

ASX RELEASE

4 AUGUST 2017



TROPICANA GOLD MINE – UPDATE

Independence Group NL ('IGO' or 'the Company') (ASX: IGO) is pleased to provide a progress report on initiatives to further maximise and optimise the Tropicana Gold Mine, a Joint Venture with AngloGold Ashanti Australia (AGAA) (ASX: AGG) located 370km north-east of Kalgoorlie, Western Australia.

Key Highlights

Operational Excellence

- The accelerated mining plan is on track to bring forward over 200koz of gold into CY17 to CY19 through the re-introduction of grade streaming.
- Current mining rates of ~90Mtpa using conventional mining practices have delivered a 37% reduction in unit mining costs since 2015 to A\$2.95/t.
- Mill throughput successfully increased to 7.5Mtpa from original nameplate capacity of 5.8Mtpa (5.5Mtpa on fresh rock).
- Potential to increase mill throughput rate further to 7.6 to 7.7Mtpa by end of CY17 with completion of plant improvements.

Long Island Study

- Potential to extend Life of Mine (LoM) through to 2027-2030.
- Strip mining approach utilising in-pit dumping has been de-risked with the completion of technical studies.
- Elevated mining rates of ~90Mtpa in 2017 have de-risked the increase to the Long Island mining rate of 100 – 110Mtpa.
- Minimal capital requirements expected to be in the order of ~A\$18M, primarily for expansion of camp and heavy vehicle workshop infrastructure.
- The Long Island Study incorporates optionality with multiple business decision points throughout the LoM.
- Finalisation of the Long Island Study and approvals expected in the December 2017 quarter.

Future Value Creation

- A Pre-feasibility Study is nearing completion on the addition of a second ball mill designed to lift throughput to 8.0 to 8.2Mtpa and improve recovery from ~89% to ~92%. The study will be completed to Feasibility level in the December 2017 quarter.
- Drilling beneath the Long Island final pit shells continues to confirm the underground potential with additional drilling planned beneath Boston Shaker in the September 2017 quarter. Underground mining could contribute supplementary high-grade production from 2020.
- Regional exploration to focus on the mineralised corridor as the potential source of additional mill feed from 2020 onwards.

IGO's Managing Director, Peter Bradford said, "We are seeing positive outcomes with the Long Island Study and making good progress in identifying how to unlock additional value from the Tropicana Mineral Resource through improved mining efficiencies and lower unit mining costs, primarily through implementation of a strip-mining approach with in-pit dumping of waste and the use of larger face shovels as the primary waste mining



tool. The proposed mining approach is anticipated to commence in CY19, subject to final approvals by the Joint Venture.

“Grade streaming, through the continuation of the accelerated mine plan, will result in elevated mill head grades of up to 2.4g/t in CY19.

“In parallel to the Long Island Study, and the continued implementation of operational excellence initiatives, a number of other exciting work programs and studies are continuing to further unlock value”.

Operational Excellence

The accelerated mining plan, using conventional mining processes, has been successfully implemented with the introduction of the Caterpillar 6060, 600 tonne class hydraulic shovel which was commissioned in November 2016. Mining rates are now at ~90Mtpa and this has resulted in:

- The ability to re-introduce grade streaming in H2 CY17 bringing forward over 200koz of gold into the period CY17 to CY19.
- Significantly reduce conventional mining costs to approximately \$2.95/t, representing a 37% improvement compared to CY15.
- Successfully achieve mining rates and cost structures consistent with those required for Long Island without the advantages of short haulage and in-pit dumping of waste.

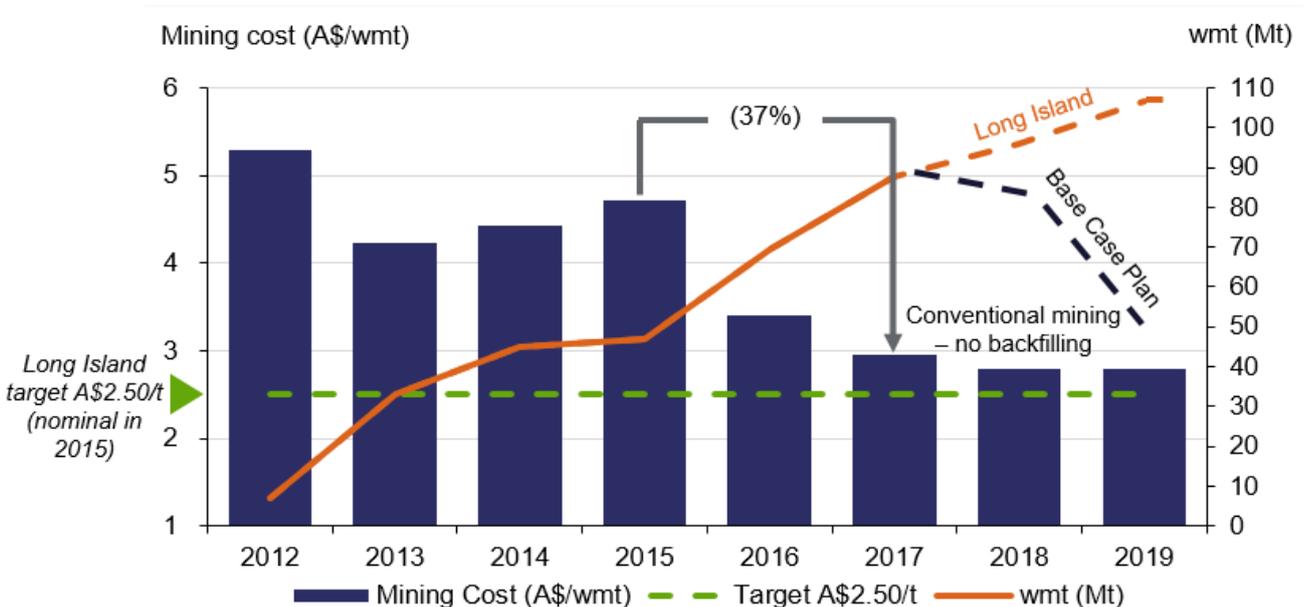


Figure 1: Graph showing the material movements and mining costs. Current conventional mining costs in 2017 are ~A\$2.95/t. Mining rates being achieved are ~90Mtpa which will increase to ~105Mtpa for a Long Island mining scenario.

Mill throughput rates of 7.5Mtpa are being achieved which is over 36% higher than the as built nameplate capacity of 5.8Mtpa (5.5Mtpa on fresh rock). Further optimisation work being completed in CY17 is expected to result in throughput rates of 7.6 to 7.7Mtpa being achieved.



Long Island Mining

The Long Island Study is based on a strip mining strategy designed to significantly reduce waste mining costs and unlock the Mineral Resource potential. The reduction in waste mining costs is delivered by short, horizontal hauls to backfill the open-pit void, instead of the conventional longer hauls out of the pit to remote, elevated waste dumps.

Significant progress has been made on the Long Island Study with the study nearing completion. The table below illustrates the status of the work programs.

Table 1: Summary Status Table for Long Island Feasibility Study

Key Work Programs	Feasibility	Status
Resource Models	Basis of the Long Island Study will be the Jan 2017 Mineral Resource Estimation with includes all drilling completed in CY16.	
Optimisation / Trade-off	Pit optimisation studies have been completed for the Long Island Study including appropriate pit-shell selections.	
Geotechnical Design	Factual, Design Basis and Design Specification work streams have been completed on the basis on all geotechnical data including dedicated geotechnical drilling (4,100m at Havana South & 3,600m at Boston Shaker). An external Review Panel audit has been completed.	
Pit and Waste Dump Design	Pit and Waste Dump designs have been completed.	
Equipment Selection	All trade-off studies and final equipment has been selected.	
Detailed Mine Schedule	Strategic scheduling has been completed in Minemax with detailed scheduling completed in Alastri Tactical Scheduler.	
Infrastructure Design and Engineering	Detailed Engineering, design and costing has been completed on camp upgrades and extension to Heavy Vehicle workshops.	
Permitting and Approvals	Majority of the permits fit within the extension to the current mining permit with exception being the expansion of the TSF footprint. All permits are in progress.	
Resource and Reserve Sign-off	The Resource and Reserve sign-off process requires multiple levels of approvals and is aligned to the AGA corporate planning calendar. An independent external audit of both Resources and Reserve will be completed in September. Timing of an update is scheduled for November 2017.	
Incorporation into Business Plan	The results of the Long Island Study will be incorporated into the Life-of-Mine Business Plan for 2018. Approval of this Business Plan is scheduled for November 2017.	

Subject to a decision to proceed with the Long Island mine plan in December 2017, mining rates will increase slightly through CY18 to a maximum mining rate of approximately 105Mtpa during CY19. This increase in mining rate will require the introduction of a second 600t face shovel and an increase in the Caterpillar 793 haul truck fleet by two to five trucks over time. The additional equipment would be supplied by Macmahon Holding Limited, the open pit mining contractor at Tropicana.

The Long Island plan consists of three key decision points (phases) over the LoM with eight planned strips. The first phase of Long Island will consist of strips at Boston Shaker and Havana South extensions. Surface short tip haulage options will be used through to H2 CY19, at which point the Tropicana pit will be mined out and backfilling of the void can commence.

The Capital cost for Long Island is estimated at ~A\$18M (on a 100% basis) and is primarily associated with extensions to the camp and Heavy Vehicle workshops.

The Study and final decision to advance Long Island is scheduled for the end of the December 2017 quarter.



Figure 2: Timeline of Key Decision Points (based on calendar years)

Future Value Creation

Three focus areas for future value creation includes:

- Processing:** A Pre-feasibility Study has been completed on the addition of a second ball mill of approximately 4-5MW size, which is expected to lift throughput to 8.0 to 8.2Mtpa and deliver recovery improvements from ~89% to ~92%. Estimated capital cost of ~A\$20M. The study will advance to Feasibility and Detailed design over the coming months with the aim of making a commitment to proceed in the December 2017 quarter.
- Tropicana Underground:** Diamond drilling is scheduled to commence during the September 2017 quarter testing continuation of the Boston Shaker higher-grade ore-shoots beneath the final Long Island pit design. Underground mining studies will commence in CY18 with the aim of potentially providing supplementary high-grade production from 2020.
- Regional Exploration:** Regional exploration will focus on the mineralised corridors during CY18 with a focus on the identification of open pit resources.

Additional Information

Additional information can be found in ASX Release - Tropicana Gold Mine Investor/Analyst Visit Presentation dated 4 August 2017.

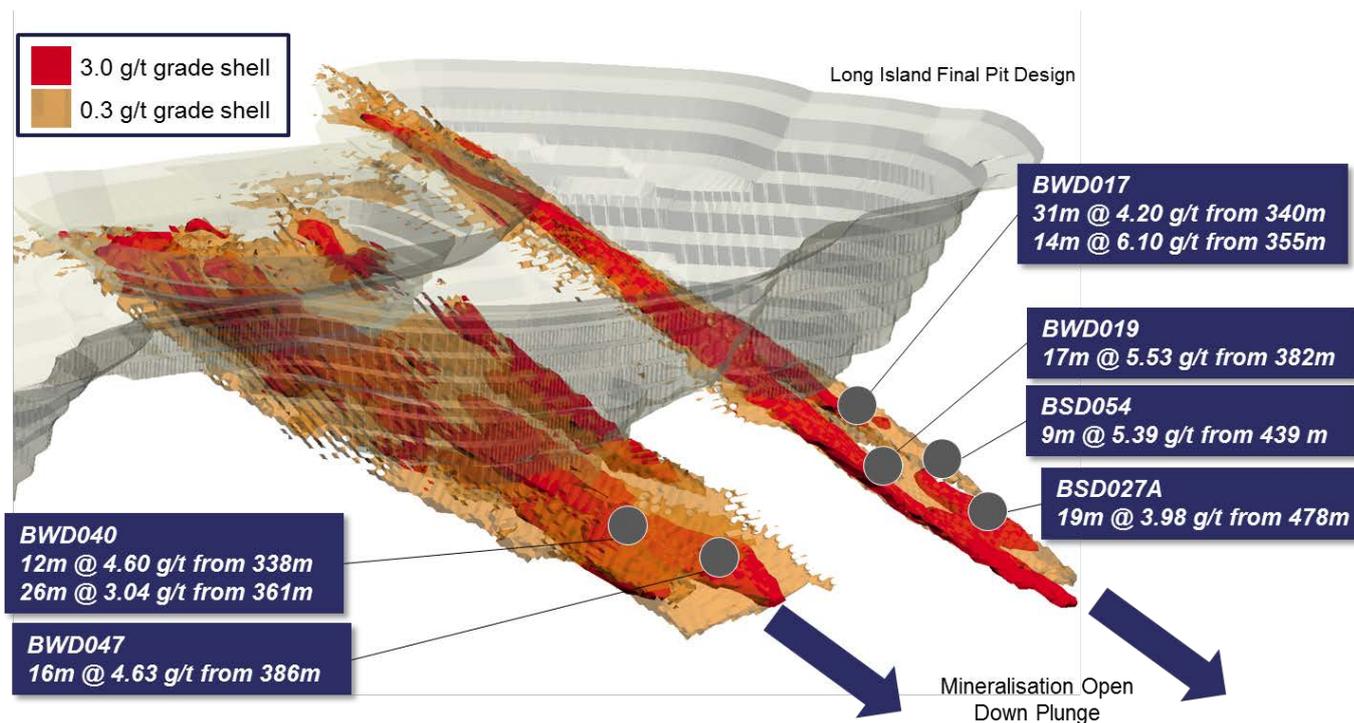


Figure 3: Drill hole intersections¹ at Boston Shaker outside the final Long Island pit design with high-grade ore shoots extending at depth.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements regarding future events, conditions and circumstances including but not limited to statements regarding plans, strategies and objectives of management, anticipated construction timelines and expected costs and levels of production. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue" and "guidance", or other similar words.

These forward-looking statements are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are beyond IGO's control, which may cause actual results and developments to differ materially from those expressed or implied. These risks include but are not limited to economic conditions, stock market fluctuations, commodity demand and price movements, access to infrastructure, timing of approvals, regulatory risks, operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, foreign currency fluctuations, exploration risk and mining development, construction and commissioning risk.

The production guidance in this announcement is subject to the risks referred to above and should be read in conjunction with the further information regarding the Mineral Resources and Ore Reserves, as well as the Competent Persons' Statements, included in the ASX Release – Tropicana Gold Mine Investor/Analyst Visit Presentation and with IGO's other announcements lodged with the ASX.

Forward-looking statements in this announcement apply only at the date of issue. Subject to any continuing obligations under applicable law or regulations, IGO does not undertake to publicly update or revise any of the forward-looking statements in this announcement or to advise of any change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this announcement.

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¹ Refer to Appendix 1 for JORC 2012 Table 1 in ASX Release – Tropicana Gold Mine Investor/ Analyst Visit Presentation dated 4 August 2017.