

# INDEPENDENCE GROUP NL

## 3Q19 Results Presentation



*Nova continues to perform delivering record production & cash costs*

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**30 April 2019**

**ASX:IGO | ADR:IIDDY**

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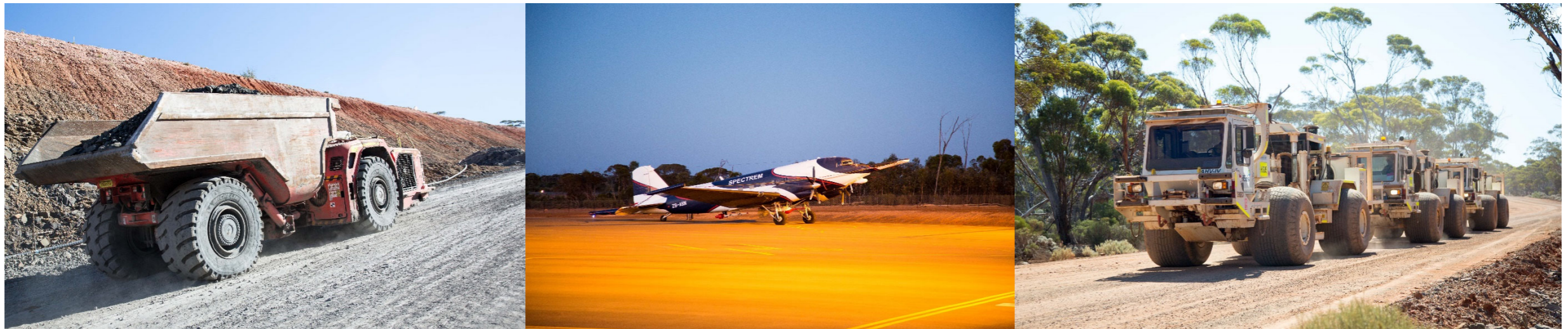


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- All currency amounts in Australian Dollars unless otherwise noted.
- Quarterly Financial Results are unaudited.
- Net Debt is outstanding debt less cash balances and Net Cash is cash balance less outstanding debt.
- Cash Costs are reported inclusive of Royalties and after by-product credits on per unit of payable metal basis, unless otherwise stated.
- IGO reports All-in Sustaining Costs (AISC) per ounce of gold for its 30% interest in the Tropicana Gold Mine using the World Gold Council guidelines for AISC. The World Gold Council guidelines publication was released via press release on 27 June 2013 and is available from the World Gold Council’s website.
- Underlying EBITDA is a non-IFRS measure and comprises net profit or loss after tax, adjusted to exclude tax expense, finance costs, interest income, asset impairments, gain/loss on sale of subsidiary, redundancy and restructuring costs, depreciation and amortisation, and once-off transaction costs.
- Free Cash Flow comprises Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities. Underlying adjustments exclude acquisition costs, proceeds from investment sales and payments for investments.

# Competent Person's Statements



- Any references to IGO Mineral Resource and Ore Reserve estimates should be read in conjunction with IGO's Annual Update of Exploration Results, Mineral Resources and Ore Reserves dated 20 February 2019 (Annual Statement) and lodged with the ASX for which Competent Person's consents were obtained, which is also available on the IGO website.
- The information in this presentation that relates to the Nickel Sulphate Pre-Feasibility Study is extracted from the ASX announcement dated 2 April 2019 entitled "Downstream Nickel Sulphate Study Update".
- The information in this presentation that relates to the Boston Shaker Feasibility Study is extracted from the ASX announcement dated 28 March 2019 entitled "Tropicana JV Approves Boston Shaker Underground" and for which a Competent Person consent was obtained. A portion of the production target referred to in this announcement is based on Inferred Mineral 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 will be realised.
- The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements released 20 February 2019 and 28 March 2019 and, (i) in the case of estimates or Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed, (ii) the Competent Person's consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent, and (iii) the form and context in which the Competent Person's findings are presented have not been materially modified from the original ASX announcement.



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# IGO is Making A Difference

Strategically focused on metals critical to clean energy



## Globally Relevant

Large scale, high quality asset portfolio  
supplying metals critical to clean energy

## Vertically Integrated

upstream metal production and  
downstream processing to unlock value

## High-quality Products

to meet customer demand, made safely,  
sustainably, ethically and reliably

## Proactively Green

by embracing renewable energy and innovation  
to reduce carbon footprint

Delivered by people who are bold, passionate, fearless and fun  
– a smarter, kinder, more innovative team

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# 3Q19 Highlights

**Nova outperformance delivers strong cash flow**



**Record production and lower cash costs at Nova**

**Underlying EBITDA**  
**A\$117M**

**Nova and Tropicana on track to deliver on full year production guidance**

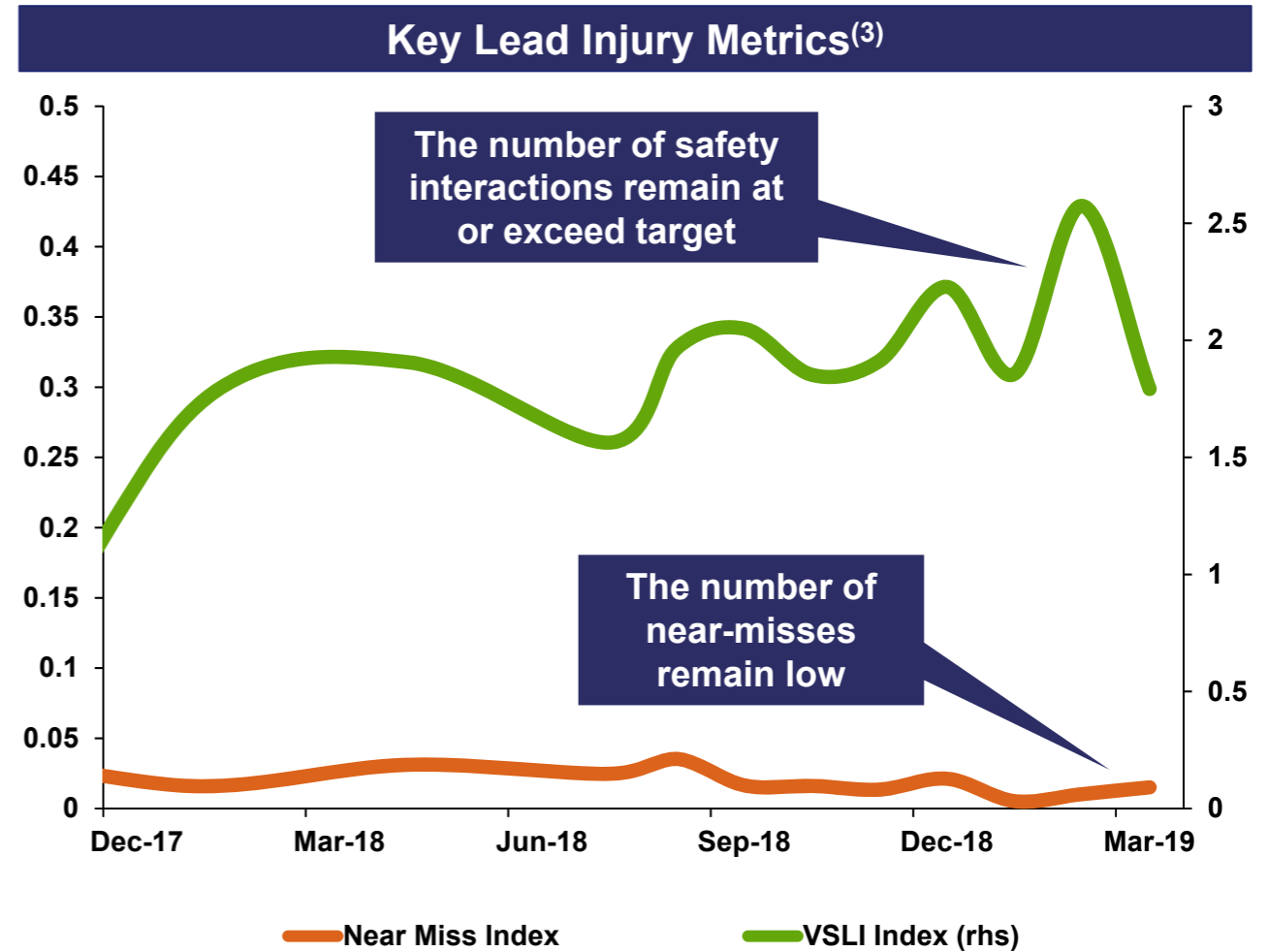
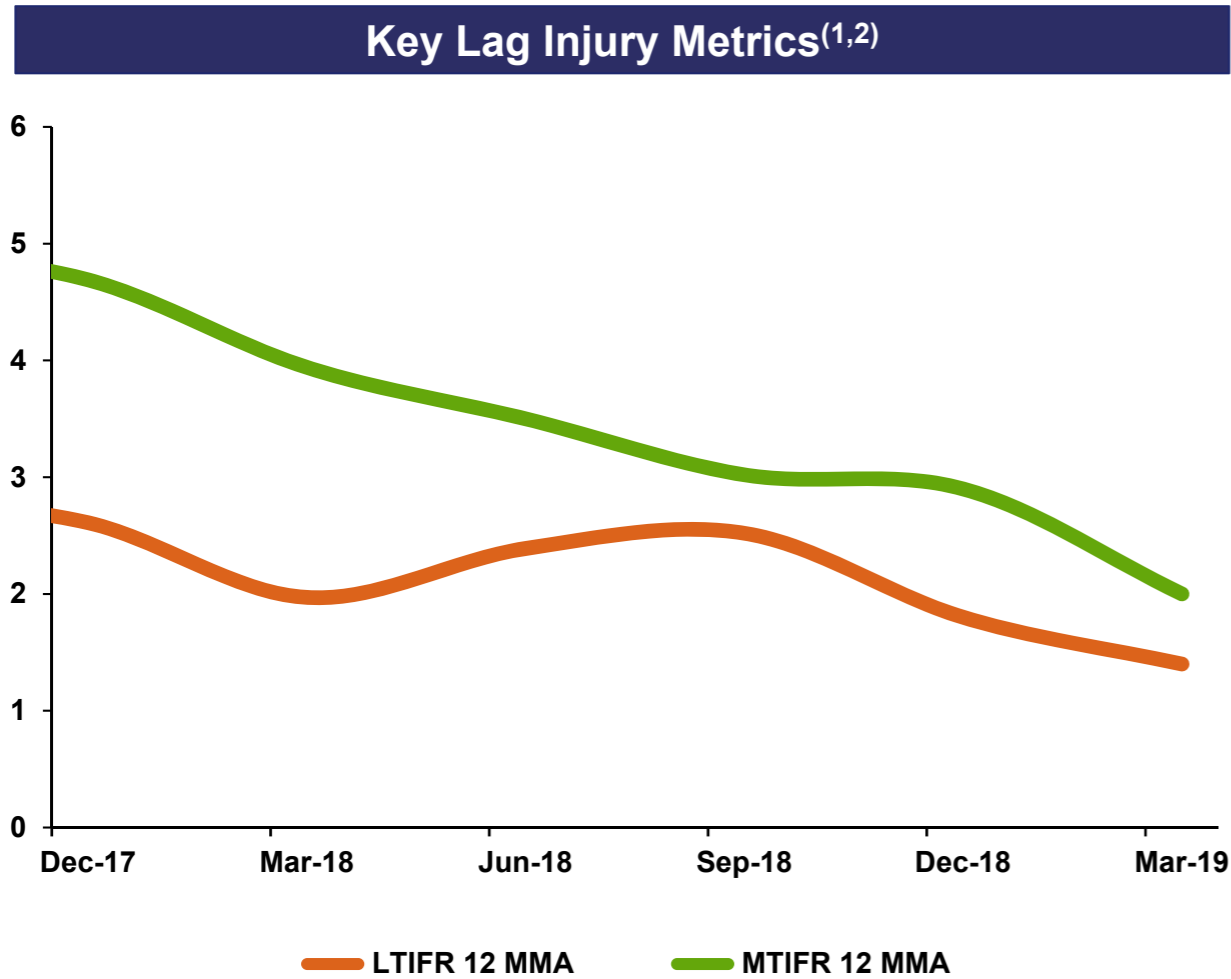
**Net Profit After Tax**  
**A\$45M**

**Continued delivery on growth initiatives**

**Net Cash Position**  
**A\$172M**



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1) 12 month moving average LTIFR – Lost Time Injury Frequency Rate: calculated as the number of Lost Time injuries x 1,000,000 divided by the total number of hours worked.

2) 12 month moving average MTIFR – Medically Treated Injury Frequency Rate: calculated as the number of medically treated injuries x 1,000,000 divided by the total number of hours worked.

3) VSLI: Visual Safety Leadership Interaction. VSLI Index is measured as the number of VSLIs completed in the business divided by the total number of supervisory staff. Near Miss Index is the total number of near misses reported divided by the total number of employees and contractors.

# 3Q19 Financial Results



Strong operational performance driving substantial cash flow generation

	Units	2Q19	3Q19		QoQ
Revenue and Other Income	A\$M	189.0	<b>232.8</b>	▲	23%
Underlying EBITDA <sup>(1)</sup>	A\$M	67.6	<b>116.6</b>	▲	72%
Profit After Tax	A\$M	0.7	<b>45.1</b>	▲	6300%
Net Cash from Operating Activities	A\$M	54.8	<b>106.3</b>	▲	94%
Underlying Free Cash Flow <sup>(2)</sup>	A\$M	29.1	<b>89.2</b>	▲	207%
Dividends Paid	A\$M	-	<b>11.8</b>	-	N/A
Cash	A\$M	208.1	<b>257.2</b>	▲	24%
Debt	A\$M	114.3	<b>85.7</b>	▼	(25%)
Net Cash	A\$M	93.8	<b>171.5</b>	▲	83%

- **Nova generated A\$95.4M cash from operating activities, an increase of A\$67.8M QoQ**
- **EBITDA benefited from an 18% increase in nickel metal sold and a 59% increase in copper metal sold**
- **A 2 cent per share fully franked interim dividend was paid on 1 March 2019**

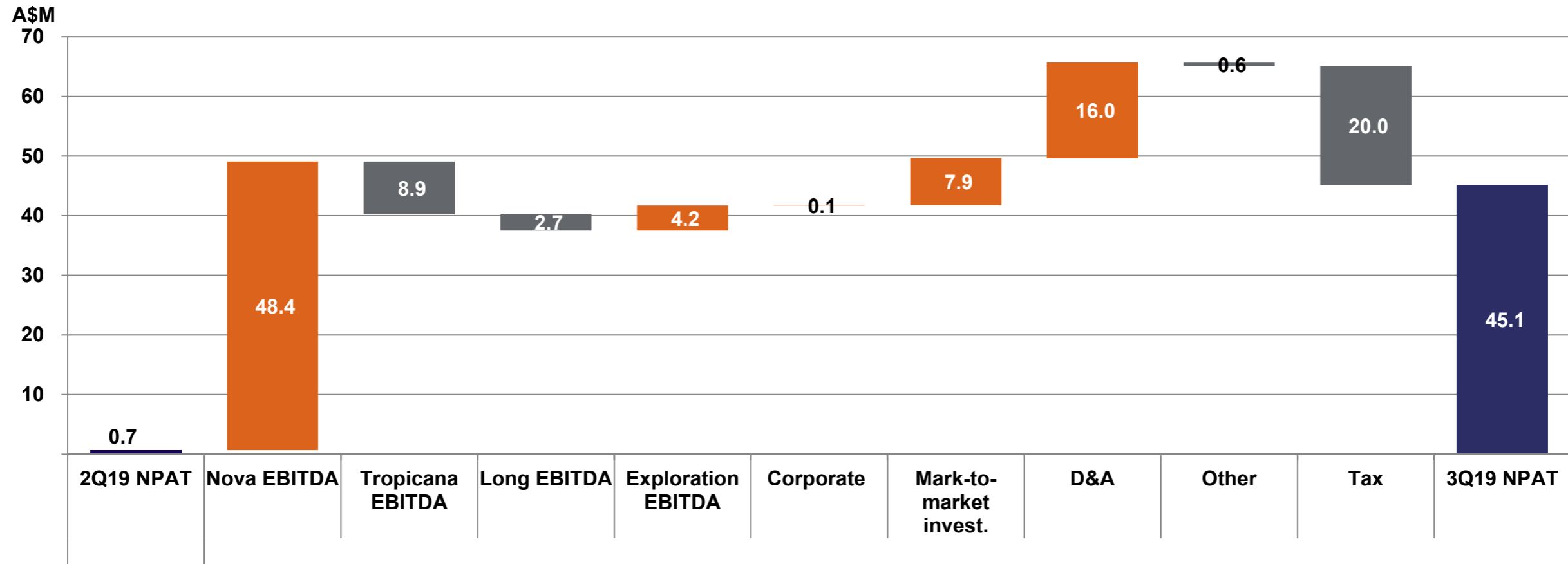
1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page). EBITDA benefited from A\$7.9M positive movement in QoQ revaluation of share investments

2) Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities. Refer to disclaimer page for "Underlying" adjustments

# Net Profit After Tax



Significant QoQ increase driven by Nova performance, D&A and investment revaluation



- Higher Nova grade and productivity drove higher sales, which combined with 7% higher nickel price resulted in Nova EBITDA increasing by 110% QoQ
- Lower exploration expense and lower amortisation at both Tropicana (A\$11.8M) and Nova (\$4.0M)
- A\$7.9M positive QoQ variance on mark-to-market revaluation of investments

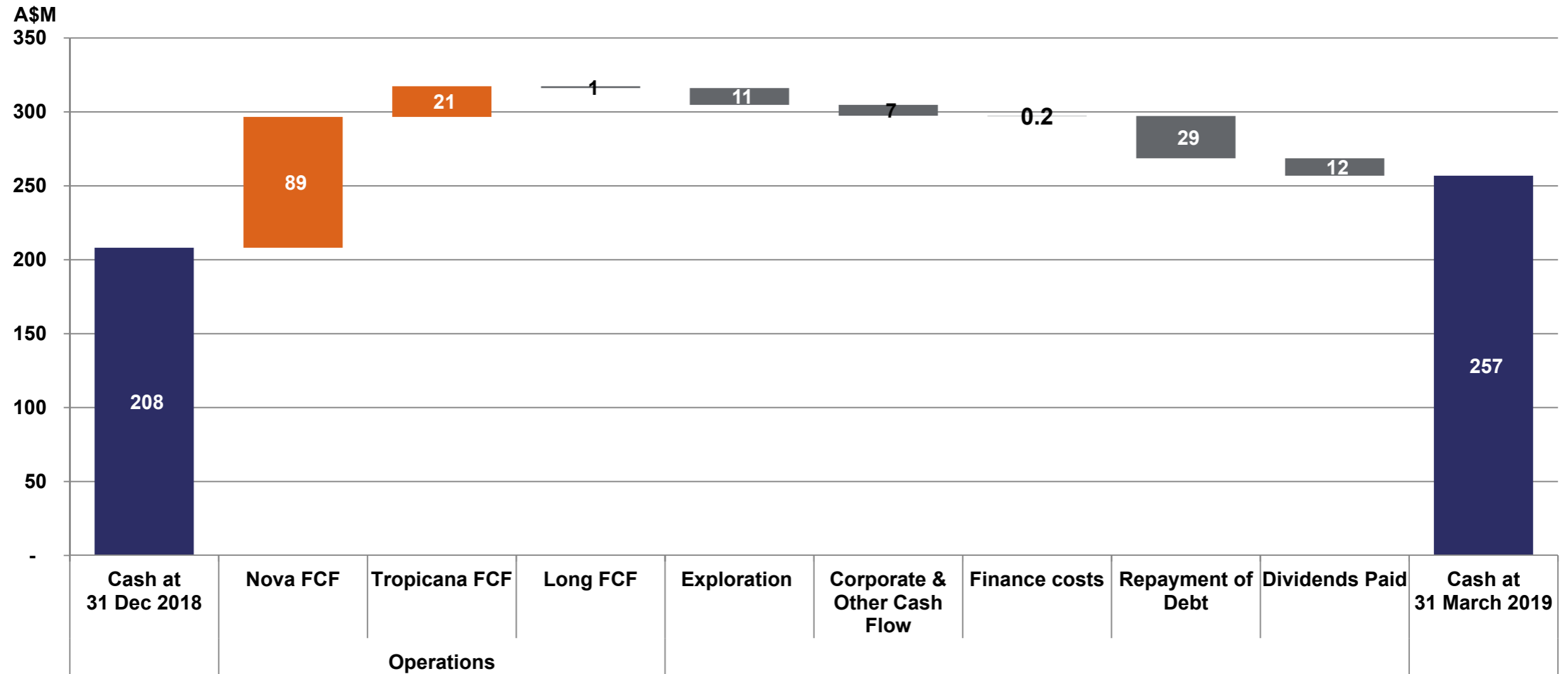
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# 3Q19 Cash Flow Reconciliation



Nova performance drives 24% increase in cash balance QoQ



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## Strong operational performance delivers record metal production

Metric	Units	2Q19	3Q19	YTD FY19	Guidance <sup>(1)</sup>
Nickel in concentrate	t	7,574	8,375	22,802	20,250 – 22,500
Copper in concentrate	t	3,482	3,731	10,232	8,250 – 9,375
Cobalt in concentrate	t	271	297	810	638 – 713
Cash cost (payable)	A\$/lb Ni	1.94	1.50	2.03	1.65 – 2.00
Sustaining/ improvement <sup>(2)</sup>	A\$M	2.8	2.0	6.5	15.75 – 18.00
Development <sup>(2)</sup>	A\$M	7.5	6.7	19	18.75 – 21.00

- Record metal production with a 10% increase in nickel metal production QoQ
- Record low cash costs of A\$1.50/lb of payable nickel, representing a 22% decrease QoQ
- Mining continuing to plan with stoping of central Bollinger and Nova stopes
- Work progressing on optimising metal recoveries

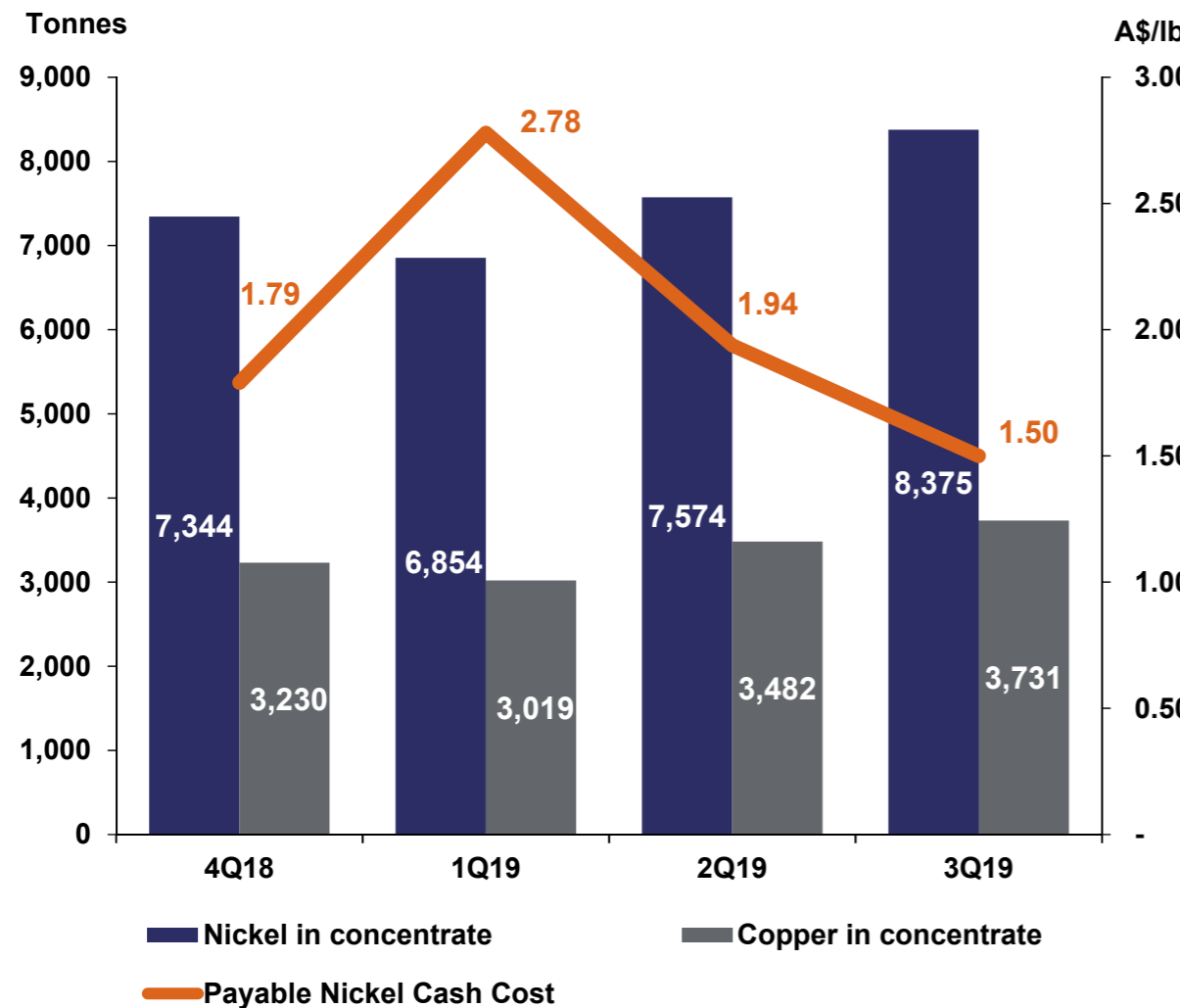
1) Implied YTD guidance (FY19 guidance apportioned for three quarters where applicable)

2) Total of sustaining/improvement and development costs represent total capital costs

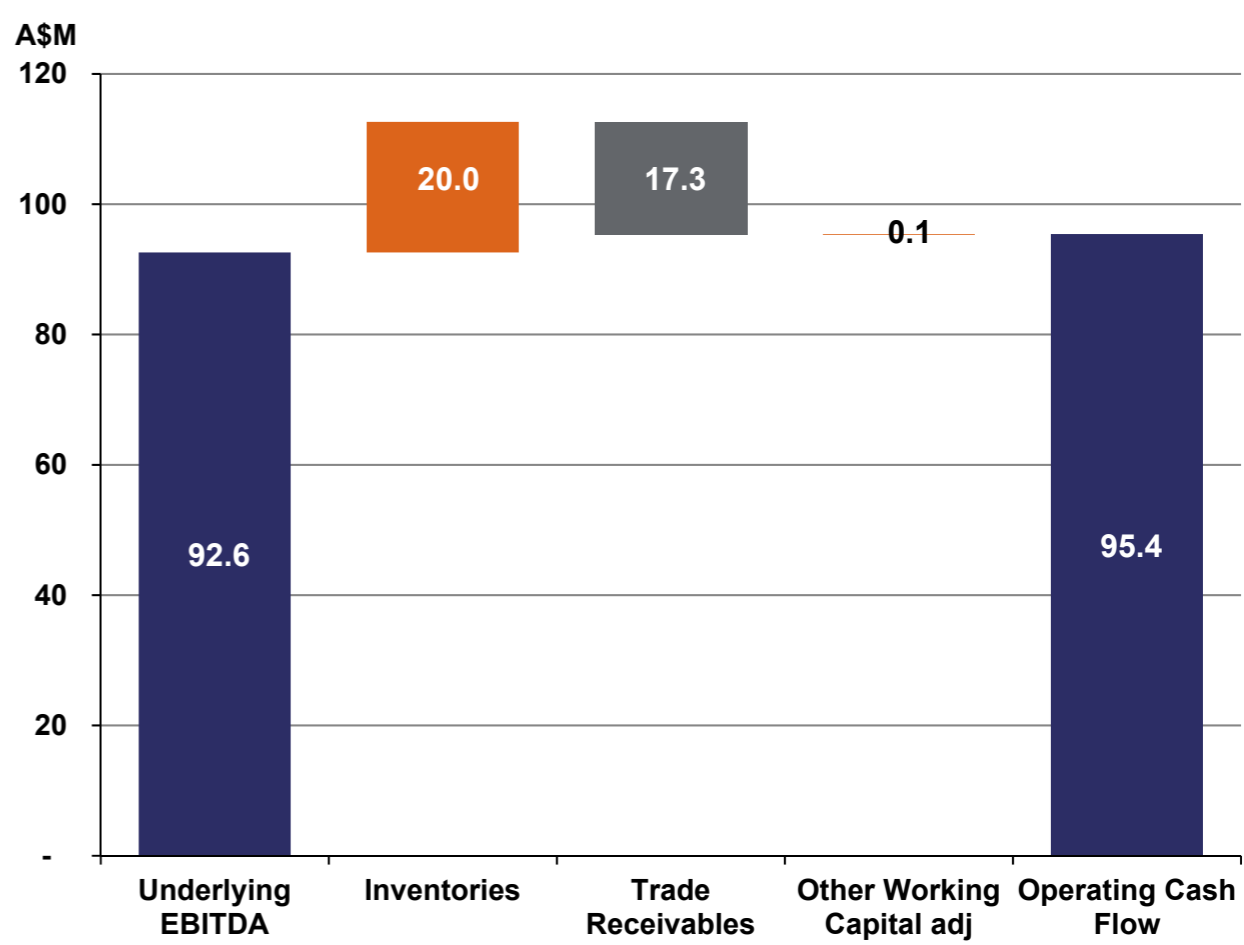
Strong performance delivers EBITDA margin of 56% and FCF margin of 53%

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## Nova Production

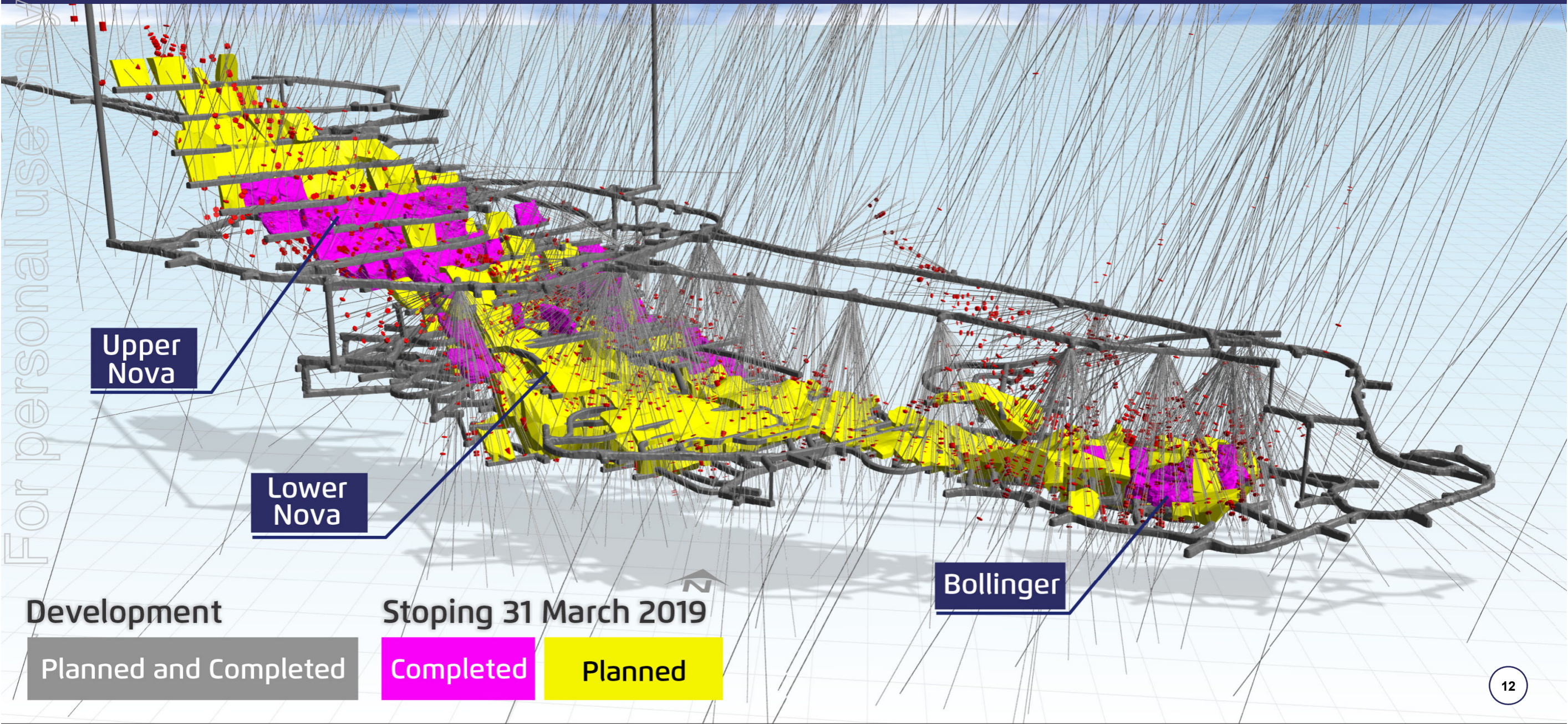


## Nova Cash Flow Reconciliation



# Nova Mine Development

Underground development and grade control drilling complete



Upper Nova

Lower Nova

Bollinger

Development

Stopping 31 March 2019

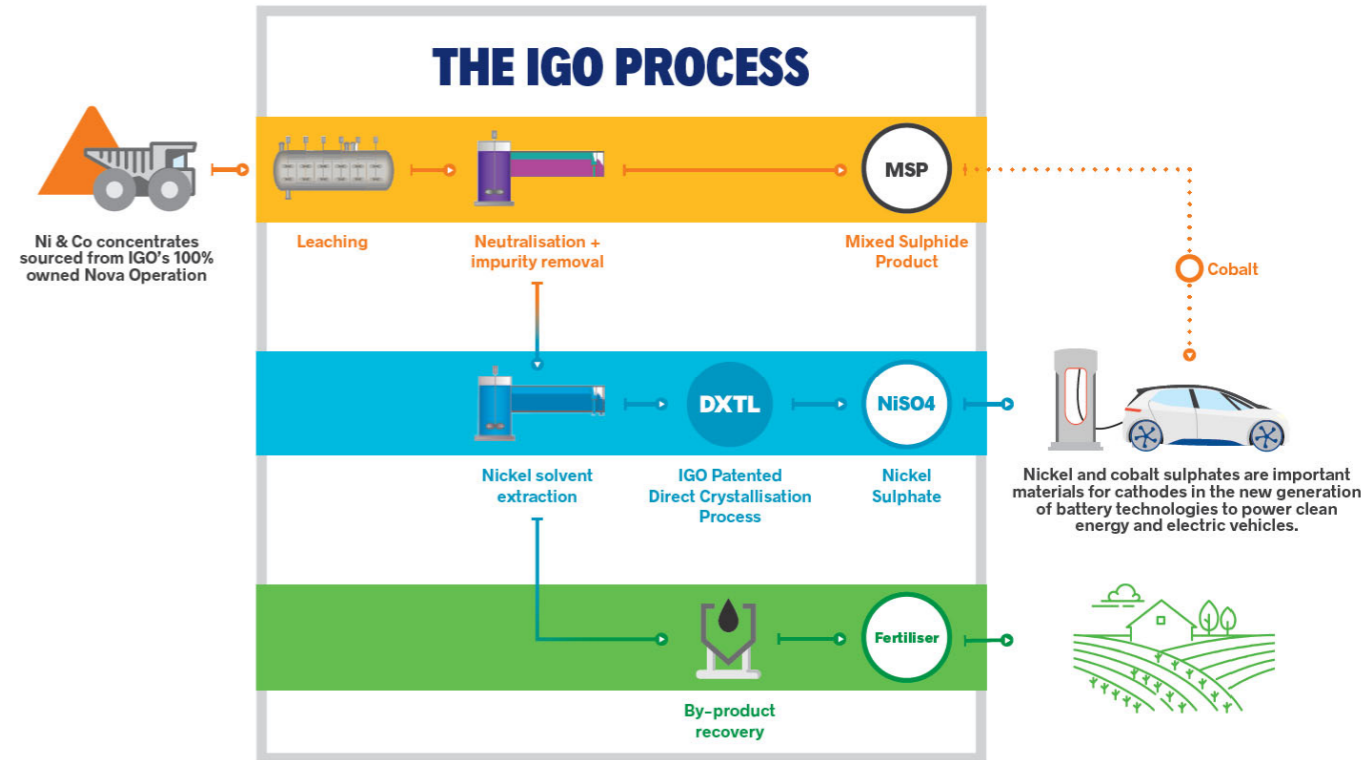
Planned and Completed

Completed

Planned

# Nickel Sulphate

- **Study demonstrates technical viability of the IGO Process™ (1)**
  - Metal extraction of +97%
  - Battery grade nickel sulphate produced
  - More efficient, less waste, less emissions
  - Patent application lodged
- **Optimisation work focused on:**
  - Site selection trade-off studies
  - Flow sheet optimisation
  - Maximising by-product production
- **Study completion expected in late 2019**



1) Refer to ASX Release dated 2 April 2019: Downstream Nickel Sulphate Study Update.

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# Tropicana

## Marginally lower production QoQ driven by lower grade



Metric	Units	2Q19	3Q19	YTD FY19	Guidance <sup>(1)</sup>
Gold produced (100%)	koz	136.9	123.2	385.2	375.0 – 412.5
Gold Sold (IGO 30%)	koz	42.9	35.8	113.9	112.5 – 123.0
Cash cost	A\$/oz	645	722	679	635 – 705
AISC	A\$/oz	848	990	952	890 – 980
Sustaining/improvement <sup>(2)</sup>	A\$M	7.2	1.4	13.4	15.7 – 18.0
Waste stripping <sup>(2)</sup>	A\$M	7.7	7.4	27.3	24.0 – 27.0

- **Record quarterly mill throughput of 2.1Mt achieved in 3Q19**
- **Lower metal production QoQ driven by expected lower average milled grade of 2.04g/t Au**
- **Gold sales revenue was A\$66.2M, representing average gold price of A\$1,839/oz.**
- **9.0M bank cubic metres mined (13% increase QoQ), comprising 3.8Mt of ore and 18.6Mt of waste**
- **Slight improvement in recovery over the quarter to 89.6%**

1) Implied YTD guidance (FY19 guidance apportioned for three quarters where applicable)

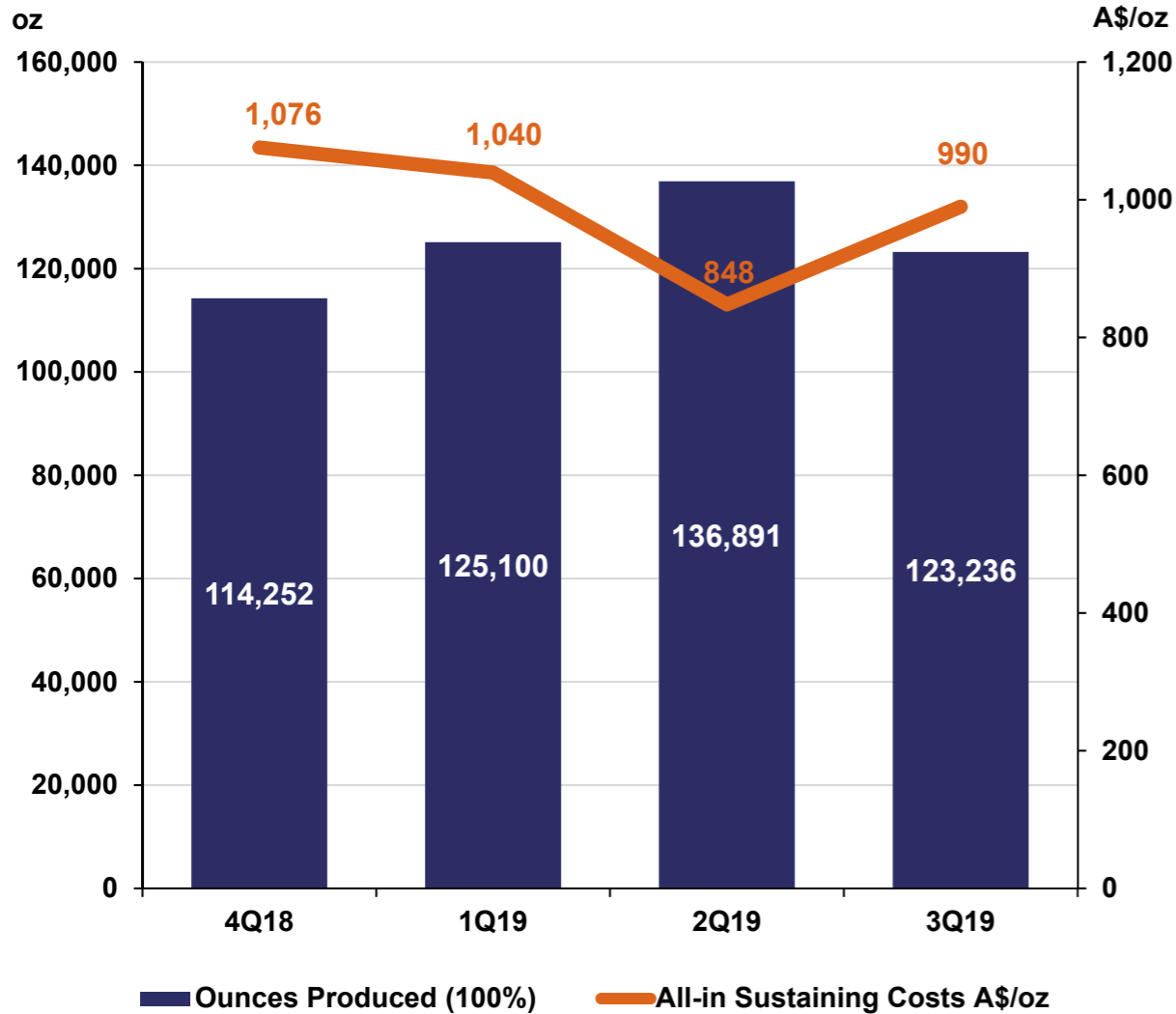
2) Total of sustaining/improvement and development costs represent total capital costs

# Tropicana

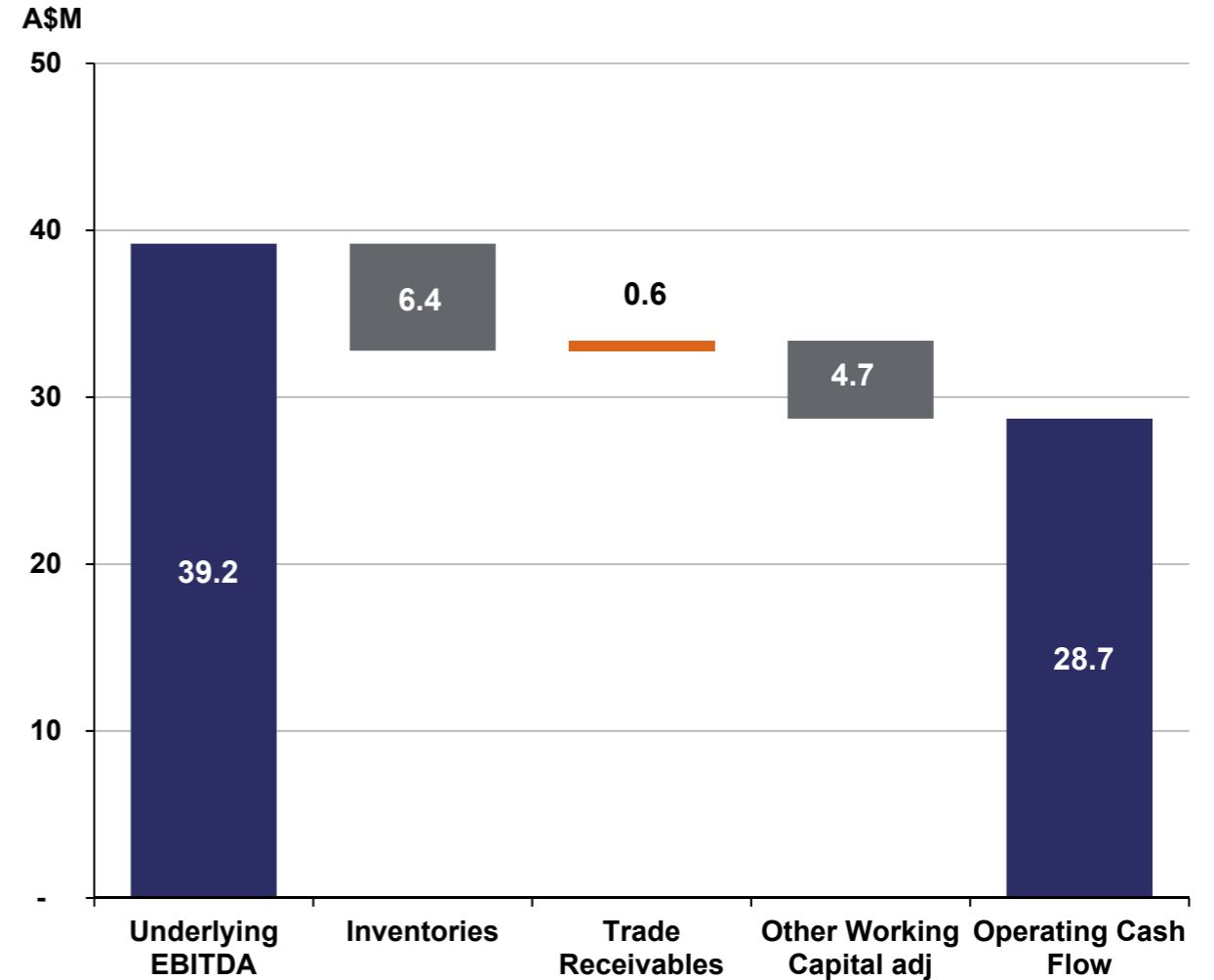


Strong EBITDA margin of 59% and FCF margin of 31%

## Tropicana Production (100%) and AISC



## Tropicana Cash Flow Reconciliation

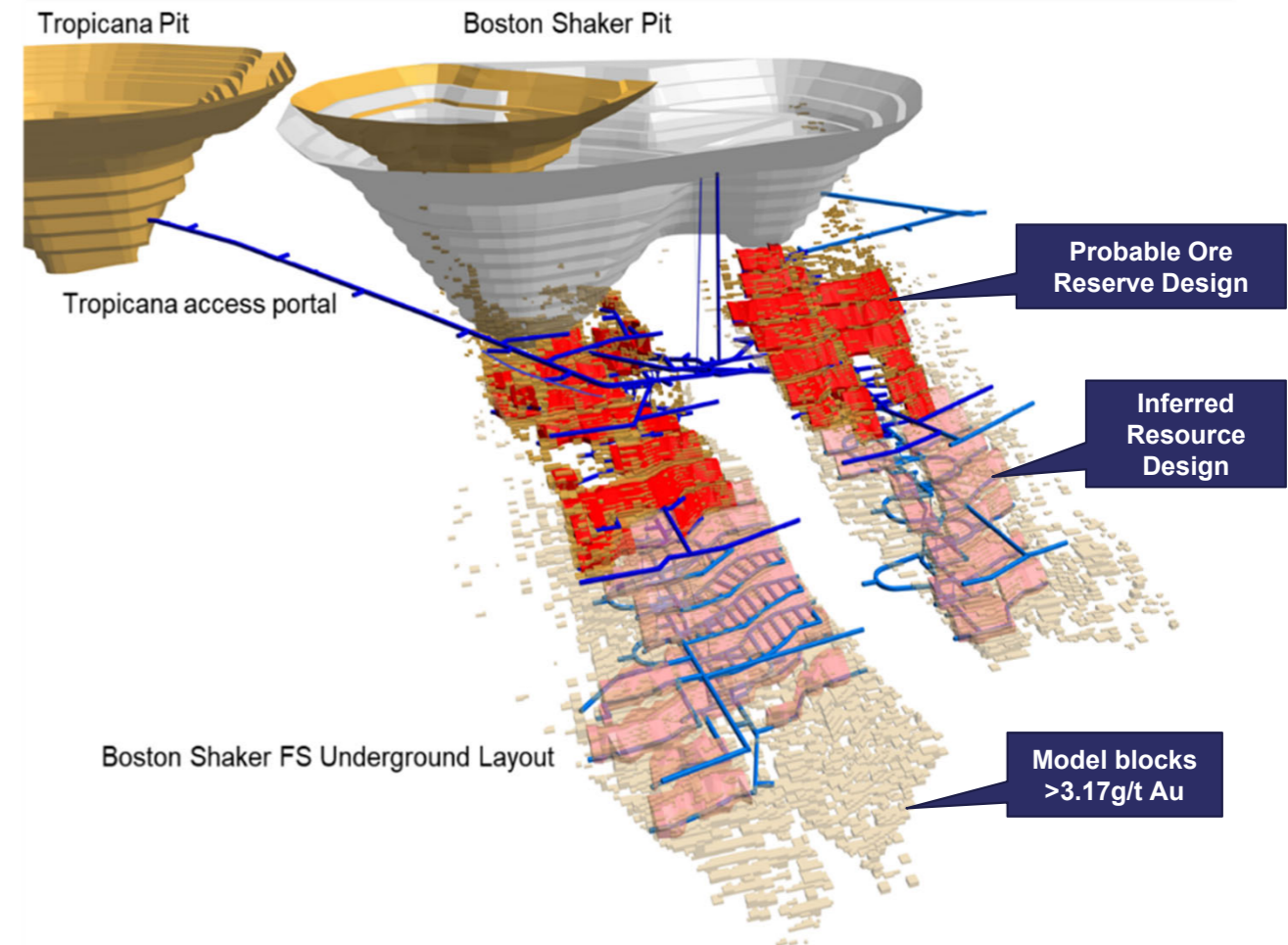


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## Boston Shaker Underground

- **Development to commence in May 2019 following positive feasibility**
  - Capital cost estimated at A\$105M<sup>(1)</sup>
  - Operating costs estimated at A\$95/tonne<sup>(2)</sup>
  - Average gold production of ~100koz/year over seven years
- **First gold production in 1Q21**
  - Delivers improved grade and production profile from FY21 with Tropicana gold production expected to average 450 to 500koz/year till FY23
- **Further underground opportunities at Havana and Havana South**

### Boston Shaker Underground Development Layout<sup>(3)</sup>



1) 100% basis. IGO share of capital cost estimated at A\$32M

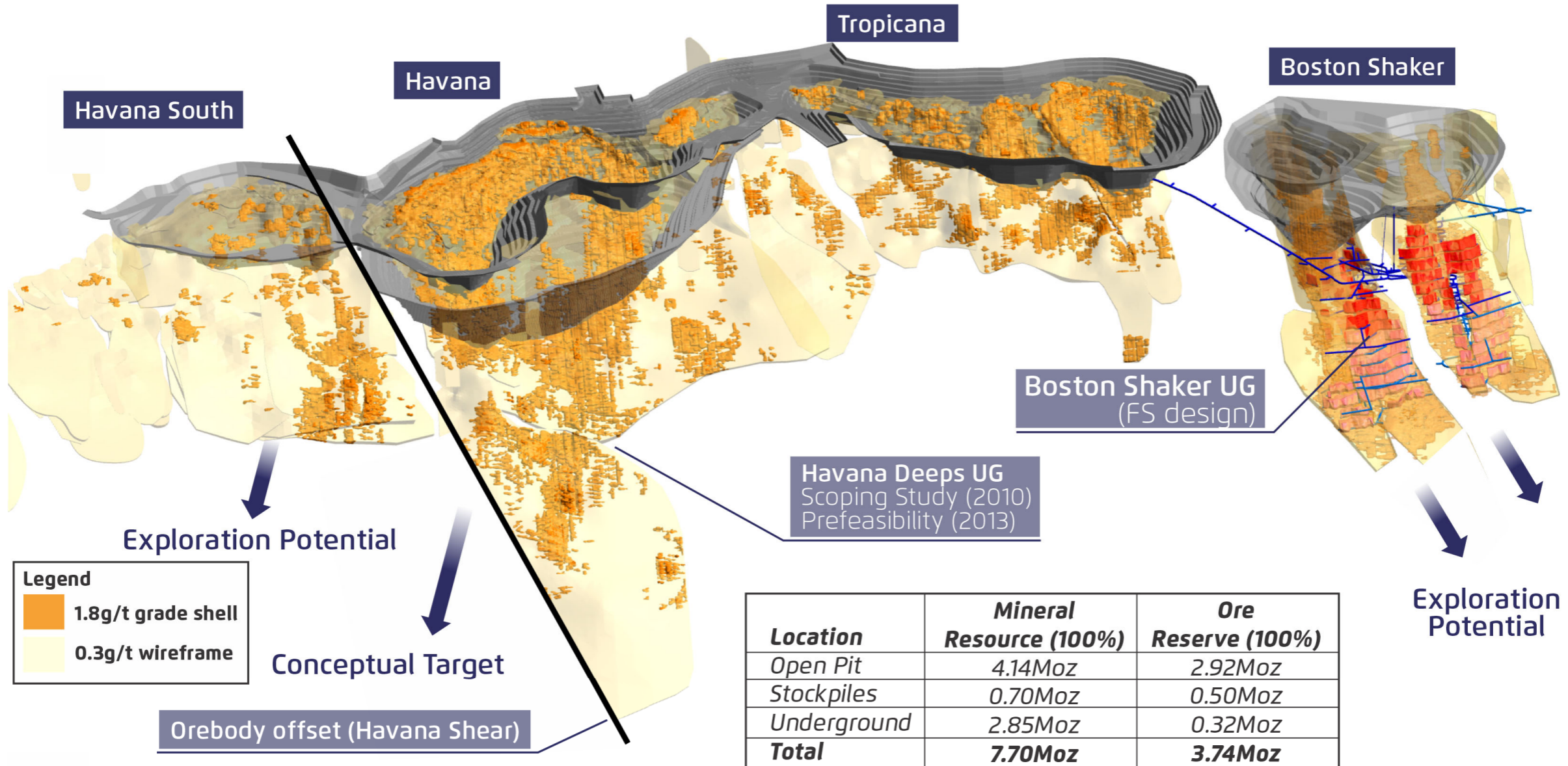
2) All-in-sustaining underground production costs

3) Refer to ASX release dated 28 March 2019: Tropicana Joint Venture Approves Boston Shaker Underground Development



# Tropicana mineralised system

Significant opportunity for additional value enhancement

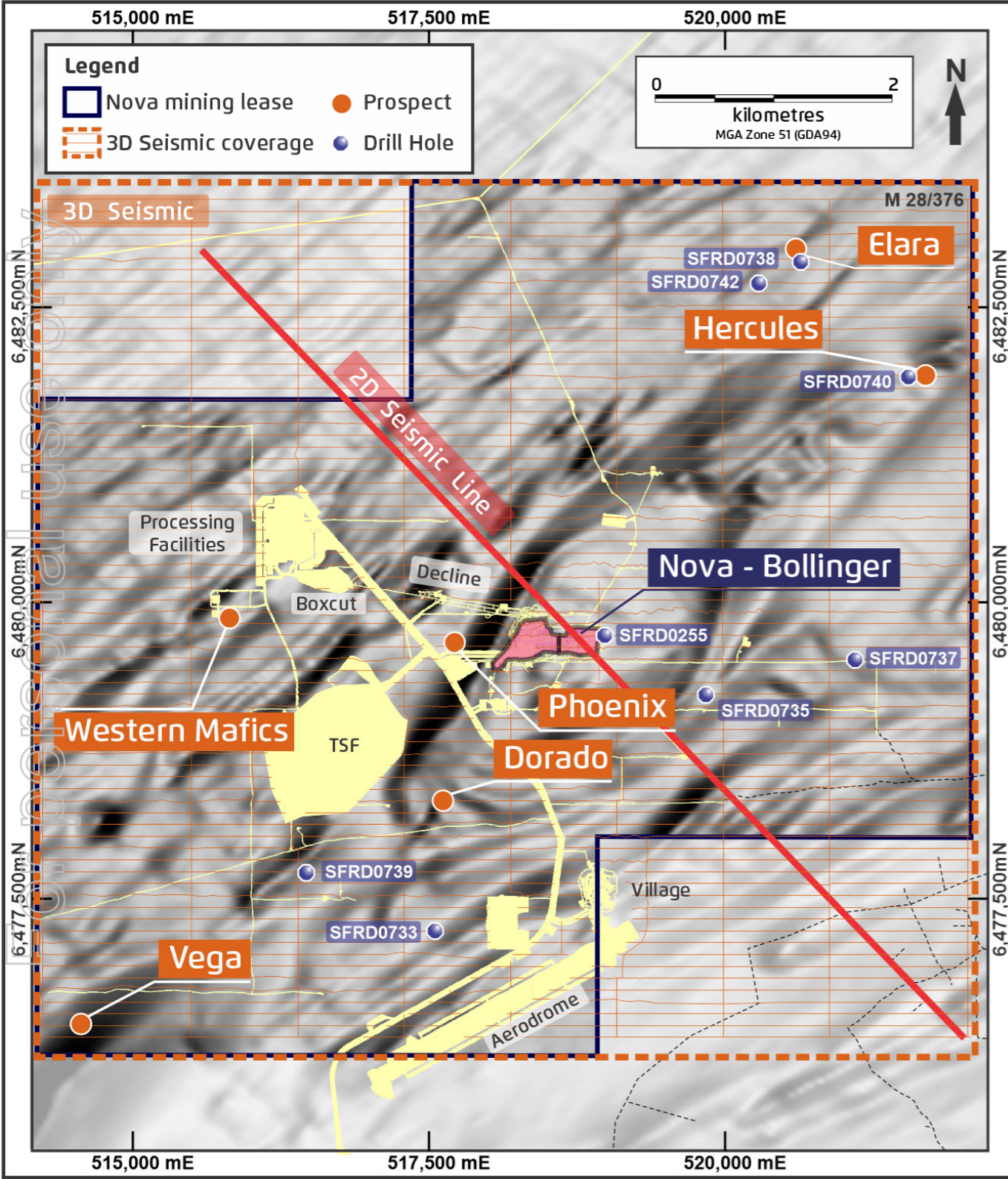


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1) Refer to IGO ASX release dated 20 Feb 2019: CY18 Mineral Resource & Ore Reserve Statement

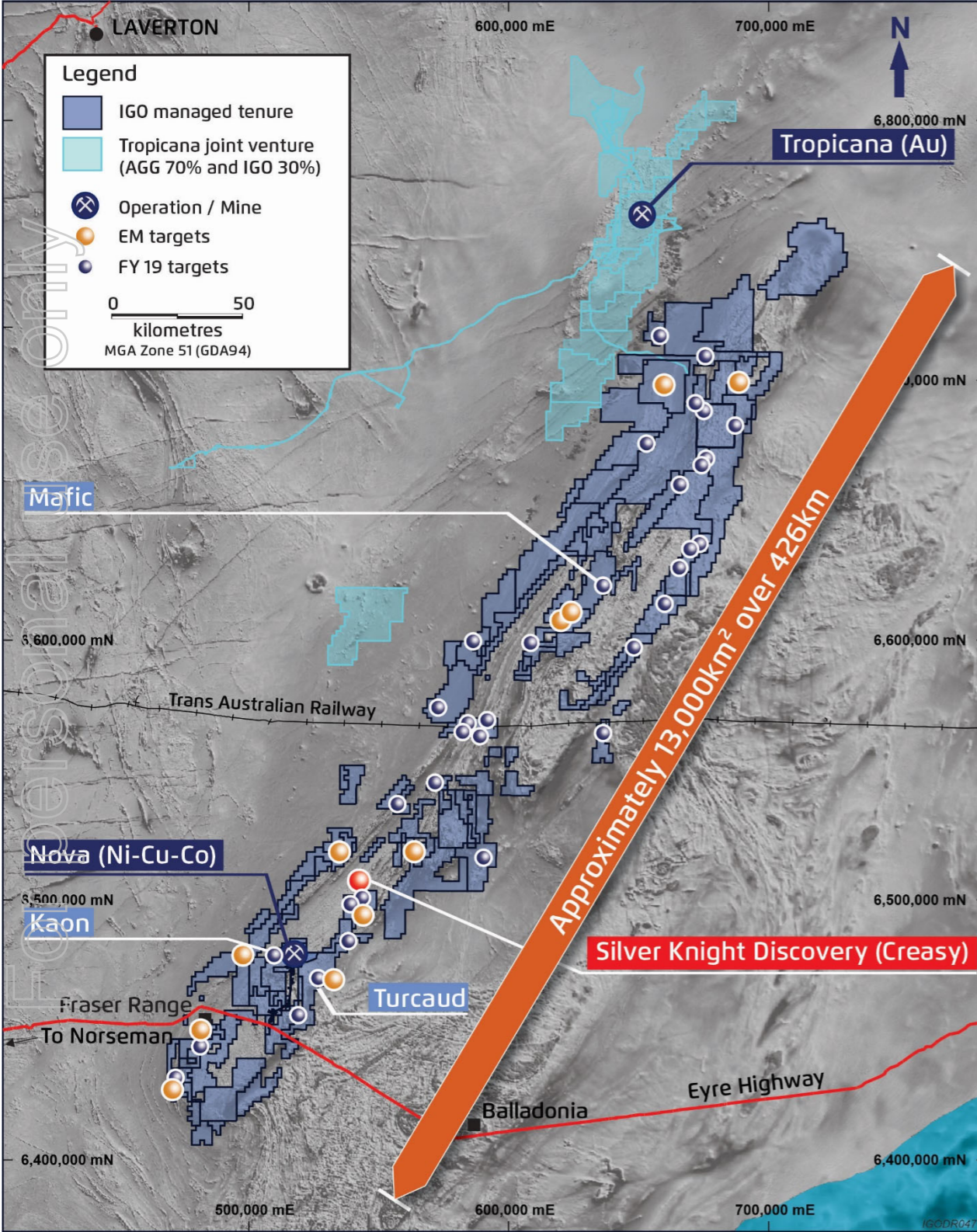
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# Exploration Update



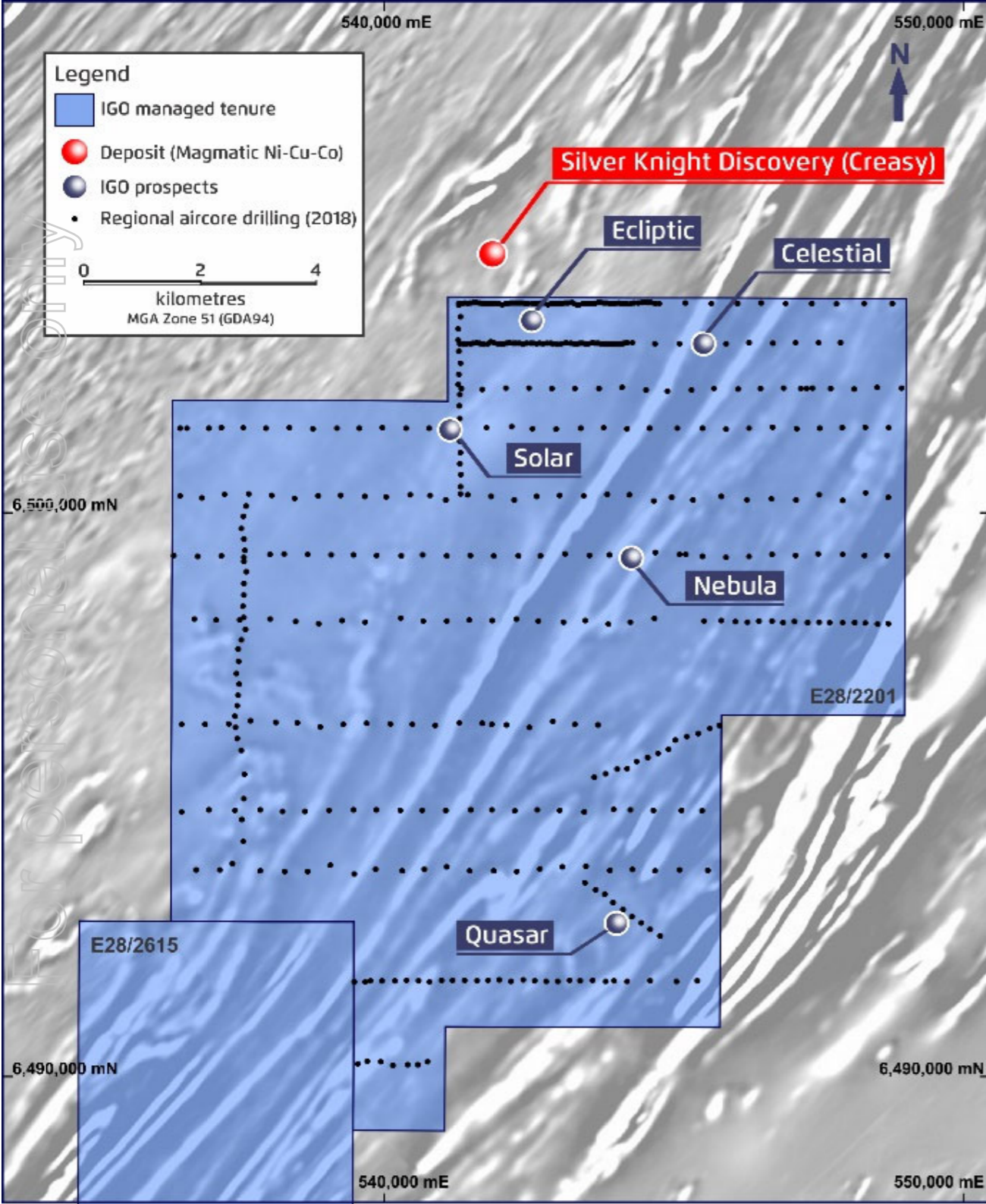
## Nova Exploration

- Targeting extensions to Nova system
- Diamond drill program expanded to test multiple high quality targets identified from 3D seismic data
- Six deep surface drill holes and 15 underground drill holes completed during 3Q19
- Underground drilling extends C5 mineralisation to the north
- Early results from Elara are highly encouraging
  - Intersected thick package of Nova rock types
  - DHEM identified off-hole EM conductor



## Fraser Range Regional

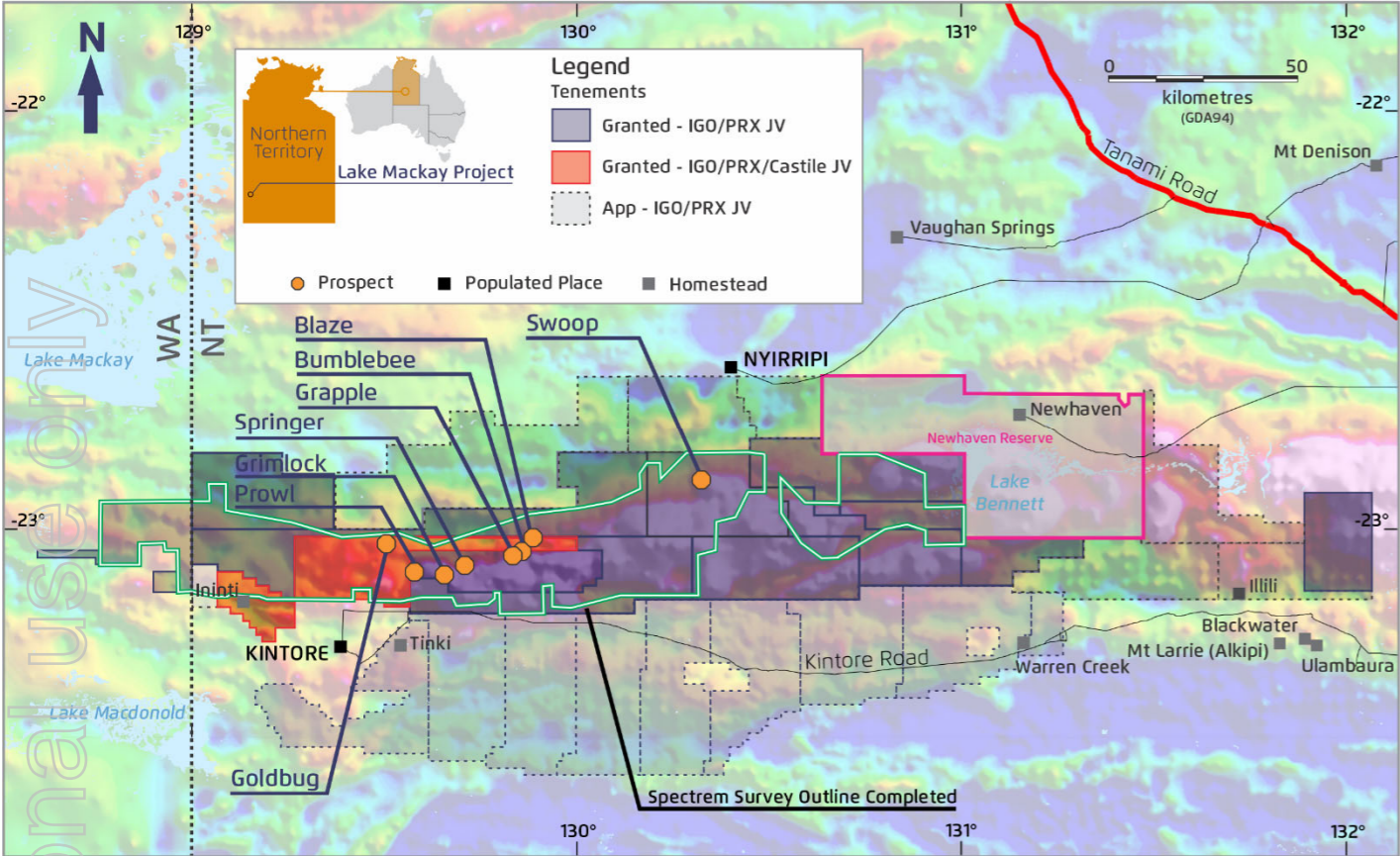
- Drill testing 40 targets in 2019
- RC drilling and DHEM program has commenced in northern Fraser Range
- Regional aircore drilling continues to identify new mafic and ultramafic intrusions across entire length of Fraser Range Project
  - Kaon target (5km west of Nova) currently being tested using LT SQUID
  - Turcaud and Mafic prospects identified by airborne EM to be drilled during 4Q19
- Airborne EM program nearing completion and aircore geochem expected to be completed by end-CY19



## Widowmaker

- 30km NE of Nova, immediately south of Creasy Group's Silver Knight discovery
- Active drilling at Ecliptic and Solar prospects with results expected during 4Q19
  - Aircore drilling at Ecliptic contained disseminated sulphides with two follow-up RC holes just completed (results pending)
  - Diamond drilling ongoing at Solar, a large, strongly conductive Squid EM target located along-strike from Silver Knight

1) [www.dmirs.wa.gov.au](http://www.dmirs.wa.gov.au) Online Catalogue



## Lake Mackay

- SpectremAir airborne EM survey completed in January 2019
- Project expanded to 19,200km<sup>2</sup> with nine new exploration licence applications
- RC drilling commenced in April 2019, targeting;
  - Priority EM targets prospective for sulphide mineralisation including Blaze and Prowl
  - Priority nickel-cobalt laterite prospects including Grimlock
  - Priority geochemical targets including Goldbug

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1) Lake Mackay tenements are held variously in joint venture with Prodigy Gold NL and Castile Resources Pty Ltd

## Concluding Comments

- Outstanding 3Q19 operating and financial result
- Nova continues to perform with record metal production and low cash costs
- Nova and Tropicana on track to deliver on FY19 production guidance
- Strong free cash flow generation increases net cash to A\$172M
- Boston Shaker underground development approved
- Nickel sulphate study and extensive exploration program continuing



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