



12 December 2017

ASX CODE: KAS

TIN IS OUR PRIME COMMODITY

LME TIN PRICE (8/12/17)

US\$19,525 / t

(CASH BUYER)

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY (75%) AND ITS JOINT VENTURE PARTNERS, TOYOTA TSUSHO CORP (20%) AND NITTETSU MINING CO. (5%), ARE ADVANCING THE ACHMMACH TIN PROJECT TOWARDS PRODUCTION IN THE KINGDOM OF MOROCCO.

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT

CAPITAL STRUCTURE

SHARES ON ISSUE:	1,044M
UNLISTED OPTIONS:	6.0M
UNLISTED RIGHTS:	50.47M
CASH @ 30/09/17:	\$5.0M

MAJOR SHAREHOLDERS

PALA INVESTMENTS	21.5%
AFRICAN LION GROUP	13.1%
ACORN CAPITAL	4.8%
TRAXYS	4.2%
THAISARCO	3.1%

CONTACT US

☎: +61 8 9463 6651

✉: info@kasbahresources.com

🌐: www.kasbahresources.com

ACHMMACH TIN PROJECT UPDATE

Technical Review Work Identifies Material Enhancement Opportunities

Following the appointment early in 2017 of new independent directors to the Kasbah Resources Limited (“**Kasbah**” or “**the Company**”) Board, Kasbah engaged AMC Consultants Pty Ltd (**AMC**) to undertake a technical review of the definitive feasibility study for the Small Start Option (**2016 SSO DFS**) at the Achmmach Tin Project (**The Project**) in Morocco which was previously announced to the market on 29 July 2016.

The AMC review was completed in June 2017 and highlighted a number of opportunities to reduce project risk in order to substantiate the economics of the Project.

In September 2017, Kasbah engaged Lycopodium ADP (a South Africa based subsidiary of Lycopodium, which provides a complete range of engineering services for projects in mining and minerals processing industries), to undertake further engineering studies to incorporate the opportunities identified in the AMC technical review. This work is being undertaken as the 2017 Definitive Feasibility Study (**2017 DFS**).

The Achmmach project remains technically and commercially viable and is one of the most advanced tin projects globally with a Mineral Resource of approximately 15Mt, an Ore Reserve of 6.5Mt and a 10-year mine life with significant prospectivity both along strike and at depth. Kasbah also owns 100% of an advanced tin exploration prospect, Bou El Jaj, located 13 km to the south of Achmmach.

Several project optimisation opportunities that have the potential to materially improve the project and reduce project risk have been identified. These are primarily in relation to site infrastructure, grinding, comminution and ore sorting. Test work associated with realising the opportunities identified has commenced and the revised DFS will be completed in the first half of 2018.

OVERVIEW OF THE 2017 DFS WORK

In the course of the work performed by Kasbah and its consultants since the AMC review, Kasbah is considering some key changes to the 2016 SSO DFS at the Achmmach Tin Project.

Key changes addressing AMC's findings and recommendations, and additional considerations by Kasbah that have the potential to significantly de-risk and improve project economics include:

- A move away from a strategy of mining high-grade ore in the initial years to reduce mining risk associated with defining higher-grade areas. As a result:
 - Entech Mining Consultants were engaged to revise the mining schedules and geotechnical parameters in the mine design, and
 - There has been a departure from a staged start up using modularised equipment, to a plant that will commence with a capacity of 750,000 tonnes per year.
- A move away from the use of EDS mills to a conventional rod and ball mill configuration. As part of this change consideration is being given to the use of high pressure grinding roll (**HPGR**) technology to replace a rod mill. HPGRs have the potential to significantly reduce power consumption and grinding media costs. In addition, HPGRs could replace the 3rd stage of crushing and reduce the overall size and cost of the ball mill configuration;
- A change to the plant location and layout to shorten haul distances from the mine;
- A review of the Tailings Storage Facility (**TSF**) design and location. Golder was engaged and has managed the drilling of targeted geotechnical drill holes and trenching at the TSF location, to confirm local geology and the geotechnical parameters necessary to build the facility;
- A change to the gravity separation process, whereby coarse and fines spiral feed will be treated independently rather than being combined;
- Introduction of ore sorting at the front of the processing plant. Ore sorting technology has progressed significantly over recent years with improved sensors and computing capacity and has the potential to increase the grade of ore entering the separation processes and as a result increase the recovery of tin in those circuits and lower operating costs. Ore sorting has been successfully trialled at the Renison tin mine in Tasmania highlighting the successful application of ore sorting technology specifically in a tin processing application, and
- Re-assessment of reagent and consumable use and unit costs.

The proposed initiatives are likely to result in higher up-front capital than the 2016 SSO DFS. However, the higher capital cost is expected to be offset by greater revenue in the initial years and a significant reduction in production risk.

The Kasbah Board and the project's JV partners (20% Toyota Tsusho Corp and 5% Nittetsu Mining Co. Ltd) have endorsed a three-month test work program to ensure that any optimisation opportunities are well understood ahead of their inclusion in the project scope.

As a result of the ongoing work, the 2017 DFS will be completed in H1 2018 after which Kasbah will provide an update to the market.

The Tin Market

The tin price has remained relatively stable over the past 12 months (above US\$19,000/t) and is almost 50% higher than its low point of \$13,215/t in January 2016. ITRI, the global representative group for tin producers, traders and end users, has highlighted that demand for tin continues to rise and that a number of significant global producers are seeing their production levels fall resulting in a forecast deficit in supply in 2017 and 2018. This is supported by the fact that London Metal Exchange (LME) stocks of tin are close to historic lows. In addition, ITRI has highlighted that tin is the "forgotten Electric Vehicle (EV) metal" (a link to this article is available on our website) in that tin is increasingly being used in electric vehicles, which have significantly more electric components, such as semiconductors, than conventional internal combustion engine vehicles. Additionally, tin use has been identified in several new battery technologies being developed.

MOROCCO

Morocco, the "Gateway to Africa", lies to the south of Spain and is one of three countries with coasts on both the Mediterranean Sea and the Atlantic Ocean, which has resulted in the establishment of a number of large, modern port facilities. Morocco has become a major player in African economic affairs and is the 5th African economy by GDP. The World Economic Forum placed Morocco as the most competitive economy in North Africa, in its African Competitiveness Report 2014-2015. By way of example Morocco boasts two car manufacturing plants (Peugeot and Nissan), a high-speed train, the largest solar farm on earth and a globally significant potash industry. Morocco is a constitutional monarchy, and is politically and economically stable having revised its constitution during the Arab Spring. Mining is a recognised and supported industry (with well-established mining laws) with the Government aiming to increase revenue from mining three-fold by 2025.



Russell Clark

Chief Executive Officer

Kasbah Resources