

# INDEPENDENCE GROUP NL

## 2Q18 Quarterly Results Presentation

*Nova and Tropicana underpin strong quarterly result*



31 January 2018

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- Any references to IGO Mineral Resource and Ore Reserve estimates should be read in conjunction with IGO's 2017 Mineral Resource and Ore Reserve announcement dated 23 October 2017 and lodged with the ASX, which 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, redundancy and restructuring costs, 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.
- 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.

## 2Q18 Highlights

### Nova and Tropicana underpin strong quarterly result

- Nova production and costs within guidance range
  - Ore mining/milling rate better than nameplate in December
  - Improved metallurgical recoveries
  - Bollinger stoping commenced
- Tropicana gold production, cash costs and AISC significantly better than pro-rata full year guidance
- Primary metal production from Jaguar and Long all broadly within pro-rata full year guidance
- Unaudited underlying EBITDA of A\$65M and cash flow from operating activities of A\$51M
- Net debt reduced by A\$22M in the Quarter to A\$120M
- Stockman transaction completed

# Sustainability

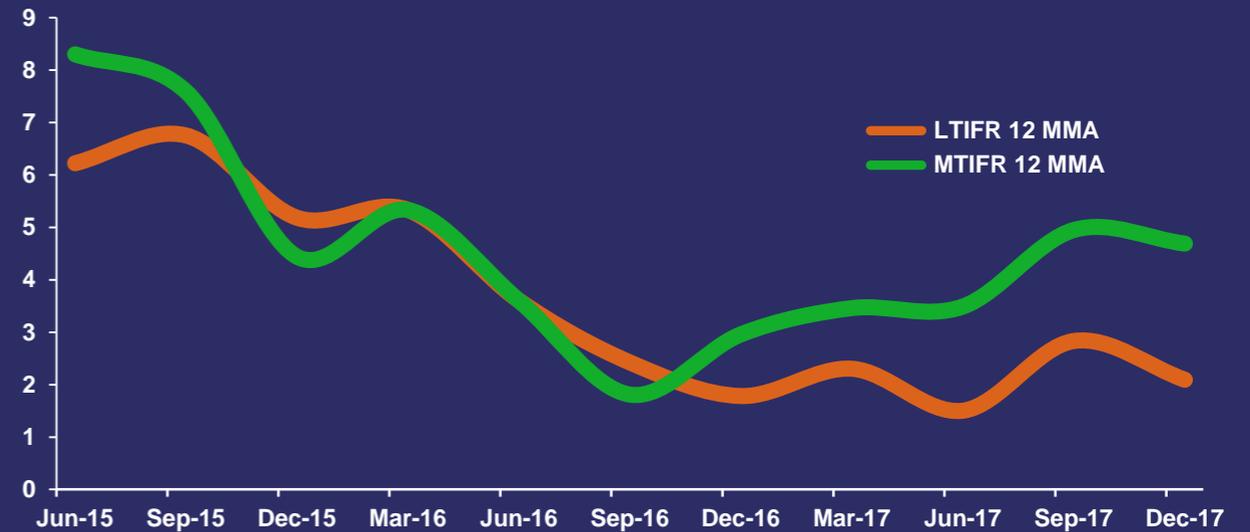
Focused on better outcomes for our people

- No lost time injuries during the Quarter bringing LTIFR<sup>(2)</sup> down to 2.09
- Visible safety leadership focus continues
- Good progress in a number of areas and no material environmental incidents
- Active engagement in all communities around mines
- Established a heritage agreement with the Ngadju people
- FY17 Sustainability Report published

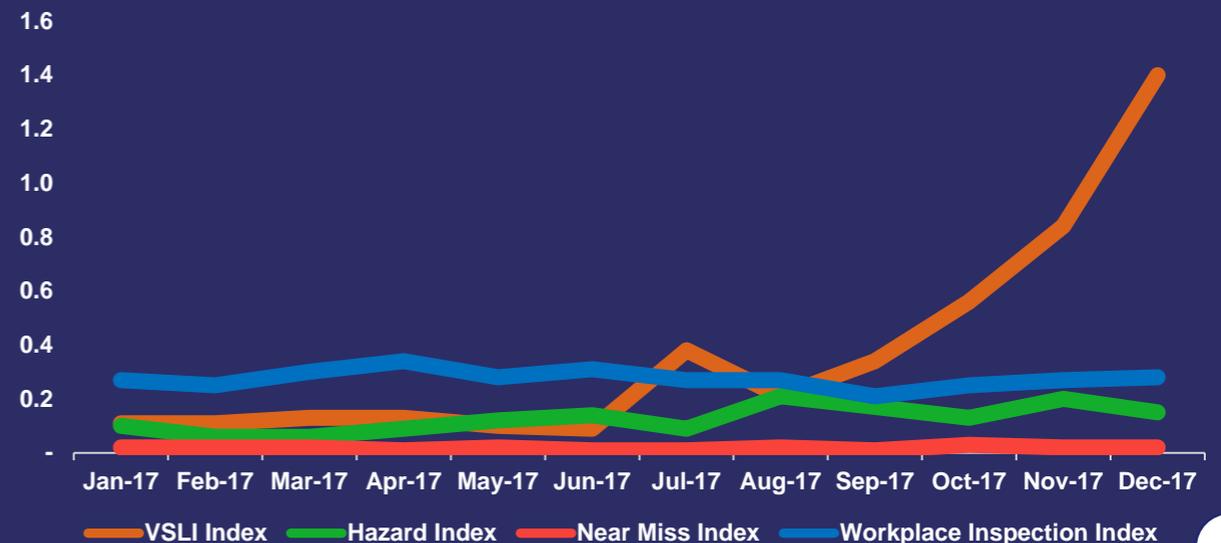
1) 12 month moving average MTIFR – Medically Treated Injury Frequency Rate: calculated as the number of medically treated injuries x 1,000,000 divided by the total number of hours worked  
 2) 12 month moving average LTIFR – Lost Time Injury Frequency Rate: calculated as the number of Lost Time injuries x 1,000,000 divided by the total number of hours worked  
 3) Sep-17 LTIFR rate has increased from 2.75 to 2.83 as a result of the reclassification of a single injury from 29 Jul 2017  
 4) VSLI: Visual Safety Leadership Interaction



Key Lag Safety Metrics<sup>(1,2,3)</sup>



Key Lead Safety Metrics<sup>(4)</sup>



# Strengthening Financial Results



Balance sheet continuing to strengthen with net debt reduced to A\$120M

	Units	1Q18	2Q18	YTD	QoQ
Revenue and Other Income	A\$M	147.5	207.3	354.8	40%
Underlying EBITDA <sup>(1)</sup>	A\$M	68.9	64.5	133.4	(6%)
Profit (Loss) After Tax	A\$M	4.7	(1.5)	3.2	(132%)
Net Cash from Operating Activities	A\$M	60.6	50.8	111.4	(16%)
Underlying Free Cash Flow <sup>(2)</sup>	A\$M	28.9	11.6	40.6	(60%)
Cash	A\$M	29.1	51.3	51.3	76%
Debt	A\$M	171.4	171.4	171.4	-

2Q18 revenue has increased 82% relative to 4Q17

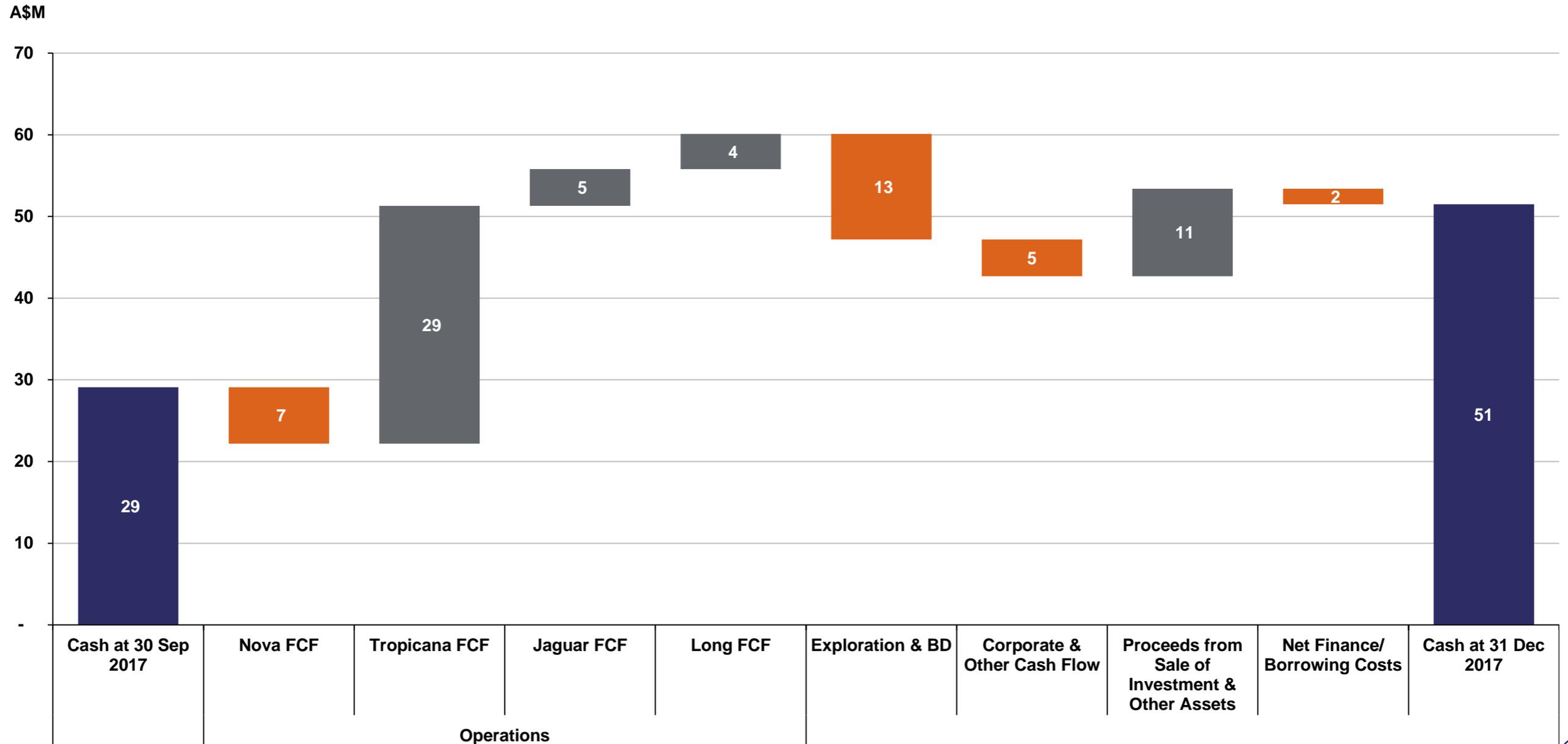
1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).

2) Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities. FCF excludes A\$11M in partial proceeds received during the Quarter from divestment of Stockman Project

# 2Q18 Cash Flow Reconciliation



Cash flow lower due to timing of A\$27M December sales receipts

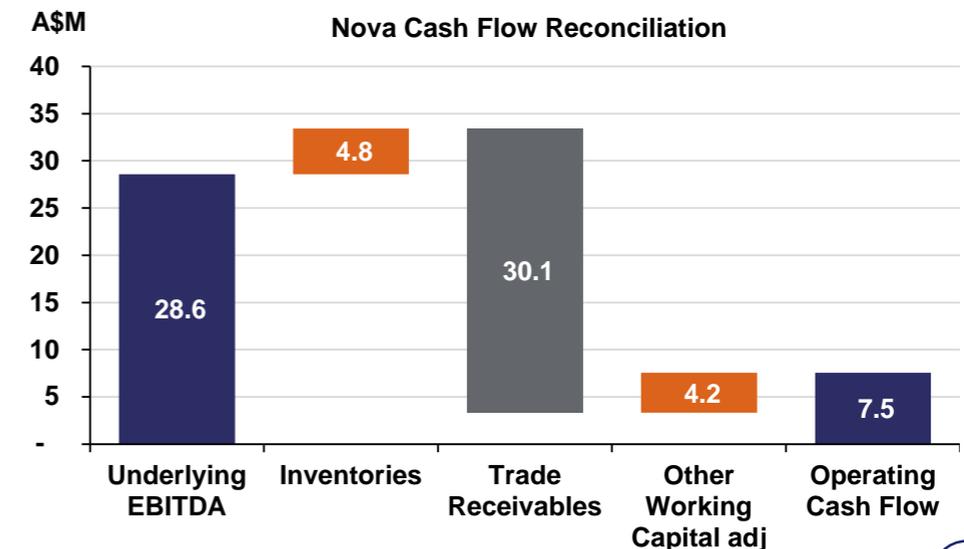
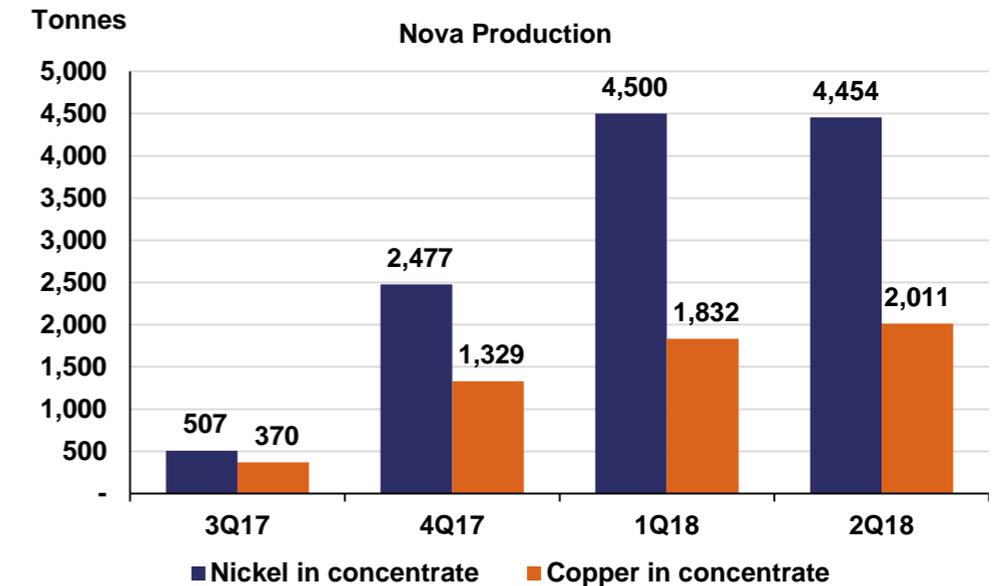


## Nickel production and costs within guidance, and improved metallurgical recoveries QoQ

Metric	Units	1Q18	2Q18	YTD	Guidance <sup>(1)</sup>
Nickel in concentrate	t	4,500	4,454	8,954	7,500 – 9,000
Copper in concentrate	t	1,832	2,011	3,843	4,000 – 4,500
Cobalt in concentrate	t	144	146	290	250 – 350
Cash cost (payable)	A\$/lb Ni	3.98	3.84	3.91	3.70 - 4.50
Development Capex	A\$M	14.7	13.3	28.0	30 – 32
Build Capex <sup>(2)</sup>	A\$M	1.6	(2.9)	(1.2)	0 – 2
Sustaining Capex	A\$M	0.1	2.4	2.5	3 – 5
Exploration expenditure	A\$M	1.6	1.5	3.1	5 - 6

### 2Q18 Drivers & Outlook

- Development advance for the Quarter of 3,210m was a record
- Bollinger stoping commenced in December
- Recoveries improved through the Quarter and in December were performing in-line with or better than design recoveries
- Although reconciliation to resource model was slightly lower, grade is generally conforming to plan albeit with localised variability
- Scoping study to investigate Ni/Co sulphate downstream processing progressed, metallurgical testwork to commence in 3Q18



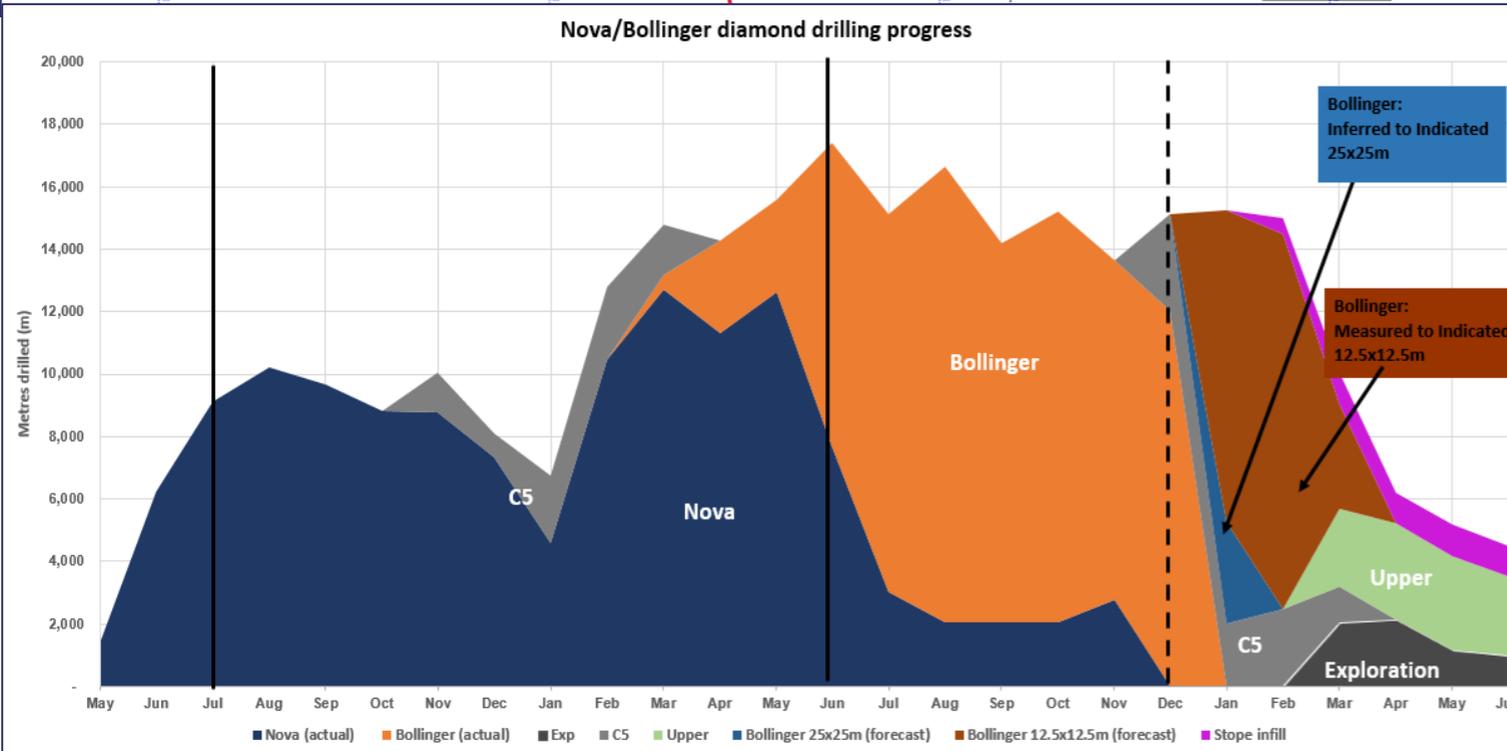
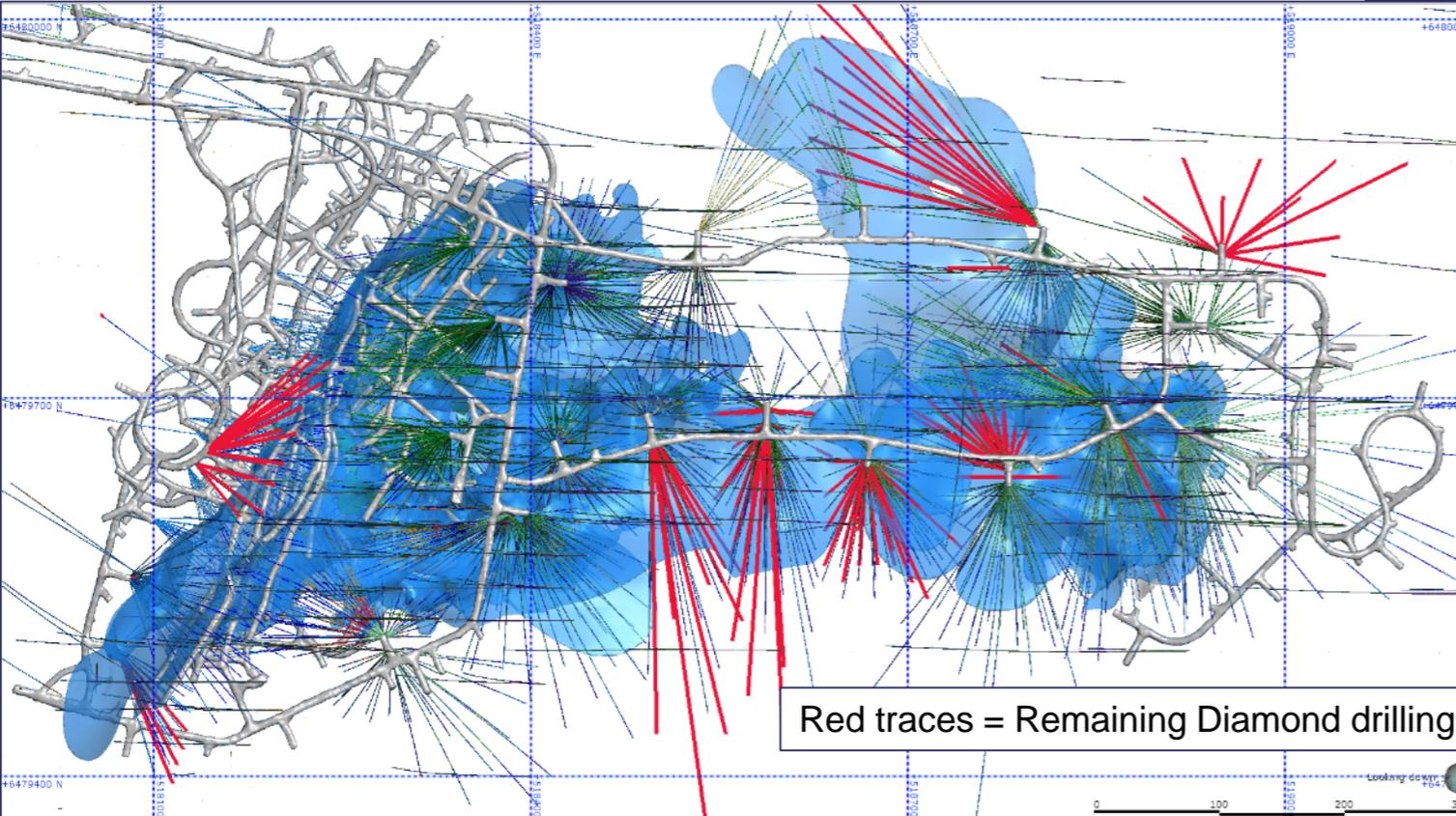
1) Nova 1H18 guidance range

2) Build capex represents the net balance, on a cash basis, paid to suppliers and received from customers for pre-30 Jun 2017 Capital Expenditure activities

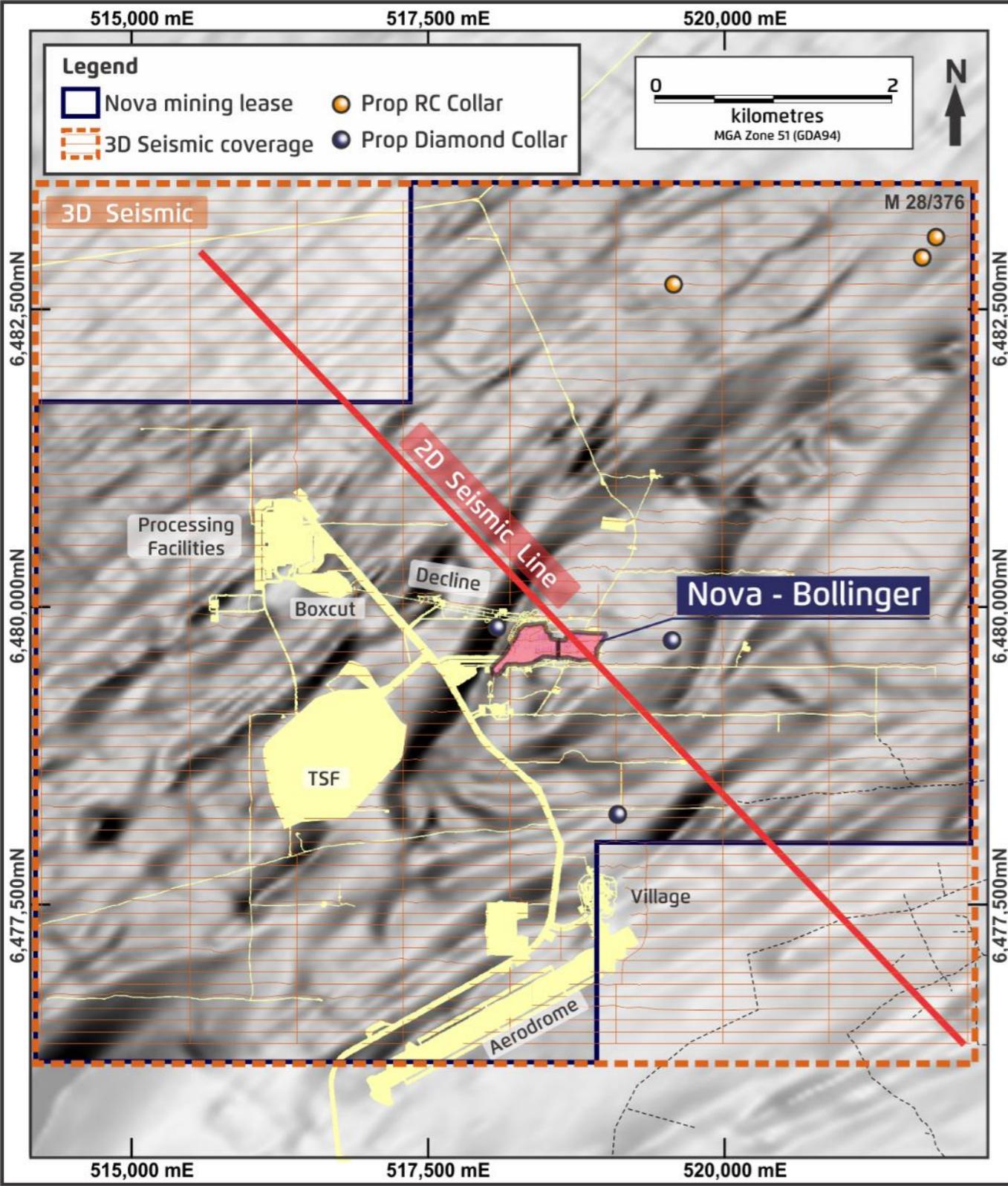
# Nova Grade Control<sup>(1)</sup>

## Early de-risking of mineral resource

- Grade control drilling well progressed
- Nova main orebody complete with final drilling to commence on the Upper Nova levels
- Drilling of Bollinger Inferred Mineral Resources is largely complete
- Bollinger infill drilling to continue for local Measured Resource definition
- Most potential extensions have been tested with mineralisation footprint well delineated
- Mineral Resource and Ore Reserve update expected in July 2018



1) Refer to ASX release dated 26 Jul 2017: Nova Mineral Resource Estimate and Exploration Update



# Nova Mining Lease Exploration



## 3D Seismic program to commence in 3Q18

### Initial work program completed in 1Q18:

- Drilled historical EM plates
- Drilled Western Mafic complex
- Drilled several stratigraphic holes on the 2D seismic line to aid planning for 3D seismic program

### Positive results

- Disseminated and blebby sulphides intersected in Western Mafic intrusive (400m west of Nova)

### Next steps:

- 3D seismic commencing in 3Q18
- Follow up drilling West and East of Nova
- Drill Nova ML geochem anomalies

## Production, cash costs and AISC significantly better than guidance

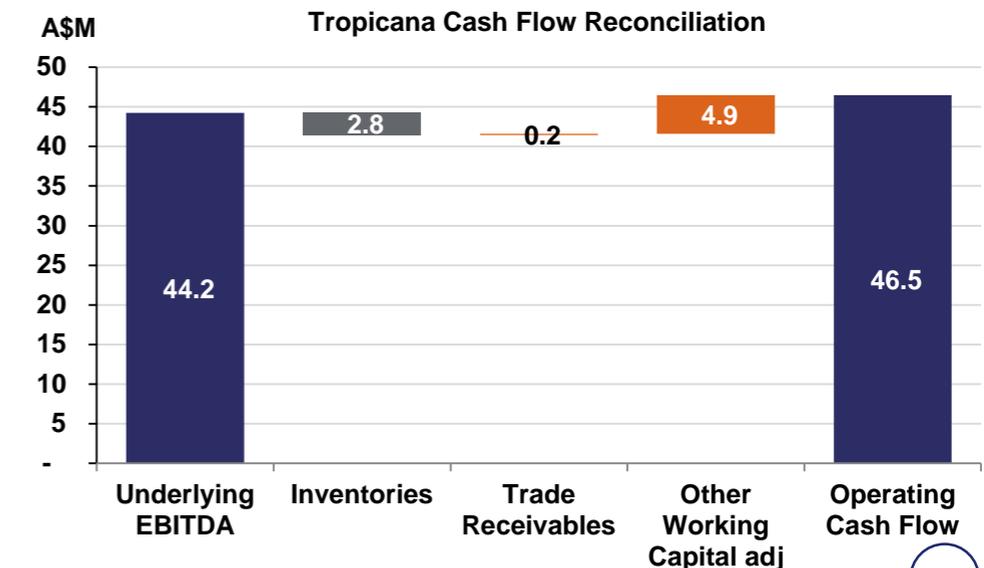
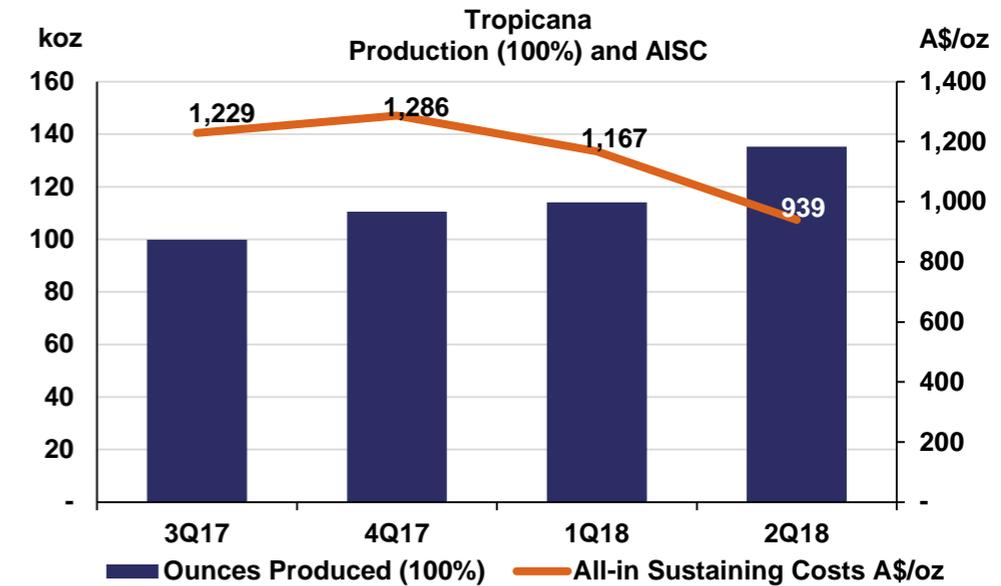
Metric	Units	1Q18	2Q18	YTD	Guidance <sup>(2)</sup>
Gold produced (100%)	koz	114.1	<b>135.2</b>	249.3	220.0 – 245.0
Gold Sold (IGO 30%)	koz	33.0	<b>41.4</b>	74.4	66.0 – 73.5
Cash cost	A\$/oz	737	<b>628</b>	678	680 – 750
AISC <sup>(1)</sup>	A\$/oz	1,167	<b>939</b>	1,040	1,060 – 1,170
Sustaining/improve capex	A\$M	2.4	<b>6.0</b>	8.4	10.0 – 12.0
Capitalised waste stripping	A\$M	12.9	<b>10.0</b>	22.9	22.0 – 27.5
Exploration expenditure	A\$M	1.1	<b>1.3</b>	2.4	2.0 – 2.5

### 2Q18 Drivers & Outlook

- Stronger 2Q18 result driven by throughput and grade, 1.97Mt of ore processed at an average grade of 2.45g/t Au. Recovery increased to 89.1% compared to 88.8% in 1Q18
- Mining and processing physicals all in line with expectations
- Grade streamlining has re-commenced and delivers elevated gold production in CY18 and CY19
- Phase One of the Long Island strategy has been approved as well as the decision to install an additional 6MW ball mill in the processing plant
- Accelerated mining rates maintained in the Quarter and will continue as part of Long Island mining strategy

1) AISC is All-in Sustaining Costs

2) Implied half yearly guidance (FY18 guidance divided by two)



# Tropicana

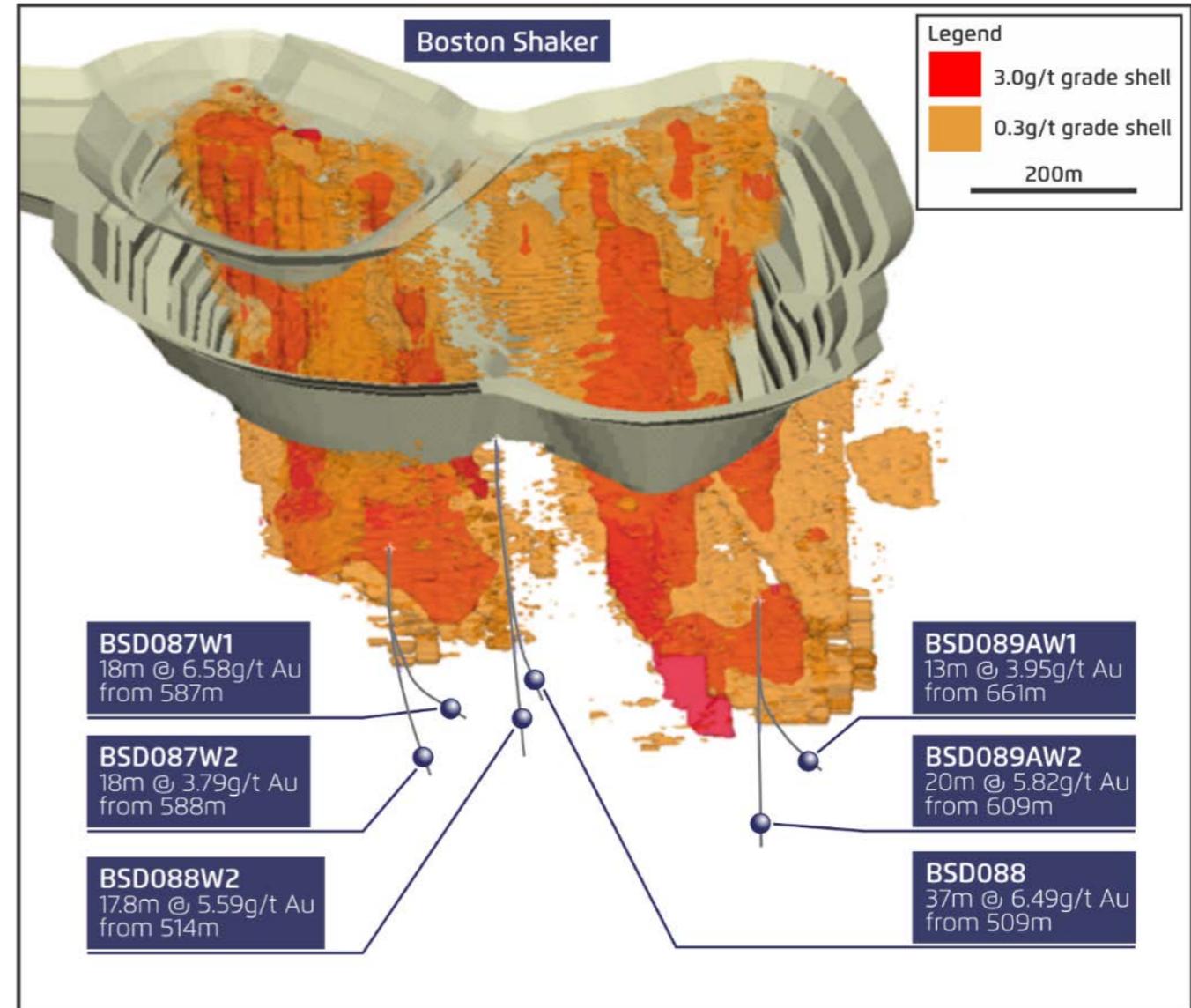
## Boston Shaker drilling and underground studies continue

### Underground drilling returned significant intercepts

- 18m at 6.58g/t Au from 587m
- 37m at 6.49g/t Au from 509m
- 20m at 5.82g/t Au from 609m

### Next steps:

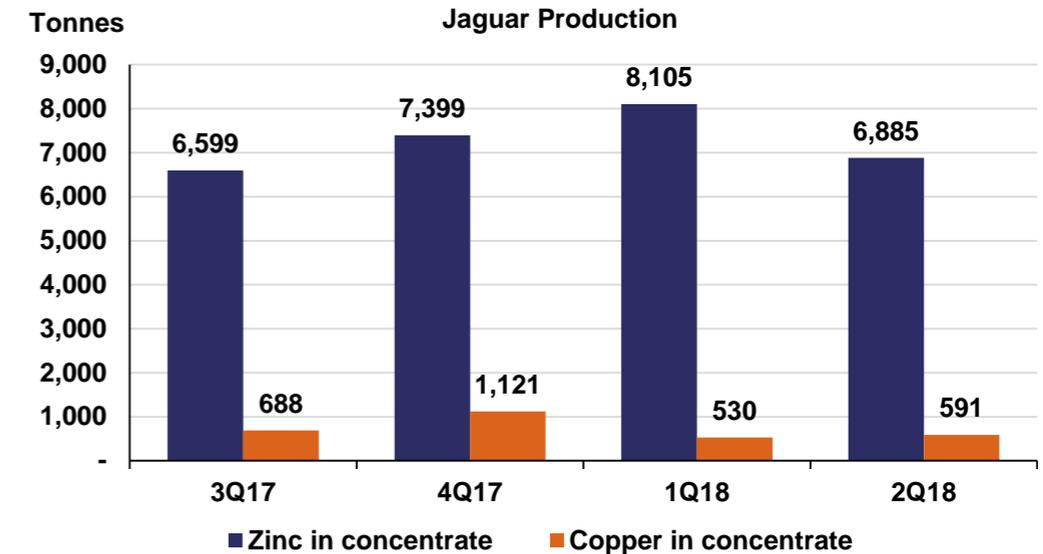
- Drill program scheduled for completion 3Q18
- Scoping study has commenced and will be followed by a Pre-Feasibility Study in CY18
- Aim to define underground Ore Reserve by the end of CY18



1) Refer to ASX release dated 7 Dec 2017: Tropicana JV Commits to Long Island and Increased Milling Capacity

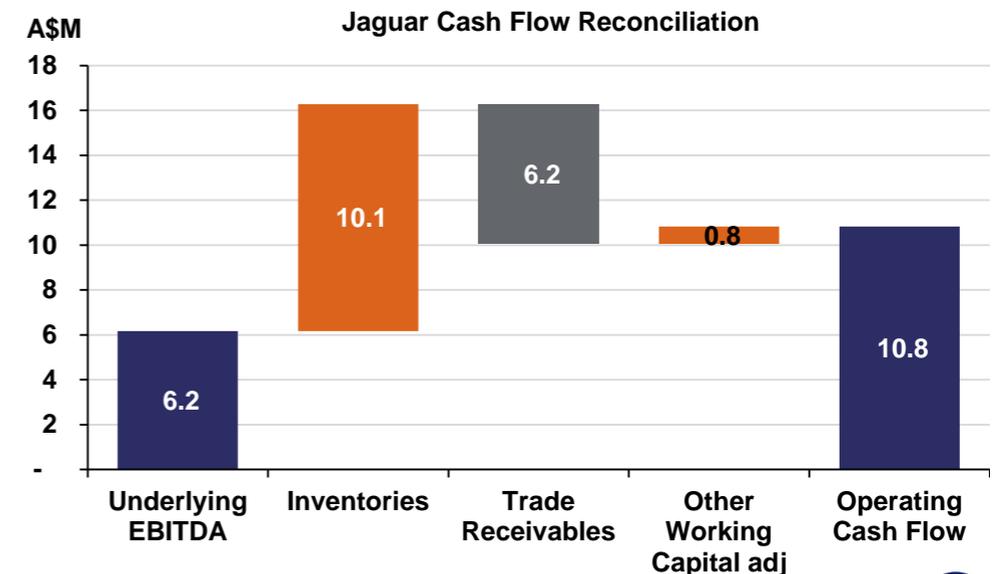
## Jaguar zinc guidance met YTD, with production expected to increase QoQ in 3Q18

Metric	Units	1Q18	2Q18	YTD	Guidance <sup>(1)</sup>
Zinc in concentrate	t	8,105	6,885	14,990	14,500 – 16,500
Copper in concentrate	t	530	591	1,121	1,300 – 1,500
Cash cost (payable)	A\$/lb Zn	1.03	1.37	1.19	0.85 – 1.05
Sustaining capex	A\$M	3.2	2.8	6.0	4.0 – 4.5
Development capex	A\$M	2.7	3.6	6.3	5.0 – 5.5
Exploration expenditure	A\$M	1.0	1.3	2.3	1.5 – 2.5



### 2Q18 Drivers & Outlook

- Lower zinc in concentrate production reflects lower scheduled zinc grades and lower tonnes mined, production expected to increase in 3Q18 and 4Q18
- Follow up drilling at Jaguar Rising and Pteradactyl in 2Q18 confirms previous anomalism. Regional work program continuing
- Resource work and technical studies underway for Bentayga (Bentley Deeps) – expect to lead to more drilling
- Development of Life of Mine scheduling for the Value Enhancement study continued throughout the Quarter
- Full geological review was undertaken, which identified a number of prospective near mine targets that are being evaluated and planned to progress towards testing



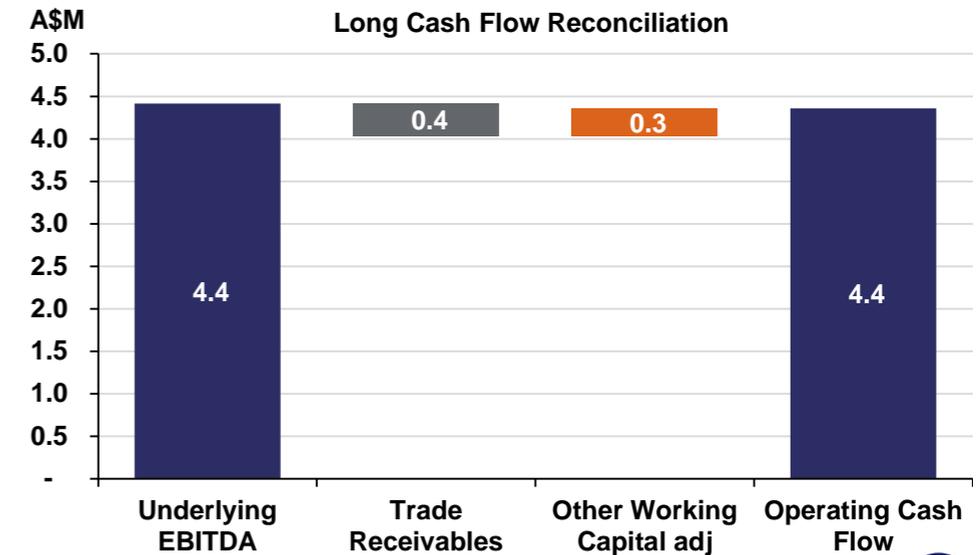
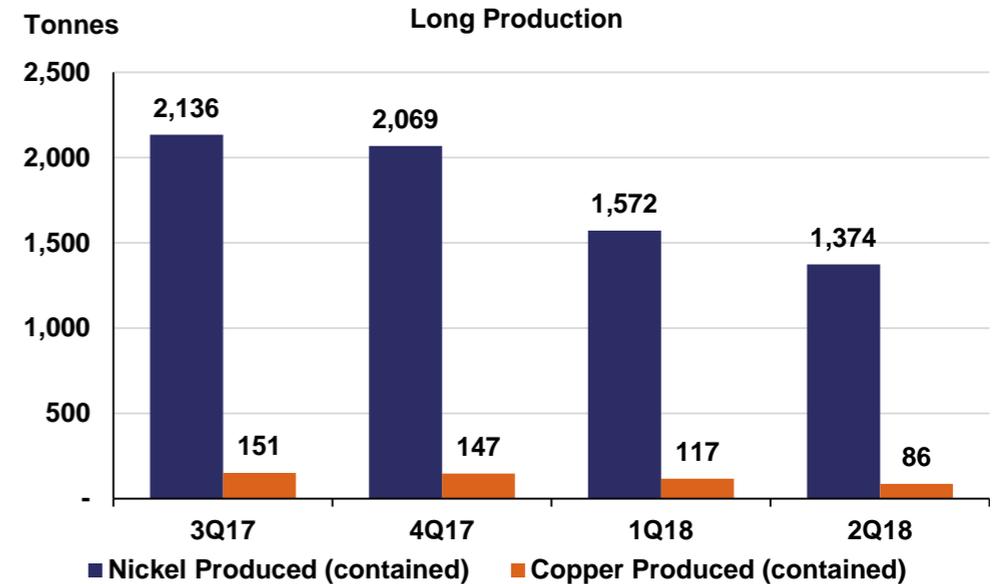
1) Implied half yearly guidance (FY18 guidance divided by two)

## Long production guidance met YTD

Metric	Units	1Q18	2Q18	YTD	Guidance <sup>(1)</sup>
Contained nickel produced	t	1,572	<b>1,374</b>	2,946	2,700 – 3,000
Cash cost (payable)	A\$/lb Ni	4.80	<b>5.47</b>	5.10	4.40 – 4.90
Sustaining capex	A\$M	0.1	<b>0.1</b>	0.2	0.3 – 0.5
Development capex	A\$M	0.0	<b>0.0</b>	0.0	0.3 – 0.5
Exploration expenditure	A\$M	0.0	<b>0.0</b>	0.0	0.5 – 1

### 2Q18 Drivers & Outlook

- Planning for cessation of mining and commencement of care and maintenance continues
- Current mining is from multiple mining areas
- EM survey at Long North, to test concept that mineralisation continues to the north, commenced late in the Quarter and was still ongoing at Quarter-end
- Lower grade and tonnes mined compared to previous Quarter
- Expect final mining to be 31 May 2018



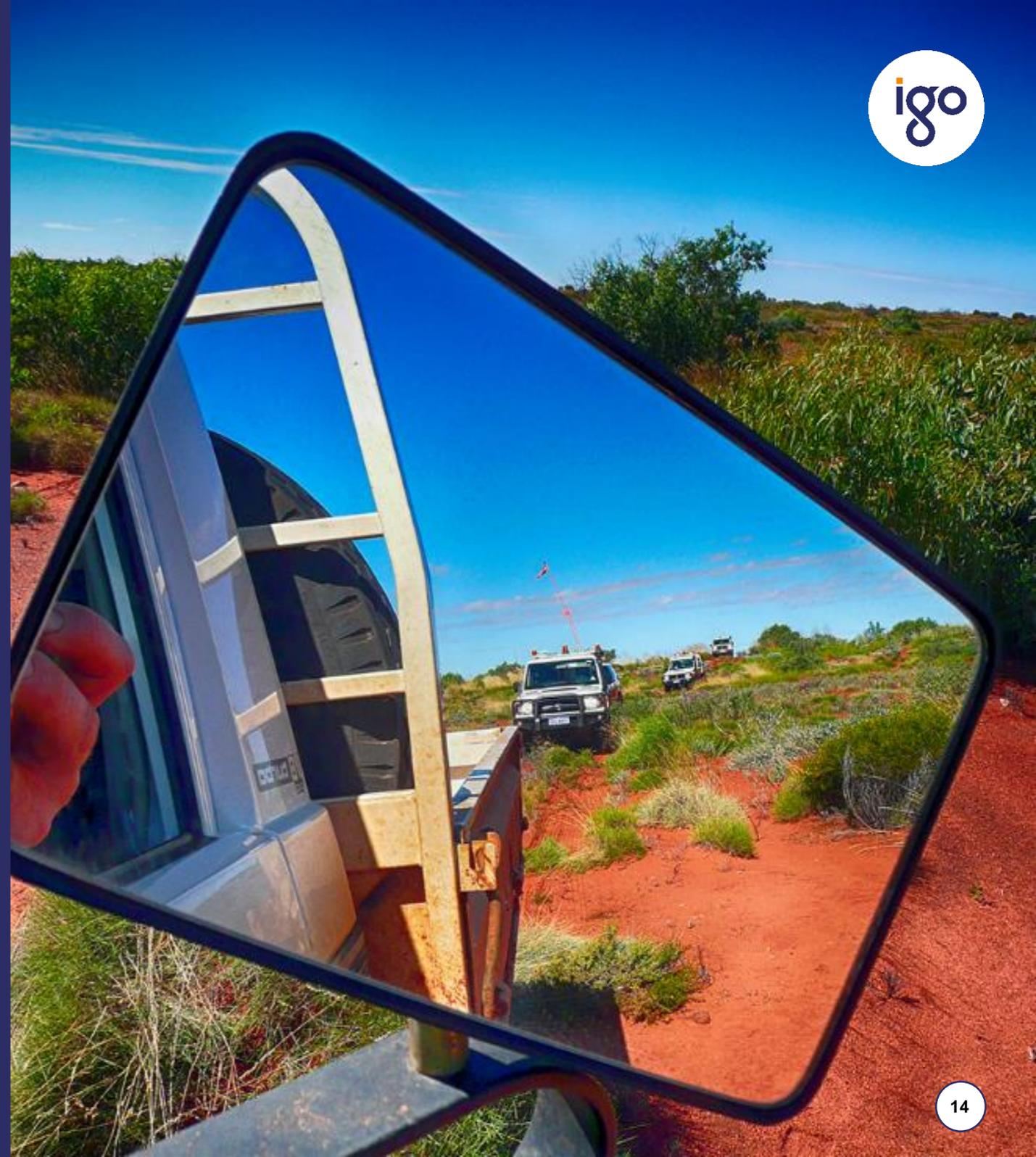
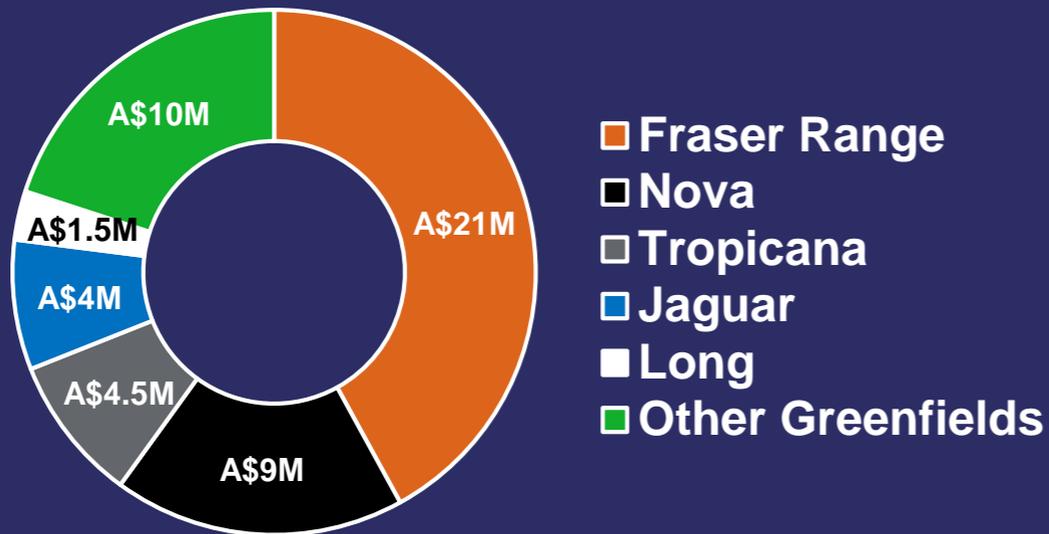
1) Implied half yearly guidance (FY18 guidance divided by two)

# FY18 Exploration

A\$50M commitment to exploration in FY18



## FY18 Exploration Budget

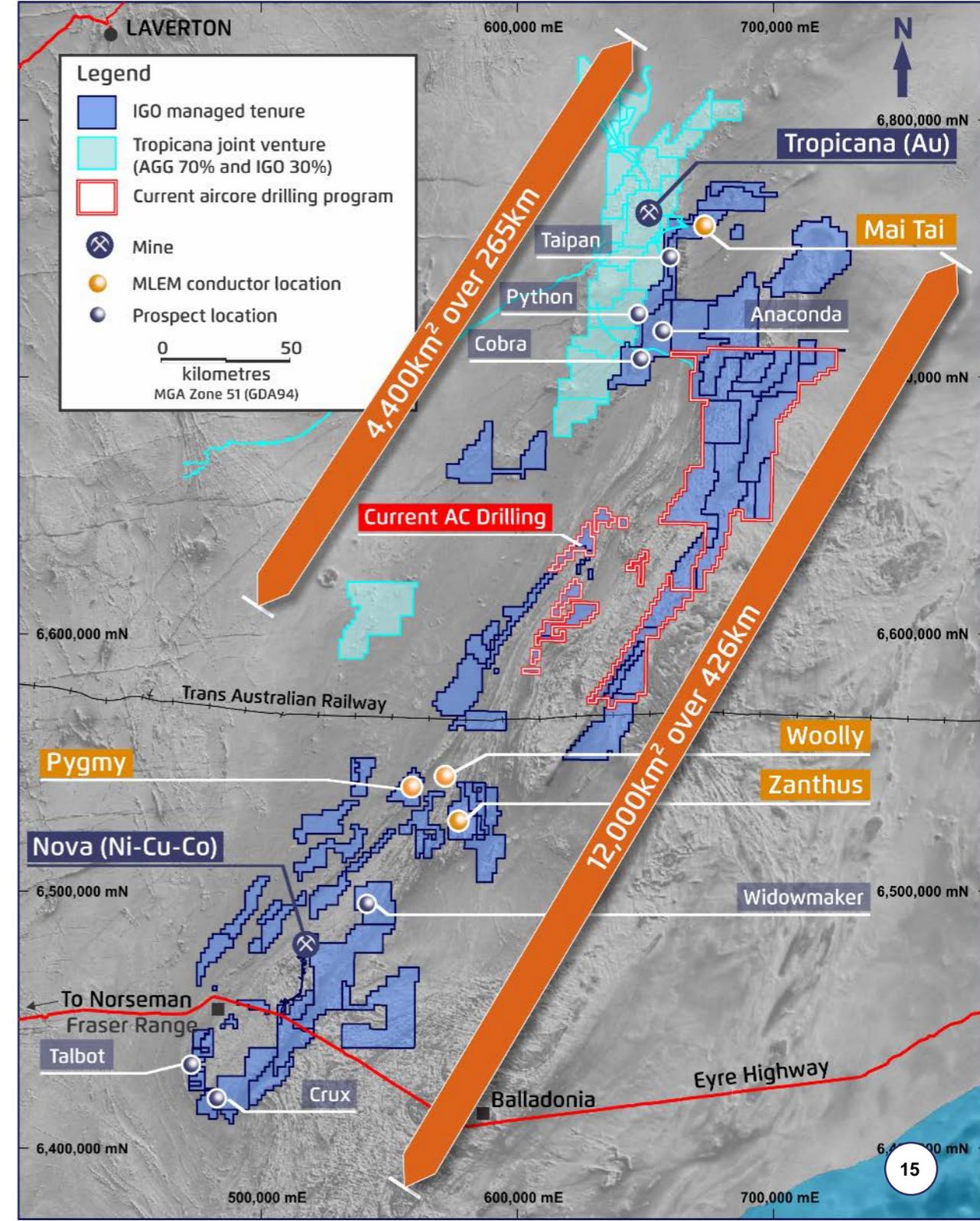


# Fraser Range Exploration

12,000km<sup>2</sup> of tenure consolidated

Systematic belt scale exploration activities continued during 2Q18:

- Extensive ground, Spectrem and downhole EM surveys ongoing, which have identified conductors that warrant follow up
- Ongoing gravity survey and mapping of mafic/ultramafic intrusives
- Aircore program with 88,183m drilled to Quarter-end
- Heritage surveys to facilitate proposed drilling programs completed
- RC/Diamond program consisting of approximately 3,700m continues in 3Q18 at Mai Tai, Woolly, Pygmy and Zanthu



# Lake Mackay Exploration

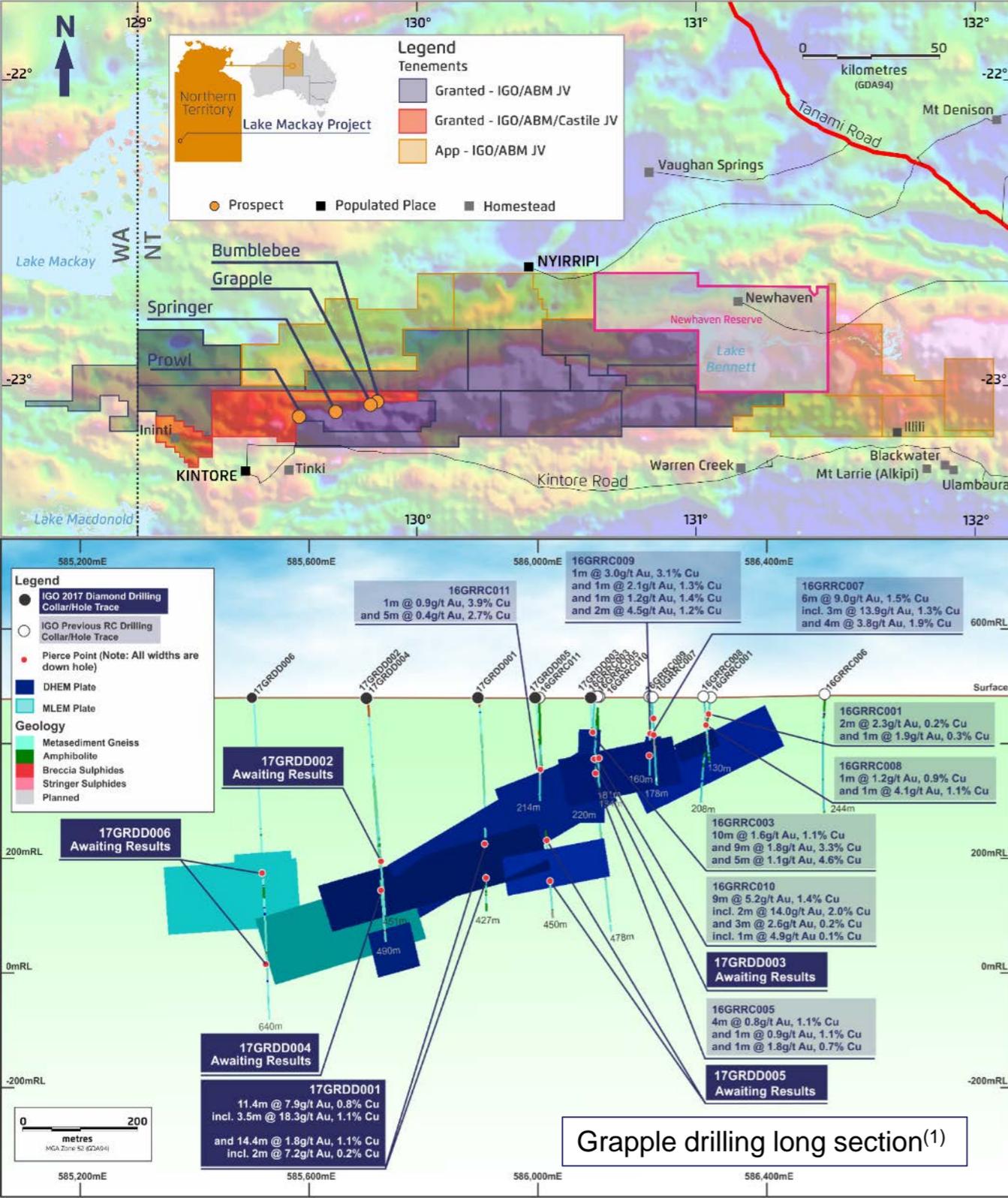
## Belt scale greenfields project

Total area under granted licences and applications increased to 12,800km<sup>2</sup>

- 6 new exploration licence applications added

### First diamond drilling at Grapple<sup>(1,2)</sup>

- Six holes completed for 2,917m
- Multiple narrow sulphide intervals in all holes
- Hole 1 returned two mineralised intersections:
  - 11.4m @ 7.9g/t Au, 20.7g/t Ag, 0.8% Cu, 1.1% Zn, 0.5% Pb and 0.1% Co from 285m
  - 14.4m @ 1.8g/t Au, 6.0g/t Ag, 1.1% Cu, 0.3% Zn and 0.1% Pb from 348m
- Soil sampling and areas adjacent to EL24915 completed in November, results pending



1) Refer to ASX release dated 18 Sep 2017: Lake Mackay JV – Grapple Prospect Drilling Update

2) Refer to ASX release dated 15 Nov 2017: Lake Mackay JV – Final Grapple Diamond Drilling Results

# Corporate

## Update

### **Divestment of Stockman Project to CopperChem completed in December 2017<sup>(1)</sup>**

- Proceeds of A\$11.2M were received at completion
- Further cash payments are scheduled to be received during the 12 months following completion

### **Change of Chief Operating Officer from February 2018**

- Matt Dusci, previously Chief Growth Officer, has been appointed Chief Operating Officer
- Rob Dennis, previously Chief Operating Officer, has been appointed to the new position of Chief Transformation Officer

1) Refer to ASX release dated 8 Dec 2017: Completion of the Stockman Project Divestment



# Concluding Comments

- A strong 2Q18 with Nova nickel production and costs within guidance
  - Improved metallurgical recoveries
  - Bollinger stoping commenced
- Solid contributions from Tropicana, Jaguar and Long
- Underlying EBITDA in-line with previous Quarter
- Operating cash flow impacted by timing of shipment receipts
- Net debt reduced from A\$142M to A\$120M
- Tropicana Long Island Study completed
- Strong drill results supporting underground potential at Boston Shaker
- Nova seismic survey commencing 3Q18





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