

# ASX RELEASE

11/10/2017



## 2017 MACQUARIE WESTERN AUSTRALIA FORUM

### PRESENTATION

The attached presentation is being presented today at the Macquarie Western Australia Forum in Perth by our Managing Director and CEO, Peter Bradford. The presentation highlights the continuing positive developments across the business with the Nova nickel - copper - cobalt operation now in commercial production and exploration stepping up at and around Nova and at our other brownfields and greenfields sites.

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# INDEPENDENCE GROUP NL

2017 Macquarie Western Australia Forum

Peter Bradford, Managing Director & CEO



11 October 2017

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- There are a number of risks specific to IGO and of a general nature which may affect the future operating and financial performance of IGO and the value of an investment in IGO including and 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, reserve and resource estimations, native title and title risks, foreign currency fluctuations and mining development, construction and commissioning risk. The production guidance in this presentation is subject to risks specific to IGO and of a general nature which may affect the future operating and financial performance of IGO.
- Any references to IGO Mineral Resource and Ore Reserve estimates, except the Tropicana Mineral Resource and Ore Reserve and Nova Resource should be read in conjunction with IGO’s 2016 Mineral Resource and Ore Reserve announcement dated 14 October 2016 and lodged with the ASX, which are available on the IGO website.
- References to Mineral Resource and Ore Reserve estimates at Tropicana should be read in conjunction with IGO’s Tropicana Gold Mine Value Enhancement Update, dated 15 December 2016 and lodged with the ASX, and is available on the IGO website.
- References to Mineral Resources estimates at Nova should be read in conjunction with IGO’s Nova Mineral Resource Estimate and Exploration Update, dated 26 July 2017 and lodged with the ASX, and is available on the IGO website.
- References to Mineral Resources and Ore Reserve estimates at Triumph should be read in conjunction with IGO’s Jaguar Value Enhancement Study, dated 26 July 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 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

# Post-capex and transitioning to cash generating phase

Intro....



## Corporate overview

- Balance sheet remains strong

## Nova value being realised

- In commercial production
- Focus moving to unlocking upside

## Tropicana value enhancement

- Higher production CY18-19
- Long Island to extend mine life

## Jaguar & Long

- Triumph to add Jaguar mine life

## Exploration to unlock discovery

- Strong team and portfolio

# Corporate Summary

Post capex and positioned for strong FY18



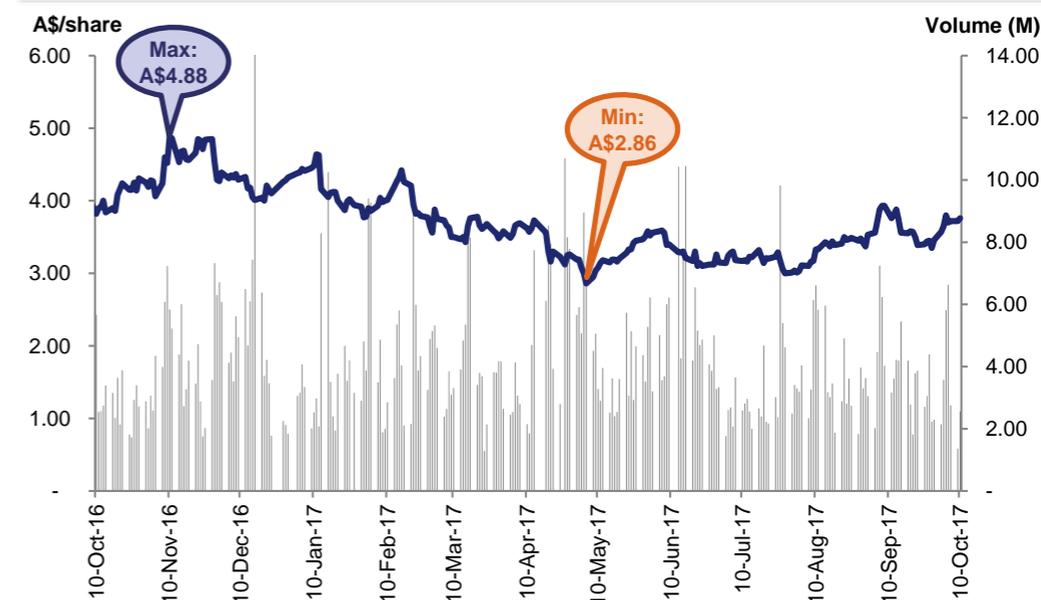
A\$M	FY17	FY16	Change %
Revenue	422	417	1%
Underlying EBITDA <sup>(1)</sup>	151	138	9%
Net Profit after Tax	17	(59)	n/a
Cash Flow from Operations <sup>(2)</sup>	78	102	(24%)
Underlying Free Cash Flow <sup>(3)</sup>	(113)	(142)	n/a
Cash	36	46	(23%)
Debt	200	271	26%

## Share Ownership<sup>(4)</sup>

### Substantial Holders Institutional Ownership

Mark Creasy	16%	Australia	61%
FIL	9%	USA	26%
T Rowe Price	8%	UK & Europe	10%
CBA	7%	ROW	3%

## Share Price Performance<sup>(5)</sup>



Strong balance sheet with Nova now in commercial production and A\$200M undrawn revolver available

Dividend policy to return 30% of NPAT to shareholders

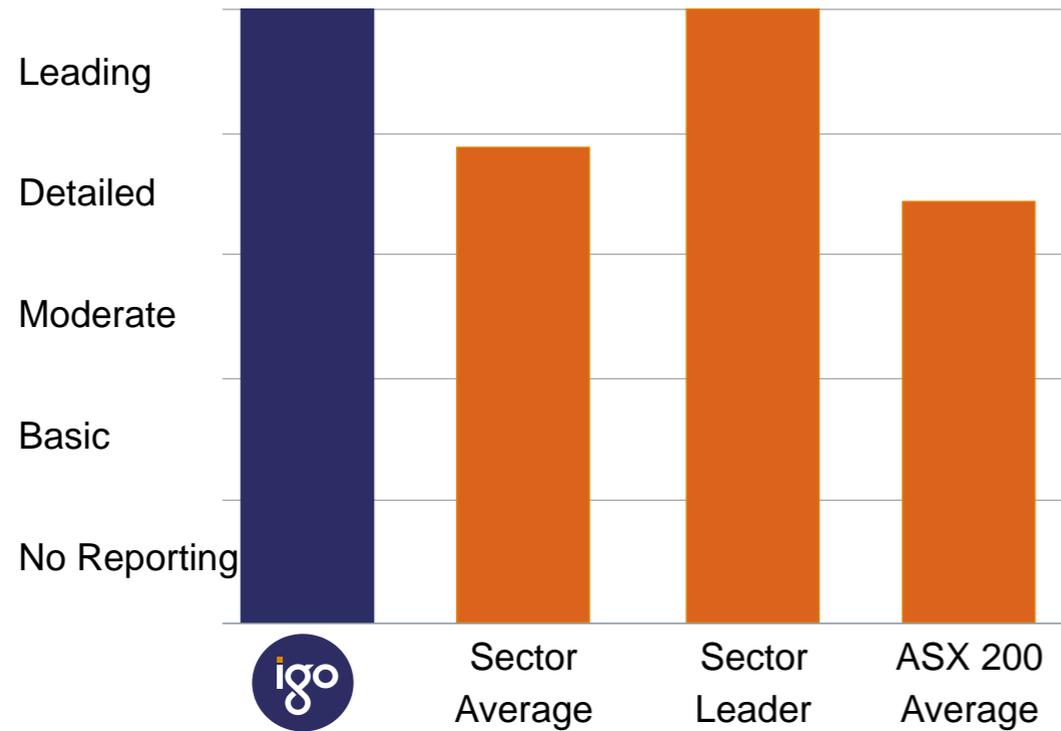
- 1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).
- 2) Cash Flow from Operating Activities from Tropicana, Jaguar and Long Operations.
- 3) Underlying Free Cash Flow is a non-IFRS measure (refer to Disclaimer page). It also excludes net payment for the acquisition of Sirius Resources NL in FY16
- 4) As at September 2017
- 5) As at market close 10 Oct 2017

# Sustainability

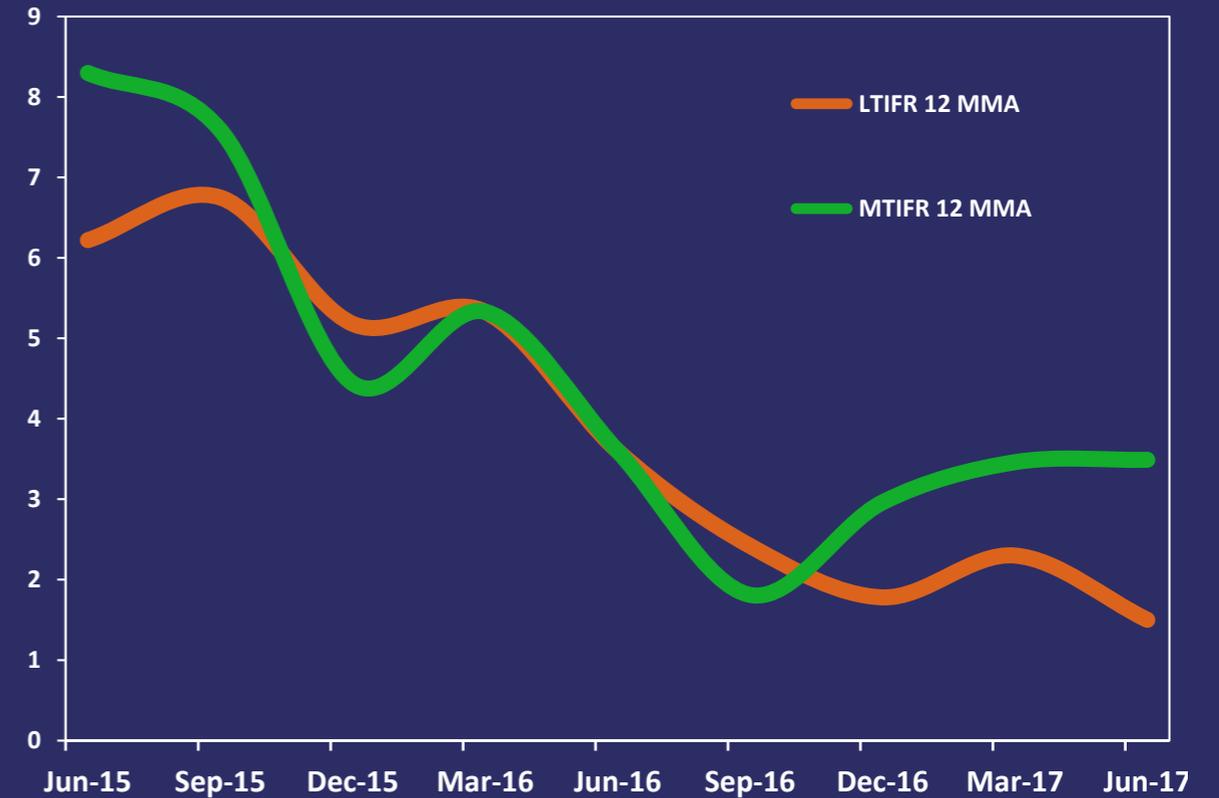
Focused on better outcomes for our people



## ACSI Rating of ASX200 Sustainability Reporting<sup>(1)</sup>



## Ongoing Improvement in Key Lag Safety Metrics<sup>(2,3)</sup>



- 1) ACSI (Australian Council of Superannuation Investors) has reviewed IGO's sustainability disclosure and assessed the company at a "Leading" level
- 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) 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

# A Company with Purpose

To create long-term shareholder value



# Transformational EBITDA Growth

Driven by tier one Tropicana & Nova assets



## Nova aligned to emerging Electric Vehicle metal demand

### Core Assets



Nova: Ni/Cu/Co<sup>(1)</sup>



Tropicana: Au<sup>(2)</sup>

### Other Assets

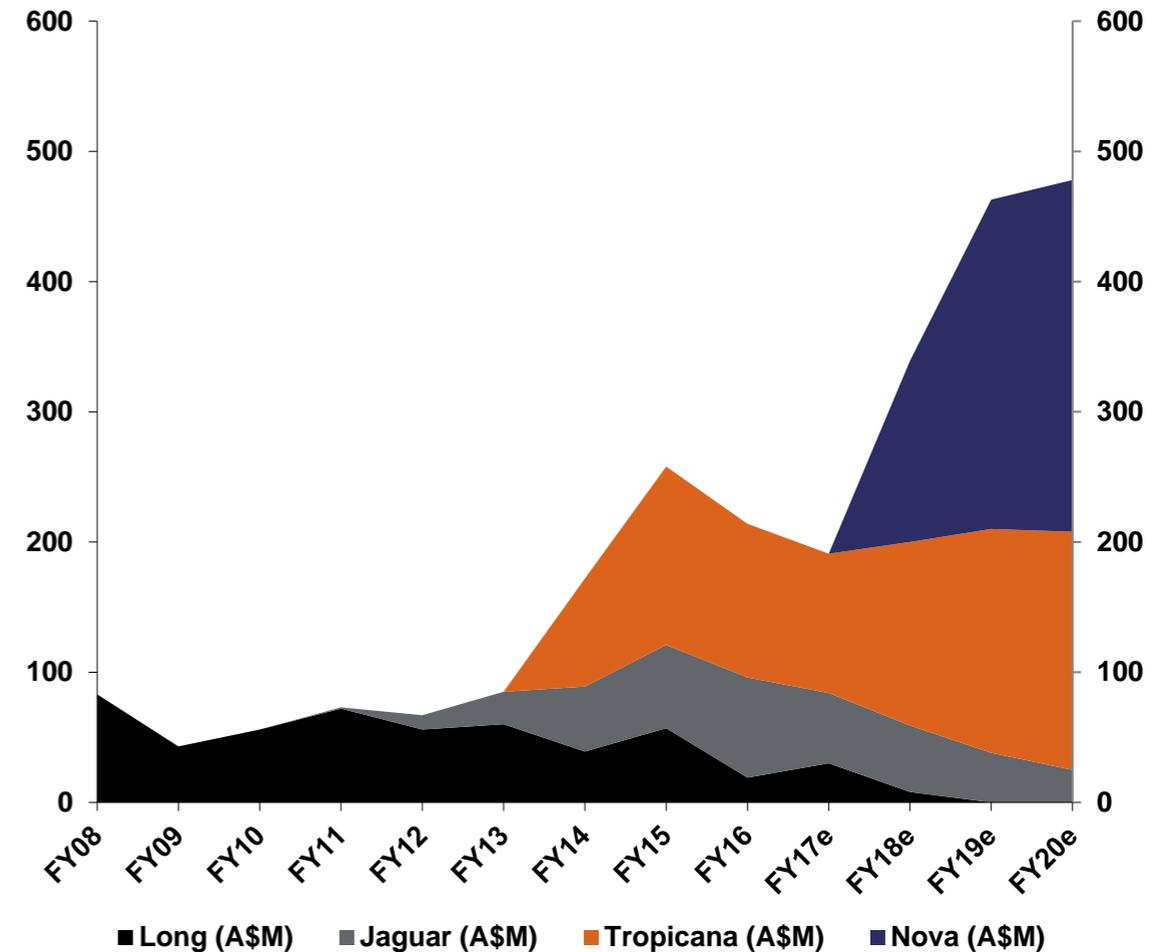


Jaguar: Zn/Cu/Ag<sup>(1)</sup>



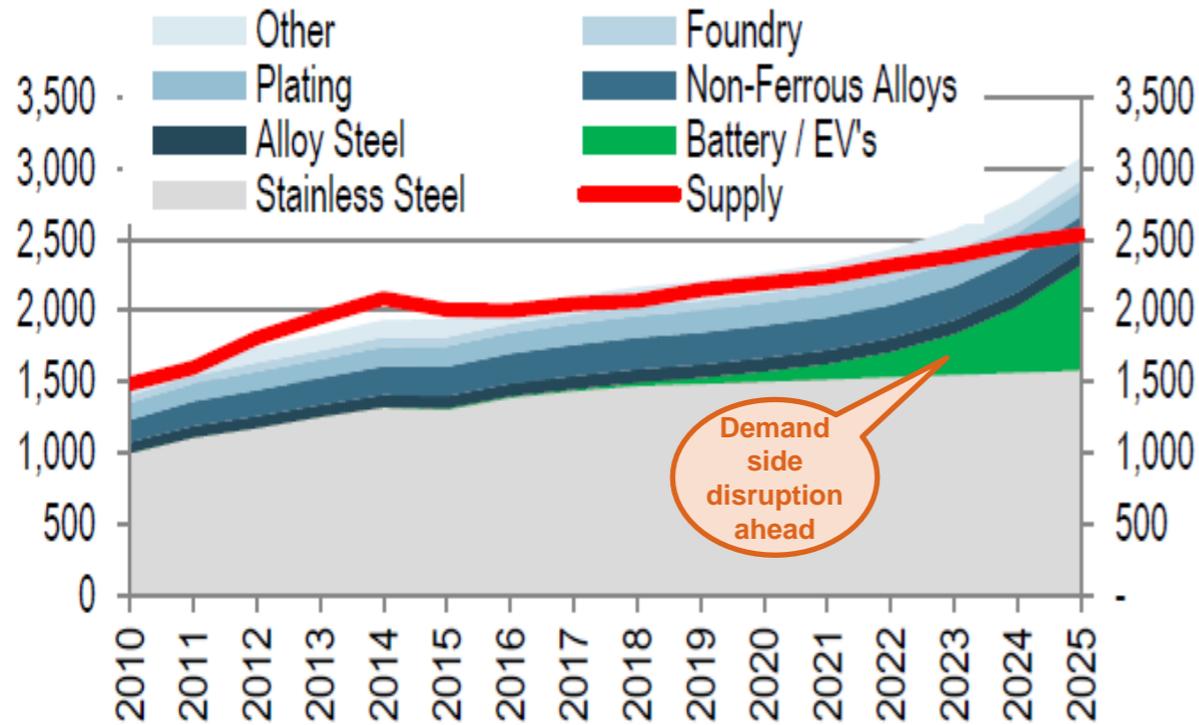
Long: Ni<sup>(1)</sup>

### IGO EBITDA Profile (A\$M)<sup>(3)</sup>



1) 100% IGO owned  
 2) 30% IGO owned (unincorporated joint venture)  
 3) Macquarie Research

**EV's Create New Source of Nickel Demand<sup>(1)</sup>**



**Electric vehicle battery growth to disrupt markets**

**24kg nickel**

**24kg cobalt &**

**91kg copper**

**in a Chevy Bolt<sup>(1)</sup>**

1) UBS Research

# Nova



# Nova

## Low cost nickel-copper-cobalt mine

### Quality

- ✓ High grade, thick, flat lying magmatic sulphide orebody

### Scale

- ✓ Average 26kt Ni, 11kt Cu & 1kt Co per annum

### Longevity

- ✓ Initial 10 year mine life with huge exploration potential

### Geographical Focus

- ✓ Located in WA on Fraser Range (proximal to Tropicana)





Nova



Commercial production  
achieved in July 2017 –  
only **five years** after  
discovery in July 2012

Nova

Now ramping up to  
nameplate capacity...  
12 months earlier than  
the Definitive Feasibility  
Study and **within 3%** of  
Jan 2015 capex estimate



## Nova Capitalised Development Costs

Area	Actual A\$M	Budget <sup>(1)</sup> A\$M	Variance	
			A\$M <sup>(2)</sup>	%
Process Plant	161	176	(15)	(9%)
Non-mine Infrastructure	90	99	(8)	(8%)
Mine Development	64	55	10	18%
Mine Infrastructure	46	46	-	n/a
Pre-operating Costs	134	75	59	79%
less capitalised revenue	(39)	(7)	(32)	459%
<b>Total</b>	<b>456</b>	<b>443</b>	<b>13</b>	<b>3%</b>

1) Uninflated January 2015 revised budget (Initial July 2014 Feasibility Study estimate of A\$473M revised down to A\$443M in January 2015)

2) May not add up due to rounding

# Nova



## Capital expenditure reconciliation

**3% variance from uninflated January 2015 budget estimate is a great result**

- Demonstrates a good overall discipline in cost management
- Actual spend is 4% or A\$17M lower than feasibility study estimate

**Actual cost includes additional unbudgeted expenditure**

- Additional underground development
- Process plant equipment changes to provide debottlenecking opportunities
- Additional water supply exploration and development
- Longer period of pre-commercial production expenditure



# Nova



## Commercial production from 1 July 2017

<b>Overview</b>	IGO 100% magmatic Ni – Cu – Co 1.5Mtpa underground mine		
<b>Resource 26 July 2017<sup>(1)</sup> Reserve 14 October 2016<sup>(2)</sup></b>	271,000t Ni, 113,000t Cu 275,000t Ni, 112,000t Cu		
<b>Production Guidance FY18 (contained metal in concentrate)</b>	23,000 to 27,000t Ni 10,000 to 12,000t Cu 800 to 1,050t Co		
<b>Operating Cost Guidance FY18 (payable)</b>	A\$1.90 to A\$2.50/lb		
<b>Capital Guidance FY18</b>	Build A\$0 to 2M	Sustaining A\$9 to 13M	Development A\$40 to 44M
<b>Exploration Budget Guidance FY18</b>	A\$8 to 10M		

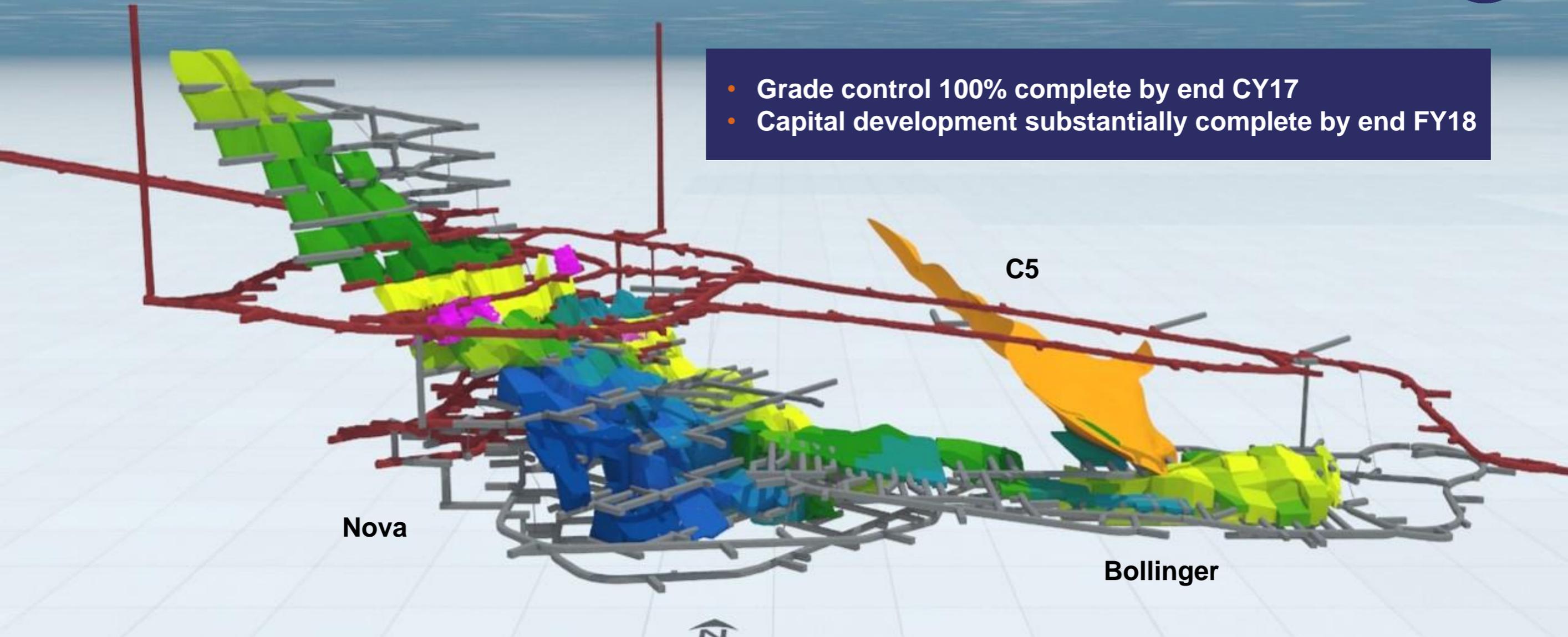
1) For further information on Mineral Resources refer to ASX release Nova Mineral Resource Estimation and Exploration Update, dated 26 Jul 2017

2) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 14 Oct 2016

# Nova Mine Design & Schedule

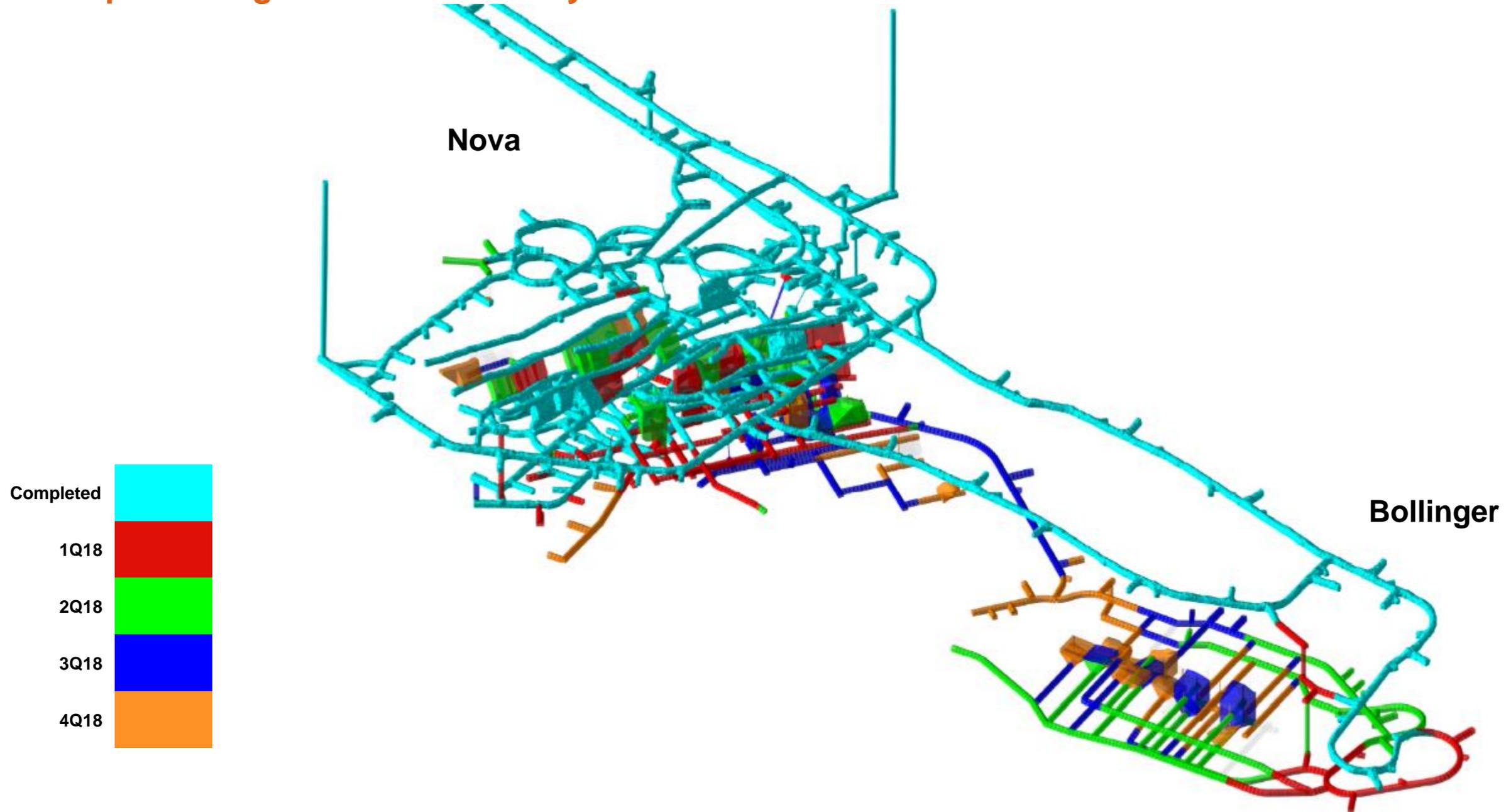


- Grade control 100% complete by end CY17
- Capital development substantially complete by end FY18



# Nova FY18 Mining Plan

Multiple mining fronts for flexibility



# Nova Upside

## Drilling in progress on Nova mining lease

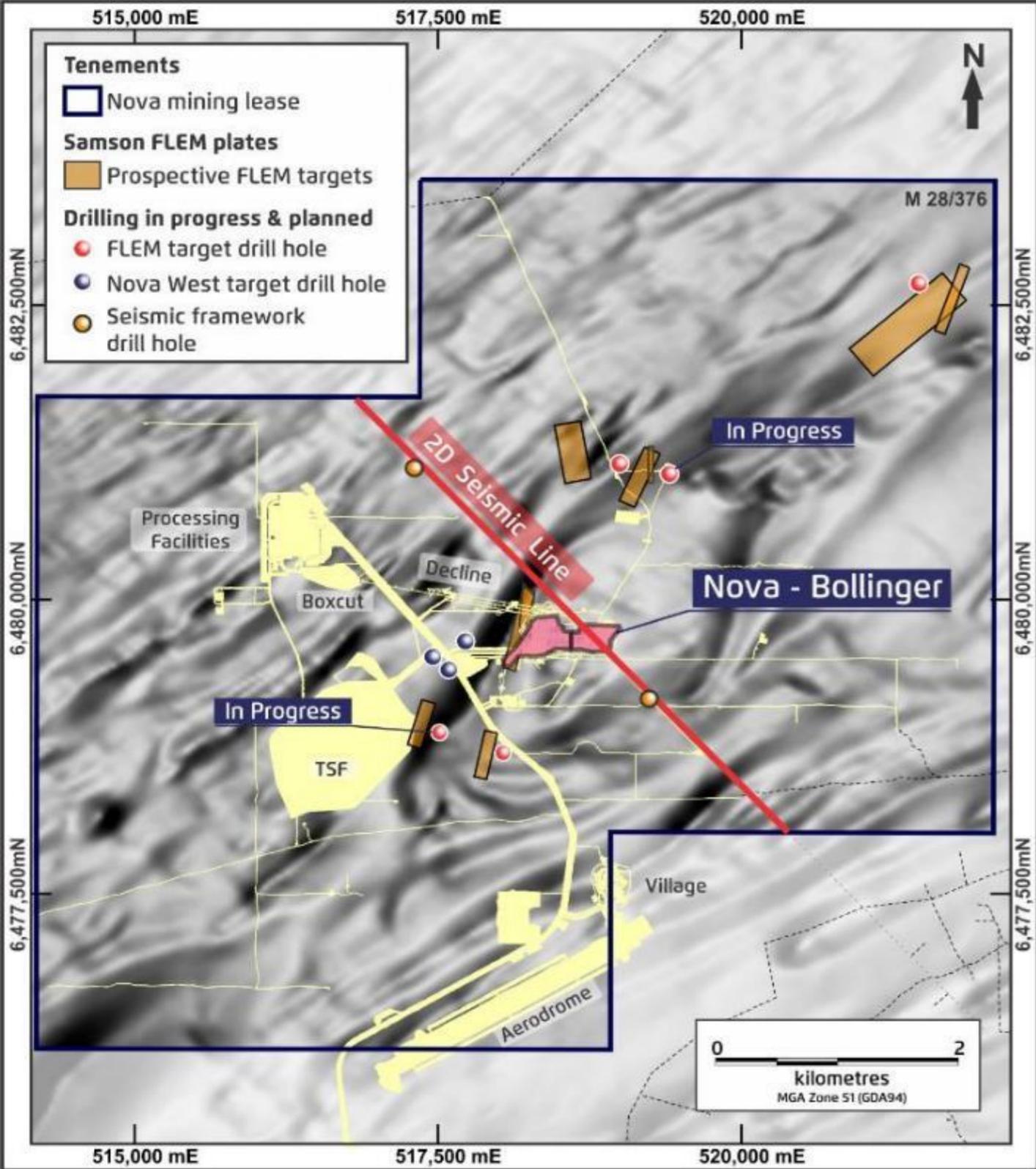
### One surface diamond drill rig on site

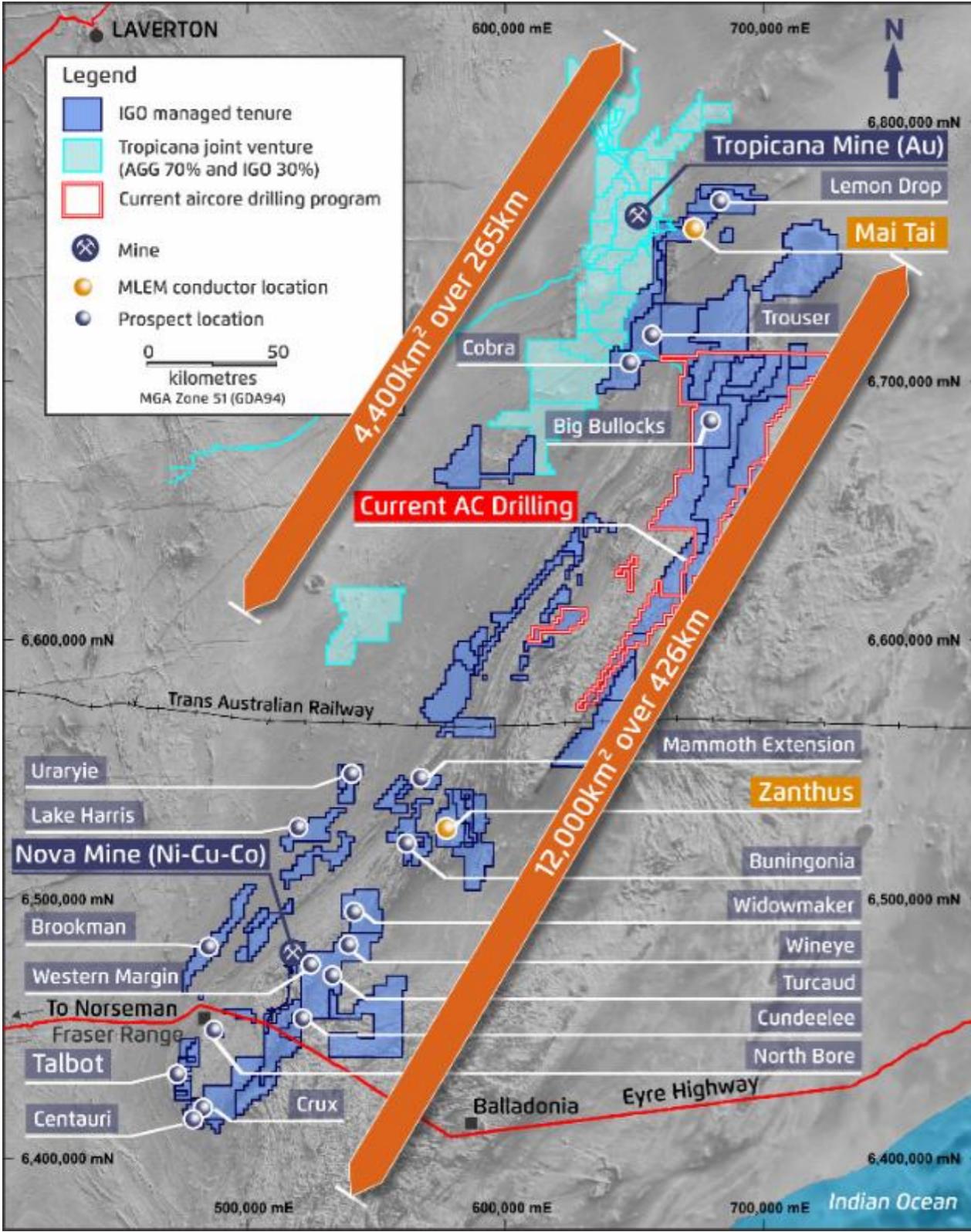
- Drilling a number of historical EM plates
- Drill testing the western mafic complex
- Framework drilling on 2D seismic line testing a number of reflective positions
- Underground diamond drilling

### In June 2017, drilling at Bollinger South intersected massive and brecciated sulphides outside current Mineral Resource boundaries

- 30 drill holes completed as part of a program to map the south-western extension of the Bollinger orebody
- The majority of results are still pending
- Significant results received to date include(1):
- NBU0977 6.9m @ 3.52% Ni
- NBU0980 13.3m @ 1.85% Ni
- Drilling is continuing in 1Q18

1) For further information refer to ASX release Nova Mineral Resource Estimation and Exploration Update, dated 26 Jul 2017





# Fraser Range Exploration



**New frontier with exploration focus only after Nova discovery**

## Belt is underexplored

- Prospective for Nova style intrusive hosted discoveries
- Held by underfunded juniors at bottom of commodity price cycle

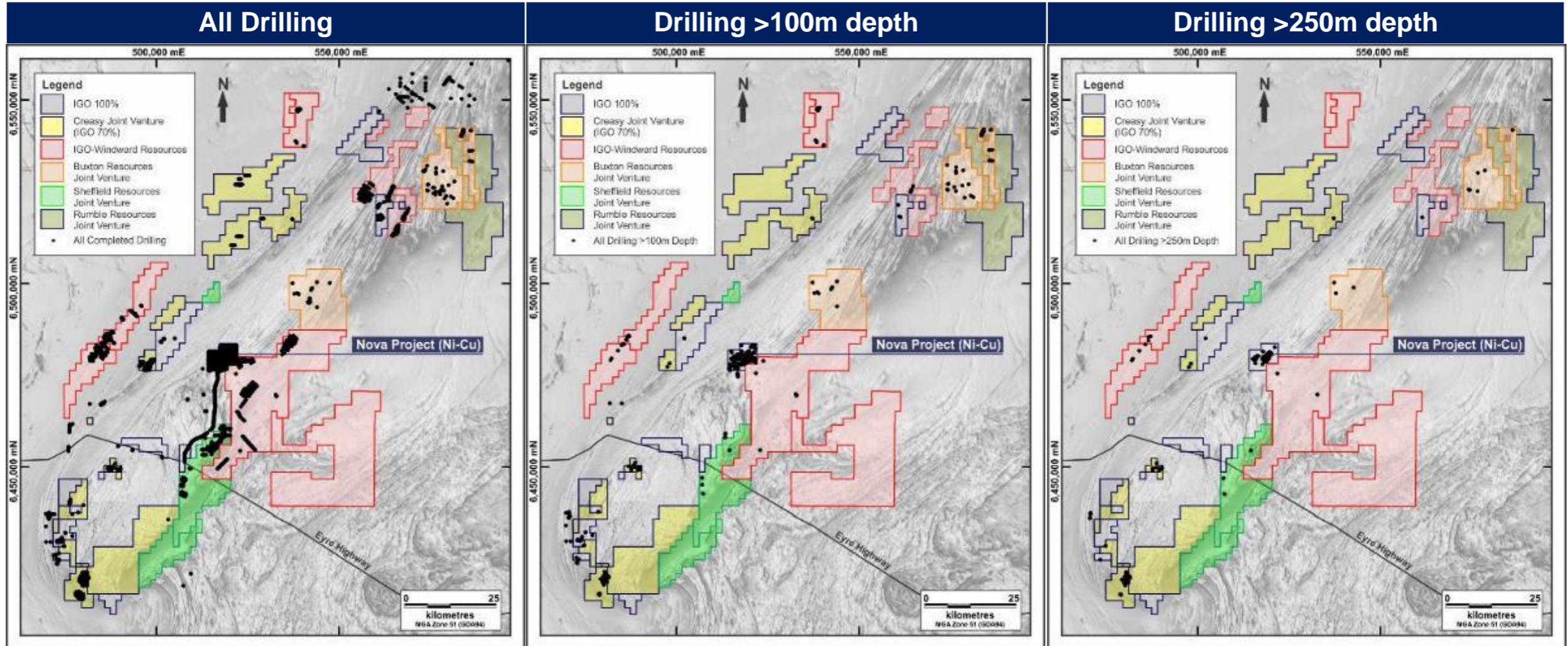
**IGO consolidated 12,000km<sup>2</sup> on belt<sup>(1-5)</sup>**

- Now completing systematic greenfields exploration in brownfields environment with significant opportunity for discovery
- Currently operating:
  - 3 drill rigs (outside Nova mining lease)
  - 2 EM fields crews
  - 3 gravity crews

1) ASX release dated 2 Oct 2017 RTR: Rumble Secures Joint Venture with Independence Group on Fraser Range Projects  
 2) ASX release dated 10 Mar 2017 ORN: Orion Completes Landmark Joint Venture Agreement with IGO on Fraser Range Nickel-Copper Project WA  
 3) ASX release dated 22 Dec 2016 IGO Completes Compulsory acquisition of Windward Resources  
 4) ASX release dated 16 Nov 2016 SFX: Sheffield forms Fraser Range Joint Venture with IGO  
 5) ASX release dated 24 Aug 2016 BUX: BUX & IGO enter into Fraser Range Joint Venture

# Nova Regional Exploration

Fraser Range is a highly prospective – underexplored belt





# Tropicana

# Tropicana Gold Mine

Making a great asset better through value enhancement

Quality

✓ Engineering to bring value forward through grade streaming

Scale

✓ +120,000 oz/year (IGO share)

Longevity

✓ Initial 11 year mine life being extended by strip mining

Geographical Focus

✓ Located in WA proximal to Nova



# Tropicana Gold Mine

## Increasing gold production at improved AISC

<b>Overview</b>	JV IGO 30% with AngloGold Ashanti 70% Open pit with potential for expansion		
<b>Resource<sup>(1)</sup></b>	8.02Moz (100%)	2.4Moz (30%)	
<b>Reserve<sup>(1)</sup></b>	3.80Moz (100%)	1.1Moz (30%)	
<b>Production Guidance FY18</b>	(100%) 440 to 490koz	(30%) 132 to 147koz	
<b>Operating cost Guidance FY18</b>	Cash cost A\$680 to A\$750/oz	All-in Sustaining cost A\$1,060 to A\$1,170/oz	
<b>Capital Guidance FY18</b>	Sustaining A\$3 to 5M	Improvement A\$6 to 7M	Waste Stripping A\$44 to 55M
<b>Exploration Budget Guidance FY18</b>	A\$4 to 5M (30%)		



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 15 Dec 2016

2) For further detailed information on Tropicana Value Enhancement Study refer to ASX release dated 15 Dec 2016

# Tropicana Gold Mine

Higher grades and production scheduled for CY18 and CY19



## Mining rate accelerated in CY17

- 600t class hydraulic shovel in to the mining fleet in November 2016

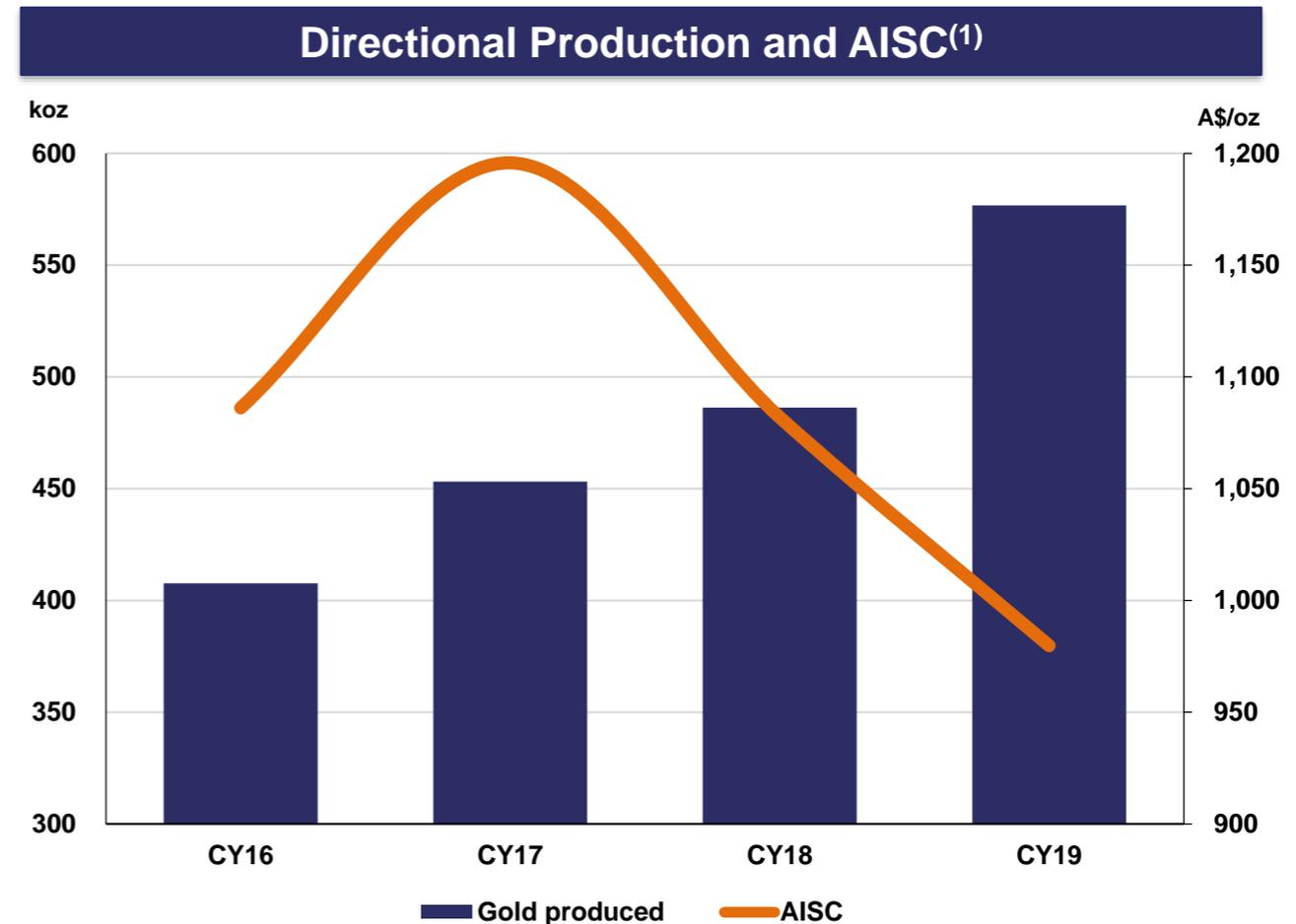
## Increased mining rates have improved productivity and accelerated access to ore

- Provides opportunity for grade streaming in CY18 and CY19

## Delivers two years of higher grade and gold production

- Corresponding reduction in AISC

## Grade streaming will occur irrespective of Long Island Study decisions



Production profile subject to ongoing planning and Long Island Study which may smooth production profile for CY18 and CY19

1) For further information on Tropicana value enhancement refer ASX Release dated 15 Dec 2016

# Tropicana



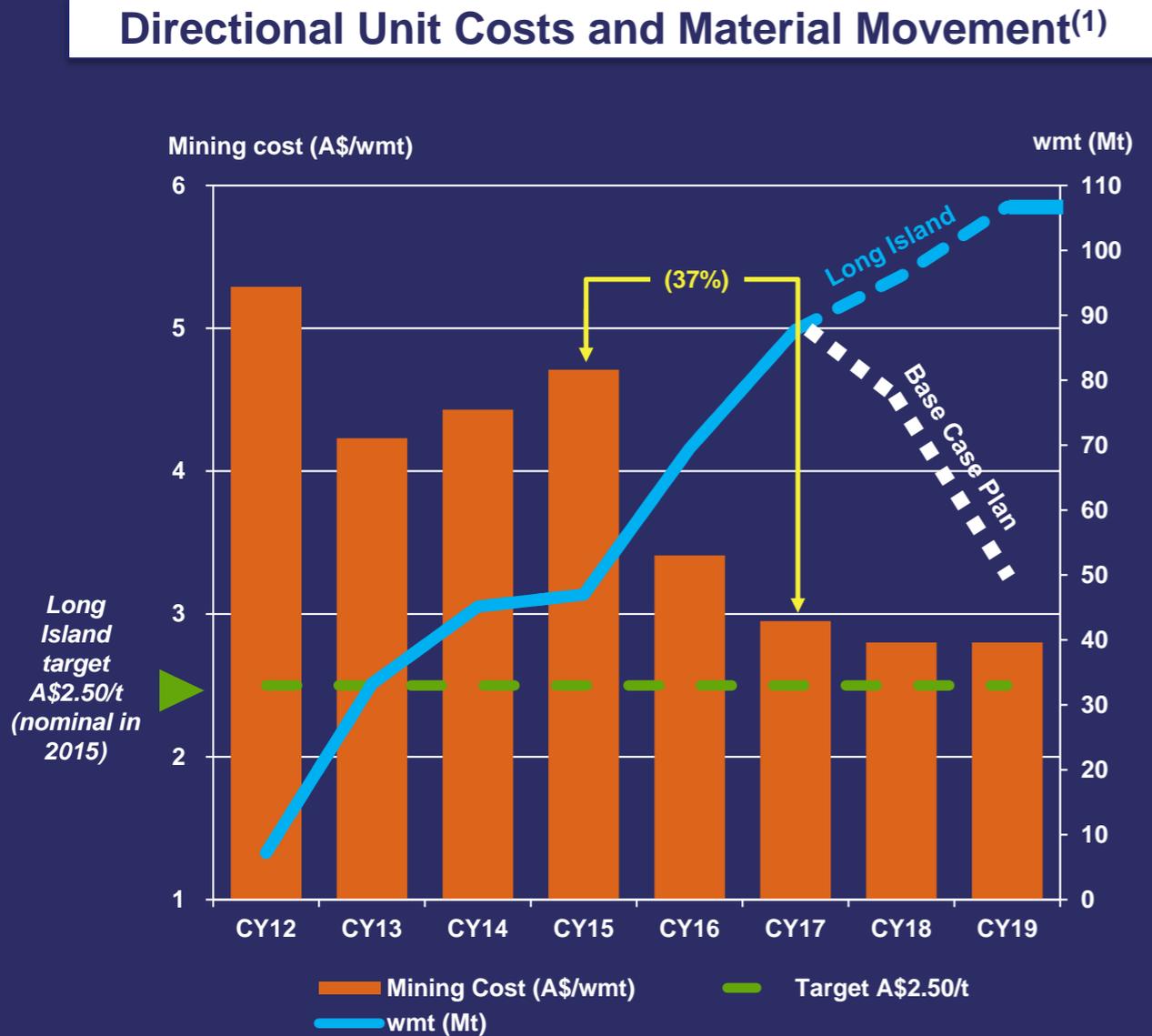
## Improved mining costs

### Mining costs have fallen 37% since CY15

- Lower diesel costs
- Productivity improvements
- Introduction of 600t class hydraulic shovel to mining fleet

### Further upside exists

- Additional 600t class face shovels
- In-pit dumping of waste

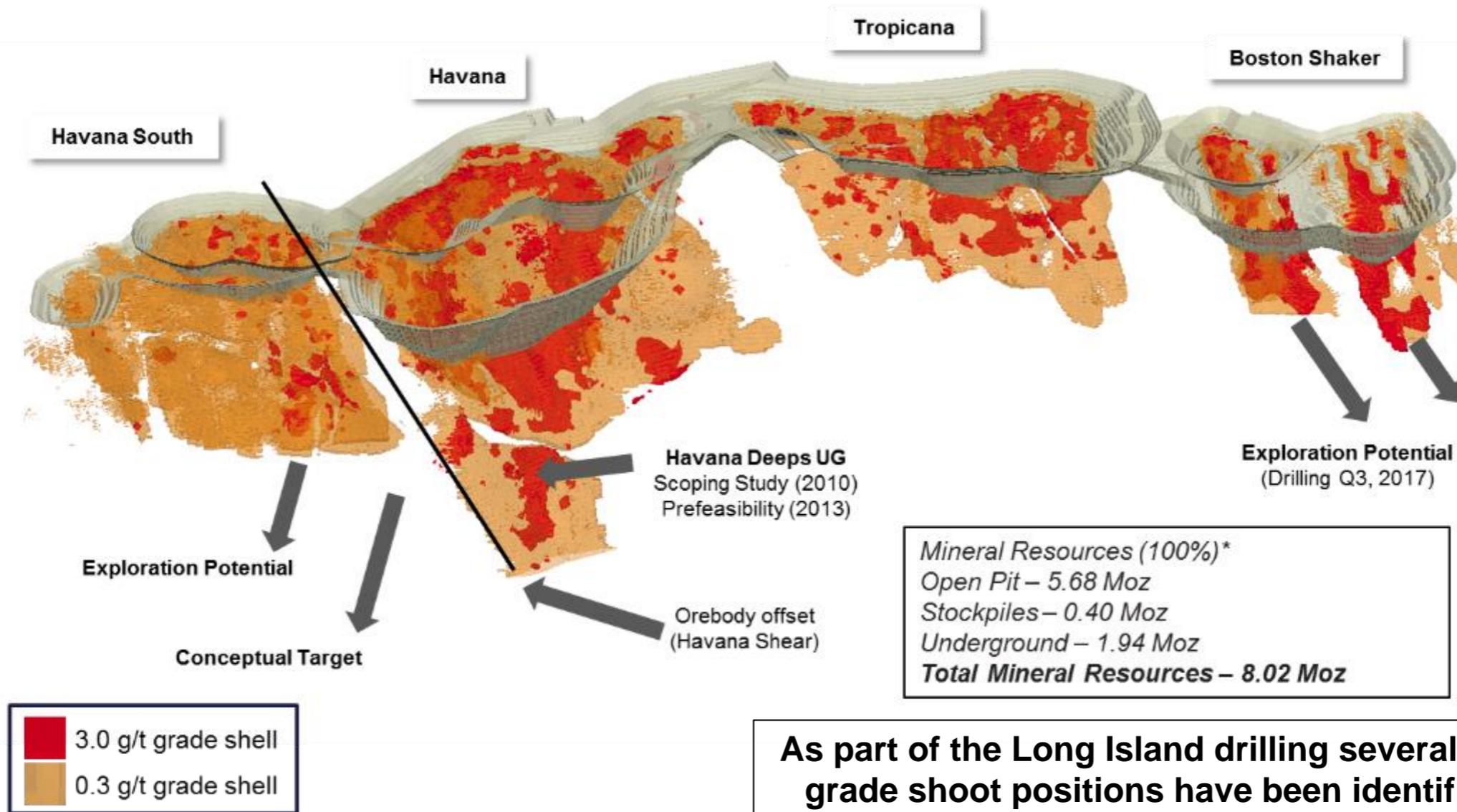


1) For further detailed information on Tropicana mining costs and schedule outlook see Tropicana Gold Mine Investor/Analyst Visit presentation and ASX release dated 4 Aug 2017



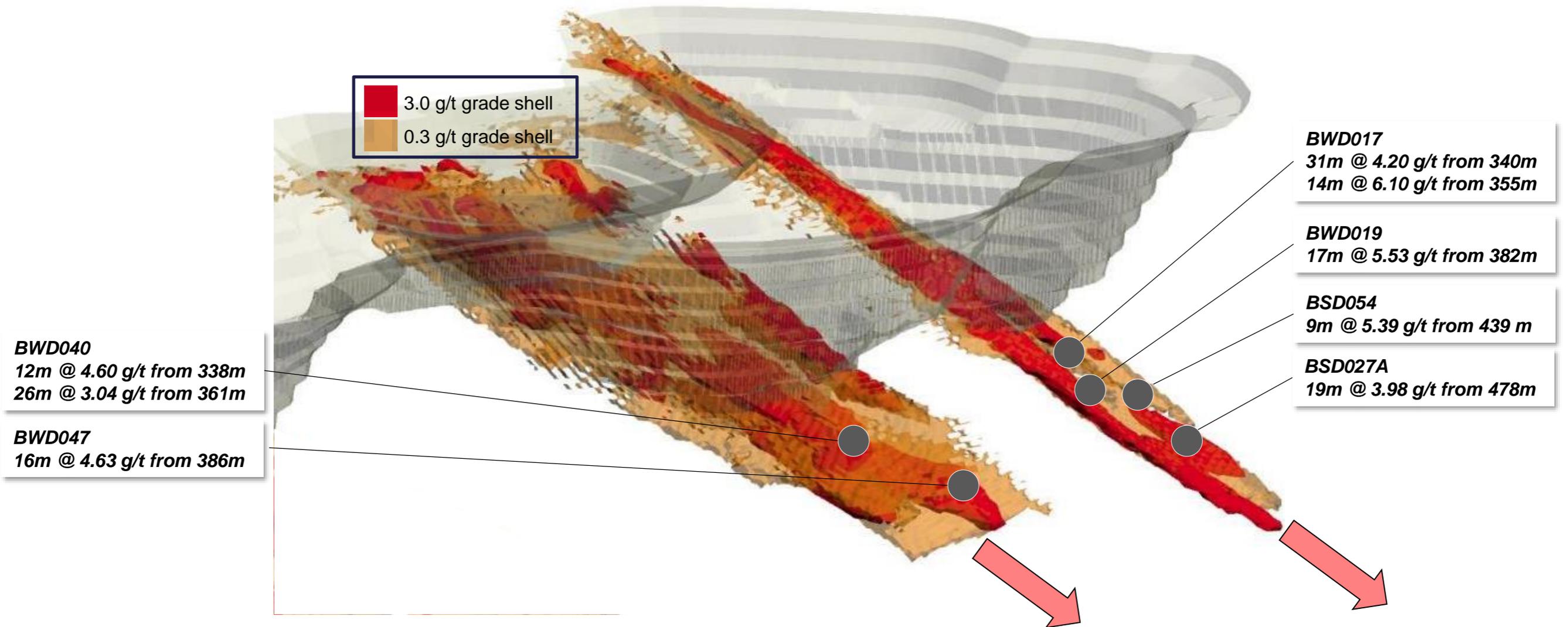
# Tropicana Upside

## Evaluating underground opportunities



# Tropicana Upside

Currently drilling initial 3,000m at Boston Shaker





# Jaguar & Long

# Jaguar Mine

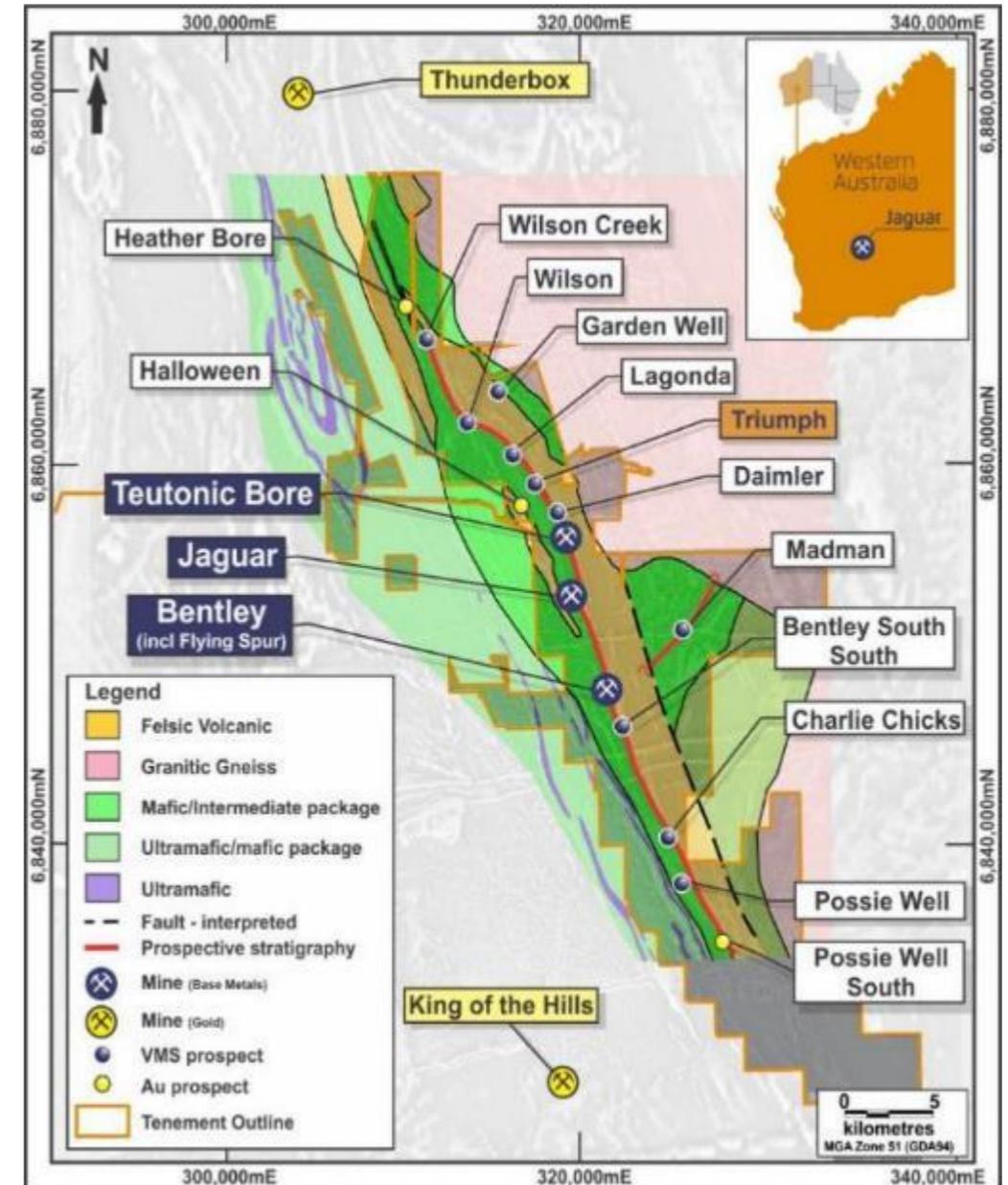
## VMS Corridor with cluster of orebodies



<b>Overview</b>	IGO 100% High grade Underground Cu – Zn VMS	
<b>Resource<sup>(1)(2)</sup></b>	62,000t Cu, 389,000t Zn & 18.9Moz Ag	
<b>Reserve<sup>(1)(2)</sup></b>	20,600t Cu, 212,000t Zn & 9.9Moz Ag	
<b>Production Guidance FY18 (contained metal in concentrate)</b>	29,000 to 33,000t Zn 2,600 to 3,000t Cu	
<b>Operating cost Guidance FY18 (payable)</b>	A\$0.85 to A\$1.05/lb Zn	
<b>Capital Guidance FY18</b>	Sustaining A\$8 to 9M	Development A\$10 to 11M
<b>Exploration Budget Guidance FY18</b>	A\$3 to 5M	

### Key developments and potential

- Exploration to test new Bentayga system below Bentley
- Heather Bore gold potential along mineralised shear system (10km from Saracen and Thunderbox mine)
- Successful Triumph and HPM<sup>(3)</sup> studies provide value enhancement and growth options



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 14 Oct 2016  
 2) For further information see ASX release 26 Jul 2017 – Jaguar Value Enhancement Programs Demonstrate Options to Extend Mine Life & Improve Project Scale  
 3) High Precious Metals

# Jaguar Value Enhancement Program<sup>(1)</sup>



Optimising and extending Jaguar's mine life and overall performance

## Triumph Deposit

### Mineral Resource and Ore Reserve

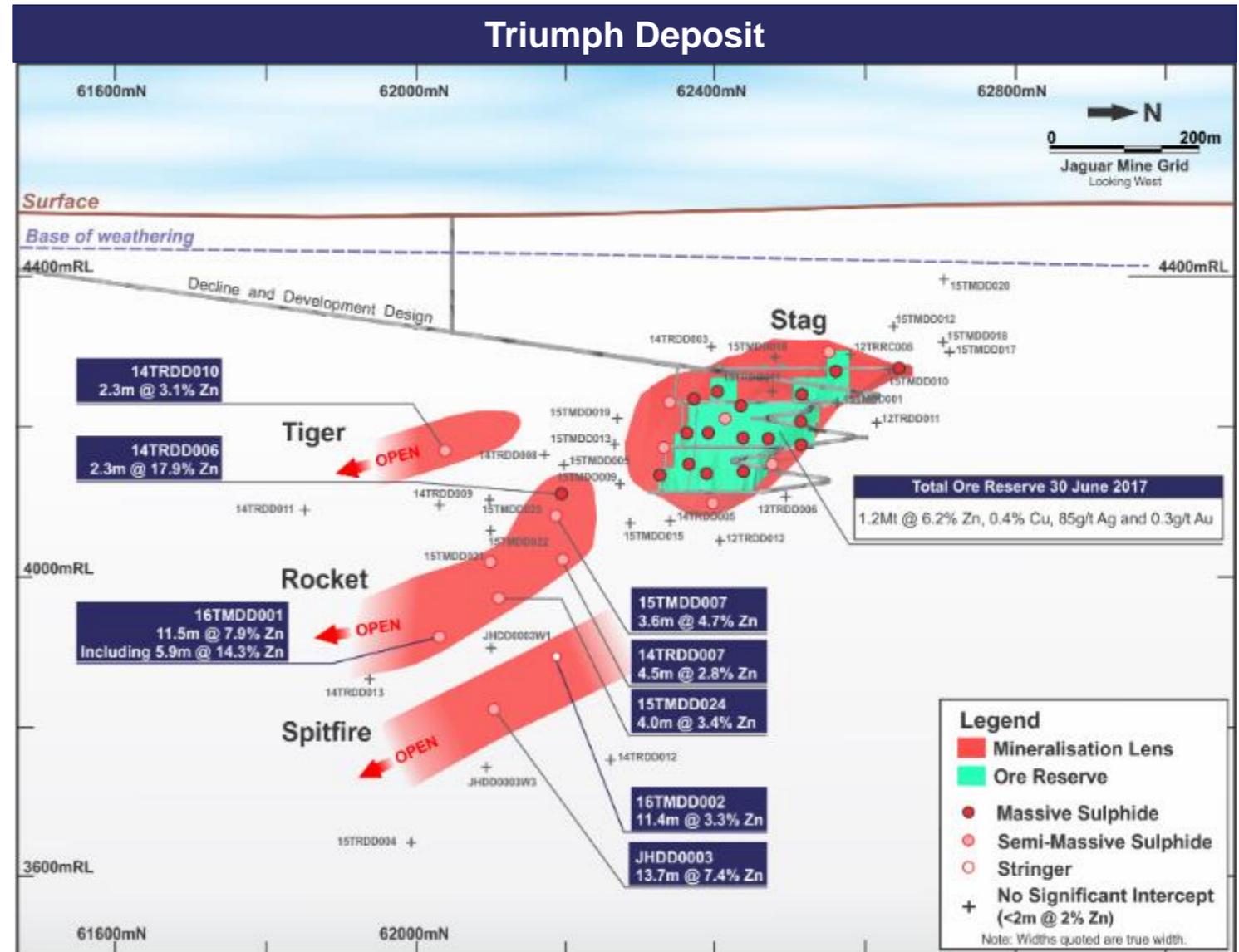
- Mineral Resource: 2.2Mt @ 6.2% Zn, 0.5% Cu, 0.5% Pb, 84g/t Ag and 0.3g/t Au<sup>(1)</sup>
- Ore Reserve: 1.2Mt @ 6.2% Zn, 0.4% Cu, 85g/t Ag and 0.3g/t Au<sup>(1)</sup>

## Process Plant Enhancement Study

### Process plant improvements to add third flotation circuit:

- Produce high-grade copper and zinc concentrates through higher metallurgical recoveries from all Bentley ores
- A new third concentrate would be produced consisting of lead, gold and silver, namely a High Precious Metals concentrate

Estimated capital cost is A\$7M to A\$8M



<sup>1)</sup> For further information see ASX release 26 Jul 2017 – Jaguar Value Enhancement Programs Demonstrate Options to Extend Mine Life & Improve Project Scale

# Jaguar Value Enhancement Program<sup>(1)</sup>



## Bentayga Discovery

### Bentley In-Mine Exploration

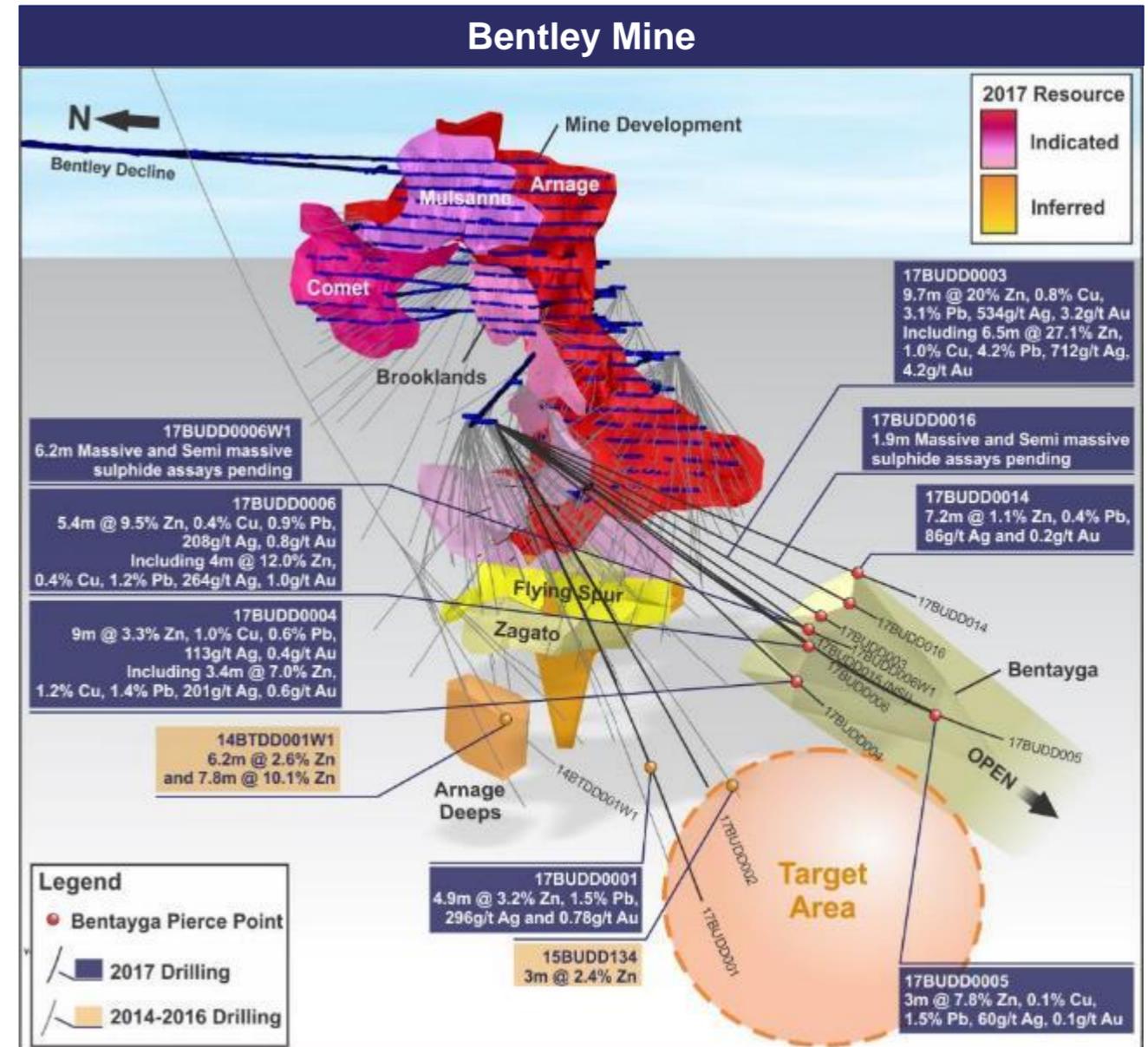
#### New massive sulphide lens named Bentayga

- Bentayga, ~250m south of the current Bentley decline
- Mineralisation extends over ~200m along strike and 150m vertically and contains a typical VHMS sulphide assemblage

**Diamond core drilling is continuing to define the central high-grade core and extents of the Bentayga lens**

### Bentayga Significant Drill Intersections<sup>(1)</sup>

- 17BUDD003: 15.5m (true width 9.7m) @ 20.0% Zn, 0.8% Cu, 3.1% Pb, 534g/t Ag and 3.2g/t Au from 539.8m
- 17BUDD004: 14.6m (true width 9.0m) @ 3.3% Zn, 1.0% Cu, 0.6% Pb, 113g/t Ag and 0.4g/t Au from 572.4m in hole



<sup>1)</sup> For further information see ASX release 26 Jul 2017 – Jaguar Value Enhancement Programs Demonstrate Options to Extend Mine Life & Improve Project Scale

# Long Mine

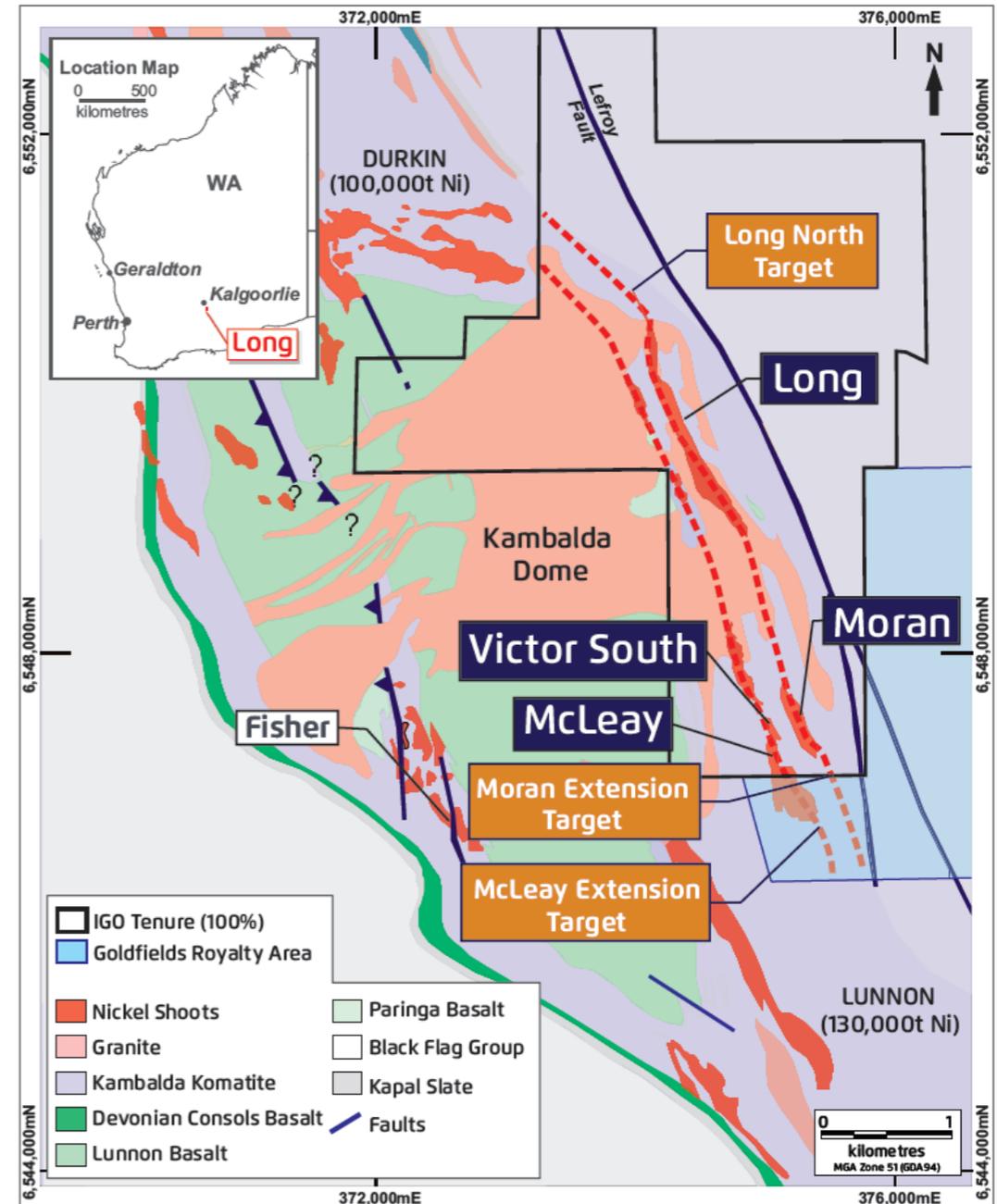
## High grade underground nickel on the Kambalda dome



<b>Overview</b>	IGO 100% high-margin underground nickel Average grade project to date of 3.8% Ni Consistent low cost producer
<b>Resource<sup>(1)</sup></b>	60,000t Ni
<b>Reserve<sup>(1)</sup></b>	14,000t Ni
<b>Production Guidance FY18 (contained metal in concentrate)</b>	5,400 to 6,000t Ni
<b>Operating cost Guidance FY18 (payable)</b>	A\$4.40 to A\$4.90/lb
<b>Capital Guidance FY18</b>	A\$1 to 2M
<b>Exploration Budget Guidance FY18</b>	A\$1 to 2M

### Key developments and potential

- Mining program likely to be suspended in June 2018 quarter
- Resource development and exploration target review underway



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 14 Oct 2016

# Exploration

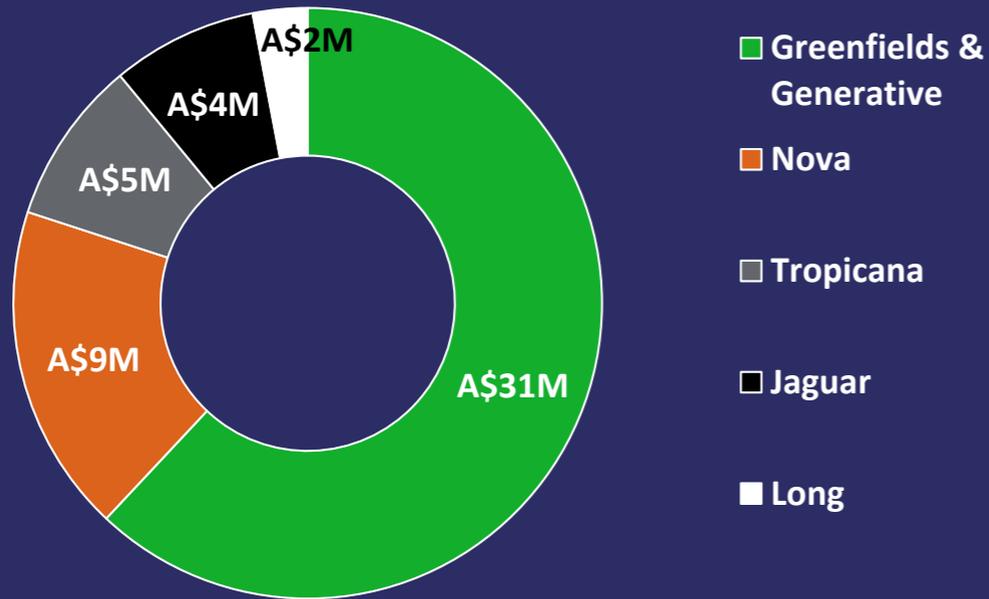


# Exploration

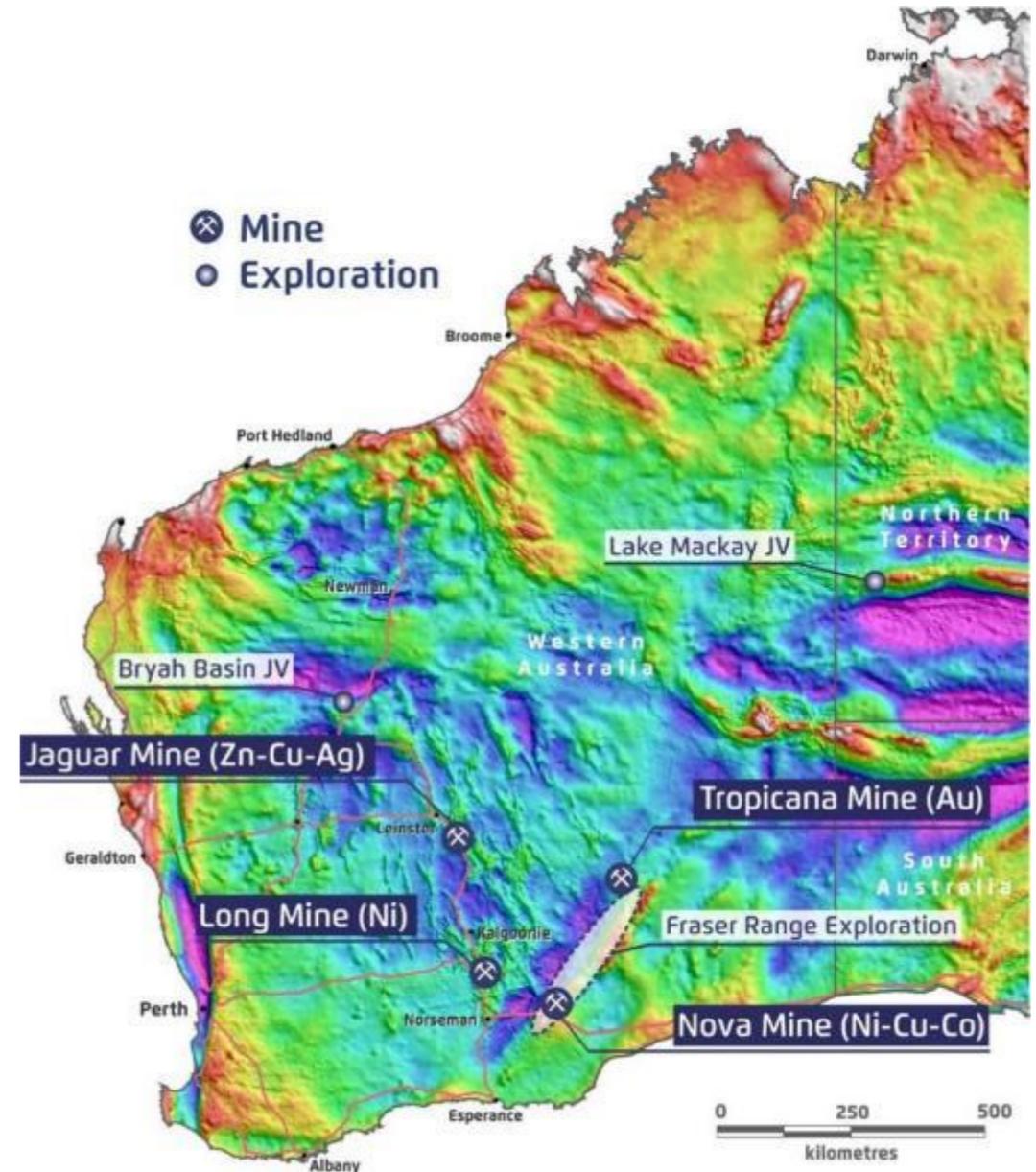
Committed to growth through exploration



FY18 Exploration Budget

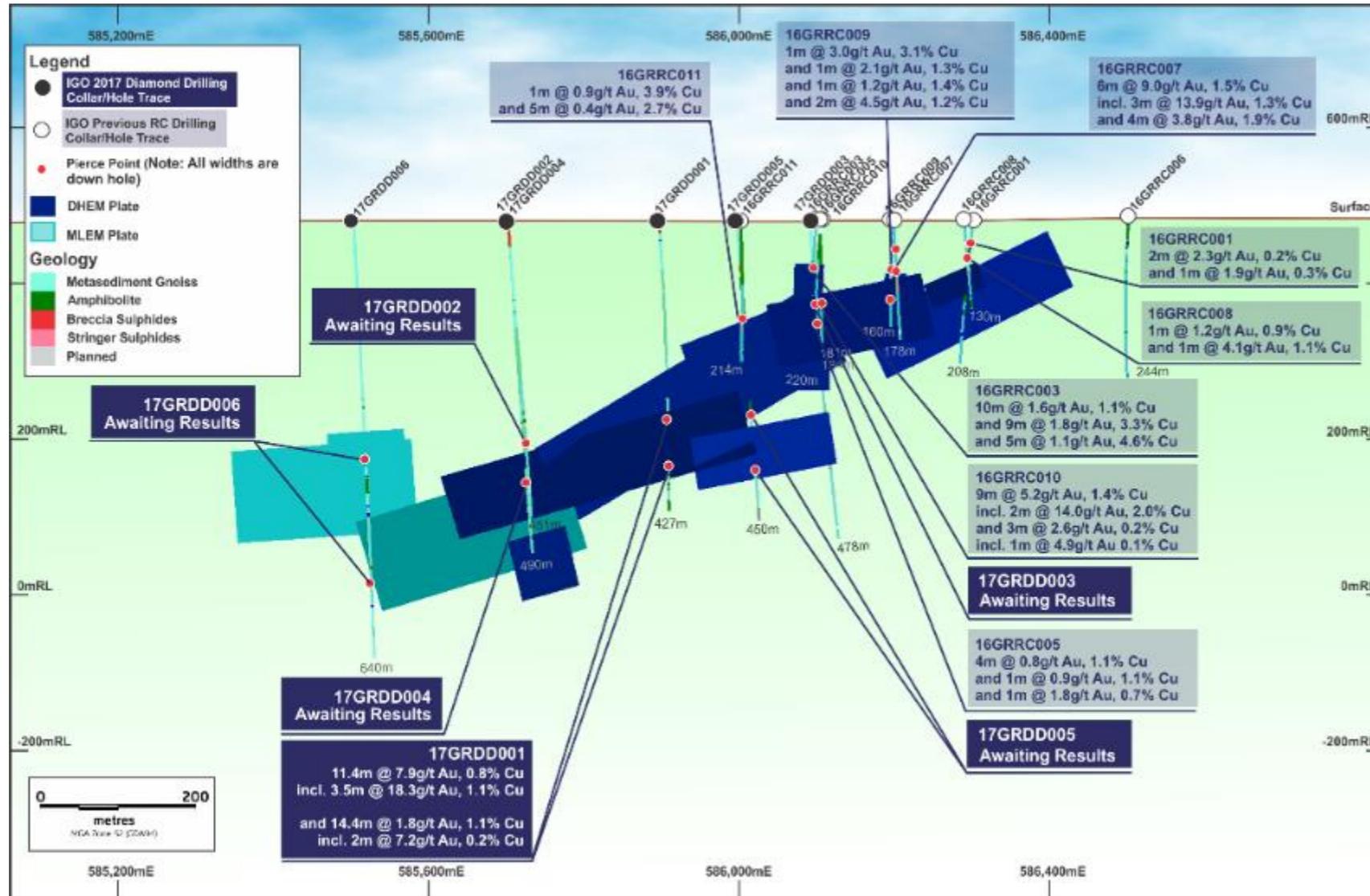


- Substantial increase in greenfields exploration in FY18
- Fraser Range a key focus of activity
- Advancing belt scale Lake Mackay Project



# Greenfields Exploration

## Lake Mackay Joint Venture



### 7,200km<sup>2</sup> of underexplored tenure

- 400km north east of Alice Springs
- Proterozoic gold and base metals
- Continental-scale geophysical gravity ridge
- Central Australian Suture

### Grapple Prospect drilling update<sup>(1)</sup>

- Assay results received from first diamond drill hold 17GRDD001 include:
  - **11.4m @ 7.9g/t Au, 20.7g/t Ag, 0.8% Cu, 1.1% Zn, 0.5% Pb and 0.1% Co from 284.9m**
  - 14.4m @ 1.8g/t Au, 6.0g/t Ag, 1.1% Cu, 0.3% Zn and 0.1% Pb from 348m
- A 5<sup>th</sup> hole intersected two sulphide zones 100m along strike to the east

1) Refer to ASX dated 18 Sep 2017: Lake Mackay JV – Grapple Prospect Drilling Update

# Post-capex and transitioning to cash generating phase

Wrap up.....



## Corporate overview

- **Balance sheet remains strong**

## Nova value being realised

- **In commercial production**
- **Focus moving to unlocking upside**

## Tropicana value enhancement

- **Higher production CY18-19**
- **Long Island to extend mine life**

## Jaguar & Long

- **Triumph to add Jaguar mine life**

## Exploration to unlock discovery

- **Strong team and portfolio**



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