



30 July 2014

ASX CODE: KAS

**OUR PRIME COMMODITY IS
TIN**

LME TIN PRICE (29/07/14)

**US\$22,575 / T
(CASH BUYER)**

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY IS ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT
KIKAGATI TIN PROJECT

CAPITAL STRUCTURE

SHARES ON ISSUE: 396M
UNLISTED OPTIONS: 20.5M
CASH @ 30/06/14: \$4.4M

MAJOR SHAREHOLDERS

WORLD BANK (IFC) 15.8%
AFRICAN LION GROUP 15.1%
TRANSAMINE 3.3%
TRAXYS 3.3%
MGMT & DIRECTORS 3.0%
THAISARCO 2.0%

CONTACTS

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ASX RELEASE

JUNE 2014

QUARTERLY REPORT



Kasbah Resources Limited (ASX: KAS) is pleased to report its activities for the June 2014 Quarter. The Highlights include:

- Kasbah, Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) signed a shareholders agreement (SHA) governing the incorporated joint venture (JV) for the Achmmach Tin Project's development and operation by Atlas Tin SAS
- TTC made the final payment of A\$1.2M to complete its acquisition of a 20% project interest in the Achmmach Tin Project
- Kasbah welcomed Ms Gabrielle Moeller to the Board as a Non-executive Director
- First round of formal meetings with international project financiers completed
- Kasbah signed a Memorandum of Understanding (MOU) to farm into Starfield Minerals' Kikagati Tin Project in south-western Uganda
- Cash position at 30 June 2014 is \$4.4M

JUNE QUARTERLY REPORT

OVERVIEW

Kasbah is pleased to report the key technical and commercial deliverables for the Company from the June Quarter.

During the period Kasbah made the following important ASX releases:

- **7 July 2014** Kasbah signs MOU over Kikagati Tin Project in south-western Uganda;
- **27 June 2014** TTC completes acquisition of 20% Project interest in Achmmach Tin Project;
- **28 May 2014** New Board appointment – Ms Gabrielle Moeller joins as a Non-executive Director; and
- **15 April 2014** TTC and NMC sign a Shareholders Agreement with Kasbah for the incorporated JV that will govern the Achmmach operating entity (Atlas Tin SAS).

Please refer to the individual releases for further details at www.kasbahresources.com.



Image 1: Achmmach Core Sample – Meknes Trend

CORPORATE

Since April Kasbah achieved the following corporate milestones and advanced the following critical items:

- **Shareholder Agreement (SHA) signed with TTC and NMC**

During this quarter Kasbah signed a SHA agreement with TTC and NMC in regards to the development of the Achmmach Tin Project.

The agreement defines the terms and conditions on which Kasbah, TTC and NMC propose to associate themselves together (through Atlas Tin SAS) as an incorporated joint venture to carry out the development and proposed eventual mining of Achmmach. The SHA facilitates a strong and functional working relationship between all parties and ensures timely decision making.

As majority shareholder Kasbah can, after consultation with the other Atlas Tin shareholders, determine all major strategic decisions (including off-take decisions) and all significant operational matters.

- **TTC Completes final T3 Payment**

On 30 June, the Company announced TTC had made its T3 payment of A\$1.2M. This payment completed the prerequisites for TTC to become a 20% shareholder in the Achmmach Project and heralded the formal commencement of operations of the JV Company Atlas Tin SAS, in Morocco.

With TTC earning its 20% project interest in the Joint Venture (JV), the JV interests will become Kasbah 75%, TTC 20% and NMC 5% with all forward project expenditure to be effectively split on the same basis.

Kasbah, as the majority shareholder is the Manager and Operator of the Achmmach JV.

- **Appointment of Non-executive Director**

Kasbah appointed Gabrielle Moeller to its Board as a Non-executive Director during the quarter. Ms Moeller has more than 40 years' experience in international banking, project financing, trade finance and commodity marketing.

Ms Moeller has held senior corporate and finance roles with International banks and commodity trading houses such as Chase Manhattan Bank, Credit Agricole, Banque Paribas, Transamininvest, Transamine Trading, Finsearch SA and the Balli Group.

Her finance and commercial expertise across a multitude of commodities and jurisdictions is extensive and will be invaluable to Kasbah during the next phase of the Company's development.

▪ Project Financing and Off-take Update

During the June quarter Kasbah received non-binding expressions of interest and indicative debt terms from a group of International commercial banks, European development institutions and Kasbah's principal shareholder (the International Finance Corporation) in regards to project funding for the development of the Achmmach Tin Project.

Formal meetings with all interested parties were undertaken and post these meetings independent technical experts have been engaged to commence the due diligence process to support project financing.

The expressions of interest received to date have been highly supportive of the project and Kasbah's funding plans. Kasbah has requested updated proposals.

With respect to off-take, discussions with potential concentrate off-takers have also commenced and strong interest is being expressed in the concentrate which is a clean/high quality product.

▪ Farm-in for Kikagati Tin Project Uganda

Subsequent to the end of the quarter, Kasbah signed an exploration farm-in agreement (MOU) with the Ugandan subsidiaries of the Australian private company Starfield Metals Limited regarding Starfield's Kikagati Tin Project in south-western Uganda.

This agreement includes Starfield's mining and exploration licences covering 96km² in area, located in south-western Uganda, and provides the opportunity for Kasbah to earn up to 51% interest in this project.

The structure of the MOU is summarised below:

- **On signing the MOU** – A payment of a non-refundable option fee of A\$100,000 grants Kasbah an exclusive 6 month period in which to conduct due diligence investigation into the licences.
- **After 6 months** – A payment of a further non-refundable option fee of A\$150,000 provides an additional 6 month exclusive period to extend due diligence investigation into the licences.
- **First farm-in interest** – If Kasbah chooses to continue after this 12 month period, it can earn a 30% interest in the licences by sole funding exploration expenditure to a minimum of A\$500,000 within a subsequent 12 month period.
- **Second farm-in interest** – On Kasbah's election, it can earn an additional 21% (taking its total interest to 51%) by sole funding additional exploration expenditure to a minimum of A\$500,000.

A small artisanal hard rock tin mining area comprising approximately 15% of ML1047 has been excised from the Kikagati licence package. However, Kasbah retains first right of refusal for the acquisition of this area (**Figure 1**).

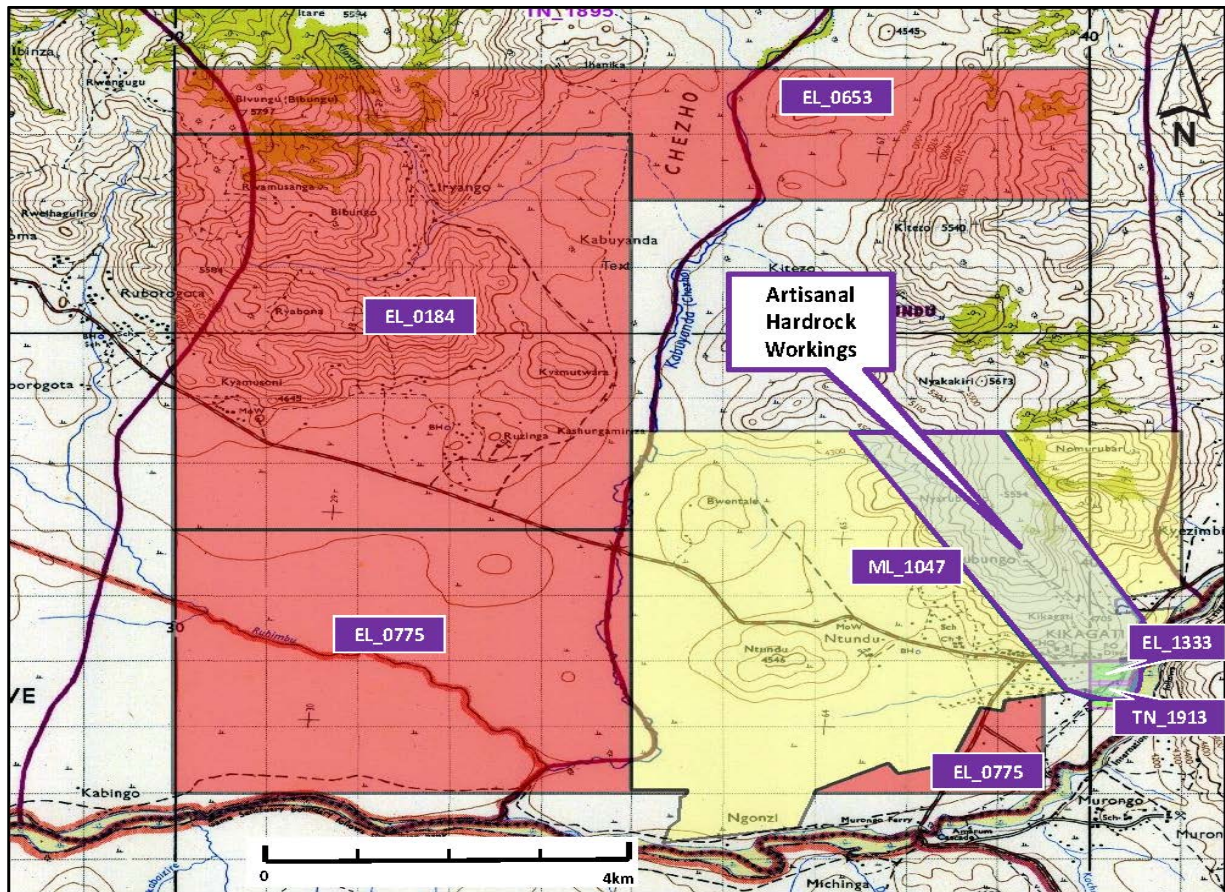


Figure 1: Kikagati Tin Project Licences

For more details on the MOU and background on Starfield, refer to ASX Announcement dated 7 July 2014.

Whilst the Company advances Achmmach towards mine development it will continue to evaluate domestic Moroccan and other international tin prospects identified by, or offered to Kasbah. This is consistent with Kasbah’s corporate strategy to become a significant, new supplier of high quality tin concentrates to the tin sector.

- **Cash Reserves**

Cash reserves at 30 June 2014 were **\$4.4M**.

PROJECT DEVELOPMENT UPDATE

▪ Achmmach Tin Project

Following the release of the definitive feasibility study (DFS), Kasbah commenced the optimisation of some key components of the DFS and advanced many of the critical project approvals required to commence development at Achmmach. With respect to DFS optimisation, Kasbah commissioned an independent review of the Meknes Trend underground mine design and completed 387m of outstanding geotechnical drilling in the Western Zone Shallows (WZS).

In addition, Kasbah personnel collected WZS metallurgical samples for beneficiation and waste characterisation programmes and will use the data generated from these programmes to advance the status of the existing resource to reserve status during the remainder of 2014.

Plans for additional drilling in the Western Zone were developed during the quarter and Kasbah proposes to recommence drilling in this area during Q3.

The company advanced the following key project approvals during the quarter:

▪ **Investment Convention**

Kasbah completed the requirements for the submission of the Project Investment Convention to the first stage of approval from the Moroccan administration. The second and final phase of approval is currently underway.

▪ **Water and Land Access**

Kasbah continued discussions with Moroccan agencies to advance the final applications for water and land access for the Project's operational requirements. Kasbah anticipates commencing bore field development during Q3 2014 and is working to finalise land rental agreements with collectives and the Forestry Department.

▪ **Power Supply**

Kasbah commenced discussions with the National Office of Electricity and Potable Water over a draft contract for the establishment of the Project power supply during the quarter.

The Company has been working with the local communes and regional authorities since the project commenced and does not anticipate any significant difficulties in progressing these approvals.

EXPLORATION

Kasbah’s exploration activities for the June Quarter are summarised below:

- **Morocco Regional Exploration**

Kasbah continued preliminary soil and geochemical sampling across its suite of exploration permits within Morocco. These permits cover the Zaer and Ment granites in particular, where tin anomalies are known to occur.

Data from these programmes is expected to be processed during Q3.

TIN MARKET OVERVIEW

- **Tin Price**

At the ITRI Tin Conference in Penang in May 2014, Germany’s Federal Institute for Geosciences and Natural Resources (“BGR”) identified that there are only two tin development projects in the world (Achmmach in Morocco and the Bofedal Tailings Project in Peru) that are economic at current tin prices (**Figure 2**).

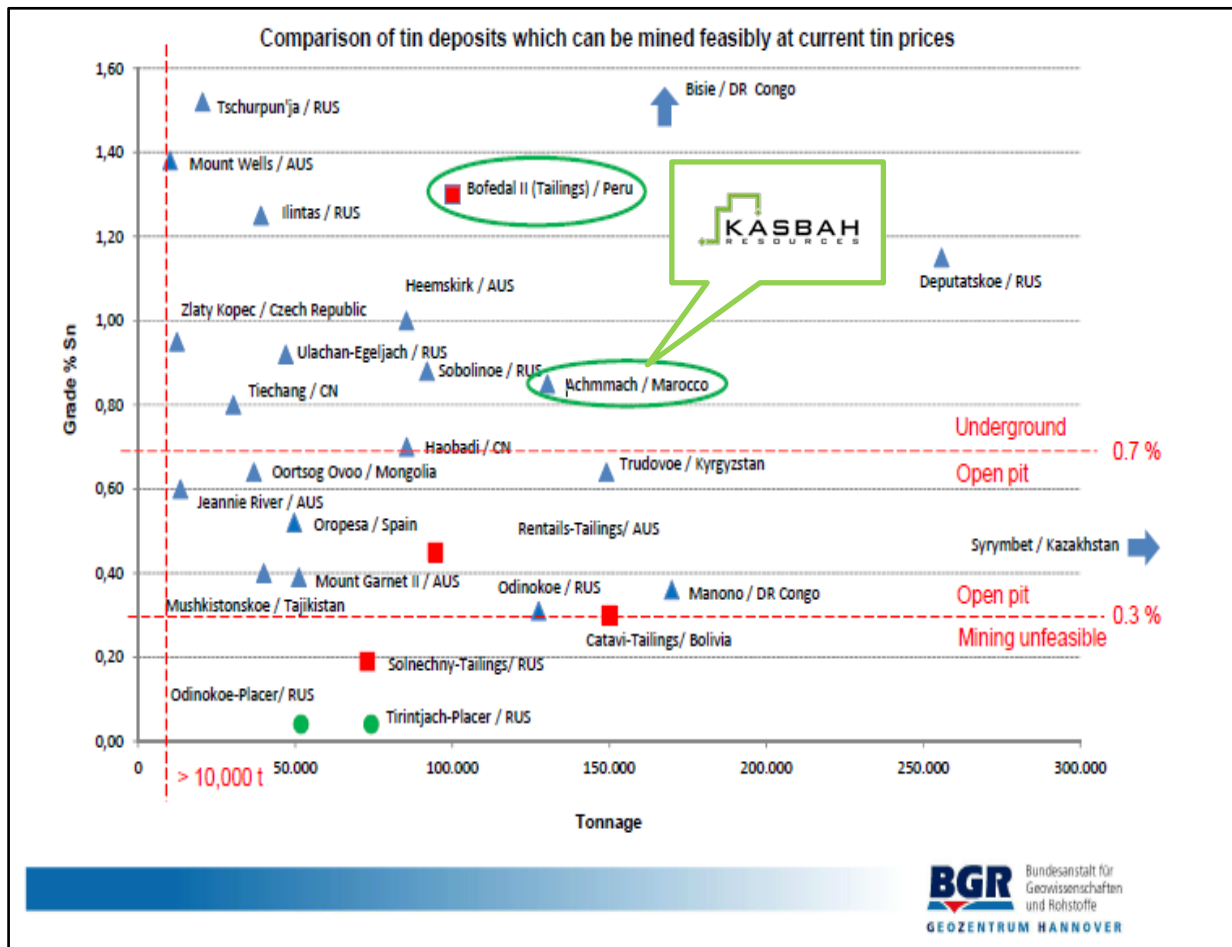
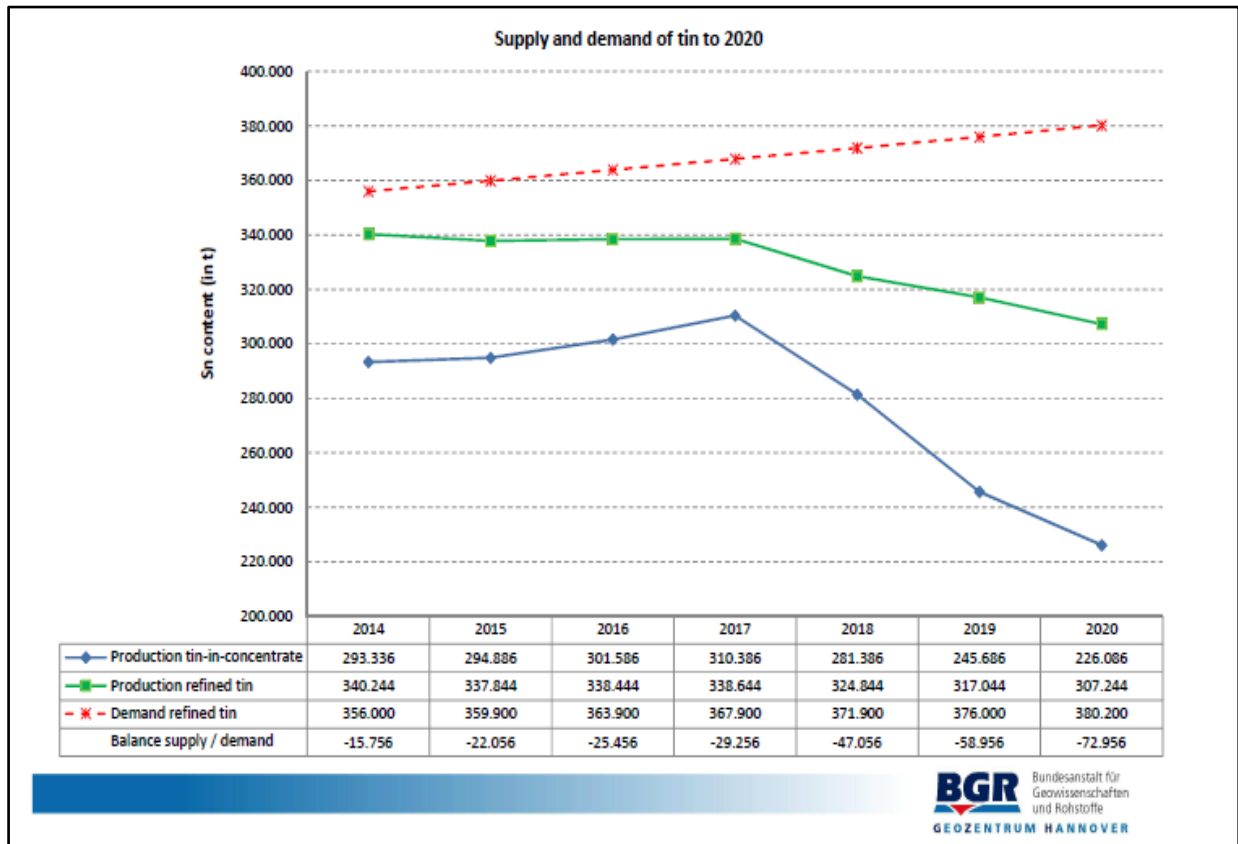


Figure 2: BGR’s assessment of Tin Deposits which can be Mined Feasibly at Current Tin Prices

The BGR also forecast an impending widening of demand over supply in the near term (**Figure 3**) that, in its analysis, suggests a tin price approaching **US\$30,000/t** may be expected in the near future.



Source: Federal Institute for Geosciences and Natural Resources (Hannover, Germany) – 15 May 2014

Figure 3: Projected BGR Tin Market Balance to 2020

As per the BGR’s estimates in Figure 1, Achmmach is one of only two economic tin projects at current tin prices and provides strong leverage to forecast tin price growth (**Table 1**).

Table 1: Achmmach DFS - Tin Price Sensitivity

Parameter	Tin Price, USD/tonne		
	DFS Base Case LME Cash Buyer ⁽¹⁾	BNP Paribas Forecast 2015 ⁽²⁾	BGR Forecast ⁽³⁾
	\$23 025	\$27,000	\$30,000
NPV ₈ , USD M post tax	126	217	286
IRR, % post tax	23.3	32.8	39.5
Operating Margin USD/tonne ore treated	66.6	86.3	101.3
Cash surplus, USD M	270	408	512

¹ LME Cash Buyer price 28 March 2014 ² BNP Paribas Base Metal Forecast 4 March 14 ³ BGR Presentation 15 May 2014

LOOKING FORWARD

During Q3 and Q4, 2014 Kasbah's objectives include:

- Completion of WZS metallurgical programme and updating of the WZS resource;
- Optimise a total mine plan that incorporates the WZS;
- Progress Achmmach power supply contract discussions;
- Complete Achmmach approvals with the Moroccan Administration;
- Advance the Achmmach project financing and off-take discussions; and
- Commence evaluation and exploration activities at the Kikagati Tin Project in Uganda.

For and on behalf of the Board



Wayne Bramwell
Managing Director

For further information please go to:

www.kasbahresources.com

Or email:

info@kasbahresources.com

Follow us on twitter

[@kasbahresources](https://twitter.com/kasbahresources)



Image 2: Ancient Wall and Road Marker - Meknes



Image 3: Reticulation and replanting of historic drill pads at Achmmach

ABOUT KASBAH RESOURCES

Kasbah Resources Limited (Kasbah) is an Australian 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 and a farm-in agreement over prospective licences comprising the Kikagati Tin Project in SW Uganda (Figure 4).

- **Achmmach Tin Project 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 with the definitive feasibility study into the development of a 1Mtpa underground mine, concentrator and associated infrastructure at Achmmach completed in March 2014. The DFS at the base case scale of annual production of 5,300 tonnes of tin in concentrate, would make Achmmach the 8th largest tin mine in the world and the largest tin mine in Africa.

The JV is currently sourcing project financing and off-take agreements, and plans to be in production during 2016.

▪ **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 the Bou El Jaj permits.

▪ **Kikagati Tin Project in Uganda (Kasbah can earn 51%)**

Kasbah has signed an exploration farm-in agreement with the Ugandan subsidiaries of the Australian private company Starfield Metals Limited. This agreement encompasses Starfield's 96km² Kikagati Tin Project in south-western Uganda and provides the opportunity for Kasbah to earn up to 51% in this project.

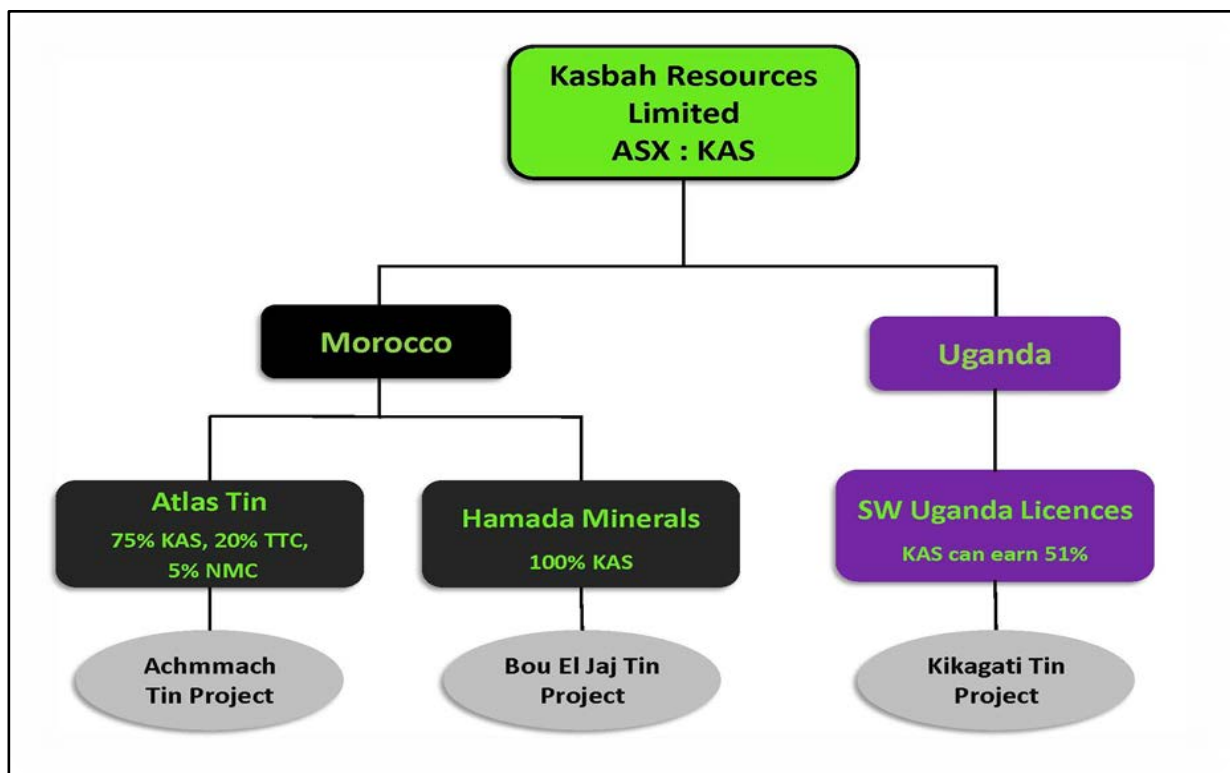


Figure 4: Kasbah Resources Limited's Project Interests

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

INTERESTS IN MINING TENEMENTS

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Achmmach	Morocco	PE2912	75%*		20%
		PE193172	75%*		20%
		PR1939131	75%*		20%
Bou El Jaj	Morocco	PR2137803	100%		
		PE193313	100%		
Tamlalt	Morocco	PE223197	100%		
		PE223198	100%		
		PE223199	100%		
		PE223200	100%		
		PE223201	100%		
		PE223202	100%		
		PE223203	100%		
		PE223204	100%		
Ezzhiliga	Morocco	PR210349	100%		
		PR210350	100%		
		PR210351	100%		
		PR210352	100%		
		PR210353	100%		
		PR210354	100%		
		PR210355	100%		
		PR210356	100%		
		PR210357	100%		
		PR210358	100%		
		PR210359	100%		
		PR210361	100%		
Miscellaneous Permits	Morocco	PR1938815	100%		
		PR1939131	100%		
LEGEND: <i>PE – Permis Exploitation</i> <i>PR – Permis Recherche</i> * - Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) of Japan are Kasbah's strategic development partners in the Achmmach Tin Project. Kasbah's interest in the Achmmach Tin Project is 75% with TTC having a 20% interest and NMC a 5% interest.					

FARM-IN AGREEMENT CHANGES

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

FARM-OUT AGREEMENT CHANGES

Project / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Achmmach	Morocco	PE2912	75%*		20%
		PE193172	75%*		20%
		PR1939131	75%*		20%

Appendix 5B

Mining 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

Name of entity

KASBAH RESOURCES LIMITED

ABN

78 116 931 705

Quarter ended ("current quarter")

30 JUNE 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(731)	(7,719)
(b) development	-	-
(c) production	-	-
(d) administration	(1,105)	(3,415)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	257
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R &D Tax Rebate	-	1,100
Net Operating Cash Flows	(1,801)	(9,777)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(1,066)	(1,066)
(b) equity investments	-	-
(c) other fixed assets	(2)	(29)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	15
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Payment for security deposits & bonds	-	(15)
Net investing cash flows	(1,068)	(1,095)
1.13 Total operating and investing cash flows (carried forward)	(2,869)	(10,872)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,869)	(10,872)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – proceeds from Toyota Tsusho	1,181	1,181
	Net financing cash flows	1,181	1,181
	Net increase (decrease) in cash held	(1,688)	(9,691)
1.20	Cash at beginning of quarter/year to date	6,095	14,110
1.21	Exchange rate adjustments to item 1.20	(4)	(16)
1.22	Cash at end of quarter	4,403	4,403

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	212
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.8(a) – A payment of US\$1 million (A\$1.066m) was made during the quarter to ONHYM as the next instalment for the Achmmach Tin Project.

1.19 – T3 Payment of A\$1.2 million received from Toyota Tsusho Corporation as final payment to secure 20% Project interest in Achmmach Joint Venture.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

1.19 – T3 Payment of A\$1.2 million received from Toyota Tsusho Corporation as final payment to secure 20% Project interest in Achmmach Joint Venture.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,579
4.2 Development	-
4.3 Production	-
4.4 Administration	896
Total	2,475

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,450	236
5.2 Deposits at call	2,774	5,702
5.3 Bank overdraft	-	-
5.4 Other (provide details) - Cash held in Morocco	179	157
Total: cash at end of quarter (item 1.22)	4,403	6,095

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	PE2912 PE193172 PE1939131	Toyota Tsusho Corporation secure 20% interest in Achmmach Project Joint Venture as a result of T3 Payment received.	95% 95% 95%	75% 75% 75%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	395,912,596	395,912,596		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry Date</i>
KASAAB	2,500,000	-	\$0.25	26 August 2014
KASAAB	4,000,000	-	\$0.25	24 November 2014
KASAQ	500,000	-	\$0.10	5 October 2015
KASAAC	1,500,000	-	\$0.28	20 July 2015
KASAAD	2,000,000	-	\$0.26	23 November 2015
KASA AE	10,000,000	-	\$0.26	23 November 2015
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____ Date: 30 July 2014
Chief Financial Officer / Company Secretary

Print name: Trevor O'Connor

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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