

22 September 2014

Dear Shareholder

Kasbah Resources Limited – Pro-rata Non-renounceable Rights Issue

As announced on 16 September 2014, Kasbah Resources Limited (ACN 116 931 705) (**Company** or **Kasbah**) is undertaking a three (3) for ten (10) pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 118,773,779 fully paid ordinary shares (**New Share**) to raise approximately \$8,314,165. The price of New Shares under the Offer is \$0.07 each (**Issue Price**). The Company released an offer document for the Offer (**Offer Document**) to ASX on 18 September 2014.

Funds raised under the Rights Issue, after deduction for expenses, are to be used to continue extensional drilling at the Western Zone Shallows target, Achmmach Definitive Feasibility Study Optimisation and for project financing establishment costs.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 25 September 2014, whose registered address is in Australia, New Zealand, Mauritius, Thailand or the United Kingdom.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have approximately 514,686,375 Shares on issue.

A copy of the Offer Document is available on ASX's and Kasbah's website. Eligible Shareholders will be mailed a copy of the Offer Document together with an Entitlement and Acceptance Form no later than 30 September 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Offer Document.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Eligible shareholders will be entitled to top-up their shareholding, by subscribing for additional New Shares in excess of their Entitlement, which are to be issued from the shortfall pool (**Top-Up Offer**). New Shares issued under the Top-Up Offer will be issued at the same price as New Shares under the Offer. However, the Company will only issue such New Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the New Shares will not increase the applicant's voting power above 19.9%.

Actions required by Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- **You may wish to accept all of your rights to subscribe for New Shares in Kasbah pursuant to the Offer Document (Entitlement).**

To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Link Market Services Limited (**Share Registry**) by no later than 5:00pm (WST) on 10 October 2014. Please complete and return your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form. Alternatively you can make a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.

- **You may wish to accept part of your Entitlement.**

To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm (WST) on 10 October 2014. Please complete and return your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies. Alternatively make a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.07 per New Share).

- **You may wish to accept your full Entitlement and apply for additional New Shares under the Top-Up Offer.**

To take up your full Entitlement and apply for additional New Shares under the Top-Up Offer, you will need to ensure your application money for your Entitlement plus the additional New Shares you wish to apply for under the Top-Up Offer is received by the Share Registry by no later than 5:00pm (WST) on 10 October 2014. Please complete and return your Entitlement and Acceptance Form including filling in the number of New Shares under the Top-Up Offer you wish to apply for in the Top-Up section of the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies. Alternatively make a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.07 per New Share).

- **You may do nothing.**

If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest (as a percentage) in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Date
Release of Offer Document and Cleansing Notice to ASX	18 September 2014
Appendix 3B lodged with ASX	18 September 2014
Notice sent to Optionholders	18 September 2014
Notice sent to Shareholders	22 September 2014
Ex date (date from which securities commence trading without the Entitlement to participate in the Offer)	23 September 2014
Record Date (date for determining Entitlements of Eligible Shareholder to participate in the Offer)	5:00pm (WST) 25 September 2014
Offer Document and personalised Entitlement and Acceptance Forms sent to Shareholders	30 September 2014
Last day to extend the Offer Closing Date	7 October 2014
Closing Date (Offer closes)	5:00pm (WST) 10 October 2014
Securities quoted on a deferred settlement basis	13 October 2014
Notification to ASX of Shortfall	15 October 2014
Issue date/New Shares entered into Shareholders' holdings	17 October 2014

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Trevor O'Connor, Kasbah's Company Secretary, on +61 8 9463 6651.

Yours sincerely



Wayne Bramwell
Managing Director