INDEPENDENCE GROUP NL
ABN 46 092 786 304

29 August 2012

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ASX Company Announcements
Australian Securities Exchange

2012 APPENDIX 4E PRELIMINARY FINAL REPORT AND FINAL DIVIDEND DISTRIBUTION

PRELIMINARY FINAL REPORT

In accordance with ASX Listing Rule 4.3A Independence Group NL is providing with this letter its Appendix 4E Preliminary Final Report for the period 1 July 2011 to 30 June 2012.

FINAL DIVIDEND 2012

Independence Group NL announces that a Final Dividend of 1.0 cent per share will be paid to shareholders for the year ended 30 June 2012.

The dividend will be fully franked.

The dividend will be paid on 28 September 2012.

The record date to determine the dividend entitlement is 5:00pm (WST) 18 September 2012.

Christopher Bonwick
Managing Director
Independence Group NL

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
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PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2011 TO 30 JUNE 2012

LODGED WITH THE ASX UNDER LISTING RULE 4.3A

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PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2011 TO 30 JUNE 2012 LODGED WITH THE ASX UNDER LISTING RULE 4.3A

Key Information – Results for Announcement to the Market

	$'000	% Increase/(Decrease) over Previous Corresponding Period
Revenue from ordinary activities	**216,557**	**32.4%**
Loss from ordinary activities operations after tax attributable to members	**(285,292)**	**(5,256.2)%**
Net loss attributable to members	**(285,292)**	**(5,256.2)%**

The previous corresponding period is the year ended 30 June 2011.

	2012	2011
Basic (loss) earnings per share (cents)	**(130.47)**	**3.89**
Diluted (loss) earnings per share (cents)	**(130.47)**	**3.88**
Net tangible assets per share (cents)	**275.96**	**467.71**

The major factors contributing to the above variances are as follows:

- Loss after tax impacted by deteriorating commodity prices and economic outlook which resulted in non-cash $288.0 million after tax impairment expenses ($372.4 million before tax). These before tax items comprise the previously announced $157.7 million impairment of Jaguar/Bentley Operations and associated goodwill as at 31 December 2011 together with a further impairment of $98.2 million of Jaguar/Bentley Operations and a $116.5 million impairment of previously capitalised exploration and evaluation costs as at 30 June 2012. In addition, the copper and zinc mining segment contributed $19.46 million loss after tax to the result (2011: $9.37 million loss after tax). The contribution of the Long Nickel Operation was $31.28 million (2011: $44.28 million).
- Higher revenues were achieved as a result of an additional $87.72 million contribution from the Jaguar/Bentley Operation. This has been partially offset by lower nickel prices attained during the year resulting in $18.87 million lower nickel revenues compared to the previous year.
- Further details are available in the Review of Operations section of this Report.

The Company paid a fully franked interim dividend of 2 cents per share in March 2012. The Company has announced a fully franked final dividend of 1 cent per share which will be paid on 28 September 2012. The record date for determining dividend entitlements is 18 September 2012.

The Company did not gain or lose control over any entity during the period.

The accounts are currently being audited by BDO Audit (WA) Pty Ltd which has advised that the accounts are not likely to be subject to dispute or qualification.

Review of Operations

A summary of consolidated revenues and results for the year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Long Nickel Operation	**120,873**	139,741	**44,694**	63,250
Jaguar/Bentley Copper and Zinc Operation	**87,724**	17,507	**(283,728)**	(13,381)
Tropicana Gold Project	**-**	-	**(1,736)**	(815)
Feasibility and regional exploration activities	**8**	-	**(118,128)**	(8,562)
Unallocated revenue	**7,952**	6,320	**-**	-
	216,557	163,568	**(358,898)**	40,492
Unallocated revenue less unallocated expenses			**(9,942)**	(26,207)
(Loss) profit before income tax			**(368,840)**	14,285
Income tax benefit (expense)			**83,548**	(8,752)
(Loss) profit after income tax			**(285,292)**	5,533
Net (loss) profit attributable to members of Independence Group NL			**(285,292)**	5,533

Comments on the operations and the results of those operations are set out below:

a) Long Nickel Operation

This division consists of Lightning Nickel Pty Ltd's Kambalda operation: the Long Nickel Operation. The mine 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 Ni compared to A$10.35/lb Ni in the previous period and higher cash costs of A$4.74/lb Ni compared to A$4.48/lb Ni. Exploration continued to test for new deposits along strike of the Long, Moran and McLeay ore bodies.

b) Jaguar/Bentley Copper and Zinc Operation

This division comprises Jabiru Metals Limited's operations: the Jaguar/Bentley Operation. Annual production of contained zinc and copper was 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, 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 currently developed ore in the Jaguar Mainlode and Farside ore bodies are 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 during the year and at year end totalled $255.93 million.

c) Tropicana Gold Project

This division consists of the Group's interest in the Tropicana Joint Venture. The project is currently in the development and construction phase of a gold mine. The project is managed by AngloGold Ashanti Australia Limited (70%) and the Company has a 30% interest in the project. The 5.8 million tonnes pa Tropicana Gold Plant 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 Au pa over 10 years with cash costs estimated to be in the range of A$710-730/oz Au. Total gold production over the first 3 years was estimated by the BFS to be between 470,000-490,000 ounces with cash costs between A$580-600/oz Au. Resources currently stand at 6.41 million ounces and reserves at 3.91 million ounces (100% project). The Havana Deeps pre-feasibility underground mining study is expected to be completed in mid-2013. Near mine and regional exploration continues.

d) Feasibility and regional exploration activities

The feasibility and regional exploration activities reflected in this segment relate to exploration expenditure, feasibility studies and scoping studies incurred on projects excluding Tropicana and the Long Nickel Operation. A Feasibility Study is currently being undertaken on the Stockman copper-zinc-silver-gold project (100% IGO). An inferred resource of over 674,000 ounces of gold has been estimated on the Karlawinda Gold Project (100% IGO) which is at the Scoping Study stage.

The segment includes in large part values in relation to Jaguar regional exploration and the Stockman Project (100% IGO) determined by an Independent Valuer as at April 2011 following the acquisition of Jabiru Metals Limited. An extensive review of the carrying value of the segment's exploration and evaluation assets was carried out at balance date, resulting in an impairment of $116.5 million. This amount includes an impairment of $56.4 million of April 2011 capitalised Stockman value, a $38.3 million impairment of combined Jaguar regional exploration costs and April 2011 values, and a $23.2 million impairment of other previously capitalised exploration costs. This impairment review was as a result of a continuing strong A$ and depressed commodity prices. Notwithstanding the impairments, management still considers these areas to be highly prospective.

Rounding of amounts to nearest thousand dollars

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

Comparative information

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

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2012

	Notes	Consolidated 2012 $'000	Consolidated 2011 $'000
Revenue from continuing operations	**2**	**216,557**	163,568
Other income		**-**	463
Mining, processing and development costs		**(74,763)**	(39,716)
Employee benefits expense		**(51,636)**	(28,788)
Share-based payment expense		**(862)**	(17)
Fair value adjustment of listed investments		**(3,490)**	760
Depreciation and amortisation expenses		**(39,231)**	(27,368)
Exploration costs expensed		**(2,813)**	(2,416)
Rehabilitation and restoration borrowing costs		**(375)**	(109)
Ore tolling expense		**(11,234)**	(8,309)
Royalty expense		**(8,028)**	(7,586)
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 the acquisition of subsidiary		**-**	(21,133)
Impairment of exploration and evaluation expenditure	**8**	**(116,462)**	(7,186)
Impairment of goodwill and other assets	**8**	**(255,929)**	-
Other expenses		**(9,339)**	(9,025)
(Loss) profit before income tax		**(368,840)**	14,285
Income tax benefit (expense)		**83,548**	(8,752)
(Loss) profit for the year		**(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 for the year, net of tax		**7,273**	11,065
Total comprehensive (loss) income for the year		**(278,019)**	16,598
(Loss) profit for the year attributable to the members of Independence Group NL		**(285,292)**	5,533
Total comprehensive (loss) income for the year attributable to the members of Independence Group NL		**(278,019)**	16,598
		Cents	Cents
Basic (loss) earnings per share		**(130.47)**	3.89
Diluted (loss) earnings per share		**(130.47)**	3.88

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

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
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Consolidated Statement of Financial Position
As at 30 June 2012

	Notes	Consolidated 2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents		**192,678**	228,001
Trade and other receivables		**58,797**	28,762
Current tax receivable		**-**	7,541
Inventories		**16,786**	20,908
Financial assets	**3**	**3,346**	6,849
Derivative financial instruments	**9**	**23,950**	16,997
Total current assets		**295,557**	309,058
Non-current assets			
Trade and other receivables		**475**	1,016
Property, plant and equipment	**4**	**37,173**	86,255
Exploration and evaluation expenditure	**5**	**203,371**	269,333
Mine properties	**6**	**123,274**	163,690
Deferred tax assets		**152,620**	111,420
Intangible assets	**7**	**454**	91,818
Derivative financial instruments	**9**	**-**	8,243
Total non-current assets		**517,367**	731,775
Total assets		**812,924**	1,040,833
Current liabilities			
Trade and other payables		**60,329**	60,994
Borrowings		**11,685**	5,789
Derivative financial instruments	**9**	**570**	15,014
Provisions		**1,260**	705
Financial liabilities at fair value through profit or loss		**4,818**	11,303
Total current liabilities		**78,662**	93,805
Non-current liabilities			
Borrowings		**6,934**	5,694
Provisions		**14,749**	11,402
Deferred tax liabilities		**70,454**	110,327
Financial liabilities at fair value through profit or loss		**-**	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	**10**	**734,007**	617,860
Reserves	**11**	**20,618**	12,483
Retained earnings	**11**	**(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.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
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Consolidated Statement of Cash Flows
For the year ended 30 June 2012

	Consolidated	
	2012	2011
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**211,390**	174,418
Payments to suppliers and employees (inclusive of goods and services tax)	**(183,087)**	(109,673)
	28,303	64,745
Interest and other costs of finance paid	**(1,307)**	(268)
Income taxes paid	**(2,524)**	(9,805)
Income taxes received	**10,057**	541
Exploration expenditure	**(2,813)**	(2,416)
Receipts from other operating activities	**263**	19
Net cash from operating activities	**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 the 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)
Payments for acquisition of subsidiary, net of cash acquired	**-**	(43,048)
Net cash used in investing activities	**(154,310)**	(120,971)
Cash flows from financing activities		
Proceeds from issues of share capital	**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 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 reporting period	**228,001**	143,957
Cash and cash equivalents at the end of the reporting period	**192,678**	228,001

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

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
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Consolidated Statement of Changes in Equity
For the year ended 30 June 2012

	Issued Capital $'000	Retained Earnings $'000	Share-Based Payments Reserve $'000	Hedging Reserve $'000	Acquisition Reserve $000	Total Equity $'000
At 1 July 2010	29,552	186,969	4,040	(5,781)	-	214,780
Profit for the period	-	5,533	-	-	-	5,533
Other comprehensive income						
Profit on cash flow hedges, net of tax	-	-	-	11,065	-	11,065
Total comprehensive income for the period	-	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	4,057	5,284	3,142	813,880
At 1 July 2011	**617,860**	**183,537**	**4,057**	**5,284**	**3,142**	**813,880**
Loss for the period	**-**	**(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 period	**-**	**(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)**	**4,919**	**12,557**	**3,142**	**642,125**

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

Note 1. Segment information

Description 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 board of directors is the chief operating decision maker of the Group. The Group operates in predominately one geographic segment (ie. Australia) and has identified four operating segments, being the Long Nickel Operation which is disclosed under the Nickel mining segment, the 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 studies which are disclosed under Feasibility and regional exploration activities.

The Long Nickel Operation produces 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 mine, 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% interest in the Tropicana Joint Venture. AngloGold Ashanti Australia is the manager of the project and holds the remaining 70% interest. Programmes 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 and processing plant 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.

Note 1. Segment information (continued)

	Nickel mining $'000	Copper and zinc mining $'000	Tropicana Gold Project $'000	Feasibility and regional exploration activities $'000	Total $'000
2012					
External revenue	**120,873**	**87,724**	**-**	**8**	**208,605**
Reportable segment profit (loss) before income tax	**44,694**	**(283,728)**	**(1,736)**	**(118,128)**	**(358,898)**
Impairment loss (before tax)	**(1,139)**	**(255,929)**	**-**	**(115,323)**	**(372,391)**
Reportable segment assets	**153,815**	**104,798**	**154,715**	**159,110**	**572,438**
Reportable segment liabilities	**21,361**	**48,063**	**17,522**	**52,738**	**139,684**
2011					
External revenue	139,741	17,507	-	-	157,248
Reportable segment profit (loss) before income tax	63,250	(13,381)	(815)	(8,562)	40,492
Impairment loss (before tax)	(1,041)	-	-	(6,145)	(7,186)
Reportable segment assets	206,538	293,233	51,830	236,100	787,701
Reportable segment liabilities	31,156	41,269	3,980	32,849	109,254

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

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

	Consolidated	
	2012	2011
	$'000	$'000
Total (loss) profit for reportable segments	**(358,898)**	40,492
Interest revenue on corporate cash balances and other unallocated revenue	**7,952**	6,320
Unrealised (losses) gains 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 loan financing	**1,356**	2,509
(Loss) profit before income tax from continuing operations	**(368,840)**	14,285

Note 1. Segment information (continued)

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

	Consolidated	
	2012	2011
	$'000	$'000
Total assets for reportable segments	**572,438**	787,701
Inter segment 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 as per the statement of financial position	**812,924**	1,040,833

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

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

Note 2. Revenue

	Consolidated	
	2012	2011
	$'000	$'000
Revenue from continuing operations		
Sale of goods	**206,705**	151,933
Other revenue		
Interest income	**9,574**	11,617
Other revenue	**278**	18
	216,557	163,568

Note 3. Financial assets

	Consolidated	
	2012	2011
	$'000	$'000
Investments in Australian listed entities at market value	**3,346**	6,849
	3,346	6,849

Note 4. Property, plant and equipment

	Consolidated	
	2012	2011
	$'000	$'000
Property, plant and equipment	**37,173**	86,255

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

Opening balance	**86,255**	5,070
Additions	**30,720**	26,541
Acquisition of subsidiary	**-**	66,045
Transfers to mine properties in production	**(2,278)**	-
Transfers to mine properties in development	**-**	(3,904)
Disposals	**(1,118)**	(116)
Impairment charge	**(57,048)**	-
Depreciation expense	**(19,358)**	(7,381)
	37,173	86,255

Note 5. Exploration and evaluation expenditure

	Consolidated	
	2012	2011
	$'000	$'000
Exploration and evaluation expenditure	**203,371**	269,333

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

Opening balance	**269,333**	49,302
Current year's expenditure	**55,216**	31,781
Acquisition of subsidiary	**-**	199,718
Transfers 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)
	203,371	269,333

Note 6. Mine properties

	Consolidated 2012 $'000	2011 $'000
Mine properties in development (a)	**59,609**	89,770
Mine properties in production (b)	**63,665**	73,920
Mine acquisition costs	**-**	-
	123,274	163,690

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

(a) Mine properties in development

	2012	2011
Opening balance	**89,770**	-
Current year's expenditure	**51,747**	12,875
Acquisition of subsidiary	**-**	72,003
Transfer from property, plant and equipment	**-**	3,904
Transfers from exploration and evaluation	**-**	988
Transfer to mine properties in production	**(81,908)**	-
	59,609	89,770

(b) Mine properties in production

	2012	2011
Opening balance	**73,920**	37,064
Current year's expenditure	**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
Amortisation expense	**(19,758)**	(19,276)
Impairment charge	**(107,816)**	-
	63,665	73,920

Note 7. Intangible Assets

	Consolidated 2012 $'000	2011 $'000
Intangible assets	**454**	91,818

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

	2012	2011
Opening balance	**91,818**	1,006
Acquisition of subsidiary	**-**	91,065
Amortisation expense	**(299)**	(253)
Goodwill impairment charge	**(91,065)**	-
	454	91,818

Note 8. 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 balance date, management have considered that indicators of impairment continue 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 balance 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	30 June 2012	Total FY 2012
	$'000	$'000	$'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 balance 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:

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

Note 9. Derivative financial instruments

	Consolidated	
	2012	2011
	$'000	$'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

Note 10. Contributed equity

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

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

Note 11. Retained earnings and reserves

	Consolidated	
	2012	2011
	$'000	$'000
(a) Retained earnings		
A reconciliation of retained earnings for the financial year is as follows:		
Balance at the beginning of the year	**183,537**	**186,969**
Net (loss) profit attributable to members of Independence Group NL	**(285,292)**	**5,533**
Dividends paid during the year	**(10,745)**	**(8,965)**
Balance at the end of the year	**(112,500)**	**183,537**
(b) Reserves		
Share-based payments reserve	**4,919**	**4,057**
Hedge reserve	**12,557**	**5,284**
Acquisition reserve	**3,142**	**3,142**
	20,618	**12,483**

Note 12. Dividends paid and proposed

	Consolidated	
	2012	2011
	$'000	$'000
(a) Dividends paid		
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 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, but not recognised as a liability at 30 June 2012 is:	**2,329**	6,087

Note 13. Business combinations

Acquisition accounting for the acquisition of Jabiru Metals Limited was finalised during the year ended 30 June 2012. The assets and liabilities recognised as a result of the acquisition of Jabiru Metals Limited 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 the acquisition are summarised as follows:

		Consolidated	
	Provisional accounting	**Fair value adjustments**	**Final accounting**
	30 June 2011	**30 June 2011**	**30 June 2011**
	$'000	**$'000**	**$'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

Note 14. Subsequent events

On 29 August 2012 the Company announced a fully franked final dividend of 1 cent per share payable on 28 September 2012. The record date for determining dividend entitlements is 18 September 2012.