



TROPICANA JOINT VENTURE APPROVES BOSTON SHAKER UNDERGROUND DEVELOPMENT

Independence Group NL (IGO or the Company) with our Joint Venture partner AngloGold Ashanti Australia (AGAA – 70% and manager) are pleased to announce the commitment to the development of the Boston Shaker Underground mine at the Tropicana Gold Mine following the successful completion of a Feasibility Study. The Boston Shaker Underground development is scheduled to commence during the June 2019 quarter with first gold production expected during the September 2020 quarter.

Key Highlights

- The Tropicana Joint Venture (AGAA & IGO) has approved the development of the Boston Shaker Underground mine following successful completion of a Feasibility Study (FS).
- The FS has demonstrated strong financial and technical viability to the development.
- The FS assessed an underground operation mining at a rate of approximately 1.1Mtpa of Ore Reserves and Mineral Resources at estimated grades of 3.5 g/t Au to produce approximately 100,000 ounces of gold per annum over a period of seven years based on three years production from Ore Reserves and a further four years from Inferred Mineral Resources. Underground material will displace lower grade open pit material, resulting in an improved Tropicana gold production profile
- The development of the Boston Shaker Underground mine will enable Tropicana gold production to be maintained at between 450,000 to 500,000 ounces per annum (100%) over the five years to and including FY23.
- The FS estimated capital cost is A\$105 million (including contingency) and all in sustaining underground production costs of A\$95 per tonne of underground material.
- Macmahon Holdings (Macmahon), the current open pit mining contractor at Tropicana, has been appointed as the underground mining contractor.
- Mine construction and development will commence in the June 2019 quarter with first gold production expected during the September 2020 quarter.

IGO's Managing Director, Peter Bradford, commented: *“Although Tropicana is not aligned with IGO's strategic focus on metals that are critical to clean energy, it is a high-quality asset delivering strong free cash flow with significant opportunity for further value enhancement that remains a core part of the IGO portfolio.*

“The Boston Shaker Underground development is an important step in the continuing value enhancement at the Tropicana Gold Mine, which remains one of the lowest cost gold operations of scale in Australia. This is an exciting opportunity, with the Boston Shaker Underground expected to deliver improved grades and production profile at Tropicana from FY21 for a modest capital investment.

“Appointing Macmahon as preferred contractor also enables unlocking additional synergies and the delivery of even greater value for Tropicana.”

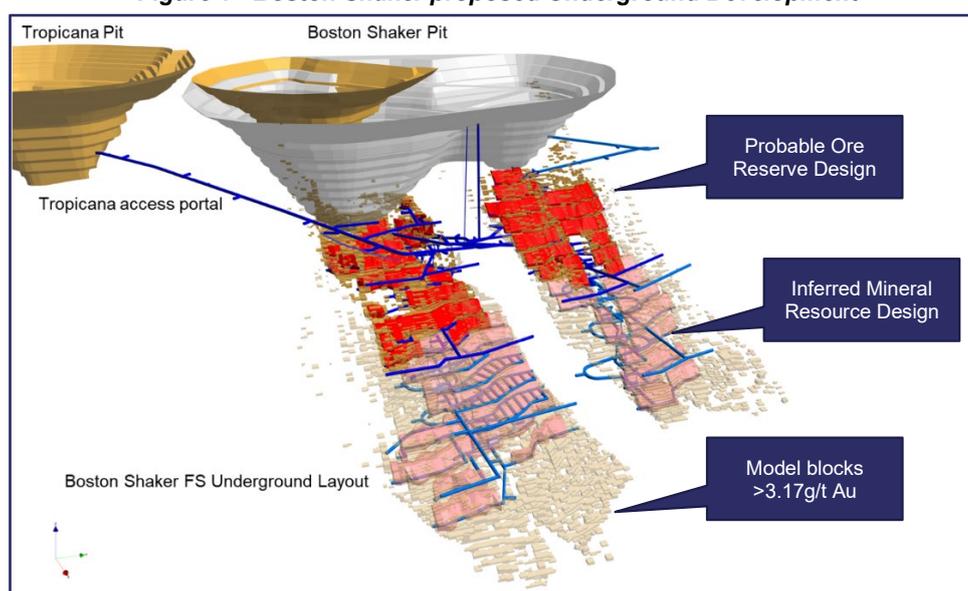
The Joint Venture partners, IGO and AGAA, are continuing to test for extensions to the Boston Shaker Mineral Resource, which remains open a depth; and to assess opportunities to access other underground opportunities along strike beneath the Tropicana and Havana open pits. Based on the history and maturity of the

understanding of mineralisation at Tropicana, there is a reasonable expectation of conversion of most of the deeper Inferred Mineral Resources at Boston Shaker to Indicated Resources, which can then be included in Ore Reserve studies. Infill drilling of Inferred Mineral Resources incorporated in the FS will be commenced once underground drill positions are developed in the Upper levels of the Boston Shaker Underground.

Mining and Processing Strategy

Access to the mineralisation will be via a decline with a portal at the base of the Tropicana Open Pit. A second portal will be established later in the completed Boston Shaker Open pit (Figure 1). As disclosed in the Prefeasibility Study (PFS)¹, underground conditions at Boston Shaker are good and conventional ground support systems and practices will be used for the underground development. The underground mine design is based on the use of conventional mechanised mining and underhand sublevel stoping.

Figure 1 - Boston Shaker proposed Underground Development



The proposed mining fleet comprises: two jumbos, two production drills, three loaders (remote capable) and four trucks.

Once mined, underground ore will be blended with open pit ore and processed at the existing Tropicana processing plant. Metallurgical testwork based on current processing plant conditions indicate a recovery rate of 89.9% from the underground ore and reconfirmed the plant's suitability to treating underground ore. The current mill throughput of 8.1Mtpa will be maintained and no changes to processing plant operating expenditure are expected.

Gold Production

The Boston Shaker underground mine is expected to contribute an average 100,000 ounces per annum of gold production from FY21 resulting in Tropicana gold production being maintained at between 450,000 and 500,000 ounces per annum, on a 100% basis, over the five year period through to and including FY23.

Capital Cost Estimate

The FS has estimated a capital cost of A\$105 million, inclusive of contingency, in real terms, on a 100% basis, as set out by major cost areas in Table 1 below. For the avoidance of doubt, IGO's 30% share of the capital cost is estimated at A\$32 million.

The FS capital cost estimate of A\$105 million is higher than the previous reported PFS capital cost estimate as a result of an increase in the development size to accommodate more material movement and reduce ventilation constraints, together with a revision to tender prices during the FS. Higher overall capital costs

¹ See ASX Release dated 20 December 2018

relative to the PFS are offset by lower overall operating costs as set out in the Operating Costs section below resulting in improved overall financial metrics.

Table 1 : Boston Shaker Underground Project – Capital Cost Estimate

Major Area	Total A\$M
Mining	61
Infrastructure Capex	41
Contingency	3
Total Capex	105

The capital cost estimate includes provision for the establishment of all key infrastructure including:

- Expansion of accommodation village, including addition of 160 rooms
- Additional emergency response team capacity including training rooms and supporting infrastructure
- New administration and shift pre-start room
- New mining equipment workshop and a light vehicle workshop extension
- Primary underground ventilation fans and surface infrastructure
- Installation of escape ways and services
- Underground dewatering.

Total FS capital costs are also inclusive of mine development capital estimated to access the Inferred Mineral Resources and these costs are expected to be fully recovered by mining the Ore Reserve. Approximately 15%, 83% and 2% of the capital costs are expected to be incurred in the remainder of FY19, FY20 and FY21 respectively.

As a consequence of the commitment to the Boston Shaker underground development in FY19, Sustaining and Improvement capital expenditure for FY19 is expected to increase by A\$4M – A\$5M to be at the high end of our A\$21M – A\$24M FY19 guidance range.

Operating Costs

Operating costs for the Boston Shaker Underground, as estimated for the FS, are set out in Table 2 below:

Table 2 - Boston Shaker Underground Project - Operating Costs

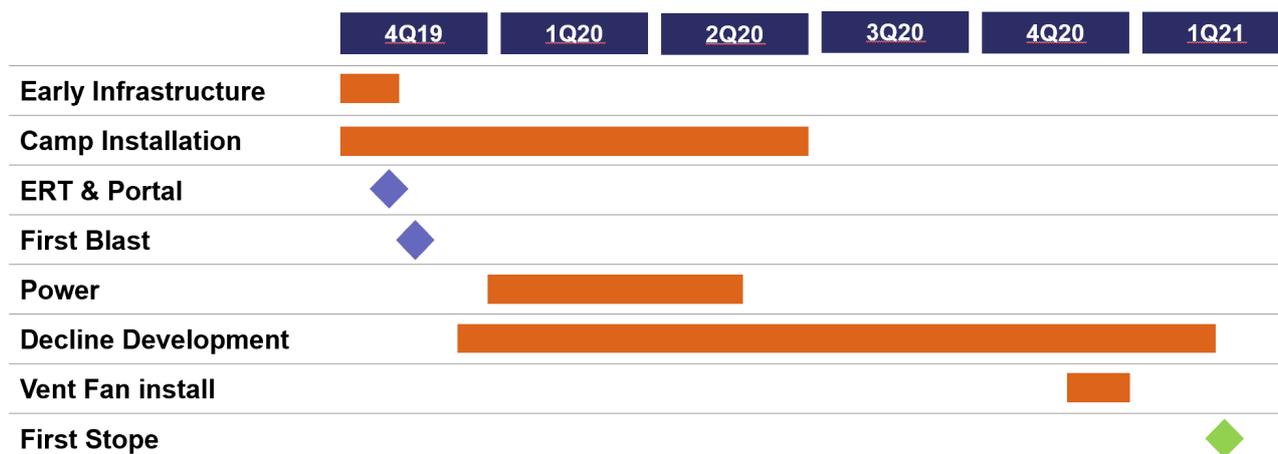
Major Area	Costs A\$/t Ore
Mining	70
Processing	20
G&A	5
Total Operating Costs	95

The FS operating cost estimate is A\$95 per tonne versus A\$102 per tonne in the PFS as a result of improved mining rates following a competitive tender process, reduction in drill hole diameters and optimising drill factors, and truck haulage cost optimisation (utilising the open pit mining fleet to haul material from the portal to the processing plant rather than haulage utilising the underground fleet).

Project Delivery and Schedule

The Joint Venture has awarded the underground mining contract to Macmahon, a leading surface and underground mining services business. Macmahon is a long-term alliance partner at Tropicana through its existing contract for the open pit mine at Tropicana. Operating both open-pit and underground mining contracts will enable Macmahon to deliver operational synergies using shared facilities and optimisation of fleet and personnel. Project implementation will commence immediately, with the establishment of early infrastructure already underway. Development of the decline is expected to commence in the June 2019 quarter, with mining of the first stope and first commercial production expected during the September 2020 quarter. A simplified project schedule for the Boston Shaker Underground development is set out in Figure 2 below.

Figure 2: Boston Shaker Underground – Project Schedule



Underground Mineral Resources

The Boston Shaker Underground Mineral Resource and Ore Reserve as set out in Tables 3 and 4 below was incorporated into IGO's Annual Mineral Resource and Ore Reserve Statement released to the ASX on 20 February 2019. The Mineral Resource is reported within a limiting wireframe defined by a profit algorithm to remove isolated and lower grade material, focusing on mineralisation exceeding a 1.8g/t Au block cut-off grade and A\$1,778/oz (US\$1,400/oz) gold price assumptions. The Boston Shaker Ore Reserve is reported using a 3.17g/t Au block model cut-off grade and A\$1,509/oz (US\$1,100/oz) gold price assumptions.

Table 3 - Boston Shaker Open Pit and Underground Mineral Resource

Classification	Open Pit			Underground			Total		
	Mt	g/t	Moz	Mt	g/t	Moz	Mt	g/t	Moz
Measured	0.6	1.7	0.03	-	-	-	0.6	1.6	0.03
Indicated	6.6	1.9	0.40	5.1	4.1	0.67	11.7	2.8	1.07
Inferred	0.0	0.6	0.00	7.5	4.3	1.04	7.5	4.3	1.04
Total	7.2	1.9	0.44	12.5	4.2	1.71	19.7	3.4	2.15

Table 4 - Boston Shaker Underground Reserve

Category	Mt	Au g/t	Au koz
Proved	0	0	0
Probable	2.8	3.65	317
Total	2.8	3.65	317

Competent Person Statement

The information that relates to the Tropicana Mineral Resources is based on, and fairly represents information and supporting documentation compiled by Mr Damon Elder, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Elder has sufficient experience relevant to the type and style of mineral deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Elder consented to the inclusion in this report of the Tropicana Mineral Resource estimate, based on the information in the form and context in which it appears.

The information that relates to the Tropicana Open Pit Ore Reserves is based on, and fairly represents information and supporting documentation compiled by Mr Steven Hulme, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Hulme has sufficient experience relevant to the type and style of mineral deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Hulme consented to the inclusion in this report of the Tropicana Open Pit Ore Reserve estimate, based on the information, in the form and context in which it appears.

The information that relates to the Tropicana Underground Ore Reserves is based on, and fairly represents information and supporting documentation compiled by Mr Jeff Dang, a full-time employee and security holder of AngloGold Ashanti Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Dang has sufficient experience relevant to the type and style of mineral deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Dang consented to the inclusion in this report of the Tropicana Underground Ore Reserve estimate, based on the information, in the form and context in which it appears.

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 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.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further drilling and technical studies will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

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.

Additional Information

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