



## INDEPENDENCE EXCEEDS FY2013 GUIDANCE AT LONG AND MEETS GUIDANCE AT JAGUAR

Independence Group NL ("Company" or "IGO") (ASX: IGO) is pleased to report activities undertaken in the quarter ended 30 June 2013 ("Quarter").

### KEY HIGHLIGHTS

- **Tropicana Gold JV ("Tropicana") IGO 30%** – The project is ahead of schedule with commissioning planned for the September 2013 Quarter. Plant and associated construction reached 93% completion. Mining and stockpiling of ore from the Havana Starter Open Pit continued.
- **Estimated Tropicana capital expenditure is unchanged and remains on track for A\$820–A\$845 million (100% project).**
- **Record annual Long production (during IGO's ownership) – 11,180t Ni FY2013 production exceeded upper range guidance by 16%. Payable cash costs at Long were 9% below lower guidance range.**
- **Record Jaguar quarterly mill throughput and concentrate production. FY2013 metal in concentrate 33,809t Zn - 21% above upper range guidance, 4,992t Cu – at lower range of guidance, 1,376,804oz Ag - 72% above upper range guidance. Payable cash costs at Jaguar were in mid-range of guidance.**
- **\$27.2 million cash at 30 June 2013 (excludes \$12 million sales receipt for concentrate shipment planned for late June 2013 but delayed until early July 2013) and debt of \$20.0 million (Bank facility and HP lease obligations).**

### MINING OPERATIONS (IGO 100%)

#### LONG OPERATION: KAMBALDA, WA (Ni)

- Production:**
- June 2013 Quarter: **78,157t @ 3.6% Ni for 2,783t Ni in ore mined @ A\$4.38/lb payable Ni cash costs and royalties.** (Budget: 73,197t @ 3.3% Ni for 2,400t Ni @ A\$4.93/lb payable Ni cash costs and royalties)
  - **FY2013: 11,180t Ni in ore mined @ \$4.34/lb payable Ni cash costs and royalties, 16% above the upper range of guidance** (FY2013 Guidance: 9,200 – 9,600t Ni @ \$4.80 - \$5.00 payable Ni cash costs and royalties).
  - **Intersection of 2.5m @ 6.6% Ni north of current Long North development.**

#### JAGUAR OPERATION: LEONORA, WA (Cu, Zn, Ag)

- Production:**
- June 2013 Quarter Milled: **111,647t @ 10.8% Zn, 1.7% Cu, and 145g/t Ag for 10,683t Zn & 1,620t Cu metal in concentrate @ A\$0.36/lb payable Zn cash costs and royalties.** (Budget 76,296t @ 13.3% Zn, 1.7% Cu & 155g/t Ag for 7,807t Zn, 1,038t Cu @ A\$0.50/lb payable Zn cash costs)
  - **FY2013: 33,809t Zn, 4,992t Cu, 1,376,804oz Ag, 3,142oz Au metal in concentrate @ \$0.49/lb Zn payable cash costs and royalties.** (FY2013 Guidance: 27,000 – 28,000t Zn, 5000 – 6000t Cu, 700,000 – 800,000oz Ag metal in concentrate @ \$0.40 - \$0.60/lb payable Zn cash costs and royalties)
  - **Long Hole stoping ore tonnes increased to 82% of production.**



## PROJECT UNDER CONSTRUCTION

### **TROPICANA GOLD PROJECT: GOLDFIELDS, WA (Au)**

#### **Joint Venture: IGO 30%, AngloGold Ashanti 70% (Manager)**

- On-site treatment plant and infrastructure construction achieved 93% completion at 30 June 2013 (an increase of 22% for the June 2013 Quarter).
- Tropicana Gold Mine (TGM) development continued to meet scheduled milestones, achieving overall project completion of 96% at 30 June 2013.
- Regulatory approvals for plant commissioning are in place.
- 40MW Power Station commissioned.
- Tailings storage facility available for wet commissioning.
- Mining of transition material commences with arrival of third excavator fleet.
- All site based operations personnel now in place.

## PROJECTS AT STUDY STAGE (IGO 100%)

### **STOCKMAN PROJECT: OMEO, VICTORIA (Cu-Zn-Ag-Au)**

- Stockman Environmental Effects Statement (EES) permitting documentation nears completion and will be submitted to the Victorian government for approval during the September 2013 Quarter.
- Subsequent to the end of the June 2013 Quarter it was announced that exploration and Stockman Enhanced Feasibility Study activities had been curtailed due to the current economic climate.

### **KARLAWINDA PROJECT: NEWMAN, WESTERN AUSTRALIA (Au)**

- At current gold prices the Bibra gold resource requires material additions in mineable tonnage or recoverable grade to meet the Company's investment guidelines. As a consequence, the scoping study has been curtailed. However, exploration on this highly prospective project continues.
- Post 30 June 2013, an intercept of 11m @ 1.1g/t from 20m was intersected at a new prospect 4km north east of the Bibra gold resource.



## OPERATIONS AND MAJOR PROJECTS LOCATION

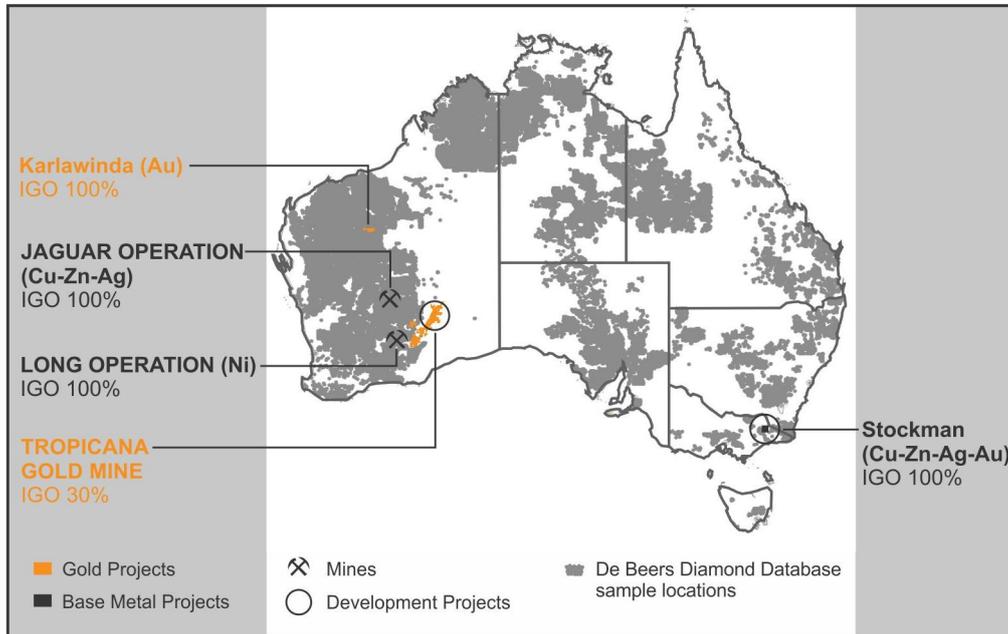


Figure 1: Independence Group - Mining Operations and Major Projects Location

## CORPORATE

### PROFIT AND LOSS

As a result of a delay in the June copper concentrate shipment (sales receipt of \$12 million) until early July 2013, the Company has posted an unaudited loss after tax for the June 2013 Quarter of \$4.3 million (FY2013 unaudited profit after tax of \$18.9 million).

Unaudited underlying EBITDA<sup>1</sup> for the June 2013 Quarter was \$1.7 million (March 2013 Quarter: \$15.9 million, YTD unaudited: \$51.7 million). The fall in the underlying EBITDA for the June 2013 Quarter relative to the March 2013 Quarter can be attributed to a combination of falling commodity prices and reduced sales volume. The results of the March 2013 Quarter included the sale of 19.6kt zinc concentrate and 5.1kt copper concentrate (June 2013 Quarter: 18kt zinc and no copper concentrate). A copper shipment planned for June 2013 (\$12 million) was delayed until July 2013 as a result of weather conditions thereby deferring profits to the September 2013 Quarter.

Importantly, concentrate production for the June 2013 Quarter increased over the previous March 2013 Quarter; zinc by 108% and copper by 42%. These concentrates when sold will be reflected in the FY2014 results. In addition, average A\$ zinc and copper prices fell approximately 6% over the June 2013 Quarter.

Nickel production for the June 2013 Quarter was consistent with the March 2013 Quarter. However a subdued A\$ nickel price also weighed on Long's profitability with a price fall of 10% for the June 2013 Quarter relative to the March 2013 Quarter.

### CURRENT CASH BALANCES

At 30 June 2013, the Company had \$27.2 million cash (31 March 2013: \$55.6 million).

<sup>1</sup> 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.



## Cash Flows

Cashflows from operating activities increased by 100% from \$32 million in FY2012 to \$64 million in FY2013. This excludes cashflows from the concentrate shipment originally planned for late June 2013 (\$12 million) but delayed until early July 2013.

Material cash flows during the Quarter included:

### Inflows

- \$24.2 million net inflow of cash from operating activities.
- \$10 million financing facility draw down.

### Outflows

- \$38.6 million contributions to the Tropicana JV for project development and exploration.
- \$7.2 million spent on Long, Jaguar/Bentley, Karlawinda and regional exploration.
- \$3.2 million spent on plant and equipment (Long \$2.5 million, Jaguar Operations \$0.4 million and \$0.3 million other).
- \$1.6 million spent on the Stockman Feasibility Study, permitting and resource extension drilling activities.
- \$5.0 million for capitalised development costs (Long \$1.7 million and Bentley \$3.3 million).
- \$7.0 million net repayment of other borrowings.

## Debt

The Company had debt at 30 June 2013 of \$20.0 million (31 March 2013: \$14.0 million) comprising finance lease obligations of \$10.0 million and a corporate facility loan of \$10.0 million.

## HEDGING

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

The Company's zinc and copper metal is currently unhedged.

In anticipation of future gold production from the Company's 30% interest in the Tropicana Gold Mine, the Company has put in place Zero Cost Collars for 5,500 ounces per month (ie. 45% of IGO's share of anticipated monthly production) for calendar year 2014. These 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

**233,321,861** ordinary shares.

The Company issued 439,626 ordinary shares on 5<sup>th</sup> July 2013 under the terms of its Performance Rights Plan, as approved by shareholders at its 2011 annual general meeting.



## PROJECT UNDER CONSTRUCTION

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### TROPICANA GOLD PROJECT:

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

#### Project Development

Tropicana Gold Mine (TGM) development activity peaked during the June 2013 Quarter, 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.

With all Treatment Plant structural steel, platework and equipment in place, construction for the June 2013 Quarter focused on pipework, electrical and instrumentation installation and equipment function testing. Major Treatment Plant construction activities for the June 2013 Quarter included:

- Surface treatment of structural steel and platework.
- Primary crusher and associated facility function testing.
- Completion of secondary and HPGR crushers, and associated screening facilities.
- Installation of leach and thickener mechanicals.
- Gold room equipment installation.
- Pipework flushing and pressure testing.
- Conveyor belt installation.
- Electrical switch room testing.
- Commencement of electrical sub-system energisation.

A dedicated plant commissioning team mobilised to site during the June 2013 Quarter. Finalised treatment plant commissioning schedule features sequential plant hand-over, with primary crusher facility transfer for first ore crush in early August 2013. Commissioning achieved 34% completion by the end of the June 2013 Quarter, with all necessary regulatory approvals in place.

Project infrastructure was largely complete during the June 2013 Quarter, with only minor miscellaneous activities outstanding:

- Process water supply from Minigwal Trough, 46km north of the Tropicana Process Plant, brought online.
- TGM 40MW Power Station commissioned.
- Bulk diesel storage facility first fill commenced.
- Tailings Storage Facility construction complete with tails and return pipelines installed.
- Demobilisation of temporary accommodation commenced.

Havana Starter Pit mining ramp-up continued with commissioning of the second Caterpillar 6040 excavator fleet and in-cycle integration of grade control and drill & blast activities. By Quarter end, mining to the 2330 Bench (35 metres below surface) had exposed oxide/fresh transition material and generated ROM stockpiles for initial plant commissioning. The third excavator fleet based on a Caterpillar 6050 excavator (500t class) was brought into service in late July 2013.



The full complement of site based operations personnel was on roster by the end of the June 2013 Quarter. Off-site process plant operator training has been completed and on-site project familiarisation is well advanced. Commissioning reagents and consumables, and associated maintenance and operating spares were delivered to site in July 2013.

## Cash Costs

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 range. Average annual production during the first 3 years also remains in line with previous guidance of 470,000 – 490,000oz Au per annum.

## Construction Costs

At the end of the June 2013 Quarter, the Company estimates \$35 million (IGO's 30% Share) remains to be spent on construction.

## Mineral Resource Position

The Tropicana Gold Project Mineral Resource estimate currently stands at 7.89 million ounces of contained gold (Table 1).

**Table 1: Tropicana Mineral Resource\* (100% Project), as at 3 December 2012**

Classification	Tonnes** (Millions)	Gold (g/t)	Contained Au (Millions oz)
Measured	29.8	2.12	2.03
Indicated	76.4	1.95	4.78
Inferred	11.9	2.83	1.08
<b>Total</b>	<b>118.0</b>	<b>2.08</b>	<b>7.89</b>

\* Refer to IGO & AGA 4 December 2012 ASX Releases for details and Competent Persons' Consents.

\*\*Rounded to one decimal place.

## Havana Deeps Pre-Feasibility Study

Geotechnical modelling of ground conditions below the current Havana Open Pit was updated and used as the basis of project mine design. Project evaluation adopts a footwall decline access and open stope resource extraction methodology below a proposed Havana Pit crown pillar.

The Havana Deeps Pre-Feasibility Study is due for completion in the December 2013 Quarter.



Photo 1: Tropicana Process Plant & Infrastructure, June 2013



Photo 2: Havana Starter Pit, June 2013



## Tropicana-Havana Proximal Exploration

There was no near mine exploration completed during the June 2013 Quarter due to accommodation constraints at the Tropicana village as construction continues. No assay results were received during the June 2013 Quarter.

## Regional Exploration

Aircore drilling recommenced targeting regional prospects with a total of 649 holes completed for 30,675 metres.

Encouraging results have been received from four metre composite samples at the Beetle Juice and Madras prospects including 8m @ 1.0g/t from 32m and 2m @ 7.1g/t from 63m in BJA464. Anomalous results have also been received at the Iceberg West and Sea Horse prospects including 12m @ 0.24g/t from 44m in IBA662 at Iceberg West (**Figure 2**). Significant results from the regional aircore programs are listed in Table 2.

**Table 2: Significant June 2013 Quarter Regional Exploration Drilling Results**

COLLAR						INTERCEPT DETAILS				
Hole No.	Easting (m)	Northing (m)	RL (mAHD)	Azi (Deg)	Dip (Deg)	Total Depth (m)	Depth From (m)	Depth To (m)	Width (m)	Au (g/t)
BJA301	647578	6744353	360.0	0.0	-90.0	36	32.0	36.0	4.0*	0.96
BJA327	647053	6743531	374.0	0.0	-90.0	42	32.0	40.0	8.0*	1.01
BJA381	647343	6741496	357.0	0.0	-90.0	52	40.0	44.0	4.0*	0.94
							48.0	52.0	4.0*	0.99
BJA464	643992	6737400	368.0	0.0	-90.0	66	63.0	65.0	<b>2.0</b>	<b>7.1</b>
BJA505	645109	6735301	367.0	0.0	-90.0	55	40.0	45.0	5.0	0.72
IBA662	633996	6732708	386.0	0.0	-90.0	56	44.0	56.0	12.0*	0.24

A = Aircore drill hole      RC = RC hole      D = Diamond drill hole

(\*4m composite samples, widths are downhole widths)

## Proposed Exploration Activities For September 2013 Quarter

- Seismic line over Tropicana deposit.
- Infill aircore drilling at Beetle Juice and Madras.

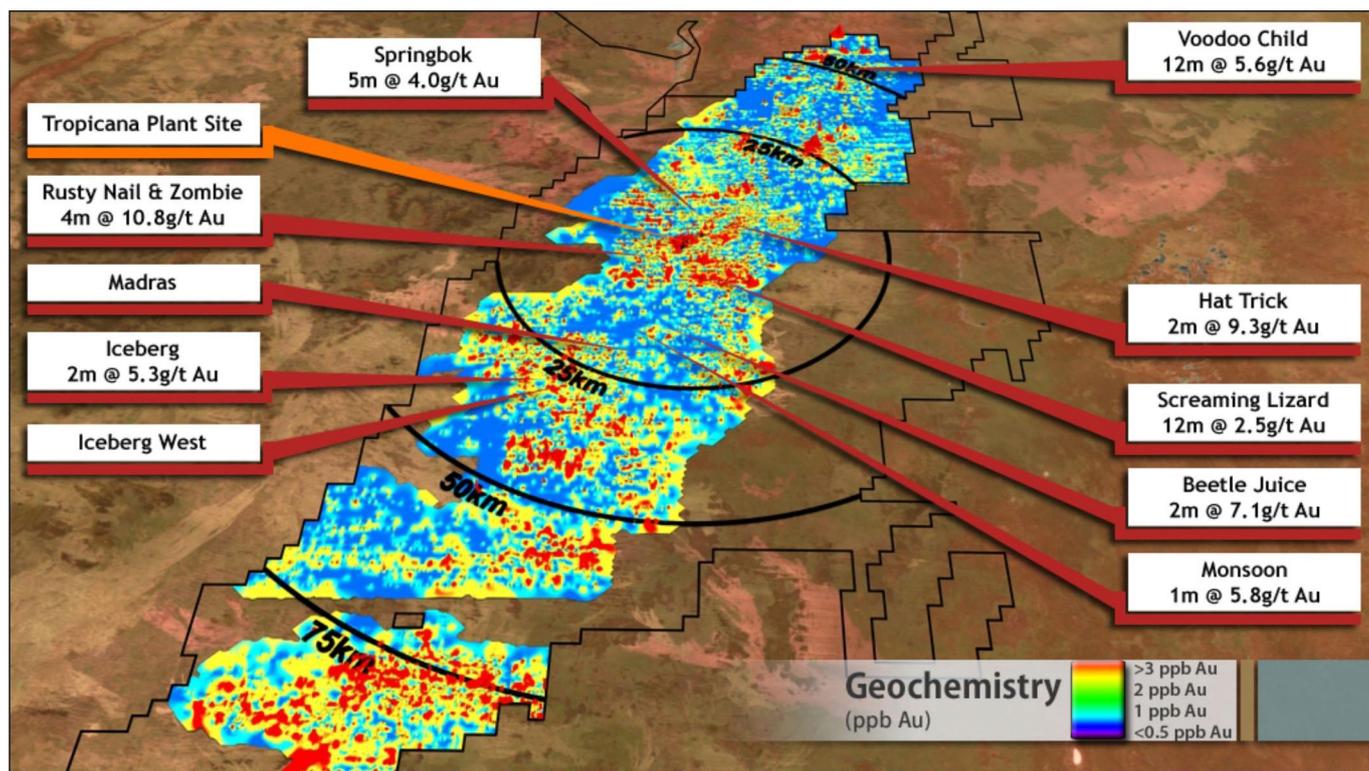


Figure 2: Tropicana Joint Venture – Significant gold intercepts from gold prospects within 75km of the Tropicana Plant Site

## MINING OPERATIONS (IGO 100%)

### LONG OPERATION (Ni)

#### Safety

The mine incurred 1 Lost Time Injury (LTI) during the June 2013 Quarter. The LTI Frequency Rate (LTIFR) stands at 8.40 for the life of the operation.

#### Production

Production for the June 2013 Quarter was 78,157t at 3.6% Ni for 2,783 tonnes of contained nickel, which was mined by the following methods:

Jumbo Stoping	12,459t @	2.9%	Ni for	359	Ni t
Long-hole	29,724t @	3.6%	Ni for	1,057	Ni t
Hand-held	4,993t @	3.7%	Ni for	185	Ni t
Jumbo Development	30,981t @	3.8%	Ni for	1,182	Ni t
<b>TOTAL</b>	<b>78,157t @</b>	<b>3.6%</b>	<b>Ni for</b>	<b>2,783</b>	<b>Ni t</b>



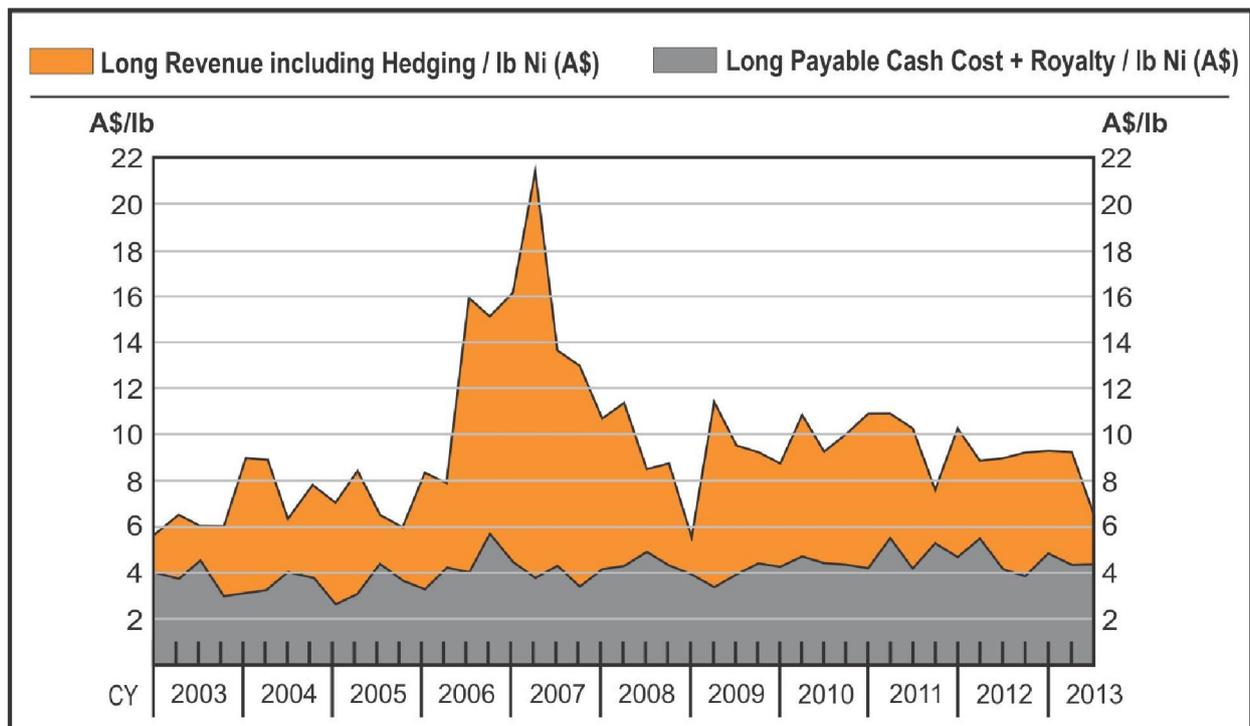
Production was sourced from the following areas:

Long	3,619t @	3.5%	Ni for	126	Ni t
McLeay	22,097t @	2.5%	Ni for	563	Ni t
Victor South	10,544t @	3.5%	Ni for	372	Ni t
Moran	41,897t @	4.1%	Ni for	1,722	Ni t
<b>TOTAL</b>	<b>78,157t @</b>	<b>3.6%</b>	<b>Ni for</b>	<b>2,783</b>	<b>Ni t</b>

(See Figure 3 for ore body location)

Contained nickel metal in ore for the June 2013 Quarter was 16.0% or 383t higher than budget, at a grade better than budget (3.6% v 3.3% Ni).

Metal was produced at a cash cost of \$4.38 per payable pound of nickel including royalties. The proportion of ore mined during the June 2013 Quarter using longhole stoping techniques was 38%.



Graph 1: Long Operation Historical Costs and Realised Nickel Price

## FY2014 Production Guidance

Production guidance for Long Operation for the financial year ending June 2014 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.



## Operational highlights for the June 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

### Capital Development

During the June 2013 Quarter a total of 264.4 metres were advanced as capital development, 119.6 metres in Moran and 144.8 metres in the Long 16-5 exploration drill drive.

### Operating Development

A total of 764.3 metres of operating development was also undertaken during the June 2013 Quarter, of which 232.4 metres occurred in McLeay, with 531.9 metres in Moran. Operating development costs are included in cash costs.

### Review of operating requirements

Due to changes in commodity markets and a review of operational requirements at Long, a number of structural changes with regard to personnel were identified. As a result, subsequent to the end of the June 2013 Quarter, the Company made 17 positions redundant at Long.

## Focus for the September 2013 Quarter

The September 2013 Quarter will see the Operation target the following:

- Continued focus on safety.
- Reduce opex and capex costs in this low metal price environment.
- Continued drill drive development at Moran and Long North.

## Exploration

### Drill Drive Development

Moran East drill drive was completed with 82 metres advanced during the June 2013 Quarter. Long North drill drive advanced 72 metres and is continuing (**Figure 4**).



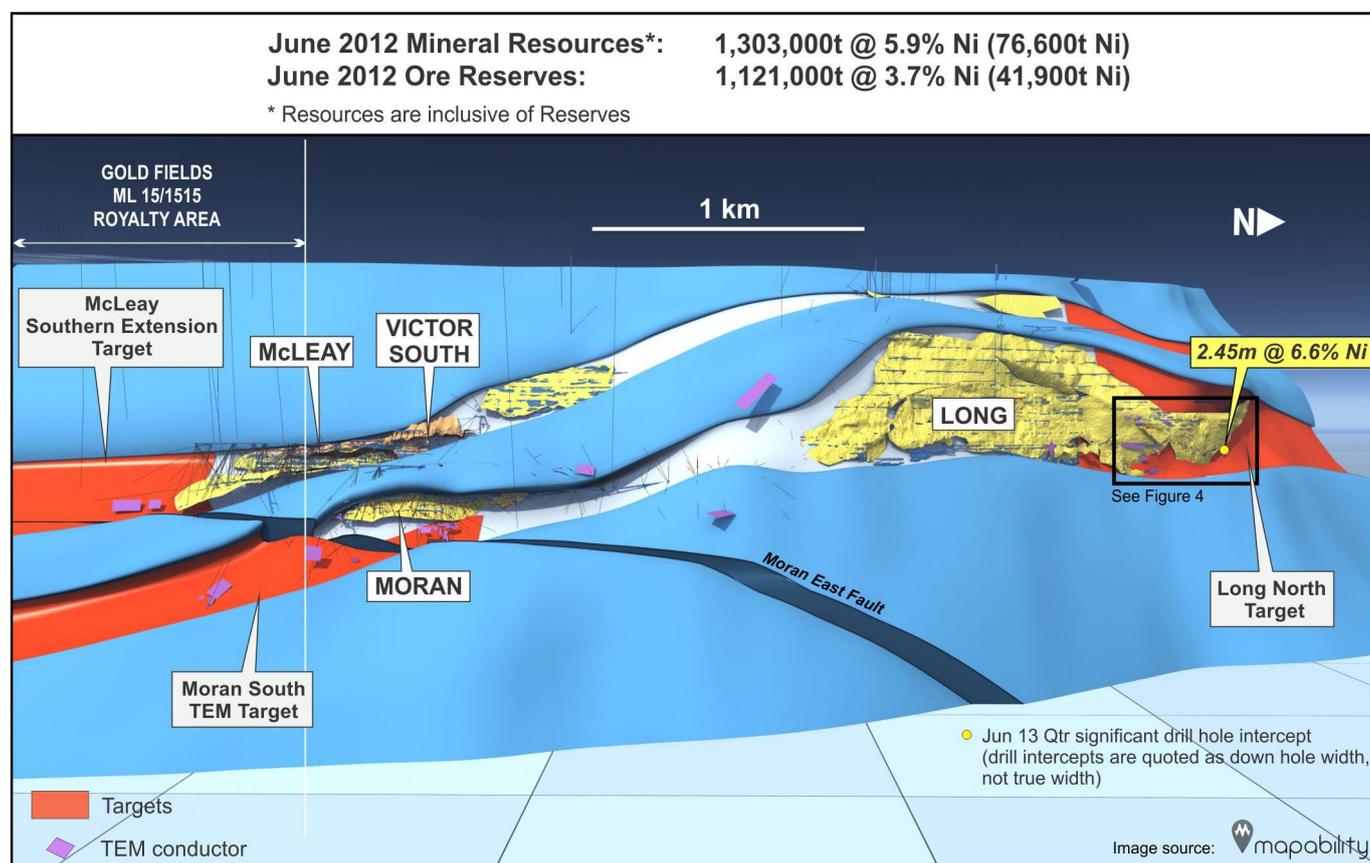
## Mine Exploration

### Long North

A large high conductance TEM conductor has been detected down plunge to the north of Long and represents the strongest TEM anomaly identified at Long North to date (**Figure 4**). Underground diamond drill hole LG137-152A was designed to test this target but was abandoned at 217.0m as the drill hole intersected the contact shallower than expected. The hole intersected **2.45m @ 6.6% Ni from 133.8m** on the contact 200m vertically above the TEM conductor which remains to be tested in the September 2013 Quarter (**Figure 4**).

**Table 3: Long Nickel Mine – March 2013 Quarter: Long North Drilling Results**

Hole ID	Local Northing (m)	Local Easting (m)	Local RL (m)	EOH (m)	Dip (deg)	Azimuth (deg)	From Depth (m)	To Depth (m)	Interval (m)	True Width (m)	Assay Grade (%Ni)
LG137-152A	550897	373957	-390	217	-47	314	133.8	136.25	2.45	2.1	6.6



**Figure 3: Long Nickel Mine – Longitudinal Projection showing Target areas, TEM conductors and Significant June 2013 quarter Intercepts. Reference – IGO 19/10/12 Annual Report ASX Release for Resource and Reserve Estimates**

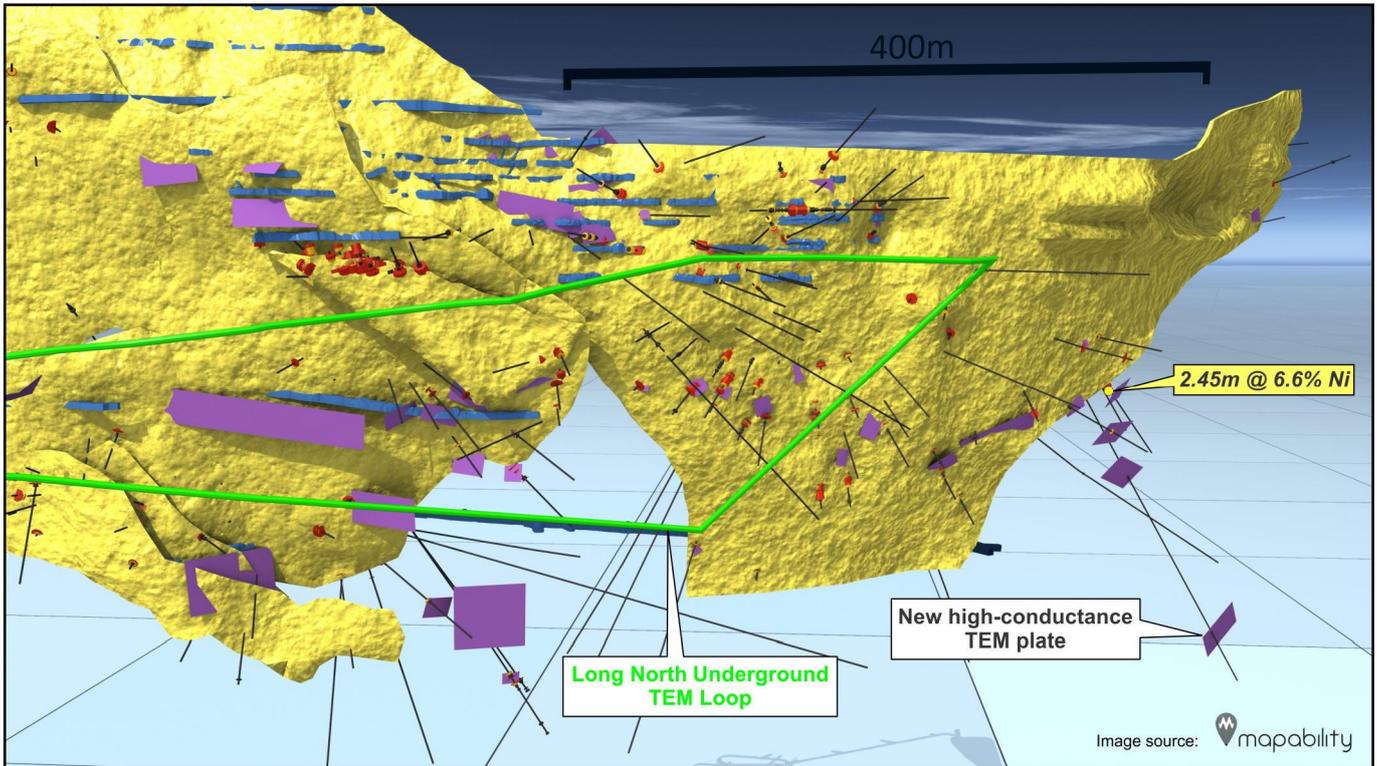


Figure 4: Long Nickel Mine – Long North 3D Isometric model, Drill holes, TEM Conductors, Drill Drive Development and New Intercept north of the June 2012 Mineral Resource Boundary



**Table 4: Long Nickel Mine Operation Production Summary**

	Note	JUNE 2013 Quarter	2012/13 FY to date	Corresponding Quarter June 2012
<b>Mining Reserve (Dry Tonnes)</b>				
Start of Period		986,423	1,121,000	1,419,462
- ROM Production		(63,390)	(197,967)	(91,639)
End of Period		923,033	923,033	1,327,823
<b>Production Details:</b>				
Ore Mined (Dry Tonnes)	1	78,157	291,196	91,639
Ore Milled (Dry Tonnes)		78,157	291,196	91,639
Nickel Grade (Head %)		3.56	3.84	3.54
Copper Grade (Head %)		0.27	0.28	0.26
<b>Metal in Ore Production (Tonnes)</b>				
Nickel delivered	2	2783	11,180	3,247
Copper delivered	2	208	821	244
<b>Metal Payable IGO share (Tonnes)</b>				
Nickel		1,682	6,754	1,951
Copper		84	332	99
<b>Hedging</b>				
Tonnes delivered into Hedge		600	2,400	540
Average Price (AU\$/t)		26.831	26.831	21,898
Note 1. Production is sourced from both inside and outside reserve updated as at 1 July 2012. Note 2. The Recovery Rate is fixed with BHP depending on head grade.				
<b>Revenue/Expense Summary</b>				
Sales Revenue (incl. hedging)		A\$'000's 23,987	A\$'000's 127,175	A\$'000's 38,554
Cash Mining Costs		(8,966)	(38,338)	(10,181)
Other Cash Costs	3	(7,790)	(28,892)	(7,346)
Exploration		(1,383)	(5,633)	(1,891)
Mine Development		(1,709)	(9,721)	(2,606)
Plant & Equipment		(2,612)	(8,340)	(4,230)
Depreciation/Amortisation		(4,536)	(17,039)	(4,017)
<b>Unit Cost Summary</b>				
		<b>A\$/lb Total Metal Produced</b>	<b>A\$/lb Total Metal Produced</b>	<b>A\$/lb Total Metal Produced</b>
Cash Mining Costs		1.46	1.56	1.42
Other Cash Costs	3	1.27	1.17	1.03
Copper Credit		(0.09)	(0.10)	(0.10)
C1 Ni cash costs & Royalties		2.64	2.63	2.35
Exploration, Development, P&E		0.93	0.96	1.22
Depreciation/Amortisation		0.74	0.69	0.56
<b>Unit Cost Summary</b>				
		<b>A\$/lb Payable Metal</b>	<b>A\$/lb Payable Metal</b>	<b>A\$/lb Payable Metal</b>
Sales Revenue (incl. hedging)	4	6.47	8.54	8.96
Cash Mining Costs		2.42	2.57	2.37
Other Cash Costs	3	2.10	1.94	1.71
Copper Credit		(0.14)	(0.17)	(0.17)
C1 Ni cash costs & Royalties		4.38	4.34	3.91
Exploration, Development, P&E		1.54	1.59	2.03
Depreciation/Amortisation		1.22	1.14	0.93
Note 3. Other Cash Costs include milling, royalties and site administration. Note 4. Sales Revenue per pound includes nickel price adjustments for prior periods.				
<b>Safety and Productivity</b>				
- Lost Time Injuries		1	6	0
- Medically Treated IFR		39.6	27.6	9.68
- Nickel Productivity Rate	5	72.8	76.4	98.0
Note 5. Nickel Productivity Rate = Annualised nickel tonnes per full-time-equivalent-employee.				
<b>Production/Exploration Drilling</b>				
		<b>Metres</b>	<b>Metres</b>	<b>Metres</b>
Production		975	6,198	1,001
Exploration		4,810	16,946	3,743
		5,785	23,144	4,744



## JAGUAR OPERATION (Cu, Zn)

### Summary

The June 2013 Quarter realised significant performance improvements with the mine delivering record FY2013 ore tonnes to the processing stockpile and record quarterly mill throughput to generate record quarterly concentrate tonnages since the Operation commenced in July 2007.

The Bentley mine delivered 134,298 ore tonnes at 1.6% Cu, 11.0% Zn, 144g/t Ag, and 0.5g/t Au to the ROM pad against a budget of 70,048 ore tonnes at 1.7% Cu, 13.6% Zn, 163g/t Ag, and 0.8g/t Au.

Mill throughput was 111,647 ore tonnes at 1.7% Cu, 10.8% Zn, 145g/t Ag and 0.6g/t Au to produce 6,473 tonnes of Cu concentrate and 22,377 tonnes of Zn concentrate.

### Safety

No LTIs occurred during the Quarter and the site's Frequency Rate (LTIFR) is currently 3.01 for the life of the Operation.

### Mine Production

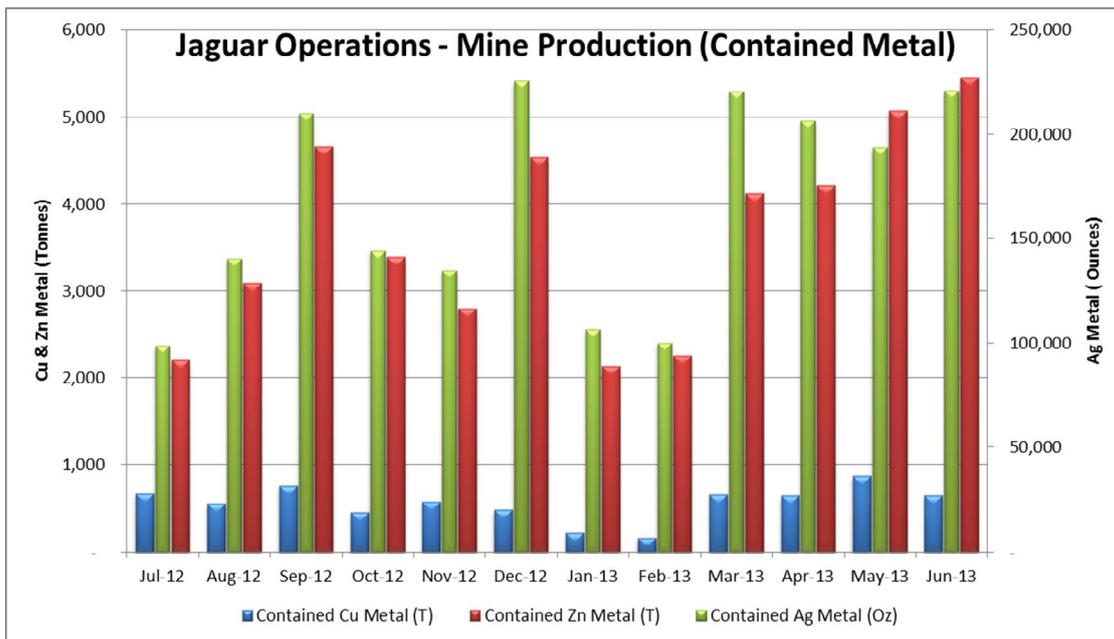
During the June 2013 Quarter the mining team delivered **134,298 ore tonnes at 1.6% Cu, 11.0% Zn, 144g/t Ag, and 0.6g/t Au** to the concentrate ROM stockpile. This production was entirely sourced from the Bentley underground mine and production is becoming more consistent (**Graphs 2 & 3**).

**Table 5: Jaguar Operation: production sources June 2013 Quarter**

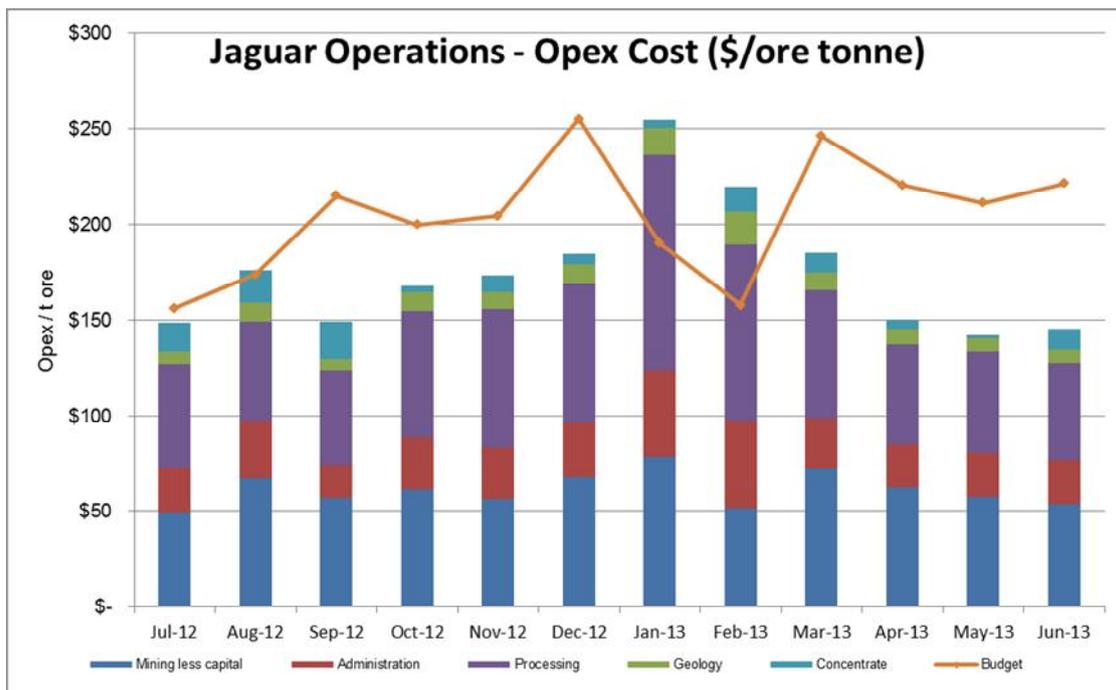
	TONNES MINED	
Stoping – Bentley	110,428t	@ 1.7% Cu, 10.8% Zn, 141g/t Ag, 0.6g/t Au
Development - Bentley	23,870t	@ 1.5% Cu, 12.0% Zn, 154 g/t Ag, 0.4g/t Au
<b>TOTAL</b>	<b>134,298</b>	<b>@ 1.6% Cu, 11.0% Zn, 144 g/t Ag, 0.6g/t Au</b>

### FY2014 Production Guidance

Production guidance for the Jaguar Operation for the financial year ending June 2014 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.



Graph 2: Jaguar Operation – Mine Production - Contained Metal



Graph 3: Jaguar Operation – Monthly Operational Costs and Budget



**Table 6: Bentley Mine Production Reconciliation June 2013 Quarter**

Reconciliation Bentley 2012-13	Expected Reserve Extraction	Actual Production	Actual V's Expected %
Ore Tonnes (t)	88,646	134,298	+ 51
Cu(t)	1,144	2,176	+90
Zn(t)	13,350	14,746	+10
Ag(oz)	469,900	620,249	+32
Au(oz)	2,252	2,375	+5

## Mine Development

During the June 2013 Quarter 501 metres of capital and 372 metres of operating development were advanced at Bentley.

## Reserve and Ore Definition drilling

In-mine drilling during the June 2013 Quarter targeted improving definition around the Arnage and Mulsanne lenses with infill holes. Drilling also targeted down plunge of the Comet lens.

## Mill Production

Mill production for the June 2013 Quarter was **111,647t at 1.7% Cu, 10.8% Zn and 145g/t Ag**.

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

	Actual	Budget
TONNES PROCESSED (DMT)	111,647	76,296
Cu (%)	1.7%	1.6%
Zn (%)	10.8%	13.3%
Ag (g/t)	145g/t	155g/t
RECOVERY (%)		
Copper	85%	82%
Zinc	88%	77%
Silver in Copper concentrate	62%	54%
CONCENTRATE PRODUCED		
Cu Concentrate (dmt)	6,473	4,514
Cu (%)	25.0%	23.0%
Cu (t)	1,620	1,038
Zn concentrate (dmt)	22,377	16,265
Zn (%)	48%	48%
Zn (t)	10,683	7,807

Payable zinc metal during the June 2013 Quarter was produced at average C1 cash cost of A\$0.29 per payable pound of zinc (March 2013 Quarter: A\$0.48/lb Zn). After considering royalties, cash costs were A\$0.36/lb Zn (March 2013 Quarter: A\$0.65/lb Zn). The decrease in C1 cost can be attributed to:

- mine planning delivering consistent tonnages,
- higher proportion of long-hole stoping tonnes,
- increase in precious metals credits,
- higher mill throughput.



## Concentrate

**The June 2013 Quarter set new internal records of concentrate production with 22,377 tonnes of Zinc concentrate and 6,473 tonnes of copper concentrate produced.**

Zinc concentrate of 18,000WMT was shipped during the June 2013 Quarter. There were additional zinc and copper inventories at the port at Quarter end. These inventories were originally scheduled for shipment in late June 2013 but were delayed due to weather and port congestion until early July 2013.



**Table 8: Jaguar Operation: Production Summary**

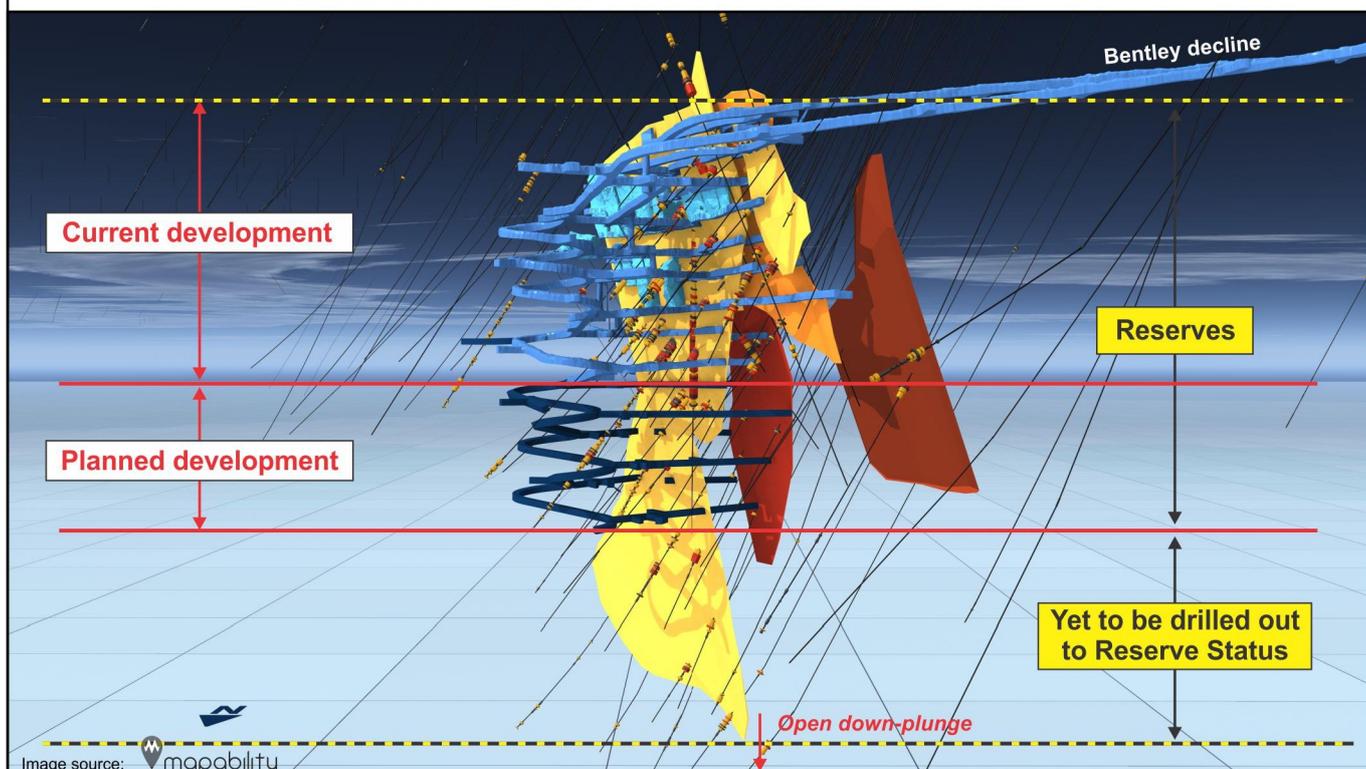
	Note	JUN 2013 Quarter	2012/13 FY to date	Corresponding Quarter June 2012
<b>Mining Reserve (Dry Tonnes)</b>				
Start of Period	1	2,222,426	2,452,000	2,984,782
- ROM Production	2	(83,646)	(313,220)	(120,258)
End of Period		2,138,780	2,138,780	2,864,524
<b>Production Details</b>				
Ore Mined (Dry Tonnes)		134,298	446,584	120,258
<b>Ore Milled (Dry Tonnes)</b>				
		111,647	392,125	105,279
Copper Grade (Head %)		1.70	1.56	2.13
Zinc Grade (Head %)		10.85	10.07	7.70
Silver Grade (g/t)		145	143	116
<b>Metal in Concentrate Production</b>				
Copper tonnes		1,620	4,992	1,923
Zinc tonnes		10,683	33,809	6,530
Silver ounces		420,947	1,376,804	230,986
<b>Metal Payable IGO share</b>				
Copper tonnes		1,555	4,792	1,840
Zinc tonnes		8,893	28,118	5,441
Silver ounces		302,972	982,313	207,887
<b>Revenue/Expense Summary</b>				
		<b>A\$'000's</b>	<b>A\$'000's</b>	<b>A\$'000's</b>
Sales Revenue (incl. hedging TC's/ RC's)		10,193	91,845	35,754
Cash Mining & Processing Costs		(14,379)	(54,785)	(16,416)
Site Admin & Trucking Costs		(5,208)	(20,610)	(5,018)
Shipping		(841)	(3,790)	(1,496)
Royalties		(731)	(3,896)	(1,706)
Exploration		(3,076)	(9,833)	(2,095)
Mine Development		(5,820)	(16,884)	(1,969)
Plant & Equipment		(364)	(1,540)	(4,140)
Depreciation/Amortisation		(1,515)	(6,209)	(5,511)
<b>Notional Unit Cost Summary</b>				
		<b>A\$/lb Total Zn Metal Produced</b>	<b>A\$/lb Total Zn Metal Produced</b>	<b>A\$/lb Total Zn Metal Produced</b>
Mining & Processing Costs		0.61	0.73	1.14
Other Cash Costs	3	0.52	0.60	0.73
Copper, Silver and Gold credits		(0.83)	(0.92)	(1.41)
C1 Costs & Royalties	4	0.30	0.41	0.46
Exploration, Development, P&E		0.39	0.38	0.56
Depreciation/Amortisation		0.06	0.08	0.38
<b>Notional Unit Cost Summary</b>				
		<b>A\$/lb Total Zn Metal Payable</b>	<b>A\$/lb Total Zn Metal Payable</b>	<b>A\$/lb Total Zn Metal Payable</b>
Mining & Processing Costs		0.73	0.88	1.37
Other Cash Costs	3	0.62	0.72	0.87
Copper, Silver and Gold credits		(0.99)	(1.11)	(1.70)
C1 Costs & Royalties	4	0.36	0.49	0.54
Exploration, Development, P&E		0.47	0.46	0.67
Depreciation/Amortisation		0.08	0.10	0.46
<p>Note 1: In relation to current year, reserve updated as of 1 July 2012.</p> <p>Note 2: Production sourced from inside and outside of reserves.</p> <p>Note 3: Other Cash Costs include, site administration, trucking, notional TCs &amp; RCs, notional shipping and notional royalties.</p> <p>Note 4: C1 Costs include credits for copper, silver and gold notionally priced at US\$3.20 per pound, US\$22.02 per ounce and US\$1,359 per ounce for the Quarter respectively.</p>				
<b>Safety and Productivity</b>				
- Lost Time Injuries		0	1	0
- Medically Treated IFR		5.23	9.04	7.84



**JAGUAR OPERATION**

June 2012 Mineral Resources\*: 5,063,000t @ 1.9% Cu, 7.1% Zn, 99g/t Ag  
 June 2012 Ore Reserves: 2,452,000t @ 1.3% Cu, 8.2% Zn, 98g/t Ag

\* Resources are inclusive of Reserves



**Figure 5: Bentley Longitudinal Projection, with completed and proposed development**  
 Reference – IGO 19/10/2012 Annual Report ASX Release for Resource and Reserve Estimates

**Capital Expenditure**

During the June 2013 Quarter \$6.2 million was spent on capital. The major items were:

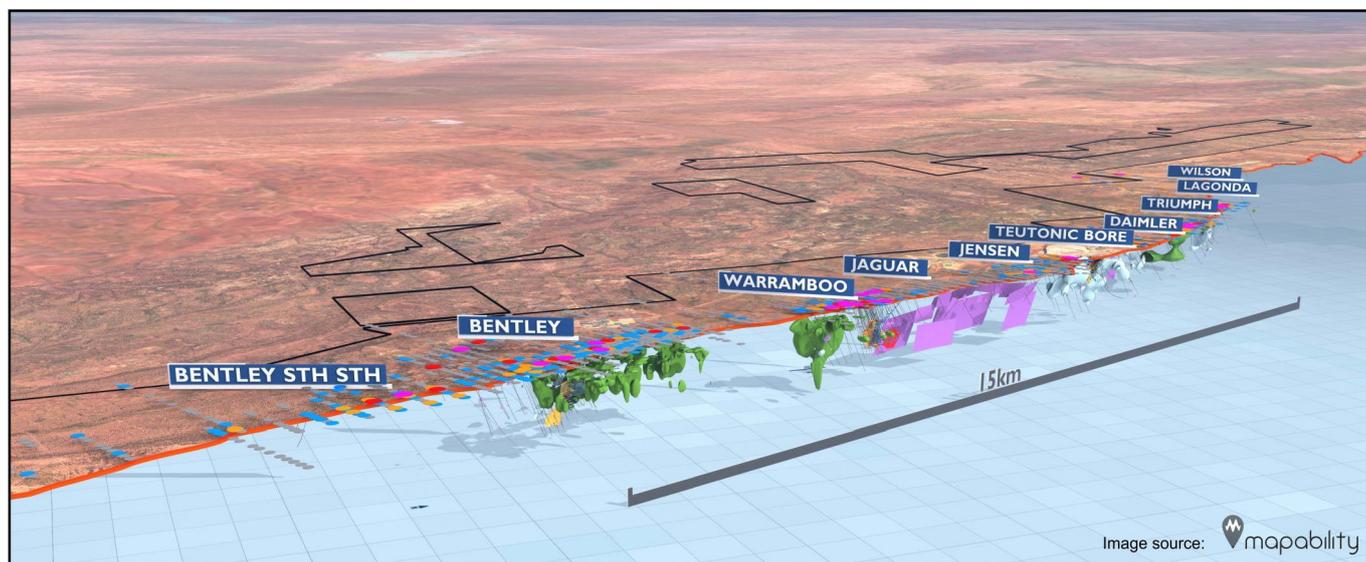
- \$2.9 million on new Tails Storage Facility (TSF).
- \$0.5 million on replacement Cemented Aggregate Fill (CAF) hole.
- \$2.4 million on capital decline development in Bentley.

**Focus For September 2013 Quarter**

- Continue ramp up of Bentley stope production.
- Focus on capital and operational cost reductions.
- Continue Bentley infill drilling.
- Completion of new tailing storage dam.



## Project Exploration



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

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 copper-zinc-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 the Daimler–Triumph–Lagonda trend, Jensen and South Bentley areas which exhibit the signatures of mineralised hydrothermal centres.

## Drilling

Aircore, reverse circulation and diamond drilling programs continued throughout the June 2013 Quarter testing the Wilson, Lagonda, Triumph, Daimler, Teutonic Bore, Warrambo, Bentley South, and Bentley South South targets.

Significant results from targets tested include:

### *Wilson*

Aircore drilling has defined a base metal anomaly over a strike length of 900m immediately adjacent and to the north of the Lagonda prospect. The location coincides with the interpreted extension of the Bentley – Jaguar – Teutonic Bore trend.

### *Lagonda and Triumph*

Aircore drilling has confirmed and defined a series of base metal anomalies in hangingwall lithologies immediately adjacent to hydrothermal systems at both Lagonda and Triumph.

### *Bentley South*

Further diamond drilling has confirmed and extended the zone of stringer style mineralisation some 200m south of the Bentley ore body. Geological interpretation suggests that the zone represents two footwall rhyolite-hosted contiguous stringer domains. Better results include 9.0m @ 4.3% Zn & 51g/t Ag from 567m and 4.0m @ 6.1% Zn & 161g/t Ag from 534m.

### *Bentley South South*

Two 300m spaced diamond holes failed to intersect any significant mineralisation. Downhole TEM is in progress.



## Gold exploration

The extensive regional AC program centred along the Bentley – Jaguar - Teutonic Bore mineralised trend has returned a number of significant gold intercepts at Wilson (4m @ 1.7g/t Au from 32), Halloween (2m @ 4.3 g/t Au from 78m) and Bentley South South (4m @ 3.1g/t Au from 44m).

At Halloween recent and historic drilling has defined a zone of anomalous gold in regolith over a strike length of 700 metres. Mineralisation is open to both the south and north.

## Exploration Focus for September Quarter 2013

Exploration efforts will focus on testing the mineralised corridor south of Bentley for VMS style base metal mineralisation.

Additional targets to be assessed for drill testing in the September 2013 Quarter include base metal prospects at Bentley North, Lagonda and Wilson as well as gold targets at Bentley South South and Halloween and Wilson.

## FEASIBILITY STUDY

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### STOCKMAN BASE METALS PROJECT

#### Project Overview

The Stockman Project is located in eastern Victoria, 300km north-east of Melbourne (**Figure 1**). The Project encompasses the Wilga and Currawong copper-zinc-lead-silver-gold VMS deposits. The larger Currawong deposit is fully intact, whilst a core of copper-rich ore from the Wilga deposit was mined and processed onsite between 1992 and 1996.

#### Enhanced Feasibility Study

As described in the 5<sup>th</sup> 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.

#### Permitting

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.

#### Eureka

Drilling continued on the Eureka massive sulphide lens discovered in the March 2013 Quarter. Six of the eight drill holes completed to date have intersected varying widths of massive sulphide mineralisation and together define a mineralised body extending for approximately 200m along strike and 90m down dip with an average thickness of approximately 9 metres that remains open along plunge and to the north east and south west.

Assay results received during the June 2013 Quarter for the final three holes are included in **Table 9**.



**Table 9: Stockman Project – June Quarter 2013 Eureka Diamond Drilling Results**

Hole No	North (m)	East (m)	RI (m)	Azi (deg.)	Dip (deg.)	Total Depth (m)	Depth From (m)	Depth to (m)	Width (m)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
13SMDD005	44388	801124	6082	171	-56	434.2	372.1	383.25	11.15	0.4	3.0	34	1.6
13SMDD006	44390	801124	6082	145	-53	452.1	384.55	387.8	<b>3.25</b>	<b>1.3</b>	<b>3.4</b>	<b>65</b>	<b>9.9</b>
13SMDD007	44389	801125	6082	176	-62	458.4	368.35	376.3	7.95	1.0	5.3	44	0.4

(Location details are in local grid. Widths shown are downhole widths. True width of all mineralised intervals is estimated at 91% of the down hole widths.)

## SCOPING STUDY

### KARLAWINDA GOLD PROJECT

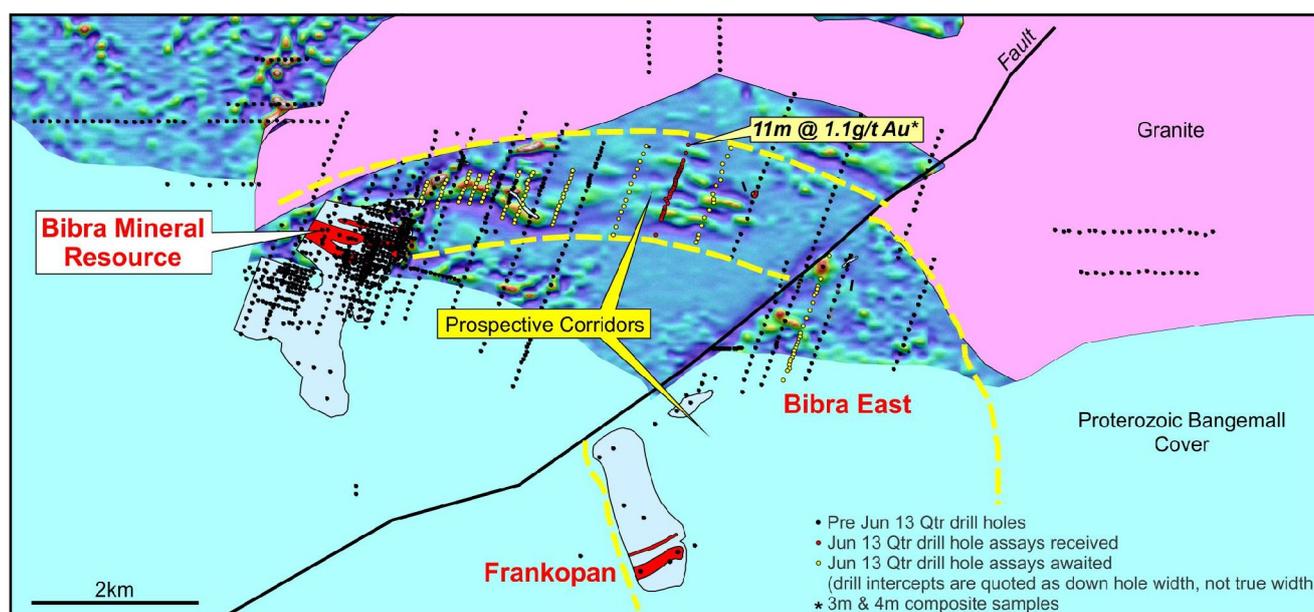
#### Project Overview

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 1**). 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 674,300oz Au was released in June 2012 (Reference: IGO ASX Release date 28/6/2012 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 on the very prospective project.

#### Regional Exploration

A reconnaissance aircore program testing for new gold deposits under cover east of Bibra commenced during the June 2013 Quarter.

Since the end of the June 2013 Quarter, assays have been received for the first 41 holes with a very encouraging bottom of hole result of 11m @ 1.1g/t in KBAC911 which ended in mineralisation (**Table 10**) 4km north east of Bibra in a new prospect location (**Figure 7**).



**Figure 7: Karlawinda Project: Outline Geology and Aeromagnetics – June 2012 Quarter. Aircore Drilling and significant results in relation to the Bibra and Francopan prospects and interpreted gold corridor.**



**Table 10: Karlawinda anomalous aircore results**

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	20	31	11*	1.1

\* 4m and 3m composite sampling  
Downhole width shown

## EXPLORATION

### GOLD

#### **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 is planned for the September Quarter 2013 to test a number of gold targets and a tin target that lie under transported cover.

#### **EMPRESS SPRINGS GOLD PROJECT (IGO 100%)**

During the June 2013 Quarter exploration licence applications were secured over the Empress Springs project, 60km south of the Croydon Gold Field in Central North Queensland.

The project was generated through conceptual targeting of an extensive zone of complex faulting and veining under cover south of Croydon in Central North Queensland.

### 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 has identified discrete (3-6 metres) disseminated sulphide zones (up to 1.3% Ni) and inter-flow sediments. Confirmation sampling of the gossan 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.

A moving loop electromagnetic survey (MLEM) has been completed over known and interpreted ultramafic units under thin cover and has identified a number of targets that will be followed up by aircore drilling.

#### **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, 23 base metals anomalies and 14 strategic metal anomalies under review. A number of new exploration licences were applied for during the Quarter covering gold and base metal anomalies generated from the data base.

Systematic prioritisation, field appraisal and ground acquisition of these anomalies is progressing. No further details can be released due to the competitive nature of this work.

## SEPTEMBER 2013 QUARTER EXPLORATION PROGRAM

### NICKEL/BASE METALS

- Long: Diamond drill testing for Moran, McLeay and Long North extensions.
- Jaguar: Drill testing base metals targets south of Bentley, Bentley North, Lagonda and Wilson as well as gold targets at Bentley South South, Halloween and Wilson.
- Dingo Range: Aircore drill testing TEM conductors and ultramafic horizons.
- Pardoo: Access approval and aircore drilling (subject to access approval).

### GOLD PROJECTS

- Tropicana: Geochemical traverse aircore drilling.
- Karlawinda: Bibra to Bibra East area traverse aircore drilling. Bibra South RC testing.
- Birrindudu: Aircore drill testing tin and gold targets.
- Empress Springs: Target evaluation.

## PROJECT GENERATION

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

**Christopher M. Bonwick**  
**Managing Director**  
**INDEPENDENCE GROUP NL**



## COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results is based on information compiled by Mr Christopher M Bonwick who is a full-time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Mr Bonwick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bonwick 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. With the exception of the Stockman Project Ore Reserve and the Tropicana JV Mineral Resource, the Company's 2012 Annual Report released to the ASX on 19 October 2012 contains details of the Competent Persons Consents for these Mineral Resources or Ore Reserves.

**Tropicana JV:** Please refer to the Company's ASX announcement on 4 December 2012 for Tropicana Mineral Resource Competent Persons Statements.

**Stockman Project:** Please refer to the Company's ASX Quarterly Activities Report released on 31 January 2013 for Stockman Project Ore Reserve Competent Persons Statement.

## 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.