



Kasbah Resources Limited

ACN 116 931 705

OFFER DOCUMENT

For

A fully underwritten accelerated non-renounceable pro rata entitlement offer of one New Share for every 2 Shares held on the Record Date at an issue price of \$0.015 per New Share

THE RETAIL ENTITLEMENT OFFER OPENS ON 29 JUNE 2017 AND CLOSSES AT 5.00PM (WST) ON 17 JULY 2017. VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

PLEASE READ THE INSTRUCTIONS IN THIS OFFER DOCUMENT AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE RETAIL ENTITLEMENT OFFER.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS OFFER DOCUMENT SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE. PLEASE READ THE RISKS SECTION CAREFULLY WHEN YOU CONSIDER YOUR INVESTMENT.

NOT FOR RELEASE OR DISTRIBUTION INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS.

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IMPORTANT INFORMATION

General

This offer document (**Offer Document**) is issued pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Kasbah Resources Limited ACN 116 931 705 and was lodged with ASX on 26 June 2017. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Offer Document. Any information or representation not contained in this Offer Document should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

No updates to Offer Document

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Application Forms

The Application Forms accompanying this Offer Document are important. An Application for New Shares under an Offer can only be submitted on an Application Form. If acceptance is by BPAY® there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 3 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offers detailed in this Offer Document.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offers are not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong. This Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to Shareholders with a registered address in New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong and, in each case, to the extent permitted below.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly this offer is being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of the Company.

Thailand

This document is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This document has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this document and any other document relating to the offer, sale or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public in Thailand.

Jersey

No offer or invitation to subscribe for shares may be made to the public in Jersey.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

South Africa

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act and may not be distributed to the public in South Africa.

An entity or institution resident in South Africa may not implement participation in the Offer unless (i) permitted under the South African Exchange Control Regulations or (ii) a specific approval has been obtained from an authorised foreign exchange dealer in South Africa or the Financial Surveillance Department of the South African Reserve Bank.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

United States

This Offer Document, the accompanying Chairman's Letter, any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction in the United States. The New Shares may only be offered and sold outside the United States in "offshore transactions" in reliance on Regulation S under the Securities Act. None of the Offer Document, the accompanying chairman's letter, any accompanying ASX announcements or the Entitlement and Acceptance Form may be distributed or released in the United States.

Speculative investment

An investment in New Shares should be considered highly speculative. Refer to Section 4 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Offer Document in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to New Shares.

This Offer Document does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Website

No document or information included on the Company's website is incorporated by reference into this Offer Document.

Diagrams

Any diagrams used in this Offer Document are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Offer Document.

Currency

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

Time

All references to time in this Offer Document are references to Perth, Australia time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in Section 5.

Offer Document intended to be read in conjunction with publicly available information

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest, including the announcements made by the Company on 15 June 2017.

All announcements made by the Company are available from its website www.kasbahresources.com or the ASX website www.asx.com.au.

CORPORATE DIRECTORY

Directors

Mr John Gooding	Non-Executive Chairman
Mr Stephen Gill	Non-Executive Director
Mr Graham Freestone	Non-Executive Director
Mr Hedley Widdup	Non-Executive Director

Executives

Mr Richard Hedstrom	Chief Executive Officer
Mr Evan Spencer	Chief Operating Officer
Mr Trevor O'Connor	Chief Financial Officer

Company Secretary

Mr Trevor O'Connor	Company Secretary
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Registered Office

11 Moreau Mews
Applecross WA 6153
Tel: +61 8 9463 6651
Fax: +61 8 9463 6652
Website: www.kasbahresources.com
ASX Code: KAS

Share Registry

Link Market Services Limited
Level 12 QV1 Building
250 St Georges Terrace
Perth WA 6000

Lawyers

DLA Piper Australia
Level 31
152 - 158 St Georges Terrace
Perth WA 6000

Lead Manager and Underwriter

Taylor Collison
Level 16
211 Victoria Square
Adelaide SA 5000

INDICATIVE TIMETABLE

Event	Date
Announcement of Entitlement Offer	22 June 2017
Record Date (5.00pm WST)	26 June 2017
Retail Entitlement Offer opens (7.00am WST)	29 June 2017
Institutional Entitlement Offer settlement	6 July 2017
Issue and quotation of New Shares under Institutional Entitlement Offer	7 July 2017
Retail Entitlement Offer closes (5.00pm WST)	17 July 2017
Issue of New Shares under Retail Entitlement Offer (Retail Settlement Date)	24 July 2017
Quotation of New Shares under Retail Entitlement Offer	25 July 2017
Despatch of holding statements for New Shares under the Retail Entitlement Offer	26 July 2017

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors (subject to the agreement of the Underwriters) reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest in accordance with the Corporations Act.

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Kasbah Resources I am pleased to be able to provide you with the details of our previously announced rights issue, the proceeds of which will position your Company to achieve key milestones required for a decision to mine at our exciting Achmmach tin project in Morocco.

Approximately \$5.2 million will be raised by way of a 1 for 2 accelerated non-renounceable pro rata Entitlement Offer of new fully paid ordinary shares in Kasbah Resources (**New Shares**) at an offer price of \$0.015 per New Share (**Offer Price**). The offer comprises an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) that is now complete and a retail entitlement offer (**Retail Entitlement Offer**) to which this letter relates. Funds raised will be used for the final technical work on the Achmmach project.

As we indicated to the market via an ASX release on 15 June 2017, Kasbah recently commissioned AMC Consultants (**AMC**) to conduct an independent technical review of the Achmmach project.

The aim of the technical review was to receive independent assessment of the Definitive Feasibility Study and construction readiness of the Achmmach project, to identify opportunities for project optimisation, and to highlight areas for additional study required to de-risk the project.

AMC made a number of recommendations that will significantly enhance the Achmmach Tin Project, which is a great result for Kasbah, and these recommendations will be incorporated into the feasibility study, construction financing and the Board's decision to mine. We have now commenced a scope of works to address the key opportunities and enhancements identified by AMC.

As a result, the capital cost estimate and financial model for the Achmmach project will be revised and updated with the results released later this year. Kasbah is now entering the final stage of pre-development work which is expected to make the Achmmach project more attractive to potential investors and financiers.

Details of the Entitlement Offer

On 22 June 2017, Kasbah announced its intention to raise approximately \$5.2 million through the Entitlement Offer. The Institutional Entitlement Offer of this raising has now finished and has already raised approximately \$3.06 million. The balance of the raising is now underway through the Retail Entitlement Offer to which this Offer Document relates. The Retail Entitlement Offer is fully underwritten by Taylor Collison, and sub-underwritten by a number of other interested parties. For further details on the underwriting, please refer to Section 2.6.

The vast majority of funds raised will allow final technical work on the Achmmach Project to be completed resulting in an updated Definitive Feasibility Study which then will allow Kasbah to substantially progress funding discussions and ultimately facilitate a construction decision. Please refer to Section 1.5 for further details on the reasons for the Entitlement Offer.

The \$0.015 Offer Price for the Retail Entitlement Offer is the same price as the Institutional Offer and represents:

- a) a 0% discount to the 1 day vwap on 21 June 2017;
- b) a 7.14% premium to the last trading price on 21 June 2017;
- c) a 1.09% discount to the 5 day vwap on 21 June 2017;
- d) a 4.33% discount to the 10 day vwap on 21 June 2017; and
- e) a 16.96% discount to the 30 day vwap on 21 June 2017.

Shareholders have a number of options available to them under the Retail Entitlement Offer, the full details which are contained in this Offer Document, but in summary, you may:

- a) take up your full Entitlement;
- b) take up your full Entitlement and apply up to 200% of your Entitlement or \$2,000 worth (whichever is the greater);
- c) take up part of your Entitlement and allow the balance to lapse; or
- d) allow your full Entitlement to lapse.

As the Entitlement Offer is non-renounceable, Entitlements to any shares not taken up under the Entitlement Offer are not tradeable on the ASX or otherwise transferable.

The ability to take up additional New Shares is contingent on there being a shortfall. Preference will be given to existing Shareholders under the Retail Entitlement Offer compared to the underwriters up to the relevant limits. We are pleased to announce the continued support of major shareholder Pala as part of this raising. Not only has Pala already taken up its full Entitlement under the Institutional Entitlement Offer, they have agreed to further support the Entitlement Offer by sub-underwriting a portion of the Retail Entitlement Offer at no fee, such that its voting power following completion of the Entitlement Offer will not exceed 22.9%. I am also pleased to report that a number of Directors, including myself, have agreed to personally take up New Shares as part of a sub-underwriting up to an additional \$60,000, also at no fee. For full details on the allocation policy, please refer to Section 2.5.

Timing and Other Information

This Offer Document is an important document and I urge you to read the entire document carefully before making any investment decision. Of particular note is the risks section, which summarise some of the key risks associated with an investment in Kasbah. If you are uncertain about taking up your Entitlement you should consult your stockbroker, professional advisor, solicitor or accountant to discuss and evaluate your options. If you do not wish to take up any of your Entitlement, you do not have to take any action. This Offer Document, when sent to Eligible Retail Shareholders, contains a personalised Entitlement and Acceptance Form that will detail your Entitlement, options and provide payment and lodgement instructions.

If you decide to take up some, all or additional New Shares as part of the Entitlement Offer, you will need to lodge your personalised form and ensure that your application money is received by 5.00pm (WST) on 17 July 2017, as cleared funds, as per the instructions detailed in your personalised Entitlement and Acceptance Form.

This is an exciting time for Kasbah Resources. Our Achmmach Project is now in the final stages of optimisation and we expect to commence work on funding initiatives for construction at the conclusion of these activities. The Board believes that its current cash reserves and the funds raised from the Entitlement Offer will provide the Company with sufficient funding to complete the optimisation of the Definitive Feasibility Study, in parallel with progressing the construction financing package, both of which are key milestones to reach a decision to mine.

On behalf of your Directors, I commend the Entitlement Offer to you.

A handwritten signature in black ink, appearing to read 'John Gooding', enclosed within a large, loopy oval scribble.

Chairman
Kasbah Resources Limited
26 June 2017

1. DETAILS OF THE ENTITLEMENT OFFER

1.1 Background

On 22 June 2017 the Company announced that it was undertaking a fundraising initiative to raise a total of approximately \$5,206,043 (before costs).

Details of the Entitlement Offer are set out below.

The key purpose of the Entitlement Offer is to allow the Company to conduct pre-project development and financing activities for its Achmmach tin project.

1.2 Entitlement Offer

The Company is making a non-renounceable accelerated pro rata entitlement offer of New Shares at an issue price of \$0.015 each, on the basis of one New Share for every two Shares held on the Record Date, to raise approximately \$5,206,043 (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

The Entitlement Offer is comprised of two components:

- (a) **Institutional Entitlement Offer** - eligible institutional Shareholders were given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer were non-renounceable. This process was completed on 26 June 2017. Entitlements of eligible institutional Shareholders not taken up were sold through a bookbuild process.
- (b) **Retail Entitlement Offer** - Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Entitlements under the Retail Entitlement Offer are also non-renounceable.

At the Record Date, the Company expects to have 694,139,119 Shares on issue. Approximately 347,069,560 New Shares may be issued under the Entitlement Offer (subject to rounding).

All of the New Shares will rank equally with the Shares on issue at the date of this Offer Document. Refer to Section 2.14 for a summary of the rights attaching to New Shares.

Where the determination of the Entitlement of any Eligible Retail Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

This Offer Document is also for the offer of New Shares that are not applied for under the Entitlement Offer. Refer to Section 2.4 for further details of the Shortfall Offer.

1.3 The Institutional Entitlement Offer

On 26 June 2017, the Company successfully completed the Institutional Entitlement Offer to raise approximately \$3.06 million at an issue price of \$0.015 per New Share. New Shares are expected to be issued under Institutional Entitlement Offer on 7 July 2017.

1.4 The Retail Entitlement Offer

Eligible Retail Shareholders are being invited to subscribe for one New Share for every two Shares held on the Record Date at the Offer Price of \$0.015 per New Share.

The offer ratio and offer price for New Shares under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens on 29 June 2017 and will close at 5.00pm (WST) on 17 July 2017 (unless extended or withdrawn).

1.5 Reasons for the Entitlement Offer

The purpose of the Entitlement Offer is to allow the Company to conduct pre-project development and financing activities for its Achmmach tin project.

The Company will use the funds raised from the Entitlement Offer (after costs) for:

- (a) pre-project and financing activities associated with the development of the Achmmach tin project; and
- (b) working capital purposes.

The Company intends to apply the funds raised from the Entitlement Offer as follows:

Description	\$
Pre-project activities ¹	1,846,000
Project financing ²	1,287,000
Site costs	405,000
Working capital ³	1,293,000
Estimated costs of the Entitlement Offer	375,000
Total	5,206,000

¹Pre-project activities include costs associated with geotechnical drilling and design activities for finalising the Tailings Management Facility & Water Storage Dam, Process Plant and Infrastructure layout. Also works associated with the AMC Independent Technical Review around processing plant design and mine development analysis and the commencement of community resettlement activities (refer to the Company's ASX announcement titled 'Technical review identified opportunities to enhance flagship tin project' dated 15 June 2017 for further details).

²Project financing includes costs associated with financing due diligence, legal costs, travel and consultants.

³Working capital includes costs associated with staffing, office, corporate and administration.

The Board believes that its current cash reserves and the funds raised from the Entitlement Offer will provide the Company with sufficient funding to complete the optimisation of the Definitive Feasibility Study, in parallel with progressing the construction financing package, both of which are key milestones to reach a decision to mine.

The above table is a statement of the Board's intentions as at the date of this Offer Document. The allocation of funds set out in the above table may change depending

on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

1.6 Capital structure

On the basis that the Company completes Entitlement Offer, the Company's capital structure will be as follows:

	Number of Shares	Number of options ²
Balance as at the date of this Offer Document	694,139,119	6,500,000
To be issued under the Offers ¹	347,069,560	-
Total following Offers	1,041,208,679	6,500,000²

¹ Subject to rounding. Assumes no Shares are issued pursuant to the exercise of options.

² The Company intends to issue up to 3,000,000 options to Mr Keith Pollocks, the incoming Chief Financial Officer and Company Secretary as part of Mr Pollocks' remuneration arrangements. The terms of these options will be determined by the Board closer to the time of issue.

2. FURTHER DETAILS OF THE ENTITLEMENT OFFER

2.1 Minimum subscription

There is no minimum subscription for the Entitlement Offer. The Entitlement Offer is fully underwritten on the terms detailed in Section 2.6.

2.2 Entitlements and acceptance

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer is determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptance of a completed Entitlement and Acceptance Form and Application Monies by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If an Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

2.3 No rights trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Retail Entitlement Offer to any other party. If you do not take up your Entitlement by the Closing Date, the Retail Entitlement Offer to you will lapse.

2.4 Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Offer Document (**Shortfall Offer**).

Under this Offer Document, the Company offers to issue the Shortfall Shares to investors at \$0.015 each, being the same price as the New Shares being offered under the Entitlement Offer.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors (subject to the agreement of the Underwriters) reserve the right to extend the date that the Shortfall Offer closes by up to three months after the closing date of the Retail Entitlement Offer, without prior notice.

Eligible Retail Shareholders may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 3.1(b) for further details). Eligible Retail Shareholders will be able to apply for Shortfall Shares being the greater of up to 200% of their Entitlement or \$2,000 worth. See Section 2.5 for further details on the Shortfall allocation policy.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Closing Date.

2.5 Shortfall allocation policy

Unless otherwise agreed between the Company and the Underwriter, if there is a Shortfall, the Company will allocate Shortfall Shares according to the following priority:

- (a) Each Eligible Retail Shareholder who has applied for Shortfall Shares through the Shortfall Offer will be allocated a maximum number of Shortfall Shares, being the greater of up to 200% of their Entitlement or \$2,000, subject to the allocation not resulting in an Eligible Retail Shareholder's voting power in the Company increasing from 20% or below to more than 20%, or from a starting point that is above 20% and below 90% in breach of section 606 of the Corporations Act. If there is an oversubscription for Shortfall Shares, the Company will scale back allocations for Shortfall Shares pro rata between Eligible Retail Shareholders applying for Shortfall Shares.
- (b) If following the allocation in paragraph (a), there remains a Shortfall, those unallocated Shortfall Shares will then be allocated to the Underwriter in accordance with the Underwriting Agreement. The Underwriter intends to allocate these Shortfall Shares to its sub-underwriters (including Pala) on an equal basis.

2.6 Underwriting

The Entitlement Offer is fully underwritten by Taylor Collison Limited pursuant to the Underwriting Agreement.

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Shortfall Shares remaining after the Company has determined which New Shares it will issue in accordance with the allocation policy details in Section 2.5, at the issue price of \$0.015 each.

The obligations of the Underwriter with respect to the Retail Entitlement Offer are subject to a number of conditions precedent, including:

- (a) the Company issuing the New Shares pursuant to the Institutional Entitlement Offer;
- (b) the due diligence questionnaire provided by the Company to the Underwriter not being withdrawn, or varied without the prior written consent of the Underwriter (which consent may not be unreasonably withheld or delayed), on or prior to 9.30am on the Retail Settlement Date; and
- (c) the Underwriter receiving a certificate by not later than 8.30am on the Retail Settlement Date which contains statements confirming that the Company has complied with all obligations required by law in respect of the Offers, that the Company has complied with its obligations under the Underwriting Agreement, including that its representations or warranties remain true, correct and not misleading or deceptive, and no termination event under the Underwriting Agreement has occurred.

The Company has agreed to pay the Underwriter a management fee of 2% on the gross proceeds of the Offers and an underwriting fee of 4% on the gross proceeds of the Offers (excluding amounts committed by Pala and African Lion 3 Limited).

The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of the events described in Schedule 1 occurs at any time prior to the Closing Date.

The Underwriting Agreement also contains a number of representations and warranties from the Company and the Underwriter that are considered standard for an agreement of this type.

Pala Sub-Underwriting

The Underwriter and Pala have entered into a sub-underwriting agreement pursuant to which Pala has agreed to act as a sub-underwriter to the Entitlement Offer to subscribe for any Shortfall Shares allocated to it by the Underwriter. The sub-underwriting agreement provides that Pala will be allocated a maximum of 31,236,261 Shortfall Shares such that its relevant interest in the Company (following completion of the Entitlement Offer) will not exceed 22.9%. No fee is payable by the Underwriter to Pala in association with its sub-underwriting of the Entitlement Offer.

2.7 Substantial Shareholders

Two of the Company's substantial shareholders, Pala and African Lion 3 Limited, took up their Entitlement in full under the Institutional Entitlement Offer. African Lion 3 Limited also applied for, and was granted, an additional 6,400,000 Shares through the bookbuild process undertaken to place the Shares not taken up under the Institutional Entitlement Offer. This will result in African Lion 3 Limited increasing its stake in the Company from 12.56% (as at the date of this Offer Document) to 13.17% (following completion of the Entitlement Offer).

2.8 Dilution and potential effect on control

Shareholders should note that if they do not participate in the Retail Entitlement Offer, their holdings are likely to be diluted by the following percentages:

Example Shareholder	Holding as at Record Date	% as at record Date	Entitlement under Retail Entitlement Offer	Holding if Entitlement not taken up	% following allotment of New Shares
Shareholder 1	10,000	0.0014%	5,000	10,000	0.0010%
Shareholder 2	20,000	0.0029%	10,000	20,000	0.0019%
Shareholder 3	50,000	0.0072%	25,000	50,000	0.0048%
Shareholder 4	100,000	0.0144%	50,000	100,000	0.0096%

Pala

As at the date of this Offer Document, Pala is a substantial Shareholder and has a relevant interest in 138,133,684 Shares (constituting a voting power of 19.90%). Pala Investments has agreed to subscribe for its full Entitlement and sub-underwrite part of the Entitlement Offer, as described in Section 2.6.

The following table show the number of Shares held by, and approximate voting power of, the Company's substantial Shareholders after completion of the Offers, assuming different levels of acceptances by Eligible Retail Shareholders and that no

Eligible Retail Shareholders or other investors apply for additional shares under the Shortfall Offer.

Entitlement Offer assuming various levels of Shortfall

Substantial Shareholder	75% acceptance of Entitlements		50% acceptance of Entitlements		0% acceptance of Entitlements	
	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)
Pala	215,009,591	20.65%	222,818,657	21.40%	238,436,787	22.90%
International Finance Corporation	98,541,319	9.46%	98,541,319	9.46%	98,541,319	9.46%
African Lion 3 Limited	137,126,074	13.17%	137,126,074	13.17%	137,126,074	13.17%

If Eligible Retail Shareholders and investors (other than the Underwriter and Pala) take up Shortfall Shares, the proportion of New Shares that the Underwriter and Pala (and other sub-underwriters appointed by the Underwriter) will hold will decrease by the proportion of Shortfall Shares applied for under the Shortfall Offer.

None of International Finance Corporation, African Lion 3 Limited or any other Shareholder (or sub-underwriter) will increase their voting power in the Company to a point that is above 20% as a result of the Offers.

Pala may potentially increase its voting power in the Company to a point up to (but not exceeding) 22.9% as a result of the Offers.

Due to recent changes to the Board, the Directors do not currently have a relevant interest in any Shares in the Company, and therefore are not eligible to participate in the Entitlement Offer.

Three of the Directors and one alternate Director intend to support the Entitlement Offer by acting as sub-underwriters to the Entitlement Offer up to a maximum of \$15,000 each. The issue of New Shares to the Directors pursuant to their sub-underwriting commitments will not require Shareholder approval pursuant to Listing Rule 10.11 as exception 2 of Listing Rule 10.12 will apply. No fee is payable by the Underwriter to any Director in association with their sub-underwriting of the Entitlement Offer.

2.9 Ineligible Shareholders

No Offer will be made to Shareholders with a registered address outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Offers to the Ineligible Shareholders due to a small number of such Shareholders and the number and value of New Shares these Shareholders would be offered, the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa and Hong Kong, and the administrative burden that will place on the Company in making the Offers available to Shareholders outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa and Hong Kong.

This Offer Document and the Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In order for Eligible Retail Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Entitlement Offer, for the Underwriters to underwrite and for Pala to sub-underwrite part of the Entitlement Offer to the extent agreed, even if to do so would result in such persons acquiring a relevant interest exceeding 20% of the issued share capital of the Company (on a post Entitlement Offer basis), the Company must comply with section 615 of the Corporations Act. In order to comply with section 615 of the Corporations Act, the Company will appoint a nominee approved by ASIC (**Nominee**) to subscribe for the New Shares that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will, at the issue price of \$0.015, issue to the Nominee, the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Shares**);
- (b) the Nominee will then sell the Nominee Shares at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Shares at any particular price or the timing of such sale.

2.10 Opening and closing dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Eligible Retail Shareholders from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors (subject to the agreement of the Underwriters) shall determine, subject to the Listing Rules.

A completed Application Form, or payment made by BPAY®, must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Eligible Retail Shareholders to ensure that their Application Form or BPAY® payments are received by the Company on or before the Closing Date.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors reserve the right (subject to the agreement of the Underwriters) to extend the date that the Shortfall Offer closes by up to three months after the Closing Date, without prior notice.

2.11 Issue and Dispatch

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

The issue of New Shares and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

2.12 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned without interest in accordance with the Corporations Act if the New Shares are not issued.

2.13 Application Forms and BPAY® payments

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Application Form as valid and how to construe, amend or complete the Application Form is final.

2.14 Rights and liabilities attaching to New Shares

The New Shares will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The Company does not currently intend to pay any dividends. Payment of dividends by the Company will be at the discretion of the Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs.

2.15 ASX quotation

Application will be made to ASX no later than seven days after the date of this Offer Document for Official Quotation of the New Shares. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Offer Document (or such period as the ASX allows), no New Shares will be issued or allotted under the Offers and the Company will return all Application Monies without interest in accordance with the Corporations Act.

ASX takes no responsibility for the contents of this Offer Document. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the New Shares.

2.16 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.17 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.kasbahresources.com or the ASX website www.asx.com.au.

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the websites of the Company and ASX.

2.18 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.19 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company detailed in Section 4, Eligible Retail Shareholders should be aware that an investment in the New Shares should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Offer Document in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 4), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.20 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

2.21 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2.22 Cleansing Statement

The Company lodged a Cleansing Statement with ASX on 22 June 2017. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

2.23 Enquiries concerning Offer Document or Entitlement and Acceptance Form

If you have any questions in relation to this Offer Document or the Entitlement and Acceptance Form, please contact the Company Secretary of Kasbah, Trevor O'Connor, on +61 8 9463 6651.

3. ACTION REQUIRED BY APPLICANTS

3.1 Eligible Shareholders

Your entitlement to participate in the Retail Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Retail Shareholders are entitled to is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may:

- accept all of your Entitlement (refer to Section 3.1(a));
- accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares (refer to Section 3.1(b));
- accept part of your Entitlement and allow balance to lapse (refer to Section 3.1(c));
- allow all of your Entitlement to lapse (refer to Section 3.1(d)).

(a) Acceptance of ALL of your Entitlement under the Entitlement Offer

If you wish to accept your Entitlement in full, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.015 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Deliver Address
<i>Kasbah Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001</i>	<i>Kasbah Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138</i>

(b) Acceptance of ALL of your Entitlement and applying for Shortfall Shares

If you wish to accept your Entitlement in full and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.015 per New Share accepted under the Entitlement Offer and applied for under the Shortfall Offer). As described in Sections

2.4 and 2.5, you can apply for Shortfall Shares equal to the greater of up to 200% of your Entitlement or \$2,000 worth. Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Deliver Address
<i>Kasbah Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001</i>	<i>Kasbah Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138</i>

(c) Acceptance of PART of your Entitlement and allowing the balance to lapse

If you wish to accept part of your Entitlement and allow the balance to lapse, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.015 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Deliver Address
<i>Kasbah Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001</i>	<i>Kasbah Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138</i>

(d) Allowing all of your Entitlement to lapse

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept your Entitlement, however, your percentage holding in the Company will be diluted.

(e) Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement, please contact the Company Secretary of Kasbah, Trevor O'Connor, on +61 8 9463 6651.

3.2 Ineligible Shareholders

If you are an Ineligible Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 2.9 for treatment of Ineligible Shareholders.

3.3 Payment

The offer price of New Shares under the Offers is \$0.015 per New Share.

Application Monies must be received by the Company by 5.00pm (WST) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Kasbah Resources Limited' and crossed 'Not Negotiable'.

Eligible Retail Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY® must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Retail Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of Eligible Retail Shareholders to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

3.4 Representations by Applicants

By completing and returning an Application Form or by paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and the Application Form, you:

- (a) if participating in the Retail Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Offer Document and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form at the issue price of \$0.015 per New Share;

- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Retail Entitlement Offer, declare that you were the registered holder at 5.00pm (WST) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5.00pm (WST) on the Record Date;
- (k) acknowledge and agree that determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and/or the Lead Manager;
- (l) acknowledge the statement of risks in Section 4 and that an investment in the Company is subject to risk;
- (m) represent and warrant (for the benefit of the Company, the Lead Manager and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (n) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Retail Entitlement Offer, that you are eligible to do so;
- (o) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (p) understand and acknowledge that the New Shares have not been, nor will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (q) agree not to send this Offer Document, an Application Form or any other material relating to the Offers to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States;
- (r) agree that if in the future you decide to sell or otherwise transfer your New Shares you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a person in the United States;
- (s) represent and warrant that if you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;

- (t) represent and warrant that if you (or any person for whom you are acquiring the New Shares) are domiciled in South Africa, you (and any such person) are included in the categories of persons pertaining to 'offers that are not offers to the public' as contained in section 96(1) of the South African Companies Act 2008 and, as such, you are not a person in respect of which the prospectus requirements of the South African Companies Act apply; and
- (u) represent and warrant that if you (or any person for whom you are acquiring the New Shares) are in Switzerland, you (and any such person) are an institutional investor (i) subject to Swiss or foreign prudential supervision such as a bank, securities dealer, insurance institution or fund management company or (ii) with professional treasury operations.

3.5 Brokerage

No brokerage or stamp duty is payable by Eligible Retail Shareholders who accept their Entitlement.

4. RISKS

4.1 Introduction

The New Shares are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Offer Document, before deciding whether to accept their Entitlement or otherwise apply for New Shares.

The following list of risks ought not to be taken as an exhaustive list of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

4.2 Specific investment risks

(a) Nature of mineral exploration and mining

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties, these include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire explosions and other incidents beyond the control of the Company.

For example, unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in the Company not receiving an adequate return on invested capital.

The Company's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of minerals, including:

- (i) unusual and unexpected geologic formations;
- (ii) seismic activity;

- (iii) rock bursts;
- (iv) cave-ins or slides;
- (v) flooding
- (vi) periodic interruptions due to inclement or hazardous weather conditions; and
- (vii) other conditions involved in the drilling and removal of material,

any of which could result in damage to, or destruction of, mines and other production facilities, personal injury or deaths, damage to property, environmental damage and possible legal liability. Milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

(b) Future capital requirements

Kasbah will require additional financial resources to continue funding its future expansion and the development of its projects. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to Kasbah or Shareholders. Kasbah may in the future raise additional funds through public or private financing.

If additional funds are raised through the issue of equity securities, the percentage ownership of the current Shareholders may be reduced and such securities may, subject to requisite Shareholder approval, have rights, preferences or privileges senior to those of the holders of Kasbah's securities then in issue.

If adequate funds are not available to satisfy either short or long-term capital requirements, Kasbah may be required to limit its operations significantly.

(c) Commodity price volatility

Revenues of the Company will predominantly be derived from the sale of tin concentrates. Consequently, any future earnings of the Company are likely to be closely related to tin. Commodity prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other foreign currencies, global and regional supply and demand, and political and economic conditions. The price of tin and other base metals has fluctuated widely in recent years, and future price declines could cause any future development and commercial production to be impracticable. Depending on the price of tin and other base metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue any development.

(d) Joint ventures

The Achmmach tin project is the subject of joint venture arrangements with other mining companies and will be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse effect on the viability of the Company's interest held through the joint

venture, which could have a material adverse effect on the Company's future growth, results of operations and financial conditions:

- (i) inability to exert influence over certain strategic decisions made in respect of the Achmmach tin project;
 - (ii) a joint venture participant having economic or business interests or goals that are, or become, inconsistent with the Company's business interests or goals;
 - (iii) bankruptcy of a joint venture participant;
 - (iv) disagreement with joint venture participants on how to develop and operate the Achmmach tin project efficiently;
 - (v) inability of participants to meet their obligations to the joint venture or third parties; and
 - (vi) litigation between participants regarding joint venture matters.
- (e) Infrastructure, energy and commodity risk

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's inability to secure adequate water and power resources, as well as other events outside of the Company's control, such as unusual or infrequent weather phenomena, sabotage, community, or government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations, financial condition and results of operations.

- (f) Sovereign risk

The Achmmach tin project is located in the North African Kingdom of Morocco. The Company has long standing relationships with key government stakeholders. Irrespective of these long standing relationships, the Company may be affected by possible political or economic instability in Morocco. There can, for example, be no assurance that future political and economic conditions in Morocco will not result in the government adopting policies respecting foreign ownership and development of interests in mineral resources.

The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in Morocco may prevent, hinder or delay the Company's business activities and render the Project unprofitable by preventing or impeding future property exploration, development or mining. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization of property or businesses, expropriation of property, maintenance claims, environmental legislation, land use, land claims of local people, water use and mine safety.

All of these factors are inherent with any mining investment in any jurisdiction and may, in the future, adversely affect the financial performance of the Company and the market price of its securities. No assurance can be given regarding future stability in Morocco or any other country in which the Company has an interest.

(g) Key Personnel Risk

The Company's success will be largely dependent upon the performance of its key officers, employees and consultants. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The Company's success will largely be dependent on the performance of its key personnel. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

(h) Ore Reserves, Mineral Reserves and Mineral Resource estimates

The figures for Ore Reserves, Mineral Reserves and Mineral Resources are estimates only and no assurance can be given that the anticipated tonnages and grade will be achieved, that the indicated level of recovery will be realised or that Ore Reserves or Mineral Reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating Ore Reserves, Mineral Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Ore Reserves and Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that tin recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

(i) Licences and permits

Exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted often depends on the Company being successful in obtaining statutory approvals for the proposed activities and that the licences, concessions, leases, permits or regulatory consents the Company holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

In addition, there are risks attached to exploration and mining operations in a developing country which are not necessarily present in a developed country. These include economic, social or political instability or change, hyperinflation, currency instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties as well as government control over mineral properties. Any future material adverse changes in government policies, representatives or legislation that affect

foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company's rights to title or tenure.

(j) Competition

The mining industry is intensely competitive in all of its phases and the Company will compete with many companies possessing greater financial and technical resources than the Company. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop and operate such properties, the labour to operate the properties, and the capital for the purpose of funding such properties. Many competitors not only explore for minerals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

(k) Environmental Risk

The exploration for minerals, development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If the Company is responsible for any environmental damage, the Company may incur substantial remediation costs or liabilities to third parties.

The Company is involved in operations that are subject to environmental and safety regulation (including regular environmental impact assessment and permitting). This includes a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which the Company may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the Company.

(l) Insurance

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position. In addition, the

potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position.

(m) Dividends

Payment of future dividends by the Company will be at the discretion of the Company's Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs. As a result, shareholders may have to rely on capital appreciation, if any, to earn a return on investment in the Company in the foreseeable future. Furthermore, the Company may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends.

(n) Changes in government policies and legislation

Any material adverse changes in government policies or legislation of Morocco, or any other country where the Company may acquire economic interests, may affect the viability and profitability of the Company.

Changes in relevant tax, legal and administrative regimes and government policies in Morocco may adversely affect the financial performance of the Company.

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupation health, mine safety, toxic substances, land use and other matters. Many of these laws require government approvals, licences and permits. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned activities.

Future earnings and asset values may be affected by changes in law and government policy in Morocco and in particular changes to taxation law (including, as relevant, stamp duty and goods and services tax, or their local equivalent).

(o) Currency risk

Currency fluctuations will affect the cash flow that the Company may realise from its operations, as mineral production will be sold in the world market in US\$. Currency fluctuations will also have an effect on exploration and development costs. Costs will be denominated in currencies other than US\$, for example the Dirham, which is the national currency of Morocco where the Achmmach tin project is based. The Company may also be subject to fluctuations in the foreign currency exchange rates between the United States dollar, and the Australian dollar. Fluctuations in exchange rates that the Company is exposed to will cause fluctuations in its financial results, which are not necessarily related to the Company's underlying operations.

(p) Conflict of interest

Certain of the Company's directors are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in companies, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors may conflict with the Company's interests. The Company's directors with conflicts of interest must be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(q) Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to its business. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs associated with litigation can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process and dealings with the regulatory bodies, there can be no assurance that the resolution of any particular legal or regulatory proceeding will not have a material adverse effect on the Company's future cash flow, results of operations or financial condition.

4.3 General investment risks

(a) Price of Shares

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- (i) fluctuations in the domestic and international markets for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- (iii) fiscal, monetary or regulatory policies, legislation or regulation;
- (iv) inclusion in or removal from market indices;
- (v) the nature of the markets in which the Company operates;
- (vi) general operational and business risks;

- (vii) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (viii) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

(b) Tax law and application

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries in which the Company operates) and / or any changes in tax rules and tax arrangements (again in Australia or other countries in which the Company operates) may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(c) Force majeure events

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(d) Accounting standards

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(e) Shareholder dilution

In the future, the Company may elect to issue further Shares in connection with fundraisings, including to raise proceeds for acquisitions. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(f) Future acquisitions and joint ventures

From time to time the Company may undertake acquisitions or enter into joint ventures consistent with its stated growth strategy. The successful implementation of acquisitions or joint ventures will depend on a range of factors including funding arrangements, cultural compatibility and integration. To the extent acquisitions are not successfully integrated with the Company's business, the financial performance or prospects of the Company could be negatively affected. Depending on a range of factors at the time of any future acquisition or entry into a joint venture, including the Share price, the Company's financial position and performance and the nature of the acquisition, the Company may decide that it is in the best interests of the Company and Shareholders to fund the acquisition through the issue of further Shares. If this were to occur, Shareholders may be diluted.

The Australian Competition and Consumer Commission is responsible for administering Australia's competition laws. Equivalent regulators exist in many foreign jurisdictions in which the Company has operations or material customers or suppliers. Potential acquisitions may be restricted if they would have, or would be likely to have, the effect of substantially lessening competition in a market. This may constrain the Company's growth strategy, from time to time.

Acquisitions, joint ventures or partnerships may have a significant impact on capital and operating expenditure, particularly in establishment or expansion phases. There may be a delay until any anticipated revenue for the acquisition or expansion impacts the Company's financial input, so that expenditure has an adverse impact on results in the interim.

(g) Expected future events may not occur

Certain statements in this Offer Document constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this Offer Document, that a particular outcome or future event is guaranteed.

(h) Trading in Shares may not be liquid

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market or the Shares

become illiquid, the Shareholders will be unable to realise their investment in the Company.

(i) General economic and financial market conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for the Company's products and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

4.4 Investment highly speculative

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.

5. GLOSSARY

In this Offer Document, unless the context otherwise requires:

\$ means Australian dollars.

AAS has the meaning given to that term in Section 4.3(d).

AASB means the Australian Accounting Standards Board.

Applicant means a person who submits Application Form.

Application means a valid acceptance of New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or a valid application for Shortfall Shares under the Shortfall Offer made pursuant to an Entitlement and Acceptance Form or a Shortfall Application Form (as applicable).

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CHESS means ASX Clearing House Electronic Subregistry System.

Cleansing Statement means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means the date referred to as such in the Indicative Timetable.

Company or **Kasbah** means Kasbah Resources Limited ACN 116 931 705.

Constitution means the constitution of the Company as at the date of this Offer Document.

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

Director means a director of the Company.

Eligible Retail Shareholder means a person who:

- (a) is a Shareholder at 5.00pm (WST) on the Record Date;
- (b) has a registered address in Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong as recorded with the Share Registry as at the Record Date;

- (c) is not in the United States, and is not acting for the account or benefit of a person in the United States (to the extent such person holds ordinary shares of the Company for the account or benefit of such person in the United States); and
- (d) was not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and was not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer.

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Offer Document, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to that term in Section 1.2 (and, for the avoidance of doubt, includes the New Shares to be issued to the Nominee).

Indicative Timetable means the indicative timetable on page vii of this Offer Document.

Ineligible Shareholder has the meaning given to that term in Section 2.9.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Lead Manager means Taylor Collison Limited.

Listing Rules means the official listing rules of ASX.

New Share means a Share offered pursuant to this Offer Document.

Nominee has the meaning given to that term in Section 2.9.

Nominee Shares has the meaning given to that term in Section 2.9.

Offer Document means this offer document dated 26 June 2017.

Offers means the Entitlement Offer and Shortfall Offer.

Official Quotation means quotation of Shares on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Pala mean Pala Investments Limited.

Record Date means the date referred to as such in the Indicative Timetable.

Retail Entitlement Offer means the offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

Retail Settlement Date means the date referred to as such in the Indicative Timetable.

Schedule means the schedule to this Offer Document.

Section means a section of this Offer Document.

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

Shareholder means a registered holder of Shares.

Share Registry means Link Market Services Limited.

Shortfall means the New Shares not applied for under the Retail Entitlement Offer.

Shortfall Application Form means the application form attached to, or accompanying this Offer Document, to be used for the purposes of applying for Shortfall Shares under the Shortfall Offer.

Shortfall Offer has the meaning given to that term in Section 2.4.

Shortfall Shares means the New Shares constituting the Shortfall.

Underwriter means Taylor Collison.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 22 June 2017.

Schedule 1 - Underwriter Termination Events

1. Absolute Termination Events

The Underwriter may terminate the Underwriting Agreement if any one or more of the following events occurs:

- (a) **(ASX approval)** unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success or settlement of the Offers) by ASX for official quotation of the New Shares is refused or is not granted or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Offers) or withdrawn;
- (b) **(Listing)** the Company ceases to be admitted to the official list of ASX or the Shares are suspended, from trading on, or cease to be quoted on ASX;
- (c) **(Insolvency)** the Company or a Material Group Member is insolvent or there is an act or omission, or a circumstance arises, which will result in the Company or a Material Group Member becoming insolvent;
- (d) **(Withdrawal)** the Company withdraws all or any part of the Offers without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (e) **(Information Documents)** The Information Documents omit any material information required by the Corporations Act or any other applicable law, contains a statement which is or becomes misleading or deceptive or is likely to mislead or deceive or otherwise fails to comply with the Corporations Act;
- (f) **(Illegality)** There is an event or occurrence, including any statute, order, rule or regulation or order of any Government Agency which makes it illegal for the Underwriter to satisfy an obligation under this agreement to underwrite any of the New Shares;
- (g) **(ASIC)** ASIC:
 - (i) makes an application for an order under Part 9.5 in relation to the Offers or the Information Documents;
 - (ii) commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offers or the Information Documents;
 - (iii) holds, or gives notice of an intention to hold, a hearing or investigation in relation to the Offers or the Company; or
 - (iv) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Offers; or
- (h) **(Market fall)** at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the date of the Underwriting Agreement and falls to a level that is at or below that 90% level for at least 2 consecutive business days.

2. Qualified Termination Events

If the Underwriter has reasonable grounds to believe and does believe that one of the following events:

- (a) has or is likely to have a materially adverse effect on the success of, ability of the Underwriter to market, or settlement of, the Offers (irrespective of whether or not the Offers have opened); or
- (b) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any law or regulation,

the Underwriter may terminate the Underwriting Agreement. The events are as follows:

- (a) **(Disqualification)** a director of the Company is disqualified from managing a corporation under Part 2D.6;
- (b) **(Prosecution)** a director, the chief executive officer or the chief financial officer of the Company commits an act of fraud or is charged with an indictable offence relating to any financial or corporate matter;
- (c) **(Certificate)** a certificate which is required to be given by the Company under this agreement as detailed in Section 2.6(c);
- (d) **(Compliance with regulatory requirements)** the Company fails to comply with the Listing Rules, the Corporations Act, or other applicable laws;
- (e) **(Suspension or limitation on trading)** trading in all securities quoted or listed on ASX is suspended or limited for one or substantially all of a day on which that exchange is open for trading;
- (f) **(Moratorium)** a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
- (g) **(Hostilities)** the outbreak of hostilities not presently existing (whether war has been declared or not), or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, United States of America, Japan, United Kingdom or any member state of the European Union;
- (h) **(Breach)** the Company breaches or fails to perform or observe any of its obligations or undertakings under this agreement;
- (i) **(Warranties)** a representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
- (j) **(Change in management)** there is a change (or a change is announced) in the directors, the chief executive officer or the chief financial officer of the Company, other than one which has already been disclosed to ASX before the date of the Underwriting Agreement;
- (k) **(Prescribed Occurrence)** a Prescribed Occurrence in respect of the Company occurs during the Offer Period, other than:

- (i) as contemplated by the Underwriting Agreement; or
 - (ii) as permitted with the Underwriter' written consent, which consent may not be unreasonably withheld or delayed;
- (l) **(Supplementary disclosure under ASIC instrument)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) (as modified by ASIC Instrument 2016/84);
- (m) **(Cleansing Statement)** the cleansing statement issued pursuant to section 708AA(2)(f) and 708AA(7) (as modified by ASIC Instrument 2016/84) is defective within the meaning of section 708AA(11) (as modified by ASIC Instrument 2016/84), or a notice is issued or is required to be issued under sections 708AA(10) (as modified by ASIC Instrument 2016/84) to correct the cleansing statement;
- (n) **(Timetable)** any event specified in the Indicative Timetable is delayed for 5 or more Business Days without the prior written approval of the Underwriter;
- (o) **(Change in law or policy)** there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency adopts a major change in monetary or fiscal policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that a law or any new regulation will be introduced or such a change in policy adopted (as the case may be), any of which does or in the reasonable opinion of the Underwriter is likely to prohibit or adversely affect the Offers, capital issues or stock markets;
- (p) **(Adverse change)** there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the business, assets, liabilities, financial position or performance, operations or prospects of the Company or the Group including any material adverse findings from the AMC Review (in so far as the position in relation to any Group Member materially affects the overall position of the Company), except that no change or effect resulting from any of the following will be deemed, either alone or in combination, to constitute a material adverse change;
- (i) a change in the price of crude oil or natural gas;
 - (ii) general economic, political or financial market conditions (including changes in interest rates, foreign exchange rates, commodity prices and tax rates); and
 - (iii) changes in conditions generally affecting the industry or industries in which the Company operates;
- (q) **(Debt facilities):**
- (i) a Group Member breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party; or
 - (ii) an event of default or review event has resulted in a lender or financier exercising its rights to accelerate or require repayment of the debt or financing or other similar event occurs under or in

respect to any such debt or financing arrangement or related documentation;

- (r) **(Forward looking statements)** any statement made by the Company prior to Settlement which relates to future matters is or becomes incapable of being met; or
- (s) **(Capital structure)** the Company alters its capital structure without the prior written consent of the Underwriter including, without limitation, a share consolidation.

3. Company's Termination Events

Company may at any time by notice given to the Company, and without any cost or liability, immediately terminate the Underwriting Agreement if any one or more of the following events occurs or has occurred in the period from (and including) the date of this agreement to Completion:

- (a) **(Default)**: The Underwriter defaults on its obligations under this agreement that is not remedied within 5 Business Days after written notice by the Company; or
- (b) **(Incorrect or untrue representation)**: Any representation, warranty or undertaking given by the Underwriter in this Agreement is or becomes untrue or incorrect.

4. Glossary

In this Schedule, unless the context otherwise requires:

Completion will occur when all of the New Shares to be issued by the Company under the Offers have been issued.

Governmental Agency means a government, government department or any governmental, semi-governmental or judicial entity or authority, including a stock exchange or a self-regulatory organisation established under statute.

Information Documents means:

- (a) the ASX announcement by the Company regarding the launch of the Entitlement Offer;
- (b) the Entitlement and Acceptance Forms;
- (c) the Cleansing Notice;
- (d) this Offer Document and any supplementary Offer Document; and
- (e) all other communications with Shareholders, nominees and other parties approved or authorised by or on behalf of the Company in connection with the Entitlement Offer.

Material Group Member means the Company and Atlas Tin SAS.

Offer Period means the total period for which the Offers are open as set out in the Timetable.

Prescribed Occurrence means the events specified in paragraphs (a) to (h) of subsection 652C(1) in the *Corporations Act 2001* (Cth) as if references to 'the target' were replaced by references to 'the Company'.

Settlement means the date and time specified as such in the Indicative Timetable.

