29 February 2012

ASX Company Announcements
Australian Securities Exchange

Total pages: 22

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 2011 to 31 December 2011, in accordance with Listing Rule 4.2A.

In a separate Release to ASX, the Company will be providing a Commentary on its Results.

Interim Dividend

The Company will pay a fully franked Interim Dividend of 2 cents per share on 23 March 2012. The record date for determining entitlements will be 13 March 2012.

Christopher Bonwick
Managing Director
Independence Group NL

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES
ABN 46 092 786 304

HALF-YEAR INFORMATION – 1 JULY 2011 TO 31 DECEMBER 2011

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 2011 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 2011 TO 31 DECEMBER 2011
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	**105,611**	**36.1**
Loss after tax attributable to members	**(144,571)**	**(738.9)**
Net loss attributable to members	**(144,571)**	**(738.9)**

The previous corresponding period is the half-year ended 31 December 2010.

	2011	2010
Basic (loss) earnings per share (cents)	**(70.63)**	**19.03**
Diluted (loss) earnings per share (cents)	**(70.63)**	**18.99**
Net tangible assets per share (cents)	**338.22**	**350.94**

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

- **Loss after tax primarily impacted by $137,741 thousand non-cash impairment of goodwill and the carrying value of assets of the Jaguar/ Bentley copper and zinc mine acquired from Jabiru Metals Limited. In addition, the copper and zinc mining segment contributed $13,093 thousand loss after tax to the result.**
- **Higher revenue as a result of an additional $47,804 thousand contribution from the Jaguar/Bentley mine. This has been partially offset by lower LME nickel prices during the half-year compared to the previous half-year.**
- **Further details are available in the Review of Operations section of this Directors' Report.**

The Company paid a final 2010/11 fully franked dividend of 3 cents per share in September 2011. The Company will pay an interim dividend of 2 cents per share on 23 March 2012. The record date of the dividend will be 13 March 2012.

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.

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 2011.

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)
Kelly Ross (Non-executive Director)
John Christie (Non-executive Director)
Rod Marston (Non-executive Director)

Oscar Aamodt was a Director and Non-executive Chairman from the beginning of the half-year until his resignation on 29 July 2011. Kelly Ross became a Non-executive Director from 23 August 2011 following her resignation as an executive of the Company.

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	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Long nickel mine	**54,836**	76,056	**19,116**	36,563
Jaguar/Bentley	**47,804**	-	**(176,448)**	-
Tropicana gold project	**-**	-	**(723)**	-
Other regional exploration	**-**	-	**(3,587)**	(2,324)
Unallocated revenue	**2,971**	1,549	**-**	-
	105,611	77,605	**(161,642)**	34,239
Unallocated revenue less unallocated expenses			**(6,241)**	(2,454)
(Loss) profit before income tax expense			**(167,883)**	31,785
Income tax benefit (expense)			**23,312**	(9,158)
(Loss) profit after income tax expense			**(144,571)**	22,627
Net (loss) profit attributable to members of Independence Group NL			**(144,571)**	22,627

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

a) Long nickel mine

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

Segment revenues are down on the previous corresponding period as a result of lower nickel grade mined and sales price, partially offset by an increase in nickel ore mined. Consequently, segment result was also lower than the previous corresponding period.

b) Jabiru/Bentley copper and zinc mine

This division consists of Jabiru Metals Limited's operations; the Jaguar and Bentley mines. This segment was established following the acquisition of Jabiru Metals Limited in April 2011. During the June 2011 quarter, the Jaguar mine encountered unforseen geotechnical issues that necessitated a change in ground support methodology. Production from higher grade stopes was required to be suspended to enable additional ground support to be installed. During this time, a detailed review was undertaken which culminated in the development of a model which was able to explain the observed ground support failure mechanism. Following on from this, a revised mining plan was initiated which required the postponement of high grade stoping and the bringing forward of additional footwall waste drives. The delay in mining from the higher grade stopes resulted in lower mill feed grades which in turn resulted in lower product inventories. Consequently, shipping delays were experienced in the first six months after acquisition. During this time, commodity prices also came under downward pressure. In the opinion of management, the above events constitute impairment triggers that warrant an assessment of the carrying values of the Jaguar/ Bentley mine. Refer to note 12 for further details of the impairment assessment.

c) Tropicana gold project

This division consists of the Group's expenditure on the Tropicana Joint Venture. Development and construction of a gold mine and processing plant has been approved for the project. The project is managed by AngloGold Ashanti Australia Limited (70%) and the Company has a 30% interest in the project.

d) Other regional exploration

Exploration expenditure is incurred throughout Australia. The exploration activities reflected in this segment relate to exploration expenditure incurred on projects excluding Tropicana and expenditure at the Long Nickel and Jaguar/Bentley mines.

e) Capital raising

A share placement to institutional investors in December 2011 resulted in the raising of cash of $114,102 thousand, net of transaction costs (29,617,900 shares issued at $4.00 per share). The funds are anticipated to be used primarily to complete funding for construction and development of the Tropicana gold project. Subsequent to the end of the half-year, an additional $1,430 thousand was raised by the Company from a Share Purchase Plan that was conducted at the time of the placement to institutional investors (357,500 shares issued).

Events subsequent to balance date

On 29 February 2012, the Company announced that an interim dividend would be paid on 23 March 2012. The dividend is 2 cents 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 2011.

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.

C M Bonwick
Director

Perth
29 February 2012

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PO Box 700 West Perth WA 6872
Australia

29th February 2012

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 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 2011, 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.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd,
Perth, Western Australia

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2011

	Notes	**31 December 2011 $'000**	31 December 2010 $'000
Revenue from continuing operations		**105,611**	77,605
Other income		**12**	20
Mining, processing and development costs		**(47,080)**	(12,301)
Employee benefits expense		**(24,571)**	(10,146)
Share-based payments expense		**(32)**	(10)
Fair value adjustment of listed investments		**(2,062)**	1,104
Depreciation and amortisation expenses		**(21,606)**	(9,939)
Exploration costs expensed		**(1,170)**	(1,185)
Capitalised exploration costs written off		**(3,147)**	(1,848)
Impairment loss	**12**	**(157,744)**	-
Rehabilitation and restoration borrowing costs		**(187)**	(16)
Ore tolling expense		**(4,874)**	(4,014)
Royalty expense		**(4,152)**	(4,042)
Shipping and wharfage costs		**(2,357)**	-
Net gains on fair value financial liabilities		**1,071**	-
Borrowing and finance costs		**(691)**	-
Other expenses		**(4,904)**	(3,443)
(Loss) profit before income tax expense		**(167,883)**	31,785
Income tax benefit (expense)		**23,312**	(9,158)
(Loss) profit for the period		**(144,571)**	22,627
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges, net of tax		**8,721**	593
Other comprehensive income for the period, net of tax		**8,721**	593
Total comprehensive (loss) income for the period		**(135,850)**	23,220
(Loss) profit attributable to the members of Independence Group NL		**(144,571)**	22,627
Total comprehensive (loss) income for the period attributable to the members of Independence Group NL		**(135,850)**	23,220
(Loss) earnings per share for (loss) profit attributable to the ordinary equity holders of the Company			
		Cents	Cents
Basic (loss) earnings per share		**(70.63)**	19.03
Diluted (loss) earnings per share		**(70.63)**	18.99

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

Consolidated Statement of Financial Position
As at 31 December 2011

	Notes	31 December 2011 $'000	30 June 2011 $'000
Current assets			
Cash and cash equivalents		**262,240**	228,001
Trade and other receivables		**31,144**	28,762
Current tax receivable		**10,064**	7,541
Inventories		**11,588**	20,908
Financial assets		**4,787**	6,849
Derivative financial instruments	**7**	**16,235**	16,997
Total current assets		**336,058**	309,058
Non-current assets			
Other receivables		**587**	1,016
Property, plant and equipment	**3**	**68,864**	86,255
Mine properties	**4**	**148,167**	163,690
Exploration and evaluation expenditure	**5**	**289,602**	269,333
Deferred tax assets		**129,304**	111,420
Intangible assets	**6**	**592**	91,818
Derivative financial instruments	**7**	**8,782**	8,243
Total non-current assets		**645,898**	731,775
Total assets		**981,956**	1,040,833
Current liabilities			
Trade and other payables		**51,693**	60,994
Borrowings		**7,260**	5,789
Derivative financial instruments	**7**	**440**	15,014
Provisions		**986**	705
Financial liabilities at fair value through profit or loss		**6,862**	11,303
Total current liabilities		**67,241**	93,805
Non-current liabilities			
Borrowings		**6,826**	5,694
Provisions		**10,956**	11,402
Deferred tax liabilities		**107,663**	110,327
Financial liabilities at fair value through profit or loss		**2,220**	5,725
Total non-current liabilities		**127,665**	133,148
Total liabilities		**194,906**	226,953
Net assets		**787,050**	813,880
Equity			
Contributed equity	**8**	**732,935**	617,860
Reserves	**9**	**21,236**	12,483
Retained earnings	**9**	**32,879**	183,537
Total equity		**787,050**	813,880

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2011

	Half-year ended **31 December 2011** **$'000**	31 December 2010 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**108,110**	67,590
Payments to suppliers and employees (inclusive of goods and services tax)	**(94,190)**	(32,414)
	13,920	35,176
Interest and other costs of finance paid	**(592)**	-
Income taxes paid	**(2,524)**	(5,074)
Exploration expenditure	**(1,170)**	(1,185)
Receipts from other operating activities	**159**	10
Net cash provided by operating activities	**9,793**	28,927
Cash flows from investing activities		
Interest received	**5,655**	3,877
Payments for purchase of listed and unlisted investments	**-**	(398)
Proceeds from the sale of property, plant and equipment	**326**	11
Payments for property, plant and equipment	**(15,412)**	(7,240)
Payments for development expenditure	**(39,260)**	(12,012)
Payments for exploration and evaluation expenditure	**(25,305)**	(12,098)
Net cash used in investing activities	**(73,996)**	(27,860)
Cash flows from financing activities		
Proceeds from issues of share capital	**118,472**	165,457
Share issue costs	**(4,370)**	(6,880)
Repayment of finance lease liabilities	**(2,387)**	-
Repayment of borrowings	**(7,186)**	-
Payment of dividends	**(6,087)**	(3,414)
Net cash provided by (used in) financing activities	**98,442**	155,163
Net increase (decrease) in cash and cash equivalents held	**34,239**	156,230
Cash and cash equivalents at the beginning of the reporting period	**228,001**	143,957
Cash and cash equivalents at the end of the reporting period	**262,240**	300,187

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2011

	Contributed Equity $'000	Retained Earnings $'000	Share-Based Payments Reserve $'000	Hedging Reserve $'000	Acquisition Reserve $'000	Total Equity $'000
At 1 July 2010	29,552	186,969	4,040	(5,781)	-	214,780
Profit for the period	-	22,627	-	-	-	22,627
Other comprehensive income						
Profit on cash flow hedges, net of tax	-	-	-	593	-	593
Total comprehensive income for the period	-	22,627	-	593	-	23,220
Transactions with owners in their capacity as owners						
Shares issued	165,457	-	-	-	-	165,457
Transaction cost on shares issued, net of tax	(4,815)	-	-	-	-	(4,815)
Dividends paid	-	(3,414)	-	-	-	(3,414)
Share-based payments	-	-	10	-	-	10
At 31 December 2010	190,194	206,182	4,050	(5,188)	-	395,238
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						
Profit on 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**

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 2011 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 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 2011 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 accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

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

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 Mine which is disclosed under the Nickel Mining segment, the Jaguar/Bentley mine which is disclosed under the Copper and Zinc Mining segment, the Tropicana Project, and “other exploration” which is disclosed under Regional Exploration Activities.

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

The Jaguar/Bentley Mine primarily produces copper and zinc concentrate. Revenue is derived from a number of difference customers. The General Manager of Jaguar Mine is responsible for the budgets and expenditure of the mine, responsibility for ore concentrate sales rests with corporate management. This segment was established following the acquisition of Jabiru Metals Limited in April 2011.

The Tropicana Project represents the Group’s 30% joint venture interest in the Tropicana Gold Project. 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 been approved on the joint venture tenure. It is therefore allocated its own segment.

The Group’s Exploration Manager is responsible for budgets and expenditure by the Group’s regional exploration team. The Regional exploration division does not normally derive any income. Should a project generated by the Regional exploration division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from Regional exploration and become reportable as a separate segment.

Note 2. Segment information (continued)

(b) Segment information provided to the board

Half-year ended 31 December 2011	Nickel Mining $'000	Copper and Zinc Mining $'000	Tropicana Project $'000	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**	**(176,448)**	**(723)**	**(3,587)**	**(161,642)**
Impairment loss	**-**	**(157,744)**	**-**	**-**	**(157,744)**
Segment assets	**181,744**	**254,369**	**98,941**	**205,455**	**740,509**
Segment liabilities	**15,172**	**38,331**	**8,215**	**42,957**	**104,675**

Half-year ended 31 December 2010	Nickel Mining $'000	Copper and Zinc Mining $'000	Tropicana Project $'000	Regional Exploration Activities $'000	Total $'000
External revenue	73,176	-	-	-	73,176
Other revenue	2,880	-	-	-	2,880
Total segment revenue	76,056	-	-	-	76,056
Segment net operating profit (loss) before income tax	36,563	-	-	(2,324)	34,239
Segment assets	216,519	-	40,666	18,370	275,555
Segment liabilities	66,293	-	-	-	66,293

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

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Total (loss) profit for reportable segments	**(161,642)**	34,239
Interest revenue on corporate cash balances	**2,812**	1,549
Unrealised (losses) gains on financial assets	**(2,062)**	1,104
Share-based payment expense	**(32)**	(10)
Net gains on silver loan financing	**1,071**	-
Other corporate costs	**(8,030)**	(5,097)
(Loss) profit before income tax from continuing operations	**(167,883)**	31,785

Note 2. Segment information (continued)

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

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Total assets for reportable segments	**740,509**	275,555
Intersegment eliminations	**(83,418)**	-
Unallocated assets		
Deferred tax assets	**129,304**	16,252
Financial assets	**4,787**	2,239
Current tax assets	**10,064**	-
Cash and receivables held by the parent entity	**177,821**	181,463
Office and general plant and equipment	**2,889**	1,237
Total assets per the statement of financial position	**981,956**	476,746

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

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Total liabilities for reportable segments	**104,675**	66,293
Intersegment eliminations	**(41,021)**	(20,527)
Unallocated liabilities		
Deferred tax liabilities	**107,663**	29,165
Current tax liabilities	**-**	4,728
Corporate creditors and accruals	**13,639**	1,798
Provision for employee entitlements	**868**	51
Financial liabilities at fair value through profit or loss	**9,082**	-
Total liabilities per the statement of financial position	**194,906**	81,508

Note 3. Property, plant and equipment

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Property, plant and equipment	**68,864**	10,661

Reconciliation 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	**86,255**	5,070
Additions	**16,773**	7,240
Depreciation expense	**(9,863)**	(1,649)
Disposals	**(708)**	-
Impairment charge	**(23,593)**	-
Carrying amount at end of the period	**68,864**	10,661

Note 4. Mine properties

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Mine properties in development (a)	**28,089**	746
Mine properties in production (b)	**120,078**	41,729
Mine acquisition costs	**-**	436
	148,167	42,911

Reconciliation 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	**89,770**	-
Additions	**20,227**	746
Transfer to mine properties in production	**(81,908)**	-
Carrying amount at end of the period	**28,089**	746

(b) Mine properties in production		
Carrying amount at beginning of the period	**73,920**	37,064
Additions	**17,197**	11,265
Transfer from exploration and evaluation	**1,793**	1,117
Transfer from mine properties in development	**81,908**	-
Amortisation expense	**(11,654)**	(7,717)
Impairment charge	**(43,086)**	-
Carrying amount at end of the period	**120,078**	41,729

Note 5. Exploration and evaluation

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Exploration and evaluation	**289,602**	58,291

Reconciliation 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	**269,333**	49,302
Additions	**25,209**	11,954
Transfer to mine properties in production	**(1,793)**	(1,117)
Exploration expenditure written off	**(3,147)**	(1,848)
Carrying amount at end of the period	**289,602**	58,291

An assessment is performed quarterly on the carrying value of capitalised exploration and evaluation. This assessment resulted in a write-off of exploration and evaluation to the statement of comprehensive income of $3,147 thousand (2010: $1,848 thousand) during the period.

Note 6. Intangible assets

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Intangible assets	**592**	868

Reconciliation 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	**91,818**	1,006
Amortisation expense	**(161)**	(138)
Impairment charge	**(91,065)**	-
Carrying amount at end of the period	**592**	868

Note 7. Derivative financial instruments

	Consolidated	
	31 December 2011 $'000	30 June 2011 $'000
Current assets		
Commodity hedging contracts – at fair value through profit or loss	**313**	114
Commodity hedging contracts – cash flow hedges	**4,855**	-
Foreign currency contracts – at fair value through profit or loss	**4,897**	6,964
Foreign currency contracts – cash flow hedges	**6,170**	9,919
	16,235	16,997
Current liabilities		
Commodity hedging contracts – at fair value through profit or loss	**440**	4,155
Commodity hedging contracts – cash flow hedges	**-**	10,859
	440	15,014
Non-current assets		
Commodity hedging contracts – cash flow hedges	**5,211**	36
Foreign currency contracts – cash flow hedges	**3,571**	8,207
	8,782	8,243

Note 8. Contributed equity

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
Fully paid issued capital	**732,935**	190,194

(a) Movements in shares on issue

	Half-year		Half-year	
	2011 No. of shares	**2011 $'000**	2010 No. of shares	2010 $'000
Balance at 1 July	**202,907,135**	**617,860**	113,613,539	29,552
Issued during the year:				
- share placement and rights issue	**29,617,900**	**118,472**	24,713,766	164,347
- transaction costs, net of tax	**-**	**(3,397)**	-	(4,815)
- conversion of options	**-**	**-**	250,000	1,110
Balance at 31 December	**232,525,035**	**732,935**	138,577,305	190,194

Note 9. Reserves and retained earnings

	Consolidated	
	31 December 2011 $'000	30 June 2011 $'000
(a) Reserves		
Share-based payments reserve	**4,089**	4,057
Hedging reserve	**14,005**	5,284
Acquisition reserve	**3,142**	3,142
	21,236	12,483

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
(b) Retained earnings		
A reconciliation of retained earnings for the half-year is as follows:		
Balance at the beginning of the half-year	**183,537**	186,969
Net (loss) profit for the half-year	**(144,571)**	22,627
Dividends paid	**(6,087)**	(3,414)
Balance at the end of the half-year	**32,879**	206,182

Note 10. Dividends paid and proposed

	Consolidated	
	31 December 2011 $'000	31 December 2010 $'000
(a) Dividends paid		
Final dividend for the year ended 30 June 2011 of 3 cents (2010: 3 cents) per fully paid share	**6,087**	3,414
Total dividends paid during the half-year	**6,087**	3,414

(b) Unrecognised amounts

In addition to the above dividends, since half-year end the Directors have recommended the payment of an interim dividend of 2 cents (2010: 4 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 23 March 2012, but not recognised as a liability at half-year end is:	**4,658**	5,551

Note 11. Business combinations

Acquisition accounting was finalised during the half-year ended 31 December 2011 for the acquisition of Jabiru Metals Limited, which was acquired by the Group on 1 April 2011. Finalisation of the acquisition accounting resulted in fair value adjustments of $25,697 thousand increase in net assets and a corresponding decrease in goodwill. The adjustments to assets and liabilities on finalisation of acquisition accounting are summarised as follows:

	Consolidated		
	Provisional accounting 30 June 2011 $'000	**Fair value adjustments 30 June 2011 $'000**	**Final accounting 30 June 2011 $'000**
Exploration and evaluation expenditure	186,618	13,100	199,718
Deferred tax assets	51,329	11,691	63,020
Deferred tax liabilities	(37,347)	906	(36,441)
Goodwill	116,762	(25,697)	91,065
	317,362	-	317,362

Note 12. 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 Jaguar Bentley copper and zinc mine contains all of the goodwill that was acquired in the acquisition of Jabiru Metals Limited in April 2011. As at balance date, management considered that triggers for the impairment of goodwill existed which warranted an impairment test of the Jaguar/ Bentley CGU and allocated 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. The Company has determined that value in use provides the higher estimation of recoverable amount of the CGU. Management has determined that an impairment loss of $157,744 thousand is required to be recorded in the statement of comprehensive income of the Company at balance date. The following table outlines the classes of assets affected by the impairment loss:

	31 December 2011 $'000
Mine properties	43,086
Property, plant and equipment	23,593
Goodwill	91,065
	157,744

Value in use of the CGU has been determined with reference to discounted cash flows. In determining value in use, it has been necessary to make certain assumptions in order to estimate future cashflows. These include future sales prices, inflation, foreign exchange rates, costs of production, physical quantities of ore mined, processed, recovered and sold. External consensus data has been sourced to determine applicable forecast commodity prices, foreign exchange and inflation rates. The Company's most recent life of mine plan approved by management has been used to determine production quantities and costs. This plan extends over a period of 6 to 7 years which management considers appropriate given the amount of recoverable reserves and resources of the mine. The discount rate used is based on the Company's estimated weighted average cost of capital. This includes market estimates of the risk free rate, a market premium and cost of debt. The nominal pre-tax discount rates used in the value in use calculation were between 8 and 10%.

Note 13. 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 $7,679 thousand (30 June 2011: $5,562 thousand). There have been no other changes in contingent liabilities since the last annual reporting date.

Note 14. Events subsequent to balance date

On 29 February 2012, the Company announced a fully franked interim dividend of 2 cents per share to be paid on 23 March 2012 (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.

Directors' Declaration

The Directors of the Company declare that:

(a) The financial report and notes of Independence Group NL for the half-year ended 31 December 2011 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the financial position as at 31 December 2011 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:

C M Bonwick
Director

Perth
29 February 2012

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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 statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 2011 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 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 2011 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, Western Australia
Dated this 29th day of February 2012