

Wednesday, October 29

**SNAPSHOT**

Kasbah Resources Limited  
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WA Australia  
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**ASX Code: KAS**

**Investment Data**

Shares on Issue 88.5M  
High / Low (52 week)  
\$0.39 / \$0.08

**Board & Management**

Graeme Walker  
Non Executive Chairman

Wayne Bramwell  
Managing Director

Peter Hepburn Brown  
Non Executive Director

Rod Marston  
Non Executive Director

Rob Weinberg  
Non Executive Director

Peter Youd  
Company Secretary

**Shareholders**

Top 20 Hold 74.3%

**Cash Reserves**

Cash Balance (30/09/08) \$5.7M

**Projects - Morocco**

- Achmmach Tin Project
- Tamlalt Gold Project
- El Karit Tin Project

For further information email  
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Or visit our website

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

**QUARTERLY ACTIVITIES REPORT**

September 30 2008

***Achmmach Phase 3 Drilling Discovers New Mineralised Zone***

***AD025: 25m @ 1.29% Tin from 502m***

**HIGHLIGHTS**

- Drilling discovers new high-grade mineralised zone 50m south and 100m vertically below the currently defined Meknes Zone.
- Drill hole AD025 intersected **25m @ 1.29% Sn from 502m**. Mineralisation is hosted by pervasive intense silica-tourmaline altered rocks cut by centimetre scale quartz cassiterite veins and hydrothermal breccia texture veins.
- Assay results from AD023 to AD025 holes reveal wide intersections of high grade tin extending the Meknes Zone mineralisation.
- Selected significant drill intercepts (down hole widths) include;
  - AD025                    25.0m @ 1.29% tin from 502m**
  - AD025                    9.0m @ 1.15% tin from 369.0m**
  - AD025                    12.0m @ 0.79% tin from 211.0m**
  - AD024                    9.0m @ 1.67% tin from 268.0m**
  - AD023                    15.0m @ 0.97% tin from 393.0m;**  
**(Includes 9.0m @ 1.29% tin from 395m)**
- Qualitative NITON XRF analysis of uncut sections of previously drilled BRPM core from Achmmach finds previously unidentified zones of tin mineralisation.
- Metallurgical samples collected
- Phase 3 drilling programme continues as planned.

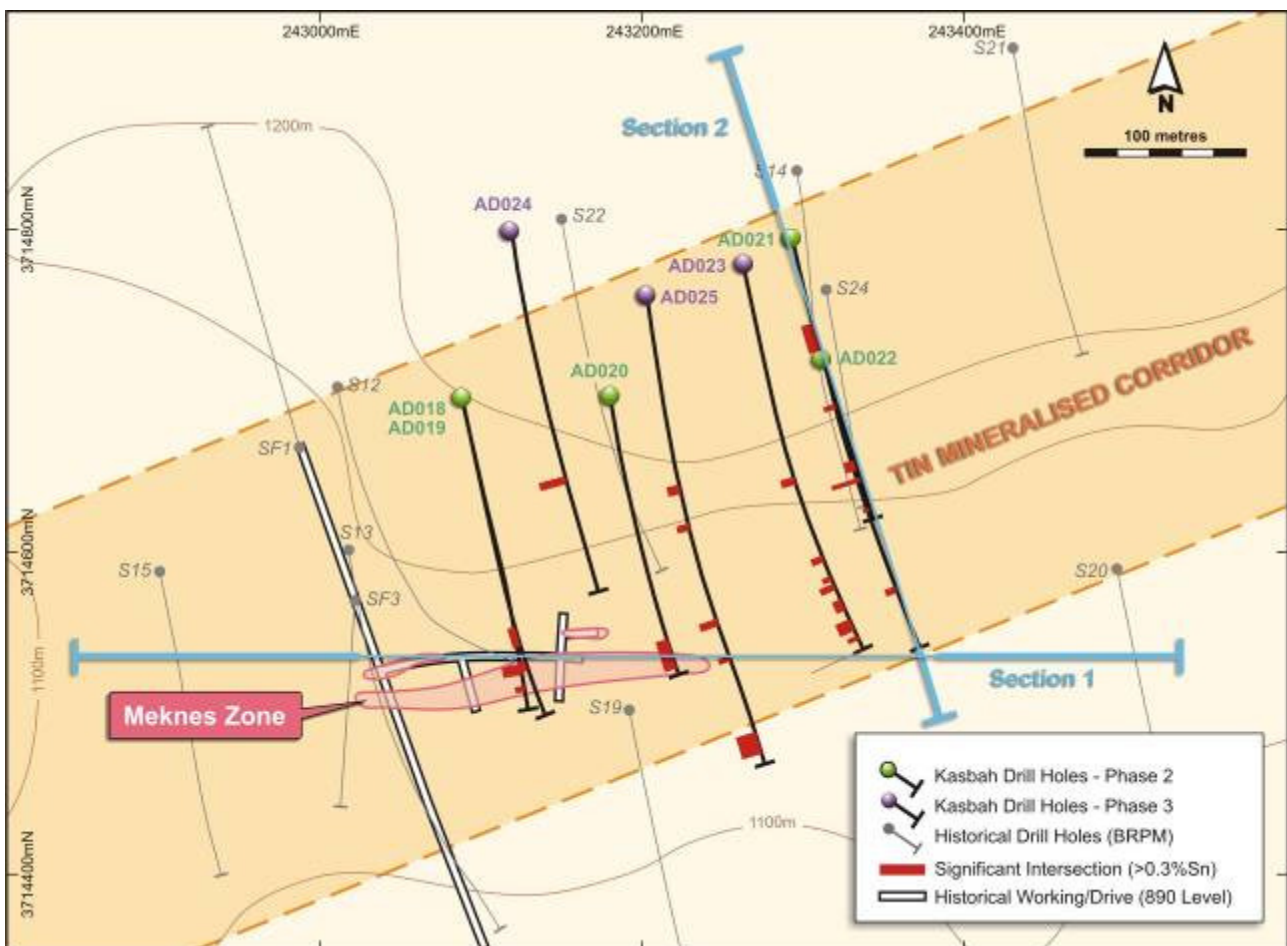
## 1.0 OVERVIEW

Kasbah Resources Limited (Kasbah) is pleased to provide this update as to the company's progress in Morocco. The company's prime exploration focus during the quarter has been its Achmmach Tin Project.

## 2.0 ACHMMACH TIN PROJECT

### 2.1 Activities for the quarter

A total of 1,774 metres of diamond core drilling was completed in holes AD023, AD024 and AD025. These three holes form part of the ongoing 6,000 metre Phase three drilling program aimed at evaluating the vertical and lateral extent, orientation and continuity of the tin mineralisation at Achmmach. Specifically, the current drilling continues to define the continuity and extent of mineralisation in the Meknes Zone that was outlined by earlier BRPM underground development work (figure 1).



**Figure 1**

### **Achmmach Tin Project – Drill Plan WGS84 UTM30**

A total of 669.5m of ½ core was assayed for tin by XRF fusion and a 30 element suite by ICP-MS. Tin assay results for all of these three holes plus the results for drill hole AD022 drilled late in the previous quarter were received. Results for the ICP-MS are pending.

Overall fifteen (15) significant tin intersections were returned from these four holes (table 1).

**Table 1**  
**September Quarter Significant Drill Hole Intersections**

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Intersection Width</b>	<b>Tin Grade</b>	<b>Comments</b>
<b>AD022</b>	<b>316.6</b>	<b>321.2</b>	<b>4.6m</b>	<b>0.82%</b>	<i>Sn with hydrothermal quartz breccia veins</i>
<b>AD023</b>	<b>225.0</b>	<b>234.0</b>	<b>9.0m</b>	<b>0.87%</b>	<i>Some Sn mineralisation as bedding replacement in sandstones and as quartz sulphide veinlets, but mostly with centimetre scale quartz cassiterite veins cross cutting intense silica-tourmaline altered rock.</i>
<i>And</i>	<i>317.0</i>	<i>325.0</i>	<i>8.0m</i>	<i>0.78%</i>	
<i>And</i>	<i>341.0</i>	<i>347.0</i>	<i>6.0m</i>	<i>0.55%</i>	
<i>And</i>	<i>350.0</i>	<i>358.0</i>	<i>8.0m</i>	<i>0.97%</i>	
<i>And</i>	<i>369.0</i>	<i>383.0</i>	<i>14.0m</i>	<i>0.58%</i>	
<i>And</i>	<i>393.0</i>	<i>408.0</i>	<i>15.0m</i>	<i>0.97%</i>	
<i>And</i>	<i>413.0</i>	<i>418.0</i>	<i>5.0m</i>	<i>0.67%</i>	
<i>And</i>	<i>431.0</i>	<i>431.5</i>	<i>0.5m</i>	<i>3.58%</i>	
					<i>Quartz cassiterite veins at EOH</i>
<b>AD024</b>	<b>268.0</b>	<b>277.0</b>	<b>9.0m</b>	<b>1.67%</b>	<i>Sn associated with bedding replacement in sandstone and some quartz chalcopyrite veinlets.</i>
<b>AD025</b>	<b>211.0</b>	<b>223.0</b>	<b>12.0m</b>	<b>0.79%</b>	<i>Sn associated with intense pervasive silica-tourmaline alteration cross cut by quartz cassiterite veins and hydrothermal breccias.</i>
<i>And</i>	<i>256.0</i>	<i>263.0</i>	<i>7.0m</i>	<i>0.76%</i>	
<i>And</i>	<i>369.0</i>	<i>378.0</i>	<i>9.0m</i>	<i>1.15%</i>	
<i>And</i>	<i>413.0</i>	<i>420.0</i>	<i>7.0m</i>	<i>0.83%</i>	
<i>And</i>	<i>502.0</i>	<i>527.0</i>	<i>25.0m</i>	<i>1.29%</i>	

*Note: assays based on ½ NQ or HQ core with 0.3% Sn cut-off and ≤ 3m internal down hole dilution used*

A program of systematic review of the previously drilled BRPM core held in the core farm in Rabat using the hand-held NITON XRF analyser has found significant zones of Sn mineralisation in holes S14 and S24 (figure 3). The NITON XRF analyser is a valuable exploration tool as it provides rapid, qualitative screening of all samples and allows for immediate ore flagging and rapid delineation of ore boundaries. This tool was not available to BRPM at the time of their drilling campaign.

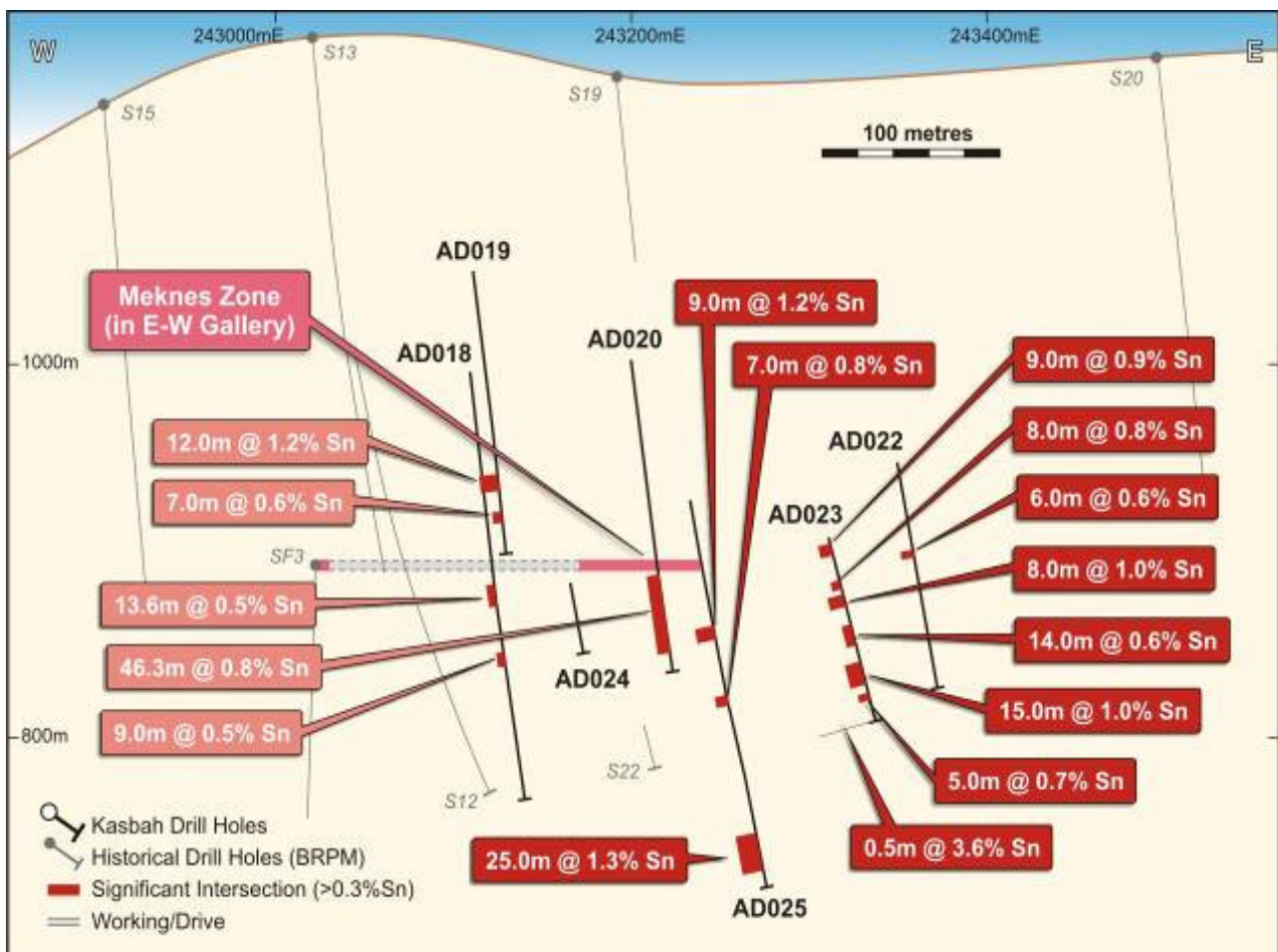
These zones were cut and sent for laboratory assay. Results are expected in November.

**Table 2**  
**September Quarter Drill Hole Collar Locations**

Hole	Easting WGS84 UTM30	Northing WGS84 UTM30	RL (m)	Azimuth Mag.	Dip	Depth (m)
AD022	243313	3714720	1179	167°	-60°	401.3
AD023	243263	243263	1160	167°	-50°	431.9
AD024	243119	3714800	1173	172°	-52°	401.8
AD025	243203	3714760	1166	172°	-54°	538.9
<b>TOTAL</b>						<b>1773.9</b>

**2.2 Phase 3 Drilling Results to Date and Interpretation**

A new wide, high-grade zone of mineralisation was discovered south of the Meknes Zone (AD025). The results received from drill holes AD022, AD023 and AD024 now support an interpreted east-west striking sub-vertical orientation for the Meknes Zone (figure 2). Drilling over the next quarter will continue to test the extent and continuity of mineralisation along this trend to both the east and west.



**Figure 2**  
**Achmmach Tin Project – Section 1 (looking north)**

### AD022

Drill hole AD022 was drilled to test the eastern extension of the Meknes Zone approximately 190m east of the underground workings and 150m east of AD020 which intersected **46.3m @ 0.80% Sn from 337.5 metres**. The number of lower grade intersections at the bottom of the hole indicates it is approaching the Meknes Zone. At that time it was thought the zone was trending more WNW, but now it is clearer that it has a more east-west striking orientation.

This interpretation will be tested further with drilling from the new southern access road during the current Phase 3 program. The drill hole also contains zones from 316.60m to 321.2m which are hosted by hydrothermal quartz breccia veins and intense pervasive silica-tourmaline alteration of the host rocks is evident.

### AD023

Drill hole AD023 was also drilled before the orientation of the Meknes Zone was fully defined. At depth it is testing a zone 40 metres west of AD020. It contains numerous high grade intersections from 225 metres to the end of the hole at 431.5 metres where the final 0.5 metres returned **3.58% tin**. The mineralisation in this hole is hosted primarily by centimetre scale quartz veins with visible fine grained cassiterite.

These veins typically run 5-10% tin as determined qualitatively with the hand-held NITON XRF analyser during logging of the core. It also contains zones of hydrothermal breccias and millimetre scale sulphide veins containing chalcopyrite, arsenopyrite, and pyrrhotite with tin mineralisation. The high grade intersection in the bottom of the hole will be followed up from the southern access road during the remainder of the Phase 3 drilling.

### AD024

Drill hole AD024 was drilled to infill the 100 metre gap below the underground workings between AD018 and AD020. It was targeted to intersect the interpreted down dip extension of the Meknes Zone at the 800 metre RL, 50 metres vertically deeper than the intersection in AD020. The hole was abandoned at 402 metres of the planned 500 metres when the drill rod string was broken.

It did however intersect **9m @ 1.67% Sn from 268 metres** down hole. This is interpreted to be a western extension of new zone. Mineralisation in this intersection is associated with replacement of sandstones along bedding and intense pervasive silica-tourmaline alteration cut by quartz veinlets containing tin and some chalcopyrite.

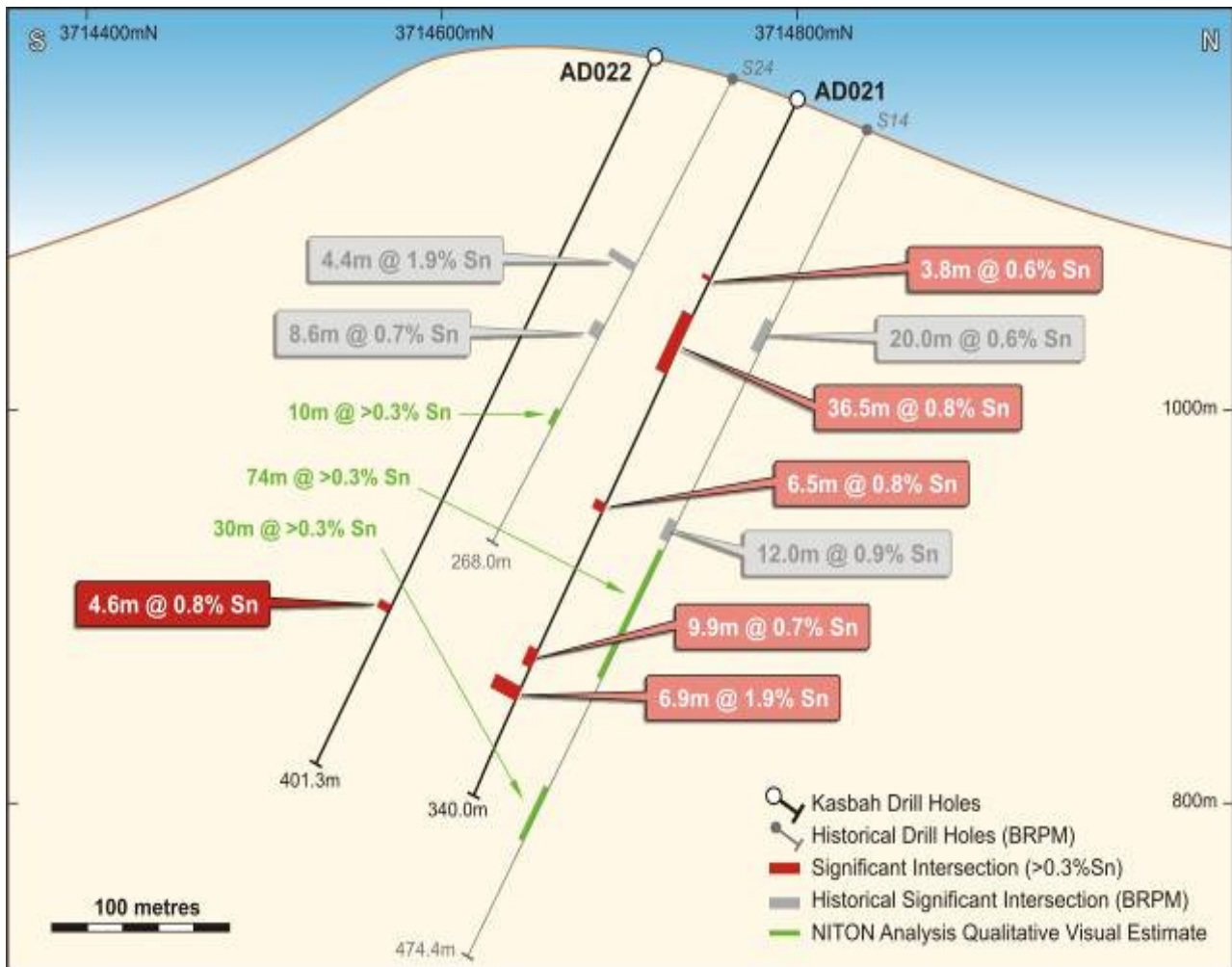
The planned AD027 hole will test the down-dip continuity of the Meknes Zone below the mineralisation found in AD024.

### AD025

Drill hole AD025 was drilled to test the eastern extension of the Meknes Zone 40m east of AD020. It intersected four significant zones from 211m to 420m (table1) in expected positions.

The **25m @ 1.29% tin intersected from 502m** down hole represents a new zone of mineralisation not previously seen in either the BRPM drilling or historic underground workings. It occurs 50m south and 100m vertically below the currently defined Meknes Zone. Mineralisation is hosted by pervasive intense silica-tourmaline altered rocks cut by centimetre scale quartz cassiterite veins and hydrothermal breccia texture veins.

The total defined strike length of the Meknes Zone mineralisation is now approximately 300 metres extending from 243050mE to 243350mE with an indicative true width of 30 metres. The Meknes Zone remains open in all directions.



**Figure 3**  
**Achmmach Tin Project – Section 2 (looking west)**

### 2.3 Results of Review of BRPM Drill Core

Two drill holes previously drilled by BRPM (S14 and S24) located on section 2 with drill holes AD021 and AD022 were examined with the NITON XRF analyser. The NITON XRF hand held analyser is new exploration technology that was not available to the previous explorers and several uncut and unassayed sections of core in both holes were found to contain significant tin mineralisation (figure 3).

In hole S14 intervals of 74m from 236m and 30m from 376m are expected to return zones of >0.3% tin based on visual qualitative estimates using the NITON hand held XRF analyser. In hole S24 the 10m interval from 193m is expected to return >0.3% tin based on visual qualitative estimates using the NITON.

All of these intervals have been cut and submitted for assay with results expected in November.

## **2.4 Future Work**

The Phase 3 drilling programme at Achmmach will continue to evaluate the vertical and lateral extent, orientation and continuity of the Meknes Zone from the southern access road. Drilling from the south side of the 2km long Achmmach hill is the optimal location to drill test the Meknes Zone and newly defined targets such as that identified in hole AD025 at depth.

In October approximately 300 kg of metallurgical samples from Achmmach were collected and metallurgical test work will commence in November.

The Achmmach JORC resource upgrade is in an advanced stage and this work, plus the program of systematically reviewing the historic BRPM Achmmach drill core, will be completed in the December quarter.

## **3.0 EL KARIT TIN PROJECT**

### **3.1 Exploration Activities for the Quarter**

No work was carried out during the quarter given the focus on the Achmmach Project.

## **4.0 TAMLALT GOLD PROJECT**

### **4.1 Exploration Activities for the Quarter**

No work was carried out during the quarter given the focus on the Achmmach Project.

## **5.0 CORPORATE**

### **5.1 Cash Position**

As of September 30 2008 Kasbah has **\$5.74M** in cash.

### **5.2 Exploration expenditure for the Quarter**

During the quarter ending September 30 2008 Kasbah expended **\$673,000** on exploration and development activities in Morocco.

### **5.3 Capital Structure and Major Shareholders**

The total number of ordinary fully paid shares quoted on the ASX at 30 September 2008 was 73,208,000. The top 20 shareholders held 73.5% of the stock.

### **5.4 Tin Market**

ITRI the world's foremost authority on tin, reported in September that the world tin supply (production plus US government stockpile sales) in 2008 would be about 19,000 tonnes less than consumption. World tin production is now dominated by China and Indonesia and both have announced production cutbacks or banning of exports since this report.

With respect to Indonesia, ITRI reported on 21 October;

*“ Following initial reports last Thursday, interviews with senior Indonesian officials today have confirmed that most - if not all - independent smelters in Bangka-Belitung province have stopped production. Furthermore the governor of the province has also asked the two major producers, PT Timah and PT Koba Tin to trim production "to a level required to meet contract agreements", according to a Reuters report.*

*In the same report Governor Eko Maulana Ali told Reuters that production cuts were needed to restore prices to an "acceptable" level of \$14 - 15,000/tonne. "*

On 27<sup>th</sup> October, tin price was US\$13,550 / tonne while LME tin stocks hit 4080 tonnes.

Prices <US\$15,000 / tonne will severely impact on production from the medium - high cost tin producers. Closures, shutdowns or production cuts will accelerate the growing supply - demand gap and this should be price positive once supply - demand fundamentals return to the metals markets.

More information can be found at [www.itri.co.uk](http://www.itri.co.uk).

For and on behalf of the Board,



**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.