



## Independence Group

### **CHAIRMAN'S ADDRESS OF MR PETER BILBE AT THE ANNUAL GENERAL MEETING**

To Be Held at Wardle Room, Perth Concert Hall, 5 St Georges Terrace, Perth,  
on 21 November 2012 at 10.00 am WST

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Ladies and Gentlemen,

At the time of the Annual General Meeting of your Company two years ago, Independence Group was a producer of a single commodity, nickel. By the time of the annual general meeting last year it was a producer of nickel, copper, zinc and silver. When we gather together for the annual general meeting next year Independence Group will have added gold to the metals which it produces and will have truly become a diversified mining and exploration company. These are exciting times for your Company.

This year marks the 10<sup>th</sup> anniversary since the Company was listed on the ASX in 2002. The 2002 Annual Report recorded that the Company had raised \$4 million. A year later the Annual Report noted that the Company's share market capitalisation had increased to \$60 million.

Today the Company's share market capitalisation is in the order of \$1 billion, which places it in the top 200 companies of the more than 2,000 companies on the ASX. As well, the Company is now in the top 25 companies in the S&P ASX Metals and Mining Group. Your Company has travelled a long way in 10 years.

One constant during the last decade has been the Company's on-going application of exploration expertise and technology to create shareholder value. During 2002 the Company acquired the Long Nickel Mine, which was on care and maintenance, having produced its first ore 23 years before. The mine had a three year mine life, with hopes for more. As a result of the exploration expertise and technology to which I referred, there has been on-going exploration success at Long and, 10 years later, there is a mine life of 5 years, with expectations for more!

Another constant during the last decade has been the Company's well-founded optimism and long-term vision. The 2002 Annual Report contained the statement that "We believe the Company will emerge as a major force in the resources industry". There are clear signs of that emergence today.

The Tropicana Gold Mine is an important part of that emergence. When it goes into production in the fourth quarter of next calendar year it will be the fifth largest gold mine in Australia and will generate substantial revenue.



In the exploration section of that 2002 Annual Report I also noticed a reference to the Company's Tropicana tenements and reference to "undrilled gold anomalies" with "Exploration planned to commence in the latter half of 2002"!

As you know, the Company has other projects at an advanced stage of assessment. The **Stockman** base metals project in Victoria is in the final stages of its feasibility study. The **Karlawinda** gold project in north-west Western Australia has moved to scoping study stage since the last annual general meeting and is demonstrating considerable potential. A drilling program is underway within the 40 kilometres of strike length within the Company's tenements around its **Jaguar Operation** in Western Australia, which are considered to be highly prospective. All three of these project areas which I have mentioned are wholly-owned by the Company.

The year under review to 30 June 2012 was a year of positives and negatives. In view of world economic conditions, pressures on commodity prices and the high Australian dollar, the Board considered it prudent to book substantial impairment charges relating to the carrying value of the Jaguar/Bentley assets, associated goodwill and previously capitalised exploration costs across the Group. These impairments were non-cash items and were made in accordance with obligations under Australian Accounting Standards and the Corporations Act. A substantial review of the Jaguar/Bentley Operation has resulted in the implementation of a new mining plan which we believe will result in a significant improvement in operational and financial results.

Despite the disappointing profit result the Company finished the year in a strong position in every sense: cash and cash equivalents of about \$193M; record production at Long Nickel mine; improved performance at Jaguar/Bentley; Tropicana on track for first gold pour in 12 months; a base metals project at feasibility study stage; a gold project at scoping study stage; an active brownfields and greenfields exploration programme driven by smart technology and skilful, experienced, staff; and the use of its De Beers database which the Company is using as a very powerful tool for generating new projects in Australia, across a range of commodities.

Given stable market factors, the outlook for your Company is very positive. Asset diversification, substantial future free cash flows, a project pipeline, exploration prospectivity and the De Beers database will provide an outstanding platform for future growth and consistent dividend flow, with a focus on exploration and project development within Australia, consistent operational performance and generating shareholder wealth.

When one picks up and reads the 2002 Annual Report there are photographs of four of the directors sitting at the table beside me: Managing Director Chris Bonwick and directors Rod Marston, Kelly Ross and John Christie. We are greatly indebted to them.

Special mention must be made of the 10 years of exceptional leadership that Chris Bonwick has provided to the Company. Chris has always had a strong vision about growth and the importance of exploration. He has been a key driver of the strategies which have brought great success to Independence Group.



The fourth director that I mentioned as being in that 2002 Annual Report, John Christie, is retiring today after 10 continuous years as a director of this Company. On your behalf I thank him for providing the Company with the benefit of his skills, experience and wise counsel for so long. I am sure he is very proud of the first decade of the history of our Company. We are indebted to you John.

The first decade has been a fascinating story. There have been many successes, interspersed with occasional disappointments. That is the nature of the mining industry: balancing risks and rewards, negotiating commodity cycles and maintaining a cohesive collective of supporting shareholders, employees, directors, lenders, suppliers and advisors. Almost all of you here today fit into one or more of those categories. On behalf of the Company I thank you for your past support and I invite you to step forward with us into the second decade of success for Independence Group.