

Notice of Annual General Meeting

NOTICE IS HEREBY given for an Annual General Meeting of Independence Gold NL (Company) to be held at Rydges Hotel, West End Room, corner of King and Hay Streets, Perth, Western Australia on Wednesday 19 November 2003 at 10:00am (WST) (Meeting).

The Explanatory Statement and Proxy Form accompanying this Notice of Annual General Meeting are hereby incorporated in and comprise part of this Notice of Meeting.

Ordinary Business

ANNUAL REPORT

The Company's 2003 Annual Report (including the financial, directors' and auditors' report for the year ended 30 June 2003) will be tabled.

That members consider, and, if thought fit, pass the following resolutions as ordinary resolutions:-

RESOLUTION 1.

Re-election of Mr Rod Marston as a Director

Mr Rod Marston, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.

RESOLUTION 2.

Re-election of Mr John Christie as a Director

Mr John Christie, who has been appointed as a director of the Company since the last general meeting of the Company and hence retires in accordance with the Company's Constitution, be re-elected as a director of the Company.

RESOLUTION 3.

Increase in Non-executive Directors' Fees

An increase in non-executive directors' fees to a maximum of \$300,000 per annum.

RESOLUTION 4.

Issue Options to Executive Director Mr Chris Bonwick

The issue of 1,500,000 options for no consideration to director Mr Chris Bonwick, on the terms set out in the Explanatory Statement.

RESOLUTION 5.

Issue Options to Executive Director Mrs Kelly Ross

The issue of 750,000 options for no consideration to director Mrs Kelly Ross, on the terms set out in the Explanatory Statement.

RESOLUTION 6.

Issue Options to Mr Rod Marston

The issue of 1,000,000 options to Mr Rod Marston under the Non-Executive Directors' Vesting Option Plan, on the terms set out in the Explanatory Statement.

RESOLUTION 7.

Issue Options to Mr John Christie

The issue of 500,000 options to Mr John Christie under the Non-Executive Directors' Vesting Option Plan, on the terms set out in the Explanatory Statement.

Special Business

The Company is aware of market perceptions that some confusion may arise because of the reference to "gold" in the Company's current name, when in fact the Company is a nickel miner and an explorer of gold and nickel amongst other minerals.

That members consider, and, if thought fit, pass the following resolution as a special resolution:-

RESOLUTION 8.

Change of Name

Change the company name from Independence Gold NL to Independence Group NL and to amend the Constitution accordingly.

DATED this 14th day of October 2003
By Order of the Board

Kelly Ross
Company Secretary

EXPLANATORY STATEMENT

RESOLUTION 1.

RE-ELECTION OF MR ROD MARSTON

Mr Rod Marston was appointed as a director of the Company on 25 September 2000. He is a geologist with over 35 years experience in the mineral exploration and mining industry in Australia and other countries. Mr Marston compiled landmark mineral resource bulletins on copper and nickel mineralisation in Western Australia when with the Geological Survey of Western Australia, and played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana. Mr Marston is the Chairman of Independence Gold NL.

In accordance with the Company's Constitution, Mr Marston retires as a director and is seeking re-election. The directors, with Mr Marston abstaining, recommend that Mr Marston be re-elected as a member of the board.

RESOLUTION 2.

RE-ELECTION OF MR JOHN CHRISTIE

Mr John Christie was appointed as a director of the Company on 21 October 2002. Mr Christie is an accountant with over 40 years experience in the resource and construction industries. He spent 16 years with Anaconda Australia Inc, including seven years as Vice President and Treasurer.

In accordance with the Company's Constitution, Mr Christie retires as a

director and is seeking re-election. The directors, with Mr Christie abstaining, recommend that Mr Christie be re-elected as a member of the board.

RESOLUTION 3.

INCREASE IN NON-EXECUTIVE DIRECTORS' FEES

The Company has experienced a considerable increase in activities since the commencement of mining operations at the Long Nickel Mine in September 2002.

This has led to various non-executive directors being required to devote additional time and energy to the Company's board activities. The Board therefore resolved to increase the directors fees payable to its non-executive directors to compensate them for additional board duties. The maximum "pool" available to be paid to all directors prior to this resolution was \$50,000 per annum, which was divided between the non-executive directors.

In accordance with clause 7.5(a) of the Company's Constitution, the directors may resolve to increase directors' fees, which must then be ratified by the members of the Company, pursuant to Listing Rule 10.17. The directors have resolved to increase available non-executive directors' fees to \$300,000 per annum.

To accommodate the addition of new directors if required, and to enable the retention of the existing experienced members of the board, the board, with all

directors abstaining from voting in accordance with rule 14.11 of the ASX Listing Rules, recommends that directors fees be increased to \$300,000 per annum.

RESOLUTIONS 4 AND 5.

ISSUE OPTIONS TO EXECUTIVE DIRECTORS

The non-executive directors wish to allow the executive directors the opportunity to share in the growth of the company in the form of unlisted options. The Company is mindful of the need to retain the current management team and to encourage their loyalty to the Company, and request shareholder approval pursuant to ASX Listing Rule 10.11.1 for the offer of options to the Company's executive directors on the following terms:

- The options are exercisable 25% at the end of each 12 month period for 4 years from date of issue. If a director ceases employment with the Company, any unexercised portion of the options will be cancelled.
- The exercise price is set at the average ASX market price of the Company's ordinary shares prevailing during the 5 days prior to the date of issue. Each option will carry the right to subscribe for one fully paid ordinary share in the capital of the Company.
- The options shall not be quoted on ASX. The options will carry no right to participate in pro-rata issues of securities to shareholders unless the options are exercised before the record date for determining entitlements to the relevant pro-rata issue.

- The options will be issued by 19 December 2003. The expiry date of the options will be 30 June 2008.

Funds raised from the issue will be applied to working capital.

The full terms and conditions of the proposed options are outlined on page 4 of this notice of meeting.

Members are advised that pursuant to a directors' resolution on 24 September 2003, the current annual emoluments of executive directors are Mr Chris Bonwick \$273,000 and Mrs Kelly Ross \$176,000.

As approval is being sought under ASX Listing Rule 10.11, approval is not required under Listing Rule 7.1.

BDO Consultants (WA) Pty Ltd has provided a valuation of the proposed options, based on the Black-Scholes Option Valuation Model, and has arrived at a valuation of 73 cents per option. This valuation is based on the data in Table 1.

The directors, with Mr Bonwick and Mrs Ross abstaining, recommend the issue of options to the executive directors to encourage loyalty to the Company and to retain the current management team.

RESOLUTIONS 6 AND 7. ISSUE OPTIONS TO NON-EXECUTIVE DIRECTORS

The management of the Company appreciates that in order to attract and retain non-executive directors to the board, some incentive is required. Management does not believe that nominal director's fees are sufficient to incentivise non-executive directors to assist in the growth of the Company.

The executive directors wish to allow the non-executive directors the opportunity to share in the growth of the company in the form of unlisted options. The Company is mindful of the need to encompass a risk factor when issuing options to non-executive directors. Management therefore

wishes to obtain shareholder approval pursuant to ASX Listing Rule 10.11.1 for the issue of options to current non-executive directors on the following terms:

- The options are exercisable 25% at the end of each 12 month period for 4 years from date of issue ("Vesting Term"). If a director resigns or is removed from the Company's board, any unexercised portion of the options will be cancelled. The options must be exercised before the Expiry Date.
- The Exercise Price is set at 30% above the average ASX market price of the Company's ordinary shares prevailing during the 5 days prior to the date of issue.
- Each option will carry the right to subscribe for one fully paid ordinary share in the capital of the Company.
- The options shall not be quoted on ASX. The options will carry no right to participate in pro-rata issues of securities to shareholders unless the options are exercised before the record date for determining entitlements to the relevant pro-rata issue.
- The options will be issued by 19 December 2003. The Expiry Date of the options will be 30 June 2008.
- The options will require payment by the non-executive director of 10% of the average market price of the Company's ordinary shares prevailing during the 5 days prior to the date of the issue. This payment amount ("Cash Payment") is non-refundable but will form part of the

Table 1.

Input Details	Inputs	Basis for Input Value
Underlying security spot price	\$1.15	Closing price on 13 October 2003
Strike/exercise price	\$1.15	Assumed average price 5 days prior to issue
Risk free rate	5.33%	Commonwealth 3 year bonds at 13 October 2003
Issue date	30/11/03	Terms & conditions of options
Expiry date	30/06/08	Terms & conditions of options
Standard deviation of returns (annualised)	76.2%	Australian Graduate School of Management's Risk Management Service June 2003

exercise price should the options be exercised. The payment will be required within 30 days of the commencement of each 12 month Vesting Term. If the Cash Payment amount is not received by the due date, the options to which the Cash Payment amount relates will be cancelled.

This option plan will be entitled "Non-Executive Directors' Vesting Option Plan". Funds raised will be applied to working capital.

Members are advised that pursuant to a directors' resolution on 24 September 2003, the current annual emoluments of non-executive directors are Mr Rod Marston \$70,000 and Mr John Christie \$50,000.

As approval is being sought under ASX Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Following is a working example of the option plan, based on Mr Rod Marston's one million options, an issue date of 1st December 2003, and assuming the average

market price for the 5 days from 24th to 28th November is \$1.00:-

- On 1st December 2003 the Company would issue 1 million options to Mr Rod Marston. Within 30 days, he would pay the Company \$25,000 (25% x 1m = 250,000 options x 10 cents).
- On 1st December 2004 Mr Rod Marston will become entitled to exercise those 250,000 options. If he does so, he will pay \$300,000 to the Company (250,000 options x \$1.30 = \$325,000 – already paid \$25,000).
- The same process would follow with each 250,000 tranche of options for the remaining 3 years.

The full terms and conditions of the proposed options are outlined on page 5 of this notice of meeting.

BDO Consultants (WA) Pty Ltd has provided a valuation of the proposed options, based on the Black-Scholes Option Valuation Model, and has arrived at a valuation of 55 cents per option. This valuation is based on the data in Table 2.

The directors, with Mr Marston and Mr Christie abstaining, recommend the issue of options to the non-executive directors, to enable non-executive directors to share in the future growth of the Company.

RESOLUTIONS 4, 5, 6 AND 7.

OPTIONS AND SHARE CAPITAL

The total number of options proposed to be issued under resolutions 4, 5, 6 and 7, is 3,750,000. The Company currently has 78,378,750 shares and 33,271,250 options on issue. Approval is therefore not required under ASX Listing Rule 7.1.

Terms and Conditions of Options (Resolutions 4 and 5)

1. Each Option carries the right to subscribe for one fully paid ordinary Share in the capital of the Company (Share).
2. The exercise price of each Option is set at the average ASX market price of the Company's ordinary shares prevailing during the 5 days prior to the date of issue.
3. The issue date will be any date between 19 November 2003 and 19 December 2003.
4. The Commencement Date is 19 November 2003.
5. During the 48 month period from and including the Commencement Date (Qualifying Period), the option holder may only exercise the percentage of Options issued (Exercisable Interest) as follows:

Table 2.

Input Details	Inputs	Basis for Input Value
Underlying security spot price	\$1.15	Closing price on 13 October 2003
Strike/exercise price	\$1.495	Assumed average price 5 days prior to issue + 30%
Risk free rate	5.33%	Commonwealth 3 year bonds at 13 October 2003
Issue date	30/11/03	Terms & conditions of options
Expiry date	30/06/08	Terms & conditions of options
Standard deviation of returns(annualised)	76.2%	Australian Graduate School of Management's Risk Management Service June 2003

Period of continuous employment since Commencement Date	Exercisable Interest (%)	11. In the event of a reorganisation of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital), the terms of the Options shall be changed to the extent necessary to comply with the Listing Rules in force at the time of the reorganisation.	required within 30 days of the commencement of each 12 month Qualifying Period. If the Cash Payment amount is not received by the due date, the options to which the Cash Payment amount relates will be cancelled.
12 months	25		
24 months	50		
36 months	75		
48 months	100		
6. Options may be exercised by delivering to the Company's registered office a notice stating the number of Options to be exercised (Notice) together with a cheque made payable to the Company for an amount equal to the exercise price for each Option being exercised.		12. The Expiry Date of these options is 30 June 2008.	5. The Commencement Date is 19 November 2003.
7. The Company will make application to have the Shares (issued pursuant to an exercise of options) listed for quotation by ASX within 7 days of the date of issue. From the date of issue, the Shares shall rank pari passu with existing Shares in all respects.		Terms and Conditions of Options (Resolutions 6 and 7)	6. During the 48 month period from and including the Commencement Date, the option holder may only exercise the percentage of Options issued (Exercisable Interest) as set out below:
8. Options shall not be quoted on ASX.		1. Each Option carries the right to subscribe for one fully paid ordinary Share in the capital of the Company (Share).	Period of continuous directorship since Commencement Date
9. Options carry no right to participate in pro rata issues of securities to shareholders. Each option holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with the ASX Listing Rules.		2. The exercise price of each Option is 30% above the average ASX market price of the Company's ordinary shares prevailing during the 5 days prior to the date of issue.	Exercisable Interest (%)
10. Subject to the Corporations Act 2001 and ASX Listing Rules, Options do not confer the right to a change in exercise price.		3. The issue date will be any date between 19 November 2003 and 19 December 2003.	12 months
		4. The options will only be exercisable when the option holder makes a cash payment of 10% of the average market price of the Company's ordinary shares prevailing during the 5 days prior to the date of issue. This payment amount (Cash Payment) is non-refundable but will form part of the exercise price should the options be exercised. The payment will be	24 months
			36 months
			48 months
			25
			50
			75
			100
			7. Options may be exercised by delivering to the Company's registered office a notice stating the number of Options to be exercised (Notice) together with a cheque made payable to the Company for an amount equal to the exercise price less the Cash Payment amount for each Option being exercised.
			8. The Company will make application to have the Shares (issued pursuant to an exercise of options) listed for quotation by ASX within 7 days of the date of issue. From the date of issue, the Shares shall rank pari passu with existing Shares in all respects.

9. Options shall not be quoted on ASX.
10. Options carry no right to participate in pro rata issues of securities to shareholders. Each option holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with the ASX Listing Rules.
11. Subject to the Corporations Act 2001 and ASX Listing Rules, Options do not confer the right to a change in exercise price.
12. In the event of a reorganisation of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital), the terms of the Options shall be changed to the extent necessary to comply with the Listing Rules in force at the time of the reorganisation.
13. The Expiry Date of these options is 30 June 2008.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on the following resolutions by any person ("Participating Party") who is, in the case of:-

Resolution 1, Mr Rod Marston;

Resolution 2, Mr John Christie;

Resolution 3, all directors of the Company or their Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed directors' fees;

Resolution 4, Mr Chris Bonwick or his Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed issue of options;

Resolution 5, Mrs Kelly Ross or her Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed issue of options;

Resolution 6, Mr Rod Marston or his Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed issue of options;

Resolution 7, Mr John Christie or his Associates, or any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed) the proposed issue of options;

and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act 2001 would be regarded as a person ("Associate") associated with the Participating Party.

However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

- a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or
- b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Proxy Form

Independence Gold NL

Shareholder's Name & Address

Please write your name(s) above

Number & Street/PO Box Number

City/Town State

Post Code

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairperson see fit) at the Meeting (and at any adjournment thereof). This proxy empowers the person appointed as proxy to vote on any other motions validly put to the Meeting as the proxy sees fit.

OR the Chairperson of the Meeting*

Name of person you are appointing (if not the Meeting Chairperson)

IF YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, PLEASE PLACE A MARK IN THIS BOX *

☐

* **The Chairperson intends to vote undirected proxies in favour of all resolutions.** By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest.

Resolutions	For	Against	Abstain**
1. Re-election of Mr Rod Marston as a Director	☐	☐	☐
2. Re-election of Mr John Christie as a Director	☐	☐	☐
3. Increase non-executive directors' fees pool to \$300,000	☐	☐	☐
4. Issue options to Mr Chris Bonwick	☐	☐	☐
5. Issue options to Mrs Kelly Ross	☐	☐	☐
6. Issue options to Mr Rod Marston	☐	☐	☐
7. Issue options to Mr John Christie	☐	☐	☐
8. Change of name to Independence Group NL	☐	☐	☐

**If you mark the "Abstain" box for a particular item, you are directing your proxy not to vote on that item.

Appointing a Second Proxy (if applicable)

or

 %

The number of shares applicable to this proxy form

The percentage of your voting rights

Contact Telephone Number

Area Code

Telephone Number

Signature(s)

Shareholder 1

Director

Director/Secretary

Shareholder 2

Sole Director and Secretary

Shareholder 3

Company Seal (if required)

Proxies may be lodged either by facsimile on (08) 9367 3288, by mail to PO Box 893, South Perth, Western Australia, 6951, or delivery to the registered office of the Company at 3rd Floor, PDM House, 72 Melville Parade, South Perth, Western Australia. To be valid, a proxy form must be received by the Company not less than 48 hours before the time appointed for the Meeting. For assistance in completing this form, please refer to the rear of this form.

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholder's Name & Address

This is the name and address of the shareholder as it appears on the Company's share register. For the purposes of the Meeting, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of the Meeting.

Appointment of Proxy

A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairperson of the Meeting will be your proxy to vote your shares even if you attend the Meeting (unless you revoke your proxy before the Meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/s. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

Contact Telephone Number

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.
