INDEPENDENCE GROUP NL
ABN 46 092 786 304

APPENDIX 4D
HALF-YEAR REPORT

HALF-YEAR INFORMATION – 1 JULY 2013 TO 31 DECEMBER 2013
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	166,710	36.5%
Profit after tax attributable to members	21,492	30.3%
Net profit attributable to members	21,492	30.3%

The previous corresponding period is the half-year ended 31 December 2012.

	2013	**2012**
Basic earnings per share (cents)	9.21	7.08
Diluted earnings per share (cents)	9.14	7.05
Net tangible assets per share (cents)	287.18	278.94

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

- The Tropicana Gold Mine came into production in the December 2013 quarter with first pour occurring late September 2013. The mine contributed $6.5 million in profit before tax compared to $1.0 million loss before tax in the prior period while the mine was in the development and construction phase.
- The Jaguar Operation's profit before tax for the period increased by $18.8 million to $24.6 million as a result of significantly improved zinc, copper and silver production and improved cash costs.
- The Long Nickel Operation's profit before tax fell by $12.3 million due to 21.4% lower realised nickel prices and a lack of $10.5 million hedging gains which were available in the prior half-year. Offsetting these were 17.3% lower cash costs per payable pound.

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

Interim Dividend

The Company paid a final 2012/13 fully franked dividend of 1 cent per share in September 2013.

The Company will pay a fully franked interim dividend of 3 cents per share on 28 March 2014. The record date of the dividend will be 12 March 2014.

Other matters

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

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

INDEPENDENCE GROUP NL

ABN 46 092 786 304

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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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 2013 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*.

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 2013.

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)
Geoffrey Clifford (Non-executive Director)
Rod Marston (Non-executive Director)
Kelly Ross (Non-executive Director)

Christopher Bonwick was Managing Director from the beginning of the half-year until his resignation on 15 November 2013.

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	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Long Nickel Operation	**55,799**	69,104	**14,087**	26,374
Jaguar/Bentley Copper and Zinc Operation	**77,951**	50,764	**24,600**	5,795
Tropicana Gold Project	**32,780**	-	**6,522**	(1,033)
Feasibility and Regional Exploration Activities	**16**	4	**(4,662)**	(2,647)
Unallocated revenue	**164**	2,274	**-**	-
	166,710	122,146	**40,547**	28,489
Unallocated revenue less unallocated expenses			**(9,035)**	(4,948)
Profit before income tax			**31,512**	23,541
Income tax expense			**(10,020)**	(7,043)
Profit after income tax			**21,492**	16,498
Net profit attributable to members of Independence Group NL			**21,492**	16,498

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

a) Long Nickel Operation

Segment revenue and results of the Long Nickel Operation were down 19% and 46% respectively, primarily impacted by a combination of 21.4% lower realised A$ nickel prices and $10,457,000 hedging gains of the prior period not available in the current half-year. Offsetting these were 17.3% lower C1 cash costs and royalties per payable pound nickel. Refer below for key production and financial statistics.

Long Nickel Operation	December 2013	December 2012	Variance
Ore mined (t)	137,634	142,483	-3.4%
Grade mined (%)	4.16	3.93	5.9%
Contained nickel metal (t)	5,729	5,598	2.3%
Payable nickel metal (t)	3,449	3,379	2.1%
Nickel C1 cash costs & royalties (A$ per pound)	3.59	4.34	-17.3%
Realised A$ nickel price (A$ per pound)	7.12	9.06	-21.4%

Review of Operations (continued)

b) Jaguar/Bentley Copper and Zinc Operation

The Jaguar/Bentley Operation continued to improve significantly over the previous corresponding half-year. The segment's results rose to $24,600,000 compared to $5,795,000 in the prior period. Segment revenues increased by 54% to $77,951,000. The result is primarily due to significantly improved production statistics; primarily higher copper, zinc and silver grades and payable metal, notwithstanding similar realised or lower realised prices for base metals and silver. The table below outlines key production and financial statistics.

Jaguar Operation	December 2013	December 2012	Variance
Ore mined (t)	210,266	231,401	-9.1%
Zinc grade (%)	10.28	8.93	15.1%
Copper grade (%)	1.94	1.51	28.5%
Silver grade (g/t)	132	128	3.1%
Gold grade (g/t)	0.48	0.25	92.0%
Contained zinc metal (t)	19,573	15,630	25.3%
Contained copper metal (t)	3,741	2,567	45.7%
Payable zinc metal (t)	16,299	12,985	25.5%
Payable copper metal (t)	3,598	2,463	46.1%
Payable silver metal (oz)	544,792	456,649	19.3%
Payable gold metal (oz)	1,958	1,136	72.4%
Zinc C1 cash costs & royalties (A$ per pound)	0.34	0.51	-33.3%
Realised A$ zinc price (A$ per pound)	0.96	0.94	2.1%
Realised A$ copper price (A$ per pound)	3.56	3.62	-1.6%

c) Tropicana Gold Project

This division consists of the Group's interest in the Tropicana Joint Venture. The interest, which is held 30% by the Company and 70% by AngloGold Ashanti Australia Limited, comprises the Tropicana Gold Mine ("Tropicana") which is a joint operation between the Company and AngloGold Ashanti as manager of the operation, and brownfields and regional exploration activities over a project area in excess of 10,300 square kilometres.

Commissioning of Tropicana commenced during the half-year. A maiden gold pour occurred in late September 2013 and total 100% attributable gold poured for the December 2013 half-year was 95,050 ounces.

The segment derived revenue totalling $32,780,000 which includes a reversal of unrealised hedge gains recorded at 30 June 2013 of $1,232,000 in relation to the mark-to-market of zero cost gold collar options. The Company's attributable share of gold production for the period was 28,515 ounces. 24,740 ounces were refined and sold at half-year end. Cash costs per ounce produced were $612. The Company has also adopted a recommendation from the World Gold Council to report an All-in Sustaining Costs metric ("AISC"). AISC per ounce sold was $687. AISC comprise in addition to cash costs; capitalised sustaining deferred waste stripping costs, sustaining exploration costs, joint venture management fees, sustaining capital ($nil for the period) and non-cash rehabilitation costs.

The Company's total gold production over the first 3 years is estimated to average between 141,000 - 147,000 ounces per annum with cash costs estimated to be in the range A$590 - 630 per ounce of gold. Forecast mine life is in excess of 10 years.

Review of Operations (continued)

d) Feasibility and Regional Exploration Activities

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

Regional exploration was initiated on the new Lake MacKay Project in the Northern Territory where surface geochemistry recently identified 65 gold anomalies for follow-up testing. A number of new greenfields joint venture agreements have been commenced including the Darlot JV north of the Jaguar Operations and the Bryah Basin JV west of DeGrussa, both of which are prospective for Volcanogenic Massive Sulphide style base metals, and also the Rebecca JV east of Kalgoorlie which is prospective for Kambalda style Ni-Cu mineralisation.

Substantial progress has been made on a Feasibility Study on the Stockman zinc-copper-silver-gold project (100% IGO). Submission of a draft Environmental Effects Statement (EES) to the Victorian government was made just prior to the end of 2013. After extensive consultation, within government and throughout the community, the Company believes all key issues have been adequately addressed and full permitting should be achieved around mid-2014. In parallel with the permitting tasks, work recommenced late in 2013 to examine optimisation opportunities with a view to concluding that work simultaneously with permitting in mid-2014.

The Karlawinda Gold Project (100% IGO) continues to be an active exploration area with significant potential for the Company.

Events subsequent to balance date

On 26 February 2014, the Company announced that an interim dividend would be paid on 28 March 2014. The dividend is 3 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 6 required under section 307C of the *Corporations Act 2001* forms part of the Director's Report for the six months ended 31 December 2013.

Rounding of amounts to nearest thousand dollars

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

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

P R Bilbe
Chairman

Perth
26 February 2014

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

As lead auditor for the review of Independence Group NL for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

BRAD MCVEIGH
Director

Perth, 26 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2013

	Notes	**31 December 2013 $'000**	31 December 2012 $'000
Revenue from continuing operations		**166,710**	122,146
Other income		**-**	804
Mining and processing costs		**(44,709)**	(34,803)
Employee benefits expense		**(29,905)**	(27,097)
Share-based payments expense		**(1,636)**	(1,034)
Fair value adjustment of listed investments		**633**	(367)
Depreciation and amortisation expenses		**(25,469)**	(11,613)
Exploration costs expensed		**(2,135)**	(975)
Impairment of exploration and evaluation expenditure		**(4,350)**	(2,581)
Rehabilitation and restoration borrowing costs		**(310)**	(134)
Ore tolling expense		**(6,109)**	(5,628)
Royalty expense		**(6,092)**	(4,207)
Shipping and wharfage costs		**(8,910)**	(5,893)
Net losses on fair value financial liabilities		**-**	(665)
Borrowing and finance costs		**(1,881)**	(768)
Other expenses		**(4,325)**	(3,644)
Profit before income tax expense		**31,512**	23,541
Income tax expense		**(10,020)**	(7,043)
Profit for the period		**21,492**	16,498
Other comprehensive income			
Items that will be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax		**(1,424)**	(7,067)
Other comprehensive loss for the period, net of tax		**(1,424)**	(7,067)
Total comprehensive income for the period		**20,068**	9,431
Profit attributable to the members of Independence Group NL		**21,492**	16,498
Total comprehensive income for the period attributable to the members of Independence Group NL		**20,068**	9,431
Earnings per share for profit attributable to the ordinary equity holders of the Company			
		Cents	**Cents**
Basic earnings per share		**9.21**	7.08
Diluted earnings per share		**9.14**	7.05

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

Consolidated Balance Sheet
As at 31 December 2013

	Notes	31 December 2013 $'000	30 June 2013 $'000
Current assets			
Cash and cash equivalents		**45,828**	27,215
Trade and other receivables		**25,341**	24,159
Inventories		**39,673**	22,760
Financial assets		**1,800**	1,092
Derivative financial instruments	**7**	**7,768**	6,946
Total current assets		**120,410**	82,172
Non-current assets			
Other receivables		**84**	604
Property, plant and equipment	**3**	**52,221**	36,278
Mine properties	**4**	**359,801**	349,115
Exploration and evaluation expenditure	**5**	**210,393**	199,392
Deferred tax assets		**162,594**	152,261
Intangible assets	**6**	**41**	179
Derivative financial instruments	**7**	**-**	1,981
Total non-current assets		**785,134**	739,810
Total assets		**905,544**	821,982
Current liabilities			
Trade and other payables		**50,944**	53,599
Borrowings		**4,865**	6,030
Derivative financial instruments	**7**	**2,710**	1,910
Provisions		**2,348**	2,446
Total current liabilities		**60,867**	63,985
Non-current liabilities			
Borrowings		**56,794**	11,524
Provisions		**24,019**	21,724
Deferred tax liabilities		**95,024**	75,280
Total non-current liabilities		**175,837**	108,528
Total liabilities		**236,704**	172,513
Net assets		**668,840**	649,469
Equity			
Contributed equity	**8**	**735,060**	734,007
Reserves	**9**	**13,491**	14,332
Accumulated losses	**9**	**(79,711)**	(98,870)
Total equity		**668,840**	649,469

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2013

	31 December 2013 $'000	31 December 2012 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**164,732**	139,978
Payments to suppliers and employees (inclusive of goods and services tax)	**(105,386)**	(99,915)
	59,346	40,063
Interest and other costs of finance paid	**(361)**	(759)
Exploration expenditure	**(2,135)**	(1,131)
Receipts from other operating activities	**100**	7
Net cash provided by operating activities	**56,950**	38,180
Cash flows from investing activities		
Interest received	**296**	2,775
Dividends received	**5**	-
Payments for purchase of listed and unlisted investments	**(75)**	(50)
Proceeds from the sale of property, plant and equipment and other investments	**-**	1,255
Payments for property, plant and equipment	**(5,580)**	(3,611)
Payments for development expenditure	**(51,151)**	(95,929)
Payments for exploration and evaluation expenditure	**(22,112)**	(20,434)
Net cash used in investing activities	**(78,617)**	(115,994)
Cash flows from financing activities		
Proceeds from borrowings	**47,000**	-
Costs associated with borrowings	**(1,041)**	-
Repayment of finance lease liabilities	**(3,346)**	(6,590)
Repayment of borrowings	**-**	(3,832)
Payment of dividends	**(2,333)**	(2,329)
Net cash provided by (used in) financing activities	**40,280**	(12,751)
Net increase (decrease) in cash and cash equivalents held	**18,613**	(90,565)
Cash and cash equivalents at the beginning of the reporting period	**27,215**	192,678
Cash and cash equivalents at the end of the reporting period	**45,828**	102,113

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 2013

	Contributed Equity $'000	Accumulated Losses $'000	Share-Based Payments Reserve $'000	Hedging Reserve $'000	Acquisition Reserve $'000	Total Equity $'000
At 1 July 2012	734,007	(112,500)	4,919	12,557	3,142	642,125
Profit for the period	-	16,498	-	-	-	16,498
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(7,067)	-	(7,067)
Total comprehensive income (loss) for the period	-	16,498	-	(7,067)	-	9,431
Transactions with owners in their capacity as owners						
Transaction cost on shares issued, net of tax	(338)	-	-	-	-	(338)
Dividends paid	-	(2,329)	-	-	-	(2,329)
Share-based payments	-	-	1,034	-	-	1,034
At 31 December 2012	733,669	(98,331)	5,953	5,490	3,142	649,923
At 1 July 2013	**734,007**	**(98,870)**	**8,793**	**2,397**	**3,142**	**649,469**
Profit for the period	**-**	**21,492**	**-**	**-**	**-**	**21,492**
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges, net of tax	**-**	**-**	**-**	**(1,424)**	**-**	**(1,424)**
Total comprehensive income (loss) for the period	**-**	**21,492**	**-**	**(1,424)**	**-**	**20,068**
Transactions with owners in their capacity as owners						
Issue of shares – Employee Performance Rights Plan	**1,053**	**-**	**(1,053)**	**-**	**-**	**-**
Dividends paid	**-**	**(2,333)**	**-**	**-**	**-**	**(2,333)**
Share-based payments expense	**-**	**-**	**1,636**	**-**	**-**	**1,636**
At 31 December 2013	**735,060**	**(79,711)**	**9,376**	**973**	**3,142**	**668,840**

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 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Independence Group NL during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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

Changes in accounting policies

The following amended Standards have been adopted from 1 July 2013. Adoption of these Standards did not have any effect on the financial position or performance of the Group.

- Principles of consolidation – new standards AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*

  AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities.* Under the new principles, the Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect those returns through its power over the entity.

  The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

  Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Independence Group NL has assessed the nature of its joint arrangement and determined it to be a joint operation.

  The accounting for the Group's joint operations has not changed as a result of the adoption of AASB 11. The Group continues to recognise its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

- Accounting for employee benefits – revised AASB 119 *Employee Benefits*

  The changes to this standard did not have any impact on the Group.

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

Impact of standards issued but not effective

From 1 July 2014, the Group is required to adopt Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2014. The Group has reviewed the impact of these Standards and Interpretations and are continuing to assess whether they will have a significant effect on the financial position or performance of the Group.

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

Note 2. Segment information

(a) Description of segments

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

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

The Jaguar/Bentley Operation primarily produces copper and zinc concentrate. Revenue is derived from a number of different customers. The Registered Manager of the Jaguar/Bentley Operation is responsible for the budgets and expenditure of the operation, responsibility for ore concentrate sales rests with corporate management. The Jaguar/Bentley Operation and exploration properties are owned by the Group's wholly owned subsidiary Jabiru Metals Limited.

The Tropicana Gold Project represents the Group's 30% joint venture interest in the Tropicana Joint Venture. AngloGold Ashanti Australia is the manager of the project and holds the remaining 70% interest. Programs and budgets are provided by AngloGold Ashanti Australia Limited and are considered for approval by the Independence Group NL Board. The project comprises regional and brownfields exploration tenements covering in excess of 10,300 square kilometres, and the Tropicana gold mine which had its maiden gold pour in late September 2013. The Project is allocated its own segment.

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

Note 2. Segment information (continued)

Half-year ended 31 December 2013	Nickel Mining $'000	Copper and Zinc Mining $'000	Tropicana Gold Project $'000	Feasibility and Regional Exploration Activities $'000	Total $'000
Sales to external customers	**55,721**	**77,931**	**32,780**	**-**	**166,432**
Other revenue	**78**	**20**	**-**	**16**	**114**
Total segment revenue	**55,799**	**77,951**	**32,780**	**16**	**166,546**
Segment net operating profit (loss) before income tax	**14,087**	**24,600**	**6,522**	**(4,662)**	**40,547**
Segment assets	**104,416**	**90,998**	**413,139**	**182,610**	**791,163**
Segment liabilities	**20,138**	**36,192**	**26,336**	**28,904**	**111,570**

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

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

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Total segment revenue	**166,546**	119,872
Interest revenue on corporate cash balances and other unallocated revenue	**164**	2,274
Total revenue	**166,710**	122,146

Note 2. Segment information (continued)

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

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Total profit for reportable segments	**40,547**	28,489
Interest revenue on corporate cash balances and other unallocated revenue	**164**	2,274
Unrealised gains (losses) on financial assets	**633**	(367)
Share-based payment expense	**(1,636)**	(1,034)
Net losses on silver loan financing	**-**	(665)
Depreciation and amortisation expense on corporate assets	**(520)**	(510)
Borrowing and finance costs	**(1,510)**	-
Other corporate costs and unallocated other income	**(6,166)**	(4,646)
Profit before income tax from continuing operations	**31,512**	23,541

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

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Total assets for reportable segments	**791,163**	672,095
Intersegment eliminations	**(66,138)**	(62,288)
Unallocated assets		
Deferred tax assets	**162,594**	150,702
Financial assets	**1,751**	2,737
Cash and receivables held by the parent entity	**13,385**	47,816
Office and general plant and equipment	**2,789**	2,781
Total assets per the balance sheet	**905,544**	813,843

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

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Total liabilities for reportable segments	**111,570**	139,976
Intersegment eliminations	**(40,040)**	(65,189)
Unallocated liabilities		
Deferred tax liabilities	**95,024**	72,889
Corporate creditors and accruals	**14,114**	12,812
Provision for employee entitlements	**1,078**	1,101
Financial liabilities at fair value through profit or loss	**-**	2,331
Bank loans	**54,958**	-
Total liabilities per the balance sheet	**236,704**	163,920

Note 3. Property, plant and equipment

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Property, plant and equipment	**52,221**	35,355

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

Property, plant and equipment		
Carrying amount at beginning of the period	**36,278**	37,173
Additions	**6,303**	4,875
Depreciation expense	**(7,525)**	(6,689)
Disposals	**(50)**	(4)
Transfers from mine properties in development	**17,215**	-
Carrying amount at end of the period	**52,221**	35,355

Note 4. Mine properties

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Mine properties in development (a)	**-**	188,422
Mine properties in production (b)	**359,801**	82,344
	359,801	270,766

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

(a) Mine properties in development		
Carrying amount at beginning of the period	**258,778**	59,609
Additions	**28,479**	96,393
Transfers to mine properties in production*	**(271,095)**	-
Transfers from exploration and evaluation	**336**	32,420
Transfers to property, plant and equipment	**(17,215)**	-
Borrowing costs capitalised	**544**	-
Depreciation expense capitalised	**173**	-
Carrying amount at end of the period	**-**	188,422

(b) Mine properties in production		
Carrying amount at beginning of the period	**90,337**	63,665
Additions	**20,771**	21,736
Transfer from exploration and evaluation	**5,215**	1,849
Transfer from mine properties in development*	**271,095**	-
Amortisation expense	**(18,097)**	(4,906)
Transfers to inventories	**(9,520)**	-
Carrying amount at end of the period	**359,801**	82,344

***** Transfers relate to commissioning and commencement of production of gold at the Tropicana Gold Mine during the half-year.

Note 5. Exploration and evaluation expenditure

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Exploration and evaluation expenditure	**210,393**	186,314

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

Exploration and evaluation expenditure		
Carrying amount at beginning of the period	**199,392**	203,371
Additions	**20,902**	20,000
Transfer to mine properties in production	**(5,215)**	(1,849)
Transfer to mine properties in development	**(336)**	(32,420)
Disposals	**-**	(207)
Impairment charge	**(4,350)**	(2,581)
Carrying amount at end of the period	**210,393**	186,314

An assessment is performed quarterly on the carrying value of capitalised exploration and evaluation. This assessment resulted in an impairment of exploration and evaluation to the profit or loss of $4,350,000 (2012: $2,581,000) during the period.

Note 6. Intangible assets

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Intangible assets	**41**	317

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

Intangible assets		
Carrying amount at beginning of the period	**179**	454
Amortisation expense	**(138)**	(137)
Carrying amount at end of the period	**41**	317

Note 7. Derivative financial instruments

	Consolidated	
	31 December 2013 $'000	30 June 2013 $'000
Current assets		
Commodity hedging contracts – at fair value through profit or loss	**2,144**	-
Commodity hedging contracts – cash flow hedges	**5,624**	6,946
	7,768	6,946
Current liabilities		
Commodity hedging contracts – cash flow hedges	**283**	-
Foreign currency hedging contracts – at fair value through profit or loss	**845**	-
Foreign currency hedging contracts – cash flow hedges	**1,582**	1,910
	2,710	1,910
Non-current assets		
Commodity hedging contracts – cash flow hedges	**-**	1,981
	-	1,981

Note 8. Contributed equity

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
Fully paid issued capital	**735,060**	733,669

(a) Movements in shares on issue

	Half-year		Half-year	
	2013 No. of shares	**2013 $'000**	2012 No. of shares	2012 $'000
Balance at 1 July	**232,882,535**	**734,007**	232,882,535	734,007
Issued during the year:				
- shares issued under the Employee Performance Rights Plan	**441,370**	**1,053**	-	-
- transaction costs, net of tax	**-**	**-**	-	(338)
Balance at 31 December	**233,323,905**	**735,060**	232,882,535	733,669

Note 9. Reserves and retained earnings

	Consolidated	
	31 December 2013 $'000	30 June 2013 $'000
(a) Reserves		
Share-based payments reserve	**9,376**	8,793
Hedging reserve	**973**	2,397
Acquisition reserve	**3,142**	3,142
	13,491	14,332

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
(b) Accumulated losses		
A reconciliation of accumulated losses for the half-year is as follows:		
Balance at the beginning of the half-year	**(98,870)**	(112,500)
Net profit for the half-year	**21,492**	16,498
Dividends paid	**(2,333)**	(2,329)
Balance at the end of the half-year	**(79,711)**	(98,331)

Note 10. Fair value measurement of financial instruments

a) Fair value hierarchy

AASB 13 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 or indirectly (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 2013 and 30 June 2013 on a recurring basis:

At 31 December 2013	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Financial assets				
Derivative instruments				
Commodity hedging contracts	-	7,768	-	7,768
Listed and unlisted investments	1,750	-	50	1,800
	1,750	7,768	50	9,568
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	283	-	283
Foreign exchange hedging contracts	-	2,427	-	2,427
	-	2,710	-	2,710

At 30 June 2013	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Financial assets				
Derivative instruments				
Commodity hedging contracts	-	8,927	-	8,927
Listed investments	1,042	-	50	1,092
	1,042	8,927	50	10,019
Financial liabilities				
Derivative instruments				
Foreign exchange hedging contracts	-	1,910	-	1,910
	-	1,910	-	1,910

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2013 and did not transfer any fair value amounts between the fair value hierarchy levels during the half-year ended 31 December 2013.

b) Valuation techniques used to derive level 2 and level 3 fair values

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.

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 balance sheet 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 which are included in level 3.

Note 10. Fair value measurement of financial instruments (continued)

c) 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 31 December 2013.

At 31 December 2013	Carrying Amount $000	Fair Value $000
Current assets		
Cash and cash equivalents	45,828	45,828
	45,828	45,828
Current liabilities		
Lease liabilities	4,865	5,209
	4,865	5,209
Non-current liabilities		
Bank loans	54,958	57,000
Lease liabilities	1,836	1,893
	56,794	58,893

Note 11. Dividends paid and proposed

	Consolidated	
	31 December 2013 $'000	31 December 2012 $'000
(a) Dividends paid		
Final dividend for the year ended 30 June 2013 of 1 cent (2012: 1 cent) per fully paid share	**2,333**	2,329
Total dividends paid during the half-year	**2,333**	2,329
(b) Unrecognised amounts		
In addition to the above dividends, since half-year end the Directors have recommended the payment of an interim dividend of 3 cents (2012: 1 cent) per fully paid share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 28 March 2014, but not recognised as a liability at half-year end is:	**7,000**	**2,329**

Note 12. Contingent assets and liabilities

(a) Contingent assets

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

(b) Contingent liabilities

Guarantees relating to environmental and rehabilitation bonds have increased to $15,756,000 (30 June 2013: $15,249,000). There have been no other changes in contingent liabilities since the last annual reporting date.

Note 13. Events subsequent to balance date

On 26 February 2014, the Company announced a fully franked interim dividend of 3 cents per share to be paid on 28 March 2014 (refer note 11 for details).

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

The Directors of the Company declare that:

(a) The financial report and notes of Independence Group NL for the half-year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:

  (i) Giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and

  (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

P R Bilbe
Chairman

Perth
26 February 2014

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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 2013, 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 2013 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 2013 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

Brad McVeigh
Director

Perth, 26 February 2014