



INDEPENDENCE GOLD NL
ABN 46 092 786 304

6 March 2003

**Australian Stock Exchange Limited
Company Announcements
Level 10, 20 Bond Street
SYDNEY NSW 2000**

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DECEMBER 2002 HALF YEAR REPORT

The directors of Independence Gold NL are pleased to announce the release of the December 2002 Half Year Report.

During the period under review, the company successfully commenced production at the Long Nickel Mine.

The first full quarter of nickel production will be reflected in the quarterly report for the period ending 31 March 2003.

Yours faithfully

CHRISTOPHER BONWICK
Managing Director

INDEPENDENCE GOLD NL and controlled entities

ACN 46 092 786 304

HALF-YEAR REPORT – 31 DECEMBER 2002

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by Independence Gold NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Your directors present their report on the consolidated entity consisting of Independence Gold NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2002.

Directors

The following persons were directors of Independence Gold NL during the whole of the half-year and up to the date of this report unless otherwise noted:

- K S Docking
- C M Bonwick
- R J Marston
- K A Ross
- J A Christie (appointed 24 October 2002)

Review of Operations

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Nickel Mining	4,871	-	254	-
Exploration activities	-	-	(752)	-
Intersegment eliminations	(150)	-	-	-
Unallocated revenue	195	2	-	-
	4,916	2	(498)	-
Unallocated revenue less unallocated expenses			(536)	(692)
Profit from ordinary activities before income tax expense			(1,034)	(692)
Income tax expense			-	-
Profit from ordinary activities after income tax expense			(1,034)	(692)
Loss from extraordinary item after income tax			-	-
Net profit attributable to members of Independence Gold NL			(1,034)	(692)

Comments on the operations and the results of those operations are set out below:

- a) Nickel mining
This division consists of Lightning Nickel Pty Ltd's Kambalda operation, the Long Nickel Mine. The mine was purchased in September 2002 and has been operating since 24 October 2002.
- b) Exploration activities
Exploration expenditure is incurred throughout Australia. The exploration activities in the above segment relate to that portion of exploration expenditure incurred on projects for which the company believes no future income is likely to be generated. Expenditure on projects still in the assessment and evaluation stage are capitalised and are not included in this segment.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/01/00 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the directors.

C M Bonwick
Director

Perth
27 February 2003

Consolidated statement of financial performance
for the half-year ended 31 December 2002

	2002
	\$'000
Revenue from operating activities	4,871
Revenue from outside the operating activities	45
Revenue from ordinary activities	<u>4,916</u>
Raw materials and consumables used	(1,367)
Employee benefits expense	(1,590)
Depreciation and amortisation expenses	(827)
Borrowing costs expense	(353)
Exploration costs written off	(752)
Other expenses from ordinary activities	<u>(1,061)</u>
Profit from ordinary activities before income tax expense	(1,034)
Income tax expense	<u>-</u>
Profit from ordinary activities after income tax expense	(1,034)
Loss from extraordinary item after related income tax expense	<u>-</u>
Net profit	<u>(1,034)</u>
Total revenues, expenses and valuation adjustments attributable to members of Independence Gold NL and recognised directly in equity	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(1,034)</u>
	Cents
Basic earnings per share	(1.68)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
for the half-year ended 31 December 2002

	Notes	31 December 2002 \$'000	30 June 2002 \$'000
Current assets			
Cash assets		2,809	2,410
Receivables		3,475	74
Inventories		48	-
Other	6	5,229	-
Total current assets		11,561	2,484
Non-current assets			
Receivables		-	20
Investments accounted for using the equity method		558	555
Property, plant and equipment		9,131	106
Exploration expenditure		871	1,255
Deferred tax assets		-	-
Mine development cost		12,751	-
Other		-	3
Total non-current assets		23,311	1,939
Total assets		34,872	4,423
Current liabilities			
Payables		2,211	273
Interest bearing liabilities		1,564	-
Current tax liabilities		-	-
Provisions		81	7
Other	6	5,229	-
Total current liabilities		9,085	280
Non-current liabilities			
Payables		-	-
Interest bearing liabilities		15,947	-
Deferred tax liabilities		-	-
Provisions		-	-
Other		-	-
Total non-current liabilities		15,947	-
Total liabilities		25,032	280
Net assets		9,840	4,143
Equity			
Parent entity interest		-	-
Contributed equity		12,545	5,814
Reserves		-	-
Retained profits		(2,705)	(1,671)
Total equity		9,840	4,143

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the half-year ended 31 December 2002

	2002
	\$'000
Cash flows from operating activities	
Receipts from customers (inclusive of goods and services tax)	5,358
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(4,860)</u>
	498
Interest received	43
Other revenue	-
Borrowing costs	(226)
GST refunded from ATO	<u>649</u>
Net cash inflow from operating activities	<u>964</u>
Cash flows from investing activities	
Payment for purchase of mine prospects	(11,770)
Payments for pre-production costs	(1,393)
Payments for property, plant and equipment	(5,461)
Payments for investments - bonds	(980)
Loans to related parties	-
Payments for exploration expenditure	(672)
Repayment of loans by related parties	<u>7</u>
Net cash (outflow) from investing activities	<u>(20,269)</u>
Cash flows from financing activities	
Proceeds from issues of shares	7,005
Proceeds from borrowings	13,000
Repayment of borrowings	-
Payment of costs relating to issue of shares	<u>(301)</u>
Net cash inflow from financing activities	<u>19,704</u>
Net increase in cash held	399
Cash at the beginning of the reporting period	2,410
Effects of exchange rate changes on cash	-
Cash at the end of the reporting period	<u>2,809</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2002 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by Independence Gold NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Pursuant to Class Order 98/1416 the Company is granted relief from disclosing comparative information as the Company was not required to prepare a financial report in the immediately preceding financial year.

Note 2. Segment information

Primary reporting – business segments

Half-year 2002	Nickel mining \$'000	Exploration activities \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Total segment revenue	4,871	-	-	4,871
Unallocated revenue				45
Revenue from ordinary activities				4,916
Segment result	254	(752)	-	(498)
Unallocated revenue less unallocated expenses				(536)
Profit from ordinary activities before income tax expense				(1,034)

Note 3. Equity securities issued

	Half-year		Half-year	
	2002 Shares '000	2001 Shares '000	2002 \$'000	2001 \$'000
Issues of ordinary shares during the half-year				
Exercise of options issued under the Independence Gold NL Employee Option Plan	-	-	-	-
Issue ordinary shares at 12.5 cents each	-	3,000	-	375
Issue contributing shares at 0.1 cent each	-	9,600	-	10
Buyback at 0.2 cent each	-	(12,000)	-	(24)
Listed options converted at 20 cents each	5	-	1	-
Issue ordinary shares at 34 cents each	20,600	-	7,004	-

Note 4. Significant Events

On 17 September 2002 Independence Gold NL's subsidiary Lightning Nickel Pty Ltd acquired the Long/Victor Mine complex and associated assets ("the Project") from WMC Resources Ltd. The cost of the acquisition was \$15 million. The Project comprises the Long Shaft, Victor Decline, Mineral Leases 15/158-160, and a 10 year lease of a portion of Lease block Location 48.

The acquisition entitles Lightning Nickel Pty Ltd to mine nickel ore from the Project area, which it then sells to WMC Resources Ltd. Payment is restricted to nickel and copper in concentrates only, as WMC Resources Ltd retains the right to other metals mined and has transferred the rights to mine any gold ore within the Project area to Gold Fields South Africa. WMC Resources Ltd will pay Lightning Nickel Pty Ltd for between 63 and 65% of the nickel and copper in concentrates delivered to its Kambalda Nickel Operations Concentrator.

The acquisition was partly funded via a \$10 million finance facility provided by Bank of Western Australia Ltd ("BankWest"). BankWest have also provided a working capital facility of \$3 million, and a facility to cover environmental and other bonds up to a value of \$2 million. As part of the finance package, BankWest has been issued 2 million unlisted options for fully paid ordinary shares exercisable at 45 cents each, for which shareholder approval was attained at a General Meeting of shareholders on 23 August 2002.

The remainder of the acquisition was funded via the issue of 20,600,000 Independence Gold NL fully paid ordinary shares via a placement to raise \$7.004 million in August 2002.

Several hire purchase and finance lease arrangements were entered into during the half-year to acquire the plant and equipment necessary to re-commence mining at the Project. The financial effect of entering into these arrangements is reflected in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows for the half-year ending 31 December 2002.

In accordance with BankWest's requirements, Lightning Nickel Pty Ltd has entered into hedging contracts to guarantee nickel prices and set the USD/AUD exchange rate for a component of the nickel metal forecast to be produced over the life of the mine. As at 31 December 2002 the company had hedging contracts in place covering 6,138 tonnes nickel metal at an average of AUD 12,183 per tonne.

The mine commenced production on 24 October 2002. The first delivery of ore to WMC Resources Ltd took place on 31 October 2002 and the first cash flow from the sale of nickel and copper was received in November 2002.

Note 5. Earnings per share

	Half-year	
	2002	2001
	Cents	Cents
Basic earnings per share	(1.68)	(2.66)
Reconciliation of earnings used in calculating earnings per share		
Basic and alternative basic earnings per share		
Net profit	(1,034)	(692)
Net profit attributable to outside equity interest	-	-
Earnings used in calculating basic earnings per share	(1,034)	(692)

Where diluted earnings per share are not dilutive, they are not disclosed.

Note 6. Foreign exchange and commodity contracts

	Half-year 2002	2001
	\$'000	\$'000s
Forward foreign exchange contracts	5,229	-
Futures commodity contracts	(8,040)	-
	(2,811)	-

The net fair value of forward foreign exchange contracts of \$5,229,000 is recognised in the Consolidated Statement of Financial Position at 31 December 2002. The net fair value on commodity contracts at 31 December 2002 has not been recognised in the Consolidated Statement of Financial Position.

Directors' declaration

The directors declare that the financial statements and notes set out on pages 3 to 8:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Independence Gold NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

C M Bonwick
Director

Perth
27 February 2003

**Independent review report to the members of
INDEPENDENCE GOLD NL**

Scope

We have reviewed the financial report of Independence Gold NL (the Company) for the half-year ended 31 December 2002 as set out on pages 3 to 9. The Company's directors are responsible for the financial report which includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the half-year. We have performed an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission. This review was performed in order to state whether, on the basis of the procedures escribed, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

BDO
Chartered Accountants

G Bradshaw
Partner

Perth
28 February 2003