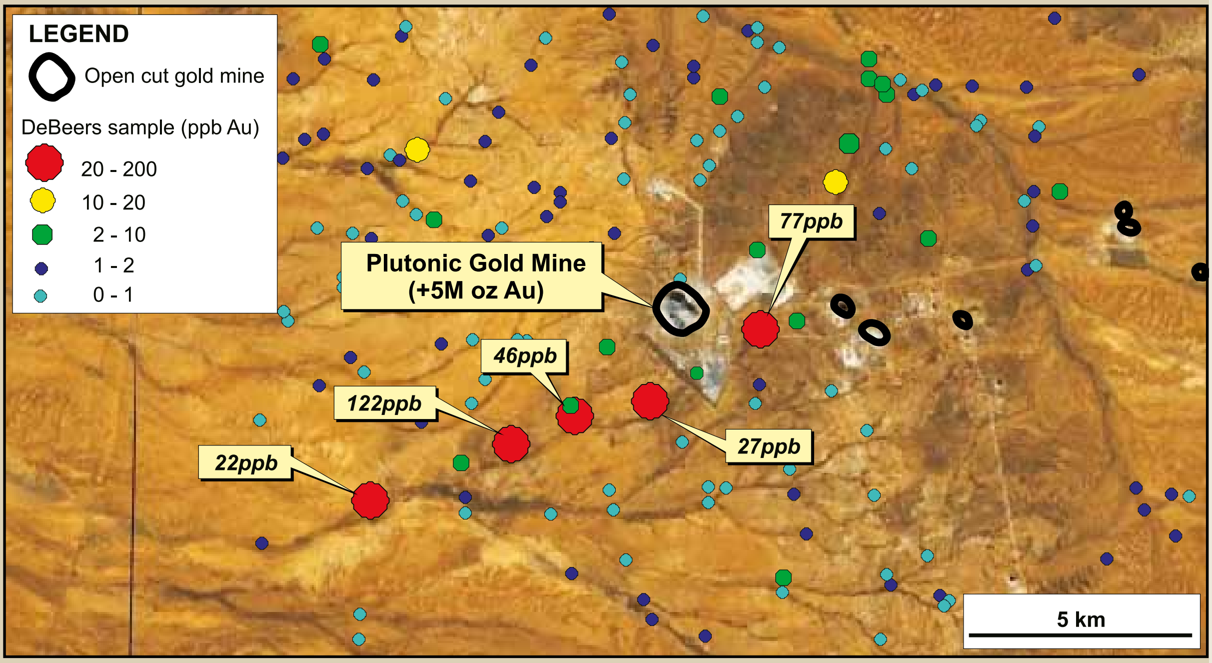


Figure 17: *De Beers Data Base – Aerial Photograph Showing the Location of De Beers Samples Collected in 1980 Prior to the Discovery of the Plutonic Gold Mine*

In 2009 IGO acquired the non-diamond specific exploration database of De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration. The key assets of the database are the surface geochemical samples and associated analytical results covering many mineral prospective regions throughout Australia (Figure 5). As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds. IGO views the database as a very powerful tool for rapidly generating new projects in Australia across a range of commodities.

Database Highlights:

- Culmination of over 30 years of exploration
- Over 2,200 samples in the database reporting visible gold
- 103,000 analysed samples
- 189,000 unanalysed samples
- 300,000 diamond concentrates available
- 893,000 microprobes analyses
- 175 geophysical surveys covering 306,000km^2

The initial priority for IGO is analysis of samples covering under-explored Proterozoic basins and basin margins in Western Australia and the Northern Territory, prospective for polymetallic base metals and gold mineralisation. Orientation studies have been undertaken to test the effectiveness of the DBAE samples collected in the vicinity of known mineral deposits prior to their discovery. Strong anomalous assays were returned around a number of mines, including the Plutonic discovery (Figure 17).

A total of 28,385 samples have been analysed to date with a further 20,000 to 25,000 samples earmarked for analysis in 2010/11.

This work continues to generate a number of anomalies in gold, base metals and other commodities. Systematic prioritisation and field appraisal of these anomalies are progressing.

Exploration
Regional Nickel & Base Metal Projects

IGO has budgeted $3.3 million for regional nickel and base metal exploration in 2010/11. The pipeline of projects has grown significantly during the year due to a robust generative program and now comprises six nickel projects, one copper project and two tin projects. This budget does not include scoping study level activities or a potential resource drill-out at the Duketon JV Rosie and C2 prospects. It also excludes allowances for potential new project acquisition costs. A location map of all regional nickel and other base metal projects is provided in Figure 18.

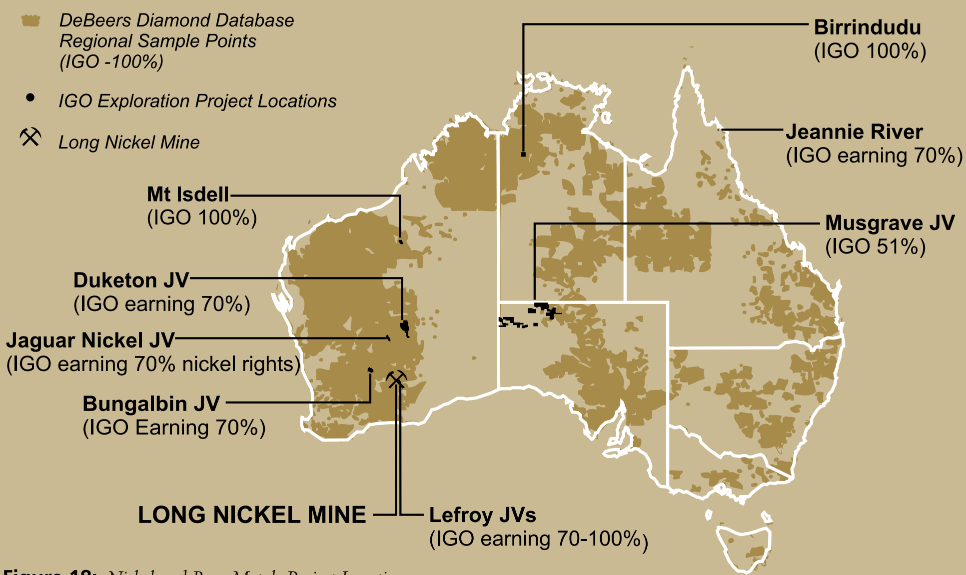


Figure 18: *Nickel and Base Metals Project Locations*

Duketon Joint Venture

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

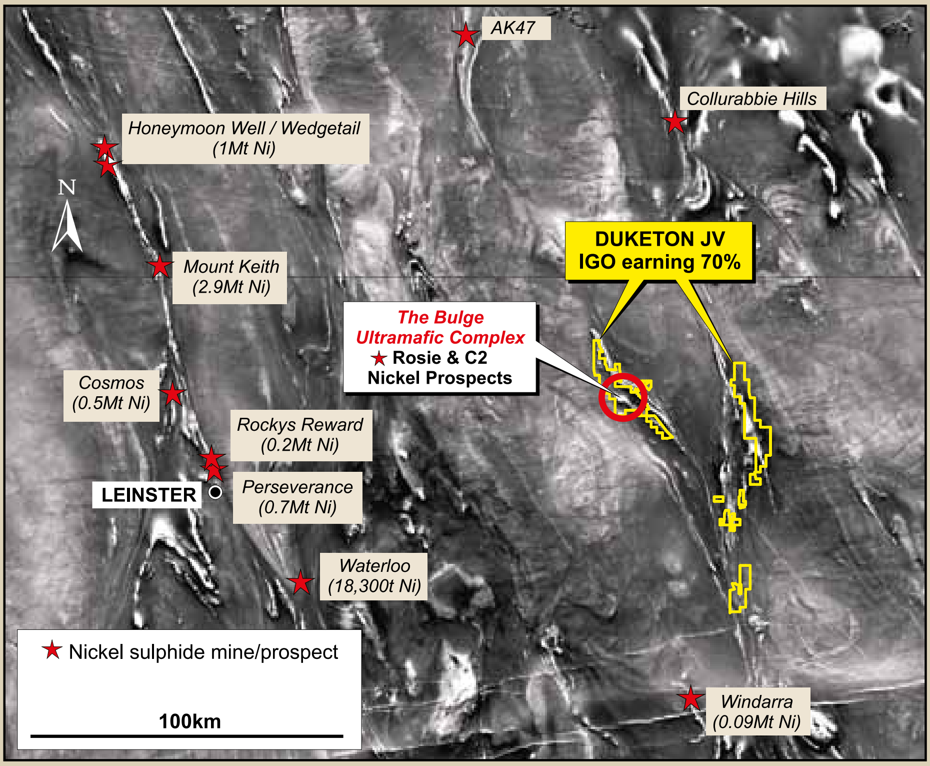


Figure 19: *Duketon JV – Project Location in Relation to Selected Nickel Mines and Prospects Over Aeromagnetic Image*

The Duketon Nickel JV with South Boulder Mines Ltd covers ultramafic-rich stratigraphy prospective for massive and disseminated nickel sulphide mineralisation in the Duketon Greenstone Belt, approximately 80km north of the Windarra nickel deposit (Figure 19).

IGO is focusing on the Bulge magnetic anomaly, a prominent thickened portion of ultramafic with a strike length of 8km situated along a more extensive ultramafic package located on the western flank of the project tenure.

Two prospects have been defined to date:

- the high-grade Rosie Prospect which has returned intercepts up to 3.3m (true width) @ 9.1% Ni, 1.1% Cu, 0.2% Co and 7.1 g/t PGEs (2.2 g/t Pt, 1.7 g/t Pd, 0.8 g/t Rh, 1.8 g/t Ru), and;
- the C2 Prospect which is dominated by disseminated mineralisation and includes intercepts up to 52m @ 0.9% Ni including 37m @ 1.05% Ni.

Both of these prospects remain open along strike and down dip.

The potential for further mineralisation at Rosie is supported by DHTEM survey results from the deepest holes TBDD093 and TBDD098 which indicate that the strongest mineralisation is situated between these holes and continues steeply down plunge to the north-west (Figures 20 and 21).

On the basis of these highly encouraging results the Joint Venture partners have applied for a Mining Lease (M38/1252) that covers the area from C2 through to Rosie plus sufficient surrounding area to cover potential infrastructure should an economic deposit be defined.

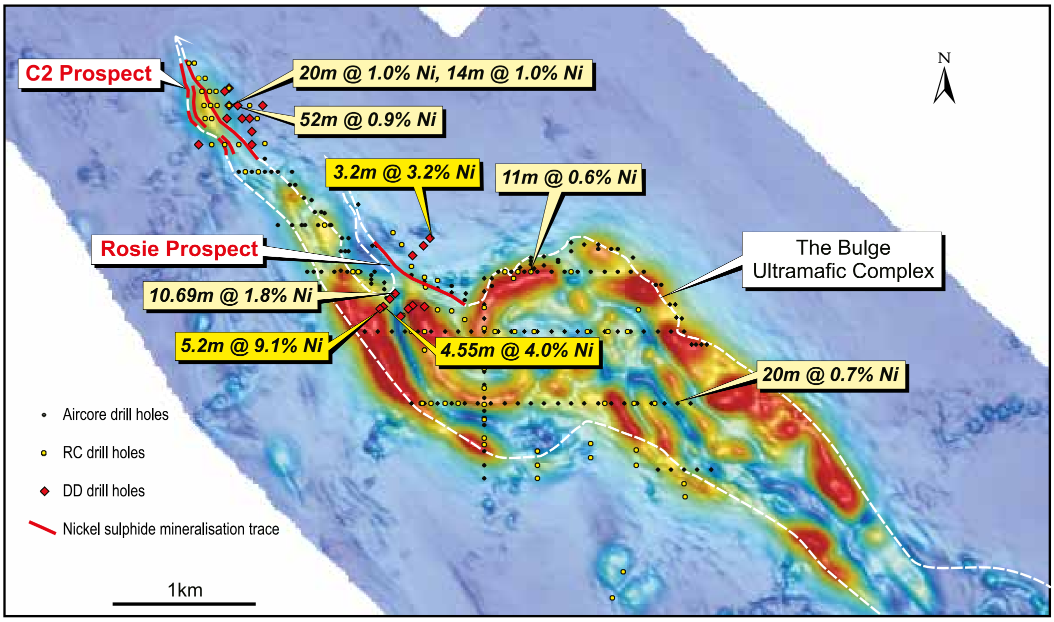


Figure 20: *Duketon JV – Bulge Prospect – Aeromagnetic Image Showing Rosie and C2 Prospect Locations, Significant Intercepts and Drill-Hole Locations*

IGO is planning to commence a scoping study incorporating both C2 and Rosie. Activities completed and/or commenced include:

- Preparations for a drilling program designed to take Rosie and C2 to Inferred Resource status
- POW approvals for resource drilling program
- POW approval for exploration base camp
- Commencement of baseline environmental studies
- Engagement of Aboriginal heritage consultants
- Preliminary mineralogical studies to aid future metallurgical test work

It is anticipated that drilling will commence when all necessary approvals have been received.

Other Prospects

The German Well prospect covers an ultramafic unit located on the eastern flank of the project area towards the northern end of E38/1825. Previous work by IGO has identified a TEM anomaly in close proximity to highly anomalous geochemistry in aircore drilling (max 0.43% Ni, 306ppm Cu, 55ppb Pt+Pd). It is planned to RC drill test the conductor in 2010/11.

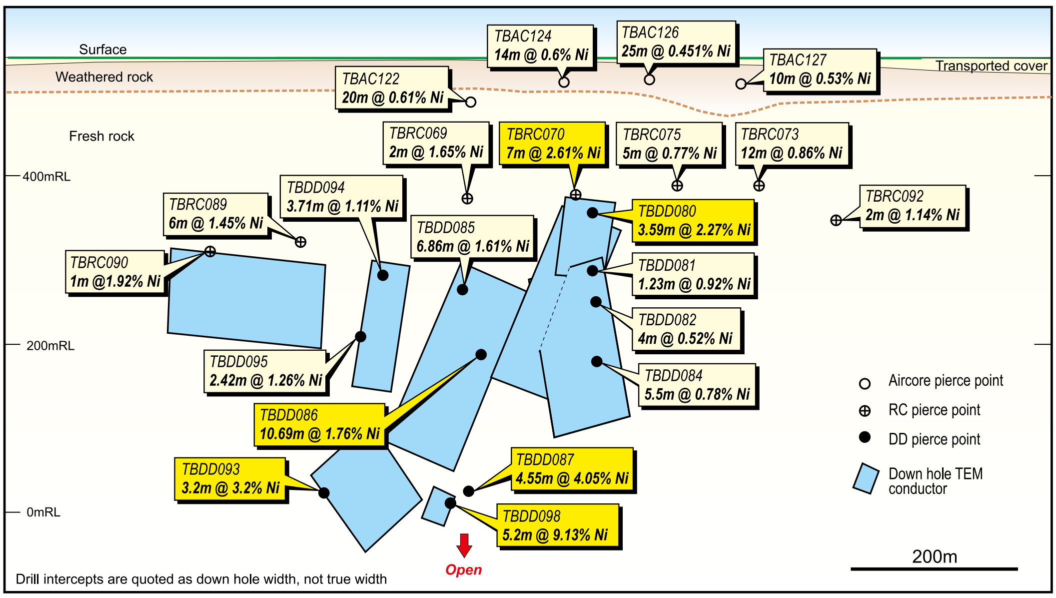


Figure 21: *Duketon JV – Rosie Prospect – Longitudinal Projection Showing Significant Drill-Hole Intercepts and Down-Hole TEM Locations*

Orrbäcken Joint Venture

Target:	Magmatic Nickel-Copper-PGE Sulphides; VMS
Project Generation:	JV Approach
Equity:	IGO Earning Up To 73%
Geological Setting:	Proterozoic Mafic-Ultramafic Intrusives And Metasediments

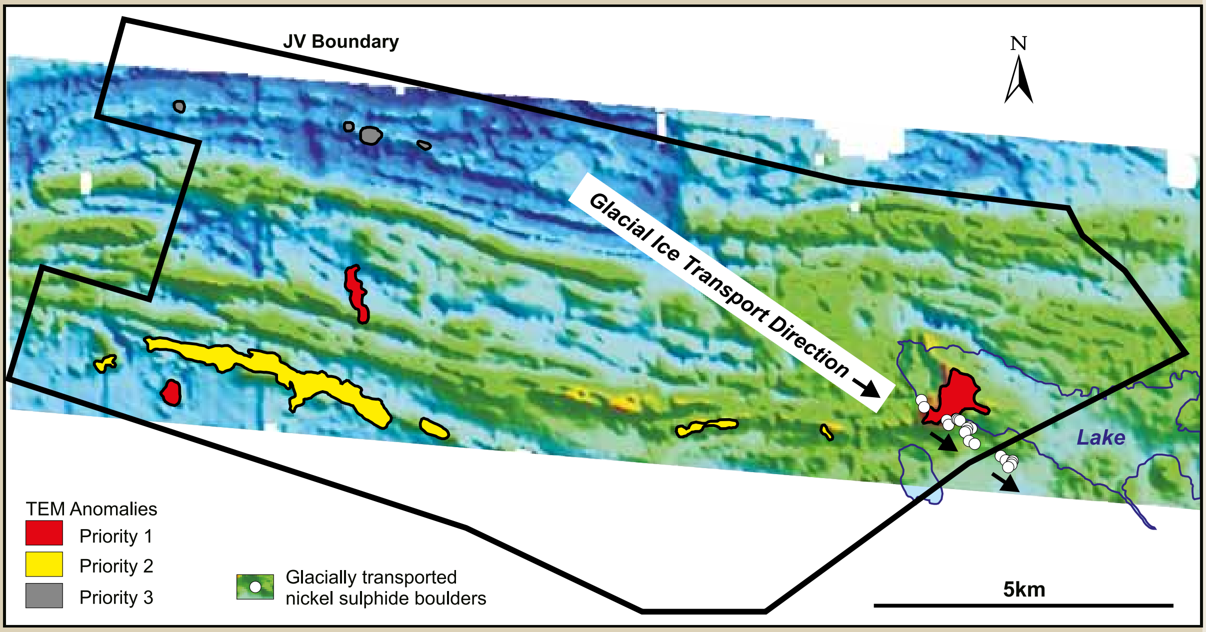


Figure 22: *Orrbäcken JV – 1.5km Long Nickel Sulphide Glacial Boulder Trail, JV Boundary, Lakes and Prioritised TEM Anomalies Over Aeromagnetic Image*

During the year IGO entered into a Joint Venture agreement with Mawson Resources Limited ("MAW") to earn up to a 73% interest in the Orrbäcken Ni-Cu-Co project, located 10km from the regional centre of Skellefteå in north eastern Sweden.

The Orrbäcken project comprises a nickel occurrence discovered by local prospectors who identified approximately 80 gabbroic boulders that form a 1.5km long glacial boulder train, 25 of which are mineralised and interpreted to be close to source. Four boulder samples from the Orrbäcken discovery were analysed by the Swedish Geological Survey. Nickel content ranged from 1.9% to 0.6% and averaged 1.0%, cobalt ranged from 0.21% to 0.05% and averaged 0.1% and copper ranged from 0.7% to 0.1% and averaged 0.3%. The boulder train is associated with a magnetic feature that is of a similar scale to other mafic intrusives that have eventually been found to host economic deposits.

Much of the area of interest is covered by varying thickness of glaciogene sediments and therefore direct mapping and sampling of basement is not possible. In July 2010 IGO flew a combined heliborne magnetics and TEM survey to delineate the extents of the interpreted intrusive host rock as well as locate conductors possibly representing massive or stringer nickel sulphide mineralisation.

The survey identified 13 conductors of interest including three ranked priority 1, six ranked priority 2 and four ranked priority 3 according to TEM response and spatial association with other features (Figure 22).

The most significant target is a TEM response proximal to both the mineralised boulders and a complex magnetic feature possibly representing a prospective mafic-ultramafic intrusive body. Ground truthing of the targets is planned and follow-up ground EM where warranted is scheduled. Depending upon access conditions, drill targets identified during the follow-up surveys are planned to be tested.

Mt Isdell

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

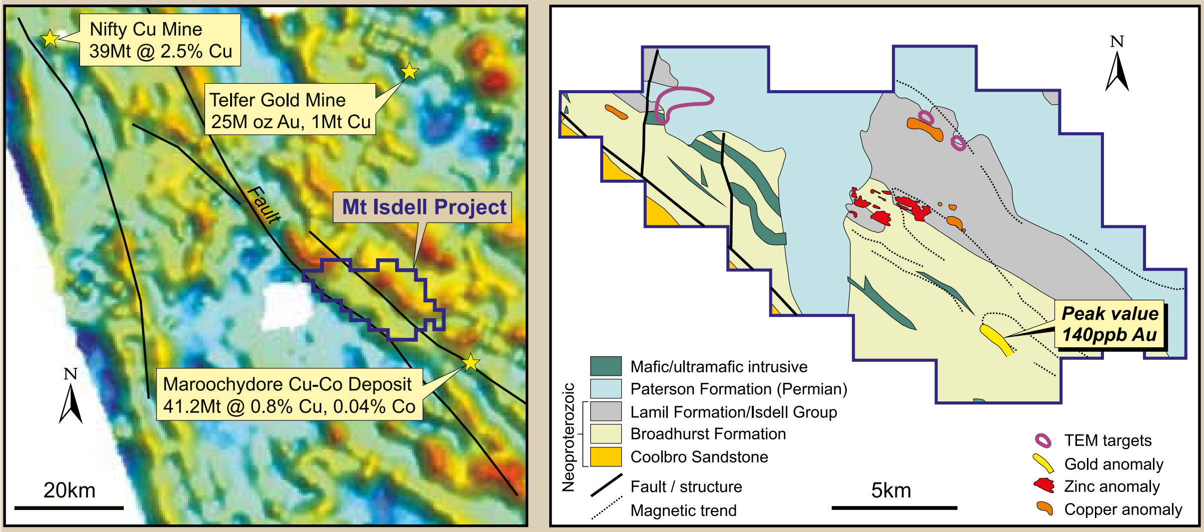


Figure 23: *Mt Isdell – (a) Project Location Over Gravity Image Showing Major Faults and Mines Proximal to the Project Area (b) Project Boundary, TEM Conductors and Geochemical Anomalies Over Regional Geology*

The Mt Isdell Project is located 35km south of the 26 million ounce Telfer gold resource and 80km south-east of the Nifty copper operation (148M t @ 1.3% Cu) (Figure 23).

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

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

Preliminary shallow aircore drill testing confirmed geochemical anomalism, however a more robust test using heavier drilling equipment is required to fully test the targets at depth.

A review of TEMPEST airborne electromagnetic data flown by the Western Australian Geological Survey in 2009 has highlighted a number of interesting conductive responses within the project tenure. One response is associated with the fold closure of a south east plunging synform, similar in characteristics to Nifty. A second more discrete response is coincident with surface Cu lag geochemical anomalism. It is planned to test an area covering both targets for Nifty-style copper mineralisation via a detailed Heliborne EM survey.

Birrindudu Tin/Gold Project

Target:	Granite Related Disseminated Tin; Shear Hosted Gold
Project Generation:	WMC Resources Diamond Division Database
Equity:	IGO 100%
Geological Setting:	Palaeoproterozoic Winnecke Granophyre, Tanami Group

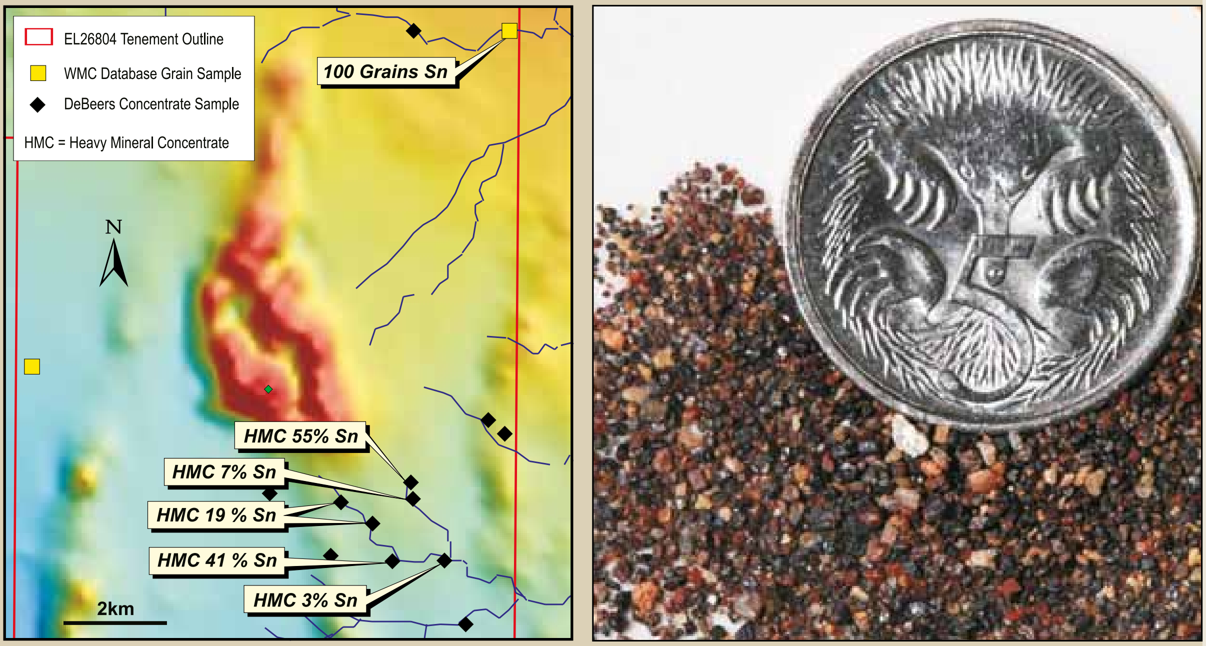


Figure 24: *Birrindudu – (a) Tin Rich Heavy Mineral Concentrate Locations Over Aerial Magnetic Image (b) Photograph of Cassiterite-Rich Heavy Mineral Concentrates*

The Birrindudu project is located 290km southeast of Kununurra in the Tanami Region of the Northern Territory. The project was initially identified during a review of results from the WMC Diamond division database, being used for target generation by IGO under agreement with WMC, (now BHP Billiton) which highlighted an area of strongly anomalous tin. Reconnaissance sampling by IGO in 2008 confirmed the presence of tin, together with tungsten and tantalum. Based on this information a tenement application was made and EL26804 was granted in January 2009.

Work to date has included compilation of historical exploration data, re-analysis of 105 geochemical samples taken from the area by De Beers now residing in the De Beers geochemical database owned by IGO, and portable XRF analysis of 103 heavy mineral concentrate samples, also part of the De Beers database. These analyses further confirmed the presence of tin and tungsten associated with the Palaeoproterozoic Winnecke Granophyre over a distance of 50km. The strongest results are from samples in streams draining an area containing a large aeromagnetic feature possibly representing alteration associated with the roof zone of a shallowly buried granite (Figure 24).

IGO is currently completing a comprehensive stream sediment and soil sampling program designed to define the source of tin anomalism. It is believed that the project has potential to host a substantial tin, tungsten and tantalum ore body.

Other Investments

Musgrave Minerals Limited

Commodity: Gold, Nickel And Other Base Metals In The Musgrave Region

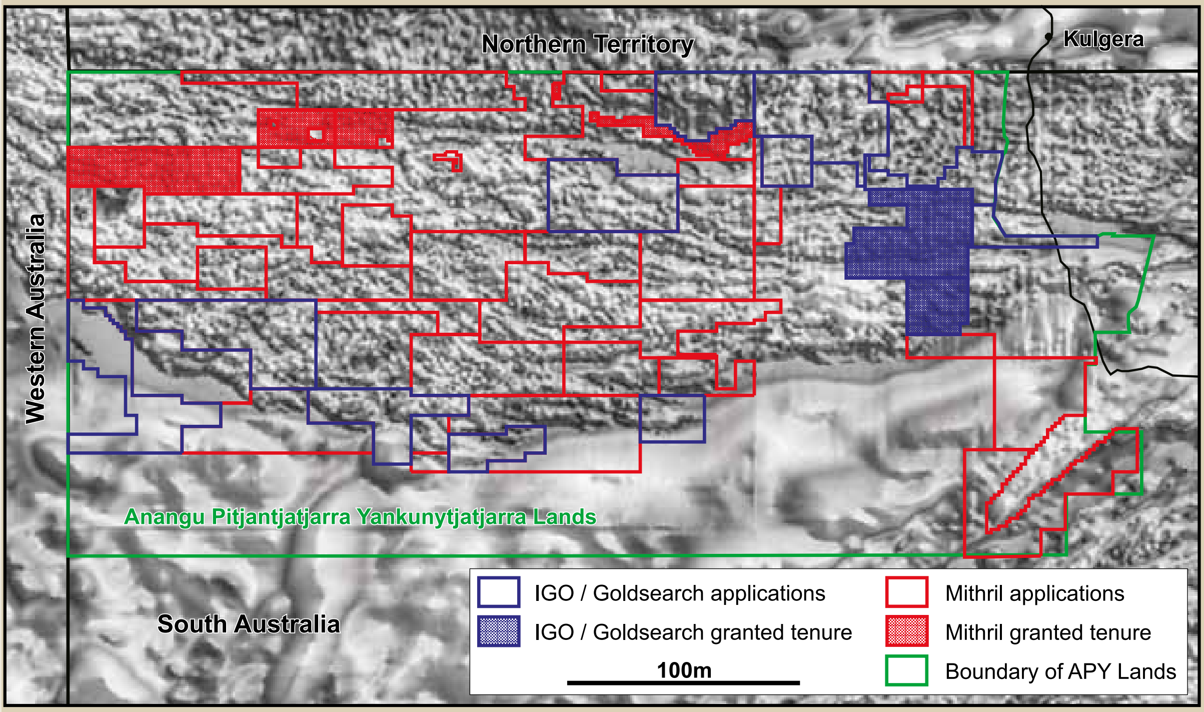


Figure 25: *Musgrave JV – Tenement Location Plan of Potential Musgrave Minerals Limited Initial Public Offering*

IGO holds 1.2 million fully paid Musgrave Minerals Limited shares (30.6%). Musgrave Minerals Limited (MM) was formed during 2010 by various companies with tenement interests in the Musgrave region of Australia.

The Musgrave Joint Venture comprises tenements and applications covering approximately 18,000km^2 of the South Australian portion of the Musgrave block. Most of the project area is held under Aboriginal Freehold tenure and as a result has only been subject to cursory exploration in the past.

The principal target is Ni-Cu-PGE mineralisation associated with the feeder conduits and dykes forming part of the extensive mafic-ultramafic Giles Complex. Further to the west, Giles Complex intrusives host BHP Billiton's Nebo and Babel nickel sulphide discoveries. Other target types include Broken Hill type Zn-Ag-Pb, mineralisation, iron oxide copper gold mineralisation (Olympic Dam and Ernest Henry) and Mt Isa style epigenetic copper mineralisation.

The Joint Venture partners have reached an agreement with Mithril Resources Ltd (MTH) to vend the parties' respective exploration interests in the Musgrave into MM. The combined tenure will result in MM controlling some 50,000km^2 of exploration licences and applications in this poorly explored and highly prospective region.

Under the terms of the Heads of Agreement, each company will transfer their respective exploration interests in the Musgrave region and provide initial seed capital to MM.

IGO and GSE have been issued 30.6% and 29.4% respectively of the issued capital in MM. MTH, which has the largest exploration interest in the Musgrave Province through a number of joint ventures and wholly owned tenements, is entitled to 40%.

Each company is represented on the MM Board of Directors. The transfer of exploration interests is subject to the consent of respective joint venture parties, the Government of South Australia and the Anangu Pitjantjatjara Yankunytjatjara.

MM will conduct an initial public offering of shares and will seek admission to the official list of the Australian Securities Exchange (ASX) and quotation of its shares prior to 30 April 2011.

The focus of MM is to advance current base metal and precious metal targets on granted tenure to a drill ready or near drill ready status.

Field activities by MM commenced in late June 2010 and comprised mapping and sampling on EL3939, 3941 and 3942. The main objectives were to assess the outcropping Giles intrusions for mineral potential and to trial several regional geochemical sampling methods over known mineralisation. Several outcrop areas identified on aerial photo and satellite imagery that had not been visited by PIRSA or previous explorers were mapped and sampled. Over 500 rock chip, soil and auger samples were taken over a number of targets, primarily for orientation purposes. Assay results are pending.

Highlights include the identification of "blebby" sulphides (pyrrhotite-pyrite-chalcopyrite-pentlandite) within a ~20m wide olivine bearing gabbroic dyke on EL3942. The dyke has a 2-3m wide contaminated margin in places and is over 7km long. Significantly these results provide further support that the Giles rocks in the area are contaminated and are fertile for the formation nickel sulphide deposits.

It is intended that investors will be sought to enable the listing of Musgrave Minerals Limited on ASX before the end of the 2010/11 financial year. IGO will advise its shareholders when the prospectus is issued by Musgrave Minerals Limited to enable IGO shareholders to participate in this investment opportunity.

Brumby Resources Limited

Commodity: Iron Ore

IGO holds 6.9 million fully paid Brumby Resources Limited shares (4.8%). Brumby Resources Limited (BMY) is exploring for iron ore, particularly in the Goldsworthy region of Western Australia.

JORC Code and Forward-Looking Statements

Although Independence Group NL believes that its expectations reflected in any forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given.

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

Long Resources and Reserves: The information in this report that relates to the Long Nickel Mine's Mineral Resources is based on information compiled by Somealy Sheppard and Jason Harris. The information in this report that relates to the Long Nickel Mine's Ore Reserves is based on information compiled by Brett Hartmann and Phil Bremner. Somealy Sheppard and Brett Hartmann are full-time employees of the Company and are members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists. Jason Harris is a consultant for Cube Consulting Pty Ltd and Phil Bremner is a consultant for MiningOne Pty Ltd and are members of the Australian Institute of Geoscientists or Australasian Institute of Mining and Metallurgy. Brett Hartmann, Somealy Sheppard, Jason Harris and Phil Bremner

have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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

Corporate Governance Statement

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

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

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

Board Composition and Functions

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

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

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

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

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

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

The process for evaluating the performance of the Board and individual directors and senior executives is detailed in the Remuneration Policy which is in the Corporate Governance section of the Company's website. Executive directors and senior executives' performance was last evaluated in November 2009. Performance of non-executive directors was last evaluated in September 2010. The process for evaluating performance was in accordance with the Company's Remuneration Policy.

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

Director Independence

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

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

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration. The director must have no other material contractual relationship with the Company other than as a director of the Company;

- The director is not a substantial shareholder of the Company;
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last 3 years; and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

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

Risk Management

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

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

Management has implemented a risk management system whereby all identified risks are entered into a risk register. Any controls implemented to mitigate these risks are then linked to the risks to produce a mitigated risk register. The register is updated on a monthly basis by management and a quarterly update of the register is provided to the Board. The Board meets at least annually with senior management to interrogate the risk register and to ensure that all reasonable procedures are put in place to mitigate the Company's risks. The last full risk management review by the Board was held in June 2010.

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

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

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

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

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

Audit Committee

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

- oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements;

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

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

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

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

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

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

Hedging Committee

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

Procedure for the Selection of New Directors

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

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

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

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

The Company is currently finalising its Gender Diversity Policy which will be adopted during 2010/11.

Compensation of Board Members

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

Conflicts of Interest

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

These policies are available on the Company's website.

Code of Conduct

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

Environmental Policy

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

Sustainability Report

The Company purchased and commenced operations at the Long Nickel Mine in the last quarter of 2002. This mine had been operating for over 20 years before being placed on care and maintenance about 3 years before being purchased by the Company.

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

The Company has also aimed to employ as many of its people from the local community as possible, as without this ongoing employment the community in which we operate will diminish and local facilities will be neglected due to lower population numbers. The Company also assists the local community by contributing to the development of facilities needed to encourage people to remain in the area and has spent $516 thousand on community activities and facilities since commencing operations in 2002.

The Company has secured the services of an experienced consultant who is providing recommendations relating to providing targeted educational assistance to the indigenous and other regional or disadvantaged communities.

The first program adopted by the Company is to provide financial assistance to the Challis Early Childhood Education Centre ("CECEC"). The Company has made a 3 year commitment to the CECEC which is designed to foster parent participation in the early years of a child's education. This is considered vital in creating a supportive and encouraging environment for children when they first enter the school system. The Company will monitor the program and if successful will assist the introduction of the CECEC model in other regional schools.

The second program adopted by the Company is the Kambalda West District High School Youth Leadership Program ("KWYLP"). The Company is providing the funding required to support various programs specifically designed to promote personal development and leadership skills amongst selected senior students at the school.

The Company is currently investigating the merit of several other programs proposed by regional schools which they have designed to target specific areas of need in their communities, and will assist those programs where the Company believes support is warranted and will benefit the community.

The Company had limited scope to change the mine's environmental footprint due to historical mining at the site and the arrangements that were imposed pursuant to the purchase agreement. However, as reported last year, by carrying out reviews of the consumption of key inputs to the mine, the quantity of water and electricity used declined over the previous two financial years by approximately 43% and 7% respectively. Although total power consumption did not decrease in 2010 due to an intensive capital development period, the amount of power consumed per tonne of ore mined did decline throughout the year.

In the mine, the underground water is recycled a number of times prior to being unusable and discharged out of the system. The mine has also budgeted funds in 2010/11 to facilitate the harvesting of surface run-off water which will be used to substitute some of the potable water currently used on site.

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

The Company also commissioned independent consultants during 2009/10 to undertake two environmental audits at the mine. The audits focus on all areas of environmental responsibility, and the information gathered will be used to evaluate the mine's performance and to enable environmental improvements to be made on site.

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

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

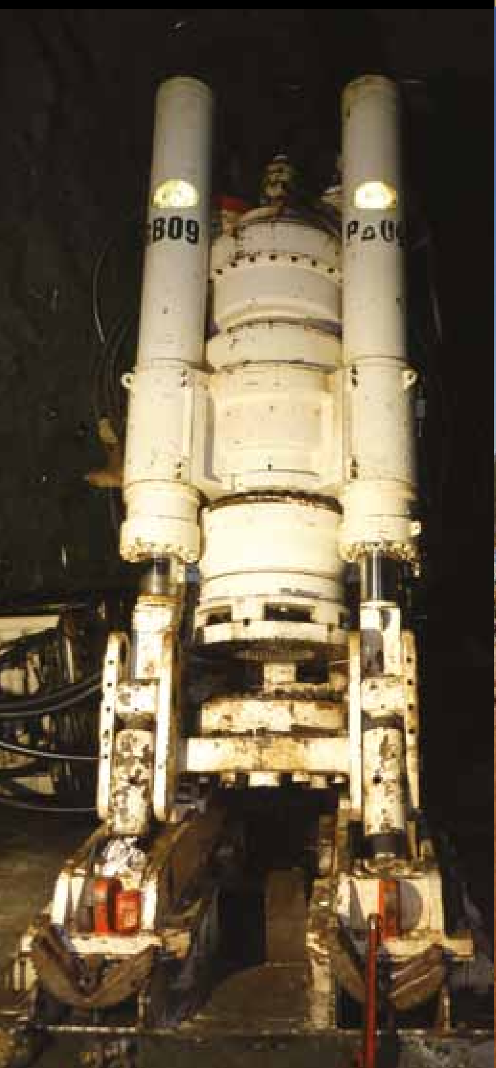
Disclosure of Information to ASX and Investors

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

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

2010

Financial Report



Directors' Report

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 14.01 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.

Directors' Report

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

Directors' Report

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 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.

Directors' Report

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 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.

Name	At Risk – LTI Equity Compensation	At Risk – STI Performance Based Bonuses	Fixed Remuneration
2010			
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).

Directors' Report

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

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.

BDO

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd

17th September, 2010
Perth, Western Australia

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

Statement of Financial Position
As at 30 June 2010

	Note	Consolidated 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

Statement of Changes in Equity
As at 30 June 2010

	Consolidated				
	Issued Capital $'000	Retained Earnings $'000	Hedging Reserve $'000	Total Based Payment Reserve $'000	Total Equity $'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

Statement of Cash Flows
For the year ended 30 June 2010

	Note	Consolidated 2010 $'000	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

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

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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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').

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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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).

z. Critical Accounting Estimates and Judgments (continued)

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 used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the 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.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated	
	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)

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

NOTE 4: INCOME TAX

	Consolidated 2010 $'000	2009 $'000
a. *The major components of income tax expense are:*		
Statement of Comprehensive Income		
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 2010 $'000	Statement of Financial Position 2009 $'000	Statement of Comprehensive Income 2010 $'000	Statement of Comprehensive Income 2009 $'000
Deferred Income Tax				
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
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.

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

NOTE 5: AUDITOR'S REMUNERATION

		Consolidated 2010 $'000	2009 $'000
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).

NOTE 7: EARNINGS PER SHARE

		Consolidated 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.

NOTE 8: CASH AND CASH EQUIVALENTS

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 9: TRADE AND OTHER RECEIVABLES

	Note	Consolidated 2010 $'000	Consolidated 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
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 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 10: INVENTORIES

	Consolidated 2010 $'000	Consolidated 2009 $'000
CURRENT		
Mine spares and stores	**257**	310

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

NOTE 11: OTHER FINANCIAL ASSETS

	Note	Consolidated 2010 $'000	2009 $'000
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 %	2009 %	Contribution to Profit 2010 $'000	2009 $'000
Lightning Nickel Pty Ltd	Australia	Ord	**100**	100	**37,682**	31,599

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 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

	Consolidated 2010 $'000	Consolidated 2009 $'000
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.

NOTE 16: INTANGIBLE ASSETS

Opening balance	**1,281**	1,378
Amortisation expense	**(275)**	(97)
Carrying amount at end of year	**1,006**	1,281

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

NOTE 17: TRADE AND OTHER PAYABLES

	Consolidated 2010 $'000	2009 $'000
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 19: OTHER FINANCIAL LIABILITIES

	Note	Consolidated 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	Consolidated 2009 $'000
113,813,539 (2009: 113,613,539) fully paid ordinary shares	**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

	Consolidated 2010 No. '000	Consolidated 2009 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.

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

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.

NOTE 23: RETAINED EARNINGS

	Consolidated 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

	Consolidated 2010 $'000	2009 $'000
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.

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

NOTE 25: SEGMENT INFORMATION (continued)

	Nickel Mining $'000	Tropicana Project $'000	Regional Exploration $'000	Total $'000
Segment Information 2010				
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

Notes to the Financial Statements
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NOTE 26: CASH FLOW INFORMATION

	Consolidated 2010 $'000	2009 $'000
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
b. Share Transactions of Key Management Personnel	No.	No.
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:		
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:

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.
2010				
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.

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

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

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**

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	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.

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

	Average exchange rate		USD		Contract value		Fair value	
Outstanding contracts Consolidated	2010 AUD/USD	2009 AUD/USD	2010 US $'000	2009 US $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'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.

Notes to the Financial Statements

For the year ended 30 June 2010

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:

	Weighted Average Effective Interest Rate		Floating Interest		Total	
	2010 %	2009 %	2010 $'000	2009 $'000	2010 $'000	2009 $'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 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 Ltd is unable to accept supply of the Group's product due to a force majeure event. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and BHP Billiton Ltd is considered to be a low risk customer.

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

The at risk amounts are as follows:

	Consolidated	
	2010 $'000	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.

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 including 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)

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 30: FINANCIAL INSTRUMENTS (continued)

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%).

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 $'000	2009 $'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 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.

Consolidated	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Carrying Amount $'000
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

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.

Consolidated	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000	Carrying Amount $'000
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 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.

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

NOTE 30: FINANCIAL INSTRUMENTS (continued)

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 $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'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) (level 3).

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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Consolidated – at 30 June 2010			
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

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 to 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 at 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.

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

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

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.*			

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

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,

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

(e) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report) on pages 57 to 62, 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

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 Statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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's 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

Glyn O'Brien
Director

Perth, Western Australia

Dated this 17th Day of September 2010

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)	Shareholders
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	0.88
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	73.08

INDEPENDENCE GROUP NL