FY20 TAX TRANSPARENCY REPORT

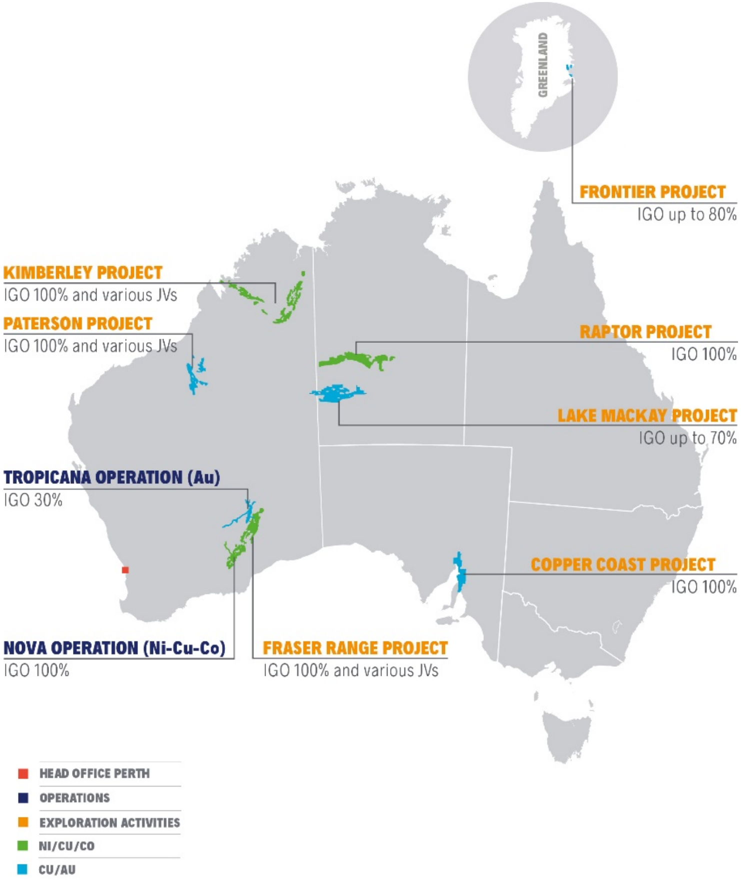
Introduction

IGO Limited (IGO or the Company or the Group) is pleased to present its Tax Transparency Report (Report) for the year ended 30 June 2020 (FY20). The Transparency Report is published on a voluntary basis, in line with the Company's Corporate Governance framework, and as part of IGO's ongoing commitment to provide a high level of financial and regulatory compliance.

This Report has been prepared to conform with the recommendations of the Board of Taxation's Voluntary Tax Transparency Code (the Code), and the disclosures in this report are in accordance with the recommendations contained in Part A and Part B of the Code. Further information about the Voluntary code can be found at: https://www.ato.gov.au/Business/Large-business/In-detail/Tax-transparency/Voluntary-Tax-Transparency-Code/.

Group Summary

IGO is a leading mining and exploration company listed on the Australian Stock Exchange (ASX:IGO / ADR:IIDY) with a strategic focus on metals critical to renewable energy and energy storage, and assets that are of high quality, scale and longevity. The Company's operations are primarily located in Western Australia and include the 100% owned world class Nova nickel-copper-cobalt Operation, and a 30% interest in the Tropicana gold Operation - a joint venture with AngloGold Ashanti Australia Ltd. In addition, the Company has a significant portfolio of exploration projects located in Western Australia (including the Albany Fraser Range, the Kimberley region and the Paterson Province) and in the Northern Territory (Lake McKay JV and the Raptor Project).



Financial and Tax Reporting

This Report provides information relating to Australian taxation activities for IGO for the 2020 and 2019 financial years.

IGO prepares a single consolidated set of financial statements that discloses the accounting profit before tax and income tax expense[1].

IGO has formed a tax consolidated group for income tax purposes, whereby a single consolidated income tax return is prepared and lodged by IGO with the Australian Taxation Office for all Australian wholly-owned subsidiaries. All subsidiary companies are domiciled in Australia, with the exception of a minor exploration entity that is domiciled in Sweden.

As at 30 June 2020, the Company had approximately A$353 million of revenue tax losses available to offset against future taxable income (FY19: A$561 million). In addition, the Company has A$93 million of net capital losses to carry over to future income years (FY19: A$85 million). These losses arose due to a combination of prior year's corporate activity, including sale of non-core assets, as well as ongoing investment in its operations and growth opportunities.

The following information should be read in conjunction with the disclosures in the 2020 Annual Report.

Reconciliation of Accounting Profit to Income Tax Expense and Income Tax Payable

Income tax expense reported on the Company's income statement is calculated by multiplying the accounting profit for the year, adjusted for non-temporary differences, by the relevant corporate tax rate.

[1] Further information can be found at Note 5 on page 85 of the IGO 2020 Annual Report: https://asx.api.markitdigital.com/asx-research/1.0/file/2924-02272489-6A993045?access_token=83ff96335c2d45a094df02a206a39ff4

A reconciliation of accounting profit to income tax expense and income tax payable is provided as follows:

	2020 A$'000	2019 A$'000
Profit from continuing operations	**219,512**	105,448
Tax expense at the Australian tax rate of 30% (2019: 30%)	**65,854**	31,634
Tax effect of non-temporary amounts that are not deductible / (not taxable) in calculating taxable income:		
Share-based payments	**789**	317
Other non-deductible items	**494**	519
Non-assessable gain on disposal of subsidiary	**-**	(811)
Capital losses not brought to account	**466**	16
Previously unrecognised capital losses brought to account	**(145)**	(27)
Difference in overseas tax rates	**4**	7
Overseas tax losses not brought to account	**12**	20
Adjustments for current tax of prior periods	**-**	(2,312)
Research and development tax credit	**(540)**	-
Adjustment for deferred tax asset not previously brought to account	**(2,515)**	-
Income tax expense	**64,419**	29,363
Income tax payable / paid	**-**	-

Material Non-Temporary and Temporary Differences

The items listed in the table above are non-temporary tax differences that are not, or will never be, assessable or deductible for tax purposes, based on existing tax legislation.

Temporary differences on the other hand arise when income or expenses are recognised in different periods in the financial statements than for tax purposes due to differences in the timing of assessability or deductibility relative to accounting income or expense. They represent differences between the carrying amount of an asset or liability and its notional tax carrying amount (tax base), at the prevailing Australian company tax rate. In the table below, these differences are represented as either a deferred tax liability or a deferred tax asset, and as such they are recorded as liabilities or assets on the Company's balance sheet. A deferred tax liability arises when the tax base is lower than the amount carried on the financial statements. This could be due to accelerated tax deductibility of the expensing of an asset (eg certain mine properties) relative to the accounting expensing of the asset. The "Balance Sheet" columns of the table outline the temporary differences at balance date, and the "Profit or Loss" columns represent how those differences have changed and impacted the financial accounts (primarily Profit and Loss) during the relevant year.

	Balance Sheet		Profit or loss		Equity		Disposal of Subsidiary	
	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000
Deferred tax liabilities								
Capitalised exploration expenditure	(4,991)	(2,163)	2,828	(3,319)	-	-	-	1,567
Mine properties	(121,980)	(128,960)	(6,980)	7,926	-	-	-	-
Property, plant and equipment	(783)	(1,673)	(890)	1,673	-	-	-	-
Deferred gains and losses on hedging contracts	(104)	(145)	-	-	(41)	(452)	-	-
Trade debtors	(4,266)	(2,852)	1,414	246	-	-	-	-
Consumable inventories	(2,011)	(1,815)	196	(90)	-	-	-	-
Other	(7,652)	(304)	7,348	(1,277)	-	-	-	-
Gross deferred tax liabilities	**(141,787)**	(137,912)	**3,916**	**5,159**	**(41)**	**(452)**	**-**	**1,567**
Deferred tax assets								
Property, plant and equipment	-	-	-	(967)	-	-	-	1,481
Business-related capital allowances	1,441	1,831	390	1,762	-	-	-	-
Provision for employee entitlements	2,730	1,910	(820)	(172)	-	-	-	-
Provision for rehabilitation	19,980	18,732	(1,248)	(1,701)	-	-	-	1,349
Leased assets	237	-	(237)	-	-	-	-	-
Carry forward tax losses	91,730	154,388	62,658	26,307	-	-	-	-
Other	3,616	3,376	(240)	(1,025)	-	-	-	-
Gross deferred tax assets	**119,734**	180,237	**60,503**	**24,204**	**-**	**-**	**-**	**2,830**
Net impact	**(22,053)**	42,325	**64,419**	**29,363**	**(41)**	**(452)**	**-**	**4,397**

As discussed above, the Group has approximately A$353 million of tax losses carried forward. Of these, a deferred tax asset has been recognised for A$305.8 million (carrying value A$91.7 million). The remainder continue to be available to IGO in the future, however these have not been recognised as a deferred tax asset as their utilisation in the future is considered to be uncertain.

Whilst the income tax return has not been finalised for the 30 June 2020 financial year, tax payable is anticipated to be $nil due to the availability of these tax losses.

Accounting Effective Company Tax Rate

The Australian company tax rate is 30% of taxable income for the 2020 and 2019 financial years. The Australian and Global Effective Company Tax Rate (ETR) is calculated as income tax expense divided by accounting profit before tax. The ETR will differ from the company tax rate due to non-temporary differences explained above. The ETRs for IGO for the years ended 30 June 2020 and 30 June 2019 were as follows:

	2020	2019
Australian effective tax rate (ETR)	29.3%	27.8%
Global effective tax rate (ETR)	29.3%	27.8%

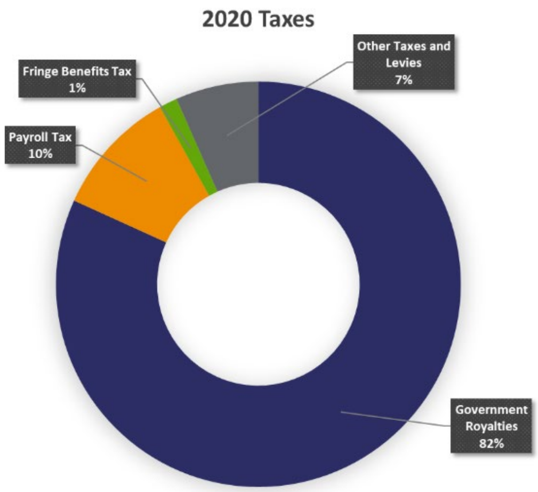
The Company's ETR reflects the rate calculated for the entire accounting consolidated group, which includes worldwide operations.

Tax Contribution Summary

The table below outlines the major taxes and government charges paid by IGO during the 2020 and 2019 financial years. These include IGO's share of Tropicana's employment taxes paid (payroll tax and fringe benefits tax).

	Tax Authority	2020 A$'000	2019 A$'000
Government Royalties	State	29,729	26,932
Payroll Tax	State	3,687	3,330
Fringe Benefits Tax	Federal	528	465
Other Taxes and Levies	State	2,384	2,473
Government Stamp Duties	State	25	1,287
Total		**36,353**	**34,487**

Please note, these figures exclude taxes withheld from employees and goods and services tax (GST) that are collected by the Company and paid to the Australian Taxation Office.



Approach to Tax Strategy and Governance

The Board of Directors of IGO recognise tax risk management and governance as a subset of corporate governance. IGO's risk management system is designed to ensure that the Company identifies, documents, communicates and proactively manages risks in a systematic way. At IGO, risk management remains fundamentally embedded within the culture of its business.

On 27 August 2020, IGO released its annual Corporate Governance Statement that details IGO's approach to corporate governance. The Board of Directors of IGO have a clear understanding of its responsibility for corporate governance and recognises the importance of its corporate governance framework in establishing accountabilities, guiding and regulating activities, monitoring and managing risks and optimising the Company's performance.

IGO operates an Audit and Risk Committee to oversee the management of risk. In accordance with the Committee's Charter, the Committee oversees and reviews the Company's Risk Management System to ensure it remains effective. This includes an assessment of the risk of perceived or actual non-compliance with IGO's statutory regulations including taxation obligations (tax risk).

The identification and management of tax risks are included in the Group's overarching risk management framework that has been endorsed by the Board. The Company's strategy for managing tax risk is as follows:

- To maintain open and constructive relationships with all relevant taxation authorities;
- To ensure that all taxes are paid as and when they become due and payable;
- To comply with the relevant tax laws in all jurisdictions in which it operates;
- To consider tax risks as part of the commercial assessment of any transaction, and to not enter into transactions that are purely motivated by tax outcomes;
- To ensure it has supportable positions in relation to its carry forward tax loss positions;
- To engage with tax authorities where clarity is required;
- To provide evidence that tax positions are valid and legally sustainable in the event of a request for information from a taxation authority; and
- To seek advice from external specialist tax consultants as and when required.

Furthermore, IGO has processes in place to regularly review internal controls via internal audit plans which are tested by both independent assurance providers, as well as internal resources. These plans are authorised by the Board of Directors and findings are reported by management to the Board or its delegated committee.

International Related Party Dealings

IGO does not have material operations located outside of Australia. IGO has a minor incorporated subsidiary domiciled in Sweden that was set up in 2014 to advance an exploration opportunity in that country. Furthermore, IGO has entered into an earn-in joint venture agreement with Greenfields Exploration Limited to explore the east coast of Greenland (the prospective Frontier copper Project). With the exception of these entities, IGO does not have any international related party dealings. Hence, IGO's Global Effective Tax Rate is the same as its Australian Effective Tax Rate.

Enquiries

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