

# Tiger Resources

## (TGS \$0.70) Speculative Buy

13 July 2007

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### Disclosure

**This analyst declares that he has a beneficial interest in Tiger Resources shares.**

## Initiating Coverage

### Key Points

TGS has some 1,700sqkm of tenements in the DRC covering the main African copperbelt. Its flagship project is Kipoi with five known copper deposits with 12km strike of prospective strike.

Recent drilling at Kipoi has intersected some stunning high grade, shallow oxide copper. Results include 102m @ 7.29% Cu from 67.5m, 122m @ 7.31% Cu from 111m, 67m @ 4.58% Cu from 34m at Kipoi Central.

In addition some high grade cobalt intersections including 39.6m @ 1.01% Cu & 1.54% Co from 43.6m further enhancing the economic potential of the project.

TGS plans to drill some 40,000m in CY'07 and aims for an initial resource statement by the end of this year. It has a target resource of 750kt -1,000kt of contained copper at a grade of +4% Cu.

It aims to complete a Bankable feasibility study by the end of CY'08 and at this early stage this project is shaping up as a possible 60kt SX-EW pa copper operation.

TGS is obviously too early to value but we believe this project has potential to be like Anvil Mining's Kinsevere deposit (oxide rsc of 25.6mt @ 4.4% Cu for 1.1mt) which we value at ~ \$680m.

TGS has a current Enterprise Value of ~ A\$120m and currently owns 50% of the project so on rough 'back of the envelope numbers' suggest potential for TGS to at least double from here. TGS also has potential to increase its interest in Kipoi JV from 51% to ~ 70%.

TGS recently raised ~ \$20m predominantly to overseas institutions and plans to list on the Toronto Stock Exchange by the end of CY'07. In our view this is sensible move as these investors do value offshore projects more highly and follows the path of other copper producers such as Anvil Mining and Equinox Mining.

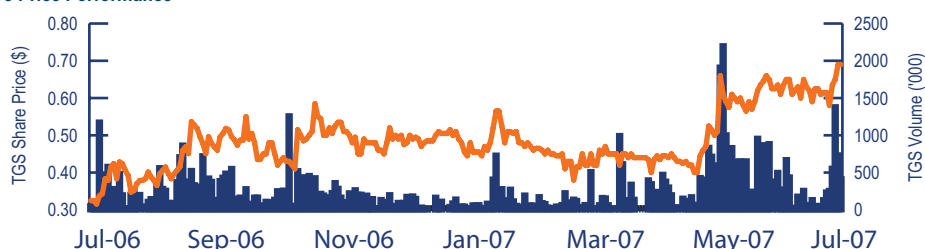
TGS is a high risk/high reward situation but we are attracted to the potential of its project. The DRC is an emerging country and not without risk however the achievements of Anvil Mining over the past 4 yrs demonstrates it is possible to successfully operate in this country.

We initiate coverage with a Speculative Buy recommendation and expect that as further drilling/feasibility studies are completed TGS will appreciate. With four rigs on site we expect a steady stream of results/newsflow culminating in the initial resource estimate by year end.

### Market Statistics

Issued Capital	171m	Market Capitalisation	\$185m (fully diluted)
FPO Ord Share	71m	Enterprise Valuation	\$120m
Opts (@ \$0.45/sh 3/04/08)	22.5m	Cash	\$20m
Opts (@ 0.50/sh 30/05/09)	3.5m	Debt	nil
Opts (var)		Year Low - High	\$0.30 - \$0.70
		Average Daily Volume	130kt
		Major Shareholders - ANZ Nominees	35%
		Groupe Orgaman	8.4%

### Share Price Performance



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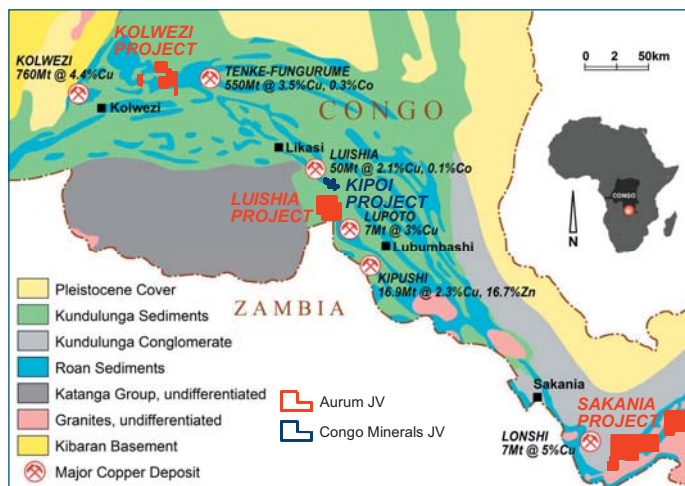
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## Kipoi Project (TGS earnings 51%)

The Kipoi project is located approximately 65km north west of Lubumbashi and in the heart of the Congo copper belt.



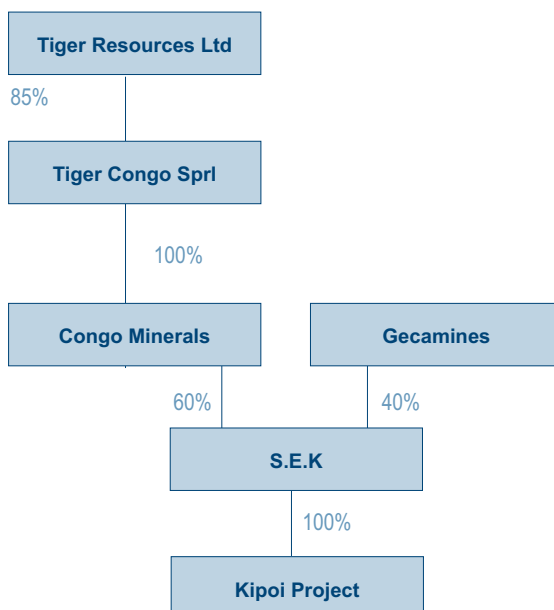
The project has five Copper/Cobalt deposits, Kipoi Central, Kipoi North, Kaminamfitwe, Kileba and Juderia.

Tiger Resources is effectively earnings a 51% interest in the Kipoi project by advancing to a BFS and making the following payments

- \$10m within six months of completing BFS
- \$12m within 16 months of completing BFS.

In the event the BFS delineates a copper reserve in excess of 350kt of Cu the JV must pay additional consideration of US\$2.75m for each additional 50kt of Cu. In addition the royalties payable to the DRC Govt, a further royalty obligation exists under contract ~2% of the value of Specified Minerals produced from within the Project Area and a further 2% on the net sale proceeds of that production.

The corporate structure is outlined below.



The bulk of the drilling thus far has focussed at Kipoi central deposit with some outstanding intersections. These include;

67.4m @ 4.58 % Cu & 0.24% Co from 34m

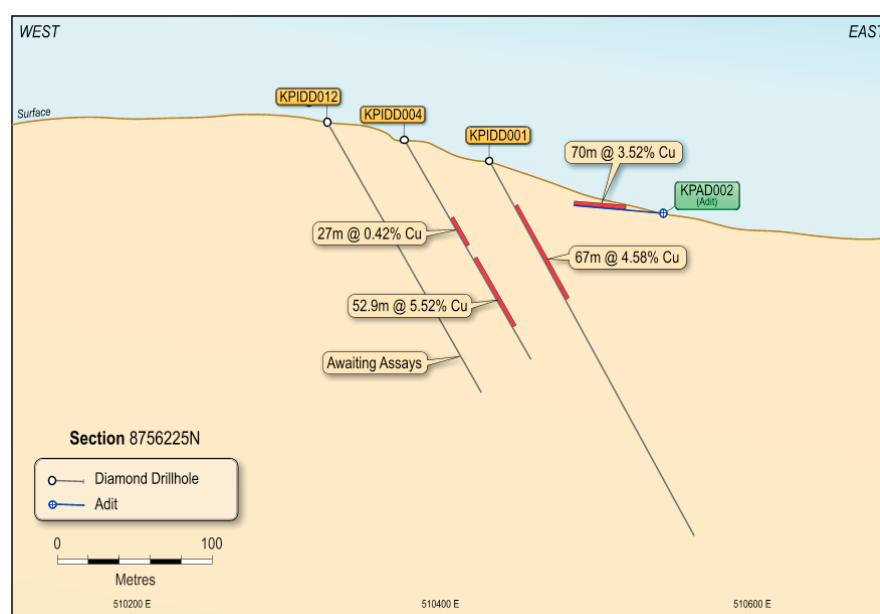
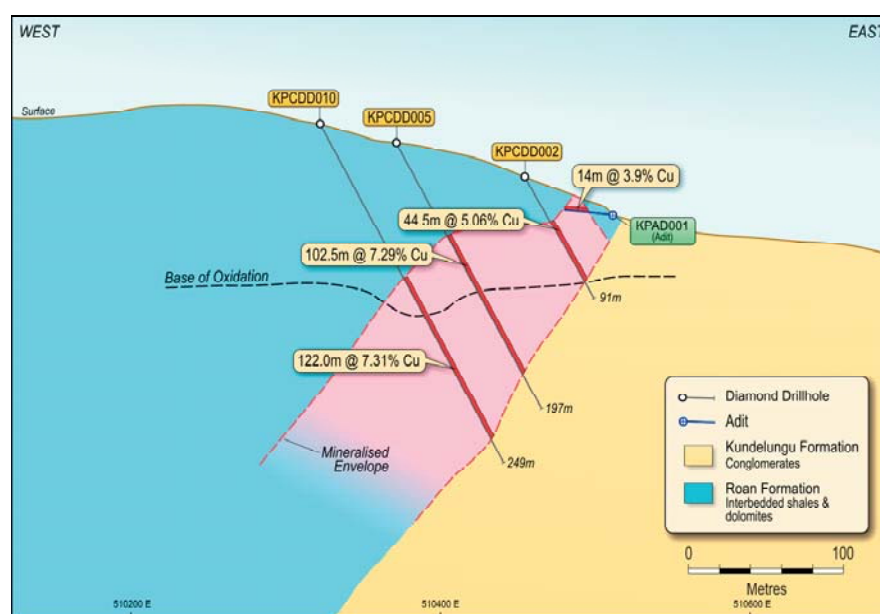
44.5m @ 5.06 % Cu from 33.5m

102m @ 7.29% Cu from 67.5m

122m @ 7.31% Cu from 111m

Mineralisation at Kipoi Central has now been delineated over a strike length of 550m and is still open along strike and to the South and at depth.

Below are some of the cross sections demonstrating the continuous nature of the mineralisation and the high grade close to surface.



TGS plan a 20,000m drill program at Kipoi and Kipoi north with the aim of defining an resource from this area by the end of CY'07.

Recent drilling at Kipoi has highlighted the cobalt potential of this area with thick widths of high grade cobalt mineralisation intersection including 39.6m @ 1.01% Cu and 1.54% Co. The cobalt mineralisation has been intersected over a strike length of 150m.

By the end of July'07 TGS expect to have 4 rigs working on site – two diamond, one Aircore and one RC rig. The diamond rigs will concentrate on resource definition drilling at Kipoi and Kipoi Central and the RC rig will be used to test for strike extensions of mineralisation at the Judeira and Kileba deposits.

TGS has drilled 7 holes at Kipoi North. Excellent widths of up to 65m of malachite Cu mineralisation were logged in the first six holes over a strike length of 300m. Assay results are pending.

At Juidera Prospect, located 5km north of Kipoi Central intersected some good results including

43m @ 4.68% Cu from 16m,

43m @ 3.63% Cu from 35m

18m @ 2.39% Cu from 43m

An RC rig is scheduled to start drilling at this prospect in July.

## Potential Valuation

Clearly with no resource as yet it is too early to value this company on any measure and hence is a speculative investment.

However it is interesting to compare to other projects in the Congo in particular Anvil Mining's Kinsevere project. Kinsevere has a current oxide resource of 1.1mt Cu and a oxide reserve of 0.78mt of Cu.

Kinsevere is being developed as a two stage process. The 1st stage consisting of a Heavy Media Separation and Electric Arc Furnace will produce ~ 25kt of Cu pa which has been successfully commissioned/ Stage 2 consists of a 60kt SX-EW project to be developed at a capital cost of US\$240m and scheduled for first production in mid'09.

We value the Kinsevere project at A\$683m at a 10% dcf. As AVM has a proven track record in development and has been operating successfully in the DRC for a number of years this same valuation parameter should not be applied to TGS but what it does demonstrate is the potential value of these types of high grade oxide copper projects have.

## Other Properties

TGS has a JV with Somika, an international trading company with a copper processing plant in Lubumbashi and it has a right to earn up to a 70% interest a seven permits through expenditure of \$5m over 3 yrs.

The permits are all located in the Katanga Copperbelt and in close proximity to world class copper deposits. There has been some significant copper in soil anomalies delineated on three of the permits and a 15,000m air core drilling program is underway testing the soil and geophysical anomalies.

The Kolwezi project looks especially interesting located along strike from the world class Tenke –Fungurume project which is currently being developed by Freeport McMoran and has a global resource of 550mt @ 3.5% Cu and 0.3% Co.

## The Democratic Republic of Congo

There is no denying that there are risks involved in operating in the DRC. However we believe these are not insurmountable and can be managed effectively. The success of Anvil Mining in developing the first fully integrated mining operation has seen a 20x increase in its share price over the past 5 yrs.

The success of the first democratic elections to be held in the DRC for 40 yrs was a significant milestone for the country and the lack of subsequent disruption/disputes has been a positive.

Whilst there are still hotspots the majority of incidents tend to occur in the north-east of the country close to the border with Rwanda and Burundi and well away from the relative stability of the Katanga province where Tiger Resource is operating.

The lack of new discoveries/development in Australia and other 1st world countries means that miners will be forced to go to higher risk countries. The DRC is an incredibly well endowed mineral rich country.

We expect over the next few years there will be progressively more project developments in the DRC. Of particular interest is the large Tenge Fungurme deposit that Freeport McMoran has committed to develop. An initial US\$0.5bn is proposed to produce ~ 100kt of Cu pa increasing to 400kt of Cu pa over 5 yrs.

## Directors

### **Reginald Gillard – Chairman**

Reg is an accountant with over 31 yrs experience. Reg now focuses on corporate management and evaluation and acquisition of resource projects. Reg has been a director/or Chairman of some 20 listed companies.

### **David Young (Managing Director)**

David joined in Dec'05 and is a geologist with over 20 yrs experience and has worked extensively in Africa, especially in Francophone African countries.

### **Patrick Flint (Director)**

Patrick is a chartered accountant with significant experience in the management of publicly listed mineral exploration companies.

### **Brad Marwood (Director)**

Brad is a mining engineer with substantial experience in project definition and implementation. He has been involved with over 40 feasibility studies of which 14 have resulted in project development.

## Top 20 Shareholders

Tiger Resources Ltd		as at 19 June 2007	
No.	Shareholder	shares (m)	(%)
1	ANZ NOMINEES LIMITED CASH INCOME A/C	46.92	34.84
2	GROUPE ORGAMAN	10.60	7.87
3	KALGOORLIE MINE MANAGEMENT PTY LTD	7.52	5.58
4	MACQUARIE BANK LTD METALS & ENERGY CAPITAL DIVISION	4.64	3.44
5	NEFCO NOMINEES PTY LTD	3.50	2.6
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3.02	2.25
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2.79	2.07
8	CITICORP NOMINEES PTY LIMITED	2.60	1.93
9	AUSTRALIAN UNITED GOLD NL	2.02	1.5
10	CITICORP NOMINEES PTY LIMITED	2.0	1.49
11	MR JEFFREY MAXWELL JONES	1.85	1.37
12	NATIONAL NOMINEES LIMITED	1.56	1.16
13	DOG MEAT PTY LTD	1.00	0.74
14	GOLDEN DEEPS LTD	1.00	0.74
15	KALGOORLIE MINE MGT PTY LTD SUPERANNUATION FUND	1.00	0.74
16	MAPEX MINERACAO IMPORTACAO E EXPORTACAO LTDA	1.00	0.74
17	BALCATTI BOYS PTY LTD	0.85	0.63
18	J P MORGAN NOMINEES AUSTRALIA LIMITED	0.82	0.61
19	MR PETER FLETCHER MEURS	0.82	0.61
20	MR REGINALD GILLARD	0.75	0.56
	<b>TOTAL</b>	<b>96.27</b>	<b>71.47</b>

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