

**INDEPENDENCE GROUP NL**

**Macquarie Australia Conference**

***Peter Bradford – Managing Director & CEO***



**2 May 2019**

**ASX:IGO | ADR:IIDDY**

# 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 publicly 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.
- 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 Boston Shaker Feasibility Study is extracted from the ASX announcement dated 28 March 2018 entitled "Tropicana JV Approves Boston Shaker Underground Development" 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 information in this presentation that relates to Exploration Results is extracted from the Prodigy Gold (PRX) ASX release dated 26 July 2018 entitled "Lake Mackay JV: Exploration Update"; the Prodigy Gold ASX release dated 20 February 2019 entitled "Lake Mackay JV: 63 AEM targets and Ni-Co prospect defined"; and for which Competent Person's consents were obtained.
- 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 26 July 2018, 27 July 2018, 20 December 2018, 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.



# Corporate Overview

High quality portfolio of operating and exploration assets



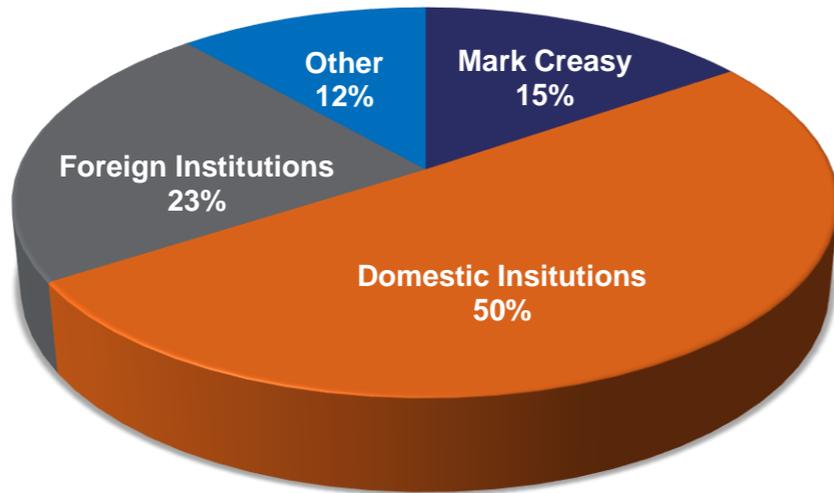
Market Cap<sup>(1)</sup>  
**A\$2.6 billion**

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

Cash <sup>(2)</sup>  
**A\$257 million**

Debt <sup>(2)</sup>  
**A\$85 million**

Share Ownership<sup>(3)</sup>



1) As at 30 Apr 2019  
2) As at 31 Mar 2019  
3) As at 26 Feb 2019

# Our Purpose



# IGO is Making A Difference

Strategically focused on metals critical to clean energy



## Globally Relevant

Large scale, high quality asset portfolio  
supplying metals critical to clean energy

## Vertically Integrated

upstream metal production and  
downstream processing to unlock value



## High-quality Products

to meet customer demand, made safely,  
sustainably, ethically and reliably

## Proactively Green

by embracing renewable energy and innovation  
to reduce carbon footprint

Delivered by people who are bold, passionate, fearless and fun  
– a smarter, kinder, more innovative team

## A clear global trend towards clean energy to reduce emissions

- **Strong government support for renewable energy and mass adoption of EVs and energy storage**
  - Bans on conventional ICE vehicles
  - Subsidies, tax exemptions & rebates
  - Substantial investments in recharge infrastructure
- **Battery pack costs are falling**
  - 2010: ~US\$1,000/kWh<sup>(1)</sup>
  - 2019: ~US\$140/kWh<sup>(1)</sup>
  - 2030(f): ~US\$60/kWh<sup>(2)</sup>

1) Source: IGO Research

2) Source: Bernstein Research

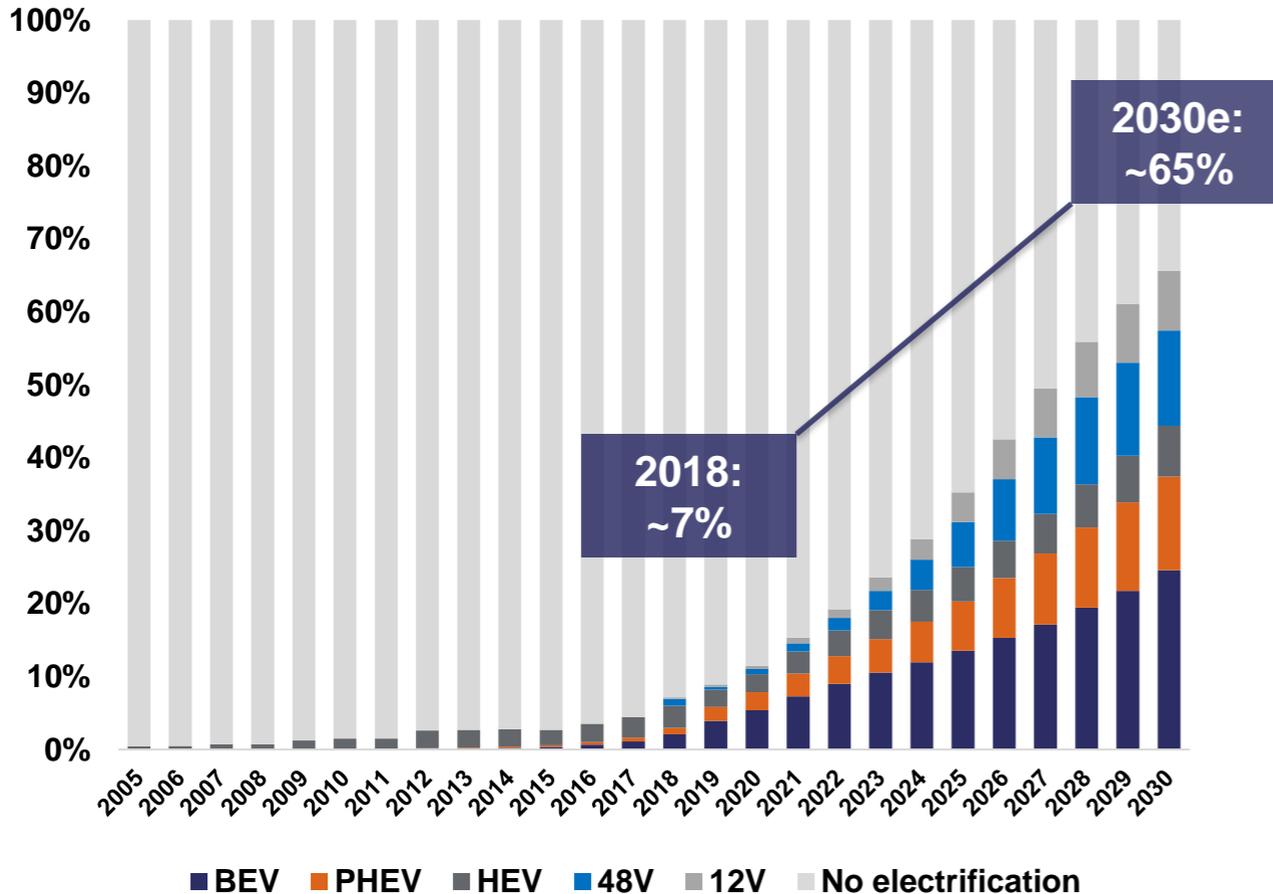
# EV price parity with ICE by 2022<sup>(1)</sup>

NCM 811 chemistry to dominate by 2030<sup>(2)</sup>

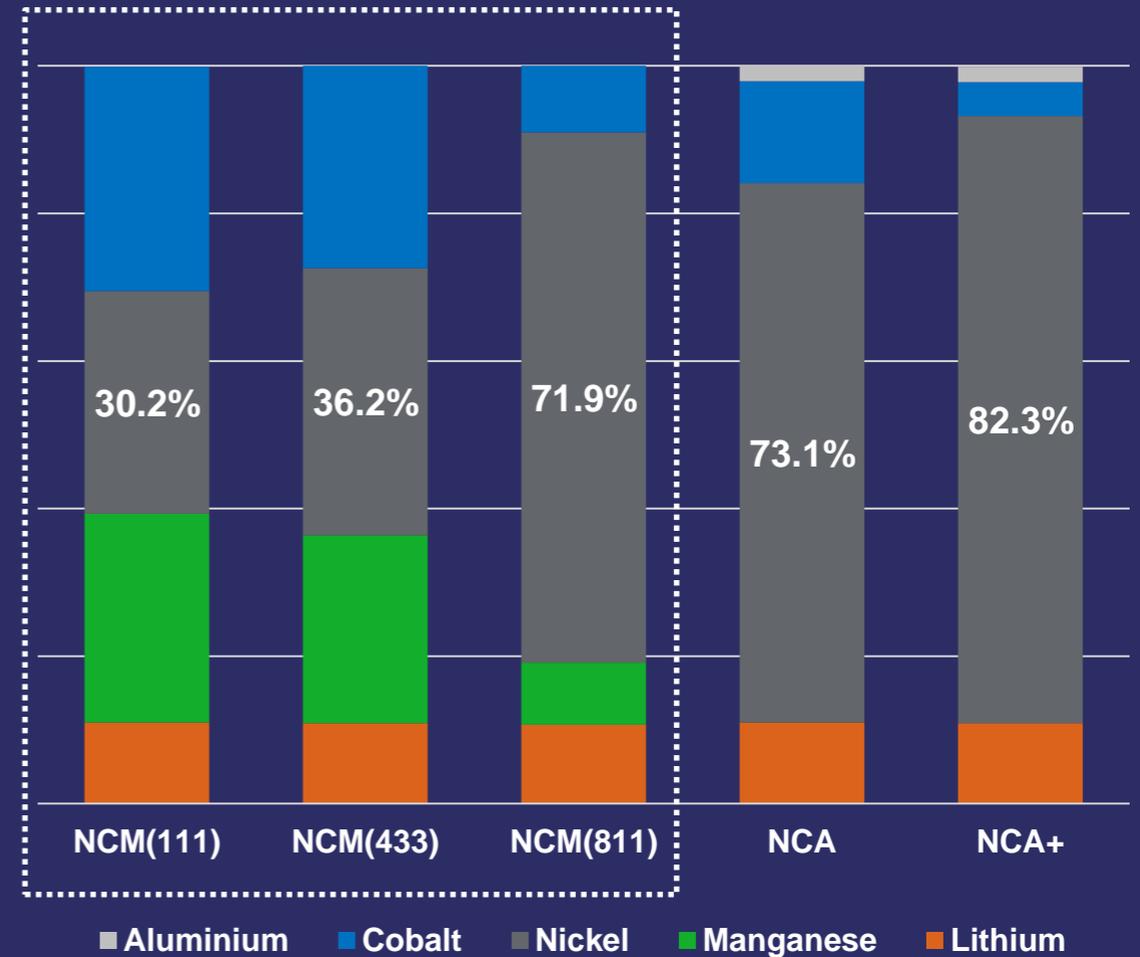


## EV sales to grow<sup>(3)</sup>

% of total vehicle sales



## Greater proportion of nickel in EV battery cathode<sup>(4)</sup>



1) Source: Bernstein

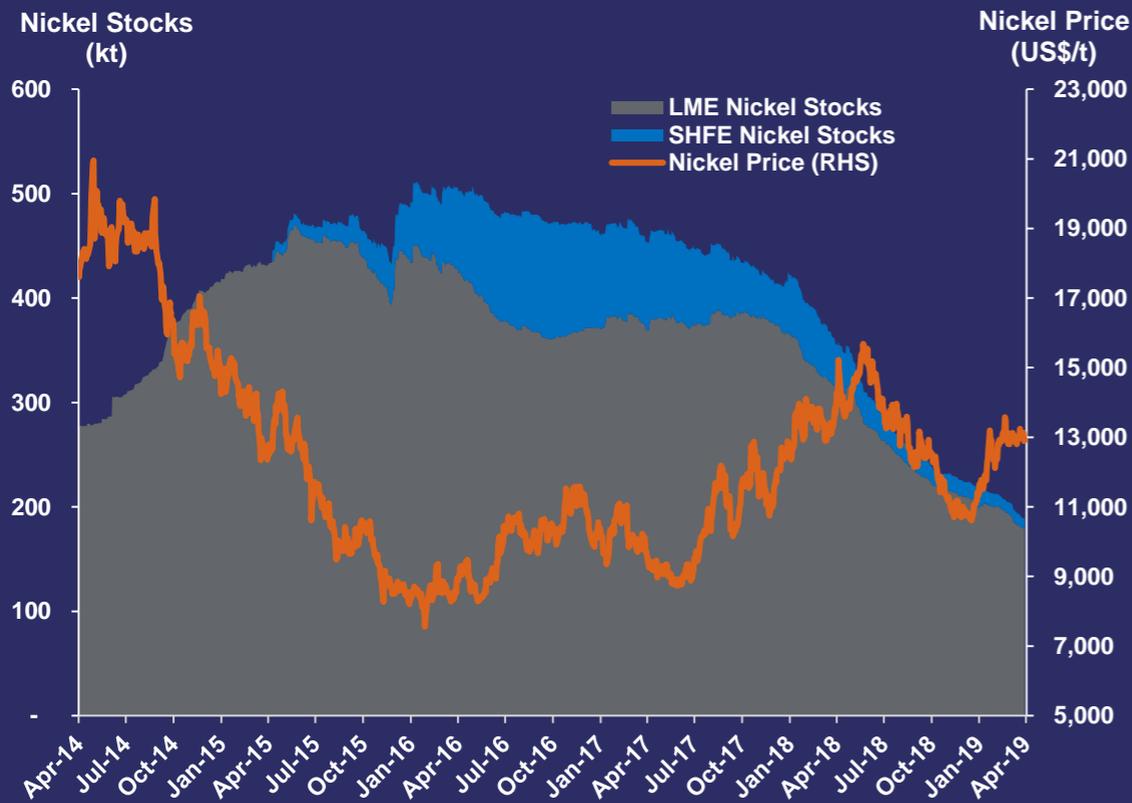
2) Source: UBS Global I/O: Battery Commodities – Nov 2018

3) Source: Roskill

4) IGO: Proportion of metals in EV battery cathodes for different battery chemistries

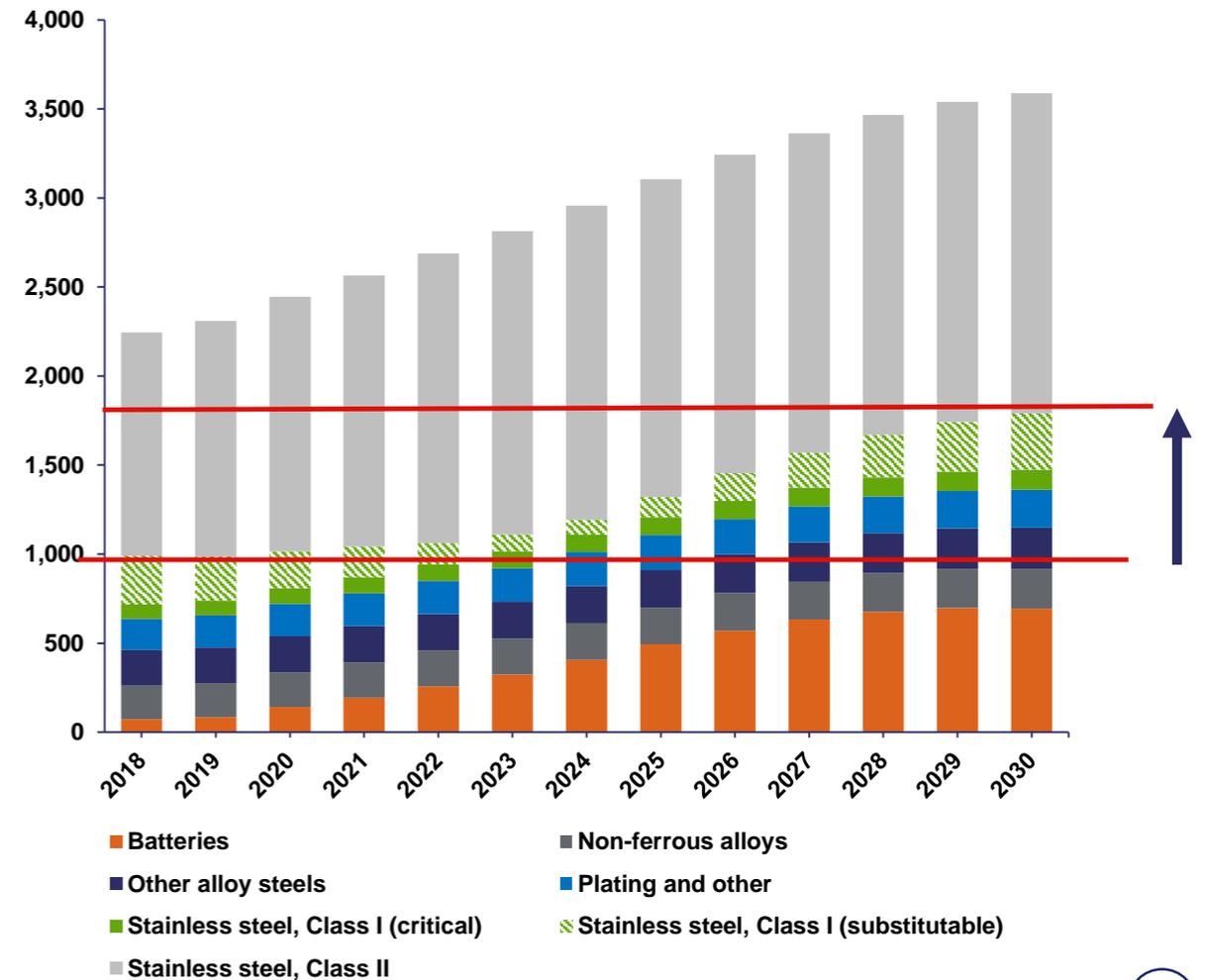
# Nickel stockpiles are at record lows with limited new supply

Official Nickel Exchange Stockpiles and Price<sup>(1)</sup>



# Class I nickel supply needs to double by 2030 to meet new demand

Class I & Class II Nickel Demand Forecast<sup>(2)</sup>



1) Source: Bloomberg

2) Source: Roskill

# Financial Performance



# 3Q19 Highlights

Nova outperformance delivers strong cash flow



**Record production and lower cash costs at Nova**

**Underlying EBITDA**  
**A\$117M**

**Nova and Tropicana on track to deliver on full year production guidance**

**Net Profit After Tax**  
**A\$45M**

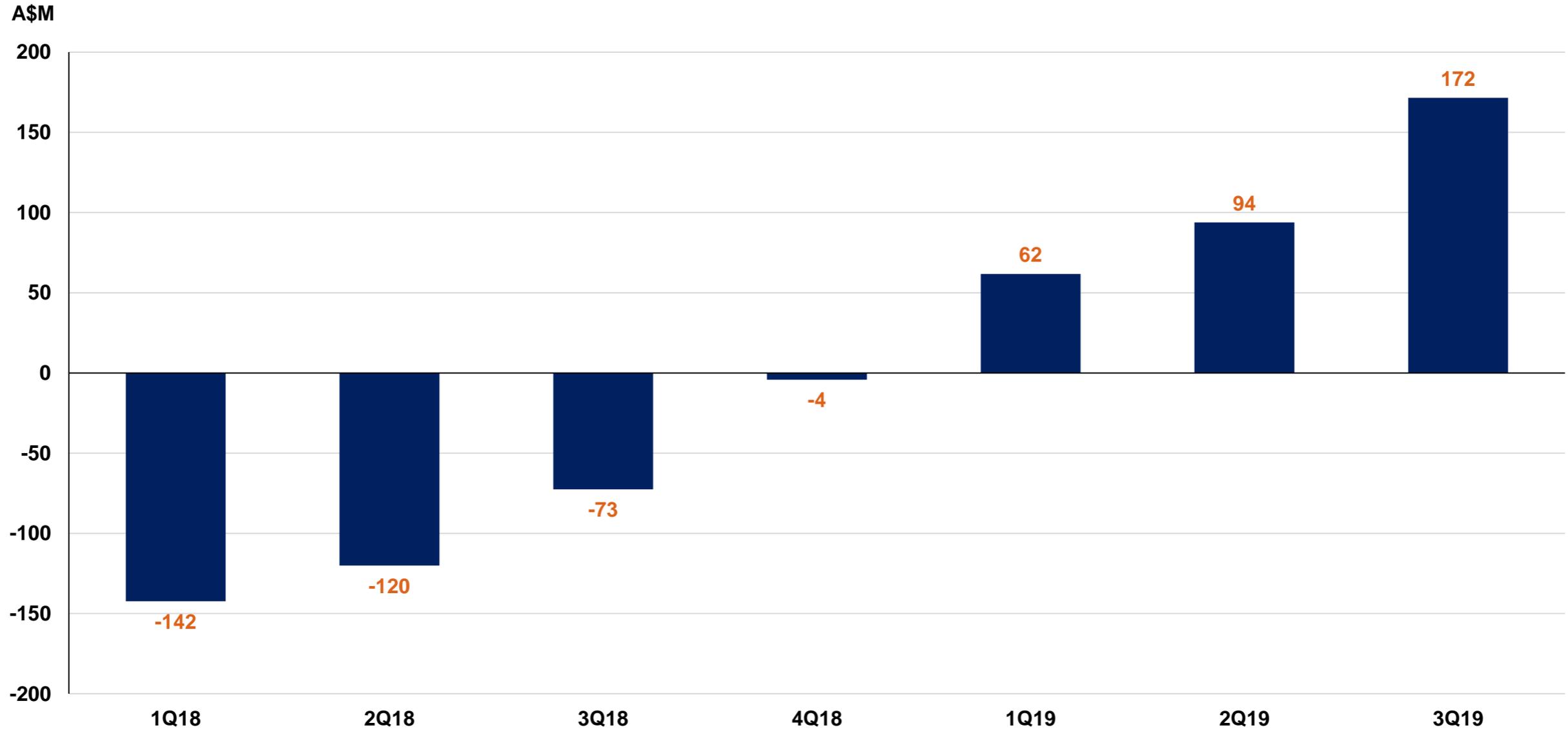
**Continued delivery on growth initiatives**

**Net Cash Position**  
**A\$172M**

# Net Cash



Strong cash build since commercial production commenced from Nova



# Tropicana Gold Mine

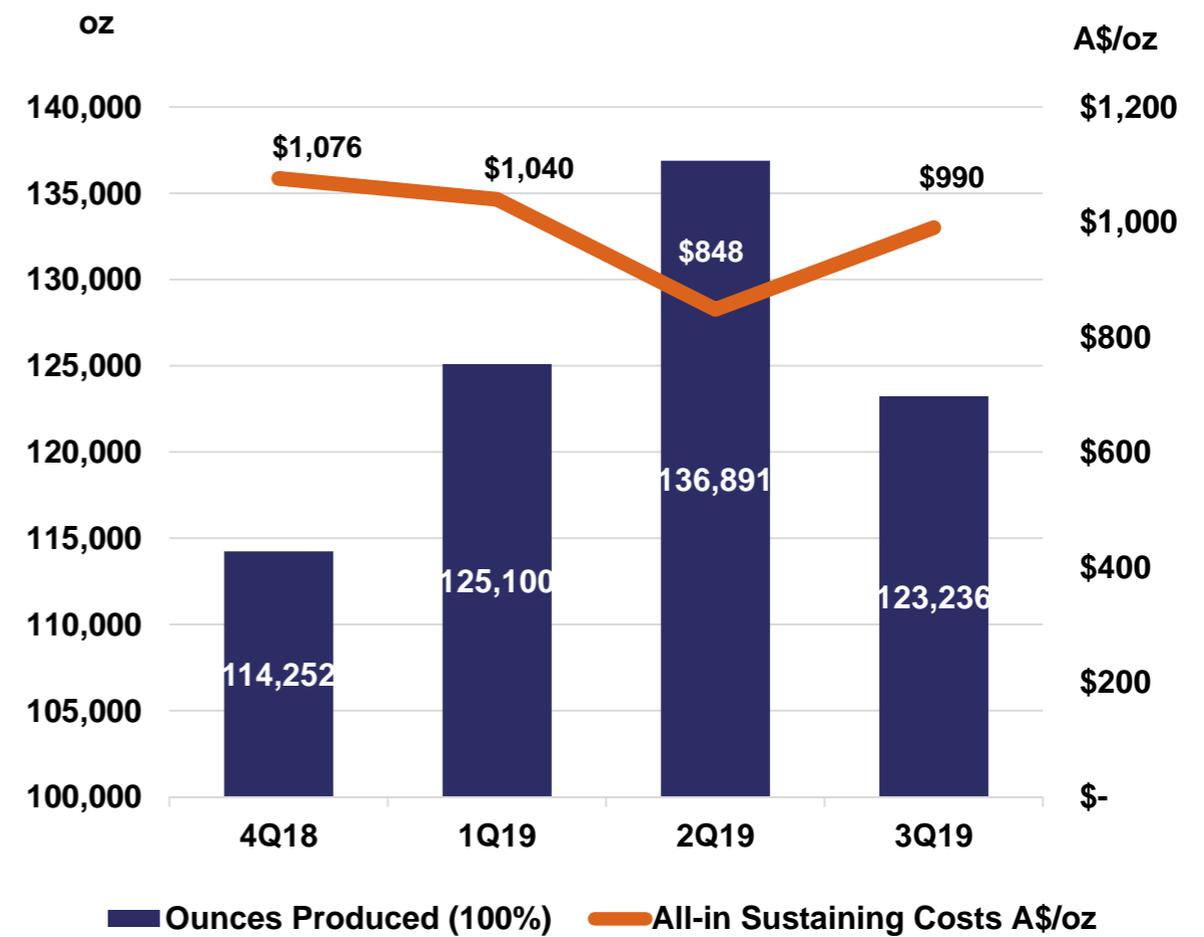
IGO: 30%, AngloGold Ashanti: 70% and managers



## Tropicana continuing to deliver high margin gold production

- 8.0Mtpa annualised processing rate achieved during FY19
- FY19 YTD gold production of 385koz at A\$955/oz (100% basis)
- Marginally lower production QoQ driven by expected lower grade
- 3Q19 result delivered EBITDA margin of 59%
- Value optimisation activities continuing

Tropicana Production (100%) & AISC

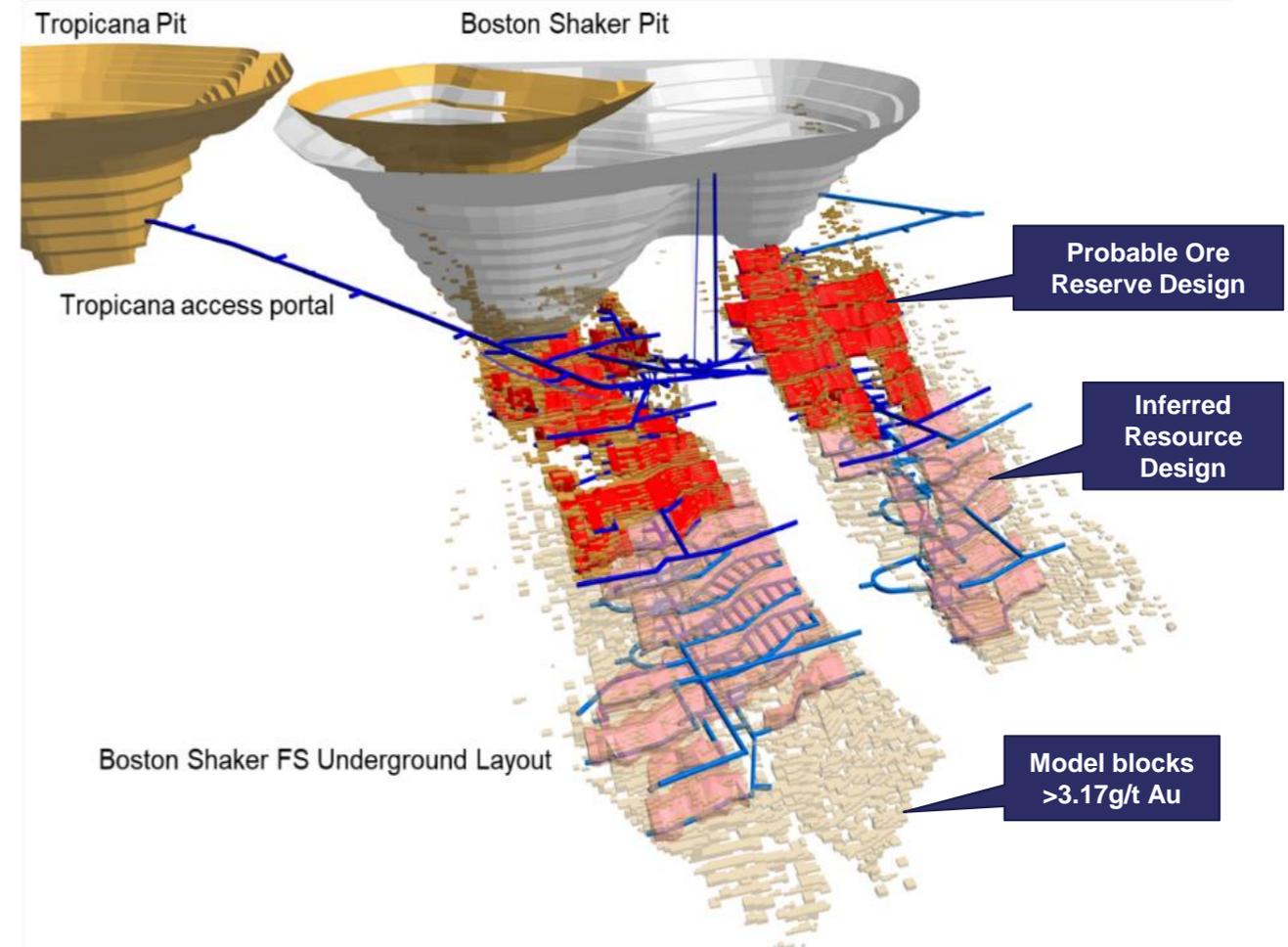


1) Refer to IGO annual reports for FY14 to FY18  
 2) FY19E is the midpoint of guidance for FY19. Refer ASX Release dated 27 July 2018 – Guidance Range of 500,000 to 550,000oz gold production at AISC of A\$890/oz to A\$980/oz gold sold

## Boston Shaker Underground

- **Development to commence in May 2019 following positive feasibility**
  - Capital cost estimated at A\$105M<sup>(1)</sup>
  - Operating costs estimated at A\$95/tonne<sup>(2)</sup>
  - Average gold production of ~100koz/year over seven years
- **First gold production in 1Q21**
  - Delivers improved grade and production profile from FY21 with Tropicana gold production expected to average 450 to 500koz/year to FY23
- **Further underground opportunities at Havana and Havana South**

### Boston Shaker Underground Development Layout<sup>(3)</sup>



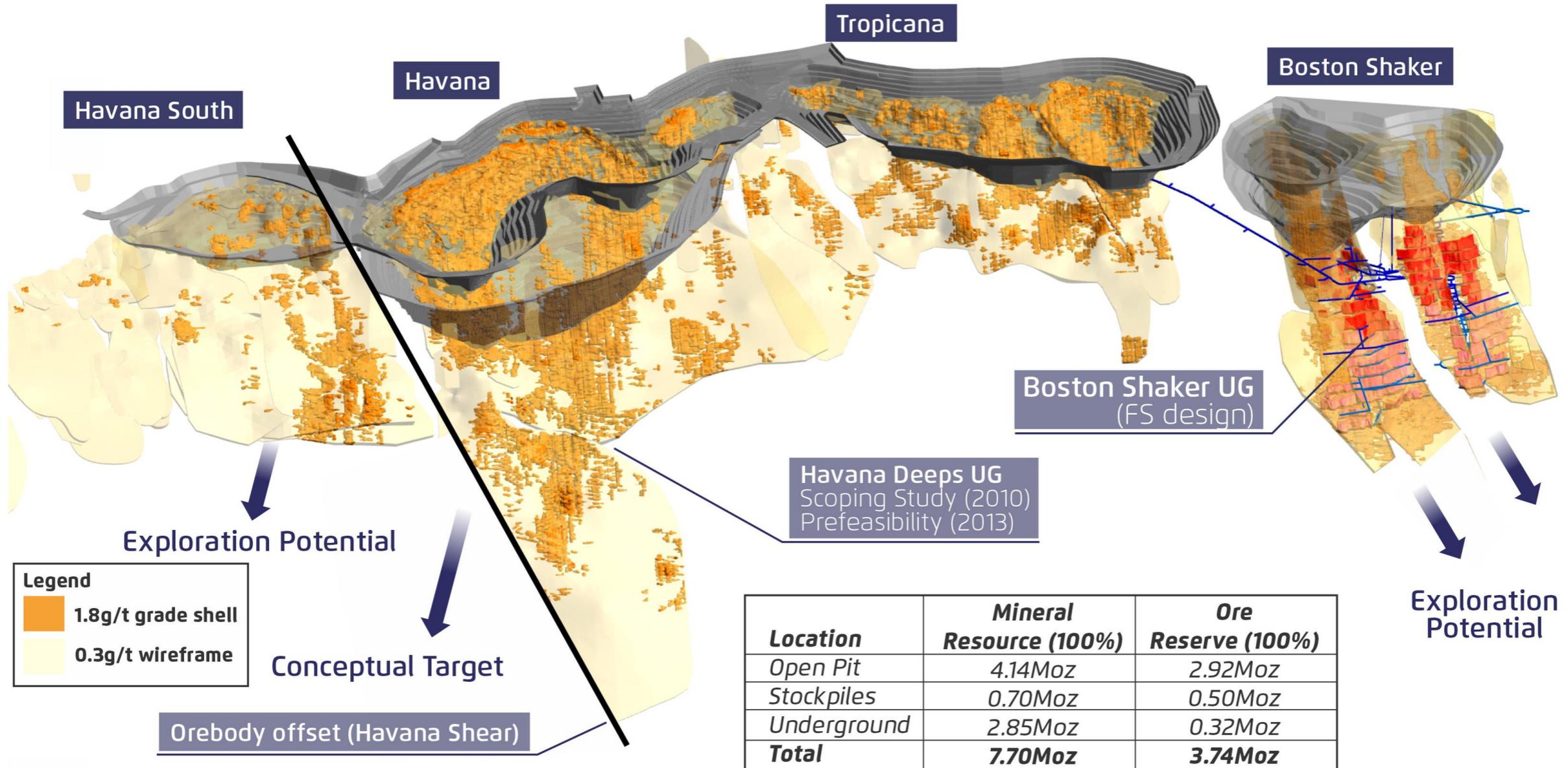
1) 100% basis. IGO share of capital cost estimated at A\$32M

2) All-in-sustaining underground production costs

3) Refer to ASX release dated 28 March 2019: Tropicana Joint Venture Approves Boston Shaker Underground Development

# Tropicana mineralised system

Significant opportunity for additional value optimisation



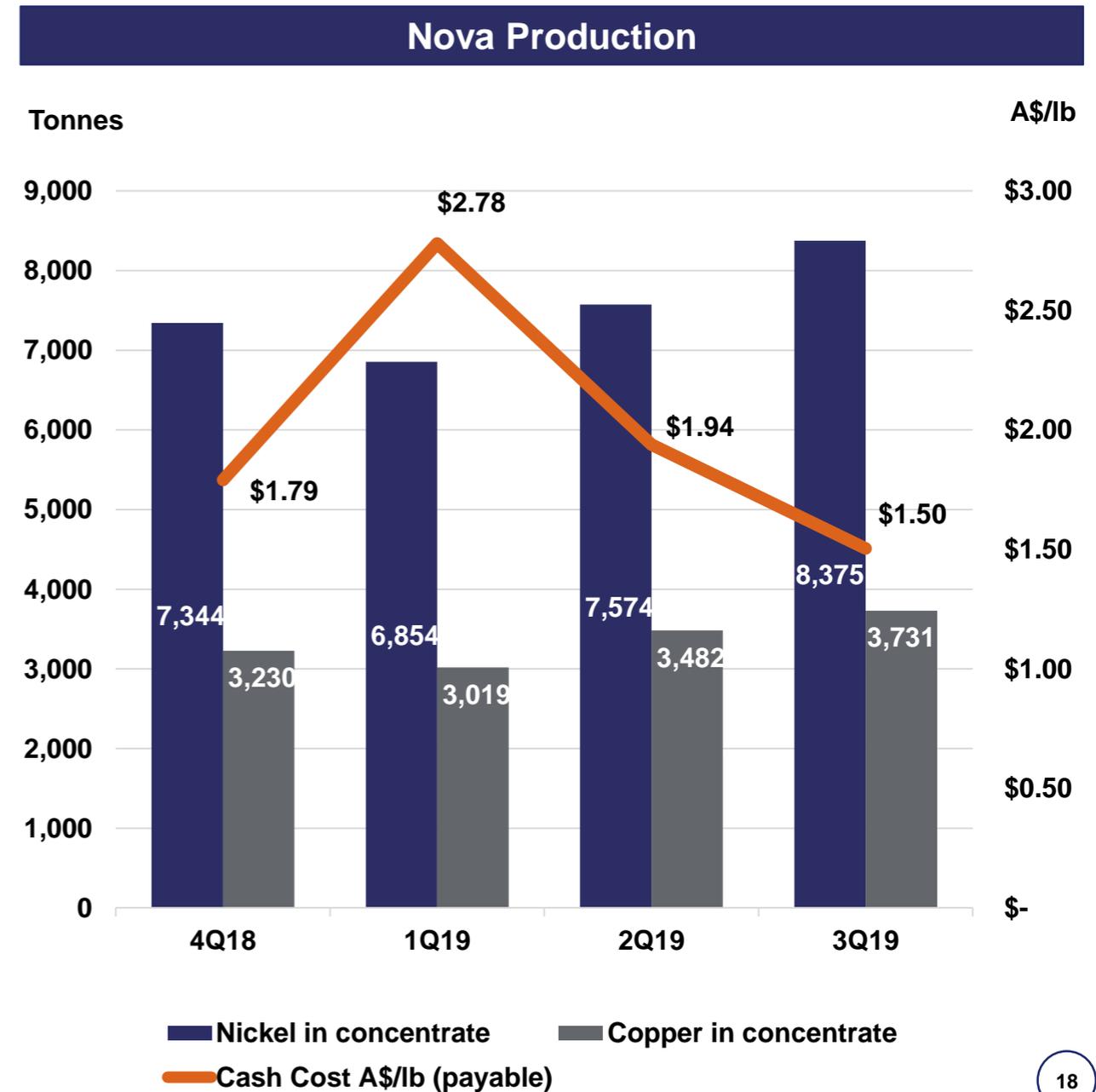
1) Refer to IGO ASX release dated 20 Feb 2019: CY18 Mineral Resource & Ore Reserve Statement

# Nova



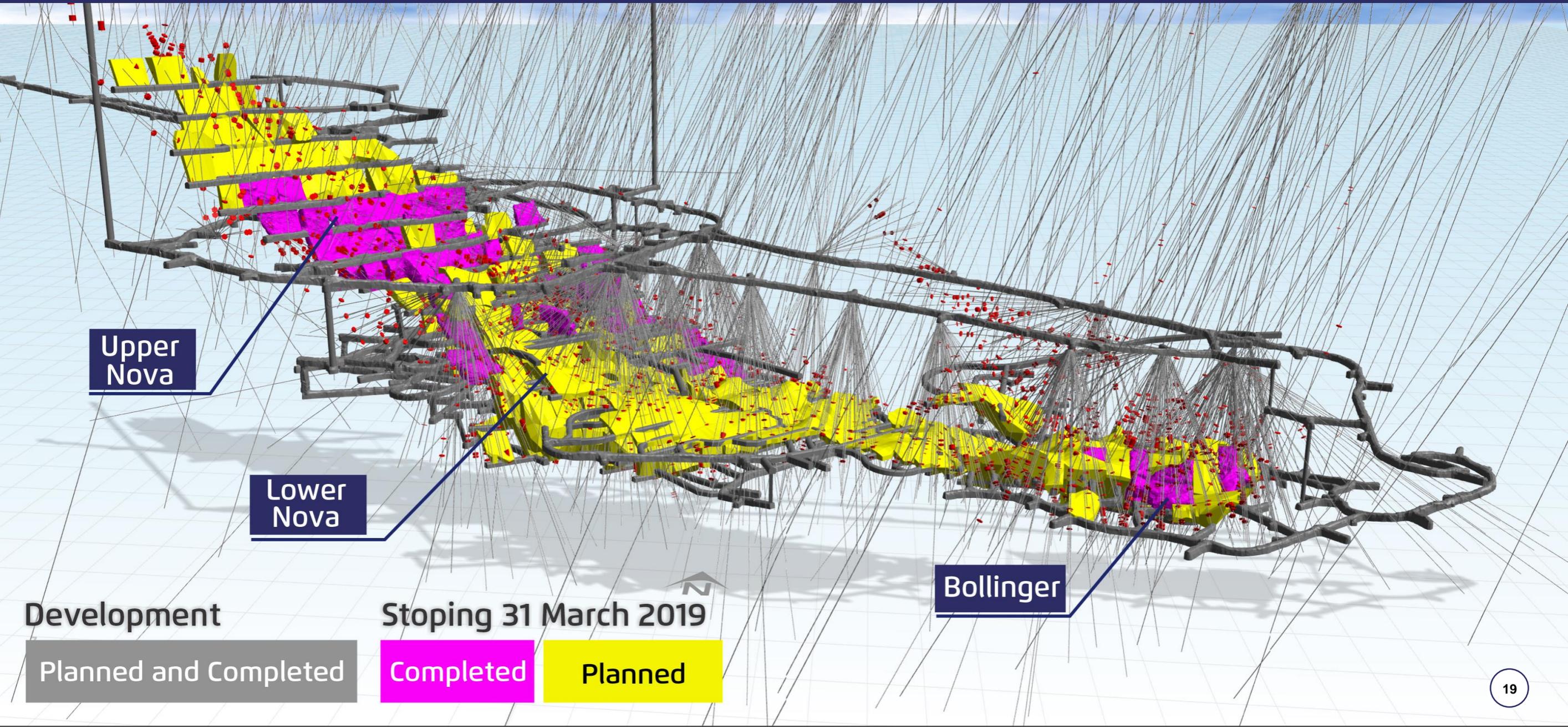
## Nova outperformance delivering high margin production and strong cash flow

- **3Q19 Highlights:**
  - Record nickel and copper production
  - Lowest recorded cash costs of \$1.50/lb Ni
  - Strong EBITDA margin of 56%
- **Nova benefiting from higher grade stopes and improving nickel price**
- **On track to deliver on FY19 production and cost guidance**



# Nova Mine Development

Underground development and grade control drilling complete





# Growth: Downstream

## Nickel Sulphate

- **Study demonstrate technical viability of the IGO Process<sup>(1)</sup>**
  - Metal extraction of +97%
  - Battery grade nickel sulphate produced
  - More efficient, less waste, less emissions
  - Patent application lodged
- **Optimisation work focused on:**
  - Site selection trade-off studies
  - Flow sheet optimisation
  - Maximising by-product production
- **Study completion expected in late 2019**



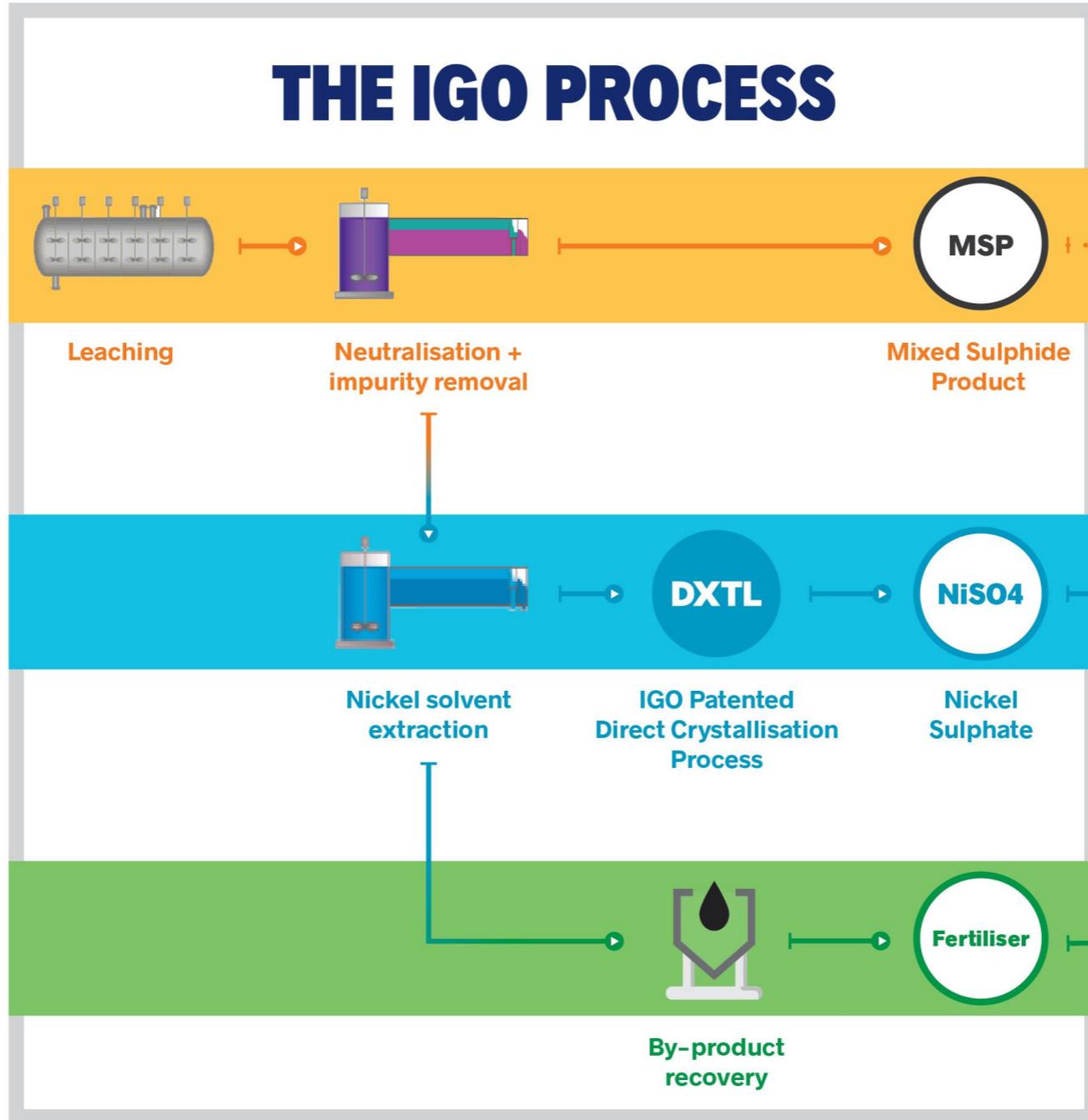
1) Refer to ASX Release dated 2 April 2019: Downstream Nickel Sulphate Study Update.

2) Photographs to the RHS are of the 1.6kg of nickel sulphate hexahydrate crystals produced in the metallurgical testwork. Photography by Karel Osten, Wood Plc

# THE IGO PROCESS



Ni & Co concentrates sourced from IGO's 100% owned Nova Operation

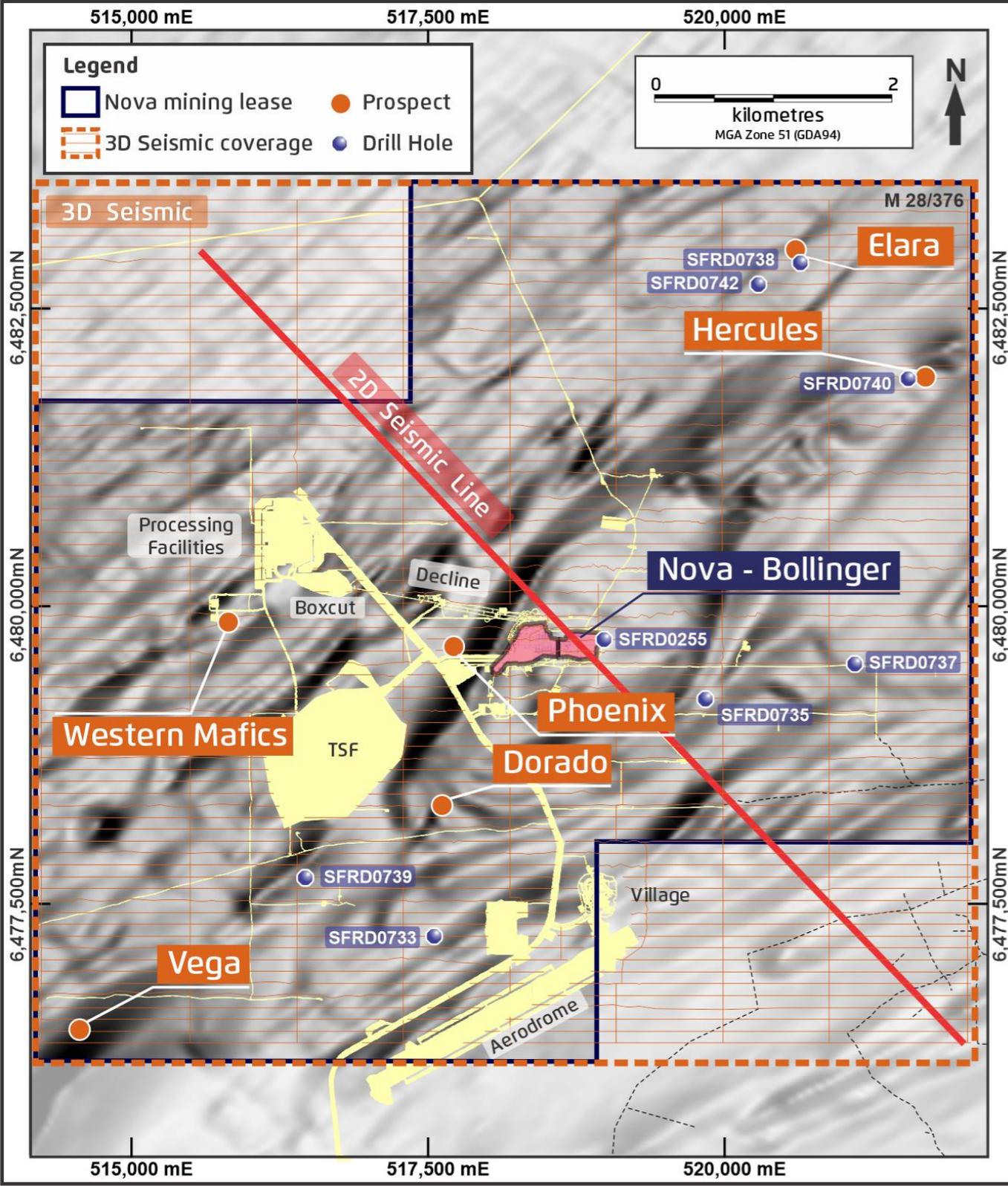


Nickel and cobalt sulphates are important materials for cathodes in the new generation of battery technologies to power clean energy and electric vehicles.



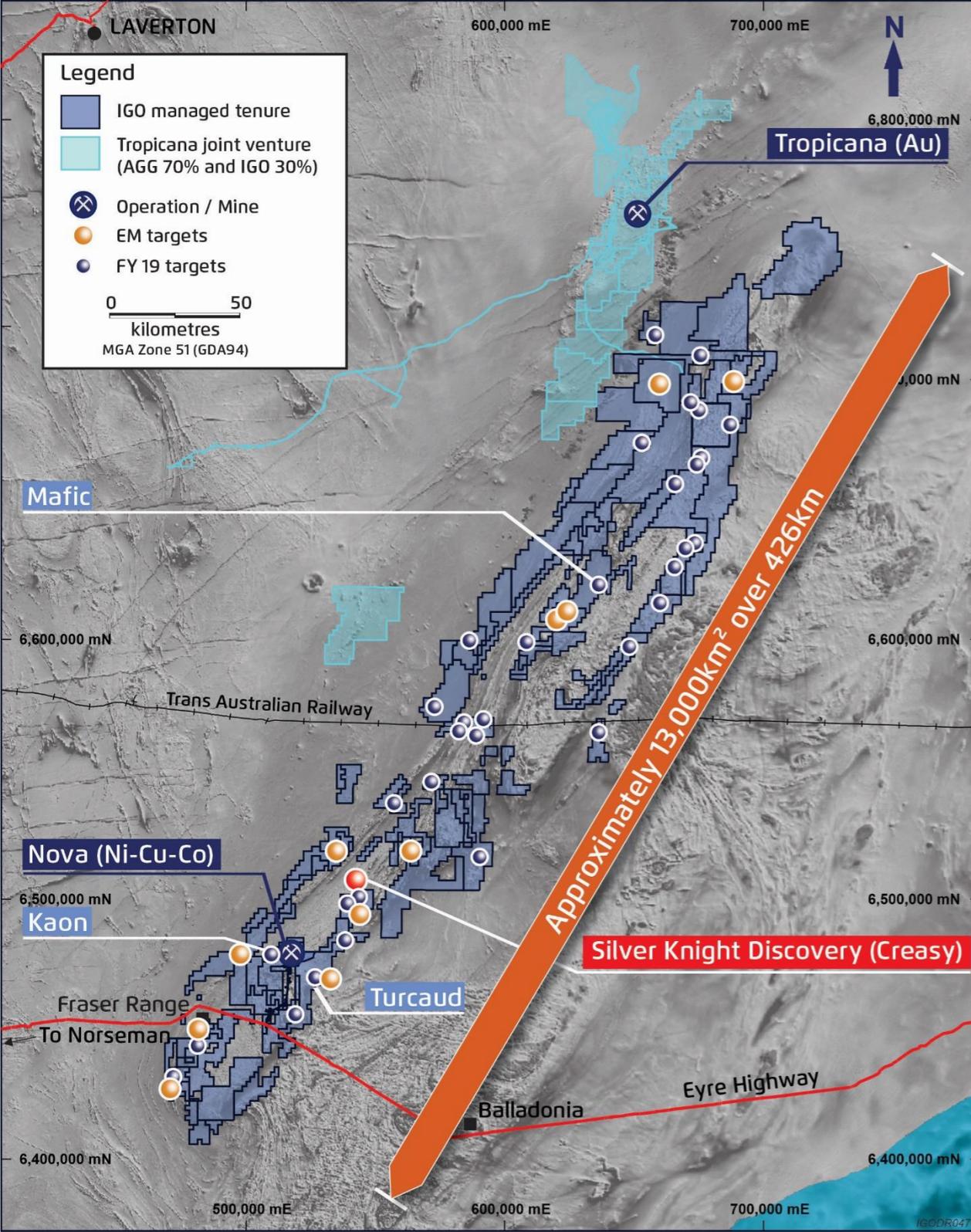


# Growth: Exploration



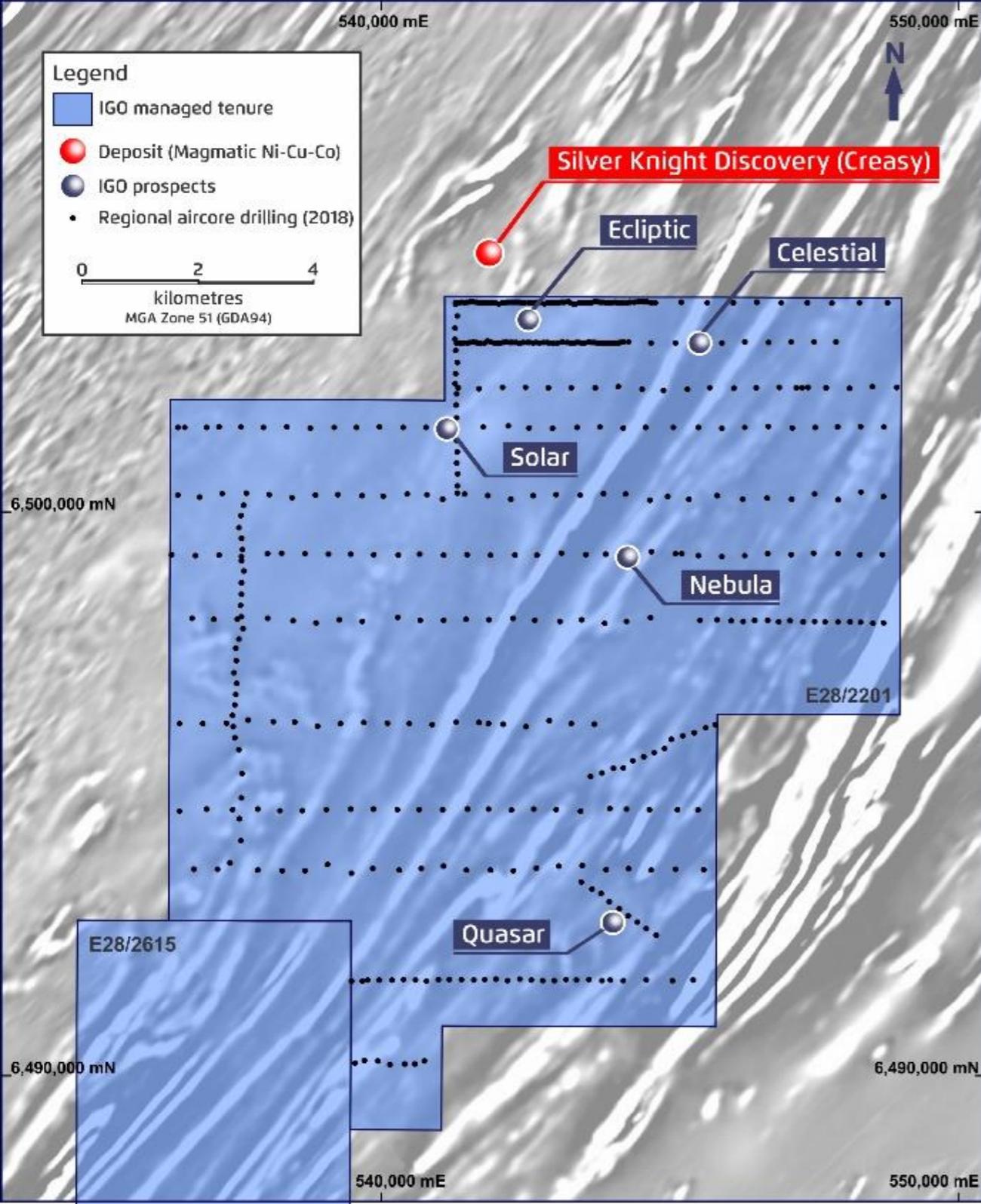
## Nova Exploration

- Targeting extensions to Nova system
- Diamond drill program expanded to test multiple high quality targets identified from 3D seismic data
- Six deep surface drill holes and 15 underground drill holes completed during 3Q19
- Underground drilling extends C5 mineralisation to the north
- Early results from Elara are highly encouraging
  - Intersected thick package of Nova style rock types
  - DHEM identified off-hole EM conductor



## Fraser Range Regional

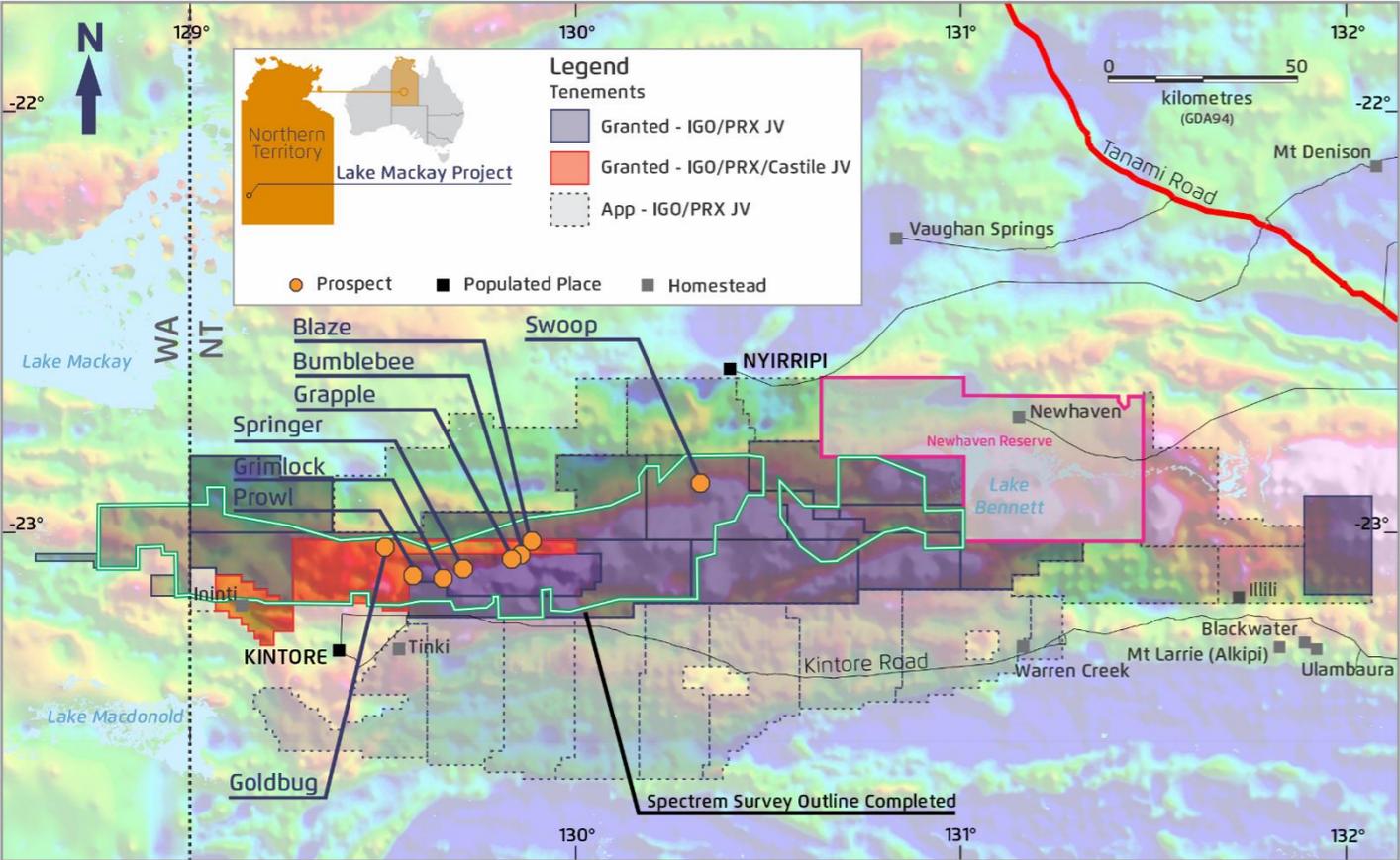
- Drill testing 40 targets in 2019
- RC drilling and DHEM program has commenced in northern Fraser Range
- Regional aircore drilling continues to identify new mafic and ultramafic intrusions across entire length of Fraser Range Project
  - Kaon target (5km west of Nova) currently being tested using LT SQUID
  - Turcaud and Mafic prospects identified by airborne EM to be drilled during 4Q19
- Airborne EM program nearing completion and aircore Geochem expected to be completed by end CY19



## Widowmaker

- 30km NE of Nova, immediately south of Creasy Group's Silver Knight discovery
- Active drilling at Ecliptic and Solar prospects with results expected during 4Q19
  - Aircore drilling at Ecliptic contained disseminated sulphides with two follow-up RC holes just completed (results pending)
  - Diamond drilling at Solar, a large, strongly conductive Squid EM target located along strike from Silver Knight

1) [www.dmirs.wa.gov.au](http://www.dmirs.wa.gov.au) Online Catalogue



## Lake Mackay

- SpectremAir airborne EM survey completed in January 2019
- Project expanded to 19,200km<sup>2</sup> with nine new exploration licence applications
- RC drilling commenced in April 2019, targeting;
  - Priority EM targets prospective for sulphide mineralisation including Blaze and Prowl
  - Priority nickel-cobalt laterite prospects including Grimlock
  - Priority geochemical targets including Goldbug



1) Lake Mackay tenements are held variously in joint venture with Prodigy Gold NL and Castile Resources Pty Ltd

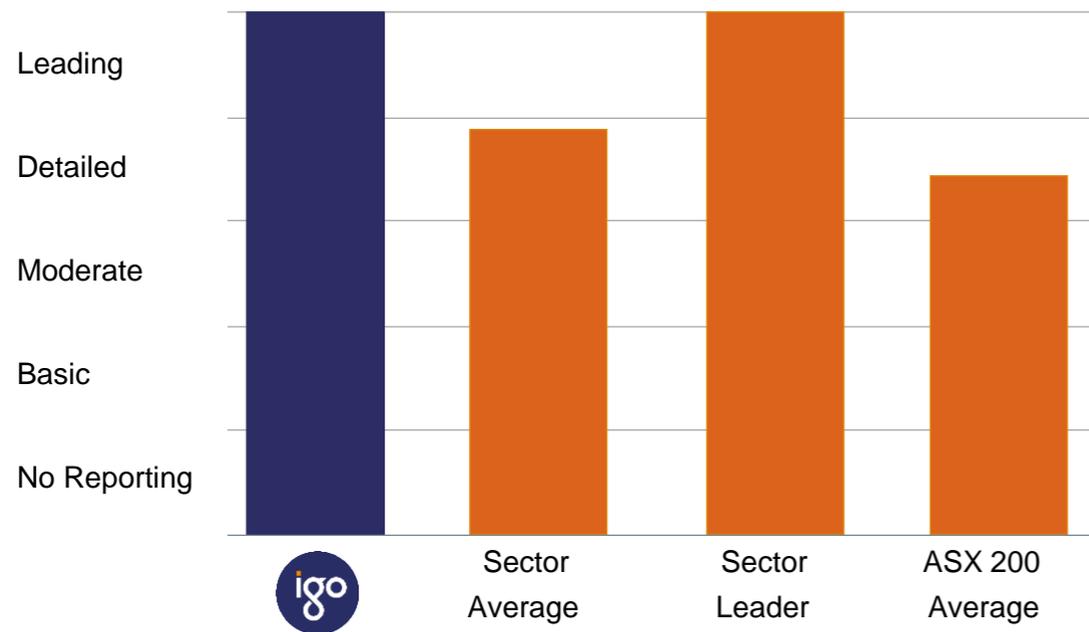


ESG

# Sustainability & Safety



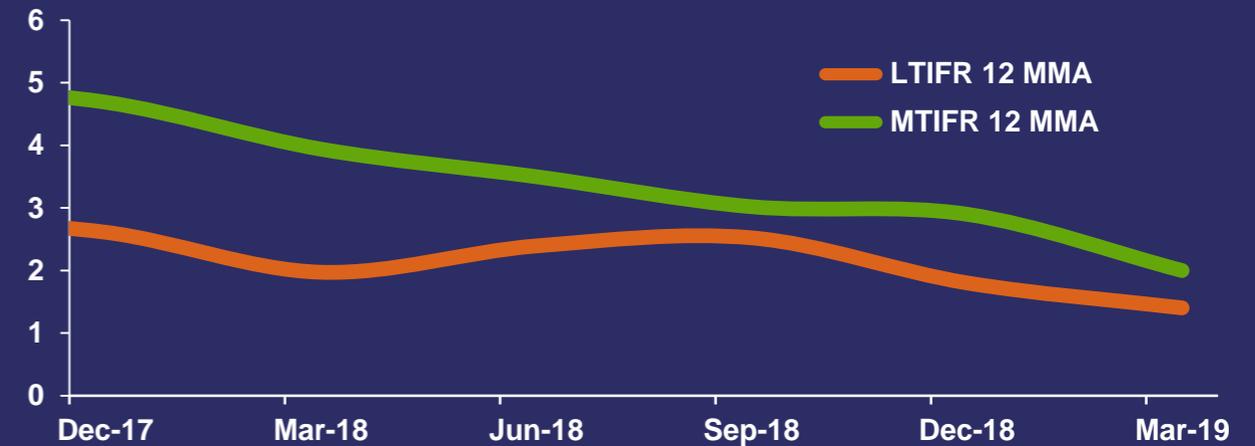
## 2018 ACSI Rating of ASX200 Sustainability Reporting<sup>(1)</sup>



“Leading” rating each of the last three years

- 1) Australian Council of Superannuation Investors (ACSI)
- 2) 12 month moving average 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
- 3) 12 month moving average 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
- 4) VSLI: Visual Safety Leadership Interaction

## Key Lag Injury Metrics<sup>(2,3)</sup>



## Key Lead Injury Metrics<sup>(4)</sup>





## People & Culture

- Strong sense of purpose
- Empowered people who are owners of the business
- Focus on doing what is right – because we care
- Collectively we are making a difference
- Fostering the next generation of industry leaders
- Achieving above benchmark levels of staff engagement and reduced turnover

# Concluding Comments

Outstanding 3Q operating and financial result



**Nova continuing to perform**

**Operations on track to deliver on full year production guidance**

**Strong cash flow generation increases net cash to A\$172M**

**Boston Shaker underground development approved**

**Nickel sulphate study progressing**

**Significant exploration activity underway**

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