



Independence Group

ABN 46 092 786 304

/ NOTICE OF ANNUAL GENERAL MEETING AND
EXPLANATORY MEMORANDUM TO SHAREHOLDERS



Date: 21 November 2012

Time: 10:00am WST

Place: Perth Concert Hall,
Wardle Room
5 St Georges Terrace, Perth,
Western Australia

A PROXY FORM IS ENCLOSED

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the meeting, please complete and return the enclosed proxy form in accordance with the specified instructions.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2012 annual general meeting of the Company will be held at the Perth Concert Hall, Wardle Room, 5 St Georges Terrace, Perth, Western Australia on Wednesday, 21 November 2012 at 10:00am WST.

AGENDA ITEMS

ORDINARY BUSINESS

Financial report

To receive and consider the financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2012.

Resolution 1 – Re-election of Mr Peter Bilbe

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Peter Bilbe, being a director of the Company who retires in accordance with ASX Listing Rules 14.4 and 14.5, and being eligible, be re-elected as a director of the Company.”

Resolution 2 - Remuneration report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the remuneration report for the year ended 30 June 2012, which is contained in the Annual Report for the year ended 30 June 2012, be adopted.”

Note: the vote on this resolution is advisory only and does not bind the directors or the Company.

SPECIAL BUSINESS

Resolution 3 – Issue of Performance Rights to Mr Christopher Bonwick

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for all purposes including for the purposes of Listing Rule 10.14, approval be given to grant Performance Rights to Mr Christopher Bonwick (the Company’s Managing Director) in respect of the financial year ending 30 June 2013 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.”

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

ENTITLEMENT TO VOTE

Snapshot date

It has been determined that, under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Meeting, shares will be taken to be held by the persons who are the registered holders at 7:00pm (Sydney time) on 19 November 2012. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Voting exclusion statements

Resolution 2 – Remuneration Report

The Company will disregard any votes cast on Resolution 2:

- by or on behalf of a member of the Key Management Personnel as disclosed in the 2012 Remuneration Report;
- by or on behalf of a Closely Related Party (such as close family members and any controlled companies) of a member of the Key Management Personnel; or
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote, in accordance with a direction on the Proxy Form, or by the Chairman pursuant to an express authorisation to exercise the proxy.

Resolution 3 – Approval of Issue of Performance Rights to Mr Christopher Bonwick

The Company will disregard any votes cast on Resolution 3:

- by any director of the Company and any of their associates; and
- as proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel.

However the Company need not disregard a vote if it is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- by the Chairman as a proxy for a person who is entitled to vote, pursuant to an express authorisation to exercise the proxy.

PROXIES

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

Any directed proxies that are not voted on a poll at the Meeting by a shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.

Members of the Key Management Personnel (which includes each of the directors) will not be able to vote as proxy on Resolutions 2 or 3 unless the shareholder tells them how to vote, or in the case of the Chairman of the Meeting, unless the shareholder expressly authorises him to do so. If a shareholder intends to appoint a member of the Key Management Personnel (other than the Chairman) as their proxy, the shareholder should ensure that they direct the member of the Key Management Personnel how to vote on Resolutions 2 and 3.

If a shareholder intends to appoint the Chairman of the Meeting as their proxy for Resolutions 2 and 3, shareholders can direct the Chairman how to vote by marking one of the boxes for Resolutions 2 and 3 (for example, if the shareholder wishes to vote 'for', 'against' or to 'abstain' from voting) or by marking the Chairman's box on the Proxy Form (in which case you will be expressly authorising the Chairman to vote in favour of those Resolutions).

A Proxy Form accompanies this Notice and to be effective must be received at the Company's share registry:

By mail:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross, Western Australia 6953

OR by hand:

Security Transfer Registrars
Alexandrea House, Suite 1
770 Canning Highway,
Applecross, Western Australia

OR by facsimile: +61 8 9315 2233

OR by electronic address: registrar@securitytransfer.com.au

by no later than 10:00am WST on 19 November 2012 (being 48 hours before the time appointed for the Meeting).

By Order of the Board



Terry (KT) Bourke
Company Secretary

19 October 2012

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

This Explanatory Memorandum has been prepared to help shareholders understand the business to be put to shareholders at the forthcoming Meeting.

ORDINARY BUSINESS

Annual financial report

The Corporations Act requires:

- the reports of the directors and auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2012, to be laid before the Meeting. The Corporations Act does not require a vote of shareholders on the reports or statements. However, shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

The financial report for consideration at the Meeting will be the full financial report. The financial report is set out in the Company's 2012 Annual Report and is also available on the Company's website (www.igo.com.au). Any shareholder wishing to receive a copy should contact the Company's share registry and a copy will be provided.

Also, a reasonable opportunity will be given to members as a whole at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1 – Retirement and re-election of Mr Peter Bilbe

Mr John Christie is the next Director to retire by rotation in accordance with the Company's constitution, and is eligible to offer himself for re-election. He has, however, decided not to stand for re-election. Mr Christie will be retiring from the Board at the conclusion of the Meeting, after 10 years as a Director.

ASX Listing Rule 14.5 requires that the Company must hold an election of directors each year. In addition, ASX Listing Rule 14.4 requires that a director must not hold office past the third annual general meeting following the directors' appointment or 3 years, whichever is longer. Mr Peter Bilbe joined the Board on 31 March 2009 and was re-elected at the 2009 annual general meeting. Accordingly, Mr Bilbe retires in accordance with ASX Listing Rules 14.4 and 14.5 and offers himself for re-election.

The experience, qualifications and other information about Mr Bilbe appears below:

Peter Bilbe B.Eng. (Mining) (Hons), MAusIMM, Age 62

Mr Bilbe is the Chairman of the Board of Directors of the Company. He is a mining engineer with over 35 years Australian and international mining experience at the operational, managerial and board levels. Mr Bilbe has held senior positions at Mount Gibson Iron Limited, Aztec Resources Limited, Portman Limited, Aurora Gold Limited and Kalgoorlie Consolidated Gold Mines Pty Ltd.

Mr Bilbe's most recent executive position was Managing Director of Aztec Resources Limited, which successfully developed the Koolan Island iron ore project from exploration to production.

Mr Bilbe is also a past member of the Executive Council of Chamber of Minerals and Energy. Mr Bilbe is currently a director of Northern Iron Limited and Sihayo Gold Limited.

Mr Bilbe joined the Board on 31 March 2009 and is an independent director. Mr Bilbe is a member of the Remuneration Committee.

The Board (with Mr Bilbe abstaining) recommends that shareholders vote in favour of the re-election of Mr Bilbe. The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

Resolution 2 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2012 Annual Report. The vote is advisory only and is not binding on the directors or the Company. A reasonable opportunity will be given to shareholders as a whole to ask questions about, or make comments on, the Remuneration Report. The Remuneration Report is set out in the Company's 2012 Annual Report and is also available within the 2012 Financial Report on the Company's website (www.igo.com.au).

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to the Company's Key Management Personnel (including the directors), sets out details of the remuneration and service agreements for each member of the Key Management Personnel and sets out the details of any share-based compensation.

For the voting exclusions applicable to this Resolution 2, please refer to the 'Entitlement to vote' section of the Notice of Meeting.

The Board recommends that shareholders vote in favour of adopting the Remuneration Report.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

SPECIAL BUSINESS

Resolution 3 – Issue of Performance Rights to Mr Christopher Bonwick

Background

Resolution 3 seeks shareholder approval for the grant of Performance Rights to Mr Christopher Bonwick, the Company's Managing Director, pursuant to the Company's Performance Rights Plan (PRP), and otherwise on the terms and conditions set out in this Explanatory Memorandum.

The Company's remuneration policy is to ensure that executive remuneration is competitive in attracting, motivating and retaining executives of a high calibre and properly reflects the duties and responsibilities of each relevant executive. The remuneration structure used by the Company to achieve these objectives includes the combination of fixed annual remuneration and performance-related remuneration (including participation in the PRP).

ASX requires, under Listing Rule 10.14, that shareholders approve the grant of securities to a director.

Accordingly, shareholder approval is sought for the grant of Performance Rights to Mr Bonwick as set out below.

Number of Performance Rights

The number of Performance Rights to be granted to Mr Bonwick will be 183,824. This number was set by the Board's Remuneration Committee in the context of considering Mr Bonwick's remuneration package, of which Performance Rights form a part. The Committee resolved that the value of Mr Bonwick's remuneration package for the year ending 30 June 2013 should remain unchanged from that of the year ended 30 June 2012.

Terms of Performance Rights

All Performance Rights granted will be on terms consistent with the rules of the PRP, which was approved by shareholders at the Company's 2011 annual general meeting. A summary of the key terms of the PRP is contained in Annexure A, and a full copy is available to shareholders from the Company's share registry on request.

No consideration is payable by Mr Bonwick at the time of grant of the Performance Rights or upon the allocation of ordinary shares to which Mr Bonwick may become entitled upon Performance Rights vesting. Each Performance Right will entitle the holder to one fully paid ordinary share in the Company at no cost, subject to satisfaction of the performance hurdles described below.

Performance hurdles

The Performance Rights will vest and convert into ordinary shares if over the 3 year measurement period (being 1 July 2012 to 30 June 2015), the following performance hurdles are achieved.

Shareholder return

The vesting of 75% of the Performance Rights at the end of the third year will be based on measuring the actual shareholder return over the 3-year period compared with the change in the S&P ASX 300 Metals and Mining Index (Index) over that same period.

The portion of Performance Rights (75% of the total) that will vest based on the comparative shareholder return will be:

SHAREHOLDER RETURN	LEVEL OF VESTING
100% of the Index	25%
Between 100% and 115% of the Index	Pro-rata straight line percentage
115% of the Index or greater	100%

Return on equity

The vesting of the remaining 25% of the Performance Rights at the end of the third year will be based on the average return on equity over the 3-year period compared with the average target return on equity as set by the Board for the same period.

Return on equity (ROE) for each year will be calculated in accordance with the following formula:

$ROE = \text{Net profit after tax} / \text{Total shareholders' equity}$

The target ROE will be set each year by the Board as part of the budget approval process for the following year. The target ROE for the financial year ending 30 June 2013 is [10]%.

The portion of the Performance Rights (25% of the total) that will vest based on comparative return on equity will be:

ACTUAL ROE	LEVEL OF VESTING
100% of average target ROE	25%
Between 100% and 115% of average target ROE	Pro-rata straight line percentage
115% of average target ROE or greater	100%

The shares issued to Mr Bonwick on vesting of the Performance Rights will not be subject to any further escrow restrictions.

Continuing employment

If Mr Bonwick's employment or position as a director ceases because of an Uncontrollable Event (see the 'Definitions' at the end of this Explanatory Memorandum), then, at the discretion of the Board, unvested Performance Rights will vest.

If Mr Bonwick's employment or position as a director ceases because of a Controllable Event (see the 'Definitions' at the end of this Explanatory Memorandum), then the Board may determine the extent to which unvested Performance Rights may vest.

ASX Listing Rule 10.15 information requirements

ASX Listing Rule 10.15 requires the following information regarding the PRP to be included in this Explanatory Memorandum:

- Subject to shareholder approval being obtained, the maximum number of Performance Rights (and hence ordinary shares) that the Company may issue to Mr Bonwick will be 183,824.
- No consideration is payable by Mr Bonwick at the time of grant of the Performance Rights or upon the allocation of the ordinary shares to which Mr Bonwick may become entitled upon vesting of the Performance Rights.
- At the Company's 2011 annual general meeting, shareholders approved the PRP for the purposes of Exception 9(b) in Listing Rule 7.2 and the grant of Performance Rights to Mr Bonwick under the PRP for the purposes of Listing Rule 10.14. The number of Performance Rights to be granted to Mr Bonwick was to be determined in accordance with a prescribed formula, but capped at a maximum of 189,394 Performance Rights. On 3 April 2012, the Company issued 159,236 Performance Rights to Mr Bonwick in accordance with the prescribed formula. As for the Performance Rights the subject of Resolution 3, no consideration was payable by Mr Bonwick for the grant of the 159,236 Performance Rights, nor will any consideration be payable upon the allocation of the ordinary shares to which Mr Bonwick may become entitled upon vesting of those Performance Rights. No other directors have received securities under the PRP since the last approval.
- The other directors of the Company (being Messrs Bilbe and Christie, Dr Marston and Mrs Ross) are entitled to participate in the PRP, though they have not received any securities under the PRP to date and it is the current intention of the Board that non-executive directors will not participate in the PRP.
- The voting exclusion statement in relation to Resolution 3 is included in the 'Entitlement to vote' section of the Notice of Meeting.
- No loans will be made by the Company in connection with the acquisition of Performance Rights or ordinary shares upon the vesting of Performance Rights by Mr Bonwick.
- The Company will issue the Performance Rights to Mr Bonwick as soon as practicable following the Meeting and no later than 12 months after the Meeting.

The Board (with Mr Bonwick abstaining) recommends that shareholders vote in favour of Resolution 3.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3.

DEFINITIONS

In the Notice of Meeting and this Explanatory Memorandum (including Attachment A):

ASX	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by it, as the context requires.
Board	means the board of directors of the Company.
Closely Related Party	has the meaning as defined in section 9 of the Corporations Act.
Company or Independence	means Independence Group NL (ABN 46 092 786 304).
Controllable Event	means cessation of employment or position other than by an Uncontrollable Event.
Corporations Act	means the Corporations Act 2001 (Cth).
Eligible Person	a full-time or permanent part-time employee of a Group Company or a director of the Company who the Company determines in its absolute discretion may participate in the PRP.
Explanatory Memorandum	means this Explanatory Memorandum accompanying the Notice of Meeting.
Group Company	means the Company or any of its subsidiaries.
Index	means the S&P ASX 300 Metals and Mining Index.
Invitation	means an invitation issued by the Board to an Eligible Person to participate in the PRP.
Key Management Personnel or KMP	means the key management personnel of the Company as defined in AASB Standard 124.
Listing Rules	means the Listing Rules of the ASX.
Meeting	means the annual general meeting of the Company convened by the Notice of Meeting.
Notice of Meeting	means the notice convening the Meeting that accompanies this Explanatory Memorandum.
Performance Rights	means the performance rights issued to Eligible Persons under the Performance Rights Plan.
Performance Rights Plan or PRP	means the Independence Group NL Employee Performance Rights Plan, as approved by shareholders for the purposes of Exception 9(b) in Listing Rule 7.2 at the Company's 2011 annual general meeting.
Proxy Form	means the proxy form included with the Notice of Meeting.
ROE	means return on equity.
Uncontrollable Event	means death, serious injury, disability or illness which renders a participant in the PRP incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

Attachment A – Summary of PRP

The following is a summary of the key terms of the PRP:

- (a) **Participation:** The Board retains complete discretion to make offers of Performance Rights to Eligible Persons.
- (b) **Not transferable:** Except with the approval of the Board, Performance Rights may not be transferred, assigned or novated.
- (c) **Vesting:** Performance Rights may vest in the following ways:
 - if each of the applicable performance hurdles has been satisfied or waived prior to the relevant expiry date and the participant remains an Eligible Person;
 - if the participant's employment or position as a director of a Group Company ceases because of an Uncontrollable Event (being death, serious injury, disability or illness which renders a participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which result in the participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event), the Board may determine the extent to which Performance Rights vest;
 - if the participant's employment or position as a director of a Group Company ceases because of a Controllable Event (being cessation of employment or position other than by an Uncontrollable Event), the Board may determine the extent to which Performance Rights vest; and
 - where the Company is de-listed as a result of a change in control of the Company, all of the participant's Performance Rights will vest.
- (d) **Escrow:** Shares issued or transferred to a Participant upon vesting of Performance Rights may be subject to escrow restrictions, which will be detailed in the Invitation. At this point, given the vesting of Performance Rights will be subject to performance hurdles, the Board does not intend to impose additional escrow restrictions on shares issued as a result of the vesting of Performance Rights.
- (e) **Automatic issue or transfer of shares:** As noted above, upon vesting of Performance Rights, shares will automatically be issued or transferred to the Participant for nil consideration, unless the issue would be in breach of the insider trading provisions of the Corporations Act, the Listing Rules or any other applicable law.
- (f) **Lapse:** A Performance Right will lapse in the following ways:
 - where the performance hurdles have not been satisfied or waived by the expiry date; or
 - if the Participant's employment or position as a director of a Group Company ceases because of an Uncontrollable Event or Controllable Event, and the Board does not determine that such Performance Right vests.
- (g) **Issue Limitations:** The Board is not entitled to make an Invitation to an Eligible Person if offers of Performance Rights (or other securities of the Company) under the PRP or under similar plans (but excluding offers outside of Australia, offers under a disclosure document and offers that do not require the use of a disclosure document) in the previous 5 years would exceed 5% of the issued capital of the Company.
- (h) **Amendment of PRP:** The Board may by resolution alter the PRP at any time. The Board also retains the discretion to suspend or terminate the Plan without notice to Participants. However, the suspension or termination of the Plan will not affect any existing grants of Performance Rights already made under the Plan, and the terms of the Plan will continue to apply to such grants.