



**INDEPENDENCE GROUP NL
2014 ANNUAL GENERAL MEETING
20 NOVEMBER 2014
CHAIRMAN'S ADDRESS**

INDEPENDENCE GROUP NL

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 **GROWING
A GREAT
AUSTRALIAN
MINING
COMPANY**

CHAIRMAN'S ADDRESS AT 2014 ANNUAL GENERAL MEETING

Ladies and Gentlemen,

It has been an excellent year for Independence Group. The Company has improved its revenue, profit and cashflow performance during the year and, now has strong balance sheet. The Company's strong financial position has enabled it to increase the dividend payments for the year, despite the considerable capital investment made in Tropicana in the first half of the year.

Our three mining operations all made material contributions to the Company's EBITDA, with Tropicana, Long and Jaguar contributing \$85M, \$61M and \$53M respectively for the year. This is a fantastic result for each operation.

New Managing Director

As I mentioned at the 2013 Annual General Meeting, it was with regret that, in November 2013, the Company accepted the resignation of Chris Bonwick as Managing Director after a period of ill-health. Following an extensive executive search, the Company was pleased to announce the appointment of Peter Bradford as Managing Director and Chief Executive Officer in March this year.

Peter Bradford has over 35 years' experience in Australia and internationally across all aspects of the industry including exploration, development and mining operations. Peter graduated as a metallurgist from the Western Australian School of Mines and then worked in a number of roles in Western Australia in various gold, nickel and mineral sands operations, including resident manager of the Gidgee and Plutonic Gold Mines during the development and early operational phases. Since then, Peter has worked internationally in senior and chief executive roles for Ashanti Goldfields (and Golden Shamrock Mines), Golden Star Resources, Anvil Mining, Copperbelt Minerals and PMI Gold, providing leadership in the development of strategy and the growth of many of these companies. Just before joining the Company, Peter successfully oversaw the merger of PMI Gold with TSX listed Asanko Gold. Peter is a fellow of the AusIMM and member of the Society of Mining Engineers.

The Company sought to find a highly experienced mining professional who is a recognised leader of listed mining companies and, in Peter Bradford, the Company has found a high calibre and well proven leader with a demonstrated successful track record at chief executive level in mining operations, finance, commercial transactions and development of strategy.

Since joining the Company, Peter and the Management team have taken substantial steps to develop strategies to grow shareholder value and to continue to build a diversified resources group. The Board is delighted with the appointment and has strong confidence in Peter's ability to lead the Company and deliver growth in shareholder value.

Retirement of Rod Marston

As I mentioned in the Annual Report, it is with great sadness that I advise you that, after 14 years of service, founding director and former chairman, Dr Rod Marston is retiring as a director, effective from the close of this Annual General Meeting.

Rod was appointed as a Director in September 2000 and was actively involved in the successful growth of the Company from a junior explorer to a diversified resources company with a market capitalisation of approximately \$1 billion.

On behalf of our shareholders, the Board and Management, I would like to acknowledge Rod's tremendous contribution to the Company on so many levels and to thank Rod for his outstanding dedication and service to the Company. We wish Rod all the best in his well-deserved retirement from the Board.

Appointment of Peter Buck

The Company recently announced the appointment of respected geologist and mining executive, Mr Peter Buck, as Dr Marston's replacement. Peter Buck has been associated with the discovery and development of a number of mineral deposits in Australia and Brazil and, during his career, has worked with WMC Resources, Forrestania Gold, LionOre Mining International, following its acquisition of Forrestania Gold, and was managing director of Breakaway Resources. I would like to welcome Peter to the Company and, subject to shareholders approving his election today, look forward to Peter's contribution in the coming years.

Tropicana

You will recall that in late 2010 the Tropicana joint venture partners decided to proceed with the development of the Tropicana Gold Mine. The commissioning and first gold production in the September 2013 Quarter, and ramp up to nameplate capacity of the Tropicana Gold Mine in March 2014 represents a very significant milestone in the history of the Company and consequently has substantially enhanced the Company's revenue and profitability. With our base metals operations at Long and Jaguar continuing to perform strongly and to be important sources of free cash flow, the Company has now become a diversified resources group.

I would like to thank all involved in the development, construction and ramp-up of the Tropicana Gold Mine for their commitment in getting this world class gold project completed and ramped-up safely, ahead of schedule, on budget and producing at or above guidance.

Long

The Long operation continues to be an important source of revenue for the Company and is truly the mine that "keeps on giving". Long nickel production was again above guidance during the year, just below the record achieved last year and cash costs were also below guidance.

I would like to thank the team at Long for their hard work and consistent results during another year of fluctuating commodity prices.

Jaguar

The team at our Jaguar zinc/copper operation have again turned in another excellent performance exceeding production guidance on zinc and copper, despite some processing plant issues during the year, with cash costs 22% below guidance.

I would like to thank the team at Jaguar for this tremendous effort particularly in relation to their management of the processing plant issues during the year.

Stockman

As planned, the Company has progressed its Stockman base metals project in Victoria to a major milestone, being the receipt of a positive assessment report from the Minister for Planning. In parallel we progressed optimisation studies on the project.

We have another period of detailed permitting at Stockman and during this time we will continue to optimise the Project.

The Company expects to shortly make an announcement on the current economic assessment, updated Ore Reserves and permitting timelines for Stockman.

Exploration

Your Company continues to have an active exploration program with more focus now on brownfields exploration, which is part of the Company's strategy to grow the known resources and extend the mine lives at each operation. We have a highly experienced exploration team with a record of brownfield exploration success and some very prospective greenfields exploration projects, including the Lake Mackay and Bryah Basin joint ventures.

Business Development

The Company continues to investigate new opportunities both in Australia and overseas. We are ever mindful of the economic and legislative risks associated with some countries. The Board believes that overseas opportunities need to be rigorously assessed against the Company's investment criteria prior to consideration.

Economic Conditions and Commodity Markets

Commodity markets, particularly nickel prices, and foreign exchange rates, again fluctuated this year and, despite some financial risk management strategies such as hedging, most of these external conditions remain beyond our control. What remains constant is the Board and Management's continued focus on creating value for shareholders through cost control, innovation, discovery and development.

A prudent approach to capital management and new business investment, and a sustained focus on costs at our existing operations has continued to improve net cash flow from operating activities and Underlying EBITDA.

Looking Forward

The 2015 financial year will be the first full financial year of revenue and cashflows from the Tropicana Gold Mine. The Board expects the 2015 financial year to be an exciting year with gold sales from Tropicana Gold Mine representing circa 60% of total revenue and cashflows, Long and Jaguar maintaining robust operational performance and ongoing investment in new business activities.

Dividend Policy

When announcing the annual results in August, the Company also announced that its Dividend Policy going forward is, subject to compliance with the Corporations Act, to pay a minimum of 30% of Net Profits After Tax in dividends. This is another important step for the Company in delivering returns for our shareholders.

Your Company is now debt free, generating free cash flow from each operation and in a better position now than any other time since listing on ASX. The Management team is very focused on building a diversified resources group delivering superior returns.

I would like to acknowledge and thank our employees for their hard work and achievements during a year in which much has been accomplished.

On behalf of the Board, Management and all the Company's employees, I thank you, our shareholders for your continued support.