ASX RELEASE

20/02/2018

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 AND APPENDIX 4D

Independence Group NL (IGO or the Company) is pleased to report its results for the half-year ended 31 December 2017 (1H18).

Key Points

- Successful maiden half-year of commercial production from Nova, with the operation demonstrating better than nameplate ore mined and milled tonnages in December and progressively improving metallurgical recoveries during the period.
- Tropicana gold production, cash costs and All-in Sustaining Costs significantly better than guidance.
- Primary metal production from Long and Jaguar was within guidance.
- Revenue of A$354.8 million (1H17: A$223.1 million). An increase of 59% primarily due to the inclusion of revenue from the Nova Operation, together with Tropicana and Jaguar also contributing strong revenue results for the period.
- Net profit after tax of A$3.2 million (1H17: A$20.2 million). The Company's operations generated strong revenue and EBITDA results for the period, however net profit after tax was lower due to an expected A$69.9 million of depreciation and amortisation charges of the Nova Operation.
- Operating cash flows of A$111.4 million (1H17: A$25.6 million). Increased by 335% primarily due to the inclusion of Nova operating cash flows and increased gold sales from Tropicana. In addition, 1H17 was impacted by the payment of stamp duty taxes to the Western Australian State Government of A$58.2 million.
- Debt of A$28.6 million was repaid during 1H18. Balance sheet continued to strengthen with net debt reduced from A$164.2 million to A$120.1 million.
- The Directors have declared an interim dividend of 1 cent per share, fully franked.

Peter Bradford, Managing Director and CEO of IGO, said:

"The first half represents a milestone for the Company with Nova delivering at the better end of nickel production and cash costs guidance in its maiden six months of commercial production.

In addition, Tropicana delivered better than guidance across all metrics and progressed the Long Island, and second ball mill, value enhancement projects to a decision to proceed.

Our focus now is on delivering consistency and the continued optimisation of our assets coupled with exploration and discovery, across our brownfields sites and belt-scale greenfields projects, to deliver organic growth."

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Group Financial Summary

Half-Year ended 31 December (A$M)	1H18	1H17	Inc/(dec)
Total Revenue	**354.8**	223.1	59%
Underlying EBITDA[1]	**133.4**	81.8	63%
Net Profit After Tax	**3.2**	20.2	(84%)
Net Cash Inflow From Operating Activities	**111.4**	25.6	335%
Cash Outflow From Investing Activities	**(60.3)**	(154.0)	(61%)
Net Cash (Outflow) / Inflow from Financing Activities	**(34.4)**	191.2	n/a
Interim Dividend – fully franked (A$/share)	**0.01**	0.01	0%
	Dec 2017	**June 2017**	**Inc/(dec)**
Total Assets	**2,181.1**	2,208.5	(1%)
Cash	**51.3**	35.8	43%
Debt	**171.4**	200.0	(14%)
Total Liabilities	**448.2**	475.7	(6%)
Shareholders' Equity	**1,732.9**	1,732.8	0%
Net tangible assets ($ per share)	**2.95**	2.97	(1%)

Operational Financial Summary

Total revenue in 1H18 increased by 59% to A$354.8 million (1H17: A$223.1 million). Higher revenues were attributable to a number of factors, including:

- Revenues from the Nova Operation of A$124.8 million were included in the current period following declaration of commercial production from 1 July 2017.
- Revenue from the Tropicana Operation increased by 20% to A$127.5 million during the current period driven by 14% increase in gold sold and a 5% higher realised A$ gold price.
- Revenue from the Jaguar Operation decreased by 6% for the period to A$72.3 million. This was primarily driven by lower payable metal for both zinc and copper of 19% and 59% respectively, offset by higher realised A$ zinc and copper prices of 22% and 27% respectively.
- Revenue from the Long Operation decreased by 22% to A$30 million, a result of lower mined tonnes and lower mined grades, partially offset by higher A$ nickel prices.

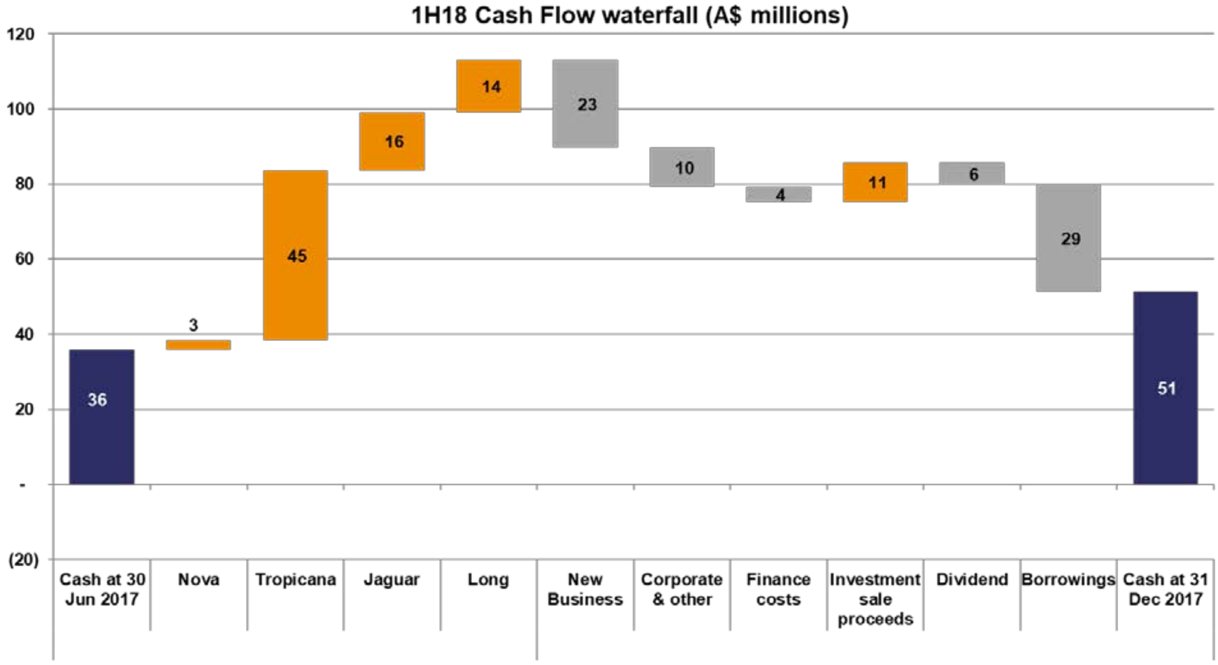
Net cash flow from operating activities was A$111.4 million (1H17: A$25.6 million). The operations all generated strong operating cash flows for the period, with a further A$26.5 million of sales receipts from Nova and Jaguar concentrate shipments shipped in December 2017 but not received until January 2018. The 1H17 was also impacted by the payment of two significant stamp duty tax payments to the Western Australia State Government totalling A$58.2 million.

Cash outflows for investing activities for 1H18 were A$60.3 million (1H17: A$154.0 million). Development expenditure decreased by A$56.8 million during the period, primarily due to the ongoing construction of the Nova Project in 1H17 and its transition to commercial production on 1 July 2017.

[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.

The Company completed the divestment of the Stockman Project during the period, resulting in partial proceeds, net of costs, of A$10.7 million. The 1H17 also included net cash payments for the acquisition of Windward Resources of A$16.6 million.

Net cash outflows from financing activities were A$34.4 million during the period (1H17: inflow of A$191.2 million). This included the first of seven semi-annual term debt repayments of A$28.6 million, compared to repayment of A$71.0 million in 1H17. Cash flows in 1H17 also included net proceeds from the July 2016 capital raising of A$273.9 million. Payment of a FY17 final dividend was also made during the period of A$5.9 million (1H17: A$11.7 million).



Segment Financial and Operating Summary

Nova [IGO 100%]

Metric	Units	1H18	1H17	Change	Inc/(dec)
Revenue	A$M	**124.8**	-	124.8	n/a
Underlying EBITDA	A$M	**59.7**	-	59.7	n/a
Free Cash Flow	A$M	**2.8**	-	2.8	n/a
Nickel (contained metal)	t	**8,954**	-	8,954	n/a
Copper (contained metal)	t	**3,843**	-	3,843	n/a
Cash Cost (payable)	A$/lb Ni	**3.91**	-	3.91	n/a

Earnings from Nova are included in the half-year results for the first time following the declaration of commercial production on 1 July 2017, with all nameplate parameters subsequently achieved during the period. Production for the half-year was 65,161t and 12,191t of nickel and copper concentrate respectively, with contained metal of 8,954 nickel tonnes and 3,843 copper tonnes.

Revenue for the period was A$124.8 million, resulting in an underlying EBITDA of A$59.7 million. C1 cash costs (including royalties) were A$3.91 per payable pound, which was within guidance for the first half of the financial year.

Tropicana [IGO 30%]

Metric	Units	1H18	1H17	Change	Inc/(dec)
Revenue	A$M	**127.5**	106.6	20.9	20%
Underlying EBITDA	A$M	**76.3**	52.8	23.5	44%
Free Cash Flow	A$M	**45.1**	30.9	14.2	46%
Gold produced (100%)	oz	**249,284**	221,232	28,052	13%
Gold Sold (IGO's 30% share)	oz	**74,470**	65,361	9,109	14%
Cash Cost	A$/oz	**678**	821	(143)	(17%)
All-in Sustaining Costs	A$/oz	**1,040**	1,070	(30)	(3%)

Revenue from Tropicana for the period was A$127.5 million, which was a 20% increase on the previous corresponding period, driven by 14% increase in gold sold and a 5% higher realised A$ gold price.

Improved process plant throughput and grade were achieved during the period, with a total of 3.9Mt of ore processed at an average grade of 2.27g/t. Average metallurgical recovery was 89.0%, resulting in 249,284oz of gold produced (IGO 30% Share: 74,785oz).

Underlying EBITDA was A$23.5 million higher than 1H17 at A$76.3 million, while free cash flow generated was A$45.1 million for the 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 A$678/oz. All-in Sustaining Costs (AISC) per ounce sold, which include cash costs, capitalised deferred waste stripping costs, sustaining exploration costs, sustaining capital and non-cash rehabilitation accretion costs, was A$1,040/oz.

Jaguar [IGO 100%]

Metric	Units	1H18	1H17	Change	Inc/(dec)
Revenue	A$M	**72.3**	76.5	(4.2)	(6%)
Underlying EBITDA	A$M	**19.2**	27.9	(8.7)	(31%)
Free Cash Flow	A$M	**15.5**	27.6	(12.1)	(44%)
Zinc in concentrate	t	**14,990**	18,641	(3,651)	(20%)
Copper in concentrate	t	**1,121**	2,756	(1,635)	(59%)
Cash Cost (payable)	A$/lb Zn	**1.19**	0.77	0.42	55%

Revenue decreased by 6% to A$72.3 million, driven by lower payable metal for both zinc and copper when compared to 1H17. Similarly, earnings and cash flow at Jaguar for 1H18 were lower than 1H17 as a result of lower production for the period. Cash costs were higher, at A$1.19 per payable pound, predominately the result of lower overall mined and processed tonnes which resulted in lower payable metal.

Long [IGO 100%]

Metric	Units	1H18	1H17	Change	Inc/(dec)
Revenue	A$M	**30.0**	38.5	(8.5)	(22%)
Underlying EBITDA	A$M	**8.9**	20.5	(11.6)	(57%)
Free Cash Flow	A$M	**13.9**	16.7	(2.8)	(17%)
Nickel (contained metal)	t	**2,946**	4,229	(1,283)	(30%)
Cash Cost (payable)	A$/lb Ni	**5.10**	3.21	1.89	59%

Revenue was 22% lower, at A$30.0 million, driven predominantly by lower mined tonnes (14%) and lower mined nickel grades (20%). Despite the lower production costs, Long Operation still generated A$13.9 million free cash flow, which was only A$2.8 million lower than 1H17. Cash costs (including royalties) for the period were A$5.10 per payable pound, which were higher than 1H17 due to the lower production volumes.

Cash & Debt

Cash and cash equivalents at 31 December 2017 totalled A$51.3 million (30 June 2017: A$35.8 million), a net increase of A$15.5 million for 1H18. The Company repaid A$28.6 million of debt during the period, reducing the Company's outstanding debt to A$171.4 million. The Company also has a further A$200.0 million undrawn revolving credit facility available.

Corporate

During the half-year, the Company completed the divestment of the Stockman Project to CopperChem Limited, a subsidiary of Washington H. Soul Pattinson and Company Limited. Proceeds of A$11.2 million (net A$10.7 million) were received at completion and further amounts of A$21.0 million are scheduled to be received in the 12 months following completion.

Interim Dividend

An interim dividend of 1 cent per share, fully franked, will be paid on 28 March 2018, with a record date of 13 March 2018.

FY18 Guidance

Nova metal production for FY18 is expected to be within our full year guidance range as higher grade stopes are mined. Tropicana gold production in 2H18 is expected to be softer due to lower mined grades but production for the full year is expected to be within guidance. At Jaguar, metal in concentrate in 2H18 is expected to exceed 1H18 production, and the Company expects to achieve end of year production guidance.

Investor Call and Webcast

An investor call and webcast has been scheduled for 8.00am Perth time, Wednesday 21 February 2018. Dial-in details for the call and the webcast link can be found below.

Meeting title:	Independence Group Conference Call
Date:	21 February 2018
Conference ID:	733606

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

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/5a529d5fdcb03733b3f8b270

Please note it is best to log on at least 5 minutes before 11am AEDT (8am WST) on Wednesday 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
Telephone: 08 9238 8300

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 2017 TO 31 DECEMBER 2017
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	354,762	59.0%
Profit after tax attributable to members	3,163	(84.3%)
Net profit attributable to members	3,163	(84.3%)

The previous corresponding period is the half-year ended 31 December 2016.

	2017	2016
Basic earnings per share (cents)	0.54	3.52
Diluted earnings per share (cents)	0.54	3.51
Net tangible assets per share (cents)	295.30	297.14

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

- Results from the Nova Operation were included in the current period following declaration of commercial production from 1 July 2017. Revenue from the Nova Operation for the period was $124.8 million, with underlying EBITDA of $59.7 million. The Nova Operation did not contribute revenue in the previous corresponding period. The Nova Operation achieved all nameplate parameters during the period. Production for the half-year was 65,161t and 12,191t of nickel and copper concentrate respectively, with contained metal of 8,954 nickel tonnes and 3,843 copper tonnes. C1 cash costs (including royalties) were $3.91 per payable pound. Both production and cash costs were within guidance for the first half of the financial year.

- Revenue from the Tropicana Operation for the half-year increased by 20% to $127.5 million, driven by a 14% increase in gold sold and a 5% higher realised A$ gold price. The Operation contributed $43.9 million in profit before tax compared to $25.7 million in the prior period. Improved process plant throughput and grade were achieved during the period, with a total of 3.9 million tonnes of ore at an average grade of 2.27g/t Au processed. The Group's share of gold production during the period was 74,785oz at an average metallurgical recovery of 89.0%, resulting in an average cash cost of $678 per ounce and an All-in Sustaining Cost of $1,040 per ounce.

- The Jaguar Operation's revenue decreased by 6% to $72.3 million, driven by lower payable metal for both zinc and copper when compared to the prior period as a result of lower mined and processed tonnes, together with lower grades. Similarly, earnings and cash flow at the Jaguar Operation were lower than the previous corresponding period as a result of lower production for the period. Cash costs were higher at $1.19 per payable pound, predominately the result of lower overall mined and processed tonnes which resulted in lower payable metal.

- Long Operation's revenue was down 22%, at $30.0 million, driven predominantly by lower mined tonnes (14%) and lower mined grades (20%). Despite the lower production results, the Long Operation generated $13.9 million free cash flow, which was only $2.8 million lower than the previous corresponding period. Cash costs (including royalties) for the period were $5.10 per payable pound, which were higher than the comparative period due to the lower production volumes.

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

Interim Dividend

The Company paid a final 2016/17 fully franked dividend of 1.0 cent per share in September 2017.

The Company will pay a fully franked interim dividend of 1.0 cent per share on 28 March 2018. The record date of the dividend will be 13 March 2018.

Other matters

There have been no 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 2017

Independence Group NL ABN 46 092 786 304
Interim report - 31 December 2017

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 2017 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 2017.

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:

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

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	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Nova Operation	**124,792**	-	**(10,686)**	(313)
Tropicana Operation	**127,476**	106,627	**43,939**	25,653
Jaguar Operation	**72,260**	76,547	**10,965**	18,244
Long Operation	**30,044**	38,461	**(3,209)**	9,250
New business and regional exploration activities	**9**	30	**(20,287)**	(10,888)
Unallocated revenue	**181**	1,453	**-**	-
	354,762	223,118	**20,722**	41,946
Unallocated revenue less unallocated expenses			**(15,677)**	(11,543)
Profit before income tax			**5,045**	30,403
Income tax expense			**(1,882)**	(10,194)
Profit after income tax			**3,163**	20,209
Net profit attributable to members of Independence Group NL			**3,163**	20,209

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

Nova Operation

Underground development progressed well during the period, with the primary focus on ore production areas within the Nova deposit and the continued development of the Bollinger deposit. Development rates increased towards the end of the period, which allowed ore stoping at Bollinger to commence in December 2017. Production drilling, charging, loading and trucking activities all maintained rates consistent with Nova’s nameplate production capacity during the period.

Mine design and scheduling continues to be optimised to reflect the increased understanding of the orebody resulting from the ongoing mining activity and grade control drilling program. The number of mining fronts increased towards the end of the period, resulting in increased production flexibility and a record monthly ore mining rate in the month of December 2017.

The Nova process plant achieved all nameplate parameters during the period, and demonstrated the ability to operate at a rate above the nameplate 1.5Mtpa annualised rate by the end of the period. Metal recoveries improved over the period as a result of increased mined grade, greater operational consistency and commissioning of process control systems, and were performing in-line with, or better than design recoveries at the end of the period. The process plant milled 0.67 million tonnes of ore at an average nickel and copper grade of 1.61% and 0.65% respectively.

Review of operations (continued)

Nova Operation (continued)

Production for the period was 65,161t and 12,191t of nickel and copper concentrate respectively, with contained metal of 8,954 nickel tonnes and 3,843 copper tonnes. The Nova Operation achieved commercial production on 1 July 2017, and as a result revenue derived by the segment was $124.8 million for the period. C1 cash costs (including royalties) were $3.91 per payable pound. Nickel production and cash costs were within guidance for the first half of the financial year.

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

Nova Operation	31 December 2017	31 December 2016*	Variance (%)
Ore mined (t)	678,641	-	-
Ore milled (t)	666,841	-	-
Nickel grade (%)	1.61	-	-
Copper grade (%)	0.65	-	-
Cobalt grade (%)	0.05	-	-
Contained nickel metal (t)	8,954	-	-
Contained copper metal (t)	3,843	-	-
Contained cobalt metal (t)	290	-	-
Payable nickel metal (t)	6,205	-	-
Payable copper metal (t)	3,594	-	-
Payable cobalt metal (t)	93	-	-
Nickel C1 cash costs & royalties (A$ per payable pound)	3.91	-	-
Realised A$ nickel price (A$ per pound)	6.52	-	-
Realised A$ copper price (A$ per pound)	3.88	-	-

* The Nova Operation was under construction during this period.

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).

Mining productivity rates were maintained at elevated levels throughout the period, with a total of 17.2 million bank cubic metres of material mined. Higher mining volumes since late 2016 have been pursued to accelerate access to ore in the next stages of the Tropicana and Havana pits. This is expected to result in more ore availability in 2018 and 2019 than required for the processing plant, thereby allowing preferential processing of higher grade ore resulting in higher gold production in 2018 and 2019.

Ore mined for the period was 5.7 million tonnes of ore (>0.6g/t Au) at an average grade of 1.94g/t.

Improved process plant throughput and grades were achieved during the period, with a total of 3.9 million tonnes of ore at an average grade of 2.27g/t Au processed. Average metallurgical recovery was 89.0%, resulting in 249,284oz of gold produced (IGO share: 74,785oz).

The Tropicana Joint Venture has approved Phase One of the Long Island strategy which will require mining of the Havana South Pit and cut back of the Boston Shaker Pit. The strategy utilises a strip mining approach aimed at significantly reducing waste mining costs through the introduction of short, horizontal hauls to backfill an in-pit void, increasing production from the mine in the medium term and also extending mine life. The full Long Island strategy adds 2.1Moz to Tropicana’s business plan and extends mine life by approximately seven years to 2027. The project value has been further enhanced by the decision to install a second, 6MW, ball mill in the process plant, enabling throughput to be matched to the increased mining rate as well as improving gold recovery by up to 3% to approximately 92%. The installation of the second ball mill is expected to be completed by end-CY18.

Revenue derived by the segment increased by 20% to $127.5 million, when compared to the corresponding period in the prior year, primarily a result of higher throughput and higher milled grade resulting in a 15% increase in contained metal processed. 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 $678 per ounce. All-in Sustaining Costs (AISC) per ounce sold, which include cash costs, capitalised deferred waste stripping costs, sustaining exploration costs, sustaining capital and non-cash rehabilitation accretion costs, were $1,040 per ounce.

Review of operations (continued)

Tropicana Operation (continued)

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

Tropicana Operation	31 December 2017	31 December 2016	Variance (%)
Gold ore mined (>0.6g/t Au) (‘000t)	5,738	4,198	37
Gold ore mined (>0.4 and <0.6g/t Au) (‘000t)	536	624	(14)
Waste mined (‘000t)	38,484	32,276	19
Gold grade mined (>0.6g/t Au) (g/t)	1.94	2.05	(5)
Ore milled (‘000t)	3,912	3,583	9
Gold grade milled (g/t)	2.27	2.15	6
Metallurgical recovery (%)	89.0	89.3	-
Gold produced (ounces)	249,284	221,232	13
Gold refined and sold (IGO 30% share) (ounces)	74,470	65,361	14
Cash costs (A$ per ounce produced)	678	821	(17)
All-in Sustaining Costs (AISC) (A$ per ounce sold)*	1,040	1,070	(3)
Realised A$ gold price (A$ per ounce sold)	1,704	1,622	5

*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.

Jaguar Operation

The Bentley underground at Jaguar operation delivered 235,455t of ore at an average grade of 7.03% zinc, 0.66% copper, 118g/t silver and 0.48g/t gold. Development advance during the period totalled 2,302m, which was above the planned rate and an 18% increase on the comparative period in the prior year.

Processing plant production was 239,941t of ore milled at grades of 7.01% zinc and 0.68% copper, which resulted in metal in concentrates of 14,990t zinc and 1,121t copper.

Segment revenue decreased by 6% to $72.3 million, driven by lower payable metal for both zinc and copper when compared to the prior period. Cash costs were up, at $1.19 per payable pound, predominately the result of lower overall mined and processed tonnes which resulted in lower payable metal.

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

Jaguar Operation	31 December 2017	31 December 2016	Variance (%)
Ore mined (t)	235,455	229,643	3
Ore milled (t)	239,941	231,011	4
Zinc grade (%)	7.01	9.04	(22)
Copper grade (%)	0.68	1.46	(53)
Silver grade (g/t)	118	135	(13)
Gold grade (g/t)	0.48	0.61	(21)
Contained zinc metal (t)	14,990	18,641	(20)
Contained copper metal (t)	1,121	2,756	(59)
Payable zinc metal (t)	12,458	15,464	(19)
Payable copper metal (t)	1,075	2,642	(59)
Payable silver metal (oz)	409,682	484,188	(15)
Payable gold metal (oz)	637	1,382	(54)
Zinc C1 cash costs & royalties (A$ per payable pound)	1.19	0.77	55
Realised A$ zinc price (A$ per pound)	1.84	1.51	22
Realised A$ copper price (A$ per pound)	3.65	2.88	27

Long Operation

Long Operation mined 89,590t at an average nickel grade of 3.29%, resulting in production of 2,946t of contained nickel and 204t of contained copper. The majority of ore was sourced from the Moran orebody with smaller ore contribution from the Long and McLeay orebodies.

Review of operations (continued)

Long Operation (continued)

Total segment revenue was lower by 22% to $30.0 million, driven predominantly by the lower mined tonnes (14%) and lower mined grades (20%). Cash costs (including royalties) for the period were $5.10 per payable pound, which were higher than the comparative period due to the lower production volumes.

Planning for cessation of mining by 31 May 2018 and commencement of care and maintenance was also progressed over the period.

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

Long Operation	31 December 2017	31 December 2016	Variance (%)
Ore mined (t)	89,590	103,765	(14)
Grade mined (%)	3.29	4.10	(20)
Contained nickel metal (t)	2,946	4,229	(30)
Payable nickel metal (t)	1,759	2,559	(31)
Nickel C1 cash costs & royalties (A$ per payable pound)	5.10	3.21	59
Realised A$ nickel price (A$ per pound)	6.56	6.57	-

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:

Fraser Range

Regional exploration activities across the Albany Fraser Orogen (AFO) continued during the period, which included:

- Extensive EM surveys, using ground, airborne (Spectrem) and downhole EM, which have identified conductors that warrant drill testing;
- An Air Core (AC) drilling program in the northern AFO drilling on a nominal 3km x 1km grid. A total of 88,183m of AC drilling has been completed to date. A number of mafic/ultramafic intrusions and geochemical anomalies have been identified which require follow-up;
- A 2,230m Reverse Circulation and Diamond drilling program testing numerous geochemical and geophysical targets throughout the AFO;
- Heritage surveys, both on-ground and helicopter-supported, to facilitate proposed drilling programs; and
- Ongoing regional geophysical gravity surveying has continued to provide improved mapping of mafic and ultramafic intrusives throughout the AFO.

Lake Mackay

Exploration deeds were executed with the Central Land Council (CLC) during September 2017, covering 12 exploration licence applications in the Northern Territory and increasing the granted tenure at the project to 7,612km^2. During the period, diamond drilling was undertaken at the Grapple prospect. A soil sampling survey was completed over areas of residual soils and shallow aeolian cover on licences surrounding EL24915, with results pending at period end.

The Joint Venture applied for six new licences, bringing the total contiguous ground holding (granted and under application) for the Project to over 12,800km^2.

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 completed the divestment of the Stockman Project to CopperChem Limited (CopperChem), a subsidiary of Washington H. Soul Pattinson and Company Limited.

The Company entered into an agreement to sell its Stockman Project in north-east Victoria to CopperChem on 14 June 2017 for total proceeds of up to $47.2 million, comprising $32.2 million in cash payments and a 1.5% net smelter return royalty with provisional value of up to $15 million. Completion of the transaction was subject to the satisfaction of certain conditions relating to the Stockman Project. All sale conditions were satisfied during the half-year and completion of the sale occurred in December 2017. Partial proceeds of $11.2 million were received in December 2017, with a further $21.0 million scheduled to be received during the 12 months following completion.

Matters subsequent to the end of the financial year

On 20 February 2018, the Company announced that an interim dividend would be paid on 28 March 2018. 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 2018

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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 2017, 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 2018

	Notes	**31 December 2017 $'000**	31 December 2016 $'000
Revenue		**354,762**	223,118
Other income		**24**	184
Mining, development and processing costs		**(122,885)**	(76,393)
Employee benefits expense		**(46,323)**	(29,684)
Share-based payments expense		**(1,288)**	(423)
Fair value movement of financial investments		**(631)**	845
Depreciation and amortisation expense		**(122,937)**	(47,906)
Exploration costs expensed		**(17,766)**	(9,044)
Impairment of exploration and evaluation expenditure	4	**-**	(492)
Rehabilitation and restoration borrowing expense		**(832)**	(607)
Royalty expense		**(13,469)**	(8,149)
Ore tolling expense		**(4,244)**	(4,905)
Shipping and wharfage costs		**(9,473)**	(7,080)
Borrowing and finance costs		**(4,877)**	(5)
Acquisition and other integration costs		**-**	(3,910)
Other expenses		**(5,016)**	(5,146)
Profit before income tax		**5,045**	30,403
Income tax expense		**(1,882)**	(10,194)
Profit for the period		**3,163**	20,209
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		**1,542**	2,425
Exchange differences on translation of foreign operations		**(18)**	29
Other comprehensive income for the period, net of tax		**1,524**	2,454
Total comprehensive income for the period		**4,687**	22,663
Profit for the period attributable to members of Independence Group NL		**3,163**	20,209
Total comprehensive income for the period attributable to the members of Independence Group NL		**4,687**	22,663
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**0.54**	3.52
Diluted earnings per share		**0.54**	3.51

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

	Notes	**31 December 2017 $'000**	30 June 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**51,335**	35,763
Trade and other receivables		**90,063**	59,383
Inventories		**63,415**	63,158
Financial assets at fair value through profit or loss		**14,812**	15,348
Derivative financial instruments	5	**3,414**	657
Assets classified as held for sale		**-**	31,745
Total current assets		**223,039**	206,054
Non-current assets			
Receivables		**14**	14
Inventories		**44,397**	20,077
Property, plant and equipment	2	**49,432**	44,922
Mine properties	3	**1,559,711**	1,612,919
Exploration and evaluation expenditure	4	**75,711**	73,068
Deferred tax assets		**228,423**	251,429
Derivative financial instruments	5	**366**	-
Total non-current assets		**1,958,054**	2,002,429
TOTAL ASSETS		**2,181,093**	2,208,483
LIABILITIES			
Current liabilities			
Trade and other payables		**66,498**	49,052
Borrowings	6	**56,226**	56,226
Derivative financial instruments	5	**2,135**	965
Provisions		**17,263**	15,259
Total current liabilities		**142,122**	121,502
Non-current liabilities			
Borrowings	6	**112,706**	140,815
Derivative financial instruments	5	**-**	251
Deferred tax liabilities		**119,440**	139,903
Provisions		**73,934**	73,228
Total non-current liabilities		**306,080**	354,197
TOTAL LIABILITIES		**448,202**	475,699
NET ASSETS		**1,732,891**	1,732,784
EQUITY			
Contributed equity	7	**1,878,745**	1,878,469
Reserves	8(a)	**15,981**	13,445
Accumulated losses	8(b)	**(161,835)**	(159,130)
TOTAL EQUITY		**1,732,891**	1,732,784

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 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							
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	2,425	-	-	-	2,425
Currency translation differences - current period	-	-	-	-	-	29	29
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 Incentive 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.

	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 2017	1,878,469	(159,130)	(391)	10,698	3,142	(4)	1,732,784
Profit for the period	-	3,163	-	-	-	-	3,163
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	1,542	-	-	-	1,542
Currency translation differences - current period	-	-	-	-	-	(18)	(18)
Total comprehensive income for the period	-	3,163	1,542	-	-	(18)	4,687
Transactions with owners in their capacity as owners:							
Dividends paid	-	(5,868)	-	-	-	-	(5,868)
Share-based payments expense	-	-	-	1,288	-	-	1,288
Issue of shares - Employee Incentive Plan	276	-	-	(276)	-	-	-
Balance at 31 December 2017	1,878,745	(161,835)	1,151	11,710	3,142	(22)	1,732,891

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

	Notes	**31 December 2017 $'000**	31 December 2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**342,342**	242,318
Payments to suppliers and employees (inclusive of goods and services tax)		**(207,716)**	(209,050)
		134,626	33,268
Interest and other costs of finance paid		**(3,455)**	-
Interest received		**284**	1,499
Payments for exploration expenditure		**(20,090)**	(9,700)
Receipts from other operating activities		**8**	521
Net cash inflow from operating activities		**111,373**	25,588
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired		**-**	(16,632)
Payments for property, plant and equipment		**(11,767)**	(9,394)
Interest and other costs of finance paid		**(1,008)**	(9,471)
Proceeds from sale of property, plant and equipment and other investments		**10,738**	1,504
Payments for purchase of listed investments		**(183)**	(3,569)
Payments for development expenditure		**(56,883)**	(113,654)
Payments for capitalised exploration and evaluation expenditure		**(1,170)**	(2,831)
Net cash (outflow) from investing activities		**(60,273)**	(154,047)
Cash flows from financing activities			
Repayment of borrowings		**(28,571)**	(71,000)
Proceeds from issues of shares		**-**	281,459
Share issue transaction costs		**-**	(7,526)
Payment of dividends	10	**(5,868)**	(11,734)
Net cash (outflow) inflow from financing activities		**(34,439)**	191,199
Net increase in cash and cash equivalents		**16,661**	62,740
Cash and cash equivalents at the beginning of the period		**35,763**	46,264
Effects of exchange rate changes on cash and cash equivalents		**(1,089)**	215
Cash and cash equivalents at the end of the half-year		**51,335**	109,219

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

1 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 Nova Operation, the Tropicana Operation, the Jaguar Operation, the Long Operation and New Business and Regional Exploration Activities (New Business).

The Nova Operation primarily produces nickel, copper and cobalt concentrate. Revenue is derived from multiple customers. The General Manager of the Nova Project is responsible for the budgets and expenditure of the Operation. The Nova Operation and exploration properties are owned by the Group's wholly owned subsidiary Independence Nova Pty Ltd.

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 Jaguar Operation primarily produces zinc and copper concentrate. Revenue is derived from multiple customers. The General Manager of the Jaguar Operation is responsible for the budgets and expenditure of the operation. The Jaguar Operation and exploration properties are owned by the Group’s wholly owned subsidiary Independence Jaguar Pty Ltd.

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 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. 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

	Nova Operation	Tropicana Operation	Jaguar Operation	Long Operation	New business and regional exploration activities	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Half-year ended 31 December 2017						
Revenue from external customers	**124,792**	**127,476**	**72,208**	**30,023**	**-**	**354,499**
Other revenue	**-**	**-**	**52**	**21**	**9**	**82**
Total segment revenue	**124,792**	**127,476**	**72,260**	**30,044**	**9**	**354,581**
Segment net operating profit (loss) before income tax	**(10,686)**	**43,939**	**10,965**	**(3,209)**	**(20,287)**	**20,722**

1 Segment information (continued)

(b) Segment results (continued)

	Nova Operation $'000	Tropicana Operation $'000	Jaguar Operation $'000	Long Operation $'000	New business and regional exploration activities $'000	Total $'000
Half-year ended 31 December 2016						
Revenue from external customers	-	106,627	76,482	37,925	-	221,034
Other revenue	-	-	65	536	30	631
Total segment revenue	-	106,627	76,547	38,461	30	221,665
Segment net operating profit (loss) before income tax	(313)	25,653	18,244	9,250	(10,888)	41,946
Total segment assets						
31 December 2017	1,389,458	1,186,737	185,610	27,313	100,692	2,889,810
30 June 2017	1,398,182	1,037,257	175,917	38,693	110,712	2,760,761
Total segment liabilities						
31 December 2017	849,837	38,564	32,036	35,673	45,550	1,001,660
30 June 2017	823,010	34,071	25,665	40,402	37,689	960,837

(c) Segment revenue

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

	31 December 2017 $'000	31 December 2016 $'000
Revenue from external customers	**354,581**	221,665
Interest revenue on corporate cash balances and other unallocated revenue	**181**	1,453
Total revenue	**354,762**	223,118

1 Segment information (continued)

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

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

	31 December 2017 $'000	31 December 2016 $'000
Segment net operating profit before income tax	**20,722**	41,946
Interest revenue on corporate cash balances and other unallocated revenue	**181**	1,453
Fair value movement of corporate financial investments	**(627)**	855
Share-based payments expense	**(1,288)**	(423)
Depreciation expense on corporate assets	**(568)**	(578)
Other corporate costs and unallocated other income	**(8,498)**	(8,935)
Borrowing and finance costs	**(4,877)**	(5)
Acquisition and other integration costs	**-**	(3,910)
Profit before income tax	**5,045**	30,403

(e) Segment assets

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

	31 December 2017 $'000	30 June 2017 $'000
Total segment assets	**2,889,810**	2,760,761
Intersegment eliminations	**(971,733)**	(847,104)
Unallocated assets:		
Deferred tax assets	**228,423**	251,429
Listed equity securities	**14,807**	15,339
Cash and receivables held by the parent entity	**16,030**	24,171
Office and general plant and equipment	**3,756**	3,887
Total assets as per the consolidated balance sheet	**2,181,093**	2,208,483

(f) Segment liabilities

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

	31 December 2017 $'000	30 June 2017 $'000
Total segment liabilities	**1,001,660**	960,837
Intersegment eliminations	**(847,788)**	(828,456)
Unallocated liabilities:		
Deferred tax liabilities	**119,440**	139,903
Creditors and accruals	**2,972**	3,854
Provision for employee entitlements	**2,986**	2,520
Bank loans	**168,932**	197,041
Total liabilities as per the consolidated balance sheet	**448,202**	475,699

2 Property, plant and equipment

	31 December 2017 $'000	31 December 2016 $'000
Property, plant and equipment	**49,432**	49,718

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

	31 December 2017 $'000	31 December 2016 $'000
Property, plant and equipment		
Carrying amount at beginning of the period	**44,922**	47,309
Additions	**11,781**	9,412
Assets acquired on acquisition of subsidiary	**-**	164
Disposals	**(9)**	(19)
Depreciation expense	**(7,262)**	(6,514)
Depreciation expense capitalised	**-**	(634)
Carrying amount at end of the period	**49,432**	49,718

3 Mine properties

	31 December 2017 $'000	31 December 2016 $'000
Mine properties in development	**-**	1,288,932
Mine properties in production	**1,500,251**	218,093
Deferred stripping	**59,460**	38,673
	1,559,711	1,545,698

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

	Mine properties in development $'000	**Mine properties in production $'000**	**Deferred stripping $'000**	**Total mine properties $'000**
Half-year ended 31 December 2017				
Carrying amount at beginning of the period	**1,355,722**	**202,282**	**54,915**	**1,612,919**
Additions	**-**	**41,062**	**22,878**	**63,940**
Transfers from (to) exploration and evaluation expenditure	**-**	**(1,473)**	**-**	**(1,473)**
Transfers	**(1,355,722)**	**1,355,722**	**-**	**-**
Amortisation expense	**-**	**(97,342)**	**(18,333)**	**(115,675)**
Carrying amount at end of the period	**-**	**1,500,251**	**59,460**	**1,559,711**

3 Mine properties (continued)

	Mine properties in development $'000	Mine properties in production $'000	Deferred stripping $'000	Total $'000
Half-year ended 31 December 2016				
Carrying amount at beginning of the period	**1,197,011**	**239,076**	**34,764**	**1,470,851**
Additions	**83,470**	**10,166**	**13,908**	**107,544**
Transfers from (to) exploration and evaluation expenditure	**-**	**244**	**-**	**244**
Amortisation expense	**-**	**(31,393)**	**(9,999)**	**(41,392)**
Borrowing costs capitalised	**7,817**	**-**	**-**	**7,817**
Depreciation expense capitalised	**634**	**-**	**-**	**634**
Carrying amount at end of the period	**1,288,932**	**218,093**	**38,673**	**1,545,698**

4 Exploration and evaluation expenditure

	31 December 2017 $'000	31 December 2016 $'000
Exploration and evaluation costs	**75,711**	127,647

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

	31 December 2017 $'000	31 December 2016 $'000
Carrying amount at beginning of the period	**73,068**	107,533
Additions	**1,170**	2,831
Assets acquired on acquisition of subsidiary	**-**	18,019
Transfers from (to) mine properties in production	**1,473**	(244)
Impairment charge	**-**	(492)
Carrying amount at end of the period	**75,711**	127,647

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:

	31 December 2017 $'000	31 December 2016 $'000
Long exploration costs	**-**	492
	-	492

5 Derivative financial instruments

	31 December 2017 $'000	30 June 2017 $'000
Current assets		
Foreign currency contracts - cash flow hedges	**468**	657
Diesel hedging contracts - cash flow hedges	**2,946**	-
	3,414	657
Non-current assets		
Diesel hedging contracts - cash flow hedges	**366**	-
	366	-
Current liabilities		
Commodity hedging contracts - cash flow hedges	**2,135**	910
Diesel hedging contracts - cash flow hedges	**-**	55
	2,135	965
Non-current liabilities		
Diesel hedging contracts - cash flow hedges	**-**	251
	-	251

6 Borrowings

	31 December 2017 $'000	30 June 2017 $'000
Current		
Unsecured		
Bank loans	**56,226**	56,226
Total unsecured current borrowings	**56,226**	56,226
Non-current		
Unsecured		
Bank loans	**112,706**	140,815
Total unsecured non-current borrowings	**112,706**	140,815

(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 comprising: a five year $350,000,000 amortising loan facility and a five year $200,000,000 revolving loan facility.

During the previous financial year, the Company repaid $71,000,000 of the amortising term loan facility and also cancelled a further $79,000,000 of the same facility. A further $28,571,000 of the amortising loan facility was repaid in accordance with the repayment schedule in the current half-year. The Company now has available facilities of: amortising loan facility of $171,429,000; and revolving loan facility of $200,000,000, which is currently undrawn.

6 Borrowings (continued)

(a) Corporate loan facility (continued)

Total capitalised transaction costs relating to the Facility Agreement are $5,495,000 (30 June 2017: $5,495,000). 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 $2,497,000 (30 June 2017: $2,959,000) is offset against the bank loans contractual liability of $171,429,000 (30 June 2017: $200,000,000).

Borrowing costs incurred in previous financial periods totalling $23,834,000 related to a qualifying asset (Nova Project) and were capitalised in accordance with AASB 123 *Borrowing Costs*. No amounts were capitalised during the current period. Refer to note 3.

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.

7 Contributed equity

(a) Share capital

	31 December 2017 $'000	31 December 2016 $'000
Fully paid issued capital	**1,878,745**	1,878,277

(b) Movements in ordinary share capital

Details	**2017 Number of shares**	**2017 $'000**	**2016 Number of shares**	**2016 $'000**
Balance at 1 July	586,747,023	1,878,469	511,422,871	1,601,458
Issues of shares under the Employee Incentive Plan	76,452	276	220,353	628
Share placement and share purchase plan issues	-	-	75,055,000	281,459
Less: Transaction costs arising on share issue (net of tax)	-	-	-	(5,268)
Balance at 31 December	586,823,475	1,878,745	586,698,224	1,878,277

8 Reserves and accumulated losses

(a) Reserves

	31 December 2017 $'000	30 June 2017 $'000
Hedging reserve	**1,151**	(391)
Share-based payments reserve	**11,710**	10,698
Foreign currency translation reserve	**(22)**	(4)
Acquisition reserve	**3,142**	3,142
	15,981	13,445

8 Reserves and accumulated losses (continued)

(b) Accumulated losses

	Notes	**31 December 2017 $'000**	31 December 2016 $'000
Balance at 1 July		**(159,130)**	(158,540)
Net profit for the period		**3,163**	20,209
Dividends paid during the period	10	**(5,868)**	(11,734)
Balance at 31 December		**(161,835)**	(150,065)

9 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 2017 and 30 June 2017 on a recurring basis:

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
At 31 December 2017				
Financial assets				
Financial assets at fair value through profit or loss				
Listed investments	**14,812**	**-**	**-**	**14,812**
Derivative instruments				
Diesel hedging contracts	**-**	**3,312**	**-**	**3,312**
Foreign currency hedging contracts	**-**	**468**	**-**	**468**
	14,812	**3,780**	**-**	**18,592**
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	**-**	**2,135**	**-**	**2,135**
	-	**2,135**	**-**	**2,135**

9 Financial risk management (continued)

(a) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2017				
Financial assets				
Financial assets at fair value through profit or loss				
Listed investments	15,348	-	-	15,348
Derivative instruments				
Foreign currency hedging contracts	-	657	-	657
	15,348	657	-	16,005
Financial liabilities				
Derivative instruments				
Commodity hedging contracts	-	910	-	910
Diesel hedging contracts	-	306	-	306
	-	1,216	-	1,216

(i) Valuation techniques used to determine level 1 fair values

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(ii) Valuation techniques used to determine 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 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.

(iii) 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.

9 Financial risk management (continued)

(a) Fair value measurements (continued)

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

	Carrying amount $'000	**Fair value $'000**
At 31 December 2017		
Current assets		
Cash and cash equivalents	**51,335**	**51,335**
	51,335	**51,335**
Current liabilities		
Bank loans	**56,226**	**57,142**
	56,226	**57,142**
Non-current liabilities		
Bank loans	**112,706**	**114,287**
	112,706	**114,287**
At 30 June 2017		
Current assets		
Cash and cash equivalents	35,763	35,763
	35,763	35,763
Current liabilities		
Bank loans	56,226	57,142
	56,226	57,142
Non-current liabilities		
Bank loans	140,815	142,858
	140,815	142,858

10 Dividends

(a) Ordinary shares

	31 December 2017 $'000	31 December 2016 $'000
Final dividend for the year ended 30 June 2017 of 1 cent (2016: 2 cents) per fully paid share	**5,868**	11,734
Total dividends paid during the half-year	**5,868**	11,734

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

	31 December 2017 $'000	31 December 2016 $'000
In addition to the above dividends, since the period end the Directors have recommended the payment of an interim dividend of 1 cent (2016: 1 cent) per fully paid share. The aggregate amount of the proposed dividend expected to be paid on 28 March 2018, but not recognised as a liability at period end, is:	**5,868**	5,867

11 Contingencies

(a) Contingent liabilities

The Group had guarantees outstanding at 31 December 2017 totalling $1,311,000 (30 June 2017: $1,281,000) 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.

12 Commitments

(a) Capital commitments

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

	31 December 2017 $'000	30 June 2017 $'000
Mine properties in development	**-**	1,667
	-	1,667

The above capital commitments outstanding at 30 June 2017 related 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 (to 31 December 2018)	**53,994**	**1,824**	**98,494**
Later than one but not later than five years	**23,994**	**1,859**	**44,600**
Total	**77,988**	**1,835**	**143,094**

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.

13 Events occurring after the reporting period

On 20 February 2018, the Company announced that an interim dividend would be paid on 28 March 2018. 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.

14 Basis of preparation of half-year report

This condensed consolidated interim report for the half-year reporting period ended 31 December 2017 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 2017 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*.

14 Basis of preparation of half-year report (continued)

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 2018 annual report as a consequence of these amendments.

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

(i) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. It is effective for the first interim period within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

The standard is not expected to have a material impact on the Group's financial statements and disclosures.

(ii) AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new Standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases and the Group is still assessing the potential impact of the adoption of this standard.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019.

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 2017 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 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Independence Group NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Independence Group NL, which comprises the consolidated statement balance sheet as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

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

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien

Director

Perth, 20 February 2018