28 August 2013

2013 FINANCIAL YEAR RESULTS AND FINAL DIVIDEND

Independence Group NL (IGO) reports its results for the financial year ended 30 June 2013 (FY2013) and announces its final dividend.

FINANCIAL SUMMARY

- **Cash and cash equivalents of $27.2 million** (FY2012: $192.7 million) and **debt of $20.0 million** (FY2012: $23.4 million).
- **$18.3 million Net Profit After Tax** (FY2012: $285.3 million Net Loss after Tax**,** which included an after tax non-cash impairment of $288.0 million).
- **Underlying Earnings Before Interest, Tax, Depreciation and Amortisation[1] of $56.8 million** (FY2012: $33.6 million). **Revenue of $ 225.9 million** (FY2012: $216.6 million).
- **Operating cash flows of $64.0 million** (FY2012: $32.0 million).
- **Fully franked Final Dividend of 1.0 cent per share announced** (FY2012: 1.0 cent).
- **Total dividends paid during FY2013 were 2.0 cents per share fully franked** (FY2012: 5.0 cents fully franked).

OPERATIONAL SUMMARY

- **Tropicana Gold Project JV** [IGO 30%]: Development and construction is now ahead of schedule, with construction on target for commissioning in the September Quarter 2013. Targeted production from Tropicana is in the range of 120,000 to 160,000 ounces in the period ending 31 December 2013. IGO'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 of A$590 to A$630 per gold ounce[2].
- **Long Operation** [IGO 100%]**:** Record annual production of 11,180 tonnes of contained nickel metal (FY2012: 9,995tonnes) exceeded the upper range of guidance by 16%. Payable cash costs including royalties for the year were A$4.34 per pound nickel (FY2012 A$4.56)[3].
- **Jaguar Operation** [IGO 100%]**:** FY2013's production was 33,809 tonnes of contained zinc metal (FY2012: 16,569t), 4,992 tonnes of contained copper metal (FY2012: 7,257t) and 1,376,804 ounces of contained silver metal (FY2012: 577,726 ounces). The payable cash costs including royalties were A$0.49 per pound zinc (FY2012: A$0.58 per pound zinc).

RESULT FOR THE YEAR ENDED 30 JUNE 2013

Revenue from continuing operations for FY2013 increased by 4% to $225.9 million (FY2012: $216.6 million) due primarily to an improved revenue contribution from both the Long Operation and the Jaguar Operation. FY2013 Revenue excludes $13.5 million revenue from a copper shipment planned for June 2013 that was delayed until early July 2013 as a result of weather conditions.

Earnings during FY2013 were heavily impacted by a continuing strong A$ and depressed commodity prices. This is despite strong production results and prudent successful cost control measures at the Long and Jaguar operations.

[1] See footnote 4 on page 3 for definition of underlying EBITDA.
[2] IGO June 2013 Quarterly Report ASX Release.
[3] The FY2012 figure includes a copper credit adjustment of A$0.18 per pound. The previously reported $4.74 per pound excluded this credit.

CASH FLOW STATEMENT

Net Cash flows from operating activities prior to interest received was $64.0 million (FY2012: $32.0 million). This excludes provisional receipts from a copper shipment planned for June 2013 of $12 million that was delayed until early July 2013 as result of weather conditions.

Cash payments for investing activities were $211.6 million (FY2012: $154.3 million) which includes capitalised development totalling $170.6 million (FY2012: $89.5 million). This capitalised development comprises $9.7 million for Long Nickel Operation development, $14.9 million for Jaguar Operation development, and $146.0 million towards the Tropicana Gold Project.

Net cash payments for financing activities were $17.9 million (FY2012: Net cash inflow $87.0 million) and included proceeds from borrowings under a new corporate finance facility net of transaction costs of $8.0 million. (FY2012 included $115.5 million as a result of IGO's equity raising in December 2011).

BALANCE SHEET

Cash and cash equivalents totalled $27.2 million (FY2012: $192.7 million) at year-end, a net decrease of $165.5 million for FY2013 which is inclusive of the $146.0 million Tropicana project construction spend.

At balance date, there was $20.0 million of debt comprising $10.0 million of lease liabilities and corporate facility loan of $10.0 million.

DIVIDENDS

During FY2013, IGO paid dividends of $4.7 million (FY2012: $10.7 million) to shareholders. These comprised of a final FY2012 fully franked dividend of 1 cent per share paid in September 2012 and an interim fully franked dividend of 1 cent per share paid in March 2013.

In addition, IGO has announced a fully franked Final Dividend for FY2013 of 1 cent per share which will be payable on 27 September 2013, with a record date for determining entitlements of 12 September 2013.

FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 30 JUNE	2013	2012	INC/(DEC)
Total Revenue	**$225.9M**	**$216.6M**	4%
Underlying EBITDA (4)	**$56.8M**	**$33.6M**	69%
Profit (Loss) Before Tax	**$27.8M**	**($368.8)M**	increased
Profit (Loss) After Tax	**$18.3M**	**($285.3)M**	increased
Net Cash Flow From Operating Activities	**$64.0M**	**$32.0M**	100%
Total Assets	**$822.0M**	**$812.9M**	1%
Total Liabilities	**$172.5M**	**$170.8M**	1%
Shareholders' Equity	**$649.5M**	**$642.1M**	1%
Net tangible assets per share	**$2.79**	**$2.76**	1%

[4] Underlying EBITDA is a non-IFRS measure and comprises $27.8 profit before tax (FY2012:$368.8M loss) less $1.2M interest income net of finance costs (FY2012:$ $9.2M), $24.4M depreciation & amortisation expense (FY2012: $39.2M) and $5.8M exploration impairment expenses (FY2012: $372.4M exploration impairment together with Jaguar and Stockman impairments).

OPERATIONS

LONG OPERATION [IGO 100%]

Production for FY2013 was 291,196 tonnes (FY2012: 282,177t) at an average head grade of 3.84% nickel (FY2012: 3.5%) for a record 11,180 tonnes of contained nickel metal (FY2012: 9,995t). Production exceeded the upper range of market guidance by 16%.

Payable cash costs and royalties for FY2013 were A$4.34 per pound nickel (FY2012 A$4.56)[5], which was 9% below the lower range of market guidance.

JAGUAR OPERATION [IGO 100%]

Ore milled during FY2013 was 392,125 tonnes @ 1.56% copper, 10.07% zinc and 143g/t silver (FY2012: 366,891t @ 2.3% copper, 6.0% zinc and 56.9g/t silver). Metal production in concentrate was 4,992 tonnes copper, 33,809 tonnes zinc and 1,376,804 ounces silver (FY2012: 7,257t copper, 16,569t zinc and 577,726oz silver). Production of copper was at the lower end of market guidance, zinc production was 21% above the upper range of market guidance and silver production was 72% above the upper range of market guidance.

The payable cash cost and royalty for FY2013 was A$0.49 per pound zinc (FY2012: A$0. 58 per pound) being at the mid-range of market guidance.

PROJECT UNDER CONSTRUCTION

TROPICANA GOLD PROJECT JV [IGO 30%]

Tropicana Gold Mine (TGM) development activity peaked during the second half of FY2013, with the Project on target for commissioning in the September 2013 Quarter and ramp up in the December 2013 Quarter. Overall project delivery milestone of 96% completion was passed, whilst on-site construction achieved 93% completion.

The Tropicana Joint Venture has reviewed cash operating cost estimates for the project. These cash operating cost estimates for the first 3 years remain unchanged from the previously announced range of $590 to $630/oz Au. Average annual production during the first 3 years also remains in line with previous guidance of 470,000 – 490,000oz Au per annum. At the end of the June 2013, the Company estimates $35 million (IGO’s 30% Share) remains to be spent on construction.

Work on the Havana Deeps Pre-Feasibility study consisted primarily of the development of underground mine design options below the current Havana Open Pit. The economics of the underground design will then be evaluated against an open pit cutback. The Havana Deeps Pre-Feasibility Study is due for completion in the December 2013 Quarter.

PROJECT AT FEASIBILITY STUDY STAGE

STOCKMAN PROJECT [IGO 100%]

As described in the 5th July 2013 ASX release, a decision was made to curtail further Enhanced Feasibility Study (EFS) tasks and defer exploration at the site whilst the approvals process is advanced through the Victorian permitting system. This is a prudent undertaking during a time of volatile metal price and exchange rate fluctuations and will allow an accurate project timeline and approval conditions to be properly assessed and integrated into the final investment assessment.

The Environmental Effects Statement (EES) permitting documentation for the State of Victoria (also accredited with the Federal EPBC Act) is nearing completion and will be formally submitted in the September 2013 Quarter. Progress continues with the Victorian Government on fully defining the applicable operating and closure criteria for the project across the various regulatory requirements. This remains the critical task for the project so that clear and unambiguous expectations are set.

[5] See footnote 3.

PROJECT AT SCOPING STUDY STAGE

KARLAWINDA PROJECT [IGO 100%]

The Karlawinda Gold Project Scoping Study was reviewed in light of current metal prices and concluded that at current gold prices the project requires material additions in mineable tonnage or recoverable grade to meet the Company's investment guidelines. As a consequence, the scoping study has been deferred until additional mineable tonnes or higher grade material can be located on the project. Exploration on this highly prospective project continues.

EXPLORATION

FY2013 cash outflows included $38.0 million on exploration and feasibility expenditure (FY2012: $57.2 million). IGO is expecting to spend in the range of $30 to $35 million on exploration and feasibility expenditure during FY2014.

IGO has an extensive exploration program planned for FY2014 relating to its existing mining operations and its regional exploration program. There will be a reduction in the total cost of that program, compared with the previous year, because of the nature of IGO's priorities during FY2014 and the emphasis on permitting at the Stockman Project.

OUTLOOK

A major focus of IGO in the first half of the 2014 financial year (FY2014) will be working with its joint venture partner, AngloGold Ashanti Australia Ltd, on the commissioning and ramp up of the **Tropicana Gold Project**. IGO's very substantial attributable gold production from this project and the relatively low production costs are expected to provide very substantial cash flows and profits to IGO during the FY2014 and onwards.

Production guidance for the **Long Operation** for FY2014 is 230,000 to 270,000 ore tonnes for production of between 9,000 and 10,000 tonnes of contained nickel. Payable cash costs and royalties for FY2014 are forecast at A$4.30 to A$4.70 payable per pound nickel, net of copper credits. Exploration at Long over the next 12 months will continue to test for extensions to existing mines and for new deposits in the tenement area.

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 and silver credits. Drilling over the next 12 months will continue to focus on defining high grade massive copper-zinc sulphides.

At the **Stockman Project** in Victoria work will continue on completing the Environmental Effects Statement (EES) permitting documentation for the State of Victoria (also accredited with the Federal EPBC Act) and submitting this documentation, expected in the September 2013 Quarter.

At the **Karlawinda Project** in Western Australia, the Company is focusing on exploration with a view to finding material additions in mineable tonnage with recoverable grades to meet the Company's investment guidelines.

Chris Bonwick
Managing Director
Independence Group NL

Forward-looking statements

This document may include Forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO's planned production and 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 IGO 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.