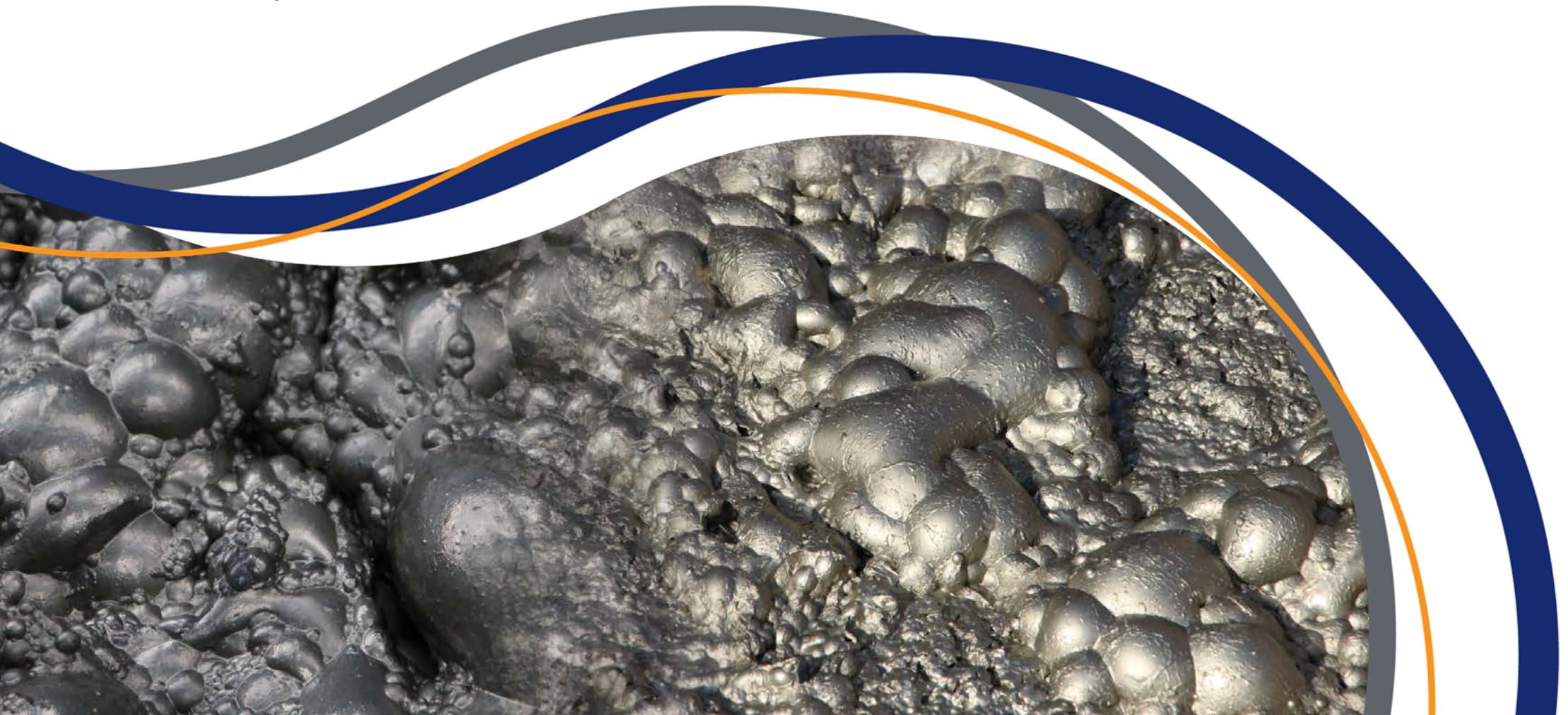


# INDEPENDENCE GROUP NL

**December 2016 Quarter Results Presentation**

**Peter Bradford, Managing Director and CEO**

25 January 2017



# Cautionary statements & disclaimer



- This presentation has been prepared by Independence Group NL (“IGO”) (ABN 46 092 786 304). It should not be considered as an offer or invitation to subscribe for or purchase any securities in IGO or as an inducement to make an offer or invitation with respect to those securities in any jurisdiction.
- This presentation contains general summary information about IGO. The information, opinions or conclusions expressed in the course of this presentation should be read in conjunction with IGO’s other periodic and continuous disclosure announcements lodged with the ASX, which are available on the IGO website. No representation or warranty, express or implied, is made in relation to the fairness, accuracy or completeness of the information, opinions and conclusions expressed in this presentation.
- This presentation includes forward looking information regarding future events, conditions, circumstances and the future financial performance of IGO. Often, but not always, forward looking statements can be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue" and "guidance", or other similar words and may include statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Such forecasts, projections and information are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are beyond IGO’s control, which may cause actual results and developments to differ materially from those expressed or implied. Further details of these risks are set out below. All references to future production and production guidance made in relation to IGO are subject to the completion of all necessary feasibility studies, permit applications and approvals, construction, financing arrangements and access to the necessary infrastructure. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Ore Reserves, as well as any Competent Persons' Statements included in periodic and continuous disclosure announcements lodged with the ASX. Forward looking statements in this presentation only apply at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information IGO does not undertake any obligation to publically update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.
- 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 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.

# 2Q17 highlights

## Strong quarter with significant milestones achieved



### Continued improvement in safety performance

- No lost time safety incidents in 2Q17
- 12 month LTI frequency per million hours worked of 1.2

### Tropicana delivers record throughput of 7.6Mtpa

- Production and cash costs better than guidance range
- Value enhancement increases Ore Reserves by 58% and life of mine NPV by 79%

### Long cash costs better than guidance

- Production and cash costs better than guidance range

### Jaguar payable copper and zinc lower

- Weak quarter driven by expected lower Zn and Cu grades and lower mining production due to technical challenges

### Nova first concentrate produced and shipped

- Process plant successfully commissioned.
- Ramp up to full production by mid 2017

### Strong cash generation and debt reduction

- Cash of A\$109M and debt of A\$200M at quarter end
- Unaudited underlying EBITDA of A\$43.7M and unaudited profit after tax of A\$10.2M for 2Q17

# Unaudited financial results

## Stronger cash generation plus debt retirement during 2Q17



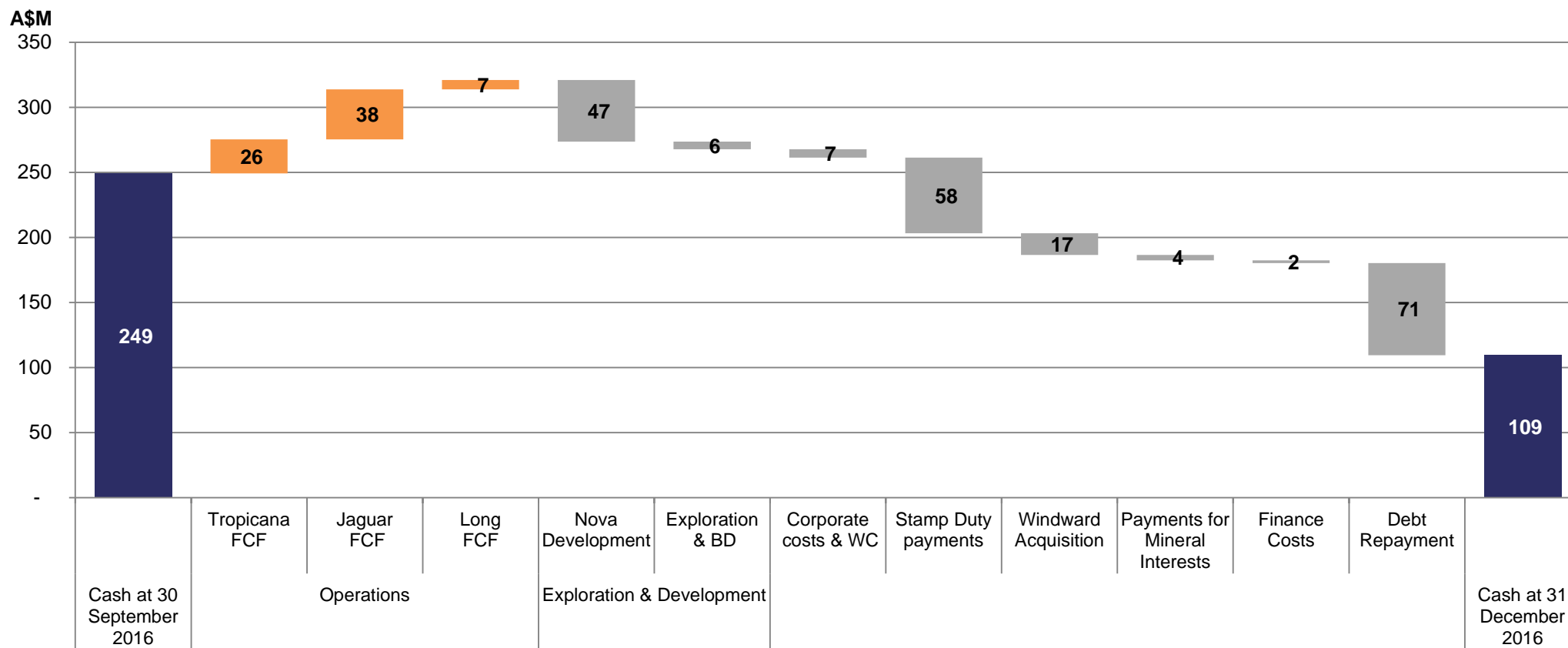
Unaudited Metrics	Units	2Q17	1Q17
Revenue	A\$M	128.5	94.8
Underlying EBITDA <sup>(1)</sup>	A\$M	43.7	38.1
Net Profit After Tax	A\$M	10.2	10.1
Net Cash Flow From Operating Activities	A\$M	17.6	8.1
Underlying Free Cash Flow <sup>(2)</sup>	A\$M	(48.6)	(59.0)
Cash (at end of period)	A\$M	109.4	249.3
Marketable Securities (at end of period)	A\$M	9.4	5.6
Refined bullion (at end of period)	A\$M	0.2	0
Debt (at end of period)	A\$M	200.0	271.0

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

# 2Q17 cash flow reconciliation

## Improved operational free cash flow



- A\$109M cash, A\$200M debt, A\$200M undrawn debt facilities
- A\$72M free cash flow from operations
- A\$71M debt repayment
- A\$58M stamp duty payments
- A\$48M to A\$54M capital spend remained to complete the Nova Project



# Hedging

## Copper and diesel hedging undertaken during 2Q17



Current Hedging	Units	FY17	FY18	FY19	TOTAL
<b>Gold Hedging</b>					
Gold Par Forwards	oz	36,500	60,000	47,988	144,488
Gold Price	A\$/oz	1,664	1,796	1,859	1,784
<b>Copper Hedging</b>					
Copper Swaps – Nova	t		6,450		6,450
	A\$/t		7,641		7,641
Copper Swaps – Jaguar	t	510	2,040		2,550
	A\$/t	7,617	7,643		7,638
<b>Diesel Hedging</b>					
Diesel Par Forwards	kL	10,425	21,504		31,929
Price <sup>(1)</sup>	A\$/L	0.45	0.48		0.47

1) Base diesel price excludes the cost of GST, Government excise and transportation

## 2Q17 operational scorecard and FY17 guidance

Metric	Units	FY17 Guidance Range	2Q17	YTD
Gold produced (100% basis)	oz	390,000 to 430,000	121,195	221,232
Gold Sold (IGO's 30% share)	oz	117,000 to 129,000	38,888	65,361
Cash cost	A\$/oz Au	850 to 950	753	821
All-in Sustaining Costs	A\$/oz Au	1,150 to 1,250	1,051	1,070
Sustaining and improvement capex	A\$M	12 to 16	2.8	6.4
Capitalised waste stripping	A\$M	29 to 36	8.6	13.9
Exploration expenditure	A\$M	6 to 8	1.8	3.4

### 2Q17 Drivers

- Annualised mill throughput rate for the quarter lifted to 7.6Mtpa
- 8.1M BCM material movement ex-pit, strip ratio of 7:1
- 1.89Mt processed at average grade of 2.24g/t and 89.2% recovery for 36,356oz gold produced (IGO share)
- Value enhancement initiatives, including Long Island Study, delivered a 58% increase to Ore Reserves and increased life of mine NPV by more than 75%<sup>(1)</sup>

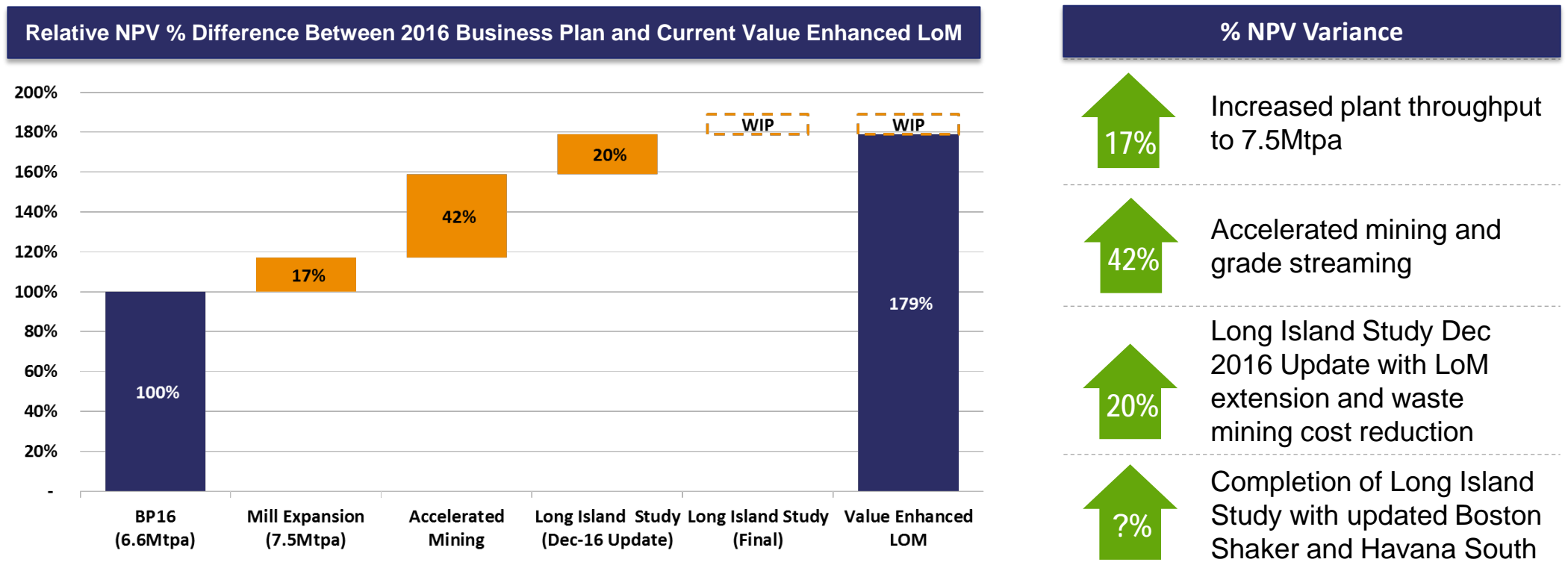
### Outlook

- Ongoing studies as part of Long Island study to deliver further Mineral Resource growth in 2H17

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

## Value enhancement studies

- To date studies have unlocked an additional 79% of value on a like for like basis with previous business plan
- Opportunities identified to add further value include:
  - Plant expansion to 7.7-7.9Mtpa rate by end CY17
  - Completion of Long Island Study by mid CY17



1) BP16 refers to CY16 Business Plan prepared by AGA



# Tropicana

## Mineral Resource and Ore Reserve Update

### Mineral Resources and Ore Reserves updated at 31 December 2016<sup>(1)</sup>

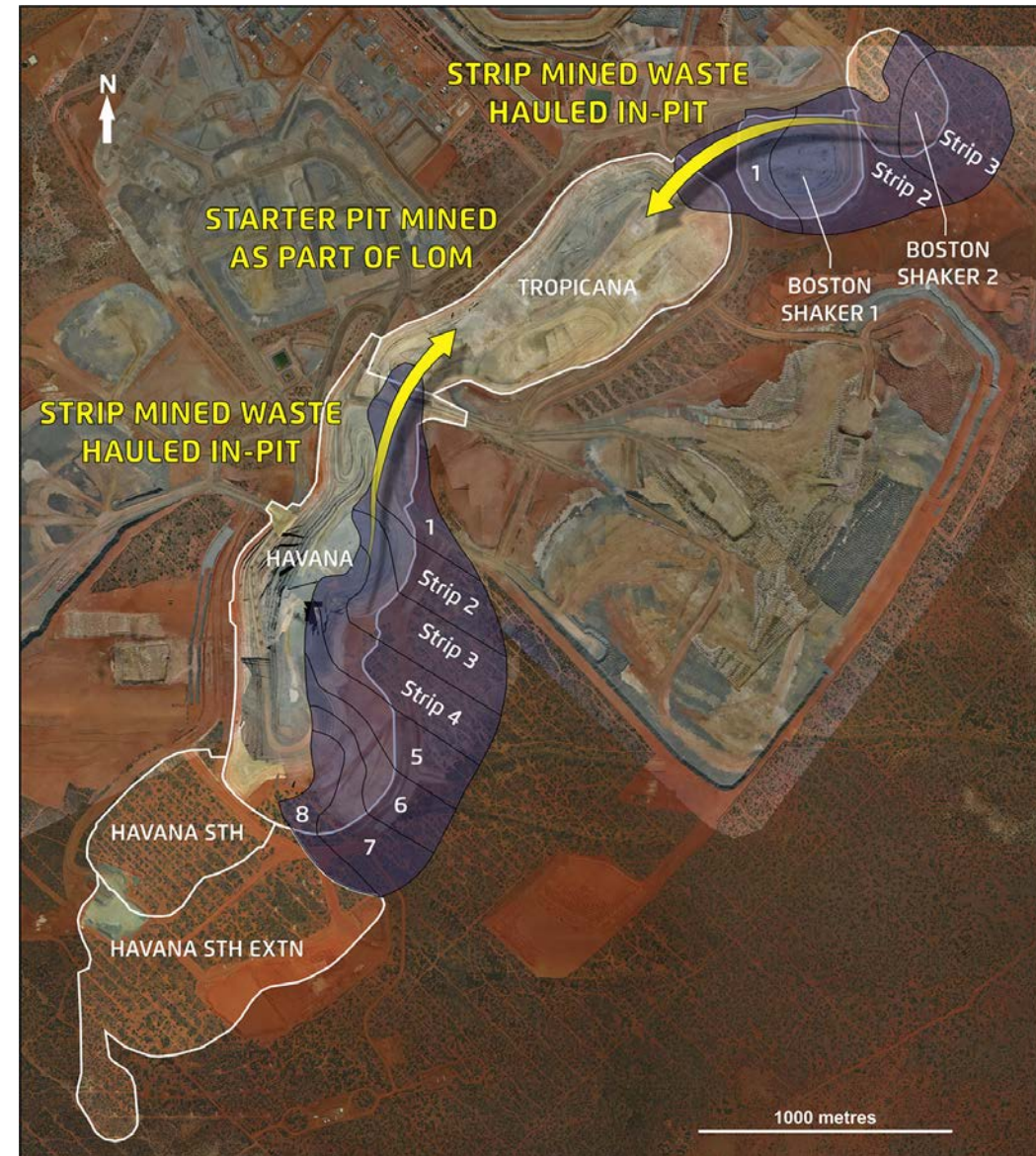
- Updated Mineral Resource  
*148.1Mt at 1.68g/t Au for 8.02Moz*
- Updated Ore Reserve  
*60.1Mt at 1.97g/t Au for 3.80Moz*

### Ongoing Technical Studies to be completed in 2H17

- Further Mineral Resource and Ore Reserve updates

### Completion of Long Island Study

- Current strategy is to use the LoM Tropicana pit as a starter pit, or void, which will be backfilled with material from Boston Shaker to the north and Havana to the south
- 25-30% potential reduction in unit mining costs per tonne with introduction of Long Island mining strategy



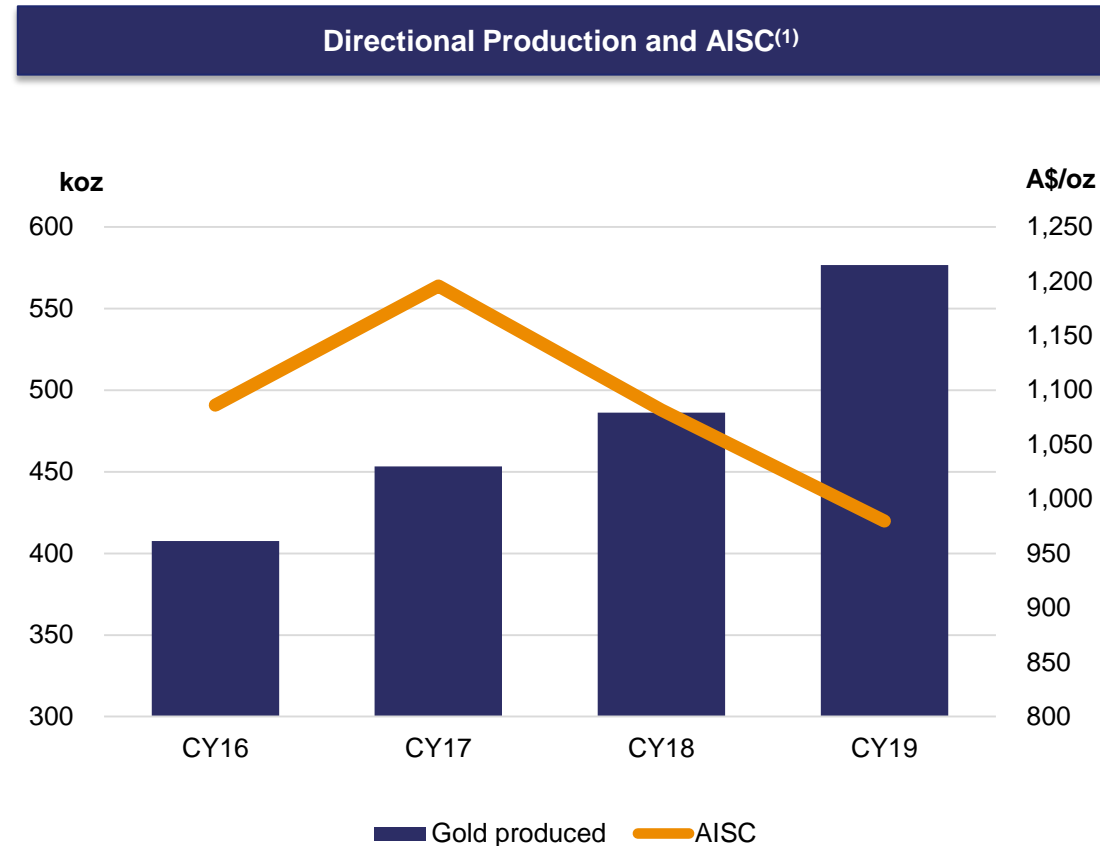
1) For further information on Mineral Resources and Ore Reserves refer to ASX release dated 15 December 2016

# Tropicana outlook

## Guidance modified to reflect delivery of value enhancement studies

### FY17 Guidance (IGO 30%):

- No change in AISC although likely to be at the higher end of FY17 guidance of A\$1,150/oz- A\$1,250/oz
- Capitalised Waste Stripping increased from A\$29M-A\$36M to revised forecast of A\$37M- A\$43M due to accelerated mining rates and grade streaming
- Improvement Capital increase from A\$2M-A\$3M to a revised forecast of A\$7M-A\$8M to deliver an additional 200 - 400ktpa plant throughput by end CY17



1) Directional production and AISC from Tropicana are indicative only and subject to change with finalisation of the Long Island Study during 2017. The only guidance provided is for FY17

## 2Q17 operational scorecard and FY17 guidance

Metric	Units	FY17 Guidance Range	2Q17	YTD
Nickel (contained metal)	t	7,400 to 8,200	2,063	4,229
Cash Cost (payable)	A\$/lb Ni	3.50 to 3.90	3.19	3.21
Sustaining capex	A\$M	1	0.6	0.7
Development capex	A\$M	N/A	0.2	0.2
Exploration expenditure	A\$M	2 to 3	0.1	0.4

### 2Q17 Drivers

- Production and cash costs both better than guidance
- 51,884t mined at an average grade of 4.00% Ni
- Majority of ore sourced from Moran orebody

### Outlook

- Ongoing in mine exploration to test targets near existing mine development
- Reprocessing of 3D seismic collected in 2008 with latest technology to identify new exploration targets

## 2Q17 operational scorecard and FY17 guidance

Metric	Units	FY17 Guidance Range	2Q17	YTD
Zinc in concentrate	t	39,000 to 43,000	8,331	18,641
Copper in concentrate	t	4,600 to 5,100	869	2,756
Cash cost (payable)	A\$/lb Zn	0.70 to 0.80	1.08	0.77
Sustaining capex	A\$M	8 to 9	2.1	4.8
Development capex	A\$M	12 to 13	2.5	4.8
Exploration expenditure	A\$M	3 to 4	0.4	0.8

### 2Q17 Drivers

- Zinc concentrate shipments increased significantly quarter on quarter, reducing metal inventory
- Lower payable metal production resulted in higher cash costs for the quarter
- Full year guidance remains unchanged
- 109,558t milled at average grade of 8.49% Zn and 1.07% Cu

### Outlook

- In mine exploration at Bentley targeting down plunge mineralisation beyond current Ore Reserves 3Q17
- Diamond drilling at the Triumph prospect continued with work to commence on the Mineral Resource in 3Q17
- Process plant study to investigate potential for High Precious Metals concentrate by mid CY17



# Nova Project

## Significant milestones achieved



### Project remains on budget and ahead of schedule

- Construction completed 10 October 2016
- Ore commissioning commenced 14 October 2016
- First nickel and copper concentrates production announced 26 October 2016
- First nickel concentrate delivered to BHP Nickel West early December 2016
- Grade control drilling completed 26,958m during the quarter
- Key underground ventilation, dewatering, electrical and civil infrastructure advanced

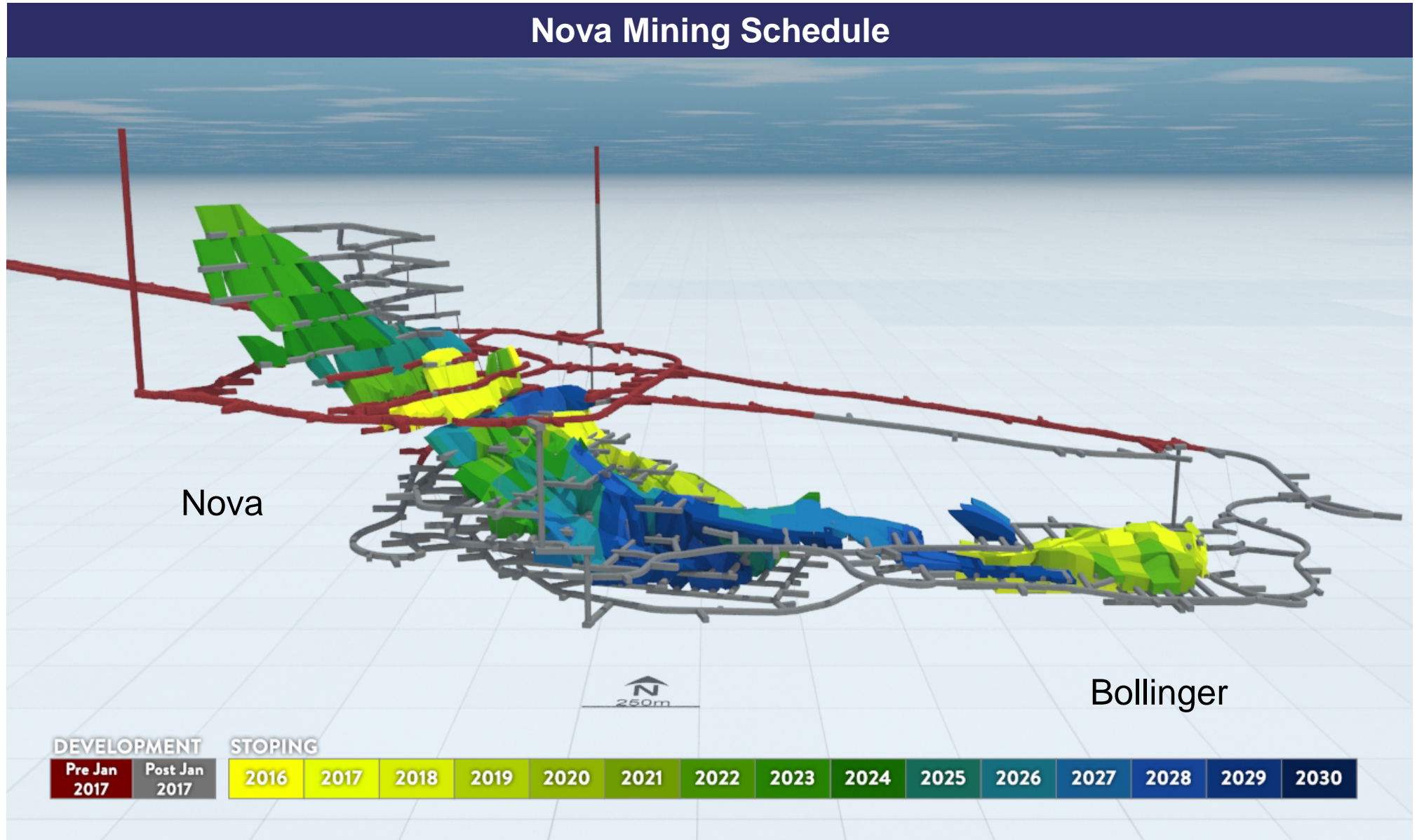


# Nova Project

10.2km of mine development completed project to date



## Nova Mining Schedule





# Nova Project next steps



## Ramp up to full production around mid CY17

- Ramp up underground mine to full production of 1.5Mtpa around mid CY17
- Return Air Raise 1 to be commissioned 3Q17
- In mine exploration at C5 target adjacent to Bollinger decline
- Seismic data collection to commence in 3Q17 as part of a broad program to target extensions to the Nova mineralised system

Metric	Units	FY17 <sup>(1)</sup>	FY18	FY19
Nickel Production	t	9,000 to 10,000	27,000 to 30,000	27,000 to 30,000
Copper Production	t	3,900 to 4,400	12,000 to 13,000	12,000 to 13,000
Cobalt Production	t	280 to 320	900 to 1,000	900 to 1,000
Cash costs (real) <sup>(2)</sup>	A\$/lb Ni	4.00 to 4.50	1.50 to 2.00	1.50 to 2.00
Remaining Initial Capital Cost <sup>(3)</sup>	A\$M	140 to 150	0	0
Sustaining Capex	A\$M	3 to 5	25 to 30 <sup>(4)</sup>	5 to 7 <sup>(4)</sup>
Development Capex	A\$M	22 to 25		
Exploration expenditure	A\$M	3.5 to 4.5		

1) FY17 excludes production achieved during commissioning.

2) Cash Cost includes royalty per pound of payable nickel (after by-product credits) and applies to ramp-up period following plant commissioning

3) Remaining Initial Capital Costs includes the key capital activities (outstanding from the A\$443M Project Capital Costs) outlined in the company's 28 June 2016 release titled "First Ore Mined in Development at Nova" including but not limited to, the power station, plant piping/ electrical, past plant and decline development. The amount also includes capital required for the Bollinger Decline as outlined in this ASX release.

4) Sustaining capex for FY18 and FY19 includes Development capex

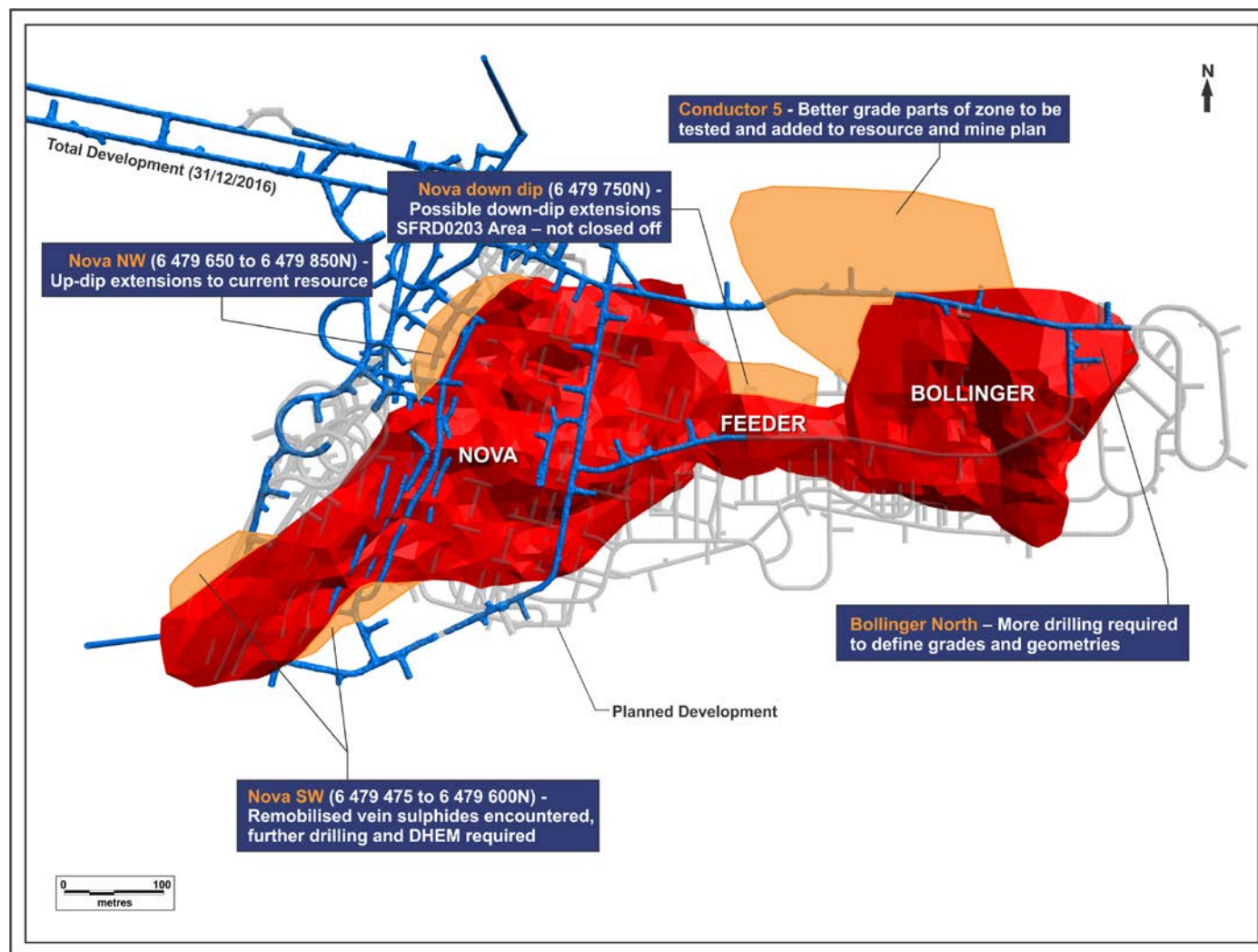
Note: For further information on Nova production guidance see ASX release Accelerated Bollinger Decline at Nova Project dated 21 July 2016

# Nova Project



## In mine exploration at C5 target

- In mine exploration commenced at C5 target adjacent to Bollinger decline
- Under ground diamond drilling of 18 holes for 2,104m completed to date
- Drilling will continue in 3Q17 testing the eastern portion of the C5 target
- Preparation for platform drilling beneath Nova for EM testing commencing 3Q17



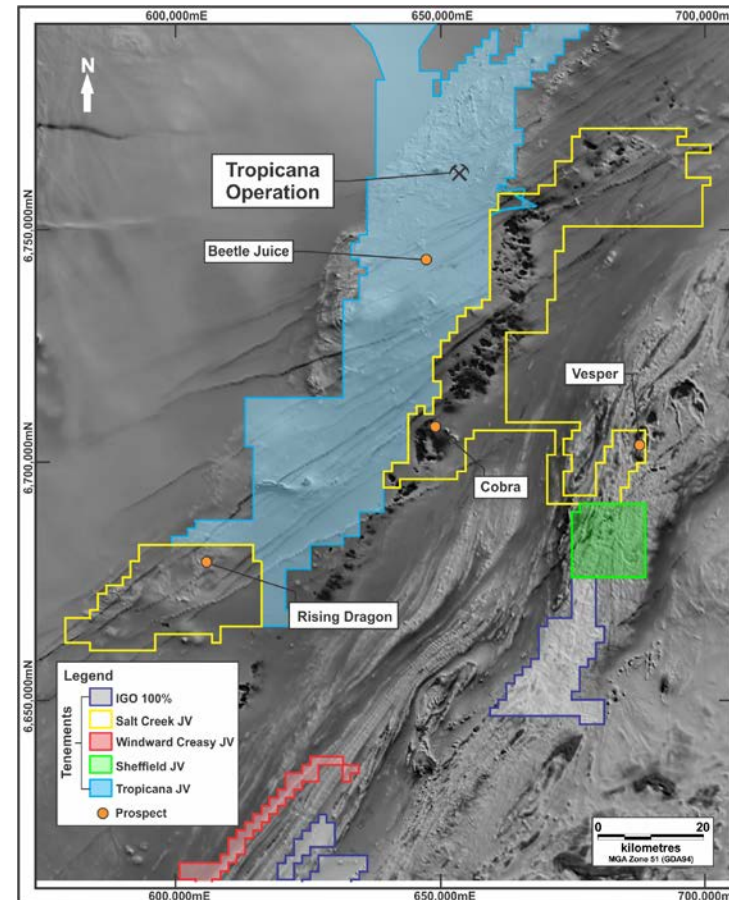
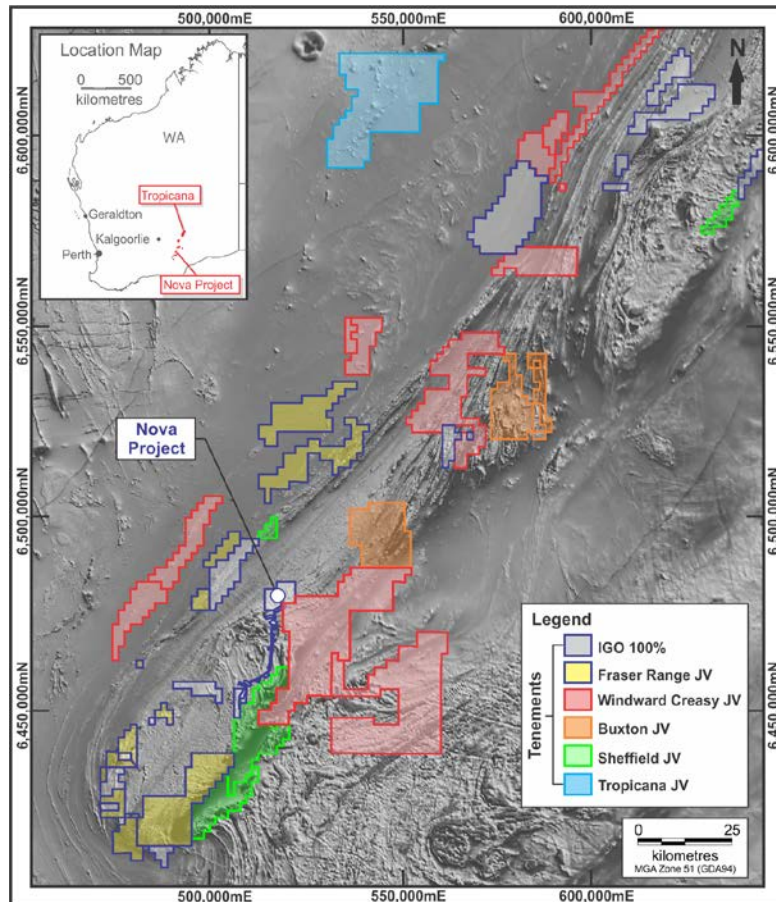
# Fraser Range consolidation



## Off market takeover of Windward Resources Limited

### Increasing holdings of prospective tenure proximal to Nova Project

- IGO acquired Windward Resources <sup>(1)</sup> during the quarter delivering 1,700km<sup>2</sup> of under explored tenure
- IGO entered into JV with Sheffield Resources Limited<sup>(2)</sup> and may earn up to of 70% over 650km<sup>2</sup>
- IGO entered into JV with Buxton Resources Limited<sup>(3)</sup> with an initial interest of 90% over 592km<sup>2</sup>



- 1) ASX release dated 22 December 2016 IGO Completes Compulsory acquisition of Windward Resources
- 2) ASX release dated 16 November 2016 SFX: Sheffield forms Fraser Range Joint Venture with IGO
- 3) ASX release dated 24 August 2016 BUX: BUX & IGO enter into Fraser Range Joint Venture

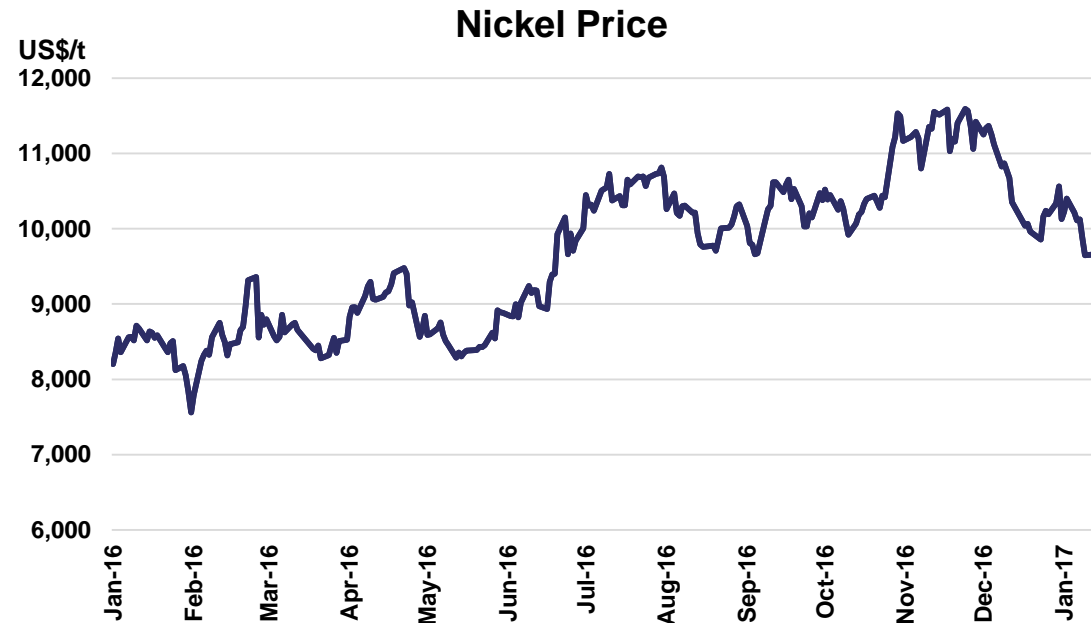
# Nickel market



## Reversal of Indonesian export policy generating negative sentiment

### What happened?

- On the 12 January 2017 the government of Indonesia announced the relaxation of a previously enforced raw materials export ban
- Removal of export ban allows for the resumption of nickel ore and bauxite exports
- Further commentary has since detailed that nickel ore exports could be restricted to 5.2Mtpa, which could equate to over 50ktpa of nickel metal entering the market<sup>(1)</sup>



### What's next?

- IGO is reviewing all information available on the developing situation
- Further clarity and detail is expected over the coming months
- This evolving scenario does not impact any of IGO's activities at the Long Operation and Nova Project

1) Source: Macquarie Research



# Concluding comments

## Diversified mining company delivering cash flow and growth



Continued improvement in safety performance

Tropicana delivers record throughput of 7.6Mtpa

Long production and cash costs better than guidance

Jaguar payable copper and zinc lower

Nova first concentrate produced and shipped

Strong cash generation and debt reduction



**FOLLOW US  
AS WE GO FROM  
STRENGTH TO STRENGTH**  
**[igo.com.au](http://igo.com.au)**