

ASX: KAS
Share price: \$0.01

30 June 2020



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:	135m
Unlisted Performance Rights:	18m
Unlisted NED Share Rights:	4m
Cash @ 31/03/20:	\$0.5m

MAJOR SHAREHOLDERS

Pala Investments	33.7%
African Lion Group	10.1%

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VOLUNTARY DELISTING FROM ASX

Kasbah Resources Limited (“Kasbah” or the “Company”) announces that it has lodged a formal request with the Australian Securities Exchange (ASX) to be removed from the official list of the ASX (**Official List**), following an in-principle application made by Kasbah under ASX Listing Rule 17.11 in response to which ASX resolved to approve the proposed de-listing, subject to the following conditions:

1. Kasbah’s removal from the Official List is approved by a special resolution of shareholders.
2. The Notice of Meeting (**NOM**) seeking security holder approval must include:
 - The time and date at which the Company will be removed from ASX, if that approval is given;
 - A statement to the effect that the removal will take place no earlier than one month after approval is granted; and
 - Include, to ASX’s satisfaction, all other information prescribed in section 2.11 of ASX Guidance Note 33.
3. The Company releases the full terms of ASX’s decision to the market upon making a formal application to ASX to remove the Company from the official list of the ASX.

Reasons for Delisting

Following a detailed review, the Board of Kasbah (**Board**) has unanimously determined that the delisting is in the best interests of shareholders for the following reasons:

Large disparity between project valuation and market capitalisation: It is the Board’s view that the price at which Kasbah’s shares have traded on ASX over an extended period of time does not fairly value its underlying assets. In particular, the Board notes that the 2018 Definitive Feasibility Study (**2018 DFS**) for the Achmmach Tin Project has been further enhanced by the completion of Front End Engineering Design and an Independent Technical Expert’s report, confirming the technical feasibility and financial viability of the project. The Achmmach Tin Project is the most advanced greenfield tin project in the world located in a safe, secure and mining friendly jurisdiction.

The significant disparity between the market capitalisation and a fair valuation of its assets is hindering the Company’s ability to attract investments on reasonable terms for working capital as well as to advance the development of the Achmmach Tin Project.

Kasbah Resources Limited

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Fundraising difficulties: The Company requires funding to meet its ongoing operational and working capital requirements and to fund project development and other activities associated with the Achmmach Tin Project. Recent capital raising initiatives have not received overwhelming support from shareholders outside of Pala Investments Limited (**Pala**) and directors/management. In particular, the Company has not been able to secure capital from new institutional investors or any of the other major institutional shareholders of the Company. This lack of investor interest and equity funding meant that the Company had to secure its main source of funding through a convertible loan with Pala.

The funds received from the convertible loan have been instrumental in ensuring the funding of the Company's ongoing obligations including importantly, maintaining all permits for the project in good standing and thereby ensuring relationships with Moroccan stakeholders remain strong. The Board is conscious of the impending maturity of the convertible loan in December 2020 which, should it be converted, would be highly dilutive to existing shareholders. Furthermore, whilst the Company has been successful in significantly reducing its corporate overheads, it continues to require funding for its activities and continued reliance solely on a convertible loan facility is not sustainable nor is it in the best interest of shareholders.

Liquidity: The Company suffers from a lack of liquidity in the trading of its shares. There is a large number of unmarketable parcels and limited interest from ASX investors, which is resulting in a depressed share price. Ownership of the Company is relatively concentrated with the top 20 shareholders, who account for around 70% of the shares on issue.

Listing costs: As at 31 May 2020, the Company had cash reserves of less than \$200,000. The administrative requirements and costs associated with maintaining the Company's ASX listing are relevant in the context of the Company's ongoing funding requirements. The Board believes that the funds used to maintain the Company's ASX listing, together with the management time, could be directed toward the ongoing focus and development of the Company's projects if the Company is delisted from the ASX, in particular where the Company sees little tangible benefit from being a listed company at present.

Unlocking value: The Board has been evaluating all options in order to protect and in due course enhance shareholder value. Based on the Company's current market capitalisation and equity markets in general, it is highly unlikely that the Company will be able to raise the required circa \$8 million to repay the convertible loan maturing in December this year. The Board is also conscious that so long as the convertible loan remains in place, the market capitalisation is extremely unlikely to improve so significantly that to a level sufficient to facilitate raising the required equity to enable development of the Achmmach Tin Project.

The Company's strategic review identified the potential monetisation of its assets through a potential divestment of its interest in the Achmmach Tin Project or the introduction of a partner who will assist in taking the project into development. However, any transaction is impeded by the current market capitalisation of the company, which does not fairly value the Achmmach Tin Project.

Consequences of the Delisting

The consequences of Kasbah's removal from the Official List of the ASX are as follows:

- Kasbah's shares will no longer be quoted or traded on the ASX;
- The ASX Listing Rules will no longer apply to Kasbah and shareholder protections contained in the ASX Listing Rules will no longer apply, including certain restrictions on the issue of shares by Kasbah, certain restrictions in relation to transactions with persons in a position of influence and the requirement to address the ASX Corporate Governance Principles and Recommendations on an annual basis. However, Kasbah will continue to be subject to, and the Shareholders will still have the benefit of, certain provisions of the Corporation Act 2001 (Cth) (**Corporations Act**) applicable to unlisted public companies including, among other things, the related party provisions in Chapter 2E of the Corporations Act, and the Directors will still be bound to act in accordance with the Corporations Act;
- While the Company continues to have in excess of 100 shareholders, Kasbah will be an 'unlisted disclosing entity' for the purposes of the Corporations Act, and will therefore remain subject to the continuous disclosure provisions in section 675 of the Corporations Act, which require an entity to lodge certain material information with the Australian Securities and Investments Commission (ASIC); and
- The Company will also continue to be subject to obligations to prepare audited annual and half-yearly financial statements under Part 2M.3 of the Corporations Act and will be required to hold an AGM at least once each calendar year and within five months after the end of its financial year in accordance with section 250N of the Corporations Act. Moreover, Shareholders will continue to receive the benefit of the protections under Chapter 6 of the Corporations Act (for so long as the Company has 50 shareholders or more).

If a shareholder of the Company considers the proposed delisting to be contrary to the interests of the shareholders of the Company as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or shareholders, it may apply to the court for an order under Part 2F.1 of the Corporations Act. Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a shareholder of the Company considers the proposed delisting involves "unacceptable circumstances", it may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

Shareholder Arrangements

The Company expects that its shares will remain listed on ASX for at least one month after the proposed General Meeting of Shareholders, so that security holders have at least that period to sell their securities on ASX should they wish to do so, assuming that Shareholders approve the delisting of the Company and there remains an active market for those shares.

Indicative Timetable

The proposed delisting is subject to shareholder approval (as a special resolution at a general meeting likely to be held in August 2020). Further details relating to the proposed delisting, including potential advantages and disadvantages for shareholders, the consequences of the special resolution not being approved, and further details as to how shareholders can sell their securities prior to the proposed delisting, will be included in the Notice of Meeting. All shareholders will be entitled to vote on the resolution.

The indicative timetable for the proposed delisting is set out below.

Event	Date
Formal application submitted to ASX	30 June 2020
Notice of Meeting (NOM) dispatched to shareholders	10 July 2020
General Meeting of Shareholders	10 August 2020
Expected Date of removal of the Company from the Official List	10 September 2020

Commenting on the proposed delisting, Executive Chairman, Mr Evan Spencer, said:

“The market has significantly undervalued Kasbah and its assets over an extended period. The Board has concluded that it is in the best interest of all shareholders, that the Company delist in order to disassociate the market capitalisation from the underlying value of its assets, in particular, our flagship Achmmach Tin Project. The Company believes the ASX listing is no longer beneficial to the Company and its shareholders and is prohibitive to realising value for its shareholders. I urge all shareholders to support the delisting resolution as we look to protect and in due course enhance shareholder value.”

For and on behalf of the Board of Directors.

For further information, contact Pradeep Subramaniam, Company Secretary at +61 3 9482 2223 or info@kasbahresources.com.