

February 8, 2019

ASX: KAS

Share price: \$0.082

ABOUT KASBAH

Kasbah is an Australian listed mineral exploration and development company.

The company (75%) and its Joint Venture partners, Toyota Tsusho Corp (20%) and Nittetsu Mining Co. (5%), are advancing the Achmmach tin project towards production in the Kingdom of Morocco.

PROJECTS

Achmmach Tin Project
Bou El Jaj Tin Project

CAPITAL STRUCTURE

Shares on Issue:	106m
Unlisted Options:	0.6m
Unlisted Rights:	13m
Cash @ 31/12/18:	\$1.7m

MAJOR SHAREHOLDERS

Pala Investments	21.2%
African Lion Group	12.9%

CONTACT US

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kasbahresources.com



ENTITLEMENT OFFER DOCUMENTS DISPATCHED

Kasbah Resources Limited (ASX: KAS) (Kasbah or The Company) advises, following the launch of an underwritten non-renounceable rights issue (ASX Announcement, January 31, 2019), the attached documents were dispatched to shareholders yesterday:

- Entitlement Offer Booklet
- Acceptance Form
- Letter to ineligible shareholders
- Letter to United Kingdom shareholders

In light of shareholder feedback after announcement of the Entitlement Offer, and changes in Kasbah's shareholders' register between announcement and the Record Date, Kasbah has decided to extend the Entitlement Offer to Shareholders with a registered address in the United Kingdom.

For further information please contact:

Keith Pollocks

Chief Financial Officer & Company Secretary

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END



ENTITLEMENT OFFER BOOKLET

An underwritten non-accelerated non-renounceable pro rata entitlement offer of one New Share for every four Shares held on the Record Date at an issue price of \$0.095 per New Share.

THE ENTITLEMENT OFFER OPENS ON THURSDAY 7 FEBRUARY 2019 AND CLOSES AT 5.00PM (WST) ON WEDNESDAY 27 FEBRUARY 2019. VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

PLEASE READ THE INSTRUCTIONS IN THIS ENTITLEMENT OFFER BOOKLET AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE ENTITLEMENT OFFER.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS ENTITLEMENT OFFER BOOKLET SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE. PLEASE READ THE RISKS SECTION CAREFULLY WHEN YOU CONSIDER YOUR INVESTMENT.

NOT FOR RELEASE OR DISTRIBUTION INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS.

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IMPORTANT INFORMATION

General

This Entitlement Offer Booklet (**Entitlement Offer Booklet**) is issued pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Entitlement Offer Booklet has been prepared by Kasbah Resources Limited ACN 116 931 705 and was lodged with ASX on 31 January 2019. ASX takes no responsibility for the content of this Entitlement Offer Booklet.

This Entitlement Offer Booklet is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Entitlement Offer Booklet contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Entitlement Offer Booklet, you should consult your professional adviser as soon as possible.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Entitlement Offer Booklet. Any information or representation not contained in this Entitlement Offer Booklet should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

No updates to Entitlement Offer Booklet

The information in this Entitlement Offer Booklet may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Entitlement Offer Booklet or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Entitlement Offer Booklet or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Application Forms

The Application Forms accompanying this Entitlement Offer Booklet are important. An Application for New Shares under an Offer can only be submitted on an Application Form unless the acceptance is by BPAY® in which case there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 4 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Entitlement Offer Booklet and you have acted in accordance with the terms of the Offers detailed in this Entitlement Offer Booklet.

Overseas Shareholders

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia, Mauritius or New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly this offer is being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of the Company.

Thailand

This document is not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand. This document has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this document and any other document relating to the offer, sale or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public in Thailand.

Jersey

No offer or invitation to subscribe for shares may be made to the public in Jersey.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in

Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

This document is personal to the recipient only and not for general circulation in Switzerland.

Speculative investment

An investment in New Shares should be considered highly speculative. Refer to Section 5 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Entitlement Offer Booklet in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to New Shares.

This Entitlement Offer Booklet does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Past performance

Investors should note that Kasbah's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) Kasbah's future performance including Kasbah's future financial position or share price performance.

Future performance

This Entitlement Offer Booklet contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of Kasbah and certain plans and objectives of the management of Kasbah. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may" "intends", "guidance", "project", "forecast", "target", "likely" and other similar expressions, and include, but are not limited to, statements regarding outcomes and effects of the Entitlement Offer. Any forward looking statements, opinions and estimates provided in this Entitlement Offer Booklet are based on assumptions and contingencies

which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Kasbah. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements may include projections, guidance on future revenues, earnings, dividends and estimates.

The forward-looking statements contained in this Entitlement Offer Booklet involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Kasbah, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Kasbah. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Entitlement Offer Booklet in light of those disclosures.

The forward looking statements are based on information available to Kasbah as at the date of this Entitlement Offer Booklet. Except as required by law or regulation (including the Listing Rules), Kasbah is under no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Website

No document or information included on the Company's website is incorporated by reference into this Entitlement Offer Booklet.

Diagrams

Any diagrams used in this Entitlement Offer Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Entitlement Offer Booklet.

Currency

All financial amounts contained in this Entitlement Offer Booklet are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Entitlement Offer Booklet are due to rounding.

Time

All references to time in this Entitlement Offer Booklet are references to Melbourne, Australia time, unless otherwise stated.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Entitlement Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in this Entitlement Offer Booklet may not be relied upon as having been authorised by Kasbah or any of its officers.

Glossary

Defined terms and abbreviations used in this Entitlement Offer Booklet are detailed in the glossary of terms in Section 6.

Governing law

This Entitlement Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of Victoria, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Victoria, Australia.

Entitlement Offer Booklet intended to be read in conjunction with publicly available information

This Entitlement Offer Booklet is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest, including all of the recent announcements made by the Company on Thursday, 31 January 2019.

All announcements made by the Company are available from its website www.kasbahresources.com or the ASX website www.asx.com.au.

INDICATIVE TIMETABLE

Event	Date
Announcement of Entitlement Offer	Thursday, 31 January 2019
Record Date (5.00pm WST)	Tuesday, 5 February 2019
Entitlement Offer opens (Opening Date)	Thursday, 7 February 2019
Sub-underwriting Invitation Period ends	Monday, 11 February 2019
Entitlement Offer closes (5.00pm WST) (Closing Date)	Wednesday, 27 February 2019
Quotation of New Shares on a Deferred Basis	Thursday, 28 February 2019
Shortfall Notification Date	Monday, 4 March 2019
Issue of New Shares	Wednesday, 6 March 2019
Despatch of holding statements for New Shares under the Entitlement Offer	Thursday, 7 March 2019

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors (subject to the agreement of the Underwriter) reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest in accordance with the Corporations Act.

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Kasbah, I am pleased to invite you to participate in the Entitlement Offer that was announced on 31 January 2019.

Approximately \$2.5 million (before costs) will be raised by way of a 1 for 4 non-accelerated non-renounceable pro rata Entitlement Offer of new fully paid ordinary shares in Kasbah (**New Shares**) at an offer price of \$0.095 per New Share to Eligible Shareholders.

The proceeds of the Entitlement Offer will be used by Kasbah to continue to progress the Achmmach Tin Project towards a final investment decision. This includes completion of front end engineering design (**FEED**) and progression of project financing activities.

Kasbah continues to work actively with its Japanese partners, Toyota Tsusho and Nittetsu Mining, to progress the Achmmach Tin Project towards a final investment decision. This has included extensive interactions with a Japanese agency to provide credit support for the project. Whilst this process is advanced, the outcome and timing remains uncertain and it is important that Kasbah maintain its activities from a strong financial position and can continue to consider funding alternatives while this process is ongoing.

The proceeds of the Entitlement Offer are expected to be sufficient to fund the activities of Kasbah through the 2019 calendar year in the absence of a final investment decision in respect of the Achmmach Tin Project.

Please refer to Section 1.4 for further details on the reasons for the Entitlement Offer.

Details of the Entitlement Offer

On 31 January 2019, Kasbah announced its intention to raise approximately \$2.5 million (before costs) through the Entitlement Offer to Eligible Shareholders. This Entitlement Offer Booklet relates to all offers under the Entitlement Offer to Eligible Shareholders.

Pala has provided an irrevocable commitment to take up its full entitlement (21.20%) and Taylor Collison has agreed to underwrite the balance of the raising and manage the Entitlement Offer. Pala has committed to Taylor Collison to fully sub-underwrite the remainder of the Entitlement Offer for no fee. For further details on the underwriting, please refer to Section 3.6.

The offer price of \$0.095 under the Entitlement Offer represents:

- (a) a 20.8% discount to the last trading price on 30 January 2019;
- (b) a 16.7% discount to the 10 trading day vwap¹;
- (c) a 15% discount to the 20 trading day vwap¹; and
- (d) a 14.5% discount to the 30 trading day vwap¹.

¹ Volume weighted average price based on days that ASX was open for trading up to and including 30 January 2019.

Eligible Shareholders have a number of options available to them under the Entitlement Offer, the full details which are contained in this Entitlement Offer Booklet, but in summary, you may:

- (a) take up your full Entitlement;
- (b) take up your full Entitlement and apply to take up New Shares over your Entitlement;
- (c) take up part of your Entitlement and allow the balance to lapse; or
- (d) allow your full Entitlement to lapse.

As the Entitlement Offer is non-renounceable, Entitlements to any Shares not taken up under the Entitlement Offer are not tradeable on the ASX or otherwise transferable.

The ability to take up additional New Shares is contingent on there being a shortfall. Preference will be given to existing Shareholders under the Entitlement Offer compared to the underwriters up to the relevant limits.

We are pleased to announce the continued support of major shareholder Pala as part of this raising. Pala has provided an irrevocable commitment to take up its full Entitlement (21.20%) under the Entitlement Offer and has agreed to further support the Entitlement Offer by sub-underwriting the remainder of the Entitlement Offer for no fee.

Importantly, whilst Pala has agreed to sub-underwrite the Entitlement Offer, the terms of the sub-underwriting agreement provide for the Underwriter to work with the Company to invite other professional or sophisticated investors to sub-underwrite the Entitlement Offer by 11 February 2019 (the **Sub-Underwriting Invitation Period**). To the extent that valid and acceptable commitments are secured from sub-underwriters other than Pala, the Underwriter will reduce the amount of the Pala sub-underwriting commitment by the same quantity at the conclusion of the Sub-Underwriting Invitation Period.

The allocation policy under the shortfall offer will enable participation by existing Shareholders (excluding Pala) as well as new investors to the Company. For full details on the allocation policy, please refer to Section 3.5, and for potential dilution and control effects please refer to Section 3.8.

The support shown by Pala provides certainty of funding to the Company, whilst also allowing Kasbah and Taylor Collison the opportunity to thoroughly test the interest of the broader market to invest in Kasbah in a fully informed market environment. This allows Kasbah to mitigate the increased ownership of the Company by Pala to the extent other investment demand is committed.

Pala has stated that it welcomes and encourages other shareholder and investor participation to minimise the extent of Pala's take up in excess of its pro rata Entitlement.

Timing and Other Information

This Entitlement Offer Booklet is an important document and I urge you to read the entire document carefully before making any investment decision. Of particular note is the risks section (Section 5), which summarise some of the key risks associated with an investment in Kasbah. If you are uncertain about taking up your Entitlement you should consult your stockbroker, professional advisor, solicitor or accountant to discuss and evaluate your

options. If you do not wish to take up any of your Entitlement you do not have to take any action. This Entitlement Offer Booklet, when sent to Eligible Shareholders, contains a personalised Entitlement and Acceptance Form that will detail your Entitlement, options and provide payment and lodgement instructions.

If you decide to take up some, all or additional New Shares as part of the Entitlement Offer, you will need to lodge your personalised form and ensure that your application money is received by 5.00pm (WST) on 27 February 2019, as cleared funds, as per the instructions detailed in your personalised Entitlement and Acceptance Form.

On behalf of your Directors, I encourage you to consider this investment opportunity and thank you for your ongoing support of the Company.



John Gooding
Chairman
Kasbah Resources Limited
31 January 2019

1 DETAILS OF THE ENTITLEMENT OFFER

1.1 Background

On 31 January 2019 the Company announced that it was undertaking a fundraising initiative to raise a total of approximately \$2.5 million (before costs).

1.2 Entitlement Offer

The Company is making a non-accelerated non-renounceable underwritten pro rata entitlement offer of New Shares at an issue price of \$0.095 each, on the basis of one New Share for every four Shares held on the Record Date, to raise approximately \$2.5 million (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). The Entitlement Offer will be conducted for all Eligible Shareholders of the Company at the same time.

At the Record Date, the Company expects to have 106,004,549 Shares on issue. Approximately 26,501,137 New Shares may be issued under the Entitlement Offer (subject to rounding).

All of the New Shares will rank equally with the Shares on issue at the date of this Entitlement Offer Booklet. Refer to Section 3.14 for a summary of the rights attaching to New Shares.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

This Entitlement Offer Booklet is also for the offer of New Shares that are not applied for under the Entitlement Offer. Refer to Section 3.4 for further details of the Shortfall Offer.

1.3 The Entitlement Offer

Eligible Shareholders are being invited to subscribe for one New Share for every four Shares held on the Record Date at the offer price of \$0.095 per New Share. The offer ratio and offer price for New Shares under the Entitlement Offer is the same for all shareholders.

The Entitlement Offer opens on 7 February 2019 and will close at 5.00pm (WST) on 27 February 2019 (unless extended or withdrawn).

1.4 Reasons for the Entitlement Offer and use of funds

The purpose of the Entitlement Offer is to allow the Company to fund its activities for the 2019 calendar year, in the absence of a final investment decision in respect of the Achmmach Tin Project.

The Company will use the funds raised from the Entitlement Offer (after costs) for:

- (a) continuing to progress the Achmmach Tin Project towards a final investment decision, completion of the FEED study and progression of project financing activities; and
- (b) working capital purposes.

The Company intends to apply the funds raised from the Entitlement Offer as follows:

Description	\$
Project development	643,000
Project financing	444,000
Working capital	1,133,000
Estimated costs of the Entitlement Offer	280,000
Total	2,500,000

The Board believes that its current cash reserves and the funds raised from the Entitlement Offer will provide the Company with sufficient funding for the 2019 calendar year. However, a further significant equity capital raise will be required to fund Kasbah's equity contribution towards the Achmmach Tin Project once a final investment decision has been made.

The key reason for this raising taking place shortly after the December Share Purchase Plan and extension of the Pala Convertible Loan is that the Japanese financing process is taking longer than previously expected. The Board believes it is important that Kasbah is fully funded, with appropriate buffer, to pursue its options from a strong financial position.

The above table is a statement of the Board's intentions as at the date of this Entitlement Offer Booklet. The allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

1.5 Capital structure

On the basis that the Company completes the Entitlement Offer, the Company's capital structure will be as follows:

	Number of Shares	Number of options	Number of performance rights	Number of share rights
Balance as at the date of this Entitlement Offer Booklet	106,004,549	600,000	9,651,732	3,327,424
To be issued under the Entitlement Offer ²	26,501,137	-	-	-
Total following Offers	132,505,686	600,000	9,651,732	3,327,424

² Subject to rounding. Assumes no Shares are issued pursuant to the exercise of options.

2 ASX ANNOUNCEMENT AND INVESTOR PRESENTATION

January 31, 2019
ASX: KAS
Share price: \$0.12



NON RENOUNCEABLE RIGHTS ISSUE TO RAISE APPROXIMATELY \$2.5M

ABOUT KASBAH

Kasbah is an Australian listed mineral exploration and development company.

The company (75%) and its Joint Venture partners, Toyota Tsusho Corp (20%) and Nittetsu Mining Co. (5%), are advancing the Achmmach tin project towards production in the Kingdom of Morocco.

PROJECTS

Achmmach Tin Project
Bou El Jaj Tin Project

CAPITAL STRUCTURE

Shares on Issue:	106m
Unlisted Options:	0.6m
Unlisted Rights:	13m
Cash @ 31/12/18:	\$1.7m

MAJOR SHAREHOLDERS

Pala Investments	21.2%
African Lion Group	12.9%

CONTACT US

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Kasbah Resources Limited (ASX: KAS) ("Kasbah" or the "Company") announces the launch of an underwritten¹ non-renounceable rights issue to raise approximately A\$2.5m before costs ("Entitlement Offer").

Purpose of Entitlement Offer

The proceeds of the Entitlement Offer will be used by Kasbah to continue to progress the Achmmach Tin Project towards a final investment decision. This includes completion of front end engineering design ("FEED") and progression of project financing activities. The proceeds of the Entitlement Offer are expected to be sufficient to fund the activities of Kasbah through the 2019 calendar year in the absence of a final investment decision in respect of the Achmmach Tin Project.

The Chief Executive Officer of Kasbah, Russell Clark, commented *"The Entitlement Offer is important to ensure that momentum in the Achmmach Project can be maintained. The key reason for this raising so soon after the December SPP and extension of the Pala loan is that the Japanese financing process is taking longer than previously expected. We would have preferred to have achieved greater certainty regarding the Japanese debt process prior to raising more equity, but the reality is more time is required and it is important that Kasbah is fully funded, with appropriate buffer, to pursue its options and advance its project financing negotiations from a strong financial position."*

"We continue to work actively with our Japanese partners, Toyota Tsusho and Nittetsu Mining, to progress the Achmmach Project towards a final investment decision. This has included extensive interactions with a Japanese agency to provide credit support for the project. Whilst this process is advanced, the outcome and timing remain uncertain, and it is important that Kasbah maintain its activities and continue considering funding alternatives while this process is ongoing."

"We welcome and appreciate the continued strong support from our major shareholder, Pala Investments (Pala), for the Entitlement Offer. While Pala has committed to sub-underwrite the Entitlement Offer, Kasbah has gone to considerable efforts to ensure it can fully utilise demand from other investors, both existing holders and new investors, through the shortfall facility and sub-underwriting structure. Pala's sub-underwriting has been offered to provide certainty to the fund raise, but it has expressed a strong view that it would welcome other and new shareholder participation to minimise the extent of its take up in excess of its pro rata entitlement. The structure of the raising allows Kasbah to announce a transaction with certainty of funding while balancing the desire of the company to fully explore the potential for its existing holders and new investors to support Kasbah at this time of improving tin prices. The Board of Kasbah intend to take up their entitlements in the offer."

¹ Pala Investments has given an irrevocable commitment to take up its entitlement in full and Taylor Collison has underwritten the balance of the raising.

Details of the Entitlement Offer

The summary terms of the Entitlement Offer are as follows:

- One (1) new fully paid ordinary share (“New Shares”) for every four (4) shares held at the Record Date.
- The issue price is 9.5 cents (\$0.095) per New Share, which represents:
 - a 20.8% discount to the last trading price on 30 January 2019;
 - a 16.7% discount to the 10 trading day vwap²;
 - a 15% discount to the 20 trading day vwap²; and
 - a 14.5% discount to the 30 trading day vwap².
- The issue is expected to raise up to approximately \$2.5m before costs.
- Entitlements are non-renounceable and cannot be traded or sold.
- The issue is underwritten by Taylor Collison Limited³.
- Shareholders can apply for additional New Shares pursuant to a shortfall offer in accordance with the shortfall allocation policy (detailed below and further in the Entitlement Offer Booklet).
- New investors can apply for additional New Shares pursuant to a shortfall offer in accordance with the shortfall allocation policy (detailed below and further in the Entitlement Offer Booklet).

An Appendix 3B in relation to the Entitlement Offer is attached.

The Entitlement Offer is being made without a prospectus pursuant to section 708AA of the Corporations Act. The Entitlement Offer Booklet will be lodged with the ASX and all eligible shareholders will shortly receive a copy which will include a personalised application form.

No offer will be made to shareholders with a registered address outside Australia, New Zealand, Thailand, Mauritius, Switzerland or Jersey.

Application for the quotation of the New Shares will be lodged with ASX on completion of the issue.

The Company currently has 106,004,549 ordinary shares on issue. If all 26,501,137 New Shares are issued then the Company will have 132,505,686 ordinary shares on issue following completion (prior to accounting for any rounding for fraction components of shares, which are to be rounded up to the nearest share).

² Volume weighted average price based on days that ASX was open for trading up to and including 30 January 2019.

³ Pala Investments has given an irrevocable commitment to take up its entitlement in full and Taylor Collison has underwritten the balance of the raising.

As at 31 December 2018 the Company had approximately \$1.7 million in cash on hand (on a consolidated basis). Following the completion of the Entitlement Offer, its pro-forma cash position at 31 December 2018 would be approximately \$4.2 million before the costs of the raising⁴.

More details on the Entitlement Offer and how to participate will be included in the Entitlement Offer Booklet.

Underwriting and Sub-Underwriting

Pala Investments (“Pala”) has provided an irrevocable commitment to take up its full entitlement (21.20%) and Taylor Collison Limited (“Taylor Collison”) has agreed to underwrite the balance of the raising and manage the Entitlement Offer. Pala has committed to Taylor Collison to fully sub-underwrite the remainder of the Entitlement Offer for no fee.

Importantly, whilst Pala has agreed to sub-underwrite the Entitlement Offer, the terms of that sub-underwriting agreement provide for Taylor Collison to work with the Company to invite other professional or sophisticated investors to sub-underwrite the Entitlement Offer by 11 February 2019 (the “Sub-Underwriting Invitation Period”). To the extent that valid and acceptable commitments are secured from other sub-underwriters, Taylor Collison will reduce the amount of the Pala sub-underwriting commitment by the same quantity at the conclusion of the Sub-Underwriting Invitation Period. Furthermore, the Shortfall Allocation Policy will enable participation by existing shareholders (excluding Pala) as well as new investors to the Company (explained further below).

The support shown by Pala provides certainty of funding to the Company, whilst also allowing Kasbah and Taylor Collison the opportunity to thoroughly test the interest of the broader market to invest in Kasbah in a fully informed market environment, thereby allowing Kasbah to mitigate the increased ownership of the Company by Pala to the extent other investment demand is committed.

Shortfall Applications and Shortfall Allocation Policy

Eligible shareholders will have the opportunity to apply for additional New Shares in excess of their entitlement at the issue price of 9.5 cents. In summary, eligible shareholders have the following options available to them:

- Take up their full entitlement;
- Take up any number of shares less than their full entitlement;
- Take up their full entitlement and apply for shares above their full entitlement (with no cap other than to prevent a shareholder from holding voting power in Kasbah in excess of 19.9%); or
- Allow their entitlement to lapse and take up no additional shares.

In addition, new professional or sophisticated investors will be allowed to bid into a bookbuild, managed by Taylor Collison, to take shares in any shortfall (in priority to the sub-underwriters) following allocation of shortfall shares to eligible shareholders.

⁴ The costs of the raising are estimated to range between \$0.2 million and \$0.3 million and will depend on the level of sub-underwriting commitments (if any) obtained by Taylor Collison during the Sub-Underwriting Invitation Period.

In summary, the allocation of shares will occur in the following descending order of priority (“Shortfall Allocation Policy”):

1. Take up of pro rata entitlements by existing shareholders. This includes Pala.
2. Issue of any shortfall shares to existing shareholders who apply for shares above their full entitlement. This excludes Pala. In the event there are oversubscriptions for shortfall shares from existing shareholders, shortfall shares will be issued on a pro rata basis to existing shareholdings provided that a shareholder’s resulting voting power in Kasbah does not exceed 19.9%.
3. Issue of any shortfall shares to new investors who bid for shortfall shares. These allocations will be made by Taylor Collison through discussion with Kasbah.
4. Issue of shares to sub-underwriters being those who have provided commitments to Taylor Collison during the Sub-Underwriting Invitation Period and Pala. Allocations to sub-underwriters will be on a pro rata basis to the amounts sub-underwritten.

Details of the final allocation will be made to the ASX at the conclusion of the Entitlement Offer.

Whilst Pala has advised the Company that it has no present intention to exercise its conversion right under the Pala convertible loan (approved by shareholders on 21 December 2018) (“Pala Convertible Loan”), Pala reserves its right to convert and the potential resulting shareholdings of Pala are shown in the table below.

Pala Convertible Loan Scenarios	Pala % holding in the Company’s ordinary shares	Post Entitlement Offer % shares issued under Pala sub-underwriting arrangement ⁵		
		0%	50%	100%
Pala ordinary shareholding assuming Pala Convertible Loan not converted	21.2%	21.2%	29.1%	37.0%
Pala shareholding assuming Pala Convertible Loan converted on 31-Jan-2019 ⁶	43.9%	40.5%	46.5%	52.4%
Pala shareholding assuming Pala Convertible Loan converted at 31-Dec-2020 ⁷	48.4%	44.6%	50.1%	55.7%

⁵ Pala has provided an irrevocable commitment to take up its full entitlement (21.2%) under the Entitlement Offer and will sub-underwrite the balance of the Entitlement Offer. These figures reflect Pala taking up its full entitlement and various levels of sub-underwriting by Pala, which will depend on the extent to which Taylor Collison is able to procure commitments from other sub-underwriters during the Sub-Underwriting invitation Period (which commitments will reduce the extent of Pala’s sub-underwriting).

⁶ Pala’s shareholding assuming the Pala Convertible Loan converted on 31 January 2019 is based on the Pala Convertible Loan having an outstanding balance of \$5.16 million as at 31 January 2019.

⁷ The extension of the Pala Convertible Loan until 31 Dec 2020 is at Kasbah’s election only. The calculations above are based on the assumption that Pala converts the Pala Convertible Loan on 31 December 2020 with all interest and fees capitalised resulting in a Pala Convertible Loan balance of \$6.7 million a maximum number of shares that can be issued under the Pala Convertible Loan of 55,900,359.

Rights Issue Timetable

Event	Date
Announcement of Entitlement Offer	Thursday, 31 January 2019
Record Date (5.00pm WST)	Tuesday, 5 February 2019
Entitlement Offer Booklet sent to shareholders and Entitlement Offer opens	Thursday, 7 February 2019
Sub-Underwriting Invitation Period Ends (5.00pm WST)	Monday, 11 February 2019
Entitlement Offer closes (5.00pm WST)	Wednesday, 27 February 2019
New Shares quoted on a deferred settlement basis under the Entitlement Offer	Thursday, 28 February 2019
Shortfall Notification Date – Advise ASX of shortfall Offer	Monday, 4 March 2019
Issue New Shares	Wednesday, 6 March 2019
Despatch of holding statements for New Shares under the Entitlement Offer and normal trading of New Shares commences	Thursday, 7 March 2019

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the directors (subject to the agreement of Taylor Collison) reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The directors also reserve the right not to proceed with the whole or part of the offers at any time prior to allotment. In that event, the relevant application monies will be returned without interest in accordance with the Corporations Act.

The Entitlement Offer Booklet will be sent to all eligible shareholders. Should shareholders have any questions in relation to the Entitlement Offer please contact the Company directly.

For and on behalf of the Board

For further information please contact:

Keith Pollocks

Chief Financial Officer & Company Secretary

T: +61 3 9482 2223

E: kpollocks@kasbahresources.com

Achmmach Tin Project, Morocco

DFS complete, Funding Underway

(Entitlement offer summary included)



Investor Presentation, January 2019
Russell Clark, CEO,

DISCLAIMER



Summary of information

This presentation has been prepared by and is the sole responsibility of Kasbah Resources Limited (Kasbah). This presentation contains general and background information about Kasbah's activities current as at the date of the presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision and does not contain all information about Kasbah's assets and liabilities, financial position and performance, profits and losses, prospects, and the rights and liabilities attaching to Kasbah's securities. The information in this presentation should be read in conjunction with Kasbah's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, available at www.asx.com.au. The information in this presentation is based on Kasbah's own information and estimates and has not been independently verified. Kasbah is not responsible for providing updated information and assumes no responsibility to do so. In attending this presentation or viewing this document you agree to be bound by the following terms and conditions. Any investment in Kasbah should be considered speculative and there is no guarantee that they will make a return on capital invested, that dividends would be paid, or that there will be an increase in the value of the investment in the future.

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Forward-Looking Statements

This presentation contains forward-looking statements which involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Kasbah, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking statements is to provide the audience with information about management's expectations and plans.

Although Kasbah believes it has a reasonable basis for making these statements which reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Such factors include, among others, changes in market conditions, future commodity prices and development and/or exploration activities. 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 presentation.

Kasbah believes it has a reasonable basis for making the forward-looking statements in this presentation, including with respect to any production targets and economic evaluation, based on the information contained in Kasbah's ASX announcement entitled “Kasbah delivers positive Achmmach Tin Project Definitive Feasibility Study” and “Achmmach Tin Project 2018 Definitive Feasibility Study Summary” dated 16 July 2018.

No obligation is assumed to update any forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments, except in accordance with applicable securities laws. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements.

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Competent Persons Statement

The information in this presentation that relates to the definitive feasibility study, Ore Reserves and Mineral Resources at the Achmmach Tin Project is extracted from the announcements entitled **Kasbah delivers positive Achmmach Tin Project Definitive Feasibility Study**” and “**Achmmach Tin Project 2018 Definitive Feasibility Study Summary**” dated 16 July 2018 and is available to view on Kasbah's website at www.kasbahresources.com.

Kasbah confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcements; b) all material assumptions and technical parameters underpinning the Ore Reserves and Mineral Resources included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the original announcements.

KASBAH RESOURCES - OVERVIEW



ASX LISTED TIN PROJECT
ASX:KAS



**NEW BOARD &
MANAGEMENT - 2017**



STRONG INVESTOR BASE
Pala, Lion, Braham, Traxys, Thaisarco

ACHMMACH TIN PROJECT

JV: 75% KAS, 20% Toyota Tsusho, 5% Nittetsu Mining
Permitted, Approved ESIA
750ktpa Underground mining / conventional processing
4,500tpa tin in concentrate (60% Sn)
DFS completed
Funding, offtake, engineering activities underway
Strong tin price outlook



CORPORATE SNAPSHOT **ASX:KAS**



CORPORATE SNAPSHOT

SHARE PRICE 22/01/2019

\$0.12

ISSUED SHARED

1,06m

MARKET CAPITALISATION

\$12.7M

KEY PERSONNEL

John Gooding

CHAIRMAN

Russell Clark

CEO

Evan Spencer

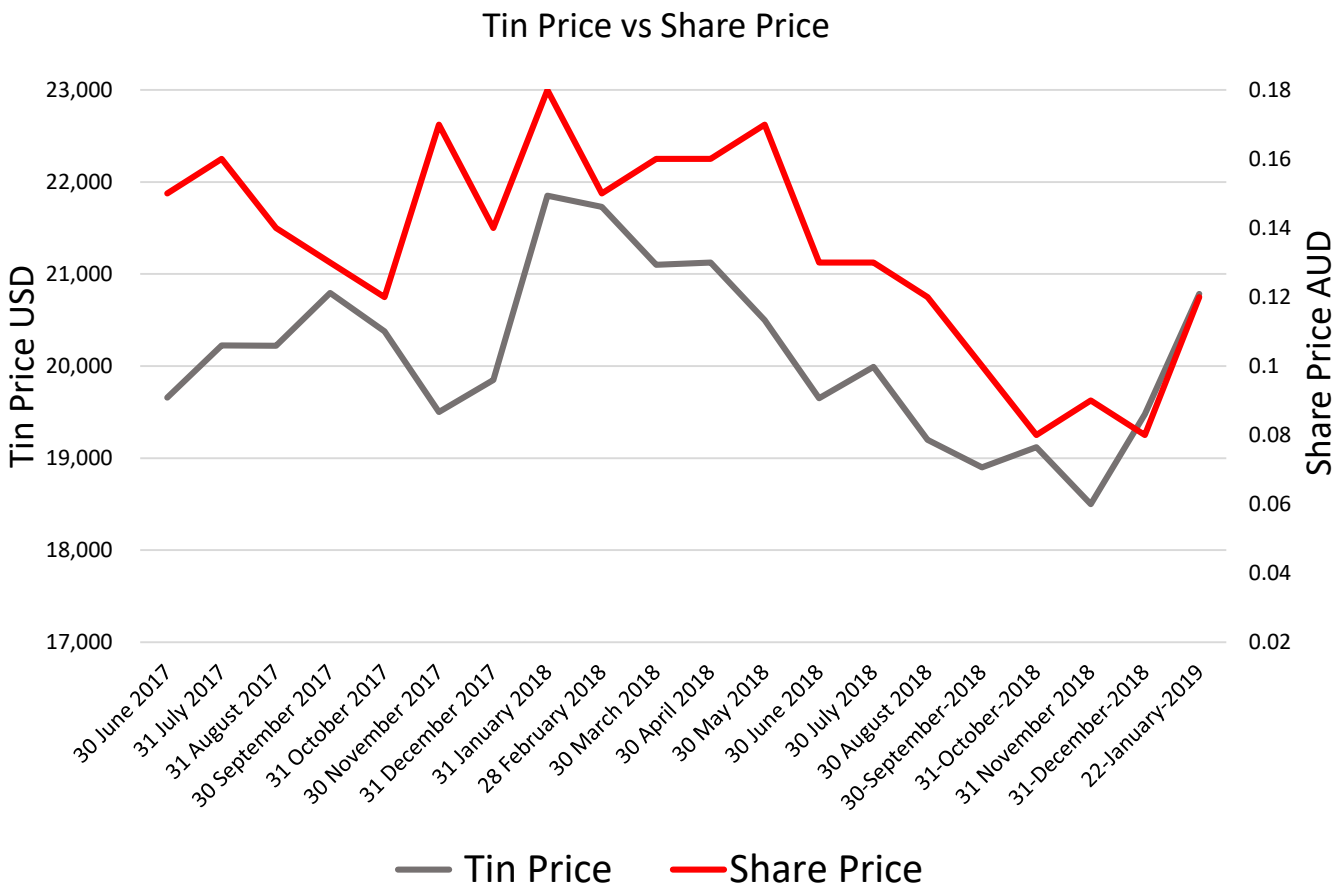
COO

Keith Pollocks

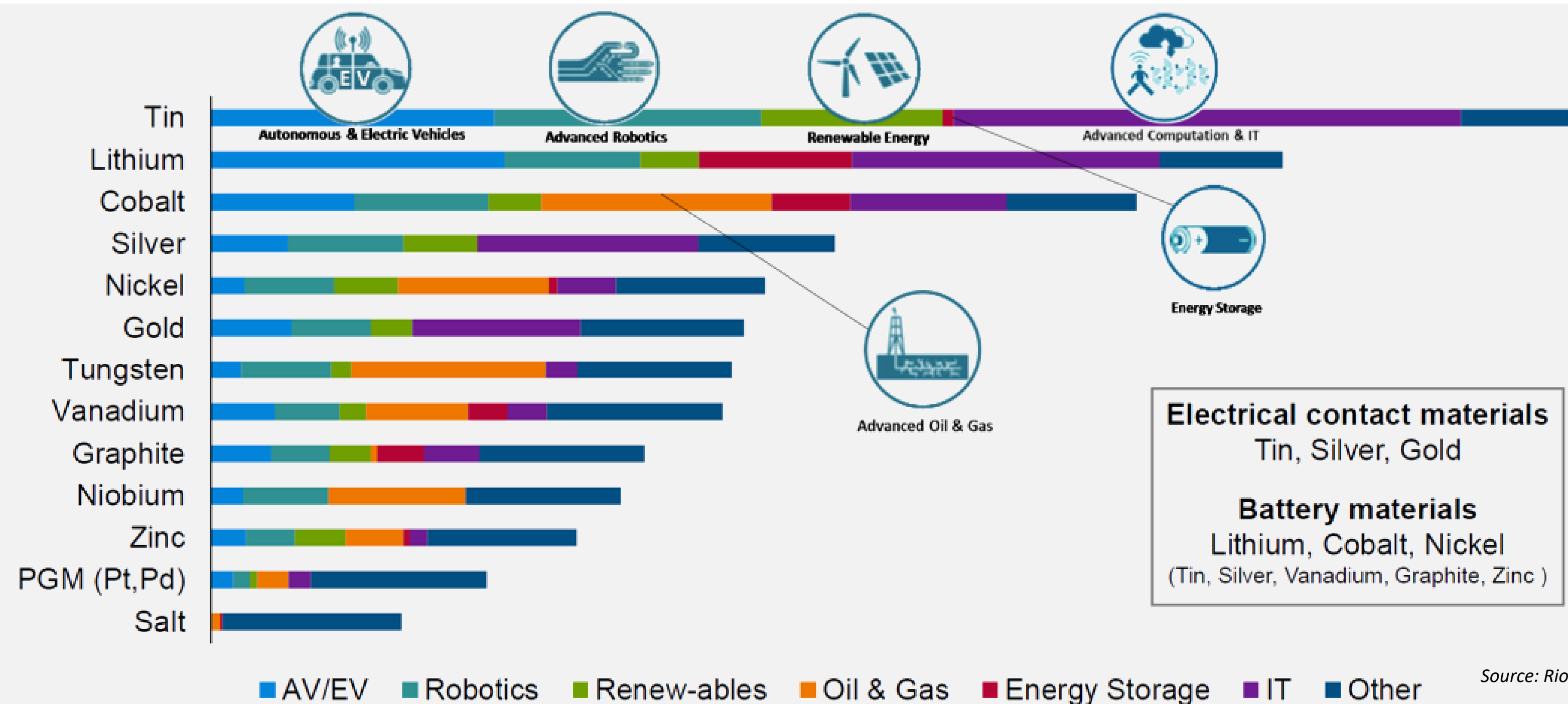
CFO

MAJOR SHAREHOLDERS

Pala	21.2%
Lion Africa	12.9%
Braham	4.8%
Traxys	4.2%
Thaisarco	2.9%
Top 20	58.7%

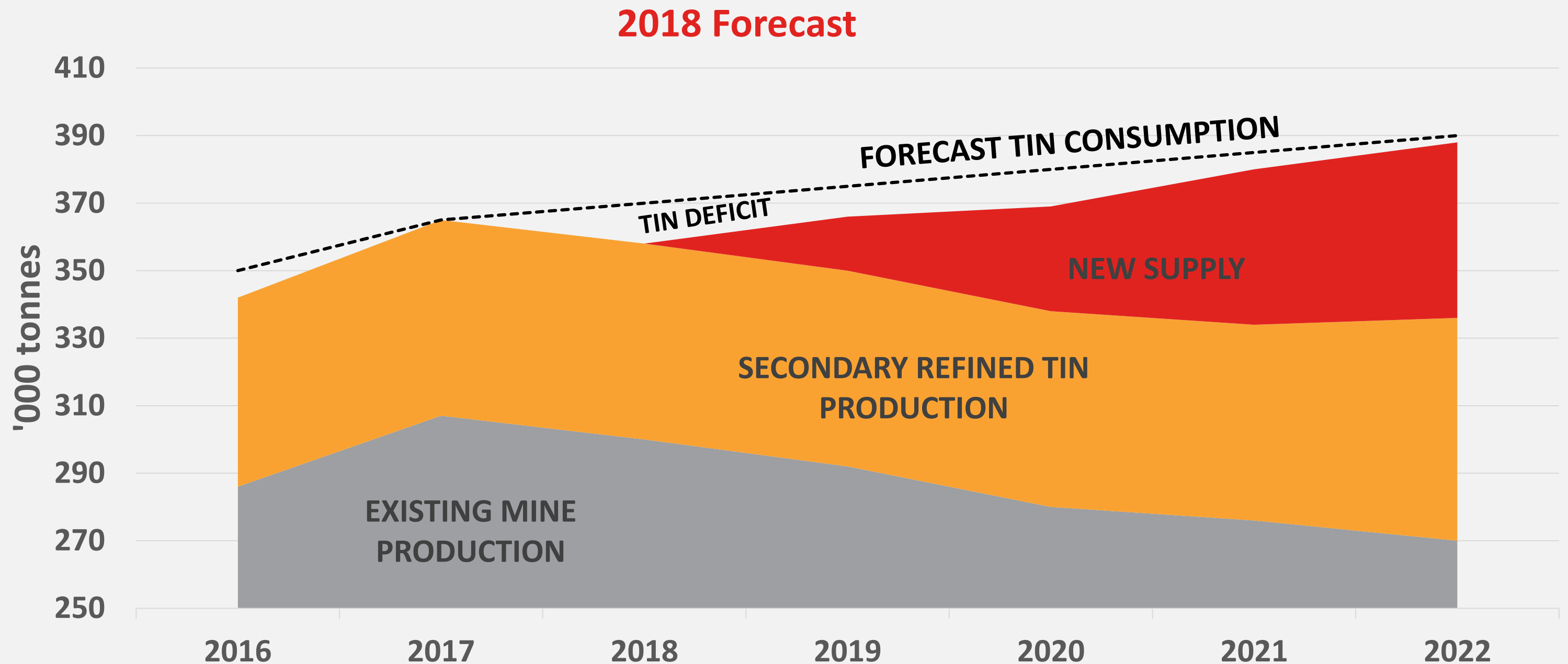


METALS MOST IMPACTED BY NEW TECHNOLOGY



Source: Rio Tinto, MIT

TIN PRODUCTION VS CONSUMPTION '000 TONNES

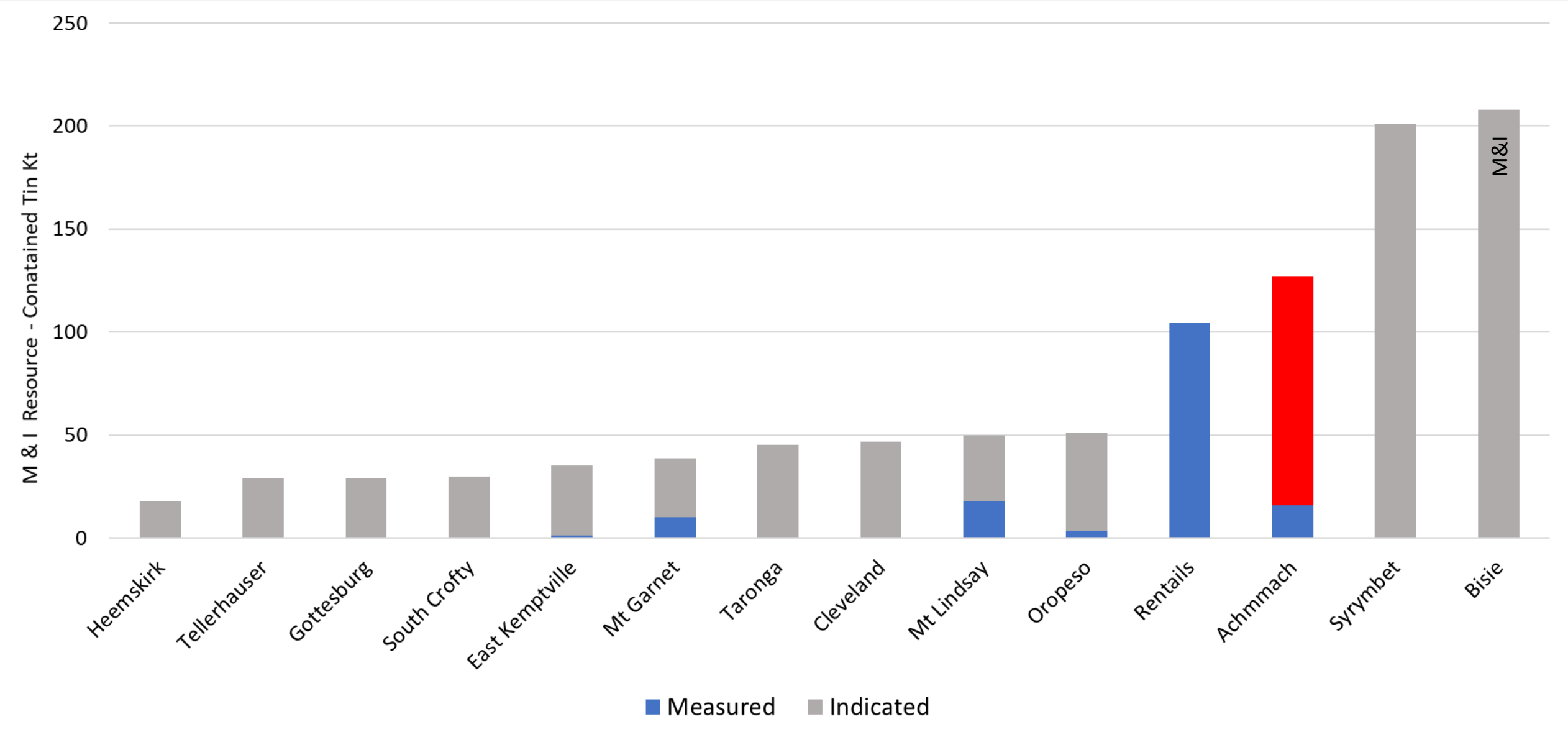


Source: ITA

NEW CAPACITY FROM WHERE?

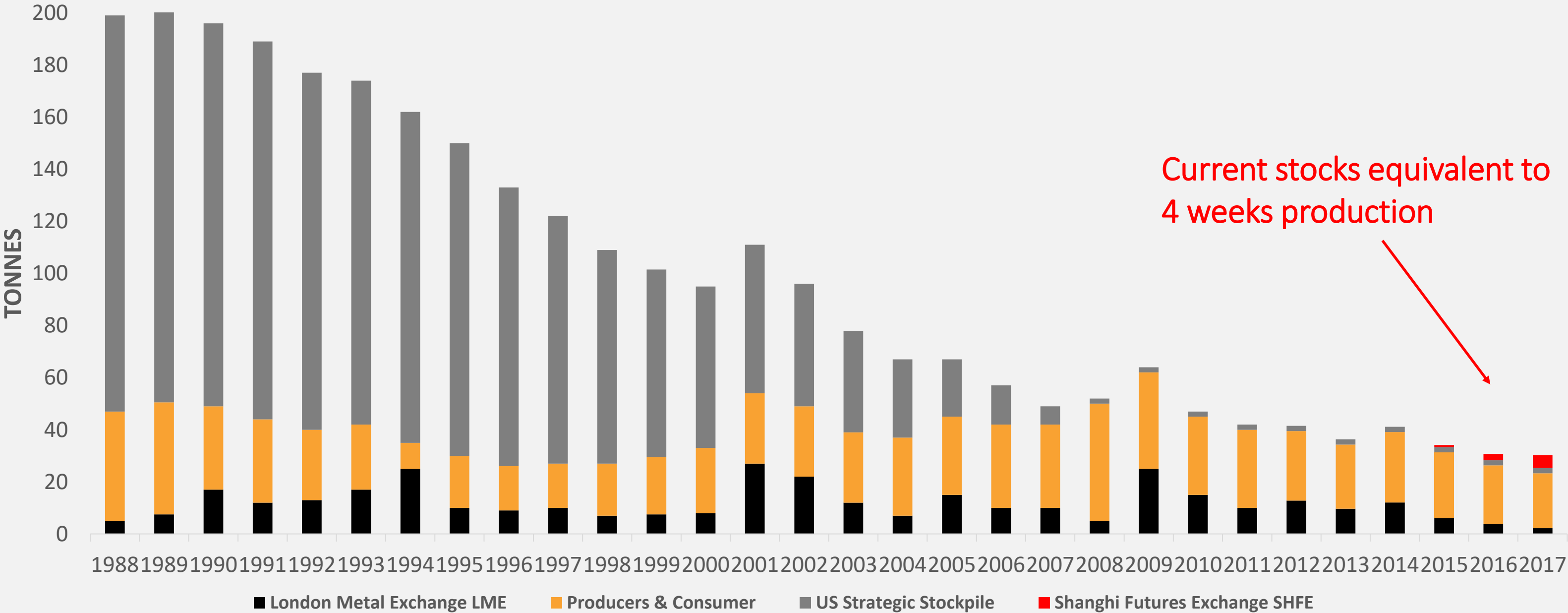


M&I Resources a pre-requisite for Mining Reserves



Source: Company reports

VISIBLE TOTAL TIN STOCKS



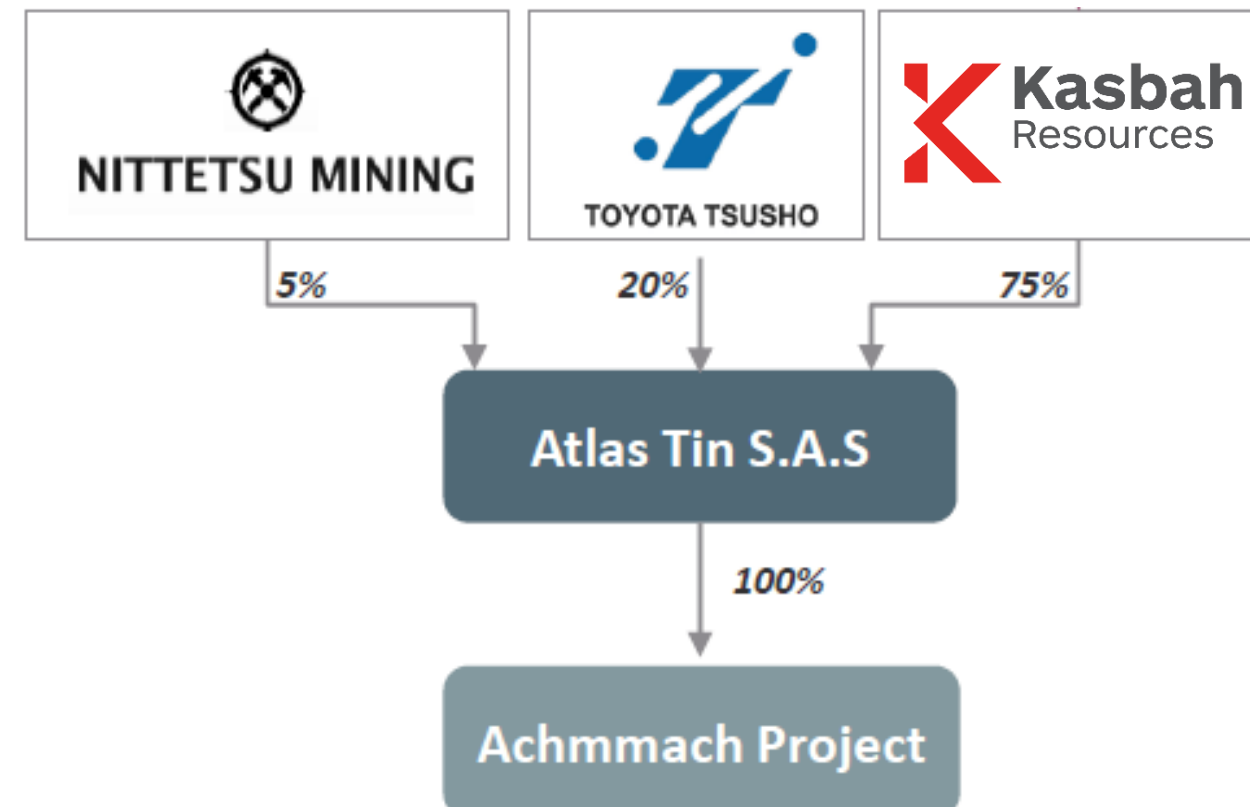
Source: ITA

ACHMMACH TIN PROJECT JV - OVERVIEW



OVERVIEW

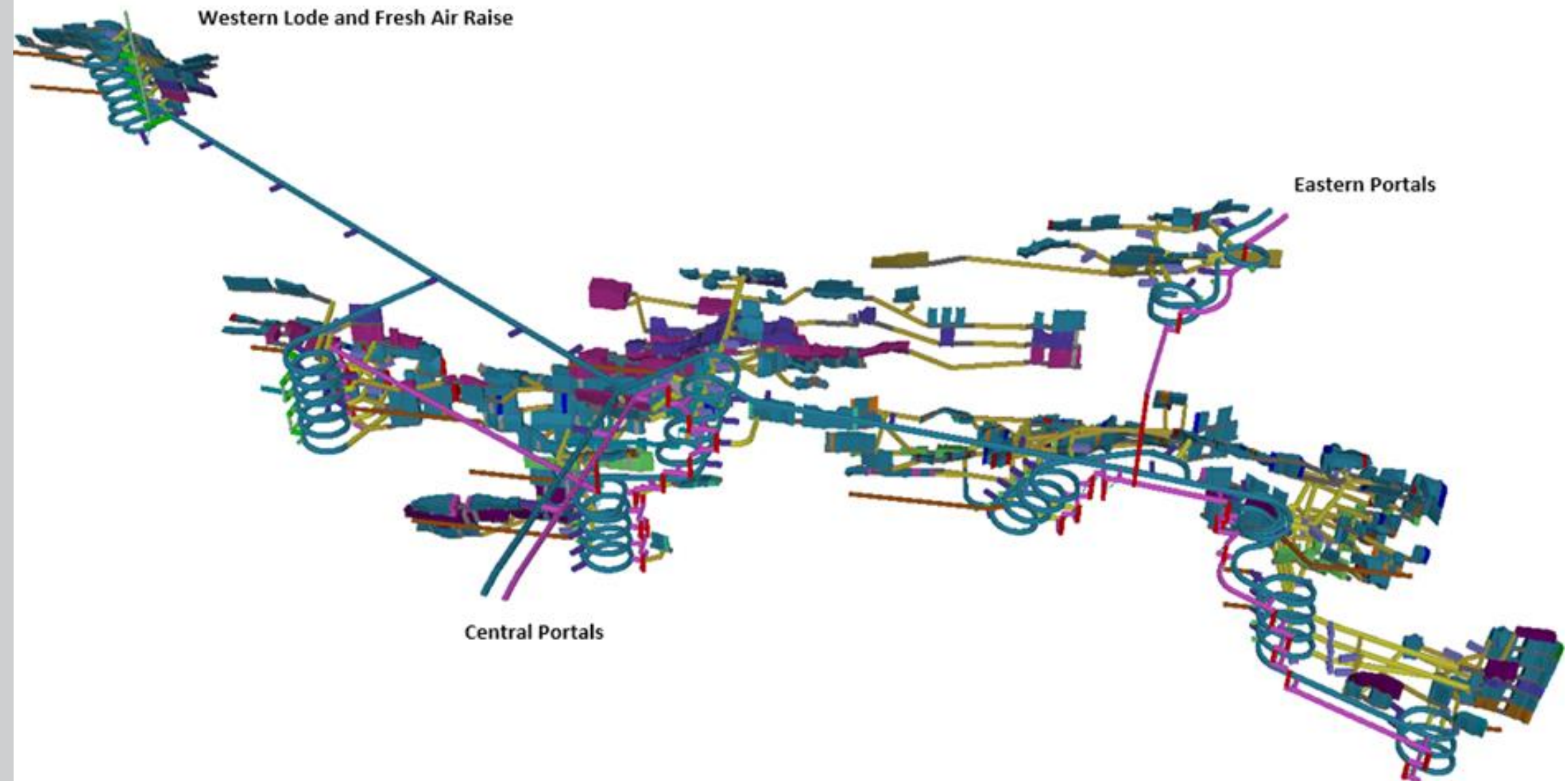
- 120,000m of drilling = 14.9Mt Resource
- 2018 JORC Reserve of 7.0 Mt @ 0.82% Sn
- 58,000t of contained Tin
- 4,500tpa Sn in premium 60% concentrate
- 10 year mine life
- Projected to be 1st quartile low cost producer
- Equivalent to 1.5% of global tin production



Underground Mining at Achmmach



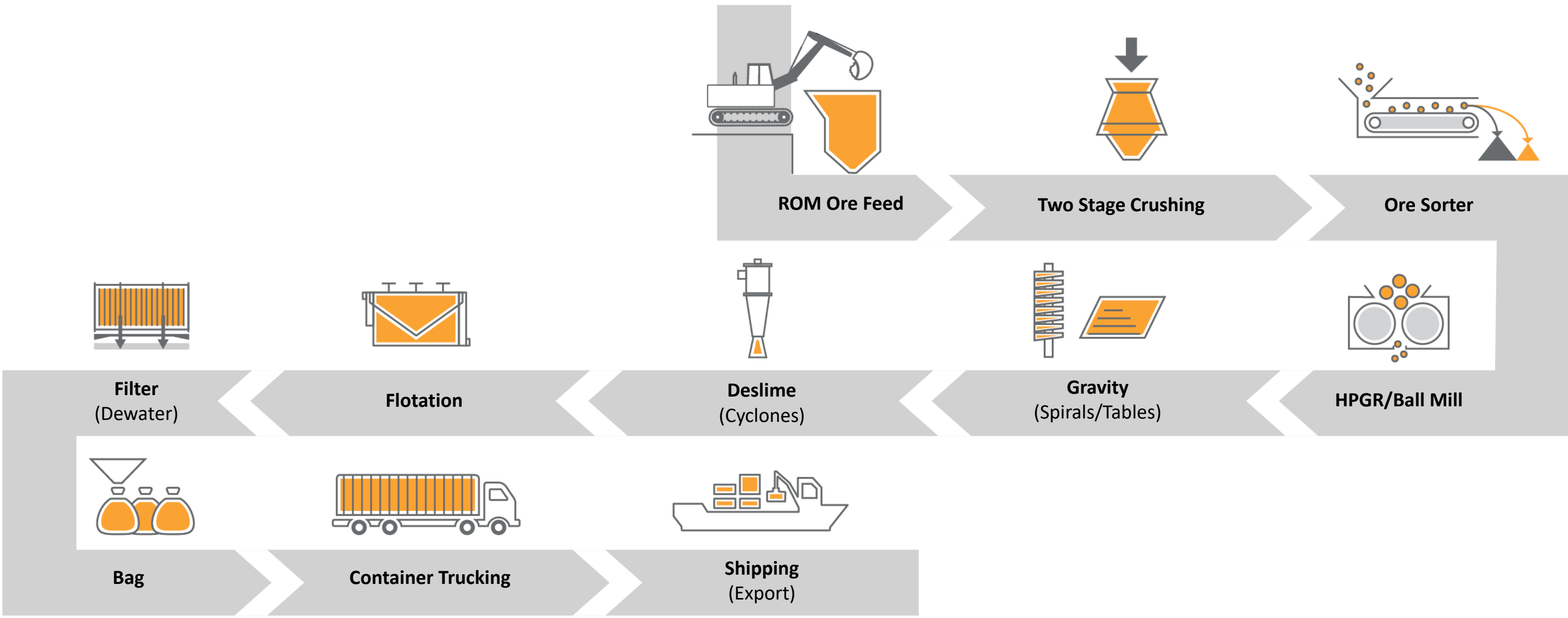
- Contract mining
- Decline access from surface
- Open stoping mining method
- Cemented rock fill as support
- Multiple mining zones
- To 500m deep
- Ore bodies open along strike
- Ore bodies open at depth



Processing at Achmmach



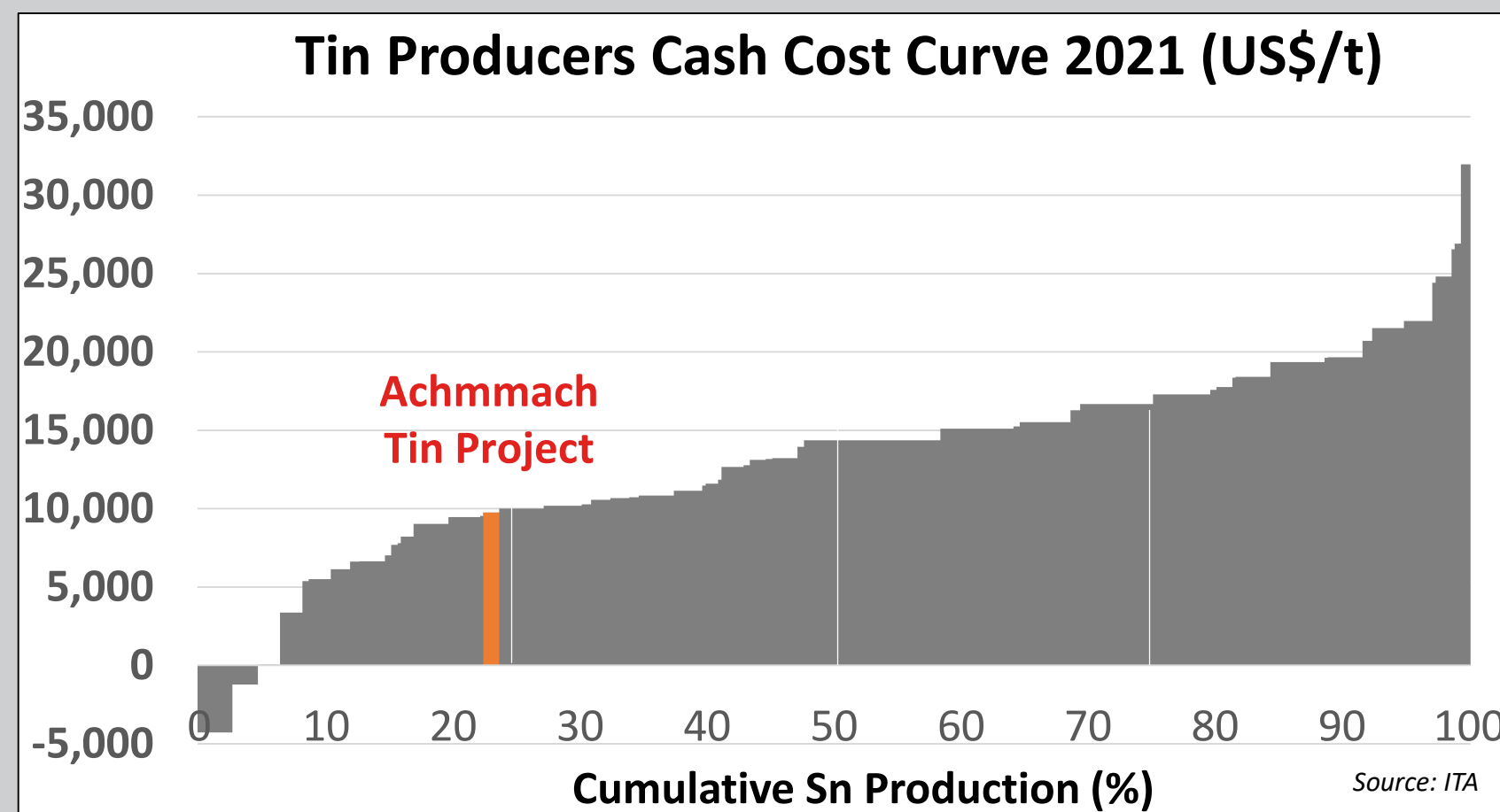
MINE



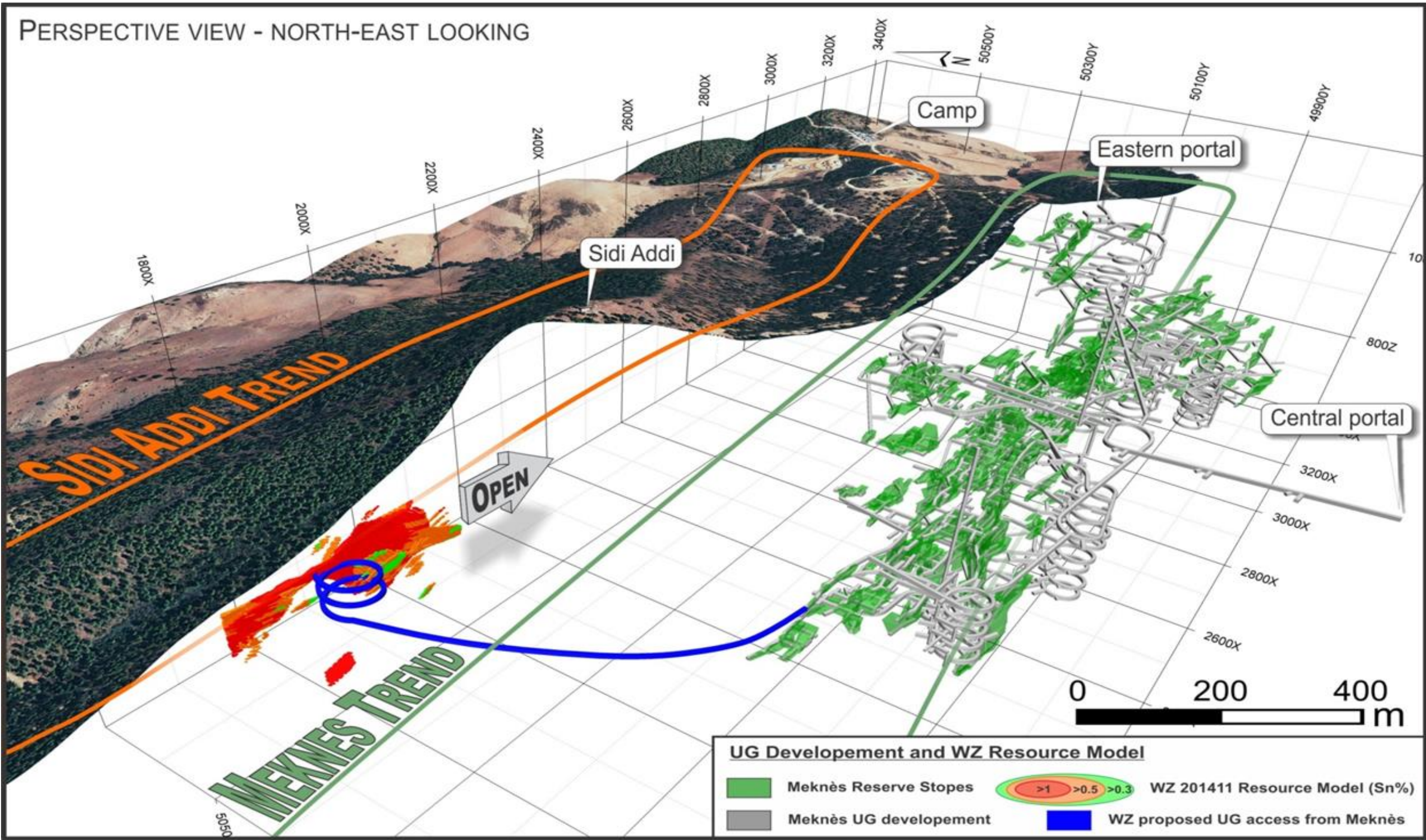
DFS Outcomes - Financials



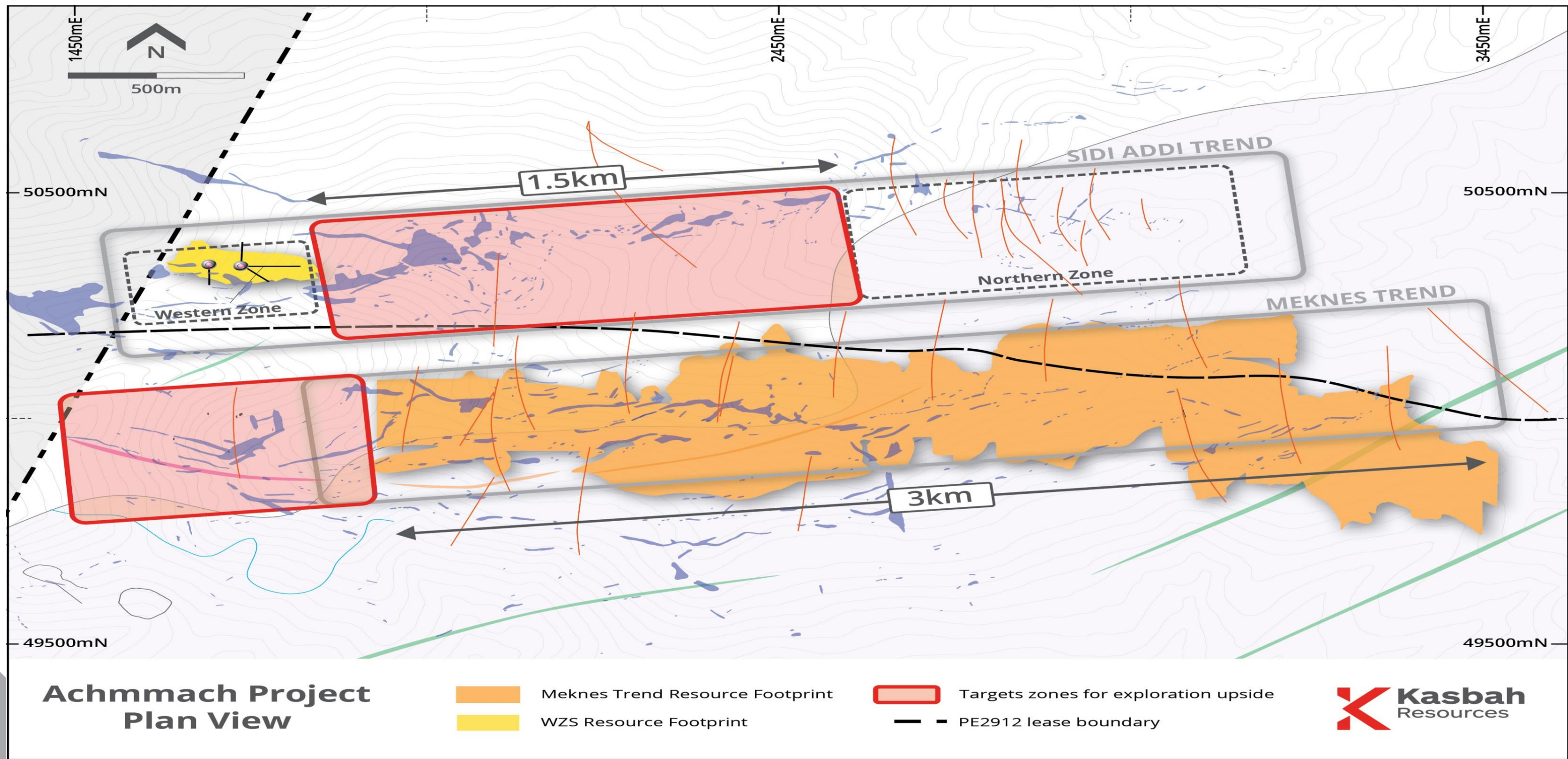
Tin Price	US\$21,000
Discount Rate (real)	8%
Capital Cost	US\$96.4m
NPV (real), post tax	US\$98.1m
IRR, post tax	23%
C1 cash costs	US\$9,176/t Sn
C3 cash costs	US\$13,695/t Sn
AISC	US\$11,435/t Sn
EBITDA	US\$444m



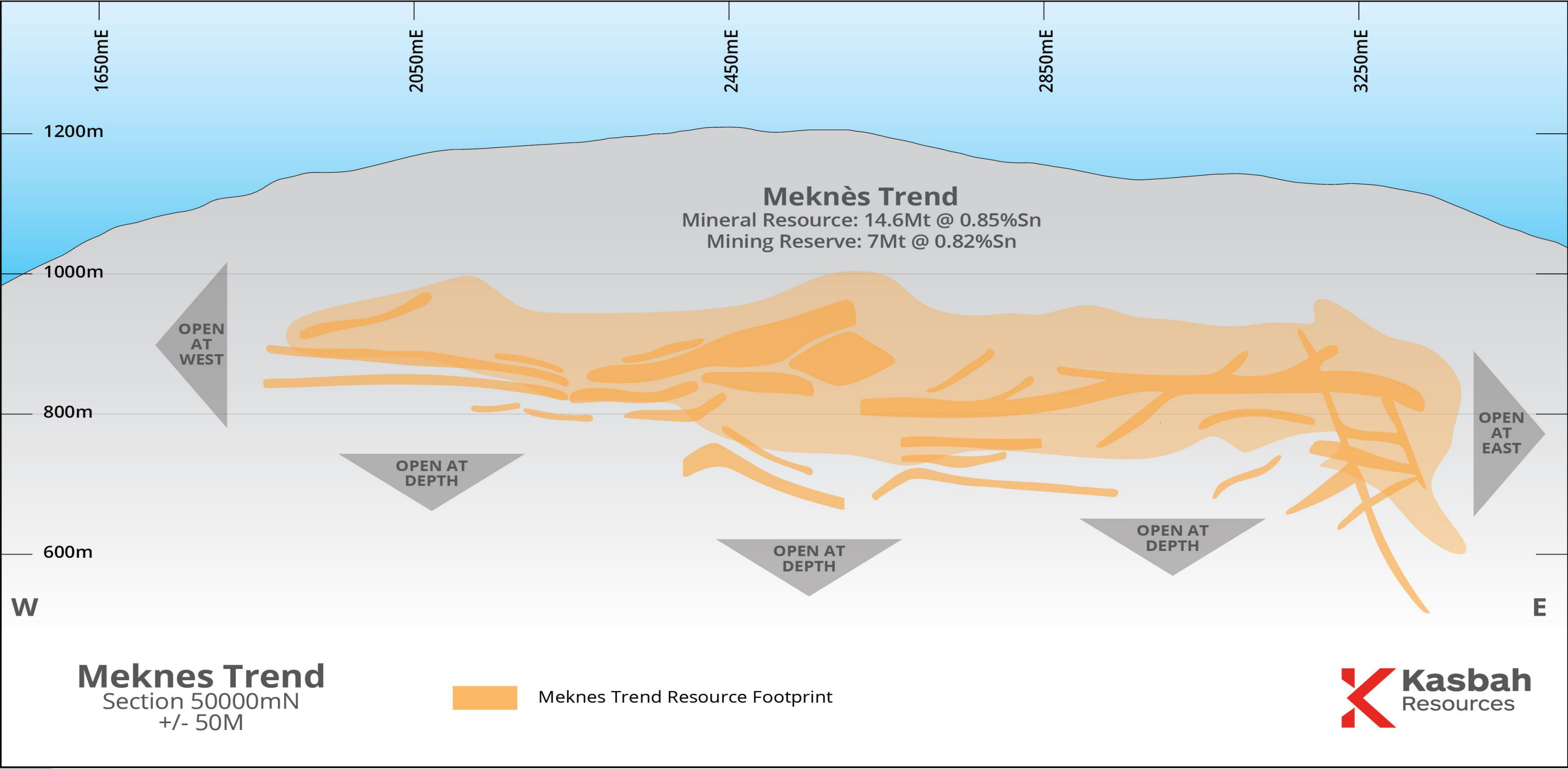
Extensional Exploration – Achmmach Perspective View



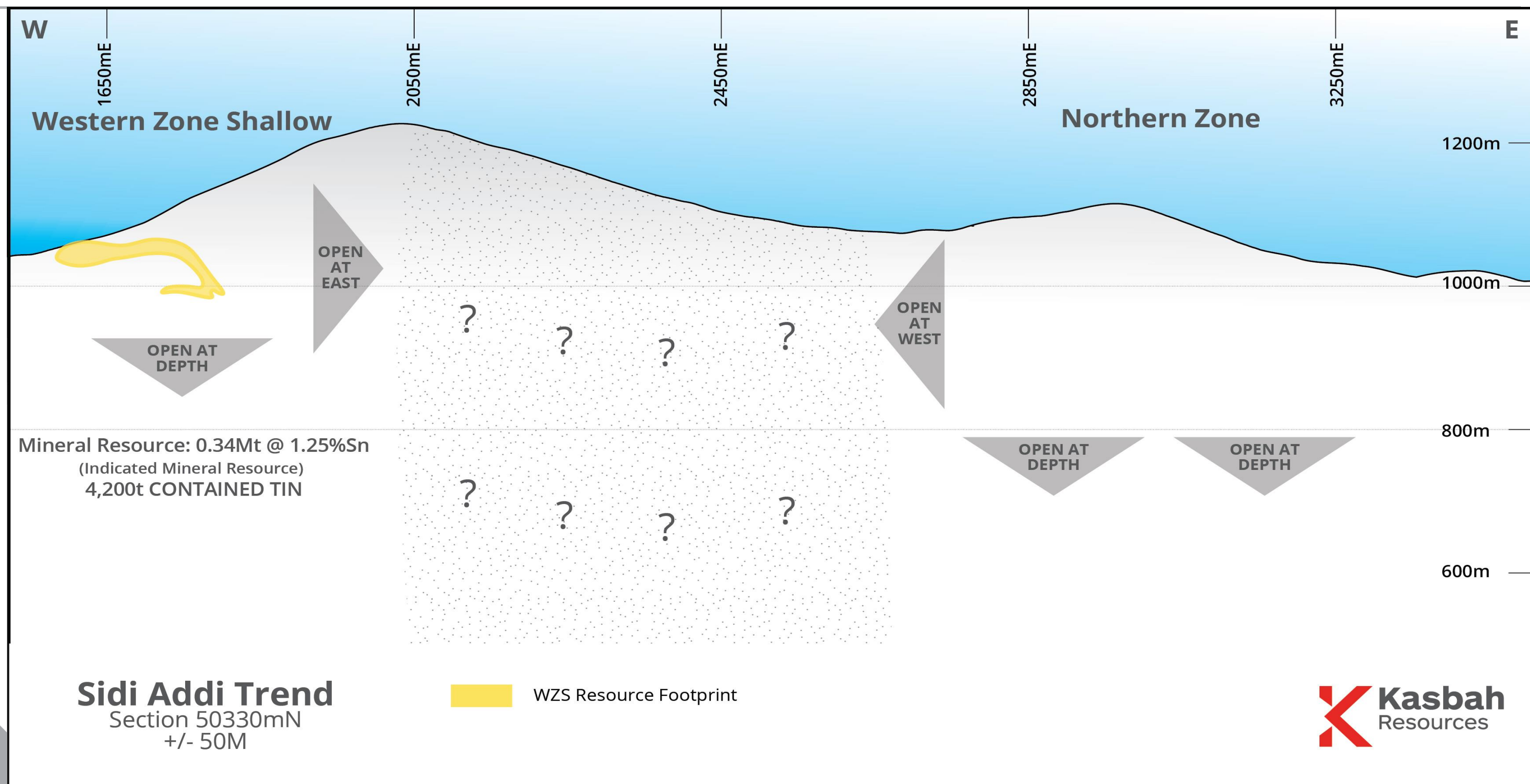
Extensional Exploration – Achmmach Plan View



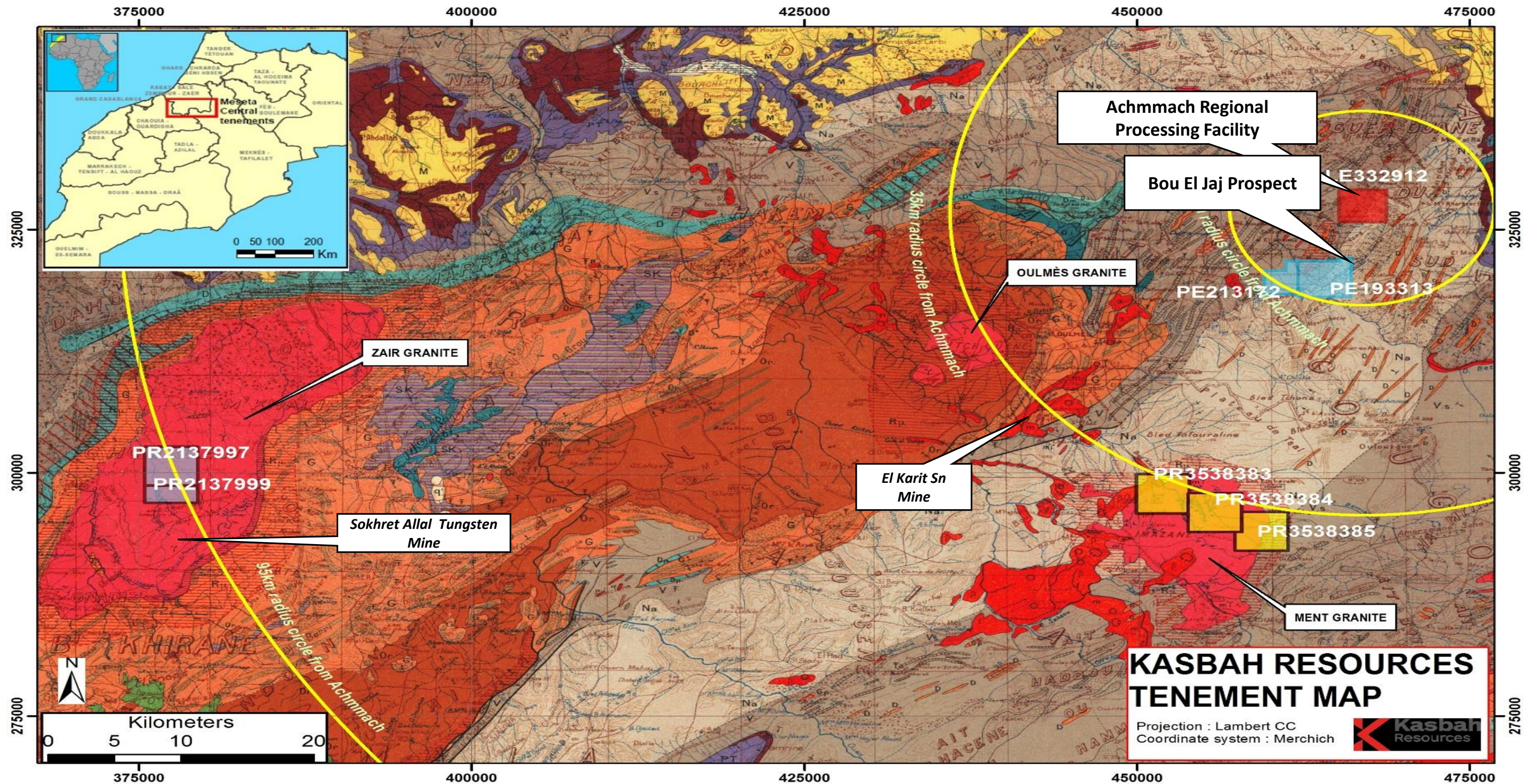
Extensional Exploration – Meknes Trend



Extensional Exploration – Sidi Addi Trend



Regional Tenements - Exploration Prospects



Next Steps: 3-6 Months



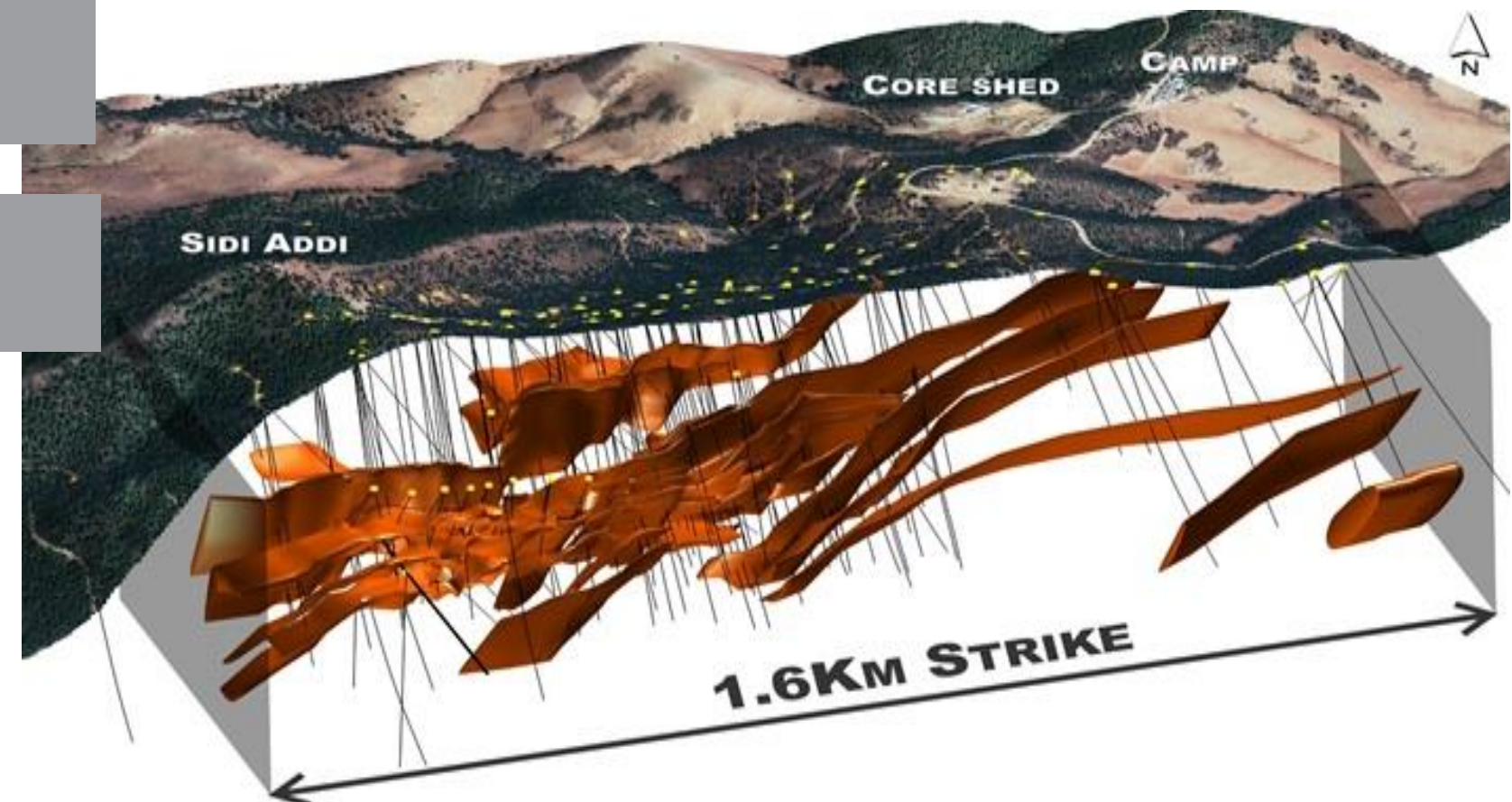
Complete FEED with Ausenco through Feb 2019

Secure Project Funding and offtake

Select and Secure EPC Engineer

Select and Secure Mining Contractor

Secure Investment Agreement With Morocco





Strong board and management team, supportive investors & JV partners

One of the world's largest and most advanced undeveloped tin projects

2018 DFS complete, Attractive NPV (US\$98m) and IRR (23%)

Long mine-life, Low cost conventional processing

Rising tin prices driven by demand growth and declining production

Mining-friendly, “Non-Conflict” jurisdiction at the Gateway to Europe

Leverage to growth in battery/ EV/ renewable energy market

Entitlement Offer Summary



Term	
Target Raising Amount	A\$2.5m
Issue Price	A\$0.095 (9.5 cents) per share
Issue Ratio	1 (one) new fully paid ordinary share for every 4 shares held at the Record Date
Maximum number of shares to be issued	26,501,137 shares
Raising Structure	Underwritten, non-renounceable and non-accelerated entitlement offer
Underwriting Structure	<ul style="list-style-type: none">• Underwritten by Taylor Collison• Pala Investments Limited (21.2%) has committed to take up its full entitlement and has agreed to sub-underwrite the balance of the offer• Pala’s sub-underwriting to be reduced to the extent that other sub-underwriting commitments are obtained during the sub-underwriting invitation period
Subscriptions, oversubscriptions and Shortfalls	<p>Allocations to occur in the following order of priority:</p> <ul style="list-style-type: none">• Take up of pro rata entitlements by existing shareholders. This includes Pala.• Eligible shareholders will then have the opportunity to apply for additional new shares in excess of their pro-rata entitlement (provided they subscribe for their full entitlement). This excludes Pala. Shortfall shares will be issued on a pro rata basis to existing shareholdings provided that a shareholder’s resulting voting power in Kasbah does not exceed 19.9%.• Opportunity will be provided for non-shareholders to bid into the shortfall book. These allocations will be made by Taylor Collison through discussion with Kasbah.• Issue of shares to sub-underwriters being those who have provided commitments to Taylor Collison during the sub-underwriting invitation period and Pala. Allocations to its sub-underwriters will be on a pro rata basis to the amounts sub-underwritten. <p>Raising has been structured to maximise the opportunity for participation by existing and new shareholders. Sub-underwriting support from Pala is welcomed and ensures the success of the capital raising.</p> <p>Further detail on the Entitlement Offer is contained in the Entitlement Offer announcement and Entitlement Offer Booklet (both dated 31 January).</p>

Timetable



ASX announcement of Entitlement Offer	Thursday, 31 st January 2019
Record date for Entitlement Offer	5.00pm (WST) Tuesday, 5 th February 2019
Offer Booklet sent to shareholders and Entitlement Offer opens	Thursday, 7 th February 2019
Sub-Underwriting Invitation Period Ends	5.00pm (WST) Monday, 11 th February
Entitlement Offer closes	5.00pm (WST) Wednesday, 27 th February 2019
Allocation of Shortfall Shares	Friday, March 1 st – Tuesday, 27 th February 2019
Shares quoted on a deferred settlement basis	Thursday, 28 th February 2019
Shortfall Notification Date – Advise ASX of shortfall Offer	Monday, 4 March 2019
Issue of New Shares	Wednesday, 6 th March 2019
Despatch of holding statements for New Shares under the Entitlement Offer and normal trading of New Shares commences	Thursday, 7 th March 2019

The above timetable is indicative only and subject to change.

COMPETENT PERSONS STATEMENT



The July 2018 Ore Reserve estimate is based on work completed by Mr Matt Keenan, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Keenan is a full time employee of Entech Pty Ltd and has sufficient experience which is relevant 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'. Mr Keenan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Ore Reserve estimate is based on JORC-compliant Mineral Resource estimates which are unchanged from the most recent previous Ore Reserve estimate announced in July 2016. These Mineral Resources were estimated by independent geological consultants Quantitative Group Pty Ltd (QG) (Job, 2013 and Job, 2014). This Ore Reserve estimate represents the unmined Mineral Resources, with modifying cost and mining factors applied. Geotechnical input was provided by independent geotechnical consultants Mining One Pty Ltd to a DFS level of detail.

The information in this announcement that relates to Kasbah Resources Limited's Mineral Resource estimates for the Achmmach Tin Project is based on information compiled by Michael Job, who is a full time employee of Quantitative Group 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.

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. No further drilling on these areas has taken place post these announcements.

CONTACT



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Mandate Corporate

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E: james@mandatecorporate.com.au

admin@kasbahresources.com



3 FURTHER DETAILS OF THE ENTITLEMENT OFFER

3.1 Minimum subscription

There is no minimum subscription for the Entitlement Offer. The Entitlement Offer is underwritten on the terms detailed in Section 3.6.

3.2 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Entitlement Offer is determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Entitlement Offer Booklet.

Acceptance of a completed Entitlement and Acceptance Form and Application Monies, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If an Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3.3 No rights trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other person. If you do not take up your Entitlement by the Closing Date, your Entitlement will lapse.

3.4 Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Entitlement Offer Booklet (**Shortfall Offer**).

Under this Entitlement Offer Booklet, the Company offers to issue the Shortfall Shares to investors at \$0.095 per Shortfall Share, being the same price per share as the New Shares offered under the Entitlement Offer.

Eligible Shareholders who have taken up all of their Entitlement may apply for additional New Shares (being the Shortfall Shares) under the Shortfall Offer by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 4.1(b) for further details).

In addition, new professional or sophisticated investors that meet the Underwriter's AML/KYC policies will be permitted to bid into a bookbuild, managed by the Underwriter, to take remaining Shortfall Shares following allocation of Shortfall Shares to Eligible Shareholders (in priority to the sub-underwriters).

See Section 3.5 for further details on the Shortfall allocation policy.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors (subject to the agreement of the Underwriters) reserve the right to extend the date that the Shortfall Offer closes by up to three months after the Closing Date, without prior notice.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Closing Date.

3.5 Shortfall allocation policy

Unless otherwise agreed between the Company and the Underwriter, if there is a Shortfall, the Company will allocate Shortfall Shares according to the following priority:

- (a) Each Eligible Shareholder who has applied for Shortfall Shares through the Shortfall Offer will be allocated the number of Shortfall Shares they have applied for, subject to the allocation not resulting in any person's voting power in the Company increasing from 20% or below to more than 20%, or from a starting point that is above 20% and below 90% in breach of section 606 of the Corporations Act. Pala may not apply for Shortfall Shares under the Shortfall Offer. If there is an oversubscription for Shortfall Shares, the Company will scale back allocations for Shortfall Shares pro rata to existing shareholdings between Eligible Shareholders applying for Shortfall Shares.
- (b) If, following the allocation in paragraph (a), there remains Shortfall Shares that have not been applied for by Eligible Shareholders, the Company and the Underwriter may allocate those unallocated Shortfall Shares to new professional and sophisticated investors who have bid into the bookbuild managed by the Underwriter referred to in Section 3.4 above.
- (c) If following the allocation in paragraph (b), there remains a Shortfall, those unallocated Shortfall Shares will then be allocated to the Underwriter in accordance with the Underwriting Agreement. The Underwriter intends to allocate these Shortfall Shares to its sub-underwriters (being those sub-underwriters who provided sub-underwriting commitments during the sub-Underwriting Invitation Period discussed in Section 3.6 below as well as Pala) on a pro rata basis to the amounts sub-underwritten.

3.6 Underwriting

The Entitlement Offer is underwritten by Taylor Collison Limited (the **Underwriter**) pursuant to the Underwriting Agreement. The Underwriter has agreed to underwrite the balance of the Entitlement Offer excluding the amount of Pala's Entitlement (21.2%), which Pala has committed to take up. Pala has committed to the Underwriter to fully sub-underwrite the remainder of the Entitlement Offer for no fee.

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Shortfall Shares remaining after the Company has determined which New

Shares it will issue in accordance with the allocation policy details in Section 3.5, at the issue price of \$0.095 per Shortfall Share.

The obligations of the Underwriter with respect to the Entitlement Offer are subject to a number of conditions precedent, including:

- (a) the due diligence questionnaire provided by the Company to the Underwriter not being withdrawn or varied without the prior written consent of the Underwriter (which consent may not be unreasonably withheld or delayed), on or prior to 9.30am (Adelaide time) on the Settlement Date; and
- (b) the Underwriter receiving a certificate by not later than 8.30am (Adelaide time) on the Settlement Date which contains statements confirming that the Company has complied with all obligations required by law in respect of the Offers, that the Company has complied with its obligations under the Underwriting Agreement, including that its representations or warranties remain true, correct and not misleading or deceptive, and no termination event under the Underwriting Agreement has occurred.

The Company has agreed to pay the Underwriter a management fee of \$50,000 and an underwriting fee of 4% on the proceeds of the Entitlement Offer committed by sub-underwriters other than Pala.

The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of the events described in the Schedule of this Entitlement Offer Booklet occurs at any time prior to the Closing Date.

The Underwriting Agreement also contains a number of representations and warranties from the Company and the Underwriter that are considered standard for an agreement of this type.

Pala Sub-Underwriting

The Underwriter and Pala have entered into a sub-underwriting agreement pursuant to which Pala has agreed to sub-underwrite the Entitlement Offer (except for its full Entitlement under the Entitlement Offer which it has committed to take up) and to subscribe for any Shortfall Shares allocated to it by the Underwriter pursuant to the sub-underwriting agreement.

The sub-underwriting agreement also provides that the Underwriter has until 11 February 2019 (the **Sub-Underwriting Invitation Period**) to invite sub-underwriting commitments from other parties.

Pala's sub-underwriting obligations will be reduced by the Underwriter to the extent unallocated Shortfall Shares are allocated to new professional and sophisticated investors who have bid into the bookbuild and to the extent of any sub-underwriting commitments obtained during the Sub Underwriting Invitation Period.

3.7 Pala's commitment to take up its Entitlement

The Company's major shareholder, Pala (21.2%) has committed to take up its Entitlement in full under the Entitlement Offer (in addition to agreeing with the Underwriter to sub-underwrite the remainder of the Entitlement Offer).

3.8 Dilution and potential effect on control

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted in line with the examples set out in the table below:

Example Shareholder	Holding as at Record Date	% as at record Date	Entitlement under Entitlement Offer	Holding if Entitlement not taken up	% following allotment of New Shares
Shareholder 1	10,000	0.0094%	2,500	10,000	0.0075%
Shareholder 2	20,000	0.0189%	5,000	20,000	0.0151%
Shareholder 3	50,000	0.0472%	12,500	50,000	0.0377%
Shareholder 4	100,000	0.0943%	25,000	100,000	0.0755%

(a) Pala

As at the date of this Entitlement Offer Booklet, Pala is a substantial Shareholder and has a relevant interest in 22,472,121 Shares (constituting a voting power of 21.20%). Pala has agreed to subscribe for its full Entitlement and sub-underwrite the Entitlement Offer, as described in Section 3.6.

The following tables show the number of Shares held by, and approximate voting power of, Pala after completion of the Offers, assuming different levels of acceptances by Eligible Shareholders and that no Eligible Shareholders or other investors apply for additional shares under the Shortfall Offer.

(b) Entitlement Offer assuming various levels of Shortfall

Whilst Pala has advised the Company that it has no present intention to exercise its conversion right under the Pala Convertible Loan, Pala reserves its right to convert and the potential resulting shareholdings of Pala are shown in the table below.

Pala Convertible Loan Scenarios	Pala % holding in the Company's ordinary shares	Post Entitlement Offer % shares issued under Pala sub-underwriting arrangement		
		0%	50%	100%
Pala ordinary shareholding assuming Convertible Loan not converted	21.2%	21.2%	29.1%	37.0%
Pala shareholding assuming Pala Convertible Loan converted on 31-Jan-2019	43.9%	40.5%	46.5%	52.4%
Pala shareholding assuming Pala Convertible Loan converted on 31-Dec-2020	48.4%	44.6%	50.1%	55.7%

Notes:

- 1 Pala has provided an irrevocable commitment to take up its full entitlement (21.20%) under the Entitlement Offer and has agreed to further support the

Entitlement Offer by sub-underwriting the remainder of the Entitlement Offer to the extent other sub-underwriters are not obtained during the Sub-Underwriting Invitation Period. See sections 3.4, 3.5 and 3.6 for details on how the Shortfall Offer will be allocated.

- 2 Pala's shareholding assuming the Pala Convertible Loan converted on 31 January 2019 is based on the Pala Convertible Loan having an outstanding balance of \$5.16 million as at 31 January 2019.
- 3 The extension of the Pala Convertible Loan until 31 December 2020 is at Kasbah's election only. The calculations above are based on the assumption that Pala converts the Pala Convertible Loan on 31 December 2020 with all interest and fees capitalised, resulting in a Pala Convertible Loan balance of \$6.71 million and a maximum number of shares that can be issued under the Pala Convertible Loan of 55,900,359.

The potential effect that the issue of Shares under the Entitlement Offer will have on Pala's control of the Company depends on a number of factors, including the extent to which:

- (i) Eligible Shareholders take up their Entitlements under the Entitlement Offer;
- (ii) Eligible Shareholders participate in the Shortfall Offer;
- (iii) new professional and sophisticated investors participate in the Shortfall Offer; and
- (iv) sub-underwriting commitments are obtained during the Sub-Underwriting Invitation Period.

It is not possible for the Directors of the Company to predict the outcome of Pala's control of the Company, however, a non-exhaustive list setting out the potential control effects is set out below:

- (v) Eligible Shareholders who do not subscribe for their full Entitlement will be diluted relative to those Shareholders who subscribe for their full Entitlement;
- (vi) Eligible Shareholders are entitled to top up their shareholding in the Company by participating in the Shortfall Offer subject to the allocation not resulting in any person's increase in voting power being in breach of section 606 of the Corporations Act; and
- (vii) if all Eligible Shareholders do not take up their full Entitlement and any Shortfall and new professional and sophisticated investors do not participate in the Shortfall Offer, Pala will increase its shareholding in the Company due to being a sub-underwriter.

3.9 Future Intentions of Pala

Pala has informed the Company that its intentions mentioned in this section are based on the facts and information regarding the Company, its business and the general business environment which are known to Pala as at the date of this Entitlement Offer Booklet which is limited to publicly available information. Any future decisions regarding these matters will only be made based on all material information and circumstances at the relevant time. Accordingly, the statements set

out below are statements of present intention only which, if circumstances change or new information becomes available in the future, could change accordingly.

Pala has advised the Company that it has no present intention of:

- (a) **Pala Convertible Loan:** exercising its conversion rights under the Pala Convertible Loan.
- (b) **Financial and dividend policy:** seeking to change the financial or dividend policies of the Company.
- (c) **Business of the Company:** requesting that the Company change its strategic direction or operational priorities.
- (d) **Further capital:** injecting further capital into the Company.
- (e) **Employees:** seeking to change the Company's current employee arrangements.
- (f) **Transfer of property:** it or its Associates seeking to acquire any of the Company's assets or transferring any of Pala's (or its Associates) assets to the Company.
- (g) **Redeployment of fixed assets:** redeploying the fixed assets of the Company.

3.10 Ineligible Shareholders

No Offers will be made to Shareholders with a registered address outside Australia, New Zealand, Mauritius, Thailand, Jersey or Switzerland (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Offers to the Ineligible Shareholders due to a small number of such Shareholders and the number and value of New Shares these Shareholders would be offered, the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, Mauritius, Thailand, Jersey or Switzerland and the administrative burden that will place on the Company in making the Offers available to Shareholders outside Australia, New Zealand, Mauritius, Thailand, Jersey or Switzerland.

This Entitlement Offer Booklet and the Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In order to permit acquisitions of Shares under the Entitlement Offer via underwriting and sub-underwriting, even if to do so would result in such a person acquiring a relevant interest in Shares exceeding 20%, the Company must comply with section 615 of the Corporations Act. In order to comply with section 615 of the Corporations Act, the Company will appoint a nominee approved by ASIC (**Nominee**) to subscribe for the New Shares that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will, at the issue price of \$0.095, issue to the Nominee the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Shares**);
- (b) the Nominee will then sell the Nominee Shares at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly, there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Shares at any particular price or the timing of such sale.

3.11 Opening and closing dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Eligible Shareholders from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors shall determine, subject to the Listing Rules.

A completed Application Form, or payment made by BPAY®, must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their Application Form or BPAY® payments are received by the Company on or before the Closing Date.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors reserve the right (subject to the agreement of the Underwriters) to extend the date that the Shortfall Offer closes by up to three months after the Closing Date, without prior notice.

3.12 Issue and Dispatch

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

The issue of New Shares and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

3.13 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Entitlement Offer Booklet until the New Shares are issued. All Application Monies will be

returned without interest in accordance with the Corporations Act if the New Shares are not issued.

3.14 Rights and liabilities attaching to New Shares

The New Shares will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The Company does not currently intend to pay any dividends. Payment of dividends by the Company will be at the discretion of the Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs.

3.15 ASX quotation

Application will be made to ASX no later than seven days after the date of this Entitlement Offer Booklet for Official Quotation of the New Shares. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Entitlement Offer Booklet (or such period as the ASX allows), no New Shares will be issued or allotted under the Offers and the Company will return all Application Monies without interest in accordance with the Corporations Act.

ASX takes no responsibility for the contents of this Entitlement Offer Booklet. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the New Shares.

3.16 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Entitlement Offer Booklet, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Entitlement Offer Booklet and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their

shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.17 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Entitlement Offer Booklet is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.kasbahresources.com or the ASX website www.asx.com.au.

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the websites of the Company and ASX.

3.18 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

3.19 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the risks applicable to the Company detailed in Section 5, Eligible Shareholders should be aware that an investment in the New Shares should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Entitlement Offer Booklet in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

3.20 Withdrawal

The Directors may at any time decide to withdraw this Entitlement Offer Booklet and the Offers, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

3.21 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

3.22 Cleansing Statement

The Company lodged a Cleansing Statement with ASX on 31 January 2019. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

3.23 Enquiries concerning Entitlement Offer Booklet or Entitlement and Acceptance Form

If you have any questions in relation to this Entitlement Offer Booklet or the Entitlement and Acceptance Form, please contact the Company Secretary of Kasbah, Keith Pollocks, on +61 3 9482 2223.

4 ACTION REQUIRED BY APPLICANTS

4.1 Eligible Shareholders

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Shareholders are entitled to is shown on the personalised Entitlement and Acceptance Form accompanying this Entitlement Offer Booklet.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may:

- accept all of your Entitlement (refer to Section 4.1(a));
- accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares (refer to Section 4.1(b));
- accept part of your Entitlement and allow balance to lapse (refer to Section 4.1(c));
- allow all of your Entitlement to lapse (refer to Section 4.1(d)).

(a) **Acceptance of ALL of your Entitlement under the Entitlement Offer**

If you wish to accept your Entitlement in full, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Entitlement Offer Booklet and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.095 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 4.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Deliver Address
Kasbah Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	Kasbah Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

(b) **Acceptance of ALL of your Entitlement and applying for Shortfall Shares**

If you wish to accept your Entitlement in full and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, you should complete the Entitlement and Acceptance Form in accordance with the

instructions contained in this Entitlement Offer Booklet and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.095 per New Share accepted under the Entitlement Offer and applied for under the Shortfall Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 4.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Deliver Address
Kasbah Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	Kasbah Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

(c) **Acceptance of PART of your Entitlement and allowing the balance to lapse**

If you wish to accept part of your Entitlement and allow the balance to lapse, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Entitlement Offer Booklet and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.095 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 4.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Deliver Address
Kasbah Resources Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	Kasbah Resources Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

(d) **Allowing all of your Entitlement to lapse**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept your

Entitlement. However, your percentage shareholding in the Company will be diluted.

(e) **Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement, please contact the Company Secretary of Kasbah, Keith Pollocks, on +61 3 9482 2223.

4.2 Ineligible Shareholders

If you are an Ineligible Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 3.9 for treatment of Ineligible Shareholders.

4.3 Payment

The offer price of New Shares under the Offers is \$0.095 per New Share.

Application Monies must be received by the Company by 5.00pm (WST) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Kasbah Resources Limited' and crossed 'Not Negotiable'.

Eligible Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY® must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

4.4 Representations by Applicants

By completing and returning an Application Form or by paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Entitlement Offer Booklet and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Entitlement Offer Booklet and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Entitlement Offer Booklet and the Constitution;

- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form at the issue price of \$0.095 per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Entitlement Offer, declare that you were the registered holder at 5.00pm (WST) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5.00pm (WST) on the Record Date;
- (k) acknowledge and agree that determination of eligibility of investors for the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company;
- (l) acknowledge the statement of risks in Section 5 and that an investment in the Company is subject to risk;
- (m) represent and warrant that the law of any place does not prohibit you from being given this Entitlement Offer Booklet and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Entitlement Offer, that you are eligible to do so;
- (n) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (o) understand and acknowledge that the New Shares have not been, nor will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (p) agree not to send this Entitlement Offer Booklet, an Application Form or any other material relating to the Offers to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States; and

- (q) agree that if in the future you decide to sell or otherwise transfer your New Shares you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a person in the United States.

4.5 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

5 RISKS

5.1 Introduction

The New Shares are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Entitlement Offer Booklet, before deciding whether to accept their Entitlement or otherwise apply for New Shares.

The following list of risks ought not to be taken as an exhaustive list of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

5.2 Specific investment risks

(a) Nature of mineral exploration and mining

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties, these include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire explosions and other incidents beyond the control of the Company.

For example, unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in the Company not receiving an adequate return on invested capital.

The Company's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of minerals, including:

- (i) unusual and unexpected geologic formations;
- (ii) seismic activity;
- (iii) rock bursts;
- (iv) cave-ins or slides;
- (v) flooding
- (vi) periodic interruptions due to inclement or hazardous weather conditions; and
- (vii) other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other production facilities, personal injury or deaths, damage to property, environmental damage and possible legal liability. Milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

(b) **Future capital requirements**

Kasbah will require additional financial resources to continue funding its future expansion and the development of its projects.

In particular, Kasbah shareholders should be aware that further capital will be required to fund the Company's share of the equity funding required for the Achmmach Tin Project. This requirement will be triggered should a final investment decision to proceed with the Achmmach Tin Project occur.

Kasbah will determine the most appropriate structure for raising those additional funds at the relevant time, but to the extent those funds are raised through the issue of equity securities, the percentage ownership of the current Shareholders may be reduced.

No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to Kasbah or Shareholders. Kasbah may in the future raise additional funds through public or private financing.

If additional funds are raised through the issue of equity securities, the percentage ownership of the current Shareholders may be reduced and such securities may, subject to requisite Shareholder approval, have rights, preferences or privileges senior to those of the holders of Kasbah's securities then in issue.

If the additional funds are raised through the sale (or new issue) of equity in the Achmmach Tin Project, then the Company's percentage ownership of the Achmmach Tin Project may be reduced.

If adequate funds are not available to satisfy either short or long-term capital requirements, Kasbah may be required to limit its operations significantly.

(c) **There may not be a liquid market for shares**

Further to the “Future capital requirements” risk set out in Section 5.2(b) above, the Company currently owes \$5.16 million to Pala (as at 30 January 2019) pursuant to the Pala Convertible Loan. The Pala Convertible Loan is due for repayment on 31 December 2019 (provided that the Company may exercise an option to extend the repayment date to 31 December 2020).

Under the terms of the Pala Convertible Loan, Pala may convert amounts owing to it under the Pala Convertible Loan to Shares (at a conversion price of \$0.12 per Share) by giving notice to the Company. If Pala elects to exercise its conversion rights following completion of the Entitlement Offer, then its maximum voting power in the Company will be 55.7%.³

Pala’s shareholding may impact on the liquidity of Kasbah Shares and may also allow Pala to exert significant influence over the outcome of matters relating to Kasbah, including the election of directors and approval of transactions. As disclosed by the Company on 19 December 2016, Pala currently has the right to appoint two representatives to the Kasbah board for so long as Pala holds a 10% interest in Kasbah on a fully diluted basis, and one nominee for so long as it holds a 5% interest on a fully diluted basis. Under the Pala Convertible Loan, Pala also has certain consent rights in relation to the Company’s affairs (including approving the Company’s budget) and the right to require the Company to grant specific security over its assets whilst the loan remains outstanding.

The interests of Pala may be different from the interests of the Company’s other shareholders.

(d) **Commodity price volatility**

Revenues of the Company will predominantly be derived from the sale of tin concentrates. Consequently, any future earnings of the Company are likely to be closely related to tin. Commodity prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other foreign currencies, global and regional supply and demand, and political and economic conditions. The price of tin and other base metals has fluctuated widely in recent years, and future price declines could cause any future development and commercial production to be impracticable. Depending on the price of tin, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue any development.

³ This assumes that Pala participates in the Entitlement Offer for its full entitlement and sub-underwriters the Entitlement Offer to maximum extent. See Section 3.8 of this Entitlement Offer Booklet for further details regarding the possible voting power outcomes for Pala under the Entitlement Offer.

(e) **Joint venture risks in relation to the Achmmach Tin Project**

The Achmmach Tin Project is the subject of joint venture arrangements with other parties and will be subject to the risks normally associated with the conduct of joint ventures.

In particular, Kasbah holds a 75% shareholding in Atlas Tin SAS, being the holding vehicle for joint ownership of the Achmmach Tin Project. Under the Atlas Tin SAS shareholder agreement, certain decisions require an affirmative vote of shareholders holding at least 80% of the shares in Atlas Tin SAS or a unanimous decision.

Under the Atlas Tin SAS shareholders agreement, a final investment decision to proceed with the development of Achmmach Tin Project requires the unanimous support of the current Atlas Tin SAS shareholders (provided that Kasbah may elect to exercise a call option in relation to any Atlas Tin SAS shareholder that votes against a final investment decision to proceed that is supported by Kasbah).

There can be no guarantee that current (or any future) shareholders in Atlas Tin SAS will support any particular decision or development plan in respect of the Achmmach Tin Project.

The existence or occurrence of one or more of the following circumstances and events could have a material adverse effect on the viability of the Company's interest held through the Atlas Tin SAS shareholders agreement, which could have a material adverse effect on the Company's future growth, results of operations and financial conditions:

- (i) inability to exert influence over certain strategic decisions made in respect of the Achmmach Tin Project;
- (ii) an Atlas Tin SAS shareholder having economic or business interests or goals that are, or become, inconsistent with the Company's business interests or goals;
- (iii) bankruptcy of an Atlas Tin SAS shareholder;
- (iv) disagreement between Atlas Tin SAS shareholders on how to develop and operate the Achmmach Tin Project efficiently;
- (v) inability of an Atlas Tin SAS shareholder to meet their obligations to Atlas Tin SAS under the Atlas Tin SAS shareholders agreement or to third parties; and
- (vi) litigation between Atlas Tin SAS shareholders regarding the activities of Atlas Tin SAS.

(f) **Extension of ESIA condition**

Further to the "Sovereign risk" risk set out in Section 5.2(h) below and the "Licences and permits" risk set out in Section 5.2(k) below, it is a condition of the Environmental and Social Impact Assessment (**ESIA**) for the Achmmach Tin Project that construction of the Achmmach Tin Project commences by 31 December 2019.

To the extent that Kasbah concludes construction of the Achmmach Tin Project will not commence by 31 December 2019, the Company (via Atlas Tin SAS) will need to seek an extension to the period for satisfying this condition of the ESIA from the relevant Moroccan authorities. If an extension is required, there is no guarantee that the extension will be granted.

(g) **Infrastructure, energy and commodity risk**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Company's inability to secure adequate water and power resources, as well as other events outside of the Company's control, such as unusual or infrequent weather phenomena, sabotage, community, or government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations, financial condition and results of operations.

(h) **Sovereign risk**

The Achmmach Tin Project is located in the North African Kingdom of Morocco. The Company has long standing relationships with key government stakeholders. Irrespective of these long standing relationships, the Company may be affected by possible political or economic instability in Morocco. There can, for example, be no assurance that future political and economic conditions in Morocco will not result in the government adopting policies in respect of foreign ownership and development of interests in mineral resources.

The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in Morocco may prevent, hinder or delay the Company's business activities and render the Achmmach Tin Project unprofitable by preventing or impeding future property exploration, development or mining. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization of property or businesses, expropriation of property, maintenance claims, environmental legislation, land use, land claims of local people, water use and mine safety.

All of these factors are inherent with any mining investment in any jurisdiction and may, in the future, adversely affect the financial performance of the Company and the market price of its securities. No assurance can be given regarding future stability in Morocco or any other country in which the Company has an interest.

(i) **Key Personnel Risk**

The Company's success will be largely dependent upon the performance of its key officers, employees and consultants. Locating and developing

mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The Company's success will largely be dependent on the performance of its key personnel. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

(j) **Ore Reserves and Mineral Resource estimates**

The figures for Ore Reserves and Mineral Resources are estimates only and no assurance can be given that the anticipated tonnages and grade will be achieved, that the indicated level of recovery will be realised or that Ore Reserves or Mineral Resources can be mined or processed profitably. There are numerous uncertainties inherent in estimating Ore Reserves and Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Ore Reserves and Mineral Resources, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that tin recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

(k) **Licences and permits**

Exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted often depends on the Company being successful in obtaining statutory approvals for the proposed activities and that the licences, concessions, leases, permits or regulatory consents the Company holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

In addition, there are risks attached to exploration and mining operations in a developing country which are not necessarily present in a developed country. These include economic, social or political instability or change, hyperinflation, currency instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties as well as government control over mineral properties. Any future material adverse changes in government policies, representatives or legislation that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company's rights to title or tenure.

(l) **Commercial agreements**

Development of the Achmmach Tin Project will require commercial agreements to be entered into with third parties and in a number of instances, with approval of the shareholders in Atlas Tin SAS other than Kasbah (see the “Joint venture risks in relation to the Achmmach Tin Project” set out in Section 5.2(e) above). Some examples include the appointment of key contractors for the construction and operation of the Achmmach Tin Project, offtake agreements and an investment agreement with the Moroccan government.

A number of the required agreements may be complicated and require significant time and resources to negotiate and finalise (both with third parties and the other shareholders in Atlas Tin SAS). Delays in entering into key commercial agreements or an inability to enter into those agreement on appropriate commercial terms (or at all) may negatively impact the viability or profitability of the Achmmach Tin Project.

(m) **Results of FEED Study**

As announced by the Company on 7 November 2018, the Company as appointed Ausenco Services Pty Ltd to undertake the FEED study work for the Achmmach Tin Project. The outcome of the FEED study is not currently known. The value of the Achmmach Tin Project and the Company’s share price may be negatively affected if the FEED study contains unfavourable conclusions.

(n) **Competition**

The mining industry is intensely competitive in all of its phases and the Company will compete with many companies possessing greater financial and technical resources than the Company. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop and operate such properties, the labour to operate the properties, and the capital for the purpose of funding such properties. Many competitors not only explore for minerals but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

(o) **Environmental Risk**

The exploration for minerals, development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If the Company is responsible for any environmental damage, the Company may incur substantial remediation costs or liabilities to third parties.

The Company is involved in operations that are subject to environmental and safety regulation (including regular environmental impact assessment

and permitting). These include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which the Company may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the Company.

(p) **Insurance**

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Company's earnings and competitive position in the future and, potentially, its financial position.

(q) **Dividends**

Payment of future dividends by the Company will be at the discretion of the Company's Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs. As a result, shareholders may have to rely on capital appreciation, if any, to earn a return on investment in the Company in the foreseeable future. Furthermore, the Company may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends.

(r) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Morocco, or any other country where the Company may acquire economic interests, may affect the viability and profitability of the Company.

Changes in relevant tax, legal and administrative regimes and government policies in Morocco may adversely affect the financial performance of the Company.

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupation health, mine safety, toxic substances, land use and other matters. Many of these laws require government approvals, licences and permits. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned activities.

Future earnings and asset values may be affected by changes in law and government policy in Morocco and in particular changes to taxation law (including, as relevant, stamp duty and goods and services tax, or their local equivalent).

(s) **Currency risk**

Currency fluctuations will affect the cash flow that the Company may realise from its operations, as mineral production will be sold in the world market in US\$. Currency fluctuations will also have an effect on exploration and development costs. Costs will be denominated in currencies other than US\$, for example the Dirham, which is the national currency of Morocco where the Achmmach Tin Project is based. The Company may also be subject to fluctuations in the foreign currency exchange rates between the United States dollar and the Australian dollar. Fluctuations in exchange rates that the Company is exposed to will cause fluctuations in its financial results which are not necessarily related to the Company's underlying operations.

(t) **Conflict of interest**

Certain of the Company's directors are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in companies, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors may conflict with the Company's interests. The Company's directors with conflicts of interest must be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(u) **Litigation**

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to its business. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs associated with litigation can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process and dealings with the regulatory bodies, there can be no assurance that

the resolution of any particular legal or regulatory proceeding will not have a material adverse effect on the Company's future cash flow, results of operations or financial condition.

5.3 General investment risks

(a) Price of Shares

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- (i) fluctuations in the domestic and international markets for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- (iii) fiscal, monetary or regulatory policies, legislation or regulation;
- (iv) inclusion in or removal from market indices;
- (v) the nature of the markets in which the Company operates;
- (vi) general operational and business risks;
- (vii) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (viii) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

(b) Tax law and application

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's

view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries in which the Company operates) and / or any changes in tax rules and tax arrangements (again in Australia or other countries in which the Company operates) may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(c) **Force majeure events**

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(d) **Accounting standards**

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(e) **Shareholder dilution**

In the future, the Company may elect to issue further Shares in connection with fundraisings, including to raise proceeds for acquisitions or in lieu of cash consideration for services performed by service providers. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(f) **Future acquisitions and joint ventures**

From time to time the Company may undertake acquisitions or enter into joint ventures consistent with its stated growth strategy. The successful

implementation of acquisitions or joint ventures will depend on a range of factors including funding arrangements, cultural compatibility and integration. To the extent acquisitions are not successfully integrated with the Company's business, the financial performance or prospects of the Company could be negatively affected. Depending on a range of factors at the time of any future acquisition or entry into a joint venture, including the Share price, the Company's financial position and performance and the nature of the acquisition, the Company may decide that it is in the best interests of the Company and Shareholders to fund the acquisition through the issue of further Shares. If this were to occur, Shareholders may be diluted.

The Australian Competition and Consumer Commission is responsible for administering Australia's competition laws. Equivalent regulators exist in many foreign jurisdictions in which the Company has operations or material customers or suppliers. Potential acquisitions may be restricted if they would have, or would be likely to have, the effect of substantially lessening competition in a market. This may constrain the Company's growth strategy, from time to time.

Acquisitions, joint ventures or partnerships may have a significant impact on capital and operating expenditure, particularly in establishment or expansion phases. There may be a delay until any anticipated revenue for the acquisition or expansion impacts the Company's financial input, so that expenditure has an adverse impact on results in the interim.

(g) Expected future events may not occur

Certain statements in this Entitlement Offer Booklet constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this Entitlement Offer Booklet, that a particular outcome or future event is guaranteed.

(h) Trading in Shares may not be liquid

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market or the Shares become illiquid, the Shareholders will be unable to realise their investment in the Company.

(i) General economic and financial market conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for

the Company's products and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

5.4 Investment highly speculative

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.

6 GLOSSARY

In this Entitlement Offer Booklet, unless the context otherwise requires:

\$ means Australian dollars.

AAS has the meaning given to that term in Section 5.3(d).

AASB means the Australian Accounting Standards Board.

Applicant means a person who submits Application Form.

Application means a valid acceptance of New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or a valid application for Shortfall Shares under the Shortfall Offer made pursuant to an Entitlement and Acceptance Form or a Shortfall Application Form (as applicable).

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

Associates has the meaning given to that term in sections 11 and 13 to 17 (inclusive) of the Corporations Act.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CHESS means ASX Clearing House Electronic Subregistry System.

Cleansing Statement means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means the date referred to as such in the Indicative Timetable.

Company or **Kasbah** means Kasbah Resources Limited ACN 116 931 705.

Constitution means the constitution of the Company as at the date of this Entitlement Offer Booklet.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Shareholder means a person who:

- (a) is a Shareholder at 5.00pm (WST) on the Record Date;
- (b) has a registered address in Australia, New Zealand, Mauritius, Thailand, Jersey or Switzerland as recorded with the Share Registry as at the Record Date; and

- (c) is not in the United States, and is not acting for the account or benefit of a person in the United States (to the extent such person holds ordinary shares of the Company for the account or benefit of such person in the United States).

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Entitlement Offer Booklet, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to that term in Section 1.2 (and, for the avoidance of doubt, includes the New Shares to be issued to the Nominee).

Entitlement Offer Booklet means this Entitlement Offer Booklet dated 31 January 2019.

FEED means front end engineering design.

Indicative Timetable means the indicative timetable on page 8 of this Entitlement Offer Booklet.

Ineligible Shareholder has the meaning given to that term in Section 3.10.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the official listing rules of ASX.

JORC Code means the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mineral Resource has the meaning given in the JORC Code.

New Share means a Share offered pursuant to this Entitlement Offer Booklet.

Nominee has the meaning given to that term in Section 3.9.

Nominee Shares has the meaning given to that term in Section 3.9.

Offers means the Entitlement Offer and Shortfall Offer.

Official Quotation means quotation of Shares on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Ore Reserve has the meaning given in the JORC Code 2012 Edition.

Pala means Pala Investments Limited.

Pala Convertible Loan means the Loan Agreement between the Company and Pala dated 15 October 2018 (and described in further detail in Kasbah's notice of meeting dated 19 November 2018).

Record Date means the date referred to as such in the Indicative Timetable.

Settlement Date means 5 March 2019.

Schedule means the schedule to this Entitlement Offer Booklet.

Section means a section of this Entitlement Offer Booklet.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of Shares.

Share Registry means Link Market Services Limited.

Shortfall means the New Shares not applied for under the Entitlement Offer.

Shortfall Application Form means the application form attached to, or accompanying this Entitlement Offer Booklet, to be used for the purposes of applying for Shortfall Shares under the Shortfall Offer.

Shortfall Offer has the meaning given to that term in Section 3.4.

Shortfall Shares means the New Shares constituting the Shortfall.

Sub-Underwriting Invitation Period has the meaning given to that term in Section 3.6.

Underwriter means Taylor Collison Limited.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 31 January 2019.

Schedule 1 – Underwriter Termination Events

1 Absolute Termination Events

The Underwriter may terminate the Underwriting Agreement if any one or more of the following events occurs:

- (a) **(ASX approval)** unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success or settlement of the Offers) by ASX for official quotation of the New Shares is refused or is not granted or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Offers) or withdrawn;
- (b) **(Listing)** the Company ceases to be admitted to the official list of ASX or the Shares are suspended, from trading on, or cease to be quoted on ASX (which, for the avoidance of doubt, does not include any voluntary suspension otherwise implemented with the consent of the Underwriter (such consent not to be unreasonably withheld or delayed));
- (c) **(Insolvency)** the Company or a Material Group Member is insolvent or there is an act or omission, or a circumstance arises, which will result in the Company or a Material Group Member becoming insolvent;
- (d) **(Withdrawal)** the Company withdraws all or any part of the Offer without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (e) **(Information Documents)** The Information Documents omit any material information required by the Corporations Act or any other applicable law, contain a statement which is or becomes misleading or deceptive or is likely to mislead or deceive, is the subject of a declaration of unacceptable circumstances by the Takeovers Panel (which declaration would, in the Underwriter's reasonable opinion, have a material adverse effect on the success of the Offers or settlement of the sub-underwriting commitments to the Offers) or otherwise fails to comply with the Corporations Act, or any statement in an Information Document regarding commitments from Shareholders to take up their Entitlement under the Offer ceases to be true (including because a Shareholder breaches or fails to perform such commitment) where that would, in the Underwriter's reasonable opinion, have a material adverse effect on the success of the Offer or settlement of the sub-underwriting commitments to the Offer;
- (f) **(Illegality)** There is an event or occurrence, including any statute, order, rule or regulation or order of any Government Agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement to underwrite any of the New Shares;
- (g) **(ASIC)** ASIC:
 - (i) makes an application for an order under Part 9.5 in relation to the Offers or the Information Documents;

- (ii) commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offers or the Information Documents;
 - (iii) holds, or gives notice of an intention to hold, a hearing or investigation in relation to the Offers or the Company; or
 - (iv) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Offer. For the avoidance of doubt references to “proceedings” in this paragraph do not include any application to the Takeovers Panel in respect of the Entitlement Offer;
- (h) **(Market fall)** The S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the date of the Underwriting Agreement and is at or below that 90% level as at the close of trading on at least 2 consecutive trading days after the date of the Underwriting Agreement (or on the trading day before the Settlement Date); or
- (i) **(Tin price fall)** The tin price falls to a level that is 80% or less of the tin price as at the close of trading on the date of the Underwriting Agreement and is at or below that 80% level over any 48 hour period after the date of the Underwriting Agreement (or over the 24 hour period before the Settlement Date).

2 Materiality qualified Termination Events

If the Underwriter has reasonable grounds to believe and does believe that one of the following events:

- (a) has or is likely to have a materially adverse effect on the success of, ability of the Underwriter to market, or settlement of, the Offers (irrespective of whether or not the Offers have opened); or
- (b) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any law or regulation,

the Underwriter may terminate the Underwriting Agreement. The events are as follows:

- (a) **(Disqualification)** a director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- (b) **(Prosecution)** a director, the chief executive officer or the chief financial officer of the Company commits an act of fraud or is charged with an indictable offence relating to any financial or corporate matter;
- (c) **(Certificate)** a certificate which is required to be given by the Company under the Underwriting Agreement is untrue or misleading or deceptive;
- (d) **(Compliance with regulatory requirements)** the Company fails to comply with the Listing Rules, the Corporations Act, or other applicable laws;

- (e) **(Suspension or limitation on trading)** trading in all securities quoted or listed on ASX is suspended or limited for one or substantially all of a day on which that exchange is open for trading;
- (f) **(Moratorium)** a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
- (g) **(Hostilities)** the outbreak of hostilities not presently existing (whether war has been declared or not), or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, United States of America, Japan, United Kingdom or any member state of the European Union;
- (h) **(Breach)** the Company breaches or fails to perform or observe any of its obligations or undertakings under the Underwriting Agreement;
- (i) **(Warranties)** a representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
- (j) **(Change in management)** there is a change (or a change is announced) in the directors, the chief executive officer or the chief financial officer of the Company, other than one which has already been disclosed to ASX or to the Underwriter in writing before the date of the Underwriting Agreement;
- (k) **(Prescribed Occurrence)** a Prescribed Occurrence in respect of the Company occurs during the Offers period, other than:
 - (i) as contemplated by the Underwriting Agreement; or
 - (ii) as permitted with the Underwriter's written consent, which consent may not be unreasonably withheld or delayed;
- (l) **(Supplementary disclosure under ASIC instrument)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) (as modified by ASIC Instrument 2016/84);
- (m) **(Cleansing Statement)** the cleansing statement issued pursuant to section 708AA(2)(f) and 708AA(7) (as modified by ASIC Instrument 2016/84) is defective within the meaning of section 708AA(11) (as modified by ASIC Instrument 2016/84), or a notice is issued or is required to be issued under sections 708AA(10) (as modified by ASIC Instrument 2016/84) to correct the cleansing statement;
- (n) **(Timetable)** any event specified in the Indicative Timetable is delayed for 10 or more Business Days without the prior written approval of the Underwriter;
- (o) **(Change in law or policy)** there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia or Morocco or any of its regions **(Relevant Jurisdictions)** a law or any new regulation is made under any law, or a Government Agency adopts a major change in monetary or fiscal policy, or there is any official announcement

on behalf of the Government of any Relevant Jurisdictions or a Government Agency that a law or any new regulation will be introduced or such a change in policy adopted (as the case may be), any of which does or in the reasonable opinion of the Underwriter is likely to prohibit or adversely affect the Offers, capital issues or stock markets;

- (p) **(Adverse change)** there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the business, assets, liabilities, financial position or performance, operations or prospects of the Company or the Group (in so far as the position in relation to any Group Member materially affects the overall position of the Company), except that no change or effect resulting from any of the following will be deemed, either alone or in combination, to constitute a material adverse change;
 - (i) changes in the tin price;
 - (ii) general economic, political or financial market conditions (including changes in interest rates, foreign exchange rates, commodity prices and tax rates) excluding changes in economic, political or financial market conditions which are limited to, or which disproportionately affect, Morocco; and
 - (iii) changes in conditions generally affecting the industry or industries in which the Company operates;
- (q) **(Debt facilities):**
 - (i) a Group Member breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party; or
 - (ii) an event of default or review event has resulted in a lender or financier exercising its rights to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation;
- (r) **(Forward looking statements)** any statement made by the Company prior to Settlement which relates to future matters is or becomes incapable of being met; or
- (s) **(Capital structure)** the Company alters its capital structure without the prior written consent of the Underwriter including, without limitation, a share consolidation.

3 Company's Termination Events

Company may at any time by notice given to the Company, and without any cost or liability, immediately terminate the Underwriting Agreement if any one or more of the following events occurs or has occurred in the period from (and including) the date of the Underwriting Agreement to Completion:

- (a) **(Default):** The Underwriter defaults on its obligations under the Underwriting Agreement that is not remedied within 5 Business Days after written notice by the Company; or
- (b) **(Incorrect or untrue representation):** Any representation, warranty or undertaking given by the Underwriter in the Underwriting Agreement is or becomes untrue or incorrect.

4 Glossary

In this Schedule, unless the context otherwise requires:

Business Day means a day which is a 'business day' as that expression is defined in the Listing Rules.

Completion will occur when all of the New Shares to be issued by the Company under the Offer have been issued.

Group means the Company and its Related Bodies Corporate, and Group Member means any one or more of them.

Governmental Agency means a government, government department or any governmental, semi-governmental or judicial entity or authority, including a stock exchange or a self-regulatory organisation established under statute.

Information Documents means:

- (a) the ASX announcement by the Company regarding the launch of the Entitlement Offer;
- (b) the Entitlement and Acceptance Forms;
- (c) the Cleansing Notice;
- (d) this Entitlement Offer Booklet and any supplementary Entitlement Offer Booklet; and
- (e) all other communications with Shareholders, nominees and other parties approved or authorised by or on behalf of the Company in connection with the Entitlement Offer.

Material Group Member means the Company and Atlas Tin SAS.

Offer Period means the total period for which the Offer is open as set out in the Timetable.

Prescribed Occurrence means the events specified in paragraphs (a) to (h) of subsection 652C(1) in the *Corporations Act 2001* (Cth) as if references to 'the target' were replaced by references to 'the Company'.

Related Body Corporate means a related body corporate within the meaning of the Corporations Act.

Settlement Date means 5 March 2019.

CORPORATE DIRECTORY

Directors

Mr John Gooding

Mr Graham Freestone

Mr Graham Ehm

Mr Martyn Buttenshaw

Non-Executive Chairman

Independent Non-Executive
Director

Independent Non-Executive
Director

Non-Executive Director

Share Registry

Link Market Services
Limited

Level 4, Central Park

152 St Georges Terrace

Perth WA 6000

Executives

Mr Russell Clark

Mr Evan Spencer

Mr Keith Pollocks

Chief Executive Officer

Chief Operating Officer

Chief Financial Officer

Underwriter

Taylor Collison

Level 16

211 Victoria Square

Adelaide SA 5000

Company Secretary

Mr Keith Pollocks

Company Secretary

Registered Office

Level 13, 459 Collins Street,
Melbourne, VIC, 3000, Australia

Tel:

+61 3 9482 2223

Fax:

Website:

www.kasbahresources.com

ASX Code:

KAS



KASBAH RESOURCES LIMITED
ACN 116 931 705

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474

ASX Code: KAS

Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

**Number of Eligible Shares held as
at the Record Date, 7:00pm (WST)
on 5 February 2019:**

**Entitlement to New Shares
(on a 1 New Share for 4 basis):**

**Amount payable on full acceptance
at A\$0.095 per Share:**

Offer Closes 5:00pm (WST):	27 February 2019
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 4 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.095 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Entitlement Offer Booklet dated 31 January 2019. The Entitlement Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Entitlement Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Entitlement Offer Booklet.

If you do not have a paper copy of the Entitlement Offer Booklet, you can obtain a paper copy at no charge, by calling the Company Secretary of Kasbah Resources Limited, Keith Pollocks on +61 3 9482 2223.

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (WST) on 27 February 2019. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (WST) on 27 February 2019.



Biller Code: [XXXXXXX]
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment



ACN 116 931 705



SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)	B Number of additional New Shares	C Total number of New Shares accepted (add Boxes A and B)
<input type="text"/>	<input type="text"/>	<input type="text"/>
	+	=
<input type="text"/>		<input type="text"/>

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Kasbah Resources Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
				A\$

E CONTACT DETAILS – Telephone Number	Telephone Number – After Hours	Contact Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

KASBAH RESOURCES LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia, New Zealand, Mauritius, Thailand, Jersey and Switzerland. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Entitlement Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Entitlement Offer Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Kasbah Resources Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.095.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Kasbah Resources Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Kasbah Resources Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Kasbah Resources Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Entitlement Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Kasbah Resources Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Kasbah Resources Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (WST) on 27 February 2019. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Kasbah Resources Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Company Secretary of Kasbah Resources Limited, Keith Pollocks on +61 3 9482 2223 between 8:30am and 5:30pm (WST) Monday to Friday.

7 February 2019

Dear Shareholder

Kasbah Resources Limited – non-renounceable rights issue – Notification to ineligible shareholders

Details of the rights issue

On Thursday, 31 January 2019, Kasbah Resources Limited ABN 78 116 931 705 (ASX:KAS) (**Kasbah**) announced a rights issue to raise approximately A\$2.5m before costs by way of a 1 for 4 non-renounceable pro rata entitlement offer of approximately 26.5 million fully paid new ordinary shares (**Entitlement Offer**). Under the terms of the Entitlement Offer, eligible shareholders may also apply to take up new shares over their entitlement, to the extent of any shortfall.

Kasbah's major shareholder, Pala Investments Limited (**Pala**), has provided an irrevocable commitment to take up its full entitlement (21.20%) and Taylor Collison has agreed to underwrite the balance of the raising and manage the Entitlement Offer. Pala has committed to Taylor Collison to fully sub-underwrite the remainder of the Entitlement Offer for no fee. Importantly, while Pala has committed to sub-underwrite, the sub-underwriting agreement provides for Taylor Collison to work with Kasbah to invite other sub-underwriters by 11 February 2019. Any sub-underwriting commitments received through this process will reduce the amount of the Pala sub-underwriting commitment.

Preference will be given to any existing shareholders who apply to take up shortfall over the underwriter and sub-underwriters, provided that no shareholder's voting power in Kasbah would exceed 19.9% as a result of participation in the shortfall. In addition, Taylor Collison will manage a bookbuild under which new professional or sophisticated investors will be allowed to bid for shortfall shares, to be taken up in priority to the underwriter and sub-underwriters (but after allocations to any eligible existing shareholders who apply to take up shortfall).

Eligibility to participate

We advise that, unfortunately, you are not eligible to participate in the Entitlement Offer. The Entitlement Offer is only open to Kasbah shareholders at the record date for the Entitlement Offer whose registered address is in Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland or the United Kingdom (and who are not otherwise ineligible to participate). Kasbah has determined that you do not satisfy the eligibility criteria under the Entitlement Offer.

The restrictions on eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland and the United Kingdom, and the potential costs to Kasbah and complexity of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries and the relatively small number and low value of new Kasbah shares to which such shareholders would otherwise be entitled.

Kasbah has determined in accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth) that it would be unreasonable to make the offers under the Entitlement Offer to shareholders whose registered address is in countries other than Australia, New Zealand, Mauritius, Thailand, Jersey, Switzerland or the United Kingdom.

Nominee process

In order to permit acquisitions of new Kasbah shares under the Entitlement Offer via the underwriting and sub-underwriting arrangements, even if to do so would result in such a person acquiring a relevant interest in Kasbah shares exceeding 20%, Kasbah must comply with section 615 of the Corporations Act.

In order to comply with section 615 of the Corporations Act, the Company will appoint a nominee approved by ASIC (**Nominee**) to subscribe for the New Shares that shareholders who do not satisfy the eligibility criteria under the Entitlement Offer (**Ineligible Shareholders**) would have been entitled to and sell them on their behalf.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will, at the issue price of A\$0.095, issue to the Nominee the new Kasbah shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Shares**);
- (b) the Nominee will then sell the Nominee Shares at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the record date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by Kasbah for distributing those proceeds, such proceeds may be retained by Kasbah. Accordingly, there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. Kasbah and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Shares at any particular price or the timing of such sale.

You are not required to respond to this letter or to do anything in response to this letter. If you have any questions in relation to the Entitlement Offer, please contact me on +61 3 9482 2223 between 9.00am and 5:00pm (ADST) Monday to Friday.

Yours sincerely,



Keith Pollocks
Chief Financial Officer and Company Secretary
Kasbah Resources Limited

7 February 2019

Dear Shareholder

**Kasbah Resources Limited – non-renounceable rights issue
Update to eligibility criteria in the Entitlement Offer Booklet**

On Thursday, 31 January 2019, Kasbah Resources Limited ABN 78 116 931 705 (ASX: KAS) announced a rights issue to raise approximately A\$2.5 million before costs by way of a 1 for 4 non-renounceable pro rata entitlement offer of approximately 26.5 million fully paid new ordinary shares.

Details of the Entitlement Offer are set out in the enclosed Entitlement Offer Booklet (which you should read together with this letter). Kasbah encourages you to read the entire booklet carefully before making any investment decision regarding the Entitlement Offer.

This letter uses the terms defined in the Entitlement Offer Booklet.

The purpose of this letter is to update the information in the Entitlement Offer Booklet regarding those Shareholders who are ineligible to participate in the Entitlement Offer.

The Entitlement Offer Booklet states that no Offers will be made to Shareholders with a registered address outside Australia, New Zealand, Mauritius, Thailand, Jersey or Switzerland.

In light of shareholder feedback after announcement of the Entitlement Offer, and changes in Kasbah's shareholders' register between announcement and the Record Date, Kasbah has decided to extend the Entitlement Offer to Shareholders with a registered address in the United Kingdom.

The Company considers this reasonable having regard to the number of Shareholders with registered addresses in the United Kingdom and the number and value of New Shares those Shareholders would be offered, the cost of complying with applicable regulations in the United Kingdom and the administrative burden it will place on the Company in making the Entitlement Offer available to those Shareholders.

Accordingly, paragraph (b) of the definition of 'Eligible Shareholder' in the Entitlement Offer Booklet should be read as including a person who has a registered address in the United Kingdom as recorded with the Share Registry as at the Record Date, and all related references to Eligible Shareholders and Ineligible Shareholders should be read accordingly.

In addition, the 'Overseas Shareholders' section of the 'Important Information' in the Entitlement Offer Booklet should be read as if the following wording was included at the end of that section:

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the

publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons").

The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Nominees and custodians who hold Shares on behalf of beneficial shareholders resident in the United Kingdom should contact Kasbah on +61 3 9482 2223 between 9.00am and 5:00pm (ADST) Monday to Friday if they wish to participate on behalf of such beneficial shareholders.

Yours sincerely,



Keith Pollocks

Chief Financial Officer and Company Secretary

Kasbah Resources Limited