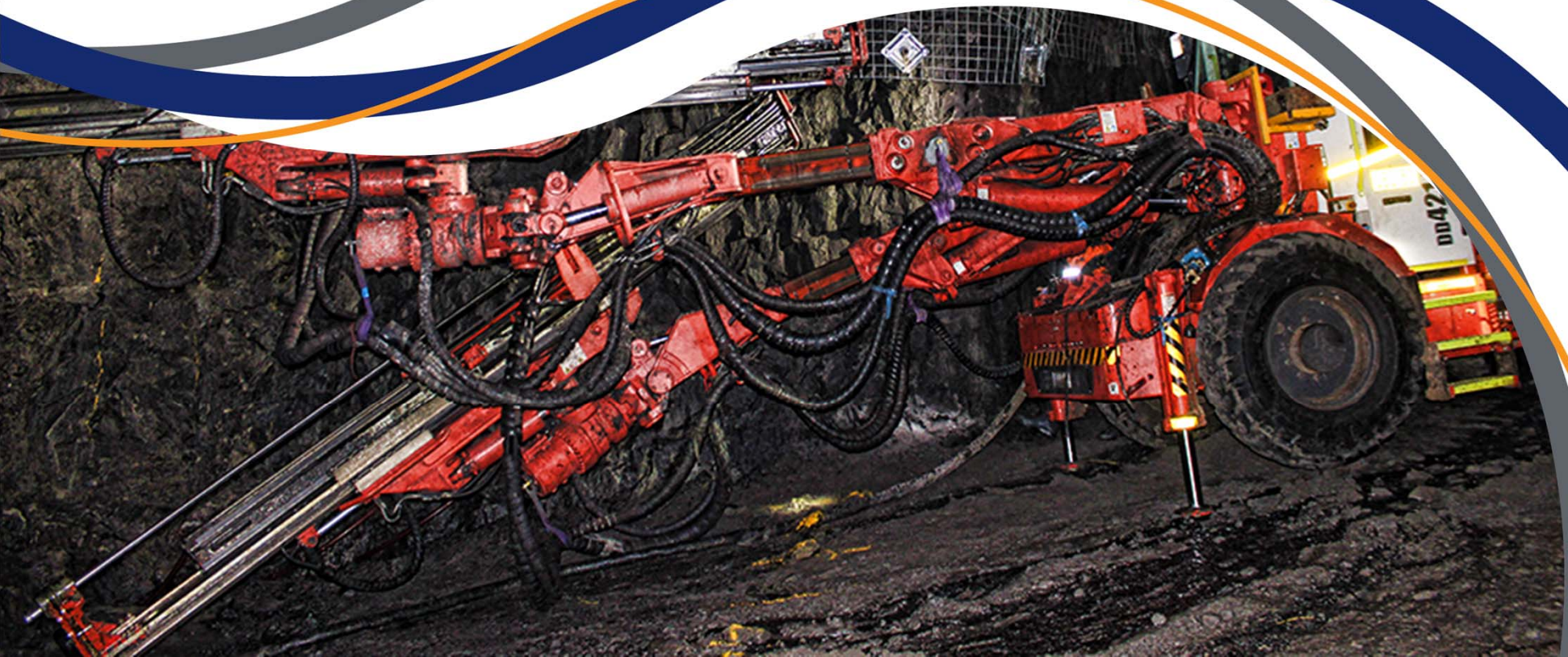
INDEPENDENCE GROUP NL

Peter Bradford, Managing Director and CEO

Nova Optimisation Study Presentation

14 December 2015



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- Any references to IGO Mineral Resource and Ore Reserve estimates should be read in conjunction with IGO's 2015 Mineral Resource and Ore Reserve announcement dated 28 October 2015 (excluding Nova Project Ore Reserves) and Nova Project Optimisation Study announcement dated 14 December 2015 (updated Nova Project Ore Reserves), and lodged with the ASX, which are available on the IGO website.
- All currency amounts in **Australian Dollars,** unless otherwise noted.
- Cash costs are reported on a C1 basis after by-product credits per pound of nickel in concentrate, unless otherwise stated.

Key Nova Highlights

On Time & On Budget	• 56% complete • First concentrate delivered December 2016
Added Value	• Improved Project NPV • Increased margin • Improved early free cash flow
Reduced Risk	• Increased operational flexibility • Achieving higher than forecast assumptions • Development on schedule • Capital cost de-risked
Future Growth	• Optionality for future growth and value creation generated without any change to project capital estimate

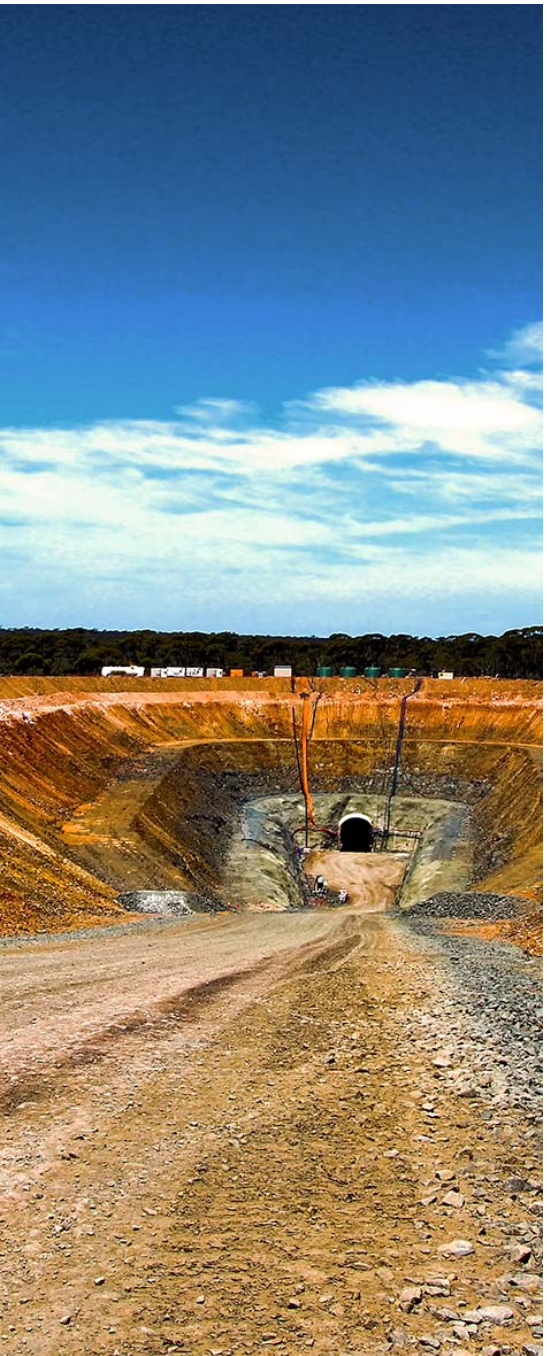
Project Update

On time and on budget

- **Approximately 56% of work complete[1]**
- **Remains on time and on budget with first production of concentrates expected in December 2016**
- **Infrastructure well advanced**
- **Underground development 11 weeks ahead of schedule**
- **Processing plant site activities commenced in September quarter with focus on structural concentrate and steel**
- **Purchase of major equipment well advanced**
- **Integration completed in accelerated timeframe with no disruptions**

1) As at 30 November 2015

Focus on Earlier Delivery of Value



IGO delivers significant enhancement in Project value compared to the DFS[1,2]

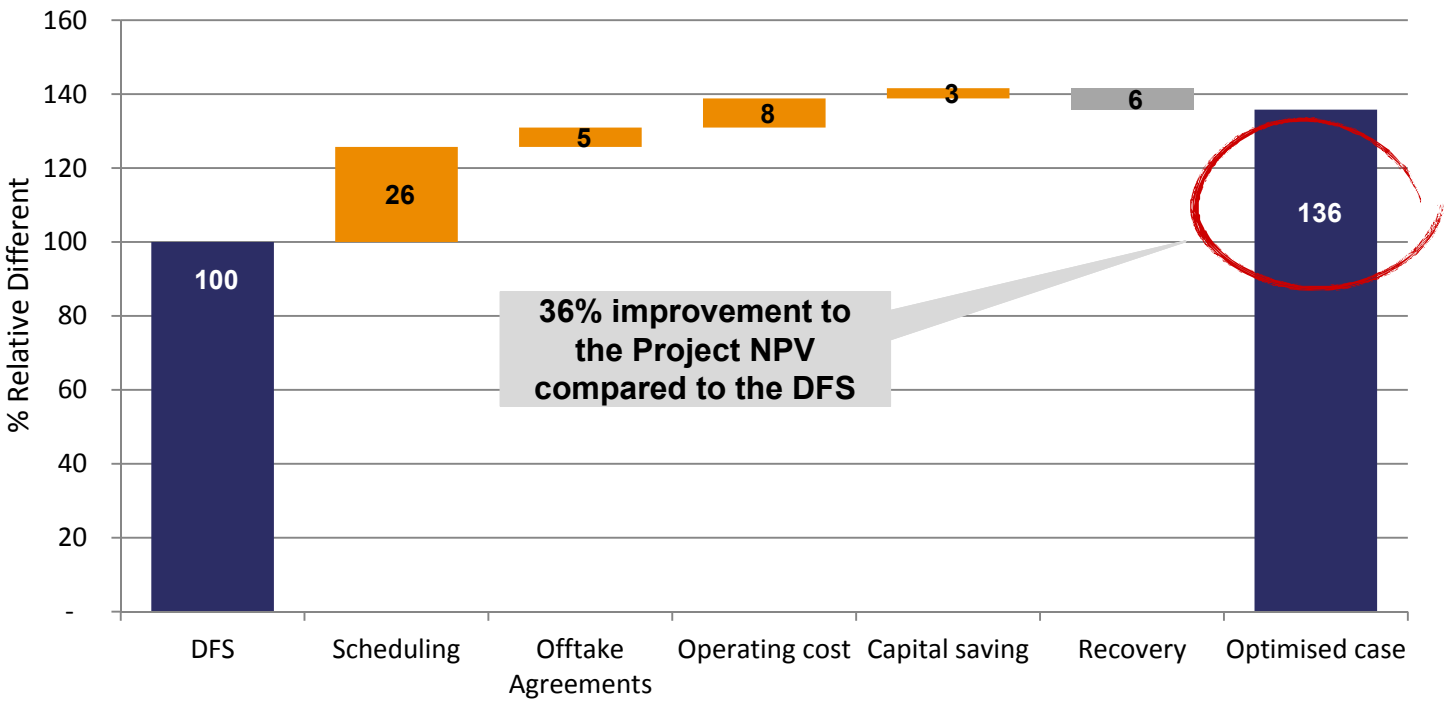
- 36% improvement on the Project NPV
- 27% reduction in expected C1 cash costs (after by-product credits) in concentrate to $1.21/lb from $1.66/lb nickel
- 21% decrease in all-in sustaining cash costs (after by-product credits) in concentrate to $1.83/lb from $2.32/lb nickel
- Additional 41%, 108% and 83% of free cash flow generation in CY17, CY18 and CY19

Delivers earlier return of capital

1) *The comparison between the Optimisation Study and the DFS (as released to the market on 14 July 2014) has been completed on a like for like basis with commodity prices and FX exchange assumptions levelled using the latest Consensus Economics (October 2015) commodity price forecasts. Unit operating costs are reported as per the DFS with unit operating costs for the Optimisation Study reported using Consensus Economics commodity price forecasts.*
2) *Relative NPV is pre-tax and real discount rate of 8.0%*

Substantial value unlocked

Relative NPV % Difference between DFS and Optimisation Study

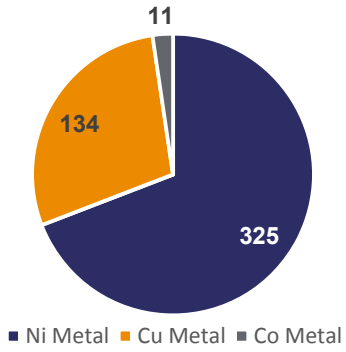
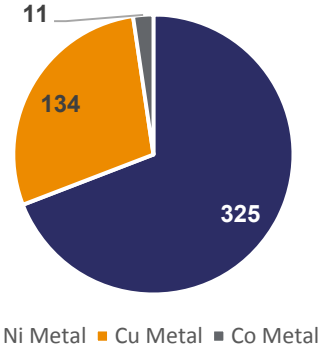
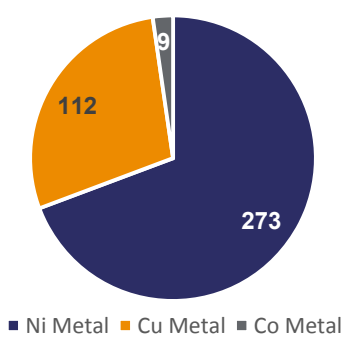
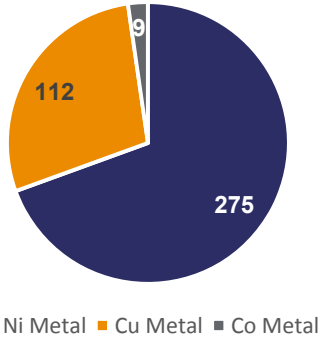
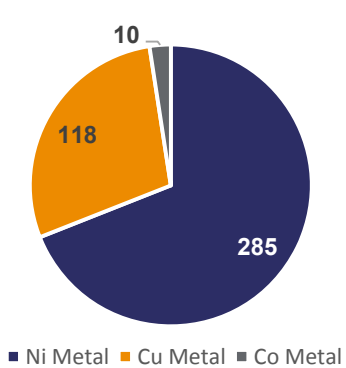
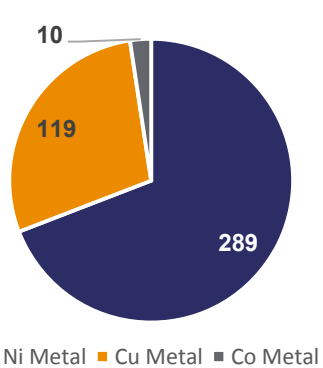


% NPV variance

26%	Improved mine scheduling
5%	Better offtake terms
8%	Lower operating costs
3%	Capital cost savings
6%	Metallurgical recovery

Unlocked additional 36% value on a like for like basis

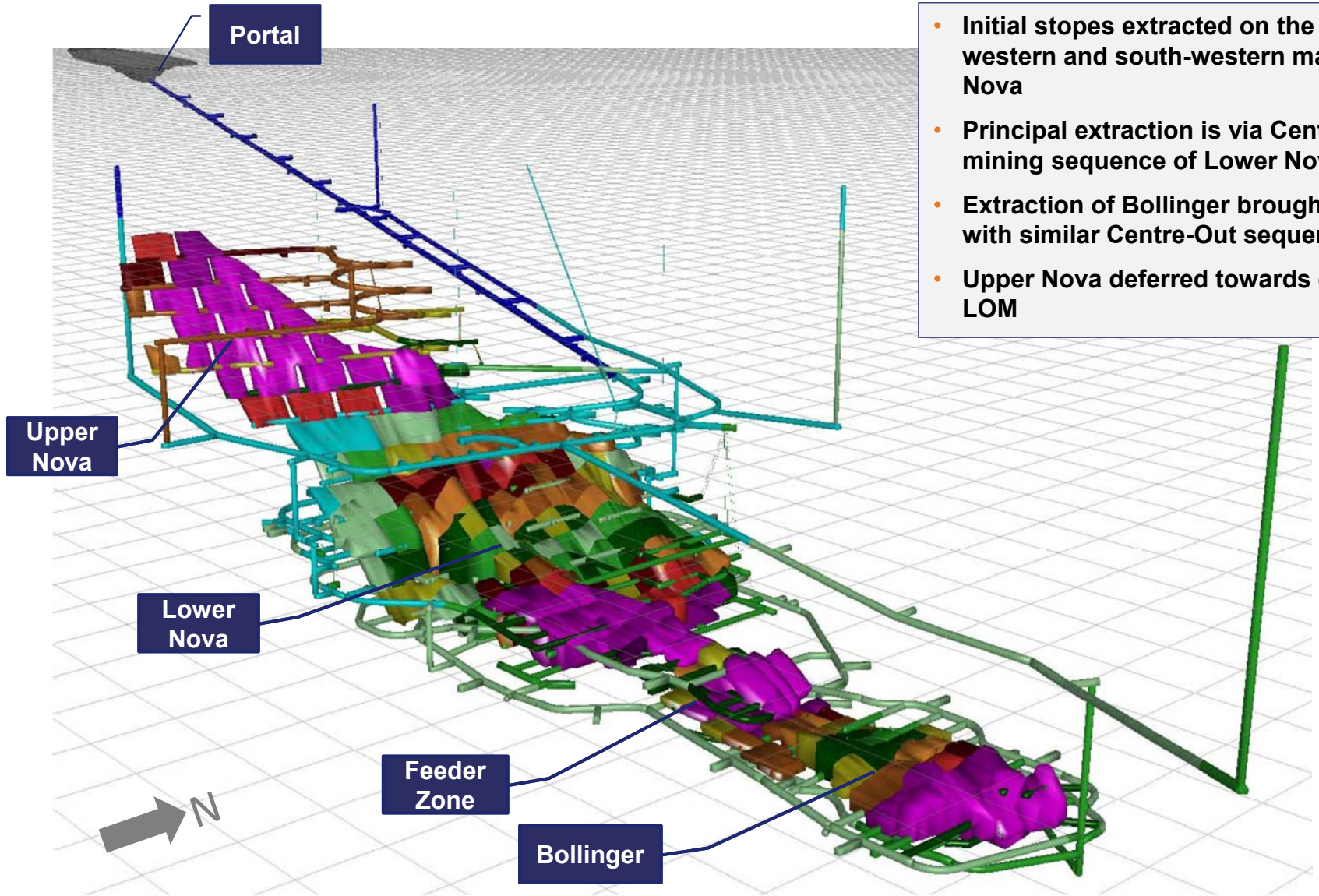
Resource, Reserve, Mining Inventory

	DFS	Optimisation Study
Mineral Resource		
Ore Reserve		
Mining Inventory		

***Insitu* contained metal has not changed between the DFS and Optimisation Study**

1) *Contained metal is reported in '000t*
2) *Refer to ASX releases dated 14 December 2015 and 28 October 2015 for Mineral Resource and Ore Reserve Reporting*

Updated Mining Sequence

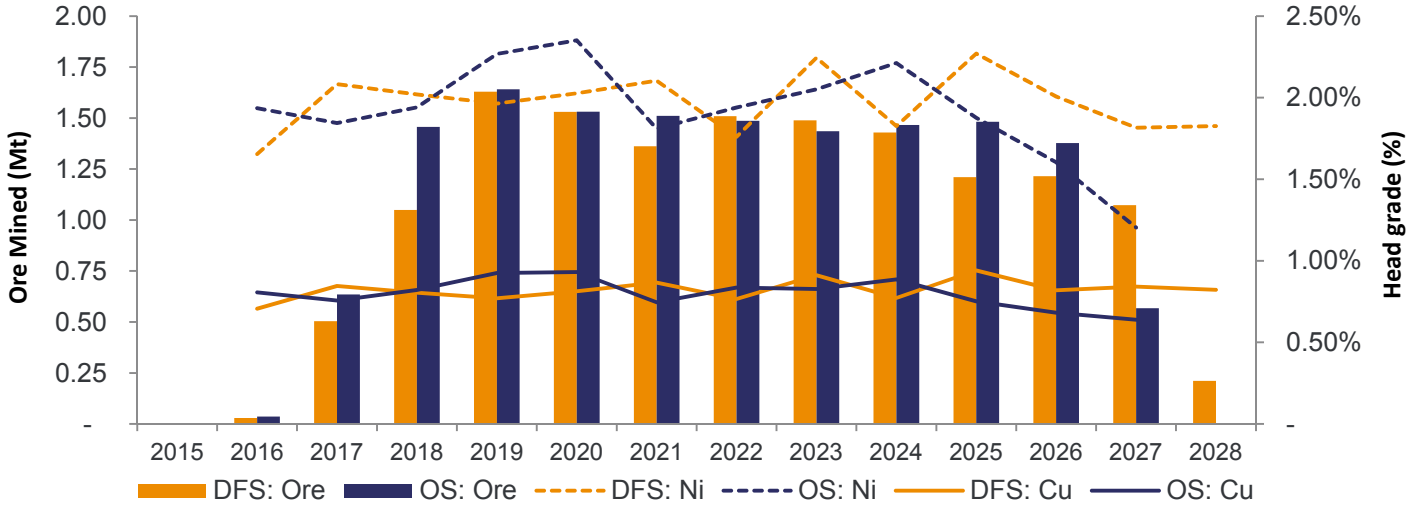


- Initial stopes extracted on the north-western and south-western margins of Nova
- Principal extraction is via Centre-Out mining sequence of Lower Nova
- Extraction of Bollinger brought forward with similar Centre-Out sequence
- Upper Nova deferred towards end of LOM

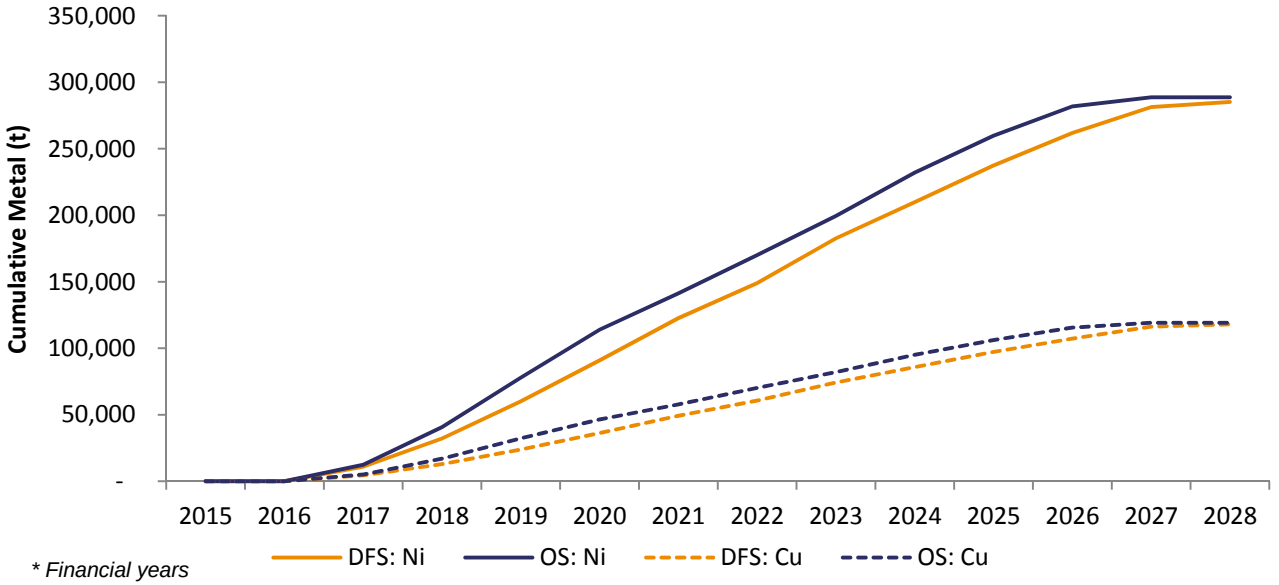
** Calendar years*

Improved Mine Schedule Adds Value

Production Schedule



Cumulative Metal (mined)



** Financial years*

Production profile has:

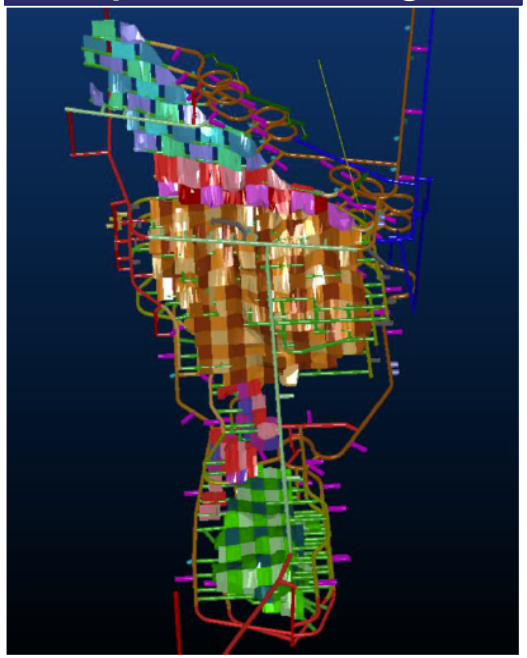
- ☑ Accelerated ramp-up to 1.5Mtpa in FY17 & FY18
- ☑ Consistent 1.5Mtpa production profile
- ☑ High NSR ore brought forward early in the LOM

Results in improved early cash flow and additional project value

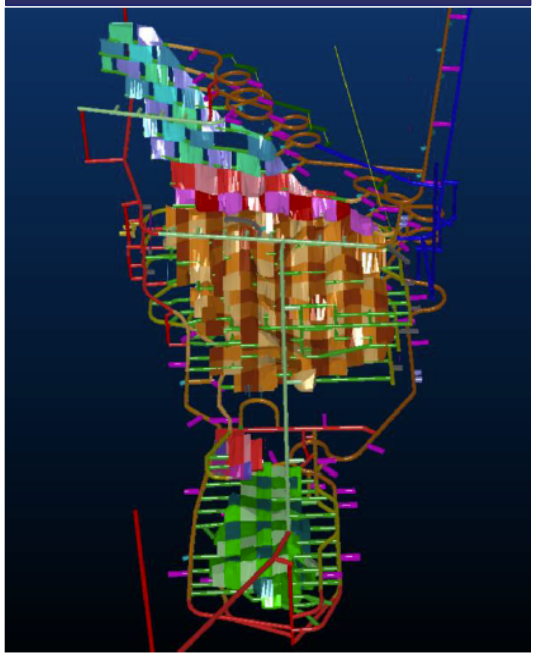
Commodity Price Sensitivities

Description	Units	OS	Low Price Scenario	Physical Variation	% Variation
Nickel	$/t	18,231	14,500	(3,731)	(20%)
Copper	$/t	8,506	7,000	(1,506)	(18%)
Cobalt	$/t	29,394	25,000	(4,394)	(15%
FX	AUD:USD	0.77	0.75	(0.02)	(3%)
Ore Tonnes	Mt	14.6	13.6	(1.1)	(7%)
Ni Grade	%	2.0	2.1	0.09	5%
Ni Metal	kt	289	280	(8.2)	(3%)
Cu Grade	%	0.8	0.8	0.03	4%
Cu Metal	kt	119	115	(4.0)	(3%)
Underground Development	m	39,690	38,570	(1,120)	(3%)

Optimisation Design



Low Price Scenario



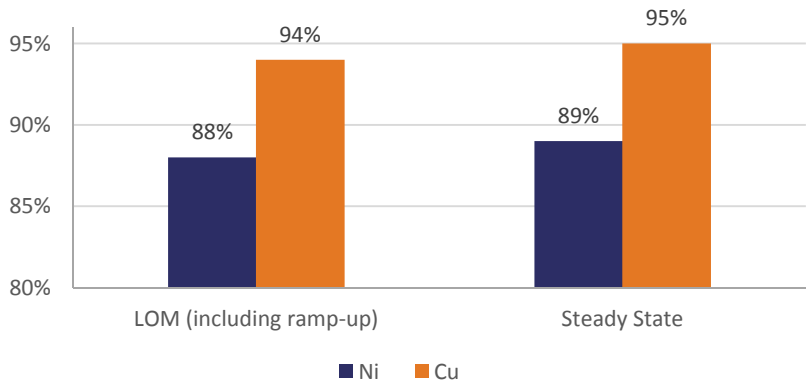
- Mine inventory and design is extremely insensitive to commodity price volatility
- 20% and 18% decrease in nickel and copper metal price results in only 3% reduction in nickel and copper metal

Underlying Project physicals and design extremely robust demonstrating the quality of the deposit

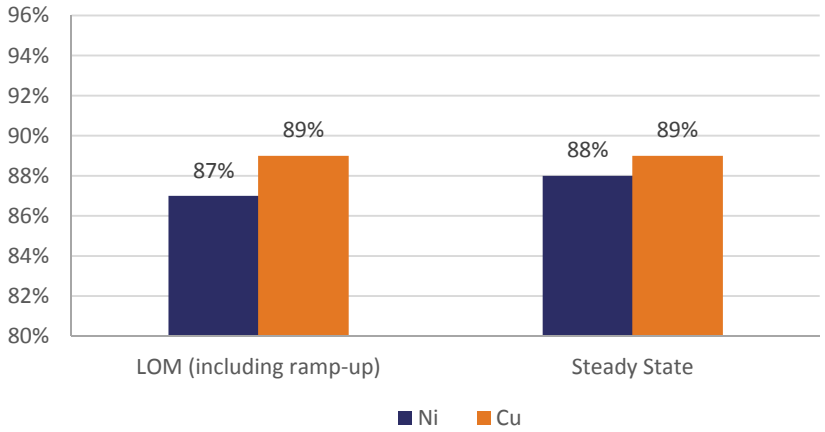
Metallurgy and Processing Optimisation

Recoveries

DFS



Optimisation Study



Geometallurgical algorithms developed to model;

- Plant recovery
- Milling power and throughputs
- Reagent consumptions
- Processing operating costs

Captured on a block by block basis

- Utilised domain/lithology and assay variables (Ni, Cu and S)

Improved methodology has decreased expected metallurgical recoveries relative to the DFS

- 1% and 6% decrease in expected nickel and copper recovery respectively

Nova produces quality concentrate with competitive offtake terms

- 13.5% Ni grade in concentrate and 29% Cu grade in concentrate

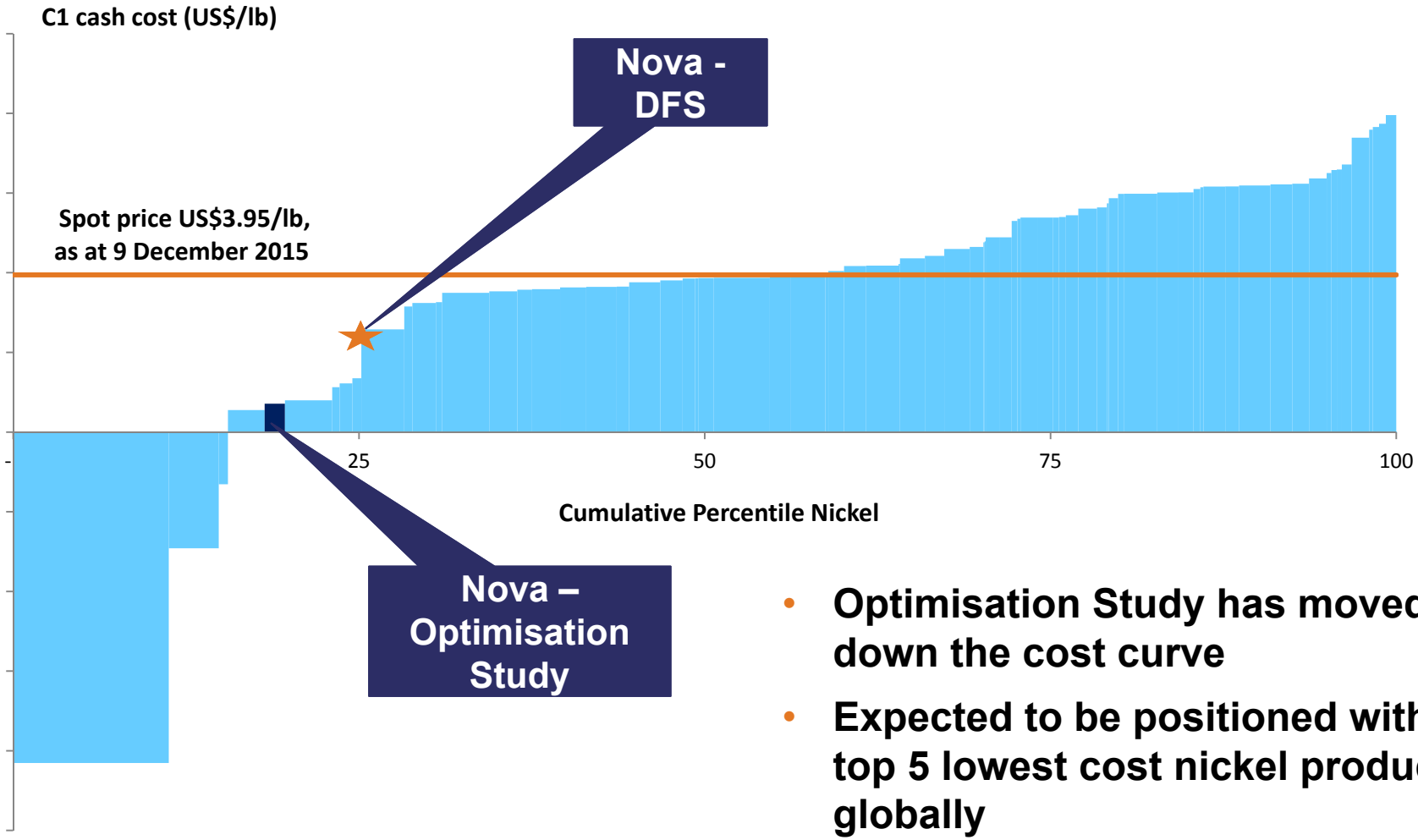
Operating Costs Substantially Reduced

Operating Cost	Unit	DFS	Optimisation Study	% Variance to DFS
C1 cash costs (after by-product credits) in concentrate[1]	$/lb	1.66	1.21	27%
C1 cash costs (after by-product credits) payable	$/lb	Not Reported	1.65	
All-in sustaining cash costs (after by-product credits) in contained nickel[2]	$/lb	2.32	1.83	21%

* Shipping costs per tonne of ore assumes 50% of the nickel concentrate treated at BHPB (Nickel West), hence no shipping costs is allocated to this parcel of ore

1) C1 cash costs includes all operating costs excluding royalties
2) All-in sustaining cash costs includes C1 cash costs plus addition of royalties and sustaining capital costs

Moving Down the Nickel Cost Curve



- **Optimisation Study has moved Nova down the cost curve**
- **Expected to be positioned within the top 5 lowest cost nickel producers globally**
- **Will generate significant cash flow at depressed commodity prices**

1) Source CRU & IGO
2) CRU 2019E nickel cost curve net of by product credits with Nova Project on a like for like basis with DFS and Optimisation Study using the CRU commodity price deck and foreign exchange rate assumptions

Capital Costs Reduced

Capital Cost	Unit	DFS	Optimisation Study	% Variance to DFS
Initial Capital[1]	$M	473	443	6%
Sustaining Capital[2]	$M	152	148	3%

Initial capital cost revised down to $443M on 27 January 2015

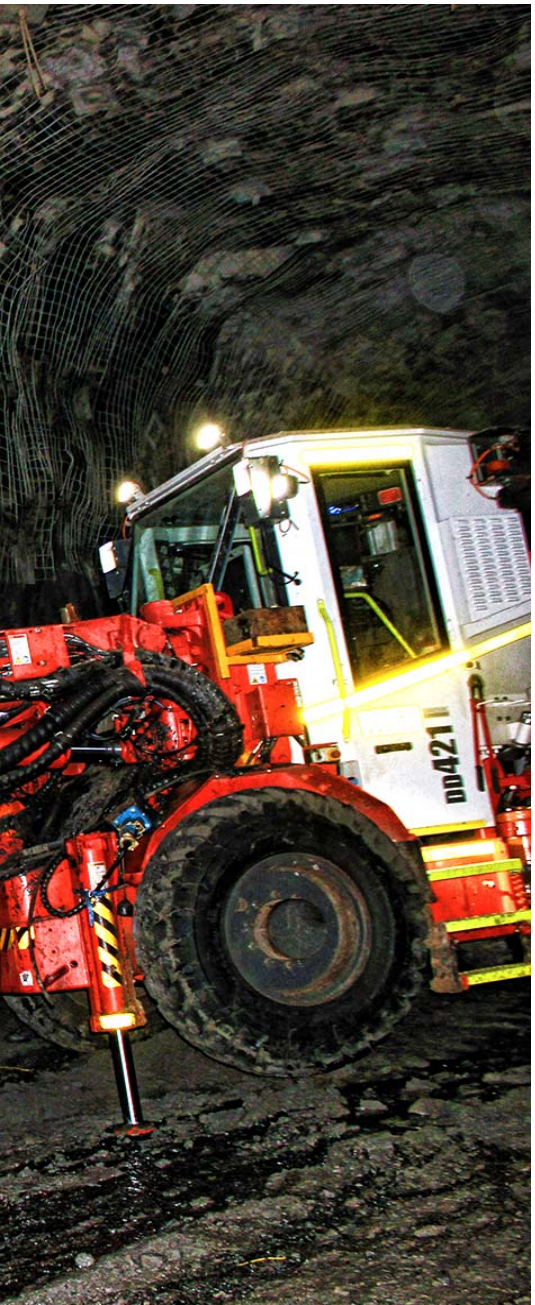
- Resulted from increased competitiveness in cost inputs
- Included $22M contingency

Revised capital costs maintained while absorbing multiple scope changes compared to DFS:

- Upgrade in size of the concentrate filter and concentrate handling area
- Continued acceleration of underground mining rates
- Additional hydrogeological drilling and dewatering
- Commencement of upgrade to the LOM ventilation capacity

1) *The revised Initial Capital Cost was reported on the 27 January 2015.*
2) *Sustaining capital costs includes closure costs estimated at $25M*

Potential to Capture Further Value



Optimisation Study completed at a design rate of 1.5Mtpa

- Project remains mining constrained (processing plant capable of processing all the ore produced at any given time)

Potential for further value to be recognised through increasing mining production beyond 1.5Mtpa - actions in progress include:

- Simulation of underground haulage activity supporting mining production increases beyond 1.5Mtpa
- Providing sufficient ventilation for expanded future production rates
- Installation of optical fibre to allow for advanced mining control systems
- Mine sequence choice that maximises the available stoping areas and operationally independent work areas

Further work to continue during start up and early operational phase

Potential to deliver greater than 10% increase to Project value on a like for like basis with the DFS

Exploration to Deliver Long Term Growth

- **Currently integrating and evaluating exploration data sets**
- **Re-targeting and prioritisation to be completed for March quarter 2016**
- **Investigating collaborative research initiatives to unlock exploration discoveries**

Positioning exploration to deliver additional value through discovery

Project Value Significantly Enhanced

- **Enhanced Project Metrics:**
  - 36% improvement to the Project NPV compared to DFS
  - 27% reduction in expected C1 cash costs (after by-product credits) in concentrate
  - 21% decrease in all-in sustaining cash costs
  - Increased early free cash flow by 41%, 108% and 83% in CY17, CY18 and CY19
- **Nova pushed further down the industry nickel cost curve generating high margins from lowest quartile costs**
- **Further value recognised with continued improvement of the mining and processing throughputs**
- **IGO remains committed to leveraging its development, operational and exploration experience to extract the best shareholder returns from the Nova Project**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