

# INDEPENDENCE GROUP

## Diggers and Dealers Mining Forum 2019

*Peter Bradford, Managing Director and CEO*



5 August 2019  
ASX:IGO / ADR:IIDDY

# Agenda



**Where have we come from and what have we done well?**

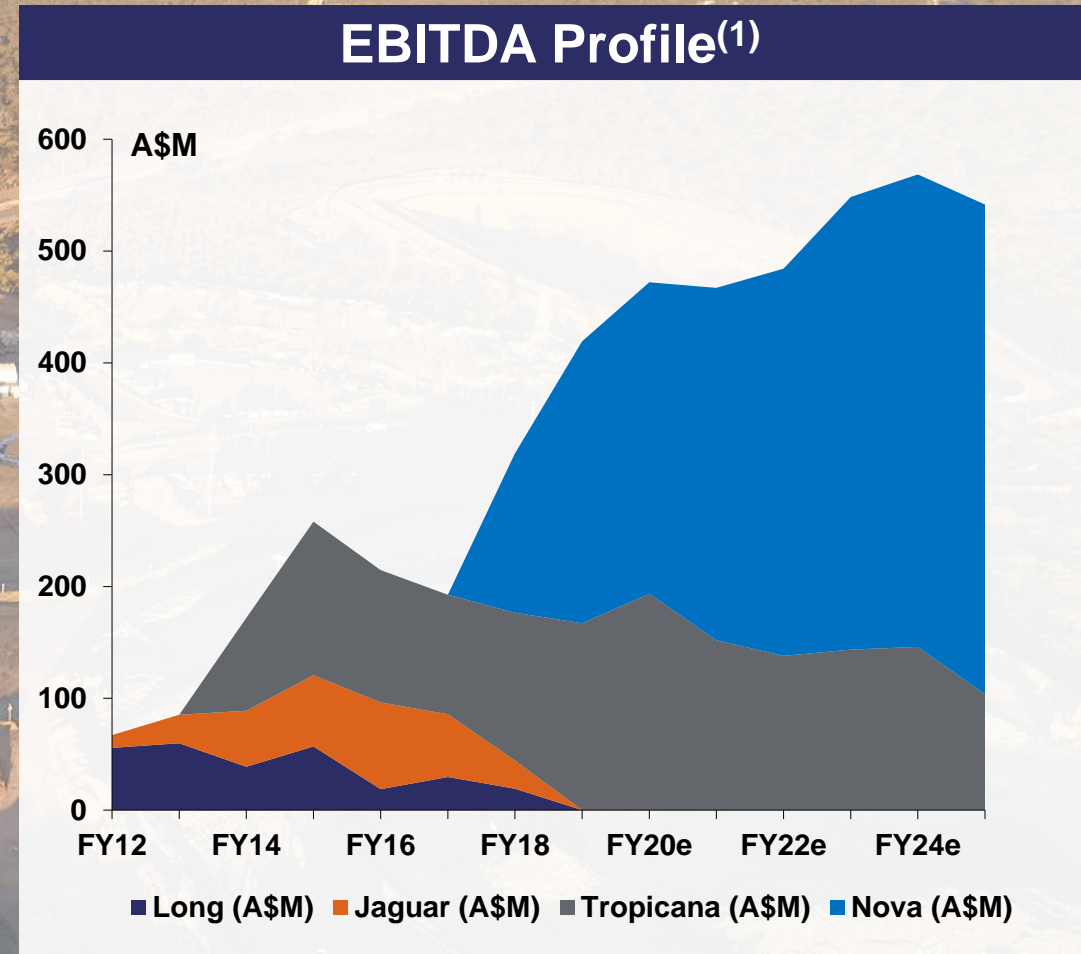
**Where are we today and what is our purpose?**

**Where do we go next and what does success look like?**

# Where have we come from?



- ✓ Improved ESG & safety record
- ✓ Tropicana value enhancement
- ✓ Streamlined portfolio
- ✓ Nova operational delivery
- ✓ Positioned IGO as a leading explorer
- ✓ Built a great team and culture



# We have built a great team & culture



Strong sense of purpose

An empowered team who want to make a difference

Focus on doing what is right – because we care

Fostering the next generation of industry leaders

▲ **37%**  
Lower  
Turnover Rate  
YoY

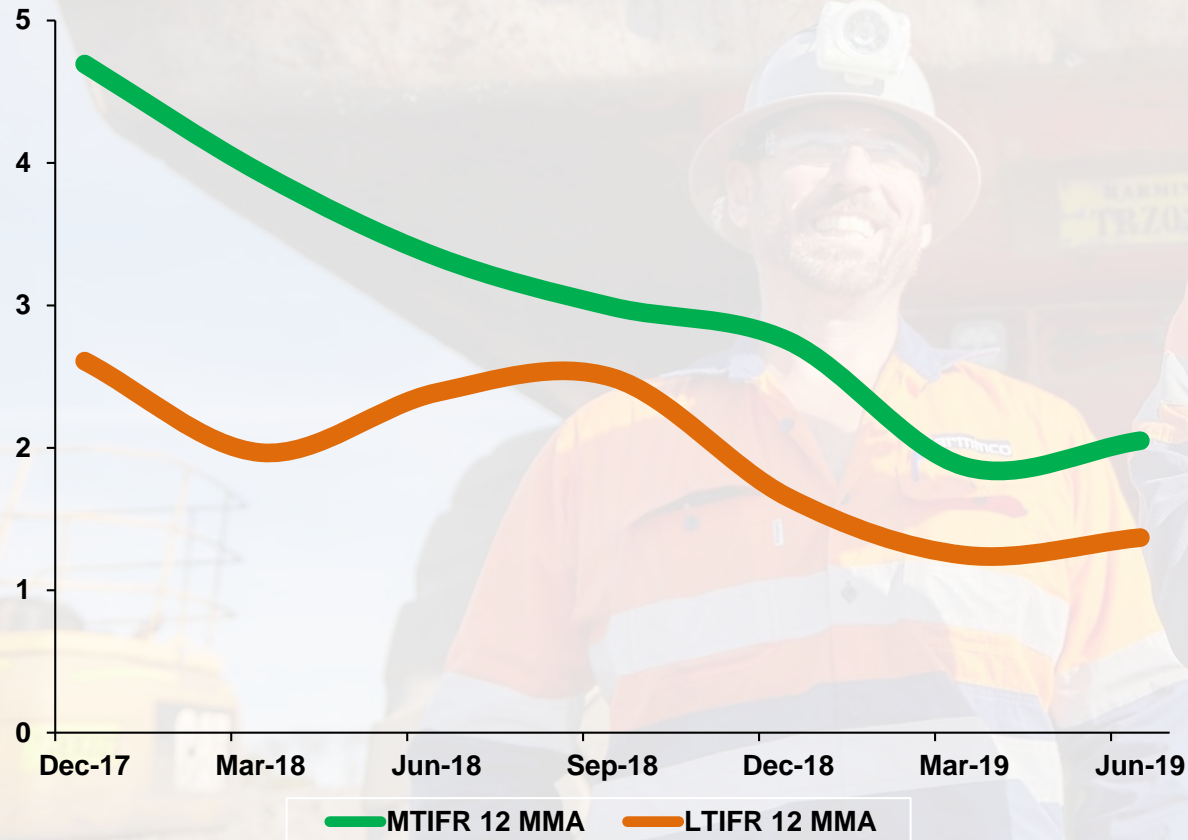
▲ **15%**  
YoY Employee  
Engagement  
Score  
Increase

▲ **25%**  
Female  
Employees  
and 3%  
Indigenous

# We have improved our ESG & Safety



Key Lag Injury Metrics<sup>(1)</sup>



▲ **470%**  
Leadership  
Interaction  
Rate<sup>(2)</sup>

▲ **53%**  
Lower Lost  
Time Injury  
Rate<sup>(2)</sup>

▲ **56%**  
Lower High  
Potential  
Incident  
Rate<sup>(2)</sup>

1) 12 month moving average LTIFR / MTIFR – Lost Time Injury Frequency Rate / Medically Treated Injury Frequency Rate: calculated as the number of Lost Time injuries x 1,000,000 divided by the total number of hours worked.

2) 30 June 2017 to 30 June 2019

# We have supported the next generation



**Recognise that graduates will be the future leaders of our company**

**Training and mentoring are at the core of our program**

**Committed to supporting new entrants into the mining industry**

**Program has more than doubled since 2018 with graduates intake of 14 in 2020**

# We delivered improved financial performance in FY19



## NPAT

**A\$76M**  
▲ 43% YoY

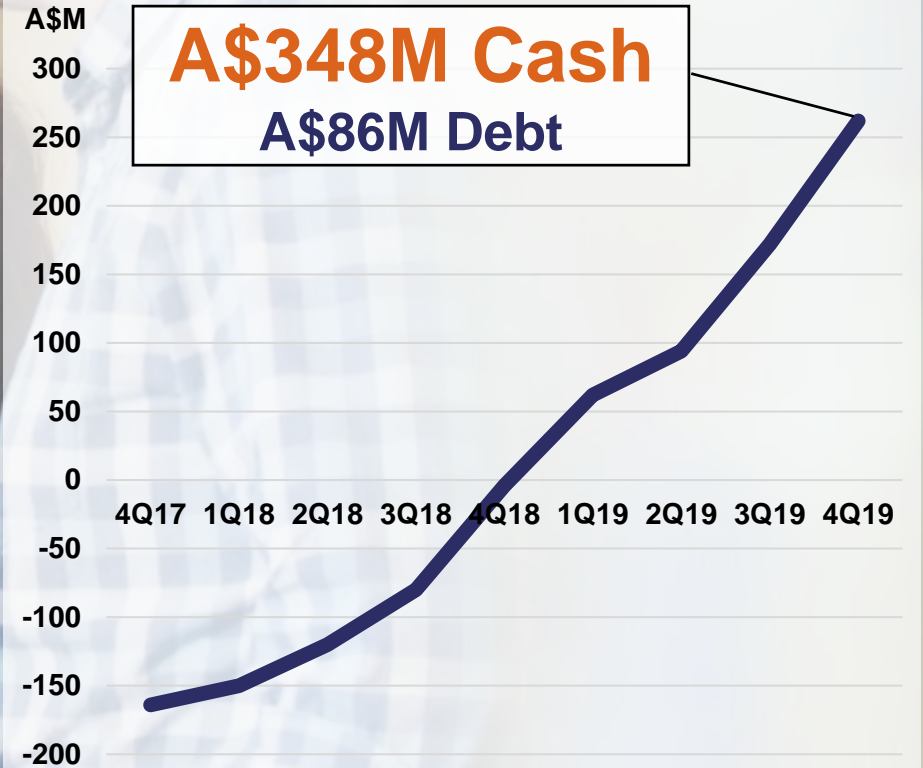
## Underlying FCF

**A\$278M**  
▲ 100% YoY

## FCF Yield

**11%**  
FY19 (unaudited)

## Net Cash



## Net Cash from Operating Activities

**A\$372M**  
▲ 34% YoY

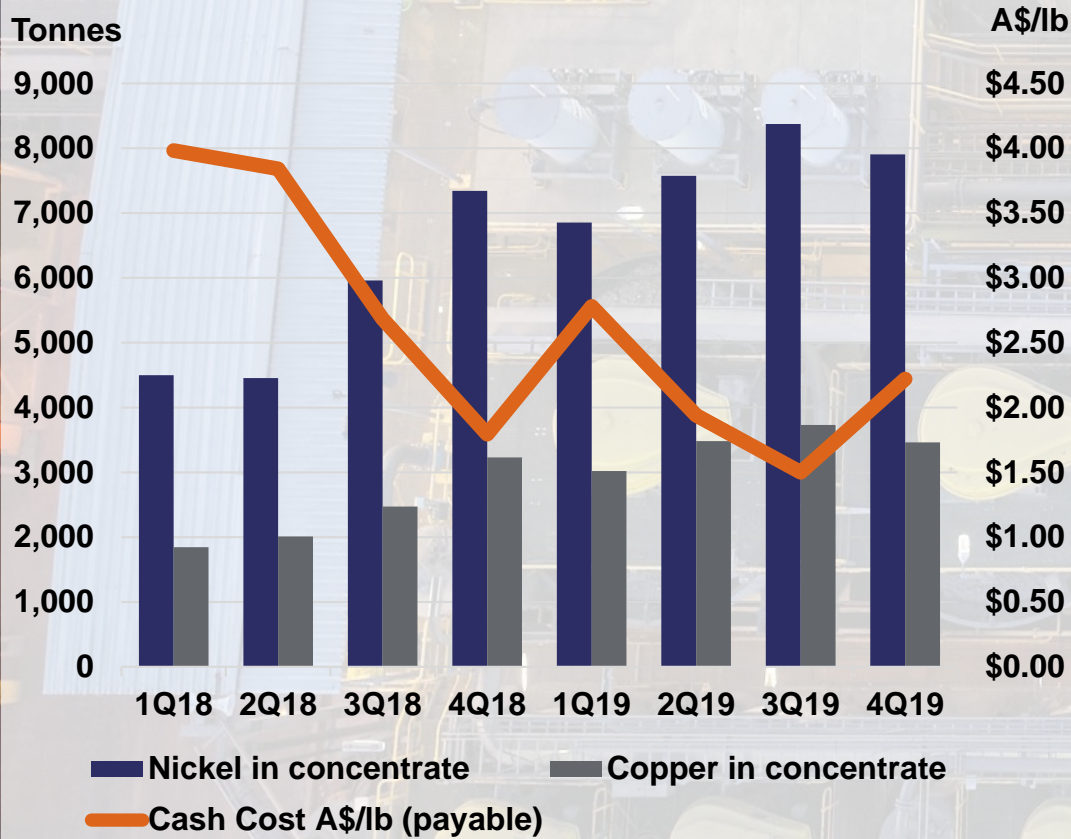
## EPS Growth

**44%**  
FY19

# We outperformed at Nova in FY19



## Improvements in production and costs



Strong second year of commercial production

Nickel Production of **30,708t**

Cash Costs of **A\$2.07/lb (payable)**

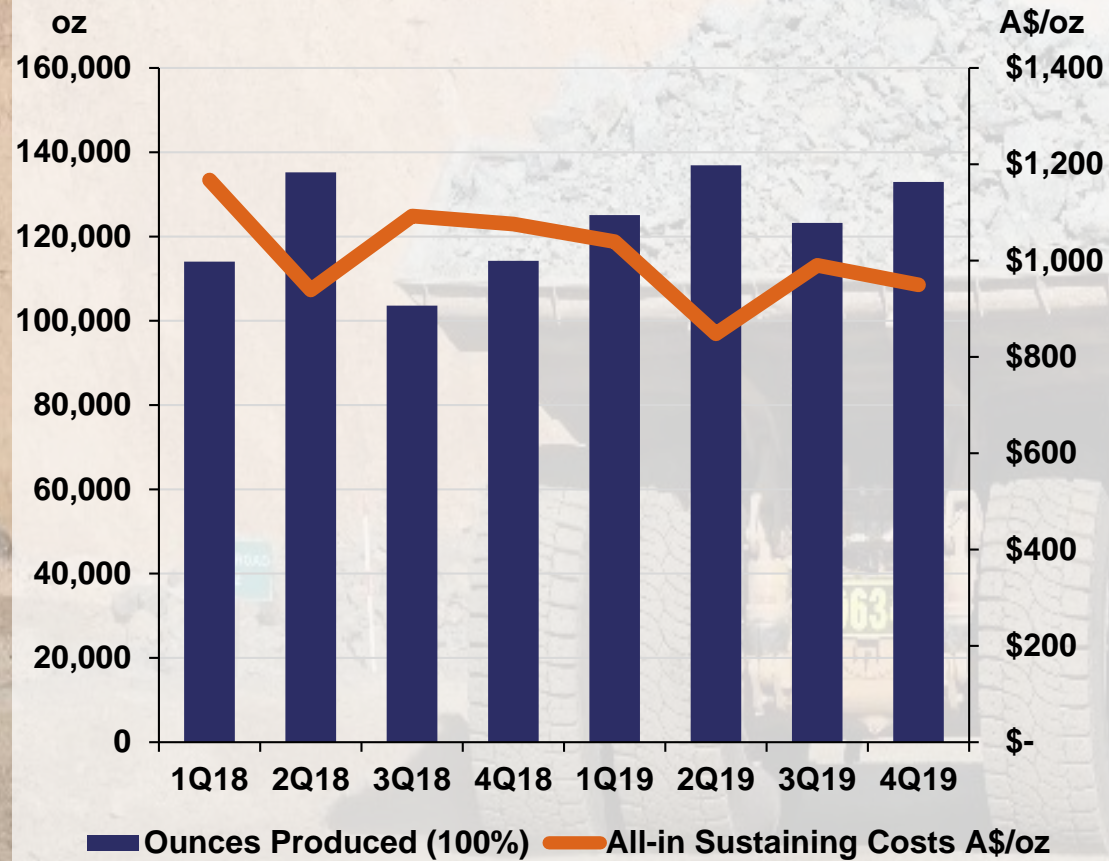
EBITDA margin of **51%**



# Tropicana delivered consistently in FY19



### Consistent production (100%) and cost profile



Track record of consistent delivery

Gold produced (100%) of **518,172oz**

AISC of **A\$951/oz**

EBITDA margin of **62%**

# We progressed multiple growth projects



**Commissioned second ball mill at Tropicana**

**Commenced Boston Shaker underground development at Tropicana**

**Multiple business improvement initiatives to improve safety & productivity**

**Progressed Nickel Sulphate downstream processing studies**

**Continued to strengthen exploration team and portfolio**

**Delivered step change understanding of exploration search space at Nova**

# Where are we today and what is our purpose?



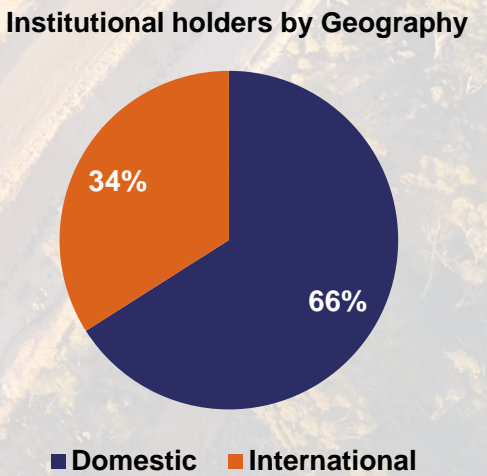
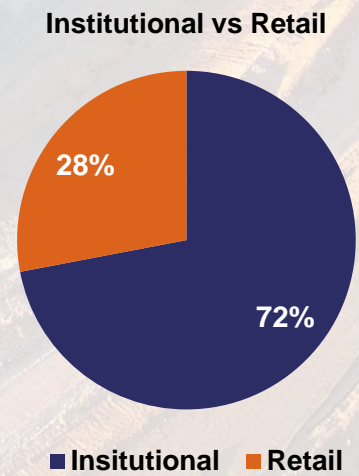
**Market Capitalisation<sup>(1)</sup>**  
**A\$3.2 billion**

**Shares on Issue<sup>(1)</sup>**  
**590 million**

**Cash<sup>(2)</sup>**  
**A\$348 million**

**Debt<sup>(2)</sup>**  
**A\$86 million**

## Shareholders<sup>(2)</sup>



1) As at 1 August 2019

2) As at 30 June 2019



# MAKING A DIFFERENCE

## Strategically focused on metals critical to clean energy



**Globally Relevant**



**High-quality Products**



**Vertically Integrated**



**Proactively Green**



**People**

# Why focus on metals critical to clean energy?



**Renewable energy and electric vehicles to reduce emissions**

**Grid scale energy storage to stabilise grids**

**Drives increased demand for nickel and copper**

# Let's look at electric vehicles (EVs)



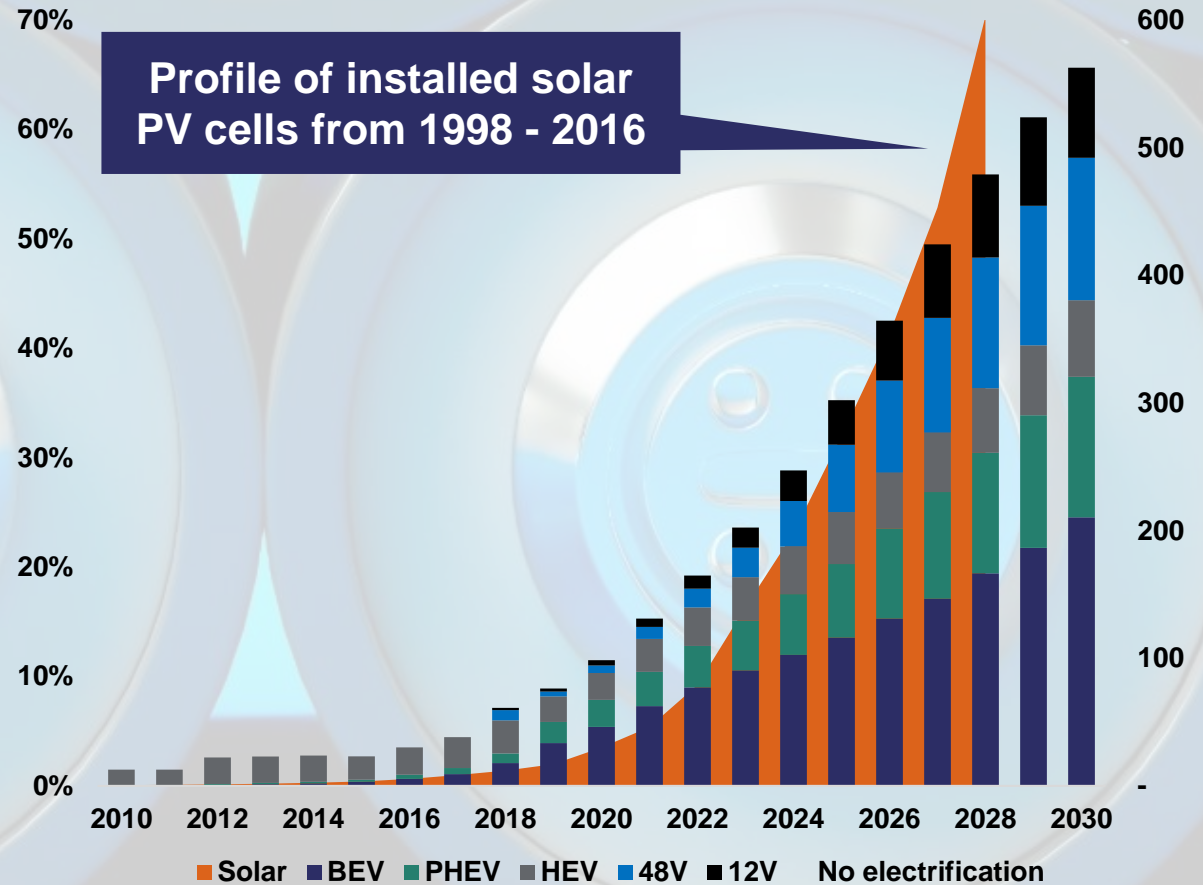
Number of EVs sold and forecast is increasing

Higher energy density and improved safety driving new applications

Disruptive technologies often follow a similar growth path

Potential for EV adoption to accelerate due to lower cost and increased regulation

Outlook for passenger electrification<sup>(1,2)</sup> (% of sales)



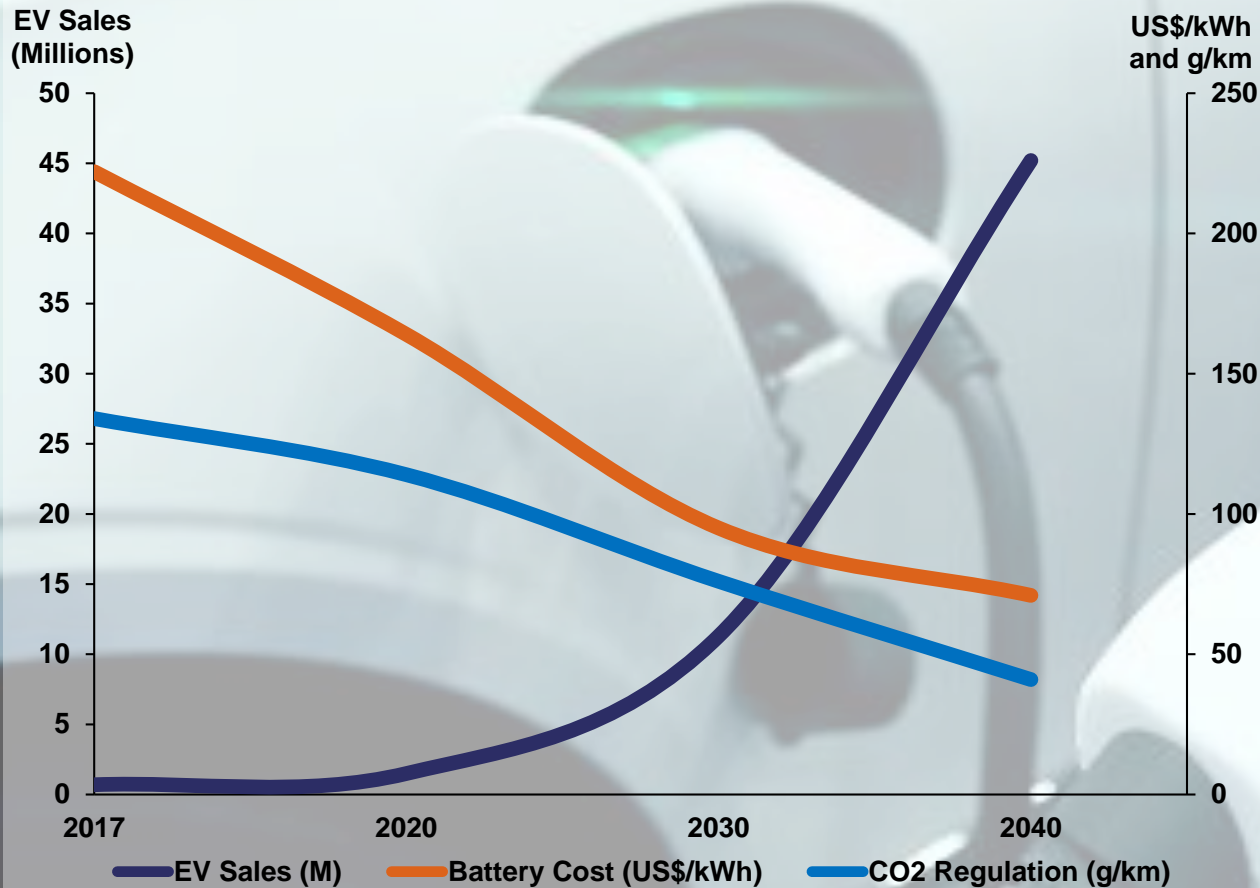
1) Source: BP Statistical Review of Global Energy 2016

2) Source: Roskill, 2019

# Lower battery costs to help EV demand



## EV Battery Cost Outlook<sup>(1)</sup>



Subsidies, regulation and penalties

Increased recharge infrastructure

Improved quality and battery life

Lower cost

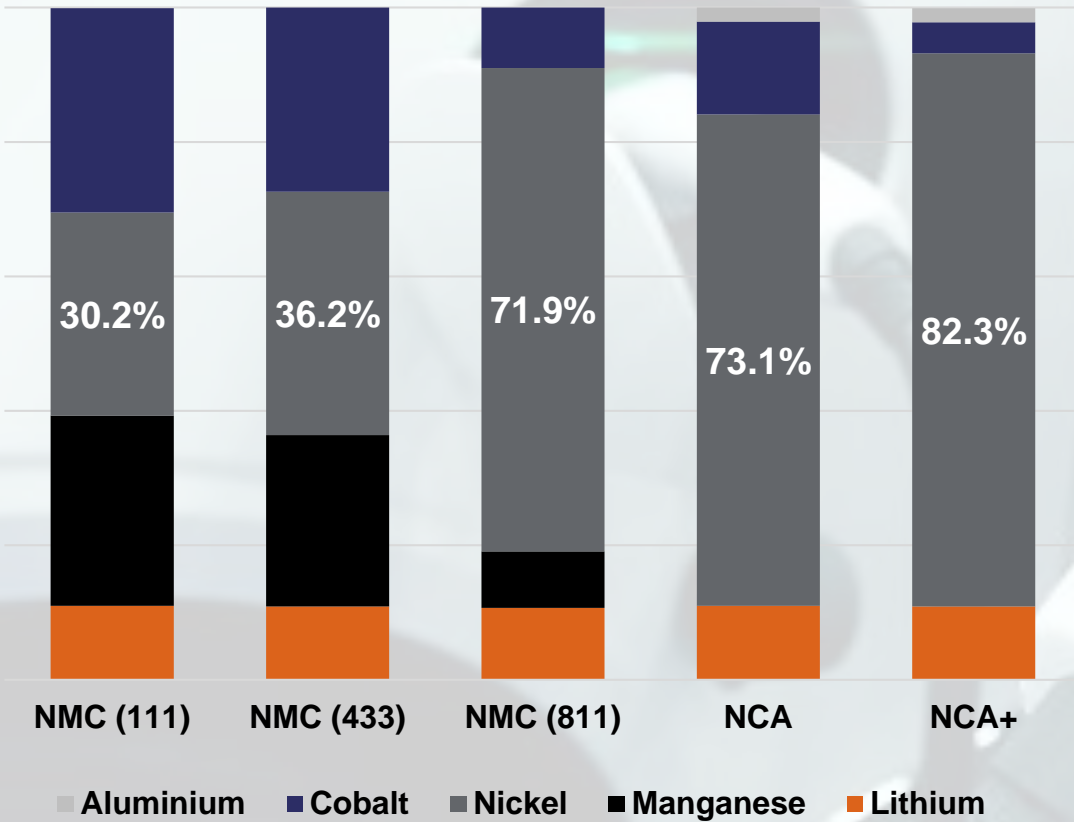
Changing consumer preferences

1) Source: Goldman Sachs: Back to reality, back to Hybrid – April 2019

# Battery chemistry trending in nickel's favour



EV batteries becoming more nickel intensive<sup>(1)</sup>



NMC (811) or NCA in 80% of EVs by 2025<sup>(2)</sup>

+50kg of nickel in a Tesla S



1) Source: Proportion of metals in EV battery cathodes for different battery chemistries

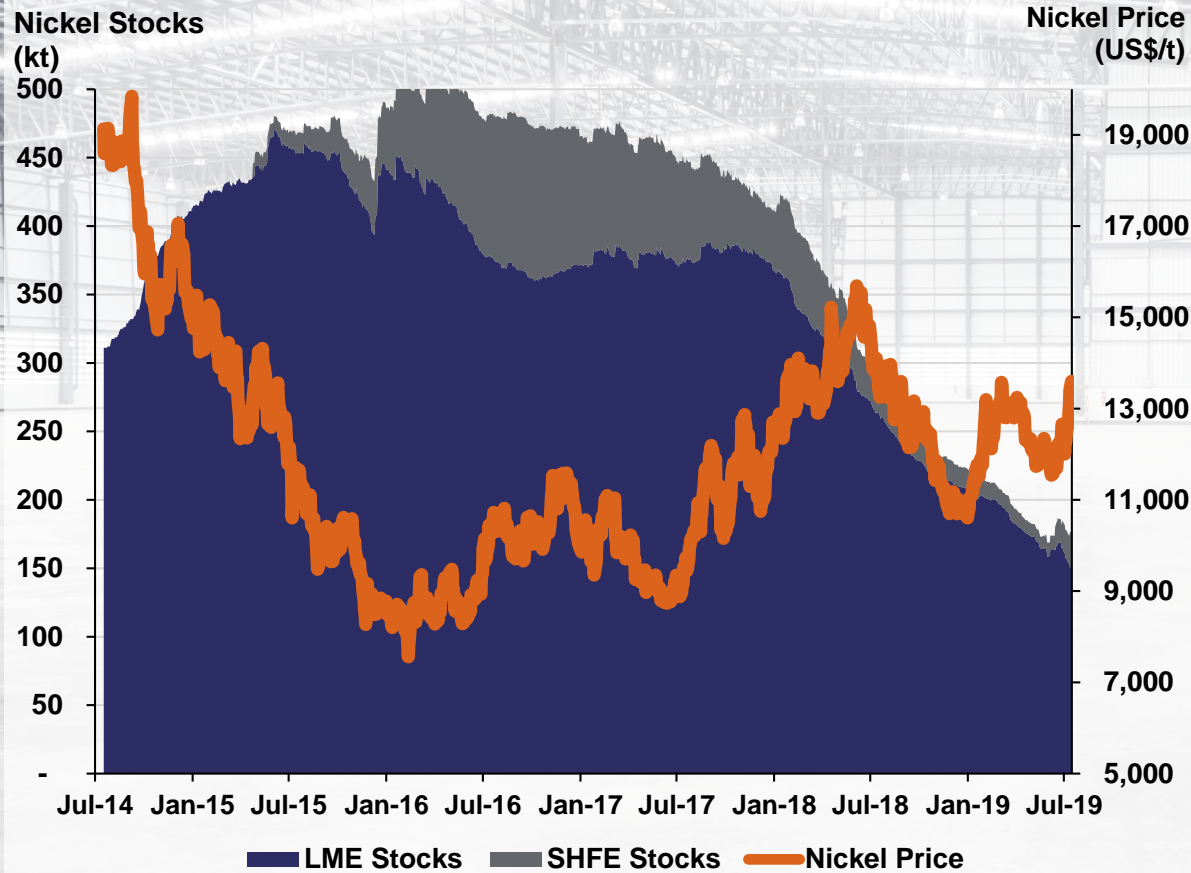
2) Source: Goldman Sachs: Nickel: The "hope stock" of metals - June 2019



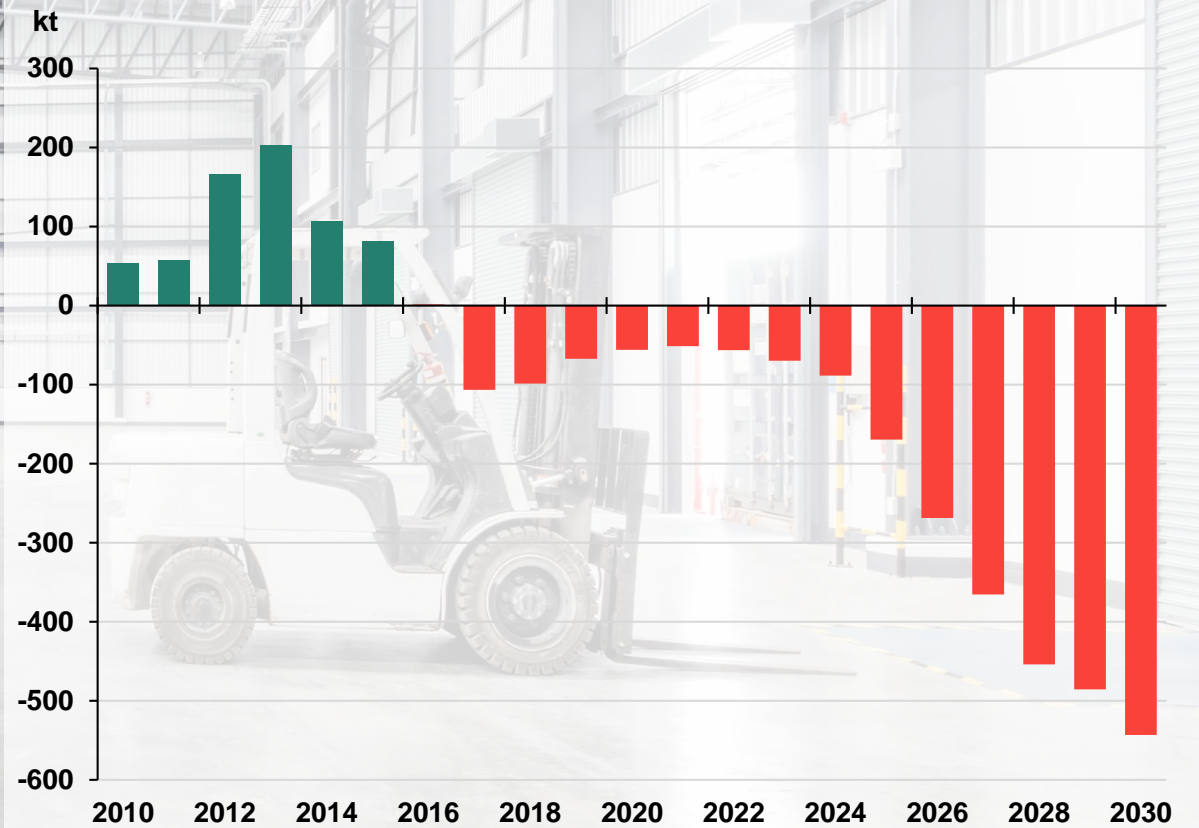
# Nickel market forecast to continue in deficit



### Nickel Stockpiles vs Price<sup>(1)</sup>



### Nickel Market Supply Balance<sup>(2)</sup>



1) Source: Bloomberg

2) Source: Roskill

# The path forward....



## Operational Perspective

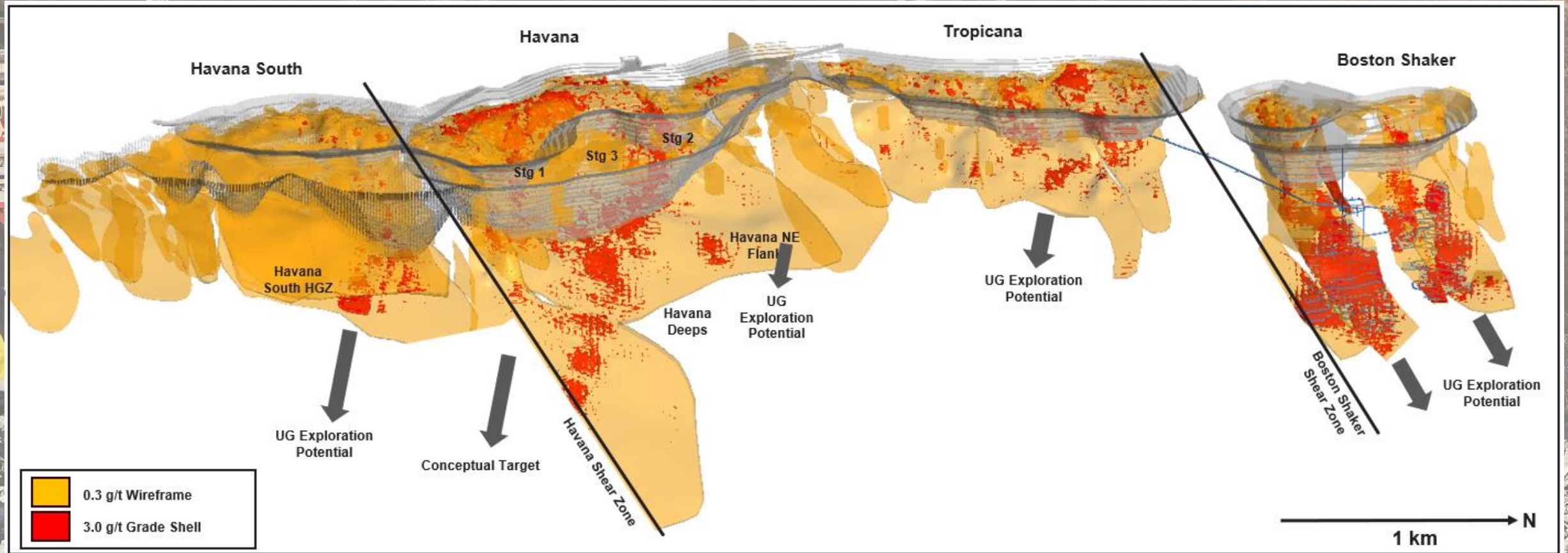
- Nova and Tropicana value enhancement & optimisation

## Growth Perspective

- Mine life extension through brownfields exploration
- Downstream opportunities to unlock value
- M&A to fill the development pipeline (Cu & Ni focus)
- Exploration and discovery to find the mines of the future



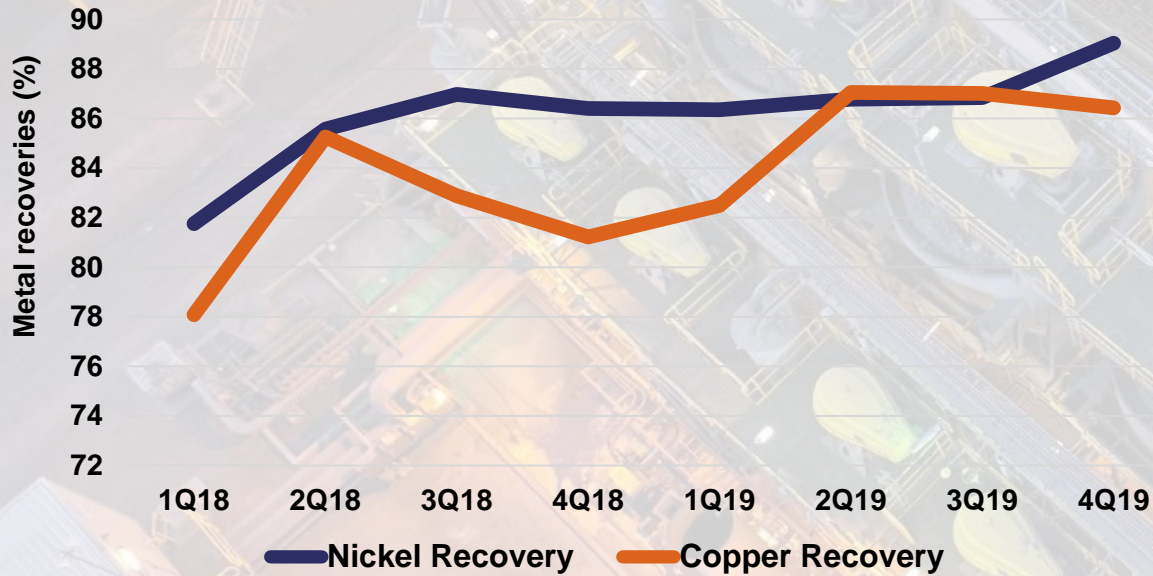
# Significant underground upside at Tropicana



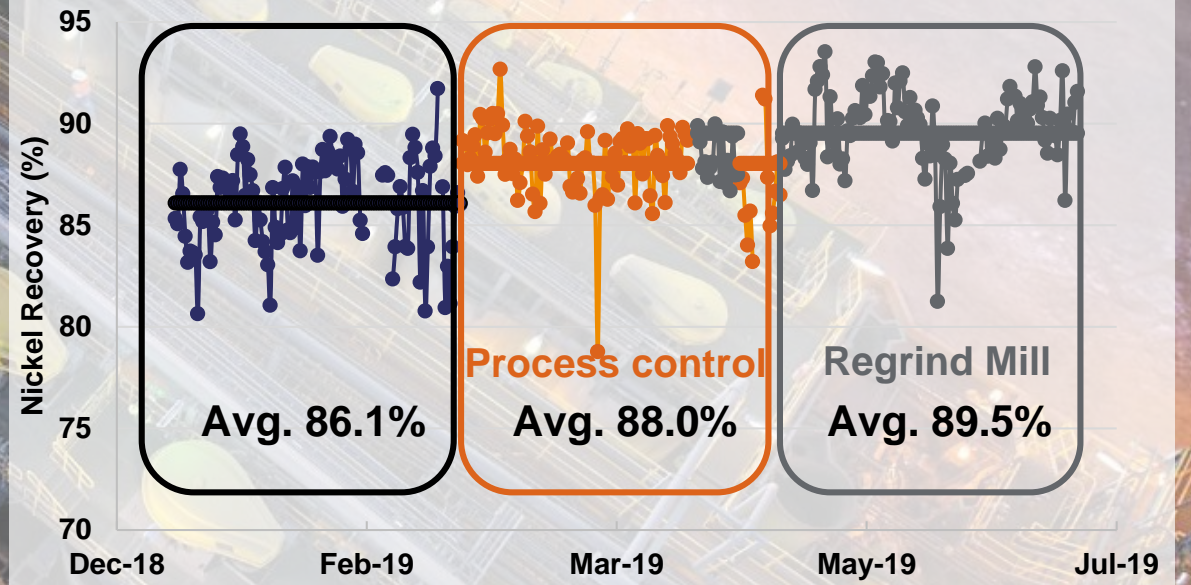
# Higher recovery through continuous improvement



## Recoveries trending higher



## Average nickel recoveries improving

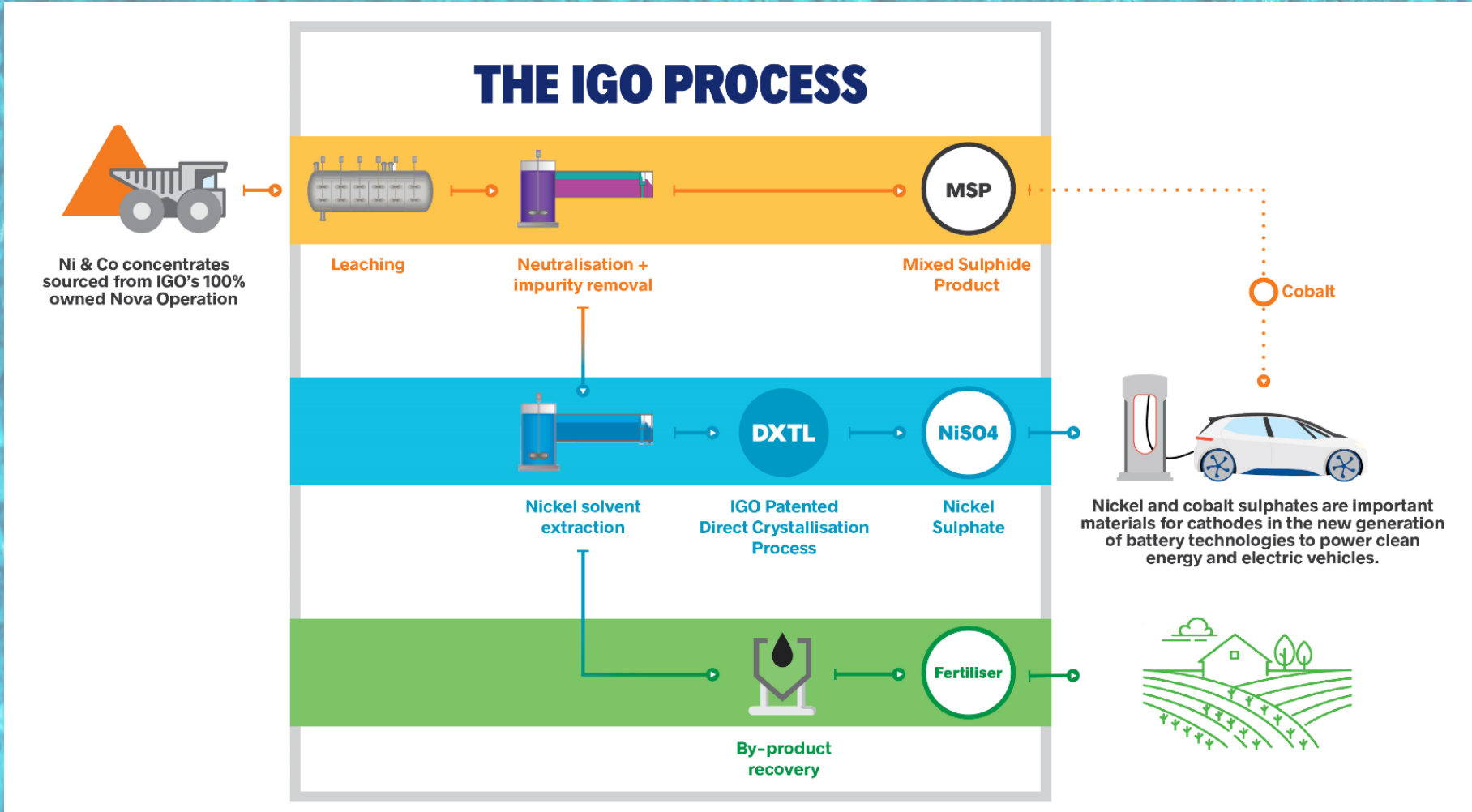


**2.2% YoY improvement in nickel recovery with step change in 4Q19**

**4.5% YoY improvement in copper recovery**

**Further upside potential in FY20 with multiple ongoing work programs**

# Downstream processing



High metal extraction

Lower cost <sup>(1)</sup>

Lower emissions <sup>(1)</sup>

Lower waste <sup>(1)</sup>

1) Compared to existing alternative processes to convert nickel concentrate to nickel sulphate

# Technical viability of IGO Process confirmed



## Strong results from test work at bench and pilot scale:

- ✓ High metal extraction (+97%)
- ✓ Battery grade product
- ✓ Strong environmental credentials

Current Work Underway

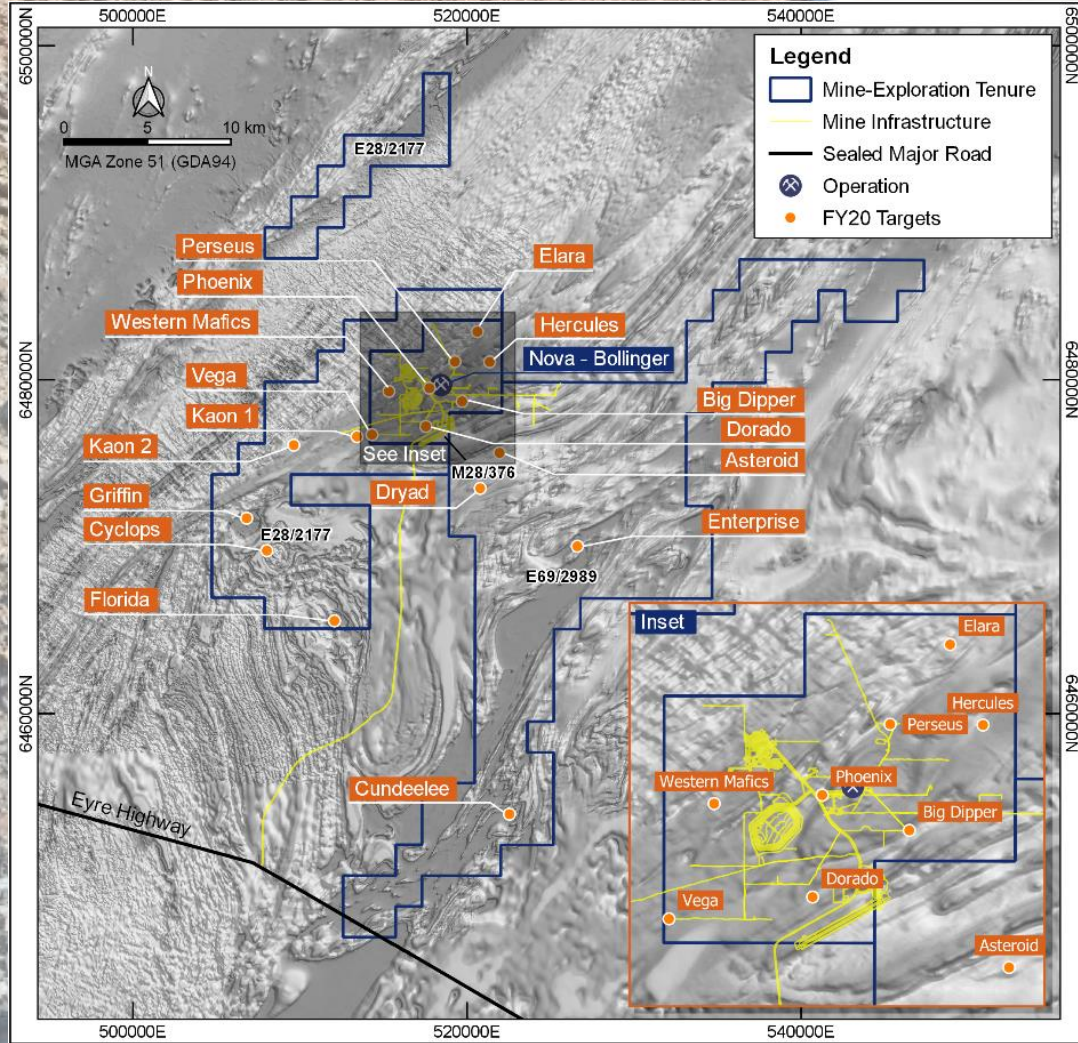
Site selection

Flow sheet optimisation

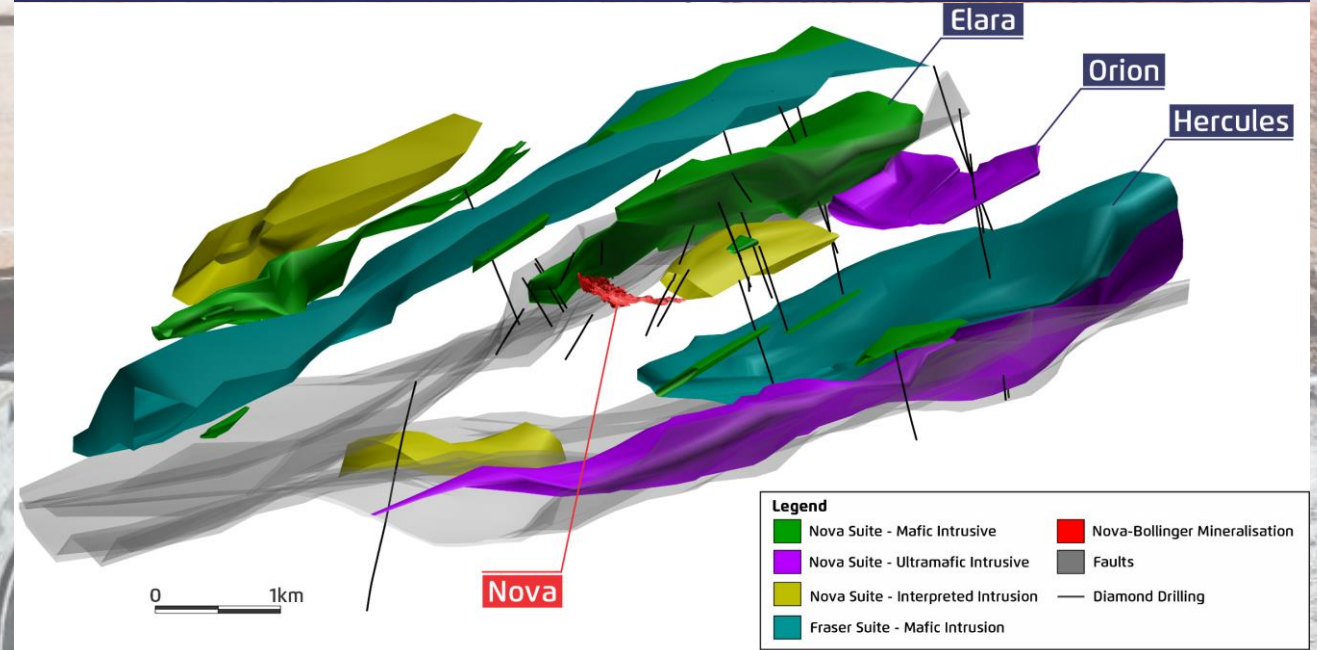
Maximising by-product production

Complete PFS 2Q20

# Nova search space much larger than first thought



## 3D Modelling of Magmatic Intrusives on Nova Mine Lease



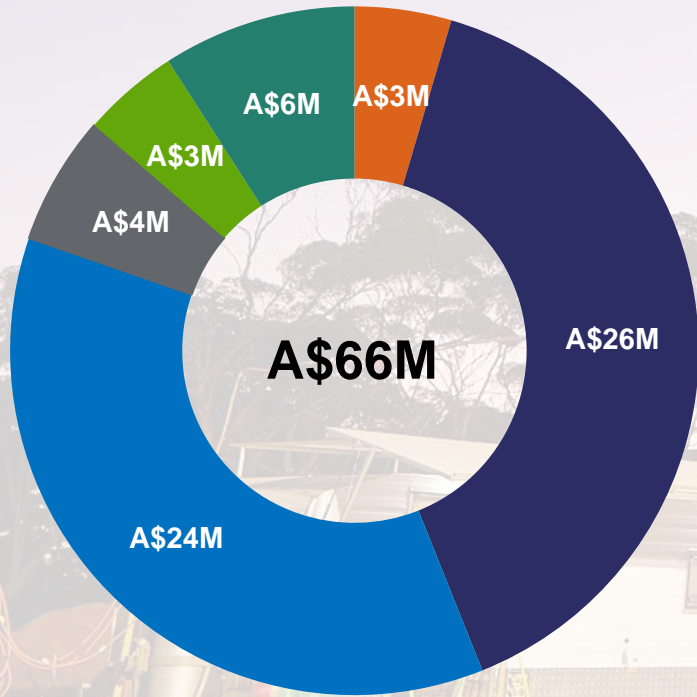
Much larger system than previously apparent

Accelerated drill program planned for FY20

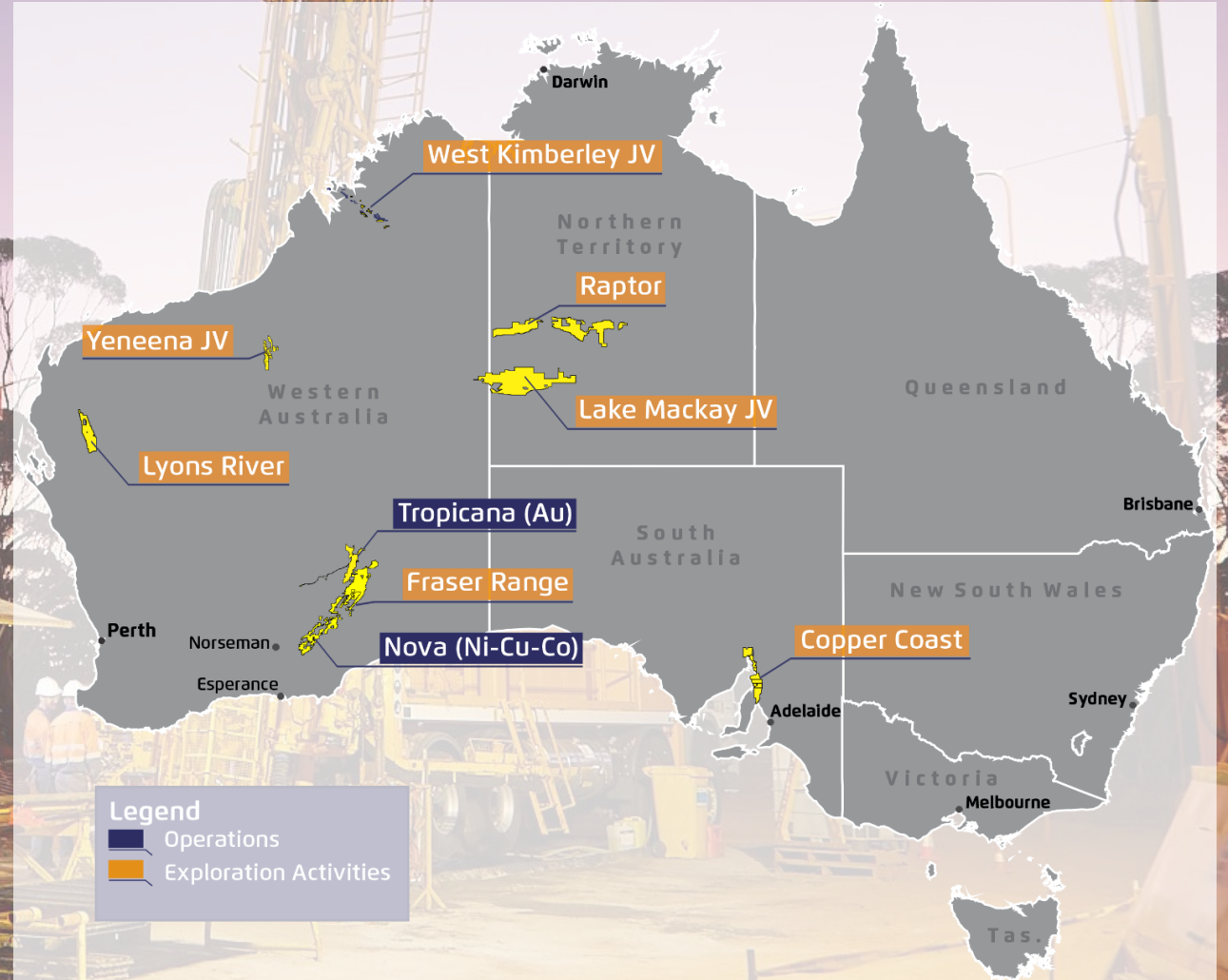
# Enduring commitment to greenfields exploration



## FY20 Exploration Budget

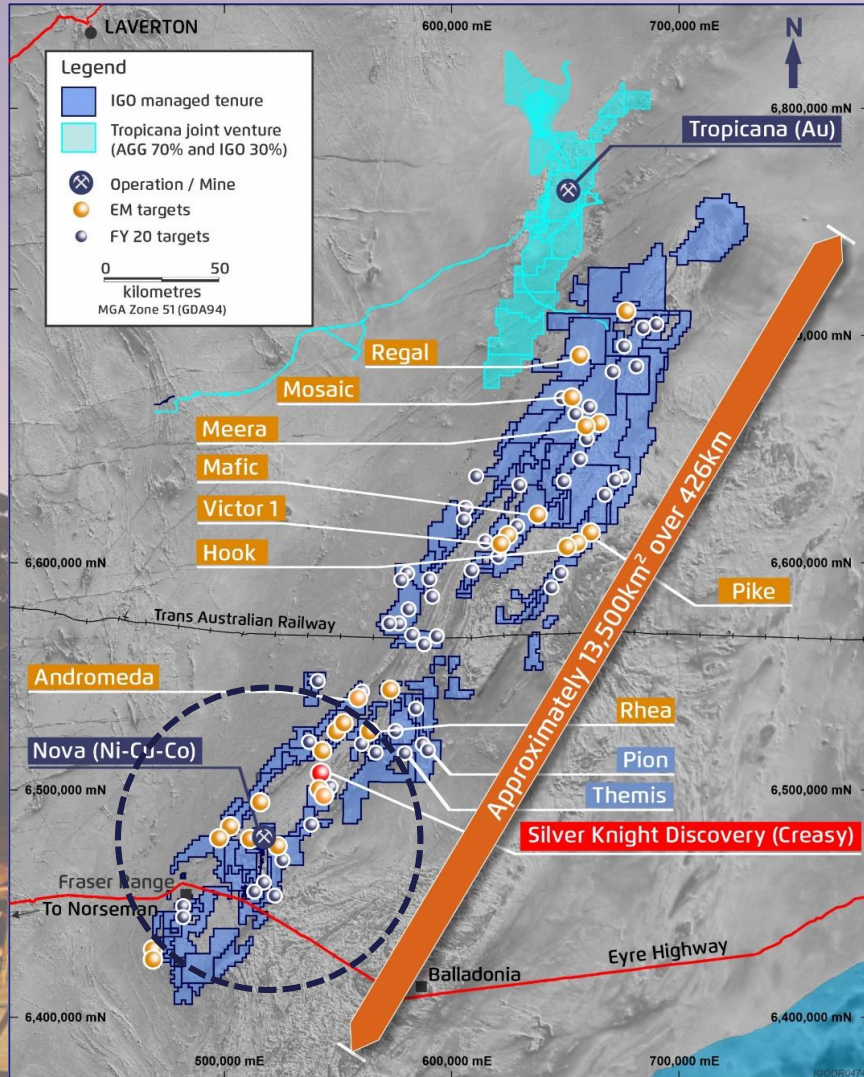


- Tropicana
- Fraser Range
- Lake Mackay
- Nova
- West Kimberley
- Other Greenfields & Generative





# Enduring commitment to greenfields exploration



## Drill Target Generation

- Scorpio
  - Leo
  - Carina
  - Dark Matter
  - Europa
  - Goddard Creek
  - Quark
  - Meteor
  - Zanthus
  - Hubble
  - Crux
  - Sailfish
  - Skipjack
  - Moray
  - Angel
- Plus >100 AEM and AC anomalies that require follow-up

## Target Testing

- Celestial
- Ecliptic
- Solar
- Pearl
- Pike
- Pike-Eye
- Hook
- Titan
- Woolly
- Aeries
- Libra
- Regal
- Meera
- Rhea
- Rogue

## Prospect Evaluation

- Mafic
- Andromeda
- Mosaic
- Victor 1
- Themis
- Pion
- Mammoth

## Discovery

# Concluding Comments



**Well positioned with strong balance sheet and strong free cash flow**

**Exploration to extend mine life and discover the mines of the future**

**Tropicana and Nova consistently delivering high margins**

**Unlock additional value through downstream processing study**

**Underground potential at Tropicana being progressed**

**Great team and culture – passionate about making a difference**



**MAKING A  
DIFFERENCE**

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- All currency amounts in Australian Dollars unless otherwise noted.
- Quarterly Financial Results are unaudited.
- Net Debt is outstanding debt less cash balances and Net Cash is cash balance less outstanding debt.
- 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, gain/loss on sale of subsidiary, redundancy and restructuring costs, depreciation and amortisation, and once-off transaction costs.
- 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.

# Competent Person's Statements



- Any references to IGO Mineral Resource and Ore Reserve estimates should be read in conjunction with IGO's Annual Update of Exploration Results, Mineral Resources and Ore Reserves dated 20 February 2019 (Annual Statement) and lodged with the ASX for which Competent Person's consents were obtained, which is also available on the IGO website.
- The information in this presentation that relates to the Nickel Sulphate Pre-Feasibility Study is extracted from the ASX announcement dated 2 April 2019 entitled "Downstream Nickel Sulphate Study Update".
- The information in this presentation that relates to the Boston Shaker Feasibility Study is extracted from the ASX announcement dated 28 March 2019 entitled "Tropicana JV Approves Boston Shaker Underground" and for which a Competent Person consent was obtained. A portion of the production target referred to in this announcement is based on Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised.
- The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements released 20 February 2019 and 28 March 2019 and, (i) in the case of estimates or Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed, (ii) the Competent Person's consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent, and (iii) the form and context in which the Competent Person's findings are presented have not been materially modified from the original ASX announcement.

