

10 August 2016

Ms Frieda Orr
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By email: Frieda.Orr@asx.com.au

Dear Frieda

Retraction of ASX Release 29 July 2016 and Replacement Announcement

Kasbah Resources Limited (ASX: KAS, "Company") wishes to retract its announcement dated 29 July 2016 titled "DFS Confirms Robust Project Economics for Achmmach Tin Project". Post release of this announcement, an error was identified within the DFS. It should be noted that the securities of the Company were in voluntary suspension prior to the 29 July 2016 announcement and currently remain suspended from trading.

Inputs relating to the calculation of payable tin metal were incorrectly entered into a draft version of the DFS and this error was carried forward in subsequent versions of the DFS. The internal and external review processes did not identify this carried forward error and as a result, the payable tin content in the 29 July 2016 release was overstated by 2,352 tonnes.

A replacement announcement is attached. The Company retracts the 29 July 2016 announcement and advises investors that they should not rely on, or be influenced by, the 29 July 2016 announcement.

Utilising the same LME tin price used in the announcement of 29 July 2016 and correcting the DFS for payable tin content has resulted in changes to some of the financial metrics for the Achmmach Tin Project. A comparison of the differences in the financial metrics for the Achmmach Tin Project between the DFS announced on 29 July 2016 and the corrected DFS are summarised in **Table 1** below.

Table 1: Economic Impact of Corrected Smelter Charges on DFS

Parameter		DFS	Corrected DFS
		29 July 2016	10 August 2016
LME Sn Price basis	US\$/t	17,830	17,830
Payable Tin	tonnes	40,369	38,017
Revenue using LME Sn price basis	USD M	720	678
Free cash after tax	USD M	154	120
Payback	months	41	46
NPV₈ after tax (100% basis)	USD	73	51
NPV₈ after tax (KAS 75% share)	USD	55	38
Project IRR	%	25.4	20.6

Looking Forward

Further to the Company's request for the voluntary suspension of its securities from trading on 21 July 2016, the Company remains in negotiations with a party regarding a potential material corporate transaction pertaining to the development of the Achmmach Tin Project. That party is aware of the error relating to the DFS.

The securities of the Company will remain suspended from trading pending the outcome of the ongoing negotiations.

Yours sincerely



Wayne Bramwell
Managing Director