



FY16 FINANCIAL RESULTS

Independence Group NL (“IGO” or the “Company” of the “Group”) today released its financial results for the year ended 30 June 2016 (FY16). Refer ASX Appendix 4E and Annual Financial Report, for FY16.

KEY FINANCIALS

- Revenue of \$417 million, a decrease of 16% compared to FY15.
- Underlying EBITDA¹ of \$137.5 million.
- Net Loss After Tax of \$58.8 million, which was heavily impacted by expensing of after tax business acquisition costs of \$64 million, and after tax exploration asset impairment losses of \$24.9 million.
- Net cash flows from operating activities of \$95.2 million.
- \$179.5 million spent towards completing the construction of the world-class Nova Nickel Project since it was acquired by the Company in September 2015.
- Strong balance sheet with cash of \$46.3 million at the end of FY16.
- FY16 Final Dividend of 2 cents per share declared, with a record date of 8 September 2016, and payment date of 23 September 2016.
- Minimum surplus franking credit balance of \$37.3 million, post FY16 Final Dividend, available with future dividends.

BUSINESS HIGHLIGHTS

- Completed the acquisition and successful integration of Sirius Resources NL (Sirius) into the IGO Group.
- Released the Company’s inaugural Sustainability Report.
- Tropicana Gold Mine celebrated 1 million ounce production milestone.
- Significant investment at Tropicana to expand capacity and unlock further resource upside potential.
- Completed optimisation studies for the Nova Project demonstrating significant value up-lift.
- First Ore mined in development at Nova.
- Construction at the Nova Project continued to progress according to plan and was 93.4% complete at year-end.
- Rationalisation and prioritisation of exploration expenditure for 2016.

¹ See Page 2 for a definition of Underlying EBITDA.

IGO's Managing Director and CEO, Mr Peter Bradford, said: "FY16 has been about the creation of the future platform of growth for the Company at the bottom of the market cycle, while achieving sustainable and profitable cash flow from our production assets. This growth will be delivered from our two key assets being Nova and Tropicana.

Development at the Nova Project is nearing completion and we expect to produce first concentrates, on time, and on budget, in December 2016.

Our 30% holding in Tropicana continues to be a key asset of the business, delivering strong operating profit before tax of \$64 million. We are also confident in the potential to drive a step change to the value of the asset with the Long Island study.

Our base metals operating assets have had to adapt to lower commodity prices, however, the business has successfully lowered costs and changed production profiles, resulting in an overall profit being delivered collectively from Long and Jaguar.

Although we anticipate continuing commodity price volatility in FY17 and potential margin pressure on some of our producing assets, we are excited to bring Nova online and unlock value at Tropicana."

SUMMARISED FINANCIAL RESULTS

Highlights	FY16	FY15	% change
Total Revenue ²	\$417.1M	\$498.6M	(16%)
Underlying EBITDA ³	\$137.5M	\$212.7M	(35%)
(Loss) Profit After Tax	(\$58.8M)	\$76.8M	n/a
Net Cash Flow From Operating Activities	\$95.2M	\$201.7M	(53%)
Other Material Cash Outflows			
Mine and Infrastructure Development	(\$215.5M)	(\$44.1M)	389%
Capitalised Exploration	(\$10.6M)	(\$12.4M)	(15%)
Plant & Equipment	(\$10.7M)	(\$16.3M)	(34%)
Underlying Free Cashflow ⁴	(\$141.6M)	\$115.8M	n/a
Payment for Listed Investments	(\$1.6M)	(\$13.1M)	(88%)
Proceeds on Sale of Investments	\$17.0M	-	n/a
Payment for the Acquisition of Sirius, Net of Cash Acquired	(\$202.0M)	-	n/a
	June 2016	June 2015	% change
Total Assets	\$2,007.4M	\$820.2M	145%
Cash	\$46.3M	\$121.3M	(62%)
Refined Bullion	-	\$0.2M	(100%)
Marketable Securities	\$5.0M	\$15.5M	(68%)
Total Liabilities	\$551.6M	\$154.7M	257%
Shareholders' Equity	\$1,455.8M	\$665.5M	119%
Net tangible assets per share (\$ per share)	\$2.85	\$2.84	-

² Includes Other Income of \$3.8M (FY2015: \$3.3M)

³ 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, investment sales, depreciation and amortisation, and once-off transaction costs (see Page 8 for detailed breakdown).

⁴ Underlying Free Cashflow comprises Net Cash Flow from Operating Activities and Net Cashflow from Investing Activities and excludes payments for investments and proceeds from sale of investments. It also excludes net payment for acquisition of Sirius.

At the end of FY16, the Group had cash and cash equivalents of \$46.3 million (FY15: \$121.3 million).

Cash flows from operating activities for the Group were \$95.2 million (FY15: \$201.7 million) on the back of strong gold sales from the Tropicana Gold Mine combined with sound operating cash flows from the Jaguar Operation and the Long Operation. This result was offset, in part, by lower base metals commodity prices during the year. Payments for exploration expenditure fell by 22% to \$20.0 million. The result also includes cash outflows of \$6.9 million in relation to the Syndicated Facility Agreement (refer Facility Agreement below) and \$12.4 million in acquisition and other integration costs.

Cash outflows from investing activities increased during the year to \$423.5 million, primarily due to the cash payment for the acquisition of Sirius (\$202.1 million, net of cash acquired) and payments towards the construction of the Nova Project (\$179.5 million) since acquisition. Other movements comprised \$10.6 million for capitalised exploration expenditure and \$10.7 million associated with acquisition of property, plant and equipment primarily driven by Tropicana improvement work aimed at delivering higher plant throughput. The Group also realised \$16.0 million from the sale of its investment in Gold Road Resources Ltd.

Cash flows from financing activities during the financial year mostly comprised drawdowns from the Company's Syndicated Facility Agreement totaling \$271.0 million. The Company entered into the Facility Agreement on 16 July 2015 with National Australia Bank Limited, Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited for a \$550 million committed term finance facility on an unsecured basis. The Facility Agreement comprises a five year \$350 million amortising term loan facility that was used to refinance Sirius' existing Nova Project finance facility, and provide funds for the continued development, construction and operation of the Nova Project; and a five year \$200 million revolving loan facility that was used to partially fund the payment of the cash component of the acquisition and transaction costs, in addition to providing funding for general corporate purposes. Total cash flows relating to capitalised transaction costs associated with the Facility Agreement were \$5.3 million.

In addition, the Company paid \$12.8 million in fully franked dividends during the period. The Company also announced the payment of a final FY16 dividend of 2 cents per share, to be paid on 23 September 2016. This final dividend will be fully franked.

TROPICANA JOINT VENTURE (TJV) (30% IGO)

Revenue for the period from Tropicana was \$215.0 million, which was slightly lower than the previous year as a result of the cessation of grade streaming in December 2015. The average AUD gold price achieved increased by \$111 per ounce or 8% compared to the previous period whilst gold sold to the Company's account decreased by 14,972 ounces or 10%. 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 \$730 or 29% higher than the previous period. All-in Sustaining Costs (AISC) per ounce sold were \$918 or 15% higher. The higher unit costs were expected as a result of the cessation of grade streaming. AISC comprises of cash costs and capitalised sustaining deferred waste stripping costs, sustaining exploration costs, sustaining capital and non-cash, rehabilitation accretion costs. AISC excludes improvement capital expenditure and other sustaining or expansion exploration expenditure.

During the period, there has been a steady effort to increase processing plant throughput. Annualised throughput continued to trend higher with an annualised rate of 6.9Mtpa being achieved in the June 2016 quarter.

The table below outlines the key Tropicana operating statistics during FY16 and the prior year:

Operating Parameter	Units	FY16	FY15
Total revenue	\$'000	214,998	218,966
Segment operating profit before tax	\$'000	64,330	76,117
Total segment assets	\$'000	840,174	645,071
Total segment liabilities	\$'000	36,813	31,748
Gold ore mined (>0.6g/t Au)	'000 tonnes	7,289	10,763
Gold ore mined (>0.4 and 0.6g/t Au)	'000 tonnes	1,210	1,601
Waste mined	'000 tonnes	50,350	42,761
Gold grade mined (>0.6g/t)	g/t	2.13	2.06
Ore milled	'000 tonnes	6,528	5,826
Gold grade milled	g/t	2.39	2.98
Metallurgical recovery	%	89.3	90.2
Gold recovered	ounces	448,546	492,780
Gold produced	ounces	448,116	496,413
Gold refined and sold (IGO share)	ounces	135,864	150,836
Cash Costs	\$/ounce Au produced	730	568
All-in Sustaining Costs ("AISC")*	\$/ounce Au sold	918	795

* All-in Sustaining costs is a measure derived by the World Gold Council. On 27 June 2013, the Council released a publication outlining definitions of both Cash Costs and All-in Sustaining Costs.

LONG OPERATION (100% IGO)

During the period, the mine produced 8,493t of nickel at payable cash costs including royalties (net of copper credits) of \$3.67/lb (2015: \$4.01/lb). A total of 215,337t of ore was mined, sourced from Moran (93%), Long Lower (3%), McLeay (2%) and Victor South (2%). The majority of ore continued to be mined from long hole stoping (91%) with lesser amounts coming from other mechanised mining methods and non-mechanised methods. Revenue decreased by 43% during 2016, driven predominantly by a 34% lower realised AUD nickel price together with 16% lower payable nickel tonnes sold. In addition, an efficiency restructure was implemented in September 2015 which resulted in the discontinuation of a number of mining methods at the Long Operation; resulting in lower, though more profitable, sales volumes.

The table below highlights the key Long operational statistics for FY16 and the prior year:

Operating Parameter	Units	FY16	FY15
Total revenue	\$'000	63,926	111,423
Segment operating (loss) profit before tax	\$'000	(3,532)	32,180
Total segment assets	\$'000	65,738	92,546
Total segment liabilities	\$'000	35,200	36,180
Ore mined	tonnes	215,337	258,634
Nickel grade	%	3.94	3.94
Copper grade	%	0.28	0.28
Tonnes milled	tonnes	215,337	258,634
Nickel delivered	tonnes	8,493	10,198
Copper delivered	tonnes	610	723
Metal payable (IGO share)			

Operating Parameter	Units	FY16	FY15
- Nickel	tonnes	5,125	6,151
- Copper	tonnes	247	293
Ni cash costs and royalties	<i>\$/lb Ni payable</i>	3.67	4.01

JAGUAR OPERATION (100% IGO)

Revenue from the Jaguar Operation decreased by 19% during the period, with the main drivers of this result being a decrease in zinc revenue of 27% and copper revenue of 20%. This was due to a combination of 13% lower payable zinc sold and 9% lower realised prices. Copper revenue decreased due to 18% lower realised prices.

The Bentley underground mine performed well during the period; ore mined increased by 3% and ore milled increased by 4%. Copper grades were relatively steady at 1.7% while zinc grades fell 2% to 8.9%.

The table below outlines the key Jaguar operational statistics for FY16 and the prior year:

Operating Parameter	Units	FY16	FY15
Total revenue	<i>\$'000</i>	132,987	164,016
Segment operating profit before tax	<i>\$'000</i>	17,317	47,665
Total segment assets	<i>\$'000</i>	145,892	134,569
Total segment liabilities	<i>\$'000</i>	22,816	24,374
Ore mined	tonnes	497,751	485,302
Copper grade	%	1.7	1.8
Zinc grade	%	8.9	10.6
Silver grade	<i>g/t</i>	128	156
Gold grade	<i>g/t</i>	0.8	0.7
Ore milled	tonnes	505,578	488,466
Metal in concentrate			
- Copper	tonnes	7,412	7,380
- Zinc	tonnes	39,335	44,999
- Silver	ounces	1,603,565	1,876,384
- Gold	ounces	4,880	4,439
Metal payable (IGO share)			
- Copper	tonnes	7,122	7,090
- Zinc	tonnes	32,634	37,551
- Silver	ounces	1,071,989	1,293,858
- Gold	ounces	4,543	4,110
Zinc cash costs and royalties	<i>\$/lb Zn Payable</i>	0.53	0.43

NOVA PROJECT

Having completed the Sirius transaction in September 2015, IGO has made outstanding progress at Nova, with construction and development works achieving 93.4% completion by year-end while remaining ahead of schedule and on budget relative to the December 2015 Optimisation Study schedule. The current schedule indicates first concentrate will be produced and ready for shipment, as planned, during December 2016.

Total mine development of 5.53km had been completed by the end of FY16.

The first ore from development activities was mined and hauled to the surface during the June 2016 quarter. This marked another milestone in the Project's development. During the September 2016 quarter, ore will be stockpiled on the newly completed ROM pad ready for crushing as soon as the processing plant crushing circuit is commissioned.

Grade control drilling commenced underground during the June 2016 quarter, with three drill rigs currently deployed. The initial priority is the drilling of the first production stopes.

Since acquiring Nova, IGO has added significant value to the project. First through the completion of the December 2015 Optimisation Study, which identified capital and operating costs savings and brought value forward to deliver an improvement in project value. More recently, in June 2016, IGO completed the assessment of the early development of the Bollinger orebody to increase mining flexibility and to bring additional value forward. Together the December 2015 Optimisation Study and the early development of Bollinger have increased project net present value by 50.8% relative to the definitive feasibility study when compared on an apples and apples basis using the same commodity price deck and exchange rate assumptions.

EXPLORATION AND DEVELOPMENT PROJECTS

FY16 cash outflows for both capitalised and expensed exploration and evaluation expenditure totaled \$30.6 million (FY15: \$38.2 million).

The Company has actively focused on organic growth during FY16 through dedicated exploration programs for base and precious metals. Highlights on the Brownfields projects include:

- an extensive resource extension drilling program to provide a framework for the understanding of the Tropicana mineralised system was completed during FY16. The drilling has returned encouraging results, which continue to highlight the potential of the Tropicana mineralised system. A Mineral Resource update is scheduled for the September 2016 quarter.
- drilling at Triumph has identified mineralisation over a strike length of 400m; and
- grade-control drilling from underground drilling platforms at Nova was commenced.

Greenfields exploration during FY16 has focused on in-ground expenditure on three projects that deliver belt-scale opportunities, being Fraser Range/Tropicana Belt, Lake Mackay and Bryah Basin projects.

OUTLOOK FOR FY17

Mining Operation	Units	FY17 Guidance Range
Tropicana (IGO 30%)		
Gold produced (100% basis)	ounce	390,000 to 430,000
Gold (IGO's 30% share)	ounce	117,000 to 129,000 ⁽²⁾
Cash cost	\$/ounce Au	850 to 950
All-in Sustaining Costs	\$/ounce Au	1,150 to 1,250
Sustaining capex	\$M	2 to 3
Improvement capex	\$M	2 to 3
Capitalised waste stripping	\$M	29 to 36
Exploration expenditure	\$M	6 to 8
Long		
Nickel (contained metal)	tonnes	7,400 to 8,200
Cash cost (payable)	\$/lb Ni	3.50 to 3.90

Mining Operation	Units	FY17 Guidance Range
Sustaining capex	\$M	1
Exploration expenditure	\$M	2 to 3
Jaguar		
Zinc in concentrate	tonnes	39,000 to 43,000
Copper in concentrate	tonnes	4,600 to 5,100
Cash cost (payable)	\$/lb Zn	0.70 to 0.80
Sustaining capex	\$M	8 to 9
Development capex	\$M	12 to 13
Exploration expenditure	\$M	3 to 4
Nova		
Nickel in concentrate	tonnes	9,000 to 10,000
Copper in concentrate	tonnes	3,900 to 4,400
Cash cost (payable)	\$/lb Ni	4.00 to 4.50 ⁽³⁾
Capital Build capex (cash basis)	\$M	140 to 150
Sustaining capex	\$M	3 to 5
Development capex	\$M	22 to 25
Exploration expenditure	\$M	3.5 to 4.5
Greenfields & generative	\$M	11 to 15

IMPORTANT INFORMATION

About this release

IGO today released its financial results for the year ended 30 June 2016 (ASX Appendix 4E and Annual Financial Report). This ASX release is a summary document and readers are directed to the full text of the Appendix 4E and Annual Financial Report on the ASX platform, which is also available on the IGO website.

Forward-looking statements

This document may include Forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IGO's planned production and 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 IGO 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.

Non-IFRS financial information

IGO results are reported under International Financial Reporting Standards (IFRS). This release may also include certain non-IFRS and other financial measures including Underlying EBITDA and Underlying Cashflow. These measures are used internally by management to assess the performance of our business and aid in decision making. Non-IFRS measures have not been subject to audit or review and should not be considered as an indication of, nor an alternative to IFRS measures of profitability, financial performance or liquidity.

Cash Costs

All cash costs quoted include royalties and net of by-product credits unless otherwise stated.



Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Underlying EBITDA is a non-IFRS financial measure and comprises \$59.2M loss before tax (FY2015: profit before tax of \$110.0M) less (\$0.7M) finance costs net of interest income (FY2015: add \$0.7M net cost), add \$99.7M depreciation & amortisation expense (FY2015: \$98.6M), add \$35.5M exploration impairment expenses (FY2015: \$3.4M), add 65.1M asset acquisition costs relating to the Sirius Resources NL acquisition (FY2015: \$nil), and less gain on sale of investments of \$2.9M (FY2015: \$nil).

Currency

All currency amounts in this report are Australian Dollars unless otherwise stated.

For further information contact:

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

Joanne McDonald
Company Secretary
Independence Group NL