INDEPENDENCE GROUP NL
ABN 46 092 786 304

ASX Release

31 August 2011

Total 7 Pages

INDEPENDENCE GROUP NL

2011 Financial Year Full Year Results and Final Dividend

Independence Group NL ["IGO"] is pleased to present its full year results for the year ended 30 June 2011 and to announce its final dividend.

SUMMARY OF KEY ITEMS

FINANCIAL

- **Cash of $228.0 million** (FY2010: $144 million) and **debt of $28.5 million** (FY2010: $nil).
- **$5.5 million Net Profit after Tax (FY2010: $28.7 million),** which includes **$26.1 million in transaction costs and associated tax implications** resulting from the acquisition of Jabiru Metals Limited ("Jabiru"), together with **higher depreciation and amortisation costs of $27.4 million** (FY2010: $11.4 million). The result includes the financial performance of Jabiru from the acquisition date of 4th April 2011.
- **Revenue of $163.0 million** (FY2010: $116.7 million) reflecting realised average higher nickel prices (increase of US$4,578/tonne during FY2011) and Revenue from Jabiru from 4th April 2011.
- **Operating cash flows of $52.8 million** (FY2010: $58.9 million) resulting in an EBITDA of $30.5 million (FY2010: $51.3 million). Excluding Jabiru transaction costs, EBITDA was $51.6 million.
- **Fully Franked Final Dividend of 3.0 cents per share announced**.
- **Total dividends for the year of 7.0 cents per share** (FY2010: 5.0 cents).

OPERATIONAL

- **Tropicana Gold Project JV** [30% IGO]: **Bankable Feasibility Study** released in November 2010, with first gold production forecast for the December Quarter 2013. Cash costs for years 1 to 3 average $580 - $600 per gold ounce, and $710-730 per ounce cash costs over the 10 year mine life. IGO's share of the estimated capital costs is $220 million.
- **Tropicana Reserves** have now been updated from 3.37 million gold ounces (IGO share 1.01 million ounces gold) in the Bankable Feasibility Study to **3.91 million ounces (IGO share 1.17 million ounces gold)** in July 2011. In addition, a resource has been updated to 5.36 million gold ounces (**IGO share 1.61 million ounces gold**). ***[Refer to Tables 1 and 2].***
- **Long Nickel Operation**: Production of 9,753 nickel tonnes (exceeded guidance of 8,800 – 9,200 Nickel tonnes) with cash costs of $4.48 per pound nickel.
- **Karlawinda Gold Project** – maiden resource of 220,000 ounces gold announced, with drilling continuing. ***[Refer to Table 3].***
- **Jaguar/Bentley Copper/Zinc Operation** – production commenced at Bentley with estimated 8 year mine life.
- **Stockman Copper/Zinc/Silver/Gold Project** – scoping study review completed in November 2010. A Feasibility Study is in progress.

Footnote: *All dollar amounts are expressed in Australian Dollars unless otherwise stated.*

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OPERATIONS

Long Nickel Operation [“Long Operation”]

Total production for the year ended June 2011 of 224,842 tonnes (FY’10: 202,796 tonnes) at an average head grade of 4.34% (FY’10: 4.25%) for 9,753 tonnes of nickel metal delivered (FY’10: 8,615 tonnes). Ore was sourced from the Long, McLeay, Victor South and Moran ore bodies. Production exceeded budget for the year and market guidance of 8,800-9,200 tonnes of nickel.

Cash costs per payable pound remained low at $4.48/lb (FY’10: $4.44) with a continued focus on cost control. This cost control focus also ensured that unit cash operating costs were in line with budget ($4.40/lb - $4.60/lb) during the year.

Updated reserves / resources are expected to be announced by the end of calendar 2011.

Since acquiring the Long Operation, IGO has consistently mined and produced nickel from outside its stated reserves and resource base.

Jaguar / Bentley Copper/Zinc/Silver Operation [Jaguar/Bentley Operation”]

The Jaguar / Bentley operation produced 355,952t @ 2.8% Cu, 5.8% Zn, 80.0g/t Ag for 8,468t Cu, 14,642t Zn at a negative $0.31/lb Zn C1 cash cost for the financial year. As Jabiru has been consolidated since 4 April 2011, the attributable production to IGO was 87,546t @ 1.7% Cu, 3.1% Zn and 42.6g/t Ag (Q4 production).

June quarter production was lower than originally forecast due to geotechnical issues, which required a change in ground support methodology. Production from high grade stopes was suspended to enable additional ground support to be installed. As a consequence mill feed comprised ore from lower grade stopes and low grade surface stockpiles, resulting in lower head grades and metal production. No Reserves have been lost and mining of high grade Cu stopes has commenced.

Based on the current improvement in copper and zinc head grades, it is expected that the Jaguar mine will return to normalised production in the September quarter**.**

INCOME STATEMENT

Revenue from continuing operations for the year increased by 39% to $162.5 million (FY’10: $116.7 million) due to higher nickel prices over the period and revenues from the Jaguar mine post consolidation. The realised average nickel price increased by US$4,578 per tonne in FY’11.

Fully diluted earnings per share decreased to 3.9 cents from 25.3 cents in the previous corresponding period. As a result of the takeover of Jabiru, several one-off costs adversely impacted the net profit after tax for the year as highlighted in the table below:

Total Jabiru Acquisition Costs Adversely Impacting Net Profit

	Note	$M
Takeover related costs	1	21.1
Tax effect of non-deductibility of takeover related costs	2	5.0
Higher depreciation and amortisation charges	3	5.0
Higher product inventory write-back	4	2.6

Notes:

1 *Significant costs of $21.1 million, comprising legal, consulting and an accrual for estimated future stamp duty were incurred by IGO during the takeover process.*

2 *Certain takeover related costs incurred by IGO are unable to be classified on revenue account and are non-tax deductible to IGO.*

3 *A consequence of the acquisition of Jabiru is that the independently assessed fair values of all assets acquired are recorded in the accounting records of IGO from the date of control of Jabiru. These values are in many cases significantly higher than the "at cost" carrying values that were recorded in the accounts of Jabiru prior to the takeover. As a result, depreciation and amortisation charges relating to plant and equipment and mine properties in production were higher in the 3 months to 30 June 2011 for Jabiru than they historically have been. This has contributed to higher charges for IGO as a whole.*

Depreciation and amortisation charges will reduce in the future if additional ore reserves / mineral resources are defined at Jaguar / Bentley.

4 *Further to note 3, Jabiru had previously recorded the carrying amount of its product inventories at the lower of cost or their net realisable value. At the date of acquisition, IGO has recorded the carrying amount of Jabiru's entire product inventory at realisable values. These values are higher than the values that Jabiru had previously recorded. During the period in which Jabiru's results have been consolidated into IGO's cost of goods sold for Jabiru's inventories are higher than they were historically.*

CASH FLOW STATEMENT

Cash flow generation from operating activities which includes Jabiru takeover related costs of $10.1 million was $52.8 million prior to interest received (FY'10: $58.9 million). Cash flow generation from financing activities also includes $162.4 million in proceeds from share issue, net of share issue costs and primarily as a result of IGO's equity raising in November 2010.

IGO utilised these cash flows to fund:

- dividend distributions of $9.0 million (FY'10: $5.7 million);
- Long, Jaguar, Tropicana and regional exploration of $32.0 million (FY'10: $24.0 million);
- new mining equipment, Tropicana and other mine development totalling $53.6 million (FY'10: $18.1 million);

BALANCE SHEET

Cash and cash equivalents totalled $228 million (FY'10: $144 million) at year-end, a net increase of $44 million for the year.

There was $28.5 million of debt at balance date comprising leasing of $11.5 million and Jabiru silver loan of $17.0 million. Net assets increased by 279% to $813.9 million at year-end (FY'10: $214.8 million).

DIVIDENDS

During financial year 2011, IGO returned $9.0 million (FY'10: $5.7 million) to shareholders in the form of dividends, comprising:

- final FY'10 fully franked dividend of 3 cents per share paid in September 2010
- interim fully franked dividend of 4 cents per share (paid March 2011).

In addition, IGO has announced a final fully franked dividend for the 2010/11 year of 3 cents per share which will be payable on 30 September 2011, with a record date for determining entitlements of 15 September 2011.

FINANCIAL SUMMARY

Full Year Ended June 30	2011	2010	Inc/(Dec)
Total Revenue	**$163m**	**$116.7m**	+40%
Profit Before Tax	**$14.3m**	**$40.4m**	-65%
Profit For The Period	**$5.5m**	**$28.7m**	-81%
Net Cash Flow From Operating Activities	**$52.8m**	**$58.9m**	-10%
Total Assets	**$1041.7m**	**$273.5m**	+281%
Total Liabilities	**$227.9m**	**$58.8m**	+288%
Shareholder's Equity	**$813.9m**	**$214.8m**	+279%
Diluted Earnings Per Share	**3.88¢**	**25.27¢**	-85%
Dividend Per Share Paid During the Year	**7¢**	**5¢**	+40%

DEVELOPMENT / FEASIBILITY

IGO's expenditure on capitalised development of $33.8 million (FY'10: $16.1 million) included $15.9 million on Long nickel mine development, $10.0 million for Jaguar and Bentley copper/zinc/silver mine developments, and $7.9 million towards the Tropicana project.

Long Nickel Operation

Updated Long Operation resource and reserve estimates are expected to be released in the 2011 Annual Report. Development of the Moran ore body continued including the establishment of primary ventilation and building the Moran Paste Plant.

Jaguar / Bentley Copper-Zinc-Silver Operation

Construction of the Heavy Media Separation Plant, used to remove waste material from copper stock work ore, commenced. The Bentley Decline intersected the top of the Bentley ore body ahead of schedule.

Tropicana Gold Project Joint Venture (AngloGold Ashanti 70%, IGO 30%)

Upgraded open pit ore reserve estimates for the Tropicana Gold Project Joint Venture (AngloGold Ashanti 70%, IGO 30%) as at 30 June 2011 were increased by 540,000 ounces of contained gold while the overall mineral resources improved by 80,000 ounces to 5.36 million ounces.

A positive Bankable Feasibility Study was completed during the year and a development decision approved by the Joint Venture. Project development activities were commenced. IGO's share of gold production for the first 3 years is forecast at 141,000-147,000 ounces at an estimated cash cost of between A$580-A$600/ounce including royalties.

Pre-Feasibility Studies were commenced on the Havana Deeps deposit and a Feasibility Study for the Boston Shaker deposit. Further project upside potential exists in the Havana Deeps Underground, Swizzler Prospect (located between the currently planned open pits), Boston Shaker underground, Havana South and regional targets.

Stockman Project

Feasibility Studies are also in progress for the Stockman Copper / Zinc / Silver Project.

EXPLORATION

IGO cash outflow included $32.0 million on exploration and evaluation expenditure during 2010/11 (FY'10: $23.9 million).

Long Nickel Operation

Drilling during the year extended to the Moran and Long North ore bodies. The Moran, McLeay and Long ore bodies have yet to be closed off.

Jaguar / Bentley Operation

The Jaguar and Bentley ore bodies remain open down plunge. Ongoing regional air core drilling in the vicinity of high priority Lagonda Prospect confirmed a prospective 3km long base metal corridor which remains open to the north and south.

Tropicana Gold Project JV (AngloGold Ashanti 70%, IGO 30%)

Numerous regional targets will be followed up and others remain to be tested at the **Tropicana** project.

Duketon Nickel Project JV (IGO earning 70%)

Drilling continues to return encouraging results at the Rosie Prospect which remains open down plunge and along strike.

Karlawinda Gold Project

At Karlawinda an initial Inferred Resource of 5.9 million tonnes @ 1.1g/t for 219,900 ounces of contained gold was outlined.

De Beers Database

Additional targets and opportunities have been generated from the De Beers Australia Exploration Limited database review and analysis.

OUTLOOK

IGO is committed to expanding the Long nickel operation and Jaguar / Bentley operation reserve bases and continues to focus on solid operational performance.

Guidance production for the **Long Nickel operation for** financial year 2012 is 220,000 to 260,000 tonnes for production of 8,800 to 9,200 tonnes of contained nickel. Cash costs for 2011/12 are forecast at $4.80 to $5.00 payable per pound including royalty costs.

The Jaguar / Bentley operation for 2011/12 is forecast to produce 8,500 to 9,500 tonnes of payable copper, 15,500-16,500 tonnes of payable zinc and 0.4 to 0.5 million ounces of payable silver. Cash costs for 2011/12 are forecast at negative $0.10 to negative $0.30/lb zinc including royalty costs and net of copper and silver credits.

Development of the **Tropicana Gold** Project in Joint Venture with AngloGold Ashanti Australia Ltd has commenced. Development activities will continue in 2011/12 with the scheduled commencement of plant construction activities in the June quarter 2012. First gold production is planned for the December quarter 2013.

Pre Feasibility Studies will continue for the Havana Deeps, with the Feasibility Study for the Boston Shaker open pit due for completion in the September quarter 2011. Regional exploration at priority locations is continuing on the Joint Venture's 16,000 square kilometre tenement holding.

IGO has an extensive exploration program for the year which commenced on 1 July 2011, relating to its existing mining operations, its regional exploration program and it's development projects.

Table 1: Tropicana Project – 31 December 2010 versus 30 June 2011 Mineral Resource Estimate

		December 2010			June 2011		
Mineral Resource	**Classification**	**Tonnes (M)**	**Grade (g/t Au)**	**Ounces (M)**	**Tonnes (M)**	**Grade (g/t Au)**	**Ounces (M)**
Open Pit	Measured	25.8	2.18	1.80	28.4	2.15	1.97
	Indicated	28.8	2.04	1.89	43.9	1.89	2.67
	Inferred	16.6	1.81	0.96	1.0	3.06	0.10
Total Open Pit		**71.2**	**2.03**	**4.65**	**73.3**	**2.01**	**4.73**
Underground	Measured	0.00	0.00	0.00	0	0	0
	Indicated	0.00	0.00	0.00	0	0	0
	Inferred	5.3	3.65	0.63	5.3	3.65	0.63
Underground – Havana Deeps		**5.3**	**3.65**	**0.63**	**5.3**	**3.65**	**0.63**
Total Tropicana	**Measured**	**25.8**	**2.18**	**1.80**	28.4	2.15	1.97
	Indicated	**28.8**	**2.04**	**1.89**	43.9	1.89	2.67
	Inferred	**21.9**	**2.26**	**1.59**	6.3	3.56	0.72
Project Total		**76.5**	**2.15**	**5.28**	**78.6**	**2.12**	**5.36**

Notes to Mineral Resource statement (2011):

1. *The Tropicana, Havana and Boston Shaker Open Pit Mineral Resources have been estimated using the geostatistical technique of Uniform Conditioning.*
2. *Tropicana, Boston Shaker and Havana South Mineral Resources have been reported above a marginal (break-even) cut-off grade of 0.3g/t for Transported and Saprolitic material, 0.4g/t for SapRock (Transitional) material and 0.5g/t for Fresh material, within a US$1600 optimisation at an A$/US$ exchange rate of 1.143 (A$1400).*
3. *The Havana portion of the Open Pit Mineral Resource has been reported within the BFS Pit Design, with the Havana Deeps Underground Mineral Resource reported external to the Pit Design.*
4. *The Havana Deeps Underground Resource has been estimated using the geostatistical technique of Direct-Block Conditional Simulation. The Havana Deeps Underground Mineral Resource is reported externally to the Havana BFS Pit Design,at a cut-off grade of 2.8g/t.*
5. *Refer to AngloGold Ashanti 26 July 2011 ASX release for Competent Person's statement.*

Table 2: Tropicana JV – 30 November 2010 versus 30 June 2011 Ore Reserve Estimate

	November 2010			June 2011		
Classification	Tonnes (M)	g/t Au	Ounces (M)	Tonnes (M)	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**

Note: *The Proved and Probable Ore Reserve (30 June 2011) is reported above economic break-even gold cut-off grades of 0.4 g/t for Transported/Upper Saprolite material, 0.5 g/t for Lower Saprolite material, 0.6g/t for Sap-Rock (Transitional) material and 0.7g/t for Fresh material at nominated gold price US$1,100/oz, oil price US$86/barrel and exchange rate 0.91 AUD:USD (equivalent to A$1,210/oz). Refer to AngloGold Ashanti 26 July 2011 ASX release for Competent Person's statement.*

Table 3: Karlawinda Project – Bibra Prospect 31 March 2011 Inferred Mineral Resource Estimate

MINERALISATION TYPE	TONNES (Mt)	*AU GRADE* (g/t)	CONTAINED Au (oz)
Laterite	1.9	1.2	73,300
Upper Saprolite	0.8	1.1	28,300
Lower Saprolite	1.6	1.1	56,600
Sub-total Oxide Inferred	**4.3**	**1.1**	**158,200**
Transition Inferred	**1.6**	**1.2**	**61,700**
Grand Total Oxide/Trans Inferred	**5.9**	**1.1**	**219,900**

***Note:** Bibra Inferred Resource is based on the following key resource parameters:- minimum 100m x 50m spaced RC drill holes, 1m cone split RC percussion chips samples, samples analysed for gold by 50g fire assay, top-cut grades were applied (Supergene mineralisation used 8g/t top-cut, and primary mineralisation varied with each lode 6g/t, 6.5g/t, and 9g/t). Resource was estimated using Ordinary Kriging method with a 0.5 g/t Au cut-off grade. Refer to March 2011 Independence Group Quarterly Report for Competent Person's Statement.*

Competent Persons Statements:

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

Forward-Looking Statements:

This 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.

E N D S

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