

# INDEPENDENCE GROUP NL

## March 2017 Quarter Results Presentation

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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 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.
- 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, 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.

# 3Q17 Scorecard



## Nova mine development rate significantly improved

### Safety

- **One lost time injury recorded during 3Q17**
- 67% reduction in LTIF to 1.73 year-on-year

### Nova

- **43% improvement in development advance rate by Barminto during 3Q17**
- Ramp up to full production during September 2017 quarter, paste plant commissioned

### Tropicana

- **Quarter in line with guidance, YTD production and costs within or better than guidance**
- Average annualised processing rate for the quarter was 7.6Mtpa

### Jaguar/Long

- **Long production and cash costs better than guidance range for 3Q17 and YTD**
- Soft quarter from Jaguar

### Growth

- **Triumph maiden resource and PFS on track for mid CY17 completion at Jaguar**
- Long Island studies on schedule for mid CY17 completion at Tropicana

### Financials

- **Net debt of A\$131 million with A\$200 million of undrawn revolving debt facility**
- Unaudited underlying EBITDA of A\$34.7M and unaudited profit after tax of A\$12.3M

# Safety First

We are focused on improving outcomes for our people



## Focus on continuous improvement

- We continue to see year on year improvement in key injury metrics
- We have also seen a decrease in the severity of injuries and fewer workers compensation cases

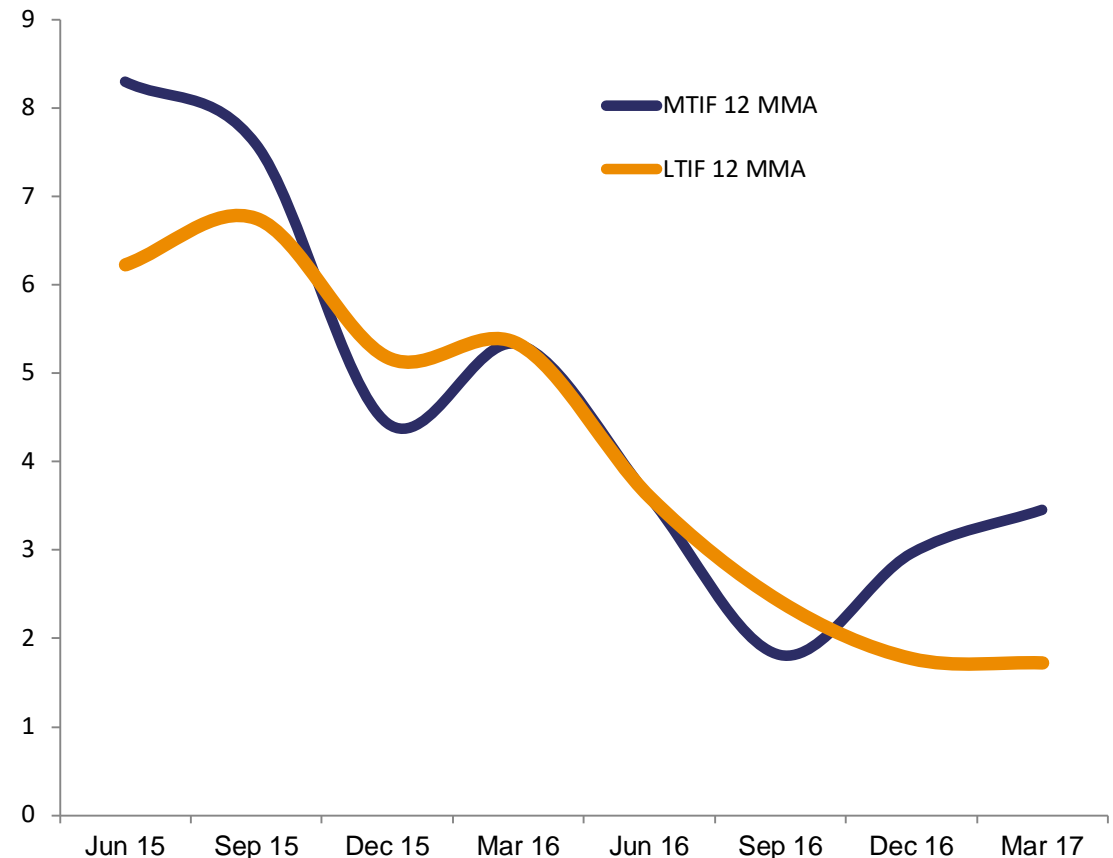
## Aim to reduce harm

- We are focused on reducing serious potential incident and first aid injury rates which have trended up in recent times

## Visual safety leadership

- A key plank to our safety strategy is our Visual Safety Leadership program rolled out in 2016

## Consistent improvement in key lag metrics



1) 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) 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.

# Solid Financial Results

Underpinned by high grade diversified portfolio



Unaudited Metrics	Units	3Q17	2Q17	%▲	Commentary
Revenue	A\$M	83.9	128.5	(35%)	<ul style="list-style-type: none"> <li>• Timing of Jaguar shipments</li> <li>• Expected lower Tropicana gold sales</li> </ul>
Underlying EBITDA <sup>(1)</sup>	A\$M	34.7	43.6	(20%)	<ul style="list-style-type: none"> <li>• Timing of Jaguar shipments</li> <li>• Expected lower Tropicana gold sales</li> </ul>
Net Profit After Tax	A\$M	12.3	10.1	22%	<ul style="list-style-type: none"> <li>• Non-recurrence of stamp duty</li> <li>• Investment revaluation gains</li> </ul>
Net Cash Flow From Operating Activities	A\$M	23.4	17.4	34%	<ul style="list-style-type: none"> <li>• Non-recurrence of stamp duty</li> </ul>
Underlying Free Cash Flow <sup>(2)</sup>	A\$M	(31.0)	9.5	<i>n.m.</i>	<ul style="list-style-type: none"> <li>• Nova ramp up funding</li> </ul>
Cash (at end of period)	A\$M	69.0	109.2	(37%)	<ul style="list-style-type: none"> <li>• Nova ramp up funding</li> </ul>
Marketable Securities (at end of period)	A\$M	15.1	9.4	61%	<ul style="list-style-type: none"> <li>• 7 historical &amp; recent holdings</li> </ul>
Refined bullion (at end of period)	A\$M	-	0.2	(100%)	
Debt (at end of period)	A\$M	200.0	200.0	-	<ul style="list-style-type: none"> <li>• No further debt draw-downs</li> </ul>

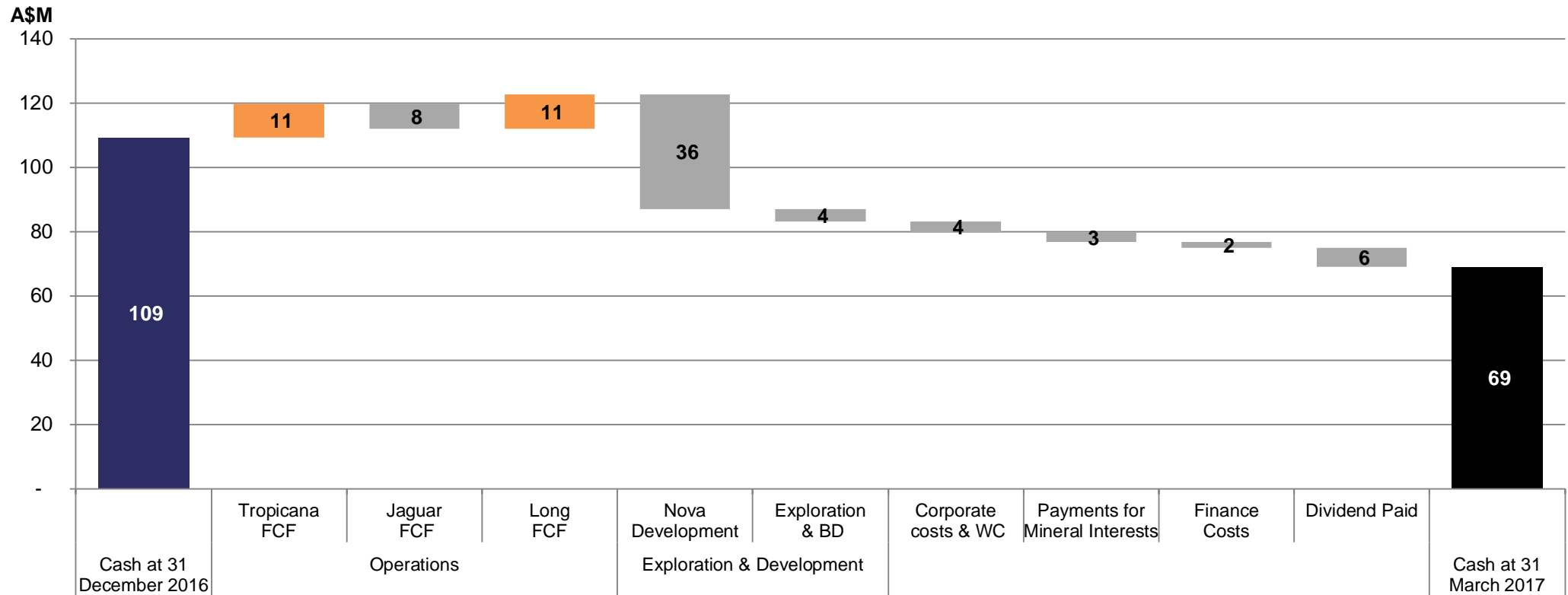
1) Underlying EBITDA are non-IFRS measure (refer to Disclaimer page).

2) Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities. Underlying adjustments exclude proceeds from investment sales and payments for investments

# 3Q17 Cash Flow Reconciliation



Cash and cash flow used to fund growth activities, Debt unchanged



**Robust balance sheet with A\$69M cash and A\$200M debt**

**A\$200M of debt facilities remain undrawn = no requirement for further funding**

**IGO's dividend policy maintained with A\$6M dividends paid in 3Q17**

# High Margin Assets



## Diversified portfolio delivering consistent operating margin

### Consistent Operating Margin

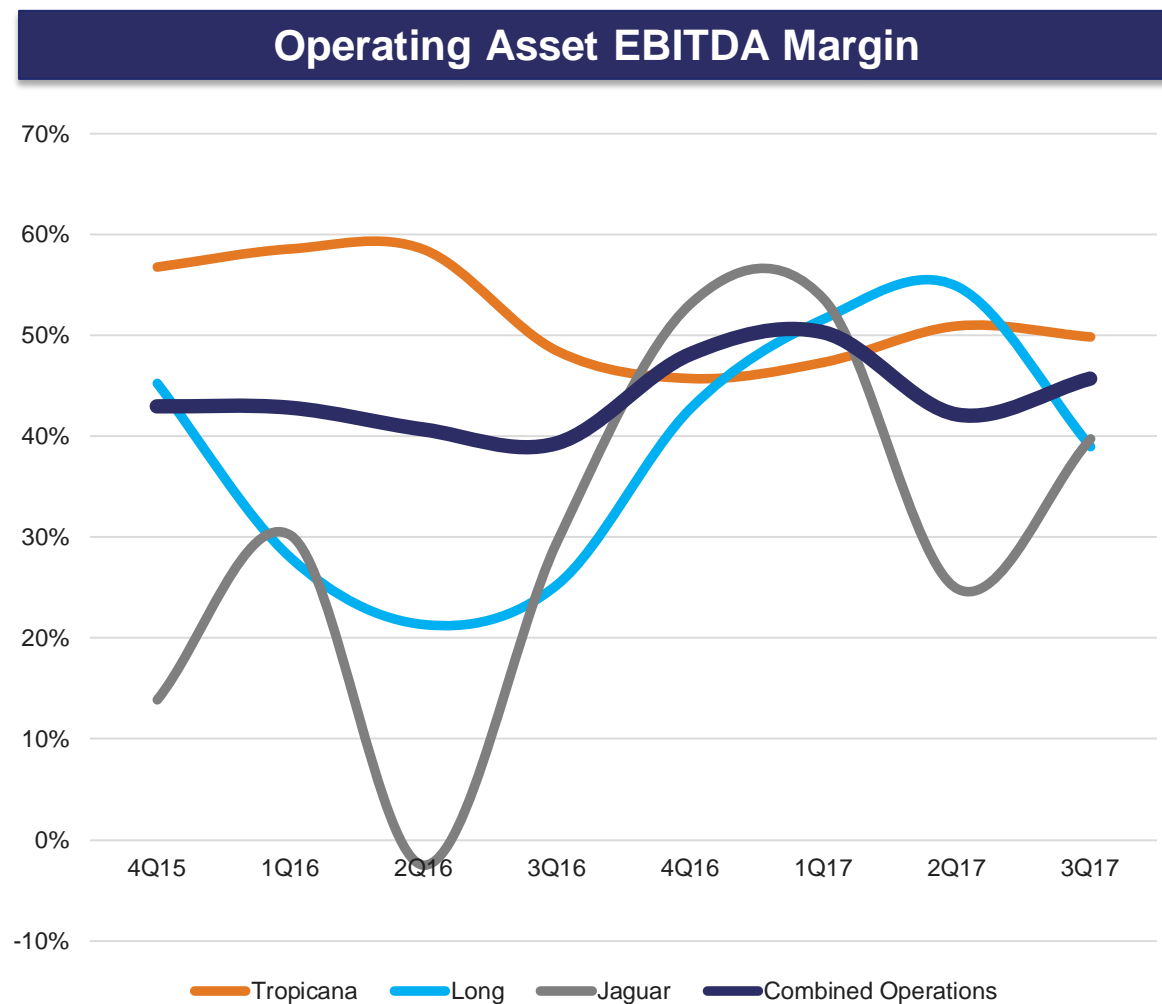
- Operating assets deliver a consistent 40-50% EBITDA margin

### Focus on controllable factors

- Focus is on controllable factors such as operational consistency and cost inputs

### Upside opportunity

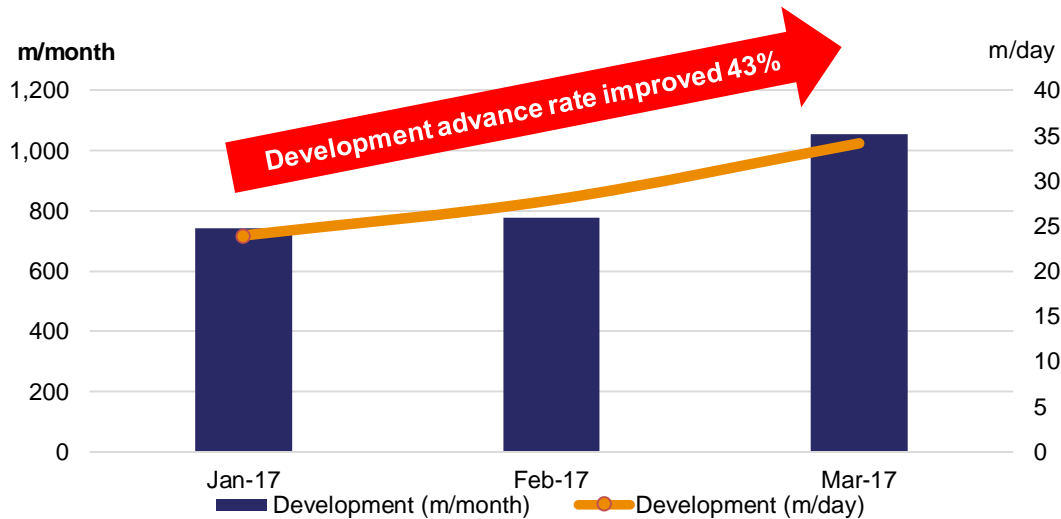
- Once ramped up to full production, Nova is expected to deliver additional high margin production to the portfolio
- Opportunity to continue to enhance operating margins through improved consistency and continuous business improvement



# Nova Project



## Ramp up to nameplate during September 2017 quarter



### Mine development

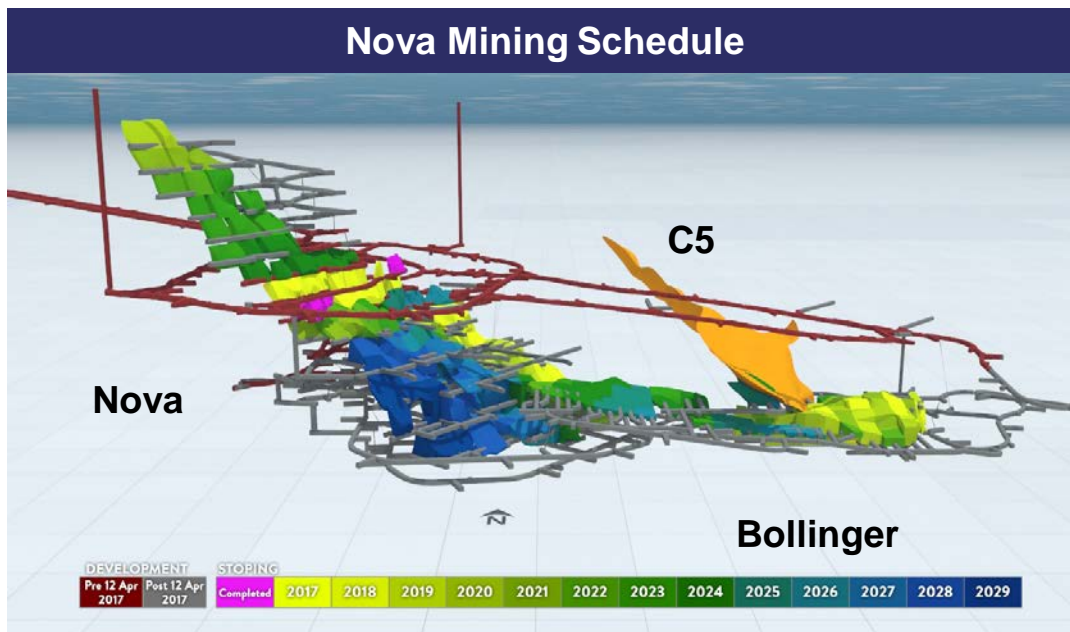
- Average development rates for March 2017 have improved 43%, compared to January 2017
- Mine design optimised to reduce upfront lateral capital development requirements by 24% delivering multiple mining fronts
- Paste plant commissioned, paste filling of stopes commences during 4Q17

### Concentrate shipping

- Transportation of copper concentrate to Esperance for storage prior to offshore shipment in 4Q17

### Guidance

- FY17 production projected to be 5.0-6.0kt nickel and 1.9-2.3kt copper
- FY18 guidance to be updated as part of group wide guidance disclosure with 4Q17 report





## 3Q17 production and costs within guidance

Metric	Units	FY17 Guidance Range	3Q17	YTD
Gold produced (100% basis)	oz	390,000 to 430,000	99,884	321,116
Gold Sold (IGO's 30% share)	oz	117,000 to 129,000	30,844	96,206
Cash cost	A\$/oz Au	850 to 950	808	817
All-in Sustaining Costs (AISC)	A\$/oz Au	1,150 to 1,250	1,229	1,121
Sustaining and improvement capex	A\$M	12 to 16	1.2	7.6
Capitalised waste stripping	A\$M	29 to 36	11.6	25.5
Exploration expenditure	A\$M	6 to 8	0.9	4.3

### 3Q17 Drivers

- Planned higher mining volumes of 8.6M BCM (strip ratio of 10.6:1 for 3Q17) and lower gold sales contribute to higher AISC
- Above budget processing throughput of 1.89Mt at a planned lower grade of 1.9g/t and recovery of 89.1% contribute to lower gold production of 29,965oz (IGO share) compared to 2Q17
- Average annualised processing rate was maintained at 7.6Mtpa

### Outlook

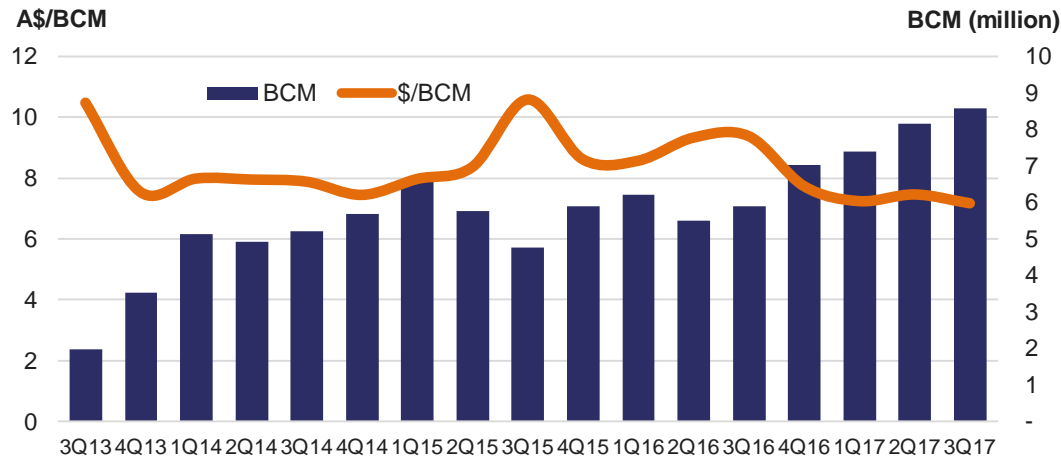
- Advancement of the Long Island Study to deliver further Mineral Resource growth in CY17<sup>(1)</sup>

1) For further detailed information on Tropicana value enhancement refer to ASX release dated 15 December 2016

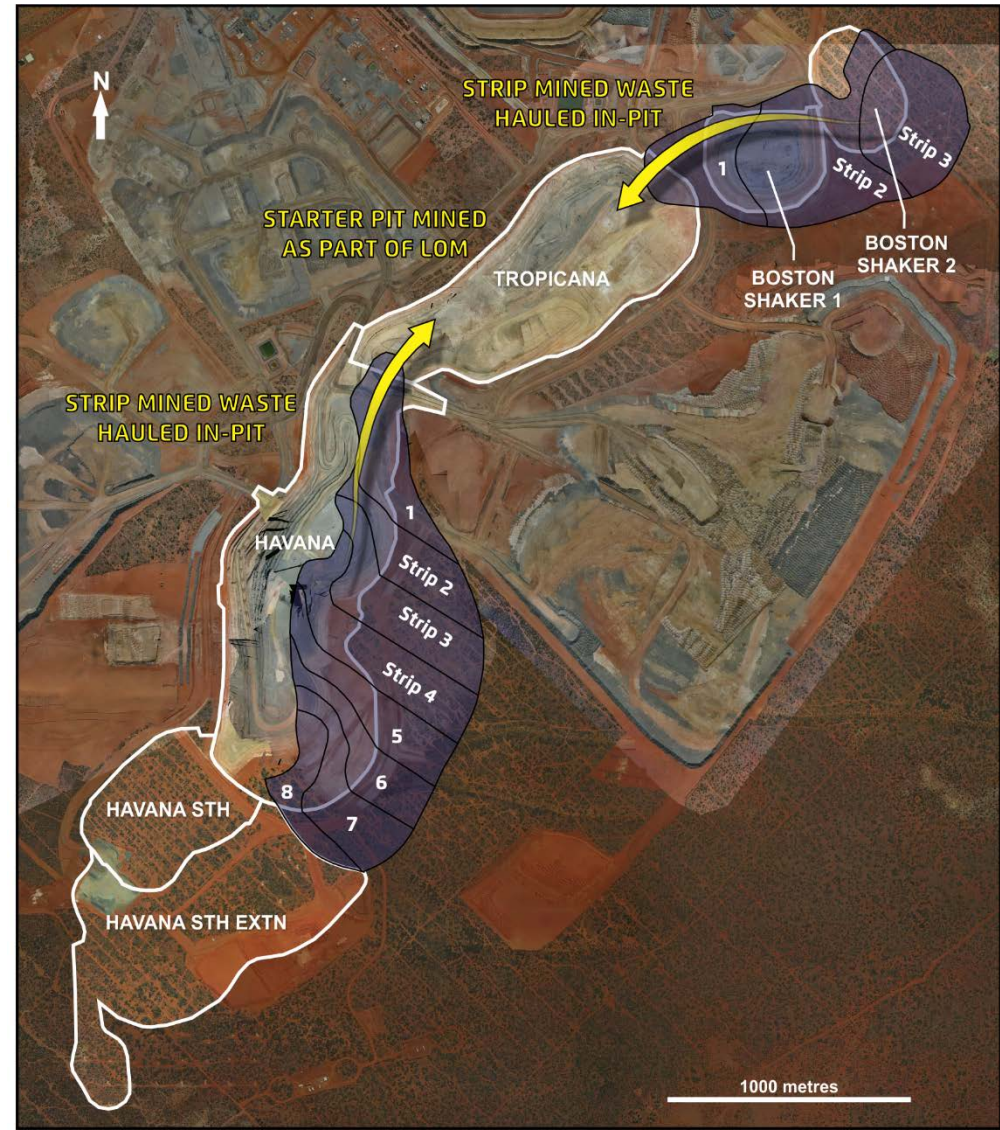
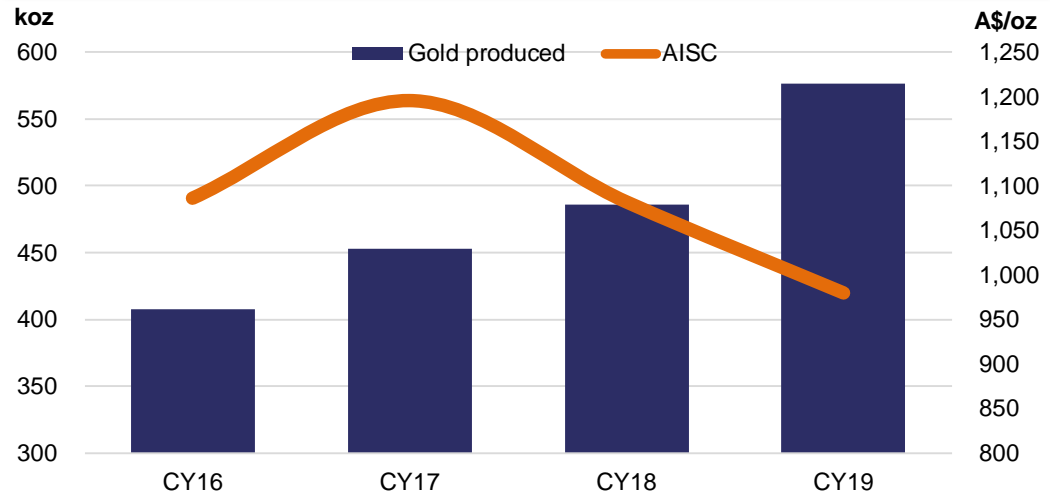
# Tropicana

## Higher waste volumes in CY17 to unlock higher grades in CY18-19

**BCM Movement and unit cost**



**Directional Production and AISC<sup>(1)</sup>**



1) For further detailed information on Tropicana value enhancement refer to ASX release dated 15 December 2016

## Soft quarter but outlook is positive

Metric	Units	FY17 Guidance Range	3Q17	YTD
Zinc in concentrate	t	39,000 to 43,000	6,599	25,239
Copper in concentrate	t	4,600 to 5,100	688	3,444
Cash cost (payable)	A\$/lb Zn	0.70 to 0.80	0.90	0.80
Sustaining capex	A\$M	8 to 9	1.1	5.9
Development capex	A\$M	12 to 13	2.7	7.5
Exploration expenditure	A\$M	3 to 4	0.1	0.9

### 3Q17 Drivers

- Zinc and copper metal lower due to lower grades and lower underground production
- Although 4Q17 production is expected to be stronger, unlikely to achieve full year zinc production guidance
- 94,132t milled at average grade of 7.76% Zn and 1.00% Cu

### Outlook

- Delivery of maiden resource estimate and pre-feasibility study for the Triumph deposit expected mid CY17
- Process plant study to investigate potential for High Precious Metals concentrate by mid CY17
- Bentley in-mine exploration drilling will continue into 4Q17 to define the potential geometry and extent of mineralisation intersected to-date

## Consistent production and cost delivery

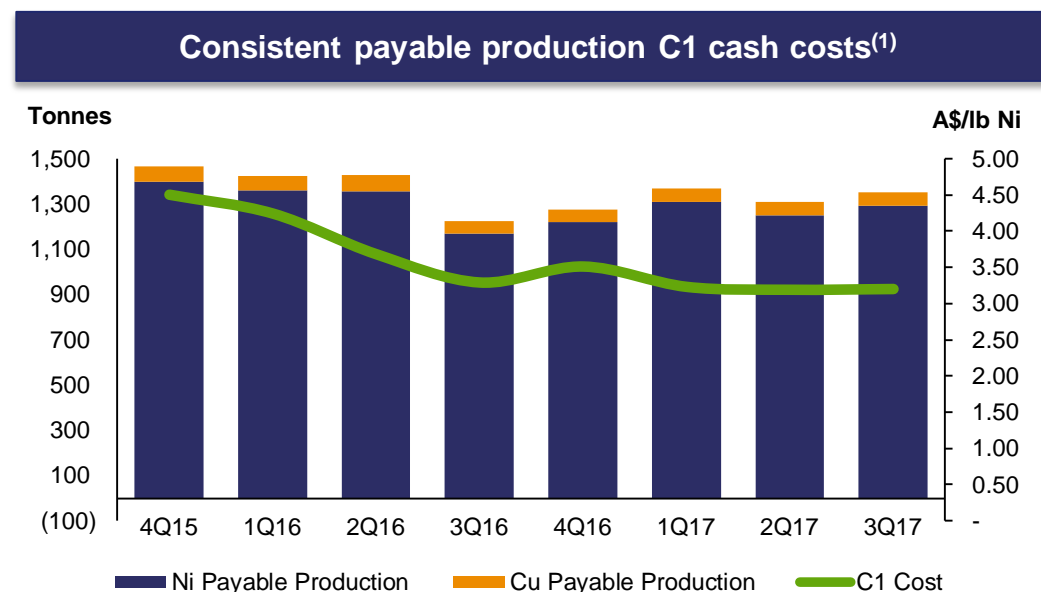
Metric	Units	FY17 Guidance Range	3Q17	YTD
Nickel (contained metal)	t	7,400 to 8,200	2,136	6,364
Cash Cost (payable)	A\$/lb Ni	3.50 to 3.90	3.20	3.20
Sustaining capex	A\$M	1	0.04	0.7
Development capex	A\$M	N/A	-	0.2
Exploration expenditure	A\$M	2 to 3	-	0.4

### 3Q17 Drivers

- Consistent high margin production
- 46,569t mined at an average grade of 4.59% Ni
- 3Q17 and YTD production and cash costs all better than guidance

### Outlook

- Interpretation of the reprocessed seismic data to identify near infrastructure exploration targets is ongoing



1) C1 cash costs are expressed as cash costs per payable pound of nickel inclusive of by product credits and royalties

# Value Delivery and Growth

## Multiple catalysts across the portfolio



### Nova

- Commercial production declaration
- Ramp up to full production
- Drill testing of EM and geological targets on Nova ML
- Underground drilling as EM platforms
- 3D seismic data collection and processing

### Jaguar

- Triumph Mineral Resource and PFS
- Bentley Depth Extension drilling
- Anomaly definition drilling on Heather Bore gold prospect
- Copper enhancement project

### Tropicana

- Delivery of Long Island Study
- CY18 & CY19 grade streaming
- Incremental process plant rates increase
- Regional exploration program

### Long

- Completion of Seismic interpretation and target generation
- Surface EM program

### Fraser Range

- Systematic AC drilling program
- Drill testing of EM and geological targets
- Application of Nova geological understanding

# Nova Exploration



## Multiple exploration activities underway in CY17

### Nova resource extension

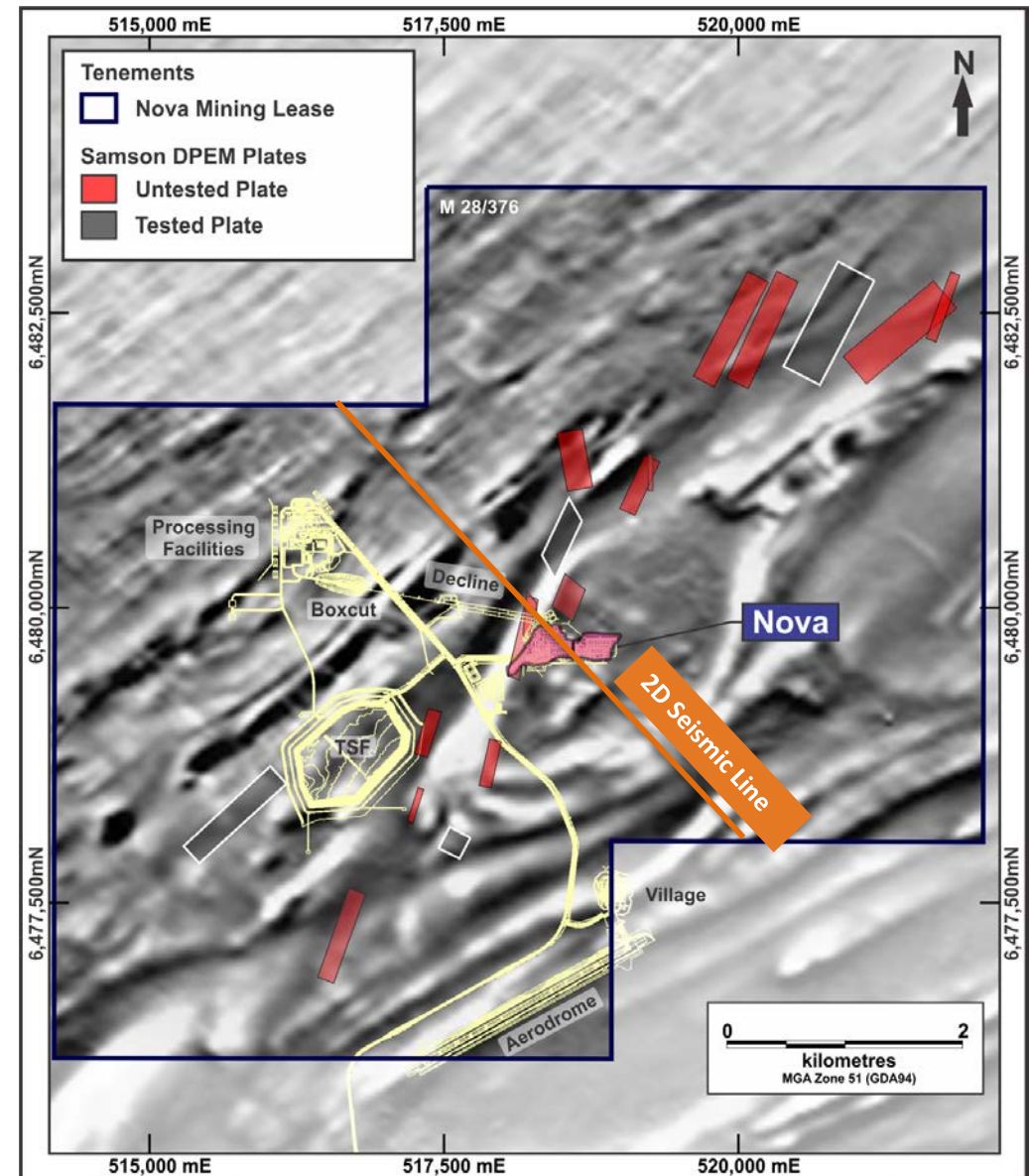
- Resource extension drilling underway at C5 and Bollinger East

### Nova mining lease

- Reprocessing EM complete and drill testing of EM targets on Nova mining lease commences in 4Q17
- Successful 2D seismic data acquisition completed
- Progressing towards 3D seismic surveying of Nova mining lease

### R&D at Nova to deliver competitive advantage

- R&D completed on Nova to date is leading to enhanced geological understanding and target generation opportunities in the Fraser Range



# Fraser Range Consolidation



Tenure increased by ~7,000km<sup>2</sup>

## JV with Orion agreed in 3Q17

- IGO entered into JV with Orion Gold<sup>(1)</sup> obtaining a 70% interest in Orion Tenements and a 60% and 65% interest in Orion's Creasy and GR JV Tenements respectively

## Belt scale land position on under-explored Fraser Range

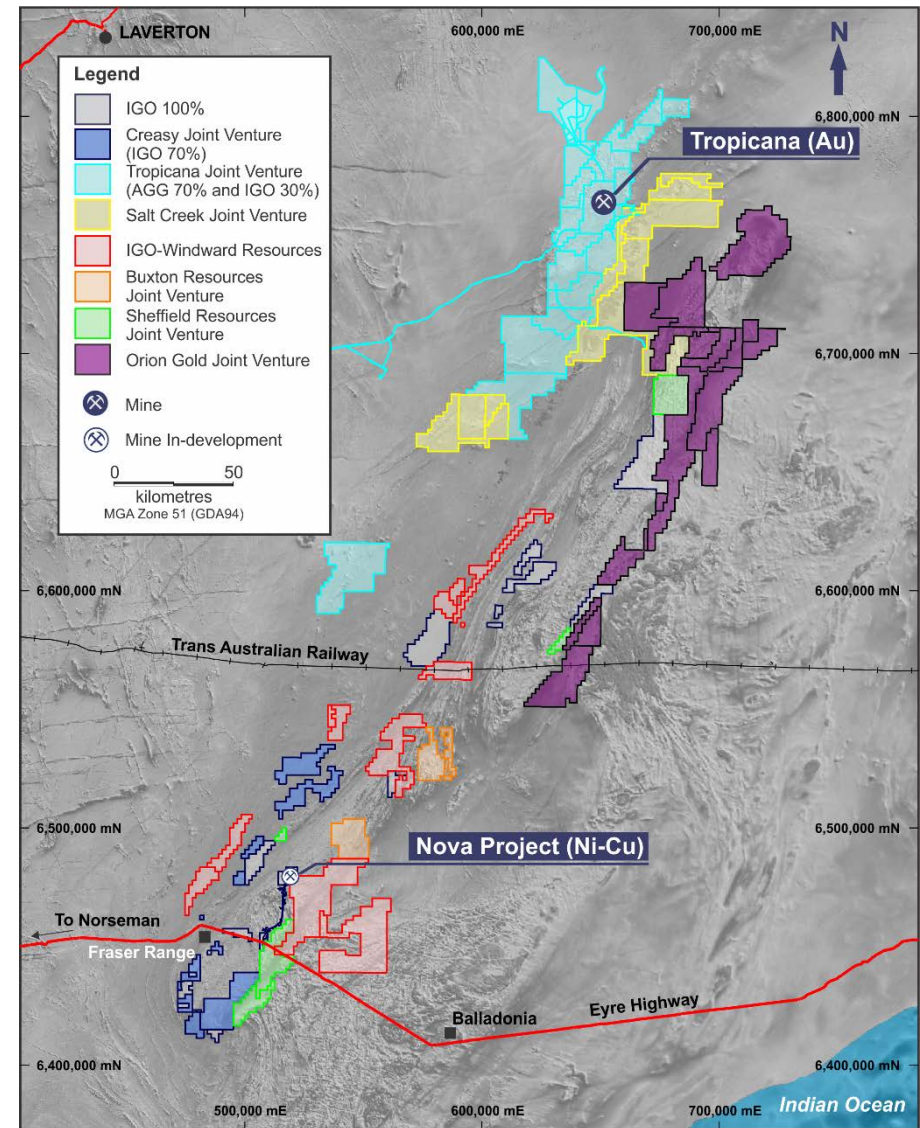
- IGO currently holds, in its own right or via JV ~12,000km<sup>2</sup> of tenure outside the Tropicana JV on or proximal to the Fraser Range

## Four transactions since 2016

- Orion JV to deliver ~4,000km<sup>2</sup> of tenure
- Windward<sup>(2)</sup> acquisition delivered 1,700km<sup>2</sup>
- Sheffield<sup>(3)</sup> JV – IGO to earn up to 70% over 650km<sup>2</sup>
- Buxton<sup>(4)</sup> JV delivered initial interest of 90% over 592km<sup>2</sup>

## Exploration strategy

- Geochem and geophysics to understand belt
- Apply learnings from R&D at Nova
- Multiple exploration programs kicking off in CY17



1) ASX release dated 10 March 2017 ORN: Orion Completes Landmark Joint Venture Agreement with IGO on Fraser Range Nickel-Copper Project WA  
2) ASX release dated 22 December 2016 IGO Completes Compulsory acquisition of Windward Resources  
3) ASX release dated 16 November 2016 SFX: Sheffield forms Fraser Range Joint Venture with IGO  
4) ASX release dated 24 August 2016 BUX: BUX & IGO enter into Fraser Range Joint Venture

# Concluding Comments

Diversified mining company delivering cash flow and growth



Good progress to improve safety culture across business

Nova on track to ramp up to nameplate in Sept 2017 quarter

Tropicana & Long at or better than guidance on all metrics

Jaguar production soft but outlook is positive

Balance sheet remains robust with no need for new funding

Multiple value catalysts across the business





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STRENGTH TO STRENGTH**  
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