INDEPENDENCE GROUP NL
ABN 46 092 786 304

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Level 10, 20 Bond Street
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FULL YEAR PROFIT GUIDANCE

The Preliminary Final Report for Independence Group NL [the **Company**] will be released in the week commencing Monday 29 August 2011. The information for that Report is still in the process of being compiled. The Company's financial statements for the year ended 30 June 2011 have not yet been finalised and the audit is nearing completion. The Board has just completed its own review of the expected accounting and tax issues arising from the recent takeover of Jabiru Metals Ltd [**Jabiru**]. The successful takeover of low-cost copper/zinc/silver producer Jabiru provides the Company with diversification and is expected to enhance group cash flow generation.

The Company is at a stage in the completion of its financial statements where it is able to estimate the impact on the Company's Net Profit After Tax of one-off costs resulting from the acquisition of Jabiru. It is evident that the impact of these one-off costs will be significantly greater than market consensus earnings forecasts. Accordingly, the Company provides the following preliminary operational and financial information and commentary.

Cash Position

The Company is in a strong financial position, with cash of $227.8 million and debt of $28.5 million at 30 June 2011. Cash flow from operating activities in the year ended 30 June 2011 was $52.8 million prior to interest received.

Net Profit After Tax

The Company's net profit after tax for the year ended 30 June 2011 is estimated to be approximately $5.5M (2010: $28.7M). The result is explained by a number of outcomes that arose as a consequence of the acquisition of Jabiru. The results of the acquisition have been consolidated in the financial statements from the date of assumed control, being 4 April 2011 through to 30 June 2011.

Key Performance Measures

The following table summarises the key performance measures of the Company.

$A'M	Independence Group 9 months to 31 March 2011 "Pre acquisition"	Jabiru 3 months to 30 June 2011	Independence Group 3 months to 30 June 2011	The Company 12 months to 30 June 2011 "Post acquisition"
Revenue	**98.1**	**16.4** [a]	**36.9**	**151.4**
Jabiru takeover related costs	-	(4.1)	(17.0) [b]	(21.1)
Other costs within EBITDA	(53.9)	(23.9)	(22.0)	(99.8)
EBITDA	**44.2**	**(11.6)**	**(2.1)**	**30.5**
Interest revenue	8.3	0.0	3.3	11.6
Depreciation & amortisation	(14.3)	(8.9)	(4.2)	(27.4)
Finance costs	(0.1)	(0.3)	(0.0)	(0.4)
Profit (loss) before tax	**38.1**	**(20.8)**	**(3.0)**	**14.3**
Tax expense	(10.8)	6.2	(4.2)	(8.8)
Net profit (loss)	**27.3**	**(14.6)** [b]	**(7.2)**	**5.5** [b]

a. During the June quarter Jaguar production was lower than originally forecast due to geotechnical issues, which required a change in ground support methodology, as the ASX was previously advised by Jabiru. Production from high grade stopes was suspended to enable additional ground support to be installed. As a consequence mill feed comprised ore from lower grade stopes and low grade surface stockpiles, resulting in lower head grades and metal production. This adversely impacted Jabiru's revenue and profits for the quarter.

   Based on the current improvement in copper and zinc head grades, it is expected that the Jaguar mine will return to normalised production in the September quarter. There have not been any losses in the Jaguar copper/zinc/silver operation ore reserves or mineral resources since the takeover of Jabiru and mining of high grade copper stopes has commenced. Considerable potential exists for additional discoveries on the Teutonic Bore tenements and for extensions to existing deposits. We also note that mining at Bentley has commenced.

b. Underlying consolidated net profit after tax, prior to accounting for the acquisition of Jabiru, is estimated to be $37 million. This amount is arrived at by eliminating from the

Company's NPAT of $5.5 million; Jabiru's 3 months net loss of $14.6 million and Independence Group's share of after tax Jabiru takeover related costs of $17.0 million.

c. The Company's Long Nickel operations recorded an outstanding performance with total production for the year of 9,753 nickel tonnes at an average head grade of 4.34% (FY'10: 8,615 nickel tonnes). Cash costs per payable pound remained one of the lowest globally at A$4.48/lb (FY'10: A$4.44). A continued focus on cost control saw overall unit cash operating costs in line with budget (A$4.40/lb-A$4.60/lb) with production exceeding budget.

Total Jabiru Acquisition Costs Adversely Impacting NPAT

Further details relating to Jabiru's acquisition costs are as follows:

	Note	$A'M
Takeover related costs	1	21.1
Tax effect of non-deductibility of takeover related costs	2	5.0
Higher depreciation and amortisation charges	3	5.0
Higher product inventory write-back	4	2.6

Notes

1. Significant costs of $21.1 million, comprising legal, consulting and an accrual for estimated future landholder stamp duty, were incurred by both the Company and Jabiru during the takeover process.

2. Takeover related costs incurred by the Company are unable to be classified on revenue account and are non-tax deductible to the Company.

3. A consequence of the acquisition of Jabiru is that the independently assessed fair values of all assets acquired are recorded in the accounting records of the Company from the date of control of Jabiru. These values are in many cases significantly higher than the "at cost" carrying values that were recorded in the accounts of Jabiru prior to the takeover. As a result, depreciation and amortisation charges relating to plant and equipment and mine properties in production were higher in the 3 months to 30 June 2011 for Jabiru than they historically have been. This has contributed to higher charges for the Company as a whole. Depreciation and amortisation charges will reduce in the future if additional ore reserves / mineral resources are defined at Jaguar / Bentley.

4. Further to note 3, Jabiru had previously recorded the carrying amount of its product inventories at the lower of cost or their net realisable value. At the date of acquisition, the Company has recorded the carrying amount of Jabiru's entire product inventory at realisable values. These values are higher than the values that Jabiru had previously recorded. During the period in which Jabiru's results have been consolidated into the Company's, cost of goods sold for Jabiru's inventories are higher than they were historically.

Outlook for Financial Year 2011/12

The Company is focused on continuing to expand the **Long nickel mine** reserve base and on solid operational performance. Guidance production for financial year 2012 is 8,800 to 9,200 tonnes of contained nickel. Cash costs for 2011/12 are forecast at A$4.80 to A$5.00/payable pound, including royalty costs.

Jaguar/Bentley operations for 2011/12 are forecast to produce 8,500 to 9,500 tonnes of copper, 15,500-16,500 tonnes of zinc and 0.4 to 0.5 million ounces of silver. Cash costs for 2011/12 are forecast at negative A$0.10 to $0.30 per pound zinc including royalty costs and net of copper and silver credits.

Development of the **Tropicana Gold Project** (30% owned) in Joint Venture with AngloGold Ashanti Australia Ltd has commenced. Development activities will continue in 2011/12 with the commencement of construction activities in the June quarter 2012, as scheduled. First gold production is planned for the December quarter 2013.

The Pre Feasibility Study will continue for Havana Deeps, with the Feasibility Study for the Boston Shaker open pit due for completion in the September quarter 2011. Regional exploration at priority locations is continuing on the Joint Venture's 16,000 square kilometre Tropicana JV tenement holding.

Feasibility Studies are also in progress for the **Stockman Copper/Zinc/Silver Project.**

Independence will also continue its focus on regional exploration, including the promising **Karlawinda Gold Project**.

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