INDEPENDENCE GROUP NL
ABN 46 092 786 304

22 September 2008

Australian Stock Exchange Limited
Company Announcements
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SYDNEY NSW 2000

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FINANCIAL REPORT FOR YEAR ENDING 30 JUNE 2008

Independence Group NL is pleased to announce the following final audited results for the year ending 30 June 2008:

- Consolidated income $149.1 million
- Consolidated profit before income tax $74.2 million
- Consolidated profit after income tax $51.5 million
- Fully diluted earnings per share after income tax 43.82 cents

Attached are the Corporate Governance Statement, Directors' Report, Financial Statements and other information required by the ASX.

The 2008 Annual Report will be completed and forwarded to members in the third week of October and the Annual General Meeting is to be held in Perth on 19 November 2008.

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Managing Director

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INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed its recommendations, identify which recommendations have not been followed and the reason for not adopting the recommendations.

The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and that companies should only adopt those recommendations that are suitable in each individual case.

The following is a summary of policies adopted by the Company and where appropriate, explanations of where the recommendations have not been applied. Implementation dates of policies are shown on the last page of this Corporate Governance Statement. The various policies and procedures were followed throughout the entire financial year.

Board Composition and Functions

Under the Company's Constitution, the Board is required to consist of at least 3 and no more than 10 directors. If the Company has 3 or more directors, one third of the directors, with the exception of the Managing Director, must retire and seek re-election at the Annual General Meeting each year.

The Board of the Company currently consists of 3 independent non-executive directors and 2 executive directors. The Board includes the Managing Director (executive) and the Chairman (non-executive).

The Board composition complies with ASX recommendations, in that a majority of directors are independent. The roles of Chairman and Chief Executive Officer (or Managing Director) are not exercised by the same person, and the Board is considered to be comprised of directors with the experience and qualifications best suited to the Company's size and range of activities.

The Company has an independent Chairman (Rod Marston). The Company has followed ASX recommendations in the assessment of whether a director is considered to be "Independent". The other independent directors are John Christie and Oscar Aamodt.

The Board delegates responsibilities to committees, executive directors and senior management.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies.

The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

Directors of the Company during the financial year and information pertaining to individual directors are included in the Directors' Report.

Board members have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense.

Director Independence

The Company has established guidelines for testing the independence of directors.

A director is considered to be independent if they satisfy certain criteria, the most significant being as follows:

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration. The director must have no other material contractual relationship with the Company other than as a director of the Company;
- The director is not a substantial shareholder of the Company;
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last 3 years; and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

The full policy on determining the independence of directors is available in the Corporate Governance section of the Company's website.

Risk Management

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment;
- identify business risk areas;
- identify business opportunities; and

- monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board meets on a regular basis. The Company does not follow the ASX recommendation that the Company should have an internal control function as the Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate internal control function.

The Managing Director and Company Secretary are required to provide written assurance to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating effectively in all material respects.

The Company has put in place guidelines to ensure that directors and officers do not trade in the Company's shares if they are aware of non-public information that could be expected to have a material effect on the market price of the Company's shares. The Company has also put in place a restriction on any employee or director securing 3% or more of the Company's shares by way of margin loans. The full Share Trading Policy is available on the Company's website.

Audit Committee

The Company has established an Audit Committee which is responsible for the following:

- oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements;
- oversee the financial reporting process, including reviewing and reporting to the Board on the accuracy of all financial reports lodged with ASX which include the quarterly, half-yearly and annual financial reports;
- recommend to the Board the nomination, removal and remuneration of the external auditors; and
- review the external audit arrangements, including ensuring that any non-audit services provided do not impair auditor independence.

The Audit Committee reports to the Board and meets as required, but in any case at least twice each year. Current members are Rod Marston, John Christie and Oscar Aamodt. Rod Marston is a geologist with corporate experience. John Christie is a qualified accountant/chartered secretary and Oscar Aamodt is a chartered secretary, both having considerable financial and managerial experience. The Committee has authority to seek any pertinent information it requires from any employee or external party. Qualifications held by the individuals on the Audit Committee are included in the Directors' Report. The chairman of the Committee is John Christie.

The Audit Committee follows ASX recommendations as the members are all independent non-executive directors.

Any member of the Committee is able, and obliged, to bring any matter to the attention of the Board where the member believes the matter has not been adequately dealt with by the Committee, or is of significant importance that the Board should be informed.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company's financial reports present a true and fair view of the Company's financial condition and that operational results are reported in accordance with relevant accounting standards. The Auditor is required to attend the Company's annual general meeting.

The Audit Committee Charter is available on the Company's website.

Hedging Committee

The Company has established a Hedging Committee to make recommendations to the Board on hedging policies and to maintain the hedging portfolio.

The members of the Hedging Committee at the date of this report are Kelly Ross, John Christie and Oscar Aamodt.

Procedure for the Selection of New Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement.

Corporate performance is enhanced when the Board has an appropriate mix of skills and experience. The Board is evaluated before a candidate is selected to join the Board. Candidates are nominated by existing Board members and independent search consultants are also utilised if necessary. Where a director nominates a candidate for the Board, the director must disclose any pre-existing relationship with the nominee.

New directors are provided with a letter of appointment setting out their responsibilities and rights, and are provided with a copy of the Company's Constitution.

The full policy for nomination of directors is available on the Company's website.

Compensation of Board Members

The Company's policies and procedures relating to the remuneration of board members and senior management are contained in the Remuneration Report which forms part of the Directors' Report.

Conflicts of Interest

The Board has implemented Code of Conduct and Share Trading Policies which have been designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain.

These policies are available on the Company's website.

Code of Conduct

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

Environmental Policy

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

Disclosure of Information to ASX and Investors

The Company has established policies and procedures relating to the disclosure of information to interested parties. The following policies and procedures are contained in the Corporate Governance section of the Company's website:

- Code of Conduct
- Director Independence
- Legal, Environmental & Social Responsibilities
- Remuneration Policy
- Risk Management & Internal Control Procedures
- Audit Committee
- Board and Management Responsibilities
- Compliance with ASX Disclosure Requirements
- Nomination of Directors
- Directors' and Officers' Trading in Securities
- Communication with Shareholders
- Investor Relations and Media Interaction

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2008.

Directors

The names of directors in office at any time during or since the end of the year are Rod Marston, Christopher Bonwick, Kelly Ross, John Christie and Oscar Aamodt. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

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

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

Operating Results

The consolidated profit of the Group after providing for income tax amounted to $51,538 thousand (2007: $105,347 thousand).

Dividends Paid or Recommended

The Company paid a fully franked 7 cent final dividend and a 5 cent special dividend to shareholders in respect of the year ended 30 June 2007 in September 2007.

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

The Company has announced that a fully franked 5 cent dividend will be paid to shareholders on 18 September 2008.

Franking credits of $78,364 thousand are currently available.

Review of Operations

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

The consolidated profit before income tax decreased by 51% to $74,199 thousand (2007: $151,115 thousand).

Nickel revenue for the year decreased by 38% to $137,665 thousand (2007: $222,933 thousand).

Fully diluted earnings per share decreased from 90.38 cents in 2007 to 43.82 cents in 2008. The Group had cash assets of $145,384 thousand (2007: $151,986 thousand) and net assets of $192,957 thousand (2007: $102,881 thousand) at the end of the financial year.

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

Future Developments

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

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

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

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Audit Independence

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

Audit Services

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

Unlisted Options

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

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

Number	Expiry Date	Exercise Price
65,000	30/09/08	$0.96
200,000	30/06/09	$1.16
62,500	30/06/09	$1.20
50,000	30/06/10	$3.07
100,000	30/06/10	$2.94
75,000	30/06/10	$1.59
137,500	30/06/10	$1.16
112,500	30/06/11	$4.85
225,000	30/06/11	$4.64
750,000	30/06/11	$4.44
1,777,500		

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate. 65,000 shares have been issued since the end of the financial year as a result of the exercise of unlisted options. Further information relating to unlisted options is included in note 7 of Additional Information for Listed Public Companies.

Information on Directors

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

Rod Marston	**- Chairman (Non-executive) Age 65**
Qualifications	BSc(Hons), PhD, MAIG, MSEG
Tenure	Board member since 2001. Chairman since 20 August 2003.
Special Responsibilities	Dr Marston is on the Remuneration and Audit Committees.
Christopher Bonwick	**- Managing Director (Executive) Age 49**
Qualifications	BSc (Hons), MAusIMM
Tenure	Managing Director and Board member since 2000.
Special Responsibilities	Mr Bonwick is the executive in charge of operations and corporate development.
Kelly Ross	- **Director (Executive) Age 46**
Qualifications	CPA, Grad.Dip.CSP
Tenure	Board member since 2002.
Special Responsibilities	Ms Ross is the Company Secretary and is on the Hedging Committee.
John Christie	**- Director (Non-executive) Age 70**
Qualifications	CPA, ACIS
Tenure	Board member since 2002.
Special Responsibilities	Mr Christie is on the Remuneration, Audit and Hedging Committees.
Oscar Aamodt	**- Director (Non-executive) Age 62**
Qualifications	FCIS
Tenure	Board member since 2005.
Special Responsibilities	Mr Aamodt is on the Remuneration, Audit and Hedging Committees.

Other Listed Company Directorships Held During Past 3 Years

Dr Marston was an alternate director for Perilya Ltd for 2 years until May 2005 and has been a director of Kasbah Resources Limited since November 2006. Mr Aamodt has been a director of Energy Metals Limited since July 2005.

Company Secretary Qualifications

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

Meetings of Directors

During the financial year, 14 meetings of directors (including committees of directors) were held. The number of meetings attended by each director during the year is as follows:

	DIRECTORS' MEETINGS		REMUNERATION COMMITTEE		AUDIT COMMITTEE		HEDGING COMMITTEE	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Rod Marston	10	10	1	1	2	2	-	-
Christopher Bonwick	10	10	-	-	-	-	-	-
Kelly Ross	10	10	-	-	-	-	1	1
John Christie	10	10	1	1	2	2	1	1
Oscar Aamodt	10	10	1	1	2	2	1	1

Interests in Shares and Options Held by Key Management Personnel at the Date of This Report

	Ordinary Fully Paid Shares	Unlisted Options
Mr C Bonwick	3,503,506	500,000
Mr R Marston	1,715,000	-
Ms K Ross	795,000	250,000
Mr J Christie	595,000	-
Mr O Aamodt	20,000	-
Mr B Hartmann	37,500	37,500
Mr T Moran	-	-
Mr G Davison	2,700	-
TOTALS	6,668,706	787,500

Details of the terms and conditions for these securities are disclosed in note 28 of the Financial Statements and in note 7 of Additional Information for Listed Public Companies.

Remuneration Report

The Information provided in this Remuneration Report has been audited as required by section 308 (3C) of the Corporations Act 2001.

Remuneration Policy and Procedures

The Company has established a Remuneration Committee to oversee the remuneration of senior executives and executive directors. At the date of this report, the Committee members were independent directors Rod Marston, John Christie and Oscar Aamodt.

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to performance, relative industry remuneration levels, and where appropriate, the Committee seeks independent advice to ensure appropriate remuneration levels are in place. No director may be involved in setting their own remuneration or terms and conditions.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. Non-executive directors do not participate in share or bonus schemes designed for executive directors or employees. The remuneration of non-executive directors is fixed to encourage impartiality, high ethical standards and independence on the Board. The available non-executive directors' fees pool is $300,000 which was approved by shareholders at the Annual General Meeting on 18 November 2003, of which $230,000 (2007: $194,500) is currently being utilised.

Non-executive directors may provide consulting services to the Company, which are over and above the services normally provided by a non-executive director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive director that fall outside their normal duties as a director, additional services may be charged to the Company, at a rate approved by the Board. No such services were provided during the year ending 30 June 2008.

Performance evaluations for all Board members are held annually and are undertaken with a view to comparing the performance of individual directors to the performance and growth of companies of similar size and complexity within the mining industry. The current base remuneration was last reviewed with effect from 1 December 2007.

Bonuses and performance-based rewards are given where the Committee believes performance of an individual compares favourably with their peers within the industry. The objective of the reward schemes is to both reinforce the short and long term goals of the Company and to provide a common interest between management and shareholders. The following summarises the performance of the Company over the last 5 financial years:

	2004	2005	2006	2007	2008
Revenue ($ millions)	**67.2**	**86.6**	**113.4**	**226.5**	**149.1**
Net profit after income tax ($ millions)	**17.3**	**20.9**	**35.0**	**105.3**	**51.5**
Share price at year end ($/share)	**1.07**	**1.35**	**2.72**	**6.95**	**5.10**
Dividends paid (cents/share)	**-**	**8**	**7**	**13**	**17**

Performance based remuneration

Short Term Incentives (STI)

The objective of STI is to link the creation of shareholder wealth in the short term with the remuneration of those employees who are charged with the management of the Company and are primarily responsible for its performance. The total potential STI available is set annually at a level to provide sufficient incentive to executive directors and senior managers to achieve operational targets at a cost to the Company that is reasonable in the circumstances.

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

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

The peer group of ASX listed companies against which the Company's TSR performance was measured for the 2007 TSR were Jubilee Mines NL (JBM), Western Areas NL (WSA), Oxiana Limited (OXR), Straits Resources Limited (SRL), Mincor Resources NL (MCR) and Sally Malay Mining Limited (SMY). The companies in the peer group are reviewed each year to take account of any new Australian-based and ASX listed entities producing the same or similar products as those produced by the Company and to eliminate any entity that ceased to produce the same or similar products or was merged into a multi-commodity entity having no ongoing similarity to the Company.

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

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

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

STI payments are normally delivered as a yearly cash bonus payable in the subsequent financial year. During the year executive directors received 100% of the total allocated bonus for the 2007 year which was paid in November 2007 (C Bonwick $100,000 and K Ross $40,000).

Remuneration Report (continued)

Long Term Incentives (LTI) – Executives

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

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

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

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

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

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

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

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

Long Term Incentives (LTI) – Non-executive Directors

The LTI component of the remuneration package for non-executive directors aims to align a proportion of their remuneration package with the creation of shareholder wealth.

The LTI benefits are delivered in the form of options to acquire ordinary shares in the Company. The options are issued at 30% above market price ensuring that the non-executive director only receives a benefit where shareholder wealth has substantially increased. The options are issued on the basis that 25 percent of the total number issued will vest on each of the 4 anniversary dates following their issue. The options have a 5 year life and can be exercised at any time after they have vested.

The exercise price is set at 30% above the prevailing market price of the Company's ordinary shares at the time of the issue of the options. Non-executive directors are also required to make a non-refundable cash payment equivalent to 10% of the market price of the shares on the date of issue. This cash payment is required at the commencement of each vesting year.

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

Options that have not vested are cancelled if the non-executive director ceases to be a director of the Company.

The options are allocated to non-executive directors on the recommendation of the Managing Director.

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

No options were granted or issued to non-executive directors during the year.

Key Management Personnel

The directors who held office during the financial year were Rod Marston (Chairman), Christopher Bonwick (Managing Director), Kelly Ross (Executive Director), John Christie (Non-executive Director) and Oscar Aamodt (Non-executive Director). The directors held office during the entire financial year.

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

Employment Contracts

Terms and conditions of employment contracts:

i) Non-executive directors do not have employment contracts with the Company. Executive directors are employed under contracts which do not have a defined term. These contracts include provision for termination benefits of 1 month's remuneration for every year of service should the Company terminate the employment contract without cause. Termination benefits of 12 month's remuneration is payable to the executive should the Company terminate the employment contract due to a takeover event, but only if such payment would not breach ASX Listing Rules. In all other circumstances the contracts can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. Current employment contracts provide for base remuneration of $550,000 (2007: $450,000) for Christopher Bonwick and $310,000 (2007: $270,000) for Kelly Ross.

ii) Executive directors are entitled to receive cash and/or equity based bonuses in addition to the remuneration stated in their employment contracts. The Company pays any fringe benefits tax cost relating to executive directors' remuneration payments and that cost is included in the executive directors' total compensation in the table below.

iii) Tim Moran is a non-executive director of subsidiary Lightning Nickel Pty Ltd. Mr Moran was also the Chief Operations Officer of the Company until his resignation on 22 December 2006. In that capacity, he was employed under a contract which provided for total remuneration of $225,000.

Remuneration Report (continued)

iv) The executive Brett Hartmann is employed under a contract which does not have a defined term and can be terminated by either party after provision of one month's notice, in which case only accrued leave and other accrued remuneration is payable. The current employment contract provides for total remuneration of $275,000 (2007: $250,000) plus motor vehicle expenses. Mr Hartmann may also receive performance based bonuses should the Remuneration Committee so recommend and those bonuses are approved by the Board.

Compensation Paid for the Financial Year

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

	Short-term Benefits			Post-employment Benefits	Share-based Payments	
2008	Cash Salary & Fees	Cash Bonus	Non-monetary Benefits	Superannuation	Options (iv)	Total
	$	$	$	$	$	$
R Marston (i) *Non-executive Chairman*	85,825	-	-	-	7,176	93,001
C Bonwick (ii), (iii) *Managing Director*	466,736	100,000	-	41,597	16,063	624,396
K Ross (ii), (iii) *Executive Director/Company Secretary*	255,024	40,000	23,110	23,778	8,032	349,944
J Christie (i) *Non-executive Director*	65,825	-	-	-	3,588	69,413
O Aamodt *Non-executive Director*	62,404	-	-	1,125	-	63,529
B Hartmann *General Manager – Long Nickel Mine*	262,499	85,000	13,871	23,625	4,130	389,125
T Moran *Non-executive Director of subsidiary*	36,667	-	-	-	-	36,667
G Davison *Non-executive Director of subsidiary*	36,667	-	-	-	-	36,667
Total compensation	1,271,647	225,000	36,981	90,125	38,989	1,662,742
2007						
R Marston (i) *Non-executive Chairman*	80,000	-	-	-	26,361	106,361
C Bonwick (ii), (iii) *Managing Director*	372,263	75,000	5,381	32,841	562,841	1,048,326
K Ross (ii), (iii) *Executive Director/Company Secretary*	215,423	30,000	22,032	19,549	281,242	568,246
J Christie (i) *Non-executive Director*	60,000	-	-	-	13,180	73,180
O Aamodt *Non-executive Director*	50,000	-	-	4,500	-	54,500
T Moran *Chief Operations Officer*	124,387	2,000	-	9,575	-	135,962
B Hartmann *General Manager – Long Nickel Mine*	200,005	24,000	9,968	18,000	7,619	259,592
G Davison *Non-executive Director of subsidiary*	32,500	-	-	-	-	32,500
Total compensation	1,134,578	131,000	37,381	84,465	891,243	2,278,667

Remuneration Report (continued)

(i) R Marston and J Christie were granted options at the 2003 Annual General Meeting and have all been exercised.

(ii) C Bonwick and K Ross were granted options at the 2003 Annual General Meeting and have all been exercised.

(iii) C Bonwick and K Ross were granted options at the 2006 Annual General Meeting. The options were issued on 27 November 2006. Further information relating to these options is contained in note 28 to the financial statements.

2008	At Risk – LTI	At Risk – STI	
Name	Equity Compensation	Performance Based Bonuses	Fixed Remuneration
R Marston	7.6%	0%	92.4%
C Bonwick	2.6%	16.0%	81.4%
K Ross	2.3%	11.4%	86.3%
J Christie	5.2%	0%	94.8%
O Aamodt	0%	0%	100.0%
B Hartmann	1.1%	21.8%	77.1%
T Moran	0%	0%	100.0%
G Davison	0%	0%	100.0%
2007			
R Marston	24.7%	0%	75.3%
C Bonwick	53.6%	7.2%	39.2%
K Ross	49.5%	5.3%	45.2%
J Christie	18.0%	0%	82.0%
O Aamodt	0%	0%	100.0%
T Moran	0%	1.5%	98.5%
B Hartmann	3.0%	9.2%	87.8%
G Davison	0%	0%	100.0%

Non-performance based compensation paid is not based upon any measurable performance indicators. Non-performance based remuneration is based on relative industry remuneration levels and is set at a level designed to retain the services of the director or senior executive.

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

The Company uses the fair value measurement provisions of AASB 124 "Related Party Disclosures" and AASB 2 "Share-based Payments" for all options granted to directors and relevant executives, which had not vested as at 1 July 2005. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis from grant to vesting date. Fair values at grant date are independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate and the term of the option. No adjustments have been made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures). The following options which were granted in prior years, were exercised during the year:

- 375,000 options at $1.03 each by director C Bonwick (2007: 375,000)
- 275,000 options at $1.03 each by director K Ross (2007: 100,000)
- 250,000 options at $1.33 each by director R Marston (2007: 500,000)
- 125,000 options at $1.33 each by director J Christie (2007: 250,000)
- 37,500 options at $1.16 each by key management person B Hartmann (2007: 37,500)

There were no options granted to directors or executives during the year (2007: 750,000).

The amount included in remuneration from options is based on fair value and was calculated by an independent major accounting firm using the Binomial Option Pricing Model.

The fair value of the options issued during the previous year and affecting remuneration for the year ending 30 June 2008 is as follows:

Director	**Volatility Factor**	**Risk-Free Rate**	**Dividend Yield**	**Issued Options**	**Fair Value Per Option**	**Total Fair Value**
	%	**%**	**%**	**Number**	**$**	**$**
C Bonwick	47.6	5.8	2.0	500,000	1.71	852,641
K Ross	47.6	5.8	2.0	250,000	1.71	426,321

Remuneration Report (continued)

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

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

The fair value of options issued is recognised as an expense in the financial statements. Further information relating to the options issued by the Company during prior years is included in note 28 to the financial statements.

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

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. 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. Share options issued by Independence Group NL to key management personnel are as follows:

2008	Balance Vested at end of year No.	Vested and Exercisable No.	Options Vested during year No.	Options Unvested at end of year No.
R Marston (i)	-	-	250,000	-
C Bonwick (ii), (iv)	500,000	500,000	875,000	-
K Ross (ii), (iv)	250,000	250,000	437,500	-
J Christie (i)	-	-	125,000	-
B Hartmann (iii)	-	-	37,500	37,500
	750,000	**750,000**	**1,725,000**	**37,500**
2007				
R Marston (i)	-	-	250,000	250,000
C Bonwick (ii), (iv)	-	-	375,000	875,000
K Ross (ii), (iv)	87,500	87,500	187,500	437,500
J Christie (i)	-	-	125,000	125,000
B Hartmann (iii)	-	-	37,500	75,000
	87,500	**87,500**	**975,000**	**1,762,500**

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

(ii) The options were issued to executive directors pursuant to resolutions 4 and 5 passed at the 2003 Annual General Meeting. The options were issued on 26 November 2003. The options vest 25% each 12 month period and were exercisable at $1.03. Any options that have not vested are cancelled should the director resign or be removed as an employee of the Company. The options have all been exercised. The fair value of the options at their grant date was 43.8 cents each.

(iii) The options were issued to the executive on 10 February 2005. The options vest 25% each 12 month period and are exercisable at $1.16. Any options that have not vested are cancelled should the executive resign or be removed as an employee of the Company. The options expire on 30 June 2010. The fair value of the options at their grant date was 21.1 cents each.

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

TSR – Independence Group NL versus Peer Group

Total Shareholder Returns was adopted as a key performance indicator for executive remuneration in 2004. In 2003 executive remuneration was based on a broad range of criteria considered appropriate by the Remuneration Committee for the Company at its stage of development at that time. There were no bonuses paid to executives in 2002. The following table shows the TSR of the Company relative to its peer group. The 2008 TSR measure will be used for evaluating executives' performance in the 2009 financial year.

	Total Shareholder Returns			
	2004	2005	2006	2007
Company	206	29	1.45	4.36
Peer Group	176	16	0.66	3.87

Details of Remuneration Cash Bonuses and Options

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

	Cash bonus	Options			
Name	Paid %	Year granted	Vested %	Financial years in which options may vest	Total value of grant yet to vest $
R Marston	0	2003	100	-	-
C Bonwick	100	2003	100	-	-
		2006	100	-	-
K Ross	100	2003	100	-	-
		2006	100	-	-
J Christie	0	2003	100	-	-
B Hartmann	100	2005	75	30/06/2009	1,418

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

Further details relating to options are set out below:

Name	A	B	C	D
	Remuneration consisting of options	Value at grant date $	Value at exercise date $	Value at lapse date $
R Marston	7.6%	-	1,532,500	-
C Bonwick	2.6%	-	2,546,250	-
K Ross	2.3%	-	1,999,250	-
J Christie	5.2%	-	891,250	-
B Hartmann	1.1%	-	286,500	-

A The percentage of the value of remuneration consisting of options based on the value of options expensed during the current year

B The value at grant date calculated in accordance with AASB 2 of options granted during the year as part of remuneration

C The value at exercise date of options that were granted as part of remuneration, either in the current year or any previous year, and were exercised during the year, being the intrinsic value of the options at that date

D The value at lapse date of options that were granted as part of remuneration and that lapsed during the year

End of Remuneration Report

Employees

The Group had 155 employees at the end of the financial year (2007: 149).

Indemnifying Officers or Auditor

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

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

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

Proceedings on Behalf of Company

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

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

Significant Changes in State of Affairs

During the year the Company received $2,860 thousand as a result of the exercise of 2,228,400 unlisted options.

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

Environmental Issues

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth and various States of Australia. During the year there were no non-compliance incidents.

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

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

The Group will be subject to the reporting obligations of the National Greenhouse and Energy Reporting Act 2007, under which the Group will report its greenhouse emissions, energy consumption and production from 1 July 2008. Systems have been put in place to comply with these reporting requirements. The Group is not expecting to be subject to the requirements of the Energy Efficiency Opportunity Act 2006, under which entities will be required to assess their energy use and report publicly on the results and business response to that assessment.

The Environmental Policy is available in the Corporate Governance section of the Company's website.

After Balance Date Events

Since the end of the financial year the value of the listed investments held by the Company has decreased by $4,882 thousand.

On 28 August 2008 the Company announced that a final dividend for 2007/8 would be paid on 18 September 2008. The dividend is 5 cents per share and will be fully franked.

On 8 August 2008 the Company announced an on-market buy-back of up to 11,470,000 issued shares. To the date of this report, 3,391,918 shares had been bought back and cancelled.

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

Rounding of Amounts

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

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

R J Marston
Chairman
Dated this 22nd day of September 2008

BDO Kendalls

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ABN 79 112 284 787

22nd September 2008

The Directors
Independence Group NL
Level 3, PDM House
72 Melville Parade
SOUTH PERTH WA 6151

Dear Sirs

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF INDEPENDENCE GROUP NL

As lead auditor of Independence Group NL for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Independence Group NL and the entities it controlled during the year.

B. McVeigh

Brad McVeigh
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Revenues from continuing operations	2a	147,937	226,015	31,232	30,200
Other income	2b	1,208	527	832	36
Mining and development costs		(20,262)	(20,714)	-	-
Employee costs		(18,529)	(16,316)	(1,770)	(1,456)
Share-based payment expense		(930)	(1,336)	(930)	(1,336)
Fair value adjustment of listed investments		(5,326)	6,585	(5,326)	6,585
Depreciation and amortisation expense		(8,800)	(9,956)	(373)	(318)
Rehabilitation provision		(417)	-	-	-
Finance costs expensed		(106)	(226)	-	(11)
Royalty expense		(4,651)	(9,040)	-	-
Ore tolling costs		(8,913)	(8,928)	-	-
Exploration costs expensed		(1,279)	(57)	(1,279)	(57)
Impairment of capitalised exploration costs		(1,208)	(11,360)	(969)	(11,125)
Impairment of investment in associated company		(564)	-	(564)	-
Provision against loan to associated company		(1,325)	-	(1,325)	-
Other expenses		(2,636)	(4,079)	(2,635)	(1,614)
Profit before income tax	3	74,199	151,115	16,893	20,904
Income tax benefit/(expense)	4	(22,661)	(45,768)	3,401	2,296
Profit from continuing operations		51,538	105,347	20,294	23,200
Profit attributable to equity holders of Independence Group NL		51,538	105,347	20,294	23,200
Basic earnings per share (cents per share)	7	44.54	92.80		
Diluted earnings per share (cents per share)	7	43.82	90.38		

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

BALANCE SHEETS

AS AT 30 JUNE 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
CURRENT ASSETS					
Cash and cash equivalents	8	145,384	151,986	9,332	17,368
Trade and other receivables	9	22,206	28,130	9,155	290
Inventories	10	369	302	-	-
Other financial assets	11	18,913	20,179	9,469	15,104
TOTAL CURRENT ASSETS		186,872	200,597	27,956	32,762
NON-CURRENT ASSETS					
Trade and other receivables	9	25	925	8,555	40,238
Deferred tax assets	4	9,558	38,243	401	162
Other financial assets	11	-	5,277	-	-
Investments accounted for using the equity method	12	-	564	-	564
Property, plant and equipment	14	6,108	8,525	734	738
Exploration, evaluation and development expenditure	15	45,293	19,584	21,792	2,121
Mine acquisition and pre-production costs	16	1,751	1,896	-	-
TOTAL NON-CURRENT ASSETS		62,735	75,014	31,482	43,823
TOTAL ASSETS		249,607	275,611	59,438	76,585
CURRENT LIABILITIES					
Trade and other payables	17	16,906	15,598	5,425	701
Borrowings	18	632	1,390	-	-
Current tax payable	4	-	31,067	-	31,067
Other financial liabilities	19	20,722	62,216	-	-
TOTAL CURRENT LIABILITIES		38,260	110,271	5,425	31,768
NON-CURRENT LIABILITIES					
Borrowings	18	-	521	-	-
Deferred tax liabilities	4	16,043	9,786	7,728	2,999
Other financial liabilities	19	-	50,430	-	-
Provisions	20	2,347	1,722	-	-
TOTAL NON-CURRENT LIABILITIES		18,390	62,459	7,728	2,999
TOTAL LIABILITIES		56,650	172,730	13,153	34,767
NET ASSETS		192,957	102,881	46,285	41,818
EQUITY					
Contributed equity	21	29,481	26,621	29,481	26,621
Reserves	22	(2,156)	(57,452)	3,765	2,835
Retained earnings	23	165,632	133,712	13,039	12,362
TOTAL EQUITY		192,957	102,881	46,285	41,818

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2008

	Consolidated				Parent Entity			
	Issued Capital	Retained Earnings	Other Reserves	Total Equity	Issued Capital	Retained Earnings	Other Reserves	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2006	23,076	43,144	(18,291)	47,929	23,076	3,941	1,499	28,516
(Loss) on cash flow hedges, net of tax	-	-	(40,497)	(40,497)	-	-	-	-
Total income and expense for the period recognised directly in equity	-	-	(40,497)	(40,497)	-	-	-	-
Profit for the year	-	105,347	-	105,347	-	23,200	-	23,200
Total income/expense recognised for the year	**-**	**105,347**	**(40,497)**	**64,850**	**-**	**23,200**	**-**	**23,200**
Cost of share-based payment	-	-	1,336	1,336	-	-	1,336	1,336
Exercise of options	2,575	-	-	2,575	2,575	-	-	2,575
Issue of fully paid shares	970	-	-	970	970	-	-	970
Equity dividends	-	(14,779)	-	(14,779)	-	(14,779)	-	(14,779)
At 30 June 2007	26,621	133,712	(57,452)	102,881	26,621	12,362	2,835	41,818
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**	**-**	**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)	-	(19,618)	-	(19,618)
At 30 June 2008	29,481	165,632	(2,156)	192,957	29,481	13,038	3,765	46,285

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES

CASH FLOW STATEMENT

AS AT 30 JUNE 2008

		Consolidated		Parent Entity	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		137,975	240,242	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(53,557)	(54,035)	(4,957)	(3,212)
Borrowing costs		(106)	(226)	-	(11)
Income tax payment		(51,087)	(27,468)	(51,087)	(27,468)
Other income		76	527	40	36
Net cash inflow/(outflow) from operating activities	26a	33,301	159,040	(56,004)	(30,655)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(2,533)	(6,782)	(369)	(407)
Proceeds on sale of equipment		580	-	-	-
Payments for purchase of listed investments		(1,140)	(855)	(1,140)	(855)
Payments for purchase of mine prospects		(4,000)	-	(4,000)	-
Proceeds on sale of listed investments		3,690	-	3,690	-
Interest received		10,272	3,082	1,232	145
Dividends received from subsidiary		-	-	30,000	30,000
Loans to associated company		(425)	(550)	(425)	(550)
Payments relating to mine development		(4,512)	(4,231)	-	-
Payments for exploration and evaluation expenditure		(23,799)	(10,348)	(14,235)	(7,479)
Net cash inflow/(outflow) from investing activities		(21,867)	(19,684)	14,753	20,854
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,860	2,575	2,860	2,575
Payment of dividends		(19,617)	(14,779)	(19,617)	(14,779)
Repayment of loan from subsidiary		-	-	49,972	32,162
Repayment of hire purchase debt		(1,279)	(1,296)	-	-
Net cash inflow/(outflow) from financing activities		(18,036)	(13,500)	33,215	19,958
Net increase/(decrease) in cash and cash equivalents		(6,602)	125,856	(8,036)	10,157
Cash and cash equivalents at beginning of the year		151,986	26,130	17,368	7,211
Cash and cash equivalents at the end of the year	8	145,384	151,986	9,332	17,368

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

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 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.

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 and consolidated financial statements using the cost 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 income 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 income 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 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 income 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) 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).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Interests in Joint Ventures

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the balance sheet and income statement. Details of the Group's interests, if any, are shown in note 35.

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, is 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.

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 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 its useful life.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 10%.

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. A provision is raised where there is objective evidence of doubt as to the collectability of a debt.

p. Earnings per Share

The Group has applied *AASB 133 Earnings Per Share*.

Basic Earnings per Share

Basic EPS earnings are calculated using net profit or loss after income tax attributable to members of the Company.

Diluted earnings per Share

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 shared 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 stated 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.

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 are currently two plans in place to provide these benefits:

(i) the Employee Share Option Plan (ESOP), which provides benefits to executive directors and other employees, and

(ii) the Non-executive Directors' Share Option Plan (NDSOP), which provides benefits to non-executive directors.

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').

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are treated as if they were 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 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 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 mineral reserves estimated at the time of acquisition of the mine property.

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.

	Consolidated		Parent Entity	
NOTE 2: REVENUE AND OTHER INCOME	2008 $'000	2007 $'000	2008 $'000	2007 $'000
a. Revenue				
Sale of goods	137,665	222,933	-	-
Interest received – other parties	10,272	3,082	1,232	200
Dividend received from wholly-owned entity	-	-	30,000	30,000
Total Revenue	147,937	226,015	31,232	30,200
b. Other Income				
Net gain on sale of held for trading investments	792	-	792	-
Net gain on disposal of property, plant and equipment	340	480	-	-
Other revenue	76	47	40	36
Total Other Income	1,208	527	832	36

NOTE 3: PROFIT

Profit before income tax has been determined after charging the following items:				
Cost of sale of goods	53,242	56,007	-	-
Employee entitlements provision	222	499	61	51
Share-based payment expense	930	1,336	930	1,336
Finance costs - other entities	106	226	-	11
Amortisation of non-current assets	5,312	620	-	-
Depreciation of non-current assets	3,488	9,336	373	318
Exploration costs expensed	1,279	57	1,279	57
Write-off of investment in associated company	564	-	564	-
Provision against loan to associated company	1,325	-	1,325	-
Foreign exchange losses	3,135	3,054	-	-
Rental expense relating to operating leases	186	136	186	136
Write-off of capitalised exploration expenditure	1,208	11,360	969	11,125
Provision for mine restoration	417	-	-	-

NOTE 4: INCOME TAX

a. The major components of income tax expense are:

Income Statement				
Current income tax				
Current Income Tax Charge	11,299	50,011	(7,911)	(3,356)
Deferred income tax				
Relating to origination and reversal of temporary differences	11,362	(4,243)	4,510	1,060
Income tax expense reported in the income statement	22,661	45,768	(3,401)	(2,296)
Deferred income tax expense/(revenue) included in income tax expense comprises:				
(Decrease)/increase in deferred tax assets	(4,713)	5,512	218	116
Decrease/(increase) in deferred tax liabilities	(6,649)	(1,269)	(4,728)	(1,176)
	(11,362)	4,243	(4,510)	(1,060)

NOTE 4: INCOME TAX (continued)	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Recognition of commodity hedge contracts	23,580	(17,638)	-	-
Rehabilitation	-	-	-	-
Income tax expense reported in equity	23,580	(17,638)	-	-
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:				
Accounting profit before tax from continuing operations	74,199	151,115	16,893	20,904
Loss before tax from discontinued operations	-	-	-	-
Accounting profit before income tax	74,199	151,115	16,893	20,904
At the Group's statutory income tax rate of 30% (2007: 30%)	22,260	45,334	5,068	6,271
Share-based payments	279	401	279	401
Non-deductible legal expenses	-	49	-	49
Expenditure not allowable for income tax purposes	14	71	-	66
Intercompany dividend	-	-	(9,000)	(9,000)
Unrecognised temporary difference – reduction in carrying value of investment below its original cost	304	-	304	-
Other	(196)	(87)	(52)	(83)
	22,661	45,768	(3,401)	(2,296)
Income tax expense reported in the consolidated income statement	22,661	45,768	(3,401)	(2,296)
Income tax attributable to discontinued operations	-	-	-	-
	22,661	45,768	(3,401)	(2,296)
The applicable weighted average effective tax rates are as follows:	30%	30%	-	-

	Balance Sheet		Income Statement	
	2008	2007	2008	2007
Deferred Income Tax	$'000	$'000	$'000	$'000
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Consumable inventories	(111)	(90)	20	2
Accrued income	(362)	(17)	352	1
Revaluation of hedged trade debtors	-	-	-	-
Revaluations on financial assets through profit or loss	(522)	(2,347)	(1,824)	1,976
Capitalised exploration, pre-production and acquisition costs	(11,604)	(3,997)	7,606	(903)
Deferred gains and losses on foreign exchange contracts	(2,833)	(3,106)	-	-
Capitalised development expenditure	(588)	(208)	480	193
Other	(23)	(21)	15	-
Gross deferred income tax liabilities	(16,043)	(9,786)	6,649	1,269
CONSOLIDATED				
Deferred tax assets				
Plant and equipment	1,606	1,304	(295)	41
Trade debtors	331	2,059	1,728	(2,395)

NOTE 4: INCOME TAX (continued)

	Balance Sheet		Income Statement	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accrued expenses	98	111	12	(27)
Deferred loss on hedged commodity contracts	6,217	33,794	3,725	(2,920)
Provisions for employee entitlements	607	541	(66)	(150)
Provision for rehabilitation	478	352	(125)	-
Other	221	82	(266)	(61)
Gross deferred income tax assets	9,558	38,243	4,713	(5,512)
Deferred tax (income)/expense			11,362	(4,243)
PARENT ENTITY				
Deferred tax liabilities				
Accrued income	(6)	(17)	(11)	3
Revaluations on financial assets through profit or loss	(522)	(2,346)	(1,824)	1,976
Capitalised exploration expenditure	(7,200)	(636)	6,563	(803)
Gross deferred income tax liabilities	(7,728)	(2,999)	4,728	1,176
PARENT ENTITY				
Deferred tax assets				
Plant and equipment	76	47	(27)	(37)
Accrued expenses	35	39	4	3
Provisions for employee entitlements	69	51	(18)	(15)
Other	221	25	(175)	(67)
Gross deferred income tax assets	401	162	(216)	(116)
Deferred tax (income)/expense			4,510	1,060

b. Tax Consolidation

Independence Group NL and its wholly owned subsidiaries formed a tax consolidated group effective 1 July 2002. The entities have also entered a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on the same basis as if they were tax-paying entities. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head company default on its tax payment obligations. The head company of the tax consolidated group is Independence Group NL.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Independence Group NL for any current tax payable assumed and are compensated by Independence Group NL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Independence Group NL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

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 note 9).

	Consolidated		Parent Entity	
NOTE 5: AUDITOR'S REMUNERATION	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Remuneration of the auditor of the Group for:				
a. audit and review of financial reports	86	64	86	64
b. other services	-	-	-	-

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
NOTE 6: DIVIDENDS PAID				
a. Interim ordinary dividend franked at the tax rate of 30%				
2008: 5 cents (2007: 6 cents) per share	5,826	6,862	5,826	6,862
b. Final ordinary dividend franked at the tax rate of 30%				
2008: 12 cents (2007: 7 cents) per share	13,791	7,917	13,791	7,917
Total dividends paid during the financial year	19,617	14,779	19,617	14,779
c. Franking account balance at the end of the financial year	78,364	35,684	78,364	35,684

d. In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 5 cents (2007: 12 cents) per share, fully franked at the tax rate of 30%. The aggregate amount of the proposed dividend expected to be paid on 18 September 2008 but not recognised as a liability at year end is:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
	5,847	13,791	5,847	13,791

NOTE 7: EARNINGS PER SHARE	2008 '000 No.	2007 '000 No.
a. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	115,709	113,514
Weighted average number of options outstanding	1,897	3,040
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS	117,606	116,554
	$'000	$'000
b. Earnings used in the calculation of basic EPS	51,538	105,347

c. Options outstanding and contributing shares have been classified as potential ordinary shares and have been included in the determination of dilutive EPS.

NOTE 8: CASH AND CASH EQUIVALENTS	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Cash at bank and on hand	6,637	356	(101)	72
Deposits at call	20,747	86,630	1,433	2,296
Fixed term deposits	118,000	65,000	8,000	15,000
	145,384	151,986	9,332	17,368

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 30.

NOTE 9: TRADE AND OTHER RECEIVABLES	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
CURRENT					
Trade debtors (i)	1(o)	10,931	27,152	-	-
Other debtors (iii)		1,499	140	163	91
Prepayments		406	260	-	-
Current tax receivable	4	8,721	-	8,721	-
GST receivable		649	578	271	199
		22,206	28,130	9,155	290

NOTE 9: TRADE AND OTHER RECEIVABLES (continued)	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
NON-CURRENT				
Deposits	25	25	25	25
Amounts owing from associated entities	1,325	900	1,325	900
Less: Provision for diminution (ii)	(1,325)	-	(1,325)	-
Amounts owing from wholly-owned entities	-	-	8,530	39,313
	25	925	8,555	40,238

(i) Trade debtors consist of payments outstanding from WMC Resources 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 30.

(ii) A provision has been created as the Company does not expect to be able to recover the loan from Southstar Diamonds Ltd. The amount owing has increased from $900 thousand in 2007 to $1,325 thousand at the end of the current financial year. The loan amount was fully provided for at the end of the financial year.

(iii) Other debtors consists mainly of interest accrued but not yet paid on short term deposits at the end of the year.

NOTE 10: INVENTORIES	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
CURRENT					
Mine spares and stores		369	302	-	-
NOTE 11: OTHER FINANCIAL ASSETS					
CURRENT					
Forward foreign exchange contracts –	30(d)				
cash flow hedges (i)		9,444	5,075	-	-
Australian listed equity securities (ii)		9,469	15,104	9,469	15,104
		18,913	20,179	9,469	15,104
NON-CURRENT					
Forward foreign exchange contracts –	30(d)				
cash flow hedges (i)		-	5,277	-	-
		-	5,277	-	-

(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.

The Group's exposure to price risk and a sensitivity analysis for financial assets are disclosed in note 30.

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2008 $'000	2007 $'000	2008 $'000	2007 $'000
a. Movements during the year in equity accounted investment in associated companies:				
Balance at beginning of the financial year	564	564	564	564
Investments written off during the year	(564)	-	(564)	-
Balance at end of the financial year	-	564	-	564
b. Retained earnings attributable to associate:				
Share of loss from ordinary activities after income tax expense	(474)	(429)	(474)	(429)
Share of retained losses at beginning of the financial year	(808)	(379)	(808)	(379)
Share of retained losses at end of the financial year	(1,282)	(808)	(1,282)	(808)

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
c. Summarised presentation of aggregate assets, liabilities and performance of associates:				
Current Assets	4	241	4	241
Non-current Assets	13	18	13	18
Total Assets	17	259	17	259
Current Liabilities	49	42	49	42
Non-current Liabilities	2,500	1,800	2,500	1,800
Total Liabilities	2,549	1,842	2,549	1,842
Net Liabilities	(2,532)	(1,583)	(2,532)	(1,583)
Net loss from ordinary activities after income tax of associates	(948)	(858)	(948)	(858)

d. Due to the immaterial balance of the associated company's retained losses, the Group has not reflected its share of the associate's losses in the investment balance.

e. The associated company is an unlisted company incorporated in Australia, Southstar Diamonds Limited. Independence Group NL has a 50% (2007: 50%) ownership interest.

NOTE 13: CONTROLLED ENTITIES

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

	Country of Incorporation	Class of Share	Percentage Owned 2008 %	Percentage Owned 2007 %	Contribution to Profit 2008 $'000	Contribution to Profit 2007 $'000
Controlled Entity: Lightning Nickel Pty Ltd	Australia	Ord	100	100	61,121	112,075

NOTE 14: PROPERTY, PLANT AND EQUIPMENT	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Mine plant and equipment – leased (i)	3,676	3,676	-	-
Accumulated amortisation	(3,336)	(2,110)	-	-
	340	1,566	-	-
Mine plant and equipment - other	22,989	22,501	-	-
Accumulated depreciation	(17,955)	(16,280)	-	-
	5,034	6,221	-	-
Other plant and equipment	1,937	1,568	1,937	1,568
Accumulated depreciation	(1,203)	(830)	(1,203)	(830)
	734	738	734	738
Total written down value	6,108	8,525	734	738
Reconciliation of the movement for the year:				
Carrying amount at the beginning of year	*8,525*	*6,773*	*738*	*649*
Additions	*2,293*	*6,625*	*369*	*407*
Disposals	*-*	*-*	*-*	*-*
Depreciation/amortisation expense	*(4,710)*	*(4,873)*	*(373)*	*(318)*
Carrying amount at the end of year	*6,108*	*8,525*	*734*	*738*

(i) Refer to note 18 for information on non-current assets pledged as security.

NOTE 15: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Exploration and evaluation expenditure:				
Opening balance	12,339	15,753	2,121	4,797
Current year's expenditure	26,349	11,318	20,640	8,449
Written off during the year	(1,208)	(11,360)	(969)	(11,125)
Amortisation expense	(2,356)	(3,372)	-	-
	35,124	12,339	21,792	2,121
Development expenditure:				
Opening balance	7,245	4,104	-	-
Current year's expenditure	4,512	4,231	-	-
Amortisation expense	(1,588)	(1,090)	-	-
	10,169	7,245	-	-
Carrying amount at end of year	45,293	19,584	21,792	2,121

Note1(h) describes the policy relating to the carrying value of interests in exploration, evaluation and development expenditure.

NOTE 16: MINE ACQUISITION AND PRE-PRODUCTION COSTS				
Mine acquisition costs:				
Opening balance	1,896	2,084	-	-
Current year's expenditure	2	158	-	-
Amortisation expense	(146)	(346)	-	-
	1,752	1,896	-	-
Pre-production costs:				
Opening balance	-	275	-	-
Current year's expenditure	-	-	-	-
Amortisation expense	-	(275)	-	-
	-	-	-	-
Carrying amount at end of year	1,752	1,896	-	-

Note1(u) describes the policy relating to the carrying value of interests in mine acquisition and pre-production costs.

NOTE 17: TRADE AND OTHER PAYABLES				
CURRENT				
Trade creditors	7,364	5,731	712	247
GST Payable	1,038	3,879	5	6
Employee entitlements	1,268	1,254	229	168
Sundry creditors and accrued expenses	7,236	4,734	4,479	280
	16,906	15,598	5,425	701

NOTE 18: BORROWINGS				
CURRENT				
Lease liabilities (i)	632	1,390	-	-
	632	1,390	-	-
NON-CURRENT				
Lease liabilities (i)	-	521	-	-
	-	521	-	-
Financing Arrangements				
Entities have access to the following financing arrangements at balance date:				
Guarantee facility (ii)	1,500	1,500	-	-
Less: drawn down portion	(301)	(311)	-	-
	1,199	1,189	-	-

NOTE 18: BORROWINGS (continued)

(i) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) The facility is denominated in Australian dollars and interest is charged at the BBSY rate plus an applicable margin. The facility is repayable by 30 June 2009 and is secured by a fixed and floating charge over the assets of the Group.

The Group's exposure to interest rate and liquidity risk and a sensitivity analysis for financial liabilities are disclosed in note 30.

	Note	Consolidated		Parent Entity	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
NOTE 19: OTHER FINANCIAL LIABILITIES					
CURRENT					
Commodity hedging loss	29	20,722	62,216	-	-
		20,722	62,216	-	-
NON-CURRENT					
Commodity hedging loss		-	50,430	-	-
		-	50,430	-	-
NOTE 20: PROVISIONS					
NON-CURRENT					
Employee entitlements (i)		756	548	-	-
Provision for restoration (ii)		1,591	1,174	-	-
		2,347	1,722	-	-
Provision for restoration movement for the year					
Balance at start of the year		*1,174*	*1,174*	-	-
Provision recognised for the year		*417*	-	-	-
Balance at the end of the year		*1,591*	*1,174*	-	-

(i) This is a provision for long service leave entitlements. The Company estimates how many employees are likely to complete 10 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	
NOTE 21: CONTRIBUTED EQUITY	2008 $'000	2007 $'000	2008 $'000	2007 $'000
116,940,457 (2007: 114,712,057) fully paid ordinary shares (a)	29,481	26,583	29,481	26,583
nil (2007: 375,000) partly paid unlisted options (b)	-	38	-	38
	29,481	26,621	29,481	26,621
a. Ordinary shares (i)				
At the beginning of year	26,583	22,999	26,583	22,999
Shares issued during the year				
Issued 1 July 2006 to 30 June 2007	-	3,584	-	3,584
650,000 unlisted options exercised at $1.03 (ii)	669	-	669	-
375,000 unlisted options exercised at $1.33 (iii)	499	-	499	-
37,500 unlisted options exercised at $1.59 (iv)	60	-	60	-
301,100 unlisted options exercised at $1.16 (iv)	349	-	349	-
417,300 unlisted options exercised at $0.96 (iv)	400	-	400	-
62,500 unlisted options exercised at $1.20 (iv)	75	-	75	-
75,000 unlisted options exercised at $4.64 (iv)	348	-	348	-
37,500 unlisted options exercised at $4.85 (iv)	182	-	182	-
272,500 unlisted options exercised at $1.16 (v)	316	-	316	-
Transaction costs relating to share issues	-	-	-	-
At reporting date	29,481	26,583	29,481	26,583

NOTE 21: CONTRIBUTED EQUITY (continued)

	No. '000	*No. '000*	*No. '000*	*No. '000*
At the beginning of the year	*114,712*	*112,271*	*114,712*	*112,271*
Shares issued during the year	*2,228*	*2,441*	*2,228*	*2,441*
At reporting date	*116,940*	*114,712*	*116,940*	*114,712*

b. Options for Ordinary Shares – Partly Paid Unlisted (iii)	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At beginning of the year	38	77	38	77
Issued during the year	-	38	-	38
Converted to ordinary shares during the year	(38)	(77)	(38)	(77)
At reporting date	-	38	-	38
	No. '000	*No. '000*	*No. '000*	*No. '000*
At beginning of the year	*375*	*750*	*375*	*750*
Issued during the year	*-*	*375*	*-*	*375*
Converted to ordinary shares during the year	*(375)*	*(750)*	*(375)*	*(750)*
At reporting date	*-*	*375*	*-*	*375*

(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) These options were issued to executive directors on 26 November 2003.

(iii) 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.

(iv) These options were issued under the Employee Option Plan.

(v) These options were issued to employees in March 2004 and were not issued under the Employee Option Plan.

(vi) At the end of the year there were 1,777,500 (2007: 4,005,900) unissued shares in respect of which options were outstanding.

c. Unlisted Options

Details relating to unpaid and unlisted options are disclosed in note 33.

	Note	Consolidated		Parent Entity	
NOTE 22: RESERVES		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Share-based payment reserve (i)		3,765	2,835	3,765	2,835
Hedging reserve (ii)	29	(5,921)	(60,287)	-	-
		(2,156)	(57,452)	3,765	2,835
Share-based payment reserve movement for the year:					
Balance at the start of the year		*2,835*	*1,499*	*2,835*	*1,499*
Current year movements due to vesting		*930*	*1,336*	*930*	*1,336*
Balance at the end of the year		*3,765*	*2,835*	*3,765*	*2,835*
Hedging reserve movement for the year:					
Balance at the start of the year		*(60,287)*	*(19,790)*	*-*	*-*
Revaluation – gross		*91,016*	*(68,527)*	*-*	*-*
Deferred tax		*(27,305)*	*20,558*	*-*	*-*
Transfer to net profit - gross		*(13,350)*	*10,674*		
Deferred tax		*4,005*	*(3,202)*	*-*	*-*
Balance at the end of the year		*(5,921)*	*(60,287)*	*-*	*-*

NOTE 22: RESERVES (continued)

(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.*

	Consolidated		Parent Entity	
NOTE 23: RETAINED EARNINGS	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Retained profits at the beginning of the financial year	133,712	43,144	12,362	3,941
Dividends paid – fully franked	(19,618)	(14,779)	(19,618)	(14,779)
Net profit attributable to the members of the parent entity	51,538	105,347	20,294	23,200
Retained profits at the end of the financial year	165,632	133,712	13,038	12,362

NOTE 24: 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	177	184	177	184
later than 1 year but not later than 5 years	708	50	708	50
later than 5 years	-	-	-	-
	885	234	885	234

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	1,546	-	-
later than 1 year but not later than 5 years	-	582	-	-
minimum lease payments	647	2,128	-	-
less: future lease finance charges	(15)	(217)	-	-
Recognised as a liability	632	1,911	-	-
Finance and hire purchase liabilities provided for in the financial statements:				
Current	632	1,390	-	-
Non-current	-	521	-	-
Total liability	632	1,911	-	-

c. Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the Group will be required to spend $7,880 thousand in 2008/9.

d. Capital Commitments

During the year the Group ordered a grader and a loader ($1,904 thousand) to be delivered and paid for during 2008/9.

NOTE 25: 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.

Primary Industrial Segment Information 2008	Mining $'000	Exploration $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Revenue from external customers	137,665	-	-	137,665
Inter-segment revenue	-	-	-	-
Other revenue	417	792	10,271	11,480
Total segment revenue	138,082	792	10,271	149,145
Group 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	-	2,213
Depreciation and amortisation expense	8,427	373	-	8,800
Other non-cash expenses	625	1,269	930	2,824
Primary Industrial Segment Information 2007				
Revenue from external customers	222,933	-	-	222,933
Other revenue	480	-	3,129	3,609
Total segment revenue	223,413	-	3,129	226,542
Group profit/(loss) before income tax	160,139	(12,153)	3,129	151,115
Income tax expense				(45,768)
Group profit/(loss) for the year				105,347
Segment assets	56,236	30,004	189,371	275,611
Segment liabilities	131,196	31,748	9,786	172,730
Acquisition of property, plant and equipment	6,218	407	-	6,625
Depreciation and amortisation expense	9,638	318	-	9,956
Other non-cash expenses	297	11,360	1,336	12,993

NOTE 26: CASH FLOW INFORMATION	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax				
Profit from ordinary activities after income tax	51,538	105,347	20,294	23,200
Devaluation/(revaluation) of investments in listed entities	5,326	(6,585)	5,326	(6,585)
Unrealised gain on trade debtors revaluation	(13,070)	10,421	-	-
Dividend and interest income	(10,272)	(3,082)	(31,232)	(30,145)
Gain on sale of assets	(1,132)	-	(793)	-
Depreciation	3,488	3,415	373	317
Write-off of capitalised expenditure	1,208	11,360	969	11,125
Write-off of investment in associated company	564	-	564	-
Provision against loan to associated company	1,325	-	1,325	-
Amortisation	5,312	6,541	-	-
Share-based payment expense	930	1,336	930	1,336

	Consolidated		Parent Entity	
NOTE 26: CASH FLOW INFORMATION (continued)	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Changes in assets and liabilities:				
(Increase)/decrease in trade debtors	16,221	6,888	-	-
(Increase)/decrease in other debtors	(1,576)	(138)	(144)	(69)
Increase/(decrease) in trade and other payables	1,295	4,774	811	(66)
(Increase)/decrease in inventory	(68)	(6)	-	-
Increase.(decrease) in deferred tax asset	4,494	(5,361)	239	(76)
Increase/(decrease) in current tax payable	(39,788)	22,510	(59,456)	(30,863)
Increase in deferred tax liability	6,868	1,121	4,729	1,176
Increase/(decrease) in provisions	638	499	61	(5)
Cash flows from operations	33,301	159,040	(56,004)	(30,655)

b. Non-cash Financing and Investing Activities

During the year the Group acquired leased plant and equipment with an aggregate value of $nil (2007: $nil).

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the value of the listed investments held by the Company has decreased by $4,882 thousand.

On 28 August 2008 the Company announced a fully franked final dividend of 5 cents per share to be paid on 18 September 2008.

On 8 August 2008 the Company announced an on-market buy-back of up to 11,470,000 issued shares. To the date of this report, 3,391,918 shares had been bought back and cancelled.

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.

NOTE 28: 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:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
a. Director-Related Entities				
Consulting fees have been paid to Virtual Genius Pty Ltd, a company to which director Mr Bonwick is related	13	11	13	11
Consulting fees have been paid to MiningOne Pty Ltd, a company to which two directors of a subsidiary are associated. One director is a principle of MiningOne Pty Ltd and the other is a consultant to the company	120	138	107	-
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:	No.	No.	No.	No.
ordinary shares	6,583,506	5,953,506	6,583,506	5,953,506
options over ordinary shares (unlisted)	750,000	1,775,000	750,000	1,775,000
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	60,200	-	-
options over ordinary shares (unlisted)	37,500	75,000	-	-

c. Key Management Personnel

The Company's key management personnel during the period were non-executive directors Rod Marston (Chairman), John Christie and Oscar Aamodt, 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.

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:

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

2008	Balance start of year	Granted during year	Exercised during year	Balance at end of year
	No.	No.	No.	No.
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)	-
B Hartmann	75,000	-	(37,500)	37,500
	1,850,000	**-**	**(1,062,500)**	**787,500**
2007				
R Marston	750,000	-	(500,000)	250,000
C Bonwick	750,000	500,000	(375,000)	875,000
K Ross	375,000	250,000	(100,000)	525,000
J Christie	375,000	-	(250,000)	125,000
B Hartmann	112,500	-	(37,500)	75,000
	2,362,500	**750,000**	**(1,262,500)**	**1,850,000**

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.

Consideration received on the exercise of options is recognised in contributed equity. During the year $460,125 was recognised in contributed equity arising from the exercise of non-executives' options described in note 28(c)(i) and $669,500 was recognised in contributed equity arising from the exercise of executive's options described in note 28(c)(ii).

Share holdings 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
R Marston	1,520,000	250,000	(100,000)	1,670,000
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
O Aamodt	20,000	-	-	20,000
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**

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

Share holdings of key management personnel for the year ending 30 June 2007

	Balance at Start of Year	Remuneration Options Exercised	Net Other Change During the Year	Balance at End of Year
R Marston	1,450,000	500,000	(430,000)	1,520,000
C Bonwick	3,873,506	375,000	(1,000,000)	3,248,506
K Ross	885,000	100,000	(290,000)	695,000
J Christie	345,000	250,000	(125,000)	470,000
O Aamodt	10,000	-	10,000	20,000
B Hartmann	-	37,500	-	37,500
T Moran	50,000	-	(40,000)	10,000
G Davison	2,700	-	-	2,700
Total	**6,616,206**	**1,262,500**	**(1,875,000)**	**6,003,706**

Key Management Personnel Compensation

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits	1,533,628	1,302,959	1,098,924	910,099
Post-employment benefits	90,125	84,465	66,500	56,890
Long-term benefits	-	-	-	-
Share-based payments	38,989	891,243	34,859	883,624
	1,662,742	2,278,667	1,200,283	1,850,613

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	
	2008	2007
Loan from subsidiary	$'000	$'000
Balance at beginning of the year	39,313	18,101
Loan advances	24,003	61,043
Loan repayments	(54,786)	(39,831)
Balance at end of the year	8,530	39,313

NOTE 29: FOREIGN EXCHANGE AND COMMODITY CONTRACTS

At 30 June 2008 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 19 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 2008:

Year of Delivery	Sell (Nickel Tonnes)	USD/tonne	Exchange Rate	AUD/tonne
2008/9	2,400	13,513	A/US0.7309	18,489

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 2008 and the resulting surplus/deficit compared to market value (net of tax) is reflected in the Hedge 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.

NOTE 29: FOREIGN EXCHANGE AND COMMODITY CONTRACTS (continued)

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

	Average exchange rate		USD		Contract value		Fair value	
Outstanding contracts			2008	2007	2008	2007	2008	2007
Consolidated	2008	2007	USD $'000	USD $'000	$'000	$'000	$'000	$'000
Sell US dollars								
3 months or less	0.7305	0.7321	8,107	7,665	11,093	10,470	2,579	1,421
3 to 6 months	0.7305	0.7321	8,107	7,665	11,093	10,470	2,431	1,372
6 months to 1 year	0.7305	0.7289	16,215	15,648	22,186	21,468	4,434	2,282

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 $5,921 thousand (2007: $60,287 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 2008, $9,345,000 (2007 $7,472,000) was released from equity (net of tax) to sale of goods in the income statement for the Group only.

NOTE 30: 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, 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 18, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 8, 21, 22, and 23 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% (2007: 0%).

The Board sees 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 38% (2007: 94.3%). 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	
Parent	2008	2007	2008	2007	2008	2007
	%	%	$'000	$'000	$'000	$'000
Financial Assets:						
Cash	7.60	5.95	1,333	2,367	1,333	2,367
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			1,333	2,367	1,333	2,367

NOTE 30: FINANCIAL INSTRUMENTS (continued)

	Weighted Average Effective Interest Rate		Floating Interest		Total	
Parent	2008	2007	2008	2007	2008	2007
	%	%	$'000	$'000	$'000	$'000
Financial Liabilities:						
Payables			-	-	-	-
Bank Loans			-	-	-	-
Total Financial Liabilities			-	-	-	-
Consolidated						
Financial Assets:						
Cash	7.30	5.95	27,384	86,663	27,384	86,663
Receivables - trade			-	-	-	-
Investments			-	-	-	-
Total Financial Assets			27,384	86,663	27,384	86,663
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 $192 thousand (2007: increase/decrease by $607 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.

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 2008 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 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cash	145,384	151,986	9,332	17,368
Trade receivables	10,931	27,152	-	-
Foreign exchange derivatives	9,444	5,075	-	-

No analysis of trade and other receivables are past due or impaired for either 30 June 2008 or 2007.

NOTE 30: FINANCIAL INSTRUMENTS (continued)

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 2008 US Dollars A$'000	Consolidated 2007 US Dollars A$'000	Parent 2008 US Dollars A$'000	Parent 2007 US Dollars A$'000
Cash and cash equivalents (1)	6,627	22,403	-	-
Trade receivables	10,931	27,152	-	-
Foreign exchange derivatives	9,444	10,352	-	-
Commodity derivatives liability	(20,722)	(112,646)	-	-

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, this 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 2008 (1% change in 2007) in both directions.

	Impact on Profit (Net of Tax)				Impact on Equity (Net of Tax)			
	Consolidated		Parent		Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Currency Risk								
Debtors revaluation	675	1,733	-	-	-	-	-	-
Derivative instruments (Sold)								
5% Increase	-	-	-	-	1,103	2,350	-	-
5% Decrease	-	-	-	-	(1,219)	(2,597)	-	-
Cash and cash equivalents	164	203	-	-	-	-	-	-

The Group's sensitivity to foreign currency has decreased during the current period mainly due to the reduction 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 return.

The group has 100% concentration of investments in Australian Listed mining companies (2007: 100%).

The at risk amount for the Group and the Parent Company is $9,469 thousand (2007: $15,104 thousand).

NOTE 30: FINANCIAL INSTRUMENTS (continued)

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 reasonably possible changes and varies between 60% and 90%. At reporting date, if the equity prices had been higher or lower, net profit for the year ended 30 June 2008 would have increased or decreased by $4,882 thousand (2007: $7,807 thousand). The Group's sensitivity to equity prices has reduced from the prior year due to some investments being disposed of 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 30e for a summary of the 'at risk amounts'.

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% and 28%(2007) 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	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Commodity Price Risk								
Trade Receivables	507	1,434	-	-	-	-	-	-
Commodity Liabilities								
20% Increase	-	-	-	-	(7,539)	(25,644)	-	-
20% Decrease	-	-	-	-	7,539	25,644	-	-

All other variables remain constant: A downward sensitivity analysis has not been performed from 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.

Liquidity and interest risk tables

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.

NOTE 30: FINANCIAL INSTRUMENTS (continued)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
Consolidated	$'000	$'000	$'000	$'000	$'000
2008					
Trade and other payables	14,600	-	-	-	-
Finance lease liabilities	-	348	168	-	-
	14,600	348	168	-	-
2007					
Trade and other payables	10,465	-	-	-	-
Finance lease liabilities	116	348	926	521	-
	10,581	348	926	521	-
Company					
2008					
Trade and other payables	5,191	-	-	-	-
	5,191	-	-	-	-
2007					
Trade and other payables	527	280	-	-	-
	527	280	-	-	-

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 settle 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 (2007: nil).

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years
Consolidated	$'000	$'000	$'000	$'000	$'000
2008					
Net settled:					
Forward commodity contracts	20,722	-	-	-	-
	20,722	-	-	-	-
2007					
Net settled:					
Forward commodity contracts	112,646	-	-	-	-
	112,646	-	-	-	-

(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 assumes a worst case scenario if the counterparty to the derivative instruments elected to require early close out of the hedged position. The group believes the likelihood of this as being extremely remote.

(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.

NOTE 30: FINANCIAL INSTRUMENTS (continued)

h. Fair Value of Financial Instruments

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

	2008 Consolidated		2008 Parent		2007 Consolidated		2007 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	9,469	9,469	9,469	9,469	15,104	15,104	15,104	15,104
Security deposit	25	25	25	25	25	25	25	25
Foreign exchange contracts	9,444	9,444	-	-	10,352	10,352	-	-
Commodity contracts	(20,722)	(20,722)	-	-	(112,646)	(112,646)	-	-
Cash and cash equivalents	145,384	145,384	9,332	9,332	151,986	151,986	17,368	17,368
Trade and other receivables	12,430	12,430	8,693	8,693	27,292	27,292	40,304	40,304
	156,030	156,030	27,519	27,519	92,677	92,677	72,801	72,801

NOTE 31: COMPANY DETAILS

The registered office and principal place of business of the Company is Suite 9, Level 3 PDM House, 72 Melville Parade, South Perth, Western Australia. The Group had 155 (2007: 149) employees at the end of the financial year of which 27 (2007: 23) were employed by the parent entity.

NOTE 32: CONTINGENT LIABILITIES

Lightning Nickel Pty Ltd, which is 100% owned by Independence Group NL, has guarantees of $301,000 outstanding to various third parties. The guarantees relate to environmental and rehabilitation bonds predominantly for the Long Nickel Mine.

NOTE 33: SHARE-BASED PAYMENTS

(i) The following share-based payment arrangements existed at 30 June 2008:

(a) On 24 September 2003, the Company issued 1,300,000 unlisted options exercisable at 96 cents to employees. A further 150,000 were issued on 4 February 2004. The options were issued pursuant to the Company's Employee Option Plan. 1,385,000 options had been exercised or cancelled as at the end of the financial year and 30,000 options have been exercised since the end of the financial year. The remaining 35,000 expire on 30 September 2008.

(b) On 31 March 2004, the Company issued 550,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 475,000 options were exercised as at the end of the financial year and the remaining 75,000 expire on 30 June 2009.

(c) On 31 March 2004, the Company issued 750,000 unlisted options exercisable at $1.16 to employees. 625,000 options had been exercised as at the end of the financial year and the remaining 125,000 expire on 30 June 2009.

(d) On 20 December 2004, the Company issued 250,000 unlisted options exercisable at $1.20 to employees. 187,500 options had been exercised at the end of the financial year. The options were issued pursuant to the Company's Employee Option Plan and the remaining 62,500 expire on 30 June 2009.

e) 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. 662,500 options had been exercised or cancelled as at the end of the financial year. The remaining 137,500 expire on 30 June 2010.

(f) 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. 75,000 options had been exercised at the end of the financial year. The remaining 75,000 expire on 30 June 2010.

(g) 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.

(h) 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 and expire on 30 June 2010.

NOTE 33: SHARE-BASED PAYMENTS (continued))

(i) 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.

(j) 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.

(k) 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 (k) 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			
	2008		2007		2008		2007	
	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	4,005,900	1.20	5,046,850	1.20	4,005,900	1.20	5,046,850	1.20
Granted	-	-	1,200,000	4.54	-	-	1,200,000	4.54
Forfeited	-	-	-	-	-	-	-	-
Exercised	(2,228,400)	1.30	(2,240,950)	1.17	(2,228,400)	1.30	(2,240,950)	1.17
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	1,777,500	3.38	4,005,900	2.23	1,777,500	3.38	4,005,900	2.23
Exercisable at year-end	1,361,875	3.29	1,873,175	1.16	1,361,875	3.29	1,873,175	1.16

There were 2,228,400 options exercised during the year ended 30 June 2008. These options had a weighted average share price of $1.30 at exercise date.

The options outstanding at 30 June 2008 had a weighted average exercise price of $3.38 and a weighted average remaining contractual life of 1.06 years. Exercise prices range from $0.96 to $4.85 in respect of options outstanding at 30 June 2008.

The weighted average fair value of the options granted during the year was nil. There were no options granted during the year.

Included under share-based payment expense in the income statement is $930 thousand (2007: $1,336 thousand), which relates, in full, to equity-settled share-based payment transactions.

The weighted average fair value of the options granted during the previous year was $1.69.

This price was calculated by using a Binomial option pricing model applying the following inputs:

Weighted average exercise price	$4.54	
Weighted average life of the option	4.59	years
Underlying share price	$4.59	
Expected share price volatility	46.7%	
Risk free interest rate	5.8%	

Historical volatility was the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

(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.

NOTE 33: SHARE-BASED PAYMENTS (continued))

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 34: CHANGES IN ACCOUNTING POLICY

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.

AASB Amendment	AASB Standard Affected	Nature of change In Accounting Policy and Impact	Application Date of the Standard[1]	Application Date for the Group
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, 139, Interpretations 9 and 107	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.	1 July 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 revision 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
IAS 23	Borrowing Costs	Borrowing costs are now defined to include the interest expense calculated using the effective interest method. This should have no effect on the financial statements when this revised standard is adopted for the first time.	1 January 2009	1 July 2010
IAS 36	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 additional disclosure requirements only.	1 January 2009	1 July 2010
AASB 8 (replaces AASB 114)	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

[1] *Application date of the Standard refers to the annual reporting periods commencing on or after this date.*

NOTE 35: 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 has a free carry on exploration costs until completion of Pre-feasibility by the Manager. However both parties have agreed to fund a fast track budget to bring the project closer to a bankable feasibility study stage. The parent entity has pledged $3,676 thousand for this budget, of which $936 thousand is not included in the balance sheet as it relates to anticipated expenditure in 2008/9.

NOTE 36: VARIATION FROM PRELIMINARY REPORT

Subsequent to the release of the Company's preliminary report to the Stock Exchange, an accrual raised for the Tropicana project was reversed. This amounted to $2,208 thousand and impacted the account balances as follows: decrease in trade and other payables ($2,208 thousand) and decrease in exploration expenditure ($2,208 thousand). This has had no effect on the consolidated profit previously announced.

NOTE 37: BOARD APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on 19 September 2008.

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the Company declare that in their opinion:

1. the financial statements and notes of the Company and the consolidated Group:
    a. comply with Accounting Standards and the Corporations Act 2001;
    b. give a true and fair view of the financial position as at 30 June 2008 and performance for the year ended on that date of the Company and the consolidated Group; and
    c. the remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001;
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2008.

This declaration is made in accordance with a resolution of the Board of Directors.

C M Bonwick
Managing Director
Dated this 22nd day of September 2008

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INDEPENDENCE GROUP NL

We have audited the accompanying financial report of Independence Group NL, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

BDO Kendalls is a national association of
separate partnerships and entities

BDO Kendalls

Auditor's Opinion

In our opinion:

(a) the financial report of Independence Group NL is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Independence Group NL for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls

Brad McVeigh
Director

Dated this 22nd day of September 2008
Perth, Western Australia

INDEPENDENCE GROUP NL ABN 46 092 786 304 AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information not shown elsewhere in this report is required by ASX Limited in respect of listed public companies only. **This information is current as at 2 September 2008.**

1. Shareholding

a. Distribution of shareholders:

Category (size of Holding)	Ordinary Shares
1 – 1,000	865
1,001 – 5,000	1,520
5,001 – 10,000	570
10,001 – 100,000	617
100,001 – and over	82
	3,654

b. The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 87. The number of shareholders holding less than an economic parcel is 411.

c. The Company has received the following notices of substantial holding:

12,028,027 ordinary shares from Barclays Global Investors Australia Limited.

11,495,298 ordinary shares from JP Morgan Chase & Co. and its affiliates.

6,303,190 ordinary shares from Orion Asset Management Limited.

d. Voting Rights

The voting rights of each class of share are as follows:-

Fully Paid Ordinary Shares – one vote per share held.

Options – no voting rights are attached to unexercised options.

2. The name of the company secretary is Mrs Kelly Ross. Mrs Ross holds a Bachelor of Business in Accounting from Curtin University and the designation CPA from the Australian Society of Certified Practising Accountants.

3. The address of the principal registered office in Australia is Suite 9 PDM House, 72 Melville Parade, South Perth, Western Australia, Telephone (08) 9367 2755.

4. The Register of securities is held at Security Transfer Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia.

5. An on-market buy-back of up to 11,470,000 of the Company's issued ordinary shares is current.

6. Stock Exchange Listing

   Quotation has been granted for 116,510,457 ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange (ASX Limited). Unquoted securities are detailed in Note 7 below.

7. Unquoted Securities

   The following securities have been issued and the Company has not requested their quotation by the Australian Stock Exchange:-

   Unlisted Options

   (a) On 24 September 2003, the Company issued 1,300,000 unlisted options exercisable at 96 cents to employees. A further 150,000 were issued on 4 February 2004. The options were issued pursuant to the Company's Employee Option Plan. 1,385,000 options had been exercised or cancelled as at the end of the financial year and 30,000 options have been exercised since the end of the financial year. The remaining 35,000 expire on 30 September 2008.

   (b) On 31 March 2004, the Company issued 550,000 unlisted options exercisable at $1.16 to employees. The options were issued pursuant to the Company's Employee Option Plan. 475,000 options were exercised as at the end of the financial year and the remaining 75,000 expire on 30 June 2009.

(c) On 31 March 2004, the Company issued 750,000 unlisted options exercisable at $1.16 to employees. 625,000 options had been exercised as at the end of the financial year and the remaining 125,000 expire on 30 June 2009.

(d) On 20 December 2004, the Company issued 250,000 unlisted options exercisable at $1.20 to employees. 187,500 options had been exercised at the end of the financial year. The options were issued pursuant to the Company's Employee Option Plan and the remaining 62,500 expire on 30 June 2009.

(e) 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. 662,500 options had been exercised or cancelled as at the end of the financial year. The remaining 137,500 expire on 30 June 2010.

(f) 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. 75,000 options had been exercised at the end of the financial year. The remaining 75,000 expire on 30 June 2010.

(g) 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.

(h) 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 and expire on 30 June 2010.

(i) 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.

(j) 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.

(k) 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.

8. **20 Largest Holders of Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	National Nominees Limited	17,500,508	15.02
2.	JP Morgan Nominees Australia Limited	13,724,785	11.78
3.	HSBC Custody Nominees (Australia) Limited	10,886,344	9.34
4.	Citicorp Nominees Limited	7,438,395	6.38
5.	ANZ Nominees Pty Limited	6,209,205	5.33
6.	Forty Traders Limited	3,134,000	2.69
7.	Cogent Nominees Pty Ltd	2,834,136	2.43
8.	Karen Alana Schiller	2,000,000	1.72
9.	Virtual Genius Pty Ltd	2,000,000	1.72
10.	Yarandi Investments Pty Ltd	1,765,001	1.51
11.	Christopher Michael Bonwick	1,380,000	1.18
12.	Ron Medich Properties Pty Ltd	1,150,000	0.99
13.	Perpetual Trust Ltd	1,059,488	0.91
14.	Australian Reward Investment Alliance	968,542	0.83
15.	Nattai Pty Ltd	945,000	0.81
16.	RBC Dexia Investor Services Australia Nominees Pty Limited	876,537	0.75
17.	Queensland Investment Corporation	863,107	0.74
18.	Kelly Amanda Ross	775,000	0.67
19.	William Douglas Goodfellow	610,000	0.52
20.	Doppelganger Pty Ltd	550,000	0.47
		76,670,048	65.79