

Income Statements

For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenues from continuing operations	2a	100,083	147,937	30,721	31,232
Other income	2b	1,018	1,208	85	832
Mining and development costs		(17,280)	(20,262)	-	-
Employee costs		(18,120)	(18,529)	(2,073)	(1,770)
Share-based payment expense		(189)	(930)	(189)	(930)
Fair value adjustment of listed investments		(8,276)	(5,326)	(8,276)	(5,326)
Depreciation and amortisation expense		(11,998)	(8,800)	(496)	(373)
Rehabilitation reversal/(provision)		1,308	(417)	-	-
Finance costs expensed		(23)	(106)	-	-
Royalty expense		(3,451)	(4,651)	-	-
Ore tolling costs		(8,205)	(8,913)	-	-
Exploration costs expensed		(1,437)	(1,279)	(1,437)	(1,279)
Impairment of capitalised exploration costs		(4,936)	(1,208)	(3,097)	(969)
Impairment of investment in associated company		-	(564)	-	(564)
Impairment of loan to associated company		(63)	(1,325)	(63)	(1,325)
Other expenses		(3,377)	(2,636)	(3,377)	(2,635)
Profit before income tax	3	25,054	74,199	11,798	16,893
Income tax benefit/(expense)	4	(8,933)	(22,661)	2,724	3,401
Profit from continuing operations		16,121	51,538	14,522	20,294
Profit attributable to equity holders of Independence Group NL		16,121	51,538	14,522	20,294
Basic earnings per share (cents per share)	7	14.14	44.54		
Diluted earnings per share (cents per share)	7	14.11	43.82		

The accompanying Notes form part of these Financial Statements.

Balance Sheets

As at 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CURRENT ASSETS					
Cash and cash equivalents	8	127,238	145,384	21,387	9,332
Current tax receivable		1,393	8,721	1,393	8,721
Trade and other receivables	9	25,646	13,485	543	434
Inventories	10	310	369	-	-
Other financial assets	11	2,445	18,913	1,175	9,469
TOTAL CURRENT ASSETS		157,032	186,872	24,498	27,956
NON-CURRENT ASSETS					
Trade and other receivables	9	30	25	30	8,555
Deferred tax assets	4	6,367	9,558	774	401
Other financial assets	11	20	-	-	-
Investments accounted for using the equity method	12	-	-	-	-
Property, plant and equipment	14	6,108	6,108	643	734
Exploration, evaluation and development expenditure	15	58,791	45,293	33,118	21,792
Mine acquisition and pre-production costs	16	1,394	1,751	-	-
Intangible assets	17	1,281	-	1,281	-
TOTAL NON-CURRENT ASSETS		73,991	62,735	35,846	31,482
TOTAL ASSETS		231,023	249,607	60,344	59,438
CURRENT LIABILITIES					
Trade and other payables	18	13,338	16,906	2,747	5,425
Borrowings	19	-	632	-	-
Other financial liabilities	20	392	20,722	-	-
TOTAL CURRENT LIABILITIES		13,730	38,260	2,747	5,425
NON-CURRENT LIABILITIES					
Trade and other payables	18	-	-	4,298	-
Deferred tax liabilities	4	17,438	16,043	10,547	7,728
Other financial liabilities	20	3,214	-	-	-
Provisions	21	1,205	2,347	-	-
TOTAL NON-CURRENT LIABILITIES		21,857	18,390	14,845	7,728
TOTAL LIABILITIES		35,587	56,650	17,592	13,153
NET ASSETS		195,436	192,957	42,752	46,285
EQUITY					
Contributed equity	22	29,078	29,481	29,078	29,481
Reserves	23	2,446	(2,156)	3,954	3,765
Retained earnings	24	163,912	165,632	9,720	13,039
TOTAL EQUITY		195,436	192,957	42,752	46,285

The accompanying Notes form part of these Financial Statements.

Statements of Changes in Equity

As at 30 June 2009

	Consolidated				Parent Entity			
	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total Equity \$'000	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total Equity \$'000
At 1 July 2007	26,621	133,712	(57,452)	102,881	26,621	12,362	2,835	41,818
Gain on cash flow hedges, net of tax	-	-	54,366	54,366	-	-	-	-
Total income and expense for the period recognised directly in equity	-	-	54,366	54,366	-	-	-	-
Profit for the year	-	51,538	-	51,538	-	20,294	-	20,294
Total income/expense recognised for the year	-	51,538	54,366	105,904	-	20,294	-	20,294
Cost of share-based payment	-	-	930	930	-	-	930	930
Exercise of options	2,860	-	-	2,860	2,860	-	-	2,860
Equity dividends	-	(19,618)	-	(19,618)	-	(19,617)	-	(19,617)
At 30 June 2008	29,481	165,632	(2,156)	192,957	29,481	13,039	3,765	46,285
At 1 July 2008	29,481	165,632	(2,156)	192,957	29,481	13,039	3,765	46,285
Gain on cash flow hedges, net of tax	-	-	4,413	4,413	-	-	-	-
Total income and expense for the period recognised directly in equity	-	-	4,413	4,413	-	-	-	-
Profit for the year	-	16,121	-	16,121	-	14,522	-	14,522
Total income/expense recognised for the year	-	16,121	4,413	20,534	-	14,522	-	14,522
Cost of share-based payment	-	-	189	189	-	-	189	189
Exercise of options	545	-	-	545	545	-	-	545
On-market share buy-back	(948)	(9,749)	-	(10,697)	(948)	(9,749)	-	(10,697)
Equity dividends	-	(8,092)	-	(8,092)	-	(8,092)	-	(8,092)
At 30 June 2009	29,078	163,912	2,446	195,436	29,078	9,720	3,954	42,752

The accompanying Notes form part of these Financial Statements.

Cash Flow Statements

For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		78,220	137,975	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(50,039)	(53,557)	(5,637)	(4,957)
Finance costs		(23)	(106)	-	-
Income tax receipts		15,318	-	15,318	-
Income tax payments		(14,229)	(51,087)	(14,229)	(51,087)
Receipts from insurance claims		900	-	-	-
Other income		103	76	85	40
Net cash inflow/(outflow) from operating activities	27a	30,250	33,301	(4,463)	(56,004)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(4,283)	(2,533)	(308)	(369)
Proceeds on sale of equipment		220	580	-	-
Payments for purchase of listed investments		(45)	(1,140)	(45)	(1,140)
Payments for purchase of mine prospects		-	(4,000)	-	(4,000)
Proceeds on sale of listed investments		-	3,690	-	3,690
Interest received		6,228	10,272	721	1,232
Dividends received from subsidiary		-	-	30,000	30,000
Loans to associated company		(63)	(425)	(63)	(425)
Payment of security bonds		(4)	-	(4)	-
Payments relating to mine development		(5,755)	(4,512)	-	-
Payments for intangible assets		(1,378)	-	(1,378)	-
Payments for exploration and evaluation expenditure		(24,440)	(23,799)	(18,397)	(14,235)
Net cash inflow/(outflow) from investing activities		(29,520)	(21,867)	10,526	14,753
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital		545	2,860	545	2,860
Payments to buy-back shares		(10,697)	-	(10,697)	-
Payment of dividends		(8,092)	(19,617)	(8,092)	(19,617)
Repayment of loan from subsidiary		-	-	24,236	49,972
Repayment of hire purchase debt		(632)	(1,279)	-	-
Net cash inflow/(outflow) from financing activities		(18,876)	(18,036)	5,992	33,215
Net increase/(decrease) in cash and cash equivalents		(18,146)	(6,602)	12,055	(8,036)
Cash and cash equivalents at the beginning of the year		145,384	151,986	9,332	17,368
Cash and cash equivalents at the end of the year	8	127,238	145,384	21,387	9,332

The accompanying Notes form part of these Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of Independence Group NL and its controlled entities (the "Group"). Independence Group NL is a listed public company, incorporated and domiciled in Australia. The functional and presentation currency of Independence Group NL is Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of fair value assets through profit or loss (including derivatives in a designated hedge accounting relationship).

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of Consolidation

(i) Subsidiaries

A controlled entity is any entity controlled by Independence Group NL. Control exists where Independence Group NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Independence Group NL to achieve the objectives of Independence Group NL. A list of controlled entities is contained in note 13 to the financial statements. Investments in subsidiaries are carried at cost, less impairment, in the parent company.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity using the cost method and consolidated financial statements using the equity method. The Group's share of its associates' post-acquisition profits or losses is not recognised in the income statement due to the application of materiality.

b. Income Tax

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

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

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

Income and deferred taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Independence Group NL and its wholly owned subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Independence Group NL is responsible for recognising the current and deferred tax liabilities for the tax consolidated group. The Group formed an income tax consolidated group on 1 July 2002.

c. Investments

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

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

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

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

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date (ie. the date that the Company commits to purchase the asset).

d. Interests in Joint Ventures and Joint Arrangements

The Company's share of the assets, liabilities, revenue and expenses of joint operations are included in the appropriate items of the balance sheet and income statement. Details of the Group's interests are shown in note 36.

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

e. Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such impairment indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses are recognised in the income statement as an expense.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is de-recognised.

Depreciation

The depreciable amount of all fixed assets excluding freehold land, are depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The useful lives for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Office furniture and equipment	3-5 years
Mine plant and equipment	2-5 years

Refer to note 1(h) for the amortisation policy applying to exploration and development costs and note 1(u) for the policy applying to the amortisation of pre-production and acquisition costs.

Note 1: Statement of Significant Accounting Policies (continued)

f. Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

g. Leased Non-Current Assets

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal and the interest component of the payment. The leased asset is depreciated over the shorter of its useful life and the lease term.

h. Exploration and Development Expenditure and Amortisation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A review is undertaken of each area of interest on a quarterly basis to determine the appropriateness of continuing to carry forward costs in relation to that area of interest, and at each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of development costs only when future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The net carrying value of each mine property is reviewed regularly. If this value exceeds its recoverable amount, the excess is either fully provided for or written off in the financial year in which this is determined.

i. Restoration and Rehabilitation Expenditure

The Company provides for the future cost of rehabilitating and closing its mining operation, regardless of when that operation is expected to cease. A provision for restoration is required to be brought to account as soon as there is a probable outflow of resources that can be measured reliably. The provision for restoration is based on the discounted cash flow of the expected future cost, discounted at 9%.

j. Employee Entitlements

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

k. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

l. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

m. Revenue

Sales revenue comprises revenue earned from the provision of products to entities outside the Group. Sales revenue is recognised when the product is delivered and risk has been passed to the customer.

Sales revenue represents gross proceeds receivable from the customer. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

n. Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are recognised initially at fair value and subsequently at amortised cost.

o. Receivables

Receivables represents GST recoverable together with trade debtors and monies held on deposit. All receivables are recognised at the full value of the amount receivable on initial recognition and subsequently at amortised cost.

Trade debtors represents gross sales revenue proceeds receivable from the customer. A receivable is recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of shipment and the time of final settlement of sales proceeds, which is 120 days following the month of delivery of the product to the customer.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance is raised where there is objective evidence of doubt as to the collectability of a debt.

Note 1: Statement of Significant Accounting Policies (continued)

p. Earnings per Share

Basic EPS earnings are calculated using net profit or loss after income tax attributable to members of the Company. Diluted EPS earnings are calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

Where diluted earnings per share are not dilutive, they are not disclosed.

q. Foreign Currency Transactions

Foreign currency transactions are initially converted to Australian currency at the rate of exchange ruling at the date of each transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year in the income statement.

r. Derivatives

The Company uses derivative financial instruments such as foreign currency contracts and commodity contracts to hedge its risks associated with nickel price and foreign currency fluctuations. Such derivative financial instruments are recognised at fair value.

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

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

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

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

s. Share-based Payments

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

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP), which provides benefits to executive directors and other employees.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Independence Group NL ('market conditions').

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

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

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

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

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

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

t. Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

u. Mine Pre-production and Acquisition Costs

When an operation is acquired, various costs are incurred prior to operations commencing on the mine property. Acquisition Costs, such as legal expenses, financing arrangement expenses and feasibility costs, are capitalised and included in the balance sheet (see note 16).

Prior to commencing production at a mine property, various costs are incurred to enable the commencement of mining operations, such as recruitment of staff, repair and maintenance of the site and its related equipment, and mine planning and scheduling. These Pre-production Costs, if any, are capitalised and included in the balance sheet (see note 16).

Mine Acquisition Costs and Pre-production Costs are amortised on a unit-of-production basis, based upon the recoverable ore reserves estimated at the time of acquisition of the mine property, which is amended periodically whenever ore reserve estimates are updated.

v. Royalties

Royalties are accrued and charged against earnings in the period in which the minerals are extracted.

w. Rounding of Amounts and Currency

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 financial statements. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

All references to dollars in this report are to Australian Dollars, unless otherwise stated.

x. International Financial Reporting Standards

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report of Independence Group NL complies with International Financial Reporting Standards ('IFRS').

y. Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Note 1: Statement of Significant Accounting Policies (continued)

z. Intangible Assets

The database for research purposes is carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the time it will take to complete the research on the database which is currently 5 years.

aa. Critical Accounting Estimates and Judgments

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

Carbon Emissions - As the legislation around the Carbon Pollution Reduction Scheme is still being finalised, the directors are unable to reliably quantify the potential future impact of both direct and indirect costs related to this scheme. These have therefore not been taken into account when preparing budgets, forecasts and/or valuation models for measurement of recognised amounts.

Trade receivables – The Group estimates the value of trade receivables in accordance with the accounting policy disclosed in note 1(o).

Investments held at fair value through profit and loss – Investments in Australian listed equity securities are deemed to be actively traded and thus the market price has been used to value investments held. See note 1(c) for the detailed policy.

Exploration and evaluation expenditure – Such capitalised expenditure is carried at \$58,791 thousand. See note 1(h) for the detailed policy.

Consolidated		Parent Entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

Note 2: Revenue and Other Income

a. Revenue				
Sale of goods	93,855	137,665	-	-
Interest received – other parties	6,228	10,272	721	1,232
Dividend received from wholly-owned entity	-	-	30,000	30,000
Total Revenue	100,083	147,937	30,721	31,232
b. Other Income				
Net gain on sale of held for trading investments	-	792	-	792
Net gain on disposal of property, plant and equipment	925	340	-	-
Other revenue	93	76	85	40
Total Other Income	1,018	1,208	85	832

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

Note 3: Profit

Profit before income tax has been determined after charging the following items:

Cost of sale of goods	44,984	53,242	-	-
Employee entitlements provision	73	222	78	61
Superannuation expense	1,569	1,546	328	283
Share-based payment expense	189	930	189	930
Finance costs - other entities	23	106	-	-
Amortisation of non-current assets	7,920	5,312	97	-
Depreciation of non-current assets	4,078	3,488	399	373
Exploration costs expensed	1,437	1,279	1,437	1,279
Write-off of investment in associated company	-	564	-	564
Impairment of loan to associated company	63	1,325	63	1,325
Foreign exchange losses	491	3,135	-	-
Rental expense relating to operating leases	312	186	312	186
Impairment of capitalised exploration expenditure	4,936	1,208	3,097	969
Provision/(reversal) for mine restoration	(1,308)	417	-	-

Note 4: Income Tax

a. The major components of income tax expense are:

Income Statement

Current income tax

Current Income Tax Charge	6,437	11,299	(5,835)	(7,911)
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Deferred income tax

Relating to origination and reversal of temporary differences	2,496	11,362	3,111	4,510
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Income tax expense/(benefit) reported in the income statement	8,933	22,661	(2,724)	(3,401)
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Deferred income tax expense/(benefit) included in income tax expense comprises:

(Decrease)/increase in deferred tax assets	4,931	(4,713)	1,704	218
Decrease/(increase) in deferred tax liabilities	(7,427)	(6,649)	(4,815)	(4,728)
	(2,496)	(11,362)	3,111	(4,510)

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Note 4: Income Tax (continued)				
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Recognition of commodity hedge contracts	1,891	23,580	-	-
Rehabilitation	-	-	-	-
Income tax expense reported in equity	1,891	23,580	-	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Profit before tax from continuing operations	25,054	74,199	11,798	16,893
At the Group's statutory income tax rate of 30% (2008: 30%)	7,516	22,260	3,540	5,068
Share-based payments	56	279	56	279
Non-deductible legal expenses	47	-	47	-
Expenditure not allowable for income tax purposes	218	14	112	8
Intercompany dividend	-	-	(9,000)	(9,000)
Unrecognised temporary difference - reduction in carrying value of investment below its original cost	2,127	304	2,127	304
Other	(1,031)	(196)	394	(60)
	8,933	22,661	(2,724)	(3,401)
Income tax expense/(benefit) reported in the consolidated income statement	8,933	22,661	(2,724)	(3,401)
Income tax attributable to discontinued operations	-	-	-	-
	8,933	22,661	(2,724)	(3,401)
The applicable weighted average effective tax rates are as follows:	30%	30%	-	-

	Balance Sheet		Income Statement	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred Income Tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred tax liabilities</i>				
Consumable inventories	(93)	(111)	(18)	20
Accrued income	(155)	(362)	(248)	352
Revaluation of hedged trade debtors	-	-	-	-
Revaluations on financial assets through profit or loss	(147)	(522)	(375)	(1,824)
Capitalised exploration, pre-production and acquisition costs	(13,346)	(11,604)	1,357	7,606
Deferred gains and losses on foreign exchange contracts	(387)	(2,833)	(644)	-
Capitalised development expenditure	(3,339)	(588)	2,849	480
Other	29	(23)	3	15
Gross deferred income tax liabilities	(17,438)	(16,043)	2,924	6,649
CONSOLIDATED				
<i>Deferred tax assets</i>				
Plant and equipment	1,815	1,606	(228)	(295)
Trade debtors	1,655	331	(1,324)	1,728
Accrued expenses	277	98	(179)	12
Deferred loss on hedged commodity contracts	1,082	6,217	1,442	3,725
Capitalised exploration and pre-production costs	39	-	(39)	-
Provisions for employee entitlements	679	607	(71)	(66)
Provision for rehabilitation	235	478	392	(125)
Other	585	221	(401)	(266)
Gross deferred income tax assets	6,367	9,558	(408)	4,713
Deferred tax (income)/expense			2,516	11,362
PARENT ENTITY				
<i>Deferred tax liabilities</i>				
Accrued income	(80)	(6)	74	(11)
Revaluations on financial assets through profit or loss	(147)	(522)	(375)	(1,824)
Capitalised exploration expenditure	(10,320)	(7,200)	3,783	6,563
Gross deferred income tax liabilities	(10,547)	(7,728)	3,482	4,728
PARENT ENTITY				
<i>Deferred tax assets</i>				
Plant and equipment	106	76	(30)	(27)
Accrued expenses	42	35	(7)	4
Provisions for employee entitlements	92	69	(23)	(18)
Other	534	221	(311)	(177)
Gross deferred income tax assets	774	401	(371)	(218)
Deferred tax (income)/expense			3,111	4,551

Note 4: Income Tax (continued)

b. Tax Consolidation

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

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

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see notes 9 and 18).

Consolidated		Parent Entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

Note 5: Auditor's Remuneration

Remuneration of the auditor of the Group for:

a. audit and review of financial reports	86	64	86	64
b. other services	-	-	-	-

Note 6: Dividends Paid

a. Interim ordinary dividend franked at the tax rate of 30% 2009: 2 cents (2008: 5 cents) per share	2,267	5,826	2,267	5,826
b. Final ordinary dividend franked at the tax rate of 30% 2009: 5 cents (2008: 12 cents) per share	5,825	13,791	5,825	13,791
Total dividends paid during the financial year	8,092	19,617	8,092	19,617
c. Franking account balance at the end of the financial year	69,824	78,364	69,824	78,364
d. In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3 cents (2008: 5 cents) per share, fully franked at the tax rate of 30%. The aggregate amount of the proposed dividend expected to be paid on 29 September 2009 but not recognised as a liability at year end is:	3,410	5,847	3,410	5,847

2009 '000 No.	2008 '000 No.
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Note 7: Earnings Per Share

a.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	114,010	115,709
	Weighted average number of options outstanding	224	1,897
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	114,234	117,606
		\$'000	\$'000
b.	Earnings used in the calculation of basic EPS	16,121	51,538
c.	Options outstanding have been classified as potential ordinary shares and have been included in the determination of diluted EPS.		

		Consolidated		Parent Entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Note 8: Cash and Cash Equivalents

Cash at bank and on hand	11,061	6,637	(197)	(101)
Deposits at call	21,081	20,747	6,584	1,433
Fixed term deposits	95,096	118,000	15,000	8,000
	127,238	145,384	21,387	9,332

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 31.

Note 9: Trade and Other Receivables

CURRENT

Trade debtors (i)	1(o)	23,908	10,931	-	-
Other debtors (ii)		576	1,499	317	163
Prepayments		636	406	-	-
GST receivable		526	649	226	271
		25,646	13,485	543	434

NON-CURRENT

Deposits		30	25	30	25
Amounts owing from associated entities		1,388	1,325	1,388	1,325
Less: Provision for diminution (iii)		-	(1,325)	-	(1,325)
Less: Amounts written off		(1,388)	-	(1,388)	-
Amounts owing from wholly-owned entities (iv)		-	-	-	8,530
		30	25	30	8,555

Note 9: Trade and Other Receivables (continued)

- (i) Trade debtors consist of payments outstanding from BHP Billiton Ltd for nickel delivered prior to the end of the financial period. Proceeds from nickel deliveries are paid in US dollars and are finalised on the average LME nickel price prevailing in the third month after the month of delivery. The Group is therefore required to use a "forecast" price when valuing the outstanding payments. The result is that the actual proceeds received in the future may be different to the trade debtor amount shown and may result in an adjustment being required to be made to subsequent financial statements.

The Group or Parent has no trade or other debtors that are past due or impaired. The Group's exposure to credit risk, foreign exchange and commodity price risk in relation to trade receivables is disclosed in note 31.

- (ii) Other debtors consists mainly of interest accrued but not yet paid on short term deposits at the end of the year.
- (iii) A provision was created in the prior year as the Company did not expect to be able to recover the loan from Southstar Diamonds Limited. The amount owing increased from \$1,325 thousand in 2008 to \$1,388 thousand at the end of the current financial year. Southstar Diamonds Limited was de-registered during the year and consequently the loan amount was fully written off at the end of the financial year.
- (iv) The current year amount owing to wholly-owned entities is shown in note 18.

Note	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Note 10: Inventories

CURRENT

Mine spares and stores	310	369	-	-
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Note 11: Other Financial Assets

CURRENT

Forward foreign exchange contracts - cash flow hedges (i)	31(d)	1,270	9,444	-	-
Australian listed equity securities (ii)		1,175	9,469	1,175	9,469
		2,445	18,913	1,175	9,469

NON-CURRENT

Forward foreign exchange contracts - cash flow hedges (i)	31(d)	20	-	-	-
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- (i) Movements in cash flow hedges held at fair value are recorded in equity.
- (ii) Australian listed equity securities at fair value through profit or loss are all held for trading. Changes in fair values of these financial assets are recorded in the income statement. Equity securities are valued using bid prices at year end. The Board reviews the performance of the investments at fair value each month.

The Group's exposure to price risk and a sensitivity analysis for financial assets are disclosed in note 31.

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Note 12: Investments Accounted For Using The Equity Method

a.	Movements during the year in equity accounted investment in associated companies:				
	Balance at beginning of the financial year	-	564	-	564
	Investments written off during the year	-	(564)	-	(564)
	Balance at end of the financial year	-	-	-	-
b.	Retained earnings attributable to associate:				
	Share of loss after income tax expense	-	(474)	-	(474)
	Share of retained losses at beginning of the financial year	-	(808)	-	(808)
	Share of retained losses at end of the financial year	-	(1,282)	-	(1,282)
c.	Summarised presentation of aggregate assets, liabilities and performance of associates:				
	Current Assets	-	4	-	4
	Non-current Assets	-	13	-	13
	Total Assets	-	17	-	17
	Current Liabilities	-	49	-	49
	Non-current Liabilities	-	2,500	-	2,500
	Total Liabilities	-	2,549	-	2,549
	Net Liabilities	-	(2,532)	-	(2,532)
	Net loss after income tax of associates	-	(948)	-	(948)
d.	Due to the immaterial balance of the associated company's retained losses, the Group did not reflect its share of the associate's losses in the investment balance.				
e.	The associated company was an unlisted company incorporated in Australia, Southstar Diamonds Limited. Independence Group NL had a 50% (2008: 50%) ownership interest until the company was de-registered on 20 May 2009.				

Note 13: Controlled Entities

Controlled entities and their contribution to consolidated profit after income tax were as follows:

Controlled Entity	Country of Incorporation	Class of Share	Percentage Owned		Contribution to Profit	
			2009 %	2008 %	2009 \$'000	2008 \$'000
Lightning Nickel Pty Ltd	Australia	Ord	100	100	31,599	61,121

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Note 14: Property, Plant and Equipment				
Mine plant and equipment – leased	-	3,676	-	-
Accumulated amortisation	-	(3,336)	-	-
	-	340	-	-
Mine plant and equipment - other	27,727	22,989	-	-
Accumulated depreciation	(22,348)	(17,955)	-	-
	5,379	5,034	-	-
Other plant and equipment	2,916	1,937	2,246	1,937
Accumulated depreciation	(2,187)	(1,203)	(1,603)	(1,203)
	729	734	643	734
Total written down value	6,108	6,108	643	734
<i>Reconciliation of the movement for the year:</i>				
Carrying amount at the beginning of year	6,108	8,525	734	738
Additions	4,283	2,293	308	369
Disposals	(1,657)	-	-	-
Depreciation/amortisation expense	(2,626)	(4,710)	(399)	(373)
Carrying amount at the end of year	6,108	6,108	643	734

Note 15: Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditure:				
Opening balance	35,124	12,339	21,792	2,121
Current year's expenditure	20,481	26,349	14,423	20,640
Transfer to development expenditure	(5,355)	-	-	-
Written off during the year	(4,936)	(1,208)	(3,097)	(969)
Amortisation expense	(3,553)	(2,356)	-	-
	41,761	35,124	33,118	21,792
Development expenditure:				
Opening balance	10,169	7,245	-	-
Current year's expenditure	5,754	4,512	-	-
Transfer from exploration expenditure	5,355	-	-	-
Amortisation expense	(4,248)	(1,588)	-	-
	17,030	10,169	-	-
Carrying amount at end of year	58,791	45,293	33,118	21,792

Note 1(b) describes the policy relating to the carrying value of interests in exploration, evaluation and development expenditure.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

Note 16: Mine Acquisition Costs

Opening balance	1,752	1,896	-	-
Current year's expenditure	-	2	-	-
Transfer to prepayments	(336)	-	-	-
Amortisation expense	(22)	(146)	-	-
Carrying amount at end of year	1,394	1,752	-	-

Note 1(u) describes the policy relating to the carrying value of interests in mine acquisition costs.

Note 17: Intangible Assets

Data base at cost	1,378	-	1,378	-
Amortisation expense	(97)	-	(97)	-
Carrying amount at end of year	1,281	-	1,281	-

Note 18: Trade and Other Payables

CURRENT

Trade creditors	7,713	7,364	1,766	712
GST Payable	893	1,038	25	5
Employee entitlements	1,341	1,268	307	229
Sundry creditors and accrued expenses	3,391	7,236	649	4,479
	13,338	16,906	2,747	5,425

NON-CURRENT

Amounts owing to wholly-owned entities (i)	-	-	4,298	-
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(i) The prior period amount owing from wholly-owned entities is shown in note 9.

Note 19: Borrowings

CURRENT

Lease liabilities	-	632	-	-
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The Group had access to the following financing arrangements at balance date:

Guarantee facility (i)	1,500	1,500	-	-
Less: drawn down portion	(768)	(301)	-	-
	732	1,199	-	-

(i) The facility is denominated in Australian dollars and interest is charged at the BBSY rate plus an applicable margin. See note 33 for further details.

The Group's exposure to interest rate and liquidity risk and a sensitivity analysis for financial liabilities are disclosed in note 31.

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Note 20: Other Financial Liabilities					
CURRENT					
Commodity hedging loss	30	392	20,722	-	-
NON-CURRENT					
Commodity hedging loss	30	3,214	-	-	-

Note 21: Provisions

NON-CURRENT					
Employee entitlements (i)		921	756	-	-
Provision for restoration (ii)		284	1,591	-	-
		1,205	2,347	-	-
<i>Provision for restoration movement for the year</i>					
Balance at start of the year		1,591	1,174	-	-
Reversal of over-stated provision		(1,321)	-	-	-
Provision recognised for the year		14	417	-	-
Balance at the end of the year		284	1,591	-	-

- (i) This is a provision for long service leave entitlements. The Company estimates how many employees are likely to complete 7 years of service on the mine site based upon an estimated probability calculation. This forms the basis for the provision.
- (ii) A provision for restoration is recognised in relation to mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration of the mining site. Estimates of the restoration obligations are based on current technology, legal requirements and future costs. In determining the restoration provision the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future. The present value of the provision is based upon the current estimated life of the mine's ore reserves.

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Note 22: Contributed Equity

113,613,539 (2008: 116,940,457) fully paid ordinary shares (a)	29,078	29,481	29,078	29,481
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a. Ordinary shares (i)

At the beginning of year	29,481	26,583	29,481	26,583
Shares issued during the year				
Issued 1 July 2007 to 30 June 2008	-	2,898	-	2,898
175,000 unlisted options exercised at \$1.16 (iii)	203	-	203	-
65,000 unlisted options exercised at \$0.96 (iii)	62	-	62	-
62,500 unlisted options exercised at \$1.20 (iii)	75	-	75	-
37,500 unlisted options exercised at \$1.59 (iii)	60	-	60	-
125,000 unlisted options exercised at \$1.16 (iv)	145	-	145	-
Shares bought back on-market and cancelled	(948)	-	(948)	-
Transaction costs relating to share issues	-	-	-	-
At reporting date	29,078	29,481	29,481	29,078

	No. '000	No. '000	No. '000	No. '000
At the beginning of the year	116,940	114,712	116,940	114,712
Shares bought back on-market and cancelled	(3,791)	-	(3,791)	-
Shares issued during the year	465	2,228	465	2,228
At reporting date	113,614	116,940	113,614	116,940

b. Options for ordinary shares – partly paid unlisted (ii)

	\$'000	\$'000	\$'000	\$'000
At beginning of the year	-	38	-	38
Converted to ordinary shares during the year	-	(38)	-	(38)
At reporting date	-	-	-	-
	No. '000	No. '000	No. '000	No. '000

At beginning of the year	-	375	-	375
Converted to ordinary shares during the year	-	(375)	-	(375)
At reporting date	-	-	-	-

- (i) Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Each ordinary share is entitled to one vote.
- (ii) On 26 November 2003 the Company issued 1,500,000 unlisted options exercisable at \$1.33 to non-executive directors. A cash payment of 10.3 cents was made on application for each of four tranches to be issued over 4 years. The 10.3 cents was non-refundable but is included in the exercise price when the options were exercised on vesting.
- (iii) These options were issued under the Employee Option Plan.
- (iv) These options were issued to employees in March 2004 and were not issued under the Employee Option Plan.
- (v) During the year the Company purchased and cancelled 3,791,918 ordinary shares on-market. The shares were acquired at an average price of \$2.82 per share. The total cost of \$10,696 including \$53 thousand of transaction costs was deducted from shareholders' equity (\$948 thousand) and retained earnings (\$9,748 thousand).
- (vi) At the end of the year there were 1,287,500 (2008: 1,777,500) unissued shares in respect of which options were outstanding.

c. Unlisted Options

Details relating to unpaid and unlisted options are disclosed in note 34.

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Note 23: Reserves

Share-based payment reserve (i)		3,954	3,765	3,954	3,765
Hedging reserve (ii)	30	(1,508)	(5,921)	-	-
		2,446	(2,156)	3,954	3,765

Share-based payment reserve movement for the year:

Balance at the start of the year		3,765	2,835	3,765	2,835
Current year movements due to vesting		189	930	189	930
Balance at the end of the year		3,954	3,765	3,954	3,765

Hedging reserve movement for the year:

Balance at the start of the year		(5,921)	(60,287)	-	-
Revaluation – gross		8,963	91,016	-	-
Deferred tax		(2,688)	(27,305)	-	-
Transfer to net profit – gross (iii)		(2,660)	(13,350)	-	-
Deferred tax		798	4,005	-	-
Balance at the end of the year		(1,508)	(5,921)	-	-

- (i) The share-based payment reserve is used to record the value of options provided to employees and directors as part of their remuneration.
- (ii) The hedging reserve is used to record gains or losses on a hedged instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.
- (iii) These amounts have been included in sales revenue.

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

Note 24: Retained Earnings

Retained profits at the beginning of the financial year	165,632	133,712	13,039	12,363
Dividends paid – fully franked	(8,092)	(19,618)	(8,092)	(19,618)
On-market buy back of ordinary shares	(9,749)	-	(9,749)	-
Net profit attributable to the members of the parent entity	16,121	51,538	14,522	20,294
Retained profits at the end of the financial year	163,912	165,632	9,720	13,039

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

Note 25: Capital and Leasing Commitments

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable:

not later than 1 year	354	177	354	177
later than 1 year but not later than 5 years	1,210	708	1,210	708
later than 5 years	-	-	-	-
	1,564	885	1,564	885

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

b. Finance Lease Commitments

Finance and hire purchase rentals for plant and equipment are payable as follows:

not later than 1 year	-	647	-	-
later than 1 year but not later than 5 years	-	-	-	-
minimum lease payments	-	647	-	-
less: future lease finance charges	-	(15)	-	-
Recognised as a liability	-	632	-	-

Finance and hire purchase liabilities provided for in the financial statements:

Current	-	632	-	-
Non-current	-	-	-	-
Total liability	-	632	-	-

c. Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to spend \$4,305 thousand in 2009/10.

d. Capital Commitments

At the end of the financial year, the Group had no material orders of equipment to be delivered and paid for during 2009/10.

Note 26: Segment Information

The Group operated in two industrial or Primary segments, which were the mining and mineral exploration industries. The Group operated only in one geographical or Secondary segment which was Australia.

	Mining \$'000	Exploration \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Primary Industrial Segment Information 2009				
Revenue from external customers	93,855	-	-	93,855
Inter-segment revenue	-	-	-	-
Other revenue	915	-	6,331	7,246
Total segment revenue	94,770	-	6,331	101,101
Segment profit/(loss) before income tax	37,749	(19,026)	6,331	25,054
Income tax expense				(8,933)
Group profit/(loss) for the year				16,121
Segment assets	50,593	45,432	134,998	231,023
Segment liabilities	15,401	2,748	17,438	35,587
Acquisition of property, plant and equipment	1,733	309	-	2,042
Depreciation and amortisation expense	11,502	496	-	11,998
Other non-cash expenses	165	5,014	189	5,368
Primary Industrial Segment Information 2008				
Revenue from external customers	137,665	-	-	137,665
Other revenue	417	792	10,271	11,480
Total segment revenue	138,082	792	10,271	149,145
Segment profit/(loss) before income tax	78,144	(14,216)	10,271	74,199
Income tax expense				(22,661)
Group profit/(loss) for the year				51,538
Segment assets	40,157	54,518	154,932	249,607
Segment liabilities	35,182	5,425	16,043	56,650
Acquisition of property, plant and equipment	1,924	369	-	2,293
Depreciation and amortisation expense	8,427	373	-	8,800
Other non-cash expenses	625	1,269	930	2,824

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

Note 27: Cash Flow Information

a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax				
Profit from ordinary activities after income tax	16,121	51,538	14,522	20,294
Devaluation/(revaluation) of investments in listed entities	8,339	5,326	8,339	5,326
Unrealised gain on trade debtors revaluation	(4,549)	(13,070)	-	-
Dividend and interest income	(6,228)	(10,272)	(30,806)	(31,232)
Gain on sale of assets	(915)	(1,132)	-	(793)
Depreciation	4,078	3,488	399	373
Write-off of capitalised expenditure	4,936	1,208	3,173	969
Write-off of investment in associated company	-	564	-	564
Write-off of plant and equipment	900	-	-	-
Provision against loan to associated company	63	1,325	63	1,325
Amortisation	7,920	5,312	97	-
Share-based payment expense	189	930	189	930
Changes in assets and liabilities:				
(Increase)/decrease in trade debtors	(12,977)	16,221	-	-
(Increase)/decrease in other debtors	1,046	(1,576)	(89)	(144)
Increase/(decrease) in trade and other payables	497	1,295	1,119	811
(Increase)/decrease in inventory	59	(68)	-	-
(Increase)/decrease in deferred tax asset	3,191	4,494	373	239
Increase/(decrease) in current tax payable	7,328	(39,788)	(7,406)	(59,456)
Increase in deferred tax liability	1,395	6,868	5,486	4,729
Increase/(decrease) in provisions	(1,143)	638	78	61
Cash flows from operations	30,250	33,301	(4,463)	(56,004)

b. Non-cash Financing and Investing Activities

During the year the Group acquired leased plant and equipment with an aggregate value of \$nil (2008: \$nil).

Note 28: Events Subsequent to Reporting Date

On 27 August 2009 the Company announced a fully franked final dividend of 3 cents per share to be paid on 29 September 2009. 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.

Consolidated		Parent Entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

Note 29: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

a. Director-Related Entities

Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related

7	13	7	13
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Consulting fees have been paid to MiningOne Pty Ltd, a company to which two directors of a subsidiary are associated. One director is a principal of MiningOne Pty Ltd and the other is a consultant to the company

104	120	27	107
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No.	No.	No.	No.
-----	-----	-----	-----

b. Share Transactions of Key Management Personnel

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:

ordinary shares	5,378,506	6,583,506	5,378,506	6,583,506
options over ordinary shares (unlisted)	750,000	750,000	750,000	750,000

Other key management personnel hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:

ordinary shares	40,200	40,200	-	-
options over ordinary shares (unlisted)	-	37,500	-	-

c. Key Management Personnel

The Company's key management personnel during the period were non-executive directors Oscar Aamodt (Chairman), John Christie, Rod Marston and Peter Bilbe, executive directors Christopher Bonwick (Managing Director) and Kelly Ross (Company Secretary), and employee Brett Hartmann (General Manager - Long Nickel Mine). Also included in Key Management Personnel are subsidiary non-executive directors Tim Moran and Gary Davison. All were in office for the entire financial year except for Peter Bilbe who was appointed on 31 March 2009.

Share options have been issued to directors and executives of the Company. Each share option converts into one ordinary share of Independence Group NL on exercise. Share options issued by Independence Group NL to key management personnel are as follows:

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.
2009				
R Marston	-	-	-	-
C Bonwick	500,000	-	-	500,000
K Ross	250,000	-	-	250,000
J Christie	-	-	-	-
T Moran	-	-	-	-
G Davison	-	-	-	-
B Hartmann	37,500	-	(37,500)	-
	787,500	-	(37,500)	750,000
2008				
R Marston	250,000	-	(250,000)	-
C Bonwick	875,000	-	(375,000)	500,000
K Ross	525,000	-	(275,000)	250,000
J Christie	125,000	-	(125,000)	-
T Moran	-	-	-	-
G Davison	-	-	-	-
B Hartmann	75,000	-	(37,500)	37,500
	1,850,000	-	(1,062,500)	787,500

The options do not entitle the holder to voting or dividend rights. Options may be exercised at any time from the date on which they vest to the date of their expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from directors and executives, is not recognised in the financial statements. The amounts are disclosed in key management personnel's compensation in respect of the financial years over which the entitlement is earned in the Remuneration Report, which forms part of the Directors' Report.

Shareholdings of Key Management Personnel for the year ending 30 June 2009

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
O Aamodt	20,000	-	-	20,000
C Bonwick	3,503,506	-	(500,000)	3,003,506
K Ross	795,000	-	(350,000)	445,000
J Christie	595,000	-	-	595,000
R Marston	1,670,000	-	(355,000)	1,315,000
P Bilbe	-	-	-	-
B Hartmann	37,500	37,500	(37,500)	37,500
T Moran	-	-	-	-
G Davison	2,700	-	-	2,700
Total	6,623,706	37,500	(1,242,500)	5,418,706

Note 29: Related Party Transactions (continued)

Shareholdings of Key Management Personnel for the year ending 30 June 2008

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
O Aamodt	20,000	-	-	20,000
C Bonwick	3,248,506	375,000	(120,000)	3,503,506
K Ross	695,000	275,000	(175,000)	795,000
J Christie	470,000	125,000	-	595,000
R Marston	1,520,000	250,000	(100,000)	1,670,000
P Bilbe	-	-	-	-
B Hartmann	37,500	37,500	(37,500)	37,500
T Moran	10,000	-	(10,000)	-
G Davison	2,700	-	-	2,700
Total	6,003,706	1,062,500	(442,500)	6,623,706

Key Management Personnel Compensation

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Short-term employee benefits	1,417,208	1,533,628	1,041,062	1,098,924
Post-employment benefits	95,759	90,125	73,009	66,500
Long-term benefits	-	-	-	-
Share-based payments	1,418	38,989	1,418	34,859
	1,514,385	1,662,742	1,115,489	1,200,283

d. Other Related Entities

During the financial year a wholly-owned entity paid dividends of \$30,000,000 to Independence Group NL. This amount has been included in note 2 but has been eliminated on consolidation for the purposes of calculating the profit of the Group for the financial year.

	Parent Entity	
	2009 \$'000	2008 \$'000
Loan to/(from)subsidiary		
Balance at beginning of the year	8,530	39,313
Loan advances	18,862	24,003
Loan repayments	(31,690)	(54,786)
Balance at end of the year	(4,298)	8,530

Note 30: Foreign Exchange and Commodity Contracts

At 30 June 2009 the Group held various nickel commodity contracts designated as hedges of expected future nickel sales. These hedge contracts are in US dollars. Foreign exchange contracts are also held which match the terms of the commodity contracts. These contracts are all designated as cash flow hedges and are used to reduce the exposure to a future decrease in the Australian dollar market value of nickel sales. Refer to notes 11 and 20 of the financial statements for marked to market values of these contracts.

The following summarises the hedge contracts held by the Group at 30 June 2009:

Year of Delivery	Sell (Nickel Tonnes)	USD/tonne	Exchange Rate	AUD/tonne
2009/10	2,400	14,815	\$A/US\$0.7792	19,013
2010/11	2,400	14,815	\$A/US\$0.7792	19,013

The hedge contracts are to be settled at the rate of 200 tonnes per month. The hedge contracts have been marked to market value as at 30 June 2009 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the hedging reserve in the consolidated balance sheet.

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

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

Outstanding contracts Consolidated	Average exchange rate		USD		Contract value		Fair value	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sell US dollars								
3 months or less	0.7792	0.7305	8,889	8,107	11,408	11,093	431	2,579
3 to 6 months	0.7792	0.7305	8,889	8,107	11,408	11,093	355	2,431
6 months to 1 year	0.7792	0.7305	17,778	16,215	22,816	22,186	484	4,434
1 to 2 years	0.7792	-	35,556	-	45,632	-	20	-

As at reporting date the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on the anticipated future sale of nickel is \$1,508 thousand (2008: \$5,921 thousand). It is anticipated that the sales will take place as scheduled in the table above at which stage the amount deferred in equity will be released into profit or loss.

The portion of the gain or loss on the hedging instruments to be an effective hedge is recognised directly in equity. When the forecasted transaction occurs, the Group adjusts the amounts deferred in equity to the income statement. During the year ended 30 June 2009, \$1,862 thousand (2008 \$9,345 thousand) was released from equity (net of tax) to sale of goods in the income statement for the Group only.

Note 31: Financial Instruments

a. Financial Risk Management Objectives and Policies

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

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

b. Capital Risk Management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 8, 22, 23, and 24 respectively. The Board monitors the return on capital, which the Group defines as net profit before tax divided by shareholders' equity, excluding reserves. The Board also monitors the level of dividends paid to ordinary shareholders. The Group's gearing ratio as at balance date is 0% (2008: 0%).

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's current target is to achieve a real return on capital of at least 10%. During the financial year the return was 13% (2008: 38%). The Group defines a real return on capital as net profit before tax divided by net assets (net of non-distributable reserves).

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

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

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

c. Interest Rate Risk Management

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest		Total	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Parent						
Financial Assets:						
Cash	2.95	7.60	6,388	1,333	6,388	1,333
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			6,388	1,333	6,388	1,333
Financial Liabilities:						
Payables			-	-	-	-
Bank Loans			-	-	-	-
Total Financial Liabilities			-	-	-	-
Consolidated						
Financial Assets:						
Cash	1.90	7.30	32,142	27,384	32,142	27,384
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			32,142	27,384	32,142	27,384
Financial Liabilities:						
Payables			-	-	-	-
Bank Loans			-	-	-	-
Total Financial Liabilities			-	-	-	-

Floating interest and non-interest bearing assets and liabilities have maturity periods of 1 year or less.

Interest rate sensitivity analysis

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

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by \$225 thousand (2008: increase/decrease by \$192 thousand). This is mainly due to the Group's exposure to interest rates on its cash and cash equivalents. The Group's sensitivity to interest rates has decreased during the current period due to the decrease in its cash and cash equivalents that are exposed to a variable interest rate.

Note 31: Financial Instruments (continued)

d. Credit Risk Management

The Group has a concentration of credit risk in that it depends on BHP Billiton Ltd for a significant volume of revenue. During the year ended 30 June 2009 all sales revenue was sourced from this company. The risk is mitigated in that the agreement relating to sales revenue contains provision for the Group to seek alternative revenue providers in the event that BHP Billiton Ltd is unable to accept supply of the Group's product due to a force majeure event. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and BHP Billiton Ltd is considered to be a low risk customer.

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

The at risk amounts are as follows:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash	127,238	145,384	21,387	9,332
Trade receivables	23,908	10,931	-	-
Foreign exchange derivatives	1,290	9,444	-	-

No analysis of trade and other receivables are past due or impaired for either 30 June 2009 or 2008.

e. Market Risk Management

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group is paid in US dollars for its nickel deliveries and is exposed to foreign exchange risk arising from currency exposures to the US dollar.

Foreign Currency Risk Management

The Group receives nickel sales revenue denominated in US dollars ("USD") and is therefore exposed to exchange rate fluctuation risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. All USD received are exchanged for AUD within 40 days of receipt. The parent company has no exposure to foreign exchange risk.

The carrying amount of the Group's monetary assets and monetary liabilities denominated in USD at the reporting date is as follows:

	Consolidated		Parent	
	2009 US Dollars A\$'000	2008 US Dollars A\$'000	2009 US Dollars A\$'000	2008 US Dollars A\$'000
Cash and cash equivalents	10,498	6,627	-	-
Trade receivables	23,908	10,931	-	-
Foreign exchange derivatives	1,290	9,444	-	-
Commodity derivatives liability	(3,606)	(20,722)	-	-

Forward contracts transacted by the Hedging Committee are sometimes used to manage foreign exchange risk. The Board is responsible for managing exposures in foreign currency by using external forward currency contracts.

The Group's risk management policy is to hedge between 0% and 40% of anticipated transactions in US dollars for the period of the forecast transaction, which ranges between 12 and 24 months. All of the projected purchases qualify as "highly probable" forecast transactions for hedge accounting purposes.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to movement in the AUD against the USD. Sensitivity analysis is calculated using a reasonable possible change of 3% in the foreign rate in both directions based on the exposure period of the trade receivables and a 5% variation for derivative contracts in both directions. USD cash balances uses a 4% change in 2009 (4% change in 2008) in both directions.

	Impact on Profit (Net of Tax)				Impact on Equity (Net of Tax)			
	Consolidated		Parent		Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Currency Risk								
Debtors revaluation	1,430	675	-	-	-	-	-	-
Derivative instruments (sold)								
5% Increase	-	-	-	-	4,073	1,103	-	-
5% Decrease	-	-	-	-	(1,967)	(1,219)	-	-
Cash and cash equivalents	308	164	-	-	-	-	-	-

The Group's sensitivity to foreign currency has increased during the current period mainly due to the increase in USD denominated trade receivables.

(ii) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as fair value through profit or loss. The price risk exists as the market value of the investments is subject to supply and demand and other market forces. Equity price risk is managed by periodically reviewing market rates of return to optimise returns. The group has 100% concentration of investments in Australian Listed mining companies (2008: 100%).

The at risk amount for the Group and the Parent Company is \$1,175 thousand (2008: \$9,469 thousand).

Equity price risk sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date. Each equity instrument is assessed on its individual price movement with the sensitivity rate based on a reasonably possible change of 45%. At reporting date, if the equity prices had been higher or lower, net profit for the year ended 30 June 2009 would have increased or decreased by \$370 thousand (2008: \$4,882 thousand). The Group's sensitivity to equity prices has reduced from the prior year due to an investment in an ASX listed entity going into administration during the year.

f. Commodity Price Risk Management

The Group's revenues, derivatives and trade receivables are exposed to commodity price risk fluctuations, namely nickel prices. Commodity price risk arises when nickel production is delivered to customers and a financial asset is created. The nickel price fluctuates for three months until final settlement with the customer.

Forward contracts are used to manage the commodity price fluctuation. It is the Board's policy to hedge between 0% and 40% of total nickel reserve tonnes. All of the hedges qualify as "highly probable" forecast transactions for hedge accounting purposes. It is the Board's policy to hedge anticipated nickel production operating costs, whilst remaining exposed to spot nickel prices for the remainder of the Group's revenue.

Refer to note 31e for a summary of the 'at risk amounts'.

Note 31: Financial Instruments (continued)

Commodity price risk sensitivity analysis

The following table summarises the sensitivity of the fair value of financial instruments held at balance date to movement in the relevant forward commodity price, with all other variables held constant. Debtors valuation used a sensitivity analysis of 4% (2008: 4%) which is based upon the 3 month forward commodity rate as there is a 3 month lag-time between delivery and final nickel price received. A 20% sensitivity rate is used to value derivative contracts held and is based on reasonable assessment of the possible changes.

	Impact on Profit (Net of Tax)				Impact on Equity (Net of Tax)			
	Consolidated		Parent		Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Commodity Price Risk								
Trade Receivables	1,451	507	-	-	-	-	-	-
Commodity Liabilities								
20% Increase	-	-	-	-	(12,556)	(7,539)	-	-
20% Decrease	-	-	-	-	12,556	7,539	-	-

All other variables remain constant: A downward sensitivity analysis has not been performed for trade receivables as the numbers would be consistent with the increase.

g. Liquidity Risk Management

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

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

	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Carrying Amount \$'000
Consolidated						
2009						
Trade and other payables	11,104	-	-	-	-	11,104
Finance lease liabilities	-	-	-	-	-	-
	11,104	-	-	-	-	11,104
2008						
Trade and other payables	14,600	-	-	-	-	14,600
Finance lease liabilities	-	348	168	-	-	516
	14,600	348	168	-	-	15,116
Company						
2009						
Trade and other payables	2,415	-	-	-	-	2,415
	2,415	-	-	-	-	2,415
2008						
Trade and other payables	5,191	-	-	-	-	5,191
	5,191	-	-	-	-	5,191

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

The parent company does not hold any derivative instruments (2008: nil).

	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Carrying Amount \$'000
Consolidated						
2009						
Net settled:	124	268	1,370	1,844	-	3,606
Forward commodity contracts	124	268	1,370	1,844	-	3,606
2008						
Net settled:	1,727	3,471	15,524	-	-	20,722
Forward commodity contracts	1,727	3,471	15,524	-	-	20,722

- (i) Trade and other payables and forward commodity contracts agree to the balance sheet values for their respective years. The Group believes these positions to be a true reflection of what would be paid assuming the position had to be paid immediately.
- (ii) The analysis is per a contractual obligation with the counterparty to the derivative instruments.
- (iii) The gross cash outflows in relation to foreign exchange contract derivatives have not been shown, as if the hedge positions were closed out the Group would benefit.

h. Fair Value of Financial Instruments

Aggregate net fair values and carrying amounts of financial assets at balance date:

	2009 Consolidated		2009 Parent		2008 Consolidated		2008 Parent	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Australian Listed investments	1,175	1,175	1,175	1,175	9,469	9,469	9,469	9,469
Security deposit	29	29	29	29	25	25	25	25
Foreign exchange contracts	1,290	1,290	-	-	9,444	9,444	-	-
Commodity contracts	(3,606)	(3,606)	-	-	(20,722)	(20,722)	-	-
Cash and cash equivalents	127,238	127,238	21,388	21,388	145,384	145,384	9,332	9,332
Trade and other receivables	24,484	24,484	317	317	12,430	12,430	8,693	8,693
	150,610	150,610	22,909	22,909	156,030	156,030	27,519	27,519

Note 32: Company Details

The registered office and principal place of business of the Company is Suite 1, 183 Great Eastern Highway, Belmont, Western Australia.

Note 33: Contingent Liabilities

Lightning Nickel Pty Ltd, which is 100% owned by Independence Group NL, has guarantees of \$768 thousand outstanding to various third parties. The guarantees relate to environmental and rehabilitation bonds predominantly for the Long Nickel Mine and Tropicana Gold Project.

Note 34: Share-Based Payments

(i) The following share-based payment arrangements existed at 30 June 2009:

- (a) On 10 February 2005, the Company issued 800,000 unlisted options exercisable at \$1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 762,500 options had been exercised or cancelled as at the end of the financial year. The remaining 37,500 expire on 30 June 2010.
- (b) On 23 December 2005, the Company issued 150,000 unlisted options exercisable at \$1.59 to employees. The options were issued pursuant to the Company's Employee Option Plan. 112,500 options had been exercised at the end of the financial year. The remaining 37,500 expire on 30 June 2010.
- (c) On 2 May 2006, the Company issued 100,000 unlisted options exercisable at \$2.94 to employees. The options were issued pursuant to the Company's Employee Option Plan and expire on 30 June 2010.
- (d) On 16 May 2006, the Company issued 50,000 unlisted options exercisable at \$3.07 to employees. The options were issued pursuant to the Company's Employee Option Plan. 25,000 options had been exercised or cancelled at the end of the financial year. The remaining 25,000 options expire on 30 June 2010.
- (e) On 31 October 2006, the Company issued 150,000 unlisted options exercisable at \$4.85 to employees. The options were issued pursuant to the Company's Employee Option Plan. 37,500 options had been exercised or cancelled as at the end of the financial year. The remaining 112,500 expire on 30 June 2011.
- (f) On 13 November 2006, the Company issued 300,000 unlisted options exercisable at \$4.64 to employees. The options were issued pursuant to the Company's Employee Option Plan. 75,000 options had been exercised or cancelled as at the end of the financial year. The remaining 225,000 expire on 30 June 2011.
- (g) On 27 November 2006, the Company issued 500,000 unlisted options to director Christopher Bonwick and 250,000 to director Kelly Ross. The options are exercisable at \$4.44. The options were issued pursuant to resolutions 3 and 4 passed at the 2006 Annual General Meeting and expire on 30 June 2011.

All options issued are exercisable 25% at the end of each year for four years with the exception of options detailed in note (g) above which are exercisable 12 months after the date of issue.

All options are only exercisable if the employee or director is still employed or engaged by the Company. If employment or directorship is terminated, only those options already vested will be exercisable with the unvested portion cancelled.

All options entitle the holder to one ordinary share in Independence Group NL for every option held and no dividend or voting rights attach to options on issue.

	Consolidated				Parent Entity			
	2009		2008		2009		2008	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	1,777,500	3.38	4,005,900	1.20	1,777,500	1.20	4,005,900	1.20
Granted	-	-	-	-	-	-	-	-
Forfeited	(25,000)	3.07	-	-	(25,000)	3.07	-	-
Exercised	(465,000)	1.17	(2,228,400)	1.30	(465,000)	1.17	(2,228,400)	1.30
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	1,287,500	4.19	1,777,500	3.38	1,287,500	4.19	1,777,500	3.38
Exercisable at year-end	1,000,000	4.20	1,361,875	3.29	1,000,000	4.20	1,361,875	3.29

There were 465,000 options exercised during the year ended 30 June 2009. These options had a weighted average share price of \$3.24 at exercise date.

The options outstanding at 30 June 2009 had a weighted average exercise price of \$4.19 and a weighted average remaining contractual life of 1.8 years. Exercise prices range from \$1.16 to \$4.85 in respect of options outstanding at 30 June 2009.

The weighted average fair value of options granted during the year was nil. The weighted average fair value of options granted during the previous year was nil.

There were no options granted during the year or the previous year.

Included under share-based payment expense in the income statement is \$189 thousand (2008: \$930 thousand), which relates, in full, to equity-settled share-based payment transactions.

(ii) Employee option plan

The establishment of the Independence Group NL Employee Option Plan was approved by shareholders at the 2000 annual general meeting. The Employee Option Plan is designed to provide long-term incentives for senior managers and executive directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain tenure of employment conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on continued employment with the Company over the vesting period. Options granted vest 25% each year for four years. Once vested the options remain exercisable until their expiry date. Options are granted under the Plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is the price at which the Company's shares traded on the Australian Securities Exchange on the day the options are granted.

Note 35: New Accounting Standards Not Yet Effective

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and Group, but are not yet effective. They have therefore not been adopted in preparation of the financial statements at reporting date. No other standards, amendments or interpretations are expected to affect the accounting policies of the Group.

ASB Amendments	AASB Standard Affected	Nature of change In Accounting Policy and Impact	Application Date of the Standard¹	Application Date for the Group
AASB 101 (revised September 2007)	AASB 101: Presentation of Financial Statements	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.	1 January 2009	1 July 2009
AASB 2008-1 (issued February 2008)	Amendments to AASB 2 - Share-based Payments Vesting Conditions and Cancellations	The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.	1 January 2009	1 July 2010
AASB 123 (revised June 2007)	AASB 123: Borrowing Costs	All borrowing costs for qualifying assets will have to be capitalised where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.	1 January 2009	1 July 2009
AASB 2009-2 (issued April 2009)	Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.	1 January 2009	1 July 2009
AASB 136	Impairment of Assets	Additional disclosure requirements about discounted cash flow assumptions used for the fair value less costs to sell method. There will be no financial impact when these amendments are first adopted because these amendments relate to disclosure requirements only.	1 January 2009	1 July 2009
AASB 8 (issued February 2007)	AASB 114: Operating Segments	This is a disclosure standard only in relation to reporting by operating segments instead of reporting by business and geographical segments.	1 January 2009	1 July 2009
AASB 107	Cash Flow Statements	Clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities. Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the balance sheet.	1 January 2010	1 July 2010
¹	<i>Application date of the Standard refers to the annual reporting periods commencing on or after this date.</i>			

Note 36: Interest in Joint Ventures

The Company has a 30% equity interest in the tenements associated with the Tropicana Joint Venture (AngloGold Ashanti Australia Ltd owns 70% and is the Manager). As the venture is a joint controlled operation, the Company's share of costs in relation to the project are capitalised on the balance sheet of the parent entity under AASB 6. The Company contributes 30% of the project costs which includes bankable feasibility study costs. The parent entity has pledged \$8,866 thousand for these Tropicana budgets which is not included in the balance sheet as it relates to anticipated expenditure in 2009/10.

Note 37: Board Approval of Financial Statements

The financial statements were approved by the directors on 11 September 2009.