KASBAH RESOURCES LIMITED

ACN 116 931 705

Condensed Consolidated Interim Financial Report

For the Half Year Ended

31 December 2017

Corporate Directory

Directors

John Gooding (Non-executive Chairman)
Graham Freestone (Non-executive Director)
Graham Ehm (Non-executive Director)
Hedley Widdup (Non-executive Director)
Martyn Buttenshaw (Non-executive Director)
Stephen Gill (Alternate Non-executive Director for Martyn Buttenshaw)

Company Secretary

Keith Pollocks

Principal Registered Office in Australia

Level 13, 459 Collins Street
Melbourne VIC 3000

Telephone: +61 3 9482 2223
E-mail: info@kasbahresources.com
Web: www.kasbahresources.com

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited under the trading code KAS.

Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000
Telephone: +61 1300 554 474

Bankers

Westpac Banking Corporation
1257 – 1261 Hay Street
West Perth WA 6005

Auditors

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6008

Telephone: +61 8 6382 4600
Facsimile: +61 8 6382 4601

Solicitors

In Australia

Herbert Smith Freehills
42/101 Collins Street
Melbourne VIC 3000
Telephone: +61 3 9288 1234
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Directors Report

Your Directors present the Condensed Consolidated Interim Financial Report ("financial statements") on the consolidated entity (referred to hereafter as the "Group") consisting of Kasbah Resources Limited ("Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

DIRECTORS

The following persons were Directors of Kasbah Resources Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

- John Gooding
- Graham Freestone
- Graham Ehm (appointed on 22 January 2018)
- Hedley Widdup
- Martyn Buttenshaw (appointed on 22 January 2018, previously alternate to Stephen Gill)
- Stephen Gill (resigned on 22 January 2018, appointed as alternate to Martyn Buttenshaw)

REVIEW OF OPERATIONS

Operating Results

Net operating loss after tax from continuing operations for the half-year ended 31 December 2017 was $2,894,184 (2016: $2,856,016), after exploration and evaluation expenditure of $1,005,607 (2016: $419,715), employee benefit expenses of $903,444 (2016: $841,025) and administrative expenses of $307,568 (2016: $76,279). Current period loss also included non-recoverable Moroccan VAT expense of $245,211 (2016: $73,944). As disclosed in the 30 June 2017 Annual Report, exploration and evaluation expenditure is expensed as incurred except for the acquisition of exploration properties, which is capitalised and carried forward.

The half year results show an increase in exploration and evaluation expenditure of $585,892 as a result of work performed on the Achmmach Tin Project 2017 Definitive Feasibility Study ('2017 DFS'). Employee benefits expenses were broadly consistent after taking into account an additional expense of $199,882 following the resignation of the previous Chief Executive Officer ('CEO'). During the half year, the Company issued unlisted options and performance rights resulting in a charge of $140,239. In assessing this charge, the Company has assumed that all vesting conditions will be met. Administrative expenses increased by $231,289 primarily due to additional travel related expenditure as the Company progresses the development of the Achmmach Tin Project. The credit of $72,162 in transaction and other associated costs represents an over-accrual of expenditure related to the Scheme of Arrangement.

The Group reported a net increase in cash balance of $1,340,392 comprising of net cash outflows from operating activities of $3,517,718, net cash outflows from investing activities of $107,387 and net cash inflows from financing activities of $4,965,497. The net cash inflows from financing activities were primarily the result of the accelerated non-renounceable share rights issue which generated $5,206,047, $5,001,730 of which was received during the half year. The Group exercised its option to extend the maturity of the shareholder loan from Pala Investment from 31 December 2017 to 30 June 2018.

REVIEW OF OPERATIONS (CONTINUED)

During the half-year, the Group focussed on delivering the 2017 DFS. The initial focus was on the continued de-risking of the project by incorporating the recommendations of the independent technical review performed on the 2016 Small Start Option Definitive Feasibility Study ('SSO DFS'). This included engaging external consultants to assist with the engineering design of the process plant, geotechnical drilling and modelling of the Water Storage Dam and Tailings Storage Facility as well as mining and manning schedule. As part of this review, the Group identified a number of enhancement opportunities which resulted in departure from certain aspects of the SSO DFS including moving away from the planned two-phase approach to a model that commences with a larger 750 ktpa plant, potential introduction of ore-sorting at the front of the processing plant, replacement of the EDS mills with a traditional rod mill or a High-Pressure Grinding Roller ('HPGR') and examining alternative plant layout and location. The above-mentioned enhancements have the potential to significantly de-risk the project and have a positive impact on the project economics.

Initial ore sorting sighting tests conducted in early 2018 were successful with the sensors used clearly recognising the difference between cassiterite bearing rock and rock that is barren of mineralisation, indicating that Achmmach ore is suitable for ore sorting prior to treatment. Following the sighting tests, a bulk sample of 2 tonnes from Achmmach has been tested through the ore sorting machine, results of which confirms the suitability of the Achmmach ore for ore sorting. The test work confirmed a 40% rejection rate, reducing annual plant throughput from 750 ktpa to 450 ktpa, significantly reducing the size of the plant, capital and operating costs. Furthermore, the reduced plant size is likely to reduce tailing productions, reducing costs as well as Achmmach's environmental footprint. The remaining test work surrounding these potential enhancement opportunities are ongoing and expected to be completed during the first half of 2018 following which the 2017 DFS will be released.

In addition to progressing the 2017 DFS, the Group appointed Russell Clark as CEO in September 2017 following the resignation of the previous CEO. The board commenced a search for a third independent director which was concluded by the appointment of Graham Ehm subsequent to the end of the half year. The appointment of Graham Ehm fulfils the Group's commitment to have a majority of independent non-executive directors on its Board as well as bolstering the Company's project delivery and operational capabilities.

The Company also established an unmarketable parcel sale facility to facilitate holders of unmarketable parcels of fully paid ordinary shares to sell their shares without incurring brokerage of transaction costs. The facility closed on 20 February 2018. Once the unmarketable parcels have been placed, Kasbah will have approximately 1,715 shareholders.

Finally, following failed attempts to reach a commercial settlement, the Company commenced legal proceedings against BDO Corporate Finance WA Pty Ltd on 18 December 2017 for a series of claims including breach of contract, negligence and misleading and deceptive conduct associated with BDO's role as Independent Expert during the failed Scheme of Arrangement. Court ordered mediation has been set for the end of March 2018.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 5 and forms part of this Directors' Report for the half year ended 31 December 2017.

Signed in accordance with a resolution of Directors and on behalf of the Directors by:

John Gooding
Non-executive Chairman

Graham Freestone
Non-executive Director

Melbourne, 14 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Kasbah Resources Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
14 March 2018

B G McVeigh
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2017

		Consolidated	
	Notes	31 December 2017 $	31 December 2016 $
Revenue from continuing operations	3	58,855	6,580
Exploration and evaluation expenditure		1,005,607	419,715
Project financing expenditure		69,066	-
Employee benefits expenses		903,444	841,025
Employee share-based payment expense		140,239	-
Accounting and corporate fees		166,211	105,573
Occupancy expense		35,843	24,812
Administration expenses		307,568	76,279
Marketing and investor relations		63,940	-
Transaction fees and other associated costs		(72,162)	1,199,421
Interest and borrowing costs		72,131	37,466
Non-recoverable Moroccan VAT expense		245,211	73,944
Depreciation and amortisation expenses		30,156	66,096
Foreign exchange losses / (gains)		(14,215)	10,621
Other expenses from ordinary activities		-	7,644
(Loss) from continuing operations before tax expense		(2,894,184)	(2,856,016)
Income tax benefit / (expense)		-	-
(Loss) after tax from continuing operations		(2,894,184)	(2,856,016)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation difference on foreign operations		3,962	(26,460)
Total comprehensive loss for the period		**(2,890,222)**	**(2,882,476)**

Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2017

	Notes	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
Total loss for the year is attributable to:			
Non-controlling interest		(308,112)	(121,020)
Owners of Kasbah Resources Limited		(2,586,072)	(2,734,996)
		(2,894,184)	**(2,856,016)**
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(301,421)	(128,761)
Owners of Kasbah Resources Limited		(2,588,801)	(2,753,715)
		(2,890,222)	**(2,882,476)**
Loss per share for the year attributable to the members of Kasbah Resources Limited:			
Basic (loss) per share (cents per share)		(0.26)	(0.49)
Diluted (loss) per share (cents per share)		(0.26)	(0.49)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2017

		Consolidated	
	Notes	31 December 2017 $	30 June 2017 $
Current Assets			
Cash and cash equivalents		3,067,818	1,720,844
Trade and other receivables		337,836	256,573
Non-current assets classified as held for sale		1	1
Total Current Assets		3,405,655	1,977,418
Non-Current Assets			
Property, plant and equipment		27,217	37,806
Exploration and evaluation expenditure		5,594,575	5,536,952
Total Non-Current Assets		5,621,792	5,574,758
Total Assets		**9,027,447**	**7,552,176**
Current Liabilities			
Trade and other payables	4	578,828	1,605,556
Loan –secured	5	1,118,931	1,077,188
Total Current Liabilities		1,697,759	2,682,744
Non-Current Liabilities			
Employee entitlements		1,397	613
Total Non-Current Liabilities		1,397	613
Total Liabilities		**1,699,156**	**2,683,357**
NET ASSETS		**7,328,291**	**4,868,819**
Equity			
Issued capital	6	71,719,200	66,885,488
Reserves		28,495,489	28,357,979
Accumulated losses		(92,629,115)	(90,043,043)
Parent entity interest		7,585,574	5,200,424
Non-controlling interest	7	(257,283)	(331,605)
TOTAL EQUITY		**7,328,291**	**4,868,819**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2017

Consolidated	Issued Capital $	Accumulated Losses $	Share Based Payments Reserves $	Foreign Currency Translation Reserves $	Other Reserves $	Sub-Total $	Non-controlling Interest $	Total $
Balance 1 July 2016	**63,293,010**	**(85,101,519)**	**3,494,287**	**(914,621)**	**25,873,350**	**6,644,507**	**(362,516)**	**6,281,991**
Loss for the period	-	(2,734,996)	-	-	-	(2,734,996)	(121,020)	(2,856,016)
Other comprehensive income								
Foreign currency translation differences	-	-	-	(18,719)	-	(18,719)	(7,741)	(26,460)
Total comprehensive loss for the period	**-**	**(2,734,996)**	**-**	**(18,719)**	**-**	**(2,753,715)**	**(128,761)**	**(2,882,476)**
Transactions with owners in their capacity as owners								
Share based payments	-	-	-	-	-	-	-	-
Issue of fully paid shares	3,729,609	-	-	-	-	3,729,609	-	3,729,609
Share issue costs	(107,116)	-	-	-	-	(107,116)	-	(107,116)
Transactions with non-controlling interests	-	-	-	-	-	-	90,922	90,922
Balance 31 December 2016	**66,915,503**	**(87,836,515)**	**3,494,287**	**(933,340)**	**25,873,350**	**7,513,285**	**(400,355)**	**7,112,930**
Balance 1 July 2017	**66,885,488**	**(90,043,043)**	**3,503,380**	**(1,018,751)**	**25,873,350**	**5,200,424**	**(331,605)**	**4,868,819**
Loss for the period	-	(2,586,072)	-	-	-	(2,586,072)	(308,112)	(2,894,184)
Other comprehensive income								
Foreign currency translation differences	-	-	-	(2,729)	-	(2,729)	6,691	3,962
Total comprehensive loss for the period	**-**	**(2,586,072)**	**-**	**(2,729)**	**-**	**(2,588,801)**	**(301,421)**	**(2,890,222)**
Transactions with owners in their capacity as owners								
Share based payments	-	-	140,239	-	-	140,239	-	140,239
Issue of fully paid shares	5,254,442	-	-	-	-	5,254,442	-	5,254,442
Share issue costs	(420,730)	-	-	-	-	(420,730)	-	(420,730)
Transactions with non-controlling interests	-	-	-	-	-	-	375,743	375,743
Balance 31 December 2017	**71,719,200**	**(92,629,115)**	**3,643,619**	**(1,021,480)**	**25,873,350**	**7,585,574**	**(257,283)**	**(7,328,291)**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2017

	Consolidated	
	31 December 2017 $	31 December 2016 $
Cash flows from operating activities		
Cash paid to suppliers and employees	(2,065,943)	(1,199,744)
Payments for exploration and evaluation	(1,502,530)	(620,986)
Interest received	50,755	5,360
Net cash outflow from operating activities	(3,517,718)	(1,815,370)
Cash flows from investing activities		
Payments for security deposits and bonds	(84,187)	-
Acquisition of plant and equipment	(23,200)	-
Net cash outflow from investing activities	(107,387)	-
Cash flow from financing activities		
Proceeds from share issues	5,061,730	3,729,609
Share issue costs	(420,730)	(45,346)
Proceeds from borrowings	-	1,000,000
Borrowing costs	(30,000)	(30,000)
Proceeds from non-controlling interest	354,497	109,496
Net cash inflow from financing activities	4,965,497	4,763,759
Net increase/(decrease) in cash held	1,340,392	2,948,389
Cash at the beginning of the period	1,720,844	1,170,691
Effect of exchange rate fluctuations on cash held in foreign currencies	6,582	(5,915)
Cash at the end of the period	3,067,818	4,113,165

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial report ('financial statements') are general purpose interim financial statements and have been have prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including *AASB 134 Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *'Interim Financial Reporting'*.

The financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2017 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Group have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Group has also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2017. Those which may have a significant impact to the Group are set out below. The Group does not plan to adopt these standards early.

<u>AASB 16 Leases</u>

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

Going concern

For the half year ended 31 December 2017 the consolidated entity recorded a loss of $2,894,184 (2016: loss of $2,856,016) and had net cash outflows from operating activities of $3,517,718 (2016: $1,815,370) and has a net working capital surplus of $1,707,896 at 31 December 2017 (2016: a net deficit of $705,326).

The Group is currently completing the technical evaluation for the 2017 DFS of the Achmmach Tin Project. Following completion of this work, the Company together with its Joint Venture partners should be a position to approve a decision to mine in conjunction with related offers of debt and equity to facilitate construction of the Achmmach Tin Project. Short term funding needs are expected to be met through a combination of an interim loan from related parties and an interim capital raise. At this stage, the ability of the consolidated entity to continue as a going concern is dependent on this future finalisation of debt and equity as well as successful commercialisation of the Achmmach Tin Project.

The above conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business. At this stage there are reasonable grounds to believe that debt and equity funding will be available to secure the development of the Achmmach Tin Project.

The consolidated half-year financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

2. SEGMENT INFORMATION

a. Description of segments

The Board (Chief Operating Decision Maker) has determined that the Group has one reportable segment, being mineral exploration and development. As the Group is focused on mineral exploration and the development of the Achmmach Tin Project, the Board monitors the Group based on actual versus budgeted exploration and feasibility expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities.

b. Segment Information provided to the Board:

	Consolidated	
	31 December 2017 $	31 December 2016 $
Revenue from external customers	-	-
Reportable segment loss	(1,680,581)	(621,816)
Reportable segment assets	6,239,529	5,778,859
Reportable segment liabilities	(310,970)	(166,172)

A reconciliation of reportable segment loss to operating loss before income tax is as follows:

Total loss for reportable segment	(1,680,581)	(621,816)
Unallocated		
Corporate expenses	(1,272,458)	(2,240,780)
Interest revenue	58,855	6,580
Loss before income tax from continuing operations	(2,894,184)	(2,856,016)

A reconciliation of reportable segment assets to total assets is as follows:

Segment assets	6,239,529	5,778,859
Segment assets includes: additions to non-current assets	-	-
Unallocated		
Cash	2,651,935	4,084,388
Unallocated	135,983	80,199
Total assets per consolidated statement of financial position	9,027,447	9,943,446

2. SEGMENT INFORMATION (CONTINUED)

A reconciliation of reportable segment liabilities to total liabilities is as follows:

Segment liabilities	310,970	166,172
Unallocated		
Payables	233,761	1,231,878
Provisions	35,494	425,692
Loans	1,118,931	1,006,774
Total liabilities per consolidated statement of financial position	1,699,156	2,830,516
Depreciation	27,168	64,545

3. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2017 $	31 December 2016 $
Interest revenue	58,855	6,580

4. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2017 $	30 June 2017 $
Current		
Trade payables	160,363	232,800
Other payables and accruals	356,909	1,240,191
Employee entitlements	61,556	132,565
	578,828	1,605,556

Notes to the Financial Statements

5. LOAN - SECURED

	Consolidated	
	31 December 2017 $	30 June 2017 $
Current		
Loan – Pala Investments Limited	1,118,931	1,077,188

The loan from Pala Investments Limited was drawn down in two tranches of $500,000 in August 2016 and November 2016 to provide working capital for the Company. The loan is secured against the assets of Kasbah Resources Limited other than Kasbah's interest in the Atlas Tin Project joint venture (which requires the consent of the other joint venture parties pursuant to the terms of the Atlas Tin Shareholders Agreement), with interest charged at 12% per annum. Repayment of the loan was due on or before 10 August 2017 however the repayment date was extended to 31 December 2017. The Company has exercised its option to further extend the loan to 30 June 2018 with the payment of an extension fee.

6. ISSUED CAPITAL

	Consolidated		Consolidated	
	31 December 2017 Number of Shares	30 June 2017 Number of Shares	31 December 2017 $	30 June 2017 $
Issued and Paid-up Capital				
Ordinary shares, fully paid	1,044,412,042	694,139,119	71,719,200	66,885,488
Movements in ordinary share capital				
Balance at the beginning of the financial year	694,139,119	556,005,435	66,885,488	63,293,010
Share rights issue	347,069,747	138,133,684	5,206,047	3,729,609
Employee short term incentives	3,203,176	-	48,395	-
Share issue costs	-	-	(420,730)	(137,131)
Issued capital at end of period	1,044,412,042	694,139,119	71,719,200	66,885,488

7. EQUITY – NON-CONTROLLING INTEREST

The non-controlling interest arises from a 25% shareholding in the subsidiary company (Atlas Tin SAS) by two Japanese companies, Nittetsu Mining Co. Ltd (NMC) and Toyota Tsusho Corporation (TTC).

	Consolidated	
	31 December 2017 $	31 December 2016 $
Nittetsu Mining Co. Ltd (NMC) – 5% NCI		
Opening Balance – NCI	(991,763)	(997,921)
Funds received from NMC	75,148	18,190
Share of Comprehensive Loss for the year	(60,284)	(25,752)
	(976,899)	(1,005,483)
Toyota Tsusho Corporation (TTC) – 20% NCI		
Opening Balance – NCI	660,158	635,405
Funds received from TTC	300,595	72,732
Share of Comprehensive Loss for the year	(241,137)	(103,009)
	719,616	605,128
Total Non-Controlling Interest	**(257,283)**	**(400,355)**

8. EARNINGS PER SHARE

Basic and diluted earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company.

Weighted average number of ordinary shares

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated	
	31 December 2017 Number of Shares	31 December 2016 Number of Shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,006,209,787	559,033,023
Non-executive Director share rights	1,192,063	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,007,401,850	559,033,023

9. SHARE BASED PAYMENTS

The following share-based payment arrangements were entered into during the period:

Incentive Option Scheme

Number	Grant Date	Expiry Date	Exercise Price	Value per Option	Vesting Date
1,500,000	25 July 2017	25 July 2020	$0.022	$0.006	25 July 2018
1,500,000	25 July 2017	25 July 2020	$0.022	$0.006	25 July 2019

Non-Executive Director ('NED') Share Rights Plan

Number	Grant Date	Vesting Date	Vesting Condition
7,075,470	7 December 2017	7 December 2018	Service period

Long Term Incentive Plan

Number	Grant Date	Vesting Date	Vesting Condition
43,396,224	7 December 2017	1 July 2020	Service period and performance conditions

10. SUBSEQUENT EVENTS AFTER BALANCE DATE

On 22 January 2018, Mr Graham Ehm was appointed as an independent non-executive director of the Company.

On 22 January 2018, Mr Martyn Buttenshaw (previously alternate director to Mr Stephen Gill) was appointed as a non-executive director of the Company, replacing Mr Stephen Gill who resigned. Mr Stephen Gill was appointed as an alternate director to Mr Martyn Buttenshaw.

On 30 January 2018, the Company changed its registered address and principal place of business to Level 13, 459 Collins Street, Melbourne VIC 3000.

On 6 February 2018, the Company issued 667,700 fully paid ordinary shares for nil consideration in relation to the exercise of share rights under the NED Share Rights Plan.

On 20 February 2018, the Company closed the Unmarketable Parcel Sale Facility ('UMP Facility') which was initiated on 14 December 2017. The final number of eligible shares to be sold under the UMP Facility is 16,778,532 shares from 1,457 shareholders which represent approximately 46% of the total number of shareholders presently holding shares in the Company.

The sale of the Unmarketable Parcel Shares is expected to take place as soon as practicable.

No other events or circumstances have arisen since 31 December 2017 that would require disclosure in this financial report.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no changes in contingent liabilities or contingent assets since 30 June 2017.

12. FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables and current payables are considered to be a reasonable approximation of their fair value.

Directors Declaration

In the Directors' opinion:

a) The accompanying financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

   and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

John Gooding
Non-executive Chairman

Graham Freestone
Non-executive Director

Melbourne, 14 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kasbah Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Kasbah Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kasbah Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

Without modifying our conclusion, we draw attention to Note 1 "Going concern" in the interim financial report which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001*

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
14 March 2018