

29 OCTOBER 2010

ASX CODE: **KAS**

**BOARD &
MANAGEMENT**

GRAEME WALKER
NON EXECUTIVE CHAIRMAN

MIKE SPRATT
NON-EXECUTIVE DIRECTOR

ROD MARSTON
NON EXECUTIVE DIRECTOR

ROB WEINBERG
NON EXECUTIVE DIRECTOR

WAYNE BRAMWELL
MANAGING DIRECTOR

TREVOR HART
CFO / COMPANY
SECRETARY

CHRIS BOLGER
COUNTRY MANAGER

JEFFERY LINDHORST
EXPLORATION MANAGER

PROJECTS - MOROCCO

ACHMMACH TIN PROJECT
TAMLALT GOLD PROJECT

INVESTMENT DATA

SHARES ON ISSUE 237M

SHAREHOLDERS

TOP 20 HOLD 63%

LME TIN PRICE
(26/10/10)

US\$26,545 / T
(CASH BUYER)

ABOUT KASBAH

**KASBAH RESOURCES IS
AN AUSTRALIAN LISTED
MINERAL EXPLORATION
AND DEVELOPMENT
COMPANY ADVANCING THE
ACHMMACH TIN PROJECT
TOWARDS PRODUCTION.**

**OUR PRIME COMMODITY
IS TIN.**

SEPTEMBER QUARTERLY REPORT



HIGHLIGHTS

Resource Upgrade at Achmmach

- New resource upgrade released in August
- Total Mineral Resource of 7 Mt @ 0.8% tin for 54,000 tonnes tin contained
- Indicated Mineral Resource of 2.2 Mt @ 0.8% tin defined

Scoping Study for Underground Development at Achmmach

- Scoping Study defines preliminary economics
- $NPV_{10} = US\$126M$ IRR = 43%

Achmmach Drilling Continues

- Meknes Zone – high grade tin intercepts persist
- Northern Zone - first pass shallow drilling commenced

Corporate

- Mr Michael Spratt appointed as Non-Executive Director
- Tin price breaks through US\$26,000 / tonne as supply weakens
- Kasbah raises \$24M to accelerate Achmmach development

SEPTEMBER QUARTERLY REPORT

OVERVIEW

Kasbah Resources Limited (Kasbah or the Company) is pleased to provide this quarterly update on the company's progress.

During the quarter and in October Kasbah;

1. Appointed a new Non-Executive Director to the Board,
2. Delivered a new resource upgrade for the Achmmach Tin Project,
3. Defined the scoping study economics of an underground development at Achmmach,
4. Continued defining high grade tin intervals in the deeper Meknes target,
5. Commenced drilling of the shallow Northern Zone target and,
6. Activated a \$24M capital raising to accelerate exploration and development at Achmmach.

These key activities are summarised below.

Resource Upgrade Exceeds Expectations

Kasbah announced a resource upgrade in August. A total Mineral Resource of 7 million tonnes at 0.8% tin (Sn) has been estimated, containing approximately 54,000 tonnes tin. This includes 2.2 million tonnes at 0.8% Sn of Mineral Resource that has been classified as Indicated. These figures are reported above a 0.5% Sn cut-off.

This statement conforms to the Joint Ore Reserves Committee (JORC, 2004) Code for the reporting of mineral resource estimates, for a Mineral Resource estimate prepared by Mr Michael Job of Quantitative Group (QG) for the Achmmach Tin Project. Resources have been classified by QG under the JORC (2004) code as follows:

Table 1

Mineral Resource Estimate for Achmmach as at August 16, 2010 (above 0.5% Sn)

Category	Million Tonnes	Sn %	Sn k tonnes
Indicated	2.2	0.8	17
Inferred	4.8	0.8	37
Total	7.0	0.8	54

**Note that the figures in Table 1 have been rounded appropriately, as advised by JORC.*

This is an increase of 2,000 tonnes of contained tin over the previously announced Mineral Resource Estimate (6 Mt at 0.9% Sn Inferred above a 0.6% cut-off, announced in December 2008) but more importantly, a significant proportion of the Mineral Resource is now classified as the higher confidence Indicated category.

The recent drilling program has increased the confidence in the continuity of the mineralisation, both in terms of tonnes and tin grade and the Indicated tonnage reported exceeded the company's expectations.

Scoping Study Economics Defined

The Scoping Study base case is premised on an underground operation producing 800,000 tonne per annum of ore by mechanised cut and fill methods. On these assumptions (refer Table 2) the project could generate gross operating margins of US\$72 per tonne of ore and deliver an after tax NPV of US\$126M and IRR of 43%.

The Scoping Study results are ungeared (100% equity) and based upon a 1% run of mine (ROM) feed to the mill and US\$23,000 / tonne tin price. Projected costs and returns are premised upon:

- Mechanised underground mine - utilising cut and fill extraction
- Conventional gravity and flotation processing
- Tin concentrates exported to an Asian based tin smelter
- All smelter charges, freight and insurance included in costs.

Table 2
Key Project Assumptions and Scoping Study Outputs

Achmmach Underground Mine – Scoping Study Base Case Scenario		
Base case mine life	years	7.5
Mined grade (ROM)	% Sn	1.00
Treatment rate	tpa	800,000
Mill recovery	%	70.0
Tin output	tpa	5,620
Tin price	US \$ / tonne	23,000
Operating cost estimate	US\$ / tonne tin in concentrate	12,684
	US \$ / tonne ore	89.1
Operating margin estimate	US \$ / tonne ore	72.0
Project capital estimate	US \$M	85.3
Project NPV ₁₀	US \$M	126.0
Project IRR	%	43%

Based upon these early indications of the project's economics, the Company has commenced a Pre-Feasibility Study into the development of an underground mine at Achmmach. Commencement of a Feasibility Study is scheduled for mid 2011.

Meknes Drilling Continues to Deliver High Grade Intercepts

Drilling within the Meknes Zone has continued to define additional, potentially economic tin widths and grades between 200 - 400 m below natural surface (refer figure 1). The Meknes Zone has untested strike potential of up to 400 m to the west, outside the currently defined resource.

Drilling priorities at Meknes are now to:

1. Upgrade the Inferred Resource to the west of the main body of the Meknes Indicated Resource covering 250m of strike length and
2. Test for mineralisation within an untested target strike length of 400m westward from the current Inferred Resource to the west of the Meknes Indicated Resource.

Drill holes AD056 and AD059 were drilled approximately 50 m to the west of drill hole AD029 and the BRPM underground exploration workings and intersected tin mineralisation in the predicted locations within the Inferred Resource. This gives confidence in the resource model and provides encouragement for the continuation of the drilling further towards the west (refer Figures 2 and 3).

Northern Zone Shallow Drilling Commences

Operating concurrently with the Meknes Zone drilling, the Shallow Targets drilling program seeks to define tin (Sn) mineralisation potentially mineable by open pit methods which could provide Kasbah with an earlier route to cash flow. Drilling within the Northern Zone commenced during the quarter and first drill results are pending.

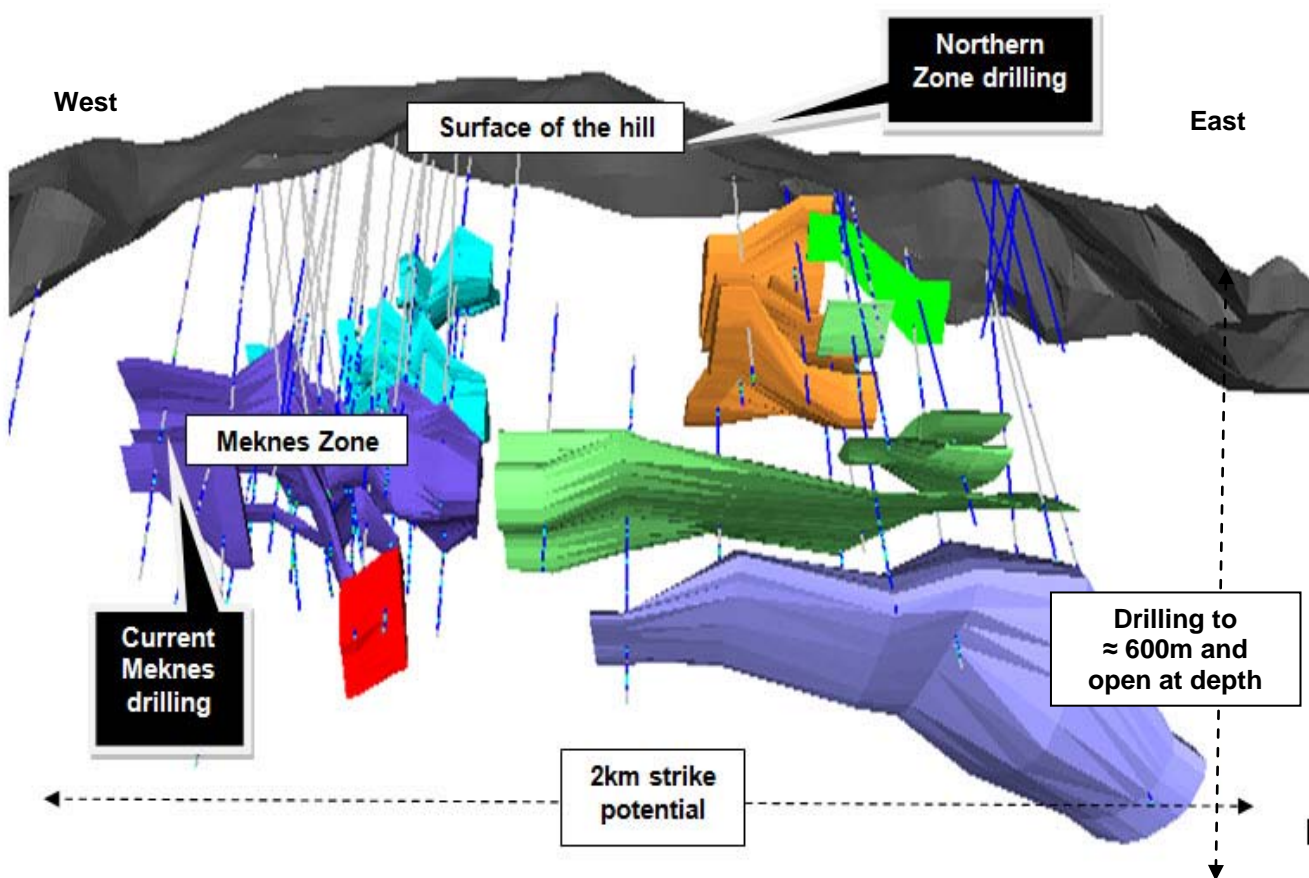


Figure 1

Location of Current Drilling Activities at Achmmach (on a long section showing drill holes and interpreted zones of mineralisation)

Refer to **Appendix A** for all significant intersections and **Appendix B** for status of drill-holes underway.

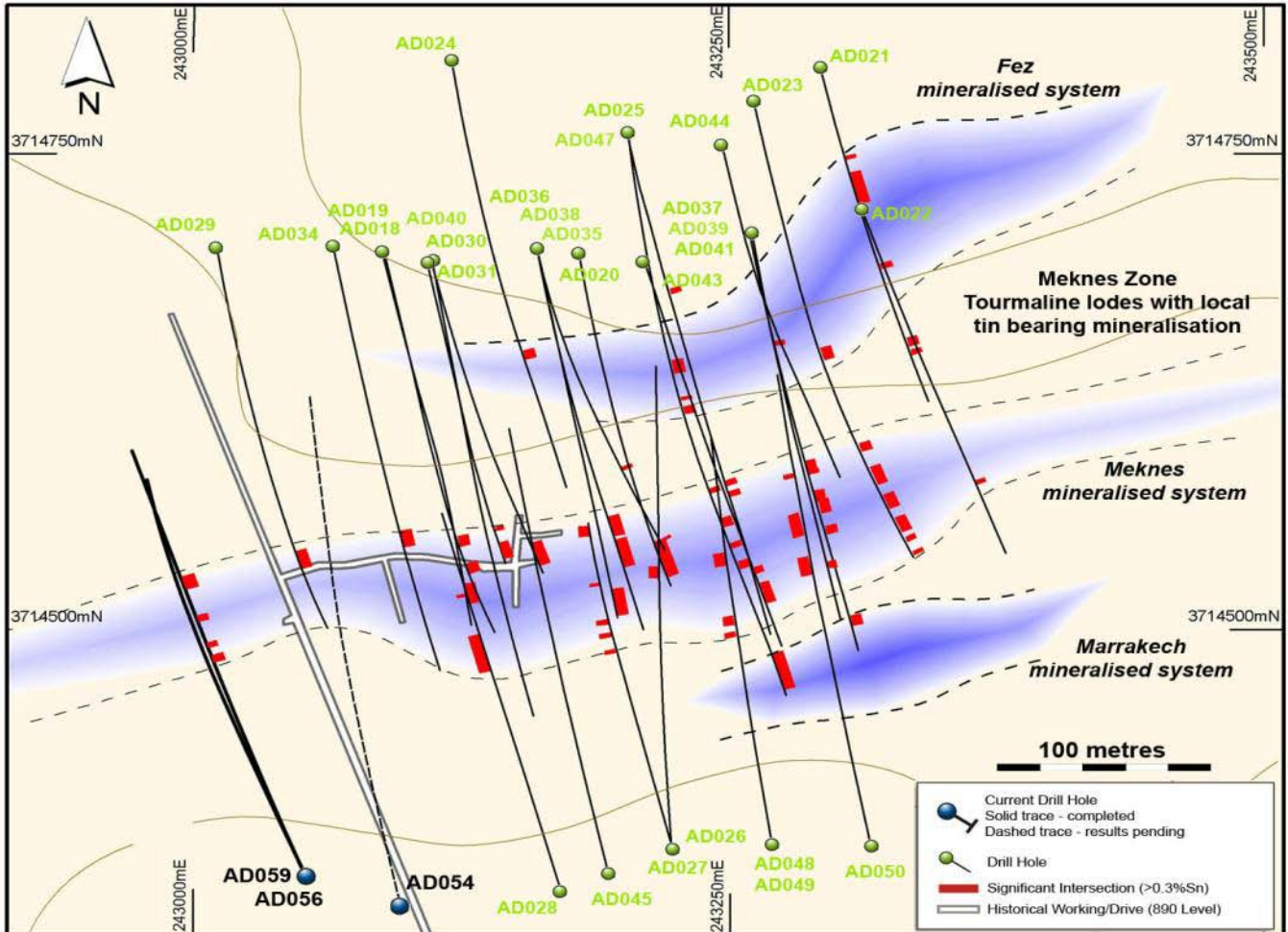


Figure 2

Meknes Zone Drilling - Plan view

(Significant tin intersections marked in red)

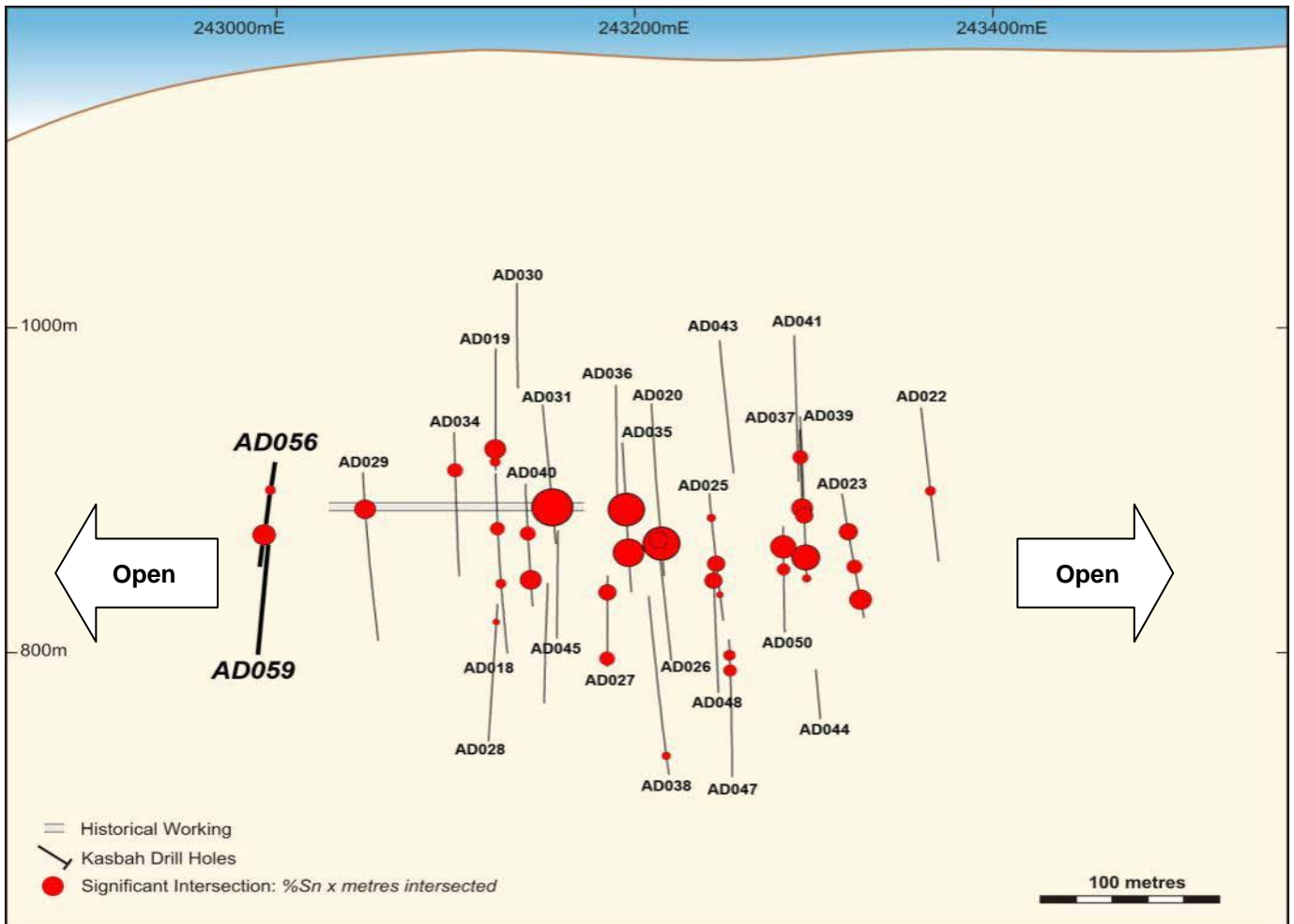


Figure 3

Meknes Zone - long section view

(The red dots proportionally represent tin metal accumulation as % Sn x metres)

Successful Capital Raising

In October Kasbah announced that it had resolved to raise up to \$24 million to fund an accelerated exploration and development programme at its Achmmach Tin Project in Morocco.

Kasbah will issue 87.5 million shares at \$0.24 per share through a placement principally to institutional and sophisticated investor clients of Hartleys Limited to raise \$21 million ("Placement"). The Company also intends to offer shares to existing shareholders at the same price by undertaking a share purchase plan ("SPP") to raise up to a further \$3 million.

The Company received overwhelming support for the Placement from Kasbah's major shareholders as well as domestic and international clients of Hartleys Limited. Hartleys Limited is the Lead Broker for the Placement and SPP.

This capital raising will ensure the Company is fully funded to completion of the feasibility study and will facilitate the acceleration of the drilling program to expand the current resource base at Achmmach.

Appointment of New Director

In August the company announced the appointment of Mr. Michael Spratt as Non-Executive Director.

Mr. Spratt is a tin specialist with over 40 years of engineering, development and operations experience and joins Kasbah after 7 years as Managing Director of the Thailand Smelting and Refining Company (the world's 5th largest tin smelter). Prior to this he was General Manager Operations of the Renison Bell Tin Mine in Tasmania for Murchison United NL.

With respect to project development, Mr. Spratt has held key senior executive roles with Simcoa Operations Pty Ltd, Kaiser Engineers Limited and Minproc Limited and has managed the process of feasibility through to operations in several commodities.

For and on behalf of the Board,

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

Wayne Bramwell

Managing Director

For further information please go to:

www.kasbahresources.com

Or email:

info@kasbahresources.com

The information in this announcement that relates to Kasbah Resources Limited's mineral resource estimates for the Achmmach project, is based on information compiled by Michael Job, who is a full time employee of Quantitative Group and a Member of the Australasian Institute of Mining and Metallurgy. Michael Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 JORC code. Michael Job consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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

APPENDIX A: Meknes Zone Drilling Significant Intersections

Hole ID	Collar WGS84 N	Collar WGS84 E	From (m)	To (m)	Down-hole interval(m)	Tin Grade %	
AD047	3714764	243203	410	417	7	0.70	
			421	428	7	0.85	
AD048	3714391	243268	207	213	6	1.05	
			218	228	10	1.84	
			281	293	12	0.87	
AD050	3714393	243316	236	260	24	0.97	
			includes	239	256	17	1.20
				265.5	288	22.5	0.83
			Includes	273	286	13	1.15
			292	297	5	1.16	

Hole ID	Collar WGS84 N	Collar WGS84 E	From (m)	To (m)	Down-hole interval (m)	Tin %
AD056	3714701	243010	193	199	6	1.64
			204	210	6	0.60
			227	234	7	0.62
			259	273	14	1.13
			includes	260	263	3

Note: Significant intersections >100m below natural surface selection are defined as:

≥ 0.3% Sn and ≥ 5m down-hole and ≤ 3m down-hole < 0.3% Sn included

Or

≥ 0.3% Sn and ≥ 1.5 % Tin-metres metal accumulation down-hole and ≤ 3m down-hole < 0.3% Sn included

APPENDIX B: Meknes Drill-Hole Status 10 October 2010

Hole ID	Collar WGS84 N	Collar WGS84 E	Collar dip/azimuth	Depth (m)	Target	Status
AD051	3714393	243140	-54/346	157	Meknes Zone, XSAD034	Re-drilled / sampling
AD052	3714794	243923	-55/168	35	Meknes Zone, XSAD022	Concreted for redrill
AD054	37414794	243100	-54/347	450	Meknes Zone, XSAD029	Results pending
AD063	3714373	243194	-60/344	156	Meknes Zone, XSAD030	sampling
AD071	3714360	243140	-60/345	400	Meknes Zone, XSAD34	drilling