



**SEPTEMBER 2015
QUARTERLY REPORT**

16 October 2015

ASX CODE: KAS

**OUR PRIME COMMODITY IS
TIN**

LME TIN PRICE (15/10/15)

**US\$16,240/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**

SHARES ON ISSUE:	556M
UNLISTED OPTIONS:	11.5M
CASH @ 30/09/15:	\$3.3M

**MAJOR
SHAREHOLDERS**

WORLD BANK (IFC)	17.7%
AFRICAN LION GROUP	16.1%
THAISARCO	5.6%
TRAXYS	5.3%

CONTACT US

☎: +61 8 9463 6651
✉: info@kasbahresources.com
🌐: www.kasbahresources.com
🐦 @kasbahresources



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

- Small Start Option (SSO) being investigated as alternative pathway to production for Achmmach
- Due diligence commenced over Sn-Ta prospects in Rwanda
- Two new non-executive Director appointments:
 - Mr Giles Robbins, Chairman of Thailand Smelting and Refining Company
 - Mr Mike Brook, Manager African Lion Funds
- LME tin stocks fall **below 5000 t** and tin price breaks through **US\$16,000 / t**
- Cash position at 30 September is **\$3.3M**.

Wayne Bramwell, Managing Director of Kasbah Resources said:

“Kasbah is assessing a smaller scale, lower capital start up scenario for our Achmmach Tin Project. The Small Start Option (SSO) is focussed on mining higher grade material at a lower annual throughput.

If successful, the SSO could provide a lower capital cost basis to commence commercial production at Achmmach and provide a platform to expand the mine and the mill to the full scale 1Mtpa option later in the project’s life.”

SEPTEMBER QUARTERLY REPORT

OVERVIEW

During the Quarter Kasbah made the following significant ASX releases:

- 07 July 2015 Change of Corporate Address;
- 27 July 2015 June Quarterly Report;
- 03 August 2015 New Director Appointments; and
- 22 September 2015 2015 Annual Report.

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

Metal market volatility continued throughout the quarter, driven largely by a weak outlook on world economic growth which as accentuated by new concerns over China’s economic growth targets. LME tin has performed poorly during 2015, yet positively, LME tin stocks have now fallen to levels under 5000 t and the metal has attempted a price recovery, testing the **US\$16,000 / t** price level several times in October 2015 (**Figure 1**).

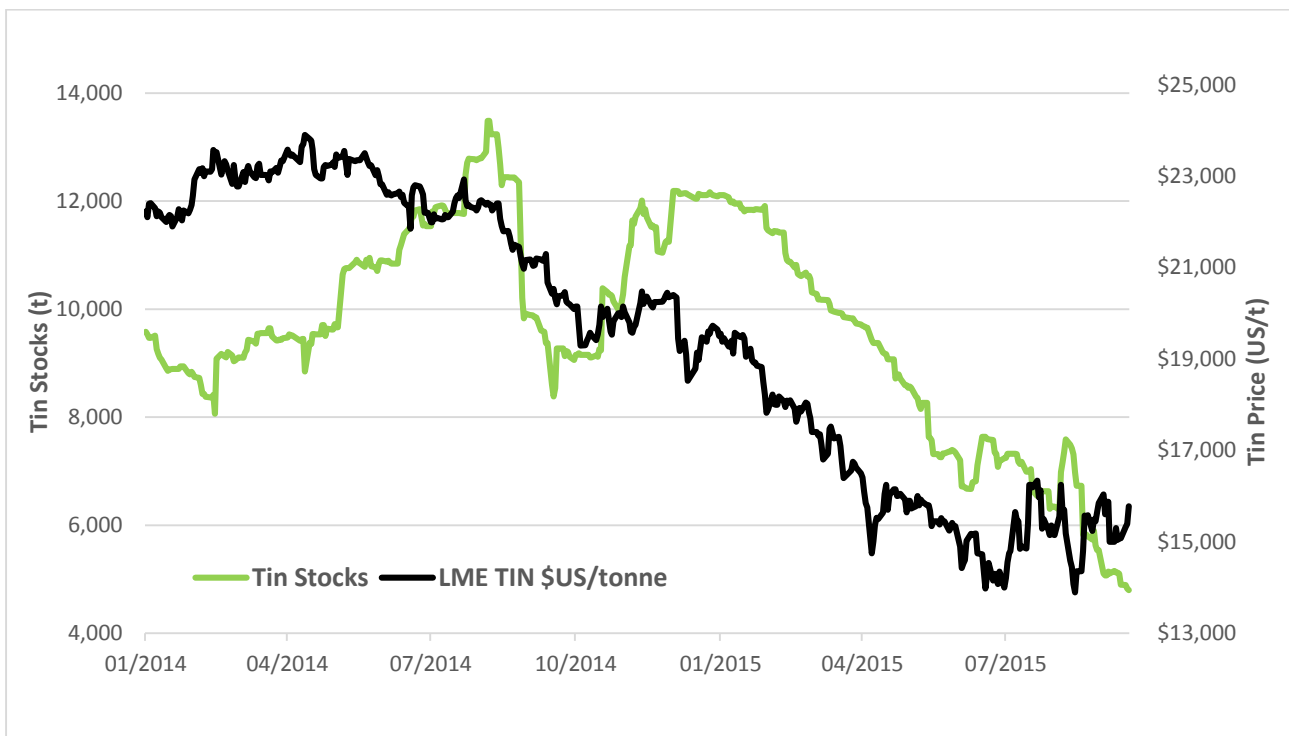


Figure 1: LME Tin Price vs. LME Tin stocks – Jan 2014 to Sept 2015

Tin demand, particularly in China, has been weak. As such the tin price has needed a producer response (i.e. supply cuts) to counter the falling tin price. The change in the curves above (including the rapid fall in LME stockpiles to levels not seen in some 7 years) are indicative of a supply side response.

Indonesia is the second largest tin producer in the world. The consequences of multiple layers of new export regulations coming into force in Indonesia has disrupted tin supply in 2015. Additional “Clean and Clear” legislation, set to become enacted in November 2015, is likely to further disrupt and constrain tin exports from Indonesia into 2016. Further reductions in tin exports from Indonesia should be price positive for a tin market still forecasting a growing deficit for 2015.

While the tin price is being reset Kasbah's prime focus remains to investigate alternative development scenarios for the Achmmach Tin Project. The current low tin price has virtually halted development of many competitor projects and Achmmach, with all its major approvals in place and with a completed feasibility study, will be strategically placed to benefit from changing market sentiment and increasing global tin demand.

PROJECT DEVELOPMENT UPDATE

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

During the quarter Kasbah re-engaged Entech, our Mining Consultants to evaluate the Enhanced Definitive Feasibility Study (EDFS) mine design to identify a higher grade, smaller scale option that could support production at Achmmach.

This Small Start Option (SSO) seeks to define a lower capital development / higher run of mine ore grade model which would see smaller scale mining commence at Achmmach. The SSO design aims to provide a suitable starter platform from which the project can be expanded on a mining and processing basis to the full EDFS scale (e.g. 1Mtpa) later in the mine life.

The SSO review is ongoing.

EXPLORATION

Kasbah's exploration activities for the September Quarter are summarised below.

▪ **Morocco Regional Exploration**

Exploration activity in Morocco continued. Mapping of areas of interest in the Smaala-Oulmes Fault Zone was completed during the quarter with stream sediment sampling producing minor tin anomalies. Further work during the coming months will inform a decision to retain or relinquish permits held in this area.

Four new exploration permits were awarded to Kasbah subsidiaries in the Ment area during the quarter.

▪ **Central African Tin Strategy - Rwanda**

Rwanda has a long history of tin, tantalum and tungsten (the 3T metals) production back to the Belgian colonial times. Mineral exports since the 1930's have been largely dominated by 3T minerals and the Rwandan government has a clear plan under the National Export Strategy to increase mineral exports by transitioning the informal artisanal small miners (ASMs - which dominate the sector), towards more sustainable and commercially productive small scale mining (SSM).

Kasbah's Central African Tin Strategy ties into this national strategy and focusses on identification of small scale, low capital development opportunities that can transition ASM operators in Rwanda towards SSM operations. Kasbah's Exploration Manager has signed five exclusive due diligence agreements with local mine operators and has completed preliminary, low cost investigations over the high priority targets with a view to potential low cost joint ventures with local mine owners and operators.

Kasbah is concurrently investigating alternative financing options that minimise Kasbah's financial exposure if the Company seeks to advance selected Rwandan opportunities.

TIN MARKET OVERVIEW

The CRU Tin Monitor of October 2015 reported that while LME tin prices had firmed to US\$16,000 / t and visible stock levels continued to decline, weakness in China and concerns about the demand outlook could constrain further rises of the LME tin price in the short term. The CRU opines that “while demand worries may delay price gains, falling mine production around the world (**down 5% in the first half of this year – refer Figure 2**) should limit downside risks.”

000 tonnes t-i-c	H1 2014	H1 2015	% change
Production			
China	52,100	43,600	-16.3%
Indonesia reported	14,352	14,383	0.2%
<i>Indonesia unreported</i>	<i>31,000</i>	<i>25,500</i>	<i>-17.7%</i>
Indonesia total	45,400	39,900	-12.1%
Myanmar	12,900	22,000	70.5%
Bolivia	9,417	9,831	4.4%
Brazil	6,071	6,500	7.1%
Peru	11,148	9,530	-14.5%
Australia	3,131	3,302	5.5%
Central Africa	4,700	3,900	-17.0%
World	151,500	144,000	-5.0%

Figure 2: World Tin Mine Production Changes – first half 2015 (source ITRI)

The massive fall in LME tin stocks (**refer Figure 1**) since the beginning of the year is a strong signal of a recalibration of the tin market. The CRU Tin Monitor states “while the run down in LME stocks this year is in line with our estimates of the world supply/demand position (**a forecast annual supply deficit of some 11,000 tonnes**) and the technical indicators are mainly positive, few observers are expecting an immediate take-off in prices.”

Other signals supporting a cautiously optimistic view on the direction of the tin market include:

- falling Chinese mine production (with lower cost feed largely sourced from Myanmar);
- falling South American production (Minsur’s San Rafael Mine and Pitinga Operation both announcing production cuts);
- falling Central African tin production – as the lower tin price sees the ASM operators switch to more profitable ore sources such as coltan;
- falling chinese refined tin production – currently only two small Chinese tin smelters (accounting for perhaps 2-3% of national tin production) now having official EICC-GeSI Conflict Free Status. The largest Chinese tin producer (Yunnan Tin) failed their audit and are currently undergoing a corrective action plan; and
- increasing legislation in Indonesia focussing on reducing illegal mining constraining exports.

The next phase of legislation to impact Indonesian tin producers is the “Clean and Clear (CnC) certification. The CnC requirements have been in the pipeline since 2011 and companies must have Permission to Export (PE) letters and CnC certification for each mining concession to get their licence to export (ET) renewed by the 1 November 2015 deadline.

Companies that do not have the licence to export (ET) by 1 November 2015 will have to stop exporting.

CORPORATE**Relocation of Corporate Head Office**

As per the Corporate Cost Reduction programme previously announced to the market, Kasbah relocated its Corporate Head office to 11 Moreau Mews, Applecross, WA 6153.

New Director Appointments

On 03 August 2015 Kasbah announced the appointment of Mr Giles Robbins and Mr Mike Brook as Non-executive Directors to the Kasbah Board. As nominee directors for Thaisarco and African Lion, Mr Robbins and Mr Brook respectively, will not receive any remuneration from the Company for fulfilling these positions.

Mr Giles Robbins, MA, MBA, C Eng. MI Mech. Eng**Group Managing Director, Amalgamated Metal Corporation plc and Chairman, Thaisarco.**

Giles Robbins has an MA in Engineering Science from the University of Oxford, an MBA specialising in Business Strategy from The University of Bradford and is a Chartered Mechanical Engineer. He has worked for the AMC Group since 1990 rising from a role in business development to the Group Managing Director.

Giles has detailed knowledge and experience of the tin industry gained as Chairman of both Thailand Smelting & Refining Co Ltd (Thaisarco) the tin smelter based in Phuket and of Amalgamated Metal Trading Ltd, which is a ring dealing member of the London Metal Exchange (LME). 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.

Mike Brook BSc (Mining Geology), CEng. MIMM, MAusIMM**Fund Manager, African Lion Fund**

Mike Brook graduated with a BSc. (Hon.) Mining Geology from the University of Wales (Cardiff) in 1981 and has more than 30 years' experience in the resource sector incorporating mine geology, mining analyst and fund management roles.

Mike joined African Lion in 2001 and has been focused on African resource company investment since this time. African Lion (AFL) has been an investor in African resource companies since 1999. Their investment in Kasbah is held in the second and third funds (AFL2 and AFL3).

The African Lion Funds have attracted long term investors as shareholders. These investors include Lion Selection Group (ASX: LSX) and major development banks CDC (UK), Proparco (France) and European Investment Bank. These groups are significant participants in funding African opportunities. Other fund shareholders include commercial banks (Investec Bank in AFL2, Rand Merchant Bank in AFL3).

2015 Annual Report

On 22 September 2015 Kasbah released its 2015 Annual Report to the market. A copy of the 2015 Annual Report can be downloaded from www.kasbahresources.com.

Cash Reserves

Cash reserves at 30 September 2015 were **\$3.3M**.

LOOKING FORWARD

Kasbah will continue to advance the Interim Development Strategy at Achmmach and focus on the SSO whilst assessing other opportunities to create value for our shareholders.

For and on behalf of the Board



Wayne Bramwell
Managing Director

For further information please go to:

www.kasbahresources.com

Or email:

info@kasbahresources.com

Follow us on twitter

[@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	2138000	100%
	PR	2138001	100%
	PR	2138002	100%
	PR	2138023	100%
Ment	PR	1939809	100%
	PR	1939821	100%
	PR	1939822	100%
	PR	2138066	100%
	PR	2138067	100%
	PR	2138097	100%
	PR	2138098	100%
	PR	2138099	100%
	PR	2138100	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	PR2138097	100%	100%	0%
	Morocco	PR2138098	100%	100%	0%
	Morocco	PR2138099			
	Morocco	PR2138100			

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")

30 SEPTEMBER 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	(681)	(681)
(b) development	-	-
(c) production	-	-
(d) administration	(462)	(462)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,123)	(1,123)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(5)	(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	32	32
Net investing cash flows	27	27
1.13 Total operating and investing cash flows (carried forward)	(1,096)	(1,096)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,096)	(1,096)
	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	320	320
1.19B	Other – Share issues costs	(97)	(97)
	Net financing cash flows	223	223
	Net increase (decrease) in cash held	(873)	(873)
1.20	Cash at beginning of quarter/year to date	4,087	4,087
1.21	Exchange rate adjustments to item 1.20	55	55
1.22	Cash at end of quarter	3,269	3,269

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	109
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

<p>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).</p>
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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

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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

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+ 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	419
4.2 Development	-
4.3 Production	-
4.4 Administration	263
Total	682

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	456	384
5.2 Deposits at call	2,225	2,960
5.3 Bank overdraft	-	-
5.4 Other (provide details) - Cash held in Morocco	588	743
Total: cash at end of quarter (item 1.22)	3,269	4,087

+ 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			
6.2	Interests in mining tenements acquired or increased	PR2138097 PR2138098 PR2138099 PR2138100	0% 0% 0% 0%	100% 100% 100% 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>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry Date</i>
	KASAQ	500,000	-	\$0.10	<i>5 October 2015</i>
	KASAAD	1,000,000	-	\$0.26	<i>23 November 2015</i>
	KASAAE	10,000,000	-	\$0.26	<i>23 November 2015</i>
	KASAAF	500,000	-	\$0.12	<i>27 November 2017</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	1,500,000	-	\$0.28	20 July 2015
		1,000,000	-	\$0.26	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: 16 October 2015
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.

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