



**MAKING A  
DIFFERENCE**

# Independence Group NL

**1Q20 Results Presentation**

22 October 2019

# Cautionary Statements & Disclaimer



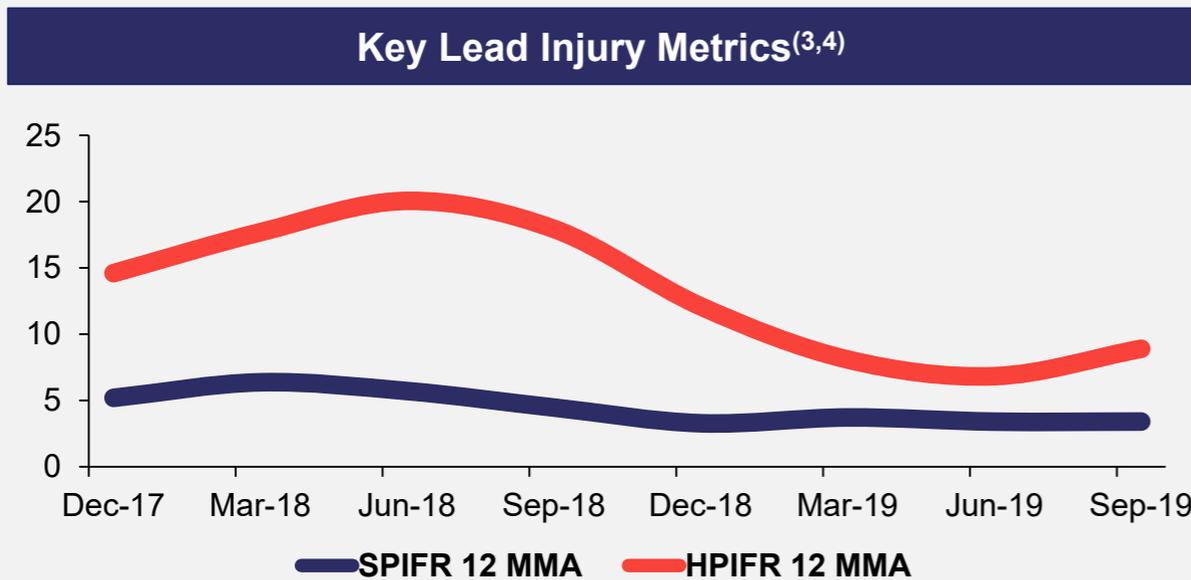
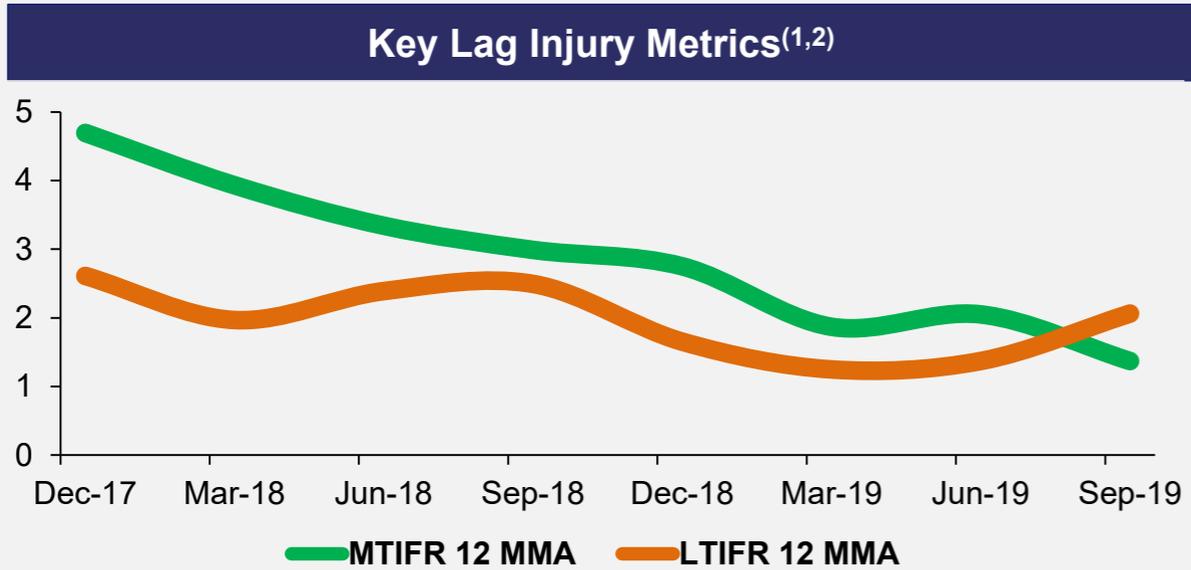
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- There are a number of risks specific to IGO and of a general nature which may affect the future operating and financial performance of IGO and the value of an investment in IGO including and not limited to economic conditions, stock market fluctuations, 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.
- 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 and mineral interests.

# 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.
- The information in this presentation that relates to Exploration Results is extracted from the Prodigy Gold (PRX) ASX release dated 16 October 2019 entitled "Lake Mackay JV Update – New Gold Prospect Identified" for which Competent Person's consents were obtained.
- 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, 28 March 2019 and 1 July 2019, 16 October 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.





- **Fatality resulting from incident which occurred at Nova in September 2019:**
  - Involved employee of concentrate haulage contractor
  - Occurred in final stages of securing load for transport
  - Investigation of incident by Department of Mines, Industry Regulation and Safety is ongoing
- **No material environmental or community incidents**
- **2019 Sustainability Report released**
- **IGO admitted to Dow Jones Sustainability Index**

1) IGO reports safety metrics in accordance with Australian Standard AS 1885.1:1990 which incorporates fatalities in the calculation of LTIFR. For clarity, it is noted that fatality is captured in the calculation of the LTIFR.

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) 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.

4) 12 month moving average SPIFR – Serious Potential Incident Frequency Rate: calculated as the number Serious Potential Incidents x 1,000,000 divided by the total number of hours worked. Serious Potential Incidents are near miss events that could credibly have resulted in a fatality. These events are reported to DMIRS.

5) 12 month moving average HPIFR – High Potential Incident Frequency Rate: calculated as the number High Potential Incidents x 1,000,000 divided by the total number of hours worked. High Potential Incidents are near miss events that could credibly resulted in serious injury.

# 1Q20 Highlights

Strong operational start to FY20 enhanced by higher metal prices



Nova metal production ahead of pro-rata guidance

Revenue  
**A\$263M**  
▲ 29% QoQ

A\$0.08 per share dividend declared and paid

Tropicana production at upper end of guidance

Underlying EBITDA  
**A\$154M**  
▲ 64% QoQ

Nickel value optimisation opportunities well progressed

# Financial Results



Record quarterly revenue of A\$263M, capitalising on higher nickel and gold prices

	Units	4Q19	1Q20	QoQ
Revenue and Other Income	A\$M	204.1	263.1	29%
Underlying EBITDA <sup>(1)</sup>	A\$M	93.6	153.9	64%
Profit After Tax	A\$M	30.1	66.0	119%
Net Cash from Operating Activities	A\$M	103.0	89.4	(13%)
Underlying Free Cash Flow <sup>(2)</sup>	A\$M	77.0	70.1	(9%)
Cash	A\$M	348.2	321.2	(8%)
Debt	A\$M	85.7	57.1	(33%)
Net Cash	A\$M	262.5	264.0	1%

- **41% QoQ nickel price increase, together with higher gold and cobalt prices delivered a 29% increase in revenue**
- **Group EBITDA margins strengthen to 58% (4Q19: 46%)**
- **Scheduled debt repayment of A\$28.6M reduces total debt position by 33%**

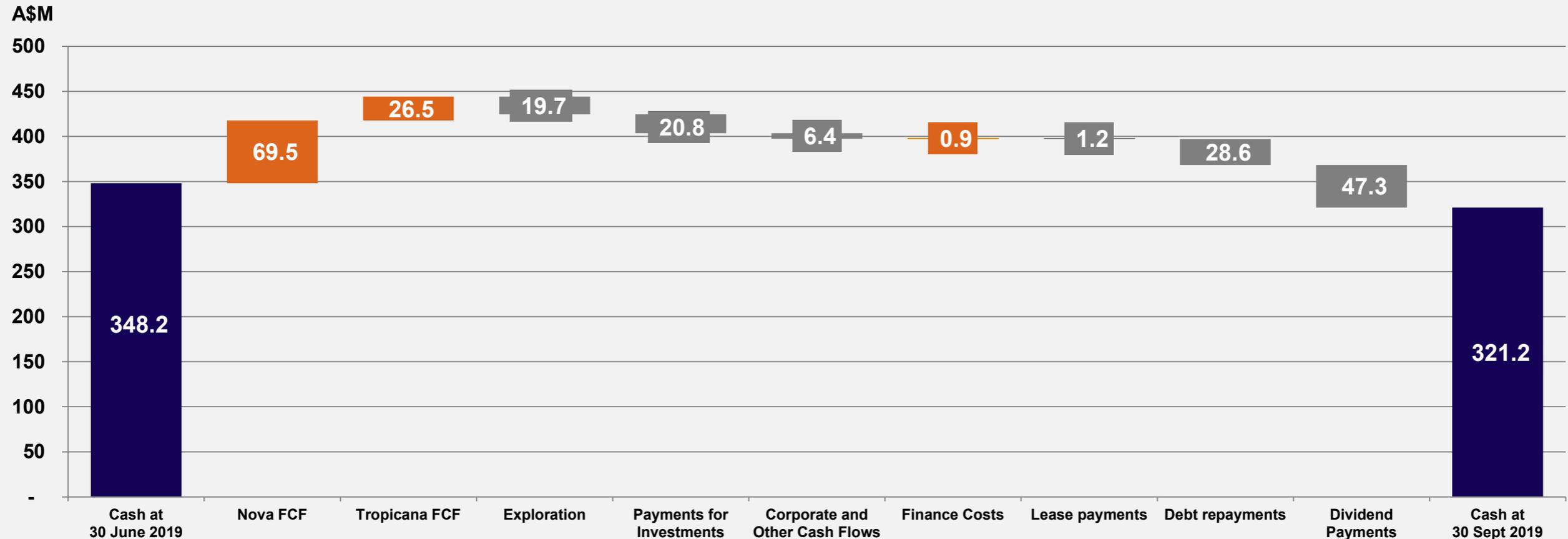
1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).

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

# 1Q20 Cash Flow Reconciliation



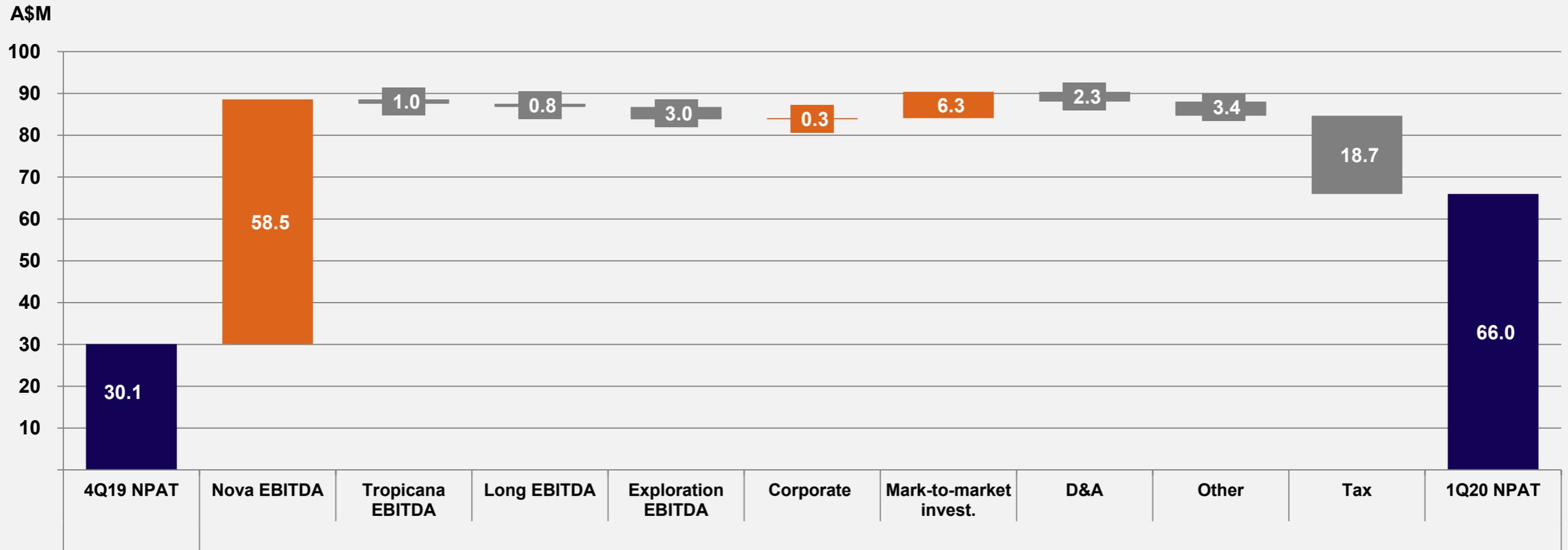
QoQ decline in cash due to dividend and scheduled debt repayment



- Strong free cash generation from Nova
- Cash position impacted by the declaration and payment of A\$47.3M of dividends (A\$0.08 per share), A\$28.6M scheduled debt repayment and A\$20.8M of investments and mineral interests

# Net Profit after Tax

NPAT growth driven by Nova performance



- Nova EBITDA benefited from higher nickel prices, delivering substantial benefit to the NPAT result
- A\$5.6M positive mark-to-market investment revaluation, compared with A\$0.6M decrease in prior quarter
- Expansion of exploration and evaluation expenditure of A\$20.3M for Quarter



# Nova Nickel Operation

## Quarterly production exceeds guidance range for all metals

Metric	Units	4Q19	1Q20	QoQ	FY20 Guidance <sup>1</sup>
Nickel in concentrate	t	7,906	7,724	(2%)	6,750 – 7,500
Copper in concentrate	t	3,462	3,490	1%	2,750 – 3,125
Cobalt in concentrate	t	280	282	1%	213 – 238
Cash cost (payable)	A\$/lb Ni	2.22	2.59	17%	2.00 – 2.50
Sustaining/ improvement Capex	A\$M	4.7	1.9	(60%)	6 – 6.5
Development Capex	A\$M	3.9	0.8	(80%)	1.5 – 2.0

- **17% increase in cash costs (QoQ) primarily related to:**
  - higher notional royalties as a result of higher metal prices over the quarter
  - lower capitalised lateral development
- **Mined grades in line with previous quarter; 2.28% nickel and 0.97% copper**
- **Nickel recoveries fell to 86.8% (from 89% in 4Q19) due to expected variability in mineralisation type**
- **Copper recoveries of 87%, in line with previous quarter**

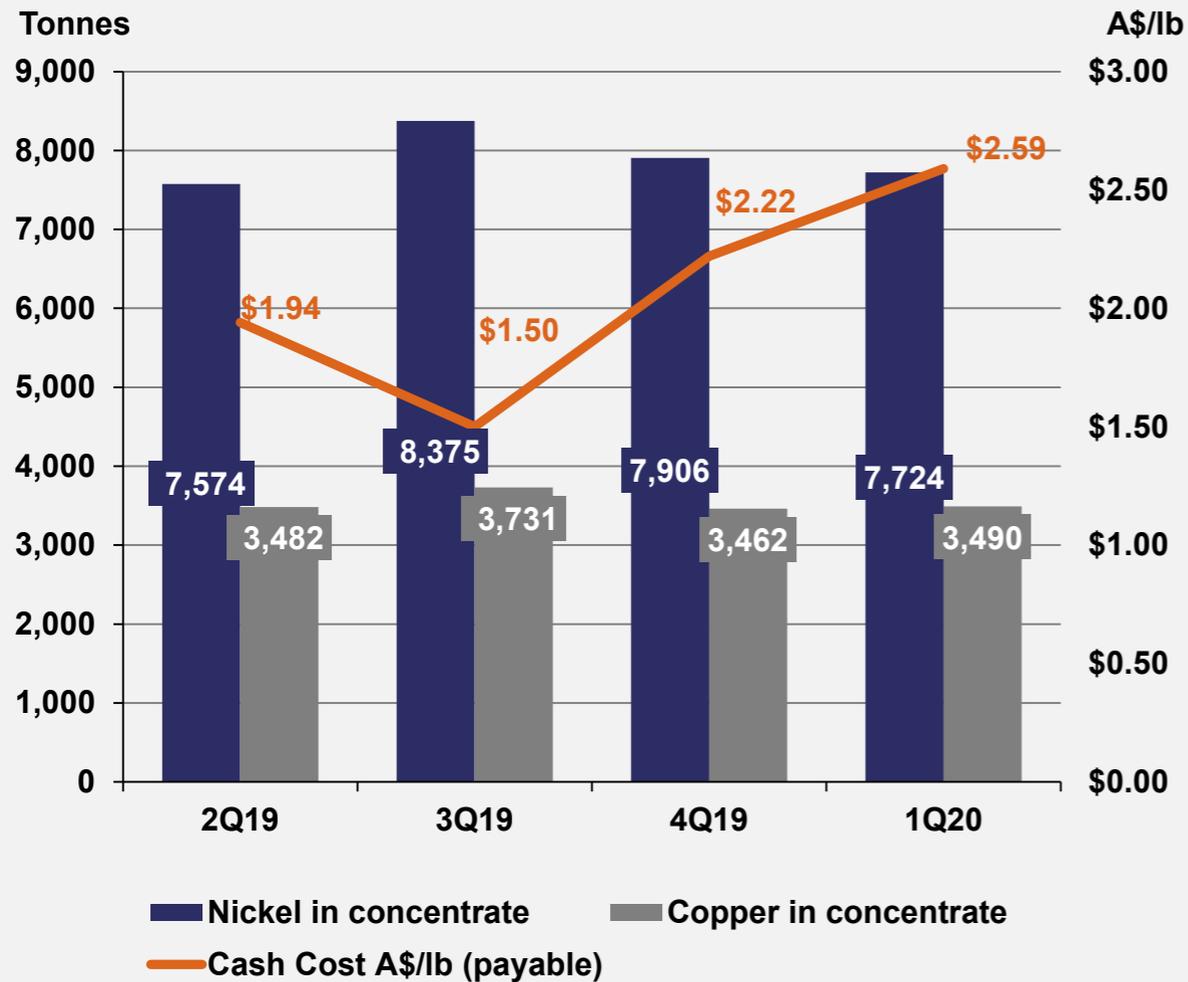
1) Pro-rata YTD guidance (FY20 guidance divided by four)

# Nova Production

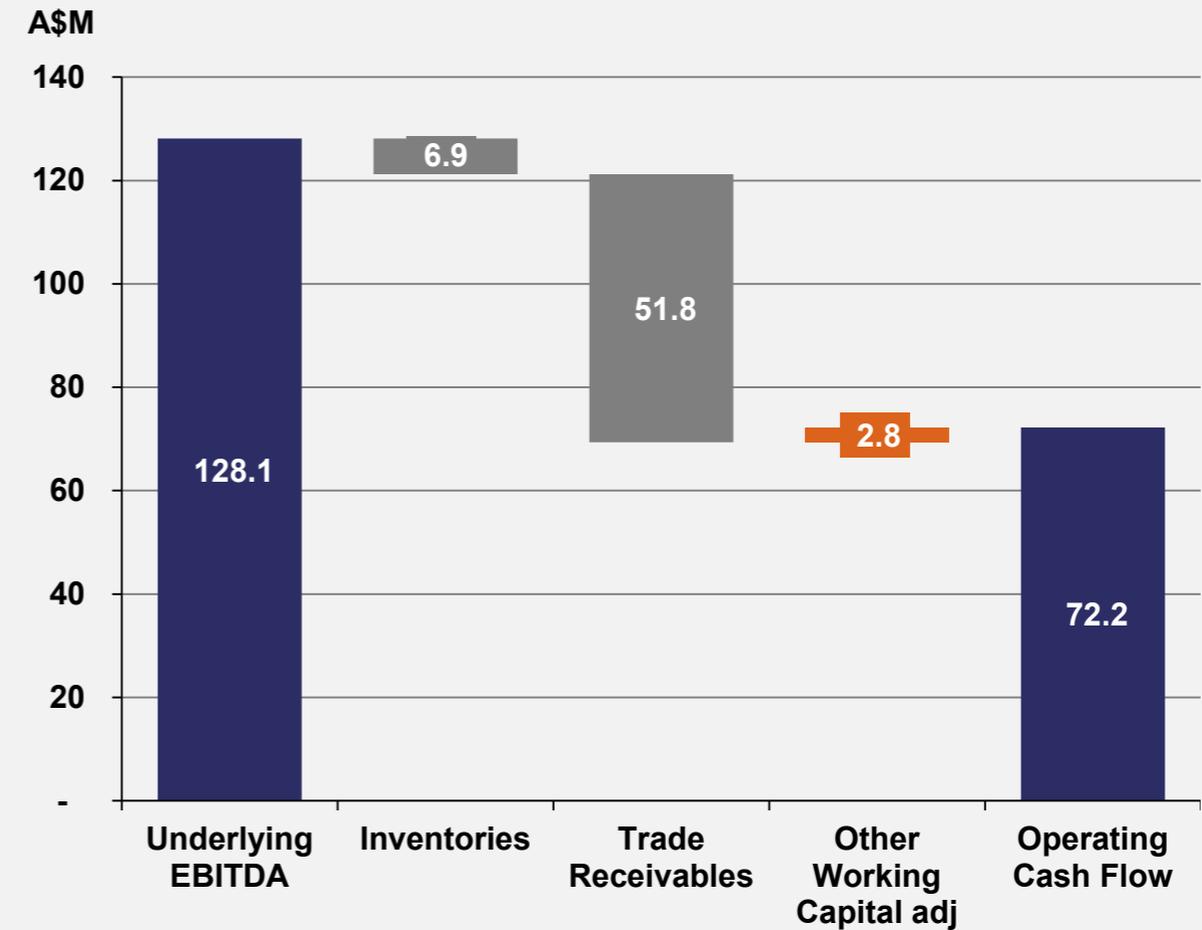
Outstanding EBITDA margin of 70%



## Nova Production



## Nova Cash Flow Reconciliation



# Nova Solar Farm

First power expected during December 2019 quarter



**6MW solar PV facility fully integrated with diesel power plant**

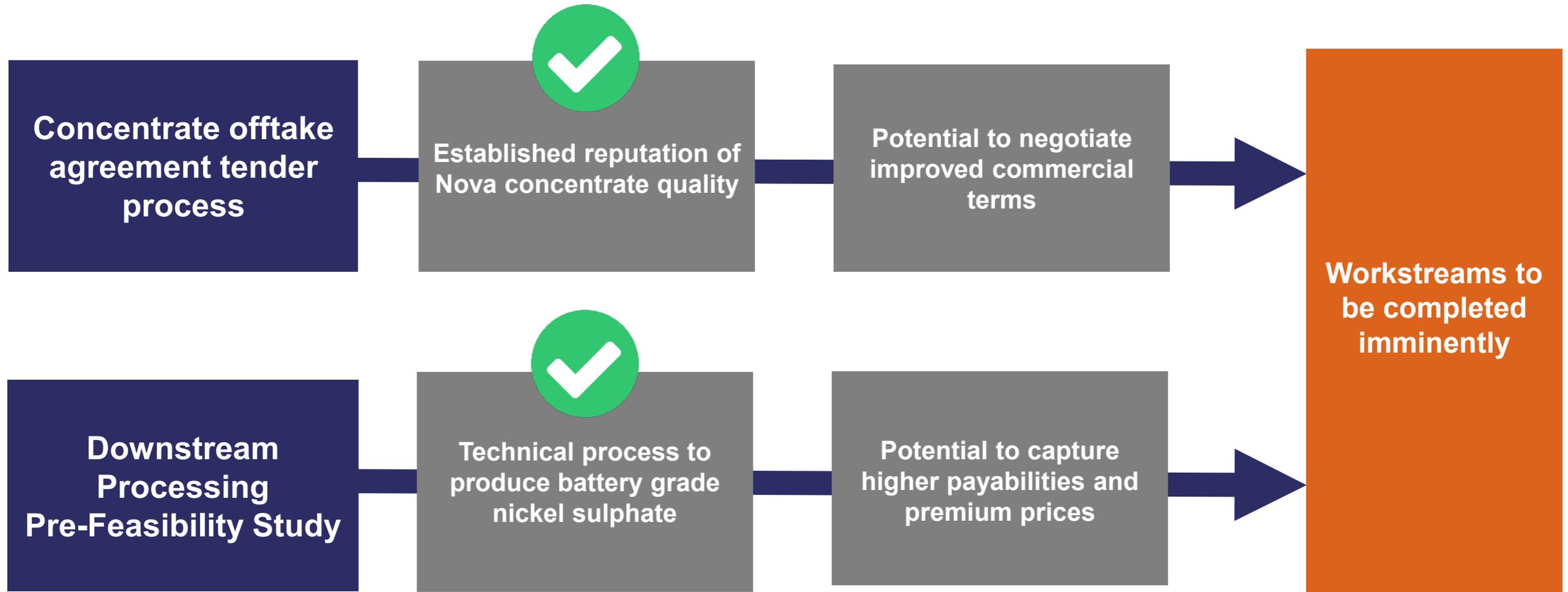
**Designed to deliver ~20% of Nova's total energy requirements**

**Break-even at diesel price of 65c/litre**

# Nova Value Optimisation



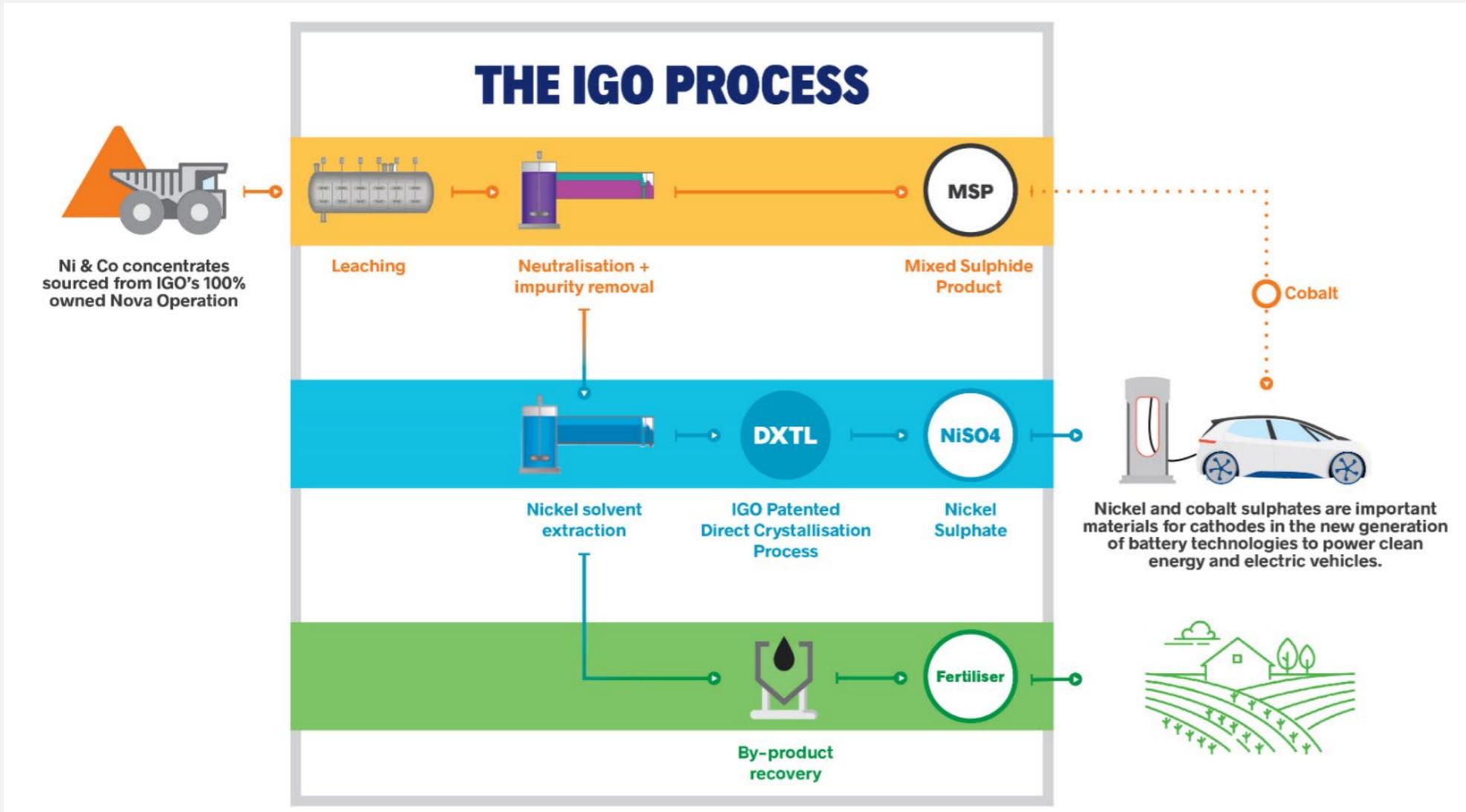
Parallel workstreams to deliver improved value from Nova nickel concentrate



# Downstream Processing



IGO Process designed to convert nickel sulphide concentrate into nickel sulphate



High metal extraction

Lower cost <sup>(1)</sup>

Lower emissions <sup>(1)</sup>

Lower waste <sup>(1)</sup>

1) Compared to existing alternative processes to convert nickel concentrate to nickel sulphate



**Tropicana Joint Venture**  
**(IGO 30%, AngloGold Ashanti 70% and manager)**

# Tropicana Highlights

## Gold production at top end of guidance

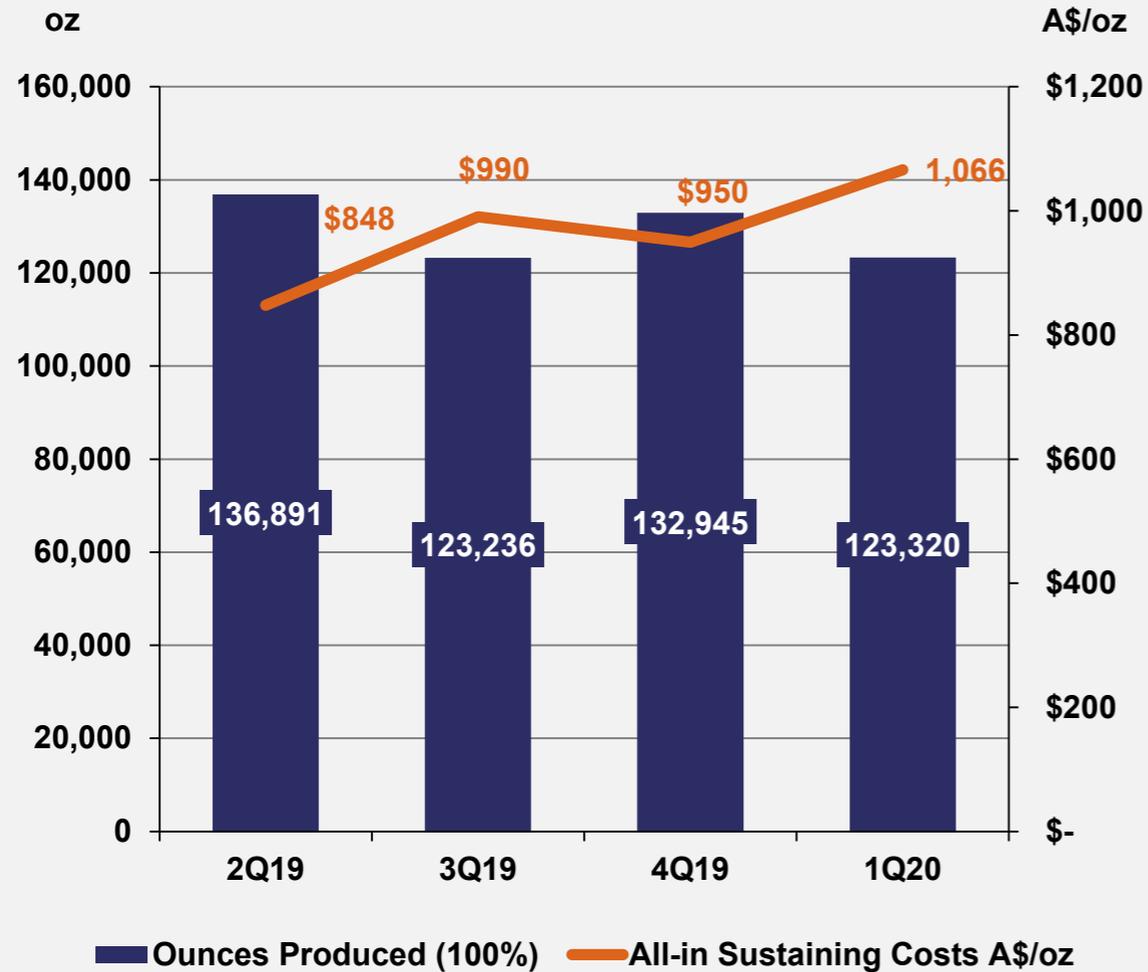


Metric	Units	4Q19	1Q20	QoQ	FY20 Guidance <sup>(1)</sup>
Gold produced (100%)	koz	132.9	123.3	(7%)	112.5 – 125
Gold Sold (IGO 30%)	koz	40.5	38.9	(4%)	33.7 – 37.5
Cash cost	A\$/oz	684	741	8%	700 – 780
AISC	A\$/oz	950	1,066	12%	1,090 – 1,210
Sustaining/improvement	A\$M	2.1	3.4	62%	3.25 – 3.75
Waste stripping	A\$M	8.8	7.3	(17%)	10.50 – 11.75
Underground capex (30%)	A\$M	N/A	4.4	100%	6.5 – 7.25

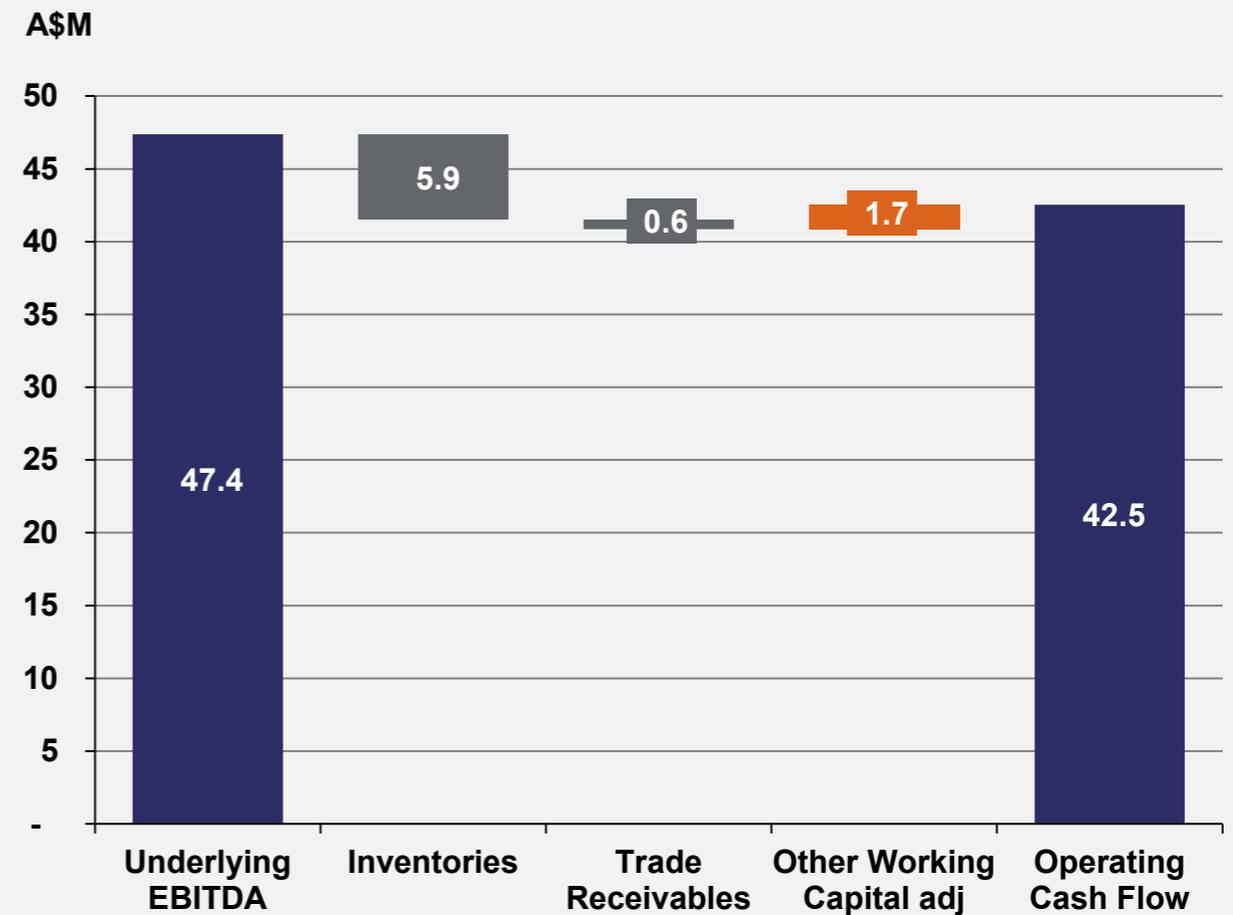
- **Cash costs within pro-rata guidance range, while reported AISC were better than FY20 guidance**
- **Lower QoQ gold production driven by lower milled grade of 1.9g/t Au (4Q19: 2.20g/t)**
- **Gold recoveries were in line with previous quarter at 89.4%**
- **Underground capex expected to rise over remainder of FY20 as Boston Shaker underground development transitions into lateral development on multiple headings**

1) Pro-rata YTD guidance (FY20 guidance divided by four)

### Tropicana Production (100%) and AISC



### Tropicana Cash Flow Reconciliation



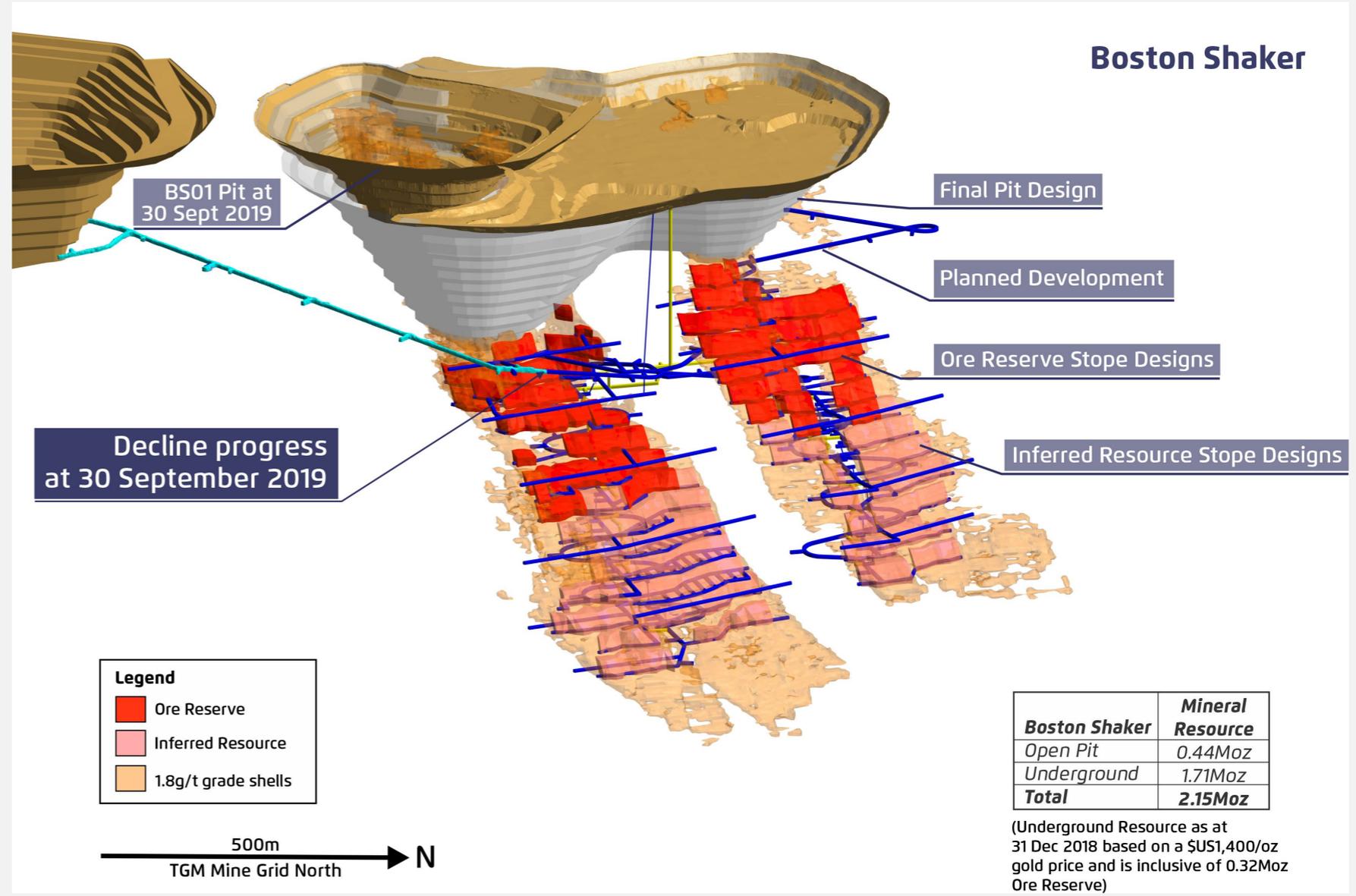
# Tropicana Growth

## Boston Shaker Underground Update

Development progressing in line with feasibility study

Underground development of 987m at 30 September 2019

On track for first gold production during 1Q21



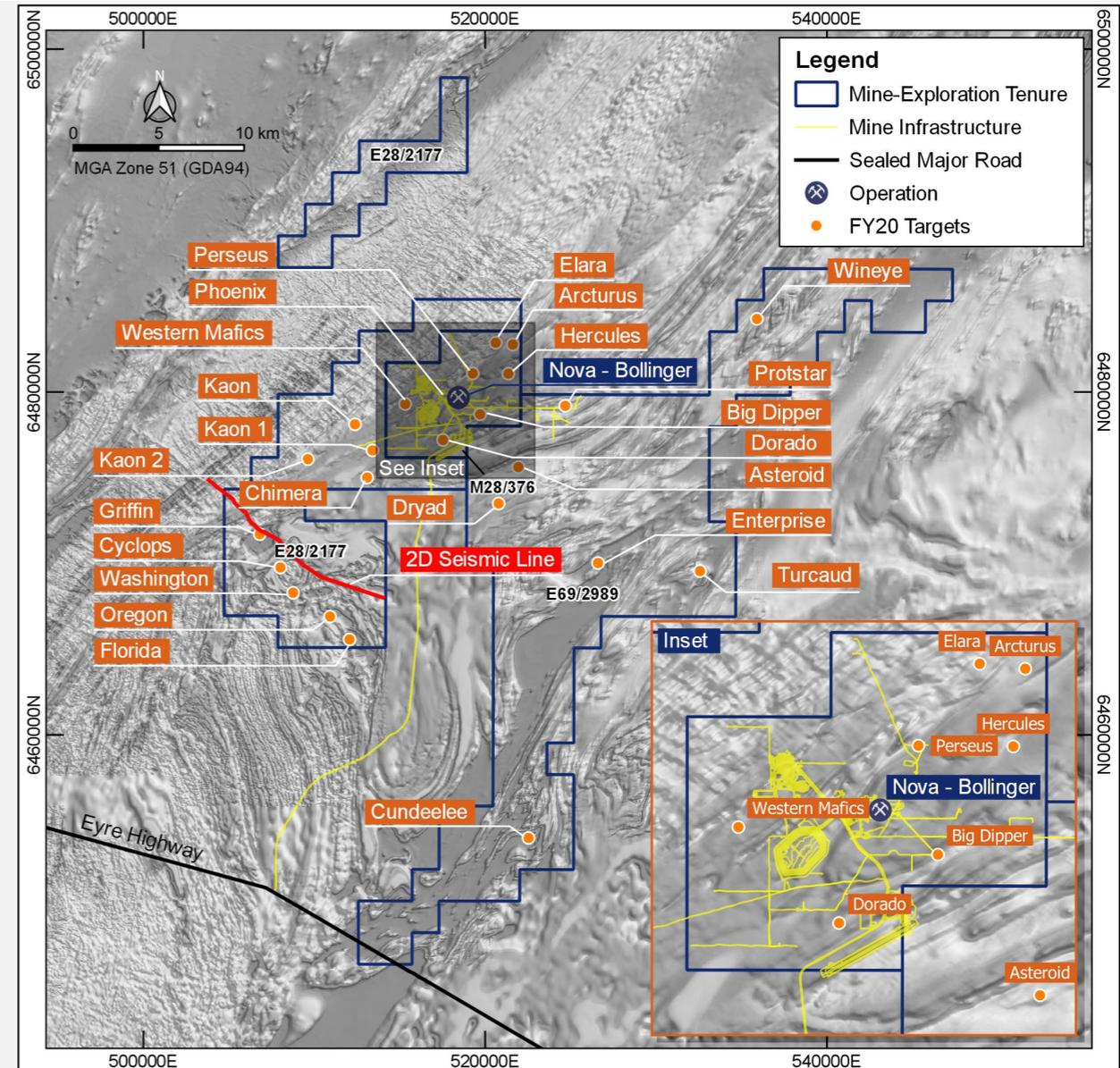
1) Refer to ASX release dated 28 March 2019: Tropicana Joint Venture Approves Boston Shaker Underground Development



# Exploration

## Active quarter of drilling with successful identification of key Nova-style mineralisation

- Five diamond drill rigs active at and around Nova during the Quarter
- Primary focus on area within 15km of Nova mining lease, testing 3D seismic features identified to be mafic/ultramafic intrusions
- ~12,500m of deep surface holes and ~4,400m of underground holes completed
- Drilling successfully intersected four mafic/ultramafic intrusions containing disseminated 3-phase magmatic sulphides (Western Mafics and Kaon 2)
- New targets continue to be identified

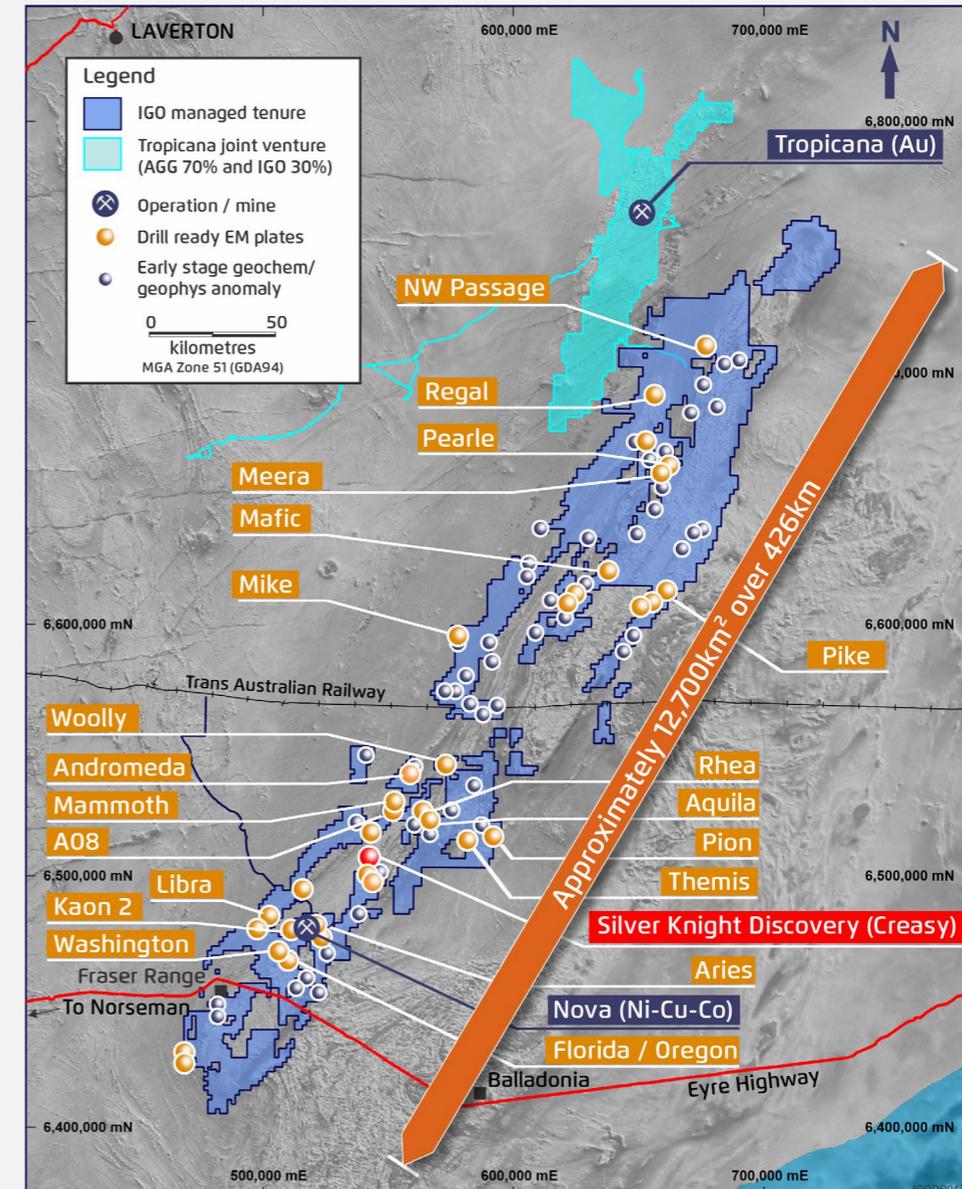


# Fraser Range



## Drilling continues to confirm excellent prospectivity of the Fraser Range

- Regional aircore drilling around Themis and Pion continued to identify anomalous gold mineralisation
- Drilling at Libra and Aries identified thick package of copper-zinc and iron sulphide mineralisation, similar to Andromeda
- New EM conductors identified at Mammoth, A08, Rhea and Aquila are now being prepared for drilling

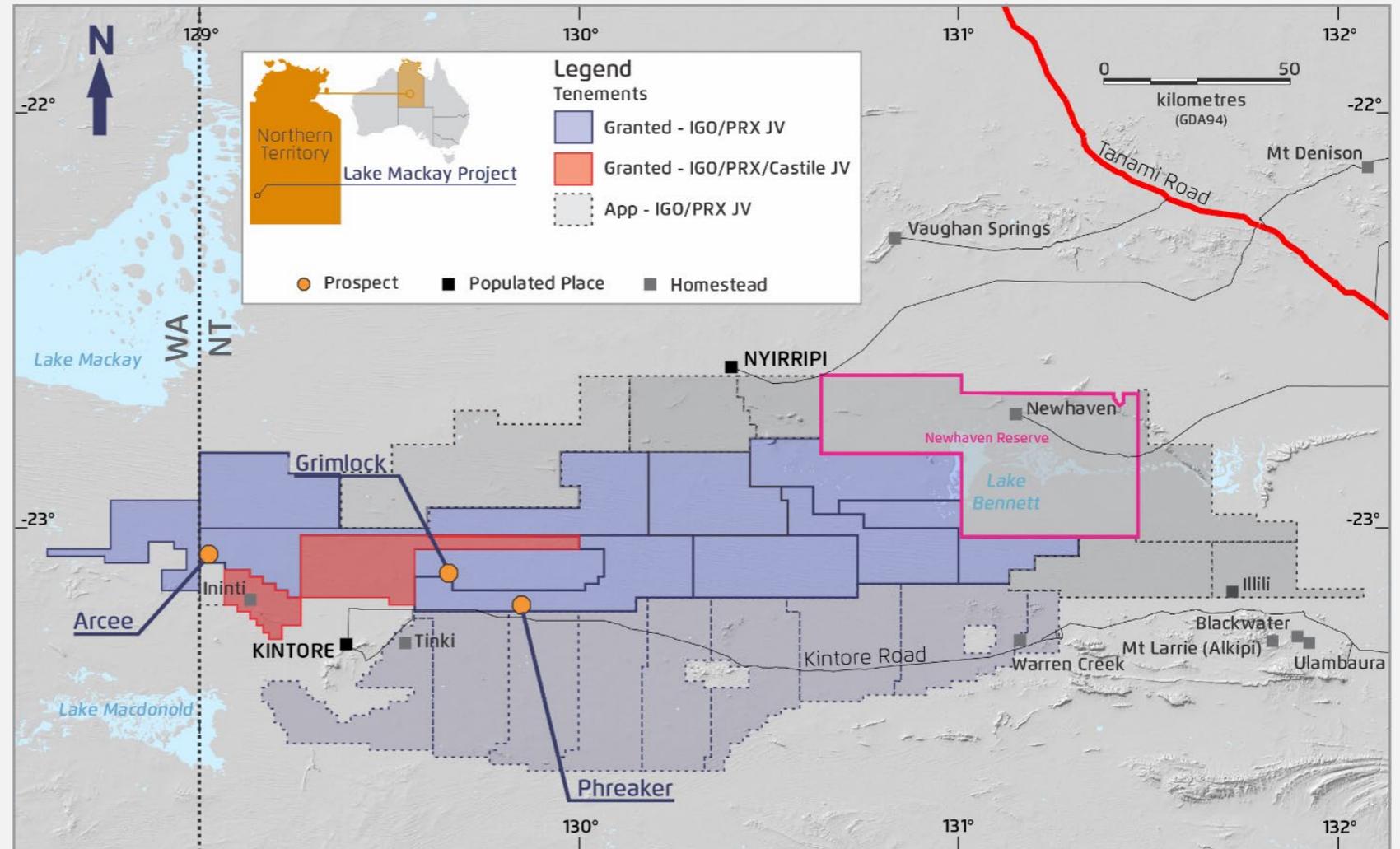


# Lake Mackay



## Continuation of geophysics and drilling programs

- 31 drill holes testing 14 EM targets and 3 soil geochemical targets completed during the Quarter
- Drilling at Arcee prospect intersected 12m @ 3.47g/t Au from 112m including 8m @ 4.94g/t Au from 116m<sup>(2)</sup>
- DHEM at Phreaker demonstrates significant conductor beneath depth of current drilling
- Initial metallurgical testing of Grimlock Mn-Ni-Co mineralisation is underway



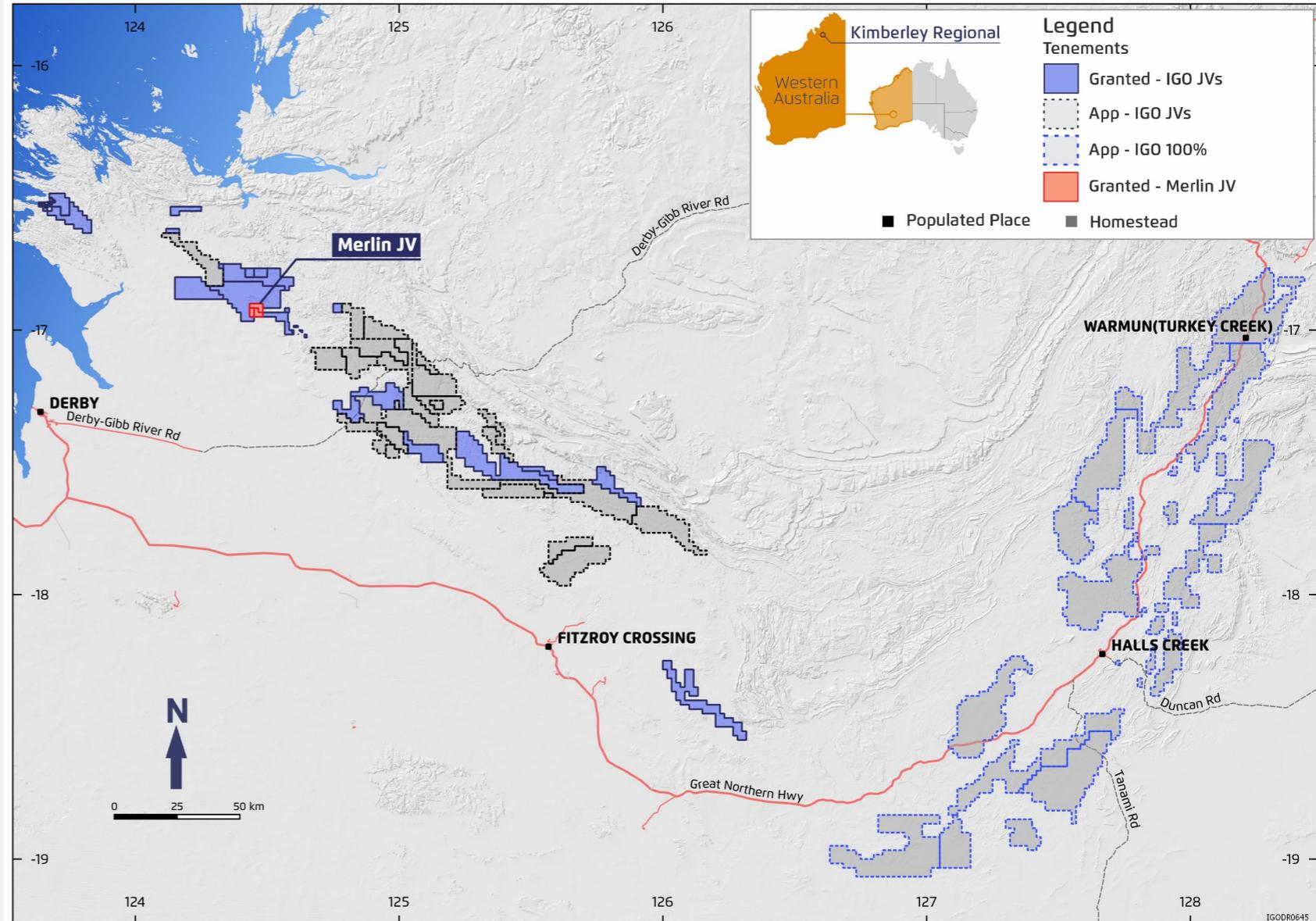
1) Lake Mackay is a joint venture between IGO, Prodigy Gold NL and Castile Resources Pty Ltd (17,773km<sup>2</sup> IGO 70% / Prodigy Gold 30%; 908km<sup>2</sup> IGO 53.8% / Prodigy Gold 23.1% / Castile 23.1%)  
2) Refer ASX announcement released by Prodigy Gold Limited (PRX) on 16 October 2019 titled - Lake Mackay JV Update – New Gold Prospect Identified

# Kimberley Projects



## Significant expansion of tenure within King Leopold and Halls Creek Orogens

- Landholding expanded to **>11,500km<sup>2</sup>** via staking of open ground highly prospective for nickel, copper and cobalt
- Expanded ownership and operatorship of Merlin and surrounding Quick Shears tenements within the West Kimberley JV
- Aeromagnetics and radiometric survey to be conducted during 2Q20

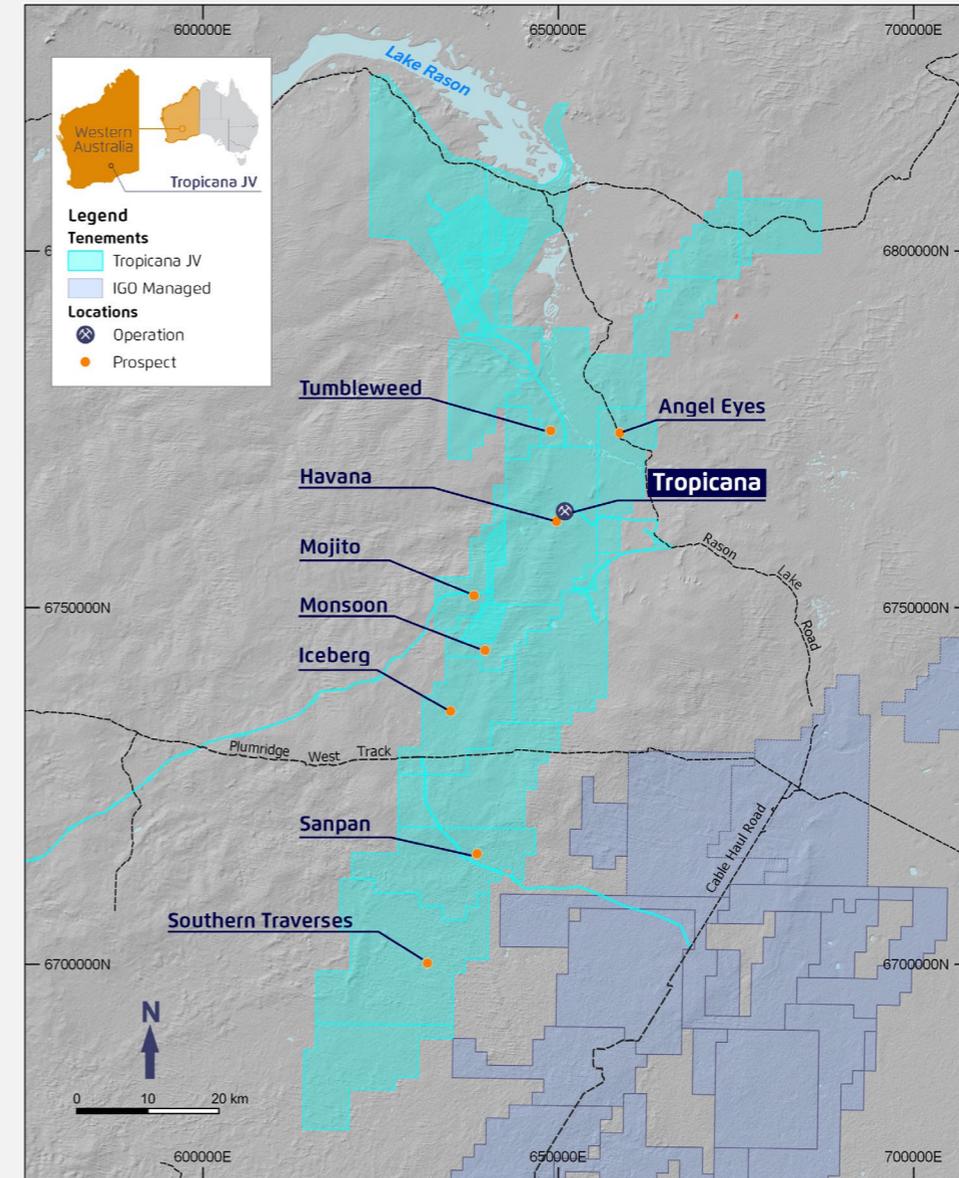


1) The West Kimberly JV is a joint venture between IGO and Buxton Resources Limited

# Tropicana Exploration

## Regional brownfields program underway

- 7,693m of drilling on regional targets during 1Q20
- Aircore drilling continues to confirm prospectivity around Southern Traverses target
- Strong anomaly identified south-east of Sanpan





# Summary

# Concluding Comments

Strong production and higher metal prices deliver a surge in earnings



Strong production and higher metal prices delivers record revenue and increased earnings

Nickel value optimisation opportunities progressing

Intensive drilling activity continues across the exploration portfolio





# MAKING A DIFFERENCE

We believe in a world where people power makes amazing things happen. Where technology opens up new horizons and clean energy makes the planet a better place for every generation to come.

We are bold, passionate, fearless and fun – a smarter, kinder, more innovative company. Our work is making fundamental changes to the way communities all over the world grow, prosper and stay sustainable.

Our teams are finding and producing the specialist metals that will make energy storage mobile, efficient and effective enough to make long-term improvements to the lifestyle of hundreds of millions of people across the globe.

How? New battery storage technology is finally unleashing the full potential of renewable energy by allowing power produced from sun, wind and other sources to be stored and used when and where it's needed.

This technology will impact future generations in ways we cannot yet imagine, improving people's quality of life and changing the way we live.

We believe in a green energy future and by delivering the metals needed for new age batteries, we are making it happen.

**This is the IGO Difference.**