

29 July 2019
ASX: KAS
Share price: \$0.050



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:	133m
Unlisted Options:	0.6m
Unlisted Rights:	12m
Cash @ 30/06/19:	\$1.9m

MAJOR SHAREHOLDERS

Pala Investments	34.2%
African Lion Group	10.3%

CONTACT US

T: +61 3 9482 2223
E: info@kasbahresources.com
kasbahresources.com



JUNE 2019 QUARTERLY REPORT

Kasbah completed key technical work streams to progress funding the Achmmach Tin Project. Following on from the completion of the Front-End Engineering & Design (FEED) in the March quarter, Kasbah has now finalised the Independent Technical Specialist Report (ITSR), a critical milestone to advancing project financing. The completion of the FEED and now the ITSR has allowed Kasbah to progress shortlisting lenders with the aim to mandate one or more lenders in the near term. Kasbah also commenced a drilling program to confirm continuity of tin mineralisation along the untested strike of the Sidi Addi trend.

HIGHLIGHTS

- **Project development;** AMC Consultants (AMC) were engaged as independent technical experts and completed an ITSR, further validating the technical viability of the Achmmach Tin Project. Ausenco Services Pty Ltd (Ausenco) completed the FEED during the previous quarter which re-confirmed the capital costs estimates of the 2018 Definitive Feasibility Study.
- **Project financing advanced;** Kasbah has advanced discussions with commercial financial institutions. Having provided the Front-End Engineering Design (FEED) and the Independent Technical Specialist Report (ITSR) to potential lenders, Kasbah is in the process of developing financing terms upon which to mandate one or more lenders. Concurrently, Kasbah's joint venture partners continue to progress discussions with a Japanese industry agency regarding credit support for a competitive multi-element Japanese funding package.
- **Exploration drilling commenced;** The company has commenced an exploration drilling program to test the continuity of tin mineralisation along the untested strike of the Sidi Addi trend, a highly prospective parallel structure to the Meknes trend.
- **Settlement of legal proceedings;** The Company settled legal proceedings against BDO Corporate Finance WA Pty Ltd in relation to their role as independent expert in the failed scheme of arrangement between Kasbah and Asian Mineral Resources Ltd in 2016.

29 July 2019
ASX: KAS



Kasbah's Chief Executive Officer, Mr Evan Spencer commented:

"Over the last 2 quarters management has continued to deliver on completing key steps towards project funding. The completion of the FEED and now the ITSR provided the foundations for Kasbah to progress to the next phase, securing project funding. With the completion of the FEED and ITSR, we have now successfully confirmed the technical feasibility and capital costs estimates of the 2018 DFS.

We are also excited to have commenced exploration drilling of the prospective Sidi Addi trend. We have long held the view that the Sidi Addi trend would demonstrate similar mineralisation as the Meknes trend and this program will provide us a better understanding of the strike continuity, with follow up drilling potentially having a positive impact on resource and reserves, mine life and project economics."

JUNE 2019 QUARTERLY REPORT

Kasbah Resources Limited (ASX: KAS) (Kasbah or The Company) is pleased to provide this update to the market for the quarter ended 30 June 2019.

ACHMMACH TIN PROJECT IN MOROCCO

Independent Technical Specialist Report

During the quarter, AMC Consultants (**AMC**) were engaged to complete an Independent Technical Specialists Report (**ITSR**). The ITSR was performed based on a review of the 2018 Definitive Feasibility Study (**2018 DFS**) and the FEED, completed by Ausenco Services Pty Ltd (**Ausenco**) in the previous quarter. The review was supplemented by additional information from work performed since the release of the 2018 DFS, including ventilation and geotechnical reviews.

Kasbah is pleased with the outcome of the ITSR, which confirmed the technical viability of the 2018 DFS and provided certain optimisation opportunities as the project is advanced towards development. With the completion of the ITSR and FEED, the Company has now confirmed both the technical viability and capital costs estimates of the 2018 DFS.

Achmmach Tin Project Financing

Kasbah continues to engage with commercial financial institutions to finance the development of the Achmmach Tin Project. Concurrently, Kasbah's joint venture partners Toyota Tsusho Corporation (**TTC**) and Nittetsu Mining Co Ltd (**NMC**) continue to support discussions with Japanese industry agencies regarding potential credit support for the project.

The FEED and the ITSR have been provided to potential financiers for reliance as part of their respective due diligence process. Kasbah has received strong interest from several commercial financial institutions and is in the process of developing terms upon which to mandate debt providers. The Company expects to mandate one or more potential lenders to advance the project financing process to the next stage.

Kasbah continues to target securing project debt financing in the second half of 2019, following completion of lender due diligence.

ESIA Renewal

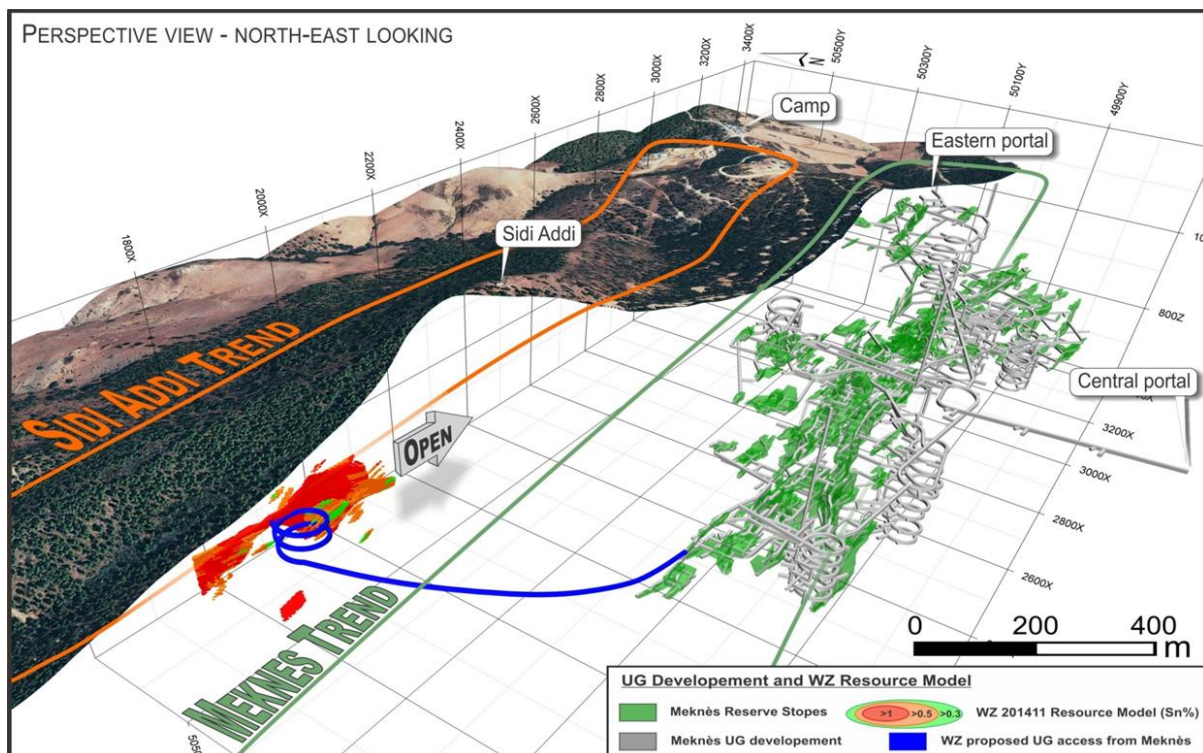
The Environmental and Social Impact Assessment (**ESIA**) for the Achmmach Tin Project was completed in 2014. The ESIA is valid until December 2019 unless construction on the Project commences prior to that. The Company commenced the process to renew the ESIA in accordance with Moroccan environmental laws and regulations.

The renewal of the ESIA is an important step in ensuring the continuity of the mining license. The Company has finalised its submission and presented it to the technical committee overseeing the renewal process. Kasbah expects the ESIA to be officially renewed by the end of 2019.

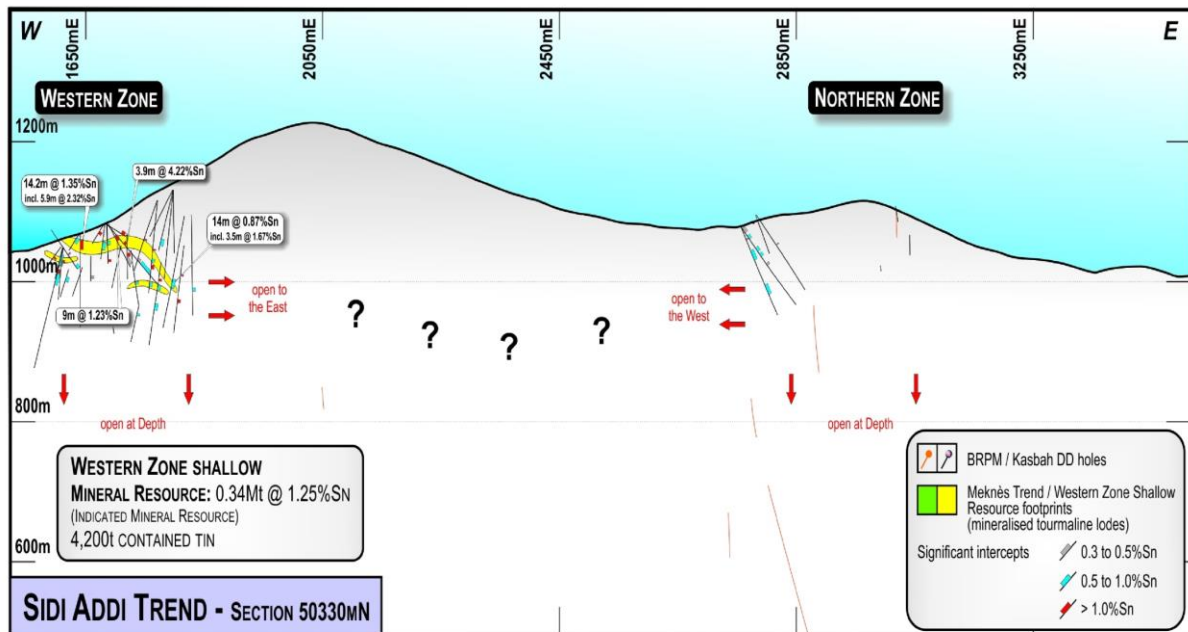
EXPLORATION

The Company has been undertaking a strategic evaluation of its exploration prospects in Morocco to identify the highest potential near term development targets. The assessment indicated that the highly prospective Sidi Addi Trend that runs parallel to the main Meknes Trend provided the greatest near-term upside value for the Company. Consequently, the Company has commenced a drilling program designed to confirm the continuity of tin mineralisation on the ~1.2 km of untested and modelled Sidi Addi strike, which runs parallel to the main Meknes Trend.

If additional tin mineral resources are proven, this has the potential to extend the currently estimated 10-year mine life, which may have a material impact on the Achmmach project.



The untested strike along the Sidi Addi Trend



The Sidi Addi trend is open at depth and along strike

The exploration program is aimed at better understanding the strike continuity and is not, at this stage, intended to increase resources and reserves. A more wholistic exploration program may be pursued at a later time, subject to the preliminary results and capital availability.

CORPORATE

Appointment of Non-Executive Director

Mr Phil Baker was appointed as independent Non-Executive Director of the Company effective from 1 May 2019. Mr Baker, a Certified Practicing Accountant with over 30 years in the mining industry, replaces Mr Graham Freestone who resigned in March 2019.

Mr Baker, who has worked in various capacities in small and large mining companies, has significant experience in project development and financing, corporate and governance matters. His experience will be pivotal in the current phase of Kasbah's development as it advances the financing and development of the Achmmach Tin Project.

Legal Proceedings against BDO Corporate Finance WA Pty Ltd

Following failed attempts to reach a commercial settlement with BDO Corporate Finance WA Pty Ltd (**BDO**), Kasbah commenced legal proceedings against BDO in the Supreme Court of Western Australia on 18 December 2017 for a series of claims including breach of contract, negligence and misleading and deceptive conduct associated with BDO's role as Independent Expert during the failed scheme of arrangement between Kasbah and Asian Mineral Resources Ltd.

These proceedings have now been settled out of court. Without any admission of liability from either party, the Company and BDO have agreed to settle all claims in the proceedings commenced in the Supreme Court of Western Australia. The terms of the settlement are confidential.

FINANCIAL

Cash and debt

Cash and short-term deposits at 30 June 2019 were \$1.9 million.

Debt plus capitalised interest as at 30 June 2019 was \$5.4 million.

Please refer to the attached Appendix 5B for further information.

TIN MARKET

Prices

Tin prices were weak during the quarter, ranging between a high of \$21,575/t at the start of the quarter and a low of \$18,800/t at the end of the quarter. The tin price decline over the quarter was primarily due to increasing LME tin inventory. Kasbah, along with tin market experts believe that the current spot prices are an overcorrection resulting from the low inventory volumes earlier this year. Tin prices are expected to stabilise in the short term before increasing in the medium to long term in line with the expected supply deficit and increasing demand.

LME tin inventory at the start of the quarter was 950 tonnes. Tin inventory reached a low of 740 tonnes before a sudden increase reaching a high of 6,401 tonnes at the end of the quarter. The steep increase in tin inventory can be attributed to lower demand arising from the prolonged US-China trade dispute. In addition, the release of stockpiled tin inventory from Indonesia following the end of the export restrictions is contributing to the current inventory levels.

Since the end of the quarter, LME tin inventory has continued to increase applying pressure on spot tin prices.

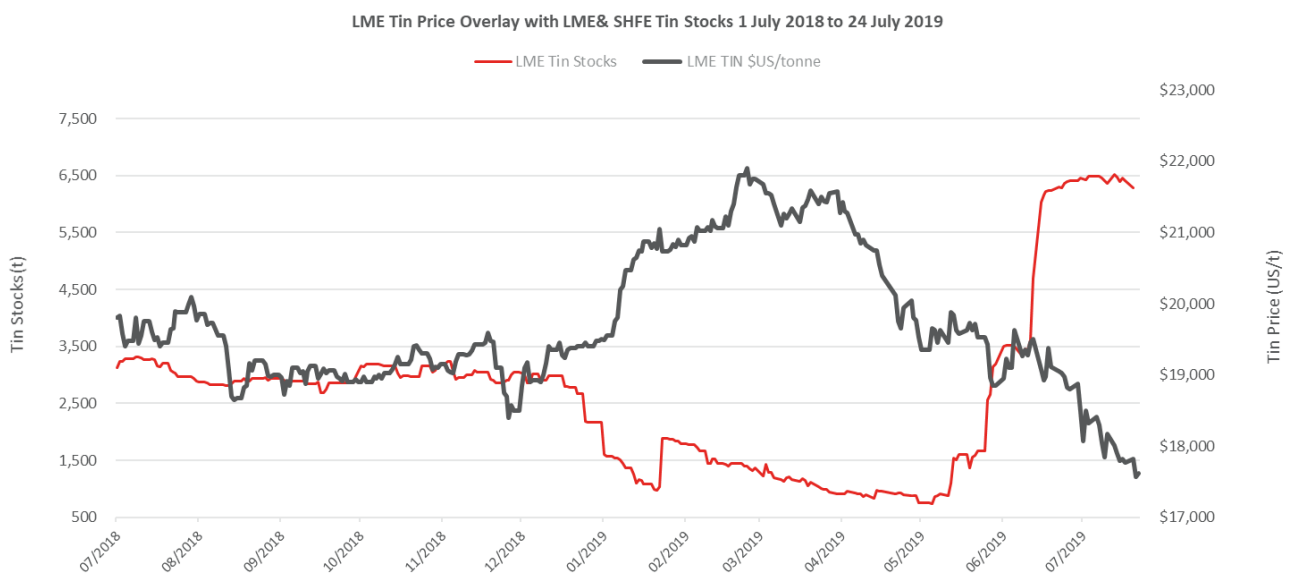


Figure 1: LME Tin Price vs LME Stocks – 1 July 2018 to 24 July 2019

Supply side: higher inventory levels, slowing mine supply

London Metal Exchange (“LME”) stockpiles has increased significantly to above 6,000 tonnes, a long way from the record lows of the preceding quarter.

Notwithstanding the inventory levels, mine supply continues to be a challenge for the market as large tin producing countries experience significant grade depletion. The International Tin Association (ITA) reports that Myanmar tin imports into China has decreased 24% YOY. Indonesia and Peru also continue to experience declining tin production. The tin market remains in deficit for the foreseeable future.

The ITA continues to estimate that existing global tin mine reserves will only last 7 years, in the absence of further resource conversion. The declining supply is expected to be partially addressed by the new supply from the Bisie Tin Project, in the Democratic Republic of Congo and the Uis Project in Namibia.

Major tin producers in the world include Myanmar, Indonesia, China and Peru. The ITA retains the view that future production from Myanmar is likely to fall on an underlying decline in mining activity as easy to mine alluvial deposits are depleted and as tin grades decline. The ITA forecasts a decline in Myanmar’s tin mine output of between 11% to 30% in 2019. However, it should be noted that Myanmar forecasts have been historically very difficult to accurately predict.

Demand side: solder continues to be the largest driver, upside from EV revolution

Solder continues to be the largest use of tin, contributing 47% of tin demand, followed by chemicals (18%) and tin plate (14%). The demand from tin for these existing applications is expected to grow with the increasing use of solder in electronics and solar panels and the ongoing conversion to lead free solders.

As previously reported, in 2018 the Massachusetts Institute of Technology (MIT) highlighted tin’s potential in new energy applications, with tin seen as the mineral most impacted by new technology. The trends in energy and technology are expected to drive future tin demand with exponential increase in the use of tin in computing and advanced robotics, renewable energy and storage and autonomous and electric vehicles.

The EV/PHEV revolution is also expected to have a significant impact on tin demand. It is reported that EV/PHEV require up to 7x more tin than its traditional gasoline-based counterparts from increased electronics. Furthermore, there continues to be research in tin’s properties as a battery mineral, as part of lithium-ion batteries as well as other battery technologies.

The themes of supply pressure and increasing demand from existing and new technology applications remains firmly in place and supportive of a robust price outlook. Solder remains the likely largest consumer of tin with the miniaturisation of electronics more than offset by the growth of electronic components.

Outlook looks promising

Our view for the outlook for tin remains positive. Although the tin price has seen short term pressures, the medium-term price outlook remains strong with mine supply continuing to face challenges, and demand continuing to outpace supply resulting in a global deficit of tin. Kasbah believes that the timing of production at Achmmach will coincide with the continuing supply deficit in the market and as a result stands to benefit from an increase in tin price in the medium to long term. The Achmmach Tin Project remains the most advanced greenfield tin project in the world. Furthermore, compared to projects that are expected to address the market deficit, the Achmmach Tin Project is situated in a safe and mining friendly jurisdiction.

Follow us on Twitter and LinkedIn for updates.



: @KasbahResource



: Kasbah Resources Ltd

Links to Kasbah's Twitter and LinkedIn pages can be found at the Company's website.

ABOUT KASBAH RESOURCES

*Kasbah Resources Limited (**Kasbah**) is an Australian ASX listed mineral exploration and development company.*

Our commodity is tin.

Kasbah has two tin projects (the Achmmach Tin Project and the Bou El Jaj Tin Project) located in the Kingdom of Morocco:

- **Achmmach Tin Project Joint Venture (JV) in Morocco (75% Kasbah, 20% Toyota Tsusho and 5% Nittetsu Mining)**

Kasbah is the manager and operator of the Achmmach Tin Project JV. Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) of Japan are Kasbah's strategic development partners in this JV. Achmmach is one of the world's largest and most advanced undeveloped tin projects with projected low operating costs and located in a mining friendly jurisdiction at the gateway to Europe.

- **Bou El Jaj Tin Project in Morocco (100% Kasbah)**

Kasbah retains a 100% interest in the prospective Bou El Jaj Tin Project. This project is 10km from the Achmmach Tin Project and is an early stage exploration opportunity that could become a satellite ore source for Achmmach. It is currently pre-resource and additional drilling is required on multiple targets within the Bou El Jaj permits.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

MINING TENEMENT CHANGES DURING THE QUARTER

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
NIL					

FARM-IN / FARM OUT AGREEMENT CHANGES

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
NIL					

INTERESTS IN MINING TENEMENTS

Project	Permit Type	Permit Number	Registered Interest
Achmmach	LE	332912	75%*
Bou El Jaj	PE	213172	100%
	PE	193313	100%
Tamlalt	LE	323295	100%
Ezzhiliga (Zaer)	PR	2137997	100%
	PR	2137999	100%
Ment	PR	3558383	100%
	PR	3558384	100%
	PR	3558385	100%

All permits are located in the Kingdom of Morocco.

LEGEND : LE – Licence D'exploitation PE – Permis Exploitation PR – Permis Recherche

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

KASBAH RESOURCES LIMITED

ABN

78 116 931 705

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(871)	(3,315)
(b) development	-	-
(c) production	-	-
(d) staff costs	(473)	(1,280)
(e) administration and corporate costs	(42)	(1,375)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	13
1.5 Interest and other costs of finance paid	-	(406)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,385)	(6,363)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(3)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (refund of bank guarantees)	(14)	3
2.6	Net cash from / (used in) investing activities	(14)	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,620
3.2	Proceeds from issue of convertible notes	-	5,000
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(37)	(296)
3.5	Proceeds from borrowings	-	500
3.6	Repayment of borrowings	-	(3,530)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transactions with non-controlling interests)	172	956
3.10	Net cash from / (used in) financing activities	135	5,250

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,164	3,017
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,385)	(6,363)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	135	5,250
4.5	Effect of movement in exchange rates on cash held	16	12
4.6	Cash and cash equivalents at end of period	1,916	1,916

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	872	2,139
5.2 Call deposits	25	25
5.3 Bank overdrafts		-
5.4 Other (provide details) – Cash held in Morocco	1,019	1,000
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,916	3,164

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	5,000	5,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

An additional \$500,000 was drawn down on 18 October 2018 under the initial bridge facility from Pala Investments Limited in last quarter, taking the principal amount of the loan to \$3,500,000. The outstanding principal, capitalised interest and fees totalling \$3,935,814 was repaid on 20 December 2018 and deemed to be the utilised portion of the Convertible Loan.

On 20 December 2018, following approval by shareholders at the Annual General Meeting, the Company drew down \$5,000,000 under the Convertible Loan Agreement with Pala Investments Limited. The loan is secured against the assets of Kasbah Resources Limited other than Kasbah's interest in the Atlas Tin Project joint venture (which requires the consent of the other joint venture parties pursuant to the terms of the Atlas Tin Shareholders Agreement), with interest charged at 12% per annum. Maturity of the loan is 31 December 2019, subject to a Kasbah option to extend the maturity to 31 December 2020 for a 2% extension fee and a step up in the interest rate to 15%.

There is no change in loan facilities during the quarter.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	463
9.2 Development	-
9.3 Production	-
9.4 Staff costs	291
9.5 Administration and corporate costs	125
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	879

--

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 29 July 2019

Print name: Keith Pollocks

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.