

**31 OCTOBER 2011**

**ASX CODE: KAS**

**MIKE SPRATT**  
NON-EXECUTIVE CHAIRMAN

**WAYNE BRAMWELL**  
MANAGING DIRECTOR

**ROD MARSTON**  
NON-EXECUTIVE DIRECTOR

**ROB WEINBERG**  
NON-EXECUTIVE DIRECTOR

**GARY DAVISON**  
NON-EXECUTIVE DIRECTOR

**IAN MCCUBBING**  
NON-EXECUTIVE DIRECTOR

**TREVOR O'CONNOR**  
CFO / COMPANY SECRETARY

**LME TIN PRICE**  
(28/10/11)

**US\$21,910 / T**  
(CASH BUYER)

#### **PROJECTS**

**ACHMMACH TIN PROJECT**

**TAMLALT GOLD PROJECT**

#### **INVESTMENT DATA**

**SHARES ON ISSUE 364M**

#### **ABOUT KASBAH**

**KASBAH RESOURCES IS  
AN AUSTRALIAN LISTED  
MINERAL EXPLORATION AND  
DEVELOPMENT COMPANY  
ADVANCING THE ACHMMACH  
TIN PROJECT TOWARDS  
PRODUCTION.**

**OUR PRIME COMMODITY IS TIN.**

**WWW.KASBAHRESOURCES.COM**

## **SEPTEMBER QUARTERLY REPORT**



### **HIGHLIGHTS**

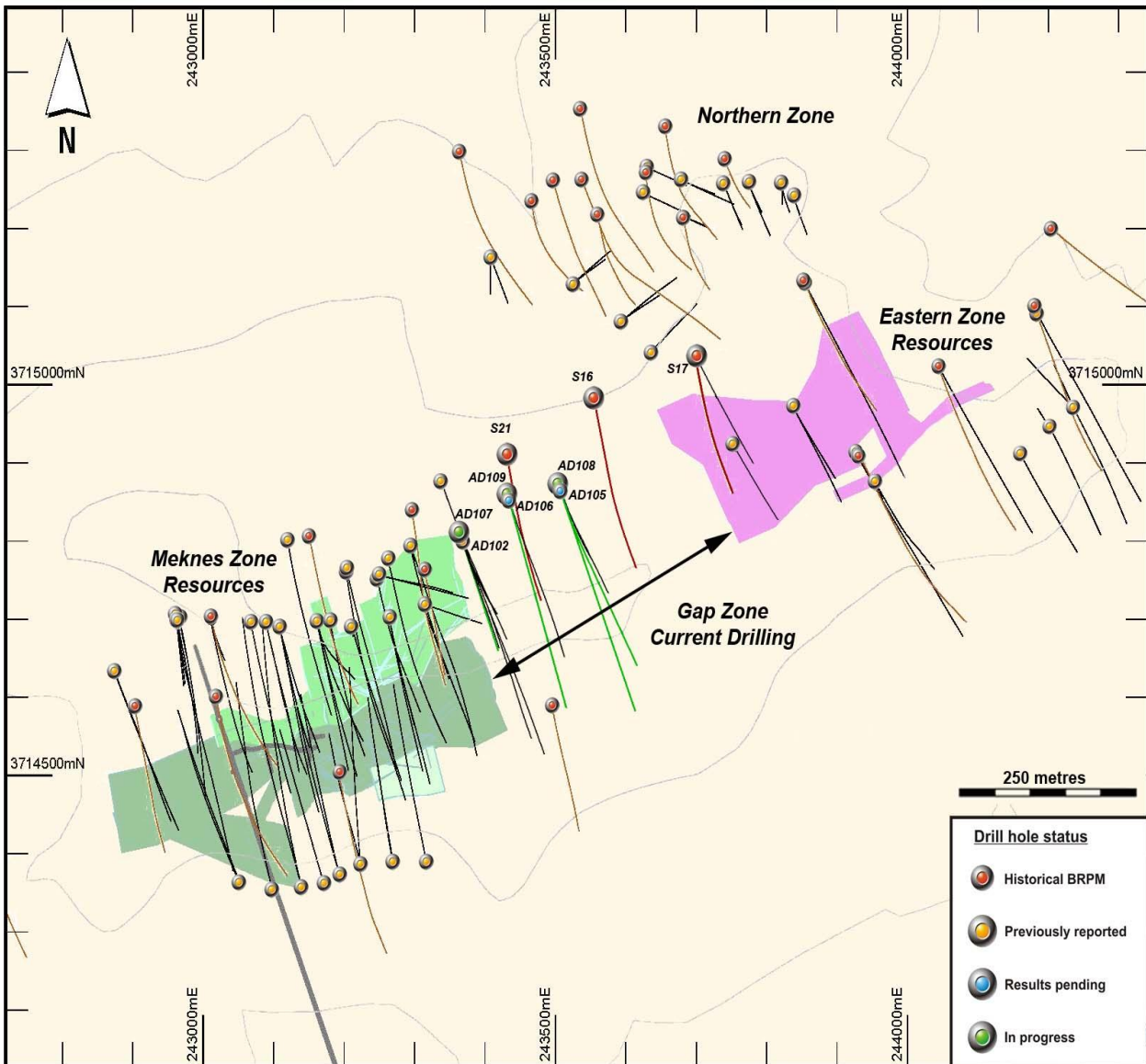
- Five diamond drill rigs now operational at Achmmach
- Rigs completing in-fill and extensional drilling within the Meknes, Fez and Gap Zones
- Two new drill sections outside the current resource model are being tested
- Potential for additional growth in resource tonnage demonstrated as results from AD105 and AD106 have extended the strike continuity of the Meknes Zone mineralisation into the Gap Zone by at least 200m
- The Moroccan Minister for Energy and Mines, Madame Amina BENKHADRA has approved the assignment of 100% of the Achmmach Tin Project to Kasbah's wholly owned Moroccan subsidiary

**SEPTEMBER QUARTERLY REPORT**

**Overview**

Kasbah Resources Limited (Kasbah) is pleased to provide this quarterly update on the company’s progress. The company now has five diamond drill rigs deployed at Achmmach. These rigs are completing an infill and extensional drilling program that encompasses the Meknes and Eastern Zones with the objective of defining additional resources in the centre of the 1.7 kilometre long Achmmach hill.

The Gap Zone is a 350 metre long exploration target within the centre of the Achmmach hill that has the potential to connect resource blocks in the west to resource blocks in the east, adding significant new tonnage to the Company’s existing resources (refer **Figure 1** and **Table 1**).



**Figure 1**

**Achmmach Tin Project – Drill Traces (plan view)**

**Table 1**  
**Achmmach August 2010 Resource**

<b>Achmmach Tin Project - August 2010 Resource</b>			
<b>Category</b>	<b>M Tonnes</b>	<b>Sn %</b>	<b>Contained Tin (k tonnes)</b>
Indicated	2.2	0.8	17
Inferred	4.8	0.8	37
<b>Total</b>	<b>7.0</b>	<b>0.8</b>	<b>54</b>

In summary, progress was made during the quarter and October in the following areas;

▪ **Exploration**

- 2,245 metres of diamond drilling completed to 20 October 2011;
- Moroccan drilling contractor Geosond Maroc SARL commenced drilling on 8 July 2011;
- International drilling contractor Spektra Jeotek (Spektra) commenced drilling at Achmmach on 7 October 2011;
- Five diamond rigs fully operational by 18 October 2011;
- Two new drill sections outside current resource being tested; and
- In-fill and extensional program for Meknes, Fez and the Gap Zone continues.

▪ **Operations**

- Locked cycle metallurgical test work completed by Burnie Research Laboratories (BRL);
- Comminution metallurgical test work completed by Ammtec;
- Pre-feasibility engineering cost study advanced by Ausenco Limited;
- Draft Environmental Impact Assessment (EIA) report completed by Sogreah;
- Grid power connection to Achmmach project site established; and
- Achmmach camp capacity expanded to accommodate 49 personnel.

▪ **Corporate**

- The assignment of 100% of the Achmmach Tin Project to Kasbah's wholly owned Moroccan subsidiary was approved on 5 August 2011. The first US\$1M payment to ONHYM was made on 11 October 2011

A detailed report on progress follows overleaf and drill hole status as of 23 October 2011 is attached as **Appendix A**.

## 1.0 EXPLORATION

Moroccan drilling company Geosond Maroc SARL (Geosond) commenced drilling at Achmmach on 8 July 2011. In early September Geosond had mobilised a second diamond rig as planned. By late September the international drilling company Spektra Jeotek (Spektra) had mobilised three new track mounted diamond drill rigs to Morocco and by 18 October 2011 all five rigs were operating at Achmmach.

The company's exploration efforts are focussed on increasing the Achmmach resource and defining a mineable reserve. Since the release of the June Quarterly infill drilling of the Meknes and Fez Zones and extensional drilling into the new Gap Zone exploration target continued with the company releasing the following information to the market:

- **1 August 2011 – Three Additional Drill Rigs Mobilising to Morocco** – a letter of intent was signed with Spektra Jeotek to mobilise three new diamond rigs to Morocco;
- **19 September 2011 – Achmmach Drilling Update** – two new drill sections outside the current resource model being tested, and
- **18 October 2011 – Five Diamond Rigs Operational at Achmmach.**

### 1.1 Three Additional Drill Rigs Mobilising to Morocco

Consistent with the plan to bring an additional international drilling contractor to Achmmach to accelerate the drilling program, on 1 August 2011 Kasbah signed a letter of intent with Spektra. Spektra immediately dispatched three new track mounted diamond drill rigs, support equipment, personnel and over \$1M of consumables to Morocco.

### 1.2 Achmmach Drilling Update

On 19 September 2011 the company reported two new holes from the Gap Zone. Both holes are outside the current resource model (**refer Table 1**) and are located 160m and 240m respectively to the east of the last drill section in the 2010 Meknes resource (**refer Figure 1**).

**The key points from this release are summarised below:**

- The eastern most section of the 2010 Meknes resource is currently defined by cross section 2450mE. Drill hole AD105 is located 160 metres east of this section into the Gap Zone and drill hole AD106 is located another 80 metres to the east.
- These latest holes indicate that the tin mineralisation within the existing Meknes trend resource extends at least 200 metres beyond the eastern boundary of the 2010 Meknes Zone resource into the Gap Zone.

**AD105 returned:**

- 7m @ 0.98% Sn from 209m, includes 3m @ 1.79% Sn from 213m (Fez?);
- 20m @ 0.71% Sn from 232m, including 8m @ 1.13% Sn from 241m (Fez?);
- 25m @ 0.66% Sn from 263m, including 5m @ 1.48% Sn from 265m (Fez?);
- 18m @ 0.48% Sn from 308m, including 4m @ 0.98% Sn from 316m (Meknes); and
- 13m @ 0.63% Sn from 445m, including 5m @ 1.07% Sn from 448m.

AD105 also confirms the Meknes intersection in the BRPM drill hole S21 which is nearby.

**AD106 returned:**

- 6m @ 0.72% Sn from 256m, includes 2m @ 1.31% Sn from 256m (Fez?);
- 11m @ 0.99% Sn from 300m, including 3m @ 2.37% Sn from 305m (Meknes);
- 4.0m @ 2.37% Sn from 417m; and
- Deeper intersections in AD105 and AD106 below Meknes may correlate with mineralisation in drill holes AD096, AD095D1 and AD100 (previously reported 29/06/11). Additional drilling up dip from AD105 and AD106 is required to permit interpretation of this data.

## 2.0 OPERATIONS

Operational and project development activities during the quarter focussed on:

- Upgrading or expanding Achmmach site infrastructure to support a five rig drilling operation;
- Implementation of new procedures to reduce assay turn around time; and
- Advancing components of the pre-feasibility study.

Significant advancements are summarised below.

### 2.1 Pre - Feasibility Study (PFS)

The PFS on the Achmmach Tin Project continued during the quarter. A summary of PFS work carried out during the quarter follows below:

#### ▪ Metallurgy

Burnie Research Laboratories completed a program of locked-cycle beneficiation testing on a sample of Achmmach ore, in which the intermediate beneficiation products from the processing of a sequence of batches of ore are blended with fresh feed material in successive batches. The results of this work indicate that 70% tin recovery into a saleable tin concentrate can be expected for Achmmach.

ALS Ammtec of Perth, Western Australia also completed a suite of standard comminution tests on whole and quarter-core samples derived from recent drilling at Achmmach.

The data from both laboratory programs is sufficient to provide inputs to process engineering design for the PFS.

#### ▪ Process Engineering Cost Study

During the quarter Ausenco Limited provided supervisory services for the laboratory programs for the PFS and advanced the preparation of Process Design Criteria, Mass Balances and Process Flow Diagrams. Work in the December quarter will consolidate the Equipment List, Layouts and basis for cost estimates.

#### ▪ Environmental Impact Assessment (EIA)

SOGREAH delivered a first draft EIA report at the end of the quarter and prepared to complete final field flora and fauna surveys in early October. To date the draft EIA has not identified any significant risks to the community nor the environment from the extraction and treatment of Achmmach ore. The final report is due for completion during December.

- **Mining Cost Study**

Mining-related study work will commence during the December quarter. Geotechnical assessment of drill core will begin as will preliminary modelling of underground mining options.

## 2.2 Other Operational Items

- **Assay Turnaround Time**

ALS Kirkenes in Norway has achieved full commercial accreditation and Kasbah has commenced delivery of crushed samples to this facility.

- **Site Improvement Works**

Connection of the Achmmach Camp to local grid power has been achieved.

### 3.0 CORPORATE

#### ▪ **Minister Approves Assignment of Achmmach Tin Project**

On 5 August 2011 the company announced the completion of the assignment of 100% of the Achmmach Tin Project (“Assignment”) to the company’s wholly owned Moroccan subsidiary.

An agreement has been signed with L’Office National des Hydrocarbures et Des Mines (“ONHYM”) to assign 100% of the two granted mining permits which constitute the Achmmach tin project, to Kasbah’s wholly owned Moroccan subsidiary. The Minister of Energy and Mines, Madame Amina BENKHADRA approved the Assignment on 3 August 2011.

In terms of the original memorandum of understanding signed between Kasbah and ONHYM in November 2005, the mining permits that encompass the Achmmach tin deposit are to be assigned for US\$5,000,000 (exclusive of taxes). ONHYM is also entitled to a 3% net smelter royalty (NSR) payable after the end of the first year of production from Achmmach.

The total consideration is to be paid in five equal annual payments over five years. ONHYM will commence the transfer of title to the permits on the first payment of US\$1,000,000. Kasbah has made the first annual payment of US\$1,000,000 to ONHYM on 11 October 2011 and transfer of title is now underway.

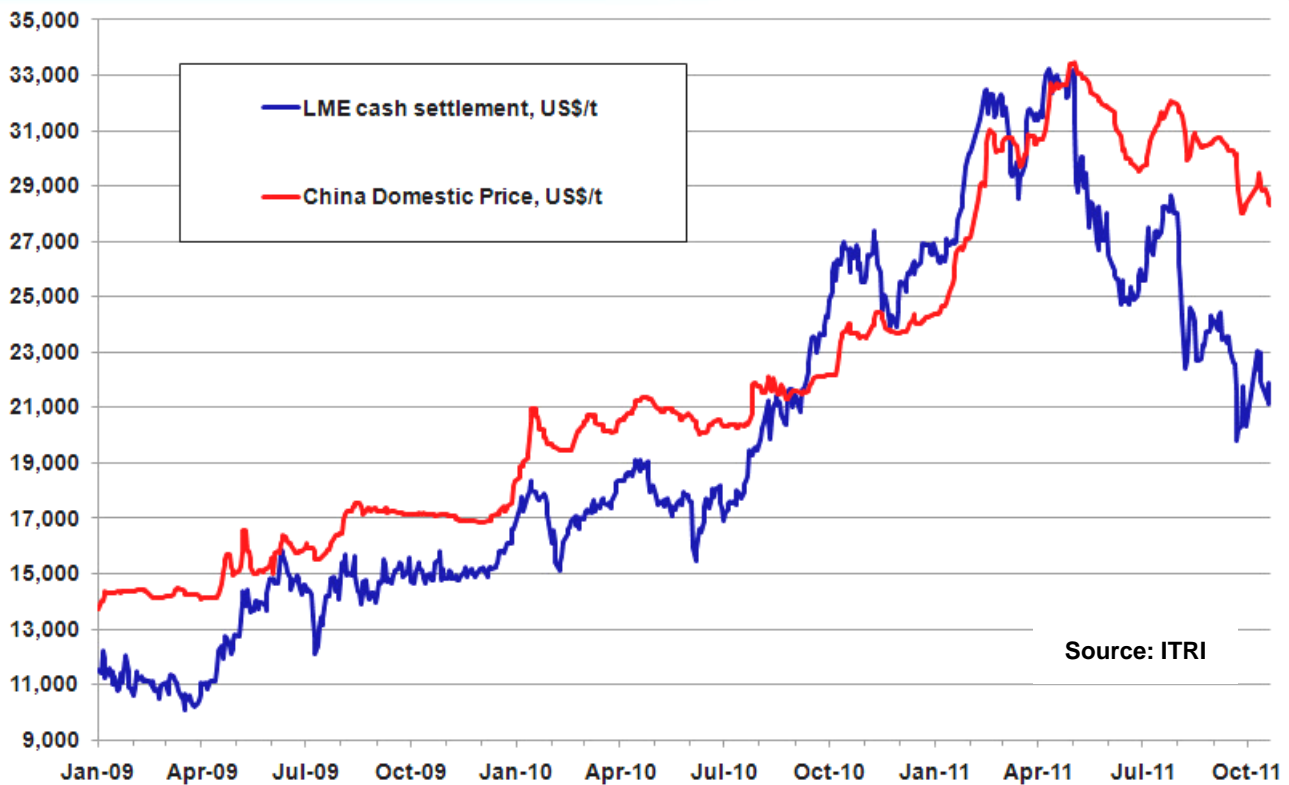
#### ▪ **Annual Report and Notice of Meeting**

The Company’s Notice of Meeting and Annual Report was posted to shareholders on 21 and 24 October 2011 respectively. The Company’s Annual General Meeting is scheduled for 10.30am on Thursday 24 November 2011 at the Rothschild’s Function Centre, The Perth Zoo Conference Centre, 20 Labouchere Road, South Perth WA.

#### ▪ **LME Tin Price Rebounds on Indonesian Export Bans**

China domestic tin price remained above that of the LME tin price during the quarter but concerns over the global economic outlook and destocking saw the LME price decline. This decline was reversed and the LME price recovered from below US\$20,000 / tonne in early October in response to threats from Indonesian tin producers’ to stop tin exports until the tin price recovered to US\$23,000 – US\$25,000 per tonne.

In late October 2011 tin was trading in a narrow zone between US\$20,000 – US\$22,000 / tonne as the Eurozone debt crisis continued.



**Graph 1**  
**LME Tin Price vs. China Domestic Price (Jan 2009 to October 2011)**

For and on behalf of the Board,



**Wayne Bramwell**  
**Managing Director**

For further information please go to:

[www.kasbahresources.com](http://www.kasbahresources.com)

Or email:

[info@kasbahresources.com](mailto:info@kasbahresources.com)

*The information in this report that relates to Kasbah Resources Limited's mineral resource estimates for the Achmmach Project, is based on information compiled by Michael Job, who is a full time employee of Quantitative Group and a Member of the Australasian Institute of Mining and Metallurgy. Michael Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 JORC code. Michael Job consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.*

*The information in this report is based on information compiled by Mr Chris Bolger, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bolger is a full-time employee of Kasbah Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bolger consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.*

**APPENDIX A:**
**Table 1**
**Drill hole status 23 October 2011**

Hole ID	Collar WGS84 E	Collar WGS84 N	Collar dip / azimuth	Depth (m)	Target	Status
AD104	243502	3714876	-58/159.5	240.9	Meknes	hole abandoned
AD105	243432	3714860	-64/161.5	525.3	Meknes	assays received
AD106	243503	3714876	-68/160	452.2	Meknes	assays received
AD107	243368	3714801	-68/160	440.2	Meknes	assays received
AD108	243502	3714876	-50/160	496.6	Meknes	sampling
AD109	243432	3714860	-55/160	144.2	Meknes	assays received, hole abandoned
AD110	243392	3714742	-60/160	406.2	Meknes	assays received
AD111	243391	3714743	-54/160	449.6	Meknes	assays pending
AD112	243211	3714690	-50/105	373.6	Meknes	drilling
AD113	243010	3714701	-67/166	414.4	Meknes	drilling/sampling
AD114	243460	3714790	-62/160	503.3	Meknes	drilling/sampling
AD115	243432	3714861	-55/161	358.7	Meknes	drilling/sampling
AD116	243502	3714876	-62/160	124.7	Meknes	drilling

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**KASBAH RESOURCES LIMITED**

ABN

78 116 931 705

Quarter ended ("current quarter")

30 SEPTEMBER 2011

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(981)	(981)
(b) development	-	-
(c) production	-	-
(d) administration	(702)	(702)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	531	531
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(1,152)	(1,152)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(5)	(5)
(b) equity investments	-	-
(c) other fixed assets	(203)	(203)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	14	14
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	(194)	(194)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(1,346)	(1,346)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,346)	(1,346)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,346)	(1,346)
1.20	Cash at beginning of quarter/year to date	21,851	21,851
1.21	Exchange rate adjustments to item 1.20	194	194
1.22	<b>Cash at end of quarter</b>	20,699	20,699

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	169
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees paid to Directors for the quarter ending 30 September 2011.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	3,461
4.2 Development	-
4.3 Production	-
4.4 Administration	537
<b>Total</b>	<b>3,998</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,297	2,756
5.2 Deposits at call	16,074	18,874
5.3 Bank overdraft	-	-
5.4 Other (provide details) - Cash held in Morocco	328	221
<b>Total: cash at end of quarter</b> (item 1.22)	<b>20,699</b>	<b>21,851</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None.		
6.2	Interests in mining tenements acquired or increased	None.		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	364,262,596	364,262,596		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry Date</i>
KASAF	4,000,000	-	\$0.25	15 November 2011
KASAAB	5,625,000	-	\$0.25	15 November 2011
KASAS	6,650,000	-	\$0.25	30 April 2012
KASAU	7,250,000	-	\$0.25	8 June 2012
KASAY	16,250,000	-	\$0.25	15 June 2012
KASAK	1,000,000	-	\$0.35	1 May 2013
KASAM	1,000,000	-	\$0.25	11 July 2013
KASAAB	2,500,000	-	\$0.25	26 August 2014
KASAO	500,000	-	\$0.10	5 January 2015
KASAQ	1,500,000	-	\$0.10	5 October 2015
7.8 Issued during quarter	2,500,000	-	\$0.25	26 August 2011

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.9	Exercised during quarter				
7.10	Expired during quarter KASAO	749,250	-	\$0.25	1 July 2011
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

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+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_ Date: 31 October 2011  
Chief Financial Officer / Company Secretary

Print name: Trevor O'Connor

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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