

16 Sep 2010

KASBAH RESOURCES LIMITED

Exposure to tin opportunities in Morocco

Kasbah Resources Limited ("Kasbah", "KAS", "Company") is a tin-focused junior developer. The Company is currently advancing the development studies of the Achmmach Tin Project, located ~140km southeast of Rabat, the capital city of Morocco. The Company plans to complete a feasibility study on the project and make a decision to mine by 2012.

Morocco is politically stable and pro-mining

The Achmmach Tin Project is located in the pro-mining northern African nation of Morocco, which operates under a clear mining code with incentives to attract and retain foreign investment. Kasbah has been operating in the country since 2006 and retains a highly skilled Board and technical team with local expertise.

Quality tin project with considerable exploration upside

The Achmmach Project is a hard rock tin project which we understand is twice the average grade of the other undeveloped tin resources in the world. The Company's current JORC resource is 7Mt @ 0.8% tin (Sn) for 54Kt of contained tin metal. This resource is expected to grow considerably before the completion of a feasibility study in early 2012. The coarse grained nature of the ore and simple beneficiation through gravity and flotation gives both excellent tin recoveries and high grade tin concentrates (>60% Sn).

Tin market 'hot', supply constraints support higher prices

The tin price has increased strongly in recent months due to supply-side constraints and demand growth. There is a view that price prospects for tin are more favourable than those of the other LME metals, with the spot price of tin now over US\$22,000/t (compared to a tin price of ~US\$15,000/t 12 months ago). The longer term outlook for tin will be supportive of higher prices, given the growing demand from electronics production as a result of increased use of lead-free solder combined with the weakness in the tin supply chain. LME tin stocks have also fallen by 47% since the start of the year with the rate of depletion accelerated in recent months.

Initiate Coverage with a Speculative Buy

Kasbah aims to transition to a tin producer via the development of Achmmach. The Company will have steady news flow over the coming months, including resource upgrades, on-going drill results from shallow exploration targets and the release of a Scoping Study. Initial production is envisaged to be 5.4-6Kt of tin in concentrate per annum, generating US\$100-140m of annual revenue at current spot prices.

Our preliminary sum of parts valuation for Kasbah using 5 tin price simulations indicates that a tin price above US\$14,541/t would be required to make our preliminary model NPV positive. Whilst we note that the preliminary valuation does not seem viable on current long-term consensus forecasts, we are of the opinion that these forecasts will increase with the longer term outlook for tin supportive of higher prices.

The Company has a market cap of ~A\$33m with A\$3.7m in cash (EV of ~A\$29m) and we expect the Company will continue to be re-rated on the back of increasing tin prices, as well as key milestones in the development of the project being reached. We initiate coverage of Kasbah Resources Limited with a Speculative Buy recommendation.

Share Price \$0.140

Brief Business Description:

Emerging tin producer and explorer

Hartleys Brief Investment Conclusion

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

Chairman & MD

Graeme Walker (Non Exec Chair)

Wayne Bramwell (MD)

Top Shareholders

IFC (World Bank)	13.7%
African Lion Limited	13.7%
Resource Capital Fund III Lp	7.6%
Traxys Projects LP	6.1%
Merrill Lynch Nominees	5.4%

Company Address

 19 Hardy Street
 South Perth WA 6151

Issued Capital	237.3m
- fully diluted	289.7m

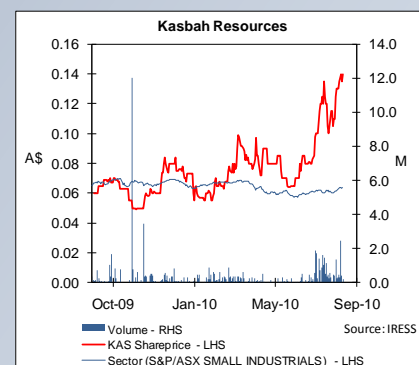
Market Cap	\$33.2m
- fully diluted	\$40.6m

Cash (30 Jun 10)	\$3.7m
Debt (30 Jun 10)	\$0.0m
EV	\$29.5m
EV/Resource t	\$546/t
EV/Reserve t	\$0/t

Yearly Turnover/Volume	\$6.0m/73.8m shares
Liquidity Measure	31%

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	September 2010		
KAS		\$0.140	Speculative Buy		
Key Market Information					
Share Price		\$0.140			
Market Capitalisation		\$33m			
52 Week High-Low		\$0.16-\$0			
Issued Capital		237.3m			
Issued Capital (fully diluted)		289.7m			
Options		52.35m @ A\$0.24			
Hedging		-			
Yearly Turnover/Volume		\$6.0m/73.8m shares			
Liquidity Measure (Yearly Turnover/Issued Capital)		31%			
Preliminary Achmmach Valuation Scenarios					
Note: preliminary valuation only; sensitive to tin price Used same Opex and Capex assumptions; funding requirement ignored					
Scenario 1 - Consensus LT Price US\$13,073/t					
	Est. \$m	Est. \$/share			
Achmmach (NPV @ 10%)	(33.2)	(0.11)			
Exploration	20.0	0.07			
Cash	3.7	0.01			
Forwards	-	-			
Corporate Overheads	(5.9)	(0.02)			
Total Debt	-	-			
Tax Losses	3.4	0.01			
Options & Other Equity	0.3	0.00			
Total	(11.7)	(0.04)			
Scenario 2 - ITRI Depression 2013 Price US\$20,000/t					
	Est. \$m	Est. \$/share			
Achmmach (NPV @ 10%)	118.6	0.41			
Exploration	20.0	0.07			
Cash	3.7	0.01			
Forwards	-	-			
Corporate Overheads	(5.9)	(0.02)			
Total Debt	-	-			
Tax Losses	3.4	0.01			
Options & Other Equity	0.3	0.00			
Total	140.1	0.48			
Scenario 3 - ITRI Central 2013 Price US\$30,000/t					
	Est. \$m	Est. \$/share			
Achmmach (NPV @ 10%)	331.1	1.14			
Exploration	20.0	0.07			
Cash	3.7	0.01			
Forwards	-	-			
Corporate Overheads	(5.9)	(0.02)			
Total Debt	-	-			
Tax Losses	3.4	0.01			
Options & Other Equity	0.3	0.00			
Total	352.6	1.22			
Scenario 4 - ITRI Bounce-back 2013 Price US\$35,000/t					
	Est. \$m	Est. \$/share			
Achmmach (NPV @ 10%)	437.3	1.51			
Exploration	20.0	0.07			
Cash	3.7	0.01			
Forwards	-	-			
Corporate Overheads	(5.9)	(0.02)			
Total Debt	-	-			
Tax Losses	3.4	0.01			
Options & Other Equity	0.3	0.00			
Total	458.8	1.58			
Scenario 5 - Spot Price US\$22,195/t					
	Est. \$m	Est. \$/share			
Achmmach (NPV @ 10%)	165.2	0.57			
Exploration	20.0	0.07			
Cash	3.7	0.01			
Forwards	-	-			
Corporate Overheads	(5.9)	(0.02)			
Total Debt	-	-			
Tax Losses	3.4	0.01			
Options & Other Equity	0.3	0.00			
Total	186.7	0.64			
LT - Long term ITRI - International Tin Research Institute					
Directors					
Graeme Walker (Non Exec Chair)		19 Hardy Street			
Wayne Bramwell (MD)		South Perth WA 6151			
Dr Rod Marston (Non-Exec Dir)		Tel: +61 8 9463 6651			
Dr Robert Weinberg (Non-Exec Dir)		Fax: +61 8 9463 6652			
Michael Spratt (Non-Exec Dir)		Web: www.kasbahresources.com			
Company Information					
Economic Exposure of Directors					
	Shares	Options	Total		
Graeme Walker (Non Exec Chair)	0.4	3.3	3.7		
Wayne Bramwell (MD)	9.8	4.0	13.8		
Dr Rod Marston (Non-Exec Dir)	1.5	1.9	3.4		
Dr Robert Weinberg (Non-Exec Dir)	0.4	1.9	2.3		
Michael Spratt (Non-Exec Dir)	0.5	0.0	0.5		
Total	12.6	11.1	23.7		
% of Total Shares on Issue (approx)	5.3%	21.2%	8.2%		
Top Shareholders					
	m shares	%			
International Finance Corporation (World Bank)	32.5	13.7%			
African Lion Limited	32.5	13.7%			
Resource Capital Fund III Lp	18.0	7.6%			
Traxys Projects LP	14.5	6.1%			
Merrill Lynch Nominees Pty Limited <Berndale A/C>	12.8	5.4%			
Societe Generale Australia	12.0	5.1%			
Tarifa Investments Pty Ltd <Tarifa Investments A/C>	8.1	3.4%			
ANZ Nominees Limited <Cash Income A/C>	8.0	3.4%			
Thailand Smelting & Refining Company Limited	6.0	2.5%			
Macquarie Bank Limited	4.0	1.7%			
HSBC Custody Nominees (Australia) Limited	3.6	1.5%			
Mrs Clare Annette McCammon	3.3	1.4%			
AFM Perseus Fund Limited	3.0	1.3%			
Mr John Andrew Mackay	2.2	0.9%			
J P Morgan Nominees Australia	2.0	0.8%			
Nakuru Resources Pty Ltd	2.0	0.8%			
Custodial Services Limited <Beneficiaries Holding A/C>	2.0	0.8%			
Reserves & Resources					
	Mt	Sn%	Sn Kt		
Achmmach					
Indicated	2.20	0.8	17		
Inferred	4.80	0.8	37		
Resource - Total	7.00	0.8	54		
	Aug-10				
Production Summary					
	Unit	FY2013F	FY2014F	FY2015F	FY2016F
*Attributable					
Payable Tin Metal	000t	2.4	4.9	4.9	4.9
Cash Cost (excl. royalties)	A\$/t	13,992	13,992	13,992	13,992
Cash Cost (excl. royalties)	US\$/t	10,494	10,494	10,494	10,494
FX Assumptions					
	Unit	FY2012F	FY2013F	FY2014F	FY2015F
Exchange Rate	A\$/US\$	0.83	0.75	0.75	0.75
Hedging					
	Unit	FY2013F	FY2014F	FY2015F	FY2016F
Total Forward Sales - Tin	000t	-	-	-	-
Forward Tin Price	A\$/t	-	-	-	-
Tin Price Forecasts					
Analyst: Mike Millikan Phone: +61 8 9268 2805 Sources: IRESS, Company Information, Hartleys Research					
Last Updated: 16/09/2010					

INTRODUCTION

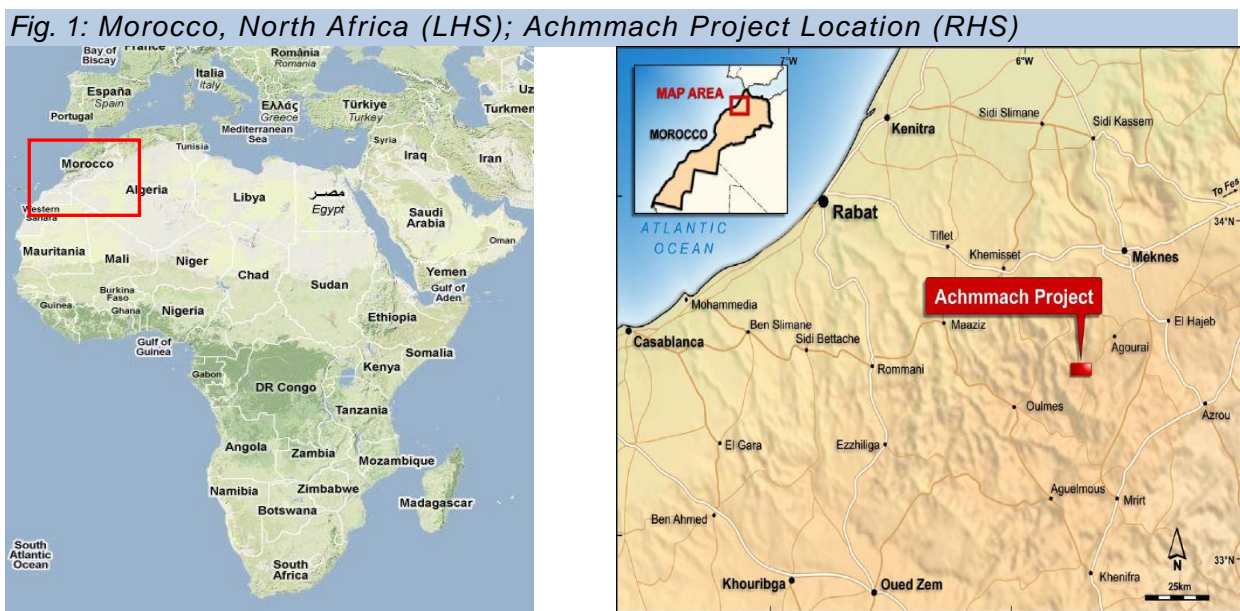
Moroccan tin explorer, transitioning to producer

Scoping study expected to be completed before the end of the year

Kasbah Resources Limited is an ASX-listed [Ticker: KAS] minerals explorer advancing the Achmmach Tin Project in Morocco towards production. The Company's primary commodity focus is tin.

The Company listed on the ASX in mid 2007 following the successful raising of A\$10m. At the time the Company had exclusive rights to acquire the historic El Karit Tin Mine and the advanced Achmmach Tin Project from the Moroccan government. The simple objective of the listing was to use the funds to progress the projects through to 'a decision to mine' via completion of a feasibility study.

Kasbah is in the process of completing a scoping study into the development of the Achmmach Project with the results of this work expected to be made public before the end of the year. The agreement over the El Karit Prospect was terminated during the June Quarter 2010 following the Company assessment that the "finite alluvial tin resource did not meet the Company's financial thresholds."



Source: Google Maps; Kasbah Resources Limited

ACHMMACH

BACKGROUND & HISTORY

Located ~140kms from Rabat, the Moroccan capital

The Achmmach Project is located on the western parts of the El Hajeb province, ~140km southeast of Rabat, the capital city of Morocco. Morocco is a stable and pro-development country with a significant history in mining.

Achmmach tin deposit discovered in 1985

Surface tin mineralisation was discovered at Achmmach in 1985 by the Bureau de Recherches et de Participations Minières (BRPM), a state owned mining bureau, during regional reconnaissance exploration. The deposit consists of primary mineralisation (as opposed to alluvial) in the form of cassiterite (SnO₂). Work by the BRPM included geological mapping, soil geochemistry, gravity surveying, surface trenching and diamond drilling. The bureau also constructed an 85m deep exploratory shaft with 827m of underground drives to enable the collection of underground bulk samples for metallurgical test work and resource estimation. In 2002, the geological bureau developed an initial underground non-JORC resource estimate of 9.57Mt @ 1.1% tin for over 100,000t contained tin metal (0.5% tin cut-off grade).

Metallurgical test work indicates good recoveries from simple low cost processing

Metallurgical test work carried out by the BRPM indicated that most of the mineralisation is tin oxide material and can be liberated from a coarse grained matrix (~600 microns) with gravity separation and flotation processing giving a recovery of ~68% at an average concentrate grade of 60% tin (industry standard is 55-60% Sn).

PROJECT SUMMARY

Fig. 2: Achmmach Project Snap Shot

Achmmach

- Interest: Earning 100% interest through completion of feasibility study
- Location: 140kms south east of Rabat
- Project stage: Exploration/Development
- Mineral Resources: 7.0Mt @ 0.8%Sn for 54Kt contained Sn (JORC)
- Production Target: 5,400 – 6,000tpa Sn in Sn concentrate
- Key Mineralised Zones: Meknes, Fez, Marrakech, Eastern, Western and Northern

Acquiring a 100% interest

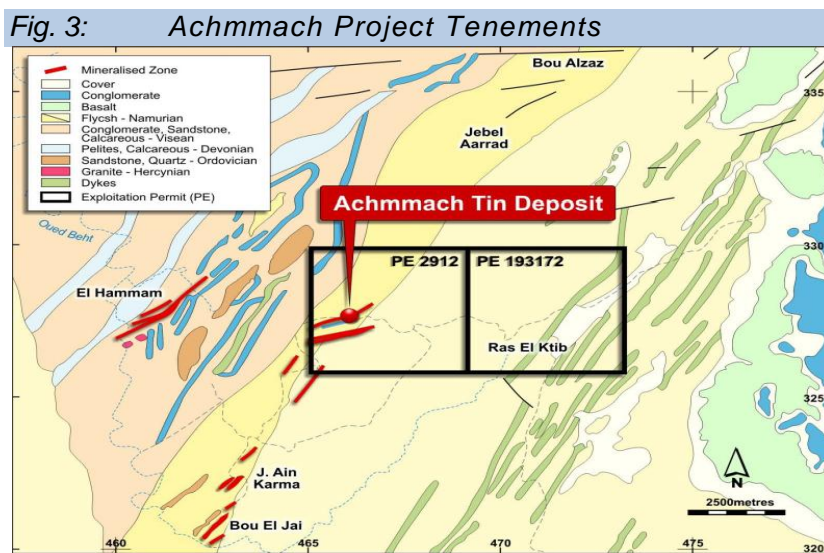
High grade tin deposit

The project consists of two Exploitation Permits, PE 2912 and PE 193172, covering ~32km². Kasbah has an exclusive right to acquire a 100% interest in the Achmmach Project from the Office National d'Hydrocarbures et Minières (ONHYM) by completing a positive feasibility study by June 2012 and through staged payments of US\$5m.

The Achmmach Project represents a large, highly prospective tin exploration project with the potential for near surface mineralisation and down-plunge extensions to existing mineralised zones, along with other deeper zone extensions. Mineralisation at Achmmach has been identified within a series of folded and metamorphosed sediments (siltstones and sandstones). The tin is associated with stacked tourmaline alteration lodes up to 30m wide. The mineralisation occurs in three main orientations, the most significant of which is stacking lodes striking east-northeast, dipping steeply to the north.

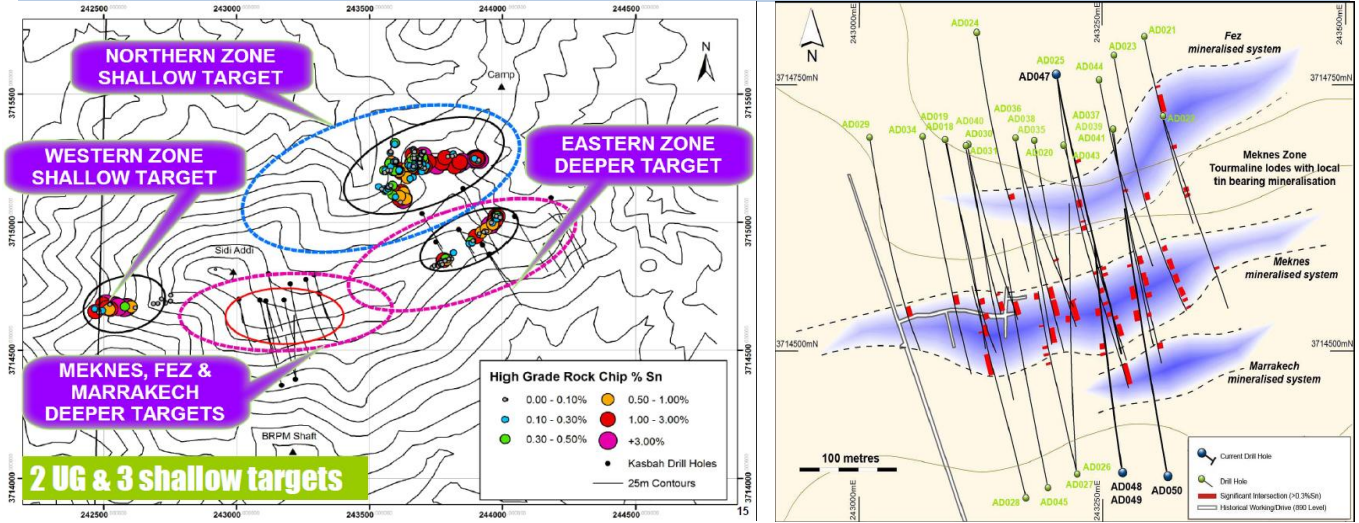
The tin occurs mainly as cassiterite in millimetre to centimetre scale quartz-cassiterite veinlets and fractures. The mineralised lodes can be traced over several hundred metres strike length, with the total known mineralised system over 2km in length, although it has not been closed off by drilling.

Two Exploitation Permits covering ~32km²



Source: Kasbah Resources Limited

Fig. 4: Achmmach Mineralised Zones(LHS); Meknes, Fez & Marrakech Zones (RHS)



Source: Kasbah Resources Limited

Current resource based on four underground mineralised zones

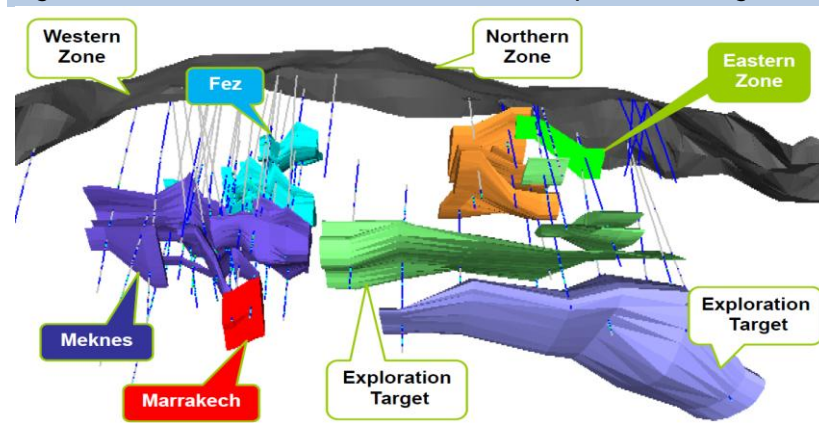
Kasbah targeting minimum project tonnes of 6Mt Inferred and 4Mt Indicated at good grades of 0.8% Sn

In mid 2006, as part of project due diligence, Kasbah completed resource estimate for Achmmach, reporting an initial JORC compliant Inferred Mineral Resource of 2Mt @ 1% tin for ~20,000t of contained tin metal (above a lower cut-off grade of 0.6% tin). The latest JORC resource upgrade (7.0Mt @ 0.8%Sn for ~54,000t of contained tin metal) is based on four underground mineralised zones (Meknes, Fez, Marrakech and East). The Meknes, Fez and Marrakech zones are high-grade (0.8-1.0% Sn) zones at depth (150m to 500m from surface), whereas the East zone is slightly lower but still high grade (0.7% Sn), but nearer to surface (20m to 200m).

The Company is targeting a minimum project resource of 10Mt of mineralisation, of which 4Mt is in the Indicated category. Recent drilling has defined 7Mt of resources and has continued to define additional, potentially economic tin widths and grades between 200m-400m below surface within the Meknes Zone, which has an untested strike potential of up to 300m to the west outside the current resource. Strike extensions of this zone alone has the potential to add significant tonnes to the project.

There is potential for significant tin mineralisation targets at depth below the East Zone. Drilling within this area has already identified mineralisation. These "exploration targets" potentially contain 4Mt to 8Mt of tin mineralisation, at a grade of between 0.5% Sn and 1% Sn and require further drilling. Surficial high grade tin mineralisation has also been identified at the Western, Northern and Eastern Zones and represents key shallow exploration targets to be tested by the Company.

Fig. 5: Achmmach Surface and Deeper Tin Targets



Significant sized "exploration targets" provide exploration upside

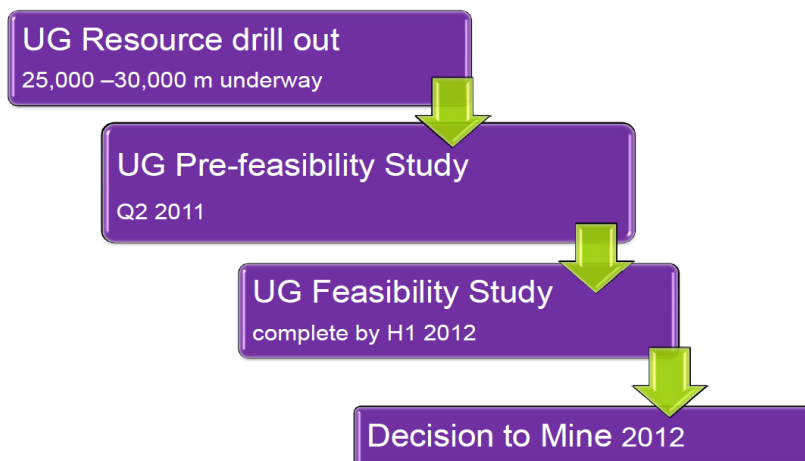
Source: Kasbah Resources Limited

INDICATIVE DEVELOPMENT SCHEDULE

Kasbah is currently expanding the underground resources by extensional drilling, as well as testing shallower targets which may offer open pit mining opportunities. The project infrastructure is good with high voltage power in existence across the permit and a well established road network to the ports of Casablanca and Tangier, where container and bulk handling facilities are available.

Components of project infrastructure in place

Fig. 6: Achmmach UG Indicative Development Schedule



On-going resource drilling, with more news to come

Source: Kasbah Resources Limited

OTHER PROJECTS – TAMLALT GOLD

Fig. 7: Tamlalt Gold Project Snap Shot

Tamlalt

- Interest: 8 Permits 100% owned
- Location: Eastern Morocco
- Project stage: Early exploration
- Mineral Target: Gold (no JORC Resource)
- Key Mineralised Target: South Atlas Fault

Gold project in Morocco

The Tamlalt Gold Project, located in Eastern Morocco, is situated along the South Atlas Fault, one of the major mineralising structures in Morocco. This project was acquired by Kasbah from the Office National d'Hydrocarbures et Minières (ONHYM) in May 2007, and consists of 8 Exploration Permits covering 128km².

Prospective for gold but not the current focus

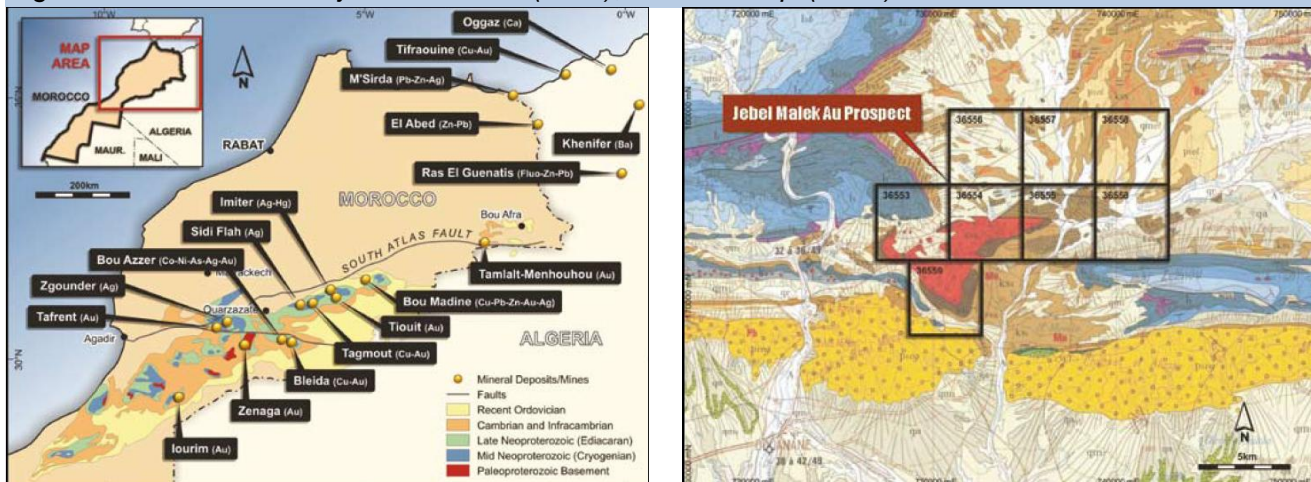
Previous exploration by ONHYM at Tamlalt involved the identification of gold mineralisation from surface and preliminary exploration consisting of 7,019m of diamond drilling. The drilling at one prospect delineated the Jebel Malek deposit, a multiple-veined quartz system developed within an altered porphyritic intrusion. Some of the more significant intercepts included:

- 3m @ 5.3g/t Au from 71m;
- 6m @ 4.5g/t Au from 65m;
- 10m @ 3.4g/t Au from 102m;
- 8m @ 2.8g/t Au from 82m; and
- 12m @ 2.6g/t Au from 32m.

The deposit has so far been delineated over a 400m strike length with gold mineralisation intersected within 12m of the surface and to a maximum depth of 360m vertical metres.

The Tamlalt Project has the potential to provide additional gold targets and an open pit gold resource at Jebel Malek. The Company's project portfolio is growing and with the Achmmach Tin Project approaching feasibility stage, further exploration including drilling is currently being planned at Tamlalt.

Fig. 8: Tamlalt Gold Project Location (LHS); Permit Map (RHS)



Source: Kasbah Resources Limited

RESERVES & RESOURCES

Fig. 9: Mineral Resource Statement Aug'10

Achmmach	Category	Tonnes	Sn %t	Sn Tonnes
Meknes Zone	Indicated	1,600,000	0.8	13,000
	Inferred	2,100,000	0.8	16,000
	Total	3,700,000	0.8	29,000
Fez Zone	Indicated	600,000	0.8	4,000
	Inferred	900,000	0.8	7,000
	Total	1,500,000	0.8	11,000
Marrakech Zone	Inferred	300,000	1.0	3,000
	Total	300,000	1.0	3,000
East Zone	Inferred	1,400,000	0.7	10,000
	Total	1,400,000	0.7	10,000
Total		7.0Mt	0.8	54Kt Sn

Source: Kasbah Resources Limited

Current Resource of 7.0Mt @ 0.8% Sn

Resource growth opportunities below the East Zone and within the Meknes Zone

Surface targets at the Western and Northern Zone remain to be tested

Another resource upgrade is expected early in the New Year

To gain an appreciation of the value of Kasbah's tin resource, if Achmmach was a gold project it would be equivalent to ~927Koz Au, where a grade of 1% Sn is equivalent to ~5.3g/t Au (at current prices). In copper terms, Achmmach would be equivalent to ~154Kt Cu, where a grade of 1% Sn is equivalent to ~2.8% Cu (at current prices).

There is **significant potential for resource upgrades** both at depth as well as near surface. Recent drilling has continued to define additional, potentially economic tin widths and grades between 200m-400m below surface within the Meknes Zone, which has an untested strike potential of up to 300m to the west outside the current resource. This zone alone, plus the defined exploration targets have the potential to add significant tonnes to this project. With on-going resource extensional and infill drilling, a new resource estimate is likely early in the New Year.

100% exposed to tin

Morocco focused



North-west African country

Pro-mining

The country has a history of political stability

Modern infrastructure network

No restrictive taxes

100% project ownership available

Tin (Sn) is classed as a "green metal" due to its inert chemical properties

COMMODITY EXPOSURE

Kasbah is currently 100% exposed to tin, and also has potential future exposure to gold through further exploration of its Tamlalt Gold Project.

GEOGRAPHIC EXPOSURE

Kasbah is solely focused on its projects within Morocco.

MOROCCO

Morocco is located in north-west Africa and bounded by the Atlantic Ocean and the Mediterranean Sea. Morocco is only 14kms from Spain and is a country with a long history of political stability and a well developed mining industry and culture. Major exports include phosphates (world's largest producer), agriculture and textiles (predominantly to Western Europe).

The country operates under a constitutional monarchy, with a duly elected parliament, a clear mining code and has introduced the following incentives to attract and retain foreign investment:

- Customs duty and VAT exemptions on imported equipment;
- A 50% reduction on company tax or income tax for mining companies that export their mining products, whether directly or indirectly;
- A mining company may set up a tax-exempt reserve fund for exploration and development investment equal to as much as 50% of fiscal profits, with a ceiling of 30% of turnover; and
- A state contribution to infrastructure requirements including roads, water supply and electricity distribution of between 50% and 70% of costs.

What this means for Kasbah upon the success development of Achmmach is:

- No restrictive tax, with a tax holiday for the first few years of production;
- 100% project ownership;
- 3% Net Smelter Royalty on all mine production;
- Profit repatriation; and
- Attractive Corporate tax rate of ~17%

TIN OVERVIEW

Tin, chemical symbol Sn, is a malleable, ductile, and highly crystalline silvery-white metal. The metal is highly resistant to corrosion and fatigue and alloys well with many other metals. Tin's ability to resist attack by organic acids, including those found in food, has seen it traditionally ideal for food packaging. Most applications for tin have a high value end use and therefore substitution is unlikely, even in periods of very high prices.

Cassiterite (SnO₂) is the most abundant tin ore and occurs in both primary and secondary deposits. Primary deposits are typically associated with granite intrusive rocks (like Achmmach) with secondary deposits derived from the weathering and erosion of these deposits.

As with many metals, China is considered an important factor in the outlook for tin demand and supply. In 2009, China was a net importer of the metal, a trend expected to continue as Chinese tin resources continue to diminish and the country looks to protect its depleting domestic reserves.

Lead-free solder contain ~96% Sn

Demand

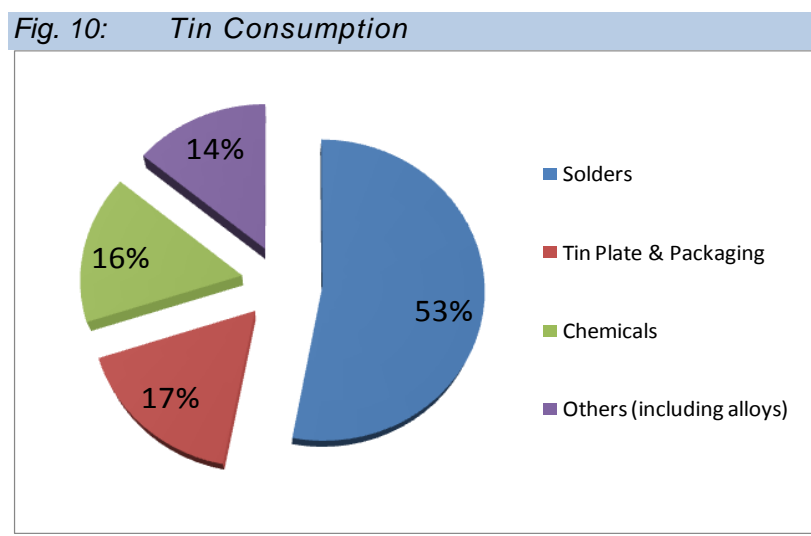
Global consumption of 320Kt-360Ktpa

The major uses of tin are in the production of solders (53%), tin plate and packaging (17%), chemicals (16%) and others (including alloys – 14%). Over the last 10 years increasing demand for tin has been driven by its use in electronic solders. The substitution of tin for lead in solder applications, driven by bans and restrictions on lead use has been price positive with no apparent substitute for tin evident.

Market value growing to over US\$7b pa

Global tin consumption amounts to 320,000-350,000t per annum (pa), which is equivalent to a market value of ~US\$7b pa (@ US\$20,000/t), making it the smallest London Metal Exchange (LME) traded metal by value.

Tin in electronics solder is driving demand



Source: Kasbah Resources Limited from ITRI figures

China and Indonesia are important suppliers to the tin market

Supply

Clamp-down on illegal operations has seen a significant decline in production

The International Tin Research Institute (ITRI) indicates that global production is dominated by China, Indonesia and South America (Peru and Bolivia), with almost 50% of total output produced by artisanal and small scale operations in these countries. The tin industry has not been on the radar for major mining companies and has been relatively volatile due to the small size of the industry and a history of unsustainable production from these small-scale operators.

With serious supply constraints and limited new project development Kasbah is well positioned to capitalise on "torrid" market dynamics

Mine output has been falling sharply in Indonesia due to weather and local authorities clamping down on illegal tin production and state owned enterprises finding it cost prohibitive to access higher grade ore from deeper alluvial sources. Australia has increased production through the re-opening of the Renison Tin Mine in Tasmania, by Metals X Limited (MLX.asx) and the world's largest tin producer Yunnan Tin of China which now owns 50% of the project. It is believed that the Renison tin concentrates will be used to augment declining domestic Chinese production.

Elsewhere in the world, there appears to be serious supply constraints, with mine output declining in Indonesia, Peru, Bolivia and Brazil due to industry reorganisation, political issues and/or technical mining issues. Trading groups have also suspended tin purchases in the Democratic Republic of Congo (DRC) due to perceived illegal operations from insurgent and rebel groups.

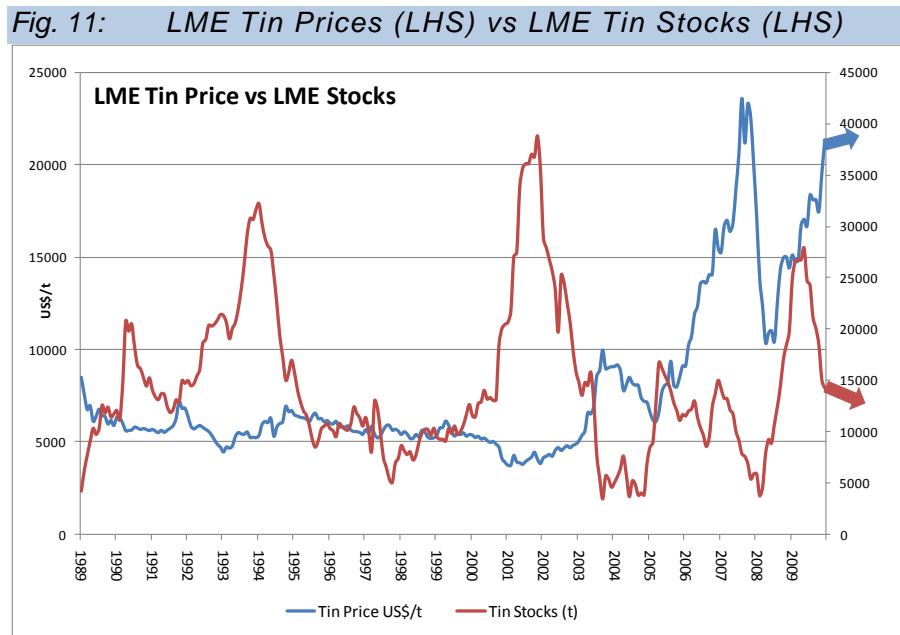
With little recent investment in exploration or new production, combined with volatile Asian, South American and African supply dynamics, Kasbah is well positioned to capitalise on these tight market conditions by bringing a new, high grade tin project into development and production.

Tin Prices

Tin has been the best performing metal on the LME so far this year. With the price up over 16% YTD, while stocks having been declining since the start of the year (currently down 47%). Longer term outlook for tin looks very encouraging with growing demand from electronic solder application and more traditional tin plate and chemical use. However, supply is constrained, with few new mining operations being proposed, along with historically dominant supply centres in decline.

LME tin stocks are plummeting and prices are up

Supply constraints plus growing demand is expected to continue to increase prices



Source: IRESS

PEER COMPARATIVES

TIN COMPARATIVES

Limited ASX tin peers to compare

ASX listed peers we have compared to Kasbah are Metals X (MLX), Cluff Resources NL (CFR), Outback Metals (OUM), YTC Resources (YTC), Consolidated Tin Mines (CSD), Venture Minerals (VMS), Stellar Resources (SRZ) and North Queensland Metals (NQM). It should be noted that tin is not the primary focus for YTC or NQM, who both have gold assets as their focus.

Metal X is the largest and only current Australian tin producer

Fig. 12: ASX Peer Market Capitalisation (A\$m)

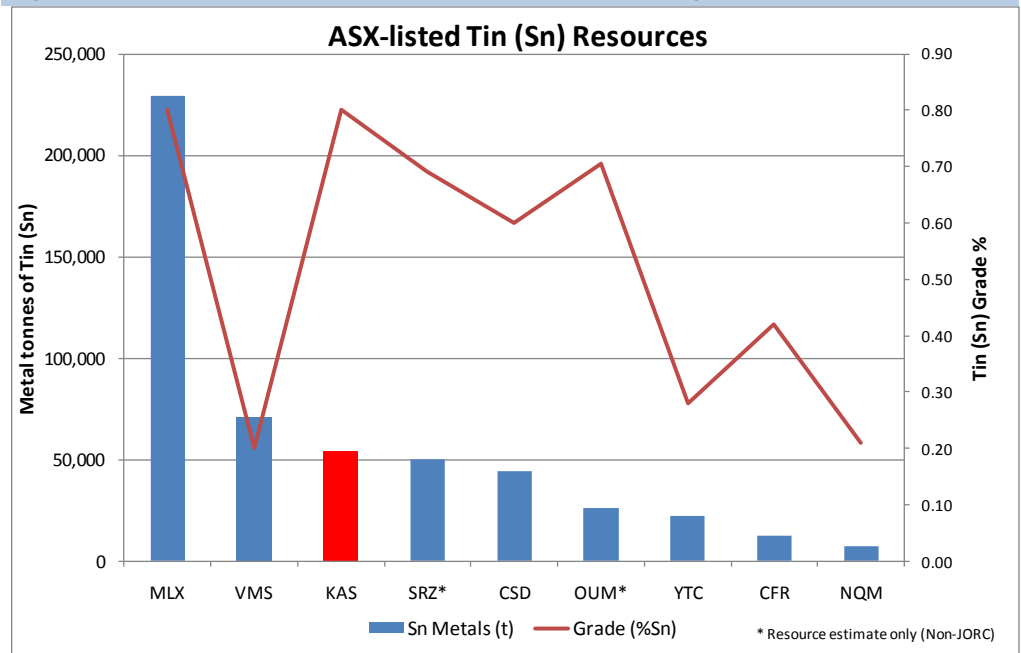


Source: IRESS; Prices at close of 15 September 2010

Kasbah (KAS) has a market capitalisation around A\$33m (on a share price of 14cps) and current resource base of 7.0Mt @ 0.8% Sn for 54Kt of contained tin.

Fig. 13: Tin Resources: tin tonnes (LHS), tin grade (RHS)

Kasbah's Achmmach deposit is high grade and will continue to grow

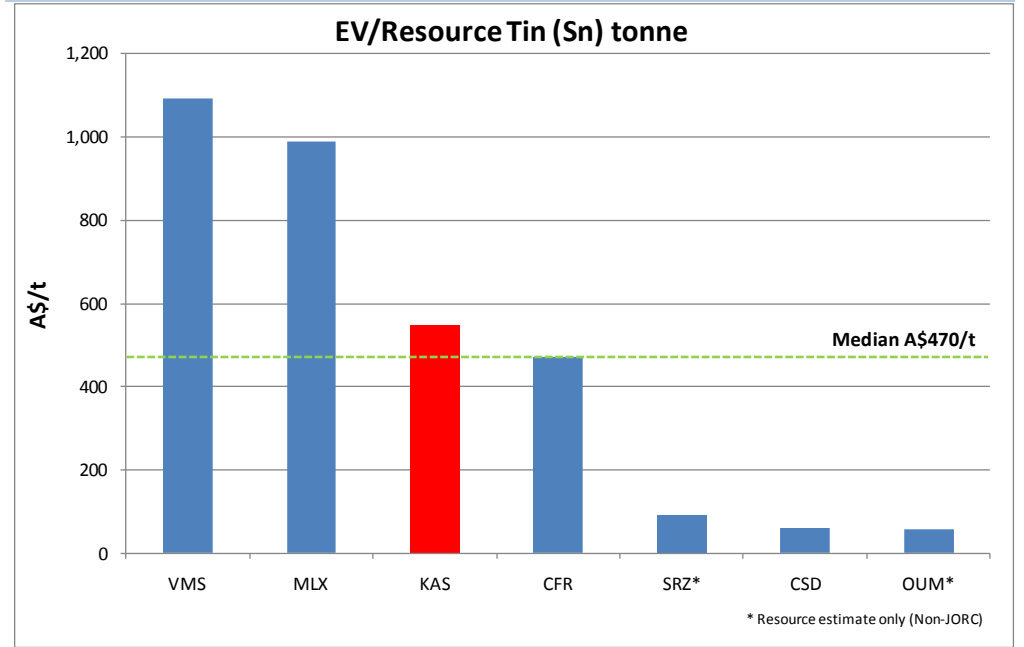


Source: Company Reports

On an EV to resource position Kasbah is just above the peer median of ~A\$470/t, with a current EV/Resource tonne of ~A\$520/t. We believe the Company will look even more attractive after a resource upgrade expected early next year. At this point in time, the Company does not have any JORC compliant reserves.

Fig. 14: EV/ Resource contained tin metal

Kasbah is just above the peer average on a EV/Resource position



Source: Hartleys Estimates

DIRECTORS, SENIOR PERSONNEL AND MAJOR SHAREHOLDERS

The following information has been taken directly from the Kasbah Resources website and latest Annual Report.

DIRECTORS

Mr Graeme Walker – Non Executive Chairman

Mr Walker is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors. He was previously CFO of Ampolex Limited and Normandy Mining Limited. He was formerly a director of Gold Mines of Kalgoorlie Limited, Mt Leyshon Gold Mines Limited, Normandy Resources NL and North Flinders Mines Limited. He has expertise in the areas of financial management, dispute resolution, commercial and financial business systems, company secretarial, joint venture management, risk management, taxation and treasury. Mr Walker was appointed a Director of the Company on 11 May 2006.

Highly experienced management team in all aspects of mineral exploration and mine development; as well as financing

Mr Wayne Bramwell – Managing Director

Mr Bramwell is a Metallurgist and Mineral Economist with over 19 years experience in operations, project evaluation, acquisition and project development. He has held senior commercial, project management and development positions with Iberian Resources Limited, Breakaway Resources Limited, Harmony Gold (Australia) Pty Limited, Hill 50 Limited and several Australian engineering companies. During 2000 to 2002 he led the acquisition, feasibility study and environmental approvals for the Collingwood Tin Project in Queensland, Australia for Bluestone Nominees. Mr Bramwell was appointed a Director of the Company on 31 October 2005.

Mr Michael Spratt – Non-Executive Director

Mr Spratt is a tin specialist with over 40 years of engineering, development and operations experience. He spent seven years as Managing Director of the Thailand Smelting and Refining Company (the world's 5th largest tin smelter). Prior to this he was General Manager Operations of the Renison Bell Tin Mine in Tasmania for Murchison United NL. Mr Spratt has also held key senior executive roles with Simcoa Operations Pty Ltd, Kaiser Engineers Limited and Minproc Limited. He has managed the process of feasibility through to operations in several commodities.

Dr Rod Marston – Non-Executive Director

Mr Marston is a geologist with over 35 years experience in the mineral exploration and mining industry, both in Australia and internationally. He played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Mr Marston was appointed a Director of the Company on 15 November 2006. He is a non-executive director (and former Chairman) of Independence Group NL and was a director of Ranger Minerals Limited prior to its merger with Perilya Limited.

Dr Robert Weinberg– Non-Executive Director

Mr Weinberg gained his doctorate in geology from Oxford University in 1973 and has more than 30 years experience of the international mining industry and is an independent mining research analyst and consultant. Prior to his current activities he was Managing Director, Institutional Investment at the World Gold Council, and a Director of Gold Bullion Securities Limited. Previously he was a Director of the investment banking division at Deutsche Bank in London after having been head of the global mining research team at SG Warburg Securities and held senior positions

within Societe Generale, and James Capel & Co. Mr Weinberg was appointed a Director of the Company on 15 November 2006.

Mr Trevor Hart– Chief Financial Officer / Company Secretary

Mr Hart is a Certified Practising Account (CPA) and a Chartered Secretary (ACIS). He has over 17 years of experience with over 13 years in the mining and resources services sector.

Mr Chris Bolger– Country Manager – Morocco

Mr Bolger is a geologist with strong operations back ground with over 30 years in tin, gold, base metals and silver in Australia, Malaysia and Fiji. He has management expertise in near mine exploration, resource estimation, grade control, mine production and technical services in open pit and underground operations including both selective mining and bulk mining. Mr Bolger's experience covers new project development, redevelopment of dormant projects and project evaluation.

Fig. 15: Economic Exposure of Directors

Name	Position	Shares (m)	Options (m)	Total Exposure (m)
G Walker	Non Executive Chairman	0.40	3.33	3.73
W Bramwell	Managing Director	9.76	4.00	13.76
R Marston	Non-Executive Director	1.48	1.88	3.36
R Weinberg	Non-Executive Director	0.44	1.88	2.32
M Spratt	Non-Executive Director	0.50	0.00	0.50
Total		12.58	11.08	23.65
% of Total Shares on Issue (approx)		5.3%	21.2%	8.2%

Source: Kasbah Resources Limited; all numbers in millions

MAJOR SHAREHOLDERS

Twenty largest shareholders for Kasbah Resources Limited as of 6th September 2010.

Fig. 16: Top 20 Shareholders

	Holder	Units Held (m)	% Units Issued
1	International Finance Corporation (World Bank)	32.50	13.7%
2	African Lion Limited	32.50	13.7%
3	Resource Capital Fund III Lp	18.00	7.6%
4	Traxys Projects LP	14.50	6.1%
5	Merrill Lynch Nominees Pty Limited <Berndale A/C>	12.77	5.4%
6	Societe Generale Australia	12.00	5.1%
7	Tarifa Investments Pty Ltd <Tarifa Investments A/C>	8.10	3.4%
8	ANZ Nominees Limited <Cash Income A/C>	8.04	3.4%
9	Thailand Smelting & Refining Company Limited	6.00	2.5%
10	Macquarie Bank Limited	4.00	1.7%
11	HSBC Custody Nominees (Australia) Limited	3.62	1.5%
12	Mrs Clare Annette McCammon	3.30	1.4%
13	AFM Perseus Fund Limited	3.00	1.3%
14	Mr John Andrew Mackay	2.20	0.9%
15	J P Morgan Nominees Australia	2.00	0.8%
16	Nakuru Resources Pty Ltd	2.00	0.8%
17	Custodial Services Limited <Beneficiaries Holding A/C>	1.95	0.8%
18	Dyspo Pty Limited <Henty Super Fund A/C>	1.95	0.8%
19	Malcruizer Pty Ltd <RJ Dorrington Super Fund A/C>	1.90	0.8%
20	MD James Pty Ltd <The Mark James Family A/C>	1.76	0.7%
		172.1	72.5%

Source: Kasbah Resources Limited; all numbers in millions

FINANCIALS

PROFIT & LOSS

Given that Kasbah is a junior tin explorer transitioning to developer, previous year's financial performance is not reflective of the Company going forward.

The Company posted a net loss of \$3.95m for FY2009, which compares to a net loss of A\$4.19m in FY2008. Interim results for 1H FY2010 include a reported loss of A\$2.37m.

EQUITY ISSUANCE

As at 14th September 2010 Kasbah had 237m shares on issue and 52m options outstanding exercisable at various dates and times. Unpaid capital, if fully converted, equates to A\$12.7m at an average price of 24.2c.

Fig. 17: Options Table

Expiry	Exercise Price	No. of shares	Value
May-11	\$0.20	1,450,000	290,000
Nov-11	\$0.25	9,000,000	2,250,000
Nov-11	\$0.25	5,625,000	1,406,250
Nov-11	\$0.25	1,125,000	281,250
Apr-12	\$0.25	6,650,000	1,662,500
Jun-12	\$0.25	7,250,000	1,812,500
Jun-12	\$0.25	16,250,000	4,062,500
May-13	\$0.35	1,000,000	350,000
Jul-13	\$0.25	1,000,000	250,000
Jan-15	\$0.10	1,500,000	150,000
Apr-15	\$0.10	1,500,000	150,000
\$0.242 Ave		52.35m	A\$12.665m

Source: Kasbah Resources Limited

The recent equity issue involved raising **~A\$4.5m** via an institutional share placement to International Finance Corporation (IFC), African Lion Fund (ALF) and Traxys. IFC is a division of the World Bank, ALF is a specialist mining fund established to invest in resource projects in Africa; whereas Traxys is primarily a major metal and concentrates marketer and trader with specialised experience in tin concentrates and tin metal.

DEBT AND HEDGING

Kasbah is currently debt free and unhedged.

The Company's cash position at the end of the June 2010 quarter was ~A\$3.7m.

*237m shares on issue
with 52m options*

*Debt free and
unhedged*

*Cash at the end of
June 2010 was
A\$3.7m*

PRELIMINARY VALUATION

ASSUMPTIONS

Achmmach

Preliminary valuation only

We have developed a basic model for Achmmach based on Company released information (mostly from investor presentations) and Hartleys estimates on mining and processing costs. We expect that our valuation will be significantly refined upon the release of the Scoping Study later in the year.

Fig. 18: Achmmach Underground (UG) Development

❑ Resource Target:	6 Mt Inferred / 4 Mt Indicated
❑ Mine scale:	800,000 tpa
❑ Mine life:	6 years (Phase 1)
❑ Mining method:	Bulk UG mining
❑ Mine grade target:	0.9 - 1% diluted
❑ Tin in tin concentrate:	5,400 – 6,000 tpa
❑ Concentrate grade:	> 60 % Sn
❑ Processing:	Conventional gravity & flotation
❑ Tin Recovery :	75- 80 % Sn

Estimated throughput of 800Ktpa for ~5Ktpa of Sn in concentrate

Phase 1 mine life of 6 years

Source: Kasbah Resources Limited

Our preliminary valuation assumes an underground (UG) operation only, and uses the following assumptions:

- **Production start:** 2013 (late Q3 FY13)
- **Mine Scale:** 800Ktpa
- **Resource Conversion:** 80% of 7Mt @ 0.8% Sn, for ~56Kt Sn.
 - Note that there is considerable upside with resource additions and the release of an ore reserve.
- **Mine Life: Phase 1** 6 years
- **Processing:**
 - Mill head grade: 0.9% Sn
 - Recoveries: 75%
 - Concentrate grade: 55% Sn
 - Metallurgical test work has confirmed that >60% Sn concentrate grade is achievable but we have been conservative.
 - Payable Tin: 90%
 - Processing costs are expected to be low due to simple conventional gravity concentration and flotation.
 - TCRC numbers are expected to be on the low side due to quality of concentrate and competitive tension for supply.
- **Mining Method:** UG mechanised mining with large scale stoping
 - Ore development drives accessed via a decline.

Good mining widths promise bulk low cost mining

- Most lateral underground development within ore zones, minimising waste mining and lowering operating costs.
- Mechanised and efficient mining fleet deployed

Estimated operating costs (for Achmmach UG) are in the lower cost end for existing operations and new projects

Fig. 19: Tin production costs bands (estimated)

US\$/t	Existing Operations	New Projects
<10,000	Minsur Africa small mines China small mines Indonesia TI	
10,000 - 15,000	PT Koba PT Timah Bolivia small mines Comibol Liuzhou China Tin Yunnan Tin	Achmmach Rension (2010+) Huanuni expansion Pitinga expansion Syrymbet
15,000 - 20,000	Renison (2008) Pitinga	Maranboy/ Mt Wells Geyer Mt Garnet Yenisey Scotia Rentails South Crofty
>20,000		Shtokverkovoye Gottesberg Heemskirk Leeuwpoot Mount Pleasant

Note: Projects where tin is a by-product not included

Source: International Tin Research Institute (ITRI)

- Our estimated cash operating costs (excluding royalties) are in a similar cost band to those provided by the International Tin Research Institute (ITRI) in 2009. Putting Achmmach in the lower Tin cost end of operations.
- Our production forecast for FY2013 is ~2.4Kt Sn and from FY2014-onwards production is ~4.9Kt Sn at cash costs of ~US\$10,490/t.

Fig. 20: Hartleys Production Forecasts

Production Summary	Unit	FY2013F	FY2014F	FY2015F	FY2016F
Payable Tin Metal	000t	2.4	4.9	4.9	4.9
Cash Cost (excl. royalties)	A\$/t	13,992	13,992	13,992	13,992
Cash Cost (excl. royalties)	US\$/t	10,494	10,494	10,494	10,494

Source: Hartleys Research Estimates

Potential mine life extensions at depth, along strike and in near-surface mineralised zones

Estimated capital costs of ~A\$80m

- We have not modelled the addition of mine feed from open pits (growth opportunities) which will likely come from the Northern and Western Zones.
- Once a resource estimate for these zones has been released it will be added to the model, if considered viable.
- **Estimated capital costs** of ~US\$70m (~A\$77m) have been used in the model.
 - These numbers should be considered as preliminary only and will be updated upon release of the scoping study numbers.
 - Capital required: processing plant, tailings dam, underground decline, mining equipment plus working capital
- Our model includes A\$4m per annum for exploration. We see unfunded capital and working capital of ~A\$80m over the next 24 months.
- A project tax rate of 17% and government royalty of 3% (NSR) has been applied.

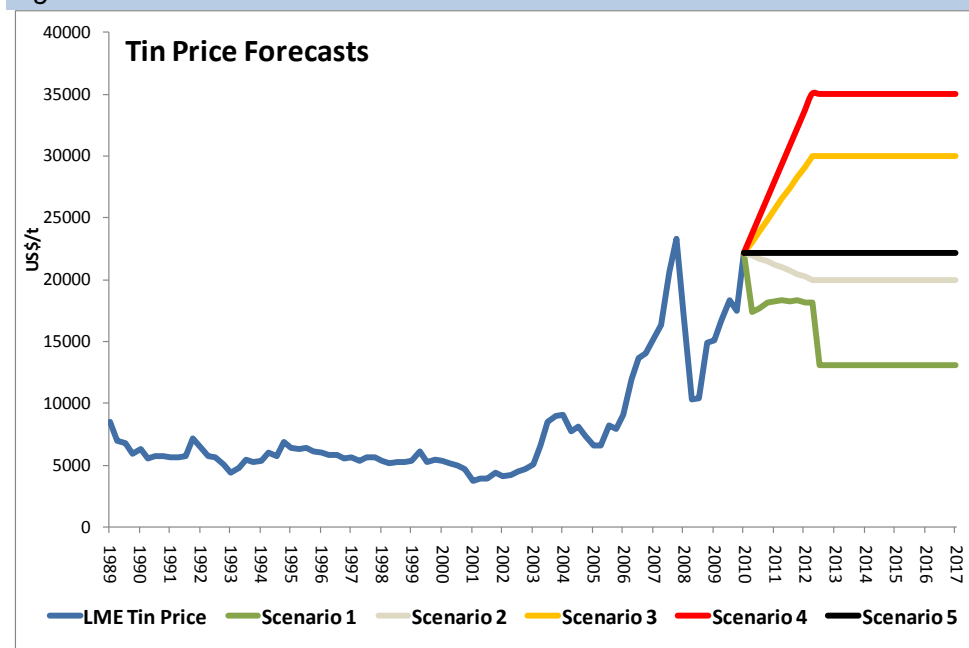
TIN PRICE ASSUMPTIONS

Supply/demand deficit is likely to be in the range of 15,000-20,000t and getting larger

The price of tin has advanced strongly in 2010 and is now at over US\$21,000/t (LME spot). This trend of strong prices is likely to continue due to renewed demand for tin use particularly in electronics (CRU International forecasts tin consumption to increase by 15% this year) and as supply constraints continue to materialise (CRU International forecasts mine output to decline by at least 1% this year).

However, due to the volatility of the tin market, mainly as a result of its small size and history of artisanal production we have used “5 tin price scenarios” in our modelling to provide for price sensitivity analysis.

Fig. 21: Tin Price Forecasts



Source: IRESS, Hartleys Research Estimates

Scenario 1 –Consensus LT Price US\$13,073/t

- Long-term (LT) tin price taken from Consensus numbers (July 2010); it is likely that higher numbers will be released in October 2010.

Scenario 2 –ITRI “Depression” 2013 Price US\$20,000/t

- 2013 tin price taken forward from International Tin Research Institute (ITRI) “depression” scenario where downside risks for the world economy are realised and demand drops to around 280Kt in 2009 and not much more in 2010.
- In this case more substantial surpluses are generated and prices fall lower to instigate further production cuts.

5 pricing scenarios applied to the preliminary model

Scenario 3 –ITRI “Central” 2013 Price US\$30,000/t

- 2013 tin price taken forward from ITRI “central” scenario where the market will remain in surplus into 2010, but swing into significant supply shortfalls from 2011 as consumption recovers.

Scenario 4 –ITRI “Bounce-back” 2013 Price US\$35,000/t

- 2013 tin price taken forward from ITRI “bounce-back” scenario where fiscal stimulus packages and monetary easing both boost demand and revitalise investor interest in commodities.

Scenario 5 –Spot Price US\$22,195/t

- LME spot price of US\$22,195/t taken forward as long-term price; spot is now over US\$22,800/t.

METHODOLOGY

5 pricing scenarios applied to the preliminary model

We have undertaken a preliminary sum of parts valuation for Kasbah using the 5 pricing scenarios summarised in Fig. 22. The Achmmach NPV₁₀ is the only variant between the valuations, with the same operating cost and capital costs assumptions applied, along with exchange rates.

Scenario 1 at the current Consensus tin prices is not economically viable on our costs assumptions. We are of the opinion that Consensus numbers will be re-estimated shortly and should improve and as such we would consider this price scenario as unlikely.

We note that the price assumption used in Scenario 3 and 4 of US\$30,000/t and US\$35,000/t are 32% and 54% higher than the current spot price of ~US\$22,800/t and significantly higher than historical tin price. However, due to the supply and demand fundamentals (supply constraints plus growing demand) these price scenarios are not considered unrealistic.

It should also be noted that without the release of scoping study or feasibility numbers our valuations should be considered as simulations only.

Fig. 22: Hartleys Preliminary Valuation for 5 Pricing Scenarios

Scenario 1 - Consensus LT Price US\$13,073/t			
	Est. \$m	Est. \$/share (unfunded)	
Achmmach (NPV @ 10%)	(33.2)	(0.11)	
Exploration	20.0	0.07	
Cash	3.7	0.01	
Forwards	-	-	
Corporate Overheads	(5.9)	(0.02)	
Total Debt	-	-	
Tax Losses	3.4	0.01	
Options & Other Equity	0.3	0.00	
Total	(11.7)	(0.04)	
Scenario 2 - ITRI Depression 2013 Price US\$20,000/t			
	Est. \$m	Est. \$/share (unfunded)	
Achmmach (NPV @ 10%)	118.6	0.41	
Exploration	20.0	0.07	
Cash	3.7	0.01	
Forwards	-	-	
Corporate Overheads	(5.9)	(0.02)	
Total Debt	-	-	
Tax Losses	3.4	0.01	
Options & Other Equity	0.3	0.00	
Total	140.1	0.48	
Scenario 3 - ITRI Central 2013 Price US\$30,000/t			
	Est. \$m	Est. \$/share (unfunded)	
Achmmach (NPV @ 10%)	331.1	1.14	
Exploration	20.0	0.07	
Cash	3.7	0.01	
Forwards	-	-	
Corporate Overheads	(5.9)	(0.02)	
Total Debt	-	-	
Tax Losses	3.4	0.01	
Options & Other Equity	0.3	0.00	
Total	352.6	1.22	
Scenario 4 - ITRI Bounce-back 2013 Price US\$35,000/t			
	Est. \$m	Est. \$/share (unfunded)	
Achmmach (NPV @ 10%)	437.3	1.51	
Exploration	20.0	0.07	
Cash	3.7	0.01	
Forwards	-	-	
Corporate Overheads	(5.9)	(0.02)	
Total Debt	-	-	
Tax Losses	3.4	0.01	
Options & Other Equity	0.3	0.00	
Total	458.8	1.58	

Scenario 1 low long term tin price @ US\$13,075/t

Scenario 2 ITRI "depression" prices @ US\$20,000/t

Scenario 3 ITRI "Central" prices @ US\$30,000/t

Scenario 4 ITRI "Bounce-back" prices @ US\$35,000/t

Scenario 5 Spot Tin Prices @ US\$22,195/t

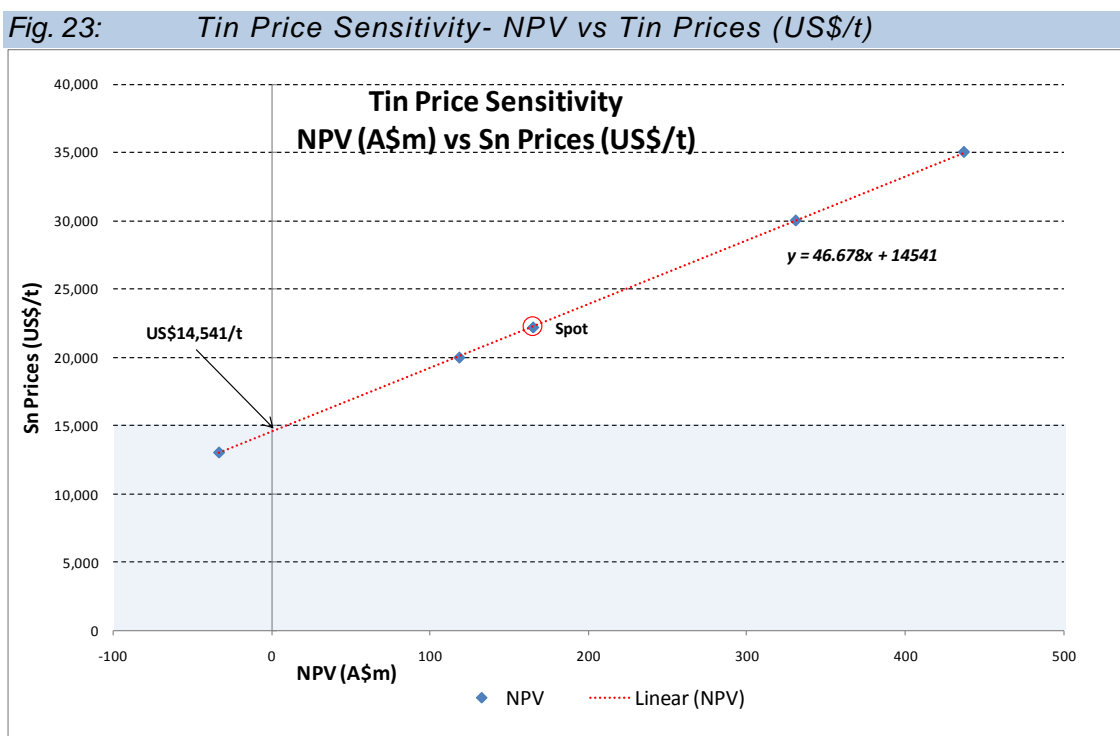
Scenario 5 - Spot Price US\$22,195/t		Est. \$/share (unfunded)
	Est. \$m	
Achmmach (NPV @ 10%)	165.2	0.57
Exploration	20.0	0.07
Cash	3.7	0.01
Forwards	-	-
Corporate Overheads	(5.9)	(0.02)
Total Debt	-	-
Tax Losses	3.4	0.01
Options & Other Equity	0.3	0.00
Total	186.7	0.64

Based on our operating costs and capex requirements a tin price above US\$14,541/t provides positive project NPV

VALUATION SENSITIVITIES

Sensitivity analysis indicates that the operation is highly leveraged to exchange rate and tin price volatility. Our tin price sensitivity is depicted below and indicates that a tin price above of US\$14,541/t would be required to make our preliminary model NPV positive.

However, as highlighted by the operating cost bands (Fig. 19), prices below US\$15,000/t cause many tin operations to be uneconomic and unviable. We believe that tin prices above US\$20,000/t more accurately reflect the current supply and demand market dynamics.



Source: Hartleys Research Estimates

FUNDING RISK VALUATION SCENARIOS

Apart from Scenario 1, which we are of the opinion is overly conservative scenario contrary to market fundamentals and is considered unlikely, even on a 100% equity funding basis the project looks robust and attractive.

Fig. 24: Funding risk preliminary valuation scenarios

Funding risk valuation scenarios (assumes zero project risk, zero corporate overheads)		S1	S2	S3	S4	S5
	NPV (A\$m)	(34.0)	121.4	339.1	447.9	169.2
	Cost of Equity	10%	10%	10%	10%	10%
<i>Funding risk valuation on scenarios</i>	Startup Capital Requirement (A\$m) + 20% cont.	104.1	104.1	104.1	104.1	104.1
	Capital spending begins	Mar-13	Mar-13	Mar-13	Mar-13	Mar-13
	<u>100% funded with debt</u>					
	- Assumed annual principle repayments (A\$m)	30.9	30.9	30.9	30.9	30.9
	- assumed interest rate	8%	8%	8%	8%	8%
<i>Note that capex is further escalated by 20%</i>	- NAV (A\$m)	(87.4)	67.1	284.8	393.6	114.9
	- NAV / share (A\$)	(0.37)	0.28	1.20	1.66	0.48
	<u>50% funded with debt & 50% equity</u>					
	- Assumed capital raising price (A\$)	0.14	0.14	0.14	0.14	0.14
	- NAV	(18.0)	137.0	354.6	463.5	184.8
	- new shares	385.7	385.7	385.7	385.7	385.7
	- NAV / share (A\$)	(0.03)	0.22	0.57	0.74	0.30
	<u>100% funded equity at current prices</u>					
	- Assumed capital raising price (A\$)	0.14	0.14	0.14	0.14	0.14
	- NAV (A\$m)	51.4	206.9	424.5	533.3	254.7
	- new shares	771.4	771.4	771.4	771.4	771.4
	- NAV / share	0.05	0.21	0.42	0.53	0.25

Source: Hartleys Research Estimates

RISKS & RECOMMENDATION

RISKS

Standard development risks apply, along with funding risk

Key risks to the development of Achmmach include commodity price risk, operating and capital cost escalation, geological and ore-body risk, permitting risk as well as funding risk. The Company will need to fund development capital costs which we have estimated to be ~A\$80m. Upside risks include exploration success, further acquisitions and stronger tin prices.

SIMPLE S.W.O.T. TABLE

High grade operation

Relatively low operating costs

No reserves

Near mine opportunities and new discoveries

Production delays and gold-sector consolidation

Strengths	<ul style="list-style-type: none"> - <i>High grade deposit</i> - <i>Exploration upside and resource growth</i> - <i>Moderate/low operating cash costs compared to peers</i> - <i>Bulk mining scale of economies</i> - <i>High tin recoveries expected</i> - <i>Pro-mining country of operation</i> - <i>Strong share register</i>
Weaknesses	<ul style="list-style-type: none"> - <i>No reserves as yet</i> - <i>Large production growth could be mill constrained</i> - <i>Not funded to development</i>
Opportunities	<ul style="list-style-type: none"> - <i>Attractive near-mine opportunities</i> - <i>Shallow open pit targets</i> - <i>Exposure to tin price</i>
Threats	<ul style="list-style-type: none"> - <i>Cost escalation</i> - <i>Exchange rate volatility</i> - <i>Development and production delays</i>

Source: Hartleys Research

CONCLUSION

We recommend Kasbah as a Speculative Buy

Kasbah's strategy is to progress the Achmmach Tin Project to a decision to mine by 2012. The project is located in the pro-mining northern African nation of Morocco, which operates under a clear mining code with incentives to attract and retain foreign investment. Kasbah has been operating in the country since 2006 and retains a highly skilled Board and technical team with local expertise and a background in tin project development and operations.

The Achmmach Project is twice the average grade of many of its competitors (0.8% Sn) and this resource is expected to grow considerably before the completion of a feasibility study in H1 CY2012. The coarse grained and clean nature of the ore and simple beneficiation through gravity and flotation provides for both excellent tin recoveries and high grade tin concentrates expected to be >60%. The supply and demand dynamics of the tin market continues to be favourable and with few tin projects in development these factors are expected to support bullish tin price sentiment and consensus.

We see Kasbah as a good quality explorer transitioning through to tin producer through the development of Achmmach. The Company will have steady news flow over the coming months, including resource upgrades, on-going drill results from near-mine exploration and the release of a scoping study.

The Company has a market cap of ~A\$33m with A\$3.7m in cash (EV of ~A\$28m). We expect the Company will continue to be re-rated as the Achmmach project is progressed as well as increasing tin spot prices. We initiate coverage of Kasbah Resources Limited with a Speculative Buy recommendation.

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage					Hartleys	
Name	Ticker	Last Price*	M. CAP (A\$m)	EV (A\$m)	Research Recommendation	Industry
Oil & Gas						
1. Woodside Petroleum Ltd	WPL	43.73	34,115	38,293	Buy	Major
2. Nexus Energy Ltd	NXS	0.400	383	661	Speculative Buy	Developer / Explorer
3. Aurora Oil and Gas Ltd	AUT	1.20	332	288	Buy	Producer / Developer
4. Carnarvon Petroleum Ltd	CVN	0.405	278	248	Buy	Producer / Explorer
5. Tap Oil Ltd	TAP	0.915	143	82	Buy	Producer / Explorer
6. Cooper Energy Ltd	COE	0.395	116	20	Buy	Producer / Explorer
7. Otto Energy Ltd	OEL	0.095	102	79	Buy	Explorer / Producer
8. Strike Energy Ltd	STX	0.225	74	72	Buy	Explorer / Producer
9. Amadeus Energy Ltd	AMU	0.230	70	113	Buy	Producer / Explorer
10. European Gas Ltd	EPG	0.330	66	130	Speculative Buy	Producer / Explorer
11. Red Fork Energy Ltd	RFE	0.440	61	53	Speculative Buy	Explorer / Producer
12. Oilex Ltd	OEX	0.175	39	22	Speculative Buy	Explorer / Producer
13. FAR Ltd	FAR	0.052	34	19	Speculative Buy	Explorer / Producer
14. Entek Energy Ltd	ETE	0.145	33	24	Speculative Buy	Producer / Explorer
15. Sun Resources NL	SUR	0.077	26	23	Speculative Buy	Explorer / Producer
	Sub-Total		35,871	40,125		
1. Riversdale Mining Limited	RIV	10.26	1,933	1,665	Speculative Buy	Coal
2. Atlas Iron Limited	AGO	2.240	1,210	1,025	Buy	Iron Ore
3. Western Areas NL	WSA	5.78	1,034	1,213	No Rating	Nickel
4. Intrepid Mines Limited	IAU	1.150	492	445	Speculative Buy	Gold
5. Silver Lake Resources Limited	SLR	2.350	420	389	Buy	Gold
6. Integra Mining Limited	IGR	0.515	389	374	Speculative Buy	Gold
7. Catalpa Resources Limited	CAH	2.040	332	308	Buy	Gold
8. Dominion Mining Limited	DOM	2.590	267	286	Speculative Buy	Gold
9. Gold One International Limited	GDO	0.280	226	300	Neutral	Gold
10. Jabiru Metals Limited	JML	0.400	221	191	Buy	Zinc-Copper
11. Tanami Gold NL	TAM	0.830	215	207	Speculative Buy	Gold
12. Focus Minerals Ltd	FML	0.054	155	161	Speculative Buy	Gold
13. Magma Metals Limited	MMW	0.510	83	63	Speculative Buy	PGM-Cu-Ni
14. Peninsula Minerals Ltd	PEN	0.036	59	49	Buy	Uranium
15. Centaurus Metals Ltd	CTM	0.082	50	43	Speculative Buy	Iron Ore
16. YTC Resources Limited	YTC	0.240	39	31	Buy	Junior Explorer
17. Hazelwood Resources Ltd	HAZ	0.185	35	30	Speculative Buy	Tungsten
18. Cortona Resources Limited	CRC	0.205	35	29	Speculative Buy	Gold
19. Emmerson Resources Limited	ERM	0.170	35	22	Speculative Buy	Gold
20. Kasbah Resources Limited	KAS	0.140	33	29	Speculative Buy	Tin
21. Ausquest Limited	AQD	0.130	30	3	Speculative Buy	Junior Explorer
22. Shaw River Resources Limited	SRR	0.145	29	22	Speculative Buy	Manganese
23. Avalon Minerals Limited	AVI	0.180	24	21	Speculative Buy	Copper/Iron Ore
24. Ferrum Crescent Limited	FCR	0.135	21	19	Speculative Buy	Iron Ore
25. Geopacific Resources NL	GPR	0.450	17	11	Speculative Buy	Gold
26. Orion Gold NL	ORN	0.022	16	13	Speculative Buy	Gold
27. Impact Minerals Limited	IPT	0.130	15	11	Speculative Buy	Uranium
28. Southern Gold Limited	SAU	0.079	11	7	Speculative Buy	Gold
	Sub-Total		7,230	6,830		
Industrials						
1. West Australia News Hdgs Ltd	WAN	7.05	1,634	1,909	Buy	Media
2. Monadelphous Group Limited	MND	15.360	1,322	1,189	Buy	Mining Services
3. Fleetwood Corporation	FWD	10.37	560	553	Neutral	Consumer & Mining Services
4. Clough Limited	CLO	0.805	547	607	No Rating	Oil & Gas Services
5. Ausdrill Limited	ASL	2.050	537	635	Buy	Mining Services (Drilling &)
6. Mermaid Marine Australia Ltd	MRM	2.80	521	655	Buy	Oil & Gas Services
7. Macmahon Holdings Limited	MAH	0.690	506	462	Buy	Mining & Civil Construction
8. Austal Limited	ASB	2.49	468	479	Speculative Buy	Capital Goods
9. NRW Holdings Ltd	NWH	1.650	415	454	Buy	Mining & Civil Construction
10. Matrix Composites &	MCE	4.61	336	331	Buy	Oil & Gas Services
11. Decmil Group Limited	DCG	2.14	265	217	Buy	Mining & Civil Construction
12. Cash Converters Internat.	CCV	0.590	224	209	Buy	Retail & Consumer Finance
13. Index Ltd	IMD	0.970	188	224	Buy	Oil & Gas / Mining Drilling
14. RCR Tomlinson Ltd	RCR	1.250	165	188	Buy	Mining & Industrial Services
15. Lycopodium Limited	LYL	4.080	158	143	Buy	Mining & Industrial Services
16. Neptune Marine Ltd	NMS	0.265	115	153	Speculative Buy	Oil & Gas Services
17. VDM Group Limited	VMG	0.475	100	118	Buy	Mining & Civil Construction
18. Swick Mining Services Ltd	SWK	0.370	88	114	Speculative Buy	Mining Services (Drilling)
19. LogiCams Limited	LCM	1.05	63	56	Buy	Resource Services
20. Pacific Energy Ltd	PEA	0.285	53	101	Buy	Mining Services / Power
	Sub-Total		8,264	8,799		
	GRAND TOTAL		51,365	55,754		

Source: IRESS, Hartleys Research. * 16 Sep 2010

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No Rating	No recommendation.
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but it is higher risk than a "Buy". For the share price to rise it may be contingent on the outcome of an uncertain or distant event.
Neutral	Take no action. Stock is already trading near the share price target and there are no foreseeable near term catalysts.
Reduce / Take profits	Stock is trading above the share price target and there is a near term negative catalyst that could cause temporary weakness.
Sell	Significant price depreciation anticipated

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