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# **KASBAH RESOURCES LIMITED**

**ACN 116 931 705**

## **NOTICE OF GENERAL MEETING**

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**TIME:** 9:00 am (WST)

**DATE:** 28 May 2010

**PLACE:** The Perth Zoo Conference Centre  
20 Labouchere Road  
SOUTH PERTH WA 6151

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9463 6651.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00 am (WST) on 28 May 2010 at:

The Perth Zoo Conference Centre  
20 Labouchere Road  
SOUTH PERTH WA 6151

### YOUR VOTE IS IMPORTANT

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The business of the General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

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To vote in person, attend the General Meeting on the date and at the place set out above.

### VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- post to Kasbah Resources Limited, 19 Hardy Street, South Perth, WA, 6151;
- facsimile to Kasbah Resources Limited on facsimile number (+61 8) 9463 6652; or
- email to Kasbah Resources Limited at email address [info@kasbahresources.com](mailto:info@kasbahresources.com),

so that it is received not later than 9:00 am (WST) on 26 May 2010.

**Proxy Forms received later than this time will be invalid.**

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## **NOTICE OF GENERAL MEETING**

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Notice is given that the General Meeting of Shareholders will be held at 9:00 am (WST) on 28 May 2010 at The Perth Zoo Conference Centre, 20 Labouchere Road, South Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 9:00 am (WST) on 26 May 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

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### 1. RESOLUTION 1 – PLACEMENT OF SECURITIES TO INTERNATIONAL FINANCE CORPORATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 2, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 32,500,000 Shares and 16,250,000 Placement Options to International Finance Corporation on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. RESOLUTION 2 – PLACEMENT OF SECURITIES TO AFRICAN LION 3 LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 14,500,000 Shares and 7,250,000 Placement Options to African Lion 3 Limited on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SECURITIES TO TRAXYS PROJECTS LP**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 13,300,000 Shares and 6,650,000 Placement Options to Traxys Projects LP on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF EMPLOYEE OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of a total of 3,000,000 Employee Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: WEDNESDAY, 28<sup>TH</sup> APRIL 2010**

**BY ORDER OF THE BOARD**



**MR TREVOR HART  
COMPANY SECRETARY  
KASBAH RESOURCES LIMITED**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 9:00 am (WST) on 28 May 2010 at The Perth Zoo Conference Centre, 20 Labouchere Road, South Perth, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – PLACEMENT OF SECURITIES TO INTERNATIONAL FINANCE CORPORATION

#### 1.1 GENERAL

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As announced to ASX on 17 March 2010, the Company has entered into a non-binding terms sheet with International Finance Corporation (**IFC**), a member of the World Bank Group, pursuant to which the Company intends to undertake a placement to IFC of up to 32,500,000 Shares at an issue price of \$0.075 each and up to 16,250,000 free attaching Placement Options on the terms and conditions set out in Schedule 1 (**Terms Sheet**). The Company and IFC intend to enter into a formal subscription agreement based on the terms and conditions set out in the Terms Sheet (**Formal Agreement**).

The Terms Sheet provides that the placement is conditional on a number of matters, including:

- (a) the Company obtaining Shareholder approval for the placement under ASX Listing Rule 7.1;
- (b) the Company obtaining approval for the placement under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**);
- (c) the Company obtaining Shareholder approval for the placement of Shares and Placement Options to African Lion 3 Limited, as contemplated by Resolution 2;
- (d) no representation or warranty given by the Company proving to be false or misleading;
- (e) no event occurring which has or could be expected to have a material adverse effect on the Company prior to the completion of the placement;
- (f) the Company agreeing to an Environmental and Social Action Plan in relation to its operations and providing IFC with an Annual Monitoring Report confirming compliance with the IFC performance standards;

- (g) IFC being satisfied that the Company has the exclusive right to prospect, explore and mine its mineral projects and the licenses granting such rights are fully effective and unconditional; and
- (h) IFC's management and board of directors approving IFC's subscription for the Shares and Placement Options and the Formal Agreement being executed in form and substance satisfactory to IFC.

Pursuant to the terms and conditions of the Terms Sheet, Kasbah has also agreed to the following:

- (a) **(Participation right)**: subject to compliance with the ASX Listing Rules, IFC shall be entitled to participate in any future capital raisings undertaken by the Company for a period of 3 years from the date of the Formal Agreement (**Future Issues**), where IFC will be entitled to subscribe for Shares (and/or other Securities) on the same terms as any Future Issues, other than any such subscription by IFC being subject to IFC obtaining approval under the FATA and the Company obtaining such shareholder approvals as are required under the ASX Listing Rules and the Corporations Act for the securities to be issued to IFC as part of any Future Issue;
- (b) **(Future capital raisings)**: for a period of four months commencing on the date of the Formal Agreement, the Company will only conduct an issue of Shares with an issue price below \$0.075 if the Board determines (after having considered advice from its external legal advisers), in good faith and acting reasonably, that to do so is necessary in order for the members of the Board to discharge their fiduciary and statutory duties in respect of the Company, or is otherwise required by law;
- (c) **(Information Rights)**: as long as IFC is a holder of Shares or Options, the Company will, subject to the Company's Constitution, the relevant provisions of the Corporations Act and any confidentiality arrangements between the Company and a third party, allow IFC and IFC's Compliance Advisor Ombudsman inspection of the Company's books and visitation rights at their own cost provided reasonable notice has been given to the Company; and
- (d) **(IFC Policy Rights)**: IFC's standard policy rights in relation to equity investments shall be maintained, including that:
  - (i) the Company shall not engage in any corrupt, fraudulent, coercive, collusive or obstructive practice, and shall notify IFC if it becomes aware of the commission of any such practice in relation to the Company or its operations;
  - (ii) the Company shall undertake its operations and report to IFC in compliance with the social and environmental requirements agreed with IFC;



- (iii) the Company shall not enter into any transaction or engage in any activity prohibited by any resolution of the United Nations Security Council;
- (iv) the Company shall not conduct business or enter into any transaction with a shell bank; and
- (v) the Company shall insure and keep insured its assets and business in a manner satisfactory to IFC.

Resolution 1 seeks Shareholder approval for the allotment and issue of the Securities to IFC pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (including an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Directors to issue the proposed Shares and Placement Options to IFC during the period of three months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **1.2 TECHNICAL INFORMATION REQUIRED BY THE ASX LISTING RULES**

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Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed placement:

- (a) the maximum number of Securities to be issued is 32,500,000 Shares and 16,250,000 Placement Options;
- (b) the issue price of the Shares will be \$0.075 each and the Placement Options will be issued on a free attaching basis, with one Placement Option to be issued for every two Shares issued;
- (c) the Securities will be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on one and the same date;
- (d) the Securities will be issued to IFC. IFC is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Placement Options will be issued on the terms and conditions set out in Schedule 1; and

- (g) the Company intends to use the funds raised from the placement of \$2,437,500 to advance the exploration and development programs at the Company's Achmmach tin project in Morocco.

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## **2. RESOLUTION 2 – PLACEMENT OF SECURITIES TO AFRICAN LION 3 LIMITED**

### **2.1 GENERAL**

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As announced to ASX on 17 March 2010, the Company has entered into a subscription agreement with African Lion 3 Limited (**AFL**) pursuant to which the Company has agreed to undertake a placement to AFL of 14,500,000 Shares at an issue price of \$0.075 each and 7,250,000 free attaching Placement Options on the terms and conditions set out in Schedule 1.

The subscription agreement provides that the placement is conditional on:

- (a) the Company obtaining Shareholder approval for the placement under ASX Listing Rule 7.1;
- (b) the Company obtaining approval for the placement under the *Foreign Acquisitions and Takeovers Act 1975* (Cth); and
- (c) the Company obtaining any third party approvals required to complete its obligations to issue the placement securities.

Resolution 2 seeks Shareholder approval for the allotment and issue of the Securities to AFL pursuant to ASX Listing Rule 7.1. A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 2 will be to allow the Directors to issue the proposed Securities to AFL during the period of three months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **2.2 TECHNICAL INFORMATION REQUIRED BY THE ASX LISTING RULES**

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Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed placement:

- (a) the maximum number of Securities to be issued is 14,500,000 Shares and 7,250,000 Placement Options;
- (b) the issue price of the Shares will be \$0.075 each and the Placement Options will be issued on a free attaching basis;

- (c) the Securities will be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on one and the same date;
- (d) the Securities will be issued to AFL. AFL is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Placement Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) the Company intends to use the funds raised from the placement of \$1,087,500 to advance the exploration and development programs at the Company's Achmmach Tin Project in Morocco.

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### **3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SECURITIES TO TRAXYS PROJECTS LP**

#### **3.1 GENERAL**

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On 16 April 2010, the Company entered into a subscription agreement with Traxys Projects LP (**Traxys**) pursuant to which Traxys agreed to subscribe for, and the Company agreed to issue, 13,300,000 Shares at an issue price of \$0.075 each and 6,650,000 free attaching Placement Options on the terms and conditions set out in Schedule 1.

The subscription agreement provides that the placement is conditional on the Company obtaining any third party approvals required to complete the issue of Securities to Traxys.

The Company intends to complete the issue of Securities to Traxys prior to the date of the General Meeting. As such, Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of Securities to Traxys.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1. A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

By ratifying the issue of Securities to Traxys, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **3.2 TECHNICAL INFORMATION REQUIRED BY THE ASX LISTING RULES**

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Pursuant to and in accordance with the information requirements of ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Securities to Traxys:

- (a) the maximum number of Securities to be issued is 13,300,000 Shares and 6,650,000 Placement Options;
- (b) the issue price of the Shares will be \$0.075 each and the Placement Options will be issued on a free attaching basis;
- (c) the Securities will be issued to Traxys. Traxys is not a related party of the Company;
- (d) the Securities will be issued prior to the date of the General Meeting;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Placement Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) the Company intends to use the funds raised from the placement of \$997,500 to advance the exploration and development programs at the Company's Achmmach Tin Project in Morocco and for general working capital requirements.

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## **4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF EMPLOYEE OPTIONS**

### **4.1 GENERAL**

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On 5 January 2010 and 20 April 2010, the Company issued a total of 3,000,000 Employee Options to certain employees as consideration for past services and to provide an incentive to the employees for their ongoing commitment and contribution to the Company.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Employee Options.

A summary of ASX Listing Rule 7.4 is set out in Section 3.1 above.

By ratifying the issue of the Employee Options, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

None of the recipients of Employee Options were related parties of the Company.

## 4.2 TECHNICAL INFORMATION REQUIRED BY THE ASX LISTING RULES

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Pursuant to and in accordance with the information requirements of ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the Employee Options:

- (a) 1,500,000 Employee Options were issued on 5 January 2010 and a further 1,500,000 Employee Options were issued on 20 April 2010;
- (b) the Employee Options were issued for nil cash consideration;
- (c) the Employee Options were issued on the terms and conditions set out in Schedule 2;
- (d) the Employee Options were allotted and issued to the following employees (none of whom are related parties of the Company):

Employee	Date of Issue	No. of Employee Options
Trevor Hart	5 January 2010	1,000,000
Pierrick Courdec	5 January 2010	500,000
Chris Bolger	20 April 2010	1,000,000
Jeffery Lindhorst	20 April 2010	500,000

- (e) no funds were raised from the issue as the Employee Options were issued in consideration for past services and to provide an incentive to the employees for their ongoing commitment and contribution to the Company.

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## 5. ENQUIRIES

Shareholders may contact the Company Secretary on (+ 61 8) 9463 6651 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**AFL** means African Lion 3 Limited.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Kasbah Resources Limited (ACN 116 931 705).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Employee Option** means an option to acquire a Share with the terms and conditions set out in Schedule 2.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**General Meeting** means the meeting convened by the Notice of Meeting.

**IFC** means International Finance Corporation.

**Notice of Meeting or Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

**Option** means an option to acquire a Share and includes Employee Options and Placement Options.

**Optionholder** means a holder of an Employee Option or a Placement Option, as the context requires.

**Placement Option** means an option to acquire a Share with the terms and conditions set out in Schedule 1.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Traxys** means Traxys Projects LP.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on that date which is two years from the date of issue of the Options (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,**(Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 30 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable will be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (o) If any other event occurs after the date of issue of the Options that may adversely affects the rights of the Optionholder to participate in any new issue of capital of the Company, then the Company acting reasonably and in a manner consistent with the Corporations Act and the ASX Listing Rules, will make an appropriate adjustment to the Exercise Price of the Options or the number of Shares over which the Options are exercisable, so as to protect the rights of the Optionholder.



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## SCHEDULE 2 – TERMS AND CONDITIONS OF EMPLOYEE OPTIONS

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The Employee Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Employee Option entitles the holder, when exercised, to one fully paid ordinary share in the capital of the Company (**Share**).
- (b) Subject to paragraph (c), the Employee Options are exercisable on or before 5:00pm (WST) on that date which is 5 years after the date of issue of the Employee Options (**Expiry Date**) on the following basis:
  - (i) 50% of the Employee Options are exercisable 12 months from the date of issue of the Employee Options (**Issue Date**); and
  - (ii) the remaining 50% of the Employee Options are exercisable 24 months from the Issue Date,  
PROVIDED THAT in the event the holder's employment agreement with the Company is terminated, those Employee Options which have not been exercised in accordance with these terms shall automatically lapse.
- (c) Any Employee Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) In the event a shareholder acquires a relevant interest in 20% or more of voting shares all Employee Options (to the extent not already exercised or capable of exercise) shall vest and become capable of being exercised at any time up to the Expiry Date.
- (e) The exercise price for each Employee Option shall be AUD \$0.10 (**Exercise Price**).
- (f) The Employee Options held by each Employee Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (g) An Employee Option holder may exercise its Employee Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Employee Options specifying the number of Employee Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Employee Options being exercised;  
**(Exercise Notice)**.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Employee Options specified in the Exercise Notice.

- (j) The Employee Options are not transferable.
- (k) An Employee Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Employee Option can be exercised.
- (l) All Shares issued upon exercise of the Employee Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply to ASX for quotation of any Shares issued upon exercise of the Employee Options within 10 business days after the date of allotment of those Shares.
- (m) There is no current intention of the Company to apply for quotation of the Employee Options on ASX.
- (n) There are no participating rights or entitlements inherent in the Employee Options and option holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Employee Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to option holders at least seven (7) business days before the record date. This will give option holders the opportunity to exercise their Employee Options prior to the date for determining entitlements to participate in any such issue.
- (o) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the option holders will be varied in accordance with the ASX Listing Rules and the Corporations Act.

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**PROXY FORM**

**APPOINTMENT OF PROXY  
KASBAH RESOURCES LIMITED  
ACN 116 931 705**

**GENERAL MEETING**

I/We

of

being a member of Kasbah Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 9:00 am (WST), on 28 May 2010 at The Perth Zoo Conference Centre, 20 Labouchere Road, South Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

**OR**

**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Placement of Securities to International Finance Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Placement of Securities to African Lion 3 Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of Prior Issue of Securities to Traxys Projects LP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of Prior Issue of Employee Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director /  
Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**KASBAH RESOURCES LIMITED**  
**ACN 116 931 705**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - post to Kasbah Resources Limited, 19 Hardy Street, South Perth, WA, 6151;
  - facsimile to Kasbah Resources Limited on facsimile number +61 8 9463 6652; or
  - email to Kasbah Resources Limited at email address [info@kasbahresources.com](mailto:info@kasbahresources.com),

so that it is received not later than 9:00 am (WST) on 26 May 2010.

**Proxy forms received later than this time will be invalid.**