ASX RELEASE

ACHMMACH DRILLING UPDATE

HIGHLIGHTS

- **Section 2610mE** extends tin mineralisation 240m east of 2010 Meknes Resource.
- **AD108, AD116 and AD117** (and section 2530mE previously reported) confirm the continuity of the Meknes mineralisation into the Gap Zone.
- Tin mineralisation on section 2610mE remains open up dip and at depth.
- Potential for new tin zone below the Meknes Zone.

AD108 returned:

- 7m @ 1.07% Sn from 220m; and
- 26m @ 0.96% Sn from 249m
  (includes 10m @ 1.63% Sn from 249m).

AD116 returned:

- 31m @ 0.63% Sn from 259m
  (includes 7m @ 1.60% Sn from 276m); and
- 16m @ 0.36% Sn from 308m.

AD117 returned:

- 14m @ 0.71% Sn from 218m
  (includes 6m @ 0.99% Sn from 225m);
- 12m @ 0.60% Sn from 244m
  (Includes 3m @ 1.12% Sn from 244m);
- 23m @ 0.83% Sn from 313m
  (Includes 5m @ 1.40% Sn from 321m); and
- 9m @ 0.53% Sn from 387m.

- Gap Zone 80m spaced drilling almost complete and results pending for AD120, AD122, AD124 and AD125

16 January 2012

ASX Code: KAS

Our prime commodity is Tin.

About Kasbah

Kasbah Resources is an Australian listed mineral exploration and development company advancing the Achmmach Tin Project towards production.

Projects

Achmmach Tin Project
Bou El Jaj Tin Project

LME Tin Price (12/01/12)

US$21,075/T
(Cash buyer)

Board & Management

Mike Spratt
Non-Executive Chairman

Wayne Bramwell
Managing Director

Rod Marston
Non-Executive Director

Rob Weinberg
Non-Executive Director

Gary Davison
Non-Executive Director

Ian McCubbing
Non-Executive Director

Trevor O'Connor
CFO / Company Secretary

Mike Kitney
Chief Operating Officer

Chris Bolger
GM Exploration & Resource Development

www.kasbahresources.com

OVERVIEW

Kasbah Resources Limited ("Kasbah") is pleased to announce the latest exploration drilling results from the Company's Achmmach Tin Project in Morocco.

The drilling continues further into the Gap Zone on 80m sections. This drilling (between sections 2450mE and 2770mE) could extend the continuity of the Meknes mineralisation by approximately 500m of strike and link the previously reported resources in the Meknes Zone with the resources in the Eastern Zone (refer Figure 1).

S**ection 2610mE** is the third step out section completed in the Gap Zone and is located 240m east of the last Meknes drill section included in the 2010 Resource Update. Section 2610mE comprises 4 drill holes (for approximately 1498m) and is designed to drill test the Meknes Trend mineralisation.

Drill holes AD108, AD116, AD117 and **AD106** (previously announced to ASX on 19th September 2011) are reported here.

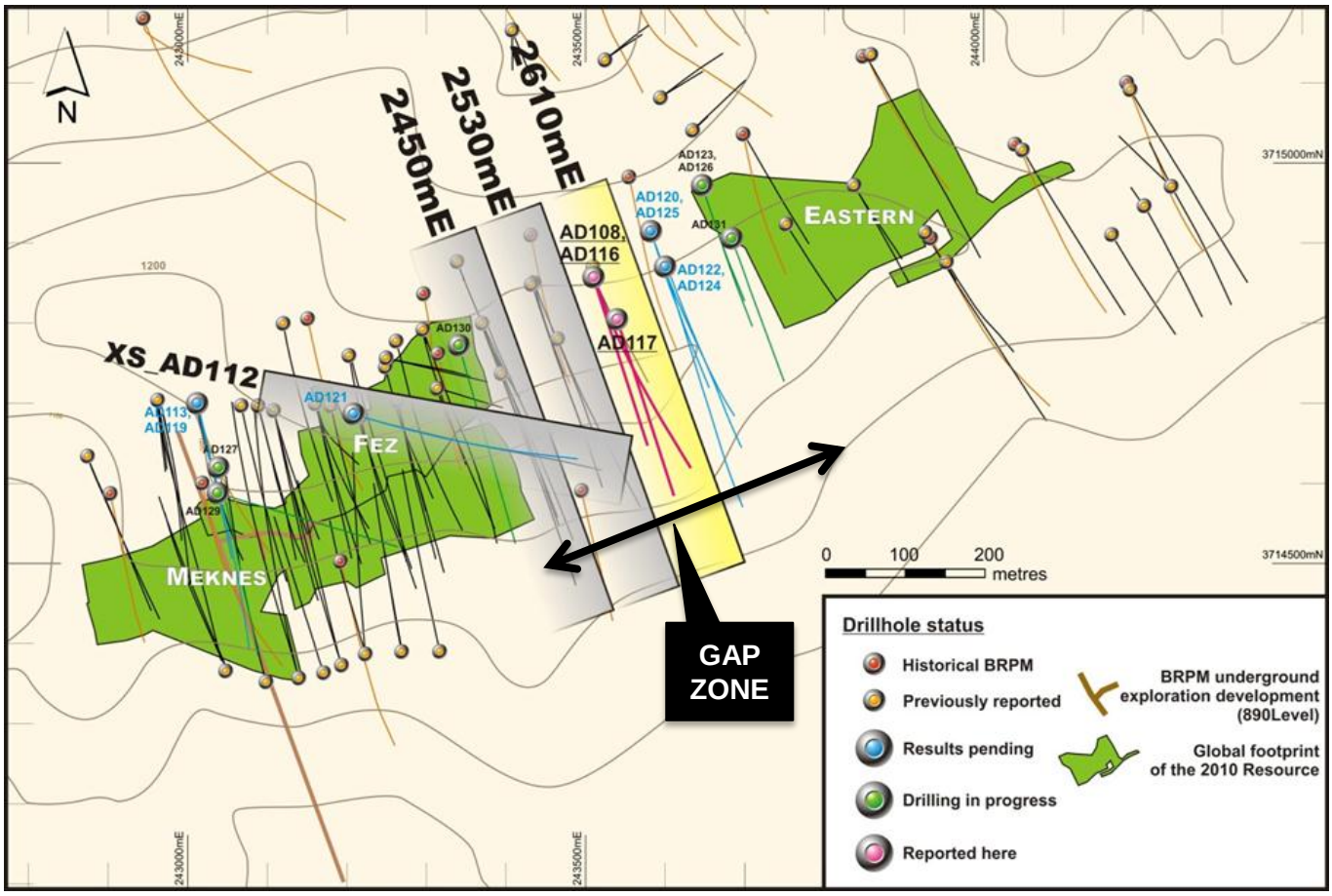

Figure 1

Achmmach Drill Plan

(plan view of drill hole traces and currently defined resource blocks)

AD108 and AD116 intersect the Meknes Zone in a similar location to the Meknes intersections on section 2530mE (reported 11 January 2012).

The mineralisation on section 2610mE has not been closed off either up dip or down dip. Mineralisation intersected below the main Meknes mineralisation on this section, section 2530mE and 2450mE (reported 14th July 2011) suggests the potential for delineating another zone of tin mineralisation below the Meknes Zone.

Key Points - Mineralised Intersections

Section 2610mE (Gap Zone)

Section 2610mE (Figure 2) is located in the middle of the Gap Zone, approximately half way between the 2010 Meknes Zone Resource wireframes and the Eastern Zone Resource wireframes (refer Figure 1).

These results, combined with drill sections 2450mE and 2530mE extend tin mineralisation 240m to the east of the 2010 Meknes Zone Resource.

AD108 returned:

- 7m @ 1.07% Sn from 220m;
- 26m @ 0.96% Sn from 249m, (including 10m @ 1.63% Sn from 249m);
- 5m @ 0.40% Sn from 316m; and
- 5m @ 0.88% Sn from 405m.

The two upper intercepts are interpreted to be part of the Meknes mineralisation. The lower thinner intercepts are tourmaline patches hosting quartz cassiterite veinlets (interpreted as leakages from the main tin mineralising system).

AD116 returned:

- 12m @ 0.38% Sn from 242m,
- 31m @ 0.63% Sn from 259m, (including 7m @ 1.60% Sn from 276m);
- 16m @ 0.36% Sn from 308m; and
- 5m @ 0.34% Sn from 366m.

The two upper intercepts are also interpreted to be part of the Meknes mineralisation and are believed to be the down dip extension of the two upper intercepts of AD108 described above.

The two lower intercepts of AD116 are interpreted as steeply dipping tourmaline structures associated with cassiterite specks.

The mineralising system extends down dip through AD106, leaving the tin mineralisation open at depth.

AD117 returned:

- 14m @ 0.71% Sn from 218m, (including 6m @ 0.99 from 225m);
- 12m @ 0.60% Sn from 244m, (including 3m @ 1.12% Sn from 244m);
- 18m @ 0.44% Sn from 285m;
- 23m @ 0.83% Sn from 313m, (including 5m @ 1.40% Sn from 321m);
- 3m @ 1.01% Sn from 341m; and
- 9m @ 0.53% Sn from 387m

The two upper intercepts are believed to be the up dip extension of the Meknes mineralisation intersected in AD108.

The lower intercepts from AD117 are below the main Meknes mineralised system. Their structural control is yet to be interpreted but the mineralisation is hosted by meta-sediments with moderate to strong tourmaline alteration containing cassiterite-bearing veinlets, some of which are brecciated.

The mineralisation on this section diminishes down dip but the up dip extension constitutes a prospective target.

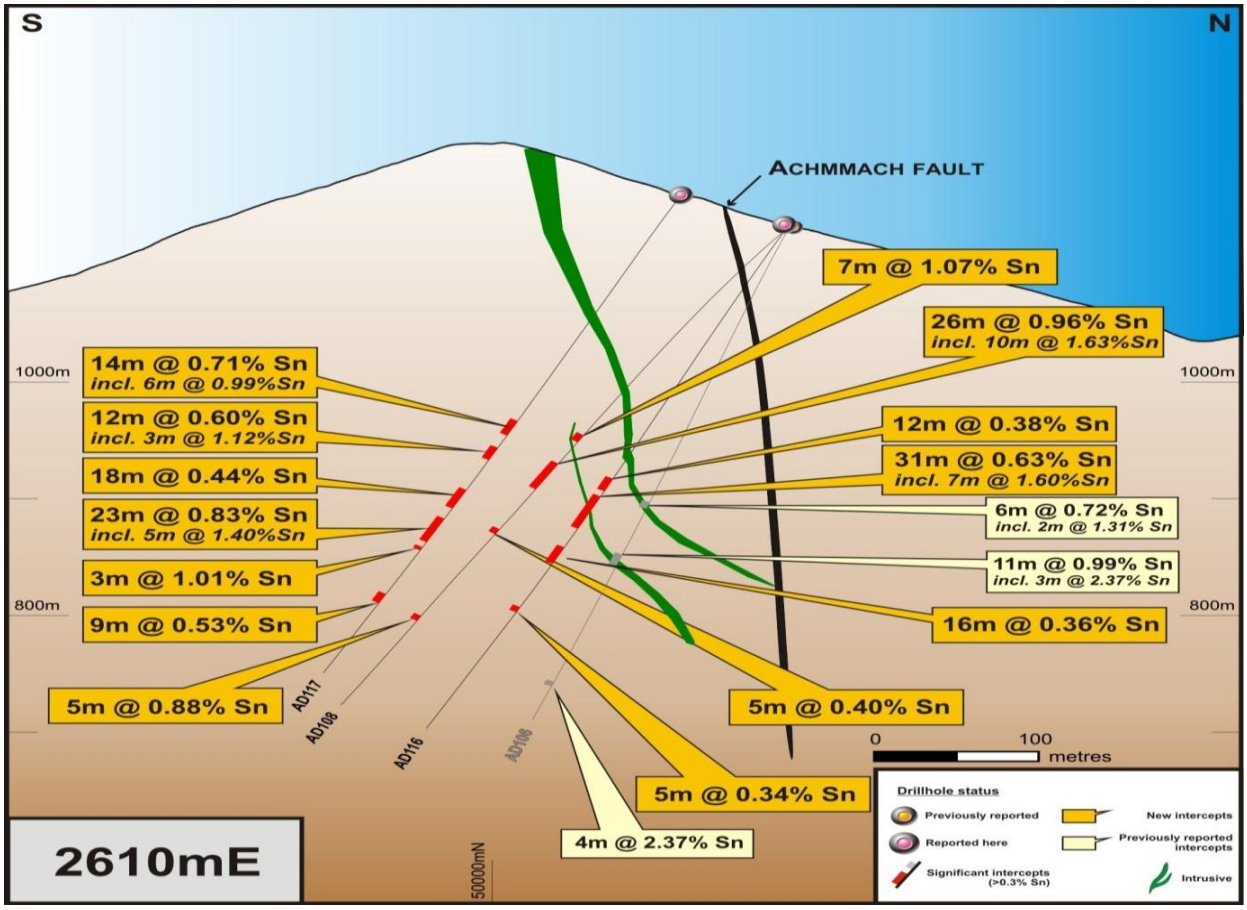

Figure 2

Cross Section 2610mE

Drilling continues at Achmmach with five rigs currently operational. Drilling on;

- the 80m spaced drill sections in the Gap Zone (from 2450mE to 2770mE) is close to complete;
- the 105 magnetic azimuth within the 2010 Meknes Resource continues; and
- 40m spaced drill sections within the Gap Zone has now commenced.

Assays for AD120, 122, 124 and 125 are now pending.

Wayne Bramwell
Managing Director

For further information please go to: www.kasbahresources.com

Or email: info@kasbahresources.com

Achmmach Tin Project - August 2010 Resource			
Category	**M Tonnes**	**Sn %**	**Contained Tin (k tonnes)**
Indicated	2.2	0.8	17
Inferred	4.8	0.8	37
Total	**7.0**	**0.8**	**54**

The information in this report is based on information compiled by Mr Chris Bolger, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bolger is a full-time employee of Kasbah Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bolger consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to Kasbah Resources Limited's mineral resource estimates for the Achmmach Project is based on information compiled by Michael Job, who is a full time employee of Quantitative Group and a Member of the Australasian Institute of Mining and Metallurgy. Michael Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 JORC code. Michael Job consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

APPENDIX A: Drill-Hole Collar Details

Hole ID	Collar UTM 30N WGS84 N	Collar UTM 30N WGS84 E	RL (m)	Azimuth	Dip	Depth
AD108	3714876	243500	1133.9	160	-50	496.6
AD116	3714876	243502	1133.9	160	-61.5	485.0
AD117	3714815	243525	1160.3	160	-60	464.7

APPENDIX B: Significant Intersections[A]

Hole ID	Collar UTM 30N WGS84 N	Collar UTM 30N WGS84 E	From (m)	To (m)	Down-hole interval (m)	Tin Grade Sn %
AD108	3714876	243500	220	227	7	1.07
			249	275	26	0.96
		includes	249	259	10	1.63
			316	321	5	0.40
			405	410	5	0.88
AD116	3714876	243502	242	254	12	0.38
			259	290	31	0.63
		includes	276	283	7	1.60
			308	324	16	0.36
			366	371	5	0.34
AD117	3714815	243525	218	232	14	0.71
		includes	225	231	6	0.99
			244	256	12	0.60
		includes	244	247	3	1.12
			285	303	18	0.44
			313	336	23	0.83
		includes	321	326	5	1.40
			341	344	3	1.01
			387	396	9	0.53
All Assays for Intervals reported below						

[A] significant intersections >100m below natural surface selection criteria:

≥ 0.3%Sn and ≥ 5m down-hole and ≤ 3m down-hole < 0.3%Sn included OR
≥ 0.3%Sn and ≥ 1.5 %Tin-metres metal accumulation down-hole and ≤ 3m down-hole < 0.3%Sn included

Drill Hole	From (m)	To (m)	Sample Width	Tin Grade Sn%
AD108	220	221	1	0.90
AD108	221	222	1	0.59
AD108	222	223	1	1.72
AD108	223	224	1	1.29
AD108	224	225	1	0.27
AD108	225	226	1	2.23
AD108	226	227	1	0.47
AD108	249	250	1	7.20
AD108	250	251	1	1.16
AD108	251	252	1	0.97
AD108	252	253	1	0.59
AD108	253	254	1	0.59
AD108	254	255	1	1.01
AD108	255	256	1	1.13
AD108	256	257	1	1.28
AD108	257	258	1	1.46
AD108	258	259	1	0.87
AD108	259	260	1	0.68
AD108	260	261	1	0.21
AD108	261	262	1	0.51
AD108	262	263	1	0.02
AD108	263	264	1	0.23
AD108	264	265	1	0.04
AD108	265	266	1	0.47
AD108	266	267	1	0.52
AD108	267	268	1	0.16
AD108	268	269	1	0.73
AD108	269	270	1	1.54
AD108	270	271	1	1.06
AD108	271	272	1	0.61
AD108	272	273	1	0.71
AD108	273	274	1	0.43
AD108	274	275	1	0.76
AD108	316	317	1	0.28
AD108	317	318	1	0.44
AD108	318	319	1	0.33
AD108	319	320	1	0.52
AD108	320	321	1	0.43
AD108	405	406	1	0.69
AD108	406	407	1	0.52

Drill Hole	From (m)	To (m)	Sample Width	Tin Grade Sn%
AD108	407	408	1	1.51
AD108	408	409	1	1.19
AD108	409	410	1	0.49
AD116	242	243	1	0.32
AD116	243	244	1	0.54
AD116	244	245	1	0.76
AD116	245	246	1	0.25
AD116	246	247	1	0.30
AD116	247	248	1	0.63
AD116	248	249	1	0.33
AD116	249	250	1	0.22
AD116	250	251	1	0.38
AD116	251	252	1	0.28
AD116	252	253	1	0.24
AD116	253	254	1	0.32
AD116	259	260	1	0.50
AD116	260	261	1	0.52
AD116	261	262	1	0.31
AD116	262	263	1	0.57
AD116	263	264	1	0.17
AD116	264	265	1	0.21
AD116	265	266	1	0.35
AD116	266	267	1	0.62
AD116	267	268	1	0.16
AD116	268	269	1	0.38
AD116	269	270	1	0.39
AD116	270	271	1	0.46
AD116	271	272	1	0.11
AD116	272	273	1	0.49
AD116	273	274	1	0.18
AD116	274	275	1	0.19
AD116	275	276	1	0.48
AD116	276	277	1	1.05
AD116	277	278	1	2.04
AD116	278	279	1	1.77
AD116	279	280	1	0.98
AD116	280	281	1	2.08
AD116	281	282	1	1.64
AD116	282	283	1	1.65
AD116	283	284	1	0.20
AD116	284	285	1	0.18

Drill Hole	From (m)	To (m)	Sample Width	Tin Grade Sn%
AD116	285	286	1	0.45
AD116	286	287	1	0.29
AD116	287	288	1	0.42
AD116	288	289	1	0.20
AD116	289	290	1	0.40
AD116	308	309	1	0.92
AD116	309	310	1	0.45
AD116	310	311	1	0.42
AD116	311	312	1	0.33
AD116	312	313	1	0.33
AD116	313	314	1	0.45
AD116	314	315	1	0.40
AD116	315	316	1	0.20
AD116	316	317	1	0.18
AD116	317	318	1	0.16
AD116	318	319	1	0.23
AD116	319	320	1	0.28
AD116	320	321	1	0.14
AD116	321	322	1	0.40
AD116	322	323	1	0.32
AD116	323	324	1	0.50
AD116	366	367	1	0.51
AD116	367	368	1	0.01
AD116	368	369	1	0.69
AD116	369	370	1	0.12
AD116	370	371	1	0.37
AD117	218	219	1	0.82
AD117	219	220	1	0.32
AD117	220	221	1	1.59
AD117	221	222	1	0.57
AD117	222	223	1	0.00
AD117	223	224	1	0.00
AD117	224	225	1	0.15
AD117	225	226	1	1.11
AD117	226	227	1	1.11
AD117	227	228	1	0.33
AD117	228	229	1	0.86
AD117	229	230	1	0.83
AD117	230	231	1	1.72
AD117	231	232	1	0.58
AD117	244	245	1	0.68

Drill Hole	From (m)	To (m)	Sample Width	Tin Grade Sn%
AD117	245	246	1	1.26
AD117	246	247	1	1.41
AD117	247	248	1	0.02
AD117	248	249	1	0.95
AD117	249	250	1	0.42
AD117	250	251	1	0.27
AD117	251	252	1	0.27
AD117	252	253	1	0.28
AD117	253	254	1	0.92
AD117	254	255	1	0.48
AD117	255	256	1	0.31
AD117	285	286	1	0.81
AD117	286	287	1	0.05
AD117	287	288	1	0.34
AD117	288	289	1	0.79
AD117	289	290	1	0.35
AD117	290	291	1	0.11
AD117	291	292	1	0.42
AD117	292	293	1	0.11
AD117	293	294	1	0.27
AD117	294	295	1	0.38
AD117	295	296	1	0.69
AD117	296	297	1	0.44
AD117	297	298	1	0.02
AD117	298	299	1	0.71
AD117	299	300	1	1.03
AD117	300	301	1	0.36
AD117	301	302	1	0.81
AD117	302	303	1	0.31
AD117	313	314	1	0.42
AD117	314	315	1	1.85
AD117	315	316	1	0.78
AD117	316	317	1	1.07
AD117	317	318	1	1.00
AD117	318	319	1	0.31
AD117	319	320	1	0.31
AD117	320	321	1	0.34
AD117	321	322	1	1.33
AD117	322	323	1	0.92
AD117	323	324	1	0.79
AD117	324	325	1	1.51

Drill Hole	From (m)	To (m)	Sample Width	Tin Grade Sn%
AD117	325	326	1	2.44
AD117	326	327	1	0.68
AD117	327	328	1	0.46
AD117	328	329	1	0.84
AD117	329	330	1	0.47
AD117	330	331	1	1.44
AD117	331	332	1	0.08
AD117	332	333	1	0.41
AD117	333	334	1	0.02
AD117	334	335	1	0.25
AD117	335	336	1	1.34
AD117	341	342	1	1.69
AD117	342	343	1	0.97
AD117	343	344	1	0.38
AD117	387	388	1	0.74
AD117	388	389	1	0.34
AD117	389	390	1	0.51
AD117	390	391	1	0.66
AD117	391	392	1	0.07
AD117	392	393	1	0.13
AD117	393	394	1	0.08
AD117	394	395	1	1.12
AD117	395	396	1	1.12