



## **CONSISTENT OPERATIONAL PERFORMANCE DELIVERS RECORD FINANCIAL RESULTS**

IGO Limited (ASX: IGO) (IGO or the Company) is pleased to report its results for the year ended 30 June 2020 (FY20). Refer also to IGO's ASX Appendix 4E and Annual Financial Report for FY20, both released on 27 August 2020.

### **Highlights**

- **Record underlying free cash flow<sup>1</sup> of A\$311M for the year, bringing cash to A\$510M along with investments of A\$108M and debt of A\$57M at 30 June 2020.**
- **Record revenue and other income for the year of A\$892M, generating underlying EBITDA<sup>1</sup> of A\$460M at an improved margin of 52% for the Group.**
- **Record net profit after tax (NPAT) for the year of A\$155M, a 104% improvement over FY19.**
- **Nova production for FY20 above guidance for all metals, at a cash cost of A\$2.41 per payable pound of nickel. FY20 nickel production at 30,436t.**
- **Tropicana delivered within guidance while development of Boston Shaker Underground progressed toward completion.**
- **Continued focus on generating organic and inorganic growth opportunities. Exploration activity focused on drill test targets on the Fraser Range, while the greenfields copper portfolio expanded in the Paterson province through new joint ventures.**
- **Final unfranked dividend declared of 5c per share in line with capital management policy.**

Peter Bradford, IGO's Managing Director & CEO said: "FY20 was a highly successful year for IGO, in which our track record of outstanding operational performance continued, leading to record financial results and strong cash returns for shareholders. Group revenue and other income of A\$892M, and underlying EBITDA of A\$460M resulted in a record net profit after tax of A\$155M. Our performance was primarily driven by the continued strength of the Nova Operation which exceeded production guidance for FY20, while Tropicana also consistently generated strong free cash flow for the business.

We achieved these results despite the many challenges which arose throughout the year, including bushfires in early 2020 followed by the onset of the global COVID-19 pandemic. While these situations tested and challenged our people, I am proud that our team was able to demonstrate their resilience, adaptability and professionalism, and benefit from the strength of our unique culture.

Our strong financial performance and continued free cash flow generation has enabled the Board to declare a A\$0.05 per share final unfranked dividend for FY20. Along with the A\$0.06 per share interim unfranked dividend paid in February brings total returns to shareholders to A\$0.11 per share or A\$65M for FY20.

Our focus into FY21 is firmly on growing the business through both exploration and disciplined mergers and acquisitions. We have committed A\$65M to exploration and discovery in FY21 to unlock the mines of the future. Our established, belt-scale land positions have been strategically selected to maximise success and we have clear and defined work programs for the coming year. Our M&A strategy remains focused on growing the business by identifying and securing interests in high quality, long life mineral assets which meet our investment criteria. Both of these growth strategies prioritise commodities which are aligned to our strategy focused on the metals required to enable a green energy future.

I would like to take this opportunity to thank our people for their continued dedication to the business, and their persistence throughout the year. I would also like to acknowledge the contributions of all of our suppliers, local communities, contractors and customers for the role that they have played, and will continue to play, in IGO's success."

<sup>1</sup> Refer page 2 for a description of underlying adjustments. These adjustments, including underlying measures of EBITDA and free cash flow are non-IFRS financial measures. They should not be considered as alternatives to an IFRS measure of profitability, financial performance or liquidity.



## GROUP FINANCIAL SUMMARY

Year ended 30 June (A\$M)	FY20	FY19	Inc/(dec)
Total Revenue and Other Income	<b>892.4</b>	792.9	13%
Underlying EBITDA	<b>459.6</b>	340.7	35%
Net Profit After Tax	<b>155.1</b>	76.1	104%
Net Cash Inflow from Operating Activities	<b>397.5</b>	372.3	7%
Net Cash Outflow from Investing Activities	<b>(115.3)</b>	(82.8)	39%
Net Cash Outflow from Financing Activities	<b>(117.0)</b>	(80.8)	45%
Interim and Final Dividends (A\$ per share)	<b>0.11</b>	0.10	10%

Year ended 30 June (A\$M)	2020	2019	Inc/(dec)
Total Assets	<b>2,293.0</b>	2,190.3	5%
Cash	<b>510.3</b>	348.2	47%
Debt	<b>57.1</b>	85.7	(33%)
Total Liabilities	<b>367.2</b>	341.2	8%
Shareholders' Equity	<b>1,925.8</b>	1,849.1	4%
Net tangible assets (A\$ per share)	<b>3.26</b>	3.13	4%

### Financial Summary

IGO generated record revenue, underlying EBITDA<sup>2</sup> and underlying free cash flow<sup>3</sup> for the second year in a row. Revenue and other income of A\$892M was 13% higher than the previous year's result of A\$793M, a result of increased revenue from sale of nickel and copper concentrates from Nova and gold bullion from Tropicana.

The Nova Operation delivered another outstanding year of operational performance, with metal production in excess of guidance for all metals. Despite slightly lower nickel production for FY20, payable nickel, copper and cobalt sales volumes were largely in line with the prior year, however revenue was 18% higher year on year due to higher metals prices in FY20.

Production from the Tropicana Operation was within guidance for FY20, however 11% lower than the prior year, a result of lower ore tonnes mined following the scheduled completion of grade streaming during the year and the planned transition into the treatment of lower grade stockpiled ore. IGO's share of gold sold of 141,169 ounces was 9% lower than the prior year, however this was offset by higher realised gold prices during the year. The development of the Boston Shaker underground mine commenced in May 2019 and remains on track with commercial production expected in the September 2020 quarter.

Exploration and evaluation expense increased by A\$14M in FY20 compared to FY19, due to a more drill intensive exploration program on the Fraser Range together with an increase in evaluation due diligence work. As a result of COVID-19 restrictions, exploration activity in the Kimberley, Northern Territory and Greenland was curtailed during the year with spare capacity transferred to increased drill testing activity on the Fraser Range.

IGO generated record underlying EBITDA of A\$460M (FY19: A\$341M), and a record net profit after tax (NPAT) of A\$155M (FY19: A\$76M).

<sup>2</sup> Underlying EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) of A\$460M (FY19: A\$341M) excludes net gain on sale investments and other property of A\$3.6M and impairment of exploration expenditure of A\$1.0M (FY19: net gain on sale of subsidiaries A\$2.6M).

<sup>3</sup> Free Cash Flow is representative of Net Cash Inflow from Operating Activities less Net Cash Outflow from Investing Activities totalling A\$282M (FY19: A\$290M). Underlying adjustments exclude payments for mineral interests and financial assets of A\$56.2M (FY19: A\$14.9M), deferred consideration proceeds on the sale of a subsidiary in 2018 of A\$16.1M (FY19: A\$16.7M) and net proceeds on sale of investments and other property of A\$11.5M (FY19: A\$10.0M).

# FY20 FINANCIAL RESULTS



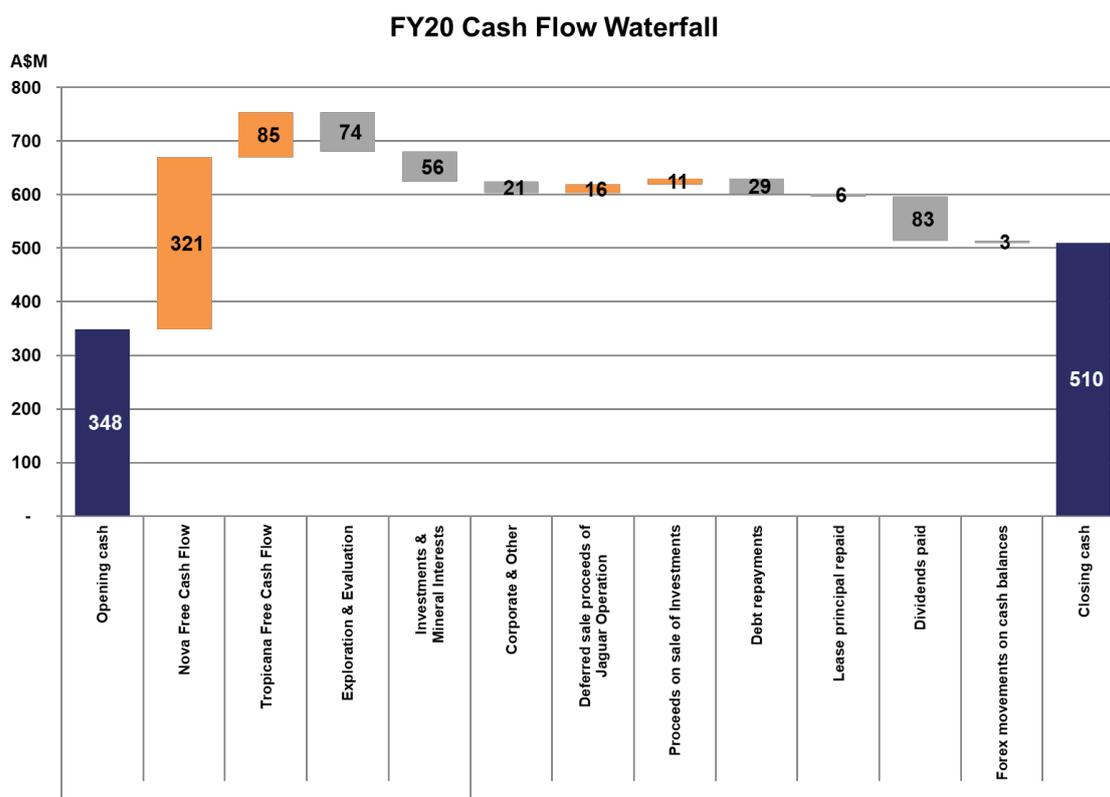
The Company's net cash position strengthened during the year to A\$453M (FY19: A\$263M), a result of year-end cash balances of A\$510M, offset by the Company's outstanding debt of A\$57M.

Cash flows from operating activities for the Group were A\$398M, compared to the FY19 year of A\$372M. Nova generated A\$335M cash flows from operating activities, which was a result of 22,260 tonnes of payable nickel sold (FY19: 22,434 tonnes), 13,115 tonnes of payable copper (FY19: 12,208 tonnes) and 390 tonnes of payable cobalt (FY19: 372 tonnes) sold during the year. Tropicana generated cash from operating activities of A\$153M. Cash flow from operating activities also included A\$61M cash outflow for exploration expenditure, A\$9M for project and opportunities evaluation expenditure and A\$20M cash outflow for corporate, net borrowing and other costs.

Cash outflows from investing activities increased to A\$115M for the year, up from A\$83M for the FY19 year. The Company spent A\$68M on development expenditure, with the majority being waste stripping and Boston Shaker underground development at the Tropicana Operation (A\$61M), with the balance of A\$7M relating to underground mine development at Nova. Payments for investments and mineral interests of A\$56M during the year include a A\$27M share placement in New Century Resources Limited. IGO also received the second deferred consideration of A\$16M in respect of the divestment of the Jaguar Operation in 2018.

Cash flows from financing activities during the year included one semi-annual repayment of borrowings totalling A\$29M. In response to the COVID-19 outbreak, and as a precautionary measure, management proactively sought to defer payment of the March 2020 scheduled debt repayment of A\$29M to September 2020. The Company also paid dividends totalling A\$83M during FY20 and lease principal repayments totalling A\$6M. Lease principal repayments relate to the introduction of Accounting Standard AASB16: Leases and are a reclassification of costs previously classified as operating cash flows.

The chart below outlines the significant cash flows for the Company during FY20:



## FY21 GUIDANCE

### Guidance commentary

IGO's guidance was previously announced in its Quarterly Report for the period ended 30 June 2020, which was released on 29 July 2020. This has been summarised below and should be read in conjunction with the aforementioned report:

Mining Operation	Units	FY21 Guidance
<b>Nova</b>		
Nickel in concentrate	t	27,000 to 29,000
Copper in concentrate	t	11,000 to 12,500
Cobalt in concentrate	t	850 to 950
Cash cost (payable)	A\$/lb Ni	2.40 to 2.80
Sustaining/improvement capex	A\$M	18 to 20
Development capex	A\$M	2 to 4
<b>Tropicana (IGO 30%)</b>		
Gold produced (100% basis)	koz	380 to 430
Gold sold (IGO's 30% share)	koz	114 to 129
Cash cost	A\$/oz Au	1,040 to 1,120
All-in Sustaining Costs	A\$/oz Au	1,730 to 1,860
Sustaining/improvement capex (30%)	A\$M	11 to 16
Capitalised waste stripping (30%)	A\$M	65 to 70
Underground capex (30%)	A\$M	10 to 14
<b>Exploration</b>		
Exploration expenditure	A\$M	65

## FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although IGO Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. IGO cautions against undue reliance on any forward-looking statement or guidance, particularly in light of the current economic climate and significant volatility, uncertainty and disruption, including that caused by the COVID-19 pandemic. Past performance cannot be relied on as a guide of future performance.

## INVESTOR WEBCAST

An investor webcast has been scheduled for 10.00am AEST/8.00am AWST on Thursday, 27 August 2020. The webcast link can be found below.

### Webcast Details

The live link to the webcast is below:

<https://services.choruscall.com.au/webcast/igo-200827.html>

Please note it is best to log on at least 5 minutes before 10am AEST (8am AWST) on Thursday, 27 August 2020 to ensure you are registered in time for the start of the presentation.

Investors are advised that, in addition to the live webcast, a recording of the presentation will be available on the IGO website [www.igo.com.au](http://www.igo.com.au) approximately one hour after the conclusion of the webcast.

# FY20 FINANCIAL RESULTS



## INVESTOR AND MEDIA ENQUIRIES:

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This announcement is authorised for release to the ASX by Peter Bradford, CEO & Managing Director