



## AGREEMENT TO DIVEST STOCKMAN PROJECT

Independence Group NL (**IGO** or the **Company**) (ASX:IGO) advises it has entered into an agreement to sell its Stockman Cu-Zn Project in north-east Victoria (**Stockman Project**) for a consideration of A\$47.2 million, comprising A\$32.2 million in cash payments<sup>1</sup> and a 1.5% net smelter return (**NSR**) royalty with a provisional value of up to A\$15 million<sup>2</sup>, which then converts to an uncapped 1% NSR.

The sale of the Stockman Project is consistent with IGO's strategy of focusing on high-quality assets of scale, longevity and geographical focus, where IGO can leverage its operational expertise and discipline to unlock further growth opportunities.

As a result of the sale, IGO expects to record an after-tax impairment on the Project in FY17 of up to A\$20 million, based on the current carrying value of the asset.

A binding asset sale agreement has been entered into between IGO and CopperChem Limited (**CopperChem**), a wholly owned subsidiary of Washington H. Soul Pattinson and Company Limited (**WHSP**).

IGO's Managing Director, Peter Bradford, commented:

*"IGO remains committed to the creation of long-term shareholder value through the development and operation of a quality portfolio of assets with scale, longevity and geographical focus. With the significant continued growth of IGO, including the ramping up of the Nova operation to reach nameplate capacity in the September 2017 quarter, the development of the Stockman Project is not consistent with this strategy.*

*Although IGO recognises the value of the Stockman Project, CopperChem is ideally positioned to continue its exploration and development, while we have retained upside exposure.*

*We believe that this outcome is positive for all stakeholders."*

Completion of the transaction is subject to conditions precedent relating to the Stockman Project, including Ministerial approval for the transfer of the mining tenements comprising the Stockman Project. Completion is being targeted for the September 2017 quarter, subject to satisfaction of the conditions precedent.

IGO is committed to assisting CopperChem to ensure a smooth ownership transition of the Stockman Project.

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<sup>1</sup> The cash consideration of A\$32.2M is payable on the following schedule over a twelve month period; a) A\$11.2M on completion; b) A\$11M six months after completion, and; c) A\$10M twelve months after completion.

<sup>2</sup> The 1.5% NSR royalty is payable on the first 9.0Mt of ore processed. The royalty will revert to a 1.0% NSR royalty for all additional ore generated from the Stockman Project. The approximate value of the royalty referred to assumes successful development of the Stockman Project by CopperChem and is based on current modelling.



Treadstone Resource Partners and Herbert Smith Freehills advised IGO on the sale.

Pitt Capital Partners and McCullough Robertson advised WHSP and CopperChem.

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***About CopperChem***

CopperChem, a wholly owned subsidiary of Washington H Soul Pattinson and Company Limited, is an innovative Australian mining company which has processing facilities near the township of Cloncurry in north-west Queensland, and a gold mine in South Australia. CopperChem also has extensive exploration holdings in north-west Queensland with a number of projects (both gold and copper) at various stages of evaluation and development.

***About Washington H. Soul Pattinson and Company Limited***

WHSP is Australia's second oldest listed company and a leading diversified investment house with a market capitalisation in excess of \$4 billion. WHSP's investment portfolio spans telecommunications, building products, natural resources, pharmaceuticals, agriculture and real estate amongst others sectors.

***About IGO***

IGO is a leading ASX listed diversified mining, development and exploration company, with a portfolio of high quality gold and base metals mining operations in Western Australia and a growing pipeline of belt-scale greenfields exploration projects.