



27 February 2013

ASX Company Announcements
Australian Securities Exchange

Total pages: 20

HALF-YEAR REPORT AND INTERIM DIVIDEND

Half-Year Report

Independence Group NL (IGO) presents the Company's Half-Year Information for the period 1 July 2012 to 31 December 2012 in accordance with Listing Rule 4.2A.

Interim Dividend

The Company will pay a fully franked Interim Dividend of 1 cent per share on 29 March 2013. The record date for determining entitlements will be 19 March 2013.

Peter Bilbe
Chairman
Independence Group NL

INDEPENDENCE GROUP NL

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 **GROWING
A GREAT
AUSTRALIAN
MINING
COMPANY**

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

HALF-YEAR INFORMATION – 1 JULY 2012 TO 31 DECEMBER 2012

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

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The interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2012 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 2012 TO 31 DECEMBER 2012 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	122,146	15.7
Profit after tax attributable to members	16,498	111.4
Net profit attributable to members	16,498	111.4

The previous corresponding period is the half-year ended 31 December 2011.

	2012	2011
Basic earnings (loss) per share (cents)	7.08	(70.63)
Diluted earnings (loss) per share (cents)	7.05	(70.63)
Net tangible assets per share (cents)	278.94	338.22

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

- A return to profitability for the half-year as a result of a solid performance by the Long Nickel Operation, together with a promising turnaround in the performance of the Jaguar/Bentley Copper and Zinc Operation. The Jaguar/Bentley Operation was impaired in the prior comparative December 2011 half-year by \$157,744,000.
- Higher revenue as a result of 25% higher nickel production from the Company's Long Nickel Operation. 6% higher revenues from the Jaguar/Bentley Operation were achieved reflecting a change in product mix as the Operation shifts focus from the Jaguar mine to the Bentley mine. Payable copper decreased 46% over the half-year which was compensated for by an increase in payable zinc metal of 106% over the same period.
- Further details are available in the Review of Operations section of this Directors' Report.

The Company paid a final 2011/12 fully franked dividend of 1 cent per share in September 2012. The Company will pay a fully franked interim dividend of 1 cent per share on 29 March 2013. The record date of the dividend will be 19 March 2013.

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

The accounts have been reviewed by BDO Audit (WA) Pty Ltd and they are not subject to dispute or qualification.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES

ABN 46 092 786 304

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 2012.

Directors

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

Peter Bilbe (Chairman)
 Christopher Bonwick (Managing Director)
 Geoffrey Clifford (Non-executive Director)
 Rod Marston (Non-executive Director)
 Kelly Ross (Non-executive Director)

John Christie was a Non-executive Director from the beginning of the half-year until his resignation on 21 November 2012. Geoffrey Clifford was appointed a Non-executive Director on 10 December 2012.

Review of Operations

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

	Segment revenues		Segment results	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Long Nickel Operation	69,104	54,836	26,374	19,116
Jaguar/Bentley Copper and Zinc Operation	50,764	47,804	5,795	(176,397)
Tropicana Gold Project	-	-	(1,033)	(723)
Feasibility and Regional Exploration Activities	4	-	(2,647)	(3,638)
Unallocated revenue	2,274	2,971	-	-
	122,146	105,611	28,489	(161,642)
Unallocated revenue less unallocated expenses			(4,948)	(6,241)
Profit (loss) before income tax			23,541	(167,883)
Income tax (expense) benefit			(7,043)	23,312
Profit (loss) after income tax			16,498	(144,571)
Net profit (loss) attributable to members of Independence Group NL			16,498	(144,571)

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

a) Long Nickel Operation

This division consists of Lightning Nickel Pty Ltd's Kambalda operation, the Long Nickel Operation.

Segment revenues rose above the previous corresponding period due to 25% higher nickel production, complemented by a 3% increase in realised nickel prices over the period. This also contributed significantly to the increase in segment results over the period.

b) Jaguar/Bentley Copper and Zinc Operation

This division consists of Jabiru Metals Limited's operation, the Jaguar/Bentley Operation. The Operation improved significantly over the half-year in comparison with the previous corresponding half-year. Consistent with Financial Year 2013 guidance, zinc production outperformed the December 2012 half-year by 106%, together with a 46% reduction in copper production. Realised prices for copper and zinc increased by 9% and 13% respectively. Furthermore, segment results are significantly higher than in the comparative December 2011 period, primarily due to the prior corresponding period impairment of the Jaguar mine as a result of unforeseen geotechnical issues that necessitated a change in ground support methodology and a revised mining plan.

c) Tropicana Gold Project

This division consists of the Group's interest in the Tropicana Joint Venture. The project is currently in the development and construction phase of a gold mine with "first gold" production expected in the December Quarter 2013. The project is managed by AngloGold Ashanti Australia Limited (70%) and the Company has a 30% interest in the project. Mining of the Havana Starter Pit is underway, the accommodation village is complete and the tails storage facility construction commenced in December 2012. Earthworks and concrete cast pours for plant works are also complete with the focus now on structural steel, mechanical and pipework installation. The Bankable Feasibility Study (BFS) announced in November 2010 estimated open pit gold production (100% project) to average 300,000 - 350,000 ounces of gold pa over 10 years with cash costs estimated to be in the range of A\$710 - 730/oz Au. Total gold production over the first 3 years was estimated by the BFS to be between 470,000 - 490,000 ounces with cash costs estimated to be in the range A\$590 - 630/oz Au. Forecast mine life is now more than 11 years and the estimated capital cost is in the range of \$820 million - \$845 million. Resources currently stand at 7.89 million ounces and reserves at 3.91 million ounces (100% project). The Havana Deeps pre-feasibility underground mining study is currently underway. The metallurgical test work programme was completed and mine engineering commenced during the half-year. The study is expected to be complete in the second half of calendar 2013. Near mine and regional exploration is ongoing.

d) Feasibility and Regional Exploration Activities

The feasibility and regional exploration activities reflected in this segment relate to exploration expenditure, feasibility studies and scoping studies incurred on projects excluding Tropicana and the Long Nickel Operation.

A Feasibility Study undertaken on the Stockman copper-zinc-silver-gold project (100% IGO) has concluded that the project shows much promise with further work planned to examine numerous value enhancing opportunities. An 8.43 million tonne ore resource grading at 2.3% Cu, 4.3% Zn, 39 g/t Ag and 1.1 g/t Au has been estimated.

An inferred resource of over 674,000 ounces of gold has been estimated on the Karlawinda Gold Project (100% IGO) which is at the Scoping Study stage. The Study has been examining open pit mining at a production rate of 2-3 million tonnes pa together with both Carbon-in-Leach (CIL) and Heap Leach (HL) onsite processing options.

Events subsequent to balance date

On 27 February 2013, the Company announced that an interim dividend would be paid on 29 March 2013. The dividend is 1 cent per share and will be fully franked.

Other than the above, there has been no other transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future reporting periods.

Auditor independence declaration

The Auditor's Independence Declaration on page 5 required under section 307C of the *Corporations Act 2001* forms part of the Director's Report for the six months ended 31 December 2012.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements 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.



P R Bilbe
Chairman

Perth
27 February 2013

27 February 2013

Independence Group NL
The Board of Directors
Suite 4, Level 5, South Shore Centre
85 South Perth Esplanade
South Perth, WA, 6151

Dear Sirs

**DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF
INDEPENDENCE GROUP NL**

As lead auditor for the review of Independence Group NL for the half-year ended 31 December 2012, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2012

	Notes	31 December 2012 \$'000	31 December 2011 \$'000
Revenue from continuing operations		122,146	105,611
Other income		804	12
Mining, processing and development costs		(34,803)	(47,080)
Employee benefits expense		(27,097)	(24,571)
Share-based payments expense		(1,034)	(32)
Fair value adjustment of listed investments		(367)	(2,062)
Depreciation and amortisation expenses		(11,613)	(21,606)
Exploration costs expensed		(975)	(1,170)
Impairment of exploration and evaluation expenditure		(2,581)	(3,147)
Impairment of goodwill and other assets	12	-	(157,744)
Rehabilitation and restoration borrowing costs		(134)	(187)
Ore tolling expense		(5,628)	(4,874)
Royalty expense		(4,207)	(4,152)
Shipping and wharfage costs		(5,893)	(2,357)
Net (losses) gains on fair value financial liabilities		(665)	1,071
Borrowing and finance costs		(768)	(691)
Other expenses		(3,644)	(4,904)
Profit (loss) before income tax expense		23,541	(167,883)
Income tax (expense) benefit		(7,043)	23,312
Profit (loss) for the period		16,498	(144,571)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax		(7,067)	8,721
Other comprehensive (loss) income for the period, net of tax		(7,067)	8,721
Total comprehensive income (loss) for the period		9,431	(135,850)
Profit (loss) attributable to the members of Independence Group NL		16,498	(144,571)
Total comprehensive income (loss) for the period attributable to the members of Independence Group NL		9,431	(135,850)
Earnings (loss) per share for profit (loss) attributable to the ordinary equity holders of the Company			
		Cents	Cents
Basic earnings (loss) per share		7.08	(70.63)
Diluted earnings (loss) per share		7.05	(70.63)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	31 December 2012 \$'000	30 June 2012 \$'000
Current assets			
Cash and cash equivalents		102,113	192,678
Trade and other receivables		33,370	58,797
Inventories		17,747	16,786
Financial assets		2,787	3,346
Derivative financial instruments	7	12,291	23,950
Total current assets		168,308	295,557
Non-current assets			
Other receivables		475	475
Property, plant and equipment	3	35,355	37,173
Mine properties	4	270,766	123,274
Exploration and evaluation expenditure	5	186,314	203,371
Deferred tax assets		150,702	152,620
Intangible assets	6	317	454
Derivative financial instruments	7	1,606	-
Total non-current assets		645,535	517,367
Total assets		813,843	812,924
Current liabilities			
Trade and other payables		51,740	60,329
Borrowings		8,642	11,685
Derivative financial instruments	7	-	570
Provisions		1,840	1,260
Financial liabilities at fair value through profit or loss		2,331	4,818
Total current liabilities		64,553	78,662
Non-current liabilities			
Borrowings		5,208	6,934
Provisions		21,270	14,749
Deferred tax liabilities		72,889	70,454
Total non-current liabilities		99,367	92,137
Total liabilities		163,920	170,799
Net assets		649,923	642,125
Equity			
Contributed equity	8	733,669	734,007
Reserves	9	14,585	20,618
Accumulated losses	9	(98,331)	(112,500)
Total equity		649,923	642,125

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2012

	31 December 2012 \$'000	31 December 2011 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	139,978	108,110
Payments to suppliers and employees (inclusive of goods and services tax)	(99,915)	(94,190)
	<u>40,063</u>	<u>13,920</u>
Interest and other costs of finance paid	(759)	(592)
Income taxes paid	-	(2,524)
Exploration expenditure	(1,131)	(1,170)
Receipts from other operating activities	7	159
Net cash provided by operating activities	<u>38,180</u>	<u>9,793</u>
Cash flows from investing activities		
Interest received	2,775	5,655
Payments for purchase of listed and unlisted investments	(50)	-
Proceeds from the sale of property, plant and equipment and other investments	1,255	326
Payments for property, plant and equipment	(3,611)	(15,412)
Payments for development expenditure	(95,929)	(39,260)
Payments for exploration and evaluation expenditure	(20,434)	(25,305)
Net cash used in investing activities	<u>(115,994)</u>	<u>(73,996)</u>
Cash flows from financing activities		
Proceeds from issues of share capital	-	118,472
Share issue costs	-	(4,370)
Repayment of finance lease liabilities	(6,590)	(2,387)
Repayment of borrowings	(3,832)	(7,186)
Payment of dividends	(2,329)	(6,087)
Net cash (used in) provided by financing activities	<u>(12,751)</u>	<u>98,442</u>
Net (decrease) increase in cash and cash equivalents held	(90,565)	34,239
Cash and cash equivalents at the beginning of the reporting period	<u>192,678</u>	<u>228,001</u>
Cash and cash equivalents at the end of the reporting period	<u>102,113</u>	<u>262,240</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2012

	Contributed Equity \$'000	Retained Earnings \$'000	Share- Based Payments Reserve \$'000	Hedging Reserve \$'000	Acquisition Reserve \$'000	Total Equity \$'000
At 1 July 2011	617,860	183,537	4,057	5,284	3,142	813,880
Loss for the period	-	(144,571)	-	-	-	(144,571)
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	8,721	-	8,721
Total comprehensive income (loss) for the period	-	(144,571)	-	8,721	-	(135,850)
Transactions with owners in their capacity as owners						
Shares issued	118,472	-	-	-	-	118,472
Transaction cost on shares issued, net of tax	(3,397)	-	-	-	-	(3,397)
Dividends paid	-	(6,087)	-	-	-	(6,087)
Share-based payments	-	-	32	-	-	32
At 31 December 2011	732,935	32,879	4,089	14,005	3,142	787,050
At 1 July 2012	734,007	(112,500)	4,919	12,557	3,142	642,125
Profit for the period	-	16,498	-	-	-	16,498
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(7,067)	-	(7,067)
Total comprehensive income (loss) for the period	-	16,498	-	(7,067)	-	9,431
Transactions with owners in their capacity as owners						
Transaction cost on shares issued, net of tax	(338)	-	-	-	-	(338)
Dividends paid	-	(2,329)	-	-	-	(2,329)
Share-based payments	-	-	1,034	-	-	1,034
At 31 December 2012	733,669	(98,331)	5,953	5,490	3,142	649,923

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 statements

This general purpose financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Independence Group NL during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except as follows:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

Comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

Impact of standards issued but not effective

From 1 July 2013, the Group is required to adopt the Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2013. The Group has reviewed the impact of these Standards and Interpretations and are continuing to assess whether this will have a significant effect on the financial position or performance of the Group.

The Company has not elected to early adopt any new standards or amendments.

Note 2. Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Group operates in only one geographic segment (ie. Australia) and has identified four operating segments, being the Long Nickel Operation which is disclosed under the Nickel Mining segment, the Jaguar/Bentley Operation which is disclosed under the Copper and Zinc Mining segment, the Tropicana Gold Project, and other regional exploration, scoping studies and feasibility which are disclosed under Feasibility and Regional Exploration Activities.

The Long Nickel Operation produces primarily nickel, together with copper, from which its revenue is derived. All revenue derived by the Long Nickel Operation is received from one customer, being BHP Billiton Nickel West Pty Ltd. The Registered Manager of the Long Nickel Operation is responsible for the budgets and expenditure of the operation, which includes exploration activities on the mine's tenure. The Long Nickel Operation and exploration properties are owned by the Group's subsidiary Lightning Nickel Pty Ltd.

The Jaguar/Bentley Operation primarily produces copper and zinc concentrate. Revenue is derived from a number of different customers. The Registered Manager of the Jaguar/Bentley Operation is responsible for the budgets and expenditure of the operation, responsibility for ore concentrate sales rests with corporate management.

The Tropicana Gold Project represents the Group's 30% joint venture interest in the Tropicana Joint Venture. AngloGold Ashanti Australia is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti Australia and are considered for approval by the Independence Group NL Board. Construction and development of a gold mine and processing plant has commenced on the joint venture tenure. It is therefore allocated its own segment.

The Group's Exploration Manager and its Development Manager are responsible for budgets and expenditure relating to the Group's regional exploration, scoping studies and feasibility studies. The Feasibility and regional exploration division does not normally derive any income. Should a project generated by the Feasibility and regional exploration division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from Feasibility and regional exploration and become reportable as a separate segment.

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

Note 2. Segment information (continued)

Half-year ended 31 December 2012	Nickel Mining \$'000	Copper and Zinc Mining \$'000	Tropicana Gold Project \$'000	Feasibility and Regional Exploration Activities \$'000	Total \$'000
Sales to external customers	68,828	50,734	-	-	119,562
Other revenue	276	30	-	4	310
Total segment revenue	69,104	50,764	-	4	119,872
Segment net operating profit (loss) before income tax	26,374	5,795	(1,033)	(2,647)	28,489
Impairment loss	-	-	-	-	-
Segment assets	143,573	109,268	256,020	163,234	672,095
Segment liabilities	20,884	38,656	21,717	58,719	139,976

Half-year ended 31 December 2011	Nickel Mining \$'000	Copper and Zinc Mining \$'000	Tropicana Gold Project \$'000	Feasibility and Regional Exploration Activities \$'000	Total \$'000
Sales to external customers	53,797	47,735	-	-	101,532
Other revenue	1,039	69	-	-	1,108
Total segment revenue	54,836	47,804	-	-	102,640
Segment net operating profit (loss) before income tax	19,116	(176,397)	(723)	(3,638)	(161,642)
Impairment loss	-	(157,744)	-	-	(157,744)
Segment assets	181,744	208,609	105,987	244,169	740,509
Segment liabilities	15,172	38,331	8,215	42,957	104,675

(i) A reconciliation of reportable segment revenue to total revenue is as follows:

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Total segment revenue	119,872	102,640
Interest revenue on corporate cash balances and other unallocated revenue	2,274	2,971
Total revenue	122,146	105,611

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

Note 2. Segment information (continued)

- (ii) A reconciliation of reportable segment profit (loss) to operating profit (loss) before income tax is as follows:

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Total profit (loss) for reportable segments	28,489	(161,642)
Interest revenue on corporate cash balances and other unallocated revenue	2,274	2,971
Unrealised losses on financial assets	(367)	(2,062)
Share-based payment expense	(1,034)	(32)
Net (losses) gains on silver loan financing	(665)	1,071
Other corporate costs and unallocated other income	(5,156)	(8,189)
Profit (loss) before income tax from continuing operations	<u>23,541</u>	<u>(167,883)</u>

- (iii) A reconciliation of reportable segment assets to total assets is as follows:

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Total assets for reportable segments	672,095	740,509
Intersegment eliminations	(62,288)	(83,418)
<i>Unallocated assets</i>		
Deferred tax assets	150,702	129,304
Financial assets	2,737	4,787
Current tax assets	-	10,064
Cash and receivables held by the parent entity	47,816	177,821
Office and general plant and equipment	2,781	2,889
Total assets per the statement of financial position	<u>813,843</u>	<u>981,956</u>

- (iv) A reconciliation of reportable segment liabilities to total liabilities is as follows:

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Total liabilities for reportable segments	139,976	104,675
Intersegment eliminations	(65,189)	(41,021)
<i>Unallocated liabilities</i>		
Deferred tax liabilities	72,889	107,663
Corporate creditors and accruals	12,812	13,639
Provision for employee entitlements	1,101	868
Financial liabilities at fair value through profit or loss	2,331	9,082
Total liabilities per the statement of financial position	<u>163,920</u>	<u>194,906</u>

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

Note 3. Property, plant and equipment

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Property, plant and equipment	35,355	68,864

Reconciliations of the carrying amounts at the beginning and end of the half-year are as follows:

Property, plant and equipment

Carrying amount at beginning of the period	37,173	86,255
Additions	4,875	16,773
Depreciation expense	(6,689)	(9,863)
Disposals	(4)	(708)
Impairment charge	-	(23,593)
Carrying amount at end of the period	35,355	68,864

Note 4. Mine properties

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Mine properties in development (a)	188,422	28,089
Mine properties in production (b)	82,344	120,078
	270,766	148,167

Reconciliations of the carrying amounts at the beginning and end of the half-year are as follows:

(a) Mine properties in development

Carrying amount at beginning of the period	59,609	89,770
Additions	96,393	20,227
Transfer to mine properties in production	-	(81,908)
Transfer from exploration and evaluation	32,420	-
Carrying amount at end of the period	188,422	28,089

(b) Mine properties in production

Carrying amount at beginning of the period	63,665	73,920
Additions	21,736	17,197
Transfer from exploration and evaluation	1,849	1,793
Transfer from mine properties in development	-	81,908
Amortisation expense	(4,906)	(11,654)
Impairment charge	-	(43,086)
Carrying amount at end of the period	82,344	120,078

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

Note 5. Exploration and evaluation

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Exploration and evaluation	186,314	289,602
Reconciliations of the carrying amounts at the beginning and end of the half-year are as follows:		
Exploration and evaluation		
Carrying amount at beginning of the period	203,371	269,333
Additions	20,000	25,209
Transfer to mine properties in production	(1,849)	(1,793)
Transfer to mine properties in development	(32,420)	-
Disposals	(207)	-
Impairment charge	(2,581)	(3,147)
Carrying amount at end of the period	186,314	289,602

An assessment is performed quarterly on the carrying value of capitalised exploration and evaluation. This assessment resulted in an impairment of exploration and evaluation to the profit or loss of \$2,581,000 (2011: \$3,147,000) during the period.

Note 6. Intangible assets

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
Intangible assets	317	592
Reconciliations of the carrying amounts at the beginning and end of the half-year are as follows:		
Intangible assets		
Carrying amount at beginning of the period	454	91,818
Amortisation expense	(137)	(161)
Impairment charge	-	(91,065)
Carrying amount at end of the period	317	592

Note 7. Derivative financial instruments

	Consolidated 31 December 2012 \$'000	30 June 2012 \$'000
Current assets		
Commodity hedging contracts – at fair value through profit or loss	3,651	3,815
Commodity hedging contracts – cash flow hedges	3,535	11,250
Foreign currency contracts – at fair value through profit or loss	2,604	2,398
Foreign currency contracts – cash flow hedges	2,501	6,487
	12,291	23,950
Current liabilities		
Commodity hedging contracts – at fair value through profit or loss	-	570
	-	570
Non-current assets		
Commodity hedging contracts – cash flow hedges	1,314	-
Foreign currency contracts – cash flow hedges	292	-
	1,606	-

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
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Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2012

Note 8. Contributed equity

	Consolidated	
	31 December 2012	31 December 2011
	\$'000	\$'000
Fully paid issued capital	733,669	732,935

(a) Movements in shares on issue

	Half-year 2012		Half-year 2011	
	No. of shares	\$'000	No. of shares	\$'000
Balance at 1 July	232,882,535	734,007	202,907,135	617,860
Issued during the year:				
- share placement and rights issue	-	-	29,617,900	118,472
- transaction costs, net of tax	-	(338)	-	(3,397)
Balance at 31 December	232,882,535	733,669	232,525,035	732,935

Note 9. Reserves and retained earnings

	Consolidated	
	31 December 2012	30 June 2012
	\$'000	\$'000
(a) Reserves		
Share-based payments reserve	5,953	4,919
Hedging reserve	5,490	12,557
Acquisition reserve	3,142	3,142
	14,585	20,618

(b) (Accumulated losses)/retained earnings

A reconciliation of (accumulated losses)/retained earnings for the half-year is as follows:

	Consolidated	
	31 December 2012	31 December 2011
	\$'000	\$'000
Balance at the beginning of the half-year	(112,500)	183,537
Net profit (loss) for the half-year	16,498	(144,571)
Dividends paid	(2,329)	(6,087)
Balance at the end of the half-year	(98,331)	32,879

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES

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Note 10. Dividends paid and proposed

	Consolidated 31 December 2012 \$'000	31 December 2011 \$'000
(a) Dividends paid		
Final dividend for the year ended 30 June 2012 of 1 cent (2011: 3 cents) per fully paid share	2,329	6,087
Total dividends paid during the half-year	<u>2,329</u>	<u>6,087</u>
(b) Unrecognised amounts		
In addition to the above dividends, since half-year end the Directors have recommended the payment of an interim dividend of 1 cent (2011: 2 cents) per fully paid share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 29 March 2013, but not recognised as a liability at half-year end is:	2,329	4,658

Note 11. Impairments

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired. Goodwill is allocated to the Company's cash generating units (CGUs) for impairment testing purposes. The Company currently records no amount of goodwill.

In assessing whether an impairment is ultimately required, the carrying value of a CGU's assets are compared to the recoverable amount. The recoverable amount is the higher of fair value less costs to sell of the CGU and its value in use. During the previous half-year, the Company determined that an impairment loss of \$157,744,000 was required in relation to its acquisition of Jabiru Metals Limited in April 2011. The following table outlines the classes of assets that were affected by the impairment loss during that period:

	31 December 2012 \$'000	31 December 2011 \$'000
Mine properties	-	43,086
Property, plant and equipment	-	23,593
Goodwill	-	91,065
	<u>-</u>	<u>157,744</u>

Note 12. Contingent assets and liabilities

(a) Contingent assets

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

(b) Contingent liabilities

Guarantees relating to environmental and rehabilitation bonds have increased to \$15,686,000 (30 June 2012: \$13,911,000). There have been no other changes in contingent liabilities since the last annual reporting date.

Note 13. Events subsequent to balance date

On 27 February 2013, the Company announced a fully franked interim dividend of 1 cent per share to be paid on 29 March 2013 (refer note 10 for details).

Other than the above, there has been no transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

The Directors of the Company declare that:

- (a) The financial report and notes of Independence Group NL for the half-year ended 31 December 2012 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company 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 Board of Directors and is signed for and on behalf of the Directors by:



P R Bilbe
Chairman

Perth
27 February 2013

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INDEPENDENCE GROUP NL

We have reviewed the accompanying half-year financial report of Independence Group NL, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*, which has been given to the directors of Independence Group NL, would be in the same terms if given to the directors as at the time 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 2012 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 Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature appears to be 'BDO' on the top line and 'BMV' followed by a large, stylized flourish on the bottom line.

Brad McVeigh
Director

Perth, Western Australia
Dated this 27th day of February 2013