



**JUNE 2015  
QUARTERLY REPORT**

**27 July 2015**

**ASX CODE: KAS**

**OUR PRIME COMMODITY IS  
TIN**

**LME TIN PRICE (24/7/15)**

**US\$14,850/t  
(CASH BUYER)**

**ABOUT KASBAH**

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY IS ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

**PROJECTS**

ACHMMACH TIN PROJECT  
BOU EL JAJ TIN PROJECT

**CAPITAL  
STRUCTURE**

SHARES ON ISSUE:	556M
UNLISTED OPTIONS:	13.0M
CASH @ 30/06/15:	\$4.1M

**MAJOR  
SHAREHOLDERS**

WORLD BANK (IFC)	17.7%
AFRICAN LION GROUP	16.1%
THAISARCO	5.6%
TRAXYS	5.3%

**CONTACTS**

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**✉: info@kasbahresources.com**  
**🌐: www.kasbahresources.com**



**Kasbah Resources Limited (ASX: KAS) is pleased to report its activities for the June 2015 Quarter. The highlights include:**

- Interim Development Strategy and Cost Reduction Programme announced.
- Placement to Raise \$3M completed and was strongly supported by Kasbah’s major shareholders.
- Two significant tin industry participants - Thailand Smelting and Refining Co. Ltd (Thaisarco) and Traxys become substantial shareholders in Kasbah.
- Cash position at 30 June is \$4.1M.

**Wayne Bramwell, Managing Director of Kasbah Resources said:**

*“The strong support shown by our major shareholders to this Placement endorses the interim development strategy.*

*Thaisarco and Traxys are major tin industry participants and both groups moving to become substantial shareholders in Kasbah underlines the industry’s need for new long term, sustainable tin supply.*

*Whilst the tin market equilibrium is being reset, Kasbah can now advance critical project related tasks to ensure Achmmach is ‘development ready’.”*

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## JUNE QUARTERLY REPORT

### OVERVIEW

During the Quarter Kasbah made the following ASX releases:

- 30 April 2015                      March Quarter Activities and Cash flow report;
- 16 June 2015                      Placement to Raise \$3 Million;
- 17 June 2015                      Final Directors Interest Notice;
- 19 June 2015                      Funds Received, Appendix B and Cleansing Notice;
- 23 June 2015                      Substantial Shareholder Notice – Thailand Smelting and Refining Co. Ltd; and
- 23 June 2015                      Substantial Shareholder Notice – Traxys.

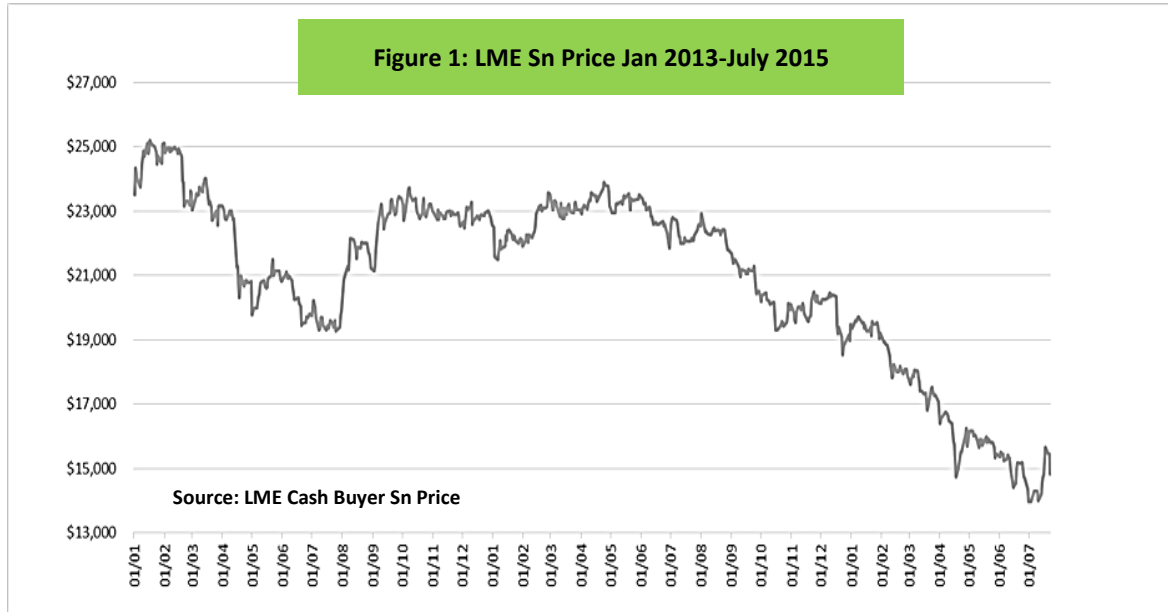
These releases can be viewed at [www.kasbahresources.com](http://www.kasbahresources.com).

The LME tin price has fallen by 25% during 2015 and has underperformed the prices of other metals. Despite the tin price touching a 7 year low during the Quarter, the Achmmach Enhanced Definitive Feasibility Study (EDFS) generated strong indicative offers of debt from several European banks and development agencies. However, the Board is cognisant that an anticipated strengthening of the tin price (**Figure 1**) would likely result in additional and more competitive financing terms for the Achmmach Tin Project.

An improvement towards an average LME tin price of circa USD 18,000 / tonne would provide Kasbah confidence to mandate commercial lenders to complete their due diligence and provide unconditional debt offerings. As such and whilst the tin price is being reset, Kasbah's Board resolved to continue to advance Achmmach to a 'development ready' status and to defer a financing decision until this sustained upward trend in tin price has been achieved.

**It is important to recognise that Achmmach is still the most advanced hard rock tin development opportunity in the world.**

The Environmental Social Impact Assessment (ESIA) and EDFs are complete, all the major project approvals are in place and the capital and operating costs are very competitive, even at the current low tin price. Pending a holistic financing solution, the Achmmach project can quickly transition into construction, then production and potentially become the largest tin project in Africa and the 8th largest tin project in the World.



**CORPORATE**

▪ **Placement to Shareholders Raises \$3.0 Million**

On 16 June 2015 Kasbah announced that it received commitments for up to approximately 104,590,412 shares at \$0.029 cps to raise approximately \$3.0M.

Kasbah received strong support for its interim development strategy and Placement from several of our long-term shareholders including the two largest shareholders, the **International Finance Corporation (IFC)** and the **African Lion Fund (AFL)**. Alongside these two major shareholders, key tin industry players Thailand Smelting and Refining (“**Thaisarco**”) and **Traxys** each increased their interests to become substantial shareholders in Kasbah.

**Thailand Smelting and Refining (Thaisarco)** is one of Kasbah’s long standing shareholders and has increased its shareholding to **5.6%** to become a substantial shareholder in the Company. **Thaisarco** is the fifth largest tin smelter in the world and is an industry leader in the manufacture of tin, with its LME registered Thaisarco and Phuket brands, tin alloys and other tin-related, value-added products.

The tin smelter and refinery is located in Phuket, Thailand and has been in operation for 50 years, typically producing in excess of 20,000 tonnes per annum of high grade tin metal for domestic and export markets. Thaisarco’s parent company, the AMC Group ([www.amcgroup.com](http://www.amcgroup.com)) has origins as a founder member of the London Metal Exchange and AMC has grown into an international group which trades, distributes and manufactures a broad range of metals, metal products and construction materials.

**Traxys** is a long standing Kasbah shareholder and a major physical commodity trader and merchant in the metals and natural resources sector. Traxys ([www.traxys.com](http://www.traxys.com)) is a significant tin industry participant and increased its shareholding to approximately **5.3%** to become a substantial shareholder in Kasbah.

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#### ▪ Cost Reduction Programme

On 16 June 2015 Kasbah reported that it had commenced making further changes to implement a series of cost reduction initiatives to preserve capital including:

- **Board restructure** – Dr Robert Weinberg and Mr Gary Davison have stepped down from the Kasbah Board, effective from 10 June 2015. Dr Rod Marston (Non-executive Chairman), Mr Ian McCubbing and Ms Gabrielle Moeller remain as non-executive directors. Kasbah’s largest shareholder (the IFC) also has the right to appoint one director to the Board.
- **Reduction in Board fees** – all remaining non-executives have reduced their total Board and committee fees by 40-55% on an annual basis.
- **Reduction in management remuneration** – the Managing Director and all senior executives agreed to a 20% reduction in salaries and superannuation on an annual basis until Kasbah’s corporate circumstances change.
- **Reduction in expatriate operations personnel and site staff.**
- **Suspension of short term incentive (STI) programme for all staff.**
- **Corporate overheads** – have been reduced and during July 2015 Kasbah relocated its corporate office to lower cost premises.

These initiatives demonstrate the commitment of the Board and management to the Company’s strategy. They will deliver significant cost savings to the business, whilst retaining the core team and project capability such that when the LME tin price has stabilised, Kasbah will be in a position to quickly accelerate the project financing process, and subsequent mine development.

Kasbah Managing Director Wayne Bramwell said:

*“The 2015 EDFs was a success and has delivered a significantly more robust project Base Case scenario than that of the 2014 DFS.*

*Specifically, the additional work undertaken has made the project less sensitive to tin price volatility and with a 2015 EDFs **C3 production cost of US\$13,296 / tonne of tin in concentrate**, confirms the Achmmach Tin Project as a potentially low cost tin production opportunity.”*

#### ▪ Cash Reserves

Cash reserves at 30 June 2015 were **\$4.1M**.

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## PROJECT DEVELOPMENT UPDATE

### ▪ Interim Development Strategy - Achmmach Tin Project

Along with a decision to defer mandating commercial debt, Kasbah's Board adopted an interim development strategy for the Achmmach Tin Project (75% Kasbah, 20% Toyota Tsusho Corp and 5% Nittetsu Mining Co. Ltd). Our joint venture project partners strongly support this strategy.

This strategy incorporates:

- completing pre-development environmental and social requirements of the International Financial Corporation (IFC – Kasbah's largest shareholder);
- undertaking pre-engineering design for the new power line required to service Achmmach;
- continuing low cost exploration in Morocco and pursue other joint venture opportunities;
- protecting and preserving the value of Achmmach during this period of commodity volatility; and
- investigating alternative opportunities to enhance shareholder value.

**Kasbah's major shareholders endorsed the proposed strategy as was evidenced by their strong support of the Placement.**

## EXPLORATION

Kasbah's exploration activities for the June Quarter are summarised below.

### ▪ Morocco Regional Exploration

Two exploration permits, PR1938815 (Kasbah 75%) and PR1939131 (Kasbah 100%) which occur east of the mineralized corridor were relinquished.

Ongoing exploration on Ment (Kasbah 100%) continued during the period with more detailed geological mapping. Permission is being sought to complete a trenching program on sections of a 1,000m long quartz-cassiterite vein system on the Zaer Granite (Kasbah 100%).

### ▪ Central African Tin Strategy

In Central Africa, Kasbah has identified a number of prospective tin/tantalum pegmatites and quartz veins in the areas around existing and historic operating mines, and continues to review these opportunities with a view to organising low capital, small-scale production, on a more efficient basis.

## TIN MARKET OVERVIEW

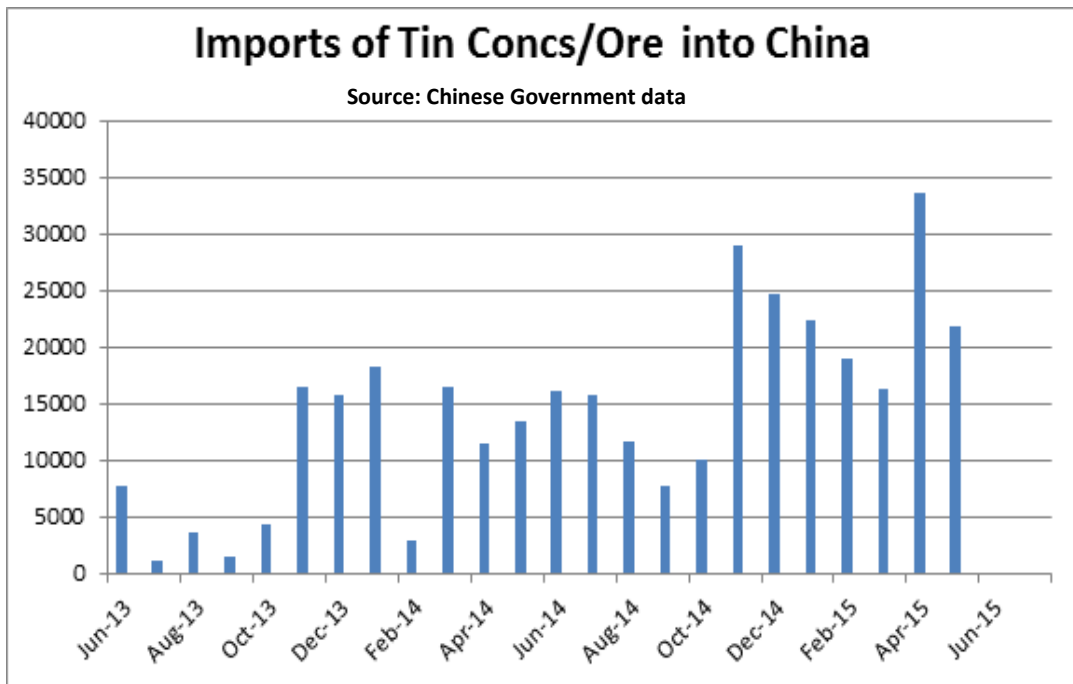
The tin price continued to trade sideways during the Quarter but price volatility has stabilised since the wild fluctuations seen in mid-April 2015. LME tin stocks at 22 July 2015 were 7,315t, yet this low level of stock has not translated into significant upward price pressure for the metal.

Tin demand is expected to pick up after a weak start to 2015 but the case for higher tin prices lies in a tightening supply profile. Myanmar and Indonesia have been the key supply side drivers since 2014 and are discussed below.

▪ **Myanmar**

Low cost tin concentrate and ore availability from Myanmar has been one of the two key factors contributing to tin price declines since 2014. The availability of low cost ore and concentrates from Myanmar (particularly the Maw Maw mining area in the Wa County) and its proximity to the Yunnan Province in China has been problematic for the tin market.

This rapid growth of tin concentrate imports from Myanmar (**Figure 3**) provided an opportunity for traders and Chinese tin producers to purchase lower cost and higher grade material to refine to metal in China, then export that metal to the international market.



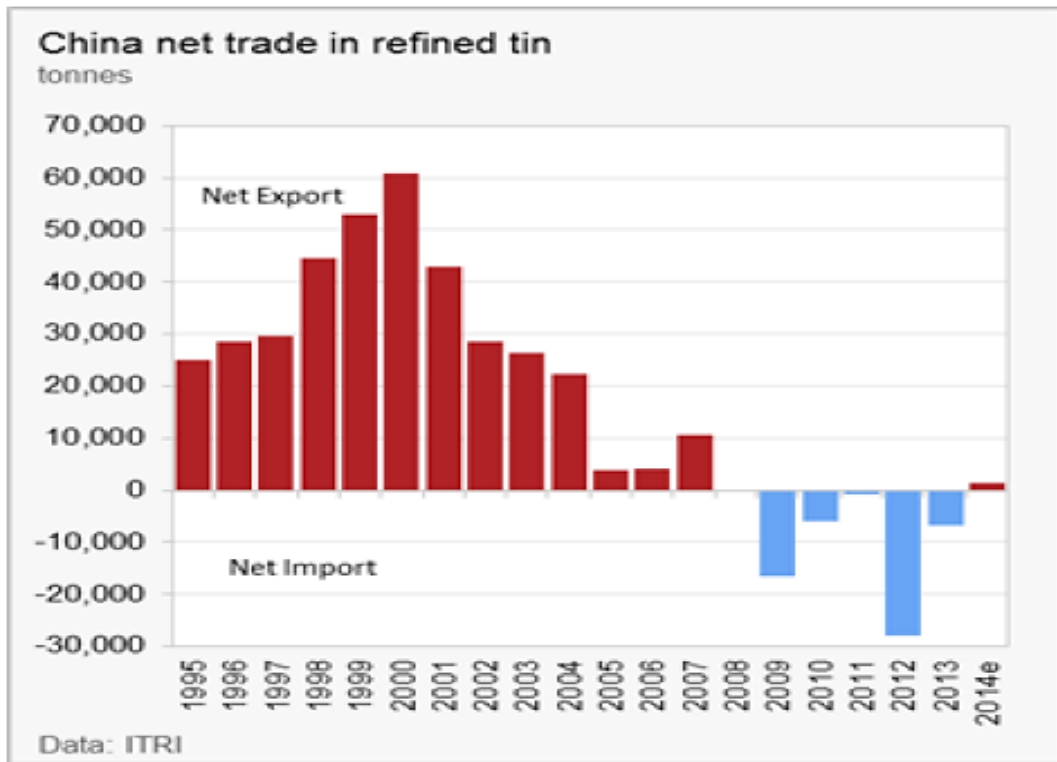
**Figure 3: Imports of Tin Concentrates and Ore from Myanmar into China (2013-2015)**

Chinese tin producers such as Yunnan Tin and other market analysts now indicate that production from this volatile region of Myanmar may have peaked in the second quarter and that production from Maw Maw may be on the decline due to resource and grade depletion.

Visibility of the actual situation in this region is poor, yet Capital Economics in their 16 July 2015 note titled “Making the case for tin” state:

*“...the lack of strong legislative and regulatory framework (within this region) for investors suggests that it will be some time before there will be inward investment on any scale.”*

The CRU June 2015 Tin Monitor stated that during 2014 China’s refined tin production increased 10% to 175,000 tonnes and as a result China returned to being a net exporter of refined tin (**refer Figure 4**) – a circumstance that had not occurred for the previous 6 years (when China was a net importer).



**Figure 4: Chinese Refined Tin Trade (1995-2014e)**

Any significant reduction in this inflow of ore and concentrates from Myanmar to China should reduce the outflow of refined tin to the market.

▪ **Indonesia**

Efforts by Indonesian tin producers since 2014 to effect greater control over the tin price have not achieved their aim. Continued statements by some Indonesian producers stating they would not trade tin below US\$17,000 / t have been juxtaposed with large trades in ranges well below this level.

During the Quarter a proposed voluntary quota was not effectively implemented. New legislation to ensure all tin mining activities attain “clean and clear” status by proving compliance with state obligations is set to come into place on 1 August 2015 with 1 November 2015 a final deadline for all tin producers to have all necessary paperwork in place.

The run up to the August 1 date has seen larger volumes of material traded prior to this legislation becoming active.

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**LOOKING FORWARD**

Kasbah will continue to advance the Interim Development Strategy and all options for the Achmmach Tin Project.

For and on behalf of the Board

A handwritten signature in blue ink, appearing to read "Wayne Bramwell".

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

For further information please go to:

Or email:

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

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## 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 with the enhanced definitive feasibility study (EDFS) into the development of a 1Mtpa underground mine, concentrator and associated infrastructure at Achmmach completed in March 2015. The EDFs at the base case scale of annual production of approximately 5,850 tonnes of tin in concentrate, would make Achmmach the 8<sup>th</sup> largest tin mine in the world and the largest tin mine in Africa.*

- **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.*

*The Company confirms that it is not aware of any new information or data that materially affects Production targets, Forecasted Financial Information, Reserve and Resource Estimates included in this report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.*

**INTERESTS IN MINING TENEMENTS**

Project	Permit Type	Permit Number	Registered Interest
Achmmach	PE	2912	75%*
	PE	193172	75%*
Bou El Jaj	PR	2137803	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%
Ezzhiliga (Zaer)	PR	213996	100%
	PR	213997	100%
	PR	213998	100%
	PR	213999	100%
	PR	2138000	100%
	PR	2138001	100%
	PR	2138002	100%
	PR	2138023	100%
Ment	PR	1939809	100%
	PR	1939821	100%
	PR	1939822	100%
	PR	2138066	100%
	PR	2138067	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.

**MINING TENEMENT CHANGES DURING THE QUARTER**

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Achmmach	Morocco	PR1939131	0%		75%
Miscellaneous Permits	Morocco	PR1938815	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

# Appendix 5B

## Mining 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

Name of entity

**KASBAH RESOURCES LIMITED**

ABN

78 116 931 705

Quarter ended ("current quarter")

30 JUNE 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,086)	(4,769)
(b) development	-	-
(c) production	-	-
(d) administration	(492)	(3,038)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	110
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R &D Tax Rebate and \$14K Insurance Claim	-	479
<b>Net Operating Cash Flows</b>	<b>(1,543)</b>	<b>(7,218)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(1,260)	(1,360)
(b) equity investments	-	-
(c) other fixed assets	-	(13)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	32	33
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Payment for security deposits & bonds	-	(30)
<b>Net investing cash flows</b>	<b>(1,228)</b>	<b>(1,370)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,771)</b>	<b>(8,588)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,771)	(8,588)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,033	6,918
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19A	Other – Transactions with non-controlling interests	421	1,783
1.19B	Other – Share issues costs	(62)	(438)
	<b>Net financing cash flows</b>	<b>3,392</b>	<b>8,263</b>
	<b>Net increase (decrease) in cash held</b>	<b>621</b>	<b>(325)</b>
1.20	Cash at beginning of quarter/year to date	3,457	4,403
1.21	Exchange rate adjustments to item 1.20	9	9
1.22	<b>Cash at end of quarter</b>	<b>4,087</b>	<b>4,087</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	147
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Details of Item 1.8 above “Payment for purchases of prospects”:  
Payment of US\$1 million (A\$1.260m) was made during the quarter to ONHYM as the next instalment for the Achmmach Tin Project.

Details of Item 1.19A above “Other - Transactions with non-controlling interests”:  
Cash call funds received from Toyota Tsusho Corporation and Nittetsu Mining Co Ltd in relation to their share of costs for the Achmmach Tin Project in Morocco (75% Kasbah Resources Limited, 20% Toyota Tsusho Corporation and 5% Nittetsu Mining Co Ltd).

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	717
4.2 Development	-
4.3 Production	-
4.4 Administration	418
<b>Total</b>	<b>1,135</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	384	1,688
5.2 Deposits at call	2,960	860
5.3 Bank overdraft	-	-
5.4 Other (provide details) - Cash held in Morocco	743	909
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,087</b>	<b>3,457</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	PR1939131 Miscellaneous permit in Morocco relinquished.	75%	0%
		PR1938815 Miscellaneous permit in Morocco relinquished.	100%	0%
6.2	Interests in mining tenements acquired or increased			

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	556,005,435	556,005,435	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	104,590,412	104,590,412	\$0.029
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry Date</i>
	KASAQ	500,000	-	\$0.10	<i>5 October 2015</i>
	KASAAC	1,500,000	-	\$0.28	<i>20 July 2015</i>
	KASAAD	2,000,000	-	\$0.26	<i>23 November 2015</i>
	KASAAE	10,000,000	-	\$0.26	<i>23 November 2015</i>
	KASAAF	500,000	-	\$0.12	<i>27 November 2017</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 27 June 2015

Chief Financial Officer / Company Secretary

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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