

31 July 2020

ASX: KAS

Share price: \$0.008



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: 10m
Unlisted NED Share Rights: 4m
Cash @ 30/06/20: \$0.7m

MAJOR SHAREHOLDERS

Pala Investments 33.7%
African Lion Group 10.1%

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JUNE 2020 QUARTERLY REPORT

The Company received approval from the ASX to be removed from the official list of the ASX. The delisting is subject to a shareholder vote which will be held via a virtual shareholders meeting scheduled for 21 August 2020.

HIGHLIGHTS

- **COVID-19;** Morocco continues to manage a dynamic Covid-19 situation with over 20,000 cases and 300 fatalities. The Moroccan government declared a state of medical emergency initially to 20 April 2020, which was subsequently extended to 10 August 2020. In July, despite initial efforts to open up provinces which were under control, a ban was imposed on movements between major cities following a spike in cases.
- **Voluntary delisting from ASX;** The Company applied and subsequently received approval from the ASX to be removed from the official list of the ASX. The Board unanimously determined that the delisting is in the best interest of shareholders for a number of reasons including addressing the large disparity between the project valuation and market capitalisation, fundraising difficulties, lack of liquidity, etc. The delisting is subject to special resolution of shareholders.
- **Corporate outlook:** The global pandemic has exacerbated global macro-economic conditions and significantly impacted commodity prices and equity/debt markets. The Company has focussed on reducing its cost structure to navigate these challenging times. A strategic review of options identified the proposed delisting as the best option in seeking to protect and in due course enhance shareholder value.

Kasbah's Executive Chairman, Mr Evan Spencer commented:

"These continue to be challenging times for the Company with the global pandemic impacting planned works, including project financing and fundraising activities. Although the Company has been successful in reducing its cost structure, further funding will be required before the end of the year. The Board therefore engaged with many of our shareholders and external stakeholders and has identified the proposed delisting of the Company from ASX as a means to address the significant valuation disparity of the Company and minimise the dilution of existing shareholder interest through the next round of funding activities."

For and on behalf of the Board of Directors.

For further information, contact Evan Spencer, Executive Chairman at +61 3 9482 2223.

JUNE 2020 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 2020.

ACHMMACH TIN PROJECT IN MOROCCO

COVID-19 Global Pandemic

COVID-19 continues to impact the Company particularly with the situation in Morocco, which has seen over 20,000 identified cases and 300 fatalities. The Moroccan government declared a state of medical emergency initially to 20 April 2020, which was subsequently extended a number of times to 10 August 2020. In June, the government announced a segregation of country into two main zones, to differentiate provinces where the virus was under control from provinces where the virus was moderately controlled. However, following a recent spike in cases, on the government has imposed a ban on movements between major cities. International travel is currently allowed only for returning Moroccan or foreign Moroccan residents.

The Achmmach site remains in care and maintenance with the Company's Moroccan workforce operating as normal. However, as a result of the travel restrictions, overseas personnel and consultants are unable to access the site, delaying planned works. The Company continues to take every precaution to ensure the safety of its staff in Morocco and in Australia.

Achmmach Tin Project Financing

In 2019, the Company completed Front End Engineering Design (**FEED**) and the Independent Technical Specialist Report (**ITSR**) and advanced discussions with financiers for the construction of the Achmmach Tin Project. However, with the decline in the tin price and sustained demand challenges in the current global macro-economic environment, the Company decided not to rapidly advance project financing activities until such time that market conditions are favourable for project funding.

In addition, the Company's ability to secure project funding has been impacted by the delays in the delivery of a Japanese ECA backed finance package being driven the Company's joint venture partners. This process remains ongoing with the Company's joint venture partners in continued discussions with the Japanese ECA. Kasbah remains supportive of this process and is working collaboratively with our joint venture partners to advance the Japanese ECA backed finance package. There is no firm schedule in place for the completion of this process at this stage.

Project Optimisation Opportunities and Strategic Initiatives

In late 2019, The Company embarked on a number of project optimisation and strategic initiatives with the aim of unlocking further the resource potential of the project and grow the mine life in excess of the current life of mine. Whilst these initiatives remain ongoing, progress has been impeded by the current pandemic and the restrictions across several countries, including Morocco.

EXPLORATION

No exploration activities were undertaken during the quarter.

CORPORATE

Voluntary Delisting from ASX

On 30 June 2020, Kasbah lodged a formal request with the Australian Securities Exchange (ASX) to be removed from the official list of the ASX (Official List). The ASX subsequently approved its request to be removed from the Official List pursuant to ASX Listing Rule 17.11, 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 of its strategic options, the Board of Kasbah (**Board**) unanimously determined that the proposed 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.

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

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.

General Meeting of Shareholders

The Company has arranged a general meeting of shareholders for shareholders to consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of ASX Listing Rule 17.11 and for all other purposes, the Company be removed from the Official List of ASX on a date to be decided by ASX (being no earlier than one month after this Resolution is passed) and that the directors be authorised to do all things reasonably necessary to give effect to the delisting of the Company from the ASX."

The general meeting of shareholders will be held at 10:30AM (AEST) on Friday, 21 August 2020. Given the current restrictions on gatherings and travel imposed by governments as a consequence of the COVID-19 virus, the Meeting will be held virtually (online) via a virtual platform.

The Notice of Meeting and proxy form was dispatched to shareholders on 20 July 2020. The Notice of Meeting is also available on the company's website.

The Directors strongly encourage all shareholders to lodge a directed proxy form prior to the Meeting. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Notice of Meeting, the Company will notify Shareholders appropriately via the Company's website at www.kasbahresources.com and the Company's ASX platform (ASX:KAS). Shareholders will be able to participate in the Meeting by:

- 1) voting their Shares prior to the Meeting by lodging the proxy form attached to the Notice by no later than 10:30am on Wednesday, 19 August 2020;
- 2) submitting questions in advance of the Meeting by emailing the questions to info@kasbahresources.com by no later than 10:30am on Wednesday, 19 August 2020; and
- 3) attending an online meeting, by entering the URL into the browser www.agmlive.link/KAS20 and entering your details when prompted.

You can also view a live webcast of the Meeting on the Company's website at www.kasbahresources.com. Please note that if you have previously submitted a Proxy Form and you elect to vote online at the Meeting your proxy's authority to vote will be revoked for the resolution where you have cast an online vote.

FINANCIAL

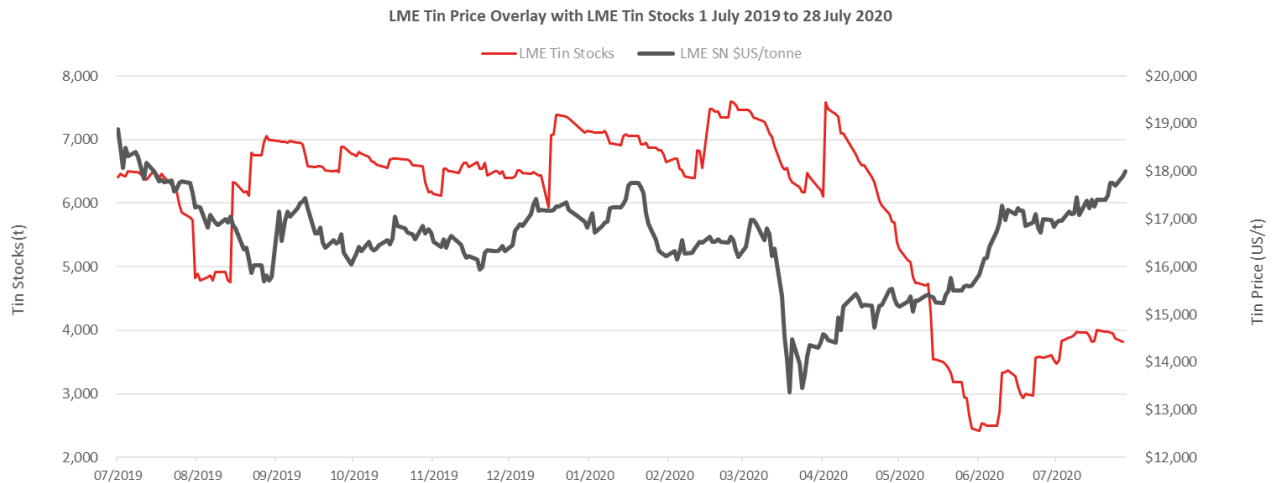
Cash and debt

Cash and short-term deposits at 30 June 2020 were \$0.7 million.

Debt plus capitalised interest as at 30 June 2020 was \$7.6 million.

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

TIN MARKET



Tin prices have increased during the quarter from \$14,401/t on 31 March 2020 to 16,847/t on 30 June 2020. Tin prices continued to increase in July and reached \$18,000/t on 28 July 2020, the highest it has been since July 2019. LME tin inventory decreased significantly, from 6,205 tonnes the beginning of the quarter to 2,455 tonnes at the end of May, before increasing to close the quarter at 3,530 tonnes.

Whilst tin price movement has typically been inversely correlated to the LME tin inventory, the COVID-19 pandemic saw this inverse correlation not observed in the previous quarter. However, the supply-demand dynamics appear to normalise from late March with declining supply resulting in an increasing tin price. The initial decline this quarter corresponds with the inverse relationship expected between LME tin inventory and tin price, however since June, there has been an increase in both inventory and prices.

The current global macro-economic uncertainties are also plaguing the tin market resulting in the unprecedented direct correlation between tin process and LME tin inventory. From an inventory perspective, supply disruptions as a result of shutdowns or altered operations was believed to have caused the declining tin inventory. As economies open, and many countries resuming normal operations, there appears to be a build-up of inventory. Demand though remains depressed with most analyst predicting a contraction of the global semi-conductor markets in 2020 due to Covid-19.

The long-term tin market fundamentals remain unchanged with an impending supply deficit as many tin producers reach the end of their mine life with depleting grades increased demand from the growth of electronic vehicles, renewables, advanced robotics, etc. These factors are expected drive increases in the tin price over the medium and longer term.

Our view for the outlook for tin remains unchanged. The Achmmach Tin Project remains the most advanced greenfield tin project in the world. The Achmmach Tin Project provides a stable long-term tin supply with a high-grade concentrate and is well placed to address part of the tin market deficit when in production. 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.

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.			

Follow us on Twitter and LinkedIn for updates.

 : @Kasbah Resource

 : Kasbah Resources Ltd

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KASBAH RESOURCES LIMITED

ABN

78 116 931 705

Quarter ended ("current quarter")

30 June 2020

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 (if expensed)	(88)	(1,777)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(10)	(446)
	(e) administration and corporate costs	(230)	(815)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(328)	(3,036)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) 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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	4
2.6	Net cash from / (used in) investing activities	-	4

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	500	1,300
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(6)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	57	493
3.10	Net cash from / (used in) financing activities	557	1,787

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	488	1,916
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(328)	(3,036)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	557	1,787

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(21)	25
4.6	Cash and cash equivalents at end of period	696	696

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	369	248
5.2	Call deposits	25	25
5.3	Bank overdrafts		-
5.4	Other (Cash held in Morocco)	302	215
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	696	488

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

-

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	6,900	6,900
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	6,900	6,900
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

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 was 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%.

On 1 October 2019, the Company entered into an increase and extension of the existing facility (\$5.6 million inclusive of capitalised fees and interest). The facility was increased by \$1.3 million to be drawn down in two tranches; the first tranche following shareholder approval and a the second tranche after 1 June 2020. Following shareholder approval at the Annual General Meeting, the first tranche of \$800,000 was drawn down. The second tranche of the convertible loan was drawn down in June 2020.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(328)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(328)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	696
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	696
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.1
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	

Answer: The company continues to engage with key shareholders and is in the process of evaluating its strategic options with regards to partnerships of its ongoing projects. The Company has proposed to be delisted from the Official List of the ASX for a number of reason, including addressing the valuation disparity between its project value and its market capitalisation. The company also has the option to raise equity utilising its placement capacity or through and capital raising.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity expects to continue its operations and meet its business objectives with its reduced cost footprint and potential future funding either through debt or equity.

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.

Date: 31 July 2020

By the Board
Authorised by:

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.