



## QUARTERLY ACTIVITIES REPORT TO DECEMBER 31 2007

31st January 2008

The Manager  
Company Announcements Office  
Australian Stock Exchange

---

### HIGHLIGHTS

- Phase 1 Diamond drilling to test for near surface, possibly pitted, tin mineralisation commenced on the 4<sup>th</sup> November 2007 at the Achmmach Tin Project and is due for completion in the March 2008 quarter
  - To date, 12 diamond holes have been drilled in the eastern area of the prospect for a total of 2,385.2m of HQ core and the results received to date from the first 5 drill holes indicate that no significant tin mineralisation has yet been drilled in that specific area
  - Some anomalous gold drill intersections have been recorded, but as no systematic sampling for gold has been done the significance of this mineralisation remains to be determined
  - Surface geochemical sampling continues to identify high grade surface tin mineralisation up to 5.66% Sn, and systematic sampling remains to be completed
  - Achmmach site infrastructure was completed and is now operational
  - Bulk sampling of the hard rock veins at El Karit was completed and the samples are being shipped to Australia for assaying
-



**FIGURE 1**  
**DRILLING HOLE AD003**



Kasbah Resources Limited (ASX: KAS) is pleased to present its Quarterly Activities Report for the period ending 31<sup>st</sup> December 2007.

## **1.0 ACHMMACH TIN PROJECT**

### **1.1 Exploration Activities for the Quarter**

Ground reconnaissance continued during the quarter and Phase 1 diamond drilling commenced on 4<sup>th</sup> November. Ground reconnaissance included detailed structural mapping and initial rock chip sampling of the eastern zone of the project, proximal to high grade shallow tin mineralisation defined previously by ONHYM. The purpose of this sampling and drilling is to define if the shallow tin mineralisation (as defined by the ONHYM diamond drilling) extends to the surface in this area and if an economic open pit resource can be defined.

Surface sampling was undertaken over part of the ridge. During the quarter 600 rock chip samples were taken and analysed in an ISO accredited laboratory at Marrakech. 1424 rock chip samples have been collected since August 2007 and assays are pending for 516 samples. The rock chip sampling has been successful in identifying mineralised tin veins at surface, but is only partially complete.

Phase 1 drilling to date has been carried out only in the eastern area of the prospect with the balance of phase 1 work to cover the other areas already identified for drilling. It will not possible to determine the outcome of phase 1 until all of the planned work has been completed.



The best mineralised rock chip sample in this area returned **5.66% Sn**.

Sample No	Sn %	NORTH	WEST
KAS0021	5.66	3715233	243838
KAS0942	5.63	3715222	243825
KAS0114	5.04	3714857	243785
KAS0024	4.68	3715231	243841
KAS0023	3.94	3715231	243839
KAS0101	3.40	3714852	243785
KAS0581	3.13	3714916	244150
KAS0017	3.05	3714925	243899
KAS0765	2.54	3714999	243957
KAS0766	2.48	3714983	243959
KAS0022	1.78	3715232	243839
KAS0943	1.74	3715220	243819
KAS0525	1.53	3714888	244133
KAS0941	1.53	3715227	243831
KAS0582	1.35	3714915	244150
KAS0580	1.33	3714922	244152
KAS0660	1.27	3714999	244194
KAS0757	1.25	3715010	243983
KAS0588	1.16	3714920	244145
KAS0940	1.08	3715228	243834
KAS0767	1.08	3714988	243950
KAS0762	0.99	3715001	244181
KAS0100	0.91	3714849	243791
KAS0448	0.82	3714884	244044
KAS0756	0.77	3715025	243993
KAS0110	0.70	3714856	242985
KAS0089	0.69	3714827	243777
KAS0759	0.67	3714994	244193
KAS0871	0.57	3714887	243965
KAS0025	0.57	3715004	243890
KAS0952	0.50	3714975	243938
KAS0771	0.50	3714841	243033

**TABLE 1  
ACHMMACH ROCK CHIP SAMPLES – EAST ZONE REPORTING ABOVE 0.50% Sn**

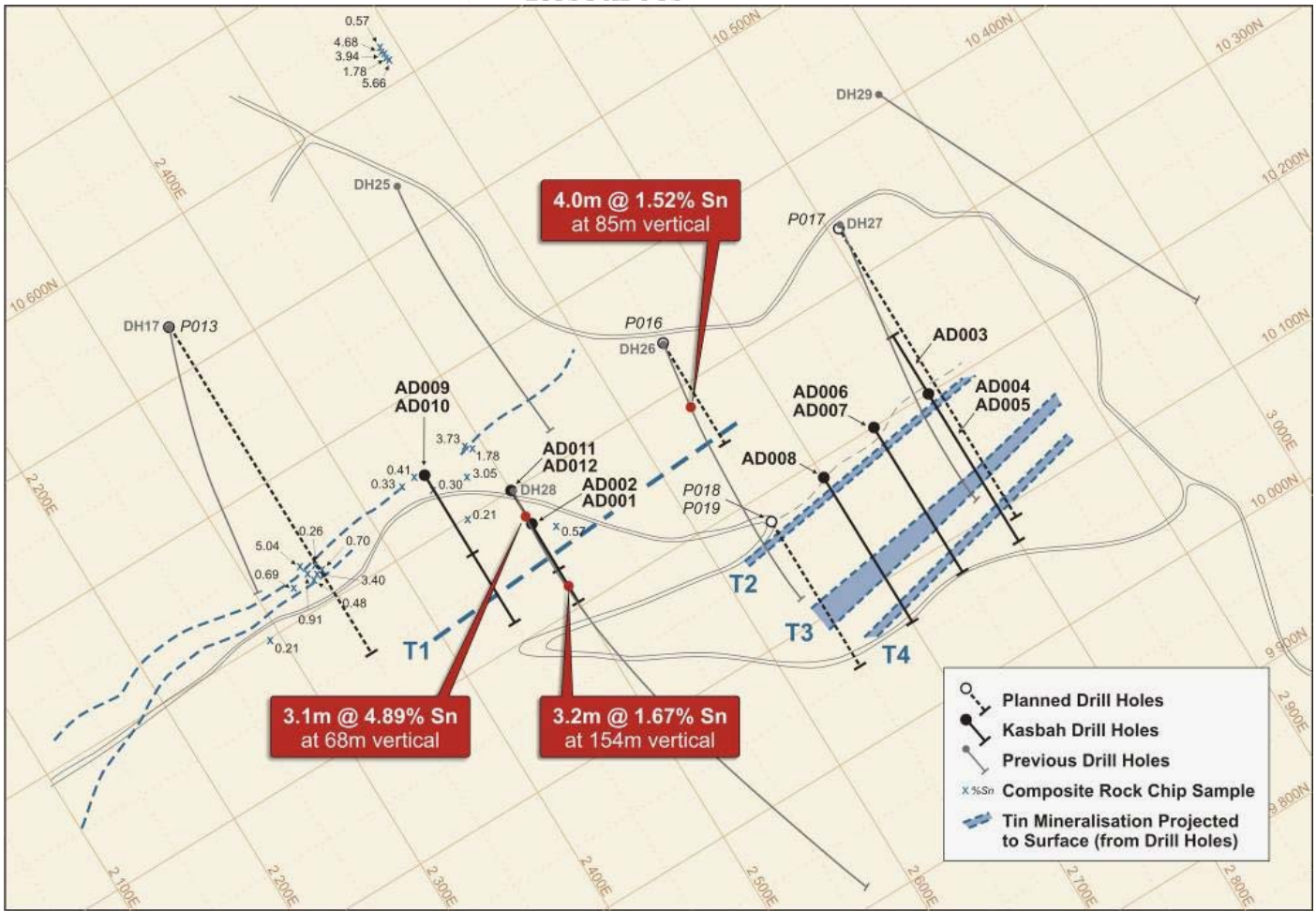


Figure 2

**ACHMMACH COMPLETED DRILL HOLES AND PLANNED DRILL HOLES**



Since drilling commenced on the 4<sup>th</sup> November 2007, **2,385.2** metres of HQ diamond drilling have been completed, and in the 5 holes from which assays are available no significant tin (>0.05% Sn) has been reported.

Kasbah holes AD001 and AD002 were collared south of the mineralised veins and drilled towards the south and AD001 intersected weakly anomalous tin mineralisation (18m @ 0.02%Sn).

Wide anomalous gold intersections have been encountered in holes AD004 (30m @ 0.62g/t) and AD005 (24m @ 0.06g/t) but their significance remains open until further drill and surface sampling results are to hand..

A further 5 holes (AD006 – AD010) have been sent to Marrakech and assays are pending.

An additional exploration update will be made when all 12 holes have been assayed for tin and gold.

Dr. Spero Carras and Dr. Don Findlay have commenced a detailed structural review of the Achmmach Project.

Office and on-site camp accommodation was built and commissioned during the quarter. This is now the exploration base at Achmmach and will be used to support exploration at El Karit and other regional targets.



**FIGURE 3  
EXPLORATION CAMP AND OFFICE AT ACHMMACH**

## 2.0 EL KARIT TIN PROJECT

### 2.1 Exploration Activities for the Quarter

The collection of bulk samples from the hard rock veins at El Karit for grade determination and metallurgical test work was undertaken during the quarter. The purpose of this sampling was to better define the grade of the hard rock material and these samples have been sent back to Australia for assaying and further test work.

In addition a scoping study on the Tafer Elhaj Eluvial deposit (within the El Karit license area) was completed during the quarter. This study identified that the eluvial project was of inadequate grade to justify further development within the current project parameters.

Within the El Karit tenements there are two possibilities for project development that are being evaluated:

- Small-scale (250,000tpa), open pit at El Karit
- Surface eluvial mining at Tafer Elhaj



**FIGURE 4**

**EL KARIT – TAFER ELHAJ ELUVIALS**

**MR. AHMED FETTOUHI and DR. SPERO CARRAS**



### **3.0 TAMLALT GOLD DEPOSIT**

The Tamlalt gold deposit mining property is covered by eight exploration permits covering a total surface area of 128 km<sup>2</sup>.

#### **3.1 Exploration Activity for the Quarter**

Dr. Spero Carras and Dr. Don Findlay have commenced collating all the data on Tamlalt Project. Structural interpretation of the project has commenced.

#### **3.2 Project Overview**

At Tamlalt ONHYM had previously completed preliminary exploration work including 33 diamond drill holes totaling 7,019m. The ONHYM drilling shows that the Tamlalt deposit consists of a multiple-veined quartz system developed within a chlorite-sericite altered folded porphyritic body.

Within the 400m of strike length that has so far been drill-tested, gold mineralisation has been intersected to within 12m of the surface and to a maximum depth of 360m vertical from surface. Preliminary modeling of the ONYHM data has shown the possibility for pitable mineralisation should the previously drilled area be confirmed and expanded at Tamlalt.

### **4.0 CORPORATE**

#### **Management Team**

During the quarter Kasbah appointed Ms Malika Rafiq to our Management Team. Ms Rafiq has extensive experience in Morocco in the mining, commercial and government sector and will be Kasbah's Moroccan based Corporate and Community Relations Manager.

The Company is in the process of recruiting an in country exploration manager following the resignation of the previous Australian based incumbent.

During this important phase of the Company's development the Managing Director, Wayne Bramwell, has re-located to Morocco.

#### **Capital Structure and Major Shareholders**

The total number of ordinary fully paid shares quoted on the ASX at 31 December was 73,208,000. The top 20 shareholders held 74.14% of the stock.

#### **Cash Position**

As at 31 December 2007, Kasbah had cash reserves of \$8.76 million.





For and on behalf of the Board,

**Wayne Bramwell**  
**Managing Director**

For further details, contact:

**Wayne Bramwell**  
**Managing Director**  
Phone: +61 8 9463 6651  
[info@kasbahresources.com](mailto:info@kasbahresources.com)

**Peter Youd**  
**Chief Financial Officer**  
Phone: +61 8 9463 6651  
[info@kasbahresources.com](mailto:info@kasbahresources.com)

This report is based on information compiled by Mr Peter Hepburn-Brown a Member of the Institute of Engineers, Australia. Mr Hepburn-Brown has sufficient experience which is relevant to the activities which he is undertaking to qualify as a Competent Person. Mr Hepburn-Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

<b>KASBAH RESOURCES LIMITED</b>
---------------------------------

ABN

78 116 931 705
----------------

Quarter ended ("current quarter")

DECEMBER 2007
---------------

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(258)	(462)
(b) development	(17)	(47)
(c) production		
(d) administration	(290)	(690)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	143	316
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(422)</b>	<b>(883)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	(516)	(516)
(b)equity investments		
(c) other fixed assets	(68)	(72)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities/subsidiaries	(435)	(626)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(1,019)</b>	<b>(1,214)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,441)	(2,097)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,441)	(2,097)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Share issue costs		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,441)	(2,097)
1.20	Cash at beginning of quarter/year to date	10,207	10,863
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>8,766</b>	<b>8,766</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.2	Aggregate amount of payments to the parties included in item 1.2	87
1.2	Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Nil

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	687
4.2 Development	74
<b>Total</b>	<b>761</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,197	4,979
5.2 Deposits at call	5,306	5,228
5.3 Bank overdraft		
5.4 Other (provide details)-Cash held in Morocco	1,263	
<b>Total: cash at end of quarter</b> (item 1.22)	<b>8,766</b>	<b>10,207</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Not Applicable.		
6.2	Interests in mining tenements acquired or increased	Tamlalt Acquisition of tenements from ONHYM (Government Mining Department)	-	100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

---

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Performance +securities</b> <i>(description)</i>	15,000,003	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	88,500,003	73,208,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

---

+ See chapter 19 for defined terms.

7.7	<b>Options</b> <i>(description and conversion factor)</i>	9,000,000 Management Options	Nil	<i>Exercise price</i> \$0.25	15 Nov 2011
		5,625,000 Director A Options	Nil	\$0.25	15 Nov 2011
		1,450,000 Director B Options	Nil	\$0.20	10 May 2011
		2,070,00 Argonaut Options	Nil	\$0.30	10 April 2010
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~ *(delete one)* give a true and fair view of the matters disclosed.



Sign here:

Date: January 23<sup>rd</sup>, 2008.

Chief Financial Officer & Company Secretary

Print name:

Peter R. Youd

+ See chapter 19 for defined terms.