ASX RELEASE

21/07/2016

ACCELERATED BOLLINGER DEVELOPMENT TO DELIVER FURTHER VALUE FOR NOVA PROJECT

(All currency amounts are in Australian Dollars unless otherwise noted)

Independence Group NL (IGO or the Company) (ASX:IGO) is accelerating development of the Bollinger orebody at the world-class Nova Project to unlock significant additional value.

Work has commenced on the Bollinger decline, which will enable earlier access to the Bollinger orebody, as a result of further optimisation of the Nova mine plan. Early access to the orebody is expected to deliver enhanced early cash flow and additional project value while staying within the original $443 million capital cost estimate.

The benefits of the early development of Bollinger are compelling and include:

- $134 million[1] improvement in estimated FY18 real free cash flow relative to the December 2015 Optimisation Study due to increased mined tonnes and grade in FY18;
- $128 million increase in the Net Present Value (NPV) of the Project relative to the December 2015 Optimisation Study[1]; and
- Increased operational flexibility and optionality, including:
    - Potential to improve the mining production rates in excess of 1.5 Mtpa; and
    - Reduced risk of mining production disruptions with two relatively independent production areas to be available from FY18.

IGO's Managing Director, Peter Bradford, commented: *"IGO continues to unlock significant value from the Nova Project, ensuring we maximise and optimise this world-class project. Since bringing the asset into the IGO portfolio, we have improved the Project NPV by 50% compared to the Definitive Feasibility Study (DFS) on a like for like basis[1]. The additional value creation has all been achieved within the initial capital cost estimate of $443 million."*

"Additional opportunities remain to further increase the Project NPV by improving the mining production rates and processing plant throughputs. This will be assessed once construction is complete and operations have ramped-up."

"The Nova Project remains on schedule and on budget with the overall Project 93% complete and the processing plant 86% complete as at the end of June 2016[2]. Progress to-date has significantly de-risked the Project and first concentrate production is anticipated in December 2016."

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[1] When compared to the December 2015 Optimisation Study (Refer ASX Release dated 14 December 2015) on a like for like basis using June 2016 Consensus Economics commodity price and FX forecasts and a real discount rate of 8 percent. Relative NPV is pre-tax.

[2] % completion relates to the physical work completed through to Project Practical Completion.

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The following chart summarises the improvements to net cash flow in the updated Life of Mine (LOM) Plan resulting from the early development of Bollinger:

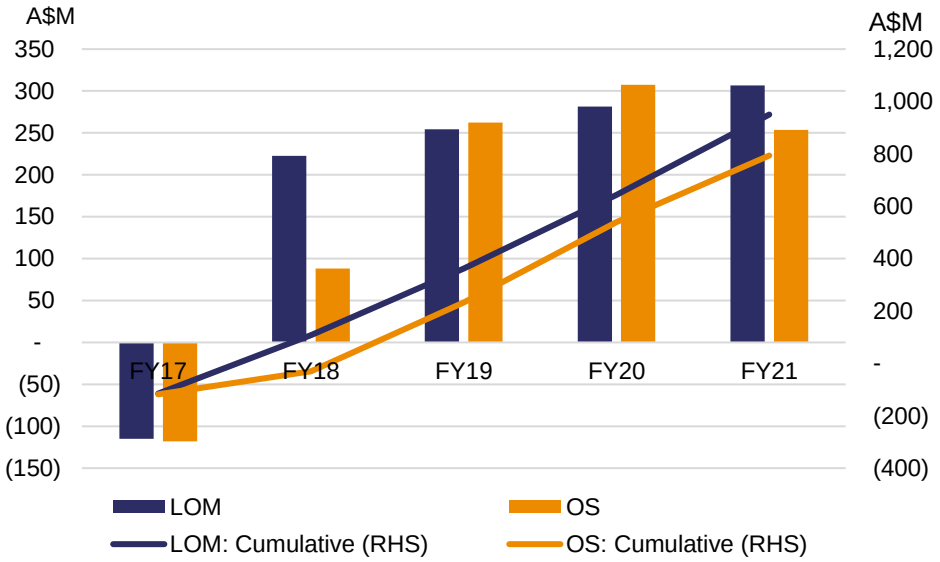

Figure 1: LOM improvement in free cash flow relative to the December 2015 Optimisation Study (OS)[1]

The initial capital cost estimate for the Nova Project of $443 million remains unchanged by the early development of the Bollinger decline with $18 million of the costs for Bollinger being absorbed into the $443 million capital cost estimate. The $18 million of costs for the Bollinger decline are comprised of $6 million in additional capital costs and $12 million in future sustaining capital expenditure that has been brought forward and will be accounted for in the initial capital cost.

Life of Mine sustaining capital has been reduced by $12 million to $130 million as a result of the development costs for Bollinger being absorbed into the initial capital costs.

Barminco, the existing underground mining contractor at the Nova Project is carrying out this additional development as an expanded scope of works. Barminco has mobilised an additional Jumbo, crew and equipment to the Nova Project for this purpose. The Bollinger decline development commenced in July 2016 and to date 125m of progress has been achieved.

This additional development commenced from a take-off point at the Nova 2030mRL level and will extend to the Bollinger 1830mRL level for a total of 1,400m of development. The new mine design, showing the location of the new Bollinger decline relative to the planned FY17 and FY18 production stopes, is shown in the following graphic.

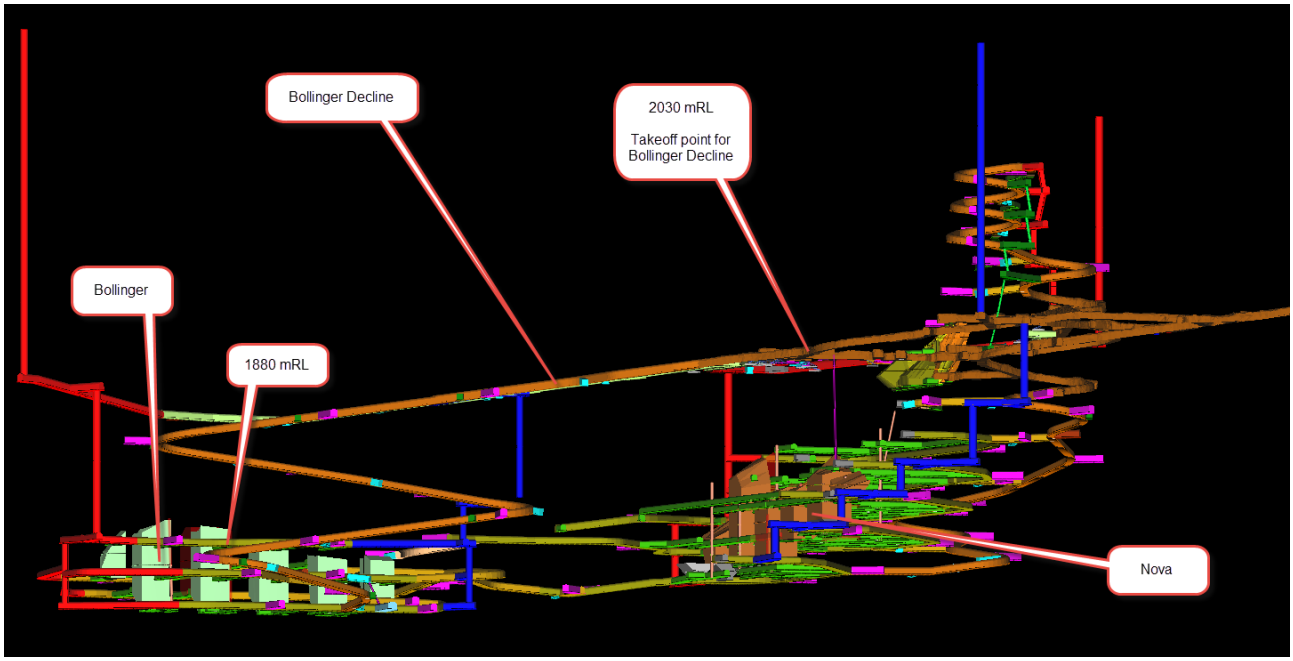

Figure 2: Mine design showing new Bollinger decline and FY17 and FY18 production stopes (looking south).

Nova Production Guidance

The following table summarises production guidance for the Nova Project for the first three years of operation:

Table 1: Nova Production Guidance

Parameter	Units	FY17[3]	FY18	FY19
Nickel Production	tonnes	9,000 – 10,000	27,000 – 30,000	27,000 – 30,000
Copper Production	tonnes	3,000 – 4,400	12,000 – 13,000	12,000 – 13,000
Cobalt Production	tonnes	280 - 320	900 – 1,000	900 – 1,000
Cash costs (real)[4]	$/lb Ni	4.00 – 4.50	1.50 – 2.00	1.50 – 2.00
Remaining Initial Capital Cost[5]	$'M	140-150	0	0
Sustaining Capex[6]	$'M	25-30	25-30	5-7

[3] FY17 excludes production achieved during commissioning.

[4] Cash costs includes C1 cash costs + royalty per pound of payable nickel (after by-product credits).

[5] Remaining Initial Capital Costs includes the key capital activities (outstanding from the $443M Project Capital Costs) outlined in the company's 28 June release titled "First Ore Mine in Development at Nova" including but not limited to capital on, the power station, plant piping/ electronical, past plant and decline development. The amount also includes capital required for the Bollinger Decline as outlined in this ASX release.

[6] Sustaining capex includes Development capex

Further information relating to this production guidance and the NPV and cash flows referred to above are set out in the Appendix to this release. The estimated Ore Reserves and Mineral Resources underpinning this production guidance have been prepared by a competent person in accordance with the Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (JORC Code) (refer to ASX Release dated 14 December 2015 entitled "Optimisation Study Significantly Enhances Nova Project Value" for estimates of Ore Reserves and ASX Release dated 28 October 2015 entitled "Mineral Resources and Ore Reserves Update" for estimates of Mineral Resources." As discussed further in the Appendix to this release, the Mining Inventory includes a small portion of Inferred Resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

CAUTIONARY STATEMENTS AND DISCLAIMER

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these Forward Looking statements.

The production guidance in this document is subject to a number of risks specific to Independence Group NL and of a general nature, which may affect the future operating and financial performance of Independence Group NL and the value of an investment in Independence Group NL. Such risks include but are not limited to economic conditions, stock market fluctuations, commodity demand and price movements, access to infrastructure, timing of environmental approvals, regulatory risks, operational risks, reliance on key personnel, native title and title risks, foreign currency fluctuations and mining development, construction and commissioning risk.

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Appendix – Supplementary Information to Support Bollinger Development ASX Release

The latest Life of Mine (LOM) optimisation work represents an extension to the December 2015 Optimisation Study ("OS") (refer ASX Release dated 14 December 2015 titled "Optimisation Study Significantly Enhances Nova Project Value"). The underlying assumptions remain unchanged with the exception of elements of the mine design and mining schedule, with the Bollinger orebody being developed and mined earlier than assumed in the December 2015 Optimisation Study.

For the avoidance of doubt, the estimates of the Nova Project Mineral Resource and Ore Reserve remains unchanged, as do the forward looking capital and operating cost assumptions. Updated metal price and currency forecasts in the June 2016 Consensus Economics forecast have been used for comparative purposes.

For completeness, a summary of the key assumptions as provided in the December 2015 Optimisation Study and changes to the mine design and schedule are provided below.

Table 2: Summary of key physical and financial parameters

Area	Measure	Unit	DFS	OS	LOM
Mine Design Parameters	Nickel	$/t	US$ 16,408/t **A$ 18,231/t**	US$ 14,038/t **A$ 18,231/t**	US$ 14,038/t **A$ 18,231/t**
	Copper	$/t	US$ 7,655/t **A$ 8,506/t**	US$ 6,550 **A$ 8,506/t**	US$ 6,550 **A$ 8,506/t**
	Cobalt	$/t	US$ 26,417 **A$ 29,394/t**	US$ 22,633/t **A$ 29,394/t**	US$ 22,633/t **A$ 29,394/t**
	FX	AUD:USD	0.90	0.77	0.77
DFS & Optimisation Study Cash Flow Comparison Assumptions	Commodity and FX Pricing Assumptions	Consensus Economics Commodity and FX Assumptions (October 2015)			Consensus Economics Commodity and FX Assumptions (June 2016)
Production	Commissioning	Date	Q4 2016	Q4 2016	Q4 2016
	First Concentrates	Date	Q4 2016	Q4 2016	Q4 2016
	Annualised mining and processing rate	Mtpa	1.5	1.5	1.5
	LOM	Years	11.0	10.3	10.3
	LOM Ore Mined	Mt	14.2	14.6	14.6

Area	Measure	Unit	DFS	OS	LOM
	LOM Nickel Grade	%	2.0	2.0	2.0
	LOM Copper Grade	%	0.8	0.8	0.8
	LOM Cobalt Grade	%	0.07	0.07	0.07
	Ni Metal (payable)	t	185,000	184,000	184,000
	Cu Metal (payable)	t	107,000	102,000	102,000
	Co Metal (payable)	t	2,000	3,000	3,000
Operating Costs[5]	C1 Cash Costs (after by-product credits) in concentrate[1]	$/lb	1.66	1.21	1.27
	C1 Cash Costs (after by-product credits) payable	$/lb	Not Reported	1.65	1.79
	All-in sustaining cash costs (after by-product credits) in concentrate[2]	$/lb	2.32	1.83	1.82
Capital Costs	Initial Capital[3]	$M	473	443	443
	Sustaining Capital[4]	$M	152	148	129

1) C1 Cash Cost includes all operating costs excluding royalties.
2) All-in sustaining cash costs includes C1 Cash Costs plus royalty payments and sustaining capital costs.
3) Initial Capital costs includes additional scope of works to capture project value, within the Optimisation Study. The revised initial capital expenditure cost was reported by ASX Release on 27 January 2015.
4) Sustaining capital costs includes closure costs estimated at $25M.
5) Variance in the Operating costs as reported for the LOM compared to the OS is largely due to the difference in by-product credits given the change commodity price assumptions (Oct 15 Consensus Economics versus June 16 Consensus Economics)

Mineral Resource

The estimate of Mineral Resource for the Nova Project remains unchanged to that reported in 2014 and form part of the IGO Annual Mineral Resource and Ore Reserve Update (ASX Release 28 October 2015). A summary is presented in the table below.

Table 3: Summary of the Nova Project Mineral Resource

Deposit	Resource Category	Tonnes (Mt)	Grade Ni (%)	Contained Ni (kt)	Grade Cu (%)	Contained Cu (Kt)	Grade Co (%)	Contained Co (kt)
Nova	Measured	-	-	-	-	-	-	-
	Indicated	9.1	2.5%	230	1.0%	94	0.08%	7.3
	Inferred	1.0	1.4%	14	0.6%	6	0.05%	0.5
	Sub-total	10.1	2.4%	244	1.0%	100	0.08	7.7
Bollinger	Measured	-	-	-	-	-	-	-
	Indicated	2.4	2.7%	64	1.1%	26	0.11%	2.6
	Inferred	1.8	1.0%	17	0.4%	8	0.04%	0.7
	Sub-total	4.2	2.0%	82	0.8%	34	0.08%	3.3
Total		14.3	2.3%	325	0.9%	134	0.08%	11.0

1. *Mineral Resources are reported above a 0.6% NiEq Cut-off grade. NiEq% = ((Cu % x 0.95) x ($7,655/$16,408)) + (Ni % x 0.89).*
2. *Resources are inclusive of Reserves.*
3. *No depletion has occurred during the period.*
4. *Ore tonnes have been rounded to the nearest hundred thousand tonnes.*
5. *Contained metal tonnes have been rounded to the nearest thousand tonnes for Ni, Cu and the nearest hundred tonnes for Co. This may result in slight rounding differences in the total values in the table above.*
6. *The Competent Persons statement is incorporated in the JORC Code (2012) Competent Persons Statements section of this report.*

Ore Reserve

The estimate of Ore Reserve for the Nova Project is provided in the December 2015 Optimisation Study (ASX Release 14 December 2015). A summary is shown in the table below.

Table 4: Summary of the Nova Project Ore Reserve

Deposit	Reserve Category	Tonnes (Mt)	Grade Ni (%)	Contained Ni (kt)	Grade Cu (%)	Contained Cu (Kt)	Grade Co (%)	Contained Co (kt)
Bollinger	Proven	-	-	-	-	-	-	-
	Probable	2.7	2.2%	59.0	0.9%	24.0	0.09%	2.0
	Sub-total	2.7	2.2%	59.0	0.9%	24.0	0.09%	2.0
Nova	Proven	-	-	-	-	-	-	-
	Probable	10.9	2.0%	216.0	0.8%	89.0	0.06%	7.0
	Sub-total	10.9	2.0%	216.0	0.8%	89.0	0.06%	7.0
Total	Proven	-	-	-	-	-	-	-
	Probable	13.6	2.0%	275.0	0.8%	112.0	0.07%	9.0
	Total	13.6	2.0%	275.0	0.8%	112.0	0.07%	9.0

Notes:

1. *Ore tonnes have been rounded to the nearest hundred thousand tonnes.*
2. *Contained metal tonnes have been rounded to the nearest thousand tonnes for Ni and Cu. This may result in slight rounding differences in the total values in the table above.*
3. *An NSR cut-off value of $64/t of stope ore has been used in the evaluation of the Ore Reserve, which includes mining and G&A operating costs. Processing costs is captured as a variable to the NSR block value.*
4. *No depletion occurred during the period.*
5. *Revenue factor inputs are as follows (US$): Ni $14,038/t, Cu $6,550/t, Co $22,633/t. Exchange rate AU$1.00 : US$0.77.*

6. *Metallurgical recoveries vary depending on material type however average 88% Ni in Ni concentrate with Co; 89% Cu in Cu concentrate with Ag post ramp-up i.e. in steady state operations.*
7. *Sub-level open-stoping with paste backfill is the primary method of mining to be used at Nova.*
8. *The Ore Reserve has been estimated as part of the Optimisation Study. The Probable Ore Reserve underpins the Life of Mine plan.*

Mining Inventory

The mining inventory is inclusive of the Ore Reserve and includes a small portion of Inferred Resources captured within the mining stope designs. There has been no change to the Mining Inventory compared to the OS.

Table 5: LOM Mining Inventory generated as part of the Optimisation Study

		Tonnes (Mt)	Grade Ni (%)	Grade Cu (%)	Grade Co (%)	Contained Ni (kt)	Contained Cu (kt)	Contained Co (kt)
Mineral Resource	**Indicated**	13.2	2.1	1.0	0.08	275	112	9
Additional Resources	**Inferred**	1.4	1.0	0.6	0.05	14	6	1
Total Mining Inventory		14.6	2.0	0.8	0.07	289	119	10

Mining Schedule and Design

The main changes to the key underlying assumptions compared to the OS are the mine design and schedule due to further mine optimisation. The OS had the Bollinger orebody extraction commencing in mid-2020. Access to the Bollinger orebody was planned via a single decline that initially accessed the Lower Nova orebody, before being developed north to access Bollinger.

Further optimisation has identified the opportunity for early access to the Bollinger orebody through the development of an independent decline from the current Nova decline. This design has enabled the mining of the Bollinger orebody to be brought forward by 36-40 months compared to the OS. The new design will require an additional 1,400m of development compared to the OS.

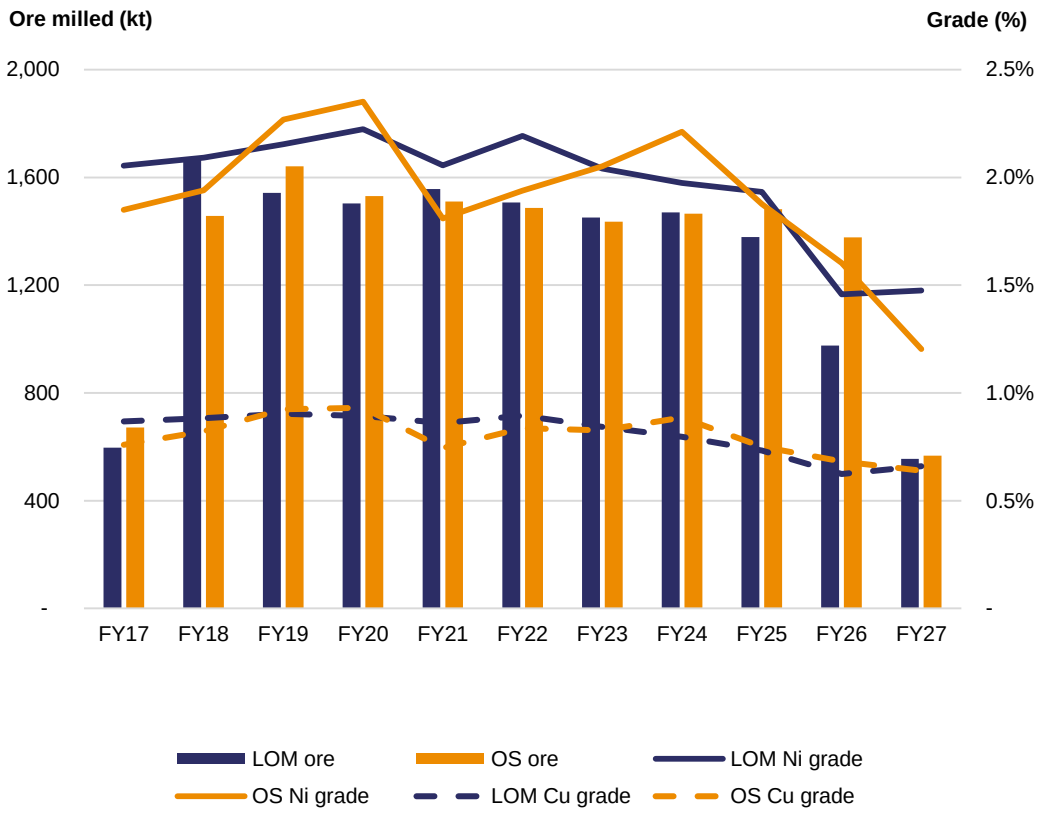

Figure 3: Life of Mine (LOM) processing plant throughput and grade profile compared to the December 2015 Optimisation Study (OS)