

INDEPENDENCE GROUP NL AND CONTROLLED ENTITIES

ABN 46 092 786 304

PRELIMINARY FINAL REPORT INFORMATION – 1 JULY 2017 TO 30 JUNE 2018 LODGED WITH THE ASX UNDER LISTING RULE 4.3A

Key Information – Results for Announcement to the Market

	\$'000	% Increase over Previous Corresponding Period
Revenue from ordinary activities	777,946	64.8
Profit from ordinary activities after tax attributable to members	52,686	209.7
Net profit attributable to members	52,686	209.7

The previous corresponding period is the year ended 30 June 2017.

	2018	2017
Basic earnings per share (cents)	8.98	2.93
Diluted earnings per share (cents)	8.94	2.92
Net tangible assets per share (\$)	3.03	2.85

The major factors contributing to the above variances are as follows:

Both revenue and profit benefited during FY18 from a full year's commercial production from the Nova Operation. Prior to July 2018, expenditure and receipts were capitalised to capitalised Nova construction and development costs. Nova's contribution to both revenue and profit in FY18 was \$348.8 million and \$46.3 million respectively. The Tropicana Operation also contributed positively, with an increase in revenue of \$28.4 million. This was due to both an increase in ounces sold, and an increase in the realised gold price. The Long Operation was placed into care and maintenance in June 2018, with declining production relative to FY17. The Jaguar Operation was divested on 31 May 2018 and this also contributed to lower revenue and profit, due to only 11 months of production and sales being recognised in the Group Accounts in FY18. This resulted in the removal of Independence Jaguar Pty Ltd, Independence Jaguar Project Parent Pty Ltd and Independence Jaguar Project Pty Ltd from the consolidated Group. Other relevant contributing factors are outlined below:

- The processing plant at the Nova Operation reached its nameplate 1.5Mtpa mining rate in early FY18 and finished the year strongly with a record mining rate of 1.8 million tonnes per annum. The Nova Operation generated revenue for the year of \$348.8 million from sales of nickel, copper and cobalt of 14,074 tonnes, 8,455 tonnes and 217 tonnes respectively, generating a segment profit before tax was \$35.6 million. C1 cash costs (including royalties) were \$2.78 per payable pound for the year ended 30 June 2018.
- The Tropicana Operation contributed \$86.3 million in segment profit before tax compared to \$58.3 million in the prior year. Contributing to this strong result was a 13% increase in revenue during the year, a result of higher gold prices and an increase in gold sold. The average A\$ gold price achieved increased by 5% to \$1,729 per ounce, compared to FY17. The Group's share of gold sold was 138,748 ounces, up by 8% on the previous year, primarily due to higher ore milled and improved mill feed grades attributed to the grade streaming strategy implemented towards the end of the financial year. The Group's share of gold production during the period was 140,142 ounces at an average metallurgical recovery of 88.9%, resulting in an average cash cost of \$713 per ounce and an All-in Sustaining Costs of \$1,061 per ounce.
- Revenue from the Long Operation decreased by 8% to \$64.8 million during FY18 due to decreased mining activities, partially offset by higher nickel prices achieved. A total of 181,822 tonnes of ore was mined during FY18 before the Operation was placed into care and maintenance. Payable cash cost including royalties (net of copper credits) were \$4.87 per pound.
- FY18 results for the Jaguar Operation included revenue of \$112.1 million, a reduction of 23% on the previous year due to lower zinc and copper production, as well as only 11 months of attributable production. Ore mined during the year was 414,582 tonnes at a zinc grade of 7.1% and copper grade of 0.6%. Cash costs per payable pound increased by 64% to \$1.25/lb compared to \$0.76/lb in the prior year.

Further details and analysis can be found in the Operating and Financial Review contained in the Directors' Report of the Company's Annual Report.

The Company has announced the payment of a final dividend of 2 cents per share, to be paid on 27 September 2018. The final dividend will be fully franked.

Other than the divestment described above, there have been no other acquisitions of entities or losses of control of entities during the period.

The accounts have been audited by BDO Audit (WA) Pty Ltd. The accounts are not subject to dispute or qualification.