



11 November 2010

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

On 18 October 2010, Kasbah Resources Limited (**Kasbah** or **Company**) announced a placement of up to 87,500,000 fully paid ordinary shares in the capital of the Company (**Shares**) at 24 cents per Share to professional and sophisticated investors to raise approximately \$21,000,000 before costs of the issue (**Placement**).

The Board of Directors of Kasbah are now pleased to offer eligible shareholders the opportunity to participate in a Shareholder Share Purchase Plan (**Plan**) to acquire additional Shares at the same issue price of 24 cents per Share.

Shareholders Eligible to Participate in the Plan

The right to participate in the offer under the Plan is optional and is available exclusively to shareholders who are registered as holders of Shares at 5pm (WST) on the Record Date of 15 October 2010 (**Eligible Shareholders**).

Share Purchase Plan

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares at a price of 24 cents per Share (**Offer**).

The issue price of the Offer represents a 29.7% discount to the volume weighted average trading price of the Company's Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of the offer (being 18 October 2010).

The amount an Eligible Shareholder can subscribe for will be restricted to a cumulative total of \$15,000 worth of Shares.

Details of the Offer are set out in this letter and the enclosed Terms and Conditions, together with an Entitlement and Acceptance Form.

Current Projects

Details of the Company's current activities are set out in the announcements made by Kasbah to the ASX and are available from the ASX or Kasbah's website at www.kasbahresources.com.

The funds raised under the Plan will be used by the Company, in conjunction with funds raised from the recent placement, to progress exploration and development of the Company's tin projects in Morocco.

How much can you invest?

Under the Plan, Eligible Shareholders may acquire a maximum of \$15,000 worth of Shares under a share purchase plan in any 12 month period.

Subscription and Application Procedure

If you would like to participate in the Offer, you can either:

- complete the enclosed Entitlement and Acceptance Form and send it together with your payment by cheque, made payable to “Kasbah Resources Limited” and drawn in Australian currency for the correct amount, to Kasbah’s share registry; Computershare Investors Services Pty Limited, Locked Bag 2508, Perth WA 6001, on or before the **Closing Date of 5pm (WST) on 25 November 2010**. No late applications will be accepted.
- Make a BPAY[®] payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY[®] you do not need to return your Application Form. Overseas holders will not be able to make a payment using BPAY[®]. Payments made by BPAY[®] received after **3pm (WST) 25 November 2010** will not be accepted.

Applicants should not forward cash and direct bank transfers are not permitted.

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable at 24 cents per Share	Number of Shares which may be purchased
Offer A	\$5,000	20,833
Offer B	\$10,000	41,666
Offer C	\$15,000	62,500

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the **Closing Date of 5pm (WST) on 25 November 2010**. If the exact amount of money is not tendered with your application, Kasbah reserves the right to either:

- (i) return your Entitlement and Acceptance Form and/or payment and not allot any Shares to you; or
- (ii) allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any Shareholder may apply for will remain \$15,000 even if a Shareholder receives more than one Offer (whether in respect of a joint holding or because the Shareholder has more than one holding under a separate account).

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject, or scale back, on an equitable basis, any application. Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is \$3,000,000. In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on an equitable basis.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 32.5 cents. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Shortfall Placement

In the event that less than the maximum number of Shares that are available for subscription pursuant to this Offer are applied for, the shortfall may be placed at the discretion of the Directors.

Indicative Timetable

Record Date (5.00pm WST)	15 October 2010
Announcement Date of Plan	18 October 2010
Opening Date of Offer	11 November 2010
Closing Date of Offer	25 November 2010
Dispatch date for holding statements	2 December 2010
Quotation of Shares on ASX	6 December 2010

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Kasbah's Company Secretary, Mr Trevor Hart, on (08) 9463 6651 or email thart@kasbahresources.com.

Yours faithfully,



Mr Trevor Hart
Company Secretary
KASBAH RESOURCES LIMITED

KASBAH RESOURCES LIMITED
ACN 116 931 705
Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Kasbah Resources Limited (**Kasbah** or **Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Kasbah Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at 24 cents, being a 29.7% discount to the volume weighted average trading price of Kasbah Shares during the period 5 trading days prior to the announcement of the Offer on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Kasbah to issue a Prospectus, upon such terms and conditions as the board of directors of Kasbah, in its absolute discretion, sees fit.

Shareholders Eligible to Participate

Eligible shareholders may participate in the Plan. This Plan does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Plan in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Plan should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. By submitting an application for Shares under this Plan, and Applicant shall be deemed to have represented to the Company that the application for Shares complies with all relevant foreign securities laws.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Kasbah Shares offered under the Plan).

An offer may, at the discretion of the directors of Kasbah, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is \$15,000. The directors of Kasbah may also determine in their discretion the minimum amount for participation, the multiple of Kasbah Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Custodians, trustees and nominees:

If you are an eligible shareholder and hold the Kasbah shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to Kasbah in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annexe to your Entitlement and Acceptance Form a certificate to Kasbah (**Custodian Certificate**) with the following information:

- that you held Shares in Kasbah on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (WST) on 15 October 2010 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Kasbah Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;

- is exempt from holding an Australian financial services licence by virtue of Class Order [CO 03/184] or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the Corporations Regulations 2001;
- is a trustee of a self managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the shares on account of another person.

If you hold Kasbah shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner describes above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request Custodian Certificate and if you would like further information on how to apply, you should contact Computershare Investor Services at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

Kasbah reserves the right to reject any application for Plan Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. Kasbah reserves the right to reject applications in accordance with these Terms and Conditions.

Price of Kasbah Shares

The price of Kasbah Shares to be issued under the Plan will be 24 cents per Share. This price has been determined by calculating the volume weighted average market price of Kasbah Shares quoted on ASX during the period 5 trading days prior to the announcement of the Offer, and discounting this calculation by 29.7%.

Applications and Notices

At the discretion of the directors of the Company, Kasbah will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Kasbah Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Kasbah to participants may be given in any manner prescribed by its Constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of Kasbah Shares

Kasbah Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Kasbah in the relevant offer.

Kasbah Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Kasbah from the date of issue.

Shareholding statements or CHES notification will be issued in respect of all Kasbah Shares issued under the Plan. The Company will, promptly after the issue of Kasbah Shares under the Plan, make application for those Kasbah Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Kasbah may modify or terminate the Plan at any time. Kasbah will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Kasbah may issue to any person fewer Kasbah Shares than the person applied for under the Plan if the issue of the Kasbah Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Kasbah may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Kasbah Shares. The decision of Kasbah in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Kasbah reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Kasbah under these conditions may be exercised by the directors of Kasbah or any delegate of the directors of Kasbah.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Mr Trevor Hart, Company Secretary on (08) 9463 6651

Please return completed form to:
Computershare Investor Services Pty Limited
Locked Bag 2508 Perth
Western Australia 6001 Australia
Enquiries (within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
www.computershare.com



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SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



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For your security keep your SRN/HIN confidential.

Entitlement Number:
Record Date: 15 October 2010
Offer Closes: 5pm AWST 25 November 2010
Price per Security: A\$0.24

SHARE PURCHASE PLAN APPLICATION FORM

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, please consult your financial or other professional adviser.

Pursuant to the terms and conditions of the Kasbah Resources Limited Share Purchase Plan (SPP) contained in the letter to Kasbah Resources Limited securityholders dated 11 November 2010, Kasbah Resources Limited is offering eligible securityholders the opportunity to purchase Shares up to a maximum value of A\$15,000 per eligible securityholder, subject to a minimum application of A\$5,000.

If you do not wish to purchase additional shares under this offer there is no need to take action.

By making your payment, you agree to be bound by the Constitution of Kasbah Resources Limited and agree that the submission of this payment constitutes an irrevocable offer to you by Kasbah Resources Limited to subscribe for Kasbah Resources Limited Shares on the terms of the SPP. In addition, by submitting the slip below you certify that the aggregate of the application price paid by you for:

- the Shares the subject of the slip below; and
- any other shares and interests in the class applied for by you under the Share Purchase Plan or any similar arrangement in the 12 months prior to the date of submission of the slip below, does not exceed A\$15,000.00.

METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

Kasbah Resources Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Kasbah Resources Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Kasbah Resources Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Kasbah Resources Limited does not notify you of that event.

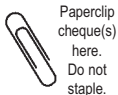
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PLEASE DETACH HERE



Please see overleaf for Payment Options



Biller Code: 123456

Ref No: 1234 5678 9012 3456 78

I/We wish to purchase:

20,833 shares or A\$5,000 or 41,666 shares or A\$10,000 or 62,500 shares or A\$15,000

* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

Payment Details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to Kasbah Resources Limited

Contact Details

Please provide your contact details in case we need to speak to you about this slip

Name of contact person

Contact person's daytime telephone number

How to accept the Share Purchase Plan

Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return the slip below if you are paying by electronic means.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this Application Form;

Make your cheque, bank draft or money order payable to Kasbah Resources Limited in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided. **Please note that funds are unable to be directly debited from your bank account.**

If paying by cheque, return the slip below and Cheque, Bank Draft or money order in the envelope provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.

Lodgement of Application

If you are applying for shares and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 3pm (AWST) on 25 November 2010. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's BPAY FAQ or other instructions prior to making multiple payments for multiple holdings under this offer. Neither CIS nor Kasbah Resources Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, the slip below must be received by Computershare Investor Services Pty Limited (CIS) Perth by no later than 5pm (AWST) on 25 November 2010. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. Other Overseas holders will need to affix the appropriate postage. Return the slip below with cheque, bank draft or money order attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 850 505.

This form may not be used to notify your change of address. For information, please contact CIS on 1300 850 505 or visit www.computershare.com (certificated/issuer sponsored holders only).

CHESS holders must contact their Controlling Participant to notify a change of address

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Payment Options:



Biller Code: 123456

Ref No: 1234 5678 9012 3456 78

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By Mail
Kasbah Resources Limited
Computershare Investor
Services Pty Limited
Locked Bag 2508
Perth, Western Australia 6001
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000