

30 April 2019  
ASX: KAS  
Share price: \$0.06



## MARCH 2019 QUARTERLY REPORT

*“Kasbah continues to advance project financing with an immediate focus on completing technical due diligence for both a Japanese funding package and the project debt process with other commercial financial institutions. The Company has also made significant progress on design and capital cost estimates with the completion of the FEED during the quarter, with further engineering design and project optimisation to continue in a lead up to a project construction decision.”*

### HIGHLIGHTS

- **Project financing advanced;** Kasbah’s joint venture partners continue to support discussions with a Japanese industry agency regarding credit support for a competitive multi-element Japanese funding package and the due diligence process continues to advance. In addition, Kasbah continues to engage with non-Japanese commercial financial institutions who have expressed strong interest to provide financing for the Achmmach Project.
- **FEED completed and capital estimate re-confirmed;** Ausenco Services Pty Ltd (**Ausenco**) completed Front End Engineering Design (**FEED**) during the quarter. The FEED resulted in a de-risked processing plant, with larger and higher-spec equipment. The FEED provides a well-defined scope of work for competitively tendering the EPC contract when the project progresses to implementation, potentially resulting in better pricing, as Kasbah continues with further engineering design and project optimisation in a lead up to a project construction decision.
- **Successfully completed an interim capital raise;** The company completed an underwritten entitlement offer to raise \$2.5 million to advance project development and project financing as well as for working capital.
- **CEO appointment;** The Company appointed Mr Evan Spencer as Chief Executive Officer following the resignation of Mr Russell Clark. Mr Spencer, a highly experienced mining executive was previously Chief Operating Officer of Kasbah since May 2017.

#### Kasbah’s Chief Executive Officer, Mr Evan Spencer commented:

*“The next couple of months will see a strong focus on advancing our project financing work on the Achmmach Tin Project. The detailed FEED, completed by a second independent engineering firm, has been encouraging with the detailed design and equipment selection validating both the technical aspects of the processing plant and flow sheet and that the capital costs of the project are within range. Overall, we have a busy six months coming up as we work towards securing a funding package for Achmmach.”*

#### ABOUT KASBAH

Kasbah is an Australian listed mineral exploration and development company.

The company (75%) and its Joint Venture partners, Toyota Tsusho Corp (20%) and Nittetsu Mining Co. (5%), are advancing the Achmmach tin project towards production in the Kingdom of Morocco.

#### PROJECTS

Achmmach Tin Project  
Bou El Jaj Tin Project

#### CAPITAL STRUCTURE

Shares on Issue:	133m
Unlisted Options:	0.6m
Unlisted Rights:	12m
Cash @ 31/03/19:	\$3.2m

#### MAJOR SHAREHOLDERS

Pala Investments	34.2%
African Lion Group	10.3%

#### CONTACT US

T: +61 3 9482 2223

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

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



## MARCH 2019 QUARTERLY REPORT

Kasbah Resources Limited (ASX: KAS) (Kasbah or The Company) is pleased to provide this update to the market for the quarter ended 31 March 2019.

### ACHMMACH TIN PROJECT IN MOROCCO

#### Achmmach Tin Project Financing

Kasbah's joint venture partners (Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co Ltd (NMC) continue to support discussions with Japanese industry agencies regarding potential credit support for the project. Kasbah, along with our joint venture partners, continues to work through the feedback from the due diligence. A Japanese funding package, if secured, will be multi-faceted and involve debt, offtake for all of Achmmach's tin concentrate, a sales and marketing agency agreement with TTC and an agreement with the joint venture partners on the provision of sponsor debt guarantees.

In addition, Kasbah continues to engage with non-Japanese commercial financial institutions who have expressed strong interest to provide financing for the Achmmach Project. With the FEED now completed, AMC Consultants (AMC) will be engaged to complete an Independent Technical Expert's (ITE) report to be relied on by these financial institutions as part of their due diligence process. AMC's ITE report is expected to be completed and available to financial institutions during the second quarter.

Kasbah is targeting to secure project financing in the second half of 2019.

#### Front End Engineering Design

As previously reported, Ausenco Services Pty Ltd (Ausenco) were engaged to undertake Front End Engineering Design (FEED) on a fixed price basis. Ausenco completed the FEED during the quarter, results of which are currently being evaluated by the Company.

The FEED has resulted in a number of proposed improvements to the Achmmach Tin Project, including:

- Optimisation of the process flowsheet with addition of best practice tin process equipment in the spirals and tin flotation;
- Increase in equipment sizing to reduce the risk of bottlenecking in the processing plant; and
- Relocation of the crushing plant and processing plant and introduction of overland conveyors to minimise earthworks and concrete quantities, reducing geotechnical risk.

The improvements and higher level of engineering design and cost detail provides further confidence in the project and confirms that capital costs of the project are within range. Having completed the FEED, the Company is now in a position to engage the independent technical expert and further advance discussions with lenders. The FEED provides a well-defined scope of work for competitively tendering the EPC contract when the project progresses to implementation, as Kasbah continues with further engineering design and project optimisation in a lead up to a project construction decision.

### ESIA Renewal

The Environmental and Social Impact Assessment (**ESIA**) for the Achmmach Tin Project was completed in 2014. The ESIA is valid until December 2019 unless construction on the Project commences prior to that. The Company has commenced the process to renew the ESIA in accordance with Moroccan environmental laws and regulations. The renewal process is expected to be completed in the second half of 2019.

## EXPLORATION

The Company continued with its strategic evaluation of the tenements/permits held in Morocco during the quarter and relinquished permits with low prospectivity. The prospective tenements remain in good standing with the permits for Bou El Jaj and Tamlalt currently in the process of being converted from Exploitation Permits (PE) to Exploitation Licences (LE) under the new Mining Law.

The Company also continues to assess opportunities to better understand the upside potential of the exploration opportunities in the region, in particular the highly prospective Sidi Addi Trend that runs parallel to the main Meknes Trend.

There were no significant developments on the other regional tenements during the quarter.

## CORPORATE

### Non-Renounceable Entitlement Offer

During the quarter, Kasbah completed the underwritten non-renounceable rights issue (**Entitlement Offer**) and raised \$2.5 million before costs.

213 eligible shareholders took up approximately 33% of rights available under the Entitlement Offer (including shares applied for under the shortfall offer) raising \$841,458. This included participation by the Board and management of Kasbah, and Pala Investments Ltd (**Pala**) which took up its full entitlement of 21.20% of the rights available under the Entitlement Offer. All valid acceptances under the shortfall offer were accepted.

Pursuant to the underwriting and sub-underwriting agreements, Pala took up the remaining shortfall of 17,471,435 shares for a total consideration of \$1,659,786. Following closure of the Entitlement Offer and issuance of the shortfall shares, Pala's resulting shareholdings in Kasbah has increased to 34.2%.

172,550 shares representing the entitlements of ineligible shareholders (shareholders with registered addresses outside Australia, New Zealand, Mauritius, Thailand, Switzerland and the United Kingdom) were issued to Taylor Collison for sale. These have been sold subsequent to the end of the quarter.

New shares subscribed for under the Entitlement Offer were issued on 6 March 2019 and holding statements dispatched on 7 March 2019. New shares were issued under the underwriting and sub-underwriting arrangements on 12 March 2019.

### **Retirement of Non-executive Director**

As previously indicated, non-executive director, Mr Graham Freestone resigned from his position on the Kasbah Board effective from 7 March 2019. Mr Freestone, 71, has decided to retire following a long and distinguished career as a senior resource sector executive and independent director.

Mr John Gooding, Chairman of Kasbah commented:

*“Graham has been a non-executive director of the company since February 2017 and has been instrumental in supporting the company as it embarked on its transformation journey over the last two years. Much has been achieved with the new Board and management team recruited, the 2018 DFS completed and a number of funding initiatives undertaken. His experience in finance, corporate and governance matters has been instrumental in supporting the Company’s activities and on behalf of the directors, employees and shareholders, I thank him for his very valuable contribution and wish him the very best in retirement.”*

The Board is in the process of finalising the appointment of an independent non-executive director to replace Mr Freestone. Kasbah expects to announce the appointment of the new non-executive director shortly.

### **Management Changes**

Subsequent to the end of the quarter, Kasbah advised that Chief Executive Officer (**CEO**), Mr Russell Clark resigned, effective 1 April 2019. Mr Clark joined the Company in October 2017 and was instrumental in leading Kasbah as it produced the 2018 Achmmach Tin Project Definitive Feasibility Study (**DFS**) (ASX Announcement, 16 July 2018) and progressed financing and final engineering design.

Mr Evan Spencer, previously Chief Operating Offer of Kasbah, was appointed as CEO effective 1 April 2019. Mr Spencer is a highly experienced mining executive and has held a wide range of executive, senior management and operational roles in mining, both domestically and internationally over 25 years. He 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 oversaw the construction, commissioning and production of the Ban Phuc nickel mine in Vietnam.

### **Legal Proceedings against BDO Corporate Finance WA Pty Ltd**

Following failed attempts to reach a commercial settlement with BDO Corporate Finance WA Pty Ltd (**BDO**), Kasbah commenced legal proceedings against BDO in the Supreme Court of Western Australia on December 18, 2017 for a series of claims including breach of contract, negligence and misleading and deceptive conduct associated with BDO’s role as Independent Expert during the failed scheme of arrangement between Kasbah and Asian Mineral Resources Ltd.

Both parties continue to undertake discovery in advance of a second round of mediation, expected during the June quarter. Commercial settlement discussions between parties are continuing in parallel to discovery.

## FINANCIAL

### Cash and debt

Cash and short-term deposits at 31 March 2019 were \$3.2 million.

Debt plus capitalised interest as at 31 March 2019 was \$5.3 million.

Please refer to the attached Appendix 5B for further information.

## TIN MARKET

### Prices

Tin prices remained strong during the quarter reaching a high of US\$21,900/t at the end of February. Tin prices came off slightly in early March as a result of a belief that Indonesian private smelters would resume exporting. This resumption of exports did not materialise which saw a gradual strengthening of the tin price in line with declining LME inventory levels. Tin price fluctuated between a low of US\$19,470/t and a high of US\$21,900/t, averaging US\$20,964/t during the quarter.

LME tin inventory at the start of the quarter was 2,165 tonnes before declining throughout the quarter and ending at 950 tonnes.

Since the end of the quarter, despite continuing record low LME tin inventory, tin price has declined, reaching US\$20,125/t on 24 April 2019.

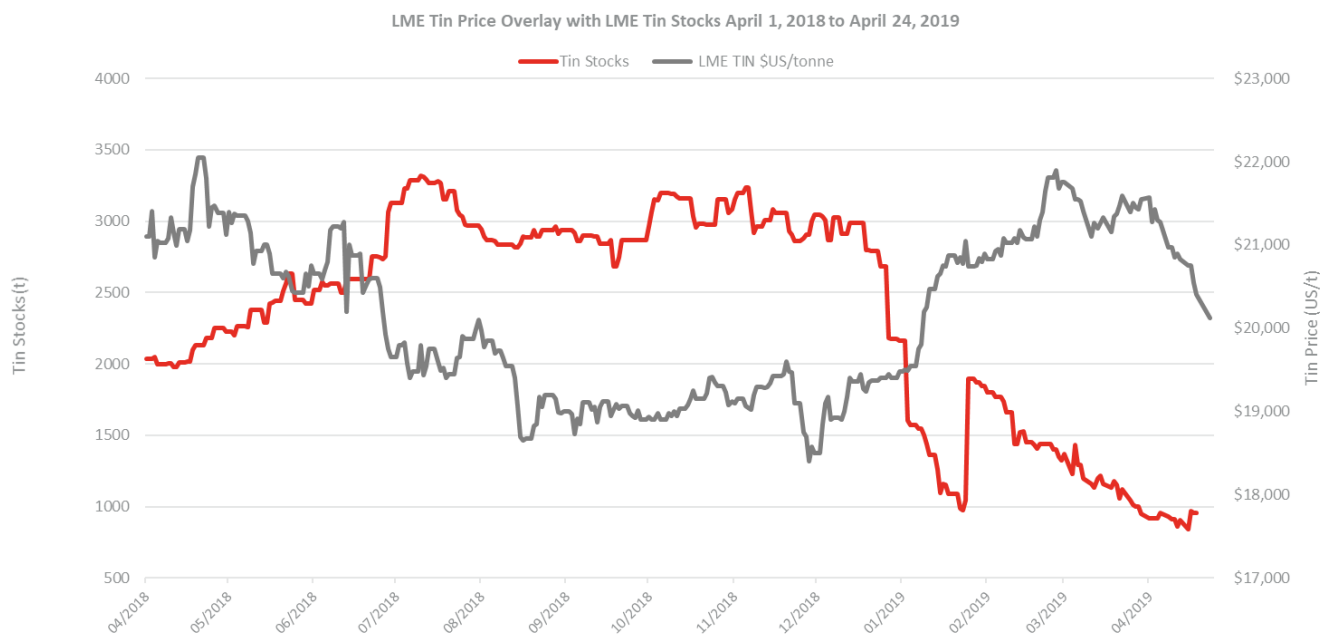


Figure 1: LME Tin Price vs LME Stocks – April 1, 2018 to April 24, 2019

### **Supply side: higher inventory levels, slowing mine supply**

London Metal Exchange (“LME”) stockpiles of tin are near record lows. Reduced mine supply is largely driven by continuing export delays from Indonesia as well as declining supply from Myanmar’s Wa Province as a result of significant grade depletion.

Furthermore, the International Tin Association (ITA) notes that the demand for refined tin from Chinese downstream companies continues to be weak amidst the escalating China-United States trade tensions with the result that tin inventories on the Shanghai Futures Exchange (SFE) has been rising.

The ITA continues to estimate that existing global tin mine reserves will only last 7 years, in the absence of further resource conversion.

Major tin producers in the world include Myanmar, Indonesia, China and Peru. The ITA retains the view that future production from Myanmar is likely to fall on an underlying decline in mining activity as easy to mine alluvial deposits are depleted and as tin grades decline. The ITA forecasts a decline in Myanmar’s tin mine output in 2018 of approximately 10%, with further declines of between 11% to 30% forecasted in 2019. However, it should be noted that Myanmar forecasts have been historically very difficult to accurately predict.

### **Demand side: solder continues to be the largest driver, upside from EV revolution**

Solder continues to be the largest use of tin, contributing 47% of tin demand, followed by chemicals (18%) and tin plate (14%). The demand from tin for these existing applications is expected to grow with the increasing use of solder in electronics and solar panels and the ongoing conversion to lead free solders. The demand for tin plate continues to grow in emerging economies. Furthermore, the trends in energy and technology are expected to drive future tin demand with exponential increase in the use of tin in computing and advanced robotics, renewable energy and storage and autonomous and electric vehicles.

The themes of supply pressure and increasing demand from existing and new technology applications remains firmly in place and supportive of a robust price outlook. Solder remains the likely largest consumer of tin with the miniaturisation of electronics more than offset by the growth of electronic components.

### **Outlook looks promising**

Our view for the outlook for tin remains positive. The medium-term price outlook remains strong with mine supply continuing to face challenges, and demand continuing to outpace supply resulting in a global deficit of tin. Kasbah believes that the timing of production at Achmmach will coincide with the continuing supply deficit in the market and as a result stands to benefit from an increase in tin price in the medium to long term.

Follow us on Twitter and LinkedIn for updates.

 : @KasbahResource

 : Kasbah Resources Ltd

*Links to Kasbah’s Twitter and LinkedIn pages can be found at the Company’s website.*

## ABOUT KASBAH RESOURCES

*Kasbah Resources Limited (Kasbah) is an Australian ASX 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 Joint Venture (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. Achmmach is one of the world's largest and most advanced undeveloped tin projects with projected low operating costs and located in a mining friendly jurisdiction at the gateway to Europe.*

- **Bou El Jaj Tin Project in Morocco (100% Kasbah)**

*Kasbah retains a 100% interest in the prospective Bou El Jaj Tin Project. This project is 10km from the Achmmach Tin Project and is an early stage exploration opportunity that could become a satellite ore source for Achmmach. It is currently pre-resource and additional drilling is required on multiple targets within the Bou El Jaj permits.*

## FORWARD LOOKING STATEMENTS

*This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.*

## MINING TENEMENT CHANGES DURING THE QUARTER

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Achmmach	Morocco	PE193172	0%	0%	75%

### FARM-IN / FARM OUT AGREEMENT CHANGES

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
NIL					

### INTERESTS IN MINING TENEMENTS

Project	Permit Type	Permit Number	Registered Interest
<b>Achmmach</b>	LE	332912	75%*
<b>Bou El Jaj</b>	PE	213172	100%
	PE	193313	100%
<b>Tamlalt</b>	PE	223197	100%
	PE	223198	100%
	PE	223203	100%
<b>Ezzhiliga (Zaer)</b>	PR	2137997	100%
	PR	2137999	100%
<b>Ment</b>	PR	3558383	100%
	PR	3558384	100%
	PR	3558385	100%

All permits are located in the Kingdom of Morocco.

LEGEND : PE – *Permis Exploitation* PR – *Permis Recherche*

- \* The Achmmach Tin Project is 100% owned by Moroccan incorporated Joint Venture Company Atlas Tin SAS. The shareholders of Atlas Tin SAS are Kasbah Resources Limited (75%), Toyota Tsusho Corporation (20%) and Nittetsu Mining Co. Ltd (5%). Kasbah is the Manager and Operator of the Achmmach Tin Project JV.



## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

KASBAH RESOURCES LIMITED

### ABN

78 116 931 705

### Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(913)	(2,444)
(b) development	-	-
(c) production	-	-
(d) staff costs	(141)	(807)
(e) administration and corporate costs	(176)	(1,334)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,229)</b>	<b>(4,573)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(3)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (refund of bank guarantees)	-	17
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>14</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	2,505	2,620
3.2	Proceeds from issue of convertible notes	-	5,000
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(252)	(259)
3.5	Proceeds from borrowings	-	500
3.6	Repayment of borrowings	-	(3,936)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transactions with non-controlling interests)	419	784
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,672</b>	<b>4,709</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,730	3,017
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,229)	(4,573)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	14
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,672	4,709
4.5	Effect of movement in exchange rates on cash held	(7)	(3)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,164</b>	<b>3,164</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,139	1,476
5.2 Call deposits	25	25
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – Cash held in Morocco	1,000	229
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,164</b>	<b>1,730</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	5,000	5,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

An additional \$500,000 was drawn down on 18 October 2018 under the initial bridge facility from Pala Investments Limited in last quarter, taking the principal amount of the loan to \$3,500,000. The outstanding principal, capitalised interest and fees totalling \$3,935,814 was repaid on 20 December 2018 and deemed to be the utilised portion of the Convertible Loan.

On 20 December 2018, following approval by shareholders at the Annual General Meeting, the Company drew down \$5,000,000 under the Convertible Loan Agreement with Pala Investments Limited. The loan is secured against the assets of Kasbah Resources Limited other than Kasbah's interest in the Atlas Tin Project joint venture (which requires the consent of the other joint venture parties pursuant to the terms of the Atlas Tin Shareholders Agreement), with interest charged at 12% per annum. Maturity of the loan is 31 December 2019, subject to a Kasbah option to extend the maturity to 31 December 2020 for a 2% extension fee and a step up in the interest rate to 15%.

There is no change in loan facilities during the quarter.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	826
9.2 Development	-
9.3 Production	-
9.4 Staff costs	539
9.5 Administration and corporate costs	238
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,603</b>

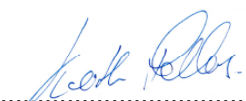
## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PE193172, Morocco	Exploitation permit	75%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



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(Company secretary)

Date: 30 April 2019

Print name: Keith Pollocks

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.