Half-Year Financial Report

For the period ending 31 December 2018

STRONG FREE CASH FLOW DELIVERS STRONGER BALANCE SHEET

KEY POINTS

- Revenue and other income of A$356M (1H18: A$355M), and underlying EBITDA[1] of A$131M (1H18: A$133M) were broadly unchanged with higher production and sales from Nova and Tropicana offset by the absence of revenue from the Jaguar and Long Operations that exited the portfolio at the end of FY18.
- Operating cash flows improved 46% to A$163M (1H18: A$111M).
- Cash balance increased to A$208M from A$139M at the start of the financial year, with cash flows from activities less cash flows from investing activities (free cash flow) of A$109M for 1H19. After payment of dividends and a scheduled A$29M debt repayment, the net cash position as at 31 December 2018 was A$94M.
- During 1H19, a final FY18 fully franked dividend of A$12M was paid. An interim FY19 fully franked dividend of two cents for a total of A$12M will be paid on 1 March 2019.
- Nova delivered higher production and lower cash costs relative to the prior half-year with production of 14,428t nickel, 6,501t copper and 519t cobalt at a cash cost of A$2.34/lb.
- Tropicana performed in-line with guidance for the half-year with gold production of 261,991oz at cash costs and AISC of A$658/oz and A$934/oz respectively.
- At Tropicana, the second ball mill was successfully commissioned in November 2018 and the pre-feasibility study for the Boston Shaker Underground was completed, confirming that underground mining is technically and financially viable. Work continues on the feasibility study.
- Nova partnered with Zenith Energy for the construction of a solar farm under a Build Own Operate Contract. In addition, the underground mining services contract with Barminco was renewed for a four year term.
- Downstream processing for nickel sulphate progressed well during the half-year, with positive initial results from metallurgical testwork.
- Exploration of our portfolio of belt scale land positions prospective for metals critical for energy storage and renewable energy continued with a focus on regional programs to generate targets. We supplemented this portfolio during the half-year with agreements with Encounter Resources Limited and Buxton Resources Limited.

Peter Bradford, IGO's Managing Director & CEO said:

> *"Across the business, we have delivered a great half-year result with strong free cash flow continuing to strengthen the balance sheet.*
>
> *"While we continue to focus on improved productivity and costs for the existing business we are also focused on the future with a strategy to grow the business while also delivering consistent returns to shareholders. Our aspiration is to grow the business organically and this underpins our strategy to invest in both (i) value enhancement projects connected to the existing business, like the Boston Shaker Underground and the nickel sulphate downstream project, and (ii) exploration and discovery to unlock the mines of the future.*
>
> *"To support our growth, we envisage continuing to strengthen the balance sheet while allocating 15-25% of underlying free cash flow to shareholder returns. Additional funds would be returned to shareholders in the event that future cash on the balance sheet exceeds a defined level with no growth options identified."*

FINANCIAL AND OPERATIONAL SUMMARY

Group Financial Overview

Half-Year ended 31 December (A$M)	1H19	1H18	Inc/(dec)
Total Revenue and Other Income	**356.4**	354.8	0%
Underlying EBITDA[1]	**130.5**	133.4	(2%)
Net Profit After Tax	**0.9**	3.2	(73%)
Net Cash Inflow From Operating Activities	**163.0**	111.4	46%
Cash Outflow From Investing Activities	**54.3**	60.3	(10%)
Net Cash Outflow From Financing Activities	**40.4**	34.4	17%
Interim Dividend – fully franked (A$/share)	**0.02**	0.01	100%

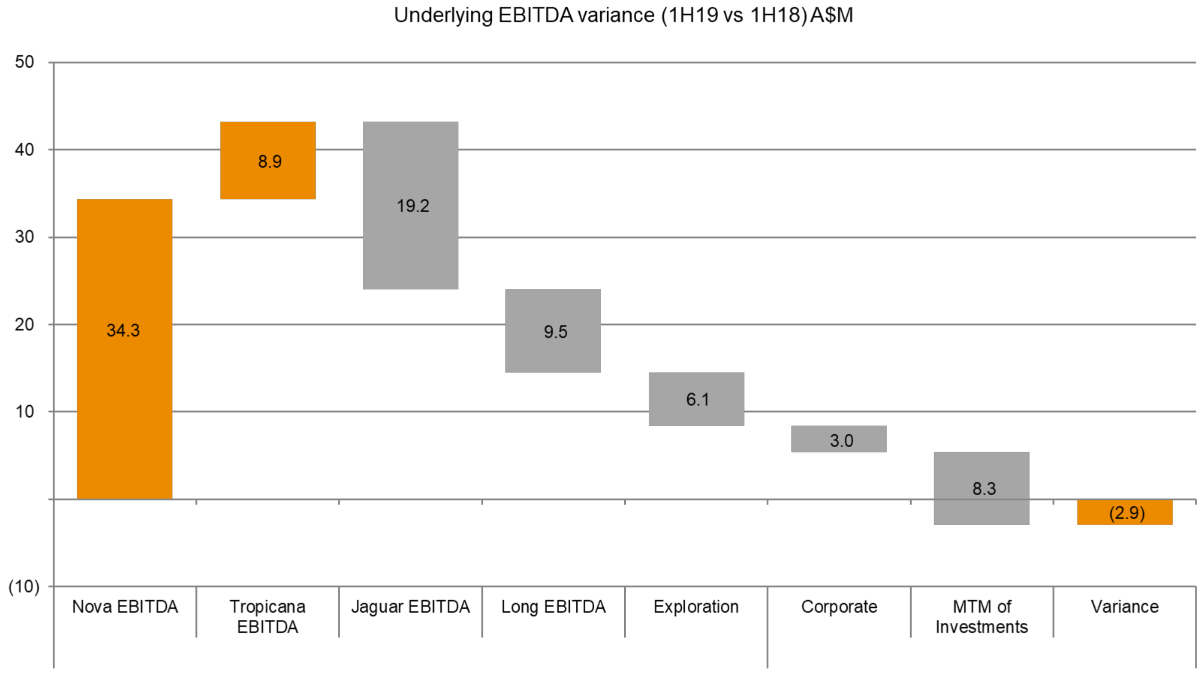
	Dec 2018	June 2018	Inc/(dec)
Total Assets	**2,147.7**	2,174.9	(1%)
Cash	**208.1**	138.7	50%
Debt	**114.3**	142.9	(20%)
Total Liabilities	**364.7**	396.1	(8%)
Shareholders' Equity	**1,783.0**	1,778.8	-
Net tangible assets ($ per share)	**3.02**	2.95	2%

Consolidated Group revenue for 1H19 was in line with the comparative period at A$356M. Increased production and sales at both Nova and Tropicana Operations was offset by the absence of revenue from the Jaguar and Long Operations following their respective divestment and transition into care and maintenance in late FY18.

Underlying EBITDA was marginally lower with key movements illustrated in the chart below. An A$34M increase in Nova Underlying EBITDA was driven by higher revenue from Nova which increased by 72%, as a result of a 77% increase in metal tonnes sold. A 5% increase in gold ounces sold contributed to higher Tropicana EBITDA during the half-year.

This was offset by the absence of EBITDA from Jaguar and Long, as well as higher exploration expenditure and negative movements in investments held at fair value contributing to an overall lower underlying EBITDA result.

[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 and gain/(loss) on sale of subsidiary (1H19: A$0.4M loss).



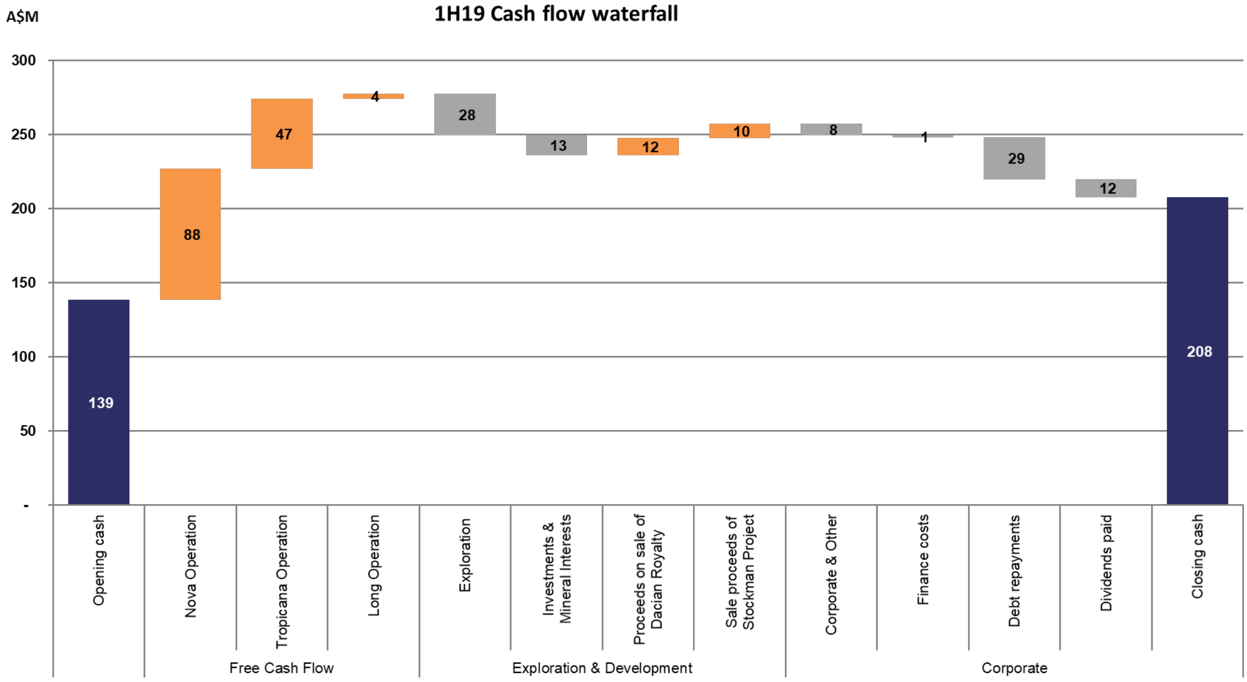
Net profit for the period was A$0.9M, compared to a net profit of A$3.2M for the half-year ended 31 December 2017. The lower result was due to marginally lower underlying EBITDA as explained above, as well as net higher depreciation and amortisation charges, offset by lower finance charges.

Cash & Debt

Cash and cash equivalents at 31 December 2018 totalled A$208M (30 June 2018: A$139M), a net increase of A$69M. The following points are noted:

- Net Cash Inflows from Operating Activities were A$163M (1H18: A$111M). These increased due to higher sales volumes, as well as A$38M in Nova cash receipts relating to FY18 concentrate sales that were received early in 1H19. Partially offsetting this was 22% higher exploration and growth expenditure than in 1H18.
- Net Cash Flows from Investing Activities were A$54M (1H18: A$60M) and included development expenditure of A$46M related to the Nova underground mine development and capitalised waste stripping costs relating to Tropicana.
- Net Cash Outflow from Financing Activities increased by A$6M due to the payment of a A$0.01 per share higher dividend during the half-year. Financing Activities Outflows comprised a scheduled semi-annual term debt repayment of A$29M and FY18 final dividend of A$12M.

Cash at Bank increased by A$69M to A$208M, resulting in a net cash position of A$94M as at 31 December 2018.



Segment Financial and Operating Summary

Nova [IGO 100%]

Metric	Units	1H19	1H18	Change	Inc/(dec)
Segment Revenue	A$M	215.1	124.8	90.3	72%
Underlying EBITDA	A$M	94.0	59.7	34.3	57%
Profit (loss) before tax	A$M	9.5	(10.7)	20.2	N/A
Free Cash Flow	A$M	88.4	2.8	85.6	3,057%
Nickel (contained metal)	t	14,428	8,954	5,474	61%
Copper (contained metal)	t	6,501	3,843	2,658	69%
Cash Cost (payable)	A$/lb Ni	2.34	3.91	(1.57)	(40%)

Revenue from the Nova Operation increased by 72% during the period to A$215M, compared to A$125M in the previous period. This was primarily due to 77% higher metal sold, with the Operation operating at nameplate capacity in the current half-year, partially offset by lower base metal prices. Depreciation and amortisation charges were 18% higher at A$83M due to higher production used as a basis for amortising capitalised costs. As a result, Profit before tax increased by only A$20M.

The Nova Operation produced 106,355t nickel and 20,464t of copper concentrate respectively, with contained metal of 14,428t nickel and 6,501t copper. Payable metal sold for the period was 10,703t nickel, 4,525t copper and 177t cobalt. C1 cash costs (including royalties) were A$2.34 per pound (payable), an improvement from the prior period result of A$3.91 per pound (payable), which was expected as a result of the higher production.

Tropicana [IGO 30%]

Metric	Units	1H19	1H18	Change	Inc/(dec)
Segment Revenue	A$M	136.4	127.5	8.9	7%
Underlying EBITDA	A$M	85.2	76.3	8.9	12%
Profit before tax	A$M	42.5	43.9	(1.4)	(3%)
Free Cash Flow	A$M	47.1	45.1	2.0	4%
Gold produced (100%)	oz	261,991	249,284	12,707	5%
Gold Sold (IGO's 30% share)	oz	78,122	74,470	3,652	5%
Cash Cost	A$/oz	658	678	(20)	(3%)
All-in Sustaining Costs	A$/oz	934	1,040	(106)	(10%)

Revenue from the Tropicana Operation for the half-year increased by 7% to A$136M, a result of a 2% increase in the average gold price to A$1,746 per ounce, together with 5% higher ounces sold in the period. Underlying EBITDA from the Tropicana Operation improved by 12%, due to higher revenue and 3% improved unit cash costs. Profit before tax deteriorated marginally by A$1M as a result of A$11M, or 37%, higher depreciation and amortisation charges. This was due to higher overall ounces in ore mined (ore mining depletion being the basis for amortising capitalised costs) being sourced from mining pits which carry a higher capitalised cost of deferred stripping than was the case in the previous half-year.

A total of 4.0Mt of ore was milled during the period at an average grade of 2.31g/t Au. The second ball mill was commissioned in late November 2018, with improved throughput and recovery being demonstrated in December 2018. The Group's share of gold production during the period was 78,597 ounces at an average metallurgical gold recovery of 89.1%, resulting in an improved average cash cost of A$658 per ounce and an All-in Sustaining Cost of A$934 per ounce.

Corporate

During the half-year, the Company entered into the following agreements:

- IGO agreed to a tenement purchase and joint venture agreement with three entities owned and controlled by Mark Creasy (the Creasy Group). The group of tenements, referred to as the Southern Hills tenements, are contiguous to the Nova Mining Lease and cover approximately 1,100km^2 of highly prospective Fraser Range geology over the primary gravity ridge west and southwest of Nova. The Creasy Group were paid a total of A$21M in combined IGO shares and cash. The cash component including transaction costs was A$6M.
- The Company and Zenith Energy agreed to build a 12.5GWh solar farm at Nova, being the first fully integrated commercial hybrid diesel/solar PV facility in Australia. The solar farm includes state-of-the-art PV modules, single axis tracking and control systems, with first power expected in the September 2019 Quarter.
- The Company completed an earn-in to form the unincorporated Lake Mackay Joint Venture, under which IGO's interest will be 70%, and Prodigy Gold NL's will be the remaining 30% interest. Both partners will now fund their respective share of agreed work programs.
- IGO entered into an agreement with Buxton Resources Limited (Buxton) to advance the exploration of the Merlin/Double Magic prospect in the greater West Kimberley. The investment in Buxton amounted to A$4M.
- IGO subscribed for a placement in Encounter Resources Limited (Encounter) for a total of A$2M. Under the subscription, Encounter shall apply a minimum of 80% of the funds raised towards advancing the Yeneena Copper-Cobalt Project in the Paterson Province of Western Australia.

IGO also released its fourth annual Sustainability Report. In addition, IGO released its first Tax Transparency Report which was prepared under the recommendations of the Board of Taxation's Voluntary Tax Transparency Code.

During the half-year, the Company also received A$12M of cash receipts pursuant to an agreement with Dacian Gold Limited for the sale by IGO of a gold royalty over the Jupiter mine. The transaction was completed in June 2018 with proceeds received in July 2018.

A final deferred instalment of A$10M was received in December 2018 for the sale of the Stockman Project to CopperChem Limited.

Capital Allocation and Shareholder Returns

The Board has adopted a capital allocation policy that prioritises growth while also returning cash to shareholders. Investments in growth include a sustained commitment to exploration and discovery, both brownfields and greenfields, as well as investing to develop or acquire new mining properties.

Shareholder returns include both (i) the expected increase in the underlying value of the Company's shares resulting from the growth and existing activities, and (ii) return of capital to shareholders by way of consistent franked or unfranked dividends, special dividends and/or share buybacks.

The Board has adopted a new capital allocation and shareholder returns policy to target the return of 15 to 25 percent of free cash flow to shareholders with the policy to be reviewed every two years based on financial results, outlook for commodity prices, long term growth capital requirements for the business and balance sheet strength.

At 31 December 2018, the Company had sufficient franking credits to pay approximately 9.8 cents per share of fully frankable dividends. No new franking credits are expected until the Company utilises Group tax losses and pays cash taxes.

The Board therefore expects to consistently pay dividends over the next 3-4 years to utilise the existing franking credits and to distribute the remainder of shareholder returns in any one year to shareholders by way of special dividends or share buybacks.

Interim Dividend

An interim dividend of A$0.02 per share, fully franked, will be paid on 1 March 2019, with a record date of 15 February 2019.

FY19 Guidance

FY19 guidance remains unchanged with both Nova and Tropicana on track to deliver guidance.

For more details on any of the above, please refer to our website at www.igo.com.au.

FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

INVESTOR CALL AND WEBCAST

An investor call and webcast has been scheduled for 8.00am Perth time, Thursday 31 January 2019. Dial-in details for the call and the webcast link can be found below.

Meeting title:	Independence Group Conference Call
Date:	31 January 2019
Conference ID:	841524
Audio Access Dial in numbers:	
Australia Toll Free	1 800 558 698
Alternate Australia Toll Free	1 800 809 971
Australia Local Number	61 2 9007 3187

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

https://webcasting.boardroom.media/broadcast/5c32ae74eb965402d8d668cd

Please note it is best to log on at least 5 minutes before 11am AEDT (8am WST) on Thursday morning, 31 January 2019 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.

INVESTOR AND MEDIA ENQUIRIES:

Andrew Eddowes
Head of Corporate Development
T: +61 8 9238 8300
E: investor.relations@igo.com.au

Jill Thomas
Communications Manager
T: +61 8 9238 8300
E: jill.thomas@igo.com.au

INDEPENDENCE GROUP NL
ABN 46 092 786 304

APPENDIX 4D
HALF-YEAR REPORT

HALF-YEAR INFORMATION – 1 JULY 2018 TO 31 DECEMBER 2018
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	352,632	(1.0%)
Profit after tax attributable to members	861	(72.8%)
Net profit attributable to members	861	(72.8%)

The previous corresponding period is the half-year ended 31 December 2017.

	2018	2017
Basic earnings per share (cents)	0.15	0.54
Diluted earnings per share (cents)	0.15	0.54
Net tangible assets per share (cents)	301.96	295.30

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

Group revenue for the half-year ended 31 December 2018 was $352.6 million, down 1% on the comparative period revenue of $354.8 million. This was in part a result of increased production at both the Nova and Tropicana Operations. Group revenue and results were also impacted by the divestment of the Jaguar Operation in May 2018, and the transition of the Long Operation into care and maintenance in June 2018. Other relevant contributing factors are outlined below:

- Revenue from the Nova Operation increased by 72% during the half-year to $215.1 million, compared to $124.8 million in the previous period. This was primarily due to 77% higher metal sold as the Operation was transitioned to higher grade zones underground in the current half-year. Depreciation and amortisation charges were 18% higher at $82.8 million due to higher production used as a basis for amortising capitalised costs. As a result, profit before tax increased by only $20.2 million to $9.5 million.

  The Nova Operation produced 106,355t nickel and 20,464t of copper concentrate respectively, with contained metal of 14,428t nickel and 6,501t copper. Payable metal sold for the period was 10,703t nickel, 4,525t copper and 177t cobalt. C1 cash costs (including royalties) were $2.34 per payable pound, an improvement from the prior period of $3.91 per payable pound which was in line with the higher production.

- Revenue from the Tropicana Operation for the half-year increased by 7% to $136.4 million, a result of a 2% increase in the average A$ gold price to $1,746 per ounce, together with 5% higher ounces sold in the period. The Tropicana Operation contributed $42.5 million in segment profit before tax, slightly lower than the previous period of $43.9 million.

  A total of 4.0Mt of ore was milled during the period at an average grade of 2.31g/t Au. A second ball mill was commissioned in late November 2018 resulting in improved overall throughput and recovery. The Group's share of gold production during the period was 78,597oz at an average metallurgical recovery of 89.1%, resulting in an improved average cash cost of $658 per ounce and an All-in Sustaining Cost of $934 per ounce.

- Net profit attributable to members was also impacted by $8.2 million additional exploration activities expense, and a decline in the fair value of investments held of $8.9 million.

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

Interim Dividend

The Company paid a final 2017/18 fully franked dividend of 2.0 cents per share in September 2018.

The Company will pay a fully franked interim dividend of 2.0 cents per share on 1 March 2019. The record date of the dividend will be 15 February 2019.

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 financial report for the half-year ended 31 December 2018

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 ended 31 December 2018.

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 and half-year comparative period by significant industry segment is set out below:

	Segment revenues		Segment results	
Consolidated entity	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Nova Operation	**215,077**	124,792	**9,515**	(10,686)
Tropicana Operation	**136,438**	127,476	**42,537**	43,939
Jaguar Operation	**-**	72,260	**-**	10,965
Long Operation	**(1,209)**	30,044	**(1,167)**	(3,209)
New business and regional exploration activities	**2**	9	**(27,434)**	(20,287)
Unallocated revenue	**2,324**	181	**-**	-
	352,632	354,762	**23,451**	20,722
Unallocated revenue less unallocated expenses			**(22,269)**	(15,677)
Profit before income tax			**1,182**	5,045
Income tax expense			**(321)**	(1,882)
Profit after income tax			**861**	3,163
Net profit attributable to members of Independence Group NL			**861**	3,163

The consolidated Group revenue for the period was $352.6 million, down 1% on the comparative period of $354.8 million. This was a result of increased production at both Nova and Tropicana Operations during the current period, offset by the absence of revenue from the Jaguar and Long Operations following the divestment and transition into care and maintenance respectively. Total expenses were also impacted by the absence of the Jaguar and Long Operation's results, however mining, development and processing costs were higher due to the increased mining rates at both Nova and Tropicana. This was offset by a reduction in employee benefits expense due to the reduction in manning for the Group. The higher material mined resulted in a 4% increase in depreciation and amortisation expense, from $122.9 million for the half-year ended 31 December 2017 to $127.8 million for the half-year ended 31 December 2018, despite the absence of depreciation and amortisation from the Jaguar and Long Operations.

The profit attributable to members for the period was $0.9 million, compared to a net profit of $3.2 million for the half-year ended 31 December 2017.

Review of operations (continued)

A summary of the significant factors that have affected the Group's operations and results during the six months to 31 December 2018 are detailed below:

Nova Operation

Underground development advance was 3,343m, despite the focus of the mining operations being on ore production areas. As Nova is approaching the end of the Life of Mine capital development, the number of development and equipment operating crews were reduced to two crews by the end of the half-year.

A total of 773kt of ore was mined at an average grade of 2.11% nickel and 0.91% copper, which was higher due to higher grade stopes coming on line as the mine schedule progresses. Further improvements and engineering modifications were made to the paste plant resulting in improved performance towards the end of the period, with further changes planned over the second half of FY19.

The Nova process plant milled 805kt of ore, an annualised rate of 1.6Mtpa, at an average nickel grade of 2.06% for the period. Processing of low-grade stockpiles, blended with some higher mined grades, resulted in the milled grade being lower than mined grade. An above nameplate rate was maintained throughout the second half of the period, primarily to reduce the amount of surface ore stockpiles, however, throughput was reduced in December 2018 to cater for higher head grades milled.

Metallurgical recoveries generally performed in-line with modelled recoveries with higher throughput rates, resulting in nickel recoveries at 86.9%. Copper recoveries improved during the half-year by 6% quarter on quarter to 87.1% for the December 2018 quarter.

Concentrate production for the period was 106,355t and 20,464t of nickel and copper concentrate respectively, with contained metal of 14,428t of nickel and 6,501t of copper. Payable metal sold for the period was 10,703t of nickel, 4,525t of copper and 177t of cobalt, which generated revenue of $215.1 million for the half-year (2017: $124.8 million).

Segment result for Nova Operation was a profit before tax of $9.5 million, compared to a loss before tax of $10.7 million in the comparative period. This was driven by higher revenue off the back of higher payable metal as the Operation ramped up to name-plate capacity. C1 cash costs (including royalties) were $2.34 per payable pound (2017: $3.91 per payable pound), trending down in line with higher production.

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

Nova Operation	31 December 2018	31 December 2017	Variance (%)
Ore mined (t)	773,167	678,641	14
Ore milled (t)	805,447	666,841	21
Nickel grade (%)	2.06	1.61	28
Copper grade (%)	0.88	0.65	35
Cobalt grade (%)	0.07	0.05	40
Contained nickel metal (t)	14,428	8,954	61
Contained copper metal (t)	6,501	3,843	69
Contained cobalt metal (t)	519	290	79
Payable nickel metal (t)	10,061	6,205	62
Payable copper metal (t)	5,896	3,594	64
Payable cobalt metal (t)	167	93	80
Nickel C1 cash costs & royalties (A$ per payable pound)	2.34	3.91	(40)
A$ nickel price (A$ per pound sold)	7.38	7.08	4
A$ copper price (A$ per pound sold)	3.89	3.93	(1)
A$ cobalt price (A$ per pound sold)	37.74	42.34	(11)

Review of operations (continued)

Tropicana Operation

This segment 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).

Total material mined from the open pit was 16.8M bank cubic metres in the period, comprising of 7.5Mt or ore and 36.4Mt of waste, with an average grade mined of 1.67g/t Au.

On 20 December 2018, the Company announced that a prefeasibility study (PFS) into the development of an underground mine beneath the Boston Shaker pits at Tropicana had confirmed that underground mining is technically and financially viable. The PFS is based on the scheduling of underground Mineral Resources with robust economics, fully integrated with the open pit mining plan.

A total of 4.0Mt of ore was milled during the period at an average grade of 2.31g/t Au. Average metallurgical recovery was 89.1%, to produce 261,991 ounces of gold on a 100% basis. The second ball mill was commissioned in late November 2018, with December 2018 being the first full month in operation and the implementation has already demonstrated improved throughput and gold recovery for the Operation.

Gold sold (IGO share) was 78,122 ounces at an average price of $1,746 per ounce, generating sales revenue of $136.4 million. This is an increase of $9.0 million (7%) over the comparative period due to higher ounces sold and a higher realise gold price.

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 $658 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 $934 per ounce.

Tropicana segment profit before tax of $42.5 million was down slightly on the corresponding comparative period of $43.9 million primarily due to higher amortisation charges as a result of the higher ore mined for the period.

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

Tropicana Operation	31 December 2018	31 December 2017	Variance (%)
Gold ore mined (>0.6g/t Au) ('000t)	7,494	5,738	31
Gold ore mined (>0.4 and <0.6g/t Au) ('000t)	1,031	536	92
Waste mined ('000t)	35,406	38,484	(8)
Gold grade mined (>0.6g/t Au) (g/t)	1.67	1.94	(14)
Ore milled ('000t)	3,953	3,912	1
Gold grade milled (g/t)	2.31	2.27	2
Metallurgical recovery (%)	89.1	89.0	-
Gold produced (ounces)	261,991	249,284	5
Gold refined and sold (IGO 30% share) (ounces)	78,122	74,470	5
Cash costs (A$ per ounce produced)	658	678	(3)
All-in Sustaining Costs (AISC) (A$ per ounce sold)*	934	1,040	(10)
Realised A$ gold price (A$ per ounce sold)	1,746	1,712	2

*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.

Review of operations (continued)

Long Operation

The Long Operation transitioned into care and maintenance in June 2018, with a local contractor being appointed to manage the care and maintenance activities. The Company intends to maintain Long in a state of care and maintenance whilst continuing to test a number of conceptual exploration targets. Following the completion of this work, a strategic review is to be completed during which all options will be considered, including divestment, further exploration, recommencement of operations and closure.

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

Long Operation	31 December 2018*	31 December 2017	Variance (%)
Ore mined (t)	-	89,590	n/a
Grade mined (%)	-	3.29	n/a
Contained nickel metal (t)	-	2,946	n/a
Payable nickel metal (t)	-	1,759	n/a
Nickel C1 cash costs & royalties (A$ per payable pound)	-	5.10	n/a
A$ nickel price (A$ per pound sold)	-	7.03	n/a

* Placed in care and maintenance from June 2018.

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. Exploration activities during the half-year focused on:

Brownfields Exploration

Nova

The 58km^2, high-resolution 3D seismic survey data was delivered to IGO at the end of July 2018. The Nova seismic survey is the largest 3D hard rock seismic survey ever undertaken in Australia. A review of the data identified numerous targets that warrant further investigation and drilling.

The major >20,000m exploration diamond drilling program commenced during the period, testing historical and new targets generated from the 3D seismic survey. The drill holes targeted historically intersected ultramafic intrusions located outside of the Nova "eye" at the Perseus and Phoenix prospects, as well as electromagnetic conductors proximal to Nova. Two of the drill holes were the first holes designed to test targets identified from the 3D seismic survey.

Disseminated and locally blebby three-phase magmatic Fe-Cu-Ni sulphides were observed in mafic and ultramafic intrusions that were intersected in most holes drilled on the Mining Lease. Assays are pending.

A geological and structural relogging program consisting of ~33,500m of historical drill cores has been completed to better understand the geology hosting the Nova-Bollinger deposit and surrounds, and to create a geological/structural model of the Nova Mining Lease that incorporates the deeper seismic data. The combined geological model was completed in late-December 2018 and the drill testing of conceptual drill targets has commenced.

Greenfields Exploration

Fraser Range

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

Review of operations (continued)

New Business and Regional Exploration Activities (continued)

Widowmaker Tenement

Aircore results, diamond drilling and ground EM surveying on the Widowmaker tenement has upgraded the prospectivity of this area, which is immediately south of, and adjacent to, the recent Silver Knight discovery by Creasy Group. Five priority targets have so-far been identified for reverse circulation and diamond drill testing in calendar year 2019:

- The Quasar target is defined by a magnetic "eye feature" with a central coincident and discrete gravity high, anomalous surface soil geochemistry indicating the presence of ultramafic lithologies, and aircore geochemistry results anomalous in Ni, Cu and Cr;
- Nebula is characterised by soil samples with coincident Cu, Co and Cr anomalism and aircore drilling results including mafic lithologies with strongly anomalous Co, Cu and Ni;
- The Celestial target is characterised by a discrete magnetic anomaly coinciding with ultramafic and exhalative lithologies anomalous in Ni, Cu, Co, Au, Zn and Pb;
- Solar is a deep, large, strongly conductive low-temperature SQUID EM target located along strike from the Silver Knight Ni-Cu prospect. Infill EM lines are required to define the limits and orientation of this target prior to drilling; and
- The Ecliptic prospect is a large area prospective for Ni-Cu sulphide mineralisation adjacent to Silver Knight. Multiple aircore holes have intersected mafic and ultramafic rocks hosting disseminated polyphase sulphides, including chalcopyrite, pentlandite and pyrrhotite.

Andromeda

Results from the last two drill holes completed at Andromeda during the second half of the period were comparable to previous results and hence neither materially upgrade or downgrade the prospect. Further drilling is being considered as part of the larger regional target testing program next field season.

Fraser Range Regional

The regional aircore drilling program completed over 96km of drilling during the period. New mafic/ultramafic intrusions continued to be identified across the entire Fraser Range project area and all require infill drilling and ground geophysical follow-up in calendar year 2019. In addition, several new first-order geochemical anomalies comprising anomalous concentrations of Cu-Ni-Co ± PGE and Cu-Zn ± Au were identified in 2018 and all require follow-up exploration with ground EM surveys and infill aircore drilling.

SpectremAir continued airborne EM surveying during the period and completed 6,624 line-km of survey flying. Multiple airborne EM anomalies have been identified with some promising targets being identified within 20km of Nova. A large manganese-rich Cu-Co-Zn 'gossan' was discovered on the Southern Hills tenements. The area has not previously been explored owing to thick vegetation making access impossible by vehicle. The 'gossan' is associated with an interpreted meta-exhalate sedimentary sequence, is several hundred metres long, and coincides with a Spectrem airborne EM anomaly of moderate to strong conductance. These will be followed up in subsequent periods.

Moving Loop EM surveys were completed at several prospects previously identified by airborne EM surveys and aircore drilling north of Nova, and several drill targets have been confirmed. A +30,000m reverse circulation and diamond drilling program will commence in the Fraser Range to test these anomalies in early calendar year 2019.

Two on-ground heritage surveys, one helicopter-supported heritage orientation program, and several monitoring surveys were completed, paving the way for the next generation of diamond core and aircore drilling.

Lake Mackay

IGO notified Prodigy Gold NL (Prodigy Gold) that it has achieved the earn-in component of the Lake Mackay JV agreement, and as such IGO now holds a 70% interest in the Lake Mackay JV tenements. Joint Venture funding for the project is now shared 70% IGO and 30% Prodigy Gold, with IGO the manager and operator of the JV.

Review of operations (continued)

New Business and Regional Exploration Activities (continued)

Castile Resources Pty Ltd (Castile) was also notified that the earn-in was completed on the two Castile tenements, EL29747 and EL31794, with a 51% interest now shared by the farminees (70% IGO, 30% Prodigy Gold) and 49% Castile. These tenements are now in a JV sole-funding period that can increase the farminee's interest to 76.9%. If the proposed sole-funded JV program expenditure is met in the required timeframe, the ownership of the two tenements will be approximately 53.8% IGO, 23.1% Prodigy Gold and 23.1% Castile.

The Spectrem Air airborne EM survey was completed on 11 January 2019 with a total of 14,951 line-km flown, which included an area that was co-funded by the Northern Territory Government under the Geophysics & Drilling Collaboration Program. The interpretation of the survey data is ongoing.

Interpretation of 11 EM anomalies that were ground EM surveyed in the 2018 field season has resulted in 8 responses that could be associated with conductive massive sulphide mineralisation. These will be drill tested in 2019, along with the previously identified Grimlock Ni-Co prospect, initially using RC drilling.

Raptor

A 41,899 line-km aeromagnetic and radiometric survey flown at a 100m flight line spacing was undertaken in the period. This survey was co-funded by the Northern Territory Government under the Geophysics & Drilling Collaboration Program. Final data is pending, with data interpretations to follow.

West Kimberley JV

A share placement and two earn-in/JV agreements were announced on 29 November 2018 with Buxton Resources Limited (Buxton) to jointly explore the emerging West Kimberley Ni-Cu sulphide belt. IGO subscribed for approximately $4.1 million worth of Buxton shares to become a major shareholder in Buxton (15%). Buxton will use the bulk of these funds to drill key targets at the Merlin Ni-Cu sulphide discovery, with IGO holding a two year option for an earn-in/ JV at Merlin. IGO will manage all exploration outside of the Merlin tenements.

Paterson JV

A share placement, including an option to enter into an earn-in JV, was announced on 12 November 2018 with Encounter Resources Limited (Encounter). IGO subscribed for approximately $1.8 million of Encounter shares to become a major shareholder of Encounter (9%). The subscription funds shall be used primarily to advance 3D copper target definition and testing at the Yeneena Copper-Cobalt Project in the Paterson Province of Western Australia (Yeneena). Following completion of the exploration program, IGO can elect to enter into an earn-in agreement and earn a 70% interest in the Yeneena project by spending $15 million over seven years.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period.

Matters subsequent to the end of the financial year

On 31 January 2019, the Company announced that an interim dividend would be paid on 1 March 2019. The dividend is 2 cents per share and will be fully franked.

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

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
30 January 2019

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2018, 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, 30 January 2019

	Notes	**31 December 2018 $'000**	31 December 2017 $'000
Revenue	2	**352,632**	354,762
Other income		**3,759**	24
Mining, development and processing costs		**(130,927)**	(122,885)
Employee benefits expense		**(26,364)**	(46,323)
Share-based payments expense		**(1,538)**	(1,288)
Fair value movement of financial investments		**(8,949)**	(631)
Depreciation and amortisation expense		**(127,804)**	(122,937)
Exploration expense		**(25,947)**	(17,766)
Royalty expense		**(13,365)**	(13,469)
Ore tolling expense		**(57)**	(4,244)
Shipping and wharfage costs		**(8,421)**	(9,473)
Borrowing and finance costs		**(3,649)**	(5,718)
Other expenses		**(8,188)**	(5,007)
Profit before income tax		**1,182**	5,045
Income tax expense		**(321)**	(1,882)
Profit for the period		**861**	3,163
Other comprehensive income			
Items that may be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax		**(2,011)**	1,542
Exchange differences on translation of foreign operations		**(111)**	(18)
Other comprehensive (loss) income for the period, net of tax		**(2,122)**	1,524
Total comprehensive (loss) income for the period		**(1,261)**	4,687
Profit for the period attributable to members of Independence Group NL		**861**	3,163
Total comprehensive (loss) income for the period attributable to the members of Independence Group NL		**(1,261)**	4,687

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**0.15**	0.54
Diluted earnings per share		**0.15**	0.54

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

	Notes	**31 December 2018 $'000**	30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**208,073**	138,688
Trade and other receivables		**48,330**	94,093
Inventories		**64,683**	82,487
Financial assets at fair value through profit or loss		**22,235**	24,294
Derivative financial instruments	7	**-**	1,990
Total current assets		**343,321**	341,552
Non-current assets			
Receivables		**30,008**	29,495
Inventories		**56,960**	33,012
Property, plant and equipment	4	**38,155**	35,417
Mine properties	5	**1,377,948**	1,457,688
Exploration and evaluation expenditure	6	**94,012**	70,493
Deferred tax assets		**207,330**	207,271
Total non-current assets		**1,804,413**	1,833,376
TOTAL ASSETS		**2,147,734**	2,174,928
LIABILITIES			
Current liabilities			
Trade and other payables		**49,452**	56,586
Borrowings	8	**56,226**	56,226
Derivative financial instruments	7	**605**	-
Provisions		**4,959**	4,894
Total current liabilities		**111,242**	117,706
Non-current liabilities			
Borrowings	8	**56,480**	84,589
Derivative financial instruments	7	**278**	-
Deferred tax liabilities		**131,156**	131,638
Provisions		**65,559**	62,168
Total non-current liabilities		**253,473**	278,395
TOTAL LIABILITIES		**364,715**	396,101
NET ASSETS		**1,783,019**	1,778,827
EQUITY			
Contributed equity	9	**1,895,855**	1,879,094
Reserves	10(a)	**13,151**	14,771
Accumulated losses	10(b)	**(125,987)**	(115,038)
TOTAL EQUITY		**1,783,019**	1,778,827

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 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

	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 2018	1,879,094	(115,038)	1,393	13,340	-	38	1,778,827
Profit for the period	-	861	-	-	-	-	861
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(2,011)	-	-	-	(2,011)
Currency translation differences - current period	-	-	-	-	-	(111)	(111)
Total comprehensive income (loss) for the period	-	861	(2,011)	-	-	(111)	(1,261)
Transactions with owners in their capacity as owners:							
Dividends paid	-	(11,810)	-	-	-	-	(11,810)
Share-based payments expense	-	-	-	1,538	-	-	1,538
Issue of shares - Employee Incentive Plan	1,036	-	-	(1,036)	-	-	-
Shares issued on acquisition of Southern Hills Tenements	15,725	-	-	-	-	-	15,725
Balance at 31 December 2018	1,895,855	(125,987)	(618)	13,842	-	(73)	1,783,019

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

	Notes	**31 December 2018 $'000**	31 December 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**393,464**	342,342
Payments to suppliers and employees (inclusive of GST)		**(213,820)**	(207,716)
		179,644	134,626
Interest and other costs of finance paid		**(2,750)**	(3,455)
Interest received		**1,596**	284
Payments for exploration activities		**(27,022)**	(20,090)
Receipts from other operating activities		**11,506**	8
Net cash inflow from operating activities		**162,974**	111,373
Cash flows from investing activities			
Payments for property, plant and equipment		**(7,974)**	(11,767)
Interest and other costs of finance paid		**-**	(1,008)
Proceeds from sale of property, plant and equipment and other investments		**3,268**	30
Payments for purchase of listed investments		**(6,890)**	(183)
Payments for development expenditure		**(45,596)**	(56,883)
Payments for capitalised exploration and evaluation expenditure		**(7,794)**	(1,170)
Net proceeds on sale of Stockman Project		**10,000**	10,708
Net proceeds on sale Jaguar Operation		**704**	-
Net cash (outflow) from investing activities		**(54,282)**	(60,273)
Cash flows from financing activities			
Repayment of borrowings		**(28,571)**	(28,571)
Payment of dividends	3	**(11,810)**	(5,868)
Net cash (outflow) from financing activities		**(40,381)**	(34,439)
Net increase in cash and cash equivalents		**68,311**	16,661
Cash and cash equivalents at the beginning of the period		**138,688**	35,763
Effects of exchange rate changes on cash and cash equivalents		**1,074**	(1,089)
Cash and cash equivalents at the end of the half-year		**208,073**	51,335

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). During the period, the following segments were in operation: The Nova Operation, the Tropicana Operation and New Business and Regional Exploration Activities (New Business). The Jaguar Operation was sold effective 31 May 2018 and the Long Operation was placed in care and maintenance in June 2018.

The Nova Operation primarily produces nickel, copper and cobalt concentrate. Revenue is derived from multiple customers. The General Manager of the Nova Operation 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 Group’s General Manager Exploration is responsible for budgets and expenditure relating to the Group’s regional exploration, scoping studies, feasibility studies and new business development. The New Business division does not normally derive any income. Should a project generated by the New Business division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from New Business and become reportable in a different segment.

The Jaguar Operation primarily produced zinc and copper concentrate. The Jaguar Operation was sold effective 31 May 2018. The General Manager of the Jaguar Operation was responsible for the expenditure of the Operation. The Jaguar Operation and exploration properties were owned by the Group’s wholly owned subsidiary Independence Jaguar Pty Ltd.

The Long Operation produced primarily nickel, together with copper. Revenue derived by the Long Operation was received from one customer, being BHP Billiton Nickel West Pty Ltd. The Registered Manager of the Long Operation was 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 Long Operation was placed into care and maintenance during June 2018.

(b) Segment results

	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 2018						
Sales revenue	**240,167**	**136,438**	**-**	**-**	**-**	**376,605**
Other revenue	**(25,090)**	**-**	**-**	**(1,209)**	**2**	**(26,297)**
Total segment revenue	**215,077**	**136,438**	**-**	**(1,209)**	**2**	**350,308**
Segment net operating profit (loss) before income tax	**9,515**	**42,537**	**-**	**(1,167)**	**(27,434)**	**23,451**

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 2017						
Sales revenue	112,386	127,476	73,506	26,162	-	339,530
Other revenue	12,406	-	(1,246)	3,882	9	15,051
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
Total segment assets						
31 December 2018	1,281,408	1,392,211	-	6,982	127,949	2,808,550
30 June 2018	1,374,188	1,270,549	-	22,194	103,869	2,770,800
Total segment liabilities						
31 December 2018	650,846	44,014	-	11,917	72,339	779,116
30 June 2018	747,011	36,486	-	26,725	38,381	848,603

(c) Segment revenue

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

	31 December 2018 $'000	31 December 2017 $'000
Sales revenue	**350,308**	354,581
Interest revenue on corporate cash balances and other unallocated revenue	**2,324**	181
Total revenue	**352,632**	354,762

1 Segment information (continued)

(d) Segment net profit before income tax

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

	31 December 2018 $'000	31 December 2017 $'000
Segment net operating profit before income tax	**23,451**	20,722
Interest revenue on corporate cash balances and other unallocated revenue	**2,324**	181
Fair value movement of corporate financial investments	**(7,923)**	(627)
Share-based payments expense	**(1,538)**	(1,288)
Depreciation expense on corporate assets	**(570)**	(568)
Other corporate costs and unallocated other income	**(11,184)**	(8,498)
Borrowing and finance costs	**(2,955)**	(4,877)
Net loss on disposal of subsidiary and other assets	**(423)**	-
Profit before income tax	**1,182**	5,045

(f) Segment assets

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

	31 December 2018 $'000	30 June 2018 $'000
Total segment assets	**2,808,550**	2,770,800
Intersegment eliminations	**(1,120,620)**	(989,296)
Unallocated assets:		
Deferred tax assets	**207,330**	207,271
Listed equity securities	**21,343**	22,376
Cash and receivables held by the parent entity	**226,369**	159,595
Office and general plant and equipment	**4,762**	4,182
Total assets as per the consolidated balance sheet	**2,147,734**	2,174,928

1 Segment information (continued)

(g) Segment liabilities

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

	31 December 2018 $'000	30 June 2018 $'000
Total segment liabilities	**779,116**	848,603
Intersegment eliminations	**(665,847)**	(733,072)
Unallocated liabilities:		
Deferred tax liabilities	**131,156**	131,638
Creditors and accruals of the parent entity	**3,967**	5,103
Provision for employee entitlements of the parent entity	**3,617**	3,014
Bank loans	**112,706**	140,815
Total liabilities as per the consolidated balance sheet	**364,715**	396,101

2 Revenue

	31 December 2018 $'000	31 December 2017 $'000
Sale of goods	**374,902**	338,633
Shipping and insurance service revenue	**1,702**	897
Sales revenue	**376,604**	339,530
Interest revenue	**2,545**	255
Other revenue	**13**	8
Provisional pricing adjustments	**(26,530)**	14,969
Other revenue	**(23,972)**	15,232
Total revenue	**352,632**	354,762

3 Dividends

(a) Ordinary shares

	31 December 2018 $'000	31 December 2017 $'000
Final dividend for the year ended 30 June 2018 of 2 cents (2017: 1 cent) per fully paid share	**11,810**	5,868
Total dividends paid during the half-year	**11,810**	5,868

3 Dividends (continued)

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

	31 December 2018 $'000	31 December 2017 $'000
In addition to the above dividends, since the period end the Directors have recommended the payment of an interim dividend of 2 cents (2017: 1 cent) per fully paid share. The aggregate amount of the proposed dividend expected to be paid on 1 March 2018, but not recognised as a liability at period end, is:	**11,810**	5,868

4 Property, plant and equipment

	31 December 2018 $'000	31 December 2017 $'000
Property, plant and equipment	**38,155**	49,432

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

	31 December 2018 $'000	31 December 2017 $'000
Property, plant and equipment		
Carrying amount at beginning of the period	**35,417**	44,922
Additions	**7,990**	11,781
Disposals	**(648)**	(9)
Depreciation expense	**(4,604)**	(7,262)
Carrying amount at end of the period	**38,155**	49,432

5 Mine properties

	31 December 2018 $'000	31 December 2017 $'000
Mine properties in production	**1,322,383**	1,500,251
Deferred stripping	**55,565**	59,460
	1,377,948	1,559,711

5 Mine properties (continued)

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 2018				
Carrying amount at beginning of the period	**-**	**1,391,143**	**66,545**	**1,457,688**
Additions	**-**	**23,610**	**19,850**	**43,460**
Amortisation expense	**-**	**(92,370)**	**(30,830)**	**(123,200)**
Carrying amount at end of the period	**-**	**1,322,383**	**55,565**	**1,377,948**

	Mine properties in development $'000	**Mine properties in production $'000**	**Deferred stripping $'000**	**Total $'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 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

6 Exploration and evaluation expenditure

	31 December 2018 $'000	31 December 2017 $'000
Exploration and evaluation costs	**94,012**	75,711

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

	31 December 2018 $'000	31 December 2017 $'000
Carrying amount at beginning of the period	**70,493**	73,068
Additions	**23,519**	1,170
Transfers from mine properties in production	**-**	1,473
Carrying amount at end of the period	**94,012**	75,711

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. No amounts were impaired during the current or previous reporting periods.

7 Derivative financial instruments

	31 December 2018 $'000	30 June 2018 $'000
Current assets		
Diesel hedging contracts - cash flow hedges	-	1,990
	-	1,990
Current liabilities		
Diesel hedging contracts - cash flow hedges	605	-
	605	-
Non-current liabilities		
Diesel hedging contracts - cash flow hedges	278	-
	278	-

8 Borrowings

	31 December 2018 $'000	30 June 2018 $'000
Current		
Unsecured		
Bank loans	56,226	56,226
Total unsecured current borrowings	56,226	56,226
Non-Current		
Unsecured		
Bank loans	56,480	84,589
Total unsecured non-current borrowings	56,480	84,589

(i) 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. Subsequent restructures, cancellations and repayments of the Facility Agreement have resulted in an outstanding balance of the amortising loan facility of $114,287,000.

Total capitalised transaction costs relating to the Facility Agreement are $5,495,000 (30 June 2018: $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 $1,581,000 (30 June 2018: $2,043,000) is offset against the bank loans contractual liability of $114,287,000 (30 June 2018: $142,858,000).

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.

9 Contributed equity

	31 December 2018 $'000	31 December 2017 $'000
Fully paid issued capital	**1,895,855**	1,878,745

(i) Movements in ordinary shares:

Details	2018 Number of shares	2018 $'000	2017 Number of shares	2017 $'000
Balance at 1 July	**586,923,035**	**1,879,094**	586,747,023	1,878,469
Issue of shares under the Employee Incentive Plan	**459,376**	**1,036**	76,452	276
Issue of shares on acquisition of Southern Hills Tenements	**3,095,408**	**15,725**	-	-
Balance 31 December	**590,477,819**	**1,895,855**	586,823,475	1,878,745

10 Reserves and accumulated losses

(a) Reserves

	31 December 2018 $'000	30 June 2018 $'000
Hedging reserve	**(618)**	1,393
Share-based payments reserve	**13,842**	13,340
Foreign currency translation reserve	**(73)**	38
	13,151	14,771

(b) Accumulated losses

	Notes	31 December 2018 $'000	31 December 2017 $'000
Balance at 1 July		**(115,038)**	(159,130)
Net profit for the period		**861**	3,163
Dividends paid during the period	3	**(11,810)**	(5,868)
Balance at 31 December		**(125,987)**	(161,835)

11 Fair value measurements of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

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 2018 and 30 June 2018 on a recurring basis:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2018				
Financial assets				
Financial assets at fair value through profit or loss				
Listed investments	**22,235**	**-**	**-**	**22,235**
	22,235	**-**	**-**	**22,235**
Financial liabilities				
Derivative instruments				
Diesel hedging contracts	**-**	**883**	**-**	**883**
	-	**883**	**-**	**883**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2018				
Financial assets				
Financial assets at fair value through profit or loss				
Listed investments	24,294	-	-	24,294
Derivative instruments				
Diesel hedging contracts	-	1,990	-	1,990
	24,294	1,990	-	26,284

Specific valuation techniques used to value financial instruments include:

(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.

11 Fair value measurements of financial instruments (continued)

(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.

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.

	31 December 2018		30 June 2018	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Current assets				
Cash and cash equivalents	**208,073**	**208,073**	138,688	138,688
	208,073	**208,073**	138,688	138,688
Current liabilities				
Bank loans	**56,226**	**57,142**	56,226	57,142
	56,226	**57,142**	56,226	57,142
Non-current liabilities				
Bank loans	**56,480**	**57,145**	84,589	85,716
	56,480	**57,145**	84,589	85,716

12 Contingencies

(a) Contingent liabilities

The Group had guarantees outstanding at 31 December 2018 totalling $1,311,000 (30 June 2018: $1,311,000) which have been granted in favour of various third parties. The guarantees primarily relate to mining environmental and rehabilitation bonds.

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

13 Commitments

(a) Gold delivery commitments

	Gold for physical delivery oz	Average contracted sales price A$/oz	Value of committed sales $'000
Within one year	**56,394**	**1,823**	**102,781**
Later than one but not later than five years	**66,600**	**1,796**	**119,589**
Total	**122,994**	**1,808**	**222,370**

13 Commitments (continued)

(a) Gold delivery commitments (continued)

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

14 Events occurring after the reporting period

On 31 January 2019, the Company announced that an interim dividend would be paid on 1 March 2019. The dividend is 2 cents 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.

15 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated 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 2018 and any public announcements made by Independence Group NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period resulting in a change to the Group's accounting policies and retrospective disclosure adjustments being made as a result of adopting the following standard:

- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of this standard and the new accounting policies are disclosed below. AASB9 *Financial Instruments* was previously early adopted in the year ended 30 June 2016.

(i) AASB 15 Revenue from contracts with customers

The Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended) for the first time in the current period. AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and replaces the previous standard AASB 118 *Revenue.*

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

(a) New and amended standards adopted by the Group (continued)

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has considered AASB 15 in detail and determined the following relevant impacts for the Group:

- The Group sells a significant proportion of its products on Cost, Insurance and Freight (CIF) terms, which means that the Group is responsible for shipping the product to a destination port specified by the buyer. There is not a significant impact on the Group's other commodity sales contracts under AASB 15.

  Under the Group's prior period accounting policy, the Group recognised the total contract revenue when there was persuasive evidence indicating that there has been a transfer of risks and rewards to the customer, typically on the bill of lading date when the concentrate is delivered to the ship and the related shipping costs were recognised in full at that point. Under AASB 15, the sale of the concentrate is recognised when control has passed to the customer, which is upon loading onto the ship or delivered to the customer's premises. The revenue recognised in relation to the sale of the concentrate is priced at the amount for which it is expected to be highly probable of not reversing. The shipping and insurance service represents a separate performance obligation, being recognised separately from the sale of the concentrate over the period the shipping and insurance service is provided.

- The Group's nickel and copper sales contracts provide for provisional pricing of sales at the time the product is delivered to the vessel, with final pricing determined using the relevant metal price index on or after the vessel's arrival to the port of discharge. The provisional pricing related to the quality and quantity of the commodity sold is included in sales revenue. The provisional pricing related to the pricing of the commodity sold is an embedded derivative which is accounted for in accordance with AASB 9 *Financial Instruments.* Following the adoption of AASB 15, provisional pricing adjustments to revenue relating to the embedded derivative are separately identified as movements in the financial instrument and disclosed separately as Provisional Pricing Adjustments in Other revenue, rather than being included within Sales revenue.

New Revenue Accounting Policy

Sale of Products

Revenue is recognised when control of the goods has passed to the buyer based upon agreed delivery terms. For sales of concentrate, this is when the product is loaded onto the ship or delivered to the customer's premises.

The price to be received on sales of concentrate is provisionally priced and recognised at the estimate of the consideration receivable that is highly probable of not reversing by reference to the relevant contractual price and the estimated mineral specifications. Subsequently, provisionally priced sales are repriced at each reporting period up until when final pricing and settlement is confirmed with price adjustments relating to the quality and quantity of commodities sold being recognised in sales revenue.

Provisionally priced sales for which price finalisation is referenced to the relevant metal price index have an embedded commodity derivative. The embedded derivative is carried at fair value through profit and loss as part of trade receivables. The period between provisional pricing and final invoices is approximately 30 to 90 days.

Revenue from Services - Shipping and Insurance

Sales of nickel concentrate are on terms that include the Group being responsible for shipping and insurance costs. Shipping and insurance is a separate performance obligation from the sale of the commodity with the revenue allocated to shipping and insurance being recognised over the period of transfer to the customer.

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

(a) New and amended standards adopted by the Group (continued)

Application of new and revised Australian Accounting Standards

The Group adopted AASB 15 using the retrospective method. The nature and effect of these disclosure changes are shown below.

Impact on disclosures for the current and prior half-years

	Application of AASB 118 $'000	AASB 15 adjustments $'000	31 December 2018 $'000
Impact of disclosures for the half-year ended 31 December 2018			
Revenue - sale of products	**350,074**	**24,828**	**374,902**
Revenue - shipping and insurance services	**-**	**1,702**	**1,702**
Other revenue - provisional pricing adjustments	**-**	**(26,530)**	**(26,530)**
	350,074	**-**	**350,074**

	As previously reported under AASB 118 $'000	AASB 15 adjustments $'000	31 December 2017 $'000
Impact on disclosures for the half-year ended 31 December 2017			
Revenue - sale of products	354,499	(15,866)	338,633
Revenue - shipping and insurance services	-	897	897
Other revenue - provisional pricing adjustments	-	14,969	14,969
	354,499	-	354,499

Under AASB 118 *Revenue,* the Group recognised the total contract revenue when there was persuasive evidence indicating that there had been a transfer of risks and rewards to the customer, typically on the bill of lading date when concentrate was delivered to the ship, including the related shipping and insurance costs. On adoption of AASB 15, the shipping and insurance service represents a separate performance obligation, and are recognised separately from the sale of the concentrate over the period the shipping and insurance service is provided.

As explained in the new revenue accounting policy above, the Group's sales contracts may provide for provisional pricing of sales at the time the product is delivered to the vessel with final pricing determined using the index on or after the vessel's arrival to the port of discharge. This provisional pricing relates to the quality and quantity of the commodity sold, which is included in sales revenue, and an embedded derivative relating to the pricing of the commodity sold. On adoption of AASB 15, provisional pricing adjustments relating to the embedded derivative are separately identified as movements in the financial instrument rather than being included within Sales revenue. The final pricing adjustment mechanism, being an embedded derivative, is separated from the host contract and recognised at fair value through profit or loss. These amounts are disclosed separately as Provisional pricing adjustments in Other revenue, rather than being included within Sales revenue for the Group.

Under AASB 9 the receivable asset is measure at fair value through profit or loss which will result in a similar overall impact on the income statement and balance sheet. AASB 9 introduces an expected credit loss model for impairment of financial assets which replaces the incurred loss model. This does not have a significant impact on the Group given our credit risk management processes, and the resulting insignificant level of credit losses.

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

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

(i) 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 Group is currently assessing the potential impact of the adoption of this standard. Work undertaken to date in preparedness for compliance with the new standard has commenced and includes the identification and analysis of the many potential contracts that are likely to contain a lease (as newly defined). The range of relevant contracts will potentially include mining services, logistics, power generation and property leases.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. In the case of the Group, the standard is mandatory for the annual reporting period beginning on 1 July 2019.

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 1 to 26 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 2018 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
30 January 2019

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2018, 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 2018 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 2018 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

Director

Perth, 30 January 2019