

31 July 2015

### TIGER ANNOUNCES POSITIVE RESULTS OF ENGINEERING AND COSTING STUDY FOR DEBOTTLENECKING OF KIPOI

Tiger Resources Limited ("Tiger") is pleased to announce positive results of an engineering and costing study for the debottlenecking of the Kipoi SXEW plant to increase production to 32,500tpa.

#### Highlights

- **Reserve-backed life of mine (LOM) of +16 years at 32,500tpa rate**
- **Low risk debottlenecking project**
- **Average LOM cash operating costs<sup>1</sup> of US\$1.27/lb at 32,500tpa**
- **Capital cost of <\$25 million**
- **High return 107% IRR and 10 month project payback**
- **Detailed engineering and design commenced with investment decision targeted in 4Q15**

The study focused on potential modifications to utilise the identified latent capacity of the SXEW processing train at Kipoi and was completed by Tiger with assistance of independent consultants, Cube Consulting and Worley Parsons.

The study confirms the potential for a high return, low capital cost debottlenecking of the Kipoi SXEW train. The debottlenecking project has a forecast IRR of 107% and a payback period of 10 months at a copper price of \$3.00/lb.

The debottlenecking works are expected to be completed within an eight-month period including detailed design, procurement and construction. Thus a commencement of works in 4Q15 would see completion during 3Q16.

#### Reserves and mining

The study utilised the existing Kipoi JORC reserve of 50.5mt grading 1.4% copper for 689kt copper. The heap leach feed schedule was optimised to provide sufficient recoverable copper to sustain

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<sup>1</sup> Cash operating costs include all site-based costs plus selling and export charges.

<sup>2</sup> All references in this report to \$ are to US\$, unless otherwise stated.

production at 25ktpa, ramping up to 32.5ktpa in late 2016. The optimisation assumes the resumption of mining in 3Q16. The production schedule is based solely on Kipoi Central ore feed up to 2028, with ore in later years sourced from Kipoi North and Kileba.

The mining schedule assumes the utilisation of conventional open pit mining methods with a LOM strip ratio of 2.1:1 and average copper grade of 1.4%.

## **Processing**

Following exhaustion of above ground ROM stockpiles and HMS floats, ROM ore will be delivered to a two-stage crushing circuit. The circuit will be designed with a capacity of 4.5mtpa and reduce 1000mm ROM to 25mm which will then be fed onto the heaps.

The tank leach will process slurry from the HMS fines or fines generated run of mine. The resultant pregnant leach solution (PLS) will then be pumped to the SXEW plant. The modular tank leach design incorporates a scalable modular plant that can easily be expanded as the tank leach throughput requirement increases.

Increased solvent extraction capacity can be achieved by elevating the PLS grade and increasing the extractant concentration to facilitate the transfer of copper cathode. These minor operational changes will not require any capital works and can be achieved with existing infrastructure.

The electrowinning circuit currently includes a power rectifier with a design rating of 40kA. With minor site modification, this is expected to provide sufficient power for installation of an additional 14 electrowinning cells. These will be accommodated in two extra bays to be installed in the existing tank house.

The estimated power requirement for 32,500tpa cathode production is 10MW, which is a 1MW increase on the power draw for the current production rate of 25,000tpa. As Tiger has previously advised, the transition to grid power commenced in 2Q 2015 and Kipoi expects to commence sourcing majority grid power during 2H 2015<sup>3</sup>. However, the diesel power station on site is capable of delivering up to 12MW and provides a backup to grid power.

## **Capital costs**

The study indicates a capital cost estimate of \$25 million (including contingency) and includes:

- Expansion of the electrowinning facility by adding an extra 14 cells (\$4.4 million); and
- Modular tank leach plant and reclaim system (\$15.3 million)

The estimates are based on prices received for similar installations within the last 24 months and knowledge of current equipment prices, delivery lead times and construction and installation rates. Final pricing for the electrowinning expansion and tank leach plant is expected before the end of August 2015, whilst final pricing for the crushing circuit is expected in September 2015.

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<sup>3</sup> See 2Q15 operations report for full details and power guidance, 31 July 2015.

## Operating costs

The average LOM cash operating costs under the 32,500tpa SXEW configuration are expected to be US\$1.27/lb.

- Preliminary mining tenders indicate mining costs of **US\$0.39/lb Cu produced**
- Processing costs are expected to vary depending on the types of ore. The lowest cost of \$0.38/lb Cu produced occurs when treating the low acid consuming, high recovery Kipoi Central ore which forms the majority of ROM material to be treated. The LOM average processing cost is **US\$0.45/lb Cu produced** based on a 90:10 grid:diesel power supply.
- General and administration costs are largely fixed and based on the 2015 budget costs are forecast to be **US\$0.23/lb Cu produced** at a 32,500tpa production rate.
- Selling and export clearing costs are expected to be consistent with 2015 guidance levels of **US\$0.18/lb Cu produced**.
- LOM inventory adjustment for the significant stockpiles of ore is forecast to be **US\$0.02/lb Cu produced**.

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**Caution Regarding Forward Looking Statements and Forward Looking Information:** This announcement contains forward looking statements and forward looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of copper, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated. Except as required by law or regulation (including the ASX Listing Rules), Tiger Resources undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

**Production Targets:** All Production targets referred to in this Report are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code.

**Competent Person Statement:** The information in this report that relates to the Mineral Resources and Ore Reserves were first reported by the Company in compliance with JORC 2012 in market releases dated as follows:

Kipoi Central, Kipoi North and Kileba Ore Reserves (Stage 2 SXEW) – 16 April 2015;

Kipoi Central, Kipoi North and Kileba Mineral Resources – 16 April 2015;

Judeira Mineral Resource – 26 November 2013; and

Sase Central Mineral Resource – 12 July 2013.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred to above and further confirms that all material assumptions and technical parameters underpinning the ore reserve and mineral resource estimates contained in those market releases continue to apply and have not materially changed.

<sup>3</sup> See 2Q15 operations report for full details and power guidance, 31 July 2015.