



**16 JUNE 2015**

**ASX CODE: KAS**

**OUR PRIME COMMODITY IS  
TIN**

**LME TIN PRICE (12/6/15)**

**US\$14,895/t  
(CASH BUYER)**

**ABOUT KASBAH**

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY IS ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

**PROJECTS**

ACHMMACH TIN PROJECT  
BOU EL JAJ TIN PROJECT

**CAPITAL STRUCTURE  
(PRE-PLACEMENT)**

SHARES ON ISSUE:	451M
UNLISTED OPTIONS:	14.5M
CASH @ 31/03/15:	\$3.5M

**MAJOR SHAREHOLDERS  
(PRE-PLACEMENT)**

WORLD BANK (IFC)	18.0%
AFRICAN LION GROUP	14.8%
TRAXYS	4.6%
MGMT & DIRECTORS	3.6%
TRANSAMINE	2.9%
THAISARCO	2.3%

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**PLACEMENT TO RAISE \$3 MILLION**



Kasbah Resources Limited (ASX: KAS) is pleased to announce a placement to raise approximately \$3.0 million and provide details of the Company’s interim development strategy and cost reduction initiatives.

Kasbah has received commitments for approximately 104.6 million new Kasbah shares at \$0.029 cents per share to raise approximately \$3.0 million.

Kasbah notes, following the issue of Placement shares:

- **African Lion Fund (AFL)** will increase its interest to **16.1%**.
- **Thaisarco Smelting and Refining (Thaisarco)**, the world’s fifth largest tin smelter, will become a substantial shareholder in Kasbah by increasing its shareholding to approximately **5.6%**;
- **Traxys**, a major physical commodity trader and merchant in the metals and natural resources sector, will also become a substantial shareholder in Kasbah by increasing its shareholding to approximately **5.3%**; and
- the **International Finance Corporation (IFC)** will retain its position as Kasbah’s largest shareholder with approximately **17.7%** of the total issued capital.

**Wayne Bramwell, Managing Director of Kasbah Resources said:**

*“The strong support shown by our shareholders to this Placement endorses our interim development strategy.*

*Thaisarco and Traxys are major tin industry participants and both groups moving to become substantial shareholders in Kasbah underlines the industry’s need for new long term, sustainable tin supply.*

*Whilst the tin market equilibrium is being reset, Kasbah can now advance critical project related tasks to ensure Achmmach is ‘development ready’.”*

## KASBAH ANNOUNCES INTERIM DEVELOPMENT STRATEGY AND PLACEMENT

Kasbah Resources Limited (ASX: KAS) is pleased to announce that it will raise A\$3.0 million through a placement to its shareholders and provides this overview of the company's interim development strategy.

▪ **Achmmach Tin Project - Project Financing**

Kasbah released the results of the Enhanced Definitive Feasibility Study (EDFS) on 18 March 2015. The EDFS was successful in significantly improving the project economics of Achmmach. The pre-production capital cost was reduced and most importantly, the critical C3 production cost fell to **US\$13,296 per tonne of tin in concentrate**, confirming the potential of Achmmach to be a long life, low cost tin producer (**Table 1**).

**Table 1: March 2015 EDFS Economic Summary**

Parameter	Unit	2015 EDFS Spot Case	2015 EDFS Base Case	2014 DFS Base Case
LME Cash Buyer Sn price	USD/t	@ 13/3/15 17 400	12 Mth Avg* 21 511	@ 28/3/14 23 025
Life of Mine Free Cash (post tax)	USD M	151	316	270
Pre-production Capital	USD M	150	148	181
Post-tax NPV <sub>8%</sub>	USD M	65	171	126
IRR (ungeared)	%	18.5	32.9	23.3
Payback period	years	3.6	2.3	3.2
C3 costs	USD/t tin in concentrate	13 180	13 296	15 309

\* The EDFS was premised upon a 12 month average LME tin price (14 February 2014 to 13 February 2015).

**It is important to recognise that Achmmach is the most advanced tin development opportunity in the world. The EDFS is complete, the capital and operating costs are competitive and all the major project approvals are in place. Pending a holistic financing solution, the Achmmach project can transition into construction, then production and potentially become the largest tin project in Africa and the 8th largest tin project in the World.**

Post release of the EDFS, the financial model was provided to a group of international financiers. Despite the tin price touching a 6 year low, the enhanced economics generated strong indicative offers of debt from several European banks and development agencies. However, the Board is cognisant that an anticipated strengthening of the tin price would likely result in additional and more competitive financing terms for the Achmmach Tin Project.

The LME tin price touched a 6 year low of USD 13,600 / t in April 2015 and is now currently trading in a range of approximately USD 14,700 – USD 15,900 / tonne as the effect of recently announced production cutbacks from major tin producers begins to impact supply. LME tin stocks have now dropped to less than 7,500 tonnes (a level not seen since 2008) yet the tin price remains range bound until a significant supply-side response is confirmed.

The CRU Tin Monitor stated on 11 June 2015:

*“ There are more reasons to be bullish as we move into the second half of 2015, with reduced production from Myanmar and Indonesia expected due to the impact of the rainy season on Chinese concentrate imports and the implementation of clean and clear regulation that is likely to cut the number of onshore Indonesian tin producers from 1 August.*

*However it may take until Q4 for a sustained revival in tin prices to be possible”.*

An improvement towards an average LME tin price of circa USD 18,000 / tonne would provide Kasbah confidence to mandate commercial lenders to complete their due diligence and provide unconditional debt offerings. As such and whilst the tin price is being reset, Kasbah’s Board has resolved to continue to advance Achmmach to a ‘development ready’ status and to defer a financing decision until this sustained upward trend in tin price has been achieved.

#### ▪ **Interim Development Strategy**

Along with a decision to defer mandating commercial debt, Kasbah’s Board has adopted an interim development strategy. This strategy incorporates:

- completing pre-development environmental and social requirements of the International Financial Corporation (IFC – Kasbah’s largest shareholder);
- undertaking pre-engineering design for the new power line required to service Achmmach;
- continuing low cost exploration in Morocco and pursue other joint venture opportunities;
- protecting and preserving the value of Achmmach during this period of commodity volatility; and
- investigating alternative opportunities to enhance shareholder value.

**Kasbah’s major shareholders endorse the proposed strategy as is evidenced by their strong support of this Placement.**

#### ▪ **Placement to Shareholders Raises \$3.0 Million**

Kasbah has today announced that it has received commitments for up to approximately 104,590,412 shares at \$0.029 cps to raise up to approximately \$3.0M. Hartleys Limited is Broker to the Offer.

Kasbah has received strong support for its interim development strategy and Placement from several of our long-term shareholders including the two largest shareholders, the **International Finance Corporation (IFC)** and the **African Lion Fund (AFL)**. Alongside these two major shareholders, key tin industry players Thailand Smelting and Refining (“**Thaisarco**”) and **Traxys** will each increase their interests to become substantial shareholders in Kasbah upon completion of the Placement.

**Thailand Smelting and Refining (Thaisarco)** is one of Kasbah’s long standing shareholders and once placement shares are issued, will increase its shareholding to **5.6%** to become a substantial shareholder in the Company. **Thaisarco** is the fifth largest tin smelter in the world and is an industry leader in the manufacture of tin, with its LME registered Thaisarco and Phuket brands, tin alloys and other tin-related, value-added, products.

The tin smelter and refinery is located in Phuket, Thailand and has been in operation for 50 years, typically producing in excess of 20,000 tonnes per annum of high grade tin metal for domestic and export markets. Thaisarco's parent company, the AMC Group ([www.amcgroup.com](http://www.amcgroup.com)) has origins as a founder member of the London Metal Exchange and AMC has grown into an international group which trades, distributes and manufactures a broad range of metals, metal products and construction materials.

**Traxys** is a long standing Kasbah shareholder and a major physical commodity trader and merchant in the metals and natural resources sector. Traxys ([www.traxys.com](http://www.traxys.com)) is a significant tin industry participant and will, once Placement shares are issued, increase its shareholding to approximately **5.3%** to become a substantial shareholder in Kasbah.

#### ■ **Cost Reduction Programme**

Kasbah is pleased to report that it has and will immediately commence making further changes to implement a series of cost reduction initiatives to preserve capital including;

- **Board restructure** – Dr Robert Weinberg and Mr Gary Davison have stepped down from the Kasbah Board, effective from 10 June 2015 as a part of the Cost Reduction Programme. Kasbah wholeheartedly thanks Dr Robert Weinberg, one of Kasbah's founding directors and Mr Gary Davison for the solid support that both have provided to the Board and management team of Kasbah during their respective tenures.

Dr Rod Marston (Non-executive Chairman), Mr Ian McCubbing and Ms Gabrielle Moeller will remain as non-executive directors. Upon quotation of the Placement Shares by ASX, the IFC will also have the right to appoint one director to the Board.

- **Reduction in Board fees** – all remaining non-executives will reduce their total Board and committee fees by 40-55% on an annual basis.
- **Reduction in management remuneration** – the Managing Director and all senior executives have agreed to a 20% reduction in salaries and superannuation on an annual basis until Kasbah's corporate circumstances changes.
- **Reduction in expatriate operations personnel and site staff.**
- **Suspension of short term incentive (STI) programme for all staff.**
- **Corporate overheads** – have been reduced and during July 2015 Kasbah will relocate its corporate office to lower cost premises.

These initiatives demonstrate the commitment of the Board and management to the Company's strategy. They will also deliver significant cost savings to the business, whilst retaining the core team and project capability such that when the LME tin price has stabilised, Kasbah will be in a position to quickly accelerate the project financing process.

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## LOOKING FORWARD

Wayne Bramwell, Managing Director of Kasbah said:

*“From a market perspective, the tin price reset is now underway.*

*In the last 18 months refined tin production from China (sourced from Myanmar) and Indonesia had a negative impact on a finely balanced tin market. The resultant fall in tin price triggered production cutbacks from the major producers and more are likely. Some projects will close and a significant supply side response to current prices with the forecast increases in electronic and battery demand could see the tin price rebound quickly as supply becomes tight.*

*From a Kasbah strategic perspective Thaisarco and Traxys are known tin sector wide. Both groups are major tin industry participants with different skills across the tin value chain and Kasbah welcomes their growing profiles on our register.*

*Whilst the tin market is returning to equilibrium Kasbah can advance critical project related items at Achmmach, low cost exploration initiatives and continue to investigate alternative opportunities to enhance shareholder value for our shareholders.”*

For and on behalf of the Board



**Wayne Bramwell**  
**Managing Director**

For further information please go to:

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## 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 8<sup>th</sup> largest tin mine in the world and the largest tin mine in Africa.*

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- **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.*

*The Company confirms that it is not aware of any new information or data that materially affects Production targets, Forecasted Financial Information, Reserve and Resource Estimates included in this report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.*