2007 Annual Report

INDEPENDENCE GROUP NL
ABN 46 092 786 304

Contents

Corporate Directory

Directors

Rod Marston
(Chairman and Non-executive Director)

Christopher Bonwick
(Managing Director)

Kelly Ross
(Executive Director and Company Secretary)

John Christie
(Non-executive Director)

Oscar Aamodt
(Non-executive Director)

Management

Tim Kennedy
(Exploration Manager)

David Johnson
(Chief Geophysicist)

Perth Office

Level 3, PDM House
72 Melville Parade
South Perth, Western Australia
PO Box 893
South Perth, Western Australia 6951
Telephone: +61 8 9367 2755
Facsimile: +61 8 9367 3288
Email: contact@igo.com.au
Website: www.igo.com.au

Kambalda Office – Long Nickel Mine

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

Solicitors

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

Auditor

BDO Kendalls Chartered Accountants & Advisers
Level 8, 256 St George's Terrace
Perth, Western Australia 6000
Telephone: +61 8 9360 4200

Share Registry

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

ASX Code : IGO

2007 Company Highlights - Group and Operations

Group

- **Record net profit after tax of $105 million (2006: $35 million)**
- **Dividends paid – 13 cents fully franked (2006: 7 cents)**
- **Dividends payable – 12 cents fully franked, payable 17 September 2007**
- **Fully diluted EPS of 90 cents (2006: 31 cents)**

Operations

- **$190 million (2006: $45 million) operating cash flow before tax and capital costs and $160 million pre-tax profit from the Long Nickel Mine**
- **Only 3 lost time injuries since the commencement of mining in October 2002**
- **266,442 tonnes of ore mined at 3.7% Ni producing 9,825 nickel tonnes**
- **Long reserves at 30 June 2007 39,600 nickel tonnes and resources increased to 79,300 nickel tonnes**
- **Increase in reserves likely at McLeay**

Independence has declared a record net profit after income tax of $105 million for the year.

Graph 1: Earnings per share - Diluted

Graph 4: Cash
Receivables net of creditors

Graph 2: Cash cost/lb payable Ni
Sales revenue/lb payable Ni

Graph 5: Nickel Production
Ore Reserves

Graph 3: Net Profit after Tax

2007 Company Highlights - Exploration

Exploration

- The McLeay nickel deposit strike length has been extended to 625 metres and remains open to the south.
- Drilling to follow-up an anomaly identified using the new underground TEM loop intersected 4m @ 3.2% Ni at Long South. Drill-testing continues.
- Long North tenure now secured and high priority target areas ready for testing in 2007/8.
- Tropicana JV (IGO 30%) – large virgin gold system defined. Target is a multi-million ounce open-cut gold mine, with potential for underground extensions.

- Tropicana JV - Drilling to enable an initial JORC-compliant open-cut resource to be estimated by the end of 2007.
- Tropicana JV – Pre-feasibility Study commenced and infill and extensional drilling continues. Numerous high-grade gold intercepts remain open down-plunge.
- Tropicana JV – 3m @ 65.9g/t Au intersected at Beachcomber, some 220 kilometres south of the Tropicana/Havana Zones. Other regional intersections of 5m @ 5.3g/t Au, 2m @ 9.3g/t Au and 9m @ 2.4g/t Au yet to be followed up.
- Nickel sulphides intersected at Duketon, Wiluna and Ravensthorpe.
- Encouraging gold mineralisation intersected at Dalwallinu, Coomberdale and Holleton with other anomalies yet to be drill-tested.

Since listing in 2002 shareholders have seen an increase in share value from $0.20 to the current level of $5.80 and market capitalisation has increased to $665 million.

Graph 6: Weekly Average Share Price

Share Structure at 30 June 2007

Listed	- Ordinary Shares	114,712,057
Unlisted	- Options	4,005,900
Total		**118,717,957**

Company Profile

Rod Marston

(64) B.Sc. (Hons), Ph.D., MAIG, MSEG

Non-executive Chairman

Dr Marston is a geologist with over 35 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 Southstar Diamonds Limited and Kasbah Resources Limited.

Christopher Bonwick

(48) B.Sc. (Hons), MAusIMM

Managing Director

Mr Bonwick is a geologist with 26 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 is also a director of Southstar Diamonds Limited.

The overall corporate goal is to increase shareholder wealth through share price and dividends, by successful investment in operations, exploration and corporate acquisitions.

Left to right; Chris Bonwick, Kelly Ross, Oscar Aamodt, John Christie and Rod Marston.

Kelly Ross

(45) CPA, ACIS

Executive Director

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

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

John Christie

(69) 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.

Oscar Aamodt

(61) FCIS

Non-executive Director

Oscar Aamodt is a fellow of the Institute of Chartered Secretaries and has more than 25 years experience in the administration and management of listed mining and exploration companies in Australia and overseas. He has held a number of directorships in Australian mining companies as well as having held the positions of CFO and COO with Resolute Limited, a company that at the time had operations in Australia and Africa. He has had extensive involvement in project development team work, project financing as well as corporate activities. From February 2002 until May 2003 he was a Director and Company Secretary of Abelle Limited and most recently Company Secretary of Bluestone Tin Limited and Metals Exploration Limited. Mr Aamodt is also currently a director of ASX listed company Energy Metals Limited.


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SPEED
STOP !
MINE SITE

"Independence Group has had its best year yet by recording a NPAT of $105 million. This outstanding result was achieved through a combination of record nickel prices, record nickel production and maintaining a low cost efficient operation."

Rod Marston
Chairman

Chairman's Review

Dear Fellow Shareholders

Independence Group has had its best year yet by recording a NPAT of $105 million. This outstanding result was achieved through a combination of record nickel prices, record nickel production and maintaining a low cost efficient operation at the Long Nickel Mine. This result supported dividends of 18 cents per share including the September 07 payment, along with an exploration spend of over $10 million, and the accumulation of more than $150 million in cash.

Significant measurable value will also be attributable to the Company via its 30% stake in the first gold project of the Tropicana Joint Venture. Joint Venture partner AngloGold Ashanti Australia Limited is expected to release the first resource estimate later in CY 2007, and the Pre-feasibility Study is scheduled for completion in mid 2008. Some 155 kilometres of RC and diamond drilling had been completed to mid 2007 at the initial mine project at Tropicana-Havana, an indication of why many in the mining industry consider Tropicana to be one of the best gold discoveries in Australia this decade.

Rod Marston
Chairman

October 2007 will see the 5th anniversary of the renaissance of the Long Nickel Mine, a mine which has safely produced revenue for Independence of $514 million. Production from the new McLeay deposit doubled during the year as development continued, and further resource/reserve drilling to the south has continued, which is defining multiple nickel sulphide shoots. Other near-term potential new sources of nickel ore are also being intensively explored along strike from underground and surface, with some significant drill intersections reported.

The Company's exploration focus remains on gold and nickel sulphide resources in Western Australia, both easily measurable and saleable commodities. Prices have been very strong in the past year, and are forecast to remain comparatively strong in Australian dollar terms for the foreseeable future.

October 2007 will see the 5th anniversary of the renaissance of the Long Nickel Mine, a mine which has safely produced revenue for Independence of $514 million.

To continue the growth of the Company, Independence is focused on finding major new mine camps and has committed to another large exploration budget in 2007/8.

Besides Tropicana, gold exploration is continuing at Coomberdale and Dalwallinu, and a little-explored gold-bearing greenstone belt at Holleton has been acquired where first results are encouraging.

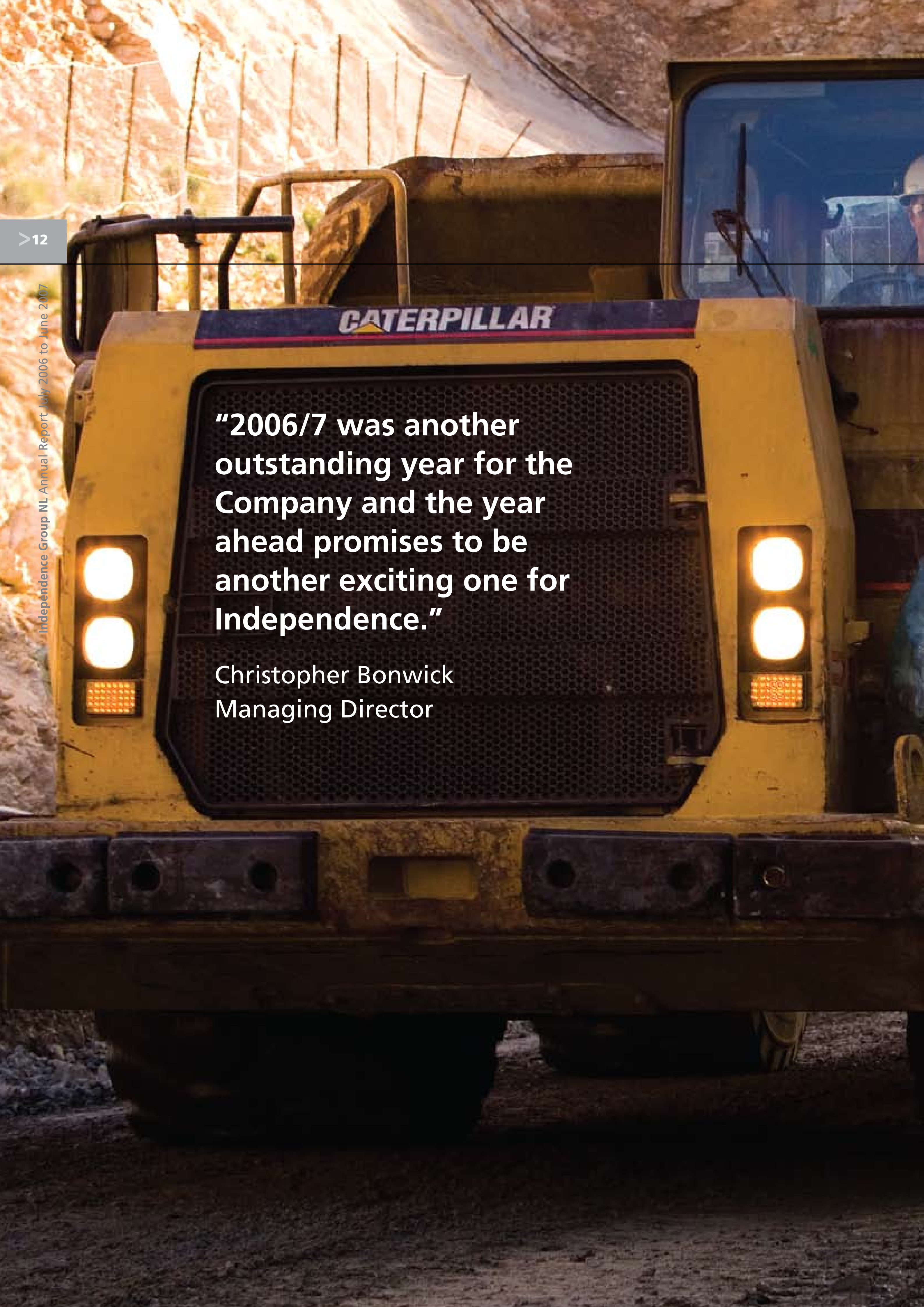
Exploration for nickel-copper-platinoids is progressing in the Wiluna, Duketon and Ravensthorpe greenstone belts, with new electromagnetic geophysical conductors and drill intersections being followed up by the exploration team.

Discovery and development of ore deposits is becoming harder and more costly, but I am confident your Company has the team to continue its successful record as explorers and miners in this highly competitive industry. Independence has the cash resources and cash flow to continue on its path of growing shareholder value through discovery, mining and acquisition of economic resources.

On your behalf, I extend my thanks to our highly-skilled exploration, mining and management teams for their hard work and dedicated contribution to the current value of the Company. I thank shareholders for their support and urge them to maintain their interest in the growth of Independence, the innovative, safe and efficient explorer and miner.

Rod Marston

Chairman



"2006/7 was another outstanding year for the Company and the year ahead promises to be another exciting one for Independence."

Christopher Bonwick
Managing Director


VICTOR DECLINE
1989
30

Managing Director's Operations Report

Dear Fellow Shareholders

2006/7 was another outstanding year for the Company. I would like to thank all of our employees and contractors for the following achievements:

Safety and Environmental Standards

- Continued excellent safety record at the Long Nickel Mine (only 3 Lost Time Injuries since the mine opened in October 2002) and no environmental incidents.

Financial

- Record net profit after tax of $105 million (2006: $35 million).
- Record cash and net receivables of $166 million (2006: $51 million).
- Record dividends per share of 18 cents (2006: 9 cents).
- Record operational cash flow before tax of $190 million (2006: $45 million).
- Share price increased to $5.80 at time of writing (2006: $2.70).

Christopher Bonwick
Managing Director

Operations

- Record nickel production of 9,825 Ni tonnes (2006: 8,897 Ni tonnes).
- Head grade maintained at 3.7% Ni (2006: 3.7%).
- Cash costs of A$4.35/payable pound of nickel, the lowest of all mid-sized Australian nickel producers. Cash costs included increased royalty costs of A$0.23/lb due to higher nickel prices; when increased royalty costs are excluded the mine's costs only increased by 9% amidst an escalating price environment.
- Installation of an underground geophysical loop increased detection of nickel sulphides from 10 metres to about 100 metres; a high-powered transmitter developed in conjunction with Curtin University is likely to improve the search radius even further.

Mine Exploration

- McLeay deposit now comprising four separate shoots extended to 625 metres strike and open to the south.
- Long South exploration intersected 4m @ 3.2% Ni associated with a TEM conductor.
- Securing the Long North tenure to enable exploration to commence in 2007/8 where only two holes were drilled by WMC Resources, both of which intersected nickel sulphides.

Regional Exploration

- An aggressive exploration effort resulting in expenditure of $7 million on regional exploration in 2006/7, which excludes AngloGold Ashanti Australia's exploration spend at Tropicana.
- Nickel sulphides intersected at Duketon, Ravensthorpe and Wiluna.
- Significant gold mineralisation intersected at Coomberdale, Dalwallinu and Holleton.

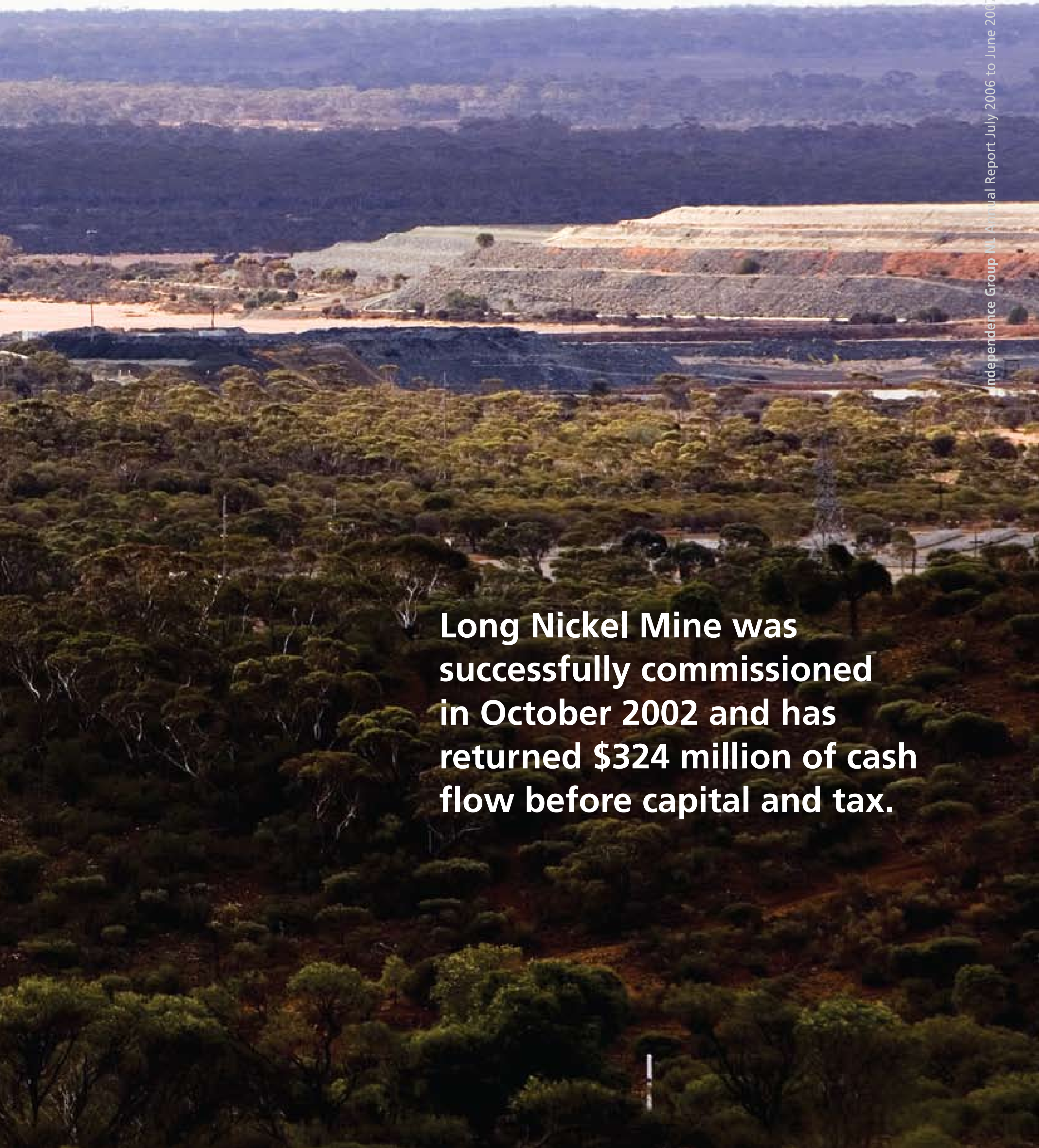
Tropicana Project

- Commencement of a Pre-feasibility Study on the Tropicana and Havana Zones which is expected to be completed within the next 12 months. An initial JORC compliant resource is expected to be released in late 2007.
- High-grade intercepts at Tropicana and Havana which remain open down-plunge.
- Significant bedrock mineralisation intersected at Beachcomber, 220 kilometres south of the Tropicana and Havana Zones, highlighting the potential for other gold discoveries on the large project area.

The year ahead promises to be another exciting one for Independence. I would like to thank all shareholders for their strong support and assure you that Independence will continue its commitment to delivering shareholder value.

Christopher Bonwick
Managing Director

Managing Director's Operations Report - Operations



Long Nickel Mine was successfully commissioned in October 2002 and has returned $324 million of cash flow before capital and tax.

Managing Director's Operations Report - Operations

Long Nickel Mine

IGO Interest: IGO 100%

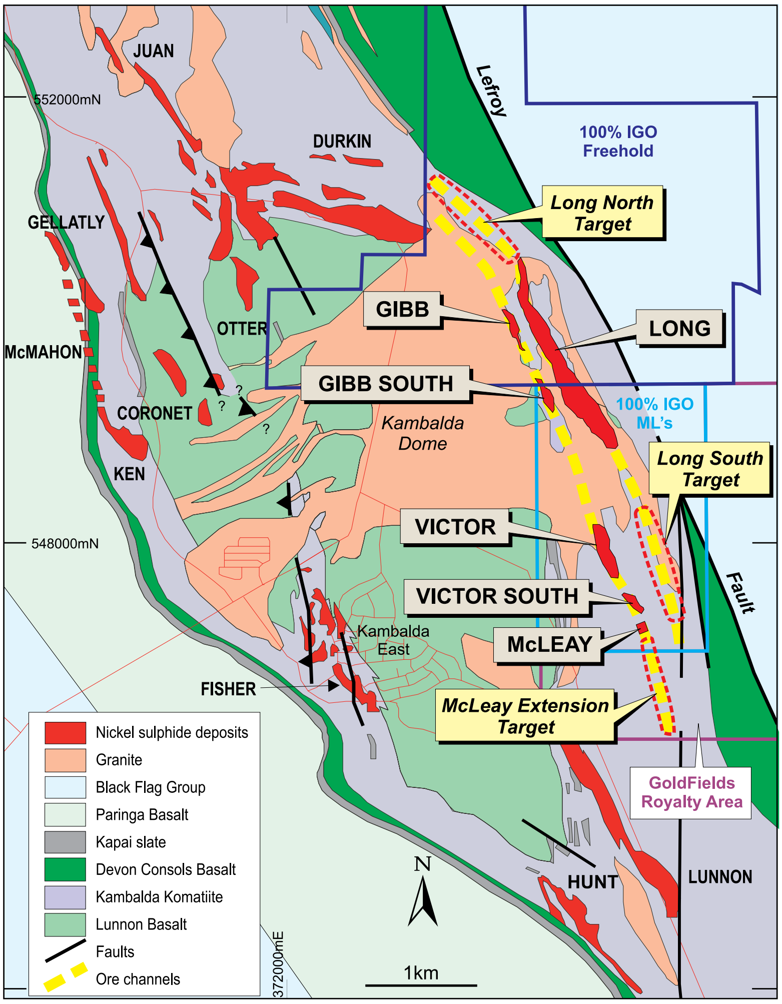


Figure 1: Long Nickel Mine - Regional Geology, Tenure and Targets

Background

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

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

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

Since IGO recommissioned the mine in 2002, exploration and development activities have resulted in the discovery of an additional 5.5 years of reserves increasing current mine life to at least 2011, based on reserves only, at a production rate of approximately 9,000 tonnes of nickel per annum.

The McLeay nickel deposit was discovered in 2005 and currently has a resource of 28,600 nickel tonnes and is still open to the south. Further exploration success at McLeay, Long South and Long North, has the potential to significantly increase mine life (Figures 2 and 3).

Tenure

The Long Complex assets are located on three Western Australian Mining Act (1904) Mineral Leases and a portion of East Location 48.

East Location 48 was originally sub-leased to Independence until April 2011. During 2005/6 Independence purchased the sub-leased area and other portions of Location 48 as well as several adjoining tenements from WMC Resources Ltd. Location 48 is one of a number of freehold land grants created in the Eastern Goldfields district in 1890.

Offtake Agreement

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

Safety

The mine plan adopted by the Company incorporates a number of procedures and policies to ensure the safety of our team is not jeopardised. One Lost Time Injury ("LTI") occurred during 2007 to give a total of only 3 Lost Time Injuries since the mine was purchased in 2002, which is a great credit to the dedication of all personnel on site.

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

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

Ground Conditions and Seismicity

The risks of "mine-induced" seismicity are well known and understood at Long. The ore body is disrupted by a swarm of cross-cutting porphyries, some of which are stressed. These bodies have reacted in a consistent and predictable geotechnical fashion. When mining the discrete ore blocks within the Long Mine, procedures to manage these conditions are built into the operating standards and are well understood by our mining team.

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

Mine Work Force

Lightning currently employs 115 full-time staff and 11 full time contractors. Many employees are ex-WMC Kambalda employees, who brought a pool of sound operating knowledge, experience and skills to the mine.

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

Mine Production

Mining methods range from long-hole open stoping with mullock/sand 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.

Production for the year was 9,825 tonnes of nickel metal as shown in Table 1.

Not only did the Company produce 14% (1,331 tonnes) of its nickel from outside reserves in 2006/7, an additional 1,906 nickel tonnes (19%) were produced from within reserve blocks than was predicted by the reserve model. In total the mine produced an extra 3,237 nickel tonnes (33%) compared to ore reserve.

Independence's share of nickel produced in 2006/7 was 5,839 tonnes and 288 copper tonnes, resulting in revenue of $227 million.

Table 1: Long Nickel Mine – 2006/7 Ore Production

	Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	149,134	3.3	4,946
Victor South (mechanised)	64,227	4.2	2,708
McLeay (development)	53,081	4.1	2,171
TOTAL	266,442	3.7	9,825
Reserve			6,588
In addition to Reserve			3,237
TOTAL			9,825

Table 2: Long Nickel Mine - Resources

		Undiluted Resources at 1% Ni Cut-off as at 30 June 2006			Undiluted Resources at 1% Ni Cut-off as at 30 June 2007		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	268,000	7.1	19,100	**206,000**	**6.5**	**13,300**
	Indicated	335,000	5.8	19,500	**362,000**	**5.3**	**19,300**
	Inferred	29,000	4.1	1,200	**53,000**	**5.8**	**3,100**
	Sub-Total	632,000	6.3	39,800	**621,000**	**5.8**	**35,700**
Victor South	Measured	-	-	-	**-**	**-**	**-**
	Indicated	422,000	3.8	16,100	**396,000**	**3.7**	**14,700**
	Inferred	-	-	-	**-**	**-**	**-**
	Sub-Total	422,000	3.8	16,100	**396,000**	**3.7**	**14,700**
McLeay	Measured	-	-	-	**-**	**-**	**-**
	Indicated	212,000	7.4	15,600	**347,000**	**6.1**	**21,100**
	Inferred	101,000	5.1	5,200	**181,000**	**4.2**	**7,500**
	Sub-Total	313,000	6.6	20,800	**528,000**	**5.4**	**28,600**
Broken Stocks	Measured	-	-	-	**7,000**	**4.2**	**300**
	Sub-Total	-	-	-	**7,000**	**4.2**	**300**
TOTAL		1,367,000	5.6	76,700	**1,552,000**	**5.1**	**79,300**

Table 3: Long Nickel Mine - Reserves

		Mining Reserve at 2.5% Ni Cut-off as at 30 June 2006[2]			Mining Reserve at Economic Ni Cut-off as at 30 June 2007[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long 12-16L	Proven	208,000	4.7	9,800	**165,000**	**3.9**	**6,500**
mechanised	Probable	170,000	3.6	6,100	**150,000**	**3.1**	**4,700**
	Sub-Total	378,000	4.2	15,900	**315,000**	**3.5**	**11,200**
Long 7-11L	Proven	32,000	3.4	1,100	**30,000**	**3.1**	**900**
hand-held	Probable	129,000	4.3	5,500	**124,000**	**3.2**	**3,900**
	Sub-Total	161,000	4.1	6,600	**154,000**	**3.2**	**4,800**
Victor South	Proven	-	-	-	**-**	**-**	**-**
mechanised	Probable	260,000	4.3	11,100	**289,000**	**3.5**	**10,200**
	Sub-Total	260,000	4.3	11,100	**289,000**	**3.5**	**10,200**
McLeay	Proven	-	-	-	**-**	**-**	**-**
mechanised	Probable	315,000	4.2	13,200	**336,000**	**3.9**	**13,100**
	Sub-Total	315,000	4.2	13,200	**336,000**	**3.9**	**13,100**
Broken Stocks	Proven	-	-	-	**7,000**	**4.2**	**300**
	Sub-Total	-	-	-	**7,000**	**4.2**	**300**
TOTAL		1,114,000	4.2	46,800	**1,101,000**	**3.6**	**39,600**

Notes:

1 The Competent Persons and Members of the AusIMM or AIG with the appropriate experience in reporting the above are Brett Hartmann of Lightning Nickel Pty Ltd and Mark Zammit of Cube Consulting Pty Ltd. Phil Bremner of Mining One Pty Ltd has verified the reserve figures.

2 Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.

3 The cut-off grade used for the Victor South resource in 2006 was 0.6%.

Resources and Reserves

Lightning personnel, Cube Consulting Pty Ltd (mineral resource consultants), and Mining One Pty Ltd (mine engineering consultants) were used to estimate JORC standard resources and reserves based on industry best practice. The resource sub-totals have been rounded.

Ore reserve tonnages and grades have been estimated at economic nickel cut-off grades in the new resource model, which takes into account the high value of the ore, its mode of occurrence, the geotechnical considerations to ensure successful and safe mining in the geological environment, cost of production, future nickel prices, and the depths at which the operations will be conducted (Tables 2 - 3). The reserve was estimated using the 2D and 3D metal accumulation of grade, thickness and density, interpolated by Ordinary Kriging into blocks for each mineralised surface, followed by the subtraction of porphyries, unextractable pillars and mining depletion.

Geophysics

A portable underground electromagnetic ("EM") "Torch" system (analogous to a large metal detector), conductivity probes and a 3-component down-hole magnetic TEM probe, have been incorporated into the mine's exploration program to produce real time massive and matrix nickel sulphide location information, providing a vector to potential mineralisation. This has resulted in a reduction in drilled metres, allowed more accurate mine design, reduced expensive "exploration" development, and has located new ore positions in the mine environment.

During the year the mine also commenced re-testing of all geophysical targets using a new underground fixed loop developed by Independence. A new high-powered transmitter, which was developed by Independence and Curtin University of Technology in Western Australia, is currently being commissioned.

New geophysical anomalies are being generated using the high-powered transmitter which will be systematically drill tested.

Exploration

Exploration by Independence led to the discovery of the McLeay deposit, highlighted the potential both north and south of Long, and intersected previously unknown nickel sulphides outside resource and reserve boundaries.

Exploration during the year delineated extensions to the high-grade McLeay deposit and the discovery of potentially economic nickel sulphides at Long South associated with a TEM anomaly.

Significant potential exists to discover additional ore south of McLeay, at Long South and within the recently purchased Long North tenure.

Two prospective channels have been recognised and confirmed by MgO studies (Figure 2):

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

Channel 2: The lower, wider, moderate-tenor nickel channel contains the Long deposit and nickel sulphides at the Long North and Long South targets.

Exploration at Long targets the following:

- Mine Life Extensions - targets which have the potential to significantly increase mine life, and
- Incremental Ore - targets which may replace depleting reserves/resources in and around known ore bodies.

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

Mine Life Extension Targets

McLeay

The high-grade McLeay discovery was Independence's first new nickel sulphide deposit which had not been previously identified by WMC exploration (Figure 4). The deposit, which now comprises four different shoots, is close to existing development and remains open to the south.

Geophysical surveys and drilling will continue to determine the overall size of the deposit, which has the potential to significantly add to mine life.

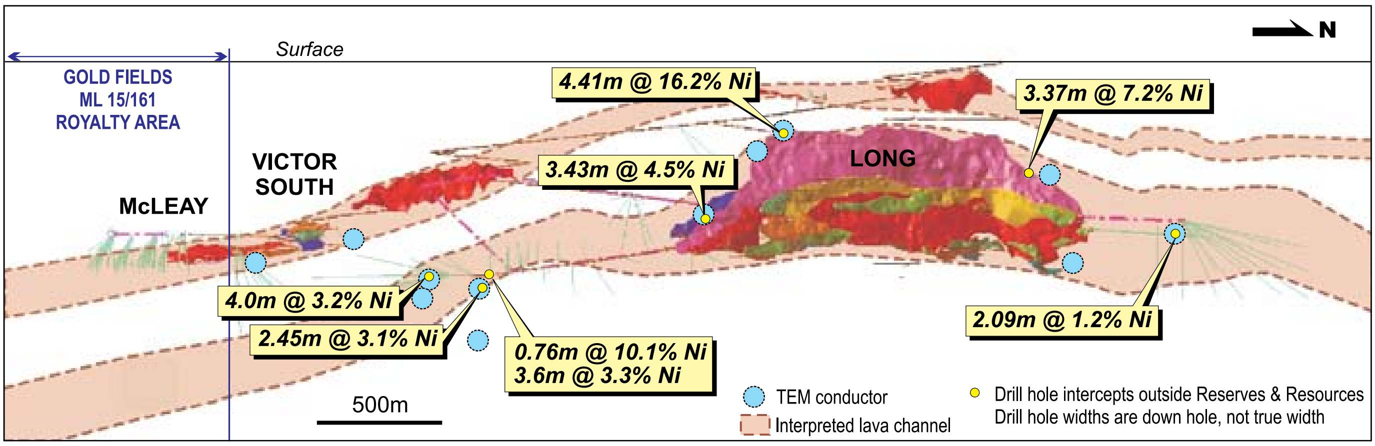


Figure 2: Long Nickel Mine – Longitudinal Projection Showing Lava Channels and Significant Intercepts Outside Current Resources

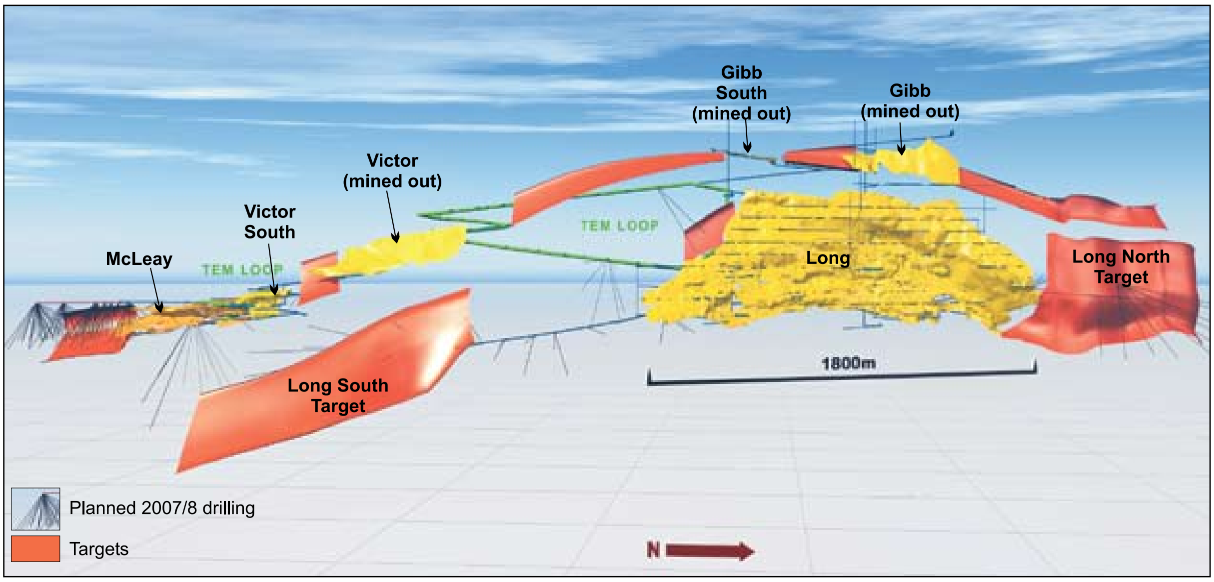


Figure 3: Long Nickel Mine - Longitudinal Projection Showing Target Areas and Proposed 2007/8 Drilling Locations

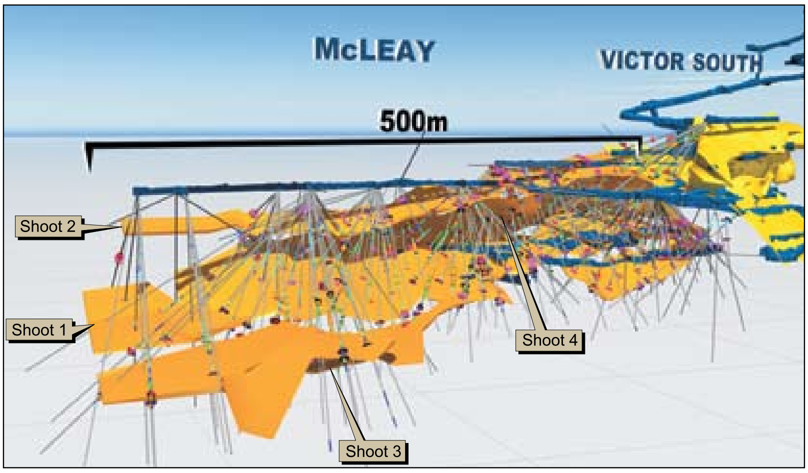


Figure 4: McLeay - 3D Isometric Model Showing Nickel Shoots

Long South

Drilling south of Long has previously intersected a number of nickel sulphide intercepts in the same lava channel that hosts the + 200,000 Ni t Long ore body (Figures 2 - 3). Based on these results, the Company developed a production scale 5 x 5.5 metre decline to drive out to and drill-test the main target area beneath Victor, Victor South and McLeay. The decline was temporarily stopped at the northern limits of the target area, where subsequent drilling intersected 2.45m @ 3.1% Ni south of the decline face and south of previously identified potentially economic intercepts of 3.6m @ 3.3% Ni and 0.76m @ 10.1% Ni. Down-hole geophysics defined a TEM conductor south of the drill-hole and decline face (Figure 9). Drill testing of this conductor intersected 4m @ 3.2% Ni. Further drilling is planned to test the channel further to the south in the middle of the target area.

Long North Target

WMC drilled two underground holes testing for nickel sulphide repetitions north of Long (Figures 2 - 3). Both holes intersected nickel sulphides and WMC down-hole TEM defined a strong off-hole conductor, 350m north of the Long 14 level development. Magnetic anomalies indicate that the ultramafics hosting Long continue north of the mine, however a thick sequence of felsic intrusives separates Long from the Long North target. Completion of the purchase of the Long North target area did not occur until March 2007 and a significant drilling and geophysical program is now planned for 2007/8.

Gibb North Target

Potential exists for other high-tenor nickel sulphide deposits within the Gibb-Victor channel north of Gibb (Figures 2 – 3). Surface TEM and underground drilling followed by down-hole TEM are planned to test this prospective corridor.

Incremental Ore Targets

Long Nickel Deposit

Approximately 39,700 nickel tonnes occur in resources in addition to the 39,600 nickel tonnes in reserves. Systematic drill-testing is planned for 2007/8 to convert resources to reserves. Completion of this testing may take a number of years.

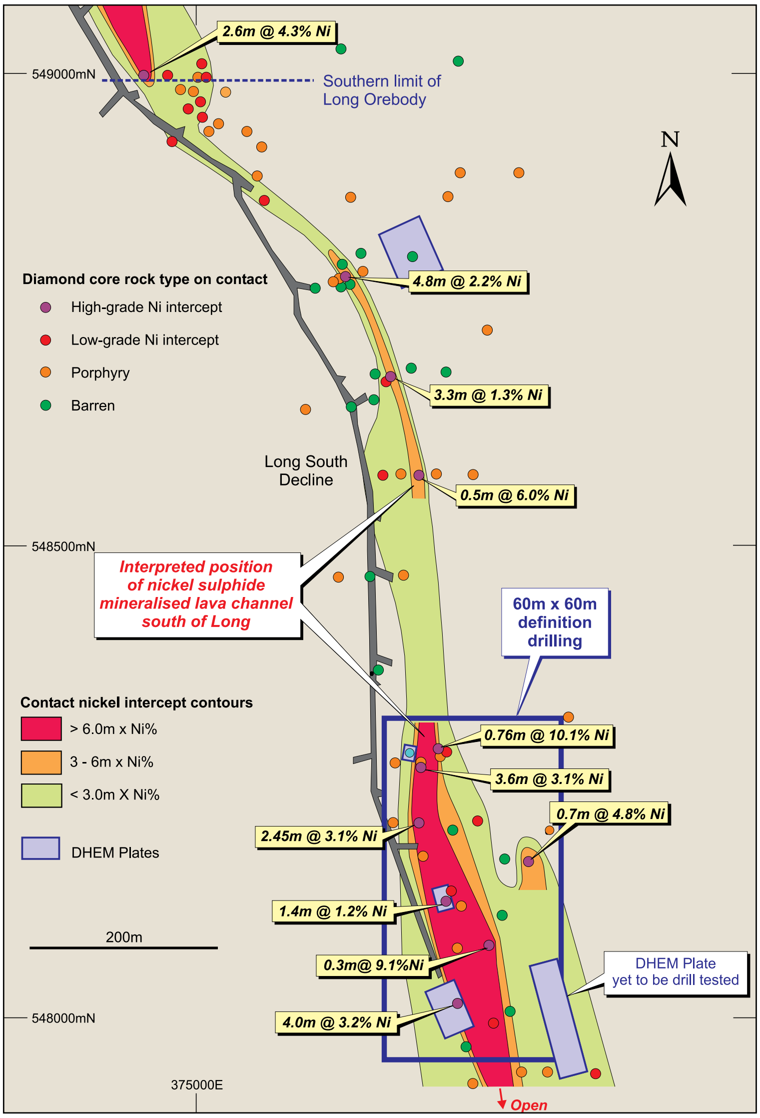


Figure 5: Long South Exploration Decline Plan Showing Significant Drill-Hole Hits and Nickel % x Thickness (m) Mineralisation Envelopes and TEM Conductor, Open to the South

Managing Director's Operations Report - Exploration

The Tropicana Joint Venture with AngloGold Ashanti Australia Limited promises to be one of the largest gold discoveries in Western Australia in the last decade. A Pre-feasibility Study has commenced.

Managing Director's Operations Report - Exploration

Strategy

One of Independence Group's strategies for long term growth is the discovery and development of high-value orebodies, principally gold and nickel deposits in Australia. Independence Group NL ("IGO") recognises that exploration is inherently high risk and that many of the traditional mining areas in Australia have been well explored. However, IGO believes that there may be many ore bodies yet to be discovered in Australia in covered areas and in previously unrecognised belts, and to this end has developed the following approach to maximise its chance of success:

- Establishment of a small, highly motivated and well resourced exploration team with a track record of exploration success
- Investment in technical innovation, particularly in the development of geophysical tools to assist in the identification of buried deposits beneath thick sand cover
- Application of new technologies in established and emerging mineral belts to discover deposits missed by historical exploration methods
- Acquisition of major land positions in "frontier" belts not recognised as prospective by previous explorers, a classic example being the Tropicana Project
- Efficient assessment and farm-out or relinquishment of projects not meeting internal technical milestones

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

New Exploration Technology and Techniques

An important component of IGO's exploration strategy is the development of new and improved tools particularly in the field of geophysics, both for in-mine use and on regional exploration programs. Through technical and research relationships IGO has developed or gained access to new tools that provide a strong competitive advantage including:

- EM Torch System for use in-mine to identify new and remnant ore positions overlooked by traditional mine exploration techniques
- Down-hole magnetic TEM ("DHTEM") systems and processing software that can be used to identify and model in 3D, mineralised systems intersected or missed in drilling programs
- High-Powered TEM Transmitter, which is significantly more powerful than commercially available systems, enabling surface TEM surveys to test deeper under cover and down-hole MTEM surveys to test a greater distance around drill holes both in-mine and on regional programs

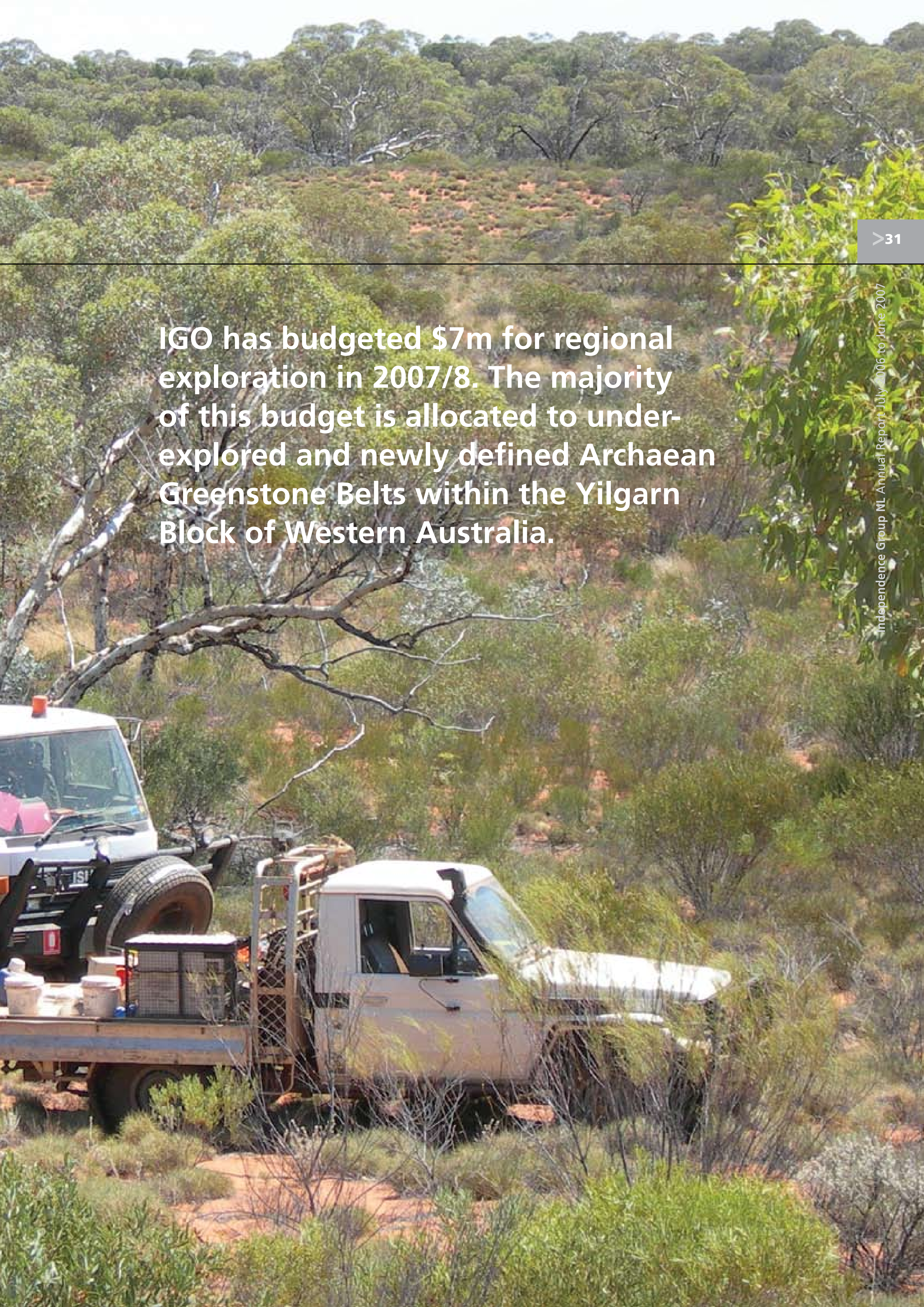
- Surface MTEM systems that can be used to identify bodies of conductive nickel sulphides in the highly-conductive regolith and salty groundwater environments of Western Australia, including beneath the extensive salt lake cover where conventional EM systems are ineffective
- Low Temperature SQUID ("LTS") technology via a licencing agreement with American Exploration (Australia) Pty Ltd ("AAE"), which gives IGO the exclusive licence to use LTS to explore for nickel in specified areas of the Yilgarn in Western Australia considered to be highly prospective for nickel sulphides. The LTS has 5 to 10 times the sensitivity of other TEM sensors presently used, and as such is expected to provide considerable advantage in discovering highly-conductive (high-tenor massive nickel sulphide) bodies under highly-conductive cover, such as salt lakes, conductive clays and in terrains containing shallow highly-saline groundwater. A large amount of prospective ultramafic stratigraphy is known to exist under areas such as these in the Yilgarn

Exploration Overview

Over the past 12 months IGO and its JV partners have made significant advances on a number of key gold projects. At Tropicana, a Pre-feasibility Study has commenced on the exciting Tropicana Prospect discovery. The Tropicana JV partners are targeting a multi-million ounce gold deposit. First-pass RAB drilling at the Coomberdale Project has returned bedrock intersections up to 9.2g/t Au and initial reconnaissance RAB drilling at Holleton has returned intersections up to 4m @ 5.7g/t Au.

On the nickel front, RC drilling intersected disseminated nickel sulphide mineralisation at the Bulge Prospect at Duketon, confirming the nickel sulphide potential of the belt, and on-going systematic EM surveys have identified a number of EM targets yet to be drill tested. RC drilling at the Bodkin Prospect at Wiluna intersected a narrow zone of moderate to high grade nickel sulphide mineralisation on an ultramafic basal contact that remains open down-dip to the east. TEM testing of prospective ultramafic stratigraphy beneath salt lakes at the Wiluna and Lake Lefroy JV's was hindered by wet conditions on the lakes, however these remain high priority targets that IGO is committed to testing once surface conditions permit.

IGO looks forward to an aggressive year of exploration both at the mine and on regional exploration projects in the 2007/8 financial year.



IGO has budgeted $7m for regional exploration in 2007/8. The majority of this budget is allocated to under-explored and newly defined Archaean Greenstone Belts within the Yilgarn Block of Western Australia.

Managing Director's Operations Report - Regional Gold Exploration Projects

IGO has budgeted $3.3m for regional gold exploration in 2007/8. The majority of this budget is allocated to under-explored and newly defined Archaean Greenstone Belts within the Yilgarn Block of Western Australia. A location map of all regional gold projects is provided in Figure 6.

The budget does not include expenditure on the Tropicana Joint Venture.

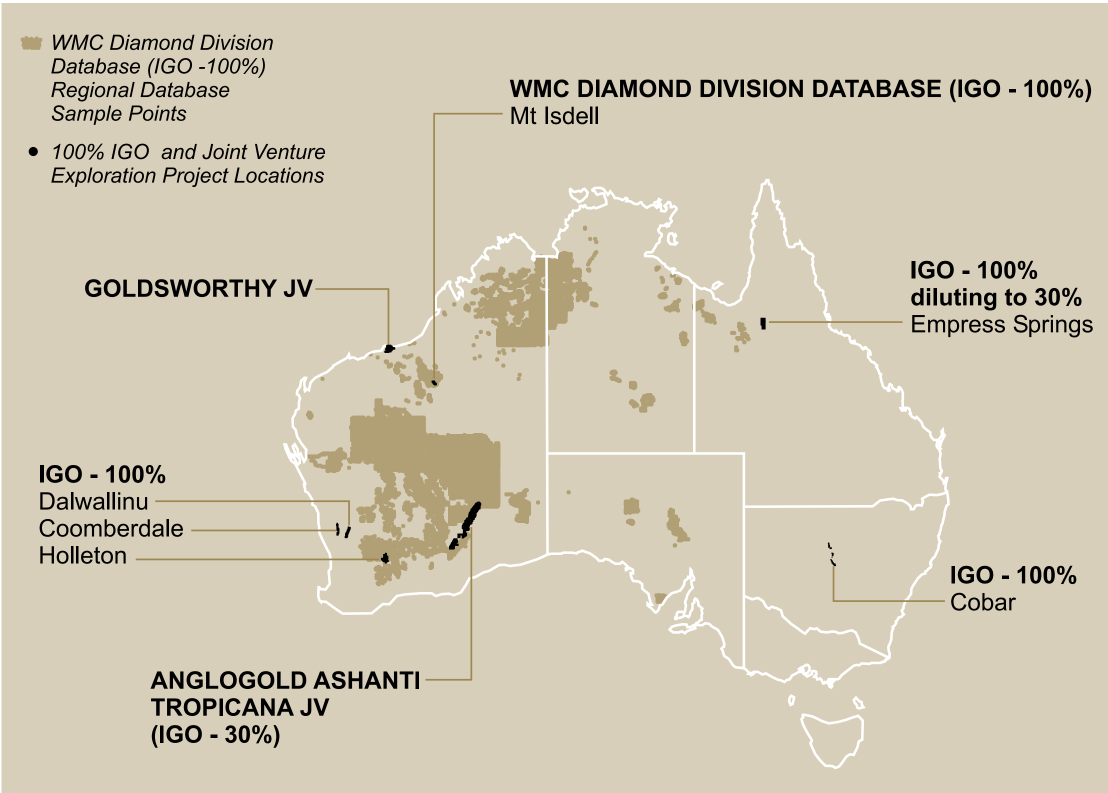


Figure 6: Gold Project Locations

Tropicana Joint Venture

Commodity:	Gold
Project Generation:	Conceptually Targeted
IGO Interest:	IGO 30% Free-carried to end of Pre-feasibility (Manager: AngloGold Ashanti Australia Limited 70%)
Geological Setting:	Yilgarn Craton – Fraser Range Mobile Belt Collision Zone

The Tropicana JV comprises approximately 12,260 km^2 of largely unexplored tenure over a strike length of 350km along the Yilgarn Craton – Fraser Range Mobile Belt Collision Zone (Figure 7). The project was initially targeted and pegged by IGO in 2001. AngloGold Ashanti was brought in to fund and manage exploration due to the resources required to effectively explore this very large and remote tenement package.

The JV has a dominant ground position in what is shaping up to be a new Australian Gold Province.

First-pass and follow-up surface geochemistry has been completed over more than 50% of the granted tenure generating numerous anomalies which are in various phases of follow-up.

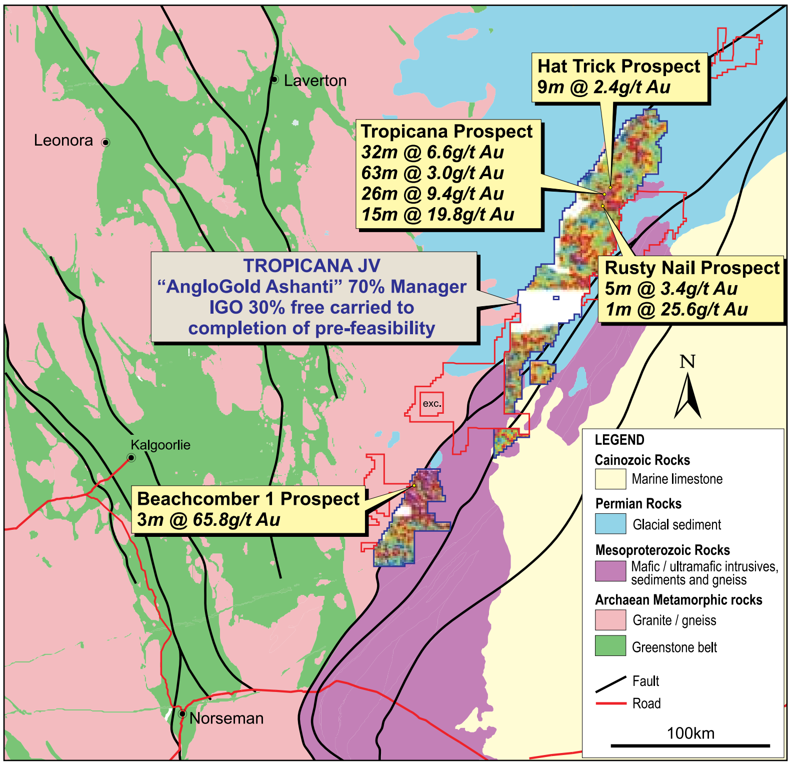


Figure 7: Tropicana JV – Tenure and Gold Geochemical Anomalies Over the Yilgarn Craton-Fraser Range Mobile Belt Collision Zone

The first discovery on the project, the Tropicana Prospect which is comprised of the Tropicana and Havana Zones, is currently the subject of a Pre-feasibility Study due for completion in mid-2008, with a JORC compliant resource expected by late 2007 (Figure 8).

In addition to extensive resource and metallurgical drilling, Pre-feasibility Study activities include plant design, metallurgical, hydrological and geotechnical studies and flora and fauna surveys.

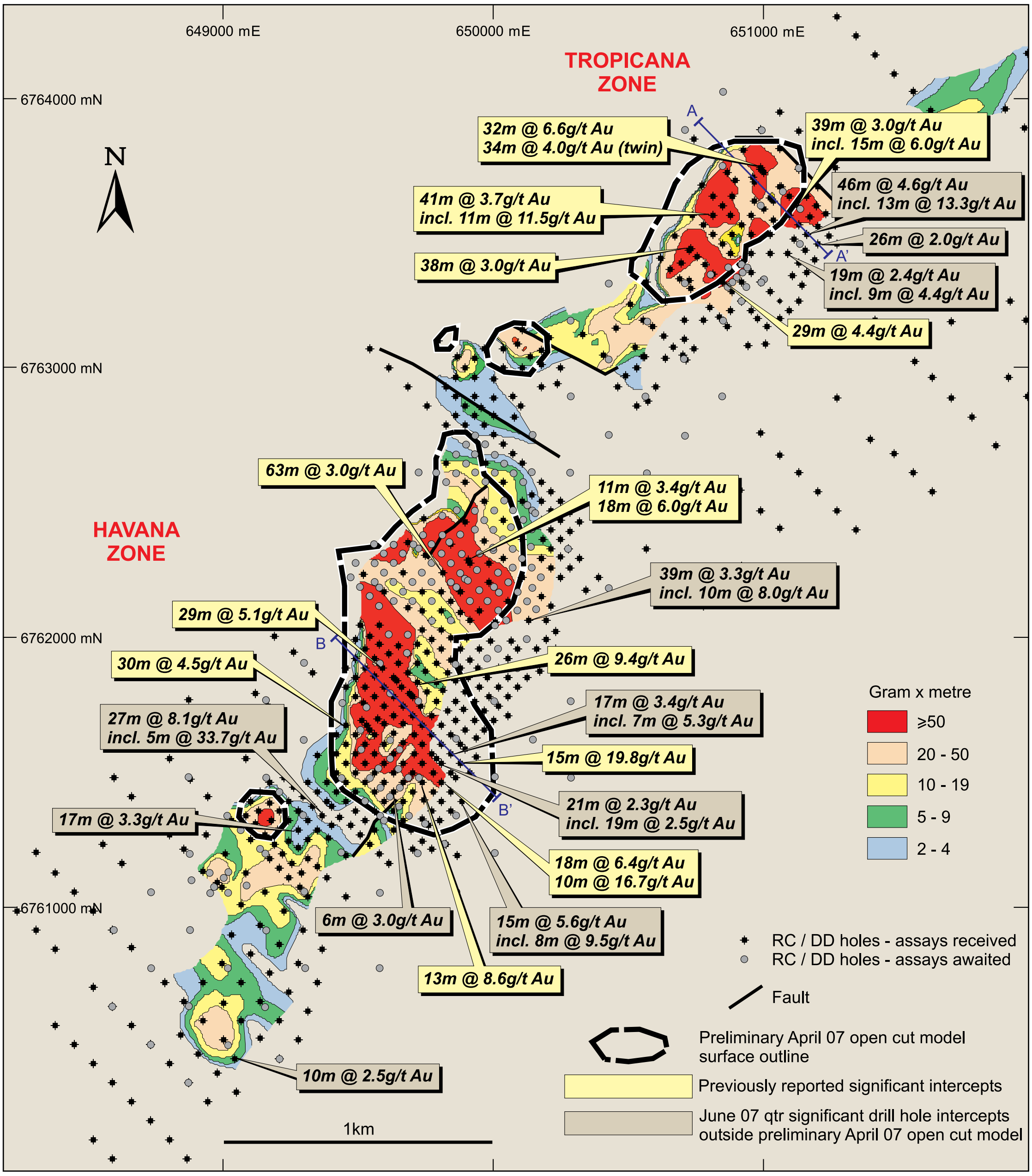


Figure 8: Tropicana JV – Prospect Plan Showing Significant Intercept Locations, g/t Au x Thickness (m) Contours, and Location of the Havana and Tropicana Zones

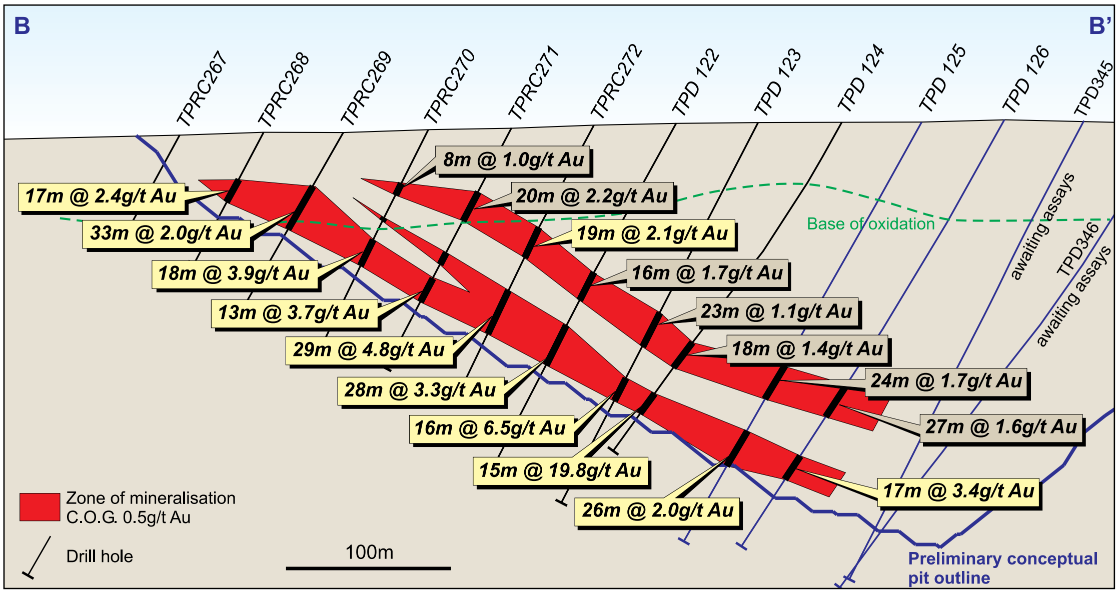


Figure 9: Tropicana JV – Havana Zone TPRC267-TPD346 Cross-Section Showing Significant Drill-Hole Results and Preliminary Conceptual Open-Pit Outline

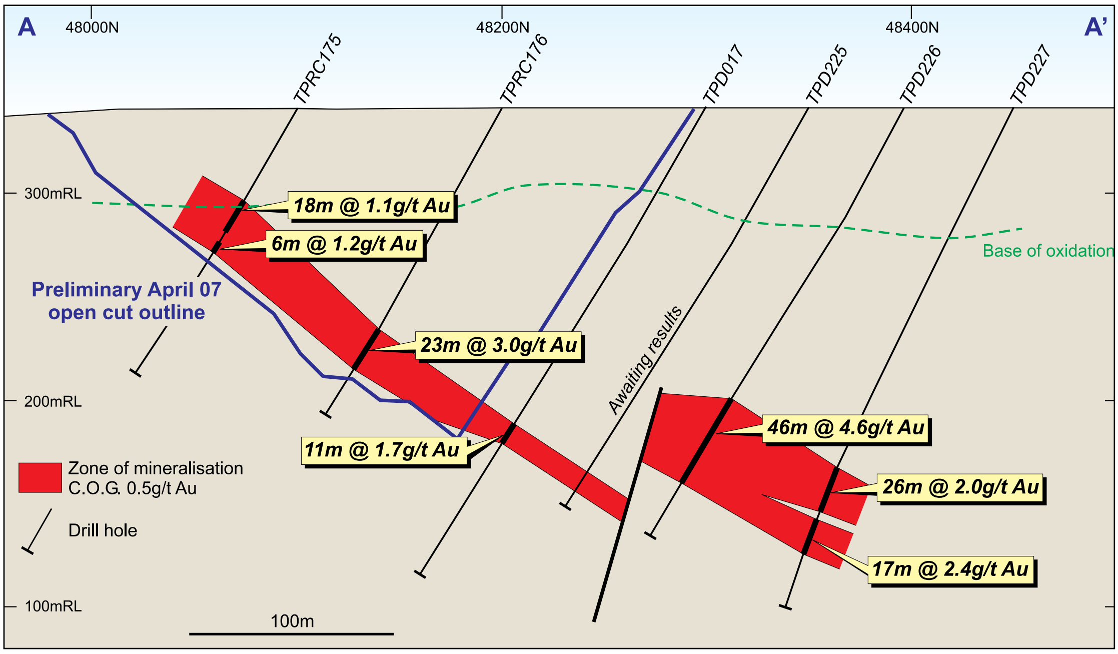


Figure 10: Tropicana JV – Tropicana Zone TPRC175-TPD227 Cross-Section Showing Significant Drill-Hole Results and Preliminary Conceptual Open-Pit Outline

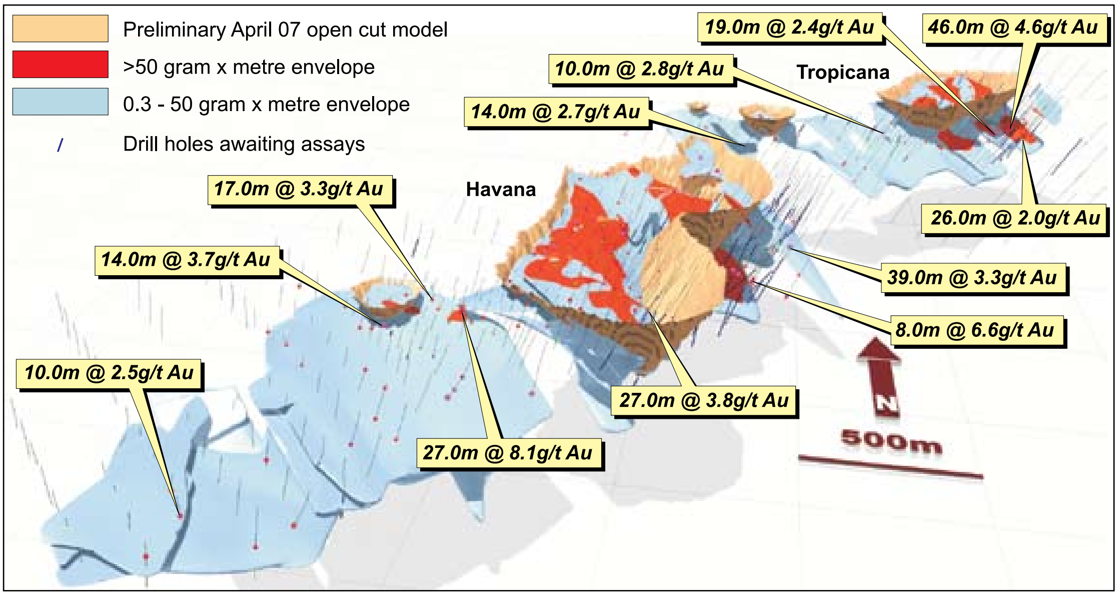


Figure 11: Tropicana JV – Isometric Model Showing 0.3g/t Au Mineralised Envelope, g/t Au x Thickness (m) Contours Within, and Significant Intercepts Outside, the April 2007 Preliminary Conceptual Open-Pit Outline

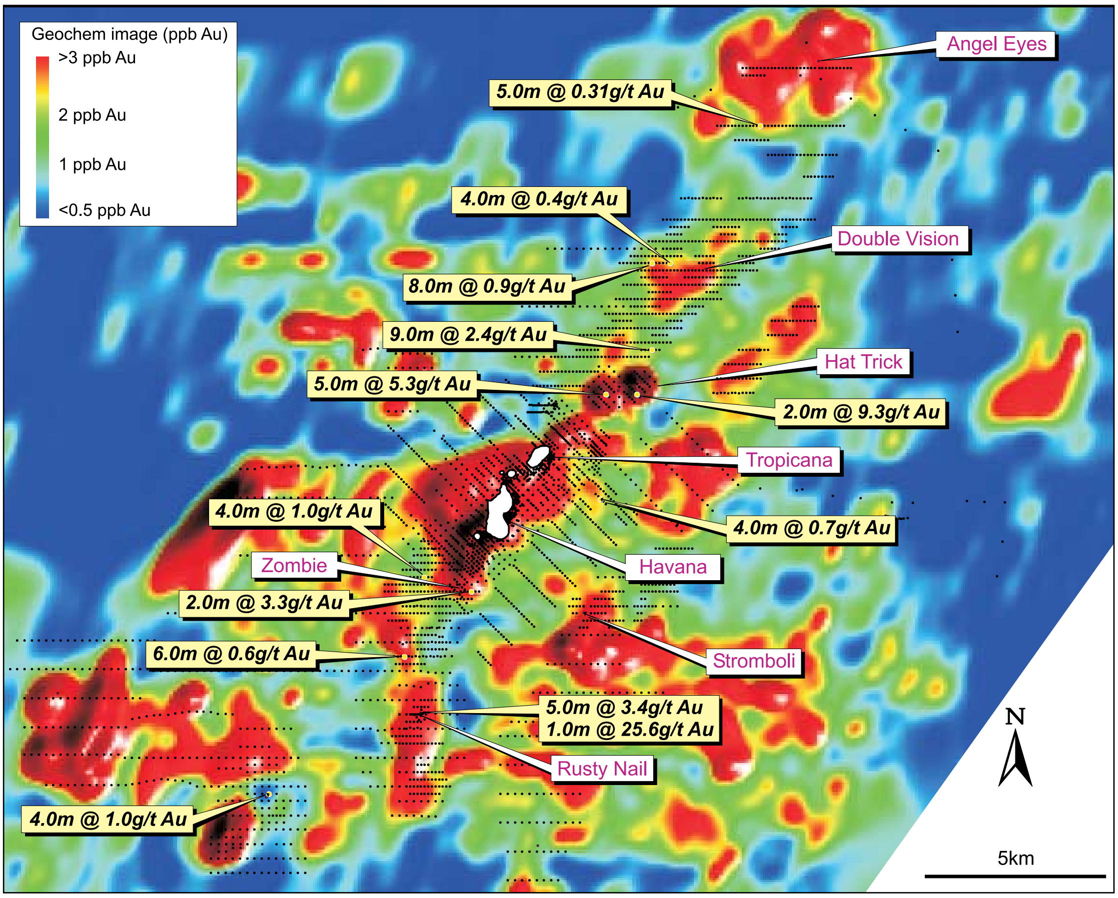


Figure 12: Tropicana JV – Regional Auger Geochemical Gold Anomalies and Significant Drilling Results

The Tropicana-Havana Zones have a strike length of 4kms. Mineralisation identified to date is up to 63m in true thickness and has been drilled to a down-dip length of 500m where it remains open. Mineralisation is hosted in a quartzo-feldspathic gneiss and generally occurs as one or two laterally extensive, moderately dipping planar lenses (Figures 9 - 10).

Preliminary modelling indicates that the deposit will potentially be exploited by two open cut pits but this will not be confirmed until JORC standard resource and reserve drilling has been completed.

In addition, ongoing resource drilling continues to intersect significant mineralisation along strike and down-dip of the conceptual pit designs. Recent intersections outside of the conceptual pits include true widths of 46m @ 4.6g/t Au down-dip to the east of Tropicana, 39m @ 3.3g/t Au, 17m @ 3.4g/t Au and 15m @ 5.6g/t Au down-plunge of Havana, and 27m @ 8.1g/t Au (including 5m @ 33.7g/t Au) and 17m @ 3.3g/t Au along strike to the south of Havana. Other true width intercepts generated during the year include 46m @ 4.6g/t Au, 27m @ 8.1g/t Au, 15m @ 9.8g/t Au, 26m @ 9.4g/t Au, 10m @ 16.7g/t Au, 13m @ 11.8g/t Au, 11m @ 10.5g/t Au, 29m @ 5.1g/t Au, 63m @ 3.0g/t Au, 23m @ 6.3g/t Au, 19m @ 6.8g/t Au, 20m @ 6.5g/t Au and 18m @ 6.0g/t Au.

Though the focus of work during the year was very much directed at Tropicana-Havana, several regional surface geochemical anomalies were tested with first-pass aircore drilling.

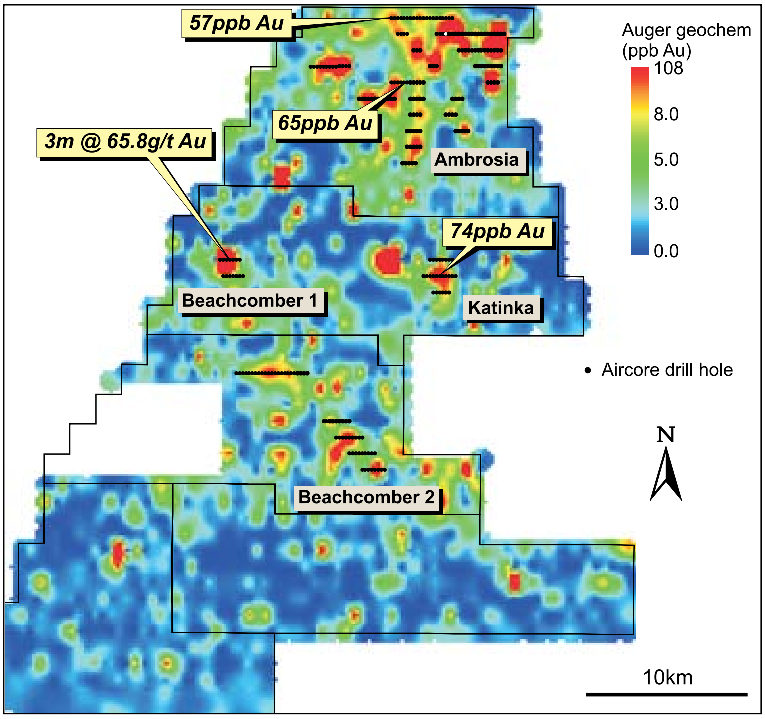


Figure 13: Tropicana JV – Beachcomber Prospect Reconnaissance Auger Gold Geochemistry and Significant Aircore Drilling Results

Better intersections include:

- 3m @ 65.8g/t Au at Beachcomber 220km south-west of Tropicana
- 9m @ 2.4g/t Au (open at depth) at Hat Trick, 2km north-east of Tropicana
- 8m @ 0.9g/t Au at Double Vision 6km north-east of Tropicana

Numerous other gold anomalies remain to be tested (Figures 12 - 13).

A total of $39 million has been budgeted by the JV towards Pre-feasibility work and ongoing regional exploration for the year ending December 2007.

Dalwallinu

Commodity:	Gold
Project Generation:	Conceptually Targeted
IGO Interest:	IGO 100%
Geological Setting:	Under-explored Archaean Gneiss and Greenstone Belt

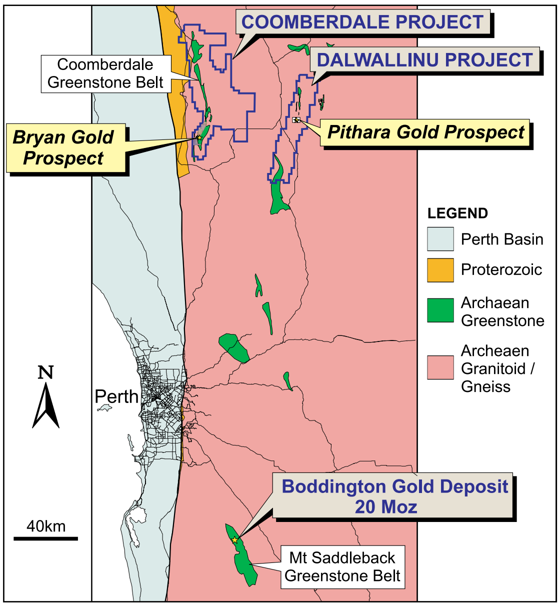


Figure 14: Dalwallinu and Coomberdale - Location Plan and Regional Geology

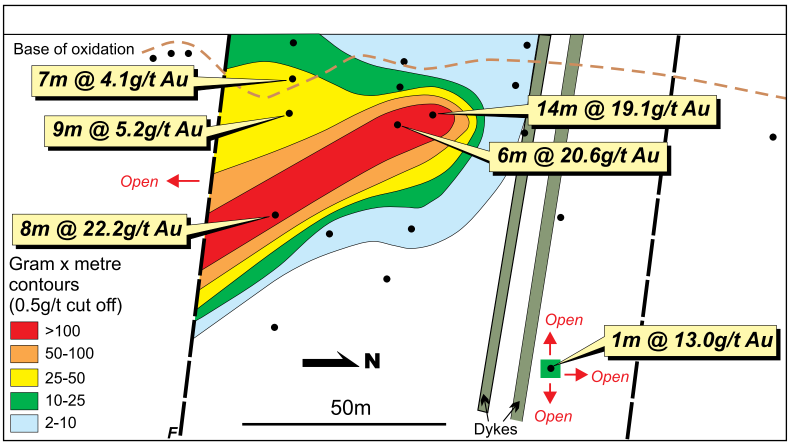


Figure 15: Dalwallinu – Pithara Prospect Longitudinal Projection Showing Significant Gold Intersections

The Dalwallinu Project is situated at the southern margin of the Murchison Province of the Yilgarn Block in Western Australia between the Boddington Gold Mine (+20M oz resource) and the Mt Gibson Gold Mine (+1M oz). The project covers a 70km strike length of prospective greenstone belt largely beneath thin sand cover on freehold farming land (Figure 14).

At the Pithara Prospect drilling by IGO has returned high-grade intercepts including 7m @ 21.8g/t Au from 20m and 7m @ 30.1g/t Au from 46m. This high grade zone remains open down-plunge to the south (Figure 15).

Reconnaissance and infill shallow RAB and aircore drilling completed during the year has delineated gold anomalism in basement (upper oxide zone) along 4kms of strike north and south of the Pithara high grade gold mineralisation. Results include 3m @ 1.6g/t Au from 38m EOH, 1m @ 4.7g/t Au from 32m EOH, 1m @ 1.3g/t Au from 10m EOH, 3m @ 1.8g/t Au and 2m @ 1.9g/t Au.

An RC program to test the down-plunge and depth extents of the high grade zone at Pithara as well as RAB and aircore targets within the Pithara corridor is scheduled for 2007/8.

Coomberdale - Gold

Commodity:	Gold and Nickel
Project Generation:	De Beers Diamond Database
IGO Interest:	IGO 100%
Geological Setting:	Under-explored Archaean Gneiss and Greenstone Belt

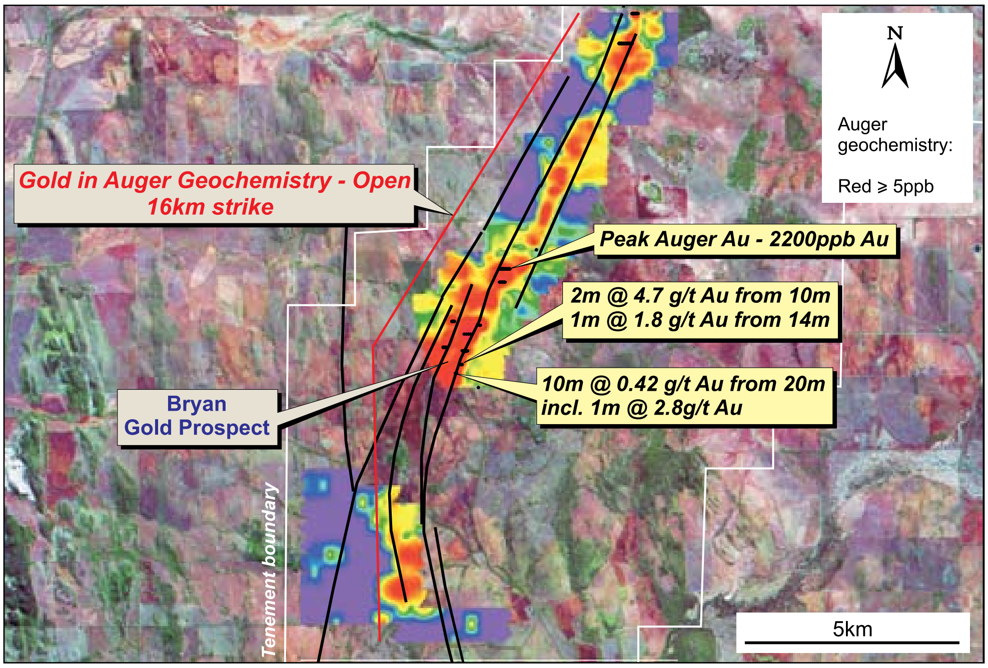


Figure 16: Coomberdale – Auger Geochemistry Over Satellite Imagery Showing Significant Drill-Hole Results

Coomberdale is located within freehold farm land approximately 60km west-north-west of the Dalwallinu Project and covers a shallowly covered and largely unexplored greenstone belt with an interpreted strike length of up to 60kms (Figure 14).

Auger, soil and rock chip sampling has delineated a north-north-east trending gold anomalous corridor over a strike length of 10 kms, which is open to the north and south (Figure 16). Petrographic work suggests that mineralisation represents a typical greenschist facies shear hosted lode-gold system.

Wide-spaced reconnaissance RAB and first-pass follow-up RAB drilling has confirmed the prospectivity of the belt, with single metre results up to 9.2g/t Au. Gold mineralisation is associated with elevated copper, bismuth and tellurium, similar to the 20M oz Boddington Gold Mine 270kms to the south.

The timing of further drill testing of the belt is dictated by cropping activities. The southern portion of the belt is amenable to stream sediment sampling and this method will be used to prioritise areas of interest during the cropping season.

Holleton

Commodity:	Gold
Project Generation:	Conceptually Targeted
IGO Interest:	IGO 90-100%
Geological Setting:	Archaean Holleton Greenstone Belt, Southern Cross Region

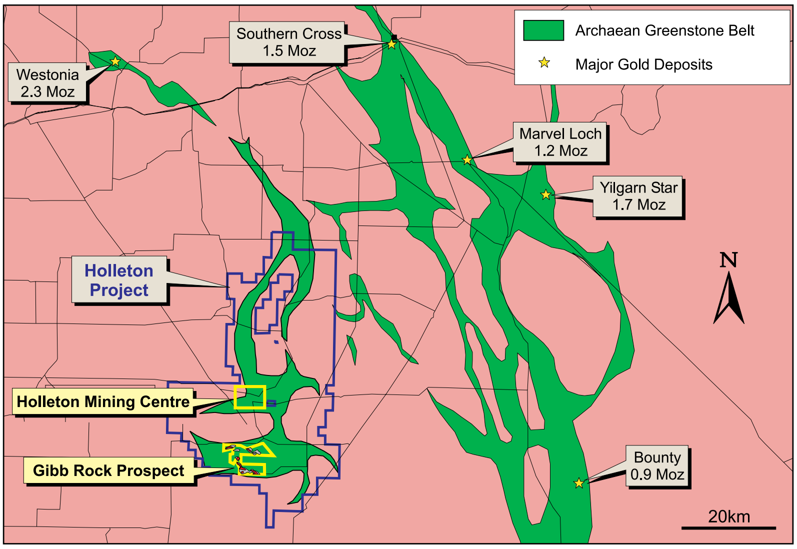


Figure 17: Holleton – Project Tenure Over Regional Geology Showing Historic Au Geochemical Results and Large Gold Mines in the District

The Holleton Project comprises numerous tenements and tenement applications covering an area of 1,257 km^2 over the largely unexplored Holleton greenstone belt in the Southern Cross Province of the Archaean Yilgarn Craton (Figure 17).

The Southern Cross Province has total production and resources of approximately 11 million ounces and contains a number of plus 1 million ounce gold resource deposits including:

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

Much of the greenstone within the project is under varying thickness of sand cover, however where exposed in the centre of the project there are a number of old gold workings and a working small heap leach operation. The bulk of the known greenstone in the project comprises the Gabanintha Formation which is the principal host for most gold mines in the Murchison and Southern Cross Provinces. The Holleton greenstone belt has similarities to the Westonia belt and it is inferred that these belts are structurally connected. A number of magnetic and non-magnetic domes intrude the belt providing favourable structural positions for gold mineralisation.

IGO's main interest is the large area of interpreted amphibolite facies greenstone under cover in the north of the project area that has yet to be subjected to any effective exploration for gold. These tenements are in the process of being granted so exploration in this area has not yet commenced. Closer to the old Holleton mining area, an initial RAB drilling program to test a north-west trending structure on three wide spaced traverses was completed in July 2007. Results from this work were highly encouraging returning best intercepts on the southern traverse of 4m @ 5.7g/t Au and 4m @ 1.3g/t Au (EOH) in altered (silica, pyrite, arsenopyrite) amphibolite. On the central traverses, 700m to the north, intercepts included 10m @ 1.5g/t Au (incl. 4m @ 4g/t Au) in weathered mafic rocks.

Cobar

Commodity:	Gold and Base Metals
Project Generation:	Conceptually Targeted
IGO Interest:	IGO 100%
Geological Setting:	Ordovician/Devonian Basin Margins within Northwest Portion of Lachlan Gold Belt

The Cobar project comprises 5 exploration licences covering conceptual and empirical gold and base metal targets along basin margin faults in the Cobar mining district of NSW. Cobar is one of the most endowed metallogenic provinces in Australia and includes mines such as the Peak Gold Mine (Au), Elura (Zn-Pb-Ag), CSA (Cu-Pb-Zn-Ag), New Occidental (Au), Tritton (Cu) and the Hera discovery (Au-Pb-Zn).

Five priority target areas were delineated by surface geochemistry and follow-up RAB drilling during the year. Three of these targets have been down-graded by RC drilling and two are scheduled to be drill-tested in 2007/8.

Empress Springs

Commodity:	Gold
Project Generation:	Conceptually Targeted
IGO Interest:	IGO diluting to 30%, Avalon Minerals Ltd earning 70%
Geological Setting:	Mesothermal Vein Arrays in Proterozoic Felsic Volcanics and Granites

Conceptual targeting under cover has resulted in the interpretation of an extensive zone of complex faulting and veining some 60km south of the Croydon Gold Field (historic production 0.8 million oz Au) on the western portion of the Proterozoic Georgetown Inlier in Central North Queensland.

North-west and north trending structural zones within inferred Proterozoic felsic volcanics and granites, display similar though generally higher order magnetite destructive signatures to the Croydon area. No previous exploration drilling has tested the targets.

The project has been farmed out to Avalon Minerals Ltd which has an active exploration focus in Queensland.

Managing Director's Operations Report
- Regional Nickel and Base Metal Exploration Projects

IGO has budgeted $3.7m in 2007/8 for regional nickel exploration. The majority of this work is being undertaken within the Yilgarn Block of Western Australia where IGO's proven operational and exploration expertise can be used to best effect. IGO is exploring both brownfields projects with demonstrated nickel sulphide potential and higher risk but less explored greenfields projects. Key projects are summarised below.

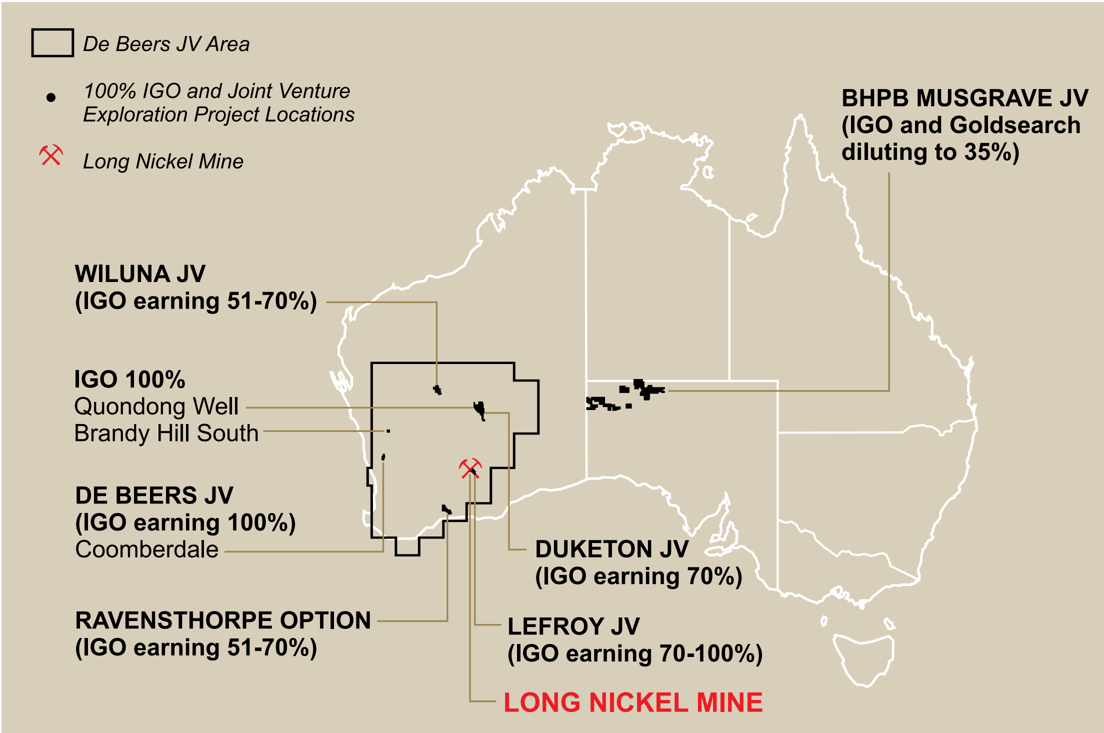


Figure 18: Nickel Project Locations

Duketon Joint Venture

Commodity:	Nickel
Project Generation:	Conceptually Targeted
IGO Interest:	IGO earning 70% nickel rights (South Boulder Mines Ltd diluting)
Geological Setting:	Under-explored Archaean Ultramafic Belt

The Duketon Nickel JV covers approximately 60kms of strike in the Duketon Greenstone Belt between the Windarra nickel sulphide deposit and the Collurabbie Hills Ni-Cu-PGE discovery (Figure 19). The belt contains ultramafic rich stratigraphy prospective for Ni-Cu-PGE mineralisation that has not yet been tested using modern nickel sulphide exploration techniques.

Work to date by IGO has confirmed the presence of nickel sulphide mineralisation in the belt with intersections of up to 24m @ 0.6% Ni (plus elevated Cu and PGE's) at the Bulge Prospect (Figure 20). The Bulge area is currently being tested for the presence of large low grade nickel sulphide deposits. This occurrence demonstrates the nickel sulphide fertility of the belt and provides encouragement for the discovery of higher grade massive and disseminated deposits elsewhere in the project area.

Ongoing TEM surveys continue to test the ultramafic stratigraphy and to date have identified a number of TEM conductors north and south of the Bulge prospect which have yet to be drill tested.

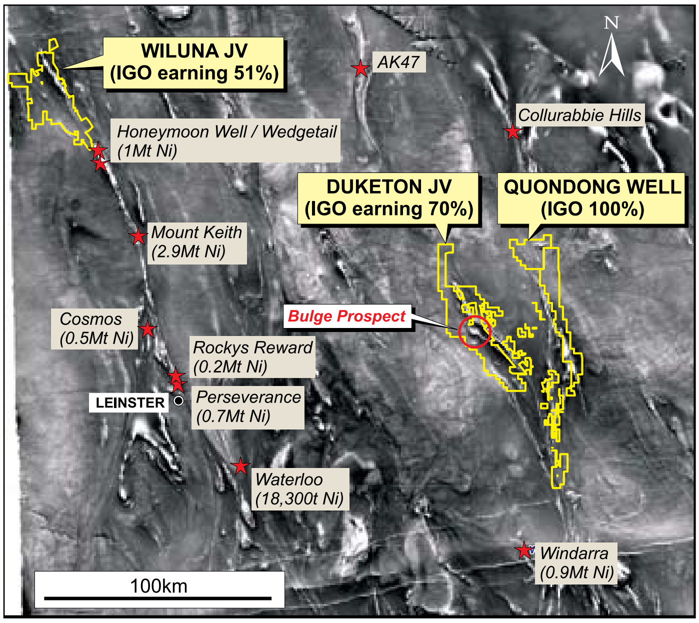


Figure 19: Selected Nickel Locations and IGO North-Eastern Goldfields Nickel Projects Over Magnetic Image

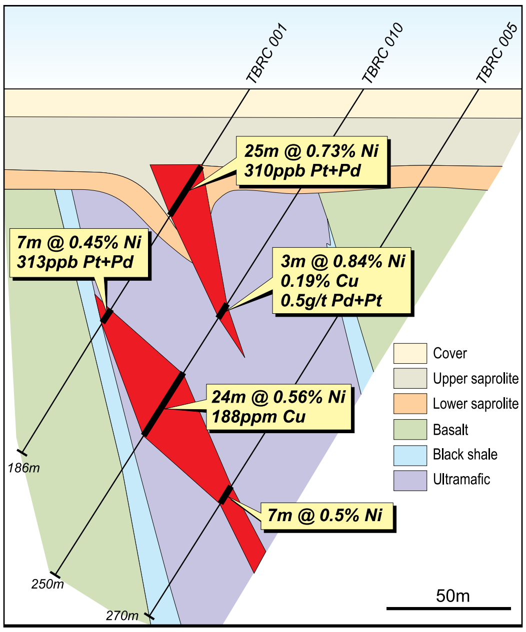


Figure 20: Duketon JV - Bulge Prospect Cross-Section TBRC001-TBRC005

Wiluna Joint Venture

Commodity:	Nickel
Project Generation:	Strategic Review
IGO Interest:	IGO earning 51% nickel rights (Oxiana Ltd diluting)
Geological Setting:	Under-explored Archaean Ultramafic Belt

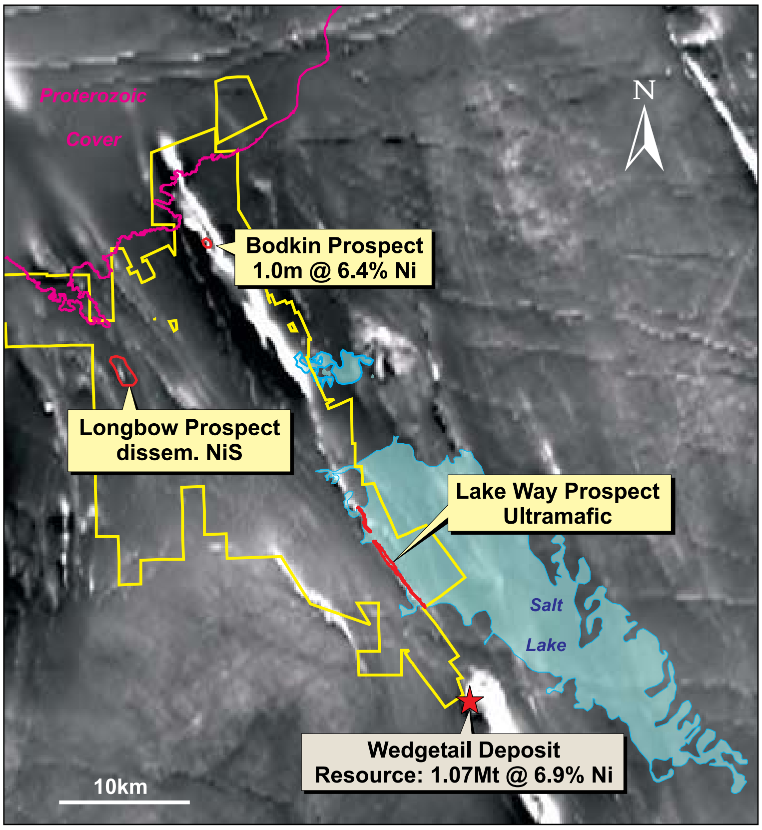


Figure 21: Wiluna JV – Prospect Locations

The Wiluna JV with Oxiana Ltd comprises a package of tenements located on the northern end of the Agnew-Wiluna Greenstone Belt. This is one of the most highly endowed nickel sulphide belts in the world, containing such deposits as Mt Keith (2.3M Ni t resource), Leinster (1.7M Ni t), Cosmos group (0.4M Ni t) and Honeymoon Well (1M Ni t) (Figure 19).

The JV tenure covers approximately 40kms of strike of the ultramafic trend immediately north of Honeymoon Well and the Wedgetail Deposit (resource of 1Mt @ 6.9% Ni).

Exploration is currently focused on the Bodkin and Lake Way Prospects.

Bodkin

Initial RC testing of the Bodkin prospect by IGO intersected nickel sulphide mineralisation on a basal ultramafic contact including 1m @ 6.4% Ni, 0.5% Cu and 2.5g/t Pt+Pd from 72m (Figure 21). This mineralisation is open down-dip to the east and is not detectible from the surface using standard TEM techniques. It is planned to use IGO's high-powered transmitter to assist in targeting the next round of drill testing.

Lake Way

The Lake Way prospect comprises approximately 9 strike kilometres of ultramafic stratigraphy immediately north-west of the Wedgetail deposit. The prospect has not previously been systematically tested as conventional TEM techniques are ineffective in areas covered by conductive saline lake sediments. Orientation surveys are planned to determine the most suitable TEM method for locating bedrock conductors. The program was initially scheduled for mid-2007, however access constraints caused by wet conditions on the lake have necessitated a rescheduling of this program for later in the year.

Ravensthorpe Joint Venture

Commodity:	Nickel
Project Generation:	Strategic Review
IGO Interest:	IGO earning 51% nickel rights (Traka Resources Ltd diluting)
Geological Setting:	Under-explored Archaean Ultramafic Belt

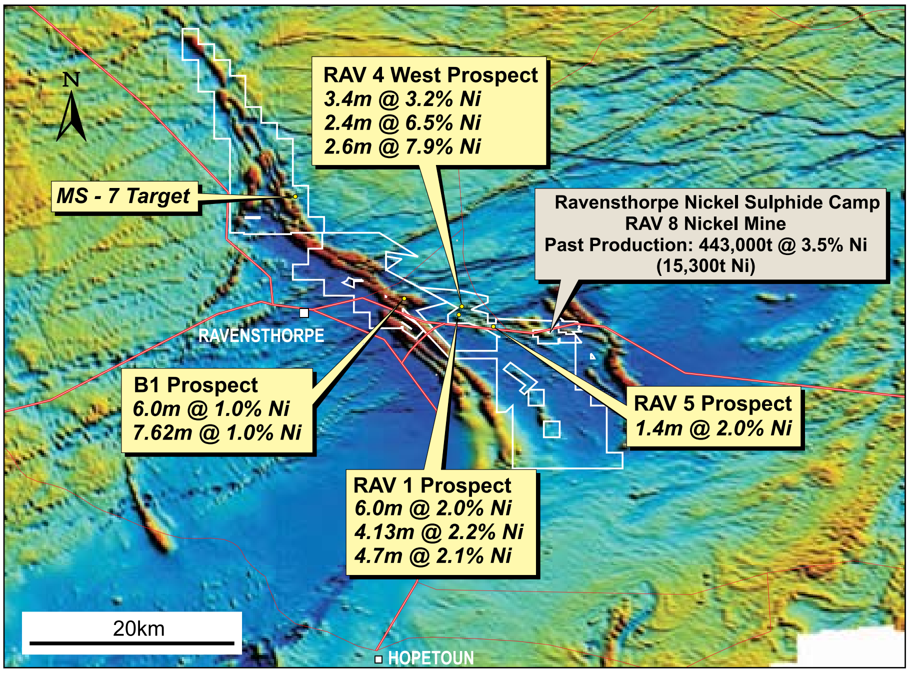


Figure 22: Ravensthorpe JV – Project Tenure Over Magnetic Image Showing Prospects and Significant Intercepts

IGO is earning a 51% interest in Traka Resources Limited's ("Traka") Ravensthorpe Nickel Project (excluding nickel laterite and iron ore rights) by spending $5 million on exploration and/or development.

The project covers about 60 kilometres of prospective ultramafic stratigraphy along strike from the RAV8 nickel sulphide mine, which produced 443,000t at 3.5% Ni for 15,350 Ni t (Figure 22).

The Ravensthorpe Greenstone Belt is interpreted to be equivalent stratigraphically to the Forrestania Greenstone Belt which contains numerous deposits, including the Flying Fox deposits (combined Resources 1.554Mt @ 6.2% Ni for 95,630t of nickel metal - Western Areas NL announcement 21 August 2007).

Historic work on the project area has identified numerous prospects containing nickel sulphides, many of which have been inadequately tested or closed off by drilling. Much of the ultramafic stratigraphy, particularly in the north-west portion of the project area had not been tested for nickel mineralisation using modern techniques prior to IGO's involvement.

Jerdacuttup

The Jerdacuttup area immediately west of the RAV8 deposit contains several low grade nickel sulphide occurrences including RAV1, RAV 4, and RAV 4 West. A scoping study including infill metallurgical drilling commenced during the year to ascertain the economic viability of mining one or more of the deposits. The results returned from the drilling program generally downgraded the anticipated size of the deposits and in the light of a declining nickel price the scoping study is being reviewed. However the potential for higher-grade down plunge extensions to these occurrences is considered very good. In the upper zones of these occurrences the nickel sulphides are strongly violaritised and cannot be detected by conventional TEM techniques. It is expected that at depth this mineralisation will be present as more typical conductive pyrrhotite-pentlandite and it is therefore planned to use IGO's high-powered transmitter to delineate drill targets.

At Mt Short in the north western portion of the project, TEM surveys testing an extensive covered ultramafic horizon have located the MS7 conductor which is associated with RAB anomalies up to 0.6% Ni and 0.8% Cu within a broad area of surface geochemical anomalism. This represents a high priority target and will be drill tested once all access approvals are in place.

Lefroy Joint Ventures

Commodity:	Nickel
Project Generation:	Conceptually Targeted
IGO Interest:	IGO earning 80% (Excalibur Mining Corporation Limited diluting)
	IGO earning 80% (Yamarna Goldfields Limited diluting)
	IGO earning 100% (AngloGold Ashanti Australia Limited diluting)
Geological Setting:	Interpreted Archaean Ultramafic Belt beneath Conductive Cover

Through a number of JV agreements IGO is exploring tenure covering magnetic features interpreted to be potentially prospective ultramafic stratigraphy under the Lake Lefroy salt lake 15–30 kms east of Kambalda. The stratigraphy and structural setting of these features is potentially analogous to the Kambalda Dome Nickel Camp. Various targets are being tested using AAE's LTS. Progress over the last year has been slower than anticipated due to unusually wet conditions on the lake.

Approximately 50% of the target areas have been tested and a number of conductors identified. A strong conductor within the Excalibur JV area was drill tested and found to be due to a stacked sequence of graphitic metasediments. The remaining prospective stratigraphy will be tested by TEM when conditions allow prior to drill testing.

Storbodsund Joint Venture

Commodity:	Nickel
Project Generation:	Strategic Review
IGO Interest:	IGO earning 70% (Mawson Resources Ltd diluting)
Geological Setting:	Proterozoic Mafic Intrusives with Basal Massive Sulphides

IGO has an agreement with Mawson Resources Ltd to earn a 70% interest in the Storbodsund Project in Sweden. Government reports indicate that five historic holes intersected mineralisation averaging 2.3% Ni and 0.6% Cu over thicknesses of 0.6 to 2.7m. Mineralisation is located at the contact between a gabbro and a granitoid footwall.

Drill testing of the TEM conductors on either side of historic nickel sulphide intersections will be undertaken when the swampy ground is sufficiently frozen to enable drilling access.

Musgrave BHP Billiton Joint Venture

Commodity:	Nickel, Gold and Base Metals
Project Generation:	Conceptually Targeted
IGO Interest:	IGO 51%/Goldsearch Limited 49% (BHP Billiton earning 65%)
Geological Setting:	Under-explored Proterozoic Musgrave Complex

IGO on behalf of joint venture partners Goldsearch and BHP Billiton is managing exploration on the Musgrave JV, which comprises tenements and applications covering approximately 18,000 square kilometres of the South Australian portion of the Musgrave Block. Most of the tenure is held within freehold Aboriginal Lands and is yet to be granted. Meetings held during the year with the Traditional Owners have enabled the granting of two priority tenements and initial reconnaissance mapping and sampling is scheduled for late 2007.

The main target is nickel sulphide mineralisation associated with the 1080Ma Giles Complex and associated mafic and ultramafic intrusive rocks, equivalent to those hosting BHP Billiton's Nebo and Babel sulphide Ni-Cu-PGE discoveries in Western Australia. The Giles Complex is one of the largest mafic intrusive complexes in the world, and due to its remote location has only been subject to cursory exploration in the past. Limited work in the 1970's has confirmed a nickel sulphide occurrence within the JV tenure.

During the year an agreement was reached with BHP Billiton whereby BHP Billiton can earn 65% equity in the project by spending $25 million or by completion of a bankable feasibility study.

Mt Isdell

Commodity:	Gold and Base Metals
Project Generation:	WMC Diamond Division Database
Target:	Telfer-style Proterozoic Gold Deposit and Nifty-style Copper Mineralisation
IGO Interest:	100% Non Diamonds
Geological Setting:	Paterson Province, 35km south of 26M oz Telfer Gold Deposit

The Mt Isdell Project consists of two Exploration Licences totalling 428 square kilometres, located 35 kilometres south of the 26 million ounce Telfer gold resource and 80 kilometres south-east of the Nifty copper operation (148M t @ 1.3% Cu).

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

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

IGO is currently negotiating with a large mining company which is seeking to farm into the project.

Matrix Metals Limited

Commodity: Copper

IGO has 124.1 million shares (18%) in listed company Matrix Metals Limited ("Matrix").

Matrix announced that copper cathode production from the Mt Watson ore has commenced. Copper cathode metal has also been delivered to Townsville for sale. Mt Watson ore mined to date indicates that the ore grade and width are consistent with those in the resource model. Plant ramp up is planned through to October 2007 by which time Matrix estimates the plant will be at its full production rate of 5,500t of copper cathode per annum. See Matrix's announcements for further details (ASX Code: MRX).

Atlas Iron Limited

Commodity: Iron Ore

IGO and Western Australian Resources Ltd sold their royalty and clawback rights on the Goldsworthy tenure to Atlas Iron Limited ("Atlas") during the year. IGO received 730,000 Atlas fully paid shares as consideration. IGO now holds 1,780,000 fully paid Atlas shares (ASX Code: AGO).

Southstar Diamonds Limited

Commodity: Diamonds

Southstar Diamonds Limited ("Southstar") is evaluating the diamond component of the WMC Diamond Division database and the De Beers Yilgarn diamond database. These databases contain numerous diamond-indicator mineral anomalies in Australia and other countries that were not followed up for small gem-rich diamond-bearing kimberlite pipes. Discoveries of similar pipes in Canada and the former Soviet Union have shown the extremely high commercial value of these deposits.

During the year Southstar commenced exploration on two Australian properties, generated by the De Beers database, which contain micro diamond-bearing kimberlite intrusives. Micro diamond grain-size studies indicate that kimberlites could contain larger economic stones. Ongoing gravity and Frequency Domain EM geophysical surveys have defined a number of concealed targets for drill follow-up.

Southstar is owned 50% by IGO, with the other 50% owned by Perilya Ltd.

JORC CODE COMPLIANCE

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

Forward-Looking Statements: This report may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO'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 IGO 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.

Financial Report

Corporate Governance Statement

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed ASX best practice 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 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 best practice recommendations have not been applied. Implementation dates of policies are shown on the last page of this Corporate Governance Statement. The various policies and procedures were followed throughout the entire financial year with the exception of the policy relating to Board and Management Responsibilities which was updated on 28 February 2007.

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 3 independent non-executive directors and 2 executive directors. The Board includes the Managing Director (executive) and the Chairman (non-executive).

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

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

The Board delegates responsibilities to committees, executive directors and senior management.

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.

Directors of the Company during the financial year and information pertaining to individual directors are included in the Directors' Report.

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.

The Board meets on a regular basis. The Company does not follow the ASX best practice recommendation that the Company should have an internal control function as the Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate internal control function.

The Managing Director and Company Secretary are required to state in writing 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 efficiently and effectively in all material respects.

Audit Committee

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

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

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

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

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

The Managing Director and Company Secretary are required to state in writing to the Board that the Company's financial reports present a true and fair view of the Company's financial condition and that operational results are reported in accordance with relevant accounting standards. The Auditor is required to attend the Company's annual general meeting.

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 Kelly Ross, John Christie and Oscar Aamodt.

Procedure for the Selection of New Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement.

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

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

The full policy for nomination of directors is 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.

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.

Disclosure of Information to ASX and Investors

The Company has established policies and procedures relating to the disclosure of information to interested parties. 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

Directors' Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2007.

Directors

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

Principal Activities

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

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

Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to $105,347 thousand (2006: $34,986 thousand).

Dividends Paid or Recommended

The Company paid a fully franked 7 cent dividend to shareholders in October 2006.

The Company paid a fully franked 3 cent interim dividend and a 3 cent special dividend to shareholders in respect of the year ended 30 June 2007.

The Company has announced that a fully franked 12 cent dividend will be paid to shareholders on 17 September 2007.

Franking credits of $35,684 thousand are currently available.

Review of Operations

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

The consolidated profit before income tax increased by 200% to $151,115 thousand (2006: $50,384 thousand).

Nickel revenue for the year increased by 98% to $222,933 thousand (2006: $112,583 thousand).

Fully diluted earnings per share increased from 30.67 cents in 2006 to 90.38 cents in 2007. The economic entity had cash assets of $151,986 thousand (2006: $26,130 thousand) and net assets of $102,881 thousand (2006: $47,929 thousand) at the end of the financial year. Net assets excluding commodity hedge contracts amounted to $205,175 thousand (2006: $84,300 thousand).

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

Future Developments

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

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

Further information about likely developments in the operations of the economic entity 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 economic entity.

Unlisted Options

750,000 options were granted over unissued shares during or since the end of the financial year by the Company to directors or any of the five most highly remunerated officers as part of their remuneration.

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

Number	Expiry Date	Exercise Price
400,000	30/09/08	$0.96
375,000	30/06/08	$1.33
650,000	30/06/08	$1.03
505,600	30/06/09	$1.16
125,000	30/06/09	$1.20
50,000	30/06/10	$3.07
100,000	30/06/10	$2.94
112,500	30/06/10	$1.59
275,000	30/06/10	$1.16
150,000	30/06/11	$4.85
300,000	30/06/11	$4.64
750,000	30/06/11	$4.44
3,793,100		

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate. 212,800 shares have been issued since the end of the financial year as a result of the exercise of unlisted options. Further information relating to unlisted options is included in note 7 of Additional Information for Listed Public Companies.

Information on Directors

Rod Marston	-	**Chairman (Non-executive) Age 64**
Qualifications		BSc(Hons), PhD, MAIG, MSEG
Tenure		Board member since 2001. Chairman since 20 August 2003.
Special Responsibilities		Dr Marston is on the Remuneration and Audit Committees.
Christopher Bonwick	-	**Managing Director (Executive) Age 48**
Qualifications		BSc (Hons), MAusIMM
Tenure		Managing Director and Board member since 2000.
Special Responsibilities		Mr Bonwick is the executive in charge of operations and corporate development.
Kelly Ross	-	**Director (Executive) Age 45**
Qualifications		CPA, Grad.Dip.CSP
Tenure		Board member since 2002.
Special Responsibilities		Ms Ross is the Company Secretary and is on the Hedging Committee.
John Christie	-	**Director (Non-executive) Age 69**
Qualifications		CPA, ACIS
Tenure		Board member since 2002.
Special Responsibilities		Mr Christie is on the Remuneration, Audit and Hedging Committees.
Oscar Aamodt	-	**Director (Non-executive) Age 61**
Qualifications		FCIS
Tenure		Board member since 2005.
Special Responsibilities		Mr Aamodt is on the Remuneration, Audit and Hedging Committees.

Other Listed Company Directorships Held During Past 3 Years

Dr Marston was an alternate director for Perilya Ltd for 2 years until May 2005 and has been a director of Kasbah Resources Limited since November 2006. Mr Aamodt has been a director of Energy Metals Limited since July 2005.

Company Secretary Qualifications

The Company Secretary is Kelly Ross, who is a qualified accountant holding a Bachelor of Business(Actg) and has the designation CPA from the Australian Society of Certified Practicing Accountants. Ms Ross is a Chartered Secretary with over 20 years experience in accounting and administration in the mining industry and has been the Company Secretary of Independence Group NL for 6 years.

Meetings of Directors

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

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE		AUDIT COMMITTEE		HEDGING COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Rod Marston	9	9	5	5	4	3	-	-
Christopher Bonwick	9	9	-	-	-	-	-	-
Kelly Ross	9	9	-	-	-	-	2	2
John Christie	9	9	5	5	4	4	2	2
Oscar Aamodt	9	9	5	5	4	4	2	2

Remuneration Report

Remuneration Policy and Procedures (audited)

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 Oscar Aamodt.

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.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees. The remuneration of non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board. The available non-executive directors' fees pool is $300,000 of which $194,500 is currently being utilised.

Non-executive directors may provide consulting services to the Company, which are over and above the services normally provided by a non-executive director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive director that fall outside their normal duties as a director, additional services may be charged to the Company, at a rate approved by the Board. No such services were provided during the year ending 30 June 2007.

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.

No director may be involved in setting their own remuneration or terms and conditions.

Bonuses and performance-based rewards are given where the Committee believes performance of an individual 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:

	2003	2004	2005	2006	2007
Revenue ($ millions)	24.6	67.2	86.6	113.4	226.5
Net profit after income tax ($ millions)	1.4	17.3	20.9	35.0	105.3
Share price at year end ($/share)	0.37	1.07	1.35	2.72	6.95
Dividends paid (cents/share)	-	-	8	7	13

Performance based remuneration (audited)

Short Term Incentives (STI) (audited)

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 on Total Shareholder Return (TSR) growth for the Company compared with its peers. For senior managers, these performance based incentives are based on actual outcomes compared with budgets and Key Performance Indicators (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 companies against which the Company's TSR performance is measured are Jubilee Mines NL, LionOre Mining International Ltd, Mincor Resources NL and Sally Malay Mining Limited. The companies included in the peer group will be reviewed each year to take account of any new Australian-based 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.

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

STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. During the year executive directors received 100% of the total allocated bonus for the 2006 year which was paid in November 2006 (C Bonwick $75,000 and K Ross $30,000).

Long Term Incentives (LTI) – Executives (audited)

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

The LTI benefits are delivered in the form of options to acquire ordinary shares in the Company. The use of options that are issued with an exercise price at market price ensures that the executive director or senior manager only receives a benefit where shareholder wealth has increased though an increase in the market value of the Company's shares.

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

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

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

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

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

750,000 options were granted or issued to directors or key management personnel during the year (C Bonwick 500,000 and K Ross 250,000).

Long Term Incentives (LTI) – Non-executive Directors (audited)

The LTI component of the remuneration package for non-executive directors aims to align a proportion of their remuneration package with the creation of shareholder wealth.

The LTI benefits are delivered in the form of options to acquire ordinary shares in the Company. The options are issued at 30% above market price ensuring that the non-executive director only receives a benefit where shareholder wealth has substantially increased. The options are issued on the basis that 25 percent of the total number issued will vest on each of the 4 anniversary dates following their issue. The options have a 5 year life and can be exercised at any time after they have vested.

The exercise price is set at 30% above the prevailing market price of the Company's ordinary shares at the time of the issue of the options. Non-executive directors are also required to make a non-refundable cash payment equivalent to 10% of the market price of the shares on the date of issue. This cash payment is required at the commencement of each vesting year.

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

Options that have not vested are cancelled if the non-executive director ceases to be a director of the Company.

The options are allocated to non-executive directors on the recommendation of the Managing Director.

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

No options were granted or issued to non-executive directors during the year.

Key Management Personnel (audited)

The directors who held office during the financial year were Rod Marston (Chairman), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director), John Christie (Non-executive Director) and Oscar Aamodt (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, are Tim Moran (Chief Operations Officer) and Brett Hartmann (General Manager – Long Nickel Mine). Mr Moran held the position of Chief Operations Officer until 22 December 2006. The General Manager – Long Nickel Mine is employed by the Company's subsidiary Lightning Nickel Pty Ltd.

Employment Contracts (audited)

Terms and conditions of employment contracts:

i) Non-executive directors do not have employment contracts with the Company.

ii) Executive directors are employed under contracts which do not have a defined term. These contracts include provision for termination benefits of 1 month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 month's remuneration is payable to the executive should the Company terminate the employment contract due to a takeover event, but only if such payment would not breach ASX Listing Rules. In all other circumstances the contracts can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. Current employment contracts provide for base remuneration of $450,000 (2006: $350,000) Christopher Bonwick and $270,000 (2006: $220,000) Kelly Ross.

iii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts. The Company pays any fringe benefits tax cost relating to executive directors' remuneration payments and that cost is included in the executive directors' total compensation in the table below.

iv) The executive Tim Moran resigned as an employee during the year after provision of one month's notice, and only accrued leave and other accrued remuneration was paid on termination. Mr Moran remains a non-executive director of subsidiary Lightning Nickel Pty Ltd but ceased to be included in key management personnel on 22 December 2006.

v) The executive Brett Hartmann is employed under a contract which does not have a defined term. The contract can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $250,000 (2006: $163,500) plus motor vehicle expenses. Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

Compensation Paid for the Financial Year (audited)

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

	Short-term Benefits			Post-employment Benefits	Share-based Payments	
	Cash Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Options (iv) $	Total $
2007						
R Marston (i)						
Non-executive Chairman	80,000	-	-	-	26,361	106,361
C Bonwick (ii), (iii)						
Managing Director	372,263	75,000	5,381	32,841	562,841	1,048,326
K Ross (ii), (iii)						
Executive Director/Company Secretary	215,423	30,000	22,032	19,549	281,242	568,246
J Christie (i)						
Non-executive Director	60,000	-	-	-	13,180	73,180
O Aamodt						
Non-executive Director	50,000	-	-	4,500	-	54,500
T Moran						
Chief Operations Officer	104,387	2,000	-	9,575	-	115,962
B Hartmann (iv)						
General Manager – Long Nickel Mine	200,005	24,000	9,968	18,000	7,619	259,592
Total compensation	1,082,078	131,000	37,381	84,465	891,243	2,226,167
2006						
R Marston (i)						
Non-executive Chairman	80,000	-	-	-	50,481	130,481
C Bonwick (ii)						
Managing Director	304,606	60,000	9,361	27,378	120,270	521,615
K Ross (ii)						
Executive Director/Company Secretary	182,758	20,000	19,671	16,383	60,135	298,947
J Christie (i)						
Non-executive Director	60,000	-	-	-	25,241	85,241
O Aamodt						
Non-executive Director	45,467	-	-	4,092	-	49,559
T Moran						
Chief Operations Officer	229,357	10,000	-	22,036	-	261,393
B Hartmann (iv)						
General Manager – Long Nickel Mine	112,509	10,000	9,944	10,126	10,601	153,180
Total compensation	1,014,697	100,000	38,976	80,015	266,728	1,500,416

(i) R Marston and J Christie were granted options at the 2003 Annual General Meeting. The options were issued on 26 November 2003. Further information relating to these options is contained in note 28 to the financial statements.

(ii) C Bonwick and K Ross were granted options at the 2003 Annual General Meeting. The options were issued on 26 November 2003. Further information relating to these options is contained in note 28 to the financial statements.

(iii) C Bonwick and K Ross were granted options at the 2006 Annual General Meeting. The options were issued on 27 November 2006. Further information relating to these options is contained in note 28 to the financial statements.

Name	At Risk – LTI Equity Compensation	At Risk – STI Performance Based Bonuses	Fixed Remuneration
2007			
R Marston	24.7%	0%	75.3%
C Bonwick	53.6%	7.2%	39.2%
K Ross	49.5%	5.3%	45.2%
J Christie	18.0%	0%	82.0%
O Aamodt	0%	0%	100.0%
T Moran	0%	1.7%	98.3%
B Hartmann	3.0%	9.2%	87.8%
2006			
R Marston	38.7%	0%	61.3%
C Bonwick	23.1%	11.5%	65.4%
K Ross	20.1%	6.6%	73.3%
J Christie	29.6%	0%	70.4%
O Aamodt	0%	0%	100.0%
T Moran	0%	4.0%	96.0%
B Hartmann	6.9%	6.5%	86.6%

Non-performance based compensation 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.

(iv) Remuneration options: Granted and vested during the year

The Company uses the fair value measurement provisions of AASB 124 "Related Party Disclosures" and AASB 2 "Share-based Payments" for all options granted to directors and relevant executives, which had not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis from grant to vesting date. Fair values at grant date are independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate and the term of the option. No adjustments have been made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures). The following options which were granted in prior years, were exercised during the year:

- 375,000 options at $1.03 each by director C Bonwick (2006: 750,000)
- 100,000 options at $1.03 each by director K Ross (2006: 375,000)
- 500,000 options at $1.33 each by director R Marston (2006: 250,000)
- 250,000 options at $1.33 each by director J Christie (2006: 125,000)
- 37,500 options at $1.16 each by key management person B Hartmann (2006: 37,500)

The following options were granted to directors or executives during the year (2006: nil):

- 500,000 options at $4.44 each to director C Bonwick
- 250,000 options at $4.44 each to director K Ross

The options were issued pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting. The options were issued on 27 November 2006 with an exercise price of $4.44 and vest 12 months after the issue date. Any options that have not vested are cancelled should the director resign or be removed as an employee of the Company. The options expire on 30 June 2011. The fair value of the options at their grant date was $1.71 each.

The amount included in remuneration from options is based on fair value and has been calculated by an independent major accounting firm using the Binomial Option Pricing Model.

The fair value of the options issued during the year and affecting remuneration for the year ending 30 June 2007 is as follows:

Director	Volatility Factor %	Risk-Free Rate %	Dividend Yield %	Issued Options Number	Fair Value Per Option $	Total Fair Value $
C Bonwick	47.6	5.8	2.0	500,000	1.71	852,641
K Ross	47.6	5.8	2.0	250,000	1.71	426,321

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
26 November 2003	26 November 2006	30 June 2008	$1.33 (i)	$0.29
26 November 2003	26 November 2006	30 June 2008	$1.03	$0.44
27 November 2006	27 November 2007	30 June 2011	$4.44	$1.71

The fair value of options issued is recognised as an expense in the financial statements. Further information relating to the options issued by the Company during prior years is included in note 28 to the financial statements.

Options granted carry no dividend or voting rights. The exercise price is based on the closing price at which the Company's shares traded on the Australian Securities Exchange on the day the options were issued, except for those in note (i) which were issued at a 30% premium to the closing price. When exercisable, each option is convertible into one ordinary share.

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

	Ordinary Fully Paid Shares	Unlisted Options
C Bonwick	3,248,506	875,000
R Marston	1,520,000	250,000
K Ross	695,000	525,000
J Christie	470,000	125,000
O Aamodt	20,000	-
T Moran	10,000	-
B Hartmann	37,500	75,000
TOTALS	6,001,006	1,850,000

Details of the terms and conditions for these securities are disclosed in note 28 to the financial statements and in note 7 of Additional Information for Listed Public Companies.

Additional Information (unaudited)

TSR – Independence Group NL versus Peer Group (unaudited)

Total Shareholder Returns was adopted as a key performance indicator for executive remuneration in 2004. In 2003 executive remuneration was based on a broad range of criteria considered appropriate by the Remuneration Committee for the Company at its stage of development at that time. There were no bonuses paid to executives in 2002. The following table shows the TSR of the Company relative to its peer group. The 2007 TSR measure will be used for evaluating executives' performance in the 2008 financial year.

	Total Shareholder Returns		
	2004	2005	2006
Company	206	29	1.45
Peer Group	176	16	0.66

Details of Remuneration Cash Bonuses and Options (unaudited)

For each cash bonus and grant of options included in the tables in the Remuneration Report the percentage of the available bonus or grant that was paid or that vested in the financial year is set out below. No cash bonus or option granted was forfeited because the person did not meet the performance criteria. No part of the bonuses is payable in future years. The options vest 25% each year for 4 years, except for the options issued to C Bonwick and K Ross in 2007 which vest after 12 months. The options only vest if the key person is still employed by the Company on vesting date. The minimum value of the options is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	Cash bonus Paid %	Year granted	Options Vested %	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest
R Marston	0	2003	75	30/06/2008	-	7,176
C Bonwick	7.2	2003	75	30/06/2008	-	16,063
		2006	-	30/06/2008	-	350,401
K Ross	5.3	2003	75	30/06/2008	-	8,032
		2006	-	30/06/2008	-	175,200
J Christie	0	2003	75	30/06/2008	-	3,588
O Aamodt	0	-	-	-	-	-
T Moran	1.7	-	-	-	-	-
B Hartmann	9.2	2005	50	30/06/2008	-	4,130
				30/06/2009	-	1,418

Further details relating to options are set out below:

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B-D $
R Marston	24.8%	-	1,102,500	-	1,102,500
C Bonwick	53.7%	852,641	1,297,500	-	2,150,141
K Ross	49.5%	426,321	363,000	-	789,321
J Christie	18.0%	-	642,500	-	642,500
O Aamodt	0%	-	-	-	-
T Moran	0%	-	-	-	-
B Hartmann	2.9%	-	136,125	-	136,125

A = The percentage of the value of remuneration consisting of options based on the value of options expensed during the current year

B = The value at grant date calculated in accordance with AASB 2 of options granted during the year as part of remuneration

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year

END OF REMUNERATION REPORT

Employees

The economic entity had 149 employees at the end of the financial year (2006: 153).

Indemnifying Officers or Auditor

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

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

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

Audit Independence

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

Audit Services

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

Proceedings on Behalf of Company

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

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

Significant Changes in State of Affairs

During the year the Company received $2,614 thousand as a result of the exercise of 2,240,950 unlisted options.

No other significant changes in the state of affairs of the economic entity occurred during the financial year.

Environmental Issues

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

After Balance Date Events

Since the end of the financial year the Company placed orders to purchase new underground machinery for $965 thousand.

On 25 July 2007 the Company was issued with 730,000 fully paid shares in listed entity Atlas Iron Limited. The shares were issued as consideration for the Company's interest in four tenements from the Goldsworthy Project.

On 22 August 2007 the Company announced that a final dividend for 2006/7 will be paid on 17 September 2007. The dividend is 12 cents per share and will be fully franked.

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

Rounding of Amounts

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

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

R J Marston
Chairman

Dated this 7th day of September 2007

Declaration of Independence by BDO Kendalls
to the Directors of Independence Group NL

As lead auditor of Independence Group NL for the year ended 30 June 2007 , 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 this audit.

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

BDO Kendalls Audit & Assurance (WA)

B G McVeigh

Partner

7 September 2007

Income Statement
For the year ended 30 June 2007

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Revenues from ordinary activities	2	**226,542**	113,404	**30,236**	20,179
Mining and development costs		**(20,714)**	(16,361)	**-**	-
Employee costs		**(16,316)**	(14,573)	**(1,456)**	(1,360)
Share-based payment expense		**(1,336)**	(513)	**(1,336)**	(513)
Revaluation of listed investments		**6,585**	1,236	**6,585**	1,236
Depreciation and amortisation expense		**(9,956)**	(9,342)	**(318)**	(247)
Rehabilitation provision		**-**	(29)	**-**	-
Borrowing cost expense		**(226)**	(444)	**(11)**	(9)
Royalty expense		**(9,040)**	(2,873)	**-**	-
Ore tolling costs		**(8,928)**	(7,992)	**-**	-
Exploration costs expensed		**(57)**	(866)	**(57)**	(866)
Capitalised exploration costs written off		**(11,360)**	(6,909)	**(11,125)**	(2,655)
Other expenses from ordinary activities		**(4,079)**	(4,354)	**(1,614)**	(1,785)
Profit from ordinary activities before income tax expense	3	**151,115**	50,384	**20,904**	13,980
Income tax benefit/(expense) relating to ordinary activities	4	**(45,768)**	(15,398)	**2,296**	1,476
Profit from ordinary activities after related income tax expense		**105,347**	34,986	**23,200**	15,456
Basic earnings per share (cents per share)	7	**92.80**	31.86		
Diluted earnings per share (cents per share)	7	**90.38**	30.67		

The accompanying notes form part of these financial statements

Balance Sheet
As at 30 June 2007

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CURRENT ASSETS					
Cash and cash equivalents	8	**151,986**	26,130	**17,368**	7,211
Trade and other receivables	9	**28,130**	34,880	**290**	165
Inventories	10	**302**	296	**-**	-
Financial assets	11	**25,456**	10,267	**15,104**	7,663
TOTAL CURRENT ASSETS		**205,874**	71,573	**32,762**	15,039
NON-CURRENT ASSETS					
Trade and other receivables	9	**925**	375	**40,238**	18,476
Deferred tax assets	4	**38,243**	13,079	**162**	85
Investments accounted for using the equity method	12	**564**	564	**564**	564
Property, plant and equipment	14	**8,525**	6,773	**738**	649
Exploration, evaluation and development expenditure	15	**19,584**	19,857	**2,121**	4,797
Mine acquisition and pre-production costs	16	**1,896**	2,359	**-**	-
TOTAL NON-CURRENT ASSETS		**69,737**	43,007	**43,823**	24,571
TOTAL ASSETS		**275,611**	114,580	**76,585**	39,610
CURRENT LIABILITIES					
Trade and other payables	17	**15,598**	10,621	**701**	714
Borrowings	18	**1,390**	1,398	**-**	-
Current tax payable		**31,067**	8,557	**31,067**	8,557
Financial liabilities	19	**112,646**	36,371	**-**	-
TOTAL CURRENT LIABILITIES		**160,701**	56,947	**31,768**	9,271
NON-CURRENT LIABILITIES					
Borrowings	18	**521**	1,809	**-**	-
Deferred tax liabilities	4	**9,786**	6,470	**2,999**	1,823
Provisions	20	**1,722**	1,425	**-**	-
TOTAL NON-CURRENT LIABILITIES		**12,029**	9,704	**2,999**	1,823
TOTAL LIABILITIES		**172,730**	66,651	**34,767**	11,094
NET ASSETS		**102,881**	47,929	**41,818**	28,516
EQUITY					
Contributed equity	21	**26,621**	23,076	**26,621**	23,076
Reserves	22	**(57,452)**	(18,291)	**2,835**	1,499
Retained earnings	23	**133,712**	43,144	**12,362**	3,941
TOTAL EQUITY		**102,881**	47,929	**41,818**	28,516

The accompanying notes form part of these financial statements

Statement of Changes in Equity
As at 30 June 2007

	Economic Entity				Parent Entity			
	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total Equity $'000	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total Equity $'000
At 1 July 2005	20,367	28,286	986	49,639	20,367	1,920	986	23,273
Adjustment on adoption of AASB 132 and AASB 139, net of tax	-	(12,356)	(5,816)	(18,172)	-	(5,663)	-	(5,663)
Re-stated total equity at 1 July 2005	**20,367**	**15,930**	**(4,830)**	**31,467**	**20,367**	**(3,743)**	**986**	**17,610**
Loss on cash flow hedges net of tax	-	-	(13,974)	(13,974)	-	-	-	-
Total income and expense for the period recognised directly in equity	-	-	(13,974)	(13,974)	-	-	-	-
Profit for the year	-	34,986	-	34,986	-	15,456	-	15,456
Total income/expense recognised for the year	**-**	**34,986**	**(13,974)**	**21,012**	**-**	**15,456**	**-**	**15,456**
Cost of share-based payment	-	-	513	513	-	-	513	513
Exercise of options	2,395	-	-	2,395	2,395	-	-	2,395
Contributing shares payment	314	-	-	314	314	-	-	314
Equity dividends	-	(7,772)	-	(7,772)	-	(7,772)	-	(7,772)
At 30 June 2006	23,076	43,144	(18,291)	47,929	23,076	3,941	1,499	28,516
At 1 July 2006	23,076	43,144	(18,291)	47,929	23,076	3,941	1,499	28,516
Loss on cash flow hedges net of tax	-	-	(40,497)	(40,497)	-	-	-	-
Total income and expense for the period recognised directly in equity	-	-	(40,497)	(40,497)	-	-	-	-
Profit for the year	-	105,347	-	105,347	-	23,200	-	23,200
Total income/expense recognised for the year	**-**	**105,347**	**(40,497)**	**64,850**	**-**	**23,200**	**-**	**23,200**
Cost of share-based payment	-	-	1,336	1,336	-	-	1,336	1,336
Exercise of options	2,575	-	-	2,575	2,575	-	-	2,575
Issue of fully paid shares	970	-	-	970	970	-	-	970
Equity dividends	-	(14,779)	-	(14,779)	-	(14,779)	-	(14,779)
At 30 June 2007	26,621	133,712	(57,452)	102,881	26,621	12,362	2,835	41,818

The accompanying notes form part of these financial statements

Cash Flow Statement
As at 30 June 2007

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**240,242**	89,868	**-**	-
Dividends received from subsidiary		**-**	-	**30,000**	20,000
Payments to suppliers and employees		**(54,035)**	(45,607)	**(3,212)**	(4,245)
Interest received		**3,082**	763	**145**	133
Borrowing costs		**(226)**	(435)	**(11)**	-
Income tax payment		**(27,468)**	(14,235)	**(27,468)**	(14,235)
Other income		**527**	-	**36**	42
Net cash provided by (used in) operating activities	26a	**162,122**	30,354	**(510)**	1,695
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(6,782)**	(1,678)	**(407)**	(369)
Payments relating to acquisition and investments		**(855)**	(1,500)	**(855)**	-
Payments relating to mine development		**(4,231)**	(3,841)	**-**	-
Loans to associated company		**(550)**	(200)	**(550)**	(200)
Payments for exploration and evaluation expenditure		**(10,348)**	(10,414)	**(7,479)**	(4,820)
Net cash provided by (used in) investing activities		**(22,766)**	(17,633)	**(9,291)**	(5,389)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**2,575**	2,709	**2,575**	2,709
Payment of dividends		**(14,779)**	(7,772)	**(14,779)**	(7,772)
Proceeds from borrowings		**-**	-	**32,162**	14,423
Repayment of borrowings		**(1,296)**	(5,754)	**-**	-
Net cash provided by (used in) financing activities		**(13,500)**	(10,817)	**19,958**	9,360
Net increase in cash held		**125,856**	1,904	**10,157**	5,666
Cash at beginning of year		**26,130**	24,226	**7,211**	1,545
Cash at end of year	8	**151,986**	26,130	**17,368**	7,211

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Independence Group NL and controlled entities. Independence Group NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

a. Principles of Consolidation

A controlled entity is any entity controlled by Independence Group NL. Control exists where Independence Group NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Independence Group NL to achieve the objectives of Independence Group NL. A list of controlled entities is contained in note 13 to the financial statements.

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

b. Income Tax

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

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

Deferred 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

c. Investments

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

After initial recognition investments which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement. 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.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in 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) they are held at initial cost.

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

d. Interests in Joint Ventures

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the balance sheet and income statement. Details of the economic entity's interests, if any, are shown in note 12.

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

e. Property, Plant and Equipment

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

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

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

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

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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

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

Depreciation

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

The useful lives for each class of depreciable assets are:

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

f. Impairment of Assets

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

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

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

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

g. Leased Non-Current Assets

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal and the interest component of the payment. The leased asset is depreciated over its useful life.

h. Exploration and Development Expenditure and Amortisation

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

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

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

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

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

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

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

i. Restoration and Rehabilitation Expenditure

The Company provides for the future cost of rehabilitating and closing its mining operation, regardless of when that operation is expected to cease. A provision for restoration is required to be brought to account as soon as there is a probable outflow of resources that can be measured reliably. The provision for restoration is based on the discounted cash flow of the expected future cost, discounted at 10%.

j. Employee Entitlements

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

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

k. Cash

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

l. Comparative Figures

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

m. Revenue

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

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

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

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

n. Payables

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Receivables

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

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

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

The group uses trade date accounting for its receivables.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

p. Earnings per Share

The economic entity has applied AASB 133 Earnings Per Share.

Basic Earnings per Share

Basic EPS earnings are calculated using net profit or loss after income tax attributable to members of the Company.

Diluted earnings per Share

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

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

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

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

q. Foreign Currency Transactions

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

r. Derivatives

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

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

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

In relation to cash flow hedges (forward foreign currency contracts and nickel commodity contracts) to hedge firm commitments which meet the conditions for special 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 equity and the ineffective portion is recognised in the income statement.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

Amounts accumulated in equity are recycled in the income statement 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 income statement within sales.

s. Share-based Payments

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

There are currently two plans in place to provide these benefits:

(i) the Employee Share Option Plan (ESOP), which provides benefits to executive directors and other employees, and

(ii) the Non-executive Directors' Share Option Plan (NDSOP), which provides benefits to non-executive directors.

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 valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Independence Group NL ('market conditions').

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant 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 are treated as if they were 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 earnings per share.

t. Inventories

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

u. Mine Pre-production and Acquisition Costs

When an operation is acquired, various costs are incurred prior to operations commencing on the mine property. Acquisition Costs, such as legal expenses, financing arrangement expenses and feasibility costs, are capitalised and included in the balance sheet (see note 16).

Prior to commencing production at a mine property, various costs are incurred to enable the commencement of mining operations, such as recruitment of staff, repair and maintenance of the site and its related equipment, and mine planning and scheduling. These Pre-production Costs are capitalised and included in the balance sheet (see note 16).

Mine Acquisition Costs and Pre-production Costs are amortised on a unit-of-production basis, based upon the recoverable mineral reserves estimated at the time of acquisition of the mine property.

v. Royalties

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

w. Rounding of Amounts

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

x. International Financial Reporting Standards

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'), except that the group has chosen to apply exemptions under AASB 1 in relation to AASB 132 and AASB 139 from 1 July 2005. The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial Instruments: Disclosure and Presentation.

y. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity and consolidated financial statements using the cost method. The Group's share of its associates' post-acquisition profits or losses is not recognised in the income statement due to the application of materiality.

z. Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

	Economic Entity		Parent Entity	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

NOTE 2: REVENUE

Ordinary activities				
Sale of goods	**222,933**	112,583	**-**	-
Interest received – other parties	**3,082**	763	**200**	133
Dividend received from wholly-owned entity	**-**	-	**30,000**	20,000
Proceeds from sale of plant	**480**	-	**-**	-
Other revenue	**47**	58	**36**	46
Total Revenue	**226,542**	113,404	**30,236**	20,179

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after charging the following items:

Cost of sale of goods	**56,007**	43,008	**-**	-
Employee entitlements provision	**499**	584	**51**	35
Share-based payment expense	**1,336**	513	**1,336**	513
Borrowing costs - other entities	**226**	444	**11**	9
Amortisation of non-current assets	**620**	1,122	**-**	-
Depreciation of non-current assets	**9,336**	8,220	**318**	247
Exploration costs expensed	**57**	866	**57**	866
Write-off of capitalised exploration expenditure	**11,360**	6,909	**11,125**	2,655
Provision for mine restoration	**-**	29	**-**	-

NOTE 4: INCOME TAX

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
a. The major components of income tax expense are:				
Income Statement				
Current income tax				
Current Income Tax Charge	**50,011**	15,883	**(3,356)**	(2,436)
Adjustment in respect of current income tax of previous year	**-**	-	**-**	-
Deferred income tax				
Relating to origination and reversal of temporary differences	**(4,243)**	(485)	**1,060**	960
Income tax expense reported in the income statement	**45,768**	15,398	**(2,296)**	(1,476)
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Recognition of commodity hedge contracts	**(17,638)**	(8,541)	**-**	-
Rehabilitation	**-**	-	**-**	-
Income tax expense reported in equity	**(17,638)**	(8,541)	**-**	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit before tax from continuing operations	**151,115**	50,384	**20,904**	13,980
Loss before tax from discontinued operations	**-**	-	**-**	-
Accounting profit before income tax	**151,115**	50,384	**20,904**	13,980
At the Group's statutory income tax rate of 30% (2006: 30%)	**45,334**	15,115	**6,271**	4,194
Adjustment in respect of current income tax of previous years	**-**	-	**-**	-
Share-based payments	**401**	154	**401**	154
Research and development concession	**-**	(65)	**-**	-
Non-deductible legal expenses	**49**	78	**49**	78
Expenditure not allowable for income tax purposes	**71**	13	**66**	10
Intercompany dividend	**-**	-	**(9,000)**	(6,000)
Under/over provision	**-**	-	**-**	-
Other	**(87)**	103	**(83)**	88
	45,768	15,398	**(2,296)**	(1,476)
Income tax expense reported in the consolidated income statement	**45,768**	15,398	**(2,296)**	(1,476)
Income tax attributable to discontinued operations	**-**	-	**-**	-
	45,768	15,398	**(2,296)**	(1,476)
The applicable weighted average effective tax rates are as follows:	**30%**	31%	**-**	-

NOTE 4: INCOME TAX (cont.)

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

	Balance Sheet 2007 $'000	Balance Sheet 2006 $'000	Income Statement 2007 $'000	Income Statement 2006 $'000
CONSOLIDATED				
Deferred tax liabilities				
Consumable inventories	**(90)**	(89)	**2**	89
Accrued income	**(17)**	(37)	**1**	15
Revaluation of hedged trade debtors	**-**	(335)	**-**	335
Revaluations on financial assets through profit or loss	**(2,347)**	(371)	**1,976**	371
Capitalised exploration, pre-production and acquisition costs	**(3,997)**	(4,842)	**(903)**	571
Deferred gains and losses on foreign exchange contracts	**(3,106)**	(781)	**-**	-
Capitalised development expenditure	**(208)**	(15)	**193**	36
Other	**(21)**	-	**-**	-
Gross deferred income tax liabilities	**(9,786)**	(6,470)	**1,269**	1,417
CONSOLIDATED				
Deferred tax assets				
Plant and equipment	**1,304**	1,342	**41**	(361)
Trade debtors	**2,059**	-	**(2,395)**	-
Accrued expenses	**111**	82	**(27)**	115
Deferred loss on hedged commodity contracts	**33,794**	10,911	**(2,920)**	(1,589)
Provisions for employee entitlements	**541**	391	**(150)**	(175)
Provision for rehabilitation	**352**	353	**-**	5
Other	**82**	-	**(61)**	103
Gross deferred income tax assets	**38,243**	13,079	**(5,512)**	(1,902)
Deferred tax (income)/expense			**(4,243)**	(485)
PARENT ENTITY				
Deferred tax liabilities				
Accrued income	**(17)**	(13)	**3**	-
Revaluations on financial assets through profit or loss	**(2,346)**	(371)	**1,976**	371
Capitalised exploration expenditure	**(636)**	(1,439)	**(803)**	559
Gross deferred income tax liabilities	**(2,999)**	(1,823)	**1,176**	930
PARENT ENTITY				
Deferred tax assets				
Plant and equipment	**47**	7	**(37)**	(28)
Accrued expenses	**39**	43	**3**	(12)
Provisions for employee entitlements	**51**	35	**(15)**	(18)
Other	**25**	-	**(67)**	88
Gross deferred income tax assets	**162**	85		
Deferred tax (income)/expense			**1,060**	960

b. Tax Consolidation

Independence Group NL and its wholly owned subsidiaries formed a tax consolidated group effective 1 July 2002. The entities have also entered a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on the same basis as if they were tax-paying entities. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head company default on its tax payment obligations. The head company of the tax consolidated group is Independence Group NL.

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000

NOTE 5: AUDITORS' REMUNERATION

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Remuneration of the auditor of the economic entity for:				
a. auditing or reviewing the financial report	**64**	63	**64**	63
b. other services	**-**	-	**-**	-

NOTE 6: DIVIDENDS PAID

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Interim ordinary dividend franked at the tax rate of 30%	**6,862**	2,241	**6,862**	2,241
Final ordinary dividend franked at the tax rate of 30%	**7,917**	5,531	**7,917**	5,531
Total dividends paid during the financial year	**14,779**	7,772	**14,779**	7,772
Franking account balance at the end of the financial year	**35,684**	14,576	**35,684**	14,576

NOTE 7: EARNINGS PER SHARE

		2007 '000 No.	2006 '000 No.
a.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**113,514**	109,810
	Weighted average number of options outstanding	**3,040**	2,947
	Weighted average number of issued contributing shares	**-**	1,292
	Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS	**116,554**	114,050
		$'000	$'000
b.	Earnings used in the calculation of basic EPS	**105,347**	34,986

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

NOTE 8: CASH AND CASH EQUIVALENTS

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Cash on hand	**1**	1	**-**	-
Cash at bank	**355**	(15)	**72**	(46)
Deposits at call (i)	**86,630**	26,144	**2,296**	7,257
Fixed term deposits (ii)	**65,000**	-	**15,000**	-
	151,986	26,130	**17,368**	7,211

(i) The deposits were bearing floating interest rates between 4.59% and 6.20% (2006 – 4.56% and 5.70%) and are available at call.

(ii) The deposits were bearing fixed interest rates between 6.34% and 6.39% and are on fixed terms of between 30 and 90 days.

NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CURRENT					
Trade debtors (i)	1(o)	**27,152**	34,040	**-**	-
Other debtors		**140**	141	**91**	58
Prepayments		**260**	253	**-**	-
GST receivable		**578**	446	**199**	107
		28,130	34,880	**290**	165
NON-CURRENT					
Deposits		**25**	25	**25**	25
Amounts owing from associated entities		**900**	350	**900**	350
Amounts owing from wholly-owned entities		**-**	-	**39,313**	18,101
		925	375	**40,238**	18,476

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

NOTE 10: INVENTORIES

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CURRENT					
Mine spares and stores		**302**	296	**-**	-

NOTE 11: FINANCIAL ASSETS

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CURRENT					
Foreign exchange gain	29	**10,352**	2,604	**-**	-
Shares in listed entities		**15,104**	7,663	**15,104**	7,663
		25,456	10,267	**15,104**	7,663

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
a. Movements during the year in equity accounted investment in associated companies:				
Balance at beginning of the financial year	**564**	564	**564**	564
New investments during the year	**-**	-	**-**	-
Balance at end of the financial year	**564**	564	**564**	564
b. Retained earnings attributable to associate:				
Share of loss from ordinary activities after income tax expense	**(429)**	(198)	**(429)**	(198)
Share of retained losses at beginning of the financial year	**(379)**	(181)	**(379)**	(181)
Share of retained losses at end of the financial year	**(808)**	(379)	**(808)**	(379)
c. Summarised presentation of aggregate assets, liabilities and performance of associates:				
Current Assets	**241**	68	**241**	68
Non-current Assets	**18**	3	**18**	3
Total Assets	**259**	71	**259**	71
Current Liabilities	**42**	71	**42**	71
Non-current Liabilities	**1,800**	726	**1,800**	726
Total Liabilities	**1,842**	797	**1,842**	797
Net Assets	**(1,583)**	(726)	**(1,583)**	(726)
Net loss from ordinary activities after income tax of associates	**(858)**	(396)	**(858)**	(396)

d. Due to the immaterial balance of the associated company's retained losses, the economic entity has not reflected its share of the associate's losses in the investment balance.

e. The associated company is an unlisted company incorporated in Australia, Southstar Diamonds Limited. Independence Group NL has a 50% (2006: 50%) ownership interest.

NOTE 13: CONTROLLED ENTITIES

a. Controlled entities and their contribution to consolidated profit after income tax

	Country of Incorporation	Class of Share	Percentage Owned 2007 %	Percentage Owned 2006 %	Contribution to Profit 2007 $'000	Contribution to Profit 2006 $'000
Controlled Entity: Lightning Nickel Pty Ltd	Australia	Ord	**100**	100	**112,075**	39,529

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Mine plant and equipment – leased (i)	**3,676**	4,922	**-**	-
Accumulated amortisation	**(2,110)**	(2,131)	**-**	-
	1,566	2,791	**-**	-
Mine plant and equipment - other	**22,501**	16,520	**-**	-
Accumulated depreciation	**(16,280)**	(13,187)	**-**	-
	6,221	3,333	**-**	-
Other plant and equipment	**1,568**	1,157	**1,568**	1,161
Accumulated depreciation	**(830)**	(508)	**(830)**	(512)
	738	649	**738**	649
Total written down value	**8,525**	6,773	**738**	649
Reconciliation of the movement for the year:				
Carrying amount at the beginning of year	***6,773***	*6,451*	***649***	*526*
Additions	***6,625***	*5,356*	***407***	*370*
Disposals	**-**	-	**-**	-
Depreciation/amortisation expense	***(4,873)***	*(5,034)*	***(318)***	*(247)*
Carrying amount at the end of year	***8,525***	*6,773*	***738***	*649*

(i) Refer to note 18 for information on non-current assets pledged as security.

NOTE 15: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Exploration and evaluation expenditure:				
Opening balance	**15,753**	14,199	**4,797**	2,933
Current year's expenditure	**11,318**	11,359	**8,449**	4,519
Written off during the year	**(11,360)**	(6,909)	**(11,125)**	(2,655)
Amortisation expense	**(3,372)**	(2,896)	**-**	-
	12,339	15,753	**2,121**	4,797
Development expenditure:				
Opening balance	**4,104**	2,299	**-**	-
Current year's expenditure	**4,231**	2,581	**-**	-
Amortisation expense	**(1,090)**	(776)	**-**	-
	7,245	4,104	**-**	-
Carrying amount at end of year	**19,584**	19,857	**2,121**	4,797

Note1(h) describes the policy relating to the carrying value of interests in exploration, evaluation and development expenditure.

NOTE 16: MINE ACQUISITION AND PRE-PRODUCTION COSTS

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Mine acquisition costs:				
Opening balance	**2,084**	829	**-**	-
Current year's expenditure	**158**	1,570	**-**	-
Amortisation expense	**(346)**	(315)	**-**	-
	1,896	2,084	**-**	-
Pre-production costs:				
Opening balance	**275**	596	**-**	-
Current year's expenditure	**-**	-	**-**	-
Amortisation expense	**(275)**	(321)	**-**	-
	-	275	**-**	-
Carrying amount at end of year	**1,896**	2,359	**-**	-

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

NOTE 17: TRADE AND OTHER PAYABLES

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Trade creditors	**5,731**	4,251	**247**	277
GST Payable	**3,879**	1,654	**6**	3
Employee entitlements	**1,254**	1,052	**168**	117
Sundry creditors and accrued expenses	**4,734**	3,664	**280**	317
	15,598	10,621	**701**	714

NOTE 18: BORROWINGS

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CURRENT				
Lease liabilities (i)	**1,390**	1,398	**-**	-
	1,390	1,398	**-**	-
NON-CURRENT				
Lease liabilities (i)	**521**	1,809	**-**	-
	521	1,809	**-**	-
Financing Arrangements				
Entities have access to the following financing arrangements at balance date:				
Guarantee facility (ii)	**1,500**	1,500	**-**	-
Less: drawn down portion	**(311)**	(1,001)	**-**	-
	1,189	499	**-**	-

(i) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) The facility is denominated in Australian dollars and interest is charged at the BBSY rate plus an applicable margin. The facility is repayable by 30 June 2009 and is secured by a fixed and floating charge over the assets of the economic entity.

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000

NOTE 19: FINANCIAL LIABILITIES

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
CURRENT					
Commodity hedging loss	29	**112,646**	36,371	**-**	-
		112,646	36,371	**-**	-

NOTE 20: PROVISIONS

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
NON-CURRENT					
Employee entitlements (i)		**548**	251	**-**	-
Provision for restoration (ii)		**1,174**	1,174	**-**	-
		1,722	1,425	**-**	-
Employee entitlements movement for the year:					
Balance at start of the year		***251***	-	**-**	-
Provision recognised for the year		***297***	*251*	**-**	-
Balance at the end of the year		***548***	*251*	**-**	-

(i) This is a provision for long service leave entitlements. The Company estimates how many employees are likely to complete 10 years of service at the mine site based upon an estimated probability calculation. This forms the basis for the provision.

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

NOTE 21: CONTRIBUTED EQUITY

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
114,712,057 (2006: 112,271,107) fully paid ordinary shares (a)	**26,583**	22,999	**26,583**	22,999
375,000 (2006: 650,000) partly paid unlisted options (c)	**38**	77	**38**	77
	26,621	23,076	**26,621**	23,076

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
a. Ordinary shares (i)				
At the beginning of year	**22,999**	20,287	**22,999**	20,287
Shares issued during the year				
Issued 1 July 2005 to 30 June 2006	**-**	2,712	**-**	2,712
475,000 unlisted options exercised at $1.03 (ii)	**489**	-	**489**	-
750,000 unlisted options exercised at $1.33 (iii)	**997**	-	**997**	-
37,500 unlisted options exercised at $1.59 (iv)	**60**	-	**60**	-
317,000 unlisted options exercised at $1.16 (iv)	**368**	-	**368**	-
348,950 unlisted options exercised at $0.96 (iv)	**335**	-	**335**	-
62,500 unlisted options exercised at $1.20 (iv)	**75**	-	**75**	-
250,000 unlisted options exercised at $1.16 (v)	**290**	-	**290**	-
200,000 fully paid shares issued (vii)	**970**	-	**970**	-
Transaction costs relating to share issues	**-**	-	**-**	-
At reporting date	**26,583**	22,999	**26,583**	22,999

	No. '000	No. '000	No. '000	No. '000
At the beginning of the year	***112,271***	*106,983*	***112,271***	*106,983*
Shares issued during the year	***2,441***	*5,288*	***2,441***	*5,288*
At reporting date	***114,712***	*112,271*	***114,712***	*112,271*

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
b. Ordinary Contributing Shares – Partly Paid				
At beginning of the year	**-**	3	**-**	3
Converted to ordinary shares during the year	**-**	(3)	**-**	(3)
At reporting date	**-**	-	**-**	-

	No. '000	No. '000	No. '000	No. '000
At beginning of the year	**-**	*3,110*	**-**	*3,110*
Converted to ordinary shares during the year	**-**	*(3,110)*	**-**	*(3,110)*
At reporting date	**-**	-	**-**	-

NOTE 21: CONTRIBUTED EQUITY (cont.)

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
c. Options for Ordinary Shares - Unlisted (iii)				
At beginning of the year	**77**	77	**77**	77
Issued during the year	**38**	38	**38**	38
Converted to ordinary shares during the year	**(77)**	(38)	**(77)**	(38)
At reporting date	**38**	77	**38**	77

	No. '000	No. '000	No. '000	No. '000
At beginning of the year	***750***	*750*	***750***	*750*
Issued during the year	***375***	*375*	***375***	*375*
Converted to ordinary shares during the year	***(750)***	*(375)*	***(750)***	*(375)*
At reporting date	***375***	*750*	***375***	*750*

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

(ii) These options were issued to executive directors on 26 November 2003.

(iii) On 26 November 2003 the Company issued 1,500,000 unlisted options exercisable at $1.33 to non-executive directors. A cash payment of 10.3 cents is made on application for each of four tranches to be issued over 4 years. The 10.3 cents is non-refundable but is included in the exercise price should the options be exercised on vesting.

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

(v) These options were issued to employees in March 2004 and were not issued under the Employee Option Plan.

(vi) At the end of the year there were 4,005,900 (2006: 5,046,850) unissued shares in respect of which options were outstanding.

(vii) These shares were issued to Goldsearch Limited in lieu of meeting the minimum earn-in expenditure requirements under the Musgrave Joint Venture Agreement.

NOTE 22: RESERVES

	Note	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Share-based payment reserve (i)		**2,835**	1,499	**2,835**	1,499
Hedging reserve (ii)	29	**(60,287)**	(19,790)	**-**	-
		(57,452)	(18,291)	**2,835**	1,499
Share-based payment reserve movement for the year:					
Balance at the start of the year		***1,499***	*986*	***1,499***	*986*
Current year		***1,336***	*513*	***1,336***	*513*
Balance at the end of the year		***2,835***	*1,499*	***2,835***	*1,499*
Hedging reserve movement for the year:					
Balance at the start of the year		***(19,790)***	-	**-**	-
Adjustment on adoption of AASB 132 and AASB 139		**-**	*(5,816)*	**-**	-
Current year		***(40,497)***	*(13,974)*	**-**	-
Balance at the end of the year		***(60,287)***	*(19,790)*	**-**	-

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

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

NOTE 23: RETAINED EARNINGS

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Retained profits at the beginning of the financial year	**43,144**	28,286	**3,941**	1,920
Effect of AASB 132 on retained profits 1 July 2005	**-**	(12,356)	**-**	(5,663)
Dividends paid – fully franked	**(14,779)**	(7,772)	**(14,779)**	(7,772)
Net profit attributable to the members of the parent entity	**105,347**	34,986	**23,200**	15,456
Retained profits at the end of the financial year	**133,712**	43,144	**12,362**	3,941

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
a. Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable:				
not later than 1 year	**184**	153	**184**	153
later than 1 year but not later than 5 years	**50**	217	**50**	217
later than 5 years	**-**	-	**-**	-
	234	370	**234**	370
The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.				
b. Finance Lease Commitments				
Finance and hire purchase rentals for plant and equipment are payable as follows:				
not later than 1 year	**1,546**	1,528	**-**	-
later than 1 year but not later than 5 years	**582**	2,044	**-**	-
minimum lease payments	**2,128**	3,572	**-**	-
less: future lease finance charges	**(217)**	(365)	**-**	-
Recognised as a liability	**1,911**	3,207	**-**	-
Finance and hire purchase liabilities provided for in the financial statements:				
Current	**1,390**	1,398	**-**	-
Non-current	**521**	1,809	**-**	-
Total liability	**1,911**	3,207	**-**	-

c. Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Company will be required to spend $6,442,000 in 2007/8.

d. Capital Commitments

There were no capital commitments outstanding at the end of the year.

NOTE 25: SEGMENT INFORMATION

The economic entity operated in two industrial or Primary segments, which were the mining and mineral exploration industries. The economic entity operated only in one geographical or Secondary segment which was Australia.

	Mining $'000	Exploration $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Primary Industrial Segment Information 2007				
Revenue from external customers	222,933	-	-	**222,933**
Inter-segment revenue	-	-	-	**-**
Other revenue	480	-	3,129	**3,609**
Total segment revenue	223,413	-	3,129	**226,542**
Consolidated entity profit/(loss) after income tax	112,075	(6,728)	-	**105,347**
Segment assets	228,243	47,368	-	**275,611**
Segment liabilities	137,963	34,767	-	**172,730**
Acquisition of property, plant and equipment	6,218	407	-	**6,625**
Depreciation and amortisation expense	9,638	318	-	**9,956**
Other non-cash expenses	297	11,360	1,336	**12,993**
Primary Industrial Segment Information 2006				
Revenue from external customers	112,583	-	-	112,583
Inter-segment revenue	-	-	-	-
Other revenue	-	-	821	821
Total segment revenue	112,583	-	821	113,404
Consolidated entity profit/(loss) after income tax	39,530	(4,544)	-	34,986
Segment assets	82,311	32,269	-	114,580
Segment liabilities	55,557	11,094	-	66,651
Acquisition of property, plant and equipment	4,986	370	-	5,356
Depreciation and amortisation expense	9,095	247	-	9,342
Other non-cash expenses	578	6,944	513	8,035

NOTE 26: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax

	Economic Entity 2007 $'000	Economic Entity 2006 $'000	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Profit from ordinary activities after income tax	**105,347**	34,986	**23,200**	15,456
Non-cash flows in profit from ordinary activities:				
Revaluation of investments in listed entities	**(6,585)**	(1,236)	**(6,585)**	(1,236)
Unrealised gain on trade debtors revaluation	**10,421**	(1,117)	**-**	-
Hedge reserve adjustments to income statement	**-**	(1,393)	**-**	-
Depreciation	**3,415**	5,033	**317**	246
Write-off of capitalised expenditure	**11,360**	6,909	**11,125**	2,655
Amortisation	**6,541**	4,308	**-**	-
Share-based payment expense	**1,336**	513	**1,336**	513
Changes in assets and liabilities:				
(Increase)/decrease in trade debtors	**6,888**	(21,444)	**-**	-
(Increase)/decrease in other debtors	**(138)**	375	**(69)**	44
Increase/(decrease) in trade and other payables	**4,774**	2,002	**(66)**	(267)
(Increase)/decrease in inventory	**(6)**	(199)	**-**	-
Increase in deferred tax asset	**(5,361)**	(3,627)	**(76)**	(37)
Increase/(decrease) in current tax payable	**22,510**	1,901	**(30,863)**	(16,588)
Increase in deferred tax liability	**1,121**	3,114	**1,176**	909
Increase/(decrease) in provisions	**499**	229	**(5)**	-
Cash flows from operations	**162,122**	30,354	**(510)**	1,695

b. Non-cash Financing and Investing Activities

During the year the economic entity acquired leased plant and equipment with an aggregate value of $nil (2006: $3,090 thousand).

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the Company placed orders to purchase new underground machinery for $965 thousand.

On 25 July 2007 the Company was issued with 730,000 fully paid shares in listed entity Atlas Iron Limited. The shares were issued as consideration for the Company's interest in four tenements from the Goldsworthy Project.

On 22 August 2007 the Company announced a fully franked final dividend of 12 cents per share to be paid on 17 September 2007.

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

NOTE 28: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

	Economic Entity		Parent Entity	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
a. Director-Related Entities				
Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related	**11**	14	**11**	14
Consulting fees have been paid to Gazmik Pty Ltd and MiningOne Pty Ltd, companies to which a director of a subsidiary is associated	**138**	65	**-**	-
b. Share Transactions of Key Management Personnel				
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:				
	No.	No.	No.	No.
ordinary shares	**5,953,506**	6,563,506	**5,953,506**	6,563,506
options over ordinary shares (unlisted)	**1,775,000**	2,250,000	**1,775,000**	2,250,000
Other key management personnel hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:				
ordinary shares	**47,500**	50,000	**-**	50,000
options over ordinary shares (unlisted)	**75,000**	112,500	**-**	-

c. Key Management Personnel

The Company's key management personnel during the period were non-executive directors Rod Marston (Chairman), John Christie and Oscar Aamodt, executive directors Christopher Bonwick (Managing Director) and Kelly Ross (Company Secretary), and employees Timothy Moran (Group Operations Manager) and Brett Hartmann (General Manager – Long Nickel Mine). All were in office for the entire financial year except for Timothy Moran who resigned as an executive on 22 December 2006.

NOTE 28: RELATED PARTY TRANSACTIONS (cont.)

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

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.	Balance Vested at end of year No.	Vested and exercisable No.	Options Vested during year No.	Options Unvested at end of year No.
2007								
R Marston (i)	750,000	-	(500,000)	250,000	-	-	250,000	250,000
C Bonwick (ii), (iv)	750,000	500,000	(375,000)	875,000	-	-	375,000	875,000
K Ross (ii), (iv)	375,000	250,000	(100,000)	525,000	87,500	87,500	187,500	437,500
J Christie (i)	375,000	-	(250,000)	125,000	-	-	125,000	125,000
O Aamodt	-	-	-	-	-	-	-	-
T Moran	-	-	-	-	-	-	-	-
B Hartmann (iii)	112,500	-	(37,500)	75,000	-	-	37,500	75,000
	2,362,500	**750,000**	**(1,262,500)**	**1,850,000**	**87,500**	**87,500**	**975,000**	**1,762,500**

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

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.	Balance Vested at end of year No.	Vested and exercisable No.	Options Vested during year No.	Options Unvested at end of year No.
2006								
R Marston (i)	1,000,000	-	(250,000)	750,000	250,000	250,000	250,000	500,000
C Bonwick (ii)	1,500,000	-	(750,000)	750,000	-	-	375,000	750,000
K Ross (ii)	750,000	-	(375,000)	375,000	-	-	187,500	375,000
J Christie (i)	500,000	-	(125,000)	375,000	125,000	125,000	125,000	250,000
O Aamodt	-	-	-	-	-	-	-	-
T Moran	-	-	-	-	-	-	-	-
B Hartmann (iii)	150,000	-	(37,500)	112,500	-	-	37,500	112,500
	3,900,000	**-**	**(1,537,500)**	**2,362,500**	**375,000**	**375,000**	**975,000**	**1,987,500**

(i) The options were issued to non-executive directors pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vest 25% each 12 month period and are exercisable at $1.33. The options are only exercisable once payment of 10.3 cents each is received by the Company. This cash payment is required to be made within 30 days of the commencement of each vesting period. The cash payment is non-refundable but forms part of the exercise price should the options eventually be exercised. The cash payment for the options has been received from the non-executive directors. Any options that have not vested are cancelled should the director resign or be removed as a director of the Company. The options expire on 30 June 2008. The fair value of the options at their grant date was 29.2 cents each.

(ii) The options were issued to executive directors pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vest 25% each 12 month period and are exercisable at $1.03. Any options that have not vested are cancelled should the director resign or be removed as an employee of the Company. The options expire on 30 June 2008. The fair value of the options at their grant date was 43.8 cents each.

(iii) The options were issued to the executive on 10 February 2005. The options vest 25% each 12 month period and are exercisable at $1.16. Any options that have not vested are cancelled should the executive resign or be removed as an employee of the Company. The options expire on 30 June 2010. The fair value of the options at their grant date was 21.1 cents each.

(iv) The options were issued to executive directors pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting. The options were issued on 27 November 2006 with an exercise price of $4.44 and vest 12 months after the issue date. Any options that have not vested are cancelled should the director resign or be removed as an employee of the Company. The options expire on 30 June 2011. The fair value of the options at their grant date was $1.71 each.

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

Consideration received from the cash payment in note 28(c)(i) and consideration received on the exercise of options is recognised in contributed equity. During the year $38,625 was recognised in contributed equity arising from the cash payment by non-executive directors. During the year an additional $920,250 was recognised in contributed equity arising from the exercise of non-executives' options described in note 28(c)(i) and $489,250 was recognised in contributed equity arising from the exercise of executive's options described in note 28(c)(ii).

Share holdings of key management personnel for the year ending 30 June were as follows:

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
2007				
R Marston	1,450,000	500,000	(430,000)	1,520,000
C Bonwick	3,873,506	375,000	(1,000,000)	3,248,506
K Ross	885,000	100,000	(290,000)	695,000
J Christie	345,000	250,000	(125,000)	470,000
O Aamodt	10,000	-	10,000	20,000
T Moran	50,000	-	(40,000)	10,000
B Hartmann	-	37,500	-	37,500
Total	**6,613,506**	**1,262,500**	**(1,875,000)**	**6,001,006**
2006				
R Marston	1,200,000	250,000	-	1,450,000
C Bonwick	3,523,506	750,000	(400,000)	3,873,506
K Ross	610,000	375,000	(100,000)	885,000
J Christie	220,000	125,000	-	345,000
O Aamodt	10,000	-	-	10,000
T Moran	125,000	-	(75,000)	50,000
B Hartmann	-	37,500	(37,500)	-
Total	**5,688,506**	**1,537,500**	**(612,500)**	**6,613,506**

	Economic Entity		Parent Entity	
Key Management Personnel Compensation	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Short-term employee benefits	**1,250,459**	1,153,673	**1,250,459**	1,153,673
Post-employment benefits	**84,465**	80,015	**84,465**	80,015
Long-term benefits	**-**	-	**-**	-
Share-based payments	**891,243**	266,728	**891,243**	266,728
	2,226,167	1,500,416	**2,226,167**	1,500,416

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Remuneration Report which is contained within the Directors' Report.

NOTE 28: RELATED PARTY TRANSACTIONS (cont.)

d. Other Related Entities

During the financial year a wholly-owned entity paid dividends of $30,000,000 to Independence Group NL. This amount has been included in note 2 to the financial statements but has been eliminated on consolidation for the purposes of calculating the profit of the economic entity for the financial year.

	Parent Entity 2007 $'000	Parent Entity 2006 $'000
Loan from subsidiary		
Balance at beginning of the year	**18,101**	13,970
Loan advances	**61,043**	21,795
Loan repayments	**39,831**	17,664
Balance at end of the year	**39,313**	18,101

NOTE 29: FOREIGN EXCHANGE AND COMMODITY CONTRACTS

At 30 June 2007 the economic entity 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 following summarises the hedge contracts held by the economic entity at 30 June 2007:

Year	Sell (Nickel Tonnes)	USD/tonne	Exchange Rate	AUD/tonne
2007/8	2,400	12,907	A/US0.7304	17,670
2008/9	2,400	13,513	A/US0.7309	18,489
Total	4,800	13,210	A/US0.7307	18,079

The hedge contracts are to be settled at the rate of 200 tonnes per month. The hedge contracts have been marked to market value as at 30 June 2007 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the Hedge Reserve in the consolidated Balance Sheet.

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

The portion of the gain or loss on the hedging instruments to be an effective hedge is recognised directly in equity when the forecasted transaction occurs, the Group adjusts the amounts deferred in equity to the income statement. During the year ended 30 June 2007, $15,033,092 (2006 $5,298,219) was released from equity to the income statement for the Group only.

NOTE 30: FINANCIAL RISK MANAGEMENT

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

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

a. Interest Rate Risk

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

	Weighted Average Effective Interest Rate		Floating Interest		Non-interest Bearing		Total	
	2007 %	2006 %	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Financial Assets:								
Cash	**5.95**	5.02	**151,985**	26,129	**1**	1	**151,986**	26,130
Receivables			**25**	25	**28,130**	34,880	**28,155**	34,905
Investments			**-**	-	**15,104**	8,227	**15,104**	8,227
Total Financial Assets			**152,010**	26,154	**43,235**	43,108	**195,245**	69,262
Financial Liabilities:								
Payables			**-**	-	**14,344**	9,569	**14,344**	9,569
Bank Loans			**-**	-	**-**	-	**-**	-
Lease Liabilities	**8.11**	8.12	**1,911**	3,207	**-**	-	**1,911**	3,207
Total Financial Liabilities			**1,911**	3,207	**14,344**	9,569	**16,255**	12,776

Floating interest and non-interest bearing assets and liabilities have maturity periods of 1 year or less, with the exception of $521 thousand in lease liabilities which has a maturity period of between 1 and 2 years.

b. Credit Risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

c. Market Risk

(i) Foreign exchange risk

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

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

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

The Group's risk management policy is to hedge between 0% and 100% of anticipated transactions in US dollars for the subsequent 12 months. All of the projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale fair value through profit or loss.

d. Commodity Price Risk

Commodity price risk arises when nickel production is delivered to customers and a financial asset is created. The nickel price fluctuates for three months until final settlement with the customer.

Forward contracts are used to manage the commodity price fluctuation. It is the Board's policy to hedge between 0% and 100% of future anticipated transactions. All of the hedges qualify as "highly probable" forecast transactions for hedge accounting purposes.

NOTE 30: FINANCIAL RISK MANAGEMENT (cont.)

e. Net Fair Values

The net fair values of unlisted investments where there is no organised financial market have been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

The net fair value of assets and liabilities approximates the carrying value.

No financial assets or financial liabilities are readily traded on organised markets except for listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

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

	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Listed investments	15,104	15,104	7,663	7,663
Security deposit	25	25	25	25
Unlisted investments	564	564	564	564
	15,693	15,693	8,252	8,252

NOTE 31: COMPANY DETAILS

The registered office and principal place of business of the Company is Suite 9, Level 3 PDM House, 72 Melville Parade, South Perth, Western Australia. The Group had 149 (2006: 153) employees at the end of the financial year of which 23 (2006: 18) were employed by the parent entity.

NOTE 32: ECONOMIC DEPENDENCY

Independence Group NL depends on WMC Resources Ltd for a significant volume of revenue. During the year ended 30 June 2007 all sales revenue was sourced from this company. The agreement relating to sales revenue contains provision for the Company to seek alternative revenue providers in the event that WMC Resources Ltd is unable to accept supply of the Company's product due to a force majeure event. WMC Resources Ltd is now wholly owned by BHP Billiton Ltd.

NOTE 33: CONTINGENT LIABILITIES

Lightning Nickel Pty Ltd, which is 100% owned by Independence Group NL, has guarantees of $311,000 outstanding to various third parties. The guarantees relate to environmental and rehabilitation bonds predominantly for the Long Nickel Mine.

NOTE 34: SHARE-BASED PAYMENTS

(i) The following share-based payment arrangements existed at 30 June 2007:

(a) On 24 September 2003, the Company issued 1,300,000 unlisted options exercisable at 96 cents to employees. A further 150,000 were issued on 4 February 2004. The options were issued pursuant to the Company's Employee Option Plan. 967,700 options had been exercised or cancelled as at the end of the financial year and 82,300 options have been exercised since the end of the financial year. The remaining 400,000 expire on 30 September 2008.

(b) On 26 November 2003, the Company issued 1,000,000 unlisted options to director Rod Marston and 500,000 to director John Christie. The options are exercisable at $1.33 with 10.3 cents payable on allotment. The options were issued pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting and 1,125,000 had been exercised at the end of the financial year. The remaining 375,000 options expire on 30 June 2008.

(c) On 26 November 2003, the Company issued 1,500,000 unlisted options to director Christopher Bonwick and 750,000 to director Kelly Ross. The options are exercisable at $1.03. The options were issued pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting and 1,600,000 had been exercised at the end of the financial year. The remaining 650,000 options expire on 30 June 2008.

(d) On 31 March 2004, the Company issued 550,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 311,400 options were exercised as at the end of the financial year and 33,000 options have been exercised since the end of the financial year. The remaining 205,600 expire on 30 June 2009.

(e) On 31 March 2004, the Company issued 750,000 unlisted options exercisable at $1.16 to employees. 352,500 options had been exercised as at the end of the financial year and 97,500 options have been exercised since the end of the financial year. The remaining 300,000 expire on 30 June 2009.

(f) On 20 December 2004, the Company issued 250,000 unlisted options exercisable at $1.20 to employees. 125,000 options had been exercised at the end of the financial year. The options were issued pursuant to the Company's Employee Option Plan and the remaining 125,000 expire on 30 June 2009.

(g) On 10 February 2005, the Company issued 800,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 525,000 options had been exercised or cancelled as at the end of the financial year. The remaining 275,000 expire on 30 June 2010.

(h) On 23 December 2005, the Company issued 150,000 unlisted options exercisable at $1.59 to employees. The options were issued pursuant to the Company's Employee Option Plan. 37,500 options had been exercised at the end of the financial year. The remaining 112,500 expire on 30 June 2010.

(i) On 2 May 2006, the Company issued 100,000 unlisted options exercisable at $2.94 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.

(j) On 16 May 2006, the Company issued 50,000 unlisted options exercisable at $3.07 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.

(k) On 31 October 2006, the Company issued 150,000 unlisted options exercisable at $4.85 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2011.

(l) On 13 November 2006, the Company issued 300,000 unlisted options exercisable at $4.64 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2011.

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

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

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

NOTE 34: SHARE-BASED PAYMENTS (cont.)

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

	Economic Entity				Parent Entity			
	2007		2006		2007		2006	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the Beginning of the year	**5,046,850**	**1.20**	6,925,000	1.12	**5,046,850**	**1.20**	6,925,000	1.12
Granted	**1,200,000**	**4.54**	300,000	2.29	**1,200,000**	**4.54**	300,000	2.29
Forfeited	**-**	**-**	-	-	**-**	**-**	-	-
Exercised	**(2,240,950)**	**1.17**	(2,178,150)	1.14	**(2,240,950)**	**1.17**	(2,178,150)	1.14
Expired	**-**	**-**	-	-	**-**	**-**	-	-
Outstanding at year-end	**4,005,900**	**2.23**	5,046,850	1.20	**4,005,900**	**2.23**	5,046,850	1.20
Exercisable at year-end	**1,873,175**	**1.16**	1,046,850	1.07	**1,873,175**	**1.16**	1,046,850	1.07

There were 2,240,950 options exercised during the year ended 30 June 2007. These options had a weighted average share price of $1.17 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of $2.23 and a weighted average remaining contractual life of 2.39 years. Exercise prices range from $0.96 to $4.85 in respect of options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was $1.69.

This price was calculated by using a Binomial option pricing model applying the following inputs:

Weighted average exercise price	$4.54
Weighted average life of the option	4.59 years
Underlying share price	$4.59
Expected share price volatility	46.7%
Risk free interest rate	5.8%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under share-based payment expense in the income statement is $1,336 thousand (2006: $513 thousand), which relates, in full, to equity-settled share-based payment transactions.

(ii) Employee option plan

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

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

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

NOTE 35: CHANGES IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and economic entity, but are not yet effective. They have therefore not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard Affected	Nature of change In Accounting Policy and Impact	Application Date of the Standard[1]	Application Date for the Group
AASB Interpretation 10	Interim Financial Reporting and Impairment	No change, no impact	1 November 2006	1 July 2007
AASB Interpretation 11	AASB 2: Group and Treasury Share Transactions	Independence Group NL is in the process of evaluating the effect of these changes of which the impact is not reasonably estimable at the date of this financial report.	1 March 2007	1 July 2007
AASB 2005-10	Amendments to AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 & 1038	Mainly editorial changes to AASB 132 and other standards as a result of releasing AASB 7.	1 January 2007	1 July 2007
AASB 2007-4	Amendments arising from ED 151 and Other Amendments (AASB1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)	Cash flows from operating activities will be presented on the face of the Cash Flow Statement using the indirect method instead of the direct method. This impacts the presentation of the Cash Flow Statement but there will be no impact on the net amount of cash generated from operating activities.	1 July 2007	1 July 2007
AASB 123 revision June 2007	AASB 123: Borrowing Costs	All borrowing costs for qualifying assets will have to be capitalised where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.	1 January 2009	1 July 2009
AASB 7	AASB 139: Financial Instruments: Disclosure and Presentation	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about the group's and the parent entity's financial instruments.	1 January 2007	1 July 2007
AASB 101 (revised Oct 2006)	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2007	1 July 2007
AASB 8 (replaces AASB 114)	AASB 114: Segment Reporting	This is a disclosure standard only in relation to reporting by operating segments instead of reporting by business and geographical segments.	1 January 2009	1 July 2009

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

NOTE 36: BOARD APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on 7 September 2007.

Directors' Declaration

The directors of the Company declare that in their opinion:

1. the financial statements and notes of the Company and the consolidated entity:
   a. comply with Accounting Standards and the Corporations Act 2001; and
   b. give a true and fair view of the financial position as at 30 June 2007 and performance for the year ended on that date of the Company and economic entity;
2. there are reasonable grounds to believe that the economic entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

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

C M Bonwick
Managing Director

Dated this 7th day of September 2007

Independent Auditor's Report

To the members of Independence Group NL

We have audited the accompanying financial report of Independence Group NL, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report under the heading "Remuneration Report (audited)". As permitted by the Corporations Regulations 2001, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures") required by Accounting Standard AASB 124 Related Party disclosures, under the heading "Remuneration Report" in the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(x), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated and parent entity financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independent Auditor's Report
To the members of Independence Group NL

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, provided to the directors of Independence Group NL on 7 September 2007, would be in the same terms if it had been given at the date of this auditor's report.

Auditor's Opinion on the Financial Report

1. In our opinion, the financial report of Independence Group NL is in accordance with the Corporations Act 2001, including:
   (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
   (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   (c) The consolidated and parent financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1(x).
2. The compensation disclosures that are contained under the heading "Remuneration Report" in the directors' report comply with Accounting Standard AASB 124.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained under the heading "Remuneration Report (audited)" of the directors' report comply with Accounting Standard AASB 124.

BDO Kendalls Audit & Assurance (WA) (formerly BDO)

B G McVeigh

Partner

Perth, Western Australia

Dated this 7th day of September 2007

Additional Information
for Listed Public Companies

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed public companies only. This information is current as at 5 September 2007.

1. Shareholding

a. Distribution of shareholders:

Category (size of Holding)	Ordinary Shares
1 – 1,000	840
1,001 – 5,000	1,591
5,001 – 10,000	605
10,001 – 100,000	655
100,001 – and over	93
	3,784

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 20. The number of shareholders holding less than an economic parcel is 167.

c. The Company has received a notice of substantial holding in relation to 8,551,349 ordinary shares from Orion Asset Management Limited and 9,180,004 ordinary shares from Barclays Global Investors Australia Limited.

d. Voting Rights

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

Fully Paid Ordinary Shares – one vote per share held.

Options – no voting rights are attached to unexercised options.

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

3. The address of the principal registered office in Australia is Suite 9 PDM House, 72 Melville Parade, South Perth, Western Australia, Telephone (08) 9367 2755.

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

5. There is no current on-market buy-back of the Company's securities.

6. Stock Exchange Listing

Quotation has been granted for 114,924,857 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange (ASX Limited). Unquoted securities are detailed in Note 7 below.

7. Unquoted Securities

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

Unlisted Options

(a) On 24 September 2003, the Company issued 1,300,000 unlisted options exercisable at 96 cents to employees. A further 150,000 were issued on 4 February 2004. The options were issued pursuant to the Company's Employee Option Plan. 967,700 options had been exercised or cancelled as at the end of the financial year and 82,300 options have been exercised since the end of the financial year. The remaining 400,000 expire on 30 September 2008.

(b) On 26 November 2003, the Company issued 1,000,000 unlisted options to director Rod Marston and 500,000 to director John Christie. The options are exercisable at $1.33 with 10.3 cents payable on allotment. The options were issued pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting and 1,125,000 had been exercised at the end of the financial year. The remaining 375,000 options expire on 30 June 2008.

(c) On 26 November 2003, the Company issued 1,500,000 unlisted options to director Christopher Bonwick and 750,000 to director Kelly Ross. The options are exercisable at $1.03. The options were issued pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting and 1,600,000 had been exercised at the end of the financial year. The remaining 650,000 options expire on 30 June 2008.

(d) On 31 March 2004, the Company issued 550,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 311,400 options were exercised as at the end of the financial year and 33,000 options have been exercised since the end of the financial year. The remaining 205,600 expire on 30 June 2009.

(e) On 31 March 2004, the Company issued 750,000 unlisted options exercisable at $1.16 to employees. 352,500 options had been exercised as at the end of the financial year and 97,500 options have been exercised since the end of the financial year. The remaining 300,000 expire on 30 June 2009.

(f) On 20 December 2004, the Company issued 250,000 unlisted options exercisable at $1.20 to employees. 125,000 options had been exercised at the end of the financial year. The options were issued pursuant to the Company's Employee Option Plan and the remaining 125,000 expire on 30 June 2009.

(g) On 10 February 2005, the Company issued 800,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 525,000 options had been exercised or cancelled as at the end of the financial year. The remaining 275,000 expire on 30 June 2010.

(h) On 23 December 2005, the Company issued 150,000 unlisted options exercisable at $1.59 to employees. The options were issued pursuant to the Company's Employee Option Plan and 37,500 options had been exercised at the end of the financial year. The remaining 112,500 expire on 30 June 2010.

(i) On 2 May 2006, the Company issued 100,000 unlisted options exercisable at $2.94 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.

(j) On 16 May 2006, the Company issued 50,000 unlisted options exercisable at $3.07 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.

(k) On 31 October 2006, the Company issued 150,000 unlisted options exercisable at $4.85 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2011.

(l) On 13 November 2006, the Company issued 300,000 unlisted options exercisable at $4.64 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2011.

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

8. 20 Largest Holders of Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	J P Morgan Nominees Australia Limited	11,494,708	10.01
2.	HSBC Custody Nominees (Australia) Limited	10,346,197	9.01
3.	ANZ Nominees Limited	8,898,502	7.75
4.	National Nominees Limited	7,692,739	6.70
5.	Citicorp Nominees Pty Limited	7,027,540	6.12
6.	Forty Traders Limited	3,334,000	2.90
7.	RBC Dexia Investor Services Australia Nominees Pty Limited	2,720,943	2.37
8.	Yarandi Investments Pty Ltd	2,335,852	2.03
9.	Cogent Nominees Pty Ltd	2,195,974	1.91
10.	Karen Alana Schiller	2,080,000	1.81
11.	Virtual Genius Pty Ltd	2,000,000	1.74
12.	HSBC Custody Nominees (Australia) Limited – A/c 2	1,417,557	1.23
13.	Christopher Michael Bonwick	1,125,000	0.98
14.	UBS Nominees Pty Ltd	1,017,133	0.89
15.	Nattai Pty Ltd	930,000	0.81
16.	Australian Reward Investment Alliance	841,373	0.73
17.	Ross William Anderson	708,328	0.62
18.	Kelly Amanda Ross	675,000	0.59
19.	William Douglas Goodfellow	610,000	0.53
20.	Forbar Custodians Limited	602,134	0.52
		68,052,980	59.25

INDEPENDENCE GROUP NL
ABN 46 092 786 304

Perth Office
Level 3, PDM House
72 Melville Parade
South Perth, Western Australia
PO Box 893
South Perth, Western Australia 6951
Telephone: +61 8 9367 2755
Facsimile: +61 8 9367 3288
Email: contact@igo.com.au
Website: www.igo.com.au

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