

1 October 2019
ASX: KAS
Share price: \$0.041



KASBAH SECURES ADDITIONAL FINANCING

ABOUT KASBAH

Kasbah is an Australian listed mineral exploration and development company.

The company (75%) and its Joint Venture partners, Toyota Tsusho Corp (20%) and Nittetsu Mining Co. (5%), are advancing the Achmmach tin project towards production in the Kingdom of Morocco.

PROJECTS

Achmmach Tin Project
Bou El Jaj Tin Project

CAPITAL STRUCTURE

Shares on Issue:	133m
Unlisted Options:	0.6m
Unlisted Rights:	20m
Cash @ 30/06/19:	\$1.9m

MAJOR SHAREHOLDERS

Pala Investments	34.2%
African Lion Group	10.3%

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Kasbah Resources Limited (Kasbah) (ASX: KAS) is pleased to announce that it has secured an additional A\$1.3 million convertible loan financing from its cornerstone strategic investor, Pala Investments Limited (**Pala**). The balance of the existing Pala convertible loan of A\$5.6 million (including accrued interest and capitalised charges) as at 30 September 2019, will be increased by the new loan of A\$1.3 million, and Kasbah has also exercised its option to extend the maturity of the loan for a further 12 months from 31 December 2019 to 31 December 2020.

Commenting on the financing transaction, Evan Spencer, Kasbah's CEO, stated:

"We are very pleased with the ongoing support of Pala in Kasbah and the Achmmach Tin Project. Kasbah has continued to make steady progress advancing project development and financing activities and is well positioned to take advantage when the tin market cycle recovers."

John Nagulendran, Managing Partner at Pala, commented:

"We continue to recognise Achmmach as one of the only scalable near-term sources of new tin supply, making it one of the best strategic tin assets. We are pleased with the significant achievements of the Kasbah team in advancing the project development activities, including the recent success in proving continuity of tin mineralisation along the Sidi Addi trend. This additional funding demonstrates our confidence in Achmmach and the demand for large scale, low cost, tin production from safe and non-conflict locations".

Subject to satisfaction of certain conditions precedent including receipt of Kasbah shareholder approval, the conversion price of the existing convertible loan will be varied such that both the existing loan plus the additional convertible loan will be priced at A\$0.05, being approximately 24% premium to Kasbah's 20 trading day VWAP and 22% premium to the closing price immediately prior to the date of this announcement.

The proceeds received from the increase of the convertible loan, if approved by shareholders, will provide funds to maintain the Achmmach Tin Project in good standing and provide working capital as the Company navigates through the current macro-economic environment. The Company continues to evaluate all strategic options as it seeks to derive the best outcomes for its shareholders.

A Notice of Meeting with further information on the proposed increase of the convertible loan financing and an independent expert's report evaluating the financing transaction will be despatched to shareholders in the coming weeks.

Terms of the financing

The material terms of the amended convertible loan agreement are as follows:

- Principal amount of A\$5 million is increased to A\$6.3 million. The principal amount can be reduced and/or cancelled subject to funding requirements at the time. The total amount owing (including capitalised interest and fees) as at 30 September 2019 is A\$5.6 million
- The additional funding is payable in two tranches; A\$800,000 following receipt of shareholder approval and A\$500,000 on or after 1 June 2020, if it is needed and at the option of Kasbah
- Maturity date extended by 12 months from 31 December 2019 to 31 December 2020
- Interest of 12% per annum up to 31 December 2019 and 15% per annum from 1 January 2020 to maturity date (as per existing loan)
- Loan (both existing and new) is convertible by Pala into fully paid ordinary shares at A\$0.05 per share
- Kasbah may repay some or all of the loan at any time prior to maturity subject to conversion rights and an interest prepayment fee (as per existing loan)
- Convertible loan is senior secured (per the existing loan)
- If financial close has not been reached by 31 December 2019, or if financial close has been reached but Kasbah does not draw on the new loan, all amounts owing under the existing loan will become repayable on the extended maturity date of 31 December 2020. The company therefore has the flexibility, at its discretion, to consider and accept any other financing options as an alternative to the additional loans from Pala prior to forecasted drawdown following shareholder approval

Financial close on the amended convertible loan agreement is expected to occur by the end of December 2019 following receipt of all applicable approvals and satisfaction of customary closing conditions. If Pala were to convert all of its loans under a fully drawn facility due to mature on 31 December 2020, and based on Kasbah's current issued capital, Pala would hold a maximum voting power in Kasbah of approximately 70%¹.

¹ Assumes A\$6.3m drawn on the loan, all fees and interest are capitalised and the full amount converts to ordinary equity on the maturity date of 31 December 2020.

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.