

27 April 2010

**ASX Code:** KAS

**Board & Management**

Graeme Walker  
Non Executive Chairman

Wayne Bramwell  
Managing Director

Rod Marston  
Non Executive Director

Rob Weinberg  
Non Executive Director

Trevor Hart  
CFO / Company Secretary

Country Manager  
Chris Bolger

Exploration Manager  
Jeffrey Lindhorst

**Projects - Morocco**

- Achmmach Tin Project
- Tamlalt Gold Project

**Investment Data**

Shares on Issue 177M

**Shareholders**

Top 20 Hold 65%

**LME Tin Price (26/4/10)**

US\$19,000 / t (cash buyer)

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## KASBAH RESOURCES LIMITED

### MARCH QUARTERLY REPORT



#### HIGHLIGHTS

- Kasbah raises a total of \$4.5M with 3 strategic parties at above average market price to advance the Company's priority Achmmach Tin Project;
- 2<sup>nd</sup> diamond drill rig commences at Achmmach Tin Project
- Completes 2,225m of diamond drilling in the Meknes Zone during the quarter;
- **AD035 – 57m @ 1.1% tin** from 325m
- Reports high grade surface rock chip results to 13.5% tin from the Northern Zone;
- Appoints Country Manager - Morocco;
- Tin price hits **US\$19,000 / tonne**.

**SUMMARY OF ACTIVITIES FOR THE QUARTER**

Kasbah Resources Limited (Kasbah) is pleased to provide this update on the company's progress in Morocco.

During and shortly after this quarter the company announced the following key events.

- **Placement to the IFC and AFL to raise \$3.5M**

On 17 March 2010 the Company announced a placement to the International Finance Corporation (IFC) and to African Lion Find (AFL). Under the terms of the proposed investment, Kasbah will place 32.5M fully paid ordinary shares at **\$0.075** cents per share to IFC to raise \$2.4M to advance the exploration and development programmes at the company's Achmmach Tin Project in Morocco.

Alongside the proposed investment by IFC and on the same terms, Kasbah's largest shareholder, AFL has agreed to a placement of 14.5M shares to provide an additional \$1.1M in funding. Both parties will be entitled to 1 option for every 2 Kasbah shares subscribed for with each option convertible any time during two years at a \$0.25 cent strike price.

- **Placement to Traxys to raise \$1.0M**

On 19 April 2010 the company announced a placement to Traxys, a major metal and concentrates marketer and trader with specialised experience in tin concentrates and tin metal. This deal was completed on the same terms as the IFC / AFL placement outlined above, Kasbah will place 13.3M fully paid ordinary shares at **\$0.075** cents per share to Traxys to raise an additional **\$1.0M**.

The total raising from these three parties provides an additional **\$4.5M** to advance the Achmmach Tin Project.

- **Meknes Resource Definition Drilling (MRDD)**

The MRDD programme has progressed significantly (Figure 1) with a second diamond drill rig commencing on site on 15 February 2010. To 31 March 2010, 11 holes have been completed for a total of **3,841.3** metres or **51%** of the total planned metres in the approved program.

During this quarter the company completed drill holes AD034, AD035, AD036, AD037 and AD038 for a total of **2,225.2** metres (Figure 2). AD035 was an outstanding result with this hole delivering an interval of **57m @ 1.1 % tin** from 325m. This 57m interval includes a single 4m interval of tin < 0.3% Sn.

AD035 returned:

- **22m @ 1.64% Tin** from 325m down-hole including:
  - **12m @ 2.5% Tin** from 326m depth
  - **4m @ 4.6% Tin** from 334m depth
- **31m @ 0.88% Tin** from 351m down-hole including:
  - **15m @ 1.14% Tin** from 361m depth

AD034 returned:

- **18m @ 0.42% Tin** from 320m down-hole.

AD035 has extended to the east the high grade mineralised zone intersected in AD031. Hole AD034 confirms the mineralised zone identified along historical underground workings by the Bureau des Recherches et de Participations Minières (BRPM). Both holes intersected potentially economic mineralisation in the predicted structural positions.

With respect to overall geometry and continuity, the diamond drilling continues to increase the confidence in the geological interpretation of the Meknes Zone.

As of 23 April 2010 assays were pending for holes AD036, AD037 and AD038 with drilling in progress on holes AD039 and AD040. If current drilling rates are sustained, the approved program will be completed in June and a new resource estimate will begin.

- **Northern Zone**

On 12 April 2010 the company announced that high grade tin mineralisation exposed at the surface in the Northern Zone had been confirmed by 117, 3-4kg rock chip samples across mineralised outcrop. The peak assay of **13.5% tin** was supported with more than 50% of all samples assaying  $\geq 0.3\%$  tin with three (3) outcropping tin mineralised trends now defined.

- **Appointment of Country Manager**

On 6 April 2010 Mr Chris Bolger joined the Kasbah team to take up the role of Country Manager - Morocco.

## 1.0 ACTIVITIES FOR THE QUARTER

### Achmmach Tin Project

#### Meknes Resource Definition Drilling Programme (MRDD)

A second diamond drill rig commenced drilling at Achmmach on 15 February 2010. During the quarter the company completed **2,225.2m** of diamond drilling at Achmmach including (Figure 1):

- AD034 (EOH 471.1m)
- AD035 (456.7m EOH)
- AD036 (394m EOH)
- AD037 (329.3m EOH)
- AD038 (494.7m EOH)
- AD039 (246.6m in progress)
- AD040 (49m in progress)

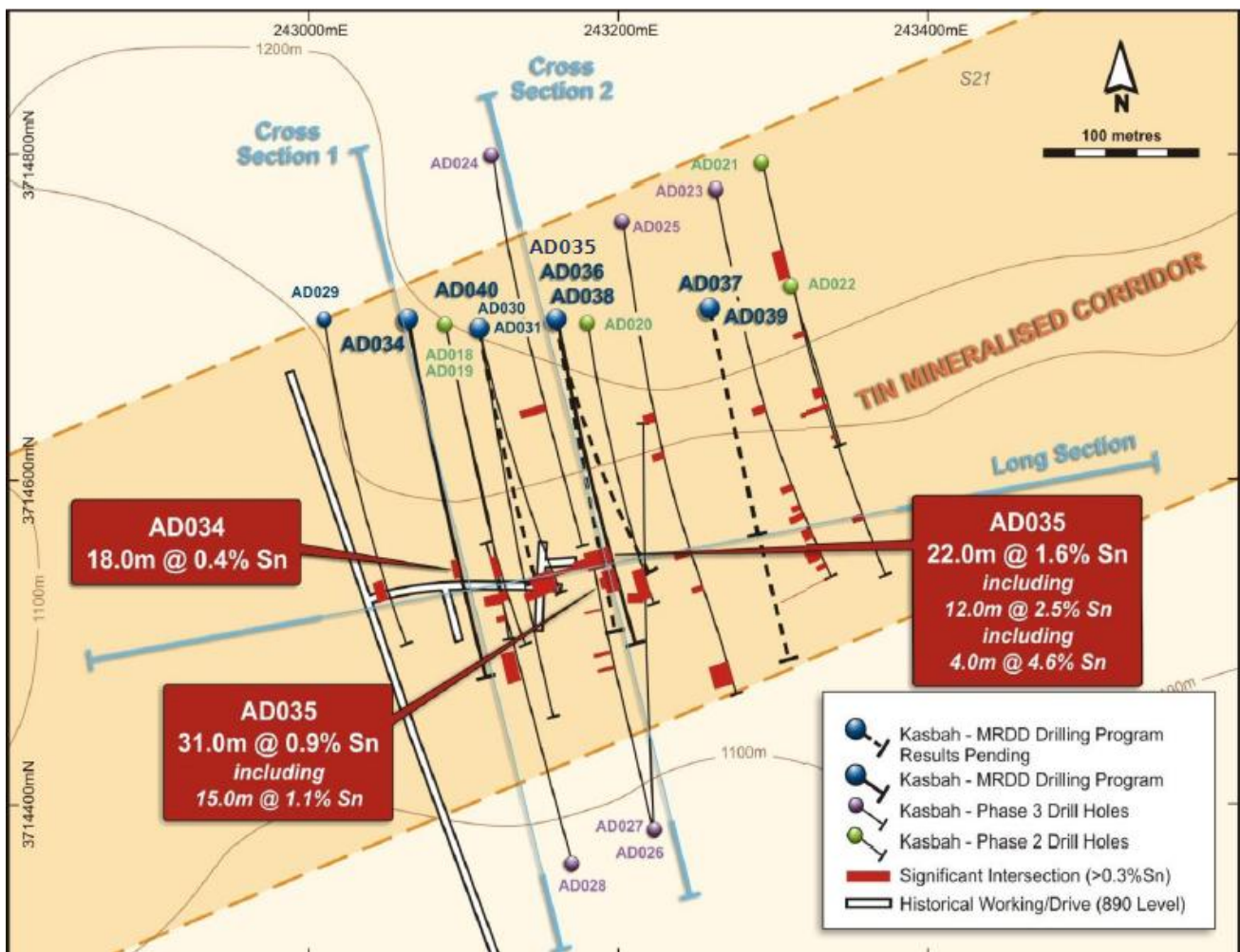


Figure 1

Achmmach Drill Hole Location Plan

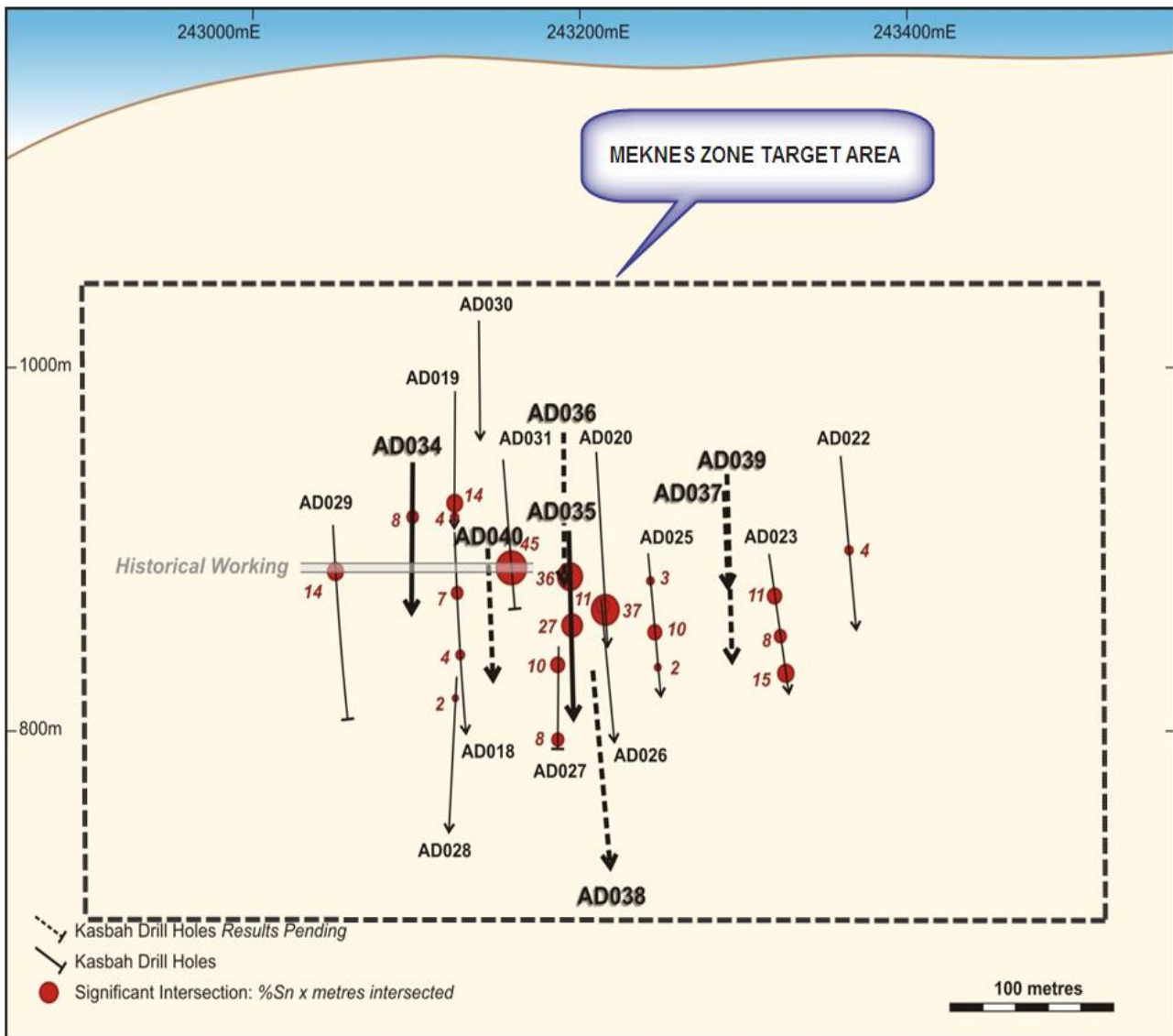
**Additional Exploration**

During the quarter a total of 159 surface geochemical samples were taken and included:

- ❑ **Northern Zone** - 117 rock chip samples.
- ❑ **Eastern Zone** - 42 rock chip samples.

**1.1 MRDD Results**

The objective of the MRDD program is to drill out a target area of 450m long x 150m vertical within the main Meknes Zone. Within this area, Kasbah believes there is potential to define 1-2Mt of mineral resources at economic grades for underground mining (Figure 2).



**Figure 2**  
**MRDD Target Zone**

- **Drill Hole AD034**

AD034 located 45m west of AD029 (Figure 2) was drilled to infill the 75m gap between AD029 and the section located 30m east of AD034 (which contains AD018, AD019 and AD028). The objective of AD034 was to intercept the mineralised structure identified in AD029 (**21m @ 0.68% Tin** from 346m down-hole) and interpreted as Structure B.

AD034 intersected the targeted structure between 320 and 344 metres depth down-hole (beginning at the 920mRL about 30m above the underground workings and continuing on to the 900mRL about 8 metres north of the UG workings).

AD034 returned **18m @ 0.42% Tin** from 320m depth. (Refer to Appendix A)

Structural measurements from oriented core confirm that the quartz-cassiterite veins strike generally east-west and dip steeply to the north. This is consistent with the equivalent interpreted structures intersected in AD029 and builds confidence in the geological interpretation.

The potentially economic tin mineralisation is now interpreted to be continuous over at least 75 metres with a true width of at least 10 metres. Two further holes are planned on this cross section to further increase confidence in mineralisation and continuity at possible underground mining scales, as well as to test for down dip extensions.

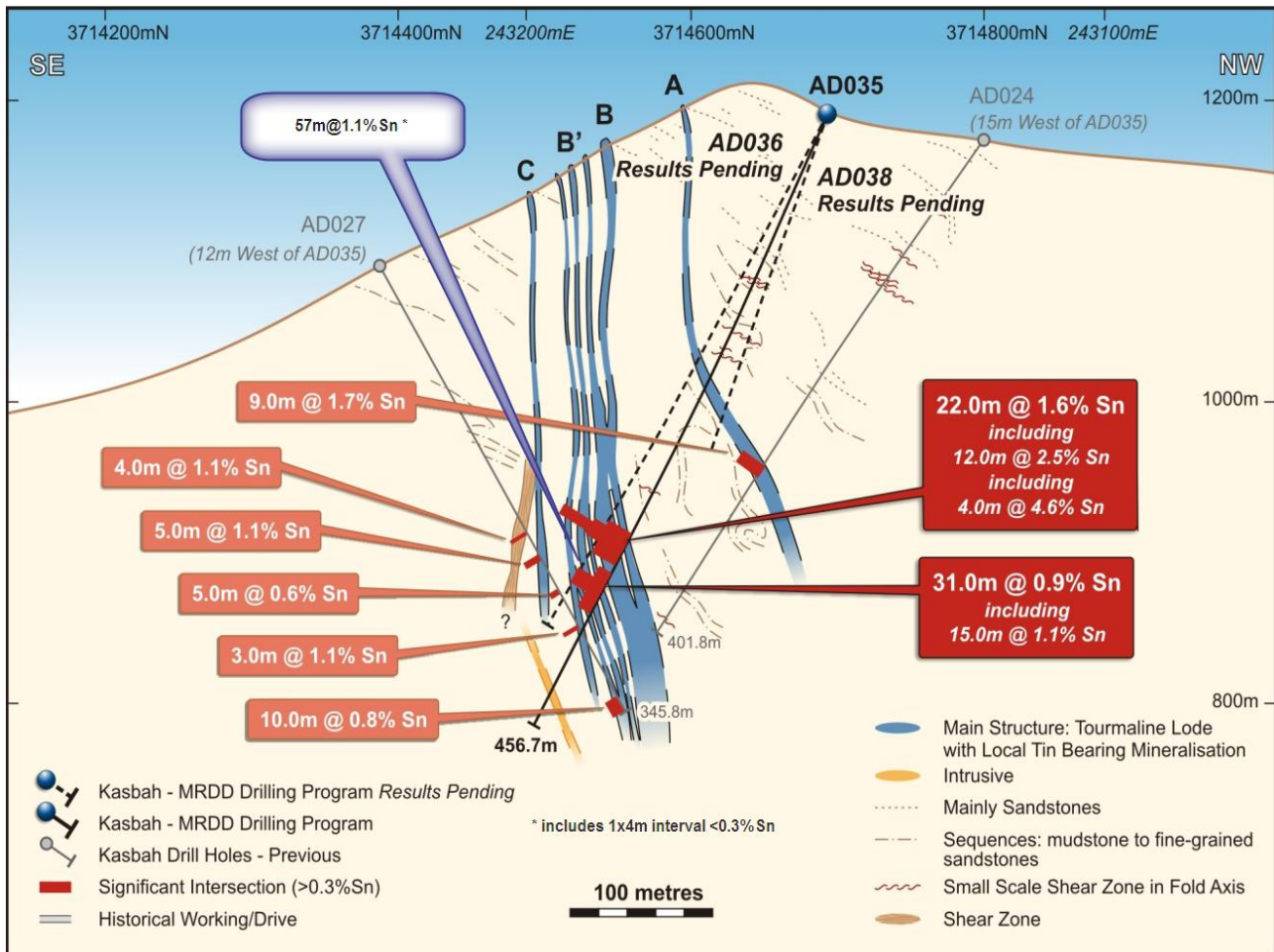
- **Drill Hole AD035**

AD035 was drilled to test the along strike continuity of mineralisation between AD031 (**30m @ 1.49% Tin**) and AD020 (**46.3m @ 0.8% Tin**) which are located 55m apart (Refer to Figures 2 & 3).

AD035 intersected significant mineralisation over **57 metres @ 1.1% Tin** from 325m down-hole, which included a single 4m down-hole interval of less than 0.3% Tin. Kasbah geologists have interpreted the 57m intersection as coalescence of the B and B' structures (Refer to Figure 3). Full drill assay results are attached as Appendix A.

This mineralised structure is interpreted to be the eastern continuation of the structure which hosts the significant intercept in drill hole AD031 (**30m @ 1.49% Tin**), located 38 metres to the west. The tin mineralisation predominantly occurs as quartz-cassiterite veins through the tourmaline-altered metasediments and breccias:

- The upper zone, intercepted between 325m depth and 347m down-hole, returned **22m @ 1.64% Tin** from 325m, with a high grade interval of **12m @ 2.5% Tin** from 326m in an intensely tourmaline-altered zone. The entire intersection has an estimated true width of 10m and extends from the 900m RL to the 890m RL and is located about 25 m east of the end of the UG workings.
- The lower zone, separated from the upper zone by 4 metres down-hole of low grade mineralisation (<0.3%Tin), is interpreted as four closely spaced discrete tourmaline lodes. This zone returned **31m @ 0.88% Tin** from 351m down-hole with a high grade part of **15m @ 1.14% Tin** from 361m with well defined quartz cassiterite veins.



**Figure 3**  
**AD035 cross section – Achmmach Tin Project**

• **Drill Hole AD036**

AD036 was drilled to test the predicted updip extension of mineralisation in AD035. The hole was completed on March 10 at 394 metres and assays are pending.

• **Drill Hole AD037**

AD037 was drilled to test the interpreted 80 metres strike continuity of the four lodes encountered in AD023 and AD025. The hole was stopped in mineralisation at 392.3 metres due to drilling problems on 19 March 2010 and assays are pending.

• **Drill Hole AD038**

AD038 was drilled to test the predicted down dip extension of the mineralisation in AD035. The hole deviated 20 metres off section and finished on section with AD020 and AD026 to the east at 494.7 metres on 30 March 2010. Assays are pending.

• **Drill Hole AD039**

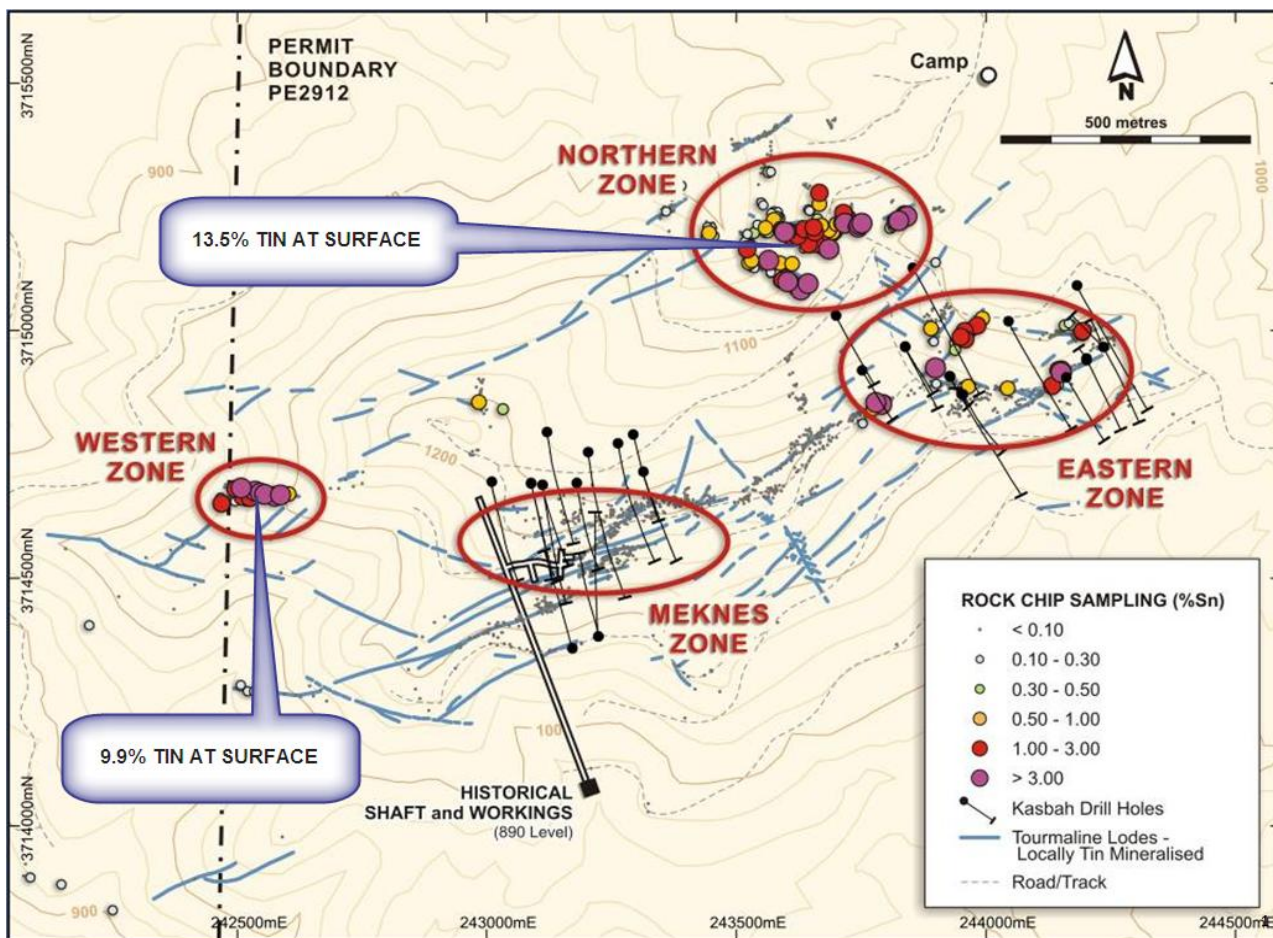
AD039 (in progress) is drilling to continue testing the strike continuity of mineralisation between AD023 and AD025 that AD037 failed to complete. Drilling commenced on 20 March 2010 and was at 246.6 metres on 31 March 2010.

- **Drill Hole AD040**

AD040 (in progress) is drilling to test the predicted down dip continuity of mineralisation in AD031. Drilling commenced on 30 March 2010 and was at 49 metres at month end.

**1.2 Northern Zone Surface Rock Chip Sampling Results**

The Northern Zone is one of three zones that have high grade tin mineralisation exposed at the surface (Refer to Figures 4 & 5). Systematic rock chip sampling of tin mineralised structures exposed at the surface has confirmed the presence of high grades in the Northern Zone (previously identified from mapping and grab samples).



**Figure 4**  
**Achmmach Tin Project:**  
**Location of High Grade Surface Tin Mineralisation & Underground Meknes Zone**

A total of 117, 3-4kg composite rock chip samples were collected with a peak value of **13.50% tin** being found in the 070° striking structure. More than 50% of the samples returned grades of more than 0.3% tin (Refer to Appendix A).

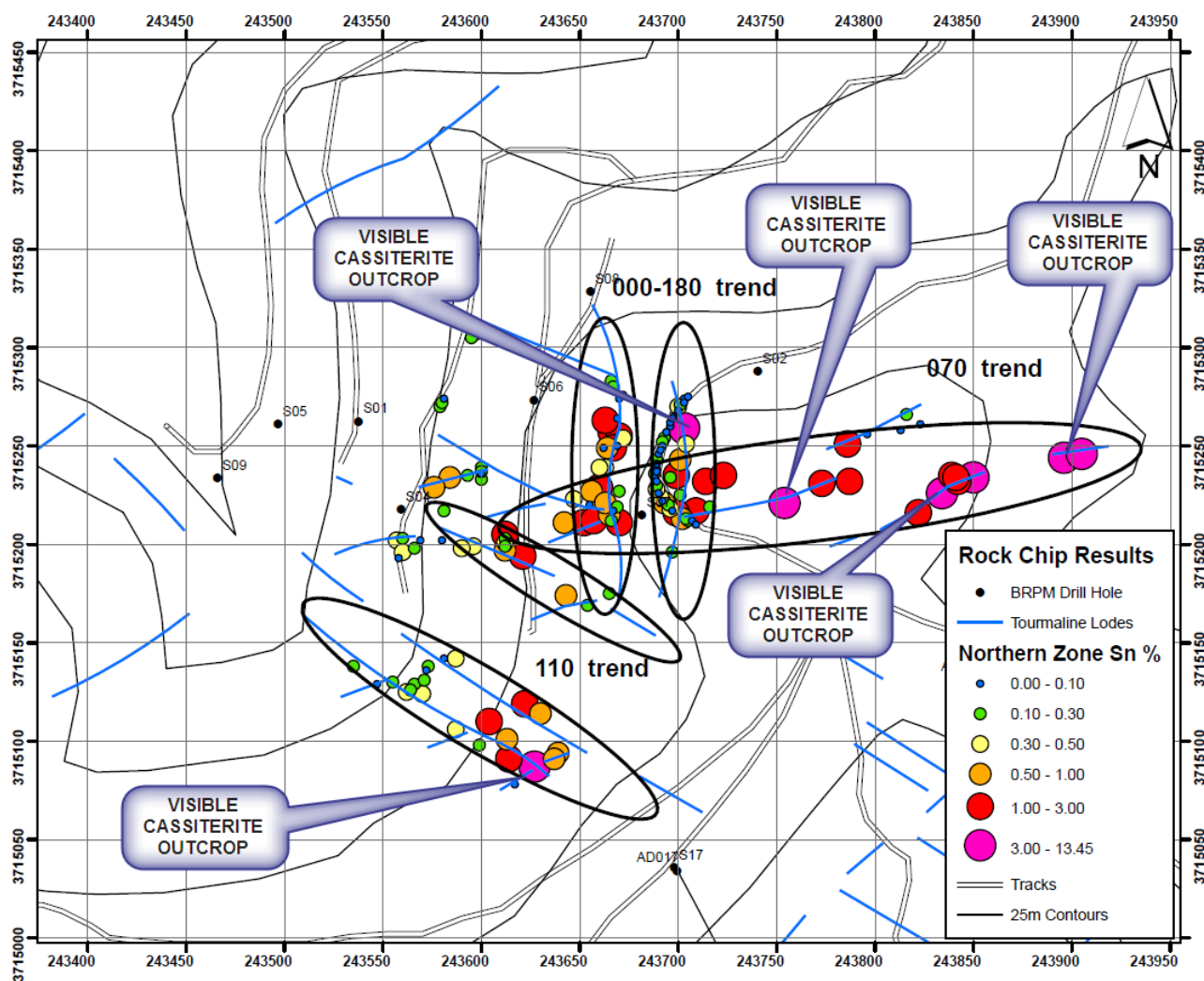
Three outcropping mineralised trends have been identified in the Northern Zone in an area of 400m x 300m (Refer to Figure 5):

- ❑ **Trend 070°**

250m sampled strike extent. Tin mineralisation is in steeply north dipping hydrothermal breccias, 0.5-1.5m wide with cassiterite (peak tin value of **13.5% tin** in KAS4044);
- ❑ **Trend 110°**

100m sampled strike extent. Tin mineralisation is in steep to south dipping zones up to 2m wide comprised of tourmaline breccia and micro fractures (peak tin value of **5.4% tin** in KAS1903);
- ❑ **Trend 000° – 180°**

150m sampled strike extent. Tin mineralisation is in north striking sandstone and siltstone as bedding parallel replacements and as east-west striking sub-vertical micro fractures with tourmaline alteration (peak tin value of **2.9% tin** in KAS1992).



**Figure 5**  
**Northern Zone Composite Rock Chip Location Plan**

Visible cassiterite (tin oxide) has been observed in many of these outcrops.

Previous drilling (S01-S11) undertaken by the Bureau des Recherches et de Participations Minières (BRPM) in the Northern Zone targeted deeper tin-mineralised structures and were consequently not routinely sampled above the target depth. These 11 holes are currently being re-logged and core not previously sampled from the top 100m down-hole is being sampled and submitted for analysis.

A program of trenching in areas lacking outcrop along the trend of the structures has also commenced.

### **1.3 Eastern Zone Surface Rock Chip Sampling Results**

A programme of systematic rock chip sampling of tin-mineralised structures exposed at the surface has commenced with an initial 42 samples collected along 300 metres of outcrop. Further sampling and mapping is in progress.

## 2.0 CORPORATE

### 2.1 Placement to the IFC and AFL to raise \$3.5M

Under the terms of the proposed investment, Kasbah will place 32.5M fully paid ordinary shares at **\$0.075** cents per share to IFC to raise \$2.4M to advance the exploration and development programmes at the company's Achmmach Tin Project in Morocco.

Alongside the proposed investment by IFC, Kasbah's largest shareholder, AFL has also agreed to a placement of 14.5M shares on the same terms to provide an additional \$1.1M in funding. Both parties will be entitled to 1 option for every 2 Kasbah shares subscribed for with each option convertible any time during two years at a \$0.25 cent strike price.

Subject to successful completion of IFC's mandatory 30 day disclosure period, approval by IFC's Board, FIRB and Kasbah shareholder approval the total raising will provide Kasbah with **\$3.5M** to advance the Achmmach Tin Project to the next phase of development.

### 2.2 Placement to Traxys to raise \$1M

On 19 April 2010 the company announced a placement to Traxys, a major metal and concentrates marketer and trader with specialised experience in tin concentrates and tin metal. Traxys was formed in 2003 and has become a global leader in financing, investing, marketing, distribution and financial services for the mining, metals and minerals industries.

The company has more than 20 global locations, 260 employees and achieved a turnover of approximately US\$3.6 billion for the 2009 financial year.

The investment by Traxys mirrors the proposed investment by the IFC and Kasbah's largest shareholder, AFL announced on 17 March 2010. Under the terms of the agreement with Traxys, Kasbah will place 13.3M fully paid ordinary shares at **\$0.075** cents per share to Traxys to raise an additional **\$1.0M** to advance the exploration and development programmes at the company's Achmmach Tin Project in Morocco.

As per the previous placement to the IFC and to AFL, Traxys will be entitled to 1 option for every 2 Kasbah shares subscribed for with each option convertible any time during two years at a \$0.25 cent strike price.

The shares and options to be issued are within the 15% capacity of the Board under ASX listing rule 7.1 and therefore shareholder approval is not required.

### 2.3 Appointment of Country Manager

In April Mr Chris Bolger joined the Kasbah team to take up the role of Country Manager - Morocco. Mr Bolger has 30 years experience in geology, resource development and mine operations throughout Australia and the Asia-Pacific region. Mr Bolger will lead the team in Morocco through the transition from exploration to mine development at Achmmach.

### 2.4 Tin Market Update

During the quarter several key reports of production constraints in Indonesia saw the tin price gain momentum and by 16 April 2010 the tin price had pushed through US\$19,000 / t to reach US\$19,125 / t. Up to March 2010 Indonesian tin production was restricted due to the extended monsoon season and government restrictions on small scale and illegal tin miners.

Preliminary data from the National Bureau of Statistics shows that March 2010 output of refined tin in China rose by 14.3% year-on-year to 12,121 tonnes. Cumulative production in the first quarter of 2010 was 32,596 tonnes, up 53.1% compared to the same period of 2009, when many major smelters shut down or cut production following the global economic crisis.

The International Tin Research Institute (ITRI) forecasts that China's production this year will be little changed from 2009, at some 131,000 tonnes. Currently drought conditions in southwest China are adversely affecting mine production in Yunnan and Guangxi provinces, but have not yet had a significant impact on power supplies to the main smelters. However a continuation of the drought could result in both raw material and power shortages in the next few months.

For more information on the tin market please refer to [www.itri.co.uk](http://www.itri.co.uk)

For and on behalf of the Board,

A handwritten signature in blue ink, appearing to read "Wayne Bramwell", is written over a horizontal line.

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

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The information in this report is based on information compiled by Mr. Jeffrey Lindhorst a Member of the Australasian Institute of Geoscientists. Mr. Lindhorst 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. Lindhorst consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

**APPENDIX A**

**Table 1**

**March Quarter Drill Hole Collar Locations (WGS84 UTM30)**

Hole ID	Easting	Northing	RL (m)	Azi (mag)	Dip	Depth (m)
AD034	243065	3714700	1205	171	-60	471.1
AD035	243160	3714700	1190	168	-65	456.7
AD036	243160	3714700	1190	168	-60	394.0
AD037	243260	3714706	1176	168	-65	329.3
AD038	243160	3714700	1190	166	-69	494.7
AD039	243260	3714706	1176	169	-63	505.2
AD040	243111	3714693	1198	170	-66	403.0

**Table 2A**

**March Quarter – Summary of Significant March Quarter MRDD Drill hole Intersections**

(½ NQ drill core, intervals selected >=0.3% Sn cut-off and may include <= 3m down hole <0.3%Sn)

Hole	From (m)	To (m)	Intersection Width	Tin Grade
AD034	320	338	18	0.42
AD035	325	347	22	1.64
including	326	338	12	2.5
	334	338	4	4.6
AD035	351	382	31	0.88
including	361	376	15	1.14

**Table 2B**

**March Quarter – All Assays from Significant March Quarter MRDD Drill hole Intersections**

All assays from	significant	intersections		
AD034	320	321	1	0.34
AD034	321	322	1	0.13
AD034	322	323	1	0.34
AD034	323	324	1	0.41
AD034	324	325	1	0.40
AD034	325	326	1	0.60
AD034	326	327	1	0.29
AD034	327	328	1	0.19
AD034	328	329	1	0.39
AD034	329	330	1	0.38
AD034	330	331	1	1.07
AD034	331	332	1	0.46
AD034	332	333	1	0.30

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AD034	333	334	1	0.77
AD034	334	335	1	0.14
AD034	335	336	1	0.49
AD034	336	337	1	0.38
AD034	337	338	1	0.46
AD035	325	326	1	0.67
AD035	326	327	1	2.02
AD035	327	328	1	0.30
AD035	328	329	1	2.54
AD035	329	330	1	3.11
AD035	330	331	1	1.46
AD035	331	332	1	1.43
AD035	332	333	1	0.49
AD035	333	334	1	0.56
AD035	334	335	1	6.53
AD035	335	336	1	1.65
AD035	336	337	1	8.47
AD035	337	338	1	1.64
AD035	338	339	1	0.17
AD035	339	340	1	0.10
AD035	340	341	1	0.48
AD035	341	342	1	0.11
AD035	342	343	1	0.62
AD035	343	344	1	0.05
AD035	344	345	1	0.47
AD035	345	346	1	2.69
AD035	346	347	1	0.45
AD035	347	348	1	0.04
AD035	348	349	1	0.01
AD035	349	350	1	0.01
AD035	350	351	1	0.17
AD035	351	352	1	0.30
AD035	352	353	1	0.67
AD035	353	354	1	1.57
AD035	354	355	1	0.66
AD035	355	356	1	2.32
AD035	356	357	1	0.99
AD035	357	358	1	0.06
AD035	358	359	1	0.36
AD035	359	360	1	0.21
AD035	360	361	1	0.34
AD035	361	362	1	0.54
AD035	362	363	1	0.61
AD035	363	364	1	1.34
AD035	364	365	1	4.19
AD035	365	366	1	0.67
AD035	366	367	1	0.11
AD035	367	368	1	0.09
AD035	368	369	1	2.94

AD035	369	370	1	1.49
AD035	370	371	1	2.13
AD035	371	372	1	0.85
AD035	372	373	1	0.03
AD035	373	374	1	0.61
AD035	374	375	1	0.65
AD035	375	376	1	0.82
AD035	376	377	1	0.23
AD035	377	378	1	0.16
AD035	378	379	1	0.34
AD035	379	380	1	0.38
AD035	380	381	1	1.26
AD035	381	382	1	0.35

**Table 3**

**Northern Zone - Surface Rock Chip Sample Results  $\geq 0.3\%Sn$  (WGS 84UTM30)**

<b>070 TREND</b>				
<b>SAMPLE_ID</b>	<b>Northing</b>	<b>Easting</b>	<b>RL</b>	<b>Tin Assay %</b>
KAS1891	243665	3715215	1099	0.76
KAS1892	243657	3715212	1098	1.16
KAS1893	243652	3715211	1094	2.02
KAS1894	243642	3715211	1089	0.96
KAS1895	243647	3715223	1093	0.30
KAS1904	243723	3715235	1118	2.06
KAS1905	243714	3715232	1120	2.14
KAS1907	243709	3715217	1115	1.52
KAS1934	243643	3715174	1091	0.70
KAS1935	243557	3715202	1061	0.39
KAS1937	243560	3715196	1053	0.30
KAS1942	243590	3715198	1064	0.34
KAS1943	243596	3715199	1076	0.35
KAS1944	243612	3715197	1078	0.51
KAS1946	243612	3715201	1079	0.38
KAS1948	243612	3715205	1080	1.05
KAS1949	243621	3715194	1083	1.94
KAS1952	243584	3715234	1067	0.52
KAS1967	243562	3715125	1072	0.34
KAS1998	243627	3715087	1091	<b>5.21</b>
KAS1999	243637	3715091	1095	0.70
KAS2000	243639	3715094	1096	0.90
KAS4028	243812	3715204	1108	1.50
KAS4029	243822	3715216	1110	2.58
KAS4030	243834	3715226	1109	4.66
KAS4031	243842	3715232	1107	2.64
KAS4032	243841	3715234	1107	1.11

KAS4033	243839	3715235	1108	1.40
KAS4034	243850	3715234	1105	5.24
KAS4035	243896	3715244	1089	<b>10.50</b>
KAS4036	243905	3715246	1088	3.10
KAS4041	243786	3715251	1121	1.95
KAS4042	243787	3715232	1121	2.95
KAS4043	243773	3715231	1120	2.42
KAS4044	243754	3715221	1117	<b>13.45</b>

000-180 TREND				
SAMPLE_ID	Northing	Easting	RL	Tin Assay %
KAS1873	243663	3715263	1088	1.12
KAS1875	243666	3715257	1093	<b>2.73</b>
KAS1876	243670	3715255	1093	2.02
KAS1877	243672	3715254	1096	0.44
KAS1879	243664	3715249	1095	0.62
KAS1880	243667	3715249	1097	1.79
KAS1882	243660	3715239	1095	0.44
KAS1883	243663	3715239	1093	0.48
KAS1884	243656	3715227	1095	0.55
KAS1885	243660	3715229	1097	1.05
KAS1886	243663	3715221	1100	0.53
KAS1889	243670	3715211	1101	2.47
KAS1900	243699	3715235	1117	2.36
KAS1901	243701	3715243	1113	0.83
KAS1902	243704	3715251	1113	0.46
KAS1903	243703	3715259	1112	5.37
KAS1951	243576	3715229	1065	0.50

110 TREND				
SAMPLE_ID	Northing	Easting	RL	Tin Assay %
KAS1962	243597	3715308	1063	0.39
KAS1969	243570	3715124	1069	0.34
KAS1974	243587	3715142	1076	0.47
KAS1990	243587	3715106	1083	0.42
KAS1991	243604	3715110	1089	1.24
KAS1992	243622	3715119	1094	<b>2.95</b>
KAS1993	243630	3715114	1102	0.75
KAS1994	243613	3715101	1089	0.61
KAS1996	243614	3715091	1088	1.38

**Note:**

Tin analysis by XRF12 method was done by ALS Chemex Perth. Assays <0.3% Sn excluded from tables.