

Kasbah Resources (KAS)

Four out of Five is Good !

Great drill results, title settled, but delays

Recommendation

BUY

Price

17.5c

Valuation

29.5c

ASX Sector

Metals & Mining

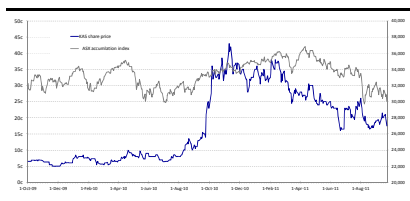
Five recent pieces of news; 4 good, 1 not so

- The tin price has been subdued, but expected to rise
- KAS has reported very good results from drilling in “the gap”, in terms of grade, thickness of mineralisation and continuity
- Transfer of title to KAS has been confirmed
- The referendum has approved constitutional changes, further reducing political risk
- Revised resource estimate deferred to March 2012

Snapshot

Last Price	\$0.175
Market Cap.	\$64 million
Shares on issue	364.3m FPO
	44.25m unlisted options, 10c to 35c exercise
52 week high	43.0c
52 week low	6.4c

Price Chart



KAS has reported a resource for the underground mineralisation of 2.2Mt Indicated & 4.8Mt Inferred, each at 0.8% Sn.

KAS has announced some results from drilling near surface mineralisation, which suggest the potential for an open cut start to mining.

Recent drill results indicate that KAS will report a much larger Resource in March 2012.

Intersuisse expects that the mining costs in the pre-feasibility study will be lower due to the greater thickness of mineralisation

Tin is a favoured commodity and Morocco wishes to encourage mining.

See www.kasbahresources.com

Analyst: Pieter Bruinstroop :

Tin price has been subdued; recovery expected

Since mid February, the KAS share price has had a correlation of 85% with the tin price. We have been bullish on tin, but the tin price has been subdued as LME stocks rose from a low of 12kt in October 2010 to a peak of 23.4kt in August 2011, since when stocks have drifted down.

Intersuisse believes that the tin market is in fundamental deficit, but the rise in stocks was due to the sale of inventories in China and higher production in Indonesia due to good prices.

We are still believers in the tin price.

Transfer of title to KAS confirmed

On 22 July, KAS announced that title to its Achmmach operations has been confirmed.

Referendum approved new constitution

The KAS share price suffered this earlier year at the time of the uprisings in other Arab states. The King of Morocco responded by promising a referendum on a new, more democratic constitution. The new constitution was approved by 98% of those voting (or 69% of all registered voters).

Drill results

KAS has reported significant intersections extending the zone of mineralisation. Intersuisse is confident that the drilling will lead to a significant increase in resources. However, this is now expected in March 2012.

Intersuisse comment

KAS has, until recently, had poor newsflow this year due to poor drilling productivity and the time take for assays. Both issues have been rectified and KAS has 700 assays in the labs, now with a 2 week turn-around time, and will have 5 rigs on site during October.

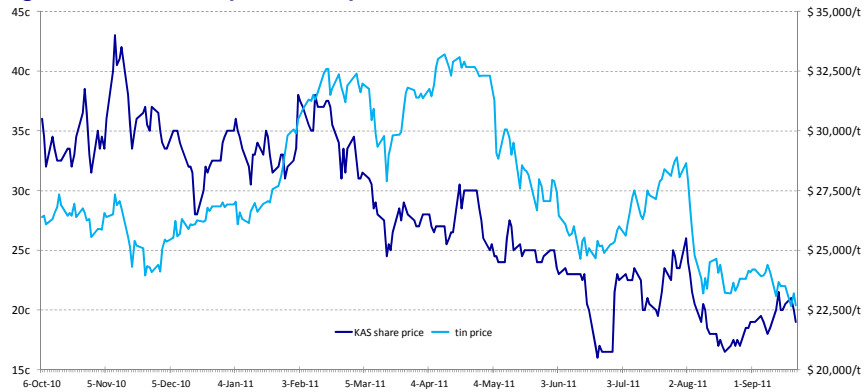
Investment View

Intersuisse retains a Buy recommendation on KAS.

KAS : The tin price has not performed as expected

As shown in Figure 1, KAS's share price moves with the tin price, with a correlation of 85% since mid-February.

Figure 1 : KAS share price v. tin price



The KAS share price moves with the tin price.

The tin price has been softer than Intersuisse had expected, but Intersuisse still remains bullish on tin.

Source : IRESS, Intersuisse

The tin price has not performed as well as Intersuisse had expected due to de-stocking by Chinese speculators, taking advantage of the high tin price to sell inventory bought in 2010 when monetary conditions were easier.

However, de-stocking comes to an end and Intersuisse remains confident that mine supply lags demand growth and, as a result, the tin price will improve.

KAS's drilling will lead to an increase resource

KAS reported a JORC resource of 7.0Mt at 0.8% tin in August 2010.

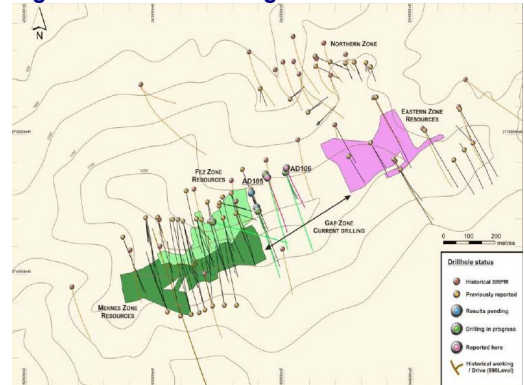
Figure 2 shows the area that was included in this resource estimate and also recent drilling that has extended the zone of mineralisation.

KAS has had issues with assay turn-around times and drilling, and on 1 August announced that a further 3 rigs were being mobilised to site, to have 5 rigs drilling.

This is to be able to complete an upgraded resource estimate and a pre-feasibility study by March 2012.

KAS raised \$30m in October (placement) and December (SPP) 2010 that should fund through to completion of the BFS.

Figure 2 : Recent drilling to increase resources



Source : KAS, 19 September, 2011 ASX announcement

KAS has been continuing to report large intersections with good grades in "The Gap", which is between areas included in the current resource estimate.

Intersuisse has re-modelled KAS; base case valuation is now 29.5c

Figure 3 shows the key assumptions that Intersuisse has made in our revised modelling, which gives a valuation of 29.5c.

The base case valuation is sensitive to the assumptions and Figure 4 shows the range of sensitivities. This analysis indicates that the current share price reflects spot tin prices. This means that KAS is a bet on the tin price.

Intersuisse has re-modelled KAS and derived a risk adjusted valuation of 29.5c

Figure 3 : base case valuation

Key Parameters	
First sales	March 2014
Mining Inventory	7.0 Mt
Processed grade	0.8 %
Process rate	800 kt/yr
Process recoveries	75%
Capital costs	US\$ 101m
Operating costs	\$ 12,853/t
Mine costs	US\$ 55/t of ore
Treatment charge	\$ 1,614/t of conc.
Other costs	US\$ 62/t of conc.
Tin price	\$ 30,000/t
AUD / USD	0.950
risk factor	60 %
derived valuation	29.5 c

Source : Intersuisse estimates

Upon reviewing recent drilling results, Intersuisse feels that we are likely to have more tonnes at a lower grade, hence we have highlighted 10Mt inventory at 0.7% Sn.

As shown in Figure 4, the real upside comes from the potential for a higher mining rate.

Recent drill results suggest thicker mineralisation and hence higher productivity underground mining. Figure 5 shows the sensitivity of the derived valuation to mining and capital costs, and also the price at which development capital is raised.

Figure 5 : Sensitivity to mining costs and capital, and equity raising

	20.0 c	\$ 40/t	\$ 35/t	\$ 30/t	\$ 25/t	\$ 20/t
US\$ 120m	23.3 c	24.9 c	26.4 c	28.0 c	29.5 c	29.5 c
US\$ 110m	24.7 c	26.4 c	28.1 c	29.8 c	31.5 c	31.5 c
US\$ 100m	25.8 c	27.5 c	29.3 c	31.1 c	32.9 c	32.9 c
US\$ 85m	26.8 c	28.6 c	30.4 c	32.1 c	33.9 c	33.9 c

Source : Intersuisse estimates

Adding about 200kt/yr of surface ore, with an adjustment of the grade, adds about 5c to Intersuisse's derived valuation.

Intersuisse's base case valuation is based on assumptions, some of which are guided by the scoping study reported in October 2010.

Intersuisse expects the feasibility study to vary many of the parameters of the scoping study

Adding about 200kt/yr of surface ore, with an adjustment of the grade, adds about 5c to Intersuisse's derived valuation.

KAS has continued to progress Achmmach.

Intersuisse expects a resource upgrade in February 2012 and a pre-feasibility study in March 2012

Intersuisse retains a BUY recommendation on KAS

Figure 4 : sensitivities

7.0Mt, base case	0.9 % Sn	0.8 % Sn	0.7 % Sn
1,000 kt	42.4 c	34.7 c	27.0 c
800 kt	36.5 c	29.5 c	22.6 c
600 kt	29.1 c	23.2 c	17.2 c

base case, 800kt/yr	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	43.0 c	36.5 c	30.9 c
0.8 % Sn	34.8 c	29.5 c	25.1 c
0.7 % Sn	26.6 c	22.6 c	19.3 c

un-risked	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	68.1 c	56.9 c	47.2 c
0.8 % Sn	54.3 c	45.3 c	37.6 c
0.7 % Sn	40.6 c	33.7 c	28.0 c

spot prices	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	24.2 c	20.6 c	17.7 c
0.8 % Sn	18.3 c	15.6 c	13.6 c
0.7 % Sn	12.4 c	10.6 c	9.4 c

spot, un-risked	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	36.7 c	30.5 c	25.4 c
0.8 % Sn	26.9 c	22.1 c	18.4 c
0.7 % Sn	17.0 c	13.8 c	11.5 c

Source : Intersuisse estimates

Conclusions

Political risks have fallen with confirmation of title and the referendum at the end of June which confirmed a changed constitution, giving greater democratic freedoms.

KAS has had problems with drilling and assays. On 1 August, KAS announced that 3 extra drill rigs were being mobilised to site and were expected to be in operation in September, so that a revised resource estimate can be prepared and the pre-feasibility study completed by March 2012.

KAS's share price has moved with tin prices, and the tin price has been more subdued than Intersuisse had expected. However, we remain confident that the tin price will improve; the poor performance has been due to de-stocking which comes to an end, while mine supply lags demand growth.

Intersuisse expects that, as well as being supported by an improving tin price, the KAS share price will be boosted by

- further drill results, extending the mineralised zone, being announced on an on-going basis; and
- the publication of the results of the pre-feasibility study in March.

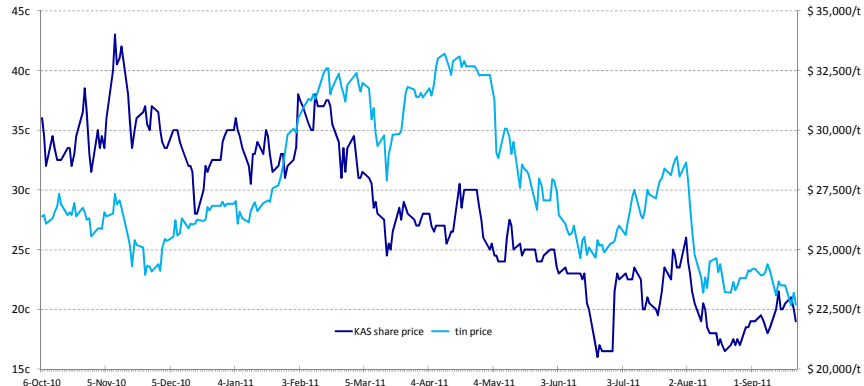
Intersuisse retains a BUY recommendation on KAS.

The tin price

Figure 6 shows that, the KAS share price generally moves with the tin price; since mid February the correlation between the tin price and the KAS share price has been 85%.

Figure 6 : KAS share price v. tin price

The KAS share price moves with the tin price.



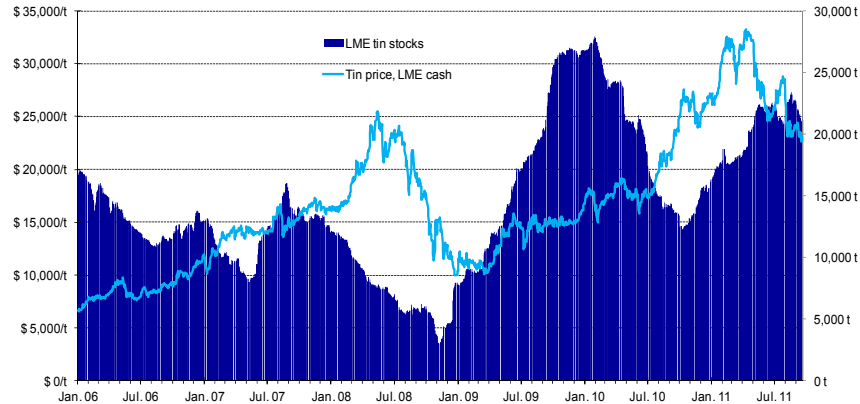
Source : IRESS, Intersuisse

Hence, we can expect the KAS share price to perform well when the tin price is rising.

The tin price has been softer than Intersuisse had expected, due to de-stocking (ie. sale to the LME of stocks held

Intersuisse has been bullish on the fundamentals for tin, and we have been disappointed by the performance of the tin price. Figure 7 shows that that LME tin stocks increased from a low of 12kt in October 2010 to a high of 22kt in May 2012.

Figure 7 : Tin price v. LME stocks



Source : IRESS, Intersuisse

Figure 2 also shows that the LME tin inventories have, since May, been generally flat, though the peak level was in mid August. Since then, LME inventories have fallen by about 10%.

Intersuisse, and many others, expected the tin market to be tight in 2011 and in future years, with constrained supply and growing demand due to solder.

While inventory liquidation has increased stock levels, LME stocks level are falling again and we believe the market is in a fundamental deficit

We now understand that this projected tightness was also foreseen by others who bought physical stock, when monetary conditions were easier, in 2009 H2 into 2010 H1. Figure 2 clearly shows that stock levels fell heavily over this period and that the tin price rose soon after the fall in inventories.

Figure 8 shows that the increase in Chinese exports responded to

Figure 8 : LME v. China tin price



Source : KAS June 2011 quarterly

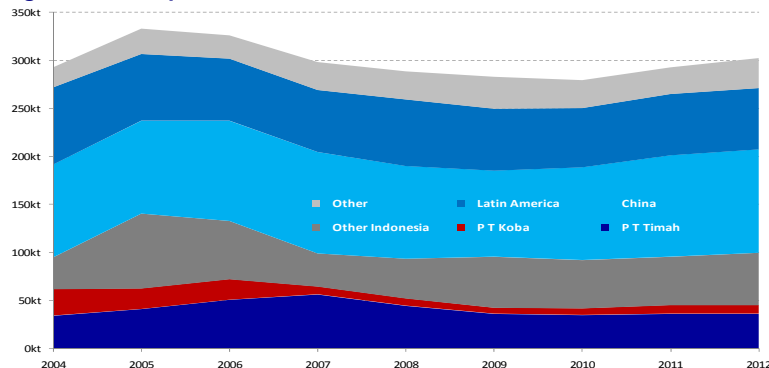
The premium of the LME price over the domestic Chinese tin price.

LME stocks fell when the LME reverted to a discount to the Chinese price

There has also been a recovery, though muted, in Indonesian production, which Figure 9 shows had contracted sharply from 2005 to 2007.

There has been a small recovery in tin mine production, but very little new mine production is expected in 2012 and 2013

Figure 9 : Mine production of tin



Source : CRU/ITRI,

Intersuisse expects that tin markets will become tighter and that tin prices will rise over time.

Modelling KAS's operations

Figure 10 shows the resources reported by Kasbah for its Achmmach project, in August 2010.

KAS has been actively drilling since then and has advised that it expects to announce an increased resource by March 2012.

Figure 10 : KAS's Resources, Achmmach

Resource	tin grade		
Indicated	2.2 Mt	0.8 %	17.6 kt
Inferred	4.8 Mt	0.8 %	38.4 kt
TOTAL	7.0 Mt	0.8 %	56.0 kt

Source : KAS ASX Announcement, 16 Aug 2010

As Intersuisse expects a larger resource to be reported, we feel comforted in assuming that the Achmmach project will have a mining inventory of 7.0Mt.

Intersuisse has assumed that KAS

- publishes a pre-feasibility study in March 2012;
- competes a bankable feasibility study by December 2012
- executes financing by March 2013 and begins construction; and
- produces first product by March 2014

Intersuisse has remodelled KAS's Achmmach operations, based largely on the scoping study of October 2010, but with some updates

Intersuisse has assumed total capital of \$120m in the base case, which compares with \$85m advised by KAS in their 11 October 2010 announcement of the results of the scoping study of the development of Achmmach.

KAS plan to publish a pre-feasibility study in March 2012

This funding includes the costs of the pre-feasibility study and the BFS, as shown in Figure 11.

Figure 11 : Assumed total capital costs

Capital	Base	High	Up	Scoping
PFS drilling	US\$ 5.0m	US\$ 6.0m	US\$ 5.5m	US\$ 4.5m
BFS drilling	US\$ 3.5m	US\$ 4.2m	US\$ 3.9m	US\$ 3.2m
met tests	US\$ 1.0m	US\$ 1.2m	US\$ 1.1m	US\$ 0.9m
BFS decline	US\$ 3.8m	US\$ 4.7m	US\$ 4.1m	US\$ 3.4m
Mine development	US\$ 2.5m	US\$ 3.1m	US\$ 2.8m	US\$ 2.0m
Equipment	US\$ 10.0m	US\$ 12.0m	US\$ 11.0m	US\$ 8.0m
Mill fabrication	US\$ 21.0m	US\$ 25.2m	US\$ 23.1m	US\$ 16.8m
On-site	US\$ 5.0m	US\$ 6.3m	US\$ 5.6m	US\$ 4.0m
Utilities	US\$ 10.0m	US\$ 12.5m	US\$ 11.3m	US\$ 8.5m
Office, etc	US\$ 7.5m	US\$ 9.4m	US\$ 8.3m	US\$ 6.6m
EPCM	US\$ 7.5m	US\$ 9.1m	US\$ 8.3m	US\$ 6.2m
Contingency	US\$ 10.1m	US\$ 12.3m	US\$ 11.2m	US\$ 8.3m
Working Capital	US\$ 9.8m	US\$ 9.8m	US\$ 9.8m	US\$ 9.8m
Capitalised interest	US\$ 3.5m	US\$ 4.3m	US\$ 3.9m	US\$ 3.2m
Sub-Total, Project	US\$ 90.7m	US\$ 108.7m	US\$ 99.2m	US\$ 76.8m
TOTAL	US\$ 100m	US\$ 120m	US\$ 110m	US\$ 85.3m

Source : KAS 11 October 2010, Intersuisse

Figure 12 shows the physical operating assumptions Intersuisse has made in our valuation of KAS.

It shows a total of 7.0Mt of ore being mined and processed at a rate of 800kt/yr.

This is the rate indicated by KAS' scoping study. Figure 12 also shows that Intersuisse has assumed a recovery of 75% of the tin in ore to concentrate.

Figure 12 : Intersuisse's assumptions for operations at Achmmach

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Underground Operations											
Ore Processed	0 kt	100 kt	690 kt	800 kt	800 kt	800 kt	800 kt	800 kt	800 kt	800 kt	610 kt
head grade	0.00 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %
recovery	0.0 %	57.8 %	71.0 %	75.0 %	75.0 %	75.0 %	75.0 %	75.0 %	75.0 %	75.0 %	74.6 %
Sn in conc	0 t	462 t	3,921 t	4,800 t	4,800 t	4,800 t	4,800 t	4,800 t	4,800 t	4,800 t	3,642 t
Conc grade	0.0 %	54.3 %	61.6 %	65.0 %	65.0 %	65.0 %	65.0 %	65.0 %	65.0 %	65.0 %	64.8 %
Sn conc	0 t	850 t	6,369 t	7,385 t	7,385 t	7,385 t	7,385 t	7,385 t	7,385 t	7,385 t	5,619 t
Reserves and Resources											
Mining Inventory	7.0 Mt	6.9 Mt	6.2 Mt	5.4 Mt	4.6 Mt	3.8 Mt	3.0 Mt	2.2 Mt	1.4 Mt	0.6 Mt	0.0 Mt
Sn	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.80 %	0.00 %

Intersuisse's analysis assumes 800kt/yr of 0.8% Sn ore and 75% recovery to produce 4,800t/yr of Sn in conc

Source : Intersuisse

Figure 13 shows the unit operating costs assumed by Intersuisse in this analysis; in other words, we have assumed \$50/t of ore for mining and processing, and \$35/t of concentrate for port and shipping (and \$27/t of concentrate to truck to port).

Figure 13 : Assumed op. costs

Operating Costs		v. tin metal
Mining	US\$ 35/t of ore	\$ 5,991/t
Milling	US\$ 15/t of ore	\$ 2,567/t
Site Admin	US\$ 4.0m	\$ 894/t
Trucking	180 km 15.0c/t-km	
Port	US\$ 15/t of conc	\$ 2,579/t
Shipping	US\$ 20/t of conc	
Smelting charges	US\$ 150/t of conc	
Metal paid	92.5 %	
TOTAL		\$ 12,031/t

Figure 14 shows the costs estimated by Intersuisse in terms of \$/t of tin in concentrate. It clearly shows the impact of the assumed ramp-up of mining rates, and especially recoveries.

Source : Intersuisse estimates

Figure 14 : Intersuisse's assumed costs

per tonne of Sn in conc	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	average
Mining	\$ 12,500/t	\$ 6,601/t	\$ 5,833/t	\$ 5,833/t	\$ 5,833/t	\$ 5,833/t	\$ 5,833/t	\$ 5,833/t	\$ 5,833/t	\$ 5,991/t
Processing	\$ 5,357/t	\$ 2,829/t	\$ 2,500/t	\$ 2,500/t	\$ 2,500/t	\$ 2,500/t	\$ 2,500/t	\$ 2,500/t	\$ 2,500/t	\$ 2,567/t
Site Admin	\$ 3,382/t	\$ 998/t	\$ 833/t	\$ 833/t	\$ 833/t	\$ 833/t	\$ 833/t	\$ 833/t	\$ 833/t	\$ 894/t
Transport	\$ 114/t	\$ 101/t	\$ 95/t	\$ 95/t	\$ 95/t	\$ 95/t	\$ 95/t	\$ 95/t	\$ 95/t	\$ 96/t
TC/RC	\$ 2,526/t	\$ 2,494/t	\$ 2,481/t	\$ 2,481/t	\$ 2,481/t	\$ 2,481/t	\$ 2,481/t	\$ 2,481/t	\$ 2,481/t	\$ 2,483/t
TOTAL	\$ 23,879/t	\$ 13,022/t	\$ 11,743/t	\$ 11,743/t	\$ 11,743/t	\$ 11,743/t	\$ 11,743/t	\$ 11,743/t	\$ 11,743/t	\$ 12,031/t
Royalties	\$ 821/t	\$ 822/t	\$ 823/t	\$ 823/t	\$ 823/t	\$ 823/t	\$ 823/t	\$ 823/t	\$ 823/t	\$ 823/t

Source : Intersuisse estimates

Intersuisse expects ore mining costs will be lower, due to the width of the intercepts, but overall costs consistent with those in the scoping study

Figure 14 shows a Life of Mine average of \$12,853, after royalties. Intersuisse's estimate compares with the average in KAS's scoping study of \$12,684. Intersuisse has assumed

- lower mining costs as we have assumed the lower cost, higher productivity open stoping method for underground mining, in recognition of the size of recently reported intercepts; and
- higher royalties and smelting charges as our base case tin price is higher.

Figure 15 shows the cashflows projected by Intersuisse for KAS's Achmmach operation.

Figure 15 : Intersuisse's projected cashflows, Achmmach

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Tin price	\$ 28,500/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t	\$ 30,000/t
Tin produced	0 t	0 t	462 t	3,921 t	4,800 t	4,800 t	4,800 t	4,800 t	4,800 t	4,800 t	4,800 t	3,642 t
Tin Revenue	US\$ 0.0m	US\$ 0.0m	US\$ 13.9m	US\$ 117.6m	US\$ 144.0m	US\$ 144.0m	US\$ 144.0m	US\$ 144.0m	US\$ 144.0m	US\$ 144.0m	US\$ 144.0m	US\$ 109.3m
smelting charges	US\$ 0.0m	US\$ 0.0m	(US\$1.2m)	(US\$9.8m)	(US\$11.9m)	(US\$11.9m)	(US\$11.9m)	(US\$11.9m)	(US\$11.9m)	(US\$11.9m)	(US\$11.9m)	(US\$9.0m)
Cash Costs	US\$ 0.0m	US\$ 0.0m	(US\$9.9m)	(US\$41.3m)	(US\$44.5m)	(US\$44.5m)	(US\$44.5m)	(US\$44.5m)	(US\$44.5m)	(US\$44.5m)	(US\$44.5m)	(US\$35.1m)
Royalties	US\$ 0.0m	US\$ 0.0m	(US\$0.4m)	(US\$3.2m)	(US\$3.9m)	(US\$3.9m)	(US\$3.9m)	(US\$3.9m)	(US\$3.9m)	(US\$3.9m)	(US\$3.9m)	(US\$3.0m)
Dep'n & Amort'n	US\$ 0.0m	US\$ 0.0m	(US\$1.2m)	(US\$8.6m)	(US\$9.9m)	(US\$9.9m)	(US\$9.9m)	(US\$9.9m)	(US\$9.9m)	(US\$9.9m)	(US\$9.9m)	(US\$7.6m)
E B I T	US\$ 0.0m	US\$ 0.0m	US\$ 1.2m	US\$ 54.8m	US\$ 73.8m	US\$ 73.8m	US\$ 73.8m	US\$ 73.8m	US\$ 73.8m	US\$ 73.8m	US\$ 73.8m	US\$ 54.6m
Interest Expense	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	(US\$5.3m)	(US\$6.6m)	(US\$6.0m)	(US\$5.4m)	(US\$4.8m)	(US\$4.1m)	(US\$3.3m)	(US\$2.5m)	(US\$1.3m)
Tax Expense	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	US\$ 0.0m	(US\$9.2m)	(US\$12.3m)	(US\$12.5m)	(US\$9.3m)
N P A T	US\$ 0.0m	US\$ 0.0m	US\$ 1.2m	US\$ 49.5m	US\$ 67.2m	US\$ 67.7m	US\$ 68.3m	US\$ 69.0m	US\$ 60.5m	US\$ 58.1m	US\$ 58.8m	US\$ 44.0m
Cap.ex	(US\$6.6m)	(US\$25.1m)	(US\$65.3m)	(US\$5.0m)	(US\$5.0m)	(US\$5.0m)	(US\$5.0m)	(US\$5.0m)	(US\$5.0m)	(US\$5.0m)	(US\$5.0m)	(US\$1.3m)
Net Cashflow 1	(US\$6.6m)	(US\$25.1m)	(US\$62.9m)	US\$ 58.3m	US\$ 78.7m	US\$ 78.7m	US\$ 78.7m	US\$ 78.7m	US\$ 69.5m	US\$ 66.4m	US\$ 66.2m	US\$ 51.6m
Net Cashflow 2	(US\$6.6m)	(US\$25.1m)	(US\$16.8m)	US\$ 48.8m	US\$ 65.9m	US\$ 65.9m	US\$ 65.9m	US\$ 65.9m	US\$ 56.8m	US\$ 53.6m	US\$ 53.5m	US\$ 42.0m

Source : Intersuisse estimates

Note : Net cashflow 1 effectively assumes no debt financing, while Net cashflow 2 is after debt financing, showing both the lower equity required and also the repayment of principal plus interest

Revised Valuation

Figure 16 shows the detail of Intersuisse's derived valuation, including the detail of the risk weightings applied to the NPV of the projected cashflows.

Intersuisse's revised valuation is now 29.5c a share

Figure 16 : Intersuisse's base case valuation is now 29.5c

	discount rate =	30-Jun-11		22-Sep-11	
		100%	Product	per share	
Achmmach	60 %	\$A 195.9m	\$A 117.5m	22.8 c	23.6 c
Corporate	100 %	(\$A 18.6m)	(\$A 18.6m)	(3.6c)	(3.6c)
Cash	100 %	\$A 21.9m	\$A 21.9m	4.2 c	3.9 c
Equity Raisings	100 %	\$A 27.9m	\$A 27.9m	5.4 c	5.6 c
Options	100 %	\$A 0.2m	\$A 0.2m	0.0 c	0.0 c
TOTAL		\$A 227.3m	\$A 148.9m	28.9 c	29.5 c
		364.3m	FPO shares	2.0m	options ex
		148.4m	new issue	44.3m	options issued'

Source : Intersuisse estimates

Figure 15 shows the commodity prices assumed by Intersuisse, which are higher than current tin prices, but with the AUD-USD rate lower in the long run.

Figure 17 shows the results of sensitivity analyses for differing combinations of AUD-USD and tin price.

Intersuisse's valuation is sensitive to commodity prices and risk assumptions

Figure 17 : Sensitivity to commodity prices

	\$ 37,500/t	\$ 33,000/t	\$ 30,000/t	\$ 27,000/t	\$ 24,000/t	spot
1.150	36.9 c	29.9 c	25.2 c	20.6 c	15.9 c	14.7 c
1.050	39.8 c	32.1 c	27.0 c	21.9 c	16.8 c	15.5 c
Base case	43.6 c	35.2 c	29.5 c	23.9 c	18.2 c	16.7 c
0.950	43.3 c	34.9 c	29.2 c	23.6 c	17.9 c	16.4 c
0.900	45.4 c	36.4 c	30.5 c	24.5 c	18.6 c	17.0 c
Spot	40.5 c	32.7 c	27.5 c	22.3 c	17.0 c	15.7 c

Source : Intersuisse estimates

Note that the spot prices assumed are for 14 September, 2011

The values on that day were 1 AUD = 1.0285 USD and a tin price of \$23,505/t.

Figure 17 shows that using spot prices reduced Intersuisse's valuation of KAS by 12.8c, or 43%, from 29.5c to 16.7c.

Figure 18 : Sensitivity to risk

	10 %	12 %	14 %	15 %
High risk	23.9 c	21.6 c	19.8 c	18.9 c
Base case	32.9 c	29.5 c	26.6 c	25.3 c
Low risk	42.0 c	37.4 c	33.5 c	31.7 c
Unrisked	51.1 c	45.3 c	40.4 c	38.2 c

Source : Intersuisse estimates

Figure 18 shows that if the risk discount is removed, then the valuation increases to 45.3c.

Drill Results

Figure 19 shows the resource estimate reported by KAS on 16 August 2010, of 7.0Mt at 0.8% tin.

Figure 19 : KAS Resource estimate, 16 August, 2010, for Achmmach

16 Aug. 2010	Indicated		Inferred		TOTAL				
Meknes	1.6 Mt	0.8% Sn	13 kt	2.1 Mt	0.7% Sn	16 kt	3.7 Mt	0.8% Sn	28 kt
Fez	0.6 Mt	0.8% Sn	4 kt	0.9 Mt	0.8% Sn	7 kt	1.5 Mt	0.8% Sn	12 kt
Marrakech				0.3 Mt	1.0% Sn	3 kt	0.3 Mt	1.0% Sn	3 kt
East Zone				1.4 Mt	0.7% Sn	10 kt	1.4 Mt	0.7% Sn	10 kt
TOTAL	2.2 Mt	0.8% Sn	17 kt	4.8 Mt	0.8% Sn	37 kt	7.0 Mt	0.8% Sn	54 kt

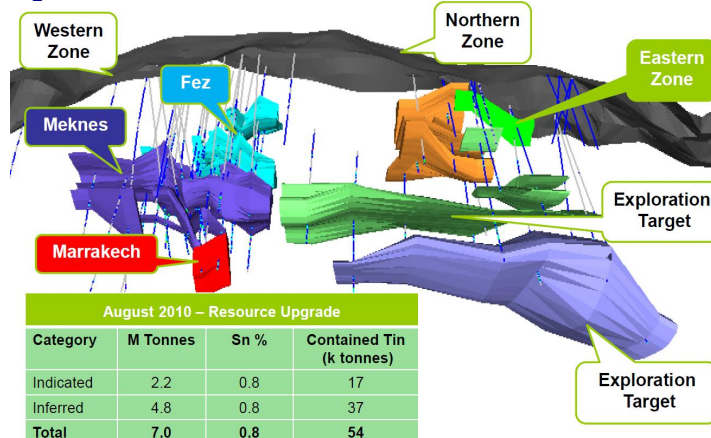
Source : Kasbah Resources, ASX Announcement, 16 August 2010

Figure 19 shows the resources estimated for each of the mineralised areas.

Figure 20 is a diagram showing each of these areas of mineralisation. It also shows the exploration targets that KAS has been drilling as part of the pre-feasibility study.

Figure 21 shows reported results from drilling since the resource estimate was prepared.

Figure 20 : Achmmach's Resources



KAS has continued to report many significant intercepts at good grades

KAS's drilling, with 5 rigs on site in October, is to fill in "the gap" and to produce an upgrade resource estimate around the end of February 2012

Intersuisse expects more tonnes at a slightly lower, but still very good grade

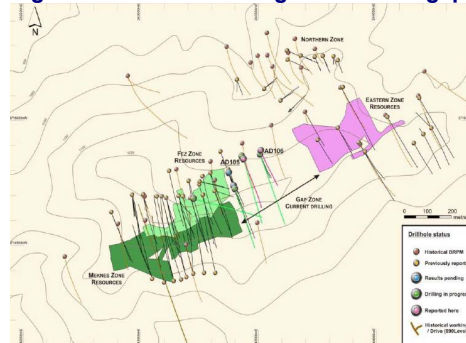
KAS also has the potential to increase the mill feed with surface material

Source : KAS AGM Presentation, 26 November 2011

Figure 20 shows some surface potential, which was the focus of drilling in late 2010 and early 2011. Since then, as shown in Figure 21, the focus has been on the deeper targets as the geological controls are better understood and can be used as the basis for a capital investment.

Figure 22 shows that KAS's recent drilling has been to close the gaps in the resources shown in Figure 14.

Figure 22 : Recent drilling to close the gap



Source : KAS, 19 September ASX announcement

In Intersuisse's view, filling in the gap should increase KAS's resources to about 10Mt – 11Mt, though the reported grades shown in Figure 21 suggest that the updated resource will be at a lower grade, of about 0.7%.

However, the surface mineralisation will make the overall project more robust, as there will be the potential for top-up feed.

Figure 21 : KAS's results from drilling

date	dill hole	from (depth)	intercept	grade
14 July 2011	S 16	477m	3m	0.28% Sn
		483m	5.4m	0.50% Sn
		177m	3m	1.07% Sn
8 Sep. 2010	AD 47	225m	5m	0.63% Sn
		410m	7m	0.70% Sn
		421m	7m	0.70% Sn
		207m	6m	1.05% Sn
		218m	10m	1.84% Sn
27 Oct. 2010	AD 50	281m	12m	0.87% Sn
		236m	24m	0.97% Sn
		265.5m	22.5m	0.83% Sn
		193m	6m	1.64% Sn
		204m	6m	0.60% Sn
		227m	7m	0.62% Sn
31 Jan. 2011	AD 51	259m	14m	1.13% Sn
		229m	9m	1.71% Sn
		250m	14m	0.82% Sn
		245m	23m	0.49% Sn
		105m	14m	0.55% Sn
18 May 2011	AD 87	131m	14m	0.29% Sn
		151m	5m	1.67% Sn
		215m	8m	0.54% Sn
		147m	7.65m	2.21% Sn
		171.5m	9m	1.50% Sn
		130m	7m	0.85% Sn
		301m	13m	0.57% Sn
		344.3m	8.9m	0.50% Sn
		441m	7m	0.85% Sn
		500m	11m	0.42% Sn
28 June 2011	AD 95	119m	32m	0.66% Sn
		175m	7m	0.31% Sn
		336m	12m	0.56% Sn
		354m	22m	0.37% Sn
		380m	385m	0.30% Sn
		297m	23m	0.78% Sn
		330m	5m	0.55% Sn
		339m	8m	0.56% Sn
		398m	5m	0.84% Sn
		273.7m	26.7m	1.32% Sn
14 July 2011	AD 100	304.8m	14.2m	3.17% Sn
		392m	8m	0.65% Sn
		435m	7m	0.47% Sn
		194m	9m	0.93% Sn
		240m	17m	0.35% Sn
19 Sep. 2011	AD 102	310m	21m	0.64% Sn
		209m	7m	0.98% Sn
		232m	20m	0.71% Sn
		263m	25m	0.66% Sn
		308m	18m	0.48% Sn
		445m	13m	0.63% Sn
		252m	6m	0.72% Sn
		300m	11m	0.99% Sn
		417m	4m	2.37% Sn

Source : KAS ASX announcements

KAS raised \$30m in October (placement) and December (SPP) 2010. This will fund KAS though pre-feasibility and the completion of the Bankable Feasibility Study.

Figure 23 demonstrates that Intersuisse's valuation is sensitive the grade of the material being processed.

Figure 23 : Sensitivity of KAS's valuation to volume, grade, prices and risk

Figure 23a : base case prices, risked

base case, 800kt/yr	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	43.0 c	36.5 c	30.9 c
0.8 % Sn	34.8 c	29.5 c	25.1 c
0.7 % Sn	26.6 c	22.6 c	19.3 c

Figure 23b : base case prices, un-risked

un-risked	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	68.1 c	56.9 c	47.2 c
0.8 % Sn	54.3 c	45.3 c	37.6 c
0.7 % Sn	40.6 c	33.7 c	28.0 c

Figure 23c : spot prices, risked

spot prices	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	24.2 c	20.6 c	17.7 c
0.8 % Sn	18.3 c	15.6 c	13.6 c
0.7 % Sn	12.4 c	10.6 c	9.4 c

Figure 23d : spot prices, un-risked

spot, un-risked	10.0 Mt	7.0 Mt	5.0 Mt
0.9 % Sn	36.7 c	30.5 c	25.4 c
0.8 % Sn	26.9 c	22.1 c	18.4 c
0.7 % Sn	17.0 c	13.8 c	11.5 c

Source : Intersuisse estimates

While KAS is not focussed on a resource estimate for the surface material, it has found enough to suggest potential value as a top-up feed. Figure 24 shows this potential value can be significant, even if it means a lower average processing grade.

Figure 24 : Potential value of top-up feed

7.0Mt, base case	0.9 % Sn	0.8 % Sn	0.7 % Sn
1,000 kt	42.4 c	34.7 c	27.0 c
800 kt	36.5 c	29.5 c	22.6 c
600 kt	29.1 c	23.2 c	17.2 c

Source : Intersuisse estimates

Adding about 200kt/yr of surface ore, with an adjustment of the grade, adds about 5c to Intersuisse's derived valuation.

The derived valuation is sensitive to price and volumes and grade

Adding about 200kt/yr of surface ore, with an adjustment of the grade, adds about 5c to Intersuisse's derived valuation.

KAS has 2 rigs in operation and a further 3 are in Morocco and are being mobilised to site

Assay turn-around time is now down to 2 weeks

We should expect to see more newsflow.

Investing in KAS is fundamentally a bet on the tin price.

Intersuisse retains a BUY recommendation on KAS

Concluding Comments

KAS has had problems with drilling and assays. KAS advised, in a Board Room Radio interview, on 19 September 2011, that 3 extra drill rigs were expected in Casablanca before the end of September and would be progressively mobilised to site.

KAS will have 5 drill rigs in operation soon.

Also, the turn-around time for assays is now down to 2 weeks, with the new contract with ALS in Norway. Accordingly, a good newsflow is expected.

A revised resource estimate is expected around the end of February 2012 and the pre-feasibility study completed by March 2012.

KAS's share price has moved with tin prices, and the tin price has been more subdued than Intersuisse had expected. However, we remain confident that the tin price will improve; the poor performance has been due to de-stocking which comes to an end, while mine supply lags demand growth.

Intersuisse expects that, as well as being supported by an improving tin price, the KAS share price will be boosted by

- further drill results, extending the mineralised zone, being announced on an on-going basis; and
- the publication of the results of the pre-feasibility study in March.

Intersuisse retains a BUY recommendation on KAS.

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The analyst has an economic interest in KAS shares.

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