



25 July 2017

ASX CODE: KAS

TIN IS OUR PRIME COMMODITY

LME TIN PRICE (21/07/17)

US\$20,300 / t

(CASH BUYER)

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY (75%) AND IT'S JOINT VENTURE PARTNERS TOYOTA TSUSHO CORP (20%) AND NITTETSU MINING CO. (5%) ARE ADVANCING THE ACHMMACH TIN PROJECT TOWARDS PRODUCTION IN THE KINGDOM OF MOROCCO.

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT

CAPITAL STRUCTURE

**(PRE ISSUE OF RETAIL COMPONENT
OF ENTITLEMENT OFFER)**

SHARES ON ISSUE:	898M
UNLISTED OPTIONS:	6.5M
CASH @ 30/06/17:	\$1.7M

MAJOR SHAREHOLDERS

**(PRE ISSUE OF RETAIL COMPONENT
OF ENTITLEMENT OFFER)**

PALA INVESTMENTS	23.1%
AFRICAN LION GROUP	15.3%
ACORN CAPITAL	5.6%
TRAXYS	4.9%
THAISARCO	3.5%

CONTACT US

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JUNE 2017 QUARTERLY REPORT

"The June quarter represented a period of consolidation for Kasbah as the Company moves forward with advancing Achmmach. Achievements include transitioning of new management team, confirmation of the robustness of the Achmmach project from the AMC review and raising sufficient capital to see the Company through to completion of an updated Definitive Feasibility Study (DFS)."

June 2017 quarter highlights

- Fully underwritten accelerated non-renounceable rights issue to raise approximately \$5.2m before costs, announced. Institutional component now completed and Retail component due to close Friday 28 July 2017.
- Independent technical review completed by AMC Consultants. The review found no fatal flaws and identified various opportunities for optimisation. AMC's recommendations are now being incorporated and are expected to enhance and de-risk the Achmmach Tin Project.
- Refresh of the Kasbah management team is now complete with the new COO commencing and the new CFO announced and commenced mid-July.
- Geotechnical consultants engaged and final geotechnical drilling to commence shortly in order to finalise mine tailings storage facilities (TSF) and water storage facilities (WSF).
- Submission of tenders for process and engineering design services for the DFS now close to being awarded.
- Tin price steady around US\$20,000/t. Demand and supply fundamentals remain positive and LME stocks test multi-decade lows.

JUNE QUARTERLY REPORT

Kasbah Resources Limited (Kasbah or the Company) is pleased to provide this update to the market.

CORPORATE

▪ New Management commenced and announced

Evan Spencer commenced as Chief Operating Officer and, following a productive transition period with the outgoing COO, has now taken over management of the Achmmach project, including the DFS.

During the quarter, Kasbah announced the appointment of new Chief Financial Officer and Company Secretary, Keith Pollocks. Keith has an impressive background in the natural resources sector and extensive experience in a variety of senior finance roles, having led and managed finance teams, major commercial negotiations and projects within globally significant corporations.

Keith commenced his position in mid-July and will be involved in an extensive transition with outgoing CFO/Company Secretary, Trevor O'Connor. Keith has assumed the role of CFO while his official appointment as Company Secretary is still to occur and will be announced once confirmed.

Combined, these significant changes to the management team will position the company with the necessary skills and experience to fund and develop Achmmach into production.

ACHMMACH

▪ Project Update

During the June quarter, Kasbah received the independent technical review of the project definitive feasibility study, completed by AMC Consultants. As released on the 15th of June, the independent technical review made a number of recommendations that are expected to enhance and de-risk the Achmmach Tin Project. Kasbah management continued to drive plans to finalise both the Achmmach DFS and key scopes of work addressing AMC's recommendations. Activities commenced during the quarter included:

1. mine rescheduling options and analysis to assess the optimum production rates, review cut-off grade sensitivities around these options and associated project economics;
2. engagement of geotechnical consultants and geotechnical drilling contractors to finalise design of the mine TSF and WSF. Drilling is expected to begin early in the September quarter; and
3. submission of tenders for the provision of engineering and design services in order to finalise process design, address risks identified as part of the independent technical review, review surface infrastructure, CAPEX and OPEX and finalise the Achmmach DFS. This scope of works is expected to be awarded early in the September quarter.

In addition to the key works outlined above, Kasbah will also increase community liaison and engagement planning.

EXPLORATION

Activities on Kasbah's 100% owned tenements are focused on developing a deeper understanding of geological potential, including assessment of targets that may potentially be combined with the Achmmach development. This includes project ranking, development of exploration plans and works programs, and ensuring that the leases remain in good standing.

An Environmental Impact Assessment (EIA) base line study and desktop financial analysis will be undertaken during the September quarter for the Bou El Jaj project located 13kms to the south of Achmmach.

In addition, an in-house geological review of the central massive tenement packages has commenced that will include a detailed prospect ranking and priority matrix and specific scopes of works required to advance these exploration packages on a priority basis.

FINANCIAL

- **Rights Issue Announced – institutional component complete, retail component closes 28 July 2017 (fully underwritten)**
- **Kasbah welcomes new shareholders to the register**

In a major announcement for the Company in late June, Kasbah launched a fully underwritten accelerated non-renounceable rights issue to raise approximately \$5.2m before costs. The funds raised will allow final technical work on the Achmmach Project to be completed, resulting in an updated DFS which will allow Kasbah to substantially progress funding discussions to ultimately facilitate a construction decision. Funds will also be used for working capital and work streams required as part of the project construction financing.

The accelerated institutional component was successfully concluded raising approximately \$3.1m and was strongly supported by existing eligible institutional shareholders and new institutional investors. The Company welcomes selected new institutional and professional investors who took up available shortfall under the Institutional Entitlement Offer, for which there was strong demand.

The Company thanks major shareholders Pala Investments and African Lion, who committed to take up their entitlements in full as part of the Entitlement Offer. In addition, Pala Investments has sub-underwritten a portion of the retail component of the Entitlement Offer at no fee.

Kasbah was also pleased to introduce new institutional and other investors onto its register through the acquisition of all the shares in Kasbah owned by the International Finance Corporation ("IFC") via a block trade executed at the same price as the rights issue. A strategic stake was acquired by Australian fund manager, Acorn Capital. Acorn is a leading specialist resources fund which "researches and invests in the most attractive Australian based small and microcap companies" and as such, their involvement in Kasbah is a significant vote of confidence in the Company.

The offer period of the retail component of the Rights Issue, which is expected to raise approximately \$2.1m, has been extended to 5.00pm (WST) on Friday 28 July 2017. If you are an eligible shareholder, you have until this time to accept your entitlement which would have been mailed out to you. Should you require further information in relation to the entitlement offer, please do not hesitate to contact Trevor O'Connor, the Company Secretary on +61 8 9463 6651.

▪ **Cash/Debt**

Cash and short term deposits at 30 June 2017 were \$1.7m.

Debt as at 30 June 2017 was \$1.1m

TIN MARKET

▪ **Prices**

Tin prices remained around US\$20,000/t over the quarter, with some periods of volatility. LME inventory levels continue to come under pressure with some confusion around Chinese concentrate imports and continued volatility in other base metals.

Longer term, the themes of supply pressure and increasing demand from existing and new technology applications remains firmly in place and supportive of a robust price outlook.

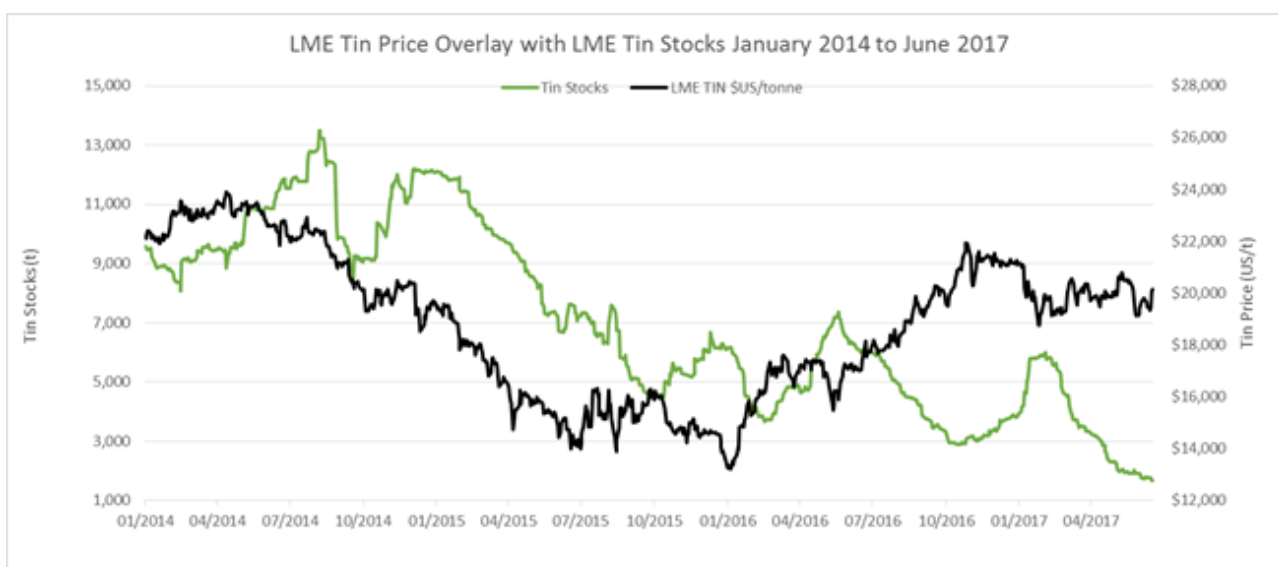


Figure 1: LME Tin Price vs LME Stocks – Jan 2014 to Jun 2017

▪ **Supply side: lower inventory levels, slowing mine supply**

London Metal Exchange (LME) stockpiles for tin have continued to decline and currently amount to around 1,650 tonnes, the lowest level since 1989 and less than 1% of global demand. This has in part contributed to a large backwardation (price premium for the cash tin contract over the three-month forward) on the LME. Conversely, Shanghai Futures Exchange (SHFE) stocks have risen strongly to around 5,700 tonnes, indicative of high stock levels in China presently.

Yunnan Tin Company (YTC), the world's biggest tin company at around 75,000t annual production, was granted government approval to export refined metal without having to pay the usual export duty so long as it is processed from imported concentrate. Interestingly, this news initially drove the tin price down by around 7%, even though the concept had been well flagged to the market previously (see Kasbah's March quarterly report) and the price has subsequently bounced back.

Indonesian tin exports of just 4,000t in June, the lowest monthly figure this year, represents a 48% decline year-on-year and is down 42% from May. The combined impact of lower tin prices and Ramadan undoubtedly impacted short term exports however, the mine closures of 2016 and the introduction of export quotas to reign in illegal mining causing environmental degradation, appears to also be having a longer term impact.

Meanwhile, Chinese tin ore and concentrate imports soared almost 50% in May, albeit still around 15% lower year-on-year. As has been the case for some time, essentially all of these imports came from Myanmar. While Myanmar ore production continues to decline, inventories of stockpiled ore are thought to be significant and thus any real decline in concentrate shipments in the short term is unlikely. The September quarter is usually a high production season for both Myanmar and Indonesia.

Chinese metal imports showed a somewhat different story down 73% year-on-year but up 28% month-on-month, albeit at significantly lower overall volumes compared to concentrate tonnes. Smelter capacity in China has continued to grow as previously idled capacity was re-started meaning refined production has likely risen this year.

While Chinese export data for May was also high, it is likely influenced by a backlog of exports waiting for a tariff decision and hence numbers over the next 3-6 months will likely be more representative of conditions going forward.

- **Demand side: the positive game changer**

Global semiconductor shipments, representing around 50% of tin demand, have continued to increase. Industry body World Semiconductor Trade Statistics expects the semiconductor market to grow by more than 10% to US\$388 billion next year. This represents a significant increase in overall tin demand.

Longer term we remain bullish on the outlook for semiconductor growth while the trend in energy generation, storage and switch from hydro carbons towards sustainables and batteries, paints an attractive outlook for longer term demand.

- **Outlook looks promising**

Our view on the outlook for tin remains unchanged. The price outlook remains positive with mine supply continuing to face challenges, and while inventory levels are mixed (LME vs SHFE) demand continues to outpace supply which is expected to persist for the medium/longer term, making it increasingly likely that the 2017 deficit will be larger than that seen in 2016.

LOOKING FORWARD

Commenting on the above, CEO Richard Hedstrom said:

“The June quarter represented a period of consolidation for Kasbah as the Company moves forward with advancing Achmmach. Achievements include transitioning of the new management team, confirmation of the robustness of the Achmmach project from the AMC review and raising sufficient capital to see the Company through to completion of an updated DFS.

The outlook for tin continues to look positive on both the demand and supply side, setting a constructive backdrop in preparation for moving Achmmach forward to production.

We welcomed a number of new investors to Kasbah via the placement of the IFC stake and completion of the institutional component of the rights issue. We thank them, and all our shareholders who have participated in the rights issue. I would also remind shareholders still considering taking up their rights that the closure date of the offer is fast approaching.

The next six to nine months are expected to be a very busy period for Kasbah as we work to complete the DFS, commence final engineering and design work, and commence financing activities to enable the Kasbah Board and our joint venture partners to reach a decision to mine.

I look forward to keeping all stakeholders informed of our progress.”

A handwritten signature in black ink, appearing to read 'Richard Hedstrom', is centered within a light gray rectangular box.

Richard Hedstrom
Chief Executive Officer

For further information please go to:
Or email:

www.kasbahresources.com
info@kasbahresources.com

ABOUT KASBAH RESOURCES

Kasbah Resources Limited (Kasbah) is an Australian listed mineral exploration and development Company.

Our commodity is tin.

Kasbah has two tin projects (the Achmmach Tin Project and the Bou El Jaj Tin Project) located in the Kingdom of Morocco:

- **Achmmach Tin Project JV in Morocco (75% Kasbah, 20% Toyota Tsusho and 5% Nittetsu Mining)**

Kasbah is the manager and operator of the Achmmach Tin Project JV. Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) of Japan are Kasbah's strategic development partners in this JV. A positive definitive feasibility study (DFS) into a Small Start Option (SSO) for the development of a 2 staged, lower throughput, lower capital cost underground mine, concentrator and associated infrastructure at Achmmach was completed in August 2016.

- **Bou El Jaj Tin Project in Morocco (100% Kasbah)**

Kasbah retains a 100% interest in the prospective Bou El Jaj Tin Project. This project is 10km from the Achmmach Tin Project and is an early stage exploration opportunity that could become a satellite ore source for Achmmach. It is currently pre-resource and additional drilling is required on multiple targets within the Bou El Jaj permits.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

MINING TENEMENT CHANGES DURING THE QUARTER

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Ment	Morocco	PR 2138098	0%	-	100%

FARM-IN / FARM OUT AGREEMENT CHANGES

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
NIL					

INTERESTS IN MINING TENEMENTS

Project	Permit Type	Permit Number	Registered Interest
Achmmach	PE	2912	75%*
	PE	193172	75%*
Bou El Jaj	PE	213172	100%
	PE	193313	100%
Tamlalt	PE	223197	100%
	PE	223198	100%
	PE	223199	100%
	PE	223200	100%
	PE	223201	100%
	PE	223202	100%
	PE	223203	100%
	PE	223204	100%
Ezzhiliga (Zaer)	PR	2137996	100%
	PR	2137997	100%
	PR	2137998	100%
	PR	2137999	100%
	PR	2138023	100%
Ment	PR	1939809	100%
	PR	1939821	100%
	PR	1939822	100%
	PR	2138097	100%
	PR	2138099	100%
	PR	2138100	100%
	PR	1940002	100%
	PR	1940003	100%
	PR	1940004	100%
	PR	1940082	100%
	PR	1940095	100%
	PR	1940099	100%

All permits are located in the Kingdom of Morocco.

LEGEND: PE – Permis Exploitation PR – Permis Recherche

* The Achmmach Tin Project is 100% owned by Moroccan incorporated Joint Venture Company Atlas Tin SAS. The shareholders of Atlas Tin SAS are Kasbah Resources Limited (75%), Toyota Tsusho Corporation (20%) and Nittetsu Mining Co. Ltd (5%). Kasbah is the Manager and Operator of the Achmmach Tin Project JV.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

KASBAH RESOURCES LIMITED

ABN

78 116 931 705

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(353)	(1,237)
(b) development	-	-
(c) production	-	-
(d) staff costs	(602)	(1,777)
(e) administration and corporate costs	(186)	(1,593)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,135)	(4,579)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (refund of bank guarantees)	2	2
2.6	Net cash from / (used in) investing activities	2	2

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	222	3,952
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(18)	(139)
3.5	Proceeds from borrowings	-	1,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(30)
3.8	Dividends paid	-	-
3.9	Other (transactions with non-controlling interests)	242	351
3.10	Net cash from / (used in) financing activities	446	5,134

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,408	1,171
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,135)	(4,579)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2	2
4.4	Net cash from / (used in) financing activities (item 3.10 above)	446	5,134
4.5	Effect of movement in exchange rates on cash held	(0)	(7)
4.6	Cash and cash equivalents at end of period	1,721	1,721

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	790	1,392
5.2 Call deposits	697	945
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – Cash held in Morocco	234	71
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,721	2,408

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	62
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	1,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The loan from Pala Investments Limited was drawn down in two tranches of \$500,000 in August 2016 and November 2016 to provide working capital for the Company. The loan is secured against the assets of Kasbah Resources Limited other than Kasbah's interest in the Atlas Tin Project joint venture (which requires the consent of the other joint venture parties pursuant to the terms of the Atlas Tin Shareholders Agreement), with interest charged at 12% per annum. Repayment of the loan was due on or before 10 August 2017 however on 18 December 2016, Kasbah and Pala agreed to extend the maturity of the loan, at no penalty to 31 December 2017. Additionally Kasbah, at its election, can extend the maturity for a further 6 months (to 30 June 2018) with the payment of a fee equalling 3% of the outstanding commitment at that time.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	826
9.2 Development	-
9.3 Production	-
9.4 Staff costs	550
9.5 Administration and corporate costs	379
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,755

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PR2138098	Miscellaneous permit in Morocco relinquished.	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....
(Director/Company secretary)

Date: 25 July 2017

Print name: Trevor O'Connor

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.