

21 July 2014

GAS PIPELINE PROJECT TO FUEL TROPICANA GOLD MINE

Independence Group NL (“Company”) (ASX: IGO) is pleased to advise that AngloGold Ashanti (AGA), on behalf of the Tropicana Joint Venture (TJV) (IGO 30%, AGA – 70% and manager), has entered into agreements with APA Group (APA) for the transportation of natural gas to the Tropicana Gold Mine (TGM) in the eastern goldfields.

Under the agreements APA will construct a new 292km gas pipeline which will connect TGM to APA’s Goldfields Gas Pipeline and Murrin Murrin lateral. The existing power generator at TGM, Kalgoorlie Power Systems (KPS), a subsidiary of Pacific Energy, will change out the diesel generators at Tropicana and replace these with gas fired generators. Highlights include:

- TJV power generation costs are expected to reduce by 12%-15% which will result in a reduction in cash costs of about \$25 to \$30 per ounce of gold;
- Power costs more certain with links to CPI, reducing exposure to diesel price volatility;
- Fewer truck movements to and from TGM and as a result, lower road maintenance costs;
- Natural gas is a cleaner fuel, which will result in lower greenhouse gas emissions.

“Generating Tropicana’s power requirements from gas fired power generators will reduce TGM’s dependence on trucked diesel fuel as well as reduce operating costs,” IGO’s Managing Director, Peter Bradford said. “We would like to thank the AngloGold Ashanti feasibility and legal team for their efforts in advancing this project and finalising the various agreements which provide the opportunity to start generating power from gas powered generators in the first half of CY2016. IGO understands that key terms for the supply of gas to Tropicana are very close to being finalised with a major gas supplier. A formal gas supply agreement is expected to be finalised soon after.”

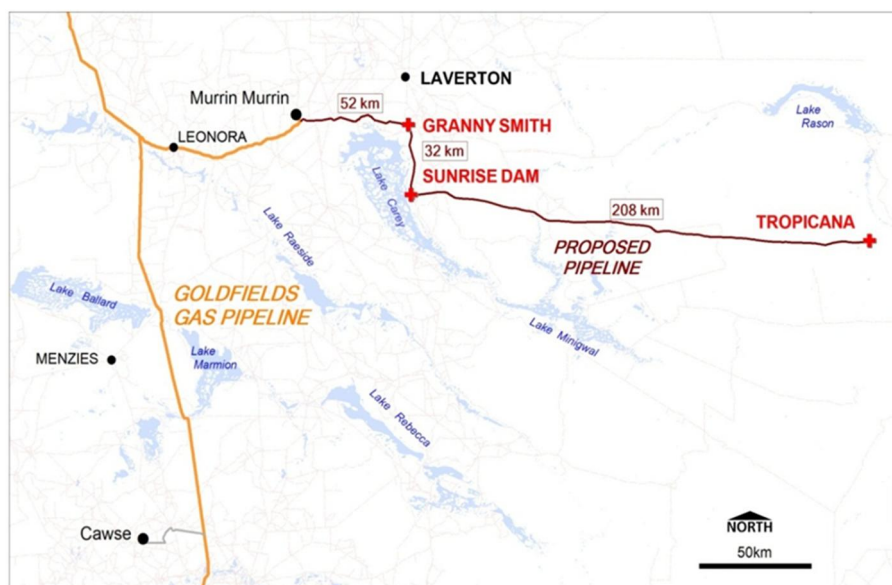


Figure 1 – Proposed pipeline construction (in red)

Background Information

During the feasibility study for the TGM gas was considered along with several other alternative power supply options. For a number of reasons the gas option was deferred until after the construction of the TGM. Tropicana poured first gold on 26 September 2013 and ramp-up to nameplate capacity was completed in the month of March 2014.

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