

Tiger Resources enters into binding agreement to divest DRC operations to a consortium comprising Sinomine Resource Exploration and Shenzhen Oriental Fortune Capital

HIGHLIGHTS

- Tiger Resources Limited (ASX: TGS) (“**Tiger**” or the “**Company**”) has entered into a Share Purchase Agreement (“**SPA**”) and Royalty Deed (“**Royalty Deed**”) with Sinomine Fuhai (Hong Kong) Overseas Resource Investment Co., Ltd. (“**Sinomine HK**”) for the sale of 100% of its shares in Tiger’s subsidiaries (“**Transaction**”).
- Sinomine HK is a special purpose vehicle comprising Sinomine Resource Exploration Co., Ltd (“**Sinomine**”), a geo-tech services company listed on the Shenzhen Stock Exchange, and Shenzhen Oriental Fortune Capital Co., Ltd (“**OFC**”), a venture capital investment firm headquartered in Shenzhen, China.
- If completed, the Transaction will result in Sinomine HK acquiring Tiger’s interest in its mining and exploration assets in the Democratic Republic of the Congo (“**DRC**”), comprising the Kipoi Project, Lupoto Project and La Patience permit.
- Following completion of the Transaction and receipt of the consideration payments, Tiger will be debt free and in a net cash position, having fully discharged its senior secured and unsecured banking liabilities.
- Following the Transaction, Tiger will remain sufficiently well-capitalised to allow the Company to maintain ongoing exposure to the potential copper and cobalt royalty payments, and it will also consider potential opportunities that deliver value to shareholders, including capital management initiatives.
- The Transaction requires Tiger shareholder approval pursuant to ASX Listing Rule 11.2 and will not proceed if that approval is not obtained.
- The Transaction is also subject to certain other conditions, including regulatory approvals, no material adverse change occurring, agreeing a form of escrow deed, agreeing a payment mechanism and procedures between the lenders to release and transfer security, and confirmation that Tiger’s senior lenders (“**Senior Lenders**”) intend to vote in favour of the Transaction (in their capacity as shareholders) in the absence of a superior proposal emerging.

In commenting on the signing and announcement of the Transaction, Tiger’s Chairman, David Frances, said:

“Over the past 12 months Tiger has faced numerous operational and financial headwinds which has led to the Company being in voluntary suspension since February 2017 and requiring support from its lenders and creditors to continue operating.

The Board has been pleased with the progress of the operational turnaround and the rectifications that have been made to improve the performance of the Kipoi operations, as reflected in the recent increase in the tank leach throughput.

In parallel with this operational turnaround, the Company has been considering various strategic options that will allow it to address its balance sheet issues and ultimately realise value for its shareholders.

After careful consideration of the strategic options, the Board believes this Transaction provides shareholders with the greatest certainty of value realisation and that, on balance, it is in the best interests of shareholders, employees, the Kipoi operations and the future potential of Tiger.

There are still a number of conditions that need to be satisfied in order to reach financial close, including the approval of Tiger shareholders, and a Notice of Meeting will be issued early in 2018 that will provide further details on the Transaction and the impact on Tiger shareholders.”

TRANSACTION SUMMARY

Tiger has entered into the binding SPA and Royalty Deed with Sinomine HK. Under the terms of the SPA, Sinomine HK will acquire 100% of Tiger’s shares in its subsidiaries and its interests in the Kipoi Project, Lupoto Project and La Patience permit.

In exchange, Tiger is entitled to receive total consideration of USD 260 million, comprising cash payments totalling USD 250 million and the assumption of liabilities by Sinomine HK totalling USD 10 million. The cash payments will be made in two instalments. The initial instalment of USD 230 million will primarily be applied to the repayment of the Company’s outstanding banking liabilities. The second instalment of USD 20 million will be paid 3 months after the initial instalment, and is subject to typical working capital adjustments. Tiger’s total borrowings as at 30 November were USD 209 million.

Under the terms of the Royalty Deed, Tiger is entitled to receive royalty payments from revenue generated from the sale of copper and cobalt by Sinomine HK of up to an aggregate amount of USD 20 million.

These royalties will comprise an entitlement to:

- a 50% share of the revenue earned in excess of a realised price for Sinomine HK’s copper sales of USD 6,700 per tonne, for a period of 30 months following completion of the Transaction; and
- a 5% royalty payable on Sinomine HK’s revenue from the sale of cobalt products, during each month in which Sinomine HK’s average realised cobalt price is more than USD 50,000 per tonne, for a period of 30 months following commissioning of the cobalt plant at the Kipoi Project.

The Transaction is subject to a number of conditions, including:

- receiving approval from Tiger shareholders;
- obtaining certain regulatory approvals;
- no material adverse change occurring in relation to Tiger’s subsidiaries or its assets;
- agreeing a form of the escrow deed within 30 days;
- completion of the transaction prior to 30 June 2018;
- Sinomine HK’s bank and the Senior Lenders agreeing the payment mechanism and procedures for completion in order to coordinate the release of all security and establishment of new security within 30 days; and
- confirmation that each Senior Lender (in its capacity as a shareholder) intends to vote in favour of the Transaction, in the absence of a superior proposal emerging.

Tiger’s Directors unanimously recommend the Transaction

Tiger’s Directors have carefully evaluated the Transaction and believe it to be in the best interests of all Tiger shareholders. The Transaction allows Tiger to discharge its debts to the Senior Lenders and all unsecured banking liabilities and realise value for shareholders through net proceeds received under the cash consideration and exposure to potential future proceeds from the copper and cobalt royalties.

The Tiger Directors intend to unanimously recommend that shareholders approve the Transaction in the absence of a superior proposal and they advise that they (and their related entities) will each be voting in favour of the Transaction in the absence of a superior proposal.

Shareholder approval

To proceed, the Transaction requires the approval of Tiger's shareholders pursuant to ASX Listing Rule 11.2.

A notice of meeting to convene a meeting of Tiger shareholders will be issued following receipt of relevant regulatory approvals by Sinomine HK. Further details of the Transaction will be provided to shareholders in the explanatory memorandum which will accompany the notice of meeting. The explanatory memorandum will include an Independent Expert's Report providing an independent assessment of the Transaction.

Subject to the timely receipt of necessary approvals as outlined above, Tiger is targeting holding its Extraordinary General Meeting to vote on the Transaction in March 2018 and completing the sale shortly after that.

Post Completion of the Transaction

Following completion of the Transaction and receipt of cash consideration and repayment of outstanding banking liabilities, Tiger's assets will be primarily comprised of cash and its entitlements under the Royalty Deed.

Following completion of the Transaction, Tiger intends to remain an ASX-listed entity, and will remain sufficiently well-capitalised to allow the Company to maintain ongoing exposure to the potential copper and cobalt royalty payments under the Royalty Deed, and the Company will also consider potential opportunities that deliver value to shareholders, including capital management initiatives.

The Board of Tiger intends to provide shareholders with further guidance around its future objectives and corporate strategy in the notice of meeting.

At this time, it is anticipated that Tiger's shares will continue to remain suspended post-Completion until such time as Tiger's operational and financial future is determined and all ASX requirements for continued listing on ASX have or can be met.

Other Information

A summary of the key terms of the Transaction is set out in the Appendix to this announcement.

Tiger's financial adviser on the Transaction is Treadstone Resource Partners and its legal adviser is Norton Rose Fulbright. FTI Consulting is the Corporate Restructuring Advisor.

Sinomine HK's financial adviser on the Transaction is Standard Advisory Asia Limited, a subsidiary of the Standard Bank Group, its legal adviser is King & Wood Mallesons and its taxation adviser is KPMG.

About Sinomine Fuhai (Hong Kong) Overseas Resource Investment Co., Ltd.

Sinomine HK is a company incorporated in Hong Kong and owned by a consortium of Chinese investors, including Sinomine and OFC. It was incorporated for the purposes of the Transaction and so does not have additional assets and operations.

Sinomine is the first listed geo-tech services company in China, and the largest scale Chinese, non-ferrous, solid mineral exploration engineering technical services company. The Company is mainly engaged in the

mineral exploration, technical and associated supporting services, mining project investments and operations, as well as EPC projects. Sinomine has an international network of operations, including existing operations in the DRC and across Africa, and is listed on the Shenzhen Stock Exchange with a market capitalisation of over USD 800 million.

OFC is a leading Chinese venture capital investment fund headquartered in Shenzhen that invests across a range of industries globally. OFC seeks to uncover value by identifying great companies and enhancing their performance by providing patient capital and operating support to strong management teams, to create long-term value for their investors.

For further information please contact:

David Frances

Chairman

Tel: (+61 8) 6188 2000

Email: info@tigerez.com

Company website: www.tigerresources.com.au

Sale and Purchase Agreement and Royalty Deed: Summary of Key Terms

1. Parties	<ul style="list-style-type: none">• Tiger Resources Limited• Sinomine Fuhai (Hong Kong) Overseas Resource Investment Co., Ltd.
2. Sale Shares	<p>Tiger will sell its shares in the following subsidiaries:</p> <ul style="list-style-type: none">• SASE Mining SARL (a company incorporated in the DRC);• Balcon Holdings Limited (a company incorporated in the British Virgin Islands (“BVI”));• Tiger Resources Finance Limited (a company incorporated in the BVI); and• Havelock Finance Limited (a company incorporated in the BVI). <p>As a result, Tiger will no longer have an interest in the following subsidiaries and projects:</p> <ul style="list-style-type: none">• Tiger Congo SARL (DRC);• Congo Minerals SARL (DRC);• Balcon Investments and Logistics (Pty) Ltd (South Africa);• Société d’Exploitation de Kipoi SA (DRC); and• the Kipoi Project, Lupoto Project and La Patience permit.
3. Conditions Precedent	<p>Completion of the Transaction is subject to conditions precedent, including:</p> <ul style="list-style-type: none">• receiving approval from Tiger shareholders;• obtaining certain regulatory approvals;• no material adverse change in relation to Tiger’s subsidiaries or its assets;• agreeing a form of the escrow deed within 30 days;• Sinomine HK’s bank and the Senior Lenders agreeing the payment mechanism and procedures for completion in order to coordinate the release of all security and establishment of new security within 30 days; and• confirmation that each Senior Lender intends to vote in favour of the Transaction, in the absence of a superior proposal emerging.
4. Purchase Price	<ul style="list-style-type: none">• Cash consideration of USD 250 million comprising:<ul style="list-style-type: none">(1) USD 230 million payable on Completion; and(2) USD 20 million payable 3 months post Completion, subject to typical working capital adjustments.• Assumption of USD 10 million of liabilities in the form of local overdraft facilities.• Contingent royalty payments of up to USD 20 million.
5. Royalty Deed Terms	<ul style="list-style-type: none">• Sinomine HK is to pay copper and cobalt royalties of up to an aggregate of USD 20 million to Tiger.• Royalties will be calculated monthly and paid semi-annually.• The royalty will comprise an entitlement to:

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- (1) a 50% share of the revenue earned in excess of a realised price for Sinomine HK's copper sales of USD 6,700 per tonne; and
 - (2) a 5% royalty payable on Sinomine HK's revenue from the sale of cobalt products, during each month in which Sinomine HK's average realised cobalt price is more than USD 50,000 per tonne.

- Tiger's entitlement to the royalty will expire 30 months following completion of the Transaction for the copper royalty and 30 months following commissioning of the cobalt plant at the Kipoi Project for the cobalt royalty.
- Sinomine HK must obtain Tiger's consent to sell its interest in the Kipoi Project or any related tenements, unless required to do so by law.
- Tiger may sell its rights under the Royalty Deed without Sinomine HK's consent, but Sinomine HK (or a related party) has a pre-emptive right to purchase the rights.

6. Reimbursement Fees upon Termination

If the SPA is terminated as a result of:

- failure to obtain the Chinese regulatory approvals, Sinomine HK must pay Tiger USD 5 million; or
- Tiger's material default, Tiger will contribute up to USD 500,000 to Sinomine HK's costs, unless it is finally determined by ASX that it will not allow this fee.

If the Transaction does not complete and Tiger's board unanimously recommends a superior proposal or Tiger's shareholders vote in favour of a superior proposal, Tiger will pay Sinomine HK the amount of USD 1,500,000, unless it is finally determined by ASX that it will not allow this fee.

7. Exclusivity

Tiger is subject to exclusivity provisions from signing of the SPA until the earlier of termination of the SPA, Completion, or 30 June 2018.

During the Exclusivity Period, Tiger cannot solicit competing proposals or engage in any discussions with, or provide any information to, a third party in connection with a competing proposal.

The "no-talk" and "no due diligence" exceptions do not apply to the extent they restrict Tiger from taking or refusing to take action with respect to a bona fide competing transaction that Tiger's Board has determined, in good faith and acting reasonably after consultation with legal and financial advisors, such a bona fide competing transaction could reasonably be considered to become a superior proposal.
