

Directors' Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

The names of directors in office at any time during or since the end of the year are Oscar Aamodt, Christopher Bonwick, Kelly Ross, John Christie, Rod Marston and Peter Bilbe. Directors have been in office since the start of the financial year to the date of this report except for Peter Bilbe who was appointed as a director on 31 March 2009.

Principal Activities

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

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

Operating Results

The consolidated profit of the Group after providing for income tax amounted to \$16,121 thousand (2008: \$51,538 thousand).

Dividends Paid or Recommended

The Company paid a fully franked 5 cent final dividend to shareholders in respect of the year ended 30 June 2008 in September 2008.

The Company paid a fully franked 2 cent interim dividend to shareholders in respect of the year ended 30 June 2009.

The Company has announced that a fully franked 3 cent dividend will be paid to shareholders on 29 September 2009.

Franking credits of \$69,824 thousand are currently available.

Review of Operations

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

The consolidated profit before income tax decreased by 66% to \$25,054 thousand (2008: \$74,199 thousand).

Nickel revenue for the year decreased by 32% to \$93,855 thousand (2008: \$137,665 thousand).

Fully diluted earnings per share decreased from 43.82 cents in 2008 to 14.01 cents in 2009. The Group had cash assets of \$127,238 thousand (2008: \$145,384 thousand) and net assets of \$195,436 thousand (2008: \$192,957 thousand) at the end of the financial year.

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

Future Developments

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

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

The Board anticipates that the Company will contribute to its share of costs for the development of the Tropicana Gold Project. Detailed information relating to the project is included in the Managing Director's Operations Report which forms part of this Annual Report.

Further 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.

Audit Independence

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

Audit Services

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

Unlisted Options

No options were granted over unissued shares during or since the end of the financial year by the Company to directors or any of the five most highly remunerated officers as part of their remuneration.

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

Number	Expiry Date	Exercise Price
25,000	30/06/10	\$3.07
100,000	30/06/10	\$2.94
37,500	30/06/10	\$1.59
112,500	30/06/11	\$4.85
225,000	30/06/11	\$4.64
750,000	30/06/11	\$4.44
1,250,000		

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate. 37,500 shares have been issued since the end of the financial year as a result of the exercise of unlisted options. Further information relating to unlisted options is included in note 7 of Additional Information for Listed Public Companies.

Information on Directors

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

Oscar Aamodt	- Chairman (Non-executive) Age 63
Qualifications	FCIS
Tenure	Board member since 2005. Chairman since 31 March 2009.
Special Responsibilities	Mr Aamodt is on the Hedging, Remuneration and Audit Committees.
Christopher Bonwick	- Managing Director (Executive) Age 50
Qualifications	BSc (Hons), MAusIMM
Tenure	Managing Director and Board member since 2000.
Special Responsibilities	Mr Bonwick is the executive in charge of operations and corporate development.
Kelly Ross	- Director (Executive) Age 47
Qualifications	CPA, Grad.Dip.CSP
Tenure	Board member since 2002.
Special Responsibilities	Ms Ross is the Company Secretary and is on the Hedging Committee.
John Christie	- Director (Non-executive) Age 71
Qualifications	CPA, ACIS
Tenure	Board member since 2002.
Special Responsibilities	Mr Christie is on the Remuneration, Audit and Hedging Committees.
Rod Marston	- Director (Non-executive) Age 66
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 on the Remuneration and Audit Committees.
Peter Bilbe	- Director (Non-executive) Age 59
Qualifications	BE (Mining) (Hons), MAusIMM
Tenure	Board member since 31 March 2009.
Special Responsibilities	Mr Bilbe is on the Remuneration Committee.

Other Listed Company Directorships Held During Past 3 Years

Dr Marston has been a director of Kasbah Resources Limited since November 2006. Mr Aamodt has been a director of Energy Metals Limited since July 2005. Mr Bilbe is a past director of Mount Gibson Iron Limited and Aztec Resources Limited. Mr Bilbe is currently a director of Aurox Resources Limited, RMA Energy Limited, Northern Iron Limited and Norseman Gold plc.

Company Secretary Qualifications

The Company Secretary is Kelly Ross, who is a qualified accountant holding a Bachelor of Business (Accounting) and has the designation CPA from the Australian Society of Certified Practising Accountants. Ms Ross is a Chartered Secretary with over 25 years experience in accounting and administration in the mining industry and has been the Company Secretary of Independence Group NL since 2001.

Meetings of Directors

During the financial year, 21 meetings of directors (including committees of directors) were held. The number of meetings attended by each director during the year is as follows:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE		AUDIT COMMITTEE		HEDGING COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Oscar Aamodt	10	10	1	1	5	5	5	5
Christopher Bonwick	10	10	-	-	-	-	-	-
Kelly Ross	10	10	-	-	-	-	5	4
John Christie	10	10	1	1	5	5	5	5
Rod Marston	10	10	1	1	5	4	-	-
Peter Bilbe	4	4	-	-	-	-	-	-

Interests in Shares and Options

Interests in shares and options held by key management personnel at the date of this report were as follows:

	Ordinary Fully Paid Shares	Unlisted Options
Mr C Bonwick	3,003,506	500,000
Mr R Marston	1,315,000	-
Ms K Ross	445,000	250,000
Mr J Christie	545,000	-
Mr O Aamodt	20,000	-
Mr P Bilbe	-	-
Mr B Hartmann	37,500	-
Mr T Moran	-	-
Mr G Davison	2,700	-
TOTALS	5,368,706	750,000

Details of the terms and conditions for these securities are disclosed in note 29 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, Oscar Aamodt and Peter Bilbe.

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to performance, relative industry remuneration levels, and where appropriate, the Committee seeks independent advice to ensure appropriate remuneration levels are in place. 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 \$300,000 which was approved by shareholders at the Annual General Meeting on 18 November 2003, of which \$300,000 (2008: \$230,000) is currently being utilised.

Non-executive directors may provide consulting services to the Company, which are over and above the services normally provided by a non-executive director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive director that fall outside their normal duties as a director, additional services may be charged to the Company, at a rate approved by the Board. No such services were provided during the year ending 30 June 2009.

Performance evaluations for all Board members are held annually and are undertaken with a view to comparing the performance of individual directors to the performance and growth of companies of similar size and complexity within the mining industry. The current base remuneration was last reviewed with effect from 6 April 2009.

Bonuses and 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 reward schemes is to both reinforce the short and long term goals of the Company and to provide a common interest between management and shareholders. The following summarises the performance of the Company over the last 5 financial years:

	2005	2006	2007	2008	2009
Revenue (\$ millions)	86.6	113.4	226.5	149.1	101.1
Net profit after income tax (\$ millions)	20.9	35.0	105.3	51.5	16.1
Share price at year end (\$/share)	1.35	2.72	6.95	5.10	4.63
Dividends paid (cents/share)	8	7	13	17	7

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.

For executive directors, these performance based incentives are based on Total Shareholder Return (TSR) growth for the Company compared with its peers. For senior managers, these performance based incentives are based on actual outcomes compared with budgets and Key Performance Indicators (KPI's).

TSR is used as a performance hurdle because it is recognised as one of the best measures of shareholder return. As the Company's results are subject to market conditions for its products that are outside its control, the Company's results are best judged by a comparison with its peers and not on the absolute results achieved. The TSR measure is readily comparable with similar companies.

The peer group of ASX listed companies against which the Company's TSR performance was measured for the 2008 TSR were Western Areas NL (WSA), Oxiana Limited (OXR), Straits Resources Limited (SRL), Mincor Resources NL (MCR) and Panoramic Resources Limited (PAN) The companies in the peer group are reviewed each year to take account of any new Australian-based and ASX listed entities producing the same or similar products as those produced by the Company and to eliminate any entity that ceased to produce the same or similar products or was merged into a multi-commodity entity having no ongoing similarity to the Company.

The maximum STI payable each financial year is set by the Remuneration Committee on an individual basis after taking into account employment market conditions and the amount determined to be paid as the variable component.

The maximum amount of the STI is to be paid where the Company's TSR for the relevant period is greater than the average of the peer group. Where the Company's TSR for the relevant period is less than 50% of the peer group average no STI is payable. Between 50% and 100% a proportional amount is paid. The KPI's selected are designed to ensure a maximum return on assets and to reflect the effect of the executives' performance on shareholder wealth.

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

STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. During the year executive directors received 0% of the total allocated bonus for the 2008 year.

Long Term Incentives (LTI) – Executives

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

The LTI benefits are delivered in the form of options to acquire ordinary shares in the Company. The use of options that are issued with an exercise price at market price ensures that the executive director or senior manager only receives a benefit where shareholder wealth has increased though an increase in the market value of the Company's shares. The issue of options has been to ensure quality staff remain within the organisation and have therefore been linked to employment service periods rather than performance measures.

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

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

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

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

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

No options were granted or issued to directors or key management personnel during the year.

Long Term Incentives (LTI) – Non-executive Directors

In 2003 the Company issued options to non-executive directors which aimed to align a proportion of their remuneration package with the creation of shareholder wealth.

However, no options have been granted or issued to non-executive directors since those issued in 2003 and there is no intention to issue options to non-executive directors in the foreseeable future. Accordingly, there is no current LTI plan for non-executive directors.

Key Management Personnel

The directors who held office during the financial year were Oscar Aamodt (Chairman), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director), John Christie (Non-executive Director), Rod Marston (Non-executive Director) and Peter Bilbe (Non-executive Director). The directors held office during the entire financial year except for Peter Bilbe who was appointed on 31 March 2009. Rod Marston held the position of Chairman until 31 March 2009.

The only other person who qualified as key management personnel during the financial year, and to whom this Remuneration Report also relates, is Brett Hartmann (General Manager – Long Nickel Mine). The General Manager – Long Nickel Mine is employed by the Company's subsidiary Lightning Nickel Pty Ltd. Also included in remuneration disclosures are Tim Moran and Gary Davison who are classified as relevant group executives as they are non-executive directors of subsidiary Lightning Nickel Pty Ltd.

Employment Contracts

Terms and conditions of employment contracts:

- 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 1 month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 month's remuneration is payable to the executive should the Company terminate the employment contract due to a takeover event, but only if such payment would not breach ASX Listing Rules. In all other circumstances the contracts can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. Current employment contracts provide for base remuneration of \$550,000 (2008: \$550,000) for Christopher Bonwick and \$310,000 (2008: \$310,000) for Kelly Ross.
- ii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts. The Company pays any fringe benefits tax cost relating to executive directors' remuneration payments and that cost is included in the executive directors' total compensation in the table below.
- iii) 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 \$275,000 (2008: \$275,000) plus motor vehicle expenses and superannuation contributions. Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

Compensation Paid for the Financial Year

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

	Cash Salary & Fees \$	Short-term Cash Bonus \$	Benefits Non-monetary Benefits \$	Post- employment Benefits Superannuation \$	Share-based Payments Options (ii) \$	Total \$
2009						
O Aamodt <i>Non-executive Chairman</i>	75,000	-	-	-	-	75,000
C Bonwick <i>Managing Director</i>	504,587	-	-	45,413	-	550,000
K Ross <i>Executive Director/Company Secretary</i>	270,416	-	21,977	25,596	-	317,989
J Christie <i>Non-executive Director</i>	70,000	-	-	-	-	70,000
R Marston <i>Non-executive Director</i>	85,000	-	-	-	-	85,000
P Bilbe (i) <i>Non-executive Director</i>	17,500	-	-	-	-	17,500
B Hartmann <i>General Manager – Long Nickel Mine</i>	275,000	1,680	9,382	24,750	1,418	312,230
T Moran <i>Non-executive Director of subsidiary</i>	43,333	-	-	-	-	43,333
G Davison <i>Non-executive Director of subsidiary</i>	43,333	-	-	-	-	43,333
Total remuneration	1,384,169	1,680	31,359	95,759	1,418	1,514,385
2008						
O Aamodt <i>Non-executive Director</i>	62,404	-	-	1,125	-	63,529
C Bonwick <i>Managing Director</i>	466,736	100,000	-	41,597	16,063	624,396
K Ross <i>Executive Director/Company Secretary</i>	255,024	40,000	23,110	23,778	8,032	349,944
J Christie <i>Non-executive Director</i>	65,825	-	-	-	3,588	69,413
R Marston <i>Non-executive Chairman</i>	85,825	-	-	-	7,176	93,001
B Hartmann <i>General Manager – Long Nickel Mine</i>	262,499	85,000	13,871	23,625	4,130	389,125
T Moran <i>Non-executive Director of subsidiary</i>	36,667	-	-	-	-	36,667
G Davison <i>Non-executive Director of subsidiary</i>	36,667	-	-	-	-	36,667
Total remuneration	1,271,647	225,000	36,981	90,125	38,989	1,662,742

(i) P Bilbe was appointed to the board on 31 March 2009.

	At Risk – LTI Equity Compensation	At Risk – STI Performance Based Bonuses	Fixed Remuneration
2009			
O Aamodt	0%	0%	100.0%
C Bonwick	0%	0%	100.0%
K Ross	0%	0%	100.0%
J Christie	0%	0%	100.0%
R Marston	0%	0%	100.0%
P Bilbe	0%	0%	100.0%
B Hartmann	0.5%	0%	99.5%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%
2008			
O Aamodt	0%	0%	100.0%
C Bonwick	2.6%	16.0%	81.4%
K Ross	2.3%	11.4%	86.3%
J Christie	5.2%	0%	94.8%
R Marston	7.6%	0%	92.4%
B Hartmann	1.1%	21.8%	77.1%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%

Non-performance based 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.

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

The Company uses the fair value measurement provisions of AASB 124 “Related Party Disclosures” and AASB 2 “Share-based Payments” for all options granted to directors and relevant executives. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis from grant to vesting date. Fair values at grant date are independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate and the term of the option. No adjustments have been made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures). The following options which were granted in prior years, were exercised during the year:

- 37,500 options at \$1.16 each by key management person B Hartmann (2008: 37,500)

There were no options granted to directors or executives during the year (2008: nil).

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

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
26 November 2003	26 November 2006	30 June 2008	\$1.33	\$0.29
26 November 2003	26 November 2006	30 June 2008	\$1.03	\$0.44
10 February 2005	4 February 2008	30 June 2010	\$1.16	\$0.21
27 November 2006	27 November 2007	30 June 2011	\$4.44	\$1.71

The fair value of options issued is recognised as an expense in the financial statements. Further information relating to the options issued by the Company during prior years is included in note 29 to the financial statements.

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

Share options were issued to directors and executives of the Company in prior years. Options may be exercised at any time from the date on which they vest to the date of their expiry. Share options issued by Independence Group NL to key management personnel are as follows:

	Balance Vested at end of year No.	Vested and Exercisable No.	Options Vested during year No.	Options Unvested at end of year No.
2009				
C Bonwick (iv)	500,000	500,000	-	-
K Ross (iv)	250,000	250,000	-	-
B Hartmann (iii)	-	-	37,500	-
	750,000	750,000	37,500	-
2008				
R Marston (i)	-	-	250,000	-
C Bonwick (ii), (iv)	500,000	500,000	875,000	-
K Ross (ii), (iv)	250,000	250,000	437,500	-
J Christie (i)	-	-	125,000	-
B Hartmann (iii)	-	-	37,500	37,500
	750,000	750,000	1,725,000	37,500

- (i) The options were issued to non-executive directors pursuant to resolutions 6 and 7 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vested 25% each 12 month period and were exercisable at \$1.33. The options were only exercisable once payment of 10.3 cents each was received by the Company. This cash payment was required to be made within 30 days of the commencement of each vesting period. The cash payment was non-refundable but formed part of the exercise price should the options eventually be exercised. The options have all been exercised. The fair value of the options at their grant date was 29.2 cents each.
- (ii) The options were issued to executive directors pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vested 25% each 12 month period and were exercisable at \$1.03. The options have all been exercised. The fair value of the options at their grant date was 43.8 cents each.

- (iii) The options were issued to the executive on 10 February 2005. The options vest 25% each 12 month period and are exercisable at \$1.16. Any options that have not vested are cancelled should the executive resign or be removed as an employee of the Company. The options expire on 30 June 2010. The fair value of the options at their grant date was 21.1 cents each.
- (iv) The options were issued to executive directors pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting. The options were issued on 27 November 2006 with an exercise price of \$4.44 and vest 12 months after the issue date. Any options that have not vested are cancelled should the director resign or be removed as an employee of the Company. The options expire on 30 June 2011. The fair value of the options at their grant date was \$1.71 each.

TSR – Independence Group NL versus Peer Group

Total Shareholder Returns was adopted as a key performance indicator for executive remuneration in 2004. In 2003 executive remuneration was based on a broad range of criteria considered appropriate by the Remuneration Committee for the Company at its stage of development at that time. There were no bonuses paid to executives in 2002. The following table shows the TSR of the Company relative to its peer group. The 2009 TSR measure will be used for evaluating executives' performance in the 2010 financial year.

	2004	2005	Total Shareholder Returns		2008
			2006	2007	
Company	206	29	1.45	4.36	(24.03)
Peer Group	176	16	0.66	3.87	22.65

Details of Remuneration Cash Bonuses and Options

For each cash bonus and grant of options included in the tables in the Remuneration Report the percentage of the available bonus or grant that was paid or that vested in the financial year is set out below. No cash bonus or option granted was forfeited because the person did not meet the performance criteria. No part of the bonuses is payable in future years. The options vest 25% each year for 4 years, except for the options issued to C Bonwick and K Ross in 2006 which vested after 12 months. The options only vest if the key person is still employed by the Company on vesting date. The minimum value of the options is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	Cash bonus		Options		Total value of grant yet to vest
	Paid %	Year granted	Vested %	Financial years in which options may vest	
B Hartmann	0	2005	100	-	-

No cash bonuses or options issued as part of any key management personnel's remuneration were forfeited during the year.

Further details relating to options are set out below:

Name	A Remuneration consisting of options	B Value at grant date \$	C Value at exercise date \$	D Value at lapse date \$
B Hartmann	0.5%	-	90,000	-

- A The percentage of the value of remuneration consisting of options based on the value of options expensed during the current year
- B The value at grant date calculated in accordance with AASB 2 of options granted during the year as part of remuneration
- C The value at exercise date of options that were granted as part of remuneration, either in the current year or any previous year, and were exercised during the year, being the intrinsic value of the options at that date
- D The value at lapse date of options that were granted as part of remuneration and that lapsed during the year

End of Audited Remuneration Report

Indemnifying Officers or Auditor

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

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

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

Proceedings on Behalf of Company

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

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

Significant Changes in State of Affairs

During the year the Company received \$545 thousand as a result of the exercise of 465 thousand unlisted options. During the year the Company bought back 3,792 thousand shares on-market at a total cost of \$10,697 thousand.

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

Environmental Regulation

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 likely to be affected by the proposed Carbon Pollution Reduction Scheme ("CPRS") recently announced by the Australian Government. The proposed scheme will put a price on carbon by requiring entities to hold a permit for every tonne of carbon dioxide equivalent emitted. The CPRS is intended to apply to entities from 1 July 2010.

The Group is likely to be classed as a liable entity under the CPRS, which will mean it will need to acquire carbon permits. Based on existing scheme information, this is not expected to have a significant effect on the financial results of the Group.

The Group will be 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. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

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.

After Balance Date Events

On 27 August 2009 the Company announced that a final dividend for 2008/9 would be paid on 29 September 2009. The dividend is 3 cents per share and will be fully franked.

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

Rounding of Amounts

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

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



O Aamodt
Chairman

Dated this 11th day of September 2009