

# INDEPENDENCE GROUP NL

## BMO Global Metals & Mining Conference

*Peter Bradford – Managing Director & CEO*



**24 – 27 February 2019**

**ASX:IGO / ADR:IIDDY**

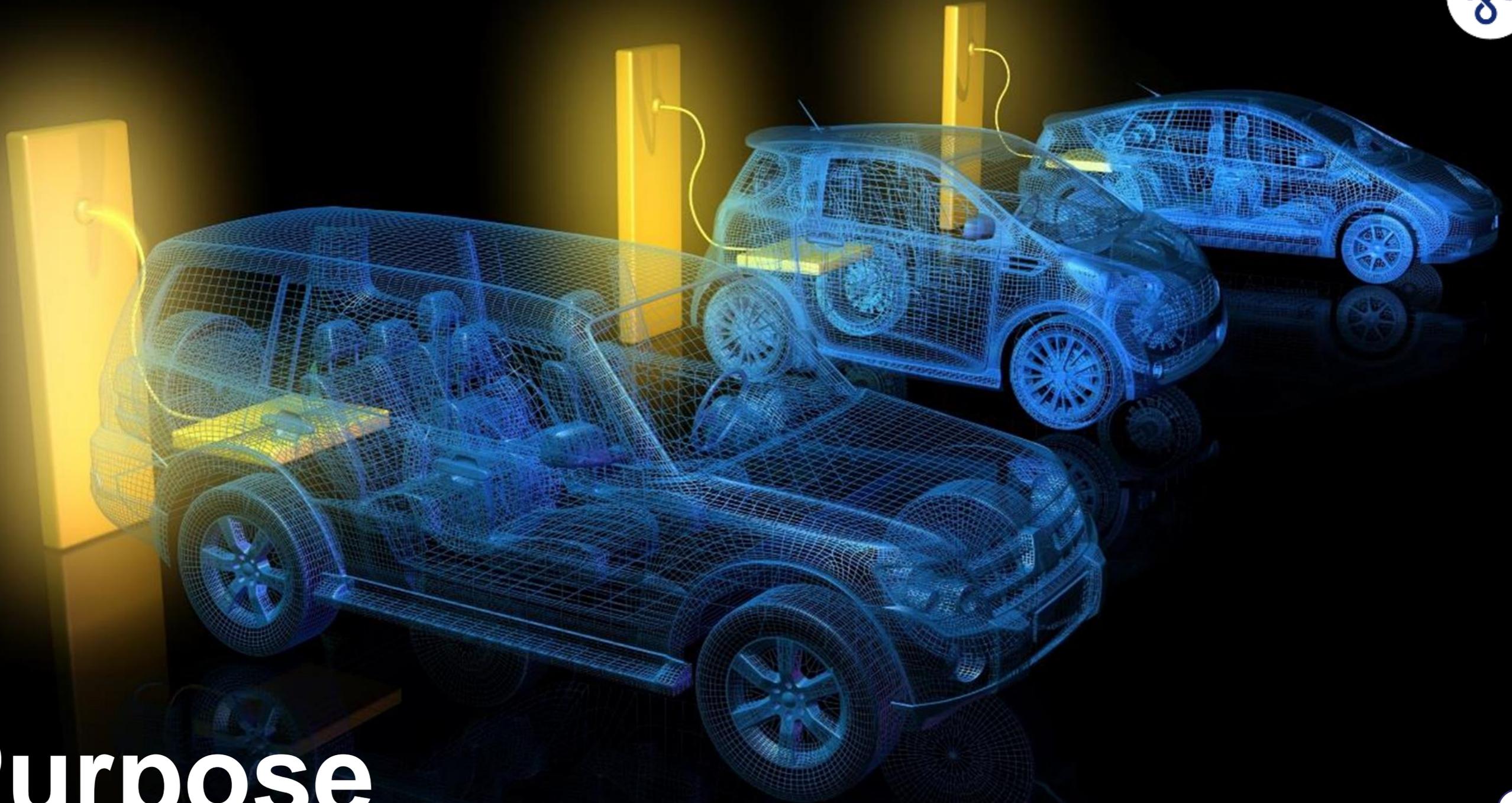
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- All currency amounts in Australian Dollars unless otherwise noted.
- Net Debt is outstanding debt less cash balances and Net Cash is cash balance less outstanding debt.
- Cash Costs are reported inclusive of Royalties and after by-product credits 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 Pre-Feasibility Study is extracted from the ASX announcement dated 20 December 2018 entitled "Pre-Feasibility Study Confirms Potential for Underground Mine at Tropicana" 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 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 20 December 2018 and 20 February 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.





# Purpose

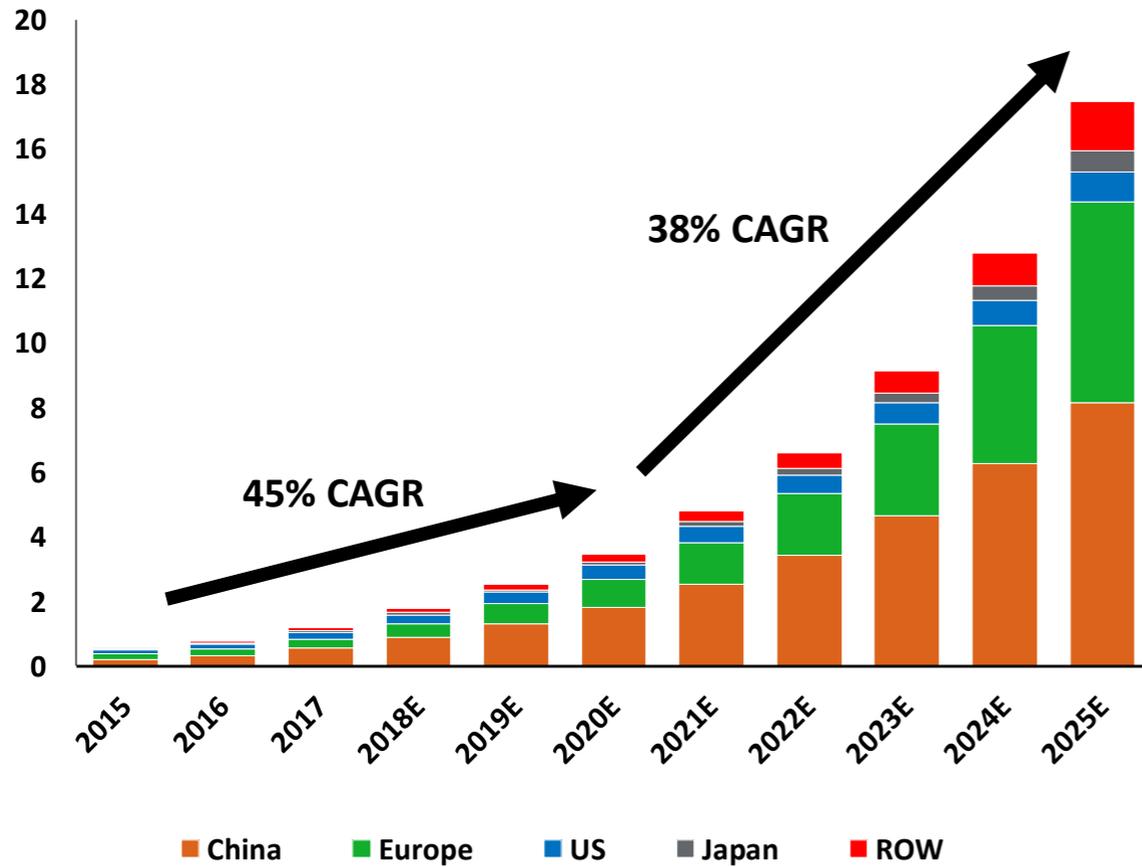


## **Global warming: *An increasingly critical global issue***

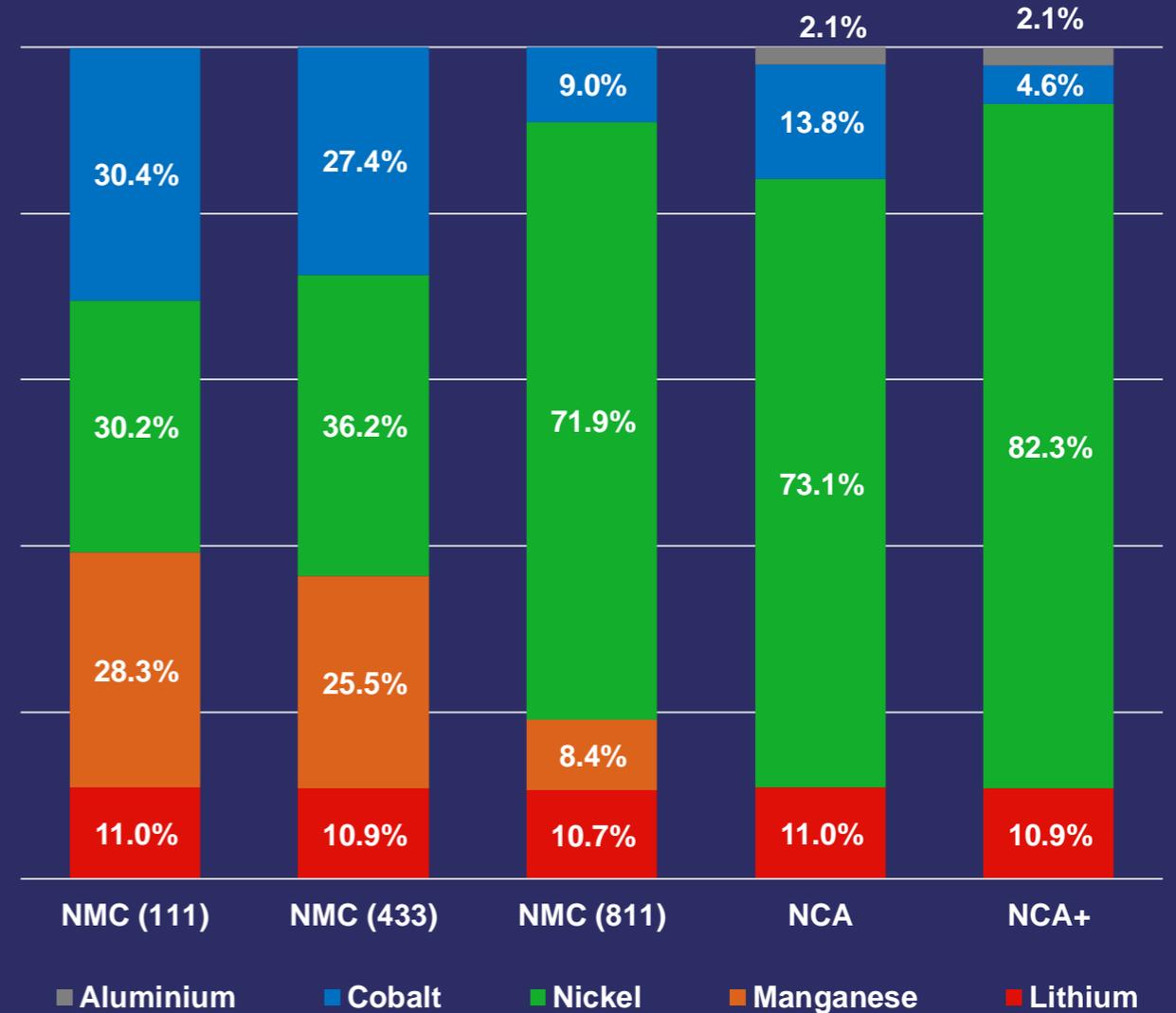
- **Trend away from fossil fuels to renewable energy**
- **Strong government support globally for mass adoption of EVs and energy storage**
  - Bans on conventional ICE vehicles in some city centres
  - Subsidies for EV manufacturers
  - Substantial investments in recharge infrastructure

## Trend to Increased EV Numbers<sup>(1)</sup>

Global EV sales (million units)



## Trend to More Nickel in EV Batteries<sup>(3)</sup>



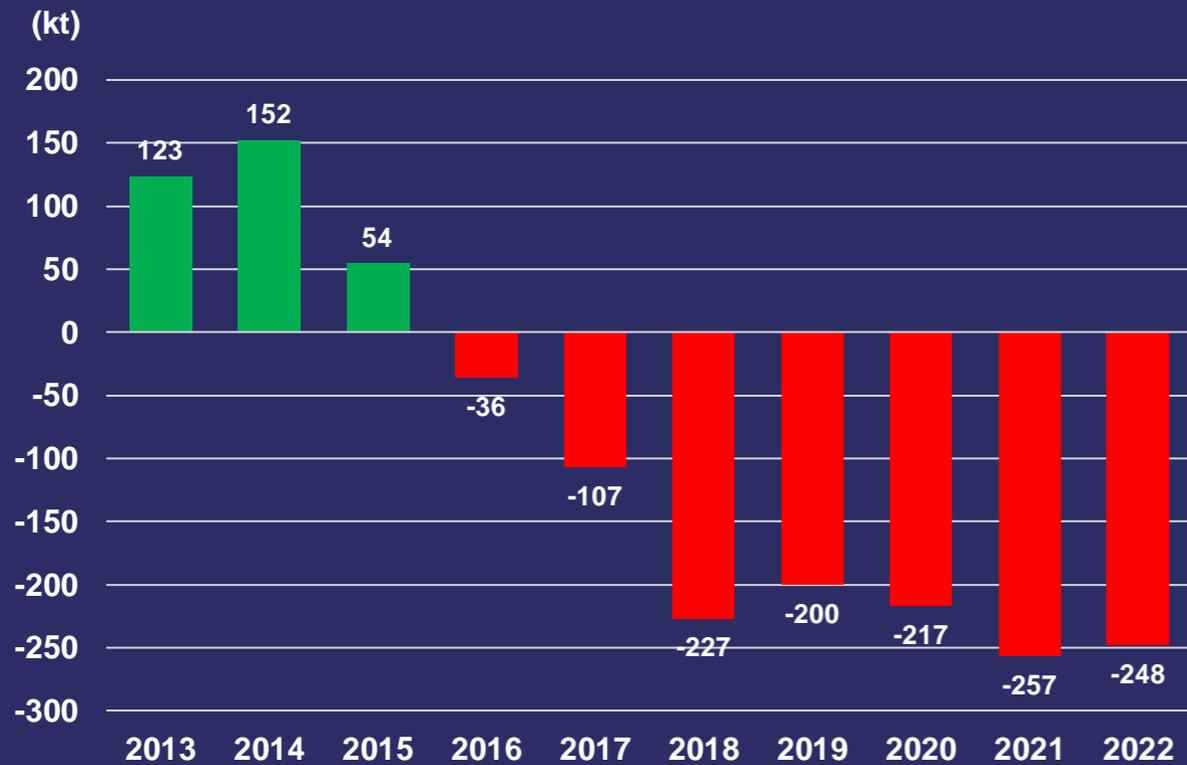
1) UBS Research, November 2018

2) CAGR means Compound Annual Growth Rate

3) Proportion of metals in EV battery cathodes for different battery chemistries

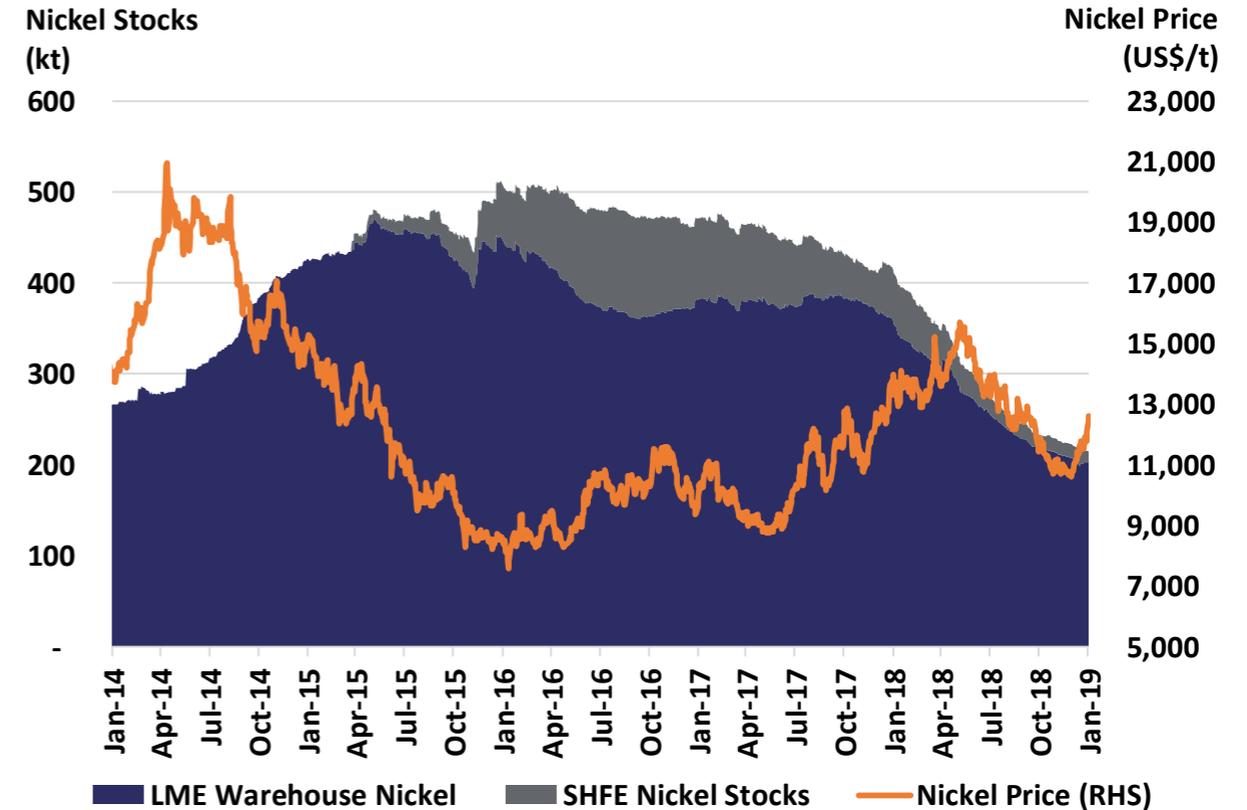
# Nickel to be a big winner from EV battery demand disruption with 300-900kt of additional nickel required by 2025<sup>(1)</sup>

Nickel Market Supply/Demand Balance<sup>(2)</sup>



# Decreasing nickel stockpiles and stainless steel demand growth to maintain market supply deficit

Official Nickel Exchange Stockpiles and Price<sup>(3)</sup>



1) Source: UBS Research 28 Jun 2018: UBS Global I/O: Miner's Price Review, Still Got It  
 2) Source: UBS Research 22 Nov 2018: UBS Global I/O: What does EV Battery Tear-Down imply for battery raw materials  
 3) Source: Bloomberg

# Our Purpose is *Making a Difference* by aligning the business to the structural shift to clean energy



Become a globally relevant supplier of metals that are critical to energy storage and renewable energy



Be vertically integrated to produce battery grade chemicals and cathode precursors



Deliver quality products desired by end users made safely, ethically, sustainably and reliably



Be proactively green by using renewables, energy storage and EV mining equipment to reduce carbon footprint



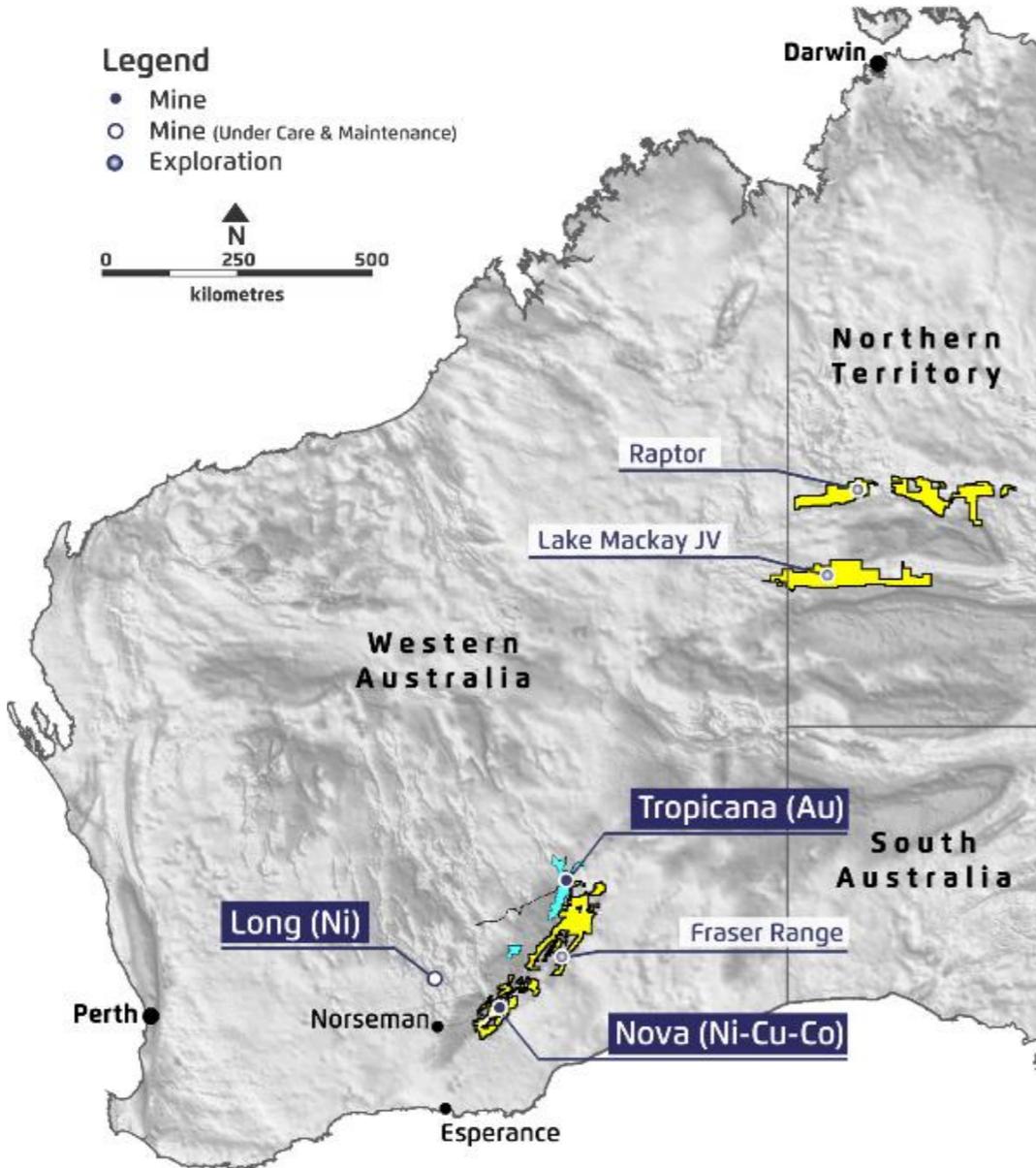
Delivered by people who are bold, passionate, fearless and fun – a smarter, kinder, more innovative team



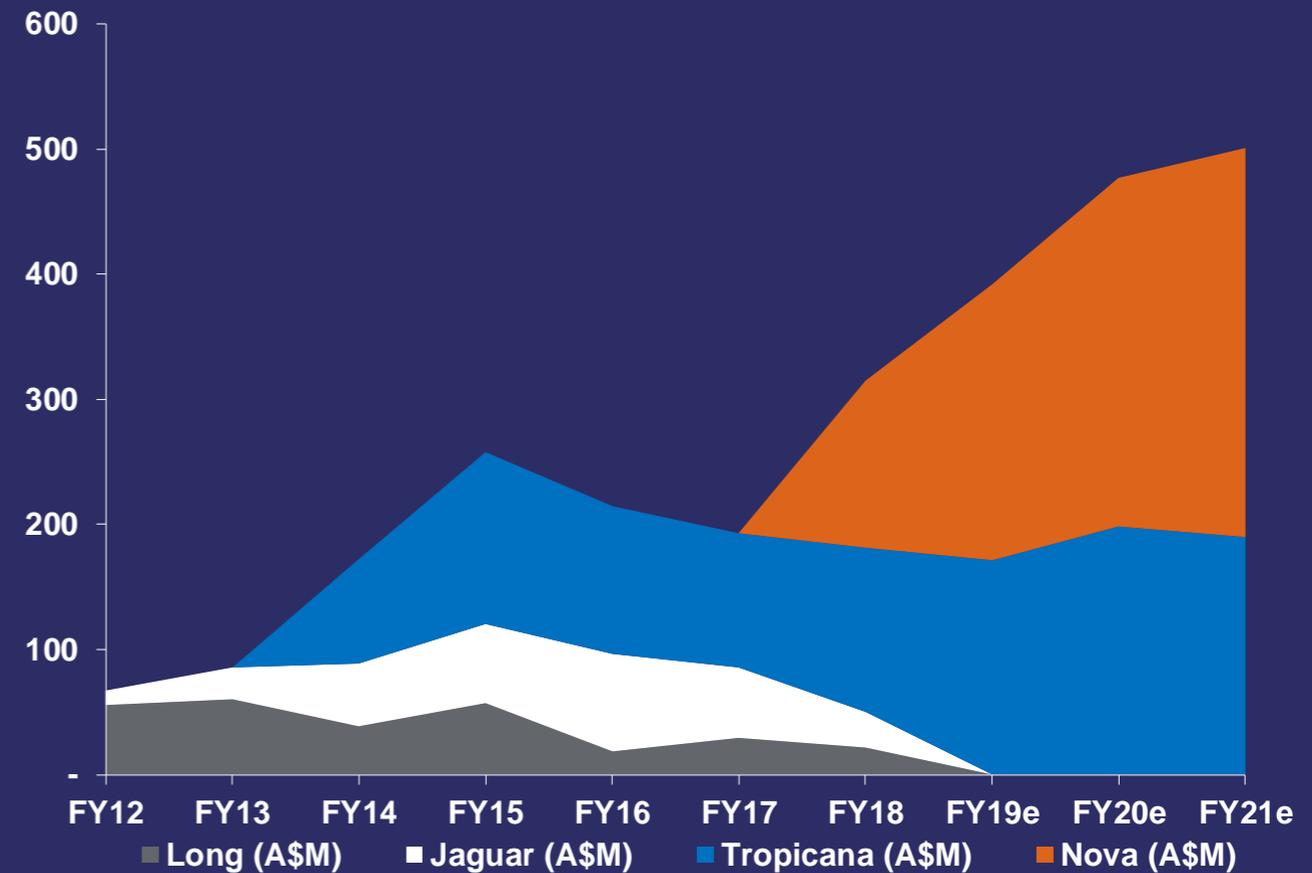
# A Streamlined Core Portfolio



Strategic focus on minerals critical to energy storage and EV



IGO EBITDA Profile (A\$M)<sup>(1)</sup>



1) Macquarie Research – 31 Jan 2019

# Nova





## Nova de-risked

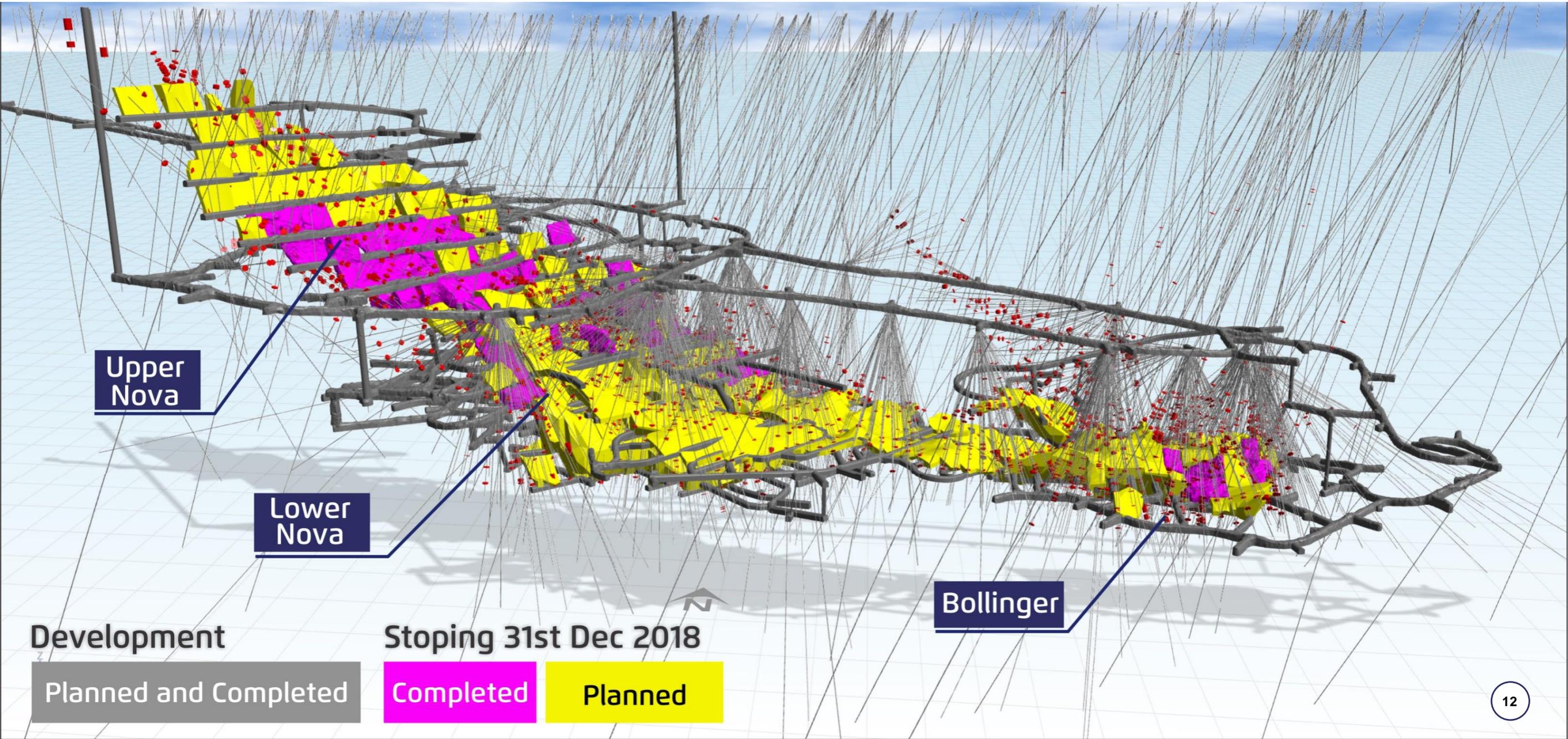
- Successful first six quarters of commercial production
  - 1.5Mtpa nameplate exceeded
  - Record production during 1H19
- Mine life sustained at 8 years with reserve marginally higher

**Nova Metal Production in Concentrate**

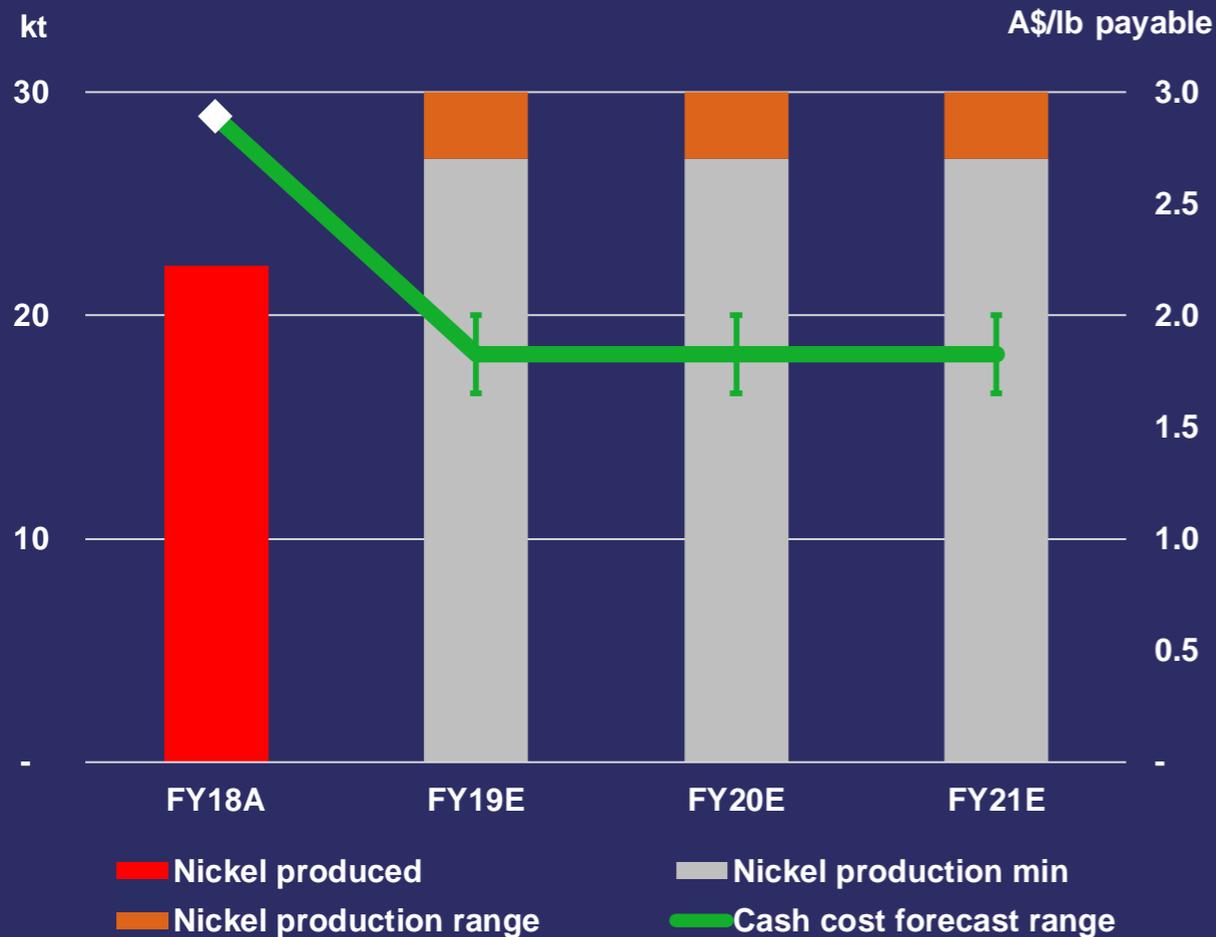


# Nova Underground Mine Design & Drilling

Grade control and underground capital development substantially complete



## Directional Production and Cash Costs



## Strong outlook for Nova

- Consistent and higher production rate expected next three years
- Main driver is higher grade stopes in core of Nova and Bollinger
- Assumes:
  - 1.5Mtpa mining/processing rate
  - 89% nickel recovery and 85% copper recovery
  - Commodity price for by-product credits of A\$4.08/lb for copper and A\$50/lb for cobalt

# Nova Opportunity

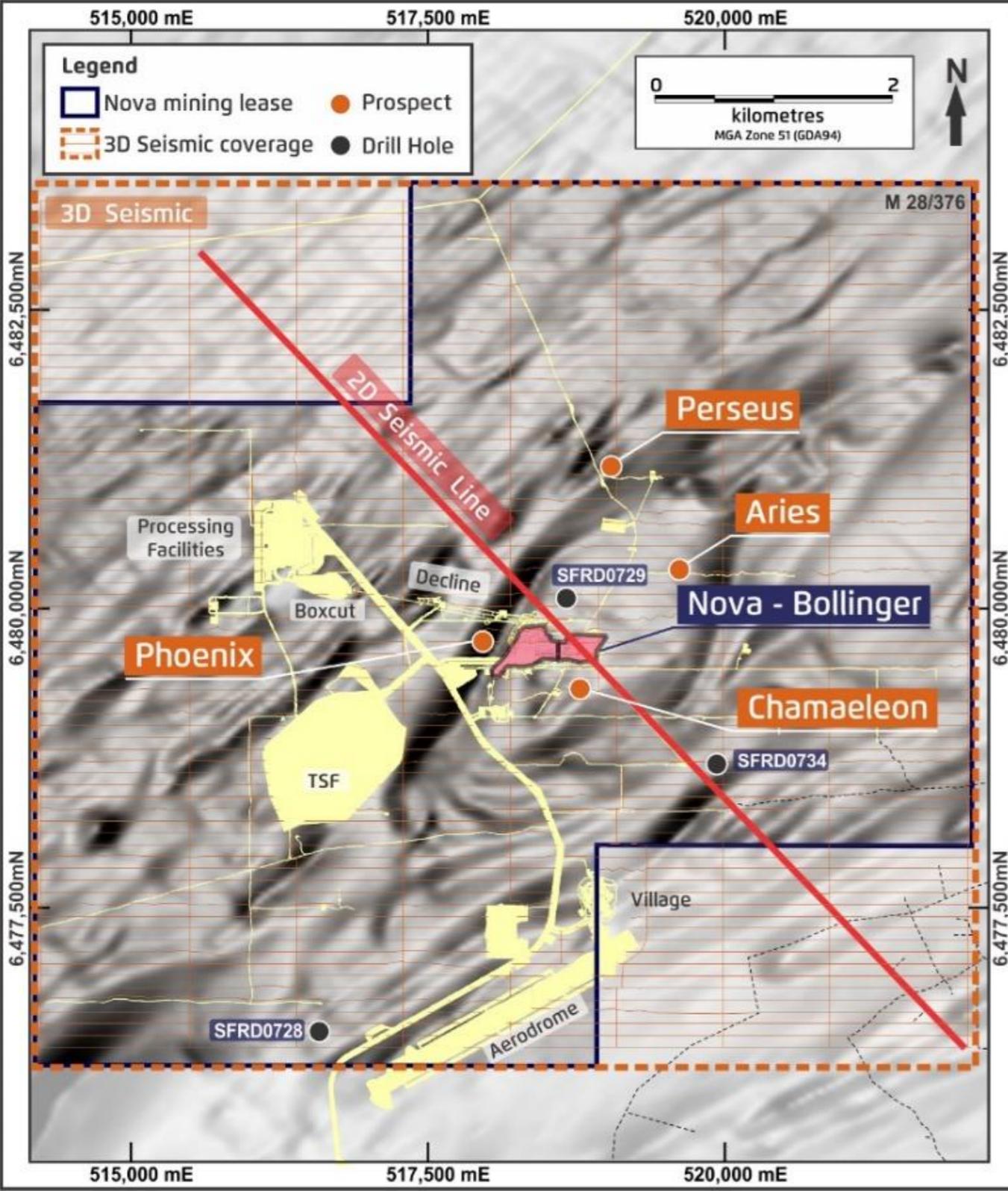


## Nickel sulphate for EV batteries

- Produce nickel sulphate direct from Nova nickel concentrate
- Technical feasibility confirmed with continuous pilot plant testwork
- Pre-feasibility Study to be completed during 2H FY19
- Delivers potential for:
  - Higher payability
  - Premium price, and;
  - Higher concentrator recoveries



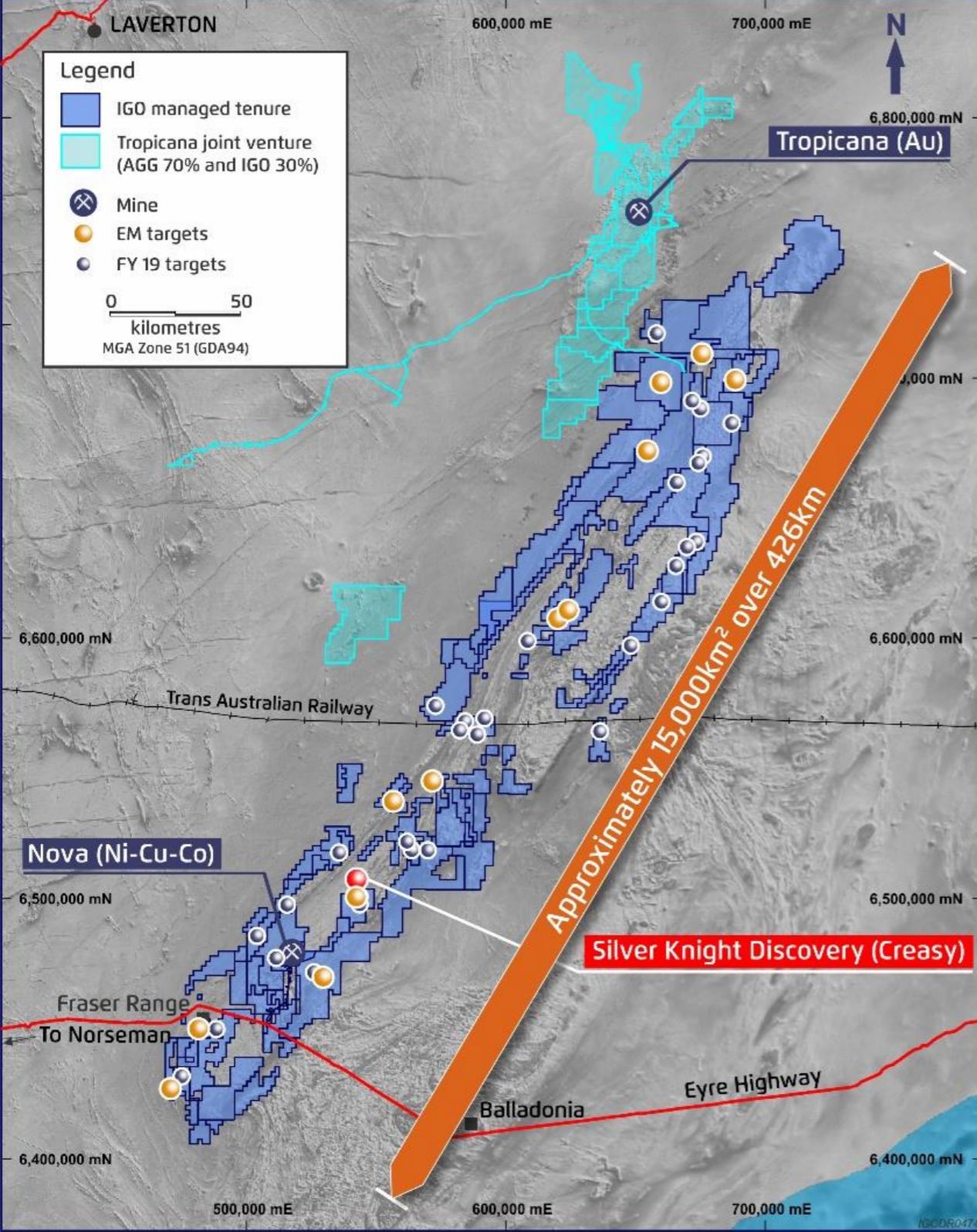
1) Photographs to the RHS are of the 1.6kg of nickel sulphate hexahydrate crystals produced in the metallurgical testwork. Photography by Karel Osten, Wood Plc



## Nova Near Mine Exploration

- Potential to discover brownfields extensions to Nova system
- A\$12M commitment within Nova mining lease in FY19
- Leveraged multiple geophysical platforms including largest hard rock 3D seismic survey in Australia
- Now drilling testing first seismic targets



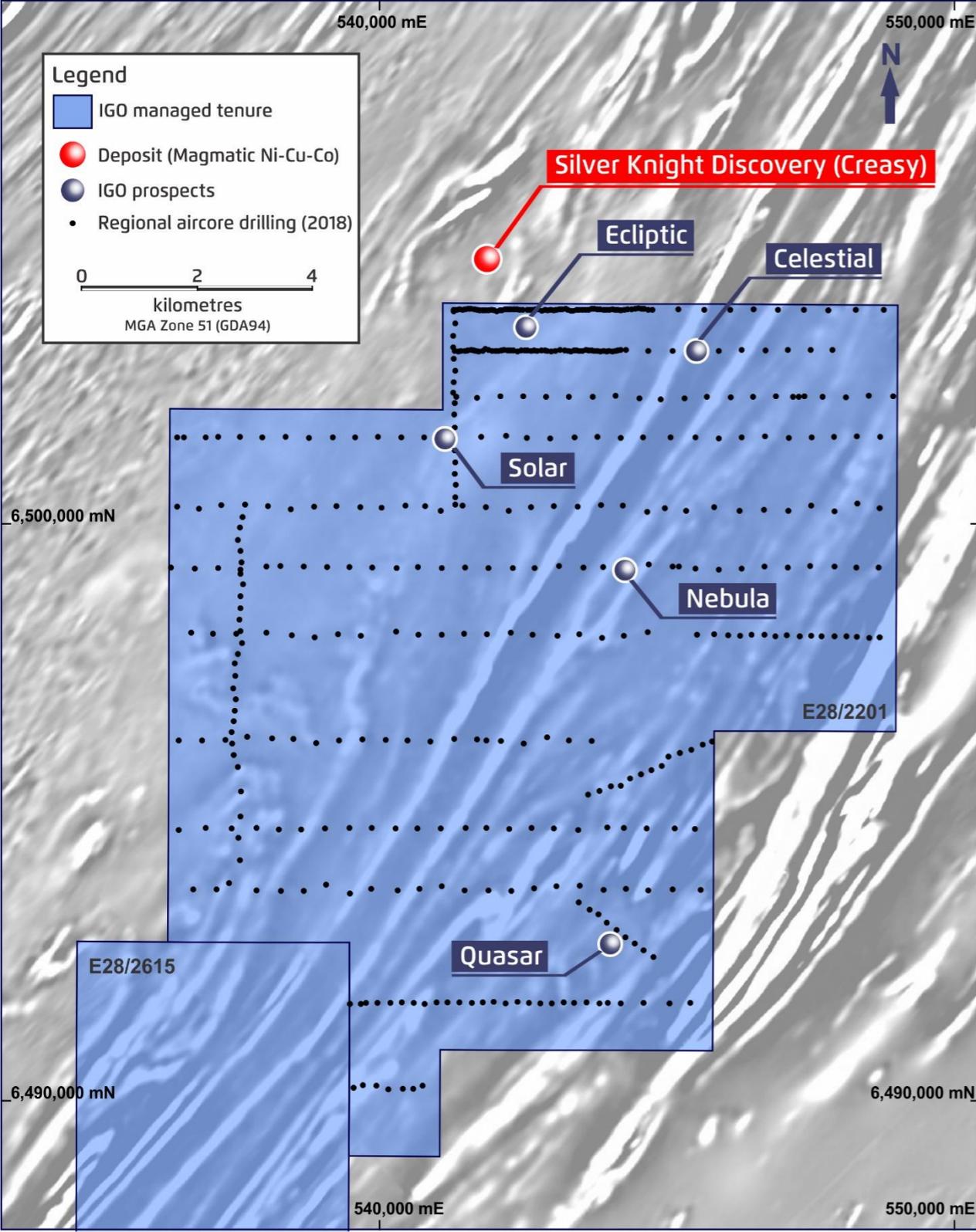


## Fraser Range Exploration

- Greenfields exploration targeting Nova style discoveries through systematic exploration over ~15,000km<sup>2</sup>
- 40 targets identified for drilling in 2019
- Technical success at Andromeda with Cu-Zn-Au-Ag discovery
- Creasy Group Silver Knight discovery (30km NE of Nova) validates strategy
- Five high priority targets near Silver Knight at Widowmaker concession<sup>(1)</sup>

1) Widowmaker is a joint venture between IGO (90%) and Buxton Resources (10%)

2) [www.dmirns.wa.gov.au](http://www.dmirns.wa.gov.au) Online Catalogue



## Widowmaker

- Located immediately South of Silver Knight Discovery<sup>(2)</sup> (30km NE of Nova)
- Five high-priority targets defined using EM and aircore drilling, including:
  - Ecliptic contains disseminated sulphides in aircore drilling
  - Solar is a Squid EM anomaly along strike from Silver Knight
- **Drill testing to commence in 3Q19**

1) Widowmaker is a joint venture between IGO (90%) and Buxton Resources (10%)

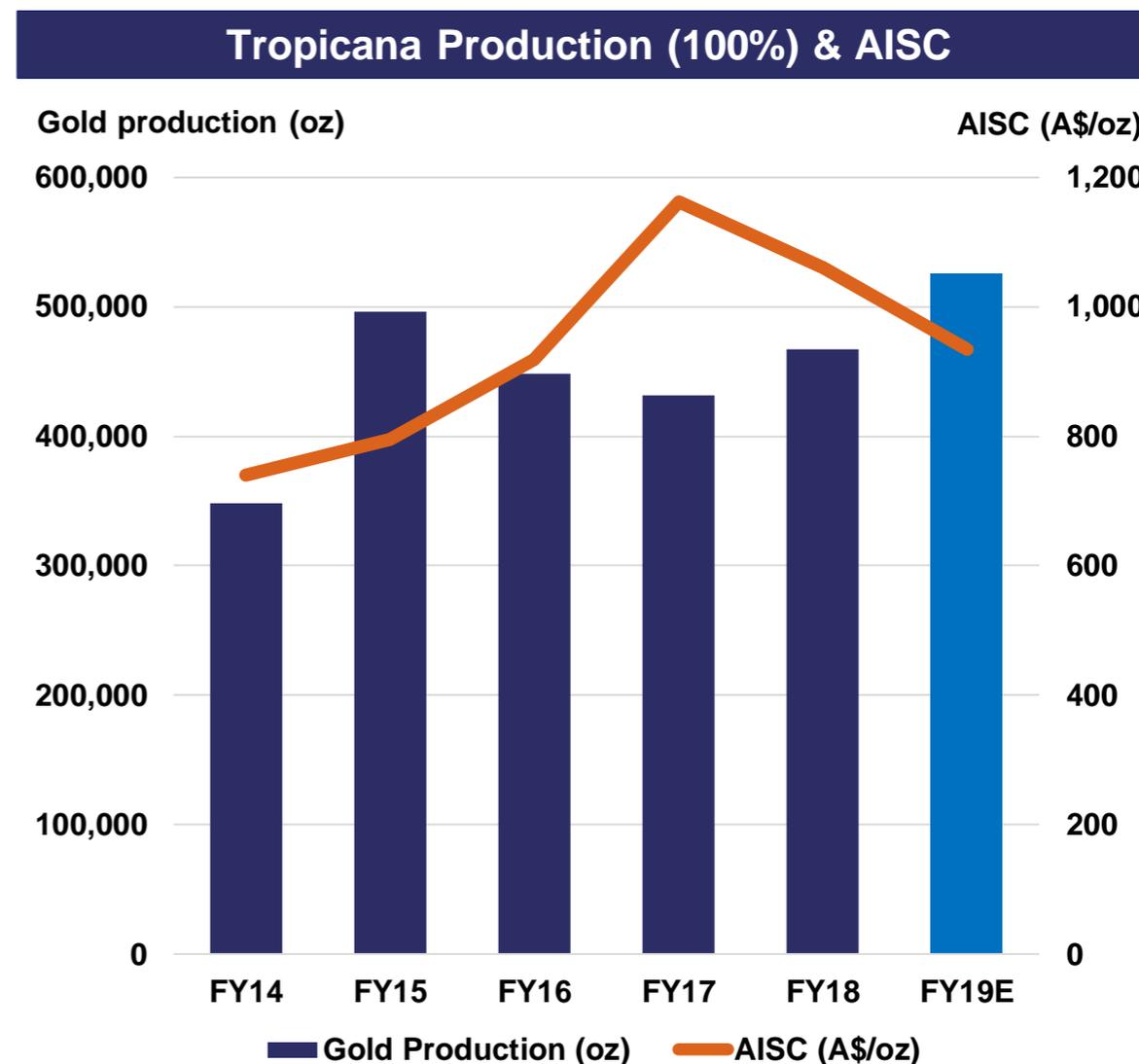
2) [www.dmirs.wa.gov.au](http://www.dmirs.wa.gov.au) Online Catalogue

# Tropicana



## Tropicana: increased production and lower costs in FY19

- 30% IGO & 70% AngloGold Ashanti (managers)
- 8.0Mtpa processing rate achieved in 1H19
- 1H19 production of 262koz (100% basis) at AISC of A\$934/oz
- 8 year mine life remaining
- Value enhancement projects being delivered



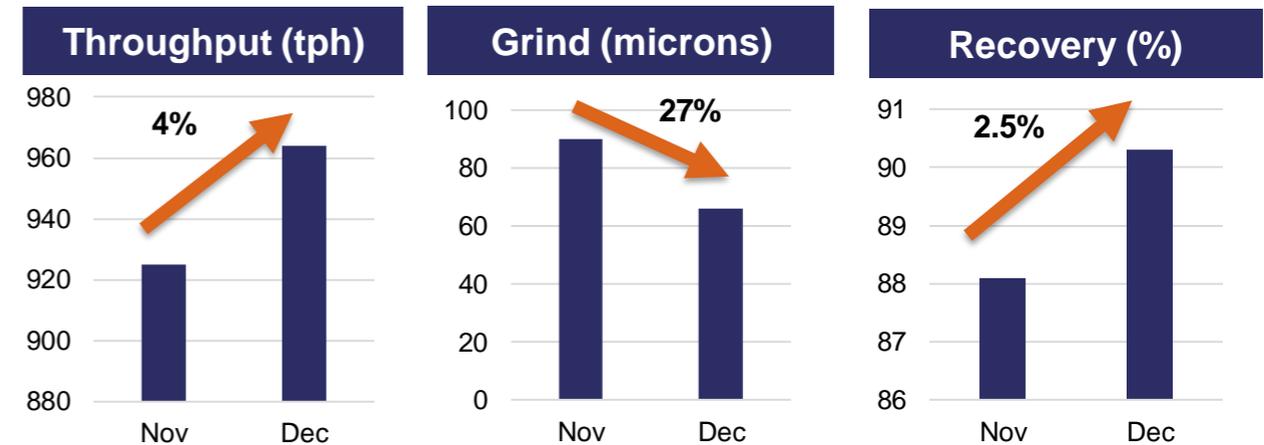
1) Refer to IGO annual reports for FY14 to FY18

2) FY19E is the midpoint of guidance for FY19. Refer ASX Release dated 29 July 2018 – Guidance Range of 500,000 to 550,000oz gold production at AISC of A\$890/oz to A\$980/oz gold sold



## Tropicana Optimisation: Second ball mill delivering as planned

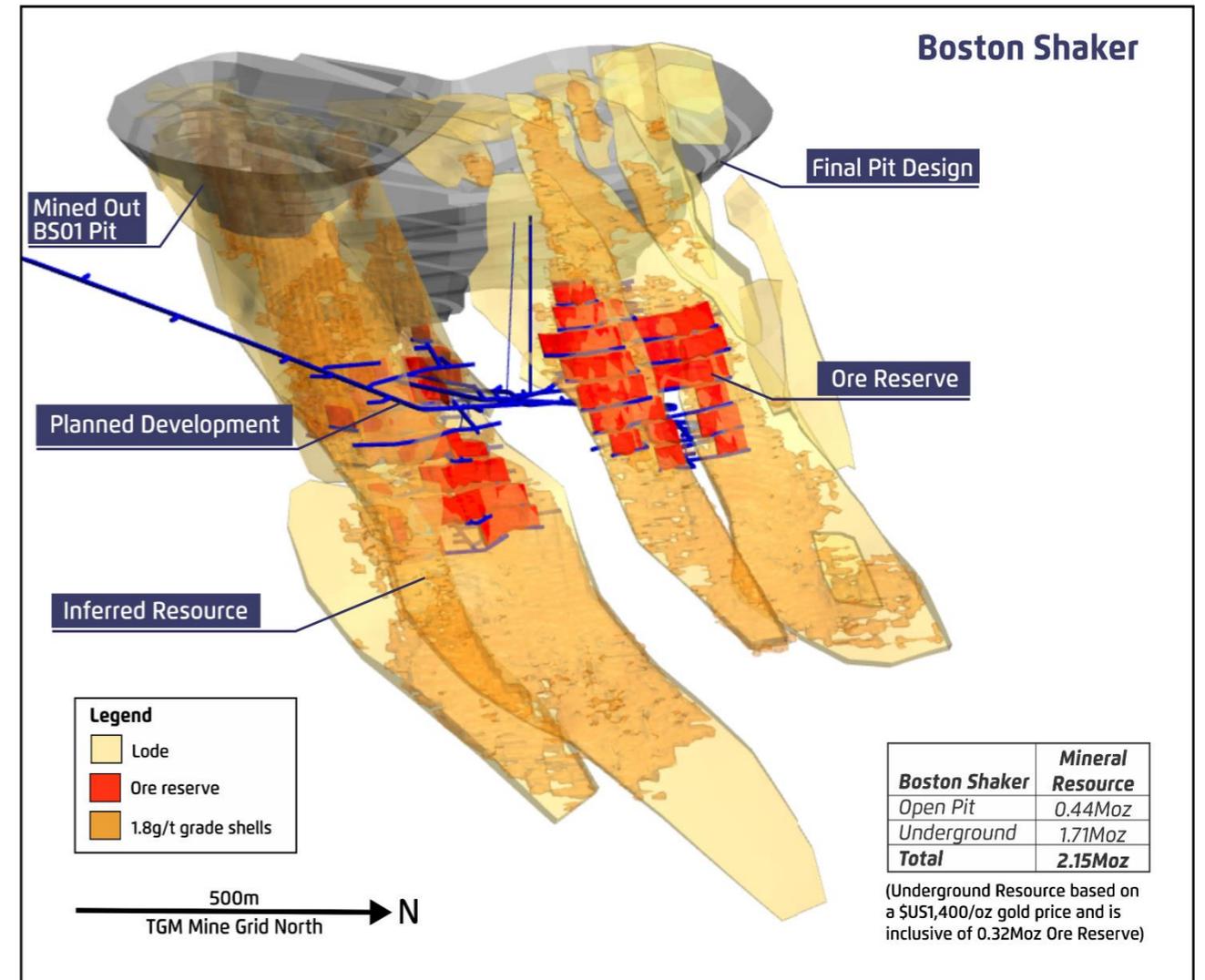
- Project successfully commissioned in 2Q19 as guided
- Immediate increase in throughput rate and improvement in grind, resulting in improved gold recovery



# Tropicana Underground Potential

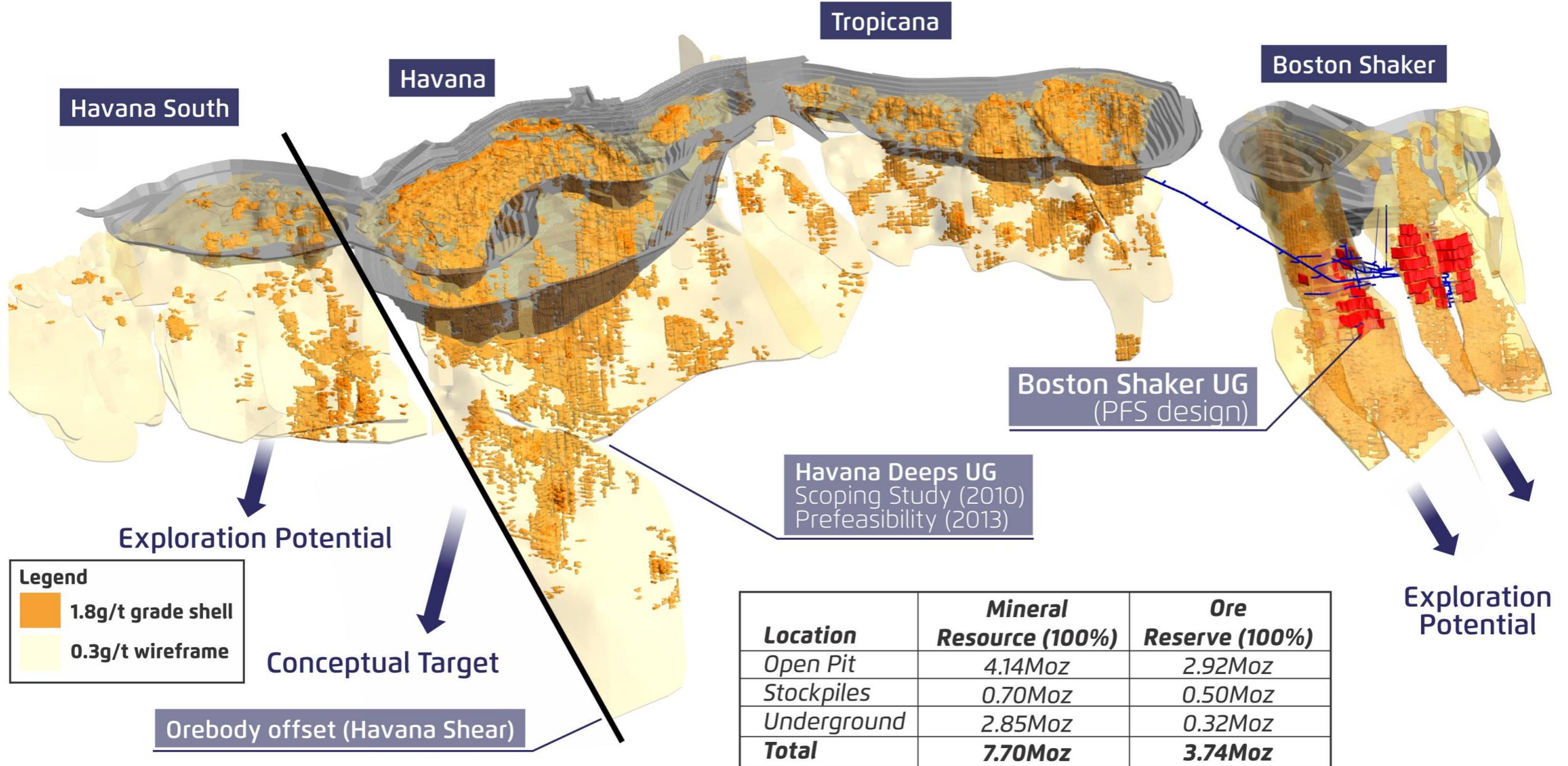
- Boston Shaker PFS completed in December 2018<sup>(1)</sup> -confirmed technical and financial viability of an underground development
  - Mining ~1Mtpa to produce ~100koz/year over a 7 year mine life
  - Capex estimate of A\$95M<sup>(2)</sup>
  - Operating cost of A\$102/t inclusive of underground capital development costs post first gold production
- Feasibility Study underway, expected to be completed in 2H19

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



1) Refer to ASX release dated 20 Dec 2018: Pre-Feasibility Study Confirms Potential for Underground Mine at Tropicana  
 2) 100% basis  
 3) Refer to ASX release dated 20 Feb 2019: CY18 Mineral Resource & Ore Reserve Statement

# Tropicana mineralised system



Location	Mineral Resource (100%)	Ore Reserve (100%)
Open Pit	4.14Moz	2.92Moz
Stockpiles	0.70Moz	0.50Moz
Underground	2.85Moz	0.32Moz
<b>Total</b>	<b>7.70Moz</b>	<b>3.74Moz</b>

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



# Our Critical Enablers





## People & Culture: A key part of the *IGO Difference*

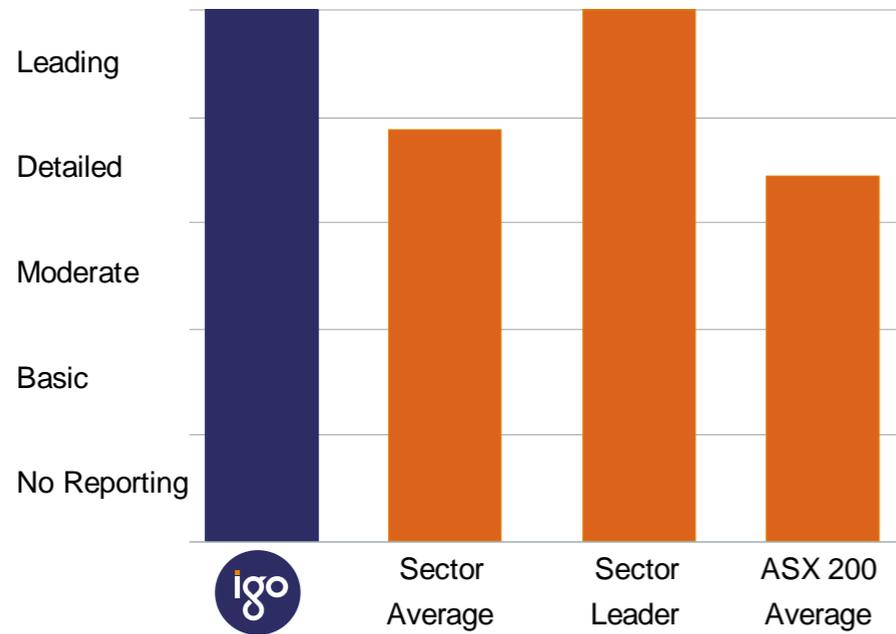
- Strong sense of purpose
- Empowered people who are owners of the business
- Focus on doing what is right – because we care
- Collectively we are making a difference
- Fostering the next generation of industry leaders

# Sustainability & Safety

## Industry leading ESG reporting



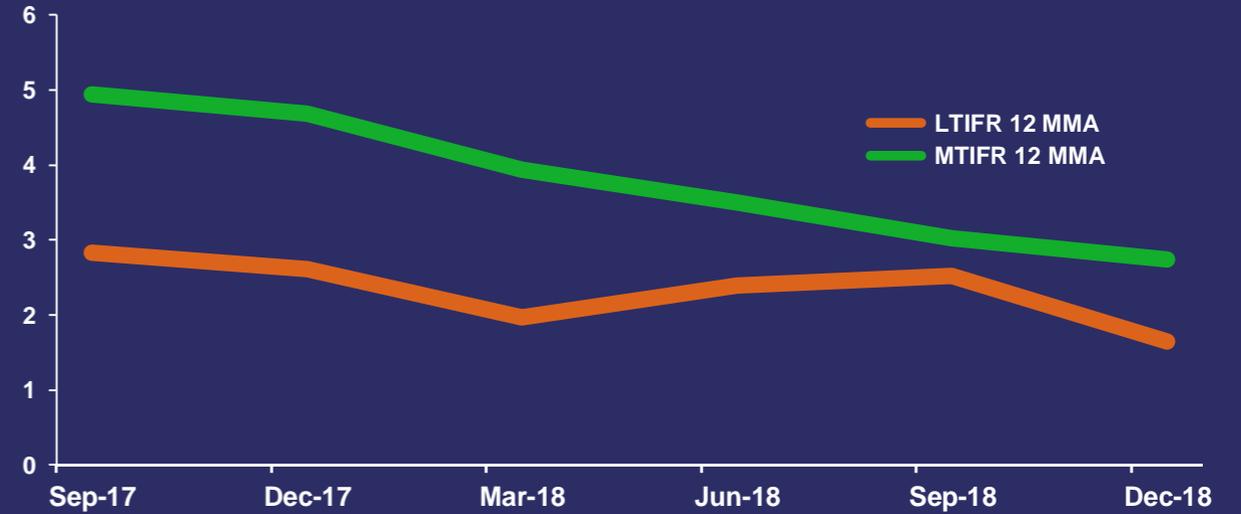
### 2018 ACSI Rating of ASX200 Sustainability Reporting<sup>(5)</sup>



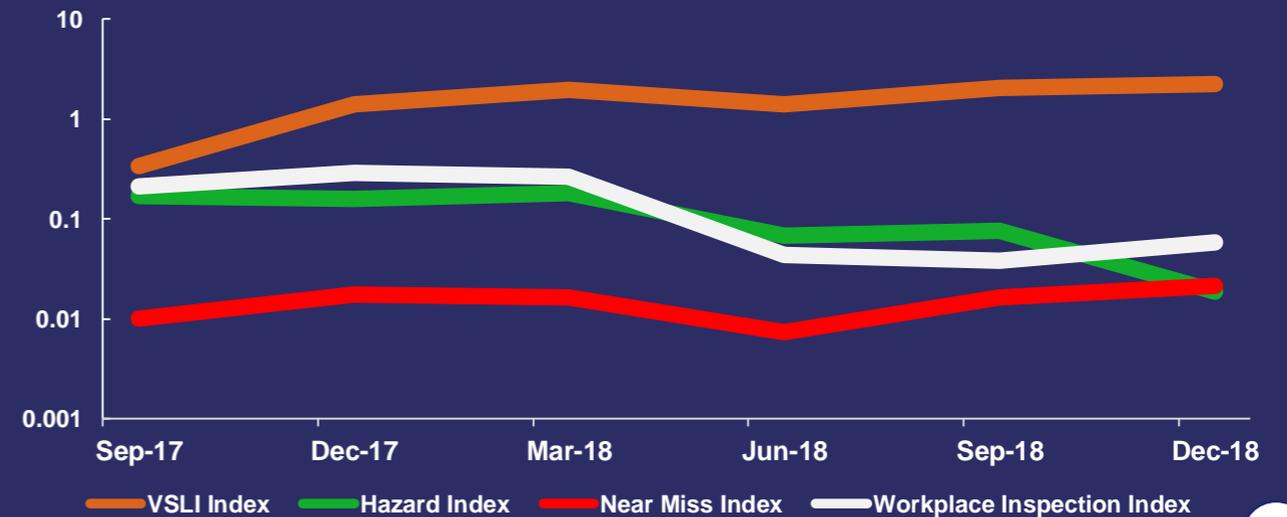
“Leading” rating each of the last three years

- 1) 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
- 2) 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
- 3) VSLI: Visual Safety Leadership Interaction
- 4) Jun-18 LTIFR rate has increased from 1.96 to 2.39 as a result of the reclassification of a single injury from the June 2018 Quarter
- 5) Australian Council of Superannuation Investors (ACSI)

### Key Lag Safety Metrics<sup>(1,2,4)</sup>



### Key Lead Safety Metrics<sup>(3)</sup>



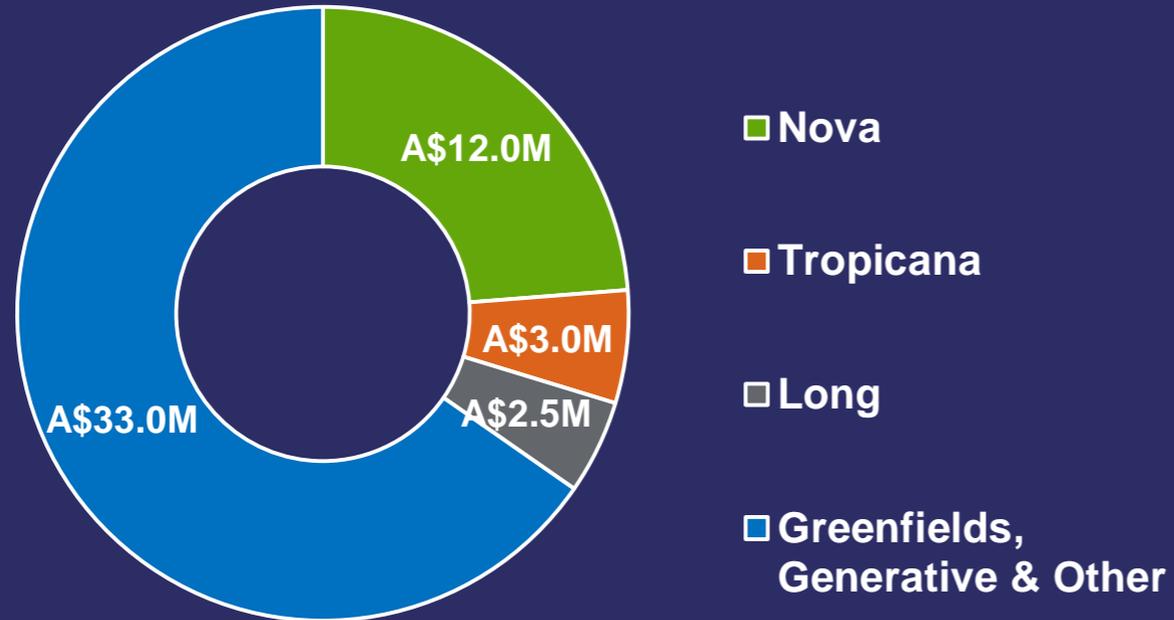


## Innovating to unlock new opportunities

- Patented downstream processing technology to produce nickel sulphate for the battery market
- Implementation of remote stoping operations and remote firing from surface
- First fully integrated commercial hybrid diesel/solar PV facility in Australia

# Commitment to Discovery with A\$51M investment in FY19

- *Best in class* exploration and discovery capability
- Greenfields focus to discover the mines of the future



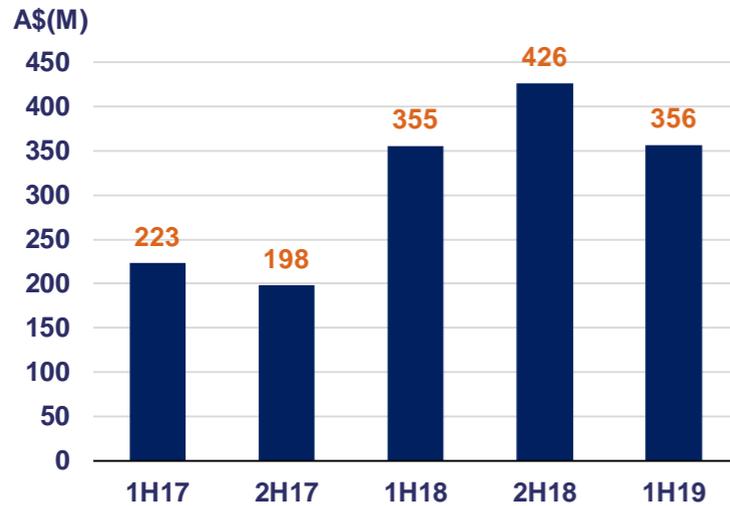
# Corporate & Financial



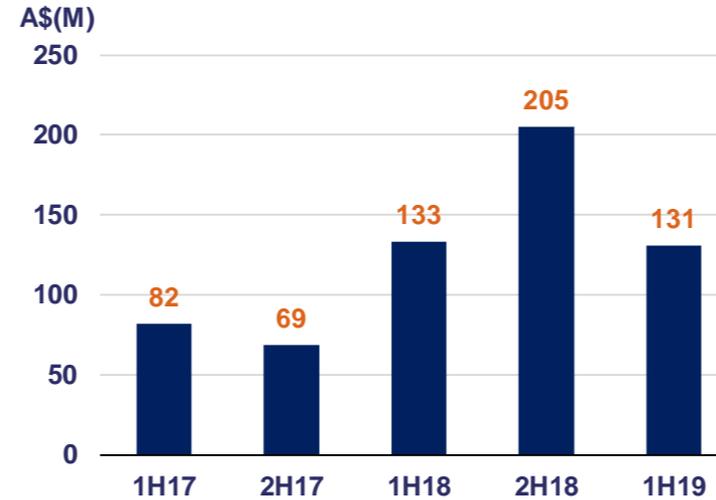
# Financial Performance: Building Momentum



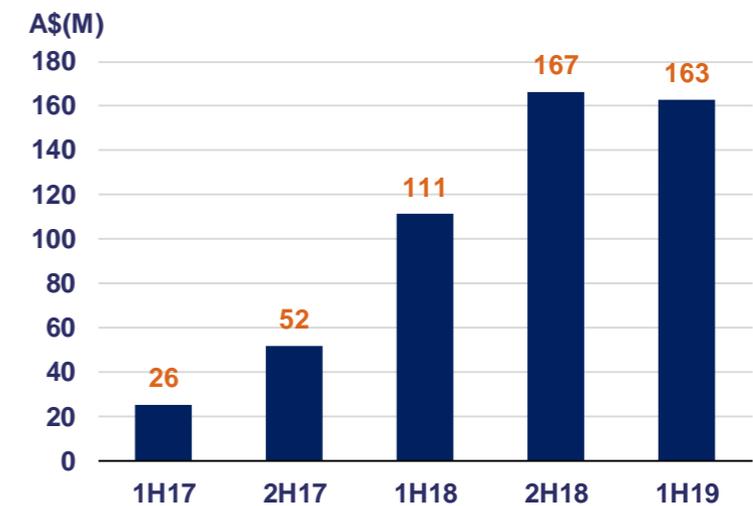
## Revenue & Other Income



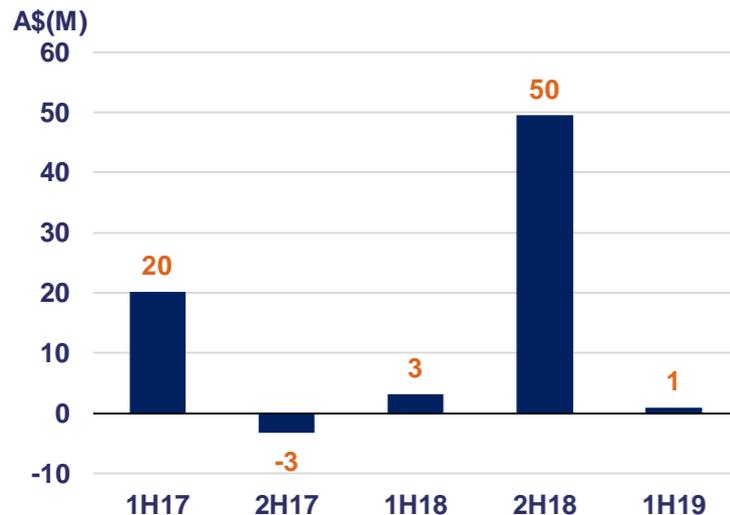
## Underlying EBITDA<sup>(1)</sup>



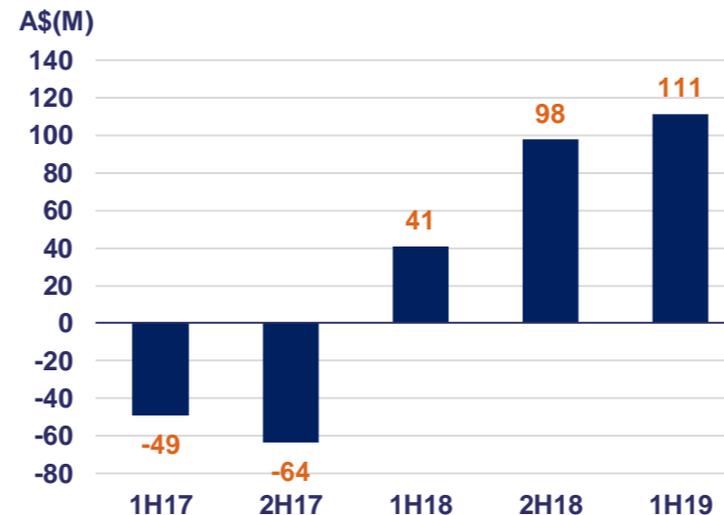
## Net Cash from Operating Activities



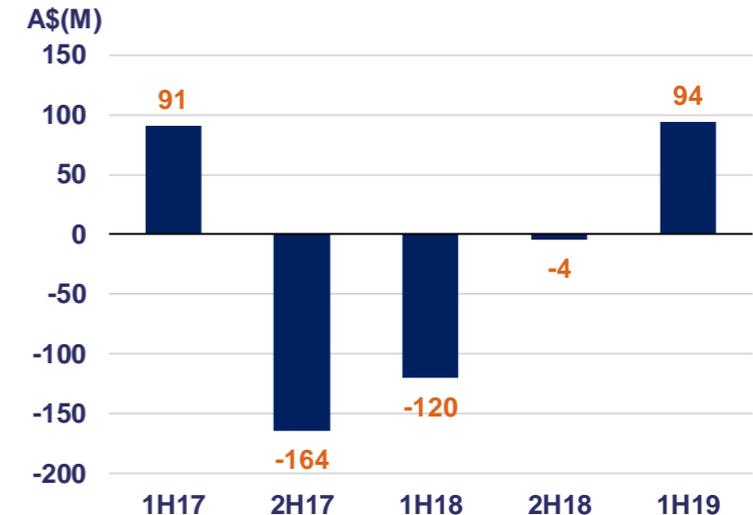
## Net Profit after Tax



## Underlying Free Cash Flow<sup>(2)</sup>



## Net Cash Position



1) Underlying EBITDA is a non-IFRS measure (refer to Disclaimer page).

2) Underlying Free Cash Flow comprises Net Cash Flow from Operating Activities and Net cash Flow from Investing Activities, together with certain adjustments. Underlying Free Cash Flow in 1H19 excludes A\$10M final instalment proceeds on divestment of Stockman Project, A\$0.7M net proceeds on sale of Jaguar, A\$6.9M payments for the acquisition of financial assets and A\$6.5M relating to acquisition of Southern Hills tenements (1H18: excludes A\$11M in partial proceeds received from the divestment of the Stockman Project).



# Focus on high quality, long life assets that deliver great financial outcomes

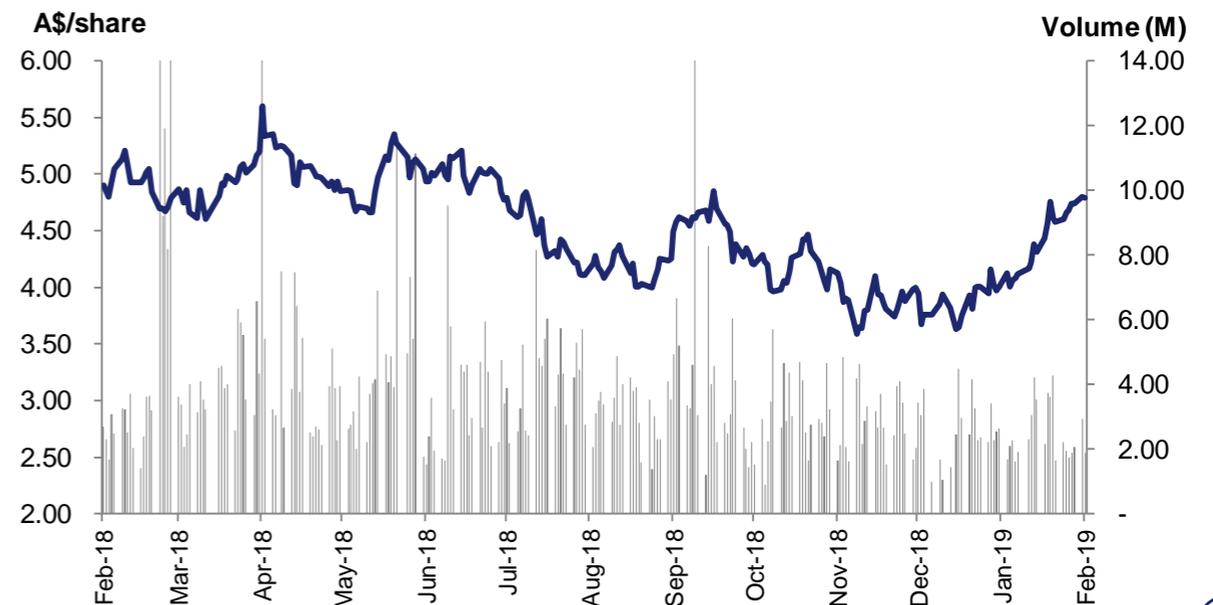
<b>ASX</b>	<b>IGO</b>
<b>Base</b>	<b>Perth, WA</b>
<b>Market Cap<sup>(1)</sup></b>	<b>A\$2.8 billion</b>
<b>Cash<sup>(2)</sup></b>	<b>A\$208M</b>
<b>Debt<sup>(2)</sup></b>	<b>A\$114M</b>
<b>Shareholder Returns</b>	<b>15 to 25% FCF</b>

1) As at market close 19 Feb 2019  
 2) As at 31 Dec 2018  
 3) As at 28 Jan 2019

## Share Ownership

Substantial Holders <sup>(1)</sup>		Institutional Ownership <sup>(3)</sup>	
Mark Creasy	15%	Australia	51%
FIL	9%	USA	17%
T Rowe Price	8%	Europe	4%
CBA	6%	ROW	3%
Ausbil	5%		

## Share Price Performance<sup>(1)</sup>



**Capital to sustain the business and deliver consistent results**

**Capital to grow the business and increase underlying value per share**

**Cash returns to shareholders (dividend and share buy back)**

## **Capital Allocation to balance growth and cash returns to shareholders**

- **New shareholder returns policy**
  - Cash return of 15-25% of FCF
  - Strategy incorporates franked or unfranked dividends, special dividends and share buy backs
  - Policy to be reviewed every 2 years
- **A\$58M (approx. 10 cents per share) of fully frankable dividends available at 31 December 2018**
- **FY19 Interim Dividend of 2 cents per share fully franked paid on 1 March**



## Concluding Comments

- Strong free cash generation and strengthening balance sheet
- Nova and Tropicana delivering metal production within guidance
- Transformational growth initiatives being successfully implemented
- Assessment of downstream nickel sulphate opportunity nearing completion
- A\$51M exploration program underway with multiple priority targets to be tested in 2019





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