

25 Nov 2011

KASBAH RESOURCES LIMITED

Gap Zone Continues to Prove Up

Kasbah Resources Limited ("Kasbah", "KAS", "Company") continues to report good-grade tin mineralisation from ongoing infill and extensional drilling of the 'Gap Zone' at the Achmmach Project in Morocco. The Gap Zone represents a poorly-tested exploration target with a strike length of ~350m, which has the potential to connect resource blocks in the west (Meknes Zone) to resource blocks in the east (Eastern Zone). The Company has been actively drilling this target with the aim of adding new significant tonnes to the Company's existing resources. Kasbah expects to release an updated resource estimate for Achmmach in early CY2012.

The latest drill results continue to validate (prove up) the predicted position of the Fez and Meknes Zones along strike within the Gap exploration target, with the tin mineralisation continuing to be of good grade (high grade tin zones within a broad mineralised envelop). Mineralisation remains open at depth, which bodes well for future resource upgrades. Recent drilling has also intersected a new broad (drill intercept ~45m) zone of mineralisation (respectable grade of 0.64% Sn) above the Meknes system, hosted within moderately altered sediments. More work is required to determine the context of this zone, but offers early encouragement for a new structural position for tin mineralisation and offers additional targets to test.

Improved drill production now being realised

Kasbah currently has 5 diamond drill rigs onsite, with the increased rig capacity improving drilling productivity, with ~3,000m of drilling now being completed per month (~7 holes per month at the current drilling depths). Sample assay turnaround is also expected to improve with onsite sample preparation and analyses in Europe providing a turnaround time of 2-3 weeks. With improved assay turnaround we expect an increase in news flow going forward.

This accelerated drilling will enable an updated resource estimate as part of the Achmmach Pre-Feasibility Study (PFS); targeted for release in Q1 CY2012. The PFS will include an updated estimate on capital and operating costs, which were scoped to be US\$85m for capital costs and C3 operating costs of US\$12,683/t of tin in concentrate. The pay-back period is expected to be just over 2 years but will depend on tin prices at the time.

100% project assignment de-risks operations; Retain Buy

In August, Kasbah received approval for the early assignment of 100% project ownership of Achmmach, which de-risks the operations.

Tin is currently trading just over US\$20,000/t due to continued concerns over the global economic outlook (Eurozone debt issues, weakening US economy etc). In response to softening prices, some producers have reduced exports to improve prices, which are forecast (Bloomberg consensus) to recover to US\$23,000 – US\$25,000/t in the short to medium term. Longer term tin price fundamentals remain unchanged with expected strong demand and continued fragile supply (depletion of mineable resources, with little new sustainable supply).

Achmmach remains a quality pure-tin project, with the ongoing results reinforcing the grade advantage over many competitors. We continue to rate Kasbah as a Buy with a Price Target of 44cps.

Share Price	\$0.165
Price Target	\$0.44

Brief Business Description:

Emerging tin producer and explorer

Hartleys Brief Investment Conclusion

Exposure to tin, on-going drilling with strong newsflow expected

Chairman & MD

Mike Spratt (Non Exec Chair)

Wayne Bramwell (MD)

Top Shareholders

IFC (World Bank)	12.8%
African Lion Limited	12.8%
Transaminvest SA	4.1%
Traxys Projects LP	2.5%

Company Address

Unit 3, 77 Mill Point Road
 South Perth WA 6151

Issued Capital	364.3m
- fully diluted	408.0m

Market Cap	\$60.1m
- fully diluted	\$67.3m

Cash- est \$20.7m

Debt- est \$0.0m

EV \$39.4m

EV/Resource t \$730/t

EV/Reserve t \$0/t

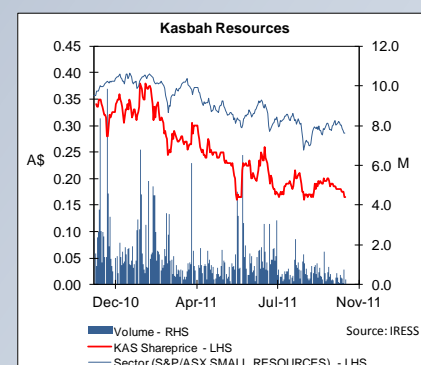
Yearly Turnover/Volume \$149.5m/506.4m shares

Liquidity Measure 139%

Main Projects

Achmmach	Sn
Tamlalt	Au

Resources (Sn Kt)	54.00
Reserves (Sn Kt)	0.00



Author:

Mike Millikan

Resources Analyst

Ph: +61 8 9268 2805

E: mike_millikan@hartleys.com.au

Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Kasbah Resources Limited. The analyst has beneficial interest in shares of KAS. See back page for full disclosure.

Updated resource estimate expected in Q1 CY2012

Kasbah as part of the PFS is targeting a minimum resource size of 10mt @ 0.8% Sn



Achmmach resource estimate is currently 7mt @ 0.8%Sn for 54Kt Sn

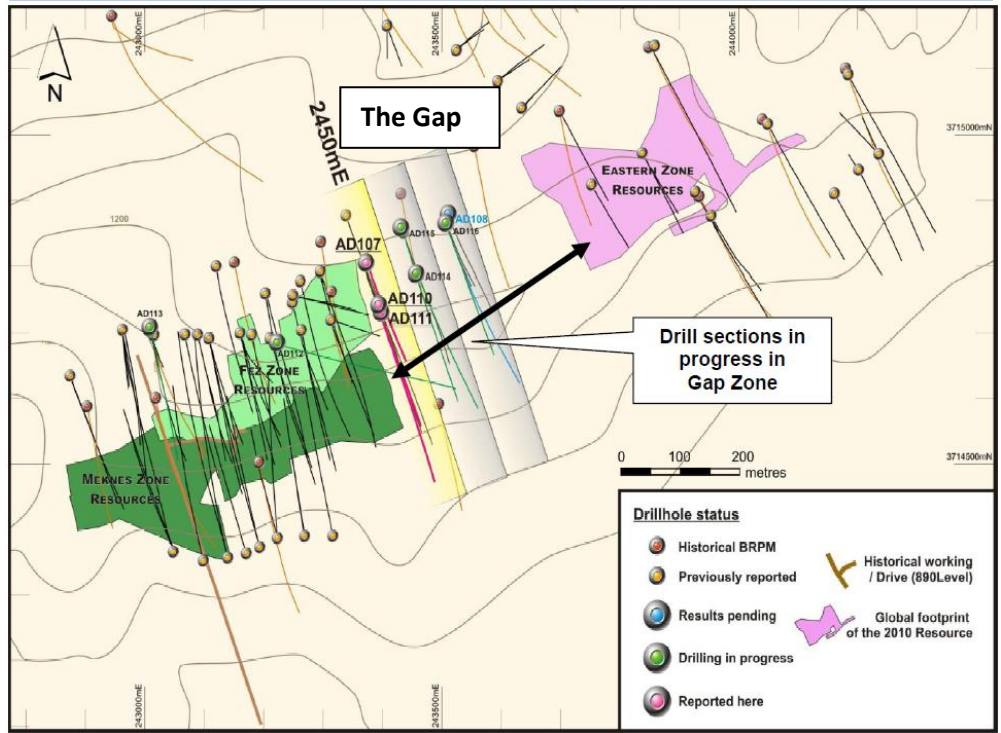
Fez and Meknes Zones confirmed through the Gap drilling

350m of strike to validate

The Gap 'exploration target' could add ~2mt-3mt at good tin grades (>0.8% Sn)

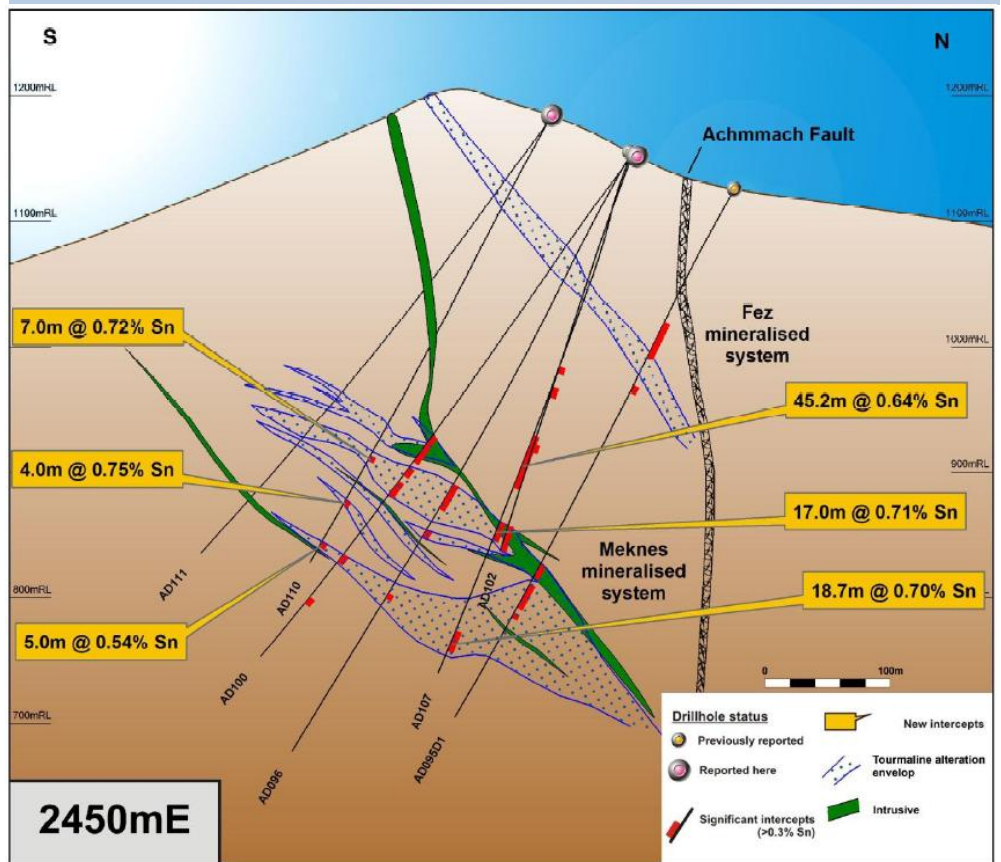
By way of comparison, on a gold equivalent basis, 1% Sn equates to a gold grade of ~3.7g/t at the current prices, so 45m @ 0.64% Sn is roughly equivalent to 45m @ 2.4g/t Au

Fig. 1: Long Section of Achmmach Tin Project



Source: Kasbah Resources Limited

Fig. 2: Latest Gap Drill Results on Cross Section 2450mE



Source: Kasbah Resources Limited

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Gold Research Coverage						Hartleys Research Recommendation					
Name	Ticker	Last Price*	M. CAP (A\$m)	Status	Recommendation	Name	Ticker	Last Price*	M. CAP (A\$m)	Status	Recommendation
Resources						Oil & Gas					
Gold / Precious Metals						Conventional Oil & Gas					
1. Evolution Mining Limited	EVN	1.76	1,230	Producer	Buy	1. Woodside Petroleum Ltd	WPL	34.95	27,723	Major	Buy
2. Silver Lake Resources Limited	SLR	3.49	719	Producer	Buy	2. Nexus Energy Ltd	NXS	0.26	244	Developer / Explorer	No Rating
3. Intrepid Mines Limited	IAU	1.27	663	Explorer	Speculative Buy	3. Tap Oil Ltd	TAP	0.69	166	Producer / Explorer	Buy
4. Integra Mining Limited	IGR	0.570	480	Producer	Buy	4. Cooper Energy Ltd	COE	0.41	120	Producer / Explorer	Buy
5. Beadell Resources Limited	BDR	0.705	464	Developer	Accumulate	5. Otto Energy Ltd	OEL	0.08	91	Explorer / Producer	Buy
6. Gold One International Limited	GDO	0.545	440	Producer	No Rating	6. Carnarvon Petroleum Ltd	CVN	0.12	79	Producer / Explorer	Accumulate
7. Northern Star Resources Ltd	NST	0.915	320	Producer	Buy	7. WHL Energy Ltd	WHN	0.06	75	Explorer	Speculative Buy
8. Tanami Gold NL	TAM	0.985	257	Producer	Accumulate	8. Amadeus Energy Ltd	AMU	0.22	65	Producer / Explorer	Neutral
9. Focus Minerals Ltd	FML	0.058	248	Producer	Buy	9. Pancontinental Oil and Gas NL	PCL	0.10	63	Explorer	Speculative Buy
10. PMI Gold Corporation Limited	PVM	1.170	234	Developer	Speculative Buy	10. Hawkey Oil and Gas Ltd	HOG	0.23	43	Producer / Explorer	Buy
11. Papillon Resources Limited	PIR	0.715	148	Explorer	Speculative Buy	11. FAR Ltd	FAR	0.03	36	Explorer	Speculative Buy
12. YTC Resources Limited	YTC	0.505	125	Developer	Buy	12. Sun Resources NL	SUR	0.03	27	Explorer / Producer	Speculative Buy
13. Cerro Resources NL	CJO	0.150	112	Developer / Explorer	Accumulate	Non Conventional Oil & Gas					
14. Emmerson Resources Limited	ERM	0.285	64	Explorer	Speculative Buy	13. Aurora Oil and Gas Ltd	AUT	3.34	1,373	Producer / Developer	Reduce
15. Mutiny Gold Limited	MYG	0.078	33	Developer	Speculative Buy	14. Samson Oil & Gas Ltd	SSN	0.11	192	Developer / Producer	Buy
16. Augur Resources Ltd	AUK	0.180	32	Explorer	Speculative Buy	15. Oilex Ltd	OEX	0.27	68	Explorer / Producer	Speculative Buy
17. Cortona Resources Limited	CRC	0.120	26	Developer	Accumulate	16. European Gas Ltd	EPG	0.28	56	Producer / Explorer	Speculative Buy
18. Canyon Resources Limited	CAY	0.520	24	Explorer	Speculative Buy	17. Transerv Energy Ltd	TSV	0.01	42	Developer	Speculative Buy
19. Geopacific Resources NL	GPR	0.300	11	Explorer	Speculative Buy	18. Austin Exploration Ltd	AKK	0.03	19	Producer / Appraisal	Speculative Buy
20. Southern Gold Limited	SAU	0.043	10	Explorer	Speculative Buy	Sub-Total		30,484			
Diversified Base / Precious Metals						Industrials					
21. Independence Group NL	IGO	4.710	954	Gold & Base Prod./Dev.	Buy	Resource Services - Capital Intensive					
22. Aviva Corporation Limited	AVA	0.145	24	Gold & Base Explorer	Speculative Buy	1. Ausdrill Limited	ASL	2.86	862	Contract Drilling	Buy
23. Ausquest Limited	AQD	0.072	16	Diversified explr	Speculative Buy	2. NRW Holdings Ltd	NWH	2.60	725	Contract mining	Buy
24. Silver Swan Group Ltd	SWN	0.065	9	Base Metal Explorer	Speculative Buy	3. Fleetwood Corporation	FWD	12.30	712	Accommodation	Neutral
Iron Ore						4. Mermaid Marine Ltd	MRM	2.98	641	Oil & Gas Services	Accumulate
25. Atlas Iron Limited	AGO	3.07	2,725	Producer	Buy	5. Macmahon Holdings Limited	MAH	0.58	426	Contract mining	Accumulate
26. Centaurus Metals Ltd	CTM	0.600	80	Explorer	0	6. Index Ltd	IMD	1.94	397	Drilling Supplies	Buy
Uranium						7. MACA Ltd	MLD	2.06	309	Contract mining	xxx
27. Peninsula Energy Ltd	PEN	0.045	96	Developer	Accumulate	8. Matrix Composites &	MCE	3.27	252	Oil & Gas Services	Neutral
28. Impact Minerals Limited	IPT	0.068	8	Explorer	Speculative Buy	9. Pacific Energy Ltd	PEA	0.37	127	Remote Power	Buy
Other metals						10. Swick Mining Services Ltd	SWK	0.30	70	Contract Drilling	Buy
29. Kasbah Resources Limited	KAS	0.175	64	Tin Developer	Buy	Resource Services - Labour Intensive					
30. Hazelwood Resources Ltd	HAZ	0.135	36	Tungsten Developer	Speculative Buy	11. Monadelphous Group Limited	MND	19.14	1,676	Construction	Buy
31. Shaw River Resources Limited	SRR	0.140	35	Manganese: Developer	Speculative Buy	12. Decmil Group Limited	DCG	2.19	272	Construction	Buy
Sub-Total			9,689			13. RCR Tomlinson Ltd	RCR	1.80	239	Engineer. & Constr.	Buy
						14. Lycopodium Limited	LYL	6.12	237	Engineer. & Constr.	Accumulate
						15. LogiCams Limited	LCM	0.80	54	Engineer. & Constr.	Speculative Buy
						Other Industrial Companies					
						16. Austal Limited	ASB	2.24	421	Civil and Military	Buy
						17. iiNet Limited	IIN	2.36	353	Telecommunications	Buy
						18. Amcom Telecommunications	AMM	0.86	207	Telecommunications	Accumulate
						19. Cash Converters Internat.	CCV	0.49	196	Unsecured Finance	Buy
						Sub-Total		8,174			
						68. GRAND TOTAL		48,347			

Source: IRESS, Hartleys Research. * 23 Nov 2011

HARTLEYS CORPORATE DIRECTORY

Research

Trent Barnett	Head of Research	+61 8 9268 3052
Mike Millikan	Resources Analyst	+61 8 9268 2805
Ben Crowley	Resources Analyst	+61 8 9268 3045
David Wall	Energy Analyst	+61 8 9268 2826
Peter Gray	Research Analyst	+61 8 9268 2837
Janine Bell	Research Assistant	+61 8 9268 2831

Corporate Finance

Grey Egerton-Warburton	Head of Corp Fin.	+61 8 9268 2851
Richard Simpson	Director – Corp. Fin.	+61 8 9268 2824
Paul Fryer	Director – Corp. Fin.	+61 8 9268 2819
Dale Bryan	Director – Corp. Fin.	+61 8 9268 2829
Ben Wale	Snr Mgr – Corp. Fin.	+61 8 9268 3055
Ben Crossing	Snr Mgr – Corp. Fin.	+61 8 9268 3047
Stephen Kite	Snr Mgr - Corp. Fin.	+61 8 9268 3050
Scott Weir	Mgr - Corp Fin.	+61 8 9268 2821
Grant Sanderson	Mgr – Corp Fin.	+61 8 9268 3066

Registered Office

Level 6, 141 St Georges Tce Postal Address:

Perth WA 6000	GPO Box 2777
Australia	Perth WA 6001
PH: +61 8 9268 2888	FX: +61 8 9268 2800
www.hartleys.com.au	info@hartleys.com.au

Note: personal email addresses of company employees are structured in the following manner:

firstname_lastname@hartleys.com.au

Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

Disclaimer/Disclosure

The author of this publication, Hartleys Limited ABN 33 104 195 057 ("Hartleys"), its Directors and their Associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Hartleys and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of a transaction arising from any advice mentioned in publications to clients.

Hartleys has completed capital raisings in the past 12 months for Kasbah Resources Limited ("Kasbah") for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Kasbah for which it has earned fees and continues to earn fees.

Any financial product advice contained in this document is unsolicited general information only. Do not act on this advice without first consulting your investment adviser to determine whether the advice is appropriate for your investment objectives, financial situation and particular needs. Hartleys believes that any information or advice (including any financial product advice) contained in this document is accurate when issued. Hartleys however, does not warrant its accuracy or reliability. Hartleys, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.

Institutional Sales

Carrick Ryan	+61 8 9268 2864
Justin Stewart	+61 8 9268 3062
Simon van den Berg	+61 8 9268 2867
Chris Chong	+61 8 9268 2817
Nick Wheeler	+61 8 9268 3053

Wealth Management

Nicola Bond	+61 8 9268 2840
Bradley Booth	+61 8 9268 2873
Adrian Brant	+61 8 9268 3065
Nathan Bray	+61 8 9268 2874
Sven Burrell	+61 8 9268 2847
Simon Casey	+61 8 9268 2875
Tony Chien	+61 8 9268 2850
Travis Clark	+61 8 9268 2876
David Cross	+61 8 9268 2860
Nicholas Draper	+61 8 9268 2883
John Featherby	+61 8 9268 2811
Ben Fleay	+61 8 9268 2844
John Georgiades	+61 8 9268 2887
John Goodlad	+61 8 9268 2890
Andrew Gribble	+61 8 9268 2842
David Hainsworth	+61 8 9268 3040
Neil Inglis	+61 8 9268 2894
Murray Jacob	+61 8 9268 2892
Bradley Knight	+61 8 9268 2823
Gavin Lehmann	+61 8 9268 2895
Shane Lehmann	+61 8 9268 2897
Steven Loxley	+61 8 9268 2857
Andrew Macnaughtan	+61 8 9268 2898
Christian Marriott	+61 8 9268 2828
Scott Metcalf	+61 8 9268 2807
David Michael	+61 8 9268 2835
Damir Mikulic	+61 8 9268 3027
Nicole Morcombe	+61 8 9268 2896
Jamie Moullin	+61 8 9268 2856
Chris Munro	+61 8 9268 2858
Michael Munro	+61 8 9268 2820
Ian Parker	+61 8 9268 2810
Ian Plowman	+61 8 9268 3054
Margaret Radici	+61 8 9268 3051
Charlie Ransom	+61 8 9268 2868
Elliott Rowton	+61 8 9268 3059
Conlie Salvemini	+61 8 9268 2833
David Smyth	+61 8 9268 2839
Greg Soudure	+61 8 9268 2834
Sonya Soudure	+61 8 9268 2865
Dirk Vanderstruyf	+61 8 9268 2855
Alex Wallis	+61 8 9268 3060
Marlene White	+61 8 9268 2806
Samuel Williams	+61 8 9268 3041