

2014

ANNUAL REPORT



CORPORATE DIRECTORY

DIRECTORS

Rod Marston (Non-executive Chairman)
Wayne Bramwell (Managing Director)
Robert Weinberg (Non-executive Director)
Gary Davison (Non-executive Director)
Ian McCubbing (Non-executive Director)
Gabrielle Moeller (Non-executive Director)

COMPANY SECRETARY

Trevor O'Connor

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of
Kasbah Resources Limited will be held at:

Rothschilds Function Room
Perth Zoo
20 Labouchere Road, South Perth
Time: 10.00am
Date: Friday 21 November 2014

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Unit 3, 77 Mill Point Road
South Perth WA 6151

Telephone: +61 8 9463 6651
Facsimile: +61 8 9463 6652
E-mail: info@kasbahresources.com
Web: www.kasbahresources.com

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities
Exchange Limited under the trading code **KAS**.

SHARE REGISTRY

Link Market Services Limited
Level 4
152 St Georges Terrace
Perth WA 6000
Telephone: +61 1300 554 474

BANKERS

Westpac Banking Corporation
1257 – 1261 Hay Street
West Perth WA 6005

SOLICITORS

In Australia
Steinepreis Paganin
Lawyers & Consultants
Level 4
The Read Buildings
16 Milligan Street
Perth WA 6000
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Telephone: +61 8 6382 4600
Facsimile: +61 8 6382 4601

CONTENTS

Chairman's Letter	02
Corporate Strategy	03
Highlights	04
Operations Review	06
Directors' Report	26
Corporate Governance Statement	44
Auditor's Independence Declaration	50
Consolidated Statement of Profit or Loss and Other Comprehensive Income	51
Consolidated Balance Sheet	53
Consolidated Statement Of Changes In Equity	54
Consolidated Statement Of Cash Flows	55
Notes To The Consolidated Financial Statement	56
Directors' Declaration	91
Independent Auditor's Report	92
ASX Additional Information	94

CHAIRMAN'S LETTER

Dear Shareholders,

The past year has been extremely important to the growth and development of Kasbah Resources Limited, and it gives me great pleasure to present to you the Company's Annual Report for the year ended 30 June 2014.

Completion of a Definitive Feasibility Study (DFS) for the flagship Achmmach Tin Project in Morocco was a massive accomplishment and determined that a one million tonnes per annum underground operation at Achmmach is technically and commercially feasible. Highlights of the report included: a maiden Ore Reserve of 8.45Mt at 0.78% tin for 65,000 tonnes of contained tin; a mine life of nine years; average production of 5,300 tonnes of tin in concentrate per year; pre-production capital cost of US\$181M; a Net Present Value of US\$126M and Internal Rate of Return of 23.3%; Life of Mine C3 cash costs of US\$15,309/t of tin; and a payback period of 3.2 years.

At DFS scale, Achmmach would become the eighth largest tin mine in the world and the largest in Africa.

In addition to this reserve a maiden Indicated Resource was delineated in November for the high grade Western Zone Shallows (WZS) which estimated 144,000 tonnes at 0.90% tin for 1,380 tonnes of contained tin. Further drilling at WZS then updated this resource by 53% to 221,000 tonnes at 0.95% tin for 2,100 tonnes of contained tin.

Among the important steps taken during the year to ensure continued progress of the project was the receipt of environmental approval for Achmmach from the Moroccan National Committee for Environmental Impact Studies. In addition Kasbah signed a shareholder agreement with Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) for the development of Achmmach. Just prior to year-end, TTC made its final payment of A\$1.2 million to complete its 20% acquisition of the project.

NMC retains a 5% project interest in Achmmach and Kasbah, as the 75% shareholder remains Manager and Operator of the project. Kasbah is now working hard to secure funding for this project, as well as off-take agreements with parties who have expressed interest to purchase tin concentrates from Achmmach.


Subsequent to the year-end, Kasbah signed a Memorandum of Understanding (MOU) for an exploration farm-in for the Kikagati Tin Project in Uganda, with the option to earn up to 51% interest from subsidiaries of Australian private company Starfield Metals Limited. Kasbah will first complete a six-month due diligence investigation into these mining and exploration licenses to determine their prospectivity for shallow resources.

Kasbah appointed Ms Gabrielle Moeller to the Board of Directors as a Non-Executive Director in May. Ms Moeller has 40 years' experience in international banking, project financing, trade finance and commodity marketing, and her expertise will be invaluable to Kasbah as it continues to develop Achmmach.

I thank Managing Director Wayne Bramwell and staff for their important contributions over the past year, and I also thank you, our loyal shareholders, and look forward to your continued support during the next stage of the Achmmach development.



Rod Marston
Chairman



Kasbah Resources Limited (Kasbah) is an Australian listed mineral exploration and development Company.

OUR COMMODITY IS TIN

Kasbah's corporate strategy is to:

- ◆ Grow the Company into a new generation producer of high quality tin concentrates;
- ◆ Leverage our exploration and development expertise into new tin production opportunities; and
- ◆ Target high margin tin assets with growth potential.

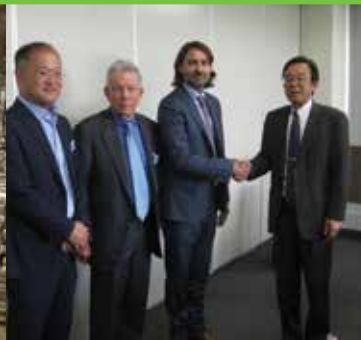
Kasbah's project assets include:


- ◆ The Achmmach Tin Project (Morocco - KAS 75%, TTC 20%, NMC 5%);
- ◆ The Bou El Jaj Tin Project (Morocco - KAS 100%); and
- ◆ The Kikagati Tin Project (Uganda – KAS can earn a 51% interest).

2014

HIGHLIGHTS

Kasbah continues to systematically advance its corporate strategy and has achieved the following corporate and technical milestones:



- 
- 1** Announced the September 2013 Resource Update for the Meknès Trend at Achmmach with a 220% increase in Measured Category tonnage from **500,000 tonnes to 1,600,000 tonnes taking the total Resource to 14.6Mt @ 0.85% Sn for 123.1kt contained tin;**

 - 2** Drill tested 1.6km of the Meknès Trend - all the Resource is now in the Measured and Indicated category;

 - 3** Delivered the maiden Shallow Indicated Resource (November 2013) for Western Zone Shallows (WZS) at Achmmach of 144kt @ 0.90% Sn for 1.38kt contained tin;

 - 4** Announced the February 2014 Resource Update for WZS which increased the Indicated Mineral Resource by 53% to 221kt @ 0.95% Sn for 2.1kt contained tin;

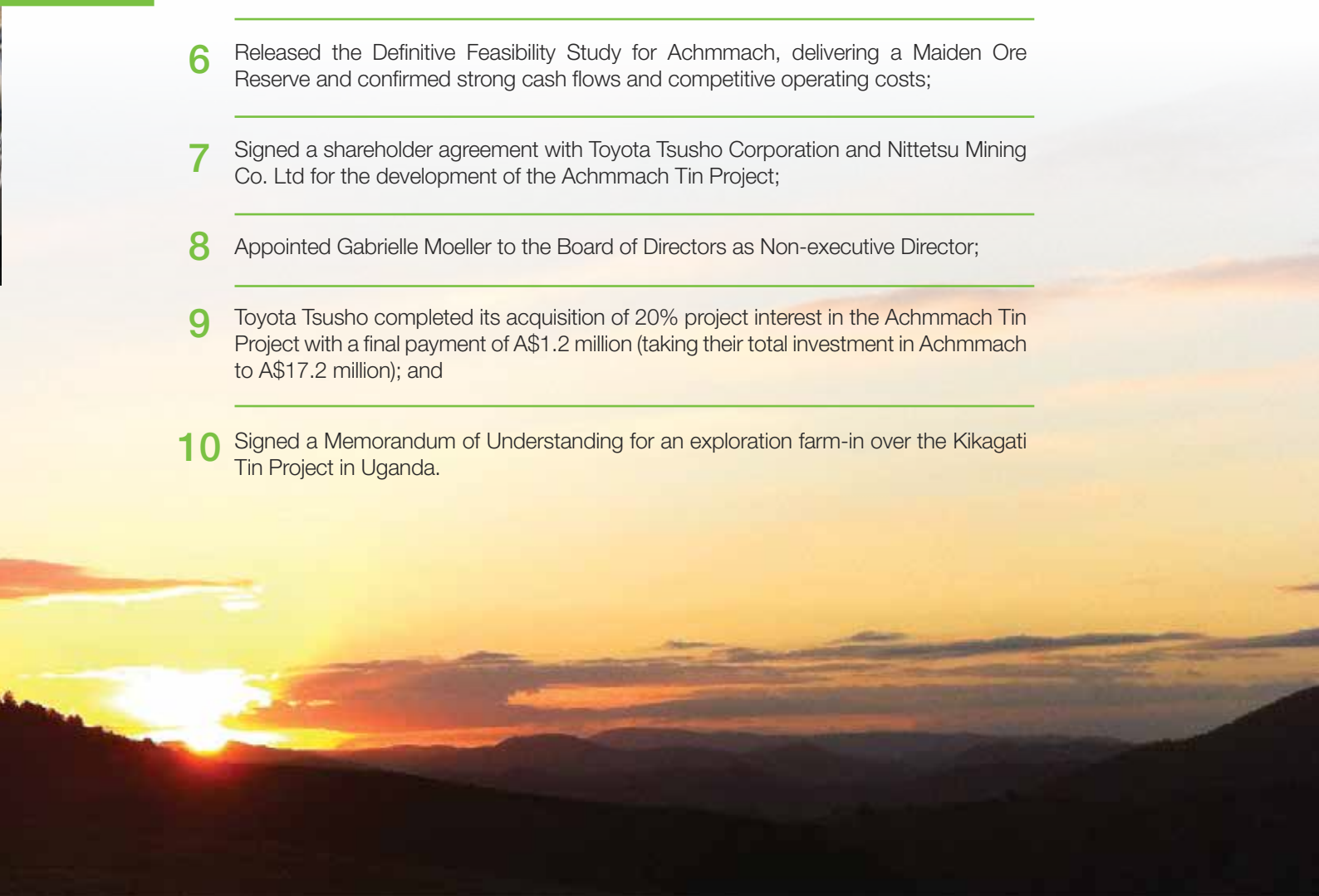
 - 5** Received Environmental Approval for the Achmmach Tin Project from Moroccan National Committee for Environmental Impact Studies;

 - 6** Released the Definitive Feasibility Study for Achmmach, delivering a Maiden Ore Reserve and confirmed strong cash flows and competitive operating costs;

 - 7** Signed a shareholder agreement with Toyota Tsusho Corporation and Nittetsu Mining Co. Ltd for the development of the Achmmach Tin Project;

 - 8** Appointed Gabrielle Moeller to the Board of Directors as Non-executive Director;

 - 9** Toyota Tsusho completed its acquisition of 20% project interest in the Achmmach Tin Project with a final payment of A\$1.2 million (taking their total investment in Achmmach to A\$17.2 million); and

 - 10** Signed a Memorandum of Understanding for an exploration farm-in over the Kikagati Tin Project in Uganda.
- 

OPERATIONS

During the last year Kasbah has made significant advances in achieving our corporate strategy of becoming an international tin producer.

The Achmmach Tin Project has remained the Company's prime focus, with a Definitive Feasibility Study (DFS) and Maiden Ore Reserve for the Project reported to the ASX on 31 March 2014.

The DFS determined that the development of a 1 million tonnes per annum (Mtpa) underground mine, concentrator and associated infrastructure at Achmmach are technically and commercially feasible.

There are very few advanced tin projects of any scale in development throughout the world and fewer with recognised and reportable Mineral Reserves. Achmmach is the most advanced hard rock tin mining project in development in the world with the largest reported JORC Mineral Reserve.

Exploration targets such as the Sidi Addi Trend at Achmmach and the 100% owned Bou El Jaj Tin Project (**Figure 1**) also provide organic growth opportunities that could provide additional ore sources for a processing facility at Achmmach.



Figure 1: Morocco Project Map

The Achmmach Tin Project in Morocco remains our prime focus and is moving through project financing.



OPERATIONS

PROJECT DEVELOPMENT

Resource Estimation

At 30 June 2013, the Company's defined resource at Achmmach stood at 15.3Mt @ 0.85% Sn (for 130.9kt of contained tin) (Table 1) as released to the market on 5 March 2013.

Table 1: March 2013 - Mineral Resource Estimate Achmmach Tin Project
(@ 0.5% Sn cut-off grade^A)

Category	M Tonnes	Sn %	Contained Tin (kt)
Measured	0.5	1.20	6.0
Indicated	14.2	0.85	120.7
Inferred	0.6	0.70	4.2
Total	15.3	0.85	130.9

^A The tin grade has been rounded to the nearest 0.05% Sn. The 0.5% Sn cut-off is based upon a tin price of US\$23,150/t and a total estimated operating cost of US\$103/t of ore (approximately US\$15,000/t of tin in concentrate), based upon the company's projected annualised mining and processing of 1 million tonnes. Bulk density mean value used was 2.89t/m³.

On 10 September 2013, the Company released to the market the **September 2013 Mineral Resource Estimate (Table 2)** which was prepared by independent consultant QG Consulting (QG) of Western Australia, in accordance with the 2012 edition of the JORC Code. Close spaced, in-fill drilling can often significantly reduce tonnage but in this instance resulted in only a modest reduction in tonnage and generated a 220% lift in the measured component of the Achmmach resource from 500,000t to 1,600,000t.

Table 2: September 2013 - Mineral Resource Estimate Achmmach Tin Project
(@ 0.5% Sn cut-off grade^B)

Category	M Tonnes	Sn %	Contained Tin (kt)
Measured	1.6	1.0	16.1
Indicated	13.0	0.8	107.0
Inferred	-	-	-
Total	14.6	0.85	123.1

^B The tin grade has been rounded to the nearest 0.05% Sn. The 0.5% Sn cut-off grade used for reporting the resource is based on a tin price of US\$23,000/t and a total estimated operating cost of US\$79/t (mining US\$27/t, processing US\$38/t and smelting US\$14/t). Processing recovery for tin at an average head grade of 0.85% Sn will be approximately 70%. Bulk density was estimated by Ordinary Kriging, and has an average value within the mineralised zones of 2.89t/m³.

On 4 November 2013, the Company announced a maiden shallow mineral resource at its WZS target in the Sidi Addi Trend. The **WZS - November 2013 Mineral Resource Estimate (Table 3)** was prepared by QG in accordance with the 2012 edition of the JORC Code and comprised 144kt of Indicated Resource at 0.90% Sn for 1.38kt contained tin (at 0.35% Sn cut-off).

Table 3: Western Zone Shallows - November 2013 Mineral Resource Estimate
(@ 0.35% Sn cut off grade^c)

Category	K Tonnes	Sn %	Contained Tin (kt)
Measured	-	-	-
Indicated	144	0.90	1.38
Inferred	-	-	-
Total	144	0.90	1.38

^c The tin grade has been rounded to the nearest 0.05% Sn. The 0.35% Sn cut-off grade used for reporting the resource is based on a tin price of US\$23,000/t and a total estimated operating cost of US\$57/t (mining US\$5/t, processing US\$38/t and smelting US\$14/t). Processing recovery for tin at an average head grade of 0.85% Sn will be approximately 70%. Bulk density was estimated by Ordinary Kriging, and has an average value within the mineralised zones of 2.89t/m³.

On 6 February 2014, the Company announced an upgraded Indicated Mineral Resource for its WZS target at Achmmach. The **WZS – February 2014 Mineral Resource Estimate (Table 4)** currently comprises 221kt of Indicated Resource at 0.95% Sn for 2.1kt contained tin (at 0.35% Sn cut-off) and is located on the highly prospective Sidi Addi Trend at Achmmach.

Table 4: Western Zone Shallows – February 2014 Mineral Resource Estimate
(@ 0.35% Sn cut off grade^d)

Category	K Tonnes	Sn %	Contained Tin (kt)
Measured	-	-	-
Indicated	221	0.95	2.1
Inferred	-	-	-
Total	221	0.95	2.1

^d The Sn grade in this table has been rounded to the nearest 0.05% Sn. The open pit resource has been reported within an optimised Whittle pit shell using a tin price of US \$23,000/t and overall slope angles of 45°. The 0.35% Sn cut off is based on a tin price of US \$23,000/t, with open pit mining costs of US \$2/t of rock for waste and \$3/t for ore. The strip ratio within the pit shell is 18:1, giving an overall mining cost of \$2.1/t. Total processing costs (including smelting) are US \$38/t of ore, with processing recoveries of 75% at an average head grade of 0.9% Sn.

OPERATIONS

Maiden Ore Reserve

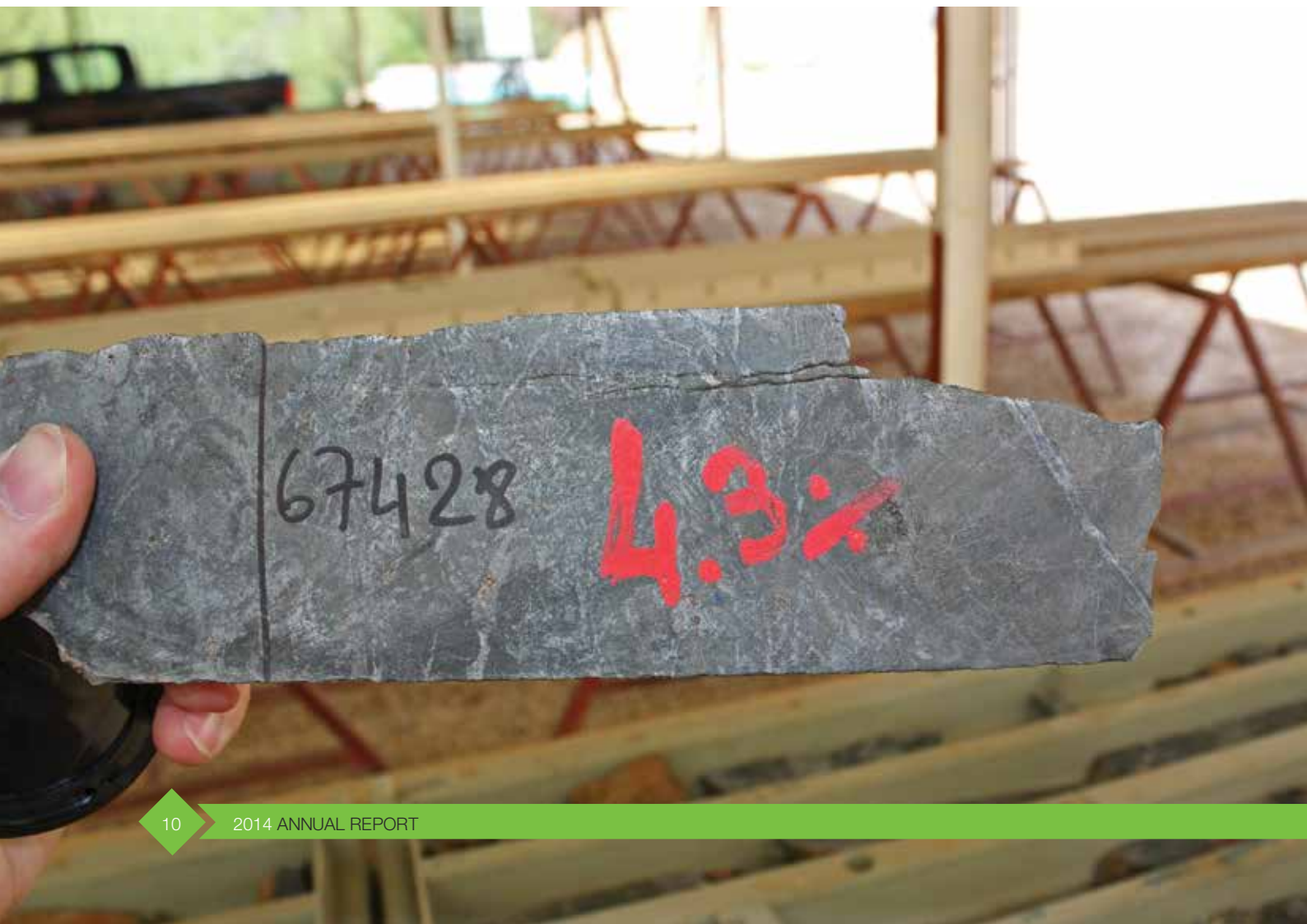
On 31 March 2014, the company announced to the market a Maiden Ore Reserve for the Meknès Underground of **8.45Mt @ 0.78% Sn for 65,400t of contained tin (Table 5)**.

This Ore Reserve has been estimated by Mining One of Perth, Western Australia and is based on the Achmmach September 2013 Measured and Indicated Resource reported to the market on 10 September 2013.

Table 5: March 2014 Meknès Ore Reserve
 (@ 0.55% Sn Cut-off grade for High Grade Ore and 0.30% Sn for Low Grade Development Ore^E)

Meknès	Proven		Probable		Total	
	tonnes	% Sn	tonnes	% Sn	tonnes	% Sn
Total High Grade Ore	1,385,000	0.96	6,600,000	0.76	7,985,000	0.8
Total Low Grade Development Ore	38,000	0.63	422,000	0.41	460,000	0.43
Total	1,423,000	0.95	7,022,000	0.74	8,445,000	0.78

^E The cut-off grade of 0.55% tin is based on a tin price of US\$23,000/t, mining costs of US\$33.75/t of ore, including sustaining capital, processing cost of US\$18.13/t of ore, G&A costs of US\$4.67/t of ore, mine development costs of US\$1,309/m and shipping & concentrate treatment charges of US\$1,173/t of tin.



Achmmach Definitive Feasibility Study (DFS)

On 31 March 2014, Kasbah announced to the market that it had completed its Definitive Feasibility Study (DFS) for the Achmmach Tin Project. The DFS has determined that a 1Mtpa underground tin project with a 9 year life is technically and commercially feasible and can generate strong cash flows at competitive industry operating costs.

DFS Highlights include:

- ◆ A Maiden Ore Reserve of **8.45Mt @ 0.78% Sn for 65,400t** of contained tin;
- ◆ Mine life of 9 years;
- ◆ Underground access via twin declines;
- ◆ Long-hole open stoping with paste fill has been selected as the most appropriate mining method;
- ◆ Average production of 1Mtpa is scheduled to produce ~5,300t of tin in concentrate per annum;
- ◆ Pre-production capital cost of **US\$181M**;
- ◆ On an after tax, ungeared basis (using a spot Sn price of US\$23,025/t and an 8% discount rate), the DFS delivers a Net Present Value of US\$126M with an Internal rate of return of 23.3%;
- ◆ Life of mine C3 cash costs of US\$15,309/t of tin; and
- ◆ A payback period of 3.2 years.

Table 6 summarises the key financial outputs from the DFS base case.



OPERATIONS

Table 6: Achmmach DFS Technical and Economic Summary

Parameter	Unit	DFS Base Case LME Cash Buyer Sn Price @ 28/03/2014 US\$23,025/t
Mining Reserve ^F	Mt	8,445
Life of Mine (LOM) Mined Ore Grade	% Sn	0.78
Average Mill Throughput	Mtpa	1.0
Average annual Tin in tin concentrate produced	tpa	5,300
LOM Project Revenue	US\$M	915
LOM Operating Costs	US\$M	343
LOM Post- tax Free Cash Flow	US\$M	270
Pre-production Capital	US\$M	181
Sustaining Capital	US\$M	71
Post-tax NPV8%	US\$M	126
IRR (ungeared)	%	23.3
Payback period	years	3.2
C1 costs^G	US\$/t ore treated	46.88
C1 costs	US\$/t tin in concentrate	8,623
C3 costs^H	US\$/t tin in concentrate	15,309

^F Mining Reserve is derived from Measured and Indicated Mineral Resources that have had mining dilution and recovery factors applied to the mine design, and ore treatment and other surface operational cost factors applied to create an inventory of mineable stope and development tonnes, the extraction and treatment of which may be accomplished in an economic and environmentally acceptable manner.

^G C1 cost is the sum of mining, processing, site administration and off-site refining.

^H C3 cost is the sum of C1 cost, depreciation & amortisation, royalties and project related corporate costs.

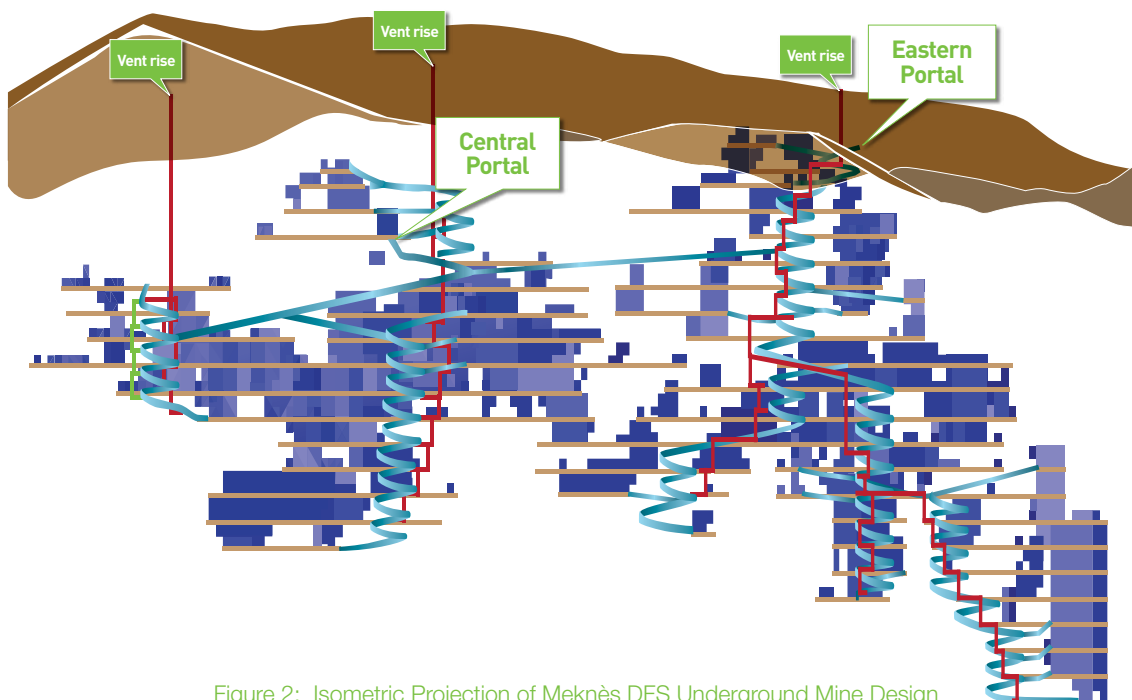


Figure 2: Isometric Projection of Meknès DFS Underground Mine Design

At this base case scale of production, Achmmach would become the 8th largest tin mine in the world and the largest tin mine on the African continent (**Figure 3**).

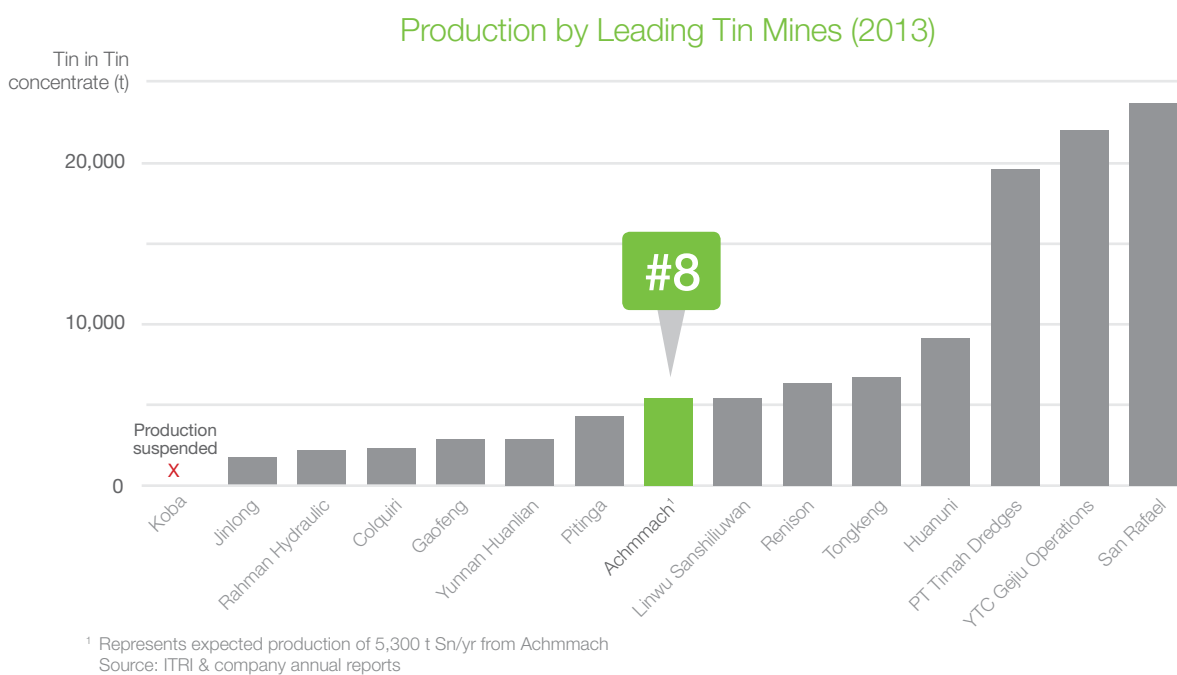


Figure 3: Production by Leading Tin Mines (2013) and Estimated Ranking of Achmmach at Design Throughput

Leading international tin experts such as BNP Paribas and ITRI suggest a tin price approaching US\$30,000/t may be expected from 2015 to 2017. In this event, Achmmach provides strong leverage to forecast tin price growth (**Table 7**).

Table 7: Achmmach DFS - Tin Price Sensitivity

Parameter	Tin Price, USD/t		
	DFS Base Case LME Cash Buyer ⁽¹⁾ \$23,025	BNP Paribas Forecast 2015 ⁽²⁾ \$27,000	ITRI 21 March 2014 Forecast ⁽³⁾ \$30,000
NPV8, USD M post tax	126	217	286
IRR, % post tax	23.3	32.8	39.5
Operating Margin USD/t 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 ITRI, Mining Journal 21 March 2014

OPERATIONS

Environment

On 28 March 2014, the Company announced that the National Committee for Environmental Impact Studies (CNEIE) had approved the Environmental and Social Impact Assessment (ESIA) for Achmmach.

This approval cleared the way to finalise applications for water and land access for the Project's operational requirements and for Kasbah to obtain a mining concession.

The ESIA approval also satisfies a key investment criterion for Kasbah's joint venture partners and investors in the Achmmach Tin Project.

Kasbah's environmental monitoring and management plan can now be finalised for submission to the CNEIE as part of the final permitting process.

During the March quarter of 2014, Kasbah also completed a drill site rehabilitation tree planting programme at Achmmach. More than 2,000 native cork oak seedlings were planted on ripped disused drill platforms along the Mknès Trend. An extensive water reticulation network was established and protective fencing was installed around each planted site. The seedlings will be tended on a routine basis for the foreseeable future.



Community Engagement

Since 2007, the Company has worked closely with the three main communes that the Achmmach Tin Project could impact upon. Kasbah employs personnel from the Ras Jerry, Ait Ouikhalfen and Sebt Jahjouh communes and has regular and open dialogue with the commune leaders and the Regional Administration of the Meknès – Tafilalet region to discuss local issues.

The Project has strong support from local communes and the regional administration.

The anticipated employment numbers during construction are more than 300 direct positions within operations and will provide significant economic benefit to the Meknès-Tafilalet region and the Kingdom of Morocco. Unemployment is high in Morocco and these levels can be higher in regional areas such as that where Achmmach is located.

Independent project modelling carried out in Morocco suggests almost 200 indirect jobs will be created in the region by the implementation of the Achmmach Project and that local communities will be better served by improved local transport services and the introduction of grid electricity to the project area.

As such, Achmmach is critically important to the Meknes – Tafilalet region.



OPERATIONS

EXPLORATION

During the year to 30 June 2014 Kasbah:

- ◆ Explored a shallow target within the Meknès Trend (EZS);
- ◆ Completed WZS drilling in the Sidi Addi Trend in May;
- ◆ Completed a geochemical assessment at Bou El Jaj (BLJ);
- ◆ Commenced preliminary soil and geochemical assessment on Regional Exploration permits in Morocco; and
- ◆ Completed a drill site rehabilitation tree planting programme at Achmmach.

Kasbah's exploration activities to 30 June 2014 are summarised below.

“ It is important to recognise that the Achmmach Tin Project encompasses two tin systems - the Meknès Trend and the Sidi Addi Trend. Kasbah has drilled approximately 109,000m into the Meknès Trend and that system remains open.

The parallel and prospective Sidi Addi Trend is, like Meknès, approximately 1.6km long and the tin mineralisation is of similar nature. The key difference with the Sidi Addi Trend is that it has had less than 5,000m of shallow drilling undertaken across it to date.

These outstanding, high-grade shallow results from the WZS provide a tantalising glimpse of the broader potential of the Sidi Addi Trend and the wider Achmmach tin field. ”

| Kasbah Managing Director, Wayne Bramwell



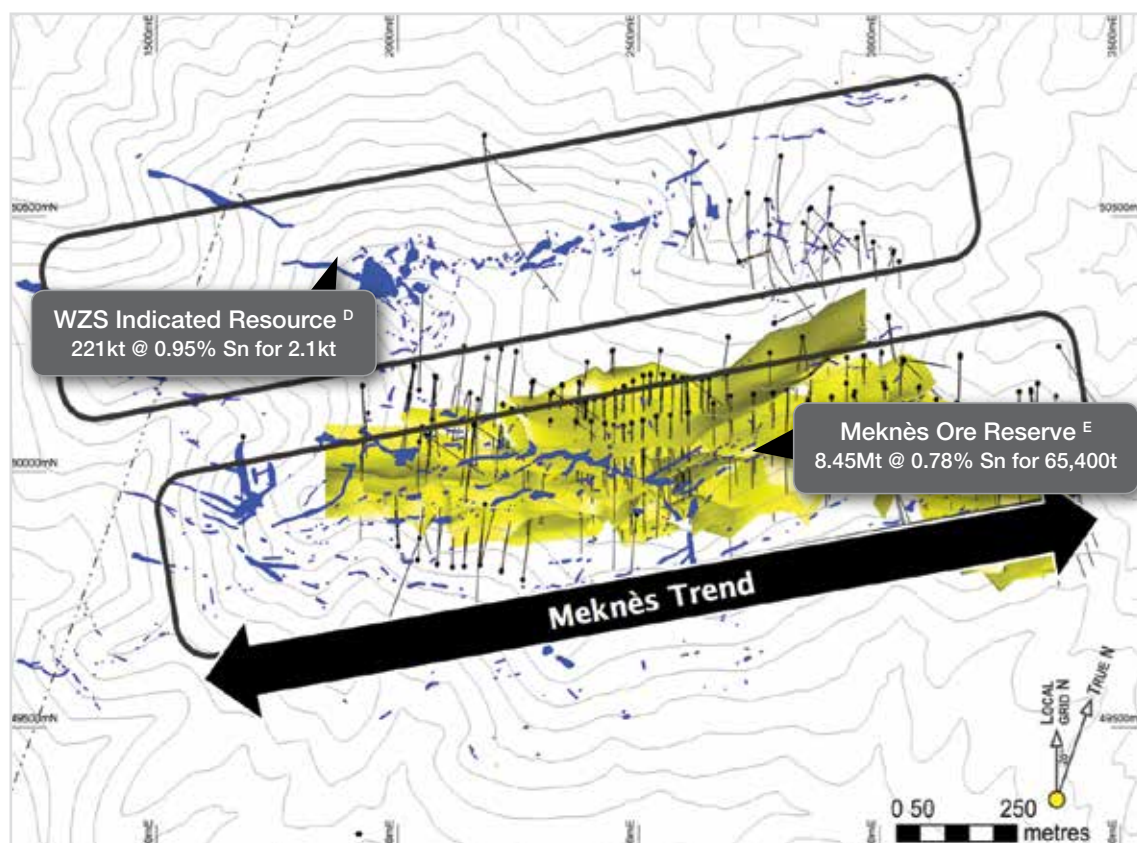
Achmmach (75% KAS, 20% TTC, 5% NMC)

Kasbah's exploration work at Achmmach has identified two major mineralised trends - the Meknès Trend and the Sidi Addi Trend (Figure 4).

The Meknès Trend has been the prime focus of Kasbah's exploration and resource development drilling with **109,658m** of diamond core drilling completed to 30 June 2014. The Sidi Addi Trend has been only lightly explored with **2,233m** of diamond core drilling being completed in the Northern Zone (NZ) and **2,392m** in the Western Zone Shallows (WZS) to 30 June 2014.

Kasbah has now drilled the 1.6km long Meknès Trend to 40m-spacings. The central area of the orebody (the Meknès – Gap Zone) has been drilled to 20m-spacings. The Company now has a high definition view of the area scheduled for first underground ore extraction. Additional resource extensions may exist at depth and along strike.

Like the parallel Meknès Trend, the Sidi Addi Trend has approximately 1.6km of strike extent and provides opportunity to further enhance the Achmmach project life.



D – Refer Table 4

E – Refer Table 5

Figure 4: Achmmach Tin Project – Sidi Addi and Meknès Trends
(Blue denotes mapped tourmaline, yellow is tin mineralised envelope)

OPERATIONS

Bou El Jaj (100% KAS)

The Bou El Jaj Tin Project (BLJ) is a significant tin exploration target within trucking distance (approximately 15km) from the Achmmach Tin Project. There is strong high-grade tin mineralisation across several strike kilometres at surface. Kasbah tested this outcropping mineralisation with a wide spaced but shallow (less than 80m deep), 55 drill hole programme across the Gallery Hill, Grande Crete, Hill 982 and Ain Karma targets with drilling completed in early 2013.

The broader BLJ area is highly prospective for additional tin discoveries. Deeper Achmmach style mineralisation remains untested across all of the 4 drilled prospects and Kasbah has expanded its landholding in this region to encompass additional permits.

As part of this expansion of permit holdings, the Permis d'Occuper (permission to occupy) for the area south of Oued Beht was signed off at the end of July 2013 and geochemical interpretation commenced. This survey was completed during Q4, 2013 and follow up work is warranted.

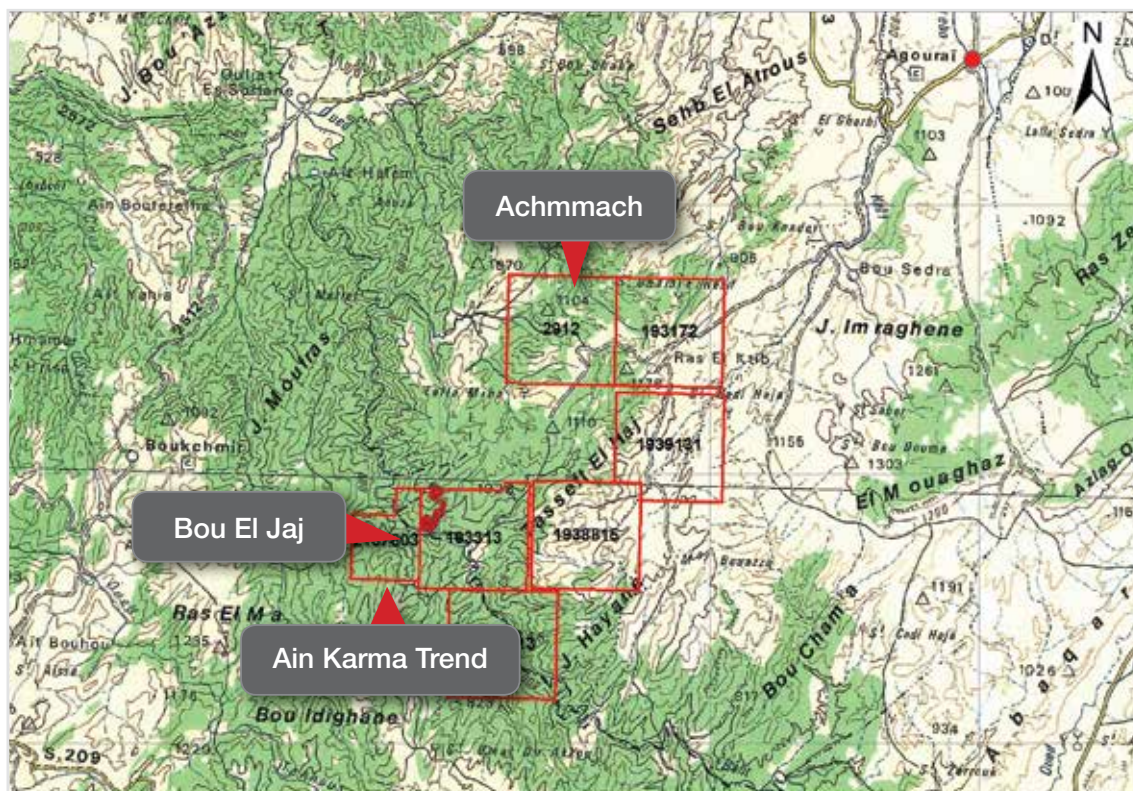


Figure 5: Bou El Jaj Location Plan

Morocco Regional Tin Exploration (100% KAS)

Kasbah has moved to increase its regional presence through its wholly-owned subsidiary Hamada Minerals SARL, which has acquired 12 exploration permits at Ezzhiliga in the Romani region and is negotiating access to other permits in the Khemisset and Oujda regions of Morocco.

These areas are prospective for both tin and tungsten.

Preliminary soils and geochemistry work continues across this suite of exploration permits.

Tamlalt Gold Prospect (100% KAS)

No exploration work was undertaken during the year as all resources were focused on resource development at Achmmach.

CORPORATE

Shareholders' Agreement

Kasbah announced the signing of the Shareholders' Agreement with Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) for the development of the Achmmach Tin Project on 15 April 2014.

The Shareholders' Agreement records the terms and conditions on which Kasbah, TTC and NMC propose to associate themselves (through Atlas Tin SAS) as an incorporated joint venture to carry out the development and proposed eventual mining of the Achmmach Tin Project.

The Shareholders' Agreement facilitates a strong and functional working relationship between all parties and ensures timely decision making.

Kasbah as the majority shareholder is the manager and operator of the Achmmach JV and can, after consultation with the other Atlas Tin shareholders, determine all major strategic decisions (including off-take decisions) and all significant operational matters.

The Shareholders' Agreement will become binding on the "Commencement Date". This is defined as the date that Atlas Tin issues shares to TTC and NMC in accordance with the respective Memoranda of Understanding (MOU) signed with both TTC and NMC.

"The signing of the Shareholders' Agreement with our Japanese partners was the most critical step in formalising our strategic relationship, cementing the commitment of all parties to develop the Achmmach Tin Project."

| Kasbah Chairman, Rod Marston

Toyota Tsusho Corporation (T3) Payment

As per the MOU signed with TTC in 2012, Kasbah announced receipt of the final (T3) payment of A\$1.2M on 30 June 2014. With this payment TTC completed its acquisition of a 20% project interest in the Achmmach Tin Project with a total project level investment of A\$17.2M.

NMC paid A\$7.25M in June 2013 and earned a 5% project interest as per the terms of its MOU.

With TTC earning its 20% interest in the joint venture (JV), the JV interests become Kasbah 75%, TTC 20% and NMC 5% with all future project expenditure split on this basis.

Appointment of Non-executive Director

On 28 May 2014, Kasbah announced the appointment of Ms Gabrielle Moeller to the Board as a Non-executive Director.

Ms Moeller is an economics graduate with more than 40 years' experience in international banking, project financing, trade finance and commodity marketing.

Her expertise in international project finance, commodity and off-take marketing across a multitude of commodities and jurisdictions is extensive and will be invaluable to Kasbah during the project financing stage of the Achmmach development programme.

OPERATIONS

Project Financing and Off-take

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

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 in Uganda

Subsequent to the end of the June quarter, Kasbah signed an exploration farm-in agreement with the Ugandan subsidiaries of the Australian private company Starfield Metals Limited in Starfield's Kikagati Tin Project in south-western Uganda (**Figure 6**).

This agreement covers 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 (**Figure 7**).

Kasbah's primary objective in this region is to identify and develop easily accessible, shallow tin deposits.

South-western Uganda incorporates part of a highly prospective tin belt, from which small-scale hard rock and alluvial mines produced about 13,000 tonnes of tin in concentrate between 1927 and 2001. This tin field extends south and west into Rwanda, the Democratic Republic of Congo (DRC) and northern Tanzania and has seen little systematic exploration since the 1950s.

The primary tin deposits are mainly of the quartz-mica-cassiterite vein type in metamorphosed shales and sandstones (of the Karagwe-Ankolean System) and are closely related to granitic bodies (**Figure 6**).

Eluvial and alluvial tin deposits derived from these veins are also present but, like the primary deposits, have only been tested and mined in a rudimentary and small scale fashion.

A small artisanal hard rock mining area comprising approximately 15% of ML1047 has been excised from the Kikagati licence package (**Figure 7**). However, Kasbah retains first right of refusal for the acquisition of this area.

“ This is a low-cost entry into a prospective tin field.

The exploration potential of these licences in south-western Uganda is exciting and, in common with our Moroccan licences, this package of licences is within an under-explored tin belt with tin production history.

The Achmmach Tin Project in Morocco remains our prime focus and is moving through project financing. As a result our Exploration Manager can now be deployed to review new tin opportunities.

Kasbah looks forward to working collaboratively with Starfield's Ugandan operating team to advance the systematic exploration for tin in south-western Uganda.”

| Kasbah Managing Director, Wayne Bramwell

Financial Resources

The financial position of the Group remains strong with a cash position of \$4.4M as at 30 June 2014 (2013: \$14.1M).

The consolidated loss after income tax for the financial year was \$12,750,085 (2013: loss of \$21,461,293).

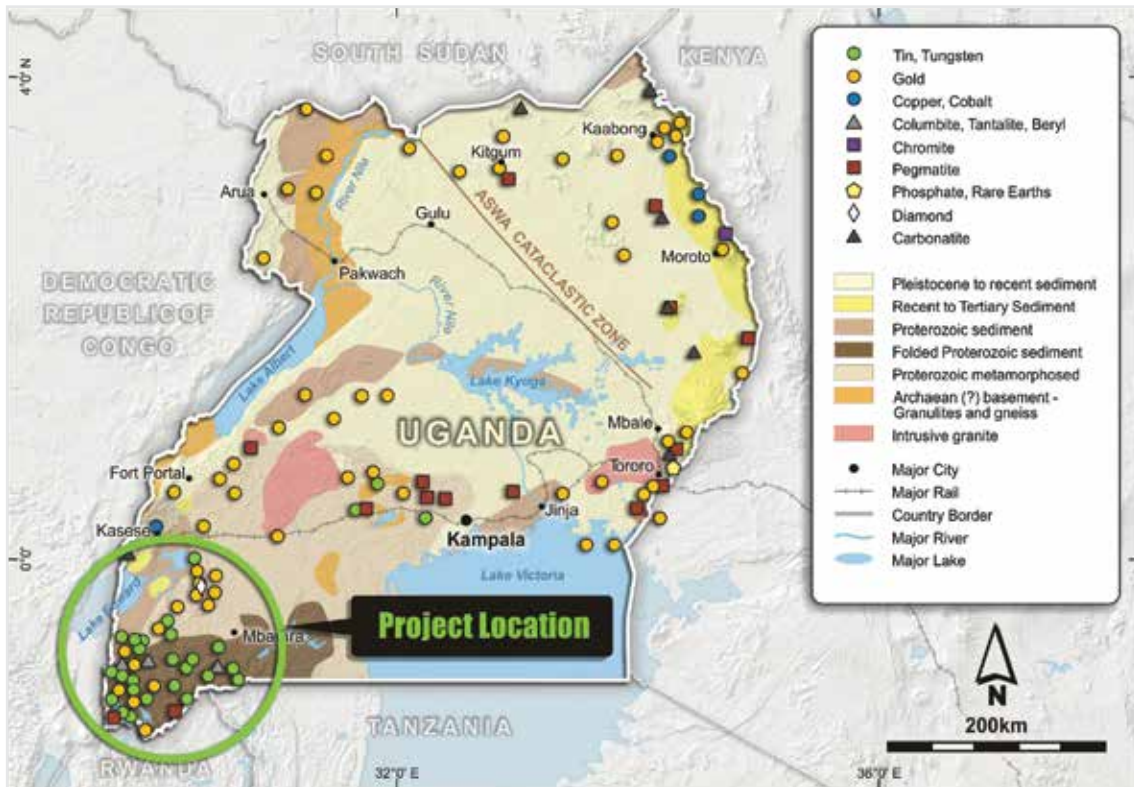


Figure 6: Kikagati Tin Project Location, Regional Geology and Mineral Occurrence Map

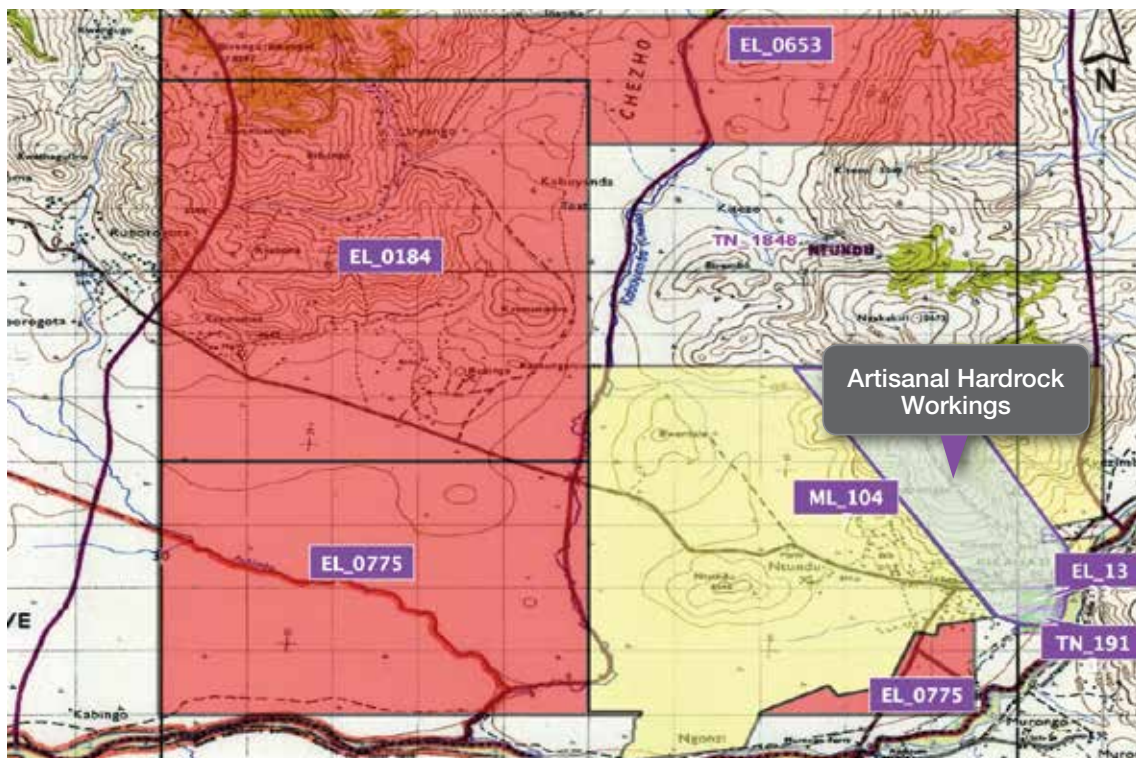


Figure 7: Kikagati Tin Project Licences

OPERATIONS

TIN MARKET

Unpredictable Indonesian Exports Impact 2014 Price Estimates

During the second quarter of 2014 the tin market moved into an interim surplus as a result of big increases in Indonesian and Chinese production. The run up in Indonesian production has been caused by producers seeking to beat the deadline for additional changes to non-ingot for tin and solder export regulations in Indonesia, scheduled to be implemented in the last quarter of 2014.

These forecasts are based predominantly upon Indonesian export data. Indonesian export data is proving both unpredictable and unreliable, but the likely pattern over coming months is a further peak in shipments in September-October followed by a sharp contraction from November, when the new export regulation comes into force.

Availability of physical tin, including non-ingot forms during the second quarter, was good, but expected stronger global demand in the second half, coupled with fresh Indonesian supply constraints, could support a year-end price rally.

The Commodity Research Unit (CRU) noted that, although there have been some short bursts of volatility since its June Tin Monitor report, LME prices have again settled into quite a narrow trading range, with most business in the low US\$22,000s and strong technical resistance seen at a little over US\$23,000/t.

There has also been a shift in differentials to the other main markets since late July, with the previous Indonesia Commodity Derivative Exchange (the ICDX) premium to the LME greatly eroded or at times moving to a discount, while Chinese prices have stayed extremely stable and in July traded at a small premium to the LME.

The new lower range for LME prices and widening contango reflects recent rises in LME warrant stocks and generally easier availability of physical tin in a quiet market. Traders and producers around the world report increased competition from new entrants to the market and a proliferation of offers of tin in non-ingot forms and non-LME registered brands.

Late 2014 Price Upswing – The Start of the Upswing

Mainly as a result of the surges in production in Indonesia and China in the second quarter, the supply deficit previously forecast by CRU for 2014 has virtually disappeared. However, CRU does expect the market to move back into deficit by the end of the year as global electronic demand increases.

The global electronics industry has had a flat first half in 2014, hit by surprisingly weak tablet sales in Q1 and the negative impact of cloud computing on hardware capacity requirements, but the second half is expected to be better and industry output is now still forecast to rise by 3.3% this year (Henderson Ventures), accelerating to 5%-plus growth in the next two years.

There may be a third surge in Indonesian exports from the end of August through October, but a sharp contraction is then very likely from November as the new non-ingot tin rules on the ICDX rules become active.

As previously opined by CRU, visible stocks (outside China) are still quite low by historical standards and these factors could combine to result in a late price rally as the year comes to an end and commence the climb to the forecast mid-term price targets of US\$30,000/t.

LME Tin Overlay with LME Tin Stocks 2014

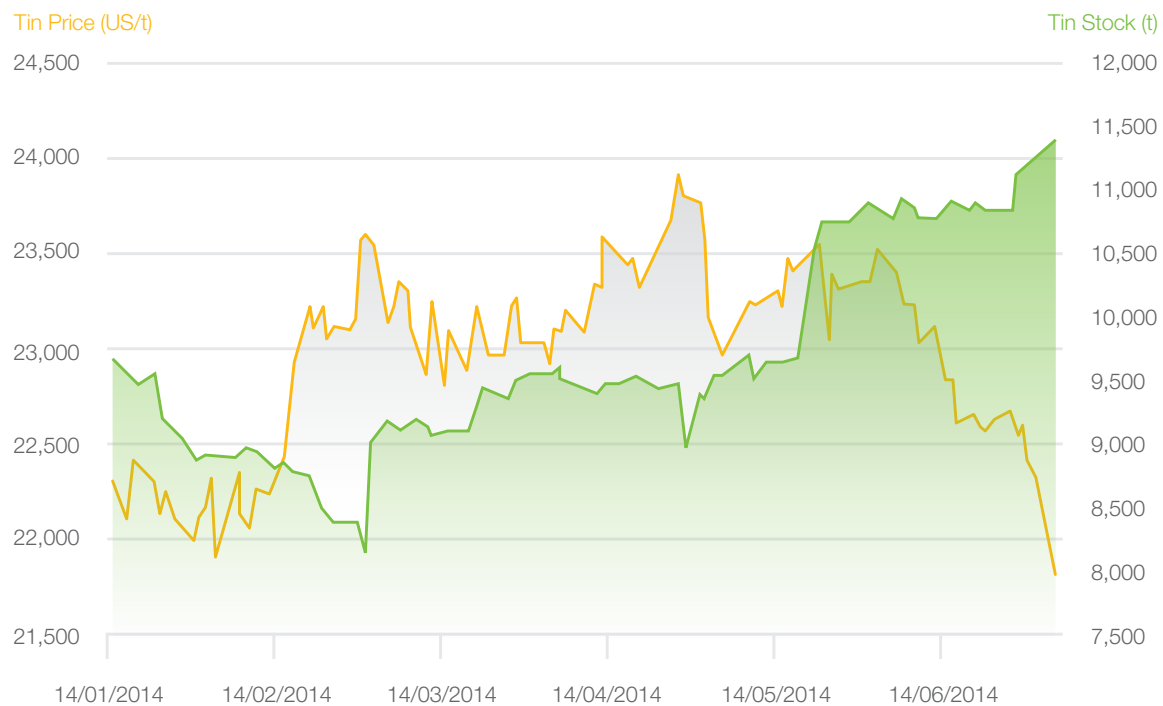


Figure 8: LME Tin Cash Buyer Price / LME Tin Stocks (1 January 2014 to 30 June 2014)



OPERATIONS

STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Governance of Kasbah Resources Limited's mineral resources development and management activities is a key responsibility of the Executive Management of the Company.

The Resource Development Manager and Chief Operating Officer of Kasbah Resources Limited oversee reviews and technical evaluations of the estimates and evaluate these with reference to actual physical and cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

The Resource Development Manager is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the company with the estimation and reporting of resources and reserves done by QG. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A three-level compliance process guides the control and assurance activities:

1. Provision of internal policies, standards, procedures and guidelines;
2. Resources and reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes;
3. Internal assessment of compliance and data veracity.

The objectives of the estimation process are to promote the maximum conversion of identified mineralisation into JORC compliant Mineral Resources and Ore Reserves.


Kasbah Resources reports its mineral resources and ore reserves on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2004 Edition and the 2012 Edition.

RESERVE AND RESOURCE ESTIMATES

Other than the additional drilling information contained in the ASX announcement dated 18 August 2014 which has not been factored into the WZS February 2014 Resource estimate the Company confirms that it is not aware of any new information or data that materially affects the most current 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.

FORWARD-LOOKING STATEMENTS

This report 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 report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

A landscape photograph showing a sunset over a range of hills. The sun is low on the horizon, casting a warm glow across the sky and the silhouettes of the hills. The sky transitions from a deep blue at the top to a bright orange near the sun. The foreground is dark, suggesting a body of water or a shadowed area.

“ The announcement of a Maiden JORC Compliant Reserve at Achmmach is the culmination of 8 years of dedicated, focussed and systematic work from the Kasbah exploration and development team.”

| Kasbah Managing Director, Wayne Bramwell

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as "the Group") consisting of Kasbah Resources Limited and the entities it controlled for the year ended 30 June 2014.

Directors

The following persons were Directors of Kasbah Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- ◆ Wayne Bramwell
- ◆ Rod Marston
- ◆ Gary Davison
- ◆ Ian McCubbing
- ◆ Robert Weinberg
- ◆ Gabrielle Moeller (appointed on 28 May 2014)

Principal Activities

The principal activity of the Group during the year was exploration for tin. This has involved exploration and evaluation of tin projects in Morocco, North Africa.

Dividends – Kasbah Resources Limited

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of Operations

The consolidated loss after income tax for the financial year was \$12,750,086 (2013: loss of \$21,461,293).

The financial position of the Group remains strong with a cash position of \$4.4M as at 30 June 2014 (2013: \$14.1M). With the completion of the definitive feasibility study for the Achmmach Tin Project during the financial year, the Company has commenced the financing phase of the project which is the next critical corporate milestone.

A full review of the operations is set out in the Operations Report on pages 6 - 25.

Significant Changes in the State of Affairs

As per the Memorandum of Understanding (MOU) signed with Toyota Tsusho Corporation (TTC) in 2012, Kasbah announced on 30 June 2014 that it had received the final (T3) payment of A\$1.2M. With this payment TTC has now completed its acquisition of a 20% project interest in the Achmmach Tin Project with a total project level investment of A\$17.2M.

NMC previously paid A\$7.25M in June 2013 and has earned a 5% project interest as per the terms of their MOU.

With TTC earning its 20% interest in the joint venture (JV), the JV interests become Kasbah 75%, TTC 20% and NMC 5% with all project expenditure split on this basis.

Kasbah is the manager and operator of the Achmmach JV.

DIRECTORS' REPORT (cont.)

Matters Subsequent to the End of the Financial Year

On 7 July 2014, Kasbah signed an exploration farm-in agreement with the Ugandan subsidiaries of the Australian private company Starfield Metals Limited in Starfield's Kikagati Tin Project in south-western Uganda. This agreement covers 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.

On 16 September 2014, Kasbah announced a 3 for 10 pro-rata non-renounceable rights issue to raise \$8,314,165. The proceeds of the rights issue will be used to continue extensional drilling at the Western Zone Shallows target, Achmmach DFS Optimisation and for financing and off-take activities.

Apart from the above, no other matters or circumstances have arisen since 30 June 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The Group will continue financing discussions for the Achmmach Tin Project and to continue due diligence investigations on the Kikagati Tin Project in Uganda while continuing other exploration and development projects on the Group's Moroccan properties.

Environmental Regulation

In the course of its normal exploration activities the Group adheres to environmental regulations imposed upon it by the various regulatory authorities. The Group has complied with all material environmental requirements to the date of this report. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. Due to the location of the Group's projects in Morocco the Directors have assessed that there are no current reporting requirements, but this may change in the future.

The Group is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect of its operating activities.

Information on Directors

Dr Rodney Marston BSc (Hons), Ph.D., MAIG, MSEG

Independent Non-executive Chairman

Rod is a Geologist with over 45 years' experience in the mineral exploration and mining industry, both in Australia and internationally. He played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Rod was appointed a Director of the Company on 15 November 2006.

Rod is a Non-executive Director (and formerly Chairman) of Independence Group NL and was a Director of Ranger Minerals Limited prior to its merger with Perilya Limited.

Rod has not held any other public company directorships in the last three years.

Rod is a member of both the Audit Committee and the Remuneration Committee.

Mr Wayne Bramwell BSc (Mineral Science), Grad Dip Bus, MSC (Mineral Economics), GAICD

Managing Director

Wayne is a Metallurgist and Mineral Economist with over 22 years' experience in operations, engineering, project evaluation and management. He has held senior commercial, project management and development positions with Iberian Resources Limited, Breakaway Resources Limited, Harmony Gold (Australia) Pty Limited, Hill 50 Limited and several Australian engineering companies. Wayne is a co-founder of Kasbah Resources Limited and was appointed a Director of the Company on 31 October 2005.

Wayne has not held any other public company directorships in the last three years.

Dr Robert Weinberg M.A., DPhil, FGS, FIMMM

Independent Non-executive Director

London based Robert gained his Doctorate in Geology from Oxford University and has more than 40 years' experience in the international mining industry. He is a Fellow of the Geological Society of London and also of the Institute of Materials, Minerals and Mining. He brings a wealth of marketing and investment banking experience to the Company having held executive positions including Managing Director, Institutional Investment at the World Gold Council. Previously he was a Director of the investment banking division at Deutsche Bank in London after having been head of the global mining research team at SG Warburg Securities and head of the mining team at James Capel & Co. He was formerly Marketing Manager of the gold and uranium division of Anglo American Corporation of South Africa Ltd. Robert resigned as a Non-executive Director of Chaarat Gold Holdings Limited on 4 May 2014.

Robert is currently a Non-executive Director of Solomon Gold plc, which is listed on AIM, as well as Medusa Mining Ltd, which is listed on the ASX.

Robert was appointed a Director of the Company on 15 November 2006.

Robert was appointed as a member of the Audit Committee on 12 June 2013 and as a member of the Remuneration Committee on 9 July 2014.

DIRECTORS' REPORT (cont.)

Mr Gary Davison Dip Min Eng., MSc (MEE)

Independent Non-executive Director

Gary is a Mining Engineer with 36 years of experience and is the Managing Director of Australian mining consultancy Mining One Pty Limited and was a founding director of Lightning Nickel Pty Ltd, the nickel operating arm of Independence Group NL. Gary was appointed a Director of the Company on 1 March 2011.

Gary began his career at the Renison Tin Mine in Tasmania where he worked for nine years in mine operations, planning and as Underground Manager. He has extensive international mining experience and has held senior mine management positions throughout Australia in both underground and surface mining operations. He also holds a Masters Degree in Mineral and Energy Economics from Macquarie University and a Diploma in Engineering Mining from the Royal Melbourne Institute of Technology. Gary has invented and holds the world wide patents to a number of commercially available ground support systems used in mines throughout the world.

Gary was appointed a Non-executive Director of Unity Mining Limited on 13 September 2013.

Gary has not held any other public company directorships in the last three years.

Gary is not a member of any of the Board sub-committees.

Mr Ian McCubbing BCom (Hons), MBA (Ex), CA, GAICD

Independent Non-executive Director

Ian is a Chartered Accountant with more than 30 years' corporate experience including mergers and acquisitions, project finance and investment banking from both the borrower's and provider's side. Ian has spent more than 15 years' working with ASX 200 and other listed companies in senior finance roles, including positions as Finance Director and Chief Financial Officer in mining and industrial companies. Ian was appointed as a Director of the Company on 1 March 2011.

Ian was previously the Chief Financial Officer of GRD Limited, a Director of Territory Resources Limited, Chairman of Eureka Energy Limited and a Director of Alcyone Resources Limited. Ian resigned as Chairman of Eureka Energy Limited on 20 June 2012, as a Director of Alcyone Resources Limited on 8 March 2013 and as Chairman of Mirabela Nickel Limited on 7 April 2014 and has not held any other public company directorships in the last three years.

Ian is currently a Non-executive Director of Swick Mining Services Limited and was appointed a Non-executive Director of Minemakers Limited on 21 December 2012.

Ian is Chairman of the Audit Committee and was a member of the Remuneration Committee until 12 June 2013 and subsequently Chairman of the Remuneration Committee from 12 June 2013.

DIRECTORS' REPORT (cont.)

Ms Gabrielle Moeller BA (Economics) MSc (Applied Economics)

Independent Non-executive Director

Gabrielle is an economics graduate with more than 40 years' experience in international banking, project financing, trade finance and commodity marketing – specialising in base metals and aluminium. Gabrielle was appointed a Director of the Company on 28 May 2014.

Previously Gabrielle 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.

Gabrielle has not held any other public company directorships in the last three years.

Gabrielle is not a member of any of the Board sub-committees.

Company Secretary

Mr Trevor O'Connor BBus (Acc), CA

Chief Financial Officer and Company Secretary

Prior to joining Kasbah, Trevor held the position as Chief Financial Officer and Company Secretary for ipernica Limited, a position which he held since October 2004. He has also held the position of Company Secretary for a number of public and private companies within the mining, property development, and e-commerce sectors.

Trevor is a Chartered Accountant with over 19 years' corporate experience. He has over 10 years' experience in the resources and mining services industry.

Directors' Meetings

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Name of Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
Rodney Marston	10	10	3	3	3	3
Wayne Bramwell	10	10	-	-	-	-
Robert Weinberg	10	10	2	3	-	-
Gary Davison	8	10	-	-	-	-
Ian McCubbing	10	10	3	3	3	3
Gabrielle Moeller	1	1	-	-	-	-

Held represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration Report – Audited

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its regulations.

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remunerations
- C. Service agreements
- D. Share-based compensation
- E. Additional disclosures relating to key management personnel

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to attract and maintain appropriately qualified and experienced Directors and Executives.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and Executives. In consultation with external remuneration consultants (refer to the section 'use of remuneration consultants' below), the Remuneration Committee has structured an executive remuneration framework that is competitive and appropriate given the stage of development of the Company and the activities which it undertakes and is consistent in aligning shareholder and corporate objectives.

In accordance with best practice corporate governance, the structure of Non-executive Directors and executive remunerations are separate.

Non-executive Directors' Remuneration

Fees payable to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market.

ASX listing rules require the aggregate Non-executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting on 24 November 2011, where the shareholders approved the maximum aggregate amount of fees that can be paid to Non-executive Directors be \$400,000.

Executive Remuneration

The Group aims to reward executives with a mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration framework has four components:

- ◆ Base salary;
- ◆ Short-term performance incentives;
- ◆ Share-based payments; and
- ◆ Other remuneration such as superannuation and long service leave.

The fixed remuneration of executives comprising base salary and superannuation, is reviewed annually by the Remuneration Committee based on overall performance and comparable market remunerations.

The short-term incentives (STI) plans are reviewed annually by the Remuneration Committee and are granted to executives based on targets being achieved. These targets will generally include key operational and non-operational aims that reflect the current strategy of the Group to further the Group's goals. In addition, in special cases the Remuneration Committee may recommend performance related discretionary bonuses be paid.

The long-term incentives (LTI) include long service leave, share-based payments in the form of options and a shared cash bonus pool for Key Management Personnel (KMP) payable at the absolute discretion of the Board. Benefits from both option grants and the payment of any cash bonus pool to KMP will only be received if the eligible KMP remain in the Company's employment.

On 24 July 2014 the Board resolved to award KMP a maximum cash bonus pool of \$1,000,000 upon the Achmmach Project commencing commercial production. The amount payable, if any, would be at the complete discretion of the Board, who will weigh up the achievement at the time in light of factors such as final capital costs of construction of the project, the Company's timeline to development, anticipated future operating costs, bankable feasibility study and an individual's performance (Bonus Factors).

The bonus will only be payable after the Company reaches commercial production and if the KMP remain in employment until the time the Achmmach Project reaches commercial production.

In addition where extraordinary circumstances may arise which may prevent individual members of the KMP from completing commercial production for the Achmmach Project, the Board at its absolute discretion will have the right to pay some, none or all of the total bonus pool early to KMP, on an individual or group basis. This will only occur after consideration of various factors including interim progress to commercial production, Bonus Factors outlined above and shareholder returns at the time.

The Board believes that the selected Bonus Factors against which the award of any cash bonus pool is to be assessed represent the most appropriate method of ensuring KMP motives and drivers are directly aligned with Shareholders' interests.

Group's Financial Performance and Link to Remuneration

Currently there is no link to the financial performance of the Group to executive remuneration. The Remuneration Committee deems this appropriate given that the Group is currently in an exploration and development phase.

Use of Remuneration Consultants

During the financial year ended 30 June 2014, no remuneration consultants were engaged by the Company. The Remuneration Committee used advice provided by P J Kinder Consulting during the year ended 30 June 2013.

Voting at the Company's 2013 Annual General Meeting (AGM)

At the 2013 AGM, 91% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B. DETAILS OF REMUNERATION

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Kasbah Resources Limited:

- ◆ Wayne Bramwell – Managing Director
- ◆ Rodney Marston – Non-executive Chairman
- ◆ Robert Weinberg – Non-executive Director
- ◆ Gary Davison – Non-executive Director
- ◆ Ian McCubbing – Non-executive Director
- ◆ Gabrielle Moeller – Non-executive Director (appointed on 28 May 2014)

And the following persons:

- ◆ Mike Kitney – Chief Operating Officer
- ◆ Trevor O'Connor – Chief Financial Officer and Company Secretary

DIRECTORS' REPORT (cont.)

Name	Year	Short-term		Post Employment Superannuation	Long-term Long Service Leave	Share based payments Options	Total
		Salaries & fees \$	Cash Bonus \$				
Executive Directors							
Wayne Bramwell - Managing Director	2014	330,188	105,662	25,000	11,498	23,043	495,390
	2013	329,375	94,855	25,000	13,087	155,183	617,500
Non-executive Directors							
Rodney Marston – Non-executive Chairman *	2014	86,270	-	7,980	-	7,269	101,519
	2013	50,630	-	4,556	-	29,331	84,517
Robert Weinberg – Non-executive Director	2014	52,500	-	-	-	7,269	59,769
	2013	50,125	-	-	-	29,331	79,456
Gary Davison – Non-executive Director	2014	45,767	-	4,233	-	7,269	57,269
	2013	45,872	-	4,128	-	29,331	79,331
Ian McCubbing – Non-executive Director	2014	53,776	-	4,974	-	7,269	66,019
	2013	50,607	-	4,554	-	29,331	84,492
Michael Spratt – Non-executive Chairman **	2014	-	-	-	-	-	-
	2013	77,733	-	12,141	-	32,940	122,814
Gabrielle Moeller – Non-executive Director***	2014	4,704	-	-	-	-	4,704
	2013	-	-	-	-	-	-
Total	2014	573,204	105,662	42,188	11,498	52,120	784,671
Total	2013	604,342	94,855	50,379	13,087	305,447	1,068,110

DIRECTORS' REPORT (cont.)

Name	Year	Short-term		Post Employment Superannuation	Long-term Long Service Leave	Share based payments Options	Total
		Salaries & fees \$	Cash Bonus \$				
Key Management Personnel							
Mike Kitney (Chief Operating Officer)	2014	275,625	62,016	25,495	6,073	13,676	382,885
	2013	275,625	55,202	24,806	4,075	67,991	427,699
Trevor O'Connor (CFO & Company Secretary)	2014	227,821	51,260	21,073	4,748	13,676	318,578
	2013	227,821	49,185	20,503	3,107	67,991	368,607
Total	2014	503,446	113,276	46,569	10,821	27,352	701,463
Total	2013	503,446	104,387	45,309	7,182	135,982	796,306

* Mr Marston was appointed Non-executive Chairman on 12 June 2013.

** Mr Spratt resigned as a Director on 12 June 2013.

*** Ms Moeller was appointed Non-executive Director on 28 May 2014

DIRECTORS' REPORT (cont.)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk - STI		At risk - LTI*	
	2014	2013	2014	2013	2014	2013
Executive Directors						
Wayne Bramwell	74%	58%	21%	15%	5%	27%
Non-executive Directors						
Rodney Marston	93%	65%	-	-	7%	35%
Robert Weinberg	88%	63%	-	-	12%	37%
Gary Davison	87%	63%	-	-	13%	37%
Ian McCubbing	89%	65%	-	-	11%	35%
Michael Spratt	-	73%	-	-	-	27%
Gabrielle Moeller	100%	-	-	-	-	-
Key Management Personnel						
Mike Kitney	80%	70%	16%	13%	4%	17%
Trevor O'Connor	80%	67%	16%	13%	4%	20%

* Since the long term incentives are provided exclusively by way of options, the percentages disclosed reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

The proportion of the cash bonus paid or payable is as follows:

Name	Cash bonus paid or payable		Cash bonus not achieved	
	2014	2013	2014	2013
Executive Directors				
Wayne Bramwell	100%	87%	0%	13%
Key Management Personnel				
Mike Kitney	100%	82%	0%	18%
Trevor O'Connor	100%	86%	0%	14%

C. SERVICE AGREEMENTS

On appointment to the Board all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board's policies and terms including compensation relevant to the office of Non-executive Directors.

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement.

A summary of the key conditions of service contracts for current Executives is set out as follows:

Wayne Bramwell – Executive Director

- ◆ Term of Agreement – No fixed term.
- ◆ Total salary inclusive of superannuation of \$388,041 to be reviewed annually.
- ◆ Compensation to be paid in cash.
- ◆ Short term incentives of up to 37.5% of base salary as per STI achievement and Remuneration Committee approval.
- ◆ Share of Long term incentive of cash bonus pool in regards to bringing the Achmmach Mine into production.
- ◆ The Executive may terminate the agreement by providing three months written notice.
- ◆ The Company may terminate the agreement by providing twelve months written notice.
- ◆ There are no termination benefits to be paid.

Mike Kitney – Chief Operating Officer

- ◆ Term of Agreement – No fixed term.
- ◆ Total salary inclusive of superannuation of \$328,972 to be reviewed annually.
- ◆ Compensation to be paid in cash.
- ◆ Short term incentives of up to 27.5% of base salary as per STI achievement and Remuneration Committee approval.
- ◆ Share of Long term incentive of cash bonus pool in regards to bringing the Achmmach Mine into production.
- ◆ The Executive may terminate the agreement by providing six months written notice prior to 30 June 2016 and three months' notice after 30 June 2016.
- ◆ The Company may terminate the agreement by providing twelve months written notice prior to 30 June 2016 and six months' notice after 30 June 2016.
- ◆ There are no termination benefits to be paid.

Trevor O'Connor – Chief Financial Officer and Company Secretary

- ◆ Term of Agreement – No fixed term.
- ◆ Total salary inclusive of superannuation of \$271,916 to be reviewed annually.
- ◆ Compensation to be paid in cash.
- ◆ Short term incentives of up to 27.5% of base salary as per STI achievement and Remuneration Committee approval.
- ◆ Share of Long term incentive of cash bonus pool in regards to bringing the Achmmach Mine into production.
- ◆ The Executive may terminate the agreement by providing six months written notice prior to 30 June 2016 and three months' notice after 30 June 2016.
- ◆ The Company may terminate the agreement by providing twelve months written notice prior to 30 June 2016 and six months' notice after 30 June 2016.
- ◆ There are no termination benefits to be paid.

D. SHARE-BASED COMPENSATION

The terms and conditions of each grant of options affecting remuneration in the previous, current or future reporting periods are as follows:

Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price of Options \$	Value per Option at Grant Date \$	Vested (%)
23 August 2011	26 August 2012	26 August 2014	0.25	0.052	100
23 August 2011	26 August 2013	26 August 2014	0.25	0.052	100
24 November 2011	24 November 2011	24 November 2014	0.25	0.064	100
24 November 2011	24 November 2012	24 November 2014	0.25	0.064	100
23 November 2012	23 November 2012	23 November 2015	0.26	0.073	100
23 November 2012	23 November 2013	23 November 2015	0.26	0.073	100
23 November 2012	Specified Targets	23 November 2014	0.26	0.073	0

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the week up to and including the date of grant.

DIRECTORS' REPORT (cont.)

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Number of Options Granted during the Year		Number of Options Vested during the Year	
	2014	2013	2014	2013
Rodney Marston	-	500,000	250,000	250,000
Wayne Bramwell	-	5,000,000	-	2,000,000
Robert Weinberg	-	500,000	250,000	250,000
Gary Davison	-	500,000	250,000	250,000
Ian McCubbing	-	500,000	250,000	250,000
Michael Spratt	-	900,000	-	450,000
Gabrielle Moeller	-	-	-	-
Mike Kitney	-	2,500,000	-	500,000
Trevor O'Connor	-	2,500,000	-	500,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Value of Options Granted during the Year *	Value of Options Exercised during the Year	Value of Options Lapsed during the Year **	Remuneration Consisting of Options for the Year
	\$	\$	\$	%
Rodney Marston	-	-	-	-
Wayne Bramwell	-	-	-	-
Robert Weinberg	-	-	-	-
Gary Davison	-	-	-	-
Ian McCubbing	-	-	-	-
Michael Spratt	-	-	-	-
Gabrielle Moeller	-	-	-	-
Mike Kitney	-	-	-	-
Trevor O'Connor	-	-	-	-

* The value at grant date calculated in accordance with AASB 2 Share Based Payment of options granted during the year as part of the remuneration.

** The value at lapse date of options that were granted as part of the remuneration and that lapsed during the year. The value is determined at the time of lapsing, but assuming the condition was satisfied.

DIRECTORS' REPORT (cont.)

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were exercised by Directors or other key management personnel during the year.

Trading in the Company's Securities by Directors, Officers and Employees

The Board has adopted a policy in relation to dealing in the securities of the Company which applies to all Directors, Officers and employees. Under the policy, these persons are prohibited from dealing in the Company's securities whilst in possession of price sensitive information and are also prohibited from short term or "active" trading in the Company's securities during specific blackout periods. The Company Secretary must be notified as soon as practical upon the trading of securities under these circumstances.

It would be impractical in this exploration phase of the Group's development to provide a measure of executive reward over the performance of the Company to date. More meaningful comparisons can be made once operations progress to development and mining. There is no relationship between the Company's current remuneration policy for key management personnel and the Company's performance.

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
Rodney Marston	1,439,244	-	-	-	1,439,244
Wayne Bramwell	9,286,942	-	-	-	9,286,942
Robert Weinberg	475,912	-	-	-	475,912
Gary Davison	-	-	-	-	-
Ian McCubbing	200,000	-	-	-	200,000
Gabrielle Moeller*	-	-	-	1,764,500	1,764,500
Mike Kitney	321,204	-	64,572	-	413,776
Trevor O'Connor	-	-	-	-	-

* Disposals/other represents shares held at time of appointment as a Non-executive Director.

DIRECTORS' REPORT (cont.)

Option Holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Rodney Marston	500,000	-	-	-	500,000
Wayne Bramwell	9,000,000	-	-	-	9,000,000
Robert Weinberg	500,000	-	-	-	500,000
Gary Davison	500,000	-	-	-	500,000
Ian McCubbing	500,000	-	-	-	500,000
Gabrielle Moeller	-	-	-	-	-
Mike Kitney	3,500,000	-	-	-	3,500,000
Trevor O'Connor	3,500,000	-	-	-	3,500,000

Other Transactions with Key Management Personnel and Their Related Parties

During the financial year, payments for consultancy and engineering design services from Mining One Pty Ltd (director-related entity of Mr Gary Davison) of \$694,057 were made. The current trade payable balance as at 30 June 2014 was \$4,224. All transactions were made on normal commercial terms and conditions and at market rates.

Loans to Key Management Personnel

There were no loans to any key management personnel during the financial year.

This concludes the remuneration report, which has been audited.

Shares Under Option

Unissued ordinary shares of Kasbah Resources Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Options	
		\$	Number of Options
17 February 2010	5 October 2015	0.10	500,000
23 August 2011	26 August 2014	0.25	2,500,000
24 November 2011	24 November 2014	0.25	4,000,000
23 July 2012	23 July 2015	0.28	1,500,000
23 November 2012	23 November 2015	0.26	12,000,000
			20,500,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares Issued on the Exercise of Options

There were no ordinary shares of Kasbah Resources Limited issued during the year ended 30 June 2014 and up to the date of this report on the exercise of options granted to shareholders and employees.

Indemnity and Insurance of Officers

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

DIRECTORS' REPORT (cont.)

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied the services disclosed below did not compromise the external auditor's independence for the following reasons:

- ◆ All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- ◆ None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are Former Audit Partners of BDO Audit (WA) Pty Ltd

There are no officers of the company who are former audit partners of BDO Audit (WA) Pty Ltd.

Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under sections 307C of the Corporations Act 2001 is set out on page 50.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Wayne Bramwell
Managing Director

25 September 2014
Perth

CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance of Kasbah Resources Limited. The Board considers good corporate governance a matter of high importance. In reviewing the corporate governance structure of the Company, the Board is guided by the Australian Securities Exchange's (ASX) Corporate Governance Principles and Recommendations (ASX Principles and Recommendations). Kasbah follows the ASX Principles and Recommendations to the maximum extent practicable.

Where Kasbah's corporate governance practices do not correlate with the ASX Principles and Recommendations it is because the Board does not consider it practical to implement those recommendations due to the size and stage of development of Kasbah's operations and the Board's reasoning for any departure is explained.

Set out below are the fundamental corporate governance practices of the Company:

1. THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT ROLE OF THE BOARD

The Board's role is to govern the Company. The Board delegates to management the day to day management of the operations of the Company's business. In governing the Company, the Directors must act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. In addition, it is the intention that Non-executive Directors receive formal letters of appointment setting out the key terms, conditions, responsibilities and expectations of their appointment.

Responsibilities of the Board

The Board is ultimately responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. The Board delegates authority to Senior Executives to carry out specific duties in support of the objectives of the Company.

The Board has established the following committees to assist it in discharging its functions:

- ◆ Audit Committee; and
- ◆ Remuneration Committee.

Board responsibilities are set out in the Company's Board Charter which is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance".

The Board holds regular meetings and Directors' attendance at meetings is set out in the Directors' Report section of this Annual Report.

It is the role of Senior Executives to manage the day to day operations of the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

CORPORATE GOVERNANCE STATEMENT (cont.)

Independent Professional Advice and Access to Information

Each Director has the right of access to all of the Company's information and to Kasbah's Executives. Further, each Director and the Board collectively has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Performance Review/Evaluation

The performance of Senior Executives of the Company is to be reviewed annually, with the appraisal carried out by the Managing Director and reviewed by the Remuneration Committee. Performance reviews were undertaken during the financial year pursuant to this process.

2. THE BOARD IS STRUCTURED TO ADD VALUE

Composition of the Board and Details of Directors

As at the date of this Annual Report, the Board comprises of six Directors, of which Mr Wayne Bramwell is the Managing Director. The remaining five Directors are Non-executive Directors: Dr Rodney Marston, who is the Non-executive Chairman of the Board; Dr Robert Weinberg; Mr Ian McCubbing, Mr Gary Davison and Ms Gabrielle Moeller. Further details of the Directors such as their qualifications, skills and experience and their terms of office are set out in the Directors' Report section of this Annual Report.

The Board assesses the necessary competencies of the Board, reviews Board succession plans, and develops policies and processes for evaluation of the Board and the nomination, appointment and re-election of Directors. These responsibilities, as set out in the Board Charter and Procedures for Selection and Appointment of Directors (available in the Corporate Governance Manual), are carried out by the Board rather than a separate nomination committee.

Independence

In appointing Directors, the Board must ensure that any candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness. The Company recognises the importance of Non-executive Directors and the external perspective and advice that Non-executive Directors can offer. It is the approach and attitude of each Non-executive Director, which is critical to determining independence and this must be considered in relation to each Director, while taking into account all other relevant factors as set out in the Board Charter. A majority of the Directors of the Board are independent. The Chairman is an Independent Non-executive Director and there is a clear division of responsibility between the Chairman and the Managing Director. The Managing Director is not independent as he is employed in an executive capacity. All other Non-executive Directors are independent. In assessing independence, the Board has taken into consideration the relationships affecting independent status pursuant to the ASX Principles and Recommendations.

Performance Review/Evaluation

The Board and Committees review their performance after each meeting by informal discussion. During the year the Board conducted an informal review of the skills and experience of the Directors and the alignment of those skills with the requirements of the Board. This review is ongoing.

3. THE BOARD PROMOTES ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

As part of its commitment to recognising its legal obligations and the legitimate interests of stakeholders, the Company has an established Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the practices necessary to maintain the Company's integrity. Also, the policies provide guidance to assist dealing with business issues in a manner that is consistent with the Company's responsibilities to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

A copy of the Code of Conduct is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance."

Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the Company has developed a diversity policy which is included in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance." This policy outlines the Company's objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board, at the appropriate time, to establish measurable objectives for achieving diversity and for the board to assess annually both the objectives and the Company's progress in achieving them.

At the date of this report the Company has only three Senior Executive positions all of which are currently filled by men. In June 2014 Gabrielle Moeller was appointed to the Board and currently she is the only woman represented on the Board.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as Director and Senior Executive positions become vacant and appropriately qualified candidates become available. The following table reflects gender diversity for the Company at the date of this report:

	Total	Women	% of Women
Employees at site in Morocco	11	0	0%
Employees at head office in Australia	7	2	28.6%
Employees in the whole organisation	18	2	11.1%
Senior Executives	3	0	0%
Board members	5	1	20%

CORPORATE GOVERNANCE STATEMENT (cont.)

Trading in Kasbah Securities

The Company has established a Securities Trading Policy for its Directors, Senior Executives, employees, consultants and contractors of the Company which is appropriate for a Company whose shares are admitted to trading on the ASX.

A copy of the Securities Trading Policy is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance."

4. THE BOARD SAFEGUARDS INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit Committee to assist the Board. The responsibilities of the Audit Committee are set out in a formal charter approved by the Board. This Charter is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance."

As at the date of this Annual Report, the Audit Committee consists of three Independent Non-executive Directors of the Board. The Chairman of the Committee, Mr Ian McCubbing is not the Chairman of the Board. The other members of the Audit Committee are Dr Rodney Marston and Dr Robert Weinberg.

The Committee is responsible for recommending to the Board the appointment and removal of the external auditor, the terms of appointment and fees, and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit. The Audit Committee is also responsible for recommending procedures for the rotation of external audit engagement partners and annually reviewing the external auditor's performance and independence.

The Committee meets to review the half-year and annual results of the Company, and to review the audit process, and those representations made by management in support of monitoring the Group's commitment to integrity in financial reporting.

Details of the qualifications of the members of the Audit Committee and their attendance at committee meetings are set out in the Directors' Report section of this Annual Report.

5. THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

Kasbah's Continuous Disclosure Policy is designed to ensure that procedures are in place to ensure compliance with ASX Listing Rule disclosure requirements. The Managing Director and the Company Secretary have been designated as the Company's disclosure officers responsible for implementing and administering this policy.

A summary of the Continuous Disclosure Policy is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance."

6. THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

The Company respects the rights of its shareholders and seeks to facilitate the effective exercise of those rights by promoting effective communication with shareholders and encouraging shareholder participation at annual general meetings. The Company has established a Shareholder Communications Policy which is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance."

7. THE BOARD RECOGNISES AND MANAGES RISK

The Company is committed to the identification, monitoring and management of material business risks of its activities. The Company has a Risk Management and Internal Compliance and Control Policy (available in Kasbah's Corporate Governance Manual) to provide guidance for its risk management practices. Management is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. Management provides specific recommendations to the Board regarding the existence and status of business risks. The Company has established a risk register that is maintained by management on an ongoing basis.

The Board oversees the Company's management of risks and receives reports from management at each Board meeting. The Board does not require a formal report from management on whether the Company's material business risks are being managed effectively as its current risk management reporting process is sufficient for the Company's current stage of development.

Through this oversight function and management reporting process, the Board reviews the areas of material business risks and aims to ensure, where applicable, that management has appropriate measures in place to protect the assets of the Company.

The Board at each Board meeting and the Audit Committee at each committee meeting makes enquiries of management and receives assurances from the Managing Director and the Chief Financial Officer in relation to financial reporting risks. In addition, the Board delegates the adequacy and content of risk reporting to management. As part of the audit processes and review throughout the year, the Board receives feedback that management has provided assurances to the auditors in relation to financial risks within the overall risk management framework.

Attestations by the Managing Director and Chief Financial Officer

In accordance with Recommendation 7.3 of the ASX Principles and Recommendations, the Managing Director and Chief Financial Officer have stated to the Board:

That:

- ◆ The statement given in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- ◆ The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

8. THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY

The Board has established a Remuneration Committee to assist the Board. The responsibilities of the Remuneration Committee are set out in a formal Charter approved by the Board which is available in the Corporate Governance Manual located on Kasbah's website under "Corporate Governance."

The Remuneration Committee monitors and reviews the performance of the Managing Director, Senior Executives and management. The Remuneration Committee also has responsibility for ensuring the Company:

- ◆ Has coherent remuneration policies and practices to attract and retain Directors and Senior Executives who aim to create value for shareholders;
- ◆ Observes those remuneration policies and practices; and
- ◆ Fairly and responsibly rewards Senior Executives having regard to their performance, the performance of the Company and general remuneration practices adopted by other publicly listed companies.

As at the date of this Annual Report, the Remuneration Committee consists of three Independent Non-executive Directors of the Board. The Chairman of the Remuneration Committee is Mr Ian McCubbing, who is an Independent Non-executive Director. The other members of the Committee include the Independent Non-executive Director and Chairman of the Board Dr Rodney Marston and the Independent Non-executive Director Dr Robert Weinberg. Mr Michael Spratt, who was an Independent Non-executive Director and Chairman of the Board, was also a member of the Remuneration Committee until his resignation on 12 June 2013, and his position on the Remuneration Committee was replaced by Dr Robert Weinberg on 9 July 2014. Therefore during the 2014 financial year, the Remuneration Committee consisted two members which is the minimum number of members per the Company's Corporate Charter (which is available on the Company's website). Although the ASX Corporate Governance Recommendations suggest a minimum of three members for the Remuneration Committee, given the current size of the Company the Board is of the opinion that the remaining two members had the sufficient skills to fulfil the role of the Remuneration Committee during the year. Dr Robert Weinberg's appointment to the Remuneration Committee brings the Company into alignment again with the ASX Corporate Governance Recommendations. The composition is considered appropriate to effectively undertake the Remuneration Committee's responsibilities and external assistance and advice, as required, is sought to assist in determining appropriate levels of remuneration for the Directors and Senior Executives of the Company.

Directors and Senior Executives are not permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme currently in operation or which will be offered by the Company in the future. However, Directors and Senior Executives will consult with the Chairman if they are considering, or if they are not sure, as to whether entering into transactions may limit the economic risk of unvested entitlements they may have.

Further details of the remuneration structure of the Executive Directors, Non-executive Directors and Senior Executives' remuneration are set out in the Remuneration Report section of this Annual Report.

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF KASBAH RESOURCES LIMITED

As lead auditor of Kasbah Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kasbah Resources Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO (WA) Pty Ltd

Perth, 25 September 2014

CONSOLIDATED STATEMENT OF PROFIT OF LOSS OR OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Revenue from continuing operations	4	244,291	701,803
Other Income	4	1,544,015	1,194,873
Exploration and evaluation expenditure		5,063,072	19,003,880
Net change in TTC liability	5	-	2,500,000
Fair value loss / (gain) on revaluation of put option	9	5,333,333	(4,152,103)
Impairment expense	5	130,229	2,028,205
Employee option based payment expense		117,452	543,191
Accounting and corporate fees		601,524	477,430
Employee benefits expenses		1,788,042	1,630,462
Administration expenses		554,912	695,040
Project financing expenses		275,410	-
Depreciation and amortisation expenses	5	414,789	393,270
Other expenses from ordinary activities		259,629	238,594
(Loss) from continuing operations before tax expense		(12,750,086)	(21,461,293)
Income tax benefit/(expense)	6	-	-
(Loss) after tax from continuing operations		(12,750,086)	(21,461,293)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference on foreign operations		83,803	(130,841)
Total comprehensive loss for the year		(12,666,283)	(21,592,134)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OF LOSS OR OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Total loss for the year is attributable to:			
Non-controlling interest		(90,770)	-
Owners of Kasbah Resources Limited		(12,659,316)	(21,461,293)
		(12,750,086)	(21,461,293)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(90,090)	-
Owners of Kasbah Resources Limited		(12,576,193)	(21,592,134)
		(12,666,283)	(21,592,134)
Loss per share for the year attributable to the members of Kasbah Resources Limited:			
Basic (loss) per share (cents per share)	26	(3.22)	(5.42)
Diluted (loss) per share (cents per share)	26	(3.22)	(5.42)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	7	4,402,999	14,109,909
Trade and other receivables	8	1,313,740	1,393,689
Derivative financial instrument	9	-	5,333,333
Non-current assets classified as held for sale	10	1	1
Total Current Assets		5,716,740	20,836,932
Non-current Assets			
Property, plant and equipment	11	659,705	1,100,020
Exploration and evaluation expenditure	12	4,923,440	4,367,217
Total Non-current Assets		5,583,145	5,467,237
TOTAL ASSETS		11,299,885	26,304,169
Current Liabilities			
Trade and other payables	13	2,169,275	20,966,670
Total Current Liabilities		2,169,275	20,966,670
Non-current Liabilities			
Trade and other payables	13	1,828,448	2,705,791
Provisions	14	105,647	67,253
Total Non-Current Liabilities		1,934,095	2,773,044
TOTAL LIABILITIES		4,103,370	23,739,714
NET ASSETS		7,196,515	2,564,455
Equity			
Issued capital	15	56,526,222	56,526,222
Reserves	16	28,692,961	11,011,329
Accumulated losses		(76,490,119)	(63,830,804)
Parent Entity Interest		8,729,064	3,706,747
Non-Controlling Interest	17	(1,532,549)	(1,142,292)
Total Equity		7,196,515	2,564,455

The consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Issued Capital	Accumulated Losses	Shared Based Payments Reserves	Foreign Currency Translation Reserves	Other Reserves	Subtotal	Non-controlling Interest	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance 1 July 2012	56,476,222	(42,369,511)	3,071,349	(864,662)	-	16,313,398	-	16,313,398
Loss for the period	-	(21,461,293)	-	-	-	(21,461,293)	-	(21,461,293)
Other comprehensive income								
Foreign currency translation differences	-	-	-	(130,841)	-	(130,841)	-	(130,841)
Total comprehensive loss for the period	-	(21,461,293)	-	(130,841)	-	(21,592,134)	-	(21,592,134)
Transactions with owners in their capacity as owners								
Share based payments	-	-	543,191	-	-	543,191	-	543,191
Issue of fully paid shares	50,000	-	-	-	-	50,000	-	50,000
Gain on sale to non-controlling interest	-	-	-	-	8,392,292	8,392,292	-	8,392,292
Non-controlling interest on deemed disposal	-	-	-	-	-	-	(1,142,292)	(1,142,292)
Balance 30 June 2013	56,526,222	(63,830,804)	3,614,540	(995,503)	8,392,292	3,706,747	(1,142,292)	2,564,455
Balance 1 July 2013	56,526,222	(63,830,804)	3,614,540	(995,503)	8,392,292	3,706,747	(1,142,292)	2,564,455
Loss for the period	-	(12,659,315)	-	-	-	(12,659,315)	(90,770)	(12,750,085)
Other comprehensive income								
Foreign currency translation differences	-	-	-	83,122	-	83,122	680	83,802
Total comprehensive loss for the period	-	(12,659,315)	-	83,122	-	(12,576,193)	(90,090)	(12,666,283)
Transactions with owners in their capacity as owners								
Share based payments	-	-	117,452	-	-	117,452	-	117,452
Issue of fully paid shares	-	-	-	-	-	-	-	-
Gain on sale to non-controlling interest	-	-	-	-	17,481,058	17,481,058	-	17,481,058
Non-controlling interest on deemed disposal	-	-	-	-	-	-	(300,167)	(300,167)
Balance 30 June 2014	56,526,222	(76,490,119)	3,731,992	(912,381)	25,873,350	8,729,064	(1,532,549)	7,196,515

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,415,330)	(2,742,995)
Payments for exploration and evaluation		(7,719,272)	(20,372,141)
Interest received		256,786	805,349
Other Income		1,100,584	526,334
Net cash outflow from operating activities	25a	(9,777,232)	(21,783,453)
Cash flows from investing activities			
Payment for security deposits and bonds		(14,657)	-
Acquisition of mining assets		(1,066,503)	(975,400)
Acquisition of plant and equipment		(28,604)	(329,695)
Proceeds from sale of plant and equipment		14,877	6,841
Net cash outflow from investing activities		(1,094,887)	(1,298,254)
Cash flow from financing activities			
Proceeds from share issues		-	50,000
Proceeds from Toyota Tsusho Corporation		1,180,891	11,000,000
Proceeds from Nittetsu Mining Co Ltd		-	7,250,000
Net cash inflow from financing activities		1,180,891	18,300,000
Net increase/(decrease) in cash held		(9,691,227)	(4,781,707)
Cash at the beginning of the financial year		14,109,909	18,641,648
Effect of exchange rate fluctuations on cash held in foreign currencies		(15,683)	249,968
Cash at the end of the financial year	7a	4,402,999	14,109,909

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations and the Corporations Act 2001. Kasbah Resources Limited is a for-profit entity domiciled in Australia for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars.

Going Concern

The financial statements have been prepared on a going concern basis which assumes the company and consolidated entity will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue. The ability of the consolidated entity to continue its activities and therefore the continued adoption of the going concern assumption, is dependent on the consolidated entity raising additional funds during the 2015 financial year.

As at 30 June 2014, the consolidated entity has net assets of \$7,196,515 (2013: \$2,564,455). During the financial year the consolidated entity had cash outflows from operating activities of \$9,777,231 (2013: \$21,783,453) and cash outflows from investing activities of \$1,094,887 (2013: \$1,298,254).

To address the future additional funding requirements of the consolidated entity, the company has announced to the market on 16 September a non-renounceable rights issue to raise \$8,314,165.

The directors are confident that they will be able to complete this equity raising and / or raise additional funds from other sources which will provide the consolidated entity with sufficient funding to meet its planned expenditure, and therefore it is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the consolidated entity is not able to successfully complete this equity raising or raise additional funds from other sources, significant uncertainty would exist as to whether the consolidated entity will continue as a going concern, and therefore whether it will realise the assets and extinguish the liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as a going concern.

Compliance with IFRS

The consolidated financial statements of Kasbah Resources Limited comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Historical Cost Convention

These financial statements have been prepared on the accruals basis under the historical cost convention.

Financial Statement Presentations

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

Accounting Policies

a. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kasbah Resources Limited (the Company) or (Parent Entity) as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which a member of the Group has the power to govern in their financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether any member of the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless a transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

b. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the profit or loss except where it relates to items which may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent it is probable future tax profits will be available against which deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and to comply with the conditions of deductibility imposed by the law.

c. Trade and Other Receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

d. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment is measured on the cost basis, less impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 – 33%
Computer equipment	20 – 30%
Motor vehicles	20 – 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but where legal ownership is not transferred to the entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Financial Instruments Recognition

Financial instruments are initially measured at fair value on trade date, including transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market and are stated at amortised cost using the effective interest rate method. Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence the entity will not be able to collect the debt.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Trade accounts are normally settled within 60 days. Payables to related parties are carried at amortised cost. Interest, when charged by the lender, is recognised using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

h. Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

i. Foreign Currency Transactions and Balances

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Kasbah Resources Limited's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.

Income and expenses for each item in the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment is repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

j. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees at reporting date. Employee benefits which are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Equity-settled Compensation

The Company issues share-based compensation. This includes a share option arrangement whereby fair value is measured by using Black-Scholes option pricing model. The fair value determined at grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period and is recognised as an expense in profit or loss.

k. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable an outflow of economic benefits will result and the outflow can be reliably measured.

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less.

m. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis using the effective interest rate method. All revenue is stated net of the amount of goods and services tax (GST).

n. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

Cash flows are presented in the statement of cash flows on a gross basis. The GST/VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

o. Earnings per Share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus elements.

The diluted earnings per share is calculated as net profit attributable to members of the parent entity, adjusted for:

- ◆ costs of servicing equity (other than dividends) and preference share dividends;
- ◆ the after tax effect of dividends and interest associated with dilutive potential ordinary shares have been recognised as expenses; and
- ◆ other non-discretionary changes in revenues or expenses during the period which would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p. Segment Reporting

AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Company as the Managing Director and other members of the Board of Directors.

q. Parent Entity Financial Information

Financial information for the parent entity, Kasbah Resources Limited, is disclosed in Note 23 and has been prepared on the same basis as the consolidated financial statements.

r. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each year to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at year end and the Directors are satisfied the value is recoverable.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

s. Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

t. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

u. Share Based Payments

The costs of equity-settled transactions, in the form of options over shares, that are provided to employees or Directors of the Company are measured at fair value on grant date. The fair value is determined by using the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

v. New, Revised or Amending Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; Clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied AASB 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel (KMP). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No. 1) now specify the KMP disclosure requirements to be included within the directors' report.

w. New Accounting Standards and Interpretations not yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 129) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 129, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured under a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidated associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

Annual Improvements to IFRS 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (ie proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRS 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to materially affect the current or future financial years apart from those detailed below.

Share Based Payments

The consolidated entity measures the cost of equity-settled transactions with Non-executive Directors and employees by reference to the fair value of the equity instruments at the date at which they are granted and applying an estimated probability that they will vest. The fair value is determined by using a Black-Scholes model.

Recoverability of Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

The Directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

Derivative Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

In determining the fair value of the derivative financial instruments the Group has used an appropriate option pricing model that accounts for the optionality of the derivative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

3. SEGMENT INFORMATION

The Board has determined that the Company has one reportable segment, being mineral exploration. As the Company is focused on mineral exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities.

	Consolidated	
	2014 \$	2013 \$
Segment information provided to the Board:		
Revenue from external customers	-	-
Reportable segment loss	(6,099,333)	(21,170,609)
Reportable segment assets	6,874,206	6,882,217
Reportable segment liabilities	(3,292,344)	(6,471,104)
Reconciliation of revenue from external customers to total revenue is as follows:		
Segment Revenue	-	-
Unallocated		
- Interest	244,292	701,803
Total revenue as per continuing operations	244,292	701,803
Reconciliation of reportable segment loss to operating loss before income tax is as follows:		
Total loss for reportable segment	(6,099,333)	(21,170,609)
Unallocated		
- Corporate expenses	(8,439,059)	(3,821,161)
- Interest revenue	244,292	701,803
- Other	1,544,015	2,828,674
Loss before income tax from continuing operations	(12,750,085)	(21,461,293)
Reconciliation of reportable segment assets to total assets is as follows:		
Segment Assets	6,874,206	6,882,217
Segment Assets includes: Additions to non-current assets:	115,909	403,431
Unallocated		
- Cash	4,223,833	13,828,531
- Other	201,846	5,593,422
Total assets as per consolidated balance sheet	11,299,885	26,304,169
Reconciliation of reportable segment liabilities to total liabilities is as follows:		
Segment Liabilities	(3,292,344)	(6,471,104)
Unallocated		
- Payables	(705,379)	(17,201,357)
- Provisions	(105,647)	(67,253)
Total liabilities as per statement of financial position	(4,103,370)	(23,739,714)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

4. REVENUE

	Consolidated	
	2014 \$	2013 \$
Interest revenue	244,291	701,803
Other Income:		
- Interest income from amortisation of Toyota Tsusho liability	443,431	737,799
- Research & Development rebate received	1,095,767	335,228
- Other revenue	4,817	121,846
	1,544,015	1,194,873

5. EXPENSES

	Consolidated	
	2014 \$	2013 \$
Loss before income tax includes the following items:		
Net change in TTC liability	-	2,500,000
Rental expenses relating to operating leases	147,226	146,835
Superannuation expense	150,687	170,042
Depreciation and amortisation:		
- Plant and equipment	362,095	338,760
- Amortisation - Software	52,694	54,510
	414,789	393,270
Impairment of other assets:		
- Value Added Tax Receivable	130,229	2,028,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

6. INCOME TAX EXPENSE

	Consolidated	
	2014 \$	2013 \$
a. Income tax expense (benefit)		
Current tax	-	-
Deferred tax	-	-
	-	-
b. Reconciliation of income tax expense to prima facia tax payable:		
Profit/(Loss) before income tax expense	(12,750,086)	(21,461,293)
Tax at the tax rate 30% (2013: 30%)	(3,825,026)	(6,438,388)
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
- Non deductible expenses	749,165	100,428
- R&D tax offset payment	(328,730)	-
Deferred tax assets not brought to account on tax losses and temporary difference	3,404,591	6,337,960
	-	-
c. Deferred tax assets		
Temporary differences	343,716	246,389
Tax losses - Revenue	18,551,622	17,528,267
	18,895,338	17,774,656
d. Offset against deferred tax		
Liabilities recognised	(2,837)	(6,586)
Offset by Deferred Assets not brought to account	18,892,501	17,768,071
e. Deferred tax liabilities		
Temporary differences	(2,837)	(6,586)
Offset by Deferred Assets not recognised	2,837	6,586
	-	-

Tax Losses

No deferred tax asset has been recognised on the unused tax losses as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities. The benefits of deferred tax assets not brought to account will only be brought to account if:

- ◆ future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- ◆ the conditions for deductibility imposed by tax legislation continue to be complied with; and
- ◆ no changes in tax legislation adversely affect the Company in realising the benefit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	2013
	\$	\$
Cash at bank and in hand	1,629,326	9,770,006
Short-term deposits at call	2,773,673	4,339,903
	4,402,999	14,109,909

a. Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2014	2013
	\$	\$
Balances as above	4,402,999	14,109,909
Bank overdrafts	-	-
Balances per statement of cash flows	4,402,999	14,109,909

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	\$	\$
Current:		
Trade and other receivables	118,579	175,879
Prepayments	137,361	122,856
Other current assets (i)	1,057,800	1,094,954
VAT receivable	130,229	2,742,830
Impairment of VAT	(130,229)	(2,742,830)
	1,313,740	1,393,689

As at 30 June 2014, the trade debtors of the Group were nil (2013: \$12,141). No trade and other receivables balances were past their due date at 30 June 2014 (2013: Nil) and hence no impairment has been recognised. Refer Note 18 for the Group entity's credit risk policy. The carrying amount of trade and other receivables approximates fair value and no allowance has been made for non-recovery.

- (i) Other current assets include a US\$1M bank guarantee deposit held in Morocco. The deposit will be released back to the Group upon the completion of payments made to ONHYM in relation to the acquisition of the Achmmach permits (refer Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Impaired VAT Receivable

As at 30 June 2014, the Group had VAT receivable in Morocco of \$130,229 (2013: \$2,742,830). The VAT is recoverable against generation of revenue. The Company has determined that at this stage of exploration it is not probable that it would generate sufficient revenue in the next twelve months to recoup the VAT and as such the whole of the VAT receivable has been treated as impaired for the year. VAT impaired for more than 12 months has been written off during the year.

	Consolidated	
	2014 \$	2013 \$
Opening balance VAT receivable	2,742,830	2,275,650
Unrecoverable VAT written off during the year	(2,742,830)	(2,275,650)
VAT receivable for year	130,229	2,742,830
Closing balance of VAT receivable	130,229	2,742,830
Opening balance impairment of VAT	(2,742,830)	(2,275,650)
Unrecoverable VAT written off during the year	2,742,830	2,275,650
Provision for impairment recognised for the year	(130,229)	(2,742,830)
Total provision for impairment of VAT	(130,229)	(2,742,830)

9. DERIVATIVE FINANCIAL INSTRUMENT

	Consolidated	
	2014 \$	2013 \$
Non-current:		
Put Option Opening Balance (i)	5,333,333	1,181,230
Change in Fair Value (i)	(5,333,333)	4,152,103
	-	5,333,333

- (i) Included in the agreement with Toyota Tsusho Corporation (TTC) was the obligation for Kasbah Resources Limited to repay \$8,000,000 if TTC elects to withdraw from the Memorandum of Understanding (MOU) before making the final T3 payment. The repayment can be made in the form of cash or shares in Kasbah Resources Limited. If Kasbah Resources Limited elects to issue shares then this is subject to a calculation agreed to by the parties in the MOU. The number of shares issued would be determined by Kasbah Resources Limited selecting the 14 day VWAP at either the MOU signing date or the completion of the DFS. When the current 14 day VWAP is less than the 14 day VWAP at the date of the MOU a value to the put option exists. As at 30 June 2014, TTC has made the final T3 payment and therefore the put option is no longer recognised and remaining fair value has been recognised in the Consolidated Statement of Profit or Loss during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2014 \$	2013 \$
Current:		
Tamlalt permits held for sale	1	1
	1	1

During the 2011 financial year the Board made the decision to focus on the Company's Achmmach Tin Project. Capitalised exploration and evaluation costs associated with the Tamlalt Gold Project were impaired. Subsequently the Company decided to divest the Tamlalt exploration permits. As it is highly probable the asset will be realised through a sale rather than continuing use, the asset was reclassified as a non-current asset held for sale.

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2014 \$	2013 \$
Plant and equipment – at cost	1,711,115	1,744,357
Less: Accumulated depreciation	(1,206,924)	(920,734)
Total plant and equipment at net book value	504,191	823,623
Motor vehicles – at cost	238,976	278,245
Less: Accumulated depreciation	(114,691)	(85,771)
Total motor vehicles at net book value	124,285	192,474
Computer software – at cost	245,848	245,848
Less: Accumulated amortisation	(214,619)	(161,925)
Total computer software at net book value	31,229	83,923
Total Property Plant and Equipment	659,705	1,100,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated	
	2014	2013
	\$	\$
Plant and Equipment:		
Carrying amount at beginning of year	823,623	764,412
- Additions	4,537	237,530
- Disposals	(1,183)	(637)
- Movement due to foreign exchange	(14,999)	115,928
- Depreciation	(307,787)	(293,610)
Carrying amount at end of year	504,191	823,623
Motor Vehicles:		
Carrying amount at beginning of year	192,474	159,099
- Additions	-	57,826
- Disposals	(14,068)	(9,378)
- Movement due to foreign exchange	187	30,076
- Depreciation	(54,308)	(45,149)
Carrying amount at end of year	124,285	192,474
Computer Software:		
Carrying amount at beginning of year	83,923	83,383
- Additions	-	55,050
- Disposals	-	-
- Movement due to foreign exchange	-	-
- Amortisation	(52,694)	(54,510)
Carrying amount at end of year	31,229	83,923

12. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014 \$	2013 \$
Costs carried forward in respect of areas of interest in:		
Exploration and/or evaluation phase:		
Balance at beginning of year	4,367,217	4,056,911
- Capitalised borrowing costs	258,207	295,926
- Movement due to foreign exchange	298,016	14,380
Total exploration and evaluation expenditure	4,923,440	4,367,217

As outlined in Note 1(r), capitalised Exploration and Evaluation Expenditure includes the costs for the acquisition of exploration properties. Other Exploration and evaluation expenditure is written off in the year incurred.

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2014 \$	2013 \$
Current:		
Trade payables	359,648	853,375
Other payables and accruals (a)	1,809,627	20,113,295
	2,169,275	20,966,670
Non-current:		
Other payables (b)	1,828,448	2,705,791
	1,828,448	2,705,791

- a. The other payables and accruals balance includes the acquisition of the Achmmach Tin Project and recognition of the liability associated with the outstanding purchase consideration. The remaining annual instalments of US\$1,000,000 payable over 2 years have been discounted to fair value as at 30 June 2014. The next instalment of US\$1,000,000 is due in May 2015 and has been included as a current liability with the remainder classified as non-current.
- b. The other payables balance is the remaining payments owing in relation to the acquisition of the Achmmach Tin Project (refer (a) above).

Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

14. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2014 \$	2013 \$
Employee benefits – long service leave	105,647	67,253
	105,647	67,253

15. CONTRIBUTED EQUITY

	Consolidated		Consolidated	
	2014 Number of Shares	2013 Number of Shares	2014 \$	2013 \$
Issued and Paid-up Capital				
Ordinary shares, fully paid	395,912,596	395,912,596	56,526,222	56,526,222
Movements in ordinary share capital:				
Balance at the beginning of the financial year	395,912,596	395,412,596	56,526,222	56,476,222
Exercise of options at 10c (Dec 2012)	-	500,000	-	50,000
Issued capital at end of period	395,912,596	395,912,596	56,526,222	56,526,222

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

Ordinary shares have no par value and the Company does not therefore have a limit to the amount of its authorised capital.

Options have no voting rights and upon exercise each option is converted to an ordinary share. The Company has no authorised capital nor any par value shares.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. As a junior explorer the Board does not establish a target return on capital. Capital management requires the maintenance of strong cash balances to support ongoing exploration expenditure and development.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

16. RESERVES

Nature and purpose of reserves

i. Share based payment reserve

The share based payment reserve is used to recognise the fair value of options issued but not exercised.

ii. Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(i).

iii. Other Reserves

This reserve is used to recognise the deemed gain on sale to a non-controlling interest.

17. EQUITY – NON-CONTROLLING INTEREST

The non-controlling interest is represented by two Japanese companies, Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC).

	Consolidated	
	2014 \$	2013 \$
Nittetsu Mining Co. Ltd (NMC) – 5% NCI		
Opening Balance - NCI	(1,142,292)	-
Funds received from NMC	-	7,250,000
Gain on sale to non-controlling interest	-	(8,392,292)
Share of Comprehensive Loss for the year	(90,090)	-
	(1,232,382)	(1,142,292)
Toyota Tsusho Corporation (TTC) – 20% NCI		
Opening Balance - NCI	-	-
Funds received from TTC	17,180,891	-
Gain on sale to non-controlling interest	(17,481,058)	-
Share of Comprehensive Loss for the year	-	-
	(300,167)	-
Total Non-Controlling Interest	(1,532,549)	(1,142,292)

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- ◆ Credit Risk
- ◆ Liquidity Risk
- ◆ Market Risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Groups' surplus cash investments.

In Australia funds are deposited with financial institutions which have AA credit ratings and in Morocco with financial institutions which have A+ credit ratings. Sufficient funds to cover only one quarter's funding requirements are maintained in Morocco.

Other Receivables

The Group operates in the mining exploration sector, has only minor trade receivables who are also major suppliers of services to the Group and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposures, with none of the receivables being past due or impaired. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2014	2013
	\$	\$
Trade and other receivables	14,475	37,925
Cash and cash equivalents	4,402,999	14,109,909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount	6 Mths or less	6-12 Mths	1-2 Years	2-5 Years	More than 5 years
	\$	\$	\$	\$	\$	\$
Consolidated 30 June 2014						
Trade and other payables	2,492,735	620,700	1,059,400	1,059,400	-	-
	2,492,735	620,700	1,059,400	1,059,400	-	-
Consolidated 30 June 2013						
Trade and other payables	22,227,747	19,021,655	1,093,400	1,093,400	1,093,400	-
	22,227,747	19,021,655	1,093,400	1,093,400	1,093,400	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total
Consolidated 30 June 2014				
<i>Assets</i>				
Derivative financial instruments	-	-	-	-
Consolidated 30 June 2013				
<i>Assets</i>				
Derivative financial instruments	-	5,333,333	-	5,333,333

There were no transfers between levels during the financial year.

Currency Risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are US Dollars (USD), Euros (EUR) and British Pounds (GBP).

Exposure to Currency Risk

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

Consolidated	30 June 2014			30 June 2013		
	USD	EUR	GBP	USD	EUR	GBP
Cash and cash equivalents	30,528	-	-	1,636,697	-	-
Trade and other receivables	1,000,000	-	-	1,000,000	-	-
Trade and other payables	(1,782,601)	(18,949)	(8,489)	(2,964,286)	(119,186)	(21,283)
Gross statement of financial position exposure	(752,073)	(18,949)	(8,489)	(327,589)	(119,186)	(21,283)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Sensitivity Analysis

A 10% strengthening or weakening of the Australian dollar against the following currencies at 30 June would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss
30 June 2014	
USD	75,207
EUR	1,895
GBP	849
30 June 2013	
USD	56,493
EUR	11,919
GBP	2,128

Interest Rate Risk

The Group is exposed to interest rate risk. The Group's exposure to market interest rates relate primarily to cash and cash equivalents held in Australian financial institutions. At 30 June 2014 all cash and cash equivalents in Australia were held with two financial institutions.

At the reporting date, if interest rates had been 50 basis points (0.5%) higher or lower and all other variables were held constant, the Group's net profit would increase by \$22,015 or decrease by \$22,015 (2013: \$70,550). This is mainly attributable to the Group's exposure to interest rates on its deposits.

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents	1,629,326	9,770,006
Short term cash deposits	2,773,673	4,339,903
	4,402,999	14,109,909

The Group is also exposed to interest rate risk in relation to its liability to ONHYM for the acquisition of the Achmmach permits held at amortised cost. The calculation uses an effective interest rate of 10%.

Net Fair Values of Financial Assets and Liabilities

The fair value of all financial assets and financial liabilities which are current, approximates their carrying values because of the short term nature of these items. The Group does not carry any financial instruments at fair value therefore their disclosures are not presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

19. REMUNERATION OF AUDITORS

	Consolidated	
	2014 \$	2013 \$
Audit Services:		
- Auditors of the Company – BDO Audit (WA) Pty Ltd	50,838	55,361
- Remuneration of other auditor for subsidiaries	25,628	24,217
Total remuneration for Audit services	76,466	79,578
Amounts received, or due and receivable, for taxation and other services by:		
- Affiliated companies to BDO Audit (WA) Pty Ltd	11,949	28,821

20. CONTINGENCIES

Under the terms of the agreement with ONHYM for the transfer of the Achmmach permits to Atlas Tin SAS, ONHYM is entitled to a 3% Net Smelter Return (NSR) once production commences. The royalty is due for payment before the end of the second quarter following the year that the production relates to.

Under the terms of the agreement to purchase the BLJ tenements in Hamada Minerals SARLAU, a one off payment of 2,000,000 Moroccan Dirhams (A\$258,381 as at 30 June 2014) is payable to the previous holders of the tenements (1,000,000 Moroccan Dirhams each). The payment is contingent upon mining commencing from these permits and is payable on the commencement of mining.

21. COMMITMENTS

	Consolidated	
	2014 \$	2013 \$
Lease/hire purchase commitments		
Operating lease repayments are payable as follows:		
- not later than one year	133,397	122,643
- later than one year but not later than five years	266,802	-
	400,199	122,643

22. RELATED PARTY DISCLOSURES

a. Remuneration of Key Management Personnel

Remuneration of Directors and other Key Management Personnel:

	Consolidated	
	2014 \$	2013 \$
Short-term employee benefits	1,295,589	1,307,030
Post-employment benefits	88,756	95,688
Long term employment benefits	22,318	20,269
Share based payments	79,471	441,429
	1,486,134	1,864,416

b. Transactions with Directors' Related Entities

Transactions between parties are on normal commercial terms and conditions unless otherwise stated.

A Director, Mr Gary Davison, is a Director and shareholder of Mining One Pty Ltd (Mining One). Mining One was paid \$694,057 (2013: \$243,625) during the year for consultancy and engineering design services provided to Kasbah. At 30 June 2014 \$4,224 was payable to Mining One (2013: \$124,220).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

23. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Kasbah Resources Limited, at 30 June 2014. The information presented has been prepared using consistent accounting policies as presented in Note 1.

	Parent	
	2014 \$	2013 \$
Current Assets	4,425,680	19,421,952
Non-current Assets	2,107,607	1,719,746
Total Assets	6,533,287	21,141,699
Current Liabilities	872,645	18,169,164
Non-current Liabilities	105,647	67,253
Total Liabilities	978,292	18,236,417
Contributed Equity	56,526,222	56,526,222
Accumulated Losses	(54,703,219)	(57,235,480)
Option Reserve	3,731,992	3,614,540
Total Equity	5,554,995	2,905,282
Profit / (Loss) for the Year	4,922,164	(13,375,776)
Other Comprehensive Income	-	-
Total Comprehensive Loss for the Year	4,922,164	(13,375,776)

The parent entity has not entered into any guarantees with its subsidiaries.

There are no contingent liabilities of the parent entity.

Details of the contractual commitments of the Parent are those as contained in Note 21 which are the same as the contractual commitments for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

24. INTERESTS IN SUBSIDIARIES

Interest Held	
2014	2013
%	%

a. Particulars in relation to controlled entities

Parent Entity		
Kasbah Resources Limited		
Controlled Entities		
Atlas Tin SAS (formally Kasbah Gold SARLAU)	75*	95*
Hamada Minerals SARLAU	100	100
Sahara Exploration SARLAU	100	100

The above controlled entities are incorporated in the Kingdom of Morocco. The shares are fully paid ordinary shares

* Through the payment of A\$7,250,000, Nittetsu Mining Co. Ltd (NMC) has subscribed to 5% of the shares of Atlas Tin SAS and through payments totalling A\$17,180,891, Toyota Tsusho Corporation (TTC) has subscribed to 20% of the shares of Atlas Tin SAS.

b. Particulars in relation to controlled entities

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

Summarised statement of financial position	Atlas Tin SAS	
	2014	2013
	\$	\$
Current Assets	1,795,947	1,382,054
Non-current Assets	5,307,271	5,028,291
Total Assets	7,103,218	6,410,345
Current Liabilities	1,283,697	3,059,885
Non-current Liabilities	7,310,607	26,496,520
Total Liabilities	8,594,304	29,556,405
Net Assets	(1,491,086)	(23,146,060)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Summarised statement of profit or loss and other comprehensive income	Atlas Tin SAS	
	2014	2013
	\$	\$
Revenue	601,694	18,302
Expenses	(1,815,389)	(12,314,268)
Other Comprehensive Income	83,802	(130,841)
Total Comprehensive Loss for the Year	(1,129,893)	(12,426,807)
<i>Statement of cash flows</i>		
Net cash used in operating activities	(2,980,572)	(11,532,775)
Net cash used from investing activities	(1,091,835)	(1,042,046)
Net cash used in financing activities	3,989,489	12,669,394
Net increase / (decrease) in cash and cash equivalents	(82,918)	94,573
<i>Other financial information</i>		
Profit attributable to non-controlling interests	(90,090)	-
Accumulated non-controlling interests at the end of report period	(1,532,549)	(1,142,292)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

25. NOTES TO STATEMENTS OF CASH FLOWS

a. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	Consolidated	
	2014 \$	2013 \$
Profit/(loss) after income tax	(12,750,085)	(21,461,293)
<i>Adjustments for:</i>		
- Depreciation	414,789	393,270
- Option based payment expense	117,452	543,191
- Revenue from Toyota Tsusho	-	2,500,000
- Gain/(loss) on sale of non-current assets	373	3,234
- Fair value loss/(gain) on revaluation of put option	5,333,333	(4,152,103)
- Interest income from amortisation of Toyota Tsusho liability	(443,431)	(737,799)
<i>Change in operating assets and liabilities</i>		
- (Increase)/decrease in trade and other receivables	(196,597)	468,001
- Increase/(decrease) in trade and other payables	(2,150,317)	910,014
- Net exchange differences	(102,749)	(249,968)
Net cash utilised in operating activities	(9,777,232)	(21,783,453)

26. (LOSS) PER SHARE

	2014 cents	2013 cents
Basic earnings/(loss) per share (cents per share)	(3.22)	(5.42)
Diluted earnings/(loss) per share (cents per share)	(3.22)	(5.42)
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	395,912,596	395,679,719
Net (loss) attributed to EPS	(12,750,085)	(21,461,293)

27. SHARE BASED PAYMENTS EMPLOYEE BENEFITS

The Company granted no new options to directors and employees during the financial year (2013: 17,400,000).

Under the Company's Incentive Option Scheme all options issued can be exercised to acquire one ordinary share. The exercise price of the options is determined by the Directors. Share options are granted at the discretion of the Board.

All unvested employee options expire on the earlier of their expiry date or upon termination of the employee's employment.

There are no voting or dividend rights attached to the options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

Details of options as at the beginning and end of the reporting periods and movements during the year are set out below:

	Exercise Price	Number of Options at Beginning of Year	Options Granted	Options Expired	Options Exercised	Number of Options on Issue at End of Year	
						Vested	Unvested
11 July 2013	\$0.25	1,000,000	-	(1,000,000)*	-	-	-
5 Oct 2015	\$0.10	500,000	-	-	500,000	-	-
26 Aug 2014	\$0.25	2,500,000	-	-	2,500,000	-	-
24 Nov 2014	\$0.25	4,000,000	-	-	4,000,000	-	-
23 Jul 2015	\$0.28	1,500,000	-	-	750,000	-	750,000
23 Nov 2015	\$0.26	2,450,000	-	-	2,450,000	-	-
23 Nov 2015	\$0.26	10,000,000	-	-	-	-	10,000,000
		21,950,000	-	(1,000,000)	-	10,200,000	10,750,000

* Options had vested but were not exercised before their expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.255 (2013: \$0.254) and a weighted average remaining life of 1.03 years (2013: 1.94 years).

The annualised historical volatility of share prices is calculated as the standard deviation of the log of the differences between share prices multiplied by an annualisation factor.

	2014 Number of Options	2014 Weighted Average Price \$	2013 Number of Options	2013 Weighted Average Price \$
Outstanding at the beginning of the year	21,950,000	0.254	9,500,000	0.265
Granted	-	-	17,400,000	0.262
Forfeited	-	-	(3,450,000)	0.268
Exercised	-	-	(500,000)	0.10
Expired	(1,000,000)	0.25	(1,000,000)	0.35
Outstanding at Year End	20,950,000	0.255	21,950,000	0.254
Exercisable at Year End	10,200,000	0.247	8,200,000	0.243

28. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 September 2014, Kasbah announced a 3 for 10 pro-rata non-renounceable rights issue to raise \$8,314,165. The proceeds of the rights issue will be used to continue extensional drilling at the Western Zone Shallows target, Achmmach DFS Optimisation and for financing and off-take activities.

Apart from the above, no matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTOR'S DECLARATION

The Directors of Kasbah Resources Limited (The Company) declare that:

1. The consolidated financial statements and notes set out on pages 51 - 90 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the consolidated financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and
2. There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable, and
3. Note 1 confirms that the financial statements comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
4. The Directors have been given the declarations by the Managing Director and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Wayne Bramwell
Managing Director

Dated: this day 25 of September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Kasbah Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Kasbah Resources Limited, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which

has been given to the directors of Kasbah Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Kasbah Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding. This condition as set out in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Kasbah Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth, 25 September 2014

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 12 September 2014.

Capital Structure

395,912,596 fully paid shares listed on the Australian Stock Exchange. The Company has 18,000,000 unquoted options on issue.

Distribution of Shareholders

The distribution of shareholdings as at 12 September 2014 was:

Range	Number of Holders	Number of Securities
1-1,000	149	15,588
1,001-5,000	835	2,791,013
5,001-10,000	778	6,580,020
10,001-100,000	2,221	82,639,808
100,001 + over	364	303,886,167
Total	4,347	395,912,596

Less than a marketable parcel	1,164	3,871,877
-------------------------------	-------	-----------

Substantial Shareholders

Shareholder Name	Number of Shares	% of Issued Shares
International Finance Corporation	62,444,879	16.09
Lion Selection Group Limited	59,830,090	15.11

Voting Rights

Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

Unquoted Securities (Options)

	Number of Holders	Number on Issue
Options over ordinary shares issued	11	18,000,000

ASX ADDITIONAL INFORMATION (cont.)

Kasbah - Twenty Largest Quoted Equity Security Holders

#	Name	Number of Shares	% of Total Issued Shares
1	Citicorp Nominees Pty Limited	65,034,764	16.43
2	African Lion 3 Limited	41,830,091	10.56
3	J P Morgan Nominees Australia Limited	24,655,405	6.23
4	African Lion 2 Limited	18,000,000	4.55
5	Merrill Lynch (Australia) Nominees Pty Limited	13,110,970	3.31
6	Tarifa Investments Pty Ltd (Tarifa Investments A/C)	8,115,972	2.05
7	Thailand Smelting & Refining Company Limited	8,083,334	2.04
8	BNP Paribas Noms (NZ) Ltd (DRP)	5,261,806	1.33
9	Lujeta Pty Ltd (The Margaret Account)	5,200,000	1.31
10	HSBC Custody Nominees (Australia) Limited	4,645,142	1.17
11	Mr Rupert James McCammon	3,571,800	0.90
12	John Jeffers Harrison	2,500,000	0.63
13	MD James Pty Ltd (The Mark James Family A/C)	1,795,912	0.45
14	BFM Superannuation Fund Pty Ltd	1,653,000	0.42
15	Mr Brian Henry McCubbing & Mrs Adriana Maria McCubbing (B McCubbing Super Fund A/C)	1,600,000	0.40
16	Nattai Pty Ltd	1,493,941	0.38
17	Mr Manfred Zimmer	1,400,000	0.35
18	Mr Frank Anthony Pastorino	1,285,912	0.32
19	Floramark Pty Ltd (Fish Family A/C)	1,192,911	0.30
20	Mr Wayne Christopher Bramwell & Ms Lisa Michelle Johnston <Pareto Super Fund A/C>	1,170,970	0.30
Total 20 Holders of Ordinary Full Paid Shares		211,601,930	53.43

Mineral Resources Estimates – Consolidated Summary (100% Project Basis)

Category	As at 30 June 2014		
	M Tonnes	Sn %	Contained Tin (Kt)
Measured			
Meknes Trend	1.6	1.00%	16.1
Western Zone Shallows	-	-	-
Indicated			
Meknes Trend	13.0	0.80%	107.0
Western Zone Shallows	0.2	0.95%	2.1
Inferred			
Meknes Trend	-	-	-
Western Zone Shallows	-	-	-
Total	14.8	0.85%	125.2

Mineral Reserves Estimate – Consolidated Summary (100% Project Basis)

Category	As at 30 June 2014		
	M Tonnes	Sn %	Contained Tin (Kt)
Mining Reserves are a subset of the Mineral Resource Estimates			
Proven Reserves			
Meknes Trend	1.423	0.95%	13.5
Probable Reserves			
Meknes Trend	7.022	0.74%	51.9
Total	8.445	0.78%	65.4

Mineral Resources Estimates – Annual Comparison (100% Project Basis)

30 June 2013	M Tonnes	Sn %	Contained Tin (Kt)
Meknes Trend	15.3	0.85%	130.9
Western Zone Shallows	-	-	-
Total Mineral Resource 2013	15.3	0.85%	130.9
Resources Additions			
Meknes Trend	(0.7)	-	(7.8)
Western Zone Shallows	0.2	0.95%	2.1
	(0.5)	0.95%	(5.7)
30 June 2014			
Meknes Trend	14.6	0.85%	123.1
Western Zone Shallows	0.2	0.95%	2.1
Total Mineral Resource 2014	14.8	0.85%	125.2

Notes:

- 1) Refer to Kasbah Announcements on 10 September 2013 and 6 February 2014 for detailed information relating to the Mineral Resource Estimates shown as 30 June 2014 balances.
- 2) The geographical area for Tin Resources is Morocco.

Mineral Reserves Estimates – Annual Comparison (100% Project Basis)

30 June 2013	M Tonnes	Sn %	Contained Tin (Kt)
Meknes Trend	-	-	-
Western Zone Shallows	-	-	-
Total Mining Reserve 2013	-	-	-
Resources Additions			
Meknes Trend	8.445	0.78%	65.4
Western Zone Shallows	-	-	-
	8.445	0.78%	65.4
30 June 2014			
Meknes Trend	8.445	0.78%	65.4
Western Zone Shallows	-	-	-
Total Mining Reserve 2014	8.445	0.78%	65.4

Notes:

- 1) Refer to Kasbah Announcements on 31 March 2014 for detailed information relating to the Mineral Reserves Estimates shown as 30 June 2014 balances.
- 2) The geographical area for Tin Resources is Morocco.

ASX ADDITIONAL INFORMATION (cont.)

Schedule of Permits

Project	Permit Type	Permit Number	Registered Interest
Achmmach	PE	2912	75%*
	PE	193172	75%*
	PR	1939131	75%*
Bou El Jaj	PR	2137803	100%
	PE	193313	100%
Tamlalt	PE	223197	100%
	PE	223198	100%
	PE	223199	100%
	PE	223200	100%
	PE	223201	100%
	PE	223202	100%
	PE	223203	100%
	PE	223204	100%
Ezzhiliga	PR	213996	100%
	PR	213997	100%
	PR	213998	100%
	PR	213999	100%
	PR	2138000	100%
	PR	2138001	100%
	PR	2138002	100%
	PR	2138003	100%
	PR	2138004	100%
	PR	2138005	100%
	PR	2138006	100%
	PR	2138008	100%
	PR	2138023	100%
Miscellaneous Permits	PR	2137913	100%
	PR	1938815	100%
Kikagati	ML	1047	0%**
	EL	0184	0%**
	EL	0653	0%**
	EL	0775	0%**
	EL	1333	0%**
	TN	1913	0%**

All permits are located in the Kingdom of Morocco with the exception of the Kikagati licences which are located in Uganda.

LEGEND: PE – Permis Exploitation PR – Permis Recherche ML – Mining Licence EL – Exploration Licence TN – Exploration Licence

* Nittetsu Mining Co. Ltd (NMC) and Toyota Tsusho Corporation (TTC) of Japan are Kasbah's strategic development partners in the Achmmach Tin Project.

NMC has secured a 5% interest in the Achmmach Tin Project and TTC has secured a 20% interest in the Achmmach Tin Project.

** As per the ASX announcement on 7 July 2014, Kasbah Resources Limited has signed a farm-in agreement to secure up to a 51% interest in the Kikagati licences through sole funding exploration expenditure.

This page has been left blank intentionally.

This page has been left blank intentionally.



ASX: KAS

Unit 3, 77 Mill Point Road, South Perth WA 6151 Australia
ABN 78 116 931 705 | ACN 116 931 705
www.kasbahresources.com