



27 March 2014

JAGUAR OPERATION UPDATE

Independence Group NL ("Company") (ASX: IGO) advises that a planned maintenance event during March 2014 established that the trunion bearing on the SAG mill at the Jaguar processing plant was showing signs of premature failure. As a result, the concentrator was not restarted and the trunion bearing was sent off site for repairs. During this period of downtime a planned 4 day shutdown was brought forward from April 2014 to take advantage of the opportunity for maintenance activities. Following completion of the repairs, the concentrator has now been successfully restarted. In total 17 days of concentrator production have been lost during the March 2014 Quarter. Mining has continued without disruption throughout this period.

The Jaguar operation has performed extremely well since the unscheduled October 2013 shut down and recovered from the production lost in October 2013. It is expected that this shut down will affect Jaguar's 2014 March Quarter and second half year performance. The Company remains confident it will meet production guidance on copper metal and silver for FY2014, however zinc metal production is expected to be approximately 10% below the lower end of FY2014 production guidance. In part this is due to the downtime described above but also due to zinc grades being lower than planned as a result of mining production coming from outside the reserve and outside plan.

Background Information

In July 2013, production guidance for the Jaguar Operation for FY2014 was announced by IGO as 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.

Following an unscheduled 14 day shutdown in October 2013, IGO advised in its September 2013 Quarterly Report that its production for its Jaguar Operation would be at the lower end of FY2014 guidance.

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