ASX RELEASE

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FIRST ORE MINED IN DEVELOPMENT AT NOVA

Independence Group NL (IGO or the Company) (ASX:IGO) has mined the first development ore at the Company's Nova Project in Western Australia.

The mining of first ore is an important milestone for IGO as it progresses construction and development of the world class nickel-copper-cobalt project. The Project was 90% complete as at the end of May 2016 and remains on schedule, and on budget, to commence production of nickel and copper concentrates in December 2016.

First Ore

As scheduled, the 2030 ore drive (2030mRL) and 2080 ore drive (2080mRL) have cross-cut and commenced development of the Nova orebody (Figure 1 & 2). This has included mining of both disseminated and breccia ore since early June 2016 with good reconciliation to the resource model.

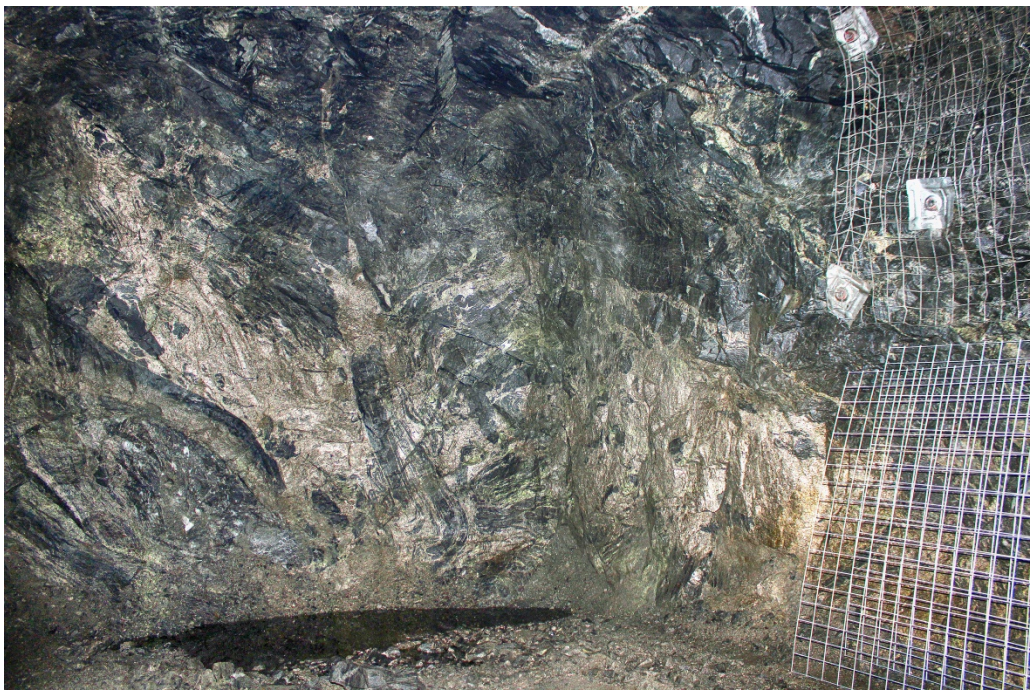

Figure 1: First breccia ore from 2080 ore drive

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Figure 2: First breccia ore from 2030 ore drive

The image below shows the current status of underground development in relation to the Nova and Bollinger orebody models. The first ore in development has been mined from the 2030 ore drive (Figure 3).

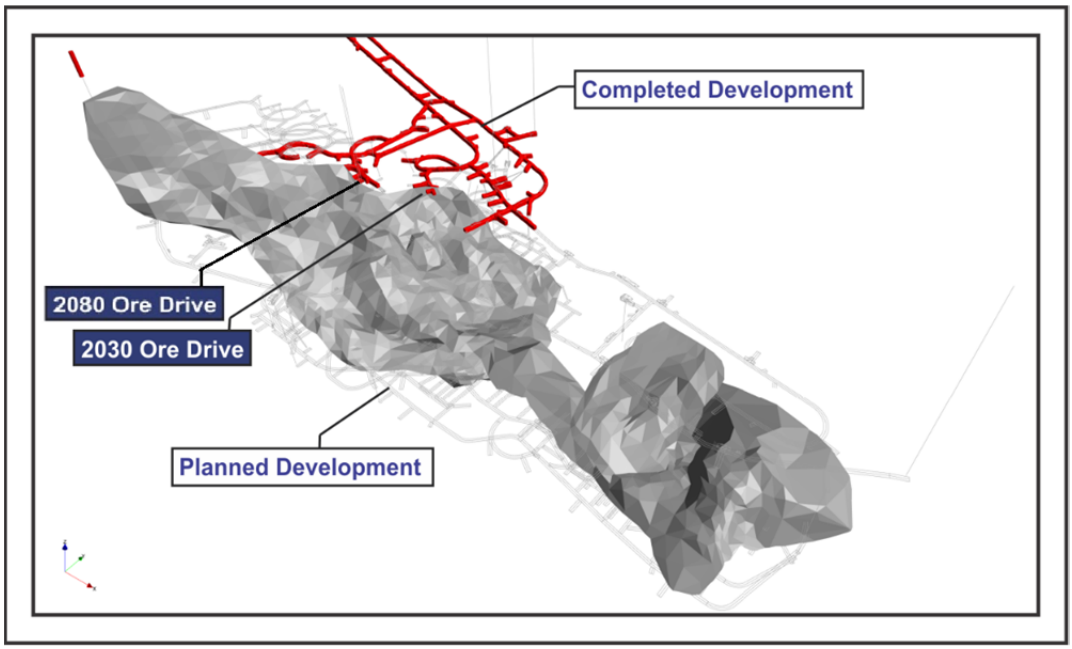

Figure 3: Status of current development showing location of 2030 and 2080 ore drives

Underground development progress

Underground mining development at the Nova Project continues to progress in accordance with the accelerated schedule adopted in the December 2015 Optimisation Study, with more than 5,000 metres of development completed to the date of this announcement.

The underground mining contractor, Barminco, currently has two jumbo drills operating at the Nova Project.

Grade control drilling

Swick, the underground diamond drill contractor, currently has three drill rigs on site as part of the grade control program. Swick is currently achieving drilling rates better than design.

During grade control drilling potential extensions to the resource model will be tested. Key target areas include:

- Nova down dip – will test the Feeder Zone between Nova and Bollinger and potential extensions to this zone to the north;
- Conductor 5 – partly outlined mineralisation with potential for delineation of high-grades and ability to add to the Mineral Resource; and
- Bollinger North – improved delineation of Bollinger North targeting high-grade, massive sulphide which has the potential to provide additional resource and mine life extensions.

Deeper drilling below the existing resource model will provide an opportunity to do Downhole ElectroMagnetics (DHEM) to identify potential conductors below the Nova-Bollinger orebodies. These would have been undetectable in surface EM programs due to the masking effect of the Nova-Bollinger orebody.

Processing plant construction

Work on the processing plant and non-process infrastructure, which is being completed by GR Engineering Services, is currently ahead of schedule and was 79% complete as at the end of May 2016.

Figure 4: Process plant and associated infrastructure

Mechanical installation was 83% complete at the middle of June with all major long lead-time items now in-place. Construction work is now focussed on the installation of piping and electrical and, as at the 17 June, this work was ahead of schedule and 53% and 38% complete respectively. Separately operational readiness preparation is being progressed.

Recent photographs from the site showing the major processing areas are shown below (Figures 5 to 8):

Figure 5: Crushing Circuit

Figure 6: Grinding Circuit

Figure 7: Flotation Circuit (Copper side)

Figure 8: Concentrate Filtration Circuit

Infrastructure

All required infrastructure for the Nova Project, with the exception of the power station, is complete and operational.

The power station is being developed in two stages. The first stage comprising 3MW of generating capacity and energisation of the 11kV distribution circuit was completed on schedule at the end of March 2016. The generators for the second stage of the power station are on-site and will be commissioned by July 2016.

Recent photographs from the power station are shown below (Figures 9 & 10):

Figure 9: First of the 2nd stage generators (2/6/16)

Figure 10: HV Switchroom

Project timetable

As at the end of May 2016, the Project was 90% complete. The Project remains on schedule, and on budget, for commissioning in late 2016 with production of first concentrates in December 2016.

The Project schedule with key milestones is shown below:

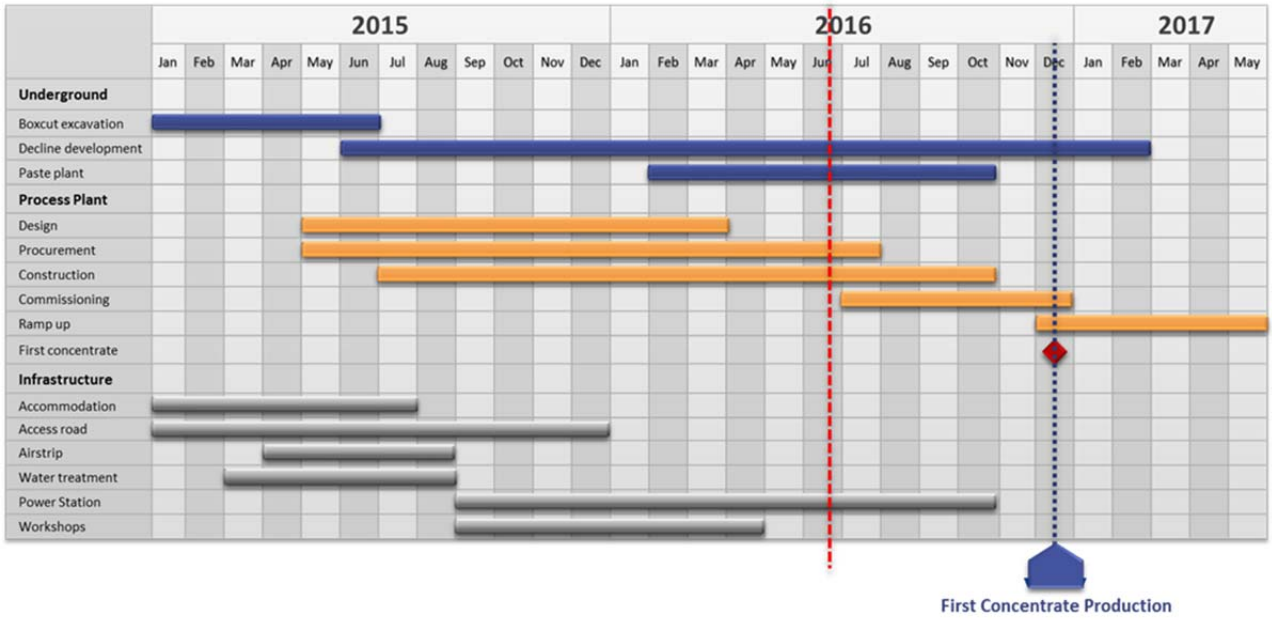

Figure11: Project Schedule

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