

# INDEPENDENCE GROUP NL

## AMEC CONVENTION 2017

Andrew Eddowes, Manager Business Development

7-8 June 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.

# A company with purpose

To create long-term shareholder value



Diversified mining company



Core Assets



Nova: Ni/Cu<sup>(1)</sup>



Tropicana: Au<sup>(2)</sup>

Other Assets



Jaguar: Zn/Cu<sup>(1)</sup>



Long: Ni<sup>(1)</sup>

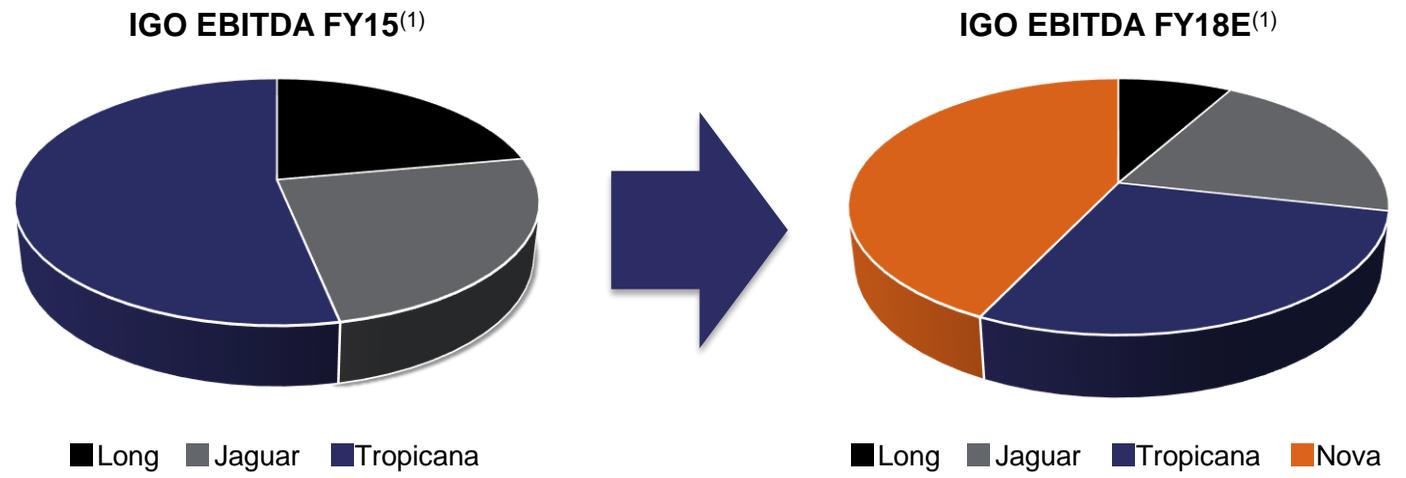
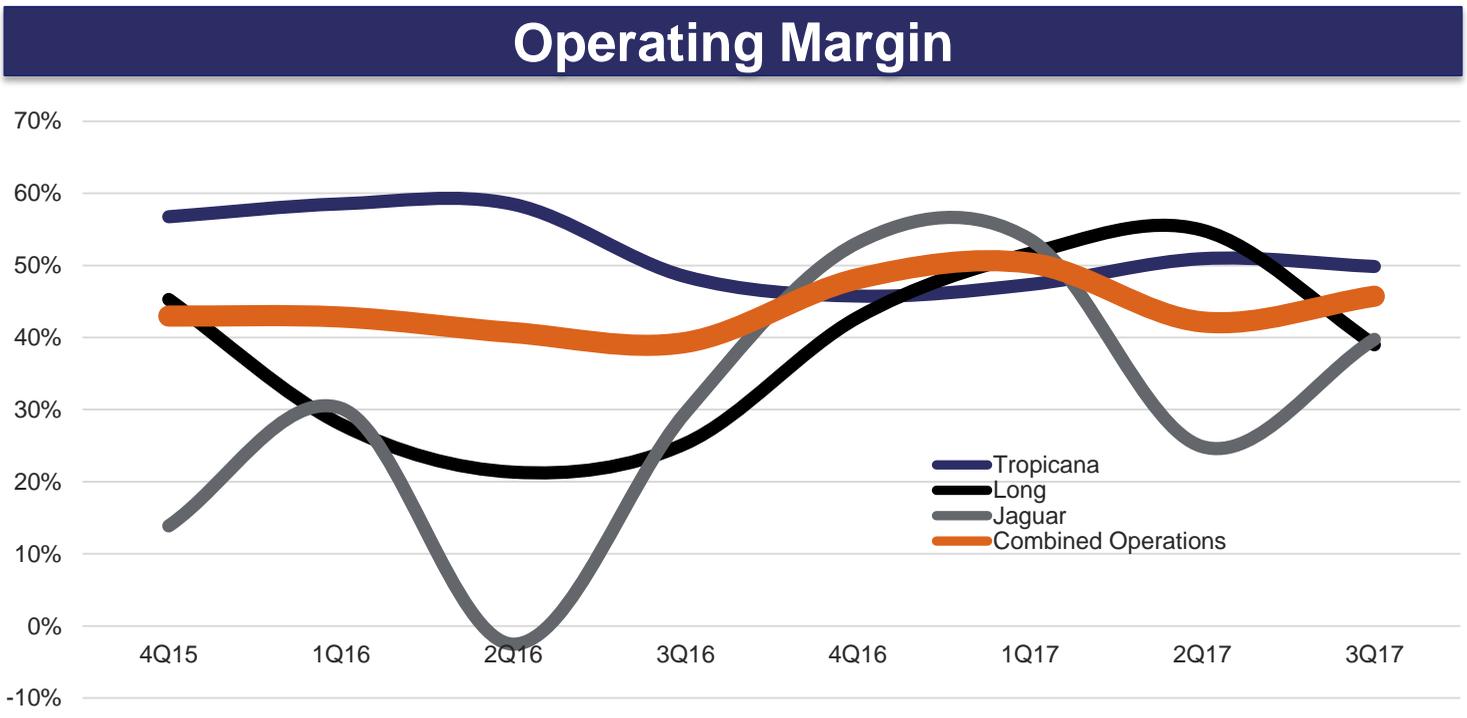
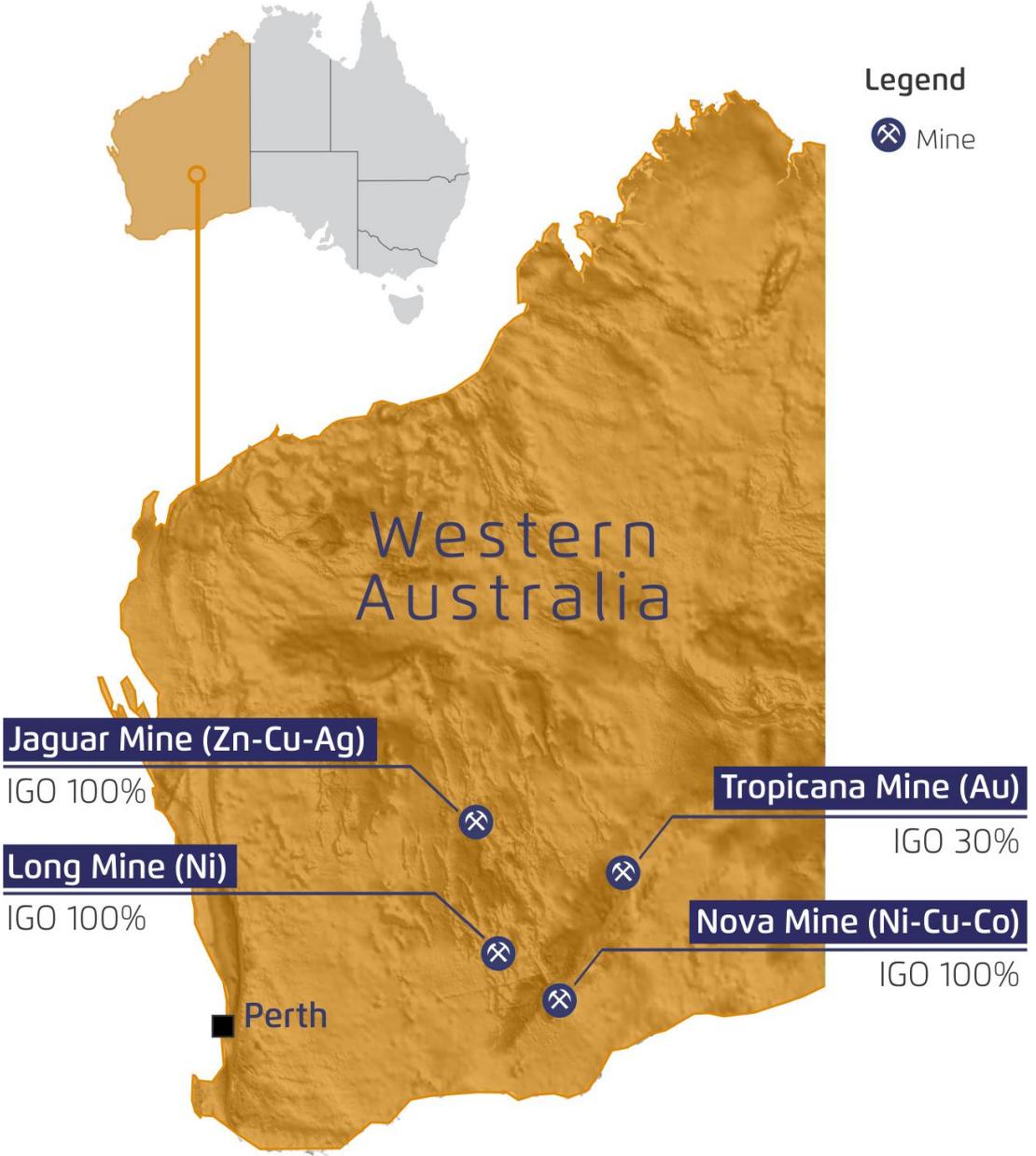


Stockman: Cu/Zn<sup>(1)</sup>

1) 100% IGO owned  
2) 30% IGO owned (unincorporated joint venture)

# Diversified portfolio

Delivering consistent operating margin



1) Source data: Macquarie Research April 2017

# Our flagship Nova nickel-copper mine



# Nova overview

World class, low cost magmatic nickel-copper project

## Quality

- ✓ High grade, thick, flat lying magmatic sulphide orebody

## Scale

- ✓ Average +26kt Ni, 11kt Cu & 1kt Co per annum

## Longevity

- ✓ Initial 10 year mine life with huge exploration potential

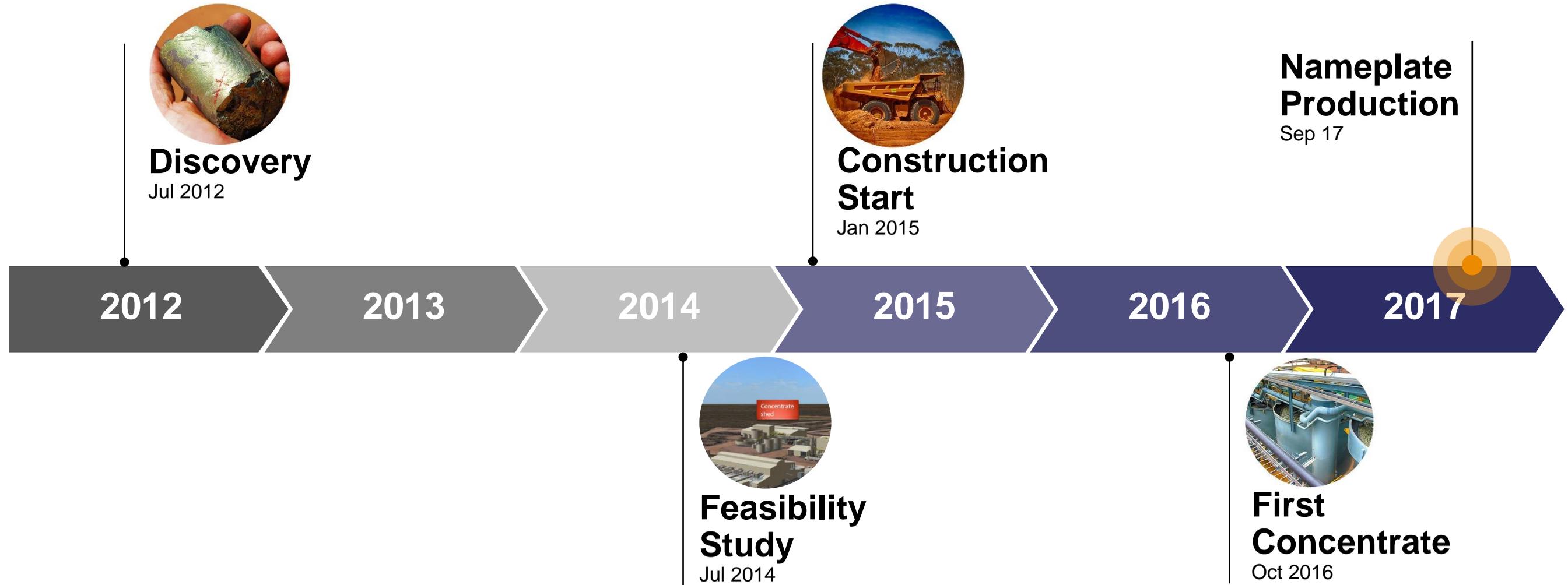
## Geographical focus

- ✓ Located in WA on Fraser Range (proximal to Tropicana)



# Nova timeline

World class timetable from discovery to production

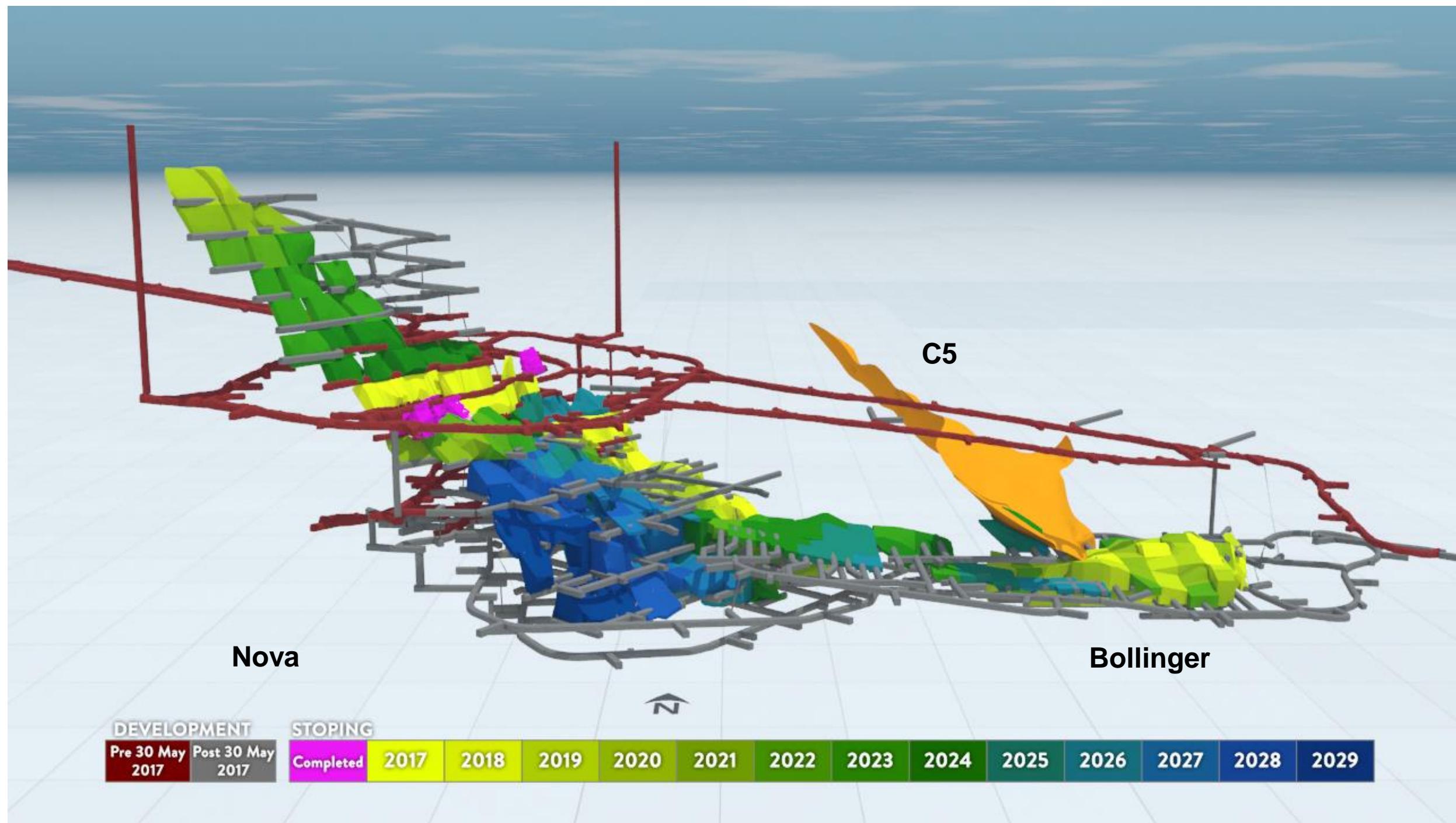


Nameplate capacity expected to be achieved 12 months earlier than DFS estimate

5 ¼ years from discovery to nameplate = world class

# Nova mine design and schedule

Priority (till now) has been underground development



# Nova processing plant

## Conventional differential flotation plant

De-risked and commissioned in Oct 2016

Plant tonnage constrained from underground

Ramp-up to nameplate in Sep Q17

Average LOM production 26kt Ni & 11.5kt Cu<sup>(1)</sup>

Highly marketable concentrates



1) Nova production average LOM production from Definitive Feasibility Study (refer to Sirius ASX release dated 14 July 2014)

# Nova concentrates

## Highly marketable concentrates

### Nickel concentrates

- Nickel concentrate grading 13.5% Ni
- No Arsenic
- High Fe to MgO ratio preferred by smelters

### Copper concentrates

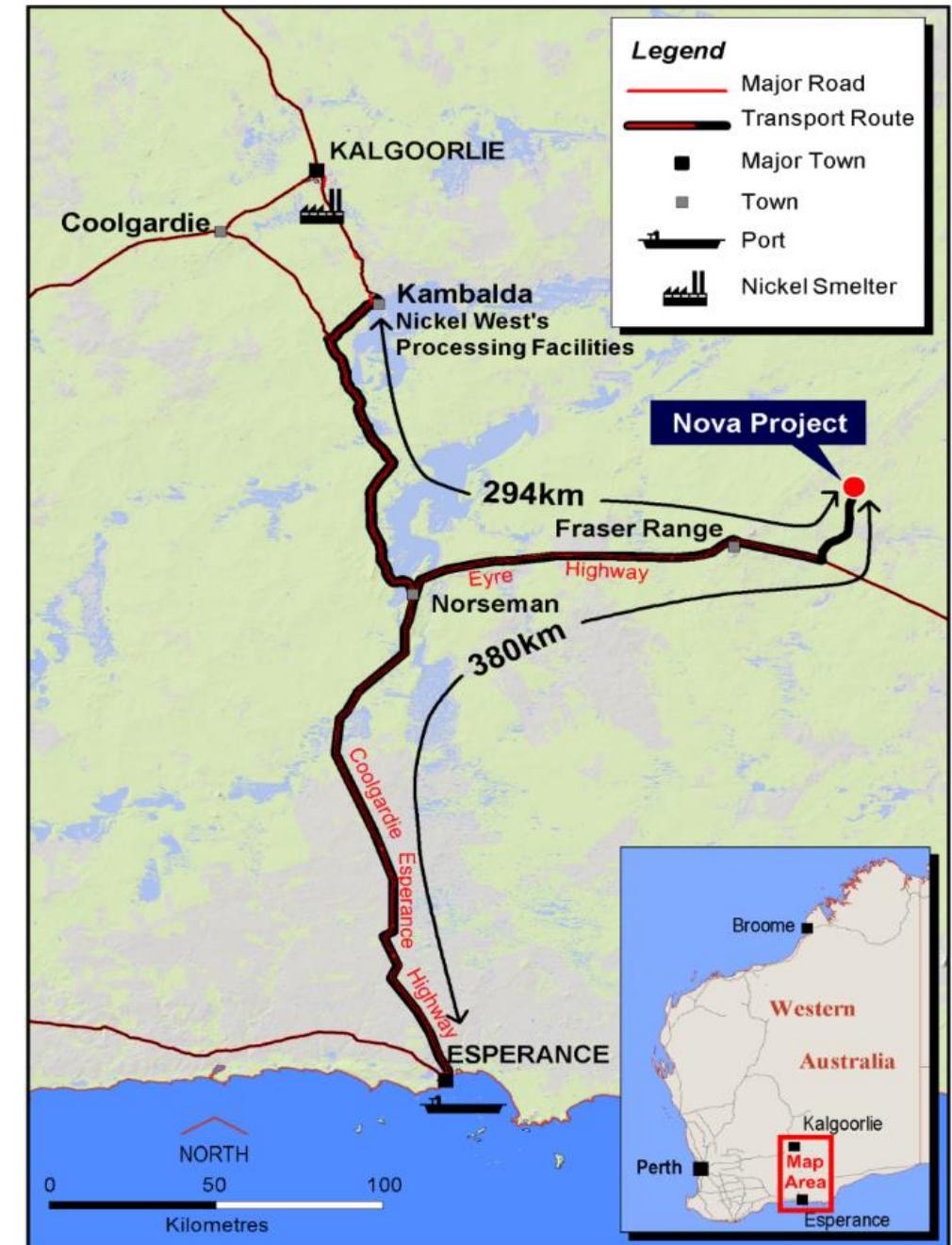
- Copper concentrate grading 29%
- No deleterious elements

### Offtake agreements in place for first 3 years

- Nickel contracted 50/50 to BHP Nickel West & Glencore
- Copper contracted Trafigura
- Offshore shipments via Port of Esperance

### Current status

- Shipping to BHP Nickel West since Dec 2016
- First offshore shipments expected in 4Q17
- No material issues with concentrate quality





**Tropicana gold mine, a successful JV**

# Tropicana overview

Making a great asset better through value enhancement

## Quality

✓ Engineering to bring value forward through grade streaming

## Scale

✓ +120,000 oz/year (IGO share)

## Longevity

✓ Initial 11 year mine life being extended by strip mining

## Geographical focus

✓ Located in WA proximal to Nova

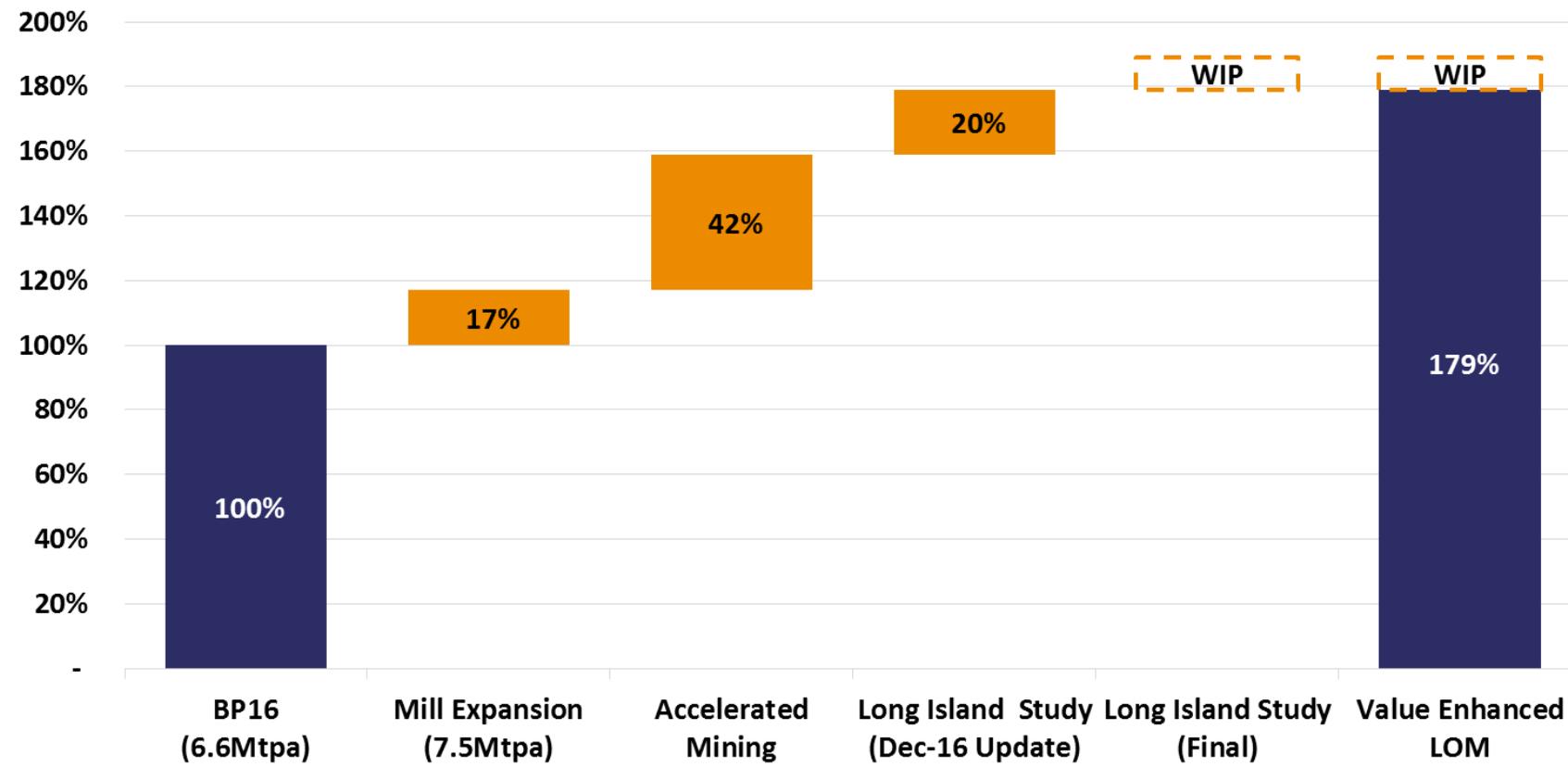


# Tropicana

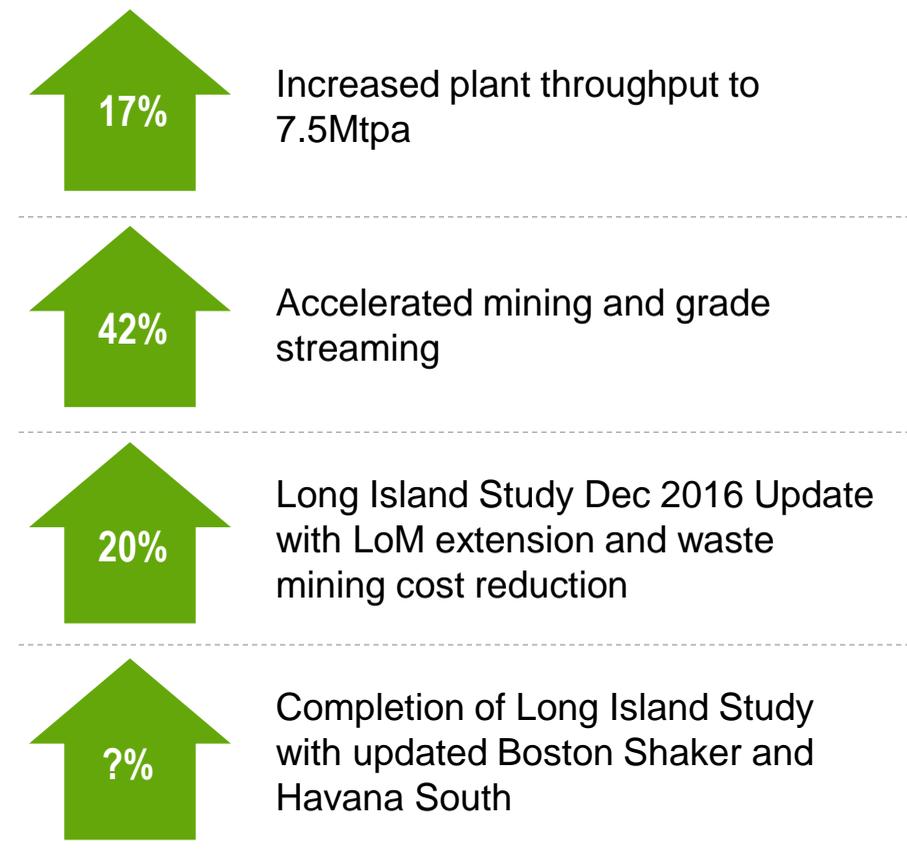
## Value enhancement delivers 79% increase in value



### Value enhancement delivered to date



### % NPV Variance



### Further value enhancement to be unlocked in 2017

Additional mine life increase

Incremental plant expansion

Acceleration of regional exploration

1) BP16 refers to CY16 Business Plan prepared by AGA

# Tropicana

## Processing plant expansion successfully completed



**29% increase in throughput from as built nameplate capacity**

**7.5Mtpa expansion successfully completed**

**200 - 400ktpa additional throughput targeted in CY17**

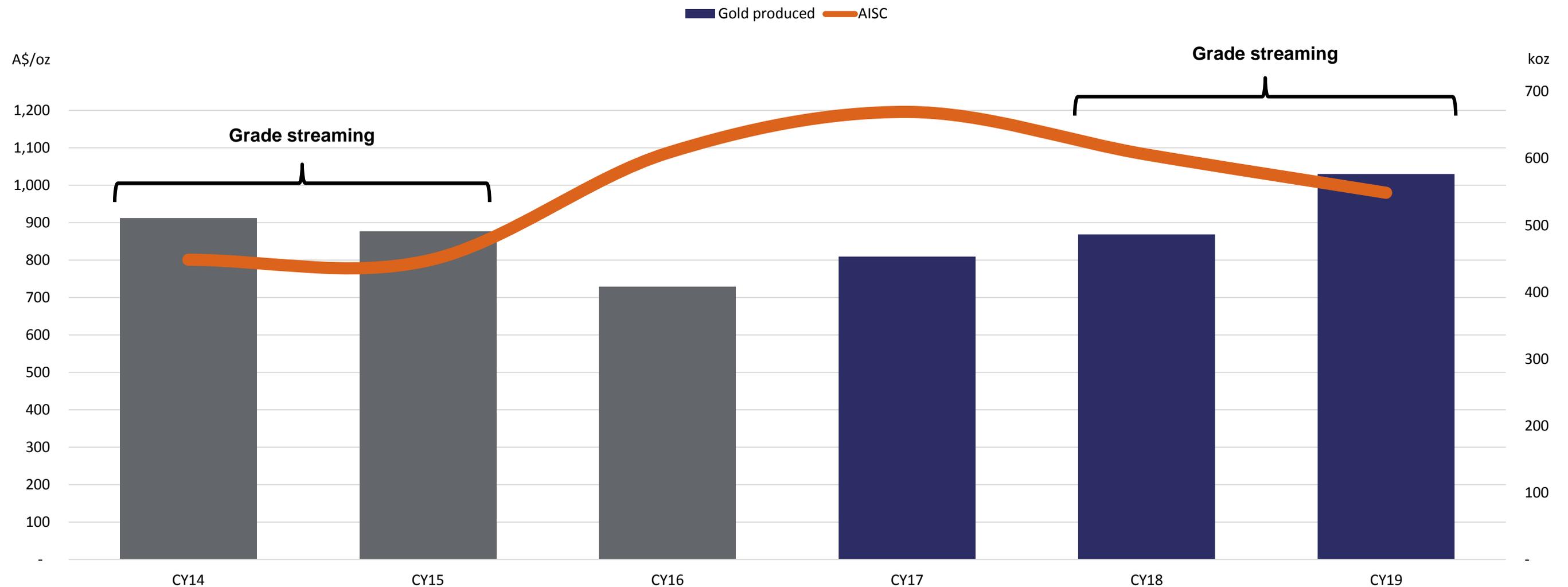
**A\$6.9M improvement capital estimated in CY17 (100% basis)**

# Tropicana production profile

## Accelerated mining and grade streaming



### Directional production and AISC<sup>(1)</sup>



1) Grade streaming and elevated mill head-grades delivered through an accelerated mining rate and stockpiling strategy. This is scheduled for approximately three years.

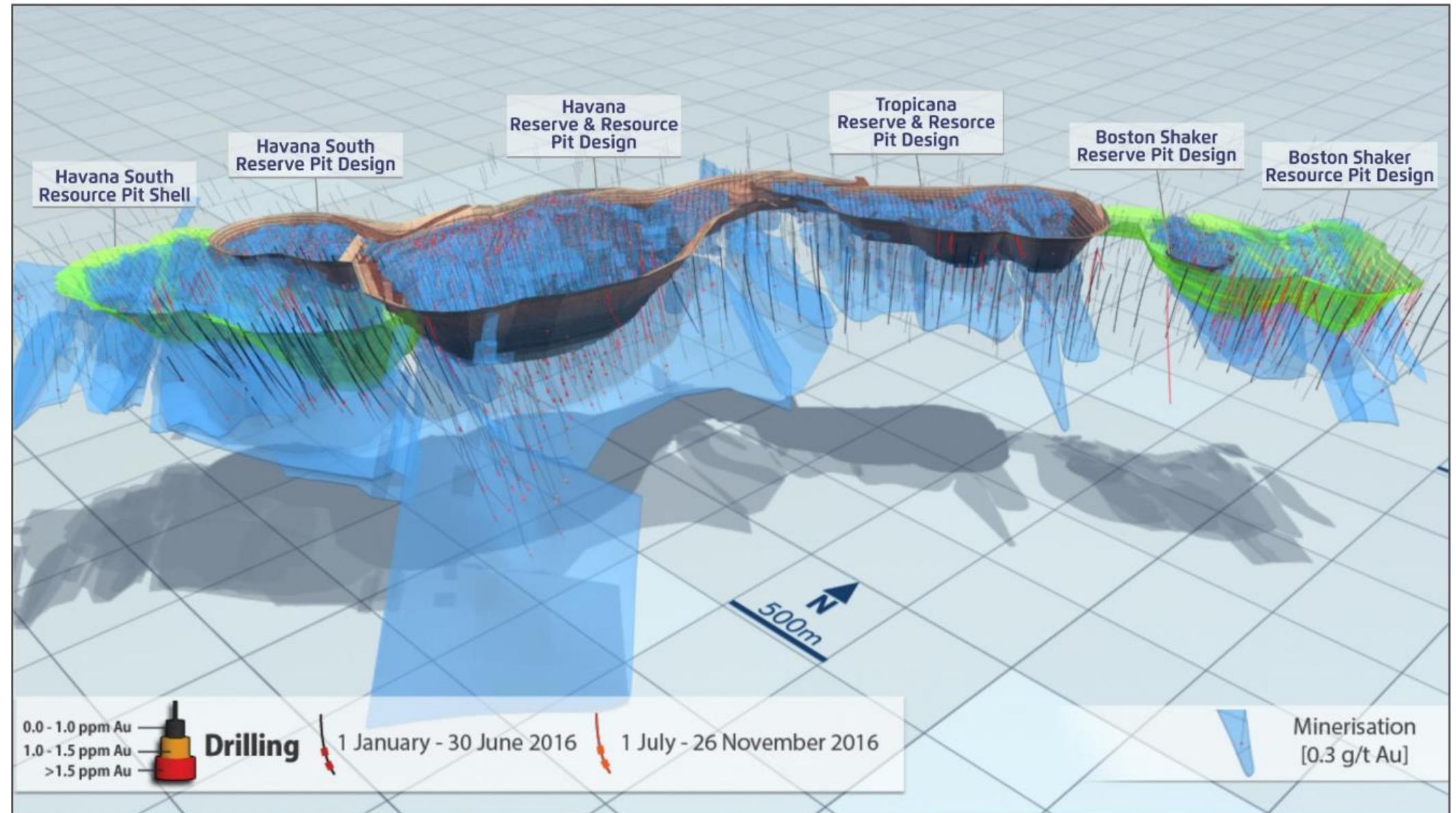
# Tropicana resource extension

## Framework and resource extension drilling

160,000m of drilling completed as part of Long Island Study

~40,000m at Boston Shaker and Havana South still to be captured in resource model updates

Significant results continued to be returned from Havana South and Boston Shaker



# Tropicana LOM extension

## Long Island Study – What is it?

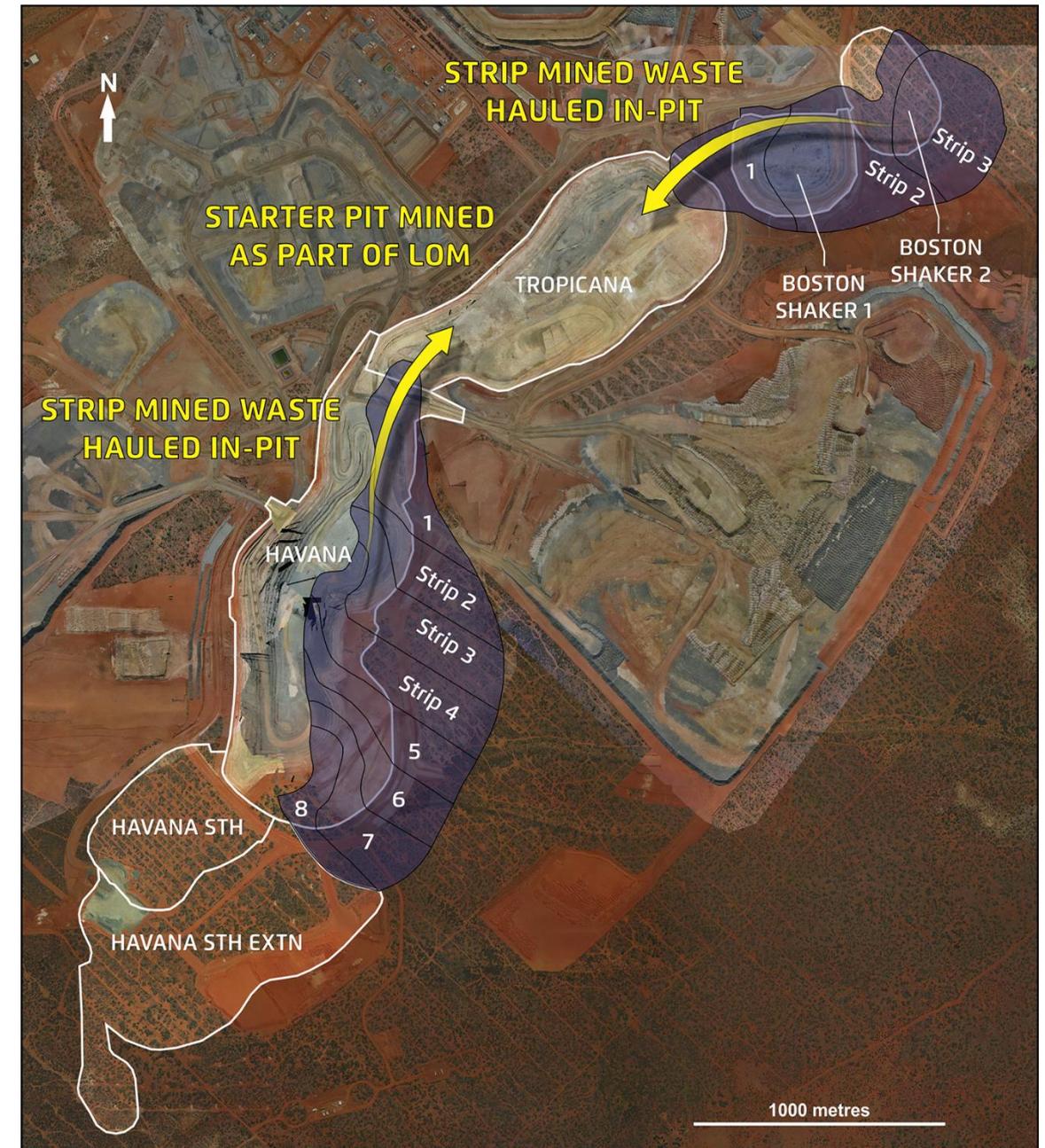
Unlock resource extensions beneath pits

160,000m of drilling completed for study

Strip mining with in-pit dumping of waste

Step change reduction in mining cost

Study completion in Sep Q17



**Positioning to discover the next big one**

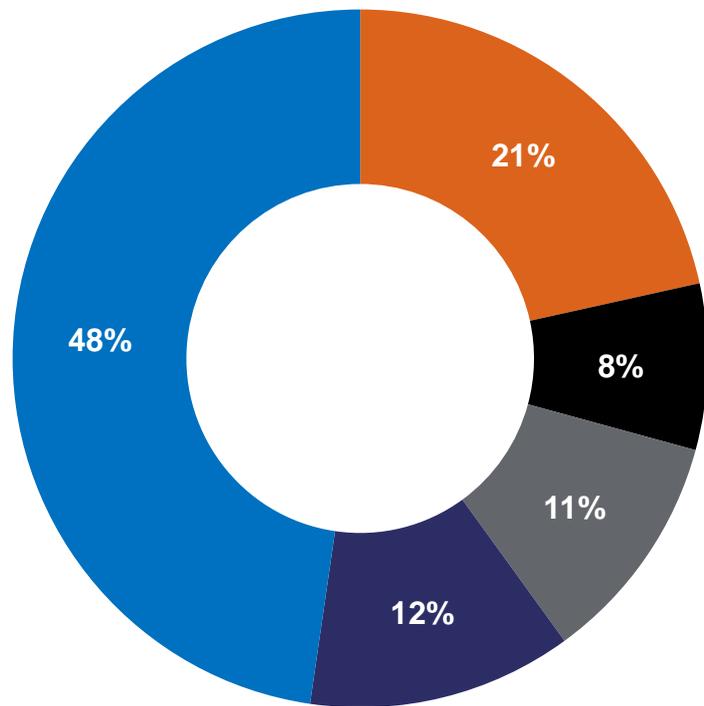


# Exploration

IGO committed to delivering growth through exploration

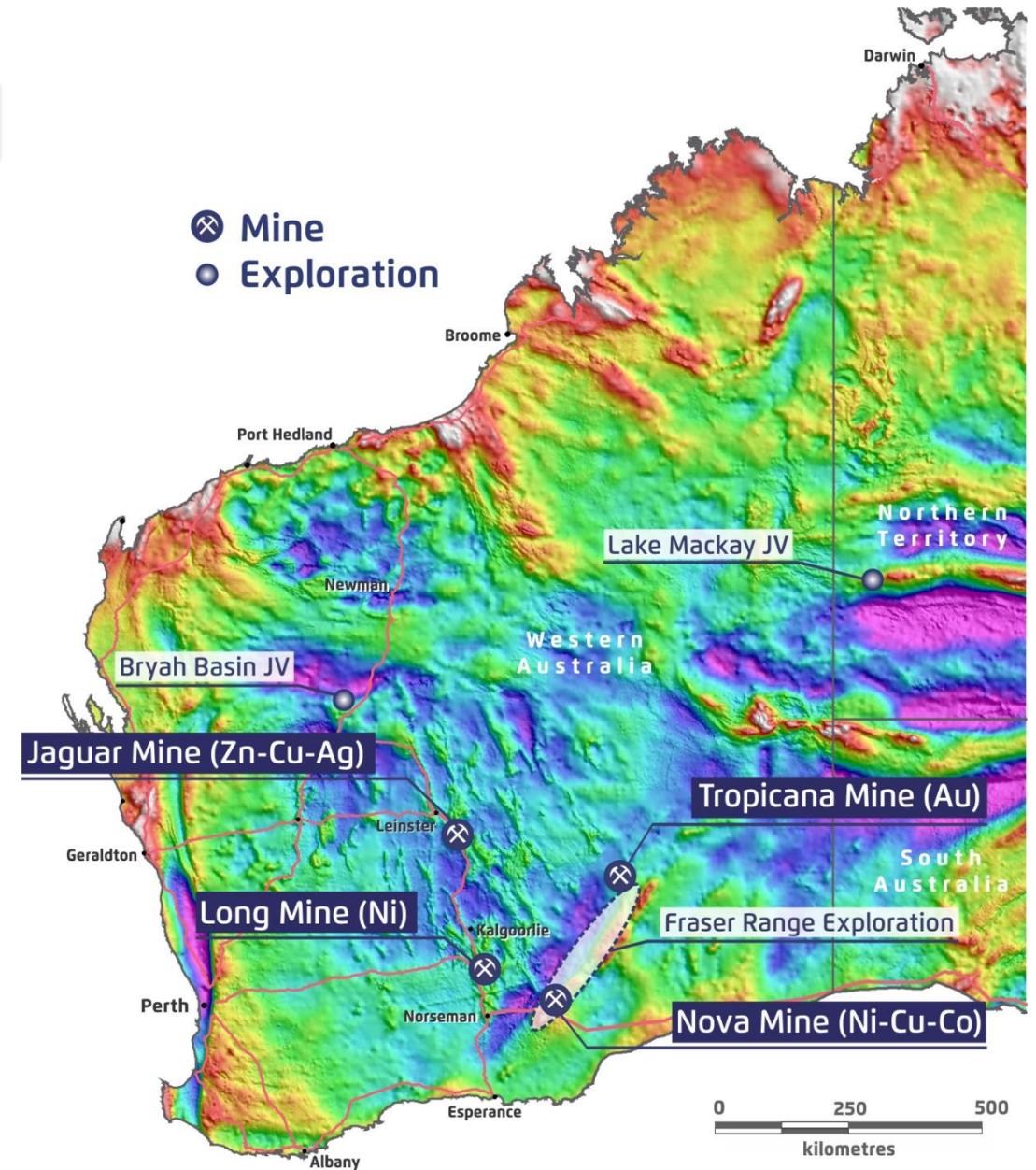
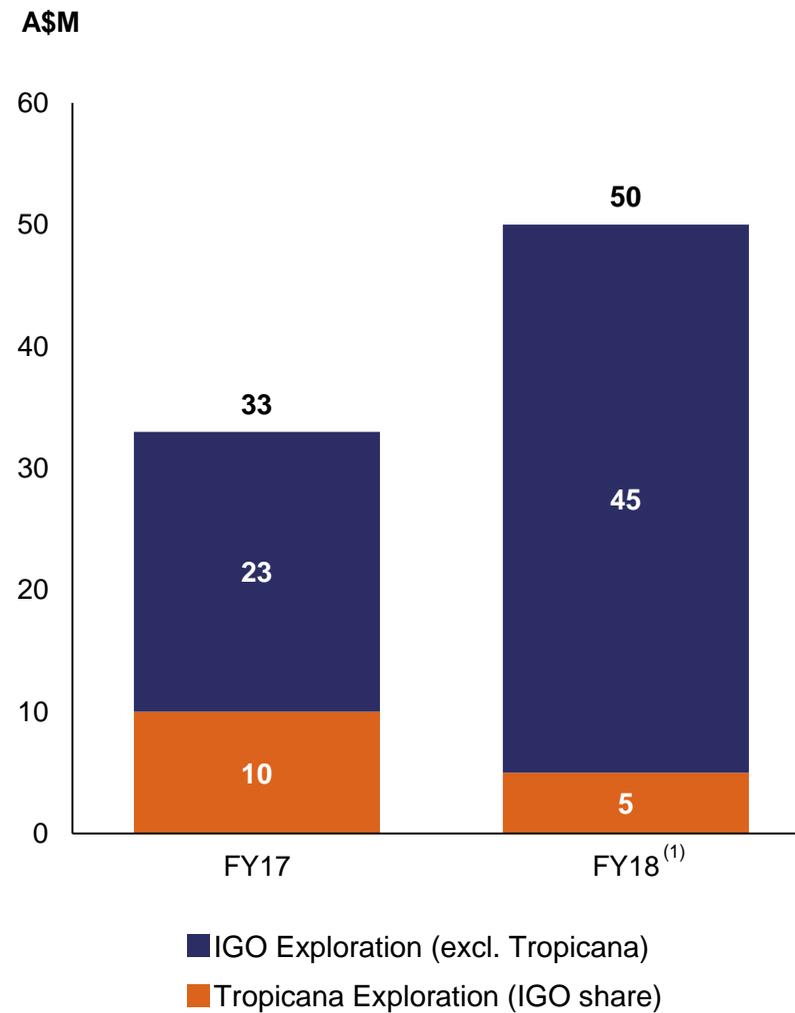


## FY17 Exploration Budget



- Tropicana
- Long
- Jaguar
- Nova
- Generative & Projects

## IGO vs Tropicana Exploration



1) Directional subject to budgeting.

# Nova Project

Multiple exploration activities underway in CY17



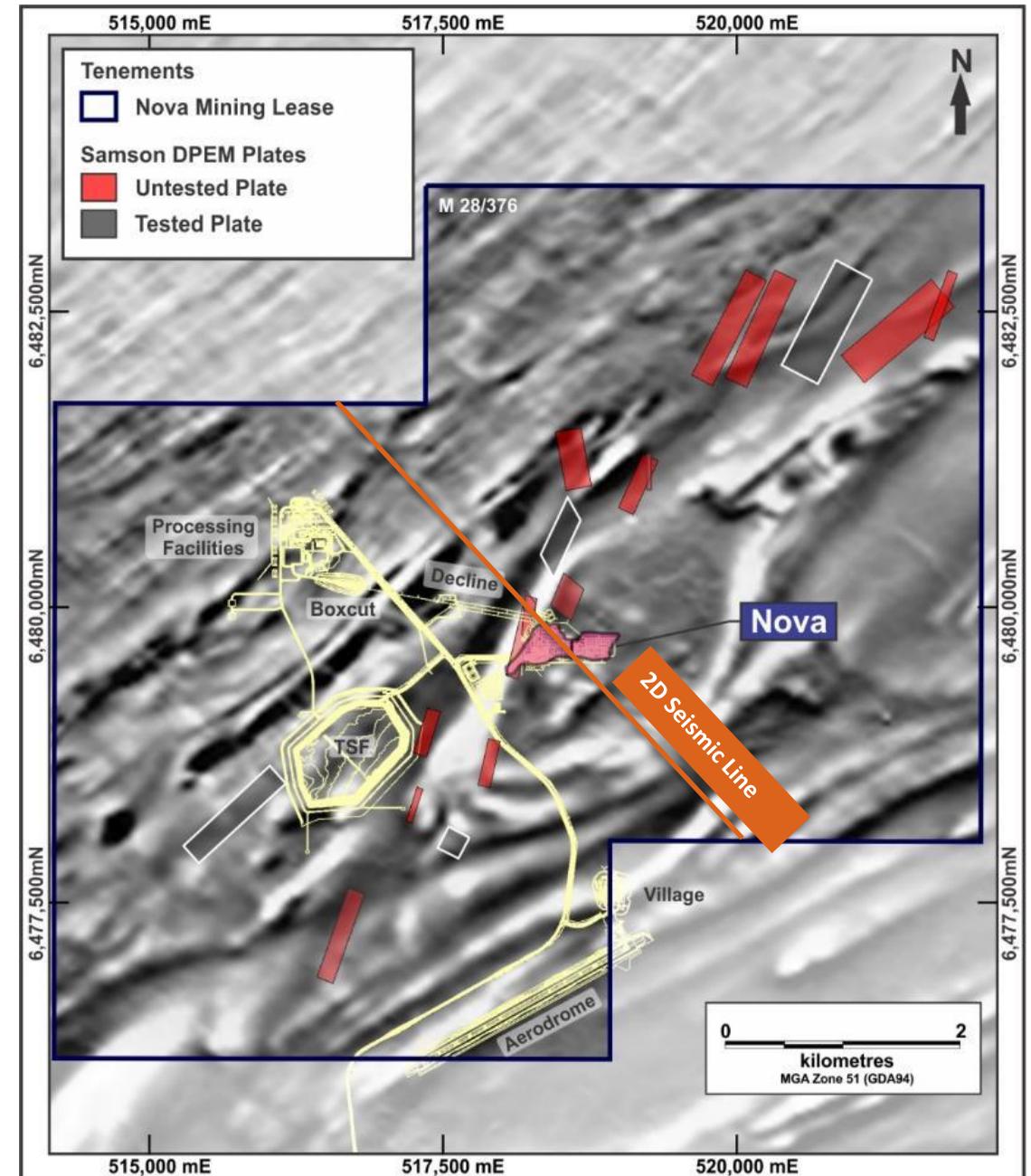
Nova resource extension

Reprocessing EM complete

Drill testing of EM targets in Jun Q17

2D seismic data acquisition completed

R&D to deliver competitive advantage



# Fraser Range consolidation

## Positioning for discovery

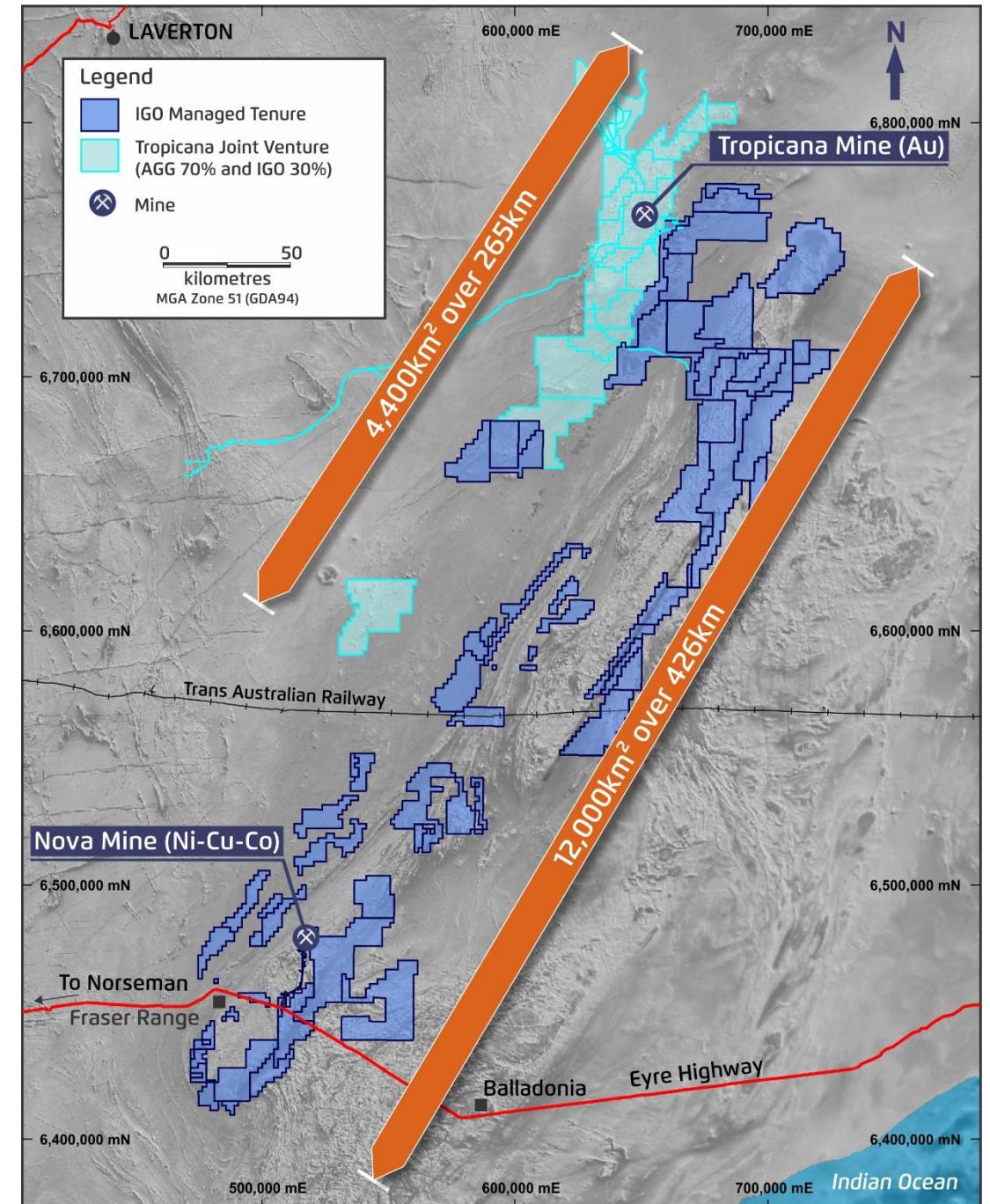
Fraser Range an under-explored province

Multiple programs starting in CY17

Regional geochem & geophysics

Deeper drilling on advanced targets

Apply learnings from R&D at Nova



# Leveraging R&D innovation

## Data driven exploration



- Unique Core Scanner Technology – first mover
- XRF, RQD, Hi Res Photography, SG, Structural
- Target Generation, Geometallurgy, Resource / Geotechnical Domaining



- Completed NW-SE oriented line across lease
- Sonic and VSP logging of holes planned
- Assess 2D results for decision on 3D survey



- Internal Stratigraphy of Intrusions
- Metamorphic Petrology
- Origins of ore emplacement
- Controls on mineralisation
- Tectonic mobilisation of sulphides



Corporate and our people

# People



Attracting, developing and retaining the best people

Graduate and apprentice programs

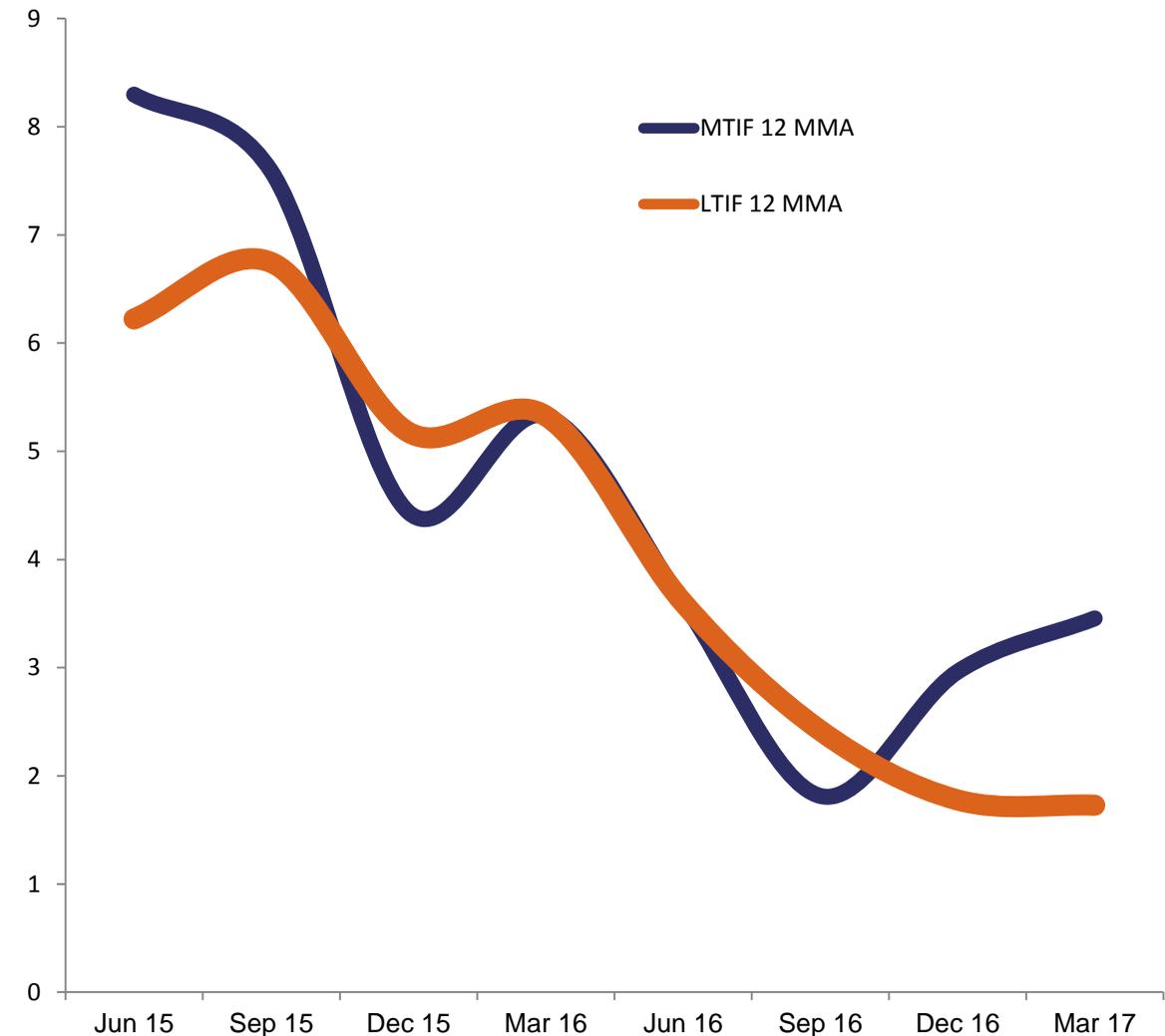
Training to strengthen supervisors

Focus on visible leadership

Safety systems improved

Lag metrics significantly improved

Consistent improvement in key lag metrics



- 1) 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) 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.

# IGO corporate and market data

Diversified explorer, developer and miner



Scale: ~A\$2.1 billion market capitalisation

Liquid: ~5.5 million shares per day

Robust balance sheet: net debt A\$131m

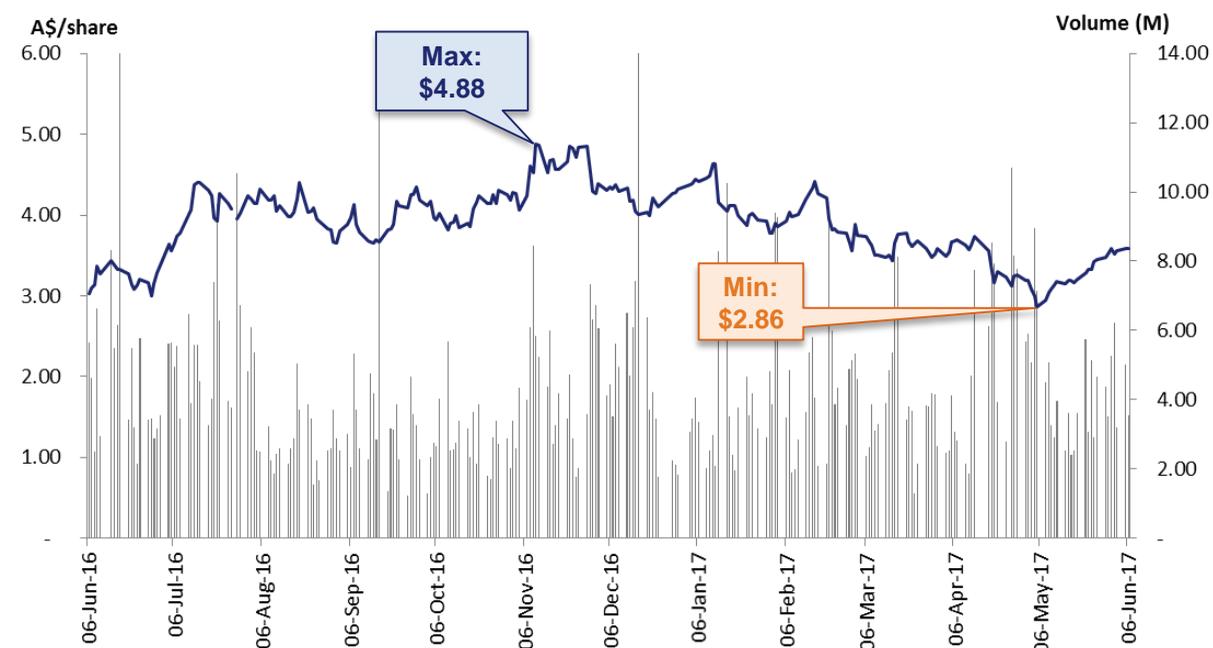
+30% NPAT as dividend payment

Undrawn debt facilities A\$200M

## Share Ownership<sup>(1)</sup>

Substantial Holders		Institutional Ownership	
Mark Creasy	17%	Australia	65%
FIL	10%	USA	22%
Van Eck	6%	UK & Europe	8%
CBA	5%	ROW	5%
T Rowe Price	5%		

## Share Price Performance<sup>(1)</sup>



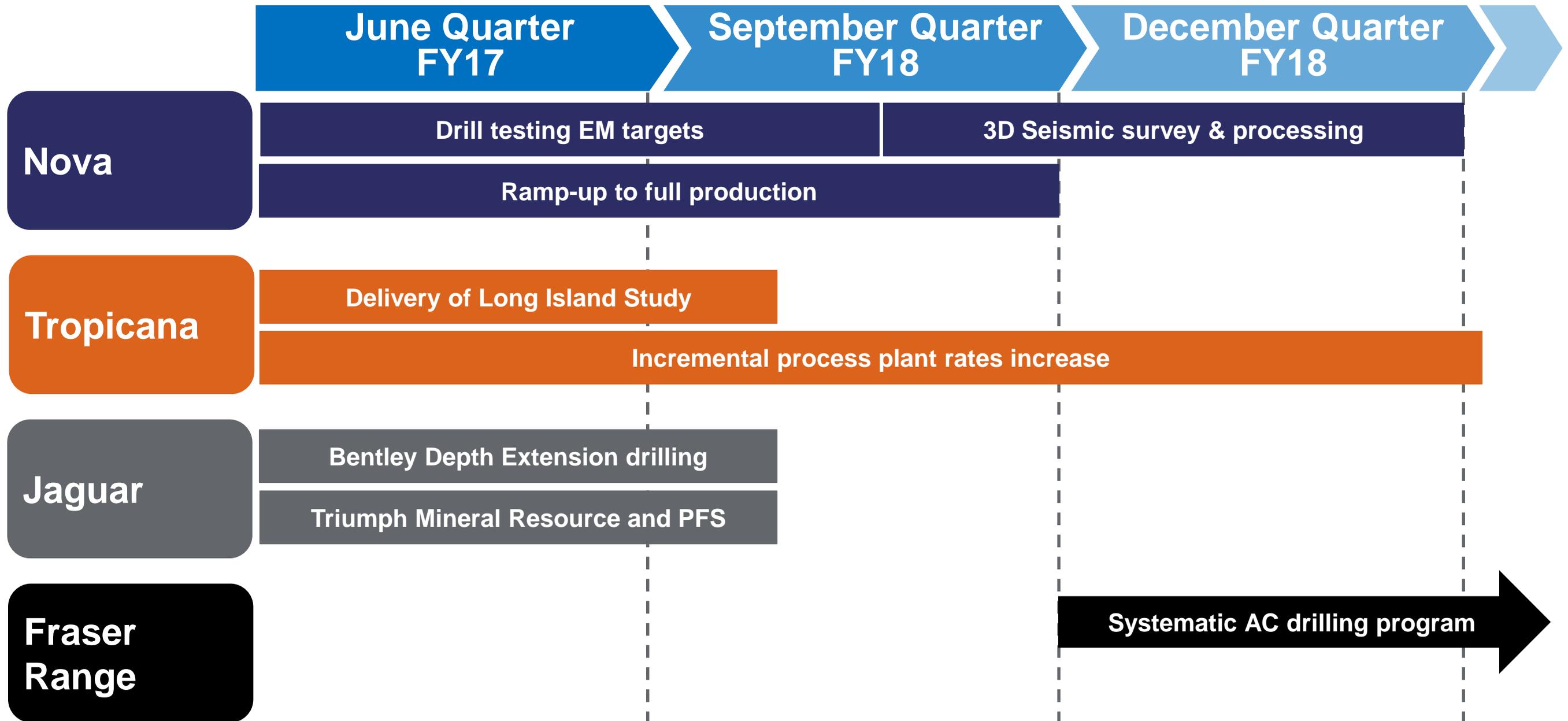
1) As at market close 6 June 2017

# IGO key catalysts



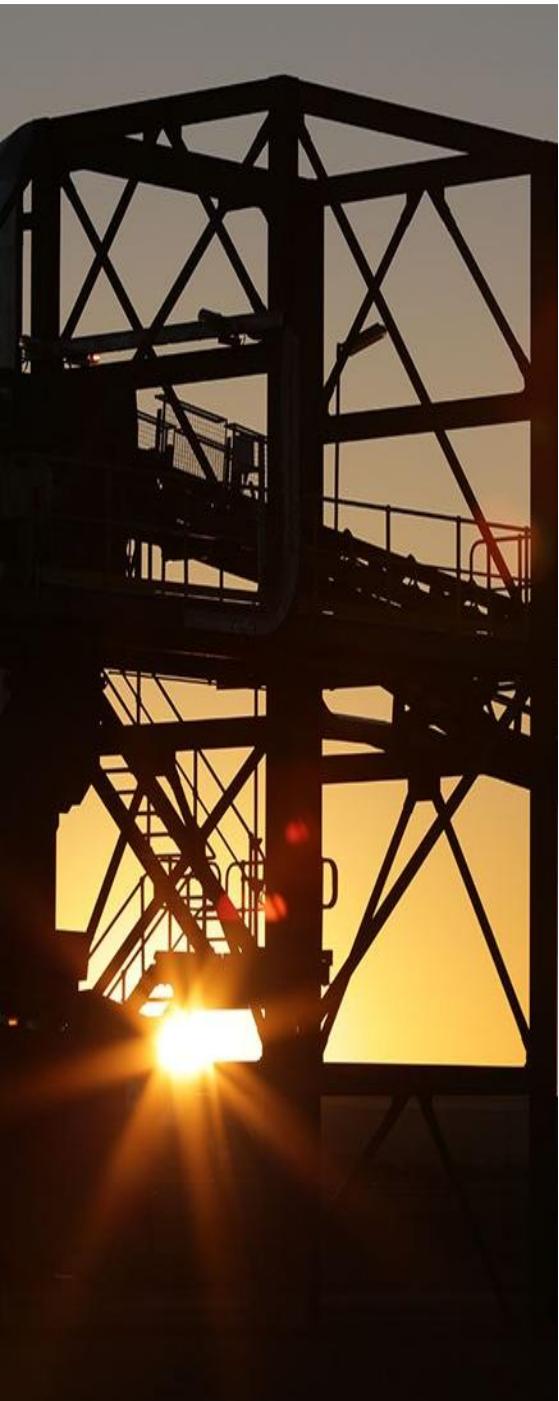
# Value delivery and growth

Multiple catalysts across the portfolio



# Concluding comments

Diversified mining company delivering cash flow and growth

A vertical silhouette of a complex mining structure, possibly a conveyor system or a large piece of machinery, is shown on the left side of the slide. The structure is dark against a lighter background, with a bright light source at the bottom left creating a lens flare effect.

**Diversified (gold and base metals)**

**Two core assets with long mine life**

**Quality assets delivering 40-50% historical operating margin**

**Strong balance sheet**

**Positioned to unlock potential of Fraser Range**

# Appendix

# Nova Mine

## World class Ni-Cu-Co project in ramp up



<b>Overview</b>	IGO 100% magmatic Ni – Cu 1.5Mtpa underground mine Ramp-up expected September 2017 quarter
<b>Resource<sup>(1)</sup> Reserve<sup>(1)</sup></b>	325,000t Ni, 134,000t Cu 275,000t Ni, 112,000t Cu
<b>Production Guidance FY17</b>	5,000 to 6,000t Ni, 1,900 to 2,300t Cu

### Key developments and potential

- Ramp-up to nameplate capacity in September 2017 quarter



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 14<sup>th</sup> Oct 2016

# Tropicana Gold Mine

One of Australia's leading open-pit gold mines



<b>Overview</b>	JV IGO 30% with AngloGold Ashanti 70% Open pit with potential for expansion 7+ years current LOM		
<b>Resource<sup>(1)</sup></b>	8.02Moz (100%)	2.4Moz (30%)	
<b>Reserve<sup>(1)</sup></b>	3.80Moz (100%)	1.1Moz (30%)	
<b>Production Guidance FY17</b>	(100%) 390 to 430koz pa	(30%) 117 to 129koz pa	
<b>Operating cost Guidance FY17</b>	Cash cost A\$850 to 950/oz	All-in Sustaining cost A\$1,150 to 1,250/oz	
<b>Capital Guidance FY17</b>	Sustaining A\$2 to 3M	Improvement A\$2 to 3M	Waste Stripping A\$29 to 36M
<b>Exploration Budget Guidance FY17</b>	A\$6 to 8M (30%)		

## Key developments and potential

- 3Q17 average annualised processing rate was maintained at 7.6Mtpa
- Long Island Study to be completed mid CY17<sup>(2)</sup>



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 15<sup>th</sup> Dec 2016

2) For further detailed information on Tropicana value enhancement refer to ASX release dated 15<sup>th</sup> Dec 2016

# Jaguar Mine

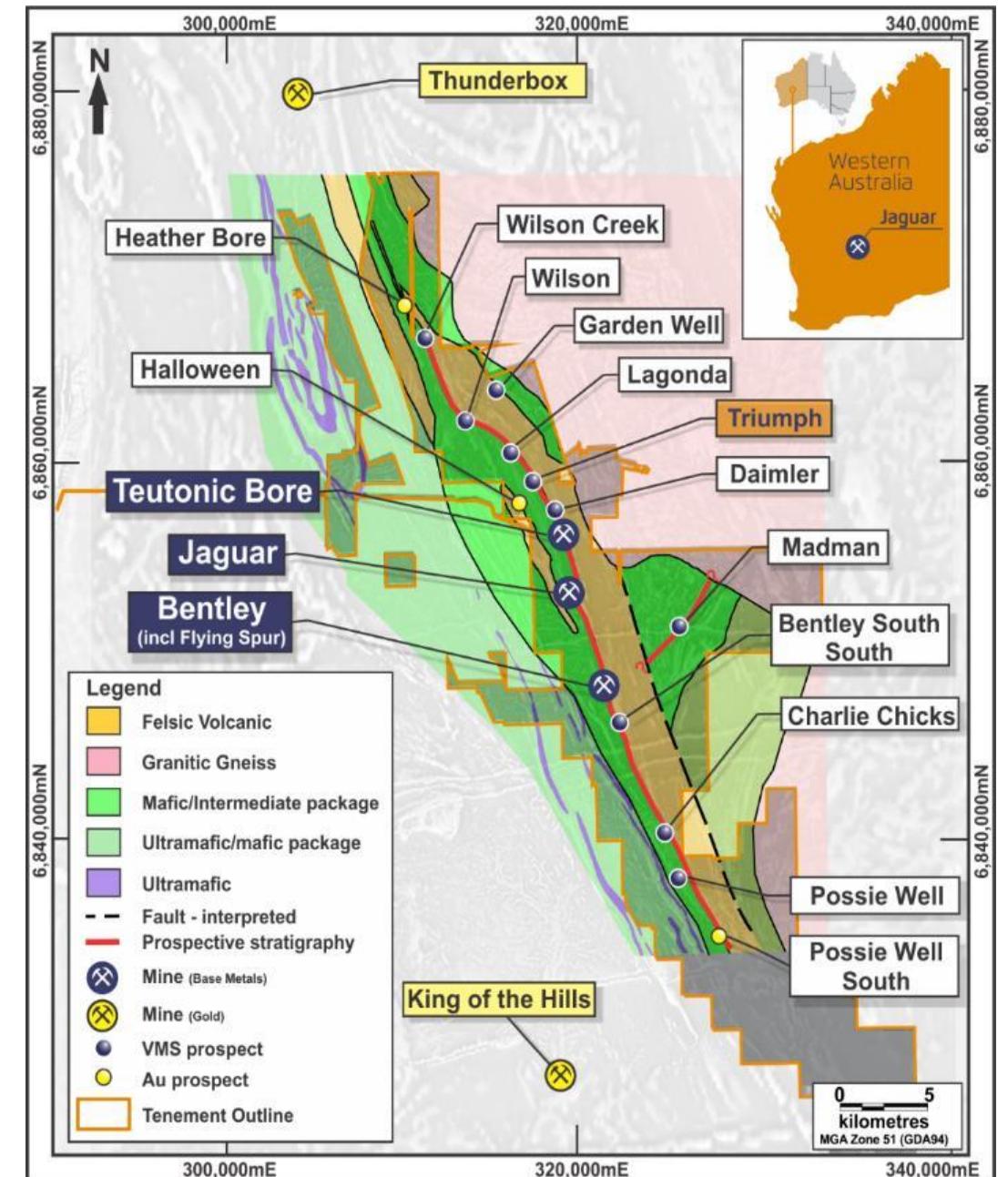
## VMS Corridor with cluster of orebodies



<b>Overview</b>	IGO 100% High grade Underground Cu – Zn VMS	
<b>Resource<sup>(1)</sup></b>	51,000t Cu, 256,000t Zn & 13.1Moz Ag	
<b>Reserve<sup>(1)</sup></b>	16,000t Cu, 137,000t Zn & 6.7Moz Ag	
<b>Production Guidance FY17</b>	39,000 to 43,000t Zn in concentrate 4,600 to 5,100t Cu in concentrate	
<b>Operating cost Guidance FY17</b>	Payable Cash cost A\$0.70 to 0.80/lb Zn	
<b>Capital Guidance FY17</b>	Sustaining A\$8 to 9M	Development A\$12 to 13M
<b>Exploration Budget Guidance FY17</b>	A\$3 to 4M	

### Key developments and potential

- Delivery of maiden resource estimate and pre-feasibility study for the Triumph deposit expected mid CY17
- Process plant study to investigate potential for High Precious Metals concentrate by mid CY17
- Bentley in-mine exploration drilling will continue into 4Q17 to define the potential geometry and extent of mineralisation intersected to date
- Although 4Q17 production is expected to be stronger, unlikely to achieve full year zinc production guidance



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 14<sup>th</sup> Oct 2016

# Long Mine

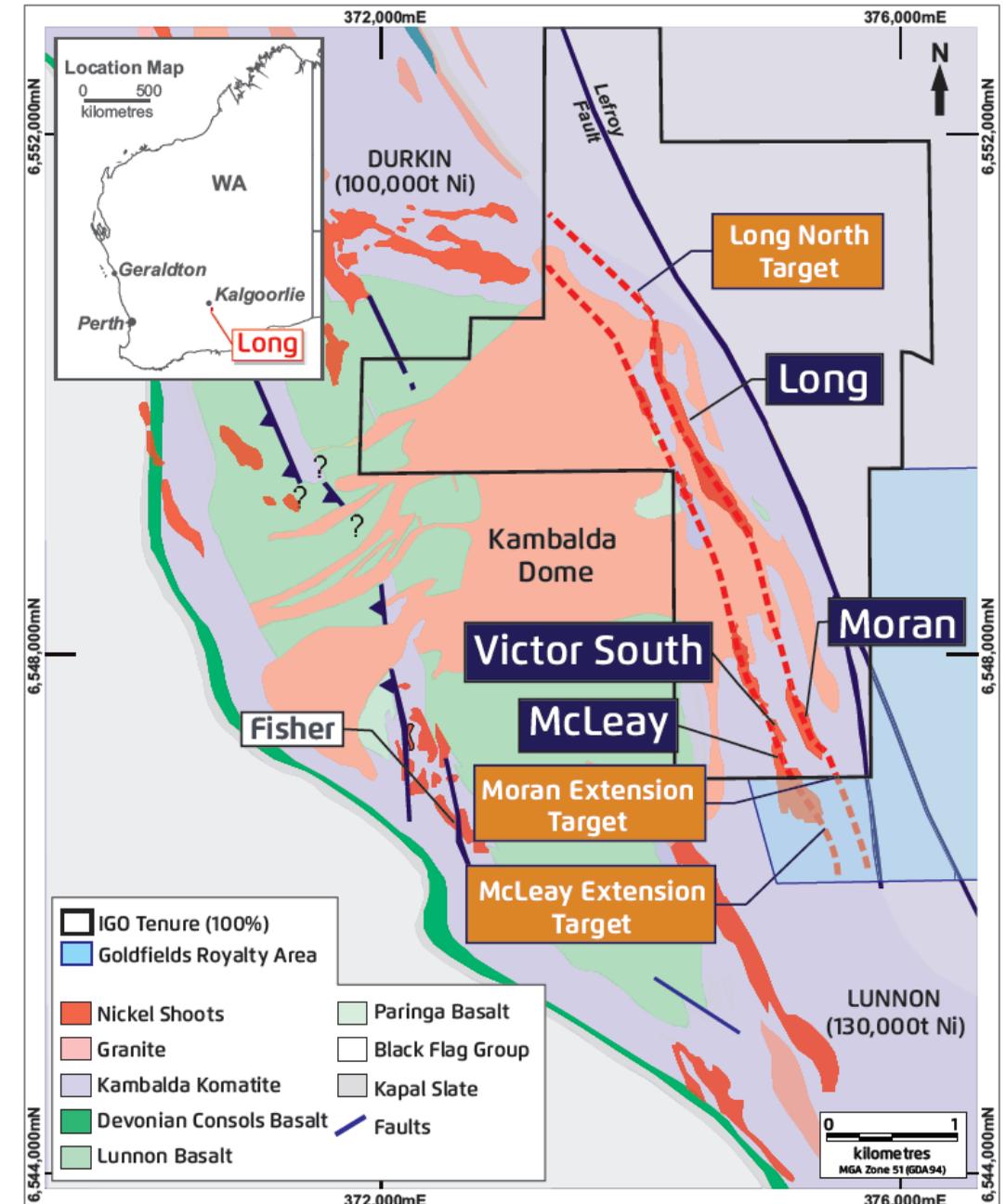


## High grade underground nickel on the Kambalda dome

<b>Overview</b>	IGO 100% high-margin underground nickel Average grade project to date of 3.8% Ni Consistent low cost producer
<b>Resource<sup>(1)</sup></b>	60,000 Ni t
<b>Reserve<sup>(1)</sup></b>	14,000 Ni t
<b>Production Guidance FY17</b>	7,400 to 8,200 Ni t
<b>Operating cost Guidance FY17</b>	A\$3.50 to 3.90/lb
<b>Capital Guidance FY17</b>	A\$1M
<b>Exploration Budget Guidance FY17</b>	A\$2 to 3M

### Key developments and potential

- Consistent high margin production
- 3Q17 and YTD production and cash costs all better than guidance
- Interpretation of the reprocessed seismic data to identify near infrastructure exploration targets is ongoing



1) For further information on Mineral Resources and Ore Reserves please refer to ASX release on 14<sup>th</sup> Oct 2016



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