



21 February 2007

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

NO. OF PAGES : (20)

- **NET PROFIT UPGRADE – HALF YEAR ENDING 31 DECEMBER 2006**
- **DIVIDENDS**

1. NET PROFIT UPGRADE AND HALF YEAR REPORT

Following receipt of the average January LME nickel price and resulting adjustment to sales and receivables, Independence Group NL is pleased to advise the final **net profit after tax for the December 2006 half year has increased to \$39.9 million, an upgrade of \$3.7 million***.

The December 2006 Half Year Report is attached.

2. DIVIDENDS

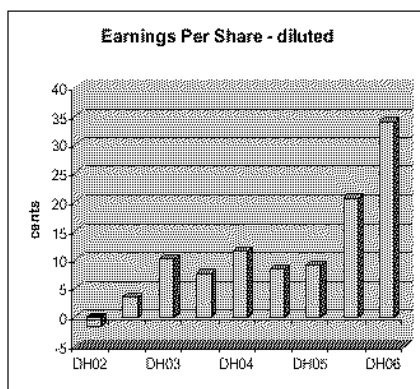
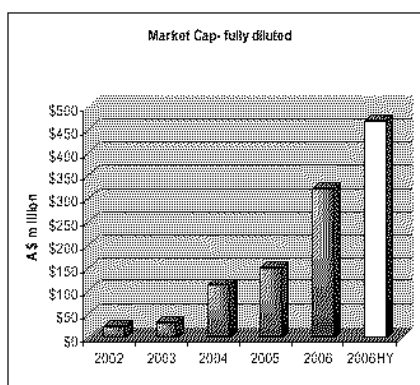
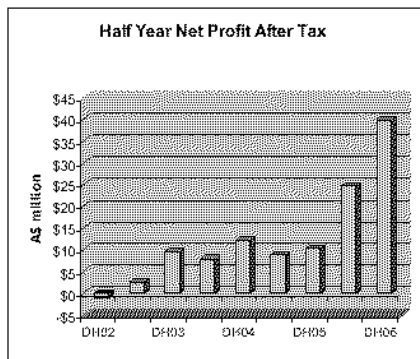
IGO will pay an **interim dividend of 3 cents** per share to shareholders. Due to the high nickel prices prevailing during the period, IGO will also pay a **one-off special dividend of 3 cents** per share.

The **total 6 cent dividend** payment will be made on 14 March 2007 with a record date of 2 March 2007.

CHRISTOPHER BONWICK
Managing Director

**(IGO released an estimated unaudited net profit after tax of \$36.2 million for the half year in the Company's December 2006 Quarterly Report. Due to the off-take agreement the Company has with BHP Billiton Nickel West Pty Ltd, nickel sales for any given month are required to be estimated. This estimate is required due to the lag-time between delivery of ore and setting of the price to be received, which is based on the average LME price prevailing in the third month after the month of delivery. The Half Year Report which has been subjected to audit review uses more recent nickel prices than those available at time of release of the Quarterly Report.)*

Highlights



- Record half-year profit after tax of \$39.9 million, a 287% increase on the previous corresponding period (DH'05: \$10.3 million).
- 106% increase in total revenue to \$91.3 million (DH'05: \$44.2 million).
- Interim dividend of 3 cents per share, as well as a one-off special dividend of 3 cents per share, both to be paid in March 2007 (DH'05: 2cps).
- Strong financial position with cash and net receivables of \$83.3 million (DH'05: \$22 million).
- Nickel production for the half of 3,987 tonnes (DH'05: 4,593 tonnes). The decrease was due primarily to the impact of planned maintenance and continuation of the development of the McLeay deposit in preparation for full scale production.
- Strong cash flow from operations of \$53.8 million (DH'05: \$12.3 million).
- Continuation of excellent gold drill results from Tropicana JV including 63m @ 3.0g/t; 29m @ 5.1g/t and 30m @ 4.5g/t Au.
- Tropicana Scoping Study in progress. Initial mineral resource estimates anticipated in the first half of 2007.
- IGO added to Standard & Poor's ASX 200.

Half Year Ended Dec 31	2006	2005	% Change
Total revenue	\$91.3m	\$44.2m	106%
EBITDA	\$61.5m	\$19.2m	220%
Profit before tax	\$57.3m	\$14.3m	302%
Net profit after tax	\$39.9m	\$10.3m	287%
Cash flow from operating activities	\$53.8m	\$12.3m	337%
Diluted earnings per share	34¢	9¢	275%
Dividend per share paid *	7¢	2¢	250%

* Excludes interim and special dividends (total 6 cents) to be paid in March 2007.

Chris Bonwick
Managing Director

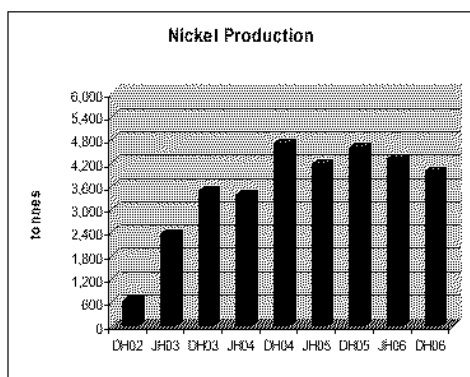
T : + 61 8 9367-2755

F : + 61 8 9367-3288

E: contact@igo.com.au

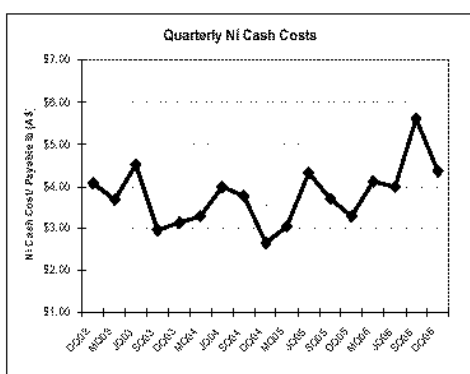
W: www.igo.com.au

Operations



Total ore production for the 6 months ended December 2006 was 115,421 tonnes (DH'05: 114,339 tonnes) at an average head grade of 3.45% (DH'05: 4.02%) for 3,987 tonnes of nickel metal delivered. Nickel production decreased by 13% over the previous corresponding period mainly due to the reduction in average head grade for the period. This was primarily attributable to the impact of planned maintenance and one-off repairs, and delays in the ramp-up to full production of the McLeay deposit.

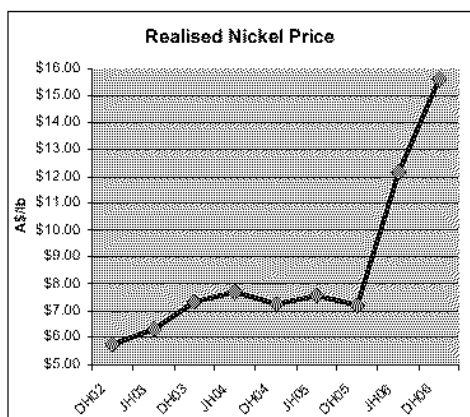
Cash costs for the half year per payable pound were slightly above budget at A\$4.90/lb, mainly due to higher royalty payments associated with increased nickel prices and lower than budget head grade. Cash costs per tonne of ore mined are below budget despite the continued rise in capital and operating costs experienced by the mining industry.



Development of the McLeay deposit continued during the period. Additional drilling was completed to infill and more accurately define the location of high-grade Shoot 1 ore to facilitate improved mine design and scheduling of production.

Income Statement

Total revenues for the half year increased by 106% to \$91.3 million (DH'05: \$44.2 million). The 287% increase in net profit for the half to \$39.9 million (DH'05: \$10.3m) was driven by an increase in revenue per tonne of nickel produced due to higher nickel prices and less nickel sold into hedge contracts than in the previous corresponding half. EBITDA increased by 220% to \$61.5 million from \$19.2 million in the corresponding half year.



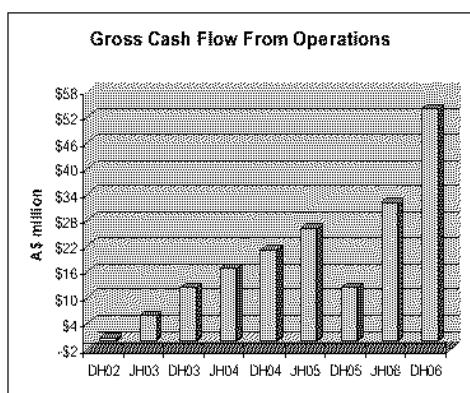
The average realised nickel price increased by 117% to A\$15.62/lb in the December half from A\$7.20/lb in the previous half year. Capitalised exploration costs written off during the half increased by 46% to \$2.4 million from \$1.7 million.

Fully diluted earnings per share increased to 34 cents from 9 cents in the previous corresponding period.

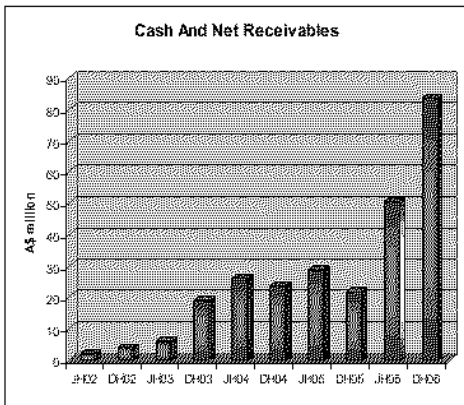
Cash Flow Statement

Strong gross cash flow generation from operating activities of \$53.8 million represented a significant increase over the previous corresponding period (DH'05: \$12.3 million), due mainly to significantly higher nickel prices. The cash flow does not reflect the \$47.1 million of receivables recorded at half-year end. From the operating cash flow generated during the period, Independence also funded:

- dividend distributions of \$7.9 million (DH'05: \$5.5 million);
- regional and Long exploration of \$5.5 million;
- new mining equipment totalling \$5.6 million;
- payment of income tax of \$12.3 million (DH'05: \$8.6 million).



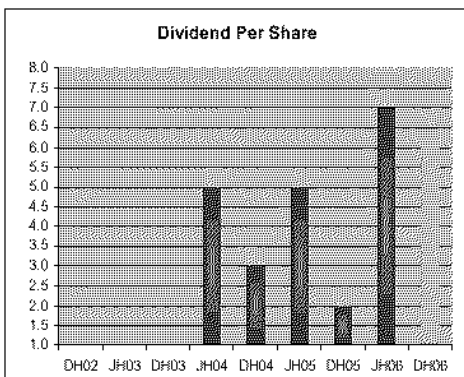
Balance Sheet



Cash and deposits totalled \$47.7m million at 31 December, with an additional \$35.6 million in net receivables. Cash and deposits exceeded total debt by \$45.2 million (JH'06 \$22.9 million). Total debt was \$2.5 million at 31 December, relating to mining equipment financing.

Total assets increased by 61% to \$183.0 million as at 31 December 2006 from 30 June 2006. Note that the reduction in net tangible assets over the half year is attributable to the requirement to mark to market the value of hedge contracts. Net tangible assets excluding marked to market hedge contracts was \$119.5 million at 31 December 2006.

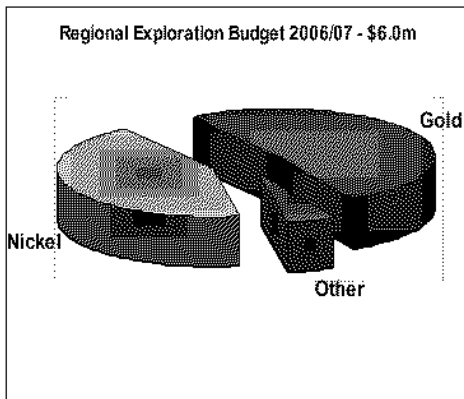
Dividends



The Company paid a final 2005/6 fully franked dividend of 7 cents per share in October 2006. An interim dividend of 3 cents per share will be paid for the December half year. Due to the high nickel prices received in the half year, the Company will also pay a one-off special dividend of a further 3 cents per share. Both dividends will be paid to shareholders on 14 March 2007.

Exploration

Drilling of the southern continuation of McLeay Shoot 1 returned new drill intercepts of 5.0m @ 6.7% Ni (3.5m true width), 7.6m @ 3.2% Ni (6.0m true width) and 3.7m @ 8% Ni (visual estimate, 3.0m true width). These intersections are located outside the 2006 resources and reserves. Mineralisation remains open to the south. McLeay Shoot 2 drilling will commence in the March quarter 2007.



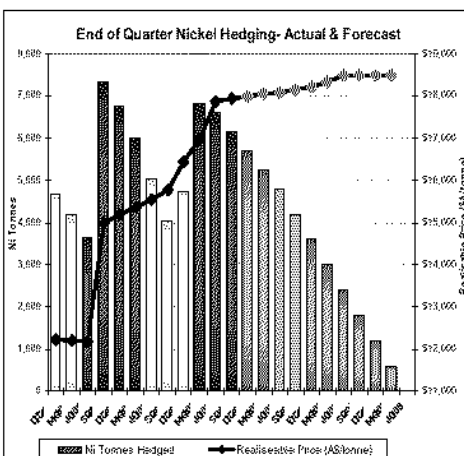
Exploration of the highly prospective Tropicana JV project area (12,260 square kilometres) of largely unexplored tenure along the Yilgarn Craton/Fraser Range Mobile Belt collision zone continued to generate encouraging results during the half year. Mineralisation at the Tropicana and Havana Zones has now been delineated over a strike length of over 4 kilometres.

Recent high-grade gold drill results from the Tropicana/Havana Zones included intersections of 63m @ 3.0g/t, 29m @ 5.1g/t, 26m @ 3.0g/t and 30m @ 4.5g/t Au.

Numerous other geochemical targets remain to be tested regionally at the Tropicana project. Potential for other new gold systems at the Tropicana JV were highlighted with a 3m @ 65.8g/t Au drill intersection at Beachcomber 1, located 220km south-west of the Tropicana Prospect.

In the March quarter, drilling will continue at Long South, testing the TEM conductors and other targets after the installation of a new TEM transmitter loop. This will enable better resolution of the existing TEM anomaly and also provide a much bigger down-hole TEM detection radius around previous and future drill holes.

A number of other projects where early stage work has returned encouraging exploration results will also be advanced, such as Dalwallinu, Duketon, Wiluna and Ravensthorpe.



Outlook

Independence is focused on continuing to expand the Long nickel mine reserve and resource base and on maintaining a solid operational performance.

Increased head grades are budgeted from the Long operation in the June half, which is expected to increase nickel production and therefore lead to a further reduction in cash costs.

The recent development of the McLeay deposit at Long is still ramping up to full production and is expected to contribute to the budgeted increase in head grade. The deposit remains open to the south.

At the Tropicana project, joint venture partner AngloGold Ashanti Australia Ltd ("AGA") is currently conducting a Scoping Study. AGA expects to complete initial mineral resource estimates for the Tropicana project in the first half of 2007.

Independence will commence contributing its share of project costs once the Pre-Feasibility Study has been completed.

Regional exploration and drilling programs at numerous other projects will continue in the second half of the year.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

HALF-YEAR INFORMATION – 1 JULY 2006 TO 31 DECEMBER 2006

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

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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 2006 and any public announcements made by Independence Group NL during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

HALF-YEAR INFORMATION – 1 JULY 2006 TO 31 DECEMBER 2006
LODGED WITH THE ASX UNDER LISTING RULE 4.2A

Key Information – Results for Announcement to the Market

	\$'000	% Increase/(Decrease) over Previous Corresponding Period
Revenue from ordinary activities	91,253	106%
Profit from ordinary activities after tax attributable to members	39,940	287%
Net profit attributable to members	39,940	287%

The previous corresponding period is the half-year ended 31 December 2005.

	2006	2005
Basic earnings per share (cents)	35.39	9.51
Diluted earnings per share (cents)	34.45	9.18
Net tangible assets per share (cents)	23.73	27.52

The major factors contributing to the above variances are as follows:-

- Spot nickel prices during the 2006 period were significantly higher than in the previous corresponding period, resulting in higher revenue per tonne of nickel produced.
- Less nickel was sold into hedge contracts during the 2006 half year than in the previous corresponding period which resulted in higher revenue per tonne of nickel produced.
- Cash costs for the 2006 half year are higher than the 2005 half year, mainly due to increased royalty costs resulting from higher nickel prices.

Net tangible assets per share includes unrealised losses on hedge contracts which have been marked to market at the end of the period.

The Company paid a final 2005/6 fully franked dividend of 7 cents per share in October 2006. The Company will pay an interim dividend of 3 cents per share and a one-off special dividend of 3 cents per share on 14 March 2007.

The Company has a 50% interest in associated company Southstar Diamonds Limited.

The Company did not gain or lose control over any entity during the period.

The accounts have been subject to review by BDO Chartered Accountants & Advisors and the accounts are not subject to dispute or qualification.

Directors' Report

Your directors present their report on the consolidated entity consisting of Independence Group NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

Directors

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

R J Marston (Chairman)
C M Bonwick (Managing Director)
K A Ross
J A Christie
O Aamodt

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	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Nickel mining	85,390	43,695	57,375	17,920
Exploration activities	-	-	(2,375)	(2,213)
Intersegment eliminations	-	-	-	-
Unallocated revenue	5,863	511	-	-
	91,253	44,206	55,000	15,707
Unallocated revenue less unallocated expenses			2,350	(1,438)
Profit from ordinary activities before income tax expense			57,350	14,269
Income tax expense			(17,410)	(3,956)
Profit from ordinary activities after income tax expense			39,940	10,313
Loss from extraordinary item after income tax			-	-
Net profit attributable to members of Independence Group NL			39,940	10,313

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

- Nickel mining**
This division consists of Lightning Nickel Pty Ltd's Kambalda operation, the Long Nickel Mine.
- 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.

Profit from ordinary activities before related income tax expense increased by \$43.1 million (302%) to \$57.3 million.

The major factors contributing to this increase are as follows:-

- Spot nickel prices during the 2006 period were higher than in 2005 by approximately A\$23,000/tonne which resulted in higher revenue per tonne of nickel produced.
- Less nickel was sold under hedge contracts during 2006 than in the previous corresponding period, which resulted in higher revenue per tonne of nickel produced.
- Cash costs for the 2006 half year are higher than the 2005 half year, mainly due to increased royalty costs resulting from higher nickel prices.

Events Subsequent to Balance Date

The board of directors have resolved to pay fully franked dividends of 6 cents for every ordinary share held. (see note 5(b) for details).

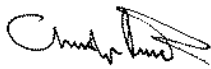
Auditor independence declaration

The Auditor's Independence Declaration on page 5 forms part of the Director's Report for the half-year ended 31 December 2006.

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
21 February 2007



Chartered Accountants
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61-8) 9360 4200
Fax: (61-8) 9481 2524
Email: bdo@bdo.com.au
www.bdo.com.au

21 February 2007

The Directors
Independence Group NL
PO Box 893
SOUTH PERTH WA 6951

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF INDEPENDENCE GROUP NL

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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BDO
Chartered Accountants

BG McVeigh
Partner



Condensed Income Statement
For the half-year ended 31 December 2006

	Half Year	
	2006	2005
	\$'000	\$'000
Revenue from operating activities	85,390	43,695
Revenue from outside the operating activities	5,863	511
Revenue from ordinary activities	91,253	44,206
Raw materials and consumables used	(8,311)	(7,511)
Employee benefits expense	(8,844)	(8,358)
Share-based payment expense	(668)	(242)
Impairment of investment in listed entities	-	(189)
Depreciation and amortisation expenses	(4,165)	(4,961)
Borrowing costs expense	(124)	(236)
Exploration costs expensed	(30)	(641)
Capitalised exploration costs written off	(2,424)	(1,661)
Provision for mine rehabilitation	-	(29)
Ore tolling costs	(3,839)	(3,837)
Royalty expense	(2,835)	(1,193)
Other expenses from ordinary activities	(2,663)	(1,079)
Profit from ordinary activities before income tax expense	57,350	14,269
Income tax expense	(17,410)	(3,956)
Net profit	39,940	10,313
	Cents	Cents
Basic earnings per share	35.39	9.51
Diluted earnings per share	34.45	9.18

The above consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Balance Sheet
As at 31 December 2006

	Notes	31 December 2006 \$'000	30 June 2006 \$'000
Current assets			
Cash and cash equivalents		47,678	26,130
Trade and other receivables		47,092	34,880
Inventories		291	296
Financial assets		6,365	2,604
Total current assets		101,426	63,910
Non-current assets			
Trade and other receivables		452	375
Deferred tax assets		32,325	13,079
Investments accounted for using the equity method		564	564
Financial assets	4	12,949	7,663
Property, plant and equipment		10,363	6,773
Exploration and development expenditure		22,756	19,857
Mine acquisition and pre-production costs		2,170	2,359
Total non-current assets		81,579	50,670
Total assets		183,005	114,580
Current liabilities			
Trade and other payables		11,510	10,621
Borrowings		1,335	1,398
Current tax payable		12,699	8,557
Financial liabilities		99,892	36,371
Total current liabilities		125,436	56,947
Non-current liabilities			
Borrowings		1,178	1,809
Deferred tax liabilities		10,658	6,470
Provisions		1,460	1,425
Total non-current liabilities		13,296	9,704
Total liabilities		138,732	66,651
Net assets		44,273	47,929
Equity			
Parent entity interest			
Contributed equity		24,130	23,076
Reserves		(55,023)	(18,291)
Retained earnings	5	75,166	43,144
Total equity		44,273	47,929

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Cash Flow Statement
For the half-year ended 31 December 2006

	Half Year	
	2006	2005
	'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	80,144	34,307
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(26,350)</u>	<u>(21,998)</u>
	53,794	12,309
Interest received	934	484
Borrowing costs	-	(236)
Income tax payment	(12,300)	(8,575)
Other income	499	419
Net cash inflow from operating activities	<u>42,927</u>	<u>4,401</u>
Cash flows from investing activities		
Payment for purchase of mine properties	-	(1,500)
Payments for listed investments	(855)	-
Payments for property, plant and equipment	(5,855)	(1,376)
Payments for exploration and development expenditure	(7,036)	(8,003)
Proceeds – sale of property, plant and equipment	-	-
Loans to associated company	(75)	(125)
Net cash (outflow) from investing activities	<u>(13,821)</u>	<u>(11,004)</u>
Cash flows from financing activities		
Proceeds from issues of shares	1,054	974
Repayment of borrowings	(694)	(3,333)
Payment of dividends	(7,918)	(5,531)
Net cash inflow from financing activities	<u>(7,558)</u>	<u>(7,890)</u>
Net (decrease) in cash held	21,548	(14,493)
Cash at the beginning of the reporting period	<u>26,130</u>	<u>24,226</u>
Cash at the end of the reporting period	<u>47,678</u>	<u>9,733</u>

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

Condensed Statement of Changes in Equity
For the half-year ended 31 December 2006

CONSOLIDATED	Issued Capital	Retained Earnings	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2005	20,367	28,286	986	49,639
Adjustment on adoption of AASB 132 and AASB 139, net of tax	-	(12,356)	(5,816)	(18,172)
Restated total equity at 1 July 2005	20,367	15,930	(4,830)	31,467
Gains on cash flow hedges, net of tax	-	-	2,624	2,624
Total income and expense for the period recognised directly in equity	-	-	2,624	2,624
Profit for the period	-	10,313	-	10,313
Total income/expense for the period	-	10,313	2,624	12,937
Cost of share-based payment	-	-	242	242
Exercise of options	812	-	-	812
Contributing shares payment	162	-	-	162
Equity dividends	-	(5,531)	-	(5,531)
At 31 December 2005	21,341	20,712	(1,964)	40,089
At 1 July 2006	23,076	43,144	(18,291)	47,929
Loss on cash flow hedges, net of tax	-	-	(37,400)	(37,400)
Total income and expense for the period recognised directly in equity	-	-	(37,400)	(37,400)
Profit for the period	-	39,940	-	39,940
Total income/expense for the period	-	39,940	(37,400)	2,540
Cost of share-based payment	-	-	668	668
Exercise of options	1,054	-	-	1,054
Equity dividends	-	(7,918)	-	(7,918)
At 31 December 2006	24,130	75,166	(55,023)	44,273

The above consolidated statement of changes in equity 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 2006 has been prepared in accordance with Accounting Standard AASB 134 *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 2006, which was prepared based on Australian equivalents to International Financial Reporting Standards ('AIFRS') and any public announcements made by Independence Group NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Note 2. Segment information

Primary reporting – business segments

Half-year 2006	Nickel mining \$'000	Exploration activities \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Total segment revenue	85,390	-	-	85,390
Unallocated revenue				5,863
Revenue from ordinary activities				91,253
Segment result	57,375	(2,375)	-	55,000
Unallocated revenue less unallocated expenses				2,350
Profit from ordinary activities before income tax expense				57,350
Half-year 2005	Nickel mining \$'000	Exploration activities \$'000	Inter-segment eliminations/ unallocated \$'000	Consolidated \$'000
Total segment revenue	43,695	-	-	43,695
Unallocated revenue				511
Revenue from ordinary activities				44,206
Segment result	17,920	(2,213)	-	15,707
Unallocated revenue less unallocated expenses				(1,438)
Profit from ordinary activities before income tax expense				14,269

Note 3. Equity securities issued

	Half-year		Half-year	
	2006	2005	2006	2005
	No. of Shares	No. of Shares	\$'000	\$'000
Issues of ordinary shares during the half-year	'000	'000	'000	'000
Exercise of options issued under the Independence Group NL Employee Option Plan	336	251	338	242
Contributing shares paid up at 10 cents each	-	1,610	-	163
Unlisted options exercised at \$1.16 each	188	62	217	72
Unlisted options exercised at \$1.33 each	375	375	499	499

Note 4. Other financial assets

CURRENT

Forward foreign exchange contracts	6,365	2,604
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NON-CURRENT

Investment in listed entities	12,949	7,663
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Note 5. Other information

(a) Reconciliation of retained profits

Balance at the beginning of the half-year	43,144	28,286
AIFRS Adjustments	-	(12,356)
Net profit attributable to members of Independence Group NL	39,940	10,313
Total available for appropriation	83,084	26,243
Dividends paid during the half-year	(7,918)	(5,531)
Balance at the end of the half-year	75,166	20,712

(b) Dividends paid on ordinary shares

(i) Dividends paid during the half-year (7 cents per share fully franked)	7,918	5,531
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(ii) In addition to the above dividends, since the end of the half year the directors have recommended the payment of an interim dividend of 3 cents per share and a special dividend of 3 cents per share, both fully franked. The aggregate amount of the proposed dividends expected to be paid on 14 March 2007 out of retained profits at 31 December 2006, but not recognised as a liability at the end of the half year is \$6,825,453.

(c) Other financial liabilities (current)

Futures commodity contracts	99,892	36,371
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(d) Reserves

Share-based payment reserve	2,167	1,499
Hedged instruments reserve	(57,190)	(19,790)
	(55,023)	(18,291)

(e) Net Tangible Assets

Net tangible assets per share for the 2006 half year are adversely affected by the required inclusion of a valuation of existing hedge contracts. These contracts have been marked to the market value existing at the end of the period. The Balance Sheet and consequently net tangible assets per share therefore include an unrealised loss which may not ever be realised as the contracts are due to be delivered on a monthly basis until 30 June 2009. The marked to market value does not take into account the forecast nickel and commodity prices over that period.

(f) Property, plant and equipment

During the period the Company purchased mining machinery including 2 loaders (total cost \$1,718,863) and 2 trucks (total cost \$2,789,552). The Company also sold mining machinery including 2 loaders for proceeds of \$480,000 during the period.

Note 6. Contingent liabilities

There have been no changes in contingent liabilities since the last annual reporting date.

Note 7. Events subsequent to balance date

The board of directors have resolved to pay fully franked dividends of 6 cents for every ordinary share held (see note 5(b) for details).

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 6 to 12:

- (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 2006 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 Group 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
21 February 2007

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Independence Group NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Independence Group NL, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Independence Group NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

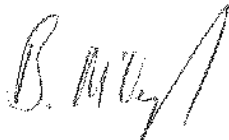
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Independence Group NL on 21 February 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Independence Group NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO
Chartered Accountants



B G McVEIGH
Partner

Perth, Western Australia

Dated this 21st day of February 2007