

31 January 2019

ASX: KAS

Share price: \$0.12



ABOUT KASBAH

Kasbah is an Australian listed mineral exploration and development company.

The company (75%) and its Joint Venture partners, Toyota Tsusho Corp (20%) and Nittetsu Mining Co. (5%), are advancing the Achmmach tin project towards production in the Kingdom of Morocco.

PROJECTS

Achmmach Tin Project
Bou El Jaj Tin Project

CAPITAL STRUCTURE

Shares on Issue:	106m
Unlisted Options:	0.6m
Unlisted Rights:	13m
Cash @ 31/12/18:	\$1.7m

MAJOR SHAREHOLDERS

Pala Investments	21.2%
African Lion Group	12.9%

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Non-accelerated non-renounceable pro rata entitlement offer – Cleansing Notice

Kasbah Resources Limited ACN 116 931 705 (the **Company**) has announced an underwritten non-accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) of one fully paid ordinary share in the Company (**New Share**) for every four fully paid ordinary shares in the Company held as at 5.00pm WST on Tuesday, 5 February 2018 by shareholders with a registered address in Australia, New Zealand, Thailand, Mauritius, Jersey or Switzerland.

The Company gives notice to ASX pursuant to section 708AA(2)(f) of the Corporations Act 2001 (Cth) (the **Act**) as modified by the Australian Securities Investments Commission (**ASIC**) that:

- 1 the Company will make offers to issue New Shares under the Entitlement Offer without disclosure to investors under Part 6D.2 of the Act; and
- 2 this notice is being given under section 708AA(2)(f) of the Act as modified by ASIC;
- 3 as at the date of the notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company and section 674 of the Act;
- 4 as at the date of this notice, there is no information that is 'excluded information' within the meaning of subsections 708AA(8) and (9) of the Act that is required to be set out in this notice under section 708AA(7) of the Act; and
- 5 the potential effect that the issue of New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including the extent to which:
 - eligible shareholders take up their entitlements under the Entitlement Offer;
 - eligible shareholders participate in the separate offer of New Shares not applied for under the Entitlement Offer (**Shortfall**) (the **Shortfall Offer**);
 - new professional and sophisticated investors participate in the Shortfall Offer; and
 - sub-underwriting commitments are obtained during the during the period of 11 days post execution of the Underwriting Agreement in respect of the Entitlement Offer entered into between the Company and Taylor Collision Limited (**Sub-Underwriting Invitation Period**).

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Pala Investments Limited (**Pala**) (which, as at the date of this notice, holds 21.2% of the voting power in the Company) has provided an irrevocable commitment to take up its full entitlement under the Entitlement Offer (21.20%) and Taylor Collison Limited (**Taylor Collison**) has agreed to underwrite the balance of the raising and manage the Entitlement Offer. Pala has agreed with Taylor Collison to fully sub-underwrite the remainder of the Entitlement Offer for no fee.

The sub-underwriting agreement also provides that Taylor Collison will invite sub-underwriting commitments from other parties during the Sub-Underwriting Invitation Period.

Pala's sub-underwriting obligations will be reduced by Taylor Collison to the extent unallocated Shortfall is allocated to new professional and sophisticated investors who have bid into the bookbuild and the extent of any sub-underwriting commitments obtained during the Sub-Underwriting Invitation Period.

Whilst Pala has advised the Company that it has no present intention to exercise its conversion right under the Pala convertible loan between the Company and Pala dated 15 October 2018 and approved by shareholders on 21 December 2018 (**Pala Convertible Loan**), Pala reserves its right to convert and the potential resulting shareholdings of Pala are shown in the table below:

Pala Convertible Loan Scenarios	Pala % holding in the Company's ordinary shares	Post Entitlement Offer		
		% shares issued under Pala sub-underwriting arrangement ¹	0%	50%
Pala ordinary shareholding assuming Pala Convertible Loan not converted	21.2%	21.2%	29.1%	37.0%
Pala shareholding assuming Pala Convertible Loan converted on 31-Jan-2019 ²	43.9%	40.5%	46.5%	52.4%
Pala shareholding assuming Pala Convertible Loan converted on 31-Dec-2020 ³	48.4%	44.6%	50.1%	55.7%

Notes:

- 1 Pala has provided an irrevocable commitment to take up its full entitlement (21.20%) under the Entitlement Offer. These figures reflect Pala taking up its full entitlement and various levels of sub-underwriting by Pala, which will depend on the extent to which Taylor Collison is able to procure commitments from other sub-underwriters during the Sub-Underwriting invitation Period (which will reduce the extent of Pala's sub-underwriting).
- 2 Pala's shareholding assuming the Pala Convertible Loan converted on 31 January 2019 is based on the Pala Convertible Loan having an outstanding balance of \$5.16 million as at 31 January 2019.

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- 3 The extension of the Pala Convertible Loan until 31 Dec 2020 is at the Company's election only. The calculations above are based on the assumption that Pala converts the Pala Convertible on 31 December 2020 with all interest and fees capitalised resulting in a Pala Convertible Loan balance of \$6.7 million and a maximum number of shares that can be issued under the Pala Convertible Loan of 55,900,359.

It is not possible for the Directors of the Company to predict the outcome of Pala's control of the Company, however, a non-exhaustive list setting out the potential effect is set out below:

- eligible shareholders who do not subscribe for their full Entitlement will be diluted relative to those shareholders who subscribe for their full entitlement;
- eligible shareholders are entitled to top up their shareholding in the Company by participating in the Shortfall Offer subject to the allocation not resulting in any person's increase in voting power being in breach of section 606 of the Act; and
- if all eligible shareholders do not take up their full Entitlement and any Shortfall and new professional and sophisticated investors do not participate in the Shortfall Offer, Pala will increase its shareholding in the Company due to being a sub-underwriter.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Keith Pollocks'.

Keith Pollocks
Company Secretary