

11 July 2016

Ms Frieda Orr  
Adviser, Listings Compliance (Perth)  
ASX Compliance Pty Ltd  
Level 40 Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

**By email**

Dear Frieda

**Kasbah Resources Limited ("Company" or "Kasbah") - ASX Price Query**

We refer to ASX's letter dated 8 July 2016 regarding the change in the price of the Company's securities ("**Price Letter**").

An overview of the relevant background and prevailing circumstances, which includes our responses to the questions in the Price Letter, is set out below. For ease of reference, at the end of this letter, we have included details of ASX's questions and our response.

**Removal of "Overhang" in Company Shares**

1. The Company notes that the Price Letter relates to trading in the Company's shares on 8 July 2016.
2. The Company is aware that a shareholder, holding 6.9 million shares, had been attempting to sell its shareholding for a period of time, which created an "overhang" in the Company's shares.
3. The shareholder sold 4.6 million shares prior to Wednesday, 6 July 2016. The remaining 2.3 million shares were sold down on or after Wednesday, 6 July 2016.
4. The Company believes that the removal of this "overhang" has led to an increase in the price at which its shares have traded in recent days and, in particular, 8 July 2016.
5. The Company notes that the period in which there has been an increase in the price and volume of the Company's shares traded on ASX has coincided with removal of this overhang.

**Increase in LME Tin Price**

6. There has been a significant increase in the LME price of tin in 2016. The price of tin has increased from a nine year low of US\$13,215 per tonne in January 2016 to US\$18,140 on 5 July 2016, an increase of approximately 37.27%.
7. The Company notes that the LME tin price rose from US\$17,415 per tonne on 1 July 2016 to US\$18,140 per tonne on 5 July 2016. This represents a price increase of approximately 4.16% in 5 days.

8. Market Commentators have also noted changes in investor sentiment toward tin over supply concerns resulting from a significant decline in tin exports from Indonesia, which fell 22% from April to May.

#### **Broker Coverage**

9. The Company is aware that a Sydney-based stockbroking house initiated coverage of the Company by way of a "desk note" on Wednesday, 6 July 2016.
10. The Company considers that this has assisted in raising the Company's profile in the market.

#### **Achmmach DFS**

11. On 29 April 2016, the Company released its quarterly report for the quarter ended 31 March 2016 ("**Quarterly Report**").
12. Page 3 of the Quarterly Report contains a statement regarding the proposed timing for the completion of the updated definitive feasibility study for the Company's Achmmach Tin Project in Morocco ("**Achmmach Project**") ("**DFS**"). The Quarterly Report states: "New cost inputs will be integrated into the DFS financial model through Q2 2016 with completion due mid-year."
13. The Company considers that, given the recent increase in the price of tin, investors may be speculating on the potential of a positive outcome from the updated DFS.

#### **Discussions with Parties in Relation to the Development of the Achmmach Project**

14. Over the last eight months, and in parallel with the work being undertaken in relation to the updated DFS, the Company has been involved in discussions with, and received proposals from, a number of parties regarding a variety of transactions (including equity and debt funding options) that may ultimately lead to the development of the Achmmach Project.
15. The confidential discussions the Company has been involved in, and the confidential proposals it has received to date, have been highly conditional, non-binding and expressed to be subject to the execution of definitive agreements and the completion of satisfactory due diligence.
16. Given the high execution risk associated with these proposals, the Company has formed the view that there is significant uncertainty that these proposals will result in a completed transaction and, therefore, that the existence of these proposals is not, in itself, price sensitive.
17. The discussions with parties are likely to be ongoing. However, there is no guarantee that any definitive agreement will be executed by the Company, or that any transaction will be concluded.

#### **Responses to Specific Questions in the Price Letter**

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

For the reasons referred to above, no.

2. If the answer to question 1 is "yes":

a) Is the entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1A?

Not applicable.

b) Can the announcement be made immediately?

Not applicable.

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable.

3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities.

Refer to paragraphs 1 to 13 (inclusive) above. The Company believes that the removal of an "overhang" of the Company's shares in the market, the increase in the price of tin, the initiation of broker coverage and the impending release of an updated DFS could alone, or in combination, have resulted in an increase in the trading price and volume of the Company's shares.

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely



Wayne Bramwell  
Managing Director



8 July 2016

Trevor O'Connor  
Company Secretary

By email: [toconnor@kasbahresources.com](mailto:toconnor@kasbahresources.com)

Dear Trevor,

**KASBAH RESOURCES LIMITED (“ENTITY”): ASX PRICE QUERY**

We have noted a change in the price of the Entity’s securities from an open of \$0.03 today, 8 July 2016 to an intraday high at the time of writing of \$0.036. We have also noted an increase in the volume of trading in the Entity’s securities over this period.

In light of the price change and increase in volume, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
  - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).



- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **11.30am AWST today, 8 July 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [frieda.orr@asx.com.au](mailto:frieda.orr@asx.com.au) and [TradingHaltsPerth@asx.com.au](mailto:TradingHaltsPerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.



In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[Sent electronically without signature]*

Frieda Orr  
**Adviser, Listings Compliance (Perth)**