



**27 April 2017**

**ASX CODE: KAS**

**TIN IS OUR PRIME COMMODITY**

**LME TIN PRICE (26/04/17)**

**US\$19,825 / 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**

SHARES ON ISSUE:	694M
UNLISTED OPTIONS:	0.5M
CASH @ 31/3/17:	\$2.4M

### **MAJOR SHAREHOLDERS**

PALA INVESTMENTS	19.9%
WORLD BANK (IFC)	14.2%
AFRICAN LION GROUP	12.6%
THAISARCO	4.6%
TRAXYS	4.3%

### **CONTACT US**

☎: +61 8 9463 6651

✉: [info@kasbahresources.com](mailto:info@kasbahresources.com)

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

## **MARCH 2017 QUARTERLY REPORT**

*"The March quarter was another period of considerable change for Kasbah and its stakeholders. With the new Board now firmly established and the senior management team coming into place, the foundations on which to build the Achmmach project are rapidly coming to fruition"*

**Kasbah Resources Limited (ASX: KAS) is pleased to report its activities for the March 2017 Quarter.**

### **Highlights:**

- Refresh of the Kasbah Board is now complete with three new directors appointed;
- Appointment of a new Chief Operating Officer and confirmation of Chief Executive Officer further strengthening the management team;
- Commencement of an Independent Technical review of the Achmmach Project with significant work undertaken in support of this;
- Cash at 31 March 2017 is \$2.4M; and
- Tin Price steady around US\$20,000/t while demand/supply fundamentals remain supportive.

---

## MARCH QUARTERLY REPORT

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

### CORPORATE

#### ▪ New Board and Management

On 8 February Kasbah announced the appointment of two new independent Non-Executive Directors to the Kasbah Board which is part of the previously announced plan to strategically position the company with the appropriate experience and skills necessary to advance the Achmmach Tin Project in Morocco. Mr John Gooding joined the Kasbah Board as Independent Chairman and Mr Graham Freestone joined as an Independent Non-Executive Director. Concurrent with the appointments, previous Chairperson, Ms Gabrielle Moeller, and previous Managing Director, Mr Wayne Bramwell, both resigned from the Kasbah Board. Subsequent and separate from this, it was announced that Mr Hedley Widdup has replaced Mr Mike Brook as the African Lion representative on the Kasbah Board.

As a result of these changes, the entire Kasbah Board has been renewed since late last year.

During the quarter, Mr Richard Hedstrom was confirmed as Chief Executive Officer while Mr Evan Spencer was announced as the incoming Chief Operating Officer who will replace Mr Mike Kitney following a transition period.

Combined, these significant changes to Board and management position the company with the necessary skills and experience to fund and develop the asset base of the company, with the ultimate goal of turning Kasbah into a tin production company.

### ACHMMACH

#### ▪ AMC Project Review

In early March, Kasbah announced the commencement of an Independent Technical Review (ITR) of the Achmmach Project. This construction readiness review is part of moving to a construction decision and includes optimization trade-offs with the aim of ensuring the optimal route to a commencement of construction decision. All facets of the Small Scale Option Definitive Feasibility Study (SSO DFS) published in August 2016 are being reviewed.

AMC Consultants Pty Ltd (AMC) have been engaged to undertake the ITR. The scope includes a review of:

- Key technical and operation parameters and productivity assumptions;
- Key operating / capital cost assumptions;
- Mineral Resource Estimation; and
- Critical Gap analysis.

The AMC review is expected to be completed in May, a summary of which will be released to the market after the recommendations have been analysed internally.

AMC's interim result identified areas requiring further study, opportunities to optimise and de-risk the project. No fatal flaws were identified. Recommended further work includes:

- Additional drilling or sampling to better define internal variability in mineralization grades and local variability in the position of mineralization;
- Additional work on cemented rockfill characteristics;
- Re-evaluate the modular approach to mill capacity to confirm existing expectations;
- Metallurgical test work to investigate variability testing;
- Additional test work on more representative comminution sampling;
- EDS mill and MMS Imhoflot cells could be replaced by more conventional technology to reduce project risk;
- Additional work is required on the tailings management facility; and
- Review and update of operating and capital costs.

Follow-up works that might be required consist of completing a project study document and financial model to bankable standard. Kasbah will shortly commence this work in anticipation of the study findings and, in combination with advancing discussions with prospective funding parties, is expected to be the major focus for the Company over the balance of this year.

## EXPLORATION

Minimal exploration activities were undertaken during the quarter while the immediate focus remains advancing the Achmmach project toward a development decision.

## FINANCIAL

### ▪ Rights Issue Update

While Kasbah is still considering a rights issue in the June quarter and discussions have commenced with potential underwriters, the Board continues to explore all other options in regards to funding arrangements, capacity and structure in order to complete the final work requirements of the Achmmach project.

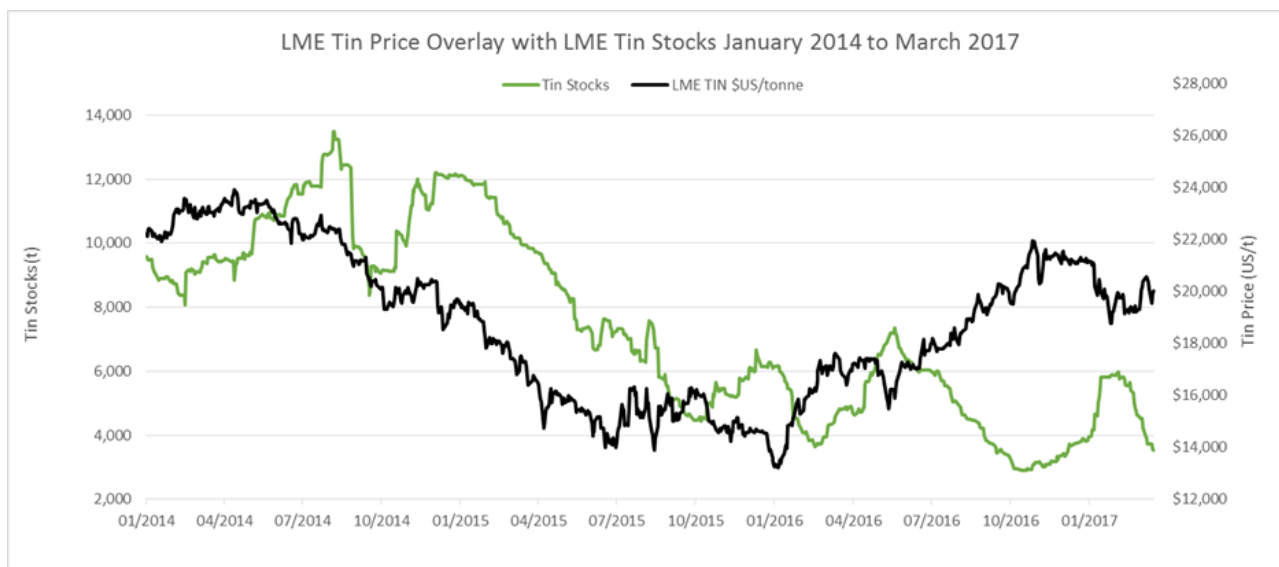
### ▪ Cash

Cash and short term deposits at 31 March 2017 were \$2.4M.

## TIN MARKET

### ▪ Prices

Tin prices rallied strongly during 2016 and while the price rally has weakened slightly into 2017, it remained above US\$20,000/t for most of the first quarter. While tin has certainly benefitted from the broader commodity rebound on the back of improving Chinese demand, there are also a growing number of commodity specific factors that are leading to higher consensus forecasts.



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

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

LME stockpiles for tin started falling in mid 2016 and, despite a brief pick up in the early part of this year, have fallen back again in recent months to again be at very low levels.

Data from Indonesia remains mixed with export volumes bouncing back in the first quarter, while there are indications that mine closures, that occurred when the price slumped in 2016, may have accelerated with the introduction of export quotas being introduced in an attempt to reign in illegal mining that is causing environmental degradation.

This has been somewhat offset in recent years by rising ore and concentrate exports from Myanmar (almost all of Chinese tin ore and concentrate imports now come from Myanmar). The sustainability of this is debatable as much of the recent rise attributed to inventory sell downs given mining rates appear to have fallen. Anecdotal indications that mining of tin in Myanmar is now moving underground could be positive for global tin prices, as it would likely result in diminishing tin production from Myanmar.

Mine production from China remains uncertain with the 2016 environmental closures continuing to have an impact. However, the move to cancel the 10% export duty on refined tin has led some to speculate that this could result in increased exports.

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

Global semiconductor shipments, which account for roughly 50% of demand, have continued to trend upwards, following the trend established late last year. Industry analysts are calling for further significant semiconductor growth over the medium term, especially out of China, and to a lesser extent the rest of the world. While the ongoing miniaturisation of electronic devices will reduce the need for tin solder, overall unit growth is expected to more than compensate for this, and 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**

Falling mine supply, sluggish inventory levels and solid demand combine to paint a positive picture for the medium/longer term tin market fundamentals. Having emerged from a likely balanced/small market deficit in 2016, it now looks increasingly possible that a larger deficit may emerge in 2017 and beyond.

---

## LOOKING FORWARD

Commenting on the above, CEO Richard Hedstrom said:

*“The March quarter was another period of considerable change for Kasbah and its stakeholders. With the new Board now firmly established and the senior management team coming into place, the foundations on which to build the Achmmach project are rapidly coming to fruition.*

*The AMC review is an important stage in optimising and finalising the Achmmach project design in preparation for funding. This review is expected to reveal some improvements and changes to the design of the project and, following internal assessment, work will commence on implementing these modifications in the current quarter with the intention of completing this work by year end.*

*While this work is underway, we will look to progress the construction financing of the project and we have been pleased with the initial response from potential project finance partners to date.*

*Pleasingly, the medium/longer term outlook for tin continues to look positive on both the demand and supply side and this sets the company up well in preparation for moving Achmmach forward.*

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



**Richard Hedstrom**  
**Chief Executive Officer**

For further information please go to:

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

Or email:

[info@kasbahresources.com](mailto: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
NIL					

## 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	2138098	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")

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(263)	(884)
(b) development	-	-
(c) production	-	-
(d) staff costs	(793)	(1,175)
(e) administration and corporate costs	(590)	(1,407)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	22
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,629)</b>	<b>(3,444)</b>

<b>2. Cash flows from investing activities</b>		
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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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 (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	3,730
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	(76)	(121)
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)	-	109
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(76)</b>	<b>4,688</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,113	1,171
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,629)	(3,444)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(76)	4,688
4.5	Effect of movement in exchange rates on cash held	(0)	(7)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,408</b>	<b>2,408</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	1,392	1,039
5.2 Call deposits	945	3,045
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – Cash held in Morocco	71	29
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,408</b>	<b>4,113</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	594
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	

Item 6.1 includes termination payments made to the previous Managing Director of \$316,406 plus unused annual and long service leave entitlements.

7. <b>Payments to related entities of the entity and their associates</b>	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	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

Loan Agreement with Pala Investments Limited dated 10 August 2016. Interest rate accrues at 12% per annum and the loan is unsecured. On 18 December 2016, Kasbah and Pala agreed to extend the maturity of the loan, at no penalty, from 10 August 2017 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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	604
9.2 Development	-
9.3 Production	-
9.4 Staff costs	614
9.5 Administration and corporate costs	278
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,496</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
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: 27 April 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.