KASBAH RESOURCES LIMITED (ASX:KAS)

MINING

28/03/2018

EXPOSURE TO THE TIN MARKET

Kasbah Resources Limited (ASX:KAS) was listed on the Australian Stock Exchange on 27th April 2007 with the objective of bringing the Achmmach tin project in northern Morocco into commercial production. After completing the major evaluation steps and analysis, Kasbah Resources Limited (ASX:KAS) is in the final stages of preparing a definitive feasibility study to develop a 750ktpa underground mine and associated processing facility. Kasbah intends to produce an average of 4,500tpa of tin ore in concentrate (~1.3% of world production) over a 10 year mine life, mining current reserves, with expectations of extending mine life through further resource conversion.

The fundamentals of the tin market are strong: With the price increasing by 48% to over US$21,000/t in the past two years due to increasing demand and a projected deficit in global supply. London Metal Exchange tin stocks are at an all-time low, representing less than a month's worth of global use. On the demand side, tin is playing an increasingly important role in the environmental and technology markets driven by the electronics & automotive industry through the use of batteries, semiconductors and lead-free solder. With demand expected to grow by 1-2% pa, the World Bank estimates tin prices to average US$20,356/t over the next 10 years in real terms.

Morocco attracts mineral explorers and developers with the implementation of new mining legislation in 2016 designed to encourage foreign investment. Morocco is already one of the world's largest phosphate producers (globally ranked 1st and 3rd in known ore reserves and production respectively). Morocco's low taxing, fast growing economy and stable government saw it ranked above the tin producing states of Australia in terms of Investment Attractiveness in the Fraser Institute's 2015 global mining survey.

New directors and senior management well credentialed following failed Scheme of Arrangement with AMR: Overseeing the financing and construction of the project is the CEO, Mr Russell Clark who was most recently responsible for the construction and commercialisation of the £130 million Hemerdon Tungsten/ Tin project in Devon, UK. Corporate governance has been strengthened with Kasbah moving to increase the number of independent directors (forming a majority) on its board to three, with Mr Graham Ehm appointed in January 2018.

Significant upside to current market value: The recent successful ore sorting trial has resulted in new head grade and plant recovery assumptions being used to calculate the company's potential value. Based upon the latest technical information, a levered $NPV_{10\%}$ of A$107 million with an IRR of 34% is estimated for the project (attributable basis), with an initial capital estimate of US$90 million. The discounted cash flow analysis assumed a tin price of US$20,356/t and an AUD: USD exchange rate of 0.78.

Opportunity: With Kasbah anticipated to commence financing negotiations post the release of its Definitive Feasibility Study in June 2018, the chance to gain exposure to the tin market via a mature project, in a safe mining jurisdiction, at a low price to value is available, now. Kasbah is one of few pure tins plays on the ASX.

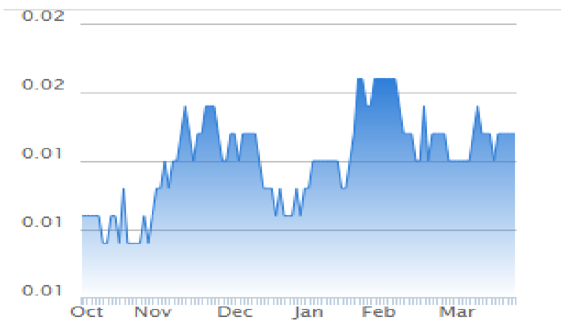
SHARE PRICE	52 WEEK LOW
$0.016	$0.011
MARKET CAP	**52 WEEK HIGH**
$16.72m	$0.024
SHARES ISSUED	**CURRENCY**
1,045m	AUD

MAJOR SHAREHOLDERS

1) Pala Investments : 21.5%
2) African Lion Group : 13.1%
3) Acorn Capital : 4.8%
4) Traxys : 4.2%

Shares in Issue	1,045m
Avg Volume	1,613,129
Primary index	ASX
EPIC	ASX:KAS
Next Announcement	DFS JQ18
Sector	Mining

SHARE PRICE CHART



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Company Information

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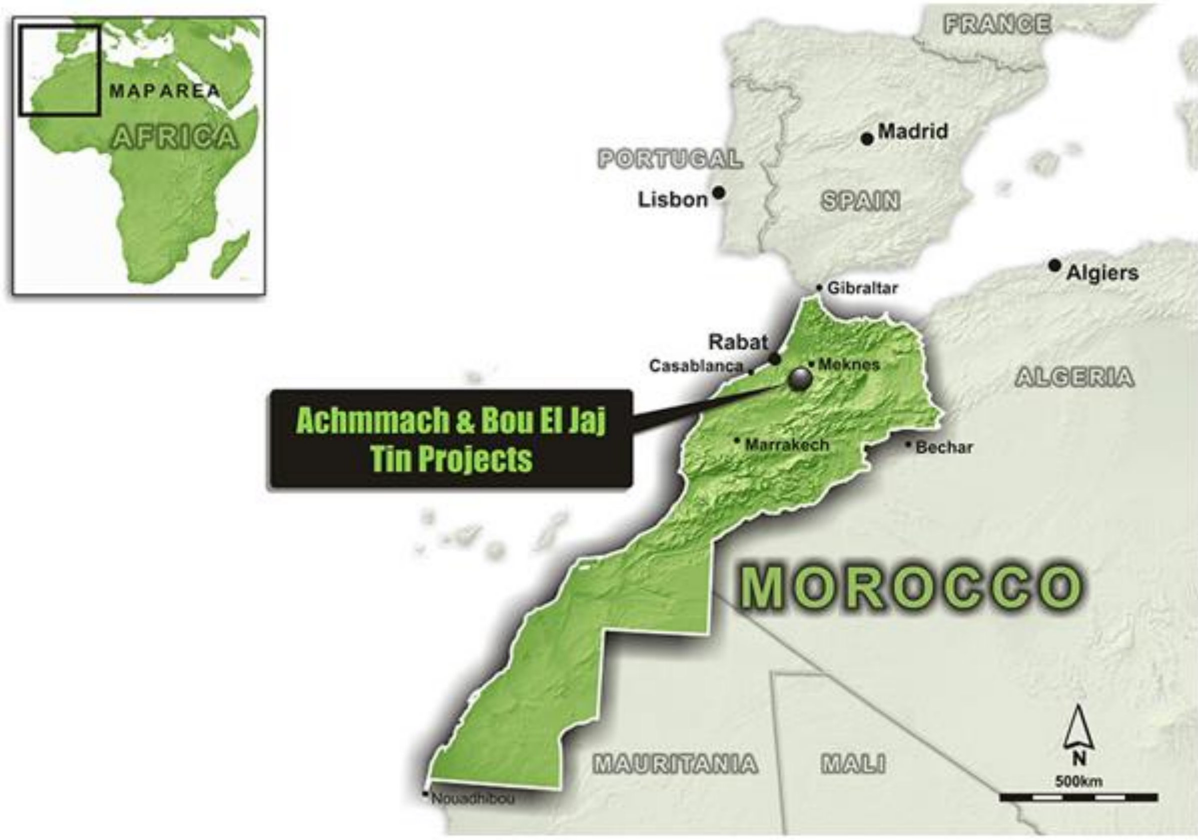
1.0 BACKGROUND

The focus of the company is the Achmmach Tin Project located 150km SE of the capital Rabat in northern Morocco.



Source: Kasbah Resources

Following its discovery by Moroccan Government geologists in 1985, Achmmach was acquired by Kasbah Resources in 2007 with an estimated JORC inferred mineral resource of 2Mt @ 1.0% Sn. Over the subsequent years, 120km of diamond drilling was completed to increase the resource size and confidence to 15Mt @ 0.85% Sn which includes JORC 2012 compliant Proven & Probable Ore Reserves of 6.5Mt @ 0.85% Sn.
A series of increasingly detailed economic assessments were completed between 2013 and 2014, resulting in plans for a 1Mtpa underground mining operation to produce ~5,000t of tin in concentrate per annum over 9 years. A drop in the tin price in 2016 required a reassessment and in 2016, a revised study (SSO) was produced with reduced production, capital and operating costs.

Jun 30 YE	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tin (US$/t)	11,659	16,523	16,042	16,990	23,230	23,590	21,704	22,091	18,983	17,000	18,997	20,244	20,496	20,752	21,010
Resource (Mt)	2.0	2.0	6.0	7.0	7.0	14.6	15.3	14.8	14.9	14.9	14.9	14.9			
Tin Grade	1.00%	1.00%	0.90%	0.80%	0.80%	0.90%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%			
2P Res. (Mt)								8.5	9.2	9.2	6.5	6.5			
Tin Grade								0.78%	0.77%	0.77%	0.85%	0.85%			
Activity	M&A	Drill	Drill	Drill	Scope		PFS		Base	Base+	SSO	XRT			
Finance (A$M)	12.7		2.6	4.5	30.3	12.6	18.2		6.9		5.1	5.0	134		
Sales (kt Sn)														2.4	4.7

Source: Kasbah Resources; Capital Network Forecasts.

In 2017, a new management team was put in place to review previous work and develop a plan to finance and construct the Achmmach project. As part of its due diligence, the team assessed the work completed to date in conjunction with independent mining consultants AMC.

The key outcomes were:

- Mine production of 750ktpa achievable three years earlier than previously planned.
- Lowered risk by improving ore extraction sequence.
- Significant improvements to head grade (+34%) & recovery (+12%) could be achieved by installing an XRT ore sorting system. (see technical section later)
- Smaller gravity circuit in the main plant than previously assumed.
- Minimal change required to ore reserves or site infrastructure.

Management is now in the process of incorporating the new information into a Definitive Feasibility Study, to be made publicly available by the end of the June Quarter, 2018.
In addition to the Achmmach project Kasbah has other mineral properties in Morocco. The 100% owned, Bou El Jaj tin project was acquired by Kasbah in 2012 and is located 15km from Achmmach. To date, 8000m of drilling has been completed over the 1700m strike length. A conceptual open pit target of <1Mt @0.4% Sn is being assessed. Further drilling will be required to assess the potential at depth.
The remaining exploration projects are listed in the table below. All projects are in Morocco.

Project	Commodity	Permit	Interest
Achmmach	Tin	LE	75%
Bou El Jaj	Tin	PE	100%
Tamalt	Gold	PR	100%
Ezzhiliga (Zaer)	Tin/Tungsten	PR	100%
Ment	Tin/Tungsten	PR	100%

LE = Exploitation Licence; PE = Exploration Permit; PR = Research Permit

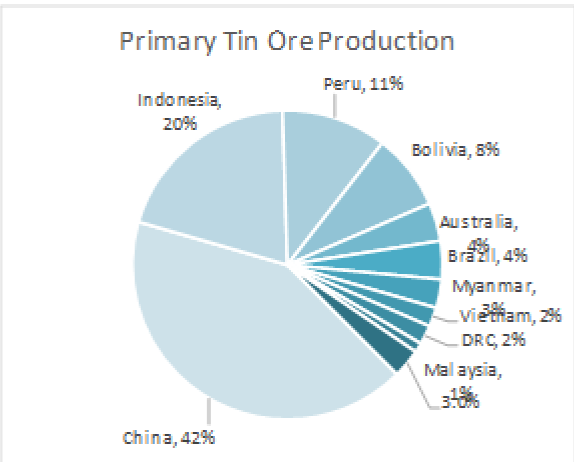
THE NEXT STEPS FOR THE COMPANY OVER THE NEXT 18 MONTHS ARE:

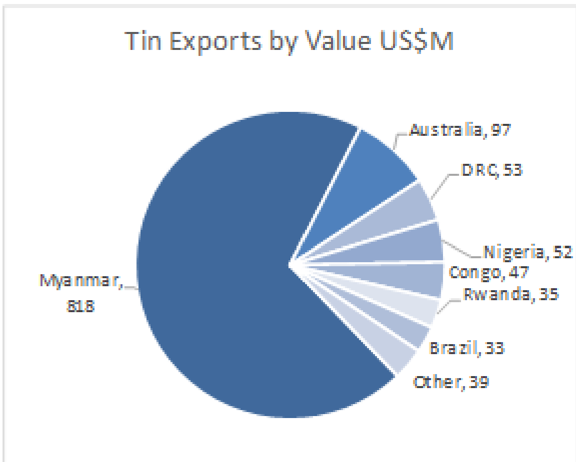
1. Complete the Definitive Feasibility Study for the 750ktpa option by end of June 2018
2. Raise enough equity capital to complete the debt financing stage.
3. Complete the main financing phase of the Achmmach project of US$100M.
4. Secure the final authorisations (power/water permits) from the Moroccan Government.
5. Complete construction of the Achmmach project in H1 2020.

2.0 TIN MARKET

At approximately 340,000 tonnes per annum, the primary tin market is small by world mining standards (~US$7 billion at current spot prices). The export market, at US$1.2 billion, represents an even more niche market, however it plays an important role in tin price determination as many of the major exporting countries are not in politically stable regions.

2.1 Tin Supply



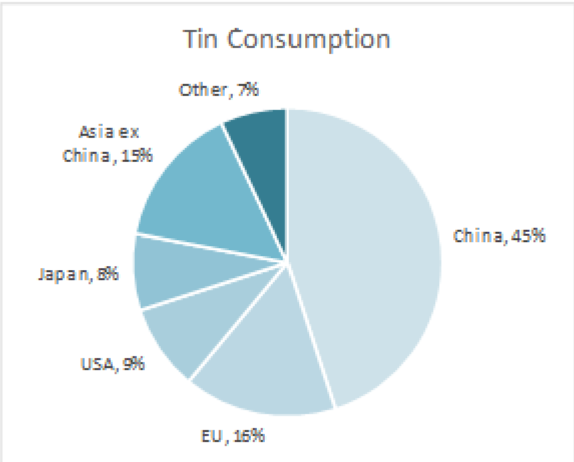


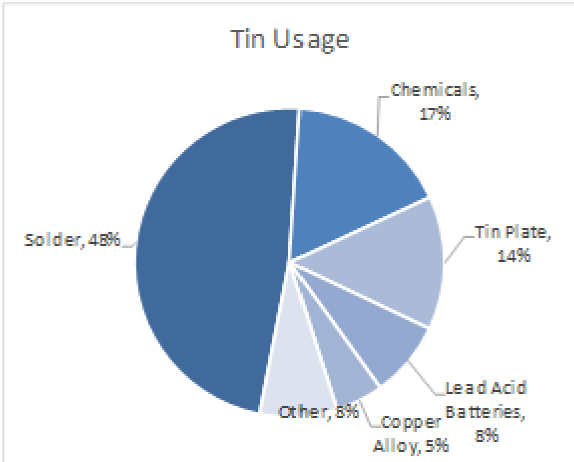
Source USGS; International Tin Association

According to the United States Geological Survey, known global tin reserves are estimated at 4,800kt with the top five countries accounting for 73% of global ore reserves. With 55kt (1.1% of global tin reserves) defined at Achmmach, Morocco is expected to join the small list of tin exporters.
Tin ores are either mined from hard rock deposits (Australia, China and Peru) or from alluvial deposits (Indonesia, Malaysia, Myanmar). China is the number one tin producer with a 42% share of primary tin production. From a primary ore production perspective, the top five countries account for 85% of tin output.
Due to an increasing awareness of the conditions in which some tin ore is sourced, several countries and groups including the USA and European Union have begun to monitor tin metal to ensure that their supply chains are free of 'conflict metal', a reference to parts of the world where the proceeds from commodities including tin, are used to finance war or corruption. This has put an increasing amount of pressure on mines located in the Democratic Republic of Congo and lately Myanmar and has resulted in a volatile export market.

2.2 Tin demand

Tin demand is dominated by the solder market (~50%) where it is used widely throughout the automotive and electronics industries. The regulatory requirement to reduce lead and increase the tin content in solder (from 60% up to 96% Sn) has increased the demand for tin in recent years.
China is the largest consumer of tin with a 45% market share.

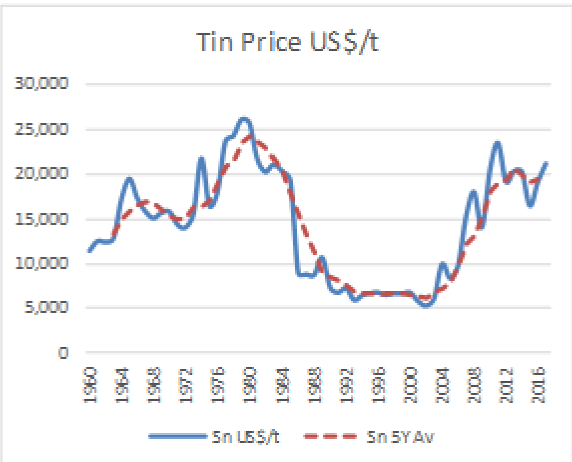


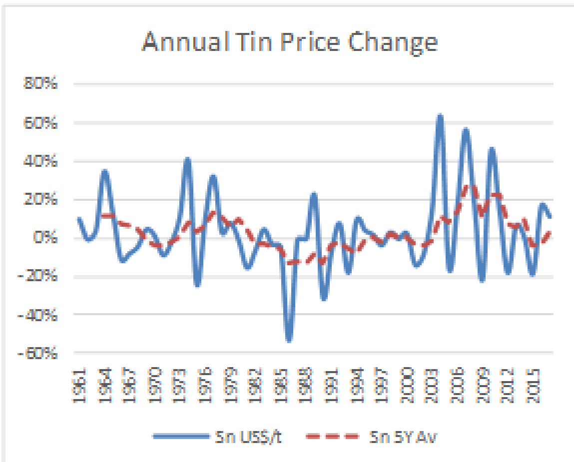


Source USGS; International Tin Association

2.3 Tin price

When looking at historic tin prices, from 1954 to 1985, the price was controlled by a cartel of producing and consuming countries. It was due to the protective actions of the cartel that the industry was unable to respond effectively when tin in packaging was being replaced with aluminium and plastics in the 1980's resulting in the collapse of the tin price to US$8975/t by 1985. As with many metals during the subsequent period, over supply and low demand meant that by 2002 prices had fallen to the point that little or no investment in new mines was taking place.

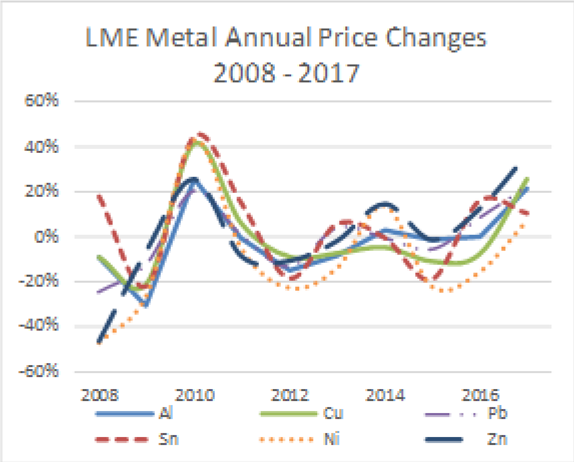


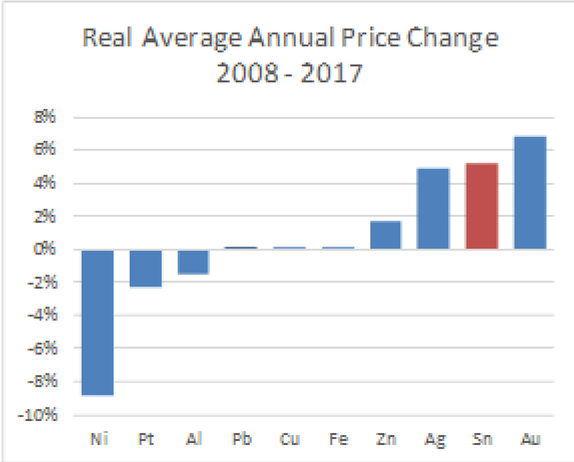


Source World Bank: LME Tin refined 99.85% real$_{2010}$ average annual prices.

The resources boom post 2002, created by Chinese demand, pushed nominal spot tin prices to US$32,363/t in April 2011 before retreating to US$19,375/t by December in the same year. As shown in the figures above and below, the tin price has been more volatile than other metals on the

LME with recent annual price swings of up to +/-20% in recent years. This is partly to do with the small size of the tin market and the fact that tin production and consumption is concentrated within just a few countries.





Source World Bank: LME Tin refined 99.85% pure real prices in 2010 average annual prices

2.3.1 Tin Market Balance & Prices

The three-year outlook, as reported by the International Tin Research Association (ITRI), forecasts demand for refined tin to remain stable at between 1 to 2% per annum. Supply however is anticipated to struggle as lower ore grades in Peru, higher extraction costs in Indonesia and ore resource exhaustion in Myanmar combine to reduce tin production by ~32ktpa (9% of global production).
The result so far is a noticeable running down of global stocks to around one month's consumption and a 48% rise in the tin price to around US$21,000/t. However, with incentive prices for most new tin mines thought to be above US$25,000/t, the relatively few new tin mines are unlikely to prevent the market from staying in deficit for some time.

Tin Supply / Demand Balance		2013	2014	2015	2016	2017e	2018e
World Refined Production	kt	341.0	370.2	335.5	338.9	352.5	351.6
World Refined Consumption	kt	342.8	353.8	341.3	348.9	355.5	358.9
Balance	kt	-1.8	16.4	-5.8	-10.0	-3.0	-7.3
Global Reported Stocks*	kt	34.3	39.1	32.2	28.7	30.0	23.0
Stock Ratio	weeks	5.2	5.7	4.9	4.3	4.4	3.3
Change in Tin Stocks	%		10%	-15%	-13%	3%	-24%

Tin Price Forecasts	DYE	2018e	2019e	2020e	2021e	2022e	2023e
World Bank Forecasts	US$/t	20,426	20,629	20,834	21,041	21,250	21,462
Analyst Consensus Forecast	US$/t	20,591	21,046	21,000	21,250	20,278	na

*Source: ITRI 2017, World Bank Oct 2017; Median Consensus Mar 2018. * Global stocks include: LME, SHFE, Producer & Consumer.*

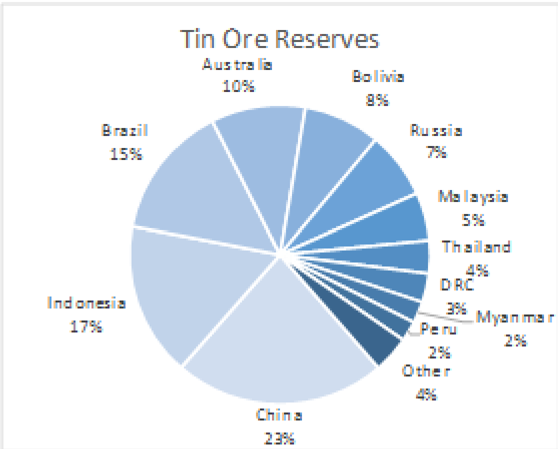
3.0 COUNTRY

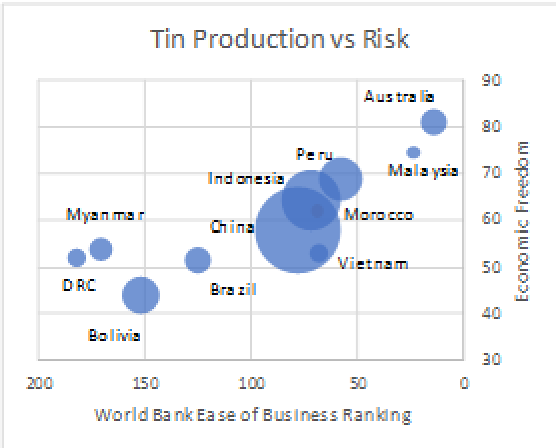
Located on the North West tip of Africa, Morocco is a constitutional monarchy with an elected Parliament having held general elections since 1963. A snapshot of key economic and political statistics below supports the case for foreign investment.

Global Surveys		Score	World Rank
Investment Attractiveness	#	74	24
Economic Freedom	#	62	86
Ease of Doing Business	#	69	69
Country Risk	#	19	107
Economic Indicators			
GDP	US$bn	300	58
GDP / Capita	US$	8,600	148
GDP Growth	%	4.8%	44
Inflation - CPI	%	0.9%	36
Unemployment	%	9.3%	128
10 Year Government Bond Yield	%	3.2%	
Taxes & Fees			
Corporate Tax - Exporters	%	17.5%	
Value Added Tax	%	20.0%	
Witholding Tax - Dividends	%	15.0%	
Mining Royalty	%	3.0%	

Source: World Bank; Heritage Foundation, Fraser Institute, Credendo Credit Risk Group; CIA Factbook

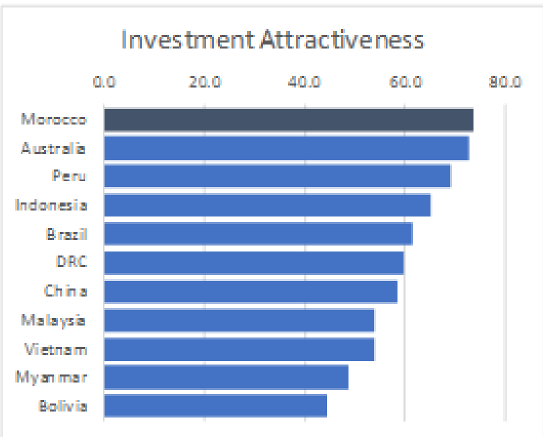
Plotting annual tin production by country and using global business rankings, it is clear to see that many of the major tin producing countries are a challenge to operate within.

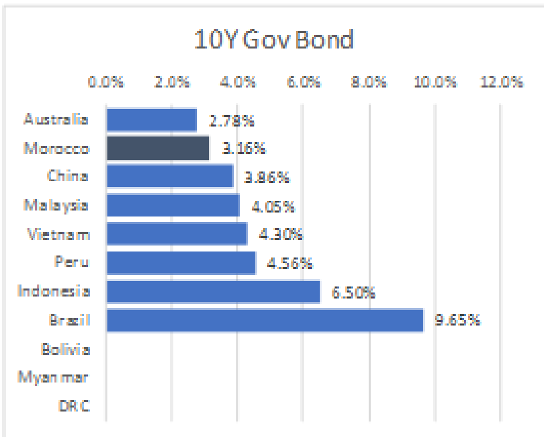




Source USGS: World Bank; Heritage Foundation

In the 2015 edition of the Fraser Institute's survey of mining jurisdictions covering 109 countries, Morocco ranked 24th In investment attractiveness, ahead of the average ranking of Australia's tin producing states (Tasmania, NSW & Queensland).





Source: Fraser Institute

In part, this has to do with the introduction of new mining legislation that was introduced into Parliament in July 2015 and came into full effect in April 2016. The key changes are positive for mineral companies:

- Reduction in corporate tax rate to 17.5% for exporters
- Mining licences once granted now last for 10 years and can be renewed until mining is complete.
- Modern environmental studies including closure plans must be submitted prior to commencement of mining.
- Other than a 3% mineral royalty there are no other earn in or free carry arrangements owed to the government or third parties.

4.0 VALUATION

With the detail of several scoping, pre-feasibility and definitive feasibility studies available, an appropriate valuation method is the discounted cash flow. A levered $NPV_{10\%}$ estimate of A$107M was calculated using the assumptions below:

Valuation	JYE	2018e	2019e	2020e	2021e	2022e
NPV Shareholders WACC = 10%	A$M	141.6	161.5	243.5	265.0	264.3
plus cash	A$M	1.4	12.1	18.4	50.2	83.9
Shareholder Value @ 100%	A$M	143.1	173.6	261.9	315.2	348.3
Attrib. Value Equity = 75%	A$M	107.3	130.2	196.4	236.4	261.2
Shares in Issue	mn	1045	3057	3058	3102	3102
Implied Share price	Ac/share	10.3	4.3	6.4	7.6	8.4
Current Market Price	Ac/share	1.6	1.6	1.6	1.6	1.6
Premium / (Discount)	%		166%	301%	376%	426%

Source: Capital Network Estimates

4.1 Market Assumptions

For the base case we have used the World Bank's forecast tin price, adjusted for inflation and year ending June 30. A real metal price decline of 0.5%pa was used to bring the nominal tin price to around US$23,000/t by 2030, in line with The World Bank's long-term tin price forecast.

All financial modelling was performed in nominal US dollars. Australian dollar exposure is limited to head office expenses in Melbourne and capital (equity) raising events. For valuation and financial reporting purposes, the estimates are transposed to Australian dollars to allow a comparison to an Australian share price.

With low inflation presiding in Morocco, a 1.5% inflation factor has been applied to account for future cost increases.

Market Assumptions	JYE	2018e	2019e	2020e	2021e	2022e
Tin (refined)	US$/t	20,356	20,558	20,762	20,968	21,176
Exchange Rate	AUD/USD	0.78	0.78	0.78	0.78	0.78
Inflation	%	1.5%	1.5%	1.5%	1.5%	1.5%
Real Metal Price Change	%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Real OPEX Change	%	0.0%	0.0%	0.0%	0.0%	0.0%

TIN PRICE SENSITIVITY

Using the base case price of US$20,356/t of refined tin, a US$1000/t change in the tin price impacts the levered $NPV_{10\%}$ valuation by +/- A$22M.

Attrib. NPV A$mn		Tin Price (US$/t)						
		5Y Low	Breakeven	2Q	3Q	WB	3M Sn	5Y High
		13,808	15,400	16,200	18,700	20,356	20,910	24,545
WACC	7%	-26	18	41	108	154	169	266
	8%	-30	11	32	94	136	150	239
	9%	-33	5	25	81	120	133	216
	10%	-35	0	18	71	107	119	196
	11%	-37	-4	13	62	96	107	179
	12%	-38	-7	8	54	86	96	163
	13%	-39	-10	4	47	77	87	150

Source: Capital Network Estimates; World Bank, LME 3month, 2nd & 3rd quartile industry C3 costs

4.2 Production Assumptions

We have assumed that construction will commence in 2019 and that 2020 will be the first year of full production of 4,753t of tin in concentrate, (~1.4% of global production). This provides for a 10 year mine life based on the JORC compliant Ore Reserves of 6.5Mt @0.85% Sn.

4.2.1 Ore Reserves

The case used in this valuation utilises the latest ore reserve statement from 2016 that was prepared using a tin cut-off grade of 0.55%. For the Meknes trend, drilling has been completed along its known strike of 1600m, ore extensions below 550m remain open. The parallel Sidi Addi trend has been tested down to 200m and remains open at depth and along its 1600m strike thus there is potential for further growth in ore reserves especially once production has begun and access to deeper ore becomes cheaper and easier to evaluate from underground.

	Proven (kt)			Probable (kt)			Total (kt)		
	Ore	%Sn	Tin	Ore	%Sn	Tin	Ore	%Sn	Tin
Meknes Trend	877	1.1	9.7	5,359	0.8	5,359	6,236	0.85	52.8
Sidi Addi Trend	-	-	-	321	0.85	321	321	0.85	2.7
Total	877	1.1	9.7	5,680	0.8	5,680	6,557	0.85	55.5

Source: Kasbah Resources Annual Report 2017

4.2.2 Throughput, recovery & production

As outlined in the recent company announcement (13 March 2018), mine throughput of 750ktpa is the favoured option and would include the installation of an XRT ore sorting system. This would allow pre-concentrating of the tin ore by efficiently rejecting around 30% of the total ore mined. As highlighted in the company announcement, testing of a 2-tonne representative bulk sample saw a 34% increase in head grade to 1.14% and 12% increase in tin recovery to 80.6%.

Production Assumptions	JYE	2018e	2019e	2020e	2021e	2022e
Achhmach UG 1	kt	6,558	6,558	6,558	6,183	5,433
Mined Ore	kt	0	0	375	750	750
Plant Feed	kt	0	0	263	525	525
Head Grade - Tin	%	0.00%	0.00%	1.12%	1.12%	1.12%
Recovery - Tin	%	80.6%	80.6%	80.6%	80.6%	80.6%
Contained Metal	t	0	0	2,376	4,753	4,753

Reducing the amount of low grade material moving through the back end of the processing plant enables the company to keep the capacity of the plant small contributing to a smaller footprint, less tailings, lower consumption of water, power and reagents leading to capital and operating cost savings.
With higher feed grades and recoveries, another potential benefit is to produce a higher tin concentrate grade. A grade of 60% Sn, (up from 55% as modelled), would lower freight and smelter treatment charges.
With further work required on the final plant design and some uncertainty around how these figures will scale up to full commercial production, we note that a 5% change in recovery or feed grade results in a respective A$22M and A$29M valuation change.

4.2.2.1 Ore sorting technology

Ore sorting technology has been used in the mining industry since the mid 1990's but only in the last few years has it become affordable and more importantly, reliable enough to warrant the investment. In 2016, the owner of the third largest tin mine in the world, the San Rafael mine in Peru, installed a 3000tpd XRT ore sorting circuit that was able to upgrade low grade ore from 0.7%Sn to 2.13% tin.

Similarly, successful trials at the Renison Bell tin mine in Tasmania in 2017 resulted in the investment of an ore sorter, currently under construction and due for commissioning in 2018.

4.3 Financial Assumptions

Set out below is a financial summary over the next five years as a guide to the timing and impact of the assumptions used in the base valuation scenario.

Financial Statement Summary	JYE	2018e	2019e	2020e	2021e	2022e
Income						
Revenue	A$M	-	-	53.9	109.1	110.3
Less Operating Costs	A$M	5.1	7.7	30.4	55.2	56.0
EBITDA	A$M	-5.1	-7.7	23.6	53.8	54.2
Less Depreciation & Amortisation	A$M	-	-	11.8	12.2	13.0
EBIT	A$M	-5.1	-7.7	11.8	41.7	41.2
Less Net Interest	A$M	0.1	0.1	4.8	3.6	1.8
Less Tax Expense @ 17.5%	A$M	-	-	-	6.7	6.9
NPAT	A$M	-5.2	-7.8	7.0	31.4	32.5
Less Outside Equity Interest @ 25%	A$M	-1.3	-1.9	1.8	7.8	8.1
NPAT Attributable	A$M	-3.9	-5.8	5.3	23.5	24.4
Cash Flow						
CF from Operating	A$M	-5.1	-7.7	27.2	54.4	54.5
CF from Investing	A$M	0.0	-114.9	-3.3	-6.1	-6.2
CF from Financing	A$M	4.9	133.3	-17.6	-16.5	-14.6
Net change in cash held	A$M	-0.2	10.7	6.3	31.9	33.7
Cash held at end of period	A$M	1.4	12.1	18.4	50.2	83.9
Balance Sheet						
Borrowings	A$M	1.3	64.1	51.3	38.5	25.6
Net Debt	A$M	1.4	52.0	32.9	-11.8	-58.3
Margin analysis						
Operating profit margin	%	-	-	49%	54%	53%
Net profit margin	%	-	-	13%	29%	29%
Unit revenue (Payable)	US$/t Sn in Conc.	-	-	18,893	19,081	19,270
C1 Cash Costs	US$/t Sn in Conc.	-	-	10,187	9,487	9,606
C3 = C1 + D&A, Royalty & Corporate	US$/t Sn in Conc.	-	-	15,012	12,242	12,512

Source: Capital Network analysis. USD estimates converted to AUD at 0.78 for reporting purposes

4.3.1 Revenue

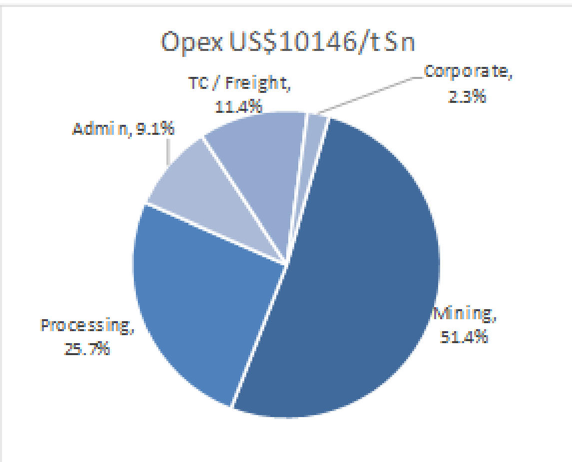
The Achmmach project is assumed to produce ~4,700tpa of tin in concentrate once fully ramped up in 2021. Based upon previous feasibility studies, we have assumed the contained tin is 91% payable and that a 3% Net Smelter Royalty is deducted before revenue is recognised.

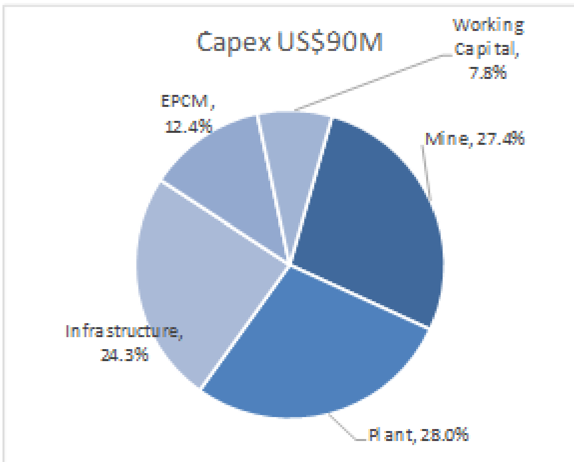
4.3.2 Operating Costs

Nominal average C1 costs circa US$10,150/t of tin in concentrate were arrived at using assumptions from earlier feasibility studies and adjusted for the latest mining and processing information.

Depreciation of capital expenditure has been modelled straight line over 10 year mine life. An accelerated tax depreciation method if used, would increase the valuation, all things being equal.

Including royalties and depreciation, nominal C3 costs are estimated at US$13,600/t of tin in concentrate over life of mine, placing Achmmach in the lower half of the industry cost curve.





Source: Kasbah Resources; Capital Networks estimates

4.3.3 Capital Costs – Construction

As indicated in the 2016 DFS SSO report, an initial capital requirement of US$78M provided for a 500ktpa mine and plant. We have increased the estimate to US$90M to account for the larger 750ktpa underground mine and the addition of an XRT ore sorter. We expect this estimate to be refined as the plant design is finalised.

To provide for ongoing underground development and tailings lifts, sustaining capital is estimated to be near US$5M pa.

4.3.4 Taxes & Royalties

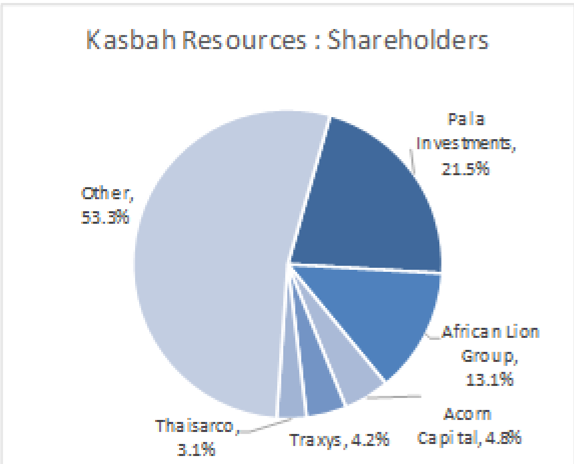
Morocco is a low taxing country. For exporters such as Kasbah, the corporate tax rate is 17.5%. In addition, the company must pay a 3% Net Smelter Return royalty on its sales and a 15% withholding tax on dividend distributions. However, as these final two tax rates are intertwined and subject to negotiation, we have used the full 3% NSR royalty and ignored the withholding tax on dividends for now.

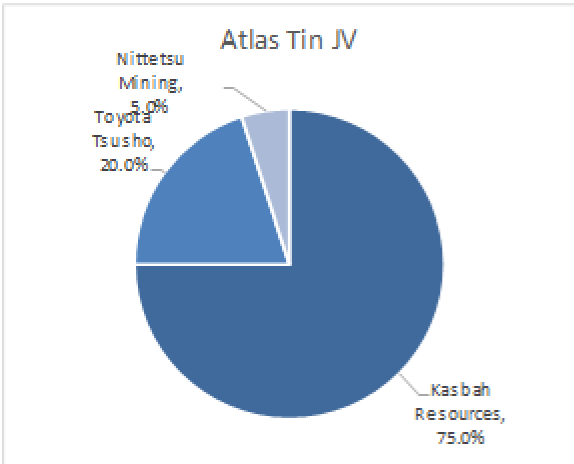
4.3.5 Discount Rate

A nominal discount rate of 10% was used as a base case to discount cash flow to equity holders. Until more detail on the structure (debt/equity) and terms of the project financing becomes available please refer to the tin sensitivity table in section 4.1.

4.3.6 Capital Structure

A key issue moving through calendar year 2018 will be the source of funding for the construction of Achmmach. As at the time of writing the company has approximately A$3.1M in cash with debt of A$1M owed to its main shareholder Pala Investments.
Assuming all inclusive initial capital costs of ~US$100M and if it can be agreed to by shareholders, JV partners and banks that a 50/50 debt to equity split is practical, then Kasbah would need to raise equity capital of ~US$37.5M (A$48M).





Source: Kasbah Resources December 2017 Quarterly Report

In addition, there will be a requirement to raise a smaller amount of equity capital to bridge the 6 – 9-month period between completion of the DFS in June 2018 and the major capital committed financing required for the project construction.
We envisage two trips to the market in financial year 2019. The first a small raise of US$5M at the current market price to assist management complete the final steps required before seeking financing. It is anticipated that the shares would lift in response to securing debt funding and we have anticipated the larger equity raise of US$37.5M to be completed at a higher price but still below that of the theoretical share price once fully diluted.

On the debt side we have assumed the US$50M borrowed at 8% is repaid over 5 years and that the A$1M loan to Pala is repaid in 2019.

5.0 Directors & Management

Mr John Gooding Assoc Dip. Mining Eng, FIE Aust, F.AusIMM, MAICD
Independent Non-Executive Chairman appointed February 2017
Mr Gooding is a mining engineer with over 40 years of experience in gold and base metals operations. He most recently served as the MD and CEO of Highlands Pacific for nine and a half years and previously held senior positions with Normandy Mining, MIM, Xstrata, Ok Tedi Mining and Roche Mining. Mr Gooding is the Non-Executive Chairman of Hillgrove Resources Limited.

Mr Martyn Buttenshaw MBA, MEng
Non-Executive Director appointed Feb 2018
Mr Buttenshaw has a background in mining engineering. Prior to joining Pala Investments in 2010, Mr Buttenshaw was a Business Development Manager with Anglo American in its ferrous metals business unit and as a Senior Mining engineer with Rio Tinto. Mr Buttenshaw is currently a Director of Melior Resources (TSX:MLR).

Mr Hedley Widdup BSc (Hons Geology), MAusIMM
Non-Executive Director appointed on February 2017.
Mr Widdup has a background in geology with mining and ore resource experience gained at Western Mining's Mt Keith and Olympic Dam operations as well as with Xstrata and Goldfields in Australia. Mr Widdup joined Lion Manager Pty Limited in July 2007 as an analyst, providing investment management services to Lion Selection Group and the African Lion funds. Mr Widdup is a Non-Executive Director of Egan Street Resources Ltd and an Executive Director of Lion Manager Pty Ltd.

Mr Graham Freestone BEc (Hons)
Independent Non-Executive Director appointed February 2017
Mr Freestone has over 45 years' experience in the petroleum and natural resources industry obtained in Australia and internationally. Mr Freestone served as CFO and Company Secretary of Acacia and AngloGold until 2001. Since 2001 he has held non-executive director roles with the Lion Selection Group (2001 to 2009) and Catalpa Resources (2009 to 2011). Mr Freestone is a Non-Executive Director of Evolution Mining Limited (since 2011).

Mr Graham Ehm BEng. AusIMM, MAICD
Independent Non-Executive Director appointed January 2018
Mr Ehm is currently Executive Vice President for Group Planning and Technical at Anglo Gold Ashanti. Previous senior roles include Executive Vice President of Tanzania Operations, General Manager - Sunrise Dam Gold Mine, Project Manager - Union Reefs Gold Mine and Project Manager - Boddington Gold Mine. Mr Ehm is also a Non-Executive Director of Mining3 and has also served as Non-Executive Director of the Minerals Council of Australia.

Mr Russell Clark : BSc, Grad Dip, ARSM, MIMM, MAusIMM, CE, FAICD
Chief Executive Officer appointed October 2017
Mr Clark is a mining professional with over 35 years' experience in senior corporate, operational and project management roles in gold, industrial minerals, iron ore and base metal mines and has worked in Australia, the USA, Africa, South America and PNG.
Most recently, in 2014, as Managing Director of Wolf Minerals, Mr Clark oversaw the construction, commissioning and operation of £130 million Hemerdon Tungsten project in Devon UK. In addition, Mr Clark successfully concluded the acceptance of a takeover of Azimuth Resources by Troy Resources and whilst at Grange Resources, oversaw its successful merger with ABM that lead to the establishment of an ASX listed major magnetite producer in Tasmania.
Mr Clark previously worked for Renison Goldfields and Newmont Mining where his final role was Group Executive of Operations Australia and New Zealand.

Mr Keith Pollocks BBus (Econs, Acc), MCommerce, CPA, MCT
Chief Financial Officer / Company Secretary appointed July 2017
Mr Pollocks has a background in the natural resources sector and extensive experience in a variety of senior finance roles. Prior to joining Kasbah, Mr Pollocks was the CFO of the Newcastle Coal Infrastructure Group, a consortium of major coal producers, which owns and operates one of Australia's largest coal export terminals. Prior to this, Mr Pollocks was General Manager Treasury, Taxation and Business Evaluation at MMG Limited. Before this, Keith held senior finance/Company Secretary positions with LyondellBasell (formerly Shell Chemicals).

Mr Evan Spencer: BSc (hons), Mec
Chief Operating Officer appointed May 2017
Over the last 25 years, Mr Spencer has held senior roles with Barrick Gold, Kagara, Goldfields of South Africa, Aditya Birla Minerals and GBF Mining Contractors. Prior to joining Kasbah, Mr Spencer was Chief Executive of Asian Mineral Resources. Where he guided AMR through the completion of construction, permitting and commissioning of the Ban Phuc operations in Vietnam. In addition, Mr Spencer has worked on asset integration in Saudi Arabia, lead the strategic development and implementation of Barrick's Kalgoorlie assets further lead the strategic direction for Barrick's Papua New Guinea assets in the Ramu valley.