



CONSISTENCY AT NOVA DELIVERS STRONG QUARTERLY RESULT AS IGO ANNOUNCES ACQUISITION OF WESTERN AREAS

Key Points

- Group sales revenue of A\$188M and underlying EBITDA¹ of A\$123M, representing an increased EBITDA margin of 65% for the Quarter
- Operating cash flow of A\$73M, reflects timing of lower cash receipts by Nova
- Acquisition of Western Areas to deliver enhanced nickel portfolio in line with IGO's clean energy strategy to be completed via a Board recommended Scheme of Arrangement for A\$1,096M payable in cash
- Nova nickel production and cash cost better than guidance
- Construction of Greenbushes Tailings Retreatment Plant is nearing completion with commissioning scheduled to commence in the March 2022 quarter
- Kwinana Refinery trial production continued with a focus on achieving continuous operations. IGO expects first battery grade lithium hydroxide production by March 2022
- No further cash calls expected towards the Lithium JV as a result of strong spodumene prices expected in the second half of FY22
- Cash on balance sheet of A\$570M, no debt and A\$400M of undrawn debt facilities

Peter Bradford, IGO's Managing Director & CEO commented: *"It is fantastic to report another safe and strong quarter, and half yearly result, which highlights our consistent delivery and focus on growing our clean energy metals business. Importantly, we have done this safely, and we continue to prioritise the safety and wellbeing of all our stakeholders as we transition into the next phase of COVID in Western Australia."*

"We are excited about the recently announced acquisition of Western Areas. This acquisition is on strategy, delivering IGO with an expanded nickel portfolio in Western Australia, and access to additional people with significant operational, technical and commercial skills and experience in nickel."

"Nova continues to perform well, with production and cash costs ahead of guidance for the quarter and half-year. Nova has also benefited from strengthening commodity prices, with nickel, copper and cobalt all rising strongly over recent months."

"Likewise, we have seen significant strengthening of benchmark pricing for spodumene and lithium chemicals, which will inform higher contract pricing in the March and June 2022 quarters."

"Within the lithium joint venture, Greenbushes has delivered robust operating performance and good progress on the expansion projects. The Tailings Retreatment Plant is well advanced and expected to be commissioned in the March 2022 quarter, and Chemical Grade Plant 3 front end engineering design progressed in accordance with schedule."

"Contemporaneous with this release we have also provided our annual Mineral Resource and Ore Reserve statement which incorporates a significant uplift in the Mineral Resources and Ore Reserves at Greenbushes which underpins the continued growth of this world-class asset."

"At Kwinana, the team continued to transition the lithium hydroxide refinery from batch to continuous operations and remain on track to deliver first battery grade lithium hydroxide by March 2022."

¹ Refer to the Financial & Corporate section of this Quarterly Report for a description of underlying adjustments / exclusions. 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. All references to financial measures and outcomes in this Quarterly Report are to unaudited results.



PRODUCTION SUMMARY

	Units	1Q22 ¹	2Q22 ¹	1H22 ¹	FY22 Guidance ¹
Nova nickel	t	6,889	6,987	13,876	12,500 to 13,500
Nova copper	t	3,023	2,884	5,906	5,750 to 6,250
Nova cash costs ²	A\$/lb Ni	1.99	1.73	1.86	2.00 to 2.40
Greenbushes spodumene ³	kt	268	259	526	Not provided ⁵
Greenbushes COGS ⁴	A\$/t	310	388	346	Not provided ⁵

1. 1Q22 is the three months ending 30 September 2021, 2Q22 is the three months ending 31 December 2021, 1H22 is the six months ending 31 December 2021 and FY22 guidance is the Pro-rata YTD Guidance for the six months to 31 December 2021.
2. Cash costs reported per pound of payable metal produced inclusive of royalties and net of by-product credits.
3. 100% attributable Greenbushes production, including both technical grade and chemical grade spodumene concentrate.
4. COGS is IGO's estimate of cost of goods sold and is inclusive of ore mining costs, processing, general and administrative, selling & marketing, inventory movements and royalty expense.
5. Greenbushes production and cost guidance was not previously provided for these periods.
6. Kwinana Refinery is not yet in commercial production and therefore no reporting is available. Production and cash cost guidance for the Kwinana Refinery is expected to be provided once commercial production is achieved.

EXECUTIVE SUMMARY

IGO Limited (ASX: IGO) (IGO, the Company or the Group) has continued its strong start to the 2022 Financial Year (FY22) with another strong quarterly performance, while also progressing key growth initiatives across the portfolio.

At Nova, nickel and cobalt production for the December 2021 Quarter (2Q22 or Quarter) exceeded pro-rata FY22 production guidance, with 6,987t and 259t of nickel and cobalt produced respectively. Copper production of 2,884t was in line with guidance for the Quarter. Nickel cash costs of A\$1.73 per payable pound were substantially below the guided range, reflecting favourable by-product credits along with consistent operating expenditures at Nova.

Sales revenue of A\$188.0M for the Quarter was in line with the prior quarter (1Q22: A\$189.2M). This assisted the delivery of underlying EBITDA of A\$122.9M, representing an EBITDA margin of 65% for 2Q22 versus 54% last quarter.

Included within Underlying EBITDA is IGO's share of net profit in the Lithium JV which was A\$8.8M for the Quarter (1Q22: A\$5.6M restated – refer to the explanation of the prior period accounting adjustments in the Lithium Joint Venture (TLEA) section).

Greenbushes production for the Quarter on a 100% basis comprised 258,659t of spodumene concentrate. Trial production of the Kwinana Refinery Train I continued during the Quarter with the focus on transitioning from batch to continuous operation with a target to produce first battery grade lithium hydroxide by March 2022.

Net profit after tax (NPAT) of A\$52.3M was 36% higher than the September 2021 quarter, reflecting the strong operating performance at Nova.

On 16 December 2021, IGO announced that it had entered into a Scheme Implementation Deed pursuant to which IGO will acquire 100% of Western Areas Limited (WSA) for A\$1,096M cash consideration via a Board recommended scheme of arrangement². IGO intends to fund the transaction via:

- a new A\$900M senior-secured debt facility, underwritten by Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia and National Australia Bank Limited, comprising a A\$540M amortising term loan and a A\$360M revolving credit facility; and
- IGO's existing cash reserves.

Subject to the approval of the Scheme, the WSA acquisition is targeted for completion in the June 2022 quarter.

² Refer to IGO ASX announcement titled "IGO to acquire Western Areas via board recommended Scheme" released 16 December 2021.



During the Quarter, IGO also finalised the acquisition of the Silver Knight nickel-copper-cobalt sulphide deposit and surrounding tenements (Silver Knight) controlled by Mark Creasy (Creasy Group)³. The final consideration of A\$45M was paid to the Creasy Group in October 2021.

Total cash (and net cash) at the end of December 2021 was A\$569.8M, an increase of A\$17.5M during the Quarter. The Group also has undrawn debt facilities of A\$400.0M available.

Key financial metrics for the Company compared to the previous quarter are summarised in the table below:

	Units	1Q22 ¹	2Q22 ¹	QoQ ¹	1H22 ¹
Financials					
Sales Revenue	A\$M	189.2	188.0	(1%)	377.2
Underlying EBITDA	A\$M	103.0	122.9	19%	225.9
Profit After Tax	A\$M	38.4	52.3	36%	90.7
Net Cash from Operating Activities	A\$M	131.0	72.5	(45%)	203.5
Underlying Free Cash Flow	A\$M	111.2	72.2	(35%)	183.4
Cash and Net Cash	A\$M	552.3	569.8	3%	569.8

1. 1Q22 is the three months ending 30 September 2021, 2Q22 is the three months ending 31 December 2021, 1H22 is the six months ending 31 December 2021 and QoQ is Quarter on Quarter

SAFETY, SUSTAINABILITY & GOVERNANCE

Safety

There were no material safety incidents across IGO's managed activities during the Quarter, with a 12-month rolling total reportable injury frequency per million hours worked (TRepIF) of 14.1 as at 31 December 2021 (compared to 11.3 as at 30 September 2021).

Environment & Climate Response

There were no material environmental incidents across IGO's managed activities during the Quarter.

IGO is continuing to partner with Zenith Energy to expand our renewable energy generation at Nova with a planned additional 10MW of solar panels and a 10MWh battery energy storage system. This will allow Nova to operate on 100% renewable energy in an "engines off" mode for up to nine consecutive hours a day in the spring and summer months. This will reduce our carbon equivalent emissions by a further ~24%, demonstrating our continued commitment to decarbonise our business.

Community

There were no material community issues arising from IGO's managed activities during the Quarter. IGO continues to support our host communities and various charities through our Corporate Giving program.

Heritage & Land Access

IGO has continued to engage with Traditional Owners and relevant stakeholders during the Quarter. IGO has met with various Native Title holders and Traditional Owners via their representative bodies to progress negotiations on land access and heritage agreements over IGO's exploration tenure, to ensure the continued protection of Aboriginal cultural heritage. IGO continues to progress land access discussions with the Ngadjju Native Title Aboriginal Corporation in relation to the Mining Lease Application for the Silver Knight deposit.

³ Refer to IGO ASX Release titled, "IGO to acquire Silver Knight deposit from Creasy Group", released 27 July 2021

LITHIUM OPERATIONS

TLEA Joint Venture

On 30 June 2021, IGO completed the transaction to form a new lithium joint venture, Tianqi Lithium Energy Australia Pty Ltd (TLEA), with Tianqi over its Australian lithium assets, with IGO owning 49% of the shares in TLEA and Tianqi owning the balance of 51%. We continue to expect to rename TLEA in the coming quarters to better represent the interests of both parties for this entity, which is the exclusive vehicle for lithium investments outside of China for IGO and Tianqi.

TLEA will initially focus on the existing upstream and downstream lithium assets located in Western Australia, which comprise a 51% stake in Greenbushes and a 100% interest in the Kwinana Refinery.

As a non-controlling shareholder in TLEA, IGO recognises its share of net profit from TLEA in its consolidated financial statements, within Underlying EBITDA. Two adjustments totalling A\$7.6M have been made retrospectively to IGO's unaudited share of net profit from TLEA for the prior September 2021 quarter. These adjustments have the effect of reducing IGO's share of net profit from TLEA for the September 2021 quarter from the previously disclosed A\$13.2M to A\$5.6M. The two adjustments are non-cash expenses and comprise:

- A\$6.3M additional September 2021 quarter tax expense of TLEA relating to foreign exchange aspects of the transaction restructure steps that were undertaken as part of IGO acquiring its shares in TLEA. The additional tax expense is not expected to reoccur and impact on future reporting periods; and
- A\$1.2M additional amortisation charge against the purchase price of the shares in TLEA. The additional amortisation charge arises from a re-estimation of the provisional accounting fair value adjustment to A\$1,147M which forms part of the carrying value of IGO's investment in TLEA (previously assessed at A\$910M). This amortisation adjustment is a non-cash expense. Amortisation of this A\$1,147M will be applied progressively over the life of the TLEA lithium operations in IGO's accounts. This fair value adjustment represents the difference between (i) the consideration that IGO paid for its investment in TLEA of A\$1,856M, and (ii) IGO's 49% interest in the net assets of TLEA.

No further cash contributions were made to TLEA during the Quarter. Given higher spodumene pricing, IGO does not expect any further capital contributions to TLEA in FY22 beyond the A\$16M made in the September 2021 quarter. Previously IGO had guided to approximately A\$50M of capital contributions to TLEA in FY22.

Greenbushes Operation

Open pit spodumene mine located in the southwest of WA: IGO 24.99% indirect.

Greenbushes	Units	1Q22 ¹	2Q22 ¹	1H22 ¹	FY22 Guidance ³
Spodumene Concentrate ²	kt	268	259	526	Not provided
COGS ⁴	A\$/t	310	388	346	Not provided

1. 1Q22 is the three months ending 30 September 2021, 2Q22 is the three months ending 31 December 2021 and 1H22 is the six months ending 31 December 2021 and FY22 Guidance is the pro rata guidance for the six months ending 31 December 2021
2. 100% attributable Greenbushes production, including both technical grade and chemical grade spodumene concentrate.
3. Greenbushes production and cost guidance not previously provided for this period.
4. COGS is IGO's estimate of cost of goods sold and is inclusive of ore mining costs, processing, general and administrative, selling & marketing, inventory movements and royalty expense.

There are three existing and operational concentrators at Greenbushes; the technical grade plant (TGP), and two chemical grade plants (CGP1 and CGP2), with aggregate installed capacity of 1.34Mtpa of spodumene concentrate. Three further concentrators are planned, a tailings retreatment plant (TRP), which is nearing completion, a third chemical grade plant (CGP3), expected to start construction in 2022, and subject to market conditions, a financial investment decision is planned for a fourth chemical grade plant (CGP4) in 2025. Ore is sourced from the one open pit mining operation.

Mining

A total of 1.19 million bank cubic metres of material was mined, including 1.03Mt of ore at an average grade of 2.42% Li₂O. The total material mined for the Quarter was a quarterly mining record for Greenbushes.

Processing & Production

Total spodumene concentrate production for the Quarter of 258,659t.

TGP performed well with all metrics better than budget.

CGP1 recovery performance was negatively impacted by the need to temporarily bypass key equipment during the Quarter. This is expected to be rectified in the March 2022 quarter.

CGP2 commenced commissioning in May 2021. Operationally, the concentrator is performing well, however design metallurgical recoveries are not yet being achieved. A work program is in place to understand and address the underperformance in recovery.

Major Capital Projects

TRP construction is at an advanced stage and IGO expects commissioning to commence in the March 2022 quarter.

CGP3 front end engineering design (FEED) continued which advanced the detailed engineering design and refined the construction timelines. Subject to internal approvals to follow the FEED stage, IGO expects construction to commence in 2022.

Other key infrastructure projects, including a new mine services facility, permitting for the construction of a new tailings dam (TSF4), and an upgraded electrical supply line, were progressed.

Financial

Sales revenue was marginally lower QoQ as a result of lower sales volumes partially offset by a lower average Australian dollar exchange rate.

Production costs were marginally higher QoQ as a result of planned higher mining and processing volumes. Underlying EBITDA on a 100% basis was A\$123.1M for an EBITDA margin of 55%.

IGO estimates that the COGS (cost of goods sold), inclusive of royalties, sales and marketing costs, non-cash costs and general and administrative costs, for the Quarter was A\$388 per tonne of spodumene sold. The increase QoQ was primarily the result of increased unit royalty costs (A\$146/t vs A\$90/t 1Q22) arising from an increased spodumene benchmark price (upon which royalties are calculated).

Limited production details and financials are provided in Table 4 in Appendix 3.

Greenbushes Outlook

The following table summarises FY22 full year guidance for Greenbushes:

Greenbushes	Units	FY22 Guidance Range ¹
Spodumene concentrate produced	kt	1,100 to 1,250
COGS ¹	A\$/t sold	350 to 400
Sustaining and growth capex	A\$M	250 to 300
Capitalised waste	A\$M	25 to 30

1. Guidance range for the 12 months ending 30 June 2022, incorporating six months actual to 31 December 2021 and six months forecast to 30 June 2022.
2. Cash cost of production is IGO's estimate of ore mining costs, processing, site general and administrative, selling & marketing, and ore inventory movements, per tonne processed.
3. Assumes spodumene chemical grade price of approximately US\$1,770/t for the six month period to 30 June 2022.

Benchmark spodumene prices, which inform the revenue price for the Greenbushes chemical grade spodumene on a lag basis⁴, continued to increase. Based on the movement in these benchmark prices, IGO expects Chemical Grade spodumene concentrate revenue price for 2H22 of approximately US\$1,770/t FOB⁵ versus approximately US\$592/t FOB for 1H22.

⁴ Selling price is updated every six months by reference to the FOB price for the preceding quarter published by Fastmarket, Benchmark Mineral Intelligence and Asian Metals, collectively the Price Reporting Agencies (refer Tianqi Hong Kong stock exchange application proof dated 29 January 2022).

⁵ FOB is a shipping term for free on board designated by Incoterms® 2020 rules.

Kwinana Refinery

Fully automated battery grade lithium hydroxide refinery located in Kwinana, WA: IGO 49%.

The Kwinana Refinery comprises two trains each of which are expected to produce 24,000tpa of battery grade lithium hydroxide when at full production. Train I is fully constructed and in the trial production stage. Train II is partially constructed.

Refinery Commissioning

Trial production at the Kwinana Refinery Train I continued during the Quarter with the focus being on the transition from a batch to continuous operation. Progress was slowed by the need to make some minor rectifications, however IGO continues to expect that battery grade lithium hydroxide will be produced by March 2022, at which time the product qualification process can commence.

Major Capital Projects

Engineering studies and planning for the recommencement of construction of Kwinana Refinery Train II commenced. This work will lead to design modifications incorporating learnings from Train I commissioning as well as an updated capital cost estimate. A staged approach to the recommencement of construction has been adopted with A\$18M already committed for early works on the pyrometallurgical and leaching stages of Train II. IGO expects a decision on the full recommencement of construction for Train II to be made in the second half of CY22.

Financial

EBITDA and commissioning capital expenditure for 2Q22 were negative A\$9M and A\$14M respectively (1Q22: negative A\$12M and A\$16M respectively).

Kwinana Refinery Outlook

Although IGO continues to expect to produce first battery grade lithium hydroxide by March 2022, we do not expect to achieve commercial production before 30 June 2022. The following table summarises IGO's estimate of FY22 full year guidance for the Kwinana Refinery. EBITDA comprises all commissioning revenue, operating costs and general and administrative expenses not capitalised as part of pre-commercial activities for Train 1. Production guidance will be provided once the plant has reached commercial production.

Kwinana Refinery	Units	FY22 Guidance Range ¹
EBITDA	A\$M	(60) to (70)
Sustaining and growth capex	A\$M	75 to 85

1. Guidance range for the 12 months ending 30 June 2022, incorporating six months actual to 31 December 2021 and six months forecast to 30 June 2022

NICKEL OPERATIONS

Nova Operation

Underground nickel, copper, cobalt mine located on the Fraser Range, WA: IGO 100%.

Nova	Units	1Q22 ¹	2Q22 ¹	1H22 ¹	FY22 Guidance ¹
Nickel in concentrate	t	6,889	6,987	13,876	12,500 to 13,500
Copper in concentrate	t	3,023	2,884	5,906	5,750 to 6,250
Cobalt in concentrate	t	253	259	512	450 to 500
Cash cost (payable)	A\$/lb Ni	1.99	1.73	1.86	2.00 to 2.40

1. 1Q22 is the three months ending 30 September 2021, 2Q22 is the three months ending 31 December 2021, 1H22 is the six months ending 31 December 2021 and FY22 guidance is the Pro-rata YTD Guidance for the six months to 31 December 2021

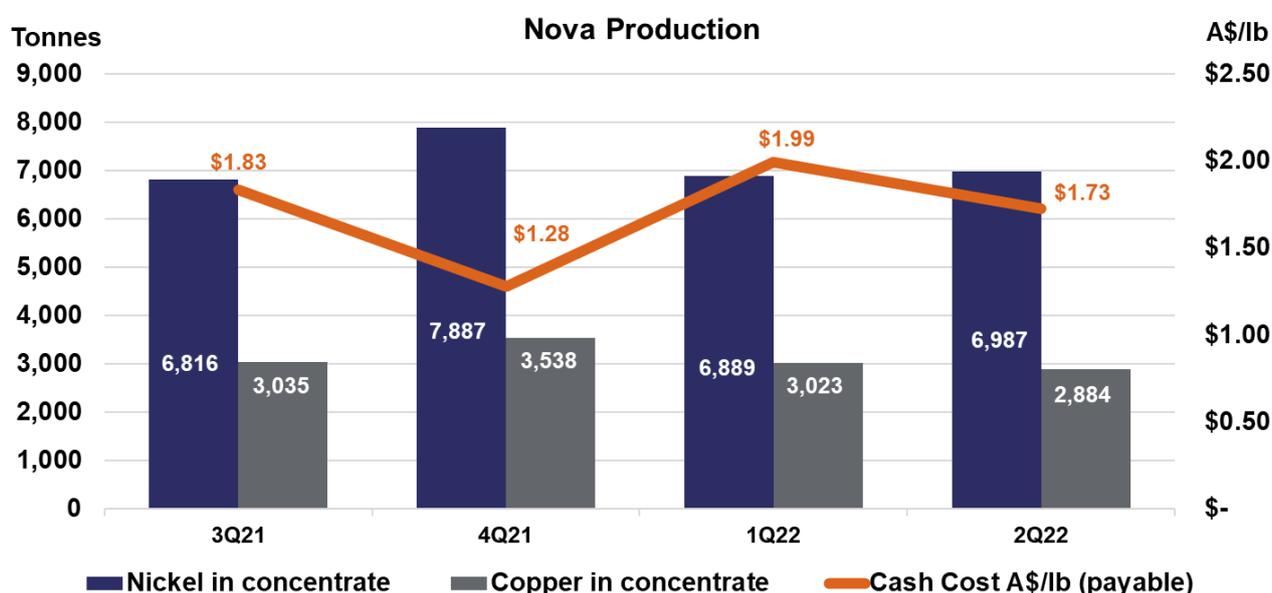
Mining & Development

Underground development advanced totalled 629m for the Quarter with one development crew.

A total of 414kt (1Q22: 425kt) of ore was mined at average grades of 2.00% nickel and 0.81% copper in the Quarter (1Q22: 1.88% and 0.77% respectively). The paste filling system continues to operate well and above nameplate capacity.

Processing & Production

Nova nickel production of 6,987t and cobalt production of 259t was in line with the previous quarter, 1% and 2% higher respectively. Copper production of 2,884t was 5% lower than the September 2021 quarter due to lower recoveries.



The Nova process plant milled 413kt of ore (1Q22: 421kt) at an average nickel and copper grade of 1.96% and 0.79% (1Q22: 1.90% and 0.78%), respectively for the Quarter. Tonnes milled were in line with the previous quarter and expected production rates, with one planned shutdown completed.

Nickel recoveries were in line with the previous quarter at 86.4% (1Q22: 86.1%). Copper recoveries were slightly lower than the previous quarter at 87.3% (1Q22: 87.9%). Work programs to continue to optimise both nickel and copper recoveries are ongoing.

Financial

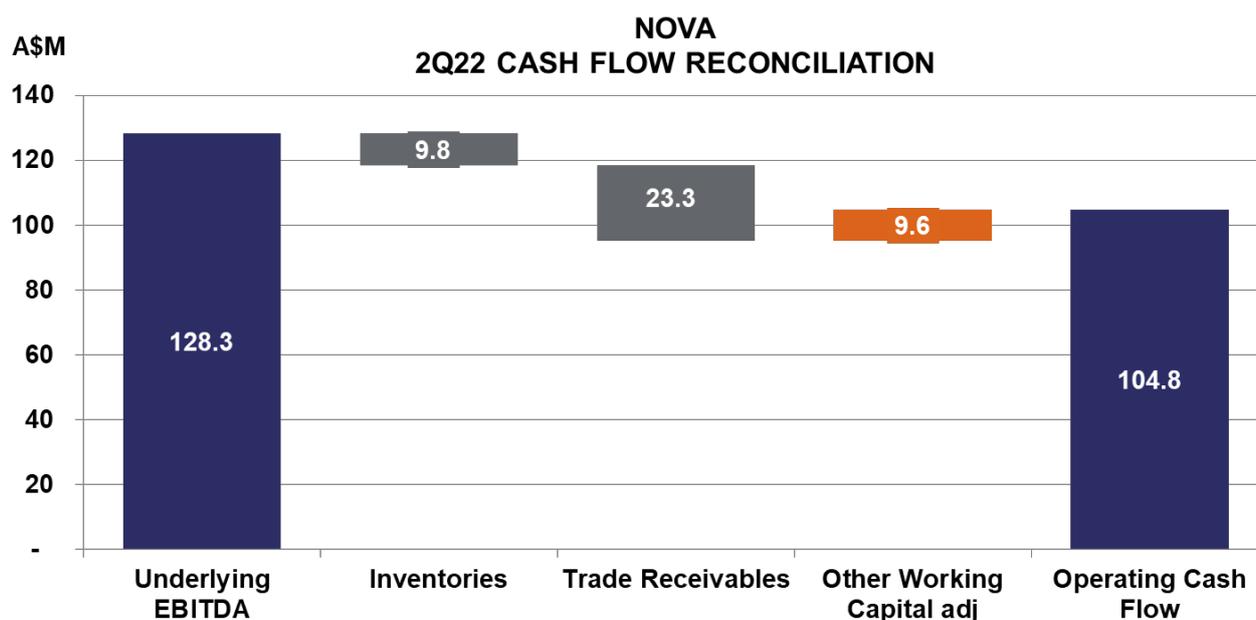
Nova sales revenue of A\$188.0M was in line with the previous quarter (1Q22: A\$189.2M), with higher metal prices offset by lower sales volumes due to the timing of sales. Nickel concentrate sales to BHP Nickel West Pty Ltd (BHP) and Trafigura Pte Ltd (Trafigura) totalled 47,109t for the Quarter (1Q22: 51,987t), resulting in the sale of 5,015t of payable nickel (1Q22: 5,602t payable nickel). Copper concentrate sales to Trafigura totalled 9,997t during the Quarter (1Q22: 11,130t), resulting in the sale of 2,863t of payable copper (1Q22: 3,184t payable copper).

Nova's average nickel price for 2Q22 was A\$27,217/t (1Q22: A\$25,024/t), resulting in a positive nickel price variance of A\$11.0M for the Quarter. Copper prices for the Quarter averaged A\$12,923/t (1Q22: A\$12,557/t), while average cobalt prices increased 37% to A\$91,190/t for the Quarter (1Q22: A\$66,659/t). Nova's revenue included a positive revaluation of prior quarter receivables of A\$5.0M, compared to a A\$1.2M positive quarterly adjustment in the September 2021 quarter.

Underlying EBITDA increased to A\$128.3M from A\$121.5M for the Quarter as a result of lower cash costs, representing an EBITDA margin of 68% (1Q22: 64%).

Nova cash costs were A\$1.73 per payable pound for the Quarter (1Q22: A\$1.99 per payable pound). This result was due to higher by-product prices (A\$0.24/lb), higher nickel production (A\$0.03/lb) and lower unit production costs (A\$0.09/lb), partially offset by higher offsite costs (A\$0.06/lb).

Nova's cash flow generated from Operating Activities decreased by A\$53.9M to A\$104.8M, due to lower cash receipts, with the prior quarter including substantial receipts from June 2021 quarter receivables. Underlying free cash flow for the Quarter at Nova was A\$102.3M.



A breakdown of production and financials are provided in Table 3 in Appendix 2.

Nova Outlook

Nickel production is expected to be lower next quarter due to lower feed grades under the current mine plan. FY22 production guidance across all metals remains unchanged. Nova cash costs for 1H22 were A\$1.86/lb, significantly below the guidance range of A\$2.00 – A\$2.40/lb. Cash costs benefited from favourable by-product pricing during the first half of this financial year. Management expect cash costs to come in under the guidance range for the full FY22, pending the continuation of strong by-product pricing.

Nova Near-Mine Exploration

Nova near-mine exploration is focused on the discovery of additional Ni-Cu-Co mineralisation to extend the Nova Operations' mine life.

Another diamond drill (DD) hole (1,329m) was completed during the Quarter to continue testing the high-priority Chimera target (Figure 1). This hole was designed to test an off-hole electromagnetic (EM) conductor identified in drilling from the previous quarter. Drilling continued to delineate the mafic and ultramafic (MUM) intrusions with favourable textural and lithological features that IGO considers indicative of a productive Ni-Cu-Co sulphide-bearing system. At the target depth of the modelled EM conductor, weakly conductive metasedimentary sulphides with some graphite were encountered.

A downhole electromagnetic (DHEM) survey detected a clear off-hole conductor, indicating that the targeted conductor remains to be tested. Further work is anticipated at Chimera and other near-mine targets in CY22.

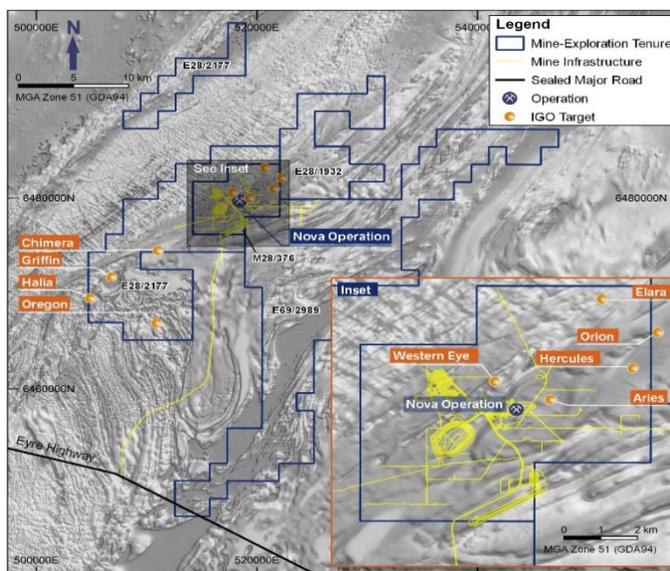


Figure 1 – IGO's Nova Near Mine Exploration Targets

Silver Knight Exploration & Development

During the Quarter, IGO completed the transaction to acquire a 100% interest in the Silver Knight Ni-Cu-Co deposit, together with a 65% joint venture interest in a portfolio of tenements across the region surrounding Silver Knight, from the Creasy Group.

Located 35km northeast of Nova, Silver Knight was discovered by Great Southern Nickel (GSN), part of the Creasy Group, in 2015. GSN subsequently published a JORC Mineral Resource Estimate and applied for a Mining Lease.

During the Quarter, IGO completed infill metallurgical drilling at the Silver Knight deposit. This due diligence program will also inform an updated resource and reserve estimate, which will be communicated to the market in due course. In addition, IGO commenced detailed planning for Silver Knight brownfields exploration in CY22, with several high-priority Ni-Cu-Co sulphide targets identified around the Silver Knight deposit.

GREENFIELDS EXPLORATION

Greenfields Strategy

IGO has an enduring commitment to greenfields exploration and discovery, targeting transformational value creation and sustainable growth through the discovery of clean energy metals deposits. Our disciplined approach to greenfields exploration and discovery is designed to maximise the chance of step-change success.

IGO's portfolio of belt-scale exploration projects are highly prospective for nickel-copper-cobalt sulphide and sediment-hosted copper deposits, and are shown here on a regional gravity image of Australia (Figure 2).

Additional information on IGO's exploration strategy and project portfolio can be found on IGO's website at www.igo.com.au.

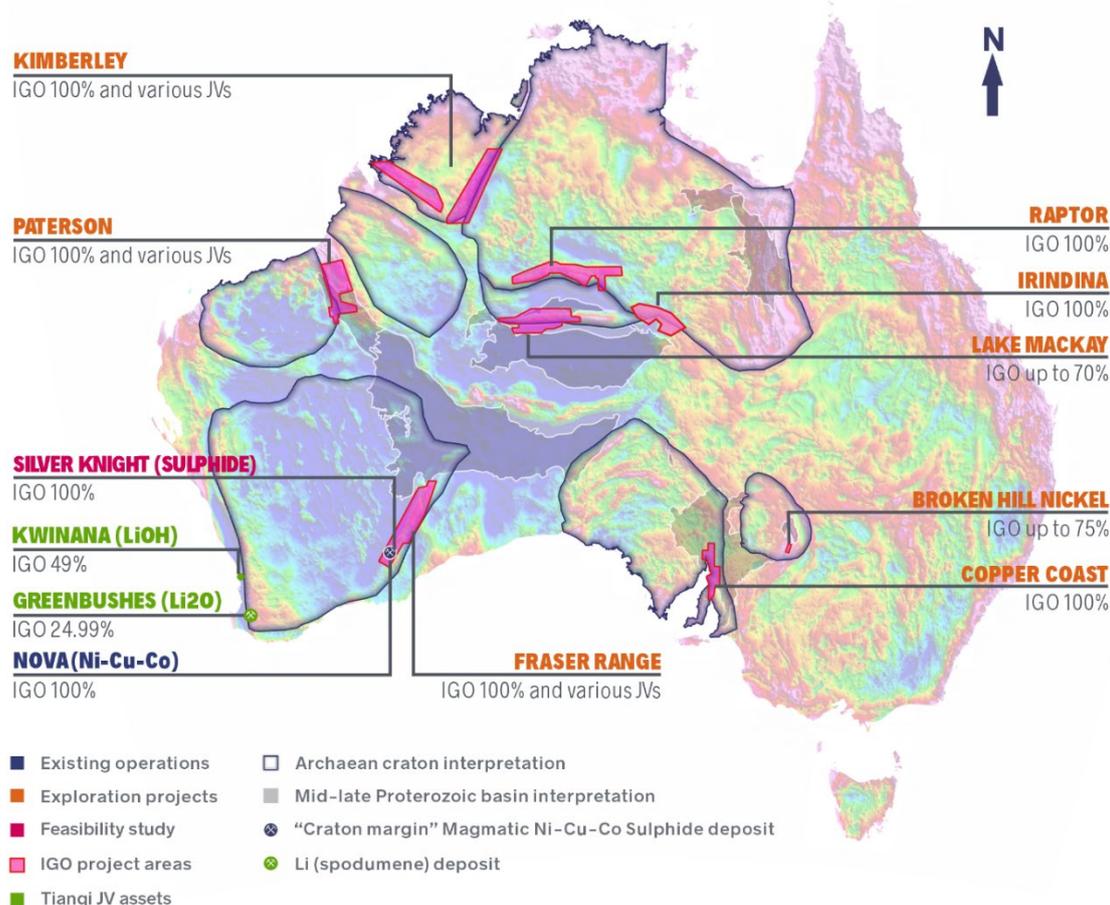


Figure 2 – IGO’s exploration projects are associated with belt-scale gravity ridges along craton margins

Project Updates

Fraser Range Project, Western Australia

Exploration at the Fraser Range Project is focused on the discovery of Nova-style magmatic Ni-Cu-Co sulphide deposits.

Outside of the Nova Near-mine area, the regional Fraser Range exploration program during the Quarter comprised of six DD holes (3,241m) completed at the Red Bull, Celestial, Titan, Hook and Bilby targets (Figure 3). The targets tested will be detail logged, sampled and interpreted in the next quarter.

Mafic-ultramafic rocks with traces of Ni-Cu-Co sulphides were encountered in DD holes at the Red Bull, Celestial, Hook and Bilby targets.

Other exploration activities undertaken in the Quarter included targeted air core (AC) drilling programs (15,490m) to identify and define new prospective intrusions, and moving-loop electro-magnetic (MLEM) surveys to screen geophysical, geochemical and geological anomalies for the presence of massive sulphide accumulations.

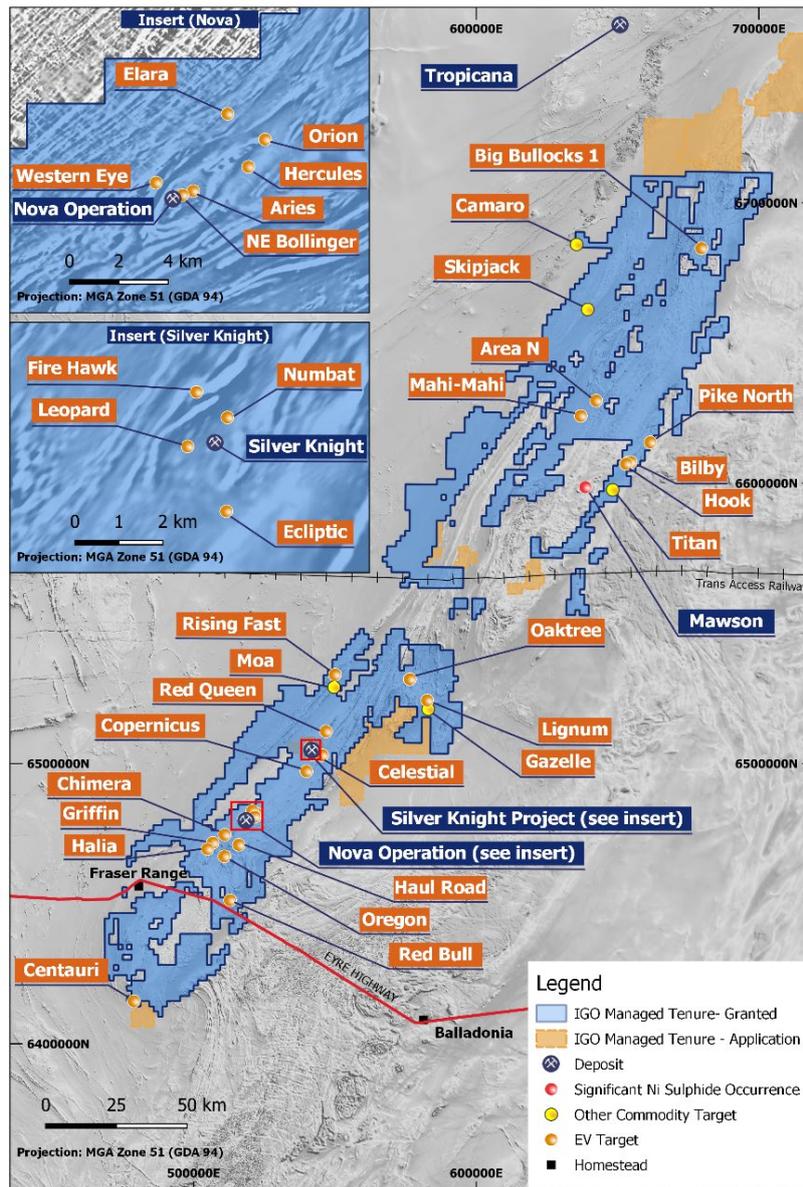


Figure 3 – IGO’s Fraser Range Targets

Paterson Project, Western Australia

Exploration at the Paterson Project (Figure 4) is focused on discovering high-value sediment-hosted copper deposits.

The strategy of collecting belt-scale high-quality primary datasets continued, with cutting-edge techniques used to acquire geological, geochemical and geophysical data. Interpretation of the integrated results will allow for drill testing of the highest quality targets in CY22. Key areas of focus for the Quarter included:

- Regional AC drill programs were completed to the northeast of Maroochydore (22 holes for 2,204m) and south of Dromedary (44 holes for 4,687m). IGO’s CY21 AC program finished with a total of 195 holes for 16,385m.
- A regional AC drill program, managed by JV partner Antipa, was completed with 59 holes for 4,561m drilled in the Quarter. The Antipa-IGO CY21 AC program finished with a total of 168 holes for 11,346m. Results are pending.

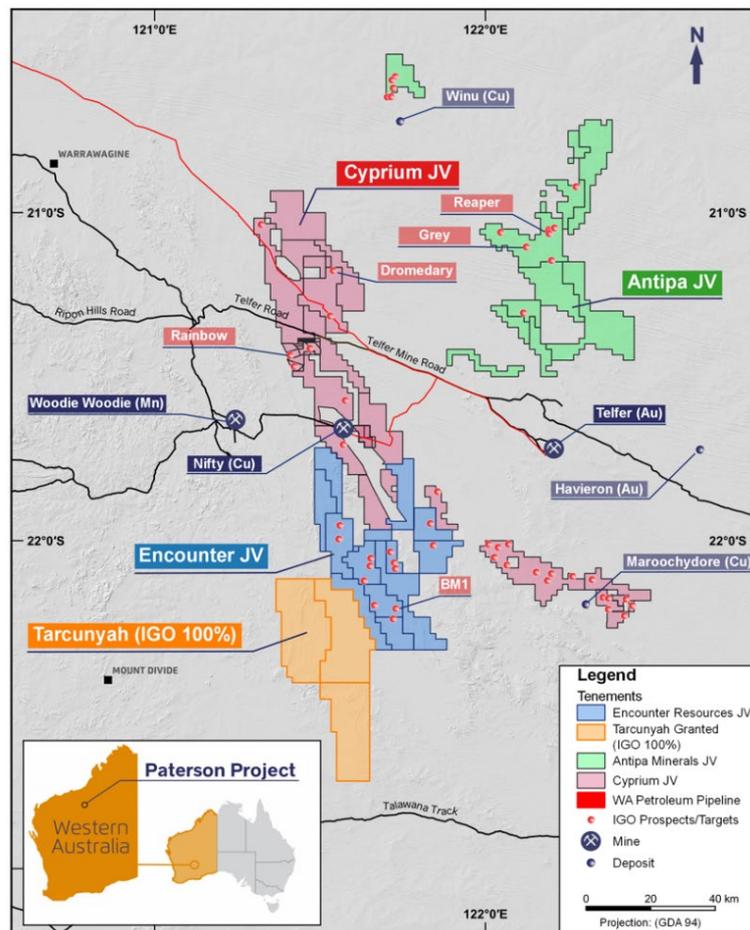


Figure 4 – Paterson Project map showing active tenement holdings and exploration targets

Kimberley Project, Western Australia

The Kimberley Project (Figure 5) is targeting Nova-style magmatic Ni-Cu-Co sulphide mineralisation in Proterozoic belts of the East and West Kimberley.

During the Quarter, field work was completed at the Louisa tenements near Fitzroy Crossing, with IGO’s CY21 field program finishing in late-October 2021 due to adverse weather associated with onset of the northern wet season. Work involved geological mapping and rock chip sampling designed to investigate magnetic anomalies identified from the detailed aeromagnetic-radiometric survey flown by IGO in 2020.

In the Louisa area, geological mapping identified several mafic and ultramafic units coincident with strong magnetic responses. Lithogeochemical sampling of rock chip samples will enable IGO to assess the fertility of these units. Assay results are pending.

Heritage Protection Agreements were executed over IGO’s exploration leases in the East Kimberley, providing a framework for exploration to commence in the 2022 dry season.

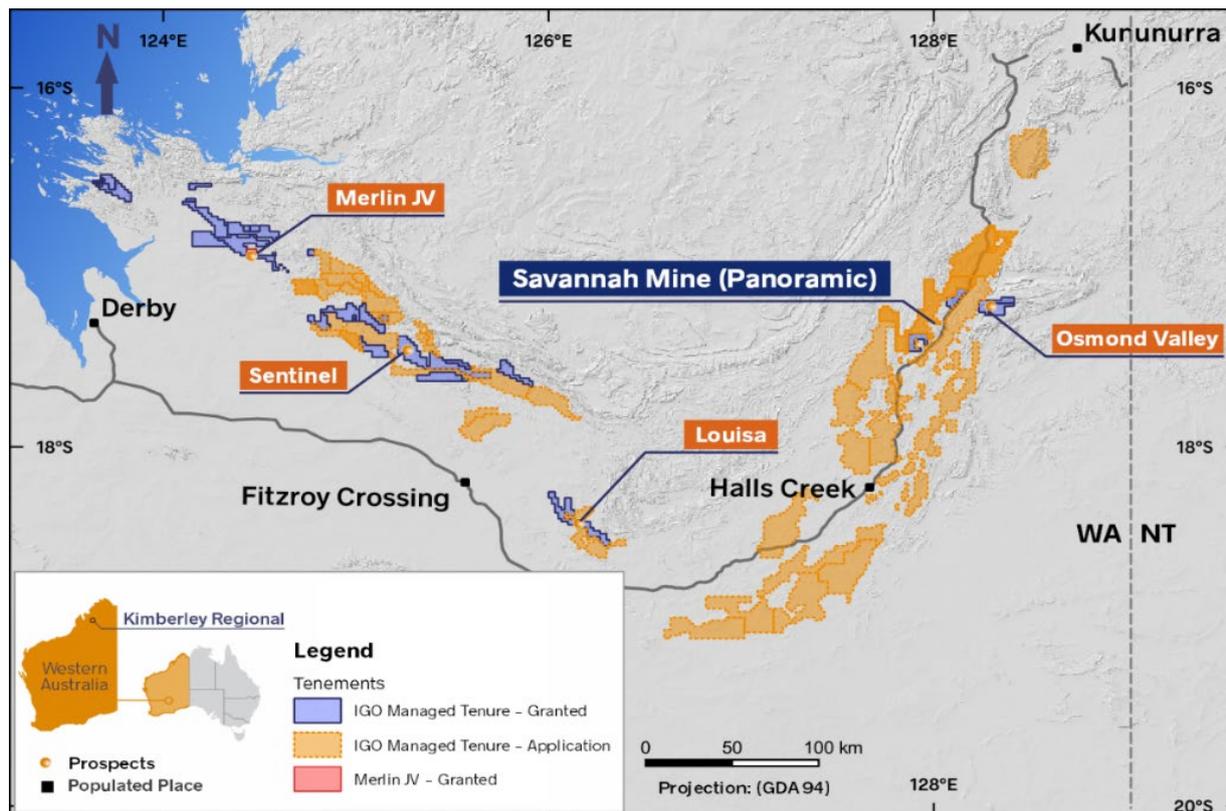


Figure 5 – Kimberley Project map with current highest priority work areas noted

Broken Hill Nickel Project, New South Wales

The Broken Hill Nickel Project is located along the southeast margin of the Proterozoic Curnamona Craton, which is considered highly prospective for orthomagmatic Ni-Cu-Co-PGE sulphide deposits.

This is evidenced by the presence of multiple ultramafic intrusions hosting high-grade massive, matrix and disseminated Ni-Cu-PGE sulphide mineralisation in drilling to date.

The Broken Hill Nickel Project (Figure 2) is a new option and earn-in JV between IGO (up to 75%) and Impact Minerals Limited, covering a small landholding near the city of Broken Hill, New South Wales. The Project consists of tenements EL7390 and EL8234 (for a total area of 76km²).

During the Quarter, ground EM surveys using high-temperature SQUID were planned over the entire project with fieldwork scheduled to commence in early CY22.

Copper Coast Project, South Australia

Exploration at the Copper Coast Project is focused on the discovery of high-value sediment-hosted copper deposits.

IGO’s Copper Coast Project in South Australia runs north-south between the eastern margin of the Gawler Craton and the western margin of the Adelaide Geosyncline, commonly referred to as the Torrens Hinge Zone. The main exploration activities conducted during 2Q22 included:

- Final acquisition of the roadside infill ground gravity survey across all tenements – co-funded by the South Australian Government’s Accelerated Discovery Initiative (ADI).
- The planned ADI co-funded mobile Magnetotelluric (MT) airborne survey was delayed until January 2022 due to COVID-19 related border restrictions.
- Continued integration, review and interpretation of all current datasets towards developing a regional scale 3D geological model to guide drilling, which is planned for the March 2022 quarter.

FINANCIAL & CORPORATE

Financials

The strong financial result achieved in the September 2021 quarter continued during the Quarter, with sales revenue of A\$188.0M generated from strong metal prices and above-guidance nickel and cobalt production at Nova.

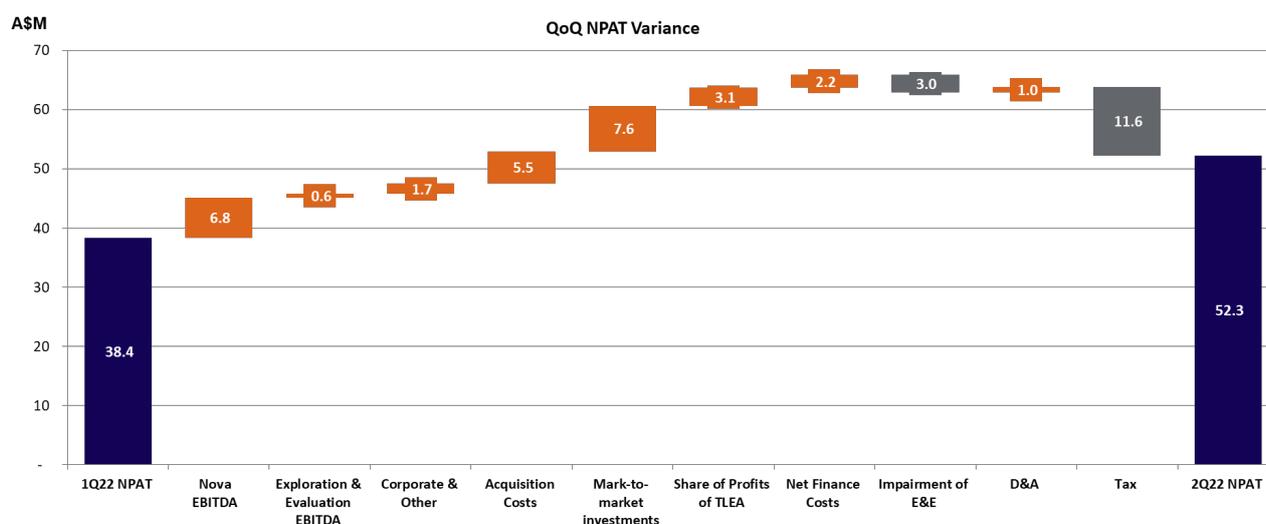
Quarterly EBITDA of A\$122.9M represented an outstanding EBITDA margin of 65%, demonstrating the strong cash cost and revenue result at Nova.

Included within Underlying EBITDA is IGO's 49% share of net profit in the Lithium JV, which delivered earnings of A\$8.8M for the Quarter. This compared with A\$5.6M in the prior quarter, following A\$7.6M of non-cash expenses that have been retrospectively applied to IGO's prior quarter's share of net profit from TLEA.

Pursuant to IGO's position as a non-controlling shareholder in TLEA, IGO is required to amortise the provisional accounting fair value adjustment of A\$1,147M that forms part of the carrying value of IGO's investment in the Lithium JV. In the year-to-date period to 31 December 2021, IGO has recognised a total of A\$13.7M in amortisation charges against its share of net profit from TLEA.

The mark-to-market value of IGO's listed investments delivered a A\$7.6M QoQ positive impact for the Quarter, while exploration and evaluation expenditure, corporate overheads and net finance costs were broadly in line with the prior quarter. There was also a positive impact QoQ of A\$5.5M relating to acquisition and transaction costs incurred during the prior quarter relating to the acquisition of TLEA.

Net profit after tax (NPAT) for the Quarter was A\$52.3M (1Q22: A\$38.4M).

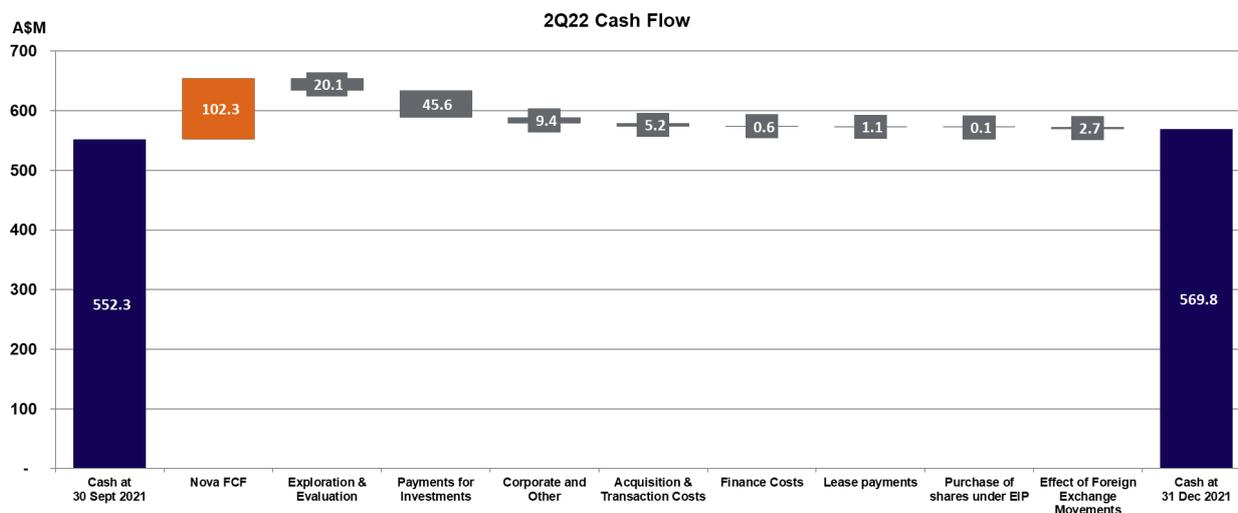


Total cash from operating activities for the Quarter of A\$72.5M was lower than the prior quarter (1Q22: A\$131.0M), primarily due to lower cash receipts at Nova, with the prior quarter including cash receipts from June 2021 quarter receivables.

Cash outflows used in investing activities of A\$51.2M include the A\$45.0M consideration paid for the Silver Knight acquisition completed in October 2021. IGO did not make any further capital contributions to TLEA in the Quarter. Estimated income tax payments of A\$172.0M originally expected to be paid in December 2021 will now be paid in the March 2022 quarter.

Cash flows from financing activities of A\$1.2M were down on the prior quarter (1Q22: A\$86.9M), which included the FY21 final dividend payment of A\$0.10 per share.

Underlying free cash flow⁶, which excludes payments for and proceeds from the sale of investments and mineral interests, was A\$72.2M for the Quarter (1Q22: A\$111.2M).



Cash Flow	1Q22 (A\$M)	2Q22 (A\$M)
Cash at beginning of Quarter	528.5	552.3
Nova Operation Free Cash Flow	157.2	102.3
Exploration and Evaluation	(17.3)	(20.1)
Payments for Other Investments/Mineral Interests	(2.6)	(45.6)
Corporate and Other Cash Flows	(12.2)	(9.4)
Acquisition and Transaction Costs	(0.3)	(5.2)
Net Finance/Borrowing Costs	(0.9)	(0.6)
Lease Principal Repayments	(1.1)	(1.1)
Net proceeds from Sale of Tropicana	0.1	-
Equity Contributions to TLEA	(15.7)	-
Dividends Paid	(75.7)	-
Purchase of EIP Shares	(10.0)	(0.1)
Effect of Foreign Exchange Movements	2.3	(2.7)
Cash at end of Quarter	552.3	569.8

Corporate

The Company held its Annual General Meeting on 18 November 2021 at which all resolutions were passed.

This meeting also marked the retirement of IGO's outgoing Non-Executive Director and former Chair of the Board of Directors, Mr Peter Bilbe. The Company and the Board of Directors thank Mr Bilbe for his many years of service.

⁶ Free Cash Flow comprises Net Cash Flow from Operating Activities and Net Cash Flow from Investing Activities. Underlying adjustments exclude: 1) Lithium Transaction costs (2Q22: A\$5.2M, 1Q22: A\$0.3M), 2) net proceeds on sale of Tropicana (2Q22: A\$nil, 1Q22: A\$0.1M), payments for mineral interests and financial assets (2Q22: A\$45.6M, 1Q22: A\$2.6M). Free Cash Flow, prior to these exclusions for 2Q22 and 1Q22, is a net inflow of A\$21.4M and A\$108.4M respectively.

Hedging

The Company's hedge positions at Quarter end for the Nova Operation are summarised in the table below:

Hedging Summary	Units	FY22 ¹	TOTAL
Diesel			
Swaps	kL	6,068	6,068
Price	A\$/L	0.45	0.45
Nickel			
Swaps¹	t	3,580	3,580
Price	A\$/t	28,065	28,065

1. FY22 means the 2022 financial year, the 12 months ending 30 June 2022

2. The Company hedges known nickel sales commitments only with a quotational price adjustment in the subsequent quarter.

Further Information

Further information relating to the performance of the operations of IGO can be found in the Appendices of this report.

Current and historic financial and operational information is available to view, download and analyse via IGO's Interactive Analyst Centre, which can be accessed via the IGO Investor Centre webpage – <https://www.igo.com.au/site/investor-center/investor-center1>

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements including, but not limited to, statements of current intention, statements of opinion and expectations regarding IGO's present and future operations, and statements relating to possible future events and future financial prospects, including assumptions made for future commodity prices, foreign exchange rates, costs and mine scheduling. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Such statements are not statements of fact and may be affected by a variety of risks, variables and changes in underlying assumptions or strategy which could cause IGO's actual results or performance to materially differ from the results or performance expressed or implied by such statements. There can be no certainty of outcome in relation to the matters to which the statements relate, and the outcomes are not all within the control of IGO.

IGO makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. The forward-looking statements in this document reflect expectations held at the date of this document. Except as required by applicable law or the ASX Listing Rules, IGO disclaims any obligation or undertaking to publicly update any forward-looking statements or discussions of future financial prospects, whether as a result of new information or of future events. 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.

INVESTOR WEBCAST

An investor webcast has been scheduled for 11.00am ADST (8.00am AWST) on Monday, 31 January 2022. The webcast link can be found below.

Webcast Details

The live link to the webcast is below:

<https://services.choruscall.com.au/webcast/igo-220131.html>

Please note it is best to log on at least 5 minutes before 11.00am ADST (8.00am AWST) on Monday, 31 January 2022 to ensure you are registered in time for the start of the presentation.

QUARTERLY REPORT



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 approximately one hour after the conclusion of the webcast.

INVESTOR AND MEDIA ENQUIRIES:

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This announcement is authorised for release to the ASX by the Board of Directors.

APPENDICES

Financial Summary

Appendix 1

Table 1: Financial Summary

FINANCIAL SUMMARY	1Q22 ¹ (A\$M)	2Q22 ¹ (A\$M)	1H22 ¹ (A\$M)
Financials			
Sales Revenue	189.2	188.0	377.2
Underlying EBITDA	103.0	122.9	225.9
Profit After Tax	38.4	52.3	90.7
Net Cash Flow from Operating Activities	131.0	72.5	203.5
<i>Cash Flows included in the above:</i>			
Net interest income (finance costs)	(0.8)	(0.6)	(1.4)
Exploration and evaluation expenditure	(17.0)	(19.7)	(36.7)
Acquisition and transaction costs	(0.3)	(5.2)	(5.5)
Net Cash Flow from Investing Activities	(22.6)	(51.2)	(73.8)
<i>Cash Flows included in the above:</i>			
Mine and infrastructure development	(0.1)	(0.6)	(0.6)
Proceeds from sale of property, plant and equipment	-	0.1	0.1
Payments for investments/mineral interests	(2.6)	(45.6)	(48.2)
Plant and equipment	(4.2)	(5.0)	(9.3)
Net proceeds on sale of Tropicana	0.1	-	-
Capital contributions to TLEA	(15.7)	-	(15.7)
Underlying Free Cash Flow	111.2	72.2	183.4
Net Cash Flow from Financing Activities	(86.9)	(1.2)	(88.1)
<i>Cash Flows included in the above:</i>			
Borrowing costs	(0.1)	-	(0.1)
Dividends paid	(75.7)	-	(75.7)
Lease repayments	(1.1)	(1.1)	(2.2)
Purchase of Employee Incentive Plan shares	(10.0)	(0.1)	(10.1)
Balance Sheet Items			
Total Assets	3,592.2	3,651.1	3,651.1
Cash	552.3	569.8	569.8
Marketable Securities	114.6	125.3	125.3
Total Liabilities	424.5	440.4	440.4
Shareholders' Equity	3,167.7	3,210.7	3,210.7

1. 1Q22 is the three months ending 30 September 2021, 2Q22 is the three months ending 31 December 2021 and 1H22 is the six months ending 31 December 2021

Table 2: Segment Summary for the December 2021 Quarter

FINANCIAL SUMMARY	1Q22¹ (A\$M)	2Q22¹ (A\$M)	1H22¹ (A\$M)
Nova			
Sales Revenue	189.2	188.0	377.2
Underlying EBITDA	121.5	128.3	249.8
Cash Flow from Operating Activities	158.7	104.8	263.5
Underlying Free Cash Flow	157.2	102.3	259.5
Lithium JV (TLEA)			
Underlying EBITDA ²	5.6	8.8	14.4
Underlying Free Cash Flow	(15.7)	-	(15.7)
Exploration & Evaluation			
Underlying EBITDA	(17.4)	(16.8)	(34.2)
Cash Flow from Operating Activities	(17.0)	(19.7)	(36.7)
Underlying Free Cash Flow	(17.3)	(20.1)	(37.4)
Acquisition & Transaction Costs			
Cash Flow from Operating Activities	(0.3)	(5.2)	(5.5)
Corporate & Other			
Other Revenue	0.7	0.5	1.1
Underlying EBITDA	(6.7)	2.6	(4.1)
Cash Flow from Operating Activities	(10.5)	(7.4)	(17.9)
Underlying Free Cash Flow	(12.9)	(10.1)	(23.0)

1. 1Q22 is the three months ending 30 September 2021, 2Q22 is the three months ending 31 December 2021 and 1H22 is the six months ending 31 December 2021

2. Represents IGO's share of net profit from TLEA. The September 2021 quarter has been restated to include Underlying EBITDA and adjustments totalling A\$7.6M (refer the Lithium Joint Venture (TLEA) section in this Report).

Table 3: Nova Production Summary for the December 2021 Quarter

Nova Operation	Notes	Units	2Q22	FY22	2Q21
Production Details:					
Ore Mined	1	t	413,695	838,236	410,786
Ore Milled		t	413,323	834,618	407,826
Nickel Grade		%	1.96	1.93	1.96
Copper Grade		%	0.79	0.78	0.84
Cobalt grade		%	0.07	0.07	0.07
Concentrate Production					
Nickel concentrate		t	52,807	103,748	53,417
Copper concentrate		t	9,630	19,305	10,394
Nickel Recovery		%	86.4	86.2	88.0
Copper Recovery		%	87.3	87.6	89.8
Metal in Concentrate:					
Nickel		t	6,987	13,876	7,024
Copper		t	2,884	5,906	3,171
Cobalt		t	259	512	266
Metal Payable in Concentrate:					
Nickel	2	t	5,550	11,009	5,496
Copper		t	2,751	5,554	2,973
Cobalt		t	110	218	113
Metal Payable in Concentrates Sold:					
Nickel		t	5,015	10,617	5,221
Copper		t	2,863	6,047	2,453
Cobalt		t	100	212	114
Revenue/Expense Summary:					
Sales Revenue (incl. hedging TC's/ RC's)		A\$M	188.01	377.21	149.19
Cash Mining Costs		A\$M	(28.58)	(55.88)	(26.52)
Cash Processing Costs		A\$M	(15.26)	(30.31)	(12.57)
Other Site Costs		A\$M	(7.17)	(16.95)	(7.00)
Product inventory adjustments		A\$M	7.52	5.80	1.19
Trucking		A\$M	(2.15)	(4.60)	(1.85)
Shipping & Wharfage		A\$M	(2.99)	(7.62)	(1.35)
Royalties		A\$M	(8.57)	(17.02)	(6.52)
Exploration		A\$M	(3.78)	(5.25)	(2.18)
Mine Development		A\$M	0.00	0.00	(1.07)
Sustaining & Improvement Capex		A\$M	(1.89)	(3.31)	(1.26)
Leasing Costs		A\$M	(0.91)	(1.81)	(0.87)
Depreciation/Amortisation		A\$M	(41.54)	(84.03)	(45.12)
Notional Cost /lb Total Ni Metal Payable					
Mining Costs		A\$/lb	2.34	2.30	2.19
Processing Costs		A\$/lb	1.25	1.25	1.04
Other Cash Costs	3	A\$/lb	1.88	1.97	1.65
Copper, Cobalt credits		A\$/lb	(3.73)	(3.66)	(2.78)
Ni C1 Costs & Royalties					
Exploration, Development, P&E	4	A\$/lb	1.73	1.86	2.10
Depreciation/Amortisation		A\$/lb	0.46	0.35	0.37
		A\$/lb	3.40	3.46	3.72

Note 1: Total mined ore, from inside and outside of reserves.

Note 2: Payable metal is a function of recovery from concentrate, smelting and refinery, controlled by sales contracts.

Note 3: Other cash costs include, site administration, notional trucking, notional TCs & RCs, notional wharfage & shipping and notional royalty.

Note 4: C1 Costs include credits for copper and cobalt notionally priced at A\$6.04/lb and A\$37.18/lb for the Quarter respectively.

Table 4: TLEA Operations Summary for period ended 31 December 2021 (100% basis)

TLEA Operations	Notes	Units	2Q22	FY22	2Q21
GREENBUSHES OPERATION¹					
Production Details:					
Total Material Mined (Ore + Waste)		BCM	1,189,508	2,225,457	*
Ore Mined		BCM	372,837	661,042	*
Ore Mined		t	1,029,548	1,825,929	*
Grade Ore Mined		% Li ₂ O	2.42	2.43	*
Concentrate Production					
Total spodumene concentrate production		t	258,659	526,336	*
Financial Summary:					
Sales Revenue (FOB)		A\$M	222.4	462.7	*
EBITDA		A\$M	123.1	271.2	*
Exploration		A\$M	1.0	2.3	*
Sustaining & Improvement Capex		A\$M	36.4	73.8	*
COGS (per tonne of spodumene sold)	2	A\$/t	388	346	*
KWINANA REFINERY¹					
Financial Summary:					
Sales Revenue		A\$M	Not in Commercial Production		*
EBITDA		A\$M	(9.0)	(21.0)	*
Sustaining & Improvement Capex		A\$M	14.4	31.0	*
AISC		A\$/t	Not in Commercial Production		*

* Represents period prior to any indirect ownership of IGO.

Note 1: Results of Operations are reported at 100%. IGO has an indirect interest in the Greenbushes Operation of 24.99%. IGO has a direct interest in The Kwinana Refinery of 49%.

Note 2: IGO's estimate of Cost of Goods sold.