

20 May 2011

KASBAH RESOURCES LIMITED

High-grade tin confirmed in Fez Zone

Kasbah Resources Limited ("Kasbah", "KAS", "Company") has reported high-grade tin intercepts from the first targeted drilling of the Fez Zone. The Fez Zone is a tin mineralised system which sits above the main Meknes Zone, ~150m below the surface, part of the Achmmach Project, Morocco. The Fez Zone comprises of shallow W-NW dipping qtz-cassiterite breccias and steeply W-NW dipping sandstone hosted disseminated cassiterite.

The latest drill results have verified the geological model for this zone with some of the better intercepts including 5m @ 1.67% Sn from 151m (including 3m @ 2.53% Sn); 7.65m @ 2.21% Sn from 147m (including 3.2m @ 3.93% Sn); 9m @ 1.50% Sn from 171.5m (including 3m @ 3.91% Sn); and 7m @ 0.85% Sn from 130m. By way of comparison, on a gold equivalent basis, 1% Sn is roughly equivalent to a gold grade of 5g/t at the current prices, so 3m @ 3.9% Sn is roughly equivalent to 3m @ 20g/t Au. A portion of the Fez Zone has previously been incorporated in the August 2010 resource estimate of 7.0mt @ 0.8% Sn for ~54Kt of contained tin, making up to ~2mt. The mineralised zone remains open to the west and east and is expected to be intersected during on-going drilling, aimed at filling-in the resource "Gap" towards the Eastern Zone.

"Gap" drilling commenced with improved results turnaround

Kasbah currently has two diamond drill rigs on site and is actively drilling outside and to the east of the Meknes Resource, within a zone referred to as the "Gap". This exploration target has the potential to add significant tonnes to the resource statement at the Meknes position through to the Eastern Zone (strike potential of over 350m). The Company has a third diamond rig joining the program at the end of May 2011. Drilling will continue until the end of the year, with an updated resource estimate expected in the December quarter CY2011. The Company is targeting a minimum 10mt @ 0.8% Sn, of which ~6mt will be in the Indicated category.

To reduce the assay turnaround time of the drill results the company has completed a sample preparation facility at Achmmach. This facility will crush core samples down to 2mm and facilitate the dispatch of smaller samples to Europe for further sample preparation and analysis. The Company is hopeful assays turnaround could be reduced to a couple of weeks.

Early option for 100% project ownership will derisk operations

In April 2011 the Kasbah Board visited Achmmach to review project progress and meet with the Minister of Energy and Mines and senior local officials. The purpose of the meeting was to advance the exercise of Kasbah's option for 100% ownership of the tin project. The option conversion process is progressing with the Company confident that the transfer can occur within a few months. A staged payment of US\$5m will complete the transfer. The company remains on track for the PFS release during the last quarter of 2011.

Sentiment for tin remains strong and Achmmach continues to prove-up as a quality project. Kasbah is active with the PFS and drill program designed for resource growth. We continue to recommend Kasbah as a Buy with a 12-month price target of 58cps. The Company is trading at a significant discount to our price target.

Share Price	\$0.255
Price Target	\$0.58

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

19 Hardy Street
South Perth WA 6151

Issued Capital	364.3m
- fully diluted	414.2m

Market Cap	\$92.9m
- fully diluted	\$105.6m

Cash (31 Mar '11)	\$25.4m
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Debt (31 Mar '11)	\$0.0m
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EV	\$67.4m
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EV/Resource t	\$1249/t
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EV/Reserve t	\$0/t
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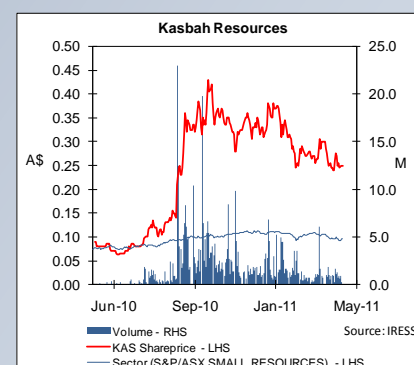
Yearly Turnover/Volume	\$133.8m/437.7m shares
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Liquidity Measure	120%
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Main Projects

Achmmach	Sn
Tamlalt	Au

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



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Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Kasbah Resources Limited. See back page for full disclosure.

SUMMARY MODEL

Kasbah Resources Limited		Share Price	May 2011					
KAS		\$0.255	Buy					
Key Market Information		Directors						
Share Price	\$0.255	Company Information						
Market Capitalisation	\$93m	Mike Spratt (Non Exec Chair)						
52 Week High-Low	\$0.44-\$0.049	Wayne Bramwell (MD)						
Issued Capital	364.3m	Dr Rod Marston (Non-Exec Dir)						
Issued Capital (fully diluted)	414.2m	Dr Robert Weinberg (Non-Exec Dir)						
Options	49.90m @ A\$0.25	Ian McCubbing (Non-Exec Dir)						
Hedging	-	Gary Davison (Non-Exec Dir)						
Yearly Turnover/Volume	\$133.8m/437.7m shares	19 Hardy Street						
Liquidity Measure (Yearly Turnover/Issued Capital)	120%	South Perth WA 6151						
Price Target	\$0.58	Tel: +61 8 9463 6651						
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		Web: www.kasbahresources.com						
Preliminary Achmmach Valuation Scenarios		Economic Exposure of Directors						
Scenario 1 - Price US\$17,000/t	Est. \$m	Est. \$/share	Shares	Options	Total			
Achmmach (NPV @ 12%)	(39.6)	(0.10)	Mike Spratt (Non Exec Chair)	0.5	0.0	0.5		
Exploration (Achmmach + Tamlalt Gold)	40.0	0.10	Wayne Bramwell (MD)	9.8	4.0	13.8		
Cash	25.4	0.06	Dr Rod Marston (Non-Exec Dir)	1.5	1.9	3.4		
Forwards	-	-	Dr Robert Weinberg (Non-Exec Dir)	0.4	1.9	2.3		
Corporate Overheads	(7.2)	(0.02)	Total	12.2	7.8	19.9		
Total Debt	-	-	% of Total Shares on Issue (approx)	5.1%	14.8%	6.9%		
Tax Losses	4.9	0.01	Top Shareholders - 12 Jan 11					
Options & Other Equity	11.2	0.03	m shares					
Total	34.7	0.08	International Finance Corporation (World Bank)	46.2	12.8%			
			African Lion Limited	46.2	12.8%			
Scenario 2 - Price US\$20,000/t	Est. \$m	Est. \$/share	Transaminvest SA	15.0	4.1%			
Achmmach (NPV @ 12%)	62.6	0.15	Traxys Projects LP	9.2	2.5%			
Exploration (Achmmach + Tamlalt Gold)	40.0	0.10	Merrill Lynch (Australia) Nominees Pty Ltd	8.5	2.3%			
Cash	25.4	0.06	Tarifa Investments Pty Ltd <Tarifa Investments A/C>	8.1	2.2%			
Forwards	-	-	Thailand Smelting & Refining Company Limited	8.1	2.2%			
Corporate Overheads	(7.2)	(0.02)	Buttonwood Nominees Pty Ltd	6.0	1.7%			
Total Debt	-	-	Societe Generale	6.0	1.7%			
Tax Losses	4.9	0.01	National Nominees Limited	5.6	1.6%			
Options & Other Equity	11.2	0.03	Bond Street Custodians Limited <Officium Emerging Res A	5.5	1.5%			
Total	136.9	0.33	UBS Nominees Pty Ltd	5.1	1.4%			
			J P Morgan Nominees Australia Ltd	5.0	1.4%			
Scenario 3 - Price US\$23,000/t (Scoping)	Est. \$m	Est. \$/share	NEFCO Nominees Pty Ltd	3.4	0.9%			
Achmmach (NPV @ 12%)	120.8	0.29	MR R J McCammon	3.3	0.9%			
Exploration (Achmmach + Tamlalt Gold)	40.0	0.10	RBC Dexia Investor Services Australia Nominees <BKCUK	2.2	0.6%			
Cash	25.4	0.06	Reserves & Resources					
Forwards	-	-	Mt					
Corporate Overheads	(7.2)	(0.02)	Sn%					
Total Debt	-	-	Sn Kt					
Tax Losses	4.9	0.01	Achmmach					
Options & Other Equity	11.2	0.03	Indicated	2.20	0.8	17		
Total	195.1	0.47	Inferred	4.80	0.8	37		
			Resource - Total	7.00	0.8	54		
Scenario 4 - Price US\$30,900/t (Spot)	Est. \$m	Est. \$/share	Production Summary					
Achmmach (NPV @ 12%)	274.2	0.66	Unit					
Exploration (Achmmach + Tamlalt Gold)	40.0	0.10	FY2013F					
Cash	25.4	0.06	FY2014F					
Forwards	-	-	FY2015F					
Corporate Overheads	(7.2)	(0.02)	FY2016F					
Total Debt	-	-	*Attributable					
Tax Losses	4.9	0.01	Payable Tin Metal	000t	2.5	5.0	5.0	5.0
Options & Other Equity	11.2	0.03	Cash Cost	A\$/t	13,076	13,698	14,498	15,398
Total	348.5	0.84	Cash Cost	US\$/t	12,749	12,763	12,805	12,852
			FX Assumptions					
Scenario 5 - Price US\$30,000/t	Est. \$m	Est. \$/share	Unit					
Achmmach (NPV @ 12%)	256.7	0.62	FY2013F					
Exploration (Achmmach + Tamlalt Gold)	40.0	0.10	FY2014F					
Cash	25.4	0.06	FY2015F					
Forwards	-	-	FY2016F					
Corporate Overheads	(7.2)	(0.02)	Exchange Rate	A\$/US\$	0.98	0.93	0.88	0.83
Total Debt	-	-	Hedging					
Tax Losses	4.9	0.01	Unit					
Options & Other Equity	11.2	0.03	FY2013F					
Total	331.0	0.80	FY2014F					
			FY2015F					
Scenario 6 - Price US\$35,000/t	Est. \$m	Est. \$/share	FY2016F					
Achmmach (NPV @ 12%)	353.8	0.85	Total Forward Sales - Tin	000t	-	-	-	-
Exploration (Achmmach + Tamlalt Gold)	40.0	0.10	Forward Tin Price	A\$/t	-	-	-	-
Cash	25.4	0.06	Tin Price Forecasts					
Forwards	-	-						
Corporate Overheads	(7.2)	(0.02)	LME Tin Price					
Total Debt	-	-	Scenario 1					
Tax Losses	4.9	0.01	Scenario 2					
Options & Other Equity	11.2	0.03	Scenario 3					
Total	428.1	1.03	Scenario 4					
			Scenario 5					
			Scenario 6					

* Used same Opex and Capex assumptions; funding requirement in 2012

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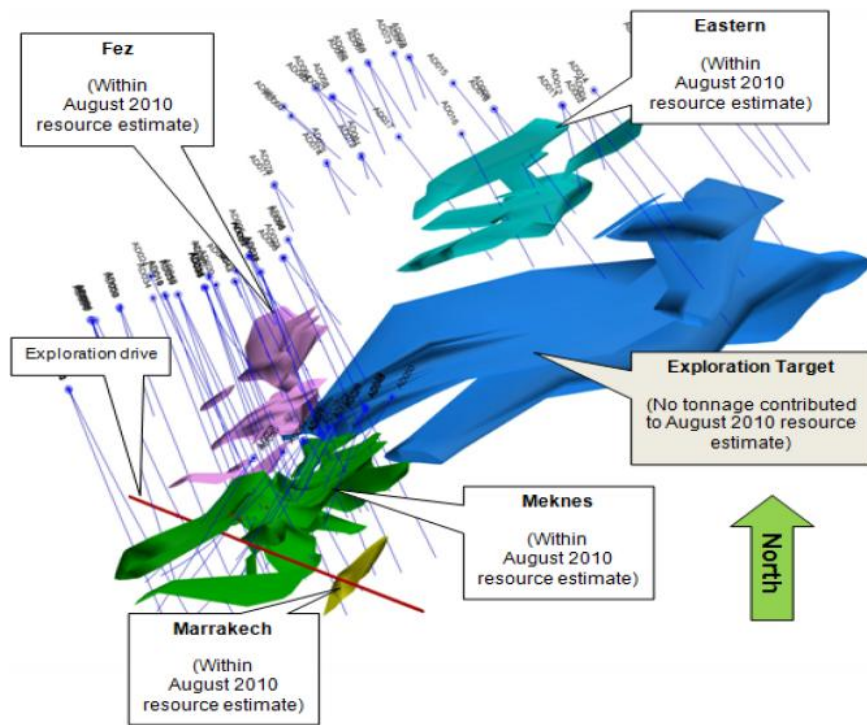
Last Updated: 20/05/2011

Sources: IRESS, Company Information, Hartleys Research

Updated resource estimate for Achmmach expected in Q4 CY2011



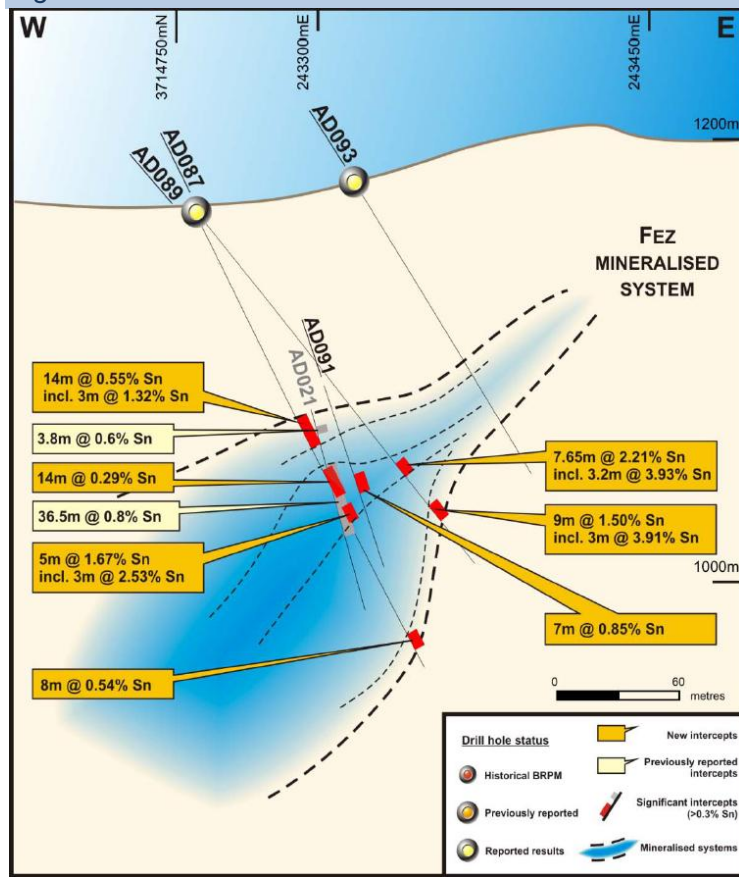
Fig. 1: Long Section of Achmmach Tin Project



Source: Kasbah Resources Limited

Fig. 2: Fez Zone – Drill Results on Plan View

The Fez Zone sits above the main Meknes Zone ~150m below the surface.



Source: Kasbah Resources Limited

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage						Hartleys Research Coverage					
Name	Ticker	Last Price*	M. CAP (\$M)	Status	Hartleys Research Recommendation	Name	Ticker	Last Price*	M. CAP (\$M)	Status	Hartleys Research Recommendation
Resources						Oil & Gas					
Gold						Conventional Oil & Gas					
1. Intrepid Mines Limited	IAU	1.81	772	Explorer	Speculative Buy	1. Woodside Petroleum Ltd	WPL	45.40	35,418	Major	Buy
2. Beadell Resources Limited	BDR	0.795	494	Developer	Speculative Buy	2. Nexus Energy Ltd	NXS	0.37	354	Developer / Explorer	Speculative Buy
3. Gold One International Limited	GDO	0.505	407	Producer	No Rating	3. Tap Oil Ltd	TAP	0.92	220	Producer / Explorer	Buy
4. Integra Mining Limited	IGR	0.445	336	Producer	Speculative Buy	4. Carnarvon Petroleum Ltd	CVN	0.25	168	Producer / Explorer	Speculative Buy
5. Silver Lake Resources Limited	SLR	1.87	333	Producer	Buy	5. Otto Energy Ltd	OEL	0.11	119	Explorer / Producer	Buy
6. Catalpa Resources Limited	CAH	1.735	282	Producer	Buy	6. FAR Ltd	FAR	0.10	118	Explorer / Producer	Speculative Buy
7. Tanami Gold NL	TAM	0.850	221	Producer	Speculative Buy	7. Cooper Energy Ltd	COE	0.39	114	Producer / Explorer	Buy
8. Focus Minerals Ltd	FML	0.074	212	Producer	Buy	8. Amadeus Energy Ltd	AMU	0.24	71	Producer / Explorer	Speculative Buy
9. PMI Gold Corporation Limited	PVM	0.650	125	Developer	Speculative Buy	9. Hawkey Oil and Gas Ltd	HOG	0.32	44	Producer / Explorer	Buy
10. YTC Resources Limited	YTC	0.560	110	Developer	Speculative Buy	10. WHL Energy Ltd	WHN	0.03	29	Explorer / Producer	Speculative Buy
11. Papillon Resources Limited	PIR	0.480	88	Explorer	Speculative Buy	11. Sun Resources NL	SUR	0.03	11	Explorer / Producer	Hold
12. Ausquest Limited	AQD	0.150	34	Explorer	Speculative Buy	Non Conventional Oil & Gas					
13. Cortona Resources Limited	CRC	0.140	27	Developer	Speculative Buy	1. Aurora Oil and Gas Ltd	AUT	2.82	1,138	Producer / Developer	Reduce
14. Emmerson Resources Limited	ERM	0.120	24	Explorer	Speculative Buy	2. Samson Oil & Gas Ltd	SSN	0.135	233	Developer / Producer	Buy
15. Canyon Resources Limited	CAY	0.370	11	Explorer	Speculative Buy	3. Oilex Ltd	OEX	0.37	94	Explorer / Producer	Speculative Buy
16. Southern Gold Limited	SAU	0.079	11	Explorer	Speculative Buy	4. European Gas Ltd	EPG	0.45	90	Producer / Explorer	Speculative Buy
17. Geopacific Resources NL	GPR	0.250	10	Explorer	Speculative Buy	5. Strike Energy Ltd	STX	0.16	53	Explorer / Producer	Buy
Iron Ore						6. Entek Energy Ltd	ETE	0.16	46	Producer / Explorer	Speculative Buy
18. Atlas Iron Limited	AGO	3.76	2,054	Producer	Buy	Sub-Total		38,320			
19. Centaurus Metals Ltd	CTM	0.082	50	Explorer	Speculative Buy	Industrials					
Coal						Resource Services - Capital Intensive					
20. Riversdale Mining Limited	RIV	16.500	3,109	Developer	No Rating	1. Ausdrill Limited	ASL	3.41	1,039	Contract Drilling	Buy
Base Metals						2. NRW Holdings Ltd	NWH	2.81	788	Contract mining	Speculative Buy
21. Independence Group NL	IGO	5.990	1,213	Gold, Ni, Zn, Cu	Buy	3. Mermaid Marine Ltd	MRM	3.13	667	Oil & Gas Services	Speculative Buy
22. Aviva Corporation Limited	AVA	0.250	34	Explorer	Speculative Buy	4. Fleetwood Corporation	FWD	11.37	651	Accommodation	Hold
Other metals						5. Matrix Composites &	MCE	8.42	614	Oil & Gas Services	Buy
23. Kasbah Resources Limited	KAS	0.250	59	Tin Developer	Buy	6. Imdex Ltd	IMD	2.09	418	Drilling Supplies	Buy
24. Shaw River Resources Limited	SRR	0.210	53	Manganese:	Speculative Buy	7. Macmahon Holdings Limited	MAH	0.54	396	Contract mining	Hold
25. Hazelwood Resources Ltd	HAZ	0.185	42	Tungsten Developer	Speculative Buy	8. MACA Ltd	MLD	2.50	375	Contract mining	Buy
Uranium						9. Pacific Energy Ltd	PEA	0.45	156	Remote Power	Buy
26. Peninsula Energy Ltd	PEN	0.081	169	Developer	Buy	10. Swick Mining Services Ltd	SWK	0.38	89	Contract Drilling	Speculative Buy
27. Impact Minerals Limited	IPT	0.085	10	Explorer	Speculative Buy	Resource Services - Labour Intensive					
Sub-Total			10,293								
						11. Monadelphous Group Limited	MND	19.45	1,673	Construction	Buy
						12. Decmil Group Limited	DCG	3.24	401	Construction	Buy
						13. Lycopodium Limited	LYL	6.50	251	Engineer. & Constr.	Speculative Buy
						14. RCR Tomlinson Ltd	RCR	1.60	211	Engineer. & Constr.	Buy
						15. LogiCarms Limited	LCM	1.19	79	Engineer. & Constr.	Speculative Buy
						16. VDM Group Limited	VMG	0.17	36	Engineer. & Constr.	Speculative Buy
						Other Industrial Companies					
						17. Seven West Media Limited	SWM	4.42	3,383	Media	Speculative Buy
						18. Austal Limited	ASB	2.98	560	Civil and Military	Buy
						19. iNet Limited	IN	2.83	431	Telecommunications	Buy
						20. Cash Converters Internat.	CCV	0.77	306	Unsecured Finance	Hold
						21. Amcom Telecommunications	AMM	0.36	254	Telecommunications	Buy
						22. RedHill Education Ltd	RDH	0.16	4	'For profit' education	Hold
Sub-Total				12,783							
66.			GRAND TOTAL		61,396						

Source: IRESS, Hartleys Research. * 20 May 2011

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Hartleys Recommendation Categories

No Rating	No recommendation.
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	There is unlikely to be further gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated
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.

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