

INDEPENDENCE GROUP NL

2Q19 and First Half Results Presentation

Strong Production and Improved Cash Costs



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31 January 2019

ASX:IGO / ADR:IIDY

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- All currency amounts in Australian Dollars unless otherwise noted.
- 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.

Competent Person's Statements

- Any references to IGO Mineral Resource and Ore Reserve estimates should be read in conjunction with IGO's 2018 Mineral Resource and Ore Reserve announcement dated 26 July 2018 and lodged with the ASX for which Competent Person's consents were obtained, which is available on the IGO website. 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place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.
- The information in this presentation that relates to the Boston Shaker Pre-Feasibility Study is extracted from the ASX announcement released 20 December 2018 entitled "Pre-Feasibility Study Confirms Potential for Underground Mine at Tropicana" and for which a Competent Person consent was obtained. 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place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. A portion of the production target referred to in this announcement is based on Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.
- 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 on 26 July 2018 and 20 December 2018 and, 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. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original ASX announcement.



2Q19 and 1H19 Highlights

Record 2Q19 production at Nova and Tropicana

1H19 Audit Reviewed Financials

- Underlying EBITDA A\$131M
- Cash A\$208M and debt A\$114M
- Fully franked FY18 final dividend of 2 cents paid
- Fully franked FY19 interim dividend of 2 cents to be paid 1 March 2019

2Q19 strong financial results despite softer base metals pricing

- Net cash increased by 52% QoQ to A\$94M
- Underlying EBITDA A\$68M
- Underlying FCF A\$29M
- Nova production record, an 11% increase in nickel production and 30% reduction in cash cost QoQ
- Tropicana delivered a 9% increase in gold production and 18% reduction in AISC QoQ

Nova and Tropicana on track to make full year guidance after delivering 1H19

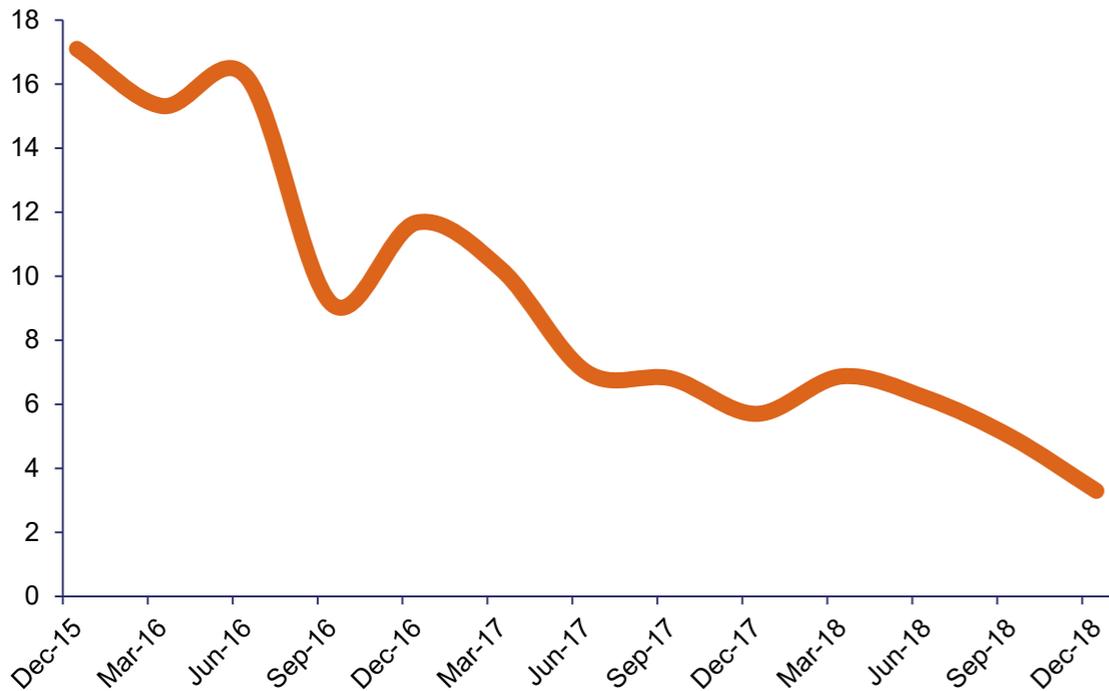


Safety

Consistently improving workplace safety

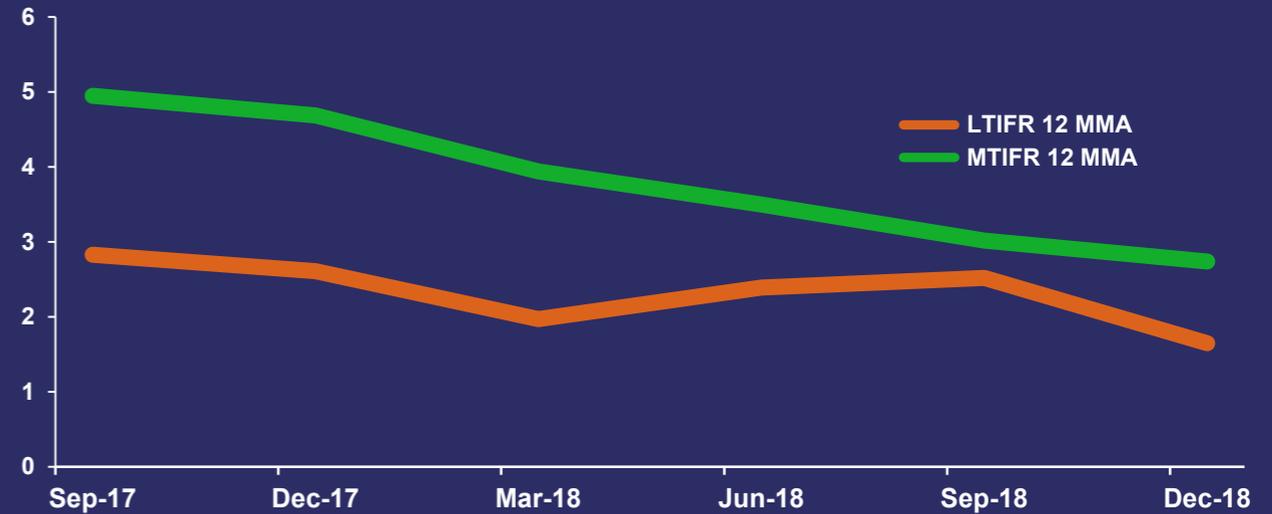


IGO continues to focus on reducing the number of Serious Potential Incidents⁽¹⁾

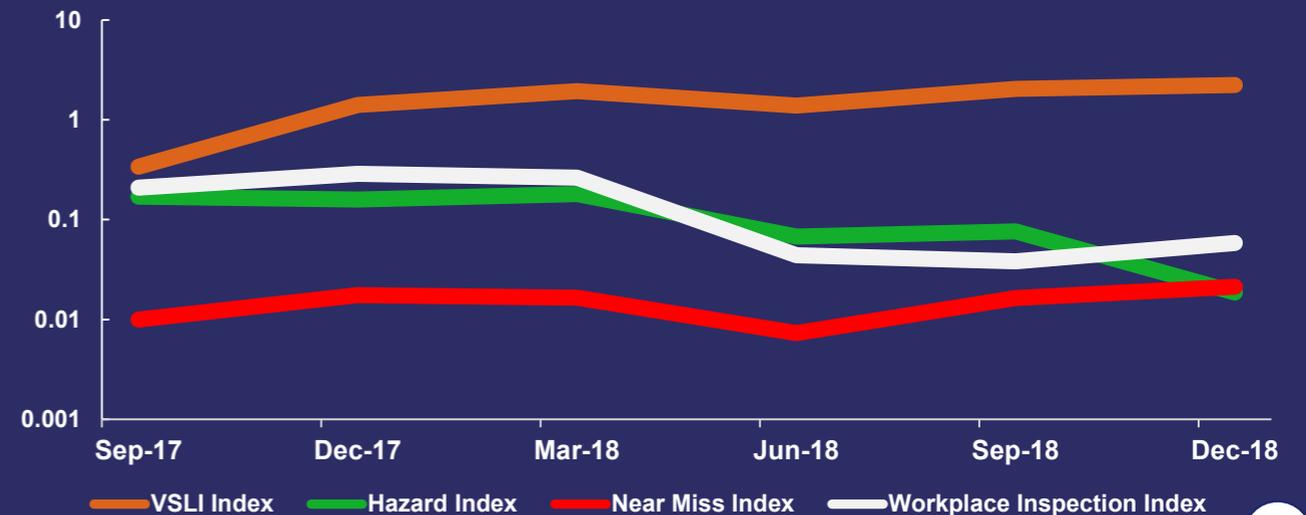


- 1) Serious Potential Incidents are near misses that had the potential to cause a fatality or permanently disabling injury.
- 2) 12 month moving average LTIFR – Lost Time Injury Frequency Rate: calculated as the number of Lost Time injuries x 1,000,000 divided by the total number of hours worked.
- 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) VSLI: Visual Safety Leadership Interaction. VSLI Index is measured as the number of VSLIs completed in the business divided by the total number of supervisory staff. Hazard Index is the total number of hazard reports divided by total employees and contractors. Near Miss Index is the total number of near misses reported divided by the total number of employees and contractors. Workplace Inspection Index is the number of total number of workplace inspections completed in the business divided by the total number of supervisory staff.

Key Lag Injury Metrics^(2,3)



Key Lead Safety Metrics⁽⁴⁾



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2Q19 Financial Results



Underlying EBITDA steady despite commodity price pullback

	Units	1Q19	2Q19	QoQ
Revenue and Other Income	A\$M	167.4	189.0	13%
Underlying EBITDA ⁽¹⁾	A\$M	62.9	67.6	7%
Profit After Tax	A\$M	0.2	0.7	283%
Net Cash from Operating Activities	A\$M	108.1	54.8	(49%)
Underlying Free Cash Flow ⁽²⁾	A\$M	82.3	29.1	(65%)
Cash	A\$M	176.0	208.1	18%
Debt	A\$M	114.3	114.3	-
Net Cash	A\$M	61.7	93.8	52%

- **Increased revenue from higher gold sales was offset by lower nickel prices QoQ**
- **Cash position continues to build but cash flow lower QoQ due to working capital movements :**
 - 1Q19 cashflow benefitted from A\$38M 4Q18 Nova proceeds and A\$12M Dacian royalty sale proceeds
 - 2Q19 cashflow impacted by A\$22M proceeds delayed into 3Q19

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

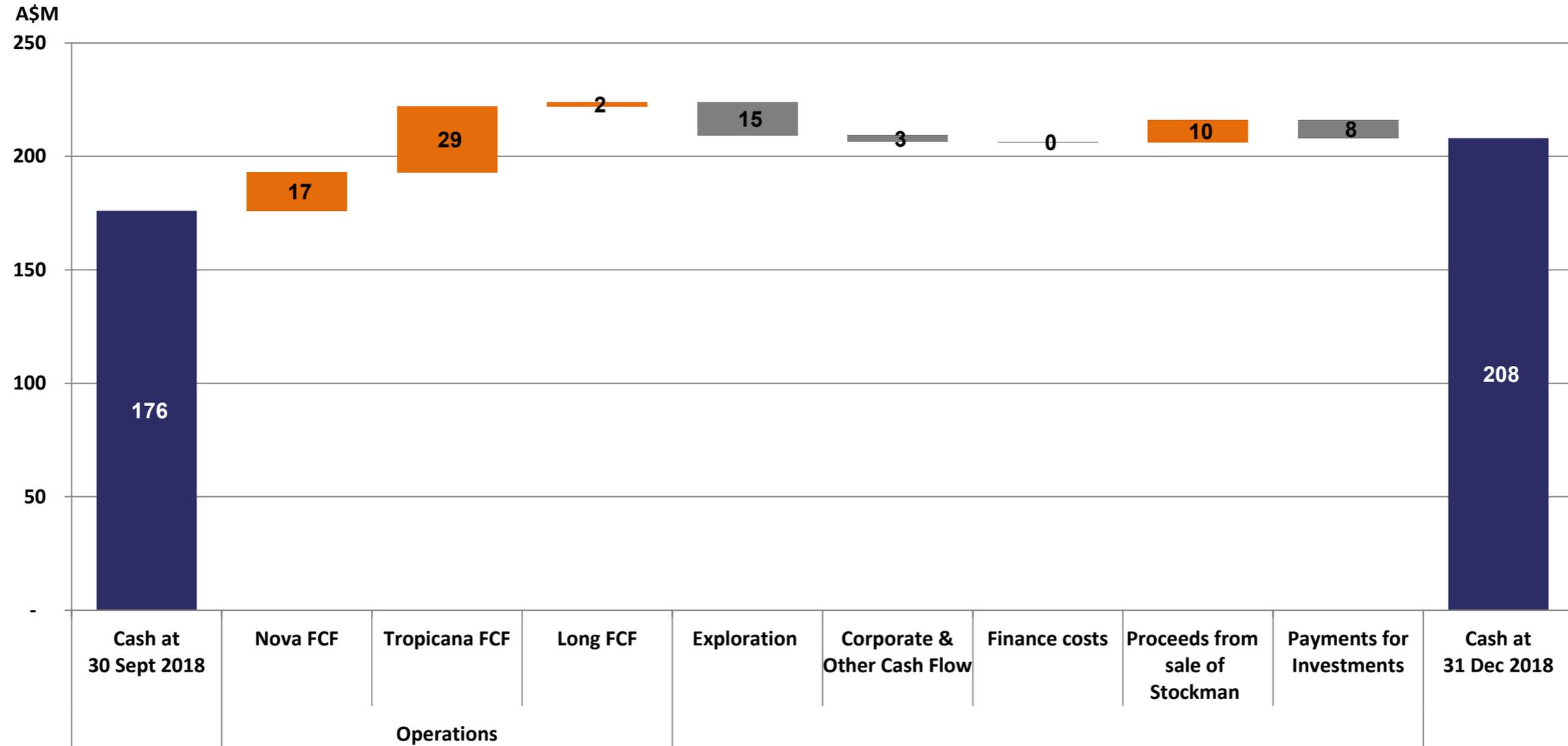
2) Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities. Refer to disclaimer page for "Underlying" adjustments

2Q19 Cash Flow Reconciliation

18% increase in cash on hand



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1H19 Financial Results



Strong FCF and strengthened balance sheet

	Units	1H18	1H19	Inc/(Dec)
Revenue and Other Income	A\$M	354.8	356.4	-
Underlying EBITDA ⁽¹⁾	A\$M	133.4	130.5	(2)%
Profit After Tax	A\$M	3.2	0.9	(72%)
Net Cash from Operating Activities	A\$M	111.4	163.0	46%
Underlying Free Cash Flow ⁽²⁾	A\$M	40.6	111.4	174%
Cash	A\$M	51.3	208.1	306%
Debt	A\$M	171.4	114.3	(33%)

- **1H19 results impacted by the absence of Jaguar and Long**
- **1H19 operating cash flow increased by 46% due to improved sales volumes from Nova and Tropicana, together with A\$38M in Nova cash receipts relating to FY18 sales received in early 1H19. Receipt of A\$12M relating to sale of Dacian Royalty also received in 1H19.**
- **Debt repayments of A\$29M in 1H19.**

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

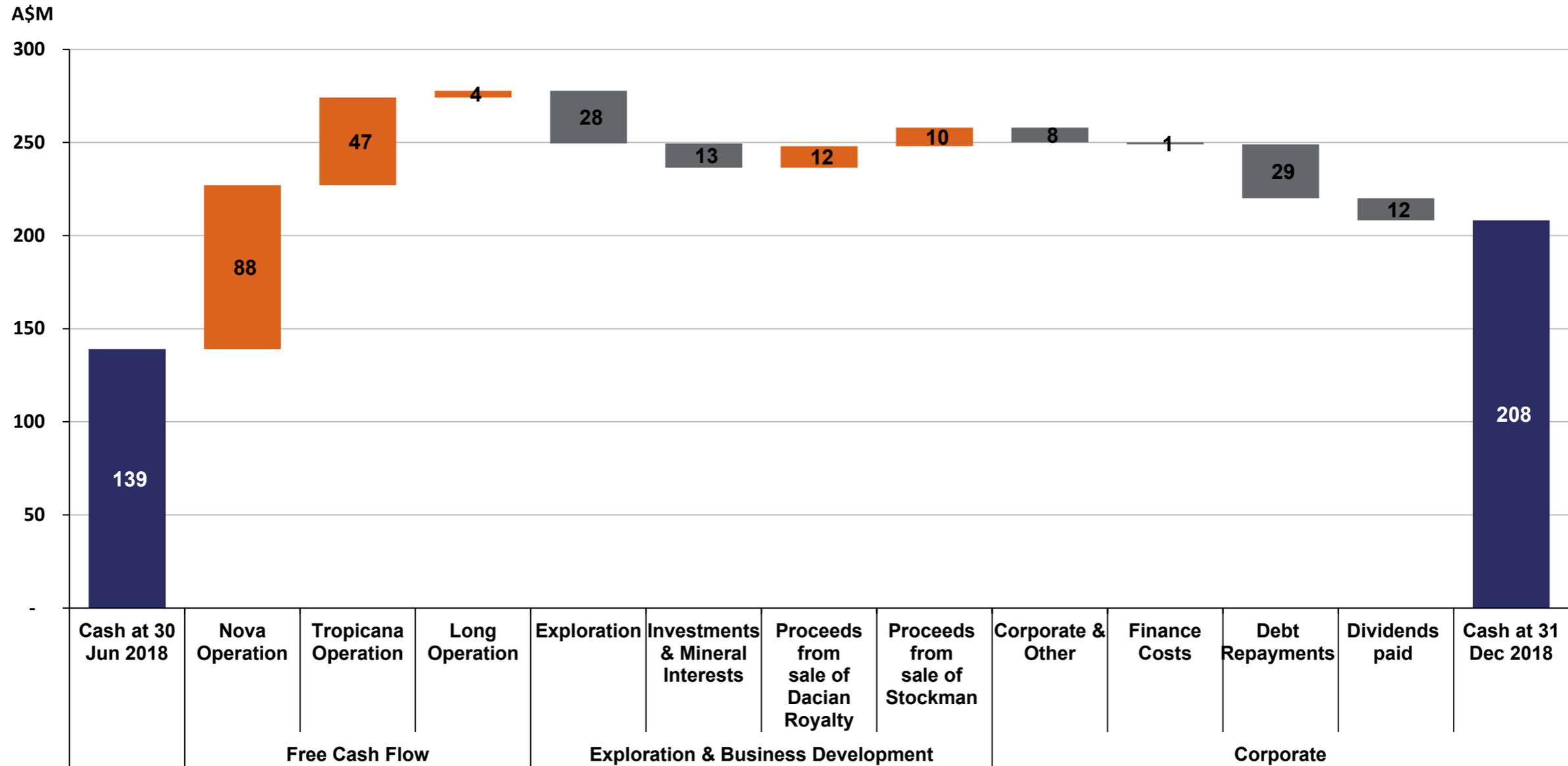
2) Underlying Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities, together with certain adjustments. Underlying Free Cash Flow in 1H19 excludes A\$10M final instalment proceeds on divestment of Stockman Project, A\$0.7M net proceeds on sale of Jaguar, A\$6.9M payments for the acquisition of financial assets and A\$6.5M relating to acquisition of Southern Hills tenements (1H18: excludes A\$11M in partial proceeds received from the divestment of the Stockman Project)

1H19 Cash Flow Reconciliation



Operations generated strong cash flows for the period

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1H19 Segment Financial Results



Nova contribution at nameplate in 1H19 following ramp up from 1H18

Operation	Metric	1H18	1H19	Change	Inc/(Dec)
Nova	Revenue	124.8	215.1	90.3	72%
	Underlying EBITDA ⁽¹⁾	59.7	94.0	34.3	57%
	Free Cash Flow ⁽²⁾	2.8	88.4	85.6	3,057%
Tropicana	Revenue	127.5	136.4	8.9	7%
	Underlying EBITDA ⁽¹⁾	76.3	85.2	8.9	12%
	Free Cash Flow ⁽²⁾	45.1	47.1	2.0	4%

Segment drivers relative to previous corresponding period

- Nova revenue and earnings increased significantly due to 77% higher metal sold as the Operation was ramped up to nameplate capacity in 1H19
- Tropicana revenue and earnings increase was driven by a 5% increase in gold sold and a 3% reduction in cash costs

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

Record production and improved cash costs

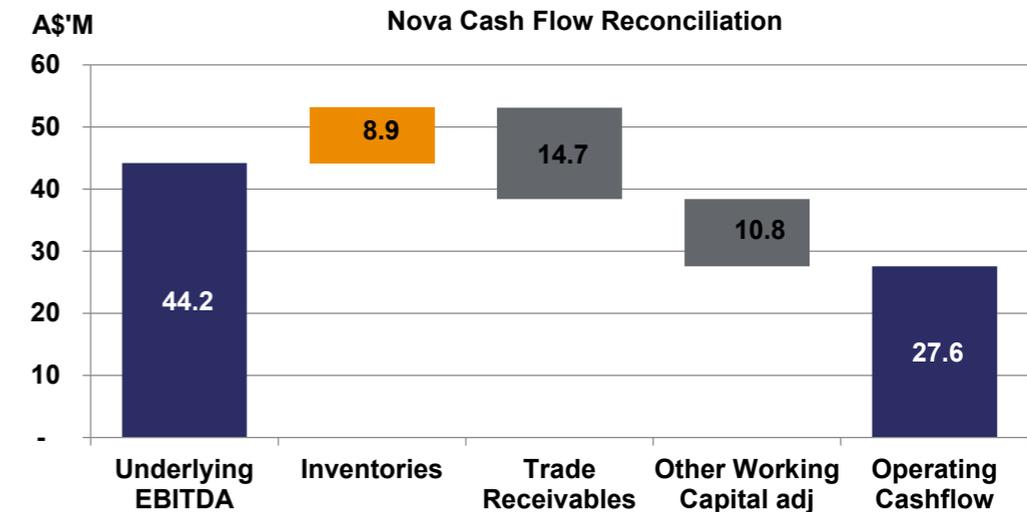
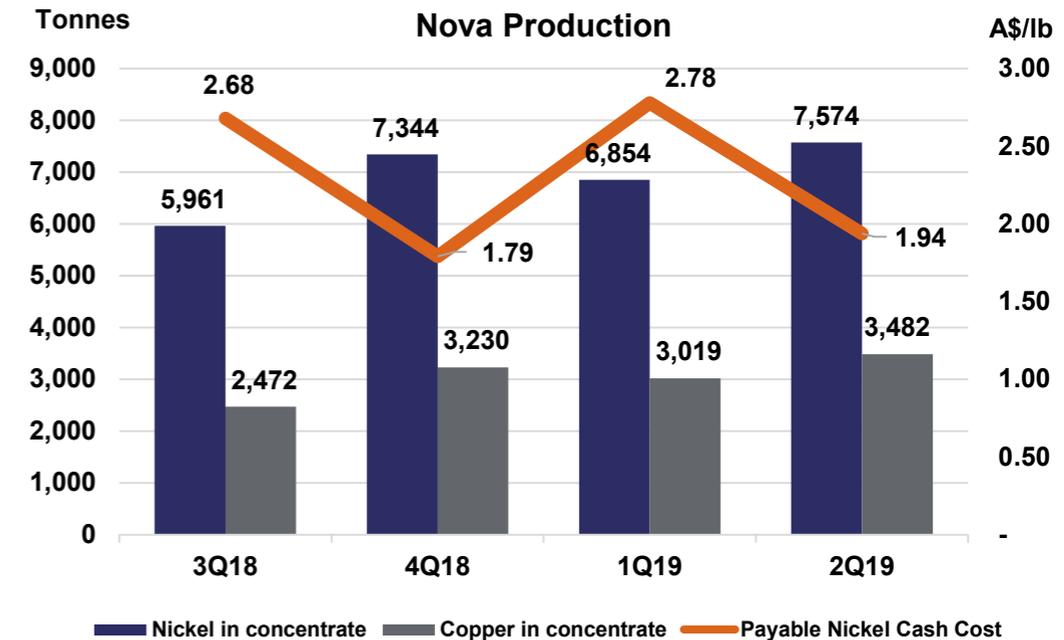
Metric	Units	1Q19	2Q19	1H19	Guidance ⁽¹⁾
Nickel in concentrate	t	6,854	7,574	14,428	13,500 - 15,000
Copper in concentrate	t	3,019	3,482	6,501	5,500 – 6,250
Cobalt in concentrate	t	245	274	519	425 - 475
Cash cost (payable)	A\$/lb Ni	2.78	1.94	2.34	1.65 – 2.00
Sustaining/ improvement ⁽²⁾	A\$M	1.7	2.8	4.5	10.5 – 12.0
Development ⁽²⁾	A\$M	4.9	7.5	12.4	12.5 – 14.0

2Q19 Drivers

- Cash costs 30% better QoQ due to higher production and lower overall costs
- Metal production benefited from higher throughput and higher grades
- Copper recoveries improved significantly to 87.1% (81.3% in 1Q19) and nickel recoveries were in line with expectation at 86.8%

1H19 Drivers

- Throughput rate exceeds nameplate resulting in depletion of lower grade ROM stocks
- Unit costs trending down but impacted by softer by product pricing



1) Implied pro-rata half yearly guidance (FY19 guidance apportioned for 1H19)

2) These represent capital costs

Tropicana

Production up and cash costs down



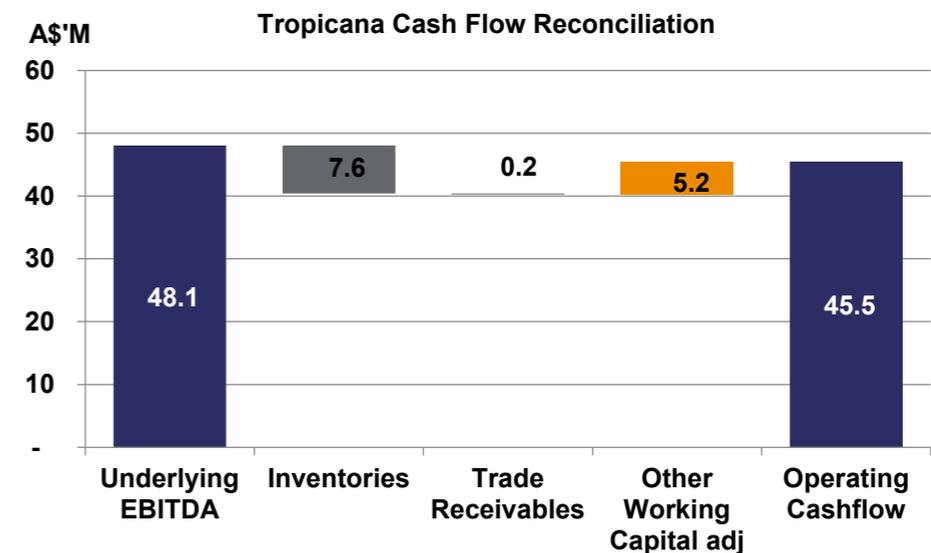
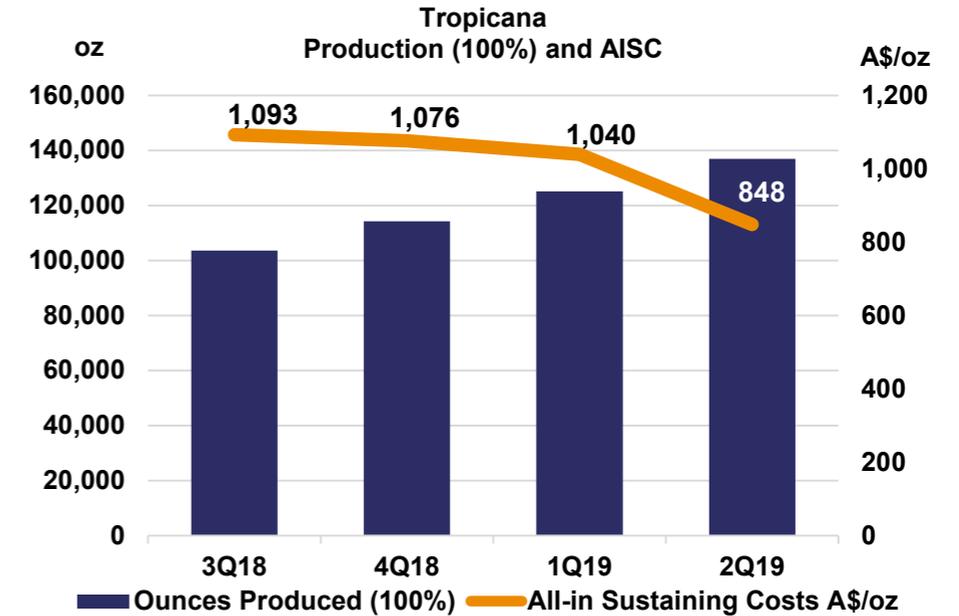
Metric	Units	1Q19	2Q19	1H19	Guidance ⁽¹⁾
Gold produced (100%)	koz	125.1	136.9	262.0	250.0 – 275.0
Gold Sold (IGO 30%)	koz	35.1	42.9	78.0	75.0 – 82.5
Cash cost	A\$/oz	673	645	658	635 – 705
AISC	A\$/oz	1,040	848	934	890 – 980
Sustaining/improvement ⁽²⁾	A\$M	4.8	7.2	12.0	10.5 – 12.0
Waste stripping ⁽²⁾	A\$M	12.1	7.7	19.8	16.0 – 18.0

2Q19 Drivers

- Quarterly mill throughput of 2.0Mt at 2.4g/t Au grade and recovery of 89%. High throughput achieved despite maintenance shutdown to replace HPGR rolls
- 8.0M bank cubic metres mined, comprising 4.3Mt of ore and 16.9Mt of waste

1H19 Drivers

- Growth projects completed (Second Ball Mill & Boston Shaker PFS)
- Throughput rates and ore grades continue to increase
- Record half year of production since first gold in September 2013



1) Implied pro-rata half yearly guidance (FY19 guidance apportioned for 1H19)

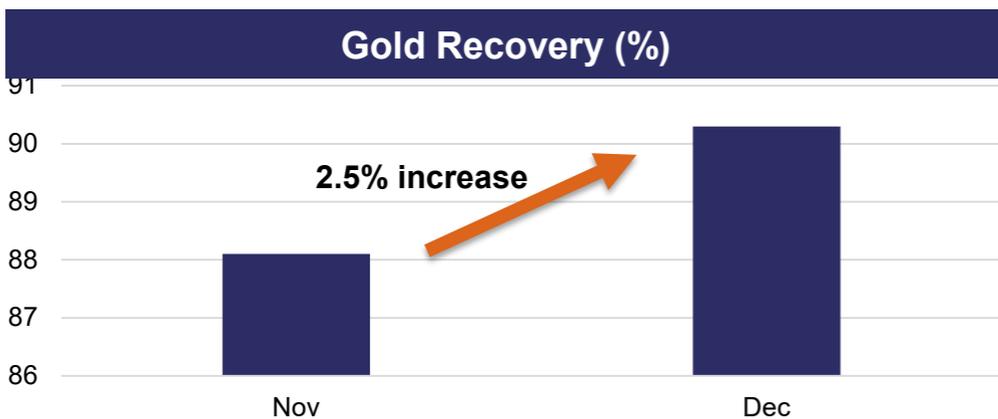
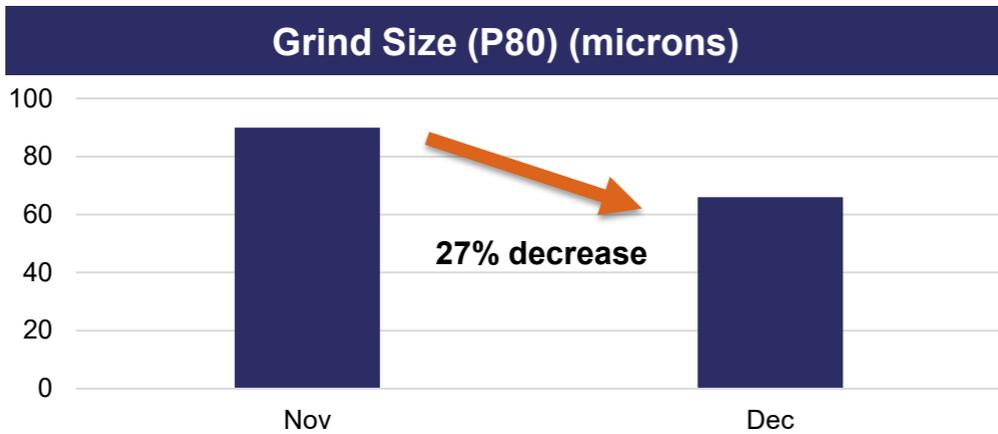
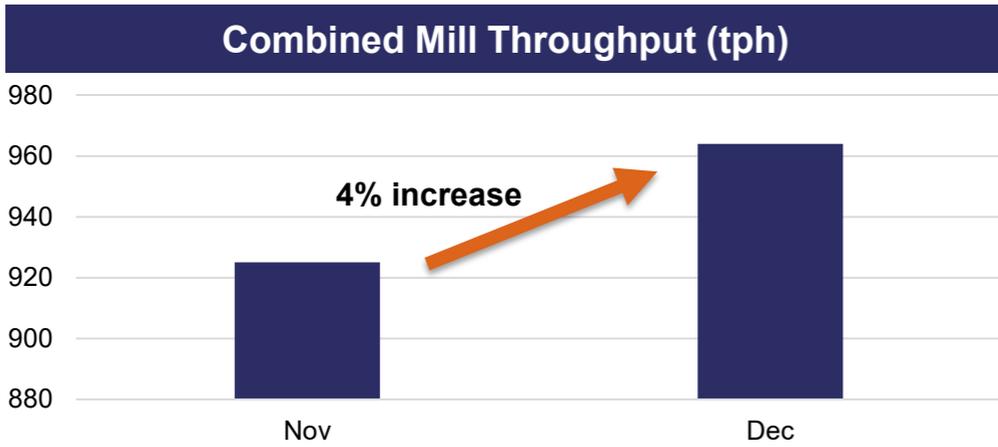
2) These represent capital costs



Tropicana

Second Ball Mill

- **Second ball mill successfully commissioned late November 2018**
 - Delivered as guided
 - Immediate impact on throughput, grind size and metallurgical recovery
- **December 2018 combined mill throughput increased to 964tph from 925tph in November 2018**
- **P80 grind size improved by 24 microns following second ball mill commissioning**
- **Reduction in grind size results in a +2% improvement in gold recovery**

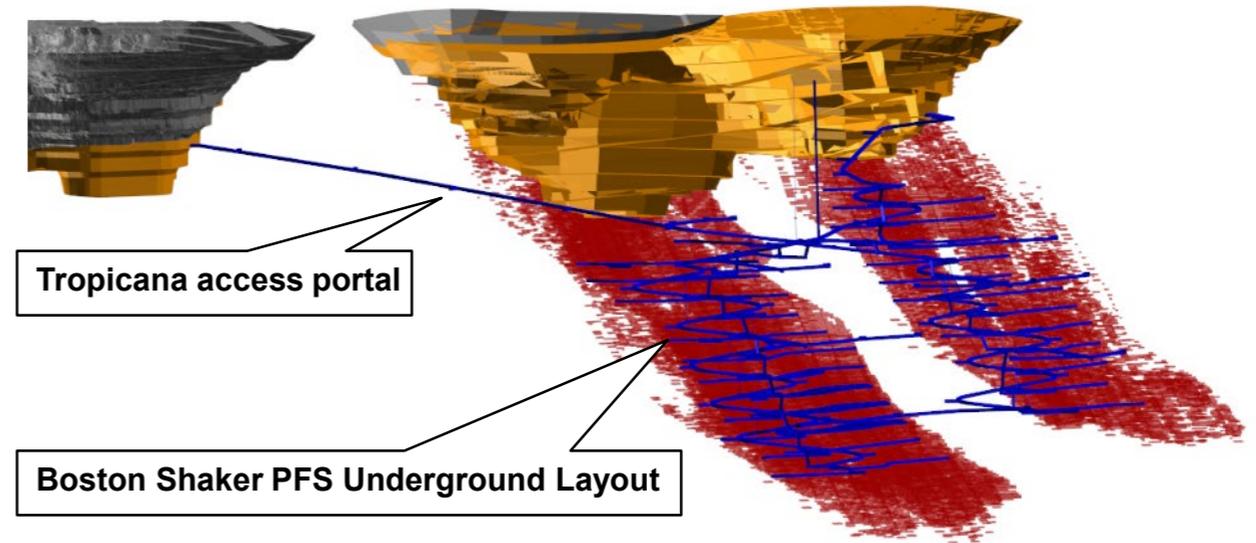


Tropicana

Boston Shaker PFS complete⁽¹⁾

- **PFS confirmed the technical and financial viability of an underground development**
 - PFS based on delivering ~1Mtpa of resources to produce in the order of 100,000oz/year over a 7 year mine life
 - Capex estimated at A\$95M (100% basis)
 - Operating cost of A\$102/t inclusive of underground capital development costs post first gold production
- **Feasibility Study is now underway and is expected to be completed in 2H19 and includes infill drilling to convert inferred resource to indicated resource**

Boston Shaker Underground Development Layout⁽¹⁾



Boston Shaker Underground Mineral Resource⁽¹⁾

Classification	Mt	Au g/t	Au Moz
Measured	0.0	0.0	0.00
Indicated	3.1	4.0	0.40
Inferred	7.5	4.3	1.05
Total	10.6	4.2	1.45

1) Refer to ASX release dated 20 Dec 2018: Pre-Feasibility Study Confirms Potential for Underground Mine at Tropicana

Fraser Range Exploration

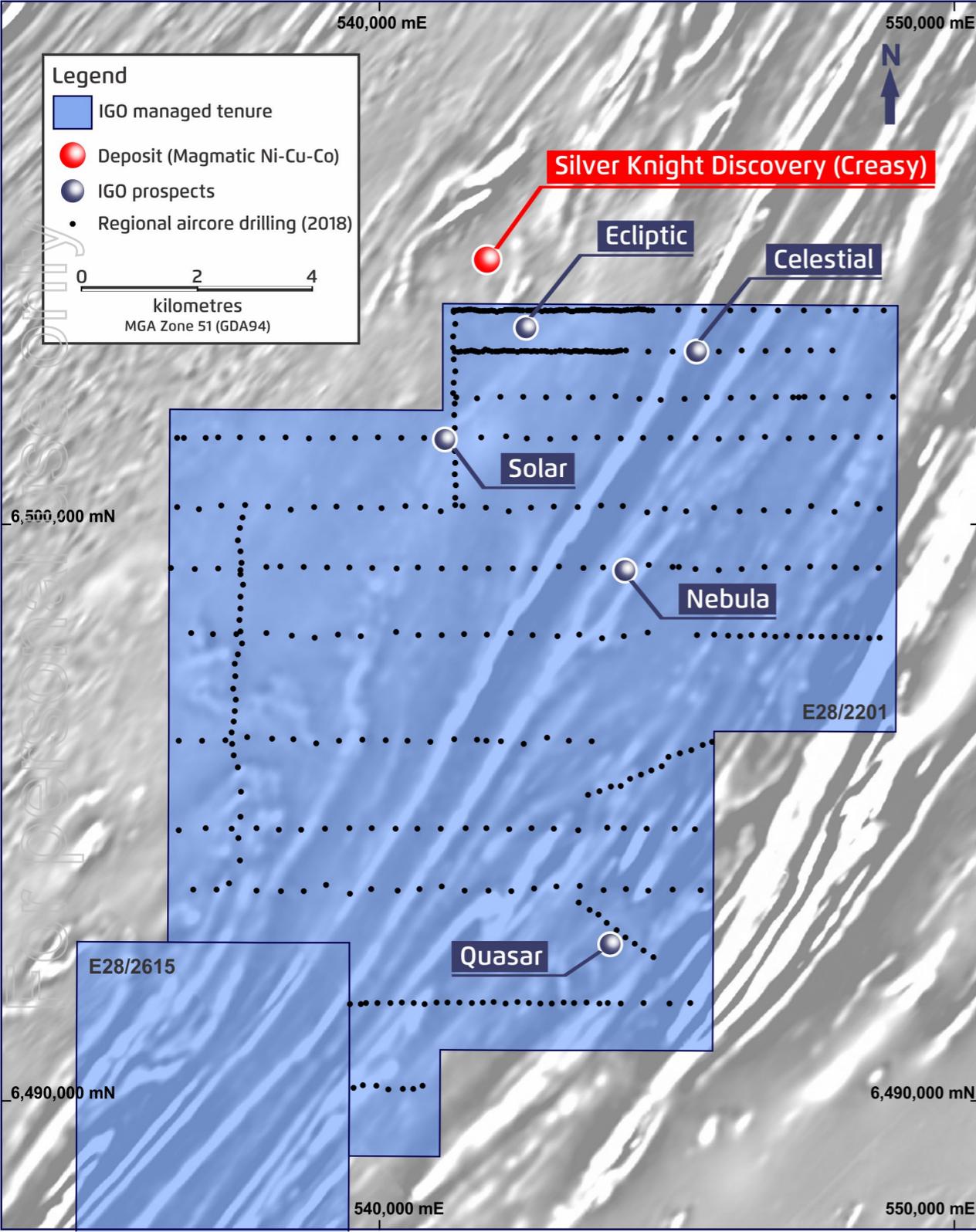
40 targets identified for drill testing in 2019

Includes 5 targets at Widowmaker concession⁽¹⁾ - immediately South of Silver Knight Discovery⁽²⁾ (30km NE of Nova)

- Drilling and EM surveying upgrade prospectivity
- Five high-priority targets defined including:
 - Ecliptic contains disseminated sulphides in aircore drilling
 - Solar is a Squid EM anomaly along strike from Silver Knight
- Drill testing to commence in 3Q19

Broader Fraser Range

- Drill testing a range of targets utilising one diamond, two RC and two aircore drill rigs planned for 2H19



1) Widowmaker is a joint venture between IGO (90%) and Buxton Resources (10%)

2) www.dmirs.wa.gov.au Online Catalogue

Lake Mackay

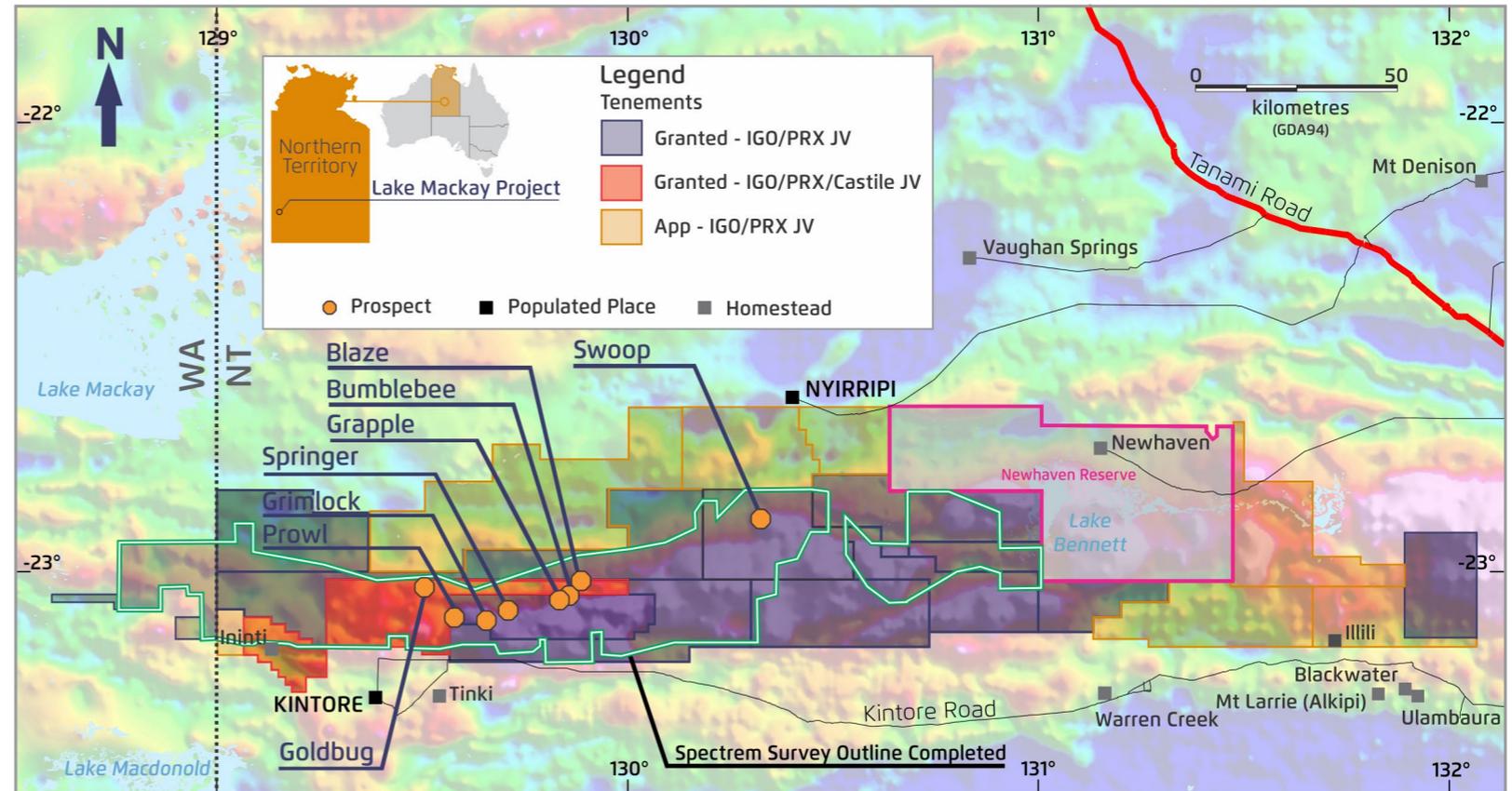
New drill targets defined

During the Quarter, IGO completed the earn-in component of the Lake Mackay JV with Prodigy Gold NL

- IGO is now 70% holder and JV operator
- Spectrem airborne EM completed over majority of granted tenements
- 8 bedrock conductors prioritised for drill testing from initial ground EM surveys
- Grimlock Ni-Co 'laterite' prospect ready for drill testing
- Second high priority Ni-Co 'laterite' target identified – 'Swoop Prospect'

Castile JV

- Earn-in JV contiguous with Lake Mackay
- First pass geophysics and geochemical sampling complete



Nickel Sulphate

Downstream processing opportunity

Pre-feasibility study well advanced

- Trade-off studies
- Metallurgical test work
- Engineering
- Capital and operating cost estimation

Additional de-risking incorporated in Pre-feasibility study

- Decision to further de-risk project and optimise the process flowsheet by completing continuous pilot metallurgical testwork in the pre-feasibility study



Capital Allocation



Policy to balance growth and cash return to shareholders

IGO will adopt a new shareholder returns policy

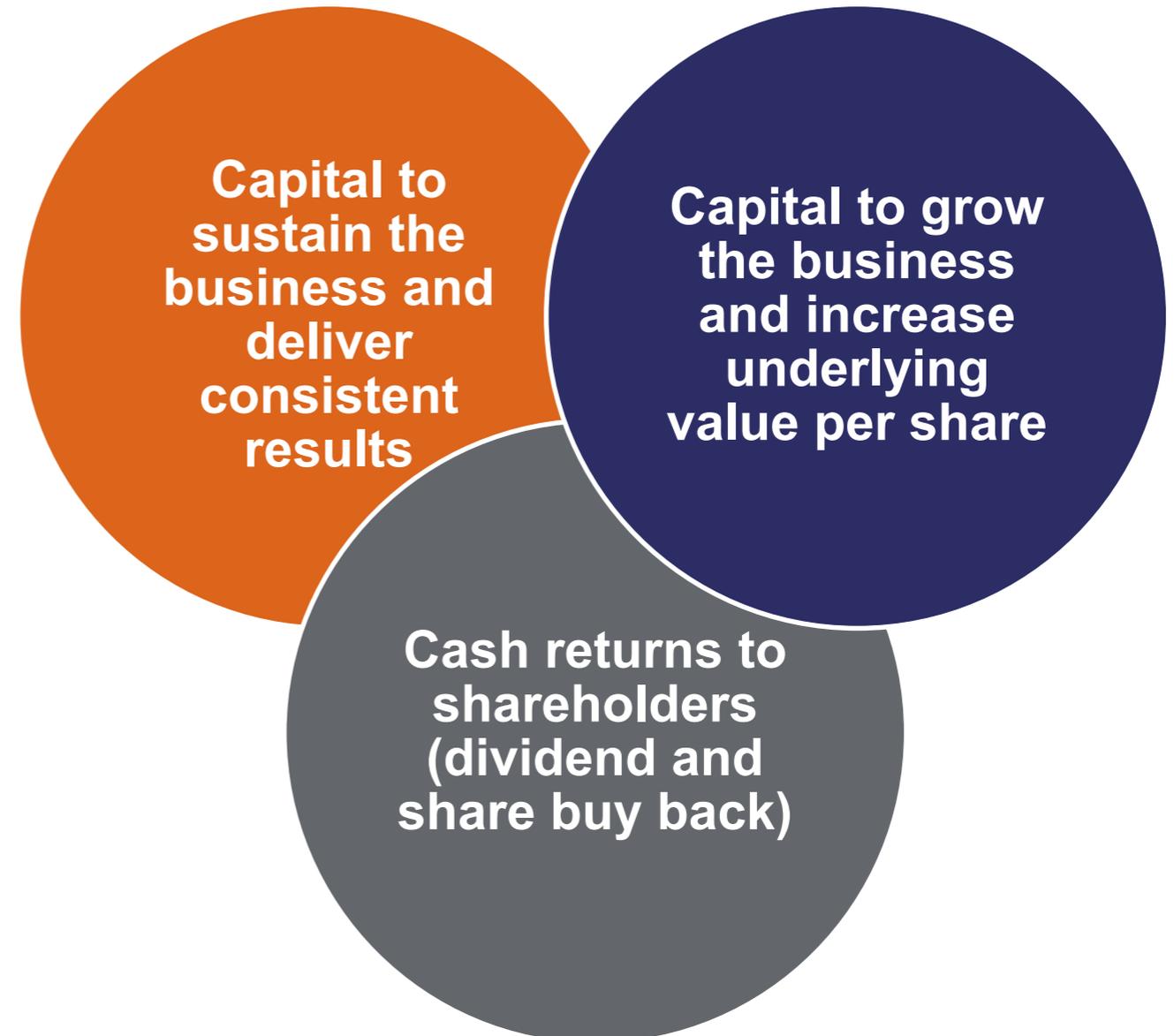
- Aim to return 15-25% of FCF to shareholders
- Capital returns include consistent franked or unfranked dividends, special dividends and share buy backs
- Policy to be reviewed every 2 years

As at 31 December 2018 A\$58M (approx. 10 cents per share) of fully frankable dividends were available

- Aim to pay consistent dividends over next 3-4 years to utilise existing franking credits
- Further returns may be achievable in any one year by special dividends or share buybacks

Interim Dividend

- An interim fully franked dividend of 2 cents per share with record date of 15 February 2019 will be paid on 1 March 2019



Concluding Comments

Strong production and reduced operating costs

- **Great 2Q19 and 1H19**
 - Net cash of A\$94M
 - Fully franked interim dividend of 2 cents per share
- **Record result for Nova in 2Q19, an 11% increase in nickel production and 30% reduction in cash cost QoQ**
- **Tropicana delivered a 9% increase in gold production and 18% reduction in AISC QoQ**
- **Growth projects progressed to plan**
 - Exploration & discovery advanced with 40 and 8 drill ready targets at Fraser Range and Lake Mackay respectively
 - Tropicana second ball mill commissioned
 - Boston Shaker PFS delivered and Feasibility Study underway
 - Nickel Sulphate studies advanced including continuous pilot plant metallurgical testwork





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