Independence Group

/ 2012 ANNUAL REPORT

The Company has passed the half-way point in transforming itself in the space of three years from being a nickel producer to becoming a gold, nickel, copper, zinc and silver mining company.

/ CORPORATE DIRECTORY

Directors

Peter Bilbe *(Chairman and Non-Executive Director)*

Christopher Bonwick *(Managing Director)*

Kelly Ross *(Non-Executive Director)*

John Christie *(Non-Executive Director)*

Rod Marston *(Non-Executive Director)*

Executive Management

Christopher Bonwick *(Managing Director)*

Brett Hartmann *(Group Operations Manager)*

Terry Bourke *(Company Secretary / Legal Counsel)*

Scott Steinkrug *(Chief Financial Officer)*

Tim Kennedy *(Exploration Manager)*

Rod Jacobs *(Development Manager)*

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Long Nickel Operation

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Telephone: +61 8 9027 6655
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Jaguar/Bentley Operation

Jabiru Metals Limited
PO Box 370
Leonora Western Australia 6438
Telephone: +61 8 9080 4200
Facsimile: +61 8 9080 4299

Auditor

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

Share Registry

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

Shares

Listed on Australian Securities Exchange (ASX)
Company's ASX code: IGO
Shares on issue: 232,882,535 ordinary shares

/ VISION

To build a great Australian Mining Company.

/ MISSION

Creating value through innovation, discovery, and development.

/ VALUES

- **Innovation:** We foster and value innovation, research and discovery.
- **Teamwork:** We are one team working towards a common goal, where all team members are treated fairly and with dignity, courtesy and respect.
- **Leadership:** We value leadership that is evidenced by personal accountability, support for each other and guidance where appropriate.
- **Safety / Wellbeing**: Health and safety are a priority in all aspects of our business, to ensure our own wellbeing, and the safety and wellbeing of all of the people with whom we work.
- **Achieving excellence**: We strive to excel in everything we do, every time we do it.
- **Responsible business conduct**: We act honestly and ethically, mindful of our responsibilities to our shareholders, employees, suppliers, customers, business partners and the communities and environments in which we operate.
- **Aligned with our Shareholders:** We encourage all employees to “think like an owner” when making decisions.

/ GROUP

- Construction is well underway at the Tropicana Gold Mine in Western Australia (IGO 30%), the opening of which will change the scale of operation of the Company and complete its transformation to a multi-commodity mining company.
- Cash and cash equivalents at year end of $192.7 million (FY2011: $288.0 million) and debt of $23.4 million (FY2011: $28.5 million), following the Company's December 2011 equity raising of $115.5 million net of costs (FY 2011: $162.4 million).
- Underlying Earnings Before Interest, Tax, Depreciation and Amortisation of $33.6 million (FY2011: $56.3 million). $285.3 million Net Loss after Tax for the year (FY2011: $5.5 million Net Profit After Tax), which included $288.0 million of after tax, non-cash, impairments.
- Revenue of $216.6 million (FY2011: $162.5 million).
- Dividends paid during the year: 5.0 cents per share fully franked (FY2011: 7.0 cents).
- Dividend paid subsequent to year end: 1.0 cent per share fully franked, paid on 28 September 2012.

/ OPERATIONS

The Company remains committed to continual safety and environmental improvements, targeting zero injuries and environmental incidents. An Enterprise Risk Management (ERM) Program is currently being developed and rolled out progressively across all parts of the Group.

Tropicana Gold Mine

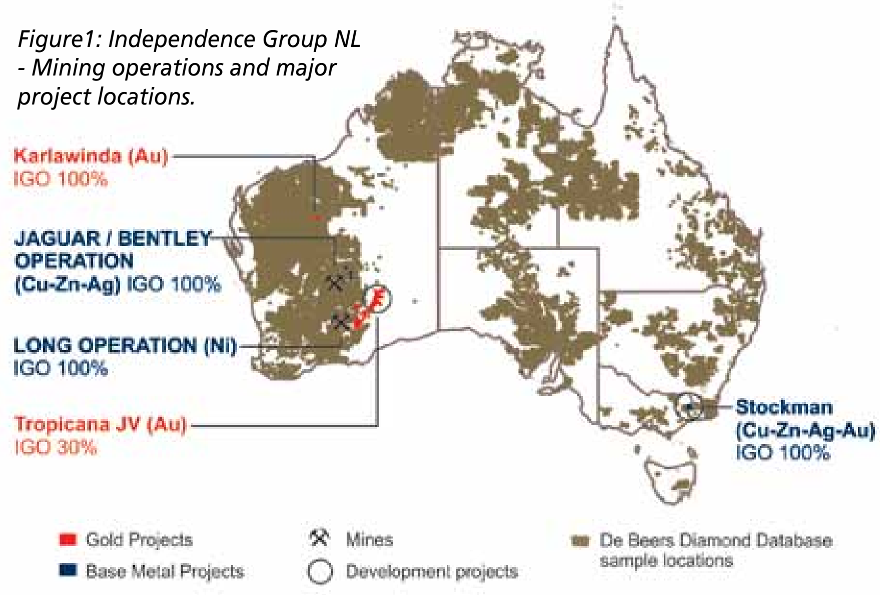
At the Tropicana Gold Mine in Western Australia (IGO 30%) development and construction progressed significantly during the year, with the project on target to achieve the first gold pour in the December quarter 2013. The Company's attributable gold production is estimated to average in the range of 141,000 ounces to 147,000 ounces of gold per annum during the first three years of production at (2010 Bankable Feasibility Study) cash costs in those years of A$580 to A$600 per gold ounce.

As at year end the project had reached the 50% milestone on the pathway to completion (ie. engineering, drafting, procurement, contracts and construction tasks).

Tropicana construction highlights during the year included:

- the completion of the 220km access road to the site, approximately 330 km north-east of Kalgoorlie;
- the completion of the sealed airstrip, designed for 100 seat jet aircraft;
- the site village reaching an accommodation level for 450 personnel;
- the commencement of construction of the treatment plant and supporting infrastructure;
- the mobilisation of the start-up contract mining fleet and the commencement of pre-stripping of the Havana Pit.

Figure1: Independence Group NL - Mining operations and major project locations.



Long Nickel Operation

The Long Nickel Operation in Western Australia (IGO 100%) continued its role as a reliable engine room for the Group, producing 9,995 tonnes of contained nickel metal (FY2011: 9,753 tonnes), the highest achieved by the Operation in any year during the last decade.

The Operation's payable cash costs during the year, including royalties, were A$4.74 per pound nickel (FY2011 A$4.48). These costs were lower than market guidance.

The Long Operation's reserves at year's end were 41,900 nickel tonnes (FY 2011: 58,100 nickel tonnes).

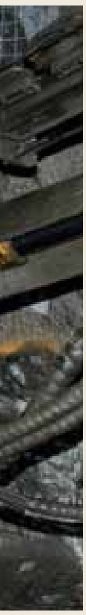
The Operation's resources at year's end were 76,600 nickel tonnes, including reserves (FY 2011: 83,000 nickel tonnes).

Jaguar/Bentley Operation

The Jaguar/Bentley Operation in Western Australia (IGO 100%) produced 7,257 tonnes of contained copper metal (FY2011: 8,468t), 16,569 tonnes of contained zinc metal (FY2011: 14,671t) and 577,726 ounces of contained silver metal (FY2011: 451,504 ounces).

The payable cash costs of the Operation during the year, including royalties, were A$0.58 per pound zinc (FY2011: negative A$0.14 per pound zinc).

Given current low metal prices and a strong Australian dollar, it was decided after year's end to adopt a new selective mining plan for the Jaguar/Bentley Operation, focusing on maximising profits at a lower targeted mining rate of approximately 450,000 tonnes per annum (versus the previous target of 600,000 tonnes per annum).



/ DEVELOPMENT

Stockman Project

At the Stockman copper/zinc/silver/gold project in Victoria (IGO 100%) the preparation of the Definitive Feasibility Study and Environmental Effects Statement progressed well during the year. The Approvals process is continuing.

Karlawinda Project

The Karlawinda gold project in Western Australia (IGO 100%) moved to Scoping Study stage during the year. Open pit carbon-in-leach and/or heap leach processing scenarios are being evaluated.

The Project's Bibra deposit Inferred Mineral Resource estimate was increased late in the year by 207% to 674,300 ounces of contained gold.

/ EXPLORATION

Overview

The Company is renowned as an active, innovative and successful explorer. It continued its emphasis on exploration during the year, spending $57.2 million on exploration and feasibility work (FY 2011: $32.0 million).

De Beers Database

The Company's wholly-owned, Australia-wide, De Beers database and sample library continues to produce new targets and opportunities. To date six 100% IGO owned gold / silver / copper / zinc / vanadium and tin projects and numerous targets have been generated from the database. Systematic prioritisation, field appraisals and ground acquisition of generated anomalies is progressing.

Tropicana

The Tropicana Gold Project Joint Venture (IGO 30%, AngloGold Ashanti 70%) offers a great deal of potential. The Joint Venture's tenements extend over a strike length of approximately 300 km. Tropicana's Resources increased during the year from 5.36 million ounces of contained gold to 6.41 million ounces. (IGO share 1.9 million ounces of contained gold).

Karlawinda

Karlawinda's Bibra gold deposit, like Tropicana, is a concealed deposit with potential to grow. The Karlawinda project area contains numerous untested gold targets as well as potential extensions to the Bibra resource, which will be further explored in the coming 12 months.

The Board possesses extensive experience and substantial knowledge in the areas of mineral exploration, project evaluation and development, as well as the management of mining companies in Australia and internationally.

Peter Bilbe (62)
B.Eng. (Mining) (Hons), MAusIMM
Non-executive Chairman

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

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

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

Christopher Bonwick (53)
B.Sc. (Hons), MAusIMM
Managing Director

Mr Bonwick is a geologist with over 30 years experience in the mineral exploration and mining industry, particularly in the areas of Australian gold and nickel exploration. Mr Bonwick was employed by mining house WMC for ten years, as an open-cut and underground mine geologist, and senior supervising geologist at WMC's Kalgoorlie Exploration Division. In 1991, he moved to Samantha Gold NL where he was employed as Chief Geologist and became Chief Geologist at Resolute Limited in 1994.

Mr Bonwick has led teams that have successfully located virgin gold discoveries, including the Chalice (which returned $100 million profit in just over three years and won "Diggers and Dealer's Discovery of the Year" in 1994), Redeemer and Indee deposits, as well as near-mine gold discoveries in Australia (Hill 50 and Marymia satellites) and Africa. Mr Bonwick was also presented with the Geological Society of Australia's Joe Harms Medal in 2010.

Rod Marston (69)
B.Sc. (Hons), Ph.D., MAIG, MSEG
Non-Executive Director

Dr Marston is a geologist with over 40 years experience in the mineral exploration and mining industry, both in Australia and internationally. He has held senior positions with the Geological Survey of Western Australia and several mineral resource consulting groups. He compiled landmark mineral resource bulletins on copper and nickel mineralisation in Western Australia when at the Survey.

Dr Marston played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Dr Marston was previously a director of Ranger Minerals Ltd (now merged with Perilya Ltd) and is also a director of Kasbah Resources Limited.

Kelly Ross (50)
CPA, ACSA
Non-Executive Director

Kelly Ross is an accountant with 27 years experience in the mineral exploration and mining industry. Mrs Ross was with the Resolute group from 1987 to 2000, during which time Resolute grew from being a small exploration company to become a major multi-national gold producer.

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

John Christie (74)
CPA, ACSA
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.

Dear Shareholders,

Your Company navigated the stormy economic conditions of the last year and continued on course on its journey to becoming a great Australian mining company. It has passed the half-way point to transform itself in the space of three years from being a nickel producer to being a gold, nickel, copper, zinc and silver mining company.

The Company is also on course to transform itself in terms of revenue and profitability. Construction of the Tropicana gold mine in Western Australia (IGO 30%, AngloGold Ashanti 70%) is on schedule to achieve the first gold pour in the December quarter of 2013. The Company's attributable gold production is scheduled to exceed 141,000 ounces in each of the first three years of production. At a gold price of A$1,700 per ounce that would represent over $240 million in revenue per annum for the Company's production share. The Company's total revenue in the year to June 2012 was $216.6 million. Accordingly, Tropicana is planned to more than double the Company's revenue and provide a major boost to earnings.

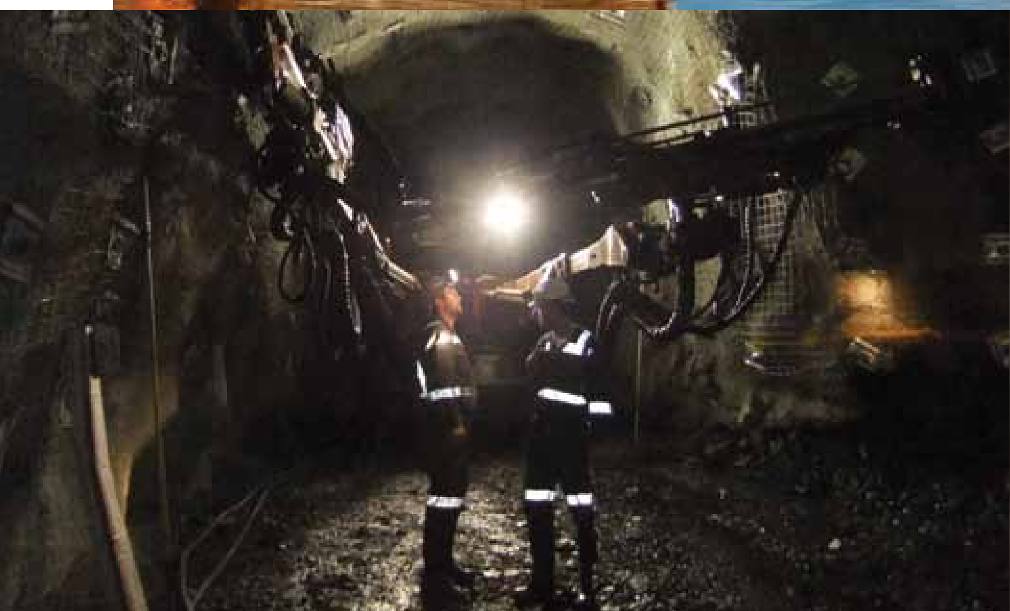
Independence Group

The Tropicana gold mine is not the only project on the Company's horizon. It also has the Stockman base metals project in Victoria (IGO 100%) at the Definitive Feasibility Study and Approvals stage plus the Company's Karlawinda gold project in Western Australia (IGO 100%) which is at the Scoping Study stage.

With an active exploration program, a highly experienced exploration team with a record of success, proprietary exploration technology, ownership of the De Beers geochemical database and very prospective tenements, another exciting discovery is a constant possibility.

While the Company is always looking for opportunities overseas and in Australia, currently all of its projects in operation, construction, feasibility study and scoping study stages are in Australia. In the context of uncertainties and instability in some overseas countries where other companies are operating, the Company's strong Australian base has been an attraction for many analysts and investors.

Economic conditions change over time and are beyond our control. Our mission of creating value through innovation, discovery and development remains constant, as do our core values, such as safety, responsible business conduct, striving for excellence and alignment with our shareholders.



Given the importance to the Company of bringing the Tropicana gold mine into production, it was vital for the Company to ensure that it had sufficient cash to fund its share of the very substantial construction costs. In January 2012 the Company successfully completed a $115.5 million equity capital raising through a placement and share purchase plan, primarily to add to its cash reserves for Tropicana construction costs.

The Long Nickel Operation in Kambalda, Western Australia, continued to be a strong source of cash for the running of the Group during the year. The Operation's production of 9,995 tonnes of contained nickel metal was the highest achieved in any year in the last decade. In this difficult year the Operation remained profitable, unlike some of its competitors.

Continuing pressures on metal prices and underground mining issues at the Jaguar Mine in the first half of the year meant that the financial year was a challenging one for the Company's Jaguar/Bentley Operation in Western Australia. Development of the Bentley underground mine progressed well during the year. Ore was sourced both from it and from the older Jaguar underground mine. Metal production in concentrate of zinc and silver increased during the year, while copper declined. At the end of the year the Company announced a new selective mining plan at Jaguar/ Bentley, to focus on maximising value and cash flow over the life of the Operation.

I said at the start of this letter that the Company had navigated the stormy economic conditions of the last year. It did not do so without incurring significant weather damage to its income and balance sheet. Midway through the financial year the Company announced a substantial impairment of the carrying value of the Jaguar/Bentley assets and associated goodwill in the Company's financial statements as at 31 December 2011. In view of world economic conditions, pressures on commodity prices and the high Australian dollar, the Board considered it prudent to book further impairment charges at the end of the financial year, relating to the carrying value of the Jaguar/Bentley assets and previously capitalised exploration costs across the Group. The total impairments for the financial year were $372.4 million, with an after tax impact on earnings of $288.0 million.

The above impairment decisions by the Board were made in accordance with its obligations under Australian Accounting Standards and the Corporations Act. The Company remains a strong entity on a clearly defined, prudent and measured growth course. It had cash and cash equivalents at 30 June 2012 of $192.7 million. Its low debt at that date of $23.4 million and projected strong future cash flows left the Company with ample ability to raise debt capital as and when required for its future growth.

The Company's strong financial position enabled it to continue to pay dividends. The dividends paid during the financial year totalled five cents per share, fully franked. A fully franked interim dividend of two cents per share relating to the financial year was announced in February 2012 and a fully franked final dividend of one cent per share was announced in August 2012 (reduced from the previous year because of uncertain economic conditions).

The current financial year ending in June 2013 will be the last one before revenue begins to flow to the Company from the Tropicana gold mine. It has been a long journey since Tropicana's discovery in 2005. This will be an exciting year as the Company focuses on construction at Tropicana, solid operational performances at its existing mines, the progression of its other developing projects and its ongoing focus on innovative exploration.

On your behalf I thank the Company's employees for their efforts and successes during the challenging year which is reviewed in this Annual Report.

On behalf of the Board and the employees I also thank the Company's shareholders for their on-going support.

Peter Bilbe
Chairman

Dear Fellow Shareholders,

I have often spoken of our vision to build a great Australian mining company. While we still have a long way to go, the target is now on our horizon.

Your Company is in rapid transition. Consider three measuring points: As recently as January 2011 the Company was only known as a nickel producer. By January 2012 it was a producer of nickel, copper, zinc and silver. Before January 2014 – which is in the next financial year as I write these notes - your Company should be well-diversified, producing gold, nickel, copper, zinc and silver.

The completion of construction of the Tropicana gold mine (IGO 30%, AngloGold Ashanti Australia 70%) represents a major tipping point for us. Once the mine ramps up to full production, the Company's share of gold production is likely to double the Company's revenue. Because Tropicana will be a relatively low cost gold producer, the increase in the Company's earnings is expected to be significant.

Changes at a tipping point can be rapid and remarkable, but there is usually a great deal of work involved over a long period to get to that point. That is the case with Independence Group. It was in 2001 that the Company pegged the area containing the current Tropicana gold reserves. AngloGold Ashanti farmed into the project in 2002. Many years of incremental advances were necessary to provide a solid foundation for the recent almost exponential progress.

The current rapid construction of the Tropicana gold mine is not the only excitement for shareholders and employees. On the development front the Stockman copper/zinc/silver/gold project in Victoria (IGO 100%) is in the midst of its Definitive Feasibility Study and Approvals process. The Karlawinda gold project in Western Australia (IGO 100%) is at Scoping Study stage and is progressing well.

Many shareholders comment that it is important to them that Independence Group places great emphasis on exploration. In the Highlights section of this Annual Report we outlined the potential of the Tropicana and Karlawinda areas and the opportunities being generated for us by our wholly-owned De Beers data base. I would like to mention two other areas of particular interest to the Company.

Our Jaguar Regional Exploration Project covers a 50 km strike length, along which eight Volcanogenic Massive Sulphide (VMS) alteration zones have been defined, indicating potential for other base metal discoveries. During the next 12 months we will focus on exploring for high grade massive copper-zinc sulphides associated with those anomalies in this highly prospective VMS camp.

At our Long Nickel Operation at Kambalda, nickel sulphide deposits were intersected east of the Moran ore body and north of the Long ore body. Exploration over the next 12 months will continue to test for extensions and new deposits in this world class nickel camp. We have a history of successful discoveries in this area over the last seven years.

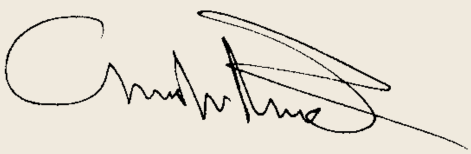
This brings me to our existing production assets.

The Highlights section of this Annual Report celebrated the fact that the Long Nickel Operation produced 9,995 tonnes of contained nickel metal during the year, the highest during the Company's ownership over the last decade. During a year of world-wide economic uncertainty and low commodity prices, it was a great time for the Operation to exceed expectations.

The 2012 year was the Company's first full year of ownership of the Jaguar/Bentley Operation. It was a difficult year of transition as the development of the Bentley mine and the Heavy Media Separation (HMS) plant progressed and our understanding of the Operation increased. Continuing low metal prices and the strong Australian dollar caused us to adopt a new selective mining plan at the end of the financial year. That plan will maximise value and cash flows over the life of the Operation.

The equity raising of $115.5 million during the year was a critical part of the preparations to enable the Company to reach the exciting tipping point that I mentioned earlier. I believe that beyond that point the Company will be in a much stronger position to capitalise on its pipeline of projects, as well as the hoped-for further developments in the vicinity of the Tropicana gold mine.

Again I thank all shareholders for their faith and support during difficult world economic conditions. The Company's employees are continuing through these difficult times to deliver value to shareholders through innovation, discovery and development.



Christopher Bonwick
Managing Director

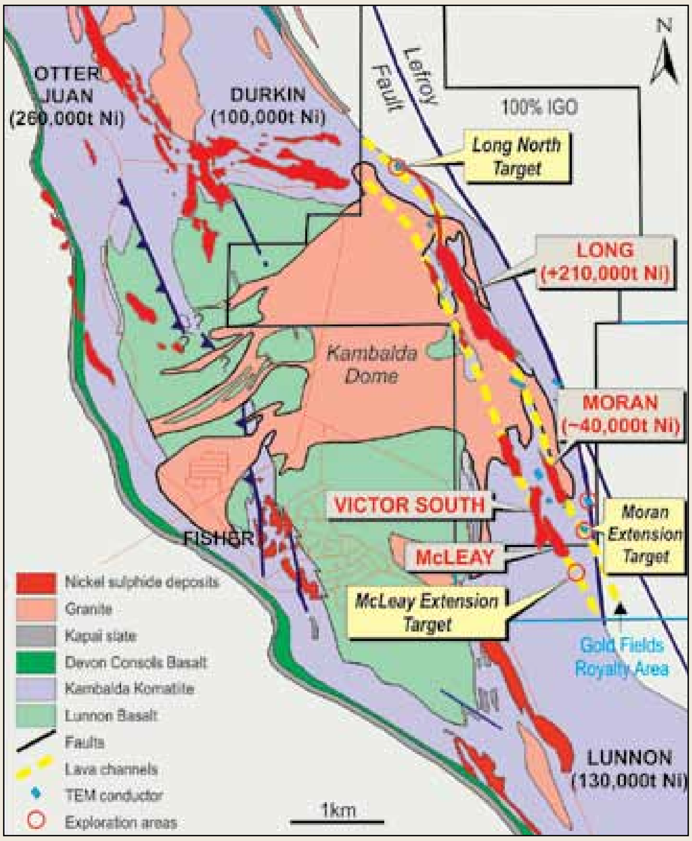


Figure 2: Long Nickel Operation - Regional geology, tenure, nickel shoots and targets.

Long Nickel Operation, Western Australia

IGO 100%

Background

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

The mine is located at Kambalda in Western Australia (Figure 1 on page 2 and Figure 2).

Since re-commissioning, the Company has produced 2.16 million tonnes at a reconciled grade of 3.9% nickel (83,931 nickel tonnes). Ongoing brownfields exploration has successfully discovered the McLeay (2005) and Moran ore bodies (2008) and has enabled the operation to develop a reserve base to support a life till at least 2017, at a nominal 9,000 tonnes of contained nickel metal per annum.

Offtake Agreement

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

Safety

Three Lost Time Injuries ("LTI") occurred during 2011-12 financial year. The operation remains committed to continual improvement and targeting zero injuries. We also recognise that our safety objectives cannot be attained without input from all of our employees, so we continue to actively engage and consult all employees to revise safe work practices.

The occupational health and safety regime is stated in the Safety Policy of the Operation. 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 our employees.

Geotechnical Conditions and Seismicity

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

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

The Company is a supporter of world leading geotechnical and seismicity research. Our involvement in such things allows us to remain abreast of advances and ensure that our systems and overall approach remains industry best practice.

Mine Production

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

Production for the year ended June 2012 (Table 1) was 282,177 tonnes (FY2011: 224,842t) at an average head grade of 3.5% nickel (FY2011: 4.3%) for 9,995 tonnes of contained nickel metal (FY2011: 9,753t).

This was the highest nickel metal production achieved by the Operation in any year in the last decade. Production exceeded market guidance of 8,800 to 9,200 tonnes of contained nickel metal.

Payable cash costs for the year including royalties were A$4.74 per pound nickel (FY2011 A$4.48), which was below market guidance of A$4.80 to A$5.00.

Table 1: Long Nickel Operation – FY2012 Production

	Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	18,332	3.5	635
Victor South (mechanised)	30,098	4.3	1,282
McLeay (mechanised and hand-held)	98,355	2.6	2,524
Moran (mechanised)	135,392	4.1	5,554
TOTAL	**282,177**	**3.5**	**9,995**
Reserve	142,914	4.4	6,365
In addition to Reserve	139,263	2.6	3,630
TOTAL	**282,177**	**3.5**	**9,995**

The Company's share of metal produced in FY2012 was 6,013 nickel tonnes and 307 copper tonnes, resulting in combined sales revenue of $119.1 million.

Production Guidance

Production guidance for the Long Nickel Operation for the financial year ending June 2013 is 260,000 to 280,000 ore tonnes for production of between 9,200 and 9,600 tonnes of contained nickel. Nickel cash costs and royalties for FY2013 are forecast at A$4.80 to A$5.00 payable per pound, net of copper credits. Exploration over the next 12 months will continue to test for extensions to existing ore bodies and for new deposits in the tenement area.

Resources and Reserves

The Operation's personnel, Cube Consulting Pty Ltd (mineral resource consultants), and MiningOne Pty Ltd (mine engineering consultants) were used to estimate resources and reserves based on industry best practice. Tabulated resource and reserve numbers have been rounded for reporting purposes. (Tables 2 and 3).

Table 2: Long Nickel Operation – June 2012 Resources (and 2011 comparison)

		Mineral Resources at 1% Ni Cut-off as at 30 June 2011			Mineral Resources at 1% Ni Cut-off as at 30 June 2012		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	26,000	5.6	1,500	47,000	3.7	1,700
	Indicated	210,000	4.8	10,100	220,000	5.1	11,200
	Inferred	106,000	4.8	5,100	167,000	5.1	8,600
	Sub-Total	**342,000**	**4.9**	**16,700**	**434,000**	**5.0**	**21,500**
Victor South	Measured	-	-	-	-	-	-
	Indicated	240,000	2.6	6,200	53,000	7.3	3,900
	Inferred	34,000	1.5	500	34,000	1.5	500
	Sub-Total	**274,000**	**2.4**	**6,700**	**87,000**	**5.1**	**4,400**
McLeay	Measured	69,000	6.9	4,800	49,000	7.2	3,600
	Indicated	203,000	5.1	10,300	145,000	5.5	7,900
	Inferred	93,000	4.4	4,100	79,000	4.2	3,300
	Sub-Total	**365,000**	**5.3**	**19,200**	**273,000**	**5.4**	**14,800**
Moran	Indicated	585,000	6.9	40,400	498,000	7.1	35,300
	Inferred	-	-	-	11,000	5.3	600
	Sub-Total	**585,000**	**6.9**	**40,400**	**509,000**	**7.0**	**35,900**
TOTAL		**1,566,000**	**5.3**	**83,000**	**1,303,000**	**5.9**	**76,600**

Table 3: Long Nickel Operation – June 2012 Reserves (and 2011 comparison)

		Ore Reserve at Economic Ni Cut-off as at 30 June 2011			Ore Reserve at Economic Ni Cut-off as at 30 June 2012		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Proven	-	-	-	5,000	3.0	100
	Probable	127,000	3.0	3,800	91,000	2.6	2,400
	Sub-Total	**127,000**	**3.0**	**3,800**	**96,000**	**2.6**	**2,500**
Victor South	Proven	-	-	-	-	-	-
	Probable	68,000	4.3	2,900	55,000	4.2	2,300
	Sub-Total	**68,000**	**4.3**	**2,900**	**55,000**	**4.2**	**2,300**
McLeay	Proven	120,000	2.8	3,400	63,000	2.4	1,500
	Probable	204,000	2.9	5,900	139,000	2.8	3,900
	Sub-Total	**324,000**	**2.9**	**9,300**	**202,000**	**2.7**	**5,400**
Moran	Proven	-	-	-	-	-	-
	Probable	1,091,000	3.9	42,100	768,000	4.1	31,700
	Sub-Total	**1,091,000**	**3.9**	**42,100**	**768,000**	**4.1**	**31,700**
TOTAL		**1,610,000**	**3.6**	**58,100**	**1,121,000**	**3.7**	**41,900**

Notes:

1 Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.
2 Excludes Victor South disseminated mineralisation of 128,500t @ 1.35% Ni (2,518 NiT) using a cut-off grade of 0.6%Ni.
3 Mining depletion as at 30 June 2012 has been removed from the resource estimate.
4 Resources are inclusive of Reserves.
5 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.
6 Nickel price assumptions: A$10.10 lb Ni – 2011 Reserve, A$ 8.55 lb Ni – 2012 Reserve.
7 See IGO's ASX release of 17 October 2012 Mineral Resource Estimate Parameters and Ore Reserve Parameters.

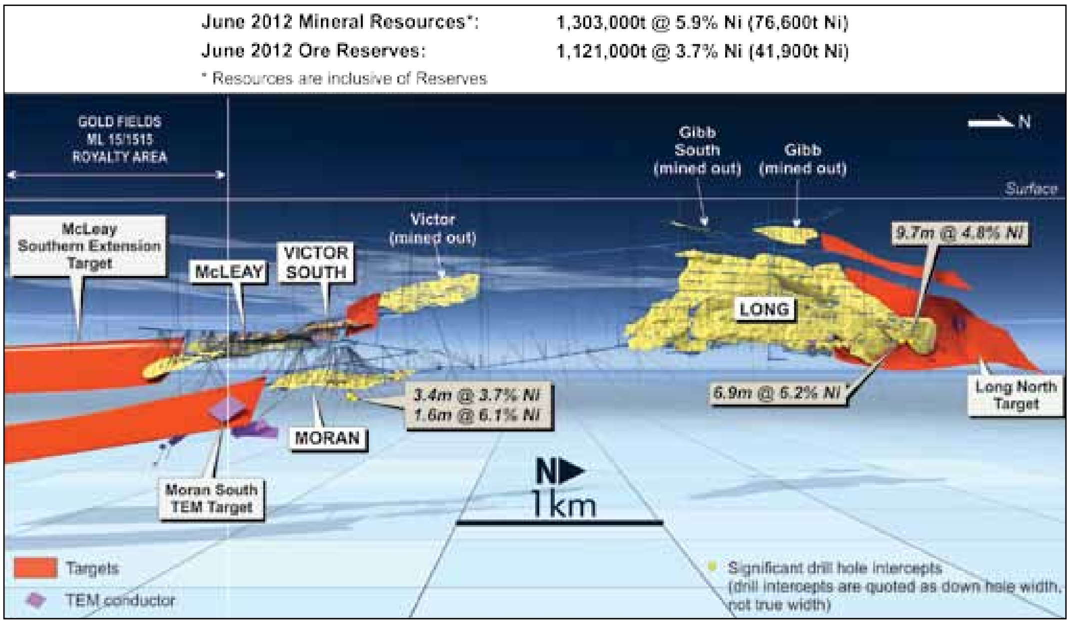


Figure 3: Long Nickel Operation - Longitudinal Projection showing target areas, TEM conductors and significant FY2012 intercepts.

Geophysics

A 3-component down-hole Transient Electromagnetic (TEM) probe is used to produce real time massive and matrix nickel sulphide location information, providing a vector to potential mineralisation. This technology contributed to the discovery of the McLeay and Moran deposits. It has also resulted in a reduction in drilled metres, allowed more accurate mine design and reduced the need for expensive "exploration" development. The Company has developed a next generation TEM transmitter, which is delivering greater reliability and higher signal strength and continues to define new off-hole conductors and nickel sulphide targets.

Exploration

The two lava channels that host nickel sulphide deposits at the Company's Long Nickel Mine are (Figure 3):

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

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

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

High powered TEM transmitter.

Exploration during the year focused on extensions of the high-grade Moran and Long North ore bodies with exploration success achieved in identifying a new nickel sulphide shoot east of the Moran ore body and strike extensions north of the Long ore body.

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

Moran

The high-grade Moran deposit was discovered by the Company's exploration team in late 2008 and a maiden resource estimate was published in September 2009. The Moran nickel sulphides are within the same lava channel hosting the +210,000 nickel tonne Long ore body. Moran is currently interpreted to have a 670m strike length. The deposit is located approximately 1km south of the Long ore body (Figure 3).

Exploration drilling to the east of the Moran 2011 resource boundary intersected high-grade mineralisation approximately 100m east of existing development (LSU-382: 1.6m @ 6.1% Ni and LSU-401: 3.4m @ 3.7% Ni) as well as identifying a number of TEM targets. Further drilling is planned to test the new surface once drill drive development is completed to allow better drilling angles.

Moran South

The southern boundary of the Moran ore body is terminated by a fault. Drilling to test for the southern continuation of the Moran ore body was hampered by extremely poor drilling conditions associated with this structure and caused numerous drill holes to be abandoned before reaching target depth. Drilling is planned to continue in FY2013 financial year to test unexplained TEM anomalies south of Moran once new drill drives are completed.

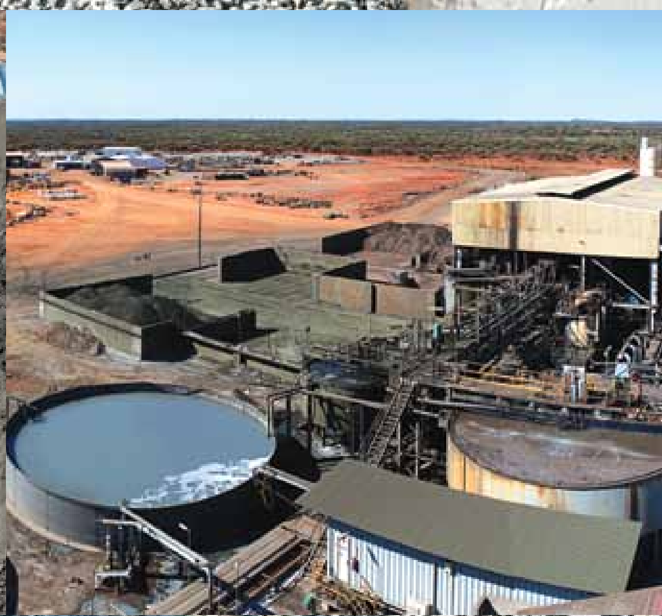
Long North

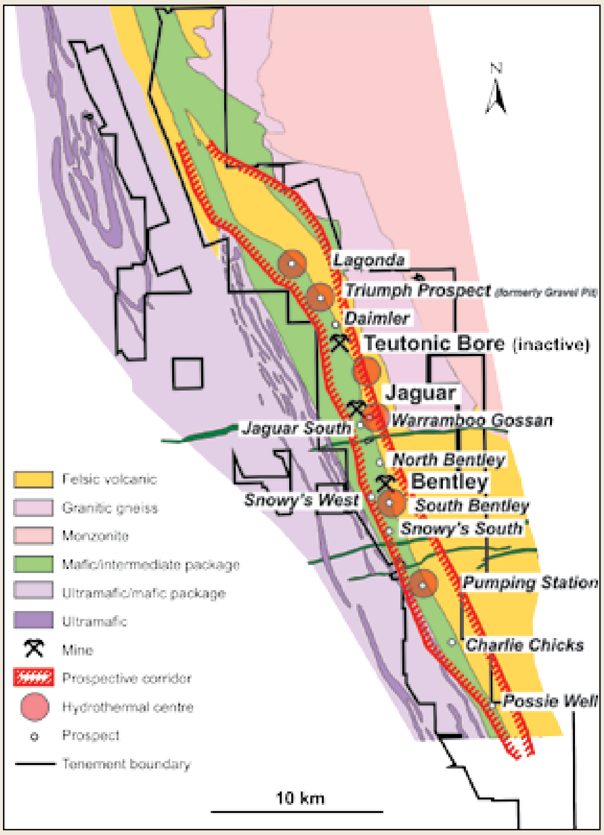
Drilling north of the Long ore body in FY2008 intersected nickel sulphides in an area previously thought to have been stoped out by porphyry dykes and indicated the ore body was open in that direction.

Follow up infill and extension drilling upgraded the prospectivity of the Long North target area and lead to an increase in resources and reserves. A program of drill drive development and drilling continued in FY2012. This defined new down hole TEM anomalies and nickel sulphide extensions (LG137-074: 6.9M @ 6.2% Ni and LG137-077: 9.7m @ 4.8% Ni).

McLeay

The McLeay ore body remains open to the south. A swarm of porphyry dykes stopes out mineralisation at the southern limit of the existing resource and creates difficult drilling conditions that have thus far prevented effective testing of the prospective contact further to the south. Development has now reached the current southern end of the McLeay ore body and this development will be used to test for the continuation of the McLeay ore system.





Jaguar / Bentley Copper-Zinc-Silver Operation, Western Australia

IGO 100%

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

Background

The Company acquired the Jaguar / Bentley Operation, located 60km north of Leonora and 250km north of Kalgoorlie (Figure 1 on page 2 and Figure 4), via an off-market takeover of Jabiru Metals Limited which was completed in the June Quarter 2011.

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

Safety

During the year two Lost Time Injuries ("LTI") occurred.

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

Mine Production

A total of 411,476t was mined during the year predominantly from long-hole stoping with a minor contribution from flat backing and sub-level caving at Jaguar and level development at Bentley (Table 4).

Mill Production

Mill production was 366,891 tonnes @ 2.3% copper, 6.0% zinc and 86.9g/t silver (FY2011: 355,952t @ 2.8% copper, 5.8% zinc and 80.0g/t silver). Metal production in concentrate was 7,257 tonnes copper, 16,569 tonnes zinc and 577,726 ounces silver (FY2011: 8,468t copper, 14,671t zinc and 466,238oz silver).

Table 4: Jaguar/Bentley Operation – 2011/12 Production

	Tonnes	Cu%	Zn%	Ag g/t
Jaguar	290,668	2.7	3.5	54
Bentley	120,808	1.3	11.7	168
TOTAL	**411,476**	**2.3**	**5.9**	**87**

Production of copper was 3.2% below market guidance of 7,500t to 8,500t, zinc production was above guidance of 15,500t to 16,500t and silver production was 15% above guidance of 400,000 ounces to 500,000 ounces.

The payable cash cost including royalties was A$0.58 per pound of zinc for the year (FY2011: negative A$0.14 per pound).

Mill performance was improved after completion of the Heavy Media Separation plant (HMS) which removes waste rock from diluted ore and stringer sulphides and increases the mill head grade, reducing processing costs.

2012/13 Production Guidance

The Jaguar/Bentley Operation is forecasting mining of between 430,000 and 450,000 ore tonnes for production of 5,000 to 6,000 tonnes of copper metal, 27,000 to 28,000 tonnes of zinc metal and 700,000 to 800,000 ounces of silver metal in concentrate. Cash costs for FY2013 are forecast at A$0.40 to A$0.60 per pound of zinc, including royalty costs and net of copper and silver credits.

Reserves and Resources

Independence personnel were used to estimate reserves and resources based on industry best practice. These are listed in Tables 5 and 6.

Exploration

The historic Teutonic Bore deposit and the Jaguar and Bentley deposits, which occur at or near the base of a mafic volcanic succession overlying a felsic volcanic package, typically comprise massive sulphide lenses with semi-massive and stringer style mineralisation both below and lateral to the massive ore. They dip steeply to the west and have strike and dip extents of approximately 400m.

Table 5: Jaguar Operation – June 2012 Resources (and 2011 Comparison)

		Mineral Resource - 30 June 2011					Mineral Resource - 30 June 2012				
		Tonnes	Cu %	Zn %	Ag g/t	Au g/t	Tonnes	Cu %	Zn %	Ag g/t	Au g/t
Jaguar	Measured	373,000	3.5	5.9	81	-	429,000	2.5	4.4	61	-
	Indicated	441,000	2.1	3.8	57	-	129,000	1.8	2.6	32	-
	Inferred	42,000	2.2	1.8	28	-	31,000	2.6	2.7	43	-
	Stockpiles	5,000	2.0	4.2	55	-	6,000	1.9	3.7	54	-
	Sub Total	**861,000**	**2.7**	**4.6**	**66**	-	**595,000**	**2.3**	**3.9**	**54**	**-**
Bentley	Measured	-	-	-	-	-	-	-	-	-	-
	Indicated	2,296,000	1.8	10.0	122	0.6	2,118,000	1.7	10.5	125	0.7
	Inferred	742,000	2.7	9.4	192	1.0	795,000	2.5	9.6	160	0.9
	Stockpiles	-	-	-	-	-	1,000	0.8	6.5	66	0.3
	Sub Total	**3,038,000**	**2.0**	**9.8**	**139**	**0.7**	**2,914,000**	**1.9**	**10.2**	**134**	**0.7**
Teutonic	Measured	-	-	-	-	-	-	-	-	-	-
Bore	Indicated	946,000	1.7	3.6	65	-	946,000	1.7	3.6	65	-
	Inferred	608,000	1.4	0.7	25	-	608,000	1.4	0.7	25	-
	SubTotal	**1,554,000**	**1.6**	**2.5**	**49**	**-**	**1,554,000**	**1.6**	**2.5**	**49**	**-**
TOTAL		**5,453,000**	**2.0**	**6.9**	**102**	**-**	**5,063,000**	**1.9**	**7.1**	**99**	-

Notes:

1 Teutonic Bore resource estimate is as at August 2009.
2 Jaguar and Bentley mining depletion as at 30 June 2012 has been removed from the resource estimates.
3 Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined, stringer sulphide resources are reported above cut-off grades of 0.5% Cu for Bentley and Jaguar, 0.7% Cu for Teutonic Bore.
4 Block modelling used ordinary kriging grade interpolation methods within wireframes for all elements and density.
5 Resources are inclusive of Reserves.
6 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section on page 44 of this report.
7 See IGO ASX Release of 17 October 2012 for 2012 Mineral Resource Estimate Parameters.

Table 6: Jaguar Operation – June 2012 Reserves (and 2011 Comparison)

		Ore Reserve - 30 June 2011					Ore Reserve - 30 June 2012				
		Tonnes	**Cu %**	**Zn %**	**Ag g/t**	**Au g/t**	**Tonnes**	**Cu %**	**Zn %**	**Ag g/t**	**Au g/t**
Jaguar	Proven	359,000	3.1	4.8	66	-	73,000	1.9	0.5	15	-
	Probable	467,000	1.8	3.3	48	-	6,000	1.5	0.4	10	-
	Sub Total	**826,000**	**2.4**	**3.9**	**56**	**-**	**79,000**	**1.8**	**0.4**	**14**	**-**
Bentley	Proven	-	-	-	-	-	-	-	-	-	-
	Probable	2,450,000	1.5	8.6	106	0.5	2,373,000	1.3	8.5	100	0.5
	Sub Total	**2,450,000**	**1.5**	**8.6**	**106**	**0.5**	**2,373,000**	**1.3**	**8.5**	**100**	**0.5**
TOTAL		**3,276,000**	**1.7**	**7.4**	**93**	**-**	**2,452,000**	**1.3**	**8.2**	**98**	**-**

Notes:

1 Cut-off values were based on NSR values of $160/t for direct mill feed and $90/t for HMS feed.

2 Revenue factor inputs: (US$) Cu $8,378/T, Zn $ 2,205/T, Ag $33/Oz & Au $1,700/Oz. Exchange rate Aus$1.030 : US$1.00. Costs are based on 2011-2012 contract or current average costs.

3 Metallurgical recoveries - 87% Cu, 74% Zn, 52% Ag and 40% Au. HMS recoveries vary by feed source and range between 65-70% of feed to sinks, 90% Cu, 75% Zn, 79% Ag & 79% Au.

4 Longitudinal sub-level long hole stoping will be used at Bentley and sub-level caving at Jaguar.

5 All Indicated Resource and associated dilution was classified as Probable reserve. No resource was available in the Measured category for conversion to Reserves at Bentley. All Measured Resource and associated dilution was classified as Proven Reserve at Jaguar.

6 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section on page 44 of this report.

7 See IGO ASX Release of 17 October 2012 for 2012 Ore Reserve Estimate Parameters.

Volcanogenic massive sulphide (VMS) belts generally contain numerous deposits and accordingly the Teutonic Bore belt has high potential for the discovery of additional ore lenses. Drilling outside the resource envelope of the known deposits has been limited to date and much of it has been directed at gold exploration rather than base metals.

Unlike most other major VMS belts elsewhere around the globe, the surface geophysical and geochemical expression of buried deposits in Western Australia is generally subtle to non-existent due to a very strong weathering profile. Accordingly successful exploration targeting within the Jaguar Project requires the careful integration of multidisciplinary datasets including regolith geochemistry, geophysics (IP and TEM), spectral, stratigraphic and structural interpretation followed by multi-phase drilling programs. Over the past year this approach has led to the identification of numerous high priority targets some of which have been subject to first pass drill testing while others remain to be tested over the coming year and beyond.

A notable success during the year was the extension of the Comet Lens at Bentley by drill hole 12BTDD001 which intercepted 5.5m @ 1.1% Cu, 11.8% Zn, 129g/t Ag and 2.7g/t Au (down hole width) approximately 102m down dip of previous intercepts (Figure 5).

Key target areas to be drill tested over the coming 12 months include Triumph and Daimler immediately north of Teutonic Bore where IP, structural interpretation and historic intercepts indicate potential for a mineralised system, Teutonic Bore South where aircore geochemistry and TEM highlight a 900m long zone of interest and Bentley South where previous broad spaced drilling has returned stringer and semi-massive sulphide intercepts (Figure 4).

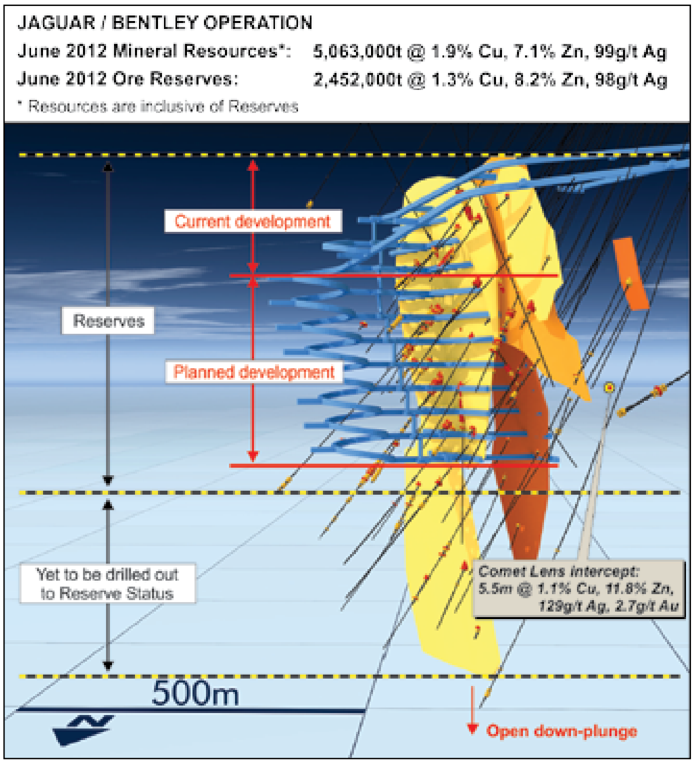
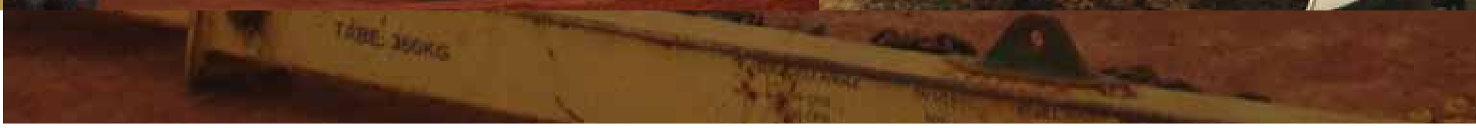


Figure 5: Jaguar/Bentley Cu-Zn-Ag Operation - Bentley Mine - 3D isometric projection showing mineralised envelopes, drilling and planned development.



Tropicana Gold Project, Western Australia

IGO 30% (Anglogold Ashanti 70% and Manager)

Background

The Tropicana Gold Project comprises 13,480 square kilometres of tenements stretching over more than 300 kilometres in strike length along the Yilgarn Craton and Frazer Range Mobile Belt Collision Zone (Figures 1 and 6). The Company targeted and pegged the area containing the current gold reserves in 2001. AngloGold Ashanti Australia farmed into the project in 2002 and discovered the Tropicana, Havana and Boston Shaker Gold Deposits respectively in 2005, 2006 and 2009. Based on the results of the Bankable Feasibility Study (BFS), the Joint Venturers announced to the market in November 2010 their approval to build the Tropicana Gold Mine, approximately 330 km east-north east of Kalgoorlie. Construction commenced in early 2011, with the first gold pour on target to occur in the December quarter 2013. The gold deposits occur over a 5km strike length with gold mineralisation intersected over 800m vertically beneath the surface emphasising the size of the Tropicana gold system.

Project Design

The Tropicana, Havana and Havana South deposits will be mined as a conventional open pit with a strip ratio of 5.5:1 (t:t) and process run-of-mine ore using a carbon-in-leach gold treatment plant. Design throughput is 5.8Mtpa of fresh ore at an average 2.2 g/t head grade. Average gold recovery is estimated at a 90.4%. Annual gold production is anticipated to be between 300,000-350,000oz pa over 10 years and between 470,000-490,000oz pa in the first 3 years.

Average cash costs over the life of the project were estimated by the BFS to be between A$710-730oz Au and A$580 – 600oz Au over the first 3 years. Capital expenditure, including pre-production costs were estimated at A$725-775M nominal (IGO'S 30% share $A218-232M). Increases to the Ore Reserve to 3.91Moz Au in June 2011 will be included in an updated life-of-mine schedule to be undertaken in the December Quarter 2012.

Project Construction

The Tropicana Gold Mine reached the 50% completion milestone (i.e. engineering, drafting, procurement, contracts and construction tasks) by the end of the June quarter 2012. All primary treatment plant and infrastructure construction materials plus equipment are now procured. Engineering and drafting are now complete.

The completion of the 220km Site Access Road has facilitated efficient mobilisation of construction contractors, machinery, fabricated steel and plant components to commence treatment plant and infrastructure construction. Following plant site clearance and associated surface preparation, the majority of foundation preparation and concrete pours were undertaken, including those for primary and secondary crushers, conveyors, leach tanks and thickeners. The arrival of platework has enabled the erecting of four of the eight CIL tanks (Figures 7 and 8).

Key contract awards in the June quarter 2012 included structural steel, mechanical and platework installation, site power generation, explosives supply and catering services.

Mining commenced in the June quarter 2012 following mobilisation of the contract start-up fleet and associated support facilities. The focus for the second half of the 2012 calendar year will be on the Havana Pit pre-strip to make material available for tailings dam and ROM pad construction. Grade control and drill & blast activity will also commence during that period.

The September quarter 2012 is expected to see the completion of the modern village, able to accommodate 650 personnel long term, certification of the completed airstrip to service 100 seat jet aircraft and continued installation of plant structural steelwork, platforms and equipment. Project development will be supported by site infrastructure including offices, warehousing, and water treatment plant, together with mobilised operations personnel.

Havana Deeps Pre-feasibility Study (PFS)

The Havana Deeps PFS is currently being undertaken to examine the trade off between open pit and underground mining of the Havana Deeps mineralisation. Potential exists for a portion of the current Havana Deeps underground Mineral Resource to be mined via a large open pit cutback on the Havana pit. During the year, exploration was primarily focused on drilling for the PFS, designed to infill potential open cut extensions beneath the current proposed Havana open pit and step out incrementally down-plunge and to the north beyond the zone of the Havana Deeps Inferred Resource. Significant intercepts from this drilling include 22m @ 4.2g/t Au including 19m @ 4.8g/t Au and 25m @ 10.8g/t Au. The PFS is expected to be completed in mid 2013. High grade shoots beneath the Boston Shaker, Tropicana and Havana south deposits remain open down plunge, with potential for additional resource increases (Figures 9 and 10).

An extensive metallurgy testwork campaign will commence in the September quarter 2012. This will include leading edge geometallurgical investigations to develop a geology-based predictive model for process plant optimisations.

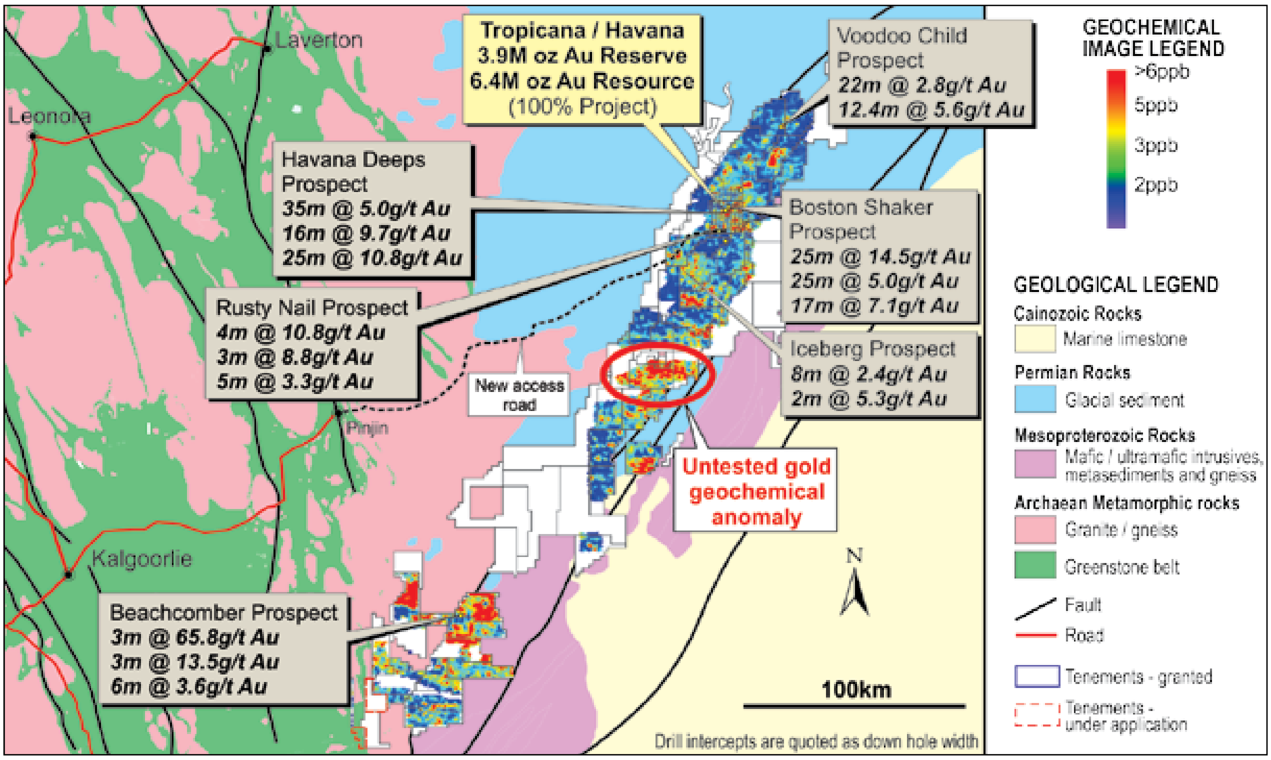


Figure 6: Tropicana JV - Tenure, Tropicana and Havana reserve locations, gold geochemical anomalies, significant drill intercepts and selected prospect locations. For Reserve details see the Anglo Gold Ashanti ASX Release of 27 July 2011. For Resource details see the Company's ASX Release of 29 November 2011.

Near Mine Exploration

Early stage RC drilling completed at the Springbok prospect (1.6km north of Boston Shaker), intersected encouraging mineralisation with a best intercept of 5m @ 4.0g/t Au. These results represent a new near mine exploration target close to the Tropicana Gold Mine.

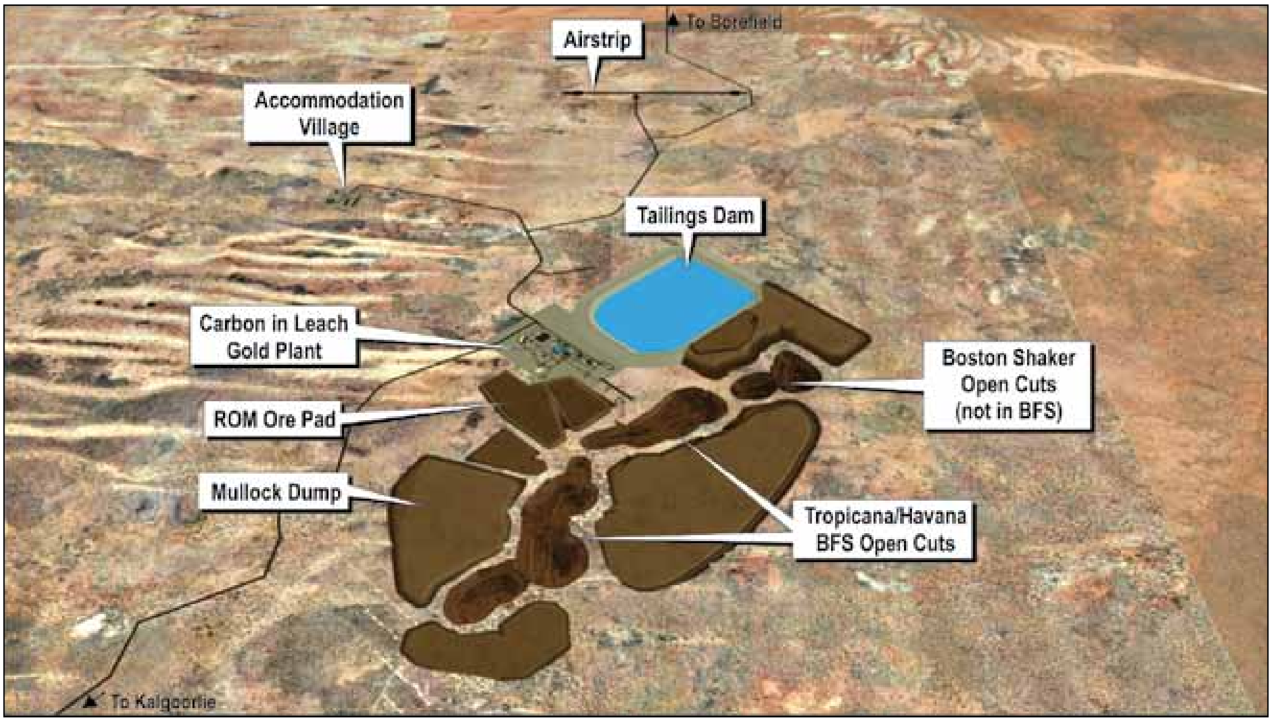


Figure 7: Tropicana JV - Computer generated model showing the layout of proposed Tropicana, Havana and Boston Shaker open cuts, mullock dumps, gold plant, tailings dam, airstrip and accommodation village.

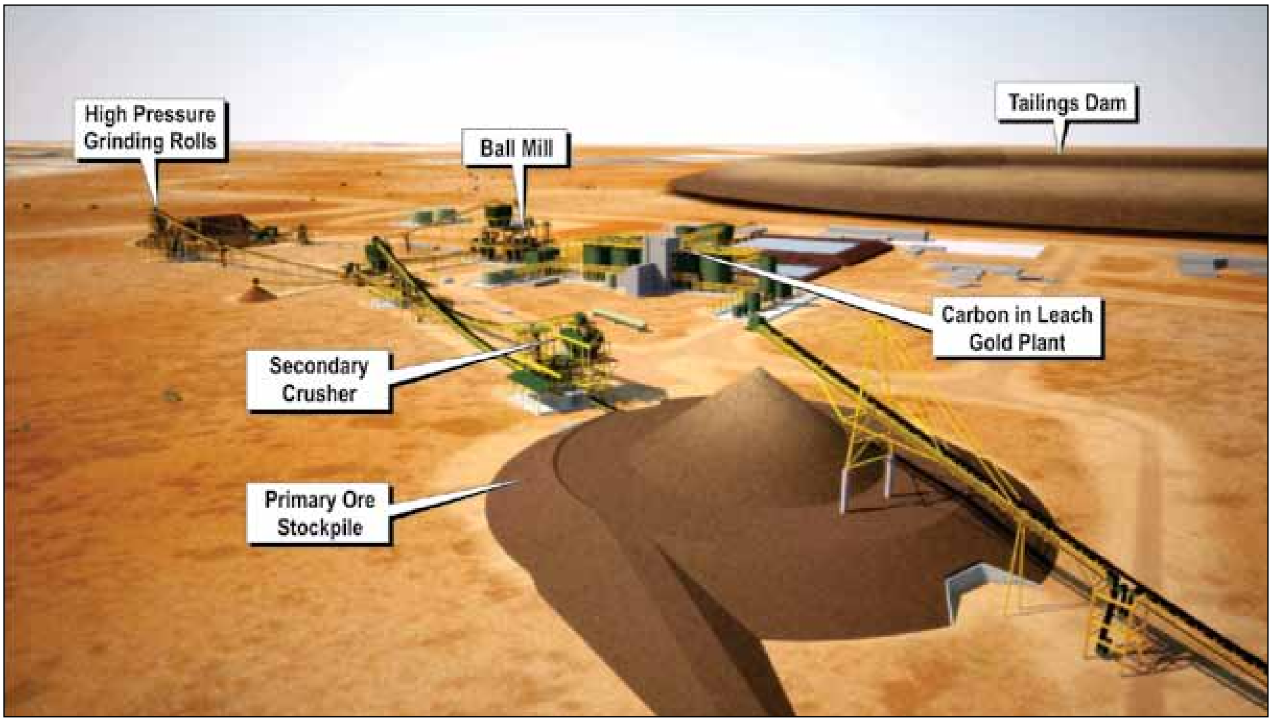


Figure 8: Tropicana JV - Computer generated model of proposed plant layout.

Regional Exploration

Exploration to locate additional ore sources within economic trucking distance of the Tropicana treatment plant continued. Further encouraging RC and diamond drilling results were returned from the Voodoo Child prospect including 7m @ 4.1g/t Au and 12.4m @ 5.6g/t Au. Further encouraging RC and diamond drilling results were returned from the Iceberg prospect (32km SW of Tropicana) including 2m @ 5.3g/t Au and 6m @ 1.4g/t Au. Aircore drilling results were returned from Don King, which is also about 30 km south-west of the Tropicana Gold Mine, including 5m @ 1.2g/t Au. RC, aircore and auger drilling elsewhere on the Joint Venture tenements continued to generate additional targets. Results include 4m @ 1.8g/t Au in RC drilling at Sidecar and 2m @ 2.6g/t Au in RC drilling at Scorpion.

An airborne electromagnetic survey was completed over the Tropicana Gold Project during June 2012. Geophysical data is being processed and final results are expected in the December quarter 2012.

Mineral Resource and Ore Reserve

An updated Tropicana Gold Project Mineral Resource was released to the ASX on 29 November 2011. The updated Mineral Resources included an additional 1.05M ounces of contained gold to 6.41Moz (Table 7). The growth in the Mineral Resources primarily reflects additional drilling completed as part of the Havana Deeps PFS.

Table 7: Tropicana Mineral Resource Comparison (100% Project) – June 2011 versus November 2011 Mineral Resource Estimate

		June 2011			November 2011		
MINERAL RESOURCE	CLASSIFICATION	TONNES (M)	GRADE (G/T AU)	OUNCES (M)	TONNES (M)	GRADE (G/T AU)	OUNCES (M)
Open Pit	Measured	28.4	2.15	1.97	28.2	2.14	1.95
	Indicated	43.9	1.89	2.67	44.5	1.87	2.68
	Inferred	1.0	3.06	0.10	1.8	2.70	0.15
Total Open Pit		**73.3**	**2.01**	**4.73**	**74.5**	**1.99**	**4.78**
Underground	Measured	-	-	-	-	-	-
	Indicated	-	-	-	5.0	3.57	0.57
	Inferred	5.3	3.65	0.63	8.8	3.73	1.06
Underground - Havana Deeps		**5.3**	**3.65**	**0.63**	**13.8**	**3.67**	**1.63**
Total Tropicana	**Measured**	**28.4**	**2.15**	**1.97**	28.2	2.14	1.95
	Indicated	**43.9**	**1.89**	**2.67**	49.4	2.04	3.25
	Inferred	**6.3**	**3.56**	**0.72**	10.6	3.56	1.21
Project Total		**78.6**	**2.12**	**5.36**	**88.3**	**2.26**	**6.41**

Notes to Mineral Resource statement (November 2011):

1 For the Open Pit Mineral Resource estimate, mineralisation in the Havana South, Tropicana and Boston Shaker areas was estimated within a US$1,600/oz optimisation at an AUD:USD exchange rate of 1.14 (A$1,400/oz). The Open Pit Mineral Resources have been estimated using the geostatistical technique of Uniform Conditioning. The Havana portion of the Open Pit Mineral Resource lies within the Bankable Feasibility Study Open Pit Design which was estimated at US$880/oz at an AUD:USD exchange rate of 0.80 (A$1,100/oz).

2 The Havana Deeps Mineral Resource estimate was estimated at US$1,600/oz (AUD:USD 1.14) (A$1,400/oz). The Havana Deeps Underground Mineral Resource was estimated using the geostatistical technique of Direct-Block Conditional Simulation using average drillhole intercepts.

3 The following cut-off grades were used: Open Pit: 0.3g/t Au for Transported and Upper Saprolite material, 0.4g/t Au for Lower Saprolite and Transitional material and 0.5g/t Au for Fresh material. Underground: 2.14g/t Au.

4 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section on page 44 of this report.

5 For Resource details see the Company's ASX Release of 29 November 2011.

Open Pit Reserves remain unchanged at 56.4Mt grading 2.2g/t Au containing 3.91Moz (Table 8). Underground reserves are yet to be estimated.

Table 8: Tropicana JV – November 2010 versus June 2011 Ore Reserve Estimate

	November 2010			June 2011		
CLASSIFICATION	TONNES (M)	GRADE (G/T AU)	OUNCES (M)	TONNES (M)	GRADE (G/T AU)	OUNCES (M)
Proven	24.1	2.26	1.75	25.8	2.30	1.90
Probable	23.9	2.11	1.62	30.6	2.04	2.01
Total	**47.9**	**2.19**	**3.37**	**56.4**	**2.16**	**3.91**

Notes:

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

2 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section of this report.

3 See the AngloGold Ashanti: ASX Release of 27 July 2011.

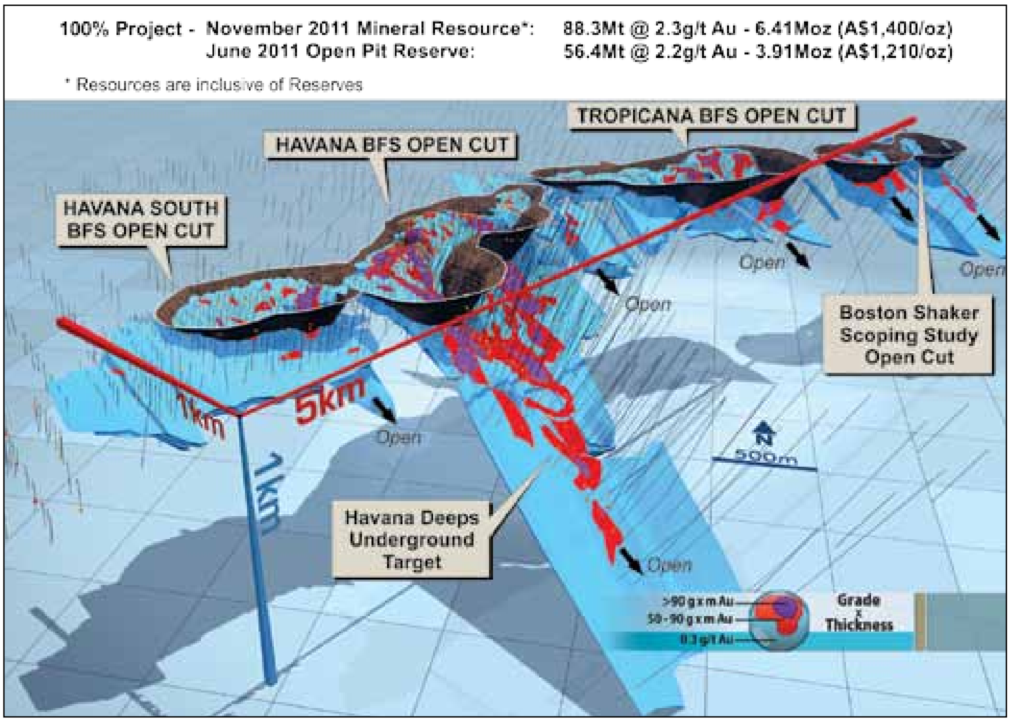


Figure 9: Tropicana JV - Proposed Boston Shaker, Tropicana, Havana and Havana South open pit outlines, g/t Au x thickness (m) contours in 3D isometric model.

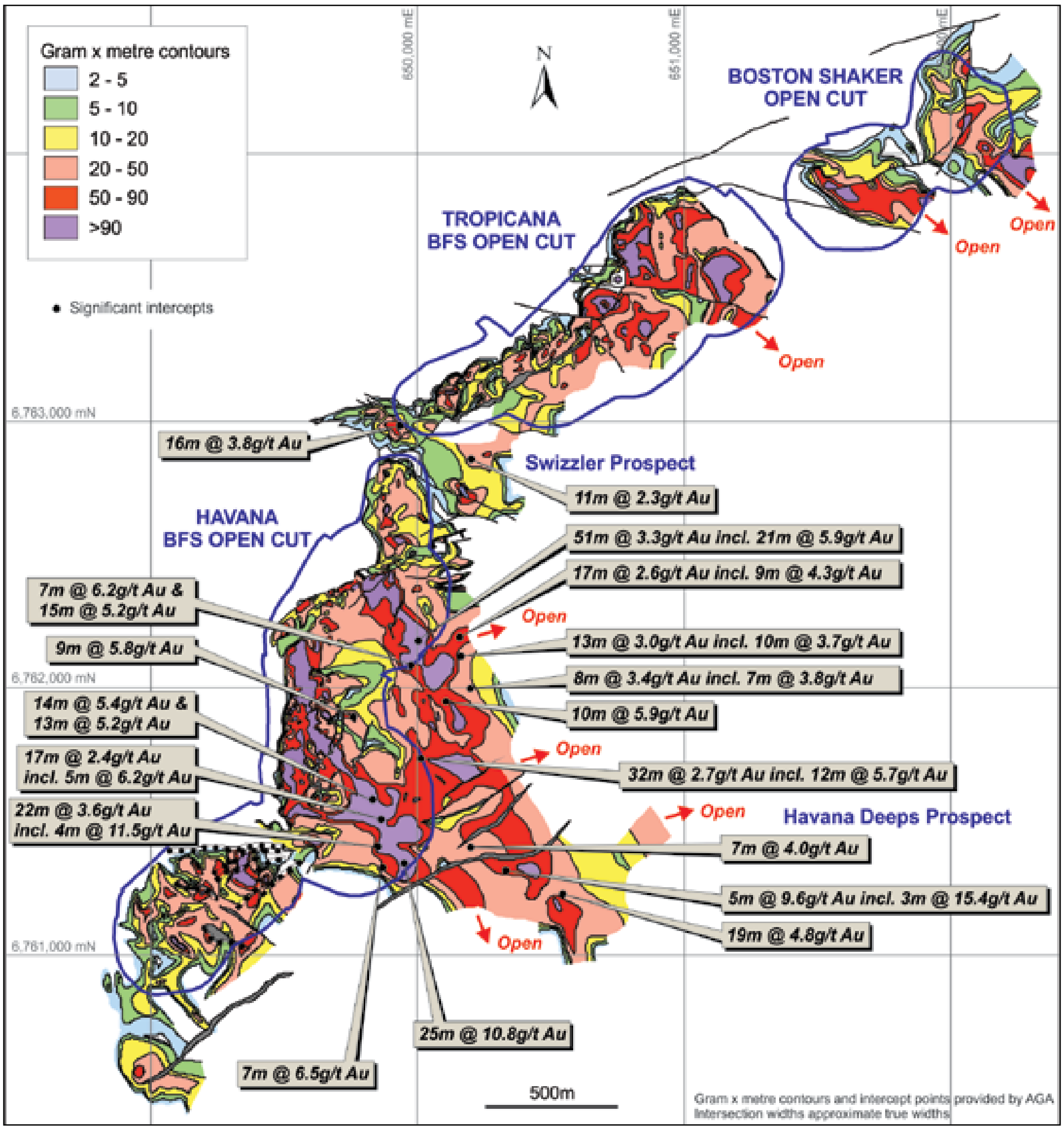


Figure 10: Tropicana JV - Proposed Boston Shaker, Tropicana, Havana and Havana South open pit outlines, significant FY2012 drill hole intercepts and g/t Au x thickness (m) contours.

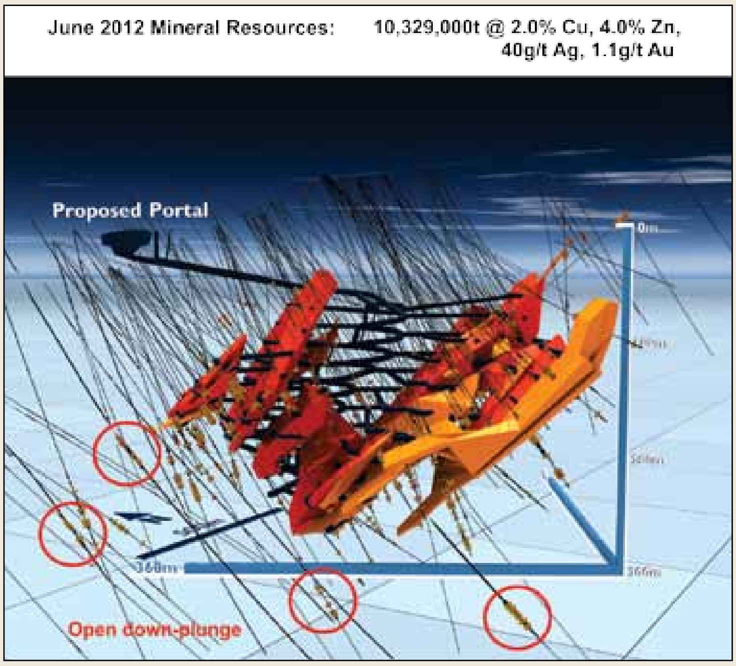


Figure 11: Stockman Cu-Zn-Ag-Au Project: Currawong Deposit - 3D isometric projection showing mineralised envelopes, drilling, planned development and down plunge mineralised intersections.

Stockman Project, Victoria

IGO 100%

Background

The Stockman Project is located in eastern Victoria, 300km north-east of Melbourne (Figure 1 on page 2). The project encompasses two copper-zinc-lead-silver-gold VMS (volcanogenic massive sulphide) deposits, Currawong and Wilga (Figures 11 and 12), which were discovered by Western Mining in FY1979. Copper-rich ore was mined at Wilga from 1992 to 1996. The Project was acquired by the off-market takeover of Jabiru Metals Ltd in the June quarter of 2011.

Both massive sulphide deposits are approximately 350m in strike and dip extent, dip shallowly to the north and are located only 100m below the surface. The Currawong deposit comprises five massive sulphide lenses and associated stringer style mineralisation stacked by a series of post-mineralisation faults. Located 3.5km to the south, Wilga comprises a single massive sulphide lens with an extensive halo of stringer-style mineralisation that contributes significantly to the resource.

The massive sulphide lenses contain domains of higher grade copper-rich, zinc-rich and mixed copper-zinc zones that in part reflect hydrothermal fluid pathways controlled by primary structural trends. The structural complexity of the area has been reinterpreted and the potential for additional host stratigraphy under barren cover is being investigated both regionally and in the vicinity of the two deposits. During the year resources were increased from 12.7 million tonnes to 14.0 million tonnes.

The project is currently in the final stages of a feasibility study examining the optimal development route for the Currawong and Wilga deposits. In addition to feasibility work, an on-going exploration program is being carried out both in the vicinity of existing deposits and in other target areas throughout the project tenure, including use of the Company's proprietary geophysical equipment.

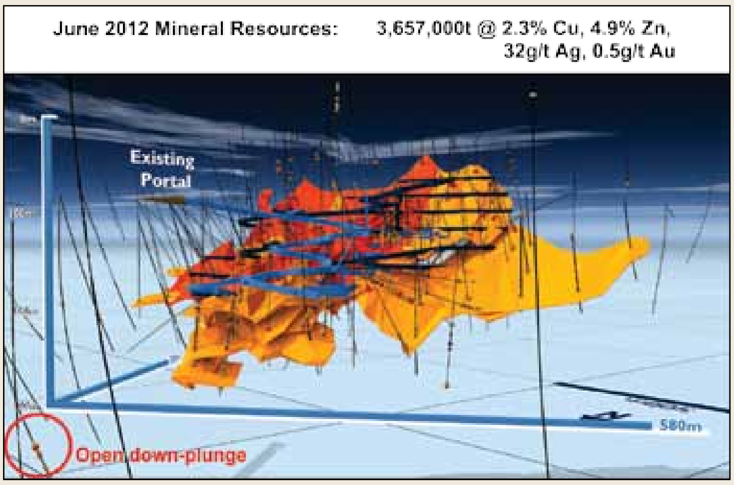


Figure 12: Stockman Cu-Zn-Ag-Au Project: Wilga Deposit - 3D isometric projection showing mineralised envelopes, drilling, planned development and down plunge mineralised intersections.

Feasibility Study

The feasibility study is being undertaken in parallel with the State and Federal permitting processes to compress, as much as reasonably possible, the overall timeline to the point of a project investment decision. The study scope includes:

- two owner-operated underground mines
- a central 1.0Mtpa processing plant
- a CNG-fuelled power station
- annual road haulage of approximately 150,000 tpa of concentrate to port
- workforce village
- initial 8-year project life, with exploration potential to extend

The goal of the feasibility study is to identify optimal solutions for the various components of the project. This phase is nearing completion, and has been iterative to ensure that the economic, social and environmental considerations achieve a realistic balance.

During the year, the existing Wilga decline was re-opened so that insitu geotechnical and hydrogeological assessments could be undertaken, as well as providing immediate access for future production.

Permitting

The Environmental Effects Statement (EES) is the Victorian government's overarching permitting process and is accredited with the Federal Environmental Protection and Biodiversity Conservation (EPBC) Act. The permitting timeline is broadly segregated into the preparation and submission of the EES document, followed by a process of government review and inquiry into the EES document, then project approval decision, inclusive of any operating conditions. It is expected that all three components will occur during 2013.

Resource estimate

An updated estimation of the Mineral Resource as of 30 June 2012 has been undertaken, incorporating exploration results from the past year with global resources increasing by 1.3 million tonnes. (Table 9).

Table 9: Stockman Copper-Zinc-Silver-Gold Project: June 2012 Global Mineral Resource Comparison

2012		Tonnes	Cu%	Zn%	Pb%	Ag ppm	Au ppm[1]
Currawong	Indicated	9,548,000	2.0	4.2	0.8	42	1.2
	Inferred	781,000	1.4	2.2	0.3	23	0.5
	Sub Total	**10,329,000**	**2.0**	**4.0**	**0.8**	**40**	**1.1**
Wilga	Indicated	2,987,000	2.0	4.8	0.5	31	0.5
	Inferred	670,000	3.7	5.5	0.4	34	0.4
	Sub Total	**3,657,000**	**2.3**	**4.9**	**0.5**	**32**	**0.5**
	Total	**13,986,000**	**2.1**	**4.3**	**0.7**	**38**	**1.0**
2011		**Tonnes**	**Cu%**	**Zn%**	**Pb%**	**Ag ppm**	**Au ppm[1]**
Currawong	Indicated	9,130,000	2.0	4.2	0.8	42	1.2
	Inferred	305,000	1.4	4.1	0.6	34	0.5
	Sub Total	**9,435,000**	**2.0**	**4.2**	**0.8**	**42**	**1.2**
Wilga	Indicated	2,368,000	2.1	5.5	0.5	32	0.5
	Inferred	887,000	3.0	2.9	0.2	23	0.2
	Sub Total	**3,255,000**	**2.4**	**4.8**	**0.4**	**30**	**0.4**
	Total	**12,690,000**	**2.1**	**4.4**	**0.7**	**39**	**1.0**

Notes:

1 Au grades for Wilga are all inferred due to paucity of Au data in historic drilling.
2 Resources include massive sulphide and stringer sulphide mineralisation. Massive sulphide resources are geologically defined, stringer sulphide resources are reported above a cut-off grade of 0.5% Cu or 2% Zn.
3 Block modelling used ordinary kriging grade interpolation methods within wireframes for all elements and density.
4 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section on page 44 of this report.
5 See IGO ASX Release of 17 October 2012 for Mineral Resource Estimate Parameters.

Table 10: Stockman Copper-Zinc-Silver-Gold Project: High Grade Mineral Resource Subset Comparison

2012 High Grade Subset			Tonnes	Cu%	Zn%	Pb%	Ag ppm	Au ppm[1]
Currawong	Indicated	High Cu (>1.2%)	4,997,000	3.0	4.2	0.8	43	1.2
		High Zn (>3%)	2,043,000	0.9	6.5	1.1	48	1.5
		Sub Total	**7,040,000**	**2.4**	**4.9**	**0.9**	**44**	**1.3**
Wilga	Indicated	High Cu (>1.2%)	995,000	3.0	6.5	0.6	36	0.7
		High Zn (>3%)	838,000	0.8	7.4	0.6	36	0.5
		Sub Total	**1,833,000**	**2.0**	**6.9**	**0.6**	**36**	**0.6**
	Inferred	High Cu (>1.2%)	317,000	6.4	6.2	0.5	39	0.5
		High Zn (>3%)	171,000	1.0	8.2	0.6	37	0.5
		Sub Total	**488,000**	**4.5**	**6.9**	**0.5**	**38**	**0.5**
		Total	**9,361,000**	**2.4**	**5.4**	**0.8**	**42**	**1.1**
2011 High Grade Subset			**Tonnes**	**Cu%**	**Zn%**	**Pb%**	**Ag ppm**	**Au ppm[1]**
Currawong	Indicated	High Cu (>1.2%)	4,818,000	2.9	4.3	0.8	42	1.2
		High Zn (>3%)	1,964,000	0.9	6.7	1.2	48	1.5
		Sub Total	**6,782,000**	**2.3**	**5.0**	**0.9**	**44**	**1.3**
Wilga	Indicated	High Cu (>2%)	644,000	3.8	6.6	0.5	34	0.6
		High Zn (>4%)	1,032,000	1.1	7.0	0.6	36	0.6
		Sub Total	**1,676,000**	**2.1**	**6.8**	**0.5**	**35**	**0.6**
	Inferred	High Cu (>2%)	191,000	8.3	5.4	0.3	38	0.4
		High Zn (>4%)	117,000	1.3	7.6	0.5	33	0.5
		Sub Total	**308,000**	**5.6**	**6.2**	**0.4**	**36**	**0.4**
		Total	**8,766,000**	**2.4**	**5.4**	**0.8**	**42**	**1.1**

1 Au grades for Wilga are all inferred due to paucity of Au data in historic drilling.
2 Resources include massive sulphide and stringer sulphide mineralisation. Internal high grade domains are modelled and reported above cut-off grades of 1.2% Cu and 3% Zn.
3 Block modelling used ordinary kriging grade interpolation methods within wireframes for all elements and density.
4 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section on page 44 of this report.

Exploration

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

Exploration drilling during the year focussed on two key prospect areas, namely Bigfoot and Wilga South.

Drilling at the Bigfoot prospect during the year identified a new Cu-Pb-Zn-Ag-Au rich mineralised zone (7.45m @ 0.7% Cu, 4.4% Zn, 153g/t Ag and 10.6g/t Au – down hole width), approximately 100m north-east from planned development at the Currawong massive sulphide deposit. The mineralised zone occurs broadly as a ~300m x 100m elongate, shallowly plunging mineralised envelope which has a 250m x ~75m enriched core of dominantly massive sulphide. This mineralised zone is conformable to the Currawong massive sulphide "A" lens, dipping moderately to the north (local grid). Subsequent down hole TEM modelling has defined a conductive plate immediately to the east of Bigfoot aligned with the larger "M" lens at Currawong. This will be the subject of a drill test in the next round of diamond drilling.

At Wilga South drilling has outlined a copper rich mineralised zone, measuring approximately 300m (strike extent) by 50 to 300m (dip extent) within an average true width of approximately 3.4m, hosted within an intensely altered rhyolite. The mineralised zone remains open up-dip and to the east, providing an excellent target for future drill testing.

Given the high grade nature of gold intercepted at Bigfoot and elevated gold in other prospect areas, the Stockman project is considered to have potential for structurally controlled and VMS style gold deposits. The majority of historic stream sediment sampling was not assayed for gold, so a project-wide program of stream sediment sampling program is to commence in the latter half of 2012 with a particular focus on defining gold targets.

Karlawinda Gold Project, Western Australia

IGO 100%

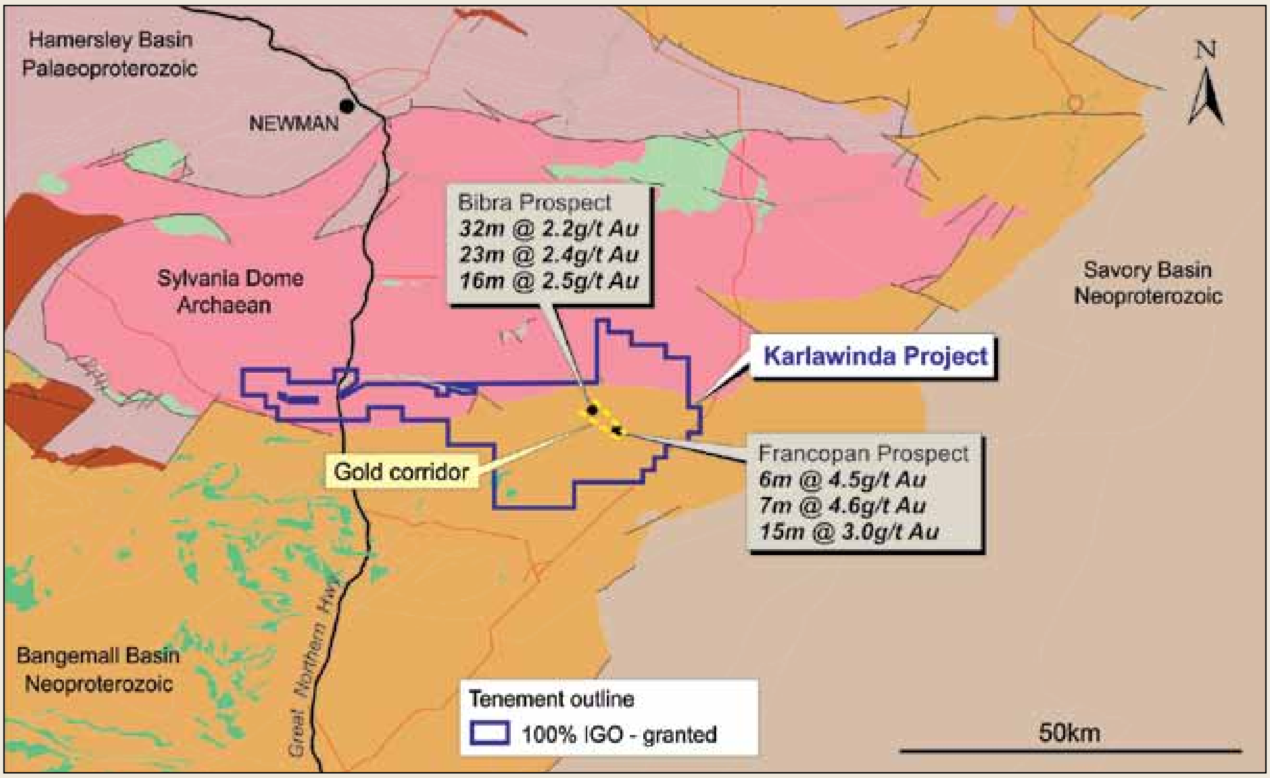
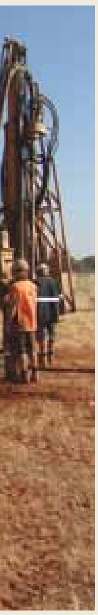


Figure 13: Karlawinda - Location plan showing tenure, prospects and significant drill intercepts.



Background

The Karlawinda Gold Project is located approximately 1,000km NNE of Perth and 65km SE of the regional mining centre of Newman in Western Australia (Figure 1 on page 2 and Figure 13). The Project is close to key infrastructure such as to the Great Northern Highway and Goldfields Gas Pipeline and covers a previously unrecognised Archaean greenstone belt. The current focus is the near-surface Bibra Deposit, a large low to moderate grade gold system that is similar in style to, and may be continuous with, the Francopan Prospect some 5km to the south east. A Scoping Study has commenced to determine the potential viability of heap leach and/or conventional CIL development.

Bibra comprises a large gold mineralised zone extending over 1km both along strike and down-dip (Figure 14). Mineralisation strikes NNE and is developed in a series of shallowly WNW plunging rod-like shoots within a more continuous lower grade halo (Figure 15).

During the year a program of resource and metallurgical reverse circulation and diamond drilling was undertaken to further define the resource at Bibra. This work improved the definition of the higher grade shoots and confirmed the down dip continuity of the system. Better intercepts include: 57m @ 1.2g/t Au, 44m @ 1.1g/t Au, 22m @ 2.0g/t Au, 32m @ 2.2g/t Au, 17m @ 2.4g/t Au and 24m @ 2.5g/t Au.

Most of the tenure outside of the Bibra prospect area has been subject to little, if any, exploration. First pass air core drilling, testing a number of high priority targets which exhibit similar geophysical characteristics to Bibra, is planned to commence in the September quarter 2012.

Mineral Resource

The Bibra Inferred Mineral Resource estimate is within a conceptual A$1,600/oz Au optimal pit shell. The Resource estimate has increased to 18.5Mt @ 1.1g/t Au (674,300oz), using a 0.5g/t Au cut-off grade. The growth in the Inferred Mineral Resource estimate primarily reflects the addition of fresh rock mineralisation following the success of the CIL test work carried out to date. This represents an increase of 454,400oz over the previous Mineral Resource estimate of 219,900oz.

Table 11: Bibra Inferred Mineral Resource Estimate Comparison – June 2012

	MARCH 2011			JUNE 2012		
MINERALISATION TYPE	**Tonnes (Mt)**	**Au Grade (g/t)**	**Contained Au (oz)**	**Tonnes (Mt)**	**Au Grade (g/t)**	**Contained Au (oz)**
Laterite	1.9	1.2	73,300	2.2	1.1	77,100
Upper Saprolite	0.8	1.1	28,300	0.9	1.1	31,000
Lower Saprolite	1.6	1.1	56,600	1.9	1.1	63,600
Transitional	1.6	1.2	61,700	2.1	1.0	68,200
Sub-total Oxide/Transitional	**5.9**	**1.1**	**219,900**	**7.1**	**1.1**	**239,900**
Fresh	-	-	-	11.4	1.1	434,400
Total Inferred	**5.9**	**1.1**	**219,900**	**18.5**	**1.1**	**674,300**

Notes:

1 The Mineral Resource estimate was estimated within a conceptual A$1,600/oz Au pit optimisation and for the area of drill coverage at 100m x 50m spacing. Gold (oz) figures have been rounded to the nearest 100oz.

2 RC drilling with 1m cone split samples analysed for Au by 50g fire assay.

3 Mineralisation was wireframed at a cut-off grade of 0.3g/t Au and Resources reported above a cut-off grade of 0.5g/t Au.

4 Block modelling used ordinary kriging grade interpolation methods for composites that were top-cut based on domains.

5 The 2012 Resource estimate includes fresh rock compared with the 2011 Resource estimate which included only oxide and transitional mineralisation.

6 The Competent Persons statement is incorporated in the JORC Code and Forward-Looking Statements section on page 44 of this report.

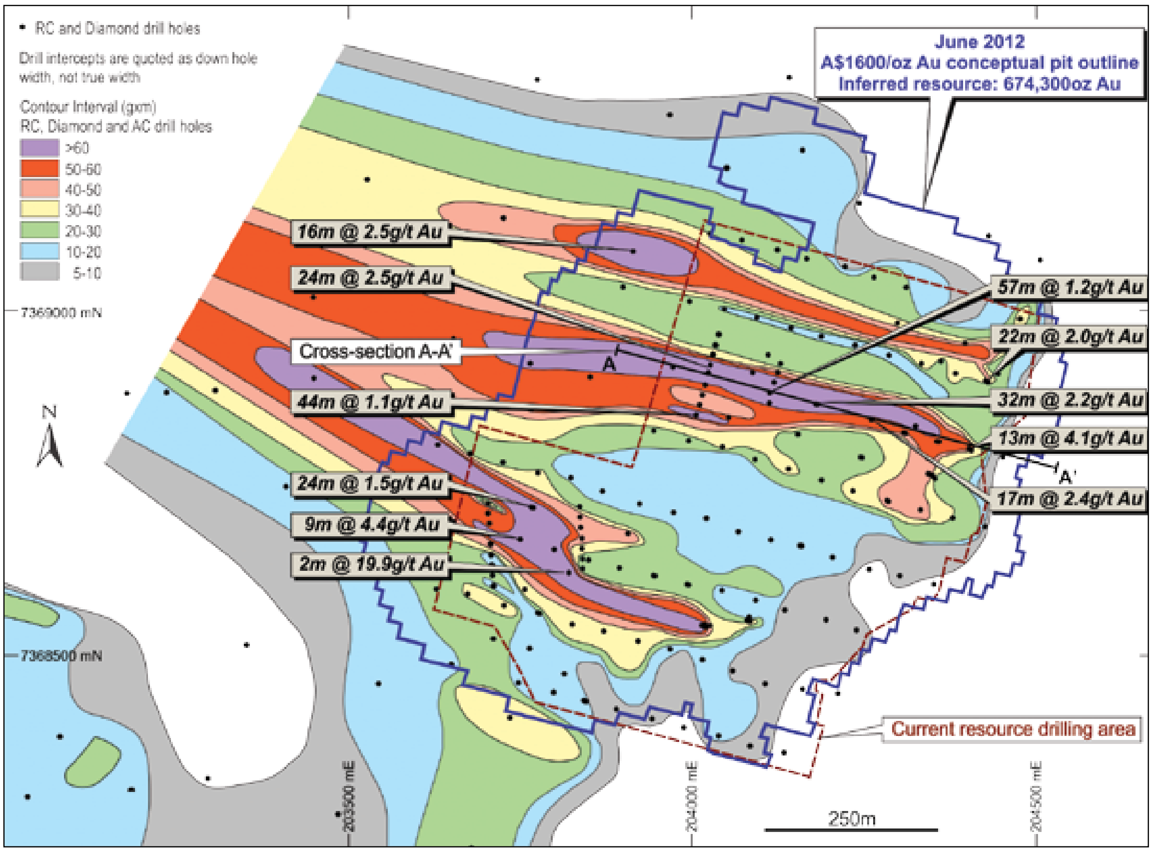
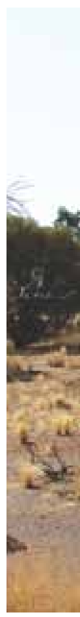


Figure 14: Karlawinda - Bibra Prospect drill defined gold anomalies, significant drill intercepts and June 2012 resource outline over g/t Au x metre contours.



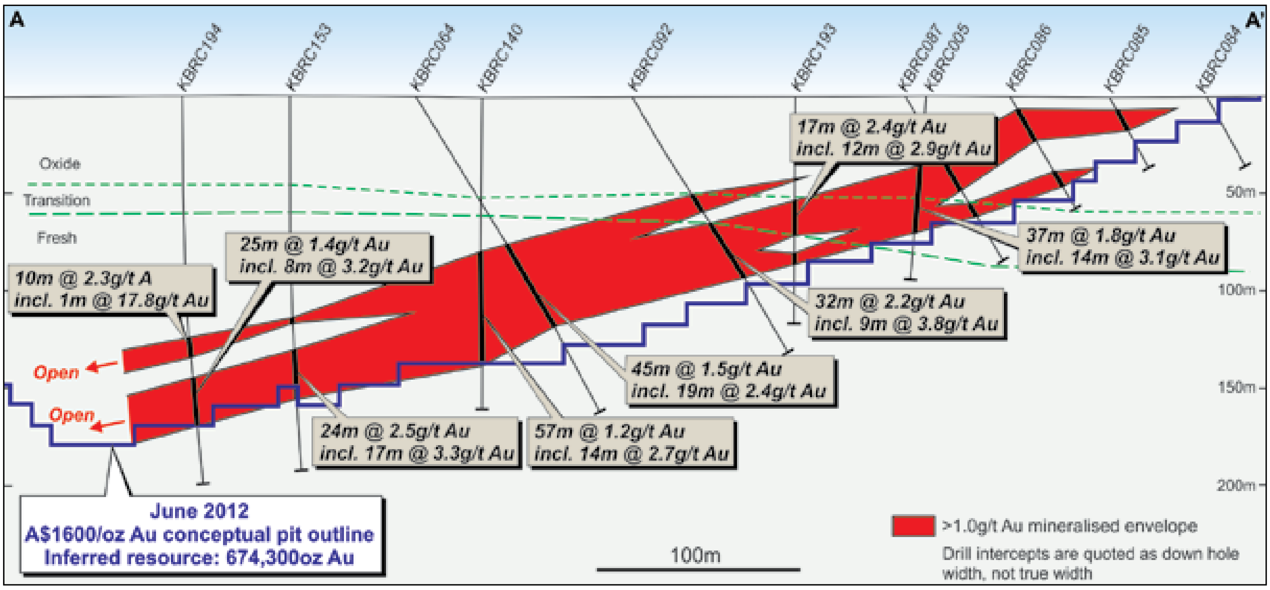


Figure 15: Karlawinda-Bibra Prospect Long-section showing oxide, transition and fresh mineralised zones.

Scoping Study

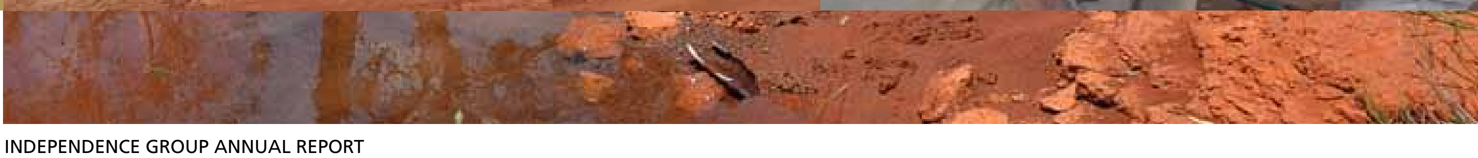
A Scoping Study to examine and rank potential project development options was commenced on receipt of the updated 2012 resource estimate. The initial study has undertaken metallurgical testwork on both Heap Leach and Carbon-In-Leach (CIL) processing options, as well as providing indicative capital and operating costs for a stand-alone open pit mining project. One of the main requirements of the study has been to document the project opportunities that exist relative to the base case so that future work plans can focus on these high-value issues. To date the CIL test data shows no fatal flaws, whilst final results are still awaited for the Heap Leach tests.

Presuming a successful outcome of the scoping study, a pre-feasibility study will commence in the first half of the 2013 financial year in conjunction with further exploration and project definition drilling programmes.

Permitting

A mining lease application (MLA) covering the Bibra deposit and providing sufficient area for processing facilities, mining infrastructure, a Tailings Storage Facility (TSF), borefield and a village has been lodged with the Department of Mines and Petroleum (DMP).

Preliminary discussions regarding native title have recently commenced with the representatives of the Nyiyaparli people.



Exploration

Strategy

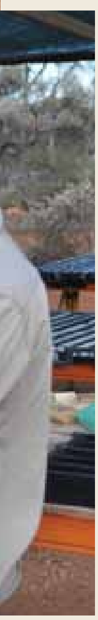
A strong commitment to exploration and discovery is a cornerstone of the Company's growth strategy. Each year since its IPO in 2002 the Company has funded aggressive exploration programs, resulting in significant discoveries in the near-mine and green-fields environments including Moran and McLeay at Long (Ni), Tropicana (Au), Duketon (Ni-Cu-PGE) and Karlawinda (Au). The Company's commitment to exploration continues in the 2013 financial year with a combined budget of some $17.7m, excluding Tropicana exploration contributions and the Company's in-mine programs.

The focus for discovery remains gold, nickel and copper deposits; however projects that have potential for other commodities, including rare earths and tin, are being assessed as part of the De Beers database initiative. The Company believes that there are many more ore bodies yet to be discovered in less explored areas, particularly those beneath cover and in previously unrecognised mineralised belts, through the application of new ideas, good science and carefully considered and well-funded exploration programs. While Australia remains the preferred destination, opportunities are regularly assessed in other jurisdictions with established but underexplored mineral potential, including Sweden and Argentina where the company has exploration interests.

Technology

An important component of the Company's exploration strategy is the development and application of new and improved exploration tools to generate new projects, unlock value in existing projects and provide a competitive advantage. Through in-house expertise, combined with technical and research relationships, since its inception the Company has assisted in the development of, or gained access to, technologies that provide significant advantages in mine-site and green-fields exploration. These technologies include:

- **High-Powered TEM Transmitter**, which is significantly more powerful than conventional systems, enabling surface TEM surveys to test deeper under cover and DHTEM surveys to test a greater radius around drill-holes both in-mine and on regional programs.
- **TEM Torch System** for use in-mine to identify new and remnant ore positions overlooked by traditional mine exploration techniques.
- **3D Seismic** used at the Long Nickel Mine to develop a greater understanding of the geological framework and assist in generating new target positions.
- **3D Spectral Mapping** using a multi-spectral scanner to define 3D alteration vectors to base metal mineralisation.
- **Enhanced "maglag" surface geochemistry** using an in-house derived analytical methodology to highlight low order cohesive geochemical anomalies not evident using conventional techniques.
- **Chromite trace element geochemical "finger-printing"** from regional geochemical heavy mineral concentrate databases as a vector to fertile ultramafic belts.
- **Collaborative R&D** programs with CSIRO and other research entities, examining the application of bio-geochemical and hydro-geochemical sampling in regional exploration.



Exploration Overview

Exploration over the past 12 months has focussed on target generation and drill testing the newly acquired Jaguar and Stockman base metals projects, upgrading resources on advanced projects including Tropicana and Karlawinda, as well as following up other targets including those generated from the De Beers database.

The Company will continue to strengthen its pipeline of projects through targets arising from the De Beers database, other generative initiatives including the strategic alliance with Argentina Mining Limited and selective joint venture assessments. With its high calibre exploration team, strong pipeline of quality projects and robust exploration budget, the Company is confident of adding value through ongoing exploration success.

Regional Gold and Base Metals Exploration Projects

The Company has budgeted $17.7 million for regional gold and base metals exploration in 2012/13. A large proportion of this expenditure will be directed towards testing regional "Bibra-style" targets at Karlawinda, following up base metal targets at Jaguar / Bentley as well as continued strong focus on target generation and evaluation of the De Beers database.

De Beers Database, Project Generation

In 2009 the Company acquired the non-diamond specific exploration database (including sample archive) of De Beers Australia Exploration Limited. This database represents the culmination of more than 30 years of exploration by De Beers. The key assets of the database are the 292,000 surface geochemical samples and associated analytical results covering many mineral prospective regions throughout Australia (Figure 1 on page 2). As De Beers was focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds. The Company views the database as a very powerful tool for rapidly generating new projects in Australia across a range of commodities.

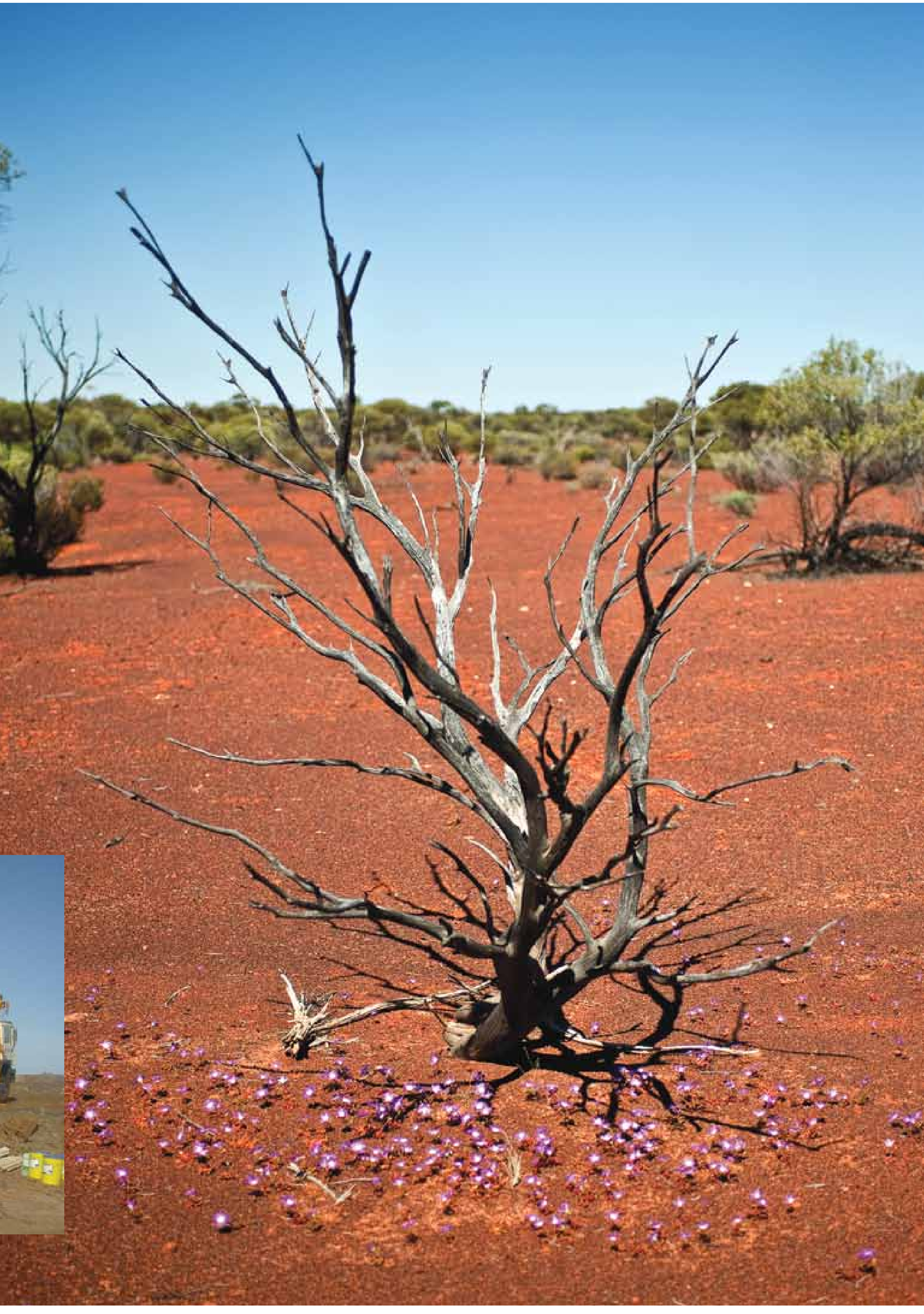
Database Highlights:

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

The current priority for the Company is analysis of samples covering under-explored Proterozoic basins and basin margins in Western Australia and the Northern Territory, prospective for polymetallic base metals and gold mineralisation, as well as shallowly covered Archaean greenstone belts for mesothermal gold.

A total of 44,959 samples have been analysed to date.

This work continues to generate a number of anomalies in gold, base metals and other commodities. To date six anomalies have been pegged. Systematic prioritisation and field appraisal of these anomalies and others generated from the database are progressing.



Community Development

Mindful of its responsibilities to the broader community, the Company has a structured Community Development and Assistance Program ('CDAP"), in addition to providing ad-hoc assistance to community groups from time to time when an urgent and appropriate need is identified.

The CDAP provides targeted educational assistance programs to Indigenous, regional and disadvantaged communities and individuals. Generally, the programs have a multi-year timeframe. The CDAP is run with the guidance of the Company's Program Facilitator who identifies appropriate opportunities for the Company, makes recommendations, sets up programs in consultation with the program's organisations. The Facilitator works closely with those organisations during the entire program cycle to help them achieve the planned outcomes. The Directors of the Company endeavour to stay close to the programs of the Company's CDAP, to ensure that the Company remains informed and responsive.

Structured programs to which the Company contributed during the year under its CDAP were as follows:

- **The Aboriginal Student Scholarship Program with Mt Lawley Senior High School** in Perth - one of the premier schools in Western Australia - has been designed to provide Aboriginal students with high academic aptitude the opportunity to attend the school. The program provides strong encouragement to the sponsored students to continue to Tertiary education. The school is providing personalised learning plans, university student mentors, access to the adjoining facilities at Edith Cowan University and cultural excursions as part of the program. Staff and students have been exposed to cross-cultural training. Eleven students are now receiving scholarships.
- **The Challis Early Childhood Education Centre**, at Armadale in Perth, is in a disadvantaged area experiencing a range of social issues. The Company has made a 3 year commitment to the Centre to foster participation by parents and carers in the early years of their childrens education. This is considered vital in creating a supportive and encouraging environment for children when they first enter the school system. The program has included playgroups and workshops on child development, healthy eating, cooking and art. Transport facilities have been provided to encourage greater attendance.

- **The Kambalda West District High School Youth Leadership Program.** Kambalda, where the Company has its Long Nickel Mine, is located about 550km east from Perth. The Company is providing the funding required to support various programs specifically designed to promote personal development and leadership skills of selected senior students at the school. The program progressed well during 2012. Some of the original students in the program are now serving as mentors to the new students. As a part of the program the students have set up partnerships with local businesses and the Coolgardie Shire Council. After the close of the year the students attended a very successful youth leadership camp at Byford, south of Perth.

- **The Mt Magnet District High School Artist in Residence Program** is being funded to enable the school to engage Aboriginal artist/choreographer/ performer Karla Hart to establish a system of learning through the history and application of Aboriginal art. The aim is to increase school attendance and provide experience which could assist students in future employment in the field of Aboriginal arts. The program's "Dance Group" has performed for the school and for the local community. The school is approximately 565km north of Perth. A tour to Perth with performances at Perth primary schools and high schools is planned for November 2012.

At its Long Nickel Operation at Kambalda the Company endeavours to find as many of its employees as possible from the local community. Without strong local employment the Kambalda community and its facilities would be adversely affected. The Company also assists the local community in Kambalda by contributing to the development of local facilities which are needed to encourage people to remain in the area.

The Jaguar / Bentley Operation has a track record of using indegenous contractors on major projects.

JORC Code Competent Persons and Forward Looking Statements

Website Information

The Company's website www.igo.com.au contains details of current Resources and Reserves, Competent Persons and JORC Table 1 style Mineral Resource and Ore Reserve Parameters.

General

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

Long Resources and Reserve

The information in this report that relates to the Long Nickel Mine's Mineral Resources is based on information compiled by Ms Somealy Sheppard and Mr Jason Harris. The information in this report that relates to the Long Nickel Mine's Ore Reserves is based on information compiled by Mr Phil Bremner and Mr John Farr. Ms Sheppard is a full-time employee of the Company and is a member of the Australian Institute of Geoscientists. Mr Harris is a consultant for Cube Consulting Pty Ltd and is a member of the Australian Institute of Geoscientists. Mr Bremner is a consultant for Mining One Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Ms Sheppard, Mr Harris and Mr Bremner have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the JORC Code and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Jaguar / Bentley / Teutonic Bore Resources and Reserve

The information in this report that relates to the Jaguar and Teutonic Bore Copper-Zinc-Silver Mineral Resources is based on information compiled by Mr Graham Sweetman. The information in this report that relates to the Bentley Mineral Resources is based on information compiled by Ms Michelle Wild. The information in this report that relates to the Jaguar and Bentley Copper-Zinc-Silver Ore Reserves is based on information compiled by Mr Brett Hartmann. Mr Sweetman, Ms Wild and Mr Hartmann are full-time employees of the Company and are members of the Australasian Institute of Mining and Metallurgy. Mr Sweetman, Ms Wild and Mr Hartmann have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined in the 2004 edition of the JORC Code. Mr Sweetman, Ms Wild and Mr Hartmann consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Tropicana Joint Venture Resources and Reserve

The information in this report that relates to Tropicana Joint Venture Gold Mineral Resources and Ore Reserves was announced to the ASX on the 27th July 2011 and the 29 November 2011 by AngloGold Ashanti Limited. In these announcements the information that relates to Mineral Resources was based on information compiled by Mr Mark Kent, a full-time employee of AngloGold Ashanti Limited, who is a member of the Australasian Institute of Mining and Metallurgy.

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

Currawong and Wilga Stockman Resource

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

Karlawinda Resource

Bibra Prospect: The information in this report that relates to the Bibra Prospect Mineral Resources is based on information compiled by Ms Michelle Wild who is a member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of the Company. Ms Wild has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Ms Wild consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Forward-Looking Statements

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

Corporate Governance Statement - 5 October 2012

The Board of Directors of Independence Group NL is responsible for the Company's corporate governance. It recognises the importance of its corporate governance framework in establishing accountabilities, guiding and regulating activities, monitoring and managing risks and optimising the Company's performance. The Board also recognises the need to review regularly its system of corporate governance as best practice evolves over time. This Statement outlines the Company's current corporate governance framework, by reference to the Corporate Governance Principles and Recommendations ("CGC Principles and Recommendations") of the ASX Corporate Governance Council.

The CGC Principles and Recommendations presently consist of 30 Recommendations relating to 8 Principles. The ASX Corporate Governance Council recognises that not all Recommendations are appropriate for all companies and acknowledges that a company should only adopt those Recommendations that are suitable for its circumstances. The Board believes that the governance policies and procedures in place as at the date of this Statement follow all Recommendations. The Recommendations were followed throughout the entire financial year and up to the date of this Statement except that, as explained in the relevant section, the measurable objectives for achieving gender diversity referred to in Recommendations 3.2 and 3.3 under Principle 3 were not set until after the end of the June 2012 year.

Principle 1: Lay solid foundations for management and oversight

The matters reserved to the Board are set out in the Board Charter in the Corporate Governance section of the Company's website. In summary, the Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies. The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

The Board has delegated the following functions to the Managing Director and the other senior executives:

- Manage the day to day operations of the Company in an efficient and responsible manner in accordance with the directions, policies, plans and approved budgets of the Board;
- Maintain and develop the Risk Management system of the Company in accordance with the Risk Management Policy of the Board and its directions;
- Ensure that the Company complies with its statutory, contractual and ethical obligations;
- Develop appropriate strategies and plans for the Company, make recommendations to the Board for their approval and implement approved strategies and plans; and
- Keep the Board fully informed so that it is able to carry out its responsibilities in an effective manner.

The process for evaluating the performance of senior executives is carried out within the framework of the Remuneration Policy which is set out in the Corporate Governance section of the Company's website. Evaluations are conducted annually. The evaluations of the Managing Director are conducted by the Remuneration Committee. Their most recent evaluations were carried out in December 2011 and September 2012. The evaluations of the other senior executives are conducted by the Managing Director, though a structured interview process. The most recent evaluations were carried out in June 2012. All evaluations were carried out in accordance with the process disclosed.

Principle 2: Structure the Board to add value

The Board of the Company currently consists of one executive director (the Managing Director) and four non-executive directors (including the Chairman). The Board considers that three of the five directors are independent: Mr Peter Bilbe (Chairman), Dr Rod Marston and Mr John Christie. The Board considers that Mrs Kelly Ross is not independent because she was an executive of the Company within the last three years. In making these assessments of independence the Board has followed the evaluation criteria of the Board's Director Independence Policy which is set out in the Corporate Governance section of the Company's website. That Policy is in conformity with the guidelines of the ASX Corporate Governance Council and requires the satisfaction of all of the items on a list of criteria, the most significant of which are:

- 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.

Information pertaining to the relevant skills, experience and expertise of the directors of the Company as at the date of this Statement is included on page 5 of the Company's 2012 Annual Report. As at that date the period in office of each of those directors was as follows:

Mr Peter Bilbe:	3 years
Mr Chris Bonwick:	12 years
Dr Rod Marston:	12 years
Mrs Kelly Ross:	10 years
Mr John Christie:	10 years

The Board has a Nomination Committee pursuant to its Nomination of Directors Policy and the Nomination Committee Charter, both of which are set out in the Corporate Governance section of the Company's website. Given that the current total number of directors is five, the Board considers it appropriate that all of the directors should be members of that Nomination Committee. It is chaired by an independent director, the Board's Chairman, Mr Peter Bilbe.

In accordance with the Nomination Committee Charter and the Diversity Policy, both of which are set out in the Corporate Governance section of the Company's website, the Board seeks to achieve in its membership persons with demonstrable skills, experience and ability to question and debate with other Board members, the ability to operate as part of a team, the ability to contribute outstanding performance and have a track record of impeccable ethics and values. The Board seeks to have a mix of age, experience, mining, financial and corporate expertise in its ranks.
In considering new appointments the Board will have regard to the need to augment the skills, knowledge, experience and capabilities of the current members and to meet its future needs and diversity aspirations. In doing so the Board recognises the unique skills, experience and outlook that women can bring to the group.

The process which has been adopted by the Board for evaluating the performance of the Board, its Committees and non-executive directors is that every second year the Board engages the services of an independent facilitator with expertise in this field to guide the Board through a comprehensive evaluation process. In the alternate years the Board carries out an internal evaluation. No evaluation was carried out in the year ended June 2012 because of time constraints. Instead, the experience and composition of the Board were reviewed during that period. A comprehensive evaluation with an independent facilitator is scheduled for the year ended June 2013. The process for evaluating the performance of the only executive director, the Managing Director, was referred to above in the section relating to Principle 1.

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

Principle 3: Promote ethical and responsible decision-making

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, its colleagues and the general community. In summary, the Code of Conduct adopted by the Company and set out in the Corporate Governance section of the Company's website requires that all employees and directors:

- act with honesty and integrity
- respect the law and act accordingly
- respect confidentiality and not misuse information
- value and maintain professionalism
- avoid conflicts of interest
- strive to be good corporate citizens on responsibilities such as sustainable development, health, safety, environment and community, and
- have respect for each other, including by embracing diversity, openness, sharing, mutual trust and teamwork.

The Code of Conduct imposes a responsibility on individuals to report breaches of the Code to executive management or to a director so that appropriate remedial action can be taken.

The Company has a Diversity Policy set out in the Corporate Governance section of its website.

The Board recognises that corporate performance is enhanced when a company has an appropriate and diverse mix of skills and experience. The policy aims to ensure fair and unbiased remuneration between the genders, recruitment and retention campaigns that encourage diversity, no gender bias when considering senior executive and Board positions and that no discrimination on the basis of gender or race takes place within the Company. The Nomination Committee Charter requires the Committee to encourage diversity within the Company, to monitor compliance with the Diversity Policy and to ensure that there is annual reporting of the achievement of performance measures contained in that Policy.

Recommendation 3.2 of the CGC Principles and Recommendations requires the Diversity Policy to include requirements for the Board to establish measurable objectives to achieve gender diversity Recommendation 3.3 states that the company should disclose those measurable objectives in each annual report. The Board advised in its Corporate Governance Statement last year that it had made a decision not to set measurable objectives at that time because the Company had just acquired Jabiru Metals Ltd which had a significant number of employees. The Board wished to understand the group-wide diversity position before addressing the issue. The Board now advises the following measurable objectives and progress, which objectives it set after the end of the June 2012 year:

MEASURABLE OBJECTIVES	PROGRESS TOWARDS ACHIEVEMENT
A. All persons with appropriate experience and qualifications are to be considered equally when new employees or directors are being recruited.	All recruitment is being carried out on this basis. The Company's Human Resources Manager, who oversees recruitment processes, is a female who is sensitive to the importance of the Board's Diversity Policy.
B. All persons with appropriate experience and qualifications are to be considered equally when opportunities for promotion or advancement arise.	All such opportunities are being carried out on this basis.
C. There is to be at least one female representative of the Company involved in the selection process for all new senior executives and directors.	This procedure is being followed.
D. A review of gender remuneration parity is to be carried out on an annual basis, taking into account relative performance, experience, location and job nature) and a report is to be provided to the Board.	This objective was set after the close of the year ended June 2012. The first annual review is planned to be carried in the first half of the year ending June 2013.

The Nomination Committee is responsible for reporting each year key statistics relating to gender diversity within the Company. The latest annual statistics are as follows:

(a) Proportion of women employees in the Group: 30 June 2012:	15%	(2011: 19%)
(b) Proportion of women senior executives in the Group: 30 June 2012:	9%	(2011: 15%)
(c) Proportion of women on the Board of the Company: 30 June 2012:	20%	(2011: 17%)

For the purposes of (b) above, senior executives are categorised as any position where total remuneration paid for the year was $150,000 or greater, calculated on a full time equivalent basis if the person worked part time.

Principle 4: Safeguarding integrity in financial reporting

The Board has an Audit Committee, structured in accordance with the CGC Principles and Recommendations. The Board's Audit Committee's Charter is set out in the Corporate Governance section of the Company's website.

The Chairman of the Committee is Mr John Christie CPA, ACSA, a non-executive director who is not the Chairman of the Board. The other members of the Committee are non-executive directors Dr Rod Marston B.Sc (Hons), Ph.D., MAIG, MSEG and Mrs Kelly Ross CPA, ACSA. The majority of the members are independent directors. Mr Christie and Mrs Ross are qualified accountants/chartered secretaries with considerable financial and managerial experience. Dr Marston is a geologist with considerable corporate experience. There were three meetings of the Committee held during the year and they were attended by all three members.

The Audit Committee reports to the Board and is responsible in summary for the following:

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

Principle 5: Make timely and balanced disclosure

The Company has established policies and procedures, set out in its Continuous Disclosure Policy, relating to the disclosure of information to interested parties. A copy of the Policy is in the Corporate Governance section of the Company's website.

The Company Secretary is responsible for ensuring the Company complies with ASX Listing Rules and is responsible for communicating with the ASX.

Principle 6: Respect the rights of shareholders

The Company has established a communications policy, entitled Investor Relations & Media Interaction Policy. A copy is set out in the Corporate Governance section of the Company's website. It is designed to ensure that the Company communicates effectively with its shareholders and the investment community and that information is released and made available in an equitable manner.

All relevant announcements made to the market are made available on the Company's website www.igo.com.au immediately after they are released to ASX. There is a facility on the website for shareholders and other interested parties to register their email addresses so that they receive from the Company an automatic email notification as soon as a new ASX announcement is made available on the Company's website. An electronic, inter-actve, version of the Company's Annual Report is made available on the website for ease of access. The Company's Managing Director makes regular presentations to investors, providing up-to-date information on the Company's activities. Copies of those presentations are released to ASX and the Company's website immediately before being presented.

Principle 7: Recognise and manage risk

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's Risk Management Policy is set out in the Corporate Governance section of the Company's website.

Management has in place a risk management system which requires all identified risks to be entered into a risk register. Any controls implemented to mitigate these risks are then linked to the risks to produce a mitigated risk register. The Board discusses with senior management regularly at Board Meetings the subject of risk management. The Board meets at least annually with senior management to interrogate the risk register and to ensure that all reasonable procedures have been put in place to mitigate the Company's risks. The last annual risk management review by the Board was held on 27 June 2012. At that Meeting the Board carried out the above-mentioned procedures and senior management reported on the effectiveness of the Company's management of its material business risks.

The Managing Director and Chief Financial Officer provided a declaration in accordance with Section 295A of the Corporations Act most recently on 26 September 2012 and assured the Board that the declaration is founded on a sound system of risk management and internal controls and that the systems are operating effectively and efficiently in all material respects.

With the approval of the Board, in 2012 senior management initiated the expansion of the risk management program from the areas of operations, exploration and corporate to an overall approach to risk management through the implementation of an Enterprise Risk Management (ERM) Program. The ERM Program is being developed with a view to being rolled out progressively during the year ended June 2013, with risk management activity being governed by an annual work plan and an overall 3 year plan to ensure that appropriate and timely risk management activities are aligned to overall business needs.

The ERM Program, through its framework and standards, is designed to ensure that the Company captures and proactively manages material risks in a systematic way and that a culture of risk management is even more strongly embedded within its business. The ERM Program incorporates within a single system five categories of risk management; strategic, business, operational, sustainability and resilience. This structure enables consideration of both the long term interests of the business as well as the day to day operations. It also ensures focus is given to those unlikely events with potentially catastrophic impacts to our business.

Hedging Committee

The Company has 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 Statement are director Mr John Christie, director Mrs Kelly Ross and Chief Financial Officer Mr Scott Steinkrug.

Share Trading Policy

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

Principle 8: Remunerate fairly and responsibly

The Board has a Remuneration Committee, structured in accordance with the CGC Principles and Recommendations. The Chairman of the Committee is Dr Rod Marston. The other two members are Mr John Christie and Mr Peter Bilbe. All three are independent directors.The Board's Remuneration Policy is set out in the Corporate Governance section of the Company's website.

The Company has clearly distinguished the remuneration structures of the non-executive directors from that of executive directors and executives. The full details of the remuneration of these persons during the year ended 30 June 2012 is set out in the Remuneration Report within the Directors' Report at pages 58 to 63 of the Company's 2012 Annual Report. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

Environmental Policy

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

Sustainability Report

The Long Nickel Operation, acquired by the Company in 2002, is one of the oldest operating mines in the Kambalda Nickel field. Accordingly, there is limited scope to change the mine's environmental footprint.

Mine management at the Long Operation continues to work closely with the Company's environmental consultants, who undertake regular audits and advise on compliance and improvement. Working together, specific plans have been introduced over several years to improve in areas such as mine rehabilitation and the consumption of key resources.

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

Hydrocarbon management has been improved at the mine by the building of a concrete wash-down and service bay for the heavy mining fleet. Hydrocarbons are captured before they enter the environment. An improved steel and polypipe recycling system has also been introduced.

Two activities are presently being planned at the Long Operation: trial vegetation plots as part of the planned minesite re-vegetation program; and, a feral animal (primarily goats) management program, in order to assist re-vegetation.

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

As has been the case at Long Operation, an improved steel and polypipe recycling system has been introduced at the Jaguar/Bentley Operation. A program to recycle waste sewerage water has also been introduced.

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

The National Greenhouse and Energy Reporting Act 2007 (NGER Act) creates registration and reporting obligations for controlling corporations whose greenhouse gas emissions, energy consumption and energy production reach certain thresholds. The Company is registered with the Clean Energy Regulator (CER) and has been disclosing its greenhouse gas emissions under the NGER Act since 2008. The National Greenhouse and Energy Reporting scheme provides the basis for assessing liability under the carbon pricing mechanism. Organisations are liable if they operate facilities that exceed the threshold for covered 'scope 1' emissions or supply or use natural gas. The threshold for covered scope 1 emissions is 25,000 tonnes of carbon dioxide equivalent. Liable entities must acquire and surrender one carbon unit for every tonne of carbon emissions they produce, or pay a shortfall charge. The Company will next be reporting in October 2012. At this stage it appears that the Company's emissions will not exceed the threshold for Scope 1 emissions and therefore will not be liable for surrendering carbon units in 2013.

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

Policies and Procedures on the Company's website

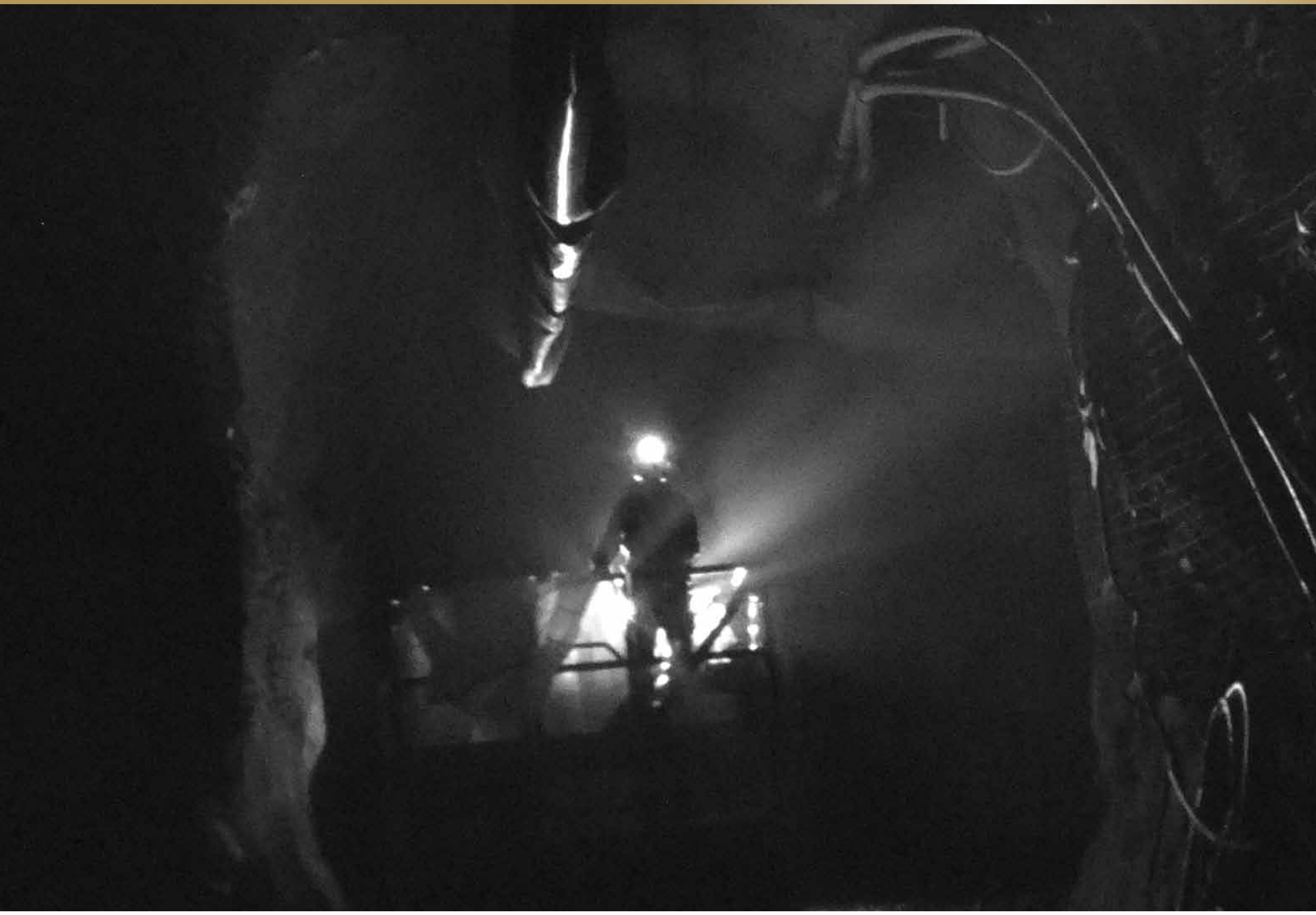
The following policies and procedures are contained in the Corporate Governance section of the Company's website www.igo.com.au :

- Risk Management
- Code of Conduct
- Investor Relations and Media Interaction
- Director Independence
- Legal, Environmental & Social
- Remuneration Policy
- Audit Committee
- Nomination of Directors and Nom. Comm. Charter
- Board Charter
- Continuous Disclosure
- Communication with Shareholders
- Share Trading Policy
- Diversity Policy

Independence Group

ABN 46 092 786 304

/ FINANCIAL REPORT for the Year Ended 30 June 2012



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Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Independence Group NL and the entities it controlled at the end of, or during, the year ended 30 June 2012.

Directors

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

Christopher Bonwick (Managing Director)

Peter Bilbe (Non-executive Chairman)

Kelly Ross (Non-executive Director)

John Christie (Non-executive Director)

Rod Marston (Non-executive Director)

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

Principal activities

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

Dividends – Independence Group NL

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

	2012 $'000	2011 $'000
Final ordinary dividend for the year ended 30 June 2011 of 3 cents (2010: 3 cents) per fully paid share paid on 30 September 2011	**6,087**	3,414
Interim ordinary dividend for the year ended 30 June 2012 of 2 cents (2011: 4 cents) per fully paid share paid on 23 March 2012	**4,658**	5,551
	10,745	8,965

In addition to the above dividends, since the end of the financial year the Directors have announced the payment of a final ordinary dividend of $2,329,000 (1 cent per fully paid share) to be paid on 28 September 2012.

Review of operations

The Long Nickel Operation performed exceptionally well this year with production of 9,995 contained nickel tonnes which exceeded production in any of the previous 10 years. Segment earnings are down on the previous corresponding period as a result of lower realised nickel prices of A$8.98/lb nickel compared to A$10.35/lb nickel in the previous period and higher cash costs of A$4.74/lb nickel compared to A$4.48/lb nickel. Exploration continued to test for new deposits along strike of the Long, Moran and McLeay ore bodies.

The Jaguar/Bentley Operation achieved annual production of zinc metal in concentrate and copper metal in concentrate of 16,569 tonnes and 7,257 tonnes respectively. This segment was acquired as a result of the acquisition of Jabiru Metals Limited in April 2011. As previously reported during the December 2011 half, the Jaguar Mine encountered unforeseen geotechnical issues which necessitated a change in ground support methodology and stope sequencing. The revised mining plan postponed the extraction of high grade stope ore and required additional footwall development in waste rock, resulting in lower than budgeted head grades.

Extraction of high grade stopes recommenced in the June 2012 half, combined with sub-level cave ore extraction and development of the Farside ore body east of Jaguar. The second half also saw a higher contribution in high grade zinc and silver ore from Bentley Mine development and the commissioning of the Heavy Media Separator (HMS) resulting in the mine exceeding 2011/12 zinc and silver guidance, with copper production slightly below budget.

The current low commodity prices and strong Australian dollar exchange rate have resulted in a new mining plan being developed for the Jaguar/Bentley Operation, selectively mining higher value blocks at a reduced mining rate compared with the April 2012 target of 600,000 tonnes pa. Lower grade Bentley stringer ore has been removed from the new schedule which focuses on mining more profitable ore blocks which can be either directly milled or upgraded by the HMS. A significant proportion of the lower grade Bentley stringer ore is located in the footwall and will not be sterilised if metal prices rise. Due to the continued low metal prices only the mining of currently developed ore in the Jaguar Mainlode and Farside ore bodies is contemplated in the new plan.

The selective mining option which may reduce mine life, together with falling commodity prices and stronger Australian dollar have, in the opinion of management, triggered an impairment review which warranted an assessment of the carrying value of the Jaguar/Bentley Operation's assets. Impairments of the Operation during the year and at year end totalled $255,929,000. The likely impact of these impairments in future financial years is a reduction in ongoing depreciation and amortisation charges and a corresponding increase in reportable net profit.

Exploration drilling relating to the Jaguar/Bentley Operation is ongoing and continues to target known and prospective mineralisation.

At the Tropicana Gold Mine (in which the Company has a 30% joint venture interest) construction remains on time and on schedule for the first gold pour in the December quarter 2013. The Bankable Feasibility Study (BFS) estimated open pit gold production (100% project) to average 300,000-350,000 ounces gold pa over 10 years with cash costs estimated to be in the range of A$710-730/oz gold. Total gold production over the first 3 years was estimated by the BFS to be between 470,000-490,000 ounces pa with cash costs between A$580-600/oz gold. Resources currently stand at 6.41 million ounces and reserves at 3.91 million ounces (100% project).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Significant events after the reporting date

On 29 August 2012, the Company announced that a final dividend for the year ended 30 June 2012 would be paid on 28 September 2012. The dividend is 1 cent per share and will be fully franked.

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

Likely developments and expected results

Detailed information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group. Exploration of new and existing project areas in the search for gold, nickel, platinoids, copper and other minerals will continue. The Group will also continue to focus on the construction of the Tropicana Gold Mine and the mining of nickel ore from the Long Nickel Operation and production of copper and zinc concentrate from the Jaguar/Bentley Operation. Stockman Project feasibility study work and Karlawinda Project scoping study work will also continue.

Environmental regulation and performance

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

The Group is subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group will report its greenhouse emissions, energy consumption and production from 1 July 2008. Systems have been put in place to comply with these reporting requirements. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use.

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

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

Information on Directors

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

Peter Bilbe	**Chairman (Non-executive) from 29 July 2011. Age 62**
Qualifications	BE (Mining) (Hons), MAusIMM
Tenure	Board member since 31 March 2009 and Chairman since 29 July 2011.
Special Responsibilities	Mr Bilbe is a member of the Remuneration Committee.
Other Directorships	Mr Bilbe is currently a director of Northern Iron Limited and Sihayo Gold Limited. He was also a director of Norseman Gold plc until December 2011, Aurox Resources Limited until August 2010 and RMA Energy Limited until April 2010.
Christopher Bonwick	**Managing Director (Executive) Age 53**
Qualifications	BSc (Hons), MAusIMM
Tenure	Managing Director and Board member since 2000.
Special Responsibilities	Mr Bonwick is the executive in charge of operations, risk management and corporate development.
Other Directorships	None.
Kelly Ross	**Director (Non-executive) Age 50**
Qualifications	CPA, ACSA
Tenure	Board member since 2002.
Special Responsibilities	Mrs Ross is a member of the Hedging Committee and has been a member of the Audit Committee since 23 August 2011. Mrs Ross was Company Secretary until her resignation on 23 August 2011.
Other Directorships	Mrs Ross is currently a director of Musgrave Minerals Limited.
John Christie	**Director (Non-executive) Age 74**
Qualifications	CPA, ACSA
Tenure	Board member since 2002.
Special Responsibilities	Mr Christie is a member of the Remuneration, Audit and Hedging Committees.
Other Directorships	None.
Rod Marston	**Director (Non-executive) Age 69**
Qualifications	BSc (Hons), PhD, MAIG, MSEG
Tenure	Board member since 2001. Chairman from 20 August 2003 to 31 March 2009.
Special Responsibilities	Dr Marston is a member of the Remuneration and Audit Committees.
Other Directorships	Dr Marston has been a director of Kasbah Resources Limited since November 2006.
Oscar Aamodt	**Chairman (Non-executive) until 29 July 2011. Age 66**
Qualifications	FCIS
Tenure	Board member since 2005 and Chairman from 31 March 2009 until his resignation on 29 July 2011.
Special Responsibilities	Mr Aamodt was a member of the Hedging, Remuneration and Audit Committees until his resignation on 29 July 2011.
Other Directorships	Mr Aamodt was a director of Energy Metals Limited from July 2005 to December 2009.

Company Secretary qualifications

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

Mrs Kelly Ross was Company Secretary until her resignation in August 2011. Mrs Ross is a qualified accountant holding a Bachelor of Business (Accounting) and has the designation CPA from the Australian Society of Certified Practicing Accountants. Mrs Ross is a Chartered Secretary with over 25 years experience in accounting and administration in the mining industry and was the Company Secretary of Independence Group NL from 2001 until her resignation in August 2011.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Remuneration Committee		Audit Committee		Hedging Committee[3]	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Christopher Bonwick[1]	16	16	-	-	-	-	-	-
Kelly Ross	17	17	-	-	3	3	1	1
John Christie	17	17	3	3	3	3	1	1
Rod Marston	17	17	3	3	3	3	-	-
Peter Bilbe	17	17	3	3	-	-	-	-
Oscar Aamodt[2]	2	2	1	1	-	-	-	-

1. Mr Bonwick absented himself from attending one Board Meeting as its sole subject was the granting of Employee Performance Rights to him as Managing Director.
2. Mr Aamodt resigned with effect on 29 July 2011.
3. The Hedging Committee met once formally during the year to formulate recommendations to the Board and maintained a watching brief throughout the year.

Interests in shares and options of the Company

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

	Ordinary Fully Paid Shares	Unlisted Options
Christopher Bonwick	2,057,500	-
Rod Marston	1,321,917	-
Kelly Ross	345,000	-
John Christie	503,750	-
Peter Bilbe	-	-
Total	4,228,167	-

Details of the terms and conditions for these securities are disclosed in note 32 of the Financial Statements and in notes 1 and 7 of Additional Information for Listed Public Companies.

AUDITED REMUNERATION REPORT

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

Remuneration policy and procedures

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

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to the skills, experience, the relative industry remuneration levels and performance of both the Company and the individuals' themselves. No director may be involved in setting their own remuneration or terms and conditions.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees. The remuneration of non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board. The available non-executive directors' fees pool is $600,000 which was approved by shareholders at the Annual General Meeting on 24 November 2010, of which $440,000 was being utilised at 30 June 2012 (2011: $300,000).

Non-executive directors may provide additional consulting services to the Company, at a rate approved by the Board. No such services were provided during the year ending 30 June 2012.

Performance evaluations of the Board are undertaken with a view to comparing the performance of the Board and directors to the performance and growth of companies of similar size and complexity within the mining industry. The current base remuneration was last reviewed with effect from 1 September 2011.

Bonuses may be given to senior managers where the Committee believes their experience and skills have provided the Company with ongoing and enduring benefits that align with shareholder interests. Other performance-based rewards are given where the Committee believes performance of an individual senior manager compares favourably with their peers within the industry. The objective of the rewards are 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:

	2008	2009	2010	2011*	2012
Income ($millions)	149.1	101.1	116.7	163.6	216.6
Net profit (loss) after income tax ($millions)	51.5	16.1	28.7	5.5	(285.3)
Share price at year end ($/share)	5.10	4.63	4.72	5.63	3.16
Dividends paid (cents/share)	17	7	5	7	5

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

Company performance based remuneration

Short term incentives (STI)

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

Managing Director's KPI's

The Board introduced a performance criteria in 2010 to incentivise the Managing Director, based on achievement versus target KPI's. The target KPI's relate to matters such as mine production, safety, mine development and costs, as well as exploration success, corporate growth, environmental activity and risk management actions. STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. The total available to be paid as an STI for this category for 2012, relating to 2011 KPI's, was $250,000 (2011: $200,000 relating to 2010 KPI's). During the year, the Managing Director received 62.5% of the total allocated bonus available for the 2011 year (2011: 80.0% of the total allocated bonus available for the 2010 year).

Long term incentives (LTI) – Executives and other employees

The LTI component of the remuneration package is to reward executive directors, senior managers and other invited employees of the Company 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 Independence Group NL Employee Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting of the Company in November 2011. Under the PRP, participants are granted share rights which will only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the PRP is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Vesting of the performance rights to executive directors and executives is subject to a combination of Independence Group NL's shareholder return and return on equity. The performance rights will vest if over the three year measurement period the following performance hurdles are achieved:

Shareholder Return

The vesting of 75% of the performance rights at the end of the third year will be based on measuring the actual shareholder return over the three year period compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period. The portion of performance rights (75% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

Return on equity

The vesting of the remaining 25% of the performance rights at the end of the third year will be based on the average return on equity over the three year period compared with the average target return on equity as set by the Board for the same period.

Return on equity (ROE) for each year will be calculated in accordance with the following formula:

ROE = Net profit after tax / Total shareholders' equity

The target ROE will be set each year by the Board as part of the budget approval process for the following year. The target ROE for the financial year ending 30 June 2012 was 10%. The portion of performance rights (25% of the total) that will vest based on the comparative return on equity will be:

Actual ROE	Level of vesting
100% of average target ROE	25%
Between 100% and 115% of average target ROE	Pro-rata straight line percentage
115% of average target ROE or greater	100%

The performance rights will not be subject to any further escrow restrictions once they have vested to the employees.

Prior to the introduction of the PRP, the LTI benefits were delivered in the form of options to acquire ordinary shares in the Company. However, no options were granted or issued during the financial year (nor during the previous financial year) nor have any been granted since the end of the financial year. It is not intended to grant or issue further options under the previous arrangements.

Share trading policy

The trading of shares issued to participants under the Company's PRP is subject to, and conditional upon, compliance with the Company's employee share trading policy.

Long term incentives (LTI) – Non-executive Directors

The Independence Group NL Employee Performance Rights Plan (PRP) permits non-executive directors to be Eligible Employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

Use of remuneration consultants

During the year under review the Board engaged the services of Ernst & Young to advise it on the design and implementation of the Company's Employee Performance Rights Plan which is described above.

AUDITED REMUNERATION REPORT (continued)

Key Management Personnel

The directors who held office during the financial year were Peter Bilbe (Non-executive Director and Chairman from 29 July 2011), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director until her resignation as an Executive of the Company on 23 August 2011, at which date she became a Non-executive Director), John Christie (Non-executive Director), Rod Marston (Non-executive Director) and Oscar Aamodt (Chairman until his resignation on 29 July 2011). The Directors held office during the entire financial year unless otherwise stated.

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

- Terry (KT) Bourke – Company Secretary/Legal Counsel (commenced employment with the Company on 9 August 2011)
- Brett Hartmann – Group Operations Manager
- Rodney Jacobs – Development Manager
- Tim Kennedy – Exploration Manager
- Scott Steinkrug – Chief Financial Officer
- Drew Totterdell – Business Development Manager
- Gary Comb – Managing Director – Jabiru Metals Limited. Mr Comb was employed by the Company's subsidiary Jabiru Metals Limited until his resignation with effect from 31 August 2011.

Employment contracts

Terms and conditions of employment contracts of key management personnel in effect at 30 June 2012 were as follows:

i) Non-executive directors do not have employment contracts with the Company. Executive directors are employed under contracts which do not have a defined term. These contracts include provision for termination benefits of one month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 months remuneration is payable to the executive should the Company terminate the employment contract due to a takeover event, but only if such payment would not breach ASX Listing Rules. In all other circumstances the contracts can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contracts as at 30 June 2012 provide for total remuneration of $750,000 (2011: $630,000) for Christopher Bonwick. As noted elsewhere in the report, Mrs Ross resigned her executive position with effect on 23 August 2011.

ii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts and are entitled to participate in the Independence Group NL Employee Performance Rights Plan (PRP).

iii) The executive Terry Bourke is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $333,540 per annum. Mr Bourke may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Bourke is also entitled to participate in the Company's PRP.

iv) The executive Brett Hartmann is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $392,400 per annum (2011: $326,086). Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Hartmann is also entitled to participate in the Company's PRP.

v) The executive Rodney Jacobs is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $343,350 per annum. Mr Jacobs may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Jacobs is also entitled to participate in the Company's PRP.

vi) The executive Tim Kennedy is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $305,200 per annum. Mr Kennedy may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Kennedy is also entitled to participate in the Company's PRP.

vii) The executive Scott Steinkrug is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $364,060 per annum (2011: $250,000). Mr Steinkrug may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Steinkrug is also entitled to participate in the Company's PRP.

viii) The executive Drew Totterdell is employed under a contract which does not have a defined term and can be terminated by Mr Totterdell after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. If the Company terminates Mr Totterdell's employment for reasons other than misconduct, the Company will pay 12 months remuneration as compensation. The current employment contract provides for total remuneration of $288,850 per annum (2011: $275,000). Mr Totterdell may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board. Mr Totterdell is also entitled to participate in the Company's PRP.

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

Details of remuneration

The following tables show details of the remuneration received by the Directors and key management personnel of the Group for the current and previous financial year:

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary & fees[1] $	Cash bonus $	Non-monetary benefits $	Other $	Superannuation $	Long service leave[2] $	Share rights $	Total $
2012								
Non-executive Directors								
Oscar Aamodt[3]	6,881	-	-	-	619	-	-	7,500
Peter Bilbe	133,028	-	-	-	11,972	-	-	145,000
John Christie	77,982	-	-	-	7,018	-	-	85,000
Rod Marston	77,982	-	-	-	7,018	-	-	85,000
Kelly Ross[4]	170,149	60,000	-	-	14,348	4,345	-	248,842
Executive Directors								
Christopher Bonwick	699,469	156,250	-	-	50,000	37,715	93,708	1,037,142
Other key management personnel								
Terry Bourke[5]	239,288	20,000	-	32,143	24,429	817	12,700	329,377
Brett Hartmann	377,954	75,000	-	-	25,000	20,836	14,942	513,732
Rodney Jacobs	314,549	20,000	-	-	27,675	4,816	13,074	380,114
Tim Kennedy[6]	314,798	20,000	-	-	25,000	11,751	11,621	383,170
Scott Steinkrug	347,121	50,000	-	-	24,970	2,889	13,863	438,843
Drew Totterdell	280,484	50,000	-	-	23,278	4,253	10,999	369,014
Gary Comb[7]	81,252	-	-	280,201	44,290	2,929	-	408,672
Total remuneration	3,120,937	451,250	-	312,344	285,617	90,351	170,907	4,431,406

AUDITED REMUNERATION REPORT (continued)

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary & fees[1] $	Cash bonus $	Non-monetary benefits $	Other $	Superannuation $	Long service leave[2] $	Share rights $	Total $
2011								
Non-executive Directors								
Oscar Aamodt	82,569	-	-	-	7,431	-	-	90,000
John Christie	64,220	-	-	-	5,780	-	-	70,000
Rod Marston	64,220	-	-	-	5,780	-	-	70,000
Peter Bilbe	65,535	-	-	-	4,465	-	-	70,000
Executive Directors								
Christopher Bonwick	573,677	160,000	-	-	50,986	16,237	-	800,900
Kelly Ross	313,687	60,000	9,338	-	25,204	11,533	-	419,762
Other key management personnel								
Brett Hartmann	306,746	231,200	-	-	23,882	13,845	-	575,673
Scott Steinkrug[8]	83,589	35,068	-	-	7,357	264	-	126,278
Drew Totterdell	269,033	163,600	-	-	22,350	2,039	-	457,022
Gary Comb[7]	162,377	-	-	14,763	22,145	(5,156)	-	194,129
	1,985,653	649,868	9,338	14,763	175,380	38,762	-	2,873,764

1 Cash salary and fees include movements in annual leave provision during the year.

2 Long service leave relates to movements in long service leave provision during the year.

3 Mr Aamodt resigned from his position as non-executive director effective 29 July 2011.

4 Mrs Ross became a non-executive Director from 23 August 2011 following her resignation as an executive of the Company. Amounts accrued for annual leave ($53,928) and LSL ($94,567) were paid out on termination, these amounts have been offset against the movement in the provision for the year.

5 Mr Bourke commenced employment with the Company on 9 August 2011. Other short-term benefits relate to a living away from home allowance paid to Mr Bourke.

6 Mr Kennedy's cash salary and fees and superannuation include amounts of $30,000 and $2,700 respectively which relate to fees earned in his role as non-executive director of Argentina Mining Limited.

7 Mr Comb was employed by the Company from 4 April 2011, following the acquisition of Jabiru Metals Limited, until his resignation on 31 August 2011. Amounts accrued for annual leave ($114,087) and LSL ($114,994) were paid out on termination, these amounts have been offset against the movement in the provision for the year.

8 Mr Steinkrug commenced employment with the Company on 22 February 2011.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	At Risk – LTI Equity Compensation %	At Risk – STI Performance Based Bonuses %	Fixed Remuneration %
2012			
Oscar Aamodt	-	-	100.0
Christopher Bonwick	9.0	15.1	75.9
Kelly Ross	-	24.1	75.9
John Christie	-	-	100.0
Rod Marston	-	-	100.0
Peter Bilbe	-	-	100.0
Terry Bourke	3.8	6.1	90.1
Brett Hartmann	2.9	14.6	82.5
Rodney Jacobs	3.4	5.3	91.3
Tim Kennedy	3.0	5.2	91.8
Scott Steinkrug	3.2	11.4	85.4
Drew Totterdell	3.0	13.5	83.5
Gary Comb	-	-	100.0

Name	At Risk – LTI Equity Compensation %	At Risk – STI Performance Based Bonuses %	Fixed Remuneration %
2011			
Oscar Aamodt	-	-	100.0
Christopher Bonwick	-	20.0	80.0
Kelly Ross	-	14.3	85.7
John Christie	-	-	100.0
Rod Marston	-	-	100.0
Peter Bilbe	-	-	100.0
Brett Hartmann	-	40.2	59.8
Scott Steinkrug	-	27.8	72.2
Drew Totterdell	-	35.8	64.2
Gary Comb	-	-	100.0

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

Share-based payments

All share rights relate to share rights granted under the Independence Group NL Employee Performance Rights Plan (PRP).

The details of each grant of share rights affecting remuneration in the current or future reporting period are as follows:

Name	Date of grant	Number of share rights granted during the year	Fair value of share right at date of grant $	Value of share rights at grant date[1] $	Number of share rights vested during the year	Vesting date	Maximum total value of grant yet to vest[2] $
Executive Directors							
Christopher Bonwick	23/11/2011	159,235	2.14	341,559	-	1/07/2015	247,851
Other key management personnel							
Terry Bourke	13/03/2012	49,570	1.69	84,020	-	1/07/2015	71,320
Brett Hartmann	13/03/2012	58,318	1.69	98,848	-	1/07/2015	83,906
Rodney Jacobs	13/03/2012	51,028	1.69	86,492	-	1/07/2015	73,418
Tim Kennedy	13/03/2012	45,358	1.69	76,880	-	1/07/2015	65,259
Scott Steinkrug	13/03/2012	54,106	1.69	91,708	-	1/07/2015	77,845
Drew Totterdell	13/03/2012	42,928	1.69	72,763	-	1/07/2015	61,764

1. The value at grant date calculated in accordance with AASB 2 Share-based Payment of share rights granted during the year as part of remuneration.
2. Unamortised award value based on the fair value of share right at date of grant.

Remuneration options

There were no options granted to directors or key management personnel during the year (2011: nil).

No options vested to directors or key management personnel during the year. A total of 750,000 options were exercised or sold off-market by directors or executives during the 2011 financial year at a weighted average price of $4.44.

End of Audited Remuneration Report

Share options

At the reporting date, there were no unissued ordinary shares under options, nor were there any ordinary shares issued during the year ended 30 June 2012 on the exercise of options. Refer to the remuneration report section of this report and note 33 to the financial report for further details of the Independence Group NL Employee Option Plan previously in place.

Insurance of officers

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

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

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

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

	$
Taxation services	20,900
Other services	45,319
	66,219

Auditor independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 65. This declaration forms part of the Directors' Report.

Rounding of amounts

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

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

P Bilbe
Chairman

Perth, Western Australia
Dated this 26th day of September 2012

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN

To the Directors of Independence Group NL

As lead auditor of Independence Group NL for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

BDO

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

26 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Revenue from continuing operations	6	**216,557**	163,568
Other income	7	**-**	463
Mining, development and processing costs		**(74,763)**	(39,716)
Employee benefits expense		**(51,636)**	(28,788)
Share-based payments expense		**(862)**	(17)
Fair value adjustment of listed investments		**(3,490)**	760
Depreciation and amortisation expense		**(39,231)**	(27,368)
Rehabilitation and restoration borrowing costs		**(375)**	(109)
Exploration costs expensed		**(2,813)**	(2,416)
Royalty expense		**(8,028)**	(7,586)
Ore tolling expense		**(11,234)**	(8,309)
Shipping and wharfage costs		**(11,178)**	(1,053)
Net gains on fair value financial liabilities		**1,356**	2,509
Borrowing and finance costs		**(1,413)**	(309)
Costs associated with acquisition of subsidiary		**-**	(21,133)
Impairment of exploration and evaluation expenditure	21	**(116,462)**	(7,186)
Impairment of goodwill and other assets	21	**(255,929)**	-
Other expenses		**(9,339)**	(9,025)
(Loss) profit from continuing operations before income tax		**(368,840)**	14,285
Income tax benefit (expense)	9	**83,548**	(8,752)
(Loss) profit after income tax		**(285,292)**	5,533
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges, net of tax		**7,273**	11,065
Other comprehensive income, net of tax		**7,273**	11,065
Total comprehensive (loss) income		**(278,019)**	16,598
(Loss) profit attributable to the members of Independence Group NL		**(285,292)**	5,533
Total comprehensive (loss) income attributable to the members of Independence Group NL		**(278,019)**	16,598

	Note	Cents	Cents
(Loss) earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic (loss) earnings per share	11	**(130.47)**	3.89
Diluted (loss) earnings per share	11	**(130.47)**	3.88

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000 Restated*
ASSETS			
Current assets			
Cash and cash equivalents	12	**192,678**	228,001
Trade and other receivables	13	**58,797**	28,762
Current tax receivable	9	**-**	7,541
Inventories	14	**16,786**	20,908
Financial assets	15	**3,346**	6,849
Derivative financial instruments	25	**23,950**	16,997
Total current assets		**295,557**	309,058
Non-current assets			
Receivables	16	**475**	1,016
Property, plant and equipment	17	**37,173**	86,255
Mine properties	18	**123,274**	163,690
Exploration and evaluation expenditure	19	**203,371**	269,333
Deferred tax assets	9	**152,620**	111,420
Intangible assets	20	**454**	91,818
Derivative financial instruments	25	**-**	8,243
Total non-current assets		**517,367**	731,775
TOTAL ASSETS		**812,924**	1,040,833
LIABILITIES			
Current liabilities			
Trade and other payables	22	**60,329**	60,994
Borrowings	27	**11,685**	5,789
Derivative financial instruments	25	**570**	15,014
Provisions	23	**1,260**	705
Financial liabilities at fair value through profit or loss	26	**4,818**	11,303
Total current liabilities		**78,662**	93,805
Non-current liabilities			
Borrowings	27	**6,934**	5,694
Provisions	24	**14,749**	11,402
Deferred tax liabilities	9	**70,454**	110,327
Financial liabilities at fair value through profit or loss	26	**-**	5,725
Total non-current liabilities		**92,137**	133,148
TOTAL LIABILITIES		**170,799**	226,953
NET ASSETS		**642,125**	813,880
EQUITY			
Contributed equity	28	**734,007**	617,860
Reserves	29	**20,618**	12,483
(Accumulated losses) retained earnings	29	**(112,500)**	183,537
TOTAL EQUITY		**642,125**	813,880

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

*Refer to note 37.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**211,390**	174,418
Payments to suppliers and employees (inclusive of GST)		**(183,087)**	(109,673)
		28,303	64,745
Interest and other costs of finance paid		**(1,307)**	(268)
Exploration expenditure		**(2,813)**	(2,416)
Income tax received		**10,057**	541
Income taxes paid		**(2,524)**	(9,805)
Receipts from other operating activities		**263**	19
Net cash flows from operating activities	30	**31,979**	52,816
Cash flows from investing activities			
Interest received		**11,422**	9,897
Payments for purchase of listed investments		**-**	(2,774)
Proceeds from sale of property, plant and equipment and other investments		**396**	581
Payments for property, plant and equipment		**(19,392)**	(19,819)
Payments for development expenditure		**(89,492)**	(33,785)
Payments for exploration and evaluation expenditure		**(57,244)**	(32,023)
Payment for acquisition of subsidiary, net of cash acquired		**-**	(43,048)
Net cash flows used in investing activities		**(154,310)**	(120,971)
Cash flows from financing activities			
Proceeds from issue of shares		**119,902**	169,266
Share issue costs		**(4,397)**	(6,880)
Repayment of finance lease liabilities		**(5,900)**	(1,222)
Repayment of borrowings		**(11,852)**	-
Payment of dividends		**(10,745)**	(8,965)
Net cash flows from financing activities		**87,008**	152,199
Net (decrease) increase in cash held		**(35,323)**	84,044
Cash and cash equivalents at the beginning of the financial year		**228,001**	143,957
Cash and cash equivalents at the end of the financial year	12	**192,678**	228,001

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Issued Capital $'000	Retained Earnings/ (Accumulated Losses) $'000	Hedging Reserve $'000	Share-Based Payments Reserve $'000	Acquisition Reserve $'000	Total Equity $'000
Consolidated						
At 1 July 2010	29,552	186,969	(5,781)	4,040	-	214,780
Profit for the year	-	5,533	-	-	-	5,533
Other comprehensive income						
Profit on cash flow hedges, net of tax	-	-	11,065	-	-	11,065
Total comprehensive income for the year	-	5,533	11,065	-	-	16,598
Transactions with owners in their capacity as owners						
Shares issued	593,537	-	-	-	-	593,537
Transaction costs on shares issued, net of tax	(5,229)	-	-	-	-	(5,229)
Dividends paid	-	(8,965)	-	-	-	(8,965)
Share-based payments	-	-	-	17	-	17
Gain on acquisition of non-controlling interest	-	-	-	-	3,142	3,142
At 30 June 2011	617,860	183,537	5,284	4,057	3,142	813,880
At 1 July 2011	617,860	183,537	5,284	4,057	3,142	813,880
Loss for the year	-	(285,292)	-	-	-	(285,292)
Other comprehensive income						
Profit on cash flow hedges, net of tax	-	-	7,273	-	-	7,273
Total comprehensive (loss) income for the year	-	(285,292)	7,273	-	-	(278,019)
Transactions with owners in their capacity as owners						
Shares issued	119,902	-	-	-	-	119,902
Transaction costs on shares issued, net of tax	(3,755)	-	-	-	-	(3,755)
Dividends paid	-	(10,745)	-	-	-	(10,745)
Share-based payments	-	-	-	862	-	862
At 30 June 2012	734,007	(112,500)	12,557	4,919	3,142	642,125

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

1. CORPORATE INFORMATION

The financial report of Independence Group NL (the Company) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 26 September 2012.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

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

(iv) Historical cost convention

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

(v) Critical accounting estimates

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

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Independence Group NL (Company or parent entity) as at 30 June 2012 and the results of all subsidiaries for the year then ended. Independence Group NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

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

(ii) Associates

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

(iii) Joint ventures

Jointly controlled operations

The proportionate interests in the assets, liabilities and expenses of a jointly controlled venture have been incorporated in the financial statements under the appropriate headings. Details of joint ventures are set out in note 38.

Joint venture entities

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

(c) Segment reporting

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(e) Business combinations

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of assets

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

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

(g) Cash and cash equivalents

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

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

(h) Trade and other receivables

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

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

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

(i) Inventories

(i) Ore and concentrate

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

(ii) Stores and fuel

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

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

(j) Derivative financial instruments

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

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

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

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

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

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

(k) Investments and other financial assets

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

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

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

For investments carried at amortised cost, gains and losses are recognised in the statement of comprehensive income when the investments are de-recognised or impaired, as well as through the amortisation process.

Fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (eg. unlisted securities), a valuation technique is applied and if this is deemed unsuitable, they are held at initial cost.

(l) Property, plant and equipment

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

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

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

Depreciation periods are primarily:

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

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

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

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

(m) Exploration and evaluation expenditure

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

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

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Mine properties and restoration costs

(i) Mine properties in development

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

(ii) Mine properties in production

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

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

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

(iii) Rehabilitation, restoration and environmental costs

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

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

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

(o) Intangible assets

(i) Goodwill

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

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

(ii) Other

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

(p) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 27). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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

(q) Trade and other payables

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

(r) Financial liabilities

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

(s) Employee benefits

(i) Short-term obligations

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

(ii) Long service leave

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

(t) Share-based payment transactions

Equity-settled transactions

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

There is currently a plan in place to provide these benefits, the Employee Performance Rights Plan (PRP), which provides benefits to executive directors and other employees.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined in conjunction with an external valuation consultant using a trinomial tree which has been adopted by the Boyle and Law (1994) node alignment algorithm to improve accuracy. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Independence Group NL (market conditions).

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Contributed equity

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

(v) Revenue recognition

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

(i) Sale of goods

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

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

(ii) Interest revenue

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

(w) Income tax

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

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

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

(x) Goods and services tax (GST)

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

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

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

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

(y) Earnings per share

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

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

- cost of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Comparatives

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

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Company has not yet made an assessment of the impact of these amendments.	1 July 2015
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the Company's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Company does not have any special purpose entities. The Company does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.	1 July 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.	Annual reporting periods commencing on or after 1 January 2013	The standard is not expected to have any impact on the current treatment of joint arrangements.	1 July 2013
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.	1 July 2013
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.	1 July 2013
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.	Periods commencing on or after 1 January 2012	The Company does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.	1 July 2012
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001.	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Company will show reduced disclosures under Key Management Personnel note to the financial statements.	1 July 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB reference	AASB Standard affected	Nature of change	Application date of standard	Impact on Independence Group NL's financial statements	Application date for Independence Group NL
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).	1 July 2012
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, mine property asset if certain recognition criteria are met.	Annual periods commencing on or after 1 January 2013	When this standard is adopted for the year ended 30 June 2014, stripping costs are likely to be classified as both inventories under AASB 102 and a mine property asset.	1 July 2013
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32)	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.	I July 2013
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015

(ab) Parent entity financial information

The financial information for the parent entity, Independence Group NL, disclosed in note 39 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures

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

(ii) Tax consolidation legislation

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

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

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

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

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

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk exposures and responses

Foreign currency risk

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
Financial assets		
Cash and cash equivalents	**16,187**	13,613
Trade and other receivables	**30,631**	19,078
Derivative financial instruments	**23,950**	25,240
	70,768	57,931
Financial liabilities		
Trade and other payables	**2,218**	3,218
Derivative financial instruments	**570**	15,014
Financial liabilities at fair value through profit or loss	**4,818**	17,028
	7,606	35,260
Net financial assets	**63,162**	22,671

The cash balance only represents the cash held in the US dollar bank accounts at the reporting date and converted into Australian dollars at the 30 June 2012 A$:US$ exchange rate of $1.0191 (2011: $1.0739). The remainder of the cash balance of $176,491,000 (2011: $214,388,000) was held in Australian dollars and therefore not exposed to foreign currency risk.

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

The following table summarises the Group's sensitivity of financial instruments held at 30 June 2012 to movements in the A$:US$ exchange rate, with all other variables held constant. Sensitivity analysis is calculated using a reasonable possible change of 1.5% (2011: 1.5%) in the foreign rate in both directions based on the exposure period of the trade receivables, a 5.0% (2011: 5.0%) variation for derivative contracts (2011: 5.0%), a 5.0% (2011: 5.0%) variation for financial liabilities and a 5% (2011: 5.0%) variation for USD cash balances in both directions.

	Profit after tax Consolidated 2012 $'000	Profit after tax Consolidated 2011 $'000
Sensitivity of financial instruments to foreign currency movements		
Financial assets		
Cash and cash equivalents		
Increase 5.0% (2011: 5.0%)	**(540)**	(454)
Decrease 5.0% (2011: 5.0%)	**596**	502
Trade receivables		
Increase 1.5% (2011: 1.5%)	**(317)**	(214)
Decrease 1.5% (2011: 1.5%)	**327**	220
Derivative financial instruments		
Increase 5.0% (2011: 5.0%)	**1,308**	3,640
Decrease 5.0% (2011: 5.0%)	**(1,446)**	(4,583)
	(72)	(889)
Financial liabilities		
Trade and other payables		
Increase 1.5% (2011: 1.5%)	**23**	33
Decrease 1.5% (2011: 1.5%)	**(24)**	(34)
Derivative financial instruments		
Increase 5.0% (2011: 5.0%)	**19**	501
Decrease 5.0% (2011: 5.0%)	**(21)**	(553)
Financial liabilities at fair value through profit or loss		
Increase 5.0% (2011: 5.0%)	**161**	627
Decrease 5.0% (2011: 5.0%)	**(178)**	(568)
	(20)	6
Net sensitivity to foreign currency movements	**(92)**	(883)

Commodity price risk

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

Nickel

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

It is the Board's policy to hedge between 0% and 40% of total nickel production tonnes. All of the hedges qualify as "highly probable" forecast transactions for hedge accounting purposes.

Copper and zinc

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

It is the Board's policy to hedge between 0% and 40% of total copper and zinc production tonnes.

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

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

	Consolidated	
	2012 $'000	2011 $'000
Financial instruments exposed to commodity price movements		
Financial assets		
Trade and other receivables	**30,519**	19,046
Derivative financial instruments – commodity hedging contracts	**15,065**	150
	45,584	19,196
Financial liabilities		
Derivative financial instruments – commodity hedging contracts	**570**	15,014
Financial liabilities at fair value through profit or loss	**4,818**	17,028
	5,388	32,042
Net exposure	**40,196**	(12,846)

The following table summarises the sensitivity of financial instruments held at 30 June 2012 to movements in the nickel price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2011: 1.5%) which is based upon the three month forward commodity rate as there is a three month lag time between delivery and final nickel price received. A 20.0% (2011: 20.0%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Profit after tax Consolidated	
	2012 $'000	2011 $'000
Sensitivity of financial instruments to nickel price movements		
Financial assets		
Trade receivables		
Increase 1.5% (2011: 1.5%)	**243**	215
Decrease 1.5% (2011: 1.5%)	**(243)**	(215)
Derivative financial instruments – commodity hedging contracts		
Increase 20.0% (2011: 20.0%)	**(5,523)**	-
Decrease 20.0% (2011: 20.0%)	**5,523**	-
	-	-
Financial liabilities		
Derivative financial instruments – commodity hedging contracts		
Increase 20.0% (2011: 20%)	**-**	(13,772)
Decrease 20.0% (2011: 20%)	**-**	13,772
	-	-

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table summarises the sensitivity of financial instruments held at 30 June 2012 to movements in the copper price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2011: 1.5%) which is based upon the three month forward commodity rate as there is a three month lag time between delivery and final copper price received. A 20.0% (2011: 20.0%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Profit after tax Consolidated	
	2012 $'000	2011 $'000
Sensitivity of financial instruments to copper price movements		
Financial assets		
Trade receivables		
Increase 1.5% (2011: 1.5%)	**276**	8
Decrease 1.5% (2011: 1.5%)	**(276)**	(8)
Derivative financial instruments – commodity hedging contracts		
Increase 20.0% (2011: 20.0%)	**-**	(614)
Decrease 20.0% (2011: 20.0%)	**-**	614
	-	-
Financial liabilities		
Derivative financial instruments – commodity hedging contracts		
Increase 20.0% (2011: 20.0%)	**(2,320)**	(1,045)
Decrease 20.0% (2011: 20.0%)	**2,320**	1,045
	-	-

The following table summarises the sensitivity of financial instruments held at 30 June 2012 to movements in the zinc price, with all other variables held constant. Trade receivables valuation uses a sensitivity analysis of 1.5% (2011: 2.4%) which is based upon the three month forward commodity rate as there is a four month lag time between delivery and final zinc price received. A 20.0% (2011: 20.0%) sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Profit after tax Consolidated	
	2012 $'000	2011 $'000
Sensitivity of financial instruments to zinc price movements		
Financial assets		
Trade receivables		
Increase 1.5% (2011: 2.4%)	**39**	74
Decrease 1.5% (2011: 2.4%)	**(39)**	(74)
	-	-
Financial liabilities		
Derivative financial instruments – commodity hedging contracts		
Increase 20.0% (2011: 20.0)	**-**	(1,702)
Decrease 20.0% (2011: 20.0%)	**-**	1,702
	-	-

The following table summarises the sensitivity of financial instruments held at 30 June 2012 to movements in the silver price, with all other variables held constant. A 20.0% (2011: 20.0%) sensitivity rate is used to value financial liabilities and is based on reasonable assessment of the possible changes.

	Profit after tax Consolidated 2012 $'000	2011 $'000
Sensitivity of financial instruments to silver price movements		
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Increase 20.0% (2011: 20.0%)	**678**	(2,392)
Decrease 20.0% (2011: 20.0%)	**(678)**	2,392
	-	-

Equity price risk sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date. Each equity instrument is assessed on its individual price movements with the sensitivity rate based on a reasonably possible change of 45% (2011: 45%). At reporting date, if the equity prices had been higher or lower, net profit for the year would have increased or decreased by $1,506,000 (2011: $2,157,000).

Interest rate risk

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

	Consolidated 2012 $'000	2011 $'000
Financial assets		
Cash and cash equivalents	**56,678**	72,001
Net exposure	**56,678**	72,001

Interest rate sensitivity analysis

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

At reporting date, if interest rates had been 100 points higher or lower and all other variables were held constant, the Group's net profit would increase (decrease) by $300,000 (2011: increase (decrease) by $360,000). This is mainly due to the Group's exposure to interest rates on its cash and cash equivalents.

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

Credit risk

Nickel sales

The Group has a concentration of credit risk in that it depends on BHP Billiton Nickel West Pty Ltd for a significant volume of revenue. During the year ended 30 June 2012 all nickel sales revenue was sourced from this company. The risk is mitigated in that the agreement relating to sales revenue contains provision for the Group to seek alternative revenue providers in the event that BHP Billiton Nickel West Pty Ltd is unable to accept supply of the Group's product due to a force majeure event. The risk is further mitigated by the receipt of 70% of the value of any months' sale within a month of that sale occurring. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and BHP Billiton Nickel West Pty Ltd is considered to be a low risk customer.

Copper and zinc sales

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Other

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

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

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
Financial assets		
Cash and cash equivalents	**192,678**	228,001
Trade and other receivables	**35,656**	28,086
Other receivables - non-current	**475**	476
Financial assets	**3,346**	6,849
Derivative financial instruments	**23,950**	25,240
Total exposure	**256,105**	288,652

On analysis of trade and other receivables, none are past due or impaired for either 30 June 2012 or 30 June 2011.

Liquidity risk

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

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

	Contractual maturities			Contractual value	Carrying value
Consolidated	Less than 6 months $'000	6-12 months $'000	Between 1-5 years $'000	A$ $'000	A$ $'000
2012					
Trade and other payables	**56,379**	**-**	**-**	**56,379**	**56,379**
Lease liabilities	**7,055**	**5,772**	**7,396**	**20,223**	**18,619**
	63,434	**5,772**	**7,396**	**76,602**	**74,998**
2011					
Trade and other payables	57,631	-	-	57,631	57,631
Lease liabilities	4,558	1,992	6,007	12,557	11,483
	62,189	1,992	6,007	70,188	69,114

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

Consolidated	Contractual maturities Less than 6 months $'000	6-12 months $'000	Between 1-5 years $'000	Contractual value A$ $'000	Carrying value A$ $'000
2012					
Net settled					
Commodity hedging contracts	**570**	**-**	**-**	**570**	**570**
Financial liabilities at fair value through profit or loss	**2,677**	**2,141**	**-**	**4,818**	**4,818**
	3,247	**2,141**	**-**	**5,388**	**5,388**
2011					
Net settled					
Commodity hedging contracts	8,625	6,389	-	15,014	15,014
Financial liabilities at fair value through profit or loss	6,348	4,955	5,725	17,028	17,028
	14,973	11,344	5,725	32,042	32,042

Fair values

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

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

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

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

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

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2012 and 30 June 2011.

At 30 June 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Derivative instruments				
Commodity hedging contracts	**-**	**15,065**	**-**	**15,065**
Foreign exchange hedging contracts	**-**	**8,885**	**-**	**8,885**
Listed investments	**3,346**	**-**	**-**	**3,346**
	3,346	**23,950**	**-**	**27,296**
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	**-**	**570**	**-**	**570**
Financial liabilities at fair value through profit or loss	**-**	**4,818**	**-**	**4,818**
	-	**5,388**	**-**	**5,388**

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Trade receivables

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

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates.

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions which are detailed in note 21.

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors we use to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the profit or loss and the calculation of inventory. The Group prepares reserve estimates in accordance with the JORC Code, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Rehabilitation and restoration provisions

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

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a trinomial tree. The related assumptions are detailed in note 33. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

5. OPERATING SEGMENTS

Identification of reportable segments

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

The Long Nickel Operation produces primarily nickel, together with copper, from which its revenue is derived. All revenue derived by the Long Nickel Operation is received from one customer being BHP Billiton Nickel West Pty Ltd. The Registered Manager of the Long Nickel Operation is responsible for the budgets and expenditure of the operation, which includes exploration activities on the mine's tenure. The Long Nickel Operation and exploration properties are owned by the Group's subsidiary Lightning Nickel Pty Ltd.

The Jaguar/Bentley Operation primarily produces copper and zinc concentrate. Revenue is derived from a number of different customers. The Registered Manager of the Jaguar/Bentley Operation is responsible for the budgets and expenditure of the operation, responsibility for ore concentrate sales rests with corporate management. This segment was acquired as a result of the acquisition of Jabiru Metals Limited in April 2011.

The Tropicana Gold Project represents the Group's 30% joint venture interest in the Tropicana Joint Venture. AngloGold Ashanti Australia is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti Australia and are considered for approval by the Independence Group NL Board. Construction and development of a gold mine has commenced on the joint venture tenure. It is therefore allocated its own segment.

The Group's Exploration Manager and its Development Manager are responsible for budgets and expenditure relating to the Group's regional exploration, scoping studies and feasibility studies. The Feasibility and regional exploration division does not normally derive any income. Should a project generated by the Feasibility and regional exploration division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from Feasibility and regional exploration and become reportable as a separate segment.

The following segment information was provided to the Board.

5. OPERATING SEGMENTS (continued)

	Continuing Operations				
	Nickel mining $'000	Copper and zinc mining $'000	Tropicana gold project $'000	Feasibility and regional exploration activities $'000	Total $'000
Year ended 30 June 2012					
Revenue					
Sales to external customers	119,096	87,609	-	-	206,705
Other revenue	1,777	115	-	8	1,900
Total segment revenue	120,873	87,724	-	8	208,605
Segment net operating profit (loss) before income tax	44,694	(283,728)	(1,736)	(118,128)	(358,898)
Segment assets	153,815	104,798	154,715	159,110	572,438
Segment liabilities	21,361	48,063	17,522	52,738	139,684
Acquisition of property, plant and equipment	9,631	17,122	291	1,465	28,509
Impairment loss before tax	1,139	255,929	-	115,323	372,391
Depreciation and amortisation expense	12,198	26,006	136	-	38,340
Other non-cash expenses	43	332	-	-	375
Year ended 30 June 2011					
Revenue					
Sales to external customers	134,464	17,469	-	-	151,933
Other revenue	5,277	38	-	-	5,315
Total segment revenue	139,741	17,507	-	-	157,248
Segment net operating profit (loss) before income tax	63,250	(14,375)	(815)	(7,568)	40,492
Segment assets	206,538	333,700	51,830	195,633	787,701
Segment liabilities	31,156	41,269	3,980	32,849	109,254
Acquisition of property, plant and equipment	14,108	6,230	372	245	20,955
Impairment loss before tax	1,041	-	-	6,145	7,186
Depreciation and amortisation expense	17,693	8,839	59	-	26,591
Other non-cash expenses	78	31	-	-	109

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

A reconciliation of reportable segment revenue to total revenue is as follows:

	Consolidated	
	2012 $'000	2011 $'000
Total segment revenue	**208,605**	157,248
Other revenue from continuing operations	**7,952**	6,320
Total revenue	**216,557**	163,568

Revenues for the nickel mining segment are all derived from a single customer, being BHP Billiton Nickel West Pty Ltd. Revenues for the copper and zinc mining segment were derived from various customers during the year.

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

A reconciliation of reportable segment net profit (loss) before income tax to net profit (loss) before income tax is as follows:

	Consolidated 2012 $'000	2011 $'000
Segment net (loss) profit before tax	**(358,898)**	40,492
Interest revenue on corporate cash balances and other unallocated revenue	**7,952**	6,320
Unrealised gains (losses) on financial assets	**(3,490)**	760
Share-based payments expense	**(862)**	(17)
Other corporate costs	**(14,898)**	(14,646)
Costs associated with the acquisition of subsidiary	**-**	(21,133)
Net gains on silver hedge financing	**1,356**	2,509
Total net (loss) profit before tax per the statement of comprehensive income	**(368,840)**	14,285

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

A reconciliation of reportable segment assets to total assets is as follows:

Total assets for reportable segments	**572,438**	787,701
Intersegment eliminations	**(65,000)**	(98,303)
Unallocated assets		
Deferred tax assets	**152,620**	111,420
Listed equity securities	**3,346**	6,849
Current tax assets	**-**	7,541
Cash and receivables held by the parent entity	**146,559**	132,776
Office and general plant and equipment	**2,961**	1,784
Goodwill	**-**	91,065
Total assets per the statement of financial position	**812,924**	1,040,833

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

A reconciliation of reportable segment liabilities to total liabilities is as follows:

Total liabilities for reportable segments	**139,684**	109,254
Intersegment eliminations	**(59,601)**	(30,164)
Unallocated liabilities		
Deferred tax liabilities	**70,454**	110,327
Creditors and accruals	**14,390**	19,212
Provision for employee entitlements	**1,054**	1,296
Financial liabilities at fair value through profit or loss	**4,818**	17,028
Total liabilities per the statement of financial position	**170,799**	226,953

6. REVENUE

Sales revenue		
Sale of goods	**206,705**	151,933
	206,705	151,933
Other revenue		
Interest received	**9,574**	11,617
Other revenue	**278**	18
	9,852	11,635
Total revenue	**216,557**	163,568

7. OTHER INCOME

	Consolidated 2012 $'000	2011 $'000
Net gain on disposal of property, plant and equipment	-	463
Total other income	-	463

8. EXPENSES AND LOSSES

	2012	2011
(Loss) profit before income tax includes the following specific items:		
Cost of sale of goods	**150,526**	78,799
Share-based payments expense	**862**	17
Employee benefits expense	**51,636**	28,788
Finance costs – other entities	**1,413**	309
Exploration costs expensed	**2,813**	2,416
Rental expense relating to operating leases	**1,218**	572
Rehabilitation and restoration borrowing costs	**375**	109
Impairment of inventories	**21**	6,105
Amortisation expense	**20,057**	20,015
Depreciation expense	**19,358**	7,381
Less : Amounts capitalised	**(184)**	(28)
Depreciation expensed	**19,174**	7,353
Impairment of exploration and evaluation expenditure	**116,462**	7,186
Impairment of goodwill and other assets	**255,929**	-
Net loss on sale of property, plant and equipment and other investments	**490**	-

9. INCOME TAX

(a) Income tax benefit (expense)

	2012	2011
The major components of income tax expense are:		
Current income tax (benefit) expense	-	575
Deferred income tax	**83,548**	(9,327)
Income tax benefit (expense) reported in the statement of comprehensive income	**83,548**	(8,752)
Deferred tax income (expense) included in income tax expense comprises:		
Increase (decrease) in deferred tax assets	**40,557**	39,482
(Increase) decrease increase in deferred tax liabilities	**42,991**	(48,809)
	83,548	(9,327)

(b) Amount charged or credited directly to equity

	2012	2011
Deferred income tax income (expense) related to items charged or credited to other comprehensive income		
Recognition of hedge contracts	**(3,118)**	(4,742)
Business-related capital allowances	**643**	1,651
Income tax expense reported in equity	**(2,475)**	(3,091)

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
(Loss) profit before tax from continuing operations	**(368,840)**	14,285
At the Group's statutory income tax rate of 30% (2011: 30%)	**110,652**	(4,286)
Costs booked directly in equity	**677**	413
Non-deductible costs associated with acquisition of subsidiary	**(110)**	(5,042)
Impairment of goodwill	**(27,320)**	-
Other	**(268)**	163
Adjustments for current tax of prior periods	**(83)**	-
Aggregate income tax benefit (expense)	**83,548**	(8,752)

(d) Deferred tax assets and liabilities

	Statement of financial position 2012 $'000	Statement of financial position 2011 $'000	Statement of comprehensive income 2012 $'000	Statement of comprehensive income 2011 $'000	Equity 2012 $'000	Equity 2011 $'000	Acquisition of Subsidiary 2012 $'000	Acquisition of Subsidiary 2011 $'000 Restated*
Consolidated								
Deferred tax liabilities								
Capitalised exploration, pre-production and acquisition costs	**(55,968)**	(76,510)	**(20,542)**	46,207	**-**	-	**-**	12,437
Capitalised development expenditure	**(3,810)**	(26,725)	**(22,915)**	1,750	**-**	-	**-**	23,162
Deferred gains and losses on hedging contracts	**(7,185)**	(5,435)	**(1,368)**	693	**3,118**	4,742	**-**	-
Trade debtors	**(2,481)**	-	**2,481**	-	**-**	-	**-**	-
Other	**(1,010)**	(1,657)	**(647)**	159	**-**	-	**-**	842
Gross deferred tax liabilities	**(70,454)**	(110,327)	**(42,991)**	48,809	**3,118**	4,742	**-**	36,441
Deferred tax assets								
Property, plant and equipment	**31,502**	20,251	**(11,251)**	120	**-**	-	**-**	(18,538)
Deferred losses on hedged commodity contracts	**171**	4,495	**4,324**	866	**-**	-	**-**	(2,052)
Capitalised development expenditure	**12,035**	-	**(12,035)**	-	**-**	-	**-**	-
Consumable inventories	**738**	1,163	**425**	(1,163)	**-**	-	**-**	-
Business-related capital allowances	**3,980**	4,146	**809**	145	**(643)**	(1,651)	**-**	(1,969)
Provision for employee entitlements	**1,719**	1,883	**164**	(422)	**-**	-	**-**	(690)
Provision for rehabilitation	**3,913**	2,759	**(1,154)**	12	**-**	-	**-**	(2,536)
Mining information	**11,376**	11,376	**-**	-	**-**	-	**-**	(11,376)
Carry forward tax losses	**85,661**	63,488	**(22,173)**	(38,343)	**-**	-	**-**	(25,145)
Other	**1,525**	1,859	**334**	(697)	**-**	-	**-**	(714)
Gross deferred tax assets	**152,620**	111,420	**(40,557)**	(39,482)	**(643)**	(1,651)	**-**	(63,020)
Deferred tax (income) expense	**82,166**	1,093	**(83,548)**	9,327	**2,475**	3,091	**-**	(26,579)

* Refer to note 37.

9. INCOME TAX (continued)

(e) Tax consolidation

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

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

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

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

10. DIVIDENDS PAID AND PROPOSED

	Consolidated	
	2012 $'000	2011 $'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2011 of 3 cents (2010: 3 cents) per fully paid share	**6,087**	3,414
Interim dividend for the year ended 30 June 2012 of 2 cents (2011: 4 cents) per fully paid share	**4,658**	5,551
Total dividends paid during the financial year	**10,745**	8,965
(b) Unrecognised amounts		
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 1 cent (2011: 3 cents) per fully paid share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 28 September 2012 out of retained earnings at 30 June 2012, but not recognised as a liability at year end is:	**2,329**	6,087
(c) Franked dividends		
The franked portions of the final dividends recommended after 30 June 2012 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2013.		
Franking credits available for subsequent financial year based on a tax rate of 30% (2011: 30%)	**64,882**	77,028

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

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

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

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

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $998,000 (2011: $2,609,000).

11. EARNINGS PER SHARE

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

(a) Earnings used in calculating earnings per share

(Loss) profit used in calculating basic and diluted earnings per share attributable to ordinary equity holders of the parent is a loss of $285,292,000 (2011: profit of $5,533,000).

(b) Weighted average number of shares

	2012 Number of Shares	2011 Number of Shares
Weighted average number of ordinary shares for basic earnings per share	**218,661,089**	142,247,284
Effect of dilution:		
Share options	**-**	265,541
Weighted average number of ordinary shares adjusted for the effect of dilution	**218,661,089**	142,512,825

(c) Information on the classification of securities

Options and share rights

There are share rights not included in the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period. Options previously granted to employees as described in note 33 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share in the prior period to the extent that they were dilutive. These options have not been included in the determination of basic earnings per share. There were no share options outstanding at 30 June 2012.

12. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2012 $'000	2011 $'000
Cash at bank and in hand	**37,916**	33,744
Deposits at call	**18,762**	38,257
Fixed term deposits	**136,000**	156,000
	192,678	228,001

The Group has an amount of $11,423,000 (2011: $3,399,000) in cash balances not generally available for use as it is subject to security with respect to government performance bonds and other guarantees issued by a financier.

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

13. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated 2012 $'000	2011 $'000
Trade receivables	**30,519**	19,078
GST receivable	**1,987**	3,253
Sundry debtors	**3,150**	5,755
Prepayments	**23,141**	676
	58,797	28,762

No balances within trade and other receivables contain impaired assets nor are past due. It is expected that these balances will be received when due.

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

14. CURRENT ASSETS – INVENTORIES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Mine spares and stores – at cost	**9,332**	6,324
ROM inventory – at net realisable value	**341**	744
Concentrate inventory – at cost	**4,211**	-
Concentrate inventory – at net realisable value	**2,902**	13,840
	16,786	20,908

Impairment charges to inventories recognised as an expense for the year ended 30 June 2012 totalled $21,000 (2011: $6,105,000). This expense has been included in mining and development costs.

15. CURRENT ASSETS – FINANCIAL ASSETS

Shares in Australian listed companies - at fair value through profit or loss	**3,346**	6,849
	3,346	6,849

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

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

16. NON-CURRENT ASSETS – RECEIVABLES

Term deposits	**475**	476
Lease incentive asset	**-**	540
	475	1,016

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

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

	Consolidated 2012 $'000	2011 $'000
Buildings - at cost	**17,706**	14,471
Accumulated depreciation and impairment	**(8,079)**	(524)
Net carrying amount	**9,627**	13,947
Mining plant under construction - at cost	**2,102**	11,191
Net carrying amount	**2,102**	11,191
Mining plant and equipment - at cost	**89,281**	68,959
Accumulated depreciation and impairment	**(74,477)**	(26,820)
Net carrying amount	**14,804**	42,139
Motor vehicles - at cost	**5,879**	3,913
Accumulated depreciation and impairment	**(4,735)**	(1,862)
Net carrying amount	**1,144**	2,051
Furniture, fittings and other equipment - at cost	**5,632**	5,878
Accumulated depreciation and impairment	**(3,810)**	(2,821)
Net carrying amount	**1,822**	3,057
Leased assets	**24,128**	15,076
Accumulated depreciation and impairment	**(16,454)**	(1,206)
Net carrying amount	**7,674**	13,870
Total net carrying amount	**37,173**	86,255

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

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

	Consolidated	
	2012 $'000	2011 $'000
Buildings		
Carrying amount at beginning of financial year	**13,947**	-
Additions	**2,038**	541
Acquisition of subsidiary	**-**	6,357
Transfers	**1,142**	7,573
Disposals	**(356)**	-
Impairment	**(4,488)**	-
Depreciation expense	**(2,656)**	(524)
Carrying amount at end of financial year	**9,627**	13,947
Mining plant under construction		
Carrying amount at beginning of financial year	**11,191**	-
Additions	**1,977**	5,889
Acquisition of subsidiary	**-**	17,320
Transfers	**(11,066)**	(12,018)
Carrying amount at end of financial year	**2,102**	11,191
Mining plant and equipment		
Carrying amount at beginning of financial year	**42,139**	3,372
Additions	**13,165**	13,722
Acquisition of subsidiary	**-**	29,279
Transfers	**8,355**	393
Disposals	**(64)**	-
Impairment	**(38,929)**	-
Depreciation expense	**(9,862)**	(4,627)
Carrying amount at end of financial year	**14,804**	42,139
Motor vehicles		
Carrying amount at beginning of financial year	**2,051**	495
Additions	**1,117**	377
Acquisition of subsidiary	**-**	1,490
Transfers	**466**	46
Disposals	**(204)**	-
Impairment	**(1,646)**	-
Depreciation expense	**(640)**	(357)
Carrying amount at end of financial year	**1,144**	2,051
Furniture, fittings and other equipment		
Carrying amount at beginning of financial year	**3,057**	1,203
Additions	**1,445**	1,180
Acquisition of subsidiary	**-**	1,237
Transfers	**(840)**	102
Disposals	**(104)**	(2)
Impairment	**(878)**	-
Depreciation expense	**(858)**	(663)
Carrying amount at end of financial year	**1,822**	3,057

	Consolidated 2012 $'000	2011 $'000
Leased assets		
Carrying amount at beginning of financial year	**13,870**	-
Additions	**10,978**	4,832
Acquisition of subsidiary	**-**	10,362
Transfers	**(335)**	-
Disposals	**(390)**	(114)
Impairment	**(11,107)**	-
Depreciation expense	**(5,342)**	(1,210)
Carrying amount at end of financial year	**7,674**	13,870
Total property, plant and equipment		
Carrying amount at beginning of financial year	**86,255**	5,070
Additions	**30,720**	26,541
Acquisition of subsidiary	**-**	66,045
Transfers to mine properties in development	**-**	(3,904)
Transfer to mine properties in production	**(2,278)**	-
Disposals	**(1,118)**	(116)
Impairment charge	**(57,048)**	-
Depreciation expense	**(19,358)**	(7,381)
Carrying amount at end of financial year	**37,173**	86,255

18. NON-CURRENT ASSETS - MINE PROPERTIES

Mine properties in development	**59,609**	89,770
Mine properties in production	**63,665**	73,920
Mine acquisition costs	**-**	-
	123,274	163,690

Reconciliations of the carrying amounts at the beginning and end of the financial year are as follows:

Mine properties in development		
Carrying amount at beginning of financial year	**89,770**	-
Additions	**51,747**	12,875
Acquisition of subsidiary	**-**	72,003
Transfer from exploration and evaluation	**-**	988
Transfer from property, plant and equipment	**-**	3,904
Transfer to mine properties in production	**(81,908)**	-
Carrying amount at end of financial year	**59,609**	89,770
Mine properties in production		
Carrying amount at beginning of financial year	**73,920**	37,064
Additions	**28,417**	21,532
Acquisition of subsidiary	**-**	32,066
Transfer from exploration and evaluation expenditure	**4,716**	2,294
Transfer from mine properties in development	**81,908**	-
Transfer from property, plant and equipment	**2,278**	-
Transfer from mine acquisition costs	**-**	240
Impairment charge	**(107,816)**	-
Amortisation expense	**(19,758)**	(19,276)
Carrying amount at end of financial year	**63,665**	73,920
Mine acquisition costs		
Carrying amount at beginning of financial year	**-**	726
Transfer to prepayments	**-**	-
Amortisation expense	**-**	(486)
Transfer to mine properties in production	**-**	(240)
Carrying amount at end of financial year	**-**	-

19. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2012 $'000	2011 $'000 Restated*
Exploration and evaluation costs	**203,371**	269,333
	203,371	269,333
Reconciliations of the carrying amounts at the beginning and end of the financial year are as follows:		
Carrying amount at beginning of financial year	**269,333**	49,302
Additions	**55,216**	31,781
Acquisition of subsidiary	**-**	199,718
Transfer to mine properties in production	**(4,716)**	(2,294)
Transfers to mine properties in development	**-**	(988)
Impairment charge	**(116,462)**	(7,186)
Disposals	**-**	(1,000)
Carrying amount at end of financial year	**203,371**	269,333

* Refer to note 37.

20. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Goodwill $'000 Restated*	Consolidated Database $'000	Total $'000 Restated*
At 1 July 2010			
Cost	-	1,378	1,378
Accumulated amortisation	-	(372)	(372)
Net book amount	-	1,006	1,006
Year ended 30 June 2011			
Opening net book amount	-	1,006	1,006
Goodwill recognised on acquisition of subsidiary	91,065	-	91,065
Amortisation expense	-	(253)	(253)
Closing net book amount	91,065	753	91,818
At 30 June 2011			
Cost	91,065	1,378	92,443
Accumulated amortisation	-	(625)	(625)
Net book amount	91,065	753	91,818
Year ended 30 June 2012			
Opening net book amount	91,065	753	91,818
Impairment charge	(91,065)	-	(91,065)
Amortisation expense	-	(299)	(299)
Closing net book amount	-	454	454
At 30 June 2012			
Cost	91,065	1,378	92,443
Accumulated amortisation and impairment	(91,065)	(924)	(91,989)
Net book amount	-	454	454

* Refer to note 37.

21. IMPAIRMENTS

Goodwill and other assets

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired. Goodwill is allocated to the Company's cash generating units (CGUs) for impairment testing purposes. The Jaguar Bentley copper and zinc mine was attributed all of the goodwill that was acquired in the acquisition of Jabiru Metals Limited in April 2011. The process of impairment testing requires management to consider critical accounting estimates and judgements. As at 31 December 2011, management considered that triggers for the impairment of goodwill existed which warranted an impairment test of the Jaguar/ Bentley CGU and its allocated goodwill. At the reporting date, management considered that indicators of impairment continued to exist.

In assessing whether impairment losses are required to be booked, the carrying value of a CGU's assets are compared to the recoverable amount of those assets. The recoverable amount is the higher of fair value less costs to sell of the CGU and its value-in-use. During the financial year, the Company impaired the Jaguar Bentley CGU at 31 December 2011 "December impairment". The Company further impaired that CGU at the reporting date "June impairment" based on a revision of estimates applicable to the impairment calculations at the time. In both cases, the Company has determined that value-in-use provides the higher estimation of recoverable amount of the CGU. Management has determined that impairment losses as outlined below have been required to be recorded in the statement of comprehensive income of the Group during the financial year. The following table outlines the total impairment expense booked to the accounts, and classes of assets affected:

	31 December 2011 $'000	30 June 2012 $'000	Total 2012 $'000
Mine properties	43,086	64,730	107,816
Property, plant and equipment	23,593	33,455	57,048
Goodwill	91,065	-	91,065
	157,744	98,185	255,929

Value-in-use of the CGU has been determined with reference to discounted cash flows. In determining value-in-use, it has been necessary to make certain assumptions in order to estimate future cash flows. These include future sales prices, inflation, foreign exchange rates, costs of production, physical quantities of ore mined, processed, recovered and sold. External consensus data has been sourced to determine applicable forecast commodity prices, foreign exchange and inflation rates. The Company's most recent life of mine plan approved by management has been used to determine production quantities and costs. In relation to the December impairment, this plan extended over a period of 6 to 7 years which management considered appropriate given the amount of estimated recoverable reserves and resources of the mine which were based on forecast future commodity prices at that time. At the reporting date, and as a result of ongoing adverse commodity prices and strengthening AUD forecasts, management has determined an applicable period for the processing of ores of 5-6 years. The discount rate used was and continues to be based on the Company's estimated weighted average cost of capital. This figure includes market estimates of the risk free rate, a market premium and cost of debt. The nominal pre-tax discount rates used in the December and June impairment's value-in-use calculations ranged between 8 and 10%.

Exploration and evaluation expenditure

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Management regularly evaluates the recoverability of exploration and evaluation assets. Consistent with the triggers that led to the impairment of goodwill and other assets (including unfavourable commodity prices and foreign exchange rates), the Company has impaired the following capitalised exploration and evaluation costs:

	Consolidated 2012 $'000	2011 $'000
Jaguar regional exploration costs	**36,829**	994
Stockman exploration costs	**56,402**	-
Other exploration costs	**23,231**	6,192
	116,462	7,186

22. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade payables	**11,591**	19,358
Other payables	**44,788**	38,273
Employee entitlements	**3,950**	3,363
	60,329	60,994

23. CURRENT LIABILITIES – PROVISIONS

	2012	2011
Provision for employee entitlements	**1,260**	705
	1,260	705

24. NON-CURRENT LIABILITIES – PROVISIONS

	2012	2011
Provision for employee entitlements	**1,704**	2,207
Provision for rehabilitation costs (i)	**13,045**	9,195
	14,749	11,402
(i) Movements in the provision for rehabilitation costs during the year are as follows:		
Carrying amount at beginning of financial year	**9,195**	312
Additional provision	**3,475**	372
Additional provision on acquisition of subsidiary	**-**	8,402
Rehabilitation and restoration borrowing costs expense	**375**	109
Carrying amount at end of financial year	**13,045**	9,195

Rehabilitation provision

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

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Current assets		
Commodity hedging contracts – at fair value through profit or loss	**3,815**	114
Commodity hedging contracts – cash flow hedges	**11,250**	-
Foreign currency contracts – at fair value through profit or loss	**2,398**	9,643
Foreign currency contracts – cash flow hedges	**6,487**	7,240
	23,950	16,997
Current liabilities		
Commodity hedging contracts – at fair value through profit or loss	**570**	6,879
Commodity hedging contracts – cash flow hedges	**-**	8,135
	570	15,014
Non-current assets		
Commodity hedging contracts – cash flow hedges	**-**	36
Foreign currency contracts – cash flow hedges	**-**	8,207
	-	8,243

(a) Instruments used by the Group

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

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

Refer to note 3 and below for details of the foreign currency and commodity prices risk being mitigated by the Company's derivative instruments as at 30 June 2012 and 30 June 2011.

Cash flow hedges

At 30 June 2012, the Group held various nickel commodity contracts designated as hedges of expected future nickel sales. These hedge contracts are in US dollars. Foreign exchange contracts are also held which match the terms of the commodity contracts. These contracts are all designated as cash flow hedges and are used to reduce the exposure to a future decrease in the Australian dollar market value of nickel sales.

The outstanding contracts held by the Group at 30 June 2012 are as follows:

Year of delivery	Sell (Nickel tonnes)	USD/tonne	Exchange rate	AUD/tonne
2012/13	2,400	23,233	0.8659	26,831
Total	2,400	23,233	0.8659	26,831

The hedge contracts are to be settled at the rate of 200 tonnes per month in 2012/13. The hedge contracts have been marked to market as at 30 June 2012 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the hedging reserve in the consolidated statement of financial position. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the profit or loss by the related amount deferred in equity.

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

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

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
Sell USD forward	2012 $'000	2011 $'000	2012	2011	2012 $'000	2011 $'000
0 – 3 months	**13,940**	9,720	**0.8659**	0.8220	**2,398**	2,679
3 – 6 months	**13,940**	9,720	**0.8659**	0.8220	**2,273**	2,543
6 – 12 months	**27,880**	19,440	**0.8659**	0.8220	**4,214**	4,697
1 – 2 years	**-**	55,760	**-**	0.8659	**-**	8,207
Total	**55,760**	94,640	**0.8659**	0.8473	**8,885**	18,126

Derivatives at fair value through profit or loss

In addition to the above, the Group also had a number of derivative financial instruments outstanding at 30 June 2012 which were designated as derivatives at fair value through profit or loss. These contracts do not qualify as cash flow hedges and therefore the fair value marked to market adjustments on these contracts is recorded directly in the profit or loss for the period. Details of foreign currency and commodity derivatives at fair value through profit or loss outstanding as at 30 June 2012 and 30 June 2011 are summarised on the next page.

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Currency derivatives – at fair value through profit or loss

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

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2012 $'000	2011 $'000	2012	2011	2012 $'000	2011 $'000
0 – 6 months	-	11,500	-	0.9070	-	1,819
6 – 12 months	-	8,000	-	0.9070	-	1,180
Total	-	19,500	-	0.9070	-	2,999

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

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2012 $'000	2011 $'000	2012	2011	2012 $'000	2011 $'000
0 – 6 months						
US$ put options purchased	-	13,500	-	0.9367	-	1,721
US$ call options sold	-	13,500	-	0.7587	-	(9)
6 – 12 months						
US$ put options purchased	-	14,000	-	0.9350	-	1,726
US$ call options sold	-	14,000	-	0.7855	-	(104)
Total/weighted average strike price						
US$ put options purchased	-	27,500	-	0.9358	-	3,447
US$ call options sold	-	27,500	-	0.7721	-	(113)

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

	Notional amounts (US$)		Weighted average A$:US$ exchange rate		Fair value	
	2012 $'000	2011 $'000	2012	2011	2012 $'000	2011 $'000
0 – 6 months	-	1,000	-	0.8559	-	210
6 – 12 months	-	2,000	-	0.8412	-	421
Total	-	3,000	-	0.8460	-	631

Commodity derivatives - at fair value through profit or loss

Copper

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

	Tonnes of metal		Weighted average price (US$/metric tonne)		Fair value	
	2012	2011	2012	2011	2012 $'000	2011 $'000
0 – 6 months	**2,200**	1,350	**7,423**	7,760	**(570)**	(2,096)
Total	**2,200**	1,350	**7,423**	7,760	**(570)**	(2,096)

Zinc

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

	Tonnes of metal		Weighted average price (US$/metric tonne)		Fair value	
	2012	2011	2012	2011	2012 $'000	2011 $'000
0 – 6 months	-	3,100	-	2,040	-	(963)
6 – 12 months	-	2,375	-	1,961	-	(981)
Total	-	5,475	-	2,006	-	(1,944)

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated 2012 $'000	2011 $'000
Current liabilities		
Silver hedge financing – at fair value through profit or loss	**4,818**	11,303
	4,818	11,303
Non-current liabilities		
Silver hedge financing – at fair value through profit or loss	**-**	5,725
	-	5,725

At the reporting date, a wholly-owned subsidiary of the Group had amounts outstanding under a prepaid silver swap. Under the terms of the swap, the subsidiary received an up-front cash payment in return for forward sales of silver over the period to June 2013. At 30 June 2012, 180,000 ounces of silver were outstanding (2011: 529,159 ounces). The Group assumed the liability as a result of the acquisition of Jabiru Metals Limited in April 2011 (refer note 37).

The USD forward silver sales contracts outstanding at 30 June 2012 are as follows:

	Ounces of metal 2012	2011	Weighted average price (US$/ounce) 2012	2011	Fair value 2012 $'000	2011 $'000
0 – 6 months	**100,000**	195,893	**27.83**	19.54	**2,677**	6,348
6 – 12 months	**80,000**	153,266	**27.83**	19.54	**2,141**	4,955
12 – 18 months	**-**	100,000	**-**	27.83	**-**	3,190
18 – 24 months	**-**	80,000	**-**	27.83	**-**	2,535
Total	**180,000**	529,159	**27.83**	22.36	**4,818**	17,028

27. BORROWINGS

	Consolidated 2012 $'000	2011 $'000
Current		
Obligations under finance leases (note 34)	**11,685**	5,789
	11,685	5,789
Non–current		
Obligations under finance leases (note 34)	**6,934**	5,694
	6,934	5,694

(a) Fair value

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

(b) Interest rate, foreign exchange and liquidity risk

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

(c) Assets pledged as security

The Group has mining plant and equipment subject to finance lease totalling $12,194,000 (2011: $13,870,000). Refer to notes 17 and 34 for further information.

27. BORROWINGS (continued)

(d) Financing arrangements

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
Total facilities		
Finance lease	**35,000**	21,000
Guarantee facility	**16,000**	8,000
	51,000	29,000
Facilities used as at reporting date		
Finance lease	**18,619**	14,244
Guarantee facility	**13,911**	5,562
	32,530	19,806
Facilities unused as at reporting date		
Finance lease	**16,381**	6,756
Guarantee facility	**2,089**	2,438
	18,470	9,194

28. CONTRIBUTED EQUITY

	Consolidated 2012 $'000	Consolidated 2011 $'000
Fully paid issued capital	**734,007**	617,860

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

Movements in shares on issue	2012 No. of shares	2012 $'000	2011 No. of shares	2011 $'000
Balance at beginning of financial year	202,907,135	617,860	113,813,539	29,552
Issued during the year:				
-share placement and rights issue	29,975,400	119,902	24,713,766	164,347
-transaction costs, net of tax	-	(3,755)	-	(5,229)
-conversion of options	-	-	1,087,500	4,920
-shares issued for acquisition of subsidiary	-	-	63,292,330	424,270
Balance at end of financial year	232,882,535	734,007	202,907,135	617,860

Capital management

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

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

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

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

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

29. RESERVES AND RETAINED EARNINGS

	Consolidated 2012 $'000	Consolidated 2011 $'000
(a) Reserves		
Share-based payments reserve	**4,919**	4,057
Hedging reserve	**12,557**	5,284
Acquisition reserve	**3,142**	3,142
	20,618	12,483
Movements		
Share-based payments reserve		
Balance at beginning of financial year	**4,057**	4,040
Share-based payments expense	**862**	17
Balance at end of financial year	**4,919**	4,057
Hedging reserve		
Balance at beginning of financial year	**5,284**	(5,781)
Revaluation – gross	**21,971**	8,754
Deferred tax	**(6,592)**	(2,626)
Transfer to net profit – gross	**(11,580)**	7,053
Deferred tax	**3,474**	(2,116)
Balance at end of financial year	**12,557**	5,284
Acquisition reserve		
Balance at beginning of financial year	**3,142**	-
Excess of carrying value of non-controlling interest over fair value of shares issued	**-**	3,142
Balance at end of financial year	**3,142**	3,142
(b) (Accumulated losses) retained earnings		
Balance at beginning of financial year	**183,537**	186,969
Net (loss) profit for the year	**(285,292)**	5,533
Dividends paid during the year	**(10,745)**	(8,965)
Balance at end of financial year	**(112,500)**	183,537

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 33 for further details of these plans.

Hedging reserve

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

Acquisition reserve

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

30. CASH FLOW STATEMENT RECONCILIATION

	Consolidated 2012 $'000	Consolidated 2011 $'000
Net (loss) profit for the year	**(285,292)**	5,533
Adjustments for:		
Depreciation and amortisation	**39,231**	27,368
Impairment of exploration and evaluation expenditure	**116,462**	7,186
Loss (gain) on disposal of property, plant and equipment and other investments	**490**	(463)
Devaluation (revaluation) of investments in listed entities	**3,490**	(760)
Interest income	**(11,422)**	(9,897)
Employee share-based payment expenses	**862**	522
Unrealised gains on financial liabilities	**(1,356)**	(2,509)
Unrealised (gain) loss on changes in fair value of derivative financial instruments	**(2,764)**	(5,522)
Impairment of goodwill and other assets	**255,929**	-
Amortisation of lease incentive liability	**(55)**	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade debtors	**(11,441)**	12,400
(Increase)/decrease in other debtors and prepayments	**3,642**	(4,619)
(Increase)/decrease in inventories	**4,122**	4,924
(Increase)/decrease in income tax receivable	**7,541**	(7,541)
(Increase)/decrease in deferred tax assets	**(40,557)**	(39,482)
Increase/(decrease) in trade and other payables	**(4,370)**	17,995
Increase/(decrease) in current tax payable	**-**	(2,299)
Increase/(decrease) in deferred tax liability	**(42,991)**	48,809
Increase/(decrease) in provisions	**458**	1,171
Net cash flows from operating activities	**31,979**	52,816
Non-cash investing and financing activities		
Acquisition of plant and equipment by means of finance leases	**13,036**	4,973
Shares issued for acquisition of subsidiary	**-**	424,270
	13,036	429,243

31. RELATED PARTIES DISCLOSURE

(a) Subsidiaries

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

Name of Entity	Country of Incorporation	Class of share	Equity interest 2012 %	Equity interest 2011 %
Lightning Nickel Pty Ltd*	Australia	Ordinary	100	100
Newsearch Pty Ltd	Australia	Ordinary	100	100
Karlawinda Pty Ltd	Australia	Ordinary	100	100
Jabiru Metals Limited*	Australia	Ordinary	100	100
Jabiru Metals ESP Pty Ltd	Australia	Ordinary	100	100
Jabiru Metals Exploration Pty Ltd	Australia	Ordinary	100	100
Jabiru Metals Exploration Parent Pty Ltd	Australia	Ordinary	100	100
Stockman Project Pty Ltd	Australia	Ordinary	100	100
Stockman Parent Pty Ltd	Australia	Ordinary	100	100
Jaguar Project Pty Ltd	Australia	Ordinary	100	100
Jaguar Project Parent Pty Ltd	Australia	Ordinary	100	100
Jabiru CM Pty Ltd	Australia	Ordinary	100	100
BBS Company Pty Ltd	Australia	Ordinary	100	100
Jabiru Projects Pty Ltd	Australia	Ordinary	100	100

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. Refer to note 40 for further information.

(b) Key management personnel

Details relating to key management personnel (KMP), including remuneration paid, are included in note 32.

(c) Transactions with related parties

During the financial year, a wholly-owned entity paid dividends of $89,700,000 (2011: $30,000,000) to Independence Group NL. This amount has been eliminated on consolidation for the purposes of calculating the profit of the Group for the financial year.

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

32. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

	Consolidated 2012 $'000	2011 $'000
Short-term employee benefits	**3,884,531**	2,659,622
Post-employment benefits	**285,617**	175,380
Long-term employee benefits	**90,351**	38,762
Share-based payments	**170,907**	-
	4,431,406	2,873,764

(b) Shareholdings, share rights and option holdings of key management personnel

The number of shares in the Company, share rights for ordinary shares in the Company and options over ordinary shares in the Company held by each director and other key management personnel, including their personally related entities, are set out below.

Shareholdings in the Company

2012	Balance 1 July 2011	Granted as Remuneration	Received on Exercise of Options	Net Other Changes During the Year	Balance 30 June 2012
Directors of Independence Group NL					
O Aamodt[1]	32,000	-	-	(32,000)	-
C Bonwick	2,050,000	-	-	7,500	2,057,500
K Ross	345,000	-	-	-	345,000
J Christie	500,000	-	-	3,750	503,750
R Marston	1,314,417	-	-	7,500	1,321,917
P Bilbe	-	-	-	-	-
Other key management personnel					
T Bourke	-	-	-	-	-
B Hartmann	40,000	-	-	-	40,000
R Jacobs	-	-	-	-	-
T Kennedy[2]	-	-	-	50,000	50,000
S Steinkrug	2,000			-	2,000
D Totterdell	4,800	-	-	-	4,800
G Comb[1]	1,285,898	-	-	(1,285,898)	-
Total	**5,574,115**	**-**	**-**	**(1,249,148)**	**4,324,967**

1. Shareholdings are reversed to show a zero balance at 30 June 2012 on resignation as a director or KMP.
2. Other changes include opening balances on becoming a KMP for the first time during the year.

2011	Balance 1 July 2010	Granted as Remuneration	Received on Exercise of Options	Net Other Changes During the Year	Balance 30 June 2011
Directors of Independence Group NL					
O Aamodt	30,000	-	-	2,000	32,000
C Bonwick	3,003,506	-	-	(953,506)	2,050,000
K Ross	345,000	-	-	-	345,000
J Christie	545,000	-	-	(45,000)	500,000
R Marston	1,315,000	-	-	(583)	1,314,417
P Bilbe	-	-	-	-	-
Other key management personnel					
B Hartmann	37,500	-	-	2,500	40,000
D Totterdell	4,500	-	-	300	4,800
S Steinkrug	-	-	-	2,000	2,000
G Comb	-	-	-	1,285,898	1,285,898
Total	**5,280,506**	**-**	**-**	**293,609**	**5,574,115**

Share rights in the Company

2012	Balance 1 July 2011	Granted during the year	Vested as shares	Lapsed during the year	Balance 30 June 2012	Fair value at grant date $
Directors of Independence Group NL						
C Bonwick	-	159,235	-	-	159,235	341,559
Other key management personnel						
T Bourke	-	49,570	-	-	49,570	84,020
B Hartmann	-	58,318	-	-	58,318	98,848
R Jacobs	-	51,028	-	-	51,028	86,492
T Kennedy	-	45,358	-	-	45,358	76,880
S Steinkrug	-	54,106	-	-	54,106	91,708
D Totterdell	-	42,928	-	-	42,928	72,763
Total	**-**	**460,543**	**-**	**-**	**460,543**	**852,270**

The share rights relate to the KMP's participation in the Independence Group NL Employee Performance Rights Plan (PRP). The share rights represent the maximum number of share rights that the KMP's are entitled to. They are subject to certain performance conditions being met, including the ongoing employment of the KMP at the end of the vesting period.

The PRP permits non-executive directors to be Eligible Employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

There were no share rights held by Directors or key management personnel in the previous financial year.

Options over shares in the Company

There were no options over ordinary shares held by any Director or key management personnel of the Group during the current financial year. The numbers of options over ordinary shares in the Company held during the previous financial year by each Director of Independence Group NL and other key management personnel of the Group, including their personally related entities are set out below.

2011	Held at 1 July 2010	Granted as remuneration	Options exercised	Net change other*	Held at 30 June 2011	Vested and not exercisable at 30 June 2011	Vested and exercisable at at 30 June 2011
Directors of Independence Group NL							
C Bonwick	500,000	-	-	(500,000)	-	-	-
K Ross	250,000	-	-	(250,000)	-	-	-
Total	**750,000**	**-**	**-**	**(750,000)**	**-**	**-**	**-**

* Unlisted options were sold off-market.

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

Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related. The fees were based on normal commercial terms and conditions. Fees paid to Virtual Genius Pty Ltd during the year totalled $12,000 (2011: $14,000).

33. SHARE-BASED PAYMENT PLANS

(a) Employee Performance Rights Plan

The Independence Group NL Employee Performance Rights Plan (PRP) was approved by shareholders at the Annual General Meeting of the Company in November 2011. Under the PRP, participants are granted share rights which will only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the PRP 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 following table illustrates the number (No.) and weighted average fair value (WAFV) of, and movements in, share rights during the year:

2012	Number of share rights	Weighted average fair value $
Outstanding at the beginning of the year	-	-
Rights issued during the year	**1,608,837**	**2.21**
Rights vested during the year	-	-
	1,608,837	**2.21**

There were no share rights issued in 2011.

The fair value of the share rights granted under the PRP is estimated at the grant date using a trinomial tree which has been adopted by the Boyle and Law (1994) node alignment algorithm to improve accuracy.

The following table lists the inputs to the models used.

Grant date	Performance hurdle	Dividend yield %	Expected stock volatility %	Expected index volatility %	Risk free rate %	Expected life Years	Weighted average share price at grant date $	Probability ROE exceeding target %
23/11/2011	TSR	1.07	54	30	3.09	2.6	4.69	-
23/11/2011	ROE	-	-	-	-	-	-	<50
13/03/2012	TSR	0.72	46	29	3.56	0.3	4.17	-
13/03/2012	TSR	0.72	46	29	3.56	2.3	4.17	-
13/03/2012	ROE	-	-	-	-	-	-	<50

The share-based payments expense included in profit or loss for the year totalled $862,000 (2011: $17,000).

Executive directors and other executives

Vesting of the performance rights to executive directors and other executives of the Company is subject to a combination of Independence Group NL's shareholder return and return on equity. The performance rights will vest if over the three year measurement period the following performance hurdles are achieved:

Shareholder return

The vesting of 75% of the performance rights at the end of the third year will be based on measuring the actual shareholder return over the three year period compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period: The portion of performance rights (75% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

Return on equity

The vesting of the remaining 25% of the performance rights at the end of the third year will be based on the average return on equity over the three year period compared with the average target return on equity as set by the Board for the same period.

Return on equity (ROE) for each year will be calculated in accordance with the following formula:

ROE = Net profit after tax / Total shareholders' equity

The target ROE will be set each year by the Board as part of the budget approval process for the following year. The target ROE for the financial year ending 30 June 2012 is 10%. The portion of performance rights (25% of the total) that will vest based on the comparative return on equity will be:

Actual ROE	Level of vesting
100% of average target ROE	25%
Between 100% and 115% of average target ROE	Pro-rata straight line percentage
115% of average target ROE or greater	100%

Other Employees

Vesting of the performance rights to all other employees of the Company is subject to a combination of the personal performance of the individual and Independence Group NL's shareholder return over the measurement period, being one year. The performance rights will vest one year after measurement period on the following basis:

Personal performance

The vesting of between 60-90% of the performance rights at the end of the second year will be based on the personal performance of the individual employee. The personal performance is of the participant will be determined solely at the discretion of the Company and is determined as a result of the annual performance review of each participant. The portion of performance rights (ranging between 60-90% of the total) that will vest based on the personal performance return will be:

Performance standard criteria	Level of vesting
Unsatisfactory work performance	0%
Improvement in performance standard required	0%
Developing contributor	40%
Consistent contributor	60%
Solid contributor	80%
Outstanding contributor	100%

Shareholder Return

The vesting of between 10-40% of the performance rights at the end of the second year will be based on measuring the actual shareholder return at the end of the measurement period of one year compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period. The portion of performance rights (ranging between 60-90% of the total) that will vest based on the comparative shareholder return will be:

Shareholder return	Level of vesting
100% of the index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

The performance rights will not be subject to any further escrow restrictions once they have vested to the employees.

Share trading policy

The trading of shares issued to participants under the Company's PRP is subject to, and conditional upon, compliance with the Company's employee share trading policy.

Non-executive Directors

The Independence Group NL Employee Performance Rights Plan (PRP) permits non-executive directors to be Eligible Employees and therefore to participate in the plan. It is not currently intended that non-executive directors will be issued with performance rights under the PRP and any such issue would be subject to all necessary shareholder approvals.

33. SHARE-BASED PAYMENT PLANS (continued)

(b) Employee Option Plan

Prior to the introduction of the PRP, the LTI benefits were delivered in the form of options to acquire ordinary shares in the Company. However, no options were granted or issued during the financial year (nor during the previous financial year) nor have any been granted since the end of the financial year. It is not intended to grant or issue further options under the previous arrangements.

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

	2011 No.	2011 WAEP
Outstanding at the beginning of the year	**1,087,500**	$4.52
Granted during the year	**-**	-
Forfeited during the year	**-**	-
Exercised during the year*	**(1,087,500)**	$4.52
Expired during the year	**-**	-
Outstanding at the end of the year	**-**	-
Exercisable at the end of the year	**-**	-

* Includes 750,000 unlisted options sold off-market.

There were no share options outstanding at 30 June 2012 or 30 June 2011.

(c) Weighted average remaining contractual life

There were no options outstanding as at 30 June 2012 or 30 June 2011.

(d) Range of exercise prices

There were no options outstanding as at 30 June 2012 or 30 June 2011.

(e) Weighted average fair value

The weighted average fair value of options granted during the year was $nil as no options were granted (2011: $nil).

(f) Other

No options have been issued during the years ended 30 June 2012 or 30 June 2011.

34. COMMITMENTS AND CONTINGENCIES

	Consolidated 2012 $'000	2011 $'000
(a) Commitments		
(i) Leasing commitments		
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:		
Within one year	**1,479**	1,411
After one year but no more than five years	**6,892**	6,458
After more than five years	**4,084**	5,429
Total minimum lease payments	**12,455**	13,298
Finance lease and hire purchase commitments		
Future minimum lease payments under lease contracts with the present value of net minimum lease payments are as follows:		
Within one year	**12,827**	6,550
After one year but not more than five years	**7,396**	6,007
Total minimum lease payments	**20,223**	12,557
Less amount representing finance charges	**(1,604)**	(1,074)
Present value of minimum lease payments	**18,619**	11,483
Current borrowings (note 27)	**11,685**	5,789
Non-current borrowings (note 27)	**6,934**	5,694
Total included in borrowings	**18,619**	11,483

(ii) Property, plant and equipment commitments

The Group had contractual obligations to purchase plant and equipment for $1,312,000 (2011: $2,463,000) at the reporting date.

(iii) Exploration commitments

The Company has various contractual obligations relating to exploration tenements. In order to maintain rights of tenure to exploration tenements, the Group will be required to spend $10,954,000 (2011: $13,860,000) within the next financial year.

(b) Contingencies

The Group has guarantees outstanding at 30 June 2012 totalling $13,911,000 (2011: $5,562,000) which have been granted in favour of various third parties. The guarantees primarily relate to environmental and rehabilitation bonds at the various mine sites.

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

35. EVENTS AFTER THE REPORTING DATE

On 29 August 2012, the Company announced a fully franked final dividend of 1 cent per share to be paid on 28 September 2012.

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

36. AUDITOR'S REMUNERATION

	Consolidated 2012 $'000	Consolidated 2011 $'000
The auditor of Independence Group NL is BDO		
Amounts received or due and receivable by BDO for:		
• An audit or review of the financial report of the entity and any other entity in the consolidated Group	**189,500**	165,500
• Taxation services in relation to the entity and any other entity in the consolidated Group	**20,900**	7,500
• Other services in relation to the entity and any other entity in the consolidated Group	**45,319**	6,735
	255,719	179,735

37. BUSINESS COMBINATION

(a) Summary of acquisition

There were no acquisitions during the year ended 30 June 2012. During April 2011, the parent entity acquired 96.32% of the issued share capital of Jabiru Metals Limited (Jabiru) and declared the offer free from all conditions. By 9 June 2011, Independence Group NL had acquired 100% of the issued share capital of Jabiru. Jabiru was a listed public Australian company involved in the production and exploration of copper, zinc and silver.

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

	2012 $'000	2011 $'000
Acquisition date fair value of consideration transferred (refer to (b) and (c) below):		
Cash paid	-	48,579
Equity instruments issued	-	409,357
Fair value of initial equity interest	-	848
	-	458,784

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

	Fair value 2011 $'000
Current assets	
Cash and cash equivalents	5,531
Trade and other receivables	13,705
Inventories	25,574
Financial assets	2,426
Derivative financial instruments	7,715
Total current assets	54,951
Non-current assets	
Receivables	471
Property, plant and equipment	66,045
Mine properties	104,069
Exploration and evaluation expenditure	199,718
Deferred tax assets	63,020
Total non-current assets	433,323
Total assets	488,274

	Fair value 2011 $'000
Current liabilities	
Trade and other payables	19,160
Borrowings	4,415
Derivative financial instruments	7,787
Provisions	314
Financial liabilities at fair value through profit or loss	13,235
Total current liabilities	44,911
Non-current liabilities	
Borrowings	3,288
Provisions	8,845
Financial liabilities at fair value through profit or loss	9,520
Deferred tax liabilities	36,441
Total non-current liabilities	58,094
Total liabilities	103,005
Net identifiable assets acquired	385,269
Non-controlling interest in identifiable net assets acquired	(17,550)
Add : Goodwill	91,065
Net assets acquired	458,784

Acquisition accounting for the acquisition of Jabiru Metals Limited (Jabiru) was finalised during the year ended 30 June 2012. The above assets and liabilities recognised as a result of the acquisition of Jabiru reflect the finalised accounting values. Finalisation of the acquisition accounting resulted in fair value adjustments of $25,697,000 increase in net assets and a corresponding decrease in goodwill. The adjustments to assets and liabilities on finalisation of acquisition accounting are summarised as follows:

	Provisional accounting 30 June 2011 $'000	Consolidated Fair value adjustments 30 June 2011 $'000	Final accounting 30 June 2011 $'000
Exploration and evaluation expenditure	186,618	13,100	199,718
Deferred tax assets	51,329	11,691	63,020
Deferred tax liabilities	(37,347)	906	(36,441)
Goodwill	116,762	(25,697)	91,065
	317,362	-	317,362

(b) Purchase consideration – cash outflow

	Consolidated 2012 $'000	2011 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	-	48,579
Less: cash balances acquired with subsidiary	-	(5,531)
Outflow of cash – investing activities	-	43,048

Acquisition-related costs

There were no acquisition-related costs during the year ended 30 June 2012. An amount of $21,133,000 relating to acquisition-related costs is included in "costs associated with the acquisition of subsidiary" in the statement of comprehensive income in the previous financial year.

(c) Additional acquisition of Jabiru Metals Limited

On 9 June 2011, Independence Group NL acquired the remaining 3.68% of voting shares of Jabiru Metals Limited by way of compulsory acquisition of outstanding shares. The difference between the carrying value of the non-controlling interest as at that date of $17,550,000 and the fair value of the equity shares issued on that date of $14,408,000 is recognised directly in equity attributable to the parent. Accordingly, a credit to acquisition reserve of $3,142,000 is reflected in the statement of changes in equity for 2011.

38. INTERESTS IN JOINT VENTURES

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

	2012 $'000	2011 $'000
Current assets		
Cash and cash equivalents	**7,729**	6,225
Trade and other receivables	**24,747**	403
Total current assets	**32,476**	6,628
Non-current assets		
Property, plant and equipment	**468**	313
Mine properties	**61,524**	7,863
Exploration and evaluation expenditure	**47,932**	37,025
Total non-current assets	**109,924**	45,201
Total assets	**142,400**	51,829
Current liabilities		
Trade and other payables	**15,607**	3,981
Total current liabilities	**15,607**	3,981
Non-current liabilities		
Provisions	**1,915**	-
Deferred tax liabilities	**11,969**	10,852
Total non-current liabilities	**13,884**	10,852
Total liabilities	**29,491**	14,833
Net assets	**112,909**	36,996

Expenses of $1,736,000 (2011: $815,000) in relation to the Company's interest in the joint venture have been included in the statement of comprehensive income.

Forecast capital commitments of $191,165,000 (2011: $224,926,000) comprising approved expenditure for the development of the Tropicana Gold Mine are yet to be incurred at 30 June 2012.

39. PARENT ENTITY INFORMATION

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

	2012 $'000	2011 $'000
Statement of financial position		
Current assets	**148,865**	144,231
Non-current assets	**515,911**	614,486
Total assets	**664,776**	758,717
Current liabilities	**15,086**	15,167
Non-current liabilities	**7,565**	85,915
Total liabilities	**22,651**	101,082
Net assets	**642,125**	657,635
Shareholders' equity		
Contributed equity	**734,007**	617,860
Reserves	**8,061**	7,199
(Accumulated losses) retained earnings	**(99,943)**	32,576
Total equity	**642,125**	657,635
(Loss) profit for the year	**(121,774)**	6,446
Other comprehensive income for the year	**-**	-
Total comprehensive (loss) income for the year	**(121,774)**	6,446

40. DEED OF CROSS GUARANTEE

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

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

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

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2012 and 30 June 2011 of the closed group consisting of Independence Group NL, Lightning Nickel Pty Ltd and Jabiru Metals Limited.

	2012 $'000	2011 $'000
Statement of comprehensive income		
Revenue from continuing operations	**216,549**	163,568
Other income	**-**	463
Mining and development costs	**(74,763)**	(39,716)
Employee benefits expense	**(51,636)**	(28,788)
Share-based payments expense	**(862)**	(17)
Fair value adjustment of listed investments	**(3,490)**	760
Depreciation and amortisation expense	**(39,095)**	(27,314)
Rehabilitation and restoration borrowing costs	**(375)**	(109)
Exploration costs expensed	**(2,813)**	(2,386)
Royalty expense	**(8,028)**	(7,586)
Ore tolling expense	**(11,234)**	(8,309)
Shipping and wharfage expense	**(11,178)**	(1,053)
Net gains on fair value financial liabilities	**1,356**	2,509
Borrowing and finance costs	**(1,413)**	(309)
Costs associated with acquisition of subsidiary	**-**	(21,133)
Impairment of exploration and evaluation expenditure	**(59,603)**	(5,577)
Impairment of goodwill and other assets	**(255,929)**	-
Other expenses	**(7,739)**	(8,269)
(Loss) profit from continuing operations before income tax	**(310,253)**	16,734
Income tax benefit (expense)	**83,203**	(8,785)
Loss (profit) after income tax	**(227,050)**	7,949
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges, net of tax	**7,273**	11,065
Other comprehensive income, net of tax	**7,273**	11,065
Total comprehensive (loss) income	**(219,777)**	19,014
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**185,953**	186,969
Profit for the year	**(227,050)**	7,949
Dividends paid	**(10,745)**	(8,965)
(Accumulated losses) retained earnings at the end of the financial year	**(51,842)**	185,953

(b) Consolidated statement of financial position

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

	2012 $'000	2011 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**184,949**	221,775
Trade and other receivables	**33,845**	27,078
Current tax receivable	**-**	7,541
Inventories	**16,786**	20,908
Financial assets at fair value through profit or loss	**3,346**	6,849
Derivative financial instruments	**23,950**	16,997
Total current assets	**262,876**	301,148
Non-current assets		
Receivables	**39,799**	21,281
Property, plant and equipment	**33,731**	84,249
Exploration and evaluation expenditure	**20,452**	61,100
Mine properties	**61,750**	155,827
Deferred tax assets	**152,674**	111,420
Investments in controlled entities	**139,276**	139,276
Investments in joint ventures	**127,430**	48,638
Intangible assets	**454**	91,818
Derivative financial instruments	**-**	8,243
Total non-current assets	**575,566**	721,852
TOTAL ASSETS	**838,442**	1,023,000
LIABILITIES		
Current liabilities		
Trade and other payables	**42,939**	54,328
Borrowings	**11,685**	5,789
Derivative financial instruments	**570**	15,014
Provisions	**1,260**	705
Financial liabilities at fair value through profit or loss	**4,818**	11,303
Total current liabilities	**61,272**	87,139
Non-current liabilities		
Borrowings	**6,934**	5,694
Provisions	**12,834**	11,402
Deferred tax liabilities	**54,619**	96,744
Financial liabilities at fair value through profit or loss	**-**	5,725
Total non-current liabilities	**74,387**	119,565
TOTAL LIABILITIES	**135,659**	206,704
NET ASSETS	**702,783**	816,296
EQUITY		
Contributed equity	**734,007**	617,860
Reserves	**20,618**	12,483
(Accumulated losses) retained earnings	**(51,842)**	185,953
TOTAL EQUITY	**702,783**	816,296

DIRECTORS’ DECLARATION

In the Directors’ opinion:

(a) the financial statements and notes set out on pages 66 to 121 are in accordance with the Corporations Act 2001, including:

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

  (ii) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 39 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 40.

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

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

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

On behalf of the Board

C M Bonwick
Managing Director

Perth, Western Australia

Dated this 26th day of September 2012

Report on the Financial Report

We have audited the accompanying financial report of Independence Group NL, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Independence Group NL, would be the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

  i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Independence Group NL for the year ended 30 June 2012 complies with Section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien	Perth, Western Australia
Director	Dated this 26th day of September 2012

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed companies only. This information is current as at 14 September 2012.

1. Shareholding

a. Distribution of shareholders

Holding range	Fully paid ordinary shares
1 – 1,000	2,604
1,001 – 5,000	2,905
5,001 – 10,000	758
10,001 – 100,000	753
100,001 – and over	79
	7,099

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 209. The number of shareholders holding less than an economic parcel is 1,294.

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

- JCP Investment Partners Ltd (13.2%)
- National Australian Bank (7.9%)
- Commonwealth Bank (5.1%)
- Fidelity [FMR LLC and FIL] (5.0%)

d. Voting rights

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

Fully paid ordinary shares – one vote per share held.

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

3. The address of the principal registered office in Australia is Suite 4, Level 5, South Shore Centre, 85 South Perth Esplanade, South Perth, Western Australia, telephone (08) 9238 8300.

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

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

6. Stock Exchange Listing

Quoted securities

Quotation has been granted for 232,882,535 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange (ASX).

7. Unquoted securities

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

8. 20 Largest Holders of Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	JP Morgan Nominees	52,579,642	22.58
2	National Nominees Ltd	45,668,239	19.61
3	HSBC Custody Nominees Australia Ltd	42,752,163	18.36
4	Citicorp Nominees Pty Ltd	13,012,512	5.59
5	BNP Paribas Nominees Pty Ltd	8,595,764	3.69
6	RBC Investor Services	6,888,559	2.96
7	Metals X Limited	6,558,571	2.81
8	Forty Traders Limited	3,060,636	1.31
9	AMP Life Limited	1,482,625	0.64
10	Suncorp Customer Services Pty Ltd	1,090,324	0.47
11	Bonwick Superannuation Pty Ltd	1,053,750	0.45
12	Virtual Genius Pty Ltd	1,003,750	0.43
13	QIC Ltd	950,714	0.41
14	Nattai Pty Ltd	923,500	0.40
15	Yarandi Investments Pty Ltd	800,492	0.34
16	Mrs Karen Schiller	718,400	0.31
17	Perth Select Seafoods Pty Ltd	700,000	0.30
18	The Australian National University	680,000	0.29
19	Mr Jeffrey Schiller	650,000	0.28
20	Drexwill Pty Ltd	555,000	0.24
		189,724,641	**81.47**


Jabiru Metals

Independence Group

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