2008 Annual Report

INDEPENDENCE GROUP NL
ABN 46 092 786 304





Directors

Rod Marston *(Chairman and Non-executive Director)*

Christopher Bonwick *(Managing Director)*

Kelly Ross *(Executive Director/ Company Secretary)*

John Christie *(Non-executive Director)*

Oscar Aamodt *(Non-executive Director)*

Management

Tim Kennedy *(Exploration Manager)*

David Johnson *(Chief Geophysicist)*

Michael Neubauer *(Group Mining Engineer)*

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1202 Hay Street
West Perth, Western Australia 6005

Auditor

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Telephone: +61 8 9380 8400

Share Registry

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ASX Code : IGO

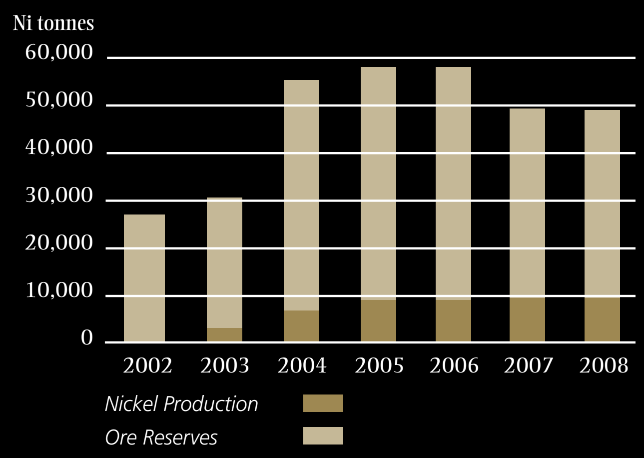
Exploration

- **The McLeay nickel deposit strike length has been extended to nearly 700 metres and remains open to the south.**
- **New ore shoot discovered north of the Long resource boundary which is open to the north and up and down dip.**
- **New Moran Nickel Deposit discovered in the Long South target area which remains open.**
- **Tropicana JV (IGO 30%) – large virgin gold system defined. Target is a multi-million ounce open-cut gold mine, with potential for underground extensions.**

Share Structure

Listed	**-** Ordinaries	113,613,539
Unlisted	**-** Options	1,712,500
Total		**115,326,039**

- **Tropicana JV - initial JORC-compliant open-cut resource of 4.05Moz gold announced.**
- **Tropicana JV – Pre-feasibility Study in progress and numerous high-grade gold intercepts remain open down-plunge.**
- **New nickel sulphides intersected at Duketon.**
- **Encouraging gold mineralisation intersected at Karlawinda and Holleton with other anomalies yet to be drill-tested.**

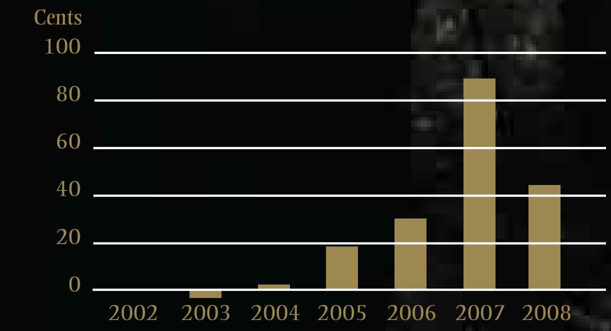


Group

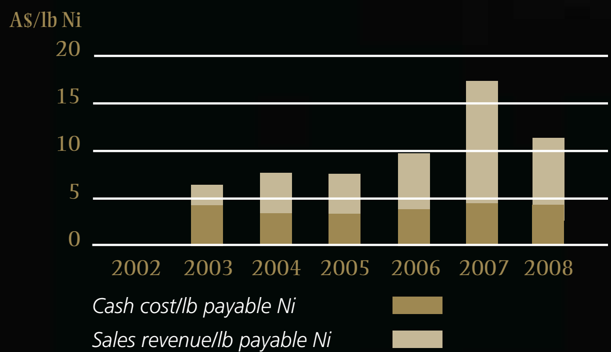
- Net profit after tax of $51 million (2007: $105 million)
- Dividends paid – 17 cents fully franked (2007: 13 cents)
- Dividends payable – 5 cents fully franked, payable 18 September 2008
- Fully diluted EPS of 44 cents (2007: 90 cents)

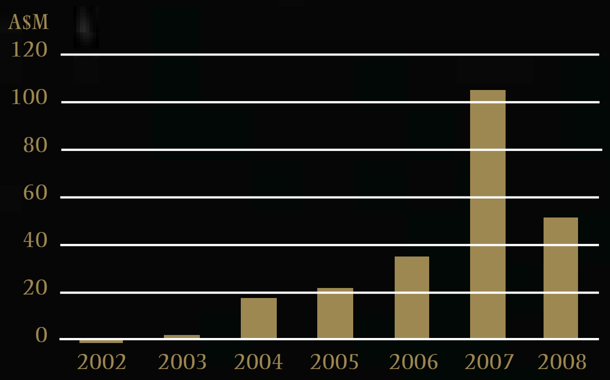
Operations

- Only 5 lost time injuries since the commencement of mining in October 2002
- 255,988 tonnes of ore mined at 3.6% Ni producing 9,275 nickel tonnes
- Long reserves at 30 June 2008: 37,200 nickel tonnes, resources 75,800 nickel tonnes

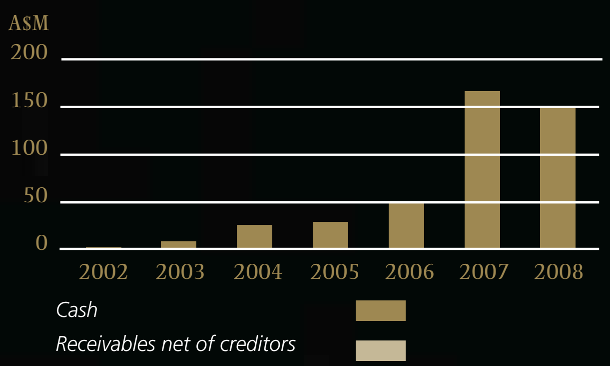


Earnings per share - Diluted





Net Profit after Tax



Rod Marston (65)
B.Sc. (Hons), Ph.D., MAIG, MSEG

Non-executive Chairman

Dr Marston is a geologist with over 40 years experience in the mineral exploration and mining industry, both in Australia and internationally. He has held senior positions with the Geological Survey of Western Australia and several mineral resource consulting groups. He compiled landmark mineral resource bulletins on copper and nickel mineralisation in Western Australia when at the Survey. Dr Marston played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Dr Marston was previously a director of Ranger Minerals Ltd (now merged with Perilya Ltd) and is also a director of Kasbah Resources Limited.

Christopher Bonwick (49)
B.Sc. (Hons), MAusIMM

Managing Director

Mr Bonwick is a geologist with 27 years experience in the mineral exploration and mining industry, particularly in the areas of Australian gold and nickel exploration. Mr Bonwick was employed by mining house WMC for ten years, as an open-cut and underground mine geologist, and senior supervising geologist at WMC's Kalgoorlie Exploration Division. In 1991, he moved to Samantha Gold NL where he was employed as Chief Geologist and became Chief Geologist at Resolute Limited in 1994. Mr Bonwick has led teams that have successfully located virgin gold discoveries, including the Chalice (which returned $100 million profit in just over three years and won "Diggers and Dealer's Discovery of the Year" in 1994), Redeemer and Indee deposits, as well as near-mine gold discoveries in Australia (Hill 50 and Marymia satellites) and Africa.

Left to right; Oscar Aamodt, Kelly Ross, Chris Bonwick, Rod Marston and John Christie.

Kelly Ross (46)
CPA, ACIS

Executive Director

Kelly Ross is an accountant with 25 years experience in the mineral exploration and mining industry. Ms Ross was with the Resolute group from 1987 to 2000, during which time Resolute grew from a small exploration company to a major gold producer.

Ms Ross has held positions with National Resources Exploration Pty Ltd, the Kimseed Group, Murchison United NL and the Department of Mineral & Petroleum Resources. Ms Ross is also the Company Secretary of Independence Group NL.

John Christie (70)
CPA, ACIS

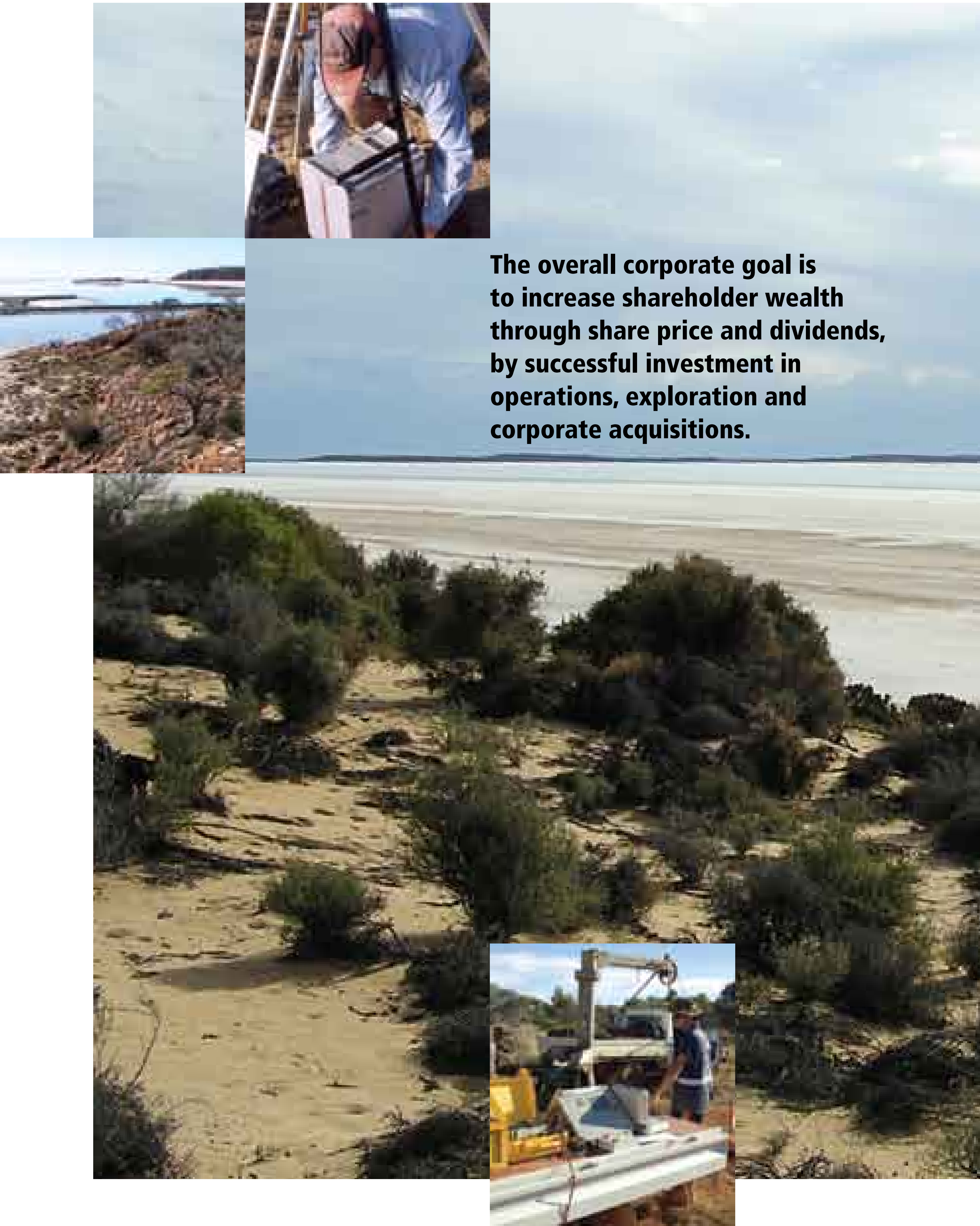
Non-executive Director

Mr Christie is an accountant by profession with experience primarily in the resource and construction industries. He spent 16 years with Anaconda Australia Inc including seven years as Vice President and Treasurer. Mr Christie has previously held board positions with Ranger Minerals Ltd and General Minerals Corporation. Mr Christie was Company Secretary and CFO of Ranger Minerals Ltd from 1984 to 2002.

Oscar Aamodt (62)
FCIS

Non-executive Director

Oscar Aamodt is a fellow of the Institute of Chartered Secretaries and has more than 30 years experience in the administration and management of listed mining and exploration companies in Australia and overseas. He has held a number of directorships in Australian mining companies as well as having held the positions of CFO and COO with Resolute Limited, a company that at the time had operations in Australia and Africa. He has had extensive involvement in project development team work, project financing as well as corporate activities. From February 2002 until May 2003 he was a Director and Company Secretary of Abelle Limited and was subsequently Company Secretary of Bluestone Tin Limited and Metals Exploration Limited. Mr Aamodt is also currently a director of ASX listed company Energy Metals Limited.



The overall corporate goal is to increase shareholder wealth through share price and dividends, by successful investment in operations, exploration and corporate acquisitions.

Dear Fellow Shareholders

Independence Group has had a very successful year by recording a NPAT of $51.5 million. This result was achieved through a combination of above budget nickel production and maintaining a low cost efficient operation at the Long Nickel Mine. This result supported fully franked dividends of 10 cents per share, along with an exploration spend of $24 million.

Significant measurable value will also be attributable to the Company via its 30% stake in the first gold project of the Tropicana Joint Venture. Joint Venture partner AngloGold Ashanti Australia Limited released the first resource estimate in December 2007, and the Pre-feasibility Study is scheduled for completion in 2009.

October 2008 will see the 6th anniversary of the renaissance of the Long Nickel Mine, a mine which has now produced revenue for Independence of $663 million. Development continued at the McLeay deposit and further resource/reserve drilling to the south is defining and extending multiple nickel sulphide shoots. Other near-term potential new sources of nickel ore are also being intensively explored along strike from underground and surface, with some significant drill intersections reported, including 12.3m @ 6% Ni at the new Moran Nickel discovery.

The Company's exploration focus remains on gold and nickel sulphide resources in Western Australia, both easily measurable and saleable commodities. Prices were very strong in the past year, and are forecast to remain comparatively strong in Australian dollar terms for the foreseeable future. To continue the growth of the Company, Independence is focused on finding major new mine camps and has committed to another large exploration budget in 2008/9.

Besides Tropicana, gold exploration is continuing at Holleton and a new large gold system has also been identified at Karlawinda, a project acquired from BHP Billiton during the year.

Exploration for nickel - copper - platinoids is progressing in the Wiluna, Duketon and Lake Lefroy greenstone belts, with new electromagnetic geophysical conductors and drill intersections being followed up by the exploration team.

Discovery and development of ore deposits is becoming harder and more costly, but I am confident your Company has the team to continue its successful record as explorers and miners in this highly competitive industry. Independence has the cash resources and cash flow to continue on its path of growing shareholder value through discovery, mining and acquisition of economic resources.

The project assessment team at Independence has been expanded during the year and many more projects and corporate opportunities are being critically examined. So far no available project has measured up to the Company's requirements and Tropicana is currently the Company's best investment in the gold sector. However, our assessment team continues to work hard seeking new growth opportunities for the Company and any appropriate acquisition will be fully supported by the Board.

On your behalf, I extend my thanks to our highly-skilled exploration, mining and management teams for their hard work and dedicated contribution to the current value of the Company. I thank shareholders for their support and urge them to maintain their interest in the growth of Independence, the innovative, safe and efficient explorer and miner.

Rod Marston
Chairman

Independence produced a net profit after income tax of $51.5 million for the year and has returned franked dividends of $50.9 million to shareholders to 30 June 2008.

Dear Fellow Shareholders

2007/8 was another strong year for the Company. I would like to thank all of our employees and contractors for the following achievements:

Safety and Environmental Standards

- Continued excellent safety record at the Long Nickel Mine (only 5 Lost Time Injuries since the mine opened in October 2002) and no environmental incidents.

Financial

- Net profit after tax of $51 million (2007: $105 million). Given the fall in average nickel prices from A$48,569/tonne in 2007 to A$31,800/tonne in 2008 this was an outstanding result.
- Cash and net receivables of $150 million (2007: $166 million).
- Dividends per share of 10 cents (2007: 18 cents).
- Fully franked dividend payments during the year totalled $20 million (17 cents).

Operations

- Above budget nickel production of 9,275 Ni tonnes (2007: 9,825 Ni tonnes).
- Head grade remained one of the highest of all nickel producers at 3.6% Ni (2007: 3.7%).
- Below budget cash costs of A$4.12/payable pound of nickel (2007: $4.35), the lowest of all mid-sized Australian nickel producers. The mine's cash costs fell by 5% despite the industry experiencing an escalating cost environment.

Mine Exploration

- McLeay deposit now comprising four separate shoots extended to nearly 700 metres strike length and remains open to the south.
- Discovery of the 07 Shoot on the Long North tenure acquired in 2007.
- Discovery of the Moran Deposit south of Long.

Regional Exploration

- An aggressive exploration effort resulting in expenditure of $14 million on regional exploration in 2007/8, including accelerated exploration programs at Tropicana.
- Nickel sulphides intersected at Duketon.
- Significant gold mineralisation intersected at Karlawinda and Holleton.

Tropicana Project

- Continuation of a Pre-feasibility Study on the Tropicana and Havana Zones which is expected to be completed within the next 12 months. An initial JORC compliant resource of 4.05Moz gold was released in 2007.
- Continued high-grade intercepts at Tropicana and Havana which remain open down-plunge.
- Significant surface and bedrock mineralisation intersected at a number of Tropicana regional prospects, highlighting the potential for other gold discoveries on the large project area.

The year ahead promises to be another exciting one for Independence. I would like to thank all shareholders for their strong support and assure you that Independence will continue its commitment to delivering shareholder value.

Christopher Bonwick
Managing Director

Managing Director's Operations Report - Operations

Long Nickel Mine

IGO 100%

Background

Independence Group's wholly owned subsidiary Lightning Nickel Pty Ltd ("Lightning"), acquired the Long Nickel Mine and the lease of related infrastructure and equipment from WMC Resources Ltd for $15 million in September 2002. The mine was successfully commissioned in October 2002.

The mine is located at Kambalda in Western Australia (Figure 1). The mine provides a healthy cash flow to the Company and has significant upside for further mine life extensions.

Historic production from the Long Nickel Mine represents the second largest concentration of nickel in the Kambalda region, and qualified as one of WMC's longest operating nickel mines with a 21 year mine life. Total production to closure in 1999 was 5.43 million tonnes at an average reconciled grade of 3.7% per cent nickel (203,184 nickel tonnes).

Since IGO recommissioned the mine in 2002, exploration and development activities have resulted in the discovery of an additional 7 years of reserves increasing current mine life to at least 2012, based on reserves only, at a production rate of approximately 9,000 tonnes of nickel per annum.

The McLeay nickel deposit was discovered in 2005 and currently has a resource of 28,600 nickel tonnes and is still open to the south. The 07 Shoot discovered north of the main Long ore body in 2007 remains open up and down dip and to the north. The recent discovery of the Moran Deposit at Long South also has the potential to significantly increase mine life (Figure 2).

Tenure

The Long Complex assets are located on three Western Australian Mining Leases and a portion of East Location 48. Location 48 is one of a number of freehold land grants created in the Eastern Goldfields district in 1890. East Location 48 was originally sub-leased to Independence until April 2011. During 2005/6 Independence purchased the sub-leased area and other portions of Location 48 as well as several adjoining tenements from WMC Resources Ltd.

Figure 1: Long Nickel Mine - Regional Geology, Tenure and Targets

Offtake Agreement

The Company has an agreement with BHP Billiton Nickel West Pty Ltd whereby the ore produced from the mine is delivered to the adjacent Nickel West Kambalda Nickel Operations Concentrator for toll treatment and production of nickel concentrates, which are then sold to BHP on terms set out in that agreement. The agreement expires on 27 February 2019.

Safety

The mine plan adopted by the Company incorporates a number of procedures and policies to ensure the safety of our team is not jeopardised. Two Lost Time Injuries ("LTI") occurred during 2008 to give a total of only 5 Lost Time Injuries since the mine was purchased in 2002, which is a great credit to the dedication of all personnel on site.

Lightning's safety policy requires that operators undertake regular training, and teams from surrounding mines have also participated in safety and training activities with Lightning's personnel.

The occupational health and safety regime is stated in the Lightning Nickel Safety Policy, which is based on the belief that profits can be made without compromising safety. It is management's conviction that a positive attitude is the key to any safety programme. Hazard identification, accident/incident investigation, competency training, work procedures development, competency reassessment and regular workplace inspections, are carried out with the help of every employee.

Ground Conditions and Seismicity

The risks of "mine-induced" seismicity are well known and understood at Long. The ore body is disrupted by a swarm of cross-cutting porphyries, some of which are stressed. These bodies have reacted in a consistent and predictable geotechnical fashion. When mining the discrete ore blocks within the Long Mine, procedures to manage these conditions are built into the operating standards and are well understood by our mining team.

Lightning is a sponsor of the Australian Centre for Geomechanics Research ("ACGR") seismicity research studies. ACGR and the University of Western Australia have been undertaking ground support studies at the Long Nickel Mine with the assistance of the Company's mining and geotechnical team.

Mine Work Force

Lightning currently employs 128 full-time staff and 12 full time contractors. Many employees are ex-WMC Kambalda employees, who brought a pool of sound operating knowledge, experience and skills to the mine.

Lightning's work force has been very stable with a high retention rate since the commencement of mining in October 2002. All miners apart from the hand-held team are on salary, and an incentive scheme is in place to reward all on site when various production and development targets are achieved.

Mine Production

Mining methods range from long-hole open stoping with mullock/sand backfill and mechanised Jumbo flat-back stoping, to hand-held mining which is utilised to extract blocks in narrow stopes not suitable for mechanisation. Wherever necessary, non-entry, mechanised mining methods are employed for safety reasons. The spacing of stoping sub-levels and other aspects of the mining methods have been designed to minimise dilution. Production for the year was 9,275 tonnes of nickel metal as shown in Table 1.

Not only did the Company produce 19% (1,739 tonnes) of its nickel from outside reserves in 2007/8, an additional 3,386 nickel tonnes (36%) were produced from within reserve blocks than was predicted by the reserve model. In total the mine produced an extra 5,125 nickel tonnes (55%) compared to ore reserve.

Independence's share of nickel produced in 2007/8 was 5,570 tonnes and 282 copper tonnes, resulting in revenue of $138 million.

Table 1: Long Nickel Mine – 2007/8 Ore Production

	Tonnes	Ni %	Ni Tonnes
Long (mechanised and hand-held)	124,766	3.5	4,379
Victor South (mechanised)	45,736	3.8	1,737
McLeay (mechanised)	85,486	3.7	3,159
TOTAL	255,988	3.6	9,275
Reserve			4,150
In addition to Reserve			5,125
TOTAL			9,275

Resources and Reserves

Lightning personnel, Cube Consulting Pty Ltd (mineral resource consultants), and Mining One Pty Ltd (mine engineering consultants) were used to estimate JORC standard resources and reserves based on industry best practice. The resource sub-totals have been rounded.

Ore reserve tonnages and grades have been estimated at economic nickel cut-off grades in the resource model, which takes into account the high value of the ore, its mode of occurrence, the geotechnical considerations to ensure successful and safe mining in the geological environment, cost of production, future nickel prices, and the depths at which the operations will be conducted (Tables 2 - 3). The reserve was estimated using the 2D and 3D metal accumulation of grade, thickness and density, interpolated by Ordinary Kriging into blocks for each mineralised surface, followed by the subtraction of porphyries, unextractable pillars and mining depletion.

Geophysics

A portable underground electromagnetic ("EM") "Torch" system (analogous to a large metal detector), conductivity probes and a 3-component down-hole magnetic TEM probe are used to produce real time massive and matrix nickel sulphide location information, providing a vector to potential mineralisation. This has resulted in a reduction in drilled metres, allowed more accurate mine design, reduced expensive "exploration" development, and has located new ore positions in the mine.

The mine is also re-testing all geophysical targets using a new underground fixed loop developed by Independence. A new surface high-powered transmitter is in operation, which was developed by Independence and Curtin University of Technology in Western Australia, and an underground transmitter is currently being commissioned. New geophysical anomalies are being generated using the high-powered transmitter which will be systematically drill tested.

A low resolution 3 dimensional orientation seismic survey was trialled over the McLeay deposit, to determine whether massive nickel sulphides could be detected using this geophysical method. The survey generated an anomaly interpreted to be caused by the McLeay nickel sulphides and another anomaly which could be due to massive sulphides in the Long South lava channel. Based on these positive results, a high resolution survey was completed over 90% of the project tenure. Data from this survey is currently being processed.

Exploration

Exploration during the year identified extensions to the high-grade McLeay deposit and the discovery of nickel sulphides at Long North, and since the end of the year potentially economic nickel sulphides at the Moran Deposit, south of Long.

Significant potential exists to discover additional ore south of McLeay, at Moran in the Long South area, and north of the recently discovered 07 Shoot at Long North.

Table 2: Long Nickel Mine – Mineral Resources

		Undiluted Resources at 1% Ni Cut-off as at 30 June 2007[2]			Undiluted Resources at 1% Ni Cut-off as at 30 June 2008[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long Shaft	Measured	206,000	6.5	13,300	**167,000**	**6.5**	**10,800**
	Indicated	362,000	5.3	19,300	**346,000**	**5.3**	**18,500**
	Inferred	53,000	5.8	3,100	**59,000**	**5.1**	**3,000**
	Sub-Total	621,000	5.8	35,700	**572,000**	**5.6**	**32,300**
Long North	Measured	-	-	-	-	-	-
	Indicated	-	-	-	**55,000**	**4.4**	**2,400**
	Inferred	-	-	-	**18,000**	**4.6**	**800**
	Sub-Total	-	-	-	**73,000**	**4.4**	**3,200**
Victor South	Measured	-	-	-	-	-	-
	Indicated	396,000	3.7	14,700	**303,000**	**3.9**	**11,700**
	Inferred	-	-	-	-	-	-
	Sub-Total	396,000	3.7	14,700	**303,000**	**3.9**	**11,700**
McLeay	Measured	-	-	-	-	-	-
	Indicated	347,000	6.1	21,100	**267,000**	**7.0**	**18,800**
	Inferred	181,000	4.2	7,500	**205,000**	**4.8**	**9,800**
	Sub-Total	528,000	5.4	28,600	**472,000**	**6.0**	**28,600**
Broken Stocks	Measured	7,000	4.2	300	-	-	-
	Sub-Total	7,000	4.2	300	-	-	-
TOTAL		1,552,000	5.1	79,300	**1,420,000**	**5.3**	**75,800**

Table 3: Long Nickel Mine – Ore Reserves

		Mining Reserve at Economic Ni Cut-off as at 30 June 2007[2]			Mining Reserve at Economic Ni Cut-off as at 30 June 2008[2]		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long 12-16L	Proven	165,000	3.9	6,500	**107,000**	**4.0**	**4,300**
	Probable	150,000	3.1	4,700	**140,000**	**3.0**	**4,100**
	Sub-Total	315,000	3.5	11,200	**247,000**	**3.4**	**8,400**
Long 7-11L	Proven	30,000	3.1	900	**17,000**	**3.0**	**500**
	Probable	124,000	3.2	3,900	**93,000**	**3.1**	**2,900**
	Sub-Total	154,000	3.2	4,800	**110,000**	**3.1**	**3,400**
Long North	Probable	-	-	-	**55,000**	**2.6**	**1,400**
	Sub-Total	-	-	-	**55,000**	**2.6**	**1,400**
Victor South	Probable	289,000	3.5	10,200	**286,000**	**3.1**	**9,000**
	Sub-Total	289,000	3.5	10,200	**286,000**	**3.1**	**9,000**
McLeay	Probable	336,000	3.9	13,100	**387,000**	**3.9**	**15,000**
	Sub-Total	336,000	3.9	13,100	**387,000**	**3.9**	**15,000**
Broken Stocks	Proven	7,000	4.2	300	-	-	-
	Sub-Total	7,000	4.2	300	-	-	-
TOTAL		1,101,000	3.6	39,600	**1,085,000**	**3.4**	**37,200**

Notes:

1 The Competent Persons and Members of the AusIMM or AIG with the appropriate experience in reporting the above are Brett Hartmann (reserves) and Somealy Sheppard (resources) of Lightning Nickel Pty Ltd and Mark Zammit of Cube Consulting Pty Ltd (resources). Phil Bremner of Mining One Pty Ltd has verified the reserve figures for Victor South and McLeay.

2 Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.

Two prospective channels have been recognised and confirmed by magnesium oxide (MgO) studies (Figure 2):

Channel 1: The upper nickel channel interpreted to contain from north to south, the Gibb, Gibb South, Victor, Victor South and McLeay deposits.

Channel 2: The lower nickel channel interpreted to contain the Long deposit and nickel sulphides at Long North and Moran at Long South.

The Company's exploration team integrates geological mapping, structural studies, magnetic, electromagnetic and seismic geophysical surveys to produce a 3-dimensional picture of the ultramafic stratigraphy in its exploration targeting.

McLeay

The high-grade McLeay discovery was Independence's first new nickel sulphide deposit which had not been previously identified by WMC exploration (Figure 3). The deposit, which now comprises four different shoots, is close to existing development and remains open to the south. Geophysical surveys and drilling will continue to determine the overall size of the deposit, which has the potential to significantly add to mine life.

Long North Target

A new ore surface (the 07 Shoot) was discovered north of Long during the year on ground purchased from BHP Billiton in 2007 (Figures 2 and 4). Nickel sulphides have been intercepted by drilling up to 250m north of the old Long resource boundary. Results included 5.0m @ 10.8%, 5m @ 4.4%, 3.5m @ 5.6% and 3.2m @ 6.9% Ni (all true widths), which are comparable with the grade and width of the main Long ore body.

The mineralised surface remains open up and down dip and to the north, but is intruded by both contact-parallel and cross-cutting porphyry dykes, again similar to the structure of the main Long ore body. Holes that failed to intersect mineralisation have been stoped out by porphyry.

A drill-drive has been established to test the shoot at more favourable angles and further along strike. As the most northerly intercept is still over 150m south of an historic WMC intercept of 2.09m @ 1.2% Ni, one of only two holes drilled north of Long by WMC, extensions to the drill-drive and further drilling is planned once the data from the seismic survey has been processed and interpreted.

Figure 2: Long Nickel Mine - Longitudinal Projection Showing Target Areas, TEM Conductors, Significant Intercepts Outside Current Resources and Reserves and Proposed 2008/9 Exploration in Light Blue

Long South

Drilling south of Long has previously intersected a number of nickel sulphide intercepts in the same lava channel that hosts the + 200,000 Ni t Long ore body (Figure 2). Based on these results, the Company developed a production scale 5 x 5.5 metre decline to drive out to and drill-test the main target area beneath Victor South and McLeay. Drilling has intersected 2.45m @ 3.1% Ni south of the decline face, 3.6m @ 3.3% Ni and 0.76m @ 10.1% Ni. Subsequent down-hole geophysics defined a TEM conductor south of the drill-hole and decline face. Drill testing of this conductor intersected 4m @ 3.2% Ni.

During September 2008, drilling to test a large TEM conductor beneath Victor South and McLeay intersected 12.3m @ 6% Ni (the Moran Discovery). Other large TEM anomalies have been interpreted in the channel (Figure 5). In order to effectively test these high priority targets, the cross-cut east of Victor South and McLeay will be extended to enable further drill-testing in the target area.

Further drilling is planned to test the channel south of Long once the seismic survey data has been processed and interpreted.

Long, Victor South and McLeay Resources

Approximately 38,600 nickel tonnes occur in resources in addition to the 37,200 nickel tonnes in reserves. Systematic drill-testing is ongoing to convert resources to reserves.

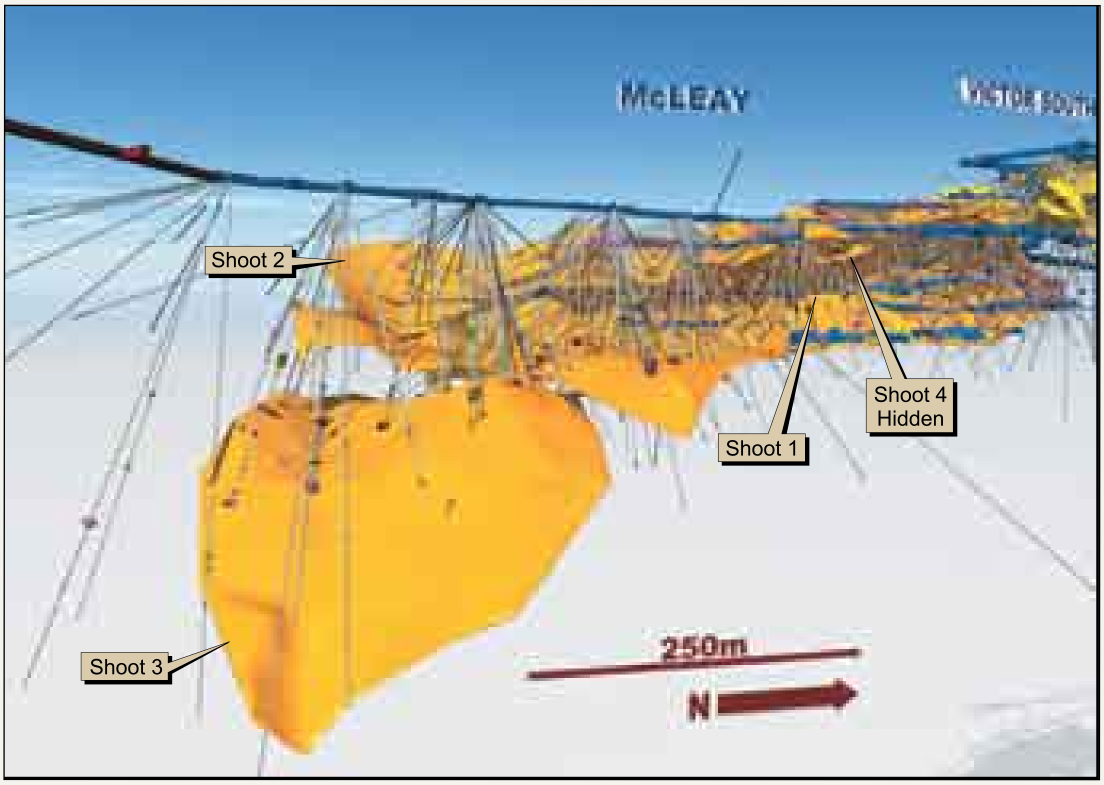


Figure 3: McLeay Deposit - 3D Isometric Model Showing Nickel Shoots, Drill Holes and Development

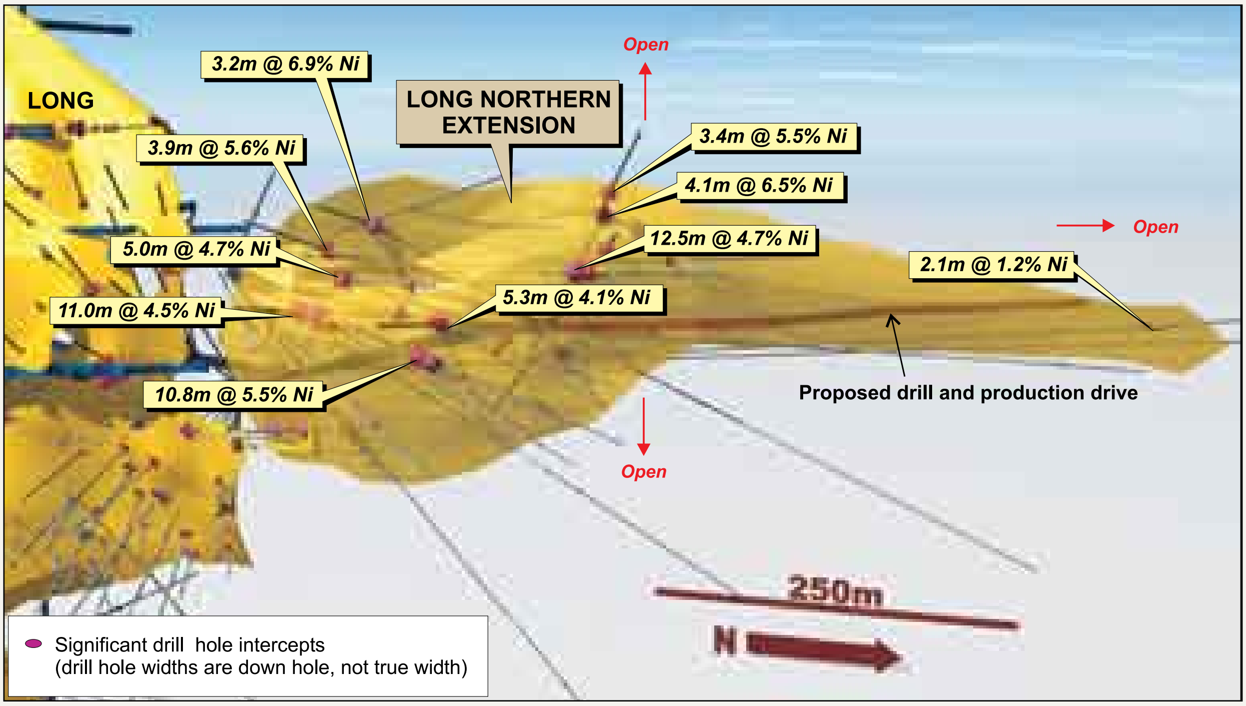


Figure 4: Long North 07 Shoot - Longitudinal Projection Showing Significant Workings, Significant Intersections and Resource Boundary

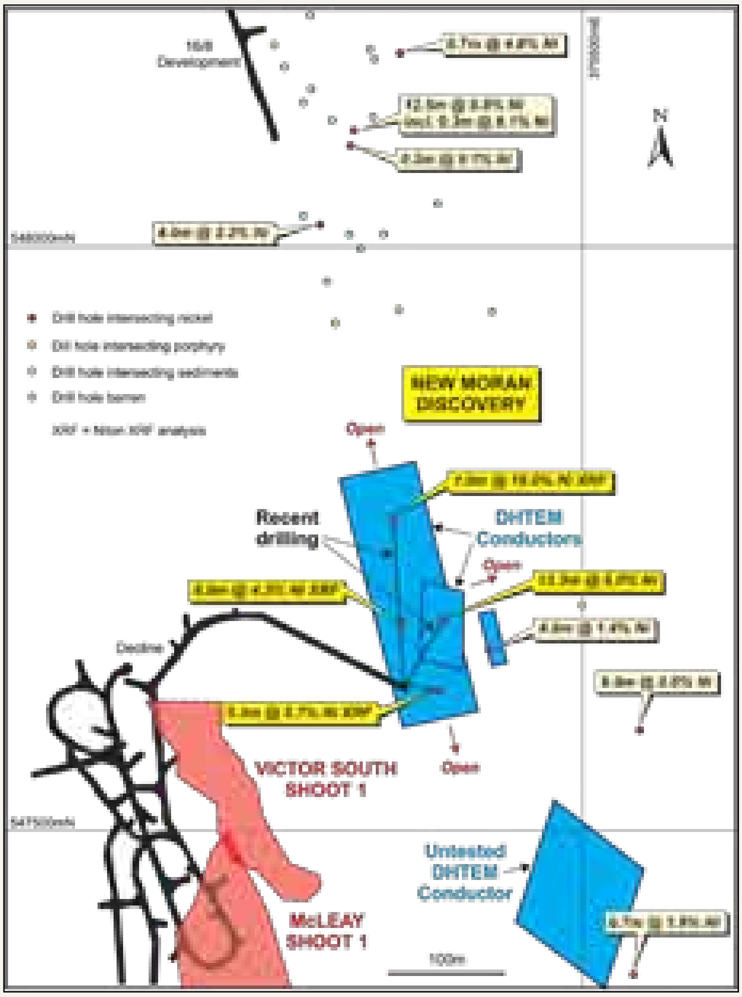


Figure 5: Moran Deposit - Plan Showing the Location of Long South TEM Plates, Drill Drive and Proposed Drill Holes in Relation to the 16/8 Long South Development, Victor South and McLeay Shoot 1 Ore Bodies

Over the past 12 months IGO and its JV partners have made significant advances on a number of key gold projects.

Managing Director's Operations Report - Exploration

Strategy

One of Independence Group's (IGO's) key strategies for achieving long term growth is the discovery and development of high-value ore bodies with a focus on gold, nickel and copper deposits. IGO recognises that exploration is inherently high risk and that many of the well known mining areas in Australia have been well explored. However, IGO believes that there may be many more ore bodies yet to be discovered in Australia, in covered areas and in previously unrecognised belts. Whilst Australia continues to be the preferred destination, a number of overseas jurisdictions are becoming increasingly attractive for exploration and mining and opportunities in these countries are being actively considered. The following tactical approach is being applied to maximise our chance of success:

- Application of leading edge geoscientific techniques by a small, highly motivated and well resourced team with a track record of exploration success
- Investment in technical innovation, particularly in the development of geophysical tools to assist in the identification of buried deposits beneath thick sand cover
- Application of new technologies in established and emerging mineral belts to discover deposits missed by historical exploration methods
- Acquisition of major land positions in "frontier" belts not recognised as prospective by previous explorers, a classic example being the Tropicana Project
- Efficient assessment and farm-out or relinquishment of projects not meeting internal technical milestones

Exploration success requires focus and perseverance and IGO has the financial and technical resources to achieve this goal.

Exploration Technology and Techniques

An important component of IGO's exploration strategy is the development of new and improved tools particularly in the field of geophysics, both for in-mine use and on regional exploration programs. Through technical and research relationships IGO has developed or gained access to new tools that provide a strong competitive advantage in mine-site and greenfields exploration. These tools include:

- EM Torch System for use in-mine to identify new and remnant ore positions overlooked by traditional mine exploration techniques
- Down-hole magnetic TEM ("DHTEM") systems and processing software that can be used to identify and model in 3D, mineralised systems intersected or closely missed in drilling programs
- High-Powered TEM Transmitter, which is significantly more powerful than commercially available systems, enabling surface TEM surveys to test deeper under cover and DHTEM surveys to test a greater distance around drill-holes both in-mine and on regional programs
- Surface TEM systems that can be used to identify bodies of conductive nickel sulphides in the highly-conductive regolith and salty groundwater environments of Western Australia, including beneath extensive salt lake cover where conventional EM systems are ineffective
- Low Temperature SQUID ("LTS") technology via a licencing agreement with Anglo American Exploration (Australia) Pty Ltd ("AAE"), which gives IGO the exclusive licence to use LTS to explore for nickel in specified areas of the Yilgarn in Western Australia considered to be highly prospective for nickel sulphides. The LTS has 5 to 10 times the sensitivity of other TEM sensors presently used, and as such is expected to provide considerable

advantage in discovering highly-conductive (high-tenor massive nickel sulphide) bodies under highly-conductive cover, such as salt lakes, conductive clays and in terrains containing shallow highly-saline groundwater. A large amount of prospective ultramafic stratigraphy is known to exist under areas such as these in the Yilgarn, where previously used technology has been ineffective.

Exploration Overview

Over the past 12 months IGO and its JV partners have made significant advances on a number of key gold projects and a new project (Karlawinda) has been acquired. At Tropicana, a Pre-feasibility Study ("PFS") is in progress and an initial resource of 4.05Moz of gold at the Tropicana-Havana Prospect has been announced. The Tropicana JV PFS contemplates an operation producing >300,000ozpa for 9-10 years.

At Holleton, a large robust auger gold geochemical anomaly (+2.5km strike) has been defined with first pass aircore drilling confirming bedrock gold mineralisation. An initial drilling program at the Karlawinda project has confirmed and extended very broad zones (>100m combined thickness) of low-level gold mineralisation and planning for follow-up drilling to test for higher grade extensions has commenced.

Nickel exploration remains at a high level with drill testing of targets completed at Duketon and Wiluna, as well as Ravensthorpe and Riverina which have now been terminated, and first pass exploration has commenced on the extensive Musgrave Project in Joint Venture with Goldsearch and BHP Billiton. At the Duketon project RC drilling has confirmed disseminated nickel sulphide mineralisation over several hundred meters of strike at the Bulge Prospect, confirming the nickel sulphide potential of the belt.

At Wiluna further deep TEM testing and RC drilling has down-graded the Bodkin Prospect area, however the highest priority target, being the ultramafic stratigraphy beneath Lake Way, remains to be tested due to access difficulties. Further LTS TEM testing of ultramafic stratigraphy beneath conductive cover sediments within the Lake Lefroy JV's some 25km east of the Long operation has delineated strong conductors which will be drill tested once infill TEM has been completed.

IGO looks forward to continuing its aggressive exploration programs both at the mine and on regional exploration projects in the 2009 financial year.

Regional Gold Exploration Projects

IGO has budgeted $3.9 million for regional gold exploration in 2008/9. The majority of this budget is allocated to under-explored and newly defined Archaean Greenstone Belts within the Yilgarn Block of Western Australia. A location map of all regional gold projects is provided in Figure 6.

The budget does not include expenditure on the Tropicana Joint Venture.

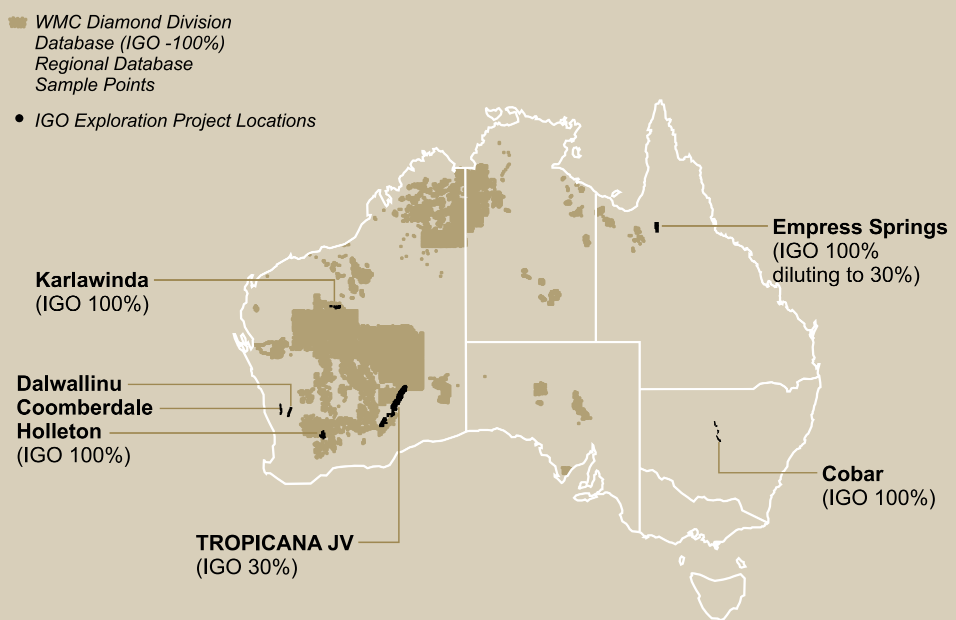


Figure 6: Gold Project Locations

Tropicana Joint Venture

Commodity:	**Gold**
Project Generation:	**Conceptually Targeted**
IGO:	**30% Free-carried to end of Pre-feasibility (Manager: AngloGold Ashanti Australia Limited 70%)**
Geological Setting:	**Yilgarn Craton – Fraser Range Mobile Belt Collision Zone**

The Tropicana JV comprises approximately 12,260 km^2 of largely unexplored tenure over a strike length of 350km along the Yilgarn Craton – Fraser Range Mobile Belt Collision Zone (Figure 7). The project was initially targeted and pegged by IGO in 2001. AngloGold Ashanti was brought in to fund and manage exploration due to the resources required to effectively explore this very large and remote tenement package. The JV has a dominant ground position in what is shaping up to be a new Australian Gold Province.

The first discovery in the project area, the Tropicana Prospect, which comprises the Tropicana and Havana Zones, is currently the subject of a Pre-feasibility Study due for completion in 2009. The Tropicana-Havana Zones have a strike length of over 4kms. Mineralisation identified to date is up to 63m in true thickness and has been drilled to a vertical depth of 400m where it remains open. Mineralisation is hosted in a quartzo-feldspathic gneiss and generally occurs as one or two laterally extensive, moderately dipping planar lenses (Figures 8 - 9).

In December 2007 AngloGold Ashanti released an initial JORC compliant resource estimate comprising:

> 62.8Mt @ 2.01 g/t Au gold for 4.05Moz
> at a 0.6 g/t Au cut-off

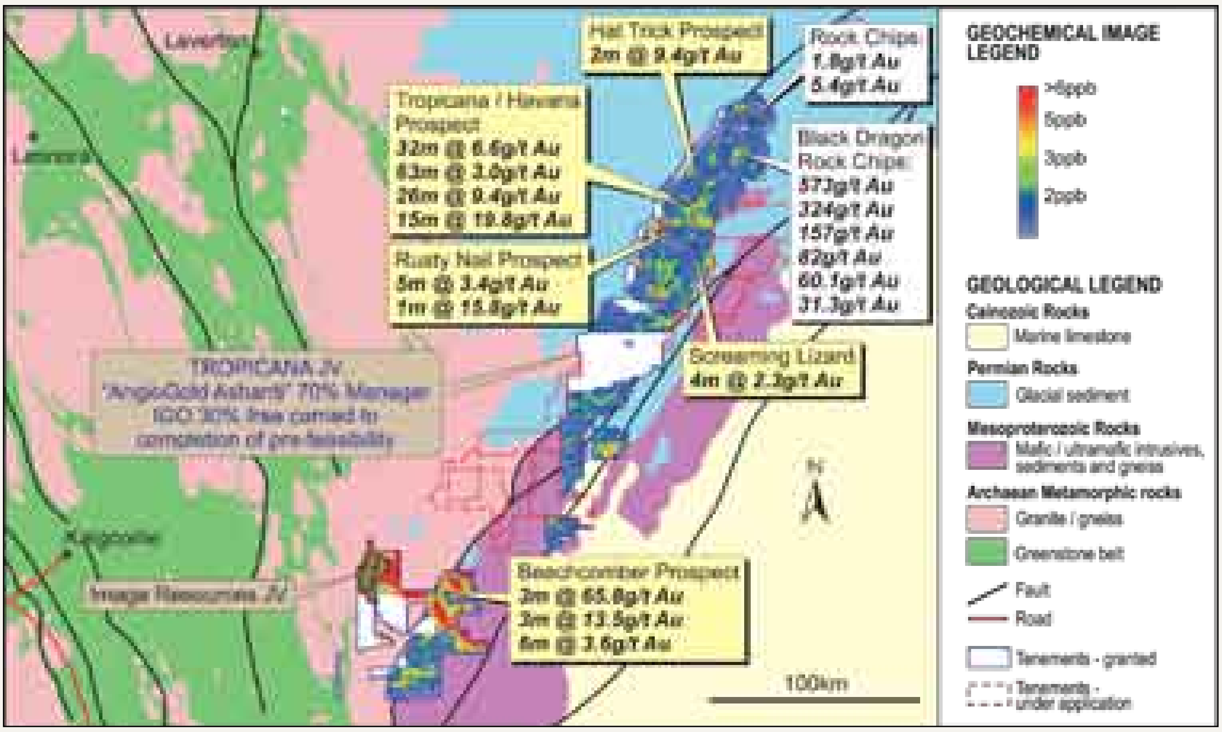


Figure 7: Tropicana JV - Tenure, Gold Geochemical Anomalies, Significant Drill Intercepts and Rock Chips Over the Yilgarn Craton - Frazer Range Mobile Belt Collision Zone

This resource is constrained by A$986 per ounce Au conceptual open-pit shells and does not take into account mineralisation down-plunge of the conceptual pits that may be exploitable by underground mining methods.

Intersections received since the resource was estimated and that are therefore not yet included in the conceptual pits include:

- 34m @ 3.5 g/t Au
- 7m @ 11.4 g/t Au
- 18m @ 3.5 g/t Au
- 22m @ 3.6 g/t Au
- 12m @ 4.9 g/t Au
- 9m @ 5.6 g/t Au
- 18m @ 3.0 g/t Au

The completion date of the PFS is now expected to be mid 2009 to enable incorporation of positive infill and down-dip drilling completed since the resource statement was released and also to enable consideration of innovative power supply options.

Intersections from infill drilling not yet incorporated into the resource model which are expected to positively impact the updated resource include:

- 51m @ 3.5 g/t Au
- 25m @ 7.5 g/t Au
- 18m @ 5.2 g/t Au
- 20m @ 4.4 g/t Au
- 23m @ 5.2 g/t Au
- 25m @ 4.8 g/t Ay
- 21m @ 7.5 g/t Au
- 18m @ 6.5 g/t Au
- 16m @ 8.2 g/t Au and
- 22m @ 4.9 g/t Au

In addition to extensive resource and metallurgical drilling, Pre-feasibility Study activities include plant design, metallurgical, hydrological and geotechnical studies and flora and fauna surveys. The current project base case is modelled on a 5.5Mtpa plant with an operation producing > 300Koz per year over a 9 to 10 year period. Sensitivities to operating scale are being assessed between 3.5Mtpa and 7.5Mtpa.

Though the focus during 2007/8 was on advancement of the Tropicana-Havana PFS, encouraging results were achieved on a number of regional prospects. At Beachcomber, 220km south of Tropicana, follow-up RC testing of the initial high-grade aircore intercept (3m @ 65.8 g/t Au) returned 14m @ 3.3 g/t (including 3m @ 13.5 g/t) and 6m @ 3.6 g/t Au (Figure 7). Further drilling is planned to test the extent of this system.

Reconnaissance rock chip sampling returned 22.2 g/t Au, 16.7 g/t Au and 15.9 g/t Au from Black Dragon, 30km northeast of Tropicana and 5.4 g/t Au from Voodoo Child, 40km northeast of Tropicana (Figure 7). Follow-up rock chip sampling since the end of the financial year returned a number of very high values, including 573 g/t, 324 g/t and 157 g/t Au, from quartz-sulphide gossans.

The majority of regional geochemical anomalies are yet to be followed up by bedrock drilling.

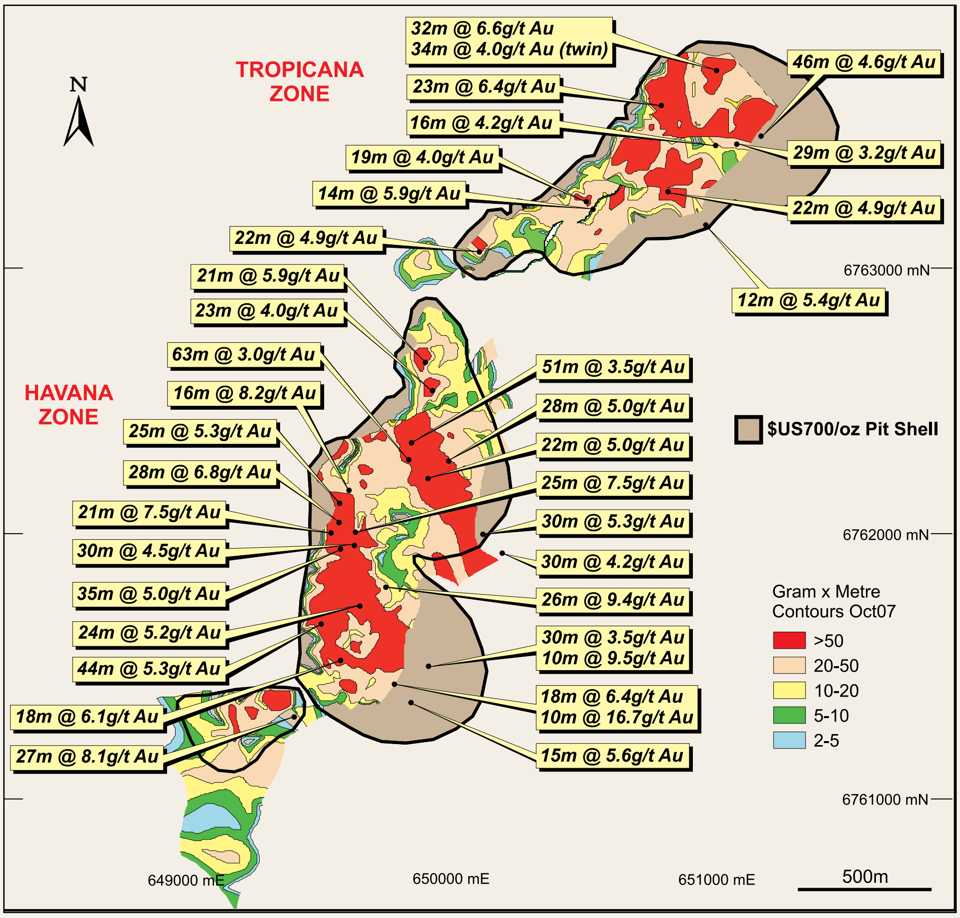


Figure 8: Tropicana JV - Tropicana/Havana December 2007 Conceptual Open Pit Outlines, Significant Intercept Locations and October 2007 g/t Au x Thickness (m) Contours

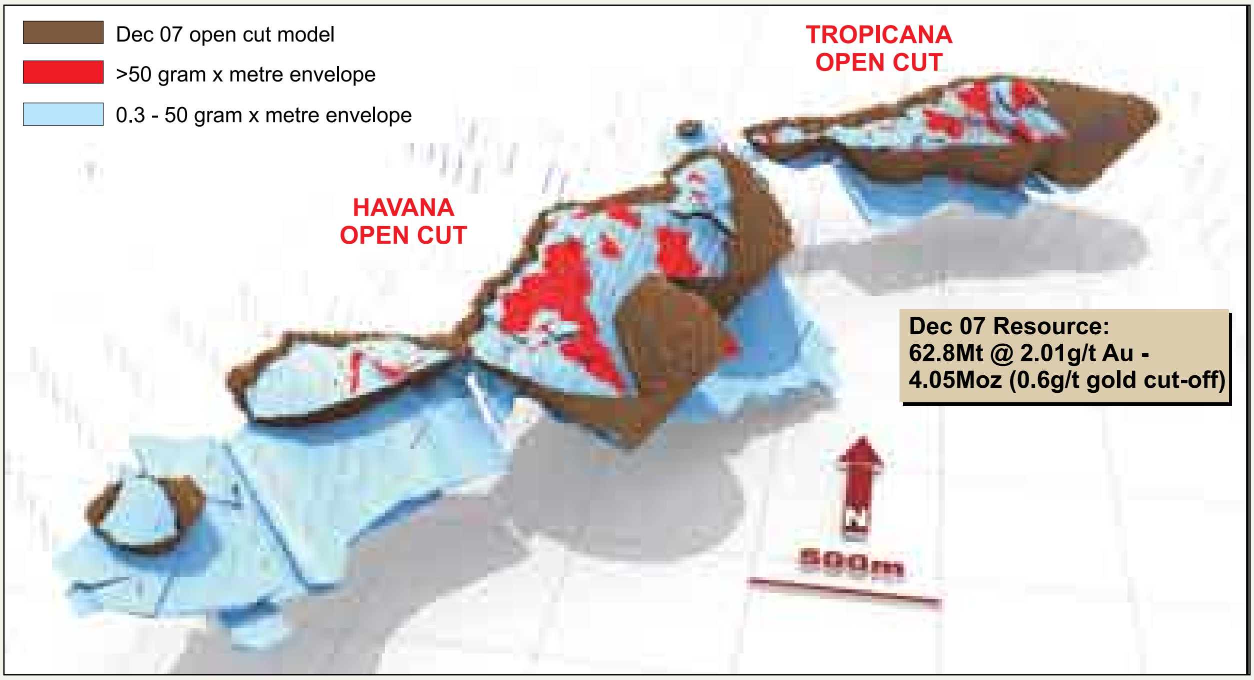


Figure 9: Tropicana JV - Isometric Model Showing 0.3 g/t Au Mineralised Envelope, > 50 gram Au x Metre Envelope and December 2007 Preliminary Conceptual Open Pit Outlines

Holleton

Commodity:	**Gold**
Project Generation:	**Conceptually Targeted**
IGO:	**90-100%**
Geological Setting:	**Archaean Holleton Greenstone Belt, Southern Cross Region**

The Holleton Project comprises numerous tenements and tenement applications covering an area of 1,257 km^2 over the largely unexplored Holleton greenstone belt in the Southern Cross Province of the Archaean Yilgarn Craton (Figure 10).

The Southern Cross Province has total production and resources of approximately 11 million ounces and contains a number of plus 1 million ounce gold resource deposits including:

- Westonia (2.3M oz),
- Yilgarn Star (1.7M oz)
- Southern Cross (1.5M oz)
- Marvel Loch-Nevoria (2M oz).

Much of the greenstone within the project is under varying thickness of sand cover. However, where exposed in the centre of the project, there are a number of old gold workings. The bulk of the known greenstone in the project comprises the Gabanintha Formation which is the principal host for most gold mines in the Murchison and Southern Cross Provinces. The Holleton greenstone belt has similarities to the Westonia belt and it is inferred that these belts are structurally connected. A number of magnetic and non-magnetic domes intrude the belt providing favourable structural positions for gold mineralisation.

IGO's main areas of interest are the Gibb Rock prospect in the south where limited historical exploration has identified wide areas of gold anomalism, and the large area of greenstone under cover in the north of the project area that has yet to be subjected to any effective exploration for gold. At Gibb Rock a widespread auger program has identified seven gold anomalies including Brahma which extends for 2.5km north-east along strike at the +200ppb Au contour (Figure 11). Initial aircore testing of the seven anomalies has been completed with most assay results yet to be received at the time of writing. Results that have been received confirm the prospectivity of Brahma returning a maximum of 1.7 g/t Au over 1m within an intercept of 7m @ 0.7 g/t Au hosted by amphibolite. As there is no surface geological information available it is likely that a short diamond drilling program will be completed to provide structural information prior to systematic drill follow-up.

In the covered regional areas in the north of the project, broad roadside surface sampling has been completed to test the effectiveness of this method as a systematic first-pass test. Whilst a bedrock response was identified in selected areas, it is considered that aircore drilling will be required to systematically test the bedrock. Previous aircore drill testing of "blind" structural targets defined from aeromagnetics has returned intersections up to 4m @ 5.7 g/t Au which are yet to be followed up. Access agreements to enable systematic aircore drilling on freehold farm land are currently being negotiated.

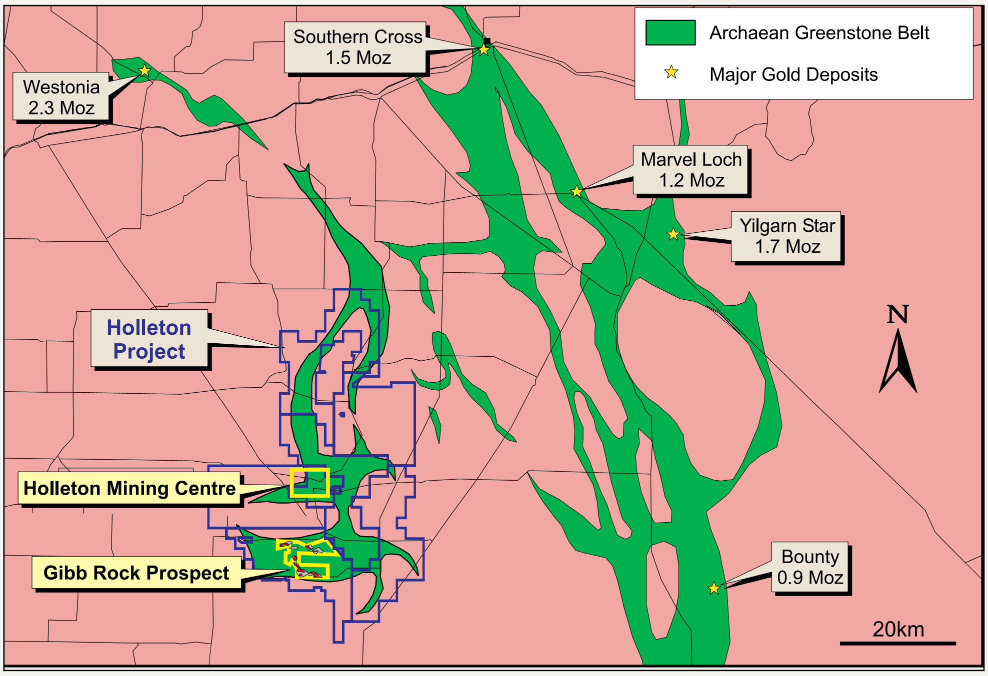


Figure 10: Holleton Project - Tenure Over Regional Geology Showing Prospect Locations and Large Gold Mines in District

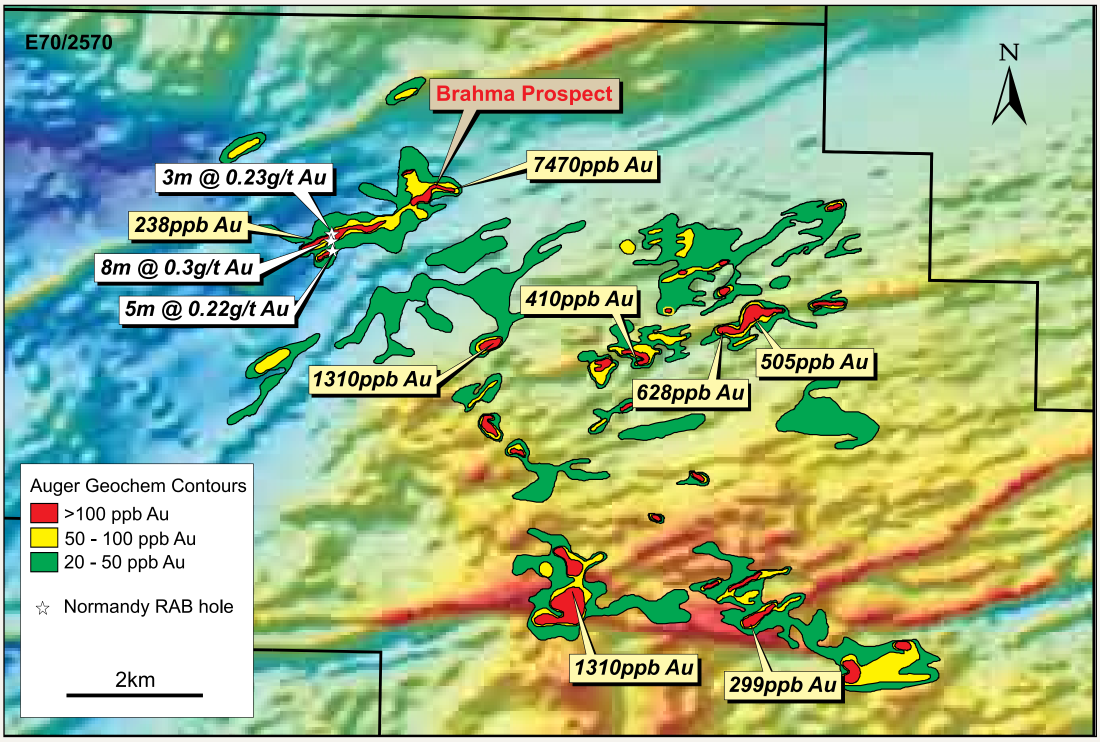


Figure 11: Holleton Project - Gibb Rock Prospect Soil Geochemical Gold Results and Historic Aircore Drill Intercepts Over Magnetics

Karlawinda

Commodity:	Gold
Project Generation:	Opportunistic Acquisition
IGO:	100% (BHP Billiton 2% NSR Plus Clawback Rights)
Geological Setting:	Metasediment Dominated Greenstone Belt Within Archaean Pilbara Craton

The project is located 65km south-east of Newman, close to road and gas pipeline infrastructure and was first discovered by BHP Billiton (then WMC) while testing covered geophysical targets for nickel mineralisation (Figure 12).

Limited drilling by BHP Billiton at the Frankopan prospect returned low-grade gold anomalism within wide zones of strong pervasive potassic alteration and quartz veining including:

- 37m @ 1.9 g/t Au
- 32m @ 1.0 g/t Au

Within the broad low-grade intercepts, higher grade zones include:

- 7m @ 4.6 g/t Au
- 6m @ 4.5 g/t Au

IGO acquired the project as it believes that the very broad zones of lower level mineralisation (over 100m combined) and alteration have good potential to produce a significant gold deposit given the appropriate structural focus.

An initial four hole diamond drill test by IGO principally infilling previous drilling at Frankopan confirmed and extended the mineralised system and provided valuable geological information. A follow-up program stepping out from known mineralisation to locate areas of structural focus and hence higher grade mineralisation is planned for late 2008.

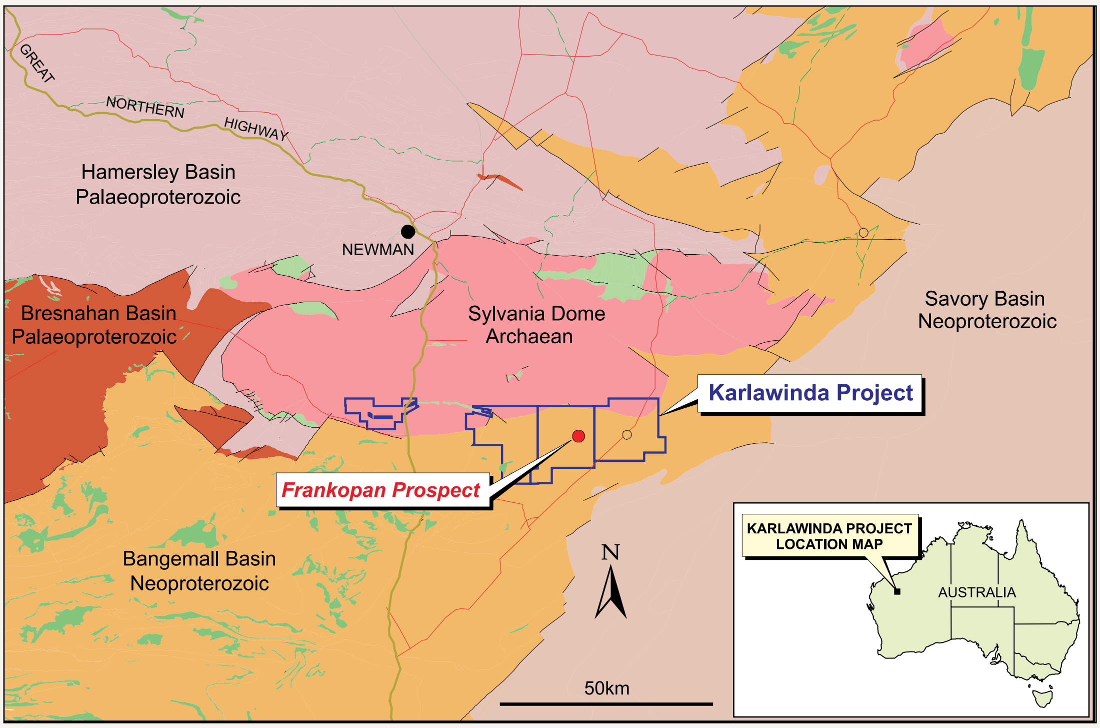


Figure 12: Karlawinda Project - Tenure and Significant Historic Gold Intercepts Over Regional Geology

Coomberdale

Commodity:	**Gold And Nickel**
Project Generation:	**De Beers Diamond Database**
IGO:	**100%**
Geological Setting:	**Under-Explored Archaean Gneiss And Greenstone Belt**

Coomberdale is located within freehold farm land approximately 175km north/north-east of Perth and covers a shallowly covered and largely unexplored greenstone belt.

Auger, soil and rock chip sampling has delineated a north-north-east trending gold anomalous corridor over a strike length of 16km, which is open to the south.

Wide-spaced reconnaissance RAB and first-pass follow up RAB and limited RC drilling has confirmed the prospectivity of the belt, with single metre results up to 9.2 g/t Au and intercepts including 2m @ 4.7 g/t Au from 10m.

Petrographic work suggests that mineralisation represents a typical greenschist facies shear hosted lode-gold system.

The timing of further drill testing of the belt is dictated by farming activities with the next program expected to be early in 2009 following the cropping season.

Regional Nickel & Base Metal Exploration Projects

IGO has budgeted $3.1 million in 2008/9 for regional nickel exploration. The majority of this work is being undertaken within the Yilgarn Block of Western Australia, where IGO's proven operational and exploration expertise can be used to best effect. IGO is exploring both brownfields projects with demonstrated nickel sulphide potential and higher risk but less explored greenfields projects. A location map of all regional nickel and other base metal projects is provided in Figure 13.

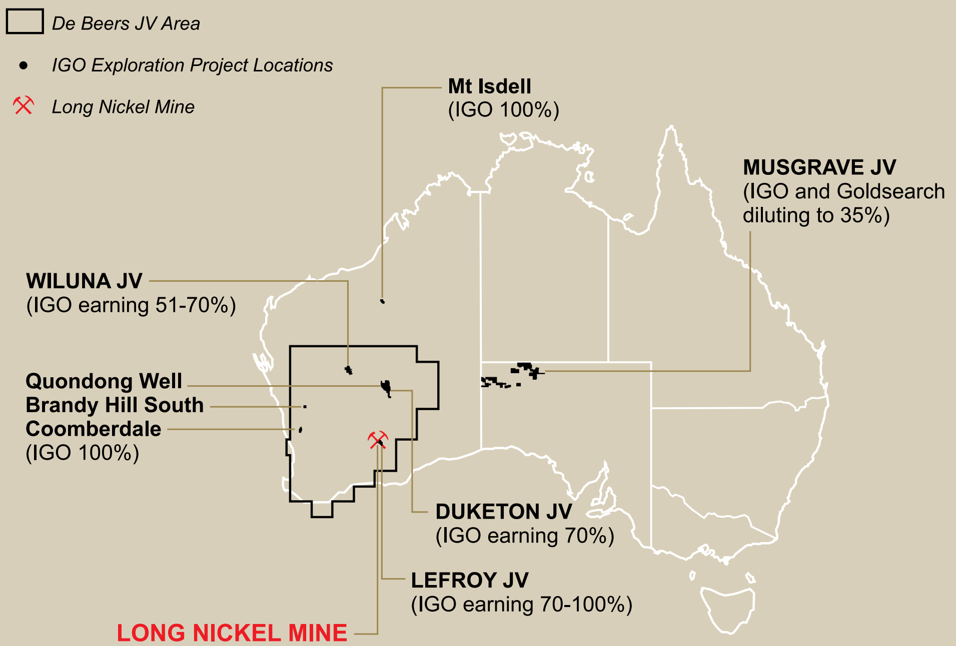


Figure 13: Nickel and Base Metals Project Locations

Duketon Joint Venture

Commodity:	Nickel
Project Generation:	Conceptually Targeted
IGO:	Earning 70% Nickel Rights (South Boulder Mines Ltd Diluting)
Geological Setting:	Under-Explored Archaean Ultramafic Belt

The Duketon Nickel JV covers approximately 60kms of strike in the Duketon Greenstone Belt between the Windarra nickel sulphide deposit and the Collurabbie Hills Ni-Cu-PGE discovery (Figure 14). The belt contains ultramafic rich stratigraphy prospective for Ni-Cu-PGE mineralisation that has not yet been tested using modern nickel sulphide exploration techniques.

Work to date has confirmed the presence of nickel sulphide mineralisation in the belt, with nickel sulphides intersected over a strike length of 700m at the C2 Prospect. Disseminated mineralisation has been intersected (25m @ 0.7% Ni, 22m @ 0.7% Ni, 19m @ 0.6% Ni and 12m @ 0.8% Ni) and also narrower zones of better grade, suggesting there may be potential for higher grade sulphide systems (1m @ 2.1% Ni and 5m @ 1.1% Ni) at C2 (Figure 15). The Bulge area is currently being tested for the presence of large disseminated nickel sulphide deposits. Results to date demonstrate the nickel sulphide fertility of the belt and provide encouragement for the discovery of disseminated and higher grade massive deposits elsewhere in the project area.

TEM surveys testing the ultramafic stratigraphy north and south of the Bulge anomaly have identified a number of TEM conductors which are yet to be drill tested due to access constraints. Geophysical surveys covering the ultramafic trends sub-parallel to and east of the Bulge anomaly, including areas of elevated Ni-Cu intercepted in aircore drilling for gold, are in progress.

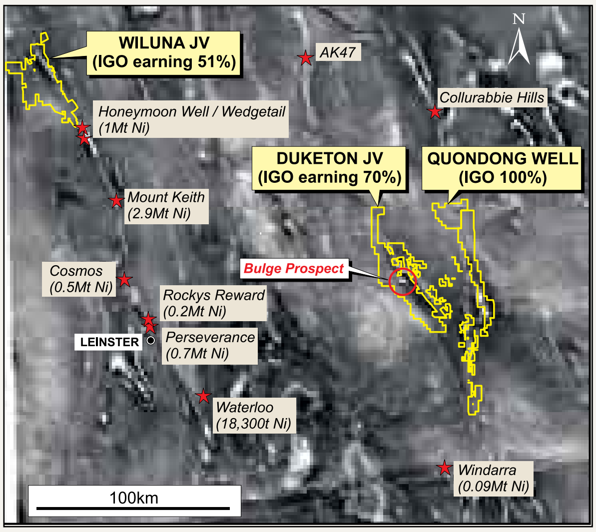


Figure 14: North-Eastern Goldfields Nickel Project Locations and Selected Nickel Mines Over Aeromagnetic Image

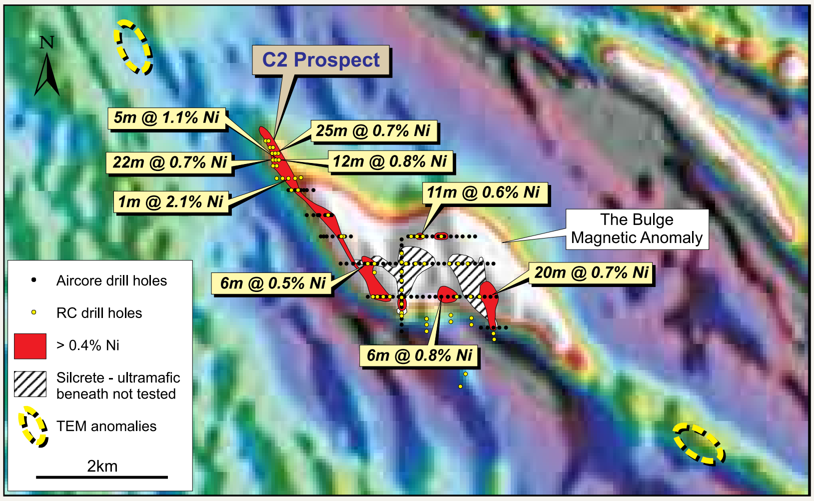


Figure 15: Duketon JV - Bulge Prospect Significant RC and AC Drill Results, >0.4% Ni Anomalism and TEM Anomalies Over Aeromagnetic Image

Wiluna Joint Venture

Commodity:	Nickel
Project Generation:	World Class Komatiite Belt
IGO:	Earning 70% Nickel Rights (OZ Minerals Ltd Diluting)
Geological Setting:	Under-Explored Archaean Ultramafic Belt

The Wiluna JV with OZ Minerals Ltd comprises a package of tenements located on the northern end of the Agnew-Wiluna Greenstone Belt. This is one of the most highly endowed nickel sulphide belts in the world, containing such deposits as Mt Keith (2.3M Ni t resource), Leinster (1.7M Ni t), Cosmos group (0.4M Ni t) and Honeymoon Well (1M Ni t) (Figure 14).

The JV tenure covers approximately 40kms of strike of the ultramafic trend immediately north of Honeymoon Well and the Wedgetail Deposit (resource of 1Mt @ 6.9% Ni).

The most prospective target within the JV is at Lake Way.

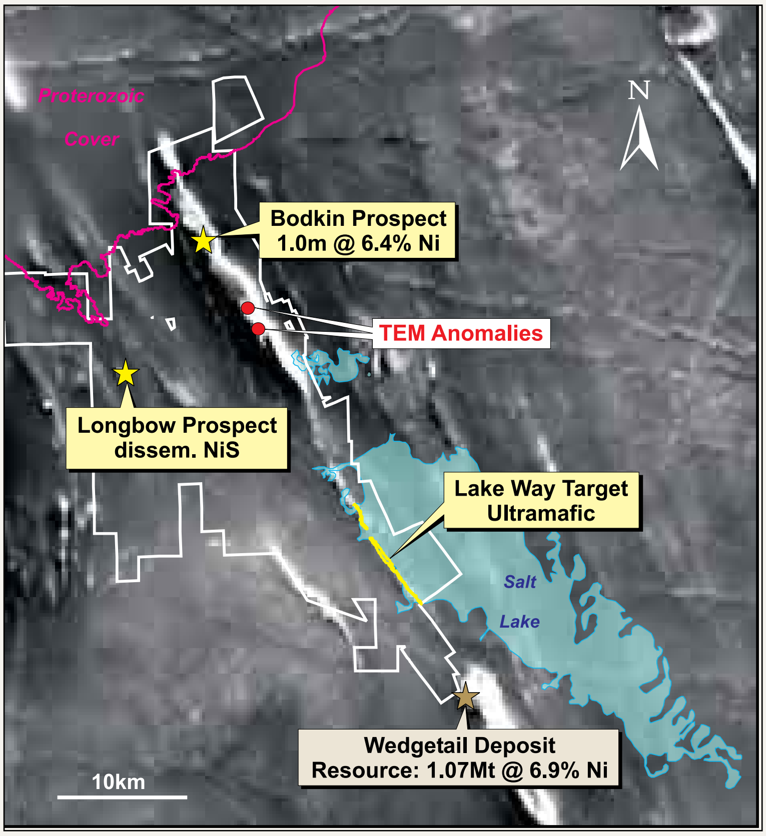


Figure 16: Wiluna JV - Tenure, Prospects and Significant Intercepts Over Aeromagnetic Image

The Lake Way prospect comprises approximately 9 strike kilometres of ultramafic stratigraphy immediately north-west of the Wedgetail deposit (Figure 16). The prospect has not previously been systematically tested as conventional TEM techniques are ineffective in areas covered by conductive saline lake sediments. An orientation survey is planned to determine the most suitable TEM method for locating bedrock conductors. The program was scheduled for early 2008, however ongoing wet conditions on the lake have necessitated a rescheduling of this program to later in the year.

Lefroy Joint Ventures

Commodity:	Nickel
Project Generation:	Conceptually Targeted
IGO:	Earning 80% (Excalibur Mining Corporation Limited Diluting)
IGO:	Earning 80% (Yamarna Goldfields Limited Diluting)
IGO:	Earning 100% (AngloGold Ashanti Australia Limited Diluting)
IGO:	Earning 70% Nickel Rights (Gladiator Resources Ltd Diluting)
Geological Setting:	Interpreted Archaean Ultramafic Belt Beneath Conductive Cover

Through a number of JV agreements, IGO is exploring tenure covering magnetic features interpreted to be potentially prospective ultramafic stratigraphy under the Lake Lefroy salt lake 15–30 km east of Kambalda (Figure 17). The stratigraphy and structural setting of these features is potentially analogous to the Kambalda Dome Nickel Camp. Various targets are currently being tested utilizing Anglo American's (AAE) Low Temperature SQUID TEM sensor (LTS) under the IGO/AAE SQUID Joint Venture.

Approximately 70% of the target areas have been tested and a number of conductors identified within and adjacent to interpreted ultramafic stratigraphy. These conductors are currently being infilled to enable them to be modelled for drill testing later in the year.

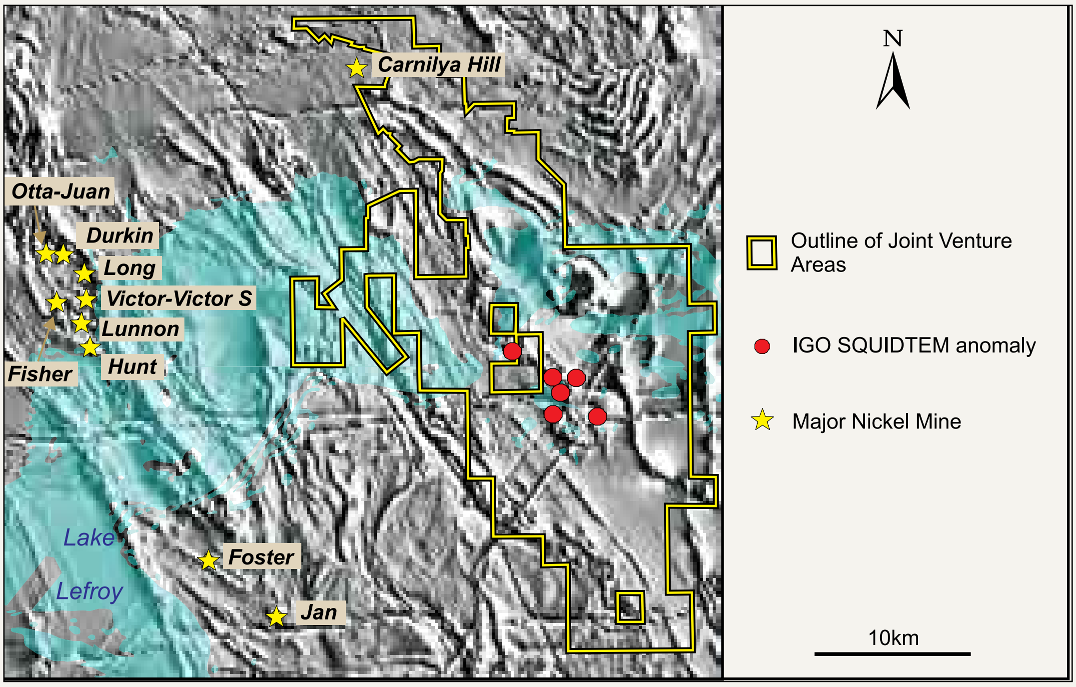


Figure 17: Lake Lefroy JV's - Tenure, Lake Coverage and Major Nickel Mines Over Aeromagnetic Image

Musgrave BHP Billiton Joint Venture

Commodity:	Nickel, Gold & Base Metals
Project Generation:	Conceptually Targeted
IGO:	51% and Goldsearch Limited 49% Diluting (BHP Billiton Earning 65%)
Geological Setting:	Under-Explored Proterozoic Musgrave Complex

IGO on behalf of joint venture partners Goldsearch and BHP Billiton is managing exploration on the Musgrave JV, which comprises tenements and applications covering approximately 18,000 square kilometres of the South Australian portion of the Musgrave Block. Most of the tenure is held within freehold Aboriginal Lands and is yet to be granted.

The main target is Ni-Cu-PGE sulphide mineralisation associated with the 1080Ma Giles Complex and associated mafic and ultramafic intrusive rocks, equivalent to those hosting BHP Billiton's Nebo-Babel Ni-Cu-PGE sulphide discovery in Western Australia. The Giles Complex is one of the largest mafic intrusive complexes in the world, and due to its remote location has only been subjected to cursory exploration in the past. Limited work in the 1970's has confirmed a nickel sulphide occurrence within the JV tenure.

During the year exploration commenced on seven priority "blocks" within the two tenements granted to date. Within these blocks first pass surface geochemical sampling comprising 2,321 sites on 1km x 500m spacings was completed. A gravity survey on a 1 km x 1km grid is being conducted to assist in delineating the prospective intrusive units and has so far been completed over 60% of the priority blocks.

Geochemical results have been received from three blocks and have highlighted a number of subtle Ni-Cu-PGE anomalies coincident with mapped and interpreted Giles Complex intrusive. Once all geochemical results have been received, anomalies will be ranked and where warranted infill sampling will be completed prior to TEM and drill testing.

Negotiations regarding the grant of the next tranche of priority tenements have commenced.

Mt Isdell

Commodity:	Gold And Base Metals
Project Generation:	WMC Diamond Division Database
IGO:	100% Diluting (Teck-Cominco Earning 70%)
Geological Setting:	Paterson Province, 35km South Of 26M Oz Telfer Gold Deposit

The Mt Isdell Project consists of two Exploration Licences totalling 428 square kilometres, located 35 kilometres south of the 26 million ounce Telfer gold resource and 80 kilometres south-east of the Nifty copper operation (148M t @ 1.3% Cu) (Figure 18).

The project covers Proterozoic Yeneena Group meta-sediments concealed by extensive aeolian sand dune cover and was targeted on anomalous WMC Diamond Division samples up to 12ppb gold, 598ppm copper, 1031ppm cerium, with anomalous arsenic and lead.

Reconnaissance and infill lag sampling by IGO has delineated a 5km x 3km area of high order zinc, lead, and copper with elevated cerium, cobalt, arsenic, bismuth and gold anomalism.

Recent government geophysical surveys have highlighted a major north-west trending gravity gradient structure which coincides with the high order surface anomaly. Both the Nifty Copper and Maroochydore Copper/Cobalt deposits are proximal to this feature.

IGO has entered into a Joint Venture agreement with Teck-Cominco Australia Pty Ltd (a 100% owned subsidiary of Teck Cominco Limited) whereby it may earn-up to 70% in the project by expenditure of $5.1 million by 30 July 2012. During the first year of this Joint Venture, which was managed by IGO but funded by Teck-Cominco, further lag sampling was completed to assist in delineation of drill targets. The first targets are scheduled for drill testing in 2008/9.

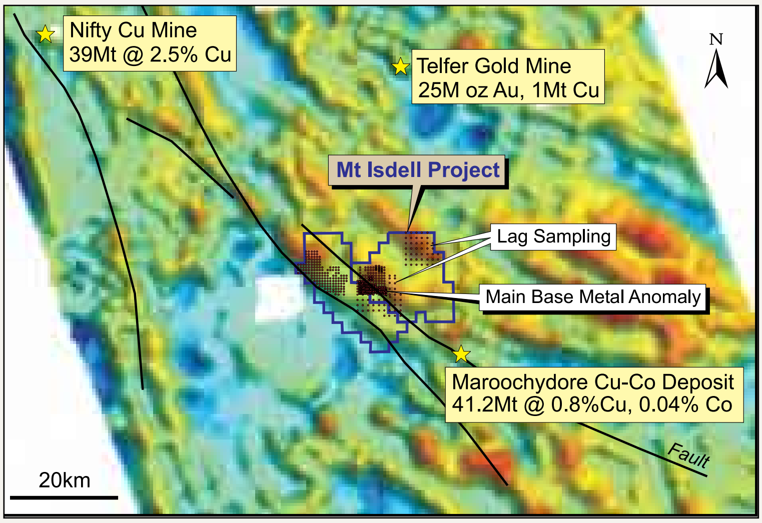


Figure 18: Mt Isdell JV - Tenure and Significant Nearby Mines Over Gravity Image

Other Investments

Matrix Metals Limited

Commodity: **Copper**

IGO has 128.9 million shares (16%) in listed company Matrix Metals Limited ("Matrix").

Matrix is now producing copper cathode from the Mt Watson ore. See Matrix's announcements for further details (ASX Code: MRX).

Brumby Resources Limited

Commodity: **Iron Ore**

IGO and Western Australian Resources Ltd sold their iron ore rights to part of the Goldsworthy tenure to Brumby Resources Limited ("Brumby") during the year. IGO received 4 million Brumby fully paid shares as consideration. IGO now holds 6 million fully paid Brumby shares (11.5%) and 2 million listed options (ASX Code: BMY and BMYO respectively).

Southstar Diamonds Limited

Commodity: **Diamonds**

Southstar is owned 50% by IGO, with the other 50% owned by Perilya Ltd. Since the end of the year the decision has been made to cease funding Southstar and the company will be deregistered.

JORC CODE COMPLIANCE

Except as otherwise noted, the information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Christopher M Bonwick who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Christopher Bonwick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Christopher Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements: This report may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although IGO believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

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. 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.

Corporate Governance Statement

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

Directors' Report

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.

Directors' Report

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.

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.

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

Directors' Report

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).

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.

Directors' Report

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 detailing compensation paid for the financial year.

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.

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	
	Cash Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Options (iv) $	Total $
2008						
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

Directors' Report

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

(ii) C Bonwick and K Ross were granted options at the 2003 Annual General Meeting which 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.

Name	At Risk – LTI Equity Compensation	At Risk – STI Performance Based Bonuses	Fixed Remuneration
2008			
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 Number	Fair Value Per Option $	Total Fair Value $
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

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.

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:

	Balance Vested at end of year No.	Vested and Exercisable No.	Options Vested during year No.	Options Unvested at end of year No.
2008				
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

Directors' Report

(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 %	Minimum total 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 Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D 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.

Directors' Report

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 is 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

Declaration of Independence by BDO Kendalls

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 this audit.

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

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Brad McVeigh
Director

Perth, Western Australia
22 September 2008

Income Statements

For the year ended 30 June 2008

		Consolidated		Parent Entity	
	Note	2008 $'000	2007 $'000	2008 $'000	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

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

Statement of Changes in Equity

As at 30 June 2008

	Consolidated				Parent Entity			
	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total Equity $'000	Issued Capital $'000	Retained Earnings $'000	Other Reserves $'000	Total Equity $'000
At 1 July 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)	-	(19,617)	-	(19,617)
At 30 June 2008	29,481	165,632	(2,156)	192,957	29,481	13,039	3,765	46,285

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Cash Flow Statements

As at 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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 payments		**(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 the 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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1: STATEMENTS 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.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 in which they are incurred. Lease incentives under operating leases are recognised as a liability.

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

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.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Cash and Cash Equivalents

For the purpose of the cash flow statements, 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.

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').

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 diluted earnings per share.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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**	-	**-**	-

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 4: INCOME TAX

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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)
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 2008 $'000	Balance Sheet 2007 $'000	Income Statement 2008 $'000	Income Statement 2007 $'000
Deferred Income Tax				
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)
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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 4: INCOME TAX (continued)

b. Tax Consolidation

Independence Group NL and its wholly owned subsidiaries formed a tax consolidated group effective 1 July 2002. 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	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
NOTE 5: AUDITOR'S REMUNERATION					
Remuneration of the auditor of the Group for:					
a. audit and review of financial reports		**86**	64	**86**	64
b. other services		**-**	-	**-**	-
NOTE 6: DIVIDENDS PAID					
a.	Interim ordinary dividend franked at the tax rate of 30% 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:	**5,847**	13,791	**5,847**	13,791

	2008 '000 No.	2007 '000 No.

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		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	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.

Notes to the Financial Statements

For the year ended 30 June 2008

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

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

	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

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
CURRENT					
Forward foreign exchange contracts – cash flow hedges (i)	30(d)	**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 – cash flow hedges (i)	30(d)	**-**	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

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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)
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.

Notes to the Financial Statements

For the year ended 30 June 2008

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 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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 the end of the 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

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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 the end of the 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

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 18: BORROWINGS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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	**-**	-

(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 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000

NOTE 19: OTHER FINANCIAL LIABILITIES

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 21: CONTRIBUTED EQUITY

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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

	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*

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
b. Options for Ordinary Shares – Partly Paid Unlisted (iii)				
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 22: RESERVES

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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)*	**-**	-

(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.

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For the year ended 30 June 2008

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000

NOTE 23: RETAINED EARNINGS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 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)	**(19,617)**	(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	**13,039**	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

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
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.

	Mining $'000	Exploration $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Primary Industrial Segment Information 2008				
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	-	**2,293**
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

Notes to the Financial Statements

For the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000

NOTE 26: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax

Profit from ordinary activities after income tax	**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
Changes in assets and liabilities:				
Decrease in trade debtors	**16,221**	6,888	**-**	-
(Increase) in other debtors	**(1,576)**	(138)	**(144)**	(69)
Increase/(decrease) in trade and other payables	**1,295**	4,774	**811**	(66)
(Increase) 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**	-
	No.	No.	No.	No.
b. Share Transactions of Key Management Personnel				
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in Independence Group NL:				
Ordinary shares	**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:

	Balance start of year No.	Granted during year No.	Exercised during year No.	Balance at end of year No.
2008				
R Marston	250,000	-	(250,000)	-
C Bonwick	875,000	-	(375,000)	500,000
K Ross	525,000	-	(275,000)	250,000
J Christie	125,000	-	(125,000)	-
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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 28: RELATED PARTY TRANSACTIONS (continued)

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).

	Balance at start of year exercised No.	Remuneration Options the year No.	Net other change during No.	Balance at end of year No.
Share Holdings of Key Management Personnel for the year ending 30 June 2008				
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**
Share Holdings of Key Management Personnel for the year ending 30 June 2007				
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

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Key Management Personnel Compensation				
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 $'000	Parent Entity 2007 $'000
Loan from subsidiary		
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/US $0.7309	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.

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

Outstanding contracts Consolidated	Average exchange rate 2008 %	2007 %	USD 2008 $'000	2007 $'000	Contract value 2008 $'000	2007 $'000	Fair value 2008 $'000	2007 $'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.

Notes to the Financial Statements

For the year ended 30 June 2008

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 and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and forward commodity contracts to hedge certain risk exposures.

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

b. Capital Risk Management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 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 seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's current target is to achieve a real return on capital of at least 10%. During the financial year the return was 38% (2007: 94%). 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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Parent						
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
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.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 30: FINANCIAL INSTRUMENTS (continued)

d. Credit Risk Management

The Group has a concentration of credit risk in that it depends on BHP Billiton Ltd for a significant volume of revenue. During the year ended 30 June 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		Parent	
	2008 $'000	2007 $'000	2008 $'000	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.

e. Market Risk Management

(i) Foreign exchange risk

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

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

Foreign Currency Risk Management

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

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

	Consolidated		Parent	
	2008 US Dollars A$'000	2007 US Dollars A$'000	2008 US Dollars A$'000	2007 US Dollars A$'000
Cash and cash equivalents	**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).

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'.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 30: FINANCIAL INSTRUMENTS (continued)

Commodity price risk sensitivity analysis

The following table summarises the sensitivity of the fair value of financial instruments held at balance date to movement in the relevant forward commodity price, with all other variables held constant. Debtors valuation used a sensitivity analysis of 4% (2007: 28%) 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 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'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.

	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
Consolidated					
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 $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	5+ years $'000
Consolidated					
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.

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**	92,113	92,113	72,801	72,801

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 31: COMPANY DETAILS

The registered office and principal place of business of the Company is Suite 9, 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 65,000 options have been exercised since the end of the financial year.

(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.

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.

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.

Notes to the Financial Statements

For the year ended 30 June 2008

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.

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

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, cash flow statement and statement of changes in equity 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.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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 our 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 the 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.

Auditor's Opinion

1. In our opinion, the financial report of Independence Group NL is in accordance with the Corporations Act 2001, including:

   (a) 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

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

2. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Independent Auditor's Report

To the members of Independence Group NL

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 & Assurance (WA) Pty Ltd

Brad McVeigh
Director

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

Additional ASX 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.

Additional Information
for Listed Public Companies

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

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INDEPENDENCE GROUP NL

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