



07 October 2014

ASX CODE: KAS

**OUR PRIME COMMODITY IS
TIN**

LME TIN PRICE (03/10/13)

**US\$20,390 / 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:	396M
UNLISTED OPTIONS:	20.5M
CASH @ 30/6/14	\$4.4M

MAJOR SHAREHOLDERS

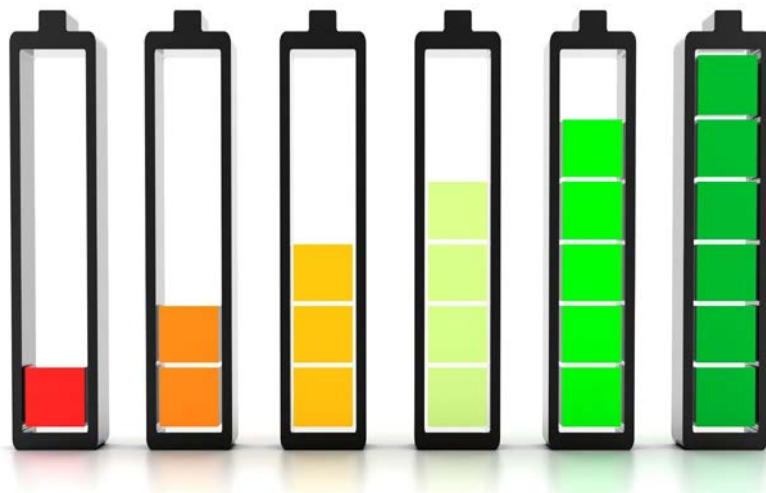
WORLD BANK (IFC)	15.8%
AFRICAN LION GROUP	15.1%
TRANSAMINE	3.3%
TRAXYS	3.3%
MGMT & DIRECTORS	3.0%
THAISARCO	2.0%

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ASX RELEASE

KASBAH CORPORATE UPDATE



HIGHLIGHTS

- The International Financial Corporation, Kasbah's largest shareholder, has confirmed it will take up its full entitlement in the Rights Issue, as have five of our directors and the majority of our tin focused shareholders.
- Key Moroccan approvals including the Investment Convention and Environmental Monitoring and Management Plan are well progressed.
- Draft term sheets have been received from a number of International project finance banks as a precursor to finalising commercial terms for the project debt finance.
- Non-binding Expressions of Interest have been received for concentrate off-take and additional project funding from substantial tin industry participants.
- In light of the current proposals before the company, Kasbah is evaluating the optimal funding structure that maximises value and minimises dilution for Kasbah shareholders.
- An improved cash position will increase our ability to negotiate final funding arrangements and progress to a Decision to Mine.

A corporate update to all Kasbah Shareholders follows.

Dear Kasbah Shareholder,

We all face a critical financial decision this week that affects our Company and as such I encourage you to take the time to read this important corporate update.

The Past 4 Years

Since 2010, Kasbah has achieved the following milestones on the Achmmach Tin Project (“Achmmach” or the “Project”):

- Completed an initial Scoping Study;
- Finalised the acquisition of the Project;
- Completed a Pre-Feasibility Study;
- Brought in two significant Japanese strategic investors (Toyota Tsusho Corp and Nittetsu Mining Co) who now hold a combined 25% interest in the Project; and
- Completed the Definitive Feasibility Study (DFS) and Environmental and Social Impact Assessment.

The March 2014 DFS (released to the market on 31 March 2014) delivered a maiden Reserve, defined the capital and operating costs for a 1 Mtpa underground mine and processing operation and set the platform to commence project financing and off-take discussions.

Kasbah has achieved all of this without returning to the equity markets once during this time.

How is Achmmach Placed Today?

From a global perspective, Achmmach is extremely well-placed.

Achmmach is widely recognised in the tin industry as the most advanced of these hard rock tin projects. An assessment of undeveloped tin projects completed by the German Federal Institute of Geosciences and Natural Resources in May 2014 identified Achmmach as one of only two development-stage tin projects globally that is economic (the other being Minsur’s Bofedal II Tailings Project in Peru) with Achmmach being the only one held by a junior, emerging company.

As recently as 2 October 2014 the International Tin Research Institute (ITRI) stated:

“A small sub-set of the projects is moving ahead, but the majority will probably remain stalled unless market conditions improve significantly. In all, the tin mine project pipeline is not big enough or sufficiently advanced to meet future supply requirements.”

With the growing needs of the automotive, power and electronic sectors, combined with new legislation around the world pertaining to improved traceability of minerals, many of the world’s largest corporations are now seeking greater transparency in the source of their metal inputs.

For many years, growth in tin demand has been largely met by small, artisanal sources across Asia and to a lesser extent Africa. Artisanal tin operations can often be environmentally damaging and can lack traceability. All of these issues are driving the largest tin end users away from smaller artisanal sources towards more traceable and reliable mechanised hard rock tin resources.

Project Funding Update

Since announcing the DFS in March 2014, Kasbah and its project partners have been in active discussions with a wide range of parties regarding funding the development of the Achmmach project. These parties include international project finance banks, development finance institutions, tin smelters and end-users, commodity traders, private equity groups and a range of other financial and strategic investors. The level of interest has been high and discussions with a number of groups are well advanced.

With respect to Project debt, draft term sheets have been received from a number of International project finance banks and their due diligence on the project is nearing completion. Kasbah is confident of being in a position to finalise the commercial terms of the project loan then mandate one or more lenders to deliver the debt solution.

With respect to Kasbah's 75% share of the Project equity requirement, Kasbah has now received non-binding Expressions of Interest (EOIs) to participate in the overall funding solution from a number of substantial tin industry participants. In some cases, these EOIs are accompanied by proposals to provide off-take of the concentrate stream that will flow from Achmmach.

In light of the proposals received to-date, Kasbah can now evaluate these options to determine the optimal project funding structure that maximises value and minimises dilution for Kasbah shareholders.

Moroccan Approvals Update

In addition to the funding activities, Kasbah has also been progressing key Moroccan approvals, including the Investment Convention and Environmental Monitoring and Management Plan. Stakeholder and community support for Achmmach is high and approvals are well-progressed with Kasbah being confident that they will be finalised soon.

October 2014 Rights Issue

Kasbah has three primary objectives in conducting the rights issue and improving our cash position now:

1. To enhance our ability to negotiate the optimal project funding structure and terms, by ensuring we are not in a cash-constrained position during this process;
2. To allow us to continue to optimise the existing base case DFS; and
3. To enable continued drill testing of Achmmach, with a focus on expanding the mine life potential.

Kasbah's largest shareholder, the International Finance Corporation (IFC), has agreed to subscribe for its full entitlement under this rights issue. This is a significant vote of confidence in Achmmach and Kasbah's management to deliver an optimal funding solution.

Alongside the IFC, the Kasbah Board will also strongly support the issue, with 5 out of the 6 Directors agreeing to subscribe for their full entitlement. The majority of our tin industry shareholders have also advised that they will also take up their full entitlements'.

Conclusion

We are at an important juncture in the history of Kasbah. Achmmach is a unique and strategic asset and is required by the tin sector to replace low grade and / or high cost production and we believe the transition of Kasbah from explorer to producer will also ultimately crystallise significant value for our shareholders.

I am personally very encouraged by the level of debt and off-take interest the Company has received to-date and we understand the market's desire for clarity on the funding structure for Achmmach. The additional capital provided by this rights issue will ensure that Kasbah is well-positioned to achieve the best possible project funding outcome, for the benefit of all shareholders.

I thank you for your loyalty to date and strongly encourage you to support this rights issue and complete one of the acceptance processes within the Offer Documents sent to you by the **deadline of 5:00pm WST on Friday 10 October, 2014.**

Given the short timeframe to closing, payment via BPAY outlined in the Entitlements and Acceptance form is likely to be the most efficient process.

Yours sincerely,



Wayne Bramwell
Managing Director

For further information please visit:

www.kasbahresources.com

Or email:

info@kasbahresources.com