



28 January 2016

ASX CODE: KAS

OUR PRIME COMMODITY IS
TIN

LME TIN PRICE (27/01/16)

US\$14,075/t
(CASH BUYER)

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY (75%) AND IT'S JOINT VENTURE PARTNERS TOYOTA TSUSHO CORP (20%) AND NITTETSU MINING CO. (5%) ARE ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT

CAPITAL STRUCTURE

SHARES ON ISSUE:	556M
UNLISTED OPTIONS:	0.5M
CASH @ 31/12/15:	\$2.6M

MAJOR SHAREHOLDERS

WORLD BANK (IFC)	17.7%
AFRICAN LION GROUP	15.7%
THAISARCO	5.6%
TRAXYS	5.3%

CONTACT US

☎: +61 8 9463 6651

✉: info@kasbahresources.com

🌐: www.kasbahresources.com

📱: [@kasbahresources](https://twitter.com/kasbahresources)

DECEMBER 2015 QUARTERLY REPORT



Kasbah Resources Limited (ASX: KAS) is pleased to report its activities for the December 2015 Quarter. The highlights include:

- The Small Start Option (SSO) pre-feasibility study continues to progress positively. The SSO is a high grade, low capital development option for Achmmach tailored to a lower commodity price environment where resource project funding is more challenging.
- In response to spot tin prices falling to US\$13,215 / t, major Chinese tin smelters announced plans to reduce refined tin production by 17,000 t in 2016 - subsequently LME spot tin price corrected and moved back above US\$14,000 / t.
- Cash position at 31 December is **\$2.6M**.

Wayne Bramwell, Managing Director of Kasbah Resources said:

"Kasbah has taken a proactive approach to enhance shareholder value with the SSO and has been able to use the detailed cost and design work previously undertaken to define an alternative development solution.

The SSO is a staged, higher grade and lower capital development scenario for Achmmach more suited to current market conditions. "

DECEMBER QUARTERLY REPORT

Kasbah Resources Limited (Kasbah or the Company) is pleased to provide this update to the market.

PROJECT DEVELOPMENT UPDATE

▪ **Achmmach Tin Project (75% Kasbah, 20% Toyota Tsusho Corp, 5% Nittetsu Mining Co. Ltd)**

During the quarter Kasbah advanced the Small Start Option (SSO) for the Achmmach Tin Project through pre-feasibility assessment (PFS). **The Small Start Option (SSO) for the Achmmach Tin Project is a lower capital, high grade development opportunity more suited to a lower commodity price and challenging funding environment.**

The SSO PFS builds upon the 2015 Enhanced Definitive Feasibility Study (EDFS) by using data and assumptions current as at Q4 2015. The 2015 EDFs (released 18 March 2015) encapsulated a 1.0 Mtpa underground operation and processing facility treating run of mine ore at an average grade of 0.77% Sn. This lower grade but higher capital development model for Achmmach is appropriate for LME Sn prices above US\$18,000 / t.

The 2016 SSO PFS model being progressed has revised the scale of the project down to initially mining and processing 0.5 Mtpa ore grades of >1.0% Sn for the first 5 years. After this first stage a modular process plant would be expanded from 0.5 Mtpa to 0.75 Mtpa capacity and treat run of mine ore containing approximately 0.8% Sn for the additional 5-7 years of mine life (stage 2).

Importantly, this two stage, lower capital development approach increases operational flexibility without impacting negatively on the long term integrity of the mineable Achmmach resource.

As such the planned SSO will incorporate:

- **Adopting a staged approach to mining** - increasing mine cut off-grade in the early years to raise run of mine ore grades to approximately **1.06% Sn** for the first 5 years;
- **Simplified mine design** – with respect to mine fill, ventilation and access to lower Eastern Zone;
- **Contract mining and crushing** – engaging experienced third parties to provide these services removes the mine fleet and surface crushing capital requirements from pre-production capital costs;
- **Increased metallurgical recovery** – higher run of mine grades in the early years facilitate metallurgical recovery rising to 74.5% under this model;
- **Modular plant design** – reduces processing capital and power requirements, construction complexity and installation costs; and
- **Reduction in surface infrastructure** - due to project scale and fit for purpose design philosophy.

These changes in mine operation and construction methodology are likely to have the additional benefit of reducing construction, ramp up and operational risks to ensure stronger cash flow and mitigate financial risk in the critical early years of the project.

The Achmmach Tin Joint Venture partners met in late December 2015 to review the progress of the SSO. All parties have endorsed the SSO philosophy and after a final review, PFS project economics will be reported during February 2016.

TIN MARKET OVERVIEW

Metal markets continued to deteriorate throughout the quarter. LME tin was a poor performer in 2015 (Figure 1) and this trend continued into early January 2016 with tin testing 9 year lows at below US\$14,000 / t.

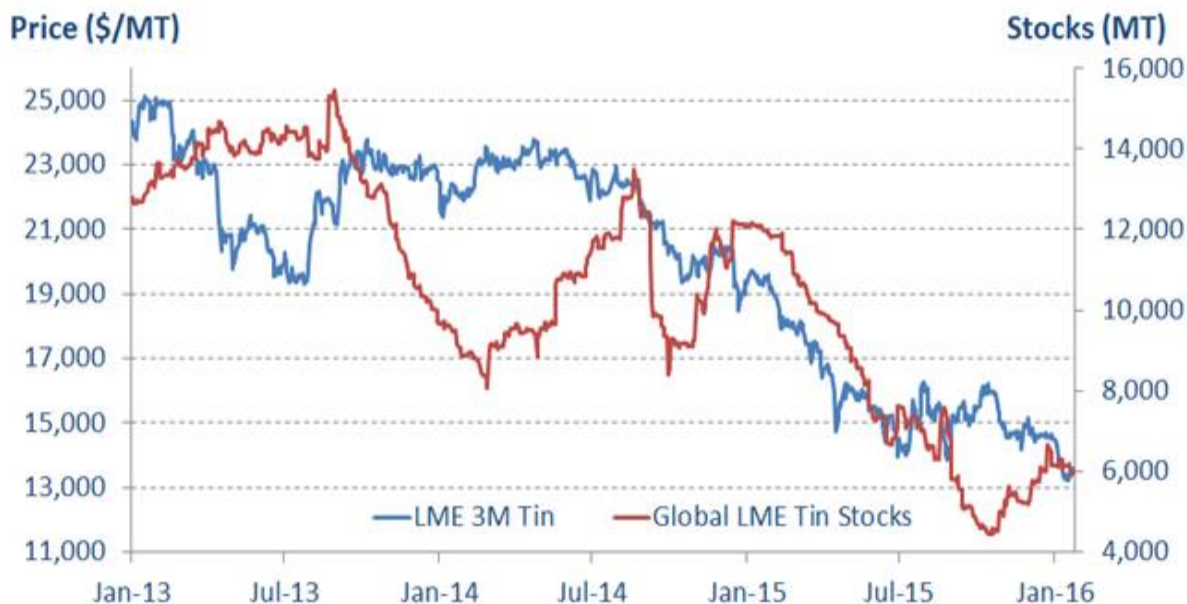


Figure 1: LME Tin Price vs. LME Tin stocks – Jan 2013 to Jan 2016

(Source: TMT Tin Market Report 26 Jan 2016)

On 20 January 2016, in a statement reported by Bloomberg, nine Chinese tin smelters including the largest producer Yunnan Tin Co, announced a cut in 2016 refined tin production by 17,000 metric tons.

These companies, including Yunnan Cheng Feng Non-ferrous Metals Co. and Guanqxi Chine Tin Group Co. represent more than 80% of the country’s refined tin output with these actions signalling a significant move by the world’s largest refined tin producing country to try to redress the decline in tin price. Current LME tin prices are at levels not seen since 2009. In the release the Chinese smelters stated that **“the market is detached from fundamentals”** with the smelters calling upon the government to buy tin reserves in a proactive way.

In the same Bloomberg release additional supply restrictions were forecast:

“Supply from the South east Asian country (Indonesia) could be further constrained if an offshore mining permit for PT Timah, the biggest producer, is withdrawn”.

Indonesia is the second largest tin producer in the world with PT Timah the largest single tin producer within Indonesia. Recent reports from Indonesia report that more than 70% of all Indonesian tin is now sourced from offshore tin dredging. This type of operation impacts the seafloor and the marine environment and as such there is growing environmental opposition to this type of tin mining from tin rich areas such as Bangka-Belitung.

The tin market supply and demand picture is changing rapidly with these recent market announcements pushing the LME tin price back above US\$14,000 / t. As such Kasbah’s prime focus remains to advance lower capital development scenarios for the Achmmach Tin Project such that once the market equilibrates at sustainable prices, Achmmach is positioned to begin operations.

EXPLORATION

Kasbah’s exploration activities for the December Quarter are summarised below.

▪ **Morocco Regional Exploration**

During Q4 15 Kasbah relinquished five permits following disappointingly low geochemical survey results:

- Zaer Granite project: – PR2138000, 001, 002
- Smaa-Oulmes Fault Zone Project: - PR2138066, 067

Stream sediment sampling in the Ment Granite Project area returned few results greater than 100 ppm Sn across PR1939821, -822 and -809. Geochem survey samples were taken from PR2138098 (Hamada Minerals “DAM”) tenement and submitted for analysis during the quarter. Early surveys by the BRPM identified tin prospectivity in the Oued Beht river valley.

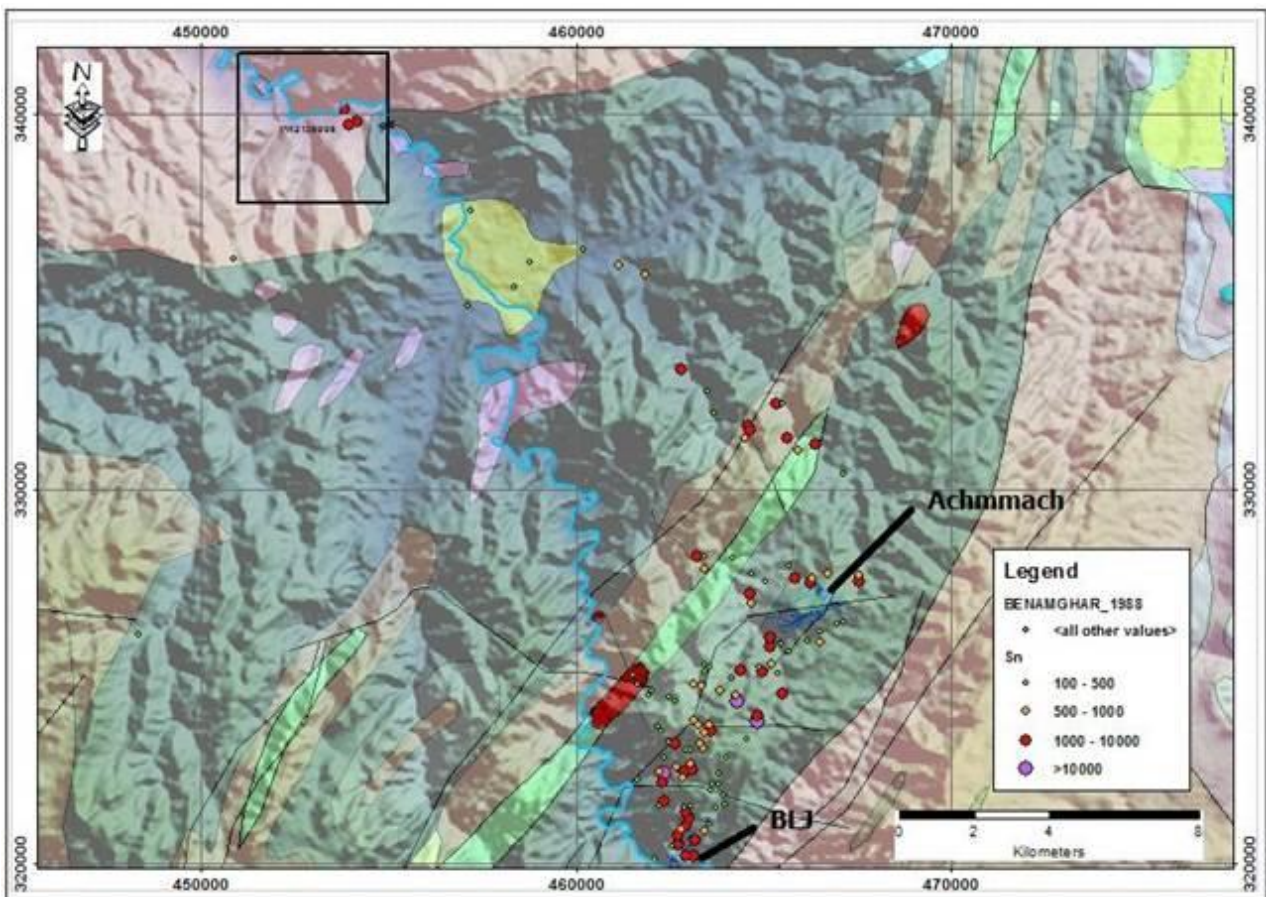


Figure 2: Geochemistry Traces from PR2138098

▪ **Central African Tin Strategy - Rwanda**

During the quarter Kasbah terminated its investigations in Rwanda to focus on the Achmmach SSO.

CORPORATE

During the Quarter Kasbah made the following significant ASX releases:

- 16 October September Quarterly Report;
- 21 October Kasbah Annual Report and Notice of AGM; and
- 20 November Chairman's AGM Address and Managing Directors Presentation
- 20 November AGM Results.

These releases can be viewed at www.kasbahresources.com.

▪ Cash Reserves

Cash reserves at 31 December 2015 were **\$2.6M**.

LOOKING FORWARD

Kasbah will continue to advance the Achmmach SSO and anticipates a separate market update on the SSO PFS economics during February 2016.

For and on behalf of the Board



Wayne Bramwell
Managing Director

For further information please go to:

Or email:

Follow us on twitter

www.kasbahresources.com

info@kasbahresources.com

[@kasbahresources](https://twitter.com/kasbahresources)

ABOUT KASBAH RESOURCES

Kasbah Resources Limited (Kasbah) is an Australian listed mineral exploration and development Company.

Our commodity is tin.

Kasbah has two tin projects (the Achmmach Tin Project and the Bou El Jaj Tin Project) located in the Kingdom of Morocco:

- **Achmmach Tin Project JV in Morocco (75% Kasbah, 20% Toyota Tsusho and 5% Nittetsu Mining)**

Kasbah is the manager and operator of the Achmmach Tin Project JV. Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) of Japan are Kasbah's strategic development partners in this JV with the enhanced definitive feasibility study (EDFS) into the development of a 1Mtpa underground mine, concentrator and associated infrastructure at Achmmach completed in March 2015. The EDFs at the base case scale of annual production of approximately 5,850 tonnes of tin in concentrate, would make Achmmach the 8th largest tin mine in the world and the largest tin mine in Africa.

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

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

FORWARD LOOKING STATEMENTS

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

INTERESTS IN MINING TENEMENTS

Project	Permit Type	Permit Number	Registered Interest
Achmmach	PE	2912	75%*
	PE	193172	75%*
Bou El Jaj	PR	2137803	100%
	PE	193313	100%
Tamlalt	PE	223197	100%
	PE	223198	100%
	PE	223199	100%
	PE	223200	100%
	PE	223201	100%
	PE	223202	100%
	PE	223203	100%
	PE	223204	100%
Ezzhiliga (Zaer)	PR	2137996	100%
	PR	2137997	100%
	PR	2137998	100%
	PR	2137999	100%
	PR	2138023	100%

Ment	PR	1939809	100%
	PR	1939821	100%
	PR	1939822	100%
	PR	2138097	100%
	PR	2138098	100%
	PR	2138099	100%
	PR	2138100	100%
	PR	1940002	100%
	PR	1940003	100%
	PR	1940004	100%
	PR	1940082	100%
	PR	1940095	100%
	PR	1940099	100%

All permits are located in the Kingdom of Morocco.

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

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

MINING TENEMENT CHANGES DURING THE QUARTER

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Ment	Morocco	PR1940002	100%	100%	0%
	Morocco	PR1940003	100%	100%	0%
	Morocco	PR1940004	100%	100%	0%
	Morocco	PR1940082	100%	100%	0%
	Morocco	PR1940095	100%	100%	0%
	Morocco	PR1940099	100%	100%	0%
Ezzhiliga (Zaer)	Morocco	PR2138000	0%	0%	100%
	Morocco	PR2138001	0%	0%	100%
	Morocco	PR2138002	0%	0%	100%
Ment	Morocco	PR2138066	0%	0%	100%
	Morocco	PR2138067	0%	0%	100%

FARM-IN / FARM OUT AGREEMENT CHANGES

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

KASBAH RESOURCES LIMITED

ABN

78 116 931 705

Quarter ended ("current quarter")

31 DECEMBER 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(476)	(1,157)
(b) development	-	-
(c) production	-	-
(d) administration	(240)	(702)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	36
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(700)	(1,823)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Payment / refund for security deposits & bonds	3	35
Net investing cash flows	3	30
1.13 Total operating and investing cash flows (carried forward)	(697)	(1,793)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(697)	(1,793)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19A	Other – Transactions with non-controlling interests	96	416
1.19B	Other – Share issues costs	-	(97)
	Net financing cash flows	96	319
	Net increase (decrease) in cash held	(601)	(1,474)
1.20	Cash at beginning of quarter/year to date	3,269	4,087
1.21	Exchange rate adjustments to item 1.20	(31)	24
1.22	Cash at end of quarter	2,637	2,637

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	105
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Details of Item 1.19A above “Other - Transactions with non-controlling interests”:
Cash call funds received from Toyota Tsusho Corporation and Nittetsu Mining Co Ltd in relation to their share of costs for the Achmmach Tin Project in Morocco (75% Kasbah Resources Limited, 20% Toyota Tsusho Corporation and 5% Nittetsu Mining Co Ltd).

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	590
4.2 Development	-
4.3 Production	-
4.4 Administration	229
Total	819

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	406	456
5.2 Deposits at call	1,721	2,225
5.3 Bank overdraft	-	-
5.4 Other (provide details) - Cash held in Morocco	510	588
Total: cash at end of quarter (item 1.22)	2,637	3,269

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
	PR2138000	Miscellaneous permits in Morocco relinquished.	100%	0%
	PR2138001		100%	0%
	PR2138002		100%	0%
	PR2138066		100%	0%
PR2138067	100%		0%	
6.2	Interests in mining tenements acquired or increased			
	PR1940002	Applications for new tenements in Morocco that have been granted.	0%	100%
	PR1940003		0%	100%
	PR1940004		0%	100%
	PR1940082		0%	100%
	PR1940095		0%	100%
PR1940099	0%		100%	

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	556,005,435	556,005,435	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i> KASAAF	500,000	-	<i>Exercise price</i> \$0.12	<i>Expiry Date</i> 27 November 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	500,000 1,000,000 10,000,000	- - -	\$0.10 \$0.26 \$0.26	5 October 2015 23 November 2015 23 November 2015
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____ Date: 28 January 2016
Chief Financial Officer / Company Secretary

Print name: Trevor O'Connor

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==