ASX RELEASE

21/02/2017

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 AND APPENDIX 4D

Independence Group NL (IGO or the Company) is pleased to report its results for the half-year ended 31 December 2016 (1H17).

Key Points

- Profit after tax of A$20.2 million (1H16: Loss A$77.8 million). The improvement is due to higher underlying EBITDA and revenue, as well as the non-recurrence of costs from the previous corresponding half-year relating to impairment of exploration assets and acquisition and integration costs of Sirius Resources Ltd (Sirius).
- Revenue of A$223.1 million (1H16: A$218.8 million), an increase of 2% resulting from higher realised base metal prices during the period, partially offset by lower product sales during the period.
- Operating cash flows of A$25.6 million (1H16: A$50.1 million) was impacted by the payment of stamp duty taxes to the Western Australian State Government totalling A$58.2 million. Cashflow from Operations increased by a combined 30%.
- Tropicana gold production, cash costs and all-in sustaining costs were all better than guidance. In addition, Tropicana's annualised process plant throughput rate for the December 2016 quarter lifted to 7.6Mtpa, benefiting from the completion of the expansion project in October 2016.
- Tropicana value enhancement initiatives, including Long Island studies, progressed and unlocked a 58% increase in Ore Reserves and more than 75% increase in the Life of Mine Net Present Value. Further value is expected to be unlocked in the next stage of work due for completion around mid CY17.
- Nova achieved key milestones, including plant construction completion, commissioning, first production, practical completion and first shipment of concentrates, all four to six weeks ahead of schedule.
- Debt of A$71 million was repaid during 1H17.
- The Company completed the acquisition of Windward Resources Ltd (Windward) in December 2016 by way of an off-market takeover.
- The Company completed an equity raising with netproceeds of A$274 million.
- The Directors have declared an interim dividend of 1 cent per share, fully franked.

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Group Financial Summary

HALF-YEAR ENDED 31 DECEMBER (A$)	2016	2015	INC/(DEC)
Total Revenue	**$223.1M**	$218.8M	2%
Underlying EBITDA[1]	**$81.8M**	$68.1M	20%
Profit (Loss) After Tax	**$20.2M**	($77.8M)	n/a
Net Cash Flow From Operating Activities	**$25.6M**	$50.1M	(49%)
Cash Outflow From Investing Activities	**$154.0M**	$294.8M	(48%)
Net Cash Flows from Financing Activities	**$191.2M**	$181.4M	5%
Interim Dividend – fully franked (A$/share)	**0.01**	-	n/a
	Dec 2016	**June 2016**	
Total Assets	**$2,179.3M**	$2,007.4M	9%
Cash	**$109.2M**	$46.3M	136%
Debt	**$200.0M**	$271.0M	(26%)
Total Liabilities	**$436.0M**	$551.6M	(21%)
Shareholders' Equity	**$1,743.3M**	$1,455.8M	20%
Net tangible assets per share	**$2.97**	$2.81	6%

Operational Financial Summary

Total revenue in 1H17 increased by 2% to A$223.1 million (1H16: A$218.8 million). Higher revenues were attributable to a number of factors, including:

- Higher realised A$ zinc and copper prices from the Jaguar Operation resulted in an increase in revenue of 16% to A$76.5 million, compared to the prior corresponding period of A$65.8 million.
- The Long Operation's total revenue increased by 14%, primarily due to 20% higher realised A$ nickel prices, offset by 6% lower payable nickel tonnes sold, due to a restructure that was implemented in September 2015.
- Revenue at Tropicana decreased by 10% due to the cessation of grade streaming, resulting in 10,694 fewer sold ounces. The lower sales volume was offset by a higher average A$ gold price of A$1,622/oz achieved during the half-year, compared to A$1,547/oz in the previous comparative period.

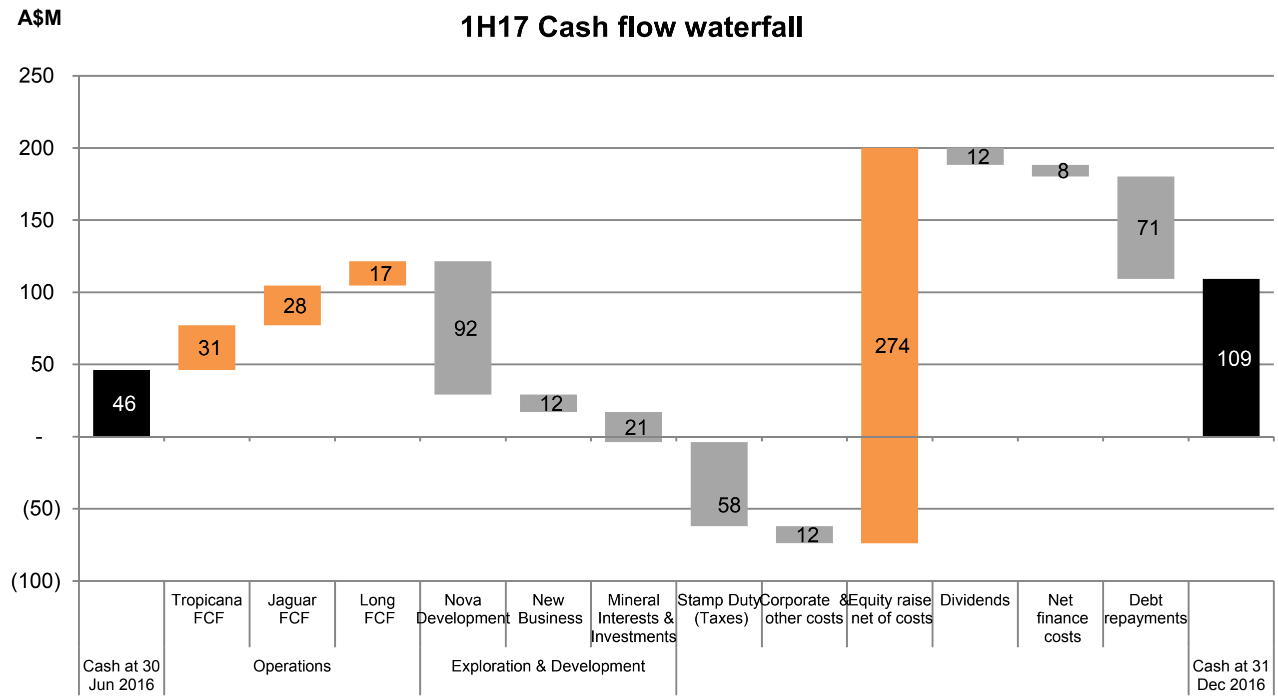
Net cash flow from operating activities was A$25.6 million (1H16: A$50.1 million). Strong cash flows from the operations were offset by the payment of two significant stamp duty taxes to the Western Australian State Government during the half-year. These payments comprised A$52.5 million for the interim assessment of the acquisition of Sirius' Nova Project in September 2015 and a A$5.7 million payment in relation to the completed duties assessment for the Company's acquisition of Jabiru Metals Limited (Jaguar Operation) in 2011. Grounds for objection to the Jabiru payment have been lodged with the relevant government department.

Cash flow towards investing activities was A$154.0 million (1H16: A$294.8 million), with the decrease relating primarily to the higher costs associated with the acquisition of the Nova Project

[1] Underlying EBITDA is a non-IFRS measure and comprises net profit or loss after tax, adjusted to exclude tax expense, finance costs, interest income, asset impairments, depreciation and amortisation.

during the previous period, partially offset by higher payments for development expenditure during the current period. Capitalised development expenditure was higher for the current period at A$113.7 million (1H16: A$75.3 million), with A$32.8 million of the increase attributable to further investment in development of the Nova Project. Payments for the acquisition of subsidiaries during 1H17 of A$16.6 million related to the acquisition of Windward, being cash consideration paid of A$21.1 million, offset by cash balances acquired on acquisition of A$4.5 million.

Net cash inflows from financing activities were A$191.2 million (1H16: A$181.4 million), which included proceeds from the July 2016 capital raising of A$281.5 million, offset by A$7.5 million in associated costs. The cash flows also included the repayment of debt in the current half-year of A$71.0 million, compared to a drawdown of debt in the previous period of A$200.0 million. Payment of a FY16 final dividend was also made during the period of A$11.7 million (1H16: A$12.8 million).



Segment Financial and Operating Summary

Tropicana [IGO 30%]

Metric	Units	1H17	1H16	Change	INC/(DEC)
Revenue	A$M	106.6	118.2	-11.6	(10%)
Underlying EBITDA	A$M	52.8	69.9	-17.1	(24%)
Free Cash Flow	A$M	30.9	46.6	-15.7	(34%)
Gold produced (100%)	oz	221,232	251,945	-30,713	(12%)
Gold Sold (IGO's 30% share)	oz	65,361	76,055	-10,694	(14%)
Cash Cost	A$/oz	821	625	196	31%
All-in Sustaining Costs	A$/oz	1,070	801	269	34%

Overall earnings and cash flow from Tropicana were lower for 1H17 compared with the previous corresponding period driven by reduced production and higher cash costs. This is a result of the cessation of grade streaming in December 2015 and additional expenditure on expansion capital and waste stripping in the current reporting period. IGO's attributable gold production from Tropicana for 1H17 was 66,370oz Au (1H16: 75,584oz Au) at a cash cost[2] of A$821/oz Au (1H16: A$625/oz Au).

Long [IGO 100%]

Metric	Units	1H17	1H16	Change	INC/(DEC)
Revenue	A$M	38.5	33.8	4.7	14%
Underlying EBITDA	A$M	20.5	8.5	12.0	141%
Free Cash Flow	A$M	16.7	6.0	10.7	178%
Nickel (contained metal)	t	4,229	4,508	-279	(6%)
Cash Cost (payable)	A$/lb Ni	3.21	3.97	-0.76	(19%)

Overall earnings and cash flow at Long were higher for 1H17 compared with the previous corresponding period as a result of improved margins driven by higher realised nickel prices and a significant reduction in operating costs as a consequence of adopting a new mining plan. Production for 1H17 was 4,229t of contained nickel metal (1H16: 4,508t) at a cash cost[2] of A$3.21/lb Ni (1H16: A$3.97/lb Ni).

Jaguar [IGO 100%]

Metric	Units	1H17	1H16	Change	INC/(DEC)
Revenue	A$M	76.5	65.8	10.7	16%
Underlying EBITDA	A$M	27.9	13.7	14.2	104%
Free Cash Flow	A$M	27.6	10.0	17.6	176%
Zinc in concentrate	t	18,641	20,721	-2,080	(10%)
Copper in concentrate	t	2,756	2,876	-120	(4%)
Cash Cost (payable)	A$/lb Zn	0.77	0.67	0.10	15%

Earnings and cash flow at Jaguar for 1H17 were higher than the previous corresponding period as a result of 44% higher realised zinc price achieved. 1H17 production was 18,641t of contained zinc metal (1H16: 20,721t) and 2,756t of contained copper metal (1H16: 2,876t) at a cash cost[2] of A$0.77/lb Zn (1H16: A$0.67/lb Zn).

Balance Sheet

Cash and cash equivalents at 31 December 2016 totalled A$109.2 million (30 June 2016: A$46.3 million), a net increase of A$62.9 million for the half-year. During this period, the Company repaid A$71.0 million of debt, reducing the Company's outstanding debt to A$200.0 million. In addition, the Company cancelled a further A$79.0 million of its Term Loan Facility. The Company's facilities now comprise A$200.0 million in drawn term loan facility and an undrawn A$200.0 million revolving credit facility.

Interim Dividend

An interim dividend of 1 cent per share, fully franked, will be paid on 27 March 2017, with a record date of 10 March 2017.

[2] Cash costs are reported inclusive of royalties and after by-product credits on per unit of payable metal.

FY17 Guidance

Over the past three to four month period to the end of January 2017, underground development rates at Nova have been lower than planned and this has deferred access to higher grade, larger stopes planned to be mined from 4Q17. Underground development rates are now improving as a result of actions being undertaken by Barminco, the underground mining contractor to strengthen site management and appoint additional personnel. Ongoing and further action plans by Barminco and the Company include; a) additional equipment including a fifth Jumbo drill expected to be operational by the end of February 2017; b) changing of charter flight times to optimise shift changes; and c) acceleration of completion of life of mine ventilation to early March 2017 which will enable further flexibility of mining fleet.

As a result of the lower than planned development, the Company is anticipating potential delays to the ramp up to full production which is expected to have an impact limited to FY17 guidance. Although still under review, the FY17 metal production guidance could be reduced by about half, with this production being deferred to FY18. The Company will update guidance in early April 2017 once Barminco is operating at design development rates and the mine schedule can be updated to reflect progress.

FY17 guidance at Tropicana, Long and Jaguar remains unchanged relative to the guidance provided in our ASX release of 27 July 2016 and 15 December 2016.

Investor Call and Webcast

An investor call and webcast has been scheduled for 8.00am Perth time, Tuesday 21 February 2017. Dial-in details for the call and the webcast link can be found below.

Meeting title:	Independence Group Conference Call
Date:	21 February 2017
Conference ID:	470903

Audio Access Dial in numbers:

Australia Toll Free	**1 800 558 698**
Alternate Australia Toll Free	**1 800 809 971**

Australia Local Number	+612 9007 3187	New Zealand	0800 453 055
China Wide	4001 200 659	Norway	800 69 950
Belgium	0800 72 111	Philippines	1800 1110 1462
Canada	1855 8811 339	Singapore	800 101 2785
France	0800 913 848	South Korea	00 798 142 063 275
Germany	0800 182 7617	Sweden	020 791 959
Hong Kong	800 966 806	South Africa	800999976
India	0008 0010 08443	Switzerland	800820030
Indonesia	001 803 019 3275	Taiwan	008 0112 7397
Ireland	1800 948 625	Thailand	001800 156 206 3275
Italy	800 793 500	UAE	8000 3570 2705
Japan	0053 116 1281	United Kingdom	0800 051 8245
Malaysia	1800 816 294	United States	1855 8811 339
Netherlands	0800 020 0715		

Details of the webcast are set out below:

To listen in live, please click on the link below and register your details.

http://webcasting.boardroom.media/broadcast/588047f11aa7170e402f3b03

Please note it is best to log on at least 5 minutes before 11am AEDT (8am WST) on Tuesday morning, 21 February 2017 to ensure you are registered in time for the start of the presentation.

Investors are advised that, in addition to the live webcast, a recording of the presentation will be available on the IGO website www.igo.com.au approximately one hour after the conclusion of the webcast.

Peter Bradford
Managing Director
Independence Group NL
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Joanne McDonald
Company Secretary
Independence Group NL

INDEPENDENCE GROUP NL
ABN 46 092 786 304

APPENDIX 4D
HALF-YEAR REPORT

HALF-YEAR INFORMATION – 1 JULY 2016 TO 31 DECEMBER 2016
LODGED WITH THE ASX UNDER LISTING RULE 4.2A

Key Information – Results for Announcement to the Market

	$'000	% Increase/(Decrease) from Previous Corresponding Period
Revenue from ordinary activities	223,118	2.0%
Profit after tax attributable to members	20,209	n/a
Net profit attributable to members	20,209	n/a

The previous corresponding period is the half-year ended 31 December 2015.

	2016	2015
Basic earnings (loss) per share (cents)	3.52	(20.19)
Diluted earnings (loss) per share (cents)	3.51	(20.19)
Net tangible assets per share (cents)	297.14	280.93

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

- The Jaguar Operation's profit before tax for the period increased by $16.8 million to $18.2 million during the half-year. Higher realised A$ zinc and copper prices resulted in an increase in revenue of 16% to $76.5 million compared to the prior period. Production and other operating costs were lower for the period compared to the previous half-year, however cash costs per payable pound were up 15% to $0.77 per pound as a result of lower production due to lower mined grades and lower underground production.
- The Long Operation's profit before tax for the period increased by $11.0 million to $9.3 million. Total revenue increased during the period, with a 14% increase compared to the previous half-year. This was primarily due to 20% higher realised A$ nickel prices, offset by 6% lower payable nickel tonnes sold as a result of the restructure that was implemented in September 2015.
- The Tropicana Operation contributed $25.7 million in profit before tax compared to $40.3 million in the prior period. Revenue decreased by 10% due to the cessation of grade streaming, resulting in 10,694 fewer sold ounces. The lower sales volume was offset by a higher average A$ gold price of $1,622 per ounce achieved during the half-year, compared to $1,547 per ounce in the comparative period. The Group's share of gold production during the period was 65,361 ounces, produced at an average cash cost of $821 per ounce and an All-in Sustaining Cost of $1,070 per ounce.
- The comparative period ending 31 December 2015 included an impairment on exploration and evaluation assets of $35 million, compared to $0.5 million in the current period.
- Lastly, for the period ended 31 December 2016, acquisition and integration costs reduced by $63.0 million as the previous period included acquisition costs relating to the Sirius Resources Ltd acquisition.

Further details are available in the Review of Operations section of the Directors' Report.

Interim Dividend

The Company paid a final 2015/16 fully franked dividend of 2.0 cents per share in September 2016.

The Company will pay a fully franked interim dividend of 1 cent per share on 27 March 2017. The record date of the dividend will be 10 March 2017.

Other matters

During the half-year, the Company completed an off-market takeover of Windward Resources Ltd (Windward). Windward was a listed public company holding a number of tenements within the Fraser Range region. The takeover comprised a cash price of $0.19 per share and the acquisition was completed in December 2016.

Other than the acquisition described above, there have been no other acquisitions of entities or losses of control of entities 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

ABN 46 092 786 304

Interim report
for the half-year ended 31 December 2016

Independence Group NL ABN 46 092 786 304
Interim report - 31 December 2016

Contents

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 2016 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*.

Directors' report

Your Directors present their report on the consolidated entity (also referred to hereafter as the Group) consisting of Independence Group NL (also referred to hereafter as the Company or IGO) and the entities it controlled at the end of, or during, the half-year ended ended 31 December 2016.

Directors

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

Debra Bakker
Peter Bilbe
Peter Bradford
Peter Buck
Geoffrey Clifford
Keith Spence
Neil Warburton

Debra Bakker was appointed as a Non-executive Director on 14 December 2016 and continues in office at the date of this report.

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**	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Tropicana Operation	**106,627**	118,158	**25,653**	40,298
Long Operation	**38,461**	33,828	**9,250**	(1,734)
Jaguar Operation	**76,547**	65,821	**18,244**	1,430
Nova Project	**-**	-	**(313)**	-
New business and regional exploration activities	**30**	17	**(10,888)**	(47,890)
Unallocated revenue	**1,453**	997	**-**	-
	223,118	218,821	**41,946**	(7,896)
Unallocated revenue less unallocated expenses			**(11,543)**	(76,931)
Profit (loss) before income tax			**30,403**	(84,827)
Income tax (expense) benefit			**(10,194)**	7,009
Profit (loss) after income tax			**20,209**	(77,818)
Net profit (loss) attributable to members of Independence Group NL			**20,209**	(77,818)

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

Tropicana Operation

This division consists of the Group's interest in the Tropicana Gold Mine which is held 30% by the Company and 70% by AngloGold Ashanti Australia Limited (AngloGold Ashanti).

Revenue derived by the segment decreased by 10% to $106.6 million when compared to the corresponding period in the prior year, primarily a result of the cessation of grade streaming, resulting in 10,694oz less gold sold. Offsetting the lower sales volume was a higher average A$ gold price of $1,622 per ounce achieved for the period, compared to $1,547 per ounce for the comparative period. Cash costs, which comprise the costs of producing gold at the mine site and include credit adjustments for waste stripping costs and inventory build and draw costs, were $821 per ounce. All-in Sustaining Costs (AISC) per ounce sold, which include cash costs, capitalised sustaining deferred waste stripping costs, sustaining exploration costs, sustaining capital and non-cash rehabilitation accretion costs, was $1,070 per ounce.

Review of operations (continued)

Tropicana Operation (continued)

Tropicana completed the plant optimisation project in October 2016 resulting in annualised throughput rate of 7.6Mtpa being achieved by the end of the period. Further plant improvements in CY17 are likely to result in a further increase in throughput capacity.

In addition to the plant upgrade, Tropicana has commenced an optimisation of the mining fleet to accelerate the mining rate and allow the resumption of grade streaming for the next two to three calendar years. As part of the optimisation, a Caterpillar 6060, 600 tonne class hydraulic face shovel was commissioned in November 2016. The introduction of the shovel is expected to increase mining rates to approximately 80Mtpa and reduce waste mining costs. This will allow preferential treatment of higher grade ore, and subsequently increase annual production rates.

As part of the Tropicana Long Island Study a revised ore reserve was released during the period which resulted in a 58% increase in the ore reserves to 60.1Mt at 1.97g/t Au for 3.80Moz, with the addition of 1.39Moz of contained gold, net of depletion, since 30 June 2016. The study is based on a strip mining strategy designed to significantly reduce waste mining costs through the introduction of short, horizontal hauls to backfill an open-pit void, instead of the conventional longer hauls out of the pit to more remote, elevated waste dumps. The Long Island Study is due to be completed around mid CY17.

The table below outlines key production and financial statistics for the half-year and corresponding period.

Tropicana Operation	**December 2016**	**December 2015**	**Variance (%)**
Gold ore mined (>0.6g/t Au) (‘000t)	4,198	4,370	-3.9
Gold ore mined (>0.4 and <0.6g/t Au) (‘000t)	624	582	7.2
Waste mined (‘000t)	32,276	23,799	35.6
Gold grade mined (>0.6g/t Au) (g/t)	2.05	2.16	-5.1
Ore milled (‘000t)	3,583	3,182	12.6
Gold grade milled (g/t)	2.15	2.76	-22.1
Metallurgical recovery (%)	89.3	89.7	-0.4
Gold produced (ounces)	221,232	251,945	-12.2
Gold refined and sold (IGO 30% share) (ounces)	65,361	76,055	-14.1
Cash costs (A$ per ounce produced)	821	625	31.4
All-in Sustaining Costs (AISC) (A$ per ounce sold)**	1,070	801	33.6
Realised A$ gold price (A$ per ounce sold)	1,622	1,547	4.8

**All-in Sustaining Costs (AISC) is a measure derived by the World Gold Council. On 27 June 2013, the Council released a publication outlining definitions of both cash costs and AISC.

Long Operation

The Long Operation performed well during the period. Total segment revenue increased by 14%, driven predominantly by a 20% higher realised A$ nickel price, despite 6% lower payable nickel tonnes sold as a result of the restructure that was implemented in September 2015 which resulted in a discontinuation of a number of the less profitable mining methods.

Production for the period was 103,765t of ore mined at an average 4.10% Ni for a reconciled 4,229t of contained nickel with the majority of ore being sourced from the Moran orebody. Cash costs for the period were $3.21 per payable pound.

Exploration drilling recommenced during the period with 2,085m of diamond drilling completed on the Victor West target, however no significant mineralisation was intersected.

Refer below for key production and financial statistics for the half-year and corresponding period.

Review of operations (continued)

Long Operation (continued)

Long Operation	December 2016	December 2015	Variance (%)
Ore mined (t)	103,765	123,682	-16.1
Grade mined (%)	4.10	3.64	12.6
Contained nickel metal (t)	4,229	4,508	-6.2
Payable nickel metal (t)	2,559	2,716	-5.8
Nickel C1 cash costs & royalties (A$ per payable pound)	3.21	3.97	-19.1
Realised A$ nickel price (A$ per pound)	6.57	5.49	19.7

Jaguar Operation

Zinc and copper production at the Jaguar Operation were lower due to lower mined grades and lower underground production, which was primarily attributable to delays in mining stopes as a result of bridging of long hole slots in poorly fragmented ground during the December 2016 quarter. Ore milled of 231,011t during the half-year was 10% lower than the comparative period in the prior year, resulting in lower payable metal.

Segment revenue increased by 16% to $76.5 million, driven by higher realised A$ zinc and copper prices. Cash costs were up 15% to $0.77 per payable pound, predominately the result of lower overall mined and processed tonnes which resulted in lower payable metal.

Exploration continued during the period, with in-mine drilling at Bentley and prospective diamond drilling at the Triumph Prospect. Results returned to-date are encouraging, with drilling to continue into the second half of the financial year.

The following table outlines key production and financial statistics for the half-year and corresponding period.

Jaguar Operation	December 2016	December 2015	Variance (%)
Ore mined (t)	229,643	253,709	-9.5
Ore milled (t)	231,011	256,160	-9.8
Zinc grade (%)	9.04	9.14	-1.1
Copper grade (%)	1.46	1.35	8.1
Silver grade (g/t)	135	122	10.7
Gold grade (g/t)	0.61	0.74	-17.6
Contained zinc metal (t)	18,641	20,721	-10.0
Contained copper metal (t)	2,756	2,876	-4.2
Payable zinc metal (t)	15,464	17,191	-10.0
Payable copper metal (t)	2,642	2,766	-4.5
Payable silver metal (oz)	484,188	491,218	-1.4
Payable gold metal (oz)	1,382	2,179	-36.6
Zinc C1 cash costs & royalties (A$ per payable pound)	0.77	0.67	14.9
Realised A$ zinc price (A$ per pound)	1.51	1.05	43.8
Realised A$ copper price (A$ per pound)	2.88	3.15	-8.6

Nova Project

Good progress continues to be achieved at Nova with the Process Plant facility being commissioned ahead of schedule during the period. Underground, the mine continued to focus on setting up the infrastructure required to ramp up to a sustainable ore mining rate by mid CY17 as planned.

Total mine development project to date is 10.2km. Commissioning of the processing plant occurred during the period, with 117,000t milled at an average grade of 0.9% Ni and 0.4% Cu, this ore being mined from the lower grade upper sections of the ore body as planned. Commissioning achieved design specification but, as anticipated during these early mining periods, the process plant is constrained by ore delivery from the underground mine.

In December 2016, the first saleable concentrates were produced, with 2,554t of nickel concentrates being delivered to BHP Nickel West before period end.

Review of operations (continued)

New Business and Regional Exploration Activities

The studies and regional exploration activities reflected in this segment relate to exploration expenditure, feasibility and evaluation studies incurred on the Group's growth portfolio. Greenfields exploration activities during the half-year focused on:

Albany Fraser

A number of exploration activities have been completed during the half-year on the Albany Fraser group of projects testing for magmatic nickel sulphide mineralisation. This has included exploration drilling on North Bore, Rising Dragon and Cobra, along with reconnaissance geophysics and soil sampling programs.

During the period, IGO completed an off-market take-over of Windward Resources Ltd (Windward). Exploration programs will commence on this project during the second half of the 2017 financial year.

Lake Mackay Gold/Base Metals Project (IGO Manager and Option to earn 70%)

The Lake Mackay co-funded aeromagnetic survey has progressed well during the period with 45,718 line-km completed which represents 88% of the 51,984 line-km planned.

In addition, an 18 hole reverse circulation program was completed at Lake Mackay during the period. This included 11 holes at the Grapple Prospect, three holes at the Springer Prospect and four holes at the Prowl Prospect.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial period were as follows:

During the half-year, the Company conducted a fully underwritten institutional placement (Placement) and raised $250.0 million. The Placement comprised an issue of 66,666,667 new shares in the Company at a price of $3.75 per share (Placement Price).

The Company also conducted a non-underwritten Share Purchase Plan (SPP) to facilitate retail shareholder participation of up to $15,000 per eligible shareholder at the Placement Price, subject to an overall cap of $30.0 million (the Placement and SPP together being the Equity Raising). The SPP was oversubscribed, however in recognition of the strong interest in the SPP by eligible retail shareholders, the Company's Board resolved to accept all valid applications without any scale back. The SPP resulted in the issue of an additional 8,388,689 ordinary shares and raised $31.5 million.

The Company undertook the Equity Raising to strengthen its balance sheet and to provide greater financial flexibility to fund growth initiatives. Specifically, the Equity Raising provided funding for the remaining development capital expenditure for the Nova Project, reducing the requirement for further drawdown under the Company's existing debt facilities. The Equity Raising also provided additional funds for the payment of residual acquisition costs (stamp duty), funding for debt repayment and general corporate purposes, including working capital.

The Company also restructured its existing banking facilities during the period. In July 2015, the Company entered into a syndicated facility agreement (Facility Agreement) with National Australia Bank Limited, Australia and New Zealand Banking Group and Commonwealth Bank of Australia Limited for a $550.0 million unsecured committed term facility. The Facility Agreement comprises:

- A five year $350.0 million amortising term loan facility; and
- A five year $200.0 million revolving loan facility.

Following the capital raising discussed above, the Company repaid $71.0 million of the amortising term loan facility and also cancelled a further $79.0 million of the same facility. Following this restructure, the Company has available facilities of: amortising loan facility of $200.0 million, which is fully drawn at balance date; and revolving loan facility of $200.0 million, which is currently undrawn.

During the period the Company also completed an off-market takeover of Windward. Windward was a listed public company holding a number of tenements within the Fraser Range region.

The takeover comprised a cash price of $0.19 per share and the acquisition was completed in December 2016. The total cost of the acquisition, including transaction costs, was $22.0 million. This balance included $4.5 million of cash balances acquired and resulted in a net cash outflow for the period of $16.6 million.

Matters subsequent to the end of the financial year

On 21 February 2017, the Company announced that an interim dividend would be paid on 27 March 2017. 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.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporation Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Peter Bradford
Managing Director

Perth, Western Australia
20 February 2017

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF INDEPENDENCE GROUP NL

As lead auditor for the review of Independence Group NL for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. 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.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 20 February 2017

	Notes	**31 December 2016 $'000**	31 December 2015 Restated* $'000
Revenue		**223,118**	218,821
Other income		**184**	2,429
Mining, development and processing costs		**(76,393)**	(74,207)
Employee benefits expense		**(29,684)**	(35,401)
Share-based payments expense		**(423)**	(282)
Fair value movement of financial investments		**845**	(1,906)
Depreciation and amortisation expense		**(47,906)**	(52,783)
Exploration costs expensed		**(9,044)**	(11,753)
Impairment of exploration and evaluation expenditure	5	**(492)**	(35,518)
Rehabilitation and restoration borrowing expense		**(607)**	(231)
Royalty expense		**(8,149)**	(6,827)
Ore tolling expense		**(4,905)**	(5,915)
Shipping and wharfage costs		**(7,080)**	(8,832)
Borrowing and finance costs		**(5)**	(79)
Acquisition and other integration costs		**(3,910)**	(66,924)
Other expenses		**(5,146)**	(5,419)
Profit (loss) profit before income tax		**30,403**	(84,827)
Income tax (expense) benefit		**(10,194)**	7,009
Profit (loss) for the period		**20,209**	(77,818)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax		2,425	933
Exchange differences on translation of foreign operations		29	(18)
Other comprehensive income for the period, net of tax		**2,454**	915
Total comprehensive income (loss) for the period		**22,663**	(76,903)
Profit (loss) for the period attributable to members of Independence Group NL		**20,209**	(77,818)
Total comprehensive income (loss) for the period attributable to the members of Independence Group NL		**22,663**	(76,903)

		Cents	Cents
Earnings (loss) per share for profit (loss) attributable to the ordinary equity holders of the Company:			
Basic earnings (loss) per share		3.52	(20.19)
Diluted earnings (loss) per share		3.51	(20.19)

* Refer to note 1(c) for details of restatement of comparative balances.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**31 December 2016 $'000**	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**109,219**	46,264
Trade and other receivables		**30,651**	30,900
Inventories		**40,988**	46,498
Financial assets at fair value through profit or loss		**9,426**	5,017
Derivative financial instruments	6	**3,112**	784
Total current assets		**193,396**	129,463
Non-current assets			
Receivables		**14**	14
Inventories		**38,461**	31,995
Property, plant and equipment	3	**49,718**	47,309
Mine properties	4	**1,545,699**	1,470,851
Exploration and evaluation expenditure	5	**127,647**	107,533
Deferred tax assets		**222,878**	219,427
Derivative financial instruments	6	**1,508**	799
Total non-current assets		**1,985,925**	1,877,928
TOTAL ASSETS		**2,179,321**	2,007,391
LIABILITIES			
Current liabilities			
Trade and other payables		**46,512**	107,132
Borrowings	7	**27,655**	43,154
Derivative financial instruments	6	**1,117**	2,487
Provisions		**7,204**	6,901
Total current liabilities		**82,488**	159,674
Non-current liabilities			
Borrowings	7	**168,931**	222,672
Derivative financial instruments	6	**942**	-
Deferred tax liabilities		**113,376**	100,949
Provisions		**70,250**	68,305
Total non-current liabilities		**353,499**	391,926
TOTAL LIABILITIES		**435,987**	551,600
NET ASSETS		**1,743,334**	1,455,791
EQUITY			
Contributed equity	8	**1,878,277**	1,601,458
Reserves	9(a)	**15,122**	12,873
Accumulated losses	9(b)	**(150,065)**	(158,540)
TOTAL EQUITY		**1,743,334**	1,455,791

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

	Contributed equity $'000	Accumulated losses $'000	Hedging reserve $'000	Share-based payments $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance at 1 July 2015	737,324	(88,020)	-	13,057	3,142	(8)	665,495
Adjustment on adoption of AASB 9 (net of tax)	-	1,036	(1,036)	-	-	-	-
Restated total equity at 1 July 2015	737,324	(86,984)	(1,036)	13,057	3,142	(8)	665,495
Loss for the period (restated*)	-	(77,818)	-	-	-	-	(77,818)
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	933	-	-	-	933
Currency translation differences - current period	-	-	-	-	-	(18)	(18)
Total comprehensive income for the period	-	(77,818)	933	-	-	(18)	(76,903)
Transactions with owners in their capacity as owners:							
Dividends paid	-	(12,786)	-	-	-	-	(12,786)
Share-based payments expense	-	-	-	282	-	-	282
Issue of shares - Employee Performance Rights Plan	3,505	-	-	(3,505)	-	-	-
Shares issued on acquisition of subsidiary	860,629	-	-	-	-	-	860,629
Balance at 31 December 2015	1,601,458	(177,588)	(103)	9,834	3,142	(26)	1,436,717

* Refer to note 1(c) for details of restatement of comparative balances.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Accumulated losses $'000	Hedging reserve $'000	Share-based payments $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance at 1 July 2016	1,601,458	(158,540)	(632)	10,371	3,142	(8)	1,455,791
Profit for the period	-	20,209	-	-	-	-	20,209
Other comprehensive income							
Currency translation differences - current period	-	-	-	-	-	29	29
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	2,425	-	-	-	2,425
Total comprehensive income for the period	-	20,209	2,425	-	-	29	22,663
Transactions with owners in their capacity as owners:							
Dividends paid	-	(11,734)	-	-	-	-	(11,734)
Share-based payments expense	-	-	-	423	-	-	423
Issue of shares - Employee Performance Rights Plan	628	-	-	(628)	-	-	-
Shares issued on capital raising	281,459	-	-	-	-	-	281,459
Costs associated with capital raising (net of tax)	(5,268)	-	-	-	-	-	(5,268)
Balance at 31 December 2016	1,878,277	(150,065)	1,793	10,166	3,142	21	1,743,334

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**31 December 2016 $'000**	31 December 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**242,318**	236,480
Payments to suppliers and employees (inclusive of goods and services tax)		**(209,050)**	(175,249)
		33,268	61,231
Interest received		**1,499**	1,202
Payments for exploration expenditure		**(9,700)**	(12,462)
Receipts from other operating activities		**521**	137
Net cash inflow from operating activities		**25,588**	50,108
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired		**(16,632)**	(202,052)
Payments for property, plant and equipment		**(9,394)**	(6,966)
Interest and other costs of finance paid		**(9,471)**	(1,225)
Proceeds from sale of property, plant and equipment and other investments		**1,504**	984
Payments for purchase of listed investments		**(3,569)**	-
Payments for development expenditure		**(113,654)**	(75,313)
Payments for capitalised exploration and evaluation expenditure		**(2,831)**	(10,213)
Net cash (outflow) from investing activities		**(154,047)**	(294,785)
Cash flows from financing activities			
Proceeds from borrowings		**-**	200,000
Repayment of borrowings		**(71,000)**	-
Proceeds from issues of shares		**281,459**	-
Share issue transaction costs		**(7,526)**	-
Finance lease payments		**-**	(428)
Payment of dividends	11	**(11,734)**	(12,786)
Transaction costs associated with borrowings		**-**	(5,346)
Net cash inflow from financing activities		**191,199**	181,440
Net increase (decrease) in cash and cash equivalents		**62,740**	(63,237)
Cash and cash equivalents at the beginning of the half-year		**46,264**	121,296
Effects of exchange rate changes on cash and cash equivalents		**215**	870
Cash and cash equivalents at the end of the half-year		**109,219**	58,929

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

1 Basis of preparation of half-year report

This condensed consolidated interim report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim 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 2016 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*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2017 annual report as a consequence of these amendments.

(b) Impact of standards issued but not yet applied by the entity

The Group has not elected to early adopt any new standards or amendments during the current reporting period.

(c) Restatement of comparatives

The Group early adopted AASB 9 *Financial Instruments* (AASB 9), issued in December 2009, including consequential amendments to other standards, with effect from 1 July 2015. The standard was prospectively applied to derivative financial instruments held at 1 July 2015 and comparative amounts have been restated where necessary.

The adoption of this standard had no impact on the net assets of the Group, however resulted in a reduction in accumulated losses of $1,036,000 and a corresponding debit to the hedging reserve of $1,036,000 at 1 July 2015.

In addition to the restatement of balances at 1 July 2015, profit or loss for the previous half-year has also been restated to reflect the impact of AASB 9. This resulted in a reduction of profit of $933,000 and a corresponding increase in the hedging reserve of $933,000 at 31 December 2015.

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 predominantly only one geographic segment (ie. Australia) and has identified the following operating segments, being the Tropicana Operation, the Long Operation, the Jaguar Operation, the Nova Project and New Business and Regional Exploration Activities (New Business).

The Tropicana Operation represents the Group’s 30% joint venture interest in the Tropicana Gold Mine. AngloGold Ashanti Australia Limited (AngloGold Ashanti) is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti and are considered for approval by the Company's Board.

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

The Jaguar Operation primarily produces copper and zinc concentrate. Revenue is derived from a single customer. The General Manager of the Jaguar Operation is responsible for the budgets and expenditure of the operation, responsibility for ore concentrate sales rests with the Chief Operating Officer. The Jaguar Operation and exploration properties are owned by the Group’s wholly owned subsidiary Independence Jaguar Pty Ltd.

2 Segment information (continued)

(a) Description of segments (continued)

The Nova Project was acquired by the Company following the acquisition of Sirius Resources NL in September 2015. The Nova Project comprises the construction and development of the Nova nickel, copper and cobalt mine, located east of Norseman in Western Australia. The General Manager of the Nova Project is responsible for the budgets and expenditure of the Project. During the construction phase, the Project Manager has responsibility for construction budgets and costs.

The Group's Chief Growth Officer is responsible for budgets and expenditure relating to the Group's regional exploration, scoping studies, feasibility studies and new business development. The New Business division does not normally derive any income. Should a project generated by the New Business division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from New Business and become reportable in a different segment.

(b) Segment results

	Tropicana Operation $'000	Long Operation $'000	Jaguar Operation $'000	Nova Project $'000	New business and regional exploration activities $'000	Total $'000
Half-year ended 31 December 2016						
Revenue from external customers	**106,627**	**37,925**	**76,482**	**-**	**-**	**221,034**
Other revenue	**-**	**536**	**65**	**-**	**30**	**631**
Total segment revenue	**106,627**	**38,461**	**76,547**	**-**	**30**	**221,665**
Segment net operating profit (loss) before income tax	**25,653**	**9,250**	**18,244**	**(313)**	**(10,888)**	**41,946**
Half-year ended 31 December 2015 (Restated*)						
Revenue from external customers	118,158	33,739	65,669	-	-	217,566
Other revenue	-	89	152	-	17	258
Total segment revenue	118,158	33,828	65,821	-	17	217,824
Segment net operating profit (loss) before income tax	40,298	(1,734)	1,430	-	(47,890)	(7,896)
Total segment assets						
31 December 2016	937,612	58,304	160,352	1,306,182	133,943	2,596,393
30 June 2016	840,174	65,738	145,892	1,213,261	111,412	2,376,477
Total segment liabilities						
31 December 2016	37,554	38,879	26,290	756,643	33,919	893,285
30 June 2016	36,813	35,200	22,816	682,152	33,588	810,569

2 Segment information (continued)

(c) Segment revenue

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

	31 December 2016 $'000	31 December 2015 $'000
Revenue from external customers	**221,665**	217,824
Interest revenue on corporate cash balances and other unallocated revenue	**1,453**	997
Total revenue	**223,118**	218,821

(d) Segment net profit (loss) before income tax

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

	31 December 2016 $'000	31 December 2015 Restated* $'000
Segment net operating profit (loss) before income tax	**41,946**	(7,896)
Interest revenue on corporate cash balances and other unallocated revenue	**1,453**	997
Fair value movement of corporate financial investments	**855**	(1,906)
Share-based payments expense	**(423)**	(282)
Depreciation and amortisation expense on corporate assets	**(578)**	(631)
Other corporate costs and unallocated other income	**(8,935)**	(8,118)
Borrowing and finance costs	**(5)**	(67)
Acquisition and other integration costs	**(3,910)**	(66,924)
Profit (loss) before income tax	**30,403**	(84,827)

(e) Segment assets

A reconciliation of reportable segment assets to total assets is as follows:

	31 December 2016 $'000	30 June 2016 $'000
Total segment assets	**2,596,393**	2,376,477
Intersegment eliminations	**(721,441)**	(616,812)
Unallocated assets:		
Deferred tax assets	**222,878**	219,427
Listed equity securities	**9,407**	4,989
Cash and receivables held by the parent entity	**68,175**	18,967
Office and general plant and equipment	**3,909**	4,343
Total assets as per the consolidated balance sheet	**2,179,321**	2,007,391

2 Segment information (continued)

(f) Segment liabilities

A reconciliation of reportable segment liabilities to total liabilities is as follows:

	31 December 2016 $'000	30 June 2016 $'000
Total segment liabilities	**893,285**	810,569
Intersegment eliminations	**(772,709)**	(690,382)
Unallocated liabilities:		
Deferred tax liabilities	**113,376**	100,949
Creditors and accruals	**2,876**	63,358
Provision for employee entitlements	**2,573**	1,280
Bank loans	**196,586**	265,826
Total liabilities as per the consolidated balance sheet	**435,987**	551,600

* Refer to note 1(c) for details of restatement of comparative balances.

3 Property, plant and equipment

	31 December 2016 $'000	31 December 2015 $'000
Property, plant and equipment	**49,718**	49,793

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

	31 December 2016 $'000	31 December 2015 $'000
Property, plant and equipment		
Carrying amount at beginning of period	**47,309**	47,244
Additions	**9,412**	5,556
Assets acquired on acquisition of subsidiary	**164**	3,432
Transfers from mine properties in production	**-**	1,702
Disposals	**(19)**	(20)
Depreciation expense	**(6,514)**	(7,829)
Depreciation expense capitalised	**(634)**	(292)
	49,718	49,793

4 Mine properties

	31 December 2016 $'000	31 December 2015 $'000
Mine properties in development	**1,288,932**	1,040,144
Mine properties in production	**256,767**	289,385
	1,545,699	1,329,529

4 Mine properties (continued)

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

	31 December 2016 $'000	31 December 2015 $'000
Mine properties in development		
Carrying amount at beginning of the period	**1,197,011**	-
Additions	**83,470**	56,143
Assets acquired on acquisition of subsidiary	**-**	979,509
Borrowing costs capitalised	**7,817**	4,200
Depreciation expense capitalised	**634**	292
Carrying amount at end of the period	**1,288,932**	1,040,144
Mine properties in production		
Carrying amount at beginning of the period	**273,840**	303,300
Additions	**24,075**	22,528
Transfers from exploration and evaluation expenditure	**244**	10,213
Transfers to property, plant and equipment	**-**	(1,702)
Amortisation expense	**(41,392)**	(44,954)
Carrying amount at end of the period	**256,767**	289,385

5 Exploration and evaluation expenditure

	31 December 2016 $'000	31 December 2015 $'000
Exploration and evaluation costs	**127,647**	107,533

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

	31 December 2016 $'000	31 December 2015 $'000
Carrying amount at beginning of the period	**107,533**	109,930
Additions	**2,831**	10,213
Assets acquired on acquisition of subsidiary	**18,019**	34,100
Transfers to mine properties in production	**(244)**	(10,213)
Impairment charge	**(492)**	(35,518)
Disposal of tenements	**-**	(979)
Carrying amount at end of the period	**127,647**	107,533

Impairment of exploration and evaluation expenditure

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Management regularly evaluates the recoverability of exploration and evaluation assets. The Group has impaired the following capitalised exploration and evaluation costs during the reporting period:

5 Exploration and evaluation expenditure (continued)

Impairment of exploration and evaluation expenditure (continued)

	31 December 2016 $'000	31 December 2015 $'000
Stockman exploration and feasibility costs	**-**	32,533
Jaguar regional exploration costs	**-**	2,985
Long exploration costs	**492**	-
	492	35,518

6 Derivative financial instruments

	31 December 2016 $'000	30 June 2016 $'000
Current assets		
Commodity hedging contracts - cash flow hedges	**344**	-
Diesel hedging contracts - cash flow hedges	**2,768**	784
	3,112	784
Non-current assets		
Commodity hedging contracts - cash flow hedges	**298**	-
Diesel hedging contracts - cash flow hedges	**1,210**	799
	1,508	799
Current liabilities		
Commodity hedging contracts - cash flow hedges	**-**	2,487
Foreign exchange hedging contracts - cash flow hedges	**1,117**	-
	1,117	2,487
Non-current liabilities		
Foreign exchange hedging contracts - cash flow hedges	**942**	-
	942	-

7 Borrowings

	31 December 2016 $'000	30 June 2016 $'000
Current		
Unsecured		
Bank loans	**27,655**	43,154
Total unsecured current borrowings	**27,655**	43,154
Non-current		
Unsecured		
Bank loans	**168,931**	222,672
Total unsecured non-current borrowings	**168,931**	222,672

7 Borrowings (continued)

(a) Corporate loan facility

In July 2015, the Company entered into a syndicated facility agreement (Facility Agreement) with National Australia Bank Limited, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited for a $550,000,000 unsecured committed term finance facility. The Facility Agreement comprised:

- A five year $350,000,000 amortising term loan facility; and
- A five year $200,000,000 revolving loan facility.

In October 2016, the Company repaid $71,000,000 of the amortising term loan facility and also cancelled a further $79,000,000 of the same facility. Following this restructure, the Company has available facilities of: amortising loan facility of $200,000,000, which is fully drawn at balance date; and revolving loan facility of $200,000,000, which is currently undrawn.

Total capitalised transaction costs to 31 December 2016 are $5,495,000 (30 June 2016: $5,549,000). Transaction costs are accounted for under the effective interest rate method. These costs are incremental costs that are directly attributable to the loan and include loan origination fees, legal fees and other costs relating to the establishment of the loan. The balance of unamortised transaction costs of $3,414,000 (30 June 2016: $5,174,000) is offset against the bank loans contractual liability of $200,000,000 (30 June 2016: $271,000,000).

Borrowing costs of $7,817,000 (2015: $4,200,000) relate to a qualifying asset (Nova Project) and have been capitalised in accordance with AASB 123 *Borrowing Costs*. Refer to note 4.

The Facility Agreement has certain financial covenants that the Company has to comply with. All such financial covenants have been complied with in accordance with the Facility Agreement.

8 Contributed equity

(a) Share capital

	31 December 2016 $'000	31 December 2015 $'000
Fully paid issued capital	**1,878,277**	1,601,458

(b) Movements in ordinary share capital

Details	**2016 Number of shares**	**2016 $'000**	**2015 Number of shares**	**2015 $'000**
Balance at 1 July	511,422,871	1,601,458	234,256,573	737,324
Acquisition of subsidiary	-	-	275,842,684	860,629
Issues of shares under the Employee Performance Rights Plan	220,353	628	1,323,614	3,505
Share placement and share purchase plan issues	75,055,356	281,459	-	-
Less: Transaction costs arising on share issue (net of tax)	-	(5,268)	-	-
Balance at 31 December	586,698,580	1,878,277	511,422,871	1,601,458

9 Reserves and accumulated losses

(a) Reserves

	31 December 2016 $'000	30 June 2016 $'000
Hedging reserve	**1,793**	(632)
Share-based payments reserve	**10,166**	10,371
Foreign currency translation	**21**	(8)
Acquisition reserve	**3,142**	3,142
	15,122	12,873

(b) Accumulated losses

	Notes	**31 December 2016 $'000**	31 December 2015 Restated* $'000
Balance at 1 July		**(158,540)**	(88,020)
Adjustment on adoption of AASB 9 (net of tax)		**-**	1,036
Restated retained earnings at 1 July		**(158,540)**	(86,984)
Net profit (loss) for the period		**20,209**	(77,818)
Dividends paid during the year	11	**(11,734)**	(12,786)
Balance at 31 December		**(150,065)**	(177,588)

* Refer to note 1(c) for details of restatement of comparative balances.

10 Financial risk management

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis:

10 Financial risk management (continued)

(a) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2016				
Financial assets				
Listed investments	**9,426**	**-**	**-**	**9,426**
Derivative instruments				
Commodity hedging contracts	**-**	**642**	**-**	**642**
Diesel hedging contracts	**-**	**3,978**	**-**	**3,978**
	9,426	**4,620**	**-**	**14,046**
Financial liabilities				
Derivative instruments				
Foreign currency hedging contracts	**-**	**2,059**	**-**	**2,059**
	-	**2,059**	**-**	**2,059**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2016				
Financial assets				
Listed and unlisted investments	5,017	-	-	5,017
Derivative instruments				
Diesel hedging contracts - current	-	1,583	-	1,583
	5,017	1,583	-	6,600
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	2,487	-	2,487
	-	2,487	-	2,487

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity and forward foreign exchange contracts is determined using forward commodity and exchange rates at the reporting date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain forward exchange contracts explained below.

(i) Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. These instruments had the following fair value at the reporting date.

10 Financial risk management (continued)

(a) Fair value measurements (continued)

(i) Fair value of other financial instruments (continued)

	Carrying amount $'000	Fair value $'000
At 31 December 2016		
Current assets		
Cash and cash equivalents	**109,219**	**109,219**
	109,219	**109,219**
Current liabilities		
Bank loans	**27,655**	**28,571**
	27,655	**28,571**
Non-current liabilities		
Bank loans	**168,931**	**171,429**
	168,931	**171,429**

	Carrying amount $'000	Fair value $'000
At 30 June 2016		
Current assets		
Cash and cash equivalents	46,264	46,264
	46,264	46,264
Current liabilities		
Bank loans	43,154	43,750
	43,154	43,750
Non-current liabilities		
Bank loans	222,672	227,250
	222,672	227,250

11 Dividends

(a) Ordinary shares

	31 December 2016 $'000	31 December 2015 $'000
Final dividend for the year ended 30 June 2016 of 2 cents (2015: 2.5 cents) per fully paid share	**11,734**	12,786
Total dividends paid during the half-year	**11,734**	12,786

11 Dividends (continued)

(b) Dividends not recognised at the end of the reporting period

	31 December 2016 $'000	31 December 2015 $'000
In addition to the above dividends, since the period end the Directors have recommended the payment of an interim dividend of 1 cent (2015: $nil) per fully paid share. The aggregate amount of the proposed dividend expected to be paid on 27 March 2017, but not recognised as a liability at period end, is:	**5,867**	-

12 Contingencies

(a) Contingent liabilities

The Group had guarantees outstanding at 31 December 2016 totalling $1,436,000 (30 June 2016: $1,315,000) which have been granted in favour of various third parties. The guarantees primarily relate to environmental and rehabilitation bonds at the various mine sites.

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

13 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	31 December 2016 $'000	30 June 2016 $'000
Mine properties in development	**65,471**	163,938
	65,471	163,938

The above capital commitments relate to the construction and development of the Nova nickel project.

(b) Gold delivery commitments

	Gold for physical delivery oz	**Average contracted sales price A$/oz**	**Value of committed sales $'000**
Within one year	**66,500**	**1,724**	**114,631**
Later than one but not later than five years	**78,876**	**1,835**	**144,743**
Total	**145,376**	**1,784**	**259,374**

The physical gold delivery contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as sales contracts with revenue recognised once gold has been delivered to the counterparties. The physical gold delivery contracts are considered to sell a non-financial item and therefore do not fall within the scope of AASB 9 *Financial Instruments.* Hence, no derivatives have been recognised in respect of these contracts.

14 Acquisition of Windward Resources Ltd

(a) Summary of acquisition

During the period, Independence Group NL acquired 100% of the issued share capital of Windward Resources Ltd (Windward) by way of an off-market takeover. Windward was a listed public Australian company holding a number of tenements within the Fraser Range region.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash	**4,507**
Trade and other receivables	**141**
Plant and equipment	**164**
Exploration and evaluation expenditure	**18,019**
Trade and other payables	**(848)**
Net identifiable assets acquired	**21,983**

The Company gained control of Windward on 27 October 2016, with a shareholding of 53.94%. Following the completion of the off-market and compulsory acquisition of the remaining shares, the Company held 100% of Windward as at 22 December 2016.

Total cash outflows relating to the acquisition of Windward for the period, including acquisition related costs, were $21,139,000. Cash received on the acquisition of Windward was $4,507,000, resulting in a net cash outflow in investing activities in the statement of cash flows of $16,632,000.

15 Events occurring after the reporting period

On 21 February 2017, the Company announced that an interim dividend would be paid on 27 March 2017. The dividend is 1 cent per share and will be fully franked.

There has been no other matter or circumstance that has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 7 to 23 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and

(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 Directors.

Peter Bradford
Managing Director

Perth, Western Australia
20 February 2017

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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 consolidated balance sheet as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 company 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 company 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 2016 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 2016 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

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 20 February 2017