# ASX Quarterly Activities Report

period ending 30 September 2013

Independence Group

# HIGHLIGHTS

## CORPORATE PROFILE

### DIRECTORS

**Peter Bilbe** *Chairman*
**Christopher Bonwick** *Managing Director*
**Kelly Ross** *Non-Executive Director*
**Rod Marston** *Non-Executive Director*
**Geoffrey Clifford** *Non-Executive Director*

### KEY MANAGEMENT

**Christopher Bonwick** *Managing Director*
**Brett Hartmann** *Group Operations Mgr.*
**Tony Walsh** *Company Secretary*
**Scott Steinkrug** *Chief Financial Officer*
**Tim Kennedy** *Exploration*
**Rod Jacobs** *Project Development*
**Andrew Eddowes** *Business Development*

### REGISTERED OFFICE

Suite 4 Level 5 | South Shore Centre
85 South Perth Esplanade
South Perth | Western Australia 6151
Telephone: +61 8 9238 8300
Facsimile: +61 8 9238 8399
Email: contact@igo.com.au
Website: www.igo.com.au
ABN: 46 092 786 304

### MINING OPERATIONS

**Tropicana Gold Mine JV** *IGO 30%*
**Long Nickel Mine** *IGO 100%*
**Jaguar Mine** *IGO 100%*

### PROJECTS AT STUDY STAGE

**Karlawinda** *IGO 100%*
**Stockman** *IGO 100%*

### ISSUED CAPITAL

233,323,905 ordinary shares

ASX CODE: IGO

## Tropicana Gold Mine JV (IGO 30%)

- First gold pour in September 2013. Project on budget and ahead of schedule.
- Plant commissioned during the September 2013 Quarter.
- Ramp up proceeding in December 2013 Quarter.

## Long Nickel Mine

- A$3.54/lb payable Ni cash costs and royalties which is 18% below the lower end of FY2014 guidance, with nickel tonnes at 2,991t being ahead of guidance.
- September 2013 Quarter: 73,432t @ 4.1% Ni for 2,991t Ni in ore mined @ A$3.54/lb payable Ni cash costs and royalties. (FY2014 Guidance: 9,000 – 10,000t Ni @ $4.30 - $4.70 payable Ni cash costs and royalties). Production exceeded budget by 16%
- Continued development of exploration drilling at North (Long North) and South (Moran South).

## Jaguar Zinc-Copper-Silver Mine

- A$0.38/lb payable Zn cash costs and royalties 5% below the lower end of FY2014 guidance, zinc metal in concentrate tonnes within guidance and copper metal in concentrate tonnes ahead of guidance.
- September 2013 Quarter Milled: 117,411t @ 10.7% Zn, 1.7% Cu, and 141g/t Ag for 11,148t Zn & 1,713t Cu metal in concentrate @ A$0.38/lb payable Zn cash costs and royalties. (FY2014 Guidance: 43,000 – 45,000t Zn, 5000 – 6000t Cu, 900,000 – 1,100,000oz Ag metal in concentrate @ $0.40 - $0.60/lb payable Zn cash costs and royalties).
- Consistent mine ore production producing 107,056t @ 1.8% Cu, 10.5% Zn, 135g/t Ag & 0.8 g/t Au.
- Processing plant sets new benchmark for concentrate production producing 6,711 tonnes of copper and 23,156 tonnes of zinc concentrates for the September 2013 Quarter.

## Financial

- Unaudited profit after tax of $9.0 million for the September 2013 Quarter.
- At 30 September 2013, the Company had $43.8 million cash (30 June 2013: $27.2 million), with $23.7 million net inflow of cash from operating activities during the September 2013 Quarter.

# OPERATIONS AND MAJOR PROJECTS LOCATION

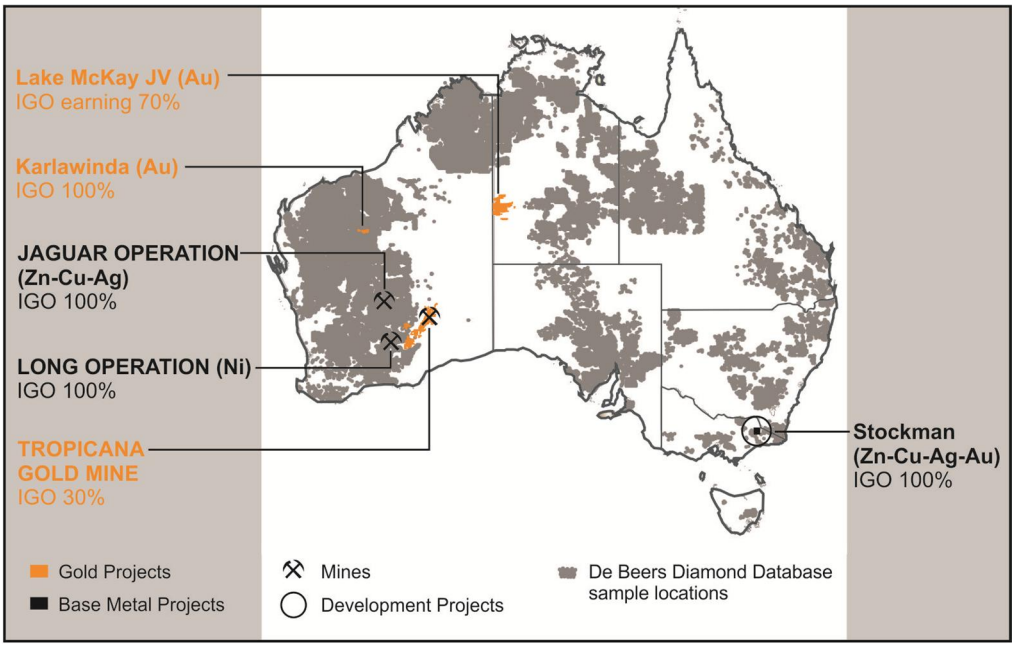



**Figure 1: Independence Group - Mining Operations and Major Projects Location**

# CORPORATE

## PROFIT AND LOSS

Unaudited profit after tax for the September 2013 Quarter was $9.0 million. Unaudited underlying EBITDA[1] was $24.9 million.

## CURRENT CASH BALANCE

### Cash Flows

At 30 September 2013, the Company had $43.8 million cash (30 June 2013: $27.2 million). Material cash flows during the September 2013 Quarter included:

### Inflows

- $23.7 million net inflow of cash from operating activities.
- $47.0 million financing facility draw down.

### Outflows

- $2.3 million fully franked dividends.
- $30.2 million contributions to the Tropicana JV for project development and exploration.
- $10.7 million spent on Long, Jaguar/Bentley, Stockman, Karlawinda and regional exploration.
- $0.8 million spent on plant and equipment.
- $7.3 million for capitalised development costs (Bentley $6.9 million, Long $0.4 million).
- $2.8 million repayment of borrowings.

[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.

**Debt**

The Company had debt at 30 September 2013 of $65.0 million (30 June 2013: $20.0 million) comprising finance lease obligations of $8.0 million and a corporate facility debt of $57.0 million.

**HEDGING**

The total nickel metal hedged at 30 September 2013 was 1,000 tonnes (average price of A$18,900/t) scheduled to be delivered between February 2014 and June 2014.

Copper hedging comprises 550 tonnes for delivery in each of June 2014 and September 2014 at A$8,001/t and A$8,014/t respectively. The Company's zinc metal is currently unhedged.

Hedging of gold production from the Company's 30% interest in the Tropicana Gold Mine comprises of Zero Cost Collars for 5,500 ounces per month (i.e. 45% of IGO's share of anticipated monthly production) for calendar year 2014. These Zero Cost Collars serve to protect the Company from any adverse movements in the A$ gold price below $1,300 per ounce, whilst providing upside to an average level of A$1,766 per ounce in 2014.

**ISSUED CAPITAL**

233,323,905 ordinary shares.

The Company issued 439,626 and 2,044 ordinary shares on 5th July 2013 and 5th September 2013 respectively under the terms of its Performance Rights Plan, as approved by shareholders at its 2011 annual general meeting.

## TROPICANA GOLD MINE

**Joint Venture: IGO 30%, Anglo Gold Ashanti 70% (Manager)**

### Project Development

The Tropicana Gold Mine (TGM) plant and site infrastructure construction achieved practical completion during the September 2013 Quarter. Plant commissioning on oxide material achieved daily design throughput, delivering TGM its maiden gold pour in September 2013 ahead of schedule and on budget. All outstanding site services infrastructure were brought online. Construction at TGM is now complete.

Demobilisation of construction contractors neared completion and demobilisation of the site construction camp commenced by the end of September 2013. A small dedicated maintenance team will be retained for the remainder of the 2013 calendar year to attend to process plant fine tuning and miscellaneous items that may arise during the production ramp-up period.

By early October 2013 process feed was changed over to fresh ore for High Pressure Grinding Roll circuit commissioning. Process plant maintenance and critical spares inventory for the December 2013 Quarter treatment plant ramp-up period are now in place, as are regular site reagent and consumables delivery services. Process plant nameplate throughput is targeted for achievement during December 2013.

Mining operations ramp-up continued during the September 2013 Quarter with the successful commissioning of the third excavator fleet. Ore delivered from the Havana Starter Pit moved from transition to fresh material, contributing to ROM stockpile build-up as at the end of September 2013 that exceeds three months scheduled mill feed supply. Havana Stage 2 cut-back excavation was commenced, as was clearing for the Tropicana Starter Pit which is scheduled for mine start-up during the December 2013 Quarter.

### Attributable production and Cash Costs

The Company's attributable gold production is estimated to average in the range of 141,000 ounces to 147,000 ounces of gold per annum during the first three years of production, with cash costs plus royalties in those years expected to be in the range of A$590 to A$630 per gold ounce.

### CY2013 production guidance

With the first gold pour being slightly later in September than originally forecast, the targeted gold production from Tropicana for the period ending 31 December 2013 (CY2013) is now expected to be at the lower end of guidance. Guidance for CY2013 was in the range of 120,000 to 160,000 ounces (100% basis).

Independence Group

## Havana Deeps Pre-Feasibility Study

The Havana Deeps Pre-Feasibility Study is scheduled for completion at the end of the December 2013 Quarter. Mine design alternatives are currently being evaluated and project financial modelling has commenced. A recommendation on the next phase of work is expected in early 2014.

**Photo 1: First Gold Pour at Tropicana on 26 September 2013**

## Tropicana-Havana Proximal Exploration

Aircore drilling was completed at a number of near mine targets including Tumbleweed, Mad Hatter, Three Wise Men, Phoenix West and Diablo (**Figure 2**). A total of 247 holes were completed for 8,506m. Significant gold mineralisation was identified at the Phoenix West prospect located ~16km to the north of the Tropicana mine with **PXA078 intersecting 9m @ 3.1g/t Au from 4m**. This intercept is open along strike to the north and has only been partially tested to the south. All significant aircore results are given in **Table 1** and are shown in **Figure 3**.

An 8km long seismic survey was conducted traversing the area of the future Tropicana open-cut pit. The aim of this survey was to identify extensions and repetitions of key structures and prospective lithological packages to assist in future exploration targeting. Results are currently being interpreted.

## Regional Exploration

Aircore drilling continued testing a number of regional exploration targets during the September 2013 Quarter (**Figure 2**). A total of 744 holes for 36,918m were completed. BJA301 at the Beetle Juice prospect located 20km south of Tropicana returned a significant Ni-Cu-PGE-Au intercept of 4m @ 1.6g/t Au, 5.1% Ni, 2.5% Cu, 3.5g/t Pt and 4.7g/t Pd. Follow up aircore drilling to date including a scissor hole has returned only low level Ni-Cu-PGE-Au anomalism. Significant gold results are given in **Table 1** and significant Ni-Cu-PGE results are given in **Table 2**.

One diamond hole was completed at Beetle Juice and two RC holes completed at Madras by the end of September 2013. Results are yet to be received for these drill holes.

A ground electromagnetic (TEM) survey was completed at the Beetle Juice Prospect during the September 2013 Quarter to test for conductive massive sulphides associated with the high-tenor Ni-Cu-PGE aircore drilling intercept in BJA301. No significant late-time conductors were identified. Similarly, IP follow-up surveys did not identify anomalies consistent with significant accumulations of disseminated sulphides.

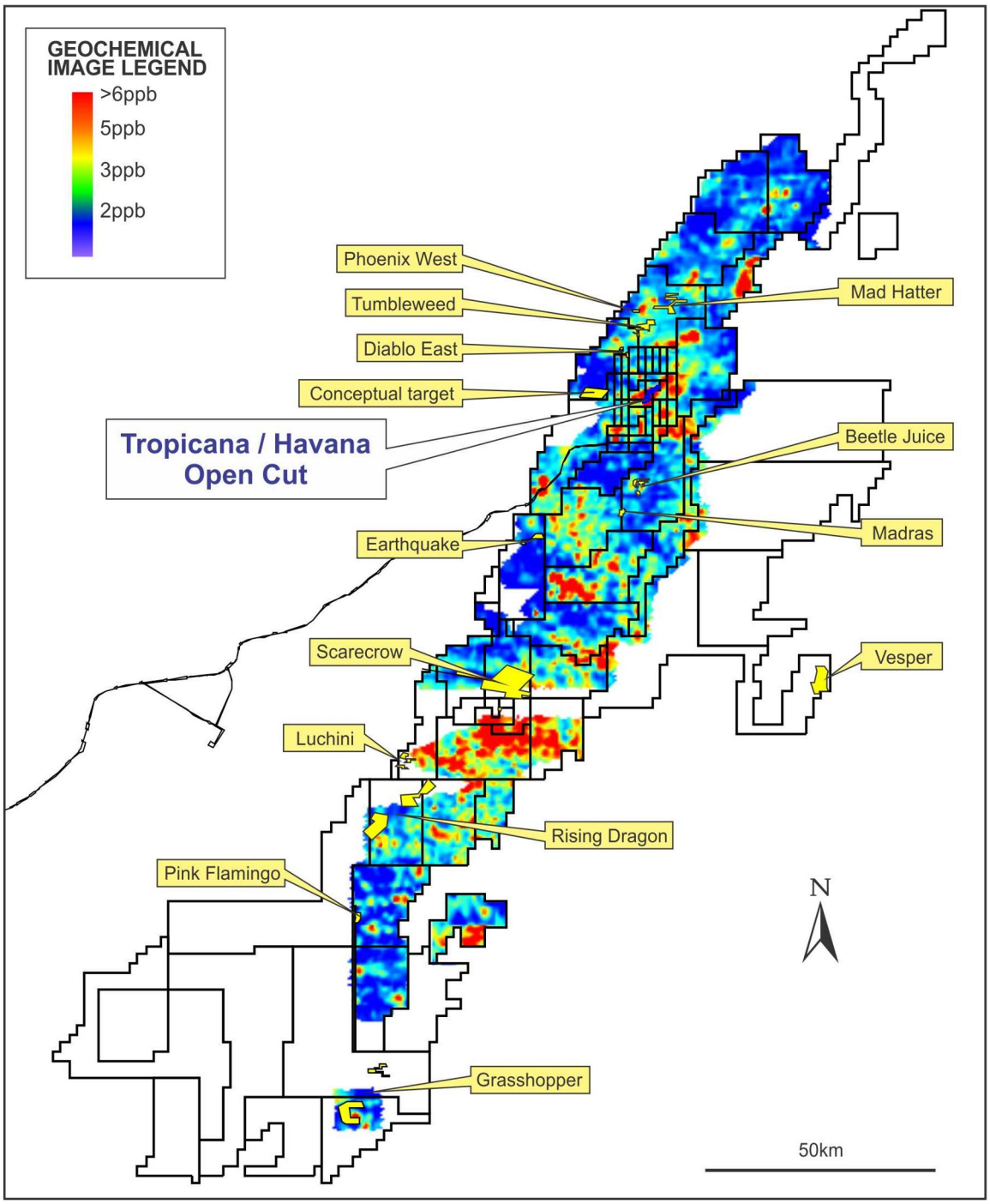



**Figure 2: Tropicana prospects drilled with Aircore during the September 2013 Quarter**

**Table 1: Significant Au results from aircore drilling received during the September 2013 Quarter**

| Collar Information | | | | | | Intercept Details | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Hole No** | Easting (m) | Northing (m) | Azi (Degr) | Dip (Degr) | Total Depth (m) | Depth From (m) | Depth To (m) | Width (m) | Au (g/t) |
| **BJA020** | 647120 | 6743495 | 360 | -90 | 36 | 32 | 34 | 2 | 1.0 |
| **BJA069** | 647510 | 6741890 | 360 | -90 | 57 | 53 | 54 | 1 | 2.3 |
| **BJA301** | 647578 | 6744352 | 360 | -90 | 36 | 32 | 36 | 4 | 1.6 |
| **BJA327** | 647053 | 6743531 | 360 | -90 | 42 | 36 | 40 | 4 | 1.2 |
| **BJA381** | 647343 | 6741496 | 360 | -90 | 52 | 42 | 45 | 3 | 2.1 |
| | | | | | | 50 | 51 | 1 | 1.0 |
| **BJA505** | 645109 | 6735301 | 360 | -90 | 55 | 43 | 44 | 1 | 3.0 |
| **BJA606*** | 648004 | 6744053 | 360 | -90 | 61 | 44 | 48 | 4 | 0.8 |
| **MAA033*** | 643992 | 6737995 | 360 | -90 | 72 | 52 | 56 | 4 | 0.9 |
| **MAA044*** | 643819 | 6737696 | 360 | -90 | 90 | 60 | 64 | 4 | 0.5 |
| **PXA078*** | 647807 | 6780400 | 360 | -90 | 13 | 4 | 13 | **9** | **3.1** |

***(* denotes 4m composite sample )***

**Table 2: Significant Ni-Cu-PGE results from aircore drilling received during the September 2013 Quarter**

| Collar Information | | | | | | Intercept Details | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Hole ID** | Easting (m) | Northing (m) | Azi (Degr) | Dip (Degr) | Total Depth (m) | Depth From (m) | Width (m) | Au ppm | Pt ppm | Pd ppm | Ag ppm | Ni % | Cu % |
| **BJA553** | 647546 | 6744350 | 360 | -90 | 70 | 42 | 3 | 0.2 | 0.3 | 1.0 | 12 | 0.6 | 0.1 |
| **BJA301** | 647578 | 6744352 | 360 | -90 | 36 | 32 | 4 | 1.6 | 3.5 | 4.7 | 97 | 5.1 | 2.5 |
| **BJA314** | 648504 | 6744157 | 360 | -90 | 76 | 0 | 12 | - | 0.3 | 0.3 | 7 | 0.2 | 0.2 |

***(* denotes 4m composite sample )***

## Proposed Exploration Activities for December 2013 Quarter

- Aircore drilling testing regional targets.
- RC and diamond drilling at Beetle Juice and Madras.

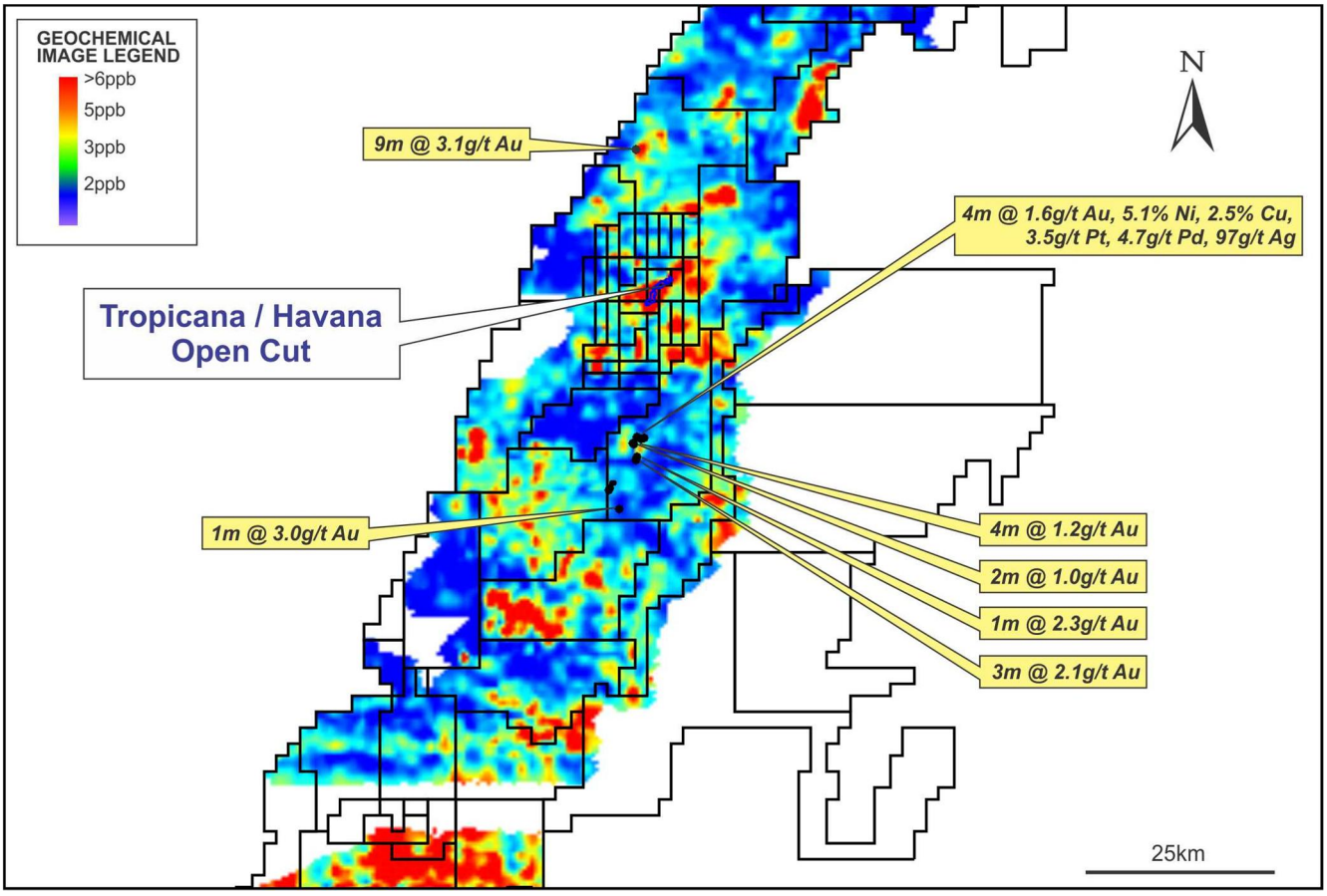



**Figure 3: Tropicana Joint Venture – Significant gold intercepts from gold prospects within 75km of the Tropicana Plant Site (all results shown are >1m and >1g/t Au)**

# MINING OPERATIONS (IGO 100%)

## LONG OPERATION (Ni)

### Safety

One Lost Time Injury (LTI) occurred during the September 2013 Quarter. This resulted from surgical intervention required for a shoulder muscle injury. The LTI Frequency Rate (LTIFR) stands at 10.42 for the life of the operation (see table in Appendix 1 for further detail).

### Production

Production for the September 2013 Quarter was 73,431t at 4.1% Ni for 2,991 tonnes of contained nickel, which was sourced from the following mining areas:

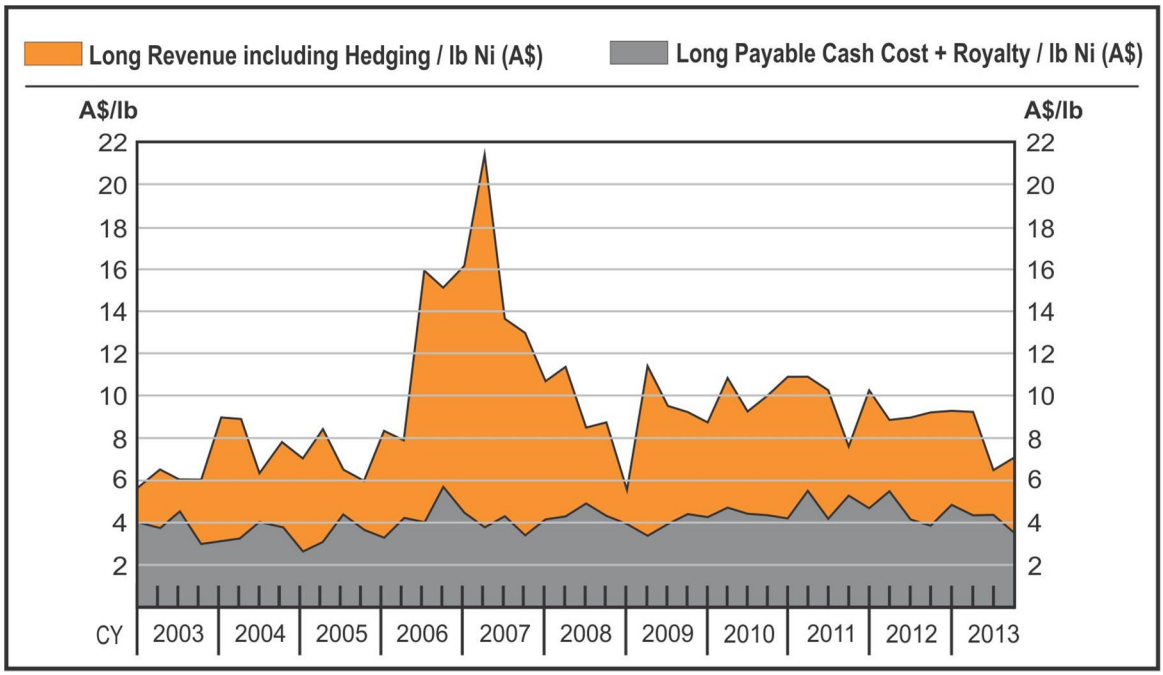
**Table 3: Long Operation: production sources September 2013 Quarter (see table in Appendix 1 for further detail)**

| | | | | | | |
|---|---|---|---|---|---|---|
| Long | 4,671t | @ | 2.8% | Ni for | 128 | Ni t |
| McLeay | 12,438t | @ | 3.7% | Ni for | 463 | Ni t |
| Victor South | 1,424t | @ | 5.0% | Ni for | 71 | Ni t |
| Moran | 54,899t | @ | 4.2% | Ni for | 2,329 | Ni t |
| **TOTAL** | **73,432t** | **@** | **4.1%** | **Ni for** | **2,991** | **Ni t** |

***(See Figure 4 for ore body location)***

Contained nickel metal in ore for the September 2013 Quarter was 16.0% higher than budget due to increased ore tonnes. Run of mine ore grades were in-line with budget.

Metal was produced at a cash cost of $3.54 per payable pound of nickel including royalties.




**Graph 1: Long Operation Historical Cash Costs and Realised Nickel Price**

## FY2014 Production Guidance

Production guidance for Long Operation for the financial year ending June 2014 (FY2014) is 230,000 to 270,000 ore tonnes for production of between 9,000 and 10,000 tonnes of contained nickel. Nickel cash costs and royalties for FY2014 are forecast at A$4.30 to A$4.70 payable per pound, net of copper credits.

Based on production to date, the Company is currently confident it will meet production and cost guidance at Long.

## Operational highlights for the September 2013 Quarter

- Victor South, McLeay and Moran mining areas all exceeded budgeted Ni metal. Victor South and McLeay supplied above budget ore tonnes, whilst all areas surpassed budget grade.
- Operational development advance exceeded budget.
- Low pressure booster fans installed to improve lower Moran ventilation.
- A new geophysics TEM loop installed and commissioned in Long North
- Replacement of contractors to 'in-house' application of fibrecrete for ground support.

## Development

### Mine Development

During the September 2013 Quarter a total of 749.1 metres were advanced by jumbo, of which 293.4 metres of advance was booked as capital development and 455.7 as operational metres. The capital metres were developed in Long North and Moran exploration drilling drives.

## Focus for the December 2013 Quarter

The December 2013 Quarter will see the Operation focusing on:

- Safety
- Operational cost reductions
- Progression of planned exploration.

## Exploration

### Drill Drive Development

Long North drill drive advanced 120.1 metres and is continuing.

## Mine Exploration

### Long North

Seven underground diamond drill holes for 2,172m were completed in the September 2013 Quarter at Long North. Six holes intersected a porphyry obscured contact. Drill hole LG137-153 intersected 2 mineralised zones with the best intercept reported of 2.14m @ 5.89% Ni from 117.8m (0.9m true width), located 20m south of drill hole LG13-152A ( 2.45m @ 6.6% Ni from 133.8m), reported in the June 2013 Quarter.

The EM target, located 200m below LG137-152 intercept, remains untested. The target will be tested after the completion of the Long North Drill drive (**Figure 4**).

**Table 4: Long Nickel Mine – September 2013 Quarter : Long North Drilling Results**

| Hole ID | Northing | Easting | RL | EOH | Dip | Azimuth | m From | m To | Interval | True Width | Ni % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| LG137-154 | 550897 | 373957 | -389 | 18.8 | 0 | 296 | | | | | ineffective |
| LG137-154A | 550897 | 373957 | -389 | 352.5 | 1 | 308 | | | | | porphyry contact |
| LG16-353A | 550516 | 374516 | -543 | 124 | -54 | 351 | | | | | porphyry contact |
| LG16-366 | 550696 | 347035 | -573 | 206.7 | -79 | 106 | | | | | barren contact |
| LG16-367 | 550699 | 347032 | -574 | 400 | -49 | 324 | | | | | ineffective |
| LG137-153 | 550877 | 373975 | -391 | 500 | -46 | 314 | 86.47 | 87.29 | 0.82 | 0.2 | 4.89 |
| | | | | | | and | 117.75 | 119.89 | 2.14 | 0.9 | 5.89 |

## Moran East

Testing of the Moran East EM targets is complete with 13 underground drill holes for 1,985m. The drill holes were fanned from the Moran 705 drill drive. The drill program identified nickel mineralisation 65m east of the Moran ore body and mine development. The nickel mineralisation appears to extend 180m along strike and 45m down dip and is closed off to the east but open to the north, south and west directions. The area is currently being assessed for further drilling (**Figure 4**).

A sumary of all nickel intecepts for Moran East mineralisation is reported in **Table 5** below.

**Table 5: Long Nickel Mine – September 2013 Quarter: Moran South Drilling Results**

| Hole ID | Northing | Easting | RL | EOH | Dip | Azimuth | m From | m To | Interval | True Width | Ni % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| LSU-382 | 547625 | 375328 | -651 | 271 | -27 | 55 | 234.3 | 235.9 | 1.7 | 1.2 | 6.24 |
| LSU-401 | 547623 | 375329 | -651 | 261 | -24 | 62 | 212.5 | 214.6 | 2.1 | 1.4 | 4.76 |
| LSU-407 | 547594 | 375425 | -678 | 184 | -27 | 71 | 131.4 | 133.2 | 1.9 | 1.3 | 4.6 |
| | | | | | | and | 143.6 | 144.7 | 1.1 | 0.8 | 2.8 |
| LSU-418 | 547703 | 375520 | -675 | 93 | -72 | 224 | 56.8 | 57.8 | 1.0 | 0.9 | 1.4 |
| LSU-419 | 547703 | 375520 | -675 | 155 | -77 | 32 | | | | | ineffective |
| LSU-420 | 547707 | 375519 | -673 | 185 | -50 | 355 | | | | | ineffective |
| LSU-421 | 547707 | 375519 | -673 | 140 | -51 | 342 | | | | | barren contact |
| LSU-426 | 547707 | 375519 | -673 | 130 | -31 | 327 | 101.6 | 101.9 | 0.2 | 0.1 | 3.63 |
| | | | | | | and | 105.7 | 107.2 | 1.5 | 1 | 1.31 |
| LSU-426A | 547707 | 375519 | -673 | 130 | -31 | 327 | | | | | porphyry |
| LSU-427 | 547707 | 375519 | -673 | 130 | -31 | 327 | 71.2 | 72.0 | 0.8 | 0.5 | 9.36 |
| | | | | | | and | 74.6 | 75.6 | 1.1 | 0.7 | 5.39 |
| LSU-428A | 547707 | 375519 | -673 | 85 | -51 | 255 | 56.1 | 57.5 | 1.4 | 0.3 | 1.11 |
| | | | | | | and | 59.4 | 60.0 | 0.5 | 0.2 | 1.08 |
| LSU-429B | 547701 | 375518 | -676 | 110 | -56 | 199 | 58.3 | 61.4 | 3.1 | 2.1 | 1.68 |
| LSU-430 | 547702 | 375523 | -673 | 110 | -49 | 165 | 89.6 | 92.0 | 2.4 | 1.5 | 5.03 |

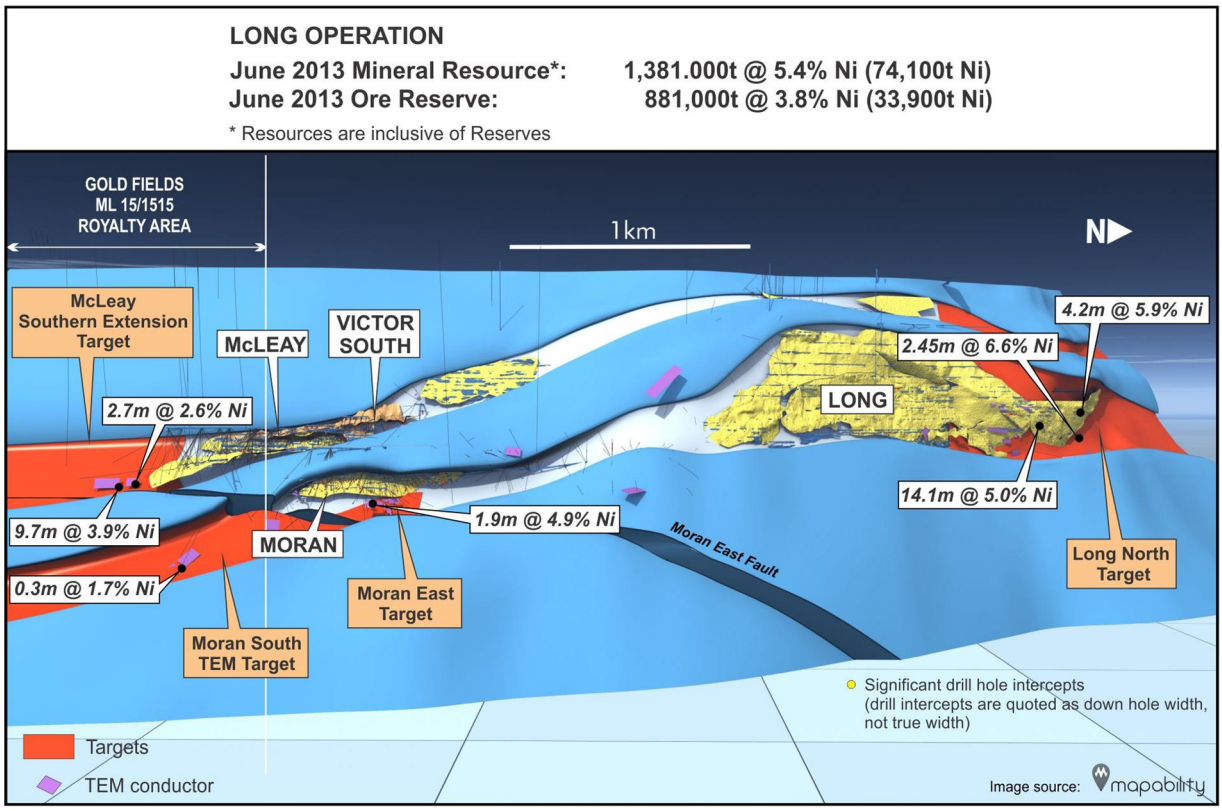



**Figure 4: Long Nickel Mine – Longitudinal Projection showing Target areas, TEM conductors and significant intercepts. Reference – IGO 25 October 2013 ASX Release for Resource and Reserve Estimates**

## JAGUAR OPERATION (Cu, Zn)

### Summary

The trend of operational improvement from FY2013 continued in the September 2013 Quarter's safety, production and financial performance. Mining produced 107,056 tonnes of ore at 1.8% Cu, 10.5% Zn, 135 g/t Ag and 0.8 g/t Au.

The processing plant treated 117,411 ore tonnes at 1.7% Cu, 10.7% Zn, 141g/t Ag and 0.5g/t Au to produce 6,711 tonnes of Cu concentrate and 23,156 tonnes of Zn concentrate (Budget for period 6,545 t Cu and 22,900 t Zn concentrates).

### Safety

No LTIs occurred during the September 2013 Quarter and the Frequency Rate (LTIFR) is currently 4.78.

### Mine Production

During the September 2013 Quarter the mining team delivered **107,056 ore tonnes at 1.7% Cu, 10.5% Zn, 135g/t Ag, and 0.8g/t Au** to the concentrate ROM stockpile (see **Table 6** for source of production).

**Table 6: Jaguar Operation: production sources September 2013 Quarter (see table in Appendix 2 for further detail)**

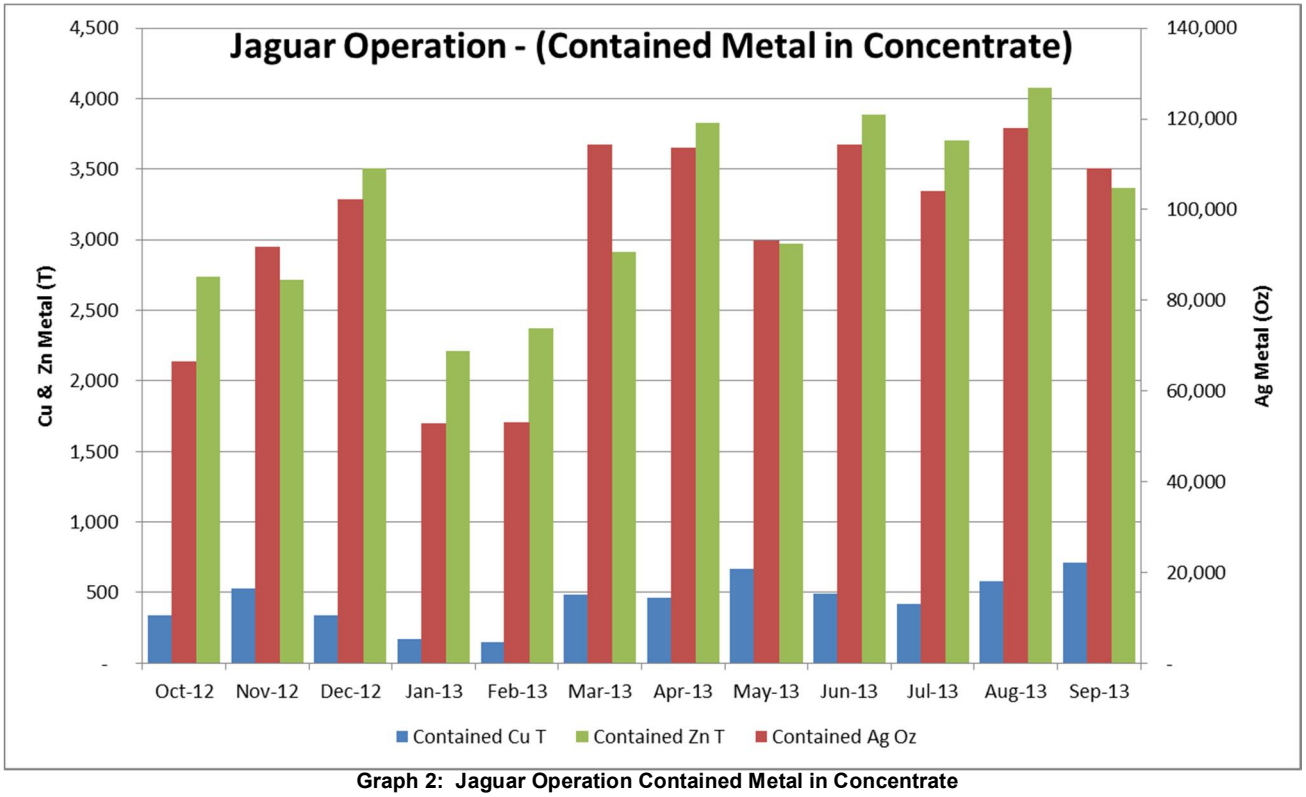
| | TONNES MINED | | |
|---|---|---|---|
| Stoping – Bentley | 79,324t | @ | 1.6% Cu, 9.9% Zn, 128g/t Ag, 0.8g/t Au |
| Development - Bentley | 25,969t | @ | 2.1% Cu, 14.1% Zn, 164 g/t Ag, 0.7g/t Au |
| Other | 1,763t | @ | 3.1% Cu, 0.7% Zn, 26g/t Ag |
| TOTAL | **107,056t** | **@** | **1.8% Cu, 10.5% Zn, 135 g/t Ag, 0.8g/t Au** |

### FY2014 Production Guidance

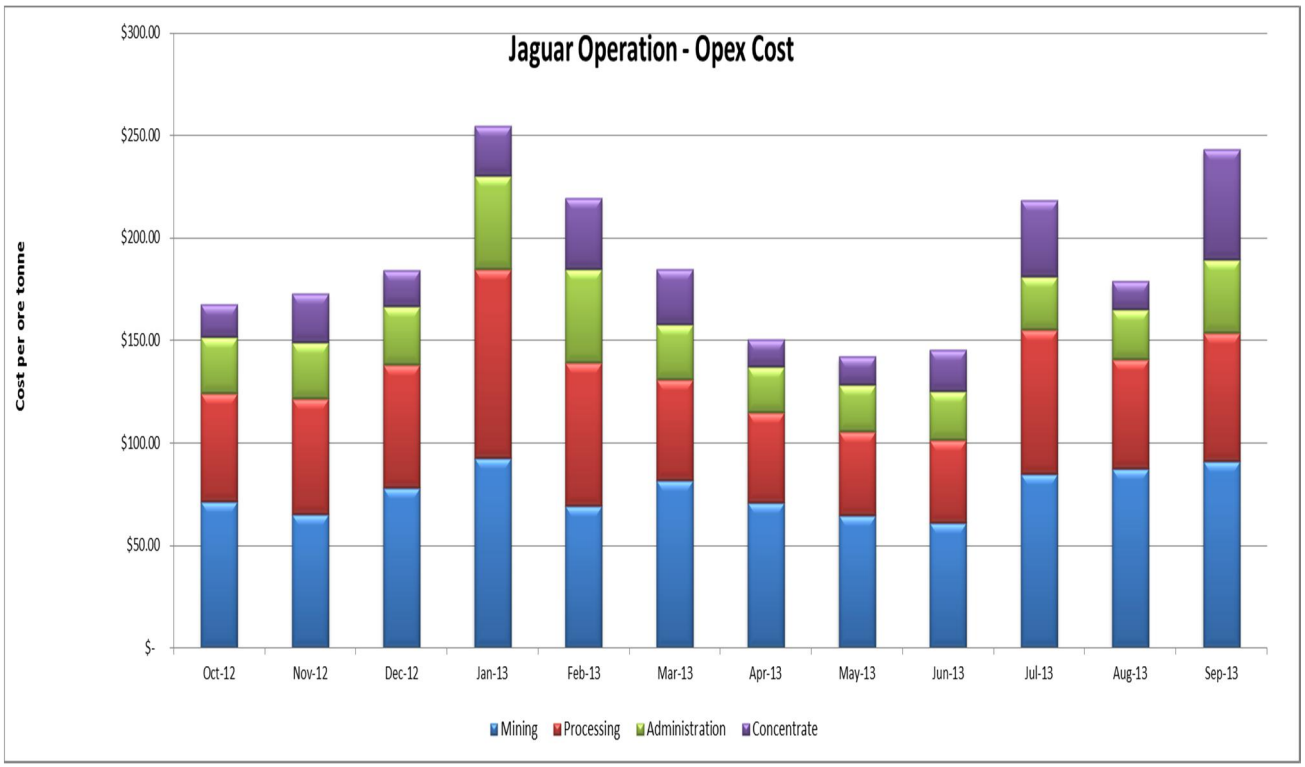
Production guidance for the Jaguar Operation for FY2014 is 420,000 to 460,000 ore tonnes for production of 5,000 to 6,000 tonnes of copper metal, 43,000 to 45,000 tonnes of zinc metal and 900,000 to 1,100,000 ounces of silver metal in-concentrate. Cash costs for FY2014 are forecast at A$0.40 to A$0.60 per pound of zinc, including royalty costs and net of copper, silver and gold credits.

During October 2013 the Jaguar concentrator suffered a premature failure of the girth gear on the semi-autogenous grinding (SAG) mill. As a result of this failure, the concentrator has been shut down and the girth gear has been sent off-site for repairs. The Company expects approximately 14 days of concentrator production to be lost during the December 2013 Quarter. However, the Company expects mining to continue throughout this unscheduled shut down.

The Jaguar operation has performed extremely well in the year to date. It is expected that this unscheduled shut down will impact on Jaguar's December 2013 Quarter and half year performance. However, the Company remains confident it will meet FY2014 production and cost guidance at Jaguar, with production from Jaguar now forecast to achieve the lower end of guidance range.




**Graph 2: Jaguar Operation Contained Metal in Concentrate**




**Graph 3: Jaguar Operation – Monthly Operational Costs (A$)**

Additional operational costs, in particular concentrate haulage, were incurred in the month of September 2013 due to increased concentrate stockpiles that required movement off site to the Geraldton port. Site concentrate haulage costs will typically vary depending on the planned shipping schedule.

## Mine Development

During the September 2013 Quarter a total of 733 metres of advance occurred, of which 323 metres was capitalised and 410 metres accounted for in operating costs.

## Mill Production

Mill production for the September 2013 Quarter was **117,411t at 1.7% Cu, 10.7% Zn and 141g/t Ag**.

**Table 7: Jaguar Mill Production September 2013 Quarter**

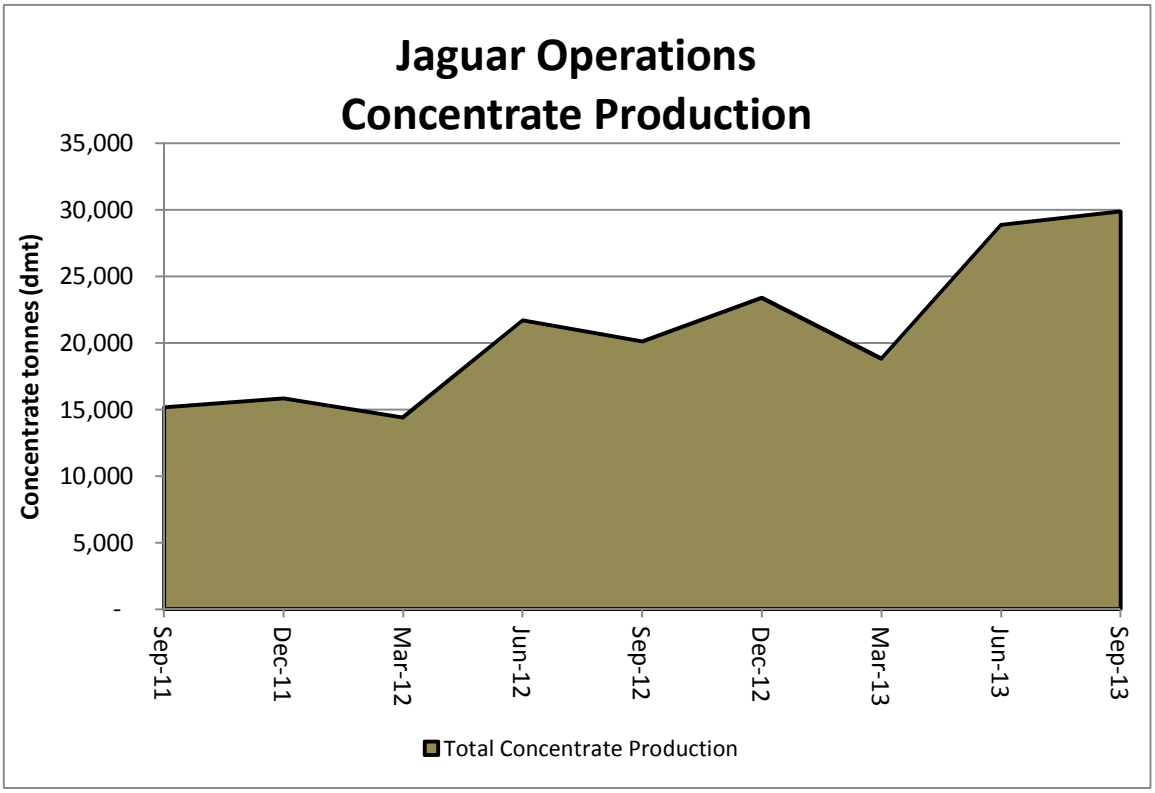
| | Actual | Budget |
|---|---|---|
| DRY TONNES PROCESSED | 117,411 | 109,452 |
| Cu (%) | 1.7% | 1.7% |
| Zn (%) | 10.7% | 11.8% |
| Ag (g/t) | 141g/t | 149g/t |
| RECOVERY (%) | | |
| Copper | 87% | 81% |
| Zinc | 89% | 85% |
| Silver in Copper concentrate | 62% | 55% |
| CONCENTRATE PRODUCED | | |
| Cu Concentrate (dmt) | 6,711 | 6,545 |
| Cu (%) | 25.5% | 23.0% |
| Cu (t) | 1,714 | 1,505 |
| Zn concentrate (dmt) | 23,156 | 22,900 |
| Zn (%) | 48% | 48% |
| Zn (t) | 11,148 | 10,992 |

Payable zinc metal during the September 2013 Quarter was produced at average C1 cash cost of A$0.30 per payable pound of zinc (June 2013 Quarter: A$0.29/lb Zn). After considering royalties, cash costs were A$0.38/lb Zn (June 2013 Quarter: A$0.36/lb Zn).

## Concentrate

The September 2013 Quarter again set new operational records for concentrate production, with 23,156 tonnes of zinc concentrate and 6,711 tonnes of copper concentrate (concentrate production record previously reported in June 2013 as 22,377 tonnes of zinc concentrate and 6,473 tonnes of copper concentrate produced) (**See Graphs 2 and 4**)

Three shipments of zinc (nominally 25k wmt) and two shipments of copper (nominally 10k wmt) concentrates were shipped during the September 2013 Quarter. These shipments are in-line with the planned delivery schedule.




**Graph 4: Jaguar Mill Concentrate Production by Financial Quarter**

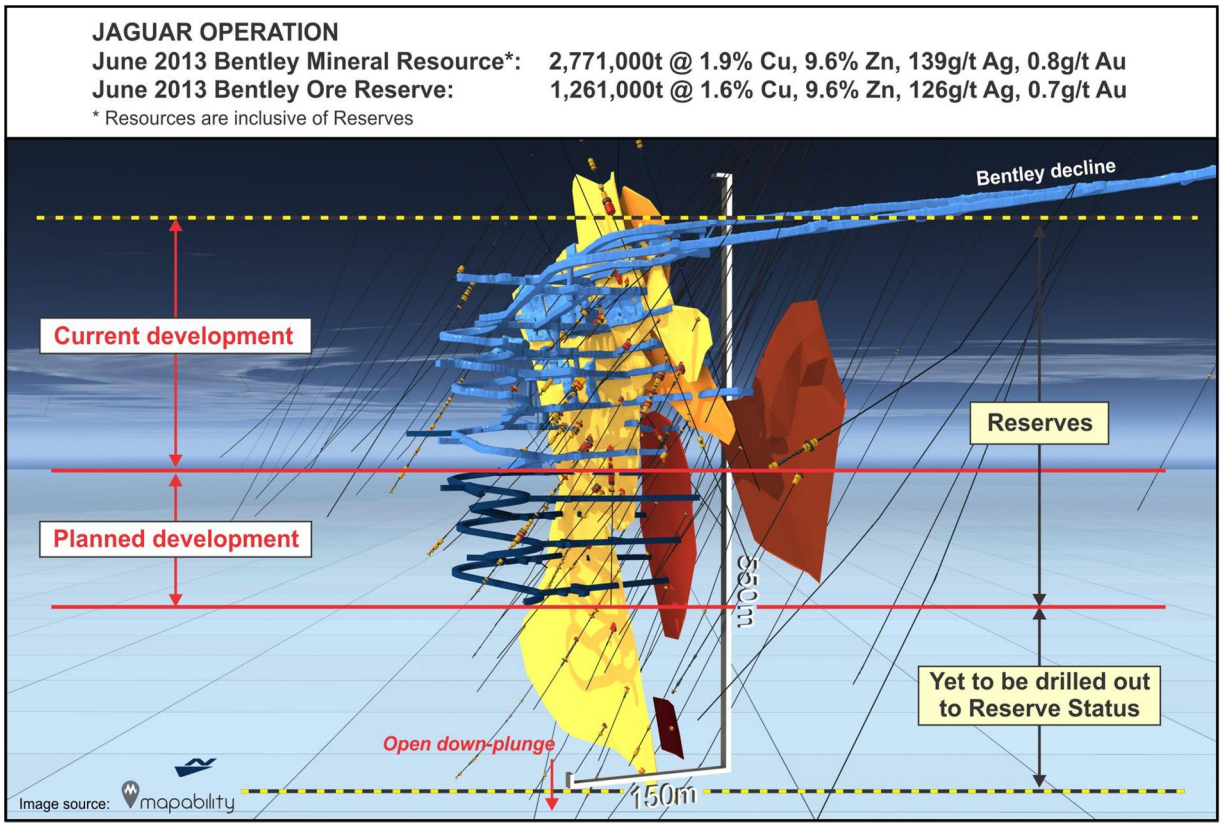



**Figure 5: Bentley Longitudinal Projection, with completed and proposed development. Reference – IGO 25 October 2013 ASX Release for Resource and Reserve Estimates**

## Focus For September 2013 Quarter

- Continue consistent production from Bentley stopes.
- Operational cost reductions.
- Exploration of Bentley deeps.
- Commission new owner/operator CAF plant.

## Project Exploration

The Jaguar Project covers 50km of strike prospective for the discovery of Volcanogenic Massive Sulphides (VMS) deposits (**Figure 6**). It encompasses three known high grade zinc-copper -silver-gold deposits: Teutonic Bore (inactive), Jaguar (recently completed) and Bentley (in production), located 300km north of Kalgoorlie in Western Australia. Exploration to date has identified a number of high priority areas including Wilson, the Daimler–Triumph–Lagonda trend, Jensen and South Bentley areas which exhibit the signatures of mineralised hydrothermal centres.

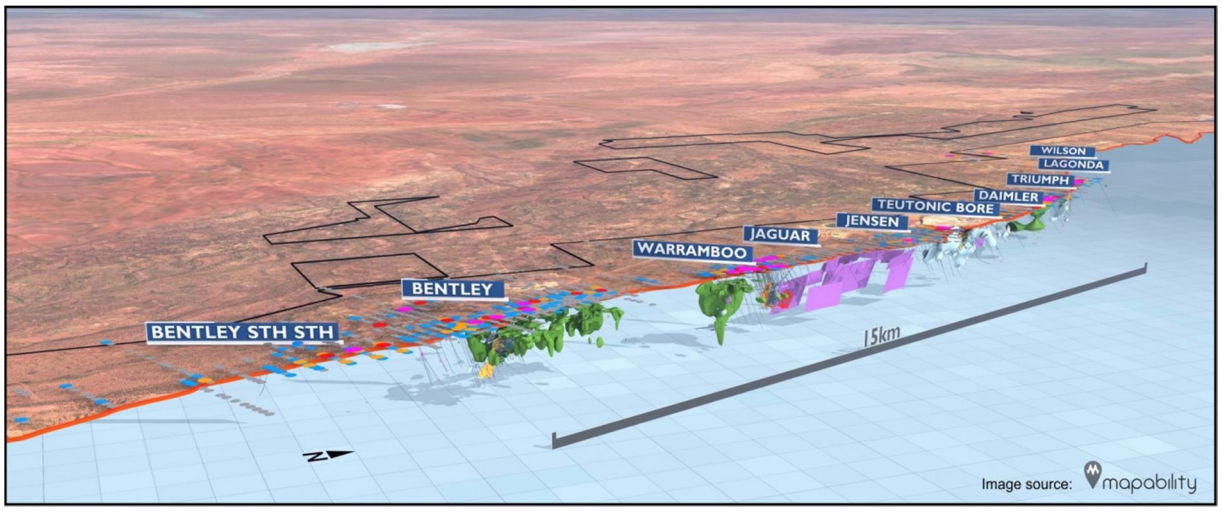



**Figure 6: Jaguar Operation – Tenure, Regional Geology, Mines and Significant Prospect Locations**

## Drilling

Diamond and aircore drilling programs recommenced during the September 2013 Quarter. Two diamond holes (916m) tested targets at Bentley North and Lagonda and 105 aircore holes (8210m) tested the prospective contact south of the Bentley South South Prospect.

Significant results from targets tested include:

*Bentley North*

A diamond hole was completed at Bentley North to test co-incident base metal and gold anomalies from historical aircore drilling. The drilling intersected shale and altered rhyolite in the equivalent ore position to the Bentley ore body which is located 1 km to the south. Further work analysing the data and exploration potential of this area continues.

*Lagonda*

A major review of the Lagonda prospect including a complete re-logging of historic holes was completed during the September 2013 Quarter. The results confirmed the potential of the Lagonda area for discovery of VMS mineralisation and provided information to assist in detailed drill targeting. Diamond drilling commenced late in the September 2013 Quarter and has confirmed the presence of VMS-style sulphides in the equivalent Teutonic Bore/Bentley ore horizon. Drill testing will continue in the December 2013 Quarter.

*Bentley South South*

Down hole EM (DHEM) probing of the two diamond holes completed in the June 2013 Quarter at Bentley South South **(Figure 6)** identified a conductive response between the drill holes in a higher stratigraphic position than the target horizon. Further interpretation is required to determine if the conductor warrants a drill test.

*Southern Tenements*

The Southern tenements refer to the area between Bentley South-South and the southern extent of the IGO tenement package at Kent Bore. A reconnaissance aircore drilling program is underway to define and test the prospective horizon on the rhyolite footwall in this southern area. Drilling has indicated the prospective horizon is continuous for 8km south of Bentley South South, VMS style alteration is present at various places along the contact. Further work will determine the prospectivity of the area for both VMS and gold mineralisation.

*Wilson*

A large Moving Loop EM survey has been completed over the Wilson area (**Figure 6**) with several EM anomalies identified from this work. The anomalies coincide with an extension of the mapped Teutonic Bore/Bentley target horizon and a geochemically anomalous zone. Further work to define the anomaly in greater detail and to generate drilling targets is planned for the latter part of 2013.

## Focus For December Quarter 2013

Exploration will be focused on diamond drill testing of the Lagonda prospect and assessing the Wilson Creek area for VMS-style mineralisation.

Drill testing will also continue along the southerly extent of the Bentley – Jaguar - Teutonic Bore mineralised trend beyond and south of the Bentley South South prospect for VMS style base metal mineralisation. IGO has continuous tenement coverage and a potential strike length over the zone of interest of a least 20 km in this direction. Additional targets to be assessed for gold in the December 2013 Quarter include the Bentley South South, Halloween and Wilson areas.

# FEASIBILITY STUDY

**STOCKMAN BASE METALS PROJECT: OMEO, VICTORIA (Cu-Zn-Ag-Au) – IGO 100%**

The Stockman Environmental Effects Statement (EES) is expected to be submitted in final form to the Victorian government for approval by the end of October 2013 with the view to getting the project permitted before the end of FY2014.

No exploration occurred at Stockman during the September 2013 Quarter.

# SCOPING STUDY

## KARLAWINDA GOLD PROJECT

### Project Overview

The Karlawinda Gold Project is located approximately 1,000km NNE of Perth and 65km SE of the regional mining centre of Newman in Western Australia (**Figure 7**). The Project is close to key infrastructure such as to the Great Northern Highway and Goldfields Gas Pipeline and covers a previously unrecognised Archaean greenstone belt. The Bibra Prospect Inferred Resource estimate of 650,800oz Au was released in October 2013 (Reference: IGO ASX Release dated 25 October 2013 for Mineral Resource details and Competent Persons Statement). The Project Scoping Study was reviewed in light of current metal prices and deferred until additional mineable tonnes or higher grade material can be located.

### Regional Exploration

An aircore drilling program testing extensions to the Bibra mineralised system was completed during the September 2013 Quarter. Holes were designed to follow up encouraging results from an initial aircore program completed in the June 2013 Quarter, testing a prospective corridor between the Bibra deposit and the Bibra East prospect. A total of 174 holes for 8,871m were completed during the September 2013 Quarter **(Figure 7).**

Assays have been received for all the 4m composite samples but some resplit assays are yet to be received. Significant results received during the September 2013 Quarter are given in **Table 8** and shown in **Figure 7**.

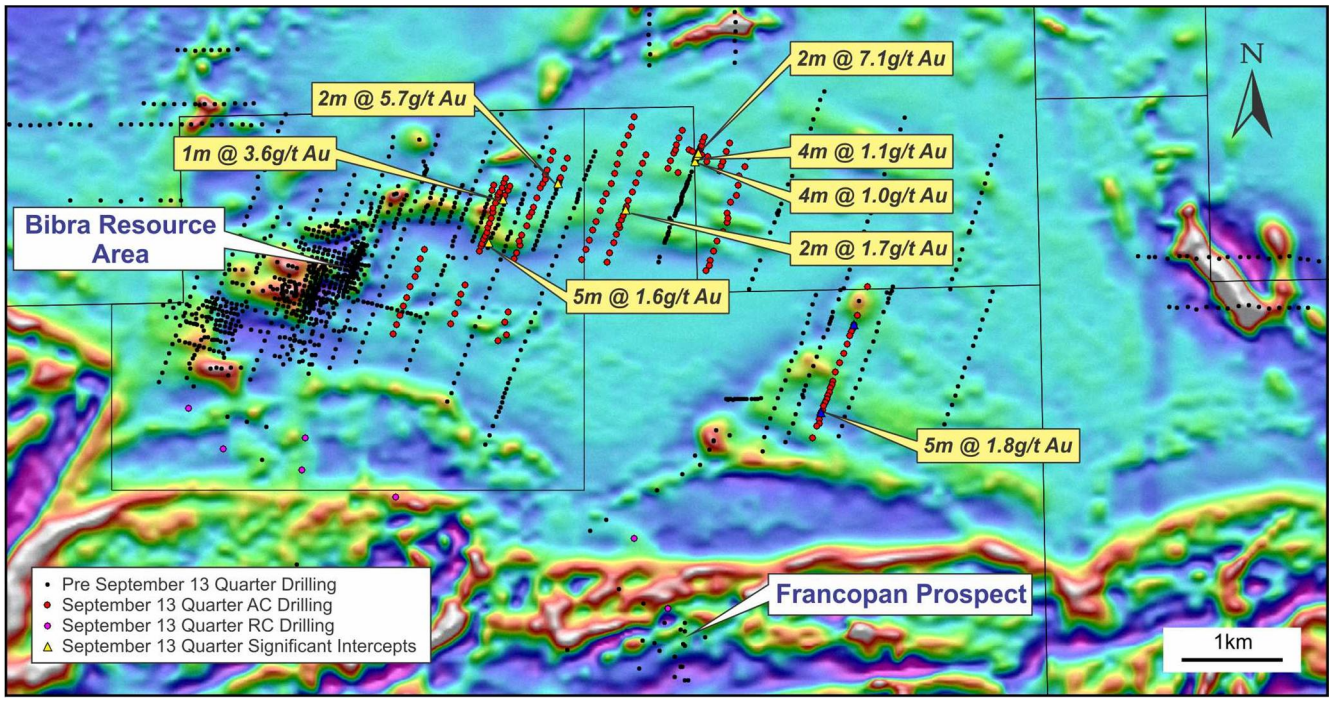



**Figure 7: Karlawinda Project: Aeromagnetics. Drilling completed during the quarter at the Karlawinda Project showing holes with intercepts >1m @ 0.5g/t Au over aeromagnetics.**

**Table 8: Karlawinda anomalous aircore results - Downhole width shown**

| HOLE | EAST (m) | NORTH (m) | DEPTH (m) | DIP (Deg) | AZI (MGA) | FROM (M) | TO (m) | Width (m) | Au (g/t) |
|---|---|---|---|---|---|---|---|---|---|
| **KBAC911** | 207830 | 7370040 | 31 | -60 | 200 | 23 | 24 | 1 | 2.6 |
| | | | | | | 29 | 31 | 2 | 7.1 |
| **KBAC917** | 204621 | 7369370 | 65 | -90 | 0 | 45 | 46 | 1 | 1.7 |
| **KBAC919** | 204912 | 7369577 | 69 | -90 | 0 | 57 | 58 | 1 | 1.0 |
| **KBAC938** | 205274 | 7369533 | 64 | -90 | 0 | 6 | 7 | 1 | 1.6 |
| **KBAC958** | 205756 | 7369147 | 54 | -90 | 0 | 48 | 53 | 5 | 1.6 |
| **KBAC963** | 206442 | 7369737 | 44 | -90 | 0 | 18 | 19 | 1 | 2.2 |
| | | | | | | 22 | 23 | 1 | 10.8 |
| **KBAC1001** | 209050 | 7367466 | 63 | -60 | 20 | 29 | 34 | 5 | 1.8 |
| **KBAC1019** | 207115 | 7369474 | 61 | -60 | 200 | 28 | 30 | 2 | 1.7 |
| **KBAC1036** | 205894 | 7369576 | 53 | -90 | 0 | 31 | 32 | 1 | 3.6 |
| **KBAC1105*** | 207802 | 7369954 | 25 | -60 | 200 | 4 | 8 | 4 | 1.0 |
| **KBAC1109*** | 207823 | 7370019 | 29 | -60 | 200 | 16 | 20 | 4 | 1.1 |

***(*denotes 4m composite samples)***

RC and diamond drilling testing interpreted extensions to the Bibra mineralised system to the south and southwest of Bibra and extensions to the Francopan mineralised system commenced during the September 2013 Quarter with a total of 5 holes for 843m completed. No assays have been received as yet for these holes.

# EXPLORATION

## GOLD

### LAKE MACKAY GOLD/BASE METALS PROJECT (IGO Manager and Earning 70%)

During the September 2013 Quarter the Company entered into a Farm-in and Joint Venture Agreement with ABM Resources over the Lake MacKay Project in the Northern Territory. The agreement enables IGO to earn a 70% equity interest in the project via phased exploration programs and a cash payment or by subscribing for shares in ABM. Further details of the agreement are provided in ABM's ASX announcement dated 21 August 2013.

The project is located 400km west of Alice Springs adjacent to the Western Australian border and includes 6,700 square kilometres of exploration licences and 5,500 square kilometres of exploration licence applications. The geology of the project area comprises Proterozoic age metasediments intruded by granitic and mafic rocks beneath varying thickness of aeolian sand cover. The project is considered prospective for gold and base metals and nickel sulphide mineralisation.

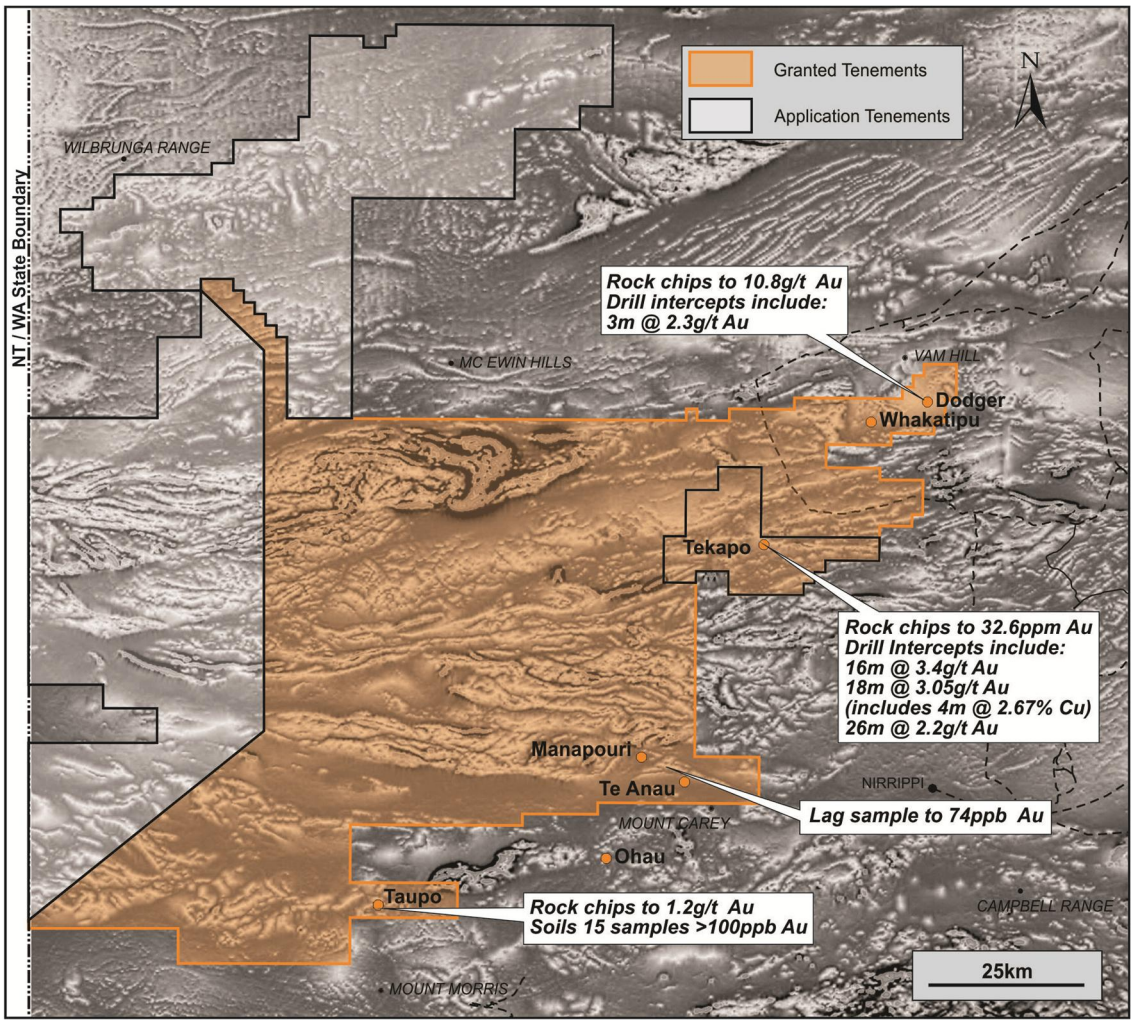



**Figure 8: Lake MacKay Project Location Plan, draped over regional aeromagnetics, showing tenements and areas being sampled under the current program**

Due to its remote location and historic access constraints much of the area has been subject to little or no previous exploration. Despite the lack of previous exploration the project area contains several notable mineral occurrences including the Tekapo Prospect from which RC drilling by ABM has returned intercepts of 16m @ 3.4g/t Au, 18m @ 3.05g/t Au 26m @ 2.22g/t Au and 4m @ 2.67% Cu (**Figure 8**).

A broad spaced first pass surface sampling program on an 800m x 800m grid covering 2295 square kilometres and comprising 3602 samples commenced in August 2013 and is expected to be completed by the end of October 2013. The areas to be covered in the 2013 sampling program are illustrated in Figure 8. In-fill sampling of anomalies is expected to commence in the December 2013 Quarter prior to a break in the field season until about April 2014. No results had been received by the end of September 2013.

### BIRRINDUDU GOLD/TIN PROJECT (IGO 100%)

The Birrindudu Project is located 290km southeast of Kununurra in the Tanami Region of the Northern Territory. The Project was initially targeted for its tin prospectivity identified via results from diamond exploration database samples including the De Beers database owned by the Company. However, a revised geological and structural interpretation has also highlighted the gold potential of the project.

A regional aircore drilling program testing the tin target and a number of gold targets under transported cover was completed during the September 2013 Quarter. Results have been received and are currently being interpreted.

## BASE METALS REGIONAL

### DINGO RANGE JOINT VENTURE (IGO Manager and Earning 75%)

The Dingo Range project is located approximately 150km NNW of Laverton. The Joint Venture tenure contains the Divine prospect where historic exploration identified separate (3-6 metres wide) disseminated sulphide zones (up to 1.3% Ni). Confirmation sampling of the gossan over these zones by the Company during the June 2013 Quarter returned 2,800ppm Ni, 732ppm Cu and 45ppb Pt+Pd, a geochemical signature consistent with magmatic nickel sulphide mineralisation.

An aircore drilling program tested (MLEM) anomalies generated in the June 2013 Quarter on the flanks of a shallowly covered ultramafic package. Drilling intersected anomalous nickel responses (up to a maximum of 0.39% Ni) however associated Cu, Pt and Pd responses were subdued indicating that the nickel anomalism is probably related to silicate not sulphide minerals.

### PARDOO JOINT VENTURE (IGO Manager and Earning 85%)

The Pardoo Project is located 85km east of Port Hedland and is targeting potential VMS mineralisation associated with a large, mostly unexplored and covered rhyolite complex. Limited shallow historic reconnaissance aircore drilling has returned up to 1920ppm Zn and 271ppm Cu, highlighting the prospectivity of the complex. The Company successfully made an application for funding assistance as part of the Western Australian Government Co-funding Drilling initiative. It is intended to complete further aircore drilling once access has been approved.

# PROJECT GENERATION

## DE BEERS DATABASE (IGO 100%)

The Company owns the non-diamond specific exploration database which was built up by De Beers Australia Exploration Limited ("DBAE"). This database represents the culmination of more than 30 years of exploration. The key assets of the database are the 292,000 surface geochemical samples and associated analytical results covering many mineral prospective regions throughout Australia **(Figure 1*).*** As DBAE was solely focused on diamond exploration, less than half of the samples were appraised for commodities other than diamonds.

This work continues to generate a significant number of anomalies which are being systematically evaluated. There are currently 57 gold anomalies, 31 base metals anomalies and 16 strategic metal anomalies under review.

During the September 2013 Quarter a further 7,332 archive samples were assayed, field follow-up was completed on 15 targets, a total of 418 follow-up samples were collected and assayed and 2 new exploration licences were applied for.

# DECEMBER 2013 QUARTER EXPLORATION PROGRAM

## NICKEL/BASE METALS

| | |
|---|---|
| Long: | Diamond drill testing for Moran, McLeay and Long North extensions. |
| Jaguar: | Diamond drill testing of the Lagonda prospect and assessing the Wilson Creek area for VMS-style mineralisation. Drill testing will also continue along the southerly extent of the Bentley – Jaguar - Teutonic Bore mineralised trend beyond and south of the Bentley South South prospect for VMS style base metal mineralisation. |
| Pardoo: | Access negotiations. |

## GOLD PROJECTS

| | |
|---|---|
| Tropicana: | Geochemical traverse aircore drilling. |
| Karlawinda: | Bibra South RC/DDH testing. |
| Lake MacKay: | First pass and follow-up surface geochemical sampling. |
| Empress Springs: | Target evaluation. |

## PROJECT GENERATION

| | |
|---|---|
| De Beers: | Continued analysis of priority geochemical samples and field follow-up of anomalies. |

**Brett Hartmann**
**Acting Chief Executive Officer**

**INDEPENDENCE GROUP NL**

# COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results is based on information compiled by Mr. Timothy Kennedy who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Kennedy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Kennedy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in this report has been extracted from the IGO ASX Release for Mineral Resources and Ore Reserves dated 25 October 2013 and is available on the IGO website www.igo.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

# 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.

# APPENDICES

## LONG MINE PRODUCTION SUMMARY — APPENDIX 1

| | Note | Sep 2013 Quarter | Corresponding Quarter September 2012 |
|---|---|---|---|
| **Mining Reserve (Dry Tonnes)** | | | |
| Start of Period | | 881,000 | 1,121,000 |
| - ROM Production | | (45,856) | (76,713) |
| End of Period | | 835,144 | 1,044,287 |
| **Production Details:** | | | |
| Ore Mined (Dry Tonnes) | 1 | 73,432 | 76,713 |
| Ore Milled (Dry Tonnes) | | 73,432 | 76,713 |
| Nickel Grade (Head %) | | 4.07 | 3.85 |
| Copper Grade (Head %) | | 0.29 | 0.29 |
| **Metal in Ore Production (Tonnes)** | | | |
| Nickel delivered | | 2,991 | 2,952 |
| Copper delivered | | 216 | 222 |
| **Metal Payable IGO share (Tonnes)** | | | |
| Nickel | 2 | 1,808 | 1,780 |
| Copper | 2 | 88 | 90 |
| **Hedging** | | | |
| Tonnes delivered into Hedge | | - | 600 |
| Average Price (AU$/t) | | - | 26,831 |

Note 1. Production is sourced from both inside and outside reserve updated as at 1 July 2013.
Note 2. The Recovery Rate is fixed with BHP depending on head grade.

| **Revenue/Expense Summary** | | **A$'000's** | **A$'000's** |
|---|---|---|---|
| Sales Revenue (incl. hedging) | | 28,271 | 36,119 |
| Cash Mining Costs | | (9,307) | (9,904) |
| Other Cash Costs | 3 | (5,528) | (6,095) |
| Exploration | | (3,731) | (1,716) |
| Mine Development | | (401) | (3,306) |
| Plant & Equipment | | (106) | (2,463) |
| Depreciation/Amortisation | | (5,442) | (3,543) |
| **Unit Cost Summary** | | **A$/lb Total Metal Produced** | **A$/lb Total Metal Produced** |
| Cash Mining Costs | | 1.41 | 1.52 |
| Other Cash Costs | 3 | 0.84 | 0.94 |
| Copper Credit | | (0.11) | (0.11) |
| C1 Ni cash costs & Royalties | | 2.14 | 2.35 |
| Exploration, Development, P&E | | 0.64 | 1.15 |
| Depreciation/Amortisation | | 0.83 | 0.54 |
| **Unit Cost Summary** | | **A$/lb Payable Metal** | **A$/lb Payable Metal** |
| Sales Revenue (incl. hedging) | 4 | 7.09 | 9.20 |
| Cash Mining Costs | | 2.33 | 2.52 |
| Other Cash Costs | 3 | 1.39 | 1.55 |
| Copper Credit | | (0.18) | (0.19) |
| C1 Ni cash costs & Royalties | | 3.54 | 3.88 |
| Exploration, Development, P&E | | 1.06 | 1.91 |
| Depreciation/Amortisation | | 1.37 | 0.90 |

Note 3. Other Cash Costs include milling, royalties and site administration.
Note 4. Sales Revenue per pound includes nickel price adjustments for prior periods.

| **Safety and Productivity** | | | |
|---|---|---|---|
| - Lost Time Injuries | | 1 | 2 |
| - Medically Treated IFR | | 22.2 | 19.3 |
| - Nickel Productivity Rate | 5 | 88.0 | 86.3 |

Note 5. Nickel Productivity Rate = Annualised nickel tonnes per full-time-equivalent-employee.

| **Production/Exploration Drilling** | | **Metres** | **Metres** |
|---|---|---|---|
| Production | | 1,265 | 2,110 |
| Exploration | | 5,064 | 2,915 |
| | | 6,329 | 5,025 |

Independence Group

# JAGUAR MINE PRODUCTION SUMMARY

# APPENDIX 2

| | Note | SEPT 2013 Quarter | Corresponding Quarter Sept 2012 |
|---|---|---|---|
| **Mining Reserve (Dry Tonnes)** | | | |
| Start of Period | 1 | 1,284,001 | 2,452,000 |
| - ROM Production | | (65,184) | (102,191) |
| End of Period | | 1,218,817 | 2,349,809 |
| **Production Details** | | | |
| Ore Mined (Dry Tonnes) | 2 | 107,056 | 128,618 |
| | | | |
| **Ore Milled (Dry Tonnes)** | | 117,411 | 102,191 |
| Copper Grade (Head %) | | 1.68 | 1.63 |
| Zinc Grade (Head %) | | 10.68 | 7.86 |
| Silver Grade (g/t) | | 141 | 140 |
| Gold Grade (g/t) | | 0.70 | 0.41 |
| **Metal in Concentrate Production** | | | |
| Copper tonnes | | 1,713 | 1,360 |
| Zinc tonnes | | 11,148 | 6,668 |
| Silver ounces | | 427,083 | 193,907 |
| Gold ounces | | 1,442 | 627 |
| **Metal Payable IGO share** | | | |
| Copper tonnes | | 1,646 | 1,306 |
| Zinc tonnes | | 9,295 | 5,491 |
| Silver ounces | | 307,657 | 174,516 |
| Gold ounces | | 1,336 | *582* |
| **Revenue/Expense Summary** | | ***A$'000's*** | ***A$'000's*** |
| Sales Revenue (incl. hedging TC's/ RC's) | | 47,389 | 23,908 |
| Cash Mining & Processing Costs | | (16,000) | (15,373) |
| Site Admin & Trucking Costs | | (6,647) | (5,236) |
| Shipping | | (1,585) | (839) |
| Royalties | | (1,975) | (820) |
| Exploration | | (1,462) | (2,470) |
| Mine Development | | (4,352) | (4,491) |
| Plant & Equipment | | (303) | (542) |
| Depreciation/Amortisation | | (1,376) | (1,729) |
| **Notional Unit Cost Summary** | | **A$/lb Total Zn Metal Produced** | **A$/lb Total Zn Metal Produced** |
| Mining & Processing Costs | | 0.65 | 1.05 |
| Other Cash Costs | 3 | 0.57 | 0.71 |
| Copper, Silver and Gold credits | | (0.90) | (1.19) |
| C1 Costs & Royalties | 4 | 0.31 | 0.57 |
| Exploration, Development, P&E | | 0.25 | 0.51 |
| Depreciation/Amortisation | | 0.06 | 0.12 |
| **Notional Unit Cost Summary** | | **A$/lb Total Zn Metal Payable** | **A$/lb Total Zn Metal Payable** |
| Mining & Processing Costs | | 0.78 | 1.27 |
| Other Cash Costs | 3 | 0.68 | 0.86 |
| Copper, Silver and Gold credits | | (1.08) | (1.44) |
| C1 Costs & Royalties | 4 | 0.38 | 0.69 |
| Exploration, Development, P&E | | 0.30 | 0.62 |
| Depreciation/Amortisation | | 0.07 | 0.14 |

Note 1: In relation to current year, reserve updated as of 1 July 2013.
Note 2: Production sourced from inside and outside of reserves.
Note 3: Other Cash Costs include, site administration, notional trucking, notional TCs & RCs, notional wharfage, shipping and notional royalties.
Note 4 C1 Costs include credits for copper, silver and gold notionally priced at US$3.23 per pound, US$21.78 per ounce andUS$1,350.10 per ounce for the Quarter respectively.

| | | | |
|---|---|---|---|
| **Safety and Productivity** | | | |
| - Lost Time Injuries | | 0 | 1 |
| - Medically Treated IFR | | 4.78 | 9.04 |