

28 January 2010

ASX Code: KAS

Board & Management

Graeme Walker
Non Executive Chairman

Wayne Bramwell
Managing Director

Rod Marston
Non Executive Director

Rob Weinberg
Non Executive Director

Trevor Hart
Chief Financial Officer /
Company Secretary

Exploration Manager
Jeffrey Lindhorst

Projects - Morocco

- Achmmach Tin Project
- Tamlalt Gold Project

Investment Data

Shares on Issue 177M

Shareholders

Top 20 Hold 65%

LME Tin Price (27/01/10)

US\$17, 900 / t (cash buyer)

Kasbah Resources Limited
19 Hardy Street
South Perth
WA Australia 6151

Tel: (+61) 8 9463 6651
Fax: (+61) 8 9463 6652

For further information email

info@kasbahresources.com

Or visit our website

www.kasbahresources.com

KASBAH RESOURCES QUARTERLY REPORT



HIGHLIGHTS

Continued success at the Achmmach Tin Project including;

Resource Definition Drilling – Meknes Zone

- AD031 - 30 m @ 1.5% tin (from 333m)
 - Includes 10 m @ 2.2% tin (from 353m)

Additional Exploration

- Outcropping, high grade tin mineralisation found at surface within Western Zone Structure
- High Grade assays up to 9.9% Tin received from 3-4kg composite rock chip samples across structure
- Now three open pit targets to follow up.

OVERVIEW

Kasbah Resources Limited (Kasbah) is pleased to provide this update on the company's progress in Morocco.

The tourmaline structures that are the channel pathways that control the deposition of tin throughout the Achmmach Tin Project can be mapped on surface for over 8 km and within these structures there are multiple tin occurrences. As such, the strategy to advance and grow the Achmmach Tin Project remains to;

- Focus on resource definition drilling within the Meknes Zone and,
- Continue to do greenfields exploration both within the permits and regionally to define additional tin drill targets.

Resource Definition Drilling – Meknes Zone

Drilling at the Achmmach Tin Project remained the primary focus of activities with an additional 991.1 metres of diamond drilling being completed as part of the resource definition drilling programme which centred on the Meknes Zone.

To date **1,543.7** metres or 24% of the total planned metres has been completed with progress during this quarter being affected by poor mechanical availability of the diamond rig and difficult ground conditions.

Drill holes AD030 (402m EOH) and AD031 (372.9m EOH), located on the same section, had the aim of testing the continuity of the mineralisation encountered on the eastern end of the underground workings.

AD30

AD030 was planned to test the top of the tin mineralised system on the 950m RL. Due to unexpected deviation the hole finished approximately 20m off section and 30m higher than planned, intersecting the Meknes Zone at the 980mRL. Kasbah geologists interpret this hole as having passed over the top of the system.

AD031

AD031 was planned to test the 900m RL. This drill hole was completed to plan and intersected (down-hole) **30m @ 1.5% tin** from 333m (including **10m @ 2.2% tin** from 353m). Assays up to 6% tin were achieved and this intersection is interpreted to demonstrate continuity with the mineralisation exposed in underground workings; i.e., continuity over at least 30 vertical metres in the Meknes Zone lodes.

AD032 and AD033

A trial was undertaken with a local drilling contractor to accelerate the drilling by drilling pre-collars to 200m (hence removing the most difficult ground from the diamond rig). Once surveyed, these holes were abandoned due to unacceptable hole deviation.

AD034

AD034 was planned to test the strike continuity of mineralisation between AD029 (20m down-hole @ 0.7% Sn) to the west and the vertical and lateral continuity of AD018 (13.6m down-hole @ 0.5% Sn and 9.0m @ 0.5% Sn) and AD019 (12m down-hole @ 1.2% Sn and 7.0m @ 0.6% Sn) to the east. At the end of the quarter AD034 was at 216.2m depth and was continuing towards its planned target.

Meknes Zone Long Section

The Meknes Zone Long Section below (figure 1) is oriented east-west and covers the area targeted by the Meknes Zone resource definition drilling programme. The objective of the resource definition programme in this area is to close up the wider drill spacing and to define resources within an exploration target of 1- 2Mt.

Figure 1 incorporates information from diamond drill holes AD018 to AD034 and focuses on an area of Meknes Zone mineralisation that is approximately 400m long, 150m in vertical extent and 50m wide. Significant intersections are represented as proportional dots whose size is calculated by multiplying the down-hole length of the mineralised intersection by the tin grade in percent.

For example a 10m @ 1% tin intersection and a 1m @ 10% tin intersection would be represented as the same size dot.

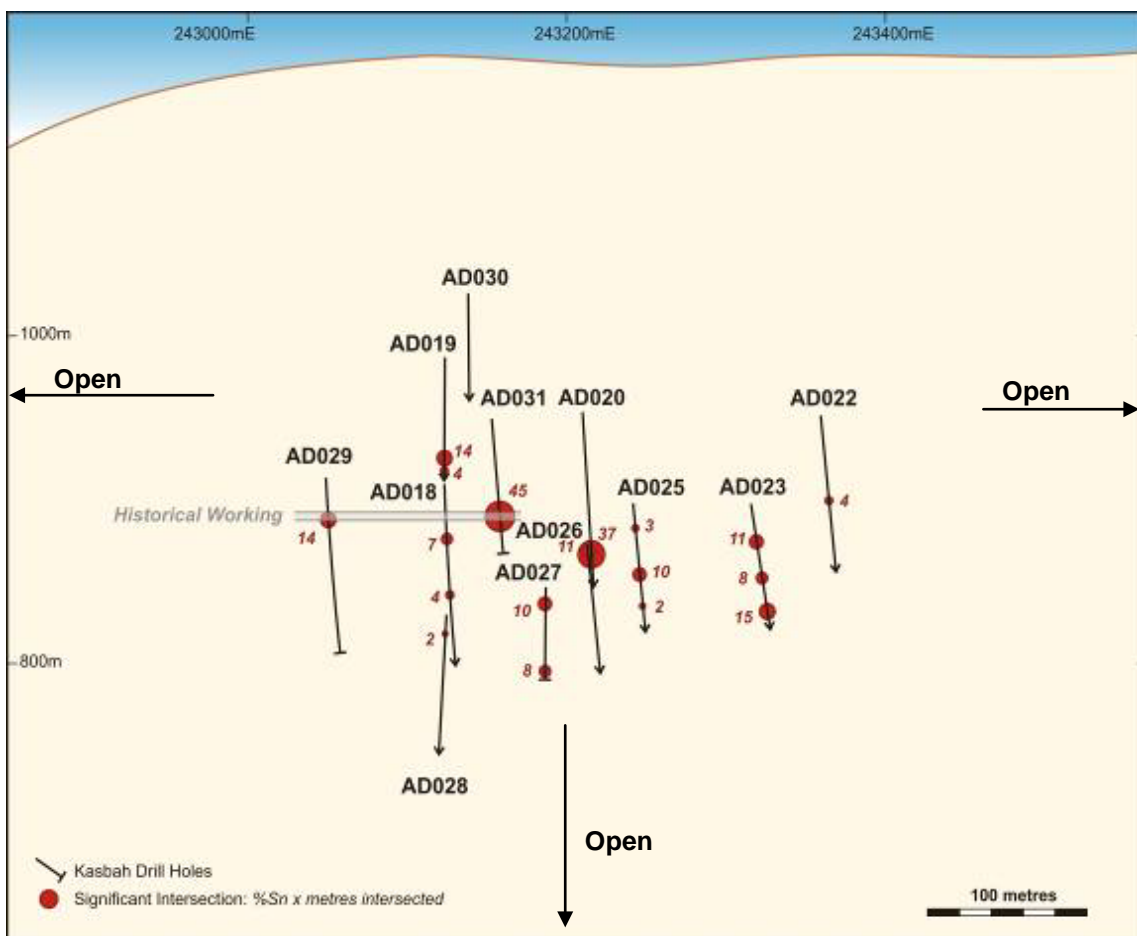


Figure 1
Meknes Zone Long Section
(Proportional Dots with % Sn x metre significant intersections)

The key points to note from figure 1 are:

- The tin mineralisation system is continuous along strike for over 250m and is open to the east and west and down dip;
- The high grade intercepts are more frequent below 900 RL. There is a paucity of drill data below 800RL. Based upon current structural interpretation, the bulk of the tonnage for any underground development from the Meknes Zone is expected to come from the 900 RL level and below.

- Although there is potential for mineralisation above the 900m RL (AD019 has a significant intersection of 12m down-hole @1.2% Sn on the 935mRL) Kasbah geologists currently interpret the 950mRL to be close to the top of the mineralising system in the Meknes Zone; and
- Very high grade intersections in AD031 and AD020 suggest the possibility for higher grade shoots within the system. The intersections in AD031, AD020, AD025 and AD023 suggest there may be an east plunging component to the mineralisation.

Drill hole AD035 is currently being drilled between AD031 and AD020 to test this possibility.

Additional Exploration - Western Zone High Grade Tin Outcrop

A new discovery was made at Achmmach during the quarter in an area of outcrop not previously identified in the western permit (Figure 2). Composite 3-4 kg rock chip samples returned high grade assays of up to **9.9% tin** over widths of 3-5m in the Western Zone. With the discovery of the Western Zone there are now 3 potential open pit targets to test (the Western, Northern and Eastern Zone) at Achmmach.

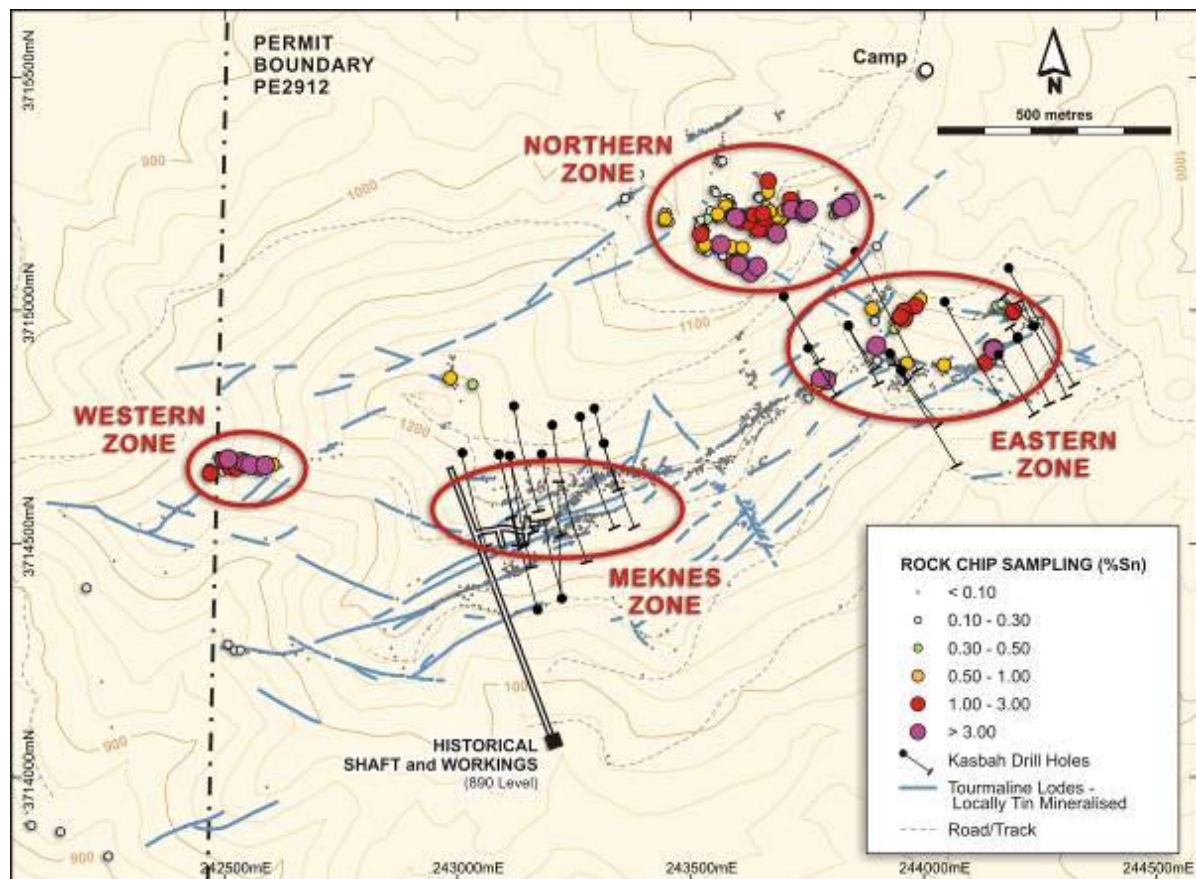


Figure 2

Open Pit and Underground Tin Targets at Achmmach

Forward Work Programme

By the end of January issues associated with mechanical availability of the first diamond rig had been addressed and drilling performance returned to expected productivity. In addition a second diamond rig has been mobilised to site to accelerate the drilling and bring the Meknes Zone resource definition drilling programme back on schedule.

ACTIVITIES FOR THE QUARTER

Achmmach Tin Project - Resource Definition Drilling

The company completed **911.1m** of diamond drilling at Achmmach. This included:

- AD030 (402.0m EOH);
- AD031 (372.1m EOH) and
- AD034 (at 216.2m at end of quarter).

Drilling was under budget during this quarter due to:

- mechanical failures and broken ground conditions with AD030 and AD031 (completed 26/11);
- excessive deviation with pre-collars on AD032 and AD033 (subsequently abandoned) and
- a major failure of the drill head on the diamond rig on December 13 (17 days lost in AD034)

By January 2010 a new drill crew and supervisor had been mobilised and the mechanical issues and drilling performance began to reach budgeted targets.

Additional Exploration

During the quarter a total of 498 surface geochemical samples were taken and included:

Western Zone

- 53 rock chip samples; and
- 238 soil samples on 40m x 80m grid

Eastern Permit (PE193172)

- 207 soil samples from 200m x 400m regional reconnaissance grid

Meknes Zone – Resource Definition Drilling Results

AD030

The objective of AD030 was to;

- test the Meknes Zone tourmaline lodes at the 950 RL along the section 243150mE; and
- test the strike extent of the mineralisation intersected in AD019 (12m @1.2% Sn from 309.5m) 15m to the west (Figure 3).

Due to the hole lifting, it passed 30 m above its target and intercepted two other weakly mineralised structures.

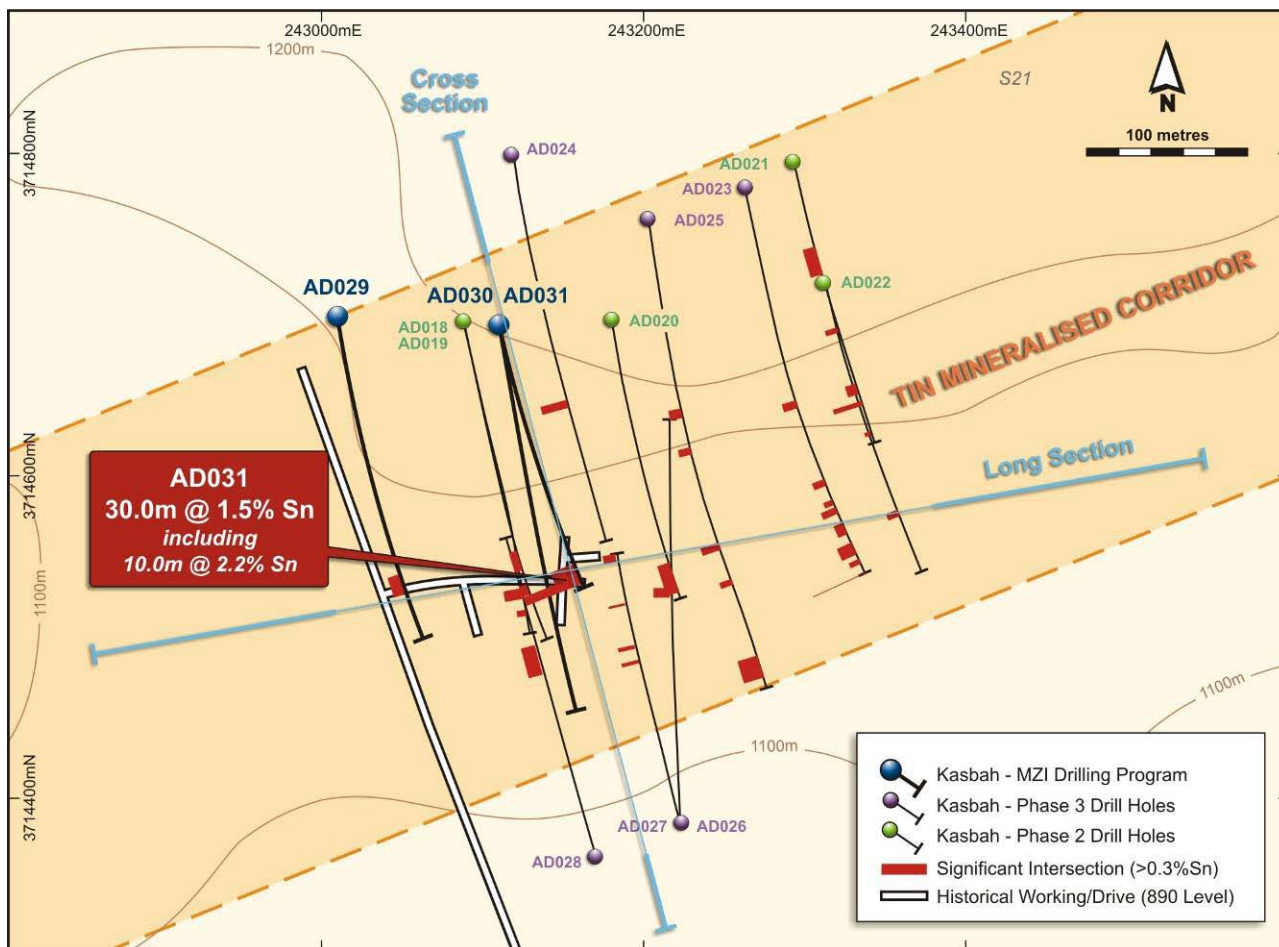


Figure 3
Drill Plan - Meknes Zone Resource Definition Drilling

On section, the structures in AD030 and AD031 correlate well and are interpreted as steeply 80° north dipping (at 70-80°) individual lodes (Figure 4). It should be noted that structural measurements in oriented core on cassiterite veins, sulphide veins and breccias have a predominant east-west striking, north-dipping orientation.

AD031

AD031 was planned to test tin mineralised structures at the eastern end - end of the underground development in the Meknes Zone at the 900 RL along the section 243150 (Figure 3). The underground development was designed to sample two main mineralised structures, referred to as B and B' (Figure 4).

The B and B' structures are sub-parallel and less than 10m apart immediately east of the underground development. AD031 intersected the mineralisation at 327m down-hole depth, 15m above the development drive (at approximately the 910m RL) and continued on in mineralisation to 364m depth, 15m below the development drive (at about the 875m RL).

The **30m @ 1.49% tin** down-hole intercept is interpreted as mineralisation across both the B and B' structures and incorporating lower grade but still potentially economic mineralisation between them. Kasbah geologists interpret this intersection as representing the coalescence of two adjacent, sub-parallel structures forming a 24m wide body (true width) dipping at -70° to the north.

The high grade intercept in AD031 is located 55m west of the intercept from drill hole **AD020** which returned **46.3m @ 0.8% Sn** between the 890m RL and the 845m RL.

The next drill holes planned (AD035 - commenced on 19 Jan 2010) is between AD031 and AD020 and aims to confirm the strike continuity of the tin mineralisation between them, and the down dip extension of the tin lodes.

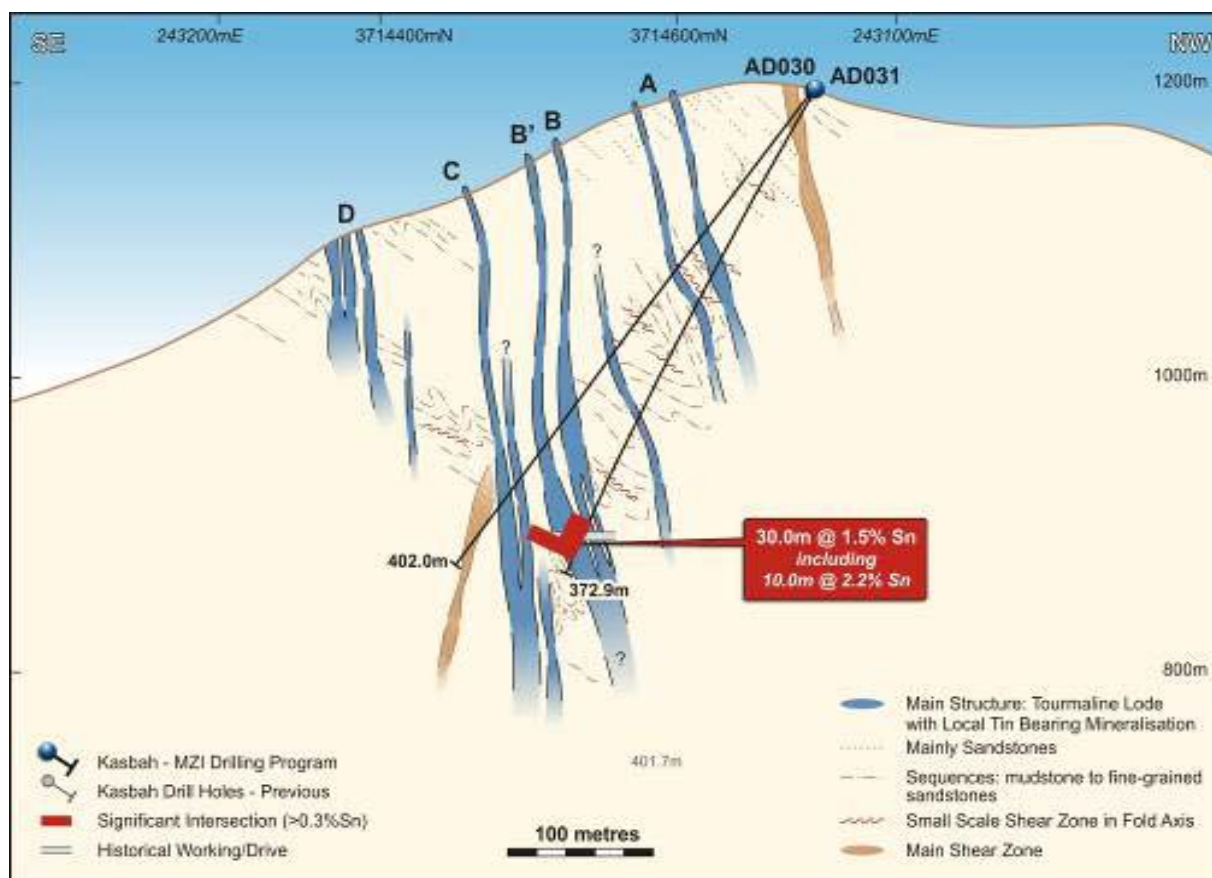


Figure 4
AD030 / AD031 Section

Additional Exploration - Rock Chip Sampling

Ongoing mapping and composite rock chip sampling completed near the western boundary of mining permit 2912 (PE2912) has defined a large zone of outcropping, high grade tin mineralisation at surface. **Assays of up to 9.9% tin** have been returned from rock chip samples collected in this area with visible cassiterite crystals up to 5mm noted in outcrops.

The tin mineralised outcrops in the Western Zone are located approximately **600 metres** west of the Meknes Zone. Kasbah has previously identified tin mineralised outcrops in two other locations within PE2912 in the Northern Zone and the Eastern Zone (Figure 2).

The mineralised structure in the Western Zone strikes about east-west and is approximately 300m long and a total of thirty six (36), 3-4 kilogram composite rock chips samples were collected from this structure. These composite samples were collected systematically across the outcrops, with the outcrops varying from 2 to 5 metres true width.

Twelve samples returned greater than 0.5% tin in a coherent 150 metre long zone striking 100 to 110 magnetic dipping steeply to the south which is within the Western Zone. Tin analysis by XRF12 method was done by ALS Chemex Perth (**Appendix – Table 3**).

The mineralisation is hosted by metamorphosed interbedded sandstones and siltstones cut by moderate tourmaline alteration associated with brecciated and sheared zones. Tin occurs both in the tourmaline altered shears and breccias and as dissemination into the adjoining sandstones.

Additional systematic sampling and mapping is required in the Northern Zone and Eastern Zone to define the controls on the mineralisation in these areas.

For and on behalf of the Board,

A handwritten signature in blue ink, appearing to read "Wayne Bramwell", is written over a horizontal line.

Wayne Bramwell
Managing Director

For further information please go to:

www.kasbahresources.com

Or email:

info@kasbahresources.com

The information in this report is based on information compiled by Mr. Jeffrey Lindhorst a Member of the Australasian Institute of Geoscientists. Mr. Lindhorst is a full-time employee of Kasbah Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Lindhorst consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

APPENDIX

Table 1

December Quarter Drill Hole Collar Locations (WGS84 UTM30)

Hole ID	Easting	Northing	RL (m)	Azi (mag)	Dip	Depth (m)
AD030	243111	3714693	1197	172	-52	402.0 EOH
AD031	243110	3714700	1197	167	-60	372.1 EOH
AD032PC	242960	3714700	1195	170	-60	180 EOH
AD032PC			175	-60	166 EOH	
AD033PC	243160	3714700	1190	171	-61.5	172 EOH
AD033PC				171	-60	175 EOH
AD034	243065	3714700	1205	171	-60	216.2 ongoing

Table 2

December Quarter Significant Tin Intersections

(Note - Assays based on ½ NQ with 0.3% Sn cut-off and <= 3m internal dilution used)

Hole	From (m)	To (m)	Intersection Width	Tin Grade
AD031	333.0	363.0	30m	1.5%
Including	353.0	363.0	10m	2.2%
All assays and intervals reported below				
	333	334	1	2.44
	334	335	1	1.62
	335	336	1	0.19
	336	337	1	0.18
	337	338	1	1.14
	338	339	1	0.67
	339	340	1	1.11
	340	341	1	0.28
	341	342	1	0.38
	342	343	1	0.44
	343	344	1	0.53
	344	345	1	1.02
	345	346	1	1.47
	346	347	1	1.50
	347	348	1	5.70
	348	349	1	1.34
	349	350	1	0.25
	350	351	1	1.02
	351	352	1	0.83
	352	353	1	0.89
	353	354	1	4.48
	354	355	1	2.49
	355	356	1	1.60
	356	357	1	2.25
	357	358	1	1.43
	358	359	1	1.22
	359	360	1	1.28
	360	361	1	0.14
	361	362	1	0.75
	362	363	1	6.01
	363	364	1	0.35

Table 3
Significant Composite Rock chip Sample Results (WGS 84UTM30)

Sample ID	Northing	Easting	RL (m)	Tin Assay (%)
KAS1742	3714666	242576	1105	6.95
KAS1743	3714671	242580	1103	0.48
KAS1745	3714651	242469	1064	1.91
KAS1749	3714665	242511	1079	1.42
KAS1750	3714660	242520	1082	0.96
KAS1751	3714662	242526	1076	2.05
KAS1752	3714677	242536	1076	5.23
KAS1753	3714673	242546	1084	4.11
KAS1754	3714670	242555	1086	3.71
KAS1755	3714680	242497	1055	2.20
KAS1756	3714683	242508	1066	4.22
KAS1758	3714669	242587	1100	9.90
KAS1759	3714670	242604	1107	0.58