Kasbah prepares for new chapter in Morocco

Morocco is not renowned for its metal prospectivity but successful development of Achmmach could change perceptions

A host of projects on the African continent drifted out of the spotlight during the last commodity downturn but with a bull market taking hold this year, many of them are beginning to find new life.

The rebound has been led by the traditional major metals (gold and copper) and emerging commodities (lithium and cobalt) but there remains a plethora of development projects awaiting an injection of enthusiasm and momentum.

One such asset is the Achmmach tin project in Morocco. Achmmach shot to prominence during the last resources boom, with project owner Kasbah Resources Ltd taking it through to DFS in March 2014 before falling victim to the bite of the downturn.

The DFS had been far from disastrous but with LME tin prices subsequently cascading from $US24,000/t to $US13,250/t by January 2016, Kasbah found itself redrawing its plans in an effort to reduce upfront capex and make Achmmach a more attractive investment.

The process culminated in a failed merger with TSX-listed Asian Mineral Resources Ltd in 2016. Long-serving managing director Wayne Bramwell soon left the company as Achmmach – despite having Toyota Tsusho as a 25% JV partner and Pala Investments as a major Kasbah shareholder – appeared rudderless.

Russell Clark

However, with tin prices putting on 50% in the last 18 months, newly appointed Kasbah chief executive Russell Clark believes the project's latent potential may soon be realised.

"It is a matter of things having their time and I think this project's time is close," Clark told **Paydirt**. "The project remains one of the most advanced tin projects on the planet."

Clark has had one eye on the tin market for several years from his recent stint as managing director of Wolf Minerals Ltd, the UK-focused tungsten-tin miner. Wolf suffered many of the same market headwinds as Kasbah but Clark sees ample evidence a turnaround has begun.

"There are a lot of similarities between Kasbah and Wolf," he said. "They are in specialty metals in a place where people think you can't mine [Morocco and Britain]. The tin price fell out of bed around the same time as the tungsten price and it is also coming back now but tin has the advantage of having less Chinese control of the market than in tungsten."

Market indicators point to a sustained

Kasbah has drilled more than 120,000m at Achmmach

rally in tin prices. While the International Tin Research Institute is predicting annual demand growth of 1-2% over the next five years, issues loom on the supply side.

"That is the real story," Clark said. "Two percent growth is about 5,000 tpa, which is one Achmmach a year, but there are not many projects around the world ready to come on stream. Myanmar, Indonesia and China are all reducing production so there is a gap to do with supply, not demand."

The LME tin price was hovering just below the $US20,000/t mark at the time of print. Clark said $US25,000/t was the likely incentive price for new developments but "as we have seen in tungsten there will be a three or four-year development lag on that".

All of which could see Achmmach return to prominence if Kasbah can generate some market interest.

Clark spent his first four weeks in the job familiarising himself with the project and building his understanding of Kasbah's reputation among investors.

"The lost momentum had a lot to do with internal disruption in the company which came about as a result of the failed merger but when I went to the project in November, I was blown away by the quality of people we have," he said.

"This project has had $90 million spent on it, including 120,000m of drilling. The site is in good shape, all the core has been well maintained and it is ready to go. It is not in the middle of the desert or on top of a mountain; it is only a few hours from Rabat."

The task now is to convince investors Kasbah has the wherewithal to get Achmmach back on track.

"In the last three weeks, I've been to London, Sydney and Melbourne, trying to say Kasbah is still here and has got a new lease of life," Clark said. "Only about half the brokers in London had heard of Kasbah, while in Australia there were a number of firms who had been in and out because of the lack of development but I explained that we don't determine tin prices."

With a clearly defined 14.9mt @ 0.85% tin resource and 6.56mt @ 0.85% tin reserve, Kasbah doesn't need to undertake any further exploration. Instead, the company's new strategy will see it focus on rebuilding the development path.

"That 6.6mt reserve was sufficient for a 10-year mine life but could be easily doubled by further infill drilling," Clark said. "This is a classic underground project where you can start with a six-year mine life and end up mining for 30 years."

The company has also discarded the reworked DFS, which envisaged a smaller start-up, in favour of beginning at 750,000 tpa. The decision came following consultation with AMC Consultants and a full review of the DFS is now under way.

"AMC asked some questions about the proposed kit and offered up some other options," Clark said. "We are now looking at a 750,000 tpa operation from the get-go and are considering things like ore sorting and HPGR. Neither of these options are new technologies and have advanced considerably since the first DFS was completed."

Results of the DFS review are due in the March quarter, by which time Kasbah will also be well advanced in putting together a funding strategy.

"We have $5 million in the bank which will go on the DFS review and from there we will need to do a capital raising to get going," Clark said. "We are looking at a London listing and will also tidy up the register ahead of a rights issue."

The ASX usurped London as the home of African projects during the last boom but Clark – who built up considerable UK contacts during his time with Wolf – believes the pendulum has swung back to the northern hemisphere.

"There is a lot more enthusiasm for Africa in London and they tend to be more comfortable with riskier jurisdictions," he said.

Not that Morocco falls into the "riskier" category. Since the Arab Spring, the country has enjoyed a largely balanced political landscape and its 2015 Mining Act is designed to foster government policies for a threefold increase in resources-related revenue over the coming decade.

If Kasbah can get its marketing pitch right, it could play an integral role in Morocco realising those goals.

– Dominic Piper