

Wednesday 22nd February 2017

Update on Operations

Perth, Western Australia: Tiger Resources Limited (ASX: TGS) (“Tiger”) provides the following update on operations at the Kipoi Copper Project, Democratic Republic of Congo.

Summary

- Cumulative impact of Tank and Heap Leach underperformance and recent operational interruptions at the Kipoi site has reduced copper production causing material negative impact on cash flows.
- Discussions with Major Shareholders and Senior Lenders underway to address short and medium term cash flow issues.

Heap Leach operations

As previously advised (ASX release 25th October 2016), Heap Leach production was adversely affected by a reported seepage of process solution from the Intermediate Leach Solution (ILS) pond. The ILS pond is integral to the production of copper from the Heap Leach circuit and full remedial work will be undertaken at the end of the wet season to bring the ILS pond back to full production levels. In the interim the decant pond was converted for use as an ILS pond.

Additionally, the wet season (November to April) is further reducing Heap performance, by diluting the grade of the Pregnant Leach Solution (PLS) and is negatively impacting copper production from the Heaps.

Feed for the Heap Leach continues to be recovered from existing stockpiles of ore. Stacking performance for the year to date has exceeded the forecast with 85kt of ore stacked year to date against a forecast of 71kt (as at 19th February 2017) and total contained copper year to date of 1,298 tonnes against a forecast of 794 tonnes. A total of 854kt of stockpile remained to be processed as at end January 2017, and this is expected after screening, to supply approximately 600kt tonnes of heap leach feed for stacking over the next 6 months.

Decant Pond leak

In the evening of 15th February 2017 a leak within the Heap Leach decant pond (which was being used as the interim ILS pond) resulted in the full contents of the pond discharging into the process water pond. The decant pond contents were fully contained within lined dams and there was no release of solution into the environment. Repairs to the decant pond were completed and the decant pond was returned to operation as the interim ILS pond on 20th February 2017.

While the decant pond was offline the grade of the Pregnant Leach Solution (PLS) feed to electrowinning was further reduced.

Lightning Strike

On 19th February 2017, a lightning strike caused damage to electrical cables feeding one of the grasshopper conveyors and interrupting Heap leach stacking operations. Heap leach stacking operations resumed on 20th February 2017, with a loss of 32 hours.

Debottlenecking Project

As previously advised (ASX release 31st January 2017) the Company completed planned debottlenecking capital works in December 2016. The debottlenecking programme was designed to expand the nameplate copper production capacity at Kipoi from 25,000 tonnes per annum of copper cathode to 32,500 tonnes per annum.

The capital works completed included the addition of 14 new Electro-winning cells, completion of a coffer dam within the footprint of the new Tailings Storage Facility (TSF) and the installation of a Tank Leach circuit with a design feed rate of 50 tonnes per hour.

The additional electro-winning cells have been commissioned and are operating according to design parameters.

The coffer dam constructed within the new TSF footprint has been designed to provide sufficient tailings storage capacity to enable operations to continue until the HDPE lining of the full TSF can be completed after the current wet season. The coffer dam has been commissioned and is operational.

As the commissioning programme of the Tank Leach facility has progressed, a number of issues have arisen that limit throughput rates. Actions taken during the commissioning period to address these issues are not delivering a performance improvement.

Over the approximately 6 week commissioning period to date, the Tank Leach has achieved average throughput rates of approximately 19 tonnes per hour compared to the design of 50 tonnes per hour and availability of 74% compared to the design of 90%.

Currently, the Tank Leach performance is constrained by two major issues.

Firstly, difficulty in recovering, screening, and feeding the tailings material into the front end of the Tank Leach circuit is resulting in increased material handling costs, reduced throughput rates compared to design, inability to feed material with the designed particle size distribution and is causing damage to pumps and other components at the front end of the circuit.

Secondly, inability to maintain the coarser (sand) size fraction of particles in suspension is further reducing throughput capacity, causing frequent stoppages to clean up settled material from tanks and hoppers and is also causing damage to Tank Leach circuit components such as the thickeners and pump mixers.

The Company does not currently believe the design throughput rate can be achieved without modification to the existing flow sheet and is currently exploring remedial options.

Copper production and cash flow impacts

The combination of Tank and Heap Leach underperformance and recent disruptive events has had a material negative impact on cash flows as a result of reduced revenue.

Copper cathode production for January 2017 was 1,597 tonnes.

Copper production and cash flow forecasts cannot be revised until remedial action plans have been developed and this work is currently underway.

Discussions with Major Shareholders and Senior Lenders

The Company and its independent advisors have commenced discussions with major shareholders and the senior lending group to address short and medium term cash flow issues.

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