2011 ANNUAL REPORT

INDEPENDENCE GROUP NL

ABN 46 092 786 304

Corporate Directory

Directors
Peter Bilbe *(Chairman and Non-executive Director)*
Christopher Bonwick *(Managing Director)*
Kelly Ross *(Non-executive Director)*
John Christie *(Non-executive Director)*
Rod Marston *(Non-executive Director)*

Executive Management
Christopher Bonwick *(Managing Director)*
Brett Hartmann *(Group Operations Manager)*
Terry Bourke *(Company Secretary / Legal Counsel)*
Scott Steinkrug *(Chief Financial Officer)*
Tim Kennedy *(Exploration Manager)*
Drew Totterdell *(Business Development Manager)*
Rod Jacobs *(Project Development Manager)*

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Email: contact@igo.com.au
Website: www.igo.com.au

Long Nickel Operation
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Facsimile: +61 8 9027 6609

Jaguar/Bentley Copper/Zinc Operation
Jabiru Metals Limited
PO Box 370
Leonora, Western Australia, 6438
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128 Hay Street
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Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Telephone: +61 8 9315 2333

ASX Code : IGO

CORPORATE GOAL

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

MINE AND PROJECT LOCATIONS

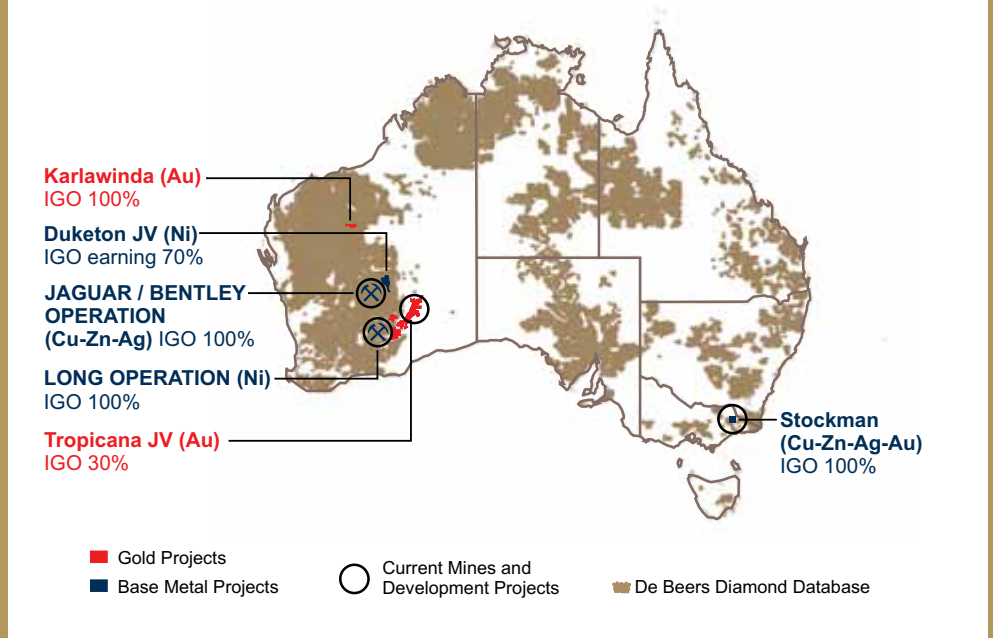

Figure 1:
Independence Group NL: Mining operations and major project locations.

GROWING A GREAT AUSTRALIAN MINING COMPANY

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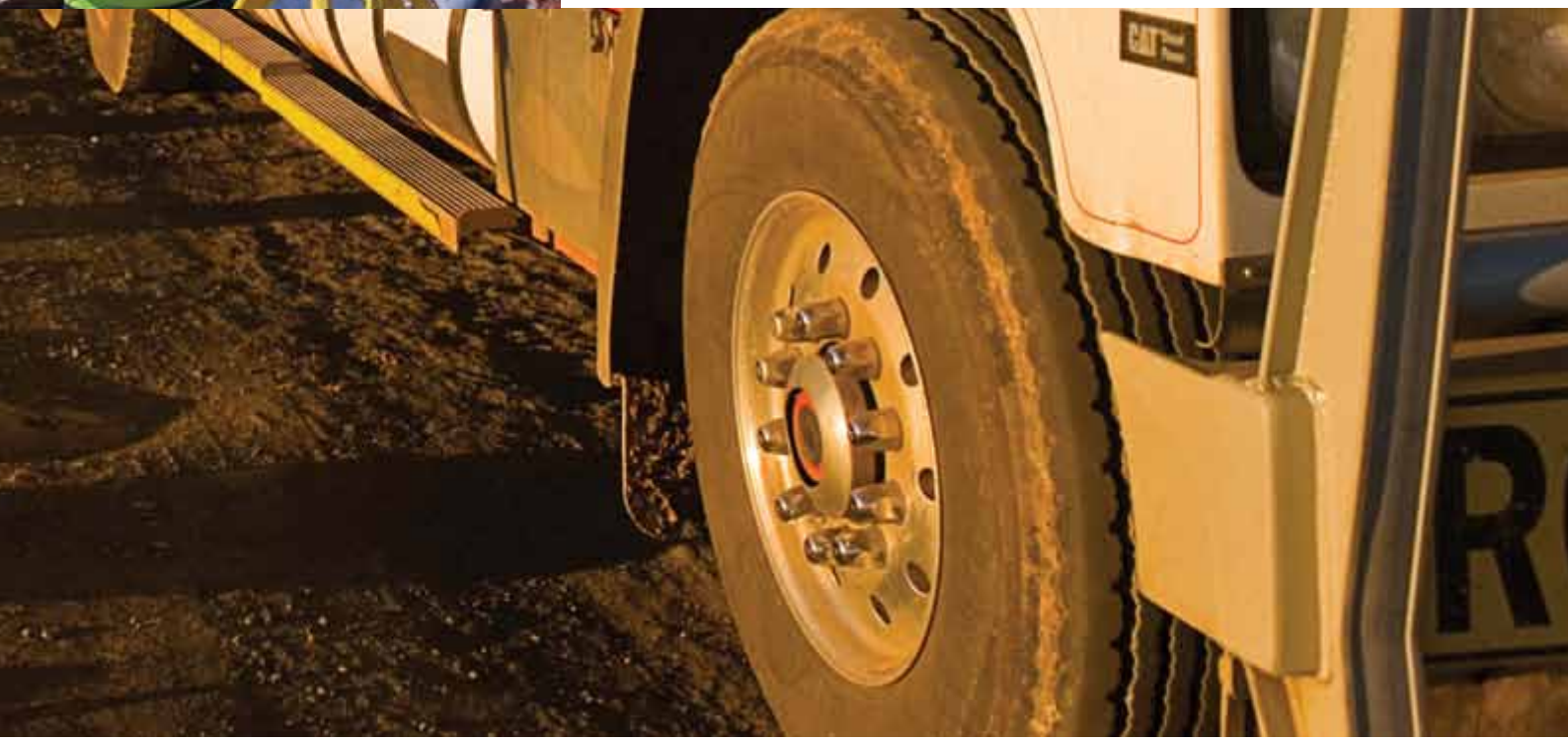


Company Highlights

GROUP

- Net profit after tax of $5.5 million (2010: $29 million)
- Dividends paid during the year – 7 cents fully franked (2010: 5 cents)
- Dividends paid subsequent to year end – 3 cents fully franked, paid 30 September 2011
- Fully diluted EPS of 4 cents (2010: 25 cents)
- The takeover of Jabiru Metals Limited (Jabiru), a copper, zinc and silver producer, was completed during the year
- Net $159M raised in late 2010 through an institutional placement and a rights issue

OPERATIONS

- The Company remains committed to continual safety and environmental improvements, targeting zero injuries and environmental incidents
- Long Nickel operation (Western Australia): 224,842 tonnes of ore mined at 4.34% nickel (Ni) producing 9,753 Ni tonnes
- Long reserves at 30 June 2011: 58,100 nickel tonnes
- Long resources at 30 June 2011 83,000 Ni tonnes (including reserves)
- Moran nickel ore body (south of Long) extended to the north and 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 (all in vicinity of Long) remain open
- Jaguar/Bentley operation (Western Australia): produced 8,468t tonnes copper (Cu) and 14,671 zinc (Zn) tonnes at negative $0.31/lb Zn C1 cash costs
- As the construction of the Bentley access decline continues, the top of the base metal ore body has been intersected
- Jaquar and Bentley systems remain open at depth

DEVELOPMENT

- **Tropicana**
  - Gold Joint Venture (IGO 30% AngloGold Ashanti 70%)
  - Project go-ahead in November 2010
  - Reserves increased to 3.9M oz gold (Au)
  - 470,000 - 490,000 oz Au per annum production in the first 3 years scheduled (IGO 140,000 -147,000 oz)
  - A number of high grade gold shoots remain open down plunge
- **Stockman**
  - Copper-zinc-silver-gold project, Victoria, Australia (IGO 100%)
  - Definitive Feasibility Study in progress

EXPLORATION

- **Karlawinda**
  - Gold prospect, Western Australia (IGO 100% subject to 2% net smelter royalty and limited clawback)
  - 219,000oz Au resource estimated at the Bibra Prospect which remains open down plunge and along strike
- **De Beers Database**
  - Continued exploration of new metal anomalies

SHARE STRUCTURE

Listed on Australian Securities Exchange	
ASX Code	IGO
Ordinary Shares on issue	202,907,135

Company Profile

The Company has assembled a Board that possess extensive experience and substantial knowledge in the areas of mineral exploration, project evaluation and development, as well as having exposure to corporate management of both Australian and international mining houses and junior explorers

Peter Bilbe (61)
B.Eng. (Mining) (Hons), MAusIMM
Non-executive Chairman

Mr Bilbe is a mining engineer with over 35 years Australian and international mining industry experience at the operational, managerial and board levels. Mr Bilbe has held senior postions at Mount Gibson Iron Limited, Aztec Resources Limited, Portman Limited, Aurora Gold Limited and Kalgoorlie Consolidated Gold Mines Pty Ltd.

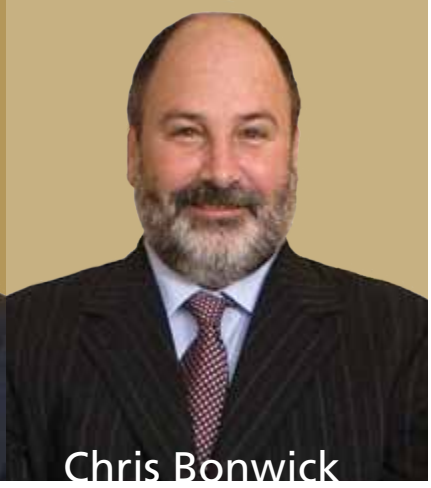
Mr Bilbe's most recent executive position was Managing Director of Aztec Resources Limited which successfully developed the Koolan Island iron ore project from exploration to production.

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


Peter Bilbe

Christopher Bonwick (52)
B.Sc. (Hons), MAusIMM
Managing Director

Mr Bonwick is a geologist with 30 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.


Chris Bonwick

Rod Marston (68)
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.

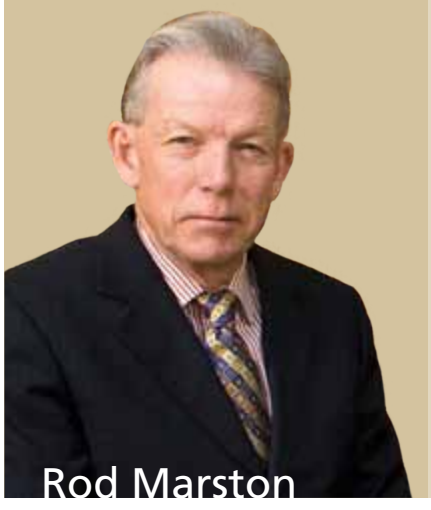
Kelly Ross (49)
CPA, ACIS
Non-executive Director

Kelly Ross is an accountant with 26 years experience in the mineral exploration and mining industry. Mrs Ross was with the Resolute group from 1987 to 2000, during which time Resolute grew from being a small exploration company to become a major multi-national gold producer.

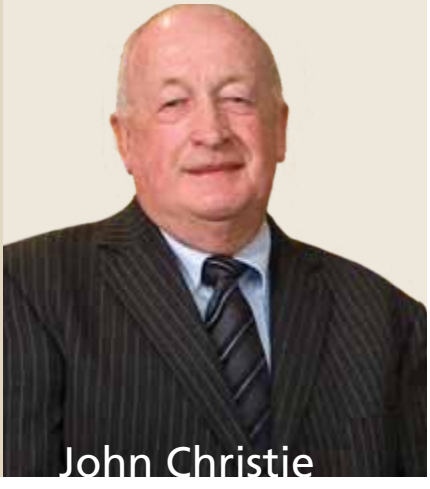
Mrs Ross has held positions with National Resources Exploration Pty Ltd, the Kimseed Group, Murchison United NL and the Department of Mineral & Petroleum Resources. Mrs Ross was the Company Secretary of Independence Group NL until 23 August 2011. Mrs Ross is currently a director of Musgrave Minerals Limited.

John Christie (73)
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.


Rod Marston


Kelly Ross


John Christie

Dear Shareholders

During the financial year ended 30 June 2011 your Company made significant steps towards enhancing future shareholder value and achieving its objective of establishing a great, diversified Australian mining company.

This, to a very large degree, was underpinned by a continuing solid operational and financial performance at the Long nickel operation and ongoing exploration success on a number of fronts.

The key events that took place during the year were the decision by the Tropicana joint venturers to proceed with the development of the world class Tropicana gold project, the raising of a net amount of approximately $159M in late 2010 through an institional placement and a rights issue and the successful acquisition of Jabiru Metals Limited.

The Tropicana gold project (AngloGold Ashanti 70%, IGO 30%) is located in a new and rapidly growing gold province in Western Australia. The project currently contains an open pit reserve of 3.9 million oz of gold with very substantial potential for additional significant discoveries both along strike and down dip. Construction has commenced in earnest and first gold pour is scheduled to occur in 2013. Gold production (100%) in the early years is forecast at 480,000 oz per annum (IGO's share 144,000 oz per annum).

The takeover of Jabiru Metals Limited was successfully concluded during the year and the combined group has created a diversified mining company with current and future cash flows across multiple assets and commodities (nickel, copper, zinc, gold and silver), a strong pipeline of significant long life development assets and a highly prospective exploration portfolio.

The net profit after tax for the financial year of $5.5 million was significantly impacted by one-off transaction costs associated with the acquisition of Jabiru and higher depreciation and amortisation costs. Excluding Jabiru transaction costs, EBITDA was $51.6 million. The Company continued with its policy of paying dividends which totalled 7 cents for the year.

The Long nickel operation continued to perform to expectations during the year with a very creditable operational and financial performance producing 9,753 tonnes of nickel metal (which exceeded guidance) at a low cash cost of $4.48 per pound nickel.

The recently acquired Jaguar copper/zinc mine fell short of production targets due to short term geotechnical issues, however the mine is back on track and production is expected to resume to normal levels before the end of the calendar year.

Construction of the new Bentley copper/zinc mine is well advanced with production ramp-up scheduled to occur over the next few months.

The Definitive Feasibility Study on the Stockman copper-zinc-silver-gold project in Victoria is well advanced and is expected to be completed in coming months.

The Company continues to maintain a strong focus on and is directing significant resources to near mine and regional exploration programmes, using the Company's advanced exploration techniques, skills and innovation. The Karlawinda (gold) project looks particularly promising.

The Company will continue to review external business development opportunities in a structured and disciplined manner in the context of competing organic growth opportunities and appropriate risk and capital management.

I believe that it is important to shareholders and all employees that values of personal safety, operational and technical excellence, responsible environmental management and sound corporate governance principles are embraced and these will be incorporated in all our activities.

At the end of July 2011, Oscar Aamodt retired as a non-executive director and Chairman of the Company. Oscar had been a director since 2005 and we extend our appreciation to Oscar for his dedicated and very significant contribution to the success of the Company. Consequently I was delighted to be afforded the opportunity to be Chairman of your Company.

The Company has established a platform for significant growth over the medium term with a balance of production, development and exploration assets. A strong focus on solid operational performance will be maintained which together with appropriate capital and risk management will underpin future growth and shareholder value.

In closing I would like to extend my sincere thanks to all our employees for their continued hard work and dedication throughout the year in what is proving to be a very challenging environment to attract and retain skilled personnel.

Your directors and management are enthusiastic about what lies ahead for your Company and we thank Shareholders for their ongoing support.

Peter Bilbe
Chairman

DEAR FELLOW SHAREHOLDERS

The last year has been a particularly exciting one, highlighted by the Company's takeover of Jabiru Metals Jabiru and the decision to proceed with the Tropicana Gold Project.

Once again the strong production performance of the Long Nickel Operation supported the Company's activities which will drive future growth including exploration successes and the development of the new projects which flow from those successes.

The Year's Achievements:

I would like to thank all of our employees, consultants, contractors and joint venture partners for the following achievements:

Safety and Environmental

The Long Nickel Operation had three Lost Time Injuries (LTI's) and no environmental incidents during the year. The Jaguar/Bentley Operation had no LTI's after the Company took control, nor any significant environmental incidences. At our Operations we remain committed to continual safety and environmental improvements, targeting zero injuries and environmental incidents.

Financial

- Net profit after tax fell to $5.5M (2010: $29M) which includes $26.1M of Jabiru takeover transaction costs and associated tax implications.
- Net $159M raised in late 2010 through an institutional placement and a rights issue.
- Cash and cash equivalents of $228M at year end (2010: $144M).
- Fully franked dividends of 7 cents (2010: 5 cents).

Long Nickel Operation: (IGO 100%)

- Above budget nickel production of 9,753 nickel (Ni) tonnes (2010: 8,615 Ni tonnes (t)).
- Head grade increased to 4.3% Ni: (2010: 4.2% Ni).
- Cash cost including royalties A$4.48 / payable pound (lb) Ni: (2010: A$4.43 / lb Ni).
- Successful development of the Moran ore body.
- Increasing the 2011 ore reserve to 58,100 Ni (2010: 53,400t Ni) due to the discovery and delineation of additional reserves north of the Moran and Long ore bodies.

Jaguar/Bentley Copper-Zinc-Silver Operation: (IGO 100%)

- The Company achieved 100% ownership of the operation in June 2011 via the successful takeover of Jabiru Metals Limited.
- The Operation produced 8,161t copper (Cu) and 11,994t zinc Zn (payable metal) for the year at negative A$0.31 /lb Zn C1 cash costs due to copper and zinc by- product credits from the Jaguar mine.

- The high grade zinc rich ore was intersected at the Bentley mine ahead of schedule.
- A number of high priority exploration targets were located in the near mine environment and along the 50km prospective copper-zinc-silver-gold-nickel metal corridor.

Tropicana Gold Joint Venture: (IGO 30%)

- Completion of the Tropicana Bankable Feasibility Study (BFS) and project go ahead approval by both Company's Board and the AngloGold Ashanti Board in November 2010.
- BFS annual gold production anticipated to be between 470,000-490,000 oz pa (IGO 141,000 – 147,000 oz pa) over the first 3 years and 300,000-350,000 oz pa over the first 10 years (IGO 90,000-105,000 oz pa).
- Average BFS cash costs over the life of the project are estimated to be A$710-730/oz Au and A$580-600/oz Au over the first 3 years.
- Increase in reserves on a 100% basis to 3.91Moz Au (BFS 3.37Moz Au).
- Mineral resources on a 100% basis increased to 5.36Moz Au from 5.01Moz Au in June 2009 due to new resource estimates at Havana Deeps and Boston Shaker deposits.

Stockman: Copper-Zinc-Silver-Gold Project (IGO 100%)

- Definitive Feasibility Study resource infill and extension drilling, detailed metallurgical test work and environmental effects statement commenced.
- Drilling intersected additional strong copper-zinc-mineralisation along strike from the current Cu-Zn-Ag-Au Currawong resource outline.

Regional Exploration

- Well funded regional exploration continued in FY2011 with expenditure of $32M including the Company's share of the Tropicana Project's exploration expenditure.
- Activities included drilling the Tropicana Project's Boston Shaker, Havana South and Havana Deeps deposits to resource status and intersecting the Havana Deeps gold system 2.2km down plunge of the proposed Havana BFS pit.
- A modest 219,000 oz shallow oxide gold resource was defined at Bibra within the 100% owned Karlawinda project with a number of shoots remaining open down plunge.
- Infill and extension drilling continued on the Duketon Joint Venture with a number of nickel sulphide intersections open along strike and down plunge.
- Generation of new targets from the De Beers database and other generative activities.

Jabiru Metals Limited Takeover

The acquisition of Jabiru, completed in June 2011, was a significant step in the Company's progress towards becoming a great Australian mining company. The Jabiru acquisition:

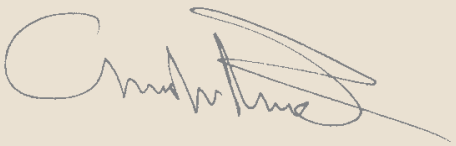
- made the Company a unique nickel-copper-zinc-silver-gold mid cap diversified mining house, with its production based in Australia
- diversified the Company's cash flow across multiple assets and commodities
- provided the Company with economies of scale
- provided the Company with another Western Australian mining operation (Jaguar/ Bentley) with the potential to become a relatively low cost, long life, operation (like the Company's Long Nickel Operation)
- enhanced the Company's prospective exploration portfolio and scope for long term cash flow
- enhanced the Company's ability to raise funds and to pursue further value-adding opportunities.

2011/12 Focus

Our focus this year will be on:

- completing the efficient integration of the newly acquired operations of Jabiru
- proceeding with the construction of the exciting Tropicana Gold Project in Western Australia
- continuing the Definitive Feasibility Study of the Stockman copper-zinc-silver-gold project in Victoria
- seeking reserve extensions at the Long Nickel Operation
- pressing on with our very promising regional exploration program
- critically examining our costs and practices to ensure that we remain a very competitive producer in the challenging markets in which we operate.

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



Christopher Bonwick
Managing Director

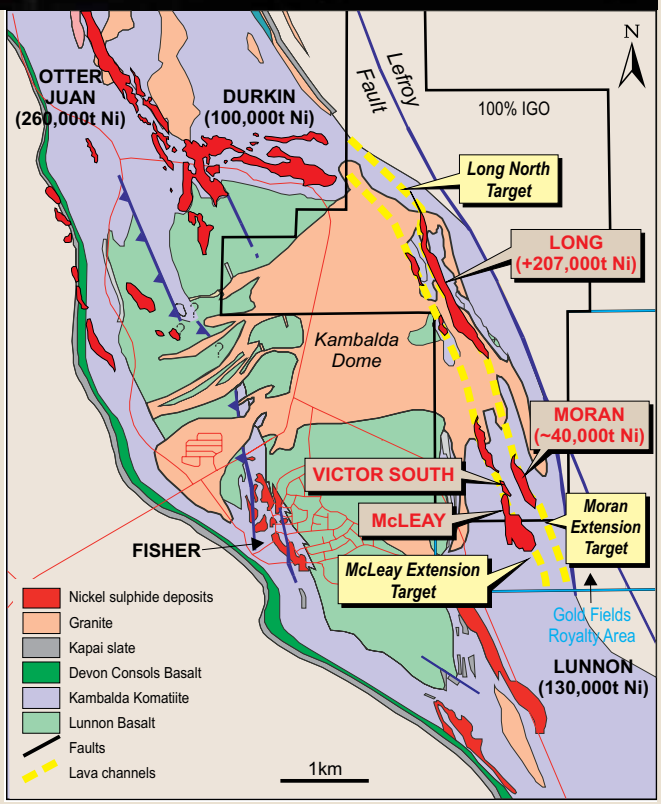
LONG NICKEL OPERATION, WESTERN AUSTRALIA - IGO 100%

Background

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

The mine is located at Kambalda in Western Australia (**Figures 1 and 2**).

Since recommissioning Lightning has produced 1.88 million tonnes for ore at a reconciled grade of 3.9% nickel (73,936 nickel tonnes). Ongoing brownfields exploration success has resulted in the discovery of the McLeay (2005) and Moran ore bodies (2008) which has enabled the operation to develop a reserves base which supports a mine life until at least 2017, at a nominal 9,000 tonnes of contained nickel metal per annum.



Offtake Agreement

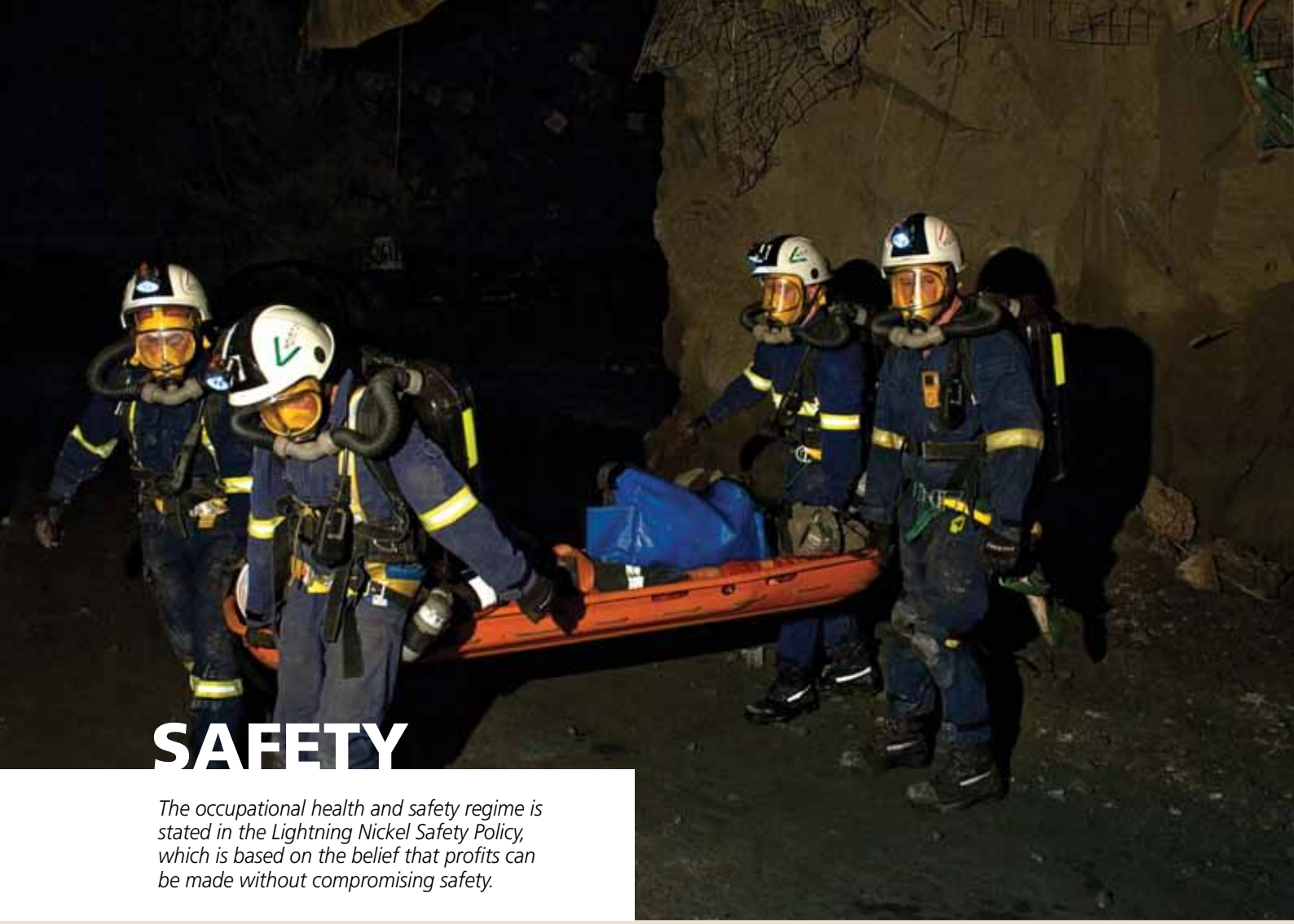
The Company has an agreement with BHP - Billiton Nickel West Pty Ltd whereby the ore produced from the mine is delivered to the adjacent Nickel West Kambalda Nickel Operations Concentrator for toll treatment and production of nickel concentrates, which are then sold to BHP on terms set out in that agreement.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

Safety

Three Lost Time Injuries ("LTI") occurred during the 2010-11 financial year. While this is an improvement over last year, the operation remains committed to continual improvement and targeting zero injuries. We also recognise that our safety objectives cannot be attained without input from all our employees and as such we continue to actively engage and consult all employees to review safe work practices.

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. Hazard identification, accident/incident investigation, competency training, work procedures development, competency reassessment and regular workplace inspections, are carried out with the help of our employees.

Figure 2:
Long Nickel Operation - Regional geology, tenure, nickel shoots and targets.



SAFETY

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.

Geotechnical 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.

To ensure continued compliance, Lightning undertakes regular internal audits on its geotechnical system and practices. In addition, well respected geotechnical professionals are also utilised to undertake external independent geotechnical audits. This constant feedback is not only part of our compliance system but forms part of our continued improvement.

Lightning also remains an advocate of advanced geotechnical and seismicity research. Our involvement in such things allows us to remain abreast of advances and ensure that our systems and overall approach remain world's best practice.

Mine Production

Mining methods range from long-hole open stoping with mullock or paste 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 9,753 tonnes of nickel metal as shown in Table 1.

The Company's share of metal produced in 2010/11 was 5,892 nickel tonnes and 280 copper tonnes.

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. (Tables 2 and 3)

Table 1: Long Nickel Operation – 2010/11 Production

	Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	34,508	3.8	1,319
Victor South (mechanised)	42,568	5.6	2,374
McLeay (mechanised and hand-held)	100,109	3.8	3,837
Moran (mechanised)	47,656	4.7	2,223
TOTAL	**224,842**	**4.3**	**9,753**
Reserve			7,925
In addition to Reserve			1,828
TOTAL			**9,753**

Table 2: Long Nickel Operation – June 2011 Resources and Reserves (and 2010 comparison)

		Undiluted Resources at 1% Ni Cut-off[1] as at 30 June 2010[2]			Undiluted Resources at 1% Ni Cut-off[1] as at 30 June 2011[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	26,000	5.6	1,500	26,000	5.6	1,500
	Indicated	215,000	4.8	10,300	210,000	4.8	10,100
	Inferred	105,000	4.4	4,600	106,000	4.8	5,100
	Sub-Total	**346,000**	**4.7**	**16,400**	**342,000**	**4.9**	**16,700**
Victor South	Measured	17,000	7.0	1,200	-	-	-
	Indicated	232,000	2.7	6,300	240,000	2.6	6,200
	Inferred	131,000	1.7	2,200	34,000	1.5	500
	Sub-Total	**380,000**	**2.6**	**9,700**	**274,000**	**2.4**	**6,700**
McLeay	Measured	85,000	8.1	6,900	69,000	6.9	4,800
	Indicated	248,000	5.7	14,200	203,000	5.1	10,300
	Inferred	94,000	5.1	4,800	93,000	4.4	4,100
	Sub-Total	**427,000**	**6.1**	**25,900**	**365,000**	**5.3**	**19,200**
Moran	Indicated	494,000	7.2	35,700	585,000	6.9	40,400
	Inferred	52,000	7.1	3,700	-	-	-
	Sub-Total	**546,000**	**7.2**	**39,400**	**585,000**	**6.9**	**40,400**
TOTAL		**1,699,000**	**5.4**	**91,400**	**1,566,000**	**5.3**	**83,000**

Table 3: Long Nickel Operation – June 2011 Reserves (and 2010 comparison)

		Ore Reserve at Economic Ni Cut-off[1] as at 30 June 2010 [2]			Ore Reserve at Economic Ni Cut-off[1] as at 30 June 2011 [2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Proven	15,000	2.8	400	-	-	-
	Probable	98,000	2.9	2,900	127,000	3.0	3,800
	Sub-Total	**113,000**	**2.9**	**3,300**	**127,000**	**3.0**	**3,800**
Victor South	Proven	24,000	4.0	1,000	-	-	-
	Probable	55,000	5.1	2,800	68,000	4.3	2,900
	Sub-Total	**79,000**	**4.8**	**3,800**	**68,000**	**4.3**	**2,900**
McLeay	Proven	121,000	3.9	4,700	120,000	2.8	3,400
	Probable	261,000	3.4	8,800	204,000	2.9	5.900
	Sub-Total	**382,000**	**3.5**	**13,500**	**324,000**	**2.9**	**9,300**
Moran	Proven	-	-	-	-	-	-
	Probable	739,000	4.4	32,700	1,091,000	3.9	42,500
	Sub-Total	**739,000**	**4.4**	**32,700**	**1,091,000**	**3.9**	**42,500**
TOTAL		**1,313,000**	**4.1**	**53,300**	**1,610,000**	**3.6**	**58,100**

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 Competent Persons and Forward-Looking Statements section of this report.

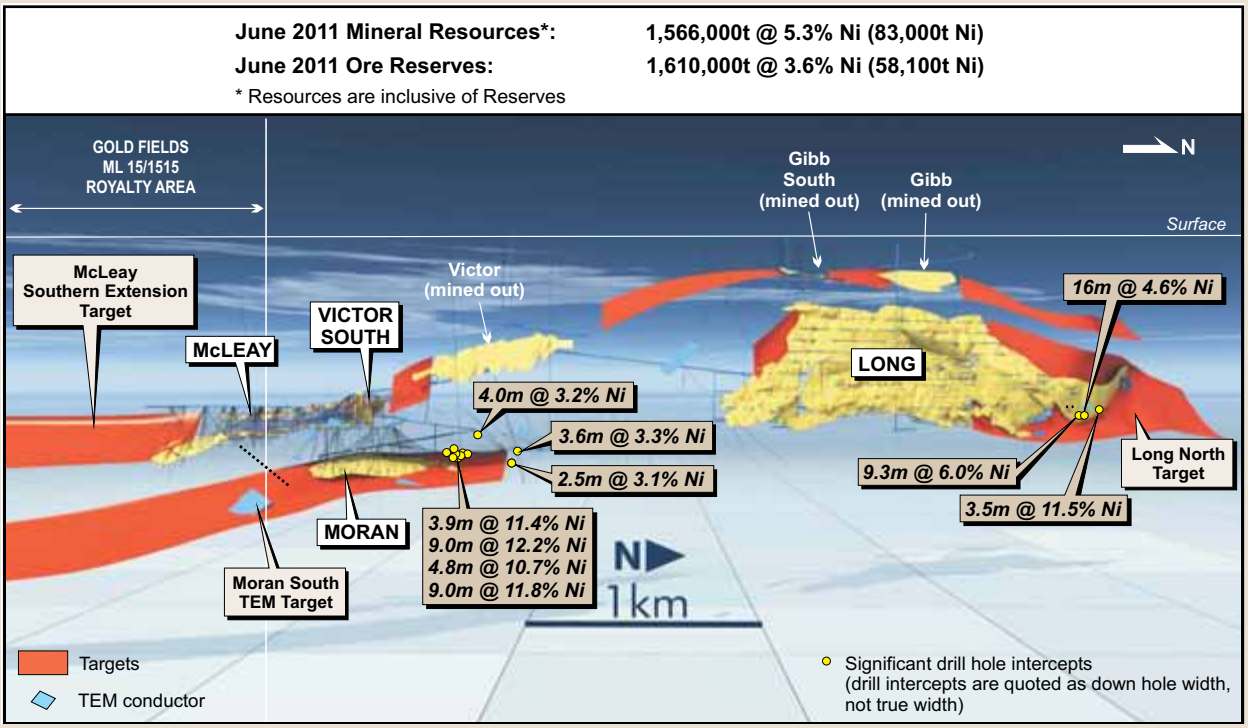


Figure 3:
Long Nickel Operation – Longitudinal Projection showing target areas, TEM conductors and significant intercepts.

Geophysics

A 3-component down-hole Transient Electromagnetic (TEM) probe is 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.

The high powered TEM transmitter which was developed by Independence and Curtin University of Technology in Western Australia is used with the underground loop at Moran as a standard exploration tool to target potential mineralisation beyond the current resource limits. The Company is currently developing the next generation of TEM transmitter, which is expected to deliver greater reliability and higher signal strength.

High powered TEM transmitter.

Exploration

Exploration during the year focused on extensions of the high-grade Moran and Long North ore bodies with exploration success achieved in identifying the northern extensions of the Moran ore body and down dip extension of 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 (**Figures 2 & 3**):

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

Channel 2: The lower nickel channel contains the Long and Moran deposits.

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.

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 deposit nickel sulphides are within the same lava channel hosting the +200,000 nickel tonne Long ore body. Moran is currently interpreted to have a 700m strike length and remains open to the north and south-east. The deposit is located approximately 1km south of the Long ore body (**Figure 3**).

Exploration drilling to the north of the Moran 2010 resource boundary intersected high-grade mineralisation close to existing development (LSU-325: 1.3m @ 5.0% Ni and 2.6m @ 7.9% Ni) as well as a number of identified TEM targets. Follow up drilling delineated a 100x50m ore block which was added to the 2011 reserve.

Moran South

The Moran ore body remains open to the south, however, drilling to determine whether the system continues was hampered by bad ground conditions causing drill holes to be abandoned before reaching target depths. Drilling is planned to continue in financial year 2012 from existing drill drives and Moran foot wall development once completed. As lava channel ultramafic rocks have been intersected south of Moran potential still exists for massive sulphides on the yet to be tested basalt-ultramafic contact.

Long North

Drilling north of the Long ore body in 2007/8 intersected nickel sulphides in an area previously thought to have been stoped out by porphyry dykes and indicated the ore body was open to the north.

Follow-up infill and extension drilling in 2011 further upgraded the prospectivity of the Long North target area and lead to an increase in resources and reserves. A program of drill drive development and drilling is planned for the 2012 financial year to test for further extensions.

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 McLeay Decline will be used to extend the drilling past the porphyry swarm to test for a continuation of the McLeay ore system.

Jaguar / Bentley Copper-Zinc-Silver Operation, Western Australia - IGO 100%

Background

The Jaguar/Bentley Operation, located 60km north of Leonora and 250km north of Kalgoorlie, comprises the Jaguar and Bentley copper-zinc-silver underground mines and milling operation (**Figure 4**). The Jaguar deposit was discovered in 2002 approximately 4km south of the historic Teutonic Bore open cut and underground Cu-Zn-Ag mine which was in operation in the early 1980's. Bentley was discovered in 2008 and brought into production in the June 2011 quarter when decline development intersected the top of the ore body. Ore is processed on site at the Jaguar concentrator which produces both a copper and zinc concentrate. The copper concentrate also contains significant silver and small gold credits. Both concentrates are trucked 720km to the Company's concentrate shed at the Port of Geraldton. The concentrate is then shipped to metal smelters.

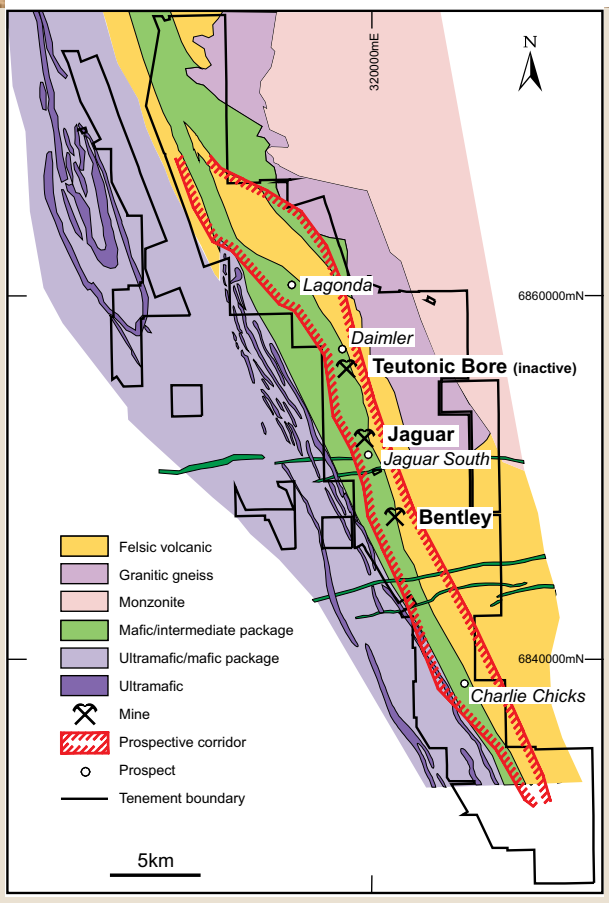


Figure 4:
Jaguar/Bentley Cu-Zn-Ag Operation – Tenure, regional geology, mines and significant prospect locations.

An off-market takeover of Jabiru Metals Limited by Independence was completed in the June Quarter of 2011.

During the 2010/11 financial year the Company made an off-market takeover for Jabiru which was subsequently completed in the June Quarter 2011. The rationale for the takeover included a recent history of low operating costs, a seven year mine life and significant exploration upside near the three mines and along the 50km of prospective tenure.

Safety

During the year there was one Lost Time Injury ("LTI") that occurred in August 2010 as a result of a laceration. This happened before the takeover of Jabiru by the Company.

Safety remains our highest priority, with the engagement of employees and proactive measures being key success drivers. Hazard identification, competency training, continual reviewing of safe work procedures, competency reassessment and regular workplace inspections all play a large role in our safety culture and commitment.

Geotechnical Conditions

A deterioration in underground mining ground conditions at the Jaguar Mine had a negative impact on high grade copper ore production in the June 2011 Quarter. A revised geotechnical stress model required a change in ground support methodology and resulted in suspension of high grade stope production to enable additional ground support to be installed. As a consequence mill feed comprised ore from lower grade stopes and low grade surface stockpiles, resulting in lower head grades and metal production. Remedial ground support has been successfully completed and stope production has recommenced.

Mine Production

Production throughout the year achieved 355,952 tonnes of ore at 2.82% copper, 5.81% zinc and 80g/t silver. All production was processed on site to produce 8,468 tonnes of copper and 14,671 tonnes of zinc in concentrates. Zinc C1 cash costs for the year were negative $0.31/lb Zn after copper and silver credits.

Concentrate is trucked to a storage facility at the Geraldton Port where it is loaded and exported to various overseas customers.

Resources and Reserves

Jaguar, Bentley and Teutonic Bore Mineral Resources and Ore reserves are listed in Tables 4 and 5.

Table 4: Jaguar/Bentley Operation – June 2011 Resources (compared with earlier estimates)

		Mineral Resource - 30 June 2010					Mineral Resource - 30 June 2011				
		Tonnes	Cu %	Zn %	Ag g/t	Au g/t	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Jaguar	Measured	511,000	4.7	10.4	141	-	373,000	3.5	5.9	81	-
	Indicated	306,000	3.3	6.1	96	-	441,000	2.1	3.8	57	-
	Inferred	6,000	3.2	8.5	82	-	42,000	2.2	1.8	28	-
	Stockpiles	-	-	-	-	-	5,000	2.0	4.2	55	-
	Total	**823,000**	**4.2**	**8.8**	**124**	**-**	**861,000**	**2.7**	**4.6**	**66**	**-**
Bentley	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	2,303,000	1.8	9.8	121	0.6	2,296,000	1.8	10.0	122	0.6
	Inferred	-	-	-	-	-	742,000	2.7	9.4	192	1.0
	Total	**2,303,000**	**1.8**	**9.8**	**121**	**0.6**	**3,038,000**	**2.7**	**9.8**	**139**	**0.7**
		Mineral Resource - August 2009					**Mineral Resource - August 2009**				
Teutonic Bore	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	946,000	1.7	3.6	65	-	946,000	1.7	3.6	65	-
	Inferred	608,000	1.4	0.7	25	-	608,000	1.4	0.7	25	-
	Total	**1,553,000**	**1.6**	**2.5**	**49**	**-**	**1,553,000**	**1.6**	**2.5**	**49**	**-**
GRAND TOTAL		**4,679,000**	**2.1**	**7.2**	**98**	**0.3**	**5,453,000**	**2.0**	**6.9**	**102**	**0.4**

Table 5: Jaguar/Bentley Operation – June 2011 Reserves (compared with earlier estimates)

		Ore Reserve - 30 June 2010					Ore Reserve - 30 June 2011				
		Tonnes	Cu %	Zn %	Ag g/t	Au g/t	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Jaguar	Proven	486,000	3.4	6.8	92	-	359,000	3.1	4.8	66	-
	Probable	368,000	2.5	4.5	71	-	467,000	1.8	3.3	48	-
	Total	**854,000**	**3.0**	**5.8**	**83**	**-**	**826,000**	**2.4**	**3.9**	**56**	**-**
Bentley	Proven	-	-	-	-	-	-	-	-	-	-
	Probable	1,200,000	1.6	14.0	170	0.8	2,450,000	1.5	8.6	106	0.5
	Total	**1,200,000**	**1.6**	**14.0**	**170**	**0.8**	**2,450,000**	**1.5**	**8.6**	**106**	**0.5**
GRAND TOTAL		**2,054,000**	**2.2**	**10.6**	**134**	**0.5**	**3,276,000**	**1.7**	**7.4**	**93**	**0.4**

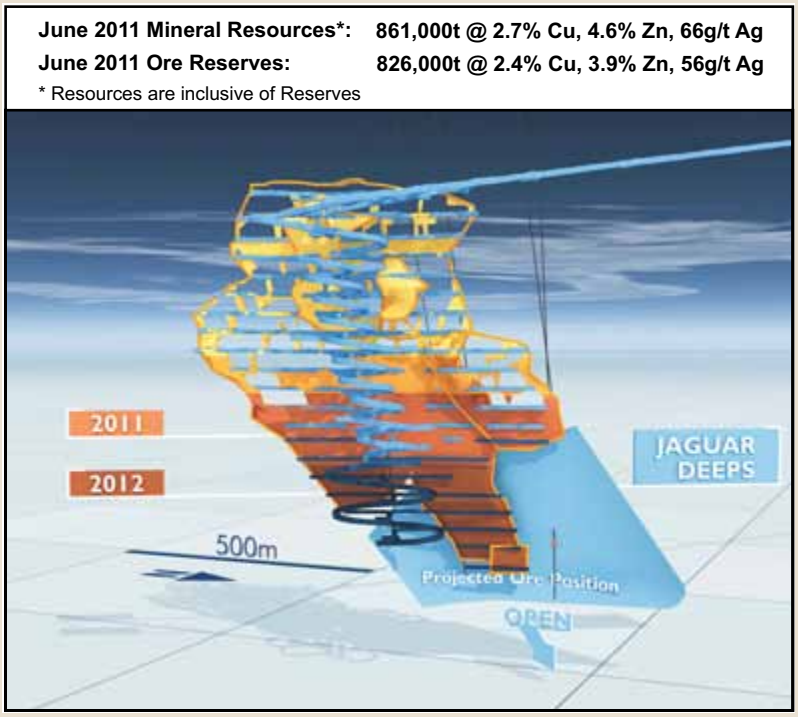


Figure 5:
Jaguar/Bentley Cu-Zn-Ag Operation: Jaguar Mine – 3D isometric projection showing mineralised envelopes, drilling and planned development.

Exploration

The Jaguar Regional Exploration Project covers 50km of strike of stratigraphy prospective for volcanogenic massive sulphide (VMS) mineralisation. It encompasses three high-grade Copper-Zinc-Lead-Silver-Gold deposits: the historic Teutonic Bore deposit and the Jaguar and Bentley deposits which are currently in production.

The Teutonic Bore mine was discovered in 1974 by Carpentaria Exploration and 1.6Mt of ore grading 3.5% Cu, 11.2% Zn and 146g/t Ag was mined between 1980 and 1985.

Located just 4km to the south of Teutonic Bore, the Jaguar deposit (**Figure 5**) was discovered in 2002 through drilling of a 1.8km long conductor identified from a fixed loop transient electromagnetic (FLTEM) survey.

The Bentley deposit (**Figure 6**), located another 4km south of Jaguar, was discovered in 2008 during a systematic diamond drilling campaign designed to test below a near-surface geochemical anomaly, known historically as the Snowy's Well prospect.

The deposits occur at or near the base of a mafic volcanic succession overlying a felsic volcanic package. The deposits typically comprise massive sulphide lenses with semi-massive and stringer style mineralisation both below and lateral to the massive ore.

The deposits dip steeply to the west with strike and dip extents of about 400m. The Jaguar and Bentley deposits are located 250 to 300m below surface and display strong plunge trends along which there is potential for additional deposits to be discovered. The Far Side ore lens, discovered in 2010 lies 300m to the east of Jaguar. The Jaguar and Far Side lenses are interpreted to represent a "stacked lens" system which demonstrates additional potential for discovery at various levels within the host stratigraphy. Interpreted large scale structural repetition of the host stratigraphy suggests the true prospective strike within the project area may be well in excess of 50km.

VMS deposits tend to occur in clusters and the potential for additional ore lenses near the existing mines is high, as evidenced by the discovery of the Far Side Copper zone in 2010. Drilling outside the resource envelope of the known deposits has been limited to date.

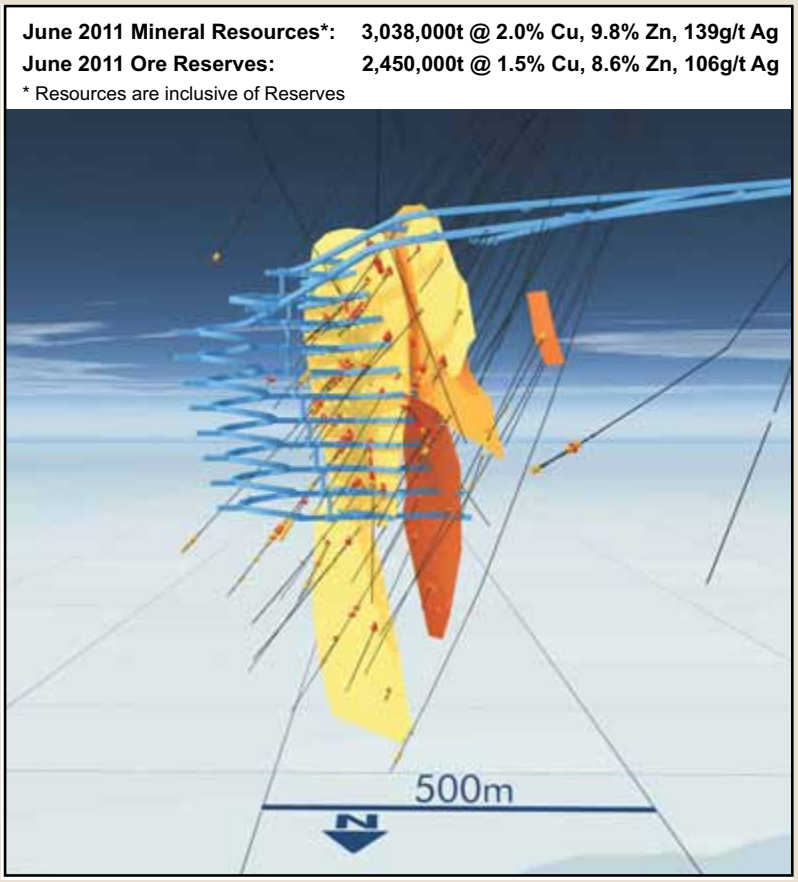


Figure 6:
Jaguar/Bentley Cu-Zn-Ag Operation: Bentley Mine – 3D isometric projection showing mineralised envelopes, drilling and planned development.

Regional exploration is focussed on identifying and testing targets within the host rock sequence through the use of ground-based geophysics, regolith geochemistry and detailed geological mapping.

Aircore drilling completed during the June quarter of 2011 has delineated a significant base metal anomaly about 3km in strike length and open to the north and south. The anomaly is centred on the Lagonda Prospect where historic diamond drilling intercepted Cu-Zn-Ag mineralisation (**Figure 7**).

Aircore drilling and ground-based geophysics will continue with a focus on the geochemically anomalous corridor north of Teutonic Bore towards the Lagonda Prospect where historic exploration was limited by technology and complex tenement holdings. Diamond drilling is scheduled to test the Lagonda Prospect as well as evaluate near-mine targets at Bentley and Jaguar.

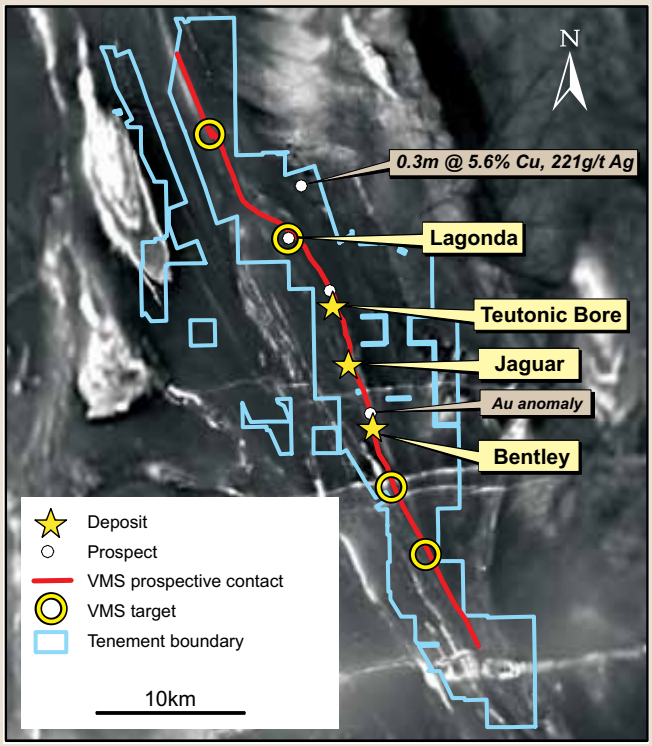


Figure 7:
Jaguar/Bentley Cu-Zn-Ag Operation: - Regional aeromagnetic image showing deposits, prospects, VMS prospective corridor, VMS targets and IGO tenement boundary.

Tropicana Gold Project JV, Western Australia - IGO 30%

Background

The Tropicana Gold Project is located at the northern end of the Tropicana Joint Venture tenement holdings which comprises approximately 16,000 km^2 of tenure over a 400km strike length along the Yilgarn Craton and Frazer Range Mobile Belt Collision Zone (**Figure 8**). The Company targeted and pegged the area containing the current gold reserves in 2001. AngloGold Ashanti Australia farmed into the project in 2002 and discovered the Tropicana, Havana and Boston Shaker Gold Deposits respectively in 2005, 2006 and 2009. Results of the Bankable Feasibility Study (BFS) were announced to the market and approved for development by both Joint Venture Partners in November 2010. Since the release of the BFS, reserves have increased from 3.37Moz Au to 3.91Moz Au (IGO's share 1.17Moz Au). Project construction has commenced with the first gold pour expected to occur in the December Quarter 2013.

Bankable Feasibility Study Outcome

The development proposal outlined in the Bankable Feasibility Study (BFS) is based on conventional open cut mining of the Tropicana, Havana and Havana South deposits (**Figure 9**) and carbon-in-leach gold processing of fresh ore at a 5.8Mtpa throughput rate at an average 2.0 g/t Au head guide. Gold recovery is estimated at a 90.4% with a 5.5:1 open cut strip ratio. BFS annual gold production is anticipated to be between 300,000-350,000oz pa over 10 years and between 470,000-490,000oz pa in the first 3 years.

Average cash costs over the life of the project are estimated to be between A$710-730/oz Au and A$580 – 600/oz Au over the first 3 years. Increases to the Ore Reserve to 3.91Moz Au in June 2011 have yet to be factored into the production or cash cost forecasts. Capital expenditure, including pre-production cost is estimated at A$690-740M (IGO'S 30% share $A207-222M).

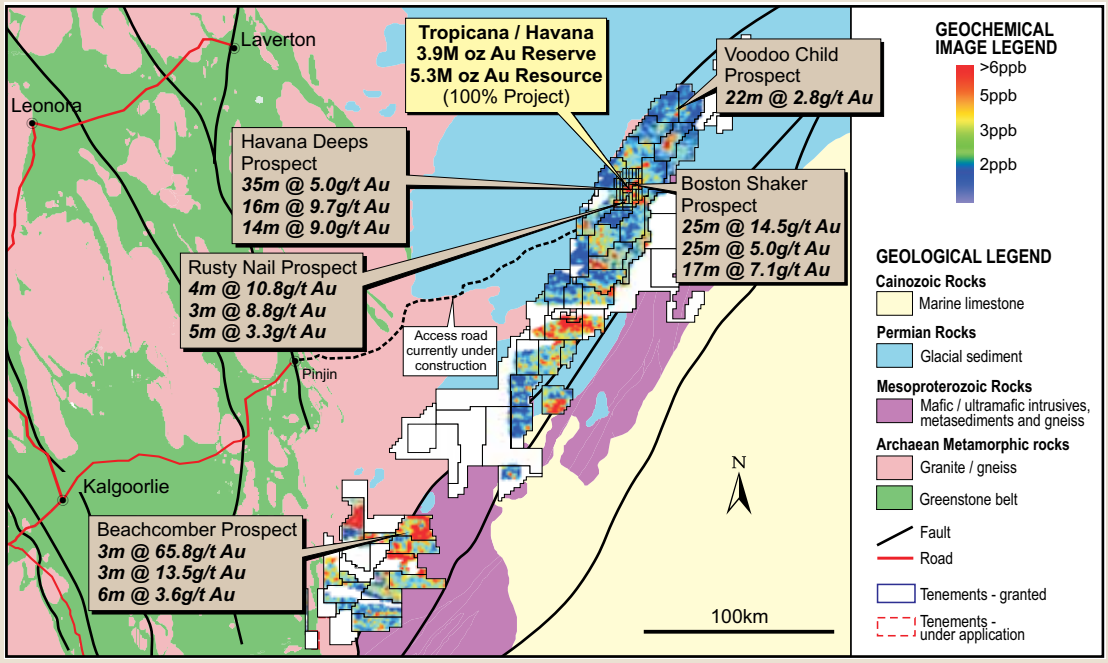


Figure 8:

Tropicana JV – Tenure, Tropicana and Havana reserve locations, gold geochemical anomalies, significant drill intercepts and selected prospect locations.

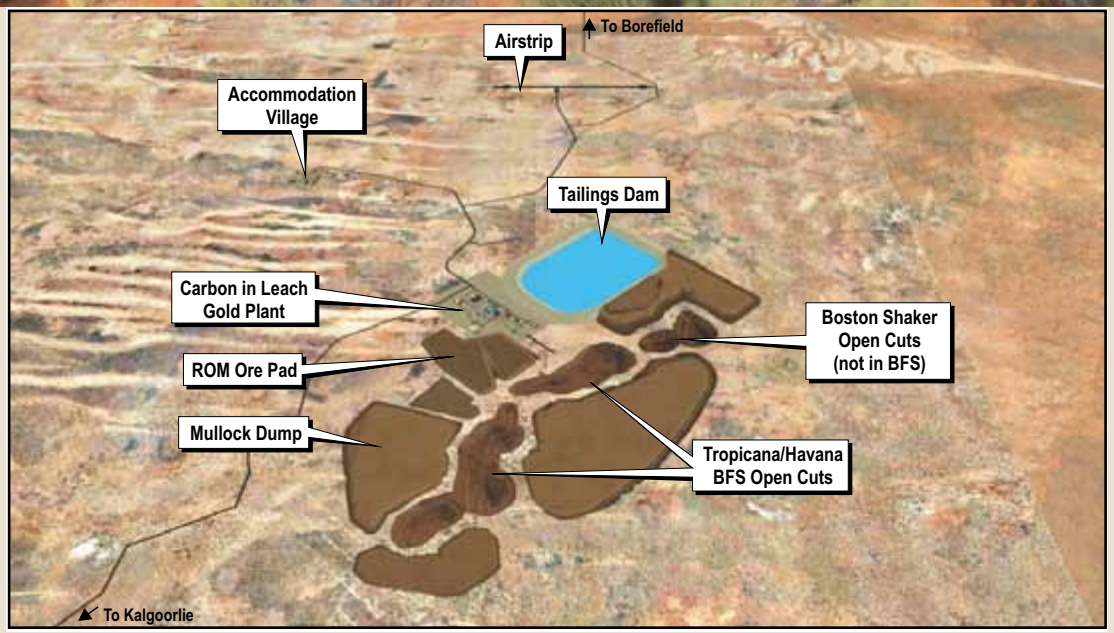


Figure 9:

Tropicana JV – Computer generated model showing the layout of proposed Tropicana, Havana and Boston Shaker open cuts, mulloch dumps, gold plant, tailings dam, airstrip and accommodation village.

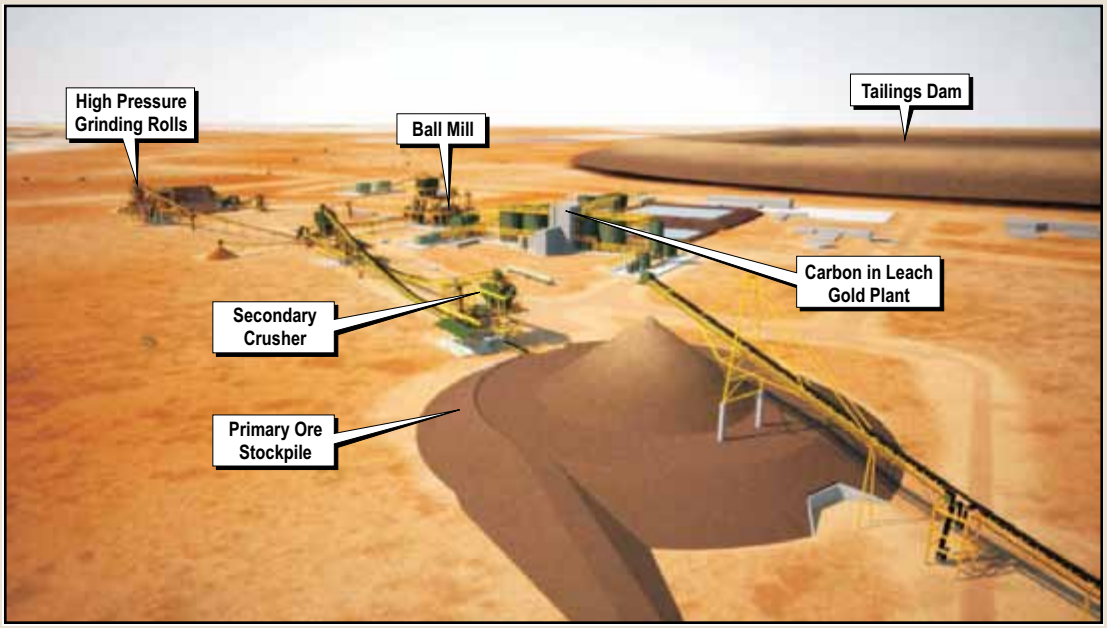


Figure 10:

Tropicana JV – Computer generated model of proposed plant layout.

Table 6: Tropicana Project – 31 December 2010 versus 30 June 2011 Mineral Resource Estimate

		DECEMBER 2010			JUNE 2011		
MINERAL RESOURCE	CLASSIFICATION	TONNES (M)	GRADE (G/T AU)	OUNCES (M)	TONNES (M)	GRADE (G/T AU)	OUNCES (M)
Open Pit	Measured	25.8	2.2	1.80	28.4	2.2	1.97
	Indicated	28.8	2.0	1.89	43.9	1.9	2.67
	Inferred	*16.5*	*1.8*	*0.96*	*1.0*	*3.1*	*0.10*
Total Open Pit		**71.1**	**2.0**	**4.65**	**73.3**	**2.0**	**4.73**
Underground	Measured	0.0	0.0	0.00	0.0	0.0	0.00
	Indicated	*0.0*	*0.0*	*0.00*	*0.0*	*0.0*	*0.00*
	Inferred	5.3	3.7	0.63	5.3	3.7	0.63
Underground – Havana Deeps		**5.3**	**3.7**	**0.63**	**5.3**	**3.7**	**0.63**
Total Tropicana	Measured	25.8	2.2	1.80	28.4	2.2	1.97
	Indicated	28.8	2.0	1.89	43.9	1.9	2.67
	Inferred	*21.8*	*2.3*	*1.59*	*6.3*	*3.6*	*0.73*
Project Total		**76.5**	**2.1**	**5.28**	**78.6**	**2.1**	**5.36**

Notes to Mineral Resource statement (2011):

1. *The Tropicana, Havana and Boston Shaker Open Pit Mineral Resources have been estimated using the geostatistical technique of Uniform Conditioning.*
2. *Tropicana, Boston Shaker and Havana South Mineral Resources have been reported above a marginal (break-even) gold cut-off grade of 0.3g/t for Transported and Saprolitic material, 0.4g/t for SapRock (Transitional) material and 0.5g/t for Fresh material, within a US$1600/oz Au optimisation at an A$/US$ exchange rate of $1.143 (A$1400/oz Au optimisation).*
3. *The Havana portion of the Open Pit Mineral Resource has been reported within the BFS Pit Design, with the Havana Deeps Underground Mineral Resource reported external to the Pit Design.*
4. *The Havana Deeps Underground Resource has been estimated using the geostatistical technique of Direct-Block Conditional Simulation. The Havana Deeps Underground Mineral Resource is reported externally to the Havana BFS Pit Design, at a cut-off grade of 2.8g/t.*
5. *See Competent Person Statement of this report on page 53.*

Table 7: Tropicana JV – 30 November 2010 versus 30 June 2011 Ore Reserve Estimate

	NOVEMBER 2010			JUNE 2011		
Classification	Tonnes (M)	Grade (G/T Au)	Ounces (M)	Tonnes (M)	Grade (G/T Au)	Ounces (M)
Proven	24.1	2.3	1.75	25.8	2.3	1.90
Probable	23.9	2.1	1.62	30.6	2.0	2.01
Total	**47.9**	**2.2**	**3.37**	**56.4**	**2.2**	**3.91**

The Proven and Probable Ore Reserve (30 June 2011) is reported above economic break-even gold cut-off grades of 0.4 g/t for Transported/Upper Saprolite material, 0.5 g/t for Lower Saprolite material, 0.6g/t for Sap-Rock (Transitional) material and 0.7g/t for Fresh material at nominated gold price US$1,100/oz, oil price US$86/barrel and exchange rate 0.91 AUD:USD (equivalent to A$1,210/oz Au).

Construction

Because of the project's remote location, development requires substantial supporting infrastructure, including the construction of a 220km all-weather dirt road, a sealed airstrip, a 550 person village, water supplies, communications, infrastructure, a powerhouse and a tailings storage facility in addition to the mill and associated infrastructure (**Figure 10**).

Construction of the 220km access road commenced in the June 2011 Quarter and detailed engineering is underway with most long lead items ordered ahead of plant construction in 2012. Development of the bore field has also commenced. Lycopodium Limited have been awarded the EPCM engineering contract and Macmahon Holdings have been awarded the mining contract.

Mineral Resource and Ore Reserve

The 30 June 2011 Tropicana JV mineral resource estimate rose slightly to 78.6Mt grading 2.1 g/t Au containing 5.36Moz Au (Table 6). The ore reserve estimate increased to 56.4Mt grading 2.2 g/t Au containing 3.91 Moz Au, a 0.54Moz Au increase (Table 7). This increase was due to the inclusion of the Boston Shaker open cut material (**Figure 11**) which added 243,000oz Au and conversion of Havana South Inferred Resources to the Indicated category which added a further 257,000oz Au. Drilling is continuing between the Tropicana and Havana Pits (Swizzler Prospect) and at Havana Deeps. It is returning encouraging results. A Pre-feasibility study is being carried out on Havana Deeps open cut and underground mining options and it is anticipated that this will add to the Mineral Resource.

Exploration

Exploration during the year primarily focused on discovering additional resources along strike and down plunge of existing deposits with the aim of extending the current 10 year mine life. Discoveries at Boston Shaker and Havana Deeps, which remain open down plunge, added over 1Moz Au to the resource base.

At Havana Deeps two high grade shoots (**Figure 12**) have been defined beneath the Havana open cut. A resource of 0.63Moz Au has been estimated for the upper portion of the northern shoot. Subsequent drilling below the resource intersected 15m @ 7.0 g/t

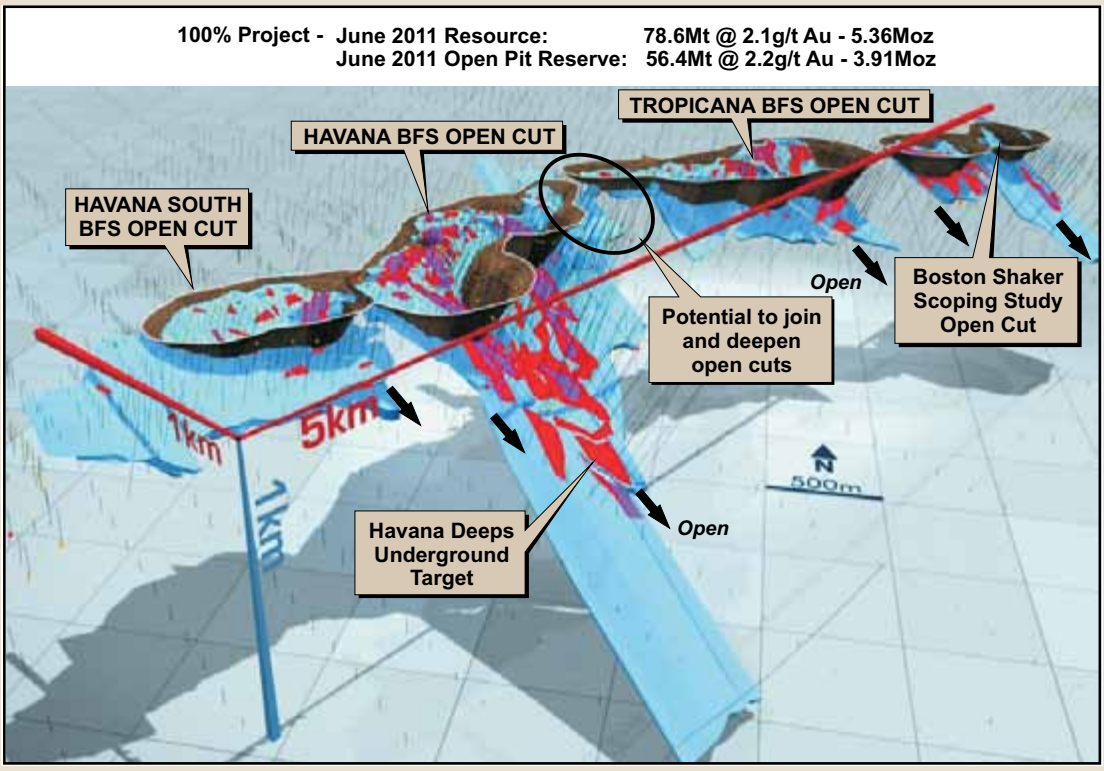


Figure 11:

Tropicana JV – Proposed Boston Shaker, Tropicana, Havana and Havana South open pit outlines, g/t Au x thickness (m) contours in 3D isometric model.

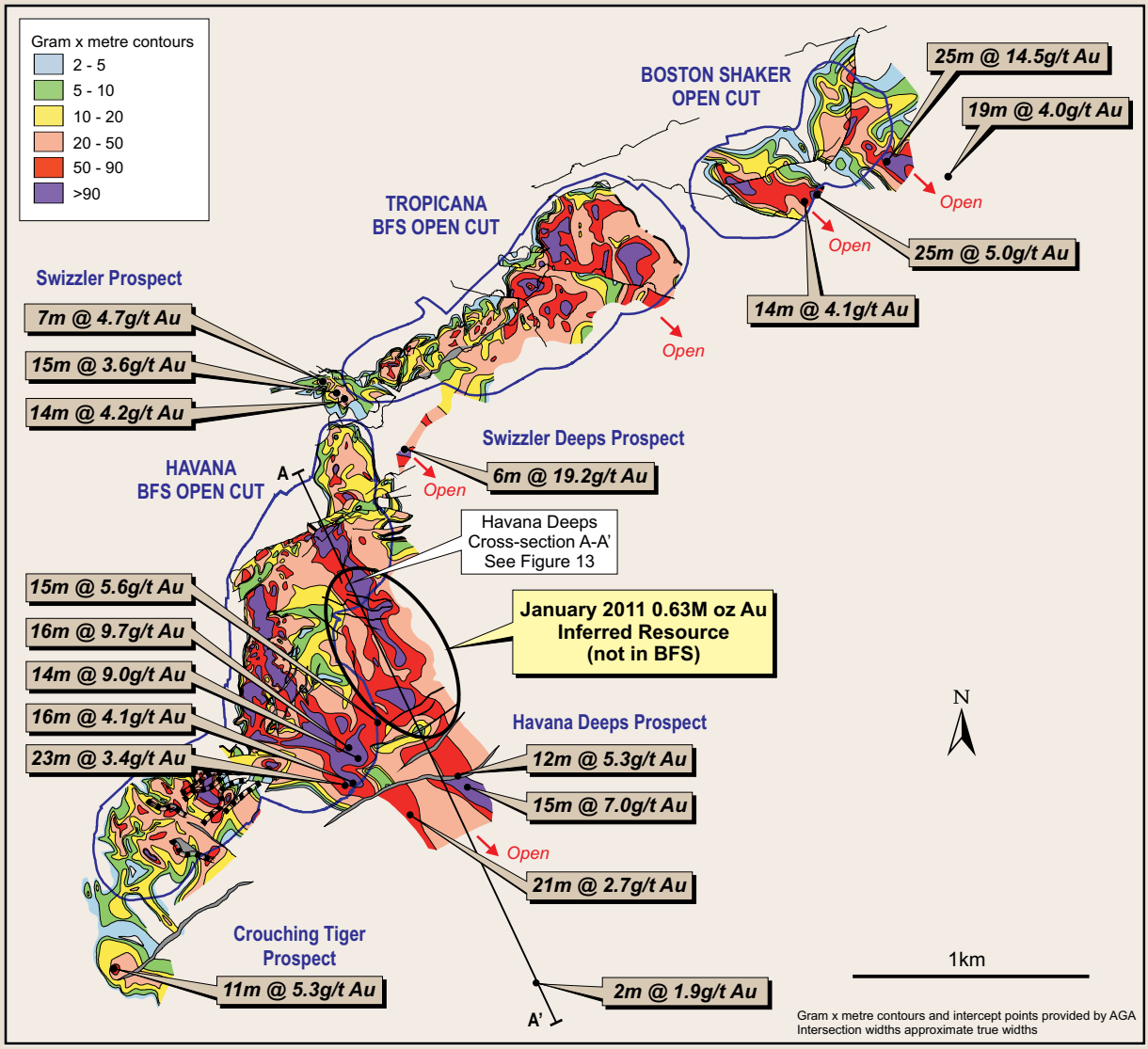


Figure 12:

Tropicana JV – Proposed Boston Shaker, Tropicana, Havana and Havana South open pit outlines, significant intercepts outside 30 June 2011 mineral resources and g/t Au x thickness (m) contours.

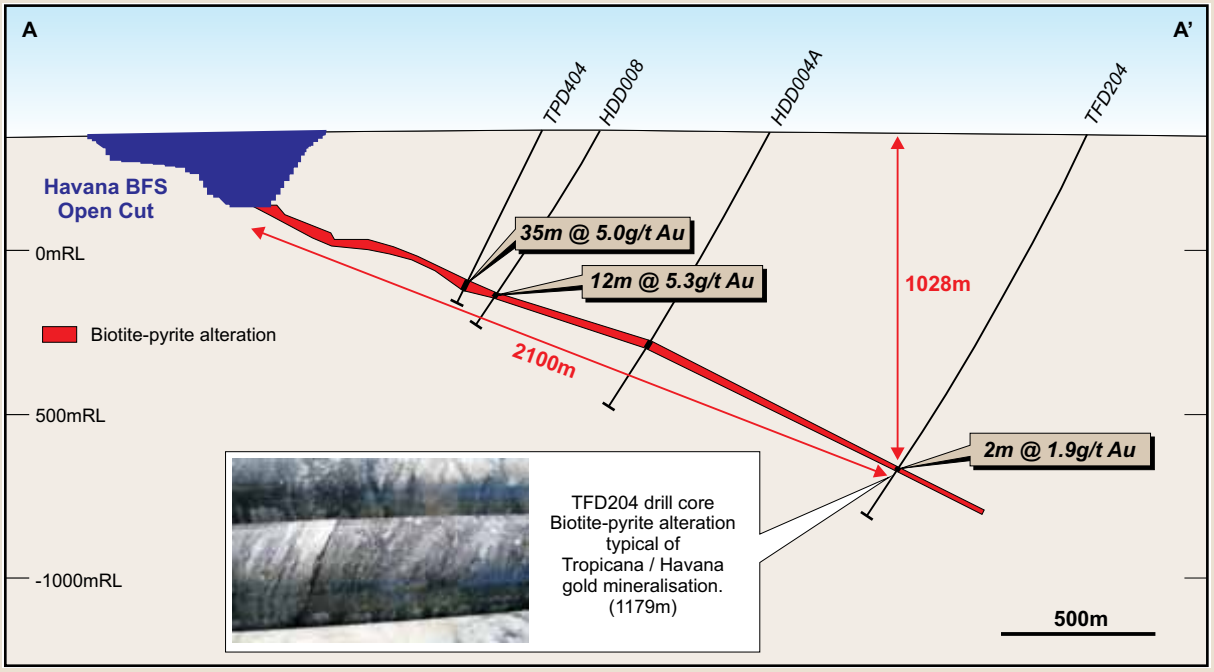


Figure 13:

Tropicana JV – Cross section showing proposed Havana BFS open cut and continuation of the Havana mineralised system 2.1km down dip of the open cut. Refer to line A-A' on Figure 12 for location of cross-section.

Au and 12m @ 5.3 g/t Au (both true width) which are anticipated to add to the resource base. A deep step out hole intersected Havana gold mineralisation at a depth of 1km, some 2.1km down plunge of the Havana BFS open cut shell indicating potential for a very large gold system (**Figure 13**) beneath the currently proposed open cuts. Drilling to scope out the size of the system at depth continues.

Infill and extension drilling at Boston Shaker defined a 0.48Moz Au resource containing two high grade shoots (**Figure 12**). Drilling below the resource outline respectively intersected 25m @ 14.5 g/t Au and 25m @ 5.0 g/t Au (both true width) beneath the northern and southern shoots. These high grade intercepts suggest potential for underground mining and further drilling is planned.

Drilling between the proposed Tropicana and Havana open cuts (Swizzler Prospect) intersected shallow true width intercepts of 15m @ 3.6 g/t Au and 16m @ 3.8 g/t Au. Further drilling is planned to determine the potential for the two open cuts to merge which could contribute to increased metal inventory and cost reduction opportunities. Deeper drilling (Swizzler Deeps Prospect), following up a 2m @ 26.2 g/t Au intercept, intersected 6m @ 19.2 g/t Au. Further drilling is planned to test the continuity of mineralisation at Swizzler Deeps which may represent an underground mining target.

Exploration to locate additional ore sources within economic trucking distance of the proposed Tropicana treatment plant continued. Encouraging results from broad spaced reverse circulation (RC) drilling at the Vodoo Child Prospect, 42km north east of Tropicana, included 22m @ 2.8 g/t Au (**Figure 8**) which requires follow up. Broad spaced reconnaissance aircore drilling intersected 20m @ 1.0 g/t Au, including 8m @ 2.2 g/t Au, at the Ice Berg Prospect, 32km south west of Tropicana, and follow up RC drilling is planned. Elsewhere on the Joint Venture area geochemical sampling and air core drilling continued to generate new gold anomalies for follow up.

Stockman Copper-Zinc-Silver-Gold Project, Victoria - IGO 100%

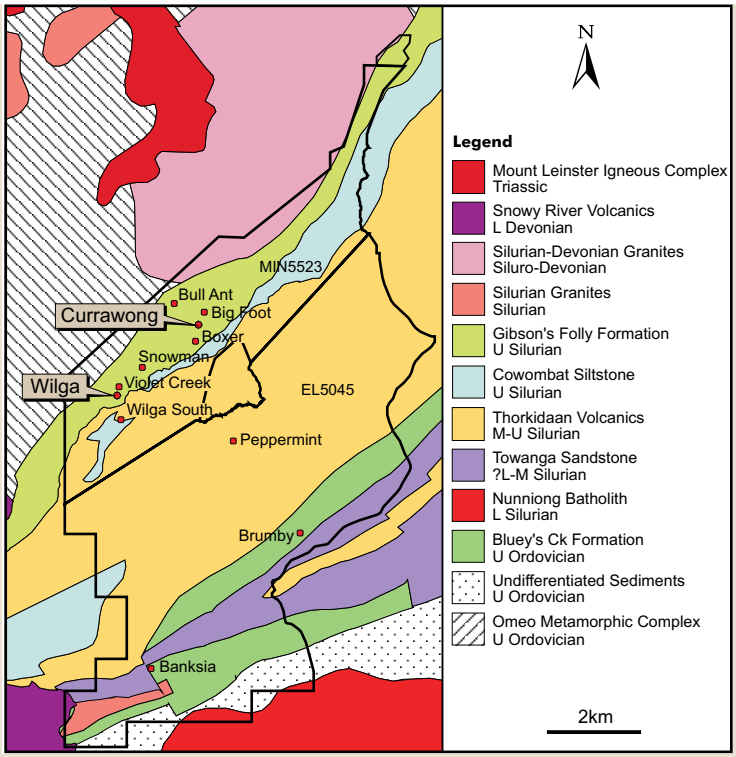


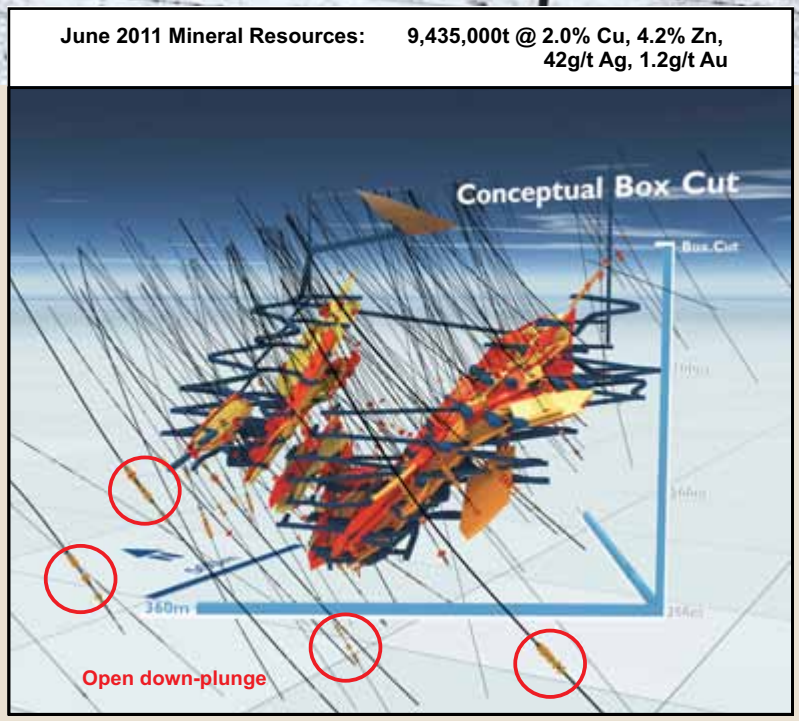
Figure 14:
Stockman Cu-Zn-Ag-Au Project: Regional geology, deposits, prospects and tenure.

Background

The Stockman Project is located in Eastern Victoria, 300km north-east of Melbourne (**Figures 1 and 14**).

The project encompasses two copper-zinc-lead-silver-gold deposits, Wilga and Currawong, which were discovered by Western Mining in 1978/9. Copper rich ore was mined at Wilga between 1992 and 1996. In 2006, following rehabilitation of the site by the Victorian Department of Primary Industries, the project was awarded to Jabiru, now a wholly owned subsidiary of the Company, as the result of a competitive tender process, subject to a minimum exploration expenditure of $19.6m over five years. That condition has now been met.

The Wilga and Currawong VMS deposits are hosted within the Gibsons Folly Formation, a part of the Cowombat Rift that comprises the southern-most part of the Silurian basins within the Lachlan Fold Belt that are known to contain VMS deposits. Both massive sulphide deposits are approximately 350m in strike and dip extent, dip shallowly to the north and are located only 100m below the surface (**Figures 15 and 16**). The Currawong deposit comprises five massive sulphide lenses and associated stringer style mineralisation stacked by a series of post-mineralisation faults. Located 3.5km to the south, Wilga comprises a single massive sulphide lens with an extensive halo of stringer style mineralisation that contributes significantly to the resource.



Left: Stockman January 2011
Above: Stockman June 2011

Figure 15:
Stockman Cu-Zn-Ag-Au Project: Currawong Deposit – 3D isometric projection showing mineralised envelopes, drilling, planned development and down plunge mineralised intersections

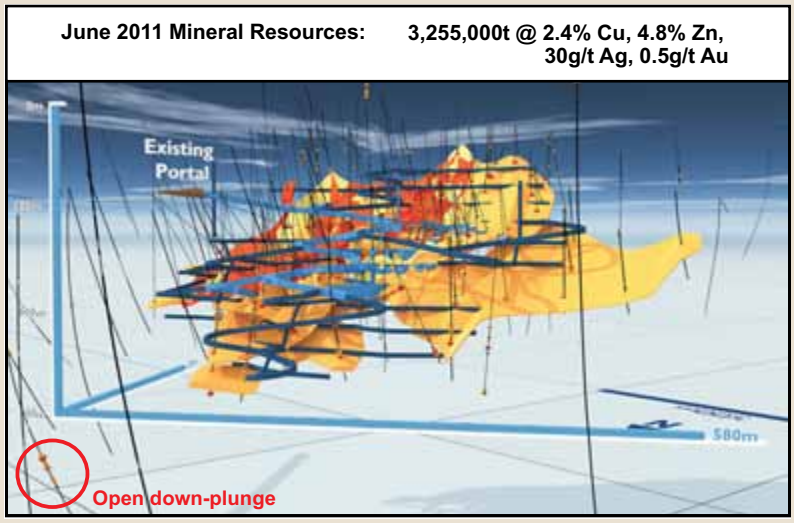


Figure 16:
Stockman – Cu-Zn-Ag-Au Project: Wilga Deposit – 3D isometric projection showing mineralised envelopes, drilling, planned development and down plunge mineralised intersections

The sulphide mineralogy comprises pyrite, pyrrhotite, sphalerite, chalcopyrite, galena and minor silver-rich sulphosalts.

The massive sulphide lenses contain copper-rich domains that in part reflect primary hydrothermal fluid pathways controlled by primary structural trends. The structural complexity of the area is being interpreted and the potential for additional host stratigraphy under barren cover is being investigated regionally and in the vicinity of the two deposits.

Environmental Effects Statement

The preparation of the Environmental Effects Statement (EES) is well advanced with the majority of the technical studies having now completed Stage 1 (existing conditions) and commenced Stage 2 (potential impacts).

The concluding Stage 3 of the technical studies (impact mitigation and management plans) will begin in the first quarter of the 2011-12FY with the overall final submission scheduled for government review by Q3 FY2011-12. It is hoped that final approvals will be granted in the second half of 2012. Community consultation is progressing well with a formal Community Reference Group (CRG) meeting regularly to disseminate project information and feed-back various stakeholder points of view. In addition, several regulatory groups have completed site visits on a number of occasions.

Stockman Feasibility Study

The Definitive Feasibility Study (DFS) has progressed in parallel with the EES in order to fast-track development lead time. Detailed metallurgical test work is continuing. Generation of Metallurgical Project Design Criteria (PDC) is nearing completion which will form the basis of detailed processing plant design and cost estimation.

Stockman Mineral Resource

Resource drilling has continued at Stockman resulting in better definition of structural controls and grade/metal zonation, as well as some incremental extensions to mineralisation.

Currawong and Wilga Deposit Resources and high grade mineral resource subsets are listed in Tables 8 and 9.

Table 8: Stockman Copper-Zinc-Silver-Gold Project: June 2011 versus September 2009 Global Mineral Resource

2011		Tonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm*
Currawong	Indicated	9,130,000	2.0	4.2	0.8	42	1.2
	Inferred	305,000	1.4	4.1	0.6	34	0.5
	Sub Total	**9,435,000**	**2.0**	**4.2**	**0.8**	**42**	**1.2**
Wilga	Indicated	2,368,000	2.1	5.5	0.5	32	0.5
	Inferred	887,000	3.0	2.9	0.2	23	0.2
	Sub Total	**3,255,000**	**2.4**	**4.8**	**0.4**	**30**	**0.5**
Total		**12,690,000**	**2.1**	**4.4**	**0.7**	**39**	**1.0**
2009		**Tonnes**	**Cu %**	**Zn %**	**Pb %**	**Ag ppm**	**Au ppm***
Currawong	Indicated	8,552,000	2.0	4.2	0.8	41	1.1
	Inferred	621,000	1.9	3.9	0.8	37	1.2
	Sub Total	**9,173,000**	**2.0**	**4.2**	**0.8**	**41**	**1.1**
Wilga	Indicated	2,831,000	2.5	5.6	0.5	33	0.5
	Inferred	497,000	1.8	1.0	0.1	14	0.1
	Sub Total	**3,328,000**	**2.4**	**4.9**	**0.4**	**30**	**0.5**
Total		**12,501,000**	**2.1**	**4.4**	**0.7**	**38**	**0.9**

** Au grades for Wilga are all inferred due to paucity of Au data in historic drilling.*

Massive and stringer mineralisation combined. The 2011 Wilga resource estimate excludes transitional mineralisation at Wilga in 2009 figures.

Table 9: Stockman Copper-Zinc-Silver-Gold Project: High Grade Mineral Resource Subset

2011 High Grade Subset

			Tonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm*
Currawong	Indicated	High Cu (>1.2%)	4,818,000	2.9	4.3	0.8	42	1.2
		High Zn (>3%)	1,964,000	0.9	6.7	1.2	48	1.5
		Sub Total	**6,782,000**	**2.3**	**5.0**	**0.9**	**44**	**1.3**
Wilga	Indicated	High Cu (>2%)	644,000	3.8	6.6	0.5	34	0.6
		High Zn (>4%)	1,032,000	1.1	7.0	0.6	36	0.6
		Sub Total	**1,676,000**	**2.1**	**6.8**	**0.5**	**35**	**0.6**
	Inferred	High Cu (>2%)	*191,000*	*8.3*	*5.4*	*0.3*	*38*	*0.4*
		High Zn (>4%)	*117,000*	*1.3*	*7.6*	*0.5*	*33*	*0.5*
		Sub Total	**308,000**	**5.6**	**6.2**	**0.4**	**36**	**0.4**
Total			**8,766,000**	**2.4**	**5.4**	**0.8**	**42**	**1.1**

2010 High Grade Subset

			Tonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm*
Currawong	Indicated	High Cu (>2%)	2,223,000	4.0	3.9	0.6	41	1.0
		High Zn (>4%)	2,376,000	1.1	7.2	1.2	49	1.4
		Sub Total	**4,599,000**	**2.5**	**5.6**	**0.9**	**45**	**1.2**
	Inferred	High Cu (>2%)	393,000	3.4	3.3	0.7	46	1.2
		High Zn (>4%)	148,000	1.2	7.5	1.0	43	1.6
		Sub Total	**541,000**	**2.8**	**4.4**	**0.8**	**45**	**1.3**
Wilga	Indicated	High Cu (>2%)	*632,000*	*3.8*	*6.6*	*0.5*	*34*	*0.6*
		High Zn (>4%)	*1,128,000*	*1.1*	*7.2*	*0.6*	*36*	*0.6*
		Sub Total	**1,760,000**	**2.1**	**7.0**	**0.6**	**35**	**0.6**
	Inferred	High Cu (>2%)	193,000	8.5	5.5	0.3	38	0.4
		High Zn (>4%)	114,000	1.3	7.8	0.5	32	0.4
		Sub Total	**307,000**	**5.8**	**6.4**	**0.4**	**36**	**0.4**
Total			**7,207,000**	**2.6**	**5.9**	**0.8**	**42**	**1.0**

** Au grades for Wilga are all inferred due to paucity of Au data in historic drilling.*

All High Zn tonnes and grade subsets are outside of High Cu tonnes subsets. High grade resources excludes stringer mineralisation for Wilga.

See Competent Persons Statement and resource parameters on pages 65-67.

Stockman Exploration

Exploration is focussed on a number of key positions proximal to the Wilga and Currawong deposits, as well as geochemical, geophysical and conceptual targets generated from historical datasets and a comprehensive and detailed VTEM survey covering the entire project area.

Exploration drilling at Currawong deeps returned 1.6m @ 0.5% Cu and 2.4% Zn confirming that mineralisation is open at depth. Several additional holes extended mineralisation outside the existing Currawong resource envelope with the best result being 10.2m @ 2.4% Cu, 0.7% Pb, 3.7% Zn, 33g/t Ag and 0.9g/t Au.

Focus on discovery

A strong commitment to exploration and discovery is a cornerstone of IGO's growth strategy.

Strategy

A strong commitment to exploration and discovery is a cornerstone of the Company's growth strategy. Each year since its IPO in 2002 the Company has funded aggressive exploration programs resulting in significant discoveries, including Moran and McLeay at Long (Ni), Tropicana (Au), Duketon (Ni-Cu-PGE) and Karlawinda (Au). The exploration pipeline was significantly bolstered during the year through the acquisition of Jabiru Metals Limited which provided the company with two large packages of ground highly prospective for base metals and gold at Stockman and Jaguar.

The focus for discovery remains gold, nickel and copper deposits; however projects that have potential for other commodities including rare earths and tin are being assessed as part of the De Beers database initiative. The Company believes that there are many more ore bodies yet to be discovered in less explored areas, particularly those beneath cover and in previously unrecognised mineralised belts, through the application of new ideas, good science and carefully considered and well funded exploration programs. Australia remains the preferred destination, though with the spectre of a new mining tax regime and increasingly restrictive ground access policies, overseas jurisdictions, including Sweden and Argentina where the company now has exploration interests, are becoming increasingly attractive.

Technology

An important component of the Company'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 the Company, through in-house expertise combined with 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 include:

- 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 radius 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
- 3D Seismic. the Company and Curtin University have completed an extensive 3D seismic survey in the immediate vicinity of the Long Complex. The Company 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.
- 3D Spectral Mapping using a multi-spectral scanner to define 3D alteration vectors to base metal mineralisation.
- Enhanced "maglag" surface geochemistry using an in-house derived analytical methodology to highlight low order cohesive geochemical anomalies not evident using conventional techniques.
- 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

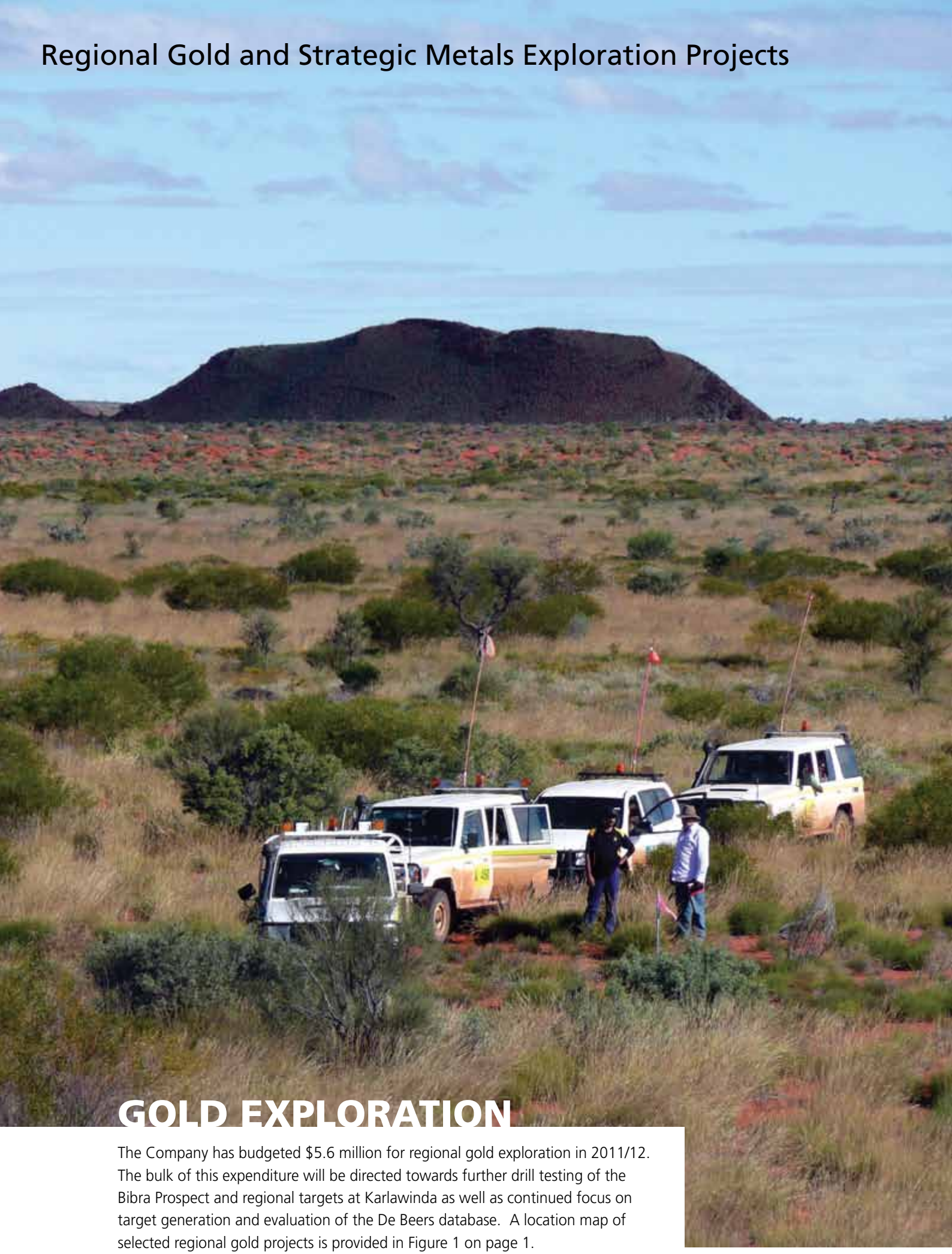
The past 12 months has seen significant progress on a number of key projects.

At the Tropicana JV Project the Boston Shaker, Havana South and Havana Deeps zones were drilled to resource status. The footprint of this very large mineralised system continues to expand with significant intercepts to the South at Crouching Tiger (11m @ 5.3g/t Au), to the north at Hat Trick and down dip in TFD204 where a "super-deep" step out hole intersected Tropicana style alteration and mineralisation some 2.1km down plunge of the proposed open cut.

At the Duketon JV Project Scoping Study activities including resource drilling, preliminary metallurgical studies and environmental baseline surveys continued.

Numerous other targets arising from both the De Beers database and other generative initiatives continue to be assessed. With its aggressive exploration budget and very strong pipeline of quality projects across a range of commodities, the Company is confident of continued exploration success in the 2012 financial year.

A modest shallow oxide gold resource has been estimated at the Bibra Prospect within the Karlawinda Project. Work continues at Bibra on the margins of the resource, particularly down-dip where results indicate potential for an exploration target significantly larger than the defined resource.



GOLD EXPLORATION

The Company has budgeted $5.6 million for regional gold exploration in 2011/12. The bulk of this expenditure will be directed towards further drill testing of the Bibra Prospect and regional targets at Karlawinda as well as continued focus on target generation and evaluation of the De Beers database. A location map of selected regional gold projects is provided in Figure 1 on page 1.

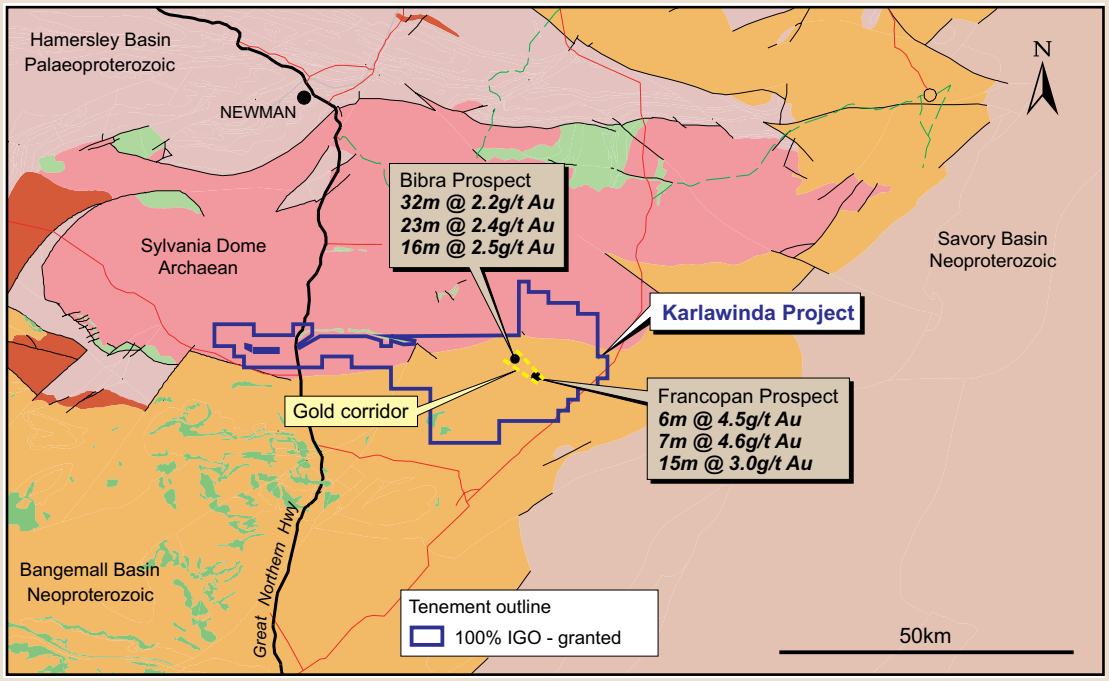


Figure 17:
Karlawinda – Location plan showing tenure, prospects and significant drill intercepts.

Karlawinda, Western Australia

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**

The Karlawinda Project is located on the southern margin of the Archaean Sylvania Inlier, some 65km south-east of Newman, with the significant advantage of being close to the Great Northern Highway and gas pipeline infrastructure (**Figure 17**).

An extensive zone of gold mineralisation has been discovered in a previously unrecognised metasediment dominated greenstone belt. The focal point of the project during the year has been the Bibra Prospect, a large low to moderate grade gold system that is similar in style to, and may be continuous with, the Francopan Prospect some 5km to the south east.

The gold mineralised zone at Bibra has been defined over a strike length of 1,100m and in excess of 1,000m down dip and includes some recently defined hanging wall zones (**Figure 18**). Mineralisation dips shallowly to the west north-west and comprises structurally controlled higher grade rod like shoots within a low grade halo (**Figure 19**). The system is oxidised to approximately 60m vertically and has a strong flat lying supergene component (**Figure 20**).

Resource modelling based on 100m x 50m spaced drilling was completed on the supergene, oxide and upper transitional material during the year.

The Inferred Resource at a 0.5g/t cut-off is summarised in the table below:

Mineralisation Type	Tonnes (Mt)	Au Grade (g/t)	Contained Au (oz)
Laterite	1.9	1.2	73,300
Upper Saprolite	0.8	1.1	28,300
Lower Saprolite	1.6	1.1	56,600
Sub-total Oxide Inferred	4.3	1.1	158,200
Transition Inferred	1.6	1.2	61,700
Grand Total Oxide/ Trans Inferred	**5.9**	**1.1**	**219,900**

Note: Competent Person's Statement and a resource parameters table is located at the end of this report.

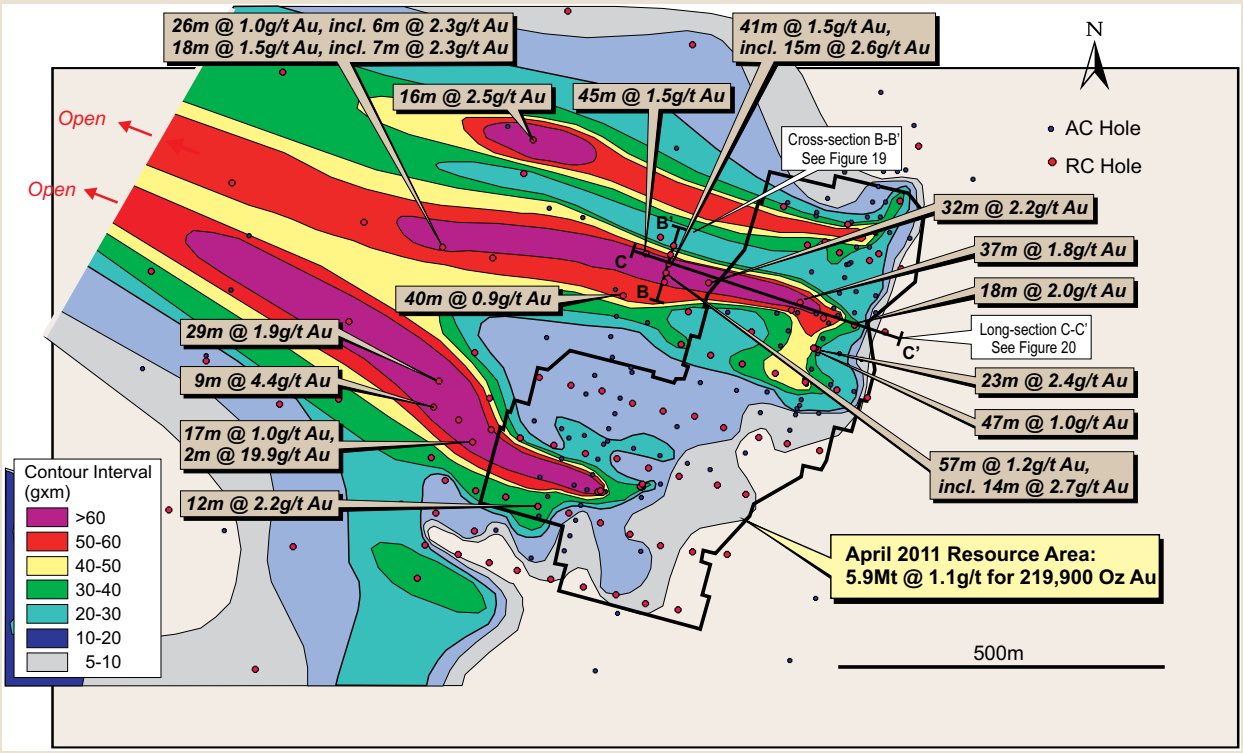


Figure 18:

Karlawinda – Bibra Prospect drill defined gold anomalies, significant drill intercepts and April 2011 resource outline over g/t Au x metre contours

Broader spaced drilling on down-dip transitional and fresh material suggests that an exploration target significantly larger than the current Inferred Resource but at a similar grade may be outlined with further drilling.

Some of the more significant intercepts from RC drilling at Bibra during the year include

- KBRC 061: 23m @ 2.4 g/t Au from 37m including 3m @ 8.1g/t Au from 54m
- KBRC064: 45m @ 1.5 g/t Au from 87m including 19m @ 2.4g/t Au from 107m
- KBRC092: 32m @ 2.2 g/t Au from 73m including 9m @ 3.8g/t Au from 77m
- KBRC093: 29m @ 1.9g/t Au from 98m including 5m @ 8.6g/t Au from 98m
- KBRC140: 52m @ 1.2g/t Au from 76m including 13m @ 2.7g/t Au from 92m

Note: Intercepts calculated with a lower cut-off of 0.5g/t Au and maximum internal waste of 5m. Widths approximate true widths

Results from column leach metallurgical test work on oxide and transitional mineralisation have confirmed that this material is amenable to heap leach gold extraction with leach profiles suggesting that potential gold recovery could be in the range of 77-80%.

The economic potential of a modest heap leach operation treating the shallow oxide mineralisation as well as conventional CIP treatment of the larger lower grade system will be assessed during the coming year.

Further extensional and infill drilling together with further metallurgical sampling is planned at the Bibra Prospect and first pass drilling is planned to test new targets elsewhere within the project tenure over the course of the coming year.

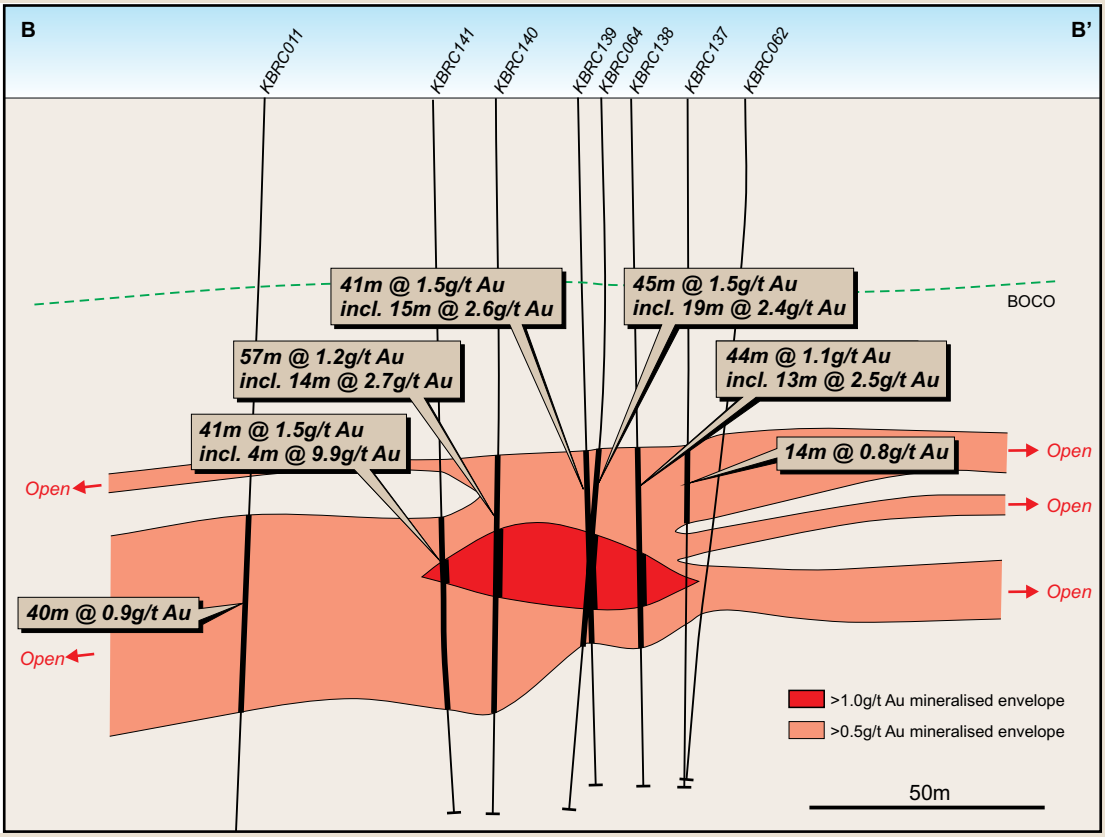


Figure 19:
Karlawinda – Bibra Prospect cross-section of central gold shoot.

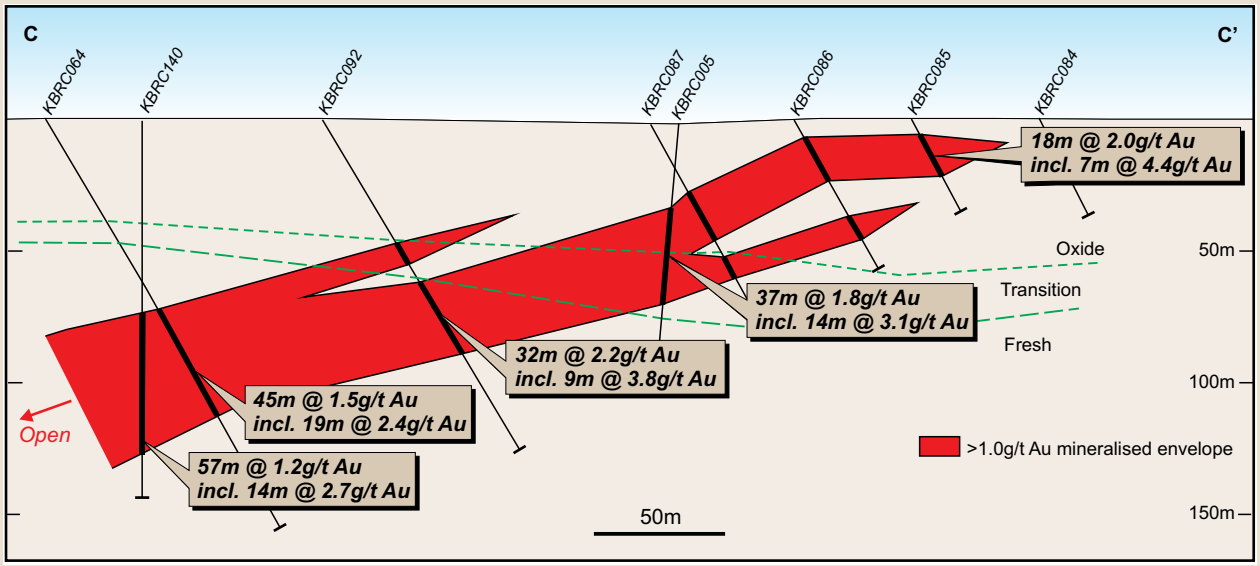


Figure 20:
Karlawinda – Bibra Prospect long-section showing oxide, transition and primary mineralised zones.

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**

In 2009 the Company acquired the non-diamond specific exploration database (including sample archive) 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 292,000 surface geochemical samples and associated analytical results covering many mineral prospective regions throughout Australia (Figure 1). As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds. The Company views the database as a very powerful tool for rapidly generating new projects in Australia across a range of commodities.

Database Highlights:

- 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 the Company 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 using DBAE samples collected in the vicinity of mineral deposits prior to their discovery. Strong anomalous assays were returned from samples located in drainages around a number of mines, including the Plutonic Gold Mine, thereby confirming the potential of the sample archive to lead to new discoveries (Figure 21).

A total of 32,382 samples have been analysed to date.

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

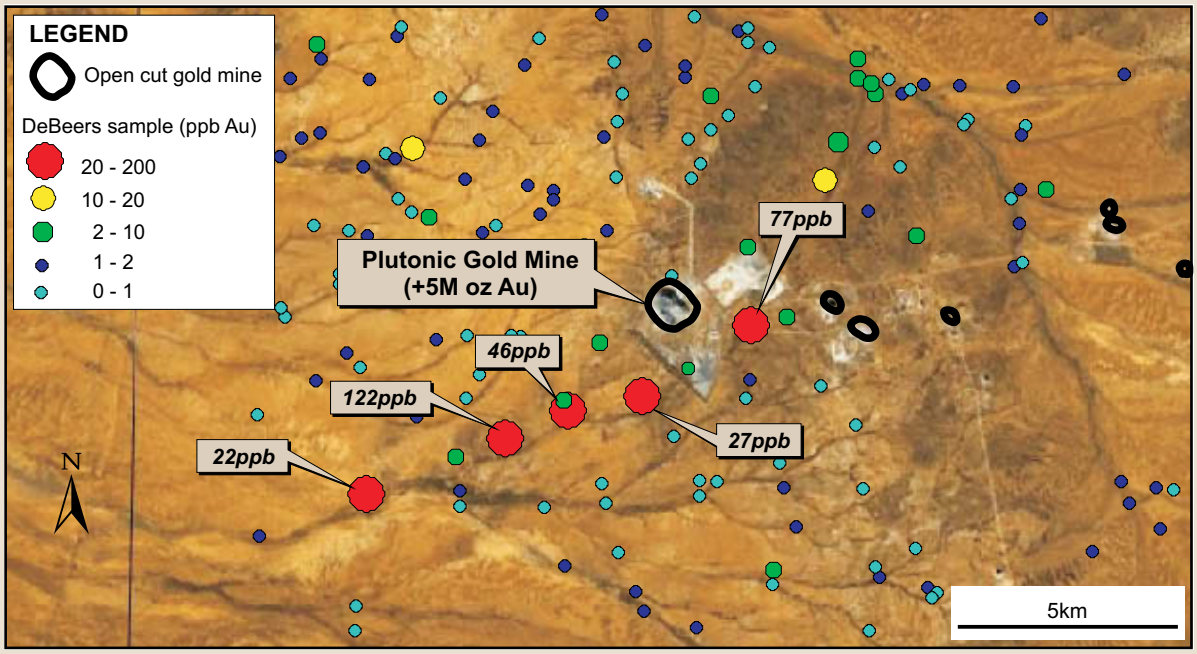


Figure 21:

De Beers Data Base – Aerial photograph showing the location of gold anomalies generated by analysing De Beers samples collected in 1980 prior to the discovery of the Plutonic Gold Mine in 1988.

De Beers Database Sample Storage Warehouse: Preparing Geochemical samples for analysis.

BASE METAL EXPLORATION

The Company has budgeted $22.2 million for regional base metal exploration in 2011/12. Much of this work will directed to the Jaguar Project regional tenure where high priority targets present significant potential for discoveries leading to near term production at existing processing facilities as well as the Stockman Project which already has significant resources defined and is currently subject to a Definitive Feasibility Study. This budget does not include scoping study level activities at the Duketon JV Rosie and C2 prospects. A location map of selected regional base metal projects is provided in Figure 1 on page 1.

Duketon Joint Venture, Western Australia

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 Greenstone Belt**

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 1**).

The Company 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.

Discoveries at The Bulge to date include:

- Rosie Prospect: a high grade massive, stringer and breccia sulphide system defined over a strike length of 950m (open) (**Figure 22**) and down dip extent of 600m (open) which includes intercepts up to 3.3m (true width) @ 9.1% Ni, 1.1% Cu, 0.2% cobalt (Co) and 7.1 g/t platinum group elements (PGE) (**Figure 23**), and;
- C2 Prospect: comprising three zones of mostly disseminated sulphides defined over a strike length of up to 700m and down dip extent of up to 300m and includes intercepts up to 52m @ 0.9% Ni including 37m @ 1.05% Ni.

Further exploration to test along strike and down dip of the Rosie and C2 Prospects is planned on the granted mining lease.

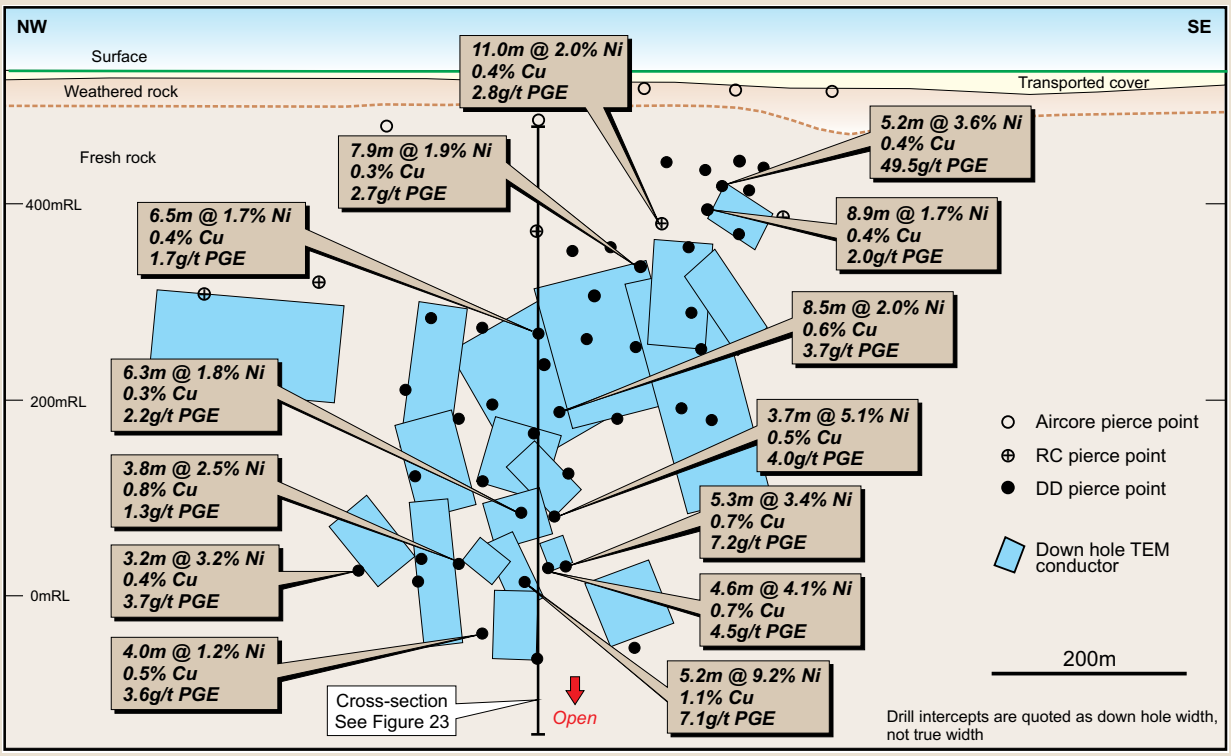


Figure 22:
Duketon JV – Rosie Prospect longitudinal projection showing significant drill intercepts and down-hole TEM conductors.

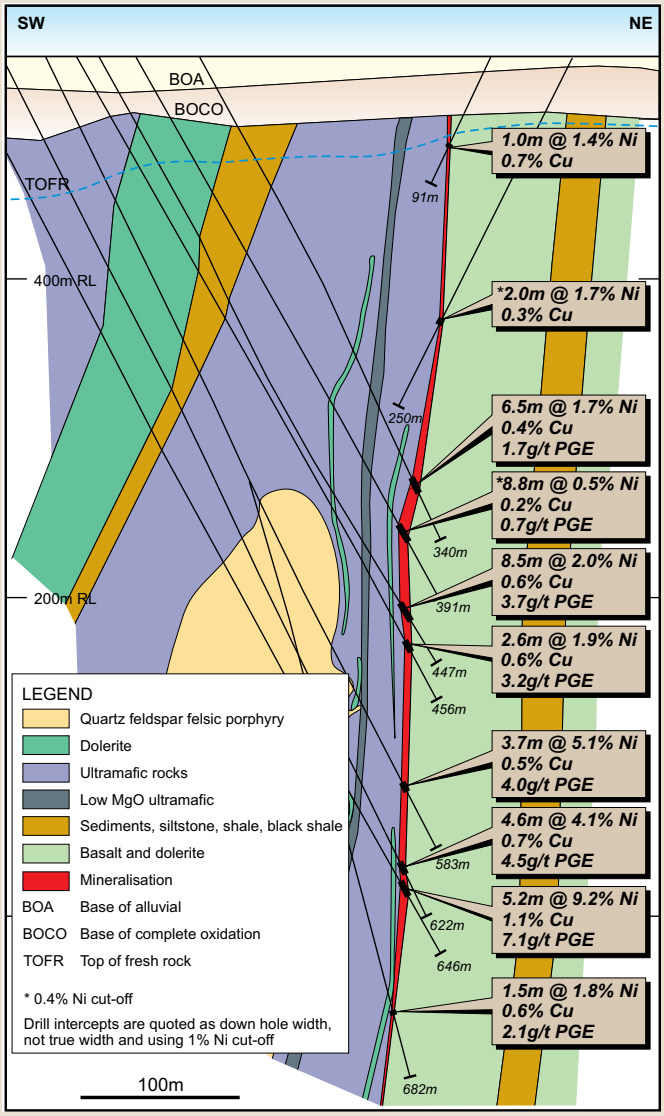


Figure 23:
Duketon JV: Rosie Prospect cross-section showing geology and significant nickel-sulphide intercepts.

SWEDEN

Field reconnaissance and ground TEM were conducted during the year to follow-up a combined aeromagnetic and airborne TEM survey over the Orrbäcken project.

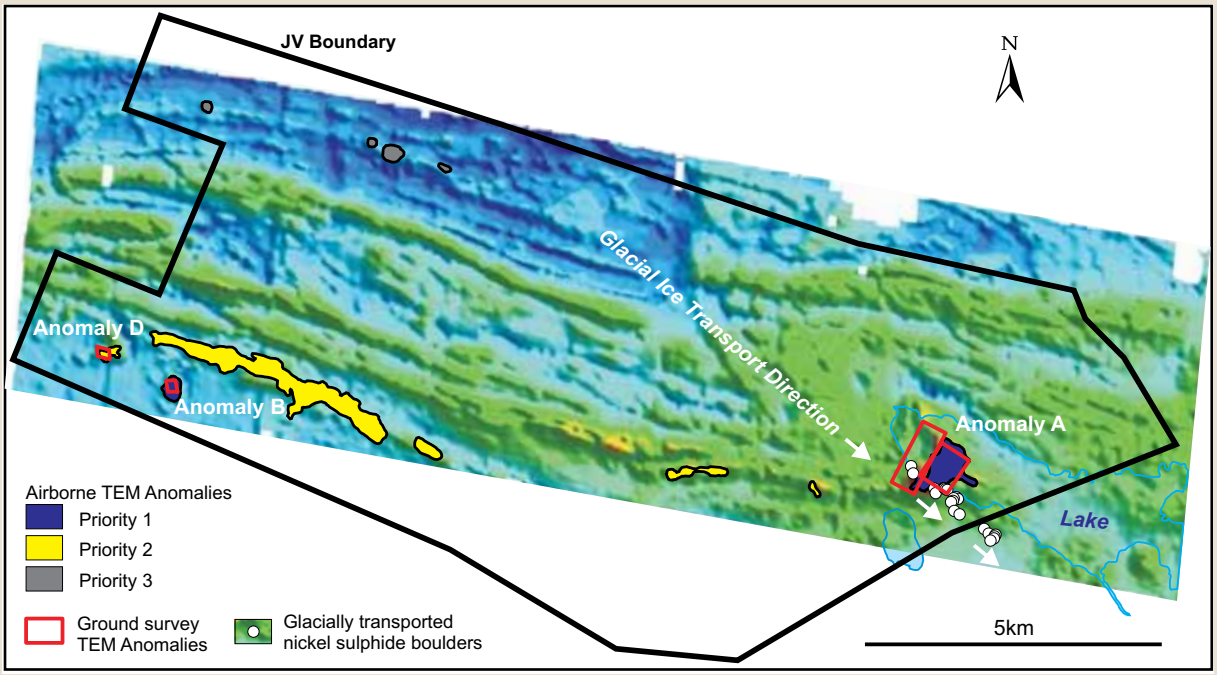


Figure 24:

Orrbacken JV – 1.5km Long Nickel sulphide glacial boulder trail, JV boundary, lakes and prioritised TEM anomalies over aeromagnetic image.

Orrbäcken Joint Venture, Sweden

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**

The Orrbäcken Ni-Cu-Co project is located 10km from the regional centre of Skellefteå in north eastern Sweden. Local prospectors first discovered nickel occurrences within 80 gabbroic boulders that form a 1.5km long glacial boulder train, 25 of which are mineralised and interpreted to be close to bedrock source.

Nickel assays from four of the boulders 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 Ni-Cu-PGE 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.

The Company has completed a combined aeromagnetic and airborne TEM survey over the project area. Follow-up field reconnaissance and ground TEM early during the year defined three targets. The most significant target (Anomaly A) is a broad 1km long TEM response proximal to both the mineralised boulders and a complex magnetic feature possibly representing a prospective mafic-ultramafic intrusive body (**Figure 24**).

Drill testing of the high priority Anomaly A is now scheduled for the northern winter in late 2011/early 2012.

Other Investments

Musgrave Minerals Limited

Commodity: **Nickel, Copper and Platinum Group Elements**

Shareholding: **9.0 million fully paid shares**

Musgrave Minerals listed on the Australian Securities Exchange in April 2011. The company is focused on the acquisition, exploration and development of mineral projects in the Musgrave region of South Australia. That region is prospective for a number of commodities with demonstrated potential to host large nickel sulphide resources.

The company has a powerful shareholder base. Independence Group NL, Mithril Resources Ltd, Goldsearch Ltd, Integra Mining Ltd , Argonaut Resources Ltd and Barrick Australia Ltd vended in their tenements across the South Australian portion of the Musgrave region in return for a stake in the dedicated explorer.

Musgrave Minerals has already successfully completed an initial phase of exploration - using seed capital from the cornerstone investors - and has identified new mineralisation, delineated new drill targets and advanced a number of conceptual targets to a drill test phase.

Argentina Mining Limited

Commodity: **Gold, Copper, Molybdenum**

Shareholding: **11.9 million fully paid shares**

Argentina Mining Limited is exploring a suite of gold and base metal projects located in the Andean Cordillera and Pre-Cordillera mountain regions in San Juan Province, Argentina. These projects range from previously established copper-molybdenum projects at Cerro Blanco, gold and copper mineralisation at Amiches, San Francisco and Tres Amigos and the Regional Exploration tenement areas near Barrick Gold Corporation's major Veladero (Reserves 12Moz Au) and Pascua-Lama (Reserves 17.8Moz) gold operations.

Brumby Resources Limited

Commodity: **Manganese and Base Metals**

Shareholding: **6.9 million fully paid shares**

Brumby Resources Limited is a Perth-based exploration company with a focus on manganese and base metal exploration; with tenement holdings in Western Australia and the Northern Territory.

Phillips River Mining NL (formerly Tectonic Resources NL), Western Australia

Commodity: **Gold And Base Metals**

Shareholding: **3.8 million fully paid shares (previously 30.3 million fully paid shares before on August 2011 share consolidation)**

Phillips River Mining NL has tenement holdings in Western Australia's southern region near Ravensthorpe, about 180kms from the sea port of Esperance. The Phillips River project comprises the polymetallic Trilogy deposit and Kundip gold/copper deposits. The results of a definitive feasibility study were announced in February 2011.

Laconia Resources Limited, Western Australia

Commodity: **Gold and Base Metals**

Shareholding: **10.0 million fully paid shares**

Laconia Resources is a Perth based gold and base metal exploration company with a portfolio of advanced gold and base metals projects near Mt Magnet and in the Murchison and Pilbara regions of Western Australia.

Enerji Limited

Commodity: **Power Technology Company**

Shareholding: **1.5 million fully paid shares**

Enerji is a Perth based green utility company that uses proven technology to recover wasted energy that is ordinarily lost in power generation and industrial processes and converts it to electricity.

JORC Code Competent Persons and Forward-Looking Statements

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 Mr Christopher Bonwick. Mr Bonwick is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Mr 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' (the JORC Code) and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 Ms Somealy Sheppard and Mr Jason Harris. The information in this report that relates to the Long Nickel Mine's Ore Reserves is based on information compiled by Mr Brett Hartmann and Mr Phil Bremner. Ms Sheppard and Mr 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. Mr Harris is a consultant for Cube Consulting Pty Ltd and Mr Bremner is a consultant for MiningOne Pty Ltd and both are members of the Australasian Institute of Mining and Metallurgy or Australian Institute of Geoscientists. Mr Hartmann, Ms Sheppard, Mr Harris and Mr 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 JORC Code and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Jaguar / Bentley / Teutonic Bore Resources and Reserves: The information in this report that relates to the Jaguar, Bentley and Teutonic Bore Copper-Zinc-Silver Mines Mineral Resources is based on information compiled by Mr Graham Sweetman. The information in this report that relates to the Jaguar and Bentley Copper-Zinc-Silver Mines Ore Reserves is based on information compiled by Mr Justin Todd. Mr Sweetman and Mr Todd are full-time employees of the Company and are members of the

Australasian Institute of Mining and Metallurgy. Mr Sweetman and Mr Todd have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined in the 2004 edition of the JORC Code. Mr Sweetman and Mr Todd consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Tropicana Joint Venture Resources and Reserves: The information in this report that relates to Tropicana Joint Venture Gold Mineral Resources and Ore Reserves was announced to the ASX on the 26th and 27th July 2011 by AngloGold Ashanti Limited. In these announcements the information that relates to Mineral Resources was based on information compiled by Mr Mark Kent, a full-time employee of AngloGold Ashanti Limited, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Kent has sufficient experience relevant to the type and style of mineral deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person (or Recognised Mining Professional) as defined in the 2004 edition of the JORC Code. Mr Kent consented to the release of the Mineral Resource estimate in the ASX announcements, based on his information in the form and context in which it appeared in the announcements. In the same announcements, the information that related to Ore Reserves was based on information compiled by Mr Marek Janas, a former full-time employee of AngloGold Ashanti Limited, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Janas has sufficient experience relevant to the type and style of mineral deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person (or Recognised Mining Professional) as defined in the 2004 edition of the JORC Code. Mr Janas consented to the release of the Ore Reserve in the ASX announcements listed above, based on his information, in the form and context in which it appeared in the announcements.

Currawong and Wilga Stockman Resources: The information in this report that relates to the Stockman Mineral Resources is based on information compiled by Mr Bruce Kendall who is a member of the Australian Institute of Geoscientists and is a full-time employee of the Company. Mr Kendall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Kendall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Karlawinda Resources: Bibra Prospect: The information in this report that relates to the Bibra Prospect Mineral Resources is based on information compiled by Ms Michelle Wild who is a member of The Australasian Institute of Mining and Metallurgy. Ms Wild is employed by Wildfire Resources Pty Ltd and has provided consulting services to Independence Group NL. Ms Wild has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Ms Wild consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

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.

LONG PROJECT: LONG , MCLEAY, MORAN AND VICTOR SOUTH RESOURCES

Mineral Resource Estimate Parameters

Geological setting	The Long, McLeay, Moran and Victor South deposits are typical Kambalda-style nickel deposits, consisting of narrow, steeply dipping, shallowly south-plunging, ribbon-like accumulations of massive and semi-massive (with minor disseminated) sulphides. The mineralisation is located at the base of Achaean komatiitic ultramafic flows at the contact with an underlying tholeiitic basalt unit. The massive sulphide is overlain by matrix then disseminated mineralisation, with the bulk of the nickel mineralisation being massive and matrix in nature. The host rocks and associated contacts have been subjected to lower amphibolite facies metamorphism, structural modification, and intrusion by multiple felsic to intermediate igneous dykes and sills.
Drilling techniques	Historical surface drill holes were drilled with percussion RC pre-collars and NQ diamond tails. Diamond underground holes are NQ , BQTK and BQ core sizes.
Drillhole Spacing	Diamond drill coverage at Long is on a nominal 20m section with 10m spaced holes with some up to 5mx5m closer-spaced drilling. Moran is on a nominal 40m section and x 10m drillhole spacing. Twin holes have not been drilled. Grade control drill holes in historically mined areas were used to constrain grade and sulphide zone thickness in areas with little or no drill data in Long mineralisation only.
Drillhole Collar Positions	Historical and underground holes have been surveyed by contract and WMC company contractors using differential GPS and standard underground surveying theodolites. Recent drillhole collar positions were surveyed by company surveyors using a Blake TCRA1105 Total Station Theodolite considered to b accurate to 0.01m.
Drillhole directional control	Historical Dip and Azimuth surveys used Eastman downhole camera shots at 30m intervals. Recent drilling utilised Pro-shot digital camera and Reflex EZ-Trac digital downhole camera shots at 30m intervals and 15m intervals.
Geometry of intercepts	Historical surface drilling intersects the sulphide zones at a variety of intervals and makes up 1% of the total drillhole database. The underground fan drilling mostly intersects the sulphide zones at true or near true width.
Sampling techniques	Sawn half-core varying in length up to 1m and adjusted to geological boundaries was sampled. Duplicate samples were collected as quarter core. Sample quality in historical and recent drillholes is considered very good. All geological contacts (with or without the presence of sulphides), between the footwall basalt and hanging wall ultramafics, were sampled. Sample intervals extend at least 5m beyond the sulphide zone (greater than 1% nickel grade) within the footwall and hanging wall.
Data spacing and distribution	The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied.
Sample preparation and assaying	All recent samples were crushed and pulverised, then a subsample digested using a four-acid digest (HNO_3-$HClO_4$-HF-HCl), ICP-OES finish. Samples were analysed for As, Co, Cr, Cu, Fe, MgO, Ni, S and Zn. Detection limits were 5ppm for As, 0.001% for Co, Cr, Cu; 0.01% for Fe, MgO; 0.001% for Ni, Zn; 0.005% for S. Historic WMC Resources sampling was assayed by in-house assay laboratory (Silver Lake Lab); historical Lightning nickel sampling was assayed by Analabs in Kalgoorlie using a four-acid digest method.
Audits or reviews	The drillhole database is independently reviewed by external consultants prior to resource estimation calculations. The resource estimation process is also independently reviewed by external consultants.
Sample compositing	Samples were composited to 1m length with a minimum of 0.1m, using length and density-weighting.
Quality Control procedures	Standards and blanks were inserted into the sample sequence at the rate of about 1 in 10 samples. No check assays were completed in 2011 for the Long deposits. Standards and blanks show acceptable levels of accuracy and precision.
Drill sample recovery	Core sample recovery was good to excellent with less than 5% core loss in all drill core. Core lengths between blocks were validated and checked prior to geological logging and data entry into the drillhole database.
Geological logging and photography	Recent drillholes were logged and photographed (wet and under shade) and geological data has been coded and entered into the database. Photography is captured using a set camera frame and catalogued in the drillhole database. Geological logging is adequate for resource estimation.
Geological interpretation	Confidence is high to moderate for the geological interpretation.

Dimensions	Long deposit consists of 16 mineralised shoots and is approximately 2km down plunge, 3m thick and 600m down dip in extent. The shoots are narrow and ribbon-like accumulates of massive and semi massive sulphides. McLeay deposit consists of 6 mineralised shoots and is approximately 600m down plunge, 3m thick and 120m down dip in extent. Victor South deposit consists of 3 mineralised shoots and is approximately 180m down plunge, 4m thick and 130m down dip in extent. Moran deposit consists of 1 mineralised shoot and is approximately 600m down plunge, 5m thick and 120m down dip in extent.
Estimation and modelling techniques	Surpac v6.1 modelling software was used for the variography and block modelling. Ordinary kriging was used for grade interpolation, based on the variography and validation of the search orientations in Surpac. Block cells had been coded with the wireframe name and only composite samples from that zone were used to interpolate grades into that zone. All grade interpolation was constrained to within geological contacts and to 1% nickel cut-off grade. Victor South disseminated zone cut-off grade was 0.6% nickel. All of the mineralised shoots (except for Victor South Shoots 1 and 4) were estimated using a 2D projection method with block centroids and grades converted to 3D and imported into a real world block model using nearest neighbour assignment. The orientation, block size and sub-celling regime of the real world block model was designed to provide sufficient volume resolution for accurate surface geometry representation, mine design, depletion and porphyry flagging.
Block modelling	The Long block model had extents of 2,720m in Y, 1,720m in X and 1,000m in the Z direction. The parent cell size was 10x4x8m sub-celling to 1.25x0.25x0.5m. The McLeay and Victor South block model had extents of 1,900m in Y, 852m in X and 552m in the Z direction. The parent cell size was 10x4x4m sub-celling to 5x0.5x0.5m The Moran block model had extents of 1,900m in Y, 852m in X and 552m in the Z direction. The parent cell size was 10x4x4m sub-celling to 5x0.5x0.5m.
Moisture	The natural moisture of Long sulphides is typically very low (<1%) due to the deposit being in fresh rock. Moisture is not factored into the estimation process.
Previous mine production	Recent mined volume is removed from the resource using void wireframes compiled from monthly mine survey pick-ups. Historical Long mined volume is removed from the resource using compiled digitised longitudinal sections. Void wireframes are considered accurate to about +/-1m and have been confirmed by intersections during recent mining. Block model cells were coded as mined if within the void wireframes and were excluded from the resource estimate.
Cut-off grades, top-cut grades	No cut-off grade was applied as the mineralisation was defined geologically. No top-cut grade was applied.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made.
Density	Most samples had measured densities determined using the simple water immersion technique. Densities were checked against density vs grade regression curves and outliers were replaced with calculated densities. Samples without measured densities were assigned calculated densities using the regression curve formula.
Classification	Mineralisation is classified as Indicated because of closely spaced drilling and a production history, as well as good confidence in the geological model. Close-spaced drilling is on a 20m x 10m grid for all Long deposits and 40m x10m for Moran. Mineralisation modelled with a drilling density sparser than that defined above is classified as Inferred resource.
Tenement and land tenure status	Long is located within mining leases Location 48, M15/1761, M15/1762, M15/1763 and M15/1515. There are no Native Title Claims registered over the lease and no other known impediments.
Audits or reviews	A review of the resource estimate was conducted by Cube Consultants in 2011. Variography used in the estimation for all Long deposits was validated by Cube prior to use in estimations.
Further work	Historical core that has not been photographed will be captured and catalogued in the drillhole database. Improved QAQC processes including increasing the number of check samples and pulp re-assays submitted to the laboratories for check assaying, will be undertaken. Improvement to core storage location data capture by recording the information in the drillhole database.
Resource Model numbers	Long contains 4 block models due to its size. • Long_Blk1_2011 • Long_Blk2_2011 • Long_Blk4_2011 • Long_Blk6_2011 • Mcvs_model_2011 • Mo_model_2011

JAGUAR PROJECT: JAGUAR RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Jaguar is a V(H)MS style deposit, occurring as a polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lens within a volcano-sedimentary succession.
Drilling techniques	Diamond drilling. The surface diamond drilling is a mixture of HQ and NQ core sizes. The underground holes at Jaguar are NQ2 core size. Underground face sampling has been used to define resource boundaries where appropriate however has not been used in the resource estimate.
Drillhole Spacing	Diamond drill coverage at Jaguar is on a nominal 50x50m pattern from the surface and at a nominal 20mx20m infill pattern from underground.
Drillhole Collar Positions	All drillhole collar positions were surveyed by licensed or company surveyors. All resource work has been conducted on local grids.
Drillhole directional control	Dip and Azimuth readings using a combination of reflex downhole camera shots (multishot) at either 6m or 30m intervals for underground drilling (prior to 2011) and Deviflex gyro surveys at 3m intervals for all drill holes completed from 2011 onwards. Gyro surveys were completed for most of the surface holes.
Geometry of intercepts	Drilling location in the footwall enables generally good orientation of massive sulphide intercepts from the underground drilling. Surface holes provide a good intercept angle for the shallow holes however for the deeper holes the angle is closer to the mineralisation dip.
Sampling techniques	Sawn half-core samples of HQ and NQ varying in length between 0.3m up to 1m in the massive sulphide adjusted to geological boundaries. All massive sulphide intercepts have been sampled.
Data spacing and distribution	The data spacing and distribution is more than sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied. Stope definition drilling completed on a 20x20m pattern.
Sample preparation and assaying	All samples were crushed and a sub-sample pulverised. Surface drill samples were analysed by UltraTrace Pty Ltd for copper, lead, zinc and silver. Analysis was performed by ICP OES / MS techniques with detection limits of 5ppm for copper, lead and zinc, and 1ppm for silver. Underground drill holes have been assayed by SGS Laboratory Services and Genalysis using a four acid HF ore grade digest with AAS analysis for Cu (10-50k ppm), Zn (10-50k ppm), Pb (20-25k ppm), Ag (5-500 ppm) and Fe (0.01-40%). The assay techniques are for total digestion of the sulphides and are considered appropriate for this type of mineralisation.
Audits or reviews	Routine validity checks were run on the assays and corrections were made where needed for those holes intersecting the massive sulphide, prior to resource estimation. All holes have a summary plotted for review in hard copy with geological and assay information.
Sample compositing	1m downhole composites for drillhole samples with length and density weighting
Density	All underground samples have measured densities using the water immersion technique. Some of the older surface holes have no density measurement, in these cases, the average density of all massive sulphide intervals was determined and applied (3.81t/m3). Densities were used in the sample compositing. Some erroneous density measurements were reported for underground core samples prior to June 2008 which have been discarded. The assays for Cu, Pb, Zn and Fe were combined and a suitable regression line was determined for the massive sulphide and stringer domains. A calculated density was assigned to those samples with erroneous density measurements. Density was interpolated into the block model using Ordinary Kriging (massive lodes) and Inverse distance squared (stringer lodes).
Quality Control procedures	In comparison with modern requirements, minimal quality control procedures were adopted by companies completing the drilling programs in the past. Current practice is to include one known standard or blank in every twenty samples. Standards have returned values within acceptable limits
Drill sample recovery	Core sample recovery is excellent.
Geological logging and photography	Surface holes have been logged and photographed by the various companies completing the exploration and infill drilling programs. Underground core is logged, with photography of core commenced in early 2011 (half core retained). Geological logging is adequate for resource estimation. Logging of underground core occurs digitally straight into AcQuire data entry objects and loaded into the Acquire database. Surface holes were logged on paper and subsequently loaded into AcQuire database.
Geological interpretation	Confidence in the geological interpretation for the Jaguar deposit is high, with the mineralisation and geological setting confirmed by underground development, drilling and mapping.
Dimensions	Jaguar (Main Lens) is 400m long, 420m wide (down-dip), up to 16m thick and located 320m below surface.

Estimation and modelling techniques	Ordinary kriging (OK) was used for grade estimation in the main lode and main lode split utilising Surpac software. Inverse distance squared interpolation techniques were used in the footwall stringer lodes (including recent Far Side mineralisation). GeoAccess software was used for all statistical and geostatistical analysis. Grade estimation was constrained to the massive sulphide lens wireframes for the main lode, main lode split and bubble lode. For stringer zones, a 0.5%Cu cut-off was utilised for wireframe boundaries and grade estimation was constrained to within the stringer wireframes.
Block modelling	Jaguar 10m Northing, 5m Easting, 10m RL block size. Minimum subcell 0.625mY, 0.3125mX, 0.625mZ. Two domains applied to reflect differing main lode geometry along strike. Two other massive sulphide lodes and 9 separate footwall stringer lodes were also defined and treated as separate domains.
Moisture	Tonnages have been estimated using densities that contained natural moisture. The natural moisture of the Jaguar massive sulphides and volcanic rocks is assumed to be very low (<1%) but has not been measured.
Cut-off grades, top-cut grades	No cut-off grades have been applied and no top-cut grades have been used for the massive sulphide. The use of top-cuts was investigated but they were not required. Footwall stringer mineralisation has been defined by a 0.5% copper lower cut-off grade but no top-cut grade was applied.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made.
Previous mine production	Mined volume at Jaguar has been removed / depleted from the resource estimate using the available development wireframes and existing Cavity Monitoring System (CMS) surveys.
Classification	Classification was based on density of drill spacing and underground development in conjunction with the interpreted geological model. Where the drilling density is at 20 x 20m spacing and supported by development (above 3845mRL) the resource has been classified as Measured. Where drill spacing is between 20 x 20m and up to 50m x 50m with no underground development but strong geological correlation, the resource has been classified as Indicated. Other areas delineated by limited drilling (wider than 50m x 50m) or by only one drill hole but still fitting the geological model, have been classified as Inferred.
Tenement and land tenure status	Jaguar is located within M37/1153, a granted mining lease held 100% by Jabiru Metals Limited. There are no Native Title Claims registered over the lease.
Audits or reviews	The resource estimate for 2011 was completed in-house and was reviewed by Cube Consulting Pty Ltd In August 2011. No major issues were identified and Cube considered the technical resource report to comply with JORC (2004) guidelines.
Further work	Development and mining is scheduled for the Jaguar stringer footwall lodes in the coming 12 months. Investigations will be undertaken into the use of ordinary kriging (OK) rather than inverse distance squared techniques for resource estimation in the stringer lode domains. QAQC is to be further tightened with more consistent submission of field duplicates, cross lab checks, pulp and coarse residue repeats through the year rather than a once a year campaign.
Resource Model number	JG_RSC_2011_07

JAGUAR PROJECT: BENTLEY RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Bentley is a V(H)MS style deposit, occurring as polymetallic (pyrite-sphalerite-chalcopyrite-galena) massive sulphide mineralisation within a volcano-sedimentary succession. Intrusion by tholeiitic dolerite has led to disruption of the original massive sulphide lenses into three or more discrete lenses (Arnage, Mulsanne and Brooklands).
Drilling techniques	Principally diamond drilling with the exception of several RC precollars. Holes were drilled by Titeline Drilling Pty Ltd and Boart Longyear Pty Ltd. One of the RC holes has been used in the resource estimate but the resource based upon it was classified as Inferred. The surface diamond drilling is a mixture of HQ and NQ core sizes.
Drillhole Spacing	Diamond drill coverage at Bentley is on a nominal 50x50m pattern. Minimum hole spacing ~10m where wedge holes have been drilled, while the maximum hole spacing does not exceed 70m.
Drillhole Collar Positions	Drillhole collar positions were surveyed by company surveyors using RTK GPS equipment. All resource work has been conducted on local mine grids.
Drillhole directional control	Dip and Azimuth readings – good quality surveys using downhole camera shots at about 30m intervals for the initial exploration program, while a gyro survey tool was used for the follow-up resource definition programs.
Geometry of intercepts	Surface drilling intersects the massive sulphide lenses almost perpendicular to the lens orientation at Bentley, and at a mean angle of 45-50 degrees to the sulphide veins in the Stringer Sulphide domain. 09BTDD015 and 09BTDD017 were drilled down dip and along strike of mineralisation to test for dolerite bodies and faults that might not have been intersected by drilling perpendicular to the orebody. These holes have not been used in the resource estimate.

Sampling techniques	Core sampling between the exploration and resource definition phases of drilling differed in the sample size with sampling during the exploration phase (September 2008 to February 2009) being ¼ NQ core, and in the resource drilling programs being ½ NQ core or ¼ HQ core. In both drill programs, the minimum sample length was set at 0.3m, while the maximum sample length was 1.5m. Core was cut with an automated core cutter after orientation and markup.
Data spacing and distribution	The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied.
Sample preparation and assaying	The sample preparation method was to dry the core in ovens overnight (105°C), then jaw crush the samples to a nominal minus 10mm size. After crushing, the samples were pulverised in a mixer mill in a single stage mix and grind process (SSMG) to a nominal 85% passing 75 micron. Any samples that exceeded the 3kg mill limit were riffle split prior to the pulverising stage. At exploration stage, assay for Cu, Pb, Zn, Ag and Fe was by four-acid digest involving hydrofluoric, nitric, perchloric and hydrochloric acids and analysis by Flame Atomic Absorption Spectrometry (AAS), while Au was analysed by fire assay with AAS finish. Assay techniques in the resource definition program consisted of four-acid digest with AAS finish for base metals to 0.01% detection limits, while Ag used four-acid digest with an MS finish to 0.2-1ppm detection limit. Au was analysed by 50g fire assay to 0.01ppm detection limit. The assay techniques used are considered appropriate for this type of mineralisation.
Audits or reviews	Database integrity was maintained through the use of validation routines built in to the Acquire database software. The database was checked graphically in the Surpac software before resource estimation. Spurious density values were re-measured and the database was updated.
Sample compositing	Samples were composited to 1m downhole composites with length and density weighting.
Density	JML performed density testwork on most samples that were submitted to the laboratory for assay. All density measurements have been determined using the simple water immersion technique. The assays for Cu, Pb, Zn and Fe were combined and compared with the measured densities and regression lines determined for massive sulphide and stringer domains. A calculated density was assigned to those samples without their own density measurement. Density was interpolated into the block model using Ordinary Kriging.
Quality Control procedures	Quality control procedures included the insertion of standards, blanks, cross-lab checks and same lab checks. The blank samples allowed detection of low order sample contamination at the laboratory during sample preparation, particularly Zn contamination. Check samples identified an underestimation of Ag by Genalysis and poor to moderate precision for Au. Both these issues are being addressed by JML however the Cu, Zn and Pb analyses were shown to be reasonably accurate and precise and no consistent bias was observed for these elements. JML is satisfied that Cu, Zn and Pb analyses are suitable for resource estimation and is going to investigate further into Au and Ag analytical methods to improve results.
Drill sample recovery	Core sample recovery was good to excellent, being consistently >90%.
Geological logging and photography	Core was photographed both dry and wet and copies of the digital images stored on the Jaguar minesite server. Geological logging is adequate for resource estimation.
Geological interpretation	Confidence in the geological interpretation for Bentley is high, with the mineralisation and geological setting being simple, and the drilling confirming the interpretation. Good geological cross-sectional interpretations were available to guide modelling of the mineralisation. The mineralisation was domained into massive and stringer domains. The main factors controlling continuity at Bentley are a series of post-mineralisation dolerite intrusives which are interpreted to be disrupting the lenses.
Dimensions	Arnage (Main Lens) is about 400m long, 500m vertical extent, and approximately 8m thick. Mulsanne is about 250m long, 140m vertical extent, and approximately 3m thick. Brooklands is about 150m long, 200m vertical extent, and approximately 5m thick. Mineralisation was modelled from 240m below surface to a depth of approximately 700m below surface.
Estimation and modelling techniques	Ordinary Kriging was used for grade estimation utilising Surpac software. Search parameters were derived from variogram models for each element. Grade estimation was constrained to each of the massive sulphide and stringer sulphide lens wireframes. A 5m waste envelope was generated around all mineralisation wireframes and estimation was achieved using the inverse-distance-squared algorithm on 1m composites. The waste skins have not been reported in the resource estimate.
Block modelling	Parent cells of 5mX, 10mY, 5mZ cell size with sub-cells of 0.625mX, 1.25mY, 0.625mZ. This parent cell size is considered suitable for drilling on a 50x50m pattern. The subcelling allows for better resolution and therefore better tonnage estimation in the narrow zones.
Moisture	No samples were tested for moisture content. All sampled core was from well below the oxidised rock profile. The samples were considered impermeable and moisture content is expected to be well below 1%.
Cut-off grades, top-cut grades	No cut-off grades have been applied to define the massive sulphide domain. A lower assay cut-off of 0.3% Cu or 1% Zn was applied to define the stringer mineralisation domain. A block cut-off grade of 0.5% Cu was applied to the stringer zone for resource estimation and was based on estimated mining and processing costs and recoveries for the Jaguar Operation, plus an alternative pre-flotation processing method. Following a review of the composite sample data, a high grade cut of 15% was applied to Cu and 4.6% for Pb within the massive sulphide domain, while high grade cuts were applied to Zn (13%), Cu (8%), Pb (0.7%), Ag (175g/t) and Au (2.3g/t) within the stringer mineralisation domain.

Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made for the massive sulphide. No assumptions about metallurgical treatment processes and parameters have been made for the massive sulphide. An estimate of mining and processing costs and recoveries based on the Jaguar Operation, plus an alternative pre-flotation processing method, were made for the stringer sulphide domain to aid in determining a lower cut-off grade parameter.
Previous mine production	Following the development of a box cut and 1.5km long decline, mining of the Bentley orebody commenced in May 2011. As at 30th June 2011, a total of 7,563 tonnes of ore had been mined (depleted) from the Bentley ore reserve at a mine reconciled grade of 1.8% Cu, 5.4% Zn, 0.2% Pb and 51 g/t Ag.
Classification	The average drill hole spacing in the main portion of the resource is approximately 50m along strike and variable between 30m and 50m down dip. This spacing and confidence in the geological interpretation is considered adequate to allow classification of the resource as an Indicated Mineral Resource. Where the drill spacing is greater than this an Inferred classification has been assigned.
Tenement and land tenure status	The Bentley prospect is within M37/1290 and is wholly owned by Jabiru Metals Ltd (Jabiru). There is no native title claim over the area.
Audits or reviews	No external review has been conducted for this resource estimate at this time.
Further work	Infill drilling to a closer-spaced (20x20m) pattern commenced in May 2011, with 13 diamond drill holes (NQ2) by Sandersons Drilling (Kalgoorlie) completed to date, confirming the existing geological interpretation for the Bentley orebody. Further infill drilling will be required in late 2011 and 2012 as mining of successive underground levels continues.
Resource Model Number	BT_RSC_2010_11

JAGUAR PROJECT: TEUTONIC BORE RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Teutonic Bore is a V(H)MS style deposit, occurring as a polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lens within a volcano-sedimentary succession. An extensive feeder zone below the massive sulphide lens (in the footwall) has produced a large sulphide stringer zone
Drilling techniques	Percussion drilling, diamond drilling - some with percussion pre-collars. The surface diamond holes are HQ and NQ core sizes. The underground holes are BQ core size. Core from Jabiru work was oriented using a Reflex Ace Core Orientation tool
Drillhole Spacing	Diamond drill coverage at Teutonic Bore is on a nominal 20x20m (massive) to 40x40m (stringer) pattern with stringer mineralisation closer to the massive sulphide having closer spaced drilling. Twin holes have not been drilled.
Drillhole Collar Positions	All recent drillhole collar positions were surveyed by licensed or company surveyors using either GPS or dGPS. Original Australian Selection surface holes were measured by tape from the nearest grid peg and are considered to have +/-3m level of accuracy. Underground holes have been measured from plans and sections and are considered to be to a +/-5m level of accuracy
Drillhole directional control	Dip and Azimuth readings – generally good quality surveys using Eastman down hole camera shots at 40m intervals down the historic surface holes, and gyro surveys for the recent surface holes to 2007. Jabiru holes in 2008 were downhole surveyed at 20m intervals using a Reflex EZ-Trac digital downhole camera. Underground holes have been measured from plans and sections and only have collar azimuth and dip
Geometry of intercepts	Surface drilling intersects the massive sulphide lenses almost perpendicular to the lens orientation. The underground fan drilling mostly intersects the massive sulphide zone at a variety of angles. Two of the underground holes were removed prior to the estimate due to inappropriate dip orientations.
Sampling techniques	Mostly sawn half-core samples of NQ or quarter-core samples of HQ core, varying in length up to 1m and adjusted to geological boundaries, for the Jabiru drilling. Historic surface holes were filleted with about 1/3 core diameter used as the sample, up to 2m sample lengths but usually 1.5m. Poorly mineralised zones were chip sampled at about 15cm intervals bulked over 1.5-3m lengths. Sample quality in the Jabiru holes is considered very good and is considered moderate in the historic holes. Underground holes were sampled as sawn half-core BQ core
Data spacing and distribution	The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied (Indicated) in the massive sulphide and indicated or inferred classification in the stringer mineralisation
Sample preparation and assaying	All Jabiru samples were crushed and pulverised, then a subsample digested using a four-acid digest (digest A or AX) with an AAS finish, at Genalysis. Detection limits for the A digest were 1ppm for Cu, Zn, Ag, and 5ppm for Pb. Detection limits for the AX digest were 0.01% for Cu, Zn, Pb and 5ppm for Ag. Historic sampling (surface holes) was assayed by Australian Selection in house using a 3 acid digest with AAS finish (Cu, Pb. Zn to 0.01% and Ag to 0.2, 2 or 10ppm.). Underground samples were assayed by Analabs in Kalgoorlie using an aqua regia digest. The assay techniques are for total digestion of the sulphides and are considered appropriate for this type of mineralisation

Audits or reviews	Data validation against paper copies of plans, sections, drill logs and analysis sheets was carried out in 2006.
Sample compositing	Samples were composited to 1m length with an acceptable minimum of 0.6m, using length and density-weighting for Cu, Zn, Pb and length-weighting for Ag and density
Quality Control procedures	Australian Selection assayed 10% of samples in duplicate and if the assays varied by more than 5% the entire batch was re-assayed. Standards and blanks were inserted into the sample sequence in the 2005-2007 campaigns at the rate of about 1 in 40, increasing to 1 in 20 for standards and decreasing to 1 in 50 for blanks in 2008. Check assays on pulps were also carried out, both using the primary lab Genalysis and another lab Ultratrace. Standards and check assays showed reasonable levels of accuracy and precision in the Jabiru samples. Blanks showed some contamination was occurring and procedures were changed to include barren flushes between samples. Duplicate sampling showed large variation of grades between the two quarter-core samples for the same interval, up to 40% relative difference for Cu and Zn. The analytical technique for Ag in 2008 was not appropriate for the stringer mineralisation grade range and samples were re-analysed using a more suitable technique.
Drill sample recovery	Core sample recovery was generally good-excellent except where drillholes intersected old underground workings. Core lengths between blocks were properly recorded and added to the database
Geological logging and photography	Surface holes have been logged and photographed by the various companies completing the exploration and infill drilling programs. Jabiru holes have been logged and photographed (both wet and dry) and geological data has been coded and entered into the database. Underground holes were logged but not photographed by Australian Selection. Geological logging is adequate for resource estimation
Geological interpretation	Confidence is high for the geological interpretation of the massive sulphide and is moderate for the stringer zone. Vein orientation is not well understood in the stringer zone and drilling density sparser, with mineralisation boundaries defined by cut-off grade rather than geologically defined units. As the cut-off grade increases, continuity of mineralised stringer zones reduces
Dimensions	The massive sulphide (pre-mining) is a tabular body about 250m long and 17m thick (true width), extending down dip for about 190m. The remnant mineralisation is located 240m below surface, below the previously stoped mineralisation, as well as in fingers to the south and north ends of the open pit and stoped areas. The stringer mineralisation occurs in the footwall of the massive sulphide zone over a strike length of about 245m. It is up to 50m thick and extends down dip about 200m
Estimation and modelling techniques	GeoAccess software was used for statistical analysis of the composites. Surpac software v6.1 was used for the variography and block modelling. Ordinary kriging (with top-cuts) was used for grade interpolation, based on the variography and validation of the search orientations in Surpac. Block cells had been coded with the wireframe name and only composite samples from that zone were used to interpolate grades into that zone. All grade interpolation was constrained to within the massive and stringer sulphide wireframes. The massive sulphide was domained into a fresh rock and a transitional rock domain for statistics and variography. Both these domains were further subdivided for search ellipse orientation changes due to changes in their geometry in the south end. The largest of the stringer zones was used to establish kriging parameters and these were applied to the other stringer zones with an appropriate search ellipse orientation change. Search distances were generally 150m along the major axis, up to 140m in the semi-major direction and up to 40m in the minor direction (18m in the massive zone). Both the massive and stringer estimates compare well with previous estimates
Block modelling	The block model had extents of 700m in Y, 500m in X and 410m in the Z direction. The parent cell size was 5x5x5m sub-celling to 1.25x1.25x1.25m. The parent cell size was a compromise between close-spaced drilling in the massive sulphide and wider-spaced drilling in the stringer zone. Sub-cell size was determined more for an open-cut mining scenario rather than underground, and could be reduced further for better resolution in an underground mining scenario
Moisture	Tonnages have been estimated using densities that contained natural moisture. The natural moisture of the Teutonic Bore massive sulphides is typically very low (<1%)
Previous mine production	Mined volume at Teutonic Bore has been removed from the resource estimate using void wireframes based on historical plans and sections and the surface topography from photogrammetry. Void wireframes are considered accurate to about +/-3m and have been confirmed by intersections during Jabiru's drilling. Block model cells were coded as mined if within the open pit or void wireframes and were excluded from the estimate. The void wireframes were expanded slightly to remove any skins of mineralisation that might be left behind through the coding of the cells within the wireframes
Cut-off grades, top-cut grades	No cut-off grade was applied to the massive sulphide as the mineralisation was defined geologically. A cut-off grade of 0.5% Cu was applied to the stringer mineralisation. Top-cut grades for massive and stringer mineralisation were defined using log-probability plots and identifying the inflexion point indicating deviation from log-normality. Top-cut grades applied were: Massive sulphide fresh rock 18% Cu, 3.8% Pb, 880ppm for Ag and no top-cut for Zn;

	massive sulphide transitional rock 17% Cu, 33% Zn, 3.6% Pb and 440ppm Ag; Stringer sulphide 7% Cu, 12% Zn, 2% Pb and 350ppm Ag
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made
Density	Most samples had measured densities determined using the simple water immersion technique. Densities were checked against density vs grade regression curves and outliers were replaced with calculated densities or in the case of the stringer mineralisation, a nominal density of 2.95g/cc. The density dataset is quite large and in good condition. Densities were used for compositing Cu, Zn and Pb grades and were interpolated into the block model in the same way as a grade
Classification	The massive sulphide mineralisation was classified as Indicated because it has closely spaced drilling and a production history, as well as good confidence in the geological model. The stringer mineralisation was classified as Indicated where drill spacing was about 20x20m and Inferred where drill spacing was about 40x40m. Stringer mineralisation also had some historic holes drilled through it that were not sampled and these areas, if not sampled with Jabiru drilling, were classified as Inferred. Mineralisation modelled but with drilling density sparser than 40x40m was not classified as resource
Tenement and land tenure status	Teutonic Bore is located within mining lease M37/44. There are no Native Title Claims registered over the lease and no other known impediments
Audits or reviews	A review of the resource estimate was conducted by Runge Limited in 2009 which identified no significant issues other than some aspects of the variography, derivation of kriging parameters and search neighbourhoods. Subsequent review (by Wildfire Resources Pty Ltd and JML staff) of these aspects concluded that there was no material issue that required action.
Further work	Historic core that has not been sampled and is in suitable condition may be sampled to improve the detail of the resource estimate prior to mining, similarly JML core that was not sampled but lies within the mineralised envelope may be sent for assaying. Core trays for historic drilling have been rehabilitated and are in a suitable condition for longer term storage.
Resource Model number	TB_RSC_2009_03

JAGUAR PROJECT: TEUTONIC BORE DUMPS RESOURCE

Mineral Resource Estimate Parameters

Geological setting	Teutonic Bore is a V(H)MS style deposit, occurring as a polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lens within a volcano-sedimentary succession. During open pit and underground mining, stockpiles of oxidised, semi-oxidised and sub-grade sulphide ores were produced.
Drilling techniques	Aircore blade and percussion drilling on the larger dumps. Dozer rip lines on truck dumped material.
Drillhole Spacing	Variable depending on dump dimensions but approximating 20x20m
Drillhole Collar Positions	Holes and rip lines were surveyed by qualified surveyors.
Drillhole directional control	Maximum hole depth was 8 metres, so no down hole surveys conducted.
Geometry of intercepts	Not applicable
Sampling techniques	Rip lines were sampled every 5 metres (2-3kg sample). Aircore holes were sampled at 1 metre intervals.
Data spacing and distribution	The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied (Indicated)
Sample preparation and assaying	All samples dried, crushed and pulverised to 90% passing -100 mesh. All samples were analysed by Genalysis. Ag, Fe, Au, As, Bi, Cd, Mn, Sb, Sn (A/OES 1-5ppm). Pb AX/AAS (0.01%) Cu, Pb and Zn AX/AAS (0.01%) and Q2AAS (1ppm to determine sulphide and oxide content).
Audits or reviews	Internal lab check only
Sample compositing	Sample grades were weighted by length.
Density	Twenty-two bulk samples using a measured volume and 'load-rite' tonnage measurements using a Toro 1400 loader.
Quality Control procedures	Internal lab checks and JML standards. Standards have returned values within acceptable limits.
Drill sample recovery	Recovery from rip lines excellent. Recovery from aircore holes varied from very poor to good.
Geological logging and photography	All samples were geologically identified or logged.
Geological interpretation	Based on visual inspection of sampled dump materials. Original ore body locations not well known.

Dimensions	All dumps surveyed by licensed surveyors.
Estimation and modelling techniques	Grades generated by averaging within a dump. Tonnage estimated by survey volumes and average density measurements.
Block modelling	Not applicable.
Moisture	Physical measurements of moisture values were not undertaken but estimates of 1-8% applied by visual estimation.
Cut-off grades, top-cut grades	No grade cuts were applied.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made.
Previous mine production	Not applicable
Classification	Classification (Indicated) was based on good survey tonnage estimate but less confident grade estimate.
Tenement and land tenure status	Teutonic Bore is located within M37/44. There are no native title claims registered over the lease.
Audits or reviews	A review of the resultant resource against estimates documented by Seltrust was carried out by JML staff.
Further work	Investigations into bacterial leaching and HMS treatment will require further sampling of the stockpiles.
Resource Model number	TB_RSC_2006_10_Dumps

TROPICANA

Mineral Resource Estimate Parameters

See Notes to Mineral Resource statement (2011) beneath Table 6 on page 30.

KARLAWINDA PROJECT: BIBRA RESOURCE

Mineral Resource Estimate Parameters

Geological setting	The Bibra deposit is hosted in an Archaean greenstone belt in the Pilbara region of Western Australia. The host rocks are an amphibolite hangingwall and chlorite-biotite-garnet-feldspar schist footwall. Gold mineralisation has been intersected over a wide area at Bibra with at least 4 sub-parallel lodes identified. The lodes strike NE-SW and plunge shallowly to the NW in typically wide, low grade zones. A series of shallowly NW plunging rod-like higher grade shoots have been identified within the more continuous lower grade halo. Primary gold mineralisation in fresh rock is marked by 3-10% sulphides, euhedral magnetite grains, quartz vein/veinlets and fine grained gold. Mineralisation in fresh rock continues to near surface in the oxide zone and includes a laterally extensive supergene horizon.
Drilling techniques	Principally Reverse Circulation drillholes using face sampling bits (Ranger Drilling Services, Boart Longyear Pty Ltd or Profile Drilling Services) with 3 diamond holes that have RC precollars (precollars drilled by Ranger Drilling Services (70-202m downhole depth) and NQ2 diamond tails drilled by Boart Longyear Pty Ltd) and 2 other diamond holes (PQ3 sized core by Drill West for metallurgical testing purposes). Three core holes (KBD026-028) were oriented using an Ace orientation tool. Numerous aircore holes have been drilled but were not used in the resource estimate.
Drillhole Spacing	The drilling pattern is nominally 200 x 200m, reducing to 100m (along strike) x 50m (across-strike) in the north east where the Bibra Prospect resource is located.
Drillhole Collar Positions	2009 & 2010 drillhole collar positions were surveyed by licensed surveyors MHR Surveyors of Cottesloe, WA after drilling was completed. The instrument used was a Trimble R8 GNSS RTK GPS (differential) system. Expected relative accuracies from the GPS base station were ±2cm in the horizontal and ±5cm in the vertical direction. Co-ordinates were surveyed in the MGA94 grid system. No local grid has been established as yet.

Drillhole directional control	Downhole surveys in 2009 & 2010 were carried out by the drillers at about 50m intervals using a Reflex EZ shot digital downhole camera. Readings were taken in a non-magnetic stainless steel rod near the bottom of the drill string. The depth, dip, azimuth and magnetic field were recorded at each survey point. In 2009 gyro surveys were attempted however most holes had collapsed and the gyro survey was successful to end of hole in only one drillhole. The top parts of other holes were surveyed using the gyro instrument (Downhole Surveys Australia, readings at 5m intervals) and given priority over Reflex surveys in the database. The gyro survey was not continued in 2010 due to the limited success of the 2009 program. Downhole survey readings have been checked by extracting the drillholes and displaying them in graphics in the Surpac software program, with spurious readings removed by assigning them a lesser priority in the database. The lesser priority surveys were not used during the resource estimation. Drillholes KBRC101-105;107-123;125-129;131-134 had only one survey downhole (near the bottom of the hole) due to their short lengths (<112m long). The frequency of downhole surveys using the Reflex cameras will be increased in future drilling programs. The downhole surveys are considered to be of adequate quality for resource estimation work.
Geometry of intercepts	Drilling intersects the mineralised lodes almost perpendicular to the lode orientation at Bibra. High grade shoots that appear to have developed parallel to the metamorphic fabric in a rod-like geometry (plunging NW) are less well drilled and will be targeted with different orientation drilling in future programs.
Sampling techniques	2009 & 2010 RC samples were collected at the rig using a cone splitter that split the 1m cuttings into 87½% & 12½% splits. RC samples were originally composited to 2m by taking scoops from each of the 1m interval 87½% portions and submitted to Genalysis for sample preparation and analysis. Samples that returned values >0.5g/t Au were submitted as 1m samples to Genalysis (the 12½% splits from the cone splitter). NQ2 core was half-core sampled and PQ3 core was quarter-core sampled, both used a manual core-cutting diamond saw. Sample quality is considered to be good and all RC drilling was dry.
Data spacing and distribution	The data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Inferred Mineral Resource classification applied. Infill drilling will allow identification of high grade shoots and for better grade estimation, as well as increased confidence and classification.
Sample preparation and assaying	For drillholes KBRC005-010, RC composite samples (2m) were submitted to Genalysis where they were sorted, dried, split to about 3kg and the total sample pulverised in a single stage mix and grind. Samples were analysed for Au using an aqua regia digestion (AR10/OM) of a 10g pulp sample with ICP-MS determination. Samples that returned values >0.5g/t were submitted to Genalysis as 1m resplit samples and prepared in a similar manner as the composites. For drillholes from KBRC011 onwards, no compositing took place and 1m split samples were submitted to Genalysis for fire assay. All the 1m splits were analysed for Au using the FA50/AAS technique which is a 50g lead collection fire assay with analysis by Flame Atomic Absorption Spectrometry. The fire assay results are considered a suitable assaying method for total Au determination. The aqua regia digestion results (used for samples that were <0.5g/t Au) may not allow for total Au determination in the transition and fresh rock zones. These aqua regia samples are above the modelling cut-off grade (0.3g/t Au) but below the estimate reported cut-off grade (0.5g/t Au), however are only present for 5 holes and therefore represent only a very small percentage of the samples.
Audits or reviews	No audits or reviews of the database have been conducted for this deposit.
Sample compositing	Samples were composited to 1m downhole composites with length weighting, for statistical and estimation purposes. Samples with assays below detection limit were converted to a grade of half the detection limit prior to compositing. A minimum composite length of 0.75m was accepted and lengths smaller than this were rejected. Samples were composited within wireframe boundaries.
Quality Control procedures	QAQC procedures have been carried out to normal industry standard with inclusion of certified standards, blanks and field duplicates. Selected samples have been analysed by the Genalysis Leachwell technique (a 1kg accelerated Cyanide Leach Process with determination by Flame Atomic Absorption Spectrometry) as well as the fire assay technique. A limited number of pulp sample checks at a different (umpire) laboratory (Ultratrace) have been carried out using the FA002 technique (a 40g lead collection fire assay with determination by ICP). This type of check sample, along with the rate of insertion of standards and blanks, will be increased in future programs. Levels of accuracy are reasonable. Umpire-lab check sample and duplicate sample scatterplots show large variability and quite poor precision, and this is being investigated. The cause of this has yet to be determined. The inferred classification of the resource estimate is a reflection of the wide data spacing as well as the poor precision noted to date. Three clusters where holes are grouped allow for comparison of interval length and tenor of mineralisation. Analysis of the twinning showed that mineralised intervals above a cut-off grade of 0.3g/t Au were similar in length and moderately well correlated in grade. Twin holes were either RC or core holes or both.

Drill sample recovery	Core sample recovery was generally good. Holes where core recovery was poor and there was an adjacent RC hole with good recovery (as in the clustering of twin holes) then the RC hole was given preference over the core hole during grade estimation. RC sample recovery was also good and included the QC procedure of weighing the RC sample bags and comparing them with the expected sample mass for that volume. Sample quality was recorded during logging (wet/dry samples – all dry in the case of Bibra) and qualitative recovery codes (C=contaminated, G=good, M=moderate, O=oversize, P=poor, U=undersize) were assigned to each sample. There was no preferential loss or gain of particular sample fractions during the sampling process at the rig. Representative RC samples for 1m intervals were obtained from the use of the cone splitter.
Geological logging and photography	Core was photographed both dry and wet and copies of the digital images stored on the IGO Perth server. Geological logging of core and RC chips used standard logging sheets and the IGO coding system. Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD and core recoveries were recorded in spreadsheets. For RC chips sample quality was recorded, including wet/dry and recovery. 10% of the RC samples were weighed in totality and compared with the expected weight for the given volume, with approximate recoveries able to be calculated. All data were imported to the Datashed database in Perth. Logging is adequate and sufficient detail has been gathered for resource estimation.
Geological interpretation	An assay cut-off grade of 0.3g/t Au was used to define the boundaries of the gold mineralisation. In the supergene zone, wireframes were extended 25m down-dip (horizontally) past the last mineralised drillhole intercept and 25m along strike. In the primary zone, wireframes were extended 25m down-dip of the nearest intercept and 50m along strike (or 25m along strike where they were discontinuous pods). A downhole length of 2m was used as the minimum intercept length as well as the minimum for exclusion of internal waste. Only RC and Diamond drillholes were used for wireframe modelling and grade estimation. Surface wireframes that were applied to the block model were the base of surficial cover, laterite, upper saprolite, lower saprolite and transition zone. Only the oxide (laterite, upper and lower saprolite) and transition zone mineralisation was included in the resource estimate. Model blocks that were within the 100m x 50m drill spacing area were included as Inferred resource. The remainder of the modelled mineralisation was not classified and does not form part of the current resource estimate. Confidence in the interpretation of the major zones of supergene and primary mineralisation is high, despite the wide-spaced drilling, as these zones seem continuous and consistent. They form the majority portion of the resource estimate. Infill drilling would increase the confidence by testing the continuity seen in the wide-spaced drilling and allow for potential upgrade to Indicated resource. Grade estimation has been flagged as an area for investigation due to the poor precision (repeatability) seen in the check samples. This may impact on the resource grade and its reliability and adds further support to the classification of the resource as Inferred at this point in time.
Dimensions	The supergene zone modelled was about 750m along strike and 250m wide in the NE widening to 525m in the SW half. It ranges from 1.7m to 13m in vertical thickness. The primary mineralisation extends below the supergene zone for a further vertical depth of about 270m. The transition/fresh rock boundary is about 60m below surface. No fresh rock mineralisation has been classified as resource due to the wide-spaced drilling used to define it currently (200 x 200m). The primary mineralisation has 3 main zones and several smaller zones. The largest zone is about 950m long and about 1000m wide at its widest part in the NE tapering to about 160m wide at the southern end. Note that only a portion of this mineralisation has been classified as resource (ie that portion within the region defined by the 100m x 50m spaced drilling and above the transition zone surface). The thickness of the main primary mineralisation zone ranges from 1.7m vertical thickness to 25m in the thickest part.
Estimation and modelling techniques	Ordinary Kriging was used for grade estimation utilising Surpac software v6.1.4. Search parameters were derived from variogram models for Au. Grade estimation was constrained to blocks within each of the mineralisation wireframes. The major search distance in the supergene mineralisation was 550m in the NE direction reflecting the continuous nature of the mineralisation (blanket style) with no dip or plunge. In the primary mineralisation the major search distance was 225m for pass 1 and 450m for pass 2. The search bearing was 55° with plunge of -10° and dip of 18° in the main zone. Search ellipse alterations were made for changes in wireframe geometry and in the lesser mineralised zones. The maximum number of samples used for grade interpolation was 30 and 6 maximum per drillhole.
Block modelling	Parent cells of 10mX, 20mY, 5mZ cell size with sub-cells of 5mX, 10mY, 1.25mZ in a rotated block model (bearing 15°). This parent cell size is considered suitable for drilling on a 50(X) x 100m(Y) pattern. The subcelling allows for better resolution and therefore better tonnage estimation in the narrow zones.
Moisture	Tonnages are estimated on a dry basis using the dry density testwork values. Moisture was calculated for 5 of the samples submitted for density determination, with the highest moisture value being 3.2% in upper saprolite clays.
Previous mine production	No previous mining has taken place on the Bibra deposit.

Cut-off grades, top-cut grades	An assay cut-off grade of 0.3g/t Au was used to delineate mineralised supergene and primary zones. A cut-off grade of 0.5g/t Au was applied to the oxide and transition zone mineralisation for resource estimate reporting. Cut-off grades will be refined as the mining and metallurgical processes become better defined. A top-cut of 8g/t Au for the supergene mineralisation and top-cuts between 6-9g/t Au for the primary mineralisation were applied. Top-cut grades were established from log-probability graphs and inflexion points, as well as a review of the Coefficient of Variation for each of the zones.
Mining and metallurgical assumptions	No assumptions about mining method have been considered other than the likelihood that the deposit would be open cut for oxide and transition zone mineralisation. A minimum downhole length of 2m and internal mining dilution limit of 2m downhole have been applied to the mineralisation wireframes. No assumptions about metallurgical treatment processes and parameters have been made as options are currently being investigated. Leachwell testwork indicates the gold is readily liberated with average overall recoveries in excess of 97%. Column leach metallurgical testwork based on a 60 day irrigation indicates recoveries of 74% or better may be achievable with heap leach processing.
Density	26 core samples were submitted to SGS in Perth for density testwork using the simple water immersion technique, after coating with wax. Testwork was carried out on samples not less than 10cm in length. Density values assigned to the block model were: background of 2.7g/cm3, surface cover 2.1cm3, laterite 2.4cm3, upper and lower saprolite 1.8cm3, transition zone 2.5g/cm3 and 2.7g/cm3 for fresh rock. More samples will be submitted for density testwork as core samples become available.
Classification	A classification wireframe was built for an area defining the 100 x 50m drill spacing. The wireframe was applied as a cookie-cut to the block model to code all blocks within the wireframe and the oxide and transition zones as Inferred. All other mineralisation has been left unclassified due to the wide-spaced drilling pattern. Potential exists to increase the resource tonnage and classification with infill drilling
Tenement and land tenure status	The Bibra mineralisation is within the granted E52/1711 exploration tenement in the Pilbara region of Western Australia. E52/1711 was acquired from BHPB in 2008. BHPB retain a 2% NSR and a claw-back provision whereby BHPB can elect to acquire a 70% equity in the project only if JORC compliant resources of 5,000,000 ounces of gold and/or 120,000 tonnes of contained nickel have been delineated. The Nyiyaparli group hold the Native Title Claim covering E52/1711 and there are no known impediments in regards to heritage or environmental concerns. A mining lease sufficient in size to cover the Bibra resource area and potential associated infrastructure for a future mining operation is to be applied for in mid-September 2011.
Audits or reviews	No external review has been conducted for this resource estimate at this time.
Further work	Further drilling is planned targeting the high grade shoots that parallel the metamorphic fabric in the area. Higher grade cut-offs may be considered for fresh rock mineralisation in future resource estimates. More density testwork will be performed and the repeatability of assays will be addressed.
Resource Model number	BI_RSC_2011_03.

STOCKMAN PROJECT: CURRAWONG & WILGA RESOURCES

Mineral Resource Estimate Parameters

Geological setting	Currawong and Wilga are V(H)MS style deposits, occurring as polymetallic (pyrite-sphalerite-chalcopyrite) massive sulphide lenses within a volcano-sedimentary succession. Wilga is a single stratabound lens whereas Currawong comprises multiple stratabound lenses with a series of faults offsetting and stacking the lenses.
Drilling techniques	All 2010/2011 holes were diamond drilled from surface using a combination of HQ and NQ core sizes. Historical holes were principally diamond drilling with the exception of several RC precollars drilled by Denehurst and Austminex. None of the RC samples have been used in the resource estimates. The surface diamond drilling is a mixture of HQ, NQ and BQ core sizes, with BQ occurring only in the older WMC holes. The underground holes at Wilga were drilled LTK46 (Ø = 35.6mm).
Drillhole Spacing	Diamond drill coverage in the massive sulphide at Wilga and Currawong is on a nominal 25x25m pattern. In the stringer sulphide lenses of both deposits, drillhole spacing ranges from 25x25m to 50x50m. Minimum hole spacing ~10m and maximum hole spacing ~70m. Some holes were twinned in the 2008 drilling campaign.
Drillhole Collar Positions	Most historic drillhole collar positions were surveyed by licensed or company surveyors. The JML (2008-2011) drillhole collar positions were located using RTK GPS equipment with a horizontal accuracy of +/-10mm and a vertical accuracy of +/-20mm. All resource work has been conducted on local grids.
Drillhole directional control	Dip and Azimuth readings – generally good quality surveys using downhole camera shots at about 30m intervals. Multi-shot surveys were introduced during the 2010/2011 drilling campaign with downhole readings taken every 6m.

Geometry of intercepts	Surface drilling intersects the massive sulphide lenses almost perpendicular to the lens orientation at both Currawong and Wilga. The underground fan drilling at Wilga has some intercepts that are almost dip parallel. Some sample bias will occur in the Wilga deposit due to this fan drilling orientation but most of the affected area has already been mined and is excluded from the resource estimate. Two down-plunge or down-dip holes were drilled at Currawong however these were excluded from the estimate. They were drilled to detect offsetting faults, cross-cutting intrusions and test the grade continuity along strike. In the resource estimate they were used solely for geometry purposes. No down-plunge or down-dip holes were drilled at Wilga.
Sampling techniques	Mostly sawn half-core samples of NQ, BQ and LTK46, or quarter-core samples of HQ varying in length up to 1m in the massive sulphide and adjusted to geological boundaries. Some quarter-core NQ samples by Austminex where core was needed for metallurgical testwork. The 2010/2011 drilling campaign included a combination of sawn half-core NQ or quarter-core HQ, with a typical sample length of 1m. A minimum sample length of 0.3m and maximum sample length 1.5m in mineralised domains were adjusted to geological boundaries. All massive sulphide intercepts have been sampled.
Data spacing and distribution	The data spacing and distribution is more than sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied.
Sample preparation and assaying	All samples were crushed and a sub-sample pulverised followed by three or four acid digest with AAS or ICP determination. All samples apart from the WMC samples were prepared and analysed at independent laboratories. The assay techniques are for total digestion of the sulphides and are considered appropriate for this type of mineralisation. Lower detection limits were to 0.01% for Cu, Pb, Zn and to 1ppm for Ag.
Audits or reviews	The Stockman database was rigorously checked during a data compilation and validation stage in 2008. Since then, routine validation of the database has been conducted in-house.
Sample compositing	1m downhole composites with length and density weighting, face sampling at Wilga was not used for grade interpolation nor were the down plunge holes at Currawong.
Density	Many samples had measured densities using either water immersion or air pycnometer techniques. All IGO/JML samples were measured for density using water immersion techniques. For those samples with no density measurement, a calculated density was applied to the sample. The assays for Cu, Pb, Zn and Fe were compared with the measured densities and a power regression curve developed for each deposit. Densities were used in the sample compositing.
Quality Control procedures	In comparison with modern requirements, minimal quality control procedures were adopted by companies completing the drilling programs before JML (eg. inclusion of only 17 field standards, 62 duplicates, 84 external laboratory checks in total). This shortfall was recognised by JML and more rigorous check sampling programs were implemented. Quality control procedures in the IGO/JML drilling programs included the insertion of standards, blanks, duplicates and cross-lab checks. The check samples allowed detection of low order sample contamination at the laboratory during the sample preparation stage and subsequent change in procedures for preparation of JML samples (insertion of barren flushes between samples), along with a positive bias in Zn assays using the four acid digest ICP/OES technique (up to 10% higher than anticipated Zn grades). This technique was reviewed and changed to an alternate technique at Genalysis in 2010. The four acid digest was altered to include the addition of bromide (method code 4AHBr) for Cu, Zn and Pb with ICP/OES determination. Detection limits using the 4AHBr method with ICP/OES finish were 50ppm Cu, Zn and Pb. Samples returning values higher than 100ppm Ag using the original four acid digest method (4AB/OES, detection limit 1ppm for Ag) were re-analysed using the 4AHBr technique (detection limit 5ppm for Ag). Elements analysed are within acceptable limits. Results from duplicate sampling indicate that stringer zone Cu has poor repeatability. Repeatability is moderate to good for most other elements.
Drill sample recovery	Core sample recovery was good to excellent. Some lost core intervals have been recorded, particularly where structures such as faults or underground workings (Wilga) were intersected by the drilling. These intervals do not affect the resource estimate. One small area of poor sample recovery at Wilga has been identified and isolated. This area corresponds with the presence of chalcocite and has been classified as inferred.
Geological logging and photography	Holes were logged and photographed by the various companies completing the drilling programs. JML/IGO core has been photographed both wet and dry. Geological logging is very thorough and more than adequate for resource estimation. Logging has previously been on paper logs, which were data entered and then loaded into the Acquire database. Paper logs were scanned and stored on the server. Over the last 2 years graphical paper logs have been generated but geological logging has been digital via Acquire data entry objects which were then uploaded directly into the database. Acquire data entry objects have in-built rules that allow for validation of data as it is logged. Graphical paper logs are still scanned and stored on the server for future reference.
Geological interpretation	Confidence in the geological interpretation for Wilga is high, with the mineralisation and geological setting being simple and the availability of underground drilling, mapping and plans confirming the interpretation. Currawong is more structurally complex and whilst confidence in the geological interpretation is good, there is room for improvement with more drilling and further data review required to firm up some of the structural detail. Both deposits have been modelled using the massive sulphide as the main geological constraint. The main factors controlling continuity at Currawong are a series of post-mineralisation faults which are interpreted as disrupting the lenses.

Dimensions	Currawong (Main Lens) is about 300m long, 240m wide (down-dip), up to 35m thick and located 100-300m below surface. Wilga is about 400m long, 220m wide (down-dip), up to 35m thick and located 50-150m below surface.
Estimation and modelling techniques	Ordinary kriging was used for grade estimation utilising Surpac software. Search parameters were based on variogram models for each element. Grade estimation was constrained to the massive sulphide lens and stringer sulphide lens wireframes. At Wilga, high grade portions of the Cu and Zn mineralisation were domained to reduce smearing of high grades throughout the lenses. In 2010, additional high grade domains (>2% Cu and >4% Zn) were introduced at both Currawong and Wilga to assist with economic evaluation at the scoping study level. In 2011, these high grade domains were retained for Wilga and reviewed for Currawong. Currawong high grade domains were changed to 1.2% Cu and 3% Zn cut-off grades. Bulk density cell values were interpolated as for the other elements. A 5m waste envelope for both deposits, using inverse-distance-squared grade estimation techniques and 1m composites, was applied to each block model. Grade estimation for Au at Wilga may not be reliable due to a paucity of Au assays in the historic sample data.
Block modelling	Currawong 10mX, 10mY, 10mZ parent cell size with subcelling to 0.625m in all directions. Wilga 5mX, 5mY, 5mZ parent cell size with subcelling to 1.25m in all directions. Wilga parent cell size was smaller reflecting closer-spaced drilling in the underground region of the deposit.
Moisture	Tonnages have been estimated using densities some of which were dry (those analysed at external laboratories) and others that contained natural moisture. The natural moisture of the Stockman massive sulphides is typically low (<0.5%).
Cut-off grades, top-cut grades	No cut-off grades have been applied to the massive sulphide outer boundary but cut-off grades were applied to help delineate the high grade Cu mineralisation (1.2%Cu) and the high grade Zn mineralisation (3%) within the massive sulphide zones at Currawong. At Wilga, high grade domains were retained for Cu (2% and 4%) and for Zn (4% and 12%). Cut-off grades were also used to delineate the stringer mineralisation at both Wilga and Currawong. These cut-off grades were 0.5% Cu or 2% Zn. Mild top-cut grades have been used for elements where the Co-efficient of Variation was > 1.0. The top-cut grades were determined from disintegration points on log probability plots. (Currawong massive sulphide 8% Pb, 10g/t Au, no top-cut for Zn, Ag or Cu; Currawong stringer sulphide 3% Pb, 10.6% Zn, 133g/t Ag, 10g/t Au, no top-cut for Cu; Wilga massive sulphide 26% Cu, 4% Pb, 31% Zn, 110g/t Ag, 2.6g/t Au; Wilga stringer sulphide 17% Cu, 3.2% Pb, 20% Zn, 120g/t Ag, 1.3g/t Au). A geological constraint (the massive sulphide zone) has been used as it is stable and will not vary over time, unlike cut-off grades. Mineralisation within both the massive sulphide and stringer lenses has been reported.
Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made at this stage.
Previous mine production	Wilga has been mined previously and the mining volume has been removed from the resource estimate using the available void wireframes plus some wireframes prepared to excise volume considered to have also been mined out
Classification	Classification was based on sample density and confidence in the geometry of the lenses. All of the massive sulphide lenses in both deposits were classified as Indicated. Stringer sulphide was classified as Indicated or Inferred. Generally, where the sample density was 50x50m or less the resource was classified as Indicated, where the spacing was greater than 50x50m the resource was classified as Inferred. The Au grades at Wilga are considered Inferred due to a paucity of gold assays in the historic drilling data.
Tenement and land tenure status	Currawong and Wilga are located within MIN5523, a granted tenement held 100% by Stockman Project Pty Ltd, which is a wholly owned subsidiary of IGO. There are no current Native Title claims over the area but an agreement is in place with a previous claimant group that makes provision for both the previous claimants and/or other indegenous groups who may assert an interest in the future. The tenement is located on crown land administered by the Department of Sustainability & Environment. The area is rugged and heavily forested with no significant heritage sites identified. No significant impediments are believed to exist.
Audits or reviews	A review of the August 2011 resource estimate was conducted by Cube Consulting Pty Ltd in September 2011. No significant issues were identified.
Further work	Drilling is currently underway at Currawong to further delineate the extents of mineralisation. Additional drilling has also been planned at Wilga, focussing on increasing the drilling density in the stringer zones. Some of this drilling will commence only after underground access has been re-established into the old Wilga workings.
Resource Model numbers	CU_RSC_2011_07 and WG_RSC_2011_08

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 unless otherwise noted.

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 1 executive director and 4 non-executive directors. The Board includes the Managing Director (executive) and the Chairman (non-executive). Information pertaining to Directors of the Company during the financial year is 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 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 (Peter Bilbe). 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 and John Christie.

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 disclosed.

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 were last evaluated in July 2011. Performance of non-executive directors was last evaluated in August 2011. 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 April 2011.

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 Chief Financial Officer 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 two underground mines, subsidence or rock falls are considered to be the main operational risk. The mine sites have 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 local ground conditions and ground support requirements.

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 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 Kelly Ross. Rod Marston is a geologist with corporate experience. John Christie and Kelly Ross are qualified accountant/chartered secretaries, 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 comprises a majority of 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 Chief Financial Officer 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.

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 John Christie and Kelly Ross.

Appointment of Directors and Diversity Policy

In February 2011 the Company adopted an updated Nomination of Directors' Policy, which included the introduction of a Nomination Committee and Nomination of Directors' Charter. The Nomination Committee is to be comprised of at least three members, with at least 50% of the members to be independent directors. The Chairperson of the committee is also required to be independent. The current directors of the Company are all members of the Nomination Committee. The Chairperson is Peter Bilbe.

Incumbent directors due to retire by rotation are considered by the Nomination Committee and, if appropriate, the committee makes a recommendation to the Board that the director stand for re-election.

If a vacancy arises on the Board, the Nomination Committee is responsible for the search and recruitment of a replacement. Candidates may be nominated by existing Board members and independent search consultants are also utilised if necessary. The Board's existing skills, experience and scope for diversity is evaluated before a suitable candidate is invited to join the Board. The Board seeks to have a mix of age, experience, mining and financial expertise in its ranks. 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, policies and other documents prescribed by the Nomination Policy.

Corporate performance is enhanced when the Board has an appropriate and diverse mix of skills and experience. The Company adopted a Gender Diversity Policy in February 2011, in which the Nomination Committee has accepted responsibility for ensuring that diversity is encouraged within the Company and to monitor compliance with the objectives and standards set in that policy. The policy aims to ensure fair and unbiased remuneration between the genders, recruitment and retention campaigns that encourage diversity, no gender bias when considering senior executive and Board positions, and that no discrimination on the base of race or gender takes place within the Company.

The Nomination Committee is also responsible for reporting of key statistics relating to gender diversity within the Company and the initial results as at 30 June 2011 are as follows:-

(a) 19% of total employees are women

(b) 15% of senior positions are held by women

(c) 17% of Board positions are held by women

For the purposes of (b) above, senior positions are categorised as any position where total remuneration paid for the year was $150,000 or greater.

In June 2011 the Company completed its takeover of Jabiru Metals Limited ("Jabiru"). Jabiru operates an underground mine in Western Australia, and therefore has a significant number of employees. A decision was taken by the Board prior to the end of the financial year that it was not appropriate to set gender diversity targets until an assessment is made of the existing combined Group gender and seniority mix.

The full policies relating to diversity and nomination of directors are available on the Company's website.

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. The Code of Conduct also requires that all Company employees are treated fairly and that employees comply with the Gender Diversity Policy.

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 Operation in 2002. The mine is one of the oldest operating mines in the Kambalda Nickel field and as such there was limited scope to change the mines environmental footprint.

Mine management at Long continues to work closely with the Company's environmental consultants, whom undertaken regular audits and advise in areas of compliance and improvement. Working together, specific plans have been introduced with the aim to improve in areas such as mine rehabilitation and consumption of key resource such as potable water.

To reduce potable water consumption the Company continues to introduce water recycling initiatives at Long. Water is typically recycled numerous times prior to become unusable and water collected from surface run-off is now introduced underground to supplement portable water usage.

At the Jaguar Operation an in-house environmental officer is employed. His skills and knowledge base is also supported with regular site visits by external environmental consultants. An operational environmental plan is in place not only to minimise the future environmental footprint but also to continually monitor and rehabilitate previously disturbed areas when appropriate.

At both Long and Jaguar external specialists are employed to undertake bi-annual environmental audits. These audits focus on all areas of environmental responsibility and feedback into the operational planning phase. This process also forms the base of our regulatory compliance reporting which is required to be undertaken annually.

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.

Community Development and Assistance Programs

At the Long Nickel Mine, the Company aims to employ as many of its people from the local community as possible, as without this ongoing employment the local community and facilities would be affected. The Company also assists the local community by contributing to the development of facilities needed to encourage people to remain in the area.

The Company has secured the services of an experienced consultant who is providing recommendations relating to providing targeted educational assistance to Indigenous and other regional or disadvantaged communities. Programs to which the Company contributed during the year are as follows:

- 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 hopes to assist in the introduction of the CECEC model in other regional schools.
- 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 of selected senior students at the school.
- The Mt Magnet District High School Artist in Residence Program ("MMDHS") is being funded to enable the school to engage Aboriginal artist Karla Hart to establish a system of learning through the history and application of Aboriginal art. The aim is to increase school attendance and provide experience which could assist students in future employment in the field of Aboriginal arts.
- The Mt Lawley Senior High School Program ("MLSHS") has been designed to provide Aboriginal students considered to have high academic aptitude with the opportunity to attend the MLSHS, which is one of the premier schools in Western Australia. The MLSHS is providing personalized learning plans, youth mentors, and access to the adjoining facilities at Edith Cowan University. Five students have been selected to receive scholarships and funding for ongoing support in the current program.

The Company also contributed significant funds to the Mining Hall of Fame, as well as making modest donations to other worthy causes and community based fundraising activities during the year.

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
- Diversity Policy

IGO

Financial Report

for the Year Ended 30 June 2011

Contents

Directors' Report

Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Independence Group NL and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors

The following persons were Directors of Independence Group NL during the whole of the financial year and up to the date of this report:

Christopher Bonwick (Managing Director)

Kelly Ross (Non-executive Director)

Peter Bilbe (Non-executive Chairman)

John Christie (Non-executive Director)

Rod Marston (Non-executive Director)

Oscar Aamodt was a Director and Non-executive Chairman from the beginning of the financial year until his resignation on 29 July 2011. Kelly Ross became a Non-executive Director from 23 August 2011 following her resignation as an executive of the Company.

Principal activities

The principal activities of the Group during the financial year were ongoing mineral exploration and nickel mining. During the year, the Company acquired a 100% interest in Jabiru Metals Limited (Jabiru), pursuant to the terms of an off-market takeover offer. Jabiru is primarily involved in the exploration and mining of copper and zinc ores.

Dividends – Independence Group NL

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

	2011 $'000	2010 $'000
Final ordinary dividend for the year ended 30 June 2010 of 3 cents (2009: 3 cents) per fully paid share paid on 30 September 2010	**3,414**	3,409
Interim ordinary dividend for the year ended 30 June 2011 of 4 cents (2010: 2 cents) per fully paid share paid on 18 March 2011	**5,551**	2,274
	8,965	5,683

In addition to the above dividends, since the end of the financial year the Directors have announced the payment of a final ordinary dividend of $6,087 thousand (3 cents per fully paid share) to be paid on 30 September 2011 out of retained earnings at 30 June 2011.

Review of operations

The Long Nickel operation continued to perform well during the financial year, with nickel production of 9,753 Ni tonnes; substantially above the previous year's production of 8,615 Ni tonnes, at a cost of A$4.48 per creditable pound of nickel.

During April 2011, Independence Group NL acquired 96.32% of the issued share capital of Jabiru Metals Limited (Jabiru) with 100% ownership achieved by the end of the financial year. Jabiru was a listed public Australian company involved in the production and exploration of copper, zinc and silver. As a result of the acquisition, Independence Group now controls a near continuous block of tenements covering approximately 50kms of strike of the prospective felsic-mafic contact hosting the Teutonic Bore, Jaguar and Bentley volcanogenic massive sulphide (VMS) deposits in Western Australia. In addition, through the takeover the Group also acquired the Stockman Project which contains the Wilga and Currawong VMS deposits in eastern Victoria. A Definitive Feasibility Study has commenced and is nearing completion.

During the financial year the Jaguar operations achieved 8,468 tonnes of copper and 14,642 tonnes of Zinc metals in concentrates at an average Zinc C1 cost of negative $0.31 per metal tonne produced (net of copper and silver credits).

The Tropicana Joint Venturers agreed in November 2010 to approve project development of the Tropicana Gold mine. The joint venture comprises approximately 16,000km^2 of highly prospective tenure covering a strike length of approximately 400km within an emerging new gold province. Road access construction has commenced. Plant construction activities are scheduled for June 2012.

Significant changes in the state of affairs

Other than the acquisition of Jabiru Metals Limited described above, there have been no other significant changes in the state of affairs of the Group during the year.

Significant events after the reporting date

On 31 August 2011, the Company announced that a final dividend for the year ended 30 June 2011 would be paid on 30 September 2011. The dividend is 3 cents per share and will be fully franked.

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

Likely developments and expected results

Detailed 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. Exploration of new and existing project areas in the search for gold, nickel, platinoids, copper and other minerals will continue. The Group will also continue to focus on mining of nickel ore from the Long Nickel Mine and production of copper and zinc concentrate from the Jaguar/Bentley Operation. Construction of the Tropicana Gold Project will continue until 2013. Stockman Project feasibility work will also continue.

Environmental regulation and performance

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

The Group is subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group 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.

Information on Directors

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

Peter Bilbe	**Chairman (Non-executive) from 29 July 2011. Age 61**
Qualifications	BE (Mining) (Hons), MAusIMM
Tenure	Board member since 31 March 2009 and Chairman since 29 July 2011.
Special Responsibilities	Mr Bilbe is on the Remuneration Committee.
Other Directorships	Mr Bilbe is currently a director of Northern Iron Limited, Norseman Gold plc and Sihayo Gold Limited. He was also a director of Aurox Resources Limited until August 2010 and RMA Energy Limited until April 2010.
Oscar Aamodt	**Chairman (Non-executive) until 29 July 2011. Age 65**
Qualifications	FCIS
Tenure	Board member since 2005 and Chairman from 31 March 2009 until his resignation on 29 July 2011.
Special Responsibilities	Mr Aamodt was on the Hedging, Remuneration and Audit Committees until his resignation on 29 July 2011.
Other Directorships	Mr Aamodt was a director of Energy Metals Limited from July 2005 to December 2009.

Christopher Bonwick	**Managing Director (Executive) Age 52**
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.
Other Directorships	None.
Kelly Ross	**Director (Non-executive) Age 49**
Qualifications	CPA, Grad.Dip.CSP
Tenure	Board member since 2002.
Special Responsibilities	Mrs Ross was the Company Secretary during the financial year, is on the Hedging Committee and has been on the Audit Committee since 23 August 2011. Mrs Ross resigned as Company Secretary on 23 August 2011.
Other Directorships	Mrs Ross is currently a director of Musgrave Minerals Limited.
John Christie	**Director (Non-executive) Age 73**
Qualifications	CPA, ACIS
Tenure	Board member since 2002.
Special Responsibilities	Mr Christie is on the Remuneration, Audit and Hedging Committees.
Other Directorships	None.
Rod Marston	**Director (Non-executive) Age 68**
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.
Other Directorships	Dr Marston has been a director of Kasbah Resources Limited since November 2006.

Company Secretary qualifications

The Company Secretary during the financial year was 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. Mrs 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. Mrs Ross resigned as Company Secretary in August 2011.

Mr Terry (KT) Bourke was appointed Company Secretary effective 23 August 2011. Mr Bourke, who is also employed as the Company's Legal Counsel, is a corporate lawyer with considerable mining and industrial experience. He has previously been a director of three ASX listed companies, a director of two listed Canadian mining companies and company secretary of a number of ASX listed companies. Mr Bourke holds a Bachelor of Law degree and a Bachelor of Commerce (Accounting, Finance & Systems) degree from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales with a right of practice in Western Australia.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2011, and the numbers of meetings attended by each Director were:

	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	20	20	6	6	3	3	4	4
Christopher Bonwick	20	19	-	-	-	-	-	-
Kelly Ross	20	19	-	-	-	-	4	4
John Christie	20	19	6	6	3	3	4	4
Rod Marston	20	20	6	6	3	3	-	-
Peter Bilbe	20	19	6	6	-	-	-	-

Interests in shares and options of the Company

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

	Ordinary Fully Paid Shares	Unlisted Options
Christopher Bonwick	2,050,000	-
Rod Marston	1,314,417	-
Kelly Ross	345,000	-
John Christie	500,000	-
Peter Bilbe	-	-
Total	4,209,417	-

Details of the terms and conditions for these securities are disclosed in note 31 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 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 $600,000 which was approved by shareholders at the Annual General Meeting on 24 November 2010, of which $300,000 (2010: $300,000) was being utilised at 30 June 2011.

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 2011.

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 1 September 2011.

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:

	2007	2008	2009	2010	2011*
Income ($millions)	226.5	149.1	101.1	116.7	162.5
Net profit after income tax ($millions)	105.3	51.5	16.1	28.7	5.5
Share price at year end ($/share)	6.95	5.10	4.63	4.72	5.63
Dividends paid (cents/share)	13	17	7	5	7

* Includes results and performance of Jabiru Metals Limited from 4 April 2011.

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 2010 TSR were Western Areas NL (WSA), Straits Resources Limited (SRL), Mincor Resources NL (MCR), Panoramic Resources Limited (PAN), Avoca Resources Limited (AVO) and Minara Resources Limited (MRE). 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 85% of the total allocated bonus for the 2010 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 2010 TSR measure was used for evaluating executives' performance in the 2010 financial year, with the bonus being paid during the 2011 financial year.

TSR	2006	2007	2008	2009	2010
Company	1.4	4.4	(24)	(8)	3.67
Peer Group	0.7	3.9	23	(54)	2.07

Managing Director's KPI's

The Remuneration Committee introduced a performance criteria in 2010 to incentivise the Managing Director, 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 2011 is $200,000 (2010: $100,000).

Long term incentives (LTI) – Executives

The LTI component of the remuneration package is to reward senior managers and executive directors 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 were previously delivered in the form of options to acquire ordinary shares in the Company. However, no options were granted or issued during the financial year (nor during the previous financial year) nor have any been granted since the end of the financial year. It is not intended to grant or issue further options under the previous arrangements. Instead, the Board is presently determining the details of a replacement LTI plan for senior managers and the Managing Director in the form of an Employee Performance Rights Plan. The proposed arrangements for the Managing Director will be submitted for approval to the Company's 2011 Annual General Meeting of Members.

Long term incentives (LTI) – Non-executive Directors

The proposed Employee Performance Rights Plan will, on its terms, permit non-executive directors to be Eligible Employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the proposed Employee Performance Rights Plan and any such issue would be subject to all necessary shareholder approvals.

Key Management Personnel

The directors who held office during the financial year were Oscar Aamodt (Chairman), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director during the financial year), 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 – Group Operations Manager. Mr Hartmann was appointed to the position Group Operations Manager on 1 January 2011. Previous to the appointment, Mr Hartmann was General Manager – Long Nickel and employed by the Company's subsidiary Lightning Nickel Pty Ltd.
- Scott Steinkrug - Chief Financial Officer
- Drew Totterdell - Business Development Manager
- Gary Comb – Managing Director – Jabiru Metals Limited. Mr Comb was employed by the Company's subsidiary Jabiru Metals Limited as at 30 June 2011, but resigned with effect on 31 August 2011.

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 companies.

Employment contracts

Terms and conditions of employment contracts of key management personnel in effect at 30 June 2011 were as follows:

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 one month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 months 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. The employment contracts as at 30 June 2011 provided for base remuneration of $630,000 (2010: $600,000) for Christopher Bonwick and $350,000 (2010: $350,000) for Kelly Ross. As noted elsewhere, Mrs Ross resigned her executive position with effect on 23 August 2011.

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 employment contract as at 30 June 2011 provided for total remuneration of $326,086 (2010: $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 Scott Steinkrug is employed under a contract which does not have a defined term and can be terminated by Mr Steinkrug after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The employment contract as at 30 June 2011 provided for base remuneration of $250,000 (2010: $nil). Mr Steinkrug may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

v) 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 $275,000 (2010: $250,000). Mr Totterdell may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

vi) The executive Gary Comb was employed under a contract for a three year period with the subsidiary, Jabiru Metals Limited, which commenced on 1 January 2009. That contract provided that if the company terminated Mr Comb's employment for reasons other than misconduct, the company would pay 12 months remuneration as compensation. The employment contract provided for base remuneration of $738,166 (2010: $nil). Mr Comb's contract provided that he would also receive performance based bonuses should the Remuneration Committee so recommend and should those bonuses be approved by the Board. As noted above, Mr Comb resigned with effect on 31 August 2011.

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 (%)
2011			
Oscar Aamodt	-	-	100.0
Christopher Bonwick	-	20.6	79.4
Kelly Ross	-	14.4	85.6
John Christie	-	-	100.0
Rod Marston	-	-	100.0
Peter Bilbe	-	-	100.0
Brett Hartmann	-	42.5	57.5
Scott Steinkrug	-	28.2	71.8
Drew Totterdell	-	38.2	61.8
Tim Moran	-	-	100.0
Gary Davison	-	-	100.0
Gary Comb	-	-	-
2010			
Oscar Aamodt	-	-	100.0
Christopher Bonwick	-	15.1	84.9
Kelly Ross	-	10.7	89.3
John Christie	-	-	100.0
Rod Marston	-	-	100.0
Peter Bilbe	-	-	100.0
Brett Hartmann	-	22.7	77.3
Drew Totterdell	-	36.6	63.4
Tim Moran	-	-	100.0
Gary Davison	-	-	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

There were no options granted to directors or executives during the year (2010: nil).

A total of 750 thousand options, which were granted in previous years, were exercised or sold off-market by directors or executives during the year (2010: nil) at a weighted average price of $4.44.

Audited Remuneration Report

Compensation paid for the financial year

	Short-term Benefits				Post-employment Benefits	Share-based Payments	
	Cash Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Other $	Superannuation $	Options $	Total $
2011							
Non-executive Directors							
Oscar Aamodt	82,569	-	-	-	7,431	-	90,000
John Christie	64,220	-	-	-	5,780	-	70,000
Rod Marston	64,220	-	-	-	5,780	-	70,000
Peter Bilbe	65,535	-	-	-	4,465	-	70,000
Executive Directors							
Christopher Bonwick	566,514	160,000	-	-	50,986	-	777,500
Kelly Ross	321,337	60,000	9,338	-	25,204	-	415,879
Other key management personnel							
Brett Hartmann	289,325	231,200	-	-	23,882	-	544,407
Scott Steinkrug (i)	81,746	35,068	-	-	7,357	-	124,171
Drew Totterdell	242,737	163,600	-	-	22,350	-	428,687
Gary Comb (ii)	147,633	-	-	14,763	22,145	-	184,541
Tim Moran	40,000	-	-	-	-	-	40,000
Gary Davison	40,000	-	-	-	-	-	40,000
Total remuneration	2,005,836	649,868	9,338	14,763	175,380	-	2,855,185
2010							
Non-executive Directors							
Oscar Aamodt	61,927	-	-	-	28,073	-	90,000
John Christie	32,110	-	-	-	37,890	-	70,000
Rod Marston	32,110	-	-	-	37,890	-	70,000
Peter Bilbe	64,220	-	-	-	5,780	-	70,000
Executive Directors							
Christopher Bonwick	516,055	100,000	-	-	47,821	-	663,876
Kelly Ross	290,463	40,000	18,182	-	25,644	-	374,289
Other key management personnel							
Brett Hartmann	275,000	90,873	2,557	-	32,677	-	401,107
Drew Totterdell (iii)	76,453	50,688	-	-	11,423	-	138,564
Tim Moran	40,000	-	-	-	-	-	40,000
Gary Davison	40,000	-	-	-	-	-	40,000
Total remuneration	1,428,338	281,561	20,739	-	227,198	-	1,957,836

(i) Mr Steinkrug commenced employment with the Company on 22 February 2011.

(ii) Mr Comb commenced employment with the Company on 4 April 2011, following the acquisition of Jabiru Metals Limited.

(iii) Mr Totterdell commenced employment with the Company on 1 March 2010.

End of Audited Remuneration Report

Share options

Unissued shares

At the reporting date, there were no unissued ordinary shares under options. Refer to the remuneration report section of this report and note 32 to the financial report for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued on the exercise of options

The following ordinary shares of Independence Group NL were issued during the year ended 30 June 2011 on the exercise of options granted under the Independence Group NL Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
31 October 2006	$4.85	112,500
13 November 2006	$4.64	225,000
27 November 2006	$4.44	750,000
		1,087,500

Insurance of officers

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 Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

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

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

Other services	$14,235

Auditor independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 84. This declaration forms part of the Directors' Report.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

P Bilbe
Chairman

Perth, Western Australia
Dated this 28th day of September 2011

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 2011, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd

28 September 2011
Perth, Western Australia

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Revenue from continuing operations	6	**162,497**	116,670
Other income	7	**481**	30
Mining and development costs		**(39,716)**	(18,856)
Employee benefits expense		**(28,788)**	(19,966)
Share-based payments expense		**(17)**	(87)
Fair value adjustment of listed investments		**760**	(554)
Depreciation and amortisation expense		**(27,368)**	(11,400)
Rehabilitation and restoration borrowing costs		**(109)**	(28)
Exploration costs expensed		**(2,416)**	(2,291)
Capitalised exploration costs impaired		**(7,186)**	(4,977)
Royalty expense		**(7,586)**	(4,920)
Ore tolling expense		**(8,309)**	(7,512)
Net gains on fair value financial liabilities		**2,509**	-
Costs associated with acquisition of subsidiary		**(21,133)**	-
Other expenses		**(9,334)**	(5,696)
Profit from continuing operations before income tax		**14,285**	40,413
Income tax expense	9	**(8,752)**	(11,673)
Profit after income tax		**5,533**	28,740
Other comprehensive income			
Effective portion of changes in cash flow hedges, net of tax		**11,065**	(4,273)
Other comprehensive income for the period, net of tax		**11,065**	(4,273)
Total comprehensive income for the period		**16,598**	24,467
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	11	**3.89**	25.28
Diluted earnings per share	11	**3.88**	25.27

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

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**228,001**	143,957
Trade and other receivables	13	**28,762**	21,565
Current tax receivable	9	**7,541**	-
Inventories	14	**20,908**	257
Financial assets	15	**6,849**	621
Derivative financial instruments	24	**16,997**	2,832
Total current assets		**309,058**	169,232
Non-current assets			
Receivables	16	**1,016**	6
Property, plant and equipment	17	**86,255**	5,070
Mine properties	18	**163,690**	37,790
Exploration and evaluation expenditure	19	**256,233**	49,302
Deferred tax assets	9	**99,729**	7,267
Investments accounted for using the equity method		**-**	117
Intangible assets	20	**117,515**	1,006
Derivative financial instruments	24	**8,243**	3,756
Total non-current assets		**732,681**	104,314
TOTAL ASSETS		**1,041,739**	273,546
LIABILITIES			
Current liabilities			
Trade and other payables	21	**60,994**	17,107
Borrowings	26	**5,789**	-
Derivative financial instruments	24	**15,014**	13,922
Current tax liabilities	9	**-**	2,299
Provisions	22	**705**	-
Financial liabilities at fair value through profit or loss	25	**11,303**	-
Total current liabilities		**93,805**	33,328
Non-current liabilities			
Borrowings	26	**5,694**	-
Derivative financial instruments	24	**-**	3,696
Provisions	23	**11,402**	1,407
Deferred tax liabilities	9	**111,233**	20,335
Financial liabilities at fair value through profit or loss	25	**5,725**	-
Total non-current liabilities		**134,054**	25,438
TOTAL LIABILITIES		**227,859**	58,766
NET ASSETS		**813,880**	214,780
EQUITY			
Contributed equity	27	**617,860**	29,552
Reserves	28	**12,483**	(1,741)
Retained earnings	28	**183,537**	186,969
TOTAL EQUITY		**813,880**	214,780

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**174,418**	118,512
Payments to suppliers and employees (inclusive of GST)		**(109,673)**	(53,116)
		64,745	65,396
Interest and other costs of finance paid		**(268)**	-
Exploration expenditure		**(2,416)**	(2,291)
Income tax received		**541**	3,347
Income taxes paid		**(9,805)**	(7,565)
Receipts from other operating activities		**19**	30
Net cash flows from operating activities	29	**52,816**	58,917
Cash flows from investing activities			
Interest received		**9,897**	5,075
Payments for purchase of listed and unlisted investments		**(2,774)**	(93)
Proceeds from sale of property, plant and equipment		**581**	-
Payments for property, plant and equipment		**(19,819)**	(1,987)
Payments for development expenditure		**(33,785)**	(16,110)
Payments for exploration and evaluation expenditure		**(32,023)**	(23,874)
Payment for acquisition of subsidiary, net of cash acquired		**(43,048)**	-
Net cash flows used in investing activities		**(120,971)**	(36,989)
Cash flows from financing activities			
Proceeds from issue of shares		**169,266**	474
Repayment of finance lease liabilities		**(1,222)**	-
Payment of dividends		**(8,965)**	(5,683)
Share issue costs		**(6,880)**	-
Net cash flows from (used in) financing activities		**152,199**	(5,209)
Net increase in cash held		**84,044**	16,719
Cash and cash equivalents at the beginning of the financial year		**143,957**	127,238
Cash and cash equivalents at the end of the financial year	12	**228,001**	143,957

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Issued Capital $'000	Retained Earnings $'000	Hedging Reserve $'000	Share-Based Payments Reserve $'000	Acquisition Reserve $'000	Total Equity $'000
Consolidated						
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
Transactions with owners in their capacity as owners						
Shares issued	474	-	-	-	-	474
Dividends paid	-	(5,683)	-	-	-	(5,683)
Share-based payments	-	-	-	86	-	86
At 30 June 2010	29,552	186,969	(5,781)	4,040	-	214,780
At 1 July 2010	29,552	186,969	(5,781)	4,040	-	214,780
Profit for the year	-	5,533	-	-	-	5,533
Other comprehensive income	-	-	11,065	-	-	11,065
Total comprehensive income for the year	-	5,533	11,065	-	-	16,598
Transactions with owners in their capacity as owners						
Shares issued	593,537	-	-	-	-	593,537
Transaction costs on shares issued, net of tax	(5,229)	-	-	-	-	(5,229)
Dividends paid	-	(8,965)	-	-	-	(8,965)
Share-based payments	-	-	-	17	-	17
Gain on acquisition of non-controlling interest	-	-	-	-	3,142	3,142
At 30 June 2011	617,860	183,537	5,284	4,057	3,142	813,880

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

1. CORPORATE INFORMATION

The financial report of Independence Group NL (the Company) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 28 September 2011.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards board, Urgent Issues Group Interpretations and the Corporations Act 2001.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iii) Early adoption of standards

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

(iv) Historical cost convention

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

(v) Critical accounting estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Independence Group NL (Company or parent entity) as at 30 June 2011 and the results of all subsidiaries for the year then ended. Independence Group NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

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

(iii) Joint ventures

Jointly controlled operations

The proportionate interests in the assets, liabilities and expenses of a jointly controlled venture have been incorporated in the financial statements under the appropriate headings. Details of joint ventures are set out in note 37.

Joint venture entities

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.

(c) Segment reporting

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

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

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

(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

(e) Business combinations

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

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

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

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

(f) Impairment of assets

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

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

(g) Cash and cash equivalents

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

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

(h) Trade and other receivables

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Inventories

Ore and concentrate

Inventories are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs.

Stores and fuel

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

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

(j) Derivative financial instruments

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

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

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

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

In relation to cash flow hedges (forward foreign currency contracts and commodity contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in the profit or loss. If the hedge accounting conditions are not met, movements in fair value are recognised in the profit or loss.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item will affect profit or loss, for instance when the forecast sale that is hedged takes place. The gain or loss relating to the effective portion of forward foreign exchange contracts and forward commodity contracts is recognised in the profit or loss within sales.

(k) Investments and other financial assets

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

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

After initial recognition, financial assets which are classified as held for trading are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss. The Group has investments in listed entities which are considered to be tradeable by the Board and which the Company expects to sell for cash in the 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.

(l) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. They are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Major depreciation periods are:

Buildings	5 years
Mining plant and equipment	2 – 5 years
Motor vehicles	3 – 5 years
Furniture and fittings	3 – 5 years
Leased assets	3 – 4 years

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

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

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

(m) Exploration and evaluation expenditure

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

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

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

(n) Mine properties and restoration costs

Mine properties in development

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

Mine properties in production

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Mine properties and restoration costs (continued)

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

Rehabilitation, restoration and environmental costs

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

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

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

(o) Intangible assets

(i) Goodwill

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

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

(ii) Other

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

(p) Lease

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 26). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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

(q) Trade and other payables

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

(r) Financial liabilities

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

(s) Employee benefits

(i) Short-term obligations

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

(ii) Long service leave

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

(t) Share-based payment transactions

Equity-settled transactions

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 the reporting date.

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

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

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

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

(u) Contributed equity

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue

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

Sale of goods

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

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

Interest revenue

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

(w) Income tax

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

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

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

(x) Goods and services tax (GST)

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

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

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

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

(y) Earnings per share

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

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

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

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Comparatives

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

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB reference	AASB Standard affected	Nature of change	Application date for the Group
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9. These include the requirements relating to: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. Due to the recent release of these amendments and that adoption is only mandatory for the 31 December 2013 year end, the entity has not yet made an assessment of the impact of these amendments. At 30 June 2011, the entity has $17,028 thousand of financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. The amendments apply retrospectively from date of initial application, which will be 1 July 2012. Therefore, at this stage, it is not yet possible for the entity to quantify the impact on the financial statements of first time application of these amendments.	1 July 2013
IFRS 11 (issued May 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract. This standard is not expected to have any impact on the current treatment of joint arrangements.	1 July 2013
IFRS 13 (issued May 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. IFRS 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by IFRS 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.	1 July 2013
Amendments to IAS 1 (issued June 2011)	Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes as follows: 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot. When this standard is first adopted for the year ended 30 June 2014, there will be no impact on amounts recognised for transactions and balances for 30 June 2014 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).	1 July 2013

AASB reference	AASB Standard affected	Nature of change	Application date for the Group
IAS 19 (issued June 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability. The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to IAS 19 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012. Leave liabilities for any employees with significant balances of leave outstanding who are not expected to take their leave within 12 months will be discounted, which may result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.	1 July 2013
AASB 2010-6 (issued November 2010)	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	Additional disclosures required for entities that transfer financial assets, including information about the nature of financial assets involved and the risks associated with them. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.	1 July 2011
IFRS 12 (issued May 2011)	Disclosures of Interests in Other Entities	Combines existing disclosures from IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
IFRS 13 (issued May 2011)	Fair Value Measurement	Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc. When this standard is adopted for the first time on 1 July 2012, additional disclosures will be required about fair values.	1 July 2013
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 July 2011
AASB 1054 (issued May 2011)	Australian Additional Disclosures	Moves additional Australian specific disclosure requirements for for-profit entities from various Australian Accounting Standards into this Standard as a result of the Trans-Tasman Convergence Project. Removes the requirement to disclose each class of capital commitment and expenditure commitment contracted for at the end of the reporting period (other than commitments for the supply of inventories). When this Standard is adopted for the first time for the year ended 30 June 2012, the financial statements will no longer include disclosures about capital and other expenditure commitments as these are no longer required by AASB 1054.6.	1 July 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Parent entity financial information

The financial information for the parent entity, Independence Group NL, disclosed in note 38 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures

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

(ii) Tax consolidation legislation

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

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

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

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

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

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk exposures and responses

Foreign currency risk

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

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

	Consolidated	
	2011 $'000	2010 $'000
Financial assets		
Cash and cash equivalents	**13,613**	5,064
Trade and other receivables	**19,078**	19,115
Derivative financial instruments	**25,240**	6,588
	57,931	30,767
Financial liabilities		
Trade and other payables	**3,218**	-
Derivative financial instruments	**15,014**	17,618
Financial liabilities at fair value through profit or loss	**17,028**	-
	35,260	17,618
Net financial assets	**22,671**	13,149

The cash balance only represents the cash held in the US dollar bank accounts at the reporting date and converted into Australian dollars at the 30 June 2011 A$:US$ exchange rate of $1.0739 (2010: $0.8509). The remainder of the cash balance of $214,388 thousand (2010: $138,893 thousand) was held in Australian dollars and therefore not exposed to foreign currency risk.

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table summarises the Group's sensitivity of financial instruments held at 30 June 2011 to movements in the A$:US$ exchange rate, with all other variables held constant. Sensitivity analysis is calculated using a reasonable possible change of 1.5% (2010: 1.5%) in the foreign rate in both directions based on the exposure period of the trade receivables, a 5% (2010: 5%) variation for derivative contracts (2010: 5%), a 5% (2010: nil) variation for financial liabilities and a 5% (2010: 1.5%) variation for USD cash balances in both directions.

	Profit After Tax Consolidated	
	2011 $'000	2010 $'000
Sensitivity of financial instruments to foreign currency movements		
Financial assets		
Cash and cash equivalents		
Increase 5.0% (2010: 1.5%)	**(454)**	(146)
Decrease 5.0% (2010: 1.5%)	**502**	146
Trade receivables		
Increase 1.5% (2010: 1.5%)	**(214)**	(205)
Decrease 1.5% (2010: 1.5%)	**220**	205
Derivative financial instruments		
Increase 5.0% (2010: 5.0%)	**3,640**	4,320
Decrease 5.0% (2010: 5.0%)	**(4,583)**	(4,774)
	(889)	(454)
Financial liabilities		
Trade and other payables		
Increase 1.5% (2010: nil)	**33**	-
Decrease 1.5% (2010: nil)	**(34)**	-
Derivative financial instruments		
Increase 5.0% (2010: nil)	**501**	-
Decrease 5.0% (2010: nil)	**(553)**	-
Financial liabilities at fair value through profit or loss		
Increase 5.0% (2010: nil)	**627**	-
Decrease 5.0% (2010: nil)	**(568)**	-
	6	-
Net sensitivity to foreign currency movements	**(883)**	(454)

Commodity price risk

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

Nickel

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

It is the Board's policy to hedge between 0% and 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 nickel sales revenue.

Copper and zinc

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

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

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

	Consolidated 2011 $'000	2010 $'000
Financial instruments exposed to commodity price movements		
Financial assets		
Trade and other receivables	**19,046**	7,680
Derivative financial instruments – commodity hedging contracts	**150**	-
	19,196	7,680
Financial liabilities		
Derivative financial instruments – commodity hedging contracts	**15,014**	11,031
Financial liabilities at fair value through profit or loss	**17,028**	-
	32,042	11,031
Net exposure	**(12,846)**	(3,351)

The following table summarises the sensitivity of financial instruments held at 30 June 2011 to movements in the nickel price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2010: 1.5%) which is based upon the three month forward commodity rate as there is a three month lag time between delivery and final nickel price received. A 20% (2010: 20%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Profit After Tax Consolidated 2011 $'000	2010 $'000
Sensitivity of financial instruments to nickel price movements		
Financial assets		
Trade receivables		
Increase 1.5% (2010: 1.5%)	**215**	142
Decrease 1.5% (2010: 1.5%)	**(215)**	(142)
Derivative financial instruments – commodity hedging contracts		
Increase 20% (2010: 20%)	**-**	(8,648)
Decrease 20% (2010: 20%)	**-**	8,648
	-	-
Financial liabilities		
Derivative financial instruments – commodity hedging contracts		
Increase 20% (2010: 20%)	**(13,772)**	(9,501)
Decrease 20% (2010: 20%)	**13,772**	9,501
	-	-
Net sensitivity to nickel price movements	**-**	-

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table summarises the sensitivity of financial instruments held at 30 June 2011 to movements in the copper price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2010: 1.5%) which is based upon the three month forward commodity rate as there is a three month lag time between delivery and final copper price received. A 20% (2010: nil) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Profit After Tax Consolidated	
	2011 $'000	2010 $'000
Sensitivity of financial instruments to copper price movements		
Financial assets		
Trade receivables		
Increase 1.5% (2010: 1.5%)	**8**	8
Decrease 1.5% (2010: 1.5%)	**(8)**	(8)
Derivative financial instruments – commodity hedging contracts		
Increase 20% (2010: nil)	**(614)**	-
Decrease 20% (2010: nil)	**614**	-
	-	-
Financial liabilities		
Derivative financial instruments – commodity hedging contracts		
Increase 20% (2010: nil)	**(1,045)**	-
Decrease 20% (2010: nil)	**1,045**	-
	-	-
Net sensitivity to copper price movements	**-**	-

The following table summarises the sensitivity of financial instruments held at 30 June 2011 to movements in the zinc price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 2.4% (2010: nil) which is based upon the three month forward commodity rate as there is a four month lag time between delivery and final zinc price received. A 20% (2010: nil) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Profit After Tax Consolidated	
	2011 $'000	2010 $'000
Sensitivity of financial instruments to zinc price movements		
Financial assets		
Trade receivables		
Increase 2.4% (2010: nil)	**74**	-
Decrease 2.4% (2010: nil)	**(74)**	-
	-	-
Financial liabilities		
Derivative financial instruments – commodity hedging contracts		
Increase 20% (2010: nil)	**(1,702)**	-
Decrease 20% (2010: nil)	**1,702**	-
	-	-
Net sensitivity to zinc price movements	**-**	-

The following table summarises the sensitivity of financial instruments held at 30 June 2011 to movements in the silver price, with all other variables held constant. A 20% (2010: nil) sensitivity rate is used to value financial liabilities and is based on reasonable assessment of the possible changes.

	Profit After Tax Consolidated 2011 $'000	2010 $'000
Sensitivity of financial instruments to silver price movements		
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Increase 20% (2010: nil)	**(2,392)**	-
Decrease 20% (2010: nil)	**2,392**	-
	-	-
Net sensitivity to silver price movements	**-**	-

Equity price risk sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date. Each equity instrument is assessed on its individual price movements with the sensitivity rate based on a reasonably possible change of 45% (2010: 45%). At reporting date, if the equity prices had been higher or lower, net profit for the year would have increased or decreased by $2,157 thousand (2010: $196 thousand).

Interest rate risk

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

	Consolidated 2011 $'000	2010 $'000
Financial assets		
Cash and cash equivalents	**72,001**	27,957
Net exposure	**72,001**	27,957

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 points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $360 thousand (2010: increase/decrease by $195 thousand). This is mainly due to the Group's exposure to interest rates on its cash and cash equivalents.

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

Credit risk

Nickel sales

The Group has a concentration of credit risk in that it depends on BHP Billiton Nickel West Pty Ltd for a significant volume of revenue. During the year ended 30 June 2011 all nickel sales revenue was sourced from this company. The risk is mitigated in that the agreement relating to sales revenue contains provision for the Group to seek alternative revenue providers in the event that BHP Billiton Nickel West Pty Ltd is unable to accept supply of the Group's product due to a force majeure event. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and BHP Billiton Nickel West Pty Ltd is considered to be a low risk customer.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Copper and zinc sales

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

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

Other

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

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

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

	Consolidated 2011 $'000	2010 $'000
Financial assets		
Cash and cash equivalents	**228,001**	143,957
Trade and other receivables	**28,086**	21,033
Other receivables - non-current	**476**	6
Financial assets	**6,849**	621
Derivative financial instruments	**25,240**	6,588
Total exposure	**288,652**	172,205

On analysis of trade and other receivables, none are past due or impaired for either 30 June 2011 or 2010.

Liquidity risk

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

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

		Payables Maturity Analysis Between			Carrying Value
Consolidated	Total $'000	< 6 months $'000	6-12 months $'000	1-5 years $'000	A$ $'000
2011					
Trade and other payables	**57,631**	**57,631**	**-**	**-**	**57,631**
Lease liabilities	**11,483**	**4,110**	**1,679**	**5,694**	**11,483**
	69,114	**61,741**	**1,679**	**5,694**	**69,114**
2010					
Trade and other payables	15,631	15,631	-	-	15,631
	15,631	15,631	-	-	15,631

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.

		Payables Maturity Analysis Between			Carrying Value
Consolidated	Total $'000	< 6 months $'000	6-12 months $'000	1-5 years $'000	A$ $'000
2011					
Net settled					
Commodity hedging contracts	**15,014**	**8,625**	**6,389**	**-**	**15,014**
Financial liabilities at fair value through profit or loss	**17,028**	**6,348**	**4,955**	**5,725**	**17,028**
	32,042	**14,973**	**11,344**	**5,725**	**32,042**
2010					
Net settled					
Commodity hedging contracts	13,922	1,147	2,309	10,466	13,922
	13,922	1,147	2,309	10,466	13,922

Fair values

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

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

At 30 June 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Derivative instruments				
Commodity hedging contracts	**-**	**150**	**-**	**150**
Foreign exchange hedging contracts	**-**	**25,090**	**-**	**25,090**
Listed investments	**6,849**	**-**	**-**	**6,849**
	6,849	**25,240**	**-**	**32,089**
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	**-**	**15,014**	**-**	**15,014**
Financial liabilities at fair value through profit or loss	**-**	**17,028**	**-**	**17,028**
	-	**32,042**	**-**	**32,042**

At 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Derivative instruments				
Commodity hedging contracts	-	3,756	-	3,756
Foreign exchange hedging contracts	-	2,832	-	2,832
Listed investments	621	-	-	621
	621	6,588	-	7,209
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	13,922	-	13,922
Foreign exchange hedging contracts	-	3,696	-	3,696
	-	17,618	-	17,618

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Trade receivables

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

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates. The carrying value of exploration, mine properties and other plant and equipment as at 30 June 2011 is $506,178 thousand (2010: $92,162 thousand).

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors we use to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the income statement and the calculation of inventory. The Group prepares 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.

Rehabilitation and restoration provisions

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

5. OPERATING SEGMENTS

Identification of reportable segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Group operates in only one geographic segment (ie. Australia) and has identified four operating segments, being the Long Nickel Mine which is disclosed under the Nickel mining segment, Jaguar/Bentley mine which is disclosed under the Copper and zinc mining segment, the Tropicana project, and "other exploration" which is disclosed under Regional exploration activities.

The Long Nickel Mine produces primarily nickel, together with 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 Jaguar/Bentley Mine primarily produces copper and zinc concentrate. Revenue is derived from a number of different customers. The Resident Manager of the Jaguar Mine is responsible for the budgets and expenditure of the mine, responsibility for ore concentrate sales rests with corporate management. This segment was established following the acquisition of Jabiru Metals Limited in April 2011.

5. OPERATING SEGMENTS (continued)

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. Construction and development of a gold mine on the joint venture tenure has been approved. 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.

The following segment information was provided to the Board.

	Continuing Operations				
	Nickel Mining $'000	Copper and Zinc Mining $'000	Tropicana Project $'000	Regional Exploration $'000	Total $'000
Year ended 30 June 2011					
Revenue					
Sales to external customers	134,464	16,416	-	-	150,880
Other revenue	5,259	38	-	-	5,297
Total segment revenue	139,723	16,454	-	-	156,177
Segment net operating profit (loss) before income tax	63,250	(14,375)	(815)	(7,568)	40,492
Segment assets	206,538	320,343	51,830	195,633	774,344
Segment liabilities	31,156	39,371	3,980	32,849	107,356
Acquisition of property, plant and equipment	14,108	6,230	372	245	20,955
Depreciation and amortisation expense	17,693	8,839	59	-	26,591
Other non-cash expenses	1,041	993	-	5,152	7,186
Year ended 30 June 2010					
Revenue					
Sales to external customers	111,109	-	-	-	111,109
Other revenue	4,628	-	-	-	4,628
Total segment revenue	115,737	-	-	-	115,737
Segment net operating profit (loss) before income tax	53,083	-	-	(6,248)	46,835
Segment assets	189,521	-	33,919	16,389	239,829
Segment liabilities	34,305	-	-	-	34,305
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

(i) Segment revenue reconciliation to the statement of comprehensive income

	Consolidated 2011 $'000	2010 $'000
Total segment revenue	**156,177**	115,737
Other revenue from continuing operations	**6,320**	933
Total revenue	**162,497**	116,670

(ii) Segment net profit (loss) before tax reconciliation to the statement of comprehensive income

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

	Consolidated 2011 $'000	2010 $'000
Segment net profit before tax	**40,492**	46,835
Interest revenue on corporate cash balances	**6,320**	932
Unrealised gains (losses) on financial assets	**760**	(554)
Share-based payments expense	**(17)**	(87)
Other corporate costs	**(14,646)**	(6,713)
Costs associated with the acquisition of subsidiary	**(21,133)**	-
Net gains on silver hedge financing	**2,509**	-
Total net profit before tax per the statement of comprehensive income	**14,285**	40,413

(iii) Segment assets reconciliation to the statement of financial position

Reportable segment assets are reconciled to total assets as follows:

	Consolidated 2011 $'000	2010 $'000
Total assets for reportable segments	**774,344**	239,829
Intersegment eliminations	**(98,046)**	-
Unallocated:		
Deferred tax assets	**99,729**	7,267
Listed and unlisted equity securities	**6,849**	738
Current tax assets	**7,541**	-
Cash and receivables held by the parent entity	**132,776**	24,412
Office and general plant and equipment	**1,784**	1,300
Goodwill	**116,762**	-
Total assets per the statement of financial position	**1,041,739**	273,546

	Consolidated 2011 $'000	2010 $'000

5. OPERATING SEGMENTS (continued)

(iv) Segment liabilities reconciliation to the statement of financial position

Reportable segment liabilities are reconciled to total liabilities as follows:		
Total liabilities for reportable segments	**107,356**	34,305
Intersegment eliminations	**(30,164)**	-
Unallocated:		
Deferred tax liabilities	**111,233**	20,335
Current tax liabilities	**-**	2,299
Creditors and accruals	**19,212**	1,469
Provision for employee entitlements	**3,194**	358
Financial liabilities	**17,028**	-
Total liabilities per the statement of financial position	**227,859**	58,766

6. REVENUE

Sales revenue		
Sale of goods	**150,880**	111,109
	150,880	111,109
Other revenue		
Interest received	**11,617**	5,561
	11,617	5,561
Total revenue	**162,497**	116,670

7. OTHER INCOME

Net gain on disposal of property, plant and equipment	**463**	-
Other	**18**	30
Total other income	**481**	30

8. EXPENSES AND LOSSES

Profit before income tax includes the following specific items:		
Cost of sale of goods	**78,799**	49,408
Share-based payments expense	**17**	87
Finance costs – other entities	**309**	-
Amortisation expense	**20,015**	8,358
Depreciation expense	**7,353**	3,042
Exploration costs expensed	**2,416**	2,291
Rental expense relating to operating leases	**572**	420
Impairment of capitalised exploration expenditure	**7,186**	4,797
Rehabilitation and restoration borrowing costs	**109**	28
Impairment of inventories	**6,105**	-

	Consolidated 2011 $'000	2010 $'000

9. INCOME TAX

(a) Income tax expense

The major components of income tax expense are:		
Current income tax		
Current income tax (benefit) expense	**(575)**	7,845
Adjustments in respect of current income tax of previous years		
Deferred income tax		
Relating to origination and reversal of temporary differences	**9,327**	3,828
Income tax expense reported in the statement of comprehensive income	**8,752**	11,673

Deferred tax (income) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	**(39,482)**	931
(Decrease) increase in deferred tax liabilities	**48,809**	2,897
	9,327	3,828

(b) Amount charged or credited directly to equity

Deferred income tax expense (income) related to items charged or credited to other comprehensive income		
Recognition of hedge contracts	**4,742**	(1,831)
Business-related capital allowances	**(1,651)**	-
Income tax expense reported in equity	**3,091**	(1,831)

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

Profit before tax from continuing operations	**14,285**	40,413
At the Group's statutory income tax rate of 30% (2010: 30%)	**4,286**	12,124
Costs booked directly in equity	**(413)**	-
Non-deductible costs associated with acquisition of subsidiary	**5,042**	-
Unrecognised temporary difference – reduction in carrying value of investments below its original cost	**-**	19
Other	**(163)**	(470)
Aggregate income tax expense	**8,752**	11,673

9. INCOME TAX (continued)

(d) Deferred tax assets and liabilities

	Statement of Financial Position		Statement of Comprehensive Income		Equity		Acquisition of Subsidiary	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Consolidated								
Deferred tax liabilities								
Capitalised exploration, pre-production and acquisition costs	**(100,443)**	(17,866)	**70,875**	4,520	**-**	-	**11,702**	-
Capitalised development expenditure	**(3,810)**	(1,813)	**(22,918)**	(1,526)	**-**	-	**24,915**	-
Deferred gains and losses on hedging contracts	**(5,435)**	-	**693**	(387)	**4,742**	-	**-**	-
Other	**(1,545)**	(656)	**159**	290	**-**	-	**730**	-
Gross deferred tax liabilities	**(111,233)**	(20,335)	**48,809**	2,897	**4,742**	-	**37,347**	-
Deferred tax assets								
Property, plant and equipment	**20,473**	1,833	**120**	(18)	**-**	-	**(18,760)**	-
Trade receivables	**179**	-	**(167)**	1,655	**-**	-	**(12)**	-
Deferred losses on hedged commodity contracts	**4,495**	3,309	**866**	(397)	**-**	-	**(2,052)**	-
Consumable inventories	**1,634**	-	**(1,163)**	-	**-**	-	**(471)**	-
Business-related capital allowances	**4,146**	671	**145**	(139)	**(1,651)**	-	**(1,969)**	-
Provision for employee entitlements	**1,883**	771	**(422)**	(92)	**-**	-	**(690)**	-
Provision for rehabilitation	**2,759**	235	**12**	-	**-**	-	**(2,536)**	-
Carry forward tax losses	**63,231**	-	**(38,343)**	-	**-**	-	**(24,888)**	-
Other	**929**	448	**(530)**	(78)	**-**	-	**49**	-
Gross deferred tax assets	**99,729**	7,267	**(39,482)**	931	**(1,651)**	-	**(51,329)**	-
Deferred tax (income) expense	**(11,504)**	(13,068)	**9,327**	3,828	**3,091**	-	**(13,982)**	-

(e) Tax consolidation

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

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

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

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

	Consolidated	
	2011 $'000	2010 $'000

10. DIVIDENDS PAID AND PROPOSED

(a) Ordinary shares

Final dividend for the year ended 30 June 2010 of 3 cents (2009: 3 cents) per fully paid share	**3,414**	3,409
Interim dividend for the year ended 30 June 2011 of 4 cents (2010: 2 cents) per fully paid share paid	**5,551**	2,274
Total dividends paid during the financial year	**8,965**	5,683

(b) Unrecognised amounts

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 3 cents (2010: 3 cents) per fully paid share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 30 September 2011 out of retained earnings at 30 June 2011, but not recognised as a liability at year end is:	**6,087**	3,414

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2012.		
Franking credits available for subsequent financial year based on a tax rate of 30% (2010: 30%)	**77,028**	71,606

The above amounts represent the balance of the franking account at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $2,609 thousand (2010: $1,463 thousand).

11. EARNINGS PER SHARE

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

(a) Earnings used in calculating earnings per share

Profit used in calculating basic and diluted earnings per share attributable to ordinary equity holders of the parent is $5,533 thousand (2010: $28,740 thousand).

(b) Weighted average number of shares

	2011 Number of Shares	2010 Number of Shares
Weighted average number of ordinary shares for basic earnings per share	**142,247,284**	113,668,765
Effect of dilution:		
Share options	**265,541**	76,049
Weighted average number of ordinary shares adjusted for the effect of dilution	**142,512,825**	113,744,814

(c) Information on the classification of securities

Options

Options granted to employees (including key management personnel) as described in note 32 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive. These options have not been included in the determination of basic earnings per share.

	Consolidated	
	2011 $'000	2010 $'000

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**33,744**	13,124
Deposits at call	**38,257**	14,833
Fixed term deposits	**156,000**	116,000
	228,001	143,957

The Group has an amount of $3,399 thousand (2010: $1,844 thousand) in cash balances not generally available for use as it is subject to security with respect to statutory and other guarantees issued by a financier.

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

13. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivables	**19,078**	19,115
GST receivable	**3,253**	931
Sundry debtors	**5,755**	987
Prepayments	**676**	532
	28,762	21,565

All balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

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

	Consolidated	
	2011 $'000	2010 $'000

14. CURRENT ASSETS – INVENTORIES

Mine spares and stores – at cost	**6,324**	257
ROM inventory – at net realisable value	**744**	-
Concentrate inventory – at net realisable value	**13,840**	-
	20,908	257

Impairment charges to inventories recognised as an expense for the year ended 30 June 2011 totalled $6,105 thousand (2010: $nil). This expense has been included in mining and development costs.

15. CURRENT ASSETS – FINANCIAL ASSETS

Shares in Australian listed companies - at fair value through profit or loss	**6,849**	621
	6,849	621

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

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

	Consolidated	
	2011 $'000	2010 $'000

16. NON-CURRENT ASSETS – RECEIVABLES

Term deposits	**476**	6
Lease incentive asset	**540**	-
	1,016	6

The cash on deposit is interest-bearing and is used by way of security for government performance bonds.

	Consolidated 2011 $'000	2010 $'000

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

Buildings - at cost	**14,471**	-
Accumulated depreciation	**(524)**	-
Net carrying amount	**13,947**	-
Mining plant under construction - at cost	**11,191**	-
Net carrying amount	**11,191**	-
Mining plant and equipment - at cost	**68,959**	27,360
Accumulated depreciation	**(26,820)**	(23,988)
Net carrying amount	**42,139**	3,372
Motor vehicles - at cost	**3,913**	2,089
Accumulated depreciation	**(1,862)**	(1,594)
Net carrying amount	**2,051**	495
Furniture, fittings and other equipment - at cost	**5,878**	3,183
Accumulated depreciation	**(2,821)**	(1,980)
Net carrying amount	**3,057**	1,203
Leased assets	**15,076**	-
Accumulated depreciation	**(1,206)**	-
Net carrying amount	**13,870**	-
Total net carrying amount	**86,255**	5,070

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

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

Buildings		
Carrying amount at beginning of financial year	**-**	-
Additions	**541**	-
Acquisition of subsidiary	**6,357**	-
Transfers	**7,573**	-
Depreciation expense	**(524)**	-
Carrying amount at end of financial year	**13,947**	-
Mining plant under construction		
Carrying amount at beginning of financial year	**-**	
Additions	**5,889**	-
Acquisition of subsidiary	**17,320**	-
Transfers	**(12,018)**	-
Carrying amount at end of financial year	**11,191**	-

	Consolidated	
	2011 $'000	2010 $'000
Mining plant and equipment		
Carrying amount at beginning of financial year	**3,372**	5,034
Additions	**13,722**	726
Acquisition of subsidiary	**29,279**	-
Transfers	**393**	-
Depreciation expense	**(4,627)**	(2,388)
Carrying amount at end of financial year	**42,139**	3,372
Motor vehicles		
Carrying amount at beginning of financial year	**495**	603
Additions	**377**	230
Acquisition of subsidiary	**1,490**	-
Transfers	**46**	-
Depreciation expense	**(357)**	(338)
Carrying amount at end of financial year	**2,051**	495
Furniture, fittings and other equipment		
Carrying amount at beginning of financial year	**1,203**	471
Additions	**1,180**	1,031
Acquisition of subsidiary	**1,237**	-
Transfers	**102**	-
Disposals	**(2)**	-
Depreciation expense	**(663)**	(299)
Carrying amount at end of financial year	**3,057**	1,203
Leased assets		
Carrying amount at beginning of financial year	**-**	-
Additions	**4,832**	-
Acquisition of subsidiary	**10,362**	-
Disposals	**(114)**	-
Depreciation expense	**(1,210)**	-
Carrying amount at end of financial year	**13,870**	-
Total property, plant and equipment		
Carrying amount at beginning of financial year	**5,070**	6,108
Additions	**26,541**	1,987
Acquisition of subsidiary	**66,045**	-
Transfers to mine properties in development	**(3,904)**	-
Disposals	**(116)**	-
Depreciation expense	**(7,381)**	(3,025)
Carrying amount at end of financial year	**86,255**	5,070

	Consolidated 2011 $'000	2010 $'000

18. NON-CURRENT ASSETS – MINE PROPERTIES

Mine properties in development	**89,770**	-
Mine properties in production	**73,920**	37,064
Mine acquisition costs	**-**	726
	163,690	37,790

a) Reconciliation of the carrying amounts at the beginning and end of the financial year are as follows:

Mine properties in development		
Carrying amount at beginning of financial year	**-**	-
Additions	**12,875**	-
Acquisition of subsidiary	**72,003**	-
Transfer from exploration and evaluation	**988**	-
Transfer from property, plant and equipment	**3,904**	-
Carrying amount at end of financial year	**89,770**	-
Mine properties in production		
Carrying amount at beginning of financial year	**37,064**	25,673
Additions	**21,532**	16,109
Acquisition of subsidiary	**32,066**	-
Transfer from exploration and evaluation expenditure	**2,294**	2,801
Transfer from mine acquisition costs	**240**	-
Amortisation expense	**(19,276)**	(7,519)
Carrying amount at end of financial year	**73,920**	37,064
Mine acquisition costs		
Carrying amount at beginning of financial year	**726**	1,394
Transfer to prepayments	**-**	(104)
Amortisation expense	**(486)**	(564)
Transfer to mine properties in production	**(240)**	-
Carrying amount at end of financial year	**-**	726

19. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs	**256,233**	49,302
	256,233	49,302

a) Reconciliation of the carrying amounts at the beginning and end of the financial year are as follows:

Exploration and evaluation costs		
Carrying amount at beginning of financial year	**49,302**	33,118
Additions	**31,781**	23,962
Acquisition of subsidiary	**186,618**	-
Transfer to mine properties in production	**(2,294)**	(2,801)
Transfers to mine properties in development	**(988)**	-
Exploration expenditure written off	**(7,186)**	(4,977)
Disposals	**(1,000)**	-
Carrying amount at end of financial year	**256,233**	49,302

20. NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Goodwill $'000	Database $'000	Total $'000
At 1 July 2009			
Cost	-	1,378	1,378
Accumulated amortisation	-	(97)	(97)
Net book amount	-	1,281	1,281
Year ended 30 June 2010			
Opening net book amount	-	1,281	1,281
Amortisation expense	-	(275)	(275)
Closing net book amount	-	1,006	1,006
At 30 June 2010			
Cost	-	1,378	1,378
Accumulated amortisation	-	(372)	(372)
Net book amount	-	1,006	1,006
Year ended 30 June 2011			
Opening net book amount	-	1,006	1,006
Goodwill recognised on acquisition of subsidiary	116,762	-	116,762
Amortisation expense	-	(253)	(253)
Closing net book amount	116,762	753	117,515
At 30 June 2011			
Cost	116,762	1,378	118,140
Accumulated amortisation	-	(625)	(625)
Net book amount	116,762	753	117,515

	Consolidated 2011 $'000	2010 $'000
21. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables	**19,358**	10,786
Other payables	**38,273**	4,845
Employee entitlements	**3,363**	1,476
	60,994	17,107
22. CURRENT LIABILITIES – PROVISIONS		
Provision for employee entitlements	**705**	-
	705	-

	Consolidated 2011 $'000	2010 $'000

23. NON-CURRENT LIABILITIES – PROVISIONS

Provision for employee entitlements	**2,207**	1,095
Provision for rehabilitation costs (i)	**9,195**	312
	11,402	1,407

(i) Movements in the provision for rehabilitation costs during the year are as follows:

Carrying amount at beginning of financial year	**312**	284
Additional provision	**372**	-
Additional provision on acquisition of subsidiary	**8,402**	-
Rehabilitation and restoration borrowing costs expense	**109**	28
Carrying amount at end of financial year	**9,195**	312

Rehabilitation provision

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

24. DERIVATIVE FINANCIAL INSTRUMENTS

Current assets

Commodity hedging contracts – at fair value through profit or loss	**114**	-
Foreign currency contracts – at fair value through profit or loss	**6,964**	-
Foreign currency contracts – cash flow hedges	**9,919**	2,832
	16,997	2,832

Current liabilities

Commodity hedging contracts – at fair value through profit or loss	**4,155**	-
Commodity hedging contracts – cash flow hedges	**10,859**	13,922
	15,014	13,922

Non-current assets

Commodity hedging contracts – cash flow hedges	**36**	3,756
Foreign currency contracts – cash flow hedges	**8,207**	-
	8,243	3,756

Non-current liabilities

Foreign currency contracts – cash flow hedges	**-**	3,696
	-	3,696

(a) Instruments used by the Group

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

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

Refer to note 3 and below for details of the foreign currency and commodity prices risk being mitigated by the Company's derivative instruments as at 30 June 2011 and 30 June 2010.

Cash flow hedges

At 30 June 2011, the Group held various nickel commodity contracts designated as hedges of expected future nickel sales. These hedge contracts are in US dollars. Foreign exchange contracts are also held which match the terms of the commodity contracts. These contracts are all designated as cash flow hedges and are used to reduce the exposure to a future decrease in the Australian dollar market value of nickel sales.

The outstanding contracts held by the Group at 30 June 2011 are as follows:

Year of delivery	Sell (Nickel tonnes)	USD/tonne	Exchange rate	AUD/tonne
2011/12	2,160	18,000	0.8220	21,898
2012/13	2,400	23,233	0.8659	26,831
Total	4,560	20,755	0.8101	25,620

The hedge contracts are to be settled at the rate of 180 tonnes per month in 2011/12 and 200 tonnes per month in 2012/13. The hedge contracts have been marked to market as at 30 June 2011 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 portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the profit or loss by the related amount deferred in equity.

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 at reporting date:

Sell USD forward

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2011 $'000	2010 $'000	2011	2010	2011 $'000	2010 $'000
0 – 3 months	**9,720**	8,889	**0.8220**	0.7792	**2,679**	885
3 – 6 months	**9,720**	8,889	**0.8220**	0.7792	**2,543**	763
6 – 12 months	**19,440**	17,778	**0.8220**	0.7792	**4,697**	1,183
1 – 2 years	**55,760**	38,880	**0.8659**	0.8220	**8,207**	(1,221)
2 – 3 years	**-**	28,704	**-**	0.8346	**-**	(2,475)
Total	**94,640**	103,140	**0.8473**	0.8101	**18,126**	(865)

Derivatives at fair value through profit or loss

In addition to the above, the Group also had a number of derivative financial instruments outstanding at 30 June 2011 which were designated as derivatives at fair value through profit or loss. These contracts do not qualify as cash flow hedges and therefore the fair value marked to market adjustments on these contracts is recorded directly in the profit or loss for the period. Details of foreign currency and commodity derivatives at fair value through profit or loss outstanding as at 30 June 2011 are summarised below.

24. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Currency derivatives – at fair value through profit or loss

US dollar put options purchased – at fair value through profit or loss at the reporting date were as follows:

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2011 $'000	2010 $'000	2011	2010	2011 $'000	2010 $'000
0 – 6 months	**11,500**	-	**0.9070**	-	**1,819**	-
6 – 12 months	**8,000**	-	**0.9070**	-	**1,180**	-
Total/weighted average strike price	**19,500**	-	**0.9070**	-	**2,999**	-

US dollar collar structures (i.e. purchased put and sold call) – at fair value through profit or loss at the reporting date were as follows:

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2011 $'000	2010 $'000	2011	2010	2011 $'000	2010 $'000
0 – 6 months						
US$ put options purchased	**13,500**	-	**0.9367**	-	**1,721**	-
US$ call options sold	**13,500**	-	**0.7587**	-	**(9)**	-
6 – 12 months						
US$ put options purchased	**14,000**	-	**0.9350**	-	**1,726**	-
US$ call options sold	**14,000**	-	**0.7855**	-	**(104)**	-
Total/weighted average strike price						
US$ put options purchased	**27,500**	-	**0.9358**	-	**3,447**	-
US$ call options sold	**27,500**	-	**0.7721**	-	**(113)**	-

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

	Notional amounts ($US)		Weighted average A$:US$ exchange rate		Fair value	
	2011 $'000	2010 $'000	2011	2010	2011 $'000	2010 $'000
0 – 6 months	**1,000**	-	**0.8559**	-	**210**	-
6 – 12 months	**2,000**	-	**0.8412**	-	**421**	-
Total	**3,000**	-	**0.8460**	-	**631**	-

Commodity derivatives - at fair value through profit or loss

Copper

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

	Tonnes of metal		Weighted average price (US$/metric tonne)		Fair value	
	2011	2010	2011	2010	2011 $'000	2010 $'000
0 – 6 months	**1,350**	-	**7,760**	-	**(2,096)**	-
Total	**1,350**	-	**7,760**	-	**(2,096)**	-

Zinc

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

	Tonnes of metal		Weighted average price (US$/metric tonne)		Fair value	
	2011	2010	2011	2010	2011 $'000	2010 $'000
0 – 6 months	**3,100**	-	**2,040**	-	**(963)**	-
6 – 12 months	**2,375**	-	**1,961**	-	**(981)**	-
Total	**5,475**	-	**2,006**	-	**(1,944)**	-

	Consolidated	
	2011 $'000	2010 $'000

25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current liabilities

Silver hedge financing – at fair value through profit or loss	**11,303**	-
	11,303	-

Non-current liabilities

Silver hedge financing – at fair value through profit or loss	**5,725**	-
	5,725	-

At the reporting date, a subsidiary of the Group had amounts outstanding under a prepaid silver swap. Under the terms of the swap, the subsidiary received an up-front cash payment in return for forward sales of silver over the period to June 2013. At 30 June 2011, 529,159 ounces of silver were outstanding (2010: nil). The Group assumed the liability as a result of the acquisition of Jabiru Metals Limited in April 2011 (refer note 36).

The USD forward silver sales contracts outstanding at 30 June 2011 are as follows:

	Ounces of metal		Weighted average price (US$/ounce)		Fair value	
	2011	2010	2011	2010	2011 $'000	2010 $'000
0 – 6 months	**195,893**	-	**19.54**	-	**6,348**	-
6 – 12 months	**153,266**	-	**19.54**	-	**4,955**	-
12 – 18 months	**100,000**	-	**27.83**	-	**3,190**	-
18 – 24 months	**80,000**	-	**27.83**	-	**2,535**	-
Total	**529,159**	-	**22.36**	-	**17,028**	-

	Consolidated 2011 $'000	2010 $'000

26. BORROWINGS

Current		
Obligations under finance leases (note 33)	**5,789**	-
	5,789	-
Non–current		
Obligations under finance leases (note 33)	**5,694**	-
	5,694	-

(a) Fair value

The carrying amount of the Group's current and non-current loans and borrowings approximate to their fair value.

(b) Interest rate, foreign exchange and liquidity risk

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

(c) Assets pledged as security

The Group has mining plant and equipment subject to finance lease totalling $13,870 thousand (2010: $nil). Refer to notes 17 and 33 for further information.

At the reporting date, there were no externally imposed capital requirements.

(d) Financing arrangements

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

	Consolidated 2011 $'000	2010 $'000
Total facilities		
Finance lease	**21,000**	-
Guarantee facility	**8,000**	2,160
	29,000	2,160
Facilities used as at reporting date		
Finance lease	**14,244**	-
Guarantee facility	**5,562**	1,607
	19,806	1,607
Facilities unused as at reporting date		
Finance lease	**6,756**	-
Guarantee facility	**2,438**	553
	9,194	553

	Consolidated	
	2011 $'000	2010 $'000

27. CONTRIBUTED EQUITY

Fully paid issued capital	**617,860**	29,552

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

Movements in shares on issue

	2011 No. of shares	2011 $'000	2010 No. of shares	2010 $'000
Balance at beginning of financial year	**113,813,539**	**29,552**	113,613,539	29,078
Issued during the year:				
- share placement and rights issue	**24,713,766**	**164,347**	-	-
- transaction costs, net of tax	**-**	**(5,229)**	-	-
- conversion of options	**1,087,500**	**4,920**	200,000	474
- shares issued for acquisition of subsidiary	**63,292,330**	**424,270**	-	-
Balance at end of financial year	**202,907,135**	**617,860**	113,813,539	29,552

Capital management

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

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings. 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 the reporting date is 1.41% (2010: 0%).

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.

	Consolidated 2011 $'000	2010 $'000

28. RESERVES AND RETAINED EARNINGS

(a) Reserves

Share-based payments reserve	**4,057**	4,040
Hedging reserve	**5,284**	(5,781)
Acquisition reserve	**3,142**	-
	12,483	(1,741)

Movements

Share-based payments reserve

Balance at beginning of financial year	**4,040**	3,954
Movements due to vesting	**17**	86
Balance at end of financial year	**4,057**	4,040

Hedging reserve

Balance at beginning of financial year	**(5,781)**	(1,508)
Revaluation – gross	**8,754**	8,714
Deferred tax	**(2,626)**	(2,614)
Transfer to net profit – gross	**7,053**	(14,818)
Deferred tax	**(2,116)**	4,445
Balance at end of financial year	**5,284**	(5,781)

Acquisition reserve

Balance at beginning of financial year	**-**	-
Excess of carrying value of non-controlling interest over fair value of shares issued	**3,142**	-
Balance at end of financial year	**3,142**	-

(b) Retained earnings

Balance at beginning of financial year	**186,969**	163,912
Net profit for the year	**5,533**	28,740
Dividends	**(8,965)**	(5,683)
Balance at end of financial year	**183,537**	186,969

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 32 for further details of these plans.

Hedging reserve

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

Acquisition reserve

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

	Consolidated	
	2011 $'000	2010 $'000
29. CASH FLOW STATEMENT RECONCILIATION		
Net profit for the year	**5,533**	28,740
Adjustments for:		
Depreciation and amortisation	**27,368**	11,400
Exploration expenditure written off	**7,186**	4,977
Gain on disposal of plant and equipment	**(463)**	-
Devaluation (revaluation) of investments in listed entities	**(760)**	554
Interest income	**(9,897)**	(5,075)
Employee share-based payment expenses	**522**	87
Unrealised gain on financial liabilities	**(2,509)**	-
Unrealised (gain) loss on changes in fair value of derivative financial instruments	**(5,522)**	4,442
Changes in operating assets and liabilities		
(Increase)/decrease in trade debtors	**12,400**	4,242
(Increase)/decrease in other debtors and prepayments	**(4,619)**	(161)
(Increase)/decrease in inventories	**4,924**	53
(Increase)/decrease in income tax receivable	**(7,541)**	-
(Increase)/decrease in deferred tax assets	**(39,482)**	(900)
Increase/(decrease) in trade and other payables	**17,995**	3,633
Increase/(decrease) in current tax payable	**(2,299)**	3,692
Increase/(decrease) in deferred tax liability	**48,809**	2,897
Increase/(decrease) in provisions	**1,171**	336
Net cash flows from operating activities	**52,816**	58,917
Non-cash investing and financing activities		
Acquisition of plant and equipment by means of finance leases	**4,973**	-
	4,973	-

30. RELATED PARTIES DISCLOSURE

(a) Subsidiaries

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

Name of Entity	Country of Incorporation	Class of share	Equity interest 2011 %	Equity interest 2010 %
Lightning Nickel Pty Ltd*	Australia	Ordinary	100	100
Newsearch Pty Ltd	Australia	Ordinary	100	100
Karlawinda Pty Ltd	Australia	Ordinary	100	-
Jabiru Metals Limited*	Australia	Ordinary	100	-
Jabiru Metals ESP Pty Ltd	Australia	Ordinary	100	-
Jabiru Metals Exploration Pty Ltd	Australia	Ordinary	100	-
Jabiru Metals Exploration Parent Pty Ltd	Australia	Ordinary	100	-
Jabiru Stockman Project Pty Ltd	Australia	Ordinary	100	-
Jabiru Stockman Parent Pty Ltd	Australia	Ordinary	100	-
Jaguar Project Pty Ltd	Australia	Ordinary	100	-
Jaguar Project Parent Pty Ltd	Australia	Ordinary	100	-
Jabiru CM Pty Ltd	Australia	Ordinary	100	-
BBS Company Pty Ltd	Australia	Ordinary	100	-
Jabiru Projects Pty Ltd	Australia	Ordinary	100	-

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. Refer to note 39 for further information.

(b) Key management personnel

Details relating to key management personnel (KMP), including remuneration paid, are included in note 31.

(c) Transactions with related parties

During the financial year, a wholly-owned entity paid dividends of $30,000 thousand (2010: $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.

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

	Consolidated 2011 $'000	2010 $'000

31. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

Short-term employee benefits	**2,679,805**	1,730,638
Post-employment benefits	**175,380**	227,198
Share-based payments	**-**	-
	2,855,185	1,957,836

(b) Option holdings of key management personnel

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Independence Group NL and other key management personnel of the Group, including their personally related entities are set out below.

2011	Held at 1 July 2010	Granted as Remuneration	Options Exercised	Net Change Other*	Held at 30 June 2011	Vested and Not Exercisable at 30 June 2011	Vested and Exercisable at 30 June 2011
Directors of Independence Group NL							
C Bonwick	500,000	-	-	(500,000)	-	-	-
K Ross	250,000	-	-	(250,000)	-	-	-
Total	750,000	-	-	(750,000)	-	-	-

* Unlisted options were sold off-market.

2010	Held at 1 July 2009	Granted as Remuneration	Options Exercised	Net Change Other	Held at 30 June 2010	Vested and Not Exercisable at 30 June 2010	Vested and Exercisable at 30 June 2010
Directors of Independence Group NL							
C Bonwick	500,000	-	-	-	500,000	-	500,000
K Ross	250,000	-	-	-	250,000	-	250,000
Total	750,000	-	-	-	750,000	-	750,000

31. KEY MANAGEMENT PERSONNEL (continued)

(c) Share holdings of key management personnel

The numbers of shares in the Company held during the financial year by each Director of Independence Group NL and other key management personnel of the Group, including their personally related entities are set out below. There were no shares granted during the reporting period as compensation.

2011	Balance 1 July 2010	Granted as Remuneration	Received on Exercise of Options	Net Other Changes During the Year	Balance 30 June 2011
Directors of Independence Group NL					
O Aamodt	30,000	-	-	2,000	32,000
C Bonwick	3,003,506	-	-	(953,506)	2,050,000
K Ross	345,000	-	-	-	345,000
J Christie	545,000	-	-	(45,000)	500,000
R Marston	1,315,000	-	-	(583)	1,314,417
P Bilbe	-	-	-	-	-
Other key management personnel					
B Hartmann	37,500	-	-	2,500	40,000
D Totterdell	4,500	-	-	300	4,800
T Moran	-	-	-	-	-
G Davison	2,700	-	-	47,239	49,939
S Steinkrug	-	-	-	2,000	2,000
G Comb	-	-	-	1,285,898	1,285,898
Total	5,283,206	**-**	**-**	340,848	5,624,054

2010	Balance 1 July 2009	Granted as Remuneration	Received on Exercise of Options	Net Other Changes During the Year	Balance 30 June 2010
Directors of Independence Group NL					
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	-	-	-	-	-
Other key management personnel					
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

(d) Other transactions and balances with key management personnel and their related parties

Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related to. The fees were based on normal commercial terms and conditions. Fees paid to Virtual Genius Pty Ltd during the year totalled $14 thousand (2010: $14 thousand).

Consulting fees have been paid to MiningOne Pty Ltd, a company to which two directors of a subsidiary are associated with. One director is a principal of MiningOne Pty Ltd and the other is a consultant to the company. The fees were based on normal commercial terms and conditions. Consultancy fees paid to MiningOne Pty Ltd during the year totalled $421 thousand (2010: $315 thousand).

32. SHARE-BASED PAYMENT PLANS

(a) 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.

There have been no cancellations or modifications to any of the plans during 2011 and 2010.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at the beginning of the year	**1,087,500**	**$4.52**	1,287,500	$4.19
Granted during the year	**-**	**-**	-	-
Forfeited during the year	**-**	**-**	-	-
Exercised during the year*	**(1,087,500)**	**$4.52**	(200,000)	$2.37
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**-**	**-**	1,087,500	$4.52
Exercisable at the end of the year	**-**	**-**	975,000	$4.50

* Includes 750 thousand unlisted options sold off-market.

A summary of the share options is as follows:

- On 31 October 2006, the Company issued 150 thousand unlisted options exercisable at $4.85 to employees. The options were issued pursuant to the Company's Employee Option Plan. All options have been exercised or cancelled as at the end of the financial year (2010: balance of 112 thousand options expiring 30 June 2011).
- On 13 November 2006, the Company issued 300 thousand unlisted options exercisable at $4.64 to employees. The options were issued pursuant to the Company's Employee Option Plan. All options have been exercised or cancelled as at the end of the financial year (2010: balance of 225 thousand options expiring 30 June 2011).
- On 27 November 2006, the Company issued 500 thousand unlisted options to Director Christopher Bonwick and 250 thousand unlisted options to Director Kelly Ross, exercisable at $4.44. The options were issued pursuant to the Company's Employee Option Plan. The options were issued pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting. All options have been exercised as at the end of the financial year (2010: balance of 750 thousand options expiring 30 June 2011).

(b) Weighted average remaining contractual life

There were no options outstanding as at 30 June 2011. The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 was 1.0 year.

(c) Range of exercise prices

There were no options outstanding as at 30 June 2011. The range of exercise prices for options outstanding as at 30 June 2010 was $4.44 - $4.85.

(d) Weighted average fair value

The weighted average fair value of options granted during the year was $nil as no options were granted (2010: $nil).

(e) Other

No options have been issued during the years ended 30 June 2011 or 30 June 2010.

The amount included under share-based payment expense in the profit and loss is $17 thousand (2010: $87 thousand) which relates in full to the equity-settled share-based payment transactions.

	Consolidated 2011 $'000	2010 $'000

33. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Leasing commitments

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:

Within one year	**1,411**	390
After one year but no more than five years	**6,458**	985
After more than five years	**5,429**	-
Total minimum lease payments	**13,298**	1,375

Finance lease and hire purchase commitments

Future minimum lease payments under lease contracts with the present value of net minimum lease payments are as follows:

Within one year	**6,550**	-
After one year but not more than five years	**6,007**	-
Total minimum lease payments	**12,557**	-
Less amount representing finance charges	**(1,074)**	-
Present value of minimum lease payments	**11,483**	-
Current borrowings (note 26)	**5,789**	-
Non-current borrowings (note 26)	**5,694**	-
Total included in borrowings	**11,483**	-

(ii) Property, plant and equipment commitments

The Group had contractual obligations to purchase plant and equipment for $2,463 thousand (2010: $nil) at the reporting date.

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

Within one year	**2,463**	-
Total minimum lease payments	**2,463**	-

(iii) Exploration commitments

The Company has various contractual obligations relating to exploration tenements. In order to maintain rights of tenure to exploration tenements, the Group will be required to spend $13,860 thousand (2010: $4,388 thousand) within the next financial year.

(b) Contingencies

The Group has guarantees outstanding at 30 June 2011 totalling $5,562 thousand (2010: $1,607 thousand) which have been granted in favour of various third parties. The guarantees primarily relate to environmental and rehabilitation bonds at the various mine sites.

A native title claim has been made with respect to tenements within the Stockman Project area. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event whether or not and to what extent the claims may affect the project.

34. EVENTS AFTER THE REPORTING DATE

On 31 August 2011, the Company announced a fully franked final dividend of 3 cents per share to be paid on 30 September 2011.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years, other than as stated elsewhere in the accounts.

	Consolidated	
	2011 $'000	2010 $'000

35. AUDITOR'S REMUNERATION

The auditor of Independence Group NL is BDO.

Amounts received or due and receivable by BDO for:

• An audit or review of the financial report of the entity and any other entity in the consolidated Group	**165,500**	114,000
• Other services in relation to the entity and any other entity in the consolidated Group	**14,235**	-
	179,735	114,000

36. BUSINESS COMBINATION

(a) Summary of acquisition

During April 2011, the parent entity acquired 96.32% of the issued share capital of Jabiru Metals Limited (Jabiru) and declared the offer free from all conditions. By 9 June 2011, Independence Group NL had acquired 100% of the issued share capital of Jabiru. Jabiru was a listed public Australian company involved in the production and exploration of copper, zinc and silver.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

	2011 $'000
Acquisition date fair value of consideration transferred (refer to (b) and (c) below):	
Cash paid	**48,579**
Equity instruments issued	**409,357**
Fair value of initial equity interest	**848**
	458,784

36. BUSINESS COMBINATION (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Current assets	
Cash and cash equivalents	5,531
Trade and other receivables	13,705
Inventories	25,574
Financial assets	2,426
Derivative financial instruments	7,715
Total current assets	**54,951**
Non-current assets	
Receivables	471
Property, plant and equipment	66,045
Mine properties	104,069
Exploration and evaluation expenditure	186,618
Deferred tax assets	51,329
Total non-current assets	**408,532**
Total assets	**463,483**
Current liabilities	
Trade and other payables	19,160
Borrowings	4,415
Derivative financial instruments	7,787
Provisions	314
Financial liabilities at fair value through profit or loss	13,235
Total current liabilities	**44,911**
Non-current liabilities	
Borrowings	3,288
Provisions	8,845
Financial liabilities at fair value through profit or loss	9,520
Deferred tax liabilities	37,347
Total non-current liabilities	**59,000**
Total liabilities	**103,911**
Net identifiable assets acquired	**359,572**
Non-controlling interest in identifiable net assets acquired	(17,550)
Add : Goodwill	116,762
Net assets acquired	**458,784**

	Consolidated 2011 $'000	2010 $'000
(b) Purchase consideration – cash outflow		
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**48,579**	-
Less: cash balances acquired with subsidiary	**(5,531)**	-
Outflow of cash – investing activities	**43,048**	-

Acquisition-related costs

Acquisition-related costs of $21,133 thousand (2010: $nil) comprise "costs associated with the acquisition of subsidiary" in the statement of comprehensive income.

(c) Additional acquisition of Jabiru Metals Limited

On 9 June 2011, Independence Group NL acquired the remaining 3.68% of voting shares of Jabiru Metals Limited by way of compulsory acquisition of outstanding shares. The difference between the carrying value of the non-controlling interest as at that date of $17,550 thousand and the fair value of the equity shares issued on that date of $14,408 thousand is recognised directly in equity attributable to the parent. Accordingly, a credit to acquisition reserve of $3,142 thousand is reflected in the statement of changes in equity.

37. INTERESTS IN JOINT VENTURES

The Company has a jointly controlled operation, The Tropicana Gold Project with AngloGold Ashanti Australia Ltd in which it has a 30% participating interest. The Board of Directors of both Companies approved the development of the Project in November 2010. The Group's interests in the assets employed in the joint venture are included in the statement of financial position, in accordance with the accounting policy described in note 2(b)(iii), under the following classifications:

	Consolidated 2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	**6,225**	-
Trade and other receivables	**403**	-
Total current assets	**6,628**	-
Non-current assets		
Property, plant and equipment	**313**	-
Mine properties	**7,863**	-
Exploration and evaluation expenditure	**37,025**	-
Total non-current assets	**45,201**	-
Total assets	**51,829**	-
Current liabilities		
Trade and other payables	**3,981**	-
Total current liabilities	**3,981**	-
Total liabilities	**3,981**	-
Net assets	**47,848**	-

Expenses of $815 thousand (2010:$nil) in relation to the Company's interest in the joint venture have been included in the statement of comprehensive income.

Forecast capital commitments of $224,926 thousand (2010: $11,848 thousand) comprising approved expenditure for the development of the Tropicana Gold Mine are yet to be incurred at 30 June 2011.

38. PARENT ENTITY INFORMATION

The following details information relates to the parent entity, Independence Group NL, at 30 June. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	Consolidated 2011 $'000	Consolidated 2010 $'000
Statement of financial position		
Current assets	**150,833**	24,412
Non-current assets	**611,050**	63,484
Total assets	**761,883**	87,896
Current liabilities	**19,148**	4,126
Non-current liabilities	**85,915**	15,083
Total liabilities	**105,063**	19,209
Net assets	**656,820**	68,687
Shareholders' equity		
Contributed equity	**617,860**	29,552
Reserves	**7,199**	4,040
Retained earnings	**31,761**	35,095
Total equity	**656,820**	68,687
Profit for the year	**5,631**	31,058
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**5,631**	31,058

39. DEED OF CROSS GUARANTEE

Independence Group NL, Lightning Nickel Pty Ltd and Jabiru Metals Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Independence Group NL, they also represent the 'extended closed group'.

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2011 of the closed group consisting of Independence Group NL, Lightning Nickel Pty Ltd and Jabiru Metals Limited. No comparatives are provided as the deed of cross guarantee was entered into during the 30 June 2011 financial year.

	2011 $'000
Statement of comprehensive income	
Revenue from continuing operations	**162,497**
Other income	**481**
Mining and development costs	**(39,716)**
Employee benefits expense	**(28,788)**
Share-based payments expense	**(17)**
Fair value adjustment of listed investments	**760**
Depreciation and amortisation expense	**(27,373)**
Rehabilitation and restoration borrowing costs	**(109)**
Exploration costs expensed	**(2,386)**
Capitalised exploration costs impaired	**(5,577)**
Royalty expense	**(7,586)**
Ore tolling expense	**(8,309)**
Net gains on fair value financial liabilities	**2,509**
Costs associated with acquisition of subsidiary	**(21,133)**
Other expenses	**(9,334)**
Profit from continuing operations before income tax	**15,919**
Income tax expense	**(8,785)**
Profit after income tax	**7,134**
Other comprehensive income	
Effective portion of changes in cash flow hedges, net of tax	**11,065**
Other comprehensive income for the period, net of tax	**11,065**
Total comprehensive income for the period	**18,199**
Summary of movements in consolidated retained earnings	
Retained earnings at the beginning of the financial year	**186,969**
Profit for the year	**7,134**
Dividends paid	**(8,965)**
Retained earnings at the end of the financial year	**185,138**

39. DEED OF CROSS GUARANTEE (continued)

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2011 of the closed group consisting of Independence Group NL, Lightning Nickel Pty Ltd and Jabiru Metals Limited.

	2011 $'000
ASSETS	
Current assets	
Cash and cash equivalents	**228,001**
Trade and other receivables	**27,455**
Current tax receivable	**7,541**
Inventories	**20,908**
Financial assets at fair value through profit or loss	**6,849**
Derivative financial instruments	**16,997**
Total current assets	**307,751**
Non-current assets	
Receivables	**11,002**
Property, plant and equipment	**84,562**
Exploration and evaluation expenditure	**85,025**
Mine properties	**163,690**
Deferred tax assets	**99,729**
Investments in controlled entities	**160,137**
Intangible assets	**117,515**
Derivative financial instruments	**8,243**
Total non-current assets	**729,903**
TOTAL ASSETS	**1,037,654**
LIABILITIES	
Current liabilities	
Trade and other payables	**58,309**
Borrowings	**5,789**
Derivative financial instruments	**15,014**
Provisions	**705**
Financial liabilities at fair value through profit or loss	**11,303**
Total current liabilities	**91,120**
Non-current liabilities	
Borrowings	**5,694**
Provisions	**11,402**
Deferred tax liabilities	**108,232**
Financial liabilities at fair value through profit or loss	**5,725**
Total non-current liabilities	**131,053**
TOTAL LIABILITIES	**222,173**
NET ASSETS	**815,481**
EQUITY	
Contributed equity	**617,860**
Reserves	**12,483**
Retained earnings	**185,138**
TOTAL EQUITY	**815,481**

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 85 to 140 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 39 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 39.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

C M Bonwick
Managing Director

Perth,
Western Australia

Dated this 28th day of September 2011

Independent Auditor's Report

To the members of Independence Group NL

Report on the Financial Report

We have audited the accompanying financial report of Independence Group NL, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, which has been given to the directors of Independence Group NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of it's performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

Glyn O'Brien
Director

Perth Western Australia
28 September 2011

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 companies only. This information is current as at 20 September 2011.

1. Shareholding

a. Distribution of shareholders

Holding range	Fully paid ordinary shares
1 – 1,000	3,066
1,001 – 5,000	3,341
5,001 – 10,000	817
10,001 – 100,000	820
100,001 – and over	90
	8,134

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 374. The number of shareholders holding less than an economic parcel is 1,484.

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

- JCP Investment Partners Ltd (10.72%)

d. Voting rights

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

Fully paid ordinary shares – one vote per share held.

2. The name of the Company Secretary is Mr Terry (KT) Bourke. Mr Bourke holds a Bachelor of Laws degree and a Bachelor of Commerce (Accounting, Finance & Systems) degree from the University of New South Wales. He is a Solicitor of the Supreme Court of New South Wales with a right of practice in Western Australia.

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, 770 Canning Highway, Applecross, Western Australia.

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

6. Stock Exchange Listing

Quoted securities

Quotation has been granted for 202,907,135 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange (ASX).

7. Unquoted securities

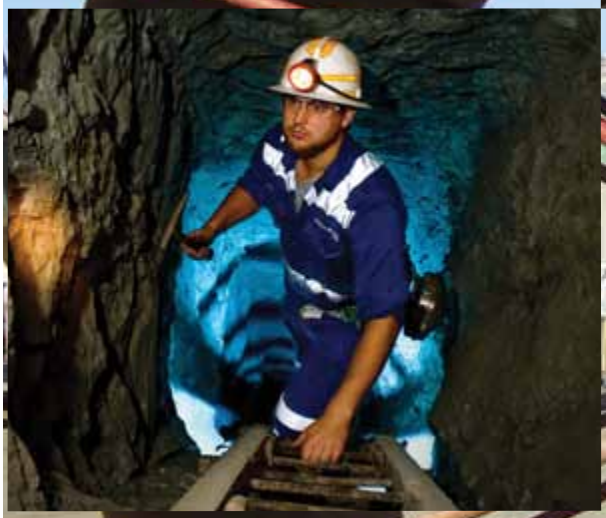
There are currently no securities outstanding which have been issued by the Company and not quoted on the ASX.

Additional Information for Listed Public Companies

8. 20 Largest Holders of Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. JP Morgan Nominees	45,089,198	22.22
2. National Nominees Ltd	35,254,678	17.38
3. HSBC Custody Nominees	30,245,848	14.91
4. Citicorp Nominees Pty Ltd	12,850,517	6.33
5. Metals X Limited	6,558,571	3.23
6. Cogent Nominees Pty Ltd	5,222,639	2.57
7. RBC Dexia Services	4,096,836	2.02
8. Forty Traders Limited	3,153,083	1.55
9. AMP Life Limited	1,581,222	0.78
10. Legend Mining Limited	1,066,667	0.53
11. Bonwick Superannuation Pty Ltd	1,050,000	0.52
12. Virtual Genius Pty Ltd	1,000,000	0.49
13. Perth Select Seafoods Pty Ltd	920,000	0.45
14. Nattai Pty Ltd	919,750	0.45
15. Yarandi Investments	810,492	0.40
16. Mrs Karen Schiller	757,300	0.37
17. Mr Jeffrey Schiller	750,000	0.37
18. Queensland Investment Corp	736,147	0.36
19. Doppelganger Pty Ltd	586,667	0.29
20. The Australian National University	559,650	0.28
	153,209,265	**75.50**


BOOMER



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