

Buy

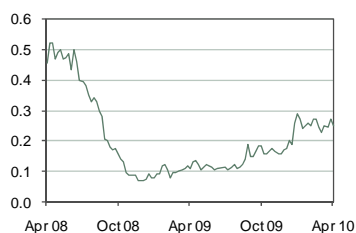
29 April 2010

Upcoming events

ECIC debt approval - 2Q10
Start of Stage 1 construction - 3Q10
Sase drill results - 3Q10
First production - 1Q11

Price (A\$)	0.24
Target price (A\$)	0.51
Ticker (ASX/TSX)	TGS
Market Cap (A\$m)	95.2
Cash (US\$m)	4.0
Debt (US\$m)	-
Attrib Resource (000t)	385.8
Attrib Reserve (000t)	112.8
EV/Resource (US\$/lb)	0.11
EV/Reserve (US\$/lb)	0.33
52-week price high (A\$)	0.29
52-week price low (A\$)	0.09
3M-avg daily volume (000)	679
3M-avg daily value (A\$000)	1.7
Shares basic (m)	404.9
Shares fully diluted (m)	416.7
Top shareholders (%)	
Trafigura Beheer	12.3
Macquarie	5.2
Groupe Orgaman	3.5
Total	21.0

Share Price Performance (A\$)



Source: Fidessa

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Site Visit and Initiation of Coverage

Tiger Resources is a copper exploration and development company focused on the Katangan Copperbelt in the Democratic Republic of Congo (DRC). Its principal asset is the very high-grade Kipoi development project. To date the company has discovered resources of over 643,000t of contained copper within the Kipoi licence area, including 305,000t of measured and indicated resources in the main Kipoi Central deposit. This is contained within 4.6Mt of ore at an average grade of 6.6% Cu.

Stage 1 development of the Kipoi Central deposit has all the necessary government approvals and is fully funded to first production through a debt finance package with the backing of Nedbank and Trafigura. Stage 1 development involves the construction of a Heavy Media Separation (HMS) plant and should produce approximately 35,000tpa of copper, contained within a copper concentrate product, over a three-year period. First production is expected in 1Q11. We feel the steps Tiger has achieved in advancing the project over the last six months and its close proximity to first production has been somewhat missed by the market.

The HMS plant is a cashflow machine and should produce over A\$200m of free cashflow (post debt payback) during its operation. This will be used to fund a Stage 2, 30,000tpa SXEW production hub centred in the Kipoi area. We believe there is significant potential to prove up further copper resources within the Kipoi licence area as well as its nearby Lupoto licence and a target of >1Mt of contained copper is achievable.

We value the company on a post-tax DCF basis, using a 10% discount rate, based on its ownership interest in the Kipoi project. We calculate a NPV₁₀ of A\$140.3m for the Stage 1 HMS operation and A\$395.4m for the Stage 2 SXEW operation. We also calculate an additional NPV₁₀ of A\$24.7m for a cobalt production operation in conjunction with the Stage 1 HMS operation. Based on risking these development scenarios, we calculate a NAV for Tiger Resources of A\$206.2m, or A\$0.51/share, and initiate coverage with a BUY recommendation.

Table 1: Sensitivity to Copper Price (US\$/lb) and Discount Rate

	1.90	2.00	2.10	2.20	2.30	2.40	2.50
15.0%	0.32	0.33	0.35	0.36	0.38	0.39	0.41
12.5%	0.37	0.39	0.41	0.43	0.44	0.46	0.48
10.0%	0.44	0.46	0.49	0.51	0.53	0.56	0.58
7.5%	0.53	0.56	0.59	0.62	0.65	0.68	0.71
5.0%	0.65	0.69	0.73	0.77	0.80	0.84	0.88

Table 2: Financial Summary

Yr to Jun (A\$m)	FY09	FY10E	FY11E	FY12E	FY13E
Revenue	-	-	80.53	184.20	159.00
EBITDA	(16.92)	(3.32)	49.62	140.18	105.74
Net Income	(17.10)	(4.57)	8.46	53.26	38.89
Cash/(Debt)	(12.04)	12.38	32.95	(64.66)	68.18
P/E (x)	N/A	N/A	12.0	1.9	2.6
EV/EBITDA (x)	N/A	N/A	2.7	0.3	1.6

Source: Tiger Resources, Ambrian estimates

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Valuation Summary

We value Tiger based on its 60% ownership interest in the Kipoi project and calculate a risked NAV for each of the production scenarios we have modelled. We assign a 0.9x NPV₁₀ multiple to the Stage 1 HMS operation given that it is fully funded and we consider it a low-risk project. We assign 0.5x NPV₁₀ multiple to the Stage 2 SXEW and cobalt operations as definitive feasibility work is still in progress. A summary of the valuations of the production scenarios is shown in the table below.

Table 3: Tiger NAV Valuation Summary

Asset	NPV ₁₀ (A\$m)	Ownership (%)	Risk	NAV (A\$m)	A\$/sh
Kipoi Stage 1 HMS	140.3	60%	0.9x	75.8	0.19
Kipoi Stage 1 Cobalt	24.7	60%	0.5x	7.4	0.02
Kipoi Stage 2 SXEW	395.4	60%	0.5x	118.6	0.29
Current Net Cash	4.4	100%	1.0x	4.4	0.01
Total	564.7	60%	0.61x	206.2	0.51

Source: Ambrian estimates

Recommendation: BUY – Target Price A\$0.51

We arrive at an NAV target price of A\$0.51 for Tiger with no value assigned for the Lupoto and Sakania exploration projects. This represents 112% upside from the current share price, and we initiate coverage with a BUY rating.

The table below shows the sensitivity of our calculated NAV valuation to changes in the long-term copper price and the discount rate used.

Table 4: Valuation Sensitivity to Long-term Copper Price (US\$/lb) and Discount Rate (%)

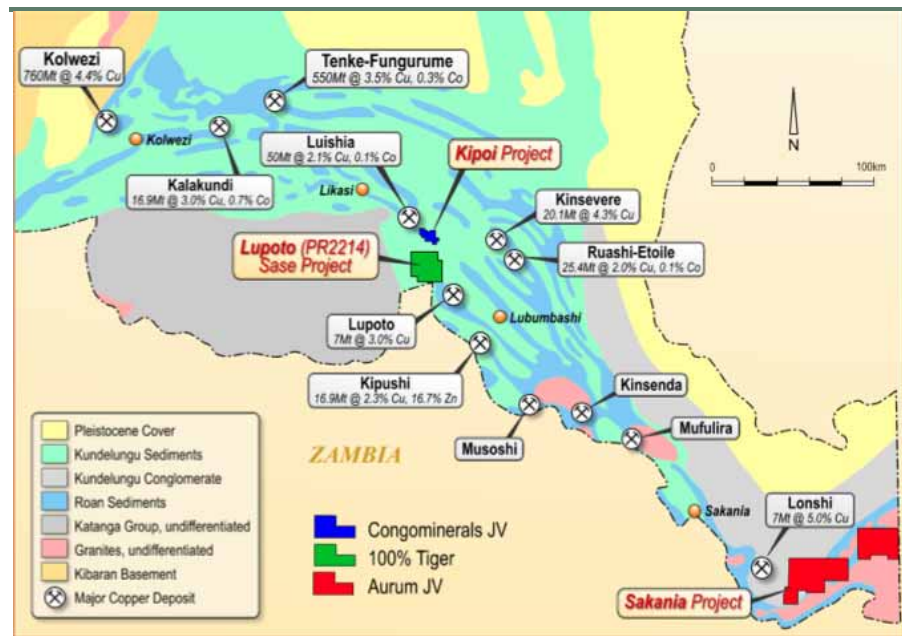
	1.90	2.00	2.10	2.20	2.30	2.40	2.50
15.0%	0.32	0.33	0.35	0.36	0.38	0.39	0.41
12.5%	0.37	0.39	0.41	0.43	0.44	0.46	0.48
10.0%	0.44	0.46	0.49	0.51	0.53	0.56	0.58
7.5%	0.53	0.56	0.59	0.62	0.65	0.68	0.71
5.0%	0.65	0.69	0.73	0.77	0.80	0.84	0.88

Source: Ambrian estimates

Company Overview

Tiger Resources has interests in 11 licences in the Katangan Copperbelt in the DRC. These cover three main project areas – Kipoi, Lupoto and Sakania. To date most of the company’s focus has been on the Kipoi project, where it has defined over 643,000t of contained copper resources from drilling three of the five target deposits within the licence area. A bankable feasibility study (BFS) was completed on the main Kipoi Central deposit in September 2008. Initial drilling has been undertaken at the nearby Lupoto project on the principal Sase deposit.

Figure 1: Tiger’s Project Areas in the Katangan Copperbelt, DRC



Source: Tiger Resources

Table 5: Summary of Tiger’s Licence Areas

Project	Licences	Current Interest	Max Interest	Notes
Kipoi	PE533 and PRs 11383-11387	30%	60%	Final payment of US\$12m by 29 May 2010 to acquire additional 30% of the project, over 640,000t of contained copper from drilling just 3 of 5 target deposits
Lupoto	PR2214	100%	100%	Trucking distance to the Kipoi project area, initial drilling results include 38.85m at 5.23% Cu and 73.25m at 3.33% Cu
Sakania	PR2133, PR2138-2139 and PR2508	0%	70%	Earning a 70% interest by funding US\$5m of exploration work and completing a BFS in 5 years

Source: Tiger Resources, Ambrian

Figure 2: Kipoi Ridge



Source: Ambrian

Figure 3: Kileba South



Source: Ambrian

Figure 5: Kaminafitwe Undrilled Copper Clearing ('Grassberg')



Source: Ambrian

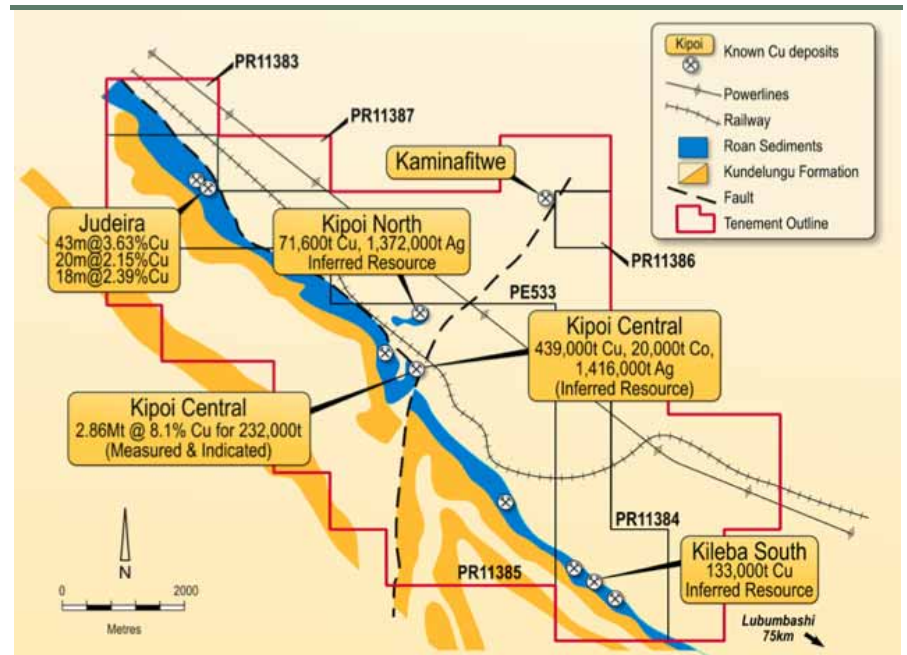
We believe there is potential for >1Mt of contained copper within the Kipoi project area

Kipoi Project

The Kipoi project area is covered by six licences totalling 55km² and is located approximately 75km north-west of Lubumbashi. The mineral rights to the area are held by a local company, SEK sprl, which is in turn owned 60% by Congo Minerals sprl and 40% by the state-owned Gecamines. Tiger entered into an agreement in November 2006 to purchase 100% of Congo Minerals sprl through a series of staged payments. To date, Tiger has purchased a 50% interest in Congo Minerals sprl, with one outstanding payment of US\$12m due on or before 29 May 2010 to complete the purchase of the final 50%.

The project area contains 12km of strike of prospective Roan sediments with a north-west to south-east orientation. Five areas of copper/cobalt mineralisation have been identified in the project area: Kipoi Central, Kipoi North, Kileba South, Judeira and Kaminafitwe. The area is well situated with regards to infrastructure, with a railway and powerline passing through the licence area and less than 10km to the main Lubumbashi to Likasi tarmac road.

Figure 4: Kipoi Project Area



Source: Tiger Resources

Most of the company's focus has been on the main Kipoi Central area, where it has identified 439,000t of contained copper resources. Initial drilling at two of the other deposits – Kipoi North and Kileba South – identified additional resources of 71,600t and 133,000t of contained copper respectively. An initial resource estimate for Kipoi Central was released in March 2008:

Table 6: Initial Inferred Resource at Kipoi Central

Kipoi Central (>0.3% Cu)		Tonnes (Mt)	Cu (%)	Cu (kt)	Co (%)	Co (kt)	Ag (g/t)	Ag (koz)
Inferred	Oxide	8.9	3.3%	295	0.2%	17	3.0	852
	Transition	1.7	3.5%	60	0.1%	1	4.1	224
	Fresh	2.8	3.0%	84	0.1%	2	3.8	340
Total		13.4	3.3%	439	0.1%	20	3.3	1,416

Source: Tiger Resources, March 2008, 0.3% copper cut-off

This has been upgraded by additional drilling work to a measured and indicated resource classification at the following copper cut-off grades:

Table 7: Measured and Indicated Resource at Kipoi Central

Kipoi Central (>3.25% Cu)		Tonnes (Mt)	Cu (%)	Cu (kt)	Co (%)	Co (kt)	Ag (g/t)	Ag (koz)
Measured	Oxide	2.2	7.0%	156	0.2%	3.9	4.3	307
	Transition	0.4	7.6%	28	0.1%	0.4	5.7	68
	Fresh	0.3	6.9%	18	0.1%	0.3	3.8	31
Indicated	Oxide	0.6	5.2%	30	0.1%	0.8	3.2	59
	Transition	0.3	5.8%	18	0.1%	0.4	4.8	48
	Fresh	0.9	6.1%	55	0.1%	0.9	5.2	149
Total		4.6	6.6%	305	0.14%	6.6	4.4	662

Source: Tiger Resources, July 2008, 3.25% copper cut-off

Table 8: High-grade Measured and Indicated Resource at Kipoi Central

Kipoi Central (>5.0% Cu)		Tonnes (Mt)	Cu (%)	Cu (kt)	Co (%)	Co (kt)	Ag (g/t)	Ag (koz)
Measured	Oxide	1.5	8.4%	125	0.2%	3.0	4.6	222
	Transition	0.3	8.8%	24	0.1%	0.3	5.9	52
	Fresh	0.2	8.2%	14	0.1%	0.2	3.9	21
Indicated	Oxide	0.2	6.9%	17	0.1%	0.3	3.4	27
	Transition	0.2	7.5%	12	0.1%	0.2	5.4	27
	Fresh	0.5	7.6%	39	0.1%	0.6	5.5	91
Total		2.9	8.1%	232	0.15%	4.0	4.8	441

Source: Tiger Resources, July 2008, 5.0% copper cut-off

Initial resource estimates for Kipoi North and Kileba South were released in April 2009:

Table 9: Initial Inferred Resource at Kipoi North

Kipoi North (>0.5% Cu)		Tonnes (Mt)	Cu (%)	Cu (kt)	Co (%)	Co (kt)	Ag (g/t)	Ag (koz)
Inferred	Oxide	4.89	1.38%	67.3	0.05%	2.4	7.97	1,252
	Transition	0.36	1.09%	3.9	0.05%	0.2	9.71	113
	Fresh	0.03	1.27%	0.3	0.05%	0.0	9.03	8
Total		5.27	1.36%	71.7	0.03%	2.6	8.09	1,372

Source: Tiger Resources, April 2009, 0.5% copper cut-off

Table 10: Initial Inferred Resource at Kileba South

Kileba South (>0.5% Cu)		Tonnes (Mt)	Cu (%)	Cu (kt)	Co (%)	Co (kt)	Ag (g/t)	Ag (koz)
Inferred	Oxide	7.76	1.35%	105	-	-	-	-
	Fresh	1.74	1.64%	29	-	-	-	-
Total		9.50	1.40%	133	-	-	-	-

Source: Tiger Resources, April 2009, 0.5% copper cut-off

Tiger completed a BFS on the Kipoi Central deposit in September 2008. This study envisaged a two-stage approach to developing the project. Stage 1 involved a start-up processing operation producing a high-grade copper concentrate via a HMS plant to be smelted in two shaft furnaces to produce 32,000tpa of black copper. This would operate for approximately three years before being replaced by a Stage 2 leach, Solvent Extraction and Electrowinning (SXEW) plant.

In April 2009 Tiger completed an Optimisation Study (OS) on the Kipoi development. This OS maintains a two-stage development, but the scope and capex of Stage 1 is greatly reduced by the removal of the two shaft furnaces, resulting in a simple mining, HMS and spiral operation producing 35,000tpa of copper contained within a +25% copper concentrate product. A summary of the OS and original BFS is shown below:

Optimisation study has significantly improved the economics of the Stage 1 operation

Table 11: BFS and OS Assumptions

Modelling	Optimisation Study	Bankable Feasibility Study
Capex	US\$30m	US\$59m
Cash Cost per pound	US\$0.33	US\$1.20
Project Cashflow	US\$100m	US\$138m
NPV (10% discount rate)	US\$55m	US\$58m
IRR (after tax and royalties)	87%	51%
Payback	1.3 years	1.5 years
Construction and Pre-strip Period	6 months	12 months

Source: Tiger Resources, April 2009, OS at US\$2.00/lb copper price, BFS at US\$2.50/lb copper price

Both the OS and BFS were based on the following mineral reserve:

Table 12: Proven and Probable Reserve at Kipoi Central

Kipoi Central (>3.25% Cu)		Tonnes (Mt)	Cu (%)	Cu (kt)	Co (%)	Co (kt)	Ag (g/t)	Ag (koz)
HMS Feed	Proven	2.54	7.1%	181	0.2%	4.1	4.5	371
	Probable	0.14	5.5%	7	0.1%	0.2	3.4	15
Total		2.68	7.0%	188	0.2%	4.3	4.45	386

Source: Tiger Resources, September 2008, 3.25% copper cut-off

The Stage 1 operation leaves 4.8Mt of 2.97% Cu stockpiled on surface ready to be used as Stage 2 SXEW plant feed

The OS envisages a 900,000tpa throughput of ore in the HMS plant, giving an approximate three-year life of the operation. In addition to the concentrate product, it is expected that around 4.8Mt of ore and unrecovered material from the Stage 1 processing, at a grade of 2.97% Cu, will be stockpiled as feed for the Stage 2 SXEW plant.

The financial model in the current OS takes no account of the cobalt by-product contained within the Stage 1 mining reserve. This cobalt mainly occurs in a discrete horizon within the sedimentary layers known as the COZ unit. In November 2009 Tiger completed a resource estimate and preliminary metallurgical test-work on this zone of high-grade cobalt mineralisation. Further test-work is underway to establish a hydrometallurgical process to produce a cobalt oxide or cobalt carbonate product. Recovery of the cobalt during the Stage 1 mining operation would greatly enhance the economics of the project given it is mined for 'free'.

Table 13: Measured and Indicated Cobalt Resource at Kipoi Central

Kipoi Central (>0.1% Co)	Tonnes (Mt)	Co (%)	Co (t)
Measured	0.64	0.62%	3,900
Indicated	0.54	0.63%	3,400
Total	1.18	0.62%	7,400

Source: Tiger Resources, November 2009, COZ cobalt mineralisation, 0.1% cobalt cut-off

The BFS and OS assumes no revenue from the 7,400t cobalt resource mined in Stage 1; this is a significant potential value enhancement to the project

Stage 1 capex of US\$30m is fully funded by Nedbank and Trafigura financing

Tiger has engaged DRA Mineral Projects of South Africa to design, construct and commission the Stage 1 HMS plant on a lump sum turnkey basis. It has also recently selected the local contract mining company MCK Trucks sprl to mine the Stage 1 pit. In March 2010 the company announced that it had received all the necessary government and partner approvals required to develop the project. These included the granting of a 30-year exploitation/mining permit by the Ministry of Mines as well as the approval of the Environmental Impact Statement and Environmental Management Plan from the Department Responsible for the Protection of Mining Environment. Its partner, Gecamines, has also given approval to the Stage 1 development.

The US\$30m Stage 1 development will be fully funded by a combination of principal and subordinated debt packages provided by Nedbank and the metal trader Trafigura Beheer respectively. Nedbank is acting as the exclusive arranger of an Export Credit Insurance Corporation (ECIC) of South Africa-supported US\$16m debt facility. Indicative terms are a floating rate LIBOR +2.5% interest rate, and include commercial and political risk insurance. A hedging requirement is dependent on the copper price, with approximately 10% of total production required to be hedged at a US\$1.80/lb copper price. Final ECIC board approval is expected in May 2010.

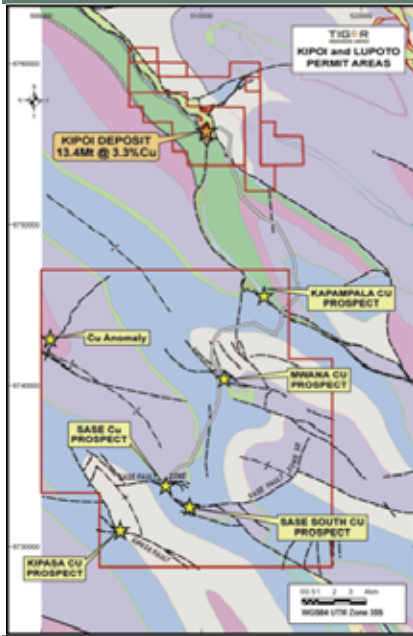
Tiger entered into an agreement with Trafigura Beheer in November 2009 for a combined equity and debt financing package of approximately US\$33.9m. This financing package was approved by Tiger shareholders at a General Meeting in April 2010. The package comprises:

- A placement of 50m shares at A\$0.15/share for proceeds of A\$7.5m (completed in November 2009).
- A three-year loan note of US\$12m at LIBOR +6% (plus political risk insurance) and 61.1m share options with a three-year term, to be used to complete the purchase of the outstanding 50% of Congo Minerals sprl (approved).
- A three-year subordinated debt facility of US\$15m at LIBOR +5% (plus political risk insurance) and an additional 34.2m share options with a three-year term, to be used to complete the construction of the Stage 1 HMS plant (approved).

In conjunction with the debt facilities, Trafigura will secure offtake rights on standard commercial terms for the life of the Stage 1 development.

As such, the only outstanding milestone is ECIC approval, which we understand has passed all technical requirements, so should be approved in the quarterly meeting and drawn down mid-year.

Figure 6: Lupoto Project Area



Source: Tiger Resources

Lupoto Project

The Lupoto project is located approximately 10km south of the Kipoi project and covers an area of 293km². The licence originally formed part of a joint venture with Aurum sprl, but is now 100%-owned by Tiger, with Aurum retaining the right to a 1% net smelter royalty (NSR). Tiger holds a similar 1% NSR over an Aurum property close to Kolwezi that it relinquished an interest in. Five prospects have been identified within the Lupoto licence by a grassroots exploration programme.

Initial drilling results from the principal Sase prospect were announced in February 2009. The company has delineated a mineralised envelope along a west-north-west strike of 600m with a width of 50-200m. The mineralisation is mainly oxide, to a depth of 120m, and is open along strike and at depth. Some of the better drill results include 38.85m @ 5.23% Cu, 73.25m @ 3.33% Cu, 64m @ 3.27% Cu and 60.50m @ 3.49% Cu.

We believe there is significant upside potential for Tiger in Lupoto, with the advantages that it is 100%-owned and within easy trucking distance to provide feed for a potential Stage 2 SXEW operation at Kipoi. Coupled with further drilling at Kipoi, we believe a targeted resource base of >1Mt of contained copper across the two licence areas to support a Stage 2 operation is very achievable. Further drilling at Sase is expected to recommence in 2Q10 and should be a source of significant newsflow for the company.

Sakania Project

The Sakania project area consists of four licences and forms part of a joint venture with Aurum sprl. Tiger is earning a 70% interest in the project by spending US\$5m and completing a BFS within five years. The area is thought to be highly prospective and located 10km to the east of the Lonshi copper mine. The current work programme involves geochemical soil sampling targeting geophysical anomalies; no drilling has been undertaken to date.

DRC Licence Review

The Kipoi project was included in the DRC Government mining licence review. This review of the Kipoi Mining Contract was completed in January 2009 and a revised agreement signed with Gecamines. The outcome of the licence review was:

- **Royalty** – Gecamines to be entitled to a 2.5% royalty on gross sales (previously 4.5%).
- **Cash Payments** – Payments to be made by Congo Minerals to Gecamines: US\$3m upon revised agreement coming into effect (paid April 2009); US\$2m on commencement of production; US\$2m on first anniversary of production; and a further US\$35/t of proven reserves above 200,000t of copper.
- **Project Funding** – Congo Minerals to provide 30% of development funding by way of non-interest bearing loans, interest payable by SEK on the remaining 70% of funding to be capped at LIBOR +3.5%.

Valuation

Kipoi Stage 1 – HMS

We have modelled the Stage 1 HMS operation with first production commencing in 1Q11 and ramping up to full production in 2Q11. The HMS plant treats a total of 2.68Mt of feed ore at a rate of 900,000tpa and an average grade of 7.0% Cu over a three-year mine life. In addition to the HMS feed mined, a total of 2.53Mt of lower-grade ore, averaging 2.0% copper, is mined and stockpiled during Stage 1.

Table 14: Material Mined During Stage 1 HMS Operation

Pit Stage	Category	Volume (000m ³)	Tonnes (kt)	Cu (%)
1A	HMS Feed	629	1,532	6.63%
	Stockpile	598	1,440	1.70%
	Waste	2,736	6,584	
1B	HMS Feed	463	1,147	7.54%
	Stockpile	434	1,088	2.52%
	Waste	3,322	8,034	
Total	HMS Feed	1,092	2,679	7.02%
	Stockpile	1,032	2,528	2.05%
	Waste	6,057	14,619	

Source: Tiger Resources, Kipoi Project NI 43-101, May 2009

We assume a total of 114,700t of contained copper is produced over the life of the HMS operation. The remaining contained copper within the rejected HMS residue is stockpiled along with the mined low grade ore to be used as feed for the Stage 2 SXEW operation.

Table 15: Stage 1 HMS Assumed Mine Production Plan

HMS Mine Plan (Yr to Jun)	FY11E	FY12E	FY13E	FY14E
HMS Feed (000t)	378.8	900.0	900.0	500.3
HMS Feed Grade (Cu %)	6.6%	6.6%	7.3%	7.5%
Mined Stockpile Ore (000t)	350.0	800.0	800.0	578.0
Mined Stockpile Ore Grade (Cu %)	1.7%	1.7%	2.2%	2.5%
Waste Mined (000t)	3,995.8	1,870.0	4,505.0	4,248.3
HMS Weight Recovery (%)	16%	16%	16%	16%
HMS Copper Recovery (%)	61%	61%	61%	61%
Concentrate Product (000t)	60.6	144.0	144.9	80.0
Concentrate Grade (Cu %)	25.3%	25.3%	27.8%	28.7%
Concentrate Contained Copper (000t)	15.3	36.4	40.0	23.0
Stockpiled Ore and HMS Residue (000t)	668.2	1,556.0	1,556.0	998.2
Stockpiled Ore and HMS Residue Grade (Cu %)	2.4%	2.4%	2.8%	2.9%

Source: Ambrian estimates

Table 16: Stage 1 HMS Modelling Assumptions

Assumption	Stage 1 HMS Operation
Capex (US\$m)	30.0
Mining Cost (US\$/t)	2.10
HMS Processing Cost (US\$/t)	5.00
G&A Cost (US\$/t)	1.00
Concentrate Contained Copper Payability (% LME Price)	60%
DRC Royalty	2.0%
Gecamines Royalty	2.5%

Source: Ambrian estimates

Our NPV₁₀ of the Stage 1 HMS operation is A\$140.3m

We value the Stage 1 HMS operation on a post-tax DCF basis using a 10% discount rate and calculate an NPV₁₀ of A\$140.3m. A financial summary of the operation is shown below.

Table 17: Stage 1 HMS Financial Summary

Financial Summary (Yr to Jun)	FY11E	FY12E	FY13E	FY14E
Copper Price (US\$/lb)	3.20	2.73	2.13	2.16
US\$/A\$ Exchange Rate	0.90	0.89	0.87	0.83
Contained Copper Produced (000t)	15.3	36.4	40.0	23.0
Revenue (A\$m)	71.51	147.71	129.94	76.70
Mining Cost (A\$m)	(11.11)	(8.43)	(15.13)	(13.34)
Processing Cost (A\$m)	(2.10)	(5.06)	(5.20)	(2.96)
G&A Cost (A\$m)	(5.29)	(4.01)	(7.20)	(6.35)
Royalty Cost (A\$m)	(3.22)	(6.65)	(5.85)	(3.45)
Total Production Costs (A\$m)	(21.72)	(24.15)	(33.39)	(26.10)
Copper Production Cost (US\$/lb)	0.58	0.27	0.33	0.42
EBIDTA (A\$m)	49.79	123.56	96.55	50.60
Capex (A\$m)	33.84	-	-	-

Source: Ambrian estimates

Kipoi Stage 2 – SXEW

The Stage 2 development plan for the Kipoi project involves the construction of a SXEW plant. Tiger Resources is in the process of completing a feasibility study for the SXEW operation, so we have based our modelling of the operation on similar assumptions to Anvil's Kinserve project.

We model an operation commencing in 2H13 that will process 1.4Mtpa of ore with a grade of 2.4% Cu, producing approximately 30,000tpa of copper cathode. We assume the plant will be fed by the 4.8Mt of ore stockpiled during the Stage 1 operation as well as an additional 18.7Mt of mined ore from the Kipoi project area over a 17-year life of the plant. This assumes a total of 499,800t of copper is produced over the life of the project. A summary of our modelling assumptions is shown below.

Table 18: Stage 2 SXEW Modelling Assumptions

Assumption	Stage 2 SXEW Operation
Stockpiled Plant Feed (Mt)	4.78
Stockpiled Feed Grade (Cu %)	2.62%
Mined Plant Feed (Mt)	18.7
Mined Feed Grade (Cu %)	2.3%
Waste Mined (Mt)	68.68
Plant Throughput (Mtpa)	1.4
Copper Recovery (%)	90%
Capex (US\$m)	180.0
Mining Cost (US\$/t)	2.10
Acid Cost (US\$/t)	150.00
Acid Intensity (kg/t)	6.0
SXEW Processing Cost (US\$/t)	18.00

Source: Ambrian estimates

Our NPV₁₀ of the Stage 2 SXEW operation is A\$395.4m

We value the Stage 2 SXEW operation on a post-tax DCF basis using a 10% discount rate and calculate an NPV₁₀ of A\$395.4m. A financial summary of the operation is shown below.

Table 19: Stage 2 SXEW Financial Summary

Financial Summary (Yr to Jun)	FY13E	FY14E	FY15E	FY16E	FY17E
Copper Price (US\$/lb)	2.13	2.16	2.20	2.20	2.20
US\$/A\$ Exchange Rate	0.87	0.83	0.80	0.80	0.80
Year-end Ore Stockpile (000t)	3,780.2	3,528.4	2,128.4	1,328.4	1,128.4
Ore Stockpile Grade (Cu %)	2.5%	2.6%	2.6%	2.5%	2.4%
Ore Mined (000t)	-	-	-	600.0	1,200.0
Mined Ore Grade (Cu %)	-	-	-	2.3%	2.3%
Ore Processed (000t)	-	1,250.0	1,400.0	1,400.0	1,400.0
Processed Ore Grade (Cu %)	-	2.6%	2.6%	2.6%	2.4%
Copper Cathode Produced (000t)	-	29.3	33.1	32.9	30.7
Revenue (A\$m)	-	170.92	200.77	199.41	186.23
Mining Cost (A\$m)	-	-	-	(6.30)	(12.76)
Acid Cost (A\$m)	-	(1.37)	(1.58)	(1.58)	(1.58)
Processing Cost (A\$m)	-	(27.40)	(31.50)	(31.50)	(31.50)
Royalty Cost (A\$m)	-	(7.69)	(9.03)	(8.97)	(8.38)
Total Production Costs (A\$m)	-	(36.46)	(42.11)	(48.35)	(54.21)
Copper Production Cost (US\$/lb)	-	0.47	0.46	0.53	0.64
EBIDTA (A\$m)	-	134.46	158.66	151.06	132.01
Capex (A\$m)	208.56	-	-	-	-

Source: Ambrian estimates

Kipoi Cobalt Production

Tiger has identified a measured and indicated resource of 7,400t of contained cobalt in the COZ unit within the Stage 1 pit area, but no cobalt revenue is included in the Stage 1 feasibility study. According to the company, preliminary metallurgical test-work to produce a saleable cobalt product has been encouraging, and we understand it is being investigated further.

Given the COZ unit is mined as part of the mining cost in the Stage 1 operation, it makes a lot of sense for Tiger to maximise revenue from it and should provide significant additional upside to the economics of the project. We have modelled this additional revenue stream starting in 2Q11 using the following assumptions.

Table 20: Cobalt Modelling Assumptions

Assumption	Stage 1 Cobalt Operation
Plant Throughput (000tpa)	400
Cobalt Recovery (%)	55%
Contained Cobalt Payability (% LME Price)	60%
Capex (US\$m)	4.0
Processing Cost (US\$/t)	25.0

Source: Ambrian estimates

Our NPV₁₀ of the additional cobalt revenue stream is A\$24.7m

We value the cobalt operation on a post-tax DCF basis using a 10% discount rate and calculate an NPV₁₀ of A\$24.7m. A financial summary of the operation is shown below.

Table 21: Cobalt Financial Summary

Financial Summary (Yr to Jun)	FY11E	FY12E	FY13E	FY14E
Cobalt Price (US\$/lb)	18.00	18.00	14.00	10.00
US\$/A\$ Exchange Rate	0.90	0.89	0.87	0.83
Contained Cobalt Produced (000t)	0.34	1.36	1.36	0.95
Revenue (A\$m)	9.02	36.49	29.06	15.12
Processing Cost (A\$m)	(2.78)	(11.24)	(11.56)	(8.38)
Royalty Cost (A\$m)	(0.41)	(1.64)	(1.31)	(0.68)
Total Production Costs (A\$m)	(3.18)	(12.88)	(12.87)	(9.06)
Cobalt Production Cost (US\$/lb)	3.81	3.81	3.70	3.55
EBIDTA (A\$m)	5.84	23.61	16.19	6.06
Capex (A\$m)	4.49	-	-	-

Source: Ambrian estimates

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