

INDEPENDENCE GROUP NL

1H18 Half Yearly Results Presentation

A successful 1H18 supported by Nova and Tropicana



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21 February 2018

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- Any references to IGO Mineral Resource and Ore Reserve estimates, except the Tropicana Mineral Resource and Ore Reserve, should be read in conjunction with IGO's 2017 Mineral Resource and Ore Reserve announcement dated 23 October 2017 and lodged with the ASX, which is available on the IGO website.
- References to Mineral Resource and Ore Reserves at Tropicana should be read in conjunction with IGO’s Tropicana JV Commits to Long Island and Increased Mill Rate update, dated 7 December 2017 and lodged with the ASX, and is available on the IGO website.
- All currency amounts in Australian Dollars unless otherwise noted.
- 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, redundancy and restructuring costs, depreciation and amortisation, and once-off transaction costs.
- Underlying NPAT comprises net profit (loss) after tax adjusted for; post tax effect of acquisition and integration costs, and impairments.
- Free Cash Flow (FCF) 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.

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1H18 Highlights



A strong first half for FY18 supported by Nova and Tropicana

- **Successful first half-year of commercial production at Nova; both production and costs within guidance**
- **Tropicana gold production, cash costs and AISC significantly better than pro-rata full year guidance**
- **Primary metal production from Jaguar and Long all broadly within pro-rata full year guidance**
- **Underlying EBITDA of A\$133M and cash flow from operating activities of A\$111M**
- **A\$29M debt repaid and net debt reduced to A\$120M**
- **Stockman transaction completed**
- **Interim dividend declared of 1 cent per share fully franked**

Sustainability

Focused on better outcomes for our people

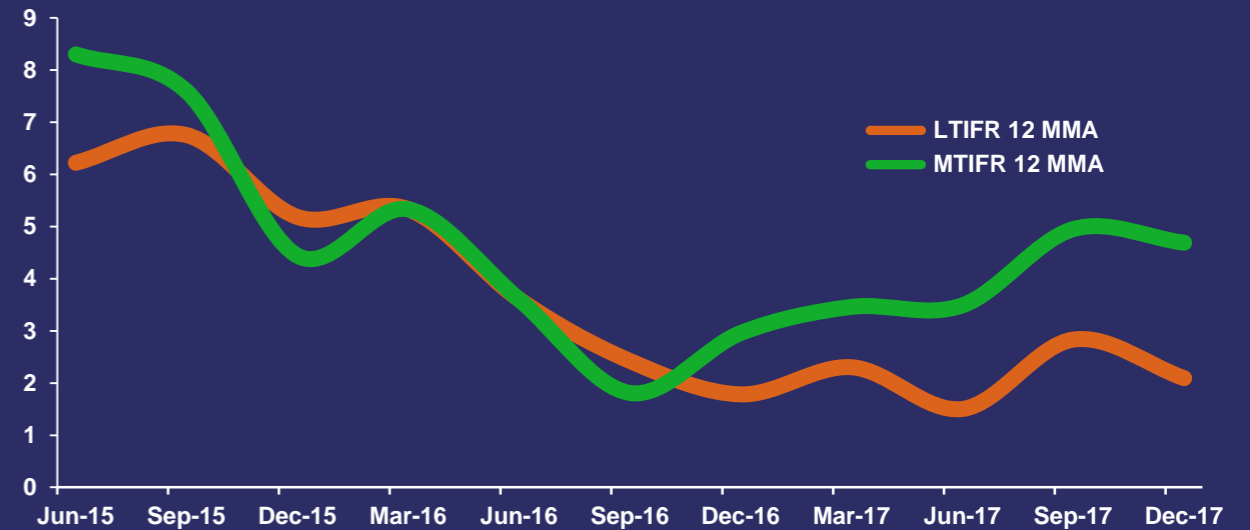
- One lost time injury during the period, with the current LTIFR⁽²⁾ at 2.09
- Visible safety leadership focus continues
- Good progress in a number of areas and no material environmental incidents
- Active engagement in all communities around mines
- Established a heritage agreement with the Ngadju people
- FY17 Sustainability Report published

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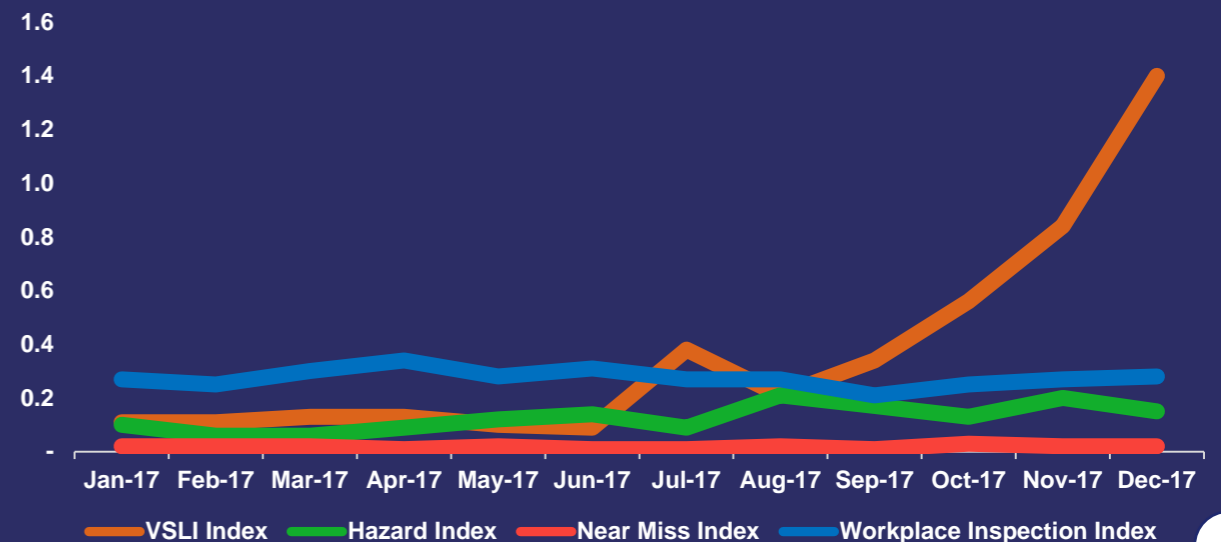
1) 12 month moving average MTIFR – Medically Treated Injury Frequency Rate: calculated as the number of medically treated injuries x 1,000,000 divided by the total number of hours worked
 2) 12 month moving average LTIFR – Lost Time Injury Frequency Rate: calculated as the number of Lost Time injuries x 1,000,000 divided by the total number of hours worked
 3) Sep-17 LTIFR rate has increased from 2.75 to 2.83 as a result of the reclassification of a single injury from 29 Jul 2017
 4) VSLI: Visual Safety Leadership Interaction



Key Lag Safety Metrics^(1,2,3)



Key Lead Safety Metrics⁽⁴⁾



Strengthening Financial Results



Balance sheet continues to strengthen with net debt reduced to A\$120M

	Units	1H18	1H17	Inc/(Dec)
Revenue and Other Income	A\$M	354.8	223.1	59%
Underlying EBITDA ⁽¹⁾	A\$M	133.4	81.8	63%
Profit After Tax	A\$M	3.2	20.2	(84%)
Net Cash from Operating Activities	A\$M	111.4	25.6	335%
Underlying Free Cash Flow ⁽²⁾	A\$M	40.6	(49.3)	n/a
Cash	A\$M	51.3	109.2	(53%)
Debt	A\$M	171.4	200.0	(14%)

Net cash flow from operating activities increased by 335% driven by:

- The inclusion of Nova operating cash flows
- Increased gold sales from Tropicana
- 1H17 was impacted by the payment of stamp duties to WA State government of A\$58.2M

1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).

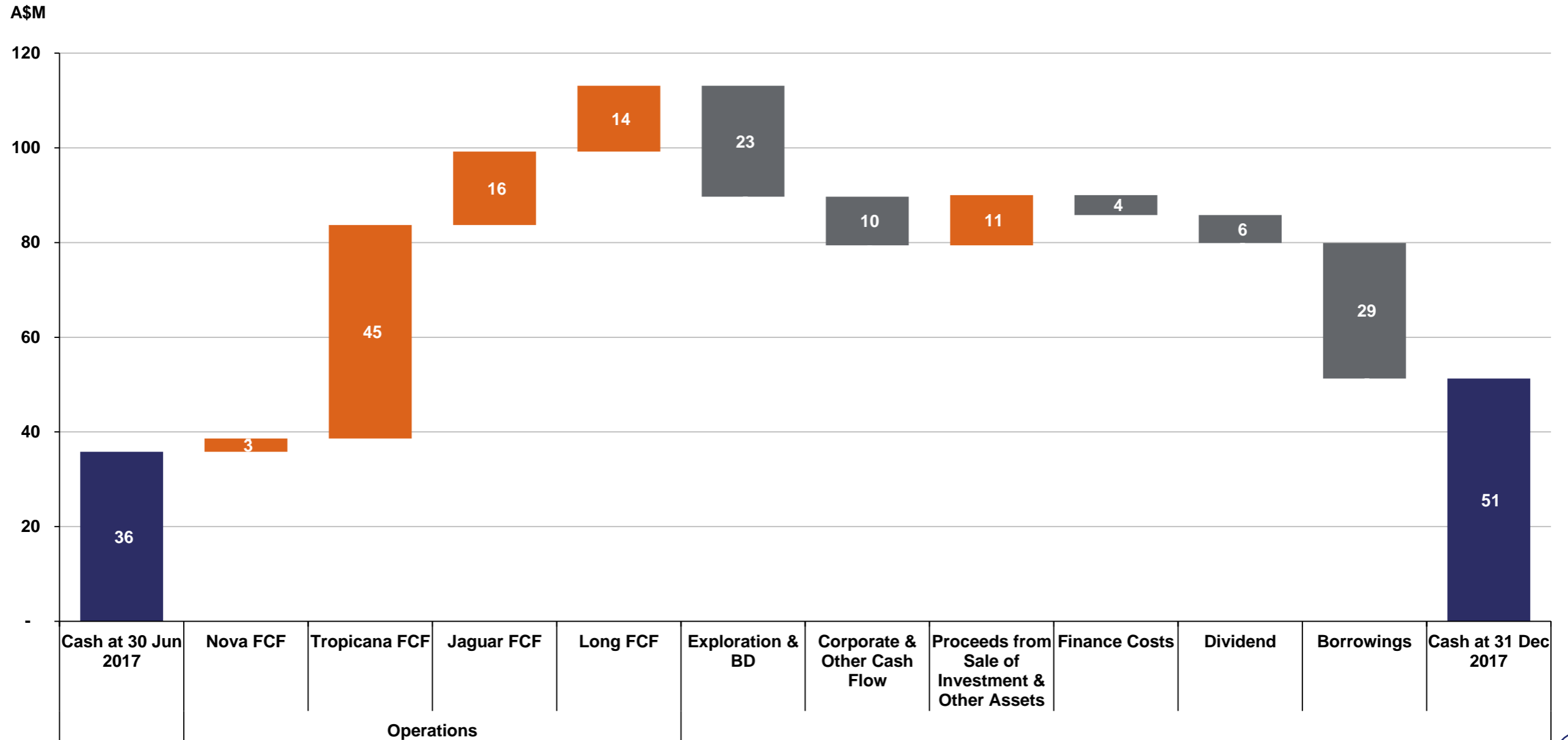
2) Underlying Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities, together with certain adjustments. Underlying Free Cash Flow in 1H18 excludes A\$11M in partial proceeds received from the divestment of the Stockman Project (1H17: excludes stamp duty payments to Western Australian State Government, payments for investments and mineral interests and payment for the acquisition of Windward Resources, net of cash received)

1H18 Cash Flow Reconciliation



Operations generated strong cash flows for the period

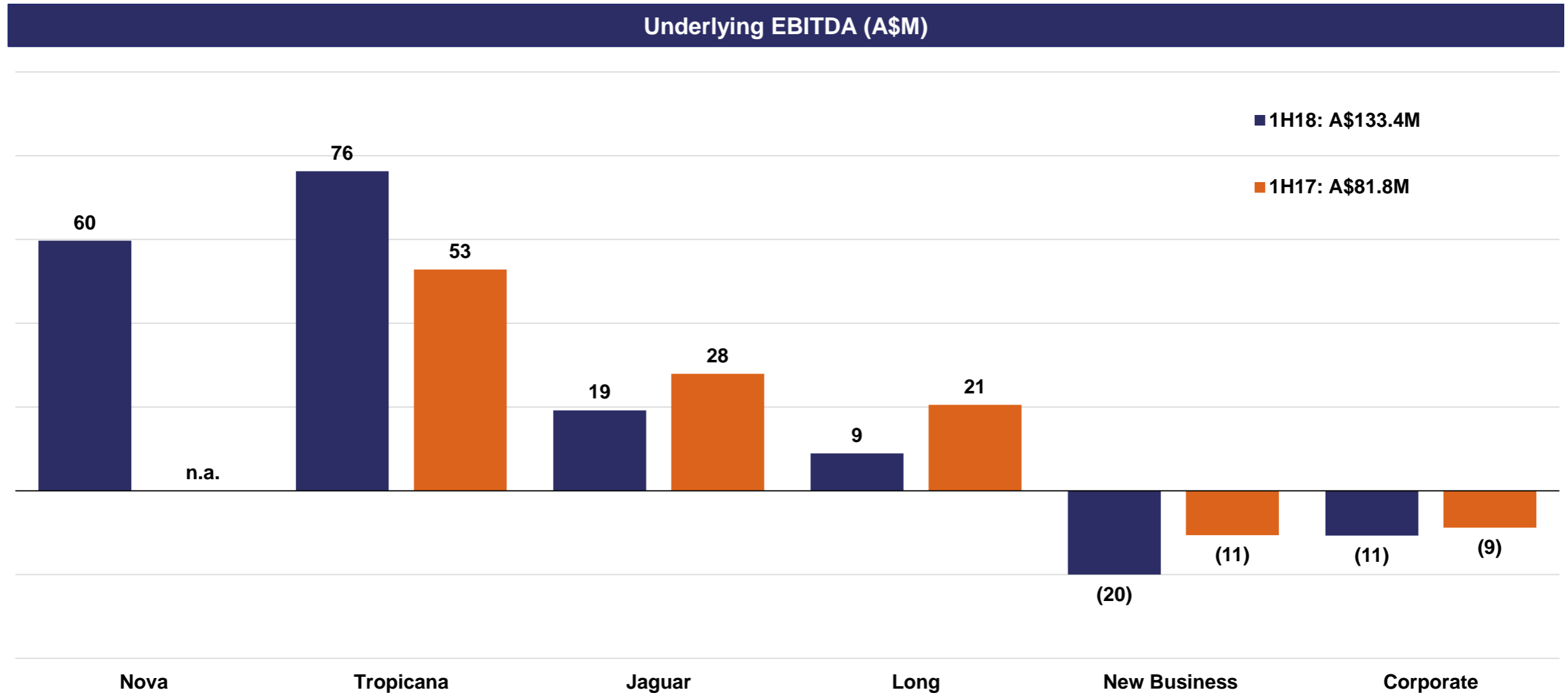
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1H18 Underlying EBITDA Components



Underlying EBITDA improved 63% YoY



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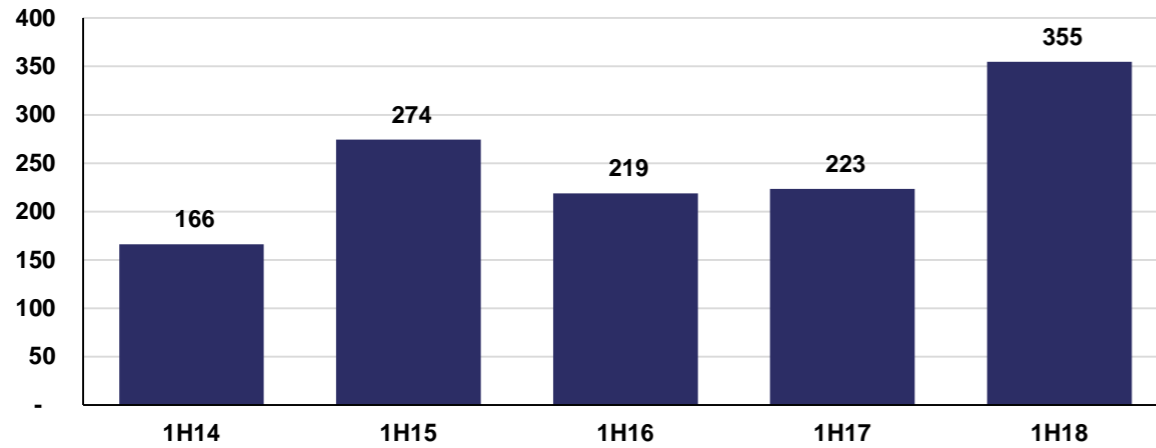
Earnings Summary



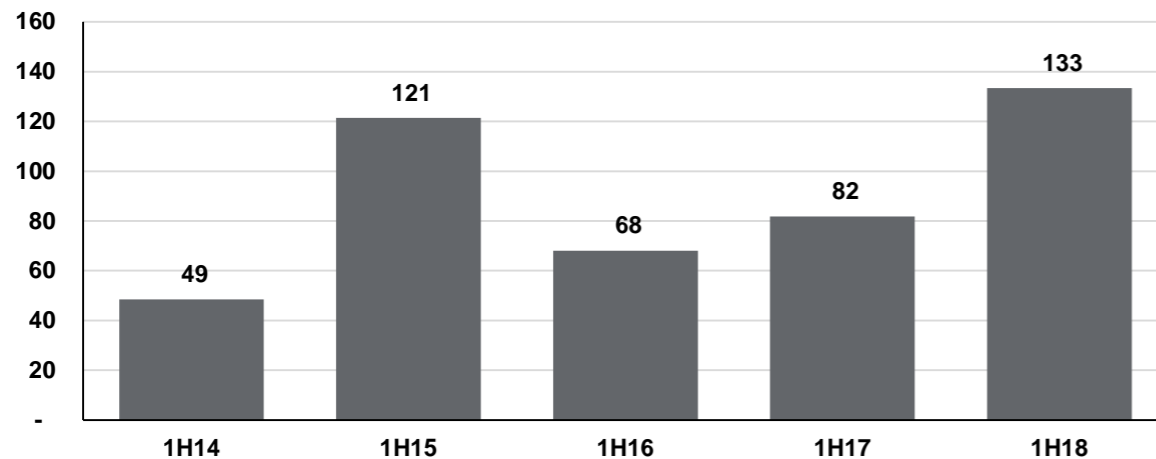
NPAT lower due to depreciation and amortisation charges from Nova

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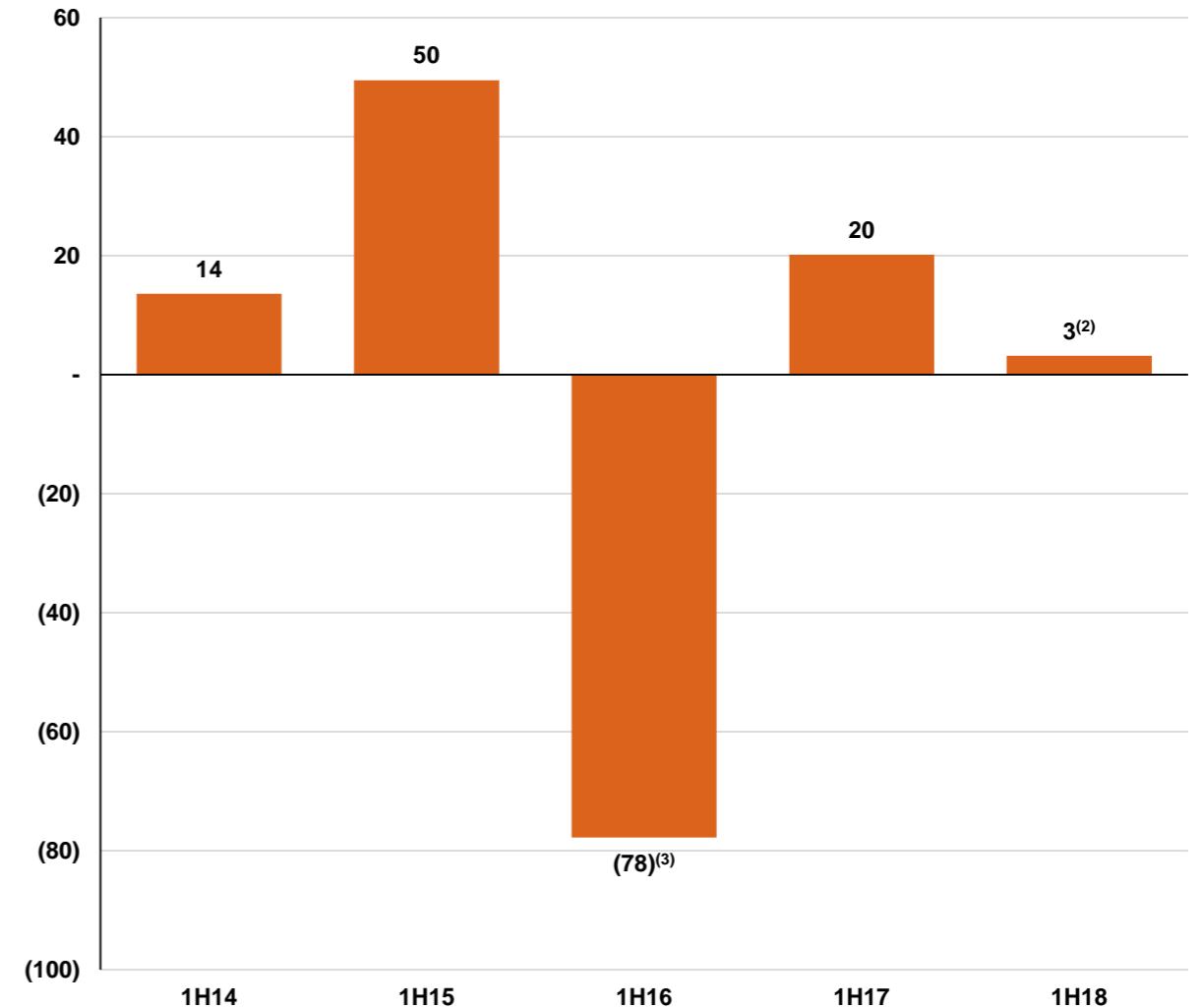
Revenue (A\$M)



Underlying EBITDA (A\$M)⁽¹⁾



NPAT (A\$M)



1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).
2) 1H18 NPAT includes A\$123M of depreciation and amortisation charges (1H17: A\$48M)
3) 1H16 NPAT was impacted by A\$66.5M of acquisition and other integration costs

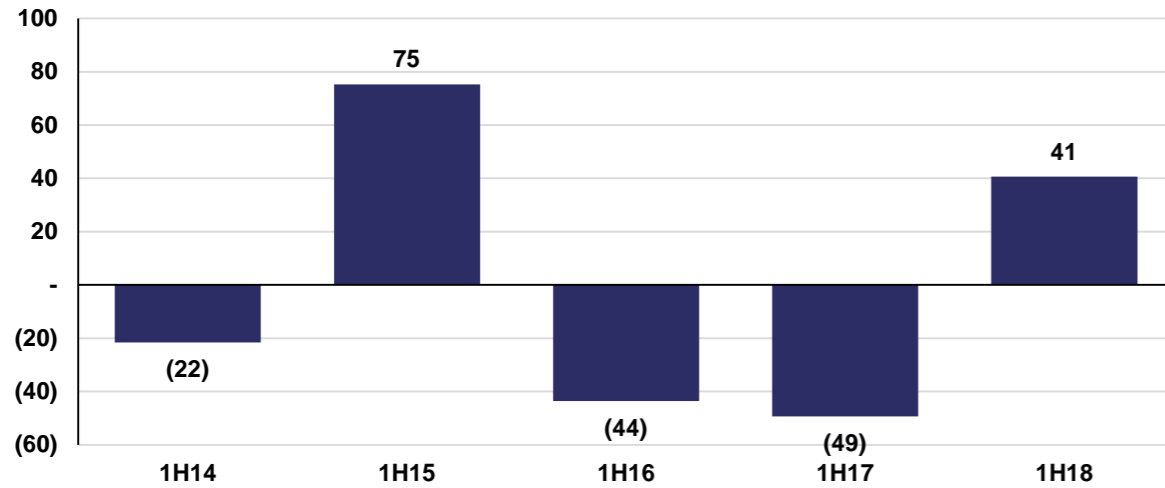
Cash Flow Summary

Cash flows strengthening due to commercial production at Nova

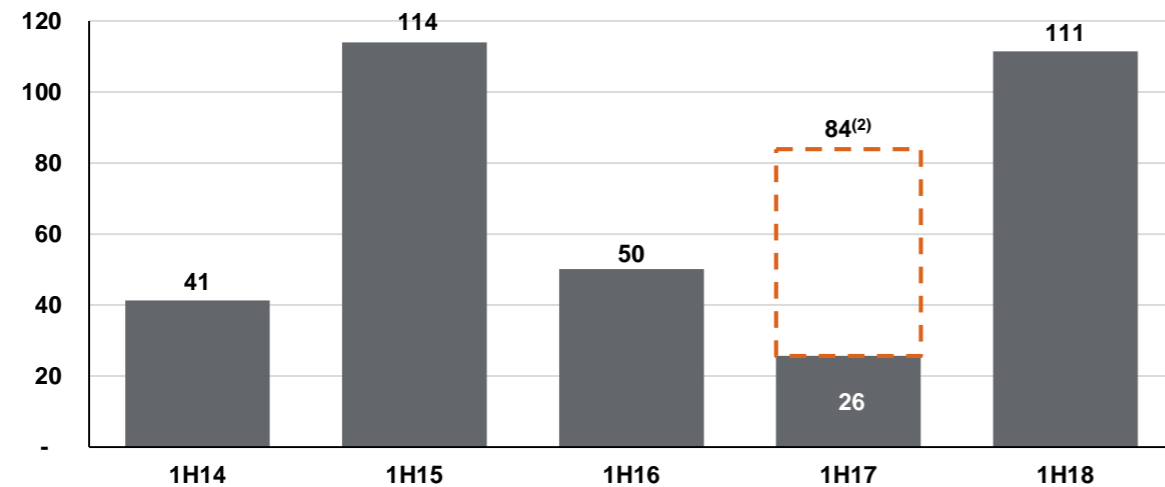


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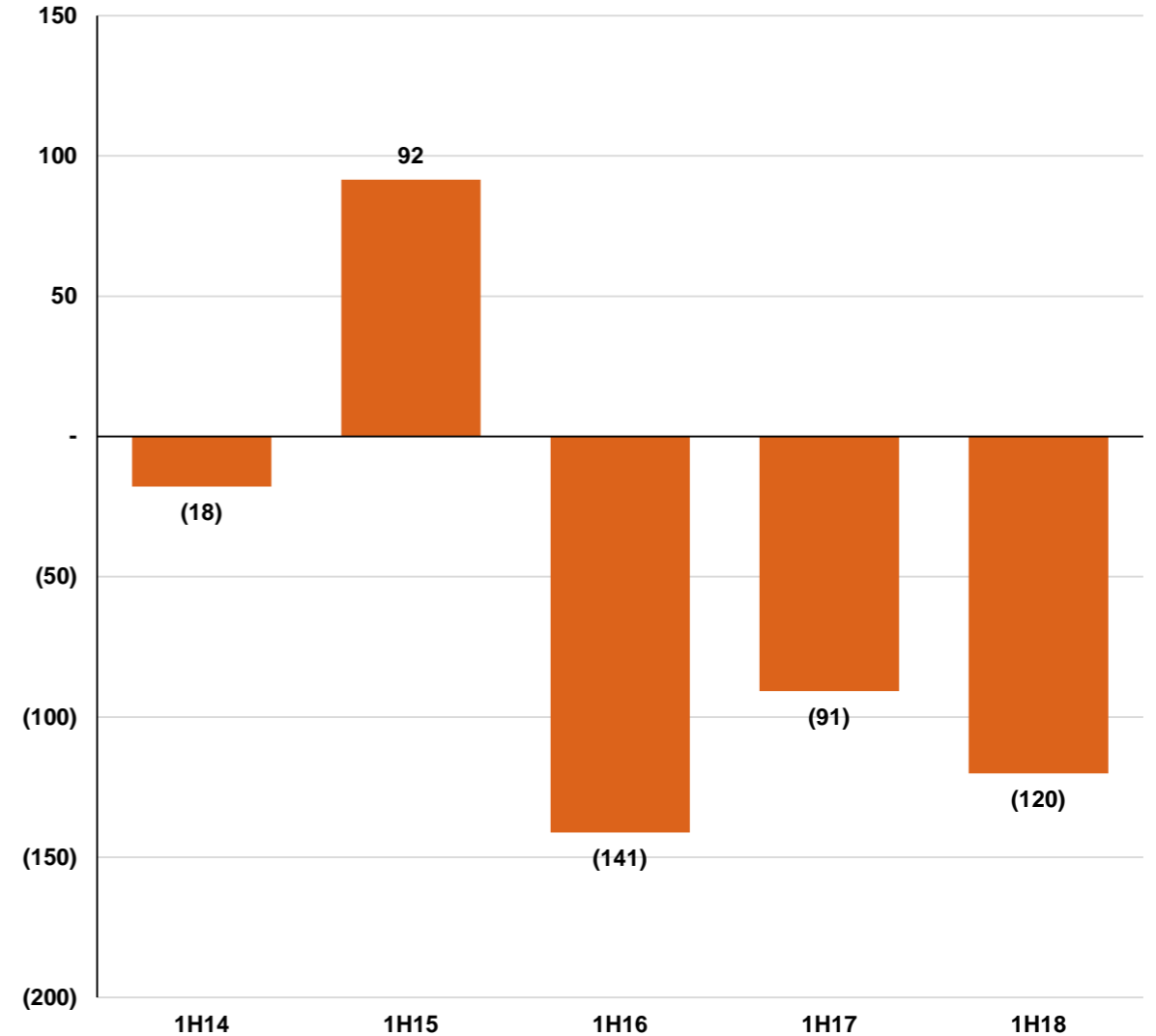
Underlying Free Cash Flow (A\$M)⁽¹⁾



Operating Cash Flow (A\$M)



Net Cash (A\$M)



1) Underlying Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities. Underlying Free Cash Flow in 1H18 excludes A\$11M in partial proceeds received from the divestment of the Stockman Project

2) 1H17 Operating Cash Flow is net of A\$58M Taxes (Stamp Duty) payment

Segment Financial Results



Earnings from Nova are included in the half-year results for the first time

Operation	Metric	1H18	1H17	Change	Inc/(Dec)
Nova	Revenue	124.8	-	124.8	n/a
	Underlying EBITDA ⁽¹⁾	59.7	-	59.7	n/a
	Free Cash Flow ⁽²⁾	2.8	-	2.8	n/a
Tropicana	Revenue	127.5	106.6	20.9	20%
	Underlying EBITDA ⁽¹⁾	76.3	52.8	23.5	44%
	Free Cash Flow ⁽²⁾	45.1	30.9	14.2	46%
Jaguar	Revenue	72.3	76.5	(4.2)	(6%)
	Underlying EBITDA ⁽¹⁾	19.2	27.9	(8.7)	(31%)
	Free Cash Flow ⁽²⁾	15.5	27.6	(12.1)	(44%)
Long	Revenue	30.0	38.5	(8.5)	(22%)
	Underlying EBITDA ⁽¹⁾	8.9	20.5	(11.6)	(57%)
	Free Cash Flow ⁽²⁾	13.9	16.7	(2.8)	(17%)

Segment drivers relative to previous corresponding period

- Earnings from Nova are included in the half-year results for the first time following the declaration of commercial production on 1 July 2017
- Tropicana revenue and earnings increase was driven by a 14% increase in gold sold and a 5% higher realised A\$ gold price
- Jaguar revenue and underlying EBITDA decrease was driven by lower overall mined/processed tonnes and grade
- Long revenue and earnings decrease was driven predominately by lower mined tonnes and lower mined grade

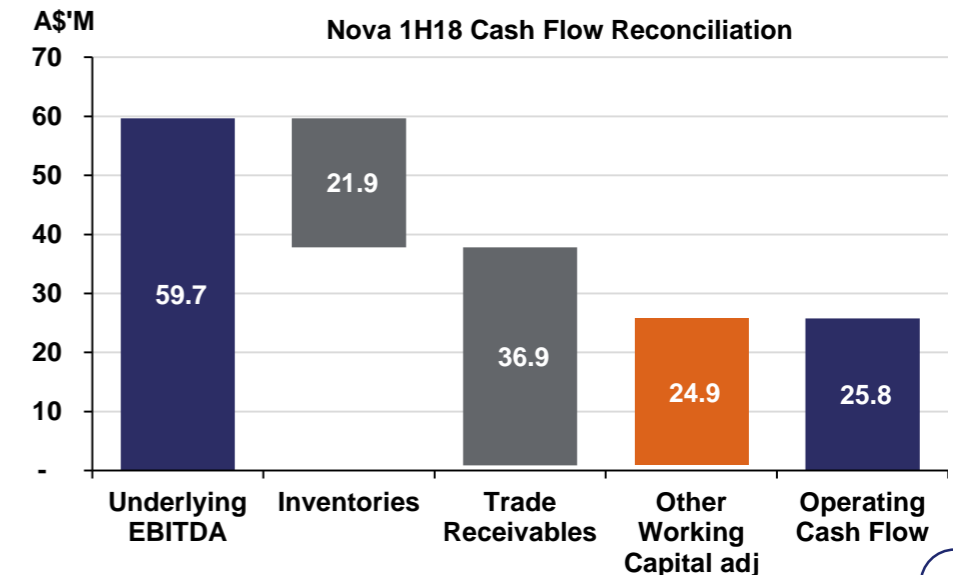
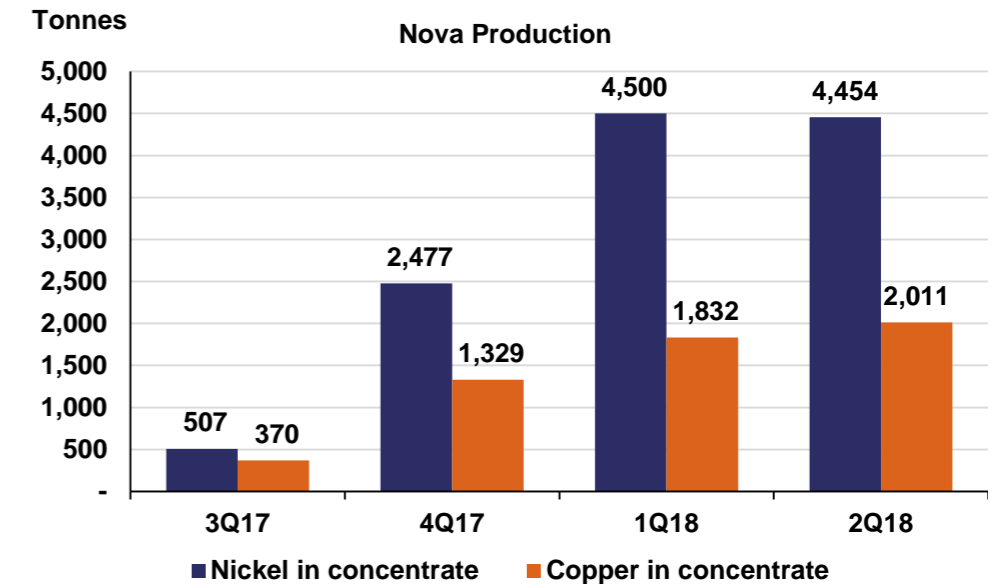
1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).

2) Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities

Metric	Units	1H18	1H17	Inc/(Dec)	Guidance ⁽¹⁾
Nickel in concentrate	t	8,954	-	8,954	7,500 – 9,000
Copper in concentrate	t	3,843	-	3,843	4,000 – 4,500
Cobalt in concentrate	t	290	-	290	250 – 350
Cash cost (payable)	A\$/lb Ni	3.91	-	3.91	3.70 - 4.50
Development Capex	A\$M	28.0	-	28.0	30 – 32
Build Capex ⁽²⁾	A\$M	(1.2)	-	(1.2)	0 – 2
Sustaining Capex	A\$M	2.5	-	2.5	3 – 5
Exploration expenditure	A\$M	3.1	-	3.1	5 - 6

1H18 Drivers & Outlook

- Successful first half-year of commercial production at Nova; both production and costs within guidance and all nameplate parameters achieved during the period
- Bollinger stopping commenced in December
- Scoping study to investigate Ni/Co sulphate downstream processing progressed, metallurgical testwork to commence in 3Q18



1) Nova 1H18 guidance range

2) Build capex represents the net balance, on a cash basis, paid to suppliers and received from customers for pre-30 Jun 2017 Capital Expenditure activities

Tropicana

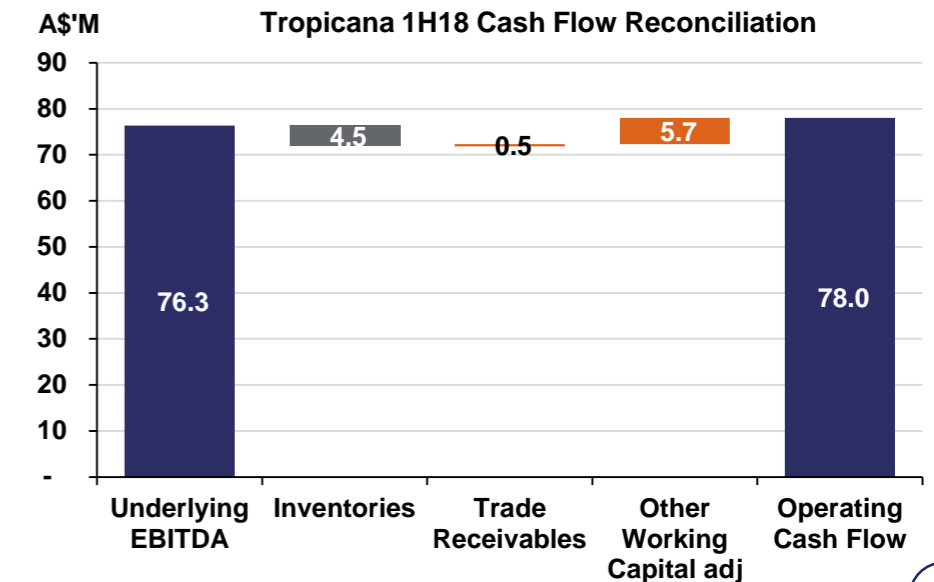
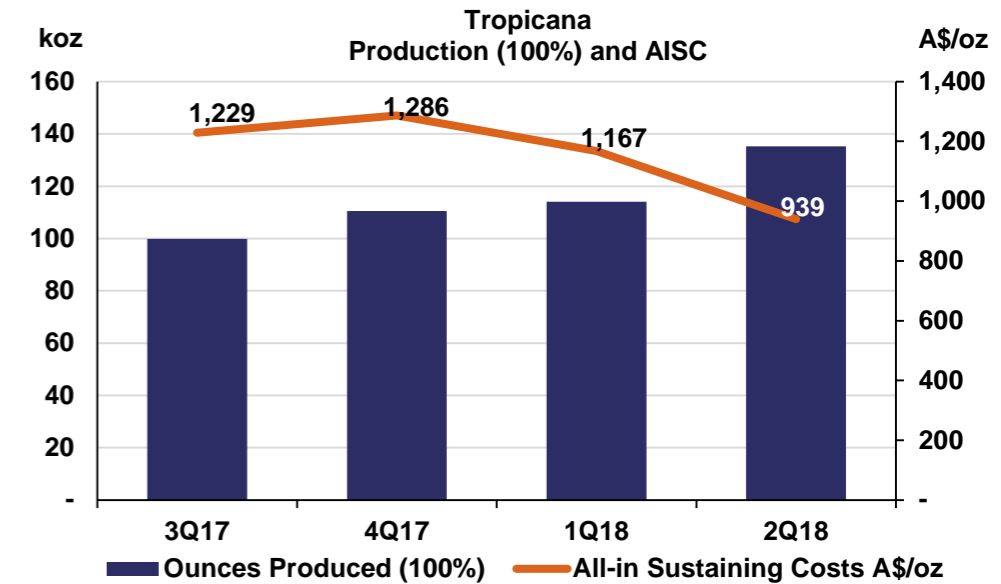
First half scorecard



Metric	Units	1H18	1H17	Inc/(Dec)	Guidance ⁽²⁾
Gold produced (100%)	koz	249.3	221.2	28.1	220.0 – 245.0
Gold Sold (IGO 30%)	koz	74.5	65.4	9.1	66.0 – 73.5
Cash cost	A\$/oz	678	821	(143)	680 – 750
AISC ⁽¹⁾	A\$/oz	1,040	1,070	(30)	1,060 – 1,170
Sustaining/improve capex	A\$M	8.4	6.4	2.0	10.0 – 12.0
Capitalised waste stripping	A\$M	22.9	13.9	9.0	22.0 – 27.5
Exploration expenditure	A\$M	2.4	3.5	(1.1)	2.0 – 2.5

1H18 Drivers & Outlook

- Production, cash costs and AISC significantly better than YTD guidance
- Improved process plant throughput and grade achieved, with a total of 3.9Mt of ore processed at an average grade of 2.27g/t Au
- Grade streamlining has re-commenced and delivers elevated gold production in CY18 and CY19
- Phase One of the Long Island strategy has been approved as well as the decision to install an additional 6MW ball mill in the processing plant
- Accelerated mining rates maintained and will continue as part of Long Island mining strategy



1) AISC is All-in Sustaining Costs

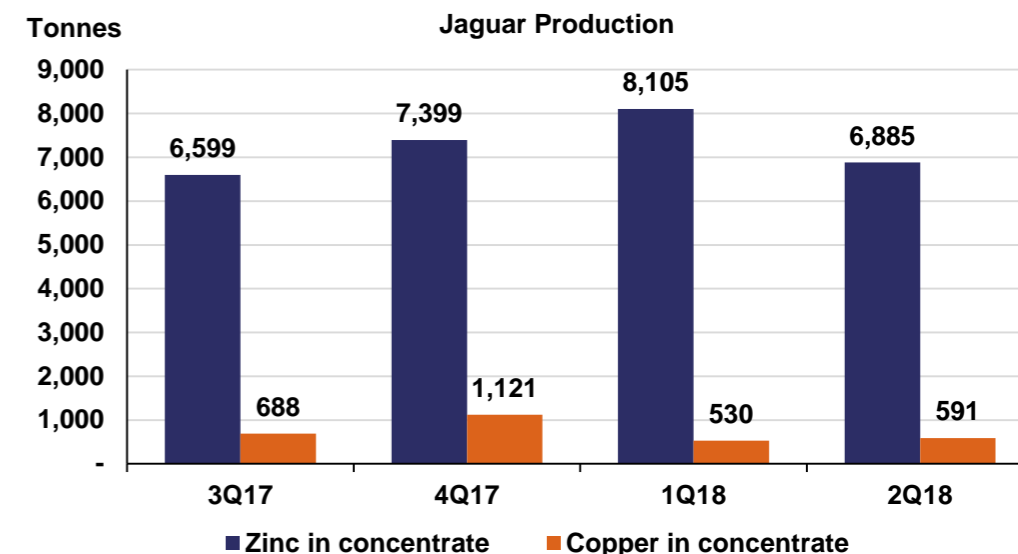
2) Implied half yearly guidance (FY18 guidance divided by two)

Jaguar

First half scorecard

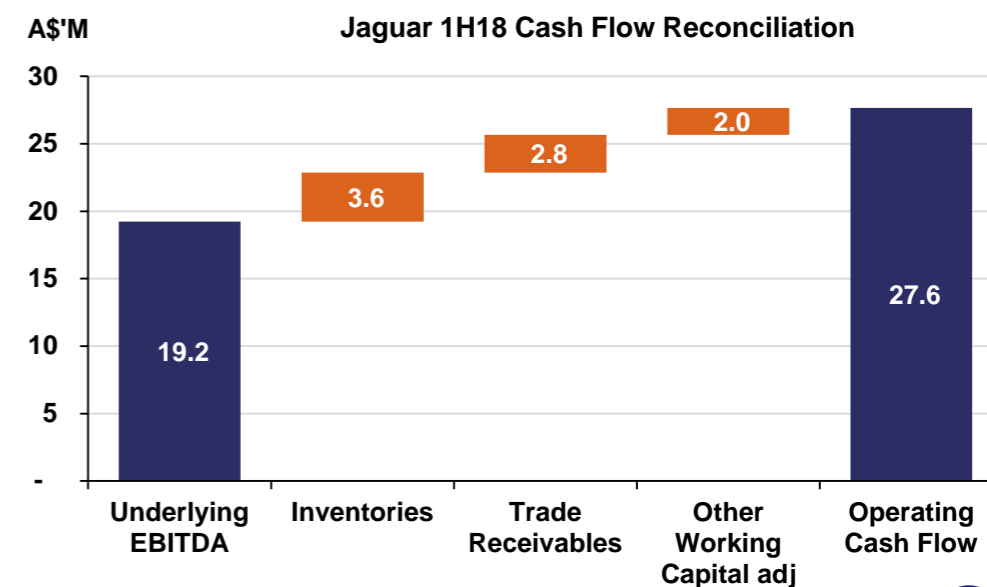


Metric	Units	1H18	1H17	Inc/(Dec)	Guidance ⁽¹⁾
Zinc in concentrate	t	14,990	18,641	(3,651)	14,500 – 16,500
Copper in concentrate	t	1,121	2,756	(1,635)	1,300 – 1,500
Cash cost (payable)	A\$/lb Zn	1.19	0.77	0.42	0.85 – 1.05
Sustaining capex	A\$M	6.0	4.8	1.2	4.0 – 4.5
Development capex	A\$M	6.2	4.8	1.4	5.0 – 5.5
Exploration expenditure	A\$M	2.3	0.8	1.5	1.5 – 2.5



1H18 Drivers & Outlook

- Zinc YTD guidance met with production expected to further increase in 2H18
- Cash costs were higher due to the lower overall mined and processed tonnes
- Follow up drilling at Jaguar Rising and Pteradactyl in 2Q18 confirms previous anomalism. Regional work program continuing
- Resource work and technical studies underway for Bentayga (Bentley Deeps) – expect to lead to more drilling
- Development of Life of Mine scheduling for the Value Enhancement study continued throughout the first half
- Full geological review was undertaken, which identified a number of prospective near mine targets that are being evaluated and planned to progress towards testing



1) Implied half yearly guidance (FY18 guidance divided by two)

Long

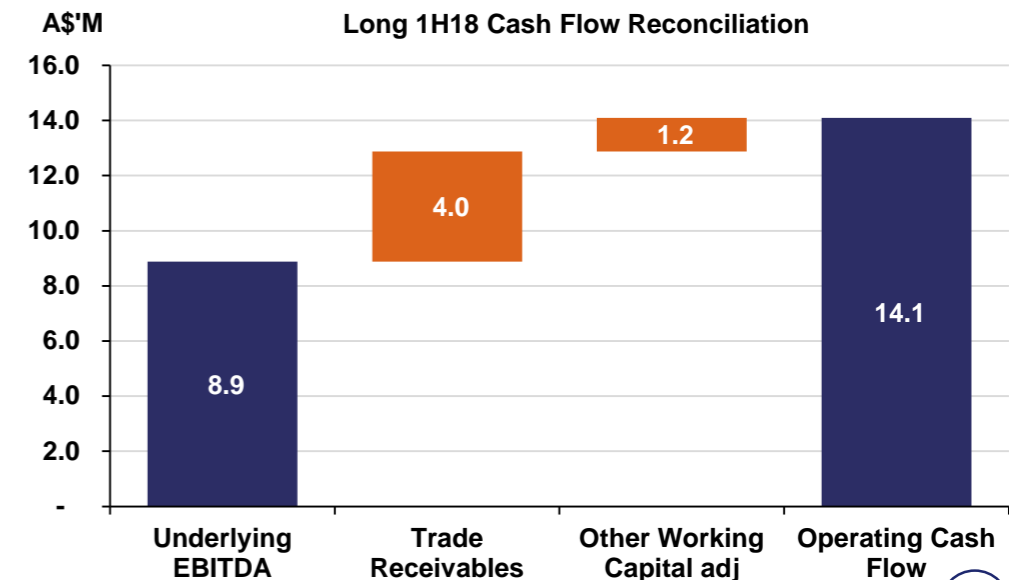
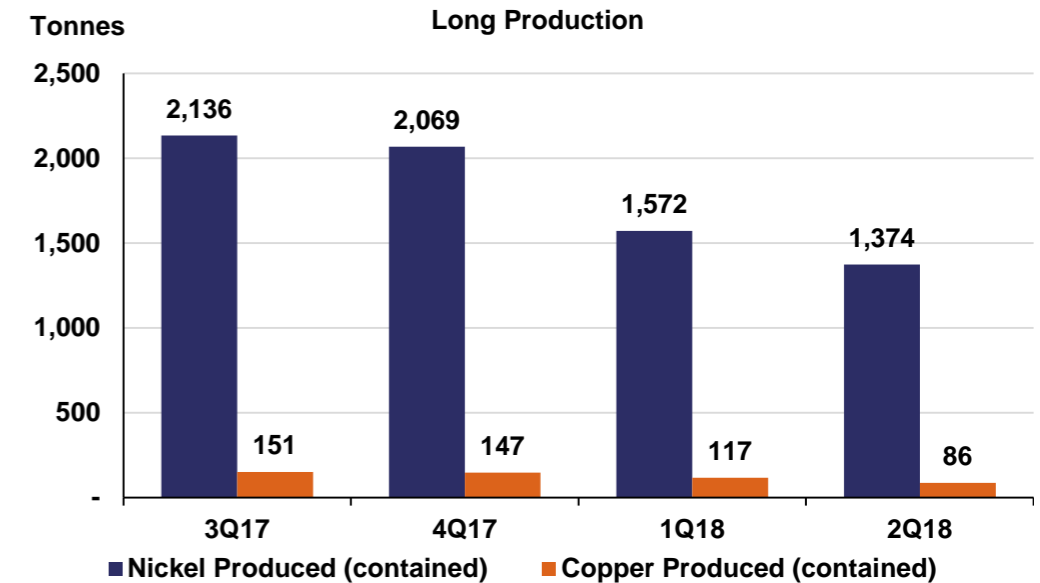
First half scorecard



Metric	Units	1H18	1H17	Inc(Dec)	Guidance ⁽¹⁾
Contained nickel produced	t	2,946	4,229	(1,283)	2,700 – 3,000
Cash cost (payable)	A\$/lb Ni	5.10	3.21	1.89	4.40 – 4.90
Sustaining capex	A\$M	0.2	0.7	(0.5)	0.3 – 0.5
Development capex	A\$M	0.0	0.2	(0.2)	0.3 – 0.5
Exploration expenditure	A\$M	0.0	0.4	(0.4)	0.5 – 1

1H18 Drivers & Outlook

- Production guidance met YTD, however cash costs were higher due to lower production volumes overall
- Current mining is from multiple mining areas
- EM survey at Long North, to test concept that mineralisation continues to the north, commenced late in the first half and was still ongoing at half-year end
- Expect final mining to be 31 May 2018
- Planning for cessation of mining and commencement of care and maintenance continues



1) Implied half yearly guidance (FY18 guidance divided by two)

Corporate

Update

Divestment of Stockman Project to CopperChem finalised in December 2017⁽¹⁾

- Partial proceeds net of costs of A\$10.7M were received at completion
- A\$21M cash payments are scheduled to be received during the 12 months following completion

Change of Chief Operating Officer effected February 2018

- Matt Dusci appointed Chief Operating Officer now effected (previously Chief Growth Officer)
- Rob Dennis appointed Chief Transformation Officer now effected (previously Chief Operating Officer)
 - Ni/Co sulphate processing study
 - Automation at Nova

Growth functions reporting to CEO

- Andrew Eddowes (Head of Corporate Development)
- Ian Sandl (General Manager Exploration)

1) Refer to ASX release dated 8 Dec 2017: Completion of the Stockman Project Divestment



Concluding Comments

- Successful first half-year of commercial production at Nova; both production and costs within guidance
- Solid contributions from Tropicana, Jaguar and Long
- Underlying EBITDA increased by 63%
- Operating cash flow increased by 335%
- A\$29M debt repaid and net debt reduced to A\$120M
- Stockman transaction completed
- Interim dividend declared of 1 cent per share fully franked

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AS WE GO FROM
STRENGTH TO STRENGTH**

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