



03 DECEMBER 2014

ASX CODE: KAS

**OUR PRIME COMMODITY IS
TIN**

LME TIN PRICE (02/12/14)

**US\$20,245 / T
(CASH BUYER)**

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY IS ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT
KIKAGATI TIN PROJECT

CAPITAL STRUCTURE

SHARES ON ISSUE:	451M
UNLISTED OPTIONS:	14.5M
CASH @ 24/10/14:	\$5.5M

MAJOR SHAREHOLDERS

WORLD BANK (IFC)	18.0%
AFRICAN LION GROUP	14.8%
TRAXYS	4.6%
MGMT & DIRECTORS	3.6%
TRANSAMINE	2.9%
THAISARCO	2.3%

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ACHMMACH DFS ENHANCEMENT PROGRAMMES

HIGHLIGHTS

- Since completing the Achmmach DFS (announced to the ASX 31 March 2014) Kasbah has advanced multiple initiatives to further enhance the DFS base case financial model.
- Extensional drilling at the Western Zone (WZ) target at Achmmach has upgraded the Indicated Mineral Resource to **340kt @ 1.25% Sn for 4.2kt contained tin**.
- WZ tin mineralisation now covers **235m of the Sidi Addi Trend** strike, has multiple structures up to 8m wide, extends approximately 200m below surface and remains open along strike to the east and down dip. Geometry and economics are likely to now favour underground extraction.
- Metallurgical testwork on ore from the WZ has achieved **78%** tin recovery. Kasbah intends to apply the WZ metallurgical enhancements to Meknes Trend ore with the aim of improving the overall recovery level achieved in the DFS.
- Integrating the Western Zone into the DFS as a higher grade underground target early in the mine schedule, metallurgical advancements to the Meknes ore and ultimate refinement of the Reserve and Life of Mine Plan could significantly enhance early stage cash flow, increase operating margins and reduce project capital requirements.
- These value adding programmes will be completed in Q1 2015. The company will extend the project financing process to take advantage of these potential project value-add opportunities.

Kasbah Managing Director Wayne Bramwell said:

“The growing WZ resource and potential global improvements in metallurgical recovery have opened up new opportunities to improve cash flow in the critical early years of project development.

The enhancement programmes put in place can be completed quickly with minimal cost and give us the opportunity to significantly enhance the project economics at Achmmach.

Improving the project economics increases our options for project finance when negotiating with debt providers and off-take groups.”

ACHMMACH PROJECT ENHANCEMENT PROGRAMME

Kasbah Resources Limited (**Kasbah, ASX: KAS**) is pleased to provide detail on current work programmes that focus on enhancing the Achmmach Tin Project's DFS base case.

Since completion of the Achmmach DFS (announced to the ASX 31 March 2014) Kasbah has advanced a number of initiatives to further enhance the DFS base case financial model. The recent emergence of the WZ as a high grade and valuable component of the larger Achmmach Mineral Resource has provided further value add opportunity where the integration of the Western Zone into the DFS mine plan, application of metallurgical enhancements and the ultimate refinement of the mine Reserve could significantly enhance early stage cash flow and reduce project capital requirements.

A summary of the work programmes, opportunities and the potential benefits is provided below.

1 WZ metallurgy (ASX Announcement 16 October 2014)

This programme of WZ metallurgical test work focussed on optimisation of the gravity and flotation processes within the existing DFS flow sheet. Through the optimisation of the gravity / flotation interface and the improvements in flotation selectivity, Kasbah successfully achieved tin recoveries from the WZ of 78%.

The WZ metallurgical recovery achieved is significantly higher (78%) than that achieved from earlier Meknes Trend testwork (70.3%) and this testwork has refined processing parameters that can now be tested on Meknes ore, where the bulk of the mineable reserve exists.

2 WZ Resource Update (ASX Announcement 25 November 2014)

Kasbah continued to drill the WZ Resource during Q2 and Q3 of 2014. These drilling programmes successfully extended the WZ resource across 235m of strike and to approximately 200m below surface.

The WZ outcrops at surface but is open at depth. Therefore, ore body geometry and economics are likely to favour extraction of the WZ by underground mining – delivering higher grade, higher margin ore to the Achmmach mill and reducing the surface impact on the project.

Current DFS Enhancement Work Streams

Improved metallurgical recovery, higher grade and the orebody geometry of the WZ has provided new insight into opportunities to enhance Meknes Trend tin recovery and underground mine design. Both of these options target increasing operating margins and reducing capital from the proposed underground development.

- **Meknes Trend Metallurgical Programme**

The optimised process conditions developed from the WZ flotation programme are now being applied to the Meknes Trend ore. A 3000kg sample is currently being processed at Nagrom in Western Australia that targets lifting the DFS result of 70.3% tin recovery towards the 78% achieved by the WZ test work.

A 1% increase in metallurgical recovery has approximately US\$7,000,000¹ positive impact on the DFS base case NPV and the resultant enhancements to the process flow sheet may also lead to reduced capital and operating costs.

▪ **Meknes Trend Mine Design Programme**

Refining the existing DFS mine design to incorporate the WZ provides the opportunity to access and schedule high grade ore from the WZ early in the mine development with consequent benefits to overall mine economics.

The Indicated Resource reported for the WZ represents approximately 4200 tonnes of contained tin that have not been included in the current mine inventory and the connection of the well drilled Meknes Trend with the lightly drilled Sidi Addi Trend will provide additional exploration access to the highly highly prospective Sidi Addi trend (refer **Figure 1**).

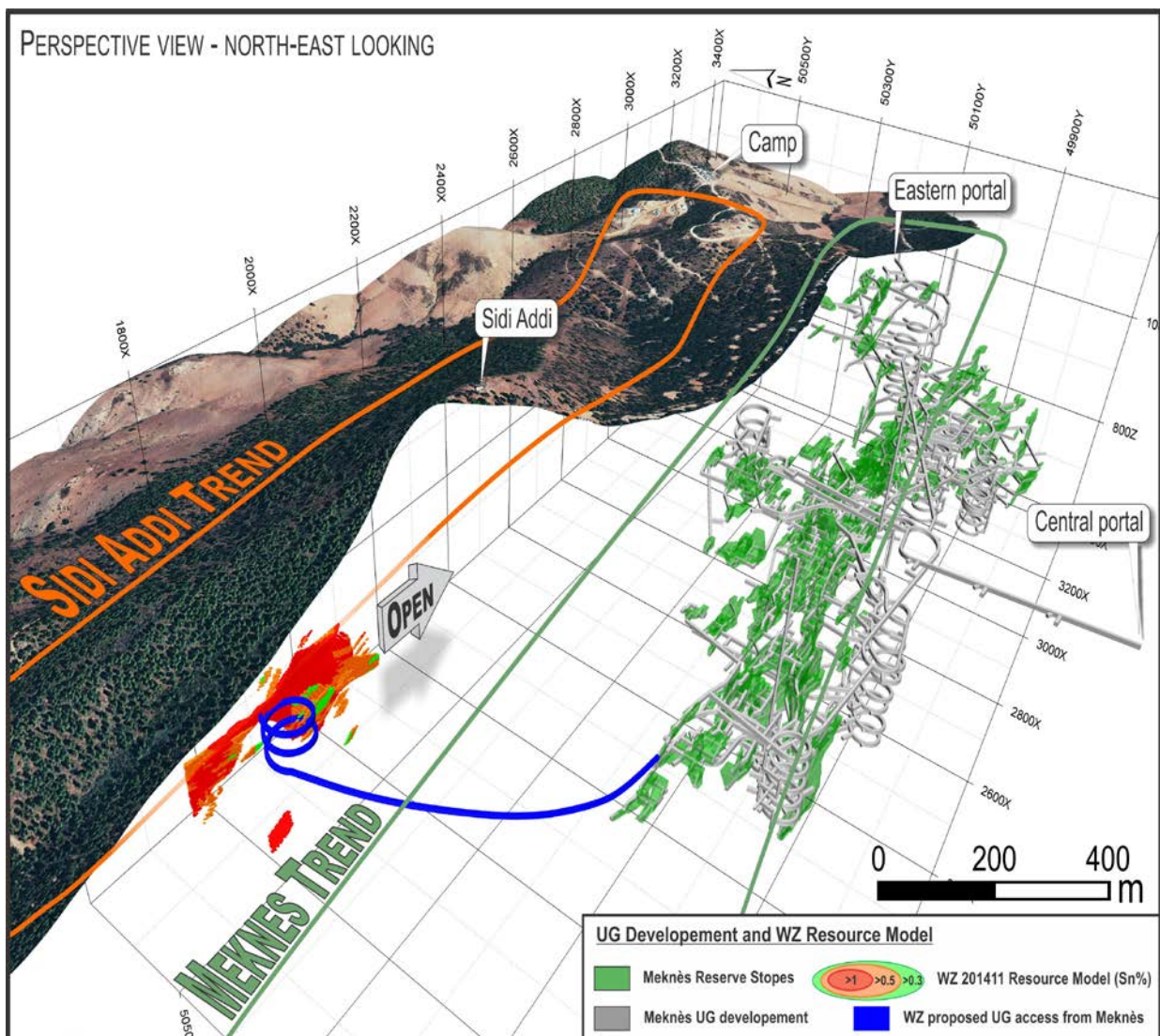


Figure 1

Perspective View of Proposed Meknes Trend Mine design (grey) and proposed access drive to Western Zone (in Blue) from Central Decline

By integrating the WZ into the overall mine design Kasbah also has the opportunity to refine development scheduling, waste and paste fill management, ventilation and stope design with possible reduction in overall mine capital.

- **Project Tailings' and Water Management**

Kasbah is currently investigating options such as dry stacking of tailings to enhance water conservation and reduce tailings management facility construction costs.

These value adding programmes will be completed during Q1 2015 and if successful should significantly enhance the early stage cash flow from Achmmach as higher grade, higher margin ore is processed.

LOOKING FORWARD

In light of the above, the Company will extend the project financing process to take advantage of these potential project value-add opportunities. Kasbah will continue to provide updates on these project enhancement programmes, project approvals and the financing process during the remainder of this year and in Q1, 2015.



Wayne Bramwell
Managing Director

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¹ *The calculation of the effect of 1% increase in Metallurgical recovery on the NPV of the Project was calculated by simply comparing the NPV results of different recovery rates utilising the DFS Model prepared for the Company's DFS Announcement of 31 March 2014. No other variables in the model have been modified, particularly with regard to any impact the flow sheet enhancements could have on capital and operating costs. It should be noted that the indicated increases in the metallurgical recovery of the Western Zone ore may not be fully achieved for Meknès ore. The Company confirms that all the material assumptions underpinning the release of the DFS Report as announced to the Market on 31 March 2014 continue to apply and have not materially changed.*

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.

The Company confirms that it is not aware of any new information or data that materially affects Production targets, Forecasted Financial Information, Reserve and Resource Estimates included in this announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.