

Appendix 4D

Half yearly Report

30 June 2019

Half year ended: 30 June 2019	Corresponding half year period: 30 June 2018
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Results for announcement to the market

Expressed in United States Dollars, unless stated otherwise

		Half year ended 30 June 2018		Half year ended 30 June 2019
		\$'000		\$'000
Revenue from ordinary activities	Down 55% from	65,573	to	29,807
Loss after tax from ordinary activities	Down 359% from	(8,088)	to	(37,137)
Loss after tax attributable to members	Down 351% from	(7,817)	to	(35,275)

Net tangible assets per share

	30 June 2018	30 June 2019
Net tangible assets per share	(\$0.04)	(\$0.07)

Explanation of revenue and loss after tax from ordinary activities

The consolidated entity recorded a loss after tax attributable to the owners of Tiger for the half year ended 30 June 2019 of \$35.275 million (30 June 2018: \$7.817 million), representing a loss per share of 1.61 cents (30 June 2018: 0.38 cents per share).

The increase in the loss was primarily due to a decrease in revenue resulting from a decrease of copper sold (down 4,671 tonnes) and average realised copper price (down 870 US\$/t) during the period compared to the previous period. Production was also lower by 5,735 tonnes due to significant wet weather events, delayed delivery of the crushing plant and tank leach feed issues, while fixed costs remained high.

Dividends / distributions

No dividends were paid during the year and the Directors do not recommend payment of a dividend.

Investments in controlled entities

Wholly owned and controlled subsidiaries of Tiger Resources Limited:

- Tiger Resources Finance Limited
- Havelock Finance Limited
- Balcon Holdings Limited
- Balcon Investments and Logistics (Pty) Limited
- Tiger Congo SARL
- Congo Minerals SARL
- Sase Mining SARL
- Societe d'Exploitation de Kipoi SA
- Crux Energy (Pty) Ltd

Investments in associates and joint ventures

At the reporting date, Tiger Resources Limited held no investments in associates or joint ventures.

Audit Review and Accounting Standards

This report is based on the Consolidated Financial Statements that have been subject to a half-year review by the Company's Auditor.

All entities incorporated in the Consolidated Group's results were prepared under AIFRS.

Other information

The income statement, statement of financial position, statement of cashflows and associated notes are contained in the financial statements in the attached Interim Financial Report for the half-year ended 30 June 2019. Other detailed commentary on the variation between the results for the half-year ended 30 June 2019 and the comparative period is provided in the Directors Report of the Interim Financial Report.

Date: 16 December 2019



Caroline Keats
Managing Director/CEO



**Interim Financial Report
for the half-year ended 30 June 2019**

expressed in United States Dollars, unless stated otherwise

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Corporate Directory

DIRECTORS

Caroline Keats
Managing Director/CEO

Michael Anderson
Non-Executive Chairman

Michael Griffiths
Non-Executive Director

Rachel Johnston
Non-Executive Director

CHIEF FINANCIAL OFFICER

Ian Goldberg

COMPANY SECRETARY

Ian Goldberg

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

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GPO Box D182
Perth WA 6840

AUDITOR

PricewaterhouseCoopers
Level 15, Brookfield Place
125 St Georges Terrace
Perth WA 6000
Australia

STOCK EXCHANGE LISTINGS

Australian Securities Exchange (Code: TGS)
German Stock Exchange (Code: WKN AOCAJF)

WEBSITE ADDRESS

www.tigerresources.com.au

DEMOCRATIC REPUBLIC OF CONGO OFFICE

Kipoi Operating Site
Kambove Territory
High Katanga Province
Democratic Republic of Congo

Directors' Report

Your directors present their report on the consolidated entity consisting of Tiger Resources Limited ("Tiger" or "the Company") and the entities it controlled ("Group" or "consolidated entity") at the end of, or during, the half-year ended 30 June 2019.

All amounts in this report are presented in US Dollars (\$), unless stated otherwise.

The following persons were directors of Tiger Resources Limited during the half-year and up to the date of this report:

Caroline Keats (appointed Managing Director and CEO on 12 July 2019)

Michael Anderson (appointed non-executive director on 8 August 2019 and non-executive Chairman on 16 August 2019)

Michael Griffiths

Rachel Johnston (appointed 22 May 2019)

David Frances (resigned 11 July 2019)

Shawn McCormick (resigned 4 July 2019)

Mark Lynam (appointed 29 May 2019 and resigned 11 July 2019)

Principal activities

The principal activities of the consolidated entity during the period under review consisted of the mining and production of copper cathode and mineral exploration and development in the Democratic Republic of Congo (DRC).

Operating and financial review

Overview

The Group's principal asset is the Kipoi Copper Project (Kipoi) in the DRC. Kipoi is operated by Tiger's subsidiary Société d'Exploitation de Kipoi SA (SEK), in which the Group has a 95% interest.

In addition, the Company has a 95% interest in the Lupoto Project (Lupoto), situated 10km south of Kipoi, and 100% of La Patience licence, situated 10km south-east of Kipoi.

As at 30 June 2019, cash and cash equivalents held by the Group was \$1.303 million (31 December 2018: \$5.265 million). The balance of copper cathode finished product inventory on hand was 248 tonnes with a sales value of \$1.372 million (31 December 2018: 1,143 tonnes with a sales value of \$6.309 million).

During the half-year ended 30 June 2019 the Group realised a net loss after tax of \$37.137 million (30 June 2018: \$8.088 million); with \$1.862 million (30 June 2018: \$0.271 million) attributable to non-controlling interests and \$35.275 million (30 June 2018: \$7.817 million) to the owners of the Company.

Health and Safety

The good safety record at Kipoi continued with no lost time injuries in the six months to 30 June 2019.

Kipoi continues to entrench safety as the number one value on site through maintaining robust safety management standards and an active safety leadership development program.

Directors' Report

Production

During the six months to 30 June 2019 the Company reported production of 4,007 tonnes of copper cathode, a 79% decrease from the corresponding six-month period to 30 June 2018. Production in the period was negatively impacted by significant wet weather events, delayed delivery of the crushing plant and tank leach feed issues.

A total of 425,561 tonnes of ore was stacked to heap leach pads and 601,317 tonnes of ore was processed through the tank leach.

Grid power supplied 92% of Kipoi's power requirements for the six months to June 2019 (30 June 2018: 95%).

Copper Sales

Revenue of \$29.807 million was recognised from the sale of 4,902 tonnes of copper cathode at a realised copper price of \$6,121 per tonne.

Corporate

Events during the half-year

During the half-year ended 30 June 2019, Tiger Resources secured a funding facility of up to US\$13.2 million with Taurus Mining Finance Fund L.P. ("Taurus"), one of its current senior lender group, as announced on 1 May 2019.

Mining of stages one and two of Kipoi North were completed in the first half of the year with the third and final stage completed in the second half of 2019. Technical studies continued for the Kileba deposit where ore began to be sourced in the second half of 2019.

On 1 May 2019, the Company advised the ASX that the Company and the Senior Lenders had agreed to extend the second deed of forbearance to 31 May 2020. In November 2019, two of the Company's senior lenders, Taurus and QMetco, signed a further deed of forbearance, providing forbearance relief in relation to certain defaults which have arisen under the financing arrangements. The additional forbearance arrangements will terminate, amongst other things, if the debt restructuring process is not implemented by 30 April 2020. Tiger has discussed with the IFC regarding its support for the additional forbearance arrangements and the Company's intended debt restructure terms.

During the period Rachel Johnston was appointed as a non-executive director on 22 May 2019 and Mark Lynam was appointed as a non-executive director on 29 May 2019.

Finance Facilities and Going Concern

Recapitalisation and restructure status

As previously announced by the Company, it has for some time been progressing discussions with the Senior Lenders to agree the terms of a holistic restructure of the Company's debt position to provide a more sustainable capital structure and balance sheet position.

The primary objectives of the capital restructure include the reduction of the Company's debt (potentially through a debt-for-equity conversion by the Senior Lenders) and the securing of additional liquidity to sustain the Company's proposed capital expenditure and debt payoff schedule. Achieving these objectives will likely require existing debt holders to convert all or a significant part of their debt to equity, which will be highly dilutive to existing shareholders.

On 6 December 2019, the Company determined after consultation with its Senior Lenders, to progress a creditors' scheme of arrangement which will, with the approval of the Court and the majority of the Senior Lenders whose claims together amount to at least 75% of the secured debt, and by a majority in number (more than 50%) of the senior lenders who are present and voting at the meeting, result in the Senior Lenders exchanging a substantial portion of their debt for equity in the Company. The debt restructure proposal currently has the support of QMetco and Taurus, with further details as announced to ASX on 6 December 2019.

Directors' Report

Notwithstanding the progress that has been made, the proposal remains incomplete and there is no guarantee an acceptable agreement will be reached with all of the Senior Lenders, or that a debt restructure will be successfully implemented. The Company's ability to achieve any restructure will depend on a number of circumstances, including the ongoing support of the Company's secured lenders, market conditions and, potentially, the approval of other stakeholders, including the DRC Government.

Additional funding

Subsequent to year end the Company secured a US\$13.2 million funding facility (Tranche D) with Taurus (one of its senior lender group) that provided important interim funding to support the Company's ongoing operations and to allow the Company to pursue initiatives designed to improve operational and financial performance of Kipoi, including capital upgrades essential for longer term production improvement and management of creditors. The facility was fully drawn-down by 22 July 2019.

On 14 August 2019, the Company secured a further US\$30 million funding facility (Tranche E) with QMetco Limited (a wholly-owned subsidiary of Taurus) to allow the Company to continue its planned capital enhancements as well as to provide ongoing working capital. The Tranche E facility was made available in 3 tranches. While the first 2 tranches (US\$12 million) have already been drawn, the third tranche (US\$18 million) requires the satisfaction of certain conditions including Company shareholder approval being obtained by 30 November 2019 (in order to allow QMetco to convert the loan into ordinary shares in the Company at its election).

In this regard, QMetco has agreed to amend the facility to permit the Company to access the third tranche without the requirement to obtain shareholder approval (and certain other amendments). This amendment requires the agreement of each Senior Lender and an amendment to the waiver previously granted by ASX in respect of the application of ASX Listing Rule 10.1. As at the date of this report, the Senior Lenders have approved the terms of the amendment and the ASX has amended the waiver in order for the funds to be advanced by QMetco to meet the Company's urgent funding needs.

The Company remains subject to significant liquidity and indebtedness risks and requires access to the remaining US\$18 million as soon as possible in order for the Company to meet its short-term and medium-term capital expenditure requirements.

Forbearance arrangements

The Group has been in breach of certain terms of the Senior Facility (refer note 7) from time to time since its inception and waivers of such breaches have been granted by the Senior Lenders.

On 3 October 2018 the Group and the Senior Lenders signed a second forbearance agreement extending the forbearance period to 31 October 2019, which was amended on 21 December 2018, 18 January 2019, 17 April 2019 (extending the forbearance period to 31 May 2020) and 14 August 2019 (Current Forbearance Arrangements). Under the Current Forbearance Arrangements, the Senior Lenders have agreed to waive the repayment of principal and capitalise interest on certain existing secured debt facilities (subject to conditions and undertakings).

As at the date of this report, the Group is in breach of a number of financial covenants. As a consequence of these breaches and the fact the Current Forbearance Arrangements were scheduled to terminate on 31 May 2020, the outstanding amounts are required to be classified as current liabilities.

In order to facilitate the broader debt restructure, the Senior Lenders have been asked to agree to additional forbearance arrangements in relation to certain defaults which has arisen during the Company's debt restructuring negotiations (Additional Forbearance Arrangements). Without the Additional Forbearance Arrangements, any defaults under the facility documents may give the Senior Lenders the right to accelerate their loans, which Tiger (as guarantor of those loans) would not be in a position to repay in full. The Additional Forbearance Arrangements will terminate, amongst other things, if the debt restructuring process is not implemented by 30 April 2020.

Directors' Report

As at the date of this report, the Company has agreed the Additional Forbearance Arrangements with two of the three Senior Lenders. The Company is working to seek the agreement of the final Senior Lender in order to ensure the Company has the support of all Senior Lenders. Notwithstanding the progress that has been made, there is no guarantee an acceptable agreement will be reached with the remaining Senior Lender and that this Senior Lender won't accelerate their loans

Material uncertainty

The Group's cashflow forecasts for the next 12 months demonstrate that without:

- (i) improvement of its operational and financial performance;
- (ii) continued access to the remaining US\$18 million under the Tranche E facility;
- (iii) additional third party funding being provided in early 2020 (the Company is currently progressing discussions with potentially interested parties);
- (iv) successful completion of a restructuring of its senior debt;
- (v) ongoing support from the Senior Lenders of the Company in the form of the Additional Forbearance Arrangements; and
- (vi) the ability to deal with the following items in the ordinary course of business (notes refer to the financial statements enclosed):
 - a. the substantial trade creditor position;
 - b. an extension to the requirement to repay US\$5 million under the Rawbank overdraft facility, which the Company is currently seeking from Rawbank (see note 7); and
 - c. any required repayments to Megatron DRC under the energy efficiency and network reinforcement program,

the Group will be unable to repay its commitments under the senior secured debt facility and the unsecured debt facilities provided by the DRC banks, and will not be able to fund additional development for its Kipoi project. The Directors believe the Company will be able to conclude arrangements to address the matters noted above.

As a result of the above, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore, whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

The Directors believe that, as at the date of signing the financial statements, there are reasonable grounds to believe that the Group will be able to continue as a going concern, for the reasons set out above.

Accordingly, the financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Directors' Report

Subsequent events

Other than set out below, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods:

- On 4 July 2019, the Company advised the ASX that Shawn McCormick had resigned as a non-executive director.
- On 12 July 2019, the Company advised the ASX of the following Board and Management changes:
 - David Frances had resigned as the Executive Chairman
 - Caroline Keats had been appointed Managing Director/CEO
 - Mark Lynam had resigned as a non-executive director
- On 22 July 2019, the Company advised the ASX that Jozsef Patarica had been appointed as Chief Operating Officer.
- On 22 July 2019, the Group drew down on the remaining \$4.225 million of the tranche D loan.
- On 8 August 2019, Michael Anderson was appointed as a non-executive director and on 16 August 2019 was appointed as the non-executive Chairman.
- On 14 August 2019, the Company secured a \$30 million funding facility (Tranche E) with QMetco Limited which will be used by the Company to continue its planned capital enhancements as well as provide ongoing working capital. In December 2019, the Senior Lenders agreed to amend the facility to permit the Company to access the third tranche without the requirement to obtain shareholder approval (and certain other amendments).
- On 22 August 2019, the Company issued 31,696,206 ordinary shares to the Senior Lenders.
- On 31 August 2019, the whole of the senior lender debt held by RCF was acquired by QMetco. The Senior Lenders of the Company are now QMetco, Taurus and the IFC.
- On 25 September 2019, Tamara Lissovski was appointed as Interim Company Secretary, replacing Janie Corke. Ms Lissovski resigned on 2 December 2019.
- On 1 November 2019, Ian Goldberg was appointed Chief Financial Officer, replacing David Wrigley. Mr Goldberg was subsequently appointed Company Secretary on 2 December 2019.
- On 26 November 2019, the Company announced an update of its Mineral Resources and Ore Reserves at its Kipoi Copper Project as at 30 June 2019.

The Company continues to assess financing options to secure its capital investment objectives.

The Company has been reviewing its cash flow requirements for the current period which suggest a need for a broader capital restructure in the near term. The Company has also been continuing its discussions with its senior lender group regarding potential options to restructure its balance sheet, in order to provide the Company with a more stable and sustainable capital structure. On 6 December 2019, the Company determined after consultation with its Senior Lenders, to progress a creditors' scheme of arrangement. The debt restructure proposal currently has the support of Qmetco and Taurus, further details as announced to the ASX on 6 December 2019.

The Company had previously entered into forbearance arrangements with its senior lenders pursuant to which the senior lenders had agreed not to accelerate or enforce their claims against SEK (or Tiger) ("Current Forbearance Arrangements"). The Current Forbearance Arrangements were scheduled to terminate on 31 May 2020 but may terminate earlier if certain events occur.

Directors' Report

Subsequent events (continued)

In November 2019, two of the Company's senior lenders, Taurus and QMetco, signed a further deed of forbearance, providing forbearance relief in relation to certain defaults which have arisen under the financing arrangements. The additional forbearance arrangements will terminate, amongst other things, if the debt restructuring process is not implemented by 30 April 2020. Tiger has discussed with the IFC regarding its support for the additional forbearance arrangements and the Company's intended debt restructure terms.

The Company notes that the Tranche E QMetco facility and the forbearance arrangements are interim measures to seek to place the Company in a stronger financial position to progress a holistic capital restructure. There is no guarantee that those discussions will lead to an appropriate outcome or that the Company will be able to secure alternate funding on acceptable terms and within the time required, if at all, in the circumstances.

The Company has been in voluntary suspension from trading on the ASX since 22 February 2017. As previously announced, the Company would be de-listed from the ASX if it was unable to meet the ASX's listing requirements by February 2020. The Company confirms that as its capital structure is unlikely to be appropriate for continued listing, it will be de-listed from the ASX on 3 February 2020 under ASX's long term suspended entity policy.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Rounding of amounts

The Company has relied on the relief provided by the ASIC Corporations (Rounding in Financial/Director's Report) Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar

This report is made in accordance with a resolution of Directors.



Caroline Keats
Managing Director/CEO
Perth

16 December 2019



Auditor's Independence Declaration

As lead auditor for the review of Tiger Resources Limited for the half-year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tiger Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Justin Carroll'.

Justin Carroll
Partner
PricewaterhouseCoopers

Perth
16 December 2019

Consolidated Statement of Comprehensive Income

	Notes	Consolidated	
		Six months ended 30 June 2019	Six months ended 30 June 2018
		\$'000	\$'000
Revenue		29,807	65,573
Cost of sales		(43,566)	(51,898)
		(13,759)	13,675
Other income		25	2,611
Exploration and evaluation expenses		(865)	(1,480)
Administration expenses	4(a)	(2,361)	(3,387)
Movement in fair value of derivative liability		11	162
Foreign exchange gain		288	1
Doubtful debt expense	3(b)	(6,527)	(6,019)
Finance costs	4(b)	(13,651)	(12,995)
Loss before income tax		(36,839)	(7,432)
Income tax expense	4(c)	(298)	(656)
Loss for the period		(37,137)	(8,088)
<i>Net loss attributable to:</i>			
Owners of Tiger Resources Limited		(35,275)	(7,817)
Non-controlling interests		(1,862)	(271)
		(37,137)	(8,088)
Total comprehensive loss for the period		(37,137)	(8,088)
Total comprehensive loss for the period is attributable to:			
Owners of Tiger Resources Limited		(35,275)	(7,817)
Non-controlling interests		(1,862)	(271)
		(37,137)	(8,088)
Basic loss per share (cents per share)		(1.61)	(0.38)
Diluted loss per share (cents per share)		(1.61)	(0.38)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	Consolidated	
		30 June 2019	31 December 2018
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents		1,303	5,265
Trade and other receivables	5	3,813	3,633
Inventories		25,246	27,493
Total current assets		30,362	36,391
Non-current assets			
Receivables	5	2,372	2,848
Mine properties & development		37,732	37,378
Plant & equipment	6	78,812	77,177
Total non-current assets		118,916	117,403
Total assets		149,278	153,794
LIABILITIES			
Current liabilities			
Trade payable, contract and other liabilities		51,841	40,712
Current tax payable		831	149
Borrowings	7	233,746	214,163
Total current liabilities		286,418	255,024
Non-current liabilities			
Other payables		5,816	5,884
Borrowings	7	6,439	7,448
Derivative financial instruments		-	11
Provisions	8	10,714	9,325
Total non-current liabilities		22,969	22,668
Total liabilities		309,387	277,692
NET LIABILITIES		(160,109)	(123,898)
EQUITY			
Contributed equity	9	302,399	301,491
Reserves		(47,131)	(47,149)
Accumulated losses		(406,981)	(371,706)
Capital and reserves attributable to owners of the Company		(151,713)	(117,364)
Non-controlling interest		(8,396)	(6,534)
TOTAL EQUITY		(160,109)	(123,898)

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Attributable to the owners of Tiger Resources Ltd						
	Contributed equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity	
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2018		299,812	(47,250)	(321,357)	(68,795)	(3,855)	(72,650)
Loss for the half-year		-	-	(7,817)	(7,817)	(271)	(8,088)
Total comprehensive loss for the half-year		-	-	(7,817)	(7,817)	(271)	(8,088)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs		805	-	-	805	-	805
Share-based payments		-	35	-	35	-	35
		805	35	-	840	-	840
Balance at 30 June 2018		300,617	(47,215)	(329,174)	(75,772)	(4,126)	(79,898)
Balance at 1 January 2019		301,491	(47,149)	(371,706)	(117,364)	(6,534)	(123,898)
Loss for the half-year		-	-	(35,275)	(35,275)	(1,862)	(37,137)
Total comprehensive loss for the half-year		-	-	(35,275)	(35,275)	(1,862)	(37,137)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs		908	-	-	908	-	908
Share-based payments		-	18	-	18	-	18
		908	18	-	926	-	926
Balance at 30 June 2019		302,399	(47,131)	(406,981)	(151,713)	(8,396)	(160,109)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Consolidated	
	Six months ended 30 June 2019 \$'000	Six months ended 30 June 2018 \$'000
<i>Cash flows from operating activities</i>		
Receipts from product sales	26,111	65,397
Payments to suppliers and employees	(33,659)	(59,358)
Interest received	14	6
Bank guarantees	-	(10)
Receipts from insurance proceeds	-	2,583
Income tax paid	-	(468)
Net cash inflows/(outflows) from operating activities	(7,534)	8,150
<i>Cash flows from investing activities</i>		
Purchase of plant and equipment	(2,649)	(833)
Net cash outflows from investing activities	(2,649)	(833)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	8,975	-
Repayment of borrowings including overdraft	(450)	(5,029)
Share issue costs	(10)	(16)
Interest paid	(821)	(854)
Financing costs	(1,472)	(1,943)
Net cash inflows/(outflows) from financing activities	6,222	(7,842)
Net decrease in cash and cash equivalents held	(3,961)	(525)
Cash and cash equivalents at the beginning of the financial period	5,265	5,113
Net foreign exchange differences	(1)	1
Cash and cash equivalents at the end of the financial period	1,303	4,589

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Other than set out in this interim financial report for the half-year ended 30 June 2019, there have not been any other significant changes in the state of affairs of the Group during the reporting period.

- The Company issued the following ordinary shares to the Senior Lenders for nil consideration (refer note 9(b) for details):
 - On 8 March 2019 – issued 30,343,920 ordinary shares; and
 - On 13 May 2019 – issued 30,111,246 ordinary shares.

2. GOING CONCERN

The half-year financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

As at 30 June 2019 the Group had net liabilities of \$160.109 million, which has increased from net liabilities at 31 December 2018 of \$123.898 million. The Group also has a working capital deficiency of \$256.056 million as at 30 June 2019 (31 December 2018: \$218.633 million deficiency).

For the half-year ended 30 June 2019, the Group made a net loss after tax attributable to the owners of the Company of \$35.275 million (30 June 2018: net loss \$7.817 million) and had a net cash outflow of \$3.961 million (30 June 2018: outflow of \$0.525 million).

In concluding the appropriateness of the going concern assumption, the Directors have taken into consideration the following events and the Company plans.

Recapitalisation and restructure status

As previously announced by the Company, it has for some time been progressing discussions with the Senior Lenders to agree the terms of a holistic restructure of the Company's debt position to provide a more sustainable capital structure and balance sheet position.

The primary objectives of the capital restructure include the reduction of the Company's debt (potentially through a debt-for-equity conversion by the Senior Lenders) and the securing of additional liquidity to sustain the Company's proposed capital expenditure and debt payoff schedule. Achieving these objectives will likely require existing debt holders to convert all or a significant part of their debt to equity, which will be highly dilutive to existing shareholders.

On 6 December 2019, the Company determined after consultation with its Senior Lenders, to progress a creditors' scheme of arrangement which will, with the approval of the Court and the majority of the Senior Lenders whose claims together amount to at least 75% of the secured debt, and by a majority in number (more than 50%) of the senior lenders who are present and voting at the meeting, result in the Senior Lenders exchanging a substantial portion of their debt for equity in the Company. The debt restructure proposal currently has the support of QMetco and Taurus, further details as announced to the ASX on 6 December 2019.

Notwithstanding the progress that has been made, the proposal remains incomplete and there is no guarantee an acceptable agreement will be reached with all of the Senior Lenders, or that a debt restructure will be successfully implemented. The Company's ability to achieve any restructure will depend on a number of circumstances, including the ongoing support of the Company's secured lenders, market conditions and, potentially, the approval of other stakeholders, including the DRC Government.

Additional funding

During the period the Company secured a US\$13.2 million funding facility (Tranche D) with Taurus (one of its senior lender group) that provided important interim funding to support the Company's ongoing operations and to allow the Company to pursue initiatives designed to improve operational and financial performance of Kipoi, including capital upgrades essential for longer term production improvement and management of creditors. The facility was fully drawn-down by 22 July 2019.

Notes to the Consolidated Financial Statements

2. GOING CONCERN (CONTINUED)

On 14 August 2019, the Company secured a further US\$30 million funding facility (Tranche E) with QMetco Limited (a wholly-owned subsidiary of Taurus) to allow the Company to continue its planned capital enhancements as well as to provide ongoing working capital. The Tranche E facility was made available in 3 tranches. While the first 2 tranches (US\$12 million) have already been drawn, the third tranche (US\$18 million) requires the satisfaction of certain conditions including Company shareholder approval being obtained by 30 November 2019 (in order to allow QMetco to convert the loan into ordinary shares in the Company at its election).

The Company remains subject to significant liquidity and indebtedness risks and requires access to the remaining US\$18 million as soon as possible in order for the Company to meet its short-term and medium-term capital expenditure requirements.

In this regard, QMetco has agreed to amend the facility to permit the Company to access the third tranche without the requirement to obtain shareholder approval (and certain other amendments). This amendment requires the agreement of each Senior Lender and an amendment to the waiver previously granted by ASX in respect of the application of ASX Listing Rule 10.1. As at the date of this report, the Senior Lenders have approved the terms of the amendment and the ASX has amended the waiver in order for the funds to be advanced by QMetco to meet the Company's urgent funding needs.

Forbearance arrangements

The Group has been in breach of certain terms of the Senior Facility (refer note 7) from time to time since its inception and waivers of such breaches have been granted by the Senior Lenders.

On 3 October 2018 the Group and the Senior Lenders signed a second forbearance agreement extending the forbearance period to 31 October 2019, which was amended on 21 December 2018, 18 January 2019, 17 April 2019 (extending the forbearance period to 31 May 2020) and 14 August 2019 (Current Forbearance Arrangements). Under the Current Forbearance Arrangements, the Senior Lenders have agreed to waive the repayment of principal and capitalise interest on certain existing secured debt facilities (subject to conditions and undertakings).

As at the date of this report, the Group is in breach of a number of financial covenants. As a consequence of these breaches and the fact the Current Forbearance Arrangements were scheduled to terminate on 31 May 2020, the outstanding amounts are required to be classified as current liabilities.

In order to facilitate the broader debt restructure, the Senior Lenders have been asked to agree to additional forbearance arrangements in relation to certain defaults which have arisen under the financing arrangements (Additional Forbearance Arrangements). Without the Additional Forbearance Arrangements, any defaults under the facility documents may give the Senior Lenders the right to accelerate their loans, which Tiger (as guarantor of those loans) would not be in a position to repay in full. The Additional Forbearance Arrangements will terminate, amongst other things, if the debt restructuring process is not implemented by 30 April 2020.

As at the date of this report, the Company has agreed the Additional Forbearance Arrangements with two of the three Senior Lenders. The Company is working to seek the agreement of the final Senior Lender in order to ensure the Company has the support of all Senior Lenders. Notwithstanding the progress that has been made, there is no guarantee an acceptable agreement will be reached with the remaining Senior Lender and that this Senior Lender won't accelerate their loans

Notes to the Consolidated Financial Statements

2. GOING CONCERN (CONTINUED)

Material uncertainty

The Group's cashflow forecasts for the next 12 months demonstrate that without:

- (i) improvement of its operational and financial performance;
- (ii) continued access to the remaining US\$18 million under the Tranche E facility;
- (iii) additional third party funding being provided in early 2020 (the Company is currently progressing discussions with potentially interested parties);
- (iv) successful completion of a restructuring of its senior debt;
- (v) ongoing support from the Senior Lenders of the Company in the form of the Additional Forbearance Arrangements; and
- (vi) the ability to deal with the following items in the ordinary course of business (notes refer to the financial statements enclosed):
 - a. the substantial trade creditor position;
 - b. an extension to the requirement to repay US\$5 million under the Rawbank overdraft facility, which the Company is currently seeking from Rawbank (see note 7); and
 - c. any required repayments to Megatron DRC under the energy efficiency and network reinforcement program,

the Group will be unable to repay its commitments under the senior secured debt facility and the unsecured debt facilities provided by the DRC banks, and will not be able to fund additional development for its Kipoi project. The Directors believe the Company will be able to conclude arrangements to address the matters noted above.

As a result of the above, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore, whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

The Directors believe that, as at the date of signing the financial statements, there are reasonable grounds to believe that the Group will be able to continue as a going concern, for the reasons set out above.

Notes to the Consolidated Financial Statements

3. IMPAIRMENT AND DOUBTFUL DEBT EXPENSE

(a) Impairment

At each reporting date, the Group assesses whether there are any indicators that an asset, or group of assets, may be impaired. Management has reviewed external and internal indicators of impairment for the Kipoi Copper Project, being the Group's Cash Generating Unit (Kipoi CGU). As impairment indicators were identified, a CGU impairment test was performed based on the same estimates and mine plan used for the 31 December 2018 assessment as no additional factors were noted at 30 June 2019.

Based on the half-year assessment at 30 June 2019, the Group determined that no further impairment of the Kipoi CGU is required, as the recoverable value of the Kipoi CGU supports its carrying value. As there were no changes in estimates used in determining the Kipoi CGU recoverable value at 30 June 2019 since the last impairment loss was recognised, the Group has not reversed losses recognised in prior reporting periods.

(b) Doubtful debt expense

	Consolidated	
	Six months ended 30 June 2019	Six months ended 30 June 2018
	\$000	\$000
Provision for doubtful debt – VAT receivable	3,527	3,186
Provision for doubtful debt – Megatron prepayments	3,000	2,833
	6,527	6,019

During the reporting period the Group continued providing for possible non-recoverability of VAT receivables in DRC, as the timing and extent of the VAT refunds remains uncertain. The doubtful debt expense recognised in the income statement in respect to VAT receivable for half-year was \$3.527 million.

The Group also fully provided for the energy efficiency and network reinforcement program prepayments and rebates balance at half-year, expensing a further \$3.000 million of doubtful debt expense in the income statement, due to significant uncertainty regarding the timing and the extent of the recovery of these amounts.

The energy efficiency and network reinforcement program being undertaken is to improve the quality and supply of electricity in the DRC national power network from which Kipoi draws power.

The prepayments were to be realised on the basis of units of power drawn from the grid, of which the last payment received related to the rebate for the month of August 2016.

The risks to achieving grid power include, but are not limited to, the availability of power from the DRC national and import grids, the performance of the DRC national and import grids, and climatic factors.

Notes to the Consolidated Financial Statements

4. PROFIT AND LOSS INFORMATION

	Consolidated	
	30 June 2019 \$000s	30 June 2018 \$000s
<i>(a) Administration expenses</i>		
Employee-related expenses	1,076	1,214
Depreciation expense	9	9
Corporate advisory and compliance	735	1,583
Other administration expenses	541	581
Total administration expenses	2,361	3,387
<i>(b) Finance costs</i>		
Interest charged on loans	10,513	9,962
Other borrowing costs	2,810	2,713
	13,323	12,675
Accretion of provision for rehabilitation	328	320
Total finance costs	13,651	12,995
<i>(c) Income tax expense</i>		
Current tax expense	298	656

Income tax expense

The income tax expense for the half-year is a provisional amount based on the DRC minimum income tax payable of 1% of revenue. The Group continues not to recognise deferred tax asset on carry forward losses or temporary differences.

Notes to the Consolidated Financial Statements

5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2019	31 December 2018
	\$000s	\$000s
Current		
Trade receivable	1,210	1,404
Income tax receivable (i)	823	-
Prepayments and other receivables	861	1,310
Security deposits	919	919
	3,813	3,633
Non-current		
Income tax receivable (i)	2,372	2,848

(i) Income tax receivable relates to the overpayment of income tax in prior periods in which the Company is applying these credits against future government taxes.

6. PLANT AND EQUIPMENT

	Consolidated				
	Motor Vehicles	Plant & Equipment	Land & Buildings	Construction in Progress	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
At 31 December 2018					
Cost	17	99,188	1,021	5,226	105,452
Accumulated depreciation and impairment	(17)	(28,000)	(258)	-	(28,275)
Net book value	-	71,188	763	5,226	77,177
Half-year ended 30 June 2019					
Opening net book amount	-	71,188	763	5,226	77,177
Additions	135	30	26	2,458	2,649
Depreciation charge	(4)	(962)	(48)	0	(1,014)
Closing net book amount	131	70,256	741	7,684	78,812
At 30 June 2019					
Cost	152	99,218	1,047	7,684	108,101
Accumulated depreciation and impairment	(21)	(28,962)	(306)	-	(29,289)
Net book value	131	70,256	741	7,684	78,812

Notes to the Consolidated Financial Statements

7. BORROWINGS

		Consolidated	
		30 June 2019	31 December 2018
		\$000s	\$000s
Current borrowings			
Senior facility tranche A - principal	(b)	161,702	161,702
Senior facility tranche D - principal	(a)	8,975	-
Senior facility tranche A – capitalised interest		47,370	37,618
Senior facility tranche A – accrued interest		3,389	3,298
Senior facility tranche D – accrued interest		103	-
	(a)	<u>221,539</u>	202,618
Bank overdraft facilities	(b)	10,142	9,593
Term loan	(b)	<u>2,065</u>	1,952
Total current borrowings		<u>233,746</u>	<u>214,163</u>
Non-current borrowings			
Term loan	(b)	<u>6,439</u>	<u>7,448</u>

(a) *Senior facility movement during the period*

	30 June 2019	30 June 2018
	\$000s	\$000s
Balance at 1 January	<u>202,618</u>	190,283
Repayment of principal	-	(3,381)
Proceeds received	8,975	-
Interest and costs capitalised during the year	9,946	9,077
Balance at 30 June	<u>221,539</u>	<u>195,979</u>

(b) *Unused facilities available*

Unused financing facilities at 30 June 2019

	Senior Facility \$'000	Overdraft Facility \$'000	Term Loan \$'000	Total Facilities \$'000
Total facility	174,902	10,142	8,504	193,548
Used to date	(170,677)	(10,142)	(8,504)	(189,323)
Facility available	<u>4,225</u>	-	-	<u>4,225</u>

Senior Facility

Tranche A and B

On 16 December 2015, the Group agreed final terms with Taurus and IFC, for a \$162.500 million secured financing facility ("Senior Facility") to refinance the existing debt facilities and to provide capital for the debottlenecking initiative to increase capacity of the Kipoi SXEW plant. During the quarter ended 31 March 2016 Resource Capital Funds ("RCF") entered into an agreement with Taurus and IFC to join the lending syndicate of the Senior Facility.

Notes to the Consolidated Financial Statements

7. BORROWINGS (CONTINUED)

The Senior Facility of \$162.500 million provided by Taurus, IFC and RCF was fully drawn during 2016.

Key terms of the Senior Facility:

- Term of approximately 99 months to 31 January 2024;
- Interest rate of 9.25%, and an arranger fee of \$50 per tonne of copper sold capped at 700,000 tonnes of copper sales;
- No principal repayment until 31 January 2017 (first, second and third principal repayments deferred to 1 October 2017); and
- Pre-payable at any time without financial penalty.

On 24 October 2016, the Company accepted a proposal whereby Taurus and RCF provided a revised funding commitment within the Senior Facility limit of \$162.500 million and an additional Tranche B \$10.000 million facility, of which \$1.034 million was drawn to 31 December 2017, to accommodate short term funding needs as a result of the ILS remedial work and loss of production.

This included:

- A two-month extension of the availability period of the remaining undrawn Senior Facility;
- Capitalisation of interest repayments to 31 July 2017; and
- The funding was made available for agreed uses including the completion of the debottlenecking, additional capital expenditures and working capital items.

The revision to the existing commitments was accommodated under a revision to the existing Senior Facility Common Terms Agreement, inter-creditor and securities documents with the lender group, and was provided at the same 9.25% coupon and undrawn basis as per the current agreement.

Under the revised Senior Facility arrangements, the Company was required to issue the Senior Lenders a total of 6.2 new ordinary shares per US Dollar of funding advanced or interest capitalised.

Subsequently, the deed of forbearance executed with the Senior Lenders also required issuance of shares against capitalisation of interest (refer to "Forbearance" section below). The fair value of shares issuable to Senior Lenders is recognised as finance costs in the Statement of Comprehensive Income and reserves in the Balance sheet.

During the period ended 30 June 2019, the Company issued 60.455 million (30 June 2018: 54.033 million) shares to Senior Lenders.

The loan under the Senior Facility, is subject to a number of covenants including the following specific financial covenants:

- on each debt service cover ratio ("DSCR") calculation date, the DSCR is greater than 1.15 times; and,
- on each calculation date:
 - the loan life cover ratio is greater than 1.20 times;
 - the project life cover ratio is greater than 1.40 times; and
 - the reserve tail ratio is greater than 30%.

The DSCR calculation date is on each quarterly principal repayment date, commencing on 31 January 2017, and the calculation date is at the end of each quarterly period.

On 21 August 2018 the Group repaid the remaining outstanding debt balance in full for tranche B with no subsequent drawdown.

On 31 August 2019, the whole of the senior lender debt held by RCF was acquired by QMetco. The Senior Lenders of the Company are now QMetco, Taurus and the IFC.

Notes to the Consolidated Financial Statements

7. BORROWINGS (CONTINUED)

Tranche D

On 17 April 2019 the Group entered into an agreement for a \$13.200 million super senior debt facility with Taurus with the consent of the other Senior Lenders IFC and RCF. Key terms include a maturity date of 18 July 2020 with interest to be accrued at 8% per annum, a 1% royalty on the gross revenue of sales of materials from the Company's Lupoto tenement and a bullet repayment of the loan on maturity. At 30 June 2019 the balance of the tranche D loan including outstanding interest was \$9.078 million.

On 22 July 2019 the Group drew down on the remaining \$4.225 million of the tranche D loan.

Tranche E

On 14 August 2019 the Group entered into an agreement for a \$30 million super priority facility (Facility) with QMetco Limited (QMetco), an associate of Taurus. The Facility allows for the drawdown of the \$30 million over three tranches. Tranche 1 (\$5 million) and Tranche 2 (\$7 million) are available straight away however Tranche 3 (\$18 million) is subject to Tiger shareholder approval by no later than 30 November 2019, or any such other time agreed by the Group and QMetco.

The Facility provides QMetco with conversion rights to convert the outstanding balance to ordinary shares on or prior to 30 September 2020 as follows:

- Initial Equity Conversion: at a conversion price of \$0.01 per share up to the amount of 150 million ordinary shares; and
- Further Equity Conversion: at a conversion price the lesser of \$0.01 per share or 25% discount to the per share equity value applied to a proposed restructure. Shareholder approval will be required for the Further Equity Conversion rights.

Other key terms include a maturity date of 31 December 2020 with an interest rate of 8% per annum paid quarterly in arrears, a front end fee of 3% of each tranche, a 2% commitment fee on any undrawn but available amounts and the right to appoint a non-executive Chairman. Any outstanding amounts at maturity date will need to be repaid through funds obtained from additional capital raising or the Company will be required to seek an extension to the maturity date.

On 6 December 2019, the Company announced QMetco waived the requirement for shareholder approval for Tranche 3 of the Tranche E facility. As a result, QMetco may only convert the Initial Equity Conversion amount. The Further Equity Conversion, requiring shareholder approval, remains as debt.

Forbearance

On 24 September 2017, the Group contemporaneously entered into a Deed of Forbearance with the Senior Lenders, for Tranche A, B and C, on execution of the Additional Debt Facility, which was amended on 7 May 2018 and 29 June 2018. On 3 October 2018 the Group and the Senior Lenders signed a second forbearance agreement extending the forbearance period to 31 October 2019, which was amended on 21 December 2018, 18 January 2019, 17 April 2019 (extending the forbearance period to 31 May 2020) and 14 August 2019 (Current Forbearance Arrangements).

Under the Current Forbearance Arrangements, the Senior Lenders have agreed to waive the repayment of principal and capitalise interest on certain existing secured debt facilities (subject to conditions and undertakings).

In order to facilitate the broader debt restructure, the Senior Lenders have been asked to agree to additional forbearance arrangements in relation to certain defaults which may arise during the Company's debt restructuring negotiations (Additional Forbearance Arrangements). Without the Additional Forbearance Arrangements, any defaults under the facility documents may give the Senior Lenders the right to accelerate their loans, which the Company (as guarantor of those loans) would not be in a position to repay in full. The Additional Forbearance Arrangements will terminate, amongst other things, if the debt restructuring process is not implemented by 30 April 2020.

Notes to the Consolidated Financial Statements

7. BORROWINGS (CONTINUED)

As at the date of this report, the Company has agreed the Additional Forbearance Arrangements with two of the three Senior Lenders. The Company is working to seek the agreement of the final Senior Lender in order to ensure the Company has the support of all Senior Lenders.

Bank overdraft facilities

The total amount drawn under the bank overdraft facilities was \$10.211 million, with \$0.069 million available for drawdown at the reporting date. The overdraft facilities are unsecured.

The bank overdraft facilities are held with:

Banque Commerciale du Congo (BCDC) - On 26 November 2018, the Company announced that BCDC had agreed to restructure the US\$15.000 million loan facility. This new facility includes a \$5.000 million overdraft facility due and payable on 31 December 2020 and attracting an interest rate of 7% per annum payable monthly, reduced from 9.25% previously.

Rawbank – A \$5.000 million overdraft facility is due and payable. The Company is in discussion for an extension and repayment and is in advanced negotiation over the specific terms. The Company granted a guarantee in favour of Rawbank in respect of SEK's obligations under that unsecured overdraft facility. This facility bears interest at prevailing commercial rates.

Term loan

As part of the restructure of the BCDC US\$15.000 million loan facility, a \$10.000 million term loan facility was put in place. The loan is repayable in principal monthly instalments of \$0.100 million, increasing to \$0.150 million monthly repayments from 31 July 2019, and attracting an interest rate of 5% per annum payable monthly, reduced from 9.25% previously. At 30 June 2019 the balance of the loan was \$8.504 million.

8. PROVISIONS

		Consolidated	
		30 June 2019 \$000s	31 December 2018 \$000s
Non-current			
Employee benefits - long service leave		11	6
Provision for rehabilitation	(i)	9,686	8,302
Provision for employee retirements		1,017	1,017
		10,714	9,325

(i) Reconciliation of movement in rehabilitation provision

		Consolidated	
		2019 \$000s	2018 \$000s
Opening balance		8,302	-
Revision of estimate in provision		1,056	(457)
Unwinding of discount		328	643
Transfer from/(to) liabilities directly associated with assets classified as held for sale		-	8,116
Closing balance		9,686	8,302

Provision for rehabilitation relates to the Kipoi Copper Project area. The Group makes provision for the future cost of rehabilitating mine sites and related production facilities based on the future value of discounted cash flows. The rehabilitation provision represents the present value of rehabilitation costs based on disturbance incurred to balance date. Each reporting period, the rehabilitation provision is re-estimated based on updated economic assumptions.

Notes to the Consolidated Financial Statements

9. CONTRIBUTED EQUITY

(a) *Share capital*

	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	Number	\$000s	Number	\$000s
Ordinary shares fully paid net of costs	2,217,607,573	302,399	2,098,834,072	300,617

(b) *Movement in ordinary share capital*

Date		Number of shares	Issue price (\$A)	Shares value \$000s
2018				
01-Jan-18	Opening balance	2,044,801,566	-	299,812
08-Feb-18	Finance facility extension issue*	27,013,769	0.0200	410
05-Jun-18	Finance facility extension issue*	26,851,208	0.0200	408
22-Jun-18	Finance facility extension issue*	167,529	0.0200	3
	Capital raising costs	-	-	(16)
30-Jun-18	Closing balance	2,098,834,072		300,617
2019				
01-Jan-19	Opening balance	2,157,152,406	-	301,491
08-Mar -19	Finance facility extension issue*	30,343,920	0.0200	461
13-May-19	Finance facility extension issue*	30,111,246	0.0200	457
	Capital raising costs	-	-	(10)
30-Jun-19	Closing balance	2,217,607,572		302,399

* In accordance with the revised facility terms, the Company issued 60.455 million shares with respect to capitalisation of interest payable (period ended 30 June 2018: 54.032 million shares). The shares were issued for nil consideration, valued at A\$0.02 per share, based on the market price on the date of the revised terms agreement.

Shares are issued at a price denominated in Australian dollars. The shares value in the above table are translated to US dollars at the exchange rate prevailing at the date of the revised agreement.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon poll each share is entitled to one vote.

All shares are a single class with equal rights to dividends, capital distributions and voting. The Company does not have authorised capital nor par value in respect of its issued shares.

Notes to the Consolidated Financial Statements

10. COMMITMENTS AND CONTINGENCIES

(a) Capital and other commitments

There are no commitments for significant capital expenditure at the end of the reporting period (31 December 2018: nil).

The Group has contracted other commitments detailed below:

Energy efficiency and network reinforcement programs

SEK has entered into a funding agreement with Megatron RDC SARL in respect of an energy efficiency and network reinforcement program being undertaken to improve the quality and supply of electricity in the DRC national power network from which Kipoi draws power. At the balance date, under the terms of this agreement, SEK had payment commitments of \$3.508 million over a further six-month period (31 December 2018: \$6.508 million).

These contribution payments were ultimately to be recouped by way of power tariff rebates based on the units of power drawn from the grid. In 2016, a related company, Megatron S.A. (a South African entity), was placed into administration and the Company suspended payments under contract, as Megatron DRC is currently not able to perform their obligations under the contract. The Group continues to recognise a liability payable under the contract.

Fuel-generated power supply

Under its contract with Interpetrol Power Solutions (formerly known as Energyst Rental Solutions South Africa Pty Ltd) for continuous provision of 12MW fuel-generated power supply capacity, SEK has a commitment of \$0.262 million per month until 31 December 2019.

Security

Under the security contract with Miketo, which expires on 30 November 2019, total commitment is \$0.175 million (31 December 2018: \$0.384 million).

Camp services

The current contract for camp catering and services with IFS DRC Operations is cancellable with a 3 month notice for which the commitment is \$0.465 million (31 December 2018: \$0.465 million).

Mining services

The current mining contract with MCSC is cancellable with a 3 month notice for which the commitment (based on the 3-month forecast spend) is \$4.304 million (31 December 2018: \$3.776 million).

(b) Contingent liabilities

Tax liabilities

On 21 August 2017, SEK received revised income tax re-assessments for the years ended 31 December 2014 and 31 December 2015, which may lead to additional income tax assessments of \$0.7 million. SEK is contesting all points raised in the revised re-assessments in accordance with the DRC tax procedures.

The assessments of the income tax for 2016 and subsequent years are yet to be finalised.

It should be noted that there is an inherent and inevitable uncertainty in the outcome of the Group tax assessments which depend, among other things, on differing interpretations of tax legislation and its application in individual cases. Therefore, while the Group is confident of a favourable outcome to any potential re-assessment of the income tax under review, there can be no absolute assurance that the final outcome will not result in a material liability to the Group.

Notes to the Consolidated Financial Statements

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) Contingent liabilities (continued)

BCC Penalty Tax

During the period the Central Bank of Congo (BCC) completed its audit into the repatriation of funds from SEK's bank accounts and has handed SEK a penalty of \$2.006 million. As a result, Rawbank has debited the amount from SEK's bank account along with \$0.178 million of interest. SEK refute the penalty and believe there are no reasonable ground for the penalty to exist. SEK have currently engaged a consultant to assist in removing this penalty.

(c) Contingent assets

Megatron

The Company has recognised a liability equal to its obligations under the contract up to 30 June 2019. However, as Megatron DRC is currently not able to perform their obligations under the contract, the management has begun the process to settle this arrangement. A contingent asset exists at the balance date, as the final settlement with Megatron DRC may be less than the accrued liability of \$20.345 million as at 30 June 2019 (31 December 2018: \$17.345 million).

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than set out below, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods:

- On 4 July 2019, the Company advised the ASX that Shawn McCormick had resigned as a non-executive director.
- On 12 July 2019, the Company advised the ASX of the following Board and Management changes:
 - David Frances had resigned as the Executive Chairman
 - Caroline Keats had been appointed Managing Director/CEO
 - Mark Lynam had resigned as a non-executive director
- On 22 July 2019, the Company advised the ASX that Jozsef Patarica had been appointed as Chief Operating Officer.
- On 22 July 2019, the Group drew down on the remaining \$4.225 million of the tranche D loan.
- On 8 August 2019, Michael Anderson was appointed as a non-executive director and on 16 August 2019 was appointed as the non-executive Chairman.
- On 14 August 2019, the Company secured a \$30 million funding facility (Tranche E) with QMetco Limited which will be used by the Company to continue its planned capital enhancements as well as provide ongoing working capital. In December 2019, the Senior Lenders agreed to amend the facility to permit the Company to access the third tranche without the requirement to obtain shareholder approval (and certain other amendments).
- On 22 August 2019, the Company issued 31,696,206 ordinary shares to the Senior Lenders.
- On 31 August 2019, the whole of the senior lender debt held by RCF was acquired by QMetco. The Senior Lenders of the Company are now QMetco, Taurus and the IFC.
- On 25 September 2019, Tamara Lissovski was appointed as Interim Company Secretary, replacing Janie Corke. Ms Lissovski resigned on 2 December 2019.
- On 1 November 2019, Ian Goldberg was appointed Chief Financial Officer, replacing David Wrigley. Mr Goldberg was subsequently appointed Company Secretary on 2 December 2019.
- On 26 November 2019, the Company announced an update of its Mineral Resources and Ore Reserves at its Kipoi Copper Project as at 30 June 2019.

Notes to the Consolidated Financial Statements

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

The Company continues to assess financing options to secure its capital investment objectives.

The Company has been reviewing its cash flow requirements for the current period which suggest a need for a broader capital restructure in the near term. The Company has also been continuing its discussions with its senior lender group regarding potential options to restructure its balance sheet, in order to provide the Company with a more stable and sustainable capital structure. On 6 December 2019, the Company determined after consultation with its Senior Lenders, to progress a creditors' scheme of arrangement. The debt restructure proposal currently has the support of QMetco and Taurus, further details as announced on ASX on 6 December 2019.

The Company had previously entered into forbearance arrangements with its senior lenders pursuant to which the senior lenders had agreed not to accelerate or enforce their claims against SEK (or Tiger) ("Current Forbearance Arrangements"). The Current Forbearance Arrangements were scheduled to terminate on 31 May 2020 but may terminate earlier if certain events occur.

In November 2019, two of the Company's senior lenders, Taurus and QMetco, signed a further deed of forbearance, providing forbearance relief in relation to certain defaults which have arisen under the financing arrangements. The additional forbearance arrangements will terminate, amongst other things, if the debt restructuring process is not implemented by 30 April 2020. Tiger has discussed with the IFC regarding its support for the additional forbearance arrangements and the Company's intended debt restructure terms.

The Company notes that the Tranche E QMetco facility and the forbearance arrangements are interim measures to seek to place the Company in a stronger financial position to progress a holistic capital restructure. There is no guarantee that those discussions will lead to an appropriate outcome or that the Company will be able to secure alternate funding on acceptable terms and within the time required, if at all, in the circumstances.

The Company has been in voluntary suspension from trading on the ASX since 22 February 2017. As previously announced, the Company would be de-listed from the ASX if it was unable to meet the ASX's listing requirements by February 2020. The Company confirms that as its capital structure is unlikely to be appropriate for continued listing, it will be de-listed from the ASX on 3 February 2020 under ASX's long term suspended entity policy.

12. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Tiger Resources Limited during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period including the adoption of AASB 16 *Leases*.

The impact of the adoption of the leasing standard is disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

AASB 16 Leases

The group has adopted AASB 16 *Leases* from 1 January 2019. The standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. In the earlier periods of the lease, the expense associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Notes to the Consolidated Financial Statements

12. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)

New and amended standards adopted by the group (continued)

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

The group has elected to use the simplified transition approach as allowed under AASB 16 as well as apply the following exemptions allowing leases that meet either of these criteria to be expenses on a straight-line basis as incurred:

- Short-term leases with terms of 12 months or less
- Low-value assets of under \$5,000

The group has reviewed its contracts that were in place at 1 January 2019 or have been entered into since and determined that there are no contracts which had not been previously recognised as leases and need to be recognised under AASB 16. As a result, there has been no impact on the current or prior reporting periods upon adopting AASB 16.

The following contracts were reviewed to determine whether a right-to-use asset exists:

- The group has entered into a mining services contract with MCSC which is cancellable with a 3-month notice period. It was determined that it is not a lease under AASB 16 as it does not qualify as a right-of-use asset due to the following:
 - the equipment used on site can be substituted by the supplier and is regularly transferred between clients,
 - the equipment used is generic OEM and is not specifically tailored for the Group's use; and
 - the contract has changed from a fixed scope of work where the use of the asset was pre-determined, to satellite pit mining where the supplier has more decision-making rights around the use of the asset.
- The Group is under contract with Interpetrol Power Solutions for back up power supply for the sole use of SEK. This contract expires in December 2019 and a tender process will be performed in the second half of 2019 for future back up supply. As at 1 January 2019 the term of the contract is less than 12 months and falls under the exemption as being a short-term lease.
- Other leases identified by the group include office rental agreements. Contracted future rental payments for offices leased by the group were less than \$0.1 million as at 30 June 2019.

Notes to the Consolidated Financial Statements

Directors' declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 11 to 29 are in accordance with the Corporations Act 2001, including:
1. Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 2. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date and
- (b) Subject to the matters stated in Note 2, there are reasonable grounds to believe that Tiger Resources Limited will be able to pay its debts as and when they become due and payable. The directors draw the readers attention to Note 2 concerning the going concern basis of preparation of the financial report and potential impact of material uncertainties related to the Company's ability to achieve a successful conclusion to the ongoing restructuring discussions with the Company's financiers and the Company's forecast cashflows.

This declaration is made in accordance with a resolution of directors.



Managing Director/CEO
Perth

16 December 2019



Independent auditor's review report to the members of Tiger Resources Limited

Report on the half-year financial report

We were engaged to review the accompanying half-year financial report of Tiger Resources Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. As the auditor of Tiger Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Because of the matter described in the *Basis for disclaimer of conclusion* section, however, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for disclaimer of conclusion

We draw attention to Note 2, which discloses that the Group incurred a net loss attributable to the owners of the Company of \$35.275 million for the half-year ended 30 June 2019 and had a net current asset deficiency of \$256.056 million as at 30 June 2019.

As set out in Note 2, the Group's ability to meet ongoing operational and financial commitments is dependent on the successful recapitalisation and restructure of the Group's external borrowings, improvement of operational and financial performance, the ongoing support of Senior Lenders, including additional forbearance arrangements and a range of other commercial remediation activities.

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These matters, along with other matters as set forth in Note 2, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and whether it will realise its assets and discharge its liabilities in the normal course of business.

We have been unable to obtain sufficient appropriate review evidence as to whether the Group will be successful in addressing the matters set forth in Note 2, in particular reaching agreement with its Senior Lenders on its restructuring plans and forbearance requirements. Accordingly, we have been unable to conclude on the Group's ability to continue as a going concern for a period of at least twelve months from the date of this review report.

Accordingly, in our opinion, the uncertainties are so material and pervasive that we are unable to express a conclusion on the financial report as a whole.

Disclaimer of conclusion

Because of the significance of the matters described in the *Basis for disclaimer of conclusion* section of our report, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion. Accordingly we do not express a conclusion on the half-year consolidated financial report of the Company.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Justin Carroll' in a cursive, flowing script.

Justin Carroll
Partner

Perth
16 December 2019