

# ASX RELEASE

Not for release in the United States

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## EQUITY RAISING TO STRENGTHEN IGO'S BALANCE SHEET, INCREASE FINANCIAL FLEXIBILITY AND FUND GROWTH

### HIGHLIGHTS

- A\$250 million institutional placement and up to A\$30 million Share Purchase Plan
- Equity raising reduces debt draw-down required to complete Nova Project construction increasing financial flexibility

Independence Group NL ("**IGO**" or the "**Company**") (ASX:IGO) announces the Company is conducting a fully underwritten institutional placement to raise approximately A\$250 million ("**Placement**"). The Placement comprises an issue of approximately 66.7 million new IGO ordinary shares and is underwritten at a price of A\$3.75 per share ("**Placement Price**").

IGO also plans to conduct a non-underwritten Share Purchase Plan ("**SPP**") to facilitate retail shareholder participation of up to A\$15,000 per eligible shareholder at the Placement Price, subject to an overall cap of A\$30 million (or approximately 8 million shares) (the Placement and SPP together being the "**Equity Raising**").

IGO is undertaking the Equity Raising to strengthen its balance sheet and to provide greater financial flexibility to fund growth initiatives. Specifically, the Equity Raising provides funding for the A\$140-150 million of remaining development capital expenditure for the Nova Project reducing the requirement for further draw-down under the Company's existing debt facilities. The Equity Raising will also provide additional funds for the payment of residual acquisition costs (stamp duty), funding for debt repayment and general corporate purposes including working capital. Please refer to the "Use of Proceeds" section of this release for further information.

IGO's Managing Director, Peter Bradford, commented: "The Equity Raising will provide greater financial and operational flexibility for the business. Our world-class Nova Project is 93% complete and remains on time and within budget, and we look forward to first concentrate production in December 2016."

"Despite IGO having sufficient headroom under its debt facilities to fund the remaining capital expenditure requirements at the Nova Project, it is considered a prudent time to strengthen the balance sheet and reposition the Company's capital structure to increase financial flexibility."

"Greater financial flexibility will also allow IGO to comfortably progress other growth prospects across the portfolio including the mill expansion study and resources extension projects at Tropicana, resource extension at Jaguar and broader exploration initiatives surrounding IGO's existing operational assets."

As announced to the ASX on 21 July 2016, IGO continues to assess opportunities to unlock additional value from the Nova Project as its construction and development nears completion. This is evidenced by the acceleration of development of the Bollinger orebody as a result of further optimisation of the Nova mine plan. Early access to the orebody is expected to deliver enhanced



early cash flow and additional project value while staying on schedule and within the original initial capital cost estimate of A\$443 million<sup>1</sup>.

In addition to the enhancements at the Nova Project, IGO has announced strong preliminary unaudited FY16 results as part of its June 2016 Quarterly Report released to the ASX today, highlighting the quality of the Company's operational asset portfolio.

With concentrate production from Nova expected by the end of the year and the continued progression of other expansion initiatives including the Tropicana optimisation project<sup>2</sup> and the delineation of a new high grade ore shoot at Havana South<sup>3</sup>, IGO is well positioned for growth.

### Placement Details

The Placement to eligible sophisticated, professional and other institutional investors to raise A\$250 million will be conducted via a bookbuild today in both Australia and selected international jurisdictions. The Placement Price is underwritten<sup>4</sup> at A\$3.75 per share.

This Placement Price represents a:

- 8.1% discount to the closing price of A\$4.08 per share on 26 July 2016 being the last trading day prior to announcement of the Placement; and
- 6.9% discount to the 5 day VWAP of A\$4.03 per share up to 26 July 2016 being the last trading day prior to announcement of the Placement.

The Placement represents approximately 13.0% of shares on issue, is within IGO's existing capacity under ASX Listing Rule 7.1 and accordingly no shareholder approval is required in connection with the Placement. Settlement of the Placement is expected to occur on 2 August 2016, with the new shares expected to be allotted through ASX and commence trading on 3 August 2016. The new shares will rank equally with existing IGO shares.

Macquarie Capital (Australia) Limited is acting as sole Lead Manager, Underwriter<sup>4</sup> and Bookrunner to the Placement. Euroz Securities Limited is acting as Co-Lead Manager to the Placement.

Further information in relation to the Placement can be found in an investor presentation that has been released to the ASX today.

### Share Purchase Plan Details

The SPP will be open to IGO shareholders as at 7:00pm (Sydney time) on the record date of Tuesday, 26 July 2016, and whose registered address is in Australia or New Zealand ("**Eligible Holders**"). Eligible Holders will be invited to invest up to a maximum of A\$15,000 per shareholder in the SPP, subject to an overall cap of A\$30 million.

The issue price under the SPP will be the same as the Placement Price. No brokerage will be payable by subscribing shareholders. Further details on the SPP will be distributed to Eligible Holders shortly and released on the ASX.

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<sup>1</sup>Refer to Accelerated Bollinger Decline at Nova Project (ASX Release – 21 July 2016)

<sup>2</sup>Refer to IGO June 2016 Quarterly Report (ASX Release - 27 July 2016)

<sup>3</sup>Refer to Tropicana – Delineation of new high grade shoot (ASX Release – 25 July 2016)

<sup>4</sup>The Underwriting Agreement is subject to conditions precedent, termination events, representations and warranties customary for a transaction of this nature



### Use of Proceeds

The gross proceeds raised under the Equity Raising will strengthen the Company's balance sheet, and provide enhanced financial and operational flexibility as the Company delivers its growth projects. Proceeds will be used to:

- Reduce the debt drawdown required to fund the A\$140-150 million remaining initial capital expenditure at the Nova Project which remains on schedule and within budget;
- Fund residual acquisition related costs (stamp duty) of between A\$50-55 million estimated to be payable 2Q FY17; and
- Provide funding for debt repayment and general corporate purposes including working capital.

### Proforma liquidity position pre/post the Placement

Item	Proforma position (A\$M)
Unaudited Cash (as at 30 June 2016) <sup>5</sup>	46
Unaudited total debt (as at 30 June 2016) <sup>5</sup>	271
<b>Unaudited net debt pre Equity Raising (as at 30 June 2016)</b>	<b>225</b>
Proceeds from Placement <sup>6</sup>	250
Estimated residual acquisition costs (stamp duty) <sup>7</sup>	50 – 55
Remaining FY17 Nova development capital expenditure <sup>5</sup>	140 – 150
<b>Proforma unaudited net debt post Placement</b>	<b>165 – 180</b>
Potential additional funds from SPP	up to 30

Note: figures presented in this table have been rounded to the nearest whole number

Refer to the sources and uses section of the Equity Raising investor presentation released to the ASX today for further information.

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<sup>5</sup> Refer to IGO June 2016 Quarterly Report (ASX Release - 27 July 2016)

<sup>6</sup> Proceeds from A\$250 million fully-underwritten placement (excluding transaction costs)

<sup>7</sup> As provisioned for in the IGO financial accounts and disclosed in the September 2015 Quarterly Report. Estimated to be payable in 2Q FY17 (timing and final amount subject to change)



## CAUTIONARY STATEMENTS AND DISCLAIMER

*This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL'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 Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable as at the date of this document, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

*Any production guidance in this document is subject to a number of risks specific to Independence Group NL and of a general nature, which may affect the future operating and financial performance of Independence Group NL and the value of an investment in Independence Group NL. Such risks include but are 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, native title and title risks, foreign currency fluctuations and mining development, construction and commissioning risk.*

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