

**INDEPENDENCE GROUP NL**  
**ABN 46 092 786 304**

**NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY MEMORANDUM**

**Date:** Friday, 24 November 2017

**Time:** 4:00pm WST

**Place:** Fremantle Ballroom  
Four Points by Sheraton Perth  
707 Wellington Street  
Perth Western Australia 6000

# INDEPENDENCE GROUP NL

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2017 Annual General Meeting of Independence Group NL (**Company** or **IGO**) will be held at the Fremantle Ballroom, Four Points by Sheraton Perth, 707 Wellington Street, Perth, Western Australia on Friday, 24 November 2017 at 4.00pm WST (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

### AGENDA

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#### BUSINESS

##### **Financial Statements and Reports**

To receive and consider the financial statements and the reports of the Directors and Auditors for the year ended 30 June 2017.

##### **Resolution 1 – Election of Ms. Debra Bakker**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Ms. Debra Bakker be elected as a Director”.

##### **Resolution 2 – Re-election of Mr. Neil Warburton**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Mr. Neil Warburton be re-elected as a Director”.

##### **Resolution 3 – Remuneration Report**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the remuneration report for the year ended 30 June 2017, which is contained in the Annual Report for the year ended 30 June 2017, be adopted.”

Note: the vote on Resolution 3 is advisory only and does not bind the Directors or the Company.

##### **Resolution 4 – Issue of Service Rights to Mr. Peter Bradford**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.14, approval be given to grant 49,858 Service Rights to Mr. Peter Bradford (the Company’s Managing Director) in respect of the settlement of the deferred component of the FY17 short term incentive on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.”

##### **Resolution 5 – Issue of Performance Rights to Mr. Peter Bradford**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for all purposes, including for the purposes of ASX Listing Rule 10.14, approval be given to grant 266,667 Performance Rights to Mr. Peter Bradford in respect of the three-year measurement period (being 1 July 2017 to 30 June 2020) on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.”

## **EXPLANATORY MEMORANDUM**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

### **ENTITLEMENT TO VOTE**

#### **Snapshot date**

It has been determined that, under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Meeting, shares will be taken to be held by the persons who are the registered holders at 7:00pm (AEDT) on 22 November 2017. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **VOTING EXCLUSION STATEMENTS**

#### **Resolution 3 – Remuneration Report**

The Company will disregard any votes cast on Resolution 3:

- (in any capacity) by or on behalf of a member of the Key Management Personnel (which includes each of the Directors) named in the Company's 2017 Remuneration Report;
- (in any capacity) by or on behalf of a Closely Related Party of a member of the Key Management Personnel; or
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote on Resolution 3:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

#### **Resolution 4 – Issue of Service Rights to Mr. Peter Bradford**

The Company will disregard any votes cast on Resolution 4:

- by any Director or an associate of a Director; and
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote on Resolution 4:

- in accordance with a direction in the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

#### **Resolution 5 – Issue of Performance Rights to Mr. Peter Bradford**

The Company will disregard any votes cast on Resolution 5:

- by any Director or an associate of a Director; and
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote on Resolution 5:

- in accordance with a direction in the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

## PROXIES

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast two or more votes may appoint two or more proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Any directed proxies that are not voted on a poll at the Meeting by a Shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.

Members of the Key Management Personnel and Closely Related Parties of a member of the Key Management Personnel will not be able to vote as proxy on Resolutions 3, 4 and 5 unless the Shareholder tells them how to vote, or in the case of the Chairman of the Meeting, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chairman) or a Closely Related Party of a member of the Key Management Personnel as their proxy, the Shareholder should ensure that they direct the member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel how to vote on Resolutions 3, 4 and 5.

If a Shareholder intends to appoint the Chairman of the Meeting as their proxy for Resolutions 3, 4 and 5, Shareholders can direct the Chairman how to vote by marking one of the boxes (to vote 'for', 'against' or to 'abstain' from voting) for each of Resolutions 3, 4 and 5.

If a Shareholder appoints the Chairman as their proxy and the Shareholder does not direct the Chairman how to vote on Resolutions 3, 4 and 5, please note that by completing and returning the Proxy Form, the Shareholder will be expressly authorising the Chairman of the Meeting to exercise its undirected proxy on Resolutions 3, 4 and 5 even though they are connected with the remuneration of Key Management Personnel.

A Proxy Form accompanies this Notice and, to be effective, must be received at the Company's share registry:

**By mail:**

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001, Australia

**By fax:**

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

**Online at:** [www.investorvote.com.au](http://www.investorvote.com.au)

**Custodian:**

For Intermediary Online subscribers only  
(custodians) please visit:

**By mobile:** Scan the QR Code on your proxy form and follow the prompts

[www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

by no later than 4.00pm WST on 22 November 2017 (being 48 hours before the time appointed for the Meeting).

### **Lodging your Proxy Form online**

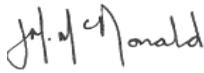
You are now able to lodge your Proxy Form online by visiting the Computershare Investor Services Pty Limited website, [www.investorvote.com.au](http://www.investorvote.com.au), logging into the Investor Centre Investor Vote and following the prompts and instructions on the website. To use the online lodgement facility, Shareholders will need the Control Number, their Securityholder Reference Number or Holder Identification Number and their Postcode, which are shown on the front page of the personalised Proxy Form enclosed with this Notice. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions on the website.

You must lodge your Proxy Form online **by no later than 4.00pm WST on 22 November 2017** (being 48 hours before the time appointed for the Meeting).

### **Resolutions**

A simple majority of votes cast by Shareholders entitled to vote on the resolution are required to approve all **ordinary resolutions**.

**By Order of the Board 12 October 2017**

A handwritten signature in black ink, appearing to read 'Joanne McDonald', written in a cursive style.

Joanne McDonald  
Company Secretary  
12 October 2017

## **EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

This Explanatory Memorandum (including the Definitions section and Attachment A) has been prepared to help Shareholders understand the business to be put to Shareholders at the forthcoming Meeting.

### **Annual financial report**

The Corporations Act requires:

- the reports of the Directors and Auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2017 (**2017 Financial Report**),

to be laid before the Meeting. The Corporations Act does not require a vote of Shareholders on the reports or statements. However, Shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

The financial report for consideration at the Meeting will be the 2017 Financial Report. The 2017 Financial Report is set out in the Company's 2017 Annual Report and is also available on the Company's website ([www.igo.com.au](http://www.igo.com.au)). Any Shareholder wishing to receive a copy should contact the Company's share registry and a copy will be provided.

Also, a reasonable opportunity will be given to members, as a whole, at the Meeting, to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the Auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's Auditor about the content of the Auditor's report and the conduct of the audit may be submitted no later than five business days before the date of the Meeting to the Company Secretary at the Company's registered office, Suite 4, Level 5, South Shore Centre, 85 South Perth Esplanade, South Perth, WA 6151, Australia.

### **Resolution 1 – Retirement and Election of Ms. Debra Bakker**

Ms. Debra Bakker joined the Board as a Non-Executive Director in December 2016. Having been appointed since the last annual general meeting, in accordance with clause 9.1(c) of the Company's Constitution, ASX Listing Rule 14.4 and for all other purposes, Ms. Bakker retires and offers herself for election as a director of the Company.

The experience, qualifications and other information about Ms. Bakker appears below:

#### **Term of Office**

Ms Bakker was appointed to the Board of Directors in December 2016.

#### **Board Committees**

Audit (Member)

Nomination & Governance (Member)

Remuneration (Member)

Sustainability & Risk (Member)

#### **Experience**

Ms. Bakker is an experienced financier and deal maker with significant international experience and over 25 years' experience in the resources industry. Ms. Bakker established the natural resources team for Commonwealth Bank of Australia and held a number of senior roles over a 10-year period culminating as Executive Manager, Head of Mining and Metals Origination. Ms. Bakker has also held senior roles with Standard Bank London Group and Barclays Capital and is currently the Western Australian Representative for Auramet Trading LLC, a New York based metals trading firm.

**Other current directorships:** Access Housing Australia.

**Former directorships in the last 3 years:** None.

#### **Recommendation**

The Board (with Ms. Bakker abstaining) recommends that Shareholders vote in favour of the election of Ms. Bakker.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

#### **Resolution 2 – Re-election of Mr. Neil Warburton**

To assist the Company in maintaining an even balance of directors retiring by rotation each year in accordance with the Company's Constitution and the ASX Listing Rules, Mr. Neil Warburton, this being the second annual general meeting since his election at the 2015 annual general meeting, will retire by rotation one year early and, being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr. Warburton appears below:

#### **Term of Office**

Mr. Warburton was appointed as Non-executive Director in October 2015.

#### **Board Committees**

Nomination & Governance (Member)

Remuneration (Member)

Sustainability & Risk (Member)

#### **Experience**

Mr. Warburton is a qualified mining engineer with more than 37 years' experience in gold and nickel development and mining. He was previously the chief executive officer of Barmenco Limited and managing director of Coolgardie Gold. Neil Warburton is also a Member of the WA School of Mines Alumni Council.

**Other current directorships:** Australian Mines Limited and Flinders Mines Limited.

**Former directorships in the last 3 years:** Sirius Resources NL, Peninsular Energy Limited, Namibian Copper Limited and Red Mountain Mining Ltd (non-executive chairman).

#### **Recommendation**

The Board (with Mr. Warburton abstaining) recommends that Shareholders vote in favour of the re-election of Mr. Warburton.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

#### **Resolution 3 – Remuneration Report**

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the 2017 Remuneration Report as disclosed in the Company's 2017 Annual Report.

The 2017 Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to the Company's Key Management Personnel (including the Directors), sets out details of the remuneration and service agreements for each member of Key Management Personnel and sets out the details of any share-based compensation.

Subject to the rules set out in Division 9 of Part 2G.2 of the Corporations Act described below, Resolution 3 is advisory only and does not bind the Directors or the Company. Of itself, a failure of Shareholders to pass Resolution 3 will not require the Directors to alter any of the arrangements in the 2017 Remuneration Report. However, the Board will take the outcome of the vote very seriously when considering the Company's future remuneration policy.

### Consequence of voting against Resolution 3

If at least 25% of the votes cast on Resolution 3 are against the adoption of the Remuneration Report, and at least 25% of the votes cast at the next annual general meeting of the Company (**2018 AGM**) on a resolution that the 2018 Remuneration Report be adopted are against the adoption of the report, then the Company will be required under section 250V of the Corporations Act to put to the vote a resolution that another meeting be convened within 90 days of the 2018 AGM (the **Spill Meeting**). If Shareholders approve the convening of a Spill Meeting, then at that meeting:

- all the Directors of the Company who were directors at the time of the 2018 AGM (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting; and
- a resolution to re-elect the Directors referred to above will be put to the vote at the Spill Meeting.

A reasonable opportunity will be given to Shareholders as a whole to ask questions about, or make comments on, the 2017 Remuneration Report. The 2017 Remuneration Report is set out in the Company's 2017 Annual Report and is also available within the 2017 Financial Report on the Company's website ([www.igo.com.au](http://www.igo.com.au)).

For the voting exclusions applicable to this Resolution 3, please refer to the 'Entitlement to vote' section of the Notice of Meeting.

### Recommendation

The Board recommends that Shareholders vote in favour of adopting the 2017 Remuneration Report.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3.

### Resolution 4 – Issue of Service Rights to Mr. Peter Bradford

#### Background

The Company, in line with contemporary executive KMP remuneration standards, has recently introduced a short-term incentive (STI) deferral arrangement whereby a portion of any earned STI will be awarded in Service Rights under the IGO Employee Incentive Plan (EIP) approved by Shareholders at the 2016 AGM.

Resolution 4 seeks Shareholder approval for the grant of these Service Rights to Mr. Peter Bradford, the Company's Managing Director, pursuant to the EIP, and otherwise on the terms and conditions set out in this Explanatory Memorandum.

ASX requires, under Listing Rule 10.14, that Shareholders approve the grant of securities to a director.

Accordingly, Shareholder approval is sought for the grant of Service Rights to Mr. Bradford as set out below.

#### Number of Service Rights

The number of Service Rights to be granted to Mr. Bradford will be 49,858. This number was set by the Board in the context of considering Mr. Bradford's remuneration package, of which STIs form a part. The Remuneration Committee recommended, and the Board resolved, that the value of Mr. Bradford's STI for FY17 should be \$350,000 (**STI \$ Value for FY17**). The number of Service Rights determined was then calculated as follows:

Number of rights = (STI \$ Value for FY17 x 0.50) / IGO 5-day VWAP (after release of FY17 financial statements).

$$49,858 = (\$350,000 \times 0.50) / \$3.51$$

Shareholders should be aware, that as the Service Rights defer a portion Mr. Bradford's STI for FY17, which has already been earned and otherwise would have been paid to Mr. Bradford in cash, if this Resolution 4 is not passed as an ordinary resolution by Shareholders at the Meeting for any reason, the Company intends to pay Mr. Bradford the STI \$ Value for FY17 (\$350,000) in full as ordinary income.

## Terms of Service Rights

All Service Rights granted will be on terms consistent with the rules of the EIP. A summary of the key terms of the EIP is contained in Attachment A of the explanatory memorandum attached to the 2016 AGM Notice of Meeting. A full copy if the EIP is available to Shareholders from the Company's share registry on request.

No consideration is payable by Mr. Bradford at the time of grant of the Service Rights or upon the allocation of ordinary shares to which Mr. Bradford may become entitled upon Service Rights vesting. Each Service Right will entitle the holder to one fully paid ordinary share in the Company at no cost, subject to satisfaction of any restrictions as described below.

<b>Grant Date:</b>	Date of Shareholder approval of this Resolution 4 (if approved)
<b>Vesting Date:</b>	Tranche 1 (50% of the Service Rights) – 3 September 2018 Tranche 2 (50% of the Service Rights) – 2 September 2019
<b>Expiry Date:</b>	1 September 2032 for both Tranche 1 and Tranche 2 Service Rights
<b>Vesting Conditions:</b>	Continuous service with IGO Group to the vesting date.

## Other Conditions

Unvested Service Rights may, in certain circumstances, vest early in accordance with the terms of the EIP, and any leaver's policy that may apply from time to time, as approved by the Board.

Any dealing in Shares is subject to the constraints of Australian insider trading laws and the Company's Dealing in Securities Standard. Mr. Bradford is specifically prohibited from hedging the Company share price exposure in respect of the Service Rights during the vesting period.

If, in the Board's opinion, Mr Bradford has acted fraudulently or dishonestly or is in breach of his material obligations to the Company, the Board may determine that any or all of the Service Rights which have not yet vested, lapse.

## ASX Listing Rule 10.15 information requirements

ASX Listing Rule 10.15 requires the following information regarding the EIP to be included in this Explanatory Memorandum:

- Subject to Shareholder approval being obtained, the maximum number of Service Rights (and hence ordinary shares) that the Company may issue to Mr. Bradford will be 49,858.
- No consideration is payable by Mr. Bradford at the time of grant of the Service Rights or upon the allocation of the ordinary shares to which Mr. Bradford may become entitled upon exercise of the vested Service Rights.
- The EIP was approved by Shareholders at the 2016 AGM. To date, 135,000 equity interests have been issued under the EIP to Mr. Bradford for no consideration. Currently, Mr. Bradford holds a total of 352,391 unvested equity interests including the 135,000 under the EIP and 217,391 under the Performance Rights Plan that the Company replaced with the EIP at the 2016 AGM.
- The other directors of the Company (being Ms. Bakker and Messrs. Bilbe, Buck, Clifford, Spence and Warburton) are entitled to participate in the EIP, though the Company has not sought Shareholder approval for such an issue and they have not received any securities under the EIP to date. It is the current intention of the Board that non-executive directors will not participate in the EIP.
- The voting exclusion statement in relation to Resolution 4 is included in the 'Entitlement to vote' section of the Notice of Meeting.
- No loans will be made by the Company in connection with the acquisition of Service Rights or ordinary shares upon the vesting of Service Rights by Mr. Bradford.
- The Company will issue the Service Rights to Mr. Bradford as soon as practicable following the Meeting and no later than 12 months after the Meeting.

## **Corporate governance**

Mr. Bradford is an executive director of the Company. Recommendation 8.3 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to establish remuneration packages that involve a balance between short-term and long-term performance objectives. In the Board's view, the issue of these Service Rights to Mr. Bradford is an appropriate means of achieving these objectives. The Board also considers that encouraging senior executives, including Mr. Bradford, to hold security interests in the Company aligns their interests with Shareholders.

### **Dilution**

The Service Rights to be issued to Mr. Bradford will have a diluting effect on the percentage interest of existing Shareholders' holdings. The diluting effect of these Service Rights is less than 0.01% of the Company's current share capital.

The Board has formed the view that remuneration in the form of the Service Rights to be granted to Mr. Bradford is reasonable given the Company's circumstances, and Mr. Bradford's circumstances (including his responsibilities). The Board is of the opinion that the terms of issue of the Service Rights to Mr. Bradford are reasonable.

### **Recommendation**

The Board (with Mr. Bradford abstaining) recommends that Shareholders vote in favour of Resolution 4.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 4.

## **Resolution 5 – Issue of Performance Rights to Mr. Peter Bradford**

### **Background**

Resolution 5 seeks Shareholder approval for the grant of Performance Rights to Mr. Peter Bradford, the Company's Managing Director, pursuant to the EIP, and otherwise on the terms and conditions set out in this Explanatory Memorandum.

The Company's remuneration policy is to ensure that executive remuneration is competitive in attracting, motivating and retaining executives of a high calibre and properly reflects the duties and responsibilities of each relevant executive. The remuneration structure used by the Company to achieve these objectives includes the combination of fixed annual remuneration and performance-related remuneration (including participation in the EIP).

The ASX requires, under ASX Listing Rule 10.14, that Shareholders approve the grant of securities to a director under an employee incentive plan.

Accordingly, Shareholder approval is sought for the grant of Performance Rights to Mr. Bradford as set out below.

### **Number of Performance Rights**

The number of Performance Rights to be granted to Mr. Bradford will be 266,667. This number was set by the Board in the context of considering Mr. Bradford's remuneration package, of which Performance Rights form a part. The Remuneration Committee recommended, and the Board resolved, that the value of Mr. Bradford's annual total fixed remuneration (inc. superannuation) (TFR) for the year ending 30 June 2018 should be \$800,000 per annum.

The number of Performance Rights determined was calculated as follows:

$(\text{TFR} \times 1.1) / 20$  day VWAP up to and including 25 August 2017, being \$3.30

### **Terms of Performance Rights**

All Performance Rights granted will be on terms consistent with the rules of the EIP. A summary of the key terms of the EIP is contained in Attachment A of the explanatory memorandum attached to the 2016 AGM Notice of Meeting. A full copy of the EIP is available to Shareholders from the Company's share registry on request.

No consideration is payable by Mr. Bradford at the time of grant of the Performance Rights or upon the allocation of ordinary shares to which Mr. Bradford may become entitled upon Performance Rights vesting. Each Performance Right will entitle the holder to one fully paid ordinary share in the Company at no cost, subject to satisfaction of the performance hurdles described below.

### Performance hurdles

The Performance Rights will vest and convert into ordinary shares if, over the three-year measurement period (being 1 July 2017 to 30 June 2020), the performance hurdles are achieved. Performance Rights that have not vested where the performance hurdle has not been satisfied or waived by the expiry date, will automatically lapse. Performance measures for the Performance Rights are based on a Total Shareholder Return Scorecard (**TSR Scorecard**). The TSR Scorecard determines the entitlement to 100% of the Performance Rights.

The performance hurdles that the Board has determined will apply to the Performance Rights are summarised in the table below and described in further detail below:

Performance Hurdle	Weighting
The Company's relative total shareholder return (TSR) measured against a determined comparator group (Relative TSR Performance Rights)	50% of the Performance Rights
The Company's absolute TSR measured against specific thresholds (Absolute TSR Performance Rights)	50% of the Performance Rights

### Relative TSR Performance Rights

The Relative TSR Performance Rights will be determined based on a percentile ranking of the Company's TSR results relative to the TSR of each of the companies in the comparator group over the same three-year measurement period.

TSR measures the return received by Shareholders from holding ordinary shares over the relevant Performance Period, calculated as follows:

$$TSR = ((B - A) + C) / A$$

Where:

A = the Market Value of the share at the start of the Performance Period

B = the Market Value of the share at the end of the Performance Period

C = the aggregate dividend amount per share paid during the Performance Period

Market Value is calculated as the 20-day volume weighted average price (VWAP) of the share ending on the day prior to the start or end of the Performance Period.

The comparator group will comprise all members of the S&P ASX 300 Metals and Mining Index. The current list of the comparator group is set out in Attachment A. The Board has discretion to adjust the peer group from time to time in its absolute discretion.

The vesting schedule for 50% of the Performance Rights subject to Relative TSR testing is as follows:

Relative TSR performance	TSR Scorecard (Level of vesting)
Less than 50th percentile	Zero
Between 50th and 75th percentile	50% plus pro-rata straight line percentage between 50% and 100%
75th percentile or better	100%

### **Absolute TSR Performance Rights**

The Absolute TSR Performance Rights will be determined based on an increase in Absolute TSR over the three year measurement period.

The vesting schedule for 50% of the Performance Rights subject to Absolute TSR testing is as follows:

<b>Absolute TSR performance</b>	<b>TSR Scorecard (Level of vesting)</b>
10% per annum return	33%
Above 10% per annum and below 20% per annum return	Straight line pro-rata between 33% and 100%
Above 20% per annum return	100%

### **Other Conditions**

The IGO Board of Directors has the discretion to reduce the number of Performance Rights vesting, even to zero, in the event that relative TSR performance is met but absolute TSR is negative.

Unvested Performance Rights may, in certain circumstances, vest early in accordance with the terms of the EIP, and any leaver's policy that may apply from time to time, as approved by the Board.

Any dealing in shares is subject to the constraints of Australian insider trading laws and the Company's Dealing in Securities Standard. Mr. Bradford is specifically prohibited from hedging the Company share price exposure in respect of the Performance Rights during the vesting period.

If, in the Board's opinion, Mr. Bradford has acted fraudulently or dishonestly, or is in breach of his material obligations to the Company, the Board may determine that any or all of the Performance Rights which have not yet vested, lapse.

### **ASX Listing Rule 10.15 information requirements**

ASX Listing Rule 10.15 requires the following information regarding the EIP to be included in this Explanatory Memorandum:

- Subject to Shareholder approval being obtained, the maximum number of Performance Rights (and hence ordinary shares) that the Company may issue to Mr. Bradford will be 266,667.
- No consideration is payable by Mr. Bradford at the time of grant of the Performance Rights or upon the allocation of the ordinary shares to which Mr. Bradford may become entitled upon vesting of the Performance Rights.
- The EIP was approved by Shareholders at the 2016 AGM. To date, 135,000 equity interests have been issued under the EIP for no consideration. Currently, Mr. Bradford holds a total of 352,391 unvested equity interests, including the 135,000 under the EIP and 217,391 under the Performance Rights Plan that the Company replaced with the EIP at the 2016 AGM.
- The Non-executive Directors of the Company (being Messrs Bilbe, Buck, Clifford, Spence, Warburton and Bakker) are entitled to participate in the EIP, though the Company has not sought Shareholder approval for such an issue and they have not received any securities under the EIP to date. It is the current intention of the Board that Non-executive Directors will not participate in the EIP.
- The voting exclusion statement in relation to Resolution 5 is included in the 'Entitlement to vote' section of the Notice of Meeting.
- No loans will be made by the Company in connection with the acquisition of Performance Rights or ordinary shares upon the vesting of Performance Rights by Mr. Bradford.
- The Company will issue the Performance Rights to Mr. Bradford as soon as practicable following the Meeting and no later than 12 months after the Meeting.

## **Corporate governance**

Mr. Bradford is an executive director of the Company. Recommendation 8.3 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to establish remuneration packages that involve a balance between short-term and long-term performance objectives. In the Board's view, the issue of Performance Rights to Mr. Bradford is an appropriate means of providing these long-term performance objectives. The Board also considers that the retention of high quality and well-credentialed executive directors, like Mr. Bradford, is essential to the ongoing development and success of the Company and its projects.

## **Dilution**

The Performance Rights to be issued to Mr. Bradford will have a diluting effect on the percentage interest of existing Shareholders' holdings. The diluting effect of these Performance Rights is less than 0.05% of the Company's current share capital.

The Board has formed the view that remuneration in the form of the Performance Rights to be granted to Mr. Bradford is reasonable given the Company's circumstances, and Mr. Bradford's circumstances (including his responsibilities). The Board is of the opinion that the terms of issue of the Performance Rights to Mr. Bradford are reasonable.

## **Recommendation**

The Board (with Mr. Bradford abstaining) recommends that Shareholders vote in favour of Resolution 5.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 5.

## **Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions. A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

## DEFINITIONS

In the Notice of Meeting and this Explanatory Memorandum (including Attachment A), the following terms have the meaning set out below:

<b>Term</b>	<b>Meaning</b>
<b>\$</b>	Australian dollars.
<b>2017 Financial Report</b>	The annual financial report, including the financial statements of the Company for the year ended 30 June 2017.
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by it, as the context requires.
<b>Auditor</b>	BDO Audit (WA) Pty Ltd.
<b>Board</b>	the board of directors of the Company.
<b>Closely Related Party</b>	<p>has the meaning as defined in section 9 of the Corporations Act and includes in respect of a member of the Key Management Personnel:</p> <ul style="list-style-type: none"><li>• a spouse or child of the member a child of the member's spouse,</li><li>• a dependant of the member or of the member's spouse,</li><li>• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company, or</li><li>• a company the member controls.</li></ul>
<b>Company or IGO</b>	Independence Group NL (ABN 46 092 786 304).
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	a director of the Company.
<b>EIP</b>	Employee Incentive Plan.
<b>Explanatory Memorandum</b>	this Explanatory Memorandum accompanying the Notice of Meeting.
<b>Index</b>	the S&P ASX 300 Metals and Mining Index.

<b>Term</b>	<b>Meaning</b>
<b>Key Management Personnel or KMP</b>	the key management personnel of the Company as defined in AASB Standard 124 (and includes each of the Directors).
<b>Listing Rules</b>	the Listing Rules of the ASX.
<b>Meeting</b>	the annual general meeting of the Company convened by the Notice of Meeting.
<b>Non-executive Director</b>	a Director of the Company who is not a member of the executive management team.
<b>Notice of Meeting or Notice</b>	the notice convening the Meeting that accompanies this Explanatory Memorandum.
<b>Proxy Form</b>	the proxy form included with the Notice of Meeting.
<b>Shares or Ordinary Shares</b>	fully paid ordinary shares in the Company.
<b>Shareholder</b>	the holder of Shares.
<b>TSR</b>	total shareholder return.
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.

## Attachment A – Comparator TSR Peer Group

### Initial TSR Peer Group

The Company's TSR performance will be assessed against all members of the S&P ASX 300 Metals and Mining Index. As at 1 July 2017 these were:

Beadell Resources Ltd	Silver Lake Resources Ltd
Alacer Gold Corp	Ausdrill Ltd
MACA Ltd	Regis Resources Ltd
Orocobre Ltd	Resolute Mining Ltd
Saracen Mineral Holdings Ltd	Westgold Resources Ltd
St Barbara Ltd	Galaxy Resources Ltd
Dacian Gold Ltd	OceanaGold Corp
BHP Billiton Ltd	Pilbara Minerals Ltd
Western Areas Ltd	Alumina Ltd
Rio Tinto Ltd	Evolution Mining Ltd
Newcrest Mining Ltd	Sims Metal Management Ltd
Iluka Resources Ltd	Magnis Resources Ltd
Syrah Resources Ltd	Lynas Corp Ltd
Sandfire Resources NL	Fortescue Metals Group Ltd
OZ Minerals Ltd	Perseus Mining Ltd
Northern Star Resources Ltd	Gold Road Resources Ltd
Metals X Ltd	South32 Ltd
BlueScope Steel Ltd	Doray Minerals Ltd
Mineral Resources Ltd	

### Adjustments to the peer group

Listed below are a number of events, as well as the implications of these events, that may occur which could affect the structure of the Company's TSR peer group:

- If a company in the peer group is taken over, that company may be removed from the peer group.
- If the acquiring company is in the peer group, that company will remain in the peer group.
- If a company in the peer group demerges, the demerged companies may be removed from the peer group.
- In the case of a capital reconstruction or capital return, an adjustment to the TSR calculation will be made, if appropriate, depending on the nature of the event.
- If a company in the peer group changes its name, it will remain in the peer group.
- Where a company's shares are suspended at the testing date, the Board shall have the discretion as to how this event shall be treated.
- Where a company is delisted from the relevant stock exchange the Board shall have the discretion as to how this event shall be treated.



Independence Group NL  
ABN 46 092 786 304

## Lodge your vote:

 **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number:** 181149

**SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 4:00pm (WST) Wednesday, 22 November 2017**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Independence Group NL hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Independence Group NL to be held at the Fremantle Ballroom, Four Points by Sheraton Perth, 707 Wellington Street, Perth, Western Australia on Friday, 24 November 2017 at 4:00pm (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3, 4 and 5 and (except where I/we have indicated a different voting intention below) even though Resolutions 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3, 4 and 5 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Election of Ms. Debra Bakker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr. Neil Warburton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Service Rights to Mr. Peter Bradford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Performance Rights to Mr. Peter Bradford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /