KASBAH RESOURCES LIMITED

ACN 116 931 705

ANNUAL REPORT

For the Year Ended

30 June 2018

Corporate Directory

Directors

John Gooding (Non-executive Chairman)
Graham Freestone (Non-executive Director)
Graham Ehm (Non-executive Director)
Martyn Buttenshaw (Non-executive Director)

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 6000

Telephone: +61 8 9227 7500

Solicitors

Herbert Smith Freehills
42/101 Collins Street
Melbourne VIC 3000

Telephone: +61 3 9288 1234

Table of Contents

Chairman's Letter

Dear Shareholders

It is my great pleasure to present Kasbah Resources Limited's 2018 Annual Report. This has been a year of change and achievements culminating in the release of a very positive Definitive Feasibility Study on 16 July 2018 (2018 DFS). The 2018 DFS introduces process technologies which have been tested and which significantly de-risk the project compared to the previous 2016 Small Start Option DFS (SSO DFS). The work undertaken to date and plans over the coming months to finance and advance the development, will lead us towards realising the Achmmach Tin Project (Achmmach) as a world class tin mine. Your board and management team remain focused and committed towards realising this vision.

The 2018 DFS also resulted in an increase in ore reserves from 6.6 Mt for contained tin of 56,000 tonnes to 7.0 Mt for contained tin of 58,000 tonnes. Personally, I am excited about the geological prospectivity of the near mine areas, particularly the opportunity to extend mine life and significantly add value from the Sidi Addi trend, a close parallel structure to the main Meknes structure, as well as at depth and along strike at the Meknes trend. There has been little drilling in the past at depth and along this trend to delineate additional resources at Achmmach. Kasbah also owns the Bou El Jaj project approximately 14km to the south west of Achmmach. This project has had 55 holes drilled into it previously and is highly prospective for tin mineralisation which could ultimately provide ore feed to the Achmmach processing plant, extending its life further.

In October 2017, Kasbah welcomed Russell Clark as Chief Executive Officer (CEO) following the resignation of Richard Hedstrom, the previous CEO. The appointment of Russell completed the full revamp of the management team. Russell brings a wealth of experience to Kasbah, having financed and built several mines over his impressive career, and was seen as the ideal candidate to lead our committed group of employees. The Board also responded to investor feedback and welcomed Graham Ehm as the third independent non-executive director resulting in a majority of independent directors on the Board. In July 2018, after assisting Kasbah through the restructuring of the Board and management as well as through the feasibility stage, Hedley Widdup resigned as a director of Kasbah, further strengthening the independence of the Board.

On behalf of the Board, I thank Hedley for his contribution and willingness to stay on whilst Kasbah navigated through a period of significant change, and to Richard for the initial important work in assisting to rebuild the company.

The key focus for Kasbah this year was completing the 2018 DFS. One of the first actions this Board took in 2017, was to engage AMC for an independent technical review of the SSO DFS, which identified several areas with significant risk and provided recommendations to overcome them. Kasbah has successfully addressed these recommendations with the test work carried out in 2017/2018 producing a significantly de-risked project, introducing process technologies which have been tested with representative ore, and generating significant capex and opex savings for the project. Whilst these are new technologies for the Achmmach project, they have been successfully implemented at other tin mines in recent times. The recent test work has had significant input from relevant subject matter experts and I am confident we have produced a study that we can successfully move into production over the next few years.

I am also very happy to report that the relationships we have with key stakeholders remains extremely strong. We continue to receive the support of our cornerstone investors and our joint venture partners, Toyota Tsusho Corporation and Nittetsu Mining Co.

The most important current focus we have together with our joint venture partners, is the review of multiple options to secure debt, negotiate offtake arrangements and to engage with capable contractors to deliver the construction of the mine, processing plant, and water and tailings storage facilities. We are also engaged and working closely with the local authorities in Morocco, who along with the local community remain supportive and are looking forward to the development of Achmmach.

Notwithstanding the recent weakness in the tin price, the market fundamentals (as forecast by the International Tin Council) for tin price on both the supply and demand side remain very positive and the proposed development of the Achmmach tin project and production ramp up in 2021 is ideally timed to meet the expected positive market for tin at that time.

Chairman's Letter

On the corporate side, we established an Unmarketable Parcel (UMP) facility, which resulted in the number of shareholders on our share register reducing by approximately 46%, thereby decreasing administrative effort and costs. We also increased and extended the Pala loan for which we are thankful, providing Kasbah further access to capital for completion of the 2018 DFS, progressing the development of Achmmach and covering ongoing working capital expenditure. The legal proceedings against BDO Corporate Finance WA Pty Ltd associated with its role as Independent Expert during the failed AMR scheme of arrangement are ongoing, with the process making its way through the appropriate legal channels.

The one disappointment in the current year has been the lack of response in the Company's share price to the positive news flow we have delivered on the progress of the project toward commitment in 2019. The next phase of activity is focused on securing offtake, debt funding and joint venture partner commitment for our project that will allow us to move the project into development.

Finally, I thank you our shareholders for your continuing support, my fellow directors for their input and wisdom, and Russell and his dedicated team who have produced some great work in the short time together. Like you, I look forward to Kasbah becoming a significant tin producer in Morocco and globally.

John Gooding
Chairman

Corporate Strategy

Kasbah Resources Limited is an Australian listed mineral exploration and development company.

Our prime commodity is tin.

Kasbah's corporate strategy is to:

- Grow the Company into a new generation producer of high quality tin concentrates;
- Leverage our exploration and development expertise into new tin production opportunities; and
- Target high margin tin assets with growth potential.

Kasbah's project assets include:

- The Achmmach Tin Project (Morocco – Kasbah Resources Limited 75%, Toyota Tsusho Corporation 20%, Nittetsu Mining Co. Ltd 5%); and
- The Bou El Jaj Tin Project (Morocco – Kasbah Resources Limited 100%).

Highlights

Kasbah Resources Limited ("Kasbah" or the "Company") and its subsidiaries (collectively the "Group") achieved the following corporate and technical milestones during the financial year:

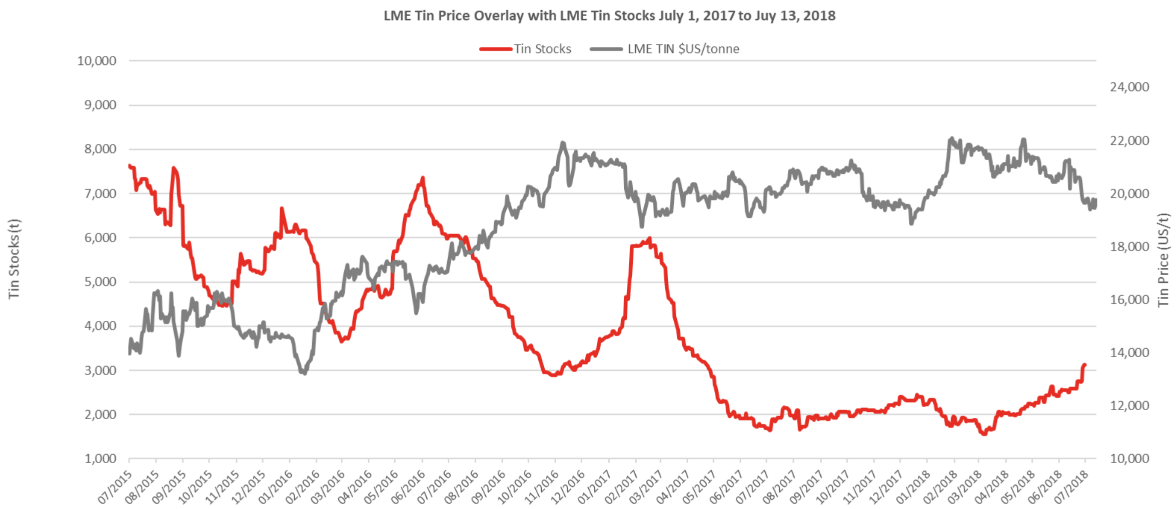
- Produced the very positive 2018 Achmmach Tin Project Definitive Feasibility Study;
    - Post tax Net Present Value of US$98.1 million, with a 23% Internal Rate of Return (ungeared) using a tin price of US$21,000 per tonne and an 8% real discount rate;
    - Capital costs of US$96.4 million;
    - C1 cash cost of US$9,176/tonne and AISC of US$11,435/tonne, making the Achmmach Tin Project a first quartile cost producer;
    - Overall tin recovery of 77%, with annual tin production of approximately 4,500 tonnes of tin in concentrate, averaging 60% tin;
    - Introduction of ore sorting and HPGR technology to increase tin recovery, lower environmental footprint and improve investor returns; and
    - Significantly de-risked the project by addressing key areas of concerns identified in the independent technical review completed by AMC Consultants on the 2016 Small Start Option Definitive Feasibility Study.
- Upgraded Ore Reserve Estimate with a 7% increase in total ore tonnes and a 4% increase in total contained tin. The upgraded Ore Reserve Estimate is 7.0 million tonnes @ 0.82% Sn for 58,000 tonnes of contained tin;
- Commenced development and funding activities following the release of the 2018 DFS in July 2018, including engagement with debt and equity providers, potential offtake parties, independent technical experts and engineering firms.
- Completed the restructure of the board and management team with the appointment of Russell Clark as Chief Executive Officer and appointment of Graham Ehm as an independent non-executive director resulting in a majority of independent directors;
- Successfully established an Unmarketable Parcel Share Sale Facility resulting in the number of shareholders on our share register reducing by approximately 46%, reducing cost and administrative effort;
- Commenced legal proceedings against BDO Corporate Finance WA Pty Ltd in relation to a series of claims associated with BDO's role as Independent Expert during the failed Scheme of Arrangement in 2016.
- Commenced and achieved significant progress towards concluding an Investment Agreement with the Moroccan Government; and
- Increased and extended the Pala Loan by $2 million with maturity extended to December 2018.

Operations Review

1. TIN MARKET

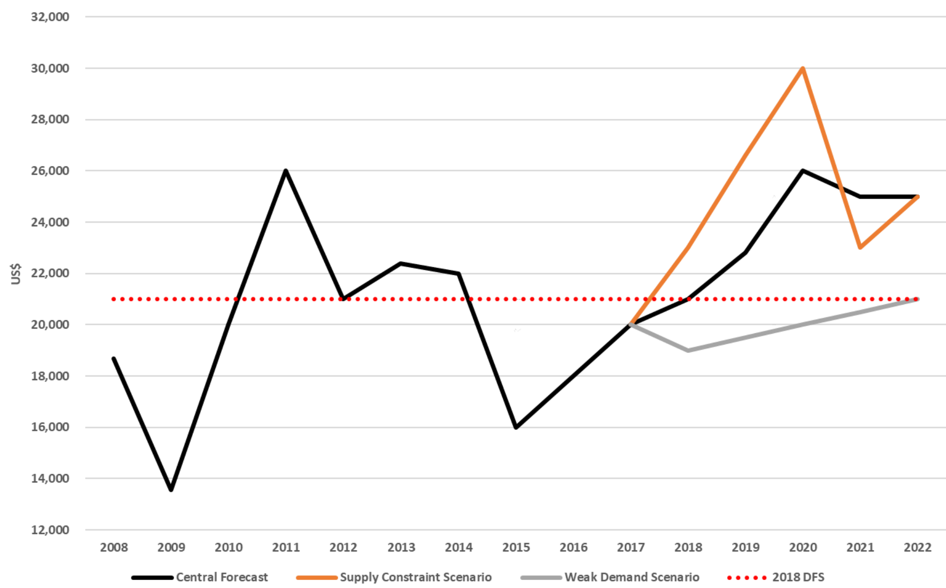
1.1 Global Tin Price – Underpinning the promising DFS

The LME Tin price continued to be strong throughout 2018, driven largely by record low tin inventory. The tin price traded above US$20,000 for most of the year, reaching a high of US$22,100 in January 2018. The average tin price for the year was US$20,612. Tin inventory continued to be low, averaging 2,100 tonnes and reaching a minimum of 1,555 tonnes as global tin supply continues to decline. More recently, we have seen a slight decline in the tin price, along with a suite of other base metals. Global economic and trade developments appear to be an important factor in determining price movements, particularly the heightened threat of US tariffs on Chinese exports. The tin price is performing better than most of the base metals.



The market has been in deficit in recent years and is expected to remain so in the near term. Market deficits are likely to continue in the future, and as a result, prices are forecast to increase to correct the market imbalance.

As a result of current and forecast inventory levels and resulting market imbalance three forecast price scenarios are provided by the International Tin Association (ITA).



The mid-term equilibrium price required to balance supply and demand is around US$25,000 in 2022, linked primarily to increases in mine production costs, and prices are expected to trend towards this level over the next four years.

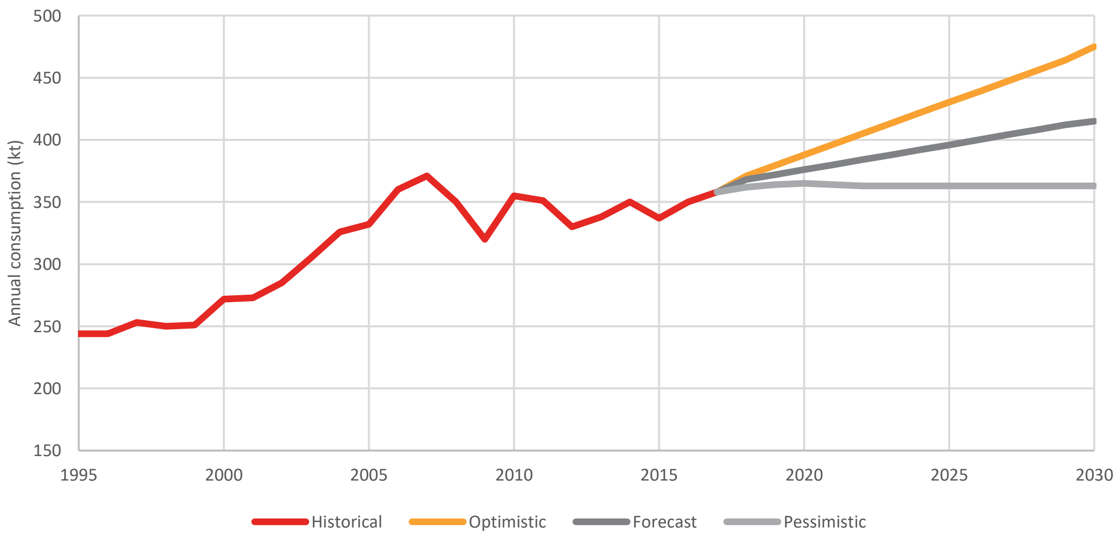
The supply constraint scenario reflects a situation where tin supply is less than anticipated (e.g. as a result of projects not commencing or commencing later than currently forecast) and can't offset declining production quickly enough to meet rising demand.

The weak demand scenario anticipates weaker global tin consumption as a result of a weaker economic growth. Alternatively, demand could be impacted by a bigger impact on demand from technological innovation, accelerating economisation of tin use and or development of material substitutes.

1.2 Tin demand, the emerging catalyst

The World Bank and the International Monetary Fund are forecasting global growth of between 3% and 4% in 2018 and 2019 respectively. A conservative view for tin demand through to 2030 is steady growth of 1.1% per annum.

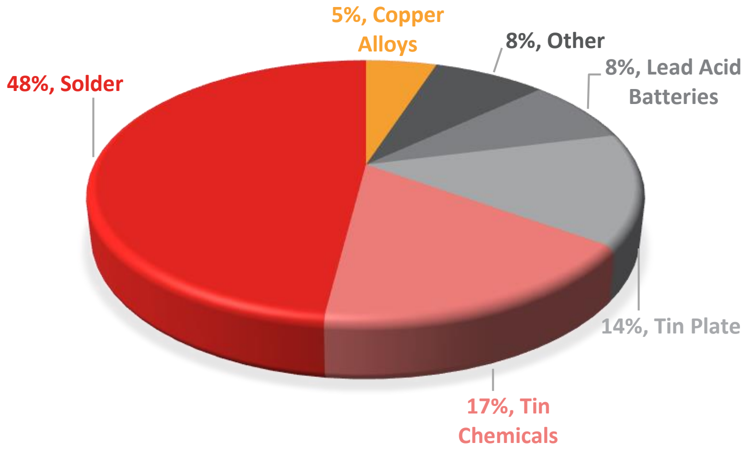
According to ITA, the most likely scenario for refined tin use over the next 10 years is illustrated in the chart below, which reflects an impact on consumption from technological developments and substitution (i.e. improvements in efficiencies in the use of tin), offset by non-technological drivers such as global economic growth and tin price trends. Optimistic and pessimistic scenarios for tin demand have been modelled together with an intermediate (forecast) scenario under which the global tin demand is expected to grow by around 1.1%pa to 2030.



Operations Review

1.3 Tin consumption

Solder continues to be the largest consumer of tin with an estimated 48% of global tin usage. Tin chemicals and tin plate follow with 17% and 14% respectively.



Solder

Solder, representing broadly half of global consumption, is the largest consumer of tin as tin is the primary component of both leaded and lead-free varieties used in electronics. There has been a growing trend in recent years to move towards lead-free solder, where tin forms approximately 97% of the product. The long-term outlook for solder usage remains balanced, with growth in electronics and further conversion to lead-free solders in high reliability applications, such as aerospace and military, offset by smaller unit volumes as a result of miniaturisation.

Chemicals

Tin use in chemicals is the second largest tin application and looks likely to retain this position for the foreseeable future. Important tin chemical applications include PVC stabilisers, polyurethane foam manufacture and glass coatings.

Tin Plate

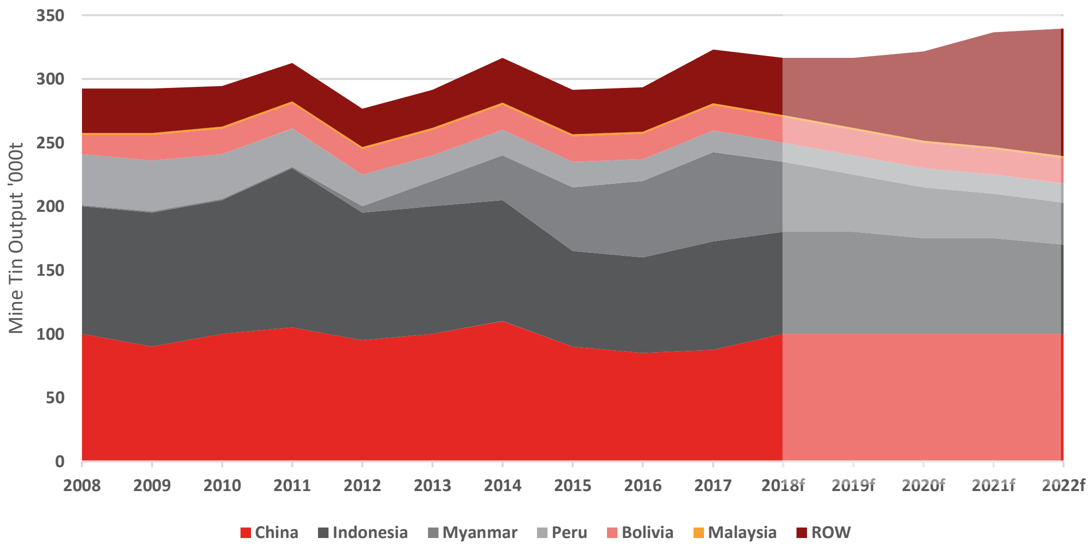
Tinplate, primarily used in food and beverage cans, is a very traditional market for tin which functions as a corrosion protector in the material. Until recently, tin use in the sector has remained largely stable, with little change over the last decade. Continued competition from aluminium beverage cans and other alternative competitive packaging materials are making inroads into this traditional market. In the United States, tin coating weights increased due to the introduction of BPA-free lacquers in food cans.

Lead Acid Batteries

Tin is added to lead acid battery grids to improve casting and performance. It is also used in posts and straps connecting the grids as well as in solder joining components. Lead acid batteries primary use is in internal combustion engines (cars, trucks, boats, ships etc.), where the battery is used to turn the engine over at ignition, and then to operate the various electrical components in the vehicle – air conditioning, electric windows, wind-screen wipers etc. The tin content in lead acid batteries has been increasing and the demand for tin in lead acid batteries is predicted to grow at 2-4% per annum from 28,200 tonnes in 2016 to 36,500 tonnes by 2025, after which there is a risk of substitution by lithium-ion and other technologies. Lead acid batteries remain the lowest cost and most widely used solution for energy storage in rechargeable batteries, a sector expected to grow with the increased reliance in renewable energy source.

1.4 Tin supply - still under pressure and still supporting prices

Maintaining world tin production over the next five to ten years will continue to require a strong market environment and the development of new mines. Declining or static mine production from existing operations in Indonesia, Myanmar, Peru and China are forecast in the medium term. Existing operations in Peru and Indonesia face pressure from depleting resources and falling grades. Chinese mine output has remained quite stable and this is expected to continue in the medium-term, although output may recover to partially offset an anticipated decline in tin shipments from Myanmar due to rising costs and depleting resources. Tin production from Inner Mongolia is expected to grow in 2018 and beyond as a result of tin discoveries and investment in operations there.



1.5 Longer term tin fundamentals – Achmmach expected to come online at the right time

As with previous years, tin supply continues to decline as existing mines face lower production rates, combined with significant under investment in global tin exploration and new tin projects over the last decade. This trend looks set to continue with only four projects with reported tin ore reserves expected to come online in the medium term. Growth in demand appears to be outpacing the supply growth, leading to stronger tin prices in the medium term.

The Company continues to believe the outlook for tin pricing is very robust, on both the demand and supply side, and that the Achmmach Project is ideally positioned to benefit from this for many years to come.

2. ACHMMACH TIN PROJECT 2018 DEFINITIVE FEASIBILITY STUDY

In 2017, the new Board and management team undertook an internal assessment of the 2016 SSO DFS, which led to the appointment of AMC Consultants to carry out an independent technical review.

In the course of delivering the 2018 DFS, most of the recommendations of the independent review have been addressed. In addition, proven technology has been introduced which significantly de-risks the project particularly in the milling and processing area, reduces operating and capital costs as well as minimising the environmental footprint of the project.

Subsequent to the end of the year, the Group announced the very positive results from the 2018 Definitive Feasibility Study of the Achmmach Tin Project. Key highlights from the 2018 DFS include:

- Post tax NPV of US$98.1 million, with a 23% IRR using a tin price of US$21,000 per tonne and an 8% real discount rate
- Every additional US$1,000 increase in tin price increases Project NPV and ungeared returns by approximately US$20 million and 3% respectively
- Capital cost of US$96.4 million
- C1 cash cost of US$9,176/tonne of tin, and a payback period of 4 years
- All In Sustaining Cost (AISC) of US$11,435/tonne of tin
- 7% increase in Ore Reserve Estimate to 7 million tonnes at a grade of 0.82% and a 4% increase in contained tin
- Initial 10-year mine life via underground mining operation - orebody open along strike and at depth providing excellent near mine exploration potential
- Ore Sorting and HPGR technology increase tin recovery, lower environmental footprint and result in better investor returns
- Overall tin recovery of 77%, with annual tin production of approximately 4,500 tonnes of tin in concentrate, averaging 60% tin

2.1 Capital and Operating Costs

Project Capital Costs

The initial project capital costs have been estimated as US$96.4M (real 2018 $) as summarised below:

2018 DFS Project Capital Costs	US$ Millions
Mining development	12.1
Tailings Storage Facility and Water Storage Facility	3.5
Process plant	44.5
Infrastructure	12.0
Engineering, Procurement and Construction (EPC)	7.2
Construction indirect costs	5.4
Sub-total Project Construction Capital	**84.7**
First fill & spares	1.2
Contingency	10.5
Total Project Capital Costs	**96.4**

Sustaining and Mine Closure Capital

Sustaining and replacement capital costs for mining and processing have been estimated at US$69.2M over the life of mine. These costs largely relate to the ongoing underground mine development which is timed to be completed on an as required basis to optimise project cashflow. Approximately three quarters of the capital mine development is categorised as sustaining.

The mine closure cost has been estimated to be US$3.1 million. Salvage values from dismantling and selling of the process plant has been estimated at US$2.7 million which will offset the majority of the estimated closure costs.

Operating Costs

The total operating costs are summarised below:

Category	US$ Millions	US$/t Sn
Mining	216.6	4,866
Processing	109.8	2,466
Administration	36.7	823
Concentrate transport & treatment	45.4	1,021
C1 cash costs	**408.5**	**9,176**
Depreciation & amortisation	165.4	3,815
C2 costs	**573.9**	**12,991**
Royalties	25.2	566
Corporate costs	6.1	138
C3 costs	**605.2**	**13,695**
Sustaining capital	69.2	1,554
All in sustaining cash costs (AISC)	**509.0**	**11,435**

2.2 Mineral Resources

Two separate resource estimates have been compiled, for the Meknès Trend and for the Western Zone of the Sidi Addi Trend. The reportable cut-off grade is 0.5% Sn for both the Meknès Trend and Sidi Addi Trend.

Classification	Mtonnes	% Sn	kt Sn
Measured	1.6	1.0	16.1
Indicated	13.3	0.8	111.2
Inferred	-	-	-
Total	**14.9**	**0.85**	**127.3**

2.3 Ore Reserve Estimate

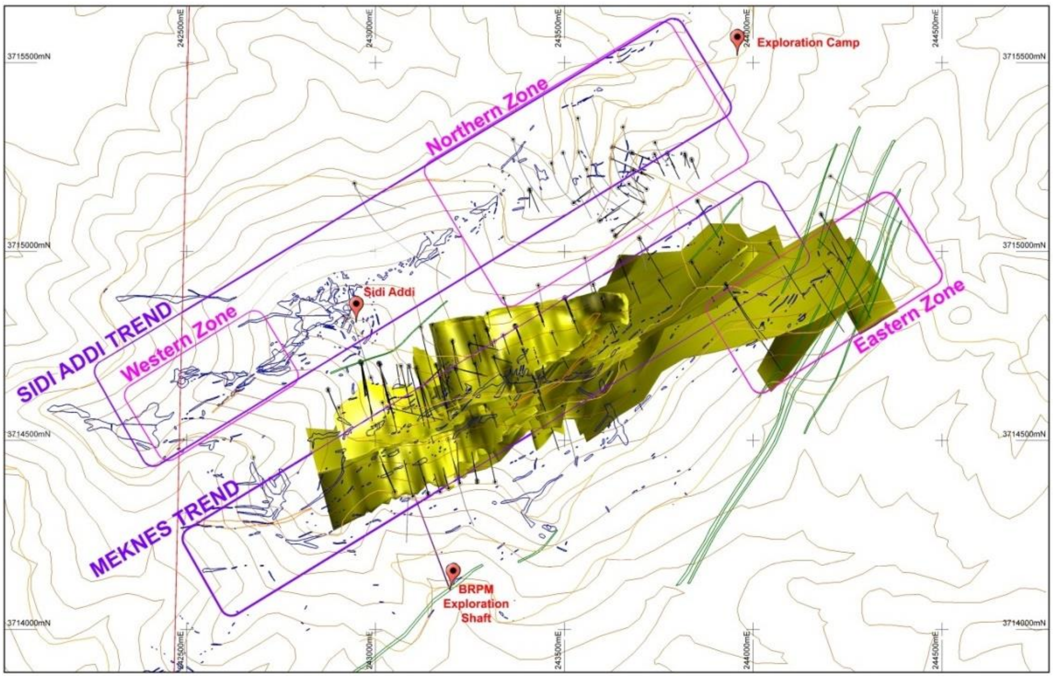
The Ore Reserve that supports the 2018 DFS was announced on 16 July 2018 and has been estimated by Entech Mining Consultants of Perth, Western Australia and uses Measured and Indicated Resources reported to the market on 10 September 2013 (for Meknes Trend) and 25 November 2014 (for the Western Zone).

The Ore Reserve determined as a result of the 2018 DFS is presented below. The reserve is based on a 0.55% Sn cut-off grade for design.

Zone	Proved			Probable			Total		
	Ore (kt)	% Sn	Tin Metal (t)	Ore (kt)	% Sn	Tin Metal (t)	Ore (kt)	% Sn	Tin Metal (t)
Meknès Trend	1,100	0.99	11,000	5,600	0.78	44,000	6,700	0.82	55,000
Sidi Addi Trend	-	-	-	300	0.86	3,000	300	0.86	3,000
Total	**1,100**	**0.99**	**11,000**	**5,900**	**0.79**	**47,000**	**7,000**	**0.82**	**58,000**

While the 2018 DFS is based solely upon the Achmmach Ore Resource, exploration upside and mine life extension at Achmmach is likely from repetition of deeper targets within the main 1.6 km long Meknes Trend and the parallel, 1.6km long Sidi Addi Trend. The Meknes Trend has been extensively drilled from natural surface across its full 1.6 km of strike to a depth of approximately 550m. It has not been drilled below 600m and deeper extensions to the known tin structures may exist.

The Western Zone is the first ore reserve to be defined on the Sidi Addi Trend at Achmmach. Limited shallow drilling across 200m of the full 1.6 km strike has defined the Western Zone reserve. Limited exploration has been undertaken across Sidi Addi at depth and along strike. Extensional exploration drilling is planned as part of the operational mine planning with the development of the western link drive to form a drill platform to efficiently target the Sidi Addi trend.



Mineralised zones of the Achmmach deposit

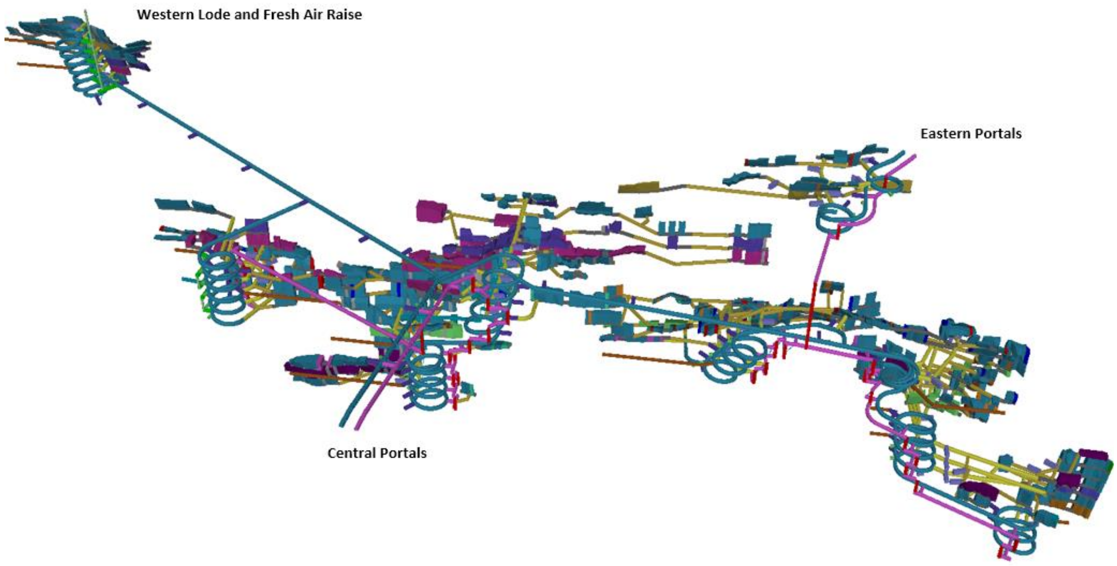
2.4 Mine Design

The current plan for the Achmmach mine is for it to be accessed via two locations from the surface:

- Central portal boxcut @ 1,015 mRL
- Eastern portal boxcut @1,085 mRL

Key features of the design are:

- Each boxcut location has twin portals and declines providing ventilation and escapeway drives parallel to the decline. This eliminates the requirement for raisebored ventilation raises to surface in the Central and Eastern Zones early in the mine plan.
- Three internal declines service the western lodes, eastern lodes and central lodes.
- Independent escapeway drives are developed laterally as a part of each level development and vertically through 1.1 m raises to provide a second means of egress from the production levels once stoping commences.
- The stand-off distance from the decline to the stopes is greater than 25 m, based on geotechnical analysis.
- Diamond drill drives are designed to provide appropriate drilling platforms for grade control drilling programs.



Final mine layout

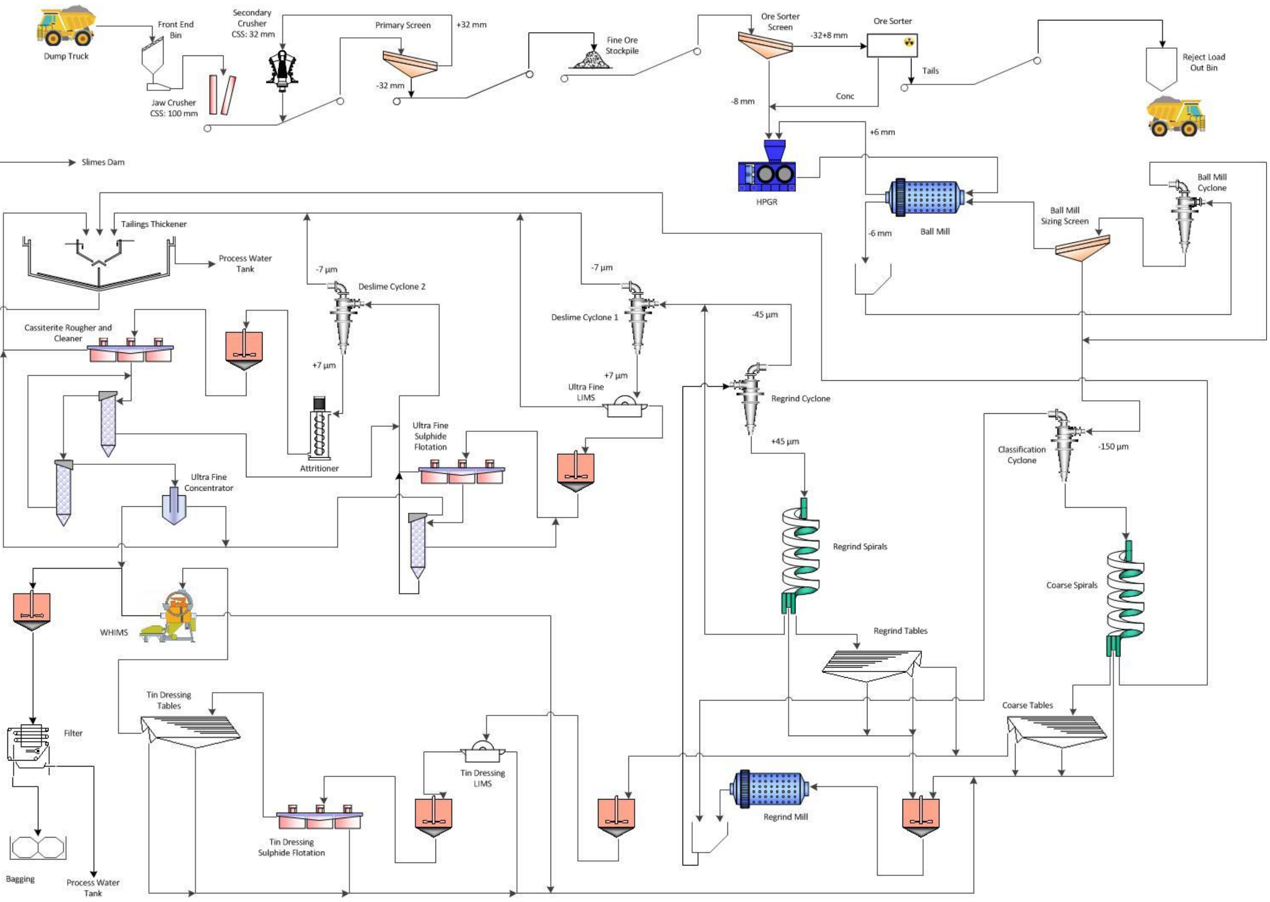
The Group continues to consider and evaluate optimisation strategies with regards to mine access and design as well as opportunities with respect to plant layout.

2.5 Metallurgy

The metallurgical behaviour of the Achmmach ore using conventional gravity and flotation processes has been well established by several years of test work by the Group on representative composite ore samples. The challenge addressed in the test work for this study was to reduce the capital and operating costs of the plant, to provide data on the influence of ore variability in critical design areas, and to seek means to enhance grade/recovery performance.

A pivotal process design change in this study was the introduction of ore sorting. The test work program evaluated ore sorting as a pre-concentration option for the early elimination of gangue and sub-economic material, thereby potentially:

- upgrading the head grade of tin to the downstream processing plant
- reducing the size (and capital expenditure) of the downstream processing plant
- reducing total consumables, power and water requirements in downstream processing
- increasing the recovery of tin in the gravity and flotation circuit due to the higher-grade feed to the downstream processing plant
- improving concentrate grades and thus reducing concentrate shipping and treatment charges
- reducing tailings tonnage, tailings cost and environmental footprint
- using ore sorter rejects for mine backfill and road base applications.



Process flow sheet

3. EXPLORATION

3.1 Morocco

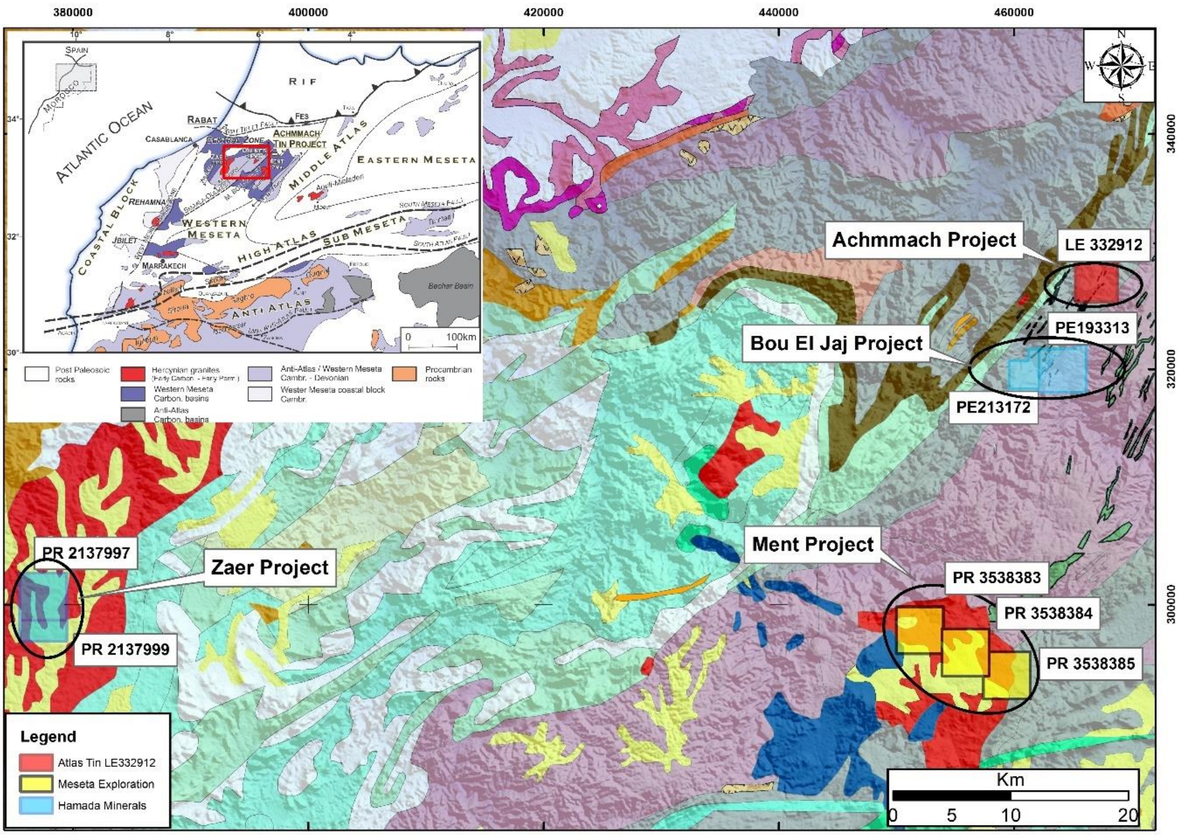
In addition to the Achmmach Tin Project, the Group owns a number of exploration packages within Morocco:

- Ment Granite tenements (100% KAS)
- Zaer Granite tenements (100% KAS)
- Sofz tenements (100% KAS)
- Tamlalt Gold tenements (100% KAS) (not depicted in below figure)

Tin exploration tenements

A new mining law was introduced in Morocco in 2016. Amongst other changes, the new law required holders of permits to actively undertake exploration works. In response to the introduction of the new law, the Group undertook an assessment of the prospectivity to rank and prioritise these tenements. As a result, a decision was made to relinquish permits with lower prospectivity of commercialisation. Subsequent to the end of the year, a number of permits were relinquished. The Group expects to relinquish other permits which were low on the prospectivity matrix as they come up for renewal.

During the year, the Group continued with the Environmental and Social Impact Assessment (ESIA) on the Bou El Jaj project, a 100% owned tin prospect located strategically close to the Achmmach Project. The Group believes that there is significant opportunity for Bou El Jaj to become a satellite operation to the main Achmmach mine in the near future, providing flexibility to the project as supplemental ore feed or as extension to mine life.



Moroccan tin tenements

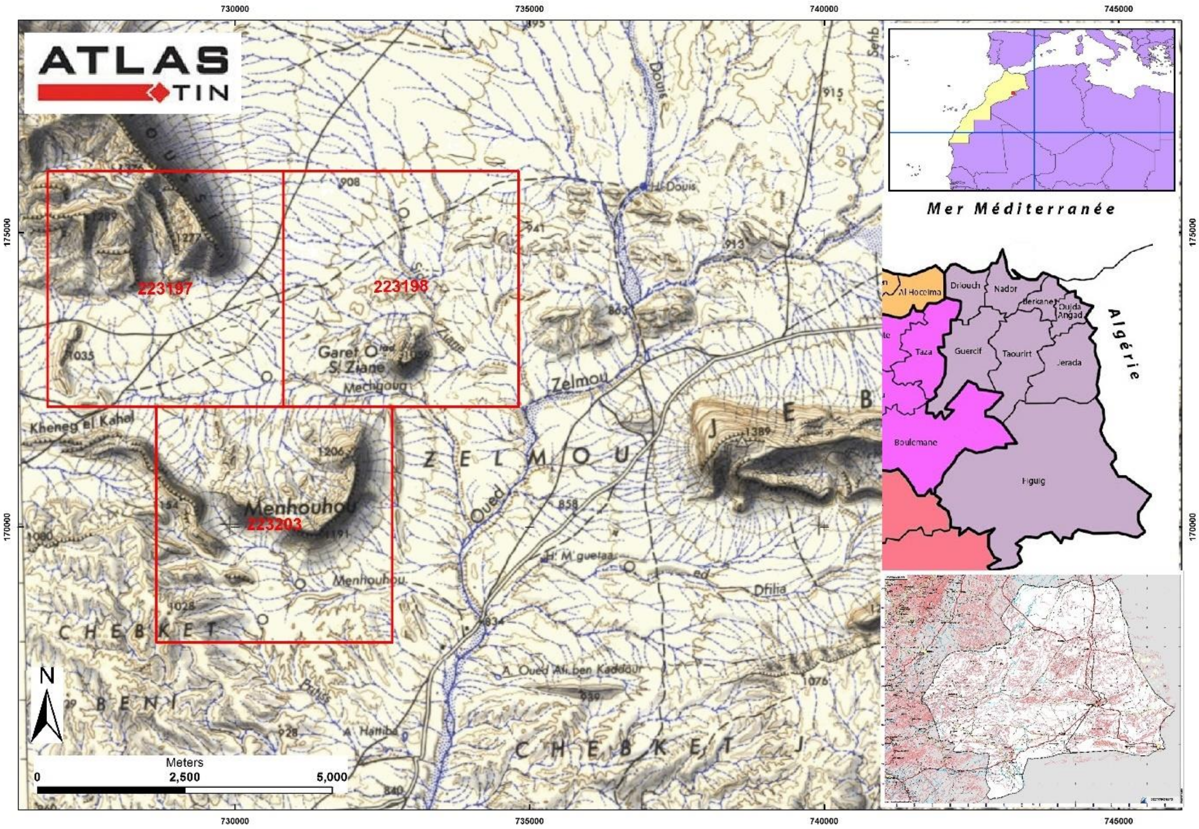
Tamlalt Gold Project

In 2011, the Board made the decision to focus on the Company's Achmmach Tin Project. Capitalised exploration and evaluation costs associated with the Tamlalt Gold Project were impaired. Subsequently, the Company decided to review alternative strategic options, including the divestment of the Tamlalt exploration permits.

The new Board and management team have reviewed the previous decision undertaken and continue to believe that the best outcome for the Group is to focus on the Achmmach Tin Project and the other tin prospects within the region.

However, the Group continues to believe that the Tamlalt project has potential and has commenced an ESIA with a view of either relinquishing in exchange for other licenses or working with a partner to further develop the Tamlalt project. During the year, the Group received expressions of interest from a number of parties with respect to Tamlalt, however, no commercial outcomes were achieved to date.

The Group remains interested in considering opportunities for the development of the Tamlalt Project.



Tamlalt Gold tenements

4. CORPORATE

4.1 Board changes during the year

The following changes to the Kasbah Board took place during the year:

Mr Graham Ehm appointed as an independent non-executive director on 22 January 2018.

Mr Martyn Buttenshaw replaced Mr Stephen Gill as non-executive director on 22 January 2018. Mr Buttenshaw was previously alternate non-executive director to Mr Gill.

Mr Hedley Widdup resigned as non-executive director on 31 July 2018.

Mr Stephen Gill resigned as alternate non-executive director to Mr Martyn Buttenshaw on 13 August 2018.

4.2 New Senior Management Changes during the year

The following changes to the Kasbah senior management took place during the year:

Mr Keith Pollocks appointed as Chief Financial Officer effective 17 July 2017 and Company Secretary effective 11 September 2017.

Mr Trevor O'Connor stepped down as Chief Financial Officer effective 17 July 2017 and as Company Secretary effective 11 September 2017.

Mr Richard Hedstrom resigned as Chief Executive Officer effective 6 September 2017.

Mr Russell Clark appointed as Chief Executive Officer effective 16 October 2017.

4.4 Financial Resources

The financial position of the Group remains solid with a cash position of $3,016,898 as at 30 June 2018 (2017: $1,720,844).

Debt of $3,209,727 as at 30 June 2018 (2017: $1,077,188).

The consolidated loss after income tax for the financial year was $6,343,602 (2017: loss of $5,204,945).

5. STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Governance of Kasbah Resources Limited’s mineral resources development and management activities is a key responsibility of the Executive Management of the Company.

The Chief Operating Officer of Kasbah Resources Limited oversees and reviews all technical evaluations of the estimates and evaluates these with reference to actual physical, cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

The Chief Operating Officer is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the company with the estimation and reporting of resources and reserves done by Quantitative Group Pty Ltd and Entech Pty Ltd respectively. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A three-level compliance process guides the control and assurance activities:

1. Provision of internal policies, standards, procedures and guidelines;
2. Resources and reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes; and
3. Internal assessment of compliance and data veracity.

The objectives of the estimation process are to promote the maximum conversion of identified mineralisation into JORC compliant Mineral Resources and Ore Reserves.

Kasbah Resources reports its mineral resources and ore reserves on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition).

Kasbah Resources’ Corporate Governance Statement is available on the company’s website.

Reserve & Resource Estimates and Competent Persons

The information in this report that relates to Kasbah Resources Limited’s Mineral Resource estimates for the Achmmach Tin Project, is based on and fairly represents information and supporting documentation compiled by Michael Job, who is a full-time employee of QG Australia Pty Ltd and a Fellow 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 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves” (JORC Code). Michael Job consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information contained in this report that relates to Ore Reserves at the Achmmach Tin Project, is based on information and supporting documentation compiled or reviewed by Matthew Keenan. He is a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 JORC Edition), having five years’ experience which is relevant to the style of mineralisation and type of deposit described in the report and to the activity for which he is accepting responsibility. He is a member of The Australasian Institute of Mining and Metallurgy and has reviewed the report to which this consent statement applies and is an employee working for Entech Pty Ltd. Entech Pty Ltd has been engaged by Kasbah Resources Ltd on behalf of Atlas Tin SAS to prepare the documentation for the Achmmach Tin Project on which the report is based. Matthew Keenan consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the most current Reserve and Resource Estimates included in this report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Forward-Looking Statements

This report 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 report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as "the Group") consisting of Kasbah Resources Limited ("Kasbah"or the "Company") and the entities it controlled for the year ended 30 June 2018.

Directors

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

- John Gooding
- Graham Freestone
- Graham Ehm (appointed on 22 January 2018)
- Martyn Buttenshaw (appointed on 22 January 2018, previously Alternate Director to Stephen Gill)
- Stephen Gill (resigned and appointed Alternate Director to Martyn Buttenshaw on 22 January 2018, resigned as Alternate Director on 13 August 2018)
- Hedley Widdup (resigned on 31 July 2018)

Principal Activities

The principal activity of the Group during the year was the evaluation of its flagship Achmmach Tin Project in Morocco.

Dividends – Kasbah Resources Limited

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of Operations

A full review of the operations is set out in the Operations Review on pages 5 - 18.

The consolidated loss after income tax for the financial year was $6,343,602 (2017: loss of $5,204,945). Included in the consolidated loss after income tax were exploration and evaluation expenditure of $2,094,817 (2017: $995,462), project financing costs of $177,359 (2017: $8,176), employee benefits expenses of $1,851,105 (2017: $1,999,739) and transaction fees and other associated costs of $55,501 (credit) (2017: $1,246,473).

The increase in exploration and evaluation costs is due to the company re-focussing on project evaluation and progressing the 2018 DFS. The Group incurred significant cost in executing the testwork programme developed to address the recommendations of the independent technical review of the 2016 SSO DFS, evaluate opportunities for operating and capital cost reductions and reduce the environmental and social footprint of the project. The 2018 DFS has introduced ore sorting technology, which sorts the crushed rock and separates out the heavier rock containing tin, resulting in up to 35 per cent of the mined crushed material not needing to be processed. In addition, the Group has also introduced High Pressure Grinding Rolls (HPGR) which facilitates a two-stage crushing circuit (rather than three-stage) and significantly reduces power consumption over previous alternatives considered.

Parallel to the test work programme, the Group also commenced financing activities during the year, including the engagement of financial advisers, technical experts, tax and other consultants, resulting in an increase in project financing costs compared to the previous year.

Employee benefits expense were higher compared to the previous year, after adjusting for non-recurring termination benefits, as a result of the Company employing a more experienced management team to advance the Achmmach Tin Project towards construction. Employee share-based payments were higher following the approval of the Non-Executive Director Share Rights Plan and the Long-Term Incentive Plan at the 2017 Annual General Meeting. The introduction of the Non-Executive Director Share Rights Plan enabled the Company to partly or wholly remunerate non-executive directors in shares at the individual's election. The introduction of the Long-Term Incentive Plan facilitates the attraction and retention of capable executives and aligns management interest with those of shareholders. In calculating the value of these share-based payments, the Group has assumed that all vesting conditions will be met.

Transaction and other associated costs are expenses related to the failed Scheme of Arrangement during the prior year. The credit in the current year represents the reversal of an over-accrual recognised at 30 June 2017. Non-recoverable Moroccan TVA expense was higher due to the increased project expenditure in Morocco. Interest and borrowing costs were higher due to the increase in debt principal from $1,000,000 to $3,000,000 during the year.

The cash position of the Group as at 30 June 2018 was $3,016,898 (2017: $1,720,844). The Group incurred net operating cash outflows of $6,416,240 (2017: $4,578,818). Total net cash inflow from financing activities were $7,804,249 (2017: $5,134,083). During the year, the Group received $4,984,171 from the 2017 non-renounceable rights issue, offset by share issue costs of $387,655. In addition, the Group received $2,000,000 from the increase of the Pala Loan facility and paid borrowing costs of $30,000. The contribution of the non-controlling interest's portion of project costs was $1,237,733.

On 17 July 2017, the Company completed the appointment of Mr Keith Pollocks as the new Chief Financial Officer, who also assumed responsibilities as Company Secretary on 11 September 2017. On 6 September 2017, Mr Richard Hedstrom resigned as Chief Executive Officer. In the interim period, Chairman, Mr John Gooding assumed executive duties whilst a search was undertaken for a new Chief Executive Officer. Mr Russell Clark was appointed as Chief Executive Officer on 16 October 2017. The appointment of Mr Clark completed the restructure of the management team, who has since produced the very positive 2018 DFS and is underway with project development and financing. The Company expects to close financing and commence construction in the first half of 2019.

The Board has also been restructured with the appointment of Mr Graham Ehm as an independent non-executive director on 22 January 2018. Mr Ehm's appointment significantly enhances the Company's project delivery and operational expertise. In addition, Mr Ehm's appointment also resulted in the Board consisting of a majority of independent directors. On 22 January 2018, Mr Martyn Buttenshaw replaced Mr Stephen Gill as non-executive director. Mr Buttenshaw was previously an alternate non-executive director to Mr Gill. Subsequent to the end of the year, Mr Hedley Widdup resigned as non-executive director of the company, further strengthening the independence of the Board.

The Company established an Unmarketable Parcel Share Sale facility to enable holders of unmarketable parcels of fully paid ordinary shares to sell their shares without incurring brokerage or transactions costs. The facility closed on 20 February 2018, facilitating the placement of 15,554,656 shares to a number of parties, thereby reducing the number of shareholders on the share register by 46%.

Following failed attempts to reach a commercial settlement, the Company commenced legal proceedings against BDO Corporate Finance WA Pty Ltd ("BDO") 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 arbitrations proceedings have failed to reach a commercial settlement and have been adjourned to a future date yet to be relisted. On 13 September 2018, the Court approved the Company's application to join two directors of BDO as the second the third defendant respectively to these legal proceedings.

Matters Subsequent to the End of the Financial Year

On 16 July 2018, the Company released the 2018 Achmmach Tin Project Definitive Feasibility Study as well as an upgrade of the Ore Reserve at Achmmach.

On 31 July 2018, Mr Hedley Widdup stepped down as non-executive director of the Company.

On 13 August 2018, following a prospectivity analysis undertaken on commercialisation opportunities, the Group relinquished its interest in Moroccan Research Permits PR2138099, PR2138100 and PR2138097, which were seen to have low prospectivity.

On 13 August 2018, Mr Stephen Gill resigned as alternate non-executive director to Mr Martyn Buttenshaw.

Likely Developments and Expected Results of Operations

Following the release of the 2018 DFS, the Group will now proceed with the development and funding activities to bring Achmmach into production.

Environmental Regulation

In the course of its normal exploration activities the Group adheres to environmental regulations imposed upon it by the various regulatory authorities. The Group has complied with all material environmental requirements to the date of this report. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. Due to the location of the Group's projects in Morocco the Directors have assessed that there are no current reporting requirements under the Act, but this may change in the future. The Group is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect of its operating activities.

Information on Directors

Mr John Gooding, Assoc Dip. Mining Eng, FIE Aust, F.Aus. IMM, MAICD
Independent Non-executive Chairman
John is a mining engineer with over 40 years of experience in gold and base metals operations including mining, exploration, smelting and refining, sales and marketing and major capital expansion projects. He most recently served as the Managing Director and Chief Executive Officer of Highlands Pacific for nine and a half years until November 2016, and prior to this held executive management positions with Normandy Mining, MIM, Xstrata, Ok Tedi Mining and Roche Mining. He holds both NT and NSW Mine Managers Certificates, is a Fellow of both the Institute of Engineers and the Australasian Institute of Mining and Metallurgy and is a member of the Australian Institute of Company Directors.

John is a Non-executive Chairman of Hillgrove Resources Limited and Non-executive Director of KGL Resources Limited (appointed on 12 June 2018).

John has not held any other publicly listed company directorships in the last three years.

John is a member of both the Audit Committee and the Remuneration Committee.

Mr Graham Freestone, BEc (Hons)
Independent Non-executive Director

Graham has over 45 years experience in the petroleum and natural resources industry. He has a broad finance, corporate and commercial background obtained in Australia and internationally through senior positions with the Shell Group, Acacia Resources and AngloGold. He served as Chief Financial Officer and Company Secretary of Acacia and AngloGold until 2001. Since 2001 he has held non-executive director roles with the Lion Selection Group (2001 to 2009) and Catalpa Resources (2009 to 2011), and chaired their Audit Committees.

Graham is a Non-executive Director of Evolution Mining Limited (since 2011) and was Lead Independent Director until 2015 and chaired its Audit Committee until June 2018.

Graham has not held any other publicly listed company directorships in the last three years.

Graham is Chairman of both the Audit Committee and the Remuneration Committee.

Mr Graham Ehm, BSc (Metallurgy)

Independent Non-executive Director- appointed 22 January 2018

Graham is a highly experienced and successful resource sector executive with more than 40 years of diverse experience in mine operations and project management, covering the nickel, phosphate, copper uranium and gold sectors. He has forged a long and successful career with major global gold miner, AngloGold Ashanti Ltd. He is currently Executive Vice President for Group Planning and Technical and prior to this appointment in 2013 served as Executive Vice President of Australasia overseeing the development of the Tropicana Gold mine in Western Australia.

Previous senior roles with AngloGold Ashanti include Executive Vice President of Tanzania, General Manager- Sunrise Dam Gold Mine, Project Manager- Union Reefs Gold Mine and Project Manager- Boddington Gold Mine. Graham was a Non- Executive Director of Mining3 (previously CRC Mining) and served as Non- Executive Director of the Minerals Council of Australia. Graham is currently Chairman of AngloGold Ashanti Ghana Ltd.

Graham is a member of the Audit Committee and the Remuneration Committee from 20 June 2018.

Mr Martyn Buttenshaw, MBA, MEng

Non-executive Director – appointed 22 January 2018 (Previously Alternate Non-Executive Director for Stephen Gill)

Martyn has worked closely with several of Pala's portfolio companies including Sierra Rutile, Norcast Wear Solutions and Melior Resources, to assist in their execution of strategic plans, growth projects, product marketing strategy, development of corporate governance and achievement of operational goals.

Prior to joining Pala in 2010, Martyn was a Business Development Manager with Anglo American in its ferrous metals business unit. Martyn's primary responsibilities centered on the review and evaluation of potential iron ore investments globally. Martyn also spent five years working as a senior mining engineer with Rio Tinto in their technical services and industrial minerals groups.

Martyn is currently a director of Melior Resources (TSX:MLR) and was previously a director of Asian Mineral Resources (TSX.V:ASN) (resigned 2 August 2017). Martyn has not held any other publicly listed company directorships in the last three years.

Martyn is a member of the Remuneration Committee from 22 January 2018.

Mr Stephen Gill MBA, MSc, BSc

Non-executive Director – resigned 22 January 2018 (Appointed Alternate Non-Executive Director for Martyn Buttenshaw, resigned as Alternate Non-Executive Director for Martyn Buttenshaw on 13 August 2018)

Stephen is currently Portfolio Manager at Pala Investments Ltd. Stephen has been at Pala since 2008, during which time he has been involved in many of Pala's principal investments covering a range of commodities, as well as mining services and consumables sectors. Stephen has also supported many of Pala's investee companies in defining and implementing strategic initiatives. Stephen is also involved in the oversight of Pala's liquid investments portfolio. Prior to joining Pala, Stephen was at AMEC Plc., an engineering consulting firm, where he advised on a range of natural resources transactions.

Stephen also acted as an advisor across a range of private equity transactions, including investments in businesses spanning mining, metals processing, and mining consumables manufacturing industries. Stephen holds an MBA from the IE Business School in Madrid. He also holds an MSc from the University of North Carolina and a BSc from the University of Wales.

Stephen is currently a director of Nevada Copper (TSX: NSU) and was previously a director of Sierra Rutile (AIM: SRX) (resigned 8 December 2016) and Asian Mineral Resources (TSX.V: ASN) (resigned 1 July 2015).

Stephen has not held any other publicly listed company directorships in the last three years.

Mr Hedley Widdup, BSc (Hons Geology), MAusIMM

Non-executive Director – resigned 31 July 2018

Hedley graduated as a geologist with first class honours from the University of Melbourne in 2000 and has extensive experience across mine and resource geology having worked at Mt Keith (WMC), Olympic Dam (WMC), Mt Isa (Xstrata) and the St Ives Gold Mine (Gold Fields). Hedley joined Lion Manager Pty Limited in July 2007 as an analyst, providing investment management services to Lion Selection Group and the African Lion funds.

Hedley is a Non-executive Director of Egan Street Resources Limited and an Executive Director of Lion Manager Pty Limited.

Hedley has not held any other publicly listed company directorships in the last three years.

Hedley was a member of both the Audit Committee and the Remuneration Committee from 27 February 2017 till his resignation on 31 July 2018.

Company Secretary

Mr Keith Pollocks, BBus (Econs, Acc), MCommerce, CPA, MCT

Company Secretary – appointed 11 September 2017

Keith has an extensive background in the natural resources sector and extensive experience in a variety of senior finance roles, having led and managed finance teams, major commercial negotiations and projects within globally significant corporations.

Prior to joining Kasbah, Keith was the CFO of the Newcastle Coal Infrastructure Group, a consortium of major coal producers, including BHP, which owns and operates one of Australia's largest coal export terminals and has turnover of $400 million annually. Prior to this, Keith was General Manager Treasury, Taxation and Business Evaluation at MMG Limited, a dual listed globally diversified base metals company, where he was responsible for those functions. Before this, Keith held senior finance / Company Secretary positions with Lyondellbasell (formerly Shell Chemicals).

Mr Trevor O'Connor, BBus (Acc), FGIA, FCIS, CA

Company Secretary – resigned 11 September 2017

Trevor is a Chartered Accountant and a practicing Chartered Secretary with over 20 years' corporate experience. He has over 13 years' experience in the resources and mining services industry.

Prior to joining Kasbah, Trevor held the position as Chief Financial Officer and Company Secretary for ipernica Limited, an ASX listed company involved in intellectual property. He has also held the position of Company Secretary for a number of public and private companies within the mining, property development, and e-commerce sectors.

Directors' Meetings

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

Name of Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
John Gooding	8	8	3	3	4	4
Graham Freestone	8	8	3	3	4	4
Graham Ehm	2	2	-	-	-	-
Stephen Gill	2	6	-	-	1	2
Martyn Buttenshaw	8	8	-	-	3	4
Hedley Widdup	7	8	3	3	4	4

Held represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Interests in Shares, Options and Non-executive Directors Share Rights of the Company and Related Bodies Corporate

At the date of this report, shares, options and non-executive director share rights granted to Directors of the Company and the entities it controls are:

	Fully Paid Ordinary Shares Number	Options Number	NED Share Rights Number
John Gooding	1,344,488	-	1,257,861
Graham Freestone	3,360,909	-	1,886,792
Graham Ehm	-	-	2,873,563
Martyn Buttenshaw	560,909	-	2,808,988

Remuneration Report – Audited

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the *Corporations Act 2001* and its regulations.

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remunerations

C. Service agreements

D. Share-based compensation

E. Additional disclosures relating to key management personnel

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to attract and maintain appropriately qualified and experienced Directors and Executives.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and Executives. Using market remuneration data for similar junior resources companies, the Remuneration Committee has structured an executive remuneration framework that is competitive and appropriate given the stage of development of the Company and the activities which it undertakes and is consistent in aligning shareholder and corporate objectives.

In accordance with best practice corporate governance, the structure of Non-executive Director and executive remunerations are separate.

Non-executive Directors' Remuneration

Generally fees payable to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. In accordance with the Company's constitution, alternate Non-executive Directors are not entitled to receive remuneration.

ASX listing rules require the aggregate Non-executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting on 24 November 2011, where the shareholders approved the maximum aggregate amount of fees that can be paid to Non-executive Directors to be $400,000.

Shareholders approved a Non-Executive Direct (NED) Share Rights Plan at the Company's 2017 Annual General Meeting. The NED Share Rights Plan allows non-executive directors to elect to receive all or part of their remuneration in the form of share rights, which vests 12 months after grant date or upon resignation.

Executive Remuneration

The Group has restructured the remuneration system to one which aims to reward executives with a mix of remuneration based on their position and responsibility, with a fixed cash component and "at risk" components based on delivery of certain Company performance goals that are assessed over a short term basis delivered in cash or shares, and a longer term incentive plan (LTIP) component deliverable in Performance Rights that will vest 3 years after issue date. The implementation of the latter component (LTIP) was approved by shareholders at the Company's 2017 Annual General Meeting.

The executive remuneration framework has four components:

- Total Fixed Remuneration comprising base salary and statutory superannuation;
- Short-term incentive plans (STIP);
- Long term incentive plan (LTIP); and
- During the 2017 financial year and prior to the introduction of the LTIP, options were granted to incoming senior executives as an incentive to sign on to the Company.

The fixed remuneration of executives comprising base salary and superannuation, is reviewed annually by the Remuneration Committee based on overall performance and comparable market remunerations.

The short-term incentives ("STI") plans are reviewed annually by the Remuneration Committee and are granted to executives based on specified targets being achieved. These targets will generally include key operational and non-operational aims that reflect the current strategy of the Group to further the Group's goals.

"At Risk" STI bonuses were awarded for the 2018 financial year to executives based on performance hurdles and performance based on assessment by the Remuneration Committee.

The long-term incentives ("LTI") are based on the Kasbah Long Term Incentive Plan approved at the 2017 Annual General Meeting. Incentives under this plan will be in the form of an annual issue of Performance Rights which will vest 3 years after issue date, after testing against predetermined performance hurdles reflecting achievement of the Company's key strategic targets and achieving targeted improvements in shareholder return over each period. On vesting, Performance Rights will convert into fully paid ordinary shares in the Company at no cost to the recipient.

Group's Financial Performance and Link to Remuneration

Currently there is no link to the financial performance of the Group to executive remuneration. The restructuring of the remuneration system through the implementation of STIP and LTIP was aimed to direct focus of key management to the achievement of the Company's key strategic goals and the delivery of improved shareholder returns over both the short term and the longer-term focus of the LTIP. The Remuneration Committee deems this appropriate given that the Group is currently moving towards the development phase of the Achmmach Tin Project.

Use of Remuneration Consultants

During the financial year ended 30 June 2018, no remuneration consultants were engaged by the Company.

Voting at the Company's 2017 Annual General Meeting (AGM)

At the 2017 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

B. DETAILS OF REMUNERATION

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Kasbah Resources Limited:

- Rodney Marston – Non-executive Chairman (resigned 18 December 2016)
- Ian McCubbing – Non-executive Director (resigned 18 December 2016)
- Giles Robbins – Non-executive Director (resigned 18 December 2016)
- Wayne Bramwell – Managing Director (until 23 December 2016 when he transitioned to Executive Director, resigned 8 February 2017)
- Gabrielle Moeller – Non-executive Director (to 18 December 2016 when she transitioned to Non-Executive Chairperson until her resignation on 8 February 2017)
- Stephen Gill – Non-executive Director (appointed 23 December 2016, resigned on 22 January 2018 and as Alternate Non-executive Director to Martyn Buttenshaw on 13 August 2018)
- John Gooding – Non-executive Chairman (appointed 8 February 2017)
- Graham Freestone – Non-executive Director (appointed 8 February 2017)
- Mike Brook – Non-executive Director (resigned 27 February 2017)
- Hedley Widdup – Non-executive Director (appointed 8 February 2017 as Alternate Non-executive Director for Mike Brook, appointed 27 February 2017 as Non-executive Director in his own right, resigned on 31 July 2018)
- Martyn Buttenshaw – Non-executive Director (appointed 10 May 2017 as Alternate Director for Stephen Gill, appointed Non-executive Director in his own right on 22 January 2018)
- Graham Ehm – Non-executive Director (appointed 22 January 2018)

And the following persons:

- Richard Hedstrom – Chief Executive Officer (appointed 23 December 2016, resigned 6 September 2017)
- Evan Spencer – Chief Operating Officer (appointed 1 May 2017)
- Mike Kitney – Chief Operating Officer (resigned 31 May 2017)
- Keith Pollocks – Chief Financial Officer (appointed 17 July 2017) and Company Secretary (appointed 11 September 2017)
- Trevor O'Connor – Chief Financial Officer and Company Secretary (resigned 25 October 2017)
- Russell Clark – Chief Executive Officer (appointed 16 October 2017)

Name	Year	Short-term Director fees	Committee fees	Post Employment Superannuation	Long-term	Share based payments Options/Rights	Total
		$	$	$	$	$	$
Non-executive Directors							
John Gooding – Non-executive Chairman (i) (ix)	2018	100,457	2,283	9,760	-	11,667	124,167
	2017	32,330	979	3,164	-	-	36,473
Graham Freestone – Non-executive Director (i)	2018	44,140	7,991	4,952	-	17,500	74,583
	2017	20,973	3,428	2,318	-	-	26,719
Graham Ehm – Non-executive Director (ii)	2018	-	-	-	-	25,000	25,000
Hedley Widdup – Non-executive Director (iii)	2018	60,000	2,500	-	-	-	62,500
	2017	20,356	849	-	-	-	21,205
Stephen Gill – Non-executive Director (iv)	2018	-	-	-	-	10,417	10,417
	2017	-	-	-	-	-	-
Martyn Buttenshaw – Non-executive Director (v)	2018	-	-	-	-	25,000	25,000
Rodney Marston – Non-executive Chairman (vi)	2017	20,548	-	1,952	-	-	22,500
Gabrielle Moeller – Non-executive Director (vii)	2017	35,580	-	-	-	-	35,580
Ian McCubbing – Non-executive Director (vi)	2017	25,331	-	2,169	-	-	27,500
Giles Robbins – Non-executive Director (vi)	2017	-	-	-	-	-	-
Mike Brook – Non-executive Director (viii)	2017	-	-	-	-	-	-
Total	**2018**	**204,597**	**12,774**	**14,712**	**-**	**89,584**	**321,667**
Total	**2017**	**155,118**	**5,256**	**9,603**	**-**	**-**	**169,977**

(i) Appointed 8 February 2017
(ii) Appointed 22 January 2018
(iii) Appointed 27 February 2017 as Director in his own right. Fees for Mr Widdup's services as Non-executive Director are paid to Lion Manager Pty Ltd
(iv) Appointed 23 December 2017. Resigned as Director and appointed and Alternate Director to Mr Buttenshaw 22 January 2018. Mr Gill did not participate in being remunerated for the 2017 financial year
(v) Appointed 22 January 2018. Previously Alternate Director to Mr Gill
(vi) Resigned 18 December 2017
(vii) Resigned 8 February 2017.
(viii) Resigned 27 February 2017
(ix) Mr Gooding received $40,000 in remuneration for performing executive duties during the search for a CEO. Mr Gooding was remunerated with $20,000 in cash (included in Director fees) and $20,000 in NED Share Rights.

	Year	Short-term Salaries	STI Bonus	Post Employment Superannuation	Long-term Long Service Leave	Share based payments Options/Rights	Termination Benefits	Total
Name		**$**	**$**	**$**	**$**	**$**	**$**	**$**
Key Management Personnel								
Russell Clark - Chief Executive Officer (i)	2018	270,571	101,000	14,277	835	100,000	-	486,683
Richard Hedstrom - Chief Executive Officer (ii) (viii)	2018	58,600	-	8,827	(465)	(9,363)	190,789	248,388
	2017	167,551	71,575	15,917	465	4,546	-	260,054
Wayne Bramwell - Managing Director (iii) (viii)	2017	179,719	-	17,073	(65,289)	-	513,843	645,346
Evan Spencer - Chief Operating Officer (iv)	2018	320,047	101,000	20,288	1,903	93,870	-	537,108
	2017	71,357	28,411	6,779	148	4,546	-	111,241
Mike Kitney - Chief Operating Officer (v) (viii)	2017	245,352	-	37,579	(35,324)	-	226,668	474,275
Keith Pollocks - CFO & Company Secretary (vi)	2018	278,445	89,000	19,253	759	74,797	-	462,254
Trevor O'Connor - CFO & Company Secretary (vii) (viii)	2018	75,192	-	24,052	-	-	-	99,244
	2017	223,493	-	21,232	(27,513)	-	226,693	443,905
Total	**2018**	**1,002,855**	**291,000**	**86,697**	**3,032**	**259,304**	**190,789**	**1,833,677**
Total	**2017**	**887,472**	**99,986**	**98,580**	**(127,513)**	**9,092**	**967,204**	**1,934,821**

(i) *Appointed 16 October 2018*

(ii) *Appointed 23 December 2016, resigned 6 September 2017. 2017 STI Bonus was satisfied through the issue of 2,292,994 shares on 6 September 2017. Termination benefits include payment of unused leave entitlements of $17,396*

(iii) *Resigned 8 February 2017. Termination benefits include payment of unused leave entitlements of $197,437*

(iv) *Appointed 1 May 2017. 2017 STI Bonus was satisfied through the issue of 910,182 shares on 6 September 2017*

(v) *Resigned 31 May 2017. Termination benefits include payment of unused leave entitlements $12,900.*

(vi) *Appointed 17 July 2017.*

(vii) *Resigned 25 October 2017. Termination benefits was accrued in 2017 but paid in resignation on 25 October 2018.*

(viii) *Negative Long-term long service leave accruals represent reversal of previously accrued Long Service Leave entitlements on termination of employment.*

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk - STI		At risk – LTI*	
	2018	2017	2018	2017	2018	2017
Non-executive Directors						
John Gooding	100%	100%	-	-	-	-
Graham Freestone	100%	100%	-	-	-	-
Graham Ehm	100%	-				
Hedley Widdup	100%	100%	-	-	-	-
Stephen Gill	100%	-	-	-	-	-
Martyn Buttenshaw	100%	-				
Rodney Marston	-	100%	-	-	-	-
Ian McCubbing	-	100%	-	-	-	-
Gabrielle Moeller	-	100%	-	-	-	-
Giles Robbins	-	-	-	-	-	-
Mike Brook	-	-	-	-	-	-
Executive Directors						
Wayne Bramwell	-	100%	-	-	-	-
Key Management Personnel						
Russell Clark	59%	-	21%	-	20%	
Richard Hedstrom	-	70%	0%	28%	0%	2%
Evan Spencer	64%	70%	19%	26%	17%	4%
Mike Kitney	-	100%	-	-	-	-
Keith Pollocks	65%	-	19%	-	16%	
Trevor O'Connor	100%	100%	-	-	-	-

* *Since the long-term incentives in place during the current year were via options and performance rights, the percentages disclosed are based on the value of options and performance rights expensed during the year.*

The proportion of the short-term incentive bonus paid or payable is as follows:

Name	Bonus paid or payable		Bonus not achieved	
	2018	2017	2018	2017
Executive Directors				
Wayne Bramwell	N/A	N/A	N/A	N/A
Key Management Personnel				
Russell Clark	60%	N/A	40%	N/A
Richard Hedstrom	N/A	100%	0%	0%
Evan Spencer	60%	100%	40%	0%
Mike Kitney	N/A	N/A	N/A	N/A
Keith Pollocks	60%	N/A	40%	N/A
Trevor O'Connor	N/A	N/A	N/A	N/A

C. SERVICE AGREEMENTS

On appointment to the Board all Non-executive Directors enter into a Service Agreement with the Company in the form of a letter of appointment. The letter summarises the Board's policies and terms including compensation relevant to the office of Non-executive Directors.

A summary of the key conditions of service contracts for Executives is set out as follows:

Russell Clark – Chief Executive Officer (appointed 16 October 2017)

- Term of Agreement – No fixed term.
- Total salary inclusive of superannuation of $400,000, revised to $412,000 effective 1 July 2018 and to be reviewed to at least $450,000 effective 1 July 2019.
- Short term incentives of up to 75% of Total Fixed Remuneration for the 2018 and 2019 financial years, and 60% thereafter depending on STI hurdle achievement and Remuneration Committee / Board approval.
- Long term incentives in the form of performance rights of up to 75% of Total Fixed Remuneration depending on LTI hurdle achievement and Remuneration Committee / Board approval.
- The Executive or Company may terminate the agreement by providing three months' written notice. In addition, termination benefits to the extent permitted under the Corporation Act are included in the contract in the event of certain termination events.
- There are no other termination benefits to be paid other than in the circumstances above.

Evan Spencer – Chief Operating Officer (appointed 1 May 2017)

- Term of Agreement – No fixed term.
- Total salary inclusive of superannuation of $340,000, revised to $350,200 effective 1 July 2018.
- Short term incentives of up to 50% of Total Fixed Remuneration depending on STI hurdle achievement and Remuneration Committee / Board approval.
- Long term incentives in the form of performance rights of up to 60% of Total Fixed Remuneration depending on LTI hurdle achievement and Remuneration Committee / Board approval.
- The Executive or Company may terminate the agreement by providing six months' written notice. In addition, termination benefits to the extent permitted under the Corporation Act are included in the contract in the event of certain termination events.
- There are no other termination benefits to be paid other than in the circumstances above.

Keith Pollocks – Chief Financial Officer (appointed 17 July 2017) and Company Secretary (appointed 11 September 2017)

- Term of Agreement – No fixed term.
- Total salary inclusive of superannuation of $310,000, revised to $330,000 effective 1 July 2018.
- Short term incentives of up to 50% of Total Fixed Remuneration depending on STI hurdle achievement and Remuneration Committee / Board approval.
- Long term incentives in the form of performance rights of up to 60% of Total Fixed Remuneration depending on LTI hurdle achievement and Remuneration Committee / Board approval.
- The Executive or Company may terminate the agreement by providing six months' written notice. In addition, termination benefits to the extent permitted under the Corporation Act are included in the contract in the event of certain termination events.
- There are no other termination benefits to be paid other than in the circumstances above.

D. SHARE-BASED COMPENSATION

NON-EXECUTIVE DIRECTOR SHARE RIGHTS PLAN

Following approval of the Non-executive Director Share Rights Plan (NED Rights Plan) at the 2017 AGM, directors were invited to salary sacrifice all or part of their remuneration and participate in the NED Rights Plan. The take up of rights under the NED Rights Plan are set out below:

	Grant Date	Number Granted	Vesting and Exercise Date	Value per Share Right $	Value of Share Rights $
John Gooding	7 December 2017	1,257,861	7 December 2018	0.016	20,000
Graham Freestone	7 December 2017	1,886,792	7 December 2018	0.016	30,000
Graham Ehm	14 February 2018	2,873,563	7 December 2018	0.017	50,000
Martyn Buttenshaw	6 February 2018	2,808,988	7 December 2018	0.018	50,000
Stephen Gill	7 December 2017	3,930,817	22 January 2018	0.016	62,500

3,263,117 NED Share Rights lapsed on Mr Stephen Gill's resignation as Non-Executive Director on 22 January 2018. The remaining 667,700 NED Share Rights vested and were placed in a trading restriction until his resignation as an Alternate Director to Mr Martyn Buttenshaw.

The number of NED Share Rights grated was based on each director's election to salary sacrifice all or part of their remuneration. The value of the NED Share Rights were calculated based on the 5-Day volume weighted average price (VWAP) before the grant date.

LONG TERM INCENTIVE PLAN

Following approval of the Executive Long-Term Incentive Plan (LTIPs) at the 2017 AGM, executives of the Company were invited to participate in the plan. Executives were offered Performance Rights as part of their remuneration package. The terms of the Performance Rights issued as part of the LTIPs are set out below:

	Grant Date	Number Granted	Vesting Date	Value per Performance Right $	Value of Performance Rights $
Russell Clark	7 December 2017	18,867,924	1 July 2020	0.016	300,000
Evan Spencer	7 December 2017	12,830,187	1 July 2020	0.016	204,000
Keith Pollocks	7 December 2017	11,698,113	1 July 2020	0.016	186,000

The Performance Rights issued will vest subject to the satisfaction of the vesting conditions outlined below:

- The Company's relative share price benchmarked against the S&P/ASX Small Ordinaries Resources Index over the 3-year period to 30 June 2020;
- The Company's absolute share price growth over the 3-year period to 30 June 2020; and
- Achmmach Tin Project's development progress (schedule and costs) against approved project implementation plan.

INCENTIVE OPTION SCHEME

The terms and conditions of each grant of options affecting remuneration in the previous, current or future reporting periods are as follows:

Number Granted	Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price of Options $	Value per Option at Grant Date $	Value of Options at Grant Date $	Vested (%)
Evan Spencer							
1,500,000	4 May 2017	4 May 2018	4 May 2020	0.033	0.013	19,267	100
1,500,000	4 May 2017	4 May 2019	4 May 2020	0.033	0.013	19,267	0
Keith Pollocks							
1,500,000	25 July 2017	25 July 2018	25 July 2020	0.022	0.006	9,117	0
1,500,000	25 July 2017	25 July 2019	25 July 2020	0.022	0.006	9,117	0

Following the resignation of Mr Richard Hedstrom in September 2017, 3,000,000 options held by him and granted on 4 May 2017 were cancelled.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the week up to the date of grant.

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of Options Granted during the Year		Number of Options Vested during the Year	
	2018	2017	2018	2017
Richard Hedstrom	-	3,000,000	-	-
Evan Spencer	-	3,000,000	1,500,000	-
Keith Pollocks	3,000,000	-	-	-

3,000,000 options were granted to Mr Keith Pollocks, the incoming Chief Financial Officer on 25 July 2017. 3,000,000 options lapsed following the resignation of Mr Richard Hedstrom as Chief Executive Officer. The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. No options granted in the current or previous financial years were exercised.

Fair values at grant date are independently determined using a Black-Scholes option pricing model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were exercised by Directors or other key management personnel during the year.

Trading in the Company's Securities by Directors, Officers and Employees

The Board has adopted a policy in relation to dealing in the securities of the Company which applies to all Directors, Officers and employees. Under the policy, these persons are prohibited from dealing in the Company's securities whilst in possession of price sensitive information and are also prohibited from short term or "active" trading in the Company's securities during specific blackout periods. The Company Secretary must be notified as soon as practical upon the trading of securities under these circumstances.

The introduction of the Company's STI and LTI Plans during the year have been designed to align the Company's remuneration policy for key management personnel with the Company's performance both in achieving its strategic goals and in the aim of improvement in returns to Shareholders.

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Purchased	Other (i)	Balance at the end of the year
John Gooding	-	844,488	-	844,488
Graham Freestone	300,000	1,560,909	-	1,860,909
Graham Ehm	-	-	-	-
Hedley Widdup	-	-	-	-
Stephen Gill	-	560,909	(560,909)	-
Martyn Buttenshaw	-	-	560,909	560,909
Russell Clark	-	-	142,000	142,000
Richard Hedstrom	-	2,294,944	(2,294,944)	-
Evan Spencer	-	910,182	-	910,182
Keith Pollocks	-	-	-	-
Trevor O'Connor	-	-	-	-

(i) Movement due to appointment or resignation as a director or as key management personnel.

NED Share Rights holding

The number of NED Share Rights in the company held during the financial year by each director of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable at the end of year	Vested and un-exercisable at the end of year
John Gooding	-	1,257,861	-	-	1,257,861	-	-
Graham Freestone	-	1,886,792	-	-	1,886,792	-	-
Graham Ehm	-	2,873,563	-	-	2,873,563	-	-
Martyn Buttenshaw	-	2,808,988	-	-	2,808,988	-	-
Stephen Gill	-	3,930,817	667,700	(3,263,117)	-	-	667,700

Performance Rights holding

The number of Performance Rights held during the financial year by each key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable at the end of year	Vested and un-exercisable at the end of year
Russell Clark	-	18,867,924	-	-	18,867,924	-	-
Evan Spencer	-	12,830,187	-	-	12,830,187	-	-
Keith Pollocks	-	11,698,113	-	-	11,698,113	-	-

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable at the end of year	Vested and un-exercisable at the end of year
Richard Hedstrom (i)	3,000,000	-	-	(3,000,000)	-	-	-
Evan Spencer	3,000,000	-	-	-	3,000,000	1,500,000	-
Keith Pollocks	-	3,000,000	-	-	3,000,000	-	-

(i) Movement due to resignation as key management personnel.

This concludes the remuneration report, which has been audited.

Shares Under Option

Unissued ordinary shares of Kasbah Resources Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Options $	Number of Options
4 May 2017	4 May 2020	0.033	3,000,000
25 July 2017	25 July 2020	0.022	3,000,000
			6,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares Issued on the Exercise of Options

There were no ordinary shares of Kasbah Resources Limited issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted to shareholders and employees.

Indemnity and Insurance of Officers

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

The Board of Directors review any non-audit services to be provided to ensure they are compatible with the general standard for independence of auditors imposed by the *Corporations Act 2001*.

During the year, the auditors did not provide any non-audit services to the Group.

Officers of the company who are former audit partners of HLB Mann Judd

There are no officers of the company who are former audit partners of HLB Mann Judd.

Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under sections 307C of the *Corporations Act 2001* is set out on page 38.

Auditor

HLB Mann Judd continue in office in accordance with section 327 of the *Corporations Act 2001*.

Corporate Governance

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Corporate Governance Statement dated 26 September 2018 which is available on the Company's website.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

John Gooding
Chairman
26 September 2018
Melbourne

Graham Freestone
Director
26 September 2018
Melbourne

Auditor’s Independence Declaration

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Kasbah Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Perth, Western Australia	**B G McVeigh**
26 September 2018	**Partner**

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

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

Consolidated Statement of Comprehensive Income for the year ended 30 June 2018

	Note	Consolidated	
		2018	**2017**
		$	**$**
Revenue from continuing operations	3	75,250	27,246
Exploration and evaluation expenditure		2,094,817	995,462
Project financing expenses		177,359	8,176
Employee benefits expenses		1,851,105	1,999,739
Employee share based payment expense		353,705	9,093
Accounting and corporate fees		415,241	224,755
Occupancy expenses		90,018	49,129
Administration expenses		524,914	299,817
Marketing and investor relations		202,907	2,662
Transaction fees and other associated costs		(55,501)	1,246,473
Interest and borrowing costs		163,130	108,346
Non-recoverable Moroccan TVA expense	4	563,321	166,716
Depreciation and amortisation expenses	4	44,644	111,055
Foreign exchange losses/(gains)		(6,808)	10,768
(Loss) from continuing operations before tax expense		**(6,343,602)**	**(5,204,945)**
Income tax benefit/(expense)	5	-	-
(Loss) after tax from continuing operations		**(6,343,602)**	**(5,204,945)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference on foreign operations		178,441	(142,125)
Total comprehensive loss for the year		**(6,165,161)**	**(5,347,070)**

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

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	Consolidated	
		2018	**2017**
		$	**$**
Total loss for the year is attributable to:			
Non-controlling interest		(695,778)	(263,421)
Owners of Kasbah Resources Limited		(5,647,824)	(4,941,524)
		(6,343,602)	**(5,204,945)**
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(640,296)	(301,417)
Owners of Kasbah Resources Limited		(5,524,865)	(5,045,653)
		(6,165,161)	**(5,347,070)**
Loss per share for the year attributable to the members of Kasbah Resources Limited:			
Basic (loss) per share (cents per share)	23	(0.55)	(0.79)
Diluted (loss) per share (cents per share)	23	(0.55)	(0.79)

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

Consolidated Statement of Financial Position as at 30 June 2018

	Note	Consolidated	
		2018	2017
		$	$
Current Assets			
Cash and cash equivalents	6	3,016,898	1,720,844
Trade and other receivables	7	337,105	256,573
Non-current assets classified as held for sale	8	1	1
Total Current Assets		3,354,004	1,977,418
Non-current Assets			
Property, plant and equipment	9	41,052	37,806
Exploration and evaluation expenditure	10	5,814,769	5,536,952
Total Non-current Assets		5,855,821	5,574,758
TOTAL ASSETS		**9,209,825**	**7,552,176**
Current Liabilities			
Trade and other payables	11	1,065,587	1,605,556
Loan - secured	12	3,209,727	1,077,188
Total Current Liabilities		4,275,314	2,682,744
Non-current Liabilities			
Employee entitlements		4,494	613
Total Non-current Liabilities		4,494	613
TOTAL LIABILITIES		**4,279,808**	**2,683,357**
NET ASSETS		**4,930,017**	**4,868,819**
Equity			
Issued capital	13	71,729,616	66,885,488
Reserves	14	28,824,226	28,357,979
Accumulated losses		(95,690,867)	(90,043,043)
Parent entity interest		4,862,975	5,200,424
Non-controlling interest	15	67,042	(331,605)
TOTAL EQUITY		**4,930,017**	**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 year ended 30 June 2018

Consolidated	Issued Capital $	Accumulated Losses $	Share Based Payments Reserves $	Foreign Currency Translation Reserves $	Other Reserves $	Subtotal $	Non-controlling Interest $	Total $
Balance 1 July 2016	**63,293,010**	**(85,101,519)**	**3,494,287**	**(914,622)**	**25,873,350**	**6,644,506**	**(362,516)**	**6,281,990**
Loss for the period	-	(4,941,524)	-	-	-	(4,941,524)	(263,421)	(5,204,945)
Other comprehensive income								
Foreign currency translation differences	-	-	-	(104,129)	-	(104,129)	(37,996)	(142,125)
Total comprehensive loss for the period	**-**	**(4,941,524)**	**-**	**(104,129)**	**-**	**(5,045,653)**	**(301,417)**	**(5,347,070)**
Transactions with owners in their capacity as owners								
Share based payments	-	-	9,093	-	-	9,093	-	9,093
Issue of fully paid ordinary shares	3,729,609	-	-	-	-	3,729,609	-	3,729,609
Share issue costs	(137,131)	-	-	-	-	(137,131)	-	(137,131)
Non-controlling interest contributed assets	-	-	-	-	-	-	332,328	332,328
Balance 30 June 2017	**66,885,488**	**(90,043,043)**	**3,503,380**	**(1,018,751)**	**25,873,350**	**5,200,424**	**(331,605)**	**4,868,819**
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	-	(5,647,824)	-	-	-	(5,647,824)	(695,778)	(6,343,602)
Other comprehensive income								
Foreign currency translation differences	-	-	-	122,959	-	122,959	55,482	178,441
Total comprehensive loss for the period	**-**	**(5,647,824)**	**-**	**122,959**	**-**	**(5,524,865)**	**(640,296)**	**(6,165,161)**
Transactions with owners in their capacity as owners								
Share based payments	-	-	353,705	-	-	353,705	-	353,705
Issue of fully paid ordinary shares	5,264,858	-	(10,417)	-	-	5,254,441	-	5,254,441
Share issue costs	(420,730)	-	-	-	-	(420,730)	-	(420,730)
Non-controlling interest contributed assets	-	-	-	-	-	-	1,038,944	1,038,944
Balance 30 June 2018	**71,729,616**	**(95,690,867)**	**3,846,668**	**(895,792)**	**25,873,350**	**4,862,975**	**67,042**	**4,930,017**

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

Consolidated Statement of Cash Flows
for the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,396,726)	(3,369,674)
Payments for exploration and evaluation		(3,092,080)	(1,237,212)
Interest received		72,566	28,068
Net cash outflow from operating activities	22a	**(6,416,240)**	**(4,578,818)**
Cash flows from investing activities			
Payment of security deposits and bonds		(54,198)	-
Refund of security deposits and bonds		-	2,221
Payments for plant and equipment		(46,978)	-
Net cash (outflow)/inflow from investing activities		**(101,176)**	**2,221**
Cash flow from financing activities			
Proceeds from share issues		4,984,171	3,951,486
Share issue costs		(387,655)	(128,476)
Share issue costs – subsidiary		-	(10,924)
Proceeds from borrowings	22b	2,000,000	1,000,000
Borrowing costs	22b	(30,000)	(30,000)
Proceeds from non-controlling interests		1,237,733	351,367
Net cash inflow from financing activities		**7,804,249**	**5,134,083**
Net increase/(decrease) in cash held		1,286,833	557,486
Cash at the beginning of the financial year		1,720,844	1,170,691
Effect of exchange rate fluctuations on cash held in foreign currencies		9,221	(7,333)
Cash at the end of the financial year	6	**3,016,898**	**1,720,844**

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

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations and the *Corporations Act 2001*. Kasbah Resources Limited is a for-profit entity domiciled in Australia for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars.

Compliance with IFRS

The consolidated financial statements of Kasbah Resources Limited comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared on the accruals basis under the historical cost convention.

Going Concern

For the year ended 30 June 2018 the consolidated entity recorded a loss of $6,343,602 (2017: $5,204,945) and had net cash outflows from operating activities of $6,416,240 (2017: $4,578,818) and has a net working capital deficit of $921,310 at 30 June 2018 (2017: 705,326).

The Group has completed the 2018 Achmmach Tin Project Definitive Feasibility Study (2018 DFS). Following completion of the 2018 DFS, the Company has commenced preliminary development and funding activities, including engaging with debt and equity providers, offtake parties and engineering firms. The Company together with its Joint Venture partners expect to be in 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 by the first quarter of 2019. Short term funding needs are expected to be met through a combination of an extension of existing loan facilities, an interim loan from related parties or 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 unable to realise its assets and discharge its liabilities in the normal course of business. At this stage, based on preliminary engagement with debt and equity providers, there are reasonable grounds to believe that debt and equity funding will be available to secure the development of the Achmmach Tin Project.

The annual report has 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.

BASIS OF PREPARATION (continued)

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to materially affect the current or future financial years apart from those detailed below.

- Note 5 – Taxation
- Note 10 – Recoverability of Exploration and Evaluation Expenditure
- Note 24 - Share Based Payments

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kasbah Resources Limited (the Company) or (Parent Entity) as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless a transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Accounting Policies

Refer to Note 26 for further information as to the Group's accounting policies.

2. SEGMENT INFORMATION

AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Company as the Chief Executive Officer and other members of the Board of Directors.

The Board has determined that the Company has one reportable segment, being mineral exploration and development. As the Company is focused on mineral exploration and development, the Board monitors the Company based on actual versus budgeted exploration and development 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.

SEGMENT INFORMATION (continued)

	Consolidated 2018 $	Consolidated 2017 $
Segment information provided to the Board:		
Revenue from external customers	-	-
Reportable segment loss	(3,298,568)	(1,316,497)
Reportable segment assets	7,096,903	5,892,591
Reportable segment liabilities	(505,127)	(306,420)
Reconciliation of revenue from external customers to total revenue is as follows:		
Segment revenue	-	-
Unallocated		
- Interest	75,250	27,246
Total revenue as per continuing operations	**75,250**	**27,246**
Reconciliation of reportable segment loss to operating loss before income tax is as follows:		
Total loss for reportable segment	(3,298,568)	(1,316,497)
Unallocated		
- Corporate expenses	(3,120,284)	(3,915,694)
- Interest revenue	75,250	27,246
Loss before income tax from continuing operations	**(6,343,602)**	**(5,204,945)**
Reconciliation of reportable segment assets to total assets is as follows:		
Segment assets	7,096,903	5,892,591
Unallocated		
- Cash	1,953,070	1,486,805
- Other	159,852	172,780
Total assets as per statement of financial position	**9,209,825**	**7,552,176**
Reconciliation of reportable segment liabilities to total liabilities is as follows:		
Segment liabilities	(505,127)	(306,420)
Unallocated		
- Payables	(490,120)	(1,186,996)
- Provisions	(74,834)	(112,753)
- Loans	(3,209,727)	(1,077,188)
Total liabilities as per statement of financial position	**(4,279,808)**	**(2,683,357)**

SEGMENT INFORMATION (continued)

Reconciliation of reportable segment cash flow from operating activities to total cash flow from operating activities is as follows:		
Segment cash flow from operating activities	(3,374,269)	(1,426,328)
Unallocated	(3,041,971)	(3,152,490)
Total cash flow from operating activities	(6,416,240)	(4,578,818)
Reconciliation of reportable segment cash flow from investing activities to total cash flow from investing activities is as follows:		
Segment cash flow from investing activities	(24,527)	2,221
Unallocated	(76,649)	-
Total cash flow from investing activities	(101,176)	2,221
Reconciliation of reportable segment cash flow from financing activities to total cash flow from financing activities is as follows:		
Segment cash flow from financing activities	1,237,733	341,073
Unallocated	6,566,516	4,793,010
Total cash flow from financing activities	7,804,249	5,134,083
Other Information		
Depreciation	34,286	69,258
Additions to non-current assets	2,588	-

3. REVENUE AND OTHER INCOME

	Consolidated	
	2018	**2017**
	$	**$**
Revenue from continuing operations:		
Interest revenue	75,250	27,246

4. EXPENSES

	Consolidated	
	2018	**2017**
	$	**$**
Loss before income tax includes the following items:		
Rental expenses relating to operating leases	90,018	49,129
Superannuation expense	135,818	120,721
Impairment of non-recoverable Moroccan TVA	563,321	166,716

EXPENSES (continued)

Depreciation and amortisation:

- Plant and equipment	38,703	84,755
- Motor vehicles	5,563	25,922
- Computer software	378	378
	44,644	111,055

5. INCOME TAX EXPENSE

	Consolidated	
	2018	2017
	$	$
a) Income tax expense (benefit)		
Current tax expenses (benefit)	-	-
Deferred tax expenses (benefit)	-	-
	-	-
b) Reconciliation of the prima facie tax loss from ordinary activities before income tax to income tax expense (benefit):		
Profit/(Loss) before income tax expense	(6,343,602)	(5,204,945)
Tax at the tax rate 27.5% (2017: 27.5%)	(1,744,491)	(1,431,360)
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
- Non-deductible expenses	607,947	522,924
- Benefit of deferred tax assets not previously recognised	-	(29,006)
- Deferred tax assets not recognised on tax losses and temporary difference	766,144	785,885
- Tax rate differential	370,400	151,557
Income tax expense (benefit)	-	-
c) Deferred tax assets		
Temporary differences	1,013	969
	1,013	969

INCOME TAX EXPENSE (continued)

Deferred tax liabilities

Temporary differences	(1,013)	(969)
	(1,013)	(969)
Net deferred tax assets (liabilities)	-	-

d) Deferred tax assets not recognised

Deferred tax assets have not been recognised in relation to the following matters:		
Temporary differences	880,651	842,610
Tax losses	9,597,693	8,507,766
	10,478,344	9,350,376

Significant accounting judgement

Tax Losses

No deferred tax asset has been recognised on the unused tax losses as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities in the relevant jurisdictions. The benefits of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

Taxes

The Group is subject to various taxes in Australia and offshore jurisdictions and at times significant judgement is required in determining the Group's liability associated with these taxes. The Group estimates its tax liabilities based on its understanding of the transactions and the tax laws in the local jurisdictions in which it operates. Should the final outcome of these matters be different from the initial assessment, such differences will impact the Group's liabilities in the period in which such determination is made.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	**2017**
	$	**$**
Cash at bank and in hand	2,371,898	1,025,368
Short-term deposits at call	645,000	697,476
	3,016,898	**1,720,844**

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	**2017**
	$	**$**
Current:		
Trade and other receivables (i)	219,687	80,261
Prepayments	117,418	176,312
	337,105	**256,573**

(i) As at 30 June 2018 the trade debtors of the Group were nil (2017: nil). No trade and other receivables balances were past their due date at 30 June 2018 (2017: nil) and hence no impairment has been recognised. Refer Note 16 for the Group entity's credit risk policy. The carrying amount of trade and other receivables approximates fair value and no allowance has been made for non-recovery.

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2018	**2017**
	$	**$**
Current:		
Tamlalt permits held for sale	1	1

During the 2011 financial year the Board made the decision to focus on the Company's Achmmach Tin Project. Capitalised exploration and evaluation costs associated with the Tamlalt Gold Project were impaired. Subsequently the Company decided to review available strategic options, including the divestment the Tamlalt exploration permits. As it is highly probable the asset will be realised through a sale or engagement with a third party for development, rather than continuing use, the asset was reclassified as a non-current asset held for sale.

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2018	2017
	$	$
Plant and equipment – at cost	1,702,558	1,586,282
Less: Accumulated depreciation	(1,661,525)	(1,554,321)
Total plant and equipment at net book value	**41,033**	**31,961**
Motor vehicles – at cost	152,354	145,075
Less: Accumulated depreciation	(152,354)	(139,627)
Total motor vehicles at net book value	**-**	**5,448**
Computer software – at cost	57,084	57,084
Less: Accumulated amortisation	(57,065)	(56,687)
Total computer software at net book value	**19**	**397**
Total property plant and equipment	**41,052**	**37,806**

PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated	
	2018	2017
	$	$
Plant and Equipment:		
Carrying amount at beginning of year	31,961	119,015
- Additions	46,978	-
- Disposals	-	-
- Movement due to foreign exchange	797	(2,299)
- Depreciation	(38,703)	(84,755)
Carrying amount at end of year	**41,033**	**31,961**
Motor Vehicles:		
Carrying amount at beginning of year	5,448	32,036
- Additions	-	-
- Disposals	-	-
- Movement due to foreign exchange	115	(666)
- Depreciation	(5,563)	(25,922)
Carrying amount at end of year	**-**	**5,448**
Computer Software:		
Carrying amount at beginning of year	397	775
- Additions	-	-
- Disposals	-	-
- Movement due to foreign exchange	-	-
- Amortisation	(378)	(378)
Carrying amount at end of year	**19**	**397**

Notes to the Consolidated Financial Statements

10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2018	2017
	$	$
Costs carried forward in respect of areas of interest in:		
Exploration and/or evaluation phase:		
Balance at beginning of year	5,536,952	5,617,412
Movement due to foreign exchange	277,817	(80,460)
Total exploration and evaluation expenditure	**5,814,769**	**5,536,952**

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When commercial production is achieved, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs. Initially a review is undertaken to see whether any circumstances indicate that the area of interest should be tested for impairment. If after this initial review circumstances are identified the Company will undertake an assessment to determine if any provision should be made for the impairment of the carrying value.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Significant accounting judgement

The Directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

11. TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	$	$
Current:		
Trade payables	234,113	232,800
Employee entitlements	103,604	132,565
Other payables and accruals	727,870	1,240,191
	1,065,587	**1,605,556**

Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in Note 16.

12. LOAN - SECURED

	Consolidated	
	2018	2017
	$	$
Current:		
Loan – Pala Investments Limited	3,030,000	1,000,000
Accrued Interest	221,786	88,438
Arrangement Fee	(60,000)	(30,000)
Amortisation of Arrangement Fee	17,941	18,750
	3,209,727	**1,077,188**

The loan from Pala Investments Limited was initially drawn down in two tranches of $500,000 in August 2016 and November 2016 to provide working capital for the Company. A further increase of the facility amounting to $2,000,000 was drawn down on 11 June 2018 to finalise the 2018 Definitive Feasibility Study, meet development expenditure commitments necessary before a final decision to mine is made on the Achmmach Tin Project, and cover ongoing working capital requirements. 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. The repayment of the total loan facility was extended during the year is now due before 31 December 2018.

13. ISSUED CAPITAL

	Consolidated		Consolidated	
	2018 Number of Shares	2017 Number of Shares	2018 $	2017 $
Issued and Paid-up Capital				
Ordinary shares, fully paid	1,045,078,742	694,139,119	71,729,616	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 placement at 2.7 cents (Dec 2017)	-	138,133,684	-	3,729,609
Less share placement costs	-	-	-	(137,131)
Share placement at 1.5 cents (July 2018)	347,069,747	-	5,206,046	-
Less share placement costs	-	-	(420,730)	-
Shares issued as short-term incentive (September 2017)	3,203,176	-	48,395	-
Shares issued as part of Non-executive Director Share Rights Scheme (February 2018)	667,700	-	10,417	-
Issued capital at end of period	**1,045,079,742**	**694,139,119**	**71,729,616**	**66,885,488**

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

Ordinary shares have no par value and the Company does not therefore have a limit to the amount of its authorised capital.

Performance rights and NED share rights have no voting rights and upon vesting, each right is converted to an ordinary share.

Options have no voting rights and upon exercise each option is converted to an ordinary share.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. As a junior explorer the Board does not establish a target return on capital. Capital management requires the maintenance of strong cash balances to support ongoing exploration expenditure and development.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

14. RESERVES

Nature and purpose of reserves

i) Share based payment reserve
The share-based payment reserve is used to recognise the fair value of options issued but not exercised, and the fair value of share rights issued under the NED Share Rights Plan and the Long-Term Incentive Plan.

ii) Foreign Currency Translation Reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 26(d).

iii) Other Reserves
This reserve is used to recognise the deemed gain on sale to a non-controlling interest.

15. EQUITY – NON-CONTROLLING INTEREST

The non-controlling interest is represented by two Japanese companies, Nittetsu Mining Co. Ltd (NMC) and Toyota Tsusho Corporation (TTC).

	Consolidated	
	2018	2017
	$	$
Nittetsu Mining Co. Ltd (NMC) – 5% NCI		
Opening Balance – NCI	(991,763)	(997,921)
Funds received from NMC	207,789	66,441
Share of Comprehensive Loss for the year	(128,059)	(60,283)
	(912,033)	(991,763)
Toyota Tsusho Corporation (TTC) – 20% NCI		
Opening Balance – NCI	660,158	635,405
Funds received from TTC	831,155	265,887
Share of Comprehensive Loss for the year	(512,238)	(241,134)
	979,075	660,158
Total Non-Controlling Interest	**67,042**	**(331,605)**

16. FINANCIAL INSTRUMENTS

	Consolidated	
	2018 $	2017 $
Financial assets		
Cash and cash equivalents	3,016,898	1,720,844
Trade and other receivables	337,105	256,573
Non-current assets classified as held for sale	1	1
Financial liabilities		
Trade and other payables	1,065,587	1,605,556
Loan - secured	3,209,727	1,077,188

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Groups' surplus cash investments.

In Australia funds are deposited with financial institutions which have AA credit ratings and in Morocco with financial institutions which have A+ credit ratings. Sufficient funds to cover only one quarter's funding requirements are maintained in Morocco.

Other Receivables

The Group operates in the mining exploration and development sector at this stage in its development and has no trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposures, with none of the receivables being past due or impaired.

FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it should always have sufficient liquidity to meet its liabilities when they fall due.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The decision on how the Company will raise future capital and its success will depend on market conditions existing at that time.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Carrying Amount $	6 Mths or less $	6-12 Mths $	1-2 Years $	2-5 Years $	More than 5 years $
Consolidated 30 June 2018							
Trade and other payables	0%	1,065,587	1,065,587	-	-	-	-
Loan - Secured	12%	3,375,081	3,375,081				
		4,440,668	**4,440,668**	**-**	**-**	**-**	**-**
Consolidated 30 June 2017							
Trade and other payables	0%	1,605,556	1,605,556	-	-	-	-
Loan - Secured	12%	1,108,822	1,108,822				
		2,714,378	**2,714,378**	**-**	**-**	**-**	**-**

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign Currency Exchange Rate Risk Management

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are US Dollars (USD), South African Rand (ZAR) and British Pounds (GBP).

FINANCIAL INSTRUMENTS (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Consolidated			
	Assets		Liabilities	
	2018	2017	2018	2017
	$	$	$	$
US Dollars	-	-	-	(500)
South African Rand	-	-	(58,277)	-

The sensitivity analyses below detail the Group's sensitivity to an increase/decrease in the Australian dollar against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, including external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower and adjusts their translation balance date for a 500-basis point change in foreign currency rates.

At balance date, if foreign exchange rates had been 500 basis point higher or lower and all other variables were held constant, the Group's profit or loss would increase/decrease by $29,831 (2017: $4,320).

The Group's sensitivity to foreign exchange has not changed significantly from the prior year.

Interest Rate Risk Management

The Group is exposed to interest rate risk. The Group's exposure to market interest rates relate primarily to cash and cash equivalents held in Australian financial institutions. At 30 June 2018 all cash and cash equivalents in Australia were held with two financial institutions.

	Consolidated	
	2018	2017
	$	$
Cash and cash equivalents	2,371,898	1,023,368
Short term cash deposits	645,000	697,476
	3,016,898	**1,720,844**

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 100-basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit or loss would increase/decrease by $ 1,928 (2017: $6,436).

The Group's sensitivity to interest rate risk has not changed significantly from the prior year.

FINANCIAL INSTRUMENTS (continued)

Net Fair Values of Financial Assets and Liabilities

The fair value of all financial assets and financial liabilities which are current, approximates their carrying values because of the short-term nature of these items. The Group does not carry any financial instruments at fair value therefore their disclosures are not presented.

17. REMUNERATION OF AUDITORS

	Consolidated	
	2018	2017
	$	$
Audit Services:		
- Auditors of the Company – HLB Mann Judd	42,317	30,000
- Remuneration of other auditor for subsidiaries	20,961	18,873
Total remuneration for Audit services	**63,278**	**48,873**
Amounts received, or due and receivable, for taxation and other services provided by:		
- Affiliated companies to HLB Mann Judd	-	-
- Affiliated companies to BDO Audit (WA) Pty Ltd	-	67,364

18. COMMITMENTS AND CONTINGENCIES

The Group is subject to various taxes in Australia and offshore jurisdictions and at times significant judgement is required in determining the Group's liability associated with these taxes. The Group estimates its tax liabilities based on its understanding of the transactions and the tax laws in the local jurisdictions in which it operates. Should the final outcome of these matters be different from the initial assessment, such differences will impact the Group's liabilities in the period in which such determination is made.

Under the terms of the agreement with ONHYM for the transfer of the Achmmach permits to Atlas Tin SAS, ONHYM is entitled to a 3% Net Smelter Return (NSR) once production commences. The royalty is due for payment before the end of the second quarter following the year that the production relates to.

Under the terms of the agreement to purchase the BLJ tenements in Hamada Minerals SARLAU, a one off payment of 2,000,000 Moroccan Dirhams (A$271,767 as at 30 June 2018) is payable to the previous holders of the tenements (1,000,000 Moroccan Dirhams each). The payment is contingent upon mining commencing from these permits and is payable on the commencement of mining.

COMMITMENTS AND CONTINGENCIES (continued)

Operating Lease Commitments

The Group has entered a commercial lease for the office at Level 13, 459 Collins Street, Melbourne 3000 VIC. The lease is for a period of 3 years commencing 25 September 2017.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2018	2017
	$	$
Within one year	56,292	-
After one year but not more than five years	73,004	-
More than five years	-	-
	129,296	**-**

19. RELATED PARTY DISCLOSURES

a) Remuneration of Key Management Personnel

Remuneration of Directors and other Key Management Personnel:

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	1,511,226	1,147,832
Post-employment benefits	101,409	108,183
Long term employment benefits	3,032	(127,513)
Share based payments	348,888	9,092
Terminations	190,789	967,204
	2,155,344	**2,104,798**

b) Transactions with Directors' related entities

Transactions between parties are on normal commercial terms and conditions unless otherwise stated. No loans were provided to related parties during the year.

c) Shareholder loan

The Company has a secured loan from its main shareholder Pala Investments Limited. Details on the loan are disclosed in Note 12.

20. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Kasbah Resources Limited, at 30 June 2018. The information presented has been prepared using consistent accounting policies as presented in Note 26.

	Parent	
	2018	**2017**
	$	**$**
Current Assets	2,290,369	1,680,814
Non-current Assets	6,419,237	4,565,523
Total Assets	**8,709,606**	**6,246,337**
Current Liabilities	3,774,533	2,386,477
Non-current Liabilities	4,494	613
Total Liabilities	**3,779,027**	**2,387,090**
Contributed Equity	71,729,616	66,885,488
Accumulated Losses	(70,645,705)	(66,529,621)
Option Reserve	3,846,668	3,503,380
Total Equity	**4,930,579**	**3,859,247**
Profit / (Loss) for the Year	(4,114,335)	(4,312,570)
Other Comprehensive Income	-	-
Total Comprehensive Loss for the Year	**(2,719,161)**	**(4,312,570)**

The parent entity has not entered into any guarantees with its subsidiaries.

There are no contingent liabilities of the parent entity.

There are no contractual commitments of the Parent, other than the operating lease commitments disclosed in Note 18.

21. INTERESTS IN SUBSIDIARIES

	Interest Held	
	2018	2017
	%	%
a) Particulars in relation to controlled entities		
Parent Entity		
Kasbah Resources Limited		
Controlled Entities		
Atlas Tin SAS	75	75
Hamada Minerals SARLAU	100	100
Sahara Exploration SARLAU	100	100
Meseta Exploration SARLAU	100	100

The above controlled entities are incorporated in the Kingdom of Morocco. All shares are fully paid ordinary shares

b) Particulars in relation to controlled entities

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

	Atlas Tin SAS	
	2018	2017
Summarised statement of financial position	$	$
Current Assets	1,221,802	918,134
Non-current Assets	5,724,369	5,466,901
Total Assets	**6,946,171**	**6,385,035**
Current Liabilities	655,757	300,577
Non-current Liabilities	-	-
Total Liabilities	**655,757**	**300,577**
Net Assets	**6,290,414**	**6,084,458**

INTERESTS IN SUBSIDIARIES (continued)

Summarised statement of profit or loss and other comprehensive income		
Revenue	20,954	-
Expenses	(4,291,390)	(1,424,025)
Other Comprehensive Income	221,927	(151,983)
Total Comprehensive Loss for the Year	**(4,048,509)**	**(1,576,008)**
Statement of cash flows		
Net cash used in operating activities	(3,289,900)	(1,378,074)
Net cash used from investing activities	(25,376)	-
Net cash used in financing activities	4,100,561	1,317,818
Net increase / (decrease) in cash and cash equivalents	785,285	(60,256)
Other financial information		
Profit attributable to non-controlling interests	(640,297)	(263,421)
Accumulated non-controlling interests at the end of report period	67,042	(331,605)

22. NOTES TO STATEMENTS OF CASH FLOWS

a) Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	Consolidated	
	2018	**2017**
	$	**$**
Loss after income tax	(6,343,602)	(5,204,945)
Adjustments for:		
- Depreciation	44,644	111,055
- Interest	133,939	88,438
- Borrowing costs	29,191	18,750
- Option based payment expense	353,705	9,093
- Net exchange differences	(17,497)	(46,824)
Change in operating assets and liabilities		
- (Increase) / decrease in trade and other receivables	(80,533)	4,142
- Increase/(decrease) in trade and other payables	(536,087)	441,473
Net cash utilised in operating activities	**(6,416,240)**	**(4,578,818)**

NOTES TO STATEMENTS OF CASH FLOWS (continued)

b) Changes in liabilities arising from financing activities

	Consolidated	
	2018	2017
Shareholder Loan	$	$
Balance as at 1 July	1,077,188	-
Net cash from (used in) financing activities	1,970,000	970,000
Accrued interest	133,348	88,438
Capitalised arrangement fee	30,000	-
Amortisation of arrangement fee	(809)	18,750
Balance as at 30 June	**3,209,727**	**1,077,188**

23. (LOSS) PER SHARE

	2018	2017
	cents	cents
Basic earnings / (loss) per share (cents per share)	(0.55)	(0.79)
Diluted earnings / (loss) per share (cents per share)	(0.55)	(0.79)
Weighted average number of ordinary shares used in the calculation of basic loss per share	1,025,419,170	627,532,192
Weighted average number of ordinary shares used in the calculation of diluted loss per share	1,029,388,430	627,532,192
Net (loss) attributed to EPS	(5,647,824)	(4,941,524)

24. SHARE BASED PAYMENTS

NON-EXECUTIVE DIRECTOR SHARE RIGHTS PLAN

Following approval of the Non-executive Director Share Rights Plan (NED Rights Plan) at the 2017 AGM, directors were invited to salary sacrifice all or part of their remuneration and participate in the NED Rights Plan. The take up of rights under the NED Rights Plan are set out below:

	Grant Date	Number Granted	Vesting and Exercise Date	Value per Share Right $	Value of Share Rights $
John Gooding	7 December 2017	1,257,861	7 December 2018	0.016	20,000
Graham Freestone	7 December 2017	1,886,792	7 December 2018	0.016	30,000
Graham Ehm	14 February 2018	2,873,563	7 December 2018	0.017	50,000
Martyn Buttenshaw	6 February 2018	2,808,988	7 December 2018	0.018	50,000
Stephen Gill	7 December 2017	3,930,817	22 January 2018	0.016	62,500

Notes to the Consolidated Financial Statements

SHARE BASED PAYMENTS (continued)

3,263,117 NED Share Rights lapsed on Mr Stephen Gill's resignation as Non-Executive Director on 22 January 2018. The remaining 667,700 NED Share Rights vested and were placed in a trading restriction until his resignation as an Alternate Director to Mr Martyn Buttenshaw.

The number of NED Share Rights granted was based on each director's election to salary sacrifice all or part of their remuneration. The value of the NED Share Rights were calculated based on the 5-Day volume weighted average price (VWAP) before the grant date.

LONG TERM INCENTIVE PLAN

Following approval of the executive Long-Term Incentive Plan (LTIPs) at the 2017 AGM, executives of the Company were invited to participate in the plan. Executives were offered Performance Rights as part of their remuneration package. The terms of the Performance Rights issued as part of the LTIPs are set out below:

	Grant Date	Number Granted	Vesting Date	Value per Performance Right $	Value of Performance Rights $
Russell Clark	7 December 2017	18,867,924	1 July 2020	0.016	300,000
Evan Spencer	7 December 2017	12,830,187	1 July 2020	0.016	204,000
Keith Pollocks	7 December 2017	11,698,113	1 July 2020	0.016	186,000

The Performance Rights issued will vest subject to the satisfaction of the vesting conditions outlined below:

- The Company's relative share price benchmarked against the S&P/ASX Small Ordinaries Resources Index over the 3-year period to 30 June 2020;
- The Company's absolute share price growth over the 3-year period to 30 June 2020;
- Achmmach Tin Project's development progress (schedule and costs) against the approved project implementation plan; and
- In calculating the value of these share-based payments, the Group has assumed that all vesting conditions will be met.

INCENTIVE OPTION SCHEME

The following option arrangements were in place during the current and prior periods:

Number Granted	Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price of Options $	Value per Option at Grant Date $	Value of Options at Grant Date $	Vested (%)
1,500,000	4 May 2017	4 May 2018	4 May 2020	0.033	0.013	19,267	100
1,500,000	4 May 2017	4 May 2019	4 May 2020	0.033	0.013	19,267	0
1,500,000	25 July 2017	25 July 2018	25 July 2020	0.022	0.006	9,117	0
1,500,000	25 July 2017	25 July 2019	25 July 2020	0.022	0.006	9,117	0

The Company granted 3,000,000 new options to executives during the financial year (2017: 6,000,000).

Under the Company's Incentive Option Scheme all options issued can be exercised to acquire one ordinary share. The exercise price of the options is determined by the Directors. Share options are granted at the discretion of the Board.

SHARE BASED PAYMENTS (continued)

All unvested employee options expire on the earlier of their expiry date or upon termination of the employee's employment.

There are no voting or dividend rights attached to the options.

Using a Black-Scholes option valuation methodology, the fair value of the options issued during the year was calculated using the following assumptions:

Input	Value
Grant date	25 July 2017
Share price	$0.014
Exercise price	$0.022
Expected volatility	82.97%
Expiry date	25 July 2020
Expected dividend	Nil
Risk free interest rate	1.94%

SHARE BASED PAYMENTS (continued)

Details of share-based payments as at the beginning and end of the reporting periods and movements during the year are set out below:

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable at the end of year	Vested and un-exercisable at the end of year
NON-EXECUTIVE DIRECTOR SHARE RIGHTS PLAN									
7 December 2017	n/a	n/a	-	**7,075,470**	(667,700)	(3,263,117)	3,144,653		667,700
6 February 2018	n/a	n/a	-	2,808,988	-	-	2,808,988	-	-
14 February 2018	n/a	n/a	-	2,873,563	-	-	2,873,563	-	-
Total			**-**	**12,758,021**	**(667,700)**	**(3,263,117)**	**8,827,204**	**-**	**667,700**
LONG TERM INCENTIVE PLAN									
7 December 2017	n/a	n/a	-	43,396,224	-	-	43,396,224	-	-
Total			**-**	**43,396,224**	**-**	**-**	**43,396,224**	**-**	**-**
INCENTIVE OPTION SCHEME									
27 November 2014	27 November 2017	$0.120	500,000	-	-	(500,000)	-	-	-
4 May 2017	4 May 2020	$0.033	6,000,000	-	(1,500,000)	(3,000,000)	1,500,000	1,500,000	-
25 July 2017	25 July 2020	$0.022	-	3,000,000	-	-	3,000,000	-	-
Total			**6,500,000**	**3,000,000**	**(1,500,000)**	**(3,500,000)**	**4,500,000**	**1,500,000**	**-**

The Non-executive Director Share Rights Plan and Long-Term Incentive Plan have no expiry date as pursuant to the terms of the plans, the rights will automatically convert to shares on vesting and will be subject to the stipulated dealing restrictions.

SHARE BASED PAYMENTS (continued)

The options outstanding at 30 June 2018 had a weighted average exercise price of $0.028 (2017: $0.040) and a weighted average remaining life of 1.96 years (2017: 2.66 years).

The annualised historical volatility of share prices is calculated as the standard deviation of the log of the differences between share prices multiplied by an annualization factor.

	2018 Number of Options	2018 Weighted Average Price $	2017 Number of Options	2017 Weighted Average Price $
Outstanding at the beginning of the year	6,500,000	0.040	500,000	0.120
Granted	3,000,000	0.022	6,000,000	0.033
Exercised	-	-	-	-
Expired / Cancelled	3,500,000	0.027	-	-
Outstanding at Year End	**6,000,000**	**0.028**	**6,500,000**	**0.040**
Exercisable at Year End	**1,500,000**	**0.033**	**500,000**	**0.120**

25. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 July 2018, the Company released the 2018 Achmmach Tin Project Definitive Feasibility Study as well as an upgrade of the Ore Reserve at Achmmach.

On 31 July 2018, Mr Hedley Widdup stepped down as non-executive director of the Company.

On 13 August 2018, following a prospectivity analysis undertaken on commercialisation opportunities, the Group relinquished its interest in Moroccan Research Permits PR2138099, PR2138100 and PR2138097.

On 13 August 2018, Mr Stephen Gill resigned as alternate non-executive director to Mr Martyn Buttenshaw.

26. OTHER ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Statement Presentations

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

Accounting Policies

a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the profit or loss except where it relates to items which may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent it is probable future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and to comply with the conditions of deductibility imposed by the law.

b) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

c) Financial Instruments Recognition

Financial instruments are initially measured at fair value on trade date, including transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market and are stated at amortised cost using the effective interest rate method. Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts.

OTHER ACCOUNTING POLICIES (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence the entity will not be able to collect the debt.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Trade accounts are normally settled within 60 days. Payables to related parties are carried at amortised cost. Interest, when charged by the lender, is recognised using the effective interest rate method.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

d) Foreign Currency Transactions and Balances

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Kasbah Resources Limited's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.

Income and expenses for each item in the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment is repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

OTHER ACCOUNTING POLICIES (continued)

e) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

GST/VAT which is deemed non-recoverable from the relevant tax authority is expensed in the period in which the expense is incurred or asset purchased.

Cash flows are presented in the statement of cash flows on a gross basis. The GST/VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

f) Parent Entity Financial Information

Financial information for the parent entity, Kasbah Resources Limited, is disclosed in Note 20 and has been prepared on the same basis as the consolidated financial statements.

g) Borrowing Costs

Borrowing costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the period in which they are incurred.

h) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

i) Share Based Payments

The costs of equity-settled transactions, in the form of options over shares and rights to shares issued under the Non-executive Director Share Rights Plan and the Long-Term Incentive Plan, that are provided to employees or Directors of the Company are measured at fair value on grant date. The fair value is determined by using the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

j) Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, the Directors have 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 Directors 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 issued but not yet effective

The Directors have also reviewed all Standards and Interpretations issued but not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

The Group has lease arrangements for office premises which will not result in a material impact as a result of adopting AASB 16 Leases.

Directors' Declaration

In the director's opinion:

1. The attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the international Accounting Standards Board as described in Note 1 to the financial statements;
3. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

John Gooding
Chairman

Graham Freestone
Director

Dated: this day 26 of September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditor's Report
to the Members of Kasbah Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Kasbah Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which describes the events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533
Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

HLB Mann Judd

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of capitalised exploration expenditure Note 10 to the financial report	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition. All other exploration costs are expensed. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The group has two area of interests, the Achmmach Tin Project and the Bou El Jaj Tin Project. Both of these projects are located in Morocco.	Our procedures included but were not limited to: • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We considered the Director's assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its area of interest; • We performed an assessment of the definitive feasibility study; • We examined the exploration budget for 2018 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest: and • We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

HLB Mann Judd

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are

HLB Mann Judd

responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Kasbah Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth Western Australia
26 September 2018

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 11 September 2018.

Capital Structure

1,045,079,742 fully paid shares listed on the Australian Stock Exchange. The Company has 6,000,000 unquoted options, 8,827,204 NED Share Rights and 43,396,224 Performance Rights on issue.

Distribution of Shareholders

The distribution of shareholdings as at 11 September 2018 was:

Range	Number of Holders	Number of Securities
1-1,000	107	3,414
1,001-5,000	102	345,729
5,001-10,000	94	760,529
10,001-100,000	901	42,206,152
100,001 + over	577	998,763,938
Total	**1,781**	**1,045,079,742**

Less than a marketable parcel *	718	12,895,665

* Less than a marketable parcel represents holdings of less than $500 worth of shares

Substantial Shareholders

The Company has received the following Substantial Holding notices as at 11 September 2018:

Shareholder Name	Number of Shares	% of Issued Shares
Pala Investments Limited	207,200,526	21.59
Lion Selection Group Limited	137,126,074	13.17

ASX Additional Information

Voting Rights

Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

Unquoted Securities (Options)

	Number of Holders	Number on Issue
Options over ordinary shares issued	2	6,000,000
Non-executive Directors Share Rights	4	8,827,204
Performance Rights	3	43,396,224

Securities Subject to Voluntary Escrow

There were no securities subject to voluntary escrow at the date of this report.

Disclosure of top-up right granted to Pala Investments Limited pursuant to ASX waiver listing Rule 6.18

Under the terms of the Placement Agreement entered into by Kasbah Resources Limited ("Kasbah") and Pala Investments Limited ("Pala") on 18 December 2016, Kasbah granted Pala the right to subscribe for additional ordinary shares to maintain its percentage shareholding in the Company on a fully diluted basis immediately prior to the issue of such ordinary shares. This right lapses if Pala holds less than 5% or more than 25% of Kasbah shares on a fully diluted basis, or if the strategic relationship between Kasbah and Pala ceases.

ASX Additional Information

Kasbah - Twenty Largest Quoted Equity Security Holders as at 11 September 2018

Name		Number of Shares	% of Total Issued Shares
1.	Citicorp Nominees Pty Limited	229,699,319	21,98
2.	African Lion 3 Limited	126,251,074	12,08
3.	HSBC Custody Nominees (Australia) Limited	51,148,404	4,89
4.	Braham Consolidated Pty Ltd	39,828,794	3,81
5.	Thailand Smelting & Refining Company Limited	31,197,990	2.99
6.	J P Morgan Nominees Australia Limited	21,375,596	2.05
7.	Swiss Partners Pty Ltd	14,840,015	1.42
8.	Mr Petr Turcovsky	14,720,837	1.41
9.	Braham Investments Pty Ltd	11,332,617	1.08
10.	African Lion 3 Limited	10,875,000	1.04
11.	Tarifa Investments Pty Ltd	8,200,000	0.78
12.	UBS Nominees Pty Ltd	8,000,000	0.77
13.	Nurragi Investments Pty Ltd	7,681,144	0.73
14.	Calama Holdings Pty Ltd	7,666,666	0.73
15.	RKL Super Investments Pty Ltd	7,000,000	0.67
16.	Symington Pty Ltd	7,000,000	0.67
17.	Mr Nicholas Dermott Mc Donald	6,500,000	0.62
18.	BNP Paribas Noms (NZ) Ltd	6,413,268	0.61
19.	BFM Superannuation Fund Pty Ltd	6,188,000	0.59
20.	Neville Allan Hamilton & Ian Lyall Hamilton	6,021,699	0.58
		621,940,423	**59.51**

ASX Additional Information

Annual Review of Mineral Resources and Ore Reserves

The Company has completed its annual review of its Mineral Resources and Ore Reserves and notes that on 16 July 2018 the Company announced the results of the Achmmach Tin Project 2018 Definitive Feasibility Study, which included an updated Ore Reserve.

Mineral Resources Estimates – Consolidated Summary (100% Project Basis)

As at 30 June 2018			
Category	**M Tonnes**	**Sn %**	**Contained Tin (Kt)**
Measured			
Meknes Trend	1.6	1.00%	16.1
Sidi Addi Trend	-	-	-
Indicated			
Meknes Trend	13.0	0.80%	107.0
Sidi Addi Trend	0.3	1.25%	4.2
Inferred			
Meknes Trend	-	-	-
Sidi Addi Trend	-	-	-
Total	**14.9**	**0.85%**	**127.3**

Ore Reserves Estimate – Consolidated Summary (100% Project Basis)

As at 30 June 2018 Ore Reserves are a subset of the Mineral Resource Estimates			
Category	**M Tonnes**	**Sn %**	**Contained Tin (Kt)**
Proven Reserves			
Meknes Trend	1,100	0.99%	11.0
Probable Reserves			
Meknes Trend	5,600	0.78%	44.0
Sidi Addi Trend	0.300	0.86%	3.0
Total	**5.900**	**0.79%**	**47.0**
Total Reserves	**7,000**	**0.82%**	**58.0**

ASX Additional Information

Mineral Resources Estimates – Annual Comparison (100% Project Basis)

	M Tonnes	Sn %	Contained Tin (Kt)
30 June 2017			
Meknes Trend	14.6	0.85%	123.1
Sidi Addi Trend	0.3	1.25%	4.2
Total Mineral Resource 2017	14.9	0.85%	127.3
Resources Additions			
Meknes Trend	-	-	-
Sidi Addi Trend	-	-	-
	-	-	-
30 June 2018			
Meknes Trend	14.6	0.85%	123.1
Sidi Addi Trend	0.3	1.25%	4.2
Total Mineral Resource 2018	**14.9**	**0.85%**	**127.3**

Notes:

1) Refer to Kasbah Announcements on 10 September 2013 (Meknes Trend) and 25 November 2014 (Western Zone) for detailed information relating to the Mineral Resource Estimates shown as 30 June 2018 balances. No further drilling on these areas has taken place post these announcements.

2) The geographical area for Tin Resources is Morocco.

Ore Reserves Estimates – Annual Comparison (100% Project Basis)

	M Tonnes	Sn %	Contained Tin (Kt)
30 June 2017			
Meknes Trend	6.236	0.85%	52.8
Sidi Addi Trend	0.321	0.85%	2.7
Total Ore Reserve 2017	**6.557**	**0.85%**	**55.5**
Reserve Additions / (Subtractions)			
Meknes Trend	0.464	0.03%	2.2
Sidi Addi Trend	(0.021)	0.01%	0.3
	0.443	0.03%	2.5
30 June 2018			
Meknes Trend	6.700	0.82%	55.0
Sidi Addi Trend	0.300	0.86%	3.0
Total Ore Reserve 2018	**7.000**	**0.82%**	**58.0**

Notes:

1) Refer to Kasbah Announcement on 16 July 2018 for detailed information relating to the Ore Reserves Estimates shown as 30 June 2018 balances. No further drilling has taken place post this announcement.

2) The geographical area for Tin Reserves is Morocco.

ASX Additional Information

Schedule of Permits as at 11 September 2018

Project	Permit Type	Permit Number	Registered Interest
Achmmach	LE	332912	75%*
	PE	193172	75%*
Bou El Jaj	PE	213172	100%
	PE	193313	100%
Tamlalt	PE	223197	100%
	PE	223198	100%
	PE	223203	100%
Ezzhiliga (Zaer)	PR	2137997	100%
	PR	2137999	100%
Ment	PR	1940002	100%
	PR	1940003	100%
	PR	1940004	100%
	PR	1940082	100%
	PR	1940095	100%
	PR	1940099	100%
	PR	3538383	100%
	PR	3538384	100%
	PR	3534385	100%

All permits are located in the Kingdom of Morocco.

LEGEND: *LE – Licence Exploitation (Exploitation Licence) PE – Permis Exploitation (Exploitation Permit) PR – Permis Recherche (Research Permit)*

* *The Achmmach Tin Project is 100% owned by Moroccan incorporated Joint Venture Company Atlas Tin SAS. The shareholders of Atlas Tin SAS are Kasbah Resources Limited (75%), Toyota Tsusho Corporation (20%) and Nittetsu Mining Co. Ltd (5%). Kasbah is the Manager and Operator of the Achmmach Tin Project JV.*