



## FY18 FINANCIAL RESULTS

Independence Group NL (IGO or the Company) is pleased to report its results for the year ended 30 June 2018 (FY18). Refer ASX Appendix 4E and Annual Financial Report for FY18.

### Highlights

- Record revenue and other income of A\$781 million (FY17: A\$422 million).
- Record Underlying EBITDA<sup>1</sup> of A\$339 million (FY17: A\$151 million) and higher net profit after tax of A\$53 million (FY17: A\$17 million).
- Underlying Free Cash Flow<sup>2</sup> for the Group was A\$138 million (FY17: negative A\$113 million), with Nova Operation contributing A\$93 million together with strong operational cash flows from the Tropicana, Long and Jaguar operations.
- Balance sheet continued to strengthen with net debt reduced from A\$164 million at the start of FY18 to A\$4 million.
- The strong financial results were driven by the first full year of commercial production from Nova and on guidance production results from Tropicana and Long.
- Portfolio rationalisation completed, with Stockman and Jaguar successfully divested and Long transitioned into care and maintenance.
- Organic growth opportunity was prioritised with further consolidation of tenure on the Fraser Range coupled with extensive systematic regional exploration activities across the Fraser Range and at Lake Mackay, and entry into two new early stage exploration projects.
- Final fully franked dividend of 2 cents per share declared for FY18. Total FY18 dividends of 3 cents per share.

Peter Bradford, Managing Director and CEO of IGO, said:

*“FY18 was a successful year for IGO. Nova delivered its first full year of production during which we demonstrated the capability to sprint at 20% above name plate capacity both underground and through the processing plant. We also completed grade control drilling of the entire known resource at Nova-Bollinger in July 2018 delivering improved geological understanding and greater certainty. Tropicana and Long both delivered solid results.*

*We enter FY19 with a strong balance sheet, strong free cash flow generation, a strong portfolio with a robust mix of high quality production assets and belt scale exploration projects with the potential to deliver multiple tier one discoveries.*

*Our focus now is on unlocking additional value from both Nova and Tropicana through ongoing enhancement projects and delivering step change growth through exploration and discovery, downstream processing to produce nickel sulphate, and the expansion of the portfolio to become a globally relevant supplier of metals critical to the energy storage and electric vehicle market.”*

<sup>1</sup>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 on sale of subsidiary, depreciation and amortisation.

<sup>2</sup>Underlying Free Cash Flow is a non-IFRS measure and comprises net cash flow from operating and investing activities, excluding proceeds from investment sales and payments for investments.

## Group Financial Summary

Year ended 30 June (A\$M)	FY18	FY17	Inc/(dec)
Total Revenue and Other Income	<b>780.6</b>	421.9	85%
Underlying EBITDA	<b>338.6</b>	150.5	125%
Net Profit After Tax	<b>52.7</b>	17.0	210%
Net Cash Inflow from Operating Activities	<b>277.8</b>	77.7	256%
Cash Outflow from Investing Activities	<b>(105.0)</b>	(273.3)	(62%)
Net Cash (Outflow) / Inflow from Financing Activities	<b>(68.9)</b>	185.3	n/a
Final Dividend – fully franked (A\$ per share)	<b>0.02</b>	0.01	100%

A\$M	June 2018	June 2017	Inc/(dec)
Total Assets	<b>2,174.9</b>	2,208.5	(2%)
Cash	<b>138.7</b>	35.8	287%
Debt	<b>142.9</b>	200.0	(29%)
Total Liabilities	<b>396.1</b>	475.7	(17%)
Shareholders' Equity	<b>1,778.8</b>	1,732.8	3%
Net tangible assets (A\$ per share)	<b>3.03</b>	2.95	3%

## Financial Summary

Record revenue and underlying EBITDA were achieved in FY18, primarily as a result of the successful delivery of the first year of commercial production at Nova, strong gold production from Tropicana, improved Australian dollar metal prices and a rationalisation of our portfolio.

Revenue in FY18 increased by 85% to A\$780.6 million (FY17: A\$421.9 million). The superior result was attributable to:

- Revenues from the Nova Operation of A\$348.8 million were included in the current period following declaration of commercial production from 1 July 2017.
- Revenue from the Tropicana Operation was A\$240.4 million, up 13% on the previous year result of A\$211.9 million as a result of higher A\$ gold prices and higher gold sales.
- Revenue from the Jaguar Operation decreased to A\$112.1 million, lower than the previous year result of A\$137.5 million due to lower zinc and copper production, combined with results for only 11 months of the year up to the divestment of Jaguar on 31 May 2018.
- Revenue from the Long Operation decreased by 8% during FY18 to A\$64.8 million, due to decreasing mining activities prior to transition into care and maintenance.
- Revenue also includes a gain in respect of an agreement with Dacian Gold Limited for the sale of the Jupiter mine royalty for consideration of A\$11.5 million. This payment was received early in FY19.

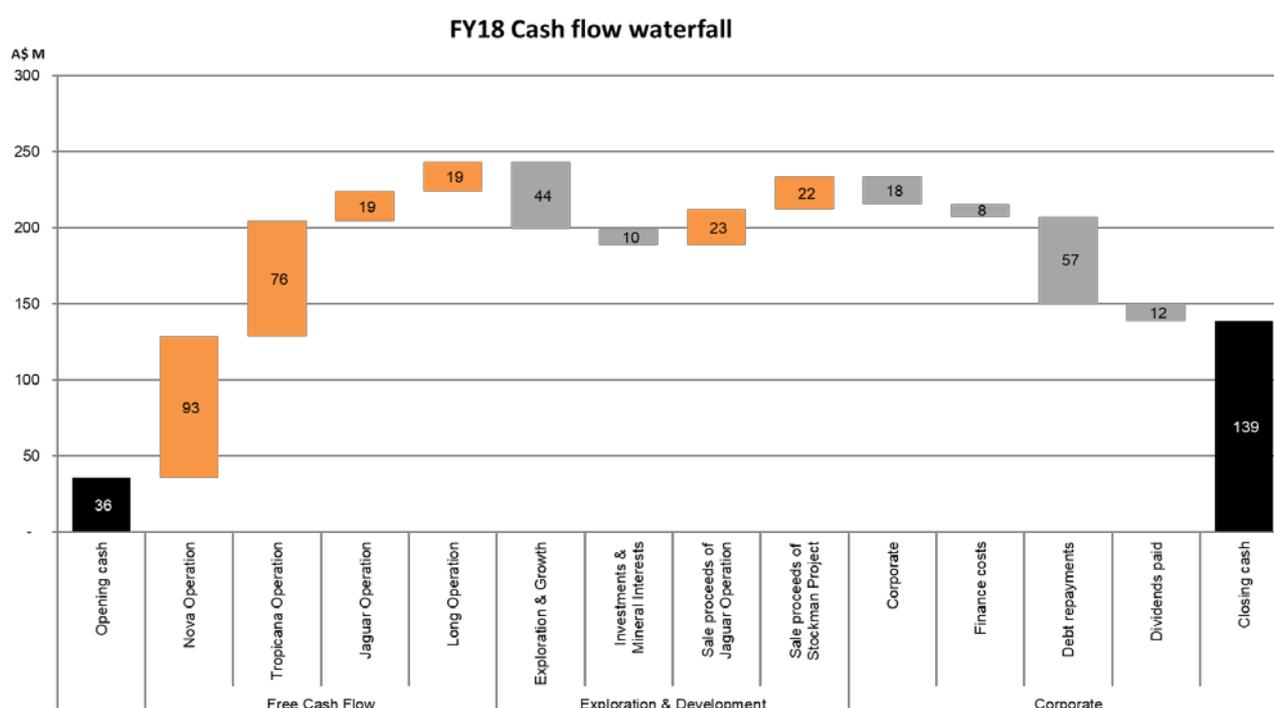
Cash at bank increased by A\$102.9 million to A\$138.7 million at year end while debt decreased from A\$200.0 million to A\$142.9 million. Key drivers for the improved balance sheet include:

- Increase in cash flows from operating activities to A\$277.8 million (FY17: A\$77.7 million), a result of the inclusion of operational performance from the Nova Operation in earnings for the first year, and a strong year for the Tropicana Operation. The Nova Operation generated



A\$146.7 million cash flows from operating activities, while Tropicana generated A\$134.8 million (FY17: A\$103.1 million). The Long Operation and Jaguar Operation generated A\$19.9 million and A\$39.8 million respectively.

- In addition, cash flow from operating activities included payments for exploration and growth expenditure and net borrowing costs amounting to A\$40.7 million and A\$7.2 million respectively.
- Cash outflows from investing activities decreased to A\$105.0 million for the year (FY17: A\$273.3 million), primarily a result of the construction and development of the Nova Operation being substantially completed in FY17. The Company spent A\$114.5 million on development expenditure, with the majority of that being waste stripping at the Tropicana Operation (A\$54.4 million) and underground mine development at Nova Operation (A\$47.9 million).
- In December 2017, IGO announced the completion of the sale of the Stockman Project to CopperChem Pty Limited (CopperChem), a wholly owned subsidiary of Washington H. Soul Pattinson and Company Limited for cash consideration of A\$32.2 million, and a 1.5% net smelter return. The consideration is payable over 12 months from completion date and A\$10.0 million remains payable by CopperChem in December 2018.
- During the year, IGO also divested the Jaguar Operation to CopperChem, with the Company receiving the first cash payment of A\$25.0 million on completion of the transaction on 31 May 2018. Total cash consideration is A\$73.2 million, with three future cash payments of A\$16.1 million scheduled for the anniversaries of the completion date.
- IGO became a substantial shareholder in Orion Minerals Ltd (Orion) via a A\$5.0 million share placement to secure preferential rights to joint venture or purchase Orion’s nickel projects in the highly prospective Areachap Belt located in the Northern Cape, South Africa.
- Cash flows from financing activities for FY18 included two semi-annual repayments of borrowings totalling A\$57.1 million. Dividends paid during the year totalled A\$11.7 million.



## Segment Financial and Operating Summary

### Nova [IGO 100%]

Metric	Units	FY18	FY17	Change	Inc/(dec)
Revenue	A\$M	<b>348.8</b>	-	348.8	n/a
Underlying EBITDA	A\$M	<b>196.0</b>	-	196.0	n/a
Free Cash Flow	A\$M	<b>92.8</b>	-	92.8	n/a
Nickel (contained metal)	t	<b>22,258</b>	-	22,258	n/a
Copper (contained metal)	t	<b>9,545</b>	-	9,545	n/a
Cash Cost (payable)	A\$/lb Ni	<b>2.78</b>	-	2.78	n/a
Cash Cost & Capex (payable)	A\$/lb Ni	<b>4.51</b>	-	4.51	n/a

Nova revenue for the period was A\$348.8 million derived from payable metal sales during the year of 14,074 tonnes of nickel, 8,455 tonnes of copper and 217 tonnes of cobalt.

Nickel cash costs, which comprises the costs of producing nickel at the mine site and includes credit adjustments for copper and cobalt sales, were A\$2.78 per pound of payable nickel. Cash costs including development capital and plant & equipment, were A\$4.51 per pound of payable nickel, a result that positions Nova as the lowest cost nickel producer in Australia.

Underground grade control drilling of the Nova-Bollinger orebodies continued during FY18 and was completed in July 2018. As a result of the grade control drilling to January 2018, substantially all of the Nova-Bollinger resource and reserve (+92%) has been moved into Measured Mineral Resource and Proved Ore Reserve categories respectively.

### Tropicana [IGO 30%]

Metric	Units	FY18	FY17	Change	Inc/(dec)
Revenue	A\$M	<b>240.4</b>	211.9	28.5	13%
Underlying EBITDA	A\$M	<b>141.2</b>	106.1	35.1	33%
Free Cash Flow	A\$M	<b>76.2</b>	55.6	20.6	37%
Gold produced (100%)	koz	<b>467.1</b>	431.6	35.5	8%
Gold Sold (IGO's 30% share)	koz	<b>138.7</b>	128.6	10.1	8%
Cash Cost	A\$/oz	<b>713</b>	817	-104	-13%
All-in Sustaining Costs	A\$/oz	<b>1,061</b>	1,162	-101	-9%
All-in Costs	A\$/oz	<b>1,170</b>	1,261	-91	-7%

Revenue from the Tropicana Operation for the period was A\$240.4 million, up 13% on the previous year result of A\$211.9 million as a result of higher A\$ gold prices and higher gold sales. The average Australian dollar gold price achieved throughout the period was A\$1,729 per ounce, an increase of A\$79 per ounce compared to the previous period. The Company's share of gold refined and sold was 138,748 ounces, up 8% on the prior year.

Cash costs per ounce produced, which comprises the costs of producing gold at the mine site and includes credit adjustments for waste stripping costs and inventory build and draw costs, were A\$713 per ounce, while All-in Sustaining Costs (AISC) per ounce sold were A\$1,061 per ounce sold. All-in Costs, which include All-in Sustaining Costs, improvement capex and non-sustaining exploration expenditure (greenfields exploration) were A\$1,170 per ounce sold.

**Jaguar** [IGO 100% to 31 May 2018]

Metric	Units	FY18	FY17	Change	Inc/(dec)
Revenue	A\$M	<b>112.1</b>	137.5	-25.4	-18%
Underlying EBITDA	A\$M	<b>26.9</b>	50.2	-23.3	-46%
Free Cash Flow	A\$M	<b>19.3</b>	22.1	-2.8	-13%
Zinc in concentrate	t	<b>26,159</b>	32,638	-6,479	-20%
Copper in concentrate	t	<b>1,695</b>	4,565	-2,870	-63%
Cash Cost (payable)	A\$/lb Zn	<b>1.25</b>	0.76	0.49	64%
Cash Cost & Capex (payable)	A\$/lb Zn	<b>1.66</b>	1.08	0.58	54%

Revenue from the Jaguar Operation for the period of A\$112.1 million was lower than the previous year's result of A\$137.5 million due to lower zinc and copper production, combined with results for only 11 months of the year. This was partially offset by higher Australian dollar zinc and copper metal prices compared to the previous year.

Cash costs were higher, at A\$1.25 per payable pound of zinc, predominately the result of lower production (lower tonnes and grade processed) which resulted in lower payable metal.

**Long** [IGO 100%]

Metric	Units	FY18	FY17	Change	Inc/(dec)
Revenue	A\$M	<b>64.8</b>	70.5	-5.7	-8%
Underlying EBITDA	A\$M	<b>24.3</b>	32.1	-7.8	-24%
Free Cash Flow	A\$M	<b>19.4</b>	28.1	-8.7	-31%
Nickel (contained metal)	t	<b>5,855</b>	8,433	-2,578	-31%
Cash Cost (payable)	A\$/lb Ni	<b>4.87</b>	3.28	1.59	48%
Cash Cost & Capex (payable)	A\$/lb Ni	<b>4.94</b>	3.36	1.58	47%

Total revenue from the Long Operation decreased by 8% during FY18, due to decreasing mining activities and grade. Payable cash costs including royalties (net of copper credits) were higher at A\$4.87/lb (FY17: A\$3.28/lb).

The Long Operation transitioned into care and maintenance in June 2018 with a comprehensive preparation work program being commenced in advance of that date to better manage the transition. A local contractor has been appointed to manage the care and maintenance.

IGO intends to continue Long in care and maintenance while continuing to test a number of conceptual exploration targets at Long. Following the completion of this work, a strategic review is to be completed during which all options will be considered, including divestment, further exploration, recommencement of operations and closure.

**EXPLORATION AND DEVELOPMENT PROJECTS**

Exploration and Growth expenditure for FY18 was A\$54.8 million (FY17: A\$31.4 million). The FY18 expenditure included A\$10.6 million (FY17: A\$8.8 million) for acquisitions in mineral interests and investments in growth opportunities. Key work activities completed during this period include:



### ***Tropicana Brownfields Exploration***

Resource development drilling commenced at Boston Shaker during the period, commencing with 100m x 100m drilling and subsequently with 50m x 25m spaced infill drilling towards the end of the year to support underground/open-pit interface studies. These studies form part of a larger underground pre-feasibility study to determine the viability of an underground mine at Boston Shaker, with the study having so far confirmed underground mineralisation to ~700m down dip from Long Island pit designs, and with mineralisation remaining open at depth.

Regional brownfields exploration based out of the Tropicana Operation comprised of aircore (AC) drilling both to the north and south of the existing mine. These AC programs seek to understand basement geology and explore potential mineralised corridors identified in regional structural interpretation work. Results of these programs were being processed at the end of the financial year.

Regional exploration drilling was completed at Hidden Dragon, Madras, Seahorse and New Zebra located south of Tropicana Operation during the year, with results from these programs still pending at year-end.

### ***Nova Brownfields Exploration***

A 58 square kilometre, high-resolution 3D seismic survey contracted to HiSeis Pty Ltd was completed in April 2018. This seismic survey is the largest high-resolution 3D hard rock seismic survey ever undertaken in Australia. The processing of this data was completed and delivered to the Company in August 2018. Targets generated from the 3D seismic survey and other parallel work programs at Nova will be drill tested in FY19 with 20,000m of drilling earmarked for the Nova mining lease in FY19.

### ***Long Brownfields Exploration***

Reprocessing and reinterpretation of 3D seismic data has resulted in the development of a number of exploration targets at Long. These targets will be tested as part of the planned FY19 exploration program.

### ***Fraser Range Greenfields Exploration***

Extensive regional exploration activities continued across the Fraser Range, including 25,051 line-kilometres of airborne electromagnetic (EM) surveys by SpectremAir completed in FY18 before moving the SpectremAir plane to the Company's Lake Mackay project in June 2018. SpectremAir returned to the Fraser Range in August 2018.

AC drilling and DDH drilling continued in FY18 and the next phase of DDH and AC drilling will continue in FY19.

### ***Lake Mackay Greenfields Exploration***

Regional exploration activities continued at Lake Mackay during FY18, with SpectremAir selected to undertake a large regional airborne EM survey across large parts of the project. Approximately half of the regional airborne EM survey, part of which is co-funded by the Northern Territory Government, had been flown by year end and the remainder is expected to be completed in FY19.

Soil sampling and the airborne EM survey have confirmed significant anomalism north and northeast of the Grapple prospect in a broad area known as the Blaze prospect, with anomalous copper, gold, cobalt, silver, zinc and lead geochemistry. Separately, prospect-scale geological mapping, soil sampling and rock chip sampling at the Grimlock prospect (previously known as Du Faur), has confirmed nickel and cobalt anomalism associated with manganese-rich 'ironstone duricrust'.

### ***Nova Downstream Processing***

During FY18, IGO commenced a project to understand the downstream processing potential to directly produce nickel and cobalt sulphate using a hydrometallurgical process rather than first

producing nickel metal via conventional smelting and refining. A scoping study demonstrated that, subject to metallurgical testwork, the process would be financially feasible and this was followed by metallurgical testwork using Wood Mining and Minerals Australia (Wood) and SGS Australia. This testwork successfully produced nickel sulphate hexahydrate crystals and demonstrated that the process was technically feasible. A pre-feasibility study has been commenced and IGO and Wood are in the process of patenting this technology.

Downstream processing of nickel concentrate from Nova to produce nickel sulphate for the EV market has the potential to be a significant value driver for IGO delivering; a) significantly higher payabilities than traditionally received from nickel concentrate offtake arrangements; b) opportunity to maximise recovery at the concentrator stage by producing a bulk concentrate for the downstream processing; c) a premium price for the nickel in nickel sulphate when compared to the London Metal Exchange price for nickel as nickel metal; and d) directly linking IGO into the energy storage supply chain.

### Cash & Debt

Cash and cash equivalents at 30 June 2018 totalled A\$138.7 million (30 June 2017: A\$35.8 million), a net increase of A\$102.9 million for the year. The Company repaid A\$57.1 million of debt during the period, reducing the Company's outstanding debt to A\$142.9 million.

The Company also restructured its existing bank facilities during the year, with the cancellation of an unutilised A\$200.0 million revolving loan facility.

### Final Dividend

A final dividend of 2 cents per share, fully franked, will be paid on 27 September 2018, with a record date of 14 September 2018.

### FY19 Guidance

Mining Operation	Units	FY19 Guidance Range
<b>Nova</b>		
Nickel in concentrate	t	27,000 to 30,000
Copper in concentrate	t	11,000 to 12,500
Cobalt in concentrate	t	850 to 950
Cash cost (payable)	A\$/lb Ni	1.65 to 2.00
Sustaining & improvement capex	A\$M	21 to 24
Development capex	A\$M	25 to 28
<b>Tropicana (IGO 30%)</b>		
Gold produced (100% basis)	oz	500,000 to 550,000
Gold (IGO's 30% share)	oz	150,000 to 165,000
Cash cost	A\$/oz Au	635 to 705
All-in Sustaining Costs	A\$/oz Au	890 to 980
Sustaining & improvement capex (30%)	A\$M	21 to 24
Capitalised waste stripping (30%)	A\$M	32 to 36
<b>Exploration Expenditure</b>		
Total Exploration Expenditure	A\$M	47 to 54

**Nova Guidance Notes:**

Nova FY19 guidance is based on: updated Ore Reserves and an improved understanding of the Nova and Bollinger orebodies arising from grade control drilling completed to January 2018; an improved understanding of production and financial metrics following the first full year of production in FY18; and a mining and processing rate of 1.5Mtpa. Cash cost guidance for FY19 relies on copper and cobalt commodity price assumptions for determining payable metal credits of A\$4.08/lb and A\$50/lb respectively.

Capital expenditures for FY19 are allocated to address expected normal plant and equipment requirements (sustaining or compliance and replacement capex), as well as improvement capex to sustainably debottleneck mining and processing plant production rates above 1.5Mtpa. Underground development capital expenditure in FY19 is expected to be completed in the first half of the year, thereafter, substantially all underground development will be of an operating nature.

**Tropicana Guidance Notes:**

Tropicana FY19 guidance incorporates continued implementation of the Long Island mining strategy, grade streaming and ongoing process plant improvement projects (Refer ASX announcement 7 December 2017). The grade streaming strategy, which delivers higher gold production in FY19, is expected to continue into FY20. The majority of plant and equipment capex is anticipated to be improvement capex. This includes completion expenditure for the additional 6 megawatt Ball Mill and associated infrastructure which is expected to be completed in the December 2018 quarter, Long Island expansion capital, plant improvement capital and Boston Shaker pre-feasibility study costs.

**Exploration Guidance Notes:**

We continue our commitment to exploration in FY19 with A\$51 million to be invested in exploration (at the mid-point of our guidance range). Our focus is on discovery at Nova and the Fraser Range with approximately two thirds of our FY19 investment committed to finding a world class nickel - copper ore deposit that will feed the mill at Nova and/or operate as a standalone operation. In FY19, our work programs incorporate significantly more drilling as we start to drill targets identified with our regional geophysical and geochemical programs on the Fraser Range and our 3D seismic at Nova in FY18. At Nova, we anticipate drilling 20,000m of diamond drilling in FY19.

Exploration at our Lake Mackay project will also be advanced with continuing regional geochemical and geophysical programs in the first half of the year transitioning into drilling programs in the second half of the year.

**Long Guidance Notes:**

Not included in the above guidance table, Long is expected to be free cash flow positive with working capital receipts more than offsetting care and maintenance costs and final redundancy costs, which are estimated to be approximately A\$2.0 million to A\$3.0 million.

**FORWARD-LOOKING STATEMENTS**

*This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Independence Group NL's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Independence Group NL believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*



**Investor Call and Webcast**

An investor call and webcast has been scheduled for 8.00am Perth time, Wednesday 29 August 2018. Dial-in details for the call and the webcast link can be found below.

Meeting title: Independence Group Conference Call  
 Date: 29 August 2018  
 Conference ID: 982203

Audio Access Dial in numbers:

**Australia Toll Free 1 800 558 698**

**Alternate Australia Toll Free 1 800 809 971**

Australia Local Number	+612 9007 3187	New Zealand	0800 453 055
China Wide	4001 200 659	Norway	800 69 950
Belgium	0800 72 111	Philippines	1800 1110 1462
Canada	1855 8811 339	Singapore	800 101 2785
France	0800 913 848	South Korea	00 798 142 063 275
Germany	0800 182 7617	Sweden	020 791 959
Hong Kong	800 966 806	South Africa	800999976
India	0008 0010 08443	Switzerland	800820030
Indonesia	001 803 019 3275	Taiwan	008 0112 7397
Ireland	1800 948 625	Thailand	001800 156 206 3275
Italy	800 793 500	UAE	8000 3570 2705
Japan	0053 116 1281	United Kingdom	0800 051 8245
Malaysia	1800 816 294	United States	1855 8811 339

Details of the webcast are set out below:

To listen in live, please click on the link below and register your details.

<http://webcasting.brrmedia.com/broadcast/5b3180d81d64e70d07e77a72>

Please note it is best to log on at least 5 minutes before 10am AEST (8am WST) on Wednesday morning, 29 August 2018 to ensure you are registered in time for the start of the presentation.

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](http://www.igo.com.au) approximately one hour after the conclusion of the webcast.

Peter Bradford  
 Managing Director  
 Independence Group NL  
 Telephone: 08 9238 8300

Joanne McDonald  
 Company Secretary  
 Independence Group NL