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AngloGold Ashanti recently released the initial resource estimate for the Tropicana gold project. Could you please comment on the resource statement, including the potential resource to reserve conversion? To what extent does the resource include underground potential?

MD Chris Bonwick

The resource at a 0.6g/t cut-off grade is 62.8 million tonnes at 2.0g/t for a total of 4.05 million ounces of gold. The resource is constrained using pit shells at a gold price of A\$985/oz and comprises the Tropicana and Havana open cut deposits. The approach used by AngloGold Ashanti meets the intent of the JORC requirement for Mineral Resources to have “reasonable prospects for eventual economic extraction”.

We anticipate that with the approach used, around 80 to 85% of the resource will convert to open pit reserves. Many companies do not use the approach adopted by AngloGold Ashanti, and consequently many published resources have a much lower resource to reserve conversion.

We anticipate that the initial open cut resource may increase, as the pit shells are constrained by a lack of drilling in some areas, particularly where we have intersected high grades at the southern end of Havana and the northern portion of Tropicana, including new intercepts outside the current resource area.

The resource does not include potential underground ore, with high-grade mineralisation extending outside of the A\$985/oz pit shells in the northern Havana area.

Independence is very pleased with the results to date and expects further promising developments in what is a new gold province.

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How does the resource at Tropicana vary with different cut-off grades?

MD Chris Bonwick

At a cut-off grade of 0.8g/t the resource is 55.28 million tonnes at 2.2 g/t (3.9 million ounces) and at a 1g/t cut-off grade the resource is 47.75 million tonnes at a grade of 2.4g/t (3.7 million ounces). Significantly, increasing the cut-off grade to 2.0g/t results in a resource of 21.5 million tonnes at a grade of 3.5g/t (2.5 million ounces). There aren't many deposits where 60% of the gold is above a 2.0g/t cut-off grade.

The important thing is it could provide a lot of flexibility in a low gold price environment.

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The pit shells were determined using a gold price of \$985/oz. How was this number derived and what effect does a lower \$A gold price have on the resource?

MD Chris Bonwick

As we have already discussed, AngloGold Ashanti has a fairly conservative approach to reporting resources contained within pit shells. The A\$985/oz shell is based on an average gold price of US\$700/oz and an AUD:USD rate of 0.71, which were the prevailing gold price and exchange rate levels in early 2007 when the Tropicana Scoping Study commenced.

At a 0.6g/t Au cut-off grade and the current \$A gold price of around A\$900/oz, the resource is 57.8 million tonnes at 2.03 g/t (3.8 million ounces) and at A\$800/oz the resource would be 50.2 million tonnes at 2.05g/t for 3.3 million ounces. As I previously said, it is worth noting that we expect 80-85% of the estimated resources to convert to reserves for the project, as the resource estimations are constrained using pit shells and the methodology takes mining dilution into account when estimating the resource grade.

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Can you comment on the mineralisation style and the prospectivity of the province?

MD Chris Bonwick

Tropicana is an unusual ore body and its discovery has opened up a very large area which is now highly prospective for additional discoveries. Mineralisation is unusual in that it is hosted in Archaean rocks that are younger than the ages of gold deposits in the Yilgarn. Gold mineralisation is not associated with the

quartz-carbonate veining and obvious shearing that is normally typical of Archaean greenstone-hosted gold deposits.

Our view is the discovery represents a new type of gold deposit in Australia and the JV has the dominant ground holding in the prospective zone.

We now have aircore results along strike from the Tropicana Deposit that extend over 20 kilometres with similar values as those that resulted in the initial discovery. RC drilling of these high priority targets has only just commenced. Our soil and geophysical data indicates that the mineralised corridor may be much longer, perhaps 50 to 80 kilometres. New discoveries in this area would extend or expand any operation based on the Tropicana - Havana Deposits.

At Tropicana we have intersected high-grade mineralisation to a depth of 400 metres and this requires further testing down-plunge. Some of the gold results received from the Havana deposit (which are still open at depth) include 30m at 4.2g/t, 10m at 9.5g/t and 15m at 5.6g/t. It is important to note that other gold results at depth such as 22m at 5.4g/t, 25m @ 6.3g/t and 19m @ 5.0g/t have not been incorporated into the pit shell in the initial resource estimate. These may eventually increase the open pit resource and eventual reserve estimate. Similarly a number of shoots have been identified at the Tropicana deposit that remain open at depth. It is very early days and a lot more work is required, but the strike length, width and continuity of the high-grade shoots suggest significant underground potential.

On a regional scale, the joint venture has over 320 kilometres of strike of the prospective corridor which amounts to approximately 12,500 square kilometres of tenure. The scale of this is a bit difficult for most people to comprehend, but it is about the same distance as Perth to Augusta or in the Goldfields from Norseman to Menzies.

Geochemical sampling and reconnaissance drilling have intersected a number of gold mineralised areas along the belt, including Beachcomber (3 metres at 65.8g/t Au) which is located 220 kilometres south of the Tropicana/Havana Deposits. My personal view is that we have only just scratched the surface and over time the belt will be shown to have significant gold endowment.

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What strip ratios do you expect?

MD Chris Bonwick

At this stage no pit designs have been completed, however, the pit shells being used as a basis for the pit designs indicate a strip ratio of between 6:1 and 7:1.

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What mining scenarios are currently being reviewed and what do you expect the cash costs to approximate?

MD Chris Bonwick

AngloGold Ashanti announced that the Pre-Feasibility Study is assessing mining and milling rates of between 4 and 6.5 Mtpa. It is considering mining and processing the higher grades through the mill early in the project and the lower grade ore later in the project life. There are still lots of sums to be completed, but we are hopeful that this can reduce the capital investment required and optimise the project economics.

At these throughput rates we currently anticipate bulk mining using large equipment including 220 tonne trucks, with EX3600 excavators mining waste. Ore mining will probably be with either EX3600 or EX1800 excavators. As the ore body will be up to 80m wide on the pit floor, it is relatively insensitive to dilution from larger scale mining.

With regard to cash costs, we are not in a position to comment until we have selected the appropriate throughput rates and completed further work on mine scheduling. However, we expect that cash costs below A\$400/oz is an achievable target which would be at the lower end of the Australian gold producers' cash cost curve.

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What are the expected metallurgical recoveries and can you comment on the metallurgical characteristics of the ore?

MD Chris Bonwick

AngloGold Ashanti has stated in its release that metallurgical recoveries are expected to be 91.5% using a conventional CIL process. The recoveries have been derived from comprehensive metallurgical testwork undertaken on oxide, transition and fresh rock samples from both the Tropicana pit and the Havana pit as part of the Pre-Feasibility Study. The primary ore, which represents approximately 95% of the current resource, has a moderate to hard average bond work index of 16.9 kWh/t. One of the key considerations for the project is the possible use of high-pressure grinding rolls, which should significantly reduce overall power consumption, costs and greenhouse emissions.

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What infrastructure requirements do you envisage and what are the associated capital costs?

MD Chris Bonwick

The infrastructure requirements are currently under review, but include site power generation options of diesel, LPG or natural gas including installation of a spur line from the existing Goldfields gas pipeline.

Other infrastructure requirements include a new road from Kalgoorlie to site and the development of a borefield which is likely to be located approximately 50 kilometres from site. The optimal tailings disposal strategy is still being assessed. In addition the site will require a camp, all weather airstrip and other associated infrastructure including communication facilities.

We are still working on the capital cost estimates and these will depend on the size of the plant, whether the mining is owner-operated or run by a contractor, the type of power generation facility, and the other infrastructure required. We will also look at options to purchase power from a facility owned by a third party.

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When do you expect production to commence, what approvals are required and what is the status of the approvals process?

MD Chris Bonwick

At this stage the schedule anticipates approval for the commencement of the feasibility study by the respective boards by mid-2008. In addition to AngloGold Ashanti's internal team, a number of consultants have been engaged by the joint venture to assist in this process, including Lycopodium, Knight Piezold, SRK, Ecologia, URS, Pennington Scott, MBS, Artefaxion and 360 Environmental.

With respect to project permitting, the baseline environmental studies started a year ago and have been substantially completed. We expect that submission of the relevant approvals documents will start early next year. All going well, project approvals should be in place by the middle of 2009, after which, construction can commence.

The permitting and approvals process could take at least 18 months for a project of the scale of Tropicana, and is the main constraint on timing. AngloGold Ashanti is actively working with the relevant government agencies and project stakeholders to address any concerns and minimize the risk of delays.

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Thank you Chris.

For further information on Independence Group please visit www.igo.com.au or call Chris Bonwick on (08) 9367 2755.

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