



**CHAIRMAN'S ADDRESS OF MR PETER BILBE  
AT THE ANNUAL GENERAL MEETING**

to be held at Wardle Room, Perth Concert Hall, 5 St Georges Terrace, Perth,  
on 23 November 2011 at 10.00 am WST

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Page 1 of 2

Ladies and Gentlemen,

The events of the last 12 months have transformed Independence Group from a company relying on a single mine, single commodity, operating base, to a diversified mid-cap Australian mining company with three operating mines, producing multiple commodities, and an impressive pipeline of exploration and development projects.

Your Board considers that this diversified base provides a more robust platform for enhancing shareholder returns in the years ahead and to better withstand the inevitable fluctuations in the financial and commodity markets.

The key events that contributed to our current strong position were the Company's decision to proceed with the development of the Tropicana gold project [AngloGold Ashanti (70%) and Independence Group (30%)], the acquisition of Jabiru Metals Limited and a major capital raising realising \$159 million net.

The Tropicana gold project is the most significant and exciting gold discovery to occur in Australia for many years. The project has a very substantial and growing gold resource base of 5.36 million ounces. The ongoing drilling programme continues to identify high grade gold intercepts which highlight the potential of a future underground mine in addition to the potential expansion of the currently planned open pits. Construction has commenced with first gold pour scheduled for the second half of calendar 2013. At current gold prices the project demonstrates a rapid capital payback and substantial yearly cash flows. By any measure, Tropicana is a world class project.

The takeover of Jabiru Metals was successfully concluded in June this year. Disappointingly, the Jaguar copper/zinc mine has not achieved production targets to date, due to short term geotechnical issues. This has now been resolved and production is returning to normal levels. Construction of the new Bentley copper/zinc mine is well advanced, with production planned to ramp up in the next few months.

The Long nickel mine, which has been the mainstay of the company for many years, continues to perform to expectations, with a very creditable operational and financial performance.

The definitive feasibility study on the Stockman copper-zinc-silver-gold project in Victoria is now well advanced with completion of the study expected in Q1 next year.

Unfortunately, the ongoing uncertainty in Europe regarding sovereign debt levels, combined with stagnant growth in the USA, has created volatile financial markets and base metal prices have dropped in the order of 20-30%. In response to this external situation and rising cost pressures, your Board and management are very focussed on reviewing and optimising our operations, maintaining operational efficiency and cost controls and reviewing and managing our cash requirements.



With respect to exploration activities, the Company has built a reputation for exploration excellence and innovation. We continue to maintain a strong focus on - and are directing considerable resources towards - near mine and regional exploration targets, with the objective of extending the life of our existing mines and making new discoveries.

Reviewing external business opportunities on a selective basis is an ongoing task, within the context of competing organic growth opportunities and appropriate risk and capital management. In so doing we are very conscious of "not biting off more than we can chew".

Our Managing Director, Chris Bonwick, will provide detailed comments on the Company's activities later in the meeting.

The net profit after tax for the year was a disappointing \$5.5 million, however this result was significantly impacted by one-off transaction costs associated with the acquisition of Jabiru Metals and higher depreciation and amortisation costs. Excluding Jabiru transaction costs, EBITDA was \$51.6million.

Lastly, I would like to make some comments about our people. Following the merger with Jabiru Metals, your Company has a very talented group of professionals and skilled employees, led very capably by Chris Bonwick. A shortage of labour skills throughout the mining industry is having a major detrimental impact on the ability of the industry to do business effectively and productively. Therefore the ability of a company to attract and retain skilled people can make a real difference. The introduction of a performance rights plan for nominated employees will assist the company to be competitive and to retain key people. I therefore request shareholders to carefully consider their voting intentions with respect to the various resolutions to be put before the meeting.

At the end of July 2011, Oscar Aamodt retired as a non-executive Director and Chairman of the Company. Oscar had been a director since 2005. We extend our appreciation to Oscar for his dedicated and very significant contribution to the success of the Company.

After almost a decade as an executive of the Company, Director Kelly Ross resigned her position as Company Secretary with effect from late August this year. Fortunately, Kelly agreed to retain her long-standing position as a Director of the Company. We thank her for her past work and look forward to continuing work with her as a non-executive Director.

Your Directors and management are very enthusiastic about the coming year. We thank our shareholders for their ongoing support and we thank our employees for their hard work and dedication.