

22 September 2014

Dear Shareholder

**Kasbah Resources Limited – Pro-rata Non-renounceable Rights Issue**

As announced on 16 September 2014, Kasbah Resources Limited (ACN 116 931 705) (**Company** or **Kasbah**) is undertaking a three (3) for ten (10) pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 118,773,779 fully paid ordinary shares (**New Share**) to raise approximately \$8,314,165. The price of New Shares under the Offer is \$0.07 each (**Issue Price**). The Company released an offer document for the Offer (**Offer Document**) to ASX on 18 September 2014.

Funds raised under the Rights Issue, after deduction for expenses, are to be used to continue extensional drilling at the Western Zone Shallows target, Achmmach Definitive Feasibility Study Optimisation and for project financing establishment costs.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 25 September 2014, whose registered address is in Australia, New Zealand, Mauritius, Thailand or the United Kingdom.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have approximately 514,686,375 Shares on issue.

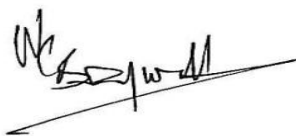
**Ineligible shareholders**

A Shareholder who has a registered address outside Australia, New Zealand, Mauritius, Thailand and the United Kingdom (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

Under these circumstances, you are not eligible to participate in the Offer and you will not be sent a copy of the Offer Document. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand, Mauritius, Thailand and the United Kingdom compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Trevor O'Connor, Kasbah's Company Secretary, on +61 8 9463 6651.

Yours sincerely



Wayne Bramwell  
**Managing Director**