



**NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**

26 June 2017

Dear Shareholder

**KASBAH RESOURCES LIMITED ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

I am writing to you as the registered holder of shares with a registered address outside of Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa and Hong Kong in Kasbah Resources Limited (**Kasbah** or the **Company**) as at today's date.

On Thursday, 22 June 2017, the Company announced an accelerated non-renounceable pro rata entitlement offer of new fully paid ordinary shares (**New Shares**) to raise up to approximately \$5.2 million (**Entitlement Offer**). This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. A nominee arrangement has been put in place for Ineligible Shareholders (as defined below), and you should read this letter carefully to understand what this means for you.

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

**The Entitlement Offer**

The Entitlement Offer is fully underwritten by Taylor Collison and comprises of an institutional component (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) (**Retail Entitlement Offer**). The Institutional Entitlement Offer raised approximately \$3.06 million, and the Retail Entitlement Offer is expected to raise approximately \$2.15 million. A total of approximately 347,069,560 New Shares will be issued (subject to rounding) under the institutional and retail components of the Entitlement Offer.

The Company will use the funds raised from the Entitlement Offer (after costs) to meet expenditures relating to pre-project development and project financing activities for its Achmmach tin project and for working capital purposes.

The Entitlement Offer is being made by way of an offer document in accordance with section 708AA of the Australian Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared (**Offer Document**).

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 2 existing ordinary shares held at 5.00pm (WST) on Monday, 26 June 2017 (**Record Date**), at an offer price of \$0.015 per New Share.

Documents relating to the Retail Entitlement Offer were lodged with the ASX today and are expected to be despatched to Eligible Retail Shareholders on or before Thursday, 29 June 2017.

**Eligibility to participate in the Retail Entitlement Offer**

An Eligible Retail Shareholder is a holder of ordinary shares who:

- (a) was a registered holder of ordinary shares in the Company as at 5.00pm (WST) on the Record Date;
- (b) has a registered address in Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong;



- (c) is not in the United States and is not acting for the account or benefit of any person in the United States;
- (d) was not invited to participate under the Institutional Entitlement Offer and was not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The restrictions upon eligibility under the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa and Hong Kong, and the potential costs to Kasbah of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Kasbah ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Kasbah has determined, pursuant to section 9A(3)(a) of the Corporations Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders with a registered address in countries outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa and Hong Kong on the Record Date.

Unfortunately, according to our records, you do not satisfy the criteria for an Eligible Retail Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Kasbah wishes to advise that it is unable to extend to you the opportunity to participate in the Retail Entitlement Offer. If our records are incorrect on this matter, please contact the Company Secretary of Kasbah, Trevor O'Connor, on +61 8 9463 6651. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Notwithstanding the above, Kasbah may agree to extend the Retail Entitlement Offer to certain institutional shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders, subject to compliance with applicable laws.

### **Shortfall Offer**

If the Entitlement Offer is not fully subscribed, the directors reserve the right, subject to any restrictions imposed by the Corporations Act and Listing Rules, to issue New Shares not otherwise taken up under the Entitlement Offer (**Shortfall Shares**) in accordance with the shortfall allocation policy detailed in the Offer Document (**Shortfall Offer**).

The Shortfall Offer will be a separate offer made pursuant to the Offer Document. The issue price of the Shortfall Shares will be \$0.015 each, being the same price as the New Shares being offered under the Entitlement Offer.

### **Nominee**

In order to comply with section 615 of the Corporations Act, the Company will appoint an ASIC approved nominee (**Nominee**) to subscribe for the New Shares that Ineligible Shareholders would have been entitled to, and the Nominee will sell those shares on their behalf.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will, at the issue price of \$0.015, issue to the Nominee the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Shares**);
- (b) the Nominee will then sell the Nominee Shares at a price and otherwise in a manner determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.



If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Shares at any particular price or the timing of such sale.

#### **Offer Document**

The Company lodged the Offer Document with ASX on Monday, 26 June 2017, and it is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and also on the Company's website at [www.kasbahresources.com](http://www.kasbahresources.com). The Company expects to dispatch the Offer Document to shareholders of the Company on or about Thursday, 29 June 2017. The Offer Document will provide further details of the Entitlement Offer and the Shortfall Offer in detail.

If you have any queries in relation to the Entitlement Offer or the Shortfall Offer, please do not hesitate to contact the Company Secretary of Kasbah, Trevor O'Connor, on +61 8 9463 6651.

On behalf of the Board, we thank you for your continued support of the Company.

Yours faithfully



**John Gooding**  
Non-Executive Chairman

#### **Important Notices**

This notice is issued by Kasbah Resources Limited. This notice is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Kasbah in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Kasbah ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other country. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa or Hong Kong. In particular, the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Because of legal restrictions, you must not send copies of this letter or any material in relation to the Entitlement Offer to any person outside Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland, South Africa and Hong Kong. Failure to comply with these restrictions may result in violations of applicable securities law.

The provision of this document is not, and should not be considered as, a securities recommendation or financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.