



# **INDEPENDENCE GROUP**

**GROWING A GREAT MULTI COMMODITY AUSTRALIAN  
MINING COMPANY**

**Recommended Acquisition of Jabiru Metals**

9 February 2011



# Forward Looking Statements

Certain oral and written statements contained or incorporated by reference in this presentation, including information as to the future financial or operating performance of the Company and its projects, constitute forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intend”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements.

Forward-looking statements include, among other things, statements regarding targets, estimates and assumptions in respect of nickel, gold or other metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by the Company, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: competition; mineral prices; ability to meet additional funding requirements; exploration, development and operating risks; uninsurable risks; uncertainties inherent in ore reserve and resource estimates; dependence on third party smelting facilities; environmental regulation and liability; currency risks; effects of inflation on results of operations; factors relating to title to properties; native title and aboriginal heritage issues; dependence on key personnel; and share price volatility and also include unanticipated and unusual events, many of which are beyond the Company’s ability to control or predict.

The Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. All forward-looking statement made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, not to put undue reliance on such statements.



# Creation of a Major Australian Metals Company

## Low cost production



- Low cost production at 100% owned Long nickel mine
  - 1H FY2011 Ni production of 5,111t Ni at cash cost of A\$3.69/lb Ni (before royalties)
  - FY2011 guidance 8,800-9,200t Ni at cash cost A\$4.00 – 4.20/lb Ni (before royalties)
  - Resources: 91,500t Ni @ 5.4% Ni
  - Reserves: 53,400t Ni @ 4.1% Ni (LOM to 2016+)



- Low cost production from 100% owned Jaguar/Bentley VMS project
  - Annualised production expected to be copper ~9kt, zinc ~20kt, silver ~680koz
  - Lowest cost quartile
  - Jaguar/Bentley Reserves 8+ years

**Merger creates a major Australian metals company with current production from 2 operations**



# Creation of a Major Australian Metals Company

## Development and exploration

- Near-term gold production from world class Tropicana project (30% IGO)
  - First three years production of 470 – 490koz p.a. Au (100% basis) at cash costs of A\$580 – A\$600 /oz (including royalties)
  - January 2011 Resource: 5.3Moz Au (100%)
  - BFS Open Pit Reserve: 3.4Moz Au (100%)
  - First gold by Dec Qtr 2013
- Suite of regional exploration opportunities (e.g. Karlawinda 32m @ 2.2g/t Au, Duketon JV 5.2m @ 9.8% Ni, 1.1% Cu, 7g/t PGE's)
- A\$298.8m net cash as at 31 December 2010<sup>(1)</sup>

**Long life development assets resulting in 4 operations targeting nickel, gold, zinc, copper and silver production, with significant prospective exploration**



- Medium term development of Stockman
  - Targeting 950ktpa base metals operation
  - Resource: 12.5Mt @ 2.1% Cu, 4.4% Zn
- World class VMS province – 50km Jaguar strike

(1) Excluding net receivables of A\$3.1m.



# Transaction Summary

## Transaction

- Off market takeover offer by Independence Group NL (“Independence”) for all the shares in Jabiru Metals Limited (“Jabiru”)
- Unanimously recommended by Jabiru’s Board, in the absence of a Superior Proposal not matched by Independence

## Offer Terms

- Offer values Jabiru’s equity at A\$531.9m, based on the closing price of Independence shares of A\$7.69 on 9 February 2011<sup>(1)</sup>  
Jabiru shareholders will receive 1 Independence share for every 8 Jabiru shares held
- Based on the closing price of Independence shares on 9 February 2011, the implied offer value of A\$0.961 per Jabiru share represents a premium of:
  - 44.5% to the closing price of Jabiru shares on 9 February 2011
  - 50.2% premium to the 1 month volume weighted average price (“VWAP”) of Jabiru shares to 9 February 2011<sup>(2)</sup>
- Independence shareholders will own 69.1% and Jabiru shareholders will own 30.9% of the combined group<sup>(3)</sup>

## Exclusivity, Pre-Bid Agreement and Directors Shares

- Customary no shop / no talk provisions
- Independence has a right to match a Superior Proposal
- On 9 February 2011, Independence acquired a 10.48% interest in Jabiru for A\$0.829 cash per share from Jabiru’s major shareholder Metals X Limited (“Metals X”), who has also agreed to support the transaction and has entered into a pre-bid acceptance agreement in relation to the remainder of its holding in Jabiru (an additional 9.48%)
- Jabiru Directors have unanimously agreed to accept the Offer with respect to all shares owned or controlled by them in the absence of a Superior Proposal that is not matched by Independence

## Conditions

- Key conditions include:
  - Minimum acceptance condition of 90%
  - No material adverse change in relation to Jabiru
  - No break fee payable to any other party

## Board

- Following successful completion of the Offer, Jabiru Managing Director Mr Gary Comb will be invited to join the Independence Board as Executive Director - Operations

## Indicative Timetable

- Bidder’s and Target’s Statement expected to be despatched on or around 28 February 2011
- Offer period: 28 February 2011 to 28 March 2011

(1) Jabiru implied equity value based on 553.3m Jabiru shares on issue as per latest Appendix 3B dated 18 January 2011, Independence’s closing share price of A\$7.69 on 9 February 2011 and the exchange ratio of 1 IGO share for every 8 JML shares.

(2) VWAP’s calculated as at 4:15 PM AEDST on 9 February 2011 and excludes all trades on 9 February 2011 after this time (the trade associated with Independence’s acquisition of Metal X’s 10.48% holding in Jabiru is also excluded).

(3) Based on 138.8m Independence shares on issue as per latest Appendix 3B dated 19 November 2010, plus the issue of an additional 61.9m Independence shares under the Offer for those shares in Jabiru not acquired by Independence from Metals X on 9 February 2011.



# Strategic Rationale for the Merger

## Creation of a major Australian metals company

- Creates a high growth mid-cap mining house with a unique balance of production, development and exploration assets
- Includes two low-cost producing assets, two long-life development assets, a prospective exploration portfolio and a geological database providing future project generation

## Cash flow across multiple assets and commodities

- Combined group's portfolio of production and development assets will diversify risk while providing for more growth opportunities
- Provides exposure to a range of metals including nickel, copper, zinc, gold and silver

## Complementary businesses

- Highly complementary management and technical capabilities, with proven successful track records of exploration, project management and operations
- Independence's unique exploration technology is complemented by the Jabiru and Independence highly prospective exploration portfolios
- Like-minded management approaches with lean cost structures

## Strong balance sheet

- The combined group will have significant balance sheet strength with pro forma net cash position of approximately A\$270.9m<sup>(1)</sup>
- Combination of a strong balance sheet and operating cash flows enhances financing options for the combined group's development assets and allows for the acceleration of exploration activities

## Increased market capitalisation and liquidity

- Combined group to have a pro forma market capitalisation of approximately A\$1.5b<sup>(2)</sup>
- Stronger capital markets profile with potential for ASX 100 index inclusion over time
- Enhanced scale likely to provide greater liquidity for investors
- Provides the combined group with greater funding flexibility to pursue a wider range of growth initiatives

## Establishes a platform to become a leading Australian mid-cap metals company

(1) Based on Independence's and Jabiru's reported net cash positions as at 31 December 2010, less cash paid by Independence to Metals X as consideration for the 10.48% interest in Jabiru acquired from Metals X on 9 February 2011.  
(2) Based on 138.8m Independence shares on issue as per Appendix 3B dated 19 November 2010, plus the issue of an additional 61.9m Independence shares under the Offer for those Shares in Jabiru not acquired by Independence from Metals X on 9 February 2011. Based on Independence's closing share price on 9 February 2011.



# Benefits for all Shareholders

## Jabiru Metals Shareholders

- ✓ Attractive Offer price and premium
- ✓ Exposure to a more diversified mix of production, development and exploration assets
- ✓ Enhanced access to capital and reduced funding risk for Stockman
- ✓ Independence has a track record of paying dividends
- ✓ Capital gains tax rollover relief likely for eligible shareholders

## Independence Group Shareholders

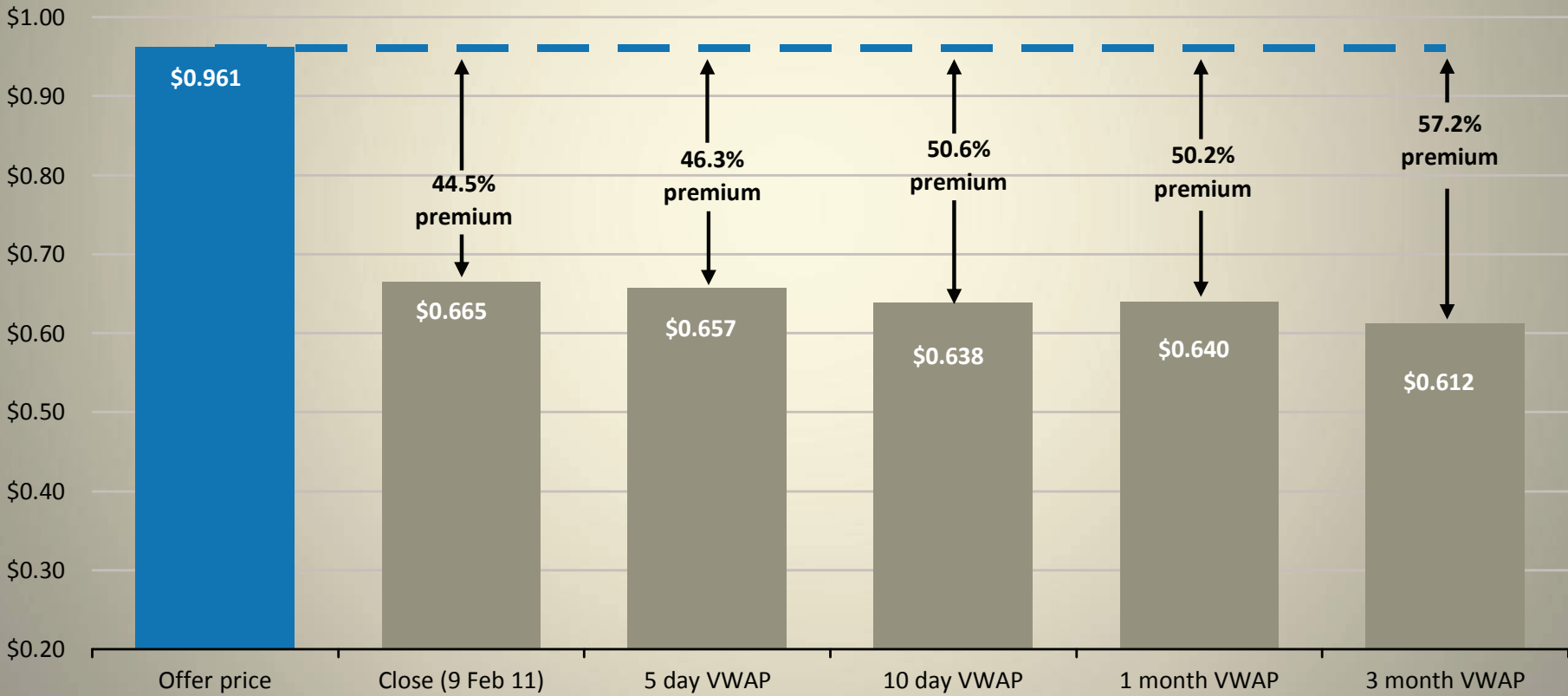
- ✓ Enhanced project development pipeline
- ✓ Broader base metals exposure and commodity diversification to attractive metals including copper and zinc
- ✓ Leverage Independence's exploration technology and expertise with Jabiru's highly prospective VMS strike to generate significant value
- ✓ Access to strong near term cash flow from acquired production assets

- ✓ **Enhanced scale and greater access to capital markets**
  - ✓ **Potential for future ASX 100 index inclusion**



# Attractive Offer Price

The implied Offer price<sup>(1)</sup> represents a significant premium to the recent trading level of Jabiru shares



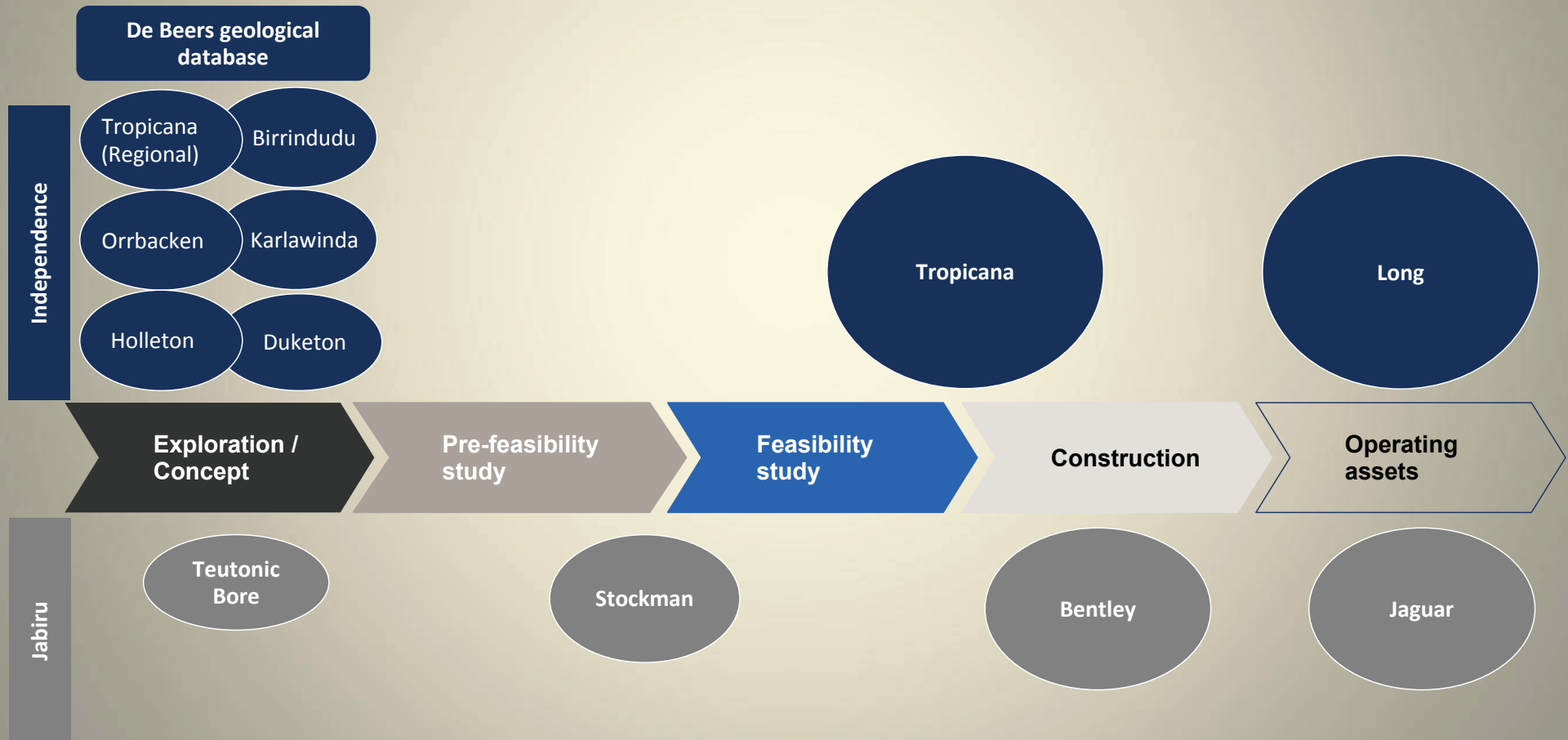
Source: IRESS.  
Note: VWAP's calculated as at 4:15 PM AEDST on 9 February 2011 and excludes all trades on 9 February 2011 after this time (the trade associated with Independence's acquisition of Metal X's 10.48% holding in Jabiru is also excluded).  
(1) Based on a merger ratio of 1 Independence share for every 8 Jabiru shares, and Independence's closing share price of \$7.69 on 9 February 2011.





# Complementary Asset Pipeline and Expertise

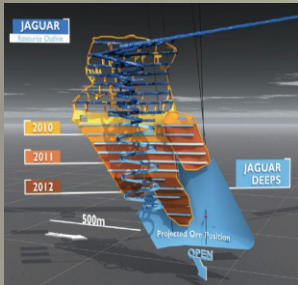
Combination of low cost, low risk cash flows from current operating mines with significant long-life development projects and highly prospective exploration



Highly complementary management and technical capabilities, with proven successful track records of exploration, project management and operations

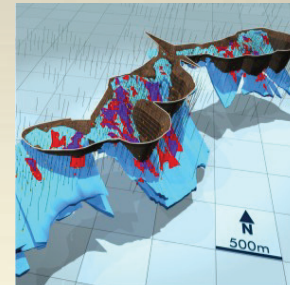


# Quality Diversified Portfolio



## Jaguar/Bentley (Jabiru) – Production/Development

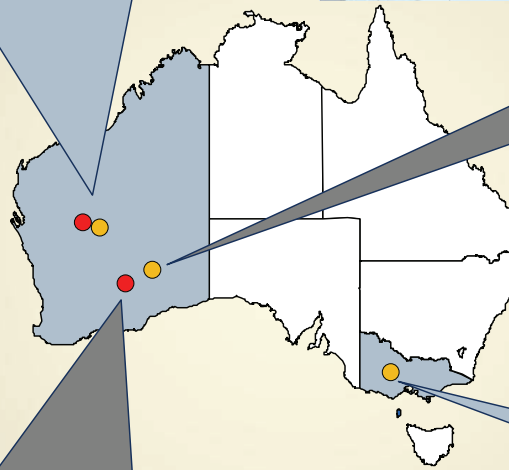
- 100% owned low cost copper and zinc production
- FY10 Production: 26.7Kt Zn, 9.9Kt Cu
- FY10 cash costs (after credits): US\$0.06/lb Zn
- Current Resources: 5.3Mt @ 2.4% Cu, 7.3% Zn
- Bentley decline ahead of schedule
- Expansion to 450Kt via HMS plant



## Tropicana (Independence) – Near term production

- 30% owned world class gold project; AngloGold Ashanti 70%
- Positive BFS delivered Nov 2010
- First three years production of 470 – 490koz p.a. Au (100% basis)
- January 2011 Resource: 30% of 5.3Moz Au
- BFS Open Pit Reserve: 30% of 3.4Moz Au
- Construction commencing 2011, first gold by Dec Qtr 2013
- Significant underground and regional potential

- ✓ Low cost
- ✓ Low risk

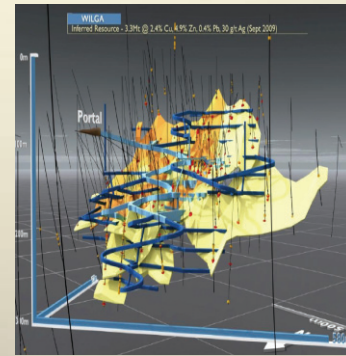


- ✓ Significant growth
- ✓ Diversification of cash flows & metals



## Long Mine (Independence) - Production

- 100% owned low cost, long life nickel production
- 1H FY2011 Ni production of 5,111t Ni at cash cost of A\$3.69/lb Ni (before royalties)
- FY2011 guidance 8,800-9,200t Ni at cash cost A\$4.00 – 4.20/lb Ni (before royalties)
- June 2010 Resources: 91,500t Ni @ 5.4% Ni
- June 2010 Reserves: 53,400t Ni @ 4.1% Ni
- Extending mine life – new Moran discovery (June 2010 Resource 39,100t Ni @ 7.2% Ni)
- LOM to 2016+



## Stockman (Jabiru) – Medium term production

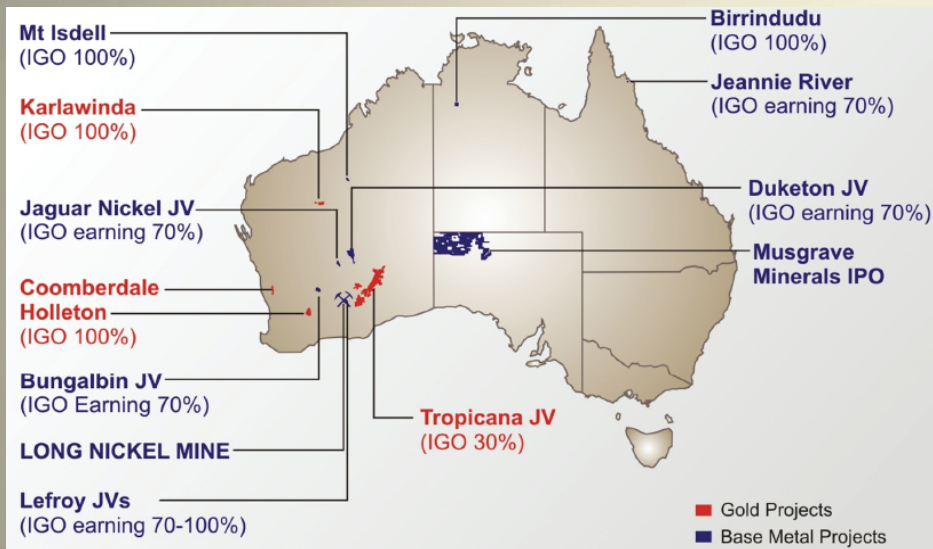
- 100% owned base metals project in Victoria
- 2010 scoping study confirmed projects economics
- Targeting 950kt p.a. base metals operation
- Current Resource: 12.5Mt @ 2.1% Cu, 4.4% Zn
- DFS underway
- 7 – 8 year project life with significant upside
- Substantial resource base beyond scoping study volumes

Two low cost producing assets combined with two long life development assets providing exposure to a range of metals

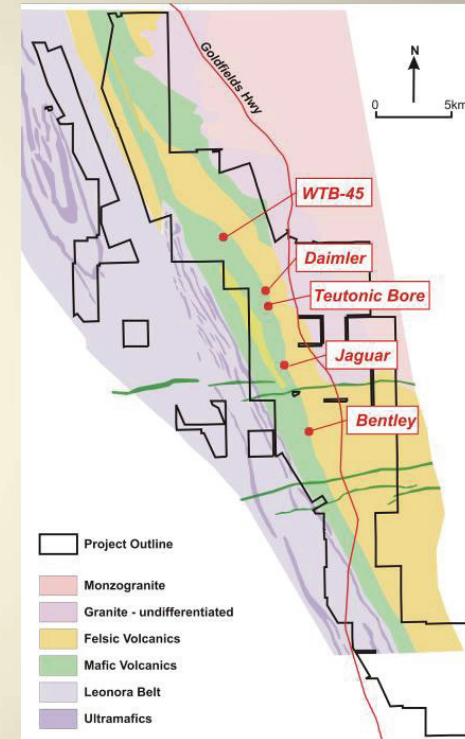


# Extensive Pipeline of Prospective Exploration

## Independence's Key Exploration Assets



## Jabiru's Key Exploration Assets



- ✓ Multiple high quality Ni, Au, Sn and Cu-Pb-Zn exploration projects within the portfolio
- ✓ Unique exploration targeting technology
- ✓ 292,000 sample De Beers geological database

- ✓ Jaguar / Bentley located in world class VMS province
- ✓ 50km of prospective VMS along strike from Jaguar / Bentley
- ✓ Multiple targets identified

**IGO's unique exploration targeting technology to maximise combined prospective exploration; IGO's cash utilised to accelerate Jabiru's VMS exploration programme**



# Strong Balance Sheet

## Enhanced scale and robust balance sheet provides financial flexibility

- Combined market capitalisation of approximately A\$1.5b<sup>(1)</sup>
- Combined net cash of approximately A\$270.9m<sup>(2a)</sup>

	Independence	Jabiru	Combined
<b>Closing share price (9 February)</b>	A\$7.69	A\$0.665	
<b>Shares outstanding</b>	138.8m	553.3m	200.7m <sup>(1)</sup>
<b>Market capitalisation</b>	A\$1,067.2m	A\$367.9m	A\$1,543.3m <sup>(1)</sup>
<b>Cash<sup>(3)</sup></b>	A\$300.2m <sup>(4)</sup>	A\$26.9m	A\$279.0m <sup>(2a)</sup>
<b>Interest bearing liabilities<sup>(3)</sup></b>	A\$1.4m	A\$6.7m	A\$8.1m
<b>Net cash<sup>(3)</sup></b>	A\$298.8m	A\$20.2m	A\$270.9m <sup>(2b)</sup>

(1) Based on 138.8m Independence shares on issue as per Appendix 3B dated 19 November 2010, plus the issue of an additional 61.9m Independence shares under the Offer for those Shares in Jabiru not acquired by Independence from Metals X on 9 February 2011. Based on Independence's closing share price on 9 February 2011.

(2a) Based on Independence's and Jabiru's reported cash as at 31 December 2010, less cash paid by Independence to Metals X as consideration for the 10.48% interest in Jabiru acquired from Metals X on 9 February 2011.

(2b) Adjusted cash position as outlined in note (2a) above, less reported interest bearing liabilities of Independence and Jabiru as at 31 December 2010.

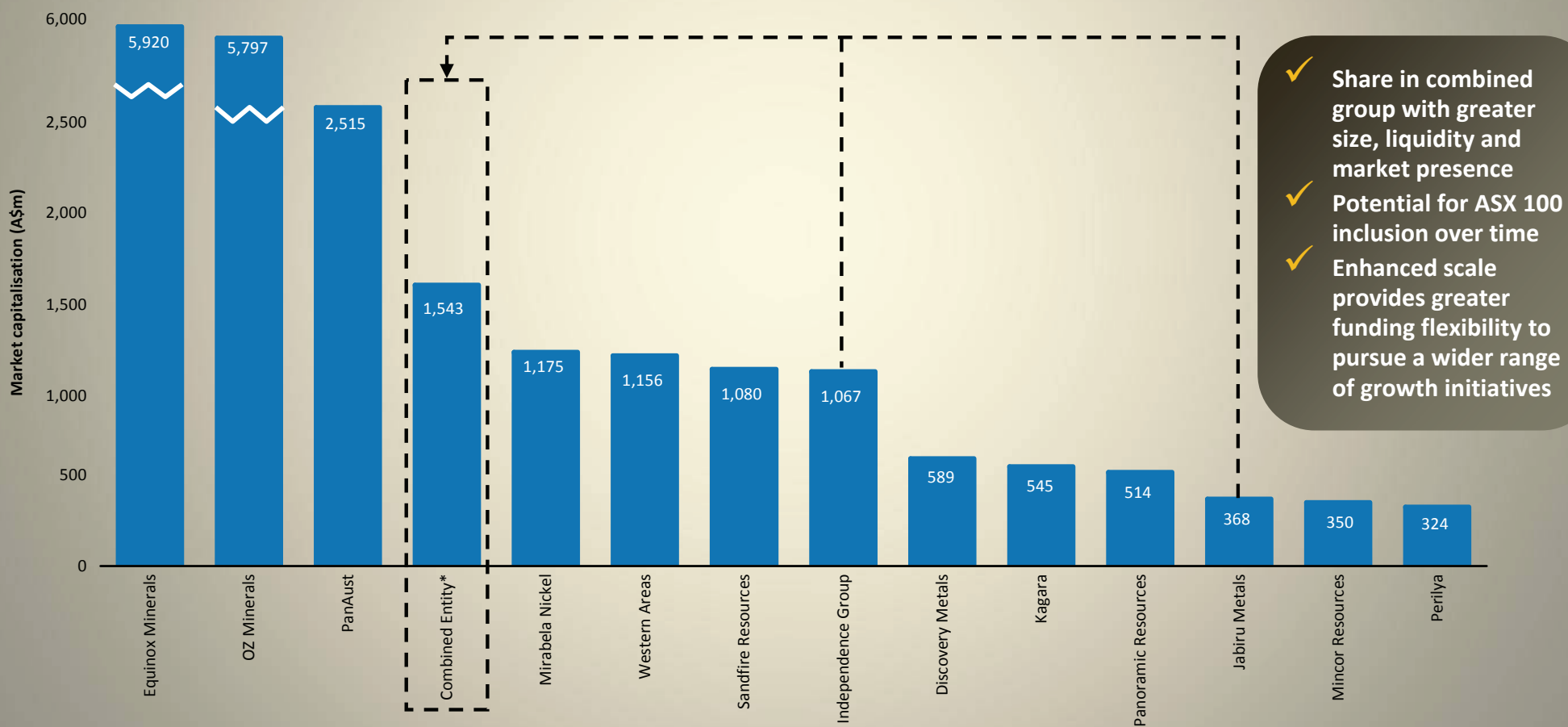
(3) As at 31 December 2010.

(4) Excludes net receivables of A\$3.1m.



# Enhanced Access to Capital

## ASX listed base metals companies >A\$250m – Market capitalisation (A\$m)



Source: CapitalIQ, IRESS.

Note: As of close on 9 February 2011.

\* Based on 138.8m Independence shares on issue as per Appendix 3B dated 19 November 2010, plus the issue of an additional 61.9m Independence shares under the Offer for those Shares in Jabiru not acquired by Independence from Metals X on 9 February 2011. Based on Independence's closing share price on 9 February 2011.



# Indicative offer timetable

**Wednesday 23 February 2011**

Lodgement of Independence's Bidder's Statement and Jabiru's Target's Statement with ASIC and ASX, and service on Jabiru and Independence respectively

**Monday 28 February 2011**

Despatch of Bidder's and Target's Statements

**Monday 28 February 2011**

Independence Offer opens

**Monday 28 March 2011**

Independence Offer closes (unless extended)



## **Independence Group NL**

**Chris Bonwick – Managing Director**

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## **Jabiru Metals Limited**

**Gary Comb – Managing Director**

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Facsimile: +61 8 9426 8399

Website: [www.jabirumetals.com.au](http://www.jabirumetals.com.au)

ASX Code: JML

# Appendix

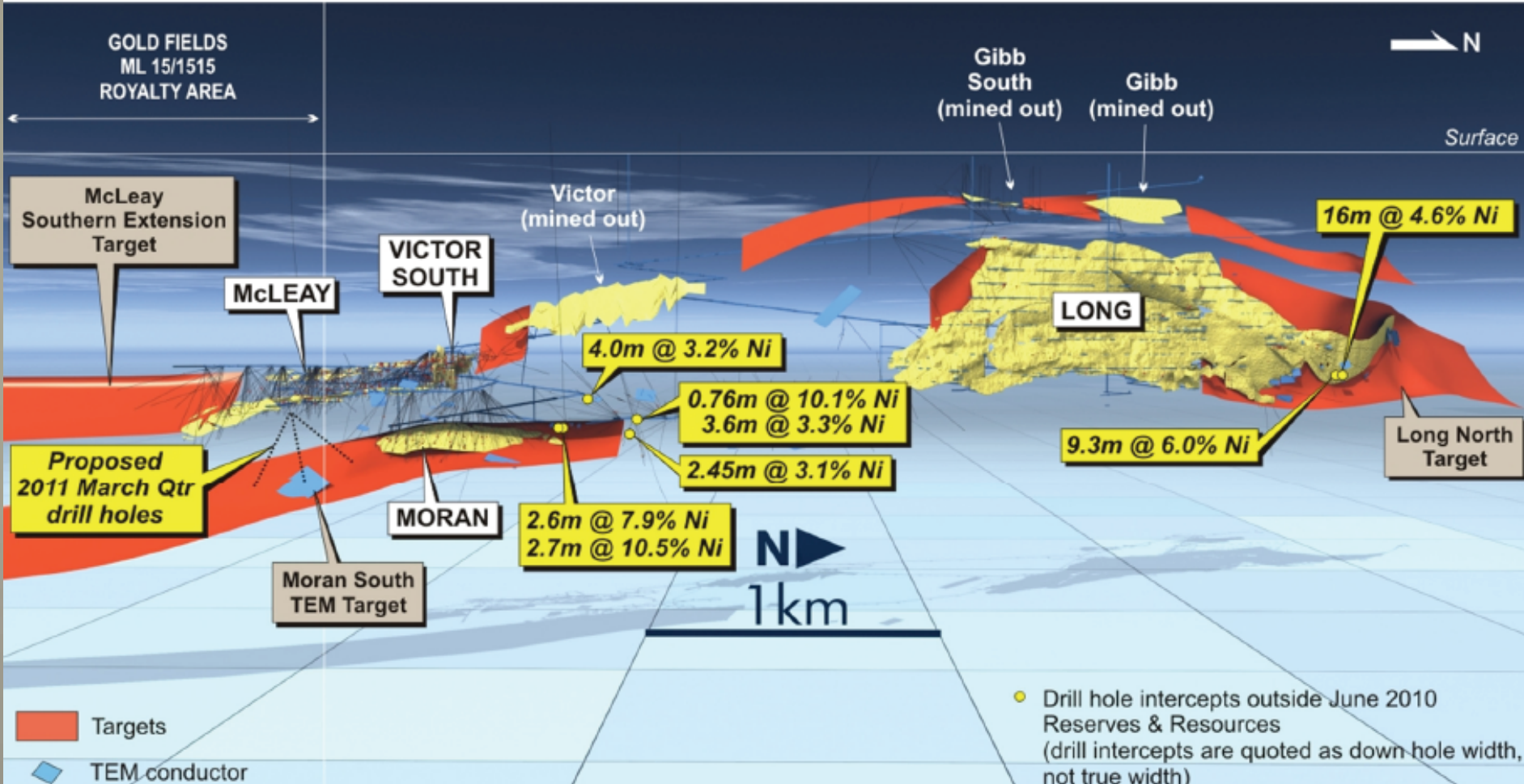
## Additional information





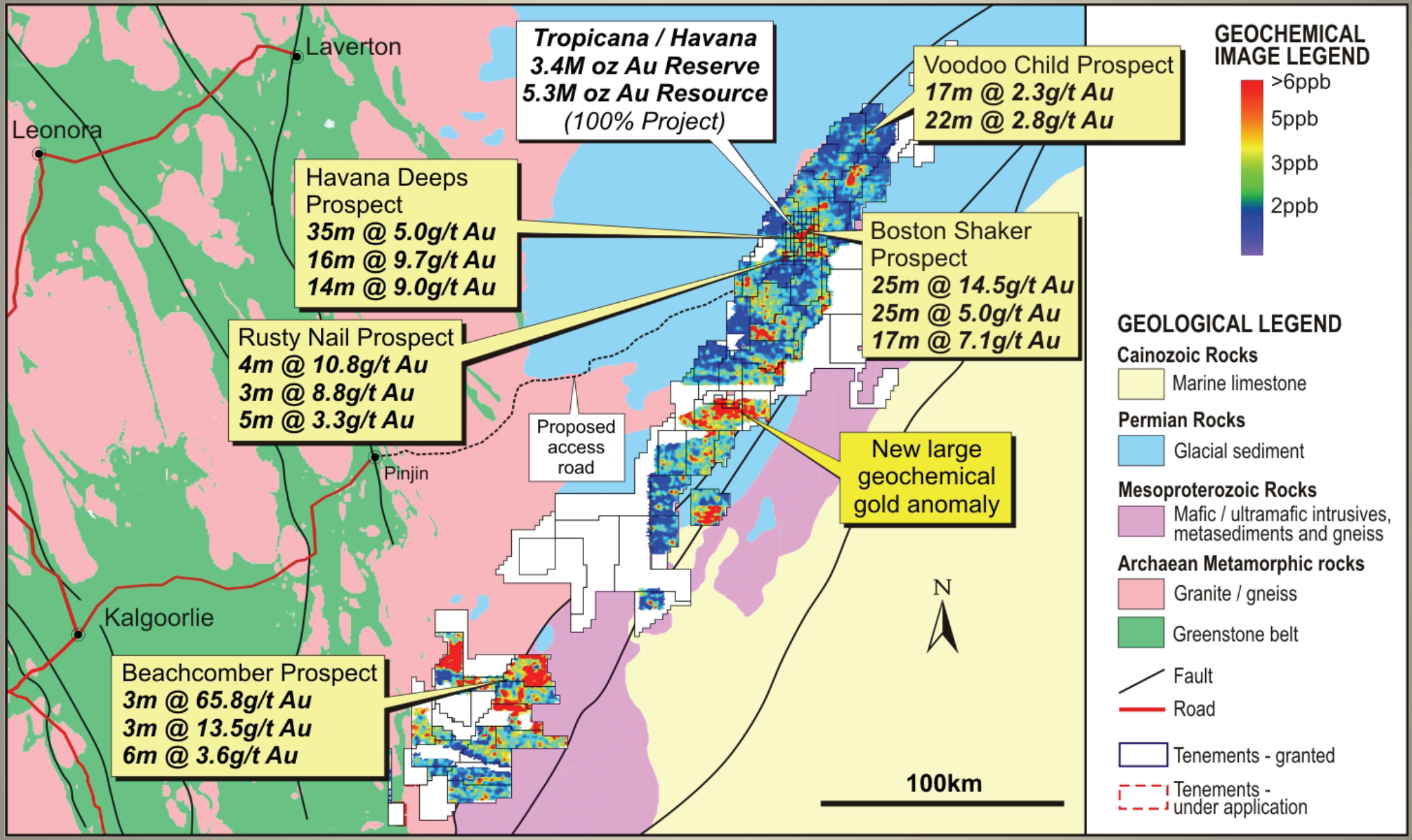
# Long Nickel Mine (100%)

**June 2010 Mineral Resources\*:** 1,702,000t @ 5.4% Ni (91,500t Ni)  
**June 2010 Ore Reserves:** 1,315,000t @ 4.1% Ni (53,400t Ni)  
 \* Resource Ni t are inclusive of Reserves



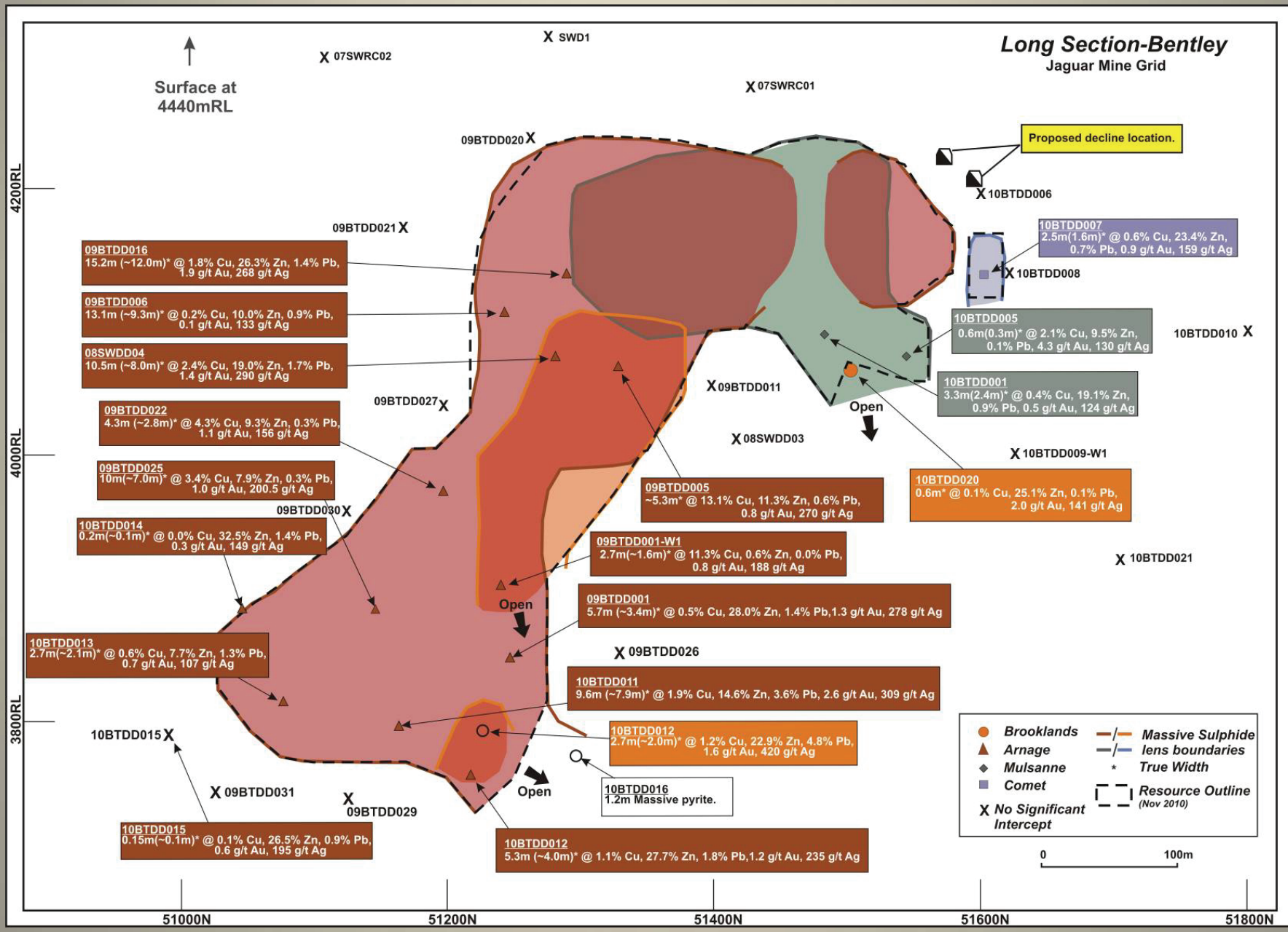


# Tropicana (30%)





# Jaguar Bentley (100%)





# Competent Person's Statement

## Independence Competent Person Statement

Note: The information in this presentation that relates to Independence Group Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Christopher M Bonwick who is a full - time employee of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Christopher Bonwick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Christopher Bonwick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Jabiru Competent Person Statement

Note: The information in this report that relates to Exploration Results and Resources is based on information compiled by Neil Martin who is a member of the Australian Institute of Geoscientists and is a full-time employee of the Company. Mr Martin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources & Ore Reserves". Mr Martin consents to the inclusion in the report if the matters based on his information in the form and context in which it appears.