



FIRST NICKEL CONCENTRATE SHIPMENT FROM NOVA PROJECT

Independence Group NL (ASX:IGO) (IGO) is pleased to advise that the first nickel concentrate has been transported from the Nova Project to BHP Nickel West Pty Ltd in Kambalda.

Peter Bradford, Managing Director and CEO of IGO said: *“The first shipment of concentrate is another important milestone for the Nova Project and this took place earlier than contemplated by the Feasibility Study and in line with the guidance we provided to the market in our ASX release of 26 October 2016.”*

Underground development and mining

Barminco have continued to make good progress underground and as at 30 November 2016 had completed approximately 9.7km of development. Raise boring of the return air raise was completed ahead of schedule by RUC Mining in November 2016 and is currently being equipped. Once completed this will allow equipment numbers underground to increase resulting in a step change to the Barminco development rate.

Ore mining is from development and from initial stopes in the Upper Nova region. As development progresses, we would expect to start mining in the thicker parts of the Nova and Bollinger orebodies from mid CY17.

Processing Plant progress

The commissioning process has progressed very well with no material equipment issues. GR Engineering Services completed performance testing on the 14 November 2016 and have largely demobilised from the site.

Processing performance to date indicates that the processing plant will be able to operate at the nameplate capacity of 1.5Mtpa. Ramp-up to full capacity is expected by mid CY17 when sufficient development has been completed underground to mine consistently at the 1.5Mtpa rate.

FY17 production guidance for Nova incorporates the ramp up through to mid CY17 and remains unchanged.

Nickel concentrate quality produced to date has conformed to offtake specifications. Having successfully achieved design quality specifications, the next focus will be on fine-tuning the flotation circuit to achieve design recoveries.

Concentrate offtake agreements and shipments

Two three-year offtake agreements are in place for the nickel concentrate from Nova, each for 50% of production; the first with BHP Nickel West for delivery to Kambalda, and the second with



Glencore, to be shipped offshore via the port of Esperance. All copper concentrate will be shipped offshore via the port of Esperance under a three-year offtake agreement with Trafigura.

Qube Logistics are the contractor for the haulage of concentrate to Kambalda and Esperance. Hudson Shipping Lines are the contractor for offshore shipping. The first offshore shipments are expected in the June 2017 quarter.

Grade control and resource extension drilling

Swick Mining Services are providing underground grade control drilling services and are achieving better drilling rates than anticipated in the feasibility study. Work has therefore advanced faster than scheduled and this has enabled one of the three underground drill rigs to be reassigned to commence resource extension drilling at Conductor Five.

Conductor Five sits above the Nova-Bollinger orebody. Previous drilling, which confirmed that Conductor Five was mineralised, was insufficient to support a resource estimate and the aim of the current drill program is to infill the past drilling to a level that would support a resource estimate and allow technical studies to be completed.

Drilling and initial resource modelling are expected to be completed in the March 2017 quarter.

Next Steps

The next major milestones for the Nova Project will include:

- Complete drilling and resource estimation at Conductor Five, expected in the March 2017 quarter;
- First offshore shipments of nickel and copper concentrates, expected in the June 2017 quarter; and
- Ramp up to full production rate, expected by mid CY17.

About Nova

The Nova Project comprises a 1.5Mtpa underground mine and processing plant to produce a life of mine average 26,000tpa of contained nickel and 11,500tpa of contained copper at an average all-in sustaining cost of A\$1.83 per payable pound of nickel (after by-product credits) over an initial mine life of ten years. The initial capital cost for the Project is A\$443 million and the life of mine sustaining cost, inclusive of A\$25 million of closure cost, is expected to be A\$148 million.

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