

# INDEPENDENCE GROUP NL

PETER BRADFORD, MANAGING DIRECTOR AND CEO

**Diggers & Dealers Mining Forum**

1-3 August 2016



**25<sup>th</sup> anniversary**  
CELEBRATION



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- Any references to IGO Mineral Resource and Ore Reserve estimates, except the Nova Ore Reserve should be read in conjunction with IGO’s 2015 Mineral Resource and Ore Reserve announcement dated 28 October 2015 and lodged with the ASX, which are available on the IGO website. The Nova Ore Reserve was updated during the optimisation study dated 14 December 2015 and lodged with the ASX, which is available in 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 27th 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.

# IGO overview

Leading Australian diversified mining company



## ASX listed (IGO)

- Based in Perth, Western Australia

## Diversified portfolio of high margin assets

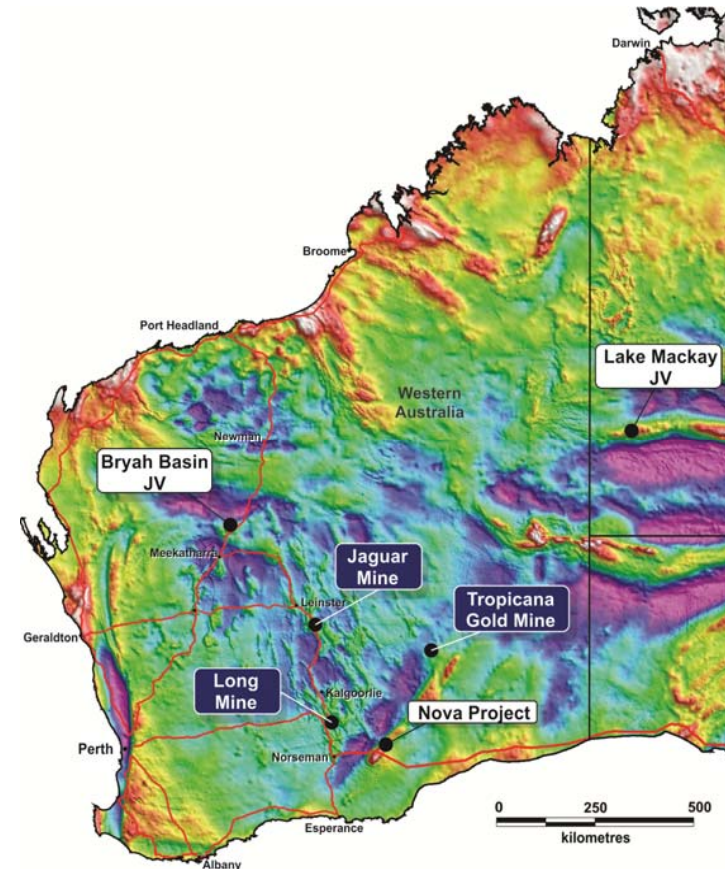
- 3 operating mines and 1 under construction
- All located in Western Australia
- Gold, Nickel, Zinc, Copper, Cobalt, Silver

## Strong track record of delivery

- Strong cash flow and strong balance sheet
- Strong management and Board

## Fully financed growth

- Tropicana mill expansion and resource extension
- Nova Nickel/Copper Project construction
- Belt scale exploration targets in Australia



# Market profile & share ownership

**Strong domestic institutional and retail support**

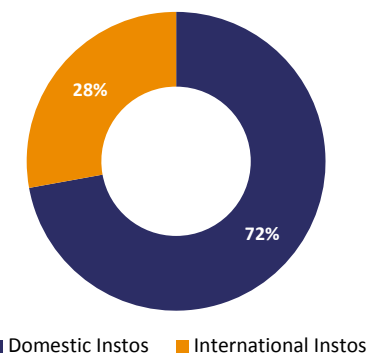
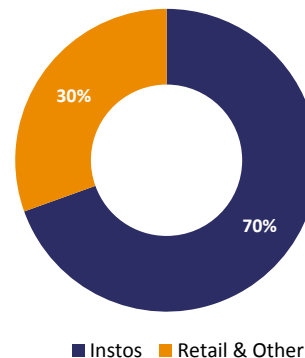
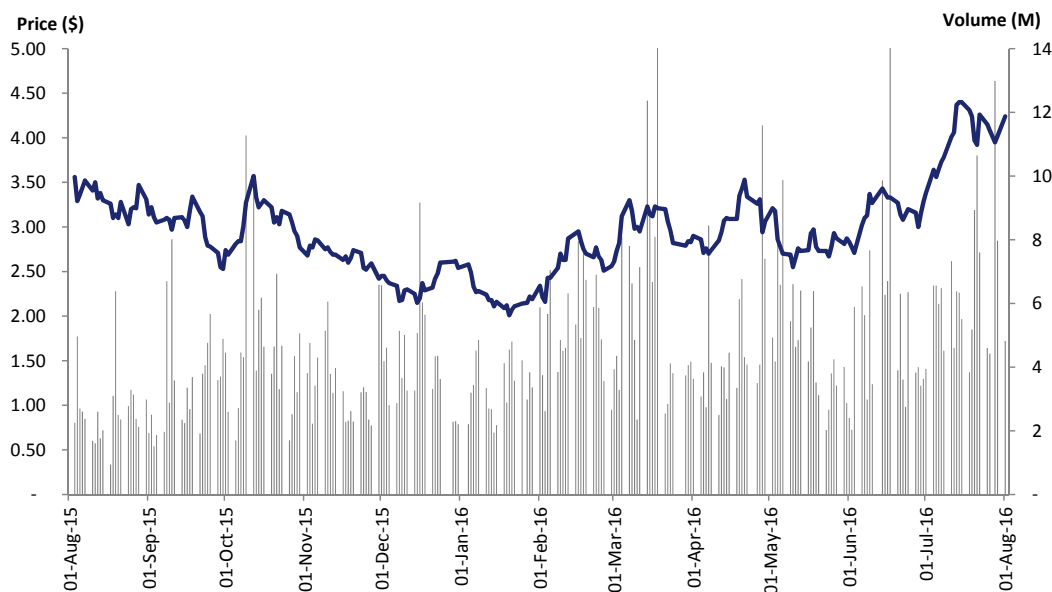
## Market profile

- A\$2.2 billion market capitalisation at A\$4.24/share<sup>(1)</sup>
- Share price 52 Week Range
  - Low A\$1.98 20 January 2016
  - High A\$4.49 14 July 2016

## Share ownership prior to A\$250M placement

- Substantial holders<sup>(2)</sup>
  - Mark Creasy 18.88%
  - FIL Limited 9.92%
  - Van Eck 9.63%
  - Australian Super 6.04%

- Institutional ownership<sup>(2)</sup>
  - Australia 72%
  - USA & Canada 19%
  - UK & Europe 6%
  - Rest 3%



1) As at market close 1 August 2016  
 2) As at market close 17 June 2016

# Balance sheet and funding

## Cashflow from operations + Bank debt + Placement



| Unaudited (A\$million)                     | Q4 FY16 | FY16    |
|--|---------|---------|
| Revenue                                    | 105.9   | 417.1   |
| Underlying EBITDA <sup>(1)</sup>           | 38.9    | 135.7   |
| Net Profit After Tax                       | 16.4    | (58.9)  |
| Net Cash Flow From Operating Activities    | 39.7    | 92.6    |
| Free Cash Flow <sup>(1,2)</sup>            | (21.8)  | (328.3) |
| Underlying Free Cash Flow <sup>(1,2)</sup> | (36.3)  | (141.6) |
| Cash (at end of period)                    | 46.3    | 46.3    |
| Marketable Securities (at end of period)   | 5.0     | 5.0     |
| Refined bullion (at end of period)         | 0       | 0       |
| Debt (at end of period)                    | 271.0   | 271.0   |

## Completion of A\$250M placement

- Oversubscribed placement completed 28 July 2016
- Strong support from existing and new institutional investors
- Completed to
  - Strengthen balance sheet
  - Increase financial flexibility
  - Fund growth
- Placement priced at A\$3.75 per share
  - 6.9% discount to 5-day VWAP

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

# Nickel market dynamics

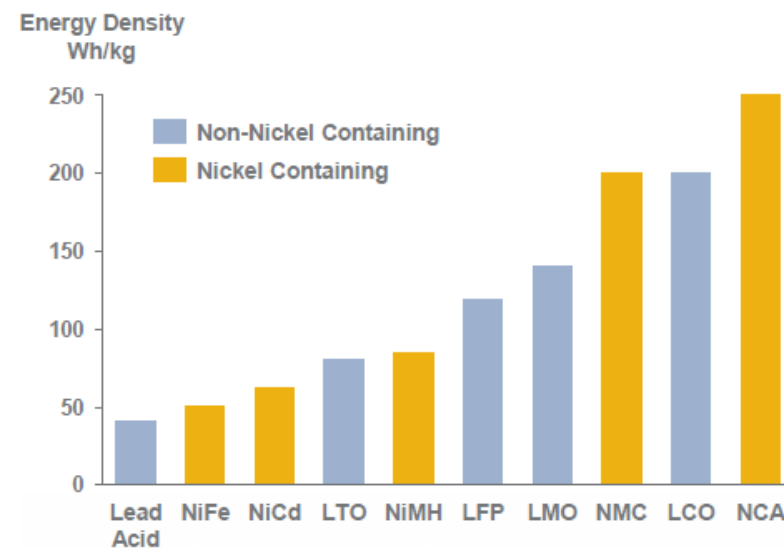
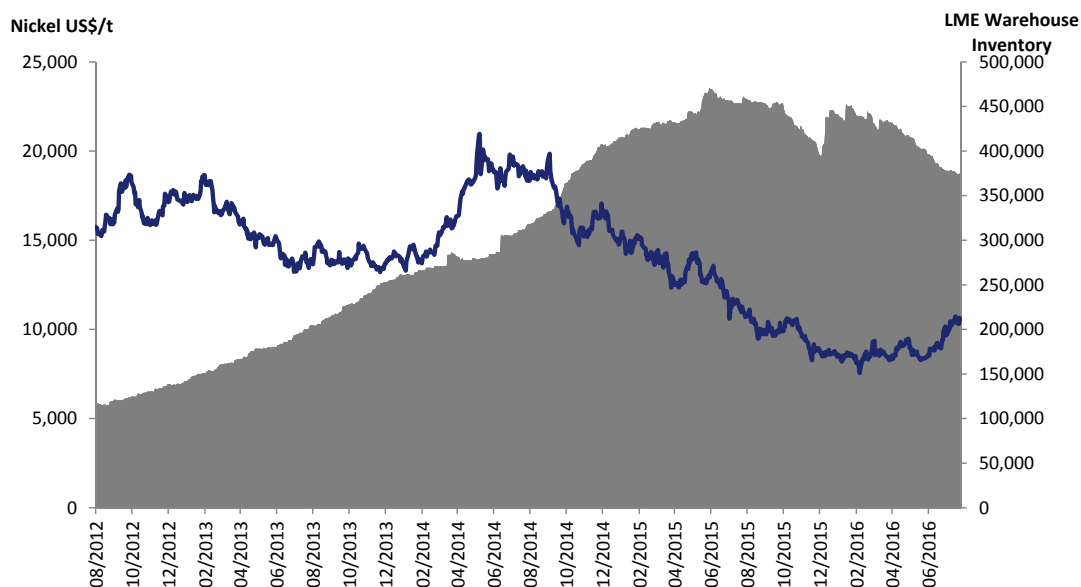
## Current supply deficit overshadowed by stockpile inventory

### Upside drivers to the Nickel price

- Sentiment
- Politically driven supply constraint
- Economically driven supply constraint
- New sources of demand

### Nickel is one of the key ingredients for the manufacture of lithium-ion batteries<sup>(1)</sup>

- Why Nickel?
- Nickel battery formulations offer highest energy density



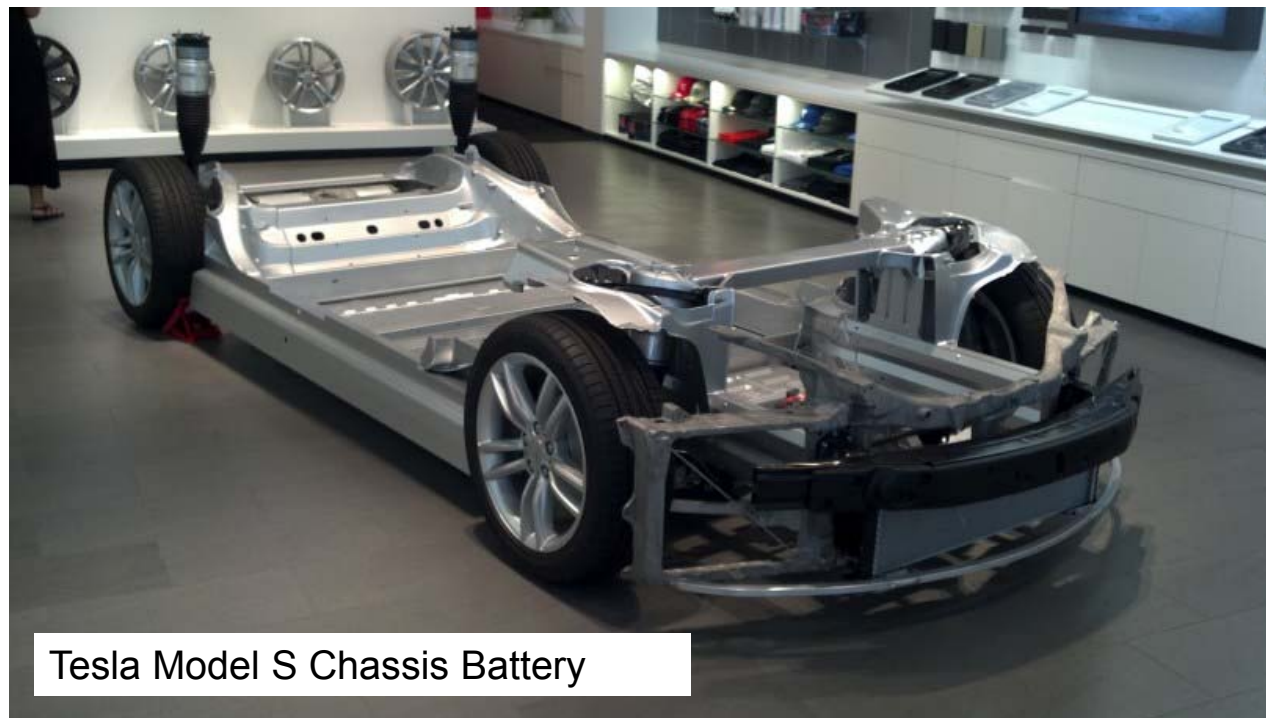
1) Vale presentation – Nickel for Electric Vehicle Batteries: Long Term Supply Dynamics

# Tesla Model S

## Nickel – graphite batteries

***““Our cells should be called Nickel-Graphite, because primarily the cathode is nickel and the anode side is graphite with silicon oxide... [there’s] a little bit of lithium in there, but it’s like the salt on the salad.”***

Elon Musk  
CEO Tesla  
31 May 2016









Tesla Model S Chassis Battery

# IGO asset portfolio

## Portfolio of gold and base metals assets



| Mining  |   | Construction   |   | Permitting  | Exploration   |
|---|---|--|---|---|---|
|  |  |  |  |  |  |
| <b>Au</b>   | <b>Ni</b>   | <b>Zn/Cu</b>   | <b>Ni/Cu</b>  | <b>Cu/Zn</b>  |   |
| <b>TROPICANA</b>  | <b>LONG</b>   | <b>JAGUAR</b>  | <b>NOVA</b>   | <b>STOCKMAN</b>   | <b>VARIOUS</b>  |
| 30% JV Interest   | 100% owned  | 100% owned   | 100% owned  | 100% owned  | 70-100%   |
| West Australia  | West Australia  | West Australia   | West Australia  | Vic, Australia  | Australia   |
| 123,000oz <sup>(1)</sup>  | 7,800t Ni <sup>(1)</sup>  | 41,000t Zn +<br>4,850t Cu <sup>(1)</sup>   | 26,000t Ni +<br>11,500t Cu <sup>(3)</sup>   | 15,000t Cu +<br>26,000t Zn <sup>(5)</sup>   | Au, Ni, Cu, Zn  |
| A\$900/oz <sup>(1)(2)</sup><br>(US\$666/oz) <sup>(7)</sup>                        | A\$3.70/lb Ni <sup>(1)(2)</sup><br>(US\$2.74/lb Ni) <sup>(7)</sup>                | A\$0.75/lb Zn <sup>(1)(2)</sup><br>(US\$0.55/lb Zn) <sup>(7)</sup>                 | A\$1.27/lb Ni <sup>(4)</sup><br>(US\$0.94/lb Ni) <sup>(7)</sup>                     | A\$1.30/lb Cu <sup>(2)(5)</sup><br>(US\$0.94/lb Cu) <sup>(7)</sup>                  |   |
|   |   |  | A\$145M capex <sup>(6)</sup>  | A\$202M capex <sup>(5)</sup>  |   |

1) FY17 guidance range mid-point

2) Cash costs are inclusive of royalties and net of by-product credits per unit of payable metal

3) Nova production average LOM production from Definitive Feasibility Study (refer to Sirius ASX release dated 14 July 2014)

4) Nova cash costs are average LOM production and cash costs from release titled Accelerated Bollinger Development (refer to ASX release dated 21 July 2016) and cash costs are shown net of by-product credits and per unit of metal in concentrate

5) Stockman production and cash costs are average LOM production and cash costs from Optimisation Study (refer to IGO ASX release dated 28 November 2014)

6) Nova total CAPEX \$443M with \$145M remaining as at 30 June 2016 (refer to ASX release – Quarterly report dated 27 July 2016)

7) Conversion of A\$ to US\$ using 0.74 exchange rate



# Nova overview

## World class, low cost magmatic nickel-copper project



### Fully funded underground Ni-Cu-Co project in construction

- Located in highly prospective Fraser Range, Western Australia
- 350km SE of Kalgoorlie and 350km from port of Esperance
- Acquired by IGO in 2015

### Project timeline is a testament to project quality

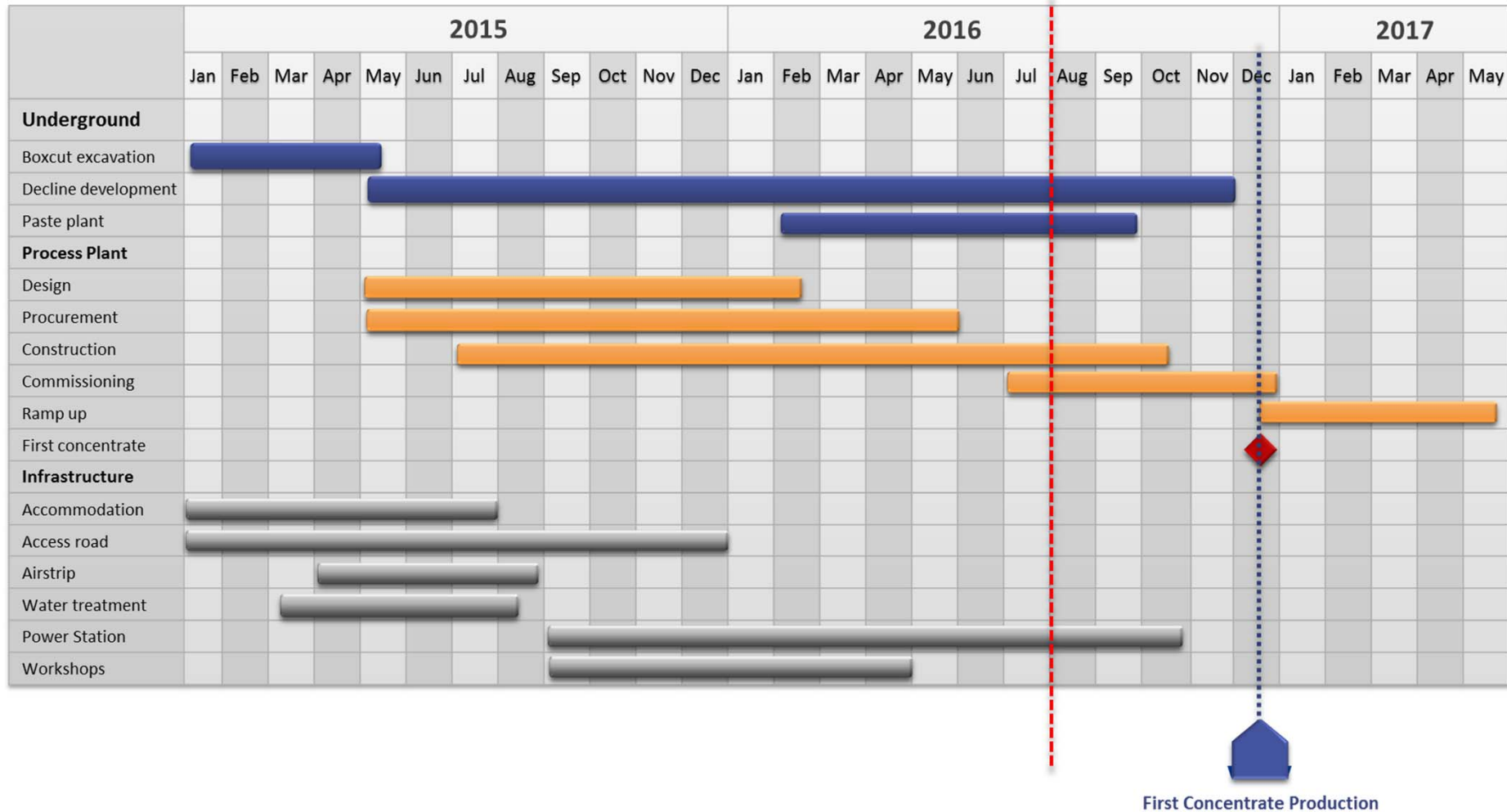
- Discovered in July 2012
- Feasibility study completed in July 2014
- Construction commenced in January 2015 and now 93% complete
- Project remains on schedule for production of first concentrate in December 2016

### World class project

- High margin (low cost and high payability)
- Scale (average 26ktpa nickel and 11.5ktpa copper)
- Long mine life (initial 10 years)
- Significant exploration upside in emerging province

# Nova on schedule and on budget

Overall project now 93% complete



# Nova progress

Project well advanced and de-risked



Grinding and Flotation circuit



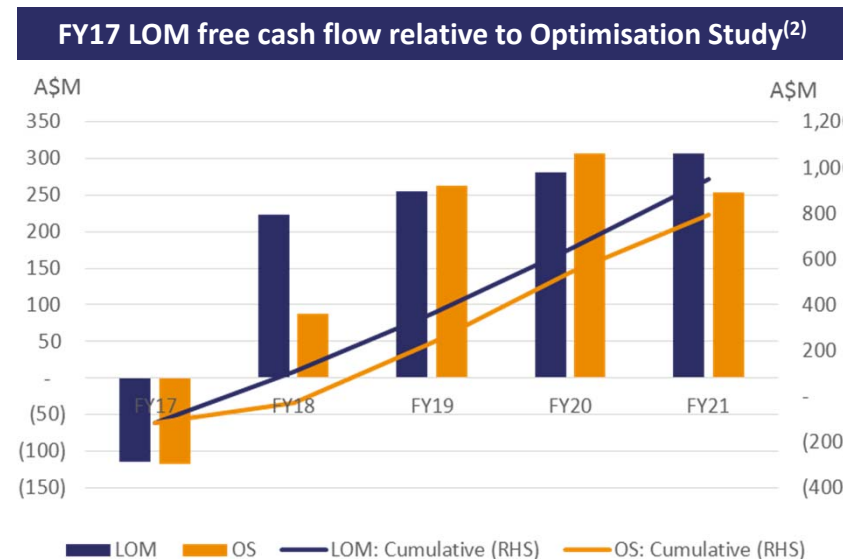
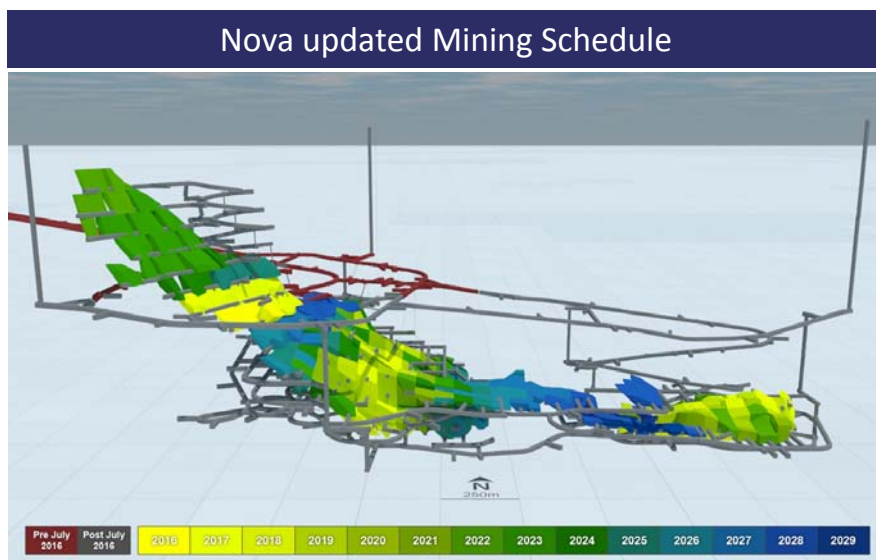
First Breccia ore mined in development



# Nova optimisation

## Improved mining schedules and design realised significant value

- Optimisation Study completed in December 2015 moved Nova down the cost curve
- Optimisation Study delivered 36% improvement in NPV<sup>(1)</sup>
- FY17 LOM realised an additional 14% improvement in NPV by accelerating Bollinger development<sup>(2)</sup>
- Optimisation study generated increases of 41%, 108% and 83% of free cash flow in CY17, CY18 and CY19 when compared to the DFS <sup>(1)</sup>
- FY17 LOM increased FY18 cash flow by an additional A\$134M<sup>(2)</sup>



1) For further information see ASX release 14 December 2015, Nova Project Optimisation Study  
 2) For further information see ASX release 21 July 2016, Accelerated Bollinger Decline at Nova Project

# Nova concentrates

## Highly marketable concentrates

### Nickel concentrates

- Nickel concentrate grading 13.5% Ni
- No Arsenic
- High Fe to MgO ratio preferred by smelters

### Nickel offtake agreements

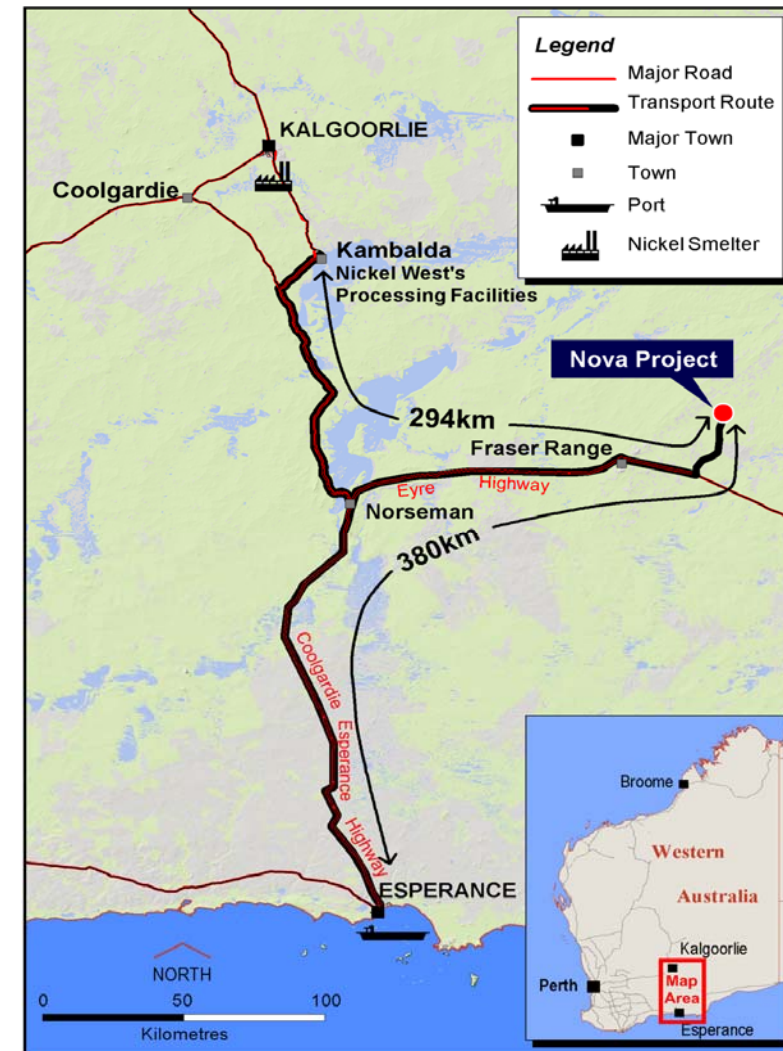
- Three year contract
- 50% contracted with BHPB Nickel West, delivered via road to Kambalda
- 50% contracted with Glencore, exported via port of Esperance

### Copper concentrates

- Copper concentrate grading 29%
- No deleterious elements

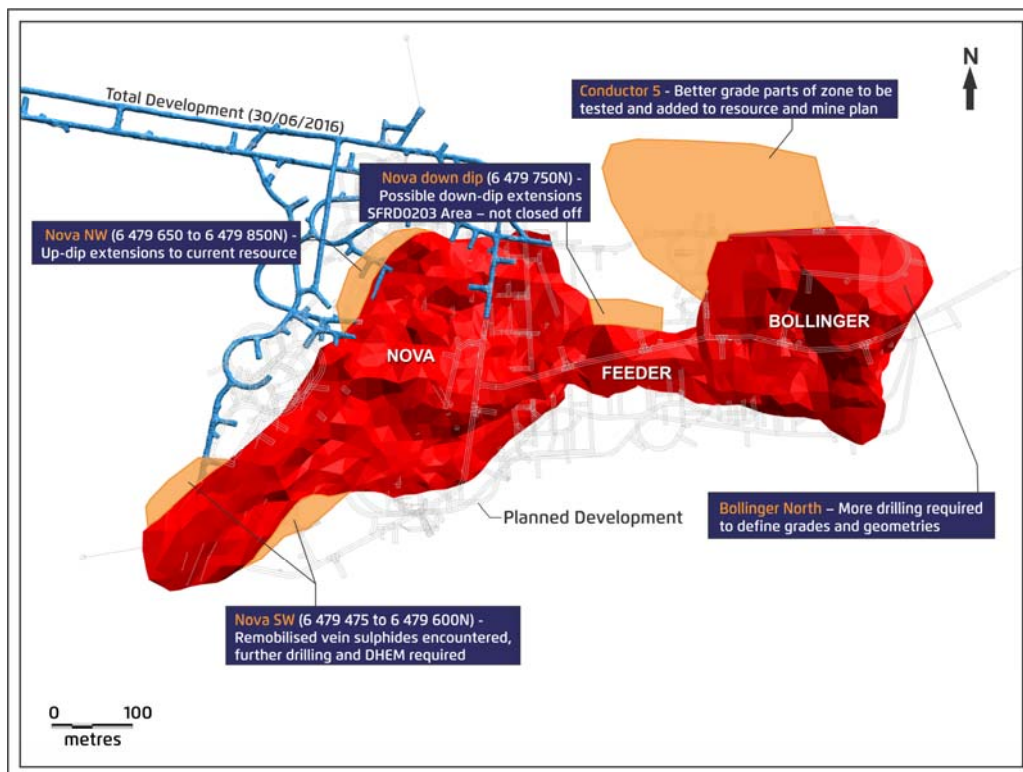
### Copper offtake agreements

- Three year contract
- 100% contracted with Trafigura, exported via port of Esperance

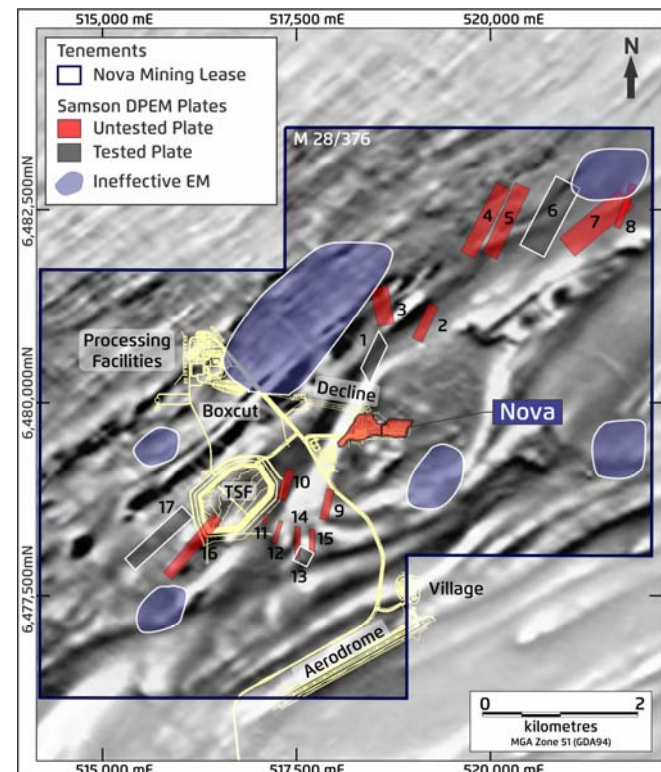


# Nova in mine exploration

## Opportunities for additions to mining inventory prioritised



- Areas identified and prioritised for in mine exploration
- Potential to extend mineralisation and Mineral Resources



- Untested geophysical targets
- Some areas require additional work to define targets

# Tropicana overview

## Transitioning to higher milling rates in 2016



### 30% IGO and 70% AngloGold Ashanti

- Located 330km East NE of Kalgoorlie

### Conventional open pit of scale

- 3 Moz Ore Reserves<sup>(1)</sup> contained within 7 Moz Resources<sup>(1)</sup>
- Open Pit mining with remaining LOM strip ratio of 6:1<sup>(1)</sup>
- 5.8 Mtpa original nameplate processing plant
- Expansion of processing rate up to 7.0 - 7.5Mtpa underway
- 400,000 oz/yr sustainable production rate<sup>(2)</sup>

### FY17 guidance midpoint

- 123,000oz<sup>(3)</sup> (IGO share)
- Cash cost of A\$900/oz<sup>(3)</sup> (US\$666/oz<sup>(4)</sup>)
- AISC of A\$1,200/oz<sup>(3)</sup> (US\$888/oz<sup>(4)</sup>)

1) As at 30 June 2015, refer to ASX release 28 October 2015 Mineral Resource and Ore Reserve Update  
2) Based on ~7.0 Mtpa throughput, 2 g/t average reserve grade and 90% average recovery  
3) Mid-point of guidance range, refer ASX release 27 June 2016 ,June 2016 Quarterly Report  
4) Conversion of A\$ to US\$ using 0.74 exchange rate



# Tropicana upside

Significant potential to extend mine life beyond initial 10 years



## Gas project completed

- 292km pipeline completed ahead of plan
- Powerhouse conversion of gas fired engines complete

## Process plant debottlenecking ongoing

- Increase throughput from 5.8Mtpa to +7.0Mtpa
- Achieved 7.3Mtpa annualised mill rate in May – June 2016

## Resource extension drilling underway

- Framework drilling beneath known Mineral Resources
- Encouraging results indicating potential to extend mineralisation

## Mining studies underway with potential for a step change reduction in mining costs

- Unique mineralisation geometry and continuity

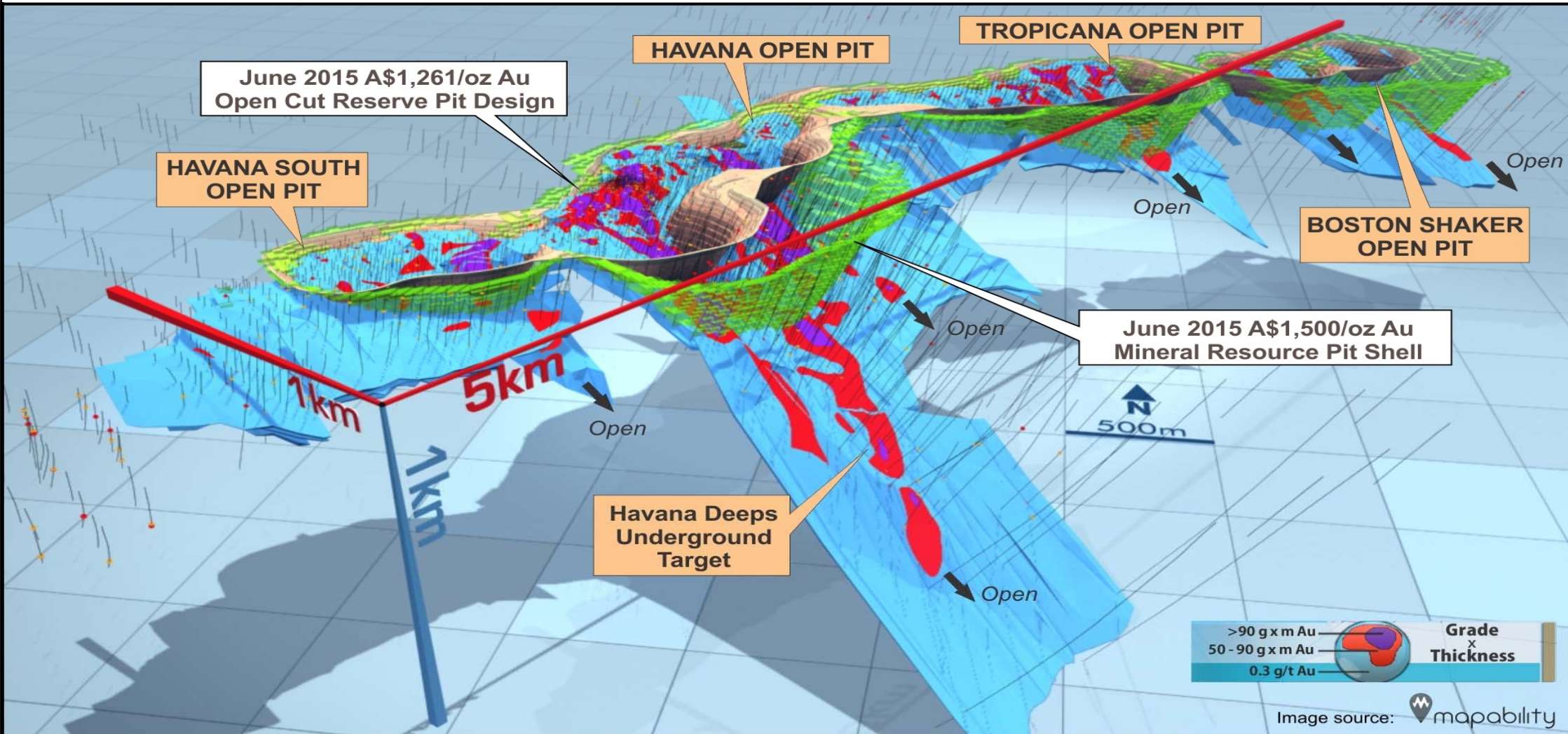
## JV commitment to unlocking exploration potential

- New brownfields and greenfields exploration opportunities



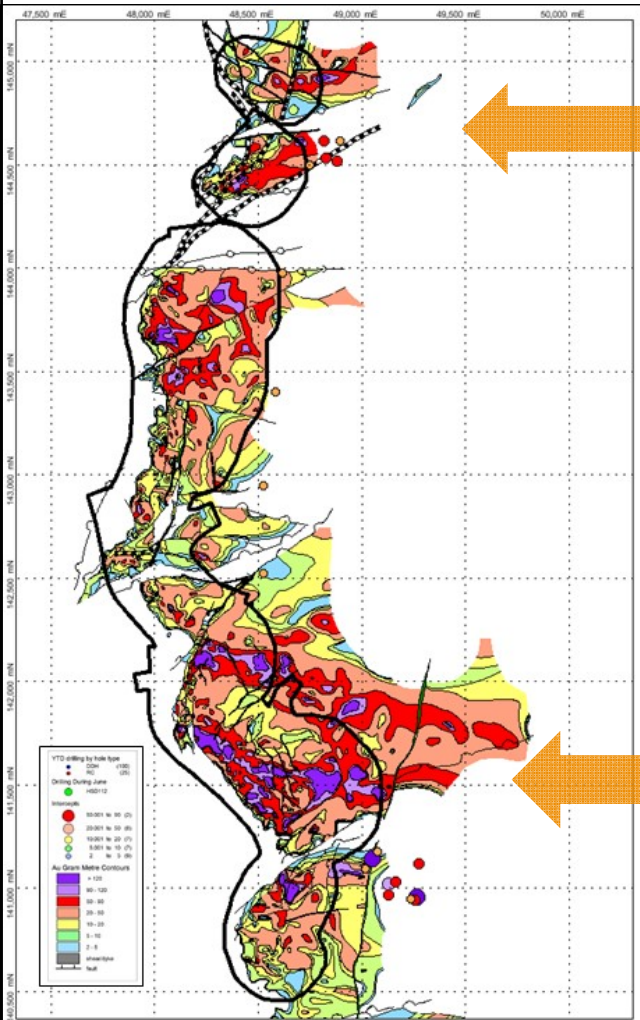
# Tropicana pits

Four contiguous pits extending over a five kilometre strike



# Tropicana growth potential

## Long Island Study – significant drilling results



### Boston Shaker<sup>(1)</sup>

BSD077 – 19m @ 3.40 g/t Au from 387m

BSD078 – 13.5m @ 3.25 g/t Au from 428.5m

BSD080 – 14m @ 5.77 g/t Au from 384m

BSD081 – 17m @ 3.65 g/t Au from 411m

### Havana South<sup>(1)</sup>

HSD050 – 16m @ 7.78 g/t Au from 469m

HSD052 – 11.7m @ 8.90 g/t from 352.3m

HSD053 – 8m @ 10.76 g/t Au from 434m

HSD054 – 15m @ 8.77 g/t from 510m

HSD077 – 10m @ 8.55 g/t Au from 466m

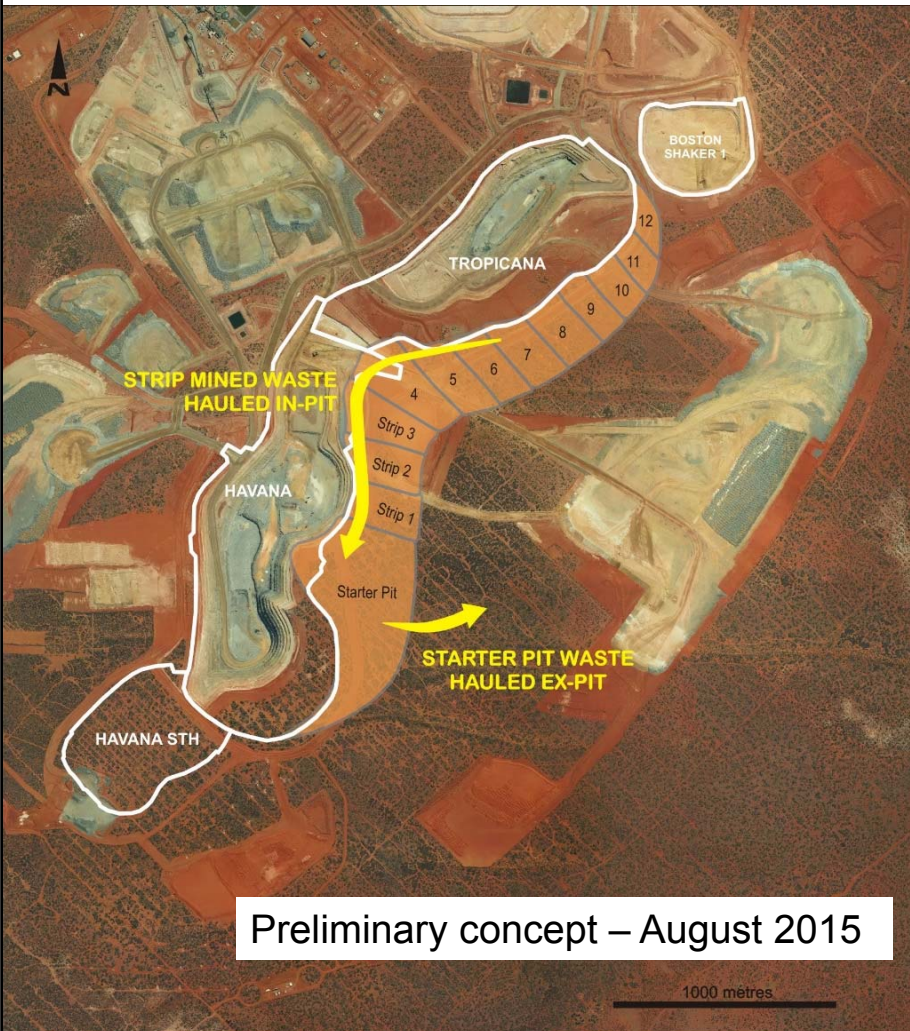
HSD087 – 8m @ 7.56 g/t Au from 432m

HSD088A – 15m @ 4.62 g/t Au from 429m and  
21m @ 2.21 g/t Au from 471m

1) For detailed information on drilling results refer to ASX release dated 30 July 2016, Tropicana Gold Mine Analyst-Investor visit 31 July 2016

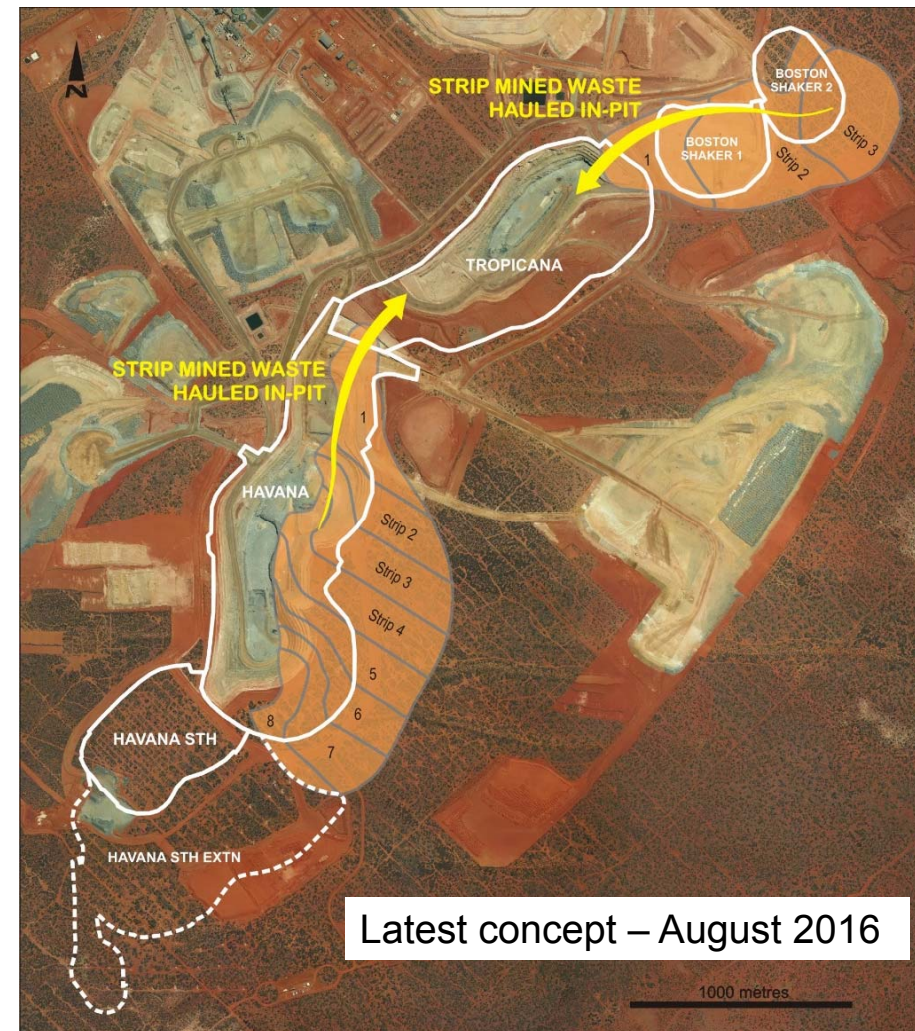
# Tropicana growth potential

## Long Island Study mining concept



Preliminary concept – August 2015

100km of drilling in 12 months



Latest concept – August 2016

# Long overview

## History of consistent low cost production and exploration success



### High grade underground nickel

- Located in Kambalda, 60km south of Kalgoorlie

### 35 year operating history

- Acquired by IGO in 2002
- Average grade project to date of 3.8% Ni
- Owner operated underground mining
- Consistent low cost producer with history of exploration success

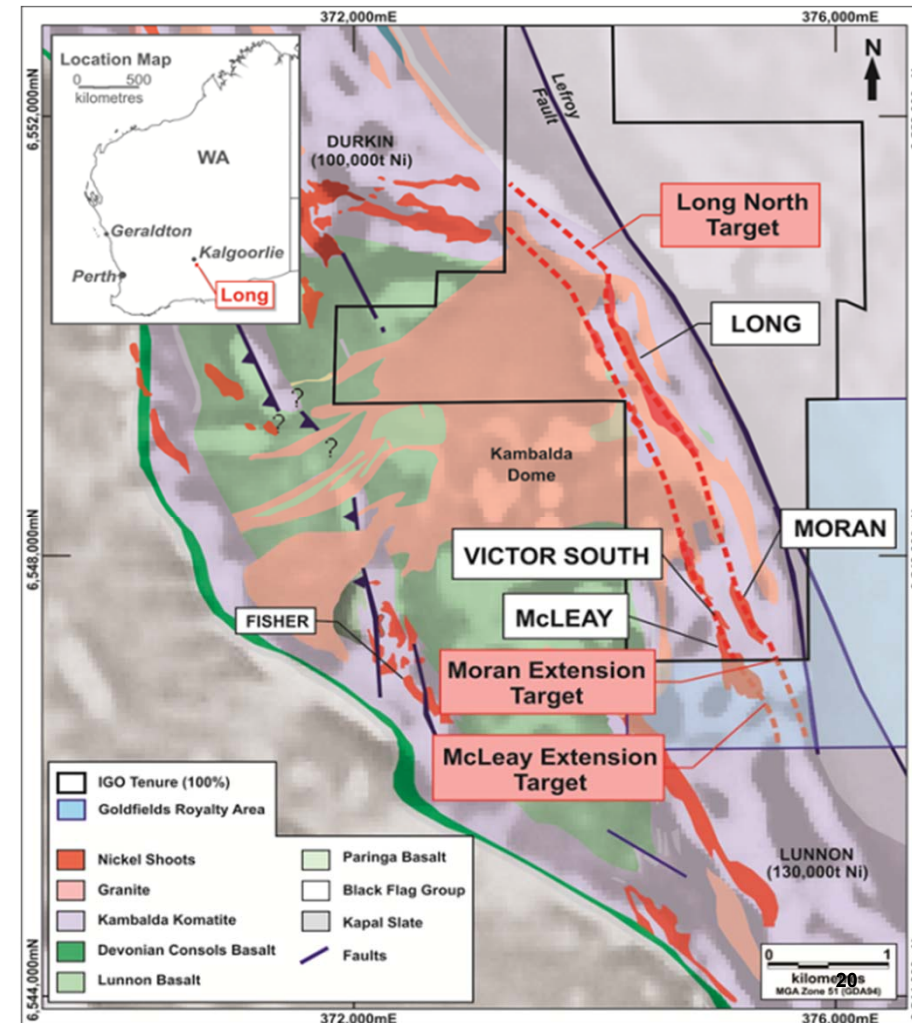
### FY17 guidance<sup>(1)</sup>

- 8,750t nickel at A\$3.70/lb<sup>(2)</sup> or US\$2.74/lb<sup>(3)</sup>
- Positive reserve call factor

### BHP Nickel West relationship

- Toll processing of ore
- Concentrate offtake agreement

1) FY17 guidance range mid-point, refer ASX release 27 July 2016 titled June 2016 quarterly report  
2) Cash costs are inclusive of royalties and net of by-product credits per unit of payable metal  
3) Conversion of A\$ to US\$ using 0.74 exchange rate



# Jaguar overview

## High grade Zn-Cu VMS camp



### Production from Bentley underground Zn-Cu-Ag-Au VMS mine

- Located 300km north of Kalgoorlie via sealed road, fly in – fly out from Perth

### Record mining and milling rates achieved in FY16

- Acquired by IGO in 2011
- Owner operated underground mining
- 500ktpa processing plant producing zinc and copper concentrates

### FY17 guidance<sup>(1)</sup>

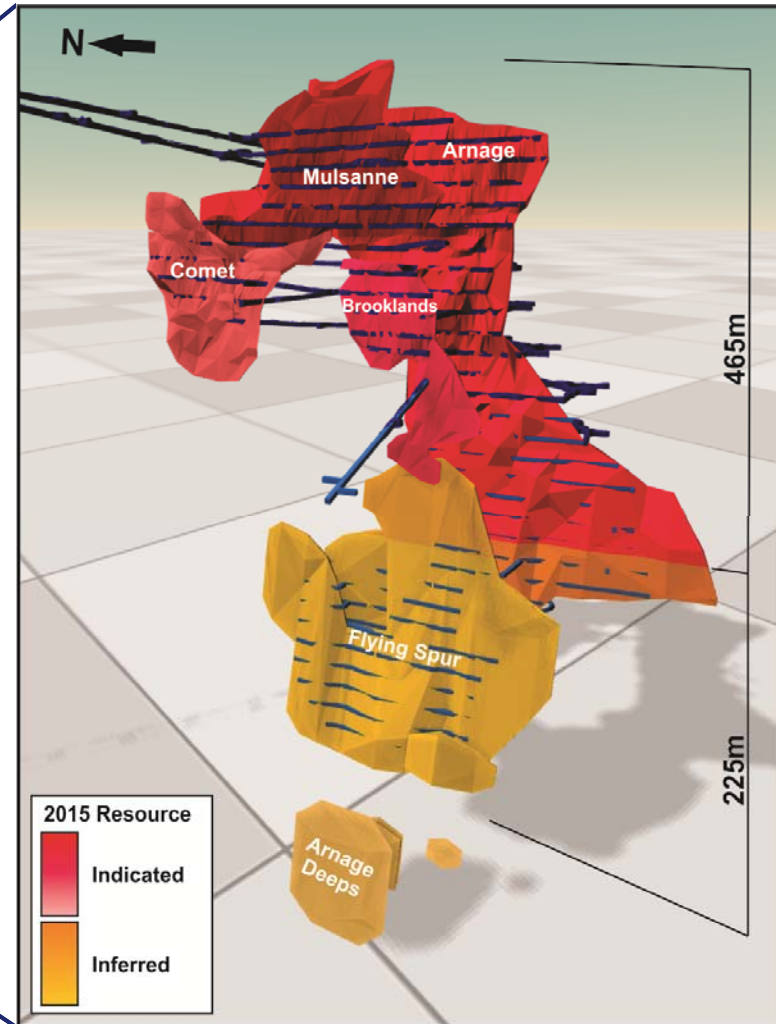
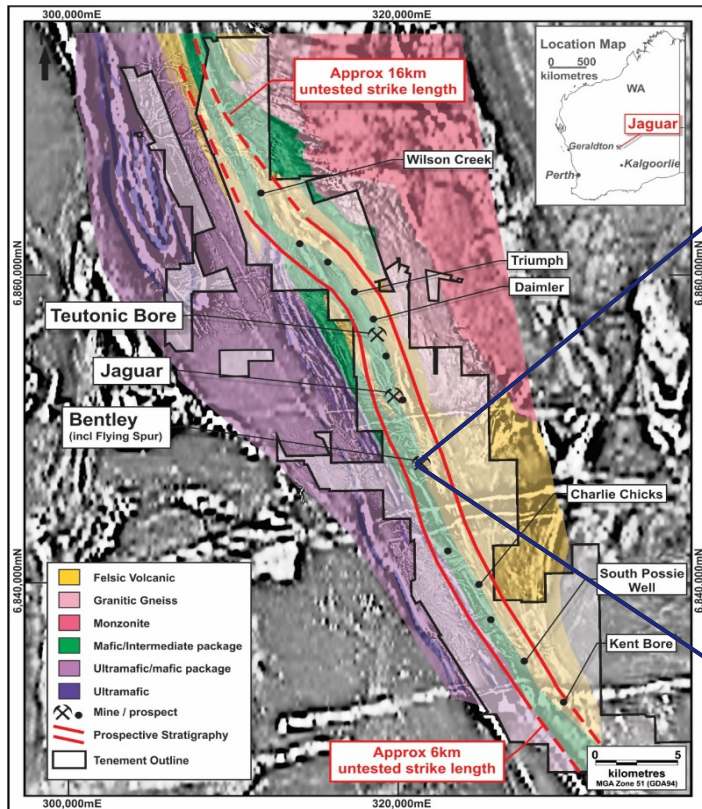
- 41kt zinc & 4,850t copper at A\$0.75/lb Zn<sup>(2)</sup> or US\$0.55/lb Zn<sup>(3)</sup>
- Known VMS camp with significant exploration upside
- In-mine resource extension potential with recently completed drilling of Flying Spur lens and Bentley Deeps
- Near-mine potential with Triumph discovery
- Regional exploration potential with over 50km of known strike along prospective corridor

1) FY17 guidance range mid-point, refer ASX release 27 July 2016 titled June 2016 quarterly report  
2) Cash costs are inclusive of royalties and net of by-product credits per unit of payable metal  
3) Conversion of A\$ to US\$ using 0.74 exchange rate



# Bentley in-mine resource extension

Drilling recently completed at Flying Spur



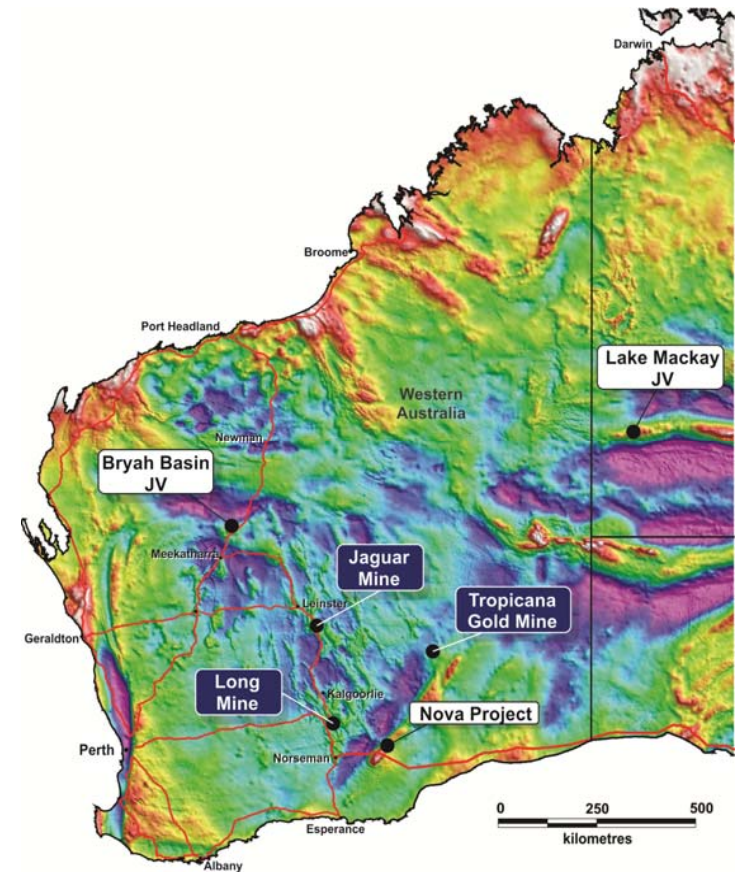
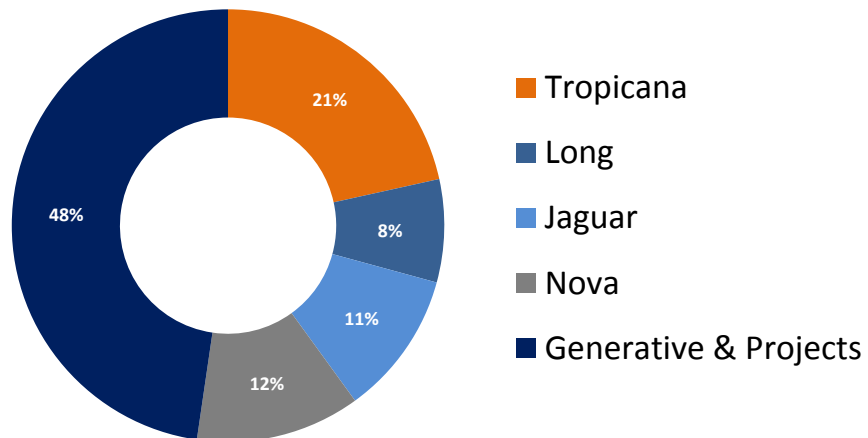
# Exploration

IGO remains committed to delivering growth through exploration

A\$33M exploration budgeted across portfolio

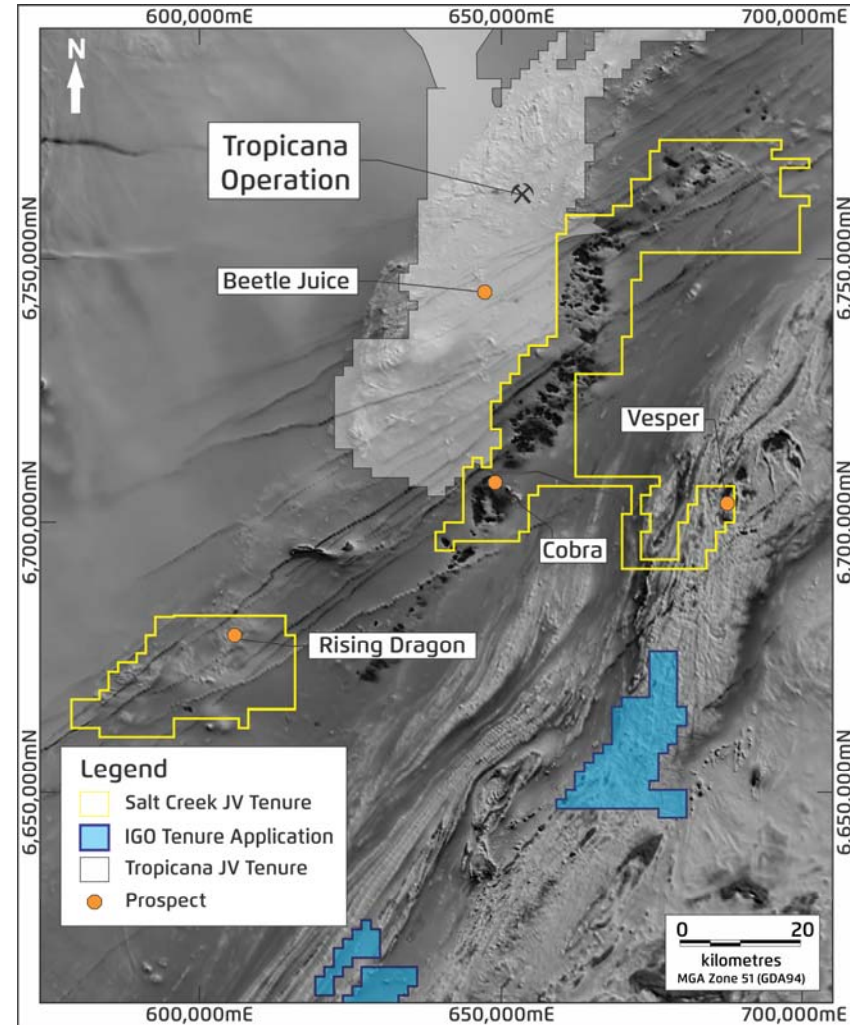
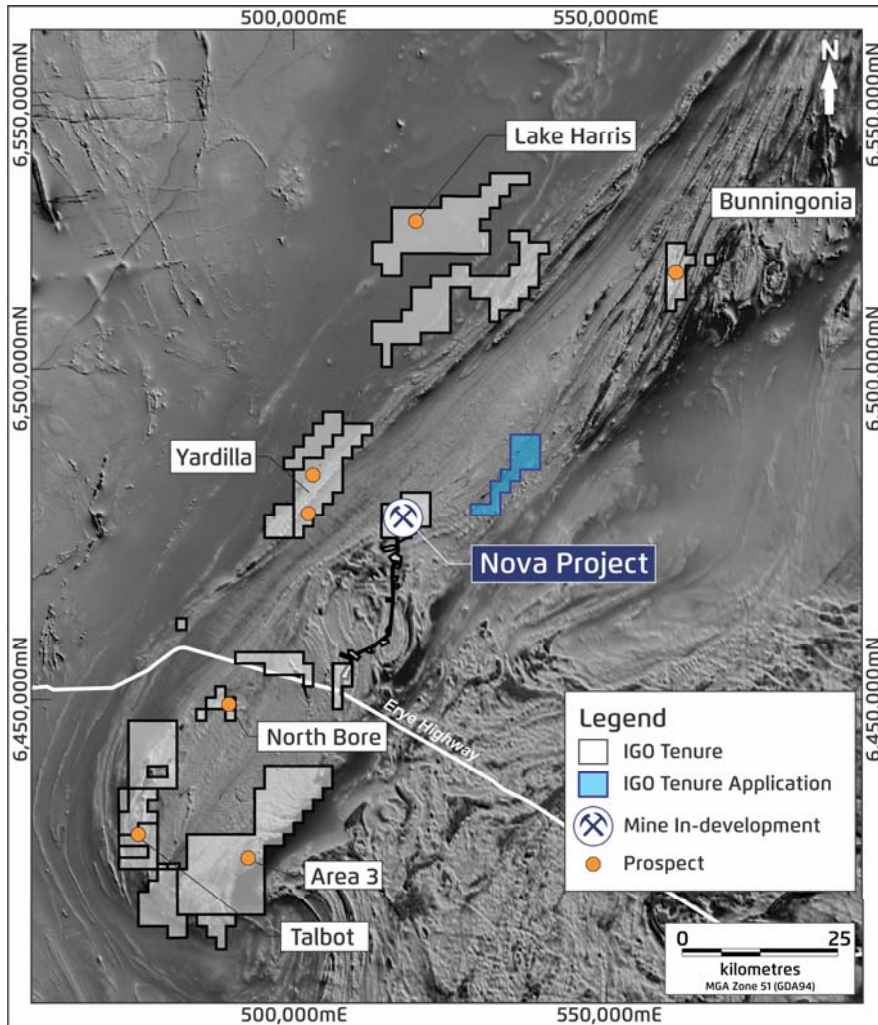
- Targeting provinces that can deliver multiple gold and base metals projects
- Increasing focus on generative and greenfields projects

FY17 Exploration Budget



# Nova – Tropicana Belt

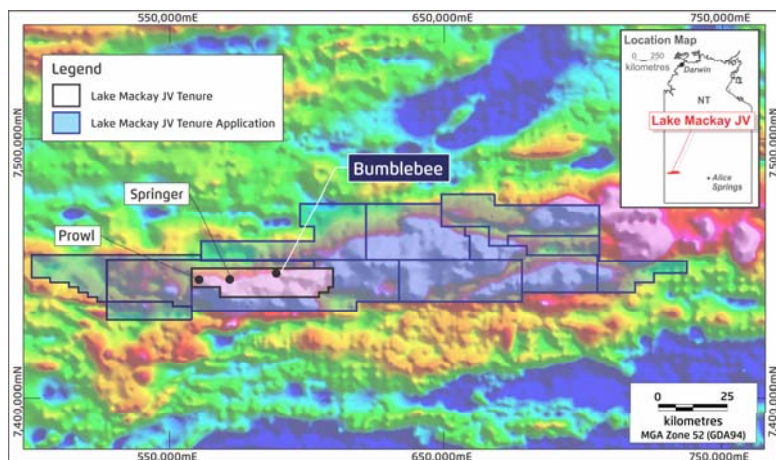
Two of Australia's best exploration discoveries in the last 15 years





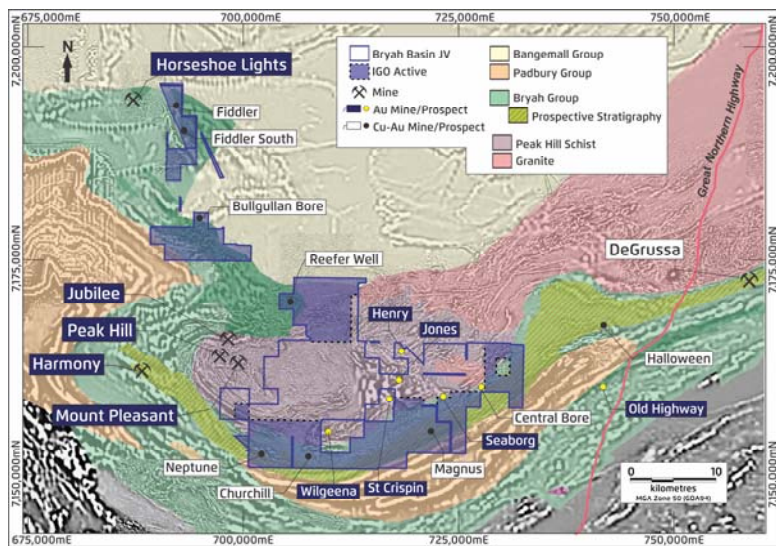
# Partnering to unlock opportunities

Focused on belt scale opportunities with potential for Tier 1 assets



## Lake Mackay JV

- Partnered with ABM Resources NL
- IGO has an option to earn 70% interest
- 400km northwest of Alice Springs
- Sparsely explored Proterozoic terrane
- Prospective for gold and base metals



## Bryah Basin JV

- Partnered with Alchemy Resources Limited
- IGO can earn 70% - 80% interest
- 40km west of the DeGrussa Cu-Au VMS
- Covers the prospective Narracoota Volcanic – Karaluni Formation host stratigraphy
- Prospective for Cu-Au VMS deposits

# Sustainability

Continued strengthening and improvement across the business



# Concluding comments

Diversified mining company delivering cash flow and growth



Recent placement has strengthened balance sheet

Deliver Nova Project on time and on budget with first production in December 2016

Unlock scale and value at Tropicana throughout 2016

Unlock upside through investment in brownfields and greenfields exploration



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