

Timah Resources Limited (ASX Code: TML)

22 February 2017

**Subject: Malaysian Investment Tax Allowance of Mistral Engineering Sdn Bhd,
a subsidiary company of Timah Resources Limited**

On 6 July 2015, Timah Resources Limited (ACN 123 981 537) (“**Company**”) issued and lodged its prospectus (“**Prospectus**”) with ASIC, pursuant to which the Company was admitted to the Official List of ASX Limited on 15 September 2015 and its 40,671,864 ordinary shares fully paid and issued at \$0.20 per share was officially quoted on 16 September 2015. All definitions contained in this announcement shall be identical to the terms referred in the Prospectus.

As stated in Section 5.8 of the Prospectus, in 2010, the Company’s subsidiary, Mistral Engineering Sdn. Bhd. (“**Mistral**”) was granted a conditional approval for Investment Tax Allowance (“**ITA**”) for its biogas plant (“**Plant**”) on 8 June 2010. Mistral is entitled to claim 100% of the qualifying capital expenditure as ITA (for the period from 12 October 2009 to 11 October 2014) and this amount can be utilised against 100% of statutory income. As stated in the Prospectus, Mistral was in the process of preparing a claim to be submitted in relation to its qualified capital expenditure incurred during the validity period of the ITA, as the ITA will be utilised to offset against its future taxable income.

The Company wishes to advise its shareholders that it had received a letter from the Malaysian Investment Development Authority (“**MIDA**”) indicating that the Minister of International Trade and Industry had required Mistral to show cause why the approval should not be withdrawn on the grounds that Mistral was late in submitting its application to obtain verification of compliance to ITA (“**Application**”) and the period had expired on 11 October 2014 (“**Show Cause Letter**”).

The Company, upon the advice of Ernst & Young Tax Consultants, issued a letter of explanation in response to the Show Cause Letter where the Company stated, among others, that it was never stipulated in the approval that Mistral was required to make the Application within a specified deadline. In any event, as the Plant was only fully operational in November 2014, Mistral could only provide the required information (as required in the submission form prescribed by MIDA) for purposes of making the Application only after November 2014.

On 16 February 2017, Mistral had received, through Ernst & Young Tax Consultants, a letter dated 8 February 2017 from MIDA stating that Mistral did not fulfil one of the conditions stipulated in the approval letter of 8 June 2010 and failed to submit the Application within the validity period. Accordingly, Mistral was informed, among others, that the approval for ITA granted on 8 June 2010 was withdrawn.

The Company wishes to further advise its shareholders that Mistral is currently taking advice from its tax consultant and solicitors on the possible next course of action available to Mistral in respect of the decision as communicated to Mistral by way of MIDA’s letter of 8 February 2017

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There is no financial impact to the latest audited financial statements of the Company as the Company has yet to recognise the deferred tax asset arising from the recognition of ITA.

The Company will keep the market informed on any further development.

For more information, please contact:

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Please visit us at www.timahresources.com.au

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