



18 OCTOBER 2016

ASX CODE: KAS

OUR PRIME COMMODITY IS
TIN

LME TIN PRICE (17/10/16)

USD 19,505 / t

(CASH BUYER)

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE ATLAS TIN JOINT VENTURE (KASBAH 75%, TOYOTA TSUSHO CORP 20% AND NITTETSU MINING CO. LTD 5%) IS ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

PROJECTS

ACHMMACH TIN PROJECT (75% KAS)

BOU EL JAJ TIN PROJECT (100% KAS)

CAPITAL STRUCTURE

SHARES ON ISSUE:	556 M
UNLISTED OPTIONS:	0.5 M
CASH @ 30/06/16	\$1.2 M

MAJOR SHAREHOLDERS

WORLD BANK (IFC)	17.7%
AFRICAN LION GROUP	15.7%
THAISARCO	5.6%
TRAXYS	5.3%

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REGISTRATION OF SCHEME BOOKLET AND

SUMMARY OF INDEPENDENT EXPERTS FINDINGS

Independent Expert concludes, in absence of a superior offer, Scheme is fair and reasonable to Shareholders and is therefore in the best interests of Kasbah Shareholders

Kasbah Resources Limited (**Kasbah** or the **Company**) is pleased to announce that the scheme booklet for the proposal by Asian Mineral Resources Limited (**AMR**) to acquire all of the ordinary shares in Kasbah by way of a scheme of arrangement (**Scheme**) has today (18 October 2016) been registered with the Australian Securities and Investments Commission (**ASIC**) (**Scheme Booklet**).

The Scheme Booklet, a personalised proxy form, election form and a notice convening a meeting of Kasbah shareholders will be despatched to Kasbah shareholders by Monday, 24 October 2016. A copy of the Scheme Booklet is attached to this announcement and will also be available on the Company's website at www.kasbahresources.com.

Independent Expert's Report and Board Recommendation

The Scheme Booklet contains a report by the independent expert, BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**). The Independent Expert has concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders and is therefore in the best interests of Kasbah shareholders.

The Scheme Booklet discloses reasons to vote in favour of and against the Scheme as well as the risks associated with the Scheme. Kasbah shareholders should carefully read the Scheme Booklet (including the Independent Experts Report) in its entirety and the material accompanying it before deciding whether to vote in favour of the Scheme.

The Company will continue to keep shareholders updated on the status of the Scheme as the timetable progresses.

If you have any questions on the Scheme or require further information, please contact the Kasbah Shareholder Information Line on +61 1800 220 771 anytime between 9.00am and 5.00pm (WST) Monday to Friday.

Summary of Independent Expert's Findings

Kasbah is pleased to advise that the Independent Expert has completed its assessment of the Company's proposed transaction with AMR. The Independent Expert has considered the terms of the Scheme as outlined in the body of its report and has concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders. Therefore, in the absence of any superior offer, the Independent Expert concludes that the Scheme is in the best interests of Kasbah shareholders.

The Independent Expert assessed that:

- **the value of Kasbah shares prior to the Scheme Implementation Agreement on a control basis as being in the range of 3.3c to 3.9c with a preferred value of 3.6c; and**
- **the value of 1.3 AMR shares and 0.4 AMR warrants following implementation of the Scheme and on a minority basis as being in the range of 2.9c to 4.1c with a preferred value of 3.5c.**

The conclusion of the Independent Expert's assessment of the Scheme* is as follows:

"The above pricing indicates that in the absence of any other relevant information, and a superior offer, the Scheme is fair for the shareholders of Kasbah" and "In our opinion, the position of shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Scheme is reasonable for Kasbah's shareholders."

* Refer to the Scheme Booklet for the further detail on the Independent Expert's findings.

A key consideration for the Independent Expert in the determination that approving the Scheme was more advantageous to Kasbah shareholders was that the Scheme provides the opportunity for funding the Achmmach Tin Project (the **Project**). Section 14.1.2 of the Independent Expert's Report explains the range of options Kasbah had previously independently evaluated, pursued and tested to achieve a financing solution for the larger, 1Mtpa Achmmach Tin Project, commenting as follows:

*"Prior to entering into negotiations with AMR and Pala Investments Ltd. (**Pala**), Kasbah had made extensive efforts to obtain funding for the Achmmach Tin Project. Since 2013, Kasbah has, through the engagement of financial and corporate advisers, as well as through its own efforts, explored the following options:*

- *negotiated merger opportunities with entities that had potential interest in Kasbah;*
- *approached major capital funds in Australia who are actively involved in investing in and funding resource projects;*
- *approached existing major Kasbah shareholders to fund the Achmmach Tin Project;*
- *approached the Japanese partners of the Achmmach Tin Project to increase their project shareholding;*
- *approached debt financiers who are actively involved in lending to resource projects; and*
- *approached Pala to consider a direct investment in Kasbah instead of through AMR."*

Whilst Kasbah had previously received non-binding, indicative debt offers to fund the 1Mtpa Achmmach Tin Project from a range of International financiers, the ability to raise the required equity funding on its own was uncertain given the size of the required capital raising relative to the Company's market capitalisation. The equity hurdle in conjunction with the prevailing challenging market conditions of the last 3 years effectively prevented any of the above options from being realised.

The Kasbah Board believes the Scheme provides the foundation and catalyst to reduce the funding uncertainty and achieve development and mining of the Achmmach Tin Project.

AMR is backed by a significant cornerstone investor in Pala who has already provided an interim A\$1.0 million loan facility to Kasbah for working capital purposes and transaction costs and made a commitment to provide its pro rata share of any equity raising in relation to the Achmmach Tin Project. Pala is a supportive shareholder and has shown its commitment to AMR in the past when it provided a short-term bridging facility to assist AMR in its temporary working capital requirements as a result of an unexpected delay in Ban Phuc Nickel Mine's nickel concentrate shipping schedule.

These factors, plus Pala's broader external financial network and demonstrated track record of successfully arranging project financing in the recent past is described in **section 6.3** of the Independent Experts report.

Kasbah Chairman Mr Rod Marston stated:

"Kasbah's prime objective is to get the Achmmach Tin Project financed and into construction and with Pala's external financial network, their successful history of project financing and AMR's mine development team, the timing to production of the Achmmach Tin Project could be significantly reduced.

In addition the merger could catalyse new investment and financing interest from other parties who see broader investment appeal in the larger, more diversified entity which has Pala as its cornerstone investor."

AMR Chairman Mr Jim Askew stated:

"AMR, together with the support of Pala, will bring the financial strength and skills required to develop Achmmach. The AMR team has demonstrated its mine development ability at Ban Phuc. This team is now ready to apply its considerable skills and experience to the Achmmach Tin Project to unlock the significant value of this resource for the benefit of all shareholders."

Pala Vice President Mr Martyn Buttenshaw stated:

"With a robust medium-term outlook for tin, this is the ideal time to bring the Achmmach Tin Project on-line. As such, it is Pala's intention, subject to AMR board approval of a decision to mine, to assist AMR by committing to provide our pro-rata share of the equity funding required to construct the Achmmach Tin Project .

With the Achmmach Tin Project in production, AMR will become one of a few listed primary tin producers and become a long term investment proposition for Pala based upon the development of a larger scale, multi-asset tin and base metal company that offers product, geographical diversity and outstanding growth prospects for all shareholders."

Reasons to Support the Scheme

The Board of Kasbah believes that AMR, with Pala providing a key component of the funding solution and its involvement in other recent successful project financings, can increase the certainty of development of the Achmmach Tin Project. With the Achmmach Tin Project as the prime operating asset in the new enlarged company and nickel exploration opportunities proximate to the Ban Phuc Nickel Mine in Vietnam, both Kasbah and AMR shareholders stand to benefit from the future growth opportunities in tin and base metals.

Most importantly in this process, all Kasbah shareholders will be able to participate in the combined company's funding requirements as it seeks to capitalise on the immediate and longer term opportunities across a broader range of commodities.

With a view to the potential of the larger combined company, bolstered with a more diverse shareholder base and a strong cornerstone investor such as Pala, the Board of Kasbah unanimously recommends that Kasbah shareholders vote in favour of the proposed Scheme, in the absence of a superior offer. Each Director intends to vote in favour of the Scheme with respect to any shares they hold or control, in the absence of a superior offer.

Scheme Meeting

The meeting of shareholders to approve the Scheme (**Scheme Meeting**), will be at **10.00am (WST) on Wednesday 23 November 2016** at BDO, The Hay Room, 38 Station Street Subiaco, Western Australia 6008.

The Scheme Meeting has been convened so that Kasbah shareholders can consider and, if thought fit, agree to the proposal by Asian Mineral Resources Limited to acquire all of the ordinary shares in Kasbah by way of a Scheme under the *Corporations Act 2001* (Cth). If the Scheme is implemented, Kasbah shareholders will receive:

- 0.13 AMR share CHESS Depositary Interests (**CDIs**) and 0.04 AMR warrant CDIs per Kasbah share held, with each CDI representing a beneficial interest in 10 AMR shares or 10 AMR warrants (as applicable); or
- if so elected, 1.3 AMR shares and 0.4 AMR warrants per Kasbah share held.

Each shareholder's vote is important to determining whether or not the Scheme proceeds. All shareholders registered as at 4.00pm (WST) on 21 November 2016 will be entitled to vote at the Scheme Meeting, and are encouraged to do so.

Kasbah shareholders do not need to attend the Scheme Meeting in person to vote, as their vote can be made by proxy by completing the personalised proxy form enclosed in the Scheme Booklet mailed to shareholders. All proxy forms must be received by the Company's share registry by no later than 10.00am (WST) on 21 November 2016 in accordance with the directions set out in the proxy form.

The Company will continue to keep shareholders updated on the status of the Scheme as the timetable progresses.

If you have any questions on the Scheme or require further information, please contact the Kasbah Shareholder Information Line on +61 1800 220 771 anytime between 9.00am and 5.00pm (WST) Monday to Friday.

On behalf of the Board



Wayne Bramwell
Managing Director

For further information please visit:

Or email:

Or follow us on Twitter:

www.kasbahresources.com

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@kasbahresources



SCHEME BOOKLET

for the proposed merger by scheme of arrangement
between Kasbah Resources Limited and Asian Mineral
Resources Limited

Your Directors unanimously recommend that you

VOTE IN FAVOUR

of the Scheme, in the absence of a Superior Offer

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

If you have any questions in relation to the Scheme or this Scheme Booklet, please call the Kasbah Shareholder Information Line on 1800 220 771 any time between 9.00am and 5.00pm (WST) Monday to Friday.

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Important Notices

Date of this Scheme Booklet

This Scheme Booklet is dated 18 October 2016.

Defined terms and interpretation

Capitalised terms used in this Scheme Booklet (other than in the Independent Expert's Report (including the Independent Technical Specialist's Report) contained in Annexure 1) and the Proxy Form accompanying this Scheme Booklet are either defined in brackets when first used or are defined in the Glossary in Section 13. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet. The Independent Expert's Report and the Independent Technical Specialist's Report contain their own defined terms which are sometimes different from those set out in the Glossary in Section 13.

References to Scheme Booklet, Sections and Annexures

References to Sections and Annexures are to the named Sections and Annexures in this Scheme Booklet.

Purpose of this Scheme Booklet

This Scheme Booklet includes the Explanatory Statement for the Scheme required by section 412(1) of the Corporations Act. The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which it will be implemented (if approved). This Scheme Booklet provides all information required to be given to Kasbah Shareholders or that is otherwise material to the decision of Kasbah Shareholders as to whether or not to vote in favour of the Scheme at the Scheme Meeting.

General

This Scheme Booklet is important. You should read this Scheme Booklet carefully before making a decision about how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs of any Kasbah Shareholder or any other person. It is important that you read this Scheme Booklet before making any decision, including a decision on whether or not to vote in favour of the Scheme. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to AMR Securities, Kasbah Shares or any other securities. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Kasbah Shareholders should consult their taxation adviser as to the applicable tax consequences of the Transaction. A summary of the Australian taxation considerations is detailed in Section 10.

Responsibility statement

The Kasbah Information has been prepared by Kasbah and is the responsibility of Kasbah. Neither AMR nor any of its directors, officers or advisors is responsible for the accuracy or completeness of the information contained in this Scheme Booklet other than the AMR Information.

The AMR Information has been prepared by AMR and is the responsibility of AMR. Neither Kasbah nor any of its directors, officers or advisors is responsible for the accuracy or completeness of any AMR Information contained in the Scheme Booklet.

BDO has prepared, and is responsible for, the Independent Expert's Report contained in Annexure 1 of this Scheme Booklet. None of Kasbah, AMR, their respective Related Entities or the directors,

officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

SRK Consulting has prepared, and is responsible for, the Independent Technical Specialist's Report contained in Appendix 4 to the Independent Expert's Report. None of Kasbah, AMR, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Technical Specialist's Report.

PP&E has prepared, and is responsible for, the Independent Asset Valuation Report contained in Appendix 5 to the Independent Expert's Report. None of Kasbah, AMR, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Asset Valuation Report.

Role of ASIC

A copy of this Scheme Booklet has been lodged with, and registered by, ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2)(b) of the Corporations Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

Role of ASX

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Court order under subsection 411(1) of the Corporations Act

Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the Explanatory Statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- (b) has prepared, or is responsible for the content of, the Explanatory Statement.

Notice to Kasbah Shareholders in Ineligible Jurisdictions

This Scheme Booklet complies with Australian disclosure requirements. These disclosure requirements may be different to those in other countries. It is important that Kasbah Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Scheme.

Restrictions in the Ineligible Jurisdictions may make it impractical or unlawful for AMR Securities to be issued under the Scheme to, or received under the Scheme by, Kasbah Shareholders in those jurisdictions. A Kasbah Shareholder whose address shown in the Register is in a jurisdiction outside Australia, New Zealand, United States, Hong Kong, Thailand, Switzerland, Jersey, South Africa and Mauritius will be an Ineligible Shareholder for the purposes of the Scheme. Kasbah Shareholders recorded on the Kasbah Register as having an address within an Ineligible Jurisdiction should refer to Section 5.4 for more information.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person whom, it would not be lawful to make such an offer.

Notice to Kasbah Shareholders in New Zealand

AMR Share CDIs, AMR Warrant CDIs, AMR Shares and AMR Warrants to be issued under the Scheme to New Zealand resident Kasbah Shareholders will be issued under the Securities Act (Overseas Companies) Exemption Notice 2013 (NZ) and any equivalent exemption to be granted under the Financial Markets Conduct Act 2013 (NZ). This booklet is not a New Zealand prospectus, investment statement or product disclosure statement and has not been registered with, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (NZ) or the Financial Markets Conduct Act 2013 (NZ) (or any other relevant New Zealand law). This booklet may not contain all the information that a prospectus, investment statement or product disclosure statement is required to contain under New Zealand law.

Notice to Kasbah Shareholders in the United States

The AMR Securities to be issued under the Scheme have not been, and will not be, registered under the United States Securities Act of 1933. The AMR Securities will be issued pursuant to an exemption from the registration requirements of the United States Securities Act of 1933 provided by Section 3(a)(10) thereunder, based on the approval of the Scheme by the Court, after a hearing upon the fairness of the Scheme's terms and conditions at which all persons to whom it is proposed to issue securities in the exchange pursuant to the Scheme shall have the right to appear. The AMR Securities will not be registered under the securities laws of any state or other jurisdiction of the United States, and will be issued in the United States pursuant to the Scheme in reliance on available exemptions from such state law registration requirements.

The Scheme is subject to disclosure requirements of Australia that are different from those of the United States. For example, the pro forma financial information included in this Scheme Booklet has been prepared in accordance with IFRS as issued by the International Accounting Standards Board. There are differences between IFRS and United States generally accepted accounting principles (US GAAP) that may be material to such financial information. Additionally, the pro forma financial information included in this Scheme Booklet for AMR after giving effect to the Scheme may not comply with Article 11 of Regulation S-X of the Rules and Regulations of the United States Securities and Exchange Commission. The rules and regulations related to the preparation of financial information in the United States or other jurisdictions may vary significantly from the requirements applicable in Australia. You should be aware that AMR may purchase securities otherwise than under the Scheme, such as in the open market or by privately negotiated purchases.

This Scheme Booklet has not been filed with or reviewed by the United States Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Booklet. Any representation to the contrary is a criminal offence. No offer of AMR Securities is being made in any state of the United States or other US jurisdiction in which it is not legally permitted to do so.

Notice to Kasbah Shareholders in Hong Kong

WARNING - The contents of this Scheme Booklet have not been reviewed or approved by any Regulatory Authorities in Hong Kong. Recipients are advised to exercise caution in relation to any offer of AMR Securities. If you are in any doubt as to what you should do, you should consult an independent, appropriately licensed and authorised financial, legal and/or taxation adviser without delay.

AMR Securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than:

- (a) to a "professional investor" as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made under that ordinance; or
- (b) in other circumstances which do not result in the document being a "prospectus" as defined under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the

Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to AMR Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to AMR Securities which are or are intended to be disposed of only to persons outside Hong Kong or to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that ordinance or to other legally permitted Hong Kong investors.

The information relating to the offering contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong. This Scheme Booklet and the Scheme are not an offer for sale of AMR Securities to the public in Hong Kong and it is not the intention of AMR that AMR Securities be offered for sale to the public in Hong Kong.

Notice to Kasbah Shareholders in Thailand

The AMR Securities are not being offered or sold to persons in Thailand other than under circumstances which do not constitute an offer for sale of AMR Securities to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand or require approval from the Office of the Securities and Exchange Commission of Thailand.

Notice to Kasbah Shareholders in Switzerland

The securities offered under this Scheme Booklet are not being made subject to a public offering in Switzerland or to Swiss investors. Accordingly, this document does not constitute a prospectus as that term is understood under Art. 652a and Art. 1156 of the Swiss Federal Code of Obligations. This document must not be distributed or copied to investors in Switzerland other than in circumstances that would not involve a public offering of securities as that term is understood under Swiss law.

Notice to Kasbah Shareholders in Jersey

Pursuant to Article 8(2) of the Control of Borrowing (Jersey) Order 1958, as amended, the number of persons in Jersey to whom any offer for subscription, sale or exchange of securities contained in this Scheme Booklet is communicated does not exceed 50, therefore no Jersey regulatory consent is required in connection with such an offer.

Notice to Kasbah Shareholders in South Africa

The Scheme does not constitute or involve an offer of securities to the public for purposes of Chapter 4 of the South African Companies Act, 71 of 2008 because it does not constitute or involve an "offer" in terms of South African common law. Accordingly, this Scheme Booklet does not, nor does it intend to constitute, a "registered prospectus" in terms of Chapter 4 of the South African Companies Act, 71 of 2008.

Notice to Kasbah Shareholders in Mauritius

The Mauritius Financial Services Commission does not vouch for the financial soundness of the securities described herein nor for the correctness of any statements made or opinions expressed with regard to the securities and any representation to the contrary is an offence. The securities described in this Scheme Booklet have not been and will not be qualified for distribution to the public under the securities laws of Mauritius. The securities described in this Scheme Booklet may not be offered or sold in Mauritius, directly or indirectly, other than pursuant to applicable private placement exemptions.

Forward looking statements

Certain statements in this Scheme Booklet relate to the future, including forward looking statements and information within the meaning of applicable Canadian ("forward looking statements"). The

forward looking statements in this Scheme Booklet, including statements relating to the Merged Entity and the transactions contemplated by the Scheme Implementation Agreement, are not based on historical facts, but rather reflect the current views and expectations of Kasbah or, in relation to the AMR Information, AMR concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets, estimates of reserves and resources and future costs of AMR or Kasbah are, or may be, forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of Kasbah, AMR or the Merged Entity to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Kasbah, AMR and the Merged Entity will operate in the future, including the price of nickel and tin, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, nickel and tin price volatility, discrepancies between actual and estimated production, Ore Reserves, Mineral Reserves and Mineral Resources and metallurgical recoveries, mining operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of mineral exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral claims or property. See Section 9 for a discussion of potential risk factors underlying, and other information relevant to, the forward looking statements and information. Forward looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them. All forward looking statements should be read in light of such risks and uncertainties.

Kasbah believes it has a reasonable basis for making the forward looking statements in this Scheme Booklet, including with respect to any production targets and economic evaluation, based on the information contained in Kasbah's ASX announcement entitled "DFS Confirms Project Economics for Achmmach Tin Project" dated 10 August 2016. Kasbah confirms that it is not aware of any new information or data that materially affects the production targets contained in the previous announcement of the DFS and all material assumptions underpinning the production targets in the previous market announcement continue to apply and have not materially changed.

You should note that the historical performance of Kasbah and AMR is no assurance of their or the Merged Entity's future financial performance. Neither Kasbah, AMR and their respective directors, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

The forward looking statements in this Scheme Booklet reflect views and expectations held only at the date of this Scheme Booklet. Kasbah believes that all forward looking statements included in the Kasbah Information have been made on a reasonable basis and AMR believes that all forward looking statements included in the AMR Information have been made on a reasonable basis. However, none of Kasbah, AMR and their respective directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Scheme Booklet will actually occur. Kasbah Shareholders should therefore treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the Listing Rules, Kasbah, AMR and their respective directors disclaim any obligation to revise or update, after the date of this Scheme Booklet, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

Mineral Reserves and Mineral Resources

AMR's disclosure of Mineral Reserve and Mineral Resource information is governed by NI 43-101 and CIM Standards. Kasbah's disclosure of Mineral Resource and Ore Reserve information to ASX is based on the reporting requirements of the JORC Code.

There can be no assurance that those portions of such Mineral Resources that are not Ore Reserves or Mineral Reserves will ultimately be converted into Ore Reserves or Mineral Reserves. Mineral Resources which are not Ore Reserves or Mineral Reserves do not have demonstrated economic viability.

The information in this Scheme Booklet relating to the exploration results and Mineral Resources for the Achmmach Tin Project is based on information contained in Kasbah's ASX announcements entitled "220% Increase in Measured Category Tonnage at Achmmach" dated 10 September 2013 and "Western Zone Resource Upgrade" dated 25 November 2014. Kasbah confirms that it is not aware of any new information or data that materially affects the information contained in the previous announcements and in the case of the Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the previous market announcements' continue to apply and have not materially changed.

Notice regarding Foreign Estimates

AMR's disclosure of Mineral Reserves and Mineral Resources (**Foreign Estimates**) are not reported in accordance with the JORC Code. The Foreign Estimates comply with the reporting standards in Canada and are made in accordance with NI 43-101 and CIM Standards. With the exception of slight differences in the terminology used, there are no material differences between statements of Mineral Resources and Mineral Reserves prepared in accordance with the CIM Standards applicable under NI 43-101 and Ore Reserves and Mineral Resources prepared in accordance with the JORC Code. No steps have been taken to convert the Foreign Estimates in order to comply with the JORC Code as they are not considered to comprise a material mining project within the contemplation of the Listing Rules. As such, the requirements of Chapter 5 of the Listing Rules do not apply to the disclosure of AMR's assets in this Scheme Booklet.

Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet, including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

Currency

All references in this Scheme Booklet to:

- "A\$", "AUD", "Australian dollars" are to Australian currency;
- "C\$", "CAD" and "Canadian dollars" are to Canadian currency;
- "US\$", "USD" and "US dollars" are to United States currency; and
- "MAD\$", "MAD" and "Moroccan Dirham" are to Moroccan currency.

Privacy and personal information

Kasbah and AMR will need to collect personal information to implement the Transaction. The personal information may include the names, contact details and details of shareholdings of Kasbah Shareholders together with contact details of individuals appointed by Kasbah Shareholders as proxies, body corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

Kasbah Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact the Australian Registrar if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to Kasbah and AMR and their respective advisers and agents to the extent necessary to effect the Scheme. If the information outlined above is not collected, Kasbah may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Transaction effectively, or at all.

Kasbah Shareholders who appoint an individual as their proxy, body corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

Persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Kasbah Register. The Kasbah Register contains personal information about Kasbah Shareholders.

Letter from the Chairman of Kasbah

Dear Kasbah Shareholder

On 11 August 2016, Kasbah and AMR announced on ASX and TSX-V that they had entered into the Scheme Implementation Agreement under which, subject to the satisfaction or waiver, as applicable, of defined conditions, AMR will acquire all of the Kasbah Shares held by Scheme Participants through a scheme of arrangement.

The key point for all Kasbah Shareholders to consider is whether the Transaction will increase the likelihood of the Achmmach Tin Project being developed. It is the Kasbah Board's view that long term value can only be realised through development and mining of the Achmmach Tin Project and we believe this proposal provides the foundation and catalyst to achieve this outcome.

The proposed Transaction described in this Scheme Booklet, which seeks to bring together the tin resource development company Kasbah and the nickel mining company AMR, will result in the creation of a solid and diversified base metals company with a much stronger technical and financial capacity to develop the Achmmach Tin Project. However, even if the proposed Transaction is implemented, the development of the Achmmach Tin Project will remain subject to certain conditions (as detailed in Section 8.6) and certain risks (as detailed in Section 9), including the requirement for further funding. This funding may consist of a combination of debt and/or equity funding and may be potentially dilutive to shareholders depending upon their participation in any equity raising.

Kasbah is an exploration and development company. It has proven exploration and resource development expertise and recently announced a definitive feasibility study on a staged underground mine at the Achmmach Tin Project. Based on an Ore Reserve of 6.56Mt at 0.85% tin for 55,000t of contained tin, project construction capital costs are estimated at approximately US\$62 million with a total project investment to peak funding (excluding financing costs) of approximately US\$78.5 million.

AMR is a mining company. It has an experienced management team with a track record of successful underground mine development and operations arising from its operation of the Ban Phuc Nickel Mine, which is currently under care and maintenance. AMR also controls early stage but significant nickel sulphide exploration prospects close to this mine, which have the potential to develop into future mineable resources with further exploration. Any development of these nickel sulphide exploration prospects will also require additional funding. If this funding is obtained through an equity raising, this may be potentially dilutive to shareholders depending upon their participation.

These two corporate skillsets are synergistic but the key element in this Transaction is the integration and financial support of Pala. Although AMR currently has limited financial resources to fund the development of the Achmmach Tin Project, its major shareholder, Pala, is a leading mining investment fund, and will be a cornerstone investor of the Merged Entity. Pala has provided a commitment to provide its pro-rata share of any future equity raising in relation to the Achmmach Tin Project and has a large financial network and experience in raising project financing that may be leveraged to reduce the funding risk of the Merged Entity ensuring that it continues as a going concern.

Since 2007, Kasbah has successfully attracted significant industry and financial partners into the company and project to assist in the development of the Achmmach Tin Project. Many of these groups face their own financial constraints and the addition of a new, large cornerstone shareholder such as Pala, can assist in bolstering the financial capacity within the Merged Entity.

With a view to the financing needs of the Achmmach Tin Project, your Kasbah Board believes that once completed, this Transaction will provide a clear path to put in place an appropriate project financing package to allow construction of the Achmmach tin mine to begin following from the positive results of the Achmmach DFS announced in August 2016.

The Kasbah Board has unanimously recommended that all Kasbah Shareholders vote in favour of the Scheme in the absence of a Superior Offer. Three major shareholders of Kasbah, being Lion Selection Group (African Lion Fund), Traxys Projects L.P. and Thailand Smelting and Refining Co. have also advised that they intend, based on the terms of the Scheme and in the absence of a Superior Offer, to vote in favour of the transaction.

I urge you to read this Scheme Booklet (including the Independent Expert's Report) carefully in full, and if required, to seek your own legal, financial or other professional advice. I encourage you to closely consider the merits of the Transaction as described in this Scheme Booklet.

At the Scheme Meeting, Kasbah Shareholders will be asked to approve the Scheme, and I strongly encourage you to vote either by attending the Scheme meeting or by completing the accompanying Proxy Form so that it is received at the address shown on the Proxy Form by 10.00am (WST) on 21 November 2016.

A handwritten signature in black ink, appearing to read 'R Marston', with a long horizontal line extending to the right.

Rod Marston
Chairman

Letter from the Chairman of AMR

Dear Kasbah Shareholder

On behalf of the AMR Board, it is my pleasure to write to you regarding the proposed combination of Kasbah and AMR, creating what we believe is a new and more diversified company in the base metals space, with tremendous opportunities for growth, at a time when we will be positioned to take advantage of recent positive movements in the nickel and tin markets. I am excited about this new direction for AMR, and the opportunity to source financing and take the Achmmach Tin Project to the next stage of development in 2017.

The Scheme Consideration represents good value to Kasbah Shareholders, who will retain between 47.8% and 52.2% of the Merged Entity upon the Scheme becoming Effective. The combination of AMR and Kasbah is unanimously supported by the Boards of both companies, and the Independent Expert, BDO, has concluded that the Scheme is in the best interest of Kasbah Shareholders. I would therefore encourage you to vote in favour of the Scheme at the Scheme Meeting.

I have been involved in the management and direction of AMR for eight years, and have seen the management team secure finance and bring the Ban Phuc Nickel Mine into production ahead of schedule and inside budget, while dealing with challenging operational and regulatory hurdles. In my view, the AMR team has shown operational excellence in running the Ban Phuc Nickel Mine over recent years under tremendous pressure from the commodity price environment. The AMR team will use this experience, together with the knowledge and expertise of the existing Kasbah team, to bring the Achmmach Tin Project into the next stage of development and towards production.

The Transaction also enjoys the support of AMR's cornerstone investor, Pala, a leading Europe-based mining investment fund. Pala has already provided a A\$1,000,000 bridge facility to assist Kasbah with its short term working capital requirements and to ensure a smooth path to completing the Transaction. In addition, Pala has committed to provide its pro rata share of any equity raising in relation to the Achmmach Tin Project (for a period of 12 months from implementation of the Scheme), and intends to provide support to the Merged Entity to leverage Pala's relationships with leading banks and financial institutions and investors. Pala also intends to provide international technical and legal expertise and share its experience in closing large project financings.

Kasbah is a company with a strong shareholder base. AMR's Canadian listing and shareholder base will assist the Kasbah Shareholders to gain greater exposure to the North American capital markets. AMR intends to apply for the AMR Share CDIs and AMR Warrant CDIs to be quoted on the ASX, providing optionality for Kasbah Shareholders in accessing two major capital markets (the ASX and TSX-V) with a view that over time this should unlock greater value and liquidity, driving benefits of increased market capitalisation, a more diversified shareholder base and broker research coverage.

We see the future of the Merged Entity post implementation of the Scheme as very bright. In addition to developing the Achmmach Tin Project, we would look to advance the joint exploration portfolio in Vietnam and Morocco, including AMR's existing exploration licences and disseminated sulphide mineralisation in Vietnam. The AMR Board would urge you to vote for the Scheme.

We believe the Merged Entity will be well positioned to advance the Achmmach Tin Project into the next stage of financing and development and towards construction, with a view to creating meaningful upside value for Kasbah Shareholders. I look forward to welcoming you as a new AMR Shareholder or holder of AMR Share CDIs and AMR Warrant CDIs following the successful implementation of the Transaction.

James Askew
Chairman

Important dates and times for the Scheme⁽¹⁾

Latest time and date for lodgement of completed Proxy Form for the Scheme Meeting	10.00am (WST) on 21 November 2016
Time and date for determining eligibility of Kasbah Shareholders to vote at the Scheme Meeting	4.00pm (WST) on 21 November 2016
Time and date of the Scheme Meeting	10.00am (WST) on 23 November 2016
Court hearing for approval of the Scheme	6 December 2016
Effective Date of the Scheme	7 December 2016
Last date of trading of Kasbah Shares on ASX	7 December 2016
Record Date for determining entitlements to the Scheme Consideration	14 December 2016
Deadline for receipt of Election Forms from Kasbah Shareholders, electing to have their Scheme Consideration issued on the Canadian register.	5.00pm (WST) on 14 December 2016
Implementation Date for the Scheme and issue of the Scheme Consideration	21 December 2016
Despatch of holding statements and advices for AMR Securities issued under the Scheme	22 December 2016
AMR Share CDIs and AMR Warrant CDIs begin trading on ASX.	22 December 2016

- (1) All stated dates and times are indicative only. The actual timetable will depend on many factors outside the control of Kasbah and AMR, including the Court approval process and the satisfaction or waiver of the conditions precedent to the completion of the Scheme by each of Kasbah and AMR. This timetable assumes that AMR will be admitted to the official list of ASX and approval given for the official quotation on ASX of AMR Share CDIs and AMR Warrant CDIs. Any changes to the above timetable will be announced to ASX and will be available under Kasbah's profile on ASX at www.asx.com.au.

1. Summary of the Transaction

1.1 Introduction

This summary identifies key features of the Transaction but must be read in conjunction with the additional detailed information for Kasbah Shareholders set out in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

On 11 August 2016, Kasbah and AMR announced to ASX and TSX-V (respectively) that they had entered into the Scheme Implementation Agreement under which, subject to the satisfaction or waiver, as applicable, of defined conditions, AMR will acquire all of the Kasbah Shares held by Scheme Participants through a scheme of arrangement for the Scheme Consideration of:

- (a) 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or
- (b) if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share.

The Scheme values the equity in Kasbah at approximately:

- (a) A\$0.038 per Kasbah Share, based on the closing price of AMR Shares on TSX-V, as at 8 August 2016 and using a currency exchange rate of A\$0.9949 per C\$1; and
- (b) A\$0.038 per Kasbah Share, based on the closing price of AMR Shares on TSX-V, as at 13 October 2016 and using a current exchange rate of A\$0.9995 per C\$1, being the last practicable TSX-V trading day prior to the date of this Scheme Booklet.

If the Scheme is approved by the Requisite Majority of Kasbah Shareholders and by the Court, and if all other conditions to the Transaction are satisfied or waived (where applicable), all Kasbah Shares will be transferred to AMR with effect from the Implementation Date and without the need for any further act by the Kasbah Shareholders (other than acts required to be performed by Kasbah, its Directors or officers, as attorney or agent for the Kasbah Shareholders). From the Implementation Date, Kasbah will become a wholly-owned Subsidiary of AMR. Kasbah Shares are expected to be delisted from ASX shortly after the Implementation Date, subject to satisfaction of any conditions under the Listing Rules (as modified or waived).

The holder of Kasbah Options has agreed to cancel his Kasbah Options with effect from the Implementation Date, in consideration for the issue of the Cancellation Consideration on the Implementation Date. Further details regarding the cancellation of the Kasbah Options are detailed in Section 11.19.

AMR intends to apply to be admitted to the official list of ASX, and for quotation of AMR Share CDIs and AMR Warrant CDIs.

A copy of the Scheme is set out in Annexure 4 of this Scheme Booklet.

1.2 What you will receive if the Scheme is approved

If the Scheme is approved, on the Implementation Date, Scheme Participants (other than Ineligible Shareholders) will be issued the Scheme Consideration for the transfer of the Kasbah Shares held by them on the Record Date.

If the Court makes an order approving the Scheme, Kasbah will send to each Kasbah Shareholder notice of that fact on the Implementation Date which (except in the case of an Ineligible Shareholder) will be accompanied by evidence of ownership in respect of the AMR Securities to which that Kasbah Shareholder is entitled.

If you are classified as an Ineligible Shareholder and the Scheme becomes Effective, your Kasbah Shares will be transferred to AMR and the AMR Securities which would have been issued to you will be issued by AMR to the Sale Agent. If you are an Ineligible Shareholder, AMR must procure that the Sale Agent sells those AMR Securities within 20 Business Days following the Implementation Date. The Sale Agent must promptly remit the net sale proceeds to you (minus conversion costs from C\$ to A\$, applicable taxes, charges and brokerage costs) within two Business Days after conversion of the sale proceeds from C\$ to A\$ at the prevailing C\$:A\$ exchange rate.

Further details about the Scheme Consideration and Ineligible Shareholders are set out in Sections 5.2 and 5.4 respectively.

1.3 Directors' recommendations

Your Directors have determined that the Scheme is in the best interests of Kasbah Shareholders and unanimously recommend that Kasbah Shareholders vote in favour of the Scheme in the absence of a Superior Offer. Each of the Directors will (in the absence of a Superior Offer) vote, or procure the voting of any Kasbah Shares held by or controlled by a Director at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting.

The reasons to vote in favour of or against the Scheme as considered by the Directors are set out in Section 2.

The implications for Kasbah Shareholders if the Scheme does not proceed are set out in Section 3 under the heading titled, "What happens if the Scheme is not approved".

1.4 Independent Expert

Kasbah has commissioned BDO as the Independent Expert to prepare a report to ascertain whether the Scheme is in the best interests of Kasbah Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Kasbah Shareholders, in the absence of a Superior Offer.

The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet.

1.5 Implementation, timetable and procedures

If the Scheme is approved by Kasbah Shareholders and the Court, and all other conditions to the Transaction are satisfied or (where applicable) waived, it is expected that the Scheme will be implemented on or around 21 December 2016. The key dates and times in relation to the Scheme are set out at the beginning of this Scheme Booklet. These key dates are indicative only and are subject to change.

1.6 Conditions to the Scheme

Implementation of the Transaction is subject to a number of outstanding conditions precedent that are summarised in Section 11.14(a).

Details about the conditions to the Scheme that have been satisfied or waived at the date of this Scheme Booklet are set out in Section 11.14(b). A description of all of the conditions to the Scheme is included in the Scheme Implementation Agreement in Annexure 2 of this Scheme Booklet.

1.7 Scheme Meeting

The Scheme Meeting, to approve the Scheme, is scheduled to be held at BDO, The Hay Room, 38 Station Street Subiaco, Western Australia on 23 November 2016 at 10.00am (WST). Voting eligibility

for the Scheme Meeting will be determined as at 4.00pm (WST) on 21 November 2016.

Further details of the Scheme Meeting, including how to vote, are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure 6 of this Scheme Booklet.

1.8 Voting thresholds

(a) Scheme

The Scheme must be approved by the Requisite Majority, being:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of Kasbah Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting.

(b) Court Approval

If the Scheme is approved at the Scheme Meeting, and all other conditions of the Scheme have been satisfied or (where applicable) waived, the Court will be asked to approve the Scheme on the Second Court Date in accordance with section 411(4)(b) of the Corporations Act. The Second Court Date is expected to be on or around 6 December 2016.

1.9 Tax implications

The transfer of your Kasbah Shares in accordance with the Scheme may have tax implications for you. You should seek your own professional advice regarding your individual tax consequences. A summary of relevant Australian tax implications for Scheme Participants is contained in Section 10.

1.10 What to do next

(a) Read the remainder of this Scheme Booklet

Read the remainder of this Scheme Booklet in full before making any decision on the Scheme.

(b) Consider your options

Kasbah Shareholders should refer to Section 2 for further guidance on the reasons to vote in favour of or against the Scheme and Section 9 for guidance on the risk factors associated with the Scheme.

If you have any questions in relation to the Transaction, the Scheme or the Scheme Meeting, please contact the Kasbah Shareholder Information Line on 1800 220 771 any time between 9.00am and 5.00pm (WST) Monday to Friday or consult your legal, investment, taxation, financial or other professional adviser.

(c) Vote at the Scheme Meeting

Your Directors urge you to vote on the Scheme at the Scheme Meeting. The Scheme affects your shareholding and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer.

2. Reasons to vote in favour of or against the Scheme

Set out below are some of the reasons why the Kasbah Board considers that you should vote in favour of the Scheme. Also set out below is a summary of some of the reasons why you may decide to vote against the Scheme. You should read the entire Scheme Booklet before deciding whether or not to vote in favour of the Scheme.

While your Directors acknowledge that there are reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

2.1 Reasons to vote in favour of the Scheme

Your Directors recommend the Scheme	Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer. Your Directors intend to vote in favour of the Scheme with respect to any Kasbah Shares they hold or control, in the absence of a Superior Offer.
Major shareholders of Kasbah intend to vote in favour of the Scheme	Major shareholders of Kasbah, being Lion Selection Group (African Lion Fund), Traxys Projects L.P. and Thailand Smelting and Refining Co., who together hold 26.7% of Kasbah's issued share capital, have also advised that they intend to vote in favour of the Scheme with respect to any Kasbah Shares they hold or control, based on the terms of the Scheme and in the absence of a Superior Offer.
The Independent Expert, BDO, has concluded that the Scheme is in your best interests	The Independent Expert, BDO, has concluded that the Scheme is fair and reasonable and in the best interests of Kasbah Shareholders, in the absence of a Superior Offer. The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet.
The value of the Scheme Consideration represents a substantial premium	The Scheme Consideration represents a premium to historical trading prices. Based on the 8 August 2016 closing price of AMR Shares on TSX-V of C\$0.025, being the last date of trading of AMR Shares before the Announcement Date, at the C\$:A\$ exchange rate at the time of A\$0.9949, the implied value of the Scheme Consideration was A\$0.038 per Kasbah Share, which represented: • a 10.5% premium to Kasbah's 30-day VWAP; • a 15.0% premium to Kasbah's 60-day VWAP; and • a 19.3% premium to Kasbah's 90-day VWAP, up to and including trading on 19 July 2016, being the last trading day for Kasbah Shares prior to its trading halt and the Announcement Date. Based on the 13 October 2016 closing price of AMR Shares on TSX-V (the last practicable TSX-V trading day prior to the date of this Scheme Booklet) of C\$0.025 and the C\$:A\$ exchange rate of A\$0.9995, the implied value of the Scheme Consideration was A\$0.038 per Kasbah Share, which represents:

	• a 48.3% premium to Kasbah's 30-day VWAP; • a 32.3% premium to Kasbah's 60-day VWAP; and • a 21.1% premium to Kasbah's 90-day VWAP. The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the AMR Share price and/or movements in the C\$:A\$ exchange rate.
Financial support from Pala	The Transaction will result in Pala, a leading mining investment fund and currently the largest shareholder in AMR, becoming a 37.7% shareholder in the Merged Entity. Pala is a leading mining investment fund with a strong track record of investing and creating value for shareholders, having invested in 87 companies in 25 countries across six continents. Pala has over US\$100 million of cash or cash equivalent resources available, sufficient to cover its pro rata share of any equity financing required for the development of the Achmmach Tin Project. Pala is supportive of the development of the Achmmach Tin Project. Pala's support is illustrated by its execution of the Support Agreement, pursuant to which Pala has committed to providing its pro rata share in relation to any equity capital raise conducted by the Merged Entity within 12 months of the Scheme becoming Effective, subject to the satisfaction of certain conditions. While any equity raising conducted may potentially have a dilutive effect to shareholders, the majority of the proceeds are intended to be used to fund the construction and development of the Achmmach Tin Project. Kasbah Shareholders should refer to Section 8.6 for further details in relation to Pala. Kasbah Shareholders should also refer to Section 9.4(d) for a description of the risk that Pala will not comply with its undertaking to provide conditional financial support to the Merged Entity pursuant to the Support Agreement.
AMR management expertise	Kasbah Shareholders will benefit from AMR's highly skilled and experienced construction and operational management team, and their experience in commercialising and operating underground base metal operations in challenging jurisdictions. This includes Mr Evan Spencer, the current CEO of AMR, who will remain as the CEO of the Merged Entity. Kasbah Shareholders should refer to Section 7.6 for further details on the AMR Directors and Executive Officers.
Diversified shareholder base and enhanced capital market presence	Kasbah Shareholders will benefit from AMR's increased market capitalisation, diversified shareholder base and access to the TSX-V, a world-class platform upon which 53% of the global mining finances were completed in 2015. This is expected to lead to increased interest from institutional investors and a greater following by the analyst community.

Diversification across projects, commodities and jurisdictions	Kasbah Shareholders will emerge with approximately 47.8% on an undiluted basis of the Merged Entity, and 52.2% on a fully diluted basis (assuming the exercise of all AMR Warrants). The Merged Entity will, through BPNM, hold a 90% interest in the Ban Phuc Nickel Mine in Vietnam (which is currently under care and maintenance) including nickel sulphide exploration prospects in proximity to this mine, as well as a 75% interest in the development stage Achmmach Tin Project. Consequently, it will combine base metals assets to create geographical and commodity diversification and provide a larger platform to potentially acquire additional international base metals projects.
Partial CGT scrip-for-scrip roll-over for Australian resident Shareholders	Eligible Kasbah Shareholders who are Australian residents for tax purposes and who would otherwise realise a capital gain on the disposal of their Kasbah Shares in return for AMR Securities under the Scheme will be able to obtain partial CGT scrip-for-scrip roll-over. Broadly, in such circumstances, CGT scrip-for-scrip roll-over will be available to the extent the consideration received is either AMR Share CDIs or AMR Shares. However, CGT scrip-for-scrip roll-over will not be available to the extent AMR Warrant CDIs or AMR Warrants are received. Kasbah Shareholders should refer to Section 10 for further details in relation to the Australian tax consequences of the Scheme. It is recommended you seek professional tax advice.
No brokerage costs	Kasbah Shareholders will not be required to pay any brokerage or other costs in connection with the disposal of their Kasbah Shares under the Scheme. Brokerage and other costs may be deducted from the proceeds of sale of AMR Securities for Ineligible Shareholders, as outlined in Section 5.5.
If the Scheme is not implemented the Kasbah Share price may fall	If the Scheme is not implemented, Kasbah will remain a stand-alone entity. Should this occur, it will need to secure funding from alternative sources to both (i) repay amounts drawn under the Pala Loan Agreement within a period of 3 months, and (ii) develop the Achmmach Tin Project on the basis of the updated DFS released on 10 August 2016. In these circumstances, it is expected that Kasbah will investigate a range of possible transactions with alternative parties to assist with its funding requirements. However, there can be no certainty that alternative sources will be available on favourable terms, or at all. In that scenario, your Directors consider that the Kasbah Share price may trade below its current trading levels in the near term (although it is difficult to predict the Kasbah Share price movement with any certainty).
No Superior Offer has emerged	Since the initial announcement of the Transaction on 11 August 2016, and up to the date of this Scheme Booklet, no Superior Offer has emerged and the Kasbah Board is not aware of any Superior Offer that is likely to emerge.

2.2 Reasons to vote against the Scheme

You may disagree with your Directors' unanimous recommendation or the Independent Expert's conclusion	In concluding that the Scheme is in the best interests of Kasbah Shareholders, in the absence of a Superior Offer, the Directors and Independent Expert are making judgements based on future events which are not predictable with certainty and which may prove to be incorrect (either positively or negatively). Kasbah Shareholders may not agree with the Directors' unanimous recommendation or the Independent Expert's conclusion and are not obliged to follow the recommendation.
The Merged Entity will be subject to a number of risks to which Kasbah is not currently exposed	If the Scheme becomes Effective, Scheme Participants (other than Ineligible Shareholders) will be issued AMR Securities and may therefore be subject to certain risks which Kasbah is not currently exposed to, including the following: • nickel price movements; • jurisdictional risks associated with assets in Vietnam; • risks associated with operation of the Ban Phuc Nickel Mine in a care and maintenance phase and operation of that mine under a joint venture arrangement; • the future development prospects of AMR's assets in Vietnam; • currency movements in respect of C\$ and the Vietnamese dong; and • fluctuations in price of AMR Securities. These different risks will mean that the Merged Entity will have a different risk profile to that of Kasbah on a standalone basis. You may prefer to retain your exposure to Kasbah's risks and investment profile as a standalone entity including its size, capital structure and geographic exposure. Further details of these risks can be found in Section 9.
Price changes	Following Implementation of the Scheme, the value of AMR Share CDIs and AMR Warrant CDIs, or AMR Shares and AMR Warrants, received as Scheme Consideration, may rise or fall based on market conditions and the financial and operational performance of the Merged Entity. If the price of AMR Share CDIs and AMR Warrant CDIs, or AMR Shares or AMR Warrants falls, the value of the securities received by Kasbah Shareholders as Scheme Consideration will decline in value. Accordingly, there is no guarantee that Kasbah Shareholders will actually realise the implied value of the Scheme Consideration.
You will be exposed to differences between applicable corporations and securities laws	Kasbah is incorporated in Australia and listed on ASX while AMR is incorporated in British Columbia, Canada and listed on TSX-V. If the Scheme becomes Effective, Kasbah Shareholders (other than Ineligible Shareholders) whose rights are currently governed by the laws of Australia, ASX Listing Rules and the constitution of Kasbah will become holders of AMR Securities. The rights of holders of AMR Securities will be governed by the applicable corporate, securities and other laws of British Columbia and

	Canada, the TSX-V Rules and AMR's constating documents. Although some of the material differences between Australian company and security laws and the ASX Listing Rules, on the one hand, and corporate and securities laws of British Columbia and Canada and the TSX-V Rules, on the other hand, as they relate to Kasbah and AMR, respectively, could be viewed as advantageous to Kasbah Shareholders, others could be viewed as disadvantageous to Kasbah Shareholders. Further details on rights attaching to AMR Shares and the differences between applicable company laws, listing rules, and other relevant laws, can be found in Annexure 3.
You may believe there is an opportunity for increased value from Kasbah remaining as a standalone entity	You may believe that Kasbah Shareholders will have the opportunity for greater returns over the long term by continued investment in Kasbah as a stand-alone entity. In assessing and recommending the Scheme, your Directors have evaluated the benefits of Kasbah continuing as an independent company against the value of the Transaction. In deciding that they should recommend the Transaction, your Directors determined that, on balance, the value and other benefits provided by the Transaction, including the support of a large, financially strong cornerstone investor such as Pala, was more favourable to Kasbah Shareholders than to seek alternative funding options to develop its projects as a stand-alone entity.
A Superior Offer for Kasbah, if it were to continue as a stand-alone entity, may materialise in the future	It is possible that, if Kasbah were to continue as a stand-alone entity, a Superior Offer for Kasbah which is more attractive for Kasbah Shareholders may materialise in the future. Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited Competing Proposals for Kasbah. Your Directors may consider an unsolicited Competing Proposal that is or would reasonably be expected to result in a Superior Offer, but Kasbah may not solicit Competing Proposals. AMR has the right, but not the obligation, to match any Superior Offer.¹ As at the date of this Scheme Booklet, no Superior Offer has emerged and the Kasbah Board is not aware of any Superior Offer that is likely to emerge. If a Superior Offer for Kasbah emerges prior to the Implementation Date or the End Date (whichever occurs earliest) your Directors will carefully consider the proposal and will inform you of any material developments. Further details relating to Competing Proposals and Superior Offers are set out in Sections 5.6 and 11.15 and the Scheme Implementation Agreement set out in Annexure 2 of this Scheme Booklet.

¹ Subject to the conditions referred to in Section 11.15.

The exact value of the Scheme Consideration upon implementation of the Scheme is not certain	The exact value of the Scheme Consideration that would be realised by Scheme Participants upon implementation of the Scheme is not certain because it is dependent on the price at which AMR Shares trade on TSX-V and, subject to ASX approval, AMR Share CDIs and AMR Warrant CDIs trade on ASX and the C\$:A\$ exchange rate at the Implementation Date. This may fluctuate significantly in the period up to the implementation of the Scheme, including because of changes in the trading price of AMR Shares on TSX-V and currency exchange rate fluctuations.
If you are an Ineligible Shareholder, your AMR Securities will be issued to the Sale Agent, to be sold, which may result in a tax liability	If the Scheme becomes Effective, AMR Securities that would otherwise be issued to an Ineligible Shareholder, will be issued to the Sale Agent, who will then sell those AMR Securities and remit the proceeds (net of costs) to the Ineligible Shareholder. The sale of those AMR Securities may result in a tax liability for the Ineligible Shareholder.

2.3 Other relevant considerations

The Scheme is conditional	The Scheme is conditional on approval by the Requisite Majority of Kasbah Shareholders and by the Court. The Transaction is also conditional on a number of other conditions including regulatory approvals, which are set out in Section 11.14. As at the date of this Scheme Booklet, your Directors are not aware of any matter which they expect will result in a breach of, or lead to non-performance of, any of those conditions. See Section 11.14(a) for the conditions which remain outstanding and Section 11.14(b) for the conditions which have been satisfied as at the date of this Scheme Booklet.
All or nothing proposal	If the Scheme is approved by the Requisite Majority of Kasbah Shareholders and the Court and all of the other conditions to the Transaction are either satisfied or waived (where applicable): - the Scheme will bind all Scheme Participants, including those who do not vote on the Scheme Resolution and those who vote against it, meaning that all Scheme Participants will have their Kasbah Shares transferred to AMR and will receive the Scheme Consideration (or in the case of Ineligible Shareholders, the net proceeds of sale of the relevant AMR Securities); - Kasbah will become a wholly-owned Subsidiary of AMR; and - Kasbah will request ASX remove Kasbah from the official list of ASX. If any of the conditions to the Transaction are not satisfied or waived (where applicable) on or before the Second Court Date, the Scheme Implementation Agreement may be terminated. The Transaction will not be implemented and amounts drawn under the Pala Loan Agreement will become repayable on the date falling 3 months after termination of the Scheme Implementation Agreement.

3. Frequently Asked Questions

The following table provides brief answers to questions you may have in relation to the Transaction, but must be read in conjunction with the more detailed information included in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

Questions about the Transaction	
What is the Scheme?	The Scheme is a proposed merger of Kasbah and AMR to be implemented by way of a scheme of arrangement between Kasbah and the Kasbah Shareholders under which all of the Kasbah Shares will be transferred to AMR in consideration for the issuance by AMR of the Scheme Consideration. The Scheme requires the approval of both the Requisite Majority of Kasbah Shareholders at the Scheme Meeting and the Court. The terms of the Scheme are set out in full in Annexure 4 of this Scheme Booklet.
What is the Scheme Consideration?	If the Transaction proceeds, the Scheme Consideration, being: • 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or • if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share, will be issued to Scheme Participants (which excludes Ineligible Shareholders).
What is a CDI?	A CDI, or CHESS Depositary Interest, is the instrument through which AMR Shares and AMR Warrants will trade on the ASX if the Transaction is implemented. Each AMR Share CDI or AMR Warrant CDI will represent a beneficial interest in ten (10) AMR Shares or AMR Warrants respectively. See the question "What is the difference between an AMR Share CDI or AMR Warrant CDI and an AMR Share or AMR Warrant?" and Section 5.3 for more information on the differences.
What is the difference between an AMR Share CDI or AMR Warrant CDI and an AMR Share or AMR Warrant?	A CDI is an instrument through which securities of foreign companies can be traded on the ASX. Each AMR Share CDI or AMR Warrant CDI will represent a beneficial interest in ten (10) AMR Shares or AMR Warrants respectively, and will have rights that are economically equivalent to the rights attached to an AMR Share or AMR Warrant. AMR Share CDIs and AMR Warrant CDIs will be quoted and traded on ASX in Australian dollars - they will not be quoted and traded on the TSX-V. AMR Shares are common shares in the capital of AMR ranking equally in all respects with all other issued and outstanding AMR Shares. AMR Warrants are warrants in the capital of AMR which entitle the holder to acquire one AMR Share on exercise. Both AMR Shares and AMR Warrants will

Questions about the Transaction	
	be listed and traded on TSX-V in Canadian dollars - they will not be quoted and traded on ASX. A holder of AMR Share CDIs or AMR Warrant CDIs will not be a registered AMR securityholder. Instead, AMR Shares and AMR Warrants represented by AMR Share CDIs and AMR Warrant CDIs will be held by CDN, a subsidiary of ASX. An AMR Share CDI holder can direct CDN to vote, in accordance with the CDI holder's directions, the AMR Shares represented by its AMR Share CDIs (or appoint the CDI holder or another person to do so). AMR Share CDIs and AMR Warrant CDIs can be exchanged for AMR Shares and AMR Warrants at any time and vice versa, respectively.
What will be the effect of the Scheme?	If the Scheme is approved by the Requisite Majority of Kasbah Shareholders and the Court: • all your Kasbah Shares will be transferred to AMR; • in exchange, you will receive the Scheme Consideration for each Kasbah Share you hold, unless you are an Ineligible Shareholder; and • Kasbah will become a wholly-owned Subsidiary of AMR and will be removed from the official list of ASX.
What value does the Scheme imply for my Kasbah Shares?	The Scheme Consideration is: • 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or • if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share. This implies a value of: • A\$0.038 per Kasbah Share based on the 8 August 2016 closing price of AMR Shares on TSX-V of C\$0.025 and the C\$:A\$ exchange rate at the time of A\$0.9949; and • A\$0.038 per Kasbah Share based on the 13 October 2016 closing price of AMR Shares on TSX-V (being the last practicable TSX-V trading day prior to the date of this Scheme Booklet) of C\$0.025 and the C\$:A\$ exchange rate at the time of A\$0.9995. The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the AMR Share price. Please refer to Section 7.16 for the recent price history of AMR Shares. The A\$ value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the C\$:A\$ exchange rate.

Questions about the Transaction	
Are there conditions that need to be satisfied before the Transaction can proceed?	Implementation of the Transaction is subject to satisfaction (or waiver in some cases) of a number of conditions contained in the Scheme Implementation Agreement, set out in Annexure 2 of this Scheme Booklet. A number of those conditions remain outstanding as at the date of this Scheme Booklet as described in Section 11.14(a). A description of the conditions that have already been satisfied or waived (where applicable) is included in Section 11.14(b).
What is the Directors' recommendation?	Your Directors have carefully considered the advantages and disadvantages of the Transaction and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer. Your Directors intend to vote in favour of the Scheme with respect to any Kasbah Shares they hold or control, in the absence of a Superior Offer.
What are the reasons to vote in favour of the Scheme?	The Directors have described in Section 2.1 the reasons why Kasbah Shareholders should vote in favour of the Scheme.
What are the reasons to vote against the Scheme?	The Directors have described in Section 2.2 the reasons why you may decide to vote against the Scheme.
What are the risks for me if the Scheme is implemented	If the Scheme is implemented, you will be entitled to receive the Scheme Consideration in the form of AMR Securities (unless you are an Ineligible Shareholder). Kasbah Shareholders who receive and retain AMR Securities under the Scheme may be subject to certain risks as set out in Section 9.
What is the Independent Expert's conclusion?	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Kasbah Shareholders, in the absence of a Superior Offer. The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet.
If I wish to support the Scheme, what should I do?	Your Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Offer. If you are a registered Kasbah Shareholder and are unable to attend the Scheme Meeting you may be entitled to vote by proxy, corporate representative or attorney. See Section 4 for directions on how to vote and important voting information generally.
What happens if I vote against the Scheme?	If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Transaction, you may vote against the Scheme at the Scheme Meeting. If the Scheme is approved by the Requisite Majority of Kasbah Shareholders and by the Court, and all other conditions to the

Questions about the Transaction	
	Transaction are satisfied or waived (where applicable), your Kasbah Shares will be transferred to AMR in consideration for AMR issuing to you or the Sale Agent on your behalf, as applicable, the Scheme Consideration for your Kasbah Shares. This will occur even if you voted against the Scheme at the Scheme Meeting. If the Scheme is not approved by the Requisite Majority of Kasbah Shareholders or the Court, Kasbah will remain an independent company and you will remain a Kasbah Shareholder.
How will the Transaction be implemented?	If the Scheme becomes Effective, no further action is required on the part of the Scheme Participants in order to implement the Scheme. Under the Scheme, Kasbah is given authority to effect a valid transfer of all Kasbah Shares to AMR and to enter the name of AMR in the Kasbah Register as holder of all Kasbah Shares. If the Scheme becomes Effective, each Kasbah Shareholder (other than an Ineligible Shareholder) will be deemed to have agreed to become a holder of AMR Securities in accordance with the Scheme and to have accepted the AMR Securities issued to that holder, under the Scheme subject to, and to be bound by, AMR's constating documents and the applicable corporate, securities and other laws of British Columbia and Canada, including the BCBCA.
What happens if the Scheme is not approved?	If the Scheme is not approved by the Requisite Majority of Kasbah Shareholders or the Court, the Scheme will not be implemented. Further, if any of the conditions to the Transaction are not satisfied or waived (where applicable), including if the Scheme is not approved by the Requisite Majority of Kasbah Shareholders and by the Court, the Scheme Implementation Agreement may be terminated and the Transaction will not be implemented. The consequences of the Scheme not being implemented include: • you will retain your Kasbah Shares, you will not be issued the Scheme Consideration, and you will continue to be exposed to the risks associated with your investment in Kasbah Shares (see Section 9.3); • Kasbah will require immediate additional funding for working capital purposes, which may include a debt or equity raising or a sale of project interest; • the existing Kasbah Board and management will continue to operate Kasbah's business; • the expected benefits of the Transaction (as set out in Section 2.1) will not be realised; • the Kasbah Share price may fall to the extent that the market reflects an assumption that the Scheme will be completed; • there will be an obligation to repay the amounts drawn

Questions about the Transaction	
	under the Pala Loan Agreement (see Section 6.10); • Kasbah will require additional future funding to continue its expansion and development of its projects, which may include raising additional funds through debt or equity; • Kasbah will have incurred significant costs and management time and resources for no outcome; and • Kasbah may be liable to pay the Kasbah Reimbursement Fee Amount (A\$300,000) to AMR. However, the Kasbah Reimbursement Fee Amount is not payable if the Requisite Majority of Kasbah Shareholders do not approve the Scheme. For further details in relation to the Kasbah Reimbursement Fee Amount, see Section 11.17.
Is a Superior Offer likely? What happens if a Superior Offer emerges?	As at the date of this Scheme Booklet, no Superior Offer for Kasbah has emerged. Until the Implementation Date (if the Scheme is approved by the Requisite Majority of Kasbah Shareholders and the Court) or the End Date (whichever occurs earlier), there is nothing preventing third parties from making unsolicited Competing Proposals for Kasbah. It is possible that, if Kasbah were to continue as an independent company, a Superior Offer for Kasbah may materialise in the future. Further details regarding Competing Proposals and Superior Offers are set out in Sections 5.6 and 11.15.
What are the tax implications of the Transaction?	Eligible Kasbah Shareholders who are Australian residents for tax purposes and who would otherwise make a capital gain on the disposal of their Kasbah Shares in return for AMR Securities under the Scheme should generally be able to obtain partial CGT scrip-for-scrip roll-over. If you are an Ineligible Shareholder, the AMR Securities that you would otherwise have been entitled to will be issued to the Sale Agent, who will then sell those AMR Securities and remit the proceeds to you in A\$, net of costs. The sale of those AMR Securities may result in a tax liability for the Ineligible Shareholder. Section 10 provides a description of the general Australian tax consequences of the Transaction. It is recommended you seek professional tax advice.

Questions about the Transaction	
Who will manage the Merged Entity following the implementation of the Transaction?	Following implementation of the Transaction, the AMR Board will be re-constituted such that it will consist of a maximum of seven (7) directors which includes two nominees of Kasbah (being Mr Rod Marston and Mr Ian McCubbing), the existing Chairman of AMR (Mr Jim Askew, who will remain as the Chairman), the existing Chief Executive Officer of AMR, Mr Evan Spencer and another existing independent non-executive director of AMR.
How do the Directors intend to vote in respect of their own Kasbah Shares?	Each Director intends to vote in favour of the Scheme with respect to any Kasbah Shares they hold or control, in the absence of a Superior Offer. Your Directors collectively control the voting rights attaching to approximately 3.59% of the total number of Kasbah Shares on issue.
Questions about your entitlements	
Who is entitled to participate in the Transaction?	Each person (other than AMR) who is a Kasbah Shareholder as at 5.00pm (WST) on the Record Date (expected to be 14 December 2016) will be entitled to participate in the Scheme. See Section 12.4 for details on AMR's holdings in Kasbah.
What if I am an Ineligible Shareholder?	If you are a Kasbah Shareholder whose address shown in the Kasbah Register is in an Ineligible Jurisdiction, AMR will not issue AMR Securities to you. However, your Kasbah Shares will be part of the Scheme. The number of AMR Securities that would otherwise have been issued to you under the Scheme will be issued to the Sale Agent, who will sell those AMR Securities and remit the proceeds of such sale to you in A\$, net of costs. See Section 5.4 for further details.
What happens if the market price of AMR Shares increases or decreases?	The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the AMR Share price and the \$C:\$A exchange rate.
How will fractional entitlements to AMR Securities be treated?	If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of an AMR Security your fractional entitlement will be rounded down to the nearest whole number of AMR Securities.
When will I be issued the Scheme Consideration?	If the Scheme is implemented, AMR must issue your AMR Securities to you (or in the case of an Ineligible Shareholder, to the Sale Agent) on the Implementation Date, which is expected to be on 21 December 2016. Kasbah will procure that evidence of ownership is sent to Kasbah Shareholders (except Ineligible Shareholders) in respect of the Scheme Consideration on or as promptly as practical following the Implementation Date.

Questions about the Transaction	
Will I have to pay brokerage fees on the disposal of my Kasbah Shares?	No brokerage fees or other costs are payable in connection with the issue of the Scheme Consideration. If you are an Ineligible Shareholder, the Sale Agent will deduct brokerage or other costs from the sale of AMR Securities that would otherwise have been issued to you and pay you the net amount.
When can I trade my AMR Securities?	Once you have received the Scheme Consideration, you can trade your AMR Share CDIs and AMR Warrant CDIs on ASX. If you elect to receive AMR Shares or AMR Warrants as Scheme Consideration, you will need to instruct a broker who is able to execute trades on TSX-V.
Questions about voting	
Who can vote?	If you are registered as a Kasbah Shareholder at 4.00pm (WST) on 21 November 2016 you will be entitled to vote on the Scheme Resolution to be proposed at the Scheme Meeting. For further details, see Section 4.
When and where will the Scheme Meeting be held?	The Scheme Meeting to approve the Scheme is scheduled to be held at BDO, The Hay Room, 38 Station Street Subiaco, Western Australia on 23 November 2016 commencing at 10.00am (WST). Further details of the Scheme Meeting, including how to vote are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure 6 of this Scheme Booklet.
What vote is required to approve the Scheme?	The Scheme needs to be approved by the Requisite Majority of Kasbah Shareholders, which is: • unless the Court orders otherwise, a majority in number (more than 50%) of Kasbah Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and • at least 75% of the total number of votes cast on the resolution at the Scheme Meeting.
Is voting compulsory?	No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting scheduled to be held on 23 November 2016 at 10.00am (WST) you should complete and return the Proxy Form enclosed with this Scheme Booklet. For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 4.

Questions about the Transaction	
Why should I vote?	Your vote will be important in determining whether the Transaction will proceed. Your Directors have determined that the Scheme is in the best interests of Kasbah Shareholders and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer.
What happens if I do not vote?	If you do not vote and the Scheme is approved by a Requisite Majority of Kasbah Shareholders and the Court, your Kasbah Shares will be transferred to AMR in consideration for AMR issuing to you the Scheme Consideration for your Kasbah Shares unless you are an Ineligible Shareholder, in which case the Sale Agent will sell your AMR Securities and remit the proceeds to you, net of costs. If the Scheme is not approved, Kasbah will remain an independent company and you will remain a Kasbah Shareholder.
Can I attend the Court and oppose the Court approval of the Scheme?	If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on Kasbah, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Kasbah at least one Business Day (in Perth, Western Australia) before the Second Court Date.
What are my options?	You may: • vote in favour of the Scheme at the Scheme Meeting; • vote against the Scheme at the Scheme Meeting; • sell your Kasbah Shares on market at any time before the close of trading on ASX on the Record Date; or • do nothing.
What if I cannot, or do not wish to, attend the Scheme Meeting?	If you cannot, or do not wish to, attend the Scheme Meeting, you may appoint a proxy, corporate representative or attorney to vote on your behalf. For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 4.
Questions about AMR	
Who is AMR?	AMR is a dedicated mining and exploration company with proven capability in exploration mine development and construction. It is listed on the TSX-V. AMR holds a 90% interest in the Ban Phuc Nickel Mine (currently under care and maintenance and held through its subsidiary BPNM). See Section 7 for further information on AMR and Section 8 for further information on the Merged Entity.

Questions about the Transaction	
Is AMR listed on ASX?	AMR is not listed on ASX but intends to be admitted to the official list of ASX and for quotation of the AMR Share CDIs and AMR Warrant CDIs. As set out in Section 12.13(d), AMR has applied to ASX for in-principle advice in respect of this process.
Why does AMR wish to implement the Transaction?	AMR wishes to implement the Transaction so that it can create a new and diversified base metals company and take the next steps in developing the Achmmach Tin Project.
What are AMR's intentions in relation to the Merged Entity if the Transaction proceeds?	AMR intends to focus on sourcing finance, and the development and construction of the Achmmach Tin Project and would look to capitalize on the strengths of both companies to build a platform for future growth while creating meaningful value to investors in the medium term. See Section 8 for further information on the Merged Entity. Kasbah Shareholders should be aware that if the Transaction proceeds, there will be various risks associated with the development and construction of the Achmmach Tin Project, including the requirement for funding, which are described in Section 9.
General questions	
What other information is available?	You should read the detailed information in relation to the Transaction provided in this Scheme Booklet. Further information in relation to Kasbah can be obtained from ASX on its website www.asx.com.au, or on Kasbah's website www.kasbahresources.com. Further information in relation to AMR can be obtained on AMR's website www.asianmineralres.com. Further information in relation to Pala can be obtained on Pala's website www.pala.com.
Who can help answer my questions about the Transaction?	If you have any questions in relation to the Transaction, the Scheme or the Scheme Meeting, please contact the Kasbah Shareholder Information Line on 1800 220 771 any time between 9.00am and 5.00pm (WST) Monday to Friday or consult your legal, investment, taxation, financial or other professional adviser.

4. Scheme Meeting and voting information

This Section contains information relating to voting entitlements and information on how to vote at the Scheme Meeting for Kasbah Shareholders.

4.1 Scheme Meeting

(a) Time and location

The Scheme Meeting to approve the Scheme is scheduled to be held at BDO, The Hay Room, 38 Station Street Subiaco, Western Australia on 23 November 2016 at 10.00am (WST).

(b) Requisite Majority

At the Scheme Meeting, the Scheme Resolution will be proposed to the Scheme Meeting which must be approved by:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of Kasbah Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting,

(the **Requisite Majority**), for the Scheme to become Effective.

(c) Notice of Scheme Meeting

The Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure 6 of this Scheme Booklet.

4.2 Entitlement and ability to vote at the Scheme Meeting

If you are registered as a Kasbah Shareholder as at 4.00pm (WST) on 21 November 2016, you will be entitled to vote on the Scheme Resolution at the Scheme Meeting. Voting on the Scheme Resolution will be by poll.

(a) Voting in person

If you wish to vote in person, you should attend the Scheme Meeting.

(b) Voting by proxy

Your personalised Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

You can appoint a proxy by completing and returning to Kasbah the enclosed Proxy Form for the Scheme Meeting. The Proxy Form must be received by Kasbah by no later than 10.00am (WST) on 21 November 2016.

You must return the Proxy Form to Kasbah by either posting it in the reply paid envelope provided (only for use in Australia) or by sending, delivering or faxing it as follows:

(i) Australian Registrar:

Mail to:

Kasbah Resources Limited
c/o Link Market Services
Locked Bag A14 Sydney South
New South Wales 1235 Australia

Fax to:

02 9287 0309 (within Australia)
+61 2 9287 0309 (outside Australia)

(ii) In person to:

Link Market Services
1A Homebush Bay Drive,
Rhodes NSW 2138

If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registrar at the same time as the Proxy Form (unless you have already provided a certified copy of the power of attorney to Kasbah). If you complete and return a Proxy Form, you may still attend the meeting in person, revoke the proxy and vote at the meeting.

(c) **Undirected proxies**

A Kasbah Shareholder who has submitted a proxy has the right to appoint the chairman of the Scheme Meeting, or another person (who need not be a Kasbah Shareholder) to represent him, her or it at the Scheme Meeting and vote on the Scheme Resolution, by inserting the name of his, her or its desired representative in the space provided for that purpose on the Proxy Form. A Kasbah Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes.

Any instrument of proxy in which the name of the appointee is not filled in will be deemed to have been given in favour of the chairman of the Scheme Meeting.

The chairman of the Scheme Meeting intends to vote all undirected proxies in favour of the Scheme Resolution.

(d) **Voting by corporate representative**

To vote in person at the Scheme Meeting, a Kasbah Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative.

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Kasbah Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A certificate with or without the seal of the body corporate Kasbah Shareholder, signed by 2 directors of that body corporate or signed by one director and one secretary, or any other document as the chairman of the Scheme Meeting in his sole discretion considers sufficient, will be evidence of the appointment, or of the revocation of the appointment, as the case may be, of a representative.

(e) **Voting by attorney**

A Kasbah Shareholder may appoint a person (whether a Kasbah Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.

An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Directors may prescribe or accept. A fax of a written power of attorney is valid provided it has been provided to Kasbah on the fax numbers in Section 4.2(b) by no later than 10.00am (WST) on 21 November 2016. Such fax will be deemed to have been served on Kasbah upon the receipt of a transmission report confirming successful transmission of that fax.

5. Key considerations

The purpose of this Section 5 is to identify significant issues for you to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, you should carefully consider the factors discussed below and the risk factors outlined in Section 9, as well as the other information contained in this Scheme Booklet.

5.1 Background

Under the Transaction, AMR will acquire all of the Kasbah Shares held by Scheme Participants through a scheme of arrangement under Australian law.

The Scheme is subject to, among other things, approval by the Requisite Majority of Kasbah Shareholders at the Scheme Meeting, approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date and the satisfaction or waiver (where applicable) of certain conditions. For further details of the conditions, refer to Section 11.14.

If the Scheme becomes Effective, Kasbah will become a wholly-owned Subsidiary of AMR and will request ASX remove Kasbah from the official list of ASX on the Implementation Date. Kasbah Shareholders (except Ineligible Shareholders) will be issued AMR Securities as Scheme Consideration for the transfer of their Kasbah Shares to AMR, resulting in existing AMR Shareholders and Kasbah Shareholders owning approximately 52.2% and 47.8% of the AMR Shares, respectively on an undiluted basis.

5.2 What you will receive under the Scheme

AMR has entered into the Deed Poll under which it has offered to acquire the Kasbah Shares held by Scheme Participants for the Scheme Consideration. The Scheme Consideration is:

- (a) 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or
- (b) if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share,

in accordance with the terms of the Scheme and the Scheme Implementation Agreement.

If the Scheme becomes Effective, the AMR Securities will be issued on the Implementation Date by AMR to Scheme Participants or to the Sale Agent on behalf of the Ineligible Shareholders, and AMR will register the registered holders of the AMR Shares and AMR Warrants in the AMR Register, and the holders of AMR Share CDIs and AMR Warrant CDIs in the AMR CDI subregister. Kasbah will procure that evidence of ownership in respect of the Scheme Consideration is sent to Kasbah Shareholders (except Ineligible Shareholders) on or as promptly as practical following the Implementation Date.

By default, the Scheme Consideration will consist of AMR Shares and AMR Warrants issued in the form of AMR Share CDIs and AMR Warrant CDIs which will be quoted on the ASX. However, you may elect to receive AMR Shares and AMR Warrants to be listed on TSX-V. See Section 5.3 for information about the election process.

AMR Share CDIs or AMR Warrant CDIs are instruments through which AMR Shares and AMR Warrants can be traded on ASX. Each AMR Share CDI or AMR Warrant CDI will represent a beneficial interest in ten (10) AMR Shares or AMR Warrants respectively, and will have rights that are economically equivalent to the rights attached to an AMR Share or AMR Warrant. See Section 5.3 for information about AMR Share CDIs and AMR Warrant CDIs.

If elected, Scheme Participants will receive AMR Shares or AMR Warrants as their Scheme Consideration. The AMR Shares issued to Scheme Participants will be common shares in the share capital of AMR (the equivalent of "ordinary shares" in Australian companies) and will rank equally in all respects with all issued and outstanding AMR Shares. The AMR Warrants are warrants of AMR (the equivalent of "options" in Australian Companies) and entitle the holder to acquire an AMR Share on exercise. Upon issue, the AMR Shares will be fully paid and non-assessable, and the AMR Shares and the AMR Warrants will be free from any mortgage, charge, lien, encumbrance or other security interest.

The AMR Shares and AMR Warrants will be listed on TSX-V and the AMR Share CDIs and AMR Warrant CDIs will be quoted on ASX. Accordingly, Scheme Participants who wish to trade their AMR Shares or AMR Warrants on the open market will need to do so on TSX-V. AMR Shares and AMR Warrants cannot be traded on ASX. Such trades must be undertaken through a broker entitled to trade on TSX-V. AMR Shares and AMR Warrants will be quoted and traded on TSX-V in C\$. The A\$ value of AMR Shares and AMR Warrants will depend on the C\$:A\$ exchange rate at the relevant time.

Scheme Participants who wish to trade their AMR Share CDIs or AMR Warrant CDIs will need to do so on ASX.

If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of an AMR Security, your entitlement will be rounded down to the nearest whole number of AMR Securities.

The value of the AMR Securities may increase or decrease after the Implementation Date based on movements in the C\$:A\$ exchange rates.

Further details on the Australian tax considerations in relation to the Scheme Consideration can be found in Section 10.

5.3 AMR Share and AMR Warrant Election

You can elect to receive the Scheme Consideration in the form of AMR Shares and AMR Warrants listed on TSX-V instead of AMR CDIs and AMR Warrant CDIs which will be quoted on ASX, by making an Election. You should consider the information in this Section before deciding whether to make an Election.

The decision whether to elect to receive AMR Shares and AMR Warrants listed on TSX-V (rather than AMR Share CDIs and AMR Warrant CDIs quoted on ASX) will depend on your individual circumstances. You should seek advice from your own financial, legal or other professional adviser before deciding whether to make this election.

If the Scheme becomes Effective, by default, you will receive the Scheme Consideration in the form of AMR Share CDIs and AMR Warrant CDIs quoted on ASX, unless you are an Ineligible Shareholder (see Section 5.4) or you complete an Election Form in accordance with the instructions on that form (see Section 5.3(k)).

(a) AMR Shares

AMR Shares are common shares in the share capital of AMR. AMR Shareholders are entitled to one vote for each share on all matters to be voted on by shareholders at meetings of AMR Shareholders (except as otherwise specified in the BCBCA). On liquidation, dissolution or winding up of AMR, the holders of AMR Shares will be entitled to receive the property of AMR remaining after payment of all debts on a pro rata basis, but subject to rights, privileges, restrictions and conditions of any other class of shares or other securities issued by AMR in priority to the AMR Shares. Other than as described in Section 8.6 as to rights granted to Pala, there are no pre-emptive, redemption or conversion rights attaching to the AMR Shares. All AMR Shares, when issued, are and will be issued as fully paid and non-assessable shares.

AMR Shares are listed on TSX-V. Accordingly, investors who wish to trade AMR Shares on the open market must do so on TSX-V. AMR Shares cannot be traded on ASX. Such trades must be undertaken through a broker entitled to trade on TSX-V. Not all Australian brokers are able to trade securities on TSX-V. AMR Shares are listed and traded on TSX-V in Canadian dollars. The Australian dollar value of AMR Shares will depend on the prevailing A\$:C\$ exchange rate from time to time.

(b) AMR Share CDIs

A CDI is a financial product quoted on ASX. CDIs represent an interest in the underlying security of the foreign company. This allows investors to trade interests in foreign securities by trading the relevant CDIs on ASX.

Each AMR Share CDI will represent ten (10) AMR Shares and will confer a beneficial interest in those AMR Shares.

AMR Shares represented by AMR Share CDIs will be held by CDN on behalf of the holders of AMR Share CDIs.

Upon AMR being admitted to the official list of ASX, AMR Share CDIs will be quoted and traded on ASX in Australian dollars. They will not be listed and will not be able to be traded on TSX-V.

The key features of AMR Share CDIs are summarised below.

(i) General

Except for certain differences noted below, the rights attached to AMR Share CDIs are economically equivalent to the rights attaching to AMR Shares, and AMR will generally be required to treat holders of AMR Share CDIs as if they were the holders of the AMR Shares represented by those AMR Share CDIs. This means that economic benefits such as dividends, bonus issues and rights issues will generally flow through to holders of AMR Share CDIs as if they were the holders of the underlying AMR Shares.

(ii) Ratio

Each AMR Share CDI will represent ten (10) AMR Shares held by CDN, a wholly owned subsidiary of ASX.

(iii) Voting

Holders of AMR Share CDIs will be sent notices of all meetings of AMR Shareholders at the same time as they are sent to AMR Shareholders.

As holders of AMR Share CDIs are not the registered holders of the AMR Shares represented by AMR Share CDIs, they will not be automatically entitled to vote in person at a general meeting of AMR Shareholders.

However, the holder of an AMR Share CDI can direct CDN to cast votes in a particular manner on their behalf or they can require CDN to appoint the holder (or a person nominated by the holder) as proxy to exercise the votes attached to the AMR Shares represented by the holder's AMR Share CDIs. In such a latter case, a holder of an AMR Share CDI may, as proxy, attend and vote in person at a general meeting of AMR Shareholders. Save as mentioned in this paragraph, if a holder of an AMR Share CDI wishes to attend and vote in person at a general meeting of AMR Shareholders, the holder must first convert their AMR Share CDIs into the underlying AMR Shares in sufficient time before the record date for the meeting.

(iv) Takeovers

CDN must not accept a takeover offer in respect of any AMR Shares representing AMR Share CDIs except to the extent that holders of AMR Share CDIs have authorised CDN to accept the offer. It is CDN's responsibility to ensure that the bidder processes those acceptances.

(v) Conversion of AMR Share CDIs into AMR Shares

Holders of AMR Share CDIs may at any time convert their AMR Share CDIs into AMR Shares listed on TSX-V by contacting:

- (A) the AMR Share CDI Registry (Computershare), if their AMR Share CDIs are held on the AMR Share CDI issuer sponsored subregister; or
- (B) their broker, if their AMR Share CDIs are held on the AMR Share CDI CHESSE subregister.

Requests for conversion will ordinarily be processed within one to three Business Days, once duly completed and valid instructions are received, although the time for conversion may take longer. Conversion is achieved by transferring the underlying AMR Shares from CDN to the holder of the AMR Share CDIs.

No trading of the underlying AMR Shares can take place on TSX-V until the conversion process has been completed.

(vi) Communications from AMR

AMR will communicate directly with holders of AMR Share CDIs with respect to corporate actions and will send notices and other documents (e.g. notices of meetings) to holders of AMR Share CDIs at the same time as they are sent to AMR Shareholders.

(vii) Trading

Following the quotation of AMR Share CDIs on ASX, AMR Share CDIs can be traded on ASX. They will not be tradeable on TSX-V.

If a holder of AMR Share CDIs wishes to trade on TSX-V, they must convert the AMR Share CDIs into AMR Shares (see above).

(viii) Dividends

Dividend record and payment dates will be the same for AMR Shares and AMR Share CDIs.

Any cash dividends or distributions will be converted by AMR or its agent from Canadian dollars into Australian dollars, paid by AMR to the AMR Share CDI Registry (Computershare) on trust for the holders of AMR Share CDIs (net of any currency conversion costs) and then paid directly to holders of AMR Share CDIs by the AMR Share CDI Registry on the payment date.

Please note that AMR does not currently intend to pay any dividends. See Section 7.15 for further details.

(ix) Evidence of ownership

If AMR Share CDIs are issued to you under the Scheme, you will receive a holding statement in respect of your AMR Share CDIs, rather than a DRS advice for the underlying AMR Shares. Revised holding statements will be provided on a periodic basis if there is change in the number of AMR Share CDIs held by you.

AMR Share CDIs may be held on an issuer sponsored subregister or on a CHESS subregister. If you receive AMR Share CDIs under the Scheme, you will receive them:

- (A) on the AMR Share CDI issuer sponsored subregister, to the extent they are issued for Kasbah Shares held on the Kasbah issuer sponsored subregister; and
- (B) on the AMR Share CDI CHESS subregister, to the extent they are issued for Kasbah Shares held on the Kasbah CHESS subregister.

(c) The principal differences between holding AMR Share CDIs and AMR Shares

The principal difference between holding an AMR Share CDI and holding an AMR Share is that the holder of an AMR Share CDI has, through CDN, an indirect, beneficial interest in the AMR Share underlying their AMR Share CDI instead of directly owning that AMR Share. This means that the holder of the AMR Share CDI is not the registered holder of the underlying AMR Share and therefore:

- (i) cannot directly trade the underlying AMR Share; and
- (ii) is a beneficial holder (rather than registered legal holder) of the underlying AMR Share.

As noted in this Section, there are certain differences which you should take into account in determining whether to elect to receive Scheme Consideration in the form of AMR Shares instead of AMR Share CDIs.

As mentioned above under 'Voting', a holder of an AMR Share CDI cannot attend an AMR general meeting as a shareholder but can direct CDN how to vote or to appoint the holder as proxy.

(d) AMR Warrants

AMR Warrants are rights to acquire one unissued AMR Share.

AMR Warrants are listed on TSX-V and accordingly can only be traded on TSX-V through a broker entitled to trade on TSX-V. Not all Australian brokers are able to trade securities on TSX-V. AMR Warrants are listed and traded on TSX-V in Canadian dollars. The Australian dollar value of AMR Warrants will depend on the prevailing A\$:C\$ exchange rate from time to time.

Each AMR Warrant will be exercisable for a period of 48 months following the date of issuance at an exercise price of C\$0.05 and, if exercised, will result in the issue of one AMR Share.

It is expected that the definitive terms and conditions of the AMR Warrants will be set forth in a Warrant Indenture to be entered into between AMR and Computershare Trust Company of Canada, acting in its capacity as warrant agent in relation to the AMR Warrants. See Schedule 7 of the Scheme Implementation Agreement for the terms and conditions of the AMR Warrants. Further information in respect of the Warrant Indenture is set out in Section 7.11.

(e) AMR Warrant CDIs

Each AMR Warrant CDI will represent ten (10) AMR Warrants and will confer a beneficial interest in those AMR Warrants. AMR Warrants represented by AMR Warrant CDIs will be held by CDN on behalf of the holders of AMR Warrant CDIs.

Upon AMR being admitted to the official list of ASX, AMR Warrant CDIs will be quoted and traded on ASX in Australian dollars. They will not be listed and will not be able to be traded on TSX-V.

The key features of AMR Warrant CDIs are summarised below.

(i) General

Except for certain differences noted below, the rights attaching to AMR Warrant CDIs are economically equivalent to the rights attaching to AMR Warrants, and AMR will generally be required to treat holders of AMR Warrant CDIs as if they were the holders of the AMR Warrants represented by those AMR Warrant CDIs.

(ii) Ratio

Each AMR Warrant CDI will represent ten (10) AMR Warrants held by CDN, a wholly owned subsidiary of ASX.

(iii) Voting

Holders of AMR Warrant CDIs will be sent notices of general meetings of holders of AMR Warrants at the same time as they are sent to holders of AMR Warrants.

As holders of AMR Warrant CDIs are not the registered holders of the AMR Warrants represented by AMR Warrant CDIs, they will not be automatically entitled to vote in person at a general meeting of AMR warrant holders.

A meeting of AMR warrant holders is different to a meeting of AMR Shareholders. Unless provided otherwise, a meeting of AMR warrant holders will be held as a separate meeting.

(iv) Takeovers

CDN must not accept a takeover offer in respect of any AMR Warrants representing AMR Warrant CDIs except to the extent that holders of AMR Warrant CDIs have authorised CDN to accept the offer. It is CDN's responsibility to ensure that the bidder processes those acceptances.

(v) Conversion of AMR Warrant CDIs into AMR Warrants

Holders of AMR Warrant CDIs may at any time convert their AMR Warrant CDIs into AMR Warrants listed on TSX-V by contacting:

- (A) the AMR Warrant CDI Registry (Computershare), if their AMR Warrant CDIs are held on the AMR Warrant CDI issuer sponsored subregister; or
- (B) their broker, if their AMR Warrant CDIs are held on the AMR Warrant CDI CHES subregister.

Requests for conversion will ordinarily be processed within one to three Business Days, once duly completed and valid instructions are received, although the time for conversion may take longer. Conversion is achieved by transferring the underlying AMR Warrants from CDN to the holder of the AMR Warrant CDIs.

No trading of the underlying AMR Warrants can take place on TSX-V until the conversion process has been completed.

(vi) Communications from AMR

AMR will communicate directly with holders of AMR Warrant CDIs with respect to corporate actions and will send notices and other documents (e.g. notices of meetings) to holders of AMR Warrant CDIs at the same time as they are sent to holders of AMR Warrants.

(vii) Trading

Following the listing of AMR Warrant CDIs on ASX, AMR Warrant CDIs can be traded on ASX. They will not be tradeable on TSX-V.

If a holder of AMR Warrant CDIs wishes to trade on TSX-V, they must convert the AMR Warrant CDIs into AMR Warrants (see above).

(viii) Evidence of ownership

If AMR Warrant CDIs are issued to you under the Scheme, you will receive a holding statement in respect of your AMR Warrant CDIs rather than a DRS advice for the underlying AMR Warrants. Revised holding statements will be provided on a periodic basis if there is a change in the number of AMR Warrant CDIs held by you.

AMR Warrant CDIs may be held on an issuer sponsored subregister or on a CHESS subregister. If you receive AMR Warrant CDIs under the Scheme, you will receive them:

- (A) on the AMR Warrant CDI issuer sponsored subregister, to the extent they are issued for Kasbah Shares held on the Kasbah issuer sponsored subregister; and
- (B) on the AMR Warrant CDI CHESS subregister, to the extent they are issued for Kasbah Shares held on the Kasbah CHESS subregister.

(f) The principal differences between AMR Warrant CDIs and AMR Warrants

The principal difference between holding an AMR Warrant CDI and holding an AMR Warrant is that the holder of an AMR Warrant CDI has, through CDN, an indirect, beneficial interest in the ten (10) AMR Warrants underlying their AMR Warrant CDI instead of directly owning ten (10) AMR Warrants. This means that the holder of an AMR Warrant CDI is not the registered holder of the underlying AMR Warrants and therefore:

- (i) cannot directly trade the underlying AMR Warrants; and
- (ii) is a beneficial holder (rather than registered legal holder) of the underlying AMR Warrants.

As noted in this Section, there are certain differences which you should take into account in determining whether to elect to receive the Scheme Consideration in the form of AMR Warrants instead of AMR Warrant CDIs.

As mentioned above under 'Voting', a holder of an AMR Warrant CDI cannot attend an AMR general meeting of warrant holders as a warrant holder but can direct CDN how to vote or to appoint the holder as proxy.

(g) AMR CDIs and AMR Warrant CDIs will be quoted on ASX and AMR Shares and AMR Warrants will be listed on TSX-V

AMR intends to apply for admission to the official list of ASX, and for quotation of the AMR Share CDIs and AMR Warrant CDIs. AMR Share CDIs and AMR Warrant CDIs will therefore be tradeable on ASX only. This has the advantage that AMR Share CDIs and AMR Warrant CDIs can be traded during Australian business hours using Australian brokers in prices quoted in Australian dollars.

However, see Section 9 for a discussion of the liquidity of the market for AMR Share CDIs and the potential risk that they may trade at a discount to AMR Shares on TSX-V.

(h) Exercise of shareholder and warrant holder rights

As holders of AMR Share CDIs and AMR Warrant CDIs are not registered holders of the relevant AMR Securities, the rights attaching to AMR Shares and AMR Warrants which underlie their AMR Share CDIs and AMR Warrant CDIs, respectively, must be exercised by CDN. A holder of AMR CDIs or AMR Warrant CDIs may instruct CDN to exercise those rights on their behalf. In contrast, a registered holder of AMR Shares or AMR Warrants can directly exercise the rights attaching to their AMR Shares or AMR Warrants respectively in such manner as they choose.

(i) Conversion of AMR Shares into AMR Share CDIs

If you elect to receive AMR Shares instead of AMR Share CDIs, it is possible to later convert them into AMR Share CDIs (e.g. because you would like to trade on ASX). You should contact AMR's Registry (Computershare) if you wish to convert your AMR Shares into AMR CDIs.

(j) Conversion of AMR Warrants into AMR Warrant CDIs

If you elect to receive AMR Warrants instead of AMR Warrant CDIs, it is possible to later convert them into AMR Warrant CDIs (e.g. because you would like to trade on ASX). You should contact AMR's Registry (Computershare) if you wish to convert your AMR Warrants into AMR Warrant CDIs.

(k) How to make an Election

To make an Election, you should complete and return the Election Form, accompanying this Scheme Booklet, in accordance with the instructions on that form. The deadline for receipt of Election Forms by the Kasbah Registry is 5.00pm on the Record Date. If you do not make a valid Election by 5.00pm on the Record Date, you will receive AMR Share CDIs and AMR Warrant CDIs to be quoted on ASX by default.

Unless you are a trustee or nominee:

- (i) you may only make an Election under the Scheme in respect of all your Kasbah Shares under that Scheme; and
- (ii) if you make an Election under the Scheme, it will be deemed to apply to all your Kasbah Shares under the Scheme regardless of whether the number of relevant Kasbah Shares you hold at 5.00pm on the Record Date of the Scheme is greater or less than the number you held at the time you made your election.

Election by trustees and nominees

If you hold one or more parcels of Kasbah Shares as trustee or nominee for, or otherwise on account of, another person, to reflect the fact that some of your beneficiaries may prefer to receive Scheme Consideration in the form of AMR Share CDIs and AMR Warrant CDIs while others may prefer to receive Scheme Consideration in the form of AMR Shares and AMR Warrants, you may do so by establishing separate holdings and electing the appropriate form of Scheme Consideration. Your election will apply to all your holding. However, you may not accept instructions from a beneficiary to make an Election unless it is in respect of the Scheme Consideration attributable to all parcels of Kasbah Shares held by you on behalf of that beneficiary.

Variation or withdrawal of an Election

You may vary or withdraw an Election following the instructions on the Election Form. The deadline for receipt by the Kasbah Registry of instructions to vary or withdraw an Election is 5.00pm on the Record Date. If your valid instructions are not received by this time, you will receive AMR Shares and AMR Warrants listed on TSX-V in accordance with your then current Election.

5.4 Ineligible Shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for AMR Securities to be offered or issued under the Scheme to Kasbah Shareholders in those countries.

Scheme Participants whose address is shown in the Kasbah Register as being in an Ineligible Jurisdiction which AMR has determined, acting reasonably, does not permit the issue of the AMR Securities to that Kasbah Shareholder, either unconditionally or after compliance with terms that AMR reasonably regards as acceptable and practicable, will be regarded as Ineligible Shareholders for the purposes of the Scheme.

AMR is under no obligation to issue and allot, and will not issue, any AMR Securities to any Ineligible Shareholder. Instead, if the Scheme becomes Effective, AMR will issue the AMR Securities to which the Ineligible Shareholder would otherwise have been entitled to the Sale Agent, on trust for the Ineligible Shareholder, for sale on market through the Sale Facility. See Section 5.5 for more information about the Sale Facility.

5.5 Sale Facility

If you are an Ineligible Shareholder, the entire Scheme Consideration that would otherwise have been issued to you will be issued to the Sale Agent, as your nominee on trust, for sale through the Sale Facility and you will receive a pro rata share of the net proceeds converted into Australian dollars from the sale of all Scheme Consideration sold through the Sale Facility. The proceeds received by Ineligible Shareholders will be after deductions for any applicable foreign exchange, brokerage, stamp duty and other selling costs, taxes and charges.

The Sale Agent will sell the AMR Securities in such manner, or such financial markets, at such price and such other terms as the Sale Agent determines in good faith.

The Sale Facility will operate as follows:

- (a) as soon as reasonably practicable, but no more than 20 Business Days after the Implementation Date, the Sale Agent will arrange for the sale of all the AMR Securities allotted to it, held for the benefit of the Ineligible Shareholders. The Sale Agent will be allotted AMR Shares and AMR Warrants and not AMR Share CDIs or AMR Warrant CDIs. The sales will be effected in such manner, at such price and on such other terms as the Sale Agent determines in good faith and at the sole risk of the Ineligible Shareholders;
- (b) the Sale Agent will then convert the aggregate sale proceeds of all those AMR Securities, net of applicable brokerage, stamp duty, taxes and charges, and as soon as practicable, and in any event not more than five Business Days, after receipt of the proceeds, from C\$ to A\$ at the prevailing C\$:A\$ exchange rate; and
- (c) within two Business Days after conversion of sale proceeds, the Sale Agent will account to each Ineligible Shareholder for his or her pro rata share of the aggregate sale proceeds, less any applicable foreign exchange, brokerage, stamp duty and other selling costs, taxes and charges, by sending to each Ineligible Shareholder an A\$ cheque drawn on an Australian bank for the relevant amount.

Each Ineligible Shareholder will receive their pro rata share of the aggregate sale proceeds on an averaged basis so that all Ineligible Shareholders will receive the same A\$ equivalent price per AMR Share or AMR Warrant (subject to rounding down to the nearest whole A\$ cent). The actual price received by an Ineligible Shareholder for their AMR Securities that are sold under the Sale Facility may be more or less than the actual price that is received by the Sale Agent for those AMR Securities, less any applicable foreign exchange, brokerage, stamp duty and other selling costs, taxes and charges in respect of those AMR Securities. Ineligible Shareholders will receive the proceeds of the sale of their AMR Securities as soon as practicable, and in any event, within 6 weeks after the date of

implementation of the Scheme, by a cheque drawn on an Australian bank in A\$ and receive the cheque by pre-paid airmail post sent to their address as it appears on the Kasbah Register on the Record Date.

5.6 Competing Proposals

During the Exclusivity Period, the Scheme Implementation Agreement prohibits Kasbah and its Subsidiaries from soliciting, inviting, facilitating, encouraging or initiating or making available any information or entering into any agreement, arrangement or understanding in relation to, or which may reasonably be expected to lead to, a Competing Proposal.

If the Directors receive an unsolicited Competing Proposal from a third party that the Kasbah Board determines is a Superior Offer, Kasbah must give notice of the Superior Offer to AMR. AMR has the right, but not the obligation, within 5 Business Days of receipt of that notice to offer to amend the terms of the Scheme, make a takeover bid for Kasbah or propose any other form of transaction.

Your Directors will carefully consider any unsolicited Competing Proposal received from a third party (provided it does not breach the terms of the Scheme Implementation Agreement) and inform you of any material developments. However, presently your Directors are not aware of any such proposals.

Further details on Competing Proposals are described in Section 11.15.

5.7 Directors' recommendation

Your Directors believe that the Scheme is in the best interests of Kasbah Shareholders, and they unanimously recommend that Kasbah Shareholders vote in favour of the Scheme, in the absence of a Superior Offer.

Your Directors have formed their conclusion and made their recommendation on the Scheme based on the reasons outlined in Section 2.1.

Each of the Directors (set out in Section 6.4) will vote or procure the voting of, any Kasbah Share (as applicable) held by or controlled by a Director at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Offer.

The reasons Kasbah Shareholders might elect to vote against the Scheme and other relevant considerations are set out in Sections 2.2 and 2.3 respectively.

5.8 Independent Expert's Report

The Independent Expert, BDO, has reviewed the terms of the Scheme and concluded that the Scheme is fair and reasonable, and in the best interests of Kasbah Shareholders, in the absence of a Superior Offer.

The Independent Expert has assessed the fair value of a Kasbah Share to be in the range of A\$0.033 to A\$0.039 per Kasbah Share. The Independent Expert has estimated the value of the Scheme Consideration to be in the range of A\$0.029 to A\$0.041 per Kasbah Share which is within the range of values of a Kasbah Share prior to implementation of the Scheme. Accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Kasbah Shareholders, in the absence of a Superior Offer.

Kasbah Shareholders should understand that the value of the Scheme Consideration could change, potentially significantly, as a result of changes in the price of nickel and tin, exchange rates or the operational prospects for the assets of AMR and Kasbah, or for other reasons. More information in relation to these risks is set out in Section 9 and in the Independent Expert's Report.

The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet and should be read in its entirety, including the assumptions on which the conclusions are based.

5.9 What are your options and what should you do?

You have the following four options in relation to your Kasbah Shares. Kasbah encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Kasbah Shares.

(a) Vote in favour of the Scheme at the Scheme Meeting

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer. The reasons for your Directors' unanimous recommendation are set out in Section 2.1.

To vote in favour of the Transaction, you need to vote in favour of the Scheme Resolution at the Scheme Meeting. For directions on how to vote at the Scheme Meeting, and important voting information generally, please refer to Section 4.

(b) Vote against the Scheme at the Scheme Meeting

If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Transaction, you may vote against the Scheme Resolution at the Scheme Meeting.

However, you should note that if all of the conditions to the Transaction are satisfied or waived (where applicable), the Scheme will bind all Kasbah Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

(c) Sell your Kasbah Shares on ASX

The Transaction does not preclude you from selling your Kasbah Shares on market for cash, if you wish, provided you do so before close of trading in Kasbah Shares on ASX on the Effective Date (currently expected to be 7 December 2016) when trading in Kasbah Shares will end.

Since the Announcement Date, Kasbah shares have traded on ASX at prices below the closing share price on 10 August 2016 (being the last ASX trading day for Kasbah Shares prior to the announcement of the Transaction).

If you are considering selling your Kasbah Shares on ASX you should have regard to the prevailing trading prices of Kasbah Shares at that time.

If you sell your Kasbah Shares on market for cash, you:

- (i) will not be entitled to receive the Scheme Consideration;
- (ii) may incur a brokerage charge;
- (iii) may incur CGT; and
- (iv) will not be able to participate in a Superior Offer, if one emerges, noting that, as at the date of this Scheme Booklet, your Directors have not received notice from any third party of an intention to make any unsolicited Competing Proposal.

(d) **Do nothing**

If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you decide to do nothing, you should note that if all of the conditions to the Transaction are satisfied or waived (where applicable), the Scheme will bind all Kasbah Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

Remember, if you want to receive the Scheme Consideration, your vote is important. If the Scheme is not approved by the Requisite Majority of Kasbah Shareholders, you will not be entitled to receive any Scheme Consideration.

5.10 Dealing with your AMR Securities

If the Scheme is implemented, all of the Kasbah Shares held by Scheme Participants at 5.00pm (WST) on the Record Date will be transferred to AMR on the Implementation Date and in exchange, each Scheme Participant (other than Ineligible Shareholders) will be issued AMR Securities. AMR is listed on TSX-V, but not on ASX. If you wish to sell the AMR Share CDIs or AMR Warrant CDIs, you may do so on ASX. They will not be tradeable on TSX-V. If you elected to receive AMR Shares or AMR Warrants as the Scheme Consideration, you will need to instruct a broker who is able to execute trades on TSX-V in order to trade the AMR Shares or AMR Warrants.

6. Information about Kasbah

6.1 Introduction

The information contained in this Section 6 has been prepared by Kasbah. The information concerning Kasbah, and the intentions, views and opinions contained in this Section, are the responsibility of Kasbah. AMR and AMR's Representatives do not assume any responsibility for the accuracy or completeness of the information in this Section 6.

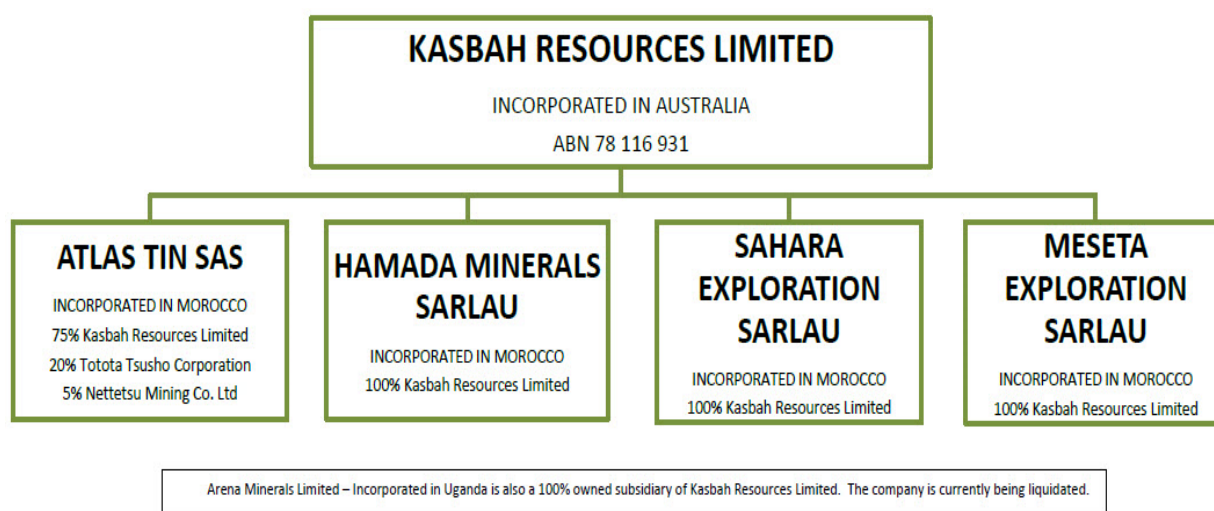
6.2 Overview of Kasbah

Kasbah is an Australian listed mineral exploration and development company. Kasbah was admitted to ASX on 26 April 2007.

Kasbah is primarily focussed on tin exploration and development assets. Kasbah's projects include the:

- **Achmmach Tin Project** (Morocco – Kasbah Resources Limited 75%, Toyota Tsusho Corporation 20%, Nittetsu Mining Co. Ltd 5%); and
- **Bou El Jaj Tin Project** (Morocco – Kasbah Resources Limited 100%).

6.3 Organisational Structure



Kasbah is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the Listing Rules. See Section 6.15 for further information.

6.4 Directors and Executive Officers

The directors of Kasbah are:

- Rodney Marston – Non-executive Chairman
- Wayne Bramwell – Managing Director
- Mike Brook – Non-executive Director

- Ian McCubbing – Non-executive Director
- Gabrielle Moeller – Non-executive Director
- Giles Robbins – Non-executive Director

The Senior Executives of Kasbah are:

- Wayne Bramwell – Managing Director
- Mike Kitney – Chief Operating Officer
- Trevor O'Connor – Chief Financial Officer and Company Secretary

6.5 Strategy

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.

6.6 Achmmach Tin Project

(a) Project Location and History



Figure 1: Kasbah Tin Asset Map – Morocco

Kasbah's prime focus has been to evaluate and advance the Achmmach Tin Project through key studies to a decision to mine. Since 2011, the LME tin price has consistently fallen, with the volatility in the price movement ranging from above US\$33,000/t in 2010/2011 to approximately US\$13,000/t in February 2016.

Figure 2 below depicts the spot LME tin price when the key technical and economic studies on the Achmmach Tin Project were released.



Figure 2: Spot LME Tin price since 2010 and timing of key Achmmach studies

(b) Project Description

Achmmach Tin Project, Morocco (75% Kasbah, 20% Toyota Tsusho Corp, 5% Nittetsu Mining Co. Ltd)

The Achmmach Tin Project is located on the western edge of the El Hajeb province, approximately 140km south east of the Moroccan capital, Rabat. This district contains a wide zone of tin bearing structures extending for 8km in a north-northeast direction from Bou El Jaj to Achmmach.

The Achmmach Tin Project is 100% owned by Moroccan incorporated joint venture company Atlas Tin SAS. The shareholders of Atlas Tin SAS are Kasbah Resources Limited (75%), Toyota Tsusho Corporation (20%) and Nittetsu Mining Co. Ltd (5%). Kasbah is the manager and operator of the Achmmach Tin Project JV.

The Achmmach Tin Project encompasses two exploitation permits (PE 2912 and PE 193172) covering an area of 32 km².

(c) Geology and Exploration

The Achmmach tin deposit was discovered in 1985 by the Moroccan government agency BRPM following stream sediment anomalies to the source. BRPM undertook an extensive regional and

project scale geological mapping, soil geochemistry, gravity surveying, surface trenching, 32 diamond drill holes totalling 14,463 m (including three holes collared from the underground development), an 85 m deep exploratory shaft with 827 m of underground cross cut and drives, an underground bulk sampling program and metallurgical test work.

The Achmmach Tin Project is an epigenetic vein-stockwork-breccia type deposit associated with a strongly boron-enriched paleo-hydrothermal system. It is interpreted as being hosted by two cross-cutting swarms of tourmaline-altered zones: a series of east-west striking sub-vertical zones described as “feeders” and a stacked series of oblique gently to steeply north-dipping “branches”.

Sequences of folded and metamorphosed shales and sandstones host the 1.6 km strike extent of the system in its entirety. The tin bearing lodes form a 300 m wide array across strike with individual lode structures ranging from a metre up to 30 m wide. Tin mineralisation occurs primarily as breccia infill and quartz-cassiterite veins and has been defined in diamond drill holes to a vertical depth of approximately 600 m below natural surface (to approximately 400 mRL).

The bulk of the known mineralisation intersected by the current drilling occurs between 920 mRL and 400 mRL below surface.

(d) **Mineral Resources and Ore Reserves**

The Achmmach Tin Project is a significant undeveloped tin resource and is one of only a few new large scale green fields' discoveries in the world.

The 2016 DFS is based upon the following JORC 2012 compliant resources:

Table 1: Achmmach Mineral Resource Estimates

Target	Cut-off (%Sn)	Tonnes (M)	Tin Grade (%Sn)	Tin Metal (kt)
Measured				
Meknès Trend	0.50%	1.6	1.0	16.1
Sidi Addi Trend (Western Zone)	0.50%	-	-	-
Subtotal		1.6	1.0	16.1
Indicated				
Meknès Trend	0.50%	13.0	0.8	107.0
Sidi Addi Trend (Western Zone)	0.50%	0.3	1.25	4.2
Subtotal		13.3	0.8	111.2
TOTALS				
Meknès Trend	0.50%	14.6	0.85	123.1
Sidi Addi Trend (Western Zone)	0.50%	0.3	1.25	4.2
Grand Total		14.9	0.85	127.3

(Announced on 10 September 2013 for Meknes Trend and 25 November 2014 for Western Zone)

Note: Refer to ASX announcements dated 10 September 2013 relating to the Meknes Trend and 25 November 2014 for the Sidi Addi Trend (Western Zone). Kasbah confirms that it is not aware of any new information or data that materially affects the information in these announcements and all material assumptions and technical parameters underpinning the Mineral Resources continue to apply.

July 2016 Achmmach Ore Reserve

The July 2016 Achmmach Ore Reserve has been estimated by Entech Pty Ltd of Perth, Western Australia based on Measured and Indicated Resources reported to the market on 10 September 2013 (for Meknes Trend) and 25 November 2014 (for the Western Zone).

The 2016 Ore Reserve (see Table 2) is defined entirely within the main mining permit at Achmmach (PE2192) and covers the Meknes Trend and the Sidi Addi Trend (the main tin mineralised structures defined within PE2912).



Figure 3: Meknes and Sidi Addi Trends at Achmmach (with Western, Central and Eastern Zones depicted)

While the 2016 Achmmach DFS is based solely upon the July 2016 Achmmach Ore Reserve, exploration upside and mine life extension at Achmmach is probable from repetition of deeper targets within the main 1.6 km long Meknes Trend and the parallel, 1.6 km long Sidi Addi Trend. The Meknes Trend has been extensively drilled from natural surface across its full 1.6 km of strike to a depth of approximately 550 m. It has not been drilled below 600 m and deeper extensions to the known tin structures may exist.

The Western Zone target is the first Ore Reserve to be defined on the Sidi Addi Trend at Achmmach. Limited shallow drilling across 200 m of the full 1.6 km strike has defined the Western Zone reserve. Limited exploration has been undertaken across Sidi Addi and deeper and along strike targets may exist.

Table 2: Achmmach Ore Reserve Estimate 2016

Achmmach	Proven			Probable			Total		
	Ore (t)	% Tin	Tin Metal (t)	Ore (t)	% Tin	Tin Metal (t)	Ore (t)	% Tin	Tin Metal (t)
Meknes Trend	877,000	1.10	9,700	5,359,000	0.80	43,100	6,236,000	0.85	52,800
Sidi Addi Trend	-	-	-	321,000	0.85	2,700	321,000	0.85	2,700
TOTAL	877,000	1.10	9,700	5,680,000	0.80	45,900	6,557,000	0.85	55,500

Cut-off grade of 0.55% tin. All calculations have been rounded to the nearest 1,000t of ore, 0.01% tin grade and 100t tin metal.

Note: Refer to ASX announcement dated 10 August 2016. Kasbah confirms that it is not aware of any new information or data that materially affects the information in that announcement and all material assumptions and technical parameters underpinning the above Reserve estimate continue to apply.

(e) 2016 Definitive Feasibility Study – Small Start Option

On 10 August 2016, Kasbah released a DFS into a SSO for the Achmmach Tin Project. The 2016 DFS is premised upon a hard rock underground tin mine with a ten year life that is developed in two stages. During Stage 1, production initially commences at 0.5 Mtpa for 42 months then is expanded in Stage 2 to 0.75 Mtpa for 80 months (the remainder of the mine life).

This staged approach utilises contract mining, contract crushing and modular plant design and, unlike the 1 Mtpa underground mine (considered in the 2014 DFS and 2015 enhanced DFS) where the full capacity was installed upfront, the SSO offers greater operational flexibility.

The 2016 DFS has defined a lower capital, higher grade, staged development opportunity that is technically and economically feasible at current LME tin prices (Table 3). Importantly the project construction capital (on a 100% basis) is estimated to be US\$61.7 million with all in sustaining costs (AISC) of US\$11,507/t of tin in concentrate.

Table 3: Achmmach SSO DFS Metrics

Based on LME Tin price at 21/07/16 of US\$ 17,830 / t

SSO	Ore Reserve	Life of Mine (LOM)	Project Construction Capital US\$	All in sustaining costs (AISC) US\$ / t of tin in concentrate	NPV ₈ after tax US\$ (100% of Project)	IRR %
DFS	6.56 Mt @ 0.85 % tin for 55,500 t of contained tin	10.5 years	61.7 million	11,507	51 million	20.6

The SSO has maintained competitive all-in sustaining costs and at current LME tin prices generates positive returns.

(f) **2016 DFS Overview**

The 2016 DFS incorporates:

- (i) **Mining an Ore Reserve of 6.56 Mt** - grading 0.85% tin for a total of 55,500 t of tin metal over a 10.5 year mine life (Table 3).
- (ii) **Adopting a staged approach to mill production** – Stage 1 has an annual throughput of 0.5 Mtpa and treats approximately 1.65 Mt tonnes of tin ore at approximately 1.00% tin over 42 months. Stage 2 sees production expanded to 0.75 Mtpa and treating 4.9 Mt of ore at approximately 0.79% tin for the remaining 80 months (Table 4).
- (iii) **A simplified, modern mine design** – utilising an experienced underground mining contractor with long hole open stoping and cemented rock fill as the primary mining method.
- (iv) **Contract mining and crushing** – project construction capital is reduced and project ramp up is accelerated by utilising experienced third parties to provide these services;
- (v) **Increased metallurgical recovery** - higher run of mine grades in Stage 1 delivers metallurgical recoveries of 73.4% which enhances cash flow in the crucial first years of production.
- (vi) **Modular plant design** – this type of engineering design reduces processing capital, operating power requirements, construction complexity and field installation costs.
- (vii) **Reduction in surface infrastructure** – the smaller project scale and a fit for purpose design philosophy has reduced infrastructure costs.

The staged mining approach (Table 4) is premised upon a 0.8% tin mine cut-off grade in Stage 1 delivering run of mine grades of approximately 1.00% tin. The reduction to a 0.55% cut-off grade in Stage 2 sees production expand to 0.75 Mtpa and tin production averaging approximately 3,970 tonnes of tin in concentrate per annum across the life of mine.

The higher run of mine ore grades in Stage 1 of 1.0% tin result in an increase in metallurgical recovery to 73.4%, with production of approximately 292 tonnes/month of tin in concentrate. In Stage 2, as run of mine ore grade returns to approximately 0.80% tin, metallurgical recovery reduces to 72.2% to produce approximately 351 tonnes/month of tin in concentrate.

Tin concentrates will be a saleable industry standard of approximately 55% tin.

Table 4: 2016 DFS - Staged Mining Metrics

DFS metrics	Stage 1	Stage 2
Cut-off grade	0.8% tin	0.55% tin
ROM tonnes and grade	1.89 Mt @ 0.96 % tin	4.67 Mt @ 0.80 % tin
Delivering	18,235 t contained tin to mill	37,310 t contained tin to mill
Processing	0.5 Mtpa over 42 months	0.75 tpa over 80 months
Total tin in concentrate produced	12,255 tonnes (292 tpm)	28,114 tonnes (351 tpm)

Tables 5 and 6 summarise the key technical and financial outputs from the Achmmach 2016 DFS.

Table 5: Achmmach 2016 DFS Technical Summary

Parameter	Units	DFS
Ore Reserve	Mt	6.56
Stage 1 mined ore grade	%	0.96
Stage 2 mined ore grade	%	0.80
Average annual tin in concentrate produced	t	3,970
Total tin concentrate shipped	t	73,950
Tin concentrate grade	%	55
Total LOM tin in concentrate shipped	t	40,370
Total project life	months	132
Mine production period	months	126
Mill production period	months	122
Project construction capital	US\$ M	61.7
Operating costs		
C1 ^A	US\$/t tin	8,999
C3 ^B	US\$/t tin	13,778
All in sustaining cost	US\$/t tin	11,507

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

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

Table 6: Achmmach 2016 DFS Financial Summary

Parameter		DFS
Project construction capital	US\$ M	61.7
+ First fill, spares and working capital	US\$ M	8.2
+ Contingency	US\$ M	5.4
+ VAT and other charges	US\$ M	3.2
Total project investment to peak funding	US\$ M	78.5
Revenue @ LME tin price @ 21/7/16 of US\$17,830	US\$ M	678
Free cash	US\$ M	120
Payback	months	46
NPV₈ after tax (100% of Project)	US\$	51
NPV₈ after tax (Kasbah 75% share of project)	US\$	38
Project IRR	%	20.6

Peak funding excludes financing costs for the project and covers the period from the first drawdown of project funds to the date upon which the project generates positive cash flow.

With respect to contingency, an amount has been applied to each component of the project construction capital (excluding mining development). This amount is based upon the respective level of engineering definition and knowledge around that area. The purpose of the contingency is to make specific provision for certain elements of potential cost growth within the project scope and by taking this approach, reduces the risk of capital cost over-run.

6.7 Bou El Jaj Tin Project, Morocco (100% Kasbah)

Kasbah retains two mining permits (100% Kasbah) at Bou El Jaj. Bou El Jaj is located 15 km by road southwest of the Achmmach Tin Project and encompasses the Gallery Hill, Grande Crete, Ain Karma and Hill 982 prospects. The Ain Karma Trend lies at the south-western most extent of a broad zone of tourmaline alteration hosted by fine grained sandstones and siltstones intruded by multiple dykes of dolerite and microgranite that extends discontinuously southwards from Achmmach and is considered to be a fertile host for additional tin mineralisation.

On 7 May 2013, Kasbah announced results from the Phase 1 shallow targets exploration program at Bou El Jaj with further mapping and ground magnetics proposed to develop additional shallow drilling targets.

6.8 Other Permits

(a) Tamlalt Gold Prospect (100% Kasbah)

The Tamlalt Gold Prospect is an early stage exploration prospect (two permits) in the far eastern area of Morocco. Historic, preliminary exploration work including 33 diamond drill holes (7,019 m) was completed by ONHYM. No drilling has been completed at the Tamlalt Gold

Prospect by Kasbah. However, having completed a preliminary review of these tenements, Kasbah is now seeking to rationalise the Tamlalt Gold Prospect to three permits for a total area of 48 km².

Kasbah has been engaged in discussions with various parties over possible options for realising value from the Tamlalt Gold Prospect, however nothing material has emerged to date.

(b) **Regional Exploration Permits (100% Kasbah)**

Kasbah also retains several exploration permits prospective for tin in the Ezzhiliga and Ment regions of Morocco.

6.9 Tenement Schedule

Project	Permit Type	Permit Number	Registered Interest
Achmmach	PE	2912	75%*
	PE	193172	75%*
Bou El Jaj	PE	213172	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 (Zaer)	PR	2137996	100%
	PR	2137997	100%
	PR	2137998	100%
	PR	2137999	100%
	PR	2138023	100%
Ment	PR	1939809	100%
	PR	1939821	100%
	PR	1939822	100%
	PR	2138097	100%
	PR	2138098	100%
	PR	2138099	100%
	PR	2138100	100%
	PR	1940002	100%
	PR	1940003	100%
	PR	1940004	100%
	PR	1940082	100%
	PR	1940095	100%
	PR	1940099	100%
All permits are located in the Kingdom of Morocco.			
LEGEND: PE – <i>Permis Exploitation</i> PR – <i>Permis Recherche</i>			
* The Achmmach Tin Project is 100% owned by Moroccan incorporated joint venture company, Atlas Tin SAS. The shareholders of Atlas Tin SAS are Kasbah Resources Limited (75%), Toyota Tsusho Corporation (20%) and Nittetsu Mining Co. Ltd (5%). Kasbah is the Manager and Operator of the Achmmach Tin Project JV.			

6.10 Material Contracts

(a) Pala Loan Agreement

On 10 August 2016, Kasbah (as borrower) and Pala (as lender) entered into the Pala Loan Agreement. Under the Pala Loan Agreement, Pala has agreed to provide a loan facility to Kasbah for the purposes of working capital, payment of Kasbah's costs and fees associated with the Transaction and payment of Pala's costs and fees associated with the Pala Loan Agreement.

The Pala Loan Agreement provides for a loan facility of A\$1,000,000, under which two tranches of A\$500,000 each may be drawn. As at the date of this Scheme Booklet, Kasbah has drawn A\$500,000 of the facility, having satisfied the conditions stipulated in the Pala Loan Agreement for the first drawdown.

The key terms and conditions of the Pala Loan Agreement are:

- (i) the maximum amount that can be drawn down by Kasbah is A\$1,000,000 in two tranches of A\$500,000 each;
- (ii) subject to paragraph (iii) below, the loan facility will mature 12 months from the date of the Pala Loan Agreement (being 10 August 2017);
- (iii) in the event that:
 - (A) the Scheme Implementation Agreement is terminated by AMR as a result of a breach by Kasbah;
 - (B) the Scheme Implementation Agreement is terminated by notification to AMR by Kasbah of its intention to accept a Superior Offer;
 - (C) the Independent Expert advises that the merger is not in the best interests of the Shareholders of Kasbah; or
 - (D) the Shareholders of Kasbah vote against approving the Transaction at the Scheme Meeting,the outstanding principal and interest will be repayable on the earlier of the date falling 3 months after the occurrence of such an event or the date falling 12 months from the date of execution of the Pala Loan Agreement (being 10 August 2017);
- (iv) interest will accrue at:
 - (A) 12% per annum; or
 - (B) if any part of the Pala Loan is outstanding, interest at a rate of 18% per annum from the date of non-payment until it is paid in full;
- (v) it will be an event of default if there is any change in the ownership of the voting shares of Kasbah whereby a person, or two or more persons acting in concert, obtains a 50% interest in the voting shares of Kasbah, except where such change of ownership is the transfer of voting shares in Kasbah pursuant to the Transaction;
- (vi) the loan is not initially secured but Pala may, at any time during which amounts remain outstanding under the Pala Loan Agreement, request that Kasbah grant in Pala's favour any guarantee or security interest as is reasonable to support or secure amounts outstanding under the Pala Loan Agreement; and

- (vii) the payment to Pala of a 3% arrangement fee for the provision of the loan facility, being a fee of A\$30,000 which has been paid to Pala.

(b) **Pala Agreement**

On 10 August 2016, Kasbah and Pala also entered into an agreement pursuant to which until the earlier of the Implementation Date or termination of the agreement in accordance with its terms, Pala has agreed not to dispose of any AMR securities owned or controlled by Pala or grant any rights or enter into any agreement in relation to the voting rights associated with any of its AMR securities without the approval of Kasbah. In addition, Pala has undertaken to vote its AMR securities in favour of any AMR Shareholders meeting in favour of any approval sought in connection with any transaction contemplated by the Scheme Implementation Agreement and against any resolution that may reasonably impede, delay, interfere with, or discourage any transaction contemplated by the Scheme Implementation Agreement.

(c) **Achmmach Agreement**

On 9 November 2005, Kasbah and ONHYM entered into the Achmmach Agreement (as varied by a letter agreement between the parties dated 22 March 2006 and an addendum dated 2 November 2006) pursuant to which ONHYM granted Kasbah exclusive right to initially explore and acquire two exploitation permits (PE 2912 and PE 193172) in Achmmach, Morocco.

Under the Achmmach Agreement, Kasbah must pay ONHYM a yearly royalty representing 3% of Net Smelter Return turnover. The royalty is payable before the end of the second quarter following the end of the year in which is due, calculated on the basis of annual forecasts.

(d) **Tamlalt Agreement**

In May 2007, Kasbah and ONHYM entered into the Tamlalt Agreement pursuant to which ONHYM granted Kasbah the exclusive right to explore and acquire eight (8) exploration permits 36553 to 36559 (subsequently 223197 to 223204).

Under the Tamlalt Agreement, Kasbah must pay ONHYM a yearly royalty representing 3% of Net Smelter Return turnover. The royalty is payable before the end of the first quarter following the year in which it due, calculated on the basis of annual forecasts.

6.11 Historical financial information

(a) **Basis of preparation**

The following Section summarises certain historical financial information about Kasbah for the year ended 30 June 2016, as well as the half year ended 31 December 2015 and the year ended 30 June 2015. The financial information set out in this Section is a summary only and is prepared for the purposes of this Scheme Booklet. The 2015 financial report was audited by BDO Audit and an unmodified audit report was issued. The 2015 half year financial report was reviewed and the 2016 financial report was audited by BDO Audit and a matter of emphasis note in relation to going concern was included in the reports.

The 2016 financial report for Kasbah contains an emphasis of matter statement from its auditors, BDO Audit, who are of the opinion that the ability of Kasbah to continue as a going concern is dependent on the approval of the Transaction. If the Transaction does not proceed, Kasbah will be required to secure additional funding through a capital raising to fund its operational activities and repay the Pala Loan Agreement. This gives rise to the existence of a material uncertainty that may cast significant doubt about Kasbah's ability to continue as a going concern and therefore Kasbah may be unable to realise its assets and discharge its liabilities in the normal course of business.

Full financial statements for Kasbah for the financial year ended 30 June 2016, half year ended 31 December 2015 and for the financial year ended 30 June 2015 were released to ASX and are available free of charge on <http://www.asx.com.au/> or by requesting a copy from Kasbah's Company Secretary on +61 8 9463 6651.

A copy of the latest accounts for the financial year ended 30 June 2016 is available at <http://www.kasbahresources.com/index.php/investor-centre/asx-releases?view=category&id=21>

(b) **Consolidated income statement**

Below is a summary of Kasbah's audited consolidated income statement for the full year ended 30 June 2015, Kasbah's audit reviewed consolidated income statement for the half year ended 31 December 2015, and Kasbah's audited consolidated income statement for the year ended 30 June 2016.

	30 Jun 2016 A\$'000 Audited	31 Dec 2015 A\$'000 Reviewed	30 Jun 2015 A\$'000 Audited
Revenue			
Revenue from continuing operations	51	34	104
Other Income	1	-	489
Expenses			
Exploration and evaluation expenditure	(1,501)	(740)	(2,977)
Impairment expense	(251)	(99)	(806)
Employee option based payment expense	(2)	(2)	240
Accounting and corporate fees	(200)	(99)	(517)
Employee benefits expenses	(921)	(444)	(1,304)
Administration expenses	(176)	(112)	(509)
Project financing expenses	-	-	(395)
Depreciation and amortisation expenses	(221)	(123)	(316)
Occupancy expenses	(54)	(30)	(198)
Other expenses from ordinary activities	(136)	(1)	(292)
Loss from continuing operations before income tax expense	(3,411)	(1,614)	(6,482)
Income tax benefit / expense	-	-	-
Loss after tax from continuing operations	(3,411)	(1,614)	(6,482)
Other comprehensive income			
Foreign currency translation difference on foreign operations	187	155	(186)
Total comprehensive loss for the year	(3,224)	(1,459)	(6,668)
Total loss for the year is attributable to:			
Non-controlling interest	(388)	(154)	(893)
Owners of Kasbah Resources Limited	(3,023)	(1,460)	(5,589)
	(3,411)	(1,614)	(6,482)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest	(345)	(117)	(933)
Owners of Kasbah Resources Limited	(2,879)	(1,342)	(5,735)
	(3,224)	(1,459)	(6,668)
Basic loss per share (cents per share)	(0.61)	(0.26)	(1.48)

(c) **Consolidated balance sheet**

Below is a summary of Kasbah's audited consolidated balance sheet as at 30 June 2015, Kasbah's audit reviewed consolidated balance sheet as at 31 December 2015, and Kasbah's audited consolidated balance sheet as at 30 June 2016.

	30 Jun 2016 A\$'000 Audited	31 Dec 2015 A\$'000 Reviewed	30 Jun 2015 A\$'000 Audited
ASSETS			
Current assets			
Cash and cash equivalents	1,171	2,637	4,087
Trade and other receivables	154	1,519	1,775
Non-current assets classified as held for sale	-	-	-
Total current assets	1,325	4,156	5,862
Non-current assets			
Property, plant and equipment	152	252	355
Exploration and evaluation expenditure	5,617	5,508	5,302
Total non-current assets	5,769	5,760	5,657
Total Assets	7,094	9,916	11,519
LIABILITIES			
Current liabilities			
Trade and other payables	742	2,068	2,429
Total current liabilities	742	2,068	2,429
Non-current liabilities			
Employee Entitlements	70	52	45
Total non-current liabilities	70	52	45
Total liabilities	812	2,120	2,474
Net Assets	6,282	7,796	9,046
EQUITY			
Issued capital	63,293	63,293	63,293
Reserves	28,453	28,428	28,308
Accumulated losses	(85,102)	(83,540)	(82,079)
Parent entity interest	6,645	8,181	9,522
Non-controlling interest	(363)	(386)	(476)
Total equity	6,282	7,796	9,046

(d) **Consolidated cash flow statement**

Below is a summary of Kasbah's audited consolidated cash flow statement for the full year ended 30 June 2015, Kasbah's audit reviewed consolidated cash flow statement for the half year ended 31 December 2015, and Kasbah's audited consolidated cash flow statement for the year ended 30 June 2016.

	30 Jun 2016 A\$'000 Audited	31 Dec 2015 A\$'000 Reviewed	30 Jun 2015 A\$'000 Audited
Cash flows from operating activities			
Cash paid to suppliers and employees	(1,394)	(702)	(3,038)
Payments for exploration and evaluation	(2,163)	(1,157)	(4,769)
Interest received	53	36	110
Other income	-	-	479
Net cash outflow from operating activities	(3,505)	(1,824)	(7,218)
Cash flows from investing activities			
Payment of security deposits and bonds	(9)	(9)	(63)
Refund of security deposits and bonds	1,390	44	33
Payments for mining assets	(1,337)	-	(1,361)
Payments for plant and equipment	(5)	(5)	(12)
Proceeds from sale of plant and equipment	1	-	33
Net cash outflow from investing activities	40	30	(1,370)
Cash flows from financing activities			
Proceeds from share issues	-	-	6,918
Share issue costs	(23)	(23)	(128)
Share issue costs – subsidiary	(95)	(74)	(310)
Proceeds from non-controlling interests	650	416	1,783
Net cash inflow from financing activities	531	319	8,263
Net increase / (decrease) in cash held	(2,934)	(1,474)	(325)
Cash at the beginning of the financial year	4,087	4,087	4,403
Effect of exchange rate fluctuations on cash held in foreign currencies	18	24	10
Cash at the end of the financial year	1,171	2,637	4,087

6.12 Material changes in Kasbah's financial position

To the knowledge of your Directors, and except as disclosed elsewhere in this Scheme Booklet, the financial position of Kasbah has not materially changed since 30 June 2016 other than:

- as at 31 August 2016, Kasbah's cash position had decreased to \$1,153,535; and
- Kasbah drawing down \$500,000 under the Pala Loan Agreement which is included in the above cash position.

6.13 Recent Share Price History

Figure 4 depicts the trading history of Kasbah over the last 12 months up to the Announcement Date.



Figure 4: Trading history of Kasbah

As at 13 October 2016, being the last practicable date prior to finalisation of this Scheme Booklet:

- the last recorded traded price of Kasbah Shares was \$0.024;
- the 30 day VWAP of Kasbah Shares was \$0.026;
- the 60 day VWAP of Kasbah Shares was \$0.029;
- the 90 day VWAP of Kasbah Shares was \$0.031;
- the highest recorded traded price of Kasbah Shares in the previous 3 months was \$0.063 on 19 July 2016; and
- the lowest recorded traded price of Kasbah Shares in the previous 3 months was \$0.022 on 16 September 2016.

The current price of Kasbah Shares on ASX can be obtained from the ASX website (www.asx.com.au) or www.kasbahresources.com.

6.14 Kasbah issued securities

As at 13 October 2016, being the latest practical date prior to finalisation of this Scheme Booklet, there were 556,005,435 Kasbah Shares and 500,000 Kasbah Options on issue.

6.15 Publicly available information

As an ASX listed company and a 'disclosing entity' for the purposes of section 111 AC(1) of the Corporations Act, Kasbah is subject to regular reporting and disclosure obligations. Broadly, these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information.

Kasbah's most recent announcements are available from Kasbah's website at <http://www.kasbahresources.com/index.php/investor-centre/asx-releases?view=category&id=21>.

ASX maintains files containing publicly available information about entities listed on their exchange. Kasbah's files are available for inspection at Kasbah's registered office during normal business hours and are available on the ASX website (www.asx.com.au)

Additionally, copies of documents lodged with ASIC in relation to Kasbah may be obtained from or inspected at an ASIC service centre. Please note, ASIC may charge a fee in respect of such services. The following documents are available for inspection free of charge prior to the Scheme Meeting during normal business hours at the registered office of Kasbah:

- Kasbah's constitution;
- Kasbah's annual report for the financial year ended 30 June 2016; and
- Kasbah's public announcements.

The annual report and public announcements are available at Kasbah's website at <http://www.kasbahresources.com/index.php/investor-centre/asx-releases?view=category&id=21>.

6.16 Further information

For the risks associated with the Scheme, refer to Section 9. In particular, Section 9.3 outlines the risks to Kasbah if the Scheme does not proceed.

7. Information about AMR

7.1 Introduction

The information contained in this Section 7 has been prepared by AMR. The information concerning AMR, and the intentions, views and opinions contained in this Section, are the responsibility of AMR. Kasbah and Kasbah's Representatives do not assume any responsibility for the accuracy or completeness of the information in this Section 7.

AMR does not consider that any of its assets described in this Scheme Booklet comprise a material mining project within the contemplation of the Listing Rules. As such, the requirements of Chapter 5 of the Listing Rules do not apply to the disclosure of AMR's assets in this Scheme Booklet.

7.2 Overview of AMR

AMR is a company incorporated in British Columbia, under the BCBCA. AMR was originally incorporated and registered in 1992 under the New Zealand Companies Act 1993. AMR is listed on the TSX-V, and its corporate head office is located in Toronto, Canada.

AMR's current principal business activities are the exploration and development of mineral property interests, and the extraction and processing of nickel mineral deposits.

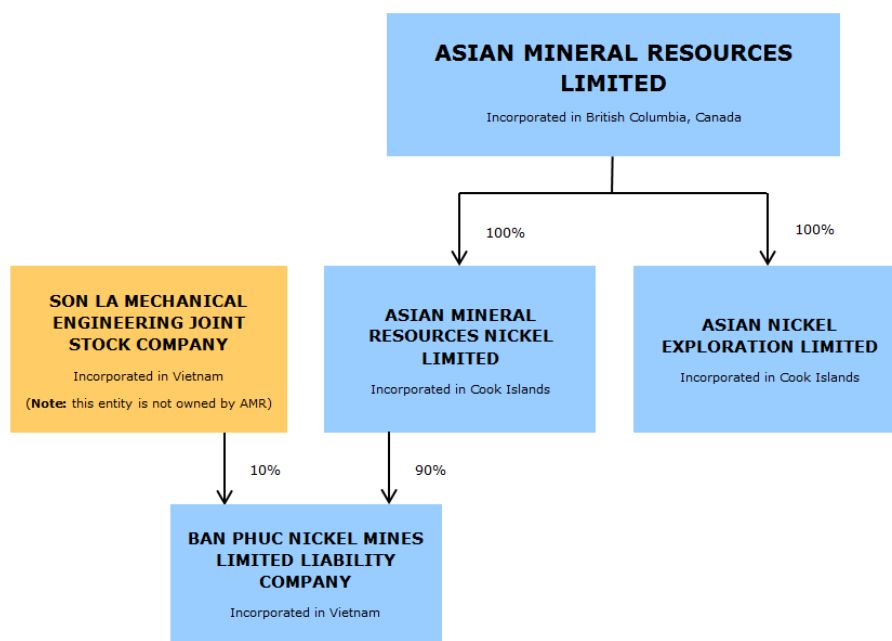
AMR's principal mineral property interest, held through BPNM, is the Ban Phuc Nickel Mine, which is currently under care and maintenance. Further information in respect of the Ban Phuc Nickel Mine is set out in Section 7.5(a) below.

In addition to the Ban Phuc Nickel Mine, BPNM holds an exploration licence in respect of land in the Song Da rift zone surrounding the Ban Phuc Nickel Mine. Further information in respect of this exploration licence is set out in Section 7.5(b) below.

7.3 Corporate Structure

AMR was incorporated on 31 December 2004 in British Columbia under the BCBCA. AMR was previously incorporated and registered under the New Zealand Companies Act 1993. AMR was listed on the TSX-V on 19 April 2004.

Set out below is a chart reflecting the corporate structure of AMR and each of its subsidiaries, as well as a percentage of ownership and jurisdiction of incorporation of each subsidiary.



7.4 Key highlights

The Ban Phuc Nickel Mine has firmly established itself in Vietnam with over three years of strong operational performance. Additionally, AMR has continued to implement strategic initiatives to further unlock value and growth opportunities in line with its stated objective of developing Vietnam's nickel industry. A high level summary of recent developments in AMR's corporate history is set out as follows:

- In June and December 2012, over two separate placements, AMR raised a total of C\$21.7 million in equity to support the construction of the Ban Phuc Nickel Mine. The equity raised was partially underwritten up to a total of C\$15.5 million by Pala.
- Due to the need to increase the mining rate over 200k tpa at the Ban Phuc Nickel Mine, BPNM prepared a feasibility study and environmental impact assessment. In July 2012, mining licence no. 1211/GP-BTNMT was issued to support the increase in required mining rate.
- In March 2013, the Ban Phuc Nickel Mine commenced mine development, with first exports occurring in November 2013.
- The Vietnamese government (with Prime Ministerial support) has offered economic incentives to the nickel industry for the development of the national nickel industry, including structured incentives such as a reduction in export tariffs for downstream processing plants (such as a nickel smelter described in more detail in Section 7.5(d)) and further value add in Vietnam. If taken up by BPNM, this would have the potential to create additional value for AMR's exploration strategy, including but not limited to, the reduction in export tariffs for processed material, significant reductions in logistics costs (including land and sea freight) and improved plant recovery through optimisation and improved offtake terms.
- In July 2013, BPNM entered into a US\$20.0 million 2.5-year term loan facility and US\$3.0 million working capital facility with the Lien Viet Post Bank. In September 2015, AMR repaid the outstanding term loan facility in full approximately 15 months before the due date, and the US\$3.0 million working capital facility was also repaid in full.

- In July 2014, BPNM was awarded a mineral exploration licence in respect of land surrounding the Ban Phuc Nickel Mine. Further information in respect of this licence is set in Section 7.5(b).
- In July 2014, BPNM successfully transitioned its workforce to 94% national employment. This highlighted the successful development and implementation of skilled recruitment and training and further enhanced AMR's reputation and commitment to Vietnam.
- In September 2015, AMR entered into a short term bridging facility with Pala in the amount of US\$2.1 million. The Pala bridge facility was fully repaid in November 2015.
- From September 2016, the Ban Phuc Nickel Mine is being transitioned into care and maintenance due to a sustained global low nickel price and the residual resource at the Ban Phuc Nickel Mine being uneconomical at current nickel prices. AMR is transitioning into a focused exploration phase to develop its exploration projects and disseminated resource, as set out in Section 7.5(c).
- The historical capital expenditure costs in respect of the Ban Phuc Nickel Mine (not including mine development costs) as at the date of this Scheme Booklet is as follows:

Processing Plant	US\$31 million
Tailings Dam and Processing Site Run off Dam	US\$4 million
Camp and Infrastructure	US\$21 million
Total	US\$56 million

7.5 Business of AMR

AMR operates one main business segment, namely the exploration and development of nickel mineral property interests.

The information set out in the section of Section 7.5 (a) entitled "Geology and Mineralisation" and Section 7.5(c), including the resource and reserve tables, has been extracted and summarised from AMR's NI 43-101 Technical Report dated 5 February 2013 (as amended 15 February 2013), which is available under AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

(a) Ban Phuc Nickel Mine

BPNM is permitted, by way of investment certificate no. 241022000033 to explore, mine and process nickel-copper ore within a 150 km² project area (**Ta Khoa Concession**) located in the Son La province of Vietnam. The Ban Phuc Nickel Mine is located within this Ta Khoa Concession. The investment certificate is valid until 29 January 2043. BPNM also holds approved mineral mining licence (No.1211/GP-BTNMT) as amended by the Ministry of Natural Resources and Environment in Vietnam (Decision 288/QD-BTNMT) on 6 February 2015. This mining licence allows BPNM to mine in the Ta Khoa Concession, including the Ban Phuc Nickel Mine. The mining right under the licence is valid until 31 December 2020.

Figure 1: Map of Vietnam



Location and Accessibility

The Ban Phuc Nickel Mine is located approximately 160 km west of Hanoi in Vietnam. Access to the mine is via two fully sealed, national roads. The nearest major commercial centre is Son La City, the capital of the Son La Province.

Local Resources, Personnel and Infrastructure

The site where the Ban Phuc Nickel Mine is located is supported by a mining camp that has the capacity to accommodate 250 people located in the Ban Quoa community, a short distance from the mining operations. In accordance with BPNM's objective to develop and train a national workforce recruitment focused on sourcing and developing employees from the local and regional communities within the Son La province and Hanoi, BPNM attained a 94% nationalized workforce during steady state operations.

Power to the site is sourced from the local Son La Provincial Power Department via a 35kV transmission line. Process water is recycled from the tailings storage facility with make-up water sourced from the local Chen stream, a tributary of the Da River.

The site has a 1.7 million tonne capacity tailings dam with approval and capacity for expansion by a further 1 million tonnes.

The Ban Phuc Nickel Mine operates to high levels of safety and environmental performance. Further, it has established itself as a low cost producer.

AMR's commitment to corporate and social responsibility through its environmental and safety performance, the development and implementation of community infrastructure projects, employment, education programs, healthcare and small business development underpins the strong relationships that have been developed with our local communities and provincial and central governments.

The Ta Khoa Concession lies within the major crustal suture zone called the Song Da rift, which forms part of a greater system of deep continental rifting known as the Red River Fault Zone. This structural feature has acted as both a rift and collision zone between the continental South China Plate in the north-east and the Indo China Plate in the south-west.

Two dominant controls on the distribution of the mineralised ultramafic rocks have been identified. The primary control are three long-lived transform faults. These faults are described as long lived as these ultramafic intrusives are positioned at the margin of the faults and also these faults have caused significant dislocation of the stratigraphy (Figure 2). The stratigraphy also plays a prominent role and the Ban Phuc pluton is sited in a favourable stratigraphic horizon (calcareous schists and marbles which are early Devonian in age). The Ban Phuc intrusion (Figure 3) is one of the larger ultramafic bodies in the Ta Khoa district with approximate dimensions of 940 by 220-420 metres, an outcrop area encompassing approximately 0.25 km² and, a preserved depth of up to 470 metres below surface. The intrusion is elongate with a north-westerly trend consistent with the strike of the host stratigraphy. The Ban Phuc pluton has an unpublished Uranium-Lead age date of a zircon from a gabbroic horizon in the ultramafic sill of 257.8 ± 0.5 Ma.

LEGEND

I. Volcanic-Intrusive rocks

Permian
Triassic

- Basalt
- Basalt Complex
- Phase 2. Mafics
- Phase 1. Ultramafics

II. Sedimentary rocks

Carboniferous
Permian
Triassic

- Da Nang Formation
- Marble
- Phyllite
- Quartzite
- Calcareous schists, marble
- Gneisses, schists

Kasbah Resources Limited SCHEME BOOKLET

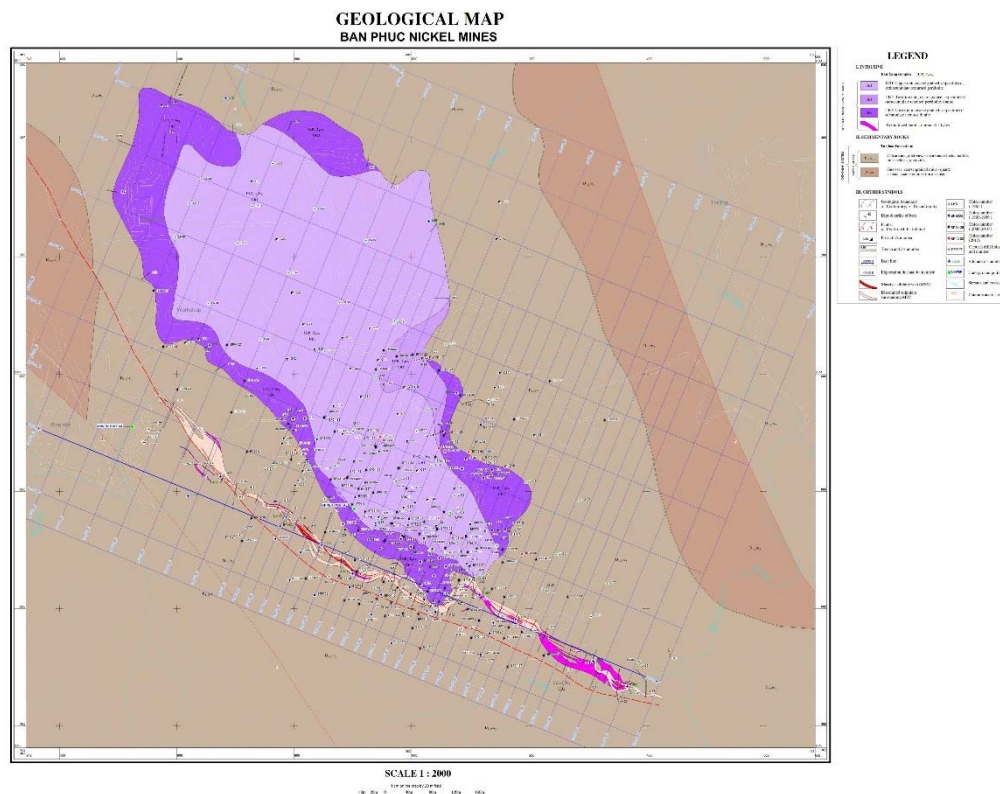


Figure 3: Map of the Ban Phuc ultramafic intrusion

A number of types of mineralization are recognized in the host intrusive and surrounding metamorphic rocks:

- (i) massive sulphide type mineralization (**MSV**);
- (ii) disseminated sulphide type mineralization surrounding the MSV;
- (iii) low grade disseminated sulphides in dunite (DISS); and
- (iv) oxidized type mineralization.

Most nickel mineralization, with or without copper, is both spatially and temporally associated with ultramafic intrusions including:

- (i) veins of high-grade massive nickel-copper sulphide in metasedimentary wall rocks adjacent to ultramafic intrusions, with locally developed low-grade disseminated copper-nickel mineralization marginal to the MSV; and
- (ii) disseminated low-grade nickel or nickel-copper mineralization (DISS) in basin shaped cumulate layers (locally multiple), often near the base and walls of ultramafic intrusions.

Regional exploration in the Ta Khoa district has identified an extensive system of ultramafic intrusives, a remarkable number of which have associated Ni-Cu massive or disseminated sulphide mineralization.

Operations

Construction of the Ban Phuc processing facility commenced in May 2012, followed by mine development in March 2013. Commissioning of the processing facility with first ore feed began in June 2013 after a successful 12-month construction period.

A full summary of the Mineral Resources for MSV estimated as of 15 February 2013 is shown in the table set out below. As at September 2016, the Ban Phuc Nickel Mine MSV Mineral Resource depicted in the table below is substantially depleted and further Mineral Resources have not been developed. As set out below in this Section, AMR has concluded that there was insufficient massive sulphide Mineral Reserves and the nickel price was too low to sustain production and a decision was made to cease production during September 2016.

Please see the 'Notice regarding Foreign Estimates' in the Important Notices section of this Scheme Booklet.

Ban Phuc Nickel Mine MSV Mineral Resource Estimate Grade Tonnage Reported above a Cut off of 0.40% Nickel - February 2013										
Category	Tonnes (Mt)	Ni Grade (%)	Cu Grade (%)	Co Grade (%)	S Grade (%)	MgO Grade (%)	Fe Grade (%)	Nickel (000't)	Copper (000't)	Cobalt (000't)
Measured	0.73	2.78	1.16	0.07	13.53	4.39	26.09	20	8	1
Indicated	0.96	2.60	1.22	0.06	12.94	2.04	25.01	25	12	1
Measured + Indicated	1.69	2.68	1.19	0.06	13.20	3.06	25.48	45	20	1
Inferred	0.17	1.94	0.80	0.03	10.04	6.76	20.27	3	1	0

Mineral Resource estimate results from Ban Phuc Nickel Mine MSV Deposit. The mineral resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 0.4% nickel. Ordinary kriging with high grade treatment.

Notes:

1. Mineral Resources that are not Mineral Reserves do not have a demonstrated viability.
2. The stated Mineral Resources have been prepared in accordance with Canada's National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) and are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) "CIM Definition Standards – For Mineral Resources and Mineral Reserves." Please see the 'Notice regarding Foreign Estimates' in the Important Notices section of this Scheme Booklet.
3. Dr. Bielin Shi of CSA Global Pty Ltd, who is independent of AMR and is a "qualified person" within the meaning of NI 43-101 has reviewed and accepts responsibility for the stated Mineral Resource estimates in the form and context in which they appear. For more detailed information regarding the Ban Phuc MSV deposit, DISS deposit, key assumptions, parameters, sampling, analytical methods, quality assurance program, geology, geological controls and mineralization see: AMR's NI 43-101 Technical Report dated 5 February 2013 (as amended 15 February 2013) which is available under AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

The Ban Phuc Nickel Mine is accessed by twin declines supporting multiple working faces, providing operating flexibility and potential to increase extraction and utilises a traditional longhole open-stopping mining method. This allows for a mining capacity in excess of 1,000 tonnes per day of ore. Mine production ramped up through 2013 achieving full scale production in the second quarter of calendar year 2014. 11.7 km of the mine development (tunnelling) has been completed, 6-months ahead of schedule.

Ore is processed through the Ban Phuc processing facility located at the Ban Phuc Nickel Mine, a modern high volume traditional flotation circuit with a maximum capacity of 450,000 tonnes per annum. Ongoing processing optimisation and ore blending has seen the processing facility

achieve >87% for nickel (Design of 85%) and 93.8%² for copper. Tailings are placed in a sub aqueous tailings facility designed and constructed by Knights Piesold to international standards.

The nickel concentrate containing nickel, copper and cobalt is low in impurities and deleterious elements and is sold to a single customer through a life-of-mine offtake agreement.

The current low price environment for nickel has required AMR to re-assess the economic viability of the Ban Phuc Nickel Mine. As a result of this assessment, it was concluded that there was insufficient massive sulphide Mineral Reserves and the nickel price was too low to sustain production and a decision was made to cease production during September 2016. As of the date of the Scheme Booklet, the underground operations at the Ban Phuc Nickel Mine have been fully decommissioned and a small on-site team has been retained to maintain the process plant and site infrastructure in a 'shovel-ready' state.

The AMR management team developed an initial 12 month care and maintenance budget³ in the sum of US\$2.5 million focussed on transitioning the Ban Phuc Nickel Mine into care and maintenance. The budget includes a one-off payment of US\$0.8 million pursuant to the final payment of the mining licence grant fee and does not take into account future scrap value of tangible assets or the return of environmental bonds. It is anticipated that the ongoing costs of care and maintenance will decrease steadily in a go forwards position as activities associated with transitioning into care and maintenance are completed. Further, the key management and staff retained in the care and maintenance team will be utilised across the Merged Entity making use of underutilised resourcing skills and infrastructure.

(b) **Exploration Licence**

On 10 July 2014, BPNM was awarded a mineral exploration licence (No. 1366/ GP-BTNMT) (**Exploration Licence**). The Exploration Licence covers 49.7 km² of land surrounding the Ban Phuc Nickel Mine (**Exploration Area**). The Exploration Licence is valid for an initial period of four years and BPNM has the right to extend the licence for two subsequent two-year periods. The Exploration Licence allows BPNM to apply for an additional mining licence following successful exploration without any auction requirements (subject to a positive feasibility study and environmental impact assessment).

BPNM commenced initial exploration works in August 2014. Exploration activities centred on identifying possible nickel-copper deposits within the Exploration Area. This programme consisted of:

- (i) regional structural modelling;
- (ii) extensive surface mapping;
- (iii) trenching to define the strike extent of outcropping nickel;
- (iv) surface and down hole electro-magnetic imaging to facilitate drill targeting; and
- (v) diamond drill testing.

Initial exploration works completed, were combined with the substantial retained historical exploration data set. The data set was combined to produce a large and extensive targeting and project ranking tool. This data set includes:

- (i) regional structural modelling;

² These are average figures only. Actual performance varies on a monthly basis.

³ The budget covers the period commencing in January 2017 until December 2017.

- (ii) extensive reconnaissance geological mapping;
- (iii) 62,445 metres diamond drilling (384 holes);
- (iv) 4,491 metres of trenching (164 trenches);
- (v) 20,747 geochemical soil samples; and
- (vi) FLTEM, EM and DHEM data sets.

This comprehensive data set was used to develop a detailed prospect matrix to ensure a focussed and systematic approach to exploration was developed. 25 initial prospects were identified by the detailed ranking process. The results of this ranking process are detailed below:



Figure 4: Project Ranking Matrix

Included within the initial 25 prospects were a number of high priority targets. These include:

- **Kingsnake**

Kingsnake is located 1.5km north-east of Ban Phuc Nickel Mine. The Kingsnake MSV is hosted mainly within a sheared contact along a concordant, tremolite dyke. Mineralization comprises MSV and disseminated sulphides as well as a unique brecciated (high grade) MSV. The host shear zone, like that of Ban Phuc, is interpreted to be a splay off the regionally extensive Chim Van – Co Muong fault system.

Historical works include 15 diamond drill holes (totaling 2,900 m), 18 trenches (totaling 139 m), soil geochemistry, as well as historical electromagnetic and magnetic geophysical surveys. 530 m of strike length has been defined by trenching and drilling. In 2015 FLTEM surveys identified five conductive targets along the strike length of Kingsnake extending the overall potential strike length of Kingsnake to 1.2 km.

Kingsnake has the potential to be dimensionally larger than Ban Phuc. The defined extents are already similar to Ban Phuc and the deposit remains open at depth and down plunge.

■ **Ban Chang**

Ban Chang is proximal to the Ban Chang village, located 2 km south-west of the Ban Phuc Nickel Mine. The prospect geology consists of a massive dyke swarm within the phillites, sericite schists and quartzites. The dyke swarm is approximately 900 m long and varies between 5 and 60 m wide.

Ban Chang is analogous to Ban Phuc and Kingsnake structurally, in that, the MSV is interpreted to be hosted within a splay, (and subsidiary structures) off the major regional Chim Van – Co Muong fault system. There are two MSV zones at Ban Chang, the west zone and the central zone, both are defined by strong co-incident nickel-copper soil anomalies.

Work completed at Ban Chang includes 7 diamond drill holes (1,379 m), 40 trenches (1,279 m), 2 historical adits, soil geochemistry and historical geophysical surveys. The presence of the weathered nickel rich gossan and MSV located in historical adits dictates this a high-quality priority target. Recent trenching has defined approximately 200 m of surface strike length to the gossan.

■ **Ban Khang**

Ban Khang is located in Ban Khang Village, 5.5 km south-west of the Ban Phuc Nickel Mine. The region is host to the largest (mostly buried) intrusive body located to date. This prospect has potential to host both MSV and large disseminated mineralization. Ban Khang is geologically analogous to Ban Phuc.

The Ban Khang intrusion is exposed on the surface over a strike length of 400 m and 150 m wide. Grab samples produced anomalous grades up to 0.6% nickel & 0.26% copper respectively. Disseminated sulphides located in tremolite dyke (200 m long x 20 m wide) produced assays of up to 0.48% nickel & 0.29% copper respectively.

Coincident nickel & copper anomalies create an anomalous zone 900 m long. Anecdotally, strong Cu is a lead indicator for nickel-copper mineralization (MSV and disseminated) in the Ta Khoa region in general. Work completed at Ban Khang to date includes 3 trenches for 75 m, soil geochemistry and a historical EM survey.

The similarities with Ban Phuc (the prospect is almost identical to Ban Phuc), the occurrence of gossan float rock proximal to the ultramafic, the nickel rich weathered rock samples and the presence of the largest intrusive body in the region all make this an exciting prospect. The massive buried intrusive is wholly contained within AMR's 150 km² concession.

■ **Nam Noi**

Nam Noi is located approximately 1.0 km south-east of the Ban Phuc Nickel Mine. The Nam Noi ultramafic intrusion is 300 m long and 50 m wide. Magnetic Inversion work suggests this intrusion has a significant (larger than Ban Phuc) buried component.

The prospect is separated from Ban Phuc by, and juxtaposed against, the regionally extensive Chim Van-Co Muong fault system. This prospect has both MSV and disseminated mineralisation potential.

Weathered MSV gossan float rock was discovered near the intrusion and contained 0.98% nickel and 0.43% copper. Coincident copper and nickel anomalies in soils indicate a potential 650 m long, structurally dislocated, mineralized zone.

Nam Noi is in the early stages of exploration. Only one hole has been drilled to 100 m. No trenching has been conducted at Nam Noi to date. Current works consist of soil geochemistry and historical geophysical surveys. Gossan float rock, as well as the spatial and structural

Ban Phuc Disseminated Mineralization Resources Estimate Grade Tonnage Reported above a Cut off of 0.90% Nickel										
Category	Tonnes (Mt)	Ni Grade (%)	Cu Grade (%)	Co Grade (%)	S Grade (%)	MgO Grade (%)	Fe Grade (%)	Nickel (000't)	Copper (000't)	Cobalt (000't)
Measured	0.2	1.05	0.15	0.01	1.14	15.83	3.75	2.1	0.3	0.0
Indicated	0.7	1.23	0.14	0.02	0.53	21.69	5.58	8.4	1.0	0.1
Measured + Indicated	0.9	1.19	0.14	0.02	0.67	20.37	5.17	10.5	1.3	0.1
Inferred	0.4	1.14	0.04	0.00	0.09	5.93	1.66	4.4	0.2	0.0

Mineral Resource estimate results for Ban Phuc Nickel Mine Disseminated Mineralization Deposit. The resource is quoted from blocks above the specified cut-off grade of 0.9% nickel.

Notes:

1. Mineral Resources that are not Mineral Reserves do not have a demonstrated viability.
2. The stated Mineral Resources have been prepared in accordance with Canada's National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) and are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) "CIM Definition Standards – For Mineral Resources and Mineral Reserves."
3. Please see the 'Notice regarding Foreign Estimates' in the Important Notices section of this Scheme Booklet.
Dr. Bielin Shi of CSA Global Pty Ltd, who is independent of AMR and is a "qualified person" within the meaning of NI 43-101 has reviewed and accepts responsibility for the stated Mineral Resource estimates in the form and context in which they appear. For more detailed information regarding the Ban Phuc MSV deposit, DISS deposit, key assumptions, parameters, sampling, analytical methods, quality assurance program, geology, geological controls and mineralization see: AMR's NI 43-101 Technical Report dated 5 February 2013 (as amended 15 February 2013) which is available under AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

The table below is an Insitu Grade Tonnage Table for the Ban Phuc Disseminated Resource, extracted from AMR's NI 43-101 Technical Report dated 5 February 2013 (as amended 15 February 2013):

DISS Measured and Indicated in-situ Resource		
Cut-off (Ni%)	Tonnes	Grade (Ni%)
0	20,525,152	0.50
0.1	20,525,152	0.50
0.2	20,525,152	0.50
0.3	20,178,788	0.50
0.4	12,475,711	0.59
0.5	7,024,102	0.71
0.6	4,169,546	0.82
0.7	2,632,179	0.92
0.8	1,584,999	1.04
0.9	887,765	1.19
1	562,980	1.33
1.2	287,628	1.57
1.4	158,164	1.80
1.6	113,855	1.92
1.8	104,406	1.94
2	645	2.09

(d) Incentives to develop a down-stream processing facility

The Vietnamese Government has offered economic incentives to the nickel industry if a nickel participant implements a "down-stream" processing facility (such as building a nickel smelter) in Vietnam. Such possible Government incentives include a reduction in export tariffs from 20% in respect of nickel concentrate to 5% in respect of nickel matte. If BPNM were to construct a "down-stream" processing facility and take advantage of these possible incentives, it would enable BPNM to significantly enhance the economics of future exploration and development of

its nickel related assets in Vietnam by reducing BPNM's in-country transportation costs and improved offtake terms.

BPNM has engaged advisors to prepare initial estimates regarding the construction of a nickel smelter. The advancement of a possible nickel smelter is subject to a number of steps including (but not limited to) further exploration activities, an environmental impact assessment, regulatory approvals, and appropriate project financing.

7.6 Directors and Executive Officers

(a) Directors of AMR

As at the date of this Scheme Booklet, the AMR Directors are:

- James⁴ Askew – Chairman
- Michael Brown – Non Executive Director
- Evgenij Iorich – Non Executive Director
- Chris Castle – Non Executive Director
- Martyn Buttenshaw – Non Executive Director
- Robin Widdup – Non Executive Director

Profiles of the AMR Directors are set out below.

Jim Askew – Chairman

Mr Jim Askew is a mining engineer with over 35 years of international mining and business experience, leading numerous mining service and mining companies. He has served as Chairman of the Board and President of International Mining and Finance Corporation since January 1997. Mr. Askew currently serves as a director of Evolution Mining Ltd., Oceana Gold Corporation, and Syrah Resources Limited. He founded Golden Shamrock Mines, James Askew & Associates (now known as Australian Mining Consultants - AMC) and co-founded Ausdrill Ltd.

Michael Brown – Non-Executive Director

Mr Michael Brown is currently Managing Director, Technical and Operations Team at Pala and has significant international mining experience working with multinational mining operators. He has a unique skill set in executing construction projects, strategic business development and health, safety and environmental control. Prior to joining Pala, Mr. Brown was the Chief Operating Officer of De Beers Consolidated Mines where he was responsible to the board for all operations in South Africa, including production at five separate mines; planning and execution of construction projects; strategic business development and health; and safety and environmental control. He is a registered Professional Engineer (Pr. Eng) with the South African Council of Professional Engineers and a member of the South African Institute of Mining and Metallurgy. Mr Brown is also a director of Nevada Copper Inc, and Chairman of African Thunder Platinum.

⁴ James is known as Jim.

Evgenij Iorich – Non-Executive Director

Mr Evgenij Iorich is a Portfolio Manager at Pala. Mr. Iorich has been with Pala since 2006 and his investment experience at Pala includes oil and gas, base metal and bulk commodity investments, and his commodity experience extends across a broad range of bulk commodities, precious and base metals. Prior to joining Pala, Mr. Iorich was a financial manager at Mechel (a Russian metals and mining company) where his responsibilities included all aspects of budgeting, forecasting and financial modelling. Mr. Iorich is currently a Director of Serinus Energy, Peninsula Energy Limited and Nevada Copper Inc. Mr. Iorich graduated from the University of Zurich with a Masters of Arts degree.

Chris Castle – Non-Executive Director

Mr Chris Castle is a chartered accountant with more than 38 years' experience in the investment and corporate finance sectors. His mining and mineral exploration background includes projects with Amoil NZ, Kanieri Gold Dredging and Australian Anglo-American. His investment sector experience includes Brierley Investments and Regina Confections/Charter Corporation Group. Mr. Castle is Managing Director and Chief Executive Officer of both Chatham Rock Phosphate Limited and associated company Aorere Resources Limited. Both are NZX listed. He is also a Director of Fiji based oil and gas explorer Akura Limited.

Martyn Buttenshaw – Non-Executive Director

Mr Martyn Buttenshaw is a Vice President with Pala. He has been involved in a number of Pala's largest investments and has substantial experience working with mining companies on strategy, business growth and mergers and acquisitions. Previously, Mr. Buttenshaw has held senior positions with Anglo American and Rio Tinto. He holds an MBA with distinction from the London Business School and a MEng in Mining Engineering from the Royal School of Mines, Imperial College, London. Mr. Buttenshaw is currently a director of Melior Resources Inc.

Robin Widdup – Non-Executive Director

Mr Robin Widdup is Managing Director of Lion Manager Pty Ltd a role which he has held since founding Lion Selection Group in 1997. Prior to Lion Robin worked for Australian stockbroker JB Were & Son as a mining analyst. A geologist with 40 years of international mining and business experience, he currently serves as a director of Lion Manager Pty Ltd and One Asia Resources Limited.

(b) AMR Senior Management

At the date of this Scheme Booklet, the key Management personnel of AMR are as follows:

- Evan Spencer – Chief Executive Officer
- Sean Duffy – Chief Financial Officer
- Tim Ashworth – General Manager Operations
- Steve Ennor – Metallurgy Manager
- Dinh Huu Minh – Exploration Manager
- Paula Kember – Corporate Secretary

Evan Spencer – Chief Executive Officer

Mr Evan Spencer is a highly experienced mining executive and has held a wide range of senior management and operational positions in mining companies. He was previously Chief Operating Officer for Kagara Limited, and has also held senior positions at Barrick Gold Corporation and Aditya Birla Minerals. Mr. Spencer holds a Master of Mineral Economics, a Bachelor of Applied Science (Geology), and has completed post-graduate studies in mine engineering, business and mining.

Sean Duffy – Chief Financial Officer

Mr Sean Duffy has more than 20 years of international finance experience in the mining industry. Previously CFO and Company Secretary at AIM-listed Anglo Asian Mining, Sean has also held senior finance roles at BHP Billiton, where he oversaw the integration of its US\$9 billion acquisition of Western Mining Corporation, and as Finance Director of BHP Billiton Indonesia, where he was responsible for all aspects of finance, logistics, IT and administrative functions in the region. In addition, Mr. Duffy has held senior finance management roles at base and precious metals mining companies in both Africa and the Middle East. He holds an MBA from RMIT.

Tim Ashworth – General Manager Operations

Mr Tim Ashworth has over 18 years of experience in underground and surface mining. Prior to joining AMR, he operated his own business providing mine management and engineering services to a range of clients. He has experience overseeing both owner-mining and contract-mining operations across international operations, including Philippines and Turkey. Previously Scoping Study Leader, Longos Gold Project, Philippines (2010-2011); General Manager, Berong, Ipilan & Ulugan Nickel Projects, Philippines (2009-2010) involved in preparation of feasibility studies and overseeing mining operations. Mr. Ashworth has completed a Bachelor Engineering (Mining) and holds a Western Australian First Class Mine Managers Certificate of Competency.

Steve Ennor – Metallurgy Manager

Mr Steve Ennor is a metallurgist with 20 years of experience in nickel sulphide processing, including senior management and operational positions with Xstrata Nickel Australia, Jubilee Mines, Lionore Australia and Outokumpu. Previously Chief Metallurgist at Resolute Mining (2009-2010), overseeing the Syama gold mine; Metallurgy Manager for Jubilee Mines / Xstrata Nickel (2005-2008), overseeing all Australian nickel operations; Senior Metallurgist for Lionore Australia (2001-2003), managing the Emily Ann and Johnston Lake operations.

Dinh Huu Minh – Exploration Manager

Dr Dinh Huu Minh has extensive mining knowledge of Vietnam. He began his geology career in 1983 at the Research Institute of Geology and Mineral Resources in Vietnam as a Geological Researcher, and has worked with Canadian and Australian-based companies as a Project Geologist on a number of gold, copper and nickel deposits in Vietnam. In 1995, Dr. Minh joined Ban Phuc Nickel Mines Ltd as Deputy Director General, where he oversaw the completion of AMR's feasibility study for Ban Phuc Nickel Mine. Dinh holds a Ph.D. in Geology from Hanoi University of Mining & Geology in Vietnam, a Post-Graduate Diploma in Mineral Exploration from ITC in The Netherlands, a Geology Engineering Diploma. He is a Member of AusIMM.

Paula Kember, CPA, CA – Corporate Secretary

Ms Paula Kember is a Canadian chartered accountant with over 25 years of financial and administrative experience in the mining industry. From 1996 to 2006, she served as Vice-President, Finance of Philex Gold Inc. and previously as a financial officer of Corona Corporation and a director of PolyMet Mining Corporation.

7.7 Corporate Governance

The Board of Directors of AMR is responsible for the corporate governance practices of AMR and its subsidiaries including BPNM.

(a) Board of Directors

To ensure the AMR Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

(b) Role of the Board

The AMR Board's primary role is the protection and enhancement of long-term shareholder value.

(c) Board processes

The AMR Board is responsible for the overall management of the consolidated group including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Nomination and remuneration of directors and business risk management are the responsibility of the Board as a whole. The Board has established a framework for the management of AMR and its controlled entities including a system of internal control, a business risk management process and the establishment of appropriate ethical standards. The agenda for meetings includes the CEO's report, financial reports, project reports, strategic matters, governance and compliance.

(d) Current composition of the Board

The AMR Board currently comprises six directors.

The performance of all directors is reviewed by the chairman each year. Directors whose performance is unsatisfactory are asked to retire.

(e) Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the performance and reputation of AMR and its controlled entities.

(f) Conflict of interest

Directors must keep the AMR Board advised, on an ongoing basis, of any interest that could potentially conflict with those of AMR. Where the AMR Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting while the item is considered.

(g) **Independent professional advice and access to company information**

Each director has the right of access to all relevant AMR information and to AMR's executives and, subject to prior consultation with the chairman, may seek independent professional advice at AMR's expense. A copy of the advice received by the director is made available to all other members of the AMR Board.

7.8 Historical financial information

The selected historical financial information has been extracted from AMR's audited consolidated financial statements for the years ended 31 December 2015 and 31 December 2014 and the unaudited financial statements (reviewed) for the six months ended 30 June 2016 (which are all available at <http://asianmineralres.com/media/21025/2016-amr-q2-financial-statements.pdf>).

The information in this Section is a summary only and has been prepared solely for inclusion in this Scheme Booklet. AMR's audited consolidated financial statements for the years ended 31 December 2015 and 31 December 2014 and the unaudited financial statements for the six months ended 30 June 2016 (reviewed) are available under AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

All values are in Canadian dollars unless stated otherwise.

(a) **Statement of financial position**

	30 June 2016 (Reviewed)	31 December 2015 (Audited)	31 December 2014 (Audited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,477,614	\$ 5,738,005	\$ 5,001,954
Accounts receivable and prepaid expenses	4,605,116	6,189,116	16,341,270
Inventories	7,523,486	6,705,409	5,863,982
	16,606,216	18,632,530	27,207,206
Non-current assets:			
Property, plant and equipment	3,020,546	10,350,893	47,219,656
Mineral property interest	98,217	298,399	492,964
	3,118,763	10,649,292	47,712,620
Total assets	\$ 19,724,979	\$ 29,281,822	\$ 74,919,826
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade payables and accrued liabilities	\$ 11,502,548	\$ 15,012,387	\$ 7,811,342
Bank term loan	-	-	9,280,742
Other current liabilities	862,195	1,261,656	847,758
	12,364,743	16,274,043	17,939,842
Non-current liabilities:			
Bank term loan	-	-	9,281,466
Provision for closure and rehabilitation	414,555	444,219	399,072
Other non-current liabilities	1,358,401	1,455,605	2,250,776
	1,772,956	1,899,824	11,931,314
Total liabilities	14,137,699	18,173,867	29,871,156
Shareholders' equity:			
Share capital	128,732,855	128,264,065	128,236,565
Share-based payments reserve	632,778	667,940	669,328
Currency translation reserve	16,766,062	17,604,184	5,782,783
Deficit	(136,161,047)	(131,682,260)	(88,961,641)
Equity attributable to shareholders of the Company	9,970,648	14,853,929	45,727,035
Non-controlling interest	(4,383,368)	(3,745,974)	(678,365)
Total shareholders' equity	5,587,280	11,107,955	45,048,670
Total liabilities and shareholders' equity	\$ 19,724,979	\$ 29,281,822	\$ 74,919,826

(b) **Statement of comprehensive income**

	30 June 2016 (Reviewed)	31 December 2015 (Audited)	31 December 2014 (Audited)
Revenue	\$ 23,589,262	\$ 74,753,199	\$ 87,818,927
Costs of sales:			
Production costs	(19,230,880)	(66,966,663)	(63,387,998)
Royalty	(1,669,070)	(7,081,672)	(4,488,365)
Concentrate transport and logistics	(4,104,845)	(9,852,875)	(7,711,117)
Impairment loss	-	(26,553,100)	-
	(1,415,533)	(35,701,111)	12,231,447
General and administrative expenses	(2,941,246)	(8,932,148)	(6,289,282)
Exploration	(372,344)	(1,279,721)	(1,204,589)
Other expense	(270,473)	(329,495)	-
Operating income (loss)	(4,999,596)	(46,242,475)	4,737,576
Finance income	13,602	43,948	1,911
Finance expense	(72,225)	(1,009,252)	(1,634,468)
	(58,623)	(965,304)	(1,632,557)
Income (loss) for the period	(5,058,219)	(47,207,779)	3,105,019
Other comprehensive income (loss):			
Foreign currency translation gain (loss)	(931,246)	13,134,890	5,149,711
Comprehensive income (loss) for the period	\$ (5,989,465)	\$ (34,072,889)	\$ 8,254,730
Net income (loss) for the year attributable to:			
Shareholders of the Company	\$ (4,513,949)	\$ (42,826,680)	\$ 2,634,447
Non-controlling interest	(544,270)	(4,381,099)	470,572
	\$ (5,058,219)	\$ (47,207,779)	\$ 3,105,019
Shareholders of the Company	\$ (5,352,072)	\$ (31,005,279)	\$ 7,269,187
Non-controlling interest	(637,393)	(3,067,610)	985,543
Comprehensive income (loss) for the period	\$ (5,989,465)	\$ (34,072,889)	\$ 8,254,730
Basic and diluted shareholders' earnings (loss) per share	\$ (0.01)	\$ (0.06)	\$ 0.00
Weighted average number of common shares outstanding	784,207,042	779,507,371	778,144,181

(c) **Statement of cash flows**

	30 June 2016 (Reviewed)	31 December 2015 (Audited)	31 December 2014 (Audited)
Cash provided by (used in):			
Operating activities:			
Net income (loss) for the year	\$ (5,058,219)	\$ (47,207,779)	\$ 3,105,019
Items not involving cash:			
Share-based payments	-	104,673	428,168
Amortization and depreciation	7,333,115	28,690,807	30,845,635
Impairment loss	-	26,553,100	-
Write-down of inventory to net realizable value	-	1,553,664	-
Unrealized foreign exchange loss	-	-	174,969
Changes in non-cash operating working capital:			
Accounts receivable and prepaid expenses	1,584,000	10,152,154	(12,134,002)
Inventories	(482,200)	(2,395,091)	(1,156,625)
Accounts payable and accrued liabilities	(3,567,379)	7,852,517	(3,302,404)
Cash flow provided by operating activities	(190,683)	25,304,045	17,960,760
Investing activities:			
Purchase of property, plant and equipment	(274,045)	(6,613,530)	(14,439,304)
Change in accounts payable relating to investments	-	(987,598)	(326,520)
Cash flow used in investing activities	(274,045)	(7,601,128)	(14,765,824)
Financing activities:			
Issuance of common shares and warrants, net of issue costs	-	27,500	42,619
Draw down of bank term loan	-	3,711,806	-
Repayment of bank term loan	-	(22,274,015)	(3,354,179)
Cash flow used in financing activities	-	(18,534,709)	(3,311,560)
Net decrease in cash and cash equivalents	(464,728)	(831,792)	(116,624)
Effect of foreign exchange rate fluctuations on cash held in foreign jurisdictions	(795,663)	1,567,843	(1,256,549)
Cash and cash equivalents, beginning of year	5,738,005	5,001,954	6,375,127
Cash and cash equivalents, end of year	\$ 4,477,614	\$ 5,738,005	\$ 5,001,954

The audit opinion on AMR's consolidated financial statements as at and for the year ended 31 December 2015 included an emphasis of matter in relation to the use of the going concern assumption. As per the latest issued Management Discussion and Analysis for the quarter ended 30 June 2016, AMR noted that it had cash and cash equivalents of C\$4.5 million. AMR considers that there is adequate cash and working capital resources to continue as a going concern for the 2017 Financial Year (AMR has a 31 December financial year). AMR's Management Discussion and Analysis for the quarter ended 30 June 2016 is available online under AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

7.9 Description of Capital Structure

As at 30 June 2016, AMR has:

- 788,920,842 issued and outstanding common shares;
- 21,298,284 options (see Section 7.10 for further information); and
- 54,166,667 share purchase warrants on issue with an exercise price of C\$0.10 and expiry date of 25 May 2017.

7.10 Stock Option Plan

AMR has a stock option plan (**Plan**) pursuant to which AMR can issue options over AMR Shares (**AMR Stock Options**). The purpose of the Plan is to retain and motivate management, staff, consultants and other qualified individuals by providing them with the opportunity, through share options, to acquire a proprietary interest in the AMR and benefit from its growth. In some instances, AMR Board members have received their compensation in the form of AMR Stock Options pursuant to the Plan. The Plan complies with relevant Canadian law, including the TSX-V Rules. The Plan does not comply with the Listing Rules.

The AMR Board does not award AMR Stock Options according to a prescribed formula or target, but rather takes into account the individual's position, scope of responsibility, ability to affect profits, the individual's historic and recent performance and the value of the award relative to other elements of the executives' total compensation. The existing AMR Stock Options have an exercise price of not lower than C\$0.05 pursuant to Canadian regulation.

The Plan provides that:

- (a) persons eligible to participate in the Plan (**Eligible Persons**) are directors, officers and employees of AMR and consultants to AMR or an affiliate of AMR;
- (b) the maximum number of AMR Shares reserved for issuance, including options currently outstanding, is equal to 10% of the AMR Shares outstanding from time to time;
- (c) the number of AMR Shares which may be the subject of AMR Stock Options granted in any year to any one person cannot exceed 5% of the total number of issued and outstanding AMR Shares at the time of the grant and the number of AMR Shares for issuance on a yearly basis to any one consultant cannot exceed 2% of the outstanding number of AMR Shares at such time;
- (d) the exercise price of AMR Stock Options may not be set at less than the closing market price of AMR Shares on the trading day immediately preceding the day on which the option grant is announced;
- (e) AMR Stock Options are granted for a term not to exceed five years from the date of their grant;
- (f) all AMR Stock Options will terminate on the earliest to occur of:
 - (i) the expiry of their term;
 - (ii) the date of termination of an optionee's employment, office or position as director, if terminated for just cause;
 - (iii) 30 days (or 90 days with the consent of the Board) or such other period of time as permitted by the TSX-V following the date of termination of an optionee's employment or

office (other than consultants engaged in investor relations activities), if terminated for any reason other than the optionee's disability, death or termination for just cause;

- (iv) 90 days (or such other period of time as permitted by the TSX-V) following the date of termination of an optionee's position as a director or officer, if terminated for any reason other than the optionee's disability or death;
 - (v) 30 days following the date of termination of an optionee's position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee's disability, death or just cause; and
 - (vi) the date of any sale, transfer, assignment or hypothecation or any attempted sale, transfer, assignment or hypothecation in violation of the provisions of the Plan.
- (g) AMR Stock Options may be exercised for a period of 12 months following the date of termination of an optionee if such termination is by reason of disability or death. AMR Stock Options are non-assignable and non-transferable although they are assignable to and may be exercisable by an optionee's legal heirs, personal representatives or guardians in certain cases;
- (h) the Plan is administered by the AMR Board based on recommendations of the compensation committee of the AMR Board. AMR Stock Options are subject to such vesting schedule as the AMR Board may determine. The Board of AMR has the right to accelerate the date of exercise of any tranche of any option or to cause option holders to exercise their options in the event of a change of control of AMR;
- (i) the AMR Board may terminate, suspend or amend the terms of the Plan, subject to the approval of any stock exchange on which the AMR Shares are listed, provided that the AMR Board may not, without the approval of the holders of a majority of the outstanding voting securities of AMR (which may be on a disinterested basis in accordance with the rules and policies of the TSX-V):
- (i) increase the number of AMR Shares which may be issued under the Plan;
 - (ii) materially modify the requirements as to eligibility for participation in the Plan;
 - (iii) amend or replace any outstanding AMR Stock Options to reduce the exercise price of such AMR Stock Options; or
 - (iv) materially increase the benefits accruing to participants under the Plan.

However, the AMR Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority without obtaining the approval of its shareholders.

As at 30 June 2016, the following AMR Stock Options were on issue under the Plan.

Expiry Dates	Balance 30 June 2016
17 July 2017	4,007,517
16 November 2017	900,000
23 August 2018	400,000
23 October 2018	2,713,308
1 February 2019	2,536,682
22 August 2019	2,000,000
5 November 2019	1,740,777

Expiry Dates	Balance 30 June 2016
2 October 2020	7,000,000
Total	21,298,284
Weighted average exercise price	\$ 0.07
Weighted average remaining life (years)	2.87

7.11 Warrant Indenture

Before the Second Court Date, AMR intends to enter into the Warrant Indenture with Computershare Trust Company of Canada, as warrant agent.

The terms of the Warrant Indenture will apply to the AMR Warrants (and AMR Warrant CDIs) and the rights and obligations as specified in the Warrant Indenture will be binding on AMR and the holders of AMR Warrants (and AMR Warrant CDIs).

The Warrant Indenture will include, among other things, provisions relating to the following:

- (a) **Entitlement, exercise price and expiry date:** Each AMR Warrant will be exercisable for 1 AMR Share, and each AMR Warrant CDI will be exercisable for 1 AMR Share CDI (representing a beneficial interest in 10 AMR Shares), subject to any adjustments in accordance with the terms of the Warrant Indenture, for a period of 48 months following the Implementation Date at an exercise price of C\$0.05 per underlying AMR Share.
- (b) **Registers:** A principal AMR Warrant register will be established and maintained in Canada, and an AMR Warrant CDI sub register will be established and maintained in Australia. Certain provisions of the Warrant Indenture will apply only to AMR Warrants registered on the Canadian register or to AMR Warrant CDIs registered on the Australian CDI register.
- (c) **Adjustment for reorganisation:** If there is any reorganisation of the issued share capital of AMR, the rights of the holders of AMR Warrants and AMR Warrant CDIs will be varied to comply with the Listing Rules and TSX-V Rules which apply to the reorganisation at the time of the reorganisation.
- (d) **Participation in new issues:** There are no participation rights or entitlements inherent in the AMR Warrants (or AMR Warrant CDIs) and holders thereof will not be entitled to participate in new issues of capital offered to shareholders of AMR during the currency of the AMR Warrants (or AMR Warrant CDIs) without exercising the AMR Warrants (or AMR Warrant CDIs).
- (e) **Transfer and exercise:** Requirements for transfer and exercise of New AMR Warrants (and AMR Warrant CDIs), and for the possible issuance of certificates relating to AMR Warrants held on the Canadian register.
- (f) **Indemnities:** An indemnity in favour of Computershare Trust Company of Canada on terms and conditions to be agreed.
- (g) **Enforcement:** Enforcement of the rights of holders of AMR Warrants (and AMR Warrant CDIs).
- (h) **Amendments:** The terms and conditions of the AMR Warrants may only be amended subject to compliance with the Listing Rules and TSX-V Rules.

A copy of the proposed form of the Warrant Indenture will be available upon request from AMR. Following implementation of the Scheme, a copy of the Warrant Indenture will be available upon request, and without charge, from AMR, and a copy of the Warrant Indenture will also be available on AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

7.12 Dispute in respect of smelter royalties

As disclosed in AMR's financial statements for the years ended 31 December 2015 and 31 December 2014, AMR is disputing the right of a former director and a company controlled by that director, to a 0.25% gross royalty on AMR's share of smelter proceeds or other sale of product (less royalties), derived from the Ban Phuc Nickel Mine. No quantum has been specified by the claimant in the legal proceedings but the value of the claim (excluding costs and interest) is estimated by AMR to range between US\$330,000 and US\$450,000. The probability of successful defence of this litigated claim by AMR is undeterminable. No provision has been made in AMR's consolidated financial statements in respect of this claim.

7.13 Interests of Directors and AMR Senior Management¹ of AMR

The number of AMR Shares and AMR Stock Options indirectly and directly controlled by AMR Directors and Management as at 12 September 2016 is provided in the table below:

Shareholder	Number of AMR Shares ²	Percentage of AMR Shares Outstanding	Number of AMR Stock Options ³
Chris Castle ⁴	9,588,617	1.2%	1,728,272
James Askew	8,477,753	1.1%	1,406,827
Evan Spencer	4,687,900	0.6%	7,000,000
Sean Duffy	4,687,900	0.6%	4,000,000
Mike Brown	1,128,171	0.1%	2,570,107
Robin Widdup	-	-	3,293,078
Paula Kember	-	-	900,000
Dinh Huu Minh	-	-	400,000

Notes:

1. Being those AMR Senior Management listed in section 7.6(b).
2. Based on information posted on SEDI as of 12 September 2016.
3. Based on information posted on SEDI as of 12 September 2016.
4. Chris Castle owns 2,580,617 common shares directly, 401,718 common shares indirectly and 7,008,000 common shares through Mineral Investments Ltd, a wholly owned subsidiary of Aorere Resources, which is owned 3.6% by Mr. Castle and 2.2% by Sandcastle Trust of which Mr. Castle is one of two beneficiaries.

7.14 Details of Substantial Holders of AMR Shares

As at 12 September 2016, AMR has the following substantial shareholders:

Shareholder	Number of AMR Shares ¹	Percentage of AMR Shares Outstanding
Pala Investments Limited ²	569,813,827	72.2%
Melior Resource Inc.	47,272,727	6.0%
Lion Selection Group Limited ³	39,950,288	5.1%
Malaysia Smelting Corporation Berhad ⁴	31,297,661	4.0%

Notes:

1. Based on information posted on SEDI as of 12 September 2016.
2. Pala also owns 54,166,667 common share purchase warrants, which if exercised would bring Pala's ownership interest in AMR to 74.0% on a partially diluted basis.
3. Of the 39,950,288 AMR Shares, 16,666,666 are held by Lion Selection Group Limited and 23,283,622 are held by its affiliate Asian Lion Limited, an entity which is controlled by Lion Selection Group Limited.

4. *Pala has a right of first refusal to purchase the common shares held by MSC, which if exercised would bring Pala's ownership to 601,111,488 AMR Shares, representing approximately 76.2% on a non-diluted basis and 77.7% on a partially diluted basis, if it exercises its 54,166,667 AMR Warrants.*

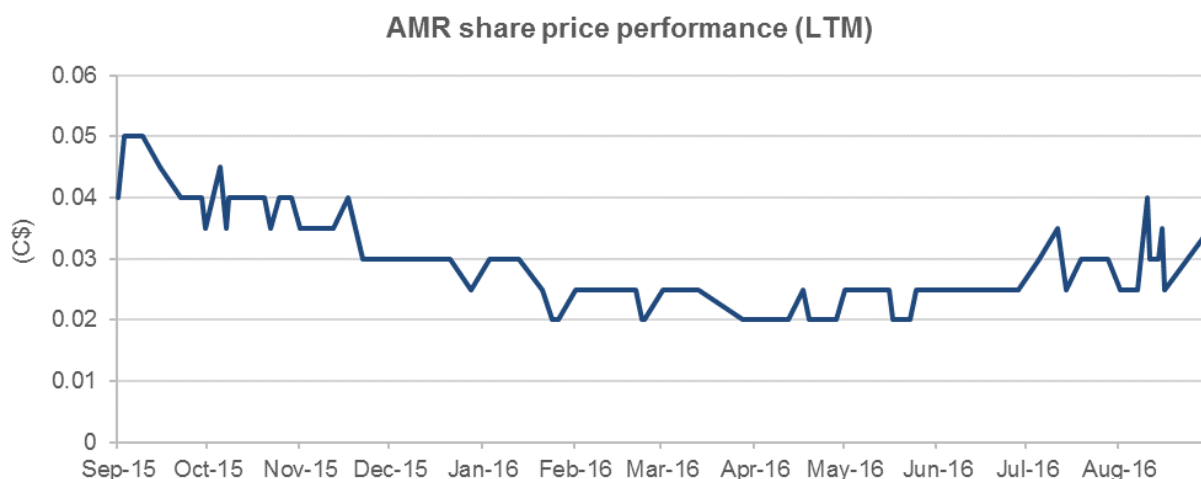
7.15 Dividends

AMR has not historically paid any dividends and no dividends have been declared or are payable or are planned to be made.

7.16 Market for Securities and AMR Share Performance

The latest recorded price of AMR Shares on 8 August 2016, being the last date of trading before the Announcement Date was C\$0.025. The latest recorded price of AMR Shares on 13 October 2016, being the last practicable date prior to finalisation of this Scheme Booklet was C\$0.025.

The following chart shows the closing price of AMR shares over the last 12 months up to the Announcement Date.



As at 13 October 2016, being the last practicable date prior to finalisation of this Scheme Booklet:

- the last recorded traded price of AMR Shares was C\$0.025;
- the 30 day VWAP of AMR Shares was C\$0.028;
- the 60 day VWAP of AMR Shares was C\$0.027;
- the 90 day VWAP of AMR Shares was C\$0.026;
- the highest recorded traded price of AMR Shares in the previous 3 months was C\$0.040 on 11 August 2016; and
- the lowest recorded traded price of AMR Shares in the previous 3 months was C\$0.025 on 13 October 2016.

The current price of AMR Shares can be obtained from the TMX Group website (www.tmxmoney.com).

7.17 Regulation of AMR

AMR is subject to the continuous disclosure requirements of applicable Canadian securities laws, TSX-V and the various Canadian Securities Authorities and is a reporting issuer under applicable Canadian securities laws in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, and Newfoundland and Labrador.

The information relating to AMR, including the latest press releases, the Annual Information Form dated 11 August 2014 and the AMR NI 43-101 Technical Report dated 5 February 2013 (as amended 15 February 2013), is available under AMR's profile on SEDAR at www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00020615.

8. Information about the Merged Entity

8.1 Overview of the Merged Entity

On implementation of the Scheme, AMR will continue to be a company existing under the laws of British Columbia, and former Kasbah Shareholders (other than Ineligible Shareholders) will hold AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs. AMR intends to apply to be admitted to the official list of ASX, and for quotation of AMR Share CDIs and AMR Warrant CDIs.

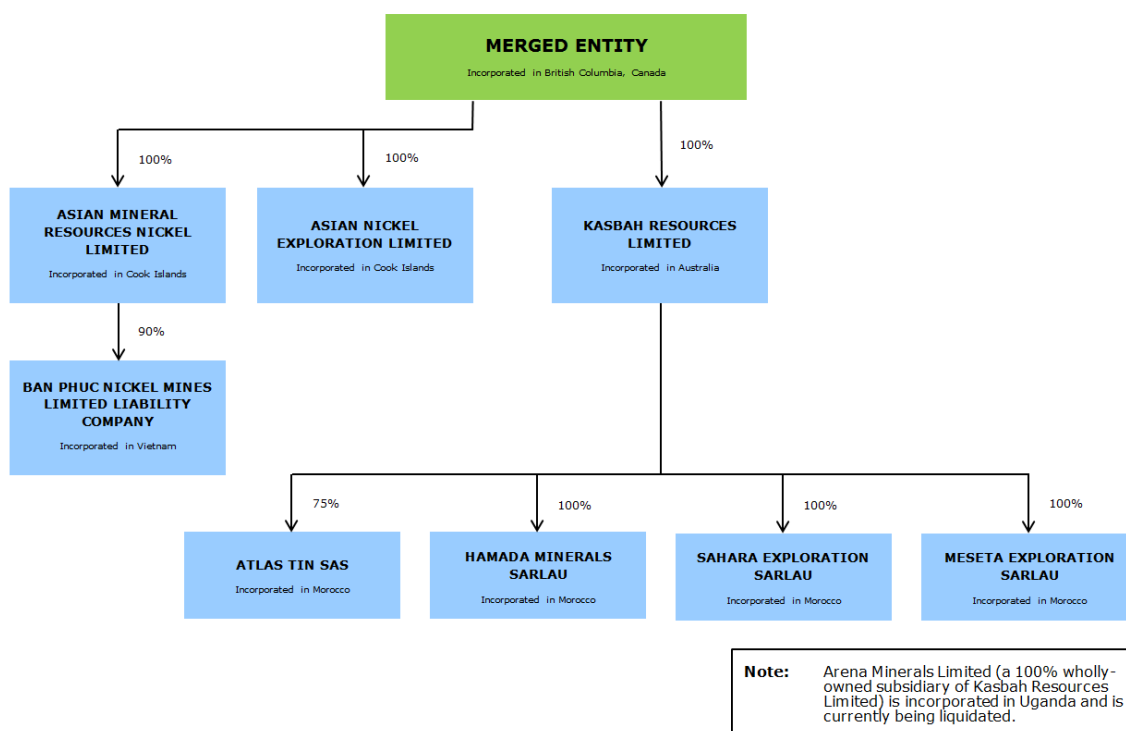
If the Scheme is implemented:

- AMR will become the holder of all Kasbah Shares and Kasbah will become a wholly owned Subsidiary of AMR;
- AMR Shares and AMR Warrants (other than those in respect of which AMR Share CDIs and AMR Warrant CDIs have been issued) will be quoted on TSX-V, and, AMR Share CDIs and AMR Warrant CDIs will be quoted on ASX.
- Kasbah will appoint two nominees to the AMR Board on the Implementation Date; and
- Kasbah will request ASX remove Kasbah from the official list of ASX.

As set out further in Section 8.2, the implementation of the Scheme and creation of the Merged Entity is intended to deliver the following opportunities:

- **Up-and-coming, multi-jurisdictional producer:** the Transaction has the potential to provide a path to the commencement of construction at the Achmmach Tin Project and create a more diversified company across two operating jurisdictions;
- **Production growth:** the Merged Entity (through the Achmmach Tin Project) will become one of a limited number of listed tin producers in the world with direct exposure to tin prices. In addition, the Merged Entity will have exposure to the possible rise in nickel and tin prices. See section 6.1 of the Independent Technical Specialist's Report for further information in relation to the tin and nickel market;
- **Diversified shareholder base and enhanced capital markets profile:** the Merged Entity will benefit from capital markets access across both the Australian and Canadian markets, and an increased market capitalisation which is expected to lead to increased interest from institutional investors and a greater following by the analyst community; and
- **Strong platform for development and growth:** the Merged Entity will benefit from the strength and complementary nature of AMR's and Kasbah's assets, management teams, operating and construction experience, exploration expertise and social license. AMR considers the assets to be complementary given that they are both base metal assets which necessitate similar considerations as regards to development, construction and production. The AMR management team has a proven track record in operating the Ban Phuc Nickel Mine in Vietnam, a similar-scale (approximately 400,000-500,000 of processed tonnes per annum), underground, contractor-mining base metals operation which is comparable to the Achmmach Tin Project. It is anticipated that this will position the Merged Entity to achieve its objective of developing a more diversified base metals producer with long mine life assets and opportunities for growth through the Achmmach Tin Project and AMR's existing assets in Vietnam. Any development of the Achmmach Tin Project or AMR's existing assets in Vietnam will require the Merged Entity to obtain additional funding. This additional funding may be a combination of debt and/or equity funding. Any additional equity funding may be potentially dilutive to shareholders depending upon their participation in the equity raising.

Following implementation of the Scheme, the Merged Entity will have the following organisational structure:



8.2 Post-Merger intentions of AMR

This Section sets out AMR's present intentions in relation to the Merged Entity.

These intentions have been formed on the basis of facts and information concerning Kasbah, and the general and economic business environment, which are known by AMR at the time this Scheme Booklet was prepared.

All statements set out in this Section 8.2 are statements of current intention only and may vary as new information becomes available or circumstances change, including post implementation of the Transaction, and during the next steps involved in the Achmmach Tin Project.

If any statement set out in this Section 8.2 is repeated, summarised or referred to in any other section of this Scheme Booklet, the qualifications and limitations set out in this Section 8.2 which apply to the statement will apply whenever the statement is repeated, summarised or referred to any other section of this Scheme Booklet (including, for the avoidance of doubt, even when the qualifications and limitations are not set out when the statement is repeated, summarised or referred to).

(a) Optimise Achmmach Tin Project

AMR will seek to source financing and take the Achmmach Tin Project to the next stage of development in 2017.

If the Scheme becomes effective, AMR will commence a review phase of the Achmmach Tin Project. Key focus areas in this phase include processing design along with mine design and the mine production schedule. On successful completion of this review phase and (amongst other things) approval by the AMR Board and the Atlas Tin SAS Board, AMR will seek to source suitable project financing to support the construction and development of the Achmmach Tin

Project. Based on the results of the DFS that was released by Kasbah on 10 August 2016, the total investment to peak funding for the construction of the Achmmach Tin Project is anticipated to be US\$78.5 million and project financing will likely be raised through a combination of debt and equity. If the Atlas Tin SAS Board resolve to proceed with development of the Achmmach Tin Project, the three shareholders of Atlas Tin SAS, being Kasbah, and the JV Partners will be given the opportunity to contribute their pro rata share of any equity raising as part of the project financing package for the Achmmach Tin Project. The JV Partners participate in regular project meetings and have participated in a number of technical reviews of the DFS. As such, the JV Partners are aware of the details, timing and quantum of the financing required for the Achmmach Tin Project.

The specific funding requirements of the Achmmach Tin Project have yet to be determined by the Atlas Tin SAS Board and have yet to be formally discussed between the three shareholders of Atlas Tin SAS. As is standard in any similar joint venture, each shareholder's decision to fund will be driven by factors specific to each shareholder at the relevant point in time. However, in the case that any particular shareholder decides not to contribute its pro rata share of funding, that particular shareholder's interest in Atlas Tin SAS may be diluted in accordance with the terms of the Atlas Tin SAS shareholders agreement. If the other shareholders in Atlas Tin SAS decide not to participate in funding the development of the Achmmach Tin Project, Kasbah Shareholders should be aware that the Merged Entity will need to provide additional funding. See Section 9.4(d) for a description of this risk.

(b) **Strategic direction**

AMR's intent is to develop a company with geographical and commodity diversification to create a multi-jurisdictional base metal platform with the potential for diversified production from long mine life assets and growth across its exploration portfolio in a rising tin market and become a company of choice for those investors seeking exposure to tin. Part of this intention is to consider opportunities to further develop AMR's existing assets in Vietnam, described in Section 7.

AMR also intends to undertake a strategic review to consider the cost / benefit analysis of being listed on both the ASX and TSX-V. The Merged Entity may consider ending official quotation on the TSX-V following the review of the cost / benefit analysis of being dual listed.

8.3 Board composition after Merger

The Board of the Merged Entity will be composed of seven directors which will include:

- two directors nominated by Kasbah, being Rod Marston and Ian McCubbing;
- the current Chairman of AMR, Jim Askew, will remain Chairman of the Merged Entity;
- the existing Chief Executive Officer of AMR, Evan Spencer;
- another non-executive director of AMR; and
- two directors nominated by Pala.

Details of the current Kasbah and AMR directors are set out in Sections 6.4 and 7.6, respectively.

8.4 Capital Structure of Merged Entity

As at 13 September 2016, AMR had 788,920,842 AMR Shares issued and outstanding.

It is expected that if the Scheme is implemented, AMR will issue approximately 722,807,066 AMR Shares as Scheme Consideration.⁵

As a result of the implementation of the Scheme, the overall shareholding interest of Kasbah Shareholders in the Merged Entity, on a fully diluted basis⁶ will be approximately 52.2% (assuming that there are no Ineligible Shareholders and that AMR does not acquire any Kasbah Shares outside of the Scheme). AMR Shareholders will hold 47.8% on a fully diluted basis⁷.

As described in Section 7.14, AMR currently has four substantial shareholders, the largest of which, Pala, has an interest of approximately 72.2% in AMR. Pala also owns 54,166,667 common share purchase warrants which, if exercised, would maintain Pala's ownership interest in AMR to 72.2% on a fully diluted basis (assuming the exercise of all AMR Warrants, AMR Stock Options and other convertible securities). As a result of the implementation of the Scheme, Pala's ownership interest in the Merged Entity will be 37.7% on an undiluted basis and 34.5% on a fully diluted basis.

As a result of the implementation of the Scheme, the other substantial shareholders, Melior Resources Inc, Lion Selection Group (Asian Lion Fund) and Malaysia Smelting Corporation Berhad, will be diluted to a position where their holdings in the Merged Entity will be approximately 2.6%, 2.2% and 1.7% respectively, on a fully diluted basis.⁸ The current Kasbah substantial shareholders that will become substantial shareholders in the Merged Entity as a result of the Scheme are International Finance Corporation and Lion Selection Group (African Lion Fund), which will hold 9.3% and 8.2% respectively.

Upon implementation of the Scheme it is expected that AMR will have the following securities on issue:

Securities	Total
Existing AMR Shares	788,920,842
AMR Shares issued as Scheme Consideration	722,807,066*
Total Issued and Outstanding AMR Shares	1,511,727,908*
AMR Warrants issued to Kasbah Shareholders	222,402,174*
Existing AMR Stock Options	21,298,284
Existing AMR Warrants	54,166,667

* Figures may change due to a number of factors including rounding under the Scheme and the Election by Kasbah Shareholders.

⁵ Figures may change due to a number of factors including rounding under the Scheme and Elections by Kasbah Shareholders.

⁶ Assuming the exercise of all AMR Warrants, AMR Stock Options and other convertible securities.

⁷ Assuming the exercise of all AMR Warrants, AMR Stock Options and other convertible securities.

⁸ Assuming the exercise of all AMR Warrants, AMR Stock Options and other convertible securities.

8.5 Pro forma financial information

ASIAN MINERAL RESOURCES LIMITED

Balance Sheet

(Expressed in thousands of Canadian dollars)

30 June 2016 (unaudited)

	Asian Mineral Resources	Kasbah Resources	Adjustments	Proforma
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,478	\$ 1,128	\$ -	\$ 5,606
Trade and other receivables	4,605	148	-	4,753
Inventory	7,523	-	-	7,523
	16,606	1,276	-	17,882
Property, plant and equipment	3,021	146	-	3,167
Mineral property interests	98	5,410	19,179	24,687
	\$ 19,725	\$ 6,832	\$ 19,179	\$ 45,736
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade and other payables	\$ 11,503	\$ 714	\$ -	\$ 12,217
Other current liabilities	862	-	1,381	2,243
	12,365	714	1,381	14,460
Employee entitlements	-	67	-	67
Restoration, rehabilitation and environmental obligations	415	-	-	415
Other non-current liabilities	1,358	-	-	1,358
Deferred tax liabilities	-	-	4,427	4,427
Shareholders' equity:				
Share capital	128,733	60,964	(39,812)	149,885
Reserves	17,398	31,833	(31,833)	17,398
Deficit	(136,161)	(86,397)	85,016	(137,542)
	9,970	6,400	13,371	29,741
Non-controlling interest	(4,383)	(349)	-	(4,732)
	\$ 19,725	\$ 6,832	\$ 19,179	\$ 45,736

See accompanying notes to financial statements.

ASIAN MINERAL RESOURCES LIMITED

Statement of Loss and Comprehensive Loss (Expressed in thousands of Canadian dollars)

Six months ended 30 June 2016 (unaudited)

	Asian Mineral Resources	Kasbah Resources	Adjustments	Proforma
Revenues	\$ 23,589	\$ 16	\$ -	\$ 23,605
Cost of sales:				
Production costs	(19,231)	-	-	(19,231)
Royalty	(1,669)	-	-	(1,669)
Concentrate transport and logistics	(4,105)	-	-	(4,105)
Impairment loss	-	(148)	-	(148)
	(1,416)	(132)	-	(1,548)
General and administrative	(2,941)	(873)	-	(3,814)
Exploration	(372)	(739)	-	(1,111)
Other expenses	(270)	-	-	(270)
	(4,999)	(1,744)	-	(6,743)
Operating loss				
Finance Income	14	-	-	14
Finance expense	(73)	-	-	(73)
	(59)	-	-	(59)
Loss for the period	\$ (5,058)	\$ (1,744)	\$ -	\$ (6,802)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	(931)	31	-	(900)
Comprehensive loss for the period	\$ (5,989)	\$ (1,713)	\$ -	\$ (7,702)
Net loss for the period attributable to:				
Shareholders of the Company	(4,514)	(1,516)	-	(6,030)
Non-controlling interest	(544)	(228)	-	(772)
Loss for the period	\$ (5,058)	\$ (1,744)	\$ -	\$ (6,802)
Comprehensive income (loss) for the period attributable to:				
Shareholders of the Company	(5,352)	(1,491)	-	(6,843)
Non-controlling interest	(637)	(222)	-	(859)
Comprehensive loss for the period	\$ (5,989)	\$ (1,713)	\$ -	\$ (7,702)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.00)	\$ -	\$ (0.00)
Weighted average number of shares outstanding for the period	784,207	556,005		1,507,014

See accompanying notes to financial statements.

ASIAN MINERAL RESOURCES LIMITED

Statement of Loss and Comprehensive Loss
(Expressed in thousands of Canadian dollars)

Year ended 31 December 2015 (unaudited)

	Asian Mineral Resources	Kasbah Resources	Adjustments	Proforma
Revenues	\$ 74,753	\$ 84	\$ -	\$ 74,837
Cost of sales:				
Production costs	(66,967)	-	-	(66,967)
Royalty	(7,082)	-	-	(7,082)
Concentrate transport and logistics	(9,853)	-	-	(9,853)
Impairment loss	(26,553)	(559)	-	(27,112)
	(35,702)	(475)	-	(36,177)
General and administrative	(8,932)	(1,793)	(1,381)	(12,106)
Exploration	(1,280)	(1,022)	-	(2,302)
Other expenses	(329)	471	-	142
	(46,243)	(2,819)	(1,381)	(50,443)
Operating loss				
Finance Income	44	-	-	44
Finance expense	(1,009)	-	-	(1,009)
	(965)	-	-	(965)
Loss for the year	\$ (47,208)	\$ (2,819)	\$ (1,381)	\$ (51,408)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	13,135	(207)	-	12,928
Comprehensive loss for the year	\$ (34,073)	\$ (3,026)	\$ (1,381)	\$ (38,480)
Net loss for the period attributable to:				
Shareholders of the Company	(42,827)	(2,548)	(1,381)	(46,756)
Non-controlling interest	(4,381)	(271)	-	(4,652)
Loss for the year	\$ (47,208)	\$ (2,819)	\$ (1,381)	\$ (51,408)
Comprehensive income (loss) for the period attributable to:				
Shareholders of the Company	(31,005)	(2,701)	(1,381)	(35,087)
Non-controlling interest	(3,068)	(325)	-	(3,393)
Comprehensive loss for the year	\$ (34,073)	\$ (3,026)	\$ (1,381)	\$ (38,480)
Loss per share, basic and diluted	\$ (0.06)	\$ (0.01)	\$ -	\$ (0.03)
Weighted average number of shares outstanding for the year	779,507	507,579		1,502,314

(a) **Pro forma financial information**

The pro forma financial information shows the unaudited pro forma balance sheet as at 30 June 2016 and the pro forma statements of operations and comprehensive income (loss) for the six month period ended 30 June 2016 and for the year ended 31 December 2015 (the **Merged Entity Pro Forma Historical Financial Statements**) have been prepared by management after giving effect to the proposed Scheme. This information has been presented for convenience purposes only, and is not intended to reflect the current financial position of either entity, nor that of the Merged Entity.

All amounts in this Section are expressed in thousands of Canadian dollars (unless otherwise indicated).

(b) **Basis of presentation**

The Merged Entity Pro Forma Historical Financial Statements have been prepared based on IFRS. The Merged Entity Pro Forma Historical Financial Statements are presented in abbreviated form and do not include disclosures required by IFRS applicable to financial reports. All amounts are expressed in Canadian dollars.

Certain elements of the Kasbah financial statements have been reclassified to conform to the financial statement presentation used by AMR. None of these reclassifications are material.

The Merged Entity Pro Forma Historical Financial Statements have been presented in C\$ which is AMR's presentation currency and will be the presentation currency of the Merged Entity. Kasbah presents its financial reports in A\$. Kasbah and its subsidiaries with non C\$ functional currencies have been translated from their functional currencies into the C\$ presentation currency. Items in the statement of operations and comprehensive income (loss) for 31 December 2015 and 30 June 2016 have been translated using the average month-end exchange rate for each month in the relevant period. Items in the balance sheet for those periods have been translated using the spot exchange rate on the last day of each relevant period. The exchange rates used for each translation were obtained from the Reserve Bank of Australia at the following website www.rba.gov.au/statistics/historical-data.html. Exchange rate differences on the translation of the net assets of entities with functional currencies other than the C\$ are recognized in a separate component of equity through other comprehensive income.

It is AMR's opinion that the Merged Entity Pro Forma Historical Financial Statements present, in all material respects, the impact of the Scheme, together with the transactions, assumptions and adjustments, in accordance with IFRS.

The significant accounting policies used in the preparation of the Merged Entity Pro Forma Historical Financial Statements are consistent with AMR's accounting policies for the year ended 31 December 2015.

Kasbah's audited consolidated financial statements for the year ended 30 June 2016 were prepared in accordance with IFRS.

AMR's audited consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with IFRS. AMR intends to continue to prepare its audited consolidated financial statements in accordance with IFRS following the implementation of the Scheme. AMR also intends that the Canadian Auditing Standards are the auditing standards its auditor will apply to AMR's financial statements following the implementation of the Scheme.

In preparing the Merged Entity Pro Forma Historical Financial Information, a review was undertaken by AMR to identify accounting policy differences between AMR and Kasbah where the impact was potentially material and could be reasonably estimated. Further accounting

policy differences may be identified after implementation of the Scheme. The significant accounting policies of Kasbah are believed to conform in all material respects to those of AMR.

For accounting purposes, the proposed Scheme has been accounted for in these pro forma financial statements as business combination effected through the issuance of shares, with AMR identified as the acquirer for accounting purposes.

The pro forma balance sheet as at 30 June 2016 has been derived from AMR's unaudited consolidated balance sheet as of 30 June 2016 and Kasbah's audited consolidated balance sheet as of 30 June 2016.

The pro forma statement of operations and comprehensive income (loss) for the six month period ended 30 June 2016 has been derived from AMR's unaudited consolidated interim statement of operations and comprehensive income (loss) for the six month period ended 30 June 2016 and from Kasbah's audited consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016 and Kasbah's unaudited interim consolidated statement of profit or loss and other comprehensive income for the six month period ended 31 December 2015 to adjust for the different accounting year end dates.

The pro forma statement of operations and comprehensive Income (loss) for the year ended 31 December 2015 has been derived from AMR's audited statement of operations and comprehensive income (loss) for the year ended 31 December 2015, and from Kasbah's unaudited interim consolidated statement of profit or loss and other comprehensive income for the six month period ended 31 December 2015, Kasbah's audited consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015 and Kasbah's unaudited interim consolidated statement of profit or loss and other comprehensive income for the six month period ended 31 December 2014 to adjust for the different accounting year end dates.

The pro forma balance sheet as at 30 June 2016 has been prepared as if the Scheme had occurred on 30 June 2016. The pro forma statements of operations and comprehensive Income (loss) for the six month period ended 30 June 2016 and for the year ended 31 December 2015 have been prepared as if the Scheme had occurred on 1 January 2015, the earliest pro forma statement of operations presented.

Certain significant estimates have been made by management in the preparation of these pro forma financial statements, in particular, the determination of the fair value of Kasbah's assets and liabilities acquired and the fair value of the share and warrant consideration, as well as the estimates of transaction costs.

(c) Pro forma adjustments and assumptions:

The unaudited pro forma statement of financial position and pro forma statement of loss and comprehensive loss incorporate the following pro forma assumptions and adjustments:

The acquisition of Kasbah by AMR has been included in the Merged Entity Pro Forma Historical Financial Statements using the acquisition method of accounting.

(i) Purchase price

Under IFRS, the actual measurement date of the consideration and allocation of the consideration to the identifiable assets and liabilities will occur on the date the consideration is paid and the Merger is implemented. Consequently, the fair value of the consideration for accounting purposes will differ from the amount assumed in the Merged Entity Pro Forma Historical Financial Statements as a result of future changes in the price of AMR shares or in the number of Kasbah shares issued and outstanding.

Pursuant to the Scheme, each Kasbah Shareholder will receive the Scheme Consideration.

The purchase price for acquisition of Kasbah consists of (expressed in thousands of Canadian dollars):

- (A) fair value of 722,807,066 AMR Shares to be valued on the date of the implementation of the Scheme. For the pro forma financial statements purposes, each AMR Share is being valued at C\$0.025 based on the closing price of AMR Shares on TSX-V as at 5 August 2016 for a total value of C\$18,071;
- (B) fair value of 222,402,174 AMR Warrants to be issued to Kasbah Shareholders is being valued at \$0.006 (based on warrant Black Scholes value of C\$0.0138 and 0.4 warrants per share) for a total value of C\$3,069; the value per warrant is C\$0.0138 and it assumes a share price of C\$0.025, a strike price of C\$0.05, 4-year maturity, no dividends and volatility of 78%; and
- (C) the value of the existing unlisted 500,000 Kasbah Options represents an expense to AMR of C\$12 using the A\$:C\$ of 0.9965.

Purchase consideration (in C\$'000)

New AMR Shares to be issued on implementation (722,807,066)	\$18,071
New AMR Warrants on implementation (222,402,174)	3,069
Purchase of Kasbah Options (500,000 unlisted)	12
Total consideration paid for acquisition on Kasbah	\$ 21,152

The following table summarizes the allocation of the purchase price of \$21,152 to the identifiable assets and liabilities of Kasbah if the amalgamation took place on 30 June 2016:

Cash and cash equivalents	\$ 1,128
Trade and other receivables	148
Property, plant and equipment	146
Mineral property interest	20,860
Accounts payable and accrued liabilities	(714)
Non-current liabilities	(67)
Non-controlling interest	(349)
	\$ 21,152

(ii) Transaction costs:

The following costs of the Scheme are expected to be incurred by AMR and Kasbah respectively, which will be expenses on the statement of operations and comprehensive income (loss) as incurred in accordance with IFRS 3, *business combinations*:

Transaction costs expected to be incurred by AMR (expressed in thousands of Canadian dollars):

Legal and advisory fees	\$ 640
Total	\$ 640

Transaction costs expected to be incurred by Kasbah (expressed in thousands of Canadian dollars):

Legal and corporate advisors	\$	502
Independent technical expert - BDO		50
Independent technical experts - SRK and PP&E		60
Scheme of arrangement costs/other costs		129
	\$	741

8.6 Pala relationship

Pala will be a cornerstone shareholder of the Merged Entity, with an expected 37.7% ownership interest calculated on an undiluted basis. Pala's ownership on a fully diluted basis will be in the order of 34.5%.

Founded in 2006, Pala is an investment company dedicated to value creation in the mining sector, having invested in over 87 companies in 25 countries across six continents. The Pala fund has been established as a long-term fund that re-invests capital from the exit of one investment into new investments ensuring that it always maintains a sufficient fund liquidity at any given point in time for new transactions. Pala has an extensive team of accomplished mining industry professionals from all over the world, and seeks to partner with management teams, boards and shareholders to create long term value. Pala invests in all mining commodities in development, production and turnaround situations, as well as in mining products and services. Pala has deep relationships in the mining, investment and advisory world which make it ideally positioned to assist AMR to source financing in respect of the Achmmach Tin Project.

In addition, Pala has illustrated its support for the transaction through the execution of the Support Agreement which commits Pala to providing its pro rata share of funding in relation to any equity capital raising conducted by the Merged Entity within 12 months of the Implementation Date of the Scheme. Pala's obligations under the Support Agreement are conditional on:

- the AMR Board's approval of the decision to mine and to commence construction of the Achmmach Tin Project, having regard for the economic feasibility of the DFS at prevailing tin prices and the availability and terms of project financing for the Achmmach Tin Project; and
- the majority of the proceeds of any equity raising being used to fund the construction and development of the Achmmach Tin Project.

Should the AMR Board not reach a decision to mine and commence construction of the Achmmach Tin Project, then Pala will not be required to contribute its pro rata share in accordance with the Support Agreement.

Pala currently has over US\$100 million of cash or cash equivalent resources available, sufficient to cover its obligations under the Support Agreement. In addition to the Support Agreement, Pala has other financial commitments in the ordinary course of its business. Pala considers that its existing cash or cash equivalent resources are sufficient to cover both Pala's obligations under the Support Agreement as well as its other financial commitments.

For the purpose of supporting Kasbah's immediate cash funding requirements, Pala has provided Kasbah with a A\$1,000,000 bridge facility to cover working capital and transaction costs, which Kasbah can draw in two tranches of A\$500,000 each. The outstanding principal bears an interest rate of 12% per annum (other than where any part of the Pala Loan is outstanding, in which case interest accrues at a rate of 18% per annum from the date of non-payment until it is paid in full) and is

repayable 12 months from the date of execution of the loan agreement, being 10 August 2016, except in circumstances where:

- the Scheme is terminated by AMR as a result of a breach of the Scheme by Kasbah;
- the Scheme is terminated by notification to AMR by Kasbah of its intention to accept a Superior Offer;
- the Independent Expert advises that the Transaction is not in the best interest of Kasbah's Shareholders; or
- the Kasbah Shareholders vote against approving the Transaction,

in which case the outstanding principal and interest will be repayable on the earlier of: (i) the date falling 3 months after the occurrence of such an event; or (ii) 10 August 2017.

Pala and AMR entered into an investor rights agreement dated 25 May 2012 pursuant to which Pala has a pre-emptive right in the event that AMR proposes to issue or sell equity securities to subscribe for and purchase additional equity securities up to its pro rata interest (which is defined to include AMR Shares owned directly or indirectly, or over which control or direction is exercised by Pala). AMR is required to issue a notice to Pala no less than 10 Business Days before the date on which AMR intends to issue or sell equity securities, and Pala must inform AMR within three Business Days as to whether it will participate in the issue or sale in whole or in part. Pala has agreed to waive its pre-emptive right in respect of any AMR Securities issued as part of the Proposed Transaction. This pre-emption right is contrary to Listing Rule 6.18 which states that an option must not be exercisable over a percentage of the entity's capital and therefore will not be effective following AMR's listing on ASX. ASX has not, at the date of this booklet, given a waiver of this Listing Rule and is not expected to do so in the foreseeable future. Accordingly, AMR and Pala have agreed to vary Pala's pre-emptive right so that it can only be exercised subject to compliance with the Listing Rules. This does not affect Pala's separate funding obligations under the Support Agreement.

Pala's intention is to be a long term investor in the Merged Entity and provide its support for securing the funding for the development of the Achmmach Tin Project, both through delivering its pro rata share of funding in relation to an equity capital raising, as well as through its proven expertise in leading successful project financing processes in the past. Developing the Achmmach Tin Project through production and positive cash flow generation is expected to lead to higher value for Kasbah's shareholders. Pala has also provided the following support statement for the transaction:

"As AMR's largest shareholder post transaction, we look forward to supporting the company advance the Achmmach Project as its primary focus in the near term. In this regard, it is our intention, subject to the AMR board approving a decision to mine and commence construction, to assist AMR by providing financing support of at least our pro-rata share of any equity raising conducted by AMR within a period of 12 months from implementation of the Merger. We see the new combined AMR group as a long term investment proposition for Pala Investments Limited that would underpin the development of a larger-scale, multi-asset base metals company."

9. Risk factors

9.1 Introduction

If the Scheme is implemented, Kasbah Shareholders (other than Ineligible Shareholders) will be entitled to receive the Scheme Consideration in the form of AMR Securities. The value of AMR Securities will be influenced by a number of factors, many of which will be beyond the control of the management of the Merged Entity.

Some of these risks are either related to mining and exploration companies generally or already affect the Kasbah business which will form part of the Merged Entity and are therefore risks to which Kasbah Shareholders already have some exposure. There are however, a number of risks which will be new or potentially greater in impact than is currently the case in relation to Kasbah alone.

The risk factors presented in this Section are not an exhaustive list of all risks and risk factors related to the Merged Entity or the Scheme. Additional risks and uncertainties not currently known to AMR or Kasbah may also have an adverse impact on the Merged Entity's business.

This Section does not take into account the investment objectives, financial situation, position or particular needs of Kasbah Shareholders. Each Kasbah Shareholder should consult their legal, financial or other professional adviser if they have any queries.

9.2 Risks related to the Scheme

(a) **The AMR Securities issued in connection with the Scheme may have a market value different than expected**

Pursuant to the Scheme, each Scheme Participant (other than Ineligible Shareholders) will be entitled to receive:

- (i) 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or
- (ii) if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share.

The market value of the AMR Shares at the Implementation Date may vary significantly from the market value of the AMR Shares immediately prior to the announcement of the Scheme and at the date of this Scheme Booklet. If the market value of AMR Shares declines, the value of the Scheme Consideration received by Kasbah Shareholders will decline as well. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of AMR, Kasbah and the Merged Entity, regulatory considerations, general market and economic conditions, changes in metal prices and other factors over which neither Kasbah nor AMR has control.

(b) **Completion of the Scheme is subject to several conditions that must be satisfied or waived**

Completion of the Scheme is subject to a number of conditions. There can be no certainty, nor can Kasbah provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of other conditions precedent to the Scheme which are outside the control of Kasbah or AMR, including, but not limited to, approval of the Scheme by the Requisite Majority of Kasbah Shareholders and required regulatory and third party approvals and consents (see Annexure 2 of this Scheme Booklet).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Kasbah Shares may be adversely affected.

(c) **The Scheme Implementation Agreement may be terminated by Kasbah or AMR in certain circumstances, in which case Kasbah may not be able to solicit an alternative transaction**

Each of Kasbah and AMR has the right to terminate the Scheme Implementation Agreement in certain circumstances. Accordingly, there is no certainty that the Scheme Implementation Agreement will not be terminated by either Kasbah or AMR before the implementation of the Scheme.

If the Scheme Implementation Agreement is terminated, there is no assurance that the Kasbah Board will be able to find a party willing to pay an equivalent or greater price for Kasbah Shares than the price to be paid pursuant to the terms of the Scheme Implementation Agreement.

(d) **The issuance of a significant number of AMR Shares could adversely affect the market price of AMR Shares**

If the Scheme is implemented, a significant number of additional AMR Shares will be available for trading in the public market. The increase in the number of AMR Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, AMR Shares.

(e) **AMR is governed by Canadian law**

AMR is a company incorporated in British Columbia, Canada under the BCBCA and is listed on TSX-V. AMR is subject to applicable Canadian securities laws in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, and Newfoundland and Labrador.

If the Scheme is implemented, the rights of Kasbah Shareholders who receive AMR Shares and AMR Warrants will, in respect of those AMR Shares and AMR Warrants, be governed principally by British Columbia law (including the BCBCA) and the federal law of Canada applicable in British Columbia, the TSX-V Rules, provincial securities legislation, and AMR's constating documents known as its notice of articles and articles.

The rights of Kasbah Shareholders who receive AMR Share CDIs and AMR Warrant CDIs will be governed by the ASX Settlement Rules and the Listing Rules but, other than in certain limited situations, not by the Corporations Act. On listing on ASX, AMR will have to comply with the Listing Rules other than those which ASX has granted specific waivers for (see Section 12.13(d) for further information).

A comparison of some of the material provisions of Australian company law and Canadian corporate law as they relate to Kasbah and AMR respectively is set out in Annexure 3, along with a description of certain securities laws and stock exchange rules where applicable.

9.3 Risks related to Kasbah if the Scheme does not proceed

(a) **Ability to meet immediate liabilities**

If the Scheme is not implemented or an event described in Section 6.10(a)(iii) occurs, the outstanding balance under the Pala Loan Agreement (described in Section 6.10) will become due and payable within 3 months of the relevant event. Kasbah may also be liable to pay the Reimbursement Fee Amount to AMR if an event described in Section 11.17 occurs.

Having regard to Kasbah's current cash balance and the emphasis of matter in its 30 June 2016 audited accounts, there is a risk that if the Scheme is not implemented and a Superior Offer or additional funding, whether by equity raising or debt, is not obtained, or the due date to the Pala Loan Agreement is not renegotiated, this may impair Kasbah's ability to continue its business and operations as a going concern. The consequences of this will be significant and could include the requirement for Kasbah to realise its assets and discharge its liabilities other than in the ordinary course of business, appointing an administrator or conducting an orderly winding up of its operations.

(b) Immediate capital requirements

Further to the risk outlined above in Section 9.3(a), if Kasbah remains a stand-alone entity it will require immediate funding to satisfy its liabilities and for working capital purposes. Kasbah may consider undertaking an equity raising to obtain this funding, which would be dilutive to shareholders or a potential sale of additional project interest. Debt financing, if available, may involve certain restrictions on operating activities or other financings. Kasbah cannot assure shareholders that it will be able to raise the required equity or debt financing required to meet working capital requirements.

(c) Future capital requirements

If Kasbah remains a stand-alone entity, it will require additional financial resources to continue funding its future expansion and the development of its projects. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to Kasbah or Kasbah Shareholders. Kasbah may in the future raise additional funds through public or private financing.

If additional funds are raised through the issue of equity securities, the percentage ownership of the current Kasbah Shareholders may be reduced and such securities may, subject to requisite Kasbah Shareholder approval, have rights, preferences or privileges senior to those of the holders of Kasbah's securities then in issue.

If adequate funds are not available to satisfy either short or long-term capital requirements, Kasbah may be required to limit its operations significantly.

(d) Kasbah Shareholders will not receive the Scheme Consideration

If the Scheme is not implemented, Kasbah Shareholders will retain their Kasbah Shares and will not receive the Scheme Consideration. If the Scheme is not implemented, Kasbah will remain listed on ASX and will continue to operate its business. In those circumstances, Kasbah Shareholders will continue to be exposed to the risks and benefits of owning Kasbah Shares.

(e) Kasbah Share price may experience price and volume fluctuation and may fall

The market price of a company's publicly traded securities is affected by many variables, some of which are not directly related to the success of Kasbah. Share price fluctuations could result from national and global economic and financial conditions, the market's response to the Transaction, changes in tin prices, market perceptions of Kasbah, regulatory changes affecting the Kasbah's operations, variations in Kasbah's operating results, business development of Kasbah or its competitors and liquidity of financial markets. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be junior companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Kasbah's securities in the future capital requirements if the Scheme does not proceed.

In addition, the Kasbah Directors believe that if the Scheme is not implemented, the Kasbah Share price may fall below its recent trading price.

(f) **Transaction costs will be incurred**

If the Scheme is not implemented, Kasbah's transactions costs will be borne by Kasbah alone, subject to any off-set by way of reimbursement fee payment from AMR (if applicable).

9.4 Risks related to the Merged Entity

(a) **Mine closure costs**

The Ban Phuc Nickel Mine has been placed on care and maintenance. The Merged Entity may consider fully decommissioning the Ban Phuc Nickel Mine which may incur additional costs to the Merged Entity. The key risks for mine closure include, without limitation:

- (i) the long-term management of permanent engineered structures and acid rock drainage;
- (ii) the achievement of environmental closure standards;
- (iii) the orderly retrenchment of employees and contractors; and
- (iv) the relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners.

The successful completion of these items is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and damage to corporate reputation if desired outcomes cannot be achieved, which could materially and adversely affect the Merged Entity's business and results of operation.

AMR has developed a key stakeholder and government engagement plan in respect to the care of maintenance of the Ban Phuc Nickel Mine. Further, AMR has retained a dedicated care and maintenance team to ensure the safety and security of the Ban Phuc Nickel Mine and to comply with all environmental, legal and regulatory obligations and reporting requirements. In addition, AMR has also undertaken preliminary assessments and consideration of the key risks and steps involved in fully decommissioning the Ban Phuc Nickel Mine.

(b) **Risk factors relating to the operations of the Merged Entity**

The Merged Entity may not realise the benefits currently anticipated due to challenges associated with integrating the business operations, exploration activities, technology and personnel of AMR and Kasbah.

The success of the Merged Entity will depend in large part on the success of management of the Merged Entity in integrating the business operations, exploration activities, technologies and personnel of AMR and Kasbah after the Effective Date. The failure of the Merged Entity to achieve such integration could result in the failure of the Merged Entity to realise any of the anticipated benefits of the Transaction and could impair the results of operations, profitability and financial results of the Merged Entity.

In addition, the overall integration of the business operations, exploration activities, technologies and personnel of AMR and Kasbah into the Merged Entity may result in unanticipated operational problems, expenses, liabilities and diversion of management's attention

(c) The Merged Entity may not realise the benefits of the Achmmach Tin Project

As part of its strategy, the Merged Entity will focus on the advancement of the Achmmach Tin Project located in Morocco. There are a number of risks and uncertainties that are associated with the development of the Achmmach Tin Project as described below. The failure to develop the Achmmach Tin Project could have an adverse effect on the Merged Entity's financial position and results of operations.

Additionally, while the Merged Entity has title to a number of other mining and exploration projects, the Achmmach Tin Project is likely to be the Merged Entity's only producing mining project in the near future, thereby providing substantially all of its operating revenue and cash flows. Consequently, a delay or difficulty encountered in the operations of the Achmmach Tin Project would likely materially and adversely affect the Merged Entity's financial condition and financial sustainability. Any adverse changes affecting the Achmmach Tin Project such as, but not limited to, the Merged Entity's inability to successfully complete any of the development projects, work programs or expansions, obtain financing on commercially suitable terms, or hire suitable personnel and mining contractors, may have a material adverse effect on the Merged Entity's financial performance, results of operations and liquidity.

(d) Need for additional financing

The future exploration, development, mining and processing of tin from the Achmmach Tin Project, and any of the Merged Entity's assets in Vietnam will require substantial additional financing in the future. This additional financing may consist of a combination of debt and/or equity financing.

No assurances can be given that the Merged Entity will be able to raise the additional funding that will be required for such activities which may be a combination of debt and/or equity financing. This includes a risk that the other shareholders of Atlas Tin SAS may not fund their pro rata share of any funding required for development of the Achmmach Tin Project. To meet such funding requirements, the Merged Entity may be required to undertake additional equity financing, which would be potentially dilutive to shareholders depending on their participation in any equity raising. Debt financing, if available, may involve certain restrictions on operating activities or other financings. All capital markets, financial instruments and sources of funds and credit can be influenced by external factors, including commodity prices, global political and environmental events, fluctuations in currency exchange rates and inflation.

There is no assurance that such equity or debt financing will be available to the Merged Entity, that they would be obtained on terms favourable to the Merged Entity, if at all, or that Pala will comply with its undertaking to provide conditional financial support to the Merged Entity pursuant to the Support Agreement, which may adversely affect its business and financial position. Failure to obtain sufficient financing will result in delaying or indefinite postponement of the Achmmach Tin Project, or any of the Merged Entity's other projects.

(e) Nature of mineral exploration and mining

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties, these include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire explosions and other incidents beyond the control of the Merged Entity.

For example, unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from

production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by the Merged Entity may be affected by numerous factors which are beyond the Merged Entity's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in the Merged Entity not receiving an adequate return on invested capital.

The Merged Entity's operations are subject to all of the hazards and risks normally incidental to the exploration, development and production of base metals, including:

- (i) unusual and unexpected geologic formations;
- (ii) seismic activity;
- (iii) rock bursts;
- (iv) cave-ins or slides;
- (v) flooding
- (vi) periodic interrupt due to inclement or hazardous weather conditions; and
- (vii) other conditions involved in the drilling and removal of material,

any of which could result in damage to, or destruction of, mines and other production facilities, personal injury or deaths, damage to property, environmental damage and possible legal liability. Milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Whether the Achmmach Tin Project will be commercially viable depends on a number of factors, some of which are particular attributes of the deposit (such as size, grade and metallurgical characteristics), proximity to infrastructure, financing costs and government regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of tin and environmental protection). The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Merged Entity not receiving an adequate return on invested capital.

(f) **Commodity price volatility**

Revenues of the Merged Entity will predominantly be derived from the sale of tin and nickel concentrates. Consequently, any future earnings of the Merged Entity are likely to be closely related to tin and nickel prices. Commodity (including tin and nickel) prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Merged Entity. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other foreign currencies, global and regional supply and demand, and political and economic conditions. The price of nickel, tin and other base metals has fluctuated widely in recent years, and future price declines could cause any future development and commercial production to be impracticable. Depending on the price of nickel, tin and other base metals, projected cash flow from planned mining operations may not be sufficient and the Merged Entity could be forced to discontinue any development.

(g) **Joint ventures**

Achmmach Tin project

The Achmmach Tin Project is the subject of joint venture arrangements with other mining companies and will be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse effect on the viability of the Merged Entity's interest held through the joint venture, which could have a material adverse effect on the Merged Entity's future growth, results of operations and financial conditions:

- (i) inability to exert influence over certain strategic decisions made in respect of the Achmmach Tin Project;
- (ii) a joint venture participant having economic or business interests or goals that are, or become, inconsistent with the Merged Entity's business interests or goals;
- (iii) bankruptcy of a joint venture participant;
- (iv) disagreement with joint venture participants on how to develop and operate the Achmmach Tin Project efficiently;
- (v) inability of participants to meet their obligations to the joint venture or third parties; and
- (vi) litigation between participants regarding joint venture matters.

Ban Phuc Nickel Mine

The Ban Phuc Nickel Mine is the subject of joint venture arrangements with a local partner Son La Mechanical Engineering Joint Stock Company (**COXAMA**) (pursuant to which COXAMA holds a 10% interest) and subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse effect on the viability of the Merged Entity's interest held through the joint venture, which could have a material adverse effect on the Merged Entity's future growth, results of operations and financial conditions:

- (i) inability to exert influence over certain strategic decisions made in respect of the Ban Phuc Nickel Mine;
- (ii) a joint venture participant having economic or business interests or goals that are, or become, inconsistent with the Merged Entity's business interests or goals;
- (iii) bankruptcy of a joint venture participant;
- (iv) disagreement with joint venture participants on how to develop and operate the Ban Phuc Nickel Mine efficiently;
- (v) inability of participants to meet their obligations to the joint venture or third parties; and
- (vi) litigation between participants regarding joint venture matters.

(h) **Infrastructure, energy and commodity risk**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The Merged Entity's inability to secure adequate water and power resources, as well as other events outside of the Merged

Entity's control, such as unusual or infrequent weather phenomena, sabotage, community, or government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Merged Entity's operations, financial condition and results of operations.

(i) **Sovereign risk**

The Ban Phuc Nickel Mine exploration, development and operation activities occur in Vietnam. The Achmmach Tin Project is located in the North African Kingdom of Morocco. Both Kasbah and AMR have long standing relationships with key government stakeholders. Irrespective of these long standing relationships, the Merged Entity may be affected by possible political or economic instability in Vietnam and Morocco. There can, for example, be no assurance that future political and economic conditions in Vietnam or Morocco will not result in the government adopting policies respecting foreign ownership and development of interests in mineral resources.

The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in Vietnam or Morocco may prevent, hinder or delay the Merged Entity's business activities and render the Project unprofitable by preventing or impeding future property exploration, development or mining. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization of property or businesses, expropriation of property, maintenance claims, environmental legislation, land use, land claims of local people, water use and mine safety.

The laws on foregoing investment and mining are still evolving in Vietnam and it is not known how they will evolve. In particular, the current law on minerals allows the government to announce areas where mining activities are prohibited (or temporarily prohibited) for reasons of national defence, security, protection of historical or cultural sites, scenery or other public interests, subject only to providing fair and equitable treatment in respect of damage caused where mineral activities are being legally conducted therein. The effect of these factors cannot be accurately predicted.

All of these factors are inherent with any mining investment in any jurisdiction and may, in the future, adversely affect the financial performance of the Merged Entity and the market price of its securities. No assurance can be given regarding future stability in Morocco or Vietnam or any other country in which the Merged Entity has an interest.

(j) **Key Personnel Risk**

The Merged Entity's success will be largely dependent upon the performance of its key officers, employees and consultants. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The Merged Entity's success will largely be dependent on the performance of its key personnel. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Merged Entity's success.

(k) **Ore Reserves, Mineral Reserves and Mineral Resource estimates**

The figures for Ore Reserves, Mineral Reserves and Mineral Resources are estimates only and no assurance can be given that the anticipated tonnages and grade will be achieved, that the indicated level of recovery will be realised or that Ore Reserves or Mineral Reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating Ore Reserves, Mineral Reserves and Mineral Resources, including many factors beyond the Merged Entity's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term

operating factors relating to the Ore Reserves and Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that tin recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

(l) Licences and permits

Exploration and mining activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted often depends on the Merged Entity being successful in obtaining statutory approvals for the proposed activities and that the licences, concessions, leases, permits or regulatory consents the Merged Entity holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

In addition, there are risks attached to exploration and mining operations in a developing country which are not necessarily present in a developed country. These include economic, social or political instability or change, hyperinflation, currency instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties as well as government control over mineral properties. Any future material adverse changes in government policies, representatives or legislation that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Merged Entity's rights to title or tenure.

(m) Insurance

While the Merged Entity may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which the Merged Entity cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Merged Entity's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Merged Entity's earnings and competitive position in the future and, potentially, its financial position.

(n) Dividends

Payment of future dividends by the Merged Entity will be at the discretion of the Merged Entity's Board after taking into account many factors, including, but not limited to, AMR's operating results, financial condition and current and anticipated cash needs. As a result, shareholders may have to rely on capital appreciation, if any, to earn a return on investment in AMR Securities in the foreseeable future. Furthermore, the Merged Entity may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends.

(o) Competition

The mining industry is intensely competitive in all of its phases and the Merged Entity will compete with many companies possessing greater financial and technical resources than the Merged Entity. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop and operate such properties, the labour to operate the properties, and the capital for the purpose of funding such properties. Many competitors not only explore for minerals, but

conduct refining and marketing operations on a global basis. Such competition may result in the Merged Entity being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Merged Entity's prospects for mineral exploration and success in the future.

(p) **Environmental Risk**

The exploration for minerals, development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If the Merged Entity is responsible for any environmental damage, the Merged Entity may incur substantial remediation costs or liabilities to third parties.

The Merged Entity will be involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessment and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which the Merged Entity may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of the Merged Entity.

(q) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Canada, Australia, Morocco and Vietnam, or any other country where the Merged Entity may acquire economic interests, may affect the viability and profitability of the Merged Entity.

Changes in relevant tax, legal and administrative regimes and government policies in Canada, Australia, Morocco and Vietnam may adversely affect the financial performance of the Merged Entity.

The Merged Entity's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupation health, mine safety, toxic substances, land use and other matters. Many of these laws require government approvals, licences and permits. No assurance can be given that the Merged Entity will be successful in obtaining or maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Merged Entity may be curtailed or prohibited from continuing or proceeding with planned activities.

Future earnings and asset values may be affected by changes in law and government policy in Canada, Australia, Morocco and Vietnam and in particular changes to taxation law (including, as relevant, stamp duty and goods and services tax, or their local equivalent).

(r) **Currency risk**

Currency fluctuations will affect the cash flow that the Merged Entity may realise from its operations, as mineral production will be sold in the world market in US\$. Currency fluctuations will also have an effect on exploration and development costs. Costs will be denominated in currencies other than US\$, for example the Dirham, which is the national currency of Morocco where the Achmmach Tin Project is based. The Merged Entity may also be subject to

fluctuations in the foreign currency exchange rates between the United States dollar, the Canadian dollar, the Australian dollar and the Vietnamese dong. Fluctuations in exchange rates that the Merged Entity is exposed to will cause fluctuations in its financial results, which are not necessarily related to the Merged Entity's underlying operations.

(s) **Conflict of interest**

Certain of the Merged Entity's directors are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in companies, partnerships or joint ventures which are potential competitors of the Merged Entity. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors may conflict with the Merged Entity's interests. The Merged Entity's directors with conflicts of interest must be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

(t) **Litigation**

All industries, including the mining industry, are subject to legal claims, with and without merit. The Merged Entity may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to its business. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs associated with litigation can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process and dealings with the regulatory bodies, there can be no assurance that the resolution of any particular legal or regulatory proceeding will not have a material adverse effect on the Merged Entity's future cash flow, results of operations or financial condition.

(u) **AMR Securities may experience price and volume fluctuations**

The market price of a company's publicly traded securities is affected by many variables, some of which are not directly related to the success of the Merged Entity. Share price fluctuations could result from national and global economic and financial conditions, the market's response to the Transaction, changes in base metal prices, market perceptions of the Merged Entity, regulatory changes affecting the Merged Entity's operations, variations in the Merged Entity's operating results, business development of the Merged Entity or its competitors and liquidity of financial markets. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be junior companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Merged Entity's securities in the future capital requirements.

(v) **Liquidity risk**

The number of AMR Share CDIs and AMR Warrant CDIs quoted on ASX will be less than the number of AMR Shares and AMR Warrants listed on TSX-V. It is therefore possible that the market for AMR Share CDIs and AMR Warrant CDIs on ASX will be less liquid than the market for AMR Shares and AMR Warrants on TSX-V. This may have the effect of reducing the volume of AMR Share CDIs and AMR Warrant CDIs that can be bought and sold on ASX and the speed with which they can be bought and sold. This reduced liquidity may also result in AMR CDIs and AMR Warrant CDIs trading at a discount to AMR Shares and AMR Warrants on TSX-V. However, as mentioned in Section 5.3, a holder of AMR Share CDIs or AMR Warrant CDIs can convert their AMR Share CDIs into AMR Shares and their AMR Warrant CDIs into AMR Warrants tradable on TSX-V, should the holder wish to access the market in AMR Shares and AMR Warrants on TSX-V.

(w) **Offtake risk**

The Merged Entity processes mine ore into a concentrated product called a “concentrate”. Concentrate is typically sold under specific sale agreements commonly known as an “offtake agreement” to third party smelting and refining facilities.

Offtake agreements and the terms of payment for concentrates are determined by the nature of the concentrate including physical characteristics, concentrate grade, mineralogy and deleterious elements contained within the concentrate. In addition, there are only a limited number of third party smelting and refining facilities located around the world. As such, the Merged Entity is subject to the availability, location and payment terms and conditions offered by those limited number of third party smelting and refining facilities in order to sell its concentrate. Further market forces of supply and demand on commodities combined with commodity price cycles can impact the marketing and sale of concentrates to third parties.

10. Australian taxation considerations

10.1 Australian Taxation Outline

The following is a general description of the Australian tax consequences of the Scheme (assuming it becomes Effective).

The comments set out below at 10.2 are relevant only to those Kasbah Shareholders who are Australian residents for tax purposes and who:

- (a) are not considered temporary residents for tax purposes;
- (b) hold their Kasbah Shares on capital account; and
- (c) do not hold their Kasbah Shares in connection with a business carried on through a permanent establishment outside of Australia.

Shares are generally taken to be held on capital account where they are:

- (a) not held on revenue account, or as trading stock; or
- (b) not subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth).

The comments at 10.3 are relevant to Kasbah Shareholders who are not Australian residents for tax purposes and who:

- (a) hold their Kasbah Shares on capital account; and
- (b) do not hold their Kasbah Shares in connection with a permanent establishment in Australia.

The comments are based on the Australian law and administrative practice in effect at the date of this Scheme Booklet.

The comments are general in nature and are not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Kasbah Shareholder. Kasbah Shareholders should seek independent professional advice in relation to their particular circumstances. This taxation advice should specifically consider whether a Kasbah Shareholder is entitled to CGT scrip-for-scrip rollover in connection with the Scheme and the extent to which such rollover is available.

Kasbah Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

10.2 Australian resident shareholders

(a) Australian Capital Gains Tax (CGT)

The Scheme will result in the disposal by Kasbah Shareholders of their Kasbah Shares to AMR. This change in the ownership of the Kasbah Shares will result in the happening of CGT event A1.

The time of CGT event A1 will be the Implementation Date.

(b) Calculation of capital gain or capital loss

A Kasbah Shareholder will make a capital gain from the disposal of a Kasbah Share if the capital proceeds from the disposal exceed the cost base of that Kasbah Share (the availability of partial CGT scrip-for-scrip rollover is discussed below). The capital gain is the amount of the excess.

Conversely, a Kasbah Shareholder will make a capital loss from the disposal of a Kasbah Share if the capital proceeds from the disposal are less than the reduced cost base of that Kasbah Share. The capital loss is the amount of the deficit.

(i) Cost base

The cost base of a Kasbah Share generally includes the cost of its acquisition and any incidental costs of acquisition and disposal that are not deductible to the Kasbah Shareholder. The reduced cost base of a Kasbah Share is determined in a similar, but not identical, manner.

(ii) Capital proceeds

The capital proceeds in respect of the disposal of each Kasbah Share will be the market value of the AMR Securities received per Kasbah Share.

(c) Availability of partial scrip-for-scrip roll-over if a capital gain is made

A Kasbah Shareholder who makes a capital gain from the disposal of a Kasbah Share under the Scheme may choose to obtain partial scrip-for-scrip roll-over for that part of the capital gain that is referable only to the receipt of either 0.13 AMR Share CDIs or 1.3 AMR Shares. The part of the capital gain that is referable to the receipt of either the 0.04 AMR Warrant CDIs or 0.4 AMR Warrants will not be disregarded as it is ineligible proceeds for which roll-over is not available.

The amount of the capital gain in respect of which scrip-for-scrip roll-over is available should be calculated as follows:

$$\begin{array}{l} \text{Amount of the capital} \\ \text{gain on the disposal of a} \\ \text{Kasbah Share for which} \\ \text{scrip-for-scrip roll-over is} \\ \text{available} \end{array} = \frac{\begin{array}{l} \text{Value of the 0.13 of an AMR Share} \\ \text{CDIs or of the 1.3 AMR Shares} \\ \text{received for the disposal of the} \\ \text{Kasbah Share} \end{array}}{\begin{array}{l} \text{Value of the AMR Securities} \\ \text{received for the disposal of the} \\ \text{Kasbah Share} \end{array}} \times \begin{array}{l} \text{Capital gain} \\ \text{made on the} \\ \text{disposal of the} \\ \text{Kasbah Share} \end{array}$$

The values of the AMR Share CDIs, or the AMR Shares and the AMR Securities in the above calculation should be determined as at the Implementation Date.

(d) Consequences if scrip-for-scrip roll-over is chosen

(i) Capital gain is partially disregarded

If a Kasbah Shareholder chooses scrip-for-scrip roll-over, that part of the capital gain that is referable to the receipt of either 0.13 of an AMR Share CDI or 1.3 AMR Shares will be disregarded. The part of the capital gain that is referable to the receipt of either the 0.04 of an AMR Warrant CDI or 0.4 of an AMR Warrant will not be disregarded because it is ineligible proceeds for which roll-over is not available.

(ii) **Acquisition date of the AMR Share CDIs, AMR Shares, AMR Warrant CDIs and AMR Warrants**

If a Kasbah Shareholder chooses scrip-for-scrip roll-over, the acquisition date of the AMR Share CDIs or AMR Shares received, for the purposes of making a discount capital gain, will be the date when they acquired the Kasbah Shares that were exchanged for those AMR Share CDIs or AMR Shares.

The acquisition date of the AMR Warrant CDIs or AMR Warrants received, for the purposes of making a discount capital gain, will be the Implementation Date.

(iii) **Cost base and reduced cost base of the AMR Share CDIs, AMR Shares, AMR Warrant CDIs or AMR Warrants**

If a Kasbah Shareholder chooses scrip-for-scrip roll-over, the first element of the cost base and reduced cost base of an AMR Share CDI or AMR Share received in exchange for their Kasbah Shares, will be worked out by reasonably attributing the cost bases and reduced cost bases (respectively) of the Kasbah Shares that were exchanged for that AMR Share CDI or AMR Share, and for which the roll-over was obtained. The cost base and reduced cost base of a Kasbah Share exchanged is reduced by so much of it as is attributable to the receipt of the AMR Warrant CDIs or AMR Warrants.

Where a Kasbah Shareholder elects to exchange a Kasbah Share for 0.13 of an AMR Share CDI and 0.04 of an AMR Warrant CDI, the cost base and reduced cost base of an AMR Share CDI should be calculated as follows:

$$\begin{array}{rcl} \text{Cost base /} & & \\ \text{reduced base} & & \\ \text{of an AMR} & & \\ \text{Share CDI} & = & \frac{\text{Value of the AMR Share CDI}}{\text{Value of the AMR Share CDI} + 30.76923\% \text{ of the value of an AMR Warrant CDI}} \times \text{Cost base of the 7.69230 Kasbah Shares exchanged for the AMR Share CDI and 30.76923\% of an AMR Warrant CDI} \end{array}$$

The exchange of 1 Kasbah Share for 0.13 of an AMR Share CDI and 0.04 of an AMR Warrant CDI means that 7.69230 (being 1/0.13) Kasbah Shares need to be exchanged to acquire 1 AMR Share CDI and 30.76923% (being 1/0.13 x 0.04) of an AMR Warrant CDI.

Where a Kasbah Shareholder elects to exchange a Kasbah Share for 1.3 AMR Shares and 0.4 of an AMR Warrant, the cost base and reduced cost base of an AMR Share should be calculated as follows:

$$\begin{array}{rcl} \text{Cost base /} & & \\ \text{reduced base} & & \\ \text{of an AMR} & & \\ \text{Share} & = & \frac{\text{Vale of the AMR Share}}{\text{Value of the AMR Share} + 30.76923\% \text{ of the value of an AMR Warrant}} \times \begin{array}{l} 76.92307\% \text{ of the cost} \\ \text{base of the Kasbah} \\ \text{Share exchanged for} \\ \text{the AMR Share and} \\ 30.76923\% \text{ of an AMR} \\ \text{Warrant} \end{array} \end{array}$$

The exchange of 1 Kasbah Share for 1.3 AMR Shares and 0.4 of an AMR Warrant means that 76.92307% (being 1/1.3) of a Kasbah Share needs to be exchanged to acquire 1 AMR Share and 30.76923% (being 1/1.3 x 0.4) of an AMR Warrant.

The values of the AMR Share CDI, the AMR Shares, the AMR Warrant CDIs and the AMR Warrant in the above cost base/reduced cost base calculations should be determined as at the Implementation Date.

The first element of the cost base and reduced cost base of an AMR Warrant CDI or of an AMR Warrants received in exchange for Kasbah Shares, will be equal to their market values (respectively) at the Implementation Date.

(e) Consequences if scrip-for-scrip roll-over is not chosen, or cannot be chosen

(i) Capital gain or capital loss is not disregarded

A Kasbah Shareholder who does not choose roll-over, or cannot choose roll-over, must take into account all of the capital gain or capital loss made from the disposal of their Kasbah Shares in working out their net capital gain or net capital loss for the income year in which CGT event A1 happens (i.e. the income year in which the Implementation Date occurs).

A net capital loss is not deductible against the assessable income. However, a net capital loss may be carried forward to offset capital gains made in future years of income, subject to various requirements being met.

(ii) Consequences if scrip-for-scrip is not chosen, or cannot be chosen

A Kasbah Shareholder that is an individual, complying superannuation entity, trustee or a life insurance company, may be entitled to reduce the amount of any capital gain made on the disposal of its Kasbah Shares if it has held the Kasbah Shares for at least 12 months before the Implementation Date (this reduction is referred to as the CGT discount).

The CGT discount, if it is available, is applied only after any available capital losses have been applied to reduce the capital gain.

The discount rate is 50% for individuals and trustees, and 33.3% for complying superannuation entities and life insurance companies (where the life insurance company qualifies for the CGT discount).

The CGT discount is not available to Kasbah Shareholders:

- (A) that are companies; or
- (B) who acquired their Kasbah Shares before 21 September 1999 where the Shareholder chooses to index the cost base of their Kasbah Shares for CGT purposes.

(f) Foreign currency exchange conversion calculations

The value of the AMR Share CDIs or AMR Shares and the AMR Warrant CDIs or AMR Warrants will be denominated in Canadian dollars.

Where a Kasbah Shareholder does not, or cannot, choose scrip-for-scrip roll-over, the value of the AMR Share CDIs or AMR Shares and the AMR Warrant CDIs or AMR Warrants will need to be converted into Australian dollars.

Where a Kasbah Shareholder chooses scrip-for-scrip roll-over, the value of the AMR Warrant CDIs or AMR Warrants will need to be converted into Australian dollars.

The foreign currency exchange conversion calculations will be based on the foreign exchange rate prevailing on the Implementation Date.

10.3 Non-resident shareholders

A Kasbah Shareholder who is not an Australian resident will not make a capital gain or capital loss from the disposal of its Kasbah Shares. This is because non-Australian residents only make capital gains and capital losses in respect of assets that are taxable Australian property, which a Kasbah Share is not.

A share in a company will only be taxable Australia property, broadly if:

- (a) the holder of that share together with its associates, held an interest of 10% or more in the company at the time of disposal, or for a 12 month period within 2 years preceding the disposal (this is referred to as a non-portfolio interest); and
- (b) more than 50% of the market value of the company's assets is attributable to direct or indirect interests in taxable Australian real property (this is referred to as principal asset test).

Taxable Australian real property is, broadly:

- (a) real property situated in Australia (including leases of land, if the land is situated in Australia); and
- (b) a mining, quarrying or prospecting right (to the extent that the right is not real property), if the minerals, petroleum or quarry materials are situated in Australia.

Kasbah Shares are not taxable Australian property, even for non-Australian residents with associate inclusive interests of 10% or more, because less than 50% of the market value of its assets is attributable to direct or indirect interests in taxable Australian real property and therefore the principal asset test is not satisfied.

A non-resident Kasbah Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the Kasbah Shares as set out in Section 10.2.

10.4 Australian goods and services tax (GST)

Kasbah Shareholders should not be liable to GST in respect of disposal of Kasbah Shares pursuant to the Scheme.

Kasbah Shareholders may incur GST on costs (such as third party brokerage and adviser fees) that relate to the Scheme. Kasbah Shareholders that are registered, or required to be registered, for GST may not be entitled to full input tax credits for any GST payable on such costs but may be entitled to reduced input tax credits (at the rate of 75%) for some acquisitions. This will depend on each Kasbah Shareholder's individual circumstances.

10.5 Australian stamp duty

No stamp duty should be payable in any Australian jurisdiction by Kasbah Shareholders in respect of the disposal of their Kasbah Shares.

Further, no stamp duty should be payable in any Australian jurisdiction by Kasbah Shareholders in respect of the issue to them of AMR Securities provided that immediately after the issue to them of the AMR Securities, no Kasbah Shareholder, either directly or when aggregated with interests held by associates of that Kasbah Shareholder, is entitled to obtain an interest in AMR of 90% or more.

11. Information about the Scheme

11.1 Scheme Implementation Agreement

Kasbah and AMR have entered into the Scheme Implementation Agreement in connection with the proposed Scheme. The Scheme Implementation Agreement sets out the obligations of Kasbah and AMR in relation to the Scheme.

The Scheme Implementation Agreement is contained in Annexure 2 of this Scheme Booklet.

11.2 Scheme Meeting

The Court has ordered that a meeting of Kasbah Shareholders be held at 10.00am (WST) on 23 November 2016 to consider the Scheme.

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how Kasbah Shareholders should vote (on this matter Kasbah Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for, the content of the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

The Scheme is conditional, among other things, on approval of the Scheme Resolution by the Requisite Majority of Kasbah Shareholders, being:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of Kasbah Shareholders (as the case may be), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
- (b) passed by at least 75% of the votes cast on the resolution.

Further details of the consequences of the Scheme not being implemented are set out in Section 3 under the heading titled "What happens if the Scheme is not approved".

11.3 Court approval of the Scheme

Kasbah will apply to the Court for orders approving the Scheme if:

- (a) the Scheme Resolution is approved by the Requisite Majority of Kasbah Shareholders at the Scheme Meeting; and
- (b) all other conditions to the Transaction are satisfied or waived (where applicable).

The date on which the Court hears Kasbah's application is the Second Court Date.

The Court may refuse to grant the orders referred to above even if the Scheme Resolution is approved by the Requisite Majority of Kasbah Shareholders.

ASIC will be asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not

produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Kasbah Shareholders have the right to seek leave to appear at the Court on the Second Court Date to oppose the approval by the Court of the Scheme or make representations to the Court in relation to the Scheme. If you wish to oppose approval by the Court of the Scheme at the Court hearing you may do so by filing with the Court, and serving on Kasbah, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Kasbah at least one Business Day (in Perth, Western Australia) before the Second Court Date. That date is currently scheduled to occur on or around 6 December 2016. Any change to this date will be announced through ASX and will be available on ASX's website, www.asx.com.au. Alternatively, if you wish to make representations to the Court in relation to the Scheme, the Court may grant you leave to be heard at the hearing without becoming a party to the proceeding.

11.4 Actions by Kasbah and AMR

If Court orders approving the Scheme are obtained, the Directors and the AMR Board will take or procure the taking of the steps required for the Transaction to be implemented. These will include the following:

- (a) Kasbah will lodge with ASIC an office copy of the Court order approving the Scheme, under section 411(10) of the Corporations Act, and the Scheme will become Effective;
- (b) on the close of trade on the Effective Date, Kasbah Shares will be suspended from trading on ASX;
- (c) on the Implementation Date, all of the Kasbah Shares held by Scheme Participants at 5.00pm (WST) on the Record Date will be transferred to AMR and, in exchange, each Scheme Participant (other than Ineligible Shareholders) will be issued the Scheme Consideration;
- (d) on the Implementation Date, AMR will issue the Scheme Consideration in respect of the Kasbah Shares held by all Ineligible Shareholders as at 5.00pm (WST) on the Record Date to the Sale Agent. AMR will procure that the Sale Agent sells those AMR Securities within 20 Business Days following the Implementation Date. The Sale Agent must promptly remit the net proceeds of the sale of those AMR Securities (after deducting any applicable, brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges) to Ineligible Shareholders within two Business Days after conversion of the sale proceeds from C\$ to A\$ at the prevailing C\$:A\$ exchange rate;
- (e) on the Implementation Date, AMR will register the holders of AMR Securities in the AMR Register;
- (f) on the Implementation Date, Kasbah will enter the name of AMR in the Kasbah Register as the holder of the Kasbah Shares;
- (g) on the Implementation Date, AMR will ensure that the holder of Kasbah Options is paid the Cancellation Consideration in respect of the Kasbah Options held by him and Kasbah will ensure that those Kasbah Options will be cancelled;
- (h) on the Implementation Date, Kasbah will procure that evidence of ownership in respect of the Scheme Consideration to which the holder of Kasbah Shares is entitled is sent to Kasbah Shareholders (except Ineligible Foreign Shareholders) on or as promptly as practicable following the Implementation Date;
- (i) on the Implementation Date, Kasbah will be removed from the official list of ASX; and

- (j) on the Implementation Date, each of the Directors of Kasbah and each of Kasbah's nominee directors on the boards of each Kasbah Group member (other than nominees of AMR, who will be appointed, and hold a majority of the seats on the Kasbah Board, as soon as practicable after the Second Court Date) will resign and be replaced by directors nominated by AMR.

11.5 Effective Date

The Scheme will become Effective on the date upon which the office copy of the order of the Court under section 411(10) of the Corporations Act approving the Scheme is lodged with ASIC or such earlier date as the Court determines or specifies in the order.

If the Scheme becomes Effective, Kasbah will immediately give notice of the event to ASX. Kasbah Shares will be suspended from trading on ASX on the Effective Date.

Once the Scheme becomes Effective, Kasbah and AMR will become bound to implement the Scheme in accordance with its terms.

11.6 Scheme

If the Scheme becomes Effective (i.e. after it is approved by Kasbah Shareholders and the Court), all Kasbah Shares outstanding at 5.00pm (WST) on the Record Date will be transferred to AMR, in return for the issuance by AMR of the Scheme Consideration to Kasbah Shareholders. See Annexure 4 for a copy of the Scheme.

11.7 Deed Poll

AMR has executed a Deed Poll in favour of the Scheme Participants, by which it offers to acquire all of the Kasbah Shares held by Scheme Participants. In consideration of the acceptance of that offer and (subject to the Scheme becoming Effective) the transfer of each Kasbah Share to AMR, AMR undertakes in favour of each Scheme Participant (other than Ineligible Shareholders) to issue the Scheme Consideration for each Kasbah Share, being:

- (a) 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or
- (b) if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share,

in accordance with the terms of the Scheme and the Scheme Implementation Agreement. AMR will issue the AMR Securities that Ineligible Shareholders are entitled to, to the Sale Agent who will sell those AMR Securities and remit the funds (net of costs) to Ineligible Shareholders in A\$. See Annexure 5 for a copy of the Deed Poll.

11.8 Kasbah Optionholder

On 10 August 2016, Kasbah entered into the Option Cancellation Deed with the sole Kasbah Optionholder under which the parties agree that, conditional on the Scheme becoming Effective, the Kasbah Options will be cancelled and the Kasbah Optionholder will receive an aggregate cash consideration of \$12,250.

11.9 Record Date

The Record Date for the Scheme is 5.00pm (WST) on the date which is five Business Days after the Effective Date. Only Kasbah Shareholders who appear on the Kasbah Register at 5.00pm (WST) on the Record Date will be entitled to receive the Scheme Consideration.

11.10 Implementation Date

The Implementation Date for the Scheme is the date which is five Business Days after the Record Date for the Scheme.

On the Implementation Date for the Scheme, AMR must:

- (a) issue AMR Shares and AMR Warrants to CDN in sufficient number to support the issue by CDN of AMR Share CDIs and AMR Warrant CDIs to Kasbah Shareholders entitled to them and cause the name and address of CDN to be recorded in the AMR Register;
- (b) cause AMR Share CDIs and AMR Warrant CDIs to be issued by CDN to Kasbah Shareholders entitled to them and cause their names and addresses to be recorded in the AMR CDI Register;
- (c) issue AMR Shares and AMR Warrants to Kasbah Shareholders entitled to them and cause their names and addresses to be recorded in the AMR Register; and
- (d) issue AMR Shares and AMR Warrants to the Sale Agent as nominee on trust for Ineligible Shareholders and cause the name and address of the Sale Agent to be recorded in the AMR Register.

In the case of each Kasbah Shareholder entitled to AMR Share CDIs and AMR Warrant CDIs:

- (a) if they held their Kasbah Shares on the CHESS subregister of the Kasbah Register, the AMR Share CDIs and AMR Warrant CDIs issued to them will be recorded on the CHESS subregister of the AMR CDI Register; and
- (b) if they held their Kasbah Shares on the issuer sponsored subregister of the Kasbah Register, the AMR Share CDIs and AMR Warrant CDIs issued to them will be recorded on the issuer sponsored subregister of the AMR CDI Register.

In the case of Kasbah Shares held in joint names, the Scheme Consideration will be issued to, and registered in the names of, the joint holders, and holding statements and CHESS confirmation advices will be sent to the registered address as recorded on the Kasbah Register at 5.00pm on the Record Date.

Once the relevant Scheme Consideration has been issued, all Kasbah Shares at 5.00pm on the Record Date will be transferred to AMR without any need for further actions by Kasbah Shareholders.

11.11 Despatch of holding statements, CHESS confirmation advices and DRS advices

AMR expects to despatch holding statements and CHESS confirmation advices (for AMR Share CDIs and AMR Warrant CDIs) and DRS advices (for AMR Shares and AMR Warrants) to Kasbah Shareholders entitled to them on or around the day after the Implementation Date.

11.12 Commencement of trading in AMR Share CDIs and AMR Warrant CDIs on ASX and AMR Shares and AMR Warrants on TSX-V

Trading in AMR Share CDIs and AMR Warrant CDIs on ASX is expected to commence on a normal settlement basis on 22 December 2016. The actual dates will be announced by ASX and published on the Kasbah website (www.kasbahresources.com).

Trading in AMR Shares and AMR Warrants on TSX-V is expected to commence at local times on the Implementation Date. The actual date will be announced by AMR and published on AMR's website (www.asianmineralres.com).

The exact number of AMR Securities to be issued to Kasbah Shareholders will not be known until after the Record Date and will not be confirmed to them until they receive their holding statement or CHESS confirmation advice (for AMR Share CDIs and AMR Warrant CDIs) or DRS advice (for AMR Shares and AMR Warrants) following the Implementation Date. It is the responsibility of Kasbah Shareholders to confirm their holdings of AMR Securities before they trade them to avoid the risk of committing to sell more than will be issued to them.

11.13 Delisting of Kasbah

Following the Scheme becoming Effective, it is intended that Kasbah will request ASX remove Kasbah from the official list of ASX on the Implementation Date.

11.14 Conditions precedent to the Transaction

(a) Outstanding conditions precedent to Transaction

The Scheme and the obligations of Kasbah and AMR to implement the Transaction are subject to the following outstanding conditions precedent being satisfied or, where applicable, waived, in accordance with the terms of the Scheme Implementation Agreement on or prior to the Second Court Date:

- (i) any consents and approvals from ASIC, ASX, or TSX-V, or any other regulatory approvals, necessary to implement the Transaction being obtained;
- (ii) approval of the Scheme by the Requisite Majority of Kasbah Shareholders;
- (iii) no order or legal restraint preventing the implementation of the Scheme being issued or made by any court or Regulatory Authority;
- (iv) Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (v) ASX approving the AMR Share CDIs and AMR Warrant CDIs for official quotation on ASX, subject to any conditions which ASX may reasonably require and to the Scheme becoming Effective;
- (vi) no Kasbah Material Adverse Event occurring;
- (vii) no Kasbah Prescribed Occurrence occurring;
- (viii) the representations and warranties made by Kasbah in the Scheme Implementation Agreement being true and correct in all material respects as at the Second Court Date;
- (ix) no AMR Material Adverse Event occurring;
- (x) no AMR Prescribed Occurrence occurring; and
- (xi) the representations and warranties made by AMR in the Scheme Implementation Agreement being true and correct in all material respects as at the Second Court Date.

(b) Conditions precedent to Transaction that have been satisfied or waived

As at the date of this Scheme Booklet, the following conditions to the Transaction have been satisfied:

- (i) the receipt of an Independent Expert Report concluding that the Transaction is in the best interest of the Scheme Participants.

As at the date of this Scheme Booklet, none of the conditions to the Transaction have been waived by Kasbah or AMR.

11.15 Exclusivity arrangements

The Scheme Implementation Agreement contains exclusivity arrangements that, during the Exclusivity Period, prevent Kasbah and its Subsidiaries, or any of its or their Representatives, directly or indirectly:

(a) No shop

Soliciting, inviting, encouraging or initiating any discussions with a view to obtaining any expressions of interests, offers or proposals in relation to, or which may reasonably be expected to lead to, a Competing Proposal.

(b) No talk

- (i) negotiating or entering into or participating in negotiations or discussions with any person;
- (ii) entering into any relevant agreement; or
- (iii) communicating any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to a Competing Proposal or the Transaction not completing.

(c) Due diligence information

- (i) soliciting, inviting, initiating, encouraging or facilitating any party other than AMR to undertake due diligence investigations on the Kasbah Group or their respective businesses and operations; or
- (ii) making available to any other person or permitting any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to Kasbah, any member of the Kasbah Group or their respective businesses and operations.

These restrictions are subject to Kasbah's right to engage with third parties in connection with a bona fide, written Competing Proposal where the Directors have determined that, among other things, such a Competing Proposal is a Superior Offer or failing to respond to such a Competing Proposal would be likely to constitute a breach of their fiduciary duties. However, AMR has the right, but not the obligation within five Business Days of receipt of a notice from Kasbah of a Superior Offer, to offer to amend the terms of the Scheme, make a takeover bid or propose any other form of transaction.

For more information refer to clause 10 of the Scheme Implementation Agreement in Annexure 2 of this Scheme Booklet.

11.16 Termination of the Scheme Implementation Agreement

The Scheme Implementation Agreement may be terminated (in this Section 11.16 "terminate") in certain circumstances, including:

(a) If Scheme fails to become Effective before the End Date

Kasbah or AMR may terminate if the End Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under the Scheme Implementation Agreement).

(b) If there is a material breach of the Scheme Implementation Agreement

Either AMR or Kasbah, with notice, may terminate if the other is in material breach of the Scheme Implementation Agreement (other than for a breach of a representation or warranty) at any time prior to the Second Court Date and the material breach is not remedied within five Business Days.

(c) If the Scheme is not approved by Kasbah Shareholders

Either AMR or Kasbah may terminate, if the Scheme is not approved by the Requisite Majority of Kasbah Shareholders.

(d) If the Court or Regulatory Authority restrains the Transaction

Either AMR or Kasbah may terminate, if the Court or other Regulatory Authority has issued an order, decree or ruling or taken other action which permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed.

(e) Conditions Precedent

Either AMR or Kasbah may terminate, if there is a breach or non-fulfilment of a condition precedent which is not waived and there is failure to agree on an alternative means of completing the Transaction.

(f) Kasbah breaches any representation or warranty

AMR may terminate, if Kasbah breaches any representation or warranty contained in the Scheme Implementation Agreement at any time prior to the Second Court Date and either:

- (i) the breach cannot be remedied prior to the Second Court Date; or
- (ii) the breach amounts to a Kasbah Material Adverse Event.

(g) A Director fails to recommend the Scheme or Transaction

AMR may terminate, if at any time prior to the Second Court Date, a Director fails to recommend the Scheme or the Transaction or makes or withdraws his or her recommendation that Kasbah Shareholders vote in favour of the Scheme or makes a public statement indicating that he or she no longer supports the Scheme.

(h) A Kasbah Prescribed Occurrence occurs

AMR may terminate, if a Kasbah Prescribed Occurrence occurs prior to the Second Court Date.

(i) A Kasbah Material Adverse Event occurs

AMR may terminate, if a Kasbah Material Adverse Event occurs prior to the Second Court Date.

(j) The Kasbah Board recommends a Superior Offer

AMR may terminate, if the Kasbah Board recommends a Superior Offer.

(k) **A Competing Proposal for Kasbah emerges**

AMR may terminate, if a Competing Proposal for Kasbah is announced, made, or becomes open for acceptance, and pursuant to that Competing Proposal for Kasbah, the bidder for Kasbah acquires the voting power of 20% or more of Kasbah and that Competing Proposal is (or has become) free from any defeating conditions.

(l) **AMR breaches any representation or warranty**

Kasbah may terminate, if AMR breaches any representation or warranty contained in the Scheme Implementation Agreement at any time prior to the Second Court Date and either:

- (i) the breach cannot be remedied prior to the Second Court Date; or
- (ii) the breach amounts to an AMR Material Adverse Event.

(m) **A majority of Kasbah Directors change withdraw or modify their recommendation**

Kasbah may terminate, if at any time prior to the date of the Scheme Meeting, a majority of the Kasbah Directors have changed, withdrawn or modified their recommendation because a Superior Offer has been received.

(n) **An AMR director fails to recommend the Scheme or Transaction**

Kasbah may terminate, if an AMR Director makes a public statement indicating that he or she no longer supports the AMR Resolutions or the Transaction.

(o) **AMR Prescribed Occurrence occurs**

Kasbah may terminate, if an AMR Prescribed Occurrence occurs prior to the Second Court Date.

(p) **An AMR Material Adverse Event occurs**

Kasbah may terminate, if an AMR Material Adverse Event occurs prior to the Second Court Date.

(q) **The AMR Board recommends a Superior Offer**

Kasbah may terminate, if the AMR Board recommends a Superior Offer.

(r) **A Competing Proposal for AMR emerges**

Kasbah may terminate, if a Competing Proposal for AMR is announced, made, or becomes open for acceptance, and pursuant to that Competing Proposal for AMR, the bidder for AMR acquires the voting power of 20% or more of AMR and that Competing Proposal is (or has become) free from any defeating conditions.

For more information refer to clause 8 of the Scheme Implementation Agreement in Annexure 2 of this Scheme Booklet.

11.17 Kasbah Reimbursement Fee Amount

Kasbah has agreed to pay to AMR the Reimbursement Fee Amount (A\$300,000) if:

- (a) the Kasbah Board fails to unanimously recommend, or recommends against, qualifies their support of or withdraws its recommendation or approval of the Transaction to the Kasbah Shareholders, other than as a result of the Independent Expert opining that the Scheme is not in

the best interests of the Kasbah Shareholders or the fact that an AMR Material Adverse Event has occurred or is continuing;

- (b) any Kasbah Director recommends or promotes a Competing Proposal;
- (c) the Court fails to approve the Scheme as a result of any non-compliance by Kasbah of any of its obligations under the Scheme Implementation Agreement;
- (d) the Scheme does not become Effective prior to the End Date as a result of any non-compliance by Kasbah of any of its obligations under the Scheme Implementation Agreement;
- (e) a Competing Proposal is announced before the date of the Scheme Meeting and within 12 months of the announcement, a third party acquires the voting power of 20% or more of Kasbah Shares; or
- (f) AMR terminates the Scheme Implementation Agreement due to:
 - (i) a material breach of the Scheme Implementation Agreement (other than a representation or warranty) by Kasbah which continues for more than 5 Business Days following notice of such breach; or
 - (ii) Kasbah's breach of its representations and warranties which cannot be remedied prior to the Second Court Date.

However, the Reimbursement Fee Amount (A\$300,000) is not payable by Kasbah once the Scheme becomes Effective, if a transaction is completed pursuant to which Pala or AMR acquire 100% of the issued Kasbah Shares, or if the Kasbah Shareholders do not approve the Scheme at the Scheme Meeting.

11.18 AMR Reimbursement Fee Amount

AMR has agreed to pay to Kasbah the Reimbursement Fee Amount (A\$300,000) if:

- (a) the AMR Board fails to recommend, or recommends against, qualifies their support of, or withdraws its recommendation or approval of the Transaction, in each case other than as a result of the fact that a Kasbah Material Adverse Event has occurred and is continuing;
- (b) any AMR Director recommends or promotes a Competing Proposal;
- (c) the Court fails to approve the Scheme as a result of a material non-compliance by AMR with any of its obligations under the Scheme Implementation Agreement;
- (d) the Effective Date of the Scheme has not occurred prior to the End Date, as a consequence of non-compliance by AMR with any of its obligations under the Scheme Implementation Agreement;
- (e) a Competing Proposal is announced before the date of the Scheme Meeting and within 12 months of the announcement, a third party acquires the voting power of 20% or more of AMR; or
- (f) Kasbah terminates the Scheme Implementation Agreement due to:
 - (i) a material breach of the Scheme Implementation Agreement (other than a representation or warranty) by AMR which continues for more than 5 Business Days following notice of such breach; or

- (ii) AMR's breach of its representations and warranties which cannot be remedied prior to the Second Court Date.

However, the Reimbursement Fee Amount (A\$300,000) is not payable by AMR once the Scheme becomes Effective, if a transaction is completed pursuant to which Pala or AMR acquire 100% of the issued Kasbah Shares, or if the Kasbah Shareholders do not approve the Scheme at the Scheme Meeting.

11.19 Arrangements for holder of Kasbah Options

As at the date of this Scheme Booklet, AMR has entered into a binding agreement with the sole holder of Kasbah Options to have all their Kasbah Options cancelled on the Implementation Date, conditional upon the Scheme becoming Effective.

The sole holder of Kasbah Options will have his Kasbah Options cancelled in consideration for the Cancellation Consideration.

As at the date of this Scheme Booklet, Kasbah has issued 500,000 Kasbah Options with an expiry date of 21 November 2017 and exercise price of \$0.12 for each Kasbah Option.

12. Additional information

12.1 Interests of Directors

The Directors have no interest in the outcome of the Scheme, except as provided for in this Scheme Booklet.

(a) Kasbah marketable securities

The number, description and amount of Kasbah marketable securities held by or controlled by each Director as at the date of this Scheme Booklet are:

Director	Kasbah Shares	Kasbah Options
Wayne Bramwell	10,800,000 ¹	-
Rodney Marston	2,326,018 ²	-
Ian McCubbing	260,000 ³	-
Gabrielle Moeller	6,587,350 ⁴	500,000 ⁵
Giles Robbins	-	-
Michael Brook	-	-

Notes:

1. Mr Bramwell is a director of Tarifa Investments Pty Ltd and has a relevant interest in that company's issued capital which holds 8,200,000 Kasbah Shares. Mr Bramwell is a beneficiary of the Pareto Superannuation Fund which holds 1,600,000 Kasbah Shares. Lisa Michelle Johnston, the spouse of Mr Bramwell, is the registered holder of 1,000,000 Kasbah Shares.
2. Mr Marston is the registered holder of 211,970 Kasbah Shares. Mr Marston also has an interest in 2,030,715 Kasbah Shares held in the name of Equitas Nominees Pty Ltd who holds shares in trust for Nattai Pty Ltd of which Mr Marston is a director of and has a relevant interest in the company's issued capital. Mr Marston is also a beneficiary of the Marston Family S/F A/C which holds 83,333 Kasbah Shares.
3. Mr McCubbing is both a director and shareholder of BIMH Pty Ltd who is the registered holder of the Kasbah Shares as trustee for Union Street Super Fund Account.
4. Ms Moeller has a beneficial interest in 2,293,850 Kasbah Shares which are registered under JP Morgan Nominees Australia Ltd. Mr Klaus Volker Willi, the spouse of Ms Moeller, is the registered holder of 4,293,500 Kasbah Shares.
5. Klaus Volker Willi, the spouse of Ms Moeller, holds 500,000 unlisted Kasbah Options, as nominee for Ms Moeller. The Kasbah Options have an expiry date of 27 November 2017. Kasbah, AMR and Mr Willi have agreed to cancel these Kasbah Options in consideration for \$12,250, upon the Court approving the Scheme.

(b) AMR marketable securities

There are no marketable securities of AMR held by or controlled by any Kasbah Directors as at the date of this Scheme Booklet.

(c) Participation in the Scheme

Except as set out in this Section 12.1, all Directors will be treated in the same way under the Scheme as all other Kasbah Shareholders.

(d) Arrangements in respect of Kasbah Options

Please refer to Sections 11.19 and 12.1(a) for details of the proposed treatment of the Kasbah Options.

(e) Termination Benefits

Except as set out in this Section 12.1, no other termination benefits are proposed to be paid to any Director or officer of Kasbah or any Related Entity.

Further, there are no agreements or arrangements between any Director and another person which is in connection with or condition on the outcome of the Scheme. It is noted that, subject to compliance with the Listing Rules and Corporations Act, if the Merged Entity seeks to materially amend the role and duties of Mr Wayne Bramwell, Mr Bramwell is entitled to terminate his executive services agreement with Kasbah and be paid 12 months' salary (inclusive of superannuation) and any accrued benefits.

(f) Appointment of Kasbah Director as AMR Director

In accordance with the terms of the Scheme Implementation Agreement, AMR has agreed to appoint two nominees of Kasbah to the AMR Board. It is proposed that Mr Rod Marston and Mr Ian McCubbing will be nominated by Kasbah to be appointed to the Merged Entity's Board upon implementation of the Scheme. If Mr Rod Marston and Mr Ian McCubbing are appointed as Merged Entity Directors, both may be entitled to receive director fees, meeting attendance fees, stock options, travel allowances, and reimbursement of incidental expenses from the Merged Entity in connection with the performance of their duties for the Merged Entity. At the date of this Scheme Booklet, no specific arrangements had been agreed between the Merged Entity, Mr Rod Marston and Mr Ian McCubbing.

(g) Interests of Directors in contracts entered into by AMR

Except as set out in this Section 12.1, none of the Directors have any interests in contracts entered into by AMR.

(h) Other agreements or arrangements with Directors in connection with the Scheme

Except as set out in this Section 12.1, there are no other agreements or arrangements between any Director of Kasbah and any other person in connection with or conditional upon the outcome of the Scheme.

12.2 Substantial Shareholders

As at 13 October 2016, being the last practicable date prior to finalisation of this Scheme Booklet, the following persons had notified Kasbah that they had voting power in 5% or more of Kasbah Shares:

Shareholder Name	Number of Kasbah Shares	% of Kasbah Shares
International Finance Corporation *	98,541,319	17.72
Lion Selection Group Limited (held by African Lion 3 Limited)	87,150,716	15.67
Thailand Smelting & Refining Co Ltd	31,865,085	5.73
Traxys Projects L.P.	29,583,470	5.32

* International Finance Corporation lodged a substantial shareholder notice on 21 October 2014 advising that they hold 81,178,342 shares (17.98% shareholding interest of Kasbah). International Finance Corporation are not required to lodge an updated substantial shareholder notice as their % has not changed by more than 1% but the above figures have been restated to allow for changes in International Finance Corporation's shareholding interest since that date.

12.3 Intentions of AMR after the Implementation Date

If the Scheme is implemented, it will be a matter for AMR to formulate its intentions in relation to:

- (a) the continuation of the business of Kasbah;
- (b) any major changes to be made to the business of Kasbah; and

- (c) the future employment of the present employees of Kasbah.

The current intentions of AMR in relation to the Merged Entity are set out in Section 8.

12.4 Relevant interests of AMR in Kasbah securities

As at the date of this Scheme Booklet, no Kasbah Shares or Kasbah Options are held by or controlled by any AMR Directors⁹ and AMR has no relevant interest in any Kasbah Shares and does not hold any Kasbah Options. AMR has no intention to acquire any Kasbah Shares or Kasbah Options prior to the Scheme becoming Effective.

12.5 Dealings in Kasbah securities

Neither AMR nor any Associate has provided, or agreed to provide, consideration for any Kasbah Shares under a purchase or agreement during the four months ended on the day immediately before the date of this Scheme Booklet.

During the period of four months ended on the day immediately before the date of this Scheme Booklet, neither AMR nor any Associate has given, offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (a) vote in favour of the Scheme; or
- (b) dispose of Kasbah Shares,

and the benefit has not been offered to all Kasbah Shareholders.

12.6 Material change in financial position of Kasbah

On 10 August 2016, Kasbah entered into the Pala Loan Agreement with Pala. Under the Pala Loan Agreement, Pala provided a loan of A\$1,000,000 to Kasbah to cover working capital and transaction costs in respect of the Scheme and the Pala Loan Agreement. As at the date of this Scheme Booklet, Kasbah has drawn A\$500,000 of the facility, having satisfied the conditions stipulated in the Pala Loan Agreement for the first drawdown. Refer to Section 6.10(a) for further details.

Other than in respect to the Pala Loan Agreement detailed above and Kasbah's cash position decreasing to \$1,153,535 as at 31 August 2016 (which includes drawdown of A\$500,000 under the Pala Loan Agreement), to the knowledge of the Directors, there has been no other material change to the financial position of Kasbah since 30 June 2016, being the date of the last published end of year financial statement of Kasbah.

12.7 Lodgement of Scheme Booklet

This Scheme Booklet was given to ASIC on 21 September 2016 in accordance with section 411(2)(b) of the Corporations Act.

12.8 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any Kasbah Shareholder that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

⁹ Mr Robin Widdup is also a director of Lion Selection Group (African Lion Fund). Lion Selection Group (African Lion Fund) is currently a major shareholder of Kasbah. Mr Widdup does not, however, hold or control Lion Selection Group (African Lion Fund)'s shares in Kasbah.

12.9 Creditors of Kasbah

The Scheme, if implemented, is not expected to materially prejudice Kasbah's ability to pay its creditors as the Scheme involves the acquisition of Kasbah Shares for consideration provided by a third party, rather than the acquisition of Kasbah's underlying assets. No material new liability (other than Transaction costs) is expected to be incurred by Kasbah as a consequence of the Transaction. Kasbah has paid and is paying all of its creditors within normal terms of trade and is solvent and trading in an ordinary commercial manner.

12.10 Interests of AMR Directors

The AMR Directors have no interest in the outcome of the Scheme, except as provided for in this Scheme Booklet.

12.11 Consents

(a) Consents

The following parties have given and have not withdrawn, before the registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- (i) DLA Piper Australia as legal advisers to Kasbah;
- (ii) BDO as Independent Expert;
- (iii) BDO Audit as auditor of Kasbah;
- (iv) SRK Consulting as Independent Technical Specialist;
- (v) PP&E as Independent Asset Valuer;
- (vi) Azure as financial adviser to Kasbah;
- (vii) Link Market Services Ltd as Kasbah's Registry;
- (viii) AMR;
- (ix) KPMG Canada as auditor of AMR;
- (x) Ashurst Australia as Australian legal adviser to AMR;
- (xi) Stikeman Elliott LLP as Canadian legal advisers to AMR;
- (xii) YKVM as lawyers for the provision of the Vietnamese legal opinion accompanying the Independent Technical Specialist's Report;
- (xiii) Computershare as the AMR CDI Registry and AMR Registry; and
- (xiv) Pala in respect of its support statement at Section 8.6.

(b) Disclaimer

Each person referred to in Section 12.11(a):

- (i) has not authorised or caused the issue of this Scheme Booklet;

- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified Section 12.11(a); and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person referred to in Section 12.11(a).

(c) **Fees**

Each of the persons named in Section 12.11 as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

The estimated fees for professional services paid or payable by Kasbah to:

- (i) DLA Piper Australia to the date of this Scheme Booklet (including for Court related aspects of the Scheme) is approximately A\$275,000;
- (ii) BDO as Independent Expert is A\$50,000;
- (iii) SRK Consulting as Independent Technical Specialist is A\$45,000;
- (iv) PP&E as Independent Asset Valuer is A\$15,000;
- (v) Azure is A\$111,000; and
- (vi) Link Market Services is A\$26,000.

With respect to the estimated fees for professional services paid or payable to AMR's advisers in connection with the Scheme:

- (i) Ashurst Australia to the date of this Scheme Booklet (as legal adviser in relation to Australian law matters) is approximately A\$340,000;
- (ii) Stikeman Elliott LLP to the date of this Scheme Booklet (as legal adviser in relation to Canadian law matters) is approximately C\$100,000; and
- (iii) Computershare has quoted a fixed fee for the Scheme implementation of A\$2,500 (plus GST and disbursements).

The estimated fee payable to YKVM as lawyers for the provision of the Vietnamese legal opinion accompanying the Independent Technical Specialist's Report is approximately US\$9,000.

12.12 Information relating to Ore Reserves and Mineral Resources

(a) **Kasbah**

Information in this Scheme Booklet which relates to Ore Reserves at the Achmmach Tin Project is based on information compiled or reviewed by Matthew Keenan. He is a "Competent Person" as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition), having five years' experience which is relevant to the style of mineralisation and type of deposit described in this Scheme Booklet and to the activity for

which he is accepting responsibility. He is a member of The Australasian Institute of Mining and Metallurgy and has reviewed the Scheme Booklet to which this consent statement applies and is an employee working for Entech Pty Ltd, having been engaged by Kasbah on behalf of Atlas Tin SAS to prepare the documentation for the Achmmach Tin Project. Matthew Keenan consents to the inclusion in the Scheme Booklet of the matters based upon his information in the form and context in which it appears.

Information in this Scheme Booklet relating to the exploration results and Mineral Resources for the Achmmach Tin Project is based on information compiled or reviewed by Michael Job. He is a "Competent Person" as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition), having five years' experience which is relevant to the style of mineralisation and type of deposit described in this Scheme Booklet and to the activity for which he is accepting responsibility. He is a member of The Australasian Institute of Mining and Metallurgy and has reviewed the Scheme Booklet to which this consent statement applies and is an employee working for QG Australia Pty Ltd, having been engaged by Kasbah on behalf of Atlas Tin SAS to prepare the documentation for the Achmmach Tin Project. Michael Job consents to the inclusion in the Scheme Booklet of the matters based upon his information in the form and context in which it appears.

The information in this Scheme Booklet relating to the exploration results and Mineral Resources for the Achmmach Tin Project is based on information contained in Kasbah's ASX announcements entitled "220% Increase in Measured Category Tonnage at Achmmach" dated 10 September 2013 and "Western Zone Resource Upgrade" dated 25 November 2014. Kasbah confirms that it is not aware of any new information or data that materially affects the information contained in the previous announcements and in the case of the Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the previous market announcements' continue to apply and have not materially changed.

(b) AMR

AMR's disclosure of Mineral Reserve and Mineral Resource information is governed by NI 43-101 and CIM Standards. Kasbah's disclosure of Mineral Resource information to ASX is based on the reporting requirements of the JORC Code. No steps have been taken to convert the Foreign Estimates in order to comply with the JORC Code as they are not considered to comprise a material mining project within the contemplation of the Listing Rules. As such, the requirements of Chapter 5 of the Listing Rules do not apply to the disclosure of AMR's assets in this Scheme Booklet.

Information in this Scheme Booklet which relates to Foreign Estimates under the control of AMR is reported in accordance with CIM Standards and is based on and fairly represents information and supporting documentation compiled by, and verified under the supervision of Dr. Bielin Shi of CSA Global Pty Ltd, who is independent of AMR and is a "qualified person" within the meaning of NI 43-101. Dr. Shi consents to the inclusion in this Scheme Booklet of this information in the form and content in which it appears.

(c) Disclaimer

Each person referred to in this Section 12.12:

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in this Section 12.12; and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which

has been included in this Scheme Booklet with the consent of that person referred to in this Section 12.12.

12.13 Regulatory conditions and relief

(a) Kasbah ASIC relief

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Directors, the financial position of Kasbah has materially changed since the date of the last balance sheet laid before the company's annual general meeting or sent to Kasbah Shareholders in accordance with section 314 or 317 of the Corporations Act, being 30 June 2015.

ASIC has granted Kasbah relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Directors, the financial position of Kasbah has materially changed since 30 June 2016 (being the last date of the period to which the financial statements for the year ended 30 June 2016 relate). See Section 12.6 for details of the material changes in the financial position of Kasbah since 30 June 2016.

Kasbah will provide a copy of the financial statements for the financial year ended 30 June 2016 free of charge to anyone who requests a copy, prior to the Scheme being approved by the Court.

(b) AMR ASIC relief

AMR has applied to ASIC for a modification or variation of subsection 707(3) of the Corporations Act to make it clear that Scheme Participants (other than Ineligible Shareholders) will be able to on-sell their AMR Shares, AMR Warrants, AMR Share CDIs, AMR Warrant CDIs within 12 months of their issue, without requiring disclosure under Chapter 6D of the Corporations Act.

In addition, AMR has applied for relief to exempt AMR and the Sale Agent from the operation of subsection 601ED(1) (registration of managed investment schemes), subsection 911(A)(1) (Australian financial services licence requirements) and Divisions 2 to 5 of Part 7.9 of the Corporations Act (disclosure relating to trading financial products) in relation to the Sale Facility.

(c) Kasbah ASX waivers

ASX has granted Kasbah a waiver in respect of Listing Rule 6.23.2 to permit the cancellation of the Kasbah Options for consideration without obtaining the approval of Kasbah Shareholders.

(d) AMR ASX waivers

ASX has provided to AMR in-principle advice to AMR that it would be likely to do each of the following:

- (i) confirm that AMR may issue an information memorandum (the **Information Memorandum**) that complies with the requirements of Listing Rule 1.4, instead of a prospectus, for the purposes of satisfying Listing Rule 1.1 condition 3, on condition that the Information Memorandum incorporates this Scheme Booklet;
- (ii) grant a waiver from Listing Rule 1.1 condition 2 to the extent necessary to permit AMR's constitution not to comply with the Listing Rules insofar as the constitution provides that AMR may do the following:
 - (A) issue non-voting shares;
 - (B) impose fees for the registration of transfer of securities;
 - (C) issue preference shares on terms inconsistent with Listing Rule 6.3; and

- (D) permit the AMR Board to determine the remuneration of AMR's directors and increase directors' fees in a manner inconsistent with Listing Rule 10.17,

on condition that AMR gives to ASX an undertaking (executed in the form of a deed) that it will not do any of these things while it remains listed on ASX and while they remain forbidden by the Listing Rules;

- (iii) grant a waiver from Listing Rule 1.1 condition 6 to the extent necessary to permit AMR to apply for quotation only of those CDIs issued over its fully paid common shares (to be settled on ASX in the form of CDIs) issued into the Australian market, subject to the following conditions:
 - (A) AMR applies for quotation of new fully paid common shares issued into the Australian market on a monthly basis, and AMR provides to the market a monthly update of the net changes in the number of its common shares over which CDIs are issued; and
 - (B) AMR releases details of this waiver as pre-quotation disclosure;
- (iv) grant a waiver from Listing Rule 1.4.1 to the extent necessary to permit the Information Memorandum not to state that it contains all information required under section 710 of the Corporations Act, subject to the following conditions:
 - (A) the Information Memorandum incorporates this Scheme Booklet; and
 - (B) AMR releases all of the documents incorporated into this Scheme Booklet by reference to the market as pre-quotation disclosure;
- (v) grant a waiver from Listing Rule 1.4.7 to the extent necessary to permit the Information Memorandum not to include additional experts' consents for the inclusion in the Information Memorandum of reports included in this Scheme Booklet, on condition that the Information Memorandum includes a clear statement indicating that the reports are with reference to this Scheme Booklet only;
- (vi) grant a waiver from Listing Rule 1.4.8 to the extent necessary to permit the Information Memorandum not to include a statement that a supplementary information memorandum will be issued if AMR becomes aware of certain matters occurring between the issue of the Information Memorandum and the date AMR's securities are quoted on ASX, on condition that:
 - (A) if, before it is admitted to the official list of ASX, AMR files any disclosures of the matters set out in Listing Rule 1.4.8 with the TSX-V and/or the Canadian regulatory authorities, it will at the same time provide a copy of the document to Kasbah for release to the Australian market; and
 - (B) Kasbah undertakes to release any such documents provided by AMR. This undertaking is to be given and executed in the form of a deed no later than the date the Information Memorandum is released over the ASX Market Announcements platform;
- (vii) grant a waiver from Listing Rule 2.4 to the extent necessary to permit AMR to apply for quotation only of those fully paid common shares and warrants issued into the Australian market (to be settled on ASX in the form of CDIs), subject to the following conditions:
 - (A) AMR applies for quotation of fully paid common shares and warrants issued into the Australian market on a monthly basis, and AMR provides to the market a

monthly update of the net changes in the number of common shares warrants over which CDIs are issued; and

- (B) AMR releases details of this waiver as pre-quotation disclosure;
- (viii) grant a waiver from Listing Rule 2.8 to the extent necessary to allow AMR to apply for quotation of fully paid common shares and warrants in AMR transferred to the Australian sub-register as a result of holders wishing to hold their securities in the form of CDIs within 10 Business Days of issue of those CDIs, subject to the following conditions:
 - (A) AMR applies for quotation of common shares or warrants transferred to the Australian sub-register on a monthly basis, and AMR provides to the market a monthly update of the net changes in the number of common shares and warrants over which CDIs are issued; and
 - (B) AMR releases details of this waiver as pre-quotation disclosure;
- (ix) grant a waiver from Listing Rule 4.10.9 to the extent necessary that AMR not be required to include in its annual report the names of the 20 largest holders of its quoted securities, the number of equity securities each holds, and the percentage of capital each holds;
- (x) grant a waiver from Listing Rule 6.10.3 to the extent necessary to permit AMR to set the “specified time” to determine whether a shareholder is entitled to vote at a shareholders meeting in accordance with the requirements of the relevant Canadian legislation;
- (xi) grant waivers from Listing Rules 6.16, 6.19, 6.21, and 6.22 to the extent necessary to permit AMR to:
 - (A) have the Plan that does not comply with Listing Rules 6.16, 6.19, 6.21, and 6.22; and
 - (B) issue options and have options on issue under the Plan that do not specifically comply with Listing Rules 6.16, 6.19, 6.21, and 6.22,on the following conditions:
 - (C) that the full terms of the Plan are released to the market as pre-quotation disclosure;
 - (D) that AMR undertakes to obtain ASX approval for the implementation of any future employee of director option plans; and
 - (E) that AMR undertakes not to issue any further options under the Plan;
- (xii) grant a waiver from Listing Rule 14.2.1 to the extent necessary to permit AMR not to provide in its proxy form for holders of CDIs to vote against a resolution to elect a director or to appoint an auditor, on the following conditions:
 - (A) AMR complies with the relevant Canadian laws as to the content of proxy forms applicable to resolutions for the election of directors and the appointment of an auditor;
 - (B) the notice given by AMR to CDI holders under ASX Settlement Operating Rule 13.8.9 makes it clear that holders are only able to vote for the resolutions or abstain from voting, and the reasons why this is the case;

- (C) AMR releases details of the waiver to the market as pre-quotation disclosure and the terms of the waiver are set out in the management proxy circular provided to all holders of CDIs; and
 - (D) without limiting ASX's right to vary or revoke its decision under Listing Rule 18.3, the waiver from Listing Rule 14.2.1 only applies for so long as the relevant Canadian laws prevent AMR from permitting shareholders to vote against a resolution to elect a director or appoint an auditor.
- (xiii) grant a waiver from Listing Rule 14.3 to the extent necessary to permit AMR to accept nominations for the election of directors in accordance with the shareholder proposal provisions of section 188 and section 189 of the British Columbia Business Corporations Act, on condition that AMR releases the terms of the waiver to the market as pre-quotation disclosure, and the terms of the waiver are set out in the management proxy circular provided to all holders of CDIs;
 - (xiv) grant a waiver from Listing Rule 15.7 to the extent necessary to permit AMR to provide announcements simultaneously to both ASX and TSX-V;
 - (xv) grant a waiver from Listing Rule 15.12 to the extent necessary to permit AMR's constitution not to contain the provisions required by Listing Rules 15.12.1 to 15.12.3 inclusive, on condition that AMR undertakes not to acquire any classified assets in circumstances under which the Listing Rules would require the issue of restricted securities, without the written consent of ASX. The undertaking is to be given and executed in the form of a deed; and
 - (xvi) form the following views or provide the following confirmations or approvals:
 - (A) AMR may comply with the requirements of paragraphs 22 and 23 of the Information Form and Checklist by making reference to the relevant sections of the Information Memorandum in respect of its current capital structure;
 - (B) AMR is not required to make the statement required by paragraph 25 of the Information Form and Checklist as its Information Memorandum incorporates this Scheme Booklet issued in connection with the Scheme;
 - (C) AMR may comply with the requirements of paragraph 67 of the Information Form and Checklist and the Information Form and Checklist Annexure I by making reference to the appropriate sections of the Information Memorandum outlining Kasbah's assets and AMR's assets;
 - (D) if this Scheme Booklet contains a consolidated reviewed pro forma statement of financial position for Kasbah and AMR, ASX will accept this for the purposes of Listing Rule 1.3.5(c);
 - (E) AMR may comply with the requirements of Listing Rule 1.4.3 by having the Information Memorandum signed by a director, secretary or local agent under section 351 of the Corporations Act, on condition that every director and proposed director has consented to the Information Memorandum being signed on their behalf;
 - (F) Listing Rules 4.3A, 4.3B and 5.1 do not apply to AMR on the basis that it will be a mining exploration entity;
 - (G) subject to AMR not entering into any transactions for the acquisition of classified assets before AMR's admission to the official list, ASX will not apply the restrictions

in Appendix 9B to AMR's securities already on issue as at the date of AMR's admission to the official list; and

- (H) AMR may for the purposes of Listing Rule 19.11A prepare its financial accounts in Canadian dollars in accordance with standards acceptable to ASX, including IFRS.

12.14 Supplementary information

If between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, AMR becomes aware of any of the following:

- (a) a material statement in the AMR Information is false or misleading;
- (b) a material omission from the AMR Information;
- (c) a significant change affecting a matter included in the AMR Information; or
- (d) a significant new matter affecting AMR that has arisen and that would have been required to be included in the AMR Information if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

AMR will make available supplementary information to Kasbah. Kasbah will make any such supplementary material provided by AMR available to Kasbah Shareholders by releasing that material to ASX (www.asx.com.au) and posting the supplementary document to Kasbah's website (www.kasbahresources.com). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Kasbah may also send such supplementary materials to Kasbah Shareholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Kasbah becomes aware of any of the following:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Kasbah will make available supplementary material to Kasbah Shareholders. Kasbah intends to make available any supplementary material by releasing that material to ASX (www.asx.com.au) and posting the supplementary document to Kasbah's website (www.kasbahresources.com). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Kasbah may also send such supplementary materials to Kasbah Shareholders.

12.15 Other material information

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director or Related Entity of Kasbah which has not previously been disclosed to Kasbah Shareholders.

THE ISSUE OF THIS SCHEME BOOKLET IS AUTHORISED BY THE DIRECTORS OF KASBAH RESOURCES LIMITED AND THIS SCHEME BOOKLET HAS BEEN SIGNED BY OR ON BEHALF OF THE DIRECTORS OF KASBAH RESOURCES LIMITED ON 18 OCTOBER 2016



Wayne Bramwell
Managing Director

13. Glossary

In this Scheme Booklet (and Annexures 3 to 5 of this Scheme Booklet), unless the context requires otherwise:

A\$ means the lawful currency of Australia.

Accounting Standards has the meaning given to it in section 9 of the Corporations Act.

Achmmach Agreement means the agreement dated 9 November 2005 between Kasbah and ONHYM.

Achmmach Tin Project means the permits of PE2912 and PE193172 located south east of Rabat, Morocco.

Achmmach Tin Project JV means the joint venture operated by the incorporated joint venture company, Atlas Tin SAS.

AMR means Asian Mineral Resources Limited.

AMR Board means the board of directors of AMR.

AMR Budget means the budget of the AMR Group detailed in the AMR Disclosure Letter (or as otherwise disclosed to Kasbah prior to the date of the Scheme Implementation Agreement) or, if the Second Court Date has not occurred by 31 December 2016, thereafter means such written budget of the AMR Group as mutually agreed between Kasbah and AMR (in good faith and acting reasonably).

AMR CDI Register means the register of AMR Share CDI and AMR Warrant CDI holders maintained by AMR or its agent.

AMR Director means a member of the AMR Board.

AMR Disclosure Letter means the letter dated the date of the Scheme Implementation Agreement delivered by AMR to Kasbah in a form accepted by Kasbah with respect to certain matters in the Scheme Implementation Agreement.

AMR Group means AMR and its Subsidiaries as at the date of this Scheme Booklet.

AMR Information means all the information contained in this Scheme Booklet prepared by or on behalf of AMR, including all information in relation to AMR, the Merged Entity (including the prospects and risks of the Merged Entity), the Scheme Consideration, the AMR Securities, the letter from the Chairman of AMR and the information in the Sections or parts of those Sections described below:

- (a) the Important Notices Section:
 - (i) the second paragraph under the heading "Responsibility statement";
 - (ii) the first sentence under the heading "Mineral Reserves and Mineral Resources"; and
 - (iii) under the heading "Notices regarding Foreign Estimates";
- (b) Letter from the Chairman of AMR;
- (c) Section 2.2
 - (i) under the heading "The Merged Entity will be subject to a number of risks to which Kasbah is not currently exposed";

- (d) Section 3 under the part named "Questions about AMR";
- (e) Section 5.3(a): the first paragraph;
- (f) Section 7;
- (g) Section 8;
- (h) Section 9.4;
- (i) Section 12.3;
- (j) Section 12.4;
- (k) Section 12.5;
- (l) Section 12.10;
- (m) Section 12.12(b);
- (n) Section 12.13(d);
- (o) Section 13: the following definitions contained in the Glossary:
 - (i) AMR;
 - (ii) AMR Group;
 - (iii) AMR Share;
 - (iv) AMR Share CDI;
 - (v) AMR Warrant;
 - (vi) AMR Warrant CDI; and
 - (vii) AMR Shareholder,

except in each case to the extent that information is based on information provided or prepared by or on behalf of Kasbah.

AMR Material Adverse Event means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (a) the result that the business, trading or financial position, results of operations or assets (including the AMR Permit) of the AMR Group are materially adversely affected and the effect of a diminution or reduction in value of the total non-current assets less the total liabilities of the AMR Group (taken as a whole) from that shown on AMR's balance sheet as at 30 June 2016 of US\$2 million or more (calculated on the basis of IFRS) but excluding:
 - (i) any depreciation, impairment and amortisation of assets from 30 June 2016; and
 - (ii) any additional provisions from that shown on AMR's balance sheet as at 31 December 2015 for direct and indirect costs of rehabilitation and closure of the Ban Phuc Mine up to a maximum value of US\$1.7 million; or

- (b) the result that the AMR Permit has expired, been terminated or surrendered such that no member of the AMR Group retains a majority interest in that AMR Permit, other than those changes, events, occurrences or matters:
 - (i) to the extent required or permitted by this agreement, the Scheme or transactions contemplated by them;
 - (ii) that took place with the written consent of Kasbah;
 - (iii) to the extent that is Fairly Disclosed in the AMR Disclosure Letter, the Disclosure Materials, the AMR Budget (if not attached to the AMR Disclosure Letter) or in an announcement made by AMR to the TSX-V on or after 1 July 2015 but before the date of this agreement;
 - (iv) that are or that arise from: (a) changes in world nickel prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) changes in Law in jurisdictions in which AMR Group operates, in each case, which impact producers of, or explorers for, nickel in a similar manner, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which AMR Group operates which are directed at the AMR Group's operations that exist as at the date of this agreement; or
 - (v) arising from changes to IFRS applied by AMR as at the date of this agreement or the interpretation of those principles by any professional body or Regulatory Authority.

For the avoidance of doubt, a fall in the trading price of an AMR Share will not of itself alone constitute an AMR Material Adverse Event.

AMR Prescribed Occurrence means other than:

- (a) as required or permitted by this agreement, the Scheme or the Deed Poll;
- (b) matters which have been Fairly Disclosed in the AMR Disclosure Letter, the Disclosure Materials, the AMR Budget (if not attached to the AMR Disclosure Letter) or in an announcement made by AMR to the TSX-V on or after 1 July 2015 but before the date of this agreement; or
- (c) as agreed to in writing by Kasbah,

the occurrence of any of the following on or after the date of this agreement and before 8.00am on the Second Court Date:

- (d) AMR converting all or any of its shares into a larger or smaller number of shares;
- (e) any member of the AMR Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (f) any member of the AMR Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement;
- (g) any member of the AMR Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;

- (h) a member of the AMR Group issuing securities, including without limitation shares, or granting a warrant (over its shares, or agreeing to make such an issue or grant such a warrant, including pursuant to a dividend reinvestment or other share plan), other than:
 - (i) the issue of or an agreement to issue securities in a member of the AMR Group (other than AMR) to AMR or a wholly owned subsidiary of AMR; or
 - (ii) the exercise of an option or warrant disclosed to TSX-V prior to the date of this agreement;
 - (iii) a member of the AMR Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, AMR Shares, including pursuant to a dividend reinvestment or other share plan;
 - (iv) AMR making any change to its constituent documents or convenes a meeting to consider a resolution to change a constituent document of any member of the AMR Group;
 - (v) a material member of the AMR Group disposing, or agreeing to dispose, of the whole or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the date of this agreement;
 - (vi) any disposal of shares or securities by a member of the AMR Group in any member of the AMR Group other than to a member of the AMR Group that is a wholly owned subsidiary of AMR;
 - (vii) any member of the AMR Group exercises or waives any pre-emptive rights or rights of first or last refusal prior to the final date on which those rights may be exercised;
 - (viii) any member of the AMR Group:
 - (A) issues, or agrees to issue, or grants an option to subscribe for, debentures (as defined in section 9 of the Corporations Act);
 - (B) terminates or materially amends a contract with an annual revenue or expenditure of more than US\$100,000;
 - (C) enters into any new contract with an annual revenue or expenditure of more than US\$100,000 with a third party, including any joint venture agreement, shareholders agreement or other profit sharing arrangement;
 - (ix) a member of the AMR Group:
 - (A) acquiring, leasing or disposing of;
 - (B) agreeing to acquire, lease or dispose of; or
 - (C) offering, proposing, announcing an intention or a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds US\$100,000 (individually or in aggregate);
 - (x) a member of the AMR Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;

- (xi) a member of the AMR Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (xii) a member of the AMR Group:
 - (A) entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the AMR Group in excess of US\$100,000 annually (individually or in aggregate); or
 - (B) (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of this agreement of more than US\$100,000 (individually or in aggregate);
 - (C) waiving any material third party default where the financial impact on the AMR Group will be in excess of US\$100,000 (individually or in aggregate);
 - (D) accepting as a compromise of a matter less than the full compensation due to a member of the AMR Group, where the result of the compromise is that the member will receive an amount which is more than US\$100,000 (individually or in aggregate) less than the amount of full compensation; or
 - (E) otherwise waiving, releasing, granting or transferring any rights with an annual revenue or expenditure of more than US\$100,000 (individually or in aggregate);
- (xiii) other than pursuant to commitments that existed prior to the date of this agreement, a member of the AMR Group providing financial accommodation by way of Financial Indebtedness other than to members of the AMR Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of US\$100,000 (individually or in aggregate);
- (xiv) a member of the AMR Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of nickel, copper, cobalt or to interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or warrants) or similar instruments;
- (xv) a member of the AMR Group entering into or resolving to enter into a transaction with any related party of AMR (other than a related party which is a member of the AMR Group);
- (xvi) a material member of the AMR Group being deregistered as a company or otherwise dissolved except in the case of a member of the AMR Group with less than US\$100,000 (individually or in aggregate) in net assets as at the date of this agreement;
- (xvii) a member of the AMR Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in IFRS;
- (xviii) any member of the AMR Group enters into, offers to enter into, agrees to enter into or announces an intention to enter into, any transaction under which:
 - (A) any third party would, or on the satisfaction of any conditions would be entitled to, acquire any legal, beneficial or economic interest in, or an overriding royalty interest, net profit interest or other right to payment calculated on or by reference to production, revenue, earnings or profit attributable to; or
 - (B) there would be any diminution in the rights granted under or held by an member of the AMR Group in respect of,

the AMR Permit;

(xix) AMR Shares cease to be quoted on the TSX-V;

(xx) a material breach by a member of the AMR Group or Pala of the Support Agreement or the termination of the Support Agreement other than due to the default of a member of the Kasbah Group; or

(xxi) if an AMR Insolvency Event occurs.

AMR Register means the share register of AMR shareholders maintained in accordance with the BCBCA.

AMR Securities means AMR Shares, AMR Warrants, AMR Share CDIs or AMR Warrant CDIs (as applicable).

AMR Share means a common share in the capital of AMR.

AMR Share CDI means a CDI, issued by CDN, representing a beneficial interest in ten (10) AMR Shares.

AMR Shareholder means a person registered in the AMR Register maintained in accordance with the BCBCA as the holder of AMR Shares.

AMR Stock Option means a stock option issued under the Plan.

AMR Warrant means a warrant to acquire an AMR Share on substantially the terms and conditions in Schedule 7 of the Scheme Implementation Agreement.

AMR Warrant CDI means a CDI, issued by CDN, representing a beneficial interest in ten (10) AMR Warrants.

Annexure means an annexure to this Scheme Booklet.

Announcement Date means the date on which AMR and Kasbah announced to ASX that they had entered into the Scheme Implementation Agreement, being 11 August 2016.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning given to it in the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).

Atlas Tin SAS means a company incorporated in Morocco in which Kasbah Resources has a 75% interest in.

Atlas Tin SAS Board means the board of directors of Atlas Tin SAS.

Australian Registrar means Link Market Services Limited.

Azure means Azure Capital Limited.

Ban Phuc Nickel Mine means the Ban Phuc nickel mine project.

Board means the board of directors of Kasbah or AMR (as applicable).

Bou El Jaj Tin Project means a project encompassing permits PE213172 and PE193313, located southwest of the Achmmach Tin project.

BPNM means Ban Phuc Nickel Mines Limited Liability Company.

BCBCA means the Business Corporations Act (British Columbia).

BDO means BDO Corporate Finance (WA) Pty Ltd.

BDO Audit means BDO Audit (WA) Pty Ltd.

BRPM means the Moroccan government agency Bureau de Recherche's et de Participations Minières.

Business Day means:

- (a) for receiving a notice under the Scheme Implementation Agreement, Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other date that ASX or TSX-V declares is not a business day; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in Toronto, Ontario or Perth, Western Australia.

C\$ means the lawful currency of Canada.

Canadian Securities Authorities means the securities regulatory authorities in the provinces and territories of Canada.

Cancellation Consideration means the consideration to be provided to the holder of Kasbah Options, being \$12,250 in aggregate.

CDI means a CHESS depositary interest, being a unit of beneficial ownership in a security of a foreign company registered in the name of CDN.

CDN means CHESS Depositary Nominees Pty Limited (ABN 75 071 346 506) (AFSL 25414), in its capacity as depositary of CDIs under the ASX Settlement Rules.

CGT means capital gains tax.

CIM or **CIM Standards** means Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council on 20 August 2000.

Competing Proposal means any bona fide proposal, agreement, arrangement, transaction or offer received by a party (**Target Party**) or any member of their Group from a third party (other than the other party (**Other Party**) or its Related Entities) which would result in the third party or its Associates:

- (a) directly or indirectly acquiring a legal, beneficial or economic interest or voting power in 20% or more of the Target Party's shares or of the securities of any of member of the Target Party's Group;
- (b) entering into, buying, disposing of, terminating or otherwise dealing with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of Target Party's Shares or of the securities of any member of the Target Party's Group;

- (c) directly or indirectly acquiring, becoming the holder of, obtaining a right to acquire or holding or obtaining an interest (including a legal, beneficial or economic interest) in all or a substantial part or material part of the business conducted by, or property or assets of, the Target Party's Group;
- (d) acquiring Control of the Target Party or any material member of the Target Party's Group;
- (e) otherwise acquiring, or merging with, the Target Party or any member of the Target Party's Group;
- (f) in the case of a member of the Kasbah Group, providing equity or debt finance (other than the Loan Agreement); or
- (g) otherwise proposing a transaction similar in commercial and/or economic effect to the Target Party entering into the Transaction,

including by way of takeover bid, shareholder approved acquisition, scheme of arrangement, capital reduction, share buy-back or repurchase sale of assets, sale or purchase of securities or assets, assignment of assets and liabilities, strategic alliance, dual listed company structure or joint venture or synthetic merger. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

Computershare means:

- (a) in relation to the AMR CDI Registry, Computershare Investor Services Pty Ltd; and
- (b) in relation to the AMR Registry:
 - (i) for AMR Shares - Computershare Investor Services Inc; and
 - (ii) for AMR Warrants - Computershare Trust Company of Canada.

Control has the meaning given to that term in section 50AA of the Corporations Act and **Controlled** has the corresponding meaning.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Court means the Federal Court of Australia.

COXAMA has the meaning in given in Section 9.4(g).

CSA means the Canadian Securities Administrators.

Deed Poll means the Deed Poll dated 10 August 2016 executed by AMR and set out in Annexure 5 of this Scheme Booklet.

DFS means definitive feasibility study.

Directors mean the directors of Kasbah.

Disclosure Materials means:

- (a) in respect of AMR, the documents and information which are in English and contained in the AMR sharefile website made available by AMR to Kasbah on or before 3 August 2016, the

index of which is provided to Kasbah by AMR on or before the date of the Scheme Implementation Agreement;

- (b) in respect of Kasbah, the documents and information which are in English and contained in the ftp website made available by Kasbah to AMR on or before 3 August 2016, the index of which is provided to AMR by Kasbah on or before the date of the Scheme Implementation Agreement.

DRS means Direct Registration System, being a Canadian book entry form system for holding securities.

Effective means when used in relation to a Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme comes into effect pursuant to section 411(10) of the Corporations Act.

Effective Date means the date on which the Scheme becomes Effective.

Election means an election by a Kasbah Shareholder (other than an Ineligible Shareholder) to receive AMR Shares and AMR Warrants listed on TSX-V rather than AMR Share CDIs and AMR Warrant CDIs quoted on ASX, which election is made by following the procedure in Section 5.3(k) under 'How to make an Election'.

Election Form means the form accompanying the Scheme Booklet, pursuant to which holders of Kasbah Shares (other than Ineligible Shareholders) may elect whether to receive their Scheme Consideration in the form of AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs.

Eligible Person has the meaning given in Section 7.10.

Encumbrance means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by Law or contract.

End Date means 31 December 2016 or such later date as agreed to in writing between Kasbah and AMR in accordance with clause 3.9 of the Scheme Implementation Agreement.

Exclusivity Period means the period commencing on 10 August 2016 and ending on the earlier of the date that the Scheme Implementation Agreement is terminated, the Implementation Date or the End Date.

Explanatory Statement means the statement pursuant to section 412 of the Corporations Act, which is registered by ASIC in relation to the Scheme, copies of which are included in this Scheme Booklet.

Exploration Area has the meaning given in Section 7.5(b).

Exploration Licence has the meaning given in Section 7.5(b).

Fairly Disclosed has the meaning given in clause 1.2.19 of the Scheme Implementation Agreement.

Financial Adviser means the adviser retained by Kasbah in relation to the Scheme or a Competing Proposal, and at the date of this Scheme Booklet means Azure.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;

- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) financial or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (f) obligation to deliver goods or provide services paid in advance by any financier, other than in the ordinary course of business.

Foreign Estimate has the meaning given to it under 'Notice regarding Foreign Estimates' in the Important Notices section of this Scheme Booklet.

GST has the meaning given to it in the GST Law.

GST Law has the meaning given to it in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

IFRS means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by Kasbah and AMR.

Independent Asset Valuation Report means the report of PP&E in Appendix 5 to the Independent Expert's Report.

Independent Asset Valuer means PP&E.

Independent Expert means BDO.

Independent Expert's Report means the report of BDO in Annexure 1 of this Scheme Booklet.

Independent Technical Specialist means SRK Consulting.

Independent Technical Specialist's Report means the report of SRK Consulting in Appendix 4 to the Independent Expert's Report.

Indicated Mineral Resource means:

- (a) for the purposes of the CIM Standards, that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed; and
- (b) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

Ineligible Jurisdiction means any place outside Australia, New Zealand, Mauritius, Thailand, United States of America, Switzerland, Jersey, Hong Kong and South Africa.

Ineligible Shareholder means a Kasbah Shareholder whose address shown in the Kasbah Register is in an Ineligible Jurisdiction in which AMR determines, acting reasonably, does not permit the issue

of the AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs to that Kasbah Shareholder either unconditionally or after compliance with terms that AMR reasonably regards as acceptable and practical.

Inferred Mineral Resource means:

- (a) for the purposes of the CIM Standards, that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pit, workings and drill holes; and
- (b) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

Information Memorandum has the meaning given in Section 12.13(d).

Insolvency Event means in relation to a person:

- (a) the person is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act, or would be presumed to be insolvent if that Act applied;
- (b) the person suspends or threatens to suspend payment of its debts generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is set aside within 14 days;
- (d) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (e) the appointment of an administrator to the person;
- (f) the entry by a person into any compromise or arrangement with creditors; or
- (g) the person ceases or threatens to cease to carry on business, other than in accordance with a planned shutdown.

IRR means internal rate of return.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

JV Partners means Toyota Tsusho Corporation and Nittetsu Mining Co. Ltd. and a JV Partner means any one of them.

Kasbah means Kasbah Resources Limited (ACN 116 931 705).

Kasbah Board means the board of directors of Kasbah.

Kasbah Budget means the budget of the Kasbah Group detailed in the Kasbah Disclosure Letter (or as otherwise disclosed to AMR prior to the date of the Scheme Implementation Agreement) or, if the Second Court Date has not occurred by 31 December 2016, thereafter means such written budget of

the Kasbah Group as mutually agreed between Kasbah and AMR (in good faith and acting reasonably).

Kasbah Disclosure Letter means the letter dated the date of the Scheme Implementation Agreement delivered by Kasbah to AMR in a form accepted by AMR with respect to certain matters in the Scheme Implementation Agreement.

Kasbah Group means Kasbah and its Subsidiaries, and a member of the Kasbah Group means any one of them.

Kasbah Information means the information contained in this Scheme Booklet, but does not include AMR Information or the Independent Expert's Report in Annexure 1 of this Scheme Booklet.

Kasbah Material Adverse Event means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) that occurs on or after the date of this agreement, or is likely to occur on or after the date of this agreement which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (a) the result that the business, trading or financial position or assets (including the Kasbah Permits) of the Kasbah Group are materially adversely affected and the effect of a diminution or reduction in the value of the total non-current assets less the total liabilities of the Kasbah Group (taken as a whole) from that shown on Kasbah's balance sheet as at 30 June 2016 and excluding depreciation and amortisation of assets from 30 June 2016 by A\$2 million or more (calculated on the basis of applicable accounting principles); or
- (b) the result that any Kasbah Permit has expired, been terminated or surrendered such that no member of the Kasbah Group retains a majority interest in that Kasbah Permit,

other than those changes, events, occurrences or matters:
- (c) to the extent required or permitted by this agreement, the Scheme or transactions contemplated by them;
- (d) that took place with the written consent of AMR;
- (e) to the extent Fairly Disclosed (as defined in the Scheme Implementation Agreement) in the Kasbah Disclosure Letter, the Disclosure Materials, the Kasbah Budget (if not attached to the Kasbah Disclosure Letter) or in an announcement made by Kasbah to ASX on or after 1 July 2015 but before the date of this agreement;
- (f) that are or that arise from: (a) changes in world tin prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) from changes in Law in jurisdictions in which the Kasbah Group operates, in each case, which impact producers of, or explorers for, tin in a similar manner, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which a member of either the Kasbah Group operates which are directed at the Kasbah Group's operations that exist as at the date of this agreement; or
- (g) arising from changes to the accounting principles in Australia applied by Kasbah as at the date of this agreement or the interpretation of those principles by any professional body or Regulatory Agency.

For the avoidance of doubt, a fall in the trading price of a Kasbah Share will not itself constitute a Kasbah Material Adverse Event.

Kasbah Option means an unlisted option to acquire a Kasbah Share.

Kasbah Optionholder means a holder of Kasbah Options.

Kasbah Permits means the exploitation mining and exploration permits detailed in Schedule 5 of the Scheme Implementation Agreement, and any renewal thereof.

Kasbah Prescribed Occurrence means other than:

- (a) as required or permitted under this agreement, the Scheme or Deed Poll;
- (b) matters which have been Fairly Disclosed in the Kasbah Disclosure Letter, the Disclosure Materials, the Kasbah Budget (if not attached to the Kasbah Disclosure Letter) or in an announcement made by Kasbah to ASX on or after 1 July 2015 but before the date of this agreement;
- (c) as agreed to in writing by AMR,

the occurrence of any of the following on or after the date of this agreement and before 8.00am on the Second Court Date:
 - (d) Kasbah converting all or any of its shares into a larger or smaller number of shares;
 - (e) any member of the Kasbah Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
 - (f) any member of the Kasbah Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
 - (iii) any member of the Kasbah Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;
 - (iv) a member of the Kasbah Group issuing securities, including without limitation shares, or granting an option (over its shares, or agreeing to make such an issue or grant such an option, including pursuant to a dividend reinvestment or other share plan, other than:
 - (A) the issue of or an agreement to issue securities in a member of the Kasbah Group (other than Kasbah) to Kasbah or a wholly owned subsidiary of Kasbah; or
 - (B) the exercise of an option disclosed to ASX prior to the date of this agreement;
 - (v) a member of the Kasbah Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Kasbah Shares, including pursuant to a dividend reinvestment or other share plan;
 - (vi) a member of the Kasbah Group making any change to its constitution or convenes a meeting to consider a resolution to change a constitution of any member of the Kasbah Group;
 - (vii) a member of the Kasbah Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the date of this agreement;

- (viii) any disposal of shares or securities by a member of the Kasbah Group in any member of the Kasbah Group other than to a member of the Kasbah Group that is a wholly owned subsidiary of Kasbah;
- (ix) any member of the Kasbah Group exercises or waives any pre-emptive rights or rights of first or last refusal prior to the final date on which those rights may be exercised;
- (x) any member of the Kasbah Group:
 - (A) issues, or agrees to issue, or grants an option to subscribe for, debentures (as defined in section 9 of the Corporations Act);
 - (B) terminates or materially amends a contract with an annual revenue or expenditure more than US\$100,000;
 - (C) enters into any new contract with an annual revenue or expenditure of more than US\$100,000 with a third party, including any joint venture agreement, shareholders agreement or other profit sharing arrangement;
- (xi) a member of the Kasbah Group:
 - (A) acquiring, leasing or disposing of;
 - (B) agreeing to acquire, lease or dispose of; or
 - (C) offering, proposing, announcing an intention or a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds US\$100,000 (individually or in aggregate);
- (xii) a member of the Kasbah Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;
- (xiii) a member of the Kasbah Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property or assets other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (xiv) a member of the Kasbah Group:
 - (A) entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by a member of the Kasbah Group in excess of US\$100,000 annually (individually or in aggregate);
 - (B) (without limiting the foregoing) incurring or agreeing to incur capital expenditure on or after the date of this agreement of more than US\$100,000 (individually or in aggregate);
 - (C) waiving any material third party default where the financial impact on the relevant member of the Kasbah Group will be in excess of US\$100,000 (individually or in aggregate);
 - (D) accepting as a compromise of a matter less than the full compensation due to a member of the Kasbah Group, where the result of the compromise is that the member will receive an amount which is more than US\$100,000 (individually or in aggregate) less than the amount of full compensation; or

- (E) otherwise waiving, releasing, granting or transferring any rights with an annual revenue or expenditure of more than US\$100,000 (individually or in aggregate);
- (xv) other than pursuant to commitments that existed prior to the date of this agreement, a member of the Kasbah Group providing financial accommodation by way of Financial Indebtedness other than to members of the Kasbah Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of US\$100,000 (individually or in aggregate);
- (xvi) a member of the Kasbah Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of tin or to interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
- (xvii) a member of the Kasbah Group entering into or resolving to enter into a transaction with any related party of Kasbah (other than a related party which is a member of the Kasbah Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
- (xviii) a material member of the Kasbah Group being deregistered as a company or otherwise dissolved except in the case of a member of the Kasbah Group with less than US\$100,000 (individually or in aggregate) in net assets as at the date of this agreement;
- (xix) a member of the Kasbah Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in Accounting Standards;
- (xx) any member of the Kasbah Group enters into, offers to enter into, agrees to enter into or announces an intention to enter into, any transaction under which:
 - (A) any third party would, or on the satisfaction of any conditions would be entitled to, acquire any legal, beneficial or economic interest in, or an overriding royalty interest, net profit interest or other right to payment calculated on or by reference to production, revenue, earnings or profit attributable to; or
 - (B) there would be any diminution in the rights granted under or held by an member of the Kasbah Group in respect of,

any Kasbah Permit (other than the security provided in connection with the Loan Agreement);
- (xxi) Kasbah Shares cease to be quoted on ASX;
- (xxii) a material breach of the Pala Loan Agreement by Kasbah; or
- (xxiii) if a Kasbah Insolvency Event occurs.

Kasbah Register means the share register of Kasbah Shareholders kept pursuant to the Corporations Act

Kasbah Share means a fully paid ordinary share in the capital of Kasbah.

Kasbah Shareholder means a person registered in the Kasbah Register as the holder of Kasbah Shares.

Listing Rules means the official listing rules of ASX.

LOM means life of mine.

LME means the London Metal Exchange.

Measured Mineral Resource means:

- (a) for the purposes of the CIM Standards, that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity; and
- (b) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

Meknes Trend means the mineralised trend encompassing the main Achmmach Mineral Resources..

Merged Entity means AMR and its Subsidiaries following implementation of the Transaction (when Kasbah will be a wholly-owned Subsidiary of AMR).

Merged Entity Pro Forma Historical Financial Statements has the meaning given in Section 8.5(a).

Mineral Reserve means, for the purposes of the CIM Standards, the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resource means:

- (a) for the purposes of the CIM Standards, a concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories; and
- (b) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

MSV means massive sulphide mineralisation.

Mtpa means million tons per annum.

Net Smelter Return means any net amount arising from the sale of the ore, concentrates or other products of exploitation and sold to a smelter or other ore trader after deduction of:

- (a) treatment, smelting and refining costs, penalties, or other costs to be charged to the ore or concentrate seller;
- (b) costs of concentrate handing and transport from the mine to the smelter or to the purchaser's plant; and
- (c) all costs of arbitration and insurance which the operator must pay, apart from milling costs.

NI 43-101 means the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* adopted by CSA.

Notice of Scheme Meeting means the notice convening the Scheme Meeting together with the Proxy Forms for that meeting as set out in Annexure 6 of this Scheme Booklet.

NPV means net present value.

ONHYM means the Office National des Hydrocarbures et des Mines.

Option Cancellation Deed means the deed entered into between Kasbah and the Kasbah Optionholder dated 10 August 2016 for the cancellation of the Kasbah Options.

Ore Reserve has the meaning given to that term in the JORC Code.

Pala means Pala Investments Limited.

Pala Loan means the A\$1,000,000 bridge loan facility provided by Pala to Kasbah under the Pala Loan Agreement.

Pala Loan Agreement means the loan agreement dated 10 August 2016 between Kasbah and Pala.

Plan has the meaning given in Section 7.10.

PP&E means PP&E Valuations Pty Ltd.

Probable Mineral Reserve means, for the purposes of the CIM Standards, the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information in mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proxy Form means the proxy form that accompanies this Scheme Booklet or is available from the Australian Registrar.

Record Date means 5.00pm (WST) on the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Kasbah and AMR may agree in writing.

Registry means the manager from time to time of the Kasbah Register, AMR Register or AMR CDI Register (as applicable).

Regulatory Authorities includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute; and
- (d) ASX, ASIC, TSX-V and the Canadian Securities Authorities.

Reimbursement Fee Amount means A\$300,000.

Related Entity means, in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

Requisite Majority means in relation to the Scheme Resolution, a resolution passed by:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of Kasbah Shareholders (as the case may be), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
- (b) passed by at least 75% of the votes cast on the resolution.

Representatives means in relation to an entity:

- (a) each of the entity's Subsidiaries; and
- (b) each of its and its Subsidiaries' directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert and the Independent Technical Specialist.

ROM means run-of-mine.

Sale Agent means the person appointed by AMR to sell the AMR Securities attributable to Ineligible Shareholders in accordance with the Sale Facility.

Sale Facility means the sale facility described in Section 5.5 under which AMR Securities attributable to Ineligible Shareholders may be sold.

Sale Instruction Form means the sale instruction form available from the Australian Registrar.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Kasbah and Kasbah Shareholders, the form of which is contained in Annexure 4 of this Scheme Booklet, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by AMR and Kasbah.

Scheme Booklet means this scheme booklet.

Scheme Consideration means the consideration to be issued by AMR to Scheme Participants (or to the Sale Agent, in respect of Kasbah Shares held by Ineligible Shareholders) for the transfer of each Kasbah Share under the terms of the Scheme, being:

- (a) 0.13 AMR Share CDIs and 0.04 AMR Warrant CDIs per Kasbah Share; or
- (b) if so elected, 1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share.

Scheme Implementation Agreement means the Scheme Implementation Agreement dated 10 August 2016 between Kasbah and AMR being Annexure 2 of this Scheme Booklet.

Scheme Meeting means the meeting of Kasbah Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act, to be held at 10.00am on 23 November 2016 and includes any adjournment of that meeting.

Scheme Participant means each person who is a Kasbah Shareholder as at 5.00pm (WST) on the Record Date (other than AMR or its Related Entities).

Scheme Resolution means the resolution to be proposed to the Kasbah Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

SEDAR means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Authorities.

Sidi Addi Trend means the mineralised trend that runs parallel to the Meknes Trend and currently encompassing the Western Zone resource.

SSO means small start option.

SRK Consulting means SRK Consulting (Australasia) Pty Ltd.

Subsidiaries has the meaning given to that term in section 9 of the Corporations Act.

Superior Offer means a bona fide Competing Proposal that the Kasbah Board or AMR Board (as applicable), acting reasonably and in good faith, and after taking advice from its external legal advisers and in consultation with its financial advisors (if any), determines:

- (a) is reasonably capable of being completed on a timely basis, taking into account all aspects of the Competing Proposal and the person making it, including without limitation having regard to timing considerations, legal, regulatory and financial matters and any conditions precedent; and
- (b) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to Kasbah Shareholders than the Scheme, after taking into account all of the terms and conditions of (including consideration, conditionality, funding, certainty and timing), and the identity, reputation and standing of the person making, the Competing Proposal.

Support Agreement means the support agreement dated 10 August 2016 between Pala and AMR.

Ta Khoa Concession has the meaning given in Section 7.5(a).

Tamlalt Agreement means the agreement dated in May 2007 between Kasbah and ONHYM.

Tamlalt Gold Prospect means Kasbah's exploration prospect in the eastern area of Morocco.

Transaction means the acquisition by AMR of all of the Kasbah Shares held by Scheme Participants by means of the Scheme in accordance with the terms of the Scheme Implementation Agreement.

TSX-V means the TSX Venture Exchange.

TSX-V Rules means the rules of the TSX-V.

US\$ means the lawful currency of the United States of America.

VWAP means the volume weighted average price.

Warrant Indenture means the warrant indenture to be made between AMR and Computershare Trust Company of Canada.

WST means Western Standard Time in Australia.

In this Scheme Booklet (and in Annexure 3 to Annexure 5 (inclusive) of this Scheme Booklet):

- (a) all dates and times are Perth, Western Australia times unless otherwise indicated;

- (b) words and phrases not otherwise defined in this Scheme Booklet (excluding the Annexures of this Scheme Booklet) have the same meaning (if any) as is given to them by the Corporations Act;
- (c) the singular includes the plural and vice versa. A reference to a person includes a reference to a corporation;
- (d) headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet; and
- (e) a reference to a Section is to a Section in this Scheme Booklet unless stated otherwise.

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ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

KASBAH RESOURCES LIMITED Independent Expert's Report

12 October 2016





Financial Services Guide

12 October 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Kasbah Resources Limited ('Kasbah') to provide an independent expert's report on the proposed acquisition of all the ordinary outstanding shares of Kasbah by Asian Mineral Resources ('AMR'), through a scheme of arrangement under the Australian Corporations Act ('the Scheme'). You will be provided with a copy of our report as a retail client because you are a shareholder of Kasbah.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ♦ Who we are and how we can be contacted;
- ♦ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ♦ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ♦ Any relevant associations or relationships we have; and
- ♦ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$50,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

BDO Audit (WA) Pty Ltd is the appointed auditor of Kasbah. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Kasbah for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation methodologies

Appendix 3 - Discount rate

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Appendix 5 - Independent Valuation Report prepared by PP&E

Appendix 6 - Valuation of a Kasbah share option

© 2016 BDO Corporate Finance (WA) Pty Ltd

12 October 2016

The Directors
Kasbah Resources Limited
11 Moreau Mews
Applecross, WA 6153

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 11 August 2016, Kasbah Resources Limited ('Kasbah' or 'the Company') announced that it had entered into a Scheme Implementation Agreement ('SIA') with Asian Mineral Resources Limited ('AMR'), pursuant to which AMR will, if implemented, acquire all of the ordinary outstanding shares of Kasbah by way of a scheme of arrangement under the Australian Corporations Act 2001 Cth ('the Scheme').

Under the Scheme, Kasbah shareholders will receive (together, 'the Scheme Consideration'):

- either 1.3 common shares of AMR ('AMR Shares') to be listed on the TSX Venture Exchange ('TSX-V') or 0.13 CHESS Depositary Interest ('CDIs'), with each CDI representing a beneficial interest in 10 AMR Shares ('AMR Share CDIs') which, subject to the approval of the Australian Securities Exchange ('ASX'), will be quoted on the ASX following the implementation of the Scheme; and
- either 0.4 of a warrant to subscribe for one AMR Share ('AMR Warrants') to be listed on the TSX-V or 0.04 of a CDI, with each CDI representing a beneficial interest in 10 AMR Warrants ('AMR Warrant CDIs') which, subject to the approval of ASX, will be quoted on the ASX following implementation of the Scheme.

All currencies are quoted in Australian Dollars unless otherwise stated.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Kasbah have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the proposed acquisition of all the ordinary outstanding shares of Kasbah by AMR, through a scheme of arrangement under the Corporations Act 2001 Cth ('Corporations Act' or 'the Act'), is in the best interests of the shareholders of Kasbah ('Shareholders').

Our Report is prepared pursuant to section 411 of the Corporations Act and is to be included in a scheme booklet by Kasbah prepared in relation to the Scheme in order to assist the Shareholders in their decision whether to approve the Scheme.

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 60 'Schemes of Arrangements' ('RG 60'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- how the value of a Kasbah share on a control basis prior to the implementation of the Scheme compares to the value of 1.3 shares and 0.4 of a warrant in the combined entity of Kasbah and AMR ('Proposed Merged Entity') on a minority basis, following the implementation of the Scheme;
- the likelihood of a superior alternative offer being available to Kasbah;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- the position of Shareholders should the Scheme not be implemented.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders. Therefore, in the absence of any higher bid, we conclude that the Scheme is in the best interests of Kasbah shareholders.

2.4 Fairness

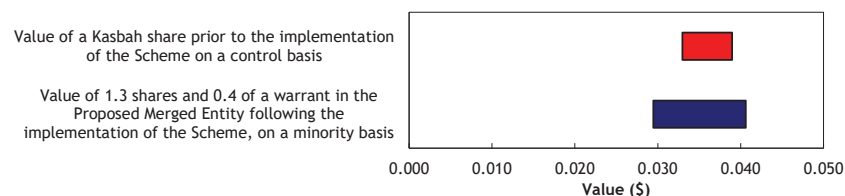
In section 13, we determined that the value of 1.3 shares and 0.4 of a warrant in the Proposed Merged Entity following the implementation of the Scheme, on minority basis, compares to the value of one Kasbah share on a control basis prior to the implementation of the Scheme, as detailed below:

	Ref	Low A\$	Preferred A\$	High A\$
Value of a Kasbah share prior to the implementation of the Scheme on a control basis	11.1	0.033	0.036	0.039
Value of 1.3 shares and 0.4 of a warrant in the Proposed Merged Entity following the implementation of the Scheme on a minority basis	12.5	0.029	0.035	0.041

Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary



Source: BDO analysis



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Scheme is fair for the shareholders of Kasbah.

2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both:

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme is not implemented and the consequences of not approving the Scheme.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Scheme is reasonable for Kasbah's shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.1	The Scheme is fair	14.2.1	Shareholders' interests will be diluted
14.1.2	Provides opportunity of funding for the Achmmach project	14.2.2	Shareholders may trade in a more illiquid market for their CDIs
14.1.3	AMR brings an experienced management team	14.2.3	Some ineligible Shareholders may not be able to receive AMR shares
14.1.4	Increased ability to obtain debt financing		
14.1.5	Adds to geographical and commodity diversification		
14.1.6	Longer repayment term for the Pala loan		

Other key matters we have considered include:

Section	Description
14.3.1	Alternative proposal
14.3.2	Post announcement pricing
14.3.3	Change in jurisdiction
14.3.4	Comparable shareholder protection and regulations
14.3.5	Shareholders' investment profile will change
14.3.6	Tax implications

3. Scope of the Report

3.1 Purpose of the report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 (Cth) ('Regulations') prescribes the information to be sent to Shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('Section 411').

Schedule 8 of the Regulations requires an independent expert's report if:

- the corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- the corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interests of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

AMR does not hold any shares in Kasbah and there are no common directors, hence an independent expert's report is not specifically required in relation to the Scheme. However, the directors of Kasbah have requested that BDO prepare this Report as if it were an independent expert's report pursuant to section 411, and to provide an opinion as to whether the directors of Kasbah are justified in recommending the Scheme in the absence of a superior proposal.

The requirement for an independent expert's report is also a precondition in the SIA, which states that for the Scheme to proceed, the independent expert's report must conclude that the Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

In determining whether the advantages of the Scheme outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

RG 111 suggests that an expert should assess whether a premium for control will be provided to the vendor of any shares. The greater any premium for control then the greater the advantages of undertaking the transaction must be to non-associated shareholders.

RG 111 sets out that the expert should inquire whether further transactions are planned between the entity, the vendor or their associates and if any are contemplated determine if these are at arm's length. RG 111 also suggests that an expert should consider whether the transaction will deter the making of a takeover bid.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- a comparison between the value of a Kasbah share including a premium for control prior to the implementation of the Scheme and the value of 1.3 shares and 0.4 of a warrant in the Proposed Merged Entity on a minority interest basis, following the implementation of the Scheme (fairness - see section 13 'Is the Scheme Fair?'); and
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see section 14 'Is the Scheme Reasonable?'); and
- a consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable, then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable, an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither



fair nor reasonable, then the expert would conclude that the transaction is not in the best interests of shareholders.

RG 111 suggests that the main purpose of an independent expert's report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the transaction.

Having regard to RG 111, we have completed our Report as follows:

- an investigation into the advantages and disadvantages of the Scheme (sections 14.1 and 14.2);
- an analysis of any premium for control received by Kasbah (section 11.2); and
- an analysis of any other issues that could be reasonably anticipated to concern Shareholders as a result of the Scheme (section 14.3).

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225'). A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Scheme

On 11 August 2016, Kasbah announced that it had entered into a Scheme Implementation Agreement with AMR, pursuant to which AMR will, if implemented, acquire all of the ordinary outstanding shares of Kasbah by way of a scheme of arrangement under the Corporations Act.

Under the Scheme, Kasbah shareholders will receive the following:

- either 1.3 common shares of AMR to be listed on the TSX-V or 0.13 CDIs, with each CDI representing a beneficial interest in 10 AMR Shares which, subject to the approval of the ASX, will be quoted on the ASX following the implementation of the Scheme; and
- either 0.4 of a warrant to subscribe for one AMR Share to be listed on the TSX-V or 0.04 of a CDI, with each CDI representing a beneficial interest in 10 AMR Warrants which, subject to the approval of ASX, will be quoted on the ASX following implementation of the Scheme.

Under the Scheme, cash consideration of A\$12,250 will be paid by AMR to the sole current outstanding option holder of Kasbah. A valuation of the Kasbah share options and assessment of the consideration paid for the Kasbah share options is included in Appendix 6 of this report.

It is expected that, upon the implementation of the Scheme, Kasbah shareholders and AMR shareholders will hold approximately 47.8% and 52.2% respectively, of the total issued capital of the Proposed Merged Entity on an undiluted basis. On a fully diluted basis, Kasbah shareholders will hold 52.2% and AMR shareholders 47.8% of the total issued capital of the Proposed Merged Entity.

The Scheme and the various obligations of the parties, Kasbah and AMR, are conditional upon, but not limited to the following:



- regulatory approvals of ASIC, ASX and TSX-V;
- approval of the Scheme by the requisite majority (under the Act) of Kasbah Shareholders at the Shareholders' Scheme meeting;
- ASX approving the AMR Share CDIs and AMR Warrant CDIs for official quotation on the ASX subject only to any conditions which ASX may reasonably require and to the Scheme becoming effective;
- the Kasbah board of directors unanimously recommending that Shareholders vote in favour of the Scheme, in the absence of a superior proposal;
- Court approval of the Scheme in accordance with section 411(4)(b) of the Act; and
- the independent expert's report concludes that the Scheme is in the best interests of Kasbah Shareholders.

Further disclosure of the conditions precedent to the Scheme is included in the Scheme Booklet.

A summary of the Scheme is set out in the table below:

Scheme Summary	Number
Number of shares Kasbah has on issue (at 16 September 2016)	556,005,435
Exchange ratio, number of AMR shares issued for each Kasbah share	1.3
Total number of AMR shares to be issued	722,807,066
Proposed merged entity after the Scheme	
Number of shares AMR has on issue (at the date of our Report)	788,920,842
Maximum number of shares to be issued to Kasbah shareholders under the Scheme	722,807,066
Maximum number of shares on issue in AMR on completion of the Scheme	1,511,727,908
Interest held by Kasbah shareholders	47.8%
Interest held by existing AMR shareholders	52.2%
	100.00%
On a fully diluted basis:	
Proposed merged entity after the Scheme	
Number of shares AMR has on issue (at the date of our Report)	788,920,842
Number of options AMR has on issue (at the date of our Report)	21,298,284
Number of warrants AMR has on issue (at the date of our Report)	54,166,667
Total number of AMR shares on a fully diluted basis	864,385,793
Number of shares to be issued to Kasbah shareholders under the Scheme	722,807,066
Number of warrants to be issued to Kasbah shareholders under the Scheme	222,402,174
Maximum number of shares on issue in AMR on completion of the Scheme	1,809,595,033
Interest held by Kasbah shareholders	52.2%
Interest held by existing AMR shareholders	47.8%
	100.0%

Source: BDO analysis

Pala Investments Ltd ('Pala'), a significant cornerstone investor in AMR, has executed a support agreement providing its commitment to provide its pro rata share of any equity raising in relation to the Achmmach Tin Project. Pala will remain a 37.7% shareholder (calculated on an undiluted basis or 34.5% on a fully diluted basis) in the combined entity after the Scheme.

Pala has also committed to providing an interim A\$1 million bridge loan to Kasbah for working capital purposes and to cover transaction costs. Kasbah can draw this loan in two tranches of A\$0.5 million. The outstanding principal under this loan bears a 12% interest rate per annum.

The loan is repayable on the earlier of (i) 12 months from the date of execution of the loan from Pala and (ii) the following events occurring:

- the termination of the SIA by AMR following a breach by Kasbah;
- the termination of the SIA by Kasbah following an intention to accept a superior offer;
- the independent expert advising that the Scheme is not in the best interest of Shareholders; or
- Shareholders voting against the Scheme at the Scheme meeting.

5. Profile of Kasbah

5.1 History

Kasbah is a mineral exploration and development company that was incorporated as Kasbah Resources Pty Ltd in Western Australia on 31 October 2005. The Company converted to a public company on 11 May 2006 and officially listed on the ASX on 26 April 2007. The current directors and senior management of the Company are:

- Dr Rodney Marston, Non-Executive Chairman;
- Mr Wayne Bramwell, Managing Director;
- Ms Gabrielle Moeller, Non-Executive Director;
- Mr Ian McCubbing, Non-Executive Director;
- Mr Giles Robbins, Non-Executive Director;
- Mr Mike Brook, Non-Executive Director;
- Mr Michael Kitney, Chief Operating Officer; and
- Mr Trevor O'Connor, Chief Financial Officer and Company Secretary.

Kasbah also has interests in various entities. The Company holds 75% in Atlas Tin SAS, and holds 100% of Hamada Minerals SARLAU, Sahara Exploration SARLAU, Meseta Exploration SARLAU, and Arena Minerals Limited. All of these controlled entities are incorporated in Morocco, except Arena Minerals Limited, which is incorporated in the Republic of Uganda.

Currently, Kasbah is focused on advancing the development of its Achmmach tin asset located in Morocco ('Achmmach Tin Project' or 'the Project'). The Achmmach Tin Project is 75% owned by the Company, 20% owned by Toyota Tsusho Corporation ('Toyota Tsusho') and 5% owned by Nittetsu Mining Co.Ltd ('Nittetsu Mining').

In addition to the Achmmach Tin Project, the Company has an advanced stage exploration asset, the Bou El Jaj Tin Project ('BLJ Exploration Project') and other early stage exploration assets in Morocco owned by Kasbah (collectively to be referred to as 'Kasbah's Other Exploration Assets'). Details of Kasbah's Other Exploration Assets can be found in Appendix 4.

The Company's latest capital raising was announced on 16 June 2015, whereby 104.6 million new Kasbah shares at \$0.029 cents per share would raise approximately \$3.0 million. The capital raising was completed on 19 June 2015 and \$3.03 million was received from the share placement.

5.2 Projects

Achmmach Tin Project

The Achmmach tin asset is located 140km southeast of the Moroccan capital of Rabat and 40km south southwest of Meknes. The project comprises two exploitation permits, PE No 2912 and PE No 193172, both of which are held by Atlas Tin SAS. Collectively, the exploitation permits cover a total area of approximately 32km².

Kasbah commenced exploration on its Achmmach tenements in 2007, with the aim of upgrading the 2 million tonnes ('Mt') Joint Ore Reserves Committee ('JORC') compliant resource through additional diamond drilling, and subsequently engaged in advancing the project through scoping study, pre-feasibility study, definitive feasibility study ('DFS') and ultimately full project development. It was during this process that Toyota Tsusho and Nittetsu Mining became project level strategic partners.

During 2015, the Company redesigned the Achmmach Tin Project in response to a 25% fall in the London Metals Exchange ('LME') tin price. The redesign involved reducing the scale, operating complexity and capital requirements of the Project.

On 9 February 2016, the Company announced the successful completion of a pre-feasibility study on a Small Start Option ('SSO') for the Achmmach Tin Project. The pre-feasibility study was for the development of a two-staged, lower throughput, lower capital cost 500,000 tpa underground mine, concentrator and associated infrastructure as a response to the falling LME tin price. Following the completion of the pre-feasibility study, Toyota Tsusho and Nittetsu endorsed the commencement of a DFS.

On 19 May 2016, the Company announced that the final US\$1.0 million instalment payment due under the Assignment Agreement for the Achmmach Tin Project permits was paid to the Office National Des Hydrocarbures Et Des Mines ('ONHYM'). This final payment secured all of the mining permits associated with the Project.

On 10 August 2016, the Company announced the completion of the DFS and new ore reserve for the SSO at the Achmmach Tin Project. The SSO DFS determined that a 0.5 million tonnes per annum, high grade underground operation at Achmmach is technically and commercially feasible.

BLJ Exploration Project

The BLJ Exploration Project is located approximately 15km from the Achmmach Tin Project and is an early stage exploration opportunity, which the Company has identified as a possible satellite ore source for the Achmmach Tin Project in the future. It encompasses two adjacent exploration permits, PR 213172 and PR 193313. The BLJ Exploration Project extends from Achmmach and is the southernmost extension of a mineralised corridor that is approximately 2.5km to 3km wide and almost 12km long in strike. Currently, the BLJ Exploration Project is pre-resource.

During the years ended 30 June 2015 and 30 June 2016, no major work was completed at the BLJ Exploration Project. However, the Company continued low-level assessments of other areas prospective for tin near the Ment and Zaer Granite structures. The work involved activities such as gravity surveys, stream sediment sampling, rock chipping and mapping.



5.3 Historical Consolidated Balance Sheet

Consolidated Balance Sheet	Audited as at 30-Jun-16 \$	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS			
Cash and cash equivalents	1,170,691	4,087,167	4,402,999
Trade and other receivables	154,054	1,774,806	1,313,740
Non-current assets classified as held for sale	1	1	1
TOTAL CURRENT ASSETS	1,324,746	5,861,974	5,716,740
NON-CURRENT ASSETS			
Property, plant and equipment	151,826	355,227	659,705
Exploration and evaluation expenditure	5,617,412	5,302,014	4,923,440
TOTAL NON-CURRENT ASSETS	5,769,238	5,657,241	5,583,145
TOTAL ASSETS	7,093,984	11,519,215	11,299,885
CURRENT LIABILITIES			
Trade and other payables	742,040	2,428,976	2,169,275
TOTAL CURRENT LIABILITIES	742,040	2,428,976	2,169,275
NON-CURRENT LIABILITIES			
Trade and other payables	-	-	1,828,448
Provisions	69,953	44,548	105,647
TOTAL NON-CURRENT LIABILITIES	69,953	44,548	1,934,095
TOTAL LIABILITIES	811,993	2,473,524	4,103,370
NET ASSETS	6,281,991	9,045,691	7,196,515
EQUITY			
Issued capital	63,293,010	63,293,010	56,526,222
Reserves	28,453,016	28,307,707	28,692,961
Accumulated losses	(85,101,519)	(82,079,062)	(76,490,119)
Parent entity interest	6,644,507	9,521,655	8,729,064
Non-controlling interest	(362,516)	(475,964)	(1,532,549)
TOTAL EQUITY	6,281,991	9,045,691	7,196,515

Source: Kasbah's audited financial statements for the years ended 30 June 2014, 30 June 2015 and 30 June 2016

Commentary on Kasbah's Historical Consolidated Balance Sheet

We note that for the year ended 30 June 2016, Kasbah's auditor issued an emphasis of matter paragraph in the audit report. The auditor outlined the existence of a material uncertainty which may cast significant doubt about Kasbah's ability to continue as a going concern. The ability of Kasbah to continue as a going concern is dependent on the approval of the Scheme Implementation Agreement which will facilitate funding. In the event that the Scheme does not proceed, Kasbah will be required to secure additional funding through a capital raising to fund its operational activities and to repay the \$500,000 drawn down from the loan from Pala.

We note the following in relation to Kasbah's Consolidated Balance Sheet:

- The decrease in trade and other receivables from \$1.7 million as at 30 June 2015 to \$0.2 million as at 30 June 2016 was primarily attributable to the Company completing its final payment to



ONHYM in relation to the Achmmach Tin Project permits on 19 May 2016, which resulted in the release of a US\$1 million bank guarantee deposit held in Morocco.

- Non-current assets classified as held for sale relate to Tamalt permits held for sale. During the year ended 30 June 2011, the Company made an executive decision to focus on the Achmmach Tin Project. As a result, capitalised exploration and evaluation costs associated with the Tamalt Gold Project were impaired.
- Non-current trade and other payables decreased from \$1.8 million as at 30 June 2014 to nil as at 30 June 2015. This decrease was mainly due to the reclassification from a non-current payable to a current payable of payment due to ONHYM for the final instalment of the Achmmach Tin Project. This instalment was subsequently paid on 19 May 2016.
- Issued capital increased from \$56.5 million as at 30 June 2014 to \$63.3 million as at 30 June 2015 which reflected a capital raising involving the issue of 55.5 million shares at 7 cents per share and 104.6 million shares at 2.9 cents per share.
- The non-controlling interest is represented by two Japanese companies, Nittetsu and Toyota Tsusho who own 5% and 20% in the Achmmach Tin Project respectively.

5.4 Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-16 \$	Audited for the year ended 30-Jun-15 \$	Audited for the year ended 30-Jun-14 \$
Revenue from continuing operations	50,801	103,516	244,291
Other income	1,000	489,057	1,544,015
	51,801	592,573	1,788,306
Exploration and evaluation expenditure	(1,501,009)	(2,977,226)	(5,063,072)
Fair value loss/(gain) on revaluation of put option	-	-	(5,333,333)
Impairment expense	(251,431)	(806,154)	(130,229)
Employee option based payment expense	(1,944)	239,649	(117,452)
Accounting and corporate fees	(199,838)	(516,609)	(601,524)
Employee benefits expenses	(921,382)	(1,303,558)	(1,788,042)
Administration expenses	(175,941)	(509,031)	(554,912)
Project financing expenses	-	(394,969)	(275,410)
Depreciation and amortisation expenses	(220,731)	(316,062)	(414,789)
Occupancy expenses	(53,738)	(198,481)	(162,119)
Other expenses from ordinary activities	(136,451)	(292,038)	(97,510)
(Loss) from continuing operations before tax expense	(3,410,664)	(6,481,906)	(12,750,086)
Income tax benefit/(expense)	-	-	-
(Loss) after tax from continuing operations	(3,410,664)	(6,481,906)	(12,750,086)
Other comprehensive income			
Foreign currency translation difference on foreign operations	186,783	(185,892)	83,803
Total comprehensive loss for the year	(3,223,881)	(6,667,798)	(12,666,283)

Source: Kasbah's audited financial statements for the years ended 30 June 2014, 30 June 2015 and 30 June 2016

Commentary on Kasbah's Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income

We note that for the year ended 30 June 2016, Kasbah's auditor issued an emphasis of matter paragraph in the audit report. The auditor outlined the existence of a material uncertainty which may cast significant doubt about Kasbah's ability to continue as a going concern. The ability of Kasbah to continue as a going concern is dependent on the approval of the Scheme Implementation Agreement which will facilitate funding. In the event that the Scheme does not proceed, Kasbah will be required to secure additional funding through a capital raising to fund its operational activities and to repay the \$500,000 drawn down from the loan from Pala.

We note the following in relation to Kasbah's Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income:

- Other income decreased substantially over the three-year period primarily as a result of a reduction in research and development rebate that the Company received over the years.
- The fair value loss on the revaluation of a put option of \$5.3 million for the year ended 30 June 2014 relates to an agreement with Toyota Tsusho, whereby the Company agreed to repay \$8.0 million if Toyota Tsusho elected to withdraw from the Memorandum of Understanding prior to making the final Tranche 3 payment. The Tranche 3 payment completed the acquisition of a 20% interest in the Achmmach Tin Project by Toyota Tsusho.
- Impairment expense relates to Value Added Tax ('VAT') receivable which is recoverable against generation of revenue. The Company has determined that at this stage of exploration, it is unlikely that it will generate sufficient revenue in the next 12 months to recoup the VAT. As a result, the whole of VAT receivable has been treated as impaired for the years ended 30 June 2014, 30 June 2015 and 30 June 2016 and any VAT impaired for over 12 months has been written off during the respective year.
- Project financing expenses related to expenses incurred to carry out negotiations for debt financing for the Company's Achmmach Tin Project during the financial years ended 30 June 2014 and 30 June 2015. However, these negotiations ceased in the financial year ended 30 June 2016 when the Company decided to defer further financing activities in June 2015 as a result of volatility in the tin market including a 38% fall in tin price over the preceding 12 months.

5.5 Capital structure

The share structure of Kasbah as at 14 September 2016 is outlined below:

	Number
Total ordinary shares on issue	556,005,435
Top 20 shareholders	333,096,858
Top 20 shareholders - % of shares on issue	59.91%

Source: Kasbah's 2016 Annual Report

The range of shares held in Kasbah as at 14 September 2016 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	150	14,315	0.00%
1,001 - 5,000	646	2,139,438	0.38%
5,001 - 10,000	571	4,740,612	0.85%
10,001 - 100,000	1,782	66,863,765	12.03%
100,001 - and over	416	482,247,305	86.73%
Total	3,565	556,005,435	100.00%

Source: Kasbah's 2016 Annual Report

The substantial shareholders as at 14 September 2016 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
International Finance Corporation*	98,541,319	17.72%
Lion Selection Group Limited	87,150,716	15.67%
Thailand Smelting & Refining Company Limited	31,865,085	5.73%
Traxys Projects L.P.	29,583,470	5.32%
Subtotal	247,140,590	44.45%
Others	308,864,845	55.55%
Total ordinary shares on Issue	556,005,435	100.00%

Source: Kasbah's 2016 Annual Report

* International Finance Corporation lodged a substantial shareholder notice on 21 October 2014 advising that they hold 81,178,342 shares (17.98% shareholding interest in Kasbah). International Finance Corporation is not required to lodge an updated substantial shareholder notice as its percentage shareholding has not changed by more than 1% but the above figures have been restated to allow for changes in International Finance Corporation's shareholding interest since that date.

The options held in Kasbah as at 14 September 2016 are outlined below:

Current Options on Issue	Number
Unlisted options exercisable at \$0.12 on or prior to 21 November 2017	500,000

Source: Kasbah's 2016 Annual Report



6. Profile of AMR

6.1 History

AMR was officially listed on the TSX-V on 19 April 2004 and is focused on the exploration and development of mineral property interests, as well as the extraction and processing of nickel mineral deposits.

AMR currently has six board members, three of whom represent Pala ('Pala Nominees'), which has a relevant holding of 72.2% in AMR. The current board members of AMR, including the Pala Nominees, comprise the following:

- Mr James Askew, Chairman;
- Mr Michael Brown, Non-Executive Director (Pala Nominee);
- Mr Evgenij Iorich, Non-Executive Director (Pala Nominee);
- Mr Chris Castle, Non-Executive Director;
- Mr Robin Widdup, Non-Executive Director; and
- Mr Martyn Buttenshaw, Non-Executive Director (Pala Nominee).

AMR owns 100% of AMR Nickel Limited and 100% of Asian Nickel Exploration Limited. Through AMR Nickel Limited, AMR owns 90% of Ban Phuc Nickel Mines LLP ('BPNM').

The company's principal mineral property interest, held through a joint venture, is in the Ban Phuc Nickel Mine ('Ban Phuc Nickel Mine'). In mid-2013, AMR commenced commercial production from its Ban Phuc Nickel Mine located in northwest Vietnam.

6.2 Projects

Ban Phuc Nickel Mine

AMR holds a 90% interest in the Ban Phuc Nickel Mine, with the remaining 10% held by joint venture partner Son La Mechanical Engineering Joint Stock Company ('Coxama'), an equitized Vietnamese company. The Ban Phuc Nickel Mine is located approximately 160km west of Hanoi and lies in the Song Da rift. The company's exploration license covers approximately 49.7km² of known regional targets.

Key infrastructure of the Ban Phuc Nickel Mine includes a processing facility, permitted tailings facility, a 250-person camp and established workshops, fabrication and maintenance facilities.

Mining activity within the Ban Phuc Nickel Mine commenced in May 2013, focusing on development within the massive sulphide vein. In June 2013, the main construction activities were completed and all key facilities prepared for commissioning and ramp-up. The mine reached production stage in November 2013.

In July 2013, AMR's subsidiary BPNM was awarded a mineral exploration license and commenced an exploration programme which provided for the exploration of nickel-copper mineralisation over its Ban Phuc Mine area. Highlights of this mineral exploration license included:

- providing BPNM with exclusive rights to explore within 49.7km² of Son La province, Vietnam;
- immediate focus on targeted extensions to the Ban Phuc mine;
- encompassing a number of high-priority targets identified by BPNM through its surface exploration programme; and



- following successful operation, the mineral exploration license would allow BPNM to apply for and obtain additional mining licenses with no auction requirements, subject to a number of conditions.

For the quarter ended 31 March 2016, the mine targeted to produce an average of 33,617 tonnes of ore per month. However, it exceeded this target by 16% for a total of 116,976 tonnes mined for the quarter. Overall, the operation achieved four shipments in the quarter totalling 22,000 wet Mt of nickel concentrate sold.

As disclosed on 30 May 2016, it is expected that the Ban Phuc Nickel Mine will move into care and maintenance status from late in the third quarter 2016. This is due to assessment by AMR that current pricing levels indicate it would not be economically viable to continue mining beyond September 2016.

6.3 Pala Investments Limited

Pala was established in 2006 and is a Swiss based investment company focused on value creation in the mining sector. The company specialises in start-ups, early stage, development, expansion, turnaround situations and growth capital investments specifically related to the mining sector. The current board and senior management of Pala comprise:

- Mr Michael Brown, Managing Director;
- Mr Martyn Buttenshaw, Vice President;
- Mr Stephen Gill, Portfolio Manager;
- Mr John Nagulendran, Portfolio Manager; and
- Mr Evgenij Iorich, Portfolio Manager.

Pala acquired its initial stake in AMR in May 2012, becoming the company's controlling shareholder. At the time, the Ban Phuc Nickel Mine was on care and maintenance due to various factors, including the increase in Vietnamese export tariffs, community disengagement with the project and AMR being unable to raise funds. Pala assisted AMR in value creation through stakeholder relations, targeted investment, board and management strengthening, financial support, restart of construction and engagement with the local community.

Major milestones of Pala's relationship with AMR are summarised in the following table.

Year	Highlights
2012	Pala became a controlling shareholder of AMR. On 25 May, Pala purchased 108,333,333 units of AMR for gross proceeds of \$6.5 million. At the same time as this private placement, Pala purchased 49,481,600 AMR shares from the previous controlling shareholder. Following both of these transactions, two Pala nominees were appointed to the board of AMR. On 18 December, Pala purchased 150,000,000 common shares of AMR under a private placement. On 20 December, Pala purchased 25,891,581 shares of AMR through a share purchase agreement with a third party.
2013	On 28 March, Pala purchased 158,845,081 common shares of AMR under its basic subscription privilege, and also purchased 77,262,232 common shares of AMR pursuant to a standby commitment as part of the rights offering. Following both purchases, Pala owned and controlled 569,813,827 shares of AMR.

Source: AMR's management discussion and analysis document for the quarter ended 31 March 2016.

In addition to developing the Ban Phuc Nickel Mine with AMR, Pala has been involved in a number of successful project financing engagements. Some of Pala's key financing involvements are outlined below:

Sierra Rutile - Development of Gangama Dry Mining Project

- 2013: To support the development of the Gangama Dry Mining Project, Pala worked with Sierra Rutile to arrange a \$30 million senior loan facility and a US\$20 million working capital facility with Nedbank Limited;
- 2015: Pala organized for Sierra Rutile a separate US\$15 million standby loan facility; and
- 2016: Pala worked with Sierra Rutile to extend the maturity dates on its existing US\$20 million working capital facility and US\$15 million standby loan facility provided by Nedbank Limited until 30 May 2017.

Asian Mineral Resources - Development of Ban Phuc Nickel Project

- 2013: Pala supported and assisted in the sourcing and organizing of a US\$20 million term loan facility and US\$3 million working capital facility for the development of the Ban Phuc Nickel Mine; and
- 2013: Pala underwrote a US\$12.5 million rights offering as well as bought out disinterested shareholders.

African Thunder Platinum - Restart of Smokey Hills Platinum Mine in South Africa

- 2015: Pala assisted the company in restructuring the senior project loan facility owed to the project lender; and
- 2015: Pala supported the company in organising a US\$15 million receivables financing arrangement for the company.

Peninsula Energy - Development of Lance Stage 1 ISL Uranium Project in Wyoming

- 2010: Pala invests in Peninsula by way of an A\$22 million equity investment and provided an additional A\$100 million equity facility to the company; and
- 2014: In order to complete Lance Stage 1 construction and commence production Pala played a significant role in Peninsula's financing including their participation in the A\$24 million equity financing with RCF VI, Blackrock funds and JP Morgan AM UK Ltd. Additionally, A\$11 million was sub-underwritten by Pala and RCF VI who also jointly provided an A\$18 million stand-by debt facility to the company.

Dumas - Refinancing of existing facility

- 2013: Pala, as a 60% shareholder in Dumas, played an active role in engaging with the banks in order to refinance \$38m of senior term loan, revolver and capital expenditure facilities through the Bank of Montreal.

6.4 Historical Condensed Consolidated Balance Sheet

Condensed Consolidated Balance Sheet	Reviewed as at 30-Jun-16 C\$	Audited as at 31-Dec-15 C\$	Audited as at 31-Dec-14 C\$
CURRENT ASSETS			
Cash and cash equivalents	4,477,614	5,738,005	5,001,954
Accounts Receivable and prepaid expenses	4,605,116	6,189,116	16,341,270
Inventories	7,523,486	6,705,409	5,863,982
TOTAL CURRENT ASSETS	16,606,216	18,632,530	27,207,206
NON-CURRENT ASSETS			
Property, plant and equipment	3,020,546	10,350,893	47,219,656
Mineral property interest	98,217	298,399	492,964
TOTAL NON-CURRENT ASSETS	3,118,763	10,649,292	47,712,620
TOTAL ASSETS	19,724,979	29,281,822	74,919,826
CURRENT LIABILITIES			
Trade and other payables	11,502,548	15,012,387	7,811,342
Bank term loan	-	-	9,280,742
Other current liabilities	862,195	1,261,656	847,758
TOTAL CURRENT LIABILITIES	12,364,743	16,274,043	17,939,842
NON-CURRENT LIABILITIES			
Bank term loan	-	-	9,281,466
Provision for closure and rehabilitation	414,555	444,219	399,072
Other non-current liabilities	1,358,401	1,455,605	2,250,776
TOTAL NON-CURRENT LIABILITIES	1,772,956	1,899,824	11,931,314
TOTAL LIABILITIES	14,137,699	18,173,867	29,871,156
NET ASSETS	5,587,280	11,107,955	45,048,670
EQUITY			
Share Capital	128,732,855	128,264,065	128,236,565
Share-based payments reserve	632,778	667,940	669,328
Currency translation reserve	16,766,062	17,604,184	5,782,783
Deficit	(136,161,047)	(131,682,260)	(88,961,641)
Equity attributable to owners of the company	9,970,648	14,853,929	45,727,035
Non-controlling interest	(4,383,386)	(3,745,974)	(678,365)
TOTAL EQUITY	5,587,262	11,107,955	45,048,670

Source: AMR's audited financial statements for the years ended 31 December 2014 and 31 December 2015, and reviewed financial statements for the six-month period ended 30 June 2016



Commentary on AMR's Historical Condensed Consolidated Balance Sheet

We note that for the year ended 31 December 2015, AMR's auditor issued an emphasis of matter paragraph in the audit report. The auditor outlined the existence of a material uncertainty which may cast significant doubt about AMR's ability to continue as a going concern. This is due to AMR's reliance on achieving profitable operations and sustaining positive cash flows from the Ban Phuc Nickel Mine. The auditor also outlined that achieving profitable operations and sustaining positive cash flows depends on numerous factors, including but not limited to production levels, production costs, ore grades, metallurgy and nickel prices.

We note the following in relation to AMR's Historical Condensed Consolidated Balance Sheet:

- Accounts receivable and prepaid expenses decreased from C\$16.3 million as at 31 December 2014 to C\$6.2 million as at 31 December 2015. This decrease was largely attributable to trade receivables decreasing from C\$9.7 million as at 31 December 2014 to nil as at 31 December 2015, and VAT/GST refundable decreasing from C\$5.5 million as at 31 December 2014 to C\$2.0 million as at 31 December 2015.
- Accounts receivable and prepaid expenses decreased from C\$6.2 million as at 31 December 2015 to C\$4.6 million as at 30 June 2016. This decrease was attributable to a decrease in VAT/GST refundable from \$2 million as at 31 December 2015 to \$0.7 million as at 30 June 2016, and a decrease in prepayments and advances from C\$4.3 million as at 31 December 2015 to C\$2.2 million as at 30 June 2016. This was slightly offset by C\$1.8 million trade receivables as at 30 June 2016.
- Inventory increased from C\$6.7 million as at 31 December 2015 to C\$7.5 million as at 30 June 2016. The increase was mainly attributable to finished goods inventory increasing from C\$3.5 million as at 31 December 2015 to C\$4.9 million as at 30 June 2016.
- Property, plant and equipment decreased from C\$47.2 million as at 31 December 2014 to C\$10.35 million as at 31 December 2015. The decrease was attributable to the depreciation of the Company's assets and a C\$26.6 million impairment charge of the Ban Phuc Nickel Mine recorded at 31 December 2015. This balance decreased further to C\$3.0 million as at 30 June 2016 due to depreciation of property, plant and equipment over the period.
- Trade and other payables increased from C\$7.8 million as at 31 December 2014 to C\$15.0 million as at 31 December 2015. The increase was mainly attributable to taxes increasing from C\$2.4 million as at 31 December 2014 to C\$7.3 million as at 31 December 2015.
- Trade and other payables decreased from C\$15.0 million as at 31 December 2015 to C\$11.5 million as at 30 June 2016. The decrease is attributable to trade payables decreasing from C\$6.1 million as at 31 December 2015 to C\$4.7 million as at 30 June 2016, and taxes decreasing from C\$7.3 million as at 31 December 2015 to C\$5.8 million as at 30 June 2016.
- Bank term loan related to a loan from a Vietnamese bank to AMR through its subsidiary BPNM, entered into in June 2013. The loan is secured by the assets of BPNM and a guarantee by AMR. During the year ended December 31, 2015, BPNM prepaid US\$16.0 million bringing the loan balance to nil.
- Other current liabilities of C\$0.9 million included the second instalment of mining rights grant fees which are due in 2016.



- Provision for closure and rehabilitation is based on the Environmental Impact Assessment and Environmental Resettlement and Rehabilitation Program submitted to the authorities for the Ban Phuc Nickel Mine, as confirmed by the Ministry of Natural Resources and Environment.
- Other non-current liabilities included a mining rights grant fee for the right to exploit minerals at Ban Phuc Nickel Mine, based on reserve tonnes. On 6 February 2015, the mining rights grant fee was revised to C\$2.9 million and payable in annual instalments over the three years from 2015 to 2017.
- Share capital includes shares issued to certain senior management for payment of 2015 annual bonuses in lieu of cash. As at 30 June 2016 the company recorded the issue of 9.4 million common shares in payment of C\$0.5 million bonus payable.
- Non-controlling interest relates to Coxama's 10% interest in AMR.

6.5 Historical Condensed Consolidated Statement of Operations and Comprehensive Income/(Loss)

Condensed Consolidated Statement of Operations and Comprehensive Income/(Loss)	Reviewed for the six months ended 30-Jun-16 C\$	Audited for the twelve months ended 31-Dec-15 C\$	Audited for the twelve months ended 31-Dec-14 C\$
Revenue	23,589,262	74,753,199	87,818,927
Cost of Sales			
Production costs	(19,230,880)	(66,966,663)	(63,387,998)
Royalty	(1,669,070)	(7,081,672)	(4,488,365)
Concentrate transport and logistics	(4,104,845)	(9,852,875)	(7,711,117)
Impairment loss	-	(26,553,100)	-
	(1,415,533)	(35,701,111)	12,231,447
General and administrative expenses	(2,941,246)	(8,932,148)	(6,289,282)
Exploration	(372,344)	(1,279,721)	(1,204,589)
Other Expense	(270,473)	(329,495)	-
Operating income/(loss)	(4,999,596)	(46,242,475)	4,737,576
Finance income	13,602	43,948	1,911
Finance expense	(72,225)	(1,009,252)	(1,634,468)
	(58,623)	(965,304)	(1,632,557)
Net income/(loss) for the period	(5,058,219)	(47,207,779)	3,105,019
Other Comprehensive income			
Foreign currency translation gain	(931,246)	13,134,890	5,149,711
Comprehensive income/(loss) for the period	(5,989,465)	(34,072,889)	8,254,730

Source: AMR's audited financial statements for the years ended 31 December 2014 and 31 December 2015, and reviewed financial statements for the six-month period ended 30 June 2016

Commentary on AMR's Historical Condensed Consolidated Statement of Operations and Comprehensive Income/(Loss)

We note that for the year ended 31 December 2015, AMR's auditor issued an emphasis of matter paragraph in the audit report. The auditor outlined the existence of a material uncertainty which may cast significant doubt about AMR's ability to continue as a going concern. This is due to AMR's reliance on achieving profitable operations and sustaining positive cash flows from the Ban Phuc Nickel Mine. The auditor also outlined that achieving profitable operations and sustaining positive cash flows depends on numerous factors, including but not limited to production levels, production costs, ore grades, metallurgy and nickel prices.

We note the following in relation to AMR's Historical Condensed Consolidated Statement of Operations and Comprehensive Income/(Loss):

- Revenue and production costs declined significantly between 31 December 2015 and 30 June 2016 due to the winding down of production at Ban Phuc Nickel Mine.
- Royalty relates to amounts payable to the Vietnamese Government, calculated at 10% of the value of nickel concentrate sale price less export tax, processing costs, bagging costs, freight costs, custom charges and warehouse costs.
- Impairment loss of C\$26.5 million for the year ended 31 December 2015 comprised an impairment charge of the Ban Phuc Nickel Mine.
- General and administrative expenses of C\$2.9 million for the period ended 30 June 2016 consisted of salaries, wages and benefits, taxes and fees, professional and regulatory, and travel.
- Finance expenses for the year ended 30 June 2016 primarily comprised foreign contractor tax on interest expense and did not include any loan interest due to the bank term loan, which was fully repaid in 2015.
- Non-controlling interest relates to Coxama's 10% interest in AMR.

6.6 Capital structure

The ordinary shares held by the most significant shareholders as at the date of our Report are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Pala Investment Limited	569,813,827	72.2%
Melior Resource Inc	47,272,727	6.0%
Lion Selection Group	39,950,288	5.1%
Malaysia Smelting Corporation Berhad	31,297,661	4.0%
Subtotal	688,334,503	87.3%
Others	100,586,339	12.75%
Total ordinary shares on Issue	788,920,842	100.00%

Source: AMR management

The options on issue in AMR as at the date of our Report are outlined below:

Current Options on Issue	Number
Unlisted options exercisable at \$0.10 on or prior to 17 July 2017	4,007,517
Unlisted options exercisable at \$0.10 on or prior to 16 November 2017	900,000
Unlisted options exercisable at \$0.05 on or prior to 23 August 2018	400,000
Unlisted options exercisable at \$0.05 on or prior to 23 October 2018	2,713,308
Unlisted options exercisable at \$0.08 on or prior to 1 February 2019	2,536,682
Unlisted options exercisable at \$0.05 on or prior to 22 August 2019	2,000,000
Unlisted options exercisable at \$0.05 on or prior to 5 November 2019	1,740,777
Unlisted options exercisable at \$0.05 on or prior to 2 October 2020	7,000,000
Total number of options outstanding	21,298,284

Source: AMR management and AMR financial statements for the six-months ended 30 June 2016

7. Proposed Merged Entity

7.1 Key assets

Once implemented, the Scheme will provide the Proposed Merged Entity with both tin and nickel assets. The key combined assets of the Proposed Merged Entity will include:

- 75% interest in the Achmmach Tin Project comprising two exploitation permits, PE No 2912 and PE No 193172;
- 100% interest in the Kasbah's Other Exploration Assets (other than the Achmmach exploration areas which Kasbah has a 75% interest in); and
- 90% interest in the Ban Phuc Nickel Mine (which includes AMR's other nickel exploration assets).

7.2 Strength of the Proposed Merged Entity

The Proposed Merged Entity will realise the following benefits from the Scheme:

- ability to participate in the creation of a geographically diversified base metals platform;
- experienced combined management team with experience in exploring, developing, constructing and operating similar-sized underground base metal mines in challenging jurisdictions;
- ability to leverage board and management expertise to use the combined group as a global base metals platform;
- ability to leverage Pala's financial network for project debt and/or new equity;
- ongoing support from Pala, and a clear path to proceeding with the financing and development of the Achmmach Tin Project; and
- with exploration success, the opportunity to restart the Ban Phuc Nickel Mine.



7.3 Capital structure

Under the Scheme, Shareholders will receive either 1.3 AMR Shares or 0.13 AMR Share CDIs (with each CDI representing a beneficial interest in 10 AMR Shares) and either 0.4 AMR Warrants to subscribe for one AMR share or 0.04 AMR Warrant CDIs (with each CDI representing a beneficial interest in 10 AMR warrants).

It is expected that, upon the implementation of the Scheme, Kasbah shareholders and AMR shareholders will hold approximately 47.8% and 52.2% respectively of the total issued capital of the Proposed Merged Entity on an undiluted basis. On a fully diluted basis, Kasbah shareholders will hold 52.2% and AMR shareholders 47.8% of the total issued capital of the Proposed Merged Entity.

7.4 Board of Proposed Merged Entity

Following the implementation of the Scheme, Jim Askew, current Chairman of AMR, will remain as Chairman of the board of directors of the Proposed Merged Entity. Evan Spencer, Chief Executive Officer ('CEO') of AMR, will remain as CEO of the Proposed Merged Entity.

The board of directors of the Proposed Merged Entity will comprise up to seven directors, two of which will be nominated by Kasbah and two other independent directors.

7.5 Stock exchange listing

Following the implementation of the Scheme, the Proposed Merged Entity will continue to be listed on the TSX-V and will apply for the AMR Share CDIs and AMR Warrant CDIs to be listed on the ASX.

8. Industry analysis

8.1 Tin

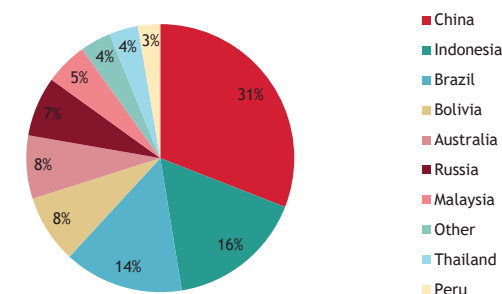
Tin is one of the earliest discovered metals, and is often found in nature in its oxidised form as the mineral cassiterite (SnO_2). Tin is a non-ferrous metal that has a hardening effect on copper, and is often used as a protective coating or as an alloy with other metals such as zinc or lead. Some examples of the metal's uses include joining pipes or electrical/electronic circuits, as a coating for steel containers, in bearing alloys, in glass-making, and other tin chemical applications.

Tin is mined in approximately 35 countries around the world, however it is a relatively scarce element. This is demonstrated by the metal's consistency in the earth's crust of approximately two parts per million, compared with 94 parts per million for zinc, 63 parts per million for copper, and 12 parts per million for lead.

As shown below, China holds the largest percentage of global tin reserves at 31%, followed by Indonesia and Brazil at 16% and 14%, respectively.



Global tin reserves - 2015



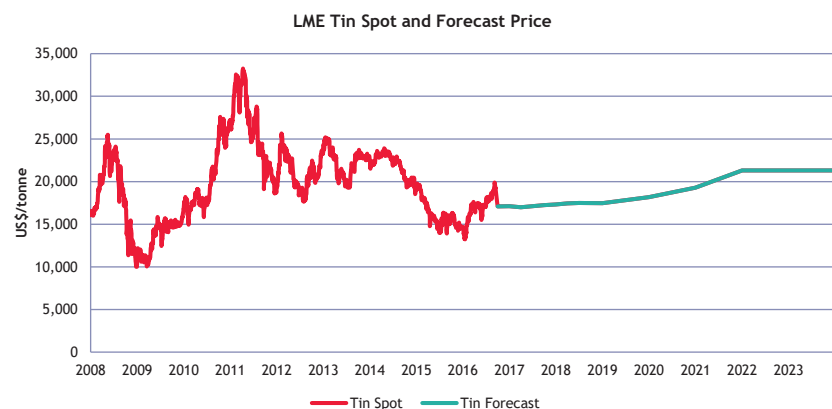
Source: United States Geological Survey

Tin prices

There are numerous factors that impact the price of tin, with the most influential being supply and demand movements, and the relative strength of the United States dollar ('USD' or 'US\$'). As global stock levels for tin are lower compared to other non-ferrous metals, tin prices are sensitive to most movements in supply and demand. Consequently, global supply and demand has a substantial impact on the tin price. The relative strength of the USD is also a key driver of the tin price, due to the fact that tin is primarily purchased in USD on the LME. Therefore a stronger USD means transactions are more expensive for buyers from other countries. Ultimately, a stronger USD often correlates with weaker tin prices.

As depicted in the graph below, the LME price of tin decreased from an average of approximately US\$21,892 per tonne over 2014 to an average of approximately US\$16,070 per tonne during 2015. The decline in price was primarily attributable to an increase in tin production in both Myanmar and China, which resulted in reduced demand for imported tin metal from China as it became more self-sufficient. In response to the declining tin price, Indonesian tin producers began limiting sales of tin when the price fell below a certain price threshold. This resulted in one-half of Indonesian tin producers halting refined tin production in April 2015. Despite efforts to raise the tin price, factors such as Myanmar's increased mine output, high tin stock levels in China and a strong USD outweighed the decrease in refined tin production.

According to Bloomberg Intelligence, China's refined tin production has declined in recent times and had a significant impact on global supplies. This is evidenced by an announcement on 20 January 2016, where the nine largest Chinese tin smelters announced cuts of 17,000 tonnes to refined tin output for the rest of the year, representing approximately 5% of global output. As a result, global markets forecasted a deficit in the supply of tin and tin prices have rallied. Since the announcement, tin prices have increased from US\$13,550 per tonne on 20 January 2016 to reach as high as US\$19,900 per tonne on 6 September 2016. Furthermore, there has also been a significant shift in investment funds from short to long positions across base metals, including tin, which reflects an improvement in the overall sentiment towards the value of base metals.



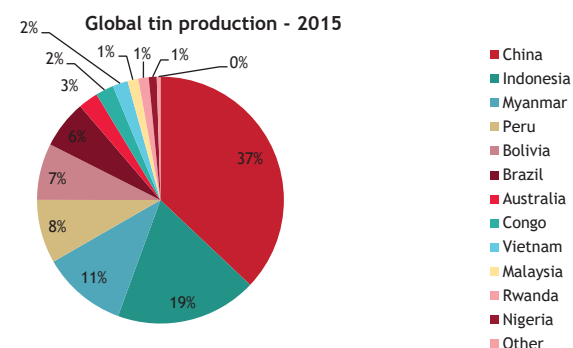
Source: Bloomberg, Consensus Economics and BDO analysis

According to Consensus Economics, tin prices are forecast to stabilise in the medium to long term, followed by a slight increase with a long term nominal price forecast of approximately US\$21,307 per metric tonne.

Production and usage

In January 2014, Indonesia began implementing a law prohibiting the export of raw materials, including tin, meaning the minerals would be required to be fully processed or refined before they are exported. This ban was introduced with the aim of strengthening the Indonesian economy and modernising its mining sector. At the time, tin shipments from Indonesia made up approximately 40% of global exports.

As shown in the United States Geological Survey's graph below, Indonesia was the second highest producer of tin in 2015, accounting for approximately 19% of global tin production at 50,000 metric tonnes. This is compared to 76,000 metric tonnes and 95,200 metric tonnes in 2014 and 2013, respectively. The decrease in Indonesia's tin production illustrates the effects of the ban on exporting raw materials.



Source: United States Geological Survey

As depicted in the figure above, Myanmar accounts for approximately 11% of global tin production. According to Industry data, large volumes of ore and concentrate arrived in China from Myanmar during April 2016. However, it is expected that production in Myanmar is set to decline towards the end of 2016 due to a decline in mining activity in the WA County, in addition to an onset of the wet season.

Despite African countries such as Nigeria and Rwanda accounting for a smaller portion of overall global tin production, Bloomberg Intelligence states that Africa's share of global-mined tin output doubled from 1996 to 2015. However, according to the World Bureau of Metal Statistics, metric tonnes mined still remain low at 2%.

In 2015, the top five refined tin producers were Yunnan Tin (China), MSC (Malaysia), PT Timah (Indonesia), Minsur (Peru) and Yunnan Chengfeng (China).

8.2 Nickel

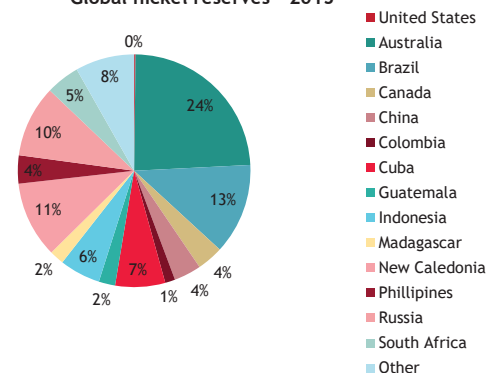
Nickel is a transition element, and has both ferrous and non-ferrous properties. Majority of the nickel mined originates from two types of ore deposits, that is laterites and magmatic sulfide deposits. The success of the nickel mining industry in Australia is dependent upon the prices of nickel ores, the exchange rate between USD and the AUD, nickel ore production and general demand and supply for the metal. Nickel is primarily used in the manufacturing of stainless steel products. Stainless steel accounts for nearly two-thirds of the consumption of nickel worldwide.

There are expected to be two main drivers for the demand of stainless steel and hence nickel over the next five years through 2020-21. The first is government spending on infrastructure such as road and rail networks, which is heavily dependent on stainless steel during construction. The second is consumer durable spending on steel-intensive products such as white goods and TVs, underpinned by growing wealth and increasing urbanisation.

As shown in the figure below, Australia accounts for the largest percentage of global nickel ore reserves, followed by Brazil and New Caledonia.



Global nickel reserves - 2015

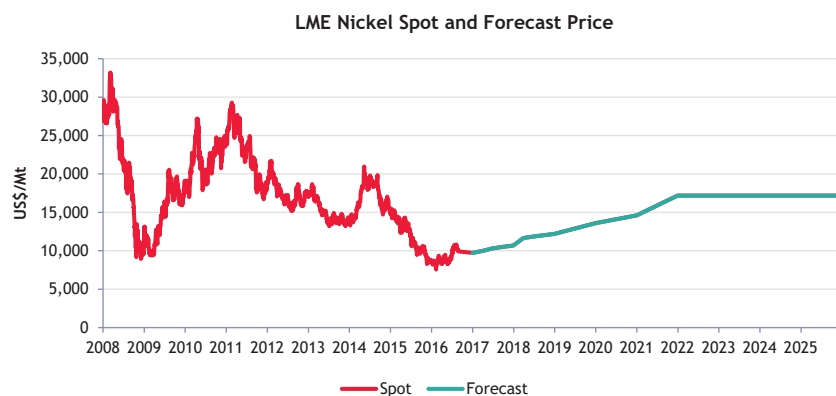


Source: United States Geological Survey

Nickel prices

The global demand for nickel is largely dependent on demand for steel. IBISWorld predicts China to account for almost half of global consumption in 2020-21, and demand is only expected to grow over this period alongside other countries such as India. This is likely to have a positive effect on the nickel price.

The figure below describes the fluctuations in nickel spot prices from January 2008 through to August 2016. It also shows Consensus forecasts for nickel prices through to 2025.



Source: Bloomberg & Consensus Economics



The figure above illustrates that nickel prices did not respond well during the economic recession that occurred as a result of the global financial crisis. Since then, there has been a general improvement in the health of the economy, which has seen the demand for nickel as well as prices stabilise. However, during 2015, the price of nickel declined significantly. This decline can be primarily attributed to declining growth rates for global production of stainless steel, in addition to the commissioning of nickel refineries in Canada and Madagascar. The ramp up of nickel production in Brazil and New Caledonia was also a factor impacting the decline in price over 2015.

Following the price plunge of around 42% in 2015, global mined nickel supply declined by 9.3% through May 2016. According to Bloomberg Intelligence, this decline was mainly due to the 42.5% decline in Philippines mine output as five mines within the country were closed to enforce environmental standards, and an unforeseen build-up in Chinese nickel inventories.

Despite the large decline in prices over the past few years, the continued recovery and firming global economic activity is expected to set the scene for stabilising nickel prices in the medium to long term. Globally, companies that operate within the nickel industry are expected to continue to engage in new mining and processing projects in anticipation of an improving economy. As Consensus Economics forecasts indicate, in the long term the price of nickel is expected to increase to approximately US\$18,890 per metric tonne.

Production and usage

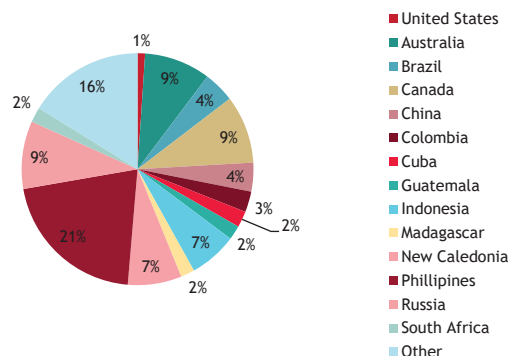
According to IBISWorld, global nickel output is expected to grow over the next five years, with China accounting for an increased proportion of processed nickel output. Furthermore, a number of large mines in countries such as New Caledonia, Philippines, Indonesia and Madagascar are set to be completed over this period, adding to the increasing processed nickel output.

Production is generally sourced from two discrete ore types, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of Nickel is mined from its nickel sulphide geological state. More production is expected to come from higher cost lateritic ore, which is beginning to form the basis of a number of mines rather than sulphide ore.

In 2015, total world production for nickel increased from 2.45Mt to approximately 2.53Mt in 2014. The cause of this increase can be partially attributed to the production of austenitic stainless steel being at an all-time high in 2015. Furthermore, China accounted for over one-half of global output for nickel ore in 2015, producing a record-high 17.6Mt of nickel ore.

The estimated global nickel production by country for 2015 is reflected in the figure below.

Global nickel production - 2015



Source: United States Geological Survey

In May 2016, the global refined nickel market had a deficit of 42,638 metric tonnes, which was close to the first annual shortage since 2011. According to the World Bureau of Metal Statistics, this was due to a surge in demand from China, and over the next five years, China is expected to continue to account for an increasing proportion of processed nickel output.

Australia's nickel output is also poised to grow in later years. This increased output is likely to come from Glencore, and ramped up production from FQM Australia Nickel's Ravensthorpe mine. Similarly, nickel ore production from Western Area's Cosmos operations is forecast to increase over the next five years after its acquisition from Glencore.

9. Economic analysis

9.1 Global

Overall, the global economy is continuing to grow, though at a slightly slower pace than earlier expected. Although several advanced economies have seen improved growth over the past year, conditions have become more difficult for a number of emerging market economies. Key commodity prices have significantly declined over the past few years as a result of increased supply and weaker demand.

In China, economic activity has eased and the growth rate has continued to moderate following the Government's stimulus plan, which will see China shift away from an economy dependent on manufacturing, to one driven by consumer demand. China's demand for commodities such as crude oil, steel, coal and other raw materials have decreased, therefore affecting the global economy.

Global financial markets have seen improved sentiment following a period of increased volatility. However, uncertainty regarding the global economic outlook and policy settings for major jurisdictions continues. Globally, monetary policy remains accommodative.

9.2 Australia

The Australian economy seems to be continuing to rebalance off the end of the mining boom despite a large decline in business investment. Overall growth is continuing to grow, albeit at a lower than average pace, supported by domestic demand and exports that have been expanding at a pace at or above trend. Growth in the labour market is subdued and consistent with a modest pace of expansion in employment in the near term. The inflation rate remains low in Australia, along with other parts of the world. This is likely to continue over the next few years with the help of subdued growth in labour costs.

Commodity prices

Commodity prices are above recent lows, following very substantial declines over the past couple of years. They are, however, still much lower than that of a few years ago. Australia's terms of trade remain much lower than it has been in recent years. Prices tend to rely on demand, in particular from the Chinese industrial sector, along with the response to changes in supply. Due to low oil prices, producers of bulk commodities have in general been reducing their cost of production, as oil is an important input for the transportation of these commodities. However, the ability for these producers to keep on reducing their costs is unlikely and may lead to firms exiting the market.

Financial markets

The financial markets have experienced heightened volatility recently due to the re-pricing of assets following Britain's exit from the European Union. However, most markets have continued to function effectively. Funding costs for high-quality borrowers remain low and monetary policy around the globe remains generous.

Interest rates

Credit is recording moderate growth overall. Low interest rates are acting to support borrowing and spending, and supporting domestic demand. Growth in lending to the housing market has slowed a little this year. Dwelling prices have been rising moderately over the course of this year. However, an influx of apartments onto the property market is expected over the next few years, particularly in the eastern capital cities. The cash rate remains unchanged at 1.50%.



Australian dollar

The Australian dollar has appreciated recently, despite its noticeable declines against the US dollar over the past year. This in part reflects rises in commodity prices, along with monetary developments globally having a positive impact. Due to current economic circumstances, a strengthening exchange rate could complicate the adjusting economy.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 6 September 2016.

9.3 Canada

The Canadian economy is continuing to grow at a moderate pace, however economic growth has exhibited uneven trends in recent quarters, fluctuating around the rate of potential output growth. Overall, monetary and financial conditions remain accommodative. In the non-resource sector, activity has increased as a response to lower commodity prices, and progression of the reallocation of investment and employment from the resource sector to the non-resource sector is evident.

Commodity prices

The level of growth in non-energy commodity exports is expected to remain subdued. Prices of base metals such as copper, tin and zinc remain quite low, and factors such as oversupply and increased competitiveness may have the effect of lessening production and investment spending in the sector.

Trade

Due to slow global growth and weak demand for Canadian exports, some firms have exited the relevant industries, resulting in a permanent loss of capacity. However, some of the categories of exports that are exchange rate sensitive have been strengthening. This is due to the positive effects of the lower dollar for Canadian exporters.

Gross domestic product

The outlook for real gross domestic product ('GDP') growth in Canada has been revised down, forecast to grow by 1.3% in 2016, 2.2% in 2017 and 2.1% in 2018. This can be attributed to a more subdued investment profile reflecting downward revisions to both investment and exports due to weaker foreign demand. Furthermore, heightened caution has been exhibited as a result of uncertain demand prospects which is also a key factor in the downwards revision of real GDP forecasts.

Higher oil prices have resulted in a moderate rebound in Canada's terms of trade, in addition to an increase in real domestic income and consumption.

Canadian dollar

Past depreciation of the Canadian dollar is likely to play an important factor in supporting non-commodity exports. Furthermore, the depreciation of the Canadian dollar has also boosted margins and cash flow denominated in Canadian dollars, providing funding to assist in the expansion of investment spending.

Source: www.bankofcanada.ca Monetary Policy Report Summary July 2016



9.4 Morocco

Overall macroeconomic conditions in Morocco have continued to improve, however the country has been sharply decelerating throughout 2016. In 2015, inflation remained at a low 1.6% and economic growth rebounded at 4.5% due to a strong agricultural year. This is due to Morocco's economy still being heavily reliant on rain-fed agriculture.

Since the commencement of its fiscal consolidation effort in 2013, the Moroccan government has restricted other recurrent and investment expenditures whilst consolidating tax revenues. This has resulted in the fiscal deficit decreasing from 7.2% of GDP in 2012 to 4.3% of GDP in 2015.

Morocco was approved on 22 July 2016 by the Executive Board of the International Monetary Fund access to a two-year, US\$3.47 billion precautionary and liquidity line arrangement. This precautionary and liquidity line provides Morocco with insurance against external risks due to heightened global uncertainty.

Source: www.imf.org Program Note: Morocco April 2016

9.5 Vietnam

Since Vietnam's shift from a centrally planned to a market economy, the country has experienced positive growth, with GDP growth increasing in 2015 due to a recovery in domestic demand and a reflection of robust private consumption. In addition to this, the country has experienced low inflation and overall improved confidence, which is further creating foundations for mid-term growth.

Interest rates were reduced in April 2016 by 0.5%, shifting the interest rate to 10%. The State Bank of Vietnam further instructed credit institutions to balance their funds in order to stabilise interest rates, reduce operational costs and improve business effectiveness with the aim of reducing lending rates.

Source: www.worldbank.org, www.sbv.gov.vn Results of monetary policy management and banking operations in the first half of 2016 and Bloomberg Intelligence

9.6 Implications for the Proposed Merged Entity

The heightened volatility recently exhibited within global financial markets may impact the Proposed Merged Entity, with participants seeming increasingly uncertain about future prospects. However, the global economy is continuing to grow at a moderate level.

The result of the United Kingdom's referendum, resulting in Britain's decision to exit the European Union, saw a sharp but orderly repricing of asset classes in global financial markets. Since the announcement, global interest rates have been generally lower. This may assist the Proposed Merged Entity with possible debt financing, leading to a lower cost of debt.

In Morocco, home to the Achmmach Tin Project, the introduction of the precautionary and liquidity line means the economy will be supported against external shocks in order to strengthen macroeconomic stability and economic resilience. This stability is likely to positively affect the Proposed Merged Entity.

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment (such as resource multiples)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-Parts') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

10.1 Valuation of Kasbah

In our assessment of the value of Kasbah shares, we have chosen to employ the following methodologies:

- Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company and then aggregating their fair market values; and
- QMP method, as our secondary method, which represents the value that a Shareholder can receive for a share if sold on the market.

Sum-of-Parts

We have employed the Sum-of-Parts method in estimating the fair market value of Kasbah by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the:

- value of Kasbah's interest in the Achmmach Tin Project (applying the DCF methodology);
- value of Kasbah's interest in the residual resources of the Achmmach Tin Project not included in the DCF, and the value of Kasbah's Other Exploration Assets (having reliance on the valuation carried out by an independent technical expert);
- amount of cash received from a notional capital raising (which is required to partially fund the Achmmach Tin Project);
- value of other assets and liabilities of Kasbah (applying the cost approach); and
- present value of Kasbah's corporate costs.

Methodologies adopted

We have chosen these methodologies for the following reasons:

- we have adopted the DCF approach, as our primary valuation method for Kasbah's interest in the Achmmach Tin Project because a DFS has been completed for the Achmmach Tin Project, which proves the existence of reserves and provides a sufficiently reasonable basis to apply the DCF methodology;
- the ability to obtain funding for the Achmmach Tin Project is assumed through a notional capital raising assumed to be undertaken by Kasbah;
- the residual resources of the Achmmach Tin Project not included in the DCF are valued as in-ground resources by an independent technical expert as we do not have reasonable grounds to include them in the DCF valuation (the valuation approach undertaken by the independent technical expert is contained in its report in Appendix 4);
- other exploration assets of Kasbah are also valued by an independent technical expert as they are still early stage assets and incapable of generating earnings or future cash flows yet (the valuation approach undertaken by the independent technical expert is contained in its report in Appendix 4);
- other component parts of Kasbah are valued using the cost approach;
- as Kasbah projects are not currently generating any income, nor are there any historical profits that could be used to represent future earnings, the FME approach is not appropriate; and
- the QMP basis is a relevant methodology to consider because Kasbah shares are listed on the ASX and this reflects the value that a Shareholder will receive for a share sold on market. This means that there is a regulated and observable market where Kasbah shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities.

Technical expert

In performing our valuation of Kasbah's Achmmach Project using the DCF method, we have relied on the technical assessment and valuation report prepared by SRK Consulting (Australasia) Pty Ltd ('SRK') dated 12 October 2016 ('Independent Technical Assessment and Valuation Report'), based on SRK's review of the technical project assumptions contained in the cash flow model of the Project.

Additionally, we have relied on SRK's valuation of the residual resources not included in our DCF valuation and Kasbah's Other Exploration Assets ('Kasbah's Other Mineral Assets').

SRK's Independent Technical Assessment and Valuation Report has been prepared in accordance with the 'Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015' ('the Valmin Code 2015').

We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with the industry practices and compliant with the requirements of the Valmin Code 2015. A copy of SRK's Independent Technical Assessment and Valuation Report is attached in Appendix 4.



QMP

We have chosen the QMP methodology as a further cross check. The QMP basis is a relevant methodology to consider because Kasbah's shares are listed on the ASX. This means that there is a regulated and observable market where Kasbah shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities.

10.2 Valuation of the Scheme Consideration

In determining the value of the Scheme Consideration to be received by Shareholders, we undertook a valuation of the Proposed Merged Entity (AMR Shares) and the value of the AMR Warrants that they will receive.

In our assessment of the value of a share in the Proposed Merged Entity, we have chosen to employ the following methodologies:

- Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company and then aggregating their fair market values; and
- QMP method to analyse post-announcement pricing of Kasbah shares, as our secondary method and a cross check, since it is indicative of the perceived value of the Scheme to Kasbah shareholders.

In our assessment of the value of an AMR Warrant, we have used the Black-Scholes option pricing model.

Sum-of-Parts

We have employed the Sum-of-Parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the:

- value of Kasbah's 75% interest in the Achmmach Tin Project (applying the DCF methodology) on the premise that there is a reasonable basis to assume that funding for the Achmmach Tin Project is achievable;
- value of Kasbah's interest in Kasbah's Other Mineral Assets (having reliance on the valuation carried out by an independent technical expert);
- value of AMR's 90% interest in the Ban Phuc Nickel Mine, (comprising tenements and in-ground resources), which will shortly be placed on care and maintenance (having reliance on the valuation carried out by an independent technical expert);
- value of AMR's 90% interest in the buildings, site improvements, plant and equipment assets that constitute the Ban Phuc Nickel Mine processing facility ('**Ban Phuc Nickel Mine Fixed Assets**') having reliance on the valuation carried out by an independent asset valuation expert);
- value of other assets and liabilities of Kasbah (applying the cost approach);
- value of other assets and liabilities of AMR (applying the cost approach);
- amount of Kasbah's and AMR's corporate costs; and
- resultant number of shares (on a diluted and undiluted basis) upon implementation of the Scheme.



Methodologies adopted

We have chosen these methodologies for the following reasons:

- we have adopted the DCF approach, as our primary valuation method for Kasbah's interest in the Achmmach Tin Project because a DFS has been completed for the Achmmach Tin Project, which proves the existence of reserves and provides a sufficiently reasonable basis to applying the DCF methodology;
- the ability to obtain funding for the Achmmach Tin Project is likely to be achievable (and hence provides a reasonable basis to use the DCF approach) as Pala, a key shareholder in AMR, has executed a support agreement as a commitment to provide its pro rata share of any equity raising in relation to the Achmmach Tin Project as well as an interim A\$1 million bridge loan (which has now been partially drawn to A\$500,000) to Kasbah for working capital purposes and to cover transaction costs;
- the remaining shareholders of the Achmmach Tin Project, who are likely to gain confidence with Pala as a strong shareholder of the Proposed Merged Entity, are financially strong shareholders that have the ability to provide their pro rata share of the funding requirements;
- the residual resources of the Achmmach Tin Project not included in the DCF are valued as in-ground resources by an independent technical expert as we do not have reasonable grounds to include them in the DCF valuation (the valuation approach undertaken by the independent technical expert is contained in its report in Appendix 4);
- other exploration assets of Kasbah are also valued by an independent technical expert as they are still early stage assets and incapable of generating earnings or future cash flows yet (the valuation approach undertaken by the independent technical expert is contained in its report in Appendix 4);
- AMR's 90% interest in the Ban Phuc Nickel Mine is valued as in-ground resources by an independent technical expert as it will shortly be placed on care and maintenance after having mined all its reserves; to this end, we understand that in order for the Ban Phuc Nickel Mine to re-commence operations, a substantial exploration budget will need to be committed to;
- AMR's 90% interest in the Ban Phuc Nickel Mine Fixed Assets is valued by an independent asset valuation expert taking into account that the mine will shortly be placed on care and maintenance (the valuation approach undertaken by the independent asset valuation expert is contained in its report in Appendix 5);
- other component parts of Kasbah are valued using the cost approach;
- other component parts of AMR are valued using the cost approach;
- as Kasbah and AMR's projects are not currently generating any income, nor are there any historical profits that could be used to represent future earnings, the FME approach is not appropriate; and
- the QMP method to analysing post-announcement pricing of Kasbah's shares since it is indicative of the perceived value of the Scheme to Kasbah shareholders. This is a relevant methodology to consider because Kasbah and AMR shares are listed on the ASX and on the TSX-V respectively; and this reflects the value that a Shareholder will receive for a share sold on market.

- there is a regulated and observable market where Kasbah shares can be traded and we can consider if the market prices itself in the potential for another bid. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities.

Technical expert

In performing our valuation of Kasbah's Achmmach Tin Project using the DCF method, we have relied on the Independent Technical Assessment and Valuation Report, prepared by SRK based on SRK's review of the technical project assumptions contained in the cash flow models of the project.

We have also relied on SRK's valuation of Kasbah's Other Mineral Assets.

Additionally, SRK has also provided a valuation of the tenements and in ground resources at the Ban Phuc Nickel Mine, which we have relied upon in our valuation of AMR's 90% interest in the Ban Phuc Nickel Mine.

We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with the industry practices and compliant with the requirements of the Valmin Code 2015. A copy of SRK's Independent Technical Assessment and Valuation Report is attached in Appendix 4.

Independent Asset Valuer

In performing our valuation of the Ban Phuc Nickel Mine Fixed Assets, we have relied on an independent asset valuation report prepared by PP&E Valuations Pty Ltd ('PP&E') ('Asset Valuation Report'). PP&E's valuation of the Ban Phuc Nickel Mine Fixed Assets has been conducted on the basis of 'Market Value' which is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein both parties have acted knowledgeably, prudently and without compulsion.

We are satisfied with the valuation methodology adopted by PP&E, which we believe are in accordance with the industry practices and compliant with the requirements of RG 111 for the purpose of independent expert's reports. A copy of PP&E's Asset Valuation Report is attached in Appendix 5.

QMP

Kasbah shareholders will receive shares and warrants in AMR as consideration under the Scheme, which are effectively the shares of the Proposed Merged Entity following the implementation of the Scheme. We consider the post-announcement QMP analysis of both Kasbah's shares and AMR's shares may provide an indication of value of the Proposed Merged Entity.

Whilst using a post-announcement QMP analysis may not reflect the value of the Proposed Merged Entity to the extent that the post-announcement share prices may incorporate the risk that the Scheme is not implemented, it would reflect investors' perceived value of the Proposed Merged Entity, including but not limited to the value of the combined assets of Kasbah and AMR. Moreover, the QMP method is used only a secondary valuation approach as a cross-check of our primary valuation methodology.

The QMP basis is a relevant methodology to consider as Kasbah's shares and AMR's shares are listed on the ASX and TSX-V, respectively. This means there is a regulated and observable market where Kasbah's shares and AMR's shares can be traded. However, in order for QMP to be considered appropriate, the company's shares should be liquid and the market should be fully informed of the company's activities.

We must also consider the volatility of the market price and whether the market price is likely to represent the value of the Proposed Merged Entity.

10.3 Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- a) the acquirer is obtaining or increasing control of the target; and
- b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

- a) the depth of the market for those securities;
- b) the volatility of the market price; and
- c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the value of the Proposed Merged Entity share on a minority interest basis.

11. Valuation of Kasbah

11.1 Sum-of-Parts

We have employed the Sum-of-Parts method in estimating the fair market value of Kasbah by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- the value of Kasbah's 75% interest in the Achmmach Tin Project;
- the value of residual resources at the Achmmach Tin Project not included in our DCF valuation (75%);
- the value of Kasbah's Other Exploration Assets;
- the amount of cash received from a notional capital raising;
- the value of the other assets and liabilities of Kasbah; and
- the amount of Kasbah's corporate costs.

The value of Kasbah's assets on a going concern basis is reflected in our valuation below:



Valuation of Kasbah if the Scheme is not implemented	Ref	Low value A\$	Preferred value A\$	High value A\$
DCF value of Achmmach Project to equity holders (75%)	11.1.1	37,875,000	42,450,000	47,025,000
Add: Value of Kasbah's Other Mineral Assets	11.1.2	1,838,000	3,350,000	5,355,000
Add: Cash from notional capital raising	11.1.3	37,644,379	37,644,379	37,644,379
Add: Other assets and liabilities	11.1.4	147,422	147,422	147,422
Less: Kasbah's corporate costs	11.1.5	(7,266,715)	(7,266,715)	(7,266,715)
Value of Kasbah under Sum-of-Parts method		70,238,086	76,325,086	82,905,086
Number of Kasbah shares on issue	11.1.3	2,134,640,701	2,134,640,701	2,134,640,701
Value per share on a controlling basis (\$)		0.033	0.036	0.039

Source: BDO analysis

The table above indicates that the value of a Kasbah share if the Scheme is not implemented, using the Sum-of-Parts methodology, is between \$0.033 and \$0.039 with a preferred value of \$0.036. The value of a Kasbah share derived under the Sum-of-Parts methodology is reflective of a controlling interest.

11.1.1. Valuation of the Achmmach Tin Project

We selected the DCF approach in valuing the Achmmach Tin Project. The DCF approach estimates the fair market value by discounting the future cash flows arising from the project to their net present value. Performing a DCF valuation requires the determination of the following:

- the expected future cash flows that the Achmmach Tin Project is expected to generate; and
- an appropriate discount rate to apply to the cash flows of the Achmmach Tin Project to convert them to present value equivalent.

11.1.1.1. Future Cash Flows

A detailed cash flow model for the Achmmach Tin Project was prepared by the directors of Kasbah with the assistance of advisors ('the Model'). The Model estimates the future cash flows expected from tin production at the Achmmach Tin Project based on determined JORC compliant reserves only. The Model depicts forecasts of nominal post-tax and pre-tax cash flows over the life of mine on an annual basis. We have reviewed the Model and the material assumptions that underpin it.

BDO has made certain adjustments to the Model where it was considered appropriate to arrive at an adjusted model ('the Adjusted Model'). In particular, we have adjusted the Model to reflect any changes to technical assumptions as a result of SRK's review and any changes to the economics and other input assumptions from our research. We have also adjusted the Model to reflect cash flows on a nominal basis. The Model was prepared based on estimates of production profile, operating costs and sustaining capital expenditure.

The main assumptions underlying the Model include:

- mining and production volumes;
- stockpile movements;
- commodity prices;



- operating costs;
- sustaining capital expenditure;
- foreign exchange rates;
- royalty payments; and
- discount rate.

We undertook the following analysis on the Model:

- appointed SRK as technical expert to review, and where required, provide changes to the technical assumptions underlying the Model;
- conducted independent research on certain economic and other inputs such as commodity prices, inflation and discount rate applicable to the future cash flows of the Achmmach Tin Project;
- held discussions with Kasbah's management and advisors regarding the preparation of the forecasts in the Model and its views; and
- performed a sensitivity analysis on the value of the Achmmach Tin Project as a result of flexing selected assumptions and inputs.

We have not undertaken a review of the cash flow forecasts in accordance with Australian Auditing Standard AUS 804 'The Audit of Prospective Financial Information' and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of a technical expert

SRK was engaged to prepare a report providing a technical assessment of the Achmmach Tin Project assumptions underlying the Model. SRK's assessment involved the review and provision of input on the reasonableness of the assumptions adopted in the Model, including but not limited to:

- mining physicals (including volume mined, recovery and grade);
- processing assumptions (including products and recovery, scheduling and plant utilisation);
- operating costs (comprising direct operating expenditure and certain fixed costs);
- capital expenditure (development and sustaining capital required); and
- other relevant assumptions.

The Achmmach Tin Project is expected to have a mine life of 10.5 years producing tin from a total economic mining inventory of 6.56 Mt of ore.

A copy of SRK's Technical Assessment and Valuation Report is included in Appendix 4.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Denominations of cash flows

The cash flows contained in Kasbah's Model were prepared in USD but we converted these cash flows to AUD and calculated the NPV in AUD for our valuation purposes.

We note that certain capital costs contained in the Model were denominated in various currencies and converted to USD at exchange rates on a particular date. However, the magnitude of those costs and the exchange rate movements are not expected to have a material impact on our valuation. Therefore, we did not consider forecasting exchange rates for each of those currencies.

Inflation

We note that all cash flows contained in Kasbah's Model (which underpin the SSO DFS) were calculated on a real basis. As the tin prices obtained from our research sources are quoted on a nominal basis, we applied an inflation rate to convert all uncontracted costs into nominal terms in the Adjusted Model.

In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions. From our analysis, the long-term inflation outlook for Morocco, the United States and Australia are similar at approximately 2.0%.

On this basis, we applied an annual inflation rate of 2.0% over the life of the Achmmach Tin Project.

Foreign exchange rate

All commodity prices and operating costs are stated in USD and our valuation is in AUD. The conversion from USD to AUD was undertaken using the following foreign exchange rate assumptions:

Exchange rate	CY17	CY18	CY19	CY20-CY29
AUD:USD	0.73	0.76	0.77	0.78

Source: Bloomberg

Revenue assumptions

The Achmmach Tin Project receives revenue from the sale of tin only.

Tin

Kasbah adopted the LME tin price at 21 July 2016 of US\$17,830 per tonne over the life of mine. We have reviewed the most recent Consensus Economics price forecasts and most recent tin price forecasts from Bloomberg and have adopted these in our Adjusted Model. The tin prices are forecasted in nominal terms.

These forecasts in USD are displayed below:

Tin Price	Jan-17 to Mar-17	Apr-17 to Jun-17	Jul-17 to Sep-17	Oct-17 to Dec-17
USD per tonne	\$17,628	\$17,823	\$17,920	\$18,431

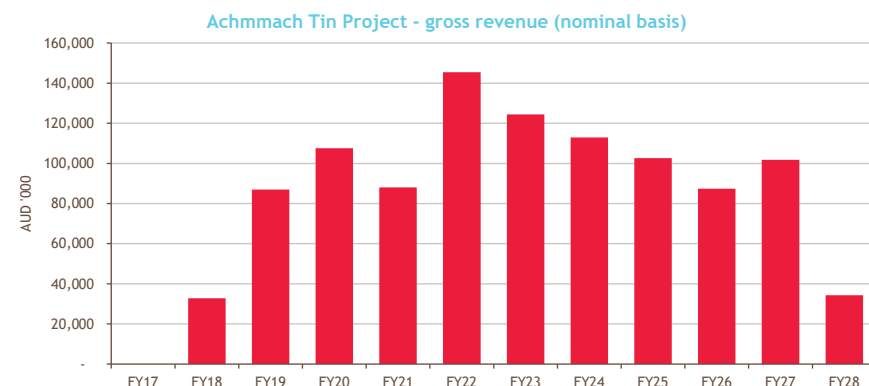
Source: Consensus Economics and Bloomberg

Tin price	CY18	CY19	CY20	CY21-CY25
USD per tonne	\$18,846	\$20,161	\$20,752	\$21,307

Source: Consensus Economics and Bloomberg

Revenue

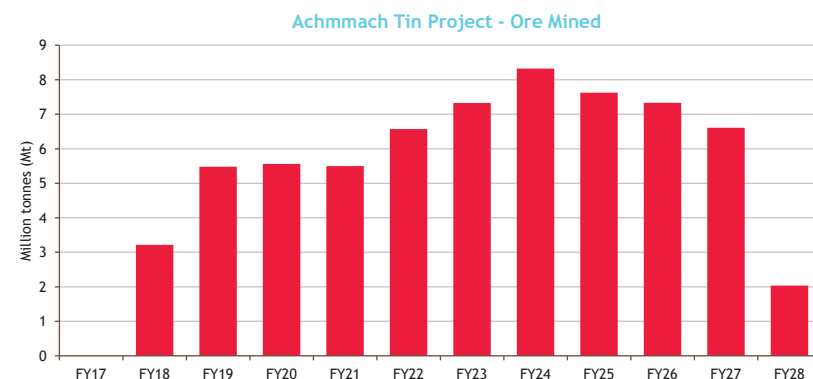
The graph below shows the forecast revenues from the sale of tin to be received over the life of mine for the Achmmach Tin Project.



Source: Adjusted Model, BDO analysis

Mining physicals

The graph below outlines the forecast ore to be mined over the Achmmach Tin Project life of mine as per the Adjusted Model.



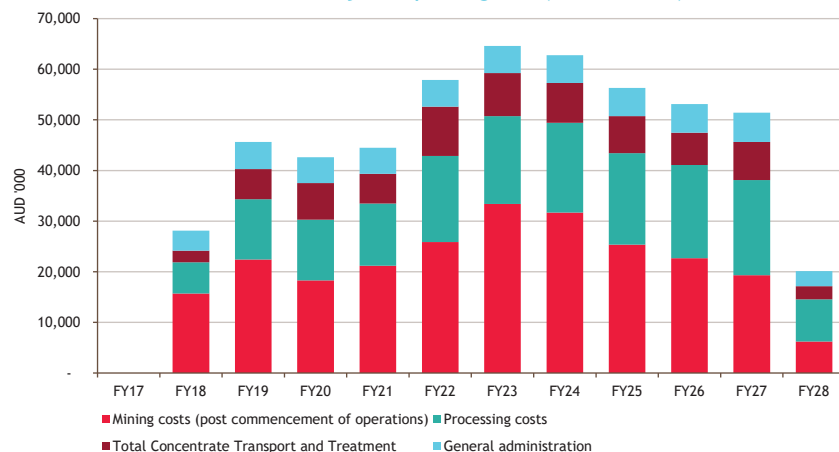
Source: Adjusted Model, SRK Technical Assessment and Valuation Report, BDO analysis



Operating expenditure

Key operating expenditure included in the Adjusted Model consists of mining operations (post commencement of operations), processing costs, total concentrate, transport and treatment charges and general administrative costs. The graph below outlines the forecast operating costs per annum for the Achmmach Tin Project life of mine, on a nominal basis.

Achmmach Tin Project - Operating costs (nominal terms)



Source: Adjusted Model, SRK Technical Assessment and Valuation Report, BDO analysis

Capital expenditure

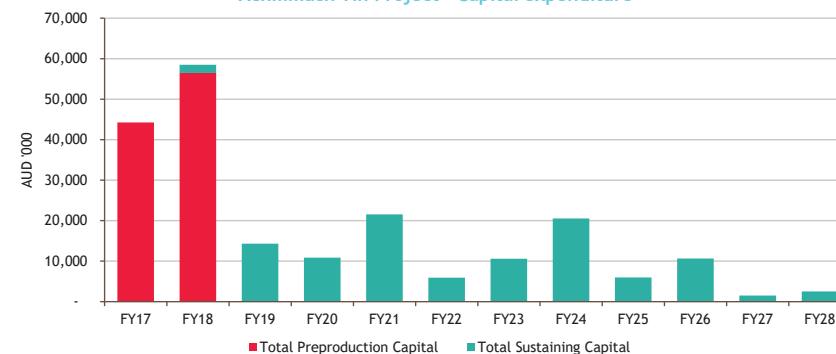
The Achmmach Tin Project requires an upfront project investment of approximately US\$77.3 million (adjusted for corporate overheads which we have accounted for separately) or A\$106.2 million in Australian Dollars equivalent and expressed in nominal terms.

The upfront capital expenditure, in nominal terms, comprises A\$58.5 million in plant and infrastructure costs, A\$34.4 million in underground development costs, A\$5.7 million in pre-production administration costs and A\$2.0 million in pre-production (operating) mining costs. The Model also accounts for contingencies on capital expenditure.

Sustaining capital costs are expected to fluctuate over the life of mine but will increase significantly in FY21 in preparation for the ramp up from the stage 1 capacity of 500ktpa to the stage 2 capacity of 750ktpa. Kasbah also expects sustaining capital costs will increase to A\$21.2 million in FY24 due to increased underground development activity during this period to provide sufficient working areas to meet ongoing ore production requirements.



Achmmach Tin Project - Capital expenditure



Source: Adjusted Model, SRK Technical Assessment and Valuation Report, BDO analysis

Royalties

Kasbah will be liable to pay a 3% royalty to the Moroccan Government upon the commencement of operations at the Achmmach Tin Project. This 3% royalty is calculated on the net smelter return and, based on our Adjusted Model, totals A\$28.2 million over the life of mine.

Taxation

Corporate tax

Tax has been applied to the Model in accordance with the relevant legislation, which is that applicable to Morocco. The current corporate tax rate for exporting mining companies in Morocco is 17.5%. The Achmmach Tin Project will also be subject to Value Added Tax ('VAT') on goods and services. The standard VAT rate in Morocco is 20% with reduced rates of 7%, 10% and 14% applying to certain transactions.

Examples of the application of reduced VAT rates and complete exemptions relevant to the Achmmach Tin Project include:

- 14% on diesel fuel, transportation, electricity and commercial light duty vehicles;
- 10% on bank and credit operation including commissions of foreign exchange, service of licenced professionals and highway tolls; and
- 7% (although the Model does not contain costs that apply this VAT rate).

VAT is excluded from products delivered and services supplied for export by a taxable entity and international transportation and related services.

Withholding tax

Morocco imposes a 15% withholding tax, which reduces the net income repatriated back to Australian shareholders and hence reduces value to Shareholders. We have included this withholding tax assumption in the Adjusted Model, which was not included in the Model underpinning the SSO DFS provided by Kasbah as Kasbah prepared it on a project basis.

Tax Losses and capitalised expenditure

Tax losses of US\$1.4 million (or A\$1.9 million) were included in the Adjusted Model to offset against any future profitability of the Achmmach Tin Project. In addition, Kasbah had capitalised exploration and undepreciated fixed plant and equipment expenditure in Morocco of approximately US\$26.5 million (or A\$36.0 million). This amount was also included in the Adjusted Model as opening capital that was amortised over the life of mine, giving rise to additional future tax deductions.

The tax benefit that may be realised from the above amounts at a tax rate of 17.5% is approximately US\$4.9 million (or A\$6.7 million).

Closure costs and salvage value

The closure costs and salvage value in the Achmmach Tin Project are assumed to be incurred in FY28 when mining activities cease. We note that the Company expects to incur an A\$4.7 million closure expense to shut down the Tailings Management Facility and the general site which will be partly offset by a salvage income of A\$3.6 million.

11.1.1.2. Discount Rate

The Model prepared by Kasbah assumes a 100% equity funded structure and discounts the cash flows at 8% on an after tax ungeared basis. The resultant NPV reflects a value at the Project level, which is commonly used for a DFS, but does not necessarily reflect the return to equity holders.

The Adjusted Model assumes that the Project is funded through a 50% debt and 50% equity structure. We have assumed a notional capital raising for the 50% equity funding. We have considered after-debt cash flows and, therefore, the cash flows we are discounting are the cash flows to equity holders. We have selected a nominal after tax discount rate of 12% which represents our assessment of the appropriate cost of equity to discount the forecast cash flows to their present value.

In selecting this range of discount rates we considered the following:

- the rates of return for comparable ASX listed tin companies;
- the debt to equity ratio of Kasbah following the Scheme; and
- the risk profile of Kasbah following the Transaction as compared to other listed companies with tin operations.

A detailed consideration of how we arrived at the adopted discount range is shown in Appendix 3.

11.1.1.3. Sensitivity Analysis

The estimated equity value of the Achmmach Tin Project is derived under the DCF approach. Our valuation is highly sensitive to changes in the key assumptions underlying the Adjusted Model. We have therefore included an analysis to consider the value of the Achmmach Tin Project under various pricing scenarios and in applying:

- a change of +/- 20% to the tin price;
- a change of +/- 20% to the recovered tin;
- a change of +/- 20% to the AUD/USD exchange rate;
- a change of +/- 20% to mining costs;
- a change of +/- 20% to processing costs; and

- a discount rate in the range of 10% to 14%.

The following sensitivities have been prepared to assist Shareholders in considering the potential affects to the value of the Achmmach Tin Project if our base case assumptions change.

Flex	Sensitivity analysis				
	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)	NPV (A\$m)
	Tin price	Recovered tin	Exchange rate	Mining costs	Processing costs
-20%	(23.5)	(17.1)	69.3	76.2	68.2
-15%	(1.6)	2.4	65.5	71.3	65.3
-10%	18.0	20.6	62.2	66.4	62.4
-5%	37.3	38.7	59.3	61.5	59.5
0%	56.6	56.6	56.6	56.6	56.6
5%	75.7	74.4	54.2	51.7	53.7
10%	94.8	92.3	52.0	46.7	50.8
15%	113.9	110.0	50.0	41.8	47.9
20%	132.8	127.7	48.1	36.8	45.0

Source: BDO analysis

Discount rate sensitivity analysis					
Discount rate (%)	10%	11%	12%	13%	14%
NPV (A\$m)	69.7	62.9	56.6	50.7	45.3

Source: BDO analysis

Considering the valuation outcomes above, we estimate the fair value of the Achmmach Tin Project on a 100% basis to be in the range of A\$50.5 million to A\$62.7 million, with a midpoint value of A\$56.6 million.

11.1.2. Valuation of Kasbah's Other Mineral Assets

We instructed SRK to value all of the residual resources of the Achmmach Tin Project under the Valmin Code 2015 that are not included in the Achmmach DCF Model. It is SRK's opinion that the currently defined mining schedule accounts for the majority of the defined mineral resource. Consequently, SRK does not consider there to be any material residual mineral resource outside of the life of mine schedule (the majority of which are included in the Model) and hence no value is ascribed to residual resources.

We also instructed SRK to value Kasbah's Other Exploration Assets by undertaking an analysis of market transactions involving similar mineral assets globally.

The value of Kasbah's Other Mineral Assets is summarised in the table below:

Valuation of Kasbah's Other Mineral Assets	Low value A\$	Preferred value A\$	High value A\$
Valuation of residual resources of the Achmmach Tin Project (75%)	-	-	-
Valuation of the Other Exploration Assets attributable to Kasbah	1,838,000	3,350,000	5,355,000
Value of Kasbah's Other Exploration Assets	1,838,000	3,350,000	5,355,000

Source: SRK's Independent Technical Assessment and Valuation Report, and BDO analysis

SRK concluded that the value of Kasbah's Other Mineral Assets is between A\$1.84 million and A\$5.36 million with a preferred value of A\$3.35 million.



11.1.3. Notional capital raising

We are required by RG111.15 to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Therefore, we have included a notional capital raising in lieu of the Scheme, as if the Scheme is not implemented, and the Company will be required to fund the development of its 75% share in the Achmmach Tin Project in an alternative manner.

We have assumed a 50% debt and 50% equity structure to represent the funding for the Achmmach Tin Project. The debt funding structure and quantum are supported by the terms of previous debt offers that Kasbah had received, in particular, one offer that was received in July 2016 on the basis of the SSO alternative. We have assumed a notional capital raising for the balance in equity funding.

The notional raising amount is based on the recently completed DFS, which was announced on 10 August 2016. The DFS concluded that the Achmmach Tin Project's total project investment would be US\$77.3 million (adjusted for corporate costs which we have accounted for separately). As Kasbah has a 75% interest in the Project, the Company would be responsible for funding US\$58.0 million (A\$75.3 million converted at an exchange rate of 1.2982USD:1AUD) on a pro rata basis. Assuming a 50% equity raising, the required equity funds to be raised is A\$39.2 million, which includes a notional 4.0% placement fee to account for a potential underwriter's or broker's fee. Therefore, the net cash that would be received from the notional capital raising is A\$37.6 million.

In order to determine the likely price at which Kasbah would have to place its shares to a third party or current shareholder under a rights issue to raise the capital required, we considered the VWAP of Kasbah's shares and the discount at which shares have been issued by ASX listed companies when compared to the respective companies' share price the day prior to the announcement of the placement. We considered the discount at which shares have been issued since January 2015 by ASX listed mining companies to raise capital.

From our analysis, the average discount for ASX listed mining companies was 17.0%.

Given that the size of the notional capital raising would be in excess of 200% of Kasbah's market capitalisation, we consider a discount rate of at least 20% is required to provide a sufficient incentive for investors to participate in any raising that Kasbah would perform.

In section 11.2 of our Report we consider the QMP of Kasbah's shares. From this analysis, we assessed that the value for a Kasbah shares, based on market pricing, was \$0.031, being the VWAP of the last 30 trading days prior to the announcement of the Scheme. Applying a discount of 20% to the assessed value of a Kasbah share prior to the announcement of the Scheme results in an assumed notional capital raising price of \$0.025 per share.

To raise an equivalent A\$39.2 million required to fund the development of the Achmmach Tin Project, approximately 1,578,635,266 new Kasbah shares will need to be issued resulting in a total of 2,134,640,701 Kasbah shares on issue.

11.1.4. Valuation of the other assets and liabilities of Kasbah

Other assets and liabilities of Kasbah represent the assets and liabilities that have not been specifically adjusted. From our review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted. The table below represents a summary of the assets and liabilities identified:



Consolidated Balance Sheet	Note	Audited as at 30-Jun-16 A\$	Adjusted value A\$
CURRENT ASSETS			
Cash and cash equivalents	a	1,170,691	1,153,534
Trade and other receivables	b	154,054	154,054
Non-current assets classified as held for sale		1	1
TOTAL CURRENT ASSETS		1,324,746	1,307,589
NON-CURRENT ASSETS			
Property, plant and equipment	b	151,826	151,826
Exploration and evaluation expenditure	c	5,617,412	-
TOTAL NON-CURRENT ASSETS		5,769,238	151,826
TOTAL ASSETS		7,093,984	1,459,415
CURRENT LIABILITIES			
Trade and other payables	b	742,040	742,040
Debt facility	d	-	500,000
TOTAL CURRENT LIABILITIES		742,040	1,242,040
NON-CURRENT LIABILITIES			
Trade and other payables		-	-
Provisions		69,953	69,953
TOTAL NON-CURRENT LIABILITIES		69,953	69,953
TOTAL LIABILITIES		811,993	1,311,993
NET ASSETS		6,281,991	147,422

Source: Kasbah's audited financial statement for the year ended 30 June 2016 and BDO analysis

We have been advised that there has not been a significant change in the net assets of Kasbah since 30 June 2016 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Additionally, nothing has come to our attention as a result of our procedures that would suggest the need for any adjustments.

Note a) Cash and cash equivalents

We note that the cash position of Kasbah as at 31 August 2016, before the receipt of funds from the Pala loan, had decreased from \$1,170,691 to \$653,534.

Kasbah announced on 5 September 2016 that the Company has drawn down the first tranche of A\$500,000 from the A\$1 million loan facility from Pala. Therefore, we have adjusted the value of Kasbah's other assets and liabilities to include a debt outstanding of A\$500,000.

As such, we adjusted the cash and cash equivalents balance at 30 June 2016 for the following material movements:

Cash and cash equivalents	A\$
Cash and cash equivalents at 31-Aug-16	653,534
Add: First draw down of Pala Loan Facility	500,000
Adjusted cash and cash equivalents	1,153,534

Source: Kasbah Management

Note b) Balances considered but not adjusted

We have considered Kasbah's trade and other receivables, property, plant and equipment, and trade and other payables for the year ended 30 June 2016, however did not make any adjustments to the respective balances as they have not been included in the DCF valuation of the Achmmach Tin Project.

Note c) Exploration and evaluation expenditure

The entire exploration and evaluation asset balance of \$5,617,412 at 30 June 2016 has been removed and has been reflected in our Sum-of-Parts valuation as follows:

- exploration expenditure relating to the Achmmach Tin Project has been separately valued in our DCF valuation of the Achmmach Tin Project in section 11.1 of our Report; and
- exploration expenditure relating to Kasbah's Other Exploration Assets is reflected in the Independent Technical Assessment and Valuation Report prepared by SRK, as outlined in section 11.1 of our Report.

Note d) Debt facility

Kasbah announced on 5 September 2016 that the Company has drawn down the first tranche of A\$500,000 from the A\$1 million loan facility from Pala. Therefore, we have adjusted the value of Kasbah's other assets and liabilities to include a debt outstanding of A\$500,000.

11.1.5. Kasbah's Corporate Costs

Kasbah's corporate costs incurred during the years ended 30 June 2015 and 30 June 2016 were approximately \$2.35 million and \$1.3 million, respectively. Kasbah advised that the corporate costs relating to its Australian head office for the year ended 30 June 2017 are estimated to be approximately A\$1.0 million, which we consider to be reasonable. We calculated the corporate costs over 15 years, being the approximate life of mine of the Achmmach Tin Project, at A\$1.0 million per annum, inflating these costs at 2% per annum over the entire period. The net present value of Kasbah's corporate costs, discounted at the Company's cost of equity, is approximately A\$7.27 million.

11.2 Quoted Market Prices for Kasbah Securities

To provide a comparison to the valuation of Kasbah in section 11.1, we have also assessed the quoted market price for a Kasbah share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

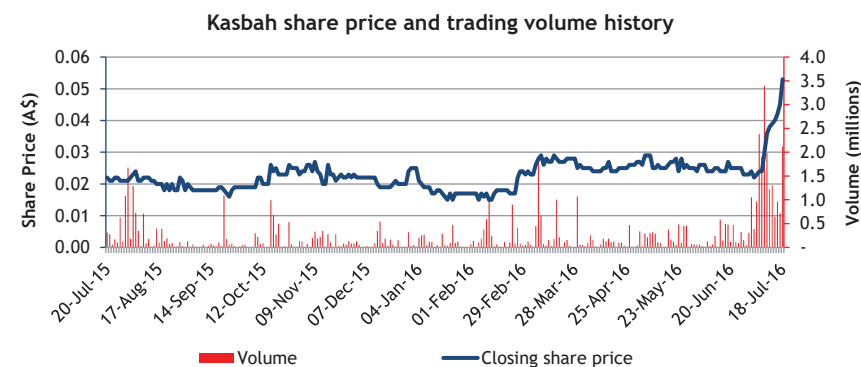
RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 14 of our Report.

Therefore, our calculation of the quoted market price of a Kasbah share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Kasbah share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Kasbah share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of a Kasbah share following the announcement as a cross-check to our valuation of the Proposed Merged Entity in section 12.1 of our Report and when we have considered reasonableness in section 14.

Information on the Scheme was announced to the market on 11 August 2016. Prior to this date, the Company had been in a trading halt/suspension since 19 July 2016. Therefore, the following chart provides a summary of the share price movement over the 12 months to 18 July 2016, which was the last full trading day prior to the announcement.



Source: Bloomberg

The daily price of Kasbah shares from 20 July 2015 to 18 July 2016 has ranged from a low of \$0.015 on 19 January 2016 to a high of \$0.053 on 18 July 2016. From July 2015 to January 2016, the Company's shares traded consistently around \$0.020. On 9 February 2016, Kasbah announced the successful completion of a pre-feasibility study on a Small Start Option for the Achmmach Tin Project. The share price subsequently entered an upswing and reached \$0.029 on 16 March 2016.

Kasbah's share price fluctuated between \$0.022 and \$0.029 from 16 March 2016 to 6 July 2016, before entering a sharp unexplained upswing, in which the share price increased from \$0.024 on 6 July 2016 to \$0.053 on 18 July 2016. The most significant trading volumes were experienced in July 2016, with the highest single day of trading occurring on 7 July 2016, where 3,396,511 shares were traded.



During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price Three Days After Announcement \$ (movement)
19-07-2016	Trading Halt	0.063 ▶ 0.0%	n/a ▶ n/a
11/07/2016	Response to ASX Price Query	0.038 ▲ 5.6%	0.042 ▲ 10.5%
08/07/2016	Trading Halt	0.036 ▲ 20.0%	0.040 ▲ 11.1%
29/04/2016	Quarterly Activities and Cashflow Report	0.027 ▲ 3.8%	0.029 ▲ 7.4%
09/02/2016	Achmmach Small Start Option	0.017 ▲ 6.3%	0.017 ▶ 0.0%
16/10/2015	Quarterly Activities and Cashflow Report	0.024 ▼ 7.7%	0.023 ▼ 4.2%
27/07/2015	Quarterly Activities Report	0.021 ▼ 4.5%	0.021 ▶ 0.0%

Source: Bloomberg

On 19 July 2016, the securities of Kasbah were placed in a trading halt at the request of the Company. Kasbah remained in voluntary suspension until the announcement of the Scheme on 11 August 2016.

On 11 July 2016, the Company issued a response to an ASX Price and Volume Query. The query was prompted due to a significant increase in the Company's share price and increased volume of trading over the period leading up to 8 July 2016. Kasbah's response cited the removal of "overhang" in Company shares, an increase in tin prices, broker coverage and speculation of the results of the Achmmach DFS as contributing factors. Kasbah's share price on the day of the announcement closed 5.6% higher at \$0.038 and increased by a further 10.5% in the three days subsequent to the announcement to close at \$0.042.

On 8 July 2016, Kasbah announced that it had entered a voluntary trading halt. The Company's share price closed at \$0.036 on the day of the announcement, an increase of 20.0%. Kasbah resumed trading on 11 July 2016, with the share price increasing by a further 11.1% over the subsequent three days to close at \$0.04. This trading activity was uncharacteristic of Kasbah and prompted a Price and Volume Query from the ASX. Kasbah's response to the query is detailed above.

On 29 April 2016, the Company released its Quarterly Activities and Cashflow Report for March 2016. The market responded positively, with the share price increasing by 3.8% to \$0.027 on the day of the announcement and a further 7.4% in the three days after to close at \$0.029.

On 9 February 2016, Kasbah announced the successful completion of a pre-feasibility study on a Small Start Option for the Achmmach Tin Project. The share price increased by 6.3% on the day of the announcement to close at \$0.017.

On 29 April 2016, the Company released its Quarterly Activities and Cashflow Report for September 2015. The market responded negatively, with the share price declining by 7.7% to \$0.024 on the day of the announcement. Kasbah's share price decline by an additional 4.2% over the three days following the announcement to close at \$0.023.

On 27 July 2015, the Company released its Quarterly Activities and Cashflow Report for June 2015. The market responded negatively, with the share price declining by 4.5% to \$0.021 on the day of the announcement.



To provide further analysis of the market prices for a Kasbah share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 18 July 2016.

Share Price per unit	18-Jul-16	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.053				
Volume weighted average price (VWAP)		\$0.033	\$0.031	\$0.030	\$0.030

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Kasbah shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Kasbah shares for the six months to 18 July 2016 is set out below:

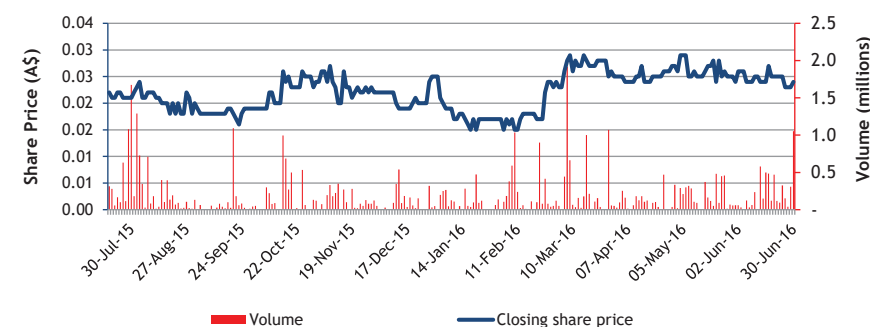
Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.047	\$0.054	2,125,425	0.38%
10 Days	\$0.023	\$0.054	16,621,989	2.99%
30 Days	\$0.021	\$0.054	22,812,178	4.10%
60 Days	\$0.021	\$0.054	27,773,220	5.00%
90 Days	\$0.021	\$0.054	32,238,118	5.80%
180 Days	\$0.015	\$0.054	46,664,944	8.39%

Source: Bloomberg, BDO analysis

This table indicates that Kasbah's shares display a low level of liquidity, with 8.39% of the Company's current issued capital being traded in a six month period. However, we observe that the level of liquidity for each of the periods was largely "inflated" by significant unusual trading activity in the time leading up to the announcement of the Scheme.

If we remove the effects of the concentrated and unusual share trading activity, we note that prior to July 2016, Kasbah's share price was less volatile and there was significantly lower volumes of trading. This is illustrated in the following chart, which provides a summary of Kasbah's share price movements and trade volume up to 30 June 2016.

Kasbah share price and trading volume history



Source: Bloomberg

An analysis of the volume of trading in Kasbah shares for the six months to 30 June 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.021	\$0.025	1,053,000	0.19%
10 Days	\$0.021	\$0.027	3,162,836	0.57%
30 Days	\$0.021	\$0.028	6,666,390	1.20%
60 Days	\$0.021	\$0.029	10,808,564	1.94%
90 Days	\$0.021	\$0.030	17,890,583	3.22%
180 Days	\$0.015	\$0.030	30,141,597	5.42%

Source: Bloomberg, BDO analysis

Excluding the unusual trading period between 30 June 2016 and the announcement of the Scheme results in Kasbah shares exhibiting a much lower level of liquidity, with only 5.42% of the Company's issued capital being traded in the six months prior to 30 June 2016.

For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Kasbah, 8.39% of the Company's capital currently issued on the ASX was traded in a six-month period. We note that there was an increase in trading activity in the lead up to the announcement of the Scheme. This was unusual and inconsistent with trading for the extended period prior to that.

Our assessment is that a range of values for Kasbah's shares based on market pricing, after disregarding post announcement pricing is between \$0.029 and \$0.033, with a midpoint value of \$0.031. This range is based on the VWAP of the 30 trading days prior to the announcement of the Scheme, which was \$0.031.

Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropriate in this instance, we believe there are two key considerations. Firstly, we believe it is appropriate to consider the level of control currently held by AMR and what additional level of control/ability to influence the Company that AMR would gain if the Scheme is approved and whether a premium for control is appropriate given the current position of the Company.

We have reviewed the control premiums paid by acquirers of all general mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2016	0	n/a	n/a
2015	15	165.46	31.00
2014	15	108.84	34.85
2013	18	44.46	49.25
2012	20	129.36	44.61
2011	21	605.51	40.47
2010	25	733.60	43.27
2009	28	84.25	41.85
2008	8	553.76	38.87
	Mean	303.15	40.52
	Median	147.41	41.16

Source: Bloomberg

The mean and median figures above are calculated based on the average deal value and control premium for each respective year. To ensure our data is not skewed, we have also calculated the mean and median of the entire data set comprising control transactions for general mining companies from 2008 onwards, as set out below:

Entire Data Set Metrics	Average Deal Value (AU\$m)	Average Control Premium (%)
Mean	303.77	41.20
Median	35.18	37.39

Source: Bloomberg

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited;
- ability to integrate the acquiree into the acquirer's business;
- level of pre-announcement speculation of the transaction; and
- level of liquidity in the trade of the acquiree's securities.

The tables above indicate that the long term average of announced control premiums paid by acquirers of general mining companies on the ASX is approximately 40%. However, in assessing the sample of the transactions that were included in the table, we noted transactions within the list that appear to be extreme outliers. These outliers include 13 transactions in which the announced control premium was in excess of 100% and 17 transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0%).

In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the review period was 37.39%.

Since 2013 the average control premium has steadily declined from 49.25% in 2013 to 34.85% in 2014 and 31.00% in 2015. Therefore, we consider that an appropriate premium for control to be paid by AMR is between 25% and 35%.



Quoted market price including control premium

Applying a control premium to Kasbah's quoted market share price results in the following quoted market price value including a premium for control:

	Low value A\$	Midpoint value A\$	High value A\$
Quoted market price value	0.029	0.031	0.033
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	0.036	0.040	0.045

Source: BDO analysis

Therefore, our valuation of a Kasbah share based on the quoted market price method and including a premium for control is between \$0.036 and \$0.045, with a midpoint value of \$0.040.

11.3 Assessment of Kasbah Value

The results of the valuations performed are summarised in the table below:

Kasbah Value	Low value A\$	Preferred value A\$	High value A\$
Sum-of-Parts (section 11.1)	0.033	0.036	0.039
QMP (section 11.2)	0.036	0.040	0.045

Source: BDO analysis

The valuation range for a Kasbah share on a controlling basis derived from both our Sum-of-Parts and QMP methodologies are overlapping, with the QMP valuation range being at the higher end. The difference between the values obtained under the QMP method and the Sum-of-Parts method may be explained by the following:

- the QMP values encapsulates the significant unusual trading activity in the time leading up to the announcement of the Scheme where the Company's share price spiked on the back of high trading volumes, and this was inconsistent with trading for the extended period prior to that; and
- the QMP values may have reflected investors' bullish response to rising tin prices during that period which may or may not be sustained.

Based on the above analysis, we are satisfied that our primary valuation methodology, being the Sum-of-Parts approach, is supported by our secondary valuation methodology, the QMP approach. Therefore, we consider the value of a Kasbah share to be between \$0.033 and \$0.039, with a midpoint value of \$0.036.



12. Valuation of the Scheme Consideration

Under the Scheme, Kasbah shareholders will receive the following:

- either 1.3 common shares of AMR to be listed on the TSX-V or 0.13 CDIs, with each CDI representing a beneficial interest in 10 AMR Shares which, subject to the approval of the ASX, will be quoted on the ASX following the implementation of the Scheme; and
- either 0.4 of a warrant to subscribe for one AMR Share to be listed on the TSX-V or 0.04 of a CDI, with each CDI representing a beneficial interest in 10 AMR Warrants which, subject to the approval of ASX, will be quoted on the ASX following implementation of the Scheme.

In determining the value of the Scheme Consideration to be received by Shareholders, we undertook a valuation of the Proposed Merged Entity (AMR Shares) and the value of the AMR Warrants that they will receive.

12.1 Valuation of the Proposed Merged Entity

We employed the Sum-of-Parts as our primary valuation method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration for the following:

- the value of Kasbah's 75% interest in the Achmmach Tin Project;
- the value of residual resources at the Achmmach Tin Project not included in our DCF valuation (75%);
- the value of Kasbah's Other Exploration Assets;
- the value of AMR's 90% interest in the Ban Phuc Nickel Mine (tenements at in-ground resources);
- value of AMR's 90% interest in the Ban Phuc Nickel Mine Fixed Assets;
- the value of other assets and liabilities of Kasbah;
- the value of other assets and liabilities of AMR; and
- the amount of corporate costs to be incurred by the Proposed Merged Entity; and
- the resulting number of shares (on a diluted and undiluted basis) upon implementation of the Scheme.

The value of the Proposed Merged Entity's assets on a going concern basis is reflected in our valuation below:

Valuation of the Proposed Merged Entity	Ref	Low value A\$	Preferred value A\$	High value A\$
DCF value of Achmmach Project to equity holders (75%)	11.1.1	37,875,000	42,450,000	47,025,000
Add: Value of Kasbah's Other Mineral Assets	11.1.2	1,838,000	3,350,000	5,355,000
Add: Kasbah's other assets and liabilities	11.1.4	147,422	147,422	147,422
Add: Valuation of the Ban Phuc Nickel Mine (90%)	12.1.1	990,000	3,600,000	4,590,000
Add: Valuation of the Ban Phuc Nickel Mine Fixed Assets (90%)	12.1.1	8,762,850	11,099,610	11,683,800
Add: Cash from equity capital raising	12.1.2	37,644,379	37,644,379	37,644,379
Add: AMR's other assets and liabilities	12.1.3	2,498,726	2,498,726	2,498,726

Valuation of the Proposed Merged Entity	Ref	Low value A\$	Preferred value A\$	High value A\$
Less: Corporate costs of the Proposed Merged Entity	12.1.4	(18,810,384)	(18,810,384)	(18,810,384)
Value of the Proposed Merged Entity		70,945,993	81,979,753	90,133,943
Minority discount	12.1.5	26%	23%	20%
Value of the Proposed Merged Entity on a minority interest basis		52,500,035	63,124,410	72,107,155
Number of shares on issue in the Proposed Merged Entity	12.1.2	2,797,810,486	2,797,810,486	2,797,810,486
Value per share on a minority interest basis (\$)		0.019	0.023	0.026

Source: BDO analysis

The table above indicates that the value of a share in the Proposed Merged Entity using the Sum-of-Parts methodology, is between \$0.019 and \$0.026 with a preferred value of \$0.023. The value of a share in the Proposed Merged Entity derived under the Sum-of-Parts methodology is reflective of a minority interest.

12.1.1. Valuation of the underlying assets of AMR

Given AMR's decision to place the Ban Phuc Nickel Mine in care and maintenance, we instructed SRK and PP&E to prepare a valuation of AMR's 90% interest in the tenements and in ground resources at the Ban Phuc Nickel Mine and the Ban Phuc Nickel Mine Fixed Assets respectively on a care and maintenance basis.

SRK carried out analysis of market transactions involving similar mineral assets globally in order to value the Ban Phuc Nickel Mine. SRK determined that there is nil value in the residual resources. SRK assessed the exploration potential to be in the range of \$1.1 million to \$5.1 million, with a preferred value of \$4.0 million. We used this basis to calculate AMR's 90% interest in the Ban Phuc Nickel Mine.

Additionally, we have relied on PP&E's independent valuation report valuing the Ban Phuc Nickel Mine Fixed Assets. In determining the market value of the Ban Phuc Nickel Mine Fixed Assets, PP&E has adopted a combination of the market comparison and depreciated replacement cost approaches.

PP&E assessed the value of the Ban Phuc Nickel Mine Fixed Assets 'in continued use' to be in the range of US\$7.5 million to US\$10.0 million, with a preferred value of US\$9.5 million. PP&E assessed the same assets on an 'alternative use' basis to be in the range of US\$1.5 million to US\$2.0 million, with a preferred value of US\$1.6 million. Although the Ban Phuc Nickel Mine is currently on care and maintenance, it can be sold and mining operations can recommence when sufficient resources have been identified. Therefore, we adopted the market value 'in continued use' to calculate AMR's 90% interest in the Ban Phuc Nickel Mine Fixed Assets after converting the USD value to an AUD value at an exchange rate of 1AUD:0.7703USD. This approach is also consistent with the assumptions relating to the mineral assets.

The value of the underlying assets of AMR are summarised in the table below:

Valuation of the underlying assets of AMR	Ref	Low value A\$	Preferred value A\$	High value A\$
Value of AMR's interest in Ban Phuc Nickel Mine (90%)	Appendix 4	990,000	3,600,000	4,590,000
Valuation of Ban Phuc Nickel Mine Fixed Assets (90%)	Appendix 5	8,762,850	11,099,610	11,683,800

Source: Independent Technical Assessment and Valuation Report, and Independent Valuation Report

12.1.2. Equity Capital Raising

In order to fund the development of the Achmmach Tin Project, the Proposed Merged Entity will be required to raise additional capital. In accordance with the DFS announced on 10 August 2016, the total required project investment of the Achmmach Tin Project would be US\$77.3 million (adjusted for corporate costs which we have accounted for separately). As the Proposed Merged Entity will have a 75% interest in the Project, it would be responsible for funding US\$58.0 million (A\$75.3 million converted at an exchange rate of 1.2982USD:1AUD) on a pro rata basis.

We have assumed a 50% debt and 50% equity structure to represent the funding for the Achmmach Tin Project. Assuming a 50% equity raising, the required equity funds to be raised by the Proposed Merged Entity is A\$37.7 million or A\$38.6 million if including a 4% placement fee.

Upon the successful implementation of the Scheme, Pala has committed to providing its pro rata share of any equity raising in relation to the Achmmach Tin Project. As Pala will have a 37.7% interest in the Proposed Merged Entity, the equity funds to be raised through Pala is A\$14.5 million of the A\$38.6 million to be raised. This leaves a balance of A\$24.1 million to be raised via equity from public capital markets.

In order to determine the likely price at which Kasbah would have to place its shares to a third party or current shareholder under a rights issue to raise the capital required, we considered the post announcement pricing of Kasbah's shares. In section 12.2 of our Report, we consider the QMP of Kasbah's shares after the announcement of the Scheme. Our assessment of the value for the Proposed Entity's shares following the implementation of the Scheme, based on market pricing, is A\$0.030 on a minority basis, which we have adopted as the equity raising placement price.

Although Pala will retain a controlling interest at 37.7% shareholding, we do not consider a control premium to be applicable if Pala is a participant in the overall capital raising.

In order to raise an equivalent of A\$38.6 million required to fund the development of the Achmmach Tin Project, approximately 1,286,082,578 new shares in the Proposed merged Entity will need to be issued resulting in a total of 2,797,810,486 shares on issue in the Proposed Merged Entity, on an undiluted basis.

12.1.3. Valuation of other assets and liabilities of AMR

Other assets and liabilities of AMR represent the assets and liabilities that have not been specifically adjusted. From our review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted.

The table below represents a summary of the assets and liabilities identified, which we have converted from Canadian Dollars to Australian Dollars at a rate of 1AUD:0.9831CAD.



Condensed Consolidated Balance Sheet	Ref	Reviewed as at 30-Jun-16 C\$	Adjusted value A\$
CURRENT ASSETS			
Cash and cash equivalents	a	4,477,614	4,542,379
Accounts Receivable and prepaid expenses		4,605,116	4,684,324
Inventories	b	7,523,486	7,652,890
TOTAL CURRENT ASSETS		16,606,216	16,879,593
NON-CURRENT ASSETS			
Property, plant and equipment	c	3,020,546	-
Mineral property interest	d	98,217	-
TOTAL NON-CURRENT ASSETS		3,118,763	-
TOTAL ASSETS		19,724,979	16,879,593
CURRENT LIABILITIES			
Trade and other payables		11,502,548	11,700,392
Other current liabilities		862,195	877,025
TOTAL CURRENT LIABILITIES		12,364,743	12,577,417
NON-CURRENT LIABILITIES			
Bank term loan		-	-
Provision for closure and rehabilitation		414,555	421,685
Other non-current liabilities		1,358,401	1,381,765
TOTAL NON-CURRENT LIABILITIES		1,772,956	1,803,450
TOTAL LIABILITIES		14,137,699	14,380,867
NET ASSETS		5,587,280	2,498,726

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of AMR since 30 June 2016 and that the above asset and liabilities represent their fair market values apart from the adjustments detailed below. Additionally, nothing has come to our attention as a result of our procedures that would suggest the need for any adjustments.

Note a) Cash and cash equivalents

We have adjusted the cash and cash equivalents balance at 30 June 2016 for the following material movements:

Cash and cash equivalents	\$
Cash and cash equivalents at 30-Jun-16 (C\$)	4,477,614
CAD/AUD as at 9-Sep-16 (exchange 1AUD:0.9831CAD)	1.0172
Cash and cash equivalents at 30-Jun-16 (A\$)	4,554,629
Less: cash consideration for outstanding Kasbah option holder	(12,250)
Adjusted cash and cash equivalents at 30-Jun-16 (A\$)	4,542,379

Source: BDO analysis



Note b) Inventories

Inventories have not been included in the valuation in the Independent Technical Assessment and Valuation Report prepared by SRK. Therefore, we have taken the value of inventories as stated on AMR's balance sheet and converted the balance from Canadian Dollars to Australian Dollars.

Note c) Property, plant and equipment

The property, plant and equipment balance of C\$3,020,546 as at 30 June 2016 has been removed as the value is replaced by the value determined in the Asset Valuation Report prepared by PP&E which is contained in Appendix 5.

Note d) Mineral property interest

The entire mineral property interest balance of C\$98,217 as at 30 June 2016 has been removed as the value is replaced by the value determined in the Independent Technical Assessment and Valuation Report prepared by SRK, as outlined in section 12.1.1 of our Report.

12.1.4. Corporate Costs

AMR advised that its corporate costs are estimated to be approximately A\$2.3 million per year, which we have assessed to be reasonable. We calculated AMR's corporate costs over 15 years, being the approximate life of mine of the Achmmach Tin Project, based on A\$2.30 million per annum, inflating these costs at 2% per annum over the entire period. The net present value of AMR's corporate costs, discounted at AMR's cost of equity, is approximately A\$16.54 million.

Additionally, AMR advised that approximately 60% of Kasbah's corporate costs relating to its Australian head office will be removed following the implementation of the Scheme

Therefore, the net present value of the corporate costs of the Proposed Merged Entity, discounted at the Proposed Merged Entity's cost of equity, is approximately A\$18.81 million.

12.1.5. Minority Discount

The value of the Proposed Merged Entity derived under the Sum-of-Parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, if the Scheme is successful, the accepting holders, being the Kasbah shareholders, will hold minority interests in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company. In order to reflect this and the requirement under RG 111.34, we need to adjust our Sum-of-Parts value to reflect a minority interest.

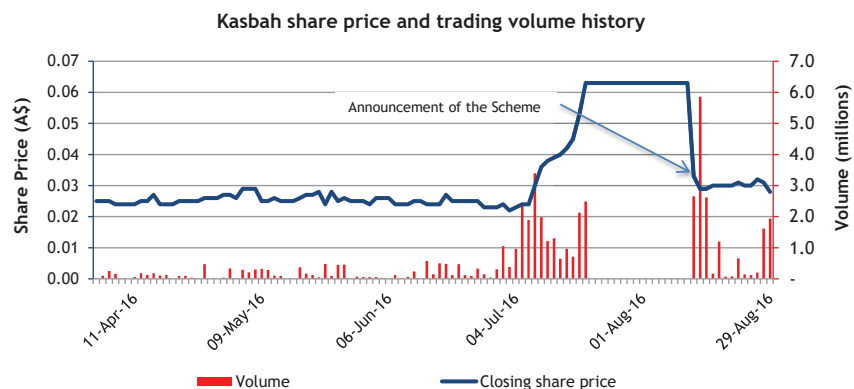
A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - (1/1 + \text{control premium})$. As discussed in section 11.2, we consider an appropriate control premium for Kasbah to be in the range of 25% to 35%, giving rise to a minority interest discount in the range of 20% to 26%.

12.2 Quoted Market Price for Kasbah Securities Post Scheme Announcement

Kasbah shareholders will receive shares in AMR as consideration under the Scheme, which are effectively the shares of the Proposed Merged Entity following the implementation of the Scheme. The share price of Kasbah following the announcement effectively represents the markets view of the value that a Kasbah shareholder will receive per share following implementation of the Scheme. Therefore, we consider that analysis of the post-announcement QMP of Kasbah's shares may provide an indication of value of the Proposed Merged Entity.

Since the Scheme was announced on 11 August 2016, there has been no other price sensitive information released to the market. We note that the share price of Kasbah, following the announcement of the Scheme, has remained higher than the assessed QMP before the announcement, as derived in section 11.2 of our Report.

The daily price of Kasbah shares from 11 August 2016 to 29 August 2016 ('Post Announcement Trading Period') has ranged from \$0.033 on 11 August 2016 to \$0.028 on 29 August 2016. On the day of the announcement and days immediately following, there was a high volume of Kasbah shares traded, with 5,860,396 shares traded on 12 August 2016. This represents more than 1% of the Company's total current issued capital and was almost twice the volume of any individual day of trading exhibited in the one year period leading up to the announcement of the Scheme. A graph of Kasbah's share price and trading volumes leading up to and following the announcement of the Scheme is set out below:



Source: Bloomberg

The table below details the VWAP of Kasbah shares over the Post Announcement Trading Period:

Share Price per unit	29-Aug-16	5 Days	12 Days
Closing price	\$0.028		
Volume weighted average price (VWAP)		\$0.0307	\$0.0303

Source: Bloomberg

The table below reflects the volume of trading in Kasbah shares over the Post Announcement Trading Period:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.027	\$0.029	1,938,508	0.35%
5 Days	\$0.027	\$0.033	4,023,409	0.72%
12 Days	\$0.027	\$0.038	17,336,757	3.12%

Source: Bloomberg

The above table indicates that Kasbah's shares displayed a moderate level of liquidity, with 3.12% of the Company's current capital being traded over the 12 days following the announcement of the Scheme.

In the case of Kasbah, shares have been traded regularly over the Post Announcement Trading Period. Furthermore, the volume of trades is at a level greater than 1% of the Company's issued capital, on a weekly basis, which indicates that there is a sufficiently deep market.

Our assessment is that a range of values for the Proposed Entity's shares following the implementation of the Scheme, based on market pricing, is between A\$0.029 and A\$0.031 per share, on a minority basis, with a midpoint value of A\$0.030.

12.3 Conclusion on the value of the Proposed Merged Entity

A summary of the value of the Proposed Merged Entity on a minority interest basis under the Sum-of-Parts and QMP valuation methodologies is summarised in the table below:

Valuation of the Proposed Merged Entity	Ref	Low value A\$	Preferred value A\$	High value A\$
Sum-of-Parts	12.1	0.019	0.023	0.026
Quoted market price	12.2	0.029	0.030	0.031

Source: BDO analysis

The valuation range for the Proposed Merged Entity share on a controlling basis derived from both our Sum-of-Parts and QMP methodologies are overlapping, with the QMP valuation range being at the higher end. The difference between the values obtained under the QMP method and the Sum-of-Parts method may be explained by the following:

- investors may have made different assumptions on the Achmmach Tin Project, including forecast tin prices, exchange rates, discount rates, inflation rates and the level of required dilution that may affect their valuation of the Project; and
- investors may have a different opinion of the value of AMR's assets, particularly the value of Ban Phuc Nickel Mine and the Ban Phuc Nickel Mine Fixed Assets under a care and maintenance scenario.

Based on the above analysis, we are satisfied that our primary valuation methodology, being the Sum-of-Parts approach, is supported by our secondary valuation methodology, the QMP approach. Therefore, we consider that the value of a Proposed Merged Entity share on a minority basis is between \$0.019 and \$0.026 with a preferred value of \$0.023.



12.4 Valuation of the AMR Warrants

As part of the Scheme Consideration, Kasbah shareholders will receive 0.4 of an AMR Warrant per share owned in Kasbah. Therefore, the AMR Warrants will effectively represent a share in the Proposed Merged Entity.

The terms of the AMR Warrants are as follows:

Item	
Number of warrants	0.4
Exercise price (C\$)	0.050
Valuation date	16-Sep-16
Expiry date	16-Sep-20
Term of the warrants (years)	4.00

Valuation Methodology

We have used the Black Scholes option pricing model to calculate the value of the AMR Warrants.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the AMR Warrants, we made the following assumptions regarding the inputs required for the Black Scholes option pricing model.

Valuation Date

The AMR Warrants will be issued to Kasbah shareholders at a future date upon the successful implementation of the Scheme. For the purpose of our valuation, we have adopted 16 September 2016 as our valuation date.

Value of the Underlying Security

As the AMR Warrants will represent a share in the Proposed Merged Entity, we have adopted the value of a share in the Proposed Merged Entity as the value of the underlying security. Based on our assessment of the value of a share in the Proposed Merged Entity (on a minority interest basis) in section 12.1, we used the low, preferred and high values of a share in the Proposed Merged Entity, which we have converted to C\$, as inputs to the Black Scholes option pricing model. The prices were converted at an exchange rate of 1A\$:0.99C\$ as at 16 September 2016.

Exercise Price of the AMR Warrants

The exercise price is the price at which the underlying ordinary shares in the Proposed Merged Entity will be issued. The exercise price of the AMR Warrants is C\$0.050, which we have used as an input to the Black Scholes option pricing model.

Life of the AMR Warrants

We have estimated the life of the AMR Warrants for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the



remaining term of an option from the valuation date of the options to the expiry date. The term of the AMR Warrants is 4 years.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have estimated an exercise date as the expiry date, giving the AMR Warrants an effective life of four years, which we have used as an input to the Black Scholes option pricing model.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- the square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen;
- the exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future; and/or
- the generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The volatility of the share price of comparable companies was used as a proxy for the volatility of the Proposed Merged Entity. We obtained the recent volatility of the share price of comparable companies for one and two year periods, using data extracted from Bloomberg. We also considered the volatility of Kasbah and AMR in making this assessment. On this basis, we used a future estimated volatility level of 110% for the Proposed Merged Entity in the Black Scholes option pricing model.

Risk-Free Rate of Interest

We have used the Canadian Government four-year bond rate of 0.67% as at the valuation date, as an input to the Black Scholes option pricing model.

Dividends Expected on the Shares

The Proposed Merged Entity is not expected to pay a dividend during the term of the AMR Warrants.

Conclusion

We set out below our conclusions as to the value of the AMR Warrants in C\$ and then converted to a value in A\$ at an exchange rate of 1A\$:0.99C\$ as at 16 September 2016:

AMR Warrants	Low	Midpoint	High
Value of underlying security (C\$)	0.019	0.023	0.026
Exercise price (C\$)		0.050	
Valuation date		16-Sep-16	
Expiration date		16-Sep-20	
Term of the warrants		4.00	
Volatility		110%	
Risk free rate		0.67%	
Value per AMR Warrant (C\$)	0.011	0.014	0.016
AUD/CAD at 16-Sep-16	0.990	0.990	0.990
Value per AMR Warrant (A\$)	0.011	0.014	0.017

Source: BDO analysis

12.5 Conclusion on the Scheme Consideration

The value of the Scheme Consideration per Kasbah share is summarised as follows:

Valuation of the Scheme Consideration	Ref	Low value A\$	Preferred value A\$	High value A\$
Value of a Proposed Merged Entity share	12.1	0.019	0.023	0.026
Value of 1.3 Proposed Merged Entity share		0.024	0.029	0.034
Value of an AMR Warrant	12.4	0.011	0.014	0.017
Value of 0.4 AMR Warrant		0.005	0.006	0.007
Value of Scheme Consideration				
Value of 1.3 Proposed Merged Entity share		0.024	0.029	0.034
Value of 0.4 AMR Warrant		0.005	0.006	0.007
Value of Scheme Consideration per Kasbah share		0.029	0.035	0.041

Source: BDO analysis

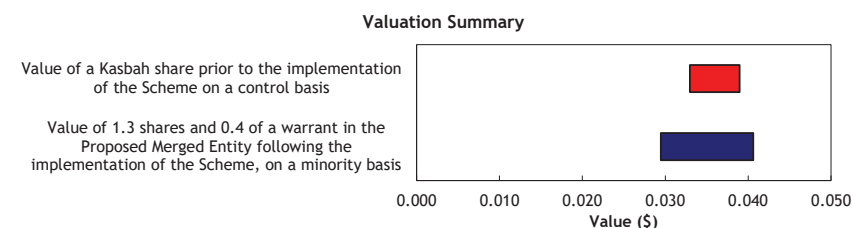
13. Is the Scheme fair?

We determined that the value of 1.3 shares and 0.4 of a warrant in the Proposed Merged Entity to be received as consideration by Kasbah shareholders is within the range of values of a Kasbah share prior to the implementation of the Scheme, as detailed below:

	Ref	Low value A\$	Preferred value A\$	High value A\$
Value of a Kasbah share prior to the implementation of the Scheme on a control basis	11.1	0.033	0.036	0.039
Value of 1.3 shares and 0.4 of a warrant in the Proposed Merged Entity following the implementation of the Scheme on a minority basis	12.5	0.029	0.035	0.041

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Scheme is fair for the shareholders of Kasbah.

14. Is the Scheme reasonable?

14.1 Advantages of approving the Scheme

The implementation of the Scheme is expected to bring a number of benefits to Shareholders as well as to the Proposed Merged Entity as a combined group. We set out the key advantages below.

14.1.1. The Scheme is fair

Our analysis in section 12 concludes that the Scheme is fair to Shareholders. RG 111 states that an offer is reasonable if it is fair.



14.1.2. Provides opportunity of funding for the Achmmach project

Kasbah has advanced the Achmmach Tin Project (for a small start option) to a DFS stage where almost all of the feasibility work has now been completed and it is close to being ready for development. However, the Achmmach Tin Project is not yet funded and in order for it to be developed, the management team at Kasbah will need to raise sufficient equity and potentially debt to meet the expected capital investment. The availability of funding is critical for Kasbah to best realise the value of the Achmmach Tin Project for its Shareholders.

The Achmmach Tin Project requires a project investment of US\$77.3 million (adjusted for corporate costs which we have accounted for separately). Kasbah owns 75% of the Project. The successful completion of the Scheme will result in AMR holding 75% of the Achmmach Tin Project (with 20% held by Toyota Tsusho Corp and 5% held by Nittetsu Mining Co. Ltd).

Prior to entering into negotiations with AMR and Pala, Kasbah had made extensive efforts in the past few years to obtain funding for the Achmmach Tin Project. Since 2013, Kasbah has, through the engagement of financial and corporate advisers, as well as through its own efforts, explored the following options:

- negotiated merger opportunities with entities that had potential interest in Kasbah;
- approached major capital funds in Australia who are actively involved in investing in and funding resource projects;
- approached existing major Kasbah shareholders to fund the Achmmach Tin Project;
- approached the Japanese partners of the Achmmach Tin Project to increase their project shareholding;
- approached debt financiers who are actively involved in lending to resource projects; and
- approached Pala to consider a direct investment in Kasbah instead of through AMR.

However, all these attempts at obtaining funding were unsuccessful.

Whilst Kasbah had previously received debt offers to fund the Achmmach Tin Project, the ability to raise the required equity funding on its own is uncertain given the size of the required capital raising relative to the Company's market capitalisation.

However, AMR is backed by a significant cornerstone investor in Pala, who has already provided its commitment to provide its pro rata share of any equity raising in relation to the Achmmach Tin Project as well as an interim A\$1 million bridge loan to Kasbah for working capital purposes and to cover transaction costs. We understand that Pala is supportive of this new opportunity for both Kasbah and AMR having executed a support agreement in respect of funding.

Pala has also shown its commitment to AMR in the past when it provided a short-term bridging facility to assist AMR in its temporary working capital requirements as a result of an unexpected delay in Ban Phuc Nickel Mine's nickel concentrate shipping schedule and the decline in the nickel price. Pala's ability to assist Kasbah in funding the Project, if the Scheme is implemented, rests in Pala's track record of successful project financing engagements in the past. This has been described in section 6.3.

Toyota Tsusho is a general trading company and a member of the Toyota Group. Toyota Tsusho is listed on both the Nagoya Stock Exchange and the Tokyo Stock Exchange. It aims to accelerate investment in new business fields with particular emphasis on renewable energy, businesses in Africa and other growth areas. Toyota Tsusho has a paid up capital of 64,936,432,888 Japanese Yen (or A\$850.89 million). Therefore, Toyota Tsusho is a financially strong shareholder.



Nittetsu Mining is a mining company focussed on the following activities:

- processing, distributing, importing and exporting of copper and other mineral products;
- purchasing and distributing of coal and petroleum products;
- developing and distributing of products including machinery and environmental-related products, real estate, power generation using renewable energy and the supply and sale of electricity etc.

Nittetsu Mining was established in 1939 as the mining division of the former Japan Iron & Steel and listed on the Tokyo Stock Exchange in 1954. Nittetsu Mining has a paid up capital of 4,176 million yen (or A\$54.71 million). Therefore, Nittetsu Mining is also a financially strong shareholder.

With the support of Pala, it may be more likely that Toyota Tsusho, Nittetsu Mining and existing significant Kasbah shareholders will be willing to commit funding to the Achmmach Tin Project. This increases the likelihood of the Achmmach Tin Project being developed and delivering potential returns to Shareholders holding shares in the Proposed Merged Entity. This means that Shareholders may hold shares in an operating company that has a likelihood of paying dividends.

14.1.3. AMR brings an experienced management team

AMR has an experienced management team with a track record of successful underground mine development and operations in a challenging offshore jurisdiction. This has been demonstrated by AMR's operation of the Ban Phuc Nickel Mine in Vietnam until it was recently placed under care and maintenance.

For the year ended 31 December 2015, the Ban Phuc Nickel Mine milled 447,746 tonnes of ore at an average grade of 2.20% nickel, and achieved 16 shipments, shipping 86,286 dry metric tonnes of nickel concentrate at 9.7% grade sold for the year.

The implementation of the Scheme will allow Kasbah to leverage off AMR's skilled operations and management team and their experience in commercialising and operating an underground base metals operation in a challenging jurisdiction.

14.1.4. Increased ability to obtain debt financing

Both Kasbah and AMR have no debt on their books as at 30 June 2016, other than the Company's recent draw down of the loan from Pala. Whilst there may appear to be capacity to take on debt for the development of Kasbah's Achmmach Tin Project, debt financiers may also assess the experience and track record of management, together with their ability to develop the Achmmach Tin Project, before they may be willing to grant debt financing.

We note that whilst Kasbah had potential offers for debt funding in the past, these were offers at higher tin prices, and also required Kasbah to obtain the balance in equity funding. With the financial support of Pala, and AMR's management experience, we believe that debt providers may be more likely to provide debt support for the Project and at better terms than Kasbah is able to obtain on its own.

In addition, Pala has a track record of successful project financing engagements in the past, which is likely to increase the likelihood and ability of the Proposed Merged Entity to obtain debt funding.

14.1.5. Adds to geographical and commodity diversification

Upon the implementation of the Scheme, Shareholders will hold shares in the expanded AMR, being the Proposed Merged Entity that will own 75% of the Achmmach Tin Project and 90% of the Ban Phuc Nickel Mine. Consequently, Shareholders will have exposure to tin and nickel projects in Morocco and Vietnam respectively, adding to geographical and commodity diversification for Shareholders.

Following a full review of the mining schedule and economic viability of mining, a decision was made by AMR to place the Ban Phuc Nickel Mine under care and maintenance during September 2016 due to the sustained weak nickel price environment. As the Ban Phuc Nickel Mine has reached the depletion of its reserves, re-starting the mine would involve spending a substantial amount of money to re-commence exploration programmes.

Although the recommencement of its operations is uncertain at this stage, exploration potential for the Ban Phuc Nickel Mine remains a key strategic opportunity in the overall growth plan for AMR. Possible recommencement of the operations at Ban Phuc Nickel Mine in the future may bring potential returns to Shareholders holding shares in the Proposed Merged Entity.

14.1.6. Longer repayment term for the Pala Loan

Kasbah announced on 5 September 2016 that the Company has drawn down the first tranche of A\$500,000 from the A\$1 million loan facility from Pala. If the Scheme is not approved, this loan will be payable within three months and Kasbah will need to ensure that it has sufficient cash to repay the loan from Pala. If the Scheme is approved, Kasbah will be able to fully draw on the \$1 million loan and utilise the proceeds for working capital purposes and to cover transaction costs, with a longer 12-month repayment term.

14.2 Disadvantages of approving the Scheme

We set out the key disadvantages of the Scheme to Shareholders below.

14.2.1. Shareholders' interests will be diluted

If the Scheme is approved, Kasbah shareholders will hold approximately 47.81% of the Proposed Merged Entity whilst AMR shareholders will hold 52.19% of the Proposed Merged Entity on an undiluted basis.

On a fully diluted basis, Kasbah shareholders will hold 52.23% of the Proposed Merged Entity whilst AMR shareholders will hold 47.77% of the Proposed Merged Entity.

This means that Shareholders' interests following the Scheme may be diluted from 100% to between 47.81% and 52.23%.

14.2.2. Shareholders may trade in a more illiquid market for their CDIs

If Shareholders choose to receive new AMR shares and AMR warrants that are listed on TSX-V, Shareholders will no longer be able to trade their shares on the ASX. Shareholders who are familiar with holding ASX listed shares may not be comfortable in holding shares that can only be traded on other exchanges.

If Shareholders choose to receive AMR share CDIs and AMR warrant CDIs that are to be listed on the ASX, their listing will, firstly, be subject to ASX's approval, which is not guaranteed. Secondly, there may not be a sufficiently deep market for the trading of AMR share CDIs and AMR warrant CDIs, as it will depend on

the choice made by Shareholders and the number of Shareholders choosing to receive AMR share CDIs and AMR warrant CDIs over AMR shares and AMR warrants listed on the TSX-V.

14.2.3. Some ineligible Shareholders may not be able to receive AMR shares

Restrictions in certain foreign countries may make it impractical or unlawful for new AMR shares to be offered or issued under the Scheme to Shareholders in those countries. An ineligible shareholder for the purpose of the Scheme is a Shareholder whose address as shown on the share register of Kasbah is in a jurisdiction in which AMR has determined, acting reasonably, does not permit the issue of new AMR shares to that Shareholder either unconditionally or after compliance with terms that AMR reasonably regards as acceptable and practical will be regarded as an ineligible shareholder for the purpose of the Scheme.

Without incurring undue expense in preparing a disclosure document in the relevant jurisdiction, some ineligible shareholders may not be able to receive AMR shares due to their local securities laws. The AMR shares to which those ineligible shareholders would be otherwise entitled to receive under the Scheme will be issued to a nominee, who will sell those shares and pay out the sale proceeds, after deducting any brokerage, stamp duty and other taxes and charges, to those ineligible shareholders.

14.3 Other considerations

14.3.1. Alternative proposal

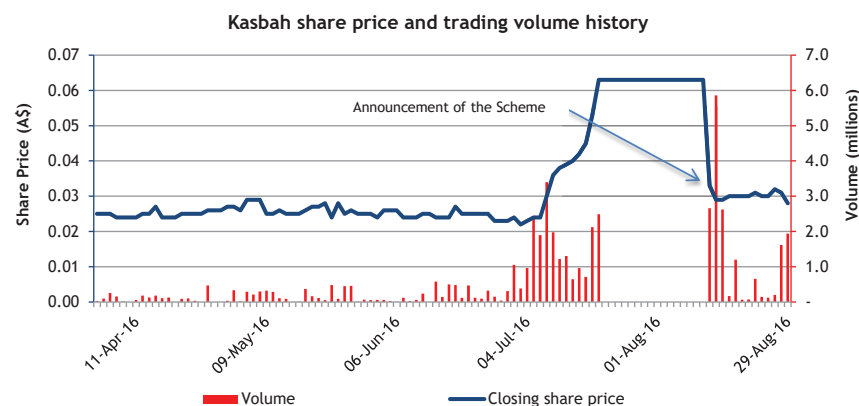
The directors of Kasbah consider that this proposed merger with AMR should be put to Shareholders. We are unaware of any alternative proposal that might offer the Shareholders of Kasbah a premium over the value ascribed to, resulting from the Scheme. Prior to entering into negotiations with AMR and Pala, Kasbah had made extensive efforts in the past few years to obtain funding for the Achmmach Tin Project, for which we have seen correspondences. Since 2013, Kasbah has, through the engagement of a financial adviser as well as through its own efforts, explored several options which were all unsuccessful. Details of the options that were explored by Kasbah are set out in section 14.1.2 above.

We also note that the announcement of the Scheme has been made to the market, including the DFS for the SSO alternative, but no superior offer has been received by Kasbah since the announcement.

14.3.2. Post announcement pricing

Potential decline in share price

We have analysed movements in Kasbah's share price since the Scheme was announced. A graph of Kasbah's share price leading up to and following the announcement is set out below.



Source: Bloomberg

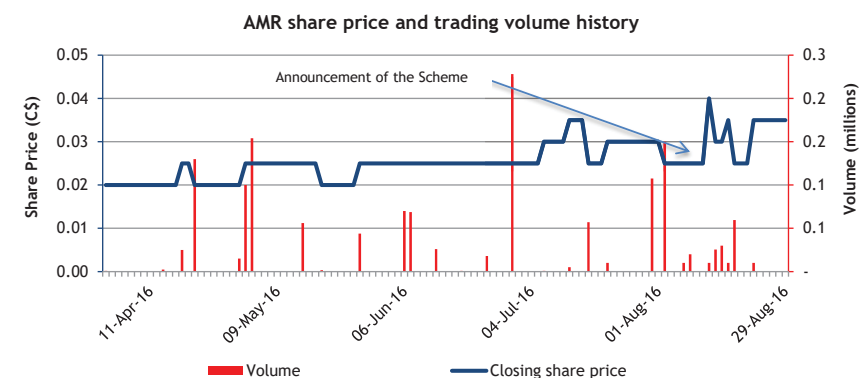
In section 11.2 of our report we assessed the range of values for Kasbah shares based on market pricing, after disregarding post announcement pricing, to be between \$0.024 and \$0.026, with a mid-point value of \$0.025. In deriving this value, we removed the effect of the concentrated and unusual share trading activity that occurred in early July 2016 until the Company entered a trading halt on 19 July 2016.

Kasbah was reinstated to official quotation on 11 August 2016 and announced the Scheme that same day. Kasbah's share price opened at \$0.036 and traded between \$0.028 and \$0.033 during the Post Announcement Trading Period. The 12 day VWAP at 29 August 2016 was \$0.030, which is an increase of approximately 20% when compared to our assessed range of values of Kasbah prior to the announcement of the Scheme, which removes the unusual trading activity that occurred in early July 2016.

Given the above analysis, it is possible that if the Scheme is not approved, then Kasbah's share price may decline back to pre-announcement levels.

Market sentiment

We have analysed movements in AMR's share price since the Scheme was announced on the TSX-V. A graph of AMR's share price since the announcement is set out below.



Source: Bloomberg

The announcement of the Scheme was made to the market on 10 August 2016. On that day, no shares were traded on the TSX-V. Since the announcement, AMR's share price has continued to trade between C\$0.025 and C\$0.040. On 29 August 2016, AMR's share price closed at C\$0.035 on the TSX-V.

The above analysis indicates that the Scheme has been well received by the market albeit that the increase may also be attributable to factors other than the Scheme.

To provide further analysis of the market prices for an AMR share, we have also considered the weighted average market price for the 5 and 13 day periods subsequent to the announcement on 10 August 2016.

Share Price per unit	29-Aug-16	5 Days	13 Days
Closing price (C\$)	0.0350		
VWAP		0.0348	0.0313

Source: Bloomberg and BDO analysis

An analysis of the volume of trading in AMR shares for the 13 trading days to 29 August 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 Day	\$0.035	\$0.035	-	0.00%
5 Days	\$0.035	\$0.035	-	0.00%
13 Days	\$0.025	\$0.040	145,000	0.03%

Source: Bloomberg, BDO analysis

Our analysis of the quoted market price of AMR indicates that it has increased following the announcement of the Scheme. This is particularly evidenced by the range of AMR's share price as well as volume weighted average prices of AMR following the announcement of the Scheme. This indicates that the market may have priced the Scheme to be value accretive. The accretion of value that has resulted

following the announcement of the Scheme provides an opportunity for existing Kasbah shareholders to realise an immediate gain in value above the value that we have derived in our assessment of fairness.

14.3.3. Change in jurisdiction

If the Scheme is approved, Shareholders will become shareholders in AMR. Shareholders will be exposed to differences between applicable corporations and securities laws. Kasbah is incorporated in Australia and AMR is incorporated in British Columbia, Canada. Following the implementation of the Scheme, the rights of Shareholders who receive new AMR shares will be governed by British Columbian law (in particular, British Columbia Business Corporations Act ('BCBCA') and AMR's articles of incorporation.

AMR, as a company incorporated in British Columbia, will not be subject to all of the provisions of the Corporations Act to which Kasbah is currently subject to, which Shareholders are familiar. Whilst the Canadian provisions are broadly similar to the provisions of the Corporations Act, some Shareholders may not be familiar with the Canadian provisions to which AMR will be subject.

14.3.4. Comparable shareholder protection and regulations

Canadian and Australian takeovers laws are broadly similar with a 20% shareholding threshold triggering the requirement for a takeover bid in both countries and the benchmark for compulsory acquisition being 90%. We do not consider this to be an advantage or a disadvantage to Shareholders as there will not be a significant impact.

14.3.5. Shareholders' investment profile will change

The Proposed Merged Entity may be subject to a number of risks that Kasbah is not currently exposed to. Therefore, Shareholders' investment profile of their investment will change. This may include differences between the operational profile, capital structure, size, share liquidity and geographic exposure between Kasbah prior to the implementation of the Scheme and the Proposed Merged Entity.

14.3.6. Tax implications

Shareholders are directed to the Scheme Booklet for a more detailed explanation of the tax implications of the Scheme for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly and individual shareholders are advised to obtain their own specific advice.

15. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders. Therefore, in the absence of any higher bid, we conclude that the Scheme is in the best interests of Kasbah shareholders.

16. Sources of information

This report has been based on the following information:

- Scheme Implementation Agreement dated 10 August 2016;
- Audited financial statements of Kasbah for the years ended 30 June 2014 and 30 June 2015, and 30 June 2016.
- Audited financial statements of AMR for the years ended 31 December 2014 and 31 December 2015, and reviewed financial statements of AMR for the six months ended 30 June 2016.
- Independent Technical Assessment and Valuation of Kasbah's mineral assets dated 12 October 2016 performed by SRK;
- Independent Valuation of the Ban Phuc Nickel Mine Fixed Assets performed by PP&E dated 19 September 2016;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Kasbah and AMR.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$50,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Kasbah in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Company, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Kasbah and AMR, and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Kasbah and AMR and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Kasbah.

A draft of this report was provided to Kasbah and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants and is a CA BV Specialist. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of Kasbah for inclusion in the Scheme Booklet, which will be sent to all Kasbah shareholders. Kasbah engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition of all the ordinary outstanding shares of Kasbah by AMR, through a scheme of arrangement under the Australian Corporations Act.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to AMR. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.



The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Kasbah and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Kasbah, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Kasbah and AMR.

The valuer engaged for the mineral asset valuation, SRK, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The valuer engaged for the fixed asset valuation, PP&E, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes
Director

Adam Myers
Director

Appendix 1 - Glossary of Terms

Reference	Definition
Achmmach Tin Project or the Project	Kasbah's Achmmach tin asset in Morocco
The Act	The Corporations Act 2001 Cth
the Adjusted Model	Detailed cash flow model for the Achmmach Tin Project prepared by the management of Kasbah with the assistance of advisors, which has been adjusted by BDO
AMR	Asian Mineral Resources Limited
AMR Shares	Common shares of AMR issued to Kasbah shareholder at a ratio of 1.3 per 1 Kasbah share, as part of the Scheme Consideration
AMR Share CDIs	CDI representing a beneficial interest in 10 AMR Shares
AMR Warrants	AMR warrants issued to Kasbah shareholders at a ratio of 0.4 per 1 Kasbah share, as part of the Scheme Consideration
AMR Warrant CDIs	CDI representing a beneficiary interest in 10 AMR Warrants
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
Asset Valuation Report	Asset valuation report prepared by PP&E Valuations Pty Ltd dated 19 September 2016
ASX	Australian Securities Exchange
AUD or A\$	Australian Dollar
Ban Phuc Nickel Mine	AMR's Ban Phuc Nickel Mine
BPNM	Ban Phuc Nickel Mines LLP
BCBCA	British Columbia Business Corporations Act
BDO	BDO Corporate Finance (WA) Pty Ltd
BLJ Exploration Project	Bou El Jaj Tin Project
CAD or C\$	Canadian Dollar
CAPM	Capital Assets Pricing Model

Reference	Definition
CEO	Chief Executive Officer
CDIs	CHESS Depository Interest
the Company	Kasbah Resources Limited
Corporations Act	The Corporations Act 2001 Cth
Coxama	Son La Mechanical Engineering Joint Stock Company
DCF	Discounted Future Cash Flows
DFS	Definitive Feasibility Study
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
GDP	Gross Domestic Product
Independent Technical Assessment and Valuation Report	Technical assessment and valuation report prepared by SRK Consulting (Australasia) Pty Ltd dated 12 October 2016
JORC	Joint Ore Reserves Committee
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Kasbah	Kasbah Resources Limited
Kasbah's Other Exploration Assets	BLJ Exploration Project and other early stage exploration assets in Morocco that are 100% owned by Kasbah, other than the Achmmach exploration areas in which Kasbah has a 75% interest
Kasbah's Other Mineral Assets	Kasbah's interest in the residual resources of the Achmmach Tin Project not included in the DCF, and Kasbah's Other Exploration Assets
LME	London Metals Exchange
the Model	Detailed cash flow model for the Achmmach Tin Project prepared by the management of Kasbah with the assistance of advisors
Mt	Million tonnes



Reference	Definition
NAV	Net Asset Value
Nittetsu Mining	Nittetsu Mining Co. Ltd
ONHYM	Office National Des Hydrocarbures Et Des Mines
Pala	Pala Investments Ltd
Pala Nominee	AMR board members representing Pala
Post Announcement Trading Period	11 August 2016 to 29 August 2016
PP&E	PP&E Valuations Pty Ltd
the Proposed Merged Entity	Combined entity of Kasbah and AMR
QMP	Quoted market price
Regulations	Corporations Act Regulations 2001 (Cth)
our Report	This Independent Expert's Report prepared by BDO
RG 60	Schemes of arrangement (September 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
the Scheme	the proposed acquisition of all the ordinary outstanding shares of Kasbah by AMR, through a scheme of arrangement under the Australian Corporations Act
the Scheme Consideration	either 1.3 common shares of AMR to be listed on the TSX Venture Exchange or 0.13 CHESS Depositary Interest, with each CDI representing a beneficial interest in 10 AMR Shares which, subject to the approval of the Australian Securities Exchange, will be quoted on the ASX following the implementation of the Scheme; and either 0.4 of a warrant to subscribe for one AMR Share to be listed on the TSX-V or 0.04 of a CDI, with each CDI representing a beneficial interest in 10 AMR Warrants which, subject to the approval of ASX, will be quoted on the ASX following implementation of the Scheme.
Section 411	Section 411 of the Corporations Act
Shareholders	Shareholders of Kasbah
SIA	Scheme Implementation Agreement
SRK	SRK Consulting (Australasia) Pty Ltd
SSO	Small Start Option



Reference	Definition
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Toyota Tsusho	Toyota Tsusho Corporation
TSX-V	TSX Venture Exchange
USD or US\$	United States Dollars
Valmin Code 2015	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VAT	Value Added Tax
VWAP	Volume Weighted Average Price
WAAC	Weighted Average Cost of Capital

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Australia

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

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Appendix 3 – Discount rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ('WACC') the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + B \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
B	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. We have used the current yield to maturity on the 10-year Australian Government Bond which was 1.84% per annum as at 30 August 2016.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have noted that the current market risk premium is 6%. This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the S&P ASX 300 Index minus the risk free rate is dependent on the ten year government bond rates. For the purpose of our report we have adopted a market risk premium of 6%.



Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business' will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by "ungearing" the equity beta (B_a) by applying the following formula:

$$B_a = B / (1 + (D/E \times (1-t)))$$

In order to assess the appropriate equity beta for the Achmmach Tin Project, we have had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated against the S&P ASX 200 Index using daily data over a two-year and three-year period.

Company	Market Capitalisation 30-Aug-16 (\$m)	Geared Beta (B)	Gross Debt/Equity (%)	Ung geared Beta (B_a)
Ardiden Limited	13.92	0.70	0%	0.70
Aus Tin Mining Limited	20.14	1.21	1%	1.21
Elementos Limited	5.37	0.66	0%	0.66
European Metals Holdings Limited	41.28	0.78	0%	0.78
Eumeralla Resources Limited	3.07	0.57	0%	0.57
Stellar Resources Limited	12.90	0.51	0%	0.51
Venture Minerals Limited	9.81	0.72	0%	0.72
Wolf Minerals Limited	140.84	0.93	40%	0.73
Mean		0.76	5%	0.73
Median		0.71	0%	0.71

Source: Bloomberg and BDO analysis

Selected Beta (B)

In selecting an appropriate beta for the Achmmach Tin Project, we considered the similarities between the comparable companies selected above. The comparable similarities and differences noted are:

- the comparable companies all have tin operations or are exploring for tin resources;
- we consider the operations of Aus Tin Mining to be most comparable;
- the comparable companies' mining and exploration assets have varying risk profiles depending on the maturity of the assets and the stages and location of production; and

- some of the companies above are in production.

Having regard to the above, we consider that an appropriate ungeared beta to apply to the Achmmach Tin Project is between 0.81 and 1.21. We consider it reasonable that a forward looking ungeared beta for Kasbah will reflect that of its peers.

The proposed capital structure for the Achmmach Tin Project is assumed to be 50% equity and 50% debt. We consider it reasonable to assume that the shareholders of Kasbah determine their required rate of return, for a particular project, by viewing the risks associated with the future cash flows of the project. Consequently, we have re-gear the project beta to be between 1.38 and 2.06.

Cost of Equity

We have assessed the cost of equity to be:

Input	Value Adopted	
	Low	High
Risk free rate of return	1.84%	1.84%
Equity market risk premium	6.00%	6.00%
Beta (geared)	1.38	2.06
Cost of Equity	10.10%	14.18%

Source: BDO analysis

We have considered after-debt cash flows and, therefore, the cash flows we are discounting are the cash flows to equity holders. As such, we have selected a nominal after tax discount rate of 12% which represents our assessment of the appropriate cost of equity to discount the forecast cash flows to their present value.

Comparable Listed Companies

Descriptions of comparable listed companies are summarised as follows.

Company	Description
Ardiden Limited (ASX: ADV)	Ardiden Limited identifies, acquires, explores, develops, and evaluates mineral properties in Australia, Indonesia, and Canada. The company holds interests in the Yinchin tin project covering an area of 1,200 Ha located on the western half of Belitung Island, Indonesia. It also holds an option to acquire 100% interests in the Manitouwadge Graphite Project covering an area of 3,400 Ha located to the north-east of the town of Manitouwadge in Ontario, Canada; and 100% interests in the Hinton North project covering 2,700 Ha of mineral leases located to the north of the town of Hinton in Alberta, Canada. The company was formerly known as Stratos Resources Limited and changed its name to Ardiden Limited in December 2014. Ardiden Limited is based in Subiaco, Australia.
Aus Tin Mining Limited (ASX: ANW)	Aus Tin Mining Limited, a minerals exploration company, engages in the discovery, exploration, and development of tin, nickel, and other commodities in Australia. Its flagship project is the Taronga Tin Project located in Emmaville in Northern New South Wales. The company also explores for gold, copper, and silver deposits. The company was formerly known as AusNiCo Limited and changed its name to Aus Tin Mining Limited in November 2013. Aus Tin Mining Limited was incorporated in 2006 and is based in Brisbane, Australia.

Company	Description
Elementos Limited (ASX: ELT)	Elementos Limited engages in the exploration and development of mineral properties in Tasmania. The company holds 100% interests in the Cleveland tin, copper, and tungsten mine located in northwest Tasmania, Australia. It focuses on various activities, including tailings reprocessing, open pit mining, and redevelopment of the existing underground mine. The company is based in Brisbane, Australia.
European Metals Holdings Limited (ASX: EMH)	European Metals Holdings Limited explores and develops mineral properties. The company explores for tin and other base metals, such as tungsten, lithium, rubidium, scandium, niobium, and tantalum. It is primarily involved in the development of Cinovec lithium and tin project in the Czech Republic. The company was formerly known as Equamineral Holdings Limited and changed its name to European Metals Holdings Limited in February 2014. European Metals Holdings Limited is based in West Perth, Australia.
Eumeralla Resources Limited (ASX: EUM)	Eumeralla Resources Limited engages in the acquisition and exploration of mining projects in Mongolia and Myanmar. The company primarily explores for tungsten and tin deposits. It holds interest in the Chuluun Khoroot Tungsten Mine project that covers approximately 12,657 hectares located in north-eastern Mongolia; and holds licenses in Southern World Mining project located in Kayah State, Myanmar. The company was incorporated in 2011 and is based in Perth, Australia.
Stellar Resources Limited (ASX: SRZ)	Stellar Resources Limited, together with its subsidiaries, explores for and develops mineral properties in South Australia and Tasmania, Australia. The company explores for iron ore, nickel, tin, uranium, copper, and gold deposits. It principally holds a 100% interest in the Heemskirk Tin project located in northwest Tasmania. The company is based in Melbourne, Australia.
Venture Minerals Limited (ASX: VMS)	Venture Minerals Limited explores for, discovers, and develops mineral deposits in Australia and South East Asia. The company explores for tin, tungsten, magnetite, iron, poly-metallic, copper, nickel, and gold deposits. Its flagship project is the Mt Lindsay tin-tungsten deposit, which is located in northwest Tasmania. The company is based in Subiaco, Australia.
Wolf Minerals Limited (ASX: WLF)	Wolf Minerals Limited, a specialty metals company, primarily operates in the tungsten and tin industry of mining and materials sector in the United Kingdom. Its principal project is Hemerdon tungsten and tin project located in the south west of the United Kingdom. The company was incorporated in 2006 and is based in Subiaco, Australia.

Source: Capital IQ



Appendix 4 - Independent Technical Assessment and Valuation Report

Independent Specialist Report on the mineral assets of Kasbah Resources Ltd and Asian Mineral Resources Ltd

Report Prepared for

BDO Corporate Finance (WA) Pty Ltd



Report Prepared by



SRK Consulting (Australasia) Pty Ltd

BDO006

October 2016

Independent Specialist Report on the mineral assets of Kasbah Resources Ltd and Asian Mineral Resources Ltd

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Executive Summary

Asian Mineral Resources Limited (AMR) (TSX- V: ASN) is proposing to acquire all the issued shares by way of a Scheme of Arrangement in Kasbah Resources Limited (Kasbah) (ASX:KAS). Kasbah has engaged BDO Corporate Finance (WA) Pty Ltd (BDO) to prepare an Independent Expert Report (IER) to support the proposed transaction. BDO has subsequently commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist Report incorporating a technical assessment and valuation of Kasbah and AMR's mineral assets.

This Independent Specialist Report is to be included in BDO's Independent Expert Report opining on the fairness and reasonableness of the proposed transaction whereby AMR will acquire a 100 percent interest in Kasbah.

Summary of principal objectives

The objective of this report is to provide an independent assessment of the technical project assumptions included in the cash flow model of the Achmmach Tin Project. These include:

- Resources and Reserves incorporated into the production profile.
- Mining physicals (including tonnes of ore mined, recovery and grade).
- Operating costs (including but not limited to surface mining, general site costs, haulage, transshipment, corporate office and royalties).
- Non-operating and other costs (including but not limited to reclamation, surface mining pre-stripping, discretionary capital costs and deferred capital costs).
- Capital expenditure (including but not limited to sustaining capital expenditure).
- Any other relevant technical assumptions not listed above.
- The valuation of all residual resources and exploration potential not considered above.

This report has been prepared in accordance with the "Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets" - VALMIN Code (2015) which incorporates the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves" - JORC Code (2012).

Outline of work program

The following aspects were considered in the preparation of this report:

- Full access to key AMR and Kasbah personnel for discussion and enquiry.
- A high level review of the stated Mineral Resource estimates and the methodologies applied; this did not include any re-estimation of Mineral Resources.
- A review of the following technical areas: Geology, Mineral Resources/Ore Reserves, Mining, Infrastructure, Environmental, Operating and Capital costings, project risks and opportunities.
- A review of technical reports and supporting documentation prepared by and/or on behalf of the parties.
- Compilation of Comparable transactions.
- Valuation of residual resources and exploration potential.
- Report Preparation.

Overview

Kasbah is an Australian listed mineral exploration and development company with headquarters in Perth, Western Australia and focused on the evaluation and development of mineral projects in the Kingdom of Morocco. Kasbah's key mineral assets comprise:

- A 75 percent interest in the Achmmach Tin Project which is currently in pre-development, having completed a Definitive feasibility study in 2014 and a subsequent definitive feasibility study into a small start-up option in 2016.
- A 100 percent interest in the Bou El Jaj Tin Project which is currently classified as an advanced exploration asset with previous activities having defined an Exploration Target
- A 100 percent interest in various early stage tin exploration areas in the Central Massif in proximity to the Company Achmmach Tin Project.
- A 100 percent interest in the Tamlalt Gold Project which is an early stage exploration project

AMR is engaged in the exploration and development of mineral property interests, and extraction and processing of nickel sulphide deposits. The company is domiciled in Toronto, Canada and listed on the Toronto Venture Exchange. AMR's current focus is directed towards the Ban Phuc Nickel Project in Vietnam from which it has produced some 20,000 tonnes of nickel and 10,000 tonnes of copper. The Ban Phuc nickel sulphide mining and processing operation is currently operating, but is to be placed on care and maintenance in September 2016. Previous exploration of surrounding exploration tenure has highlighted a number of high quality nickel sulphide targets which are discussed in this report.

For the purposes of this report, SRK has completed a high level review of both Kasbah and AMR's stated Mineral Resource/Ore Reserve estimates for the purpose of determining their validity from a valuation perspective. SRK has not performed, nor does it accept the responsibilities of a Competent Person as defined by the JORC Code (2012) in respect of the Mineral Resources and Ore Reserve estimates presented in this report.

In SRK's opinion, the Mineral Resource/Ore Reserve estimates for Achmmach and Ban Phuc are acceptable as a representation of global grades and tonnages.

In addition, SRK has reviewed the proposed mine plan and associated mining assumptions contained within the Achmmach financial model. Where warranted, SRK has modified production and capital and operating cost projections for use by BDO. These modifications are considered reasonable based on the available technical data and our experience with similar assets at the same development stage.

When valuing the exploration and development assets of both Kasbah and AMR, SRK has considered methods commonly used to value mineral assets at these stages of development. These methods are outlined in this report.

All monetary figures used in this report are expressed in either United States (US\$), Australian dollar (A\$) or Moroccan Dirham (MAD) terms. The final valuation is presented in A\$. This report has adopted an effective valuation date of 14 September 2016.

SRK's recommended valuation ranges and preferred values are detailed in the Valuation section (Section 7) of this report and are summarised below. SRK has produced a Market Value as defined by the VALMIN Code (2015).

SRK's preferred values are positioned conservatively, as given the level of study and assumptions incorporated by SRK into its analysis, we have no strong inclination towards either end of the valuation range. SRK has adopted this position due to varying levels of technical and geological uncertainty, including but not limited to the expected difficulties in defining resources, and the care and maintenance status of some assets.

Table ES-1: Summary of SRK's Valuation of Kasbah and AMR's assets as of 14 September 2016

Company	Value Centre	Low (A\$)	High (A\$)	Preferred (A\$)
Kasbah	Achmmach Residual Resources	-	-	-
	Achmmach Exploration Potential (100 percent)	530,000	1,200,000	1,000,000
	Bou El Jaj Exploration Target	50,000	225,000	150,000
	Bou El Jaj Exploration Potential	230,000	840,000	530,000
	Zaer Exploration Potential	210,000	640,000	420,000
	Smaala Oulmes Fault Zone Exploration Potential	-	-	-
	Ment Exploration Potential	550,000	1,650,000	1,000,000
	Meseta Exploration Potential	-	-	-
	Tamlalt Exploration Potential	400,000	1,100,000	500,000
	Total (100 percent basis)	1,970,000	5,655,000	3,600,000
	Total (attributable to Kasbah)	1,838,000	5,355,000	3,350,000
AMR	Residual Resources	-	-	-
	Regional Exploration Potential	1,100,000	5,100,000	4,000,000
	Total	1,100,000	5,100,000	4,000,000

Any discrepancies between values presented in the table are due to rounding.

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Appendix A: YKVN Legal Opinion

Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Asian Mineral Resources Limited (AMR) and Kasbah Resources Limited (Kasbah). The opinions in this Report are provided in response to a specific request from BDO Corporate Finance (WA) Pty Ltd to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

Abbreviation	Meaning
AMDAD	Australian Mine Design and Development Pty Ltd
AMR	Asian Mineral Resources Limited
AMRN	AMR Nickel Limited
asl	Above sea level
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BPNM	Ban Phuc Nickel Mining Limited Company
CIM	Canadian Institute of Mining and Metallurgy
COXAMA	Son La Mechanical Engineering Joint Stock Company
CP	Competent Person
DCF	Discounted Cash Flow
DFS	Definitive Feasibility Study
DMT	Dry metric tonnes
DONRE	Department of Natural Resources and Environment
DSO	Direct Shipping Ore
EIS	Environmental Impact Statement
ESIA	Environmental and Social Impact Assessment
EP	Environmental Protection
FOB	Free on Board
FS	Feasibility Study
GPS	Geographical Positioning System
h	hour
ha	hectare
IER	Independent Expert Report
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2012.
k	thousand
km ²	square kilometre
kt	kilotonne
kV	kilovolt
Kasbah	Kasbah Resources Limited
L	litre
LAN	Local Area Network
LEP	Law on Environmental Protection
LOI	Loss on ignition
LME	London Metals Exchange
LOM	life of mine
M	Million
m ²	square metre

Abbreviation	Meaning
m ³	cubic metre
m asl	metres above the sea level
ML	Mining Leases
Mlpa	megalitres per annum
MONRE	Ministry of Natural Resources and Environment
MSV	Massive Sulphide Vein
Mt	million tonnes
Mtpa	million tonnes per annum
NI43-101	Canadian National Instrument 43-101
NPV	net present value
OCE	Office of the Chief Economist, Australian Department of Industry, Innovation and Science
OK	Ordinary Kriging
PC	People's Committee
PE	Permis Exploitation (Mining Lease – Morocco)
PFS	Pre-Feasibility Study
PGE	Platinum Group Element
PR	Permis Recherche (Exploration Licence – Morocco)
RC	Reverse Circulation
RD	Relative Density
ROM	Run of Mine
SNL	SNL Financial LC
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonne
TOR	terms of reference
t/m ³	tonnes per cubic metre
tpa	tonnes per annum
TSF	Tailings Storage Facility
TSX- V	Toronto Venture Exchange
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015
XRF	X-ray fluorescence

1 Introduction

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Kasbah Resources Limited (Kasbah) to prepare an Independent Expert Report (IER) in relation to a proposed transaction under which Asian Mineral Resources Limited (AMR) will acquire all the issued shares in Kasbah under a Scheme of Arrangement. In order to complete the IER, BDO has requested SRK Consulting (Australasia) Pty Ltd (SRK) to prepare a Specialist Report incorporating an independent technical assessment and valuation of the mineral assets of Kasbah and AMR. SRK understands this report will be attached as an appendix to BDO's IER.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

For this valuation, all projects were classified according to the development stage categories (VALMIN Code (2015)):

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.
- **Production Projects** – Tenure holdings - particularly mines, wellfields and processing plants that have been commissioned and are in production.

The valuation is current as at 14 September 2016 and the monetary amounts are expressed in United States dollars (US\$), Australian dollars (A\$) and Moroccan Dirham (MAD) as specified throughout the report. The final valuation is expressed in A\$ terms.

2 Background and Brief

2.1 Background of the project

This Independent Specialist Report and Valuation was initiated by Sherif Andrawes, Partner, Corporate Finance and National Practice Leader – Natural Resources of BDO on 22 August 2016.

2.2 Nature of the brief

SRK was engaged to review the project assumptions contained in the Achmmach cash flow model and provide BDO with a technical assessment of the mining and geological inputs into this cash flow model. SRK is to provide an assessment of the reasonableness of the following assumptions used in the cash flow model of the Achmmach Tin Project:

- Resources and reserves incorporated into the models for the Achmmach Tin Project.
- Mining physicals (including tonnes of ore mined, ore grade mined and waste material).
- Processing physicals (including ore and grade processed, recovery, concentrate grade, concentrate produced, concentrated shipped and payable metal).
- Operating costs (including but not limited to mining, processing, general administration, treatment charges, penalties, transport and royalties).
- Capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation and contingency).
- Any other relevant technical assumptions not specified above.

In addition, SRK was requested to provide an independent valuation opinion of:

- Any resources not considered in the project model of the Achmmach Tin Project as well as other exploration assets of Kasbah (if considered material).
- AMR's Ban Phuc nickel sulphide project in Vietnam which has been placed on care and maintenance (Ban Phuc Project), including resources and exploration assets of AMR if considered material; but excluding any infrastructure and/or fixed assets which will be separately valued by an independent asset valuer.

SRK understands that AMR's plant and equipment are to be valued by PP&E Valuations Pty Ltd, which is the subject of a separate report, also to be included in BDO's IER.

3 Program Objectives and Work Program

3.1 Program objectives

This Specialist Report and associated valuation has been prepared by SRK under instructions from BDO. It complies with the technical property information required under various securities laws of Australia.

SRK has prepared this Specialist Report under the guidelines of the JORC and VALMIN Codes. The VALMIN Code (2015) incorporates the JORC Code (2012) for the reporting of Exploration Results, Mineral Resources and Ore Reserves.

As per the VALMIN Code (2015), a first draft of the report was supplied to BDO, AMR and Kasbah to check for material error, factual accuracy and omissions before the final report was issued. SRK's scope of work was limited to the second draft of the report after a round of edits by BDO, AMR and Kasbah. The final report was issued following review of any client comments by the project team.

Monetary amounts used in this report are in United States (US\$), Australian dollars (A\$) and Moroccan Dirham (MAD) as specified throughout the Report.

SRK has selected the most appropriate valuation technique for the assets, based on the development stage of the projects and the amount of available information. This Specialist Report expresses an opinion regarding the value of certain mineral assets held by Kasbah or AMR as directed in our mandate from BDO. This report does not comment on the 'fairness and reasonableness' of any transaction between the project's owners and any other parties.

3.2 Reporting standard

This Specialist Report has been prepared to the standard of, and is considered by SRK to be a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). It should be noted that the authors of this Report are Members of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- The 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets ("VALMIN Code"); and
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

Where SRK has relied on Mineral Resource or Ore Reserve estimates for its valuation, SRK has quoted the Competent Person for these estimates as reported in publicly available documentation.

For the purposes of this report, value is defined as 'market value' being the amount of money (or the cash equivalent of some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

3.3 Work program

The Project commenced in mid-August 2016, with a review of existing remote electronic company data and other information sourced by SRK from literature and company websites as well as using subscription databases such as SNL Financial database services. SRK consultants worked through the relevant databases, compiled the report and completed research on comparable market transactions to assist with the valuation.

SRK notes that the VALMIN Code (2015) recommends that a site inspection be completed should it be 'likely to reveal information or data that is material to the report'. A site visit was not undertaken for the purposes of this report, as persons involved with this assignment have previously worked over an extended period (+2 years) in operational roles in Morocco, and hence has a good understanding of the likely operating conditions in that country.

SRK also notes that given the current pre-development status of Kasbah's assets and the level of infrastructure in place, there was little perceived benefit in undertaking a site visit. For our review of AMR's Vietnamese assets, SRK has held discussions with PP&E representatives (independent valuers of the plant and equipment who completed a site visit) to understand the existing site conditions, access and other aspects of the existing project.

SRK carried out the following work program:

• Review awarded	17 August 2016;
• Submission of technical inputs for the financial model	29 August 2016;
• Submission of first draft	2 September 2016;
• Submission of final draft	16 September 2016;
• Submission of final report	12 October 2016.

3.3.1 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations in regards to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has relied upon the independent Legal Opinion of Hajji & Associates dated 14 September 2016 with regards to the validity of Kasbah's Moroccan licences.

SRK has also relied upon the independent Legal Opinion of YKVN dated 16 September 2016 with regards to the validity of AMR's Vietnamese licences. A copy of this legal opinion is attached as an appendix to this report.

Furthermore, SRK has sighted documentation supplied by relevant Government Agencies (in the case of Kasbah) or prepared for previous exercises (i.e NI-43-101 and other technical reports) that indicate that AMR and Kasbah have legal rights to the minerals, which are the subject of this report. SRK has relied on the accuracy and completeness of the technical documentation supplied to it by AMR and Kasbah. SRK has made all reasonable enquiries.

3.4 Key sources of data

Data and information on the assets used to prepare this report are referenced throughout the report.

3.5 Effective date

The effective date of this Independent Specialist Report is 12 October 2016. The valuation is current as at 14 September 2016.

3.6 Project team

This report has been prepared based on a technical review by a team of consultants sourced from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below.

- Jeames McKibben, Principal Consultant (Project Evaluation), BSc(Hons), MBA, MAusIMM(CP), MAIG, MRICS – Project management, Valuation and report compilation.
- David Slater, Principal Consultant (Geology) DipEd, BAppSc, MAusIMM(CP), MAIG – Geology, Mineral Resources and Reporting - Kasbah.
- Danny Kentwell, Principal Consultant (Geostatistics), MSc, BAppSc, FAusIMM – Mineral Resources - AMR
- Peter Fairfield, Principal Consultant (Mining Engineering and Project Evaluation), BEng (Mining), FAusIMM(CP)– Ore Reserves, Mine Engineering, Costing and Reporting.
- Geoff Beres, Associate, BEc, BAppSci (Extractive Metallurgy), MAusIMM – Metallurgy, Processing.
- Matthew Greentree, Principal Consultant, (Geology and Project Evaluation) PhD, BSc (Hons), MAusIMM, MAIG – Peer review.

3.7 Limitations, Reliance on Information, Declaration and Consent

3.7.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Kasbah and AMR throughout the course of SRK's investigations as described in this report, which in turn reflect various technical and economic conditions at the time of writing. Such technical information as provided by Kasbah and AMR was taken in good faith by SRK. SRK has reviewed the stated resources/reserves but not independently verified Mineral Resources or Ore Reserve estimates by means of recalculation.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Kasbah and AMR was complete and not incorrect, misleading or irrelevant in any material aspect.

Kasbah and AMR have confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by them, was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

3.7.2 Statement of SRK independence

Neither SRK nor any of the authors of this report have any material present or contingent interest in the outcome of this report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK and the authors of this report have no prior association with Kasbah or AMR in regard to the mineral assets that are the subject of this report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of this report.

3.7.3 Indemnities

As recommended by the VALMIN Code (2015), Kasbah has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- Which results from SRK's reliance on information provided by either Kasbah or AMR or these parties not providing material information; or
- Which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

3.7.4 Consent

SRK consents to this report being included, in full, in BDO's documents in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this report are considered with, and not independently of, the information set out in the complete report.

3.7.5 Consulting Fees

SRK's estimated fee for completing this report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$45,000. The payment of this professional fee is not contingent upon the outcome of the report.

4 Kasbah Resources Limited

4.1 Background

Kasbah Resources Limited is a Perth-based mineral company focussed on the evaluation and development of tin projects in the Kingdom of Morocco. The company was established in October 2005 prior to listing on the Australian Securities Exchange ("ASX") in April 2007.

The current corporate structure of Kasbah is summarised in Figure 4-1.

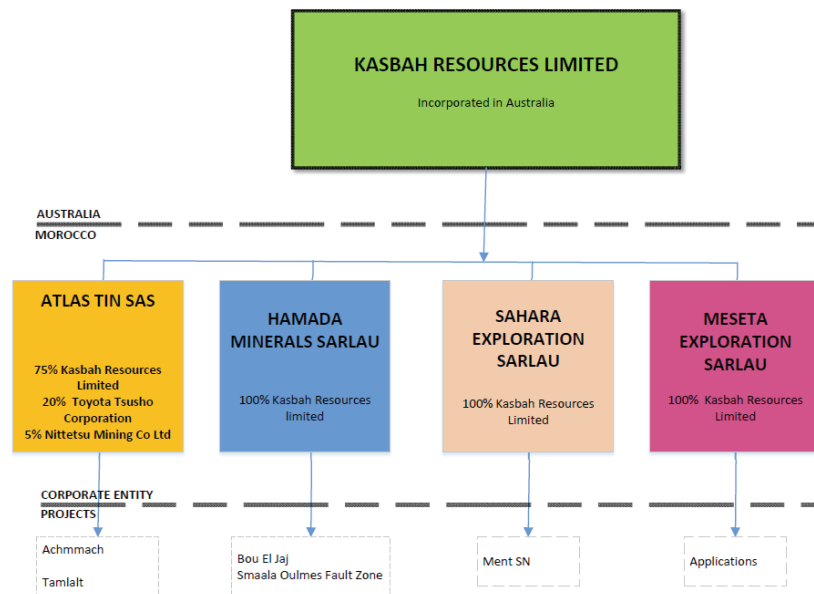


Figure 4-1: Kasbah's Corporate Structure

Since listing, Kasbah has maintained a simple corporate strategy directed towards becoming a producer of high quality tin concentrates, leveraging its development and exploration expertise into the acquisition of new tin production opportunities, specifically those offering high margins and growth potential.

To this end, Kasbah has focussed on tin exploration and development assets in the Kingdom of Morocco in western North Africa. Currently, the Group's key Moroccan assets comprise:

- A 75 percent interest in the Achmmach Tin Project which is currently in pre-development having completed a Definitive Feasibility Study (DFS) in 2014 assessing a 1 Mtpa operation, and an enhanced DFS in 2015 and a subsequent DFS into a small scale option (SSO) in 2016.
- A 100 percent interest in the Bou El Jaj Tin Project which offers potential as a satellite project to Achmmach and is currently at an advanced exploration stage
- A 100 percent interest in various disparate regional exploration holdings in the Central Massif area which are being assessed for their tin potential and remain in the early stages of assessment

- A 100 percent interest in the Tamlalt Gold prospect, an early stage exploration project located to the southwest of Achmmach. The Tamlalt Gold Prospect, currently held by Atlas Tin SAS, is in the process of being transferred to Sahara Exploration SARLAU.

The location of Kasbah's Moroccan mineral interests are shown in Figure 4-2.

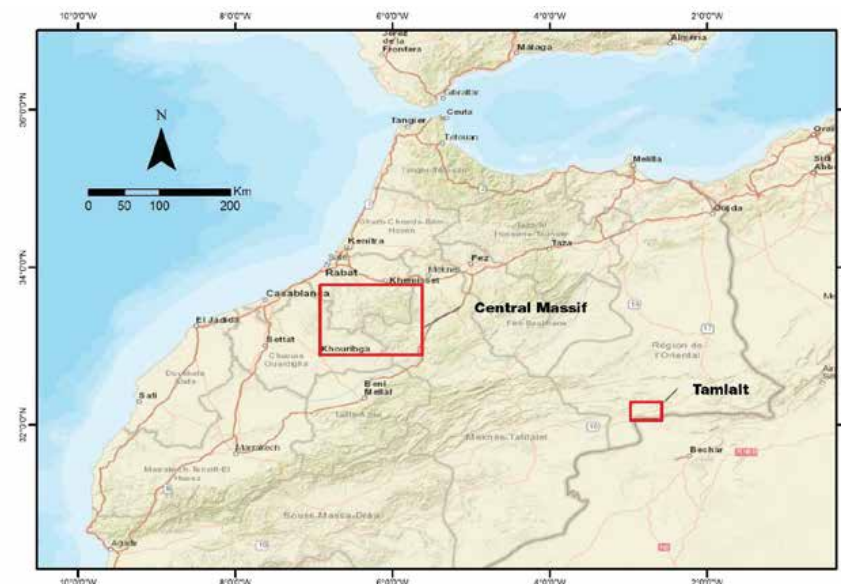


Figure 4-2: Morocco mineral interests

4.2 Achmmach Tin Project

4.2.1 Location and Infrastructure

Kasbah's Achmmach Tin Project is centred at Latitude 33° 32'31.15" North and Longitude 5° 46'6.80" West, within the administrative region of Meknès-Tafilalet, in the Caidad of Jahjouh, Cercle of Agourai, on the western edge of El Hajeb Province in central northern Morocco (Figure 4-2). The project forms part of the rural districts of Ras ljerri, Sebt Jahjouh and Ait Ouikhalfen, which are situated in the northeast part of the central plateau of the Middle Atlas Mountains.

The Project lies approximately 140 km southeast of Rabat, and 40 km southwest of Meknès with the nearest town, Agourai lying 25 km to the east. The nearest village is located approximately 12 km from the site and has a school that is used mainly by the commune of El Hajeb.

Site access is from a sealed 38 km road linking the towns of Ras Jerri and Agourai, before turning onto an unsealed rural and forestry road for the final 20 km. Kasbah proposes to upgrade this unpaved track during the project construction phase to transport personnel, equipment and materials to site.

Inside the concession, several dirt roads pass through the Achmmach forest and are mainly used by forestry officers for forest exploitation purposes.

4.2.2 Climate, physiography and local resources

The Project experiences a semi-continental Mediterranean climate with relatively cool and wet winters contrasted by hot and dry summers. The average annual temperature is 23°C in the range 43°C maximum and -2°C minimum. Average daily maximum temperatures range from 30 to 33°C during the summer months (June to August) falling to minimum temperatures of between 6 and 12°C during winter. The average annual rainfall is in the order of 1,000 mm, with a large proportion of this rain falling in the winter months. There are between 80 and 100 days of rain per year. Average wind speeds are generally less than 3 m/s with the predominant wind direction being from the northeast and northwest.

The project is situated in a mountainous area characterised by valleys and plateaux in the northeast part of the central plateau of the Atlas Mountains. The project area is delimited by the Oued Beht to the south, southwest and west. The Agourai plain is located to the east of the project concession. A large elongated hill accounts for most of Kasbah's Achmmach Tin Project area, with Sidi Addi being the highest point at an altitude of 1,230 metres above mean sea level (masl). The project is located at an altitude of 1,085 masl. There are many seasonal streams that originate in the concession area and drain towards the north, east and west. The main river, Wad Beht, lies 4 km to the west and northwest of the concession and drains to the northwest.

The total population centres are limited to small villages and individual farms within the Ras Ijerri, Sebt Jahjouh and Ait Ouikhalfen rural districts, with inhabitants estimated at 19,700 people. Ras Ijerri and Sebt Jahjouh are the two principal urban centres which concentrate the majority of the population. Within the concession area there are 50 households representing an estimated 300 people. Much of the rural population around the Project lives under or close to the poverty line. The dwellings in the concession and in the neighbouring areas have no access to municipal water supply or electricity. The local population has limited access to health infrastructure and services.

The main economic activities are agriculture as well as herding (sheep, goat, and cows). Main cultivated crops include wheat, barley, oats, broad beans and olives; livestock consists of poultry, goats, sheep, cattle, horses, mules and donkeys. The area comprises mainly pine forest and deforested areas. The deforested areas are used for seasonal grazing and some rain-fed agriculture.

Mining is not new to the area, with the El Hammam fluorite mine operated by Société Anonyme d'Entreprises Minières (SAMINE) for over 30 years. The El Hammam fluorite mine is located approximately 5 km northwest of Sidi Addi.

Upon the move towards development, Kasbah expects:

- The site will be equipped with limited accommodation facilities for 50 - 60 people and comprise a number of two or three single room portacabins and associated ablution facilities.
- The estimated power requirement for the mine operation is 22 kv 10 MVA to be supplied by *Office National d'Electricité et de l'Eau Potable* (ONEE). The existing El Hammam fluorite mine to the west of Achmmach is serviced by a 22 kV aerial power line that runs through the Northern Zone of the Achmmach Tin Project area. However, this line does not have the capacity to service the Achmmach Tin Project and a new 44 km 60 kV line will be required to support site operations.
- All telecommunications at the site will be via a point to point satellite link that will provide telephone and data transfer capacity.

- Water will be sourced from a combination of harvested run-off from the project site, reclaimed site water and groundwater bores. This water will be used for underground mining, ore processing, dust suppression, domestic use and potable water with around 500,000 cubic metres required each year.

4.2.3 Ownership

The Achmmach Tin Project is 100 percent owned by Moroccan incorporated joint venture company Atlas Tin SAS (Atlas). The shareholders of Atlas are Kasbah Resources Ltd (75%), Toyota Tsusho Corporation (20%) and Nittetsu Mining Co. Ltd (5%). Kasbah is the manager and operator of the Achmmach tin joint venture.

4.2.4 Tenure

SRK has relied upon the independent Legal Opinion of Hajji & Associates dated 14 September 2016 with regards to the validity of Kasbah's Moroccan licences. SRK makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

The Achmmach Tin Project comprises two Exploitation Permits (Permis Exploitation (PE) 2912 and PE193172) covering a combined area of 32 km².

The total area covered by the proposed mining and processing facilities at Achmmach represents 54.6 hectares (ha), i.e. 1.7 percent of the concession area.

Table 4-1: Status of Kasbah's Achmmach permits

Permit Type	Permit Number	Kasbah Interest	Grant	Expiry	Area (km ²)
Permis Exploitation	2912	75%	17/01/1994	16/01/2022	16
Permis Exploitation	193172	75%	17/05/2004	16/05/2016*	16

*Renewal application and report submitted, response awaited

In addition to these permits, Kasbah also holds Permits to Occupy which enable the Company to disburse land in preparation for mining activities with an annual cost of 19,280.40 Moroccan Dirhams (MAD) payable prior to 15 January annually.

Bank guarantees amounting to MAD17,067 are also registered against PE 2912 and are payable annually on 1 October.

Other annual amounts payable include collective land rental (MAD200,506 payable before 1 January), Forestry Convention (MAD13,200 payable prior to 15 January) and Reforestation fee (MAD233,800 payable prior to 15 January).

Royalty

The project is subject to the following royalty rate equating to 3 percent Net Smelter Return per annum.

Agreement

In April 2014, Kasbah entered into a shareholder agreement with Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) pertaining to Atlas Tin SAS as an incorporated joint venture to carry out the development and proposed eventual mining of the Achmmach Tin Project. Under the terms of this agreement:

- Kasbah has a 75 percent interest, TTC a 20 percent interest and NMC a 5 percent interest in Atlas Tin SAS.
- Each of the above shareholders have the right to purchase on an annual basis their percentage interest in production from the Achmmach Tin Project at a fair market price.

On 9 November 2005, Kasbah and ONHYM entered into the Achmmach Agreement (as varied by a letter agreement between the parties dated 22 March 2006 and an addendum dated 2 November 2006) pursuant to which ONHYM granted Kasbah exclusive right to initially explore and acquire two exploitation permits (PE 2912 and PE 193172) in Achmmach, Morocco.

Under the Achmmach Agreement, Kasbah must pay ONHYM a yearly royalty representing 3 percent of Net Smelter Return turnover. The royalty is payable before the end of the second quarter following the end of the year in which is due, calculated on the basis of annual forecasts.

4.2.5 Exploration History

The first recorded mineral discoveries in the El Hammam – Achmmach region were made in the early 1950's when significant fluorite mineralisation was located. Mineralisation at the current Achmmach Tin Project was first identified in 1985 by the Bureau de Recherches et de Patifications Minières (BRPM) during regional scale geological mapping and soil geochemistry surveying of the Middle Atlas Mountains. These programs discovered significant tin and tungsten skarn mineralisation associated with granite contacts.

Following the discovery of surface mineralisation, the BRPM conducted follow-up exploration programs including mapping at 1:2,500 scale, gravity and Induced Polarisation (IP) geophysical surveys, soil and rock chip sampling. Approximately 800 m of trenching was completed across tourmaline structures of the northern Achmmach breccia zones. Each individual trench is up to 10 m in length. No trench sampling was carried out over the southern outcropping breccia zones due to their hardness and lack of a soil profile.

Following-up on the established anomalies, a diamond drilling programme totalling 29 holes for 13,405 m was completed between 1992 and 2000 on a notional 150 m grid spacing over the 1.6 km strike length of the Achmmach hill. Surface drilling was completed by the BRPM using conventional wireline diamond drill rigs.

As part of the metallurgical testwork program, the BRPM completed an exploratory shaft to the 890 m RL (85 m below surface) and a north trending crosscut was excavated perpendicular to the mineralised lodes and 227 m of development along strike (from 2050 mE to 2180 mE). Three underground holes were drilled totalling 853 m. Following this exploration work, six east-west striking tin mineralised structures (designated as A to F) were identified with centimetre to metre thicknesses.

BRPM conducted a series of metallurgical testwork programs on drillcore and bulk samples derived from underground development. Results were reportedly varied with recoveries impacted by elevated quantities of gangue sulphides.

In 2002, the BRPM estimated a resource based on wide-spaced drilling (100 to 200 m centres) over 1.7 km strike length. While this estimate was assigned a variety of classifications by the BRPM, the resource was not prepared in accordance to JORC Code guidelines and has been superseded by Kasbah's subsequent resource estimation activities. As a result this estimate is not reported here.

Table 4-2: BRPM Exploration work in the El Hammam – Achmmach district between 1985 and 2002

Period	Company	Activities completed
1985 to 1992	BRPM	Regional and Prospect scale (1:2500 scale) geological mapping Soil and rock chip geochemistry Gravity survey Surface trenching (800 m cumulative)
1992 to 2000	BRPM	29 diamond holes (HQ & NQ) from surface totalling 13,405 m on notional 150 m grid 85 m deep exploratory shaft sunk with 600 m north-striking cross-cut drive with 227 m of development along strike. Three underground diamond holes (SF1-3) totalling 852.8 m.
2000 to 2005	BRPM	Resource estimated based on wide-spaced drilling pattern

In 2005, Kasbah commenced the acquisition process of the Achmmach Tin Project from Office National des Hydrocarbures et des Mines (ONHYM), the Moroccan Government's regulatory body responsible for the exploration and the promotion of national mineral and energy resources. ONHYM was formed through the merger of the Office National de Recherches et d'Exploitations Pétrolières and the BRPM in December 2004.

Initial work (2006) comprised review and analysis of the BRPM data, allowing the re-estimation of a JORC Code compliant Inferred Resource based on the available diamond drill data (i.e. 29 holes for 13,195.52 m). Estimation was completed using a sectional interpretation and the inverse distance squared (ID2) interpolation method constrained within a block model. No high-grade cut was applied with the interpretation based on a 0.5% Sn lower cut-off grade and a minimum 1.3 m horizontal thickness. The block model was based on a 1 m (north) by 5 m (east) and 1 m (RL) block size. The mineralisation could not be effectively correlated between sections and tonnage estimates were thus factored down to account for this lack of continuity. Assumed bulk densities of 2.7 t/m³ were adopted for the interpreted mineralised zones and 2.5 t/m³ for the waste material.

Kasbah subsequently initiated a drilling programme with the intent of confirming the BRPM data and upgrading the status of the resource model. Activities completed since that time have included:

- Various mapping programs at a scale of 1:1,000;
- Soil geochemical sampling at an 80 m by 40 m grid spacing over the main hill at Achmmach and at 160 m by 80 m grid elsewhere;
- Rock chip geochemical sampling from tourmaline structures of the North Zone, the Eastern Zone Shallow and the Western Zone Shallow;
- A ground magnetic geophysical survey was carried out over the Achmmach Tin Project in 2008 and 2009. (310 line-km comprising 50 m line spacing over the hill, progressively increasing to 100 m and 200 m further in the perimeter);
- Between 2007 and 2013, several phases of drilling were carried out at the Achmmach Tin Project (Table 4-3). The table below details the different programs, drillhole series, dates and metres drilled.

Table 4-3: Kasbah's Drilling Programme Details

Drillhole series	Company explanation	Type of drilling	Start date	End date	No of holes	Max depth (m)	Total metres
AD001-017	Kasbah – Early Eastern Zone test drilling	DD	11/2007	04/2008	17	464.6	4 192.3
AD018-056, 059, 063, 070, 071, 076, 082, 084, 088, 090-092, 094, 097, 099, 113, 119, 127, 140, 143-144, 148-149, 156, 247, 252, 257, 266	Kasbah - Meknès Resource Drilling	DD	04/2008	03/2013	66	591.0	25 784.2
AD087, 089, 093, 112, 121, 129, 133, 135, 158, 161	Kasbah – Fez Zone, lateral lode continuity and NS high strain zone testing	DD	01/2011	06/2012	10	524.0	3 979.0
AD0164, 170, 173, 175-206, 208-212, 214-215, 219, 217, 219, 220, 223, 224, 227, 228, 231, 233, 236, 240, 244, 250, 253, 259, 264, 270, 277, 283	Kasbah – Meknès Eastern Zone resource drilling, 40 m spaced sections	DD	05/2012	04/2013	61	629.2	25 579.0

Drillhole series	Company explanation	Type of drilling	Start date	End date	No of holes	Max depth (m)	Total metres
AD095, 095D1, 096, 098, 100-102, 104-111, 114-118, 120, 122-126, 128, 130-132, 134, 136-139, 141-142, 145-147, 150-155, 157, 159-160, 162-163, 165-169, 171-172, 174	Kasbah – "Gap" Zone resource drilling, 80 and 40 m infill	DD	03/2011	07/2012	59	569.5	24 783.3
AD207, 213, 216, 218, 221-222, 225-226, 229-230, 232, 234-235, 237-239, 241-243, 246-248, 254, 256, 261-263, 267, 271-272, 274-275, 279-281, 285-288, 290-293	Kasbah – "Gap" Zone resource drilling, 20 m infill	DD	10/2012	05/2013	42	551.0	16 499.3
AD245, 249, 251, 255, 258, 260, 265, 268, 269, 273, 276, 278, 282, 284, 289	Kasbah – "Eastern Zone Shallow" resource drilling	DD	02/2013	05/2013	15	205.4	2 088.0
WZD001-022	Kasbah – "Western Zone Shallow" resource drilling	DD	06/2013	11/2013	22	135.9	2 004.7
Total					292	629.2	104 909.8

Source: Kasbah SSO DFS

- Petrological and structural analysis on core;
- Fluid Inclusion studies;
- Several resource estimates have been conducted between 2007 and 2013 and are summarised below (refer to section 4.3.9 for current estimate);
 - In December 2008, Kasbah completed a resource update, which provided an assessment of the results of 25 new drill holes and the identification of three distinct zones within the deposit, namely (i) the Meknès Zone; (ii) the Fez Zone; and (iii) the Eastern Zone (Figure 4-3). This resulted in an increase in the overall tonnes but at a slightly lower overall grade (at a 0.60% Sn cut-off).
 - In 2010, with results from additional drilling into the Meknès Zone, Kasbah prepare an upgraded resource estimate. This new phase of drilling identified the Marrakech Zone as a fourth component after the Meknès, Fez and Eastern Zone. This resulted in the reporting

an Indicated and Inferred Resource at a slightly higher overall tonnage, but at lower grade (at a 0.50% Sn cut-off).

- In Q1 2012, Kasbah commissioned a third JORC Code compliant resource estimate based on diamond drilling completed from late 2010 through early 2012, which mostly consisted in covering the Gap Zone by 80 m infill sections. This significantly increased overall tonnage of the Indicated and Inferred Resource and improved the grade of the Inferred component (at a 0.50% Sn cut-off).

In 2012, Kasbah completed its prefeasibility study (PFS) into the development of the Achmmach Tin Project which provided the basis for the Company to proceed to the preparation of a Definitive Feasibility Study (DFS) from mid-2012. In March 2014, Kasbah released the DFS based on a 1 Mtpa underground mining operation.

After the release of the DFS, the definition of the small, but high grade Western Zone on the parallel Sidi Addi Trend in the Achmmach Ore Reserve prompted Kasbah to review the DFS culminating in the release of its Enhanced DFS (EDFS) to the market in March 2015. The EDFs envisaged a 1 Mtpa underground mine and processing facility requiring construction capital of approximately US\$131 M.

Since the release of the EDFs, the tin price continued to fall significantly and as a result Kasbah commenced evaluation of a smaller scale, less capital intensive development and operational route for tin concentrate production, which was released to the market in August 2016 as a Definitive Feasibility Study for the Small Start Option (SSO).

**Figure 4-3: Achmmach Tin Project – two parallel, 1.6 km long tin mineralised trends**

4.2.6 Current Project

Under the 2016 SSO DFS, Kasbah currently envisages that the Achmmach deposit will be developed in two stages. Stage 1 involves processing at an initial rate of 0.5 million tonnes per annum (Mtpa) for 42 months, which is expected to rise to 0.75 Mtpa for the remaining 80 months (remainder of mine life) under Stage 2. Total project life is expected to be 132 months.

The principal components of the current Achmmach Tin Project are as follows:

- Proven and Probable Ore Reserves of 6.56 Mt averaging 0.85% Sn for 55,500 tonnes of contained tin, with Stage 1 mine production of approximately 1.89 Mt averaging 0.96% Sn and Stage 2 producing 4.67 Mt at an average grade of approximately 0.80% Sn.
- Measured and Indicated Mineral Resources of 14 Mt averaging 0.85% Sn and West Zone Indicated Resource of 340 kt at an average grade of 1.25% Sn.
- Underground mining operations with a targeted mine life of approximately 10.5 years based on contract mining, long hole open stoping and loose waste fill, cemented rock fill or residual pillars as the primary mining method.
- Production relies on contract crushing and modular plant design (primary and secondary milling, coarse gravity concentration, fine flotation concentration and bulk concentrate dispatch) to provide operational flexibility. The production schedule provides for approximately 3,970 tonnes of tin in concentrate to be produced annually over a total of 122 months. Stage 1 mill production is expected to comprise annual throughput of 0.5 Mtpa treating approximately 1.89 Mt of tin ore grading approximately 1.00% Sn expanding to 0.75 Mtpa throughput treating 4.67 Mt of ore at 0.8% Sn for the remaining 80 months.
- Metallurgical recovery of 73.4% producing approximately 292 tonnes of tin concentrate per month (tpm) for 12,255 tonnes of tin in concentrate during Stage 1 and 72.2% recovery to produce approximately 351 tpm for 28,114 tonnes of tin in concentrate during Stage 2.
- Tin concentrate grades are expected to be in line with saleable industry standards of approximately 55% Sn.
- Average mining costs of US\$ 25.56/t ore, average processing costs of US\$16.52/t ore, average General & Administration costs of (US\$5.86/t ore and average concentrate transport and treatment costs of US\$1,211/t of tin in concentrate.
- State royalties of Net Smelter Return 3% and State corporate tax rate of 17.5%.
- All in sustaining costs of US\$11,507/t of tin in concentrate, with C1 (mining, processing, site administration and off-site refining) costs of US\$8,999/t tin in concentrate and C3 (C1 costs plus depreciation & amortisation, royalties and project related corporate costs) cost of US\$13,778/t tin in concentrate.
- Project construction capital costs on a 100 percent equity basis are estimated at US\$61.7 M with total project investment to peak funding estimated at US\$78.5 M.
- Mine infrastructure including power distribution, fuel storage and distribution, water treatment and distribution, wastewater collection and treatment, service buildings, surface water management facilities, waste handling facilities and landfill site, communication and information systems.

These components form the basis of Kasbah's cashflow model as presented to BDO and SRK. SRK has reviewed the associated technical inputs to this cashflow model and made modifications (where deemed necessary and as outlined in this report) prior to advising BDO for its evaluation of the Achmmach cashflow model.

4.2.7 Geological Setting

Regional Geology

Kasbah's projects are located in the Middle Atlas Mountains of Morocco in the El Hammam – Achmmach district (refer to Figure 4-2), northeast of the Central Hercynian Massif considered to be Morocco's most significant tin and tungsten province. The High Atlas and its eastern continuation through Algeria and Tunisia comprise a roughly east northeast-west southwest trending belt extending over some 2,000 km in length and up to 100 km in width from which branches the Middle Atlas with a southwest-northeast trend and about 250 km in length. The Atlas mountain chain is flanked by comparatively less deformed areas which nevertheless have high topographic elevation (Moroccan Meseta, high plateaux and Anti-Atlas).

The Atlas belts developed from the inversion of Jurassic rift basins during the collision of the African and European tectonic plates during the Cenozoic, which led to the development of the intracontinental fold-thrust belts in the foreland of the Rif Orogen. The belts generally consist of Mesozoic rocks with minor Palaeozoic and Cenozoic successions. Mesozoic sedimentation in the Atlas domain was initiated within Triassic rift basins, which are interpreted to represent activated Hercynian (360 to 300 Ma) structures. Lower Lias platform limestone and dolomite units sealed the Triassic rifts.

The Achmmach area lies within the Meseta Domain, which itself is part of the larger Variscan (Hercynian) Orogenic belt. This Hercynian belt is developed around the 2 Ga-old continental nucleus of the West African Craton through repeated oceanic closures and collisional orogenic events from 460-420 Ma (Caledonian) to Hercynian. The Atlas-Meseta domain is strongly deformed, weakly metamorphosed and intruded by varied granite massifs.

The Palaeozoic terranes of the Meseta Domain are exposed as isolated massifs with the majority being overlain by Mesozoic-Cenozoic aged rock units. From north to south, the Western Meseta is composed of the Central, Rehamna and Jbilet Massifs. It is further subdivided into the Western Central Meseta and Eastern Central Meseta by the Smaala-Oulmès Fault Zone and the northeast-trending Moulay Bou- Azza Fault. The Achmmach deposit is located about 2 km east of the Moulay Bou Azza Fault in the Eastern Central Meseta.

Rocks of the El Hammam – Achmmach district consists of Palaeozoic (Ordovician to Devonian) (sedimentary rocks which are unconformably overlain by a thick sequence of Carboniferous aged sedimentary rocks. Despite being intruded by late Paleozoic granites as part of the Hercynian orogenic cycle, rocks are typically weakly deformed with very weak (or no) regional metamorphism.

The three main Hercynian granites outcrop within the Central Massif; the Zaer Granite in the west, the Oulmès granite in the central-east, and the Ment Granite in the east. The Oulmès Granite hosts the El Karit tin deposit where tin mineralisation occurs as cassiterite in small lenticular quartz veins over an area measuring nearly 5 km in length and 250 to 500 m in width. Tin-tungsten mineralisation is also associated with the Zaer Granite and the Ment Granite.

Early regional mapping (Termier, 1936) identified a 15 km by 8 km contact metamorphic aureole covering an area extending from El Hammam to Achmmach, suggesting the presence of a large buried granite. However, no large intrusives outcrop within the Achmmach deposit area, only a clustered occurrence of small monzogranite outcrops in the Oued Beht (River), 5 km west of Achmmach with associated tin-tungsten bearing skarns.

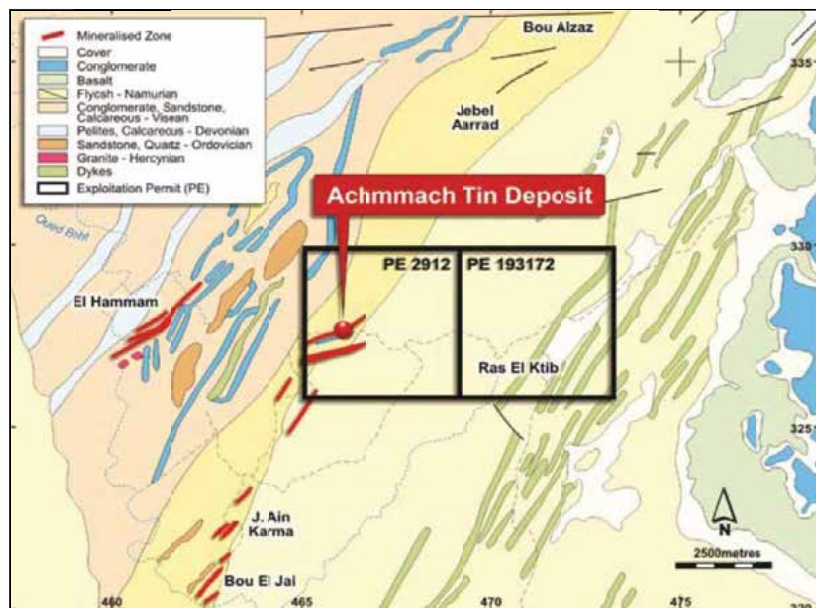


Figure 4-4: Regional geology and structure

Source Kasbah

Local Geology

Achmmach lies at the western edge of the Lower Carboniferous-aged Fourhal Basin, which has been intruded by numerous stocks and dykes ranging in composition from basic - intermediate (dolerite, gabbro and microdiorite) to felsic (monzogranite, microgranite and rhyolite). These intrusives are continuous over tens of metres to more than a kilometre. The majority of the intrusives are interpreted as being pre-mineralisation as commonly they are tourmaline-altered and carry tin mineralisation.

The Achmmach tin deposit is hosted within metamorphosed siltstone and sandstone units of the Fourhal Formation, a turbiditic sedimentary sequence deposited as cyclic units of thinly-bedded and graded-bedded. The depositional environment changed over time allowing more proximal, coarser grained siliciclastic material to be incorporated.

The sequence of sedimentary rock package was subjected to a period of northwest-southeast shortening. The rocks are folded in broadly southeast (~140°) verging, tight and, in places, sheared folds with west-northwest (~300°) dipping axial planes and east-northeast (~070°) striking fold hinges.

Subsequent to folding, the clastic host rocks underwent a second episode of deformation which was dominated by dextral transpressional deformation. During this period, northwest (~340°) dipping tourmaline-silica breccia corridors formed. These are marked by intense poly-phase brittle deformation, alteration and cementation.

Late-stage brittle faulting has limited extent at Achmmach and is restricted to the east-northeast-striking, north dipping Sidi Addi Fault (a normal/dextral wrench fault) and several shorter range shear zones. These have only minor off-set along the principal structures.

The rocks at Achmmach have been extensively altered by post-deposition hydrothermal fluids interpreted to be related to deeper granitic intrusions. Two main alteration styles are recognised at Achmmach:

- **Quartz-Sericite-Chlorite+/-Pyrite alteration:** a widespread, pervasive alteration type develop preferentially along faults, cleavages and shear zones.
- **Tourmaline-Silica alteration:** a prominent and intensive alteration style which is structurally controlled. It is visible on surface as extensive tourmaline lodes and breccias locally of such intensity that the whole rock packages could be regarded as tourmalinites (rock with >40% tourmaline). It forms two sub-parallel trends; (a) the Meknès Trend and (b) the Sidi Addi Trend, which extend for nearly 2 000 m across the project in an east-northeast orientation in a 500 m wide zone. The tourmaline alteration hosts the main quartz cassiterite veins and breccias which contain the bulk of the tin in the deposit. In general, the absence of tourmaline alteration also marks the absence of tin mineralisation.

Two sub-types of tourmaline alteration are identified during microscopic studies but are not easily distinguishable:

- **Tourmaline I:** early stage pervasive fine grained tourmaline (5 to 20 µm) passively overprinting shear zones, cleavages, fold hinges and also advances along bedding surfaces. It has strong intensity, but is fairly passively emplaced.

Tourmaline II: coarser grained (50 to 100 µm) and invariably in association with fine quartz. It overprints the pre-existing associations along brittle fractures, locally forming forcefully emplaced tourmaline-quartz cemented breccia zones and pockets.

Mineralisation

Tin mineralisation occurs as cassiterite hosted in structure including breccia units, as fractures and sulphide veins, as well as within the altered sedimentary rocks.

Tin mineralisation at Achmmach is interpreted to have been introduced by a period of extensional deformation which led to moderately dipping, northwest trending (~340°) mineralised shears/breccia intervals. These strongly mineralised shear bands cut the early tourmaline breccias at low angles. Mineralisation is related to hydrothermal fluids linked to the nearby Hercynian alkaline granite intrusions. Sandstone and siltstone units in the footwall and hanging wall adjacent to these shears host sub-vertical cassiterite veins. The density of these veins inferred to be a function of the proximity (spacing between) of the shear bands.

Two distinct styles of mineralisation are evident at Achmmach, namely:

Replacement – metasomatic replacement and tourmalinisation of the siltstone bands along bedding planes; and

Breccia – hydraulic fracturing post tourmalinisation, with matrix cemented by quartz, or by quartz-tourmaline assemblages.

Vein cross-cutting relationships indicate that the mineralisation process occurred over a prolonged period including several pulses marked by a changing composition in the mineralisation source. As a result, later and cross-cutting veins lack tin mineralisation but are enriched in arsenic, copper and other base metal sulphides, carbonates and fluorspar.

The breccia mineralisation is the main mineralisation at Achmmach and is characterised by thick and highly tourmalinised zones with visible cassiterite mineralisation and associated gangue sulphides (pyrrhotite, arsenopyrite and chalcopyrite).

The bulk of tin mineralisation occurs as cassiterite (SnO_2 – 78.6% Sn), typically as a millimetre-sized granular crystals. Cassiterite is usually relatively fine grained (50 μm to 120 μm) with a brownish-grey colour. It is relatively pure in composition and does not carry significant trace elements (e.g. In, Ga, Ta or Nb). Although stannite ($\text{Cu}_2\text{FeSnS}_4$) has been identified in some veins, it is not a significant mineral in the deposit. Accessory minerals include pyrite, bornite, cubanite, pyrrhotite, arsenopyrite, marcasite, chalcopyrite, sphalerite and galena. The sulphide component is very minor and may be described as accessory minerals which have little impact in terms of deleterious elements within the tin concentrate.

In SRK's opinion, the regional and local geological setting, including the structural setting, is sufficiently well understood by Kasbah to warrant a moderate to high level of confidence in the regional geological model thereby reducing the uncertainty (and associated risk) to the development Mineral Resource estimate globally.

SRK notes that Kasbah has used the services of a well regarded structural geologist, Simon Dorling, to add to the regional, local structural and lithological geological knowledge. Kasbah has used this local lithology data to assist in definition of the mineralisation model.

4.2.8 Mineral Resource

Two distinct trends of defined mineralisation occur in the Achmmach Tin Project and are named for the purposes of this report, the Meknes Trend and the Sidi Addi Trend. SRK notes that the bulk of all defined mineralisation lies upon the Meknes structural trend and the West Zone lies on the sub parallel Sidi Addi structural trend (refer Figure 4-3 and Figure 4-5).

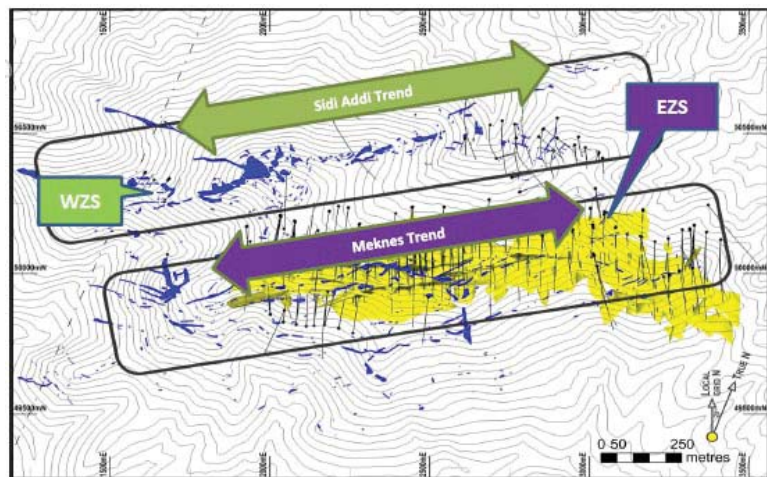


Figure 4-5: Achmmach Tin Project (Meknes Trend, Sidi Addi Trend, Eastern and Western Zones depicted along with drillhole distribution)

JORC Code compliant Mineral Resources for the Achmmach Meknes were first reported by Carras in 2008. Subsequent drilling programs in the period after led to mineral resource revisions in 2010 by Quantitative Group Pty Ltd (QG), 2012 by Mining One, March 2013 by QG and the current mineral resource in September 2013 by QG. This report for Achmmach focuses on the September 2013 mineral resource estimate as presented in Table 4-4.

This estimate was stated as prepared in accordance to the JORC Code (2012) requirements by Mr Michael Job (QG Australia Pty Ltd, an independent consultant) and released to the market on 10 September 2013.

Table 4-4: Achmmach Mineral Resource estimate (at 0.5% Sn cut-off^A)

Mineral Resource	Tonnes Mt	Sn (%)	Contained tin (kt)
Measured Resource	1.6	1.0	16.1
Indicated Resource	13.0	0.8	107.0
Inferred Resource	-	-	-
Total	14.6	0.85	123.1

^A 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 with the mineralised zones of 2.89 t/m³.

Mineral Resources for the Western Zone at Achmmach were first reported in February 2014 and updated on the basis of additional data by QG in November 2014. This report focussed on the November 2014 estimate which is presented in Table 4-5. This estimate was stated as prepared in accordance to the JORC Code (2012) requirements by Mr Michael Job of QG Australia Pty Ltd.

Table 4-5: Western Zone Mineral Resource estimate (at 0.5% Sn cut-off)

Mineral Resource	Tonnes kt	Sn (%)	Contained tin (kt)
Measured Resource	-	-	-
Indicated Resource	340	1.25	4.2
Inferred Resource	-	-	-
Total	340	1.25	4.2

^A The tin grade in this table 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%.

Drilling type and sample recovery

The Achmmach Tin Project has history of modern exploration comprising extensive diamond drilling and the excavation of a shallow exploration shaft during the period from discovery in 1985 to the present.

Since 2007, all drilling campaigns at Achmmach have been conducted by Kasbah. Only high quality diamond drilling (DD) was completed on the project with only a small portion (12 percent) of the BRPM data used in the current mineral resource estimation. The drilling metres informing the current estimate are as shown in Table 4-6. Data collection procedures have remained similar for the period of the exploration completed by Kasbah.

Drill core diameter sizing ranges from PQ, HQ to NQ diameter (inside diameter of 122.6 mm, 96 mm and 75.7 mm respectively) with the predominant diameter of NQ being drilled.

SRK note that sample recovery was routinely recorded for all drill holes during geological logging. The rock is highly competent, with average recovery in the order of 99 percent and low recoveries were associated with faults or other structures unrelated to the mineralisation. Recovery in the mineralised zones is near 100 percent.

A single deep diamond drill hole (922 m total length) was drilled by Kasbah in late 2014 through the Meknes Trend to test the short range tin grade variability in an area targeted for early mine extraction and to characterise deeper structural domains outside the resource model.

Table 4-6: Achmmach Main Drilling Summary

Company	Year	Type	Holes	Metres	Relative %
BRPM	1992	DD	32	14,258	12
Kasbah	2007	DD	10	2,043	2
Kasbah	2008	DD	19	7,139	6
Kasbah	2009	DD	5	1,577	1
Kasbah	2010	DD	46	12,087	10
Kasbah	2011	DD	47	16,411	14
Kasbah	2012	DD	104	43,722	37
Kasbah	2013	DD	62	22,213	19
Total			325	119,450	100

All drilling for the Western Zone resource estimate was completed by Kasbah.

Table 4-7: Western Zone Drilling Summary

Company	Year	Type	Holes	Metres	Relative %
Kasbah	2013	DD	22	2,005	44
Kasbah	2014	DD	13	2,545	56
Total			35	4,550	100

Drill holes used in the mineral resource estimate are shown in Figure 4-6 below.

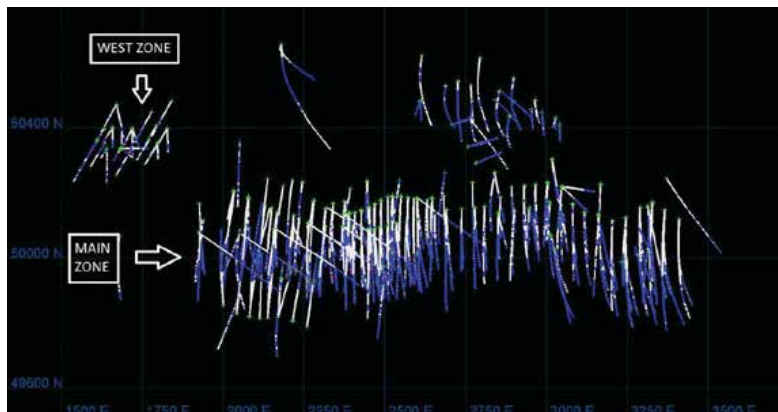


Figure 4-6: Drill holes plan view

Assay

SRK note that Kasbah's diamond drilling accounts for 89 percent of the samples used in the current resource estimation for the project. Initial sample preparation used by Kasbah was carried out at a custom built on-site sample preparation facility. SRK notes that no reliable sample preparation and assay detail was available for the BRPM data.

Kasbah's sampling procedure comprised the following:

- Core is cut on a manually loaded, self feeding core saw with half-core submitted for assaying and the remaining half retained for future reference.
- Samples were crushed on site to 80 percent passing 2 mm and rotary split to obtain a 250 g sample. Samples are dispatched to the ISO17025 accredited, ALS Laboratories in Ireland where they are further pulverized to 85 percent passing 75 microns prior to analysis.
- Tin assays were determined using fused bead X-Ray Fluorescence (XRF), which is the current industry standard for tin. This assay technique is considered "total" as it extracts and measures the entire element contained within the sample.

SRK considers the sample preparation procedures and the assay method are sound and appropriate for the mineralisation style at Achmmach.

Logging and database

It is noted that no adjustment to the original assay data has been conducted by Kasbah which is considered by SRK to be appropriate. Adjustments (factoring) to the assay data were completed by Carras for data from the BRPM and Kasbah early drilling stages, however QG has not made any adjustments based on their review.

The geological data is stored in a GBIS™ database. Geological logging was recorded on paper log sheets with pre-defined templates. This data was then entered into comma delimited Excel spreadsheets, before import into the database. Data was visually checked and validated. The assay data is supplied by the lab in *.sif text file format, which is loaded directly to the database. Visual checking of the load was completed by Kasbah personnel.

The coordinate system is UTM 30N and datum is WGS84. A local grid was used for the Achmmach Tin Project with the easting axis parallel to the overall tin mineralised trend. The local grid is rotated 20° anticlockwise from the UTM system.

All holes are picked by a licensed surveyor using total station Top-Con to a level of accuracy of 1 m in elevation and position. Down hole surveying uses multi shot reflex cameras with measurements taken at 25 m intervals. SRK observes an appropriate consistent deviation is seen in the deeper drill holes. SRK considers the spatial location of the mineralisation is appropriately defined.

SRK has not completed any comparisons of the database with the original assay certificates, but considers the supplied database to be in an appropriate form for resource estimation and for maintaining the integrity of the raw data.

Drilling concentration

Drill sections are at 20 m to 40 m spacing (Easting), with holes at varying intervals along the sections. Multiple holes were drilled from the same drill pad in a fan configuration leading to variable pierce point spacings, which is about 40 m by 40 m down to about 20 m by 10 m. The majority of the holes have been drilled at -60° to grid south, which was designed to intersect tourmaline structures and mineralised zones. In the East Zone, some flatter holes have been drilled to intercept the near surface mineralisation. A number of holes were drilled at -50° to grid north to check for cross-cutting structures. Drill spacing was used in the classification of the mineral resource.

Bulk density

Bulk density data was gathered from the diamond core for both the mineralised and non-mineralised zones resulting on a broad geographical spread of data. The water immersion technique was used on solid lengths of core (0.2 m to 0.4 m).

The majority of the core was within solid, fresh rock, there is no requirement for dipping in wax sealing before immersion in water. Bulk density was estimated by ordinary kriging (OK) due to the dense spatial distribution of data over the deposit.

Table 4-8 presents the bulk densities that were applied to the mineral resource model via the estimate and average bulk densities on the basis of the geology and mineralisation.

Table 4-8: Bulk Density of mineralisation

Mineralisation type	Average Bulk Density (t/m ³)
Background	2.80
Vertical Feeder	2.89
Fez	2.87
Meknes	2.90
Marrakesh	2.91
East	2.89

A default value of 2.85 t/m³ was applied to the minor unestimated vertical feeder blocks, and 2.80 t/m³ assigned to the background.

SRK consider the data collection techniques and application to be appropriate. Furthermore, SRK consider that the bulk density collected and values estimated are similar for other deposits of similar geology and thus are considered appropriate for accurate tonnage representation in the Mineral Resource.

Quality assurance and control

The following summary is adapted from QG, 2013.

For the 2008 estimate, which included all the holes drilled by BRPM, and the Kasbah holes up to and including AD025 were assayed at the Reminex laboratory in Morocco. Since June 2012, all assaying for exploration drilling at the Achmmach Tin Project has been conducted at the ALS Laboratory in Loughrea, Ireland. Check assaying done on pulps retrieved from Reminex were sent to ALS in Seville (Spain), and the results indicated good correlation between both laboratories.

The check assay for the earlier BRPM data also consisted of thirty-five quarter core samples from this drilling re-submitted to ALS in November 2008, with results indicating appropriate correlation.

Job (2010) reviewed the quality control data for standards submitted from 2009 to mid-2010. Job (2013) analysed all the QC data from August 2010 (including the CRM certification) to January 2013. It was concluded by all authors post Carras that the assay results were acceptable as an input into a mineral resource estimate. Since 2012 QAQC consisted of Blanks, Duplicates and Umpire Assay.

SRK has not reviewed the raw data. However, SRK has reviewed available standard control plots and associated statistics, and agrees with the conclusion that the accuracy and precision of the dataset is sufficient that the assay results were acceptable as an input into the mineral resource estimates.

Geological and mineralisation model

Achmmach Meknes Trend

Kasbah's geologists completed interpretation of the tin mineralised parts of the tourmaline breccias – this consists of a series of east-west trending 'vertical feeders' from 2 to 5 m thick, and a series of moderately north-dipping mineralised zones ('branches') that extend up and down dip of the vertical feeders in the sedimentary package. The tin occurs as disseminated cassiterite (SnO₂) associated with sulphide and/or quartz veins.

Four main zones of north-dipping tin-tourmaline altered branches are recognised at Achmmach:

- 1) The Meknes Zone;
- 2) The Fez Zone;
- 3) The Marrakech Zone; and
- 4) The East Zone.

To assist in interpretation, potassium (K) values were used as a proxy for tourmaline alteration. However, potassium grades are not available for all the drilling, so the interpreted tin tourmaline zones consist of a mixture of geological logging and tin and potassium grades.

Tin mineralisation is associated with tourmaline-silica replacement lodes and breccias hosted by an interbedded sequence of folded metamorphosed siltstones and sandstones. However, tin mineralisation does not always correspond to the geometry of the tourmaline alteration. A tin grade of approximately 0.4% was generally used to define the mineralised zones in the wireframes developed.

Tin mineralisation at Achmmach extends 1.6 km in strike length, is 300 m wide and extends from the surface to 600 m below the surface. The high-grade parts of the Meknes and Fez zones, which are of the most interest, are 400 m in strike length, 200 m wide and located from 150 m below surface to 400 m below surface.

SRK observes that the vertical feeder and north dipping branches overlap in some instances (mostly in the East Zone) although the usual geological interpretation is that the feeders truncate the branch structures. Therefore, where there are overlapping wireframes, the vertical feeders take priority. In SRK's opinion this interpretation could be considered as vertically replicating the mineralisation volume locally.

SRK has discussed this issue with Kasbah's representatives, who believe the coding has been assigned appropriately, noting that assigning priority to the feeder zones for the feeder wireframe and branch wireframe ensures that there is no duplication of tonnage (volume) where the wireframes overlap. The minor risk associated with the interpretation relates to how branches are interpreted with respect to dip and strike.

Given that only a small proportion of the branch interpretation offers potential for alternative orientations the impact may be considered as minor resulting in either an increase or decrease in estimated tonnes. There is no clear evidence that the impact of alternative interpretations will result in either increased or decreased tonnages. The 2016 SSO DFS includes a provision for detailed diamond drilling prior to final stope design which will provide detailed resolution for geological interpretations.

Given the detailed nature of the drilling and Kasbah's geological understanding, SRK considers the volumes to be geologically plausible, albeit with minor risk.

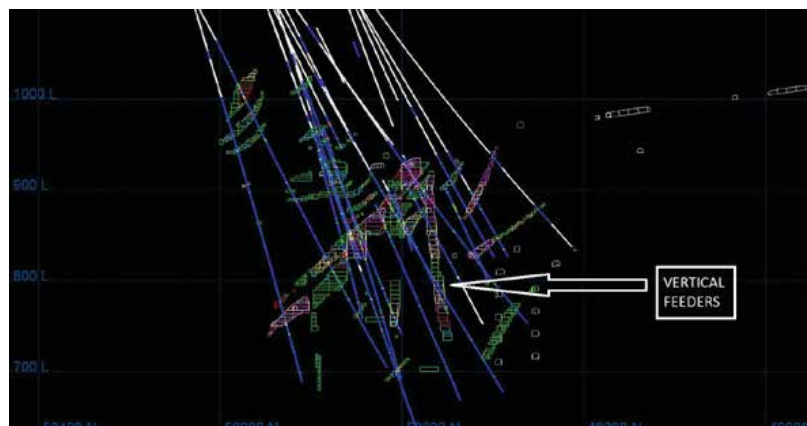


Figure 4-7: Achmmach Main - Section 2450E Vertical Feeders

Western Zone

A similar domaining philosophy was used at the Western Zone as tin mineralised parts of the tourmaline breccias consist of a steeply north-dipping mineralised zone (the Main Zone) and a series of moderately north dipping zones extending away from the Main Zone (termed Branches). The zones extend from the surface (1,100mRL to 1,050mRL) to about 200 m depth, extend about 260 m along strike, and are up to 8 m thick.



Figure 4-8: Western Zone Section 1750E Main Zone and Branches

Statistical analysis and variography

Achmmach Meknes Trend

The drillhole data and tin-tourmaline alteration wireframes completed by Kasbah were imported by QG into Datamine mining software. The drill holes were flagged with the domain. SRK notes that where tin- tourmaline altered domains were sampled, a sample grade of 0.005% Sn was allocated. SRK considers this approach to be an appropriate treatment of the data so that unsampled intervals, considered as waste, are diluted in the Mineral Resource estimate.

As discussed previously, the vertical feeder and north dipping branches overlap in some instances (mostly in the East Zone), although the usual geological interpretation is that the feeders truncate the branch structures. Therefore, where there are overlapping wireframes, the vertical feeders take priority in the coding.

SRK observes that 91 percent of the sample widths are between 0.9 m and 1.1 m and concurs with the selected composite length of 1 m.

Table 4-9: Statistics for top-cut tin

Zone	Count	Minimum	Maximum	Mean	Std. Dev.	Variance	CV
Vertical Feeders	4245	0	6.5	0.46	0.75	0.56	1.63
Fex	2210	0	5	0.55	0.78	0.61	1.42
Meknes	3703	0	6.5	0.69	0.85	0.72	1.23
Marrakesh	241	0.02	3	0.47	0.56	0.31	1.19
East Zone	2262	0	5	0.58	0.7	0.49	1.21
East Zone Shallow	782	0	5	0.64	0.92	0.84	1.44

SRK note high-grade cuts were applied which have little effect on the statistical means derived for each zone and hence the estimation, overall. SRK concurs with the cut thresholds selected by QG.

Declustered statistics using a 200 m by 100 m by 6 m grid was completed for all variables. SRK considers the declustering cell is large, however, this cell has only limited affect on the statistical mean of major domains but is globally appropriate for the generation of variograms.

Table 4-10: Sn % Variogram Models

Domain	Isatis	Datamine	Nugget		Range			Sill		
	Math Rot.	Rot. (3,2,1)	(C0)	(as %)	Major	Semi	Minor	Sill	(as %)	Structure
Vertical Feeders	0,0,90	0,0,-90	0.167	40.7%	40	20	8	0.142	34.6%	1
					120	100	35	0.101	24.6%	2
Fez	-90,-30,0	90,30,0	0.355	56.2%	25	25	13	0.215	34.0%	1
					70	70	20	0.062	9.8%	2
Meknes	20,0,-30	-20,0,30	0.6	92.3%	10	10	14	0.02	3.1%	1
					75	40	20	0.03	4.6%	2
East Zone Deeps	-70,-40,0	70,40,0	0.500	84.7%	16	20	7	0.010	1.7%	1
					280	280	150	0.080	13.6%	2
East Zone Shallow	-70,-40,0	70,40,0	0.35	61.2%	20	10	4	0.132	23.1%	1
					200	125	9	0.090	15.7%	2
Background	20,0,-60	-20,0,60	0.008	45.5%	140	40	25	0.0045	25.6%	1
					550	150	210	0.0051	29.0%	2

Variography and exploratory data analysis was undertaken by QG using Isatis™ software, which SRK considers appropriate for this purpose. The relative nugget effect is moderate to high for tin, but low to moderate for potassium and sulphur. Ranges for tin in the mineralised domains are in the order of 100 m for the vertical feeders, about 70 m for the Meknes and Fez Zones, but significantly longer (>200 m) for the East Zone. SRK concurs with the variogram generation process and the results developed and considers these to be appropriate inputs for the Mineral Resource estimation of the Achmmach Main Zone.

Western Zone

The domain philosophy used for the Western Zone is the same as Achmmach Meknes Trend.

SRK note the majority of samples are collected at sample lengths of 0.8 to 1.2 m and concur with the composite length selected of 1 m. A top cut of 5.5% Sn was applied by QG for the Meknes Trend. SRK concurs with the cut threshold selected by QG.

Table 4-11: Raw data statistics

Domain	Variable	Count	Minimum	Maximum	Mean	Std. Dev.	Variance	CV
Main Zone	Sn_Pct	141	0.043	11.60	1.37	1.47	2.16	1.08
	K_Pct	141	0.030	3.54	0.46	0.63	0.40	1.37
	S_Pct	141	0.005	4.77	0.15	0.48	0.23	3.32
	Density	80	2.280	3.37	2.82	0.14	0.02	0.05
Branch Zone	Sn_Pct	163	0.014	4.48	0.81	0.67	0.45	0.83
	K_Pct	163	0.030	3.57	0.83	0.73	0.54	0.89
	S_Pct	163	0.005	3.70	0.20	0.47	0.22	2.35
	Density	61	2.480	2.91	2.74	0.10	0.01	0.04

SRK concurs with the variogram generation process and the results developed as shown in Table 4-12 and considers these to be appropriate inputs for the Mineral Resource estimation for Achmmach Western Zone.

Table 4-12: Potassium % Variogram models

Domain	Isatis	Datamine	Nugget	Nugget	Range			Sill		
	Math Rot.	Rot. (3,1,3)	(C0)	(as %)	Major	Semi	Minor	Sill	(as %)	Structure
Main Zone	0,0,-60	0,60,0	0.08	33.5%	5	5	3	0.124	51.9%	1
					55	55	8	0.035	14.6%	2
Branches	0,0-45	0,45,0	0.7	20.1%	5	5	8	0.143	41.1%	1
					34	34	15	0.135	38.8%	1

Block model and estimation

Achmmach Meknes Trend

Block model construction and estimation was completed by QG in Datamine mining software. SRK consider this an appropriate tool for the type of estimation being completed. Grade estimation was conducted using Ordinary Kriging (OK) for Sn%, K% and S%.

The estimate was into 20 m (E) by 20 m (N) by 5 m (RL) parent cells that had been sub-celled to 5 m (E) by 2.5 m (N) by 2.5 m (RL) at the domain boundaries for accurate domain volume representation. SRK note the large, but appropriate, parent cell size, which is similar to the general drill hole spacing. SRK consider this spacing suitable for generating a reliable global estimate and the sub celling represents appropriate volume representation.

Estimation parameters were based on the variogram models, data geometry and kriging estimation statistics. SRK observes appropriate QKNA (Quantitative Kriging Neighbourhood Analysis) was completed by QG. SRK considers the search parameters developed as shown in Table 4-14 to be appropriate.

Table 4-13: Tin % Search Parameters

Domain	Range			No. of Samples		Discretisation.
	Major	Semi	Minor	Min.	Max.	
Vertical Feeders	100	80	30	5	15	5x5x3
Fez	70	70	20	5	15	5x5x3
Meknes	75	40	20	5	15	5x5x3
East Zone	200	200	125	5	15	5x5x3
East Zone Shallow	150	100	10	5	15	5x5x3

A Datamine 'dynamic anisotropy' method was used for the interpolation the variogram and search ellipse rotations were adjusted individually for each block, which SRK considers to be good practice. Estimation by OK was performed for all domains using the parameters defined above. A second estimation pass using an expanded search ellipse (twice the initial search distances) with same minimum and maximum number of samples was run if the estimate failed to meet the search criteria for the first pass. SRK notes over 90 percent of the estimate was generated in the first pass. No cut grades were used in the estimation.

SRK notes with the estimation parameters used, the result is a very local unsmoothed estimate and is locally representative of the drill data.

Bulk density was estimated by OK into all the mineralised domains.

Western Zone

The estimation philosophy used for the Western Zone is the same as Achmmach Meknes Trend.

Table 4-14: Sn% search parameters

Domain	Range			No. of Samples		Discretisation.
	Major	Semi	Minor	Min.	Max.	
Main Zone	40	40	10	8	20	5x5x5
Branches	30	30	7	8	20	5x5x5
Background	30	30	20	8	20	5x5x5

SRK note that at times the estimation may appear conservative, in that large parent blocks are used with a local style of estimate in that it is relatively unsmoothed. However, SRK concurs with the estimation regime adopted by QG and notes that risk in estimation is reduced with the use of the appropriate parent block size.

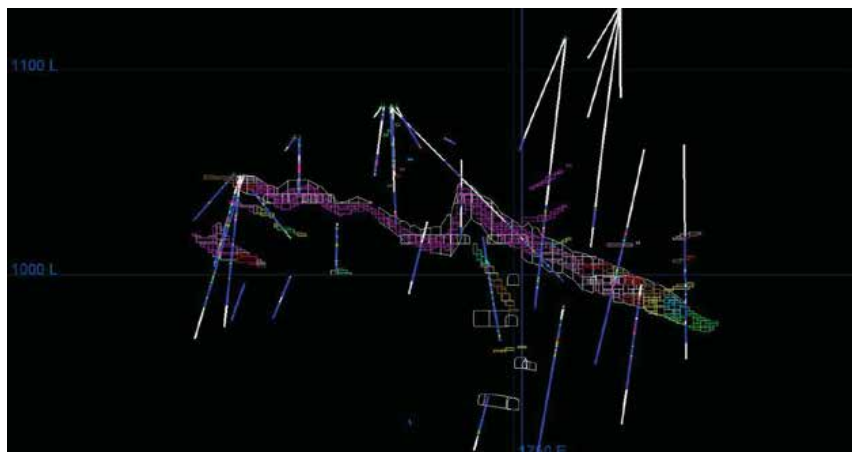


Figure 4-9: Western Zone blocks

Model Validation

Model validation for both models was completed by QG using the following:

- Visually comparing the model grades to sample grades in section and plan;
- Statistical review for major zones (Table 4-15);
- Swath plots depicting number of samples, raw grade, estimated grade on 40 m slices;
- Nearest Neighbour (NN) estimate.

Table 4-15: Validation statistics – Tin mean

Tin Means				
Domain	Raw Mean	Decl. Mean	Model	%Diff.
Vertical Feeders	0.47	0.37	0.37	99.8%
Fez	0.56	0.56	0.59	104.8%
Meknes	0.70	0.65	0.66	101.6%
Marrakesh	0.52	0.55	0.57	103.4%
East Zone Deepes	0.59	0.65	0.58	89.7%
East Zone Shallow	0.67	0.69	0.71	102.8%

Source QG report

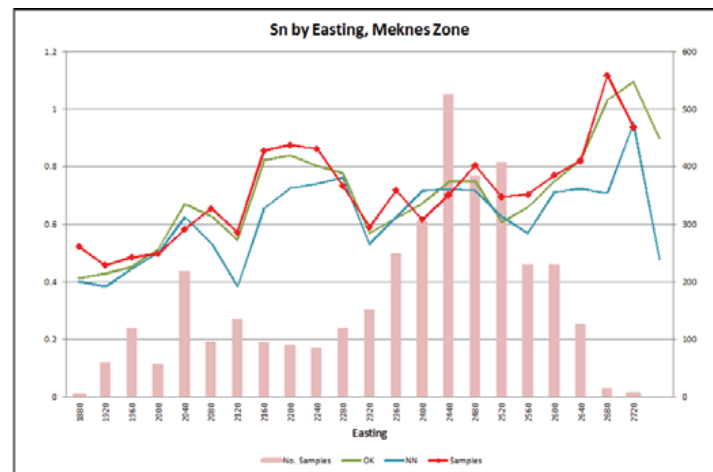


Figure 4-10: Swath plot by easting

Source QG report

SRK concur with the validation procedures, the results obtained and the conclusion that the input data globally represents the output from the estimation for both models.

Model Classification

SRK note the following factors were taken into account by QG in classifying the resources:

- Data quality and quantity;
 - o Sampling and assaying;
 - o Spatial locations; and
 - o Geological logging;
- Geological interpretation (particularly aspects that impact on mineralisation);
- Geological domaining;
- The spatial continuity of Sn mineralisation;
- The quality of the Sn estimate

QG consider the material in the core of the Meknes Zone and vertical feeders (where the drilling spacing is 20 m, and the continuity of grade and geometry along strike is very good) to be Measured. The remainder of the deposit (with 40 m spaced drilling) has been classified as Indicated. Note that the geometry and grade continuity of the Fez Zone in the 20 m spaced drilling areas is not adequate to support Measured, so the entire Fez Zone is classified as Indicated.

SRK considers however that drill density is the dominant driver of the mineral resource classification.

Western Zone

Classification criteria adopted by QG for the Western Zone were the same as Achmmach Meknes Trend. Diamond drill spacing is generally on nominal 30 m spaced sections. The majority of material in the mineralised portion of the Western Zone is classified as Indicated.

SRK considers that the Mineral Resource classification applied to both zones is appropriately justified and applicable as it supported by the available data.

SRK considers QG's approach to classification to be suitable, and that the resultant classifications are reasonable in appearance and magnitude. The September 2013 Mineral Resource update, as presented by QG is suitably robust, and has been classified in accordance with the Australasian Guidelines for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012) to an appropriate level of confidence.

Mineral Resource Reporting

SRK notes the Competent Person for this resource estimate, Mike Job, has not visited the site. However, personnel previously employed by QG visited the site in April 2009 and March 2010.

All reporting requirements are appropriate and the Mineral resource is reported in accordance with the Australasian Guidelines for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). A detailed Table 1 is also appropriately provided for Achmmach Meknes Trend and the Western Zone on the parallel Sidi Addi Trend.

Appropriate reporting cut-offs related to domain definition is also applied.

Table 4-16: Achmmach open-cut Mineral Resource > 0.35% Sn

Classification	MTonnes	Sn %	kT Sn
Measured			
Indicated	0.7	0.85	5.8
Inferred			
Total	0.7	0.85	5.8

Table 4-17: Achmmach underground Mineral Resource > 0.5% Sn

Classification	MTonnes	Sn %	kT Sn
Measured	1.6	1.0	16.1
Indicated	12.4	0.8	101.8
Inferred			
Total	14.0	0.85	117.9

Western Zone

Table 4-18: Mineral resource above a 0.5% Sn cut-off

Classification	kTonnes	Sn %	kT Sn
Measured			
Indicated	340	1.25	4.2
Inferred			
Total	340	1.25	4.2

Overall, SRK concludes that the Mineral Resources reported at Achmmach for the Meknes and Western Zone deposits are appropriate for detailed mine planning evaluation and valuation within this study.

4.2.9 Ore Reserve

Kasbah's stated Ore Reserve as outlined in the Company's release to the ASX on 10 August 2016 is presented in Table 4-19.

This estimate was stated as prepared in accordance to the JORC Code (2012) requirements by Mr Matt Keenan of Entech Pty Ltd (an independent consultant).

Table 4-19: Achmmach Ore Reserve July 2016 (SSO DFS)

	Proven			Probable			Total		
	Ore (kt)	% Sn	Tin Metal (t)	Ore (kt)	% Sn	Tin Metal (t)	Ore (kt)	% Sn	Tin Metal (t)
Meknes Trend	877	1.10	9,700	5,359	0.80	43,100	6,236	0.85	52,800
SID Addi Trend	0	0.0	0	321	0.85	2,700	321	0.85	2,70
Total	877	1.10	9,700	5,680	0.80	45,900	6,557	0.85	55,500

Out-off grade of 0.55% Sn. All calculations have been rounded to the nearest 1,000 t ore, 0.01% Sn grade and 100 t tin metal.

Based on SRK's high level review of the Ore Reserve estimate, we note the reported Ore Reserve, the basis of the transaction, is based on the SSO DFS Report that is an extension of the previous studies undertaken on the project. The Ore Reserve is the same as the scheduled tonnage in the economic model, *20160805_Achmmach Financial Model_Rev M.1.xls*, provided for valuation purposes

Based on SRK's review, SRK considers that the SSO DFS report is of a suitable standard and supports the release of the Ore Reserve estimate.

4.2.10 Exploration Potential

Outside the currently defined resource limits at Achmmach, the following offer further exploration potential:

- the Meknès Trend outside of the defined resource remains open to the east, west and at depth.
- the Sidi Addi Trend, having been identified parallel to and immediately north of the Meknès Trend has yielded the WZS resource, while the potential of the previously identified exploration target of the Northern Zone (NZ) and the greater Sidi Addi Trend remains intact.

To date only limited drilling has been conducted in these areas. The Northern Zone presents the best opportunity in the near to medium term, with previous drilling testing three mineralised trends comprising the East North East trend (ENE), the North South trend (NS) and the East South East Trend (ESE) (Figure 4-11). Best results were recorded at the ESE trend, which encountered narrow tin mineralised zones at shallow downhole depths.

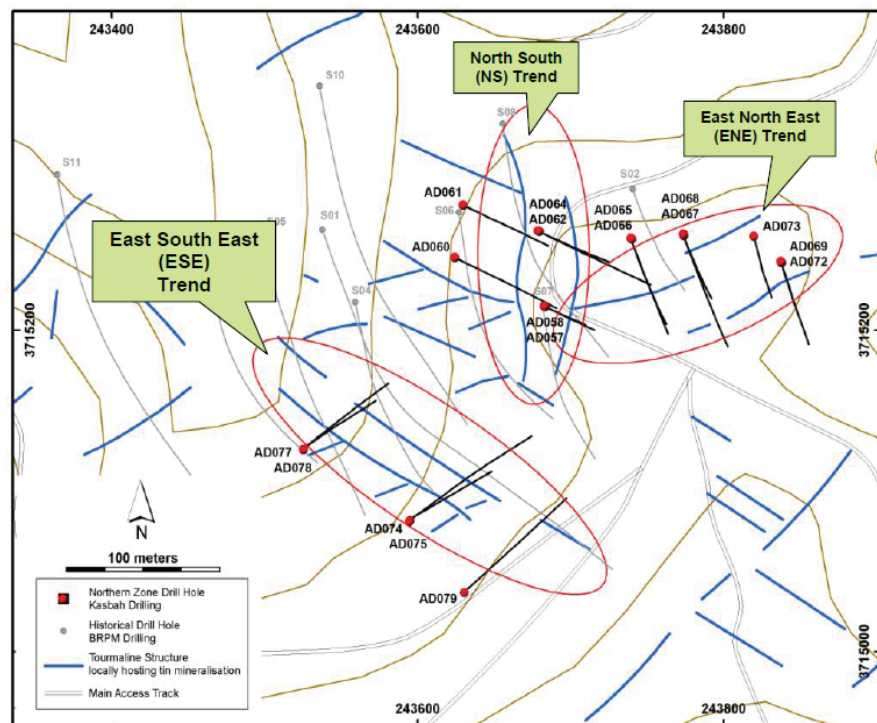


Figure 4-11: Northern Zone – Main Tin Mineralised Trends and drill hole collar positions

4.2.11 Mining

Post completion of a Feasibility study report in 2014 that considered a 1 Mtpa scale, the project has been subject to a number of studies, best described in the August 2016 Small Start Option Definitive Feasibility Study Report, (2016 SSO DFS) prepared by Entech, NET_0269_ATS. These studies (Refer Section 4.2.5) have reviewed the project with a view to a lower cost development due to the persistent fall in the tin price.

The earlier reports that provide the foundation for the 2016 SSO DFS include the following: March 2014 DFS, March 2015 EDFs, Jan 2016 SSO PFS. All of these reports, build on and further improve the understanding of the deposit and proposed mine plans and schedule and support the suitability of the underlying technical work.

The proposed transaction is based on the 2016 SSO DFS life of mine physical schedule presented in Table 4-21, summarised below.

Stage 1 – Four years of production at 500 ktpa delivering approximately 1.9 Mt of ore at 0.96% Sn

Stage 2 – Seven years of production at 750 ktpa delivering 4.7 Mt of ore at 0.80% Sn.

The primary documents reviewed by SRK are presented in Table 4-20.

Table 4-20: Mining Reports reviewed by SRK

Geotechnical Report	P1274 Achmmach Geotech FINAL April 2016 JH.pdf
Mining report	ENT_0269_ATS, May 2016 SSO DFS Report.pdf
Techno-Economic Model	20160805_Achmmach Financial Model_Rev M.1.xls
Source mining costs	20160722_Achmmach 2016 DFS_Mining Source Cost Workbook.xls

The philosophy of the 2016 SSO DFS is to increase cashflow in the early stage of the project by increasing the design cut-off grade that delivers higher grade production in Stage 1 of the mine schedule. The earlier work supporting the 2016 SSO DFS reviewed a number of cut-off grades to confirm the continuity of the Mineral Resource to support the proposed production commencing at 500 ktpa.

The application of the Phase 2 cut-off grade (lower than Phase 1) that is consistent with the previous studies and is well supported and appropriate for the project.

Mining Method

The mining method and sequence applied in the 2016 SSO DFS takes into consideration the grade of the stopes and the objective of maximising extraction of the stopes in the higher grade areas of the mine, by minimising the requirement for pillars. These areas have been design to incorporate the use of cemented rock fill (CRF). The remaining areas of the mine have applied a conventional open stoping method with the use of pillars and waste backfill.

SRK considers that the mining methods and mining sequence being applied are fit for purpose and suitable for the deposit.

Geotechnical Parameters

Over the course of the previous studies suitable geotechnical investigation and analysis has been undertaken that have provided a full understanding of geotechnical aspects of the deposit. Most recently, the geotechnical design considerations were reviewed as part of the 2016 SSO DFS, refer Mining One technical report, P1274 Achmmach Geotech FINAL April 2016 JH.

SRK considers that the geotechnical design guidelines have been developed in a manner consistent with good practice and support the stope designs and mining schedules that deliver into the proposed Mining Schedule.

The geotechnical work supports the mining dilution factors that have been applied in the preparation of the mine schedule. The designs incorporate a 0.25 m skin on each contact and the modelled grade of the dilution has also been applied. No other dilution has been applied.

Stope width vary from 3 to 12 m, which based on a planned 0.5 m of over break allows for between 16% and 4% dilution of the designed shapes.

The granularity of the stope design, based on 5 m intervals, allowed for internal dilution to be minimised. The conclusions of the geotechnical report have been included in the 2016 SSO DFS design process with an appropriate level of detail, controlling the stope spans and pillar designs. The geotechnical work has been undertaken by the same group since the study work commenced in 2014, which provides for an increased level of confidence in the geotechnical understanding and analysis and findings.

The ground conditions based on the available data are reported to be "good" and the proposed mining methods are appropriate for the project.

Mine Design and Schedule

SRK notes that the design process in the 2016 SSO DFS has progressed from the previous stope optimiser approach and advanced to manually design the stoping on 5 m sections. The level of detail applied in the preparation of the design and schedule demonstrated in the 2016 SSO DFS report and supported by the earlier studies supports the basis of the proposed schedule and Ore Reserve estimate.

The stope designs for Stage 1 have been developed using a 0.80% Sn cut-off grade and for Stage 2 a 0.55% cut-off grade has been applied for Stage 2.

Based on SRK's geological review the resource model supports grade continuity and the basis for applying the more selective mining approach and the stoping design has been completed to a level of detail that supports the proposed Phase 1 and Phase 2 plans and provides confidence that the proposed production targets can be delivered. Specifically confidence is provided in the ability to selectively mine in Stage 1.

SRK considers the schedule parameters as described in the 2016 SSO DFS to be consistent with good industry parameters and given the proposed used of experienced mining contractors that these are achievable.

Specifically the proposed 250 m per month of the development drills is in line with standard industry practice and the equipment schedule provides for sufficient capacity to achieve the proposed ramp up schedule. The configuration of the mine design provides sufficient mining areas to minimise the risk of the rates not being achieved, that is often experienced in new mining project.

Table 4-21: Achmmach 2016 SSO DFS - Physicals Schedule

SSO DFS, Physicals	Total	500 ktpa Production Rate				750 ktpa Production Rate						
		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
Operating Development (m)	20,604	2,164	3,029	1,175	1,084	1,694	4,525	2,630	2,017	1,410	877	0
Capital Development (m)	22,083	4,786	3,162	1,917	2,025	1,417	1,164	3,556	1,618	1,707	731	0
Total Lateral Development	42,686	6,950	6,191	3,092	3,109	3,111	5,688	6,186	3,635	3,117	1,607	0
Production Drilling	662,180	18,165	47,464	51,463	56,892	58,961	76,879	85,140	84,371	77,496	70,609	34,740
Waste Tonnes	2,106,093	425,327	303,324	168,647	176,429	145,388	165,897	329,542	159,135	154,166	78,238	0
Waste (TKM)	3,290,898	302,287	413,492	333,695	335,399	244,075	185,895	566,846	321,685	387,743	199,781	0
Ore (TKM)	10,357,893	158,674	586,042	789,616	923,361	1,003,353	1,187,538	1,134,394	1,184,827	1,373,387	1,214,883	821,818
Cemented Backfill (t)	542,894	0	25,948	70,483	128,967	93,886	95,758	86,959	27,616	3,963	9,315	0
Unconsolidated Backfill (t)	678,607	0	34,859	69,652	151,875	155,915	100,171	95,123	59,897	7,003	4,111	0
Development Ore Tonnes	1,037,235	110,561	162,621	69,463	55,790	75,244	210,567	141,518	103,830	73,006	34,675	0
Development Sn Grade (%)	0.74%	0.85%	0.87%	0.74%	0.83%	0.92%	0.73%	0.57%	0.62%	0.57%	0.70%	0.00%
SN Metal (t)	7,661	942	1,412	514	465	695	1,531	800	645	413	242	0
Slope Ore Tonnes	5,520,386	126,790	370,676	492,799	502,579	524,954	560,308	655,159	665,615	665,059	650,201	306,285
Slope Sn Grade (%)	0.87%	0.91%	0.89%	1.18%	0.92%	0.99%	0.98%	0.83%	0.77%	0.67%	0.78%	0.73%
Slope Sn Metal (t)	47,884	1,155	3,305	5,834	4,607	5,201	5,498	5,419	5,112	4,433	5,000	2,241
Total Ore Tonnes	6,557,620	237,351	533,296	562,222	558,329	600,199	770,874	796,678	769,445	738,065	684,876	306,285
SN Grade (%)	0.85%	0.88%	0.88%	1.13%	0.91%	0.98%	0.91%	0.78%	0.75%	0.66%	0.78%	0.73%
SN Metal (t)	55,545	2,097	4,717	6,348	5,073	5,896	7,028	6,219	5,758	4,846	5,322	2,241

Source: ENT_0269_ATS: Table 1.1

SRK considers the proposed development rates to be appropriate for a project of this nature, supporting the proposed production schedule presented in Table 4-21.

SRK considers the overall schedule strategy to be appropriate and support the delivery for the proposed production profile.

The 2016 SSO DFS is supported by submissions from experienced mining contractors through the course of the study process. In the early stages of the study process, four contracting companies were engaged to provide submissions with a single contractor selected and taken forward to prepare a submission to support the 2016 SSO DFS.

Mining Costs

The mining cost inputs for the Techno-Economic Model, (TEM), have been sourced from the preferred contractor. SRK reviewed the documents supporting the contract submissions and confirm that the rates have been applied in the TEM. These costs have been developed from first principles and support the operating costs and development capital cost estimates applied in the TEM.

The unit rates have been applied to the physicals, manning and equipment schedules that have been prepared based on the design schedule. There is a clear link and consistency between each body of work.

SRK notes that the mining cost estimates have been prepared in Australian Dollars and converted to US Dollars for use in the TEM based on the exchange rates defined in the TEM assumptions. SRK assumes that the "exchange rate risk" is to the company and not the mining contractor as such variability in the relevant exchange rates will have an impact on the project economics.

SRK makes the following observations in relation to the mining cost estimates:

- The unit costs applied are based on the submission by Australian based mining contractor Manca. The rates have been modified to remove the diesel cost.
- The mining contract makes up 67 percent of total mining cost. Fuel and power are estimated in local currency and comprise 4 percent and 6 percent of the total cost respectively and hence are the next highest cost components.
- The contract sum consists of detailed design quantities (Underground Mining Schedule tab that correlates to the design output) and a detailed breakdown of rates and build-up of costs (Project Assumptions tab that correlates of the contract submission).
- Mining capital is predominantly based on the underlying operating cost assumptions.
- Appropriate contingency has been applied to the capital cost estimates.
- SRK reviewed the basis for the US\$1.7 M closure cost assumptions in the model. The data provided allows for US\$1.7 M of general site closure that is built up from first principles and specific activities. A further US\$1.1 M is reported in the supporting document (20150414_Achmmach General Site Closure.xls). This estimate is consistent with the estimate provided by Golder Associates in its Technical Memorandum, date 1 April 2016 on the Achmmach Tailings Facility. SRK notes that US\$1.2 M has been included in the financial model. On this basis, SRK support the estimate of closure costs noting they are exposed to mining contract rates that may change (up or down) at the time of undertaking the closure work.
- The model allows for a US\$2.2 M Salvage Value. This estimate is based on recovering 20 percent of the value of specific items considered to have potential value. In SRK's opinion, the items assumed for resale (listed below) are realistic, the 20 percent recovery and the resale value estimate appears to be appropriate. As a downside case, SRK recommends BDO adopts a 10

percent recovery. However, SRK notes that the actual resale value received will be dependent on Demand, Condition and Location at the time.

- Ventilation Equipment
- Dewatering Equipment
- Electrical Equipment
- Refuge Chambers
- Processing Equipment
- Vehicles
- Buildings
- Laboratory

SRK considers the process is fit for purpose, assessed at an appropriate level of detail and appropriately represents the project. The TEM, RevM.1, Physicals match the written report and schedule as presented in the 2016 SSO DFS Report dated May 2016.

Overall, SRK consider the production schedule and associated design assumptions to be appropriate, fit for purpose and based on what is considered to be a suitable level of supporting studies.

SRK recommends that sensitivities to increases in operating cost (+10%), slower than planned ramp-up (3 months) and production shortfall (-5%) from tonnage and grade are appropriate to develop the high and low case scenarios.

4.2.12 Metallurgy and Process Engineering

Small Start Option

The 2016 SSO DFS is based on the previously conducted metallurgical testwork, undertaken at both laboratory and pilot scale, which culminated in a positive DFS delivered in March 2014. An internal review of the 2014 DFS highlighted several opportunities for recovery enhancement. Additional testing was conducted as part of the EDFs, with these results reported in March 2015. These two studies formed the basis of the 2016 SSO DFS.

For Kasbah, the 2016 SSO DFS represents a lower capital, higher grade development option to that presented in the earlier DFS and EDFs documents. The 2016 SSO DFS is based on an underground hard rock project, supporting a ten-year mine life with an initial nominal ROM production rate of 0.5 Mtpa, expanding to 0.75 Mtpa after three and a half years for the remainder of the project LOM. The 2016 SSO DFS utilises contract mining and crushing and a modular process plant design, which will be owner operated.

In SRK's opinion, the level of metallurgical testing and engineering design undertaken by Kasbah at Achmmach meets the standard normally expected of a feasibility study for this type and scale of project.

Basic Parameters

The basic parameters which underlies the flowsheet basis of design are:

- A tourmaline siltstone and sandstone deposit containing economic concentrations of cassiterite mineralisation occurring in veins from 30 to 800 µm across following a brecciation and silification phase of the deposit. Cassiterite also presents as inclusions in sulphide minerals such as chalcopyrite, pyrrhotite, sphalerite, stannite, pyrite and arsenopyrite (Atlas Tin, 2015);

- Assuming a moisture content of between 2-6%, processing will occur initially at 0.5 Mtpa using two 0.25 Mtpa modular plant (Stage 1) expanding to 0.75 Mtpa with the addition of a third modular plant (Stage 2) after 3.5 years, and operating at this capacity for the remainder of the LOM;
- Annual crushing plant operating hours of 5,000 hours per annum requires an average feed rate of 100 t/h initially then ramping up to 150 t/h to cater for the additional module. Crusher product is delivered to a crushed ore stockpile which has a live capacity of 2,160 tonnes sufficient for storage of up to 24 hours;
- Annual concentration (grinding, gravity and flotation) plant operating hours estimated to be 8,000 hours per annum requires an average feed rate of 62.5 t/h initially then expanding to 93.75 t/h with the additional module;
- The design allowance for the crushing circuit and modular processing plant utilisation and crushed ore stockpile capacity are all within acceptable industry standards;
- Stage 1 will have a ROM head grade of 0.96% Sn which will decrease to 0.80% Sn in Stage 2. Average recoveries for the two stages are expected to be 73.4% and 72.2% respectively; and
- The physical testing which determine the ore characteristics resulted in a Crushing Work Index (CWi) averaging 27 kWh/t with a corresponding Bond Ball Mill Work Index (BBMWi) averaging 24.6 kWh/t. This demonstrates that the ore type is very hard which is consistent with brecciated and siliceous ores. This finding is also supported by a low Axb number of 24.3 (a measure of the ore's semi-autogenous grind (SAG) milling amenability) and a high Unconfined Compressive Strength (UCS) of 228 MPa. The ore is also very abrasive with a high Abrasion Index (Ai) of 0.73.

In SRK's opinion, the scale of plant and the operating hours assumed meet expectations for a modular plant designed for an ore body, which is highly competent. The metallurgical recoveries predicted align with the ROM head grades.

Flowsheet and Plant Design

Based upon the information above the flowsheet developed for processing is:

- Primary crushing of ROM using a jaw crusher followed by secondary and tertiary cone crushing;
- Conveying crushed material to a product screen with the final product being delivered to a crushed ore stockpile;
- EDS (vertical multi-shaft) milling of coarse ore followed by a primary ball mill operating in closed circuit with a primary classification screen to achieve a product P_{80} size of 150 μm , top size (P_{100}) of 200 μm ;
- Primary gravity concentration on the -200 μm to 38 μm fraction by hydrocyclones and spirals;
- A re-grind ball mill circuit for primary gravity middlings separation;
- Gravity concentrate dressing utilising magnetic separation, sulphide flotation and shaking tables;
- Desliming hydrocyclone separation of the -38 μm fraction to reject material less than 10 μm ;
- Tin flotation feed preparation utilising magnetic separation and sulphide flotation;
- Tin flotation and concentrate dressing followed by upgrading utilising ultrafine centrifugal classifiers;
- Final concentrate filtering and transport preparation; and
- Tailings disposal

The design for the Achmmach tin processing plant has undergone several reviews and reconfigurations, which has resulted in:

- A more compact plant design layout and connectability between the various unit processes. This will result in a reasonable reduction in capital expenditure due to a lower construction and installation cost.
- Equipment such as the EDS Multi-Shaft Mill that is unproven in a tin ore application has been selected to make the plant more "modular". From an energy perspective, testwork demonstrated a reduction in energy consumption when the EDS mill operates in a single pass feeding a ball milling circuit as opposed to the more traditional rod-mill / ball mill circuit. This has the benefit of reducing the power transmission required for delivery to the Achmmach Tin Project site.
- Equipment such as the ball and regrind mills have been engineered in a modular concept. There are many examples where rotating equipment, such as drum scrubbers of larger dimensions than the proposed mills, have been successfully installed in a modular basis.
- The pneumatic flotation cells are considered to be a relatively new equipment selection with regard to tin flotation. Up until a few years ago, the ultrafine classifiers, which have been selected to upgrade the tin flotation concentrate, would have been considered new technology. However, they are now being successfully deployed in other hard-rock tin operations and have contributed to the production of higher grade final tin concentrates that more consistently achieve approximately 55% Sn.

In SRK's opinion, the sequencing of the unit process steps within the flowsheet are conventional and well proven. The processing equipment nominated has been selected to provide a more compact plant design. However, some equipment selected would be regarded as new and unproven thereby increasing the risk profile of the project.

Process Engineering

EDS Multi-Shaft Mill

An investigation into the multi-shaft mill, developed by Energy & Densification Systems (EDS) and considered to be new and unproven technology for hard rock tin ores, was undertaken to compare it to a rod mill. It is noted that the technology has been successfully applied in the processing of gold ores with similar work indexes and properties to the Achmmach ore. The mill has ten (10) horizontal shafts with strengthened flinger attachments which are used to agitate the product as it passes through. The product is broken down due to impacts on flingers, the mill body as well as other broken ore particles. The body of the mill is protected internally by removable liners.

The experimental results have been analysed by the Julius Kruttschnitt Mineral Research Centre (JKMRC), Queensland to independently assess the mill's potential. The assessment analysed the size distributions, specific energy, size specific energy and the Bond Work Index. Experimental conditions for the testing of the mill were based around the following operating regimes:

- Single pass of feed material;
- Re-milling of all of the product material;
- Re-milling the oversize (+300 μm) product material; and
- Re-milling the oversize (+300 μm) product in combination with fresh feed.

Analysis of the size distributions and specific energy determined the multi-shaft mill was able to effectively mill the hard rock ore for all of the operating regimes listed above. In order to compare the multi-shaft mill to a rod mill, as a possible unit replacement in the circuit, the Bond Work Indices were

used to compare the energy requirements. Based on this method of analysis the 'secondary crush – multi-shaft mill – ball mill' circuit was the most efficient by 15% in comparison to the 'secondary crush – rod mill – ball mill'.

However, the JKMRC also noted that although the mill is suitable from an energy perspective, there has been no analysis or inclusion of wear costs, operating costs or other factors which would affect the mill's operation on site. This is also reflected in the operating budget where a new set of flingers have been allowed for every 4,000 tonnes processed.

At processing rates of 0.5 Mt/a and 0.75 Mt/a this results in approximately 10 and 15 sets required respectively per month or an installed set of flingers requiring replacement every 2 to 3 days. The 10 to 15 sets requiring replacement are stoppage events, albeit planned, and could risk the processing plant achieving the design operating hours. Further analysis of the planned downtime for flinger replacement and other planned and unplanned maintenance is required. If the number of hours does impinge on the design 8,000 operating hours, then relocating this processing step prior to the crushed ore stockpile is recommended.

The flinger pegs represent a substantial percentage of overall consumables cost and overall operating costs of approximately 39.7% and 14.2% respectively. However, the additional operating cost has been traded off against a potentially significantly higher capital cost of a rod mill and associated increase in electrical power consumption and transmission to the site.

In SRK's opinion a review of the EDS Multi-Shaft Mill is recommended. It is considered new and unproven technology for hard rock tin ore processing, particularly given the high abrasivity of the Achmmach ores. There is a risk that the regular change-out frequency of the mill flingers may have a negative impact on the design 8,000 planned operating hours. The scale up of testwork power consumption to the full-scale unit also requires further consideration.

Primary Grinding

Most of the grinding data, when presented in tables, is presented down to -38 µm only. Table 4-22 has been extracted from the 1.0 Mtpa DFS Study:

Table 4-22: Primary Grinding Size Fraction Data

Size Fraction, µm	Milled Product Grade, %						
	Mass	Sn	SiO ₂	Fe	Al ₂ O ₃	S	As
+150-180µm	5.0	0.75	61.84	6.38	17.23	0.77	0.18
+106-150µm	28.7	0.82	62.63	6.19	17.26	0.72	0.18
+90-106µm	6.1	1.17	61.25	6.48	16.82	1.01	0.29
+53-90µm	14.6	1.21	62.25	6.30	16.17	0.98	0.27
+38-53µm	5.4	1.10	63.45	6.08	15.70	0.92	0.23
-38µm	40.2	0.92	58.55	7.05	18.12	0.89	0.16
Head	100	0.95	60.86	6.57	17.34	0.85	0.19

Source: Kasbah Resources Ltd, Definitive Feasibility Study, March 2014

The 2016 SSO DFS flowsheet has nominated the EDS Multi-Shaft Mill and a Ball Mill in series to perform the grinding duty. EDS claim that the Multi-Shaft Mill is capable of generating additional fines compared to a conventional rod mill. On that basis, tables presenting grinding data similar to above should extend the size fraction down to -6 µm via cyclosizing of the -38 µm fraction. For most of the size fractions in the table above, the assays are relatively even and it is intended to classify the grinding

discharge streams by screens which are more efficient from a sizing perspective compared to hydrocyclones.

Cassiterite can preferentially grind compared to other host minerals and as a result tin could ultimately be rejected via the desliming cyclones through generation of additional losses to the slime tail stream which will have a negative impact on overall plant recovery.

In the above table, there is just under 40 percent of the tin distributed within the -38 µm fraction and knowing the quantity of material less than 6 to 10 µm will benefit the operation and assist in evaluating various flowsheet options for Achmmach. SRK also recommends including the purchase of a cyclosizer in the list of on-site laboratory equipment. This unit is considered by many experts to be mandatory for a tin operation as it is required in the analysis to optimise hydrocyclone performance and also for conducting laboratory tin flotation testing.

In SRK's opinion, inclusion of the purchase of a cyclosizer in the list of laboratory equipment is considered essential for a tin operation. More analysis of data down to 6 to 10 µm is required for a complete understanding of primary grinding, hydrocyclone performance and also for the analysis of on-site tin flotation testwork.

Primary Gravity Separation

Given that cassiterite is a high specific gravity mineral (SG = 7.0), maximising its recovery via gravity separation techniques and successfully concentrating it to a saleable product grade represents the most economic objective for any tin operation. The primary gravity process consists of a two stage cyclone classification section and spiral circuit. The 2 stage cyclone classification section remove slimes (-10 µm) from the system, classify flotation feed (-38 + 10 µm) and classify the coarse gravity stream (-200 + 38 µm) for feeding to the spirals.

Two modular spiral plants have been selected for the flowsheet with spirals performing roughing, scavenging, cleaning and re-cleaning duties. The process design criteria document indicates that all spirals will be triple-start with 5 turns. The roughers and scavengers will be fed at approximately 5 t/h/start and the cleaner and re-cleaner spirals have nominated feed rates of 1.0 to 1.5 t/h/start. In order to minimise capital expenditure, triple start spirals are generally provided as opposed to double start units. The testwork report produced by the vendor indicated that *"the spiral circuit tested upgraded the material to a higher than expected grade of 37.09% Sn, but the required recovery was not achieved. The amount of tin in the final tailings remains higher than desired and a re-scavenging circuit is proposed"*.

Overall, the definitive studies reviewed have demonstrated a sufficient level of confidence that the proposed primary gravity circuit is suitable for processing Achmmach ore. Furthermore, the review has identified a number of opportunities to optimise the circuit which could be completed at any subsequent stage from detailed engineering to post-commissioning and these have been presented below.

From an operational perspective, double start spirals are easier to operate and maintain than triple start units. It is possible to visually witness the separation in motion and easier to make adjustments to the various concentrate and middlings cutters that affect grade and recovery. Such benefits are probably more important for the concentration of cassiterite than iron ore for example, and are worth considering in a detailed engineering phase.

Consideration should be given that the overall vendor testing result achieved was in part due to the broad size range (-200 + 38 µm) being fed to the spirals and that the feed rate to the rougher spirals should be capped at 3.0 t/h/start as opposed to the 5.0 t/h/start being proposed. A coarse and a fine rougher spiral configuration should be tested at nominal size ranges of -200 + 75 µm and -75 + 38 µm

at the lower feed rate. Spiral efficiency tends to improve with narrower size fractions as coarse gangue is not concentrated with fine higher SG minerals.

Recent developments in spiral technology have decreased the possible cut-point from 38 µm to between 20 to 26 µm. Given the even tin distribution across all size fractions there could be a benefit to the project in evaluating the application of spiral technology to a -38 + 20 µm fraction. Depending on the circuit configuration, rougher only or rougher-cleaner, the concentrate produced could be delivered to the ultra-fine classification circuit avoiding potential losses when recombined with the coarser gravity concentrates. Testwork was conducted as part of the 2014 DFS and the results were very encouraging with a stage recovery of approximately 60 percent of the circuit tin to concentrate. Tailings and middlings can be directed to the gravity regrind circuit or the desliming hydrocyclones.

In SRK's opinion, some additional metallurgical testing is recommended to ensure and confirm that tin recovery is maximised from the primary gravity circuit. This work could be undertaken anytime from detailed engineering to post-commissioning. The scope should encompass gravity concentration at smaller size fraction ranges and reduced spiral feed rates. It also should extend the testwork to re-investigate recovery of the finer size fractions, previously successfully tested, which then places less dependence on the more expensive flotation circuit for recovery of cassiterite in the -38 µm fraction.

Fines Processing

The fines treatment circuit utilises the secondary cyclone underflow which is nominally sized at -38 +10 µm and includes:

- A low intensity magnetic drum separator (LIMS) unit for removing pyrrhotite;
- Sulphide flotation to remove pyrite and arsenopyrite;
- Cassiterite flotation; followed by
- Centrifugal separation for flotation concentrate upgrade.

As indicated above, the Imhoflot G-type pneumatic flotation cells are considered to be another relatively new and unproven equipment type selected for the Achmmach flowsheet. Industrially it appears that the technology has been successfully installed in coal flotation plants. The manufacturer claims that these cells provide:

- High selectivity in terms of grade versus recovery due to the very small bubble sizes initially generated in the reactor and very high energy utilization in the mineral collection zone;
- Efficient recovery of small (<20 µm) particles;
- Smaller cell volumes and therefore a smaller flotation plant footprint; and
- Lower energy requirement as there is no rotor/stator required to keep the pulp in suspension.

Recent developments now incorporate a centrifugal action, which claims to improve the mobility of rising air bubbles thereby reducing froth entrainment. The cells also require significantly reduced retention times compared to column and conventional flotation cells. For the sulphide flotation step ahead of tin flotation there is an opportunity to minimise tin loss and any improvement that reduces froth entrainment losses should be beneficial.

No collector specific for the flotation of cassiterite exists. Therefore, it is important that the conditions for sulphide flotation and preconditioning of the cassiterite flotation feed be well established. The testwork to date has recorded acceptable overall stage or unit recoveries with the condition of the froth, as evident in the photographs contained within the metallurgical reports, appearing to be very

stable. There are still opportunities to optimise flotation performance in all circuits, particularly with respect to the selection of the pneumatic flotation cells.

With regard to cassiterite flotation, the best results are achieved with a 70:30 mixture of Flotinator 1682 and Aero 845 collectors. Generally, flotation collectors are either phosphonic acids or succinamates as opposed to the blended mixture being proposed. Oxalic Acid and Fluorsilicic Acid are used to depress the floatation of tourmaline and other silica minerals.

With regard to operating cost, the expected consumption rate of the various reagents required align with the results achieved from the various metallurgical studies completed to date. The prices assumed for these reagents are in line with industry benchmarks.

The reagent scheme generates an acceptable concentrate grade for upgrading via the Falcon Ultrafine Concentrators to 54% Sn, but this will be dependent on the tin flotation circuit product grade. The ultrafine concentrator technology is a recent innovation now successfully incorporated into other hard rock tin circuits.

In SRK's opinion, opportunities that present for additional testing utilising the pneumatic flotation cell technology with the reagent schemes proposed should be completed to provide further confidence in both the technology and reagent schemes nominated.

Concentrate Production and Grade

The final concentrates from the primary gravity and ultrafine concentration circuits are combined for filtering by a plate and frame filter press to achieve a final product moisture of 8%.

The final concentrate produced from testwork completed to date on the Achmmach Tin Project has returned the following assays:

• Sn	55%
• S	0.24%
• As	0.14%
• Fe	8.9%
• SiO ₂	8.8%
• Al ₂ O ₃	4.1%

Sulphur and arsenic are the main penalty elements and reduce Net Smelter Returns (NSR) terms. An advantage for the Achmmach Tin Project is that there are comparatively low levels of these deleterious elements in the ROM head grade compared to other hard rock operations and as a result, the overall penalty element levels are relatively low in the final concentrate. The smelting charges and deductions assumed for the financial model are in line with expectations.

In SRK's opinion, the batch and pilot scale testwork completed to date has demonstrated that a readily saleable tin concentrate will be produced from the Achmmach Tin Project with high tin grade and low content of deleterious elements such as arsenic and sulphur. The smelting charges and deductions used in the economic modelling are considered reasonable.

Capital and Operating Expenditures

No fundamental inconsistency could be found in the review of the proposed 2016 SSO DFS capital expenditure. It is obvious that the multi-shaft mill and pneumatic flotation cell technologies nominated have a significant capital cost advantage over the conventional equipment that they have replaced. From a quick review, the crushers and grinding mills selected appear to be sufficiently sized and appropriately powered to meet the required duties.

As indicated above, several opportunities exist for the gravity spiral circuit to be optimised. Depending on the study outcomes and the circuit recommended as a result, some additional capital expenditure may be required. Any increase in recovery from gravity concentration, including the ultrafine classifiers, would be justified by a reduction in tin flotation reagent consumption and/or mass deportment.

Similarly, no fundamental inconsistency could be found in the review of the proposed 2016 SSO DFS operating expenditure. Unit prices quoted appear in line with industry expectations and standards. As mentioned above, a significant proportion of the 2016 SSO DFS operating expenditure is associated with the multi-shaft mill flinger replacement. If the ROM ore proves to be harder than anticipated, then the unit cost of crusher liners and grinding media per tonne of feed will increase.

In SRK's opinion, the incorporation of the multi-shaft mill and pneumatic flotation cells have assisted in realising a low capital expenditure 2016 SSO DFS project. The assumptions used in determining operating expenditure appear in line with industry expectations and standards. Should the ore hardness prove to be problematic then the unit cost of crusher liners and grinding media per tonne of feed will increase.

Plant Throughput and Recovery

As highlighted above, the replacement frequency for the multi-shaft mill flingers could have a negative impact on available operating hours and the overall utilisation of the processing facility. As a consequence, plant throughput may not achieve target tonnes if this is found to be the case. Along similar lines, due to the inherent hardness of the ore too, plant throughput will be restricted if the circulating loads around the grinding mills is higher than the process design criteria. Higher grinding mill circulating loads can also influence plant recovery as cassiterite could preferentially grind to a finer particle size resulting in increased losses to "slime tail".

In SRK's opinion, the overall process design criteria and mass balance align with the nominal plant throughput and recovery. Recovery also aligns with the models developed from testwork. But the inherent ore hardness does present a risk to the project achieving design throughput and recovery should it be problematic.

4.2.13 Environmental and social

Approvals

Kasbah will develop the Achmmach Tin Project under an environmental approval issued by the National Committee for Environmental Impact Studies in Rabat in January 2014. This approval was granted following the acceptance of the Achmmach Environmental and Social Impact Assessment (ESIA) report. The ESIA was prepared using World Bank guidelines for a Class A study, where a project is deemed to have significant environmental and social impacts within its area of influence.

The ESIA essentially concluded:

- The Project would have no adverse impacts on the environment;
- The Project should contribute to a general improvement in the quality of life and health in the area; and
- It is likely four households in the Project area will undergo voluntary relocation.

All of the presently required permits and approvals are in good standing as at August 2016. Table 4-23 provides the status of Project permits and approvals.

Table 4-23: Project Permits and Approvals Status

Approval	Date issued	Expiry	Authority
Titre Minier PE2912	12/03/2010	17/01/2022	ANCFCC (National Cadastral and Cartographic Agency)
Environmental & social (ESIA and ESMMP)	22/12/2014	22/12/2019	Ministry of Environment. Decision No. 36/2014
Collective land rental agreement	25/11/2014	25/11/2017	Ministry of Interior. File 10776
Community development agreements	17/10/2014	By mutual consent	Presidents of Ait Ouikhalhen and Ras Ijerri communes
Project water supply and management	19/12/2014	Open	ABHS, Fes. ABHS/DEPRE/SDE 2433/14
Development of support water bores	09/02/2016	09/02/2017	ABHS, Fes. Licence No. 243/2015
Permis d'Occuper PE2912	17/06/2015	17/06/2018	Decision No. 02/2015 Communes, WALI Meknès/Tafilalet
Mining Licence	Not yet applied for	10 years, renewable each 10 years	Law 33-13 relating to mines Approved 04/02/2015 – promulgated 23/05/2016
Decision to Construct	Not yet applied for	Life of mine	Communes and Provincial Governor
Explosive permit	Not yet applied for	Life of mine	Communes, Provincial Governor and MEMEE

Kasbah will make applications for the mining licence, construction permit and explosives permit upon making the decision to mine. At this point, the Project work programme will accompany these applications. The work programme will comprise mine plans and schedules, a description of process plant operations and tailings management.

Rehabilitation and decommissioning

As outlined in the 2016 SSO DFS, Kasbah proposes to ensure that as little new disturbance of the Achmmach Tin Project area as possible will occur during mining and treatment activities. The project will seek to maximise the use of previously disturbed ground and implement a management plan for rehabilitation of ground that is disturbed.

Mine waste which cannot be used as underground mine backfill will be employed in the progressive enlargement of the tailings management facility (TMF) embankment. Surplus mine waste will be stockpiled in designated areas in a manner that will facilitate future stockpile rehabilitation and where possible, Kasbah will adopt a philosophy of progressive rehabilitation of waste dumps and disused disturbed ground.

Tailings material from treated ore not used as mine backfill will be disposed of to a secure TMF constructed from suitable mine waste material. Reclaimed supernatant water will return to the processing plant and mine.

Provision for closure and rehabilitation of the site will be made during the operation of the mine. The following key activities will form the basis of the rehabilitation and decommissioning process:

- Securing or blocking mine entry and exit points.
- Development of post-mining land use and closure objectives and criteria.

- Design and construction of final landforms, drainage structures and any new infrastructure required.
- Estimating, reconciling and scheduling of rehabilitation material inventories.
- Demolition and decommissioning of plant and infrastructure.
- Landform surface treatments (ripping, selective application of topsoil, placement of materials).
- Completion of rehabilitation (including revegetation).
- Commence monitoring and measurement against completion criteria.
- On-going consultation with key stakeholders.
- Handover of infrastructure and finalise post closure monitoring and maintenance programme.

In the years leading to the end of the mine life, Kasbah proposes to further develop a detailed mine reclamation and closure plan (MRCP).

4.3 Regional Exploration

Achmmach Regional

Outside of the Achmmach area, Kasbah holds a 100 percent interest in various other permits in the broader Central Massif region, which are considered prospective for tin mineralisation.

Kasbah's objective for its regional tenement holdings is to discover and delimitate a satellite tin deposit capable of being economically treated at Achmmach, which is currently considered to comprise at least 2 Mt with grades exceeding 0.5% Sn and amenable mining through open pit methods.

Three main Hercynian orogenic granites outcrop within the Central Massif; the Zaer Granite in the west, the Oulmes granite in the central-east, and the Ment Granite in the east (Figure 4-12).

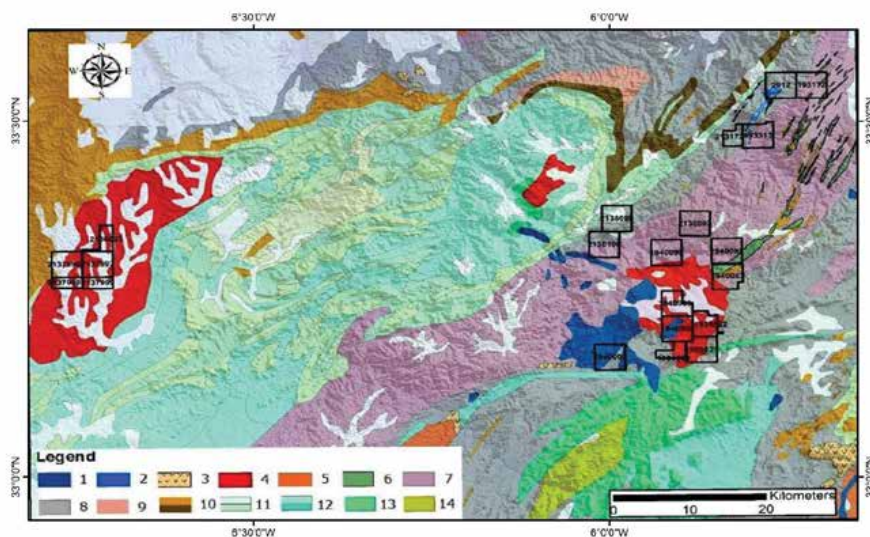


Figure 4-12: Geological map of the Central Massif: 1 Quaternary basalt; 2 Tourmaline structures; 3 Permian volcanism; 4 Hercynian granite; 5 Permian; 6 Basic intrusives; 7 Namurean; 8 Visean; 9 Late Devonian; 10 Middle to late Devonian; 11 Late Silurian; 12 Early Ordovician; 13 Cambro-Ordovician; 14 Cambrian

The Oulmes Granite hosts the El Karit deposit where tin mineralisation occurs as cassiterite in quartz veins over an area measuring 5 km in length by 250 to 500 m in width (Heck 1946). Tin-tungsten mineralisation is also associated with the Zaer Granite and the Ment Granite.

The presence of contact metamorphic aureoles at Moulay Bou Azza (southwest of Oulmes), Jbel Aouam (west of the Ment Granite near Mrirt), and El Hammam (about 5km west of Achmmach) suggest the presence of buried granites at depth.

All of the known granite occurrences comprise polyphase intrusives with tin, tungsten, gold and base metal mineralisation associated with numerous phases (Table 4-24).

Table 4-24: Characteristics of the Hercynian granites of the Central Massif

Massif	Facies	Mineral Composition	Mineral association	Magmatic Series	Age (Ma)
Ment	Granodiorite & monazite	Qtz, K-spar, Plag, bio	Sn, W, Mo	Calcaline	279±6
	Leucogranite with two micas	Qtz, K-spar, Plag, tour, musc, sidero	As, S, Cu, Bi	Leucogranitic	270±3
	Leucogranite with topaz	Qtz, K-spar, Plag, musc, sidero, top.		Leucogranitic	243±6
Zaer	Granodiorite	Qtz, K-spar, Plag, bio		Calcaline	301±8
	Granite with two micas (leucogranite)	Qtz, K-spar, Plag, tour, musc, bio	Sn, W, Mo	Leucogranitic	283±6
	Granite with muscovite	Qtz, K-spar, Plag, musc,		Leucogranitic	?
Oulmes	Granite with biotite	Qtz, K-spar, Plag, musc, bio	Sn, W, Mo	Leucogranitic	298
	Leucogranite	Qtz, K-spar, Plag, tour	Sn	Calcaline	262±4

Qtz = quartz, K-spar, potassium feldspar, Plag = plagioclase feldspar, tour=tourmaline, musc = muscovite, bio = biotite, top. = topaz, sidero=sideromelane

Sn = tin, W = tungsten, Mo = molybdenum, As = arsenic, S = sulphur, Cu = copper, Bi = bismuth

SRK has relied upon the independent Legal Opinion of Hajji & Associates dated 14 September 2016 with regards to the validity of Kasbah's Moroccan licences. SRK makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

Kasbah's regional interests comprise two granted mining permits (Permis Exploitation), 18 granted exploration permits (Permis Recherche - PR), including one PR for which cancellation files have been submitted to the relevant Moroccan authorities and confirmation is awaited, and four exploration permits in application covering a combined area of approximately 356 km² as summarised in Figure 4-13 and Table 4-25.

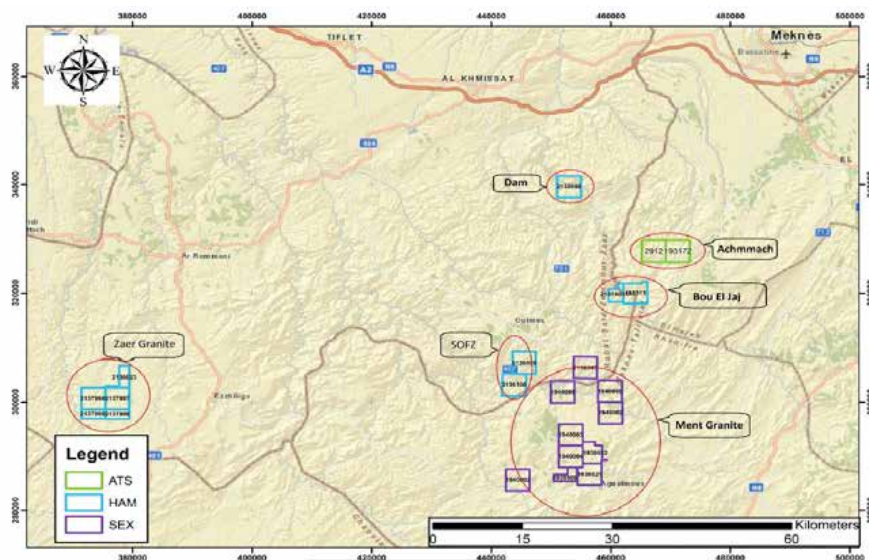


Figure 4-13: Location of Kasbah's tenement holdings in the Central Massif

Table 4-25: Status of Kasbah's regional permits

Project	Registered Holder	Permit Number	Grant	Expiry	Area (km²)
Bou El Jaj	Hamada Minerals SARLU	PE213172	22/11/2014	21/11/2018	6.6
Zaer		PE193313	7/03/2005	7/03/2016*	16
		PR2137996	10/09/2013	9/09/2016	16
		PR2137997	10/09/2013	9/09/2016	16
		PR2137998	10/09/2013	9/09/2016	6.75
		PR2137999	10/09/2013	9/09/2016	7
		PR2138023	28/10/2013	27/10/2016	16
Smaala Oulmes Fault Zone		PR2138099	11/08/2015	10/08/2018	16
	PR2138100	11/08/2015	10/08/2018	16	
Ment SN	Sahara Exploration SARLAU	PR1939822	19/09/2014	18/09/2017	16
		PR1939821^	19/09/2014	18/09/2017	16
		PR1939809	28/08/2014	27/08/2017	16
		PR2138097	11/08/2015	10/08/2018	16
		PR1940002	26/08/2015	25/08/2018	16
		PR1940003	26/08/2015	25/08/2018	16
		PR1940004	26/08/2015	25/08/2018	16
		PR1940082	7/10/2015	6/10/2018	16
		PR1940095	7/10/2015	6/10/2018	16
Meseta	Meseta Exploration SARLAU	PR1940099	7/10/2015	6/10/2018	16
		Ex-PR1938786	In Application		16
		Ex-PR 1938168	In Application		16
		Ex-PR 1938170	In Application		16
		Ex-PR 1938563	In Application		16

*Renewal application and report submitted, response awaited. ^ cancellation files submitted, response awaited.

PE = Permis Exploitation (Mining Lease) and PR = Permis Recherche (Exploration Licence)

The most advanced of these is the Bou El Jaj Project, whilst the remainder are in the early stages of assessment.

Table 4-26: Annual costs (MAD basis) associated with the tenure holdings as currently estimated by Kasbah

	2016 (MAD)	2017 (MAD)	2018 (MAD)
Hamada Minerals	31,250.00	0.00	13,350.00
Sahara Exploration	4,200.00	13,350.00	31,150.00
Meseta Exploration	0.00	0.00	0.00

Bou El Jaj

Kasbah's wholly owned Bou El Jaj tin project lies approximately 10 km southwest of the Achmmach Tin Project and is an early stage exploration project. It comprises two granted Mining Permits (Permis Exploitation) covering a combined area of 22.6 km².

These permits were acquired from private individuals in September 2011 for a total consideration of MAD 900,000. Under the terms of the acquisition agreement, a production royalty is payable on commencement of mining from the permits. This is a one-off payment of MAD1,000,000 to the two individuals (i.e a total of MAD2,000,000).

In 1985, BRPM commenced an alluvial geochemistry campaign in the surrounding district to Achmmach. This revealed the presence of cassiterite, gold and sulphide mineralisation with traces of rutile and wolframite. The most significant anomalies were for tin and were aligned for 8 km along a northeast trend stretching from Bou El Jaj in the south to Achmmach in the north.

The Bou El Jaj Project is currently an exploration area and does not have a defined resource. Additional drilling is required to evaluate the targets within the permits. Key prospects include Ain Karma, Hill 982, Grande Crete Extension (GCEX) and Gallery Hill (Figure 4-14). Kasbah completed 55 shallow diamond holes (7,947 m) across these prospects. Drilling at Gallery Hill, Grand Crete and Hill 982 supported the conceptual mineralisation model and hosted anomalous tin mineralisation (>0.1% Sn) associated with quartz cassiterite veins in tourmaline altered rocks which occur at shallow depths. However, at these three prospects the widths and/or grade of tin mineralisation is variable at shallow depths (to 50-80 m below the surface) and no shallow follow-up drilling is planned at this point.

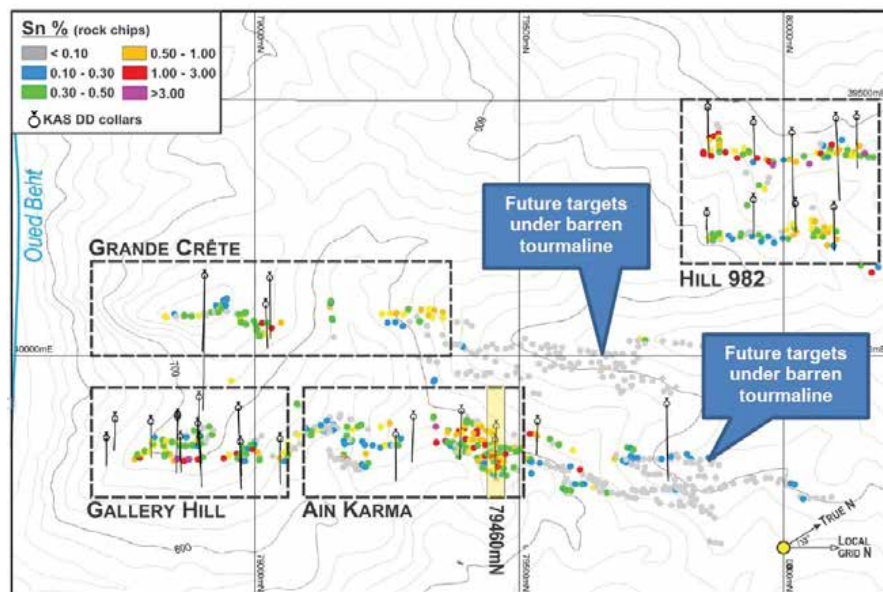


Figure 4-14: Prospect location within the Bou El Jaj project

The Ain Karma prospect remains the most advanced of these targets with previous work by BRPM including diamond drilling and trenching. Since 2014, this work has been supplemented by Kasbah, who completed geological mapping, systematic rockchip sampling, additional diamond drilling (9 holes for 1301.7 m drilled over 550 m strike length) and resource estimation and conceptual studies. Results from the drilling at the Ain Karma prospect encountered laterally continuous tin mineralisation at shallow depths.

No drilling deeper than 150 m has been completed across the four main targets at Bou El Jaj, and as such the depth potential of tin mineralisation remains untested.

Based on optimisation studies, no part of the Ain Karma deposit have been classified as a Mineral Resource as defined by the 2012 JORC Code. Kasbah reported an Exploration Target of approximately 500,000 t to 1,000,000 t at grades between 0.30% and 0.50% Sn (for 1,500 to 5,000 t of contained tin) in its ASX release dated 7 May 2013. It should be noted that this Exploration Target is conceptual in nature and that it is uncertain that further exploration will result in the declaration of a Mineral Resource as defined in the JORC Code.

Mineralisation at Bou El Jaj is hosted within Early Carboniferous interbedded turbiditic sandstones and siltstones. Multiple deformation events, characteristic of a fold and thrust belt, have resulted in a general northeast strike trend (020 to 030°) with open folding to tight chevron folding.

Brittle fault planes are widespread, dipping shallowly to the north-west and are interpreted as south-east verging thrusts.

Mineralisation is characterised as quartz-cassiterite veining / breccia zones associated with tourmaline alteration thought to be associated with a buried granite intrusion. The alteration geometry is controlled by the rock fabric and structure, e.g. bedding, cleavage, fold hinges, thrusts. Permo-Carboniferous dolerite to micro-gabbro dykes also intrude along the structural fabric.

Going forward, Kasbah has proposed further drill testing at Ain Karma, as well as the barren tourmaline alteration zones at AK North and Grande Crete Extension (GCEx) prospects; infill ground magnetic geophysical surveying in the northeast of PE193313; detailed geologic mapping, systematic rock chip sampling and soil sampling of the outcropping tourmaline altered rocks south of Grande Crete Extension (GCEx) and Gallery Hill; and reconnaissance geologic mapping and stream sediment/pan concentrate geochemical work in PE193313 and PR2137803.

Zaer

Kasbah holds a 100 percent interest in five granted exploration permits (Permis Recherche) covering a combined area of 61.75 km² over the Zaer intrusion, an outcropping Hercynian aged granitoid body located some 80 km west-southwest of Achmmach.

Tin-tungsten mineralisation is noted in the Zaer area by G. Giuliani, 1984 in a paper in Mineral Deposita 19, 193-201 entitled "Les concentrations filoniennes a Tungstène-Etain du massif granitique des Zaer (Maroc Central): Mineralisation et Phases Fluides Associees".

In 2003, -250 µm stream sediment geochemical sampling was completed over the Aguelmous, Oulmes My Bou Azza and Ezhiliga 1:100,000 scale map sheets (which encompass the Zaer Granite) as part of the PNCG (Plan National de la Cartographies Géologique) program of the MEM.

Given these recorded tin occurrence, Kasbah pegged 13 permits over the Zaer Granite in 2013, however following subsequent exploration this has now been reduced to five permits.

To date, Kasbah has completed five reconnaissance surveys of the Zaer region collecting 280 pan concentrate samples, prior to undertaking follow up soil and rock chip geochemical sampling and trenching programs. This work has delineated four prospective zones and located cassiterite bearing quartz veins within the permit area. Key aspects of these mineralised zones are:

- Zone 1 is located in PR2138023 about 6 km north of Paquise Ferme. No evidence for the tin source however one trench encountered elevated copper and arsenic values in a 1 m wide quartz vein with associated sulphides (Cu; As) and infill breccia.
- Zone 2 is located in PR 2137997 about 3 km north of Paquise Ferme. Extensive sand covers multiple quartz veining up to 1.5 m in width (striking 160° and dipping 40° East) outcropping over 25m strike length. Sampling has returned values of up to 1% Sn and 3% W. Follow-up soil sampling reported elevated tin values from this location.
- Zone 3 (or Paquise Ferme) represents is the best tin prospect in the Zaer region and is characterised by two quartz cassiterite veins (1 to 10 m in width, 500 m to 1,500 m in length). Hosts patchy black cassiterite and some sulphides and oxides. Rock chip samples from Paquise Ferme returned values up to 0.8% Sn. Trenching and soil sampling verified the location and continuity of the mineralised quartz veining.
- Zone 4 is located in PR2138000 where geological mapping and rock chip sampling located minor cassiterite.

Looking forward, Kasbah has proposed to carry out further trenching prior to drill testing of the Zone 2 and 3 areas.

Ment

Kasbah holds a 100 percent interest in 10 granted Exploration Permits (Permis Recherche), including one where cancellation files have been submitted and confirmation is awaited, covering a combined area of 160 km² over the Ment intrusion, an outcropping polyphase granitic system located some 30 km south of Achmmach. The geological of the area is characterised by east-west to northeast-southwest oriented fault zones with associated quartz vein infill. Previous work by Kasbah has largely focused on assessment of the Bou Idjaa tin-skarn and associated elevated tin values, which occur in the southwest of the permit area.

Since December 2014, Kasbah has conducted four campaigns over the Ment area collecting stream sediment, pan concentrates, soil and rockchip samples. This work has identified four main areas, namely the Bou Idjaa skarn (southern portion of PR1939809), a tourmaline zone located to the west of the current permit area, the northeastern edge of PR1939822 and contact metamorphic rocks in the east of the permit area (a reserve area requiring permitting).

Going forward Kasbah proposes to undertake further soil and rock chip sampling at Ment to follow-up the tin distribution from the tourmaline lodes and determine if there is another tin source (pegmatite or greisen?).

Smaala Oulmes Fault Zone

The Smaala Oulmes Fault Zone project comprises two granted Exploration permits covering a total area of 32 km². No information was provided in relation to this Project.

Meseta

These permits (covering an area of 64 km²) remain in application and hence no works have been completed to date.

Tamlalt Gold Prospect

Kasbah's 100 percent owned Tamlalt Gold Prospect lies at the eastern end of the Moroccan High Atlas mountains, about 300 km south of the town of Oujda (Figure 4-15).

Kasbah acquired the Tamlalt Gold Prospect from ONHYM in May 2007, with the final transfer of the eight Exploration Permits (covering a combined area of 128 km²) completed in July 2008. Having completed a preliminary review of these tenements, Kasbah is now seeking to rationalise the Prospect to three permits for a total area of 48 km².

Table 4-27: Status of the Tamlalt Project permits

Project	Registered Holder	Permit Number	Grant	Expiry*	Area (km ²)
Tamlalt	Atlas	PR223197*	17/11/2000	17/11/2015	16
		PR223198*	17/11/2000	17/11/2015	16
		PR223199^	17/11/2000	17/11/2015	16
		PR223200^	17/11/2000	17/11/2015	16
		PR223201^	17/11/2000	17/11/2015	16
		PR223202^	17/11/2000	17/11/2015	16
		PR223203*	17/11/2000	17/11/2015	16
		PR223204^	17/11/2000	17/11/2015	16

*renewal applications lodged, awaiting renewal confirmation. ^ to be relinquished, awaiting official confirmation.

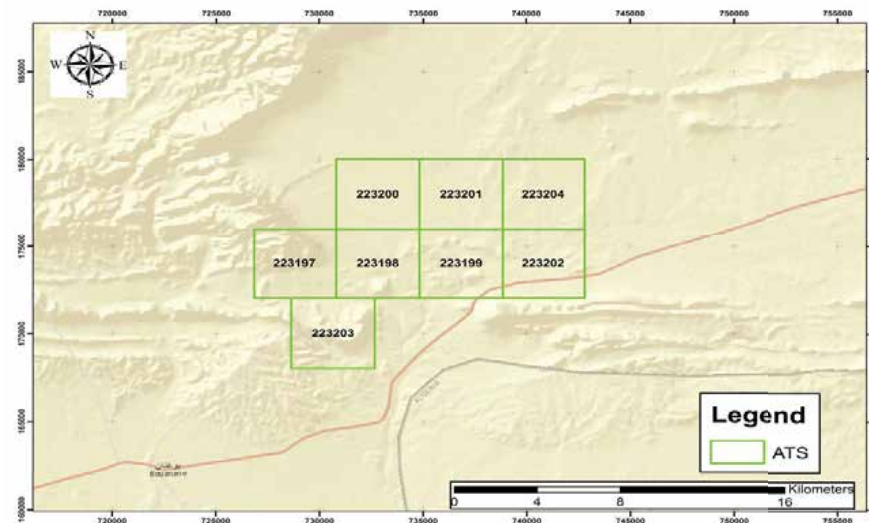


Figure 4-15: Location of the Tamlalt permits

The Tamlalt Gold Prospect is located in an antiformal inlier of Neoproterozoic acid to basic volcanic rocks (the Menhouhou Inlier) surrounded by younger Palaeozoic calcareous sediments (the Tamlalt Inlier). Other mineralised Neoproterozoic inliers exist in the Tamlalt region: namely the Bou Salem Inlier, located 30 km north-east of the Menhouhou inlier (Cu/Au), and the Ain Chair inlier located 40 km east of Menhouhou (Cu).

The Proterozoic sequence of the Menhouhou Inlier has undergone extensive regional scale sericitic and argillic alteration.

Gold mineralisation was discovered by the ONHYM in 2002 located in the High Atlas structural domain, just north of the South Atlas Fault. Two styles of gold mineralisation are present, an earlier 'primary' mineralisation associated with strong sericite and chlorite alteration, and a later concentration of the gold in quartz veins related to shearing. The veins hosting the gold mineralisation are visible in outcrop, in shallow trenches and has been confirmed in subsequent drilling by ONHYM.

At Tamlalt, ONHYM completed preliminary exploration work including geological mapping (1:2,000 scale covering 2.1 km²), geochemical sampling, geophysical surveying, and diamond drilling (33 holes totalling 7,019 m). The ONHYM drilling demonstrates that the Tamlalt deposit consists of a multiple-veined quartz system developed within a chlorite-sericite altered, folded porphyritic body.

Within the 400 m of strike length that has so far been drill-tested gold mineralisation has been intersected to within 12 m of the surface and to a maximum depth of 360 m vertical from surface.

The area untested by ONHYM to the west of the existing drilling remains open. Little to no exploration has been carried out by Kasbah to date.

In 2010, Kasbah impaired the capitalised exploration and evaluation costs associated with the Tamlalt Gold Project and as a result the company has been evaluating options to divest the Tamlalt permits.

5 Asian Mineral Resources Limited

5.1 Background

Asian Mineral Resources Limited is a Canadian based exploration and mining company listed on the TSX Venture Exchange (TSX-V), but with its principal asset being the Ban Phuc nickel sulphide mining and processing operation in Son La Province, Vietnam.

The Company's stated objective is to increase shareholder value through exploration and production. It has extensive experience in Vietnam having operated in the country since 2005 following the listing of the company on the TSX-V in 2004.

AMR's growth strategy is centred around evaluating both massive sulphide vein (MSV) and disseminated nickel sulphide mineralisation in the near mine and regional environs surrounding the Ban Phuc mining operation in the Song Da Rift. From an exploration perspective, the geological setting of the Song Da Rift is considered by AMR to be analogous to other global major nickel sulphide camps (i.e. Siberian Traps and associated Norilsk-Talnakh nickel-copper-platinum group element ("PGE") deposits), supports two nickel mining (Ban Phuc and the Baimazhai mine located some 250 km to the northwest of Ban Phuc and formed in the same geological event as Ban Phuc) and has numerous identified magmatic Ni-Cu-PGE occurrences. The combination of these factors support AMR's objective of discovering and delineating a new nickel camp in the Ta Khoa area.

In addition to its current Vietnamese nickel focus, the Company considers the market dynamics are now supportive of tin over the near to medium term given the potential positive price impact of initiatives against "conflict tin" and the unconsolidated nature of Indonesian tin production. As such, AMR is seeking to diversify its interests into the tin market through strategic acquisitions such as that currently proposed with Kasbah.

Information in this section of the Report is sourced primarily from the report authored by Shi et al in 2013 titled Asian Mineral Resources Limited NI43-101 Technical Report Ban Phuc Nickel Project Son La Province S.R Vietnam (AMR, 2013) and a subsequent update (which remains in draft) by Mapleson and Schunke in 2015 titled Preliminary Economic Assessment of the Disseminated Sulphide Mineralisation Ban Phuc Nickel Project, Son La Province, Vietnam (AMR, 2015). SRK consider that AMR's Ban Phuc project is equivalent to an Advanced Exploration Project as defined in the VALMIN Code (2015) based on the current status of exploration in the near mine and regional areas of the Concession and the care and maintenance status of the nickel mine.

5.2 Ban Phuc Project

5.2.1 Location and access

AMR's Ban Phuc Project is located at Latitude 21° 11' 24" North and Longitude 104° 19'21" East. The Project lies some 160 km northwest of Hanoi and 35 km southeast of the provincial capital, Son La, in the Province of Son La in northwest Vietnam (Figure 5-1).

The Ban Phuc site is easily accessible. The provincial highway connecting Son La to Hanoi is within 35 km of the mine site with access by recently upgraded paved road (10 m wide permanent roadway corridor). From Son La, access to Hanoi and the port at Hai Phong is by national highway. Alternate light vehicle access via the towns of Son Tay, Thanh Son, Phu Yen, Bac Yen and Ta Khoa provides a shorter travelling time from Hanoi on fair-to-good paved road.



Figure 5-1: Access map showing location relative to Hanoi and Son La

There is a local airport at Hat Lot (near Son La) which is closed for commercial use and used by the Vietnamese military. However, the Hat Lot airport can be used for helicopter medical evacuations and other emergencies, if required.

5.2.2 Climate, physiography and local resources

There are essentially two seasons impacting on northern Vietnam; a dry season (winter) which is cool and lasts from October to March; and a wet season (summer) which extends between April and September with occasional typhoon events. The majority of the rainfall falls during the wet season, typically between April and September; the average maximum rainfall received in the wet season is up to 250 mm per month. Mean temperatures range from 8° to 29°C across the seasons, with mean annual rainfall of 1,289 mm versus evaporation of 1,089 mm. Relative humidity ranges from 83% during the wet season to 79% during the dry season. Prevailing wind direction changes from southeast (wet season) to northeast (dry season). Exploration activities can be maintained throughout the year, although the hot and wet conditions of the summer months may reduce productivity.

The Ban Phuc deposit lies within the Da River Valley and is surrounded by rugged mountainous terrain achieving a height of some 1,520 m above sea level (asl). The topography in the actual project area ranges between steeply sloping hills with elevations between 100 and 550 m asl and narrow valleys with few flat areas. The mining operation lies at an altitude of approximately 235 m asl.

The vegetation of the area comprises relatively degraded forest and localised bamboo and deciduous forest. Remnant forest areas are under increasing pressure from hunting activities, shifting cultivation and expanding settlement. Large areas of grassland, bamboo and other secondary vegetation are also present, particularly on the lower slopes and valleys.

Surface water run-off from the Ban Phuc deposit and the immediate surrounds flows into four small creek lines, tributaries to Suoi Chen (Chen Stream) which flows in a northerly direction to where it meets with the Song Da (Black River). The Da River flows east-southeast to Hoa Binh where it turns to the north and joins the Song Hong (Red River) near Viet Tri. The majority of the small tributaries within the project area are seasonal and generally have little to no flow during the dry season and good flows during the wetter months.

The most significant land use in the project area is forestry, which comprises mixed growth, mature forest and shrub forest. Land use is reported to be (i) agriculture (22%), (ii) forestry (69%), (iii) inhibited (2%) and (iv) others (7%), also rice (paddy and upland), upland corn and aquaculture.

Power is sourced from the local Son La Provincial Government Power Department which has two hydroelectric dams situated in the Da Valley. The Provincial Power Department run a 35 kilovolt (kV) power transmission line running within 1 km of the mining operation. A 1 km spur line runs to a substation on site. The substation has one 35kV switchboard feeding two 35 kV/6 kV 4 MVA transformers. The two transformers supply a 6kV switchboard with bus tie. From this 6 kV switch board, power is distributed via six 6 kV outgoing feeders – Process Plant (2 x feeders), Crusher, tailings storage facility (TSF), Upper Portal and Lower Portal.

Process water for the concentrator is recycled from the TSF. Water is drawn from the Chen Stream (which feeds into the Da River) for dust suppression on the roads servicing the mine, through the Ban Phuc village and in the camp. Drinking water is provided in bottles supplied by local Vietnamese company Son La Mechanical Engineering Company Joint Stock Company (Coxama).

The Project is connected to the national grid via a fibre-optic connection. This provides telephone, facsimile links and broadband internet access. Internally, the camp and process plant site are connected with wireless Local Area Network (LAN) coverage.

Two-way radio communications are established with fixed, in-vehicle or hand-held units accessible to all personnel.

The camp is located 3 km from the mine site on the east bank of the Chen Stream, downstream of its confluence with Dam Creek. The site is 35 m to 100 m wide and approximately 300 m long. Due to the limited area available, two storey accommodation blocks have been constructed, with up to five rooms on each level. This is in line with building practices in the area (AMR, 2013).

5.2.3 Ownership and Tenure

Ownership

AMR holds a 90 percent interest in the Ban Phuc deposit through its wholly owned subsidiary company AMR Nickel Limited (AMRN), and Ban Phuc Nickel Mines Limited Liability Company (BPNM). The remaining 10 percent interest in BPNM is held by Coxama of Son La Province as shown in Figure 5-2.

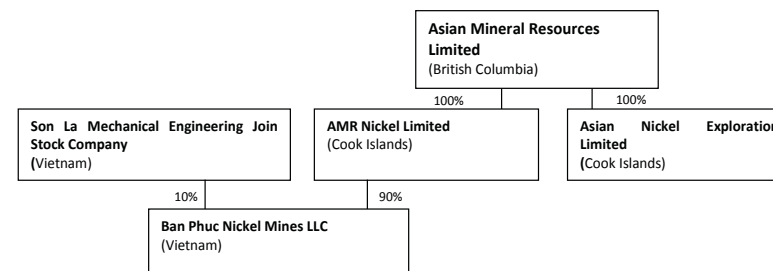


Figure 5-2: Ownership structure of the Ban Phuc nickel mine and associated mining and exploration tenure

Tenure

SRK has relied upon the independent Legal Opinion of YKVN dated 16 September 2016 with regards to the validity of AMR's Vietnamese licences, a copy of which is included as an appendix to this report. SRK makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

As prescribed under Vietnam's Constitution and Vietnamese Law, all land is owned by the State. Under the *Land Law 2003* and the Decrees on implementation of the *Land Law 2003*, the State allocates land use rights to land users; the land use rights are regulated under the Land Law and its implementing regulations, and managed by the provincial People's Committee (PC) and the provincial Department of Natural Resources and Environment (DONRE) of the province where the land is located (AMR, 2013).

Land use negotiations are conducted with villagers and government agencies mindful of previous traditional ties to land. Under the Vietnamese Law on Land, the Government (through the provincial PC) acquired the land required for the Project and leased it to BPNM. Existing land occupiers with certificates of land use right or other proof of occupation were compensated by the Government; BPNM have reimbursed the Government for the purchase costs.

The Government acquired 1,239,118 m² of land and leased it to BPNM for the following purposes:

- 67,567 m² for office and camp site, which was leased to BPNM in July 2004 and is valid to July 2024;
- 1,000,743 m² for the mining area (i.e. 7 hectares for the ML covering the Ban Phuc massive sulphide deposit) and construction of industrial auxiliary works, which was leased to BPNM in March 2009 and is valid to December 2018;
- 1,197 m² for construction of domestic water pipeline and auxiliary facilities, which was leased to BPNM in April 2012 and is valid to December 2018;
- 3,465.5 m² for construction of water station, pipeline and auxiliary facilities, which was leased to BPNM in April 2012 and is valid to December 2018; and
- 166,145.6 m² for mineral activities which was leased from 26 February 214 and is valid to December 2018.

The Company is in the process of leasing an additional 58,650 m² of land for TSF stage 2.

BPNM submitted a notice of partial suspension of operation of the Project to the relevant Government authorities on 14 September 2016 for one year. BPNM is required to fulfill its financial obligations to the State (payment of land rent), to protect the land other obligations as stipulated in its respective Land Lease Agreements.

Foreign Investment Licence/Certificate

On 29 January 1993, BPNM was granted Foreign Investment Licence, **522 G/P**, with an initial term of 20 years, giving exclusive rights for exploration and mining over the Ta Khoa Concession area. The original concession area was 600 km² which has subsequently been reduced through statutory relinquishments to 150 km². BPNM now operates under the current Investment Certificate No. 241022000033, as amended, which was originally granted 30 July 2007 by the People's Committee of Son La Province. Under this Investment Certificate, BPNM is licensed to a project area of 150 km² covering the Ban Phuc deposit and adjacent exploration areas.

The Investment Certificate contains provisions related to BPNM's status, capital and scope of business as an enterprise and provisions which are project specific. Within the first category, the Investment Certificate confirmed the existence and status of BPNM as a limited liability company headquartered at Muong Khoa commune, Bac Yen District, Son La Province with a charter capital of some US\$5.57 M, the business of exploring for, mining and processing nickel-copper mineralisation at Ban Phuc mine. Project specific provisions include:

- Project targets which are implementation of business and exploration activities on the Ban Phuc project area and other project activities; implementation of feasibility studies on targeted areas within Ban Phuc project area to exploit copper, nickel, cobalt and associated minerals; development of deposits to exploit copper, nickel, cobalt and the associated minerals within the Ban Phuc project area; exploiting, processing, transporting and exporting nickel and copper ore and associated minerals selling all mining products of the Project.
- Project scale: the granted project area of 150 km² at Ban Phuc mine area.
- Project schedule: BPNM will import machinery and equipment for project development and mine construction and will implement nickel ore mining and processing activities on the massive sulphide deposit; construction of the plant is to be completed during a period of one to two years; the mining period will be in accordance with the approved reserves and the granted mining license, and BPNM will implement exploration and feasibility studies for disseminated sulphide mineralisation and other mineralisation prospects within the 150 km² licenced area, together with mining of the massive sulphide ore.

Since 29 January 2013, the royalty rate has been 10 percent for nickel and associated minerals (i.e., copper and cobalt), in accordance with the Resolution 928/2010/UBTVQH12 dated 19 April 2010 of the Standing Committee of the National Assembly (AMR, 2013).

Mining Licence

On 17 December 2007, BPNM was granted a Mining Licence (2089/QD-BTNMT) which covers an area of approximately 7 hectares within the Ta Khoa Concession area and includes the Ban Phuc deposit, portal, tailings storage facility, mine infrastructure, road access and concentrator (Figure 5-3). The Mine Licence boundaries are defined by corner claim pegs with approximate co-ordinates based on GPS readings recorded on claim documentation.

In 2013, BPNM obtained a new Mining License No. 1211/GP-BTNMT dated 22 July 2013 from MONRE ("Mining License 1211") which increased the exploitation capacity from 200,000 tons to 360,000 tons per annum. From the 1st year to 5th year (2015 to 2019): 360,000 ton crude ore/per year; products after processing: ore content 9.5% Ni and other components. From 6th year (2020): 213,359 ton per year and products after processing: ore 9.5% Ni and other components. Mining License 1211 replaced Mining Licence No. 2089 and has a term of 6 years from the date of issuance (i.e., expire on 21 July 2019).

In 2015, BPNM was granted with Decision No. 288/QD-BTNMT ("Decision 288") dated 06 February 2015 by MONRE amending Mining Licence 1211. Decision 288 increases ore reserves from 2,139,511 tons to 2,424,600 tons and the term of exploitation is extended to 31 December 2020. According to Article 2.2 of Decision 288, the Company must submit Mine Design (2014 revised) to minerals governing State authorities. Mining Licence 1211 and Decision 288 collectively constitute exploitation licenses of the Company.

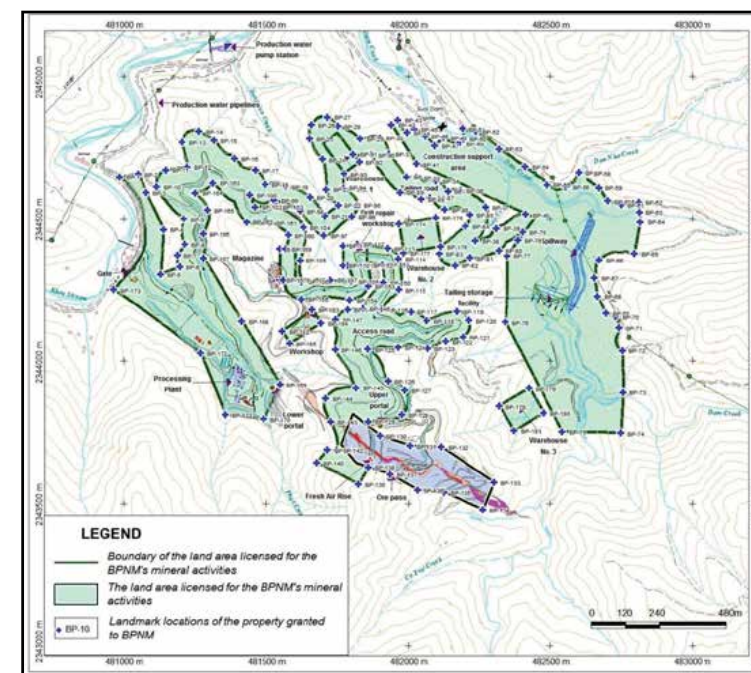


Figure 5-3: Licence areas at the Ban Phuc operations

In late 2010, the Vietnamese Government passed a new law, the Mineral Law 2010. Decree 15 of the law included a new statutory fee titled "mining rights grant fee". The Mineral Law 2010 provided the fee to be determined based on price, reserve, quality and type of the relevant mineral; however, until late 2013, both the Mineral Law 2010 and the Decree 15 did not specify the formula for calculation and thus there was no basis to estimate the fee payable.

In November 2013, the Vietnamese Government issued Decree 203 which outlined the formula to calculate the mining rights grant fee.

On February 6, 2015, AMR received Decision No. 288/QĐ-BTNMT issued by the Ministry of Natural Resources and Environment (MONRE) to amend the contents specified in the Mineral Mining License (the "Decision"). In the Decision, the mining rights grant fee was revised to US\$2.9 million and is payable in annual instalments over the three years from 2015 to 2017.

Exploration Licence

Under Decision 203 of the Prime Minister dated 27 January 2014, the area targeted for exploration of nickel ores and non-auctioned exploitation in Son La Province is 98.92 km². An Exploration Licence (1366/GP-BTNMT) was granted on 10 July 2014 by the MONRE covering an area of 49.7 km² (Figure 5-4). There are four separate areas which have been granted for a period of four years (48 months) to which a prescribed exploration programme, but not limited to, must be completed (refer Table 5-1).

In Vietnam, a mineral exploration licence may be extended multiple times for a total maximum duration of 48 months. Upon each extension, the holder must return at least 30 percent of the exploration area stated in the granted licence agreement. The size of the exploration area is stipulated according to the type or group of minerals. For gemstone, semi-gemstone and metallic minerals (except bauxite) the exploration licence held by the licenced organisation or individual cannot exceed 50 square kilometres.

So in the case of AMR, while the Company currently holds a 150 km² concession area, they are entitled to a 50 km² subset of this area at any one time for exploration purposes. Should exploration of the subset area prove unsuccessful, the Company may relinquish this area and apply for another 50 km² within its overall 150 km² concession area. To date, AMR has been exploring a 49.7 km² area located in close proximity to its Ban Phuc mining operation and which has evidence of previous nickel exploration with sufficiently encouraging results so as to provide greater potential for near term exploration success.

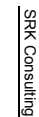
Table 5-1: Prescribed exploration programme

#	Work Items	Unit	Quantity
I	Geodesy		
1	Primary-order control network	point	41
2	Secondary-order control network	km	50
3	Theodolite traverse	km	60
4	Levelling control grid (graded 1)	km	125
5	Levelling control grid (graded 2)	km	110
6	Topographical mapping at 1:2,000 scale,	km ²	17.27
7	Stake out and workings coordinates update	point	413
II	Exploration work		
1	Geological mapping at scale of 1:25,000	km ²	49.7
2	Geological mapping at scale of 1:2,000	km ²	17.27
3	Exploration drilling	m	69,202
4	Trenching	m ³	6,600
III	Geophysics		
1	EM airborne survey based on set lines	km	280
2	Magnetic survey (T=100, d=20)	point	7,783
3	Ground EM survey	point	2,050

#	Work Items	Unit	Quantity
4	Downhole EM survey	hole	36
IV	Hydrogeological-geotechnical surveys		
1	Hydrogeological-geotechnical mapping at scale of 1:2,000	km ²	17.27
2	Pumping test	shift	345
3	After-pumping water level measurement	shift	135
V	Sampling, sample preparation, analysis		
1	Sampling		
1.1	Trench sampling	sample	1,320
1.2	Core sampling	sample	17,128
1.3	Surface water sampling	sample	74
1.4	Borehole water sampling	sample	60
1.5	Rock sampling for physio-mechanical	sample	186
1.6	Soil sampling for physio-mechanical	sample	78
1.7	Overburden geochemical sampling	sample	15,055
1.8	Metallurgical sampling	sample	2
2	Sample preparation	sample	
2.1	Thin section samples	sample	260
2.2	Polished section samples	sample	235
2.3	Channel samples	sample	1,320
2.4	Core samples	sample	17,128
2.5	Geochemical samples	sample	753
3	Sample analysis		
3.1	Thin section samples	sample	260
3.2	Polished section samples	sample	235
3.3	SG samples	sample	100
3.4	Samples for ICP (Ni, Cu, Co)	sample	19,926
3.5	Silicate samples	sample	75
3.6	Radioactive samples (U,Th)	sample	66
3.7	Samples for electron microscopy	sample	110
3.8	Whole water analysis for chemical properties	sample	172
3.9	Micro-biological sample	sample	6
3.10	Hazardous micro-quantity sample analysed	sample	6
3.11	Whole rock analysis for physio-chemical	sample	186
3.12	Whole soil analysis for physio-chemical	sample	78
3.13	AAS (Ni, Cu, Pb, Zn)	sample	753
3.14	Metallurgical sample	sample	2

Source: AMR (2015)

Figure 5-4: Exploration Licence areas associated with the Ban Phu mine (UTM co-ordinates)



5.2.4 History

The Ban Phuc nickel sulphide deposit was reportedly discovered by French geologists prior to 1954. Subsequent work by Russian geologists delineated the Massive Sulphide Vein (MSV) and led to a Vietnamese geological team with Chinese advisors exploring the Ta Khoa region between 1959 to 1963. During this period, surface and underground investigations entailed drilling of 53 holes for 12.5 km, 3.0 km of adits and crosscuts, 1.0 km of shafts, 6,900 m³ of trenching and over 8,000 assays for nickel and over 4,000 assays for copper were completed and a maiden resource/reserve delineated in 1963. As well as can be determined, this work appears to have been carried out competently and to a high standard.

Follow-up reconnaissance work between 1961 and 1964 delineated several new zones of nickel ($\pm$ copper) in nine areas and copper ($\pm$ nickel) in an additional five areas.

In early 1993, BPNM was granted Foreign Investment Licence 522 GP permitting the joint venture to explore, develop and process nickel and copper ores in the Ban Phuc region. Early fieldwork included surface testing of known sulphide mineralisation, geochemical sampling of pits, trenches and adits as well as aeromagnetic geophysical surveying. BPNM completed 42 drill holes over several drill campaigns between 1996 and 2003.

In December 1998, Falconbridge Limited entered into an agreement with AMR to earn a 51 percent interest in the project through exploration expenditure of US\$5.5 M within the Ta Khoa Concession area. Falconbridge spent US\$2.9 M before withdrawing from the project in 2002, stating that the area was unlikely to meet its threshold of 20 Mt of high-grade nickel sulphide ore.

Upon listing on the TSX-V in April 2004, AMR completed a 78 hole diamond drill program for 14,010 metres defining a mineral resource at Ban Phuc, with a new mineral resource estimate being completed in September 2004.

This resource estimate was updated in March 2005 and followed by a preliminary economic assessment in April 2005 to support the development of a 200,000 tpa underground mining operation and conventional sulphide flotation plant to produce a nickel and copper bulk concentrate. In November 2005, AMR completed a positive feasibility study.

In May 2006, AMR received approval from the Vietnamese Mineral Resource Evaluation Council establishing the resource estimation parameters for Ban Phuc. By October, work completed at Ban Phuc included geotechnical and soil sampling, test drilling, initial architectural and structural designs, preparation site surveys, tendering documentation, and negotiations with offtake smelter groups and financiers.

In January 2007, AMR received approval from the Vietnamese central government of its Environmental Impact Assessment report at Ban Phuc. In April, AMR released a revised resource estimate for the disseminated portion of the Ban Phuc project. By November, AMR had completed the refurbishment of existing underground development and was preparing to start stope definition diamond drilling of the upper sections of the deposit.

In 2008, the first phase of underground nickel sulphide mining commenced under the supervision of AMR. Other activities included cutting of both the Upper and Lower Portal, development of the underground access ramp, earthworks for the processing plant and tailings storage facility, reconfiguring of the process plant design, orders placed for long lead time items. However, in late September 2008, AMR announced that operations at Ban Phuc were being suspended as a result of depressed nickel prices during the global financial crisis combined with the significant damage attributable to the Hagupit Storm.

Between 2009 and 2012, the development of the Ban Phuc mine remained on hold with only limited work which included an updated resource estimate in 2010. Following this hiatus, the construction of the concentrator recommenced in 2012 and the mine was brought into full scale production during 2013. By November, the first commercial quantity of nickel concentrate was ready for shipment from the Port of Hai Phong.

Production figures for Ban Phuc are presented in Table 5-2.

Table 5-2: Key operating statistics for the Ban Phuc mining and processing operation

	Unit	2013 FY	2014 FY	2015 FY	31/03/16 Qtr
Ore Mined	tonnes	93,639	421,762	445,075	116,976
Ore Milled	tonnes	92,087	422,456	447,746	116,874
Ni Concentrate produced	dmt	12,476	71,511	88,795	19,390
Average Ni grade	%	1.61	1.90	2.20	1.88
Ni recovery	%	78.5	85.2	87.4	87
Ni concentrate grade	%	9.3	9.6	9.7	9.8
Ni contained metal in concentrate	tonnes	1,166	6,854	8,607	1,904
Ni payable metal in concentrate	tonnes	817	4,853	6,025	1,304
Ni concentrate sold	dmt	9,717	71,195	86,286	20,984
Average Cu grade	%	0.81	0.88	0.95	0.83
Cu recovery	%	90.2	92.9	94.6	94
Cu concentrate grade	%	5.4	4.8	4.5	4.7
Cu contained metal in concentrate	tonnes	671	3,439	4,011	916
Cu payable metal in concentrate	tonnes	335	1,753	2,006	435
Average cash cost per Ni payable produced tonne	US\$/t	11,353	6,689	7,927	7,769
Total production costs per Ni metal payable tonne	US\$/t	17,889	15,104	15,549	16,597

Source: AMR Management Discussion and Analysis reports

On 30 May 2016, AMR announced that the economically recoverable ore reserve will be exhausted by September 2016 and the Ban Phuc mine moved to care and maintenance status from late in the third quarter 2016.

5.2.5 Geology

The following regional geological overview is a modified version of AMR's 2013 NI 43-101 report.

Regional

The Ban Phuc area lies in the Ta Khoa region of the Song Da Rift, a major crustal suture zone, which is part of a broader northwest trending corridor of deep continental rifting known as the Red River Fault Zone (Figure 5-5). This feature acted as both a rift and collision zone between the South China Continental Plate to the northeast and the Indochina Plate to the southwest and is recognised as a rare case of where faulting has extended the entire thickness of the continental crust to the base of the lithosphere.

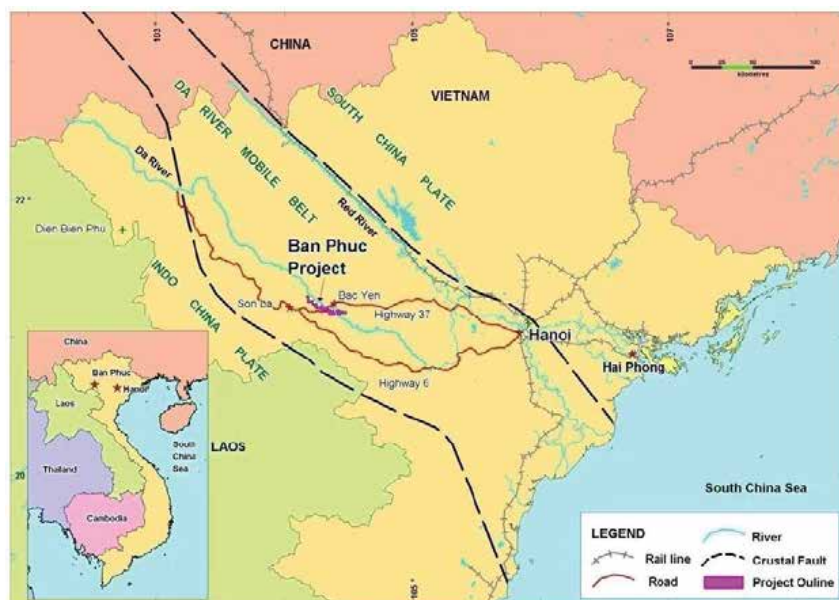


Figure 5-5: Regional geological setting of the Ban Phuc Project within the Song Da mobile belt

Structurally, the Ta Khoa region consists of a pitching anticline (the Ta Khoa Shoa anticline) comprising Devonian aged intercalated limestone and terrigenous sedimentary units overlain by a Permian-Triassic flood-basalt suite. Devonian terrigenous sediments have been locally metamorphosed into mica schist, gneiss and hornfels.

Permo-Triassic aged mafic and ultramafic rocks are interpreted to have intruded into the Devonian formations during rifting of the continental crust. These intrusive bodies are considered to represent the sub-volcanic dykes and sills representing feeders for the overlying volcanic suite. Compositions of these mafic to ultramafic intrusions range from high-magnesium gabbro, pyroxenite, and peridotite to dunite, most of which have been altered to serpentine, tremolite and phlogopite rocks.

At Ban Phuc, many of the intrusive bodies are emplaced close to the axial zone of the Ta Khoa Shoa Anticline. The mineralised ultramafic rocks are primarily controlled by three long-lived transform faults (which have caused significant dislocation of the local stratigraphy) as well as within favourable stratigraphic horizons (i.e. Early Devonian aged calcareous schists and marbles).

Although mafic and ultramafic bodies are widely distributed in northern Vietnam, nickel-copper sulphide mineralisation is only found in those which are associated with rift zones of Permo-Triassic age. The main deposits of nickel and nickel-copper sulphide are located in the Ta Khoa region of the Song Da Rift zone. The Song Da Rift supports two nickel mines, namely Ban Phuc and the Baimazhai mine (located some 250 km to the northwest of Ban Phuc and interpreted to have formed during the same geological event as Ban Phuc) as well as numerous identified nickel occurrences (Figure 5-6).

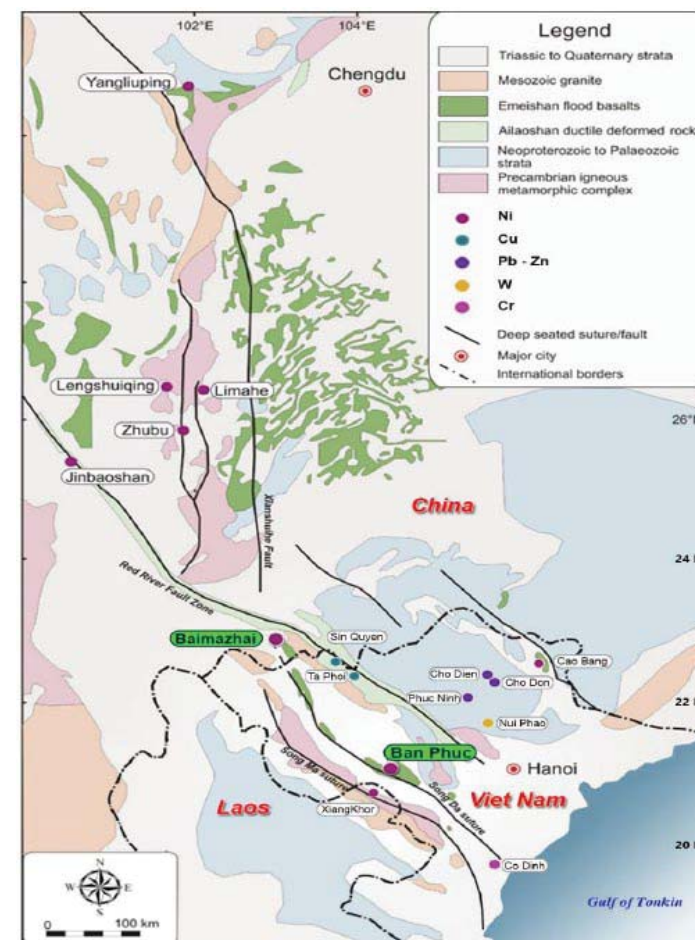


Figure 5-6: Recorded mineral occurrences in proximity to Ban Phuc

Key attributes of the geotectonic setting at Ban Phuc include:

- Location within the major deep crustal rift zone (Song Da Rift) separating the Indochina and Yangtze Cratons;
- Localisation along the axial zone of a significant domal feature (the Ta Khoa Shoa Anticline); and
- Age of emplacement is penecontemporaneous with the giant Siberian Traps and associated Norilsk-Talnakh nickel-copper-platinum group element ("PGE") deposits.

The setting at Ban Phuc is considered analogous to that displayed at various other major nickel-copper deposits such as Norilsk and Jinchuan. Both these deposits are located along major breaks between lithospheric plates, associated with deep, mantle-tapping structures which allows the rapid ascent of mantle melts favoured for nickel-copper sulphide segregation. At Norilsk in particular, the main mineralised zones are interpreted to be associated with sub-volcanic intrusive bodies, which are interpreted to represent feeders for extrusive flood basalts higher up in the sequence.

Local

The Ban Phuc ultramafic unit is exposed in a window comprising a basement metamorphic complex of Devonian-aged metasedimentary and metavolcanic rocks. The basement includes a variety of rock types including: quartz-feldspar schist, phyllite, metaquartzite, sericite schist, muscovite-biotite schist, calcareous schist and intercalated crystalline marble, phyllite, metaquartzite and sericite schist overlain by a thin unit of limestone

The Ban Phuc intrusion is one of the larger ultramafic bodies in the Ta Khoa district with approximate areal dimensions of 940 m by 220 to 420 m, an outcrop area encompassing approximately 0.25 km² and a preserved depth of up to 470 m below surface. The intrusion is elongate with a northwesterly trend consistent with the strike of the host stratigraphy. The Ban Phuc pluton has an unpublished U-Pb age date of a zircon from a gabbroic horizon in the ultramafic sill of 257.8 ± 0.5 Ma (AMR, 2015).

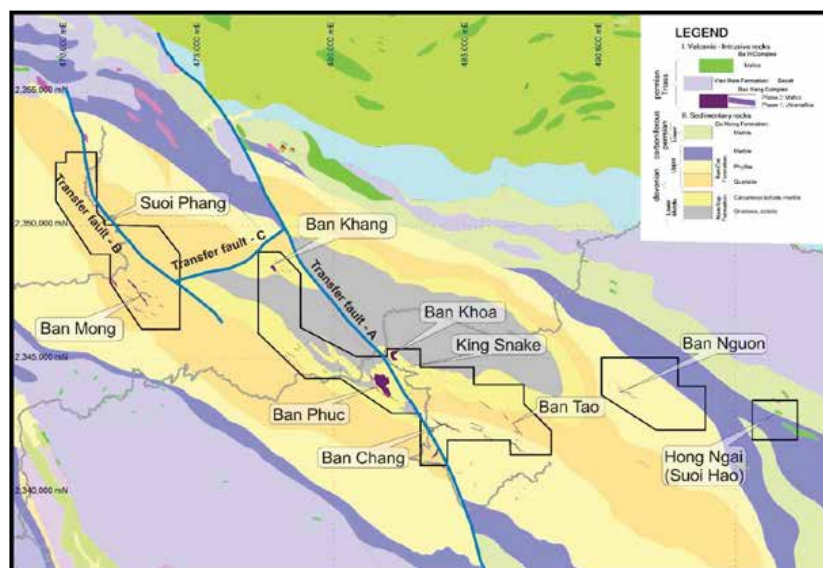


Figure 5-7: Ban Phuc local geological plan

The rocks at Ban Phuc consists of serpentinite and serpentinised dunite, the upper part of the deposit being completely serpentinised. Volcanic rocks reportedly contain olivine- and pyroxene-spinifex textures. The intrusive body has been intruded by granitic pegmatite veins.

Besides the Ban Phuc ultramafic body, Devonian age rocks exposed in the Ta Khoa window are intruded by numerous small bodies (about 70 have been mapped at 1:100,000 scale) with compositions ranging from ultramafic, gabbroic (wehrlite), granite and pegmatite. Twenty-eight exposures comprise rocks of ultramafic composition. The intrusions are typically lenseoid and up to about 3.5 km in length exhibiting parallel to the main foliation in the host rocks. Both metasediments and intrusive bodies were folded during a Mesozoic orogenesis.

Mineralisation

Two styles of mineralisation are recognised at Ban Phuc; (i) weak disseminated nickel sulphide hosted in a peridotite/dunite sill; and (ii) massive sulphide occurring in a structurally controlled "vein" hosted in hornfels along the southern margin of the Ban Phuc intrusion. The massive sulphide mineralisation was the focus of the Ban Phuc mining operation.

Disseminated Nickel - Copper Mineralisation

Low grade disseminated sulphides are present in the dunite within the Ban Phuc intrusive body. Several layers of disseminated mineralisation exist and are conformable to the base of the intrusion, likely representing a separate pulse of magma and then settling out of immiscible droplets of sulphide. Grades typically range from 0.5% to 1.0%, however higher grades (i.e., 2 to 15 m at + 2%) appear to be localised. Minor chalcopyrite is also present in this type of mineralisation (Hellman, 2004).

Massive Sulphide Vein

The massive sulphide mineralisation (locally termed the MSV) occurs in a major shear controlled vein hosted within hornfels along the southern margin of the Ban Phuc intrusion. The vein is approximately 730 m in length, which has an inverted triangular form in plan, to at least 450 m below surface with an average width of 1.26 m. It strikes northwesterly at 280° to 310° and dips steeply (70° to 90°) to the northeast, but also rarely to the southwest. This vein cuts lithological layering in metasediments at a low angle, but appears conformable in section. Offshoots and bifurcations are minor and the vein is largely a singular structure.

The known mineralisation is interpreted to have been remobilised into a shear zone within the hornfels from the base of the ultramafic body which has been subsequently eroded (AMR, 2015). The MSV is discontinuous along strike and down dip, varies in thickness from 0.05 to 14 m, hosts clasts or xenoliths of wall rock sediments and has medium sized porphyroblasts of pentlandite aligned with the foliation.

The MSV mineralisation comprises: pyrrhotite (70%), pentlandite (10%), chalcopyrite (5%), magnetite (4%), pyrite (3%), violarite (2.5%), siderite, ilmenite, sphalerite, galena (<1%), non-opaques (5%). Pyrrhotite occurs in 1 to 3 mm grains with fine exsolutions of pentlandite. Pentlandite occurs in granular masses with a grain size of 0.06 to 2 mm, and as fine inclusions in pyrrhotite. Chalcopyrite forms irregular grain aggregates up to 3 mm in size, and inclusions in pyrrhotite (Hellman, 2004).

5.2.6 Mineral Resource

SRK has been advised by AMR that upon placing the Ban Phuc mine into care and maintenance, that the MSV Resource has been exhausted, with no significant tonnages remaining. Whilst some mineralisation is currently defined at depth below the current mine workings these lie outside the current depth restrictions imposed by the Mining Licence and hence are not currently considered by AMR to represent Mineral Resources.

Hence the only remaining resource at Ban Phuc is the Disseminated Mineralisation which sits immediately adjacent to the hanging wall of the MSV mineralisation.

According to AMR's Management's Discussion and Analysis Report for the Quarter Ended June 30, 2016, the current Ban Phuc Disseminated Mineralisation estimate was prepared by Dr. Bielin Shi of CSA Global Pty Ltd in February 2013 (Table 5-3). This estimate was prepared in accordance with Canada's National Instrument 43-101 Standards of Disclosure of Mineral Projects (NI 43-101) and is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) "CIM Definition Standards – For Mineral Resources and Mineral Reserves.

Table 5-3: Ban Phuc Disseminated Mineralisation Mineral Resource estimate (at 0.9% Ni cut-off^A)

Mineral Resource	Mt	Ni (%)	Cu (%)	Co (%)	S (%)	MgO (%)	Fe (%)	Ni (kt)	Cu (kt)	Co (kt)
Measured	0.2	1.05	0.15	0.01	1.14	15.83	3.75	2.1	0.3	0.0
Indicated	0.7	1.23	0.14	0.02	0.53	21.69	5.58	8.4	1.0	0.1
Measured + Indicated	0.9	1.19	0.14	0.02	0.67	20.37	5.17	10.5	1.3	0.1
Inferred	0.4	1.14	0.04	0.00	0.09	5.93	1.66	4.4	0.2	0.0

^A Mineral Resource estimate results is quoted from blocks above the specified cut-off grade of 0.9% Ni.

AMR's 2013 NI43-101 technical report provides a full account of the drilling, sampling and modelling procedures supporting this estimate.

SRK was unable to review the appropriateness of the estimation method and parameters as the block model was not supplied. However, the available documentation indicates that the Disseminated Mineralisation resource estimate was based on the following:

- Four disseminated lode volumes progressively further away from the MSV lode
- Definition of the volumes was described as a combination of a lower cut off of 0.4% Ni and disseminated geological logging. Despite a nominal modelling cut off of 0.4% Ni, some 40 percent of the Measured and Indicated tonnage is below 0.4% Ni.
- Drill spacing between 25 m by 25 m and 100 m by 100 m
- Variogram ranges modelled at around 160 m (however in SRK's opinion of the experimental variograms shown in the report is that ranges of around 60 m to 80 m would be more appropriate).
- Ordinary kriging into 10 m by 5 m by 5 m (E,N,RL) blocks.
- Three pass search routine from 60 m by 40 m by 10 m to 180 m by 120 m by 30 m
- Reporting cut off of 0.9% Ni

SRK notes that the reporting cut off of 0.9% Ni is well above the average of the disseminated material of around 0.6% Ni and that the proportion of the total Measured and Indicated disseminated tonnage above 0.9% Ni is only around 4 percent of the total tonnage. Without having access to the block model, SRK assumes that the distribution of the 0.9 Mt of material above 0.9% Ni will be scattered over the total 20 Mt and is therefore is unlikely to be practically mineable. While grades in excess of 2% Ni are present in drill intersections in the disseminated material, they are noted as being localised and having extents of between 2 m and 15 m. These localised zones have not been explicitly modelled and the continuity or extent is unknown.

In addition, the likely overcall of the variogram ranges combined with very wide spaced (100 m) drilling in some areas and very small blocks will result in very high uncertainty in the grades and tonnages at cut off grades so far above the mean of the distribution.

Without further detailed examination of the drillhole database and block model, it is SRK's opinion that there is a high likelihood that the disseminated component of the Resource does not meet the criteria of having "reasonable prospects of (eventual) economic extraction" under the definition in either the JORC or CIM Codes.

Overall, SRK has significant concerns regarding the Disseminated Mineralisation resource estimate and questions whether the resource meets the criteria of having "reasonable prospects for eventual economic extraction". As such, SRK does not consider the currently defined Disseminated Mineralisation estimate is appropriate for valuation purposes.

5.2.7 Mining

The previous Ban Phuc mining operation was focussed on the MSV mineralisation and was based on an up-hole retreat benching without backfill mining method. AMR has carried out a number of reviews and studies into the potential mining of the Disseminated Mineralisation based on up-hole retreat benching and drift and slash based largely on parameters and guidance adopted from MSV assessments and operating experiences.

SRK notes that currently there is minimal geotechnical data pertaining to the disseminated sulphide zone. AMR has recommended that a detailed geotechnical assessment be conducted for the disseminated zone to ascertain geotechnical constraints.

Hydrogeological data has been assumed relevant to the disseminated sulphide zone. AMR has recommended that an updated hydrogeological assessment be carried out with focus on the disseminated zone.

5.2.8 Processing.

Refer to AMR's 2013 NI 43-101 report for information regarding the metallurgical testwork programme up to the time of that report, much of which was based on assessment of the MSV mineralisation (now exhausted). The following section is derived largely from a draft NI43-101 report prepared in 2015.

In 2015, bench scale flotation testwork was conducted on five disseminated composite samples recovered from exploration drill core from a drilling program concluded in 2014. The initial work, which was completed in March 2015, was independently reviewed and assessed by Mr John Muller of Onkaparinga Mining and Metallurgy Pty Ltd.

The test regime used was largely based on the existing processing plant flow sheet as processing of these ores through the existing processing plant is the most logical and economic route. Sodium silicate is not currently a reagent that is in use in the processing plant; however it was employed in the flotation tests because in previous test work undertaken by AMMTEC and Metcon on disseminated ore, it was seen to result in the optimum metallurgical performance being achieved.

Flotation tests were carried out on 2 kg splits of the crushed ore samples. These were first ground in the laboratory rod mill of stainless steel construction with a stainless steel rod charge; which is an industry standard laboratory machine for this work. Grind establishment was through a two point determination to give a nominal sizing of P80= -75µm. All samples were ground at 60 percent solids pulp density for the required time determined from the grind establishment.

Overall, the test results obtained were similar in respect of the effects of nickel, MgO, iron and sulphur head grades on concentrate grades and nickel recoveries to that of previous work conducted in earlier phases of the project's testwork history.

The results are not untypical of disseminated ores and the results obtained in these early tests are promising. Overall the 1470RL bulk sample floats, Tests 1 to 4, gave a lower concentrate nickel grade and recovery compared to the BP14 sample (bulk sample) tests. This lower recovery is not unexpected and may be explained by the lower nickel head grade. The concentrate grade is slightly lower than the 9.5% nickel concentrate currently being produced and is as a result of the quantities of iron sulphides floating as indicated by the iron and sulphur contents. MgO is higher than current concentrate specifications, however is lower than the BP14 samples, in part due to the lower MgO head grade and as a result of the greater quantities of iron sulphide recovered. It is notable that the inclusion of the scavenger cleaner tail into the concentrates, whilst increasing the nickel recovery, is responsible for increasing the concentrate MgO content significantly.

Conversely, the BP14 sample flotation tests gave a higher concentrate nickel grade and recovery compared to the 1470RL bulk sample tests; the higher nickel recovery in this instance being explained by the higher nickel head grade. The concentrate grades achieved were higher than the 9.5% nickel concentrate currently being produced and significantly so in most instances. These grades are largely as a result of there being low quantities of iron sulphides present in the ore as indicated by the iron and sulphur head and concentrate grades and that the majority of the nickel mineralisation is likely pentlandite as seen in previous work.

Kinetics of the laboratory flotation tests are almost the same as in previous work, where roughly only tests required 30 minutes flotation time.

The reasons for the high MgO concentrate grade is likely associated with there being:

- Low iron sulphide quantities i.e. pyrrhotite and pyrite, in the ore;
- Flotation of and entrained serpentinite fines and ultra fine particle slimes in the flotation froth;
- Flotation of composite particles consisting of sulphide minerals (pentlandite, violarite and pyrrhotite) and the serpentinite gangue.

None of the tests to date have included an MgO depressant in the reagent regime. Ore evaluation tests are in their infancy currently and methods of eliminating or reducing MgO bearing minerals to acceptable levels are yet to be investigated and are the subject of continuing ore processing evaluation. Inclusion of MgO depressants in the flotation test reagent regime will be one of the first methods tested for reducing MgO in concentrate to satisfactory levels in the ongoing evaluation of these ores.

5.2.9 Exploration Potential

AMR considers the Ban Phuc area offers potential for Norilsk-style nickel-copper- platinum group element (Ni-Cu-PGE) deposits, given the following:

- The location of Ban Phuc within the Song Da Rift (a major crustal rift zone) in proximity to a cratonic margin with magmatism (including flood basalts and ultramafic-mafic intrusives) and associated deformation;
- Permo-Triassic emplacement age which is considered contemporaneous with the nickel-copper-PGE deposits of the Siberian Traps;
- The local structural environment (Ta Khoa Shoa Anticlinorium with cross-cutting structures);
- Significant regional endowment including multiple occurrences and anomalies with demonstrated magmatic Ni-Cu-PGE signatures in AMR's tenure.

The following section briefly outlines the key exploration factors associated with a Norilsk-style deposits.

Exploration Model

All of the world's giant magmatic nickel-copper-platinum group element (Ni-Cu-PGE) deposits, including Norilsk and Pechanga in Russia, Jinchuan in China and Thompson and Voisey's Bay in Canada, are regarded as having formed by the accumulation of sulphide metal that has segregated from a silicate magma. The formation of sulphide melt droplets requires the magma to become saturated in sulphur, a process that can occur either through normal cooling and crystallisation of the melt, or be promoted by contamination of the melt with country rock rich in silica, potassium or sulphur. Nickel, copper and PGEs are chalcophile elements, which have a high chemical affinity for sulphur, and will preferentially segregate into a sulphide melt. The potential grade of a deposit formed by this process is dependent upon the extent of metal segregation from the magma into the sulphide melt and is highly dependent upon the sulphides mixing with large volumes of Ni-Cu-PGE rich magma.

The magma that leads to the world's largest magmatic Ni-Cu-PGE deposits are interpreted to be associated with mantle plumes, which are upwelling zones of hot mantle deep within the earth. The critical factor underlying the formation of magmatic Ni-Cu-PGE deposits is the penetration of basaltic magma, rich in chalcophile elements, to shallow (i.e. near-surface) levels in the crust. The transport of chalcophile element rich magma into shallow magma chambers or to surface, where magma may be saturated in sulphur due to contamination by crustal materials, creates an environment where there is greater potential for the formation of nickel-copper sulphide mineralisation.

The localised setting of magmatic nickel-copper-PGE sulphide mineralisation includes a wide range of geological environments, ranging from settings associated with magma conduits intruding orogenic belts such as at Voisey's Bay or sedimentary sequences, such as at Norilsk through to accumulations at the base of Archean komatiite flows.

Norilsk Model

The giant Ni-Cu-PGE sulphide mines at Norilsk in Russia collectively represent the world's largest producers of nickel and PGE.

At Norilsk, magma mixing occurred within a sub-volcanic flow-through sill that formed part of a feeder conduit through which magma passed on the way to higher levels in the crust and to the surface. The sills that host deposits at Norilsk have dimensions up to 18 km long, 3 km wide and 350 m thick. Large volumes of basaltic magma are interpreted to have passed through these sills prior to erupting as the overlying lava sequence of the Siberian Traps. Sills containing nickel, copper and PGE sulphide mineralisation are hosted principally by an evaporite-bearing sedimentary sequence and located along, or proximal to, the Norilsk-Kharayelakh Fault, a major crustal lineament that may have localised magma transfer through the crust. The geochemistry of the basalt lava shows that nickel, copper and PGE were stripped from some, but not all magmas prior to eruption, suggesting that only in specific feeder zones were nickel, copper and dPGE stripped from the magmas to form sulphide mineralisation.

The giant Norilsk deposits are regarded as owing their formation to the confluence of a number of features, the most critical of which are:

- The presence of a feeder zone to a flood basalt province, through which large volumes of magma containing high abundances of nickel, copper and PGE were channelled.
- The location of the feeder zones within a sequence of fine grained sedimentary rocks where there is a high potential for promotion of sulphur saturation of the magma via contamination with country rock.

- The presence of evaporitic sediments within the sedimentary sequences, providing an additional local source of sulphur than may contribute to sulphur – saturation of the magma.
- The development of sub-horizontal intrusions as magma conduits allowing for gravity settling and preservation of the nickel-copper-PGE sulphide melts.

Ban Phuc Exploration Potential

Historically, the majority of exploration has been focused on the Ban Phuc deposit with 309 drill holes completed, totalling 49,447m and accounting for 80 percent of the overall drilling volume. The remaining 20 percent was completed in areas outside the Ban Phuc mine, equivalent to 75 drill holes totalling 12,997 m. The impending closure of the Ban Phuc underground nickel sulphide mine has placed greater emphasis on near mine and regional exploration of the associated mineral tenure.

To this end, BPNM obtained a 49.7 km² area within the broader 150 km² Ta Khoa Concession for exploration in July 2014. Since that time, BPNM has compiled historical exploration data and conducted field reconnaissance, geological and structural mapping, stream and soil geochemical sampling programmes, trenching and limited drilling on a regional scale. To date, some 25 targets have been identified and prioritised based on several key ranking criteria including: geophysical, structure, strain location, geological horizon, geochemical, presence of gossan, ultramafic units, tremolite alteration, geochemically anomalous drill hole intercepts and proximity to established infrastructure.

On this basis, two high priority targets, nine development targets and 14 conceptual targets have been defined by AMR, as outlined in Figure 5-8. The King Snake and Ban Trang areas are the highest priority targets. Key high priority and development targets are discussed in further detail below.

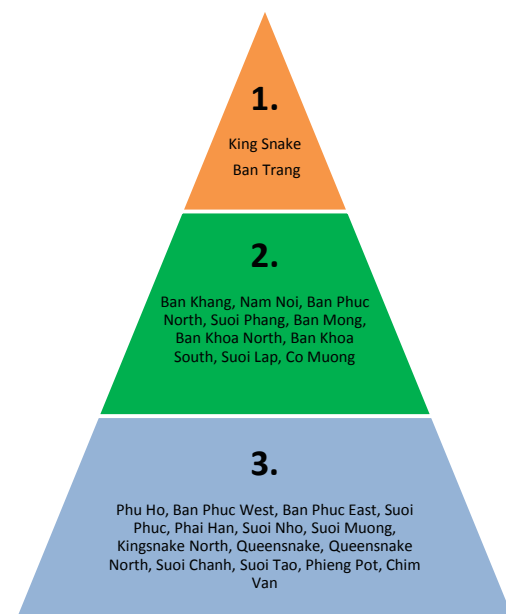


Figure 5-8: Prioritised targets in the Ban Phuc area (refer to Figure 5-7 and Figure 5-9)

While it is clear that AMR has rapidly developed a strong pipeline of targets at various stages of assessment, other key factors supporting the exploration potential for the Ban Phuc area include:

- Recent exploration has delineated a number of outcropping gossans which have been assessed and are now considered to represent walk-up drill targets by the company;
- AMR's experience in operating the Ban Phuc mine and processing plant in particular the ability to successfully operate a nickel mining operation in Vietnam at a breakeven basis on an average feed grade of approximately 2% Ni and at a nickel price of some US\$8,500/t, while many competitors were forced to shut down at higher grades and higher nickel prices;
- The presence of 450 ktpa plant and associated infrastructure (including TSF with spare capacity) supports ongoing exploration and reduces likely capital spend to bring any resources defined in future into production;
- While metallurgical testwork is required to establish likely parameters for each target, concentrates from the recent Ban Phuc mining operation were considered to be metallurgically clean and did not attract any penalties (i.e from arsenic or sulphur); and
- With further metallurgical characterisation testwork, several targets appear to offer potential for PGE as an additional "by-product".

The following section briefly summarises the key targets outside of the Ban Phuc mining area.

Kingsnake Prospect – lies 1.5 km northeast of Ban Phuc minesite. Like at Ban Phuc, Kingsnake is a 530 m long Ni-rich gossan interpreted to lie along a splay to the regionally extensive Chim Van – Co Muong Fault system. At Kingsnake, a MSV is hosted within a sheared contact between calcareous metasediments and mica-quartz schists of the Ban Phuc horizon. Mineralisation encountered to date comprises massive and disseminated nickel sulphides in tremolites and metasediments as well as brecciated (high grade) massive sulphide mineralisation.

In addition to historical electromagnetic and magnetic geophysical surveying of the area, BRNM has completed geochemical sampling, trenching (18 trenches totalling 139 m), 15 diamond drill holes (total 2,900 m) over a 530 m strike length and a FLTEM geophysical survey which outlined conductive targets over a 1.2 km strike length. This drilling encountered narrow to moderately wide zones (<2 m width) with nickel (up to 3.5% Ni), copper (up to 1.56% Cu) and PGE (3.76 ppm) grades from surface to downhole depths generally less than 250 m.

Going forward, AMR has proposed to undertake further deep (200 to 300 m) drilling and downhole electromagnetic and Moving Loop Time Domain electromagnetic geophysical surveying with a view towards applying for a mining licence over this area upon completion. Of note is the difficult hill and gully terrain of the area which presents many challenges for exploration drilling.

Ban Chang Prospect – is proximal to the Ban Chang village, some 2 km southwest of Ban Phuc minesite. Ban Chang is interpreted to be analogous to Ban Phuc and Kingsnake structurally, in that, the MSV is interpreted to be hosted within a splay, (and subsidiary structures) off the major regional Chim Van – Co Muong fault system. The target geology consists of a massive dyke swarm within the phillites, sericite schists and quartzites with a well defined nickel-rich gossan. The mineralisation style comprises mainly veins and lenses of massive sulphide (2 MSV zones defined), as well as disseminated sulphide hosted within tremolite dykes.

Work completed at Ban Chang to date includes two historical adits, historical geophysical surveying, soil sampling, trenching (40 for 1,279 m) and seven diamond drill holes (for 1,379 m). This work has encountered narrow zones (<1.7 m width) of nickel and copper grades of up to 2.65% Ni and 1.54% Cu respectively at downhole depths of less than 60 m.

Going forward, AMR has proposed to undertake a 3-stage drilling (progressively becoming wider spaced but deeper) and Fixed Loop Time Domain electromagnetic geophysical surveying.

Ban Khang Prospect – is located in the Ban Khang village, some 5.5 km northwest of Ban Phuc minesite. Ban Khang geologically analogous to Ban Phuc with nickel and copper mineralisation associated with the Ban Khang intrusion and tremolite dykes. The target extends over a surface area measuring some 400 m by 150 m and offers potential for both MSV and disseminated style mineralisation.

Work completed to date includes a historic electromagnetic geophysical surveying, soil and rockchip geochemical sampling and trenching (three for 75 m). Rock chip sampling of ultramafic and tremolite dyke material has returned elevated nickel (to 0.60% Ni) and copper (to 0.47% Cu) values.

Going forward, AMR has proposed to undertake limited drilling and ground electromagnetic geophysical surveying.

Nam Noi Prospect – lies approximately 1 km southeast of Ban Phuc, where geological mapping has highlighted the surface extents of the Nam Noi ultramafic intrusion juxtaposed against the Chim Van-Co Muong Fault System. Gossan sampling returned values of 0.98% Ni and 0.43% Cu. Historical magnetic inversion geophysical surveying, soil and rockchip geochemical sampling and limited diamond drilling (1 hole for 100 m) have been completed at the target.

Going forward, AMR has proposed to undertake a limited drilling and ground electromagnetic geophysical surveying.

Suoi Phang Prospect – is located approximately 12 km northwest of Ban Phuc and comprises a ultramafic dyke swarm developed in quartzites and sericite schists with abundant gossan evident at surface.

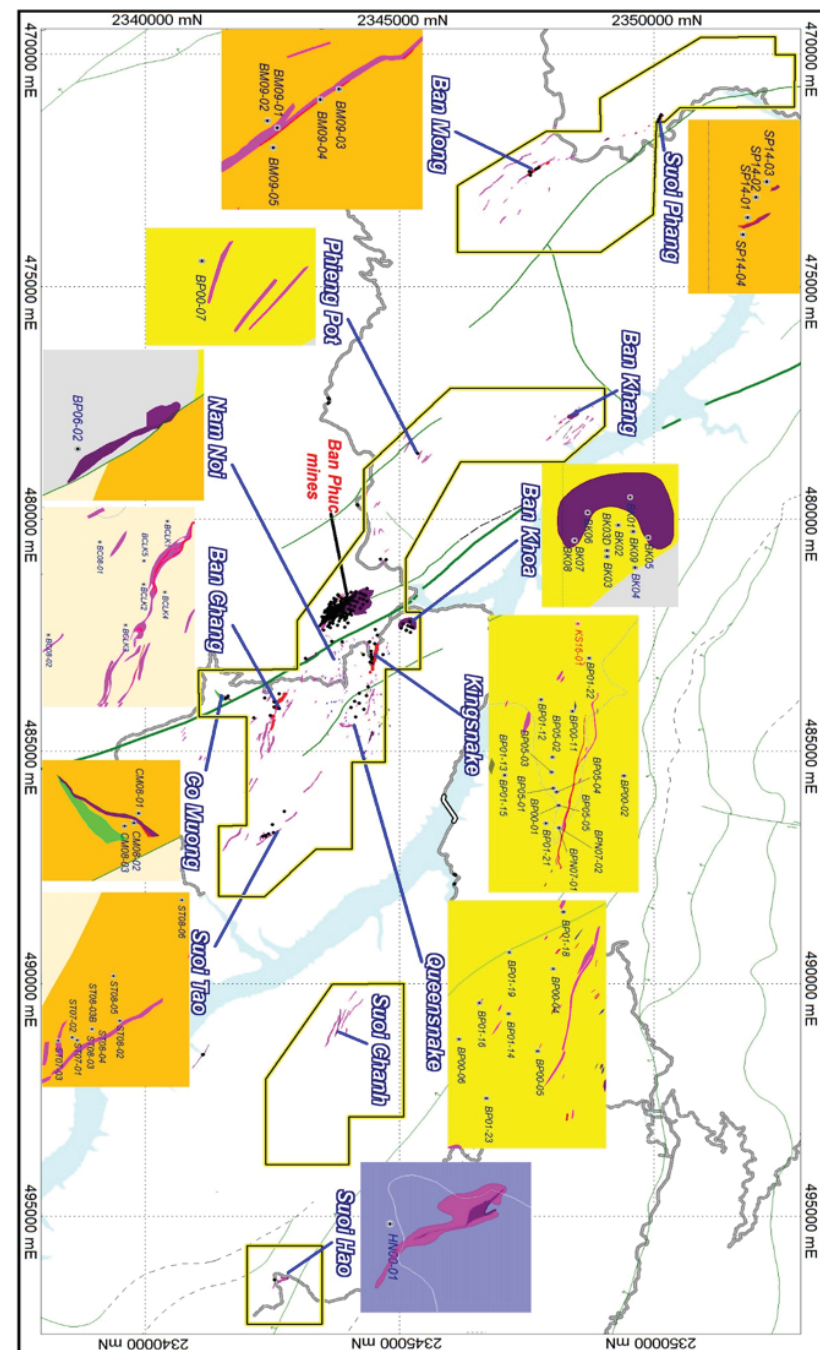
Significant work completed at the target includes gossan sampling, trenching (22) and the completion of four diamond drill holes. This work encountered narrow to moderately thick zones (<2 m) of MSV with nickel (to 5.96% Ni) and copper (to 3.53% Cu) grades over a 170 strike length.

Going forward, AMR has proposed to undertake limited drilling and ground electromagnetic geophysical surveying.

Ban Mong Prospect – is proximal to the Ban Mong Village, 10 km northwest of Ban Phuc and like Suoi Phang comprises a ultramafic dyke swarm developed in sheared quartzites and sericite schists. The mineralisation style is mainly veins and lenses of massive sulphide with disseminated sulphides in tremolite dykes. Significant work completed at the prospect includes rockchip sampling of MSV and gossans, and the completion of five diamond drill holes. This work returned elevated nickel and copper grades (to 6.30% Ni and 12.4% Cu with patchy PGE values (to 45.25 ppm PGE) extending discontinuously over a 900 m strike length.

The exploration drill density over the area is presented in Figure 5-9.

Figure 5-9: Location of key prospects at Ban Phuc showing the amount of exploration drilling completed to date



5.2.10 Environment and social

AMR completed an environmental and social impact assessment (ESIA) in September 2005 as part of the Feasibility Studies in support of commencing the Ban Phuc mining operation. The ESIA was subsequently updated to satisfy the requirements of the Law on Environmental Protection 2005 (LEP) and other relevant environmental and social related Vietnamese legislation.

The ESIA provided environmental and social baseline information and assess the potential impacts on the bio-physical and socio-economic environment and covers construction, operational, closure and rehabilitation phases of the Project. Affected communities were consulted and their concerns reflected and addressed within the ESIA. A number of mitigation measures associated with each phase of the project were recommended.

The following permits were obtained by AMR:

- Environmental and Social Impact Assessment (reference no. 1942/QDBTNMT) (ESIA), granted 25 December 2006;
- Forestry Approval (reference no. 1133/BNN-LN), granted February 2007;
- Rehabilitation Security Deposit and Mine Closure Plan (reference no 1859/QD-BTNMT), granted October 2011; and
- Final Resettlement Plan, approved 2007.

Rehabilitation and closure planning

The philosophies for the Mine Closure and Rehabilitation Program are (i) project area is to be used by local communities for subsistence farming, (ii) allow for sustainable use of land by the local communities, and (iii) return the land to its original conditions (consistent with surrounding physical and social environment with no ongoing maintenance required) within a reasonable timeframe.

The Mine Closure Plan (Reference No. 1859/QD-BTNMT) was approved by the Son La Province in October 2011. The following key conditions are stipulated within the regulatory approval:

- Drainage piping design is to take into consideration seepage from underground workings and treated to meet statutory standards before discharging into the environment;
- The TSF is to be reinforced with soil and rock, and tailings bench to be capped with a 0.5 m thick clay and flooded to prevent oxidation;
- Grading and compaction to be conducted for Waste Rock Dump, including placing a 0.5 m thick rich soil cover, building a drainage system and planting of acacia trees throughout the area;
- Dismantle works and equipment constructed and erected during the operational phase and management of environmental pollution;
- Conduct grading, planting of trees and improving the natural landscape within the industrial yard and auxiliary facilities; and
- Barbed wire fences to be erected and warning signs to be strategically placed around the mine.

AMR has prepared a Mine Closure Plan which will shortly be implemented now that the mining life of the deposit is nearing exhaustion. The Mine Closure Plan was formulated in consultation with MONRE and DONRE.

Rehabilitation Security Deposit

The mine rehabilitation bond as required under the approval is US\$344,000. SRK has been advised by AMR that it had paid US\$250,881 as at 30 June 2016 and no further payments have been made since this time.

The Rehabilitation Security Deposit was calculated in accordance with the Vietnamese legislation and approved (Approval No. 1859/QD-BTNMT) by the regulatory authorities in October 2011.

Mine Closure and Rehabilitation Cost

In June 2016, BPNM reviewed its mine closure and rehabilitation cost allocation of US\$2 M, which was to cover four key work parcels for mine closure, namely:

- TSF covering and final spillway reinforcement
- Sealing and closure of vent shafts and mine portal
- Rehabilitation and re-forestation of the disturbed land area and
- Reporting and confirmation with relevant government authorities and community.

This review found that the allocation of US\$2 M is likely to overstate the actual final liability which was estimated at US\$1.37 M. Further offset may be available for the scrap infrastructural steel and return of environmental bonds and sale of remaining infrastructure and assets.

Lease Relinquishment

On cessation of mining operations, the lease held by AMR will retain the project area until such time as Vietnamese relinquishment criteria are met. The final criteria for lease relinquishment include:

- Final landform stability;
- An agreed long term post mine land use for the TSF;
- Maintenance of downstream water quality by water quality monitoring programs;
- Establishment of self-sustaining vegetation on all rehabilitated areas, and
- Removal of all hardstand areas and infrastructure excluding those to be used post closure by local communities and governments.

6 Other Considerations

6.1 Market conditions

SRK carried out a limited analysis of the respective metal markets to provide an understanding of tin and nickel price trends for the consideration of the market value.

6.1.1 Tin market

According to USGS (2016), recent declines in the price of tin are attributed to increased production in Myanmar, where investments in tin mines by Chinese and Thai companies resulted in a near doubling of production since 2013, and to reduced Chinese demand for imported tin metal. In China, the world's leading consumer of tin, imports of tin ores from Myanmar supplanted imports of tin metal from Indonesia. In Indonesia, tin producers responded to lower tin prices by restricting sales of tin metal and unrefined concentrates when the price of tin fell below a specific price threshold, with the result that one-half of tin producers in Indonesia stopped refined tin production in April. This attempt to raise tin prices had little effect owing to Myanmar's increased mine output, high tin stock levels in China, and a strong U.S. dollar.

Artisanal and small-scale tin mining has been identified as a potential source of funding for armed groups engaged in civil unrest in the Congo (Kinshasa) and surrounding countries. The United States, through the enactment of Section 1502 of the Dodd-Frank Act in 2010, made it a statutory obligation for all companies registered with the U.S. Securities and Exchange Commission (SEC) to perform due diligence to determine whether the products they manufacture, or the components of the products they manufacture, contain tantalum, tin, tungsten, and (or) gold (3TG) minerals and, if so, to determine whether these minerals were sourced from the Congo and (or) its bordering countries. Under rules issued by the SEC, publicly traded companies were required to report the sources of 3TG materials used by May 2014. The Federal courts issued a decision that the SEC must have the final resource extraction rule ready for congressional decision by June 27, 2016.

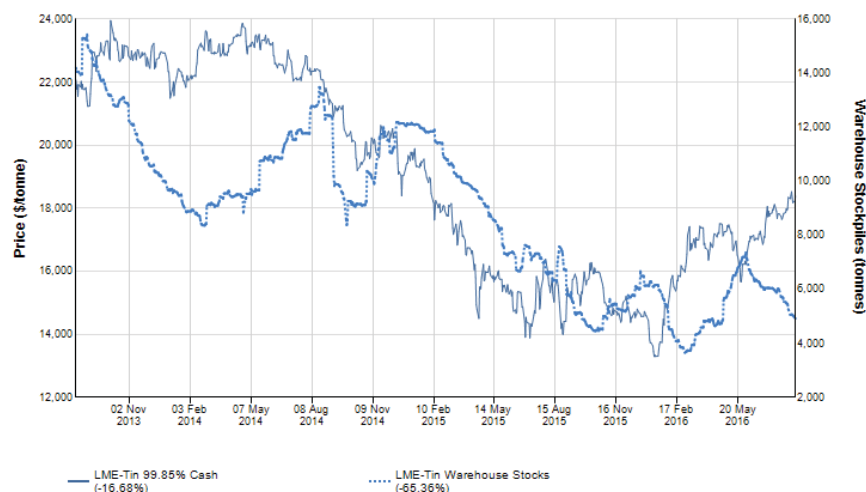


Figure 6-1: Tin price (US\$/tonne) and stockpile volume history

Source: SNL (accessed 31 August 2016)

6.1.2 Nickel market

According to the Office of the Chief Economist at the Australian Department of Industry, Innovation and Science (OCE, 2016), world refined nickel consumption was 646,000 tonnes in the first four months of 2016, an increase of 3.4 percent year-on-year. The increase was the result of growth in China's nickel consumption, up 6 percent year-on-year. This was primarily due to increased residential construction activity as indicated by total floor space newly started—a leading indicator for nickel demand in construction—which increased 16 percent year-on-year in the first five months of 2016. Over the same period, nickel consumption declined in the United States and Japan by 4 percent and 6 percent, respectively, offsetting some of the growth in China.

In 2016, world nickel consumption is forecast to increase slightly (1 per cent) to 1.9 million tonnes. Consumption is closely linked to steel consumption and world economic activity, particularly in China, which accounts for 51 percent of world consumption. World economic activity is forecast to remain slow, and downside risks to economic activity in China and the United States persist. In 2017, nickel consumption is forecast to increase by 1.8 percent.

World mined nickel production decreased by 8 percent year-on-year in the first four months of 2016 to 622,000 tonnes (metal content). Mined nickel production in Canada increased by 6 percent, and by 28 percent in Indonesia. Indonesia's production of raw nickel ore declined significantly in 2014, due to an export ban on raw ore, but has since continued to increase trend which is expected to continue this year and into 2017. However, production in the first four months of 2016 declined significantly in the Philippines (down 38 percent), Australia (6 percent) and Russia (5 percent).

World mined nickel production is forecast to decline by 2.6 percent to 2.1 million tonnes in 2016 but then increase by 1.8 percent in 2017, supported by higher prices and moderately increasing consumption. In 2016, Canada's mined nickel production is forecast to increase by 7 percent to 252,000 tonnes and production in New Caledonia is forecast to increase by 15 percent to 213,800 tonnes. These increases will be more than offset the decline in production from the Philippines, the world's largest producer. There is growing uncertainty surrounding nickel ore production in the Philippines as the new government implements measures to ensure stricter environmental compliance from the mining industry.

The LME nickel price increased by 3.2 percent quarter-on-quarter in the June quarter 2016 and is estimated to have averaged around US\$8,770 a tonne, supported by steady consumption amid falling production. Prices were also supported by positive residential construction from China.

Nickel prices are forecast to decline moderately over the second half of the year, as the market stabilises. However, the recent price increase allowed some high cost capacity, which was under stress in the March quarter, to continue to produce. Some estimates indicate that at an average price of about US\$8500 a tonne, around 70 percent of world production would be loss making on an operating-cost basis. The recent price increase is likely to delay the closure of high cost production and keep downward pressure on prices.

The average nickel price for 2016 is forecast to be around US\$8,700 a tonne, a decline of 26 percent year-on-year. In 2017, nickel prices are forecast to increase slightly, to average around US\$8,830 a tonne, as consumption continues to remain flat and production declines moderately.

The stock transfer between LME and SHFE warehouses that occurred in the March quarter 2016 continued into the June quarter. LME stocks declined by 12 percent or 52,700 tonnes between the end of 2015 and mid-June 2016, while SHFE stocks increased by 48,600 tonnes (101 percent).

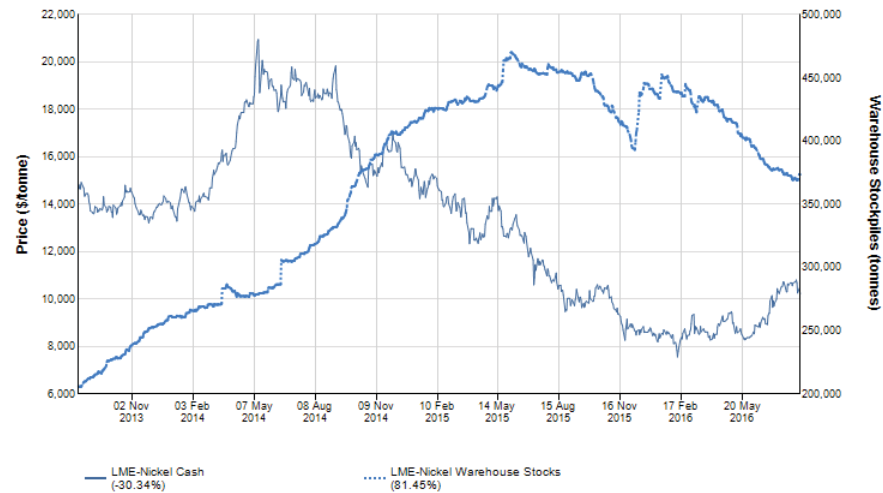


Figure 6-2: Nickel price (US\$/tonne) and stockpile volume history

Source: SNL (accessed 31 August 2016)

7 Valuation

The objective of this section is to provide BDO with a valuation of Kasbah and AMR's mineral assets which reside outside of the Achmmach cash flow model. SRK has not valued either Kasbah or AMR, these being the corporate entities which are the beneficial owner of the residual resources and exploration assets considered in this section of the report. SRK understands that this Valuation will be included in BDO's Independent Expert Report and as such is intended for public release.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Kasbah and AMR, as well as information sourced from the public domain. All sources are listed in the bibliography.

7.1 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

- (1). Income Approach
- (2). Market Approach
- (3). Cost Approach.

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property (VALMIN, 2015). Valuation methods that follow this approach include Discounted Cash Flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, MTR and option or farm-in agreement terms analysis.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Property.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 7-1 presents the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 7-1: Suggested valuation approaches according to Development status

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The Market approach to valuation is generally accepted as the most suitable approach for valuation of a Mineral Resource Property or a Pre-Development Project.

An income-based method, such as a Discounted Cash Flow (DCF) model is commonly adopted for assessing the Value of a Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, (i.e. where there is not a declared Ore Reserve and supporting mining and related technical studies). As this Valuation only considers Mineral Resources outside of defined Ore Reserves, income-based methods of valuation are not considered within the context of this Valuation.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, before Mineral Resources are reliably estimated. As current Mineral Resources have been declared for the Pre-Development and Advanced Exploration projects, cost-based methods of valuation are considered less suitable than market-based methods of valuation for these properties.

In general these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market derived data.

The “**Market Value**” is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The “**Technical Value**” is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Based Approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

An overview of a number of methods traditionally used to value exploration and development properties includes:

- Multiples of Exploration Expenditure (MEE).
- Joint Venture Terms Method (expenditure-based).
- Geoscience Ratings Methods (e.g. Kilburn – area-based).
- Comparable Market Value Method (real estate based).
- Metal Transaction Ratio (MTR) Analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage - real estate based).
- Yardstick/Rule of Thumb Method (e.g. A\$/Resource or production unit, percentage of an in situ value).
- The geological risk method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

7.2 Valuation Basis

SRK has considered the declared Mineral Resources associated with Kasbah’s Achmmach and regional landholdings as well as AMR’s Ban Phuc landholdings and the areal extent and exploration potential of the granted tenure (Table 7-2).

Table 7-2: Valuation Basis of Kasbah’s Assets

Mineral Asset	Tenements	Development Stage	Valuation basis
Achmmach	PE 2912 & PE 193172	Pre-Development	Declared Resources / Exploration Potential
Bou El Jaj	PE 213172 & PE 193313	Advanced Exploration	Exploration Potential
Zaer	PR2137996 to PR2137999, PR2138023	Early Stage Exploration	Exploration Potential
Ment	PR1939821, PR1939822, PR1939809, PR2138097, PR1940002 to PR1940004, PR1940082, PR1940095, PR1940099	Early Stage Exploration	Exploration Potential
Smaala Oulmes Fault Zone	PR2138099 & PR2138100	Early Stage Exploration	Not assessed as no information provided
Tamlalt	PE223197 to PE223204	Early Stage Exploration	Exploration Potential
Meseta	Ex-PR1938786, Ex-PR 1938168, Ex-PR 1938170 & Ex-PR 1938563	Early Stage Exploration	Not assessed as applications only and no information provided

Table 7-3: Valuation Basis of AMR’s Development Assets

Mineral Asset	Tenements	Development Stage	Valuation basis
Ban Phuc Mining Licence	2089/QD-BTNMT	Care and maintenance	Declared Resources
Ban Phuc Exploration Licence	1366/ GP-BTNMT	Early to advanced stage exploration	Exploration Potential

SRK notes that the VALMIN Code (2015) cautions against ascribing value to permits under application. SRK understands that Kasbah currently holds four current exploration permit applications that are the subject of this valuation, namely its Meseta Projects. It is SRK’s policy to not attribute any value to licences in application until they are granted in full and the conditions of grant are able to be appropriately recognised.

7.3 SRK's valuation technique

In estimating the value of Kasbah and AMR's assets as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. In preparing its valuation of Kasbah and AMR's assets, SRK has considered the three main approaches (income, market, and cost) as well as the available methodologies under each approach.

7.3.1 Valuation of residual resources and Exploration Targets outside of the Achmmach schedule

For the valuation of Kasbah's residual resources (i.e. outside of the life of mine schedule assessed in the Achmmach cash flow model) and Exploration Targets, as well as any defined resources associated with AMR's Ban Phuc residual resources, SRK has carried out an analysis of market transactions involving similar mineral assets globally.

Where appropriate, this primary valuation approach was then cross-checked against the valuation range obtained using the Yardstick valuation approach.

7.3.2 Valuation of Exploration Projects

In valuing Kasbah and AMR's regional exploration projects, SRK has considered the exploration potential of these tenements by analysis of market transactions involving similar mineral assets globally. Where appropriate, SRK has also considered previous expenditures on the tenements to determine a Multiples of Exploration Expenditure Valuation. This was further validated by a geoscientific rating valuation method.

These methods helped inform the valuation range considered, however SRK's selected Preferred Value was determined through consideration of various factors including, but not limited to development status, exploration results, geology, structure, alteration, potential for by-products, supporting infrastructure, proposed exploration plans going forward and likely exploration spend.

7.4 Valuation of Kasbah's Mineral Assets

7.4.1 Residual resources

SRK has considered the residual resources at Achmmach (i.e. after deducting the schedule tonnages informing BDO's cash flow analysis) as global estimates. Based on its review of the LOM and stated Mineral Resources, it is SRK's opinion that the currently defined mining schedule accounts for the majority of the defined Mineral Resource (i.e. the Reserve shapes largely coincide with the Resource block model). As such, SRK does not consider there is any material residual Mineral Resource outside the LoM schedule at current commodity prices, and hence no value is ascribed to residual resources. SRK notes that the potential for residual resources on the periphery of the current design shapes will change according to the assumed commodity price and resultant cut-off grade.

As such, SRK does not consider there is any material residual Mineral Resource outside of the LOM schedule and hence no value is ascribed to residual resources.

7.4.1 Exploration target

As noted earlier, in its ASX release dated 7 May 2013 Kasbah reported a shallow Exploration Target of approximately 500,000 t to 1,000,000 t at grades between 0.30% and 0.50% Sn (for 1,500 to 5,000 t of contained tin) at Bou El Jaj. It should be noted that this Exploration Target is conceptual in nature and that it is uncertain that further exploration will result in the declaration of a Mineral Resource as defined in the JORC Code.

Based on a review of the work supporting this Exploration Target, including subsequent modelling by QG, SRK considers the actual tonnage is likely to be towards the lower end of this range. For the purposes of this valuation SRK has adopted a range of 2,000 to 2,500 tonnes of contained tin.

Market transactions

Given the proximity and comparability, SRK notes the following implied values indicated though Kasbah's divestment of interests in the Achmmach Tin Project in 2012 and 2013:

- In March 2012, Kasbah entered an agreement for Toyota Tsusho Corporation to acquire a 20 percent interest in the Achmmach Tin Project through staged payments totalling US\$16.79 M. The Company released a Resource upgrade seven days later which outlined stated resources comprising Indicated and Inferred Resources totalling 14.6 Mt grading 0.9% Sn for 135,000 tonnes of contained tin. Adopting these metrics, the implied value of this transaction on a 100% equity basis equates to US\$621.85/t Sn. Normalisation of this transaction value to account for the reduction in the price of tin over the intervening period implies a value of US\$495.50/t Sn as at the valuation date.
- In June 2013, Kasbah entered an agreement for Nittetsu Mining Company Ltd to acquire a 5 percent interest in the Achmmach Tin Project for a consideration of A\$7.25 M. The stated resources at the time of the transaction comprised Measured, Indicated and Inferred Resources totalling 15.3 Mt grading 0.85% Sn for 130,100 tonnes of contained tin. Adopting these metrics, the implied value of this transaction on a 100% equity basis equates to US\$1,025.36/t Sn. Normalisation of this transaction value to account for the reduction in the price of tin over the intervening period implies a value of US\$902.20/t Sn as at the valuation date.

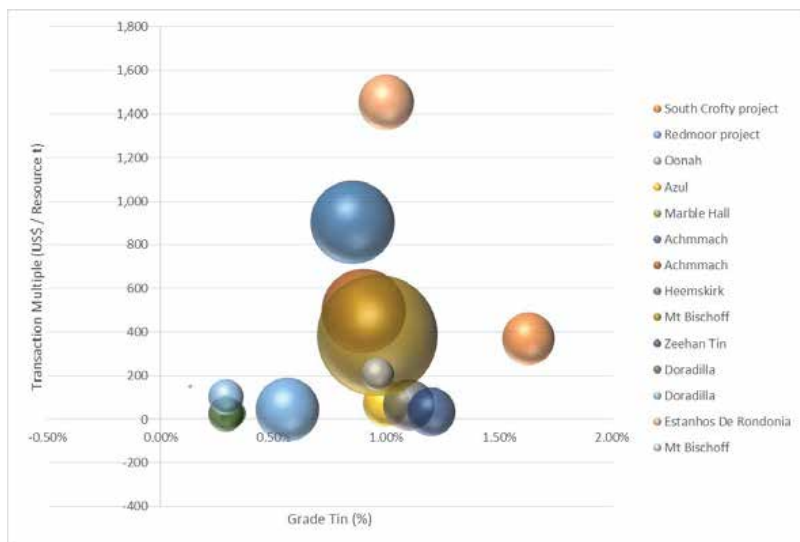
Given that these transactions were based on higher confidence material than currently defined at Bou El Jaj, SRK also considered recent transactions involving hardrock tin project worldwide. Using SRK's internal databases and SNL Financial (SNL) subscription database, transactions involving global tin projects were researched and analysed to determine comparability with the Bou El Jaj Project.

The Bou El Jaj asset and potential comparatives were assessed according to the Development Stage Categories outlined in the VALMIN Code (2015). The projects considered ranged from Advanced Exploration to Pre-Development. The analysis included Exploration Targets, but given the paucity of these SRK reverted to projects with stated Resources classified as Inferred or higher categories.

SRK identified five relevant transactions occurring between January 2011 and August 2016. The implied resource multiples were normalised to account for difference in commodity prices as at the valuation date relative to the prevailing commodity prices as at the transaction date.

Table 7-4: Global tin resource transactions

Project	Date	Vendor	Purchaser	Consideration (100% terms) US\$ M	Contained tin in Mineral Resource at time of transaction	Sn (Normalised) (US\$/t)
Redmoor (UK)	May 16	New Age Exploration	Strategic Minerals	3.2	Inferred + Exploration Target 74,480 t	46.0
Marble Hall (RSA)	Sep 13	Acacia Resources	Bushveld Minerals	0.42	Non-compliant 12,000 t	27.2
Doradilla (Australia)	Nov 12	Goldminco	YTC Resources	0.87	Inferred 22,649 t	22.8
Heemskirk (Australia)	Nov 11	Stellar Res	Gippsland	9.58	Indicated + Inferred 47,960 t	167.2
Oonah (Australia)	Jan 11	Minemakers	Clancy Ex	0.05	Inferred -232.7 t	148.9

**Figure 7-1: Normalised acquisition cost per Resource tonne at a 100% basis vs grade with total contained Sn shown as bubble size**

The Granville Tin Project transaction was removed as it is considered an outlier due to its high Resource multiple (\$12,135 US\$/t at 1% grade), which also makes the graph unreadable

Whilst two further recent transactions South Crofty (UK) and Granville (Australia) were considered, these either contained higher confidence resource material (Indicated and above) and/or significant site infrastructure (despite being on care and maintenance).

The implied multiples from SRK's analysis are presented in Table 7-5.

Table 7-5: Transaction statistics (normalised)

	Sn (US\$/t)	Sn (A\$/t)*
Minimum	22.80	30.40
Median	39.60	52.80
Average	74.20	98.90
Maximum	167.20	222.90
Weighted Average	68.60	91.40

*based on A\$:US\$ = 1:0.75

Based on the current advanced exploration status of the Project, SRK has elected to assign the multiple of A\$30 to A\$50/t to the stated Exploration Target based on a combination of factors including the Redmoor and Marble Hall transactions, the transaction statistics and Kasbah's history of exploration to resource conversion at Achmmach. Table 7-6 summarises the valuation of the currently defined tin Exploration Target at Bou El Jaj.

Table 7-6: Implied Value of the Bou El Jaj Project

Category	Contained Tin tonnes (t)		Multiples (A\$/t)		Implied Values (A\$)	
	Low	High	Low	High	Low	High
Exploration Target	2,000	2,500	30	50	60,000	125,000
Total	2,000	2,500			60,000	125,000

Using a Market approach, SRK's Preferred Value for a 100 percent interest in Kasbah's Exploration Target at Bou El Jaj is estimated to reside within a valuation range of A\$60,000 to A\$125,000.

Yardstick

As a cross-check on its valuation using comparable transactions, SRK has also considered a yardstick value per tonne of resource for its valuation of the exploration target at Bou El Jaj. Under the yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used yardstick factors are:

- Measured Resources - 2% to 5% of the spot price.
- Indicated Resources - 1% to 2% of the spot price.
- Inferred Resources - 0.5% to 1% of the spot price.
- Exploration Targets - <0.5% of the spot price.

Table 7-7: Yardstick assumptions

	Percentage of spot price		A\$/t Sn metal	
	Low	High	Low	High
Measured	2%	5%	360	890
Indicated	1%	2%	180	360
Inferred	0.5%	1%	90	180
Exploration Target	0.1%	0.5%	20	90

Applying these implied values to the Bou El Jaj Exploration Target (2,000 to 2,500 t of contained tin) derives a value range of A\$40,000 to A\$225,000.

Using a Yardstick approach, SRK's Preferred Value for a 100 percent interest in Kasbah's Exploration Target at Bou El Jaj is estimated to reside within a valuation range of A\$40,000 to A\$225,000.

7.4.2 Exploration potential

Actual Transaction

Given the proximity and comparability, SRK notes the implied values indicated though Kasbah's acquisition of the Bou El Jaj Project, which was announced to the market in December 2011 and finalised in March 2012 at significantly higher prices than the current tin market.

- In March 2012, Kasbah finalised the transfer of the Bou El Jaj Project (total area 22.6 km²) from private vendors for which it was required to pay MAD900,000 (A\$100,000) and a one off production royalty payment of MAD2 M (A\$230,000) on commencement of mining. SRK notes that no resources were defined at Bou El Jaj at the time of this transaction (and remain to be defined). Assuming the project is not brought into production implies a value of A\$4,425/km² while if the transaction is completed in full the implied value is A\$14,600/km². Normalisation of this transaction value to account for the reduction in the price of tin over the intervening period implies values of A\$3,450/km² and A\$11,390/km², respectively as at the valuation date.

Application of these market metrics implies the value of a 100 percent interest in the exploration potential of the remaining exploration portfolio resides between A\$1.40 and A\$4.61 M as set out below.

Table 7-8: Implied Value of Kasbah's exploration projects

Project	Area (km ²)	Assigned Value (A\$/km ²)		Implied Value (A\$)	
		Low	High	Low	High
Achmmach exploration potential (100 percent).	32.00	3,450	11,390	110,000	364,000
Bou El Jaj	22.60	3,450	11,390	78,000	257,000
Zaer	61.75	3,450	11,390	213,000	703,000
Smaala Oulmes Fault Zone	32.00	-	-	-	-
Ment SN	160.00	3,450	11,390	552,000	1,822,000
Meseta	64.00	-	-	-	-
Tamlalt	128.00	3,450	11,390	442,000	1,458,000
TOTAL	516.35			1,395,000	4,606,000

Using a metrics implied by the 2012 Bou El Jaj transaction, SRK's estimated value for a 100 percent interest in Kasbah's exploration tenements is estimated to reside within the range of A\$1.40 M to A\$4.61 M.

Market transactions

For the valuation of exploration potential SRK identified 11 transactions occurring between January 2007 and August 2016 involving early to advance staged exploration tenure. The implied multiples were normalised to account for difference in commodity prices as at the valuation date relative to the prevailing commodity prices as at the transaction date.

Table 7-9: Global Tin transactions – area based

Project	Date	Vendor	Purchaser	Consideration (100% terms) US\$ M	Total Project Area (km ²)	Transaction Multiple (\$US / km ²)	Transaction Multiple (Normalised US\$/km ²)
Two exploration licences	Mar-15	Thomson Resources Limited	Riverston Tin Pty Ltd	37.00	182.8	727.0	743.8
Sleitat and Coal Creek tin projects	Mar-15	Strongbow Exploration Incorporated	Investor group	2.13	24.0	21,702.8	22,206.5
Yinchen	Oct-12	Stratos Resources Ltd	Tennant Metals Pty Ltd	0.13	12.0	416,666.7	349,802.2
Bou El Jaj	Mar-12	Kasbah Resources Ltd	Private Vendor	0.52	22.6	14,017.7	10,871.4
Sao Lourenco	Nov-11	Triumph Tin Mining Ltd	LARA EXPLORATION LTD	5.00	34.1	45,481.2	38,078.6
North Brazilian Tin Project	Nov-11	Triumph Tin Mining Ltd	LARA EXPLORATION LTD	0.32	366.3	9,226.4	7,724.7
Sao Lourenco	Jan-07	LARA EXPLORATION LTD	UNNAMED COMPANY	1.55	400.4	2,672.3	4,204.0
South Crofty project	Mar-16	Strongbow Exploration Inc	Administrators (Galena Special Situations Fund)	17.73	75	236,421	249,414
Redmoor project	May-16	Strategic Minerals Plc	New Age Exploration Limited	3.20	23	139,071	148,388
Oonah	Jan-11	Minemakers Ltd	Clancy Exploration Ltd	0.05	73.0	730.6	474.6
Azul	Mar-13	Avenue Resources Ltd	Unnamed Vendor	3.85	6.7	573,770.5	438,939.4

The Transactions highlighted in grey were removed as outliers as they contained Resources

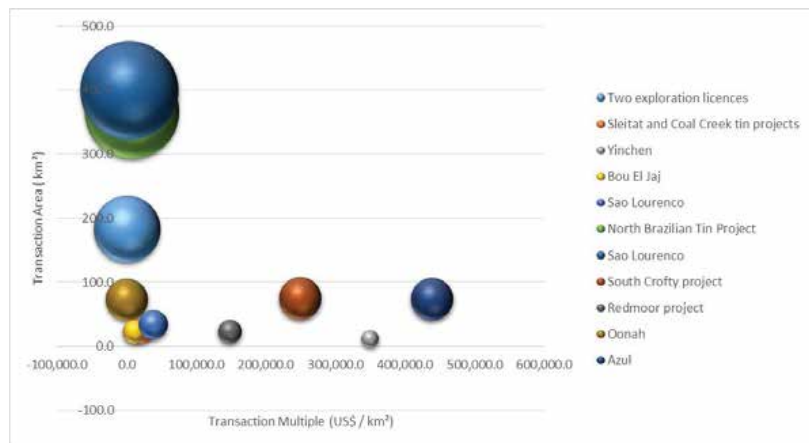


Figure 7-2: Normalised acquisition cost per km² at a 100 percent basis versus total area with area shown as bubble size

The implied multiples from SRK's analysis of early stage exploration transactions are presented in Table 7-10.

Table 7-10: Transaction statistics (normalised)

	Sn (US\$/km²)	Sn (A\$/km²)*
Minimum	744	992
Median	10,871	14,495
Average	61,947	82,596
Maximum	349,800	466,400
Weighted Average	10,480	13,974

*based on A\$:US\$ = 1:0.75

Based on the current exploration status, SRK has elected to assign a multiple of A\$5,000 to A\$15,000/km² to Kasbah's Zaer, Ment and Tamlalt exploration projects and A\$10,000 to A\$15,000/km² to the Bou El Jaj project (for prospects outside of the Ain Karma deposit) and A\$20,000 to A\$30,000/km² to the Achmmach Sidi Addi Trend and near mine extensions. SRK notes that it has not valued the Smaala Oulmes Fault Zone or Meseta applications on that basis that it does not have sufficient supporting information to ascribe a value. Table 7-11 summarises SRK's valuation of Kasbah's regional exploration projects.

Table 7-11: Implied Value of Kasbah's exploration projects

Project	Area (km²)	Assigned Value (A\$/km²)		Implied Value (A\$)	
		Low	High	Low	High
Achmmach exploration potential (100 percent)	32.00	20,000	30,000	640,000	960,000
Bou El Jaj	22.60	10,000	15,000	226,000	339,000
Zaer	61.75	5,000	10,000	309,000	618,000
Smaala Oulmes Fault Zone	32.00	-	-	-	-
Ment SN	160.00	5,000	10,000	800,000	1,600,000
Meseta	64.00	-	-	-	-
Tamlalt	128.00	5,000	10,000	640,000	1,280,000
TOTAL	516.35			2,670,000	4,957,000

Using a Market approach, SRK's Preferred Value for a 100 percent interest in Kasbah's exploration tenements is estimated to reside within the range of A\$2.67 M to A\$4.96 M.

Multiple of Exploration Expenditures

In addition, SRK has analysed Kasbah's past exploration expenditure and applied a range of prospectivity enhancement factors to estimate the current technical value.

In the case of an Exploration Property, and to a lesser extent an Advanced Exploration Property, the potential is more speculative and the valuation is dependent to a large extent on the informed, professional opinion of the valuator. Where useful previous and committed future exploration expenditure is known or can be reasonably estimated, the Multiple of Exploration Expenditure ("MEE") method is considered to represent one of the more appropriate valuation techniques.

This method involves assigning a premium or discount to the relevant effective Expenditure Base ("EB"), represented by past and future committed expenditure, through application of a Prospectivity Enhancement Multiplier ("PEM"). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a 'grass roots' project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value.

The MEE method (also known as the Past Expenditure Method) relies on the assumption that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The PEM which is applied to the effective expenditure relating to exploration (pre-Resource) therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation defined
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably enhanced the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 – 2.0	Scout drilling (RAB, Aircore, RC) has identified interesting intersections of mineralisation
2.0 – 2.5	Detailed drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0 – 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0 – 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment.

The considered exploration spend is based on Kasbah's in-ground expenditure since project acquisition which is adjusted for inflation.

Table 7-12 presents a summary of the rating factors and technical value for the Bou El Jaj and Tamlalt projects (the only project for which exploration expenditure was available), based on the Multiples of Exploration Expenditure (MEE) Rating.

Table 7-12: Multiple of exploration expenditure valuation

Tenement	Total Exploration Spend (A\$)	Productive Exploration Factor	Expenditure Base (A\$)	Prospectivity Enhancement Multiplier (PEM)		Implied Value (A\$M)	
				Low	High	Low	High
Bou El Jaj	\$1,614,037	80%	\$1,291,230	2.0	2.5	\$2.58M	\$3.23M
Tamlalt	\$368,760	80%	\$295,000	1.0	1.3	\$0.30M	\$0.38M
Total						\$2.88M	\$3.61M

Applying the MEE method, the implied value for 100 percent interest in the Bou El Jaj and Tamlalt Projects is expected to reside within the range A\$2.88 M to A\$3.61 M.

Geoscientific rating

As a further cross check on the value of the exploration potential associated with Kasbah's Moroccan interests, SRK has also considered the geoscientific rating method of valuation.

The geoscientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through the use of appropriate Multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical in that it forms the standard base from which to commence a valuation. It represents the "average cost to identify, apply for and retain a base unit of area of title".

Multipliers are considered for Off-property aspects, On-property aspects, Anomaly aspects and Geological aspects. These multipliers are then applied sequentially to the BAC to estimate the Technical Value for each Licence. A further Market Factor is then considered to derive a Market Value.

A BAC for Moroccan exploration licences has been estimated using the following assumptions:

- Under Moroccan mineral legislation an exploration licence is valid for a maximum period of 3 years renewable by a further 4 years. It is assumed that the average age of Exploration Licences in Morocco is 3 years.
- The legislation provides for a maximum area of 16 km². It is assumed the average size of the Exploration Licence in Morocco is 16 km².
- A deemed cost to identify an area of interest of US\$20,000 was assumed, as well as US\$5,000 for the cost of landholder notices, negotiations, legal costs and compensation.
- Under existing mineral legislation the current fees payable for Exploration authorisation application MAD50 and PR application MAD2,000 and MAD4,000 for a renewal (US\$210 to US\$420). It is assumed the average cost is US\$220.
- Exploration work program expenditure is MAD10,000/km² for the exploration authorisation and MAD 33,000 for the PR (combined costs of US\$4,500/km²). It is assumed these fees are US\$4,500/km².
- Ongoing administrative costs of US\$10,000 per licence per year were assumed.

Altogether this provides an assumed BAC for the average Moroccan Exploration Licence of US\$2,650/ km² or A\$3,530/km².

A market factor of 60 percent was applied to convert the Technical Value to a Market Value.

The rating criteria use for assessing the modifying factors are provided in Table 7-13. These ratings criteria have been modified by SRK.

SRK's estimated value range using the geoscientific rating method is presented in Table 7-14.

Table 7-14: Geoscientific Rating Value for Kasbah's regional targets

Targets	Area (km²)	BAC (A\$)	Off Property		On Property		Geology	Anomaly	Technical Value (A\$)	Market	Market Value (A\$)
Achmmach exploration potential (100 percent)	32	113,100	High	2	2	3	3	3,591,000	0.6	2,155,000	
			Low	1.5	1.5	2.5	2.5	1,403,000	0.6	842,000	
Bou El Jaj	22.6	79,900	High	2	2	2.5	2	1,409,000	0.6	845,000	
			Low	1.5	1.5	2	1.5	476,000	0.6	285,000	
Zaer	61.75	218,200	High	1.5	1.5	1.5	1.5	974,000	0.6	585,000	
			Low	1	1	1	1	192,000	0.6	115,000	
Ment SN	160	565,400	High	1.5	1.5	1.5	1.5	2,525,000	0.6	1,515,000	
			Low	1	1	1	1	499,000	0.6	299,000	
Tamlait	128	452,300	High	1.5	1.5	1.5	1.5	2,020,000	0.6	1,211,976	
			Low	1	1	1	1	399,000	0.6	239,403	
Total			High					10,519,000		6,312,000	
			Low					2,969,000		1,781,000	

Table 7-13: Modified property rating criteria

Rating	Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1			No mineralisation identified – area sterilised	Unfavourable geological setting, no alteration of interest
0.5	Unfavourable district/basin	Unfavourable area	Extensive previous exploration provided poor results	Poor geological setting / extensive cover
0.9			Poor results to date	Generally favourable geological setting, under cover or complexly deformed or metamorphosed
1.0	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive	
2.0	Several old workings in district	Several old workings or exploration targets identified	Several well defined targets supported by limited drill data	Multiple exploration models being applied simultaneously
2.5			Several well defined targets with encouraging drill results	Well defined exploration model applied to new areas
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant grade intercepts evident but not linked on cross or long sections	Significant mineralised zones exposed in prospective host rock
4.0	Along strike from a major deposit	Major Mine with significant historical production	Several sub-economic grade intercepts on adjacent sections	Well understood exploration model, with valid targets in structurally complex area, or under cover
5.0	Along strike for a world class deposit		Marginally economic targets of significant size – advanced drilling	Well understood exploration model, with valid targets in well understood stratigraphy
6.0			Several significant ore grade correlative intersections	Advanced exploration model constrained by known and well understood mineralisation
10.0		World Class Mine		

Source: Modified after Xstract, 2009, CSA, 2013

Based on its analysis using the Geoscientific Rating method, SRK's estimate of the current market value of a 100 percent interest in the regional exploration potential of Kasbah's Moroccan mineral assets lies in the range A\$1.78 M to A\$6.31 M.

Using a Geoscientific rating approach, SRK estimates the value of a 100 percent interest in the exploration potential associated with Kasbah's Moroccan mineral assets lies within a range of A\$1.78 M to A\$6.31 M.

Summary

In selecting its overall value range and preferred value, SRK notes the following:

- The proposed development of mining and processing related infrastructure at Achmmach supports the exploration potential of the surrounding region;
- To date, only limited assessment has been carried out over the extensions to the currently defined resource along the Meknes trend and along the Sidi Addi trend at the Achmmach Tin Project. SRK has given equal weighting to all methods used to assess the value of the Achmmach exploration potential outside of the defined resources and selected a value towards the upper end of the range as its preferred value given SRK's opinion that ongoing exploration along the Sidi Addi and extensions to the Meknes Trend is likely to result in further increases to the currently defined resource base;
- While an Exploration Target has been delineated at the Ain Karma prospect at Bou El Jaj (value separately assessed), the Gallery Hill, Grande Crete and Hill 982 and their extensions remain to be fully assessed. SRK's valuation range for Bou El Jaj is informed by the minimum and maximum values as derived from the various methods with preferred value informed by the average of these;
- Four prospective zones have been delineated through initial reconnaissance activities at the Zaer Project and these remain to be drill tested. SRK has given equal weighting to all methods used to assess the value of the Zaer Project and selected the average of the range as its preferred value;
- Initial reconnaissance at the Ment project delineated four areas of interest associated with altered outcropping rocks. Further geochemical sampling is proposed. SRK has given equal weighting to all methods used to assess the value of the Ment Project and selected a preferred value slightly below the average of the range given it understands that Kasbah is to relinquish one PR;
- Kasbah did not provide any information to SRK in support of its Meseta applications or Smaala Oulmes Fault Zone Projects and as such SRK has elected not to provide a value for these tenements.
- Despite gold mineralisation being intersected over a 400 m strike length by previous exploration activities at Tamlalt, Kasbah has conducted little to no exploration to date due to its focus on the development of the Achmmach Project. Kasbah has advised SRK of its intention to relinquish five PRs at Tamlalt. As such, SRK has selected a preferred value towards the lower end of the valuation range for the Tamlalt Project.

On this basis, SRK has selected its preferred value for a 100 percent interest in the exploration potential at Kasbah's Moroccan interests from the valuation range as set out below:

Table 7-15: SRK's valuation of Kasbah's Moroccan interests

Project	Valuation Method	Implied Value (A\$)		
		Low	High	Preferred
Achmmach exploration potential (100 percent)	Bou el Jaj Transaction	110,000	364,000	
	Comparative Transactions	640,000	960,000	
	Geoscientific Rating	842,000	2,155,000	
	Selected	530,000	1,200,000	1,000,000
Bou El Jaj	Bou el Jaj Transaction	78,000	257,000	
	Comparative Transactions	226,000	339,000	
	Multiples of Exploration Expenditure	300,000	380,000	
	Geoscientific Rating	285,000	845,000	
	Selected	230,000	840,000	530,000
Zaer	Bou el Jaj Transaction	213,000	703,000	
	Comparative Transactions	309,000	618,000	
	Geoscientific Rating	115,000	585,000	
	Selected	210,000	640,000	420,000
Smaala Oulmes Fault Zone	Bou el Jaj Transaction	-	-	
	Comparative Transactions	-	-	
	Geoscientific Rating	-	-	
	Selected	-	-	-
Ment SN	Bou el Jaj Transaction	552,000	1,822,000	
	Comparative Transactions	800,000	1,600,000	
	Geoscientific Rating	299,000	1,515,000	
	Selected	550,000	1,650,000	1,000,000
Meseta	Bou el Jaj Transaction	-	-	
	Comparative Transactions	-	-	
	Selected	-	-	-
Tamlalt	Bou el Jaj Transaction	442,000	1,458,000	
	Comparative Transactions	640,000	1,280,000	
	Multiples of Exploration Expenditure	300,000	380,000	
	Geoscientific Rating	239,000	1,212,000	
	Selected	400,000	1,100,000	500,000
TOTAL (100 percent)		1,920,000	5,430,000	3,450,000
TOTAL (Achmmach 75 percent interest)		1,787,000	5,130,000	3,200,000

Based on various valuation methods as outlined above, SRK estimates the value of a 100 percent interest in the exploration potential associated with Kasbah's Moroccan mineral assets lies within a range of A\$1.92 M to A\$5.43 M with a preferred value of A\$3.45 M.

Taking into account Kasbah's 75 percent interest in the Achmmach Project, Kasbah's interests are estimated to reside in the range A\$1.79 M to A\$5.13 M with a preferred value of A\$3.20 M.

7.5 AMR's Projects

7.5.1 Valuation of AMR's Ban Phuc Nickel - Copper Project

The Ban Phuc Nickel Project will be placed in care and maintenance in September 2016 due to the anticipated depletion of the Project Reserves. AMR also holds title to a single exploration licence within the broader Ta Khoa Concession. To date, only limited exploration has been undertaken outside of the Ban Phuc mine area and no Mineral Resources have been declared. Under the definitions in the VALMIN Code (2015), projects in care and maintenance are considered as Pre-Development Projects and the exploration licences are considered Early-stage Projects:

- **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;
- **Pre-Development Project** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

Residual Resource

SRK has been advised by AMR that upon cessation of mining and placing the Ban Phuc mining and processing operation on care and maintenance there will be no residual resources associated with MSV style mineralisation at Ban Phuc.

There is however a Mineral Resource associated with the disseminated mineralisation which sits immediately adjacent to the hangingwall of the BAN Phuc MSV mineralisation.

As noted in Section 5.2.6 and based on the available information, in SRK's opinion, there is a high likelihood that the disseminated component of the Resource does not meet the criteria of having "reasonable prospects of (eventual) economic extraction" under the current definition in either the JORC or CIM Codes.

In addition, SRK notes that the Disseminated Resource was not mined as part of the recently closed mining operation and AMR has advised SRK that it does not intend to develop the disseminated resource at current nickel prices. While there are a number of disseminated nickel sulphide projects around the world with similar tonnages and grades, SRK questions whether the Ban Phuc Disseminated Mineralisation is likely to be developed on a standalone basis. In SRK's opinion, the disseminated resource is unlikely to be developed over the near to medium term without further exploration success from one or more of the regional exploration targets.

Based on the foregoing discussion, SRK does not consider that the Disseminated Mineralisation resource has any material value.

SRK has been advised that AMR continues to assess a range of options regarding the development of the Disseminated Mineralisation resource.

Exploration Potential

For the purposes of this valuation, SRK has derived a US\$/km² (area based) comparative transaction multiple. The transaction multiple is calculated by determining the transaction value (on a 100 percent equity basis) divided by the total exploration area of the Exploration Licences subject of the transaction. The transaction multiple is then normalised based on the nickel price at the time of the transaction.

Comparable transactions

Using SRK's internal databases and SNL Financial (SNL) subscription database, transactions involving nickel were researched and analysed to determine comparability with the Ban Phuc exploration project. The Ban Phuc asset and potential comparatives were assessed according to the Project Development Categories outlined in the VALMIN Code (2015).

SRK initially identified 49 nickel transactions occurring between January 2000 and July 2016 in South East Asian Developing countries. However the majority of these transactions included either greenfields projects, those with defined Resources or Reserves and/or involved Nickel Laterite style mineralisation, as opposed to hardrock nickel sulphide mineralisation as evident at Ban Phuc. Given the paucity of sulphidic nickel transactions at the Early Exploration to Advanced stage in Asia; SRK has compiled transaction data for Early to Advanced Stage sulphidic nickel projects globally. SRK's final analysis excludes transactions which hosted defined Mineral Resources.

Table 7-16: Global Nickel Sulphide transactions

Project	Date	Vendor	Purchaser	Consideration (100% terms) US\$ M	Total Project Area (km ²)	Transaction Multiple (\$US / km ²)	Transaction Multiple (Normalised US\$/km ²)
Mt Alexander project	Dec-15	BHP Billiton Group	St George Mining Limited	0.28	78.65	3,611.52	4,256.48
Polymetallic mining asset	May-16	Undisclosed seller	Green Swan Capital Corporation	0.02	2.60	6,143.93	7,062.26
Plumridge tenements	Sep-15	Segue Resources Limited	MMG Limited	12.75	2,250.00	5,664.49	5,849.92
Silver Swan North Project	Jul-15	Lawson Gold Limited	Moho Resources NL	1.09	16.52	65,934.44	59,289.41
Seven tenements	Jul-15	Creasy Group Pty. Ltd.	Legend Mining Limited	4.49	2,530.00	1,775.27	1,596.35
Deralinya Project Joint Venture	Aug-15	Segue Resources Limited	OMNI GeoX Pty Ltd	0.32	760.00	423.07	418.05
Double Magic nickel project	Apr-15	Undisclosed sellers	Buxton Resources Limited	0.23	92.35	2,438.69	1,950.59
Three mineral titles	Apr-15	Private Investor - Marcy Kiesman	Hi Ho Silver Resources Inc.	0.18	2.22	81,027.87	64,810.40
Ivrea project	Feb-15	Private investors	Nyota Minerals Limited	6.65	116.80	56,924.02	40,085.74
Hurricane project*	Aug-15	Pembroke Mining Corporation	Undisclosed buyer	0.17	968.45	172.10	170.06
Kitgum-Pader project	Nov-14	Geocrust Pty. Ltd.	Sipa Resources Limited	1.97	6,490.00	303.17	196.83
Mangabal	Dec-07	XSTRATA PLC	CASTILLIAN RESOURCES CORP	14.00	1,341.39	10,436.93	4,111.25

The Hurricane Project Transaction (highlighted grey) was removed as an outlier as the expenditure commitments were not disclosed which could potentially have a material effect on the transaction multiple derived.
The 4 transactions shaded blue were considered to be most comparable in SRK's opinion.

Table 7-17: Transaction statistics

	\$US / km²	Normalised US\$ / km²
Minimum	172.10	170.06
Median	4,638.00	4,183.87
Average	19,571.29	15,816.45
Maximum	81,027.87	64,810.40
Weighted Average	2,876.34	2,103.52
Outliers Removed		
Minimum	423.07	418.05
Median	4,638.00	4,183.87
Average	18,401.05	14,694.72
Maximum	65,934.44	59,289.41
Weighted Average	5,539.51	4,065.02
Preferred Comparatives		
Minimum	2,438.69	1,950.59
Median	30,267.77	22,171.11
Average	32,227.17	26,395.55
Maximum	65,934.44	59,289.41
Weighted Average	27,100.37	20,295.64

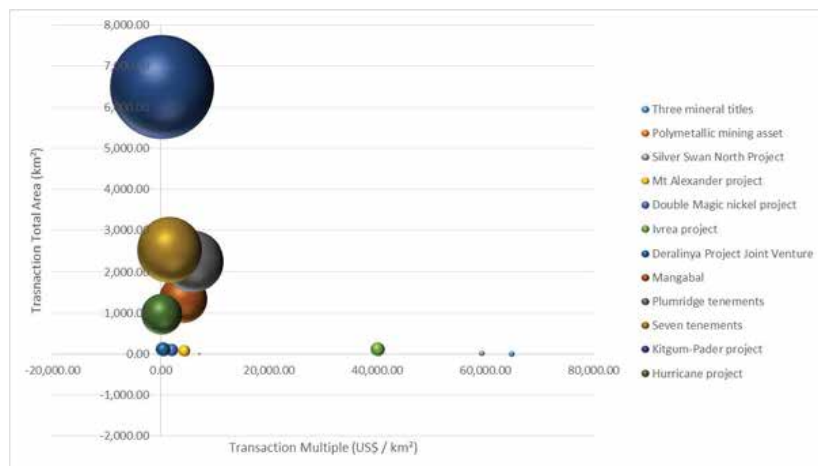


Figure 7-3: Comparative Transaction Analysis – Early to Advanced Nickel Sulphide Projects

SRK considers that an implied value may best be determined and be most comparative through analysis of projects of comparative size and with similar prospects based on proximity to existing Resources or Mines and or early exploration results.

Table 7-18 summarises the comparative transaction valuation of the Ban Phuc concession outside of the current mining area. In assessing the likely valuation range, SRK has considered the average of the implied value of the 49.7 km² area to provide the low end of the valuation range and average of the implied value of the 150 km² area to provide the high end of the range.

Table 7-18: Implied Value of the Ban Phuc Nickel Exploration Potential using Comparative Transactions

Preferred Comparatives	Normalised US\$ / km ²	Implied Value of 49.7 km ² area(US\$M)	Implied Value of 150 km ² area (US\$M)
Minimum	1,950.59	0.10	0.29
Median	22,171.11	1.10	3.33
Average	26,395.55	1.31	3.96
Maximum	59,289.41	2.95	8.89
Weighted Average	20,295.64	1.01	3.04

Using a Comparative Transaction area based approach only, SRK considers the value of a 100 percent interest in the exploration potential outside of the AMR's Ban Phuc Nickel mining operation resides within a valuation range of A\$1.75 M to A\$5.28 M (assuming A\$:US\$ = 1:0.75).

Multiple of Exploration Expenditures

In addition, SRK has analysed BPNM's past exploration expenditure and applied a range of prospectivity enhancement factors to estimate the current value of the exploration potential associated with the Ban Phuc Exploration tenure.

Table 7-19 presents a summary of the rating factors and technical value for the Ban Phuc project (outside of the Ban Phuc nickel mining operation), based on the Multiples of Exploration expenditure (MEE) Rating.

Table 7-19: Multiple of exploration expenditure valuation

Tenement	Total Exploration Spend (US\$)	Productive Exploration Factor	Expenditure Base (US\$)	Prospectivity Enhancement Multiplier (PEM)		Implied Value (US\$M)	
				Low	High	Low	High
Ban Phuc regional	\$2,172,400	80%	\$1,737,900	1.7	2.2	\$2.95 M	\$3.82M
Total						\$2.95M	\$3.82M

Applying the MEE method, the implied value for 100 percent interest in the Ban Phuc exploration potential outside of the Ban Phuc nickel sulphide mining operation is expected to reside within the range A\$3.94 M to A\$5.10 M (assuming A\$:US\$ = 1:0.75).

Geoscientific rating

As a further cross check on the value of the exploration potential associated with AMR's Ban Phuc Concession, SRK has also considered the geoscientific rating method of valuation.

A BAC for Vietnamese exploration licences has been estimated using the following assumptions:

- Under Vietnamese mineral legislation an exploration licence is valid for a maximum period of 48 months (4 years) and may be extended multiple times for a total maximum duration of 48 months (4 years). It is assumed that the average age of Exploration Licences in Vietnam is 4 years.
- For metallic minerals, the legislation provides for a maximum area of 50 km². It is assumed the average size of the Exploration Licence in Vietnam is 50 km².
- A deemed cost to identify an area of interest of US\$10,000 was assumed, as well as US\$1,000 for the cost of landholder notices, negotiations, legal costs and compensation.
- Under existing mineral legislation the current fees payable for issuance of an Exploration Licence varies from Vietnamese Dong (VND) 4 M to 15 M (US\$200 to US\$750). It is assumed the average cost is US\$500.
- The assumed holding cost includes a rent assumption of US\$50/km² per annum
- Ongoing administrative costs of US\$5,000 per licence per year were assumed.
- Annual exploration commitments of US\$50,000 per licence were assumed.

Altogether this provides an assumed BAC for the average Vietnamese Exploration Licence of US\$1,170/ km² or A\$1,560/km².

As the Ban Phuc Exploration Licence is the current focus of exploration activities, SRK has subdivided the licence into subareas based on AMR's defined targets, such that high values were attributable to areas of high perceived potential or likely to receive focussed attention in the near term. In contrast, this means that low values were not attributable to areas of lower perceived prospectivity or unlikely to attract assessment in the near to medium term.

A market factor of 60 percent was applied to convert the Technical Value to a Market Value.

Table 7-20: Geoscientific Rating Value for AMR's regional targets

Targets	Area (km ²)	BAC (A\$)	Off Property		On Property		Geology	Anomaly	Technical Value (A\$)	Market	Market Value (A\$)
High Priority areas (Kingsnake, Ban Chang)	5	7,800	High	3	2	1.5	3.5	3.5	573,000	0.6	344,000
			Low	2.5		3	3	3	263,000	0.6	158,000
Development Targets	15	23,400	High	3	2	1.5	2.5	2.5	878,000	0.6	527,000
			Low	2.5		1.5	2	2	351,000	0.6	211,000
Conceptual Targets	20	31,200	High	3	1.5	2	2.5	2.5	702,000	0.6	421,000
			Low	2.5	1	1.5	2	2	234,000	0.6	140,000
Residual	110	171,600	High	2	3	1.5	1.5	2	3,089,000	0.6	1,853,000
			Low	1.5	2.5	1	1.5	1.5	965,000	0.6	579,000

Based on its analysis using the Geoscientific Rating method, SRK's estimate of the current market value of AMR's 100 percent interest in the regional exploration potential of the Ta Khoa Concession lies in the range A\$1.09 M to A\$3.14 M.

Using a Geoscientific rating approach only, SRK considers the value of a 100 percent interest in the exploration potential associated with AMR's Ta Khoa Concession lies within a range of A\$1.09 M to A\$3.14 M.

Summary

In selecting its overall value range and preferred value, SRK notes the exploration potential at Ban Phuc is supported by:

- The Ta Khoa Concession has been granted exclusively to AMR and provides flexibility going forward in relation to the areas to be assessed under the Exploration Licence;
- AMR has defined a pipeline of targets ranging from walk up drill targets to conceptual exploration plays;
- The presence of an existing, albeit currently dormant, processing facility and associated mining and processing infrastructure capable of being brought back in to production rapidly and without the requirement for further approvals and permitting or large capital expenditures;
- Mineralisation encountered and mined to date at Ban Phuc is capable of producing clean concentrates without penalties for deleterious elements such as arsenic and sulphur;
- The mineralisation encountered to date includes potential by-product credits from PGE mineralisation;
- As noted previously, based on the available data SRK considers the Ban Phuc Disseminated Mineralisation is unlikely to be practically mineable and in SRK's opinion, its future development is likely to be dependent on exploration success at other targets within the Ban Phuc Concession area. As such the value of this disseminated mineralisation is captured within the valuation of exploration potential;
- Going forward, AMR has proposed further exploration including geophysical surveying and drilling on its defined targets within the Ta Khoa Concession to further assess and advance their status.

On this basis, SRK has selected its preferred value for a 100 percent interest in the exploration potential at Ban Phuc from the valuation range as set out below. In determining its range, SRK has adopted values broadly in line with the minimum and maximum values implied by the various valuation methods. SRK's preferred value is slightly above the midpoint of this range, reflecting SRK's view that AMR's exploration activities conducted to date have outlined several quality early stage targets that offer potential for conversion to Mineral Resources with further exploration.

Table 7-21: Summary of Valuation of AMR's regional targets

Project	Valuation Method	Low (A\$ M)	High (A\$ M)	Preferred (A\$ M)
Ban Phuc Exploration Potential	Comparative Transactions	1.75	5.28	
	Multiples of Exploration Expenditure	3.94	5.10	
	Geoscientific Rating	1.09	3.14	
	Selected	1.10	5.10	4.00

7.6 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed. Having asked the question of both Kasbah and AMR, SRK is not aware of any previous valuation having been conducted to the mineral assets which are the subject of this report.

8 Valuation Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) commissioned SRK Consulting Australia Pty Ltd (SRK) to prepare an Independent Specialist Report incorporating a technical assessment and valuation of the mineral assets held by Kasbah Resources Limited (Kasbah) and Asian Mineral Resources Limited (AMR). This Report has been prepared under the guidelines of the VALMIN Code (2015), which incorporates the JORC Code (2012).

For this valuation, SRK conducted a high level review of the available technical information supporting Kasbah's Achmmach and AMR's Ban Phuc Projects, for the purpose of determining the validity of such information from a valuation perspective. In SRK's opinion, there are no Mineral Resources outside of those included in the current mine schedule for Achmmach, and as such no value was attributed to residual resources.

While the VALMIN Code (2015) states that decisions as to which valuation methodology is used are the responsibility of the Expert or Specialist, where possible, SRK considers a number of methods. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

SRK has recommended preferred values and value ranges for both Kasbah and AMR's mineral assets on the basis of Exploration Targets and the areal extent of tenure. SRK has recommended value ranges for Pre-Development, Advanced Exploration and Exploration areas on the basis of an analysis of recent comparable transactions involving tin and nickel-copper projects worldwide.

In the case of Kasbah's Bou El Jaj Project, SRK considered recent market transactions to estimate the likely value range of the defined mineralisation which in SRK's opinion is currently estimated at the level of an Exploration Target. SRK's preferred value was then determined within a range of possible values, considering all the available information provided by the respective parties.

In the case of the Exploration Projects, SRK has considered an actual and comparable transactions and where appropriate Multiples of Exploration Expenditure and a Geoscientific rating approach to arrive at a valuation range. In doing so, SRK notes that the VALMIN Code (2015) cautions against ascribing value to licences under application and that Kasbah has several exploration permits currently in application.

SRK's recommended valuation ranges and preferred values for each project are summarised in Table 8-1 below. SRK has produced a Market Value as defined by the VALMIN Code (2015). The positioning of SRK's selected valuation range and preferred value are explained elsewhere in this report.

Table 8-1: Summary of SRK's Valuation of Kasbah and AMR's assets as of 14 September 2016

Company	Value Centre	Low (A\$)	High (A\$)	Preferred (A\$)
Kasbah	Achmmach Residual Resources	-	-	-
	Achmmach Exploration Potential (100 percent)	530,000	1,200,000	1,000,000
	Bou El Jaj Exploration Target	50,000	225,000	150,000
	Bou El Jaj Exploration Potential	230,000	840,000	530,000
	Zaer Exploration Potential	210,000	640,000	420,000
	Smaala Oulmes Fault Zone Exploration Potential	-	-	-
	Ment Exploration Potential	550,000	1,650,000	1,000,000
	Meseta Exploration Potential	-	-	-
	Tamlalt Exploration Potential	400,000	1,100,000	500,000
	Total (100 percent basis)	1,970,000	5,655,000	3,600,000
	Total (attributable to Kasbah)	1,838,000	5,355,000	3,350,000
AMR	Residual Resources	-	-	-
	Regional Exploration Potential	1,100,000	5,100,000	4,000,000
	Total	1,100,000	5,100,000	4,000,000

Any discrepancies between values in the table are due to rounding.

Compiled by



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Peer Reviewed by



Matthew Greentree

Principal Consultant

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Appendix A: YKVN Legal Opinion



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Dear Sirs,

Ban Phuc Nickel Mines Limited Liability Company (“**BPNM**” or the “**Company**”) has requested us to provide an independent legal opinion on approvals and tenure of the Project and the Mine.

For the purpose of this report, the Project is the one located in an area of 150km² covering six (6) communes of Muong Khoa, Ta Khoa, Song Pe, Hong Ngai of Bac Yen district and Chieng Chan, Ta Hoc communes of Mai Son district, Son La province, Vietnam, and the Mine is a nickel mine located in an area of 7 ha in Muong Khoa commune, Bac Yen district, Son La province, Vietnam, with investment activities described in details in the Investment Certificate 241022000033 granted to the Company, amended from time to time (“**Investment Certificate**”).

REVIEWED DOCUMENTS

In connection with this report, we have been provided with and have reviewed the documents concerning BPNM listed in **Annex A** (the “**Reviewed Documents**”). A list of abbreviations and definitions is attached in **Annex B**.

QUALIFICATIONS AND LIMITATIONS

This report is delivered on and subject to the following bases, qualifications and limitations:

1. This report has been prepared in connection with SRK’s review of AMR’s project tenements and approvals of the Mine. This report is solely for your benefit and may not be relied upon or quoted in any manner or for any purpose by any other person, without our express written consent. However, this report may be disclosed if required by applicable law or in accordance with an official directive or request which is issued or made in accordance with applicable law *provided that* the persons to whom the report is disclosed shall not rely on it and shall not disclose it to any other person.

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2. This Report opines only on the matters set out herein. This legal report is only intended to provide a legal opinion on whether the Company holds valid title and relevant approvals to implement the Project pursuant to the Investment Certificate. The report is not intended to be a detailed due diligence report and to act in any way as a recommendation to proceed (or not to proceed) with the investment activities under the Investment Certificate, which is a commercial decision for the client to make. This report should not be treated as a substitute for specific legal advice concerning individual contracts, arrangements or circumstances and is no substitute for reading the original documents, especially if a document is of particular importance commercially.

3. Our professional engagement was not to establish or confirm factual matters of financial, legal, statistical or quantitative information in the Scheme Booklet. As a result, we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Scheme Booklet, and we have not ourselves checked the accuracy, completeness or fairness of, or otherwise verified, the information furnished in such documents. We express no view regarding the data and information included in the Scheme Booklet and the conveyance of the Scheme Booklet or the information contained therein to investors.

4. YKVN is a Vietnamese law firm licensed pursuant to Operation Registration No. 01070297/TP/DKHD, dated January 14, 2008, issued by the Department of Justice of Hanoi and qualified to advise on Vietnamese laws and to provide opinions set forth herein. The opinions expressed herein are based solely on the laws of Vietnam in effect on the date hereof as stated in published and publicly available legal documents and we do not opine on any matters governed by the laws of any other jurisdiction. By “Vietnamese laws” we mean the laws of Vietnam contained in “legal documents” of the type listed in Article 4 of the Law 80/2015/QH13 on Promulgation of Legal Documents, effective from July 1, 2016, which are written, publicly available and nationally-applicable on the date of this report.

ASSUMPTIONS

1. The legal issues in this report are organized by category and not intended to reflect priority of importance.
2. For the purposes of giving this report, we have assumed the following:
 - (i) the genuineness of all signatures on, and the authenticity and completeness of, the Reviewed Documents submitted to us whether as originals or copies;
 - (ii) the conformity to originals of the Reviewed Documents submitted to us as certified or reproduction copies;
 - (iii) the correctness of all factual statements and representations as to matters of fact contained in each of the Reviewed Documents both at the date when given, and at the date of this opinion, save insofar as such statements and representations are the subject of a specific opinion in this opinion and are matters of law and not fact;

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- (iv) that none of the Reviewed Documents has been amended, modified, rescinded or revoked as of the date hereof and that each of the Reviewed Documents is in the form reviewed by us;
- (v) that all conditions which, if unfulfilled and not waived might have any effect on the enforceability of any provision of the Reviewed Documents, have been fulfilled or waived;
- (vi) that all individuals who have signed or have provided any Reviewed Document on which we will rely (including those individuals acting on behalf of the Company) have the civil capacity under applicable legal documents to sign or give such Reviewed Document;
- (vii) that the obligations of each of the parties under each of the contracts constitute legal, valid and binding obligations enforceable against it in accordance with its terms under all applicable Vietnamese laws; and
- (viii) that there are no matters of fact which have not been fully disclosed to us which, had they been fully disclosed, would have affected our opinion.

EXECUTIVE SUMMARY

Subject to our comments and observations specified in Discussion and Analysis Section of this Report, it is our view that the Company has obtained all material permits and licenses necessary for the construction of the Mine, exploitation and processing of nickel ore extracted from the Mine and for its exploration activities over the area of 49.7 km² in the Project. The Investment Certificate is validly issued to the Company pursuant to which the Company has the rights to conduct investment activities in the area of 150 km², subject to conditions set out under relevant laws.

DISCUSSIONS AND ANALYSIS

I. Corporate Approvals

1. Incorporation Licenses

The Company was first incorporated in Vietnam under Investment License No. 522/GP dated 29 January 1993, as amended on 1 November 2005 issued by the State Committee for Co-operation and Investment (“SCCI” - the former of the Ministry of Planning and Investment or “MPI”).

In 2007, in accordance with the Law on Investment 2005, the Company re-registered its Investment License and as a result, the Company was granted with Investment Certificate No. 241022000033 dated 30 July 2007 issued by the People’s Committee of Son La province. Investment Certificate 241022000033 was subsequently amended for 8 times and the last amendment was dated 6 November 2014 (collectively, the “Investment Certificate”). Please find the following salient corporate information of the Company under the Investment Certificate:

Project Location	: an area of 150km ² covering six (6) communes of Muong Khoa, Ta Khoa, Song Pe, Hong Ngai of Bac Yen district and Chieng Chan, Ta Hoc of Mai Son district, Son La Province
Objectives and scale of the project	: - Implement business activities and exploration activities on the Project area; - Conduct a feasibility study on targeted areas within the Project area to exploit copper, nickel, cobalt and associated minerals; - Develop ore deposits to exploit copper, nickel, cobalt and the associated minerals within the Project Area; - Exploit, process, transport, export nickel-copper ore and sell all mining products of the Project.
Investment Capital	: the total investment capital for construction and development of the Mine to US\$136 million, equivalent to VND 2,423,012,000,000.
Charter Capital	: USD 5,571,000, equivalent to VND 89,804,520,000
Legal Representative	: Evan James Spencer – General Director

2. Mining License

In 2007, the Company was granted with Mining License No. 2089/GP-BTNMT dated 17 December 2007 by the Ministry of Natural Resources and Environment (“**MONRE**”) for the mining activities of nickel and copper in an area of 7ha in Ban Phuc, Muong Khoa, Bac Yen, Son La with the exploiting capacity of 200,000 tons annum (“**Mining License 2089**”). Mining License 2089 has a term of seven (7) years from the date of issuance.

In 2013, the Company obtained a new Mining License No. 1211/GP-BTNMT dated 22 July 2013 from MONRE (“**Mining License 1211**”) which increased the exploitation capacity from 200,000 tons to 360,000 tons per annum. From the 1st year to 5th year (2015-2019): 360,000 ton crude ore/per year; products after processing: ore content 9.5% Ni and other components. From 6th year (2020): 213,359 ton per year and products after processing: ore 9.5% Ni and other components. Mining License 1211 replaced Mining License No. 2089 and has a term of 6 years from the date of issuance (i.e., expire on 21 July 2019).

According to Mining License 1211, the Company can only implement the mining activities with following conditions: (i) submit approved the mine design to the General Department of Geology and Minerals under MONRE (“**DGMV**”), the Department of Natural Resources and Environment of Son La Province (“**DONRE**”), the Department of Industry and

Trade of Son La Province (“**DOIT**”); (ii) notify competent authorities of the Mine Director and the Exploitation and Production Plan.

In 2015, the Company was granted with Decision No. 288/QD-BTNMT (“**Decision 288**”) dated 06 February 2015 by MONRE amending Mining License 1211. Decision 288 increases ore reserves from 2,139,511 tons to 2,424,600 tons and the term of exploitation is extended to 31 December 2020. According to Article 2.2 of Decision 288, the Company must submit Mine Design (2014 revised) to minerals governing State authorities. Mining License 1211 and Decision 288 collectively constitute exploitation licenses of the Company.

Under the Law on Minerals, organizations and individuals licensed for mining may build mine infrastructure and mine minerals only when mine designs have been made and approved under law and submitted to state management agencies in charge of minerals.¹ Under Article 7.1 of Circular No. 33/2012/TT-BCT dated 14 November 2012 of MOIT providing for drafting, review and approval of mine design, construction investment project for solid minerals, MOIT shall give its opinion on the basic design for BPNM project. The Company submitted the mine design to DGMV on 29 November 2013 with the content of increase exploiting capacity from 200,000 tons to 360,000 tons per annum. The Company obtained the MOIT approval of the basic design of the mine pursuant to Official Letter 2198/BCT-Cng dated 21 March 2014.

Regarding Mine Director, the Company submitted the Notification of Appointing Mine Director No. 282/2014/BPNM to DGMV on 31 December 2014 pursuant to the Law on Minerals.

Regarding the Exploitation and Producing Plan, the Company submitted Annual Report No. 313/2015/BPNM to MONRE, DGMV, DONRE of Son La Province on 31 December 2015 pursuant to Decree 15 implementing the Law on Minerals.²

In May 2013, the Company sent a notification to DGMV and MONRE to register the start-up date of exploitation on 10 May 2013.

3. Exploration License

Under Decision 203 of the Prime Minister dated 27 January 2014, the area targeted for exploration of nickel ores and non-auctioned exploitation in Son La province (Muong Khoa, Ta Khoa, Hong Ngai, Song Pe communes, Bac Yen district; and Ta Hoc commune, Mai Son district) shall be **98.92 km²**. Based on Decision 203 of the Prime Minister, in July 2014, the Company was granted Exploration License No. 1366/GP-BTNMT (“**Exploration License 1366**”) by MONRE for the exploration activities of nickel and copper ore in Muong Khoa, Ta Khoa, Song Pe, Hong Ngai communes of Bac Yen district and Ta Hoc commune of Mai Son district, Son La Province. Under the Exploration License 1366, the Company has the right to explore at the exploration area of **49.7 km²**. The term of exploration shall be forty eight (48) months from the date of the Exploration License 1366. Mining activities are prohibited during

¹ Law on Minerals, Article 61.2.

² Decree 15/2012 implementing the Law on Minerals, Article 7 requires annual reports to be submitted by end of the calendar year.

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the exploration process. The areas for exploration activities were updated to the Investment Certificate.

The Company holds a valid exploration right under Exploration License 1366. We note that pursuant to the Law on Minerals the Company has a priority to receive the exploitation right (license) with respect to mineral reserves that have been explored by the Company and approved by DGMV.³

4. Equity to debt ratio

Article 53.2.c of Law on Minerals stipulates that to obtain an exploitation license (a mining license), an organization or an individual must satisfy some conditions, including, *inter alia*, the owner's equity of at least 30% of the total investment capital of the mining investment project. The Law on Minerals took effect from 1 July 2011.

As stated above, the Company obtained Mining License 1211 in 2013 and Decision 288 in 2015, respectively. At the time of obtaining these two mining licenses, the Company has total investment capital of USD 136,000,000 and equity capital of USD 5,571,000 (about 4.1% of total investment capital)⁴ and there was no request from DGMV to increase the charter capital of the Company.

In the future, if the Company wishes to renew Mining License 1211 and Decision 288 or to obtain a new exploitation license, there is a risk that DGMV will request the Company to increase the charter capital. To cover the short fall of the charter capital, members of the Company (Coxama and AMRN) can inject additional capital to the Company or convert exiting shareholder loans to charter capital. Conversion of shareholder loans to equity must be notified to SBV and approved by the licensing authority (DPI).

5. Application for suspension of partial operation of the Company

On 14 September 2016, the Company submitted to the People's Committee, the DPI, and the Tax Department of Son La Province the application dossier to partly suspend business activities of the Mine for one year, i.e., suspend exploitation and processing sulfur nickel concentrate (CU, nickel, coban). The exploration activities under Exploration Permit 1366 are still active.

On 16 September 2016, the Company sent such notification to MONRE, DGMV and MOIT for their references.

Under the Law on Enterprises, a company can apply for suspension of its business activities for one year. If the company wishes to extend suspension period, the company can apply for an additional year and thus, the total duration of continuous suspension must not

³ Law on Minerals, Article 45.

⁴ The 6th Amendment Investment Certificate.

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exceed two years.⁵ Within 03 working days from the receipt of full and valid application dossier, a provincial DPI shall issue a notice acknowledging business suspension. The Law on Enterprises is silent on partial suspension of operation.

The Mining License 1211, the Decision 288 and the Exploration License 1366 expires in July 2019, December 2020 and July 2018, respectively. In the future, when considering any request of the Company to renew or extend the mining license and exploration license or a request for a new mining license and exploration license, DGMV will have to review, *among others*, the investor's compliance with granted-mining licenses (as to prove a good operational history of the investor), which includes partial suspension of operation of the Company, such as, reasons for suspension, duration of suspension and any violation during suspension.

Legal Issues and Notes:

- (A) *The Company is duly incorporated and organized under the legal documents and has power, capacity and authority to own its assets, to conduct its business as specified in the Investment Certificate, mining licenses and the Exploration License 1366.*
- (B) *According to the Land Law 2013, a foreign investor after having an investment certificate shall apply to lease land from or allocate land by local people's committee. A decision to lease land or allocate land to the investor can only be granted upon satisfaction of certain conditions, such as, payment of a deposit to the State budget, completion of land compensation and clearance. Land use rights of the investor will be secured by a land use right certificate (LURC) granted by DONRE.*
- (C) *The Investment Certificate indicates the Project area of 150km² where the Company can conduct its exploration, mining and processing activities. Of the 150km², we understand an area of 98.92 km² was approved by the Prime Minister as the area not subject to auction for mining rights.⁶ Within this 98.82 km², 49.7km² is permitted for exploration activities under the Exploration License 1366. As at today, the Company has obtained title (land use rights) of 123 ha for mining and processing and hold title to lease a further 58,650m² for mining activities (mining and processing).*
- (D) *Although the Investment Certificate does not give the Company a title to the Project land, the Investment Certificate creates an overall legal protection for the Company with respect to 150km², i.e., no other investor can apply for investment in this land area. The Company must comply with the Land Law in order to obtain LURC or to apply for an exploration license for any other parcel of land within the Project area.*
- (E) *The Company holds valid mining licenses (Mining License 1211 and Decision 288) and obtained valid title to the land area of 7ha permitted under Mining License 1211.*
- (F) *The Company holds valid Exploration License 1366 to explore in the concession area*

⁵ Decree No. 78/2015/ND-CP (Government, 14 September 2015) regarding enterprise registration, Article 57.

⁶ Decision 203 of the Prime Minister dated 27 January 2014.

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	of 49,7 km². According to the Law on Minerals, the Company is not required to lease land from the provincial people's committee for exploration activities. Pursuant to the Law on Minerals, the Company has a priority to receive the exploitation right (license) with respect to mineral reserves that have been explored by the Company and approved by DGMV.
(G)	DGMV did not request the Company to increase its charter capital in compliance with the debt to equity ratio as set by the Law on Minerals at the time the Company applied for mining licenses in 2013 and 2015. However, in the future, if the Company wishes to renew Mining License 1211 and Decision 288 or to apply for a new exploitation license, there is a risk that DGMV will request the Company to increase the charter capital. To cover the short fall of the charter capital, members of the Company (Coxama and AMRN) can inject additional capital to the Company or convert exiting shareholder loans to charter capital. Conversion of shareholder loans to equity must be notified to SBV and approved by the licensing authority (DPI).
(H)	The Company has applied for partial suspension of its operation, i.e., suspension of exploitation and processing concentrates. The Company still maintains exploration activities. Partial suspension of operation of the Company has been notified to DPI Son La and the Company expects to receive a confirmation from DPI Son La within 3 working days.
(I)	In the future, when considering any request of the Company to renew or extend the mining license and exploration license or a request for a new mining license and exploration license, DGMV will have to review, among others, the investor's compliance with granted-mining licenses (as to prove a good operational history of the investor).

II. Land and Property

The Company entered into 5 separate Land Lease Agreements with DONRE of Son La province and the Company fulfills payment obligations of land rental in respect of all land lots from 2010 until 2015. The Company is in the process of leasing additional 58,650 m² of land for TSF stage 2.

Area (m ²)	LUR/Term	Land lease agreement	Land Use Purpose	Extension ⁷
1,000,743	T00074 dated 24 December 2009 Term: until	753/HD-TD dated 24 December 2009	Mining activities (7 hectares of land granted under Mining	Possible to apply for extension of the term lease to conform to the term of exploitation under Decision 288

⁷ Law on Minerals, Article 55.1(h): term of land use shall be conform to the term of the approved mining project and mine design.

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Area (m ²)	LUR/Term	Land lease agreement	Land Use Purpose	Extension ⁷
	December 2018	Annual rental payment	1211 License included)	(until December 2020)
67,567	T00567QSDD /1810/QD-UB dated 2 July 2004 Term: Until July 2024	1073/HD-TD dated 24 July 2014 Annual rental payment	office and camp site	
1,197	BE 700957 dated 09 April 2012 Term: until December 2018	927/HD-TD dated 09 April 2012 Annual rental payment	construction of domestic water pipelines and auxiliary facilities	Possible to apply for extension of the term lease to conform to the term of exploitation under Decision 288 (until December 2020)
3,465.5	BE 700958 dated 09 April 2012 Term: until December 2018	928/HD-TD dated 09 April 2012 Annual rental payment	construction of water stations, pipelines and auxiliary facilities	Possible to apply for extension of the term lease to conform to the term of exploitation under Decision 288 (until December 2020)
166,145.6	BT 525342 dated 26 February 2014 Term: until December 2018	1028/HD-TD dated 20 June 2012 One-off rental payment	mineral activities	Possible to apply for extension of the term lease to conform to the term of exploitation under Decision 288 (until December 2020)
Total: 1,239,118.1m²=123ha=1.3km²				
58,650	No LURC	Not yet	mineral activities	
49,7km ² (Explorati on License 1366)	Not required	Not required	exploration activities	

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1. Land Lease with the area of 1,000,743 m²

The Company obtained the LURC No. T00074 dated 24 December 2009 for the area of 1,000,743 m². This LURC indicates that the objective of land use is for mining activities and the term of lease will end in December 2018. As our observation, 7 hectares of land granted under Mining License 1211 has been included into this land area as specified in the approved pap attached to the LURC.

The Company signed the Land Lease Agreement No. 753/HD-TD with Son La DONRE on 24 December 2009. The Land Lease Agreement indicated that payment for the Lease of the land parcel is one-off rental payment for the entire term of the lease.

2. Land Lease with the area of 67,567 m² for office and camp site

We have reviewed a set of documents in relation to the lease of the area of 67,567 m² which include: LURC No. T00567QSDD/1810/QD-UB dated 2 July 2004 and Land Lease Agreement No. 1073/HD-TD dated 24 July 2014. Accordingly, the Company leases a parcel of land of 67,567 m² for the office and camp site. The term of this lease will expire on 2 July 2024 with annual payment of land rental under Land Lease Agreement.

In the existence of the LURC and the Land Lease Contract, relevant maps for this area, under the documents available to us, we believe that the right to lease of the Company is secured for the use of land for the office and camp construction by the Company.

3. Land Lease with the area of 1,197 m²

We have reviewed a set of documents in relation to lease of the area of 1,197 m² which include: LURC No. BE 700957 dated 09 April 2012 and Land Lease Agreement No. 927/HD-TD on the same date. The above documents have approved for the Company to lease the stated land for the construction of domestic water pipeline and auxiliary facilities of the Company with the area of 1,197 m². The lease will expire on 17 December 2018 with the land rental payable on an annual basis. In the existence of these documents, we believe that the right to lease the stated land has secured for the Company to use land during the lease term for the construction of domestic water pipeline and auxiliary facilities of the Company.

4. Land Lease with the area of 3,465.5 m²

We have reviewed a set of documents in relation to lease of the area of 3,465.5 m² which include: LURC No. BE 700958 dated 09 April 2012 and Land Lease Agreement No. 928/HD-TD on the same date. The above documents approved for the Company to lease land for the construction of water station, pipeline and auxiliary facilities of the Company with the area of 3,465.5 m². The lease will expire on 17 December 2018 with the land rental payable on an annual basis. In the existence of these documents, we believe that the right to lease the stated land has secured for the Company to use land during the lease term for the construction of water station, pipeline and auxiliary facilities of the Company.

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5. Land lease with the area of 166,145.6 m²

We have reviewed a set of documents in relation to lease of the area of 3,465.5 m² which include: LURC No. BT 525342 dated 26 February 2014 and Land Lease Agreement No. 1028/HD-TD dated 20 June 2012. The above documents approved for the Company to lease land for mineral activities. The lease will expire on 17 December 2018 with one-off rental payment for the entire term of the Lease. However, whilst the area certified in LURC is 166,145.6 m², the area agreed in Land Lease Agreement is up to 167,817.6 m². Thus, we believe that the right to lease of the Company is secured for the use of 166,146.6 m² of land for mineral activities according to the LURC.

6. Land Lease with the area of 58,650 m²

The Company is in the process of leasing 58,650 m² of land for mineral activities. The Company has obtained the approvals relating to this land, including, *among others*:

- (i) Report No. 257/BC-STNMT of DONRE of Son La dated 8 June 2015 on evaluation results of land use, land lease conditions for work: TSF stage 2 – Ban Phuc Nickel Mines Project in Muong Khoa commune, Bac Yen district, Son La province;
- (ii) Decision No. 2302/QD-UBND of Son La People's Committee dated 12 October 2015 on transferring from purpose of forest into purpose of non-forest for TSF stage 2 – Ban Phuc Nickel Mines Project in Muong Khoa commune, Bac Yen district, Son La province; and
- (iii) Letter No. 1371/STNMT-DD of DONRE dated 22 October 2015 to complete procedure for leasing land for TSF stage 2. (assume this letter was sent from us)

7. Payment of Land Rental during the Suspension of Mining and Processing Activities subject to Mining License 1211

The Company submitted a notice of partial suspension of operation of the Project to DPI on 14 September 2016 for one year. We note that the Company shall still have the obligation to fulfill its financial obligations to the State (payment of land rent),⁸ to protect the land⁹ other obligations as stipulated in its respective Land Lease Agreements.

Legal Issues and Notes:

- (A) The Company holds valid title to the concession area of 123 ha under its LURC and Land Lease Agreements signed with DONRE.
- (B) Under the Law on Minerals, term of land use shall be conform to the term of the approved mining project and mine design. Under Decision 288, the exploitation will

⁸ Only suspension due to a force majeure will be considered for exemption of land rent.

⁹ Land Law No. 45/2013/QH13 (National Assembly, 29 November 2013), Articles 70.3 and 70.4.

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end in December 2020. The Company can apply for extension of current land leases to December 2020. In the future if the company achieves exploration success which results in new reserves approved by GDMV, the Company may obtain new land leases in the concession area.

- (C) *Under the Law on Minerals, the Company is not required to lease land for exploration. The Company has the right to explore on 47ha under the Exploration License.*

III. Environment

1. Deposit of Environmental Bond

The Company already paid the first installment of the Environmental Bond and the Environmental Protection Fund of Son La Province issued letter No. 13/QBVTM-XN dated 17 January 2012 certifying that the Company had made in full the first installment of Environment Bond for the years from 2007 to 2012, being VND2,995,229,000. So far, on the basis of the approved Environmental Impact Assessment (EIA) and Environmental Improvement and Rehabilitation Project, the Company already paid six installments of the Environmental Bond. According to the Approval of EIA and Environmental Improvement and Rehabilitation Project, the Company has to make an Environmental Bond of VND 2,936,254,530 (exclusive of inflation and other fluctuation factors). The Company made deposits of Environmental Bond on 2 March 2015 (VND489,375,755) and 10 March 2016 (VND514,048,925), respectively.

Outstanding Environment Bond payable by the Company shall be VND1,932,829,850 to be paid in the next consecutive 4 years with about VND489,375,755/year. Please note that this number will be adjusted by the competent authority at the time of payment based on inflation and fluctuation factors.¹⁰

2. EIA and Environmental Improvement and Rehabilitation Project

The Company obtained an approval for the EIA and Environmental Improvement and Rehabilitation Project under Decision 711. According to Decision 711, the Company shall make report and be approved on developmental process of environmental protection works as well as perform environmental monitoring.

With respect of the completion of environmental protection works, the Company was granted Certificate No. 103/GXN-TCMT for completion of environmental protection works for operational stage of project (Adjusted 2014) (Stage 1) dated 10 December 2014 issued by General Department of Environment and a Certificate No. 123/GXN-TCMT for completion of environmental protection works for operational stage of project (Adjusted 2014) (Stage 2) dated 27 November 2015 issued by DGVN. Accordingly, the Project has been certified to complete all environmental protection works.

Regarding the requirement of environmental monitoring, the Company signed an

¹⁰ Decision No. 711/QĐ-BTNMT of MONRE dated 22 April 2014 ("Decision 711").

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operating environmental monitoring program contract with the Technical and Analyzed Environment JSC dated 15 January 2014 for performing the periodic monitoring.

The Company made the environmental management plan and sent the plan to People's Committee of Muong Khoa Commune for publicity. The Company has complied with this requirement.

Decision 711 also requires the Company comply with regulations in (i) Official Letter No. 15/UBND dated 30 September 2013 of Muong Khoa commune People's Committee and (ii) Official Letter No. 09/CVMT dated 30 September 2013 of Muong Khoa commune Vietnam Fatherland Front. Both official letters recommended the Company to host the vocational training and priority use of local employees.

3. Permit for Exploitation and Utilization of Surface Water

Under Article 24 of the Law on Water Resource, it is interpreted that organizations exploiting and using natural water resources for the mining must get permission from the competent state authorities. As per our interpretation of relevant regulation, if the Company exploits and uses the surface water with the capacity of greater than 100m³/day and night, then it is subject to apply for such permit from relevant authorities. The permit for the exploitation and utilization of surface water with capacity smaller than 50,000 m³/day and night will be the responsibility of Son La PC for issuance of the license. Any exploitation and utilization of surface water with capacity greater than 50,000 m³/day and night will be required to apply for the license from MONRE. The Company was granted the Permit for Exploitation and Utilization of Surface Water No. 01/GP-UBND issued by the Chairperson of Son La Province People Committee dated 20 March 2013. Pursuant to the Permit, the maximum exploited, utilized capacity for living water (*nước sinh hoạt*) and producing water (*nước sản xuất*) are 120m³/ day and night and 650m³/day and night respectively. The Certificate requires send annual water usage report to Son La DONRE. We have received all required annual water usage report of BPNM in 2014 and 2015. The permit will expire until the end of December 2018.

4. Permit for Discharge of Waste Water

Under Articles 6 of Decree 149 and Article 3 of Circular 02, it is interpreted that the discharge of waste water into the natural water resource with the scale of above 10m³/day and night will be required to apply for the license on discharge of waste water. The discharge of waste water with the scale of above 5,000 m³/ day and night will be required to apply MONRE for the license on discharge of waste water. The discharge of waste water in other cases will be required to apply Son La People's Committee for the license.

The Company was granted Permit for Discharge of Waste Water No. 1739/GP-BTNMT dated 20 September 2013 issued by the Minister of MONRE. Pursuant to the Permit, the Company discharges waste water into Khoa stream through three gates. The maximum for discharging waste water per year is 22,400 m³. The Permit requires BPNM to carry out periodic monitoring of flow, quality of waste water and receiving water resource, send annual water usage report to MONRE and Son La DONRE. The duration for this Permit is ten year from 20 September 2013 and shall be renewed three months before expired date if the Company still discharging waste water.

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We have received all required annual water usage report of BPNM in 2014 and 2015. Thus, there is no legal matter regarding discharge of waste water of BPNM.

5. Hazardous waste treatment

The Company obtained a hazardous wastes owner registration book code No. 14.000062.T dated 18 November 2015 from DONRE. Pursuant to the Registration Book, the volume of hazardous waste generated by the Company can be up to 37,410 kg per year in total, including both solid, sludge and liquid.

The Hazardous Wastes Owner Registration Book requested the Company to sign contracts with a licensed third party for transport and treatment of hazardous waste. The Company signed the transporting and treating hazardous waste contract with Phuc Loi Cooperative Trade and Services dated 16 January 2016 with a term of one year, which can be renewable. In 2013 and 2014, the Company also signed transporting and treating hazardous waste contract with third contractors.

6. Afforestation Fee

The Company was granted Certificate for Completion of Afforestation No. 179/QBV&PTR-KT dated 19 July 2016 issued by Son La Protected and Developed Forest Fund. The certificate certifies that the Company has paid VND3,725,851,900 of VND6,531,886,000 for afforestation under Decision 3583/QD-UBND dated 29 December 2014 on approving afforestation plan issued by the Chairman of Son La People's Committee ("Decision 3583"). Thus, the Company shall continue to pay (i) VND 2,939,348,700, equivalent to USD 131,809.36 in 2016 and 2017 under Decision 3583 and (ii) VND 200,000,000, equivalent to USD 8,968.61 in 2016 and 2017 under Decision 1984/QD-UBND dated 03 May 2015 of Son La People's Committee.

7. Environmental Obligations During Suspension

On 14 September 2016, the Company submitted to DPI of Son La Province the application dossier to partly suspend business activities of the Mine for one year. We note that during the suspension the Company shall still have the obligation to protect the environment, such as to perform management and periodic monitoring on hazardous waste and discharge waste water in accordance with permits granted. Suspension of operation is not a prescribed cause for suspension of payment of Environment Bond and afforestation fees and thus, the Company will have to comply with payment of such fees as committed.

Legal Issues and Notes:

- (A) *The Company has complied with the regulations on making Environment Bond and afforestation fees. The Company is required to pay Environment Bond and afforestation fees when due in accordance with Decision 711/QD-BTNMT by MONRE approving environmental restoration and rehabilitation plan and Decision 3583/QD-UBND and Decision 1984/QD-UBND by Son La PC approving the afforestation plans in regard to the land converted for mining activities.*

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- (B) *The Company complies with requirements set in the EIA and Environment and Rehabilitation Project.*
- (C) *The Company holds valid title to the permit for exploitation of surface water and the permit for discharge of waste water.*
- (D) *The Company is duly registered as owner of hazardous waste. The Company signed contracts for transport and settlement of hazardous waste in compliance with laws.*

IV. Fire Prevention and Protection and Labor Safety

1. Storage and Usage of Industrial Explosive Materials

The Company obtained two certificates for the storage containing industrial explosive materials and the usage of industrial explosive materials from the Fire Prevention and Fighting Police Department of Son La Province Police ("Son La FPF Police"), namely:

- (i) Certificate of Fire Prevention and Fighting Appraisal No. 81/TD-PCCC issued by Son La FPF Police on 24 December 2007
- (ii) Certificate of Fire Prevention and Fighting Appraisal No. 78/DK-PCCC issued by Son La FPF Police on 2 December 2011.

These Certificates of Fire Prevention and Fighting Appraisal were duly signed and issued to the Company in relation to the fire prevention and fighting appraisal for such storage and usage of explosive materials.

According to Decree 35¹¹ and Part VII.2 of Circular 04,¹² the Company is required to apply at Son La FPF Police for a certificate of full satisfaction of fire prevention and fighting conditions. According to the Inspection Minutes dated 20 May 2010, Son La FPF Police confirmed that a certificate of full satisfaction of fire prevention and fighting conditions for the storage has been granted to the Company without time-limit.

The Company obtained a certificate No. 247/GCN of full satisfaction of security and order conditions for usage of industrial explosive materials issued by the Administrative Management of Social Order Police Department of Son La dated 28 February 2013 with the expiry date of 31 March 2018.¹³

¹¹ Decree 35/2003/ND-CP of the Government dated 04 April 2003 detailing the implementation of Articles under the Law on Fire Prevention and Fighting, as amended by Decree 46/2012/ND-CP of the Government dated 22 May 2012 (collectively, "Decree 35"). Article 9.3, Annex II (3).

¹² Circular 04/2004/TT-BCA of the Ministry of Public Security dated 31 March 2004 guiding the implementation of Decree 35/2003/ND-CP on 04 April 2003 detailing the implementation of Articles under the Law on Fire Prevention and Fighting ("Circular 04").

¹³ Circular 33/2010/TT-BCA of the Ministry of Public Security dated 05 October 2010 on particular security and order conditions for conditional business lines ("Circular 33"), Articles 3.3 and 5.7.

2. Fire Fighting and Prevention for the Mine

Annex III (21) of Decree 35 required that the design of “underground construction works and construction works in tunnel which may be in danger of fire and explosion” must be approved by the competent fire prevent and fighting police department. It is not clear at law whether the Mine of the Company falls within the list of works of Annex III (21) of Decree 35. We understand that the Company discussed with Son La FPP Police and that Son La FPP Police verbally confirmed that the Mine of the Company is not classified into the underground works of Annex III (21) of Decree 35 and the design of the Mine would not be required for review by Son La FPP Police.

At the date of this report, Decree 35 was replaced by Decree 79.¹⁴ Article 15.2 (a) of Decree 79 provides that the design of projects and construction works set out in Annex IV enclosed thereto must be appraised and approved by the competent fire prevention and fighting police department upon new construction, modification and change of using purpose. Annex IV (13) of Decree 79 lists construction works in tunnel involving with production, storage, usage of flammable and explosive materials with a volume of 1,000 m³ or more. We understand that construction works in the tunnel of the Mine do not involve with flammable and/or explosive materials and thus, the appraisal and approval of Son La FPP would not be required. If the construction works in tunnel involving with production, storage, usage of flammable and explosive materials with a volume of 1,000 m³ or more the Company must apply for the appraisal and approval of Son La FPP Police.

3. Fire Fighting and Prevention for Transformer Station and others

We understand that under the Inspection Minutes of fire prevention and fighting safety dated 17 June 2008, the Son La FPP Police specifically requires the Company to carry out the following tasks:

- (i) Making the dossier on monitoring and managing fire prevention and fighting activities before 27 June 2008;
- (ii) Setting up a fire fighting and prevention team in the Company, and contacting PC23 Department of Son La Province Police for training and fostering on fire prevention and fighting operation before 27 June 2008;
- (iii) Making and submitting the fire-fighting scheme to PC 23 Department of Son La Province Police for approval before 10 July 2008;
- (iv) Submitting a dossier on design of the 35/0,4kV - 1000kVA transformer station to PC 23 Department of Son La Province Police for appraisal and acceptance test before 15 July 2008.

It is confirmed by the Company that these tasks mentioned from (i) to (iii) have been fulfilled and submitted to PC23 of the Department of Son La Province Police as required.

¹⁴ Decree 79/2014/ND-CP of the Government dated 31 July 2014 detailing the implementation of Articles under the Law on Fire Prevention and Fighting and the Law amending the Law on Fire Prevention and Fighting (“Decree 79”).

The Inspection Minutes dated 17 June 2008 states that the Company has installed and operates a 35/0,4kV - 1000kVA transformer station (the “**Transformer Station**”) before appraisal of Son La Province Police on fire extinguishment and prevention design. It is also confirmed by the Company that at that time, the construction of the Transformer Station has been completed. Thus, Son La Province Police has checked and issued an acceptance on satisfaction of fire extinguishment and prevention conditions without appraisal on fighting and prevention design.

4. Fire Fighting and Protection For the Plant

The Company obtained the Certificate of Fire Prevention and Fighting Appraisal No. 267/TD-PCCC issued by Son La FPP on 19 June 2013, the Minutes of technical inspection for fire prevention and fighting safety dated 17 November 2014 and the Supplementary to the Minutes of technical inspection for fire prevention and fighting safety dated 17 November 2014. Due to the result of the aforementioned Minutes, the Company satisfied the firefighting and prevention conditions with respect to the processing plant.

5. Rescue Plan

The Fire Fighting Plan and Salvage and Rescue Plan of the Company for the year of 2016 were duly approved by Son La FPP Police.

6. Compulsory Insurance

The Company is subject to compulsory fire and explosive insurance under Decree 130,¹⁵ and Annex II (13) of Decree 79. The Company signed the Compulsory Fire and Explosive Insurance Contract with QBE Insurance (Vietnam) Company Limited for an insurance period from 15 July 2016 to 15 September 2016. The Company is required to extend this compulsory fire and explosive insurance or buy a new one.

7. Labor Safety

Investor of project using hazardous substance shall elaborate prevention and rescue measure for chemical incidents.¹⁶ The Company registered for usage of hazardous chemicals in industrial production under Official Letter No. 117/2013/BPNM dated 21 June 2013. The Company is required to elaborate the prevention and rescue measures for chemical incidents. Confirmation No. 408/XN-SCT of DOIT dated 24 June 2013 approved the Company’s request for confirmation on prevention and rescue measures for chemical incidents in industrial production and the Company’s usage registration of hazardous chemicals in industrial production.

¹⁵ Decree 130/2006/ND-CP of the Government dated 08 November 2006, as amended by Decree 46/2012/ND-CP of the Government dated 22 May 2012 (collectively, “Decree 130”).

¹⁶ Decree 108/2008/ND-CP of the Government dated 07 October 2008 detailing and guiding the Law on Chemicals (“Decree 108”); Article 30.1 of Circular 28/2010/TT-BCT of the MOIT dated 28 June 2010.

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The laws on chemicals also require organizations and persons having operations related to chemicals send their head officers, managers and employees to chemical safety training courses. Ten (10) employees of the Company attended the chemical safety training course and obtained certificates for completion of such course by Son La DOIT. These certificate will expire on 23 December 2017.

The Company is in compliance with requirements of the Law on Atomic Energy¹⁷ and obtains valid licenses to perform radiation works with specific radiation sources, namely, License No. 349/GP-ATBXHN dated 28 August 2014 (expiry on 31 August 2017) and License No. 287/ GP-ATBXHN dated 15 June 2016 (expire on 30 June 2019), issued by Department of Radiation and Nuclear Safety under the Ministry of Science and Technology.

Legal Issues and Notes:

- (A) *The Company has complied with the regulations on fire fighting and protection.*
- (B) *The Company has complied with requirements of the Law on Atomic Energy and the Law on Chemicals. The Company holds valid licenses to perform radiation works.*
- (C) *The Company is required to extend its compulsory fire and explosive insurance policy as of 15 September 2016 or buy a new one.*

V. Construction

1. Construction Permit

Section II, Part I, Point 2 of Circular 02/2007/TT-BXD of the Ministry of Construction dated 14 February 2007 on formulation, evaluation, approval of investment projects for construction works; construction permits and management of construction works ("Circular 02") provides the list of construction works that are not required to apply for a construction permit. Sub-point dd provides that the construction permit is exempted for "works under construction investment projects already issued with the approval of the competent authority. However, before the commencement of construction of such works, the investor is required to send the result of verified basic design to the competent authority in charge of issuing the construction permit for filing and inspection". However, under the current regulation on construction of works, there is no clear definition of "what should be the approval of competent authority", i.e., in the Company's particular case, the approval of the construction works by the competent authority could be regarded as the Investment Certificate, mining licenses (which approved the Ban Phuc Nickel Mines construction investment project) or MOIT approval of the Mine design or the country master plan for nickel mining, including the Mine, approved under Decision 11 of the MOIT.¹⁸ Given the ambiguity of Vietnam construction laws, BPNM is recommended to confirm with Son La DOC regarding its requirement to obtain a

¹⁷ Law No. 18/2008/QH12 of the National Assembly dated 03 June 2008 on Atomic Energy (the "Law on Atomic Energy").

¹⁸ Decision 11 of the MOIT dated 5 June 2008 approving the master plan for nickel mining.

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construction permit for the Mine, including other auxiliary works.

2. MOIT Approval for the Basic Design of construction investment project of Mine

By Official Letter No. 2198/BCT-CNNg dated 21 March 2014, the MOIT notifies the Company of its opinions on the Basic Design of construction investment project amended to extend the exploitation period of Ban Phuc Nickel Mines. Contents and drawings of the Basic Design are in accordance with (i) the content of the Construction Investment Project of Ban Phuc Nickel Mines, (ii) the zoning plan for exploration, exploitation, processing and usage of ores of gold, copper, nickel, molybdenum in Vietnam until 2015 with a vision to 2025,¹⁹ and (iii) construction and socio-economic development plan of Son La Province; the content of the Basic Design is in accordance with Circular 33. The capacity and service life of the Project are appropriate with the explored natural resources, the product in Phase I of the Project is exported sulfur concentrate is practical and appropriate to the mineral plan. The exploitation and processing technology is proper and advanced with high-level mechanization and synchronous line.

Legal Issues and Notes:

- (A) *It is recommended that BPNM confirm with Son La DOC regarding its requirement to obtain a construction permit for the Mine, including other auxiliary works*
- (B) *The Basic Design of the Mine has been approved by the MOIT in compliance with the law.*

Very truly yours,

Diep Hoai Nam, Partner
YKVN

¹⁹ Decision No. 11/2008/QD-BCT dated 5 June 2008 of the MOIT.

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No.	Reference	Description	Licensing authority	Issuance date	Expiry date
5	258851/DKMD-PC64	Stamp registration Certificate of BPNM's Rep. office in Hanoi	Ha Noi Police dept.	Dec 9th 2013	
6	330/CV-VPDK	Providing information for registration of security transactions	Son La DONRE	12/2/2015	
7		Document transmittal forms about mortgage documents	between BPNM and Lien Viet Post Bank	4/5/2016	
8	154/2016/BPNM	Notice on suspension of operation of Hanoi Rep. Office	BPNM	9/14/2016	
9	153/2016/BPNM	Notice on suspension of exploitation and processing (to Son La Department of Taxation)	BPNM	9/14/2016	
10		Document transmittal form	BPNM and Son La Department of Taxation	9/15/2016	
		Document transmittal form	BPNM and Son La DPI	9/15/2016	
11		Dossier for notification of suspension of exploitation and processing	BPNM		
12	01/HQDB	Imported Goods for the formation of fixed assets exempted from import duty for the first time	Dien Bien Customs Department	10/18/2007	
13		Pictures of information board			
		Document transmittal form	BPNM and MOIT	9/16/2016	
	158/2016/BPNM	Notice and explanation on suspension of exploitation and processing (to GDGM and MONRE)	BPNM	9/15/2016	
II. Environment					
1	01/GP-UBND	License for usage and exploitation of surface water: i) Water for daily living; ii) Water for production	Son La PC	Mar 20th 2013	Dec 31st 2018
2	1739/GP-BTNMT	License for discharge of waste water into water source of Khoa Stream at Muong Khoa commune, Bac Yen district, Son La province.	MONRE	Sep 20th 2013	Sep 20th 2023
3	711/QĐ - BTNMT	Approval for Environmental Impact Assessment report (EIA) and environmental rehabilitation schemes of Ban Phuc Nickel	MONRE	Apr 22nd 2014	If BPNM adjusts any contents

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Annex A Reviewed Documents

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
I. Incorporation					
1	24 1022/000/033	Investment certificate of BPNM as re-registered from Investment License No. 522/GP dated Jan 29th 1993	Son La PC	Jul 30th 2007	50 years from Jan 29th 1993
		1st amendment		Aug 30th 2007	
		2nd amendment		Jul 30th 2008	
		3rd amendment		Oct 10th 2008	
		4th amendment		Jan 4th 2011	
		5th amendment		Nov 22nd 2012	
		6th amendment		Apr 4th 2013	
		7th amendment		May 16th 2014	
		8th amendment		6th Nov 2014	
2	5500163026	Tax registration Certificate of BPNM	Son La Tax dept.	Nov 5th 2007	same as IC term
3	5282/DKMD	Stamp registration Certificate of BPNM	Son La Police dept.	Aug 30th 2007	No expiry
4	0-122000043	BPNM Hanoi Rep. Office operation registration Certificate	Ha Noi DPI	Jan 16th 2008	No expiry
		1st amendment			
		2nd amendment			
		3rd amendment			
		4th amendment		Sep 16th 2013	
		5th amendment to address of Rep. Office		To be determined	

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No.	Reference	Description	Licensing authority	Issuance date	Expiry date
	04/2014/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	3/19/2014	
	05/2014/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	6/23/2014	
	06/2014/14.000062.Tx	Hazardous wastes record and bank payment form dated Sept 04, 2014	BPNM & Phuc Loi	8/28/2014	
	/2014/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	10/30/2014	
	300A/2014/CV-BPNM	Report on the implementation of surface water exploitation use permit	BPNM	12/9/2014	
		Minutes on acceptance of wastes amount	BPNM & Phuc Loi	12/22/2014	
		Minutes on acceptance of wastes amount and Hazardous wastes record no. /2014/14.000062.Tx	BPNM & Phuc Loi	2/11/2015	
		Minutes on acceptance of wastes amount and Hazardous wastes record no. 03/2015/14.000062.Tx	BPNM & Phuc Loi	6/2/2015	
	08/2014/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	6/19/2015	
	01/2015/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	6/21/2015	
		Minutes on acceptance of wastes amount and Hazardous wastes record no. 02/2015/14.000062.Tx dated	BPNM & Phuc Loi	6/23/2015	
	03/2015/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	6/27/2015	
		Minutes on acceptance of wastes amount	BPNM & Phuc Loi	8/10/2015	
	04/2015/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	8/10/2015	
	/2015/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	8/31/2015	
		Minutes on acceptance of wastes amount and Hazardous wastes record no. 05/2015/14.000062.Tx	BPNM & Phuc Loi	11/4/2015	
	294/2015/BC-BPMN	Report on the implementation of surface water exploitation licence	BPNM	12/11/2015	
		Minutes on acceptance of wastes amount and Hazardous wastes record no. 01/2016/14.000062.Tx	BPNM & Phuc Loi	1/4/2016	

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No.	Reference	Description	Licensing authority	Issuance date	Expiry date
		Mines LLC (adjusted in 2014) at Muong Khua commune, Bac Yen district, Son La Province			stated in Article 1.1, 1.2 and Article 2 of this Decision, it shall must submit a report on the adjustment and apply for a new approval
4	103/GXN-TCMT	Certification for completion of environmental protection works for operational stage of project (adjusted 2014) (Stage 1)	General department of environment	12/10/2014	
5	123/GXN-TCMT	Certification for completion of environmental protection works for operational stage of project (adjusted 2014) (Stage 2)	General department of environment	11/27/2015	
6	Hazardous waste Management code no. 14.000062.Tx	Hazardous wastes owner registration book	Environmental protection division under Son La Dome	4th reissuance dated 18/11/2015	Valid until it is reissued or upon termination of hazardous waste management
	43/2014/PL-BPNM-PL	Principal Contract on transportation and treatment of hazardous wastes	BPNM & Phuc Loi	7/24/2014	7/24/2015
	43/2015/PL-BPNM-PL	Principal Contract on transportation and treatment of hazardous wastes	BPNM & Phuc Loi	7/24/2015	7/24/2016
	01/2016/HDDV/PL-BPNM	Contract on collection, transportation, storage and treatment of hazardous wastes	BPNM & Phuc Loi	7/24/2016	7/24/2017
	257/2013/CV-BPNM	Report on the implementation of surface water exploitation use permit	BPNM	5/12/2013	
	01/2013/14.000062.T	Hazardous Waste Bill	BPNM & Phuc Loi	8/5/2013	
	03/2013/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	11/25/2013	
	03/2013/14.000062.Tx	Hazardous wastes record	BPNM & Phuc Loi	1/7/2014	

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No.	Reference	Description	Licensing authority	Issuance date	Expiry date
10	Certification on payment for afforestation				
10.1	16/QBV&PTR-XN	Certification for 1st instalment	Son La Funds for forest protection and development	1/23/2015	
10.2	157/QBV&PTR-KT	Certification for 2nd instalment	Son La Funds for forest protection and development	6/16/2015	
10.3	179/QBV&PTR-KT	Certification for 1st instalment of 2016	Son La Funds for forest protection and development	7/19/2016	
11	06/HD-PTMT	Contract on environmental monitoring of Ban Phuc Nickel Mines Project	Between BPNN and Techniques and environmental analysis JSC	1/15/2014	
12	128/2013/BPNN	Contract on transportation and dumping of regular wastes	BPNN & URENCO	11/11/2013	
13	87/BPNN/2013	Principle contract on transportation and treatment of hazardous wastes	BPNN & Phuc Loi	7/25/2013	
14	52/2016/BPNN	Letter to Son La Urban Environment Co. Ltd. re: accelerating to sign the contract on collection, transportation and processing of domestic wastes	BPNN	12/4/2016	
III. Mining & exploration					
1	288/QD-BTNMT	Decision amending mining license 1211 (reserves supplementation, mining extension) (current)	MONRE	2/6/2015	12/31/2020
2	1211/GP-BTNMT	Mining license	MONRE	Jul 22nd 2013	six years from the issuance date
3	1366/GP-BTNMT	Mineral exploration license	MONRE	Jul 10th 2014	48 months from the issuance date
4	06/2013/GP-ATMT	License for usage of industrial explosives	MOIT	3/1/2013	3/31/2018
5	497/QD-BTNMT	Decision approving mineral exploitation granting fee	Monre	3/4/2015	

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September 16, 2016

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
		Minutes on acceptance of wastes amount	BPNN & Phuc Loi	3/22/2016	
	02/2016/14.000062.Tx	Hazardous wastes record	BPNN & Phuc Loi	3/22/2016	
		Minutes on acceptance of wastes amount	BPNN & Phuc Loi	6/13/2016	
	155/2014/BPNN	Official letter to Muong Khoe PC about submission of environmental management plan and environmental improvement plan	BPNN	7/8/2014	
		Plan on environmental management	BPNN	Jun, 2014	
	3583/QD-UBND	Decision on approving replacement planting schemes	Son La PC	12/29/2014	
		Requests for remittance for quarters 3, 4 of 2013, quarters of 2014, quarters of 2015, quarter 1, 2 of 2016	BPNN		
7	Receipt for BPNN's Deposit				
7.1	13/QBVMT - XN	Receipt for BPNN's deposit of 2,995,229,000 VND for environmental rehabilitation (The first time)	Son La Environmental protection Funds	1/17/2012	
7.2	14/QBVMT-TTQ	Certification for BPNN's deposit of 339,364,000 VND for environmental rehabilitation (The second time)		2/18/2013	
7.3	34/QBVMT-TTQ	Certificate for BPNN's deposit of 472,770,795 VND for environmental rehabilitation (the 1st addition)		11/28/2013	
7.4	05/QBVMT-TTQ	Certificate for BPNN's deposit of 436,067,397 VND for environmental rehabilitation (the 2nd addition)		4/12/2014	
7.5	13/QBVMT-TTQ	Certificate for BPNN's deposit of 489,375,755 VND for environmental rehabilitation (the 1st for adjusted project)		3/2/2015	
7.6	12/QBVMT-TTQ	Certificate for BPNN's deposit of 489,375,755 VND for environmental rehabilitation (the 1st for adjusted project)		3/10/2016	
8	3583/QD-UBND	Decision approving replacement afforestation plan 2014	12/29/2014		
9	1984/QD-UBND	Decision approving replacement afforestation plan 2015 (land recovered for TSF stage 2)	9/3/2015		

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Ban Phuoc Nickel Mines



September 16, 2016

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
		Payment form of mining rights fee of BPNNM to State Treasury of Bac Yen District	BPNNM	3/27/2015	
IV. Land use					
1	U811705	Certificate of land use right for 67,567m2 of land at Muong Khoa commune for Ban Khoa Office area	Son La PC	Feb 7th 2004	Feb 7th 2014
1b	1073/HD-TD	Land lease contract	Between Son La DONRE Ban Phuoc Nickel Mines enterprise	July 24th 2014	July 2nd 2024
2	AO154207	Certificate of land use right for 1,000,743 m2 of land at Ban Khoa, Muong Khoa commune, Bac Yen district, Son La province for mineral activities	Son La PC	Dec 24th 2009	Dec 17th 2018
2b	753/HD-TD	Land lease contract	Between Son La DONRE Ban Phuoc Nickel Mines LLC	Dec 24th 2009	Dec 17th 2018
3	BE 700958	Certificate of land use right for 3465,5m2 of land at Muong Khoa commune, Bac Yen district, Son La for construction of production facilities.	Son La PC	Sep 4th 2012	Dec 17th 2018
3b	928/HD-TD	Land lease contract	Between Son La Dome and BPNNM		
4	BE 700975	Certificate of land use right for 1,197m2 of land at Muong Khoa, Bac Yen, Son La for production facilities	Son La PC	Sep 4th 2012	Dec 17th 2018
4b	927/HD-TD	Land lease contract	Between BPNNM and Son La Dome		
5	BT525342	Certificate of land use right for 16,6145,6m2 of land at Ban Trang and Ban Khoa, Muong Khoa, Bac Yen used for mineral activities	Son La Dome for and on behalf of Son La PC	Feb 26th 2014	Dec 17th 2018
6		Dossier for leasing 58,650m2 of land for TSF stage 2 lodged and accepted by Son La Dome	BPNNM	10/21/2015	

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Ban Phuoc Nickel Mines



September 16, 2016

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
6		Minutes of meeting between BPNNM with Construction Department	BPNNM with Construction Department	2/27/2008	
7	51/UBND-KTN	Resolving difficulties of Ban Phuoc Nickel Mines Limited Liability Company	Son La PC	1/10/2009	
8	255/UBND-KTN	Export tariff on nickel concentrate of Ban Phuoc Nickel Mines Limited Liability Company	Son La PC	2/18/2009	
9	4302/BCT-CNNg	Resolving difficulties of Ban Phuoc Nickel Mines Limited Liability Company-export ban extension	MOIT	5/13/2009	
10	705/DCKS-KSHDKS	Conclusion on inspection of mining operations of BPNNM	General department of environment	10/6/2011	
11	68/2011/BPNNM	Responding to Inspection Conclusions in Nov 2011	BPNNM	11/7/2011	
12	149/DCKS-KSHDKS	Implementing requests of inspectors about minerals activities	DGMV	2/14/2012	
13	149/TB-UBND	Notice about conclusion of Mr. Cam Ngoc Minh on the meeting with BPNNM dated 24 AUG 2012	Son La PC	9/6/2012	
14	1010/BTC-CST	Tax policy for Nickel Concentrate products	MOF	1/22/2015	
15	5914/BTC-CST	Tax policy for Nickel Concentrate products (send to Son La Department of taxation)	MOF	5/6/2015	
16	68/2011/BPNNM	Report on implementing inspection conclusions on mining operations of BPNNM	BPNNM	11/7/2011	
	173/2014/BPNNM	Notifying about the issuance of exploration license of MONRE	BPNNM	7/21/2014	
	87/2013-KT	Registering the commencement date of mining exploitation	BPNNM	5/9/2013	
	15/UBND	Opinion on investment project of constructing Ban Phuoc nickel mine, amending and supplementing reserves and prolong exploitation	PC of Muong Khoa commune	9/30/2013	
	59/UBND	Opinion on investment project of constructing Ban Phuoc nickel mine, amending and supplementing reserves and prolong exploitation	UBMTTQ Muong Khoa	9/30/2013	

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September 16, 2016

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
10	287/GP-ATBXHN	License to use radiation sources Cs-137 (renewal of License 211)		6/15/2016	6/30/2019
11		Certificate of compulsory fire and explosion insurance	QBE	7/15/2015	9/15/2016
12		Radiation incident response plan of 2014	BPNN submitted to Department of Radiation and Nuclear Safety	2014	
13		Fire fighting plan of 2016	Son La FFP	5/20/2016	
14		Certificates for completion of chemical safety training course	Son La DOIT	12/23/2015	12/23/2017
VI. Construction					
1	143600/GP-GH2	License for using frequencies and radio equipment	Department of Radio Frequency - Ministry of information and communication	Nov 25th 2013	Nov 14th 2018
2	26/TD-PCCC	Appraisal certificate of automatic fire alarm system and fire fighting system of BPNN	Son La Police Department	June 19th 2013	No expiry date
2.1		Construction design drawings for fire protection system	Son La Fire fighting police		
3	No. 151/25	Test report on Earthing resistance of Nickel processing plant	Son La Power company	Aug 24th 2013	No expiry date
4	2198/BCT-CNNG	MOIT Official Letter 2198/BCT-CNNG approving the Basic Design of BPNN's (supplement of mineral reserves, extension of exploitation term)	MOIT	Mar 21st 2014	No expiry date
5	81/TD-PCCC	Appraisal certificate of fire protection for Storage of industrial explosives	Son La Police Department	Dec 24th 2007	
6		Minutes on acceptance of fire fighting safety	Son La Fire fighting police	9/16/2008	
7	18/2013/BPNN	Cover letter for submission of TSF designs under BPNN project	BPNN	2/1/2013	

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Ban Phuoc Nickel Mines

September 16, 2016

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
6b	1371/STNMT-DB	Letter guiding BPNN to complete procedure for leasing land for TSF stage 2	Son La Dome	10/22/2015	
	1028/HD-TD	Land Lease Contract	between BPNN and Son La PC	6/20/2012	12/17/2018
		Land lease payment forms of BPNN to Son La State Treasury			
7	4250/STC-QLGCS	BPNN shall advance the compensation for project site clearance, then such advance will be deducted from BPNN's tax obligations to the state budget.	Department of Finance, Son La PC	24/12/2015	
V. Labor Safety and Hygiene					
1	64/2012/BPNN	Approval of plan for purchasing of addictive drugs in 2012	Son La DOH	14/9/2012	
2	NA	Technical acceptance record on fire safety for industrial explosives warehouse	Son La Fire fighting police	5/4/2008	NA
3	78/DK-PCCC	Certificate of satisfaction of firefighting conditions for usage of industrial explosives at Ban Phuoc Nickel Mines Project	Son La Police Department	5/4/2011	NA
4	247/GCN	Certificates of satisfaction of security and order conditions for usage of industrial explosives at Ban Phuoc Nickel Mines Project	Police Department administrative management of social order	2/28/2013	2/28/2018
5	81/TD-PCCC	Appraisal and approval certificate for fire protection for industrial explosives warehouse	Son La Police Department	12/24/2007	
6		Dossier for Acceptance on fire protection for Plant			
7	408/XN-SCT	Confirmation for prevention and rescue plan for chemical incidents in industrial production of BPNN	Son La DOIT	24/6/2013	NA
8	117/2013/BPNN	Registration for using hazardous chemicals in industrial production	BPNN	21/06/2013	NA
9	349/GP-ATBXHN	Licenses to perform radiation jobs: Usage of 2 Pu-238 sources (replace License No 195)	Department of Radiation and Nuclear Safety	8/28/2014	8/31/2017

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Ban Phuc Nickel Mines

September 16, 2016

No.	Reference	Description	Licensing authority	Issuance date	Expiry date
8		Results of inspection on equipment, mobiles of Plant			
9		Dossier receiving paper	DGMV	11/29/2013	
10	2379/DCKS-KS	Notify about the mine design of Ban Phuc nickel mine	DGMV	12/1/2010	
11	78/2008/BPNM	Submission of design documents of civil construction work	BPNM	5/22/2008	



Ban Phuc Nickel Mines

September 16, 2016

Annex B

LIST OF ABBREVIATIONS AND DEFINITIONS

AMR	:	AMR Nickel Limited Company
BPNM or the Company	:	Ban Phuc Nickel Mines Limited Liability
DGMV	:	General Department of Geology and Minerals of Vietnam under MONRE
DOIT	:	Son La Department of Industry and Trade
DOLISA	:	Son La Department of Labor, Invalids and Social Affairs
DONRE	:	Department of Natural Resources and Environment
DPI	:	Department of Planning and Investment
EIA	:	Environmental impact assessment
F/S	:	Feasibility Study
IC	:	Investment Certificate of BPNM No. 241022000033 dated 30 July 2007, amended for 8 times
ISTEA	:	Industrial Safety Techniques and Environment Agency
LUR Certificate	:	Land Use Rights Certificate
MC	:	Members' Council
MOC	:	Ministry of Construction
MOIT	:	Ministry of Industry and Trade
MONRE	:	Ministry of Natural Resources and Environment
MPI	:	Ministry of Planning and Investment
SCCI	:	State Committee for Co-operation and Investment
Son La FPF Police	:	Fire Prevention and Fighting Police Department of Son La Province Police
USD	:	United States dollar
VND	:	Vietnamese Dong, the currency of Vietnam

SRK Report Client Distribution Record

Project Number: BDO006

Report Title: Kasbah AMR Valuation Report

Date Issued: 12 October 2016

Name/Title	Company
Evelyn Tan	BDO Corporate Finance (WA) Pty Ltd

Rev No.	Date	Revised By	Revision Details
0	28/08/2016	Jeames McKibben	DRAFT to client for review
1	14/09/2016	Jeames McKibben	DRAFT to client for review
2	19/09/2016	Jeames McKibben	FINAL report to client
3	20/09/2016	Jeames McKibben	FINAL report to client
4	20/09/2016	Jeames McKibben	FINAL report to client
5	04/10/2016	Jeames McKibben	FINAL report to client
6	12/10/2016	Jeames McKibben	FINAL report to client
7	12/10/2016	Jeames McKibben	FINAL report to client

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Appendix 5 - Independent Asset Valuation Report



VALUATION REPORT

Valuation of Buildings, Site Improvements, Plant and Equipment

Asian Mineral Resources Limited

Ban Phuc Nickel Mine, Vietnam

Market Value for Independent Expert's Report

As at 1st September 2016

Date of Issue: 19th September 2016

Reference: PPE16-179 P&E Report_DRAFT

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Executive Summary

Instructing Party:	Mr. Sherif Andrawes Director BDO Corporate Finance (WA) Pty Ltd 38 Station Street Subiaco, WA 6008
Reliant Parties:	BDO Corporate Finance (WA) Pty Ltd and Kasbah Resources Limited and its security holders.
Assets Valued:	Buildings, Site Improvements, Plant and Equipment
Location:	Ban Phuc Nickel Mine, Vietnam
Purpose of Valuation:	Independent Expert's Report
Bases of Valuation:	Market value (continued use) and Market value (alternative use)
Dates of Inspection:	29 th August to 1 st September 2016
Date of Valuation:	1 st September 2016
Valuations:	Market Value (continued use) US\$9,500,000 Market Value (alternative use) US\$1,600,000 All values are stated in US dollars and are exclusive of any Goods and Services or Value-Added Taxes.

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Scope of Engagement

We have received written instructions from Mr. Sherif Andrawes, Director of BDO Corporate Finance (WA) Pty Ltd ('BDO'), to provide our independent opinion on the market value of the buildings, site improvements, plant and equipment located at Asian Mineral Resources Limited's ('AMR') Ban Phuc Nickel Mine ('BPNM') in Vietnam for inclusion in BDO's Independent Expert's Report.

In accordance with our proposal letter dated 16th August 2016, the subject assets were physically inspected by a specialist plant and equipment valuer to compile the appropriate asset details such as location, description, make, model, specifications and condition.

Having collated the necessary asset information, we made enquiries of manufacturers, suppliers, our existing data base, client information, new and second-hand dealers to assist in determining the appropriate values.

Purpose of Valuation

The Valuation Report was prepared for inclusion in your Independent Expert's Report prepared on behalf of Kasbah Resources Limited ('Kasbah') for inclusion with a scheme booklet to assist security holders in their decision whether or not to approve the scheme of arrangement under which AMR will acquire all the issued shares in Kasbah.

This valuation should not be used for any other purpose.

Basis of Valuation

In accordance with our instructions we have assessed the market value of the subject assets under two future use assumptions – the continued use and an alternative use.

Market Value is defined by the International Valuation Standards Council as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein both parties have acted knowledgeably, prudently and without compulsion¹.

This market value definition is consistent with the definition of fair value under *AASB 13 Fair Value Measurement* and *AASB 16 Property, Plant & Equipment*.

As we have been instructed to determine the market value for Independent Expert's Report purposes, the market value represents the value of the tangible assets forming part of the business. It represents that part of the value of the business that is represented by the subject assets.

Subject to a test of adequate profitability, underlying the definition of market value is the assumption that the entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

¹ International Valuation Standards Council 2011, *IVS Framework*, para. 30.



The market value of an asset is determined by reference to its highest and best use. That is, the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value.

As explained later in the report, it has been decided to cease current mining operations and place the processing plant into care and maintenance with the stated plan being to restart production in the coming years after successful exploration in the surrounding area.

Given the very early stage of exploration activities, it is very difficult to accurately determine the highest and best use of the assets. As such, we have determined the market value under two future use scenarios.

The first scenario assumes that the processing plant will be brought back into production in a reasonable timeframe and that the highest and best use of the assets is their continued use, albeit delayed.

The second scenario assumes that the processing plant will not be brought back into production and that the highest and best use of the assets is as an alternative use and that they will be removed from site after sale.

The market value under this scenario is subject to the further underlying assumptions that the assets are treated as follows;

- The plant and equipment has been valued as individual items for removal following sale;
- The value provided is the gross value and does not allow for any agent's commission or other sale fees; and
- All plant and equipment valued will be available for sale at the one time.

The most appropriate market value for inclusion in your Independent Expert's Report will be the one that is consistent with the underlying assumptions relating to the independently assessed likelihood of future successful exploration and the related future business operations and profitability.

Assets Valued

The assets valued were the buildings, site improvements, plant and equipment assets owned by AMR that constitute the BPNM facility.

The BPNM operations comprise an underground mine, processing plant, tailings storage facility, accommodation camp, and associated infrastructure and services. There is also a storage yard nearby known as "The Knob" and a core storage facility at Hat Lot, which we did not physically inspect.



Exclusions

The following classes of assets were excluded from the exercise:

- Land
- Mine infrastructure and development
- Mineral resources
- Capital works-in-progress
- Stock, material-in-trade and consumable items
- Intangible assets including goodwill
- Unusual discounts
- Patents, trademarks, registered designs
- Library collections and technical manuals
- Fine art, antiques, memorabilia and collectables
- Office and computer records and data
- Technical manuals
- Computer software (other than operating software associated with process equipment)
- Directors and employees' personal effects
- Cash and other monetary items
- Property of third parties (as advised)

Dates of Inspection

Our physical inspection of the subject assets was conducted between 29th August and 1st September 2016.

Date of Valuation

The date of valuation is **1st September 2016**.

Due to possible changes in market forces and circumstances in relation to the subject assets, this report can only be regarded as representing our opinion of the value of the assets as at the date of valuation.

Overview of Operations and Assets

Ownership

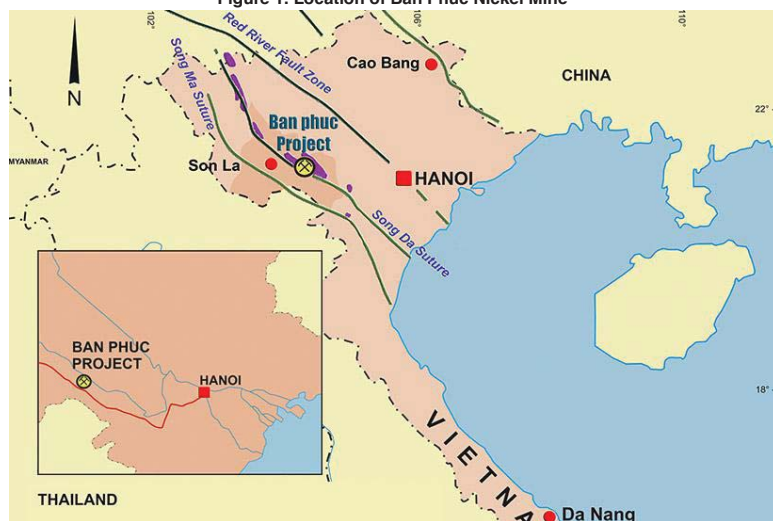
BPNM is an incorporated joint venture company which is owned by:

- AMR Nickel Limited, a wholly owned subsidiary of Asian Mineral Resources (AMR) 90%, and
- Son La Mechanical Engineering Joint Stock Company (Coxama) 10%.

Location

The BPNM is located approximately 160 kilometres west of Hanoi in Son La Province, in the northwest of the Socialist Republic of Vietnam (Figure 1), 80km east of the border with Laos and 150km south of the border with China. It is accessed via sealed national roads. It is approximately a five hour drive from Hanoi.

Figure 1. Location of Ban Phuc Nickel Mine



Source: <http://asianmineralres.com/projects/maps/>

History

The chronology of the development of the mine and construction of the processing facility is summarised as follows;

- Nov 2005 Feasibility Study – Ausenco - Plant throughput 200,000 tpa.
- 2007 Engagement of Metplant Engineering Services – Nominal throughput 250,000tpa; maximum throughput 300,000tpa.
- 2 November 2007 EPCM agreement signed by Metplant Engineering Services to build process plant.
- 12 May 2008 Change order to Metplant Engineering Services to increase plant capacity to 450,000tpa.
- 2 October 2008 Notification from Ban Phuc Nickel Mines to Metplant Engineering Services of Force Majeure, due to impact of Typhoon Hagupit, with subsequent suspension of all construction and related activities.
- It was understood that the project remained suspended for 12-24 months due to the Global Financial Crisis 2008 and subsequent lack of funding/support for re-commencement of the project.
- Sep 2010 Ban Phuc Nickel Mines personnel conducted interviews with 12 Engineering Groups, with a view to re-commencement of EPCM activities to complete the plant.
- Nov 2010 Two Australian Engineering companies, GR Engineering Services and Abesque Engineering, were invited to site to perform a project completion review for their Ban Phuc Nickel Mine.
- A decision was made by Ban Phuc Nickel Mine at some point after receiving quotations from GR Engineering Services and Abesque Engineering to discontinue the concept of a third-party EPCM approach, and adopt an Owner-Builder philosophy, utilising the 450,000tpa design information from Metplant Engineering Services.
- The design throughput of 450,000tpa is significantly greater than that required by the scheduled mine ore production to the plant. Target annual ore production increases to approximately 360,000tpa. It is thus clear that the processing plant has significant excess capacity.

At the time when the project was placed on care and maintenance over 1,000m of underground development had been completed, including 230m raise-bored ore pass and 80% of all plant equipment had been purchased. Full-scale project construction recommenced in May 2012, following AMR securing funding from a new investor.

The above chronology was referenced from the *NI 43-101 Technical Report* prepared by CSA Global Pty Limited et al in February 2013 and was confirmed by us in interviews with BPNM key personnel and review of other supporting documentation.

Construction of the BPNM processing facility recommenced in May 2012, followed by mine development in March 2013. Commissioning of the processing facility with first ore feed began in June 2013 after a successful 12-month construction period.



Capital Costs

We were provided a copy of the BPNM fixed asset register as at 31st July 2016 which detailed total historical capital expenditure of US\$98,168,761.92, which is summarised by asset groupings as follows;

Asset Group	Acquisition Cost USD
Environment (ENV)	\$649,228.32
Housing & Construction (H&C)	\$524,958.85
Infrastructure (INF)	\$20,983,744.61
Licenses & Franchises (L&F)	\$191,606.86
Land use rights (LUR)	\$74,352.56
Machinery & Equipment (M&E)	\$2,670,417.02
Mining license grant fee (MGF)	\$2,500,777.00
Mine development (MIND)	\$31,566,244.63
Office equipment & furniture (OE&F)	\$353,021.52
Other Intangible assets (OTH)	\$3,265,245.89
Plant (PLTC)	\$34,810,452.72
Transport & Transmission (T&T)	\$573,162.37
Other tangible assets (OTHE)	\$5,549.57
Summary Totals for all assets listed	\$98,168,761.92

Our valuation report only relates to the following asset groups and historical acquisition costs;

Asset Group	Acquisition Cost USD
Housing & Construction (H&C)	\$524,958.85
Infrastructure (INF)	\$20,983,744.61
Machinery & Equipment (M&E)	\$2,670,417.02
Office equipment & furniture (OE&F)	\$353,021.52
Plant (PLTC)	\$34,810,452.72
Transport & Transmission (T&T)	\$573,162.37
Other tangible assets (OTHE)	\$5,549.57
Summary Totals for all assets listed	\$59,921,306.66



Underground Mine

The underground mine is accessed by twin declines with multiple working faces allowing for a mining capacity in excess of 1,000 tonnes per day of ore. The selected mining method is up-hole retreat benching, without backfill.



Lower portal



Upper portal (closed)

Whilst BPNM acquired some underground mining equipment, including jumbo drills, dump trucks and wheel loaders, these assets are not in use and are considered scrap. The underground mining operations are conducted under contract by Mancala, an Australian-based mining services company, and the main underground assets are not owned.



Tamrock Jumbo drill



Elphinstone R2800 wheel loader

Other major owned assets include the magazine complex, two primary surface vent fans located at the top of the mine area above the top portal, secondary fans, electrical supply and distribution equipment, compressed air system, and communications systems.



Surface vent fans and substation S5B



Explosives magazine



Transformer at upper portal substation S04



Transformer at lower portal substation S7



Underground air compressor #6



Underground air compressor #5



Core shed at 'The Knob'



Disused warehouse near upper portal

Process Plant

The process plant is understood to be designed to process up to 450,000 tonnes per annum. The process plant produces a bulk nickel/copper concentrate via a conventional base metals flotation flowsheet, comprising of the following unit processes:

- Crushing;
- Crushed ore storage, reclaim and mill feed;
- Grinding;
- Flotation;
- Concentrate thickening, filtration, storage and load-out;
- Tailing thickening, pumping and return water;
- Reagent storage, mixing and distribution; and
- Utilities.

Power is supplied from the national 35kV grid power via a 6kV substation for distribution within the site via low voltage motor control centres.

Process water is recycled from the Tailings Storage Facility (TSF) with make-up and raw water drawn from the Chen Stream which feeds into the Da River.



ROM hopper



Primary crusher



Crushing plant



Fine ore shed



Mill feed conveyor



Ball mill



Cyclone cluster



Grinding plant



Flotation cells



Multi-stream XRF analyser



Flotation building with control room



Flotation circuit tails pumps



Reagents and concentrate dewatering plants



Concentrate and tailings thickeners



Filter building



Filter press



Conveyor to concentrate shed



Concentrate shed bagging plant



Stores building



35kV / 6.3kV sub station



Mill and process plant LV substations



Amenities



Office and workshop complex



Compressed air plant



Tailings Storage Facility

The Knight Piésold designed Tailings Storage Facility has a 1.7 million tonne capacity with approval and capacity for expansion by a further 1 million tonne.



Tailings booster pump station



TSF pump pontoon



TSF discharge point



The TSF spillway

Accommodation Camp

The accommodation camp is located approximately 3 kilometres from the mine site on the east bank of the Chen Stream downstream of its confluence with Dam Creek.

The camp can house approximately 250 people and comprises multiple two-storey accommodation buildings, administration buildings, a kitchen and mess hall building, and other associated buildings, site improvements and services.



Guardhouse



Medical centre



Garage



Geology office



S block



O block



G block



V & U blocks



A block



Container compound



Original office



Laundry



Main office



Kitchen and mess hall



Interior mess hall



Interior kitchen



Gymnasium (former mining office)



Standby generator



Fuel storage



Substation



Water system



Playing field

Other Assets

Other material assets include;

- Mobile equipment including forklifts, mobile crane, excavator, wheel loaders, grader, generators, air compressors, light towers, and water pumps;
- Light vehicles and scooters;
- Geological equipment;
- Laboratory equipment;
- Workshop and garage equipment;
- Information technology and communication equipment; and
- Office furniture and equipment.



Operational Status

As at the time of our site inspection, the mine operations were continuing however it had been announced that, due to continued low nickel prices and diminishing reserve quality, mining would cease and the processing plant would be placed in care and maintenance by the end of September 2016.

Mr. Evan Spencer, CEO of Asian Minerals Resources, advised that the plan was to undertake further exploration of surrounding tenements and, subject to finding sufficient reserves and the nickel price at an adequately high level, restart the processing plant. It is also noted that there is a significant disseminated resource at BPNM that could justify restarting the mine and processing plant subject to adequate nickel prices.

We understand that the likely timing of a processing plant restart, should it happen, would be at least two years from when it is placed into care and maintenance.

Valuation Methodology

There are three accepted approaches when considering the appropriate methodology suitable for compliance with the market value definition.

- Market comparison approach;
- Income approach; and
- Depreciated replacement cost approach.

Market Comparison Approach

The market comparison approach seeks to determine the current value of an asset by reference to recent comparable transactions involving the sale of similar assets.

The market comparison approach is generally appropriate for assets for which an established market exists such as real estate, motor vehicles, general plant and equipment, etc.

Income Approach

The income approach seeks to determine the current (present) value of anticipated future economic benefits associated with the assets. The net cash flows are projected over the appropriate period and discounted back to a net present value using an appropriate discount rate that reflects cost of capital, risk and required return.

The income approach values, by default, the whole enterprise including both tangible and intangible assets. Therefore, in this instance, the income approach is not considered an appropriate approach when seeking only to determine the value of the specified tangible assets.

Depreciated Replacement Cost Approach

The Depreciated Replacement Cost (DRC) is the estimated current cost of replacement of the asset with a similar asset which is not necessarily an exact reproduction but which has similar service potential and function (plus where applicable and amount for installation), less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

The DRC is an acceptable surrogate method for arriving at a market-related value. The method is commonly applied in a valuation situation involving an asset where there is no readily available or otherwise dependable market data to analyse in developing a market value estimate.

Specialised operational assets, by their nature, lack market evidence on which to base a market value assessment and accordingly, these require a replacement cost valuation methodology. Consequently, such assets are sub-categorised as replacement cost based assets and the market value with continuing use is derived by a depreciated replacement cost approach.

Optimisation could also be utilised where we are of the opinion that the existing asset can be hypothetically replaced with a modern equivalent that provides the same functionality that the asset is currently used for, or will be used for in the future. This approach is sometimes referred to as Depreciated Optimised Replacement Cost (DORC).

A market value determined by the DRC approach must be subject to a test of adequate profitability to determine if the business is capable of generating profits that justify carrying the equipment at the nominated market values in the accounts of the business.

If it is determined that the highest and best use of the assets is not the continued use, then the market value will be assessed by the market comparison approach, taking into account the most likely selling scenario. That is, whether the assets are most likely to sell on a vacant possession basis in situ or ex situ by private treaty or by auction for removal after sale.

Adopted Methodologies

In determining the market value of the subject assets under both the continued use and alternative use scenarios, we have predominantly relied upon the depreciated replacement cost approach to value as there is little available market evidence of comparable assets trading under either scenario and, as the mine is being placed into care and maintenance, there are not future cash flows that can be isolated from the overall business to the individual assets to enable an accurate income approach calculation to value.

Assets for which there is an active and liquid market have been valued by the market comparison approach whereas assets for which there is not an active and liquid market we have adopted a DRC approach in which we have referenced the anticipated level of depreciation by reference to market transactions of similar assets, where possible.

Valuation Approach

In determining the market values of the subject assets we audited and verified the fixed asset register to understand to what assets the historical acquisition costs related.

The fixed asset register provided comprised three worksheets;

1. Summary: Detailed the capital expenditure for all asset groups except for Infrastructure (INF), Mine development (MIND) and Plant (PLTC);
2. Backup: Contained a breakdown of project costs according to the BPNM Pronto coding structure for the Infrastructure (INF), Mine development (MIND) and Plant (PLTC) asset groupings;
3. Plant-Equipment: List of the major item of equipment acquired circa 2008. The value of these assets is included in the Machinery & Equipment (M&E) and Plant (PLTC) asset grouping.

A copy of the fixed asset register as at 31st July 2016 is included at **Appendix A**.

This process entailed physically inspecting the assets and verifying the existence of the assets listed in the *Mechanical Equipment List* (process plant) and *Mobile Equipment Lists* provided by BPNM. We satisfied ourselves that the lists provided were accurate.

We also made extensive enquiries of Mr. Steve Ennor, Metallurgy Manager of BPNM, as to the history of the mine and its development. We understand that Mr. Ennor was intimately involved in the project management of the process plant construction when BPNM moved to an Owner Builder approach in circa 2011.

As previously stated, the majority of the main plant items were acquired prior to the construction halting in 2008 and Mr. Ennor provided an audit of this equipment conducted as at December 2011 which we satisfied ourselves reconciled to the Plant-Equipment worksheet in the fixed asset register.

We were also provided the quotations from GR Engineering Services and Abesque Engineering to complete the project on an EPCM basis and the Owner Builder capital cost budget prepared by Mr. Ennor in late 2011. The actual cost to complete the processing plant and TSF project was in line with the budget of US\$27.2 million and was cheaper than the EPCM contract quotations.

Mr. Ennor and the BPNM finance department provided significant supporting documentation that verified the original acquisition costs. This included copies of the original purchase orders, copies of supply contracts for the years 2010 to 2012, and detailed general ledger registers.

We satisfied ourselves as to how the US\$59.9 million of capital costs relating to the subject assets of this report and detailed earlier in this report was spent. This total expenditure comprised all the buildings, site improvements, plant and equipment the subject of this report.



Estimated New Replacement Costs

To estimate the likely current new replacement cost, we adjusted these costs to take account of domestic inflation in source countries and Vietnam, as well as fluctuations in the relevant foreign exchange rates since acquisition.

In 2008 when the major items of equipment were purchased, equipment prices were unusually high due to the strength of the global mining sector and the Australian dollar (AUD) was near parity with the US dollar (USD) as it was during the construction phase in 2011-2012. Prices in Vietnam have also fallen sharply since 2011-2012.

We also made adjustments for assets that no longer exist and for any anomalies in the historical costs, the main anomaly being the hyper-inflated acquisition cost of the concrete batch plant. We understand that the historical cost reflects a contract settlement rather than the actual cost of the equipment.

Therefore, we have estimated the likely current new replacement cost of the subject assets to be US\$60 million.

Continued Use Valuation

Having established the estimated new replacement cost of all the subject assets, it is necessary to determine the appropriate level of depreciation to estimate the market value (continued use).

In normal 'going concern' circumstances we would reference the normal useful life of the assets, the remaining mine life, the estimated remaining life of the assets and the estimated residual value of the assets to determine the market value using the DRC approach.

The subject assets are relatively young having been acquired and constructed since 2008. The below table details the normal useful lives we would adopt for the main assets within each relevant asset group under a normal 'going concern' basis.

Asset Group	Normal Useful Life
Housing & Construction (H&C)	20
Infrastructure (INF)	20
Machinery & Equipment (M&E)	20
Office equipment & furniture (OE&F)	10
Plant (PLTC)	20
Transport & Transmission (T&T)	15
Other tangible assets (OTHE)	10

As the subject assets are about to be placed into care and maintenance the remaining mine life cannot be accurately quantified. We note that the original mine plan was for a mine life of approximately 5 years but it will cease operations after just more than 3 years.

There are plenty of examples around the world of these types of plant successfully operating for 20 years or more, subject to the proper maintenance regimes.



For the purposes of establishing the high end of any possible market value range, we estimated remaining lives based upon the adopted normal useful lives and subtracted the chronological age of the assets. Remaining lives range from zero to 15 years as at the date of valuation.

We adopted residual values of between zero and 10% of the estimated new replacement cost depending upon type of asset, susceptibility to functional and technical obsolescence, and sales evidence of similar assets at the end of their economic lives.

These inputs resulted in a total market value of approximately US\$27 million. This is the market value on a continued use basis assuming a 'going concern' scenario for the entire normal useful life of the assets.

The subject assets are not worth US\$27 million as they are not continuing in use on a 'going concern' basis and any future mine life is unknown. We provide this value estimate for context only.

The market value (continued use) represents the value of the tangible assets forming part of the business. It represents that part of the value of the business that is represented by the subject assets. This value will obviously be significantly lower than the above 'going concern' value of US\$27 million and significantly higher than the below detailed market value (alternative use) of US\$1.6 million.

The market value (continued use) to a hypothetical purchaser would depend upon the assumptions made in regards the likely timing of future mine development and the processing plant coming back into production, the future mine life, and the overall risk judgement in regards the success of exploration and the timing of higher nickel prices.

In determining what we considered to be a reasonable market value (continued use) of the subject assets assuming they are put into care and maintenance for at least two years before being recommissioned, we discounted the US\$27 million full 'going concern' value by

- a) the expected level of depreciation of the assets under normal operating conditions over an assumed three year period before the restart;
- b) an amount for the care and maintenance and restart costs; and
- c) a risk discount factor.

This indicated a market value (continued use) range of between US\$7.5 million and US\$10.0 million.

In determining our preferred market value (continued use) we adopted a future mine life of 5 years, consistent with the original BPNM mine plan. We also assumed that the total normal useful life will not exceed 15 years. We did not alter the adopted residual values. Assets with active and liquid markets such as light vehicles and mobile equipment were valued with reference to market evidence.

These inputs resulted in a preferred market value (continued use) of approximately US\$9.5 million which was within our indicative market value range.

In our opinion this is a reasonable estimate of the likely market value of the subject assets as at the date of valuation based upon the assumption of the asset remaining in their continued use. The continued use is consistent with the stated plan of placing the assets into care and maintenance this month, undertake further exploration of surrounding tenements and, subject to finding sufficient reserves and the nickel price at an adequately high level, restart the processing plant.

Alternative Use Valuation

Under this scenario, as the mine is scheduled to close and the processing plant is to be put into care and maintenance, the underlying assumption of the market value opinion is that the highest and best use of the subject assets is an alternative use.

Therefore, the market value (alternative use) will not reflect the total capital spent as the majority of the cost relates to design, engineering, project management, erection, installation, and commissioning and these inputs are not relevant when assuming the assets are to be removed after sale.

Furthermore, given the nature and style of the main buildings, site improvements and the TSF, we are of the opinion that these assets are essentially not saleable and therefore have minimal market value.

So to determine the market value (alternative use) of the remaining assets - namely the processing plant, mobile equipment and other miscellaneous assets - we estimated the replacement cost on an ex works basis.

Asset Group	Estimated Ex Works Cost USD
Housing & Construction (H&C)	\$0
Infrastructure (INF)	\$2,625,000
Machinery & Equipment (M&E)	\$2,575,000
Office equipment & furniture (OE&F)	\$355,000
Plant (PLTC)	\$9,130,000
Transport & Transmission (T&T)	\$575,000
Other tangible assets (OTHE)	\$6,000
Summary Totals for all assets listed	\$15,266,000

We cross checked this by reference to the quotations from GR Engineering Services and Abesque Engineering to complete the project on an EPCM basis and the Owner Builder capital cost budget prepared by Mr. Ennor in late 2011 plus the adjusted cost of the already acquired plant and equipment assets and this equated to US\$15.75 million.

We have adopted an ex works replacement cost of US\$15.5 million as at the date of valuation.

Having established the estimated ex works replacement cost of the saleable assets, we then assessed the market value (alternative use) by reference to the level of depreciation from new cost reflected in the sale of similar assets, taking into account the age, condition, location, accessibility, likely cost to remove and transport, etc. of the subject assets.

The subject assets, whilst relatively young in age, are considered to be in reasonable condition as the environment is relatively harsh and preventative maintenance seems to have been at the lower level of expectations. Some parts of the processing plant are showing signs of significant rust damage.

The mobile equipment is generally in poor to very poor condition and much of it, in particular the underground mobile equipment, would only be expected to sell for scrap value.

We have also taken into account that BPNM were afforded import tax concessions on the acquisition of some of the items of equipment and that if they were to be sold for export from Vietnam, those tax credits would be repayable. We have based our market value on the assumption that most of the equipment is sold for use within Vietnam or, for more attractive larger items, is sold at a considerable discount in net terms.

In our opinion, the market value (alternative use) of the subject assets would be between US\$1.5 million and US\$2 million. We have adopted a preferred, rounded market value figure of US\$1.6 million based upon our best estimate on an individual asset entry basis.

Valuations

Market Value (continued use)

In our opinion, the Market Value (continued use) of the buildings, site improvements, plant and equipment constituting the Ban Phuc Nickel Mine facility for Independent Expert's Report purposes as at 1st September 2016 is **US\$9,500,000**.

NINE MILLION FIVE HUNDRED THOUSAND DOLLARS

Market Value (alternative use)

In our opinion, the Market Value (alternative use) of the buildings, site improvements, plant and equipment constituting the Ban Phuc Nickel Mine facility for Independent Expert's Report purposes as at 1st September 2016 is **US\$1,600,000**.

ONE MILLION SIX HUNDRED THOUSAND DOLLARS

All values are stated in US dollars and are exclusive of any goods and services or value-added taxes.



Disclaimer

It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machinery might include: guards, electrical starters, switch-gear, safety equipment, wiring, conduit/piping and electrical, pneumatic or hydraulic controls systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the investigation.

The subject equipment may or may not conform to local OH&S standards. The sole responsibility for conforming rests with the owner of the subject equipment and may not necessarily affect the final estimate of value reported herein.

Whilst PP&E has inspected the assets, we have taken each in its prima facie condition. PP&E inspections did not include mechanical appraisal with a view to establishing the existence of major structural or component faults. We have assumed, unless otherwise instructed by BPNM staff, that individual items of plant and equipment were in a condition that would be expected, taking into consideration normal wear and tear, working environment, age, usage and maintenance procedures.

Contaminants such as asbestos, chemicals, toxic wastes, or other potentially hazardous materials could, if present, adversely affect the value of the property. Unless otherwise stated in this report, the extent of hazardous substances which may or may not be represented on or in the property was not considered by the valuer in the conclusion of value. The stated value estimated is based on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions, and the recipient of this report is advised that the valuer is not qualified to detect such substances, quantify the impact on values, or estimate the remedial cost.

We have made no allowance for site remediation costs, as we are not qualified to assess current or future obligations to dismantle, restore and/or remove the assets.

No deduction has been made for our valuation in respect of any outstanding amounts owed under any finance lease or hire purchase agreements. The subject equipment has been valued as being wholly owned and free of all encumbrances.

This valuation is solely for the use of the Reliant Parties and for no other purpose than the stated purpose. We owe no duty of care to any third party who becomes aware of this valuation and, without our knowledge, chooses to act or rely on the whole or any part of it.

This valuation has been prepared on the basis that full disclosure of all information and facts which may affect the valuation has been made to us. We cannot accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made. Furthermore, we do not accept responsibility for any consequential error or defect in the valuation which has resulted from any error, omission or inaccuracy in data or information supplied by the client or its officers and agents.

In reaching our opinion, we have utilised certain historical facts and relevant market data, available up to the date of our valuation. Our instructions did not require us to consider the effect of gains and losses which may arise as a result of the future fluctuations in the Plant and Equipment market. We therefore do not accept any responsibility whatsoever for losses caused by such fluctuations.

Neither the whole nor any part of this valuation nor any reference thereto may be included in any document, circular or statement without our approval of the form and context in which it will appear.



Additional Disclosures

Independence

PP&E Valuations Pty Ltd is an independent property advisory firm. We consider ourselves to be independent of BDO Corporate Finance (WA) Pty Ltd, Kasbah Resources Limited and Asian Mineral Resources Limited for the purpose of preparing this Valuation Report.

None of the persons responsible for the preparation of this Valuation Report has any material pecuniary or other interest in any interested party.

Qualifications

The valuer, Damian Dalton, is an Associate Member and a Certified Practising Valuer of Plant and Machinery of the Australian Property Institute, as well as a Candidate Member of the American Society of Appraisers. Damian has over 19 years' valuation experience pertaining to property, plant and equipment assets. He has experience in valuing similar mining assets.

Liability limited by a scheme approved under Professional Standards Legislation.

Valuation Methodology

PP&E Valuations Pty Ltd believes that the information used was adequate and appropriate for assessing the value of the assets.

Declaration of Veracity

PP&E Valuations Pty Ltd declares that this report is a true, full and accurate account of the basis for determining the Market Value of the subject assets, and includes all relevant information, evaluations and assumptions.

PP&E Valuations Pty Ltd further declares that information and explanations requested and required to prepare the report were made available by BDO Corporate Finance (WA) Pty Ltd, Kasbah Resources Limited and Asian Mineral Resources Limited in a limited capacity; however, were used subject to verification to the extent set out in this report.

Fees

The fee payable to PP&E Valuations Pty Ltd was in no way contingent upon the outcome of this report.

Certification

The undersigned hereby certify, to the best of their knowledge and belief:

- The statements of fact contained in this Valuation Report are true and accurate.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our impartial and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the assets that are the subject of this Valuation Report and no personal interest with respect to the parties involved.
- We have no bias with respect to the assets that are the subject of this Valuation Report, or to the parties involved in this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions and conclusions were developed, and this Valuation Report has been prepared in conformity with, and is subject to the Code of Professional Practice and the relevant International Valuation Practice Standards, the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers and the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.
- We have made a physical inspection, except where otherwise stated, of all of the assets that are the subject of this Valuation Report.

Yours sincerely,

PP&E Valuations Pty Ltd



Damian Dalton AAPI
Certified Practising Valuer (P&M)
Managing Director

APPENDIX A

BPNM Fixed Asset Register

Assets Register-As at 31July2016

BAN PHUC NICKEL MINES LLC
FIXED ASSETS REGISTER

Asset	Description	Location	Group	Acquisition Date	Acquisition Cost
Group : Environment (ENV)					
100265	Environment rehabilitation	BPM	ENV	1-Nov-13	311,000.00
	Environment rehabilitation - Addition	BPM	ENV	30-Sep-14	33,000.00
	Environment Afforestation	BPM	ENV	31-Dec-14	305,228.32
Group Total for ENV					649,228.32
Group : Housing & Construction (H&C)					
100008	Hat Lot-Core Storage	BPM	H&C	1-May-99	3,770.14
100011	Hat Lot-Core Storage	BPM	H&C	1-Aug-99	4,294.44
100014	Ban Phuc-Accom House	BPM	H&C	1-Dec-99	2,560.53
100019	Ban Phuc-Office Hous	BPM	H&C	1-Oct-01	4,907.99
100024	Hat Lot-Core Storage	BPM	H&C	31-Jul-04	15,147.40
100027	Ban Phuc-Kitchen/04-	BPM	H&C	31-Aug-04	11,468.64
100028	Ban Phuc-Accom House	BPM	H&C	30-Sep-04	15,936.96
100035	Ban Phuc-Wash House/	BPM	H&C	1-Nov-04	6,972.40
100169	Hat Lot core shed	BPM	H&C	1-Jan-09	12,062.29
100176	Reagents storage she	BPM	H&C	31-Dec-11	46,026.89
100177	Fine ore storage she	BPM	H&C	31-Dec-11	195,088.99
100178	Concentrate storage	BPM	H&C	31-Dec-11	206,722.18
Group Total for H&C					524,958.85
Group : Infrastructure (INF)					
	Infrastructure	BPM	INFC		20,983,744.61
Group Total for INF					20,983,744.61
Group : Licenses & Franchises (L&F)					
100042	Accounting software	HAN	L&F	31-Oct-05	1,650.00
100073	Pronto Software	HAN	L&F	8-Oct-07	35,827.69
100081	Surpac Software	HAN	L&F	7-Nov-07	61,152.00
100082	Server software - Ca	BPM	L&F	30-Nov-07	2,167.02
100129	Map drawing software	HAN	L&F	13-Mar-08	2,980.66
100217	Fierwall software	BPM	L&F	14-Jan-13	7,125.67
100227	Zywall software	HAN	L&F	22-May-13	7,105.14
100228	Vulcan GeoStatModell	BPM	L&F	30-Jun-13	70,643.75
100095	Mail Server Software	HAN	L&F	1-Mar-08	2,954.93
Group Total for L&F					191,606.86
Group : Land use rights (LUR)					
100013	Land use rights	BPM	LUR	1-Nov-99	3,222.34
100039	Land use rights	BPM	LUR	1-Dec-04	71,130.22
Group Total for LUR					74,352.56
Group : Machinery & Equipment (M&E)					
100083	Rock Drill Machine	BPM	M&E	5-Dec-07	993.91
100084	Grout Pump	BPM	M&E	31-Dec-07	29,670.00
100108	Crusher	BPM	M&E	1-Apr-08	11,065.53
100154	Dump Truck	BPM	M&E	1-Aug-08	394,913.88
100155	Volvo 70 IT	BPM	M&E	1-Aug-08	322,513.00
100156	Elphington 1700 Bogg	BPM	M&E	1-Aug-08	438,792.39
100157	Grader	BPM	M&E	1-Aug-08	48,768.51
100158.1	Compressor	BPM	M&E	1-Aug-08	30,715.98
100159	Tamrock 205D Powercl	BPM	M&E	1-Aug-08	189,078.95
100160	R2800 Elphinton Bogg	BPM	M&E	1-Aug-08	106,883.42
100161	Tamrock 205 Drill JB	BPM	M&E	1-Aug-08	229,734.96
100162	Almonte Core Saw	BPM	M&E	1-Aug-08	25,420.69
100163	Diamond drill U36B	BPM	M&E	1-Aug-08	77,035.29
100165	Jumbo Starter	BPM	M&E	1-Sep-08	37,655.97
100167	Niton XRF analyser	BPM	M&E	1-Nov-08	58,589.99
100170	Install engine on Bo	BPM	M&E	1-Jan-10	2,901.14
100172	Excavator	BPM	M&E	28-Jun-10	78,608.54
100026	GE/01-1/75KVA - Gene	BPM	M&E	24-Aug-04	3,179.65
100086	Welder Generator	BPM	M&E	21-Dec-07	9,504.06
100182	Generator 980KW	BPM	M&E	15-Jun-12	48,192.77
100122	Downhole Survey Equi	BPM	M&E	1-May-08	106,047.32
100135	Crane RK45	BPM	M&E	1-Jun-08	412,670.00
100153	Silencer	BPM	M&E	1-Aug-08	4,370.80
100166	Vertical plan file c	BPM	M&E	1-Oct-08	2,280.00
100173	Weather Station	BPM	M&E	27-Aug-10	830.27
Group Total for M&E					2,670,417.02
Group : Mining license grant fee (MGF)					
100268	Mining Grant fee	BPM	MGF	31-Dec-13	2,500,777.00
Group Total for MGF					2,500,777.00
Group : Mine development (MIND)					
	Mine development	BPM	MIND		31,566,244.63
Group Total for MIND					31,566,244.63

Details in "Backup"

Details in "Backup"

Assets Register-As at 31July2016

Asset	Description	Location	Group	Acquisition Date	Acquisition Cost
Group : Office equipment & furniture (OE&F)					
100046	Laptop -	HAN	OE&F	1-Dec-05	1,227.66
100049	Computer - HN Office	HAN	OE&F	17-Apr-06	831.71
100050	Computer - HN Office	HAN	OE&F	17-Apr-06	806.65
100051	Computer - HN Office	HAN	OE&F	17-Apr-06	806.65
100053	Computer - HN Office	HAN	OE&F	8-May-06	1,230.00
100055	Computer - Site	BPM	OE&F	1-Dec-06	2,622.41
100057	Computer - HN Office	HAN	OE&F	1-Jan-07	930.50
100058	Computer - HN Office	HAN	OE&F	1-Jan-07	672.14
100063	Laptop - HN office (	HAN	OE&F	1-Apr-07	2,105.16
100065	Laptop - HN office (	HAN	OE&F	1-Jun-07	2,431.20
100066	Laptop - HN office (	HAN	OE&F	1-Jun-07	1,908.04
100067	Laptop - HN office (	HAN	OE&F	1-Jul-07	2,053.05
100068	Laptop - HN office (	SNL	OE&F	1-Aug-07	1,649.12
100071	New Server	HAN	OE&F	1-Sep-07	19,322.74
100072	Pronto Server	HAN	OE&F	8-Oct-07	10,647.23
100077	Laptop - SOS & Paul	BPM	OE&F	30-Nov-07	1,924.25
100088	Laptop - Hung IT	HAN	OE&F	13-Dec-07	1,219.62
100089	Laptop - Ian	BPM	OE&F	13-Dec-07	1,015.40
100090	Laptop - Ms Lien	HAN	OE&F	13-Dec-07	954.47
100097	HP Computer	HAN	OE&F	1-Mar-08	1,007.02
100098	Laptop-Mr Simon	HAN	OE&F	1-Mar-08	3,929.77
100101	HP compaq computer	BPM	OE&F	1-Apr-08	5,954.18
100103	Projector	BPM	OE&F	1-Apr-08	799.35
100105	HP compaq computer	HAN	OE&F	1-Apr-08	1,980.63
100106	Laptop- Geologic Dep	BPM	OE&F	1-Apr-08	1,220.38
1001132	Laptop-Mr Ben	HAN	OE&F	1-Jun-08	1,751.97
100119	Laptop-Paul (Worksho	BPM	OE&F	1-May-08	1,370.77
100121	Laptop for Maxine	BPM	OE&F	1-May-08	916.68
100127	Laptop for Masindo	BPM	OE&F	1-May-08	930.82
100128	Laptop for McGlinche	BPM	OE&F	1-May-08	930.83
100130	Laptop-Mr Hao	HAN	OE&F	1-Jun-08	1,337.52
100133	HP Compaq	BPM	OE&F	1-Jun-08	2,987.22
100136	Laptop-Mr Wayne	BPM	OE&F	1-Jul-08	1,626.00
100137	Laptop-Mr Richard Ki	BPM	OE&F	1-Jul-08	1,626.00
100140	6 desktop computers	BPM	OE&F	1-Jul-08	6,403.03
100141	2 desktop computers-	BPM	OE&F	1-Jul-08	2,498.55
100144	03 HP computers - Me	BPM	OE&F	1-Aug-08	2,607.91
100145	02 HP computers	BPM	OE&F	1-Aug-08	2,338.13
100146	HP computer - Metpla	BPM	OE&F	1-Aug-08	1,468.23
100147	HP computer - Metpla	BPM	OE&F	1-Aug-08	1,103.11
100148	Laptop - Rob Guest	HAN	OE&F	1-Aug-08	2,308.15
100150	HP computer	BPM	OE&F	1-Sep-08	1,011.73
100151	Laptop - Mr Thuan	SNL	OE&F	1-Sep-08	2,317.42
100171	HP Computer-Server i	HAN	OE&F	1-Apr-10	2,914.59
100179	Laptops for O2 Expat	BPM	OE&F	11-May-12	1,358.44
100180	Laptops for Mai, Quan	HAN	OE&F	11-May-12	1,358.44
100181	Laptop for Lien	HAN	OE&F	31-May-12	635.25
100183	Laptop for Hiep	HAN	OE&F	10-Jul-12	913.46
100184	Laptops for Lap, Ly,	BPM	OE&F	10-Jul-12	1,846.15
100185	Laptop for SOS staff	BPM	OE&F	12-Jul-12	615.97
100187	Laptop-Mr Minh	HAN	OE&F	14-Aug-12	943.67
100188	Laptop for Neil Bake	BPM	OE&F	14-Aug-12	943.67
100189	Laptop-Tu (construct	BPM	OE&F	13-Sep-12	630.72
100190	Desktops for BP site	BPM	OE&F	13-Sep-12	1,341.83
100191.1	Laptops-Trung, Thinh	HAN	OE&F	3-Oct-12	1,269.23
100191.2	Laptop-Hai Electrica	BPM	OE&F	3-Oct-12	634.62
100192.1	Laptops-Quynh,Yen,dh	HAN	OE&F	24-Oct-12	1,269.23
100192.2	Laptop-Vu IT	BPM	OE&F	24-Oct-12	634.62
100193	Laptop-Dich Surveyor	BPM	OE&F	26-Oct-12	634.62
100196	Laptop-Thuan Mining	BPM	OE&F	1-Nov-12	1,096.15
100197	Laptop-Iain Cox	BPM	OE&F	16-Nov-12	909.09
100198	Laptop-Mr Minh DGD	HAN	OE&F	20-Nov-12	1,345.67
100199	Laptop-Nhan Translat	BPM	OE&F	30-Nov-12	522.29
100200.1	Laptops-Jim,Andrew	BPM	OE&F	5-Dec-12	1,269.23
100200.2	Laptops-Murray,Tuyen	BPM	OE&F	5-Dec-12	1,269.23
100201	Laptop-Viet IT	BPM	OE&F	5-Dec-12	522.29
100202	Laptop-Phong Geologi	BPM	OE&F	5-Dec-12	634.62
100203	Laptops-Ms Nhung Eng	BPM	OE&F	31-Dec-12	522.29
100204	Laptops-Mr Man, Dung	BPM	OE&F	31-Dec-12	1,906.60
100205	Laptop-Ms Minh HR	HAN	OE&F	31-Dec-12	522.29
100206	Laptop-Mr Tung (Envi	BPM	OE&F	31-Dec-12	634.62
100207	Laptop-Hieu (Electri	BPM	OE&F	31-Dec-12	1,350.96

Asset	Description	Location	Group	Acquisition Date	Acquisition Cost
100208	Laptop-Richard (Fore	BPM	OE&F	31-Dec-12	634.62
100209	Laptop-Ms Hoan HR	BPM	OE&F	11-Dec-12	635.53
100212	Laptop-Andrew;Glenn;	BPM	OE&F	14-Jan-13	1,945.12
100213	Laptop-Hung (surveyo	BPM	OE&F	14-Jan-13	635.53
100214	Laptop-Ms Van (Envir	HAN	OE&F	14-Jan-13	652.16
100215	Laptop-Yen(HR);Noel;	BPM	OE&F	14-Jan-13	2,542.13
100218	Laptop-Ms Hal(HR)	HAN	OE&F	7-Feb-13	625.47
100219	Laptop-Viet,Hai(Geol	BPM	OE&F	7-Feb-13	2,153.46
100220	Laptop-Dinh Chung	BPM	OE&F	23-Feb-13	635.53
100221	Laptop-Warwik	BPM	OE&F	23-Feb-13	861.82
100222	Laptop-Ngoc (Huynh H	HAN	OE&F	27-Feb-13	606.21
100224	Laptop-Giang, Thinh, H	BPM	OE&F	7-Mar-13	2,471.05
100225	Laptop-Robert Thomas	BPM	OE&F	30-Mar-13	1,267.22
100273	Server Pronto	HAN	OE&F	1-May-14	5,767.12
100274	Server HP DL320E	HAN	OE&F	9-Jun-14	6,319.18
100275	HP server Prolian DL	HAN	OE&F	21-Aug-14	4,100.46
100034	Projector	HAN	OE&F	1-Oct-04	1,836.52
100041	Photocopier	HAN	OE&F	1-Jun-05	2,728.00
100054	Office furniture	HAN	OE&F	6-Aug-06	4,000.00
100059	Scanner	HAN	OE&F	1-Feb-07	1,229.15
100060	Survey machine	BPM	OE&F	1-Mar-07	9,182.31
100070	Survey machine	BPM	OE&F	1-Sep-07	8,929.89
100107	Photocopier	BPM	OE&F	1-Apr-08	4,850.62
100149	Additional module -	HAN	OE&F	1-Aug-08	12,081.98
100152	Office furniture	HAN	OE&F	1-Sep-08	27,489.85
100231	Campbell Weather Sta	BPM	OE&F	4-Feb-13	5,549.57
100232	Furniture - New offi	HAN	OE&F	16-Aug-13	37,932.91
100233	UPS APC Smart	HAN	OE&F	30-Sep-13	1,894.98
100235	Furniture - AMR offi	HAN	OE&F	30-Sep-13	3,482.63
100061	05 mobile phone (O2)	HAN	OE&F	1-Mar-07	1,554.87
100078	Telephone network -	BPM	OE&F	30-Nov-07	1,311.23
100079	Computer network - C	BPM	OE&F	30-Nov-07	19,792.50
100099	Telephone+System acc	BPM	OE&F	1-Mar-08	2,326.31
100126	Switch Board Pro	BPM	OE&F	1-May-08	4,881.67
100174	Iphone - Mr Minh	HAN	OE&F	1-Dec-10	587.18
100175	Iphone - Mr Thuan	SNL	OE&F	1-Dec-10	587.18
100186	Site server HP Proli	BPM	OE&F	14-Aug-12	4,313.25
100229	Voice conference pho	HAN	OE&F	19-Jun-13	2,009.13
100006	Printer - Site (HP 1	BPM	OE&F	1-Mar-99	389.00
100012	Printer - Site (A4 c	BPM	OE&F	1-Oct-99	356.90
100020	Printer - HN office	HAN	OE&F	3-Mar-03	360.00
100022	Printer - Site (A3 p	BPM	OE&F	23-Mar-04	1,470.33
100025	New Plotter - HN off	HAN	OE&F	5-Aug-04	6,831.71
100092	A0 Plotter-Design je	SNL	OE&F	1-Feb-08	5,631.69
100104	Printer-Accounting D	HAN	OE&F	1-Apr-08	746.13
100118	Printer - HP Laserje	BPM	OE&F	1-Apr-08	706.43
100123	Printer P2014	BPM	OE&F	1-May-08	458.24
100124	Scan	BPM	OE&F	1-May-08	557.62
100125	Printer for the site	BPM	OE&F	1-May-08	715.33
100194	Scanner Epson GT-200	HAN	OE&F	29-Oct-12	1,689.16
100223	Printer Docucenter	HAN	OE&F	27-Feb-13	4,048.67
100226	Xerox Printer	HAN	OE&F	22-Apr-13	3,422.73
Group Total for OE&F					353,021.52
Group : Other Intangible assets (OTH)					
100266	Long-term Prepaid Exp (Exploration)	BPM	OTH	1-Nov-13	2,515,035.22
	Long-term Prepaid Exp (Exploration)	BPM	OTH	31-Jan-16	750,210.67
Group Total for OTH					3,265,245.89
Group : Plant (PLTC)					
	Plant	BPM	PLTC		34,810,452.72
Group Total for PLTC					34,810,452.72
Group : Transport & Transmission (T&T)					
100001	Motorbike	BPM	T&T	1-Mar-97	2,078.00
100002	Motorbike	BPM	T&T	1-Apr-97	2,104.34
100015	Boat	BPM	T&T	1-Dec-99	12,082.00
100043	Vehicle - Car (Pajero)	HAN	T&T	1-Nov-05	52,785.82
100062	Vehicle - Car (Isuzu)	BPM	T&T	1-Mar-07	29,038.83
100069	02 Motorbikes	BPM	T&T	1-Aug-07	1,254.35
100102	Flat bed Truck	BPM	T&T	1-Apr-08	13,511.08
100109	Car -Everest	HAN	T&T	1-Apr-08	31,361.61
100110	Car - Transit	BPM	T&T	1-Apr-08	33,816.53
100111	Car - Ranger	BPM	T&T	1-Apr-08	27,248.90
100112	Car - Ranger	BPM	T&T	1-Apr-08	27,248.90
100113	Car - Ranger	BPM	T&T	1-Apr-08	27,160.80

Details in "Backup"

Asset	Description	Location	Group	Acquisition Date	Acquisition Cost
100114	Car - Ranger	BPM	T&T	1-Apr-08	27,038.45
100115	Car - Ranger	BPM	T&T	1-Apr-08	27,038.45
100116	Car - UAZ	BPM	T&T	1-Apr-08	14,452.87
100117	Car - UAZ	BPM	T&T	1-Apr-08	14,452.86
100142	Car-Ranger	BPM	T&T	1-Jul-08	26,883.84
100143	Car-Ranger	BPM	T&T	1-Jul-08	26,776.65
100168	Doom truck	BPM	T&T	1-Dec-08	22,129.37
100195	Honda Wave motorbike	BPM	T&T	31-Oct-12	872.71
100210	Car-Ranger	BPM	T&T	2-Jan-13	32,110.21
100211	Car-Transit	BPM	T&T	2-Jan-13	36,096.89
100230	Ford Ranger-29LD-016	BPM	T&T	10-May-13	31,755.02
100234	Fortuner Car	HAN	T&T	1-Sep-13	51,946.08
100280	Motorbike	BPM	T&T	31-Dec-15	1,917.81
Group Total for T&T					573,162.37
Group: Other tangible assets (OTHE)					
100216	Campbell Weather Station	BPM	OTH	4-Feb-13	5,549.57
Group Total for OTHE					5,549.57
Summary Totals for all assets listed					98,168,761.92

Assets Register-As at 31July2016

Ban Phuc Nickel Mines LLC
Breakdown for Project costs

		Acquisition Value
Infrastructure construction		
INF100	Camp Site	532,762.28
INF200	Mine Site	83,244.90
INF300	Roads	1,522,500.59
INF400	Civil works Plant site	5,730,129.36
INF500	TSF & PSRD	4,576,631.95
INF600	Temporary Camp	2,473,726.06
INF700	Utilities	3,151,252.19
INF800	Permits	11,857.24
INF900	Mobile Equipment	395,417.36
INF1000	Miscellaneous/Consultants	149,637.58
INF2000	Mess Kitchen	82,246.27
INF2006	Laboratory Building	621,675.21
INF2007	MCC Building	50,509.22
INF2008	Primary Substation Building	309.20
INF2009	Stores Building	134,352.89
INF20010	Geology office/samples warehouse	15,371.30
	Others	1,452,120.99
		-
Sub-total		20,983,744.61
Plant construction		
PCCR	Crushing Facility	1,027,140.63
PCGC	Grinding Facility	3,568,439.82
PCFL	Flotation	2,154,502.37
PCCD	Concentrate Dewatering	2,126,141.06
PCIN	Infrastructure Facilities	2,099,110.47
PCPM05	Project Management	2,836,084.39
PCCM06	Construction Management	4,658,943.06
PCDE04	Design	5,714,134.00
PCOH	Other	1,232,323.78
PCAA	Overall plant facilities	1,900,513.28
PCCO07	Commissioning	673,104.42
PCCS	Concentrate Shed Construction	63,082.67
PCPR	Piperacks & tails facilities	195,647.41
PCTA	Tailings Disposal	3,986,974.57
PCRE	Reagents Facilities	500,782.71
PCSE	Service Facilities (incl electrical)	907,614.69
PCSA	Safety facilities	16,398.75
Others	Others	(4,805.30)
Others	Others	1,154,319.94
Sub-total		34,810,452.72

Machinery and equipment located to these areas are detailed in "Plant-Equipment"

Assets Register-As at 31July2016

Ban Phuc Nickel Mines LLC
Breakdown for Project costs

		Acquisition Value
MINING		
MD100	Site Establishment	6,733,382.31
MD200	Decline Development	5,295,645.65
MD300	Level Development	351,999.08
MD400	Vertical Development	7,394.46
MD500	Primary Development	204,049.53
MD600	Secondary Ventilation	17,016.05
MD700	ADIT Development	166,192.81
MD800	Mine Geology	-
MD810	Grade Control	-
MD820	Resource Definition	-
MD999	Reallocation	8,832,727.10
Other	Compressor	292,200.00
Other	Compressor	142,376.45
Other	Explosives	130,152.23
Other	Other	1,340,144.65
Other	Mine developing after Nov'13	8,052,964.31
TOTAL MINING	Sub-total	31,566,244.63

Ban Phuc Nickel Mines
List of equipment in Plant

Asset	Description	Location	Grp	Acquired value
Processing & Engineering	Shell lining system for ball mill	BPM	M&E	166,430.00
Processing & Engineering	Impact bed	BPM	M&E	9,580.00
Processing & Engineering	Process plant instrument	BPM	M&E	135,940.00
Processing & Engineering	Weightometer and spares	BPM	M&E	17,910.00
Processing & Engineering	Butt welding machine	BPM	M&E	6,915.00
Processing & Engineering	Tails water return pump/tails	BPM	M&E	24,390.00
Processing & Engineering	Lighting towers-terex usa	BPM	M&E	42,465.09
Processing & Engineering	Genset aksa 132 kva-singapore	BPM	M&E	20,356.28
Processing & Engineering	Genset aksa 180 kva-singapore	BPM	M&E	24,520.94
Processing & Engineering	Plc equipment	BPM	M&E	47,897.40
Processing & Engineering	Transformer -4000kva	BPM	M&E	130,284.06
Processing & Engineering	Leica survey station tcr-1203	BPM	M&E	10,440.06
Processing & Engineering	Campbell weather station	BPM	M&E	5,549.57
Processing & Engineering	Hoist	BPM	M&E	30,484.43
Processing & Engineering	Maintenance equipment	BPM	M&E	294,561.00
Processing & Engineering	Safety	BPM	M&E	209,439.00
Processing & Engineering	Concrete Batch Plant	BPM	M&E	645,010.00
Process Plant	Hydroncyclone Cluster complete	BPM	M&E	35,198.70
Process Plant	Flotation cells	BPM	M&E	836,972.94
Process Plant	Thickener (Presure transmitter)	BPM	M&E	2,909.69
Process Plant	Wet vibrating screen	BPM	M&E	21,410.03
Process Plant	Metal detector model 50	BPM	M&E	15,460.97
Process Plant	Tank agitators	BPM	M&E	39,672.24
Process Plant	Set of ball mill liners	BPM	M&E	78,782.98
Process Plant	Tramp Iron Magnet	BPM	M&E	17,597.98
Process Plant	Conveyor weightometer	BPM	M&E	10,273.48
Process Plant	Valve	BPM	M&E	8,878.52
Process Plant	Ball Mill Overflow Sampler	BPM	M&E	40,321.51
Process Plant	Xanthathte Dust Collector	BPM	M&E	31,251.70
Process Plant	XRF on stream slurry analyser	BPM	M&E	244,477.42
Process Plant	Safety shower & eye wash	BPM	M&E	18,751.85
Process Plant	CMC Dosing pump - flash splitter	BPM	M&E	41,831.88
Process Plant	Davit Crane	BPM	M&E	5,222.22
Process Plant	Switch for conveyor	BPM	M&E	9,642.00
Process Plant	Ball Mill accessories	BPM	M&E	469,677.33
Process Plant	Xanthate solution Pump - 610/611	BPM	M&E	21,722.55
Process Plant	Fire water pump	BPM	M&E	70,312.90
Process Plant	Crushers, screening & conveyors	BPM	M&E	521,378.00
Process Plant	Thickener	BPM	M&E	355,580.27
Process Plant	Duel stage vent fans	BPM	M&E	10,229.15
Process Plant	Ball Mill purchase	BPM	M&E	375,000.00
Process Plant	Ball mill refurbishment	BPM	M&E	478,752.90
Process Plant	Tilt switch (Ball Mill)	BPM	M&E	627.46
Process Plant	Flocculant mixing plant	BPM	M&E	52,292.77
Process Plant	CMC complete mixing plant	BPM	M&E	56,137.61
Process Plant	Froth pump	BPM	M&E	60,127.81
Process Plant	Ball mill cyclone Feed Pump	BPM	M&E	17,737.46

Ban Phuc Nickel Mines
List of equipment in Plant

Asset	Description	Location	Grp	Acquired value
Process Plant	Sump pump	BPM	M&E	62,812.67
Process Plant	Girth gear	BPM	M&E	133,280.00
Process Plant	CMC Dosing pump	BPM	M&E	96,529.05
Process Plant	Head/tail/takeup pulley	BPM	M&E	22,419.12
Process Plant	Impact bed	BPM	M&E	16,184.96
Process Plant	Surface mount-resistance temperature detector	BPM	M&E	1,577.70
Process Plant	Conveyor belt	BPM	M&E	12,676.06
Process Plant	3 roll 35 degree offset trough	BPM	M&E	19,989.88
Process Plant	Conveyor belt-cleaner	BPM	M&E	6,530.34
Process Plant	3 roll off set trough	BPM	M&E	12,486.72
Process Plant	Head/tail/takeup pulley-400-CV-401	BPM	M&E	26,231.06
Process Plant	Scada hardware	BPM	M&E	10,297.30
Process Plant	Conveyor drive assembly	BPM	M&E	18,908.85
Process Plant	Proximity switch ball mill	BPM	M&E	463.05
Process Plant	Banner-Q7MB(vehicle detector sensor)	BPM	M&E	303.93
Process Plant	Warning siren	BPM	M&E	4,592.96
Process Plant	CBU,memory card	BPM	M&E	43,373.48
Process Plant	Solenoid valve for Ball Mill clutch	BPM	M&E	686.24
Process Plant	Valve	BPM	M&E	123,653.72
Process Plant	Waste water transfer pump	BPM	M&E	12,443.64
Process Plant	Filter	BPM	M&E	276,756.84
Process Plant	Drill Rig	BPM	M&E	507,345.27
Process Plant	Process water pump	BPM	M&E	55,100.00
Mobile/heavy	IT Volvo (2)	BPM	M&E	322,513.00
Mobile/heavy	Kobelco Crane RK45	BPM	M&E	412,670.00
Mobile/heavy	Kobelco Excavator	BPM	M&E	78,609.00
Mobile/heavy	Tamper jumper	BPM	M&E	1,696.00
Mobile/heavy	02 Generators 5.5KVA	BPM	M&E	2,019.00
Mobile/heavy	Power meter	BPM	M&E	1,575.00
Mobile/heavy	01 Generator - APD200C	BPM	M&E	22,509.00
Mobile/heavy	Air compressor V100A	BPM	M&E	656.00
Mobile/heavy	Welding plant	BPM	M&E	12,315.00
Mobile/heavy	Generator for IT Volvo	BPM	M&E	1,040.00
Total				8,090,649.99



Appendix 6 - Valuation of a Kasbah share option

Kasbah share options

We have been instructed by the Directors of Kasbah to perform a valuation of the outstanding Kasbah share options. As per instruction, we have assessed the value of the Kasbah share option at the agreement date of the Option Cancellation Deed, which we have been advised to be 10 August 2016. Our valuation and assumptions are outlined below:

Kasbah share options	Note	
Value of underlying security (A\$)	a	0.063
Exercise price (A\$)	b	0.12
Issue date		27-Nov-14
Valuation date	c	10-Aug-16
Expiration date	d	27-Nov-17
Life of the options (years)	d	3.00
Effective life of the options (years)	d	1.30
Volatility	e	110%
Risk free rate	f	1.49%
Value per Kasbah share option (A\$)		0.0190
Number of Kasbah share options (A\$)		500,000
Total value of Kasbah share options (A\$)		9,500

Source: BDO analysis

Note a: Underlying value of security

We have adopted Kasbah's share price, as at the valuation date, as the value of the underlying value of the Kasbah share options. The closing share price of Kasbah on 10 August 2016 was A\$0.063.

Note b: Exercise price

The exercise price is the price at which the underlying ordinary shares will be issued. For the Kasbah share option, the exercise price is \$0.12.

Note c: Valuation date

We have been instructed to assess the value of the Kasbah share options as at 10 August 2016, which we understand to be the agreement date of the Option Cancellation Deed.

Note d: Life of options

The options have a term of three years from their date of issue. However, based on our valuation date of 10 August 2016, the effective life of the options is 1.30 years.



Note e: Volatility

To estimate volatility, we considered the average historical volatility of a list of comparable companies within the tin industry as well as Kasbah's own historical volatility. We obtained an estimate of 110% for both. The list of companies we consider comparable to Kasbah are listed in Appendix 3.

Note f: Risk free rate

We have used the Australian Government one-year bond rate of 1.49% as at 10 August 2016 as input into our option pricing model.

Valuation conclusion

We have assessed the value of a Kasbah share option to be A\$0.019.

Assessment of the consideration offered

Under the Scheme, cash consideration of A\$12,250 will be paid by AMR to the sole current outstanding option holder of Kasbah.

Based on our valuation of a Kasbah share option above, our assessed value of 500,000 options is A\$9,500.

We consider the cash consideration to be paid by AMR is higher than the value of a Kasbah share option.

ANNEXURE 2 – SCHEME IMPLEMENTATION AGREEMENT

Details

Date 10 August 2016

Parties

AMR

Name Asian Mineral Resources Limited
Incorporation: British Columbia
Address Suite 1700, Park Place
666 Burrard Street
Vancouver, British Columbia
V6C 2X8
Fax +1 (416) 360-3412
Email info@asianminres.com
Attention Paula Kember

Kasbah

Name Kasbah Resources Limited
ACN 116 931 705
Address 11 Moreau Mews, Applecross, Western Australia 6153,
Australia
Fax +61 8 9463 6652
Email toconnor@kasbahresources.com
Attention Company Secretary

BACKGROUND

- A The parties have agreed that AMR will acquire all of the issued Kasbah Shares in exchange for AMR Share CDIs (or AMR Shares) and AMR Warrant CDIs (or AMR Warrants) pursuant to the Scheme, subject to the approval of the holders of the Kasbah Shares and the Court.
- B Kasbah intends to propose the Scheme and issue the Scheme Booklet.
- C AMR and Kasbah have agreed to do the things required by this agreement in order to enable the Scheme to be proposed, approved and implemented.

In consideration of the mutual covenants and agreements in this agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties covenant and agree as follows:

AGREED TERMS

1 DEFINED TERMS & INTERPRETATION

1.1 Defined terms

In this agreement:

Accounting Standards has the meaning given to that term in section 9 of the Corporations Act.

AMR Board means the board of directors of AMR.

AMR Budget means the budget of the AMR Group detailed in the AMR Disclosure Letter (or as otherwise disclosed to Kasbah prior to the date of this agreement) or, if the Second Court Date has not occurred by 31 December 2016, thereafter means such written budget of the AMR Group as mutually agreed between Kasbah and AMR (in good faith and acting reasonably).

AMR Costs has the meaning given to that term in clause 11.1.2.1.

AMR Disclosure Letter means the letter dated the date of this agreement delivered by AMR to Kasbah in a form accepted by Kasbah with respect to certain matters in this agreement.

AMR Financial Statements means the audited consolidated statement of financial position, 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 of AMR for the financial year ended 31 December 2015, together with accompanying notes.

AMR Group means AMR and its Subsidiaries, and a member of the AMR Group means any one of them.

AMR Information means the information about AMR detailed in, and provided to Kasbah by AMR under, clause 5.3.1.

AMR Key Employees means Tim Ashworth, Darren Kerr and Steve Ennor.

AMR Material Adverse Event means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) that occurs on or after the date of this agreement, or is likely to occur on or after the date of this agreement which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (a) the result that the business, trading or financial position, results of operations or assets (including the AMR Permit) of the AMR Group are materially adversely affected and the effect of a diminution or reduction in value of the total non-current assets less the total liabilities of the AMR Group (taken as a whole) from that shown on AMR's balance sheet as at 30 June 2016 of US\$2 million or more (calculated on the basis of IFRS) but excluding:
- (i) any depreciation, impairment and amortisation of assets from 30 June 2016; and
- (ii) any additional provisions from that shown on AMR's balance sheet as at 31 December 2015 for direct and indirect costs of rehabilitation and closure of the Ban Phuc Mine up to a maximum value of US\$1.7 million; or
- (b) the result that the AMR Permit has expired, been terminated or surrendered such that no member of the AMR Group retains a majority interest in that AMR Permit,
- other than those changes, events, occurrences or matters:
- (c) to the extent required or permitted by this agreement, the Scheme or transactions contemplated by them;
- (d) that took place with the written consent of Kasbah;
- (e) to the extent that is Fairly Disclosed in the AMR Disclosure Letter, the Disclosure Materials, the AMR Budget (if not attached to the AMR Disclosure Letter) or in an announcement made by AMR to the TSX-V on or after 1 July 2015 but before the date of this agreement;
- (f) that are or that arise from: (a) changes in world nickel prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) changes in Law in jurisdictions in which AMR Group operates, in each case, which impact producers of, or explorers for, nickel in a similar manner, but excluding for the avoidance of

doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which AMR Group operates which are directed at the AMR Group's operations that exist as at the date of this agreement; or

- (g) arising from changes to IFRS applied by AMR as at the date of this agreement or the interpretation of those principles by any professional body or Regulatory Authority.

For the avoidance of doubt, a fall in the trading price of an AMR Share will not of itself alone constitute an AMR Material Adverse Event.

AMR Permit means the exploitation mining and exploration permit detailed in Schedule 6.

AMR Prescribed Occurrence means other than:

- (a) as required or permitted by this agreement, the Scheme or the Deed Poll;
- (b) matters which have been Fairly Disclosed in the AMR Disclosure Letter, the Disclosure Materials, the AMR Budget (if not attached to the AMR Disclosure Letter) or in an announcement made by AMR to the TSX-V on or after 1 July 2015 but before the date of this agreement; or
- (c) as agreed to in writing by Kasbah,

the occurrence of any of the following on or after the date of this agreement and before 8.00am on the Second Court Date:

- (d) AMR converting all or any of its shares into a larger or smaller number of shares;
- (e) any member of the AMR Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (f) any member of the AMR Group:
- (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement;
- (g) any member of the AMR Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;
- (h) a member of the AMR Group issuing securities, including without limitation shares, or granting a warrant (over its shares, or agreeing to make such an issue or grant such a warrant, including pursuant to a dividend reinvestment or other share plan), other than:
- (i) the issue of or an agreement to issue securities in a member of the AMR Group (other than AMR) to AMR or a wholly owned subsidiary of AMR; or
 - (ii) the exercise of an option or warrant disclosed to TSX-V prior to the date of this agreement;
- (i) a member of the AMR Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, AMR Shares, including pursuant to a dividend reinvestment or other share plan;

- (j) AMR making any change to its constituent documents or convenes a meeting to consider a resolution to change a constituent document of any member of the AMR Group;
- (k) a material member of the AMR Group disposing, or agreeing to dispose, of the whole or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the date of this agreement;
- (l) any disposal of shares or securities by a member of the AMR Group in any member of the AMR Group other than to a member of the AMR Group that is a wholly owned subsidiary of AMR;
- (m) any member of the AMR Group exercises or waives any pre-emptive rights or rights of first or last refusal prior to the final date on which those rights may be exercised;
- (n) any member of the AMR Group:
- (i) issues, or agrees to issue, or grants an option to subscribe for, debentures (as defined in section 9 of the Corporations Act);
 - (ii) terminates or materially amends a contract with an annual revenue or expenditure of more than US\$100,000;
 - (iii) enters into any new contract with an annual revenue or expenditure of more than US\$100,000 with a third party, including any joint venture agreement, shareholders agreement or other profit sharing arrangement;
- (o) a member of the AMR Group:
- (i) acquiring, leasing or disposing of;
 - (ii) agreeing to acquire, lease or dispose of; or
 - (iii) offering, proposing, announcing an intention or a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds US\$100,000 (individually or in aggregate);
- (p) a member of the AMR Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;
- (q) a member of the AMR Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (r) a member of the AMR Group:
- (i) entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the AMR Group in excess of US\$100,000 annually (individually or in aggregate); or
 - (ii) (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of this agreement of more than US\$100,000 (individually or in aggregate);

- (iii) waiving any material third party default where the financial impact on the AMR Group will be in excess of US\$100,000 (individually or in aggregate);
- (iv) accepting as a compromise of a matter less than the full compensation due to a member of the AMR Group, where the result of the compromise is that the member will receive an amount which is more than US\$100,000 (individually or in aggregate) less than the amount of full compensation; or
- (v) otherwise waiving, releasing, granting or transferring any rights with an annual revenue or expenditure of more than US\$100,000 (individually or in aggregate);
- (s) other than pursuant to commitments that existed prior to the date of this agreement, a member of the AMR Group providing financial accommodation by way of Financial Indebtedness other than to members of the AMR Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of US\$100,000 (individually or in aggregate);
- (t) a member of the AMR Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of nickel, copper, cobalt or to interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or warrants) or similar instruments;
- (u) a member of the AMR Group entering into or resolving to enter into a transaction with any related party of AMR (other than a related party which is a member of the AMR Group);
- (v) a material member of the AMR Group being deregistered as a company or otherwise dissolved except in the case of a member of the AMR Group with less than US\$100,000 (individually or in aggregate) in net assets as at the date of this agreement;
- (w) a member of the AMR Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in IFRS;
- (x) any member of the AMR Group enters into, offers to enter into, agrees to enter into or announces an intention to enter into, any transaction under which:
 - (i) any third party would, or on the satisfaction of any conditions would be entitled to, acquire any legal, beneficial or economic interest in, or an overriding royalty interest, net profit interest or other right to payment calculated on or by reference to production, revenue, earnings or profit attributable to; or
 - (ii) there would be any diminution in the rights granted under or held by an member of the AMR Group in respect of,
 the AMR Permit;
- (y) AMR Shares cease to be quoted on the TSX-V;
- (z) a material breach by a member of the AMR Group or Pala of the Support Agreement or the termination of the Support Agreement other than due to the default of a member of the Kasbah Group; or

- (aa) if an AMR Insolvency Event occurs.

AMR Representations and Warranties means the representations and warranties of AMR set out in Schedule 3 and given pursuant to clause 7.1.

AMR Share means one fully paid common share in the capital of AMR.

AMR Share CDI means a CHESD Depositary Interest, issued by CDN, representing a beneficial interest in ten (10) AMR Shares.

AMR Shareholder means each person who is registered as the holder of AMR Shares.

AMR Warrant means a warrant to acquire an AMR Share on the terms and conditions in Schedule 7.

AMR Warrant CDI means a CHESD Depositary Interest, issued by CDN, representing a beneficial interest in ten (10) AMR Warrants.

ASIC means the Australian Securities and Investments Commission.

Associates has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this agreement and the third party referred to in the definition of Competing Proposal in this clause 1.1 was the designated body.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).

Ban Phuc Project Area means Ban Phuc mine, Bac Yen district, Son La province.

Business Day means:

- (a) for receiving a notice under clause 13, Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX or TSX-V declares is not a business day or is not open for trading; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in Toronto, Ontario or Perth, Western Australia.

Canadian Securities Authorities means the securities regulatory authorities in the provinces and territories of Canada.

Cancellation Consideration means the consideration to be provided to holders of Kasbah Options, being A\$12,250 in aggregate to be paid in accordance with the Cancellation Deed.

Cancellation Deed has the meaning given to that term in clause 5.8.1.

CDN means CHESD Depositary Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 25414), in its capacity as depositary of CHESD Depositary Interests under the ASX Settlement Rules.

Claim means any obligation, debt, cause of action, disability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

Communications has the meaning given to that term in clause 3.4.1.2.

Competing Proposal means any bona fide proposal, agreement, arrangement, transaction or offer received by a party (**Target Party**) or any member of their Group from a third party (other than the other party (**Other Party**) or its Related Entities) which would result in the third party or its Associates:

- (a) directly or indirectly acquiring a legal, beneficial or economic interest or voting power in 20% or more of the Target Party's shares or of the securities of any of member of the Target Party's Group;
- (b) entering into, buying, disposing of, terminating or otherwise dealing with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of Target Party's Shares or of the securities of any member of the Target Party's Group;
- (c) directly or indirectly acquiring, becoming the holder of, obtaining a right to acquire or holding or obtaining an interest (including a legal, beneficial or economic interest) in all or a substantial part or material part of the business conducted by, or property or assets of, the Target Party's Group;
- (d) acquiring Control of the Target Party or any material member of the Target Party's Group;
- (e) otherwise acquiring, or merging with, the Target Party or any member of the Target Party's Group;
- (f) in the case of a member of the Kasbah Group, providing equity or debt finance (other than the Loan Agreement); or
- (g) otherwise proposing a transaction similar in commercial and/or economic effect to the Target Party entering into the Transaction,

including by way of takeover bid, shareholder approved acquisition, scheme of arrangement, capital reduction, share buy-back or repurchase sale of assets, sale or purchase of securities or assets, assignment of assets and liabilities, strategic alliance, dual listed company structure or joint venture or synthetic merger. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

Conditions Precedent means the conditions precedent set out in clause 3.1.

Confidentiality Agreement means the confidentiality agreement between AMR and Kasbah dated 17 May 2016.

Control has the meaning given to that term in section 50AA of the Corporations Act and **Controlled** has the corresponding meaning.

Corporations Act means the *Corporations Act 2001* (Cth).

Counterproposal has the meaning given to that term in clause 10.6.3.

Court means the Federal Court of Australia.

Deed Poll means the deed poll substantially in the form of Schedule 4 (or in such other form as agreed in writing between Kasbah and AMR, each acting reasonably).

Disclosure Materials means:

- (a) in respect of AMR, the documents and information which are in English and contained in the AMR sharefile website made available by AMR to Kasbah on or

before 3 August 2016, the index of which is provided to Kasbah by AMR on or before the date of this Agreement;

- (b) in respect of Kasbah, the documents and information which are in English and contained in the ftp website at the following address <ftp.kasbahresources.com> made available by Kasbah to AMR on or before 3 August 2016, the index of which is provided to AMR by Kasbah on or before the date of this Agreement.

Effective means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act.

Effective Date means the date on which the Scheme becomes Effective.

Election Form means the form accompanying the Scheme Booklet, pursuant to which holders of Kasbah Shares (other than Ineligible Shareholders) may elect whether to receive their Scheme Consideration in the form of AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs.

Encumbrance means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by Law or contract.

End Date means 31 December 2016, or such later date as agreed to in writing between the parties in accordance with clause 3.9.

Exclusivity Period means the period commencing on the date of this agreement and ending on the earlier of the date this agreement is terminated, the Implementation Date or the End Date.

Explanatory Statement means the statement pursuant to section 412 of the Corporations Act, which will be registered by ASIC in relation to the Scheme, copies of which will be included in the Scheme Booklet.

Fairly Disclosed has the meaning given in clause 1.2.19 of this agreement.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (f) obligation to deliver goods or provide services paid in advance by any financier, other than in the ordinary course of business.

First Court Date means the first day on which an application made to the Court for an order under section 411(4)(a) of the Corporations Act convening the Scheme Meeting is heard.

Group means a party and its Subsidiaries.

GST has the meaning given to it in the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

IFRS means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by the parties.

Independent Expert means a person to be appointed by Kasbah pursuant to clause 5.1.4 as an independent expert to prepare a report to be provided to the Kasbah Board and Kasbah Shareholders stating whether, in the expert's opinion, the Scheme is in the best interests of Kasbah Shareholders.

Ineligible Shareholder means a Kasbah Shareholder whose address shown in the Register is in a jurisdiction outside Australia, New Zealand, Mauritius, Thailand, United States of America, Switzerland, Jersey, Hong Kong and South Africa in which AMR determines, acting reasonably, does not permit the issue of the AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs to that Kasbah Shareholder either unconditionally or after compliance with terms that AMR reasonably regards as acceptable and practical.

Insolvency Event means in relation to a person:

- (a) the person is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act, or would be presumed to be insolvent if that Act applied;
- (b) the person suspends or threatens to suspend payment of its debts generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is set aside within 14 days;
- (d) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (e) the appointment of an administrator to the person;
- (f) the entry by a person into any compromise or arrangement with creditors; or
- (g) the person ceases or threatens to cease to carry on business, other than in accordance with a planned shutdown.

Kasbah Board means the board of directors of Kasbah.

Kasbah Budget means the budget of the Kasbah Group detailed in the Kasbah Disclosure Letter (or as otherwise disclosed to AMR prior to the date of this agreement) or, if the Second Court Date has not occurred by 31 December 2016, thereafter means such written budget of the Kasbah Group as mutually agreed between Kasbah and AMR (in good faith and acting reasonably).

Kasbah Costs has the meaning given to that term in clause 11.2.2.1.

Kasbah Director means a director of Kasbah.

Kasbah Disclosure Letter means the letter dated the date of this agreement delivered by Kasbah to AMR in a form accepted by AMR with respect to certain matters in this agreement.

Kasbah Financial Statements means the audited consolidated statement of financial position, 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 of Kasbah for the financial year ended 30 June 2016, together with the accompanying notes.

Kasbah Group means Kasbah and its Subsidiaries, and a member of the Kasbah Group means any one of them.

Kasbah Information means all information contained in the Scheme Booklet, but does not include AMR Information or the Independent Expert's report that is included in or accompanies the Scheme Booklet.

Kasbah Material Adverse Event means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) that occurs on or after the date of this agreement, or is likely to occur on or after the date of this agreement which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (a) the result that the business, trading or financial position or assets (including the Kasbah Permits) of the Kasbah Group are materially adversely affected and the effect of a diminution or reduction in the value of the total non-current assets less the total liabilities of the Kasbah Group (taken as a whole) from that shown on Kasbah's balance sheet as at 30 June 2016 and excluding depreciation and amortisation of assets from 30 June 2016 by A\$2 million or more (calculated on the basis of applicable accounting principles); or
- (b) the result that any Kasbah Permit has expired, been terminated or surrendered such that no member of the Kasbah Group retains a majority interest in that Kasbah Permit,

other than those changes, events, occurrences or matters:

- (c) to the extent required or permitted by this agreement, the Scheme or transactions contemplated by them;
- (d) that took place with the written consent of AMR;
- (e) to the extent Fairly Disclosed in the Kasbah Disclosure Letter, the Disclosure Materials, the Kasbah Budget (if not attached to the Kasbah Disclosure Letter) or in an announcement made by Kasbah to ASX on or after 1 July 2015 but before the date of this agreement;
- (f) that are or that arise from: (a) changes in world tin prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) from changes in Law in jurisdictions in which the Kasbah Group operates, in each case, which impact producers of, or explorers for, tin in a similar manner, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which a member of either the Kasbah Group operates which are directed at the Kasbah Group's operations that exist as at the date of this agreement; or

- (g) arising from changes to the accounting principles in Australia applied by Kasbah as at the date of this agreement or the interpretation of those principles by any professional body or Regulatory Agency.

For the avoidance of doubt, a fall in the trading price of a Kasbah Share will not itself constitute a Kasbah Material Adverse Event.

Kasbah Options means the 500,000 unlisted options issued to Mr Klaus Willi as nominee on behalf of Ms Gabrielle Moeller.

Kasbah Permits means the exploitation mining and exploration permits detailed in Schedule 5, and any renewal thereof.

Kasbah Prescribed Occurrence means other than:

- (a) as required or permitted under this agreement, the Scheme or Deed Poll;
 - (b) matters which have been Fairly Disclosed in the Kasbah Disclosure Letter, the Disclosure Materials, the Kasbah Budget (if not attached to the Kasbah Disclosure Letter) or in an announcement made by Kasbah to ASX on or after 1 July 2015 but before the date of this agreement;
 - (c) as agreed to in writing by AMR,
- the occurrence of any of the following on or after the date of this agreement and before 8.00am on the Second Court Date:
- (d) Kasbah converting all or any of its shares into a larger or smaller number of shares;
 - (e) any member of the Kasbah Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
 - (f) any member of the Kasbah Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
 - (g) any member of the Kasbah Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;
 - (h) a member of the Kasbah Group issuing securities, including without limitation shares, or granting an option (over its shares, or agreeing to make such an issue or grant such an option, including pursuant to a dividend reinvestment or other share plan, other than:
 - (i) the issue of or an agreement to issue securities in a member of the Kasbah Group (other than Kasbah) to Kasbah or a wholly owned subsidiary of Kasbah; or
 - (ii) the exercise of an option disclosed to ASX prior to the date of this agreement;

- (i) a member of the Kasbah Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Kasbah Shares, including pursuant to a dividend reinvestment or other share plan;
- (j) a member of the Kasbah Group making any change to its constitution or convenes a meeting to consider a resolution to change a constitution of any member of the Kasbah Group;
- (k) a member of the Kasbah Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the date of this agreement;
- (l) any disposal of shares or securities by a member of the Kasbah Group in any member of the Kasbah Group other than to a member of the Kasbah Group that is a wholly owned subsidiary of Kasbah;
- (m) any member of the Kasbah Group exercises or waives any pre-emptive rights or rights of first or last refusal prior to the final date on which those rights may be exercised;
- (n) any member of the Kasbah Group:
 - (i) issues, or agrees to issue, or grants an option to subscribe for, debentures (as defined in section 9 of the Corporations Act);
 - (ii) terminates or materially amends a contract with an annual revenue or expenditure more than US\$100,000;
 - (iii) enters into any new contract with an annual revenue or expenditure of more than US\$100,000 with a third party, including any joint venture agreement, shareholders agreement or other profit sharing arrangement;
- (o) a member of the Kasbah Group:
 - (i) acquiring, leasing or disposing of;
 - (ii) agreeing to acquire, lease or dispose of; or
 - (iii) offering, proposing, announcing an intention or a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds US\$100,000 (individually or in aggregate);
- (p) a member of the Kasbah Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;
- (q) a member of the Kasbah Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property or assets other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (r) a member of the Kasbah Group:
 - (i) entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by a member of the Kasbah Group in excess of US\$100,000 annually (individually or in aggregate);

- (ii) (without limiting the foregoing) incurring or agreeing to incur capital expenditure on or after the date of this agreement of more than US\$100,000 (individually or in aggregate);
 - (iii) waiving any material third party default where the financial impact on the relevant member of the Kasbah Group will be in excess of US\$100,000 (individually or in aggregate);
 - (iv) accepting as a compromise of a matter less than the full compensation due to a member of the Kasbah Group, where the result of the compromise is that the member will receive an amount which is more than US\$100,000 (individually or in aggregate) less than the amount of full compensation; or
 - (v) otherwise waiving, releasing, granting or transferring any rights with an annual revenue or expenditure of more than US\$100,000 (individually or in aggregate);
 - (s) other than pursuant to commitments that existed prior to the date of this agreement, a member of the Kasbah Group providing financial accommodation by way of Financial Indebtedness other than to members of the Kasbah Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of US\$100,000 (individually or in aggregate);
 - (t) a member of the Kasbah Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of tin or to interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
 - (u) a member of the Kasbah Group entering into or resolving to enter into a transaction with any related party of Kasbah (other than a related party which is a member of the Kasbah Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
 - (v) a material member of the Kasbah Group being deregistered as a company or otherwise dissolved except in the case of a member of the Kasbah Group with less than US\$100,000 (individually or in aggregate) in net assets as at the date of this agreement;
 - (w) a member of the Kasbah Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in Accounting Standards;
 - (x) any member of the Kasbah Group enters into, offers to enter into, agrees to enter into or announces an intention to enter into, any transaction under which:
 - (i) any third party would, or on the satisfaction of any conditions would be entitled to, acquire any legal, beneficial or economic interest in, or an overriding royalty interest, net profit interest or other right to payment calculated on or by reference to production, revenue, earnings or profit attributable to; or
 - (ii) there would be any diminution in the rights granted under or held by an member of the Kasbah Group in respect of,
- any Kasbah Permit (other than the security provided in connection with the Loan Agreement);

- (y) Kasbah Shares cease to be quoted on ASX;
- (z) a material breach of the Loan Agreement by Kasbah; or
- (aa) if a Kasbah Insolvency Event occurs.

Kasbah Registry means the manager from time-to-time of the Register.

Kasbah Representations and Warranties means the representations and warranties of Kasbah set out in Schedule 3 and given pursuant to clause 7.3.

Kasbah Share means a fully paid ordinary share in the capital of Kasbah.

Kasbah Shareholder means each person who is registered in the Register as the holder of Kasbah Shares.

Laws means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, treaties, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any permit of or from any Regulatory Authority or self-regulatory authority (including the TSX-V and ASX).

Listing Rules means the official listing rules of ASX.

Loan Agreement means the loan agreement between Pala and Kasbah dated on or around the date of this agreement for the provision of a loan of up to A\$1,000,000.

Notice of Meeting means the notice convening the Scheme Meeting together with the proxy forms for that meeting.

Pala means Pala Investments Limited.

Record Date means 5.00pm on the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Kasbah and AMR may agree in writing.

Register means the share register of Kasbah kept pursuant to the Corporations Act.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to AMR and Kasbah, which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approvals has the meaning given to that term in clause 3.1.1.

Regulatory Authority includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute; and
- (d) in particular, ASX, ASIC, TSX-V, and the Canadian Securities Authorities.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC provides a letter indicating whether or not it proposes to appear to make submissions, or will intervene to oppose the Scheme, when the

application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Reimbursement Fee Amount means A\$300,000.

Related Entity means, in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

Representatives means, in relation to an entity:

- (a) each of the entity's Subsidiaries; and
- (b) each of its and its Subsidiaries' directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert.

Required Consultation Period means the shorter of:

- (a) five Business Days after both parties becoming aware that clause 3.9.1.1, 3.9.1.2, or 3.9.1.3 as the case may be, is triggered; and
- (b) the period commencing at the time both parties become aware that clause 3.9.1.1, 3.9.1.2, or 3.9.1.3 or, as the case may be, is triggered and ending at 8.00am on the Second Court Date.

RG 60 means Regulatory Guide 60 issued by ASIC on 22 September 2011 (as amended).

Sale Agent means a person appointed by AMR to sell the AMR Shares (or AMR Share CDIs) and AMR Warrants (or AMR Warrant CDIs) that are attributable to Ineligible Shareholders.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Kasbah and Kasbah Shareholders, the form of which is contained in Schedule 2, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by AMR and Kasbah.

Scheme Booklet means the information to be despatched to all Kasbah Shareholders and approved by the Court in connection with the Scheme, including the Scheme, the Explanatory Statement in respect of the Scheme, an independent expert's report prepared by the Independent Expert and the Notice of Meeting.

Scheme Consideration means:

- (a) 0.13 AMR Share CDIs or, if so elected, 1.3 AMR Shares, for every one Kasbah Share; and
- (b) 0.04 AMR Warrant CDIs or, if so elected, 0.4 AMR Warrants, for every one Kasbah Share held.

Scheme Meeting means the meeting of Kasbah Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Scheme Participant means each person who is a Kasbah Shareholder as at 5:00pm on the Record Date (other than AMR or its Related Entities).

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the

application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

SEDAR means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Authorities.

Subsidiaries has the meaning given to that term in section 9 of the Corporations Act.

Superior Offer means a bona fide Competing Proposal that the Kasbah Board or AMR Board (as applicable), acting reasonably and in good faith, and after taking written advice from its external legal advisers and in consultation with its financial advisers (if any), determines:

- (a) is reasonably capable of being completed on a timely basis, taking into account all aspects of the Competing Proposal and the person making it, including without limitation having regard to timing considerations, legal, regulatory and financial matters and any conditions precedent; and
- (b) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to its shareholders than the Scheme, after taking into account all of the terms and conditions of (including consideration, conditionality, funding, certainty and timing), and the identity, reputation and standing of the person making, the Competing Proposal.

Support Agreement means the support agreement between AMR and Pala dated on or around the date of this agreement in connection with funding the construction and development of Kasbah's Achmmach Tin Project following implementation of the Transaction.

Takeovers Panel means the Australian Takeovers Panel.

Third Party Bidder has the meaning given to that term in clause 10.4.2.

Timetable means the indicative timetable for the implementation of the Transaction as set out in Schedule 1, or as otherwise may be agreed in writing by AMR and Kasbah, acting reasonably.

Transaction means the acquisition by AMR of all of the Kasbah Shares by means of the Scheme in accordance with the terms of this agreement.

TSX-V means the TSX Venture Exchange.

TSX-V Rules means the rules of the TSX-V.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- 1.2.1 the singular includes the plural and vice versa, and a gender includes other genders;
- 1.2.2 another grammatical form of a defined word or expression has a corresponding meaning;
- 1.2.3 a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this agreement, and a reference to this agreement includes any schedule;
- 1.2.4 a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- 1.2.5 a reference to **A\$, dollar** or **\$** is to Australian currency;

- 1.2.6 a reference to C\$ is to the lawful currency of Canada;
- 1.2.7 a reference to US\$ is to the lawful currency of the United States;
- 1.2.8 a reference to time is to time in Perth, Western Australia, unless otherwise noted;
- 1.2.9 a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- 1.2.10 a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- 1.2.11 a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 1.2.12 a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- 1.2.13 the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- 1.2.14 any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- 1.2.15 any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- 1.2.16 any statement made by a party on the basis of its awareness or knowledge, including for the purposes of the representations and warranties set forth in Schedule 3, is made on the basis that the party has, in order to establish that the statement is true and not misleading in any respect:
- 1.2.16.1 made all reasonable enquiries of the officers, managers, employees and other persons who could reasonably be expected to have information relevant to the matters to which the statement relates; and
- 1.2.16.2 where those enquiries would have prompted a reasonable person to make further enquiries, made those further enquiries,
- and that, as a result of those further enquiries, the party has no reason to doubt that the statement is true and not misleading in any respect;
- 1.2.17 a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it;
- 1.2.18 if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- 1.2.19 a reference to **Fairly Disclosed** means disclosed to the relevant party in good faith and in sufficient detail so as to enable a reasonable and sophisticated party experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Kasbah Group (if disclosed to AMR) or the

AMR Group (if disclosed to Kasbah), to identify the nature and scope of the relevant fact, matter, event or circumstance.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2 AGREEMENT TO PROPOSE SCHEME

2.1 Proposal and Implementation of Scheme

- 2.1.1 Kasbah agrees to propose and implement the Scheme upon and subject to the terms and conditions of this agreement.
- 2.1.2 AMR agrees to assist Kasbah to propose and give effect to the Scheme on and subject to the terms and conditions of this agreement.

3 CONDITIONS PRECEDENT

3.1 Conditions Precedent to implementation of the Scheme

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme are not binding, unless each of the following conditions precedent are satisfied or waived to the extent and in the manner set out in this clause 3 on or prior to 8.00am the Second Court Date (or such other date as specified in the relevant Condition Precedent);

- 3.1.1 **Regulatory Approvals:** before 5.00pm on the Business Day before the Second Court Date:
- 3.1.1.1 **ASIC:** ASIC issues or provides all such reliefs, confirmations, consents, approvals, modifications or exemptions, or does such other acts which the parties agree are reasonably necessary or desirable to implement the Scheme and such reliefs, waivers, confirmations, consents, approvals, modifications or exemptions or other acts (as the case may be) have not been withdrawn, suspended, varied or revoked before 5.00pm on the Business Day before the Second Court Date;
- 3.1.1.2 **ASX:** ASX issues or provides all such reliefs, confirmations, consents, approvals, waivers or does such other acts which the parties agree are reasonably necessary to implement the Scheme and such reliefs, confirmations, consents, approvals, waivers or other acts (as the case may be) have not been withdrawn, suspended, varied or revoked before 5.00pm on the Business Day before the Second Court Date;
- 3.1.1.3 **TSX-V:** TSX-V approves the Transaction and the other transactions contemplated by this agreement and the Scheme, and conditionally approves the listing of the AMR Shares and AMR Warrants to be issued pursuant to the Scheme, subject only to the satisfaction by AMR of customary listing conditions of the TSX-V and any other conditions to the consummation of the Transaction and the other transactions contemplated by this agreement and the Scheme imposed on the parties by the TSX-V; and

3.1.1.4 all other regulatory approvals or waivers required to implement the Scheme being granted or obtained and those regulatory approvals or waivers not being withdrawn, cancelled, revoked or varied in a manner that is materially adverse to the parties,

(together **Regulatory Approvals**);

3.1.2 **Kasbah Shareholder Approval:** Kasbah Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act;

3.1.3 **Restraining Orders:** as at 8.00am on the Second Court Date, no judgement, order, decree, statute, law, ordinance, rule of regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition or other order or decision has been issued, made, entered, enacted, promulgated or enforced by any court of competent jurisdiction or any Regulatory Authority remains in effect that prohibits, restricts, makes illegal or restrains the completion of the Scheme, and there is no other legal restraint or prohibition, preventing the consummation of any aspect of the Transaction on the Implementation Date;

3.1.4 **Court Approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party;

3.1.5 **Independent Expert Report:** the Independent Expert provides a report to Kasbah that concludes that the Scheme is in the best interests of Kasbah Shareholders on or before the time when the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert not withdrawing or adversely modifying that conclusion before 8.00am on the Second Court Date;

3.1.6 **ASX Listing:** ASX approving the AMR Share CDIs and AMR Warrant CDIs for official quotation on ASX subject only to any conditions which ASX may reasonably require and to the Scheme becoming Effective, and such approval remains in full force and effect in all respects and does not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same;

3.1.7 **No Kasbah Material Adverse Event:** no Kasbah Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;

3.1.8 **No Kasbah Prescribed Occurrence:** no Kasbah Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;

3.1.9 **Kasbah Representations and Warranties:** the Kasbah Representations and Warranties given by Kasbah pursuant to clause 7.3 are true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date;

3.1.10 **No AMR Material Adverse Event:** no AMR Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;

3.1.11 **No AMR Prescribed Occurrence:** no AMR Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date; and

3.1.12 **AMR Representations and Warranties:** the AMR Representations and Warranties given by AMR pursuant to clause 7.1 are true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date.

3.2 Waiver of Conditions Precedent

3.2.1 The Conditions Precedent in:

3.2.1.1 clauses 3.1.1 (Regulatory Approvals), 3.1.2 (Kasbah Shareholder Approval), 3.1.3 (Restraining Orders), 3.1.4 (Court Approval) and 3.1.6 (ASX Listing) are for the benefit of both parties, and any breach or non-fulfilment of them may only be waived (if capable of waiver) with the written consent of both parties, which consent either party may give or withhold in its absolute discretion;

3.2.1.2 clauses 3.1.7 (No Kasbah Material Adverse Event), 3.1.8 (No Kasbah Prescribed Occurrence) and 3.1.9 (Kasbah Representations and Warranties) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, AMR; and

3.2.1.3 clauses 3.1.5 (Independent Expert Report), 3.1.10 (No AMR Material Adverse Event), 3.1.11 (No AMR Prescribed Occurrence) and 3.1.12 (AMR Representations and Warranties) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, Kasbah.

3.2.2 A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant to this clause 3.2 may do so in its absolute discretion subject to the provision of written notice to the other party. Any such waiver by a party for whose benefit the relevant Condition Precedent applies must take place on or prior to 8.00am on the Second Court Date.

3.2.3 If a party waives the breach or non-fulfilment of a Condition Precedent, that waiver precludes the party from suing another party for any breach of this agreement that resulted in the breach or non-fulfilment of the Condition Precedent.

3.2.4 Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:

3.2.4.1 a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same event; or

3.2.4.2 a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.3 Reasonable endeavours to satisfy Conditions Precedent

Each of the parties will use its reasonable endeavours to procure that:

3.3.1 each of the Conditions Precedent is satisfied as soon as practicable after the date of this agreement and continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and

3.3.2 there is no occurrence within the control of Kasbah or AMR (as the context requires) or their Subsidiaries that would prevent the Conditions Precedent being satisfied.

3.4 Pre-implementation steps

3.4.1 Without limiting the generality of clause 3.3:

3.4.1.1 **Regulatory Approvals:** each party must:

- (a) promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information at the earliest practicable time;
- (b) provide all information and assistance reasonable requested by the other party or a Regulatory Authority in connection with the applications for Regulatory Approvals; and
- (c) to the extent that it is within its control, use its reasonable endeavours to procure that there is no occurrence that would prevent the Regulatory Approvals from being obtained by the applicable time referred to in clause 3.1.1 and not take any action that will or is likely to hinder or prevent the satisfaction of the Condition Precedent in clause 3.1.1 except to the extent that such action is required by any applicable Laws;

3.4.1.2 **Consultation:** each party must consult with the other in advance in relation to all material communications (whether written or oral, and whether direct or via agents or advisers) with any Regulatory Authority relating to any Regulatory Approval (**Communications**) including:

- (a) providing the other party with drafts of any material written Communications to be sent to a Regulatory Authority and making such amendments as the other party reasonably requires; and
- (b) providing copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so;

3.4.1.3 **Participation:** so far as it is able, allow the other party the opportunity to be represented (including by way of telephone, video conference or similar means) and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and

3.4.1.4 **Notification:** each party must keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent.

3.4.2 Nothing in clauses 3.3 or 3.4 prevent a party applying for a Regulatory Approval from taking any step (including communicating with a Regulatory Authority) in respect of a Regulatory Approval if the other party has not promptly responded under clauses 3.4.1.2 or 3.4.1.3.

3.5 Assistance of Representatives

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other party, and the other party's Representatives, to satisfy the Conditions Precedent.

3.6 Notice of failure to satisfy Condition Precedent

3.6.1 A party must promptly give the other written notice if it becomes aware that any Condition Precedent is incapable of being satisfied or of any event that will prevent a

Condition Precedent being satisfied (having regard to the respective obligations of each party under clause clauses 3.3 or 3.4).

3.6.2 Kasbah or AMR (as the case may be) must give written notice to the other party as soon as reasonably practicable (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent (if such Condition Precedent is capable of waiver) resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Notice of satisfaction of Condition Precedent

Each party must promptly give the other written notice if it becomes aware that any Condition Precedent has been satisfied, in which case the notifying party must also provide reasonable evidence that the Condition Precedent has been satisfied.

3.8 Certificates in relation to Conditions Precedent

3.8.1 At the hearing at which the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme is considered by the Court:

3.8.1.1 AMR and Kasbah will provide a joint certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1.1 (Regulatory Approvals) and 3.1.3 (Restraining Orders) have been satisfied or waived in accordance with the terms of this agreement;

3.8.1.2 Kasbah will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1.2 (Kasbah Shareholder Approval), 3.1.5 (Independent Expert Report), 3.1.7 (no Kasbah Material Adverse Event), 3.1.8 (no Kasbah Prescribed Occurrence) and 3.1.9 (Kasbah representations and Warranties) have been satisfied or waived in accordance with the terms of this agreement; and

3.8.1.3 AMR will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1.6 (ASX Listing), 3.1.10 (no AMR Material Adverse Event), 3.1.11 (no AMR Prescribed Occurrence) 3.1.12 (AMR Representations and Warranties) have been satisfied or waived in accordance with the terms of this agreement.

3.8.2 Each party will give the other party a draft of its certificate by 5.00pm on the Business Day prior to the Second Court Date.

3.9 Conditions Precedent not met

3.9.1 If:

3.9.1.1 there is a breach or non-fulfilment of a Condition Precedent which is not satisfied or waived (where capable of waiver) in accordance with this agreement;

3.9.1.2 there is an act, failure to act, event or occurrence which will prevent a Condition Precedent being satisfied or waived by the date specified in clause 3.1 for its satisfaction (and the breach or non-fulfilment of the Condition Precedent which would otherwise occur has not already been waived or satisfied in accordance with this agreement), or

3.9.1.3 if it becomes probable that the Scheme will not become Effective by the End Date,

the parties must consult in good faith with a view to:

- 3.9.1.4 considering and if agreed, determining whether the Scheme or a transaction that results in AMR having beneficial ownership of all of the Kasbah Shares, may proceed by way of alternative means or methods;
 - 3.9.1.5 considering and if agreed, extending the time or date for satisfaction of the relevant Condition Precedent or the End Date; or
 - 3.9.1.6 considering and if agreed, changing the date of application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by the parties (being a date no later than five Business Days before the End Date).
- 3.9.2 Subject to clause 3.9.5, if the parties are unable to reach agreement under clause 3.9.1 within the Required Consultation Period, then within 10 Business Days after the Required Consultation Period ends, either party may, provided that Condition Precedent is for the benefit of that party, terminate this agreement by notice in writing to the other without incurring any liability to the other party because of that termination alone (other than under clause 11 if applicable).
- 3.9.3 If the Condition Precedent in clause 3.1.2 is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other party within three Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable.
- 3.9.4 If the Court refuses to make an order approving the Scheme satisfying clause 3.1.4, at AMR's request Kasbah must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Senior Counsel indicates that, in his or her view, an appeal would have negligible prospects of success before the End Date). Kasbah may bring an appeal even if not requested by AMR. If any such appeal is undertaken at the request of AMR, AMR will bear Kasbah's costs of the appeal (including costs of the independent Senior Counsel) unless the parties otherwise agree. If any such appeal is undertaken by Kasbah, without the prior request from AMR, Kasbah will bear AMR's costs of the appeal unless the parties otherwise agree.
- 3.9.5 A party will not be entitled to terminate this agreement for any reason set out in clause 3.9.2 if the relevant Condition Precedent is not capable of being waived by that party or has not been satisfied as a result (either alone or together with other circumstances) of:
- 3.9.5.1 a breach of this agreement by that party; or
 - 3.9.5.2 a deliberate act or omission of that party which either alone or when taken together with other deliberate acts or omissions of that party, prevents that Condition Precedent being satisfied.

4 TRANSACTION STEPS

4.1 Scheme

- 4.1.1 Kasbah must, as soon as reasonably practicable after the date of this agreement and substantially in accordance with the Timetable, propose the Scheme to Kasbah Shareholders.
- 4.1.2 If the Scheme becomes Effective, on the Implementation Date:
 - 4.1.2.1 all of the Kasbah Shares held by Scheme Participants on the Record Date will be transferred to AMR or an affiliate thereof;
 - 4.1.2.2 in exchange, each Scheme Participant will receive the Scheme Consideration for each Kasbah Share held by them at the Record Date; and
 - 4.1.2.3 AMR will pay the Cancellation Consideration to each holder of Kasbah Options that has agreed to the cancellation of his or her Kasbah Options and cancel their Kasbah Options in accordance with the Cancellation Deed.

4.2 No amendment to the Scheme without consent

Kasbah must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of AMR.

4.3 Election Procedure

- 4.3.1 The parties agree that each Scheme Participant will be entitled to elect to receive as consideration for the transfer of its Kasbah Shares to AMR or an affiliate thereof, under the Scheme, either:
 - 4.3.1.1 AMR Shares or AMR Share CDIs; and
 - 4.3.1.2 AMR Warrants or AMR Warrant CDIs,
 by completing the Election Form and returning it to the address specified so that it is received by 5:00pm on the Record Date. Kasbah must ensure that the Scheme Booklet sent to Kasbah shareholders is accompanied by the Election Form to be completed by each Kasbah Shareholder.
- 4.3.2 An election must be made in accordance with the terms and conditions on the Election Form. If a Scheme Participant fails to make an election by 5:00pm on the Record Date, the Scheme Participant will be deemed to have elected to receive AMR Share CDIs and AMR Warrant CDIs.

4.4 Provision of election updates

- 4.4.1 In order to facilitate the provision of the Scheme Consideration, Kasbah must provide, or procure the provision of, to AMR or a nominee of AMR:
 - 4.4.1.1 reasonable written updates of the elections that have been received in the period up to the Record Date;
 - 4.4.1.2 written details of the final elections made by each Kasbah Shareholder, within one Business Day after the Record Date; and
 - 4.4.1.3 a complete copy of the Register as at the Record Date (which must include the name, registered address and registered holding of each

Kasbah Shareholder as at the Record Date) within one Business Day after the Record Date.

- 4.4.2 The details and information to be provided under clause 4.4.1 must be provided in such form as AMR, or its nominee, may reasonably require.

4.5 Consideration

- 4.5.1 Subject to clause 4.5.2, AMR undertakes and warrants to Kasbah (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to AMR of each Kasbah Share held by a Scheme Participant under the terms of the Scheme, on the Implementation Date, AMR will provide to each Scheme Participant the Scheme Consideration, in accordance with the terms of this agreement, the Scheme and Deed Poll.
- 4.5.2 Where the calculation of the number of AMR Share CDIs (or AMR Shares, if so elected) or AMR Warrant CDIs (or AMR Warrants, if so elected) to be issued to a particular Kasbah Shareholder would result in the issue of a fraction of an AMR Share CDI (or AMR Share) or AMR Warrant CDIs (or AMR Warrants), the fractional entitlement will be rounded down to the nearest whole number of AMR Share CDIs (or AMR Shares) or AMR Warrant CDIs (or AMR Warrants).
- 4.5.3 Kasbah acknowledges that the undertaking by AMR in clause 4.5.1 is given to Kasbah in its capacity as agent for each Scheme Participant.

4.6 Ineligible Shareholders

- 4.6.1 AMR has no obligation under this agreement to allot or issue, and will not issue, any AMR Share CDIs (or AMR Shares) and AMR Warrant CDIs (or AMR Warrants) to any Ineligible Shareholder and, instead, will issue the AMR Share CDIs (or AMR Shares) and AMR Warrant CDIs (or AMR Warrants) to which the Ineligible Shareholder would have otherwise been entitled to the Sale Agent, in trust for the Ineligible Shareholder who is the beneficial owner thereof.
- 4.6.2 AMR will procure that:
- 4.6.2.1 as soon as reasonably practicable and in any event not more than 20 Business Days after the Implementation Date, the Sale Agent sells all of the AMR Share CDIs (or AMR Shares) and AMR Warrant CDIs (or AMR Warrants) issued to the Sale Agent pursuant to clause 4.6.1 in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith; and
- 4.6.2.2 the Sale Agent remits to the Ineligible Shareholder the proceeds of sale in Australian dollars (after deducting any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges).

4.7 Shares to rank equally

AMR covenants in favour of Kasbah (in its own right and on behalf of the Scheme Participants) that:

- 4.7.1 the AMR Shares to be issued pursuant to the Scheme (including those issued to CDN) will be duly and validly authorised and will be of the same class of AMR Shares currently issued and outstanding and will rank equally in all respects with all issued and outstanding AMR Shares; and

- 4.7.2 each such AMR Share and AMR Share CDI issued pursuant to the Scheme will be validly issued, fully paid, free from any Encumbrance or other third party rights and, in the case of AMR Shares only, non-assessable.

4.8 Timetable

The parties must use their commercially reasonable endeavours to implement the Transaction and perform their respective obligations substantially in accordance with the Timetable.

4.9 Quotation of Kasbah Shares

- 4.9.1 Kasbah must apply to ASX to suspend trading on ASX in Kasbah Shares with effect from the close of trading on the Effective Date.
- 4.9.2 On a date after the Implementation Date to be determined by AMR, Kasbah must apply:
- 4.9.2.1 for termination of the official quotation of Kasbah Shares on ASX; and
- 4.9.2.2 to have itself removed from the official list of ASX.

5 IMPLEMENTATION

5.1 Kasbah's obligations

Kasbah must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable (and must consult with AMR on a regular basis about its progress in that regard), and in particular Kasbah must:

- 5.1.1 **promote merits of Transaction:** participate in, and ensure the Kasbah Board participates in, efforts reasonably requested by AMR to promote the merits of the Transaction, including meeting with key Kasbah Shareholders at the reasonable request of AMR;
- 5.1.2 **prepare Scheme Booklet:** prepare and dispatch the Scheme Booklet in respect of the Scheme in accordance with all applicable Laws and in particular with the Corporations Act, RG 60 and the Listing Rules, and in accordance with the requirements of clause 5.4;
- 5.1.3 **directors' recommendation:** include in the Scheme Booklet a statement by the Kasbah Board:
- 5.1.3.1 unanimously recommending that Kasbah Shareholders vote in favour of the Scheme in the absence of any Superior Offer unless there has been a change of recommendation permitted under this agreement; and
- 5.1.3.2 that each Kasbah Board member will (in the absence of a Superior Offer) vote, or procure the voting of any Kasbah Shares (as applicable) held by or controlled by a Kasbah Board Member at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting;
- 5.1.4 **commission Independent Expert's report:** promptly appoint the Independent Expert, and any investigating accountant to be appointed in connection with the preparation of the Scheme Booklet or the Independent Expert's report, and provide

all assistance and information reasonably requested by them in connection with the preparation of the Independent Expert's report for inclusion in the Scheme Booklet (including any updates to such report) and any other materials to be prepared by them for inclusion in the Scheme Booklet (including any updates to the Scheme Booklet);

- 5.1.5 **amend Scheme Booklet:** implement such changes to those parts of the Scheme Booklet relating to AMR which are provided to Kasbah by AMR in accordance with clause 5.3.1 as reasonably requested by AMR prior to finalising the Regulator's Draft;
- 5.1.6 **consultation with AMR:** as soon as practicable after the date of this agreement:
- 5.1.6.1 provide to AMR a draft of the Scheme Booklet and the Independent Expert's report for the purpose of enabling AMR to review and comment on those draft documents provided that, in relation to the Independent Expert's report, AMR's review is to be limited to a factual accuracy review;
- 5.1.6.2 take the comments made by AMR into account in good faith when producing revised drafts of the Scheme Booklet;
- 5.1.6.3 provide AMR with revised drafts of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable AMR to review the Regulator's Draft at least two Business Days before its submission to ASIC; and
- 5.1.6.4 obtain written consent from AMR for the form and content in which AMR Information appears in the Scheme Booklet;
- 5.1.7 **liaise with ASIC:** as soon as reasonably practicable after the date of this agreement but no later than 14 days before the First Court Date, provide a copy of the Regulator's Draft to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;
- 5.1.8 **keep AMR informed:** during the Regulatory Review Period:
- 5.1.8.1 promptly provide to AMR and include in revised drafts of the Scheme Booklet any new information in relation to the Kasbah Group not included in the Regulator's Draft which is required by the Corporations Act or RG 60 to be included in the Scheme Booklet; and
- 5.1.8.2 promptly inform and consult with AMR in relation to any matters raised by ASIC in connection with the Scheme Booklet or the Scheme including in relation to any presentation and/or the making of any submission in writing or at any proposed meeting with ASIC, and co-operate with AMR to resolve any such matters (which will include allowing AMR to participate in Kasbah's meetings and discussions with ASIC);
- 5.1.9 **Court direction and advice:** promptly after, apply to the Court for orders under section 411(1) of the Corporations Act directing Kasbah to convene the Scheme Meeting to consider the Scheme and take all reasonable steps necessary to comply with the orders of the Court;
- 5.1.10 **registration of Scheme Booklet and provision of copy to AMR:** if the Court directs Kasbah to convene the Scheme Meeting, request ASIC to register the Explanatory Statement included in the Scheme Booklet in relation to the Scheme in

accordance with section 412(6) of the Corporations Act and, promptly after such registration, provide a copy of the registered Scheme Booklet to AMR;

- 5.1.11 **section 411(17)(b) Statement:** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- 5.1.12 **Scheme Meeting:** promptly convene and hold the Scheme Meeting in accordance with any orders which are made by the Court pursuant to section 411(1) of the Corporations Act;
- 5.1.13 **waiver or approval in relation to cancellation of Kasbah Options:** promptly (and in any event by no later than 5.00pm on the Business Day immediately before the First Court Date) apply to ASX for a waiver from Listing Rule 6.23.2 to enable the Kasbah Options to be cancelled in consideration for the Cancellation Consideration without obtaining approval from Kasbah Shareholders;
- 5.1.14 **Court documents:** consult with AMR in relation to the content of the documents required for the purpose of each Court hearing held, including for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, customary affidavits (including an affidavit from a suitably qualified Canadian lawyer opining on due execution of the Deed Poll and enforceability in Canada), submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, reasonable comments from AMR and its Representatives on those documents;
- 5.1.15 **Court approval:** as soon as practicable after Kasbah Shareholders approve the Scheme at the Scheme Meeting, apply (and to the extent necessary, re-apply) to the Court for an order approving the Scheme under section 411(4) of the Corporations Act substantially in accordance with the Timetable;
- 5.1.16 **lodge copy of Court orders:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme, lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(10) of the Corporations Act by no later than on the Business Day after the order of the Court has been made or such later date as agreed in writing by AMR;
- 5.1.17 **certificate:** at the hearing on the Second Court Date provide to the Court certificates confirming whether or not the Conditions Precedent have been satisfied or waived in accordance with this agreement. A draft of such certificates shall be provided by Kasbah and AMR to the other party by 5:00pm on the Business Day prior to the Second Court Date;
- 5.1.18 **registration generally:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme:
- 5.1.18.1 close the Register as at the Record Date to determine the identity of the Scheme Participants and their entitlements to the Scheme Consideration;
- 5.1.18.2 provide to AMR all information about the Scheme Participants that AMR reasonably requires in order for AMR to provide the Scheme Consideration to the Scheme Participants in accordance with the Scheme;
- 5.1.18.3 execute proper instruments of transfer of the Kasbah Shares and effect and register the transfer of the Kasbah Shares in accordance with the Scheme;

- 5.1.18.4 register all transfers of Kasbah Shares to AMR on, or as soon as practicable after, the Implementation Date; and
- 5.1.18.5 do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court;
- 5.1.19 **access to information:** provide to AMR and its Representatives reasonable access to employees, officers and other facilities and properties of the Kasbah Group and to the books and records of the Kasbah Group, for the purpose of implementing the Transaction;
- 5.1.20 **compliance with Laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all Laws applicable in relation to the Transaction (including, without limitation, doing everything reasonably within its powers to ensure the Transaction complies with all applicable securities Laws or is otherwise exempt therefrom);
- 5.1.21 **listing:** not do anything to cause Kasbah Shares to cease being quoted on ASX or to become permanently suspended from quotation or listing prior to completion of the Transaction, unless AMR has agreed in writing;
- 5.1.22 **merged co-information:** Kasbah will prepare and promptly provide to AMR any information regarding the Kasbah Group, which AMR reasonably requires in order to prepare the information regarding the merged Kasbah-AMR entity following implementation of the Scheme for inclusion in the Scheme Booklet;
- 5.1.23 **Kasbah Prescribed Occurrence:** between the date of this agreement and 8.00am on the Second Court Date, ensure that no Kasbah Prescribed Occurrence occurs;
- 5.1.24 **Technical Report:** provide any information or documents requested by AMR, and otherwise take all steps reasonably requested by AMR, to assist AMR in procuring a technical report in respect of the Achmmach project that is compliant with National Instrument 43-101 – Standards of Disclosure for Mineral Projects under Canadian securities Laws, and provide any other information or documents reasonably requested by AMR in connection with the preparation of, and/or required to be included under Canadian securities Laws and other applicable Laws; and
- 5.1.25 **AMR ASX listing:** provide any assistance or information reasonably requested by AMR in connection with the listing of AMR on ASX, including:
 - 5.1.25.1 promptly preparing and providing to AMR any information relating to Kasbah or Kasbah Shareholders which is reasonably required by AMR in relation to the ASX listing of AMR; and
 - 5.1.25.2 consenting to the use by AMR of the Scheme Booklet as the disclosure document on which its listing on ASX is based and ensuring that any expert engaged to prepare a report for the Scheme Booklet agrees as part of its engagement to consent to the use of its report in connection with the listing of AMR on ASX and provides that consent on request from AMR.

5.2 Kasbah Registry details

For the purpose of clause 5.1.18, Kasbah must give all necessary directions to the Kasbah Registry to ensure that any information that AMR reasonably requests in relation to the Register, including any CHESSE sub-register and any issuer sponsored sub-register, is promptly provided to AMR and, where requested by AMR, Kasbah must procure that such information is made available in such electronic form as is reasonably requested by AMR.

5.3 AMR's obligations

AMR must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable (and must consult with Kasbah on a regular basis about its progress in that regard), and in particular AMR must:

- 5.3.1 **AMR Information:** prepare and provide to Kasbah all information in relation to AMR and the Kasbah-AMR merged entity that is required to be included in the Scheme Booklet to comply with applicable Laws relevant to that information (**AMR Information**), make available to Kasbah drafts of the AMR Information, consult with Kasbah in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts, comments from Kasbah and its Representatives on that information;
- 5.3.2 **assist Independent Expert:** subject to the Independent Expert entering into arrangements with Kasbah, including in relation to confidentiality in a form reasonably acceptable to AMR, provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report to be sent together with the Scheme Booklet;
- 5.3.3 **review drafts of Scheme Booklet:** as soon as practicable after delivery, review drafts of the Scheme Booklet prepared by Kasbah and provide comments on those drafts in good faith;
- 5.3.4 **approval of Regulator's Draft:** as soon as practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by ASIC, procure that a meeting of the AMR Board is convened to consider approving those sections of the Regulator's Draft that relate to the AMR Information as being in a form appropriate for provision to ASIC for review;
- 5.3.5 **AMR Shares listing:** as soon as practicable make applications for the AMR Shares and AMR Warrants to be issued under the Scheme to be conditionally approved for listing on the TSX-V, subject to the customary listing requirements, and do everything reasonably necessary to advance such applications and Kasbah acknowledges and agrees that AMR shall be entitled to engage a third-party agent or trustee for purposes of administering the AMR Warrants;
- 5.3.6 **AMR ASX listing:**
 - 5.3.6.1 apply and provide ASX with all required documentation for AMR to be admitted to the official list of ASX and for ASX to grant official quotation to the AMR Share CDIs in respect of the AMR Shares and AMR Warrant CDIs in respect of AMR Warrants; and
 - 5.3.6.2 seek approval for any amendments required to AMR's constituent documents reasonably required by ASX;
- 5.3.7 **trading:** do everything reasonably necessary to ensure that trading on the TSX-V and ASX in the AMR Shares or AMR Share CDIs (as applicable) and AMR

Warrants or AMR Warrant CDIs (as applicable) issued under the Scheme, is permitted to commence by the fifth Business Day (or such other date as agreed to by Kasbah and AMR, acting reasonably) after the Implementation Date, subject to the rules or requirements of the TSX-V (including any conditions imposed by the TSX-V in connection with approving the transactions contemplated by this Agreement) and ASX and applicable Laws;

- 5.3.8 **compliance with Laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all Laws applicable in relation to the Transaction (including, without limitation, doing everything reasonably within its powers to ensure the Transaction complies with all applicable securities Laws or is otherwise exempt therefrom);
- 5.3.9 **AMR Scheme Consideration:** if the Scheme becomes Effective, provide the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme and the Deed Poll;
- 5.3.10 **AMR Cancellation Consideration:** if the Scheme becomes Effective, provide the Cancellation Consideration in the manner and amount contemplated by the Cancellation Deed;
- 5.3.11 **AMR Prescribed Occurrence:** ensure that no AMR Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
- 5.3.12 **Deed Poll:** simultaneous with the execution of this agreement, execute the Deed Poll; and
- 5.3.13 **access to information:** provide to Kasbah and its Representatives reasonable access to officers of the AMR Group and to the books and records of the AMR Group, for the purpose of implementing the Transaction.

5.4 Scheme Booklet

- 5.4.1 Kasbah must consult with AMR as to the content of the Scheme Booklet (other than AMR Information).
- 5.4.2 AMR must consult with Kasbah as to the content of AMR Information.
- 5.4.3 The parties agree that:
- 5.4.3.1 the efficient preparation of the Scheme Booklet is in the interests of the parties and Kasbah Shareholders; and
- 5.4.3.2 they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to produce the Scheme Booklet as soon as reasonably practicable and in substantial accordance with the Timetable.
- 5.4.4 AMR's obligations under clauses 5.3.3 and 5.3.4 relate only to the factual accuracy of AMR Information and AMR takes no responsibility for information in the Scheme Booklet other than AMR Information. To that end, the Scheme Booklet will include a statement:
- 5.4.4.1 by Kasbah that AMR is not responsible for any information contained in the Scheme Booklet other than AMR Information; and
- 5.4.4.2 by AMR that Kasbah is not responsible for any AMR Information contained in the Scheme Booklet.

- 5.4.5 Kasbah must undertake appropriate due diligence and verification processes in respect to the Kasbah Information and will make such verification material available to AMR on request by it.
- 5.4.6 AMR must undertake appropriate due diligence and verification processes in respect to the AMR Information and will make such verification material available to Kasbah on request by it.
- 5.4.7 The parties must promptly inform the other if they have any reason to believe that any information in the Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise) whether because of AMR Information or otherwise.
- 5.4.8 If there is a dispute as to the content of any part of the Scheme Booklet (including AMR Information), the parties must consult in good faith and use their reasonable endeavours to resolve the dispute within two Business Days. If the parties fail to agree on the form or content of the Scheme Booklet:
- 5.4.8.1 Kasbah will have the final decision on the form or content of any Kasbah Information; and
- 5.4.8.2 AMR will have the final decision on the form or content of any AMR Information.
- Even if there is a dispute as to the form or content of the Scheme Booklet and the parties use this procedure, the parties will continue to perform their obligations under this agreement.

5.5 Good faith co-operation

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to implement the Scheme and to prepare all documents required relating to the Scheme.

5.6 Board recommendations

- 5.6.1 Subject to clause 5.6.2, the Kasbah Board must:
- (a) unanimously recommend that, in the absence of a Superior Offer and subject to the Independent Expert concluding that the Scheme is in the best interests of Kasbah Shareholders, Kasbah Shareholders vote in favour of all resolutions to be proposed at the Scheme Meeting in relation to the Scheme and approve the Scheme, and not subsequently change, withdraw or modify that recommendation in the absence of a Superior Offer; and
- (b) not make any public statement or take any other action that contradicts or qualifies the recommendation of the Scheme by the Kasbah Directors in the absence of a Superior Offer,
- and the Scheme Booklet must state that each Kasbah Director who holds or controls Kasbah Shares intends to vote in favour of the Scheme in the absence of a Superior Offer.
- 5.6.2 The Kasbah Board collectively, and the members of the Kasbah Board individually, must not, change, withdraw or modify his or her recommendation unless:

- (a) the Independent Expert does not provide a report to Kasbah that concludes that the Scheme is in the best interests of Kasbah Shareholders; or
- (b) the Kasbah Directors have unanimously:
 - (i) made the determination contemplated by clause 10.7.2 in respect of a Superior Offer after AMR's rights under clause 10.6.3 have been exhausted and after evaluation of any Counterproposal; and
 - (ii) publicly recommended that the Superior Offer is in the interests of Kasbah Shareholders.

5.7 Appointment of Directors

5.7.1 Kasbah must, as soon as practicable:

- 5.7.1.1 after the Second Court Date (provided the Scheme is approved by the Court), and subject to the receipt of appropriate consents to act, take all actions necessary to cause the appointment of such number of nominees of AMR to the Kasbah Board and all other actions, which gives those nominees, acting together, Control of a majority of the votes that may be cast at a meeting of the Kasbah Board;
- 5.7.1.2 on the Implementation Date, ensure that all directors on the Kasbah Board (other than the AMR nominees appointed pursuant to clause 5.7.1.1) resign and unconditionally and irrevocably release Kasbah from any Claims they may have against Kasbah other than in connection with Kasbah's undischarged obligations in respect of the director's employment arrangements; and
- 5.7.1.3 on the Implementation Date, take all actions to ensure that subject to clause 5.7.1.2, all directors on the boards of each Kasbah Group member (other than the AMR nominees appointed pursuant to clause 5.7.1.1) resign and unconditionally and irrevocably release Kasbah and the applicable Kasbah Group member and, subject to the receipt of appropriate consents to act, to cause the appointment of nominees of AMR to those boards.

5.7.2 AMR must, as soon as practicable on the Implementation Date take all actions necessary to cause:

- 5.7.2.1 the appointment of two nominees of Kasbah to the AMR Board; and
- 5.7.2.2 the re-composition of the AMR Board such that on the Implementation Date, the AMR Board will consist of a maximum of seven (7) directors, which includes the two nominees of Kasbah pursuant to clause 5.7.2.1, the existing Chairman of AMR (who will remain as the Chairman), the existing managing director of AMR and another existing independent non-executive director of AMR.

5.8 Kasbah Options

- 5.8.1 As soon as reasonably practicable after the date of this agreement, but in any event within 10 Business Days of that date, Kasbah must use all reasonable endeavours to procure that each person who is a holder of Kasbah Options enters into a written agreement with Kasbah and AMR to have his or her Kasbah Options cancelled, with effect from the Implementation Date, in consideration for the issue on the Implementation Date of the Cancellation Consideration,

subject to the Scheme becoming Effective and to any necessary ASX waivers (**Cancellation Deed**). The form of agreement to be used for this purpose must be acceptable to AMR, acting reasonably.

6 CONDUCT OF BUSINESS

6.1 Conduct of business by Kasbah

- 6.1.1 From the date of this agreement until the Implementation Date, Kasbah must conduct its business, and must cause its Subsidiaries to conduct their respective businesses, in the ordinary course of business consistent with past practice, including making all reasonable endeavours to:
 - 6.1.1.1 maintain its business and assets including using reasonable endeavours to maintain an available cash balance in accordance with the Kasbah Budget;
 - 6.1.1.2 maintain the Kasbah Permits in good standing and use reasonable endeavours to obtain renewals of any Kasbah Permits that may expire prior to the Implementation Date;
 - 6.1.1.3 maintain the insurance policies of the Kasbah Group;
 - 6.1.1.4 other than as a result of retirement, redundancy, non-renewal of contracts or resignation in the ordinary course, keep available the services of its directors, officers and key employees for the operations of the Kasbah Group;
 - 6.1.1.5 maintain and preserve their relationships with Regulatory Authorities, customers, suppliers, licensors, licensees and others having business dealings with a member of the Kasbah Group (including, using reasonable endeavours to obtain consents from third parties to any change of control provisions which AMR reasonably requests in contracts or arrangements to which a member of the Kasbah Group is a party);
 - 6.1.1.6 use reasonable endeavours to comply in all material respects with all contracts with an annual revenue or expenditure of more than US\$100,000 of which a member of the Kasbah Group is a party, and with Laws and Authorisations applicable to each member of the Kasbah Group and the Kasbah Permits; and
 - 6.1.1.7 not enter into any lines of business or other activities in which members of the Kasbah Group are not engaged as of the date of this agreement,
- except:
 - 6.1.1.8 as may be required or contemplated by this agreement or to the Scheme; or
 - 6.1.1.9 as may be undertaken with the prior written approval of AMR, such approval not to be unreasonably withheld or delayed; or
 - 6.1.1.10 as is Fairly Disclosed in the Kasbah Disclosure Letter, the Disclosure Materials or the Kasbah Budget (if not attached to the Kasbah Disclosure Letter).

- 6.1.2 Notwithstanding clause 6.1.1, Kasbah must not, and ensure that its Subsidiaries do not:
- 6.1.2.1 increase the remuneration of or pay any bonus or issue any shares, to, or otherwise vary the employment agreements with, any of its directors or any employees with an existing annual total fixed remuneration greater than A\$200,000 (**Senior Executive**), other than in respect of extra duties' payments made to non-executive directors of Kasbah assisting with the Transaction for an aggregate amount of up to A\$20,000;
 - 6.1.2.2 accelerate the rights of any of its directors or Senior Executives to benefits of any kind;
 - 6.1.2.3 pay a director or Senior Executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement;
 - 6.1.2.4 enter into any enterprise bargaining agreement or industrial instrument or long term supply agreement with a term of more than 12 months other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement;
 - 6.1.2.5 give or agree to give a financial benefit to a related party of Kasbah other than in accordance with the exceptions set out in Chapter 2E of the Corporations Act;
 - 6.1.2.6 enter into any new financing arrangements other than the Loan Agreement;
 - 6.1.2.7 make any financial commitment or guarantee which has a value in excess of US\$100,000 over its term;
 - 6.1.2.8 conduct its operations in a manner that is materially inconsistent with the Kasbah Budget, except in an emergency situation acting reasonably;
 - 6.1.2.9 take any action that would be reasonably expected to give rise to a Kasbah Prescribed Occurrence;
 - 6.1.2.10 other than in respect of payment of fees to advisors of Kasbah in connection with the Transaction, satisfy or settle any Claim, dispute, liability or obligation in excess of US\$100,000, except such as have been included in the Kasbah Financial Statements;
 - 6.1.2.11 grant any material waiver, exercise any material option or relinquish any material contractual rights;
 - 6.1.2.12 enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments; or
 - 6.1.2.13 agree to do any of the matters set out above,
except:
 - 6.1.2.14 with the prior written consent of AMR;
 - 6.1.2.15 as required by applicable Law or necessary to give effect to the transactions contemplated in this agreement or the Scheme; or

- 6.1.2.16 as is Fairly Disclosed in the Kasbah Disclosure Letter, the Disclosure Materials or the Kasbah Budget (if not attached to the Kasbah Disclosure Letter).

6.2 Transaction implementation and access to information

- 6.2.1 From the date of this agreement until the Implementation Date:

- 6.2.1.1 Kasbah must:

- (a) provide AMR with reasonable access to such officers, documents, records and other information which AMR or its Related Entities reasonably require for the purposes of:
 - (i) understanding the Kasbah Group's financial position, prospects and affairs including its cash flow and working capital position;
 - (ii) implementing the Scheme; and
 - (iii) preparing to carry on the business of the Kasbah Group following implementation of the Scheme; and
- (b) without limiting clause 6.2.1.1(a), provide AMR with:
 - (i) monthly management reports; and
 - (ii) details of any material agreements that are proposed to be entered into during that period.

- 6.2.1.2 AMR must:

- (a) provide Kasbah with reasonable access to such officers, documents, records and other information which Kasbah or its Related Entities reasonably require for the purposes of:
 - (i) understanding the AMR Group's financial position, prospects and affairs including its cash flow and working capital position; and
 - (ii) implementation of the Scheme.

- 6.2.2 Nothing in this clause 6.2 requires Kasbah or AMR to:

- 6.2.2.1 act at the direction of the other. The business of each party and their Subsidiaries will continue to operate independently of the other until the Implementation Date; or
- 6.2.2.2 provide any information:
 - (a) which would breach an obligation of confidentiality to any person or any applicable privacy Laws;
 - (b) which would compromise legal professional privilege; or
 - (c) which would cause or result in that party being in breach of any material obligation owed to another party (where under an

agreement or otherwise) or a breach of any duty, whether arising under statute or general law owed by that party.

6.3 Conduct of business by AMR

6.3.1 From the date of this agreement until the Implementation Date, AMR must conduct its business, and must cause its Subsidiaries to conduct their respective businesses, in the ordinary course of business consistent with past practice, including making all reasonable endeavours to:

- 6.3.1.1 maintain its business and assets including using reasonable endeavours to maintain an available cash balance in accordance with the AMR Budget;
- 6.3.1.2 maintain the AMR Permit in good standing and use reasonable endeavours to obtain renewals of the AMR Permit that may expire prior to the Implementation Date;
- 6.3.1.3 maintain the insurance policies of the AMR Group;
- 6.3.1.4 keep available the services of its directors, officers and AMR Key Employees for the operations of the AMR Group;
- 6.3.1.5 maintain and preserve their relationships with Regulatory Authorities; customers, suppliers, licensors, licensees and others having business dealings with a member of the AMR Group;
- 6.3.1.6 use reasonable endeavours to comply in all material respects with all contracts with an annual revenue or expenditure of more than US\$100,000 of which a member of the AMR Group is a party, and with Laws and Authorisations applicable to each member of the AMR Group and the AMR Permit; and
- 6.3.1.7 not enter into any lines of business or other activities in which members of the AMR Group are not engaged as of the date of this agreement,

except:

- 6.3.1.8 as may be required or contemplated by this agreement or to the Scheme; or
- 6.3.1.9 as may be undertaken with the prior approval of Kasbah, such approval not to be unreasonably withheld or delayed; or
- 6.3.1.10 as is Fairly Disclosed in the AMR Disclosure Letter, the Disclosure Materials or the AMR Budget (if not attached to the AMR Disclosure Letter).

6.3.2 Notwithstanding clause 6.3.1, AMR must not, and ensure that its Subsidiaries do not:

- 6.3.2.1 increase the remuneration of or pay any bonus (excluding sales commission under existing sales commission arrangements) or issue any shares, warrants, performance rights or other securities to, or otherwise vary the employment agreements with, any of its directors or any employees with an existing annual total fixed remuneration greater than US\$200,000 (**Senior Executive**);
- 6.3.2.2 accelerate the rights of any of its directors or Senior Executives to benefits of any kind;

6.3.2.3 pay a director or Senior Executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement;

6.3.2.4 enter into any enterprise bargaining agreement or industrial instrument or long term supply agreement with a term of more than 12 months other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement;

6.3.2.5 give or agree to give a financial benefit to a related party of AMR other than in accordance with the exceptions set out in any applicable Laws;

6.3.2.6 enter into any new financing arrangements;

6.3.2.7 make any financial commitment or guarantee which has a value in excess of US\$100,000 over its term;

6.3.2.8 conduct its operations in a manner that is materially inconsistent with the AMR Budget, except in an emergency situation acting reasonably;

6.3.2.9 take any action that would be reasonably expected to give rise to an AMR Prescribed Occurrence;

6.3.2.10 satisfy or settle any Claim, dispute, liability or obligation, in excess of US\$100,000;

6.3.2.11 grant any material waiver, exercise any material option or relinquish any material contractual rights which have an annual revenue or expenditure in excess of US\$100,000;

6.3.2.12 enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments; or

6.3.2.13 agree to do any of the matters set out above,

except:

- 6.3.2.14 with the prior written consent of Kasbah;
- 6.3.2.15 as required by applicable Law or necessary to give effect to the transactions contemplated in this agreement or the Scheme; or
- 6.3.2.16 as is Fairly Disclosed in the AMR Disclosure Letter, the Disclosure Materials or the AMR Budget (if not attached to the AMR Disclosure Letter).

6.4 Deeds of access, indemnity and insurance

6.4.1 AMR must procure that Kasbah and each member of the Kasbah Group preserves the indemnities and other rights under the deeds of indemnity access and insurance made by them in favour of their respective directors and officers and in existence as at the date of this agreement and Fairly Disclosed to AMR in writing prior to the date of this agreement, in particular, must not take any action which would prejudice or adversely affect any directors' and officers' run-off insurance cover taken out prior to the Implementation Date.

6.4.2 AMR acknowledges that, notwithstanding any other provision of this agreement, Kasbah may, prior to the Implementation Date, enter into a run-off insurance policy

in respect of any Kasbah Group directors and officers for a 7 year period from their respective retirement dates and that any actions to facilitate that insurance or in connection therewith (including paying any amounts to ensure such maintenance upfront) will not be a Kasbah Prescribed Occurrence or breach any provision of this agreement, provided that Kasbah has not acted unreasonably and has consulted with AMR in respect of the entry into any such policy.

- 6.4.3 The undertakings contained in this clause 6.4 are subject to any restriction under the Corporations Act or any other applicable legislation and will be read down accordingly. Kasbah receives and holds the benefit of this clause 6.4, to the extent it relates to the directors and officers of Kasbah and other members of the Kasbah Group, as trustee for them.

7 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

7.1 AMR's representations and warranties

AMR represents and warrants to Kasbah that each of the AMR Representations and Warranties are true and correct in all material respects.

7.2 Qualifications on AMR Warranties

The AMR Representations and Warranties under clause 7.1 and Schedule 3 are subject to matters that have been Fairly Disclosed in:

- 7.2.1 the public filings of AMR on SEDAR on or after 1 July 2015 but before the date of this agreement; and
- 7.2.2 in the AMR Disclosure Letter or the Disclosure Materials,

and matters that Kasbah has actual knowledge of before the date of this agreement.

7.3 Kasbah's representations and warranties

Kasbah represents and warrants to AMR that each of the Kasbah Representations and Warranties are true and correct in all material respects.

7.4 Qualifications on Kasbah Warranties

The Kasbah Representations and Warranties under 7.3 and Schedule 3 are subject to matters that have been Fairly Disclosed in:

- 7.4.1 the announcements of Kasbah on the ASX announcements platform on or after 1 July 2015 but before the date of this agreement; and
- 7.4.2 in the Kasbah Disclosure Letter or the Disclosure Materials,

and to matters that AMR has actual knowledge of before the date of this agreement.

7.5 Survival of representations and warranties

Each representation and warranty in clauses 7.1 and 7.3:

- 7.5.1 is severable;
- 7.5.2 survives termination of this agreement; and

- 7.5.3 is given with the intention that liability under it is not confined to breaches that are discovered before the date of termination of this agreement.

7.6 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitution or may constitute a breach of any of the representations or warranties given by it under this clause 7.

7.7 Timing of representation and warranties

Each representation and warranty made or given under clauses 7.1 or 7.3 is given:

- 7.7.1 at the date of this agreement; and
- 7.7.2 at 8.00am on the Second Court Date; or
- 7.7.3 where expressed to be given at a particular time, at that time.

7.8 Liability of directors and officers

- 7.8.1 Each party releases its rights against, and will not make any Claim against, any past or present director or employee of the other in relation to information provided to it or in relation to its entry into this agreement to the extent that the past or present director or employee has acted in good faith and has not engaged in wilful misconduct or fraud. In this clause 7.8.1, the reference to any past or present director or employee of the other refers to any past or present director or employee of the AMR Group or the Kasbah Group.
- 7.8.2 Each party holds the releases in clause 7.8.1 in respect of its directors and employees as trustee for its past and present directors and employees.
- 7.8.3 This clause 7.8 is subject to any Corporations Act restriction and will be read down accordingly.

8 TERMINATION RIGHTS

8.1 Termination events

Without limiting any other provision of this agreement:

- 8.1.1 either party (**non-defaulting party**) may terminate this agreement by notice in writing to the other party:
- 8.1.1.1 if the End Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under this agreement);
- 8.1.1.2 if each of the following has occurred:
- (a) the other party (**defaulting party**) is in breach of a material provision of this agreement (other than for breach of a representation or warranty in parts 1 or 2 of Schedule 3) at any time prior to 8.00am on the Second Court Date;

- (b) the non-defaulting party has given notice to the defaulting party setting out the relevant circumstances of the breach and stating an intention to terminate the agreement; and
 - (c) the relevant circumstances have continued to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) from the time the notice in clause 8.1.1.2(b) is given;
- 8.1.1.3 if the required majorities of Kasbah Shareholders do not approve the Scheme at the Scheme Meeting;
- 8.1.1.4 if a Court or other Regulatory Authority has issued an order, decree or ruling or taken other action that permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed; or
- 8.1.1.5 in accordance with clause 3.9.2.
- 8.1.2 AMR may terminate this agreement by notice in writing to Kasbah if:
 - 8.1.2.1 at any time prior to 8:00am on the Second Court Date, Kasbah breaches any Kasbah Representation or Warranty given pursuant to clause 7.3 and:
 - (a) the breach:
 - (i) cannot be remedied by subsequent action on the part of Kasbah before 8.00am on the Second Court Date; and
 - (ii) amounts to, results in, or discloses anything, that could reasonably be expected to amount to a Kasbah Material Adverse Event;
 - 8.1.2.2 a Kasbah Director, fails to recommend the Scheme or the Transaction or makes or withdraws his or her recommendation that Kasbah Shareholders vote in favour of the Scheme or makes a public statement indicating that he or she no longer supports the Scheme;
 - 8.1.2.3 a Kasbah Prescribed Occurrence or Kasbah Material Adverse Event occurs prior to 8:00am on the Second Court Date;
 - 8.1.2.4 the Kasbah Board recommends a Superior Offer; or
 - 8.1.2.5 a Competing Proposal is announced, made, or becomes open for acceptance and, pursuant to that Competing Proposal, the bidder for Kasbah acquires voting power (within the meaning of section 610 of the Corporations Act) of 20% or more of Kasbah and that Competing Proposal is (or has become) free from any defeating conditions.
- 8.1.3 Kasbah may terminate this agreement by notice in writing to AMR if:
 - 8.1.3.1 at any time prior to 8.00am on the Second Court Date, AMR breaches any AMR Representation or Warranty and:
 - (a) the breach:

- (i) cannot be remedied by subsequent action on the part of AMR before 8.00am on the Second Court Date; and
 - (ii) amounts to, results in, or discloses anything, that could reasonably be expected to amount to an AMR Material Adverse Event;
- 8.1.3.2 at any time prior to the date of the Scheme Meeting, a majority of the Kasbah Directors have changed, withdrawn or modified their recommendation in accordance with clause 5.6.2;
- 8.1.3.3 an AMR Director makes a public statement indicating that he or she no longer supports the Transaction;
- 8.1.3.4 an AMR Prescribed Occurrence or AMR Material Adverse Event occurs prior to 8:00am on the Second Court Date;
- 8.1.3.5 the AMR Board recommends a Superior Offer; or
- 8.1.3.6 a Competing Proposal is announced, made, or becomes open for acceptance and, pursuant to that Competing Proposal, the bidder for AMR acquires 20% or more of the issued and outstanding AMR Shares and that Competing Proposal is (or has become) free from any defeating conditions.

8.2 Notice of breach

Each party must give notice to the other as soon as practicable after it becomes aware of a breach by it of this agreement (including in respect of any representation or warranty).

8.3 Termination right

- 8.3.1 Any right to terminate this agreement under clauses 8.1.1, 8.1.2 or 8.1.3 that arises before the Second Court Date ceases at 8.00am on the Second Court Date.
- 8.3.2 Subject to clause 8.3.1, any right to terminate this agreement ceases when the Scheme becomes Effective.

8.4 Effect of termination

- 8.4.1 If a party terminates this agreement, each party will be released from all further obligations under this agreement other than under clauses 1, 7.8, 9, 11, 12, 13 and 14.
- 8.4.2 Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of this clause 8.4), on termination of this agreement, no party shall have any rights against or obligations to any other party under this agreement except for those rights and obligations which accrued prior to termination.

9 PUBLIC ANNOUNCEMENTS

9.1 Announcement of transaction

- 9.1.1 Immediately after the execution of this agreement, the parties must, after consultation with the other party, issue public announcement(s) in a form agreed to in writing between them, each party acting reasonably.

9.1.2 The Kasbah announcement must include a unanimous recommendation by the Kasbah Board to Kasbah Shareholders that, in the absence of a Superior Offer and subject to the Independent Expert's report concluding that the Transaction is in the best interests of Kasbah Shareholders, Kasbah Shareholders vote in favour of the Scheme and that all the members of the Kasbah Board will vote (or will procure the voting of) all Kasbah Shares held by or controlled by a member of the Kasbah Board in favour of the Scheme.

9.1.3 The AMR announcement must include a unanimous recommendation by the AMR Board that each member of the AMR Board supports the Transaction.

9.2 Public announcements

9.2.1 Subject to clause 9.2.2, no public announcement or disclosure in relation to the Transaction or any subject matter thereof, or any other transaction the subject of this agreement or the Scheme (including any staff or client announcements or presentations) may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.

9.2.2 Where a party is required by Law and/or the Listing Rules, the listing rules of the TSX-V or pursuant to Canadian securities Laws or other applicable Laws to make any announcement or make any filing or disclosure in relation to the Transaction or any other transaction the subject of this agreement or the Scheme, it may do so only after it has given as much notice as possible to, and has consulted (to the fullest extent reasonable in the circumstances) with the other party prior to making the relevant disclosure.

9.2.3 AMR and Kasbah agree to consult with each other in advance in relation to:

9.2.3.1 overall communication plans;

9.2.3.2 approaches to Kasbah Shareholders, holders of Kasbah Options and AMR Shareholders;

9.2.3.3 approaches to the media;

9.2.3.4 proxy solicitations; and

9.2.3.5 written presentations,

including to provide each other a reasonable advance opportunity to comment, to ensure that the information used in clauses 9.2.3.1 to 9.2.3.5 above is consistent with the information in the Scheme Booklet.

9.3 Statements on termination

The parties must act in good faith and use all reasonable endeavours to issue agreed statements in respect of any termination of this agreement and, to that end but without limitation, clause 9.2 applies to any such statements or disclosures.

10 EXCLUSIVITY

10.1 No-shop

Subject to clause 10.7, during the Exclusivity Period, each party must ensure that none of it, its Subsidiaries, or any of their respective Representatives directly or indirectly solicit, invite or encourage or initiate any Competing Proposal or initiate discussions with any third party with a view to obtaining any expressions of interest, offer or proposal from any person in relation to a Competing Proposal.

10.2 No-talk

Subject to clause 10.7, during the Exclusivity Period, each party must ensure that none of it, its Subsidiaries, or any of its or their Representatives directly or indirectly:

10.2.1 negotiates or enters into or participates in negotiations or discussions with any person; or

10.2.2 enters into any relevant agreement; or

10.2.3 communicates any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to a Competing Proposal or which may reasonably be expected to lead to the Transaction not completing.

10.3 Due diligence information

Subject to clause 10.7, during the Exclusivity Period, each party must ensure that none of it, its Subsidiaries, or any of their respective Representatives in relation to a Competing Proposal:

10.3.1 solicits, invites, initiates, encourages, facilitates any third party (other than the other party) to undertake due diligence investigations on the party, the party's Group or their respective businesses and operations; or

10.3.2 makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to the party, any member of the party's Group or their respective businesses and operations.

10.4 Notification of approaches

10.4.1 During the Exclusivity Period, the party must promptly notify the other party in writing if it, its Subsidiaries or any of their respective Representatives becomes aware of:

10.4.1.1 any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with the party or any of its Representatives with respect to, or that could reasonably be expected to lead to, any Competing Proposal, whether unsolicited or otherwise;

10.4.1.2 any proposal whether written or otherwise made to the party, its Representatives or any of its Subsidiaries or their respective Representatives, in connection with, or in respect of any exploration or consummation of, a Competing Proposal or a proposed or potential Competing Proposal, whether unsolicited or otherwise;

10.4.1.3 any request for information relating to the party or any member of the party's Group or any of their businesses or operations or any request for access to the books or records of the party or any member of the party's Group, which the party has reasonable grounds to suspect may relate to a current or future Competing Proposal;

- 10.4.1.4 any intention by the party or any of its Representatives to provide any information relating to the party, any member of the party's Group or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Proposal in reliance on clause 10.7;
- 10.4.1.5 any action by the party or any of its Representatives, or any intention of the party or any of its Representatives to take any action, in reliance on clause 10.7 (including under clause 10.4.1.4); or
- 10.4.1.6 any breach of this clause 10.4.
- 10.4.2 A notice given under this clause 10.4 must be accompanied by all material details of the relevant event (other than the identity of the person or persons taking any action referred to in clause 10.4.1.1 or 10.4.1.2 or on whose behalf any such action was taken or any person to whom the party intends to provide information under clause 10.4.1.3 (**Third Party Bidder**)), including:
- 10.4.2.1 the terms and conditions of any Competing Proposal or any proposed Competing Proposal (to the extent known); and
- 10.4.2.2 the circumstances in which any information is provided to the Third Party Bidder.
- 10.5 Access to information**
- 10.5.1 Where, in reliance on clause 10.7, and subject to applicable law, the party's Group or any member of the party's Group or any of their Representatives proposes to provide any information relating to the party's Group to any Third Party Bidder in connection with or for the purposes of a current or future Competing Proposal, it must, to the extent that the other party has not previously been provided with the information, provide the other party with a complete copy of that information at the same time as it is provided to the Third Party Bidder.
- 10.5.2 Nothing in this clause 10 prevents a party or any of its Representatives from:
- 10.5.2.1 providing information to its Representatives;
- 10.5.2.2 providing information required to be provided by law, a Court or any Regulatory Authority; or
- 10.5.2.3 making presentations to brokers, portfolio investors and analysts in the ordinary and usual course of business.
- 10.6 Other party's response to Third Party Bidder and other party's right to respond**
- 10.6.1 If a party is permitted by virtue of clause 10.7 to engage in activity that would otherwise breach clauses 10.1, 10.2 or 10.3, the party must enter into a confidentiality agreement with the Third Party Bidder which is on terms no less onerous to the Third Party Bidder than the Confidentiality Agreement is to the other party.
- 10.6.2 Without prejudice to the other party's rights under this clause 10, if at any time during the Exclusivity Period a party's director wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Proposal (other than a confidentiality agreement contemplated by clause 10.6.1), the party must ensure that he or she does not do so:
- 10.6.2.1 unless the Competing Proposal is bona fide; and

- 10.6.2.2 until each of the following has occurred:
- (a) the directors of that party have made the determination contemplated by clause 10.7.2 in respect of that Competing Proposal;
- (b) the party has given the other party notice in writing: (a) of the identity of the Third Party Bidder; and (b) of its intention to enter into an agreement, commitment, arrangement or understanding relating to that Competing Proposal, subject to the other party's rights under clause 10.6.3;
- (c) the other party's rights under clause 10.6.3 have been exhausted;
- (d) the party's directors have made the determination contemplated by clause 10.7.2 in respect of that Competing Proposal after the other party's rights under clause 10.6.3 have been exhausted and after evaluation of any Counterproposal; and
- (e) that Competing Proposal has been publicly announced by that person.
- 10.6.3 If the party gives notice to the other party under clause 10.6.2.2(b), the other party will have the right, but not the obligation, at any time during the period of five Business Days following receipt of the notice, to:
- 10.6.3.1 offer to amend the terms of the Scheme;
- 10.6.3.2 make a takeover bid for the party; or
- 10.6.3.3 propose any other form of transaction,
- (each a **Counterproposal**), and if it does so then the party and the party's directors must review the Counterproposal in good faith and in order to satisfy what the Receiving Party's Board considers is required to comply with its fiduciary and statutory duties, to determine whether the Counterproposal is a Superior Offer. If the Counterproposal would be at least as favourable to the party and that party's Shareholders than the Competing Proposal (having regard to the matters noted in clause 10.7.2), then:
- 10.6.3.4 if the Counterproposal contemplates an amendment to the Scheme, the parties must enter into an amended agreement in relation to the Scheme reflecting the Counterproposal; or
- 10.6.3.5 if the Counterproposal contemplates any other form of transaction, the party must announce promptly to the market that the party's directors unanimously recommend the Counterproposal (subject to a Superior Offer), and the parties must pursue implementation of the Counterproposal in good faith.
- 10.6.4 Where at any time before the Scheme Meeting, a Counterproposal from AMR is received by Kasbah in accordance with clause 10.6.3 then, subject to applicable Laws, at AMR's request, Kasbah will:
- 10.6.4.1 apply to the Court for an order adjourning the Scheme Meeting to a date acceptable to AMR, acting reasonably, which (where the Counterproposal involves a revision to the terms of the Scheme) must

not be later than 10 Business Days after the scheduled date of the Scheme Meeting; and

- 10.6.4.2 if AMR and Kasbah amend the terms of this agreement pursuant to clause 10.6.3.4 or the Kasbah Directors unanimously recommend the Counterproposal under clause 10.6.3.5 the parties must ensure that the details of such amended agreement or recommended Counterproposal are communicated to the Kasbah Shareholders as soon as practicable and in any event before the resumption of the adjourned Scheme Meeting.

- 10.6.5 For the purposes of this clause 10.6, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

10.7 Fiduciary and other carve-out

The restrictions in clauses 10.1, 10.2 and 10.3 do not apply to the extent that they restrict a party or the party's directors from taking or refusing to take any action with respect to a Competing Proposal (in relation to which there has been no contravention of this clause 10) provided:

- 10.7.1 the Competing Proposal is bona fide and is made in writing by or on behalf of a third party that each of the party's directors consider is of reputable commercial standing; and
- 10.7.2 the party's directors have determined in good faith and acting reasonably:
- 10.7.2.1 the Competing Proposal is a Superior Offer, and
- 10.7.2.2 after having received advice from its external legal adviser practising in the area of corporate law,
- that failing to respond to such a bona fide Competing Proposal would constitute a meaningful risk of breaching the party's directors' fiduciary duties or statutory obligations.

10.8 No current discussions

Each party represents and warrants to the other party that, as at the date of this agreement, neither it nor any of its Representatives:

- 10.8.1 is participating, directly or indirectly, in any discussions or negotiations with a third party that concern, or that could reasonably be expected to lead to, a Competing Proposal for that party; or
- 10.8.2 is a party to any agreement, arrangement or understanding with a third party in relation to a Competing Proposal for it or a possible Competing Proposal that would prevent it entering into this agreement or complying with its obligations under this agreement.

10.9 Legal advice

Each party represents and warrants that:

- 10.9.1 prior to entering into this agreement it has received legal advice on this agreement and the operation of this clause 10; and

- 10.9.2 it and the party's directors consider this clause 10 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 10 in order to secure the significant benefits to it, and the party's Shareholders, resulting from the Transaction.

11 REIMBURSEMENT FEES

11.1 AMR

11.1.1 Background

AMR represents and warrants to Kasbah that it would not have entered into this agreement without the benefit of this clause 11.1 and it would not have entered into and continued the negotiations and conducted due diligence into Kasbah leading up to this agreement unless AMR had a reasonable expectation that Kasbah would agree to enter into a clause of this kind.

11.1.2 Acknowledgments

- 11.1.2.1 The fee payable under clause 11.2.4.1 has been calculated to reimburse Kasbah for the following:

- (a) significant external advisory costs;
- (b) out of pocket expenses, including air fares and hotel accommodation;
- (c) commitment fees and other financing costs; and
- (d) reasonable opportunity costs incurred by AMR in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives,

in relation to the Transaction and AMR will incur further costs if the Transaction is not successful (**AMR Costs**).

- 11.1.2.2 Kasbah represents and warrants that:

- (a) prior to entering into this agreement it has received legal advice on this agreement and the operation of this clause 11.1;
- (b) it has clear documentary evidence supporting the Kasbah Board's detailed consideration of this agreement and this clause 11.1 in particular; and
- (c) it and the Kasbah Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11.1 in order to secure the significant benefits to it, and Kasbah Shareholders, resulting from the Transaction.

11.1.3 Agreement on AMR Costs

The parties acknowledge that the amount of the AMR Costs is inherently unascertainable and that, even after termination of this agreement, the AMR Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that AMR will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 11.1, the AMR Costs will be equal to the amount of the Reimbursement Fee Amount (it being acknowledged by the

parties that the AMR Costs would most likely be significantly in excess of this amount).

11.1.4 Reimbursement of AMR Costs

11.1.4.1 Kasbah agrees to pay to AMR the Reimbursement Fee Amount if at any time after execution of this agreement, any of the following events occur:

- (a) any Kasbah Director, fails to recommend, or recommends against, qualifies their support of or withdraws its recommendation or approval of, the Transaction, in each case other than as a result of:
 - (i) the Independent Expert opining that the Scheme is not in the best interests of Kasbah Shareholders; or
 - (ii) the fact that an AMR Material Adverse Event has occurred and is continuing;
- (b) any Kasbah Director recommends or promotes a Competing Proposal, including for greater certainty, making any determination under clause 10.6.2;
- (c) the Court does not (taking into account all appeals) approve the Scheme for the purposes of section 411(1)(b) of the Corporations Act as a result of a material non-compliance by Kasbah with any of its obligations under this agreement;
- (d) the Effective Date of the Scheme has not occurred prior to the End Date as a consequence of non-compliance by Kasbah with any of its obligations under this agreement;
- (e) a Competing Proposal is announced before the date of the Scheme Meeting and within 12 months of the announcement, the third party proponent of the Competing Proposal acquires 20% or more of the issued Kasbah Shares; or
- (f) AMR terminates this agreement under clause 8.1.1.2 or 8.1.2.1.

11.1.4.2 The payment of the Reimbursement Fee Amount to AMR provided for in this clause 11.1.4 must be made within five Business Days of receipt of a written demand for payment by AMR. The demand may only be made after the occurrence of an event referred to in clause 11.1.4.1 and termination of this agreement.

11.2 Kasbah

11.2.1 Background

Kasbah represents and warrants to AMR that it would not have entered into this agreement without the benefit of this clause 11.2 and it would not have entered into and continued the negotiations and conducted due diligence into AMR leading up to this agreement unless Kasbah had a reasonable expectation that AMR would agree to enter into a clause of this kind.

11.2.2 Acknowledgments

11.2.2.1 The fee payable under clause 11.1.4.1 has been calculated to reimburse AMR for the following:

- (a) significant external advisory costs;
- (b) out of pocket expenses including air fares and hotel accommodation; and
- (c) reasonable opportunity costs incurred by Kasbah in pursuing the Transaction or in not pursuing other alternative strategic initiatives,

in relation to the Transaction and Kasbah will incur further costs if the Transaction is not successful (**Kasbah Costs**).

11.2.2.2 AMR represents and warrants that:

- (a) it has received legal advice on this agreement and the operation of this clause 11.2;
- (b) it has clear documentary evidence supporting the AMR Board's detailed consideration of this agreement and this clause 11.2 in particular; and
- (c) it and the AMR Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11.2 in order to secure the significant benefits to it, and AMR Shareholders, resulting from the Transaction.

11.2.3 Agreement on Kasbah Costs

The parties acknowledge that the amount of the Kasbah Costs is inherently unascertainable and that, even after termination of this agreement, the Kasbah Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that Kasbah will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 11.2, the Kasbah Costs will be equal to the amount of the Reimbursement Fee Amount (it being acknowledged by the parties that the Kasbah Costs would most likely be significantly in excess of this amount).

11.2.4 Reimbursement of Kasbah Costs

11.2.4.1 AMR agrees to pay to Kasbah the Reimbursement Fee Amount if at any time after execution of this agreement, any of the following events occur:

- (a) any AMR Director fails to recommend, or recommends against, qualifies their support of or withdraws their support of the Transaction, in each case other than as a result of the fact that a Kasbah Material Adverse Event has occurred and is continuing;
- (b) any AMR Director recommends or promotes a Competing Proposal, including for greater certainty, making any determination under clause 10.6.2;
- (c) the Court does not (taking into account all appeals) approve the Scheme for the purposes of section 411(1)(b) of the Corporations Act as a result of a material non-compliance by AMR with any of its obligations under this agreement;

- (d) the Effective Date of the Scheme has not occurred prior to the End Date as a consequence of non-compliance by AMR with any of its obligations under this agreement;
 - (e) a Competing Proposal is announced before the date of the Scheme Meeting and within 12 months of the announcement, the third party proponent of the Competing Proposal acquires 20% or more of the issued and outstanding AMR Shares; or
 - (f) Kasbah terminates this agreement under clause 8.1.1.2 or 8.1.3.1.
- 11.2.4.2 The payment of the Reimbursement Fee Amount to Kasbah provided for in this clause 11.2.4 must be made within five Business Days of receipt of a written demand for payment by Kasbah. The demand may only be made after the occurrence of an event referred to in clause 11.2.4.1 and termination of this agreement.
- 11.2.5 No amounts payable
 - 11.2.5.1 Notwithstanding the occurrence of any event in 11.1.4 or 11.2.4, no AMR Reimbursement Fee Amount or Kasbah Reimbursement Fee Amount is payable:
 - (a) once the Scheme becomes Effective; or
 - (b) if a transaction is completed pursuant to which Pala or AMR acquire 100% of the issued Kasbah Shares.
 - 11.2.5.2 No AMR Reimbursement Fee Amount is payable by Kasbah if the Kasbah Shareholders do not approve the Scheme.
 - 11.2.5.3 The Kasbah Reimbursement Fee Amount and AMR Reimbursement Fee Amount is only payable once.
- 11.2.6 Compliance with law
 - 11.2.6.1 If a court or the Takeovers Panel determines that any part of the AMR Reimbursement Fee Amount or Kasbah Reimbursement Fee Amount:
 - (a) constitutes or would, if performed, constitute:
 - (i) a breach of the fiduciary or statutory duties of the Kasbah Board or AMR Board, as appropriate; or
 - (ii) unacceptable circumstances within the meaning of the Corporations Act; or
 - (b) is unenforceable or would, if paid, be unlawful for any reason,

then Kasbah or AMR (as appropriate) will not be obliged to pay such part of the AMR Reimbursement Fee Amount or Kasbah Reimbursement Fee Amount and, if such fee has already been paid, then the relevant party or parties must within five Business Days after receiving written demand from the other party or parties refund that part of the AMR Reimbursement Fee Amount or Kasbah Reimbursement Fee Amount.
 - 11.2.6.2 If in Takeovers Panel proceedings detailed in clause 11.2.6.1, the Takeovers Panel indicates to a party that in the absence of a written

undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) it will make a declaration of unacceptable circumstances, each of the parties (as the case may be) may give that undertaking on their own behalf and must give reasonable consideration to giving that undertaking if requested by the other parties. Where such undertakings are given, this clause 11 will operate in a manner consistent with the terms of such undertakings.

- 11.2.6.3 The parties must not make or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in clause 11.2.6.1.

11.3 Claims

Each party agrees that, upon termination of this agreement under circumstances where Kasbah or AMR is entitled to a Kasbah Reimbursement Fee Amount or an AMR Reimbursement Fee Amount, as applicable, and such fee is paid in full, Kasbah or AMR, as the case may be, shall be precluded from any other remedy against the other party at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment or damages of any kind, including consequential, indirect or punitive damages, against the other party or any of its Subsidiaries or any of the respective directors, officers, employees, partners, managers, members, shareholders or affiliates or their respective representatives in connection with this agreement or the transactions contemplated, provided, however that a payment by a party of a fee shall not be in lieu of any damages or any other payment or remedy available in the event of any wilful or intentional breach by such party of any of its obligations under this agreement.

12 GST

12.1 Interpretation

In this clause 12 and the rest of this agreement, a word or expression defined in the GST Law has the same meaning given to it in the GST Law.

12.2 GST exclusive

- 12.2.1 Unless expressly stated otherwise, any consideration or amount payable under this agreement, including any non-monetary consideration (as reduced in accordance with clause 12.2.5 if required) (**Consideration**) is exclusive of GST.
- 12.2.2 If GST is or becomes payable on a supply made under or in connection with this agreement, an additional amount (**Additional Amount**) is payable by the party providing Consideration for the supply (**Recipient**) equal to the amount of GST payable on that supply as calculated by the party making the supply (**Supplier**) in accordance with the GST Law.
- 12.2.3 The Additional Amount payable under clause 12.2.2 is payable at the same time and in the same manner as the Consideration for the supply, subject to the provision of a valid tax invoice by the Supplier at or before that time. If a valid tax invoice is not provided by the Supplier at or before that time then the Additional Amount is only payable on receipt of a valid tax invoice.
- 12.2.4 If for any reason (including the occurrence of an adjustment event) the amount of GST payable on a supply (taking into account any decreasing or increasing adjustments in relation to the supply) varies from the Additional Amount payable by the Recipient under clause 12.2.2:

- 12.2.4.1 the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
- 12.2.4.2 the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
- 12.2.4.3 the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the Additional Amount. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an adjustment event in relation to the supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an adjustment note within 14 days after becoming aware of the occurrence of the adjustment event.
- 12.2.5 Despite any other provision in this agreement:
 - 12.2.5.1 if an amount payable under or in connection with this agreement (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any input tax credit to which that party is entitled in respect of that Amount Incurred; and
 - 12.2.5.2 no Additional Amount is payable under clause 12.2.2 in respect of a supply to which section 84-5 of the GST Law applies.
- 12.2.6 Any reference in this clause to an input tax credit to which a party is entitled includes an input tax credit arising from a creditable acquisition by that party and to which the representative member of a GST group of which the party is a member is entitled.

13 NOTICES

13.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

- 13.1.1 in writing and in English directed to the recipient's address for notices specified in the Details, as varied by any Notice; and
- 13.1.2 hand delivered or sent by email to that address with a copy being sent to:
 - 13.1.2.1 in the case of communications sent to Kasbah, Sam.Smart@dlapiper.com; and
 - 13.1.2.2 in the case of communications sent to AMR, Murray.Wheater@ashurst.com.

13.2 Effective on receipt

A Notice given in accordance with clause 13.1 takes effect when received (or at a later time specified in it), and is taken to be received:

- 13.2.1 if hand delivered, on delivery; or

- 13.2.2 if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the delivery or transmission under clause 13.2.1 or 13.2.2 is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

14 GENERAL

14.1 Amendments

This agreement may be amended only in writing signed by each party.

14.2 Approvals and consents

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

14.3 Assignment

A party may only assign this agreement or a right under this agreement with the prior written consent of the other party, which consent that other party may give or withhold in its absolute discretion.

14.4 Entire agreement

This agreement and the Confidentiality Agreement contain the entire agreement between the parties as at the date of this agreement with respect to their subject matter and supersede all prior agreements and understandings between the parties in connection with them.

14.5 Costs and stamp duty

- 14.5.1 Except as otherwise provided in this agreement, each party must pay its own costs of negotiating, preparing, executing and performing this agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this agreement and the Scheme.
- 14.5.2 Any stamp duty payable on the transfer of Kasbah Shares to AMR under the Scheme must be paid by AMR.

14.6 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

14.7 No Merger

The rights and obligations of the parties under this agreement do not merge on completion of any transaction contemplated by this agreement. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

14.8 Severability

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or part of a term of this agreement continue in force.

14.9 **Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

14.10 **Relationship**

Except where this agreement expressly states otherwise, this agreement does not create a relationship of employment, trust, agency or partnership between the parties.

14.11 **No representation or reliance**

Each party acknowledges that:

- 14.11.1 no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- 14.11.2 it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- 14.11.3 clauses 14.11.1 and 14.11.2 above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

14.12 **Governing law and jurisdiction**

This agreement is governed by the law of Western Australia. Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this agreement. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

14.13 **Mutual further assurances**

Each party must do all things necessary or expedient to be done by it in connection with the matters referred to in this agreement.

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SCHEDULE 1: TIMETABLE

Timetable - Not reproduced here.

SCHEDULE 2: SCHEME

Scheme - Not reproduced here. Refer to Annexure 4 of the Scheme Booklet.

SCHEDULE 3: REPRESENTATIONS AND WARRANTIES

1 KASBAH REPRESENTATIONS AND WARRANTIES

- 1.1 **status:** Kasbah is a company limited by shares and is validly existing under the Corporations Act and each of Kasbah's Subsidiaries is a corporation validly existing under the laws of its place of incorporation;
- 1.2 **share capital:**
- 1.2.1 all of the issued and outstanding shares and other ownership interests in Kasbah and each member of the Kasbah Group have been duly authorised and validly issued, and are fully paid and non-assessable; and
- 1.2.2 all of the issued and outstanding shares of each Kasbah Subsidiary are owned, directly or indirectly, by Kasbah; and except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Subsidiary in the Kasbah Group, the issued and outstanding shares of each Subsidiary in the Kasbah Group are owned free and clear of all Encumbrances and Kasbah is not liable to any creditor in respect thereof;
- 1.3 **corporate power:** Kasbah has full legal capacity to enter into this agreement and carry out the transactions contemplated by this agreement;
- 1.4 **corporate authorisations:** Kasbah has taken all necessary corporate action to authorise the entry into this agreement and, subject to Kasbah Shareholders approving the Scheme, has full authority to carry out the transactions contemplated by this agreement and the Scheme in accordance with its terms;
- 1.5 **binding obligations:** this agreement constitutes legal, valid and binding obligations of Kasbah, enforceable against it, in accordance with its terms;
- 1.6 **no contravention:** this agreement does not contravene:
- 1.6.1 any rule, law or regulation to which Kasbah or any member of the Kasbah Group's property is subject to;
- 1.6.2 any material term or provision of any material contract to which Kasbah or any member of the Kasbah Group is a party to; or
- 1.6.3 Kasbah's or any member of the Kasbah Group's constitution;
- 1.7 **issued securities:** the issued Kasbah securities and rights to be issued Kasbah securities as of the date of this agreement are:
- 1.7.1 556,005,435 Kasbah Shares; and
- 1.7.2 500,000 Kasbah Options;
- 1.8 **no obligation to issue securities:** neither Kasbah or any member of the Kasbah Group has issued, or agreed to issue, or is required to issue any other securities or instrument which are still in force and may convert into Kasbah Shares, shares in a member of the Kasbah Group or any other securities in Kasbah or a member of the Kasbah Group;

- 1.9 **no additional rights:** the Kasbah Shares are free of pre-emptive rights;
- 1.10 **solvency:** no material member of the Kasbah Group is affected by an Insolvency Event;
- 1.11 **regulatory action:** no member of the Kasbah Group has received notice of any regulatory action of any nature taken, or to be taken, in relation to any member of the Kasbah Group which would prevent, inhibit or otherwise have a material adverse effect on Kasbah's ability to fulfil its obligations under this agreement;
- 1.12 **litigation:** there are no material investigations, actions, suits, arbitrations, legal or administrative proceedings pending or, to the knowledge of Kasbah, threatened against Kasbah or any member of the Kasbah Group;
- 1.13 **interests in Kasbah Permits:** the Kasbah Permits are:
- 1.13.1 registered in the name of a member of the Kasbah Group or the joint venture partner of a member of the Kasbah Group;
- 1.13.2 in good standing, valid and enforceable, free and clear of any Encumbrances (other than the terms and conditions of the Kasbah Permits and as may be imposed by legislation, regulation or the applicable mining code). No other mineral rights or other property rights are necessary for the conduct of the Kasbah Group's business as it is currently being conducted; and there are no material restrictions on the ability of the Kasbah Group to use, transfer or otherwise exploit any of the Kasbah Permits except as required by applicable law. No member of the Kasbah Group has received any notice of any material Claim of any sort that has been asserted by anyone adverse to the rights of the Kasbah Group under any of the Kasbah Permits, or affecting or questioning the rights of the Kasbah Group to the continued possession of the Kasbah Permits;
- 1.14 **tax matters:** except as would not, individually or in the aggregate, reasonably be expected to result in a Kasbah Material Adverse Event:
- 1.14.1 Kasbah and each member of the Kasbah Group has duly and timely:
- 1.14.1.1 prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects;
- 1.14.1.2 duly and timely paid all taxes due;
- 1.14.1.3 withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it; and
- 1.14.1.4 collected all amounts on account of sales or transfer taxes, including goods and services, harmonised sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it; and
- 1.14.1.5 the charges, accruals and reserves for taxes reflected in the Kasbah Financial Statements (whether or not due and whether or not shown

on any tax return but excluding any provision for deferred income taxes) are, in the opinion of Kasbah, adequate under applicable accounting principles to cover taxes with respect to Kasbah and the Kasbah Group for the periods covered thereby;

- 1.15 Kasbah does not and will not at implementation of the Scheme hold any:
- 1.15.1 real property (including interests in real property) located in Australia (other than a lease of office space);
 - 1.15.2 mining, quarrying or prospecting rights (including interests in such rights) in relation to minerals, petroleum or quarry materials that are located in Australia; or
 - 1.15.3 shares in companies, interests in trusts and comparable interests in other entities holding any assets described in 1.15.1 or 1.15.2 above;
- 1.16 Kasbah does not hold at the date of this agreement, and has not at anytime in the preceding 60-month period held, any real or immovable property located in Canada, any Canadian resource properties, any timber resources properties in Canada, or any options in respect of, or interests in, any such properties;
- 1.17 All transactions or arrangements made by Kasbah and each member of the Kasbah Group have been made on arm's length terms and the processes by which prices and terms have been arrived at have, in each case, been fully documented;
- 1.18 **reporting status and compliance:**
- 1.18.1 the Kasbah Shares are admitted to official quotation on ASX, and are not listed or traded on any other stock exchange; and
 - 1.18.2 Kasbah is in compliance in all material respects with applicable Laws, listing and corporate governance rules and regulations of ASX;
- 1.19 **no order:** Kasbah is not subject to any order of ASX or any Regulatory Authority and, to the knowledge of Kasbah, no investigation or other proceedings involving Kasbah, that may operate or prevent or restrict trading of any securities of Kasbah, are currently in progress or pending before ASX or any Regulatory Authority;
- 1.20 **no Prescribed Occurrence:** no Kasbah Prescribed Occurrence has occurred since 31 December 2015;
- 1.21 **disclosure:**
- 1.21.1 Kasbah has complied in all material respects with its continuous disclosure obligations under the Corporations Act and the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure (other than the fact of this agreement, and the negotiations preceding it); and Kasbah has not been the subject of a continuous disclosure review by ASIC within the last 24 months;
 - 1.21.2 the information and statements contained in this agreement are true and correct in all material respects and together with the public announcements of Kasbah and the Kasbah Disclosure Letter, constitute full, true and plain disclosure of all material facts relating to Kasbah and the Kasbah Group on a consolidated basis,

contain no misrepresentations and do not omit a material fact which is necessary to make the information and statements contained not misleading in light of the circumstances in which they were made;

1.22 **Scheme Booklet not false or misleading:**

- 1.22.1 the Kasbah Information contained in the Scheme Booklet will be prepared and included in good faith and will comply in all material respect with the requirements of the Corporations Act, the Listing Rules and RG 60;
 - 1.22.2 all information provided by or on behalf of Kasbah to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet will be provided in good faith;
 - 1.22.3 as at the date of dispatch of the Scheme Booklet, the Scheme Booklet (other than AMR Information) will not contain any statement which is false or misleading (including because of a material omission); and
- 1.23 **No breach:** as at the date of this agreement, (subject to satisfaction or waiver of the Conditions Precedent) the implementation of the Transaction as contemplated by this agreement does not and will not:
- 1.23.1 constitute a breach of or default under, or constitute an event that with notice or lapse of time, or both, would constitute a breach of or default by;
 - 1.23.2 in any material respect, accelerate or permit the acceleration of the performance required by; or
 - 1.23.3 give rise to any material obligation or material liability on the part of, or any third party rights (including any right of termination, purchase or pre-emption) that are adverse to the interests of,
- any member of the Kasbah Group under any material contract or agreement or instrument relating to the rights and interests of a member of the Kasbah Group in respect of any Kasbah Permit.

1 AMR REPRESENTATIONS AND WARRANTIES

- 1.1 **status:** AMR is a body corporate validly existing under the laws of its jurisdiction of incorporation and each of AMR's Subsidiaries is a corporation validly existing under the laws of its jurisdiction of incorporation;
- 1.2 **share capital:**
- 1.2.1 all of the issued and outstanding shares and other ownership interests in AMR and each member of the AMR Group have been duly authorised and validly issued, and are fully paid and non-assessable; and
- 1.2.2 all of the issued and outstanding shares of each AMR Subsidiary (except Ban Phuc Nickel Mines Limited Liability Company, which is 90% owned by Asian Mineral Resources (Nickel) Limited) are owned, directly or indirectly, by AMR; and except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Subsidiary in the AMR Group, the issued and outstanding shares of each Subsidiary in the AMR Group are owned free and clear of all Encumbrances and AMR is not liable to any creditor in respect thereof;
- 1.3 **corporate power:** AMR has full legal capacity to enter into this agreement and carry out the transactions contemplated by this agreement;
- 1.4 **corporate authorisations:** AMR has taken all necessary corporate action to authorise the entry into this agreement and has full authority to carry out the transactions contemplated by this agreement;
- 1.5 **binding obligations:** this agreement constitutes legal, valid and binding obligations of AMR, enforceable against it, in accordance with its terms;
- 1.6 **no contravention:** this agreement does not contravene:
- 1.6.1 any rule, law or regulation to which AMR or any member of the AMR Group's property is subject to;
- 1.6.2 any material term or provision of any material contract to which AMR or any member of the AMR Group is a party to; or
- 1.6.3 AMR's or any member of the AMR Group's constituent documents;
- 1.7 **issued securities:** the issued AMR securities and rights to be issued AMR securities as of the date of this agreement are:
- 1.7.1 788,920,841 AMR shares;
- 1.7.2 54,166,667 AMR warrants (expiring May 25, 2017); and
- 1.7.3 22,698,284 AMR options;
- 1.8 **no obligation to issue securities:** Other than the AMR Options and existing AMR warrants, neither AMR or any member of the AMR Group has issued, or agreed to issue, or is required to issue any other securities or instrument which are still in force and may convert into AMR

Shares, shares in a member of the AMR Group or any other securities in AMR or a member of the AMR Group;

- 1.9 **no additional rights:** the AMR Shares are free of pre-emptive rights;
- 1.10 **solvency:** no material member of the AMR Group is affected by an Insolvency Event;
- 1.11 **regulatory action:** no member of the AMR Group has received notice of any regulatory action of any nature taken, or to be taken, in relation to any member of the AMR Group which would prevent, inhibit or otherwise have a material adverse effect on AMR's ability to fulfil its obligations under this agreement;
- 1.12 **litigation:** there are no material actions, suits, arbitrations, legal or administrative proceedings pending or, to the knowledge of the AMR Group, threatened against AMR or any member of the AMR Group;
- 1.13 **interests in AMR Permit:** the AMR Permit is:
- 1.13.1 registered in the name of a member of the AMR Group or the joint venture partner of a member of the AMR Group;
- 1.13.2 in good standing, valid and enforceable, free and clear of any Encumbrances (other than the terms and conditions of the AMR Permit and as may be imposed by legislation, regulation or the applicable mining code). No other mineral rights or other property rights are necessary for the conduct of the AMR Group's business as it is currently being conducted; and there are no material restrictions on the ability of the AMR Group to use, transfer or otherwise exploit the AMR Permit except as required by applicable law. No member of the AMR Group has received any notice of any material Claim of any sort that has been asserted by anyone adverse to the rights of the AMR Group under the AMR Permit, or affecting or questioning the rights of the AMR Group to the continued possession of the AMR Permit;
- 1.14 **tax matters:** except as would not, individually or in the aggregate, reasonably be expected to result in an AMR Material Adverse Event:
- 1.14.1 AMR and each member of the AMR Group has duly and timely:
- 1.14.1.1 prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects;
- 1.14.1.2 duly and timely paid all taxes due;
- 1.14.1.3 withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it; and
- 1.14.1.4 collected all amounts on account of sales or transfer taxes, including goods and services, harmonised sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it; and

- 1.14.1.5 the charges, accruals and reserves for taxes reflected in the AMR Financial Statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of AMR, adequate under applicable accounting principles to cover taxes with respect to AMR and the AMR Group for the periods covered thereby;
- 1.15 **no order:** AMR is not subject to any order of the TSX-V or any Regulatory Authority and, to the knowledge of AMR, no investigation or other proceedings involving AMR, that may operate or prevent or restrict trading of any securities of AMR, are currently in progress or pending before the TSX-V or any Regulatory Authority;
- 1.16 **no Prescribed Occurrence:** no AMR Prescribed Occurrence has occurred since 31 December 2015;
- 1.17 **reporting status and compliance:**
- 1.17.1 the AMR Shares are listed and posted for trading on the TSX-V and the AMR Share CDIs are listed on ASX;
- 1.17.2 AMR is a reporting issuer in each of the provinces and territories of Canada other than Quebec, Prince Edward Island, Nova Scotia, Yukon, Northwest Territories and Nunavut; and
- 1.17.3 AMR is in compliance in all material respects with applicable Laws, listing and corporate governance rules and regulations of the TSX-V;
- 1.18 **disclosure:**
- 1.18.1 AMR has complied in all material respects with its continuous disclosure obligations under any Canadian Law and is not relying on any exception to its continuous disclosure obligations to withhold any information from disclosure (other than the fact of this agreement, and the negotiations preceding it) and AMR has not been the subject of any unresolved continuous disclosure review by any Canadian Securities Authority within the last 24 months; and
- 1.18.2 the information and statements contained in this agreement are true and correct in all material respects and together with the AMR public announcements and the AMR Disclosure Letter, constitute full, true and plain disclosure of all material facts relating to AMR and the AMR Group on a consolidated basis, contain no misrepresentations and do not omit a material fact which is necessary to make the information and statements contained not misleading in light of the circumstances in which they were made;
- 1.19 **Scheme Booklet not false or misleading:** as at the date of dispatch of the Scheme Booklet, the AMR Information contained in the Scheme Booklet will not contain any statement which is false or misleading (including because of a material omission); and
- 1.20 **No breach:** as at the date of this agreement the execution of this agreement by AMR and (subject to satisfaction or waiver of the Conditions Precedent) the implementation of the Transaction as contemplated by this agreement does not and will not:
- 1.20.1 constitute a breach of or default under, or constitute an event that with notice or lapse of time, or both, would constitute a breach of or default by;

- 1.20.2 in any material respect, accelerate or permit the acceleration of the performance required by; or
- 1.20.3 give rise to any material obligation or material liability on the part of, or any third party rights (including any right of termination, purchase or pre-emption) that are adverse to the interests of,

any member of the AMR Group under any material contract or agreement or instrument relating to the rights and interests of a member of the AMR Group in respect of any AMR Permit.

SCHEDULE 4: DEED POLL

Deed Poll - Not reproduced here. Refer to Annexure 5 of the Scheme Booklet.

SCHEDULE 5: KASBAH PERMITS

Permit Number	Permit Type	Interest
2912	Permis Exploitation	75%*
193172	Permis Exploitation	75%*

* Permits held by Atlas Tin SAS. Kasbah holds 75% of the shares in Atlas Tin SAS.

SCHEDULE 6: AMR PERMIT

Description	Extent of Interest
Investment Certificate No. 241022000033 in respect of the Ban Phuc Nickel Mines Limited Liability Company (the Project)	As described in the investment certificate issued on 10 October 2008 (and amended from time to time): • Implement business activities, exploration activities on Ban Phuc Project Area and other activities of the Project; • Implement Feasibility Study on targeted areas within Ban Phuc Project Area to exploit copper, nickel, cobalt and the associated minerals; • Develop ore deposits to exploit copper, nickel, cobalt and the associated minerals within the Project Area; • Exploit, process, transport, export nickel-copper ore and sell all mining products of the Project. • Project scale: The granted Project Area of 150 km² at Ban Phuc mine area, Muong Khoa Commune, Bac Yen District, Son La Province.

SCHEDULE 7: AMR WARRANT TERMS AND CONDITIONS

1. ENTITLEMENT

- 1.1 Each AMR Warrant entitles the holder (**Holder**) to subscribe for one Share in AMR upon exercise.

2. EXERCISE PRICE AND EXPIRY DATE

- 2.1 Each AMR Warrant shall have an exercise price of C\$0.05 (**Exercise Price**) and expire 48 months from the date of issue (**Expiry Date**).

3. EXERCISE PERIOD

- 3.1 Each AMR Warrant is exercisable at any time after the date of grant of the AMR Warrant and before the Expiry Date (**Exercise Period**).

4. NOTICE OF EXERCISE

- 4.1 The AMR Warrants may be exercised by notice in writing to AMR or to AMR's duly appointed agent or trustee (**Notice of Exercise**) and payment of the Exercise Price for each AMR Warrant being exercised. Any Notice of Exercise of an AMR Warrant received by AMR will be deemed to be a notice of the exercise of that AMR Warrant as at the date of receipt.

5. AMR SHARES OR AMR SHARE CDIs ISSUED ON EXERCISE

- 5.1 Subject to an election otherwise, when completion the Notice of Exercise:

- 5.1.1 a Holder on AMR Warrant register maintained in Australia holding AMR Warrant CDIs will on exercise be issued with AMR Share CDIs listed on ASX; and

- 5.1.2 a Holder on AMR Warrant register maintained in Canada holding AMR Warrants will on exercise be issued with AMR Shares listed on TSX-V,

in each case issued free of all encumbrances, liens and third party interests.

6. TIMING OF ISSUE OF SHARES AND QUOTATION OF SHARES ON EXERCISE

- 6.1 Within five business days after the later of the following receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each AMR Warrant being exercised (**Exercise of the AMR Warrant**), AMR will:

- 6.1.1 issue the number of AMR Shares (and if applicable, the related AMR Share CDIs) required under these terms and conditions in respect of exercised AMR Warrants; and

- 6.1.2 apply for:

- 6.1.2.1 official quotation of the AMR Share CDIs on ASX; and

- 6.1.2.2 official quotation of the AMR Shares on TSX-V.

7. PARTICIPATION IN NEW ISSUES

- 7.1 There are no participation rights or entitlements inherent in the AMR Warrants and Holders will not be entitled to participate in new issues of capital offered to AMR Shareholders during the currency of the AMR Warrants.
- 7.2 However, AMR will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give the Holders of AMR Warrants the opportunity to exercise their AMR Warrants prior to the date for determining entitlements to participate in any such issue.

8. ADJUSTMENT FOR BONUS ISSUES OF SHARES

- 8.1 If AMR makes a bonus issue of AMR Shares or other securities to existing AMR Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- 8.1.1 the number of AMR Shares (or if applicable, the related AMR Share CDIs) which must be issued on the exercise of an AMR Warrant will be increased by the number of AMR Shares which the Holder would have received if the Holder had exercised the AMR Warrant before the record date for the bonus issue; and
- 8.1.2 no change will be made to the Exercise Price.

9. ADJUSTMENT FOR RIGHTS ISSUE

- 9.1 If AMR makes an issue of AMR Shares pro rata to existing AMR Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an AMR Warrant will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

- O = the old Exercise Price of the AMR Warrant.
- E = the number of underlying AMR Shares into which one AMR Warrant is exercisable.
- P = average market price per AMR Share weighted by reference to volume of the underlying AMR Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of an AMR Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying AMR Shares (except those to be issued under the pro rata issue).
- N = the number of AMR Shares with rights or entitlements that must be held to receive a right to one new share.

10. ADJUSTMENTS FOR REORGANISATION

- 10.1 If there is any reorganisation of the issued share capital of AMR, the rights of the Holders of AMR Warrants will be varied to comply with the Listing Rules and TSX-V Rules which apply to the reorganisation at the time of the reorganisation.

11. AMR WARRANTS TRANSFERABLE

- 11.1 The AMR Warrants are freely transferable.

12. QUOTATION

- 12.1 The AMR Warrants are quoted securities on TSX-V and the associated AMR Warrant CDIs are quoted securities on ASX.

13. AMENDMENTS

- 13.1 The terms and conditions of the AMR Warrants may only be amended subject to compliance with the Listing Rules and TSX-V Rules.

14. LODGEMENT INSTRUCTIONS

- 14.1 The exercise price of the AMR Warrants may be paid by direct deposit into the bank account of AMR (specified by AMR from time to time) or by cheque in Australian currency made payable to AMR and crossed "Not Negotiable". The application for shares on exercise of the AMR Warrants with the appropriate remittance/evidence of direct deposit should be lodged at or sent to (by courier, mail, email or facsimile) AMR's office marked for the attention to the Company Secretary.

15. WARRANT TRUSTEE

AMR shall be entitled to appoint an agent or trustee to administer the AMR Warrants and the AMR Warrant CDIs.

ANNEXURE 3 – COMPARISON OF AUSTRALIAN AND CANADIAN LEGAL REGIMES

Kasbah is a public company incorporated in Australia and registered in Western Australia under the Corporations Act. Kasbah is admitted to the official list of ASX.

AMR is a public company incorporated under the laws of the Province of British Columbia, Canada under the British Columbia *Business Corporations Act (BCBCA)*. In Canada, AMR Shares are listed on TSX-V. AMR is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, , New Brunswick, and Newfoundland and Labrador.

If the Scheme is implemented, the rights of Kasbah Shareholders who receive AMR Shares and AMR Warrants will, in respect of those AMR Shares and AMR Warrants, be governed principally by British Columbia law (including the BCBCA) and the federal law of Canada applicable in British Columbia, the TSX-V Rules, provincial securities legislation, and AMR's constating documents known as its notice of articles and articles.

A comparison of some of the material provisions of Australian company law and British Columbia corporate law as they relate to Kasbah and AMR respectively is set out below, along with a description of certain securities laws and stock exchange rules where applicable.

Canadian corporate law is essentially embodied in the provisions of the relevant federal or provincial corporate statutes pursuant to which companies are incorporated, continued or otherwise regulated. In the case of AMR, the relevant statute is the BCBCA. In addition, AMR is also subject to the *Securities Act* (British Columbia) and the securities legislation of each of the other Canadian provinces where it is a reporting issuer.

References to 'Australian law' where they appear in this Annexure are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operation Rules and Australian common law, as applicable. References to 'Canadian law' are references to the BCBCA, TSX-V Rules, applicable provincial securities laws in Canada and Canadian common law, as applicable.

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. Kasbah Shareholders should consult with their own legal adviser if they require further information.

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
Rights attaching to shares		
Share capital	Under Australian law there is no concept of authorised capital or par value.	Under AMR's notice of articles, AMR is authorised to issue an unlimited number of common shares without par value. There is no minimum share capital prescribed by the BCBCA. All shares of British Columbia companies must be issued as fully paid and non-assessable.
Purchase of own shares	Under the Corporations Act, Kasbah may buy-back its shares under a specific buy-back scheme: if the buy-back does not materially prejudice Kasbah's ability to pay its creditors; and	Under AMR's articles and subject to the provisions of the BCBCA, AMR may purchase or otherwise acquire its own shares unless there are reasonable grounds to believe that AMR is insolvent or the share purchase would render it insolvent.

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
	Kasbah follows the procedures set out in the Corporations Act. Share buy-backs that intend to buy-back more than 10% of the votes attaching to the smallest number of shares in the previous 12 months require approval by Kasbah's Shareholders by way of ordinary resolution. The form of shareholder approval (e.g. ordinary resolution or special/unanimous resolution), if required, and the notice period and disclosure requirements to be given to Kasbah Shareholders will depend on the type of buy-back. Generally, buy-back schemes can be characterised as minimum holding, equal access, selective, on-market or relating to employee share schemes.	The TSX-V Rules permit, subject to at least three clear trading days prior notice by an issuer, a normal course issuer bid to be conducted by an issuer for a period of up to one year which would allow the listed company to repurchase up to 5% of the class of listed shares or 10% of public float. A variety of restrictions are imposed upon the issuer including limitations upon the size and price at which purchases can be conducted. Within 10 days of the end of any month in which normal course issuer bid purchases are made, whether the securities were purchased through the TSX-V or otherwise, the issuer must report to the TSX-V on average prices and disposition of the securities that have been purchased. Under the BCBCA, AMR may repurchase its shares provided that there are no reasonable grounds for believing that the company is insolvent or making the payment or providing the consideration would render the company insolvent. Under Canadian securities legislation, a repurchase of shares by an issuer is regulated as an "issuer bid", unless the repurchase falls under the "issuer acquisition or redemption exemption" which permits an issuer to repurchase or redeem its securities on the open market.
Transfer of shares	Under Kasbah's constitution, the Directors may refuse to register any transfer of Kasbah Shares where the ASX Listing Rules permit Kasbah to do so. The Directors will refuse to register any transfer of Kasbah Shares where: - the Corporations Act or the ASX Listing Rules require Kasbah to do so, or the transfer is in breach of the ASX Listing Rules; or - those Kasbah Shares are restricted securities and the transfer is in breach of any restriction agreement in respect	Under AMR's articles, the AMR Board may decline to register a transfer of shares where the company has not received: - a duly signed instrument of transfer; - the share certificate or an acknowledgment from the company of the right to obtain a certificate; and - such other evidence, if any, the company or transfer agent may require to prove the title of the transferor or the transferor's right to transfer the share.

	Rights of holders of Kasbah Shares of those Kasbah Shares.	Rights of holders of AMR Shares
		AMR's articles also permit AMR to impose fees for the registration of transfer of securities.
Voting rights	Under Kasbah's constitution, generally, each Kasbah Shareholder has one vote on a show of hands and, on a poll, one vote for each share fully paid and if not fully paid, a fraction of a vote equivalent to the portion of the share paid up.	Under the BCBCA, each common share of AMR entitles the holder to one vote at a meeting of shareholders. On a show of hands, each holder of shares in AMR present in person or by proxy and entitled to vote has one vote. If a ballot is called, each holder of shares in AMR present in person or by proxy will have one vote for each share in AMR held. The BCBCA and AMR's articles provide that a ballot (or poll) may be directed by the chair or demanded by any shareholder entitled to vote at the meeting or by their proxy.
Dividends and distribution	Under Kasbah's constitution, the Directors may determine that a dividend, whether interim or final, is payable to the Kasbah Shareholders. The Directors may fix the amount of the dividend, the Record Date for determining entitlements to, and for the payment of, a dividend and the method of payment of a dividend. Under the Corporations Act, Kasbah must not pay a dividend unless: - Kasbah's assets exceed its liabilities immediately prior to the dividend declaration (and the excess is sufficient for the payment of the dividend); - the payment of the dividend is fair and reasonable to the Kasbah Shareholders as a whole; and - the payment of the dividend does not materially prejudice Kasbah's ability to pay its creditors.	Under AMR's articles, and subject to the BCBCA, AMR may pay a dividend by issuing fully paid shares or warrants, in property, including in money. AMR may not declare or pay a dividend if there are reasonable grounds for believing that AMR is insolvent or the payment of the dividend would render AMR insolvent.
Variation of class rights	Under Kasbah's constitution, if at any time the share capital of Kasbah is divided into different classes of Kasbah Shares, the rights attached to any class may be varied or cancelled (unless otherwise provided by the constitution or by the terms of the issue of that class of Kasbah Shares) with the consent in writing of holders	Under the BCBCA and the articles of AMR, rights attaching to a class of shares may only be varied by an amendment to the notice of articles and/or articles of AMR approved by ordinary resolution of the shareholders and a separate special resolution of the holders of the outstanding shares of the class.

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
	of the Kasbah Shares included in that class who are entitled to at least 75% of the votes that may be cast in respect of those Kasbah Shares or by a special resolution passed at a separate meeting of the Kasbah Shareholders included in that class.	
Access to share register	Under the Corporations Act a shareholder has a right to inspect and request a copy of the register of members. A company must give a person a copy of the register within seven days of an application. Such an application must state each purpose for which the person is accessing a copy. The purpose must not be a prescribed purpose under the Corporations Act, which includes: - soliciting a donation from a member of a company; - soliciting a member of a company by a person who is authorised to assume or use the word stockbroker or sharebroker in accordance with section 923B of the Corporations Act; - gathering information about the personal wealth of a member of a company; or - making an unsolicited offer to purchase a financial product made by a person. Further, a person must not use information about a person obtained from a register to contact or send material to the person, or knowingly disclose such information for that purpose. However, that prohibition does not apply if the use of the information is relevant to the holding of the interests recorded in the register or the exercise of the rights attached to them. Similarly the prohibition does not apply if the company approves the use or disclosure of the information to contact or send material to the persons.	Under the BCBCA, any person may, without charge, inspect certain records (including the central securities register) of the company if it is a public company. The inspection of a company's records, as authorized by the BCBCA, may be conducted during statutory business hours unless the company passes an ordinary resolution imposing restrictions on the time when a person may inspect the company's records. Such restrictions must permit inspection of the records for a period of at least two consecutive hours per day within statutory business hours. If a shareholder who is entitled to inspect a record requests a copy of that record, he or she must pay a prescribed fee to the agent or person who has custody or control of that record. Any person may obtain a list of the shareholders of a company, consisting of the names and last known addresses of the shareholders and the number of shares of each class or series held by each of them, by submitting to the company, or its agent who maintains the central securities register, a written application, including an affidavit setting out the name and mailing address of the applicant and a statement that the list will not be used except as permitted by the BCBCA, and paying a reasonable fee. A person who obtains the list must not use it except in connection with an effort to: influence the voting of shareholders of the company at

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		any meeting of shareholders, - acquire or sell securities of the company, - effect an amalgamation or a similar process involving the company or a reorganization of the company, - call shareholders' meetings for certain purposes as provided in the BCBCA, or - identify the shareholders of an unlimited liability company.
Capital raising		
Issue of shares	Under Kasbah's constitution, unissued Kasbah Shares are under the control of the Directors who, subject to the Corporations Act, the ASX Listing Rules and any rights from the time being attached to any special class of Kasbah Shares may, on behalf of Kasbah, allot, issue or otherwise dispose of those unissued Kasbah Shares to such persons, on such terms and conditions, at such times, with such preferred, deferred, qualified or other rights or restrictions and for such consideration as the Directors think fit.	Under the BCBCA, the AMR Board is authorised to issue any shares in the capital of AMR. Under the BCBCA, shares issued by AMR are non-assessable and may only be issued if consideration for such shares is fully paid.
ASX Listing Rules/TSX-V Exchange Rules (the TSX-V Rules)	Under ASX Listing Rules (subject to specified exceptions for pro rata issues etc.) Kasbah is restricted from issuing or agreeing to issue more shares than the number calculated below in any 12 month period unless Kasbah has shareholder approval, that is 15% of the total of: - the number of shares on issue 12 months before the date of the issue or agreement; plus - the number of shares issued in the 12 months before the date of the issue or agreement without shareholder approval but pursuant to one of the specified exceptions; plus - the number of shares issued in the preceding 12 months with	Under the TSX-V Rules, AMR will require the approval of TSX-V to issue securities other than unlisted non-voting, non-participating securities. The TSX-V may impose conditions on a transaction or grant exemptions from its own requirements. The TSX-V will consider various factors, including the involvement of insiders in the transaction, whether the transaction materially affects control of the issuer, the issuer's corporate governance practices and disclosure practices, the size of the transaction relative to the liquidity of the issuer and whether a court or administrative body has considered the interest of shareholders. The TSX-V will generally require

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
	shareholder approval; less - the number of partly paid shares that became fully-paid in the 12 months; plus - the number of shares cancelled in that 12 month period; less - the number of shares issued in the preceding 12 months without shareholder approval and without the benefit of one of the specified exceptions. Under the ASX Listing Rules shares or options may be issued to the Directors with the approval of Kasbah Shareholders.	shareholder approval for issuance of securities under the following situations: - if the issuance of shares will result in the creation of a new "control person" (for private placements (distributions of listed securities in reliance on a prospectus exemption) or asset acquisition); - if the transaction appears to be undertaken as a defensive tactic to a takeover bid (for private placements); - if the issuance of securities constitutes a related party transaction (for private placements). A related party generally means a control person, 10% shareholder, director or officer, and any affiliated entity of any person described above); - if the number of securities issued or issuable to the non-arm's length parties as a group as payment of purchase price of an acquisition, exceeds 10% of the number of outstanding securities of the issuer on a non-diluted basis (for asset acquisitions); - if the transaction is a sale of more than 50% of the issuer's assets, business or undertaking (for asset acquisitions); or - if the transaction for which the consideration to be paid exceeds TSX-V's vendor consideration guidelines. The TSX-V also requires shareholder approval of securities-based compensation arrangements (which includes stock option plans and other executive compensation plans and arrangements), including any compensation or mechanism involving the potential issuance of securities from treasury. The TSX-V prescribes specific disclosure requirements for

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
		the materials provided to shareholders for the purposes of such approval, including all material information that shareholders may reasonably require to approve the arrangements. Certain substantive requirements are imposed that must be complied with: exercise prices for any stock options granted under a security based compensation arrangement may not be lower than the maximum allowed discounted market price of the securities at the time the stock options are granted; there must be a maximum number or percentage of securities issuable; and most amendments also require shareholder approval. The TSX-V Rules permit capital to be raised via public offering or private placement subject to approval by TSX-V. Issuers are restricted from undertaking private placements beyond prescribed discounts from the market price, unless part and parcel pricing exception applies. As mentioned above, shareholder approval may also be required where trades are made to related parties of the issuer.
Continuous disclosure	Under ASX Listing Rules, Kasbah is required to disclose to ASX any information concerning Kasbah that a reasonable person would expect to have a material effect on the price or the value of its shares (or options).	Canadian securities laws require the immediate disclosure by issuing and filing a news release of any material change occurring in the affairs of an issuer. As soon as practicable thereafter, and in any event within 10 days of the date on which the change occurs, an issuer must also file a material change report in the prescribed form with the applicable provincial securities commissions The TSX-V Rules also set out timely disclosure requirements for listed issuers, including in relation to timely disclosure of material facts.
Directors		
Number of directors	Under Kasbah's constitution, the number of directors must be not less	The BCBCA requires that public companies have a minimum of three

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
	than three. Under the Corporations Act at least two directors of Kasbah must reside in Australia.	directors. There are no residency requirements for directors. AMR's articles set a minimum of three directors. Currently, there are six AMR directors.
Directors' remuneration	Under Kasbah's constitution, the remuneration of the non-executive Directors will not: - be more than the aggregate fixed sum which is determined by general meeting, or until so determined, such sum as determined by the Directors; - be by way of a commission on, or a percentage of, profits or operating revenue, and the remuneration will accrue from day to day. Under Kasbah's constitution the remuneration of the executive Directors: - will, subject to the provisions of any contract between each of them and Kasbah, be fixed by the Directors; and - must not be by way of commission on, or percentage of, operating revenue.	Under Canadian law, the directors of AMR may fix the remuneration of the directors, officers and employees of the company. Under Canadian securities laws, specific executive compensation disclosure on the CEO, CFO and next three highest paid executives is required to be included in the management proxy circular in connection with the annual meeting each year. AMR's articles provide that the remuneration of AMR's directors may be set by the board.
Powers of the Board	Under Kasbah's constitution, the business of Kasbah is to be managed by the Kasbah Board, and the Kasbah Board may exercise each and every right, power or capacity of Kasbah, which Kasbah is authorised or permitted to exercise and do and which are not by Kasbah's constitution, or by statute directed or required to be exercised or done by Kasbah in general meeting.	Under the BCBCA and AMR's articles, the AMR Board is to supervise the management of and the business and affairs of AMR.
Transactions involving directors, officers and other related parties	Under the Corporations Act, Kasbah is prohibited from giving related parties (including directors) a financial benefit unless it: obtains the approval of Kasbah Shareholders and gives the benefit within 15 months after approval; or	The BCBCA requires directors and officers to disclose to AMR the nature and extent of any interest that they, or any other company in which they are a senior officer or director, may have in a material contract or transaction, whether made or proposed, with AMR. Except as provided in the BCBCA, no

Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
- the financial benefit is exempt (such as benefits given on arms' length terms). A related party is defined to include any entity which controls the public company, directors of the public company, directors of any entity which controls the public company and, in each case, spouses and certain relatives of such persons. Under ASX Listing Rules, listed companies such as Kasbah are prohibited from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to, certain related parties of the company unless it obtains the approval of shareholders. The related parties include a director, a person who has or has had in the prior 6 month period an interest in 10% or more of the shares in the company and, in each case, any of their associates. The provisions apply even where the transaction may be on arms length terms. Additionally, ASX Listing Rules prohibit a company such as Kasbah from issuing (or agreeing to issue) shares to a director unless it obtains the approval of shareholders or the share issue is exempt (such as pro rata issues to all shareholders, an underwriting agreement or under a dividend or distribution plan). Under the Corporations Act, a director who has a material personal interest in a matter that relates to the affairs of a company must give the other directors notice of that interest. A director who has a material personal interest in a matter must not be present at a meeting where the matter is being considered or vote on the matter unless: - the interest did not need to be disclosed in certain prescribed circumstances;	director having such an interest may vote on any resolution to approve such contract or transaction unless the contract or transaction: - relates primarily to his or her remuneration as a director of the company or an affiliate; - is for indemnity or insurance; - relates to a loan to the company and the director or officer, or person in whom the director or officer has an interest, is or is to be a guarantor of some or of all of the loan; or - is with an affiliate. A director or officer may be liable to account to the company for any profit that accrues to the director or officer as a result of a contract or transaction in which the director or officer holds a disclosable interest except where: - the directors approved the contract or transaction after the interest was disclosed; or - the contract or transaction is approved by a special resolution of the shareholders. Where such approval is not obtained, a court can order that the company is enjoined from entering into the proposed transaction, the director or officer is liable to account for any profit accruing from the contract or transaction or make any other order it deems appropriate. The court may also, if it determines that a contract or transaction in which a director or officer has a disclosable interest was fair and reasonable to the company, order that the director or officer is not liable to account for any profit. Under applicable securities laws in Canada including the TSX-V Rules, related party transactions will trigger additional requirements for a formal valuation and minority approval, unless applicable exemptions are available. A related party generally means a control person, 10% shareholder, director or officer, and

Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
- the directors who do not have a material personal interest have passed a resolution that, identifies the director, the nature and extent of the director's interest in the matter and its relation to the affairs of the company and states that those directors are satisfied that the interest should not disqualify the director from voting or being present; or - ASIC approves. Directors of Kasbah, when entering into transactions with Kasbah, are subject to the common law and statutory duties to avoid conflicts of interest imposed by Australian law.	any affiliated entity of any person described above.
Removal of directors	Under the Corporations Act and Kasbah's constitution, the Kasbah Shareholders may remove a Director by passing a resolution to do so at a general meeting. A notice of intention to move the resolution must be given to Kasbah at least two months before the meeting is to be held. However, if Kasbah calls a meeting after the notice of intention is given, the meeting may pass the resolution even though the meeting is held less than two months after the notice of intention is given. Under the BCBCA and AMR's articles, the shareholders of AMR may, by ordinary resolution at a general meeting, remove any director or directors from office. Ordinary resolution of a general meeting means a resolution passed at a general meeting by a simple majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings.
Rotation of directors	Under ASX Listing Rules, the directors of Kasbah, other than the managing director, are to retire by rotation. Under Kasbah's constitution, at every annual general meeting, one third of the directors (other than the managing director or alternate director) or, any director who, if that director did not retire at that annual general meeting, would at the next annual general meeting, have held that office for more than three years, must automatically retire from office. Such directors are entitled to be re-elected. AMR's articles provide that the election of directors shall take place at each annual meeting of shareholders and that all directors then in office cease to hold office immediately before the election or appointment of new directors at an annual general meeting, but if qualified, shall be eligible for re-election. Under the BCBCA, the number of directors to be elected at any such meeting shall be the number of directors as specified in the articles, if so specified, or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by board resolution or, by shareholder resolution, subject to the articles. In respect of resolutions relating to the

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		appointment of directors, Canadian corporate law does not provide for the casting of votes against certain resolutions such as the election of directors. Instead, Canada has an alternative legal scheme whereby shareholders can either vote 'for' the resolution or 'withhold' their vote in relation to a resolution relating to the appointment of a director, but not vote 'against' the resolution.
Retirement benefits	Under the Corporations Act, Kasbah is allowed to pay benefits to directors and officers on their retirement or termination. Such benefits require shareholder approval in certain circumstances. Under ASX Listing Rules, termination benefits to directors (that are or may be payable to all officers) must not exceed 5% of the equity interests of Kasbah as set out in its latest financial statements given to ASX. The 5% limit may however be exceeded with shareholder approval.	There are no restrictions on the quantum of retirement benefits that AMR may pay to its directors or officers in its articles. Retirement benefits payable to directors and officers are subject to general executive compensation disclosure requirements under applicable provincial securities law and may be reviewed by the TSX-V.
Indemnification of directors and officeholders	Under the Corporations Act, indemnification of Kasbah's directors against specific liabilities is prohibited. These are liabilities: - owed to a company or a Related Body Corporate; - for a pecuniary penalty order or a compensation order; or - that is owed to someone other than a company or a Related Body Corporate and did not arise out of conduct in good faith. Additionally, under the Corporations Act an indemnity for legal costs in specific circumstances (such as where an officer is liable, found guilty or where the grounds for a court order have been made out) is prohibited. Payments by Kasbah of insurance premiums which cover conduct that involves a wilful breach of duty or a breach of certain statutory directors duties is also prohibited under the Corporations Act.	AMR's articles provide that, subject to limitations contained in the BCBCA, AMR must indemnify and pay expenses in advance of the final disposition of a proceeding, a director or officer or former director or officer or alternate officer or director and his or her heirs and legal personal representatives against any judgement, penalty or fine awarded or imposed in, or an amount paid in settlement of, a legal proceeding or investigative action. Such proceedings include those in progress, threatened, pending or completed in which the persons noted above are joined as a party or may be liable by reason of having been a director or alternate director of AMR. AMR may also indemnify any other person, subject to restrictions in the BCBCA. The BCBCA permits a company to indemnify (i) a current or former director or officer of the company, (ii)

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		a current or former director or officer of another company at a time when the company is or was an affiliate of the company, (iii) a current or former director or officer of another company at the request of the company; or (iv) an individual who, at the request of the company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity, against a judgment, penalty or fine awarded or imposed in, or an amount paid to settle, a legal proceeding or investigative action of which the person is a party because of that association with the company or other entity. After a final disposition of the legal proceeding or administrative action, the company may pay the costs, charges and expenses incurred by such person in respect of the proceeding or action. Under the BCBCA, a company may not indemnify any of the aforementioned individuals if: - the articles of the company prohibited such indemnification at the time that the agreement to indemnify, the indemnity or the payment was made; - the indemnity or payment is made otherwise than under an earlier agreement and, at the time indemnity or payment is made, the company is prohibited from giving the indemnity or paying the expense by its articles; - such individual did not act honestly and in good faith with a view to the best interests of the company or the associated company; and - in the case of proceeding other than a civil proceeding, if the individual did not have reasonable grounds for believing that his/her conduct in respect of which the proceeding was brought was lawful. The BCBCA and AMR's articles

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
		authorise AMR to purchase and maintain liability insurance for the benefit of the individuals described above against such liabilities.
Directors' liability	Under the Corporations Act, there is a general prohibition on Kasbah or a related body corporate exempting officers from liability.	Under the BCBCA, a director is not liable for a resolution he or she voted in favour of if the director has relied in good faith on: - financial statements of the company represented to the director by an officer of the company or in a written report of the auditor of the company to fairly reflect the financial position of the company; - a written report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person; - a statement of fact represented to the director by an officer of the company to be correct; or - any record, information or representation that the court considers provides reasonable grounds for the actions of the director, whether or not the record, information or representation was forged, fraudulently made or inaccurate. Furthermore, a director is not liable for a resolution of which he or she voted in favour if he or she did not know and could not reasonably have known that the act done or authorised by the resolution was contrary to the BCBCA.
Directors' duties	Under Australian law, the directors of Kasbah have certain fiduciary obligations to Kasbah. These fiduciary obligations include: - a duty to act in good faith in the best interests of the company; - a duty to act for a proper purpose; - a duty not to fetter their discretion; - a duty to exercise reasonable	Under the BCBCA, applicable Canadian securities laws and Canadian common law, every director and officer of AMR, in exercising their powers and discharging their duties, must: - act honestly and in good faith with a view to the best interests of AMR (commonly referred to as the 'duty of loyalty'); - exercise the care, diligence and

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
	care and diligence; - a duty to avoid conflicts of interest; - a duty not to use their position to their advantage; and - a duty not to misappropriate company property.	skill that a reasonably prudent person would exercise in comparable circumstances (commonly referred to as the 'duty of care'); act in accordance with the articles of the company and applicable laws.
Nomination of directors	Under Kasbah's constitution, Kasbah is required to accept nominations for the election of its directors up to 30 days before the date of a general meeting at which the directors are elected.	AMR's articles provide that the election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall cease to hold office immediately before the election or appointment of new directors at an annual general meeting, but if qualified, shall be eligible for re-election. Under the BCBCA, the number of directors to be elected at any such meeting shall be the number of directors as specified in the articles, if so specified, or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by board resolution or, by shareholder resolution, subject to the articles.
Casual vacancies	Under Kasbah's constitution, the Kasbah Board is authorised to appoint a person to fill a casual vacancy, or as an addition to the Kasbah Board. Under ASX Listing Rules, any such appointed director may hold office only until the next annual general meeting of Kasbah. They will then be eligible for election at that meeting but will not be taken into account in determining the number of directors who are to retire by rotation at that meeting.	Subject to the BCBCA, AMR's articles provide that directors of AMR may fill a casual vacancy in the board. Under the BCBCA, a director so appointed will hold office until the earlier of the end of the unexpired portion of the term of the director whose departure created the vacancy and when he or she would otherwise cease to hold office under the BCBCA.
Corporate governance	The structures of the Kasbah Board and Kasbah's corporate policies as a whole, must comply with the requirements of ASX Listing Rules in relation to corporate governance.	National Instrument 58-101 of the CSA requires TSX-V issuers to annually disclose information in relation to independence of directors, corporate governance practices and committee functions as part of prescribed disclosure of an issuer's corporate governance practices in their management information circular. Audit committee composition and practices are subject to separate

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		reporting requirements mandating publication in the issuer's management information circular.
Insider trading	Under the Corporations Act, any person who possesses price sensitive information relating to Kasbah or its securities is prohibited (subject to exceptions) from buying or selling those securities or procuring others do so, or from communicating the information to third parties.	Canadian securities laws prohibit certain persons (including directors, officers and employees) from trading securities of a reporting issuer with knowledge of a material fact or material change with respect to a reporting issuer that has not been generally disclosed. In addition, National Instrument 55-102 of the CSA establishes a mandatory system of electronic reporting of trading activity by certain insiders of each reporting issuer. Insiders generally have to report within 5 days following any trade in securities of the issuer.
Members' meetings		
Quorum of shareholders	Under Kasbah's constitution, the quorum for a general meeting of Kasbah Shareholders is two Kasbah Shareholders entitled to vote.	AMR's articles provide that quorum shall be the lesser of the number of shareholders or two person present in person or by proxy.
AGM	Under the Corporations Act, the annual general meeting of Kasbah is required to be held at least once every calendar year and within five months after the end of each financial year (unless an extension is granted by ASIC).	Under the BCBCA, the annual meeting of AMR must be called by the directors at least once per calendar year and not later than 15 months after holding the last preceding annual meeting. The TSX-V Rules mandate that each listed issuer must hold its annual meeting of shareholders at such time as is required by applicable law. An issuer may seek an exemption to hold a meeting at a later date from the corporate registry.
Notice of shareholders meetings	Under Kasbah's constitution and the Corporations Act, not less than 28 days notice of a general meeting must be given to Kasbah Shareholders. The notice of a meeting must specify the date, time and place of the meeting and state the general nature of the business to be transacted at the meeting.	Under AMR's articles and according to the BCBCA, notice of a general meeting of AMR's shareholders must be given to the shareholders entitled to vote and the directors at least 21 days before the date of the meeting. The record date for the giving of notice of the meeting must not precede the meeting date by more than 2 months.

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		The notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. A notice of a meeting specifying the intention to propose the resolution as a special resolution must be sent to all shareholders holding shares that carry the right to vote at general meetings at least the prescribed number of days before the meeting. Under AMR's articles, any business, other than the election of directors, reappointment of the incumbent auditor, consideration of the financial statements and reports of the directors or auditor, and business relating to the conduct of or voting at the meeting, is deemed to be special business. National Instrument 54-101 of the CSA requires a reporting issuer that is required to give notice of a meeting to fix a date for the meeting and, a record date for notice for the meeting which shall be no fewer than 30 and no more than 60 days before the meeting date, and, if required or permitted by corporate law, fix a record date for voting at the meeting. The reporting issuer is required, subject to certain exemptions, to notify certain intermediaries at least 25 days prior to the record date as part of a process of ensuring that beneficial shareholders that are not directly on the share register, receive notice of the meeting and are able to vote their shares by proxy.
Calling meetings	Under the Corporations Act, a general meeting of Kasbah Shareholders may be called by individual directors, or by Kasbah Shareholders holding at least 5% of the total votes that may be cast at the meeting, or at least 100 members who are entitled to vote. Additionally, under Kasbah's constitution, the Kasbah Board is given the power to convene a general meeting at any time.	Under the BCBCA, the AMR Board may call a special meeting of shareholders at any time. The BCBCA further provides that the holders of not less than 5% of the issued shares of a company that carry the right to vote at a meeting may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition unless the directors are excused from doing so.

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
Shareholder proposed resolutions	Under the Corporations Act, Kasbah Shareholders holding at least 5% of the votes that may be cast at a general meeting, or at least 100 Kasbah Shareholders who are entitled to vote at the meeting may, by written notice to the company, propose a resolution for consideration at the next general meeting occurring more than two months' after the date of their notice.	The BCBCA entitles a registered or beneficial holder to submit to AMR notice of any matter that the person proposes to raise at the meeting (Proposal) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. Under the BCBCA, the Proposal is valid if: - the Proposal is signed by the qualified shareholder (a registered owner or beneficial owner of one or more shares of the company that carry the right to vote at general meetings; and has been a registered owner or beneficial owner of one or more such shares for an uninterrupted period of at least 2 years before the date of signing of the Proposal) (submitter); - the Proposal is signed by qualified shareholders (supporter) who, together with the submitter, are, at the time of signing, registered owners or beneficial owners of shares that, in the aggregate, constitute at least 1% of the issued shares of the company that carry the right to vote at general meetings; or have a fair market value in excess of the prescribed amount; - AMR receives notice of a Proposal at least three months prior to the anniversary of the previous year's annual reference date, and is soliciting proxies, it would then be required to set out the Proposal in its management proxy circular (and, if requested by the person submitting the Proposal, include or attach the Proposal and a statement in support of the Proposal not exceeding 1,000 words in the aggregate); and - The Proposal is accompanied by a declaration from the submitter and each supporter, signed by the

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
		submitter or supporter, as the case may be. The BCBCA provides for exemptions from the requirements to include a proposal in a company's management proxy circular in certain circumstances, including where: - it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the company or its directors, officers or security holders; - it clearly appears that the proposal does not relate in a significant way to the business or affairs of the company; - substantially the same proposal failed to receive a certain amount of support at a prior meeting held not more than the prescribed number of years before the receipt of the proposal; - the proposal has already been substantially implemented; - the proposal, if implemented, would cause the company to commit an offence; - the proposal deals with matters beyond the company's power to implement; or - the proposal is invalid or exceeds the maximum length of 1,000 words.
Passing resolutions at a general meeting	Under Australian law, a resolution at a general meeting of Kasbah Shareholders is to be passed by a simple majority of votes cast by the Kasbah Shareholders present and voting at the meeting.	Under the BCBCA, an ordinary resolution at a general meeting of AMR's shareholders is to be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.
Special resolutions	Under the Corporations Act, a special resolution is to be passed by 75% of the votes cast by Kasbah Shareholders present and voting on the resolution. Approval by special resolution of	Under the BCBCA, a special resolution must be passed by a majority of not less than two-thirds of the votes cast by the shareholders entitled to vote on the resolution. Approval by special resolution of the

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
	Kasbah Shareholders is required for actions such as: • modifying or repealing a company's constitution; • changing a company's name or type; • selectively reducing or buying back capital (in some circumstances); • giving financial assistance in connection with the acquisition of shares in a company; and • undertaking a voluntary winding up of a company.	shareholders is required for such actions as: • amending a company's articles; • changing a company's name; • reducing a company's capital; • undertaking a voluntary liquidation and dissolution; • amalgamating with another arm's length company; • continuing under the laws of another jurisdiction; and • undertaking the sale, lease or exchange of all or substantially all of the property of the company other than in the ordinary course of business.
Attending meetings	Kasbah Shareholders entitled to vote at a meeting of shareholders can vote: • by attending the shareholder meeting and voting in person; • by appointing an attorney to attend the shareholder meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the meeting and vote on its behalf; or • by appointing a proxy to attend the shareholder meeting and vote on their behalf.	AMR Shareholders entitled to vote at a meeting of shareholders can attend and vote by: • attending the shareholder meeting and voting in person; • appointing an attorney to attend the shareholder meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the meeting and vote on the corporate shareholders' behalf; or • appointing a proxy to attend the shareholder meeting and vote on their behalf. Proxyholders need not be shareholders of AMR. A holder of AMR Share CDIs is required to direct CDN to cast their votes in a particular manner on their behalf or they can require CDN to appoint a holder (or a person nominated by the holder) as proxy to exercise the votes attached to the AMR Shares represented by the holder's AMR Share CDIs. In such cases, a holder of an AMR Share CDI may, as proxy, attend and vote in person at a general meeting of AMR Shareholders. Save as mentioned in this paragraph, if a holder of an AMR Share CDI wishes

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
		to attend and vote in person at a general meeting of AMR Shareholders, the holder must first convert their AMR Share CDIs into the underlying AMR Shares in sufficient time before the record date for the meeting. AMR will endeavour to provide videoconference facilities to AMR Share CDI holders to attend general meetings of AMR Shareholders. If such facilities are provided, AMR Share CDI holders will be notified of the arrangements and how they can access the facilities.
Relationship between the company and its shareholders		
Derivative action and shareholder class action	Under the Australian common law, Kasbah Shareholders do not have the right to bring a common law action on behalf of Kasbah. Under the Corporations Act, a statutory derivative action may be instituted by a shareholder, former shareholder or person entitled to be registered as a shareholder. In all cases, leave of the court is required. Such leave will be granted if: • it is probable that the company will not itself bring the proceedings or properly take responsibility for them; • the applicant is acting in good faith; • it is in the best interests of the company; • there is a serious question to be tried; and • either: ○ at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying; or ○ it is otherwise appropriate for the court to grant leave.	Under the BCBCA, derivative actions are available to AMR shareholders and other 'complainants' (as defined under the BCBCA to include directors, shareholders and any other person whom the court considers to be an appropriate person to bring an action).

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
Relief from oppression	Under the Corporations Act, any shareholder can bring an action in cases of conduct which is either contrary to the interests of Kasbah Shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any Kasbah Shareholders in their capacity as a shareholder, or themselves in a capacity other than as a shareholder. Former Kasbah Shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.	A shareholder may apply to British Columbia courts for an order under section 227 of the BCBCA on the ground: - that the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant; or - that some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant. On an application under this section, the court may, with a view to remedying or bringing to an end the matters complained of, make any interim or final order it considers appropriate. The BCBCA further provides that if a company or any director, officer, shareholder, employee, agent, auditor, trustee, receiver, receiver manager or liquidator of a company contravenes or is about to contravene a provision of the BCBCA or the regulations or the notice of articles or articles of the company, a complainant (defined as a shareholder or any other person that the court considers appropriate) may, in addition to any other rights that that person might have, apply to the court for an order that the person who has contravened or is about to contravene the provision comply with or refrain from contravening the provision. On the application of one or more shareholders who, in the aggregate, hold at least 20% of the issued shares of a company, the court may appoint an inspector to conduct an investigation of the company, and

	Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
		determine the manner and extent of the investigation, if it appears to the court that there are reasonable grounds for believing that: - the affairs of the company are being or have been conducted, or the powers of the directors are being or have been exercised, in a manner that is oppressive or unfairly prejudicial to one or more shareholders, including the applicant; - the business of the company is being or has been carried on with intent to defraud any person; - the company was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose; or - persons concerned with the formation, business or affairs of the company have, in connection with it, acted fraudulently or dishonestly. Representative shareholder actions or derivative actions are also available to other 'complainants', such as a director of a company or any other person the court considers appropriate. The BCBCA allows a complainant, with leave of the court, to prosecute or defend in the name and on behalf of a company, in order to enforce a right, duty or obligation that could be enforced by the company itself or to obtain damages for breach of such a right, duty or obligation, provided that: - the complainant has made reasonable efforts to cause the company's directors to prosecute or defend the legal proceeding; - notice of application for leave has been given to the company and to any other person the court may order; - the complainant is acting in good faith; and - it appears to court that it is in the company's best interests for the legal proceeding to be prosecuted

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares or defended.
		Whether seeking to bring an action or defend an action, certain substantive and procedural requirements must first be met (as set forth above). In any case, to bring a derivative action it is first necessary to obtain leave of the court. The granting of leave is not automatic, but requires the court to exercise a judicial discretion. Generally, the court should grant leave where the proposed action is in the shareholder's interest unless the action appears likely to be dismissed, or is frivolous, scandalous or vexatious. The powers of the court under the BCBCA in making an order are broad: it may make any order it thinks fit, from a simple order amending a company's articles to an order liquidating and dissolving the company. In addition to the above, shareholders may be able to bring claims against a company based on the general laws of contract or tort applicable in Canada.
Statutory rights of action for misrepresentations	Under the Corporations Act, any shareholder who suffers loss as a result of misleading or deceptive conduct relating to securities can bring an action against the person engaged in the conduct. Similarly, any shareholder who suffers loss as a result of a misleading or deceptive statement contained in a disclosure document (i.e. a prospectus) can bring an action against the company, any director or the underwriter to the offer made through the disclosure document.	In jurisdictions within Canada a statutory right of action is conferred by securities legislation on purchasers of securities of a company against various persons or companies including the issuer of securities, the underwriters, directors and officers of the issuer, and certain other persons or companies responsible for the issue of a prospectus in respect of damage suffered by reason of a misrepresentation therein. A similar right of action is available in some jurisdictions against certain persons or companies in respect of misrepresentations contained in other disclosure documents such as offering memoranda or take-over bid circulars.

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
Inspection of books	Under the Corporations Act, a shareholder must obtain a court order to obtain access to Kasbah's books and records.	Under the BCBCA, any person may examine the corporate records of AMR (including the securities register, articles, minutes of meetings and resolutions of shareholders) at AMR's registered office or such other place where such records are kept during AMR's usual business hours free of charge, and copies may be obtained for a fee. Any person wishing to examine the list of shareholders must first make a request to the company, accompanied by an affidavit stating that the list will not be used except for certain purposes permitted under the BCBCA.
Financial records and reports	Under the Corporations Act, Kasbah must report annually to its members, which report must include a financial report, directors' report (which includes the remuneration report) and the auditor's report on the financial report for each relevant year. The ASX Listing Rules also require the company to provide a preliminary financial report to the ASX annually.	Under provincial securities laws AMR is required to file audited annual financial statements and accompanying management discussions and analysis within 120 days of the most recently completed financial year end and interim (three month) financial statements and accompanying management discussions and analysis within 60 days of the end of the interim period. All financial statements and accompanying management and discussion and analysis must be filed on SEDAR, a Canadian mandatory document filing and retrieval system established by the provincial securities commissions. AMR is also generally required to send a paper copy of the audited annual financial statements and a copy of the interim financial statements and accompanying management discussion and analysis to each shareholder who requests them from AMR. It should be noted that AMR has obtained in-principle advice from ASX that it will be granted a waiver from Listing Rule 4.10.9 to permit AMR not to include in its audited annual financial statements details of the 20 largest holders of its quoted securities. However, substantial shareholders of AMR are required to disclose their

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		holdings. See "Disclosure of substantial holdings" below for further details.
Takeovers		
Takeovers	Under the Corporations Act any acquisition by a person of a "relevant interest" in a "voting share" of Kasbah is restricted where, because of a transaction, that person or someone else's percentage "voting power" in Kasbah increases above 20% (or, where the person's voting power was already above 20% and below 90%, increases in any way at all). There is an exception from these restrictions where the shares are acquired under takeover offers made under the Corporations Act to all shareholders (which must be on the same terms for all Kasbah Shareholders (subject to minor exceptions) and which must comply with the timetable and disclosure requirements of the Corporations Act). There are also other exceptions from the 20% limit for acquisitions made through permitted gateways such as acquisitions with shareholder approval or "creeping" by acquiring up to 3% every six months (if throughout the six months before the acquisition the person has had voting power in the company of at least 19%). The purpose of these provisions is to attempt to ensure that Kasbah Shareholders in the target company have a reasonable and equal opportunity to share in any premium for control and that they are given reasonable time and enough information to assess the merits of the proposal.	In Canada, takeover bids are regulated primarily by provincial and territorial securities legislation and related rules and, to a limited extent, the corporate statutes under which the target company is incorporated. Unless an exemption from the formal takeover bid requirements under securities legislation is available or can be obtained, persons or companies making an offer to acquire shares in a jurisdiction where the subject shares, together with the offeror's securities (including any securities held by joint offerors), constitute in aggregate 20% or more of the outstanding shares of the company at the time of the offer to acquire but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders, are required to extend the offer to all shareholders in the jurisdiction. These provisions require, among other things, the production, filing and mailing of a takeover bid circular to shareholders of the target company. These provisions are applicable for shareholders whose address in the books of the company is in Canada regardless of the domicile of the company itself. Takeover bids must treat all shareholders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. Takeover bids must remain open for a minimum of 105 days from the date of the bid (subject to certain exceptions), after which time all securities deposited under the offer may be taken up. For the protection of target shareholders, the takeover bid rules

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		contain various additional requirements, such as restrictions applicable to conditional offers and the withdrawal, amendment or suspension of offers. Securities regulators also retain a general 'public interest jurisdiction' to regulate takeovers and may intervene to halt or prevent activity that is abusive. Issuer bids are regulated similarly to takeover bids. There are extensive disclosure requirements associated with takeover bids, beginning with 'early warning' disclosure required when an acquirer crosses the 10% ownership threshold of a class of voting or equity securities. Generally, further disclosure is required for additional purchases of 2% or more of the outstanding security for which such early warning disclosure is required. Purchases outside the bid before, during and after the bid are also restricted. Following a bid, second step transactions where the acquirer brings its percentage ownership to 100% are governed by the BCBCA and Multilateral Instrument 61-101 of the Canadian Securities Regulators. No shareholder approval of the acquisition would be required if the acquirer obtained 90% of the outstanding securities owned by minority shareholders during the bid. Otherwise, a special shareholder meeting must be called and associated regulations complied with for an acquisition, including obtaining a two-thirds majority approval. The acquirer is generally permitted to vote the shares acquired pursuant to the bid at such meeting. Appraisal (or dissent) rights are available for objecting shareholders who fulfil certain procedural requirements. Under Canadian law certain exemptions to the formal bid requirements, on specified conditions, are allowed. For example, private agreements to purchase securities from up to five persons are permitted

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
		if the purchase price does not exceed 115% of the market price. Under the normal course purchase exception, the offeror (together with any joint offerors) may acquire up to 5% of a class of securities within a 12-month period if there is a published market for the relevant class and the consideration paid does not exceed the market price at the date of acquisition.
Disclosure of substantial holdings	Under the Corporations Act, a shareholder who begins or ceases to have a substantial holding in a company listed on ASX or has a substantial holding in a company listed on ASX and there is a movement by at least 1% in their holding, must give a notice to the company and ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company.	Under applicable securities laws in Canada, any person that acquires beneficial ownership of, or power to exercise control or direction over, 10% or more of the voting or equity securities of AMR is required to issue a press release and to file an early warning report in accordance with National Instrument 62-103 of the CSA, disclosing their shareholdings to AMR and the public. A person that files an early warning report for AMR will also be required to file a news release and early warning report for every additional 2% of voting or equity securities of AMR that such person acquires. Furthermore, directors, chief executive officers, chief financial officers, chief operating officers, certain other officers, and shareholders holding 10% or more of the voting securities of AMR (Insiders) are required to file an Insider report under National Instrument 55-104 of the CSA. Insider reports set out the number of AMR Shares that an Insider owns or exercises control or direction over. Insider reports are publicly disclosed on the System for Electronic Disclosures by Insiders (www.sedi.ca) and must be filed within ten days of a person becoming an Insider and within five days of a change of that person's shareholdings in AMR.
Winding up		
Winding up	Under Australian law, an insolvent company may be wound up by a liquidator appointed by either creditors	Under the BCBCA, a company will cease to exist if:

Rights of holders of Kasbah Shares		Rights of holders of AMR Shares
	or the court. Directors cannot use their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors. The Kasbah Shareholders rank behind the creditors.	- it is voluntarily dissolved; - it is involuntary dissolved (the corporate registrar may dissolve a company if it fails to file annual reports for two consecutive years or generally fails to comply with certain provisions in the BCBCA); - it is wound up by way of voluntary liquidation; or - it is wound up by way of court order liquidation. The principal distinction between dissolution and liquidation (winding-up) is whether the company has assets and/or debts and liabilities. Liquidation may be proposed by a director or a shareholder entitled to vote at a general meeting (i.e. a voluntary liquidation) or by the court on the application of a shareholder, creditor or other person authorised under the legislation (i.e. an involuntary liquidation). A liquidation may begin as a voluntary, shareholder driven proceeding, but then be continued under court supervision upon the application of any interested person. In all cases, the company must be neither insolvent nor bankrupt to have its existence terminated under the BCBCA. Liquidation of the company may also take place completely outside the framework of the BCBCA. A company may be liquidated under the provisions of the <i>Bankruptcy and Insolvency Act</i> (Canada), either by way of assignment into bankruptcy (voluntary) or on petition by a creditor (involuntary) or under the <i>Companies' Creditors Arrangement Act</i> (Canada). Finally, a company may be liquidated informally under contractual arrangement, usually by way of the private appointment of a receiver and manager.
	Under Australian law, shareholders of a solvent company may decide to wind up the company if the directors are able to form the view that the company will be able to pay its debts in full within 12 months after the commencement of the winding-up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes cast by the shareholders present and voting. Kasbah's constitution states that if Kasbah is wound up and there is a surplus, the liquidator may, with the sanction of a special resolution, divide among the Kasbah Shareholders in kind, the whole or any part of the property of Kasbah representing that surplus, and may for that purpose set whatever value the liquidator considers fair on any property to be so divided and determine how the division should be carried out.	

Rights of holders of Kasbah Shares	Rights of holders of AMR Shares
	Under the BCBCA, voluntary liquidation may be initiated by the shareholders and authorised by a special resolution. The company must settle its debts, obligations or liabilities prior to dissolution, and file an affidavit with the registrar stating that the company has no assets and liabilities (or has made adequate provision for such liabilities). Under the BCBCA, a company may apply to be dissolved if it is authorised to do so by an ordinary resolution, has no assets or liabilities, or by directors' resolution if it has no assets or liabilities and has not issued any shares. Under the BCBCA, dissolution by the court may be commenced by application of a shareholder if the court is satisfied that there has been conduct that is oppressive or unfairly prejudicial to the interests of shareholders, creditors, directors or officers or that it is just and equitable that the company should be liquidated and dissolved. A liquidator may be appointed by the court. AMR's constating documents do not place any restriction on AMR's winding up procedure.

ANNEXURE 4 - SCHEME

SCHEME OF ARRANGEMENT MADE UNDER SECTION 411 OF THE CORPORATIONS ACT 2001 (CTH)

DETAILS

Parties	Kasbah	
	Name	Kasbah Resources Limited
	ACN	116 931 705
	Address	11 Moreau Mews, Applecross, Western Australia 6153, Australia
The registered holders of the fully paid ordinary shares in the capital of Kasbah as at 5:00pm on the Record Date		

1 DEFINED TERMS & INTERPRETATION

1.1 Defined terms

In this Scheme, except where the context otherwise requires:

AMR means Asian Mineral Resources Limited, a company incorporated and existing under the laws of Canada, having its principal office at Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

AMR Register means the securities register(s) of AMR kept pursuant to applicable law in Canada.

AMR Share means one fully paid common share in the capital of AMR.

AMR Share CDI means a CHESS Depositary Interest, issued by CDN, representing a beneficial interest in ten (10) AMR Shares.

AMR Warrant means a warrant to acquire an AMR Share on the terms and conditions in Schedule 7 of the Implementation Agreement.

AMR Warrant CDI means a CHESS Depositary Interest, issued by CDN, representing a beneficial interest in ten (10) AMR Warrants.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX or TSX-V declares is not a business day or is not open for trading.

CDN means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 25414), in its capacity as depository of the AMR Share CDIs and AMR Warrant CDIs under the ASX Settlement Rules.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement.

Conditions Precedent means the conditions precedent set out in clause 3.1 of the Implementation Agreement.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court of Australia.

Deed Poll means the deed poll between executed by AMR substantially in the form of Schedule 4 to the Implementation Agreement, or in such other form as agreed in writing between Kasbah and AMR.

DRS means Direct Registration System.

Effective means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme taking effect pursuant to section 411(10) of the Corporations Act, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Election Form means the form accompanying the Scheme Booklet, pursuant to which Scheme Participants (other than Ineligible Shareholders) may elect whether to receive their Scheme Consideration in the form of AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs.

Encumbrance means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by law or contract.

End Date means 15 December 2016, or such later date as agreed to in writing between AMR and Kasbah in accordance with clause 3.9 of the Implementation Agreement.

Excluded Shareholder means AMR and any related body corporate of it.

Implementation Agreement means the Scheme Implementation Agreement dated on or about 10 August 2016 between AMR and Kasbah, as amended or varied from time to time.

Implementation Date means the fifth Business Day after the Record Date, or such other date agreed to in writing by AMR and Kasbah.

Ineligible Shareholder means a Kasbah Shareholder whose address shown in the Register is in a jurisdiction outside Australia, New Zealand, Mauritius, Thailand, United States of

America, Switzerland, Jersey, Hong Kong and South Africa in which AMR determines, acting reasonably, does not permit the issue of AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs to that Kasbah Shareholder either unconditionally or after compliance with terms that AMR reasonably regards as acceptable and practical.

Kasbah Share means a fully paid ordinary share in the capital of Kasbah.

Kasbah Shareholder means each person who is registered in the Register as the holder of Kasbah Shares.

Record Date means 5.00pm on the fifth Business Day following the Effective Date, or such other date (after the Effective Date) as Kasbah and AMR may agree in writing.

Register means the share register of Kasbah kept pursuant to the Corporations Act.

Sale Agent means a person appointed by AMR to sell the AMR Shares (or AMR Share CDIs) and AMR Warrants (or AMR Warrant CDIs) that are attributable to Ineligible Shareholders.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Kasbah and the Kasbah Shareholders as set out in this document, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by AMR and Kasbah.

Scheme Booklet means the scheme booklet published by Kasbah in connection with this Scheme.

Scheme Consideration means:

- (a) 0.13 AMR Share CDIs or, if so elected, 1.3 AMR Shares, for every one Kasbah Share; and
- (b) 0.04 AMR Warrant CDIs or, if so elected, 0.4 AMR Warrants, for every one Kasbah Share held.

Scheme Meeting means the meeting of Kasbah Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

Scheme Participant means each person who is a Kasbah Shareholder as at 5:00pm on the Record Date (other than Excluded Shareholders).

Scheme Share means a Kasbah Share held by a Scheme Participant as at 5:00pm the Record Date.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

TSX-V means the TSX Venture Exchange.

1.2 Interpretation

In this Scheme:

- 1.2.1 the singular includes the plural and vice versa, and a gender includes other genders;
- 1.2.2 another grammatical form of a defined word or expression has a corresponding meaning;
- 1.2.3 a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this document, and a reference to this agreement includes any schedule;
- 1.2.4 a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- 1.2.5 a reference to A\$, dollar or \$ is to Australian currency;
- 1.2.6 a reference to C\$ is to the lawful currency of Canada;
- 1.2.7 a reference to time is to Perth, Western Australia time, unless otherwise noted;
- 1.2.8 a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- 1.2.9 a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- 1.2.10 a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 1.2.11 a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- 1.2.12 the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- 1.2.13 any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- 1.2.14 a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- 1.2.15 if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2 THE SCHEME

- 2.1 Subject to and conditional on:
 - 2.1.1 approval of the Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act and if applicable, Kasbah and AMR having accepted in writing

any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

- 2.1.2 such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Kasbah and AMR as having been satisfied or waived;
- 2.1.3 lodgement with ASIC of an office copy of the order of the Court approving the Scheme pursuant to section 411(10) of the Corporations Act;
- 2.1.4 the orders of the Court made or required by the Court under section 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date;
- 2.1.5 all of the Conditions Precedent being satisfied or waived (other than the condition in clause 3.1.4 (Court Approval) or those that cannot be waived) in accordance with the Implementation Agreement by the times set out in the Implementation Agreement;
- 2.1.6 as at 8:00 am on the Second Court Date, the Implementation Agreement not having been terminated in accordance with its terms; and
- 2.1.7 as at 8:00 am on the Second Court Date, the Deed Poll not having terminated in accordance with its terms,

in consideration for the Scheme Consideration for the Scheme Shares in accordance with the terms of this Scheme, the Scheme Shares, and all rights and entitlements attaching to the Scheme Shares, will be transferred to AMR with effect from the Implementation Date and without the need for any further act by the holders of the Scheme Shares (other than any acts performed by Kasbah or its directors or officers as attorney or agent for the Scheme Participants) on the terms of this Scheme.

2.2 The satisfaction of each condition in paragraphs 2.1.1 to 2.1.7 (inclusive) of this Scheme (**Condition**) is a condition precedent to the operation of this Scheme.

2.3 Kasbah and AMR will each provide to the Court on the Second Court Date:

- 2.3.1 a certificate signed by AMR and Kasbah (or such other evidence as the Court requests) stating whether or not the Conditions Precedent have been satisfied or waived (other than the condition in clause 3.1.4 (Court Approval) or other than those that cannot be waived) as at 8:00am on the Second Court Date; and
- 2.3.2 a certificate confirming (in respect of matters within their knowledge) whether or not the conditions precedent in this Scheme (other than the conditions in clause 3.1.4 (Court Approval) of the Implementation Agreement and paragraphs 2.1.1 to 2.1.4 relating to Court approval of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificate referred to in this paragraph 2.3 will constitute conclusive evidence of whether such conditions precedent have been satisfied or waived as at 8:00am on the Second Court Date.

- 2.4 Subject to paragraph 2.5, this Scheme becomes Effective for all purposes on the Effective Date.
- 2.5 This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date, unless AMR and Kasbah otherwise agree in writing.
- 2.6 In consideration of the transfer of the Scheme Shares to AMR (as detailed in paragraph 2.9), and subject to the other terms and conditions of this Scheme, on the Implementation Date:
- 2.6.1 each Scheme Participant (who is not an Ineligible Shareholder) will be issued the Scheme Consideration in respect of the Kasbah Shares held by them as at 5:00pm on the Record Date; and
- 2.6.2 the Sale Agent will be issued the Scheme Consideration (in the form of AMR Shares and AMR Warrants) in respect of the Kasbah Shares held by all Ineligible Shareholders as at 5:00pm on the Record Date.
- 2.7 Notwithstanding any rule of law or equity to the contrary, holders of Scheme Shares will be entitled to exercise all voting and other rights attached to the Scheme Shares pending their transfer pursuant to paragraph 2.9, subject to the restrictions on dealing in Scheme Shares set out in paragraph 4.
- 2.8 If the Scheme becomes Effective, a holder of Scheme Shares (other than an Ineligible Shareholder) will be deemed to have agreed to become a member of AMR and to have accepted the AMR Shares (or AMR Share CDIs) and AMR Warrants (or AMR Warrant CDIs) issued to that holder under this Scheme subject to, and to be bound by, the constating documents of AMR.
- 2.9 On the Implementation Date Kasbah must:
- 2.9.1 procure the delivery of a duly completed and executed instrument or instruments of transfer transferring all of the Scheme Shares to AMR; and
- 2.9.2 subject to AMR having executed that instrument of transfer, enter the name of AMR in the Register as the holder of the Scheme Shares.
- 2.10 This Scheme attributes actions to AMR but does not itself impose an obligation on AMR to perform those actions. AMR has agreed by executing the Deed Poll to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration to Scheme Participants.
- 2.11 Kasbah undertakes in favour of each Scheme Participant to enforce the Deed Poll against AMR on behalf of and as agent and attorney for the Scheme Participants.
- 2.12 Each Scheme Participant warrants to AMR and is deemed to have authorised Kasbah to warrant to AMR as agent and attorney for the Scheme Participant by virtue of this paragraph 2.12, that:
- 2.12.1 all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to AMR under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and

- 2.12.2 they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to AMR under the Scheme.

3 ELECTION PROCEDURE

- 3.1 Subject to the remaining provisions of this paragraph 3, each Scheme Participant will be entitled to elect to receive as consideration for the transfer of its Scheme Shares to AMR, under this Scheme, either AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs by completing the Election Form and returning it to the address specified in the Election Form so that it is received by 5:00pm on the Record Date. An election (other than a deemed election) under this paragraph 3 must be made in accordance with the terms and conditions on the Election Form.
- 3.2 An Ineligible Shareholder may not make an election pursuant to this paragraph 3 and any election purportedly made by an Ineligible Shareholder will be invalid. Ineligible Shareholders will be deemed to have elected to receive AMR Shares and AMR Warrants and will be dealt with in accordance with paragraph 6.
- 3.3 A Scheme Participant (who is not an Ineligible Shareholder) who does not validly elect between AMR Shares and AMR Warrants or AMR Share CDIs and AMR Warrant CDIs will be deemed to have elected to receive AMR Share CDIs and AMR Warrant CDIs. Accordingly, a Scheme Participant who wishes to receive AMR Share CDIs and AMR Warrant CDIs does not need to make an election under this paragraph 3.
- 3.4 Subject to paragraph 3.5, an election made, or deemed to be made by a Scheme Participant under this paragraph 3 will be deemed to apply in respect of the Scheme Participant's entire registered holding of Kasbah Shares, regardless of whether the Scheme Participant's holding of Scheme Shares at the Record Date is greater or less than the Scheme Participant's holding of Kasbah Shares at the time of the election.
- 3.5 A Scheme Participant who is noted on the Register as holding one or more parcels of Scheme Shares as trustee or nominee for, or otherwise on account of, another person, may make a separate election under this paragraph 3 in relation to each of those parcels of Scheme Shares (subject to it providing to Kasbah and AMR any substantiating information they reasonably require), and an election made or deemed to be made in respect of any such parcel, will not be taken to extend to the other parcels.
- 3.6 Kasbah may, with the prior written consent of AMR, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any election under this paragraph 3, and any such decision will be conclusive and binding on Kasbah, AMR and the relevant Scheme Participant.

4 DEALINGS IN KASBAH SHARES

- 4.1 To establish the identity of Scheme Participants, dealings in Kasbah Shares will only be recognised if:
- 4.1.1 in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as holder of the relevant Kasbah Shares on or before 5:00pm on the Record Date; and

4.1.2 in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5:00pm on the Record Date at the place where the Register is kept.

4.2 Kasbah must register any transmission application or transfer received in accordance with paragraph 4.1 by 5:00pm on the Record Date.

4.3 If the Scheme becomes Effective:

4.3.1 no dealing in Kasbah Shares, whenever initiated, will be given effect to if it is received after 5:00pm on the Record Date;

4.3.2 any purported dealing in Kasbah Shares after 5:00pm on the Record Date will be void and of no effect; and

4.3.3 no Kasbah Shares or options to subscribe for Kasbah Shares will be allotted or issued by Kasbah after the Effective Date.

4.4 For the purpose of determining entitlements to the Scheme Consideration, Kasbah will maintain the Register in accordance with the provisions of this paragraph 4 until the Scheme Consideration has been paid to the Scheme Participants and AMR has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

4.5 Subject to provision of the Scheme Consideration and registration of the transfer to AMR contemplated in paragraph 2.9, any statements of holding in respect of Kasbah Shares will cease to have effect after 5:00pm on the Record Date as documents of title in respect of those shares. After 5:00pm on the Record Date, each entry current on the Register as at 5:00pm on the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.

4.6 As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date, Kasbah will ensure that details of the names, registered addresses and holdings of Kasbah Shares for each Scheme Participant, as shown in the Register at 5:00pm on the Record Date, are available to AMR in such form as AMR reasonably requires.

4.7 Kasbah will apply to ASX to suspend trading on ASX in Kasbah Shares with effect from the close of trading on ASX on the Effective Date.

4.8 After the Scheme has been fully implemented, Kasbah will apply:

4.8.1 for termination of the official quotation of Kasbah Shares on ASX; and

4.8.2 to have itself removed from the official list of the ASX.

5 ISSUE OF SCHEME CONSIDERATION

5.1 Not later than one Business Day after the Record Date, Kasbah will give to AMR a notice specifying the persons to whom AMR Share CDIs and AMR Warrant CDIs (or AMR Shares and AMR Warrants) are to be issued pursuant to paragraph 2.6 and the numbers of AMR Share CDIs and AMR Warrant CDIs (or AMR Shares and AMR Warrants) to which they are entitled respectively. Where the calculation of the number of AMR Share CDIs or AMR Warrant CDIs (or AMR Shares or AMR Warrants) to be issued to a particular Scheme

Participant would result in the issue of a fraction of an AMR Share CDIs or AMR Warrant CDIs (or AMR Shares or AMR Warrants), the fractional entitlement will be rounded down to the nearest whole number of AMR Share CDIs or AMR Warrant CDIs (or AMR Shares or AMR Warrants).

5.2 The obligation of AMR to issue the Scheme Consideration in the form of AMR Shares and AMR Warrants under this Scheme will be satisfied by AMR procuring that:

5.2.1 the name and address of each Scheme Participant is entered into the AMR Register on the Implementation Date in respect of the AMR Shares and AMR Warrants to which such Scheme Participant is entitled; and

5.2.2 a DRS advice is sent to the registered address of each Scheme Participant, representing the number of AMR Shares and AMR Warrants issued to the Scheme Participant.

5.3 The obligation of AMR to issue the Scheme Consideration in the form of AMR Share CDIs and AMR Warrant CDIs under this Scheme will be satisfied by AMR:

5.3.1 issuing to CDN to be held on trust that number of AMR Shares and AMR Warrants that will enable CDN to issue all the AMR Share CDIs and AMR Warrant CDIs envisaged by paragraph 5.3.3 on the Implementation Date;

5.3.2 procuring that the name and address of CDN is entered into the AMR Register in respect of those AMR Shares and AMR Warrants on the Implementation Date and that a DRS advice in the name of CDN representing those AMR Shares and AMR Warrants is sent to CDN;

5.3.3 procuring that, on the Implementation Date, CDN issues to each such Scheme Participant the number of AMR Share CDIs and AMR Warrant CDIs to which it is entitled;

5.3.4 procuring that, on the Implementation Date, the name of each such Scheme Participant is entered into the records maintained by CDN as the holder of the AMR Share CDIs and AMR Warrant CDIs issued to that Scheme Participant on the Implementation Date;

5.3.5 in the case of such Scheme Participant who held Scheme Shares on the CHES subregister, procuring that the AMR Share CDIs and AMR Warrant CDIs are held on the CHES subregister on the Implementation Date and sending or procuring the sending of an allotment advice that sets out the number of AMR Share CDIs and AMR Warrant CDIs issued and procuring that ASX Settlement will provide at the end of the month of allotment an AMR CDI holding statement confirming the number of AMR Share CDIs and AMR Warrant CDIs held on the CHES subregister by that Scheme Participant; and

5.3.6 in the case of each such Scheme Participant who held Scheme Shares on the issuer sponsored subregister, procuring that the AMR Share CDIs and AMR Warrant CDIs are held on the issuer sponsored subregister on the Implementation Date and sending or procuring the sending of an AMR CDI holding statement to each such Scheme Participant which sets out the number of AMR Share CDIs and AMR Warrant CDIs held on the issuer sponsored subregister by that Scheme Participant.

6 INELIGIBLE SHAREHOLDERS

- 6.1 AMR has no obligation under this Scheme to issue any Scheme Consideration to an Ineligible Shareholder under the Scheme.
- 6.2 The AMR Shares and AMR Warrants (including for the avoidance of doubt AMR Shares and AMR Warrants that represent AMR Share CDIs and AMR Warrant CDIs) that would, but for paragraph 6.1, have been issued to an Ineligible Shareholder must be issued by AMR to the Sale Agent and AMR must procure that:
- 6.2.1 the name and registered address of the Sale Agent is entered into the AMR Register on the Implementation Date in respect of the AMR Shares and AMR Warrants required to be issued to it under paragraph 2.6.2; and
- 6.2.2 a DRS advice is sent to the Sale Agent representing the number of AMR Shares and AMR Warrants so issued to it.
- 6.3 AMR must procure that the Sale Agent:
- 6.3.1 as soon as reasonably practicable and, in any event, not more than 20 Business Days after the Implementation Date, sells those AMR Shares and AMR Warrants for the benefit of the Ineligible Shareholders;
- 6.3.2 promptly after receiving the proceeds in respect of the sale of all of the AMR Shares and AMR Warrants referred to in paragraph 6.3.1, and in any event not more than five Business Days after the last sale of AMR Shares or AMR Warrants is completed under paragraph 6.3.1, arrange for the conversion of the net proceeds of all such sales in C\$ referred to in paragraph 6.3.1 from C\$ to A\$; and
- 6.3.3 within two Business Days after conversion of the net proceeds to A\$ referred to in paragraph 6.3.2,
- 6.3.3.1 accounts to the Ineligible Shareholders for the net proceeds of sale (on an averaged basis so that all Ineligible Shareholders receive the same price per AMR Shares and AMR Warrants, subject to rounding to the nearest whole cent), and any income referable to those AMR Shares and AMR Warrants, after deduction of any applicable costs or fees, brokerage, taxes and charges, at the Ineligible Shareholders' risk in full satisfaction of the Ineligible Shareholders' rights under this Scheme; and
- 6.3.3.2 remits the net proceeds of sale to the Ineligible Shareholders by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian dollars drawn in the name of the Ineligible Shareholder (or in the case of joint holders, in accordance with paragraph 8.5) by ordinary pre-paid post to the address of that Ineligible Shareholder appearing in the Register at the Record Date.
- 6.4 In the event that the Sale Agent believes, after consultation with Kasbah, that an Ineligible Shareholder is not known at its address appearing in the Register at the Record Date, the Sale Agent may credit the amount payable to that Ineligible Shareholder to a separate bank account of AMR to be held until the Ineligible Shareholder claims the amount or the amount is dealt with in accordance with unclaimed money legislation, and AMR must hold the amount in

trust but any amount accruing from the amount will be to the benefit of AMR. An amount credited to the account is to be treated as having been paid to the Ineligible Shareholder. AMR must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- 6.5 Payment by the Sale Agent to an Ineligible Shareholder in accordance with this paragraph 6 satisfies in full the Ineligible Shareholder's right to Scheme Consideration.
- 6.6 None of AMR, Kasbah or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the AMR Shares and AMR Warrants described in this paragraph 6, and the sale of the AMR Shares and AMR Warrants under this paragraph 6 will be at the risk of the Ineligible Shareholder.
- 6.7 Each Ineligible Shareholder appoints Kasbah, and each director or officer of Kasbah, as its agent to receive on its behalf any financial services guide or other notice which may be given by the Sale Agent to the Ineligible Shareholder for or in connection with its appointment or sales.

7 WHEN SCHEME BECOMES BINDING

- 7.1 This Scheme will become binding on Kasbah and each Scheme Participant only if the Court makes an order under section 411(4)(b) of the Corporations Act approving the Scheme and that order becomes effective in accordance with section 411(10) of the Corporations Act. Kasbah must lodge an office copy of that order with ASIC not later than 5:00pm on the Business Day after the order has been made.
- 7.2 If this Scheme becomes binding as provided by paragraph 7.1, the rights of any holder at the Record Date of a Kasbah Share are the same as the rights that a Kasbah Shareholder who held that Kasbah Share immediately prior to the Effective Date would have had if he had remained the holder of the Kasbah Share until the Record Date.
- 7.3 Where this Scheme becomes binding as provided by paragraph 7.1, a holder of Kasbah Shares (and any person claiming through that holder) may only assign, transfer or otherwise deal with those Kasbah Shares on the basis that the rights so assigned, transferred or dealt with are limited in the manner described in paragraph 7.2.

8 GENERAL

- 8.1 Kasbah may by its counsel or solicitors consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition, which the Court may think fit to approve or impose and to which AMR has consented in writing (such consent not to be unreasonably withheld).
- 8.2 The accidental omission to give notice of the Scheme Meeting to any holder of Kasbah Shares or the non-receipt of such a notice by any holder of Kasbah Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.
- 8.3 For the purpose of this Scheme, the expression "send" or "sent" means:
- 8.3.1 for the purpose of paragraphs 5.2.2, 5.3.5 and 5.3.6, sending by ordinary pre-paid post to a Scheme Participant at the address of that Scheme Participant appearing in the Register at the Record Date;

- 8.3.2 for the purpose of paragraph 6.2.2, sending by ordinary pre-paid post to the Sale Agent at its address; or
- 8.3.3 delivery to the relevant address by any other means at no cost to the recipient.
- 8.4 If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Kasbah, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Kasbah's registered office or at the office of the registrar of Kasbah Shares.
- 8.5 In the case of Scheme Shares held in joint names:
- 8.5.1 the AMR Share CDIs and AMR Warrant CDIs (or AMR Shares and AMR Warrants) to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- 8.5.2 any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name first appears in the Register as at the Record Date; and
- 8.5.3 any other document required to be sent under this Scheme, will be forwarded to the holder whose name first appears in the Register as at the Record Date.
- 8.6 Each holder of Kasbah Shares (other than an Excluded Shareholder) will be deemed (without the need for any further act) to have irrevocably appointed Kasbah and each of its officers, jointly and severally, as the holder's attorney for the purpose of executing any document necessary to give effect to this Scheme, including executing a share transfer form or master share transfer form for the Kasbah Shares.
- 8.7 The Scheme Participants:
- 8.7.1 agree to the transfer of their Kasbah Shares to AMR in accordance with the terms of this Scheme and consent to Kasbah doing all things necessary for or incidental to the implementation of this Scheme; and
- 8.7.2 acknowledges that this Scheme binds Kasbah and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting).
- 8.8 Kasbah must execute all deeds and other documents and do all acts and things as may be necessary or expedient on its part to implement this Scheme in accordance with its terms.
- 8.9 Neither Kasbah nor any of its officers will be liable for anything done or for anything omitted to be done in performance of this Scheme in good faith.
- 8.10 To the extent of any inconsistency, this Scheme overrides Kasbah's constitution and binds Kasbah and the holders of Kasbah Shares.
- 8.11 The proper law of this Scheme is the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

ANNEXURE 5 – DEED POLL

DEED POLL

Date	10 August 2016
BY	AMR
Name	Asian Mineral Resources Limited
Incorporation:	British Columbia
Address	Suite 1700, Park Place 666 Burrard Street Vancouver, British Columbia V6C 2X8
Fax	+1 (416) 360-3412
Email	e.spencer@bpmn.vn
Attention	Company Secretary and Evan Spencer

IN FAVOUR OF Each registered holder of fully paid ordinary shares in Kasbah Minerals Limited ACN 116 931 705 of 11 Moreau Mews, Applecross, Western Australia 6153 (**Kasbah**) as at 5:00pm on the Record Date

INTRODUCTION

- A AMR and Kasbah are parties to a scheme implementation agreement dated on or about the date of this deed poll in respect to the Scheme and associated matters (**Implementation Agreement**).
- B In accordance with clause 5.3.12 of the Implementation Agreement, AMR is entering into this deed poll to covenant in favour of the Scheme Participants that it will observe and perform its obligations under the Implementation Agreement and the Scheme, including providing the Scheme Consideration.

AGREED TERMS

1 DEFINED TERMS AND INTERPRETATION

1.1 Defined terms

In this deed poll:

Business Day for the purpose of receiving a notice under clause 6 means a day that is not a Saturday, Sunday, bank holiday or public holiday in Toronto, Ontario and Perth, Western Australia.

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Kasbah and Kasbah Shareholders, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Kasbah and AMR.

All other capitalised words and phrases have the same meaning as given to them in the Scheme.

1.2 Interpretation

Paragraph 1.2 of the Scheme applies to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

AMR acknowledges that:

- 1.3.1 this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participant is not party to it; and
- 1.3.2 under the Scheme, each Scheme Participant irrevocably appoints Kasbah and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against AMR on behalf of that Scheme Participant.

2 CONDITIONS PRECEDENT

2.1 Conditions precedent to obligations of the Scheme

This deed poll and the obligations of AMR under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of AMR under this deed poll to the Scheme Participants will automatically terminate and the terms of this deed poll will be of no force or effect if:

- 2.2.1 the Implementation Agreement is terminated in accordance with its terms; or
- 2.2.2 the Scheme is not Effective on or before the End Date,

unless AMR and Kasbah otherwise agree in writing.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- 2.3.1 AMR is released from its obligations to further perform this deed poll, except obligations under clause 7.6 and any other obligations which by their nature survive termination; and
- 2.3.2 each Scheme Participant retains the rights they have against AMR in respect of any breach of this deed poll which occurs before it is terminated.

3 SCHEME OBLIGATIONS

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2, AMR:

- 3.1.1 offers to acquire all the Kasbah Shares held by the Scheme Participants;
- 3.1.2 in consideration of the acceptance of that offer and the transfer of each Kasbah Share to AMR, undertakes in favour of each Scheme Participant to issue and provide to the Scheme Participant the Scheme Consideration for each Kasbah Share held by each Scheme Participant; and
- 3.1.3 agrees to undertake all other actions attributed to it under the Scheme and do all acts and things necessary or desirable on its part to give full effect to the Scheme,

all in accordance with the terms of the Scheme and the Implementation Agreement.

3.2 AMR Shares and AMR Warrants

AMR covenants in favour of each Scheme Participant that:

- 3.2.1 the AMR Shares to be issued pursuant to the Scheme (including those issued to CDN) will be duly and validly authorised and will be of the same class of AMR Shares currently issued and outstanding and will rank equally in all respects with all issued and outstanding AMR Shares;
- 3.2.2 each such AMR Share and AMR Share CDI issued pursuant to the Scheme will be validly issued, fully paid, free from any Encumbrance or other third party rights and, in the case of AMR Shares only, non-assessable;
- 3.2.3 the AMR Warrants to be issued pursuant to the Scheme (including those issued to CDN) will be duly and validly authorised; and
- 3.2.4 each such AMR Warrant and AMR Warrant CDI issued pursuant to the Scheme will be validly issued free from any Encumbrance or other third party rights.

4 WARRANTIES

AMR represents and warrants in favour of each Scheme Participant that:

- 4.1.1 it is a corporation validly existing under the laws of its jurisdiction of continuance;
- 4.1.2 it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- 4.1.3 it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

- 4.1.4 this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- 4.1.5 this deed poll does not conflict with, or result in the breach of or default under, any provision of the articles of continuance of AMR (as the same have been amended, restated or supplemented from time to time as of the date hereof) of AMR or any material term or provision of any agreement, or any writ, order or injunction, judgment, law, rule or regulation to which AMR is a party, is subject to, or is bound by.

5 CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- 5.1.1 AMR has fully performed its obligations under this deed poll; or
- 5.1.2 the earlier termination of this deed poll under clause 2.

6 NOTICES

6.1 Notices

Any notice or other communication to AMR in respect of this deed poll must be in legible writing and in English and:

- 6.1.1 must be addressed as shown below:

AMR

Attention: Company Secretary and Evan Spencer

Address: Suite 1700, Park Place
666 Burrard Street
Vancouver, British Columbia
V6C 2X8

Email: e.spencer@bpnm.vn

- 6.1.2 must be signed by the person making the communication or by a person duly authorised by that person;
- 6.1.3 must be delivered or posted by prepaid post to the address of AMR in accordance with clause 6.1.1 or sent by email to the email address specified above; and
- 6.1.4 will be regarded as received by the addressee:
- 6.1.4.1 if by delivery, on delivery at the address of AMR as provided in clause 6.1.1, unless that delivery is not made on a Business Day or after 5:00 pm (in Toronto, Ontario) on a Business Day, when that communication will be regarded as received at 9:00 am (in Toronto, Ontario) on the next Business Day;

- 6.1.4.2 if sent by prepaid post, seven Business Days after posting; and
- 6.1.4.3 if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent, unless that local time is not a Business Day or is after 5:00 pm (in Toronto, Ontario) on a Business Day when that communication will be regarded as received at 9:00 am (in Toronto, Ontario) on the next Business Day.

7 GENERAL

7.1 Governing law and jurisdiction

This deed poll is governed by the law of Western Australia. Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.2 Waiver

Without limiting any other provisions of this deed poll, the parties agree that:

- 7.2.1 failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed poll by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power, or remedy provided by law or under this deed poll;
- 7.2.2 any waiver or consent given by any party under this deed poll will only be effective and binding on that party if it is given or confirmed in writing by that party;
- 7.2.3 no waiver of a breach of any term of this deed poll will operate as waiver of another breach of that term or of a breach of any other term of this deed poll; and
- 7.2.4 nothing in this deed poll obliges a party to exercise a right to waive any conditional term of this agreement that may be in its power.

7.3 Variation

This deed poll may not be varied unless:

- 7.3.1 if before the First Court Date, the variation is agreed to by Kasbah in writing; or

7.3.2 if on or after the First Court Date, the variation is agreed to by Kasbah and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event AMR will enter into a further deed poll in favour of the Scheme Participants giving effect to the variation.

7.4 Cumulative rights

The rights, powers and remedies of AMR and the Scheme Participants under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.5 Assignment

7.5.1 The rights created by this deed poll are personal to AMR and each Scheme Participant and may only be assigned with the prior written consent of AMR and Kasbah.

7.5.2 Any purported dealing in contravention of clause 7.5.1 is invalid.

7.6 Stamp duty and costs

AMR must:

7.6.1 pay any stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under or pursuant to this deed poll;

7.6.2 pay other costs incurred in connection with the transfer of Kasbah Shares to AMR in accordance with the terms of the Scheme; and

7.6.3 indemnify on demand each Scheme Participant against any liability arising from failure to comply with clauses 7.6.1 or 7.6.2.

7.7 Further assurances

AMR must promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this deed poll and to implement the Scheme.

Annexure A

Scheme of Arrangement - Not reproduced here. Refer to Annexure 4 of the Scheme Booklet.

ANNEXURE 6 – NOTICE OF SCHEME MEETING

KASBAH RESOURCES LIMITED ACN 116 931 705

NOTICE OF SCHEME MEETING AND EXPLANATORY MEMORANDUM

**A General Meeting of Kasbah Resources Limited will be held at BDO,
The Hay Room, 38 Station Street Subiaco, Western Australia on 23
November 2016 at 10.00am (WST)**

This Notice should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9463 6651

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

KASBAH RESOURCES LIMITED
ACN 116 931 705

NOTICE OF GENERAL MEETING

By an order of the Federal Court of Australia (**Court**) made on 18 October 2016 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares in Kasbah Resources Limited ACN 116 931 705 (**Kasbah**) will be held at BDO, The Hay Room, 38 Station Street, Subiaco, Western Australia on 23 November 2016 at 10.00am (WST) (**Scheme Meeting**).

The Court has also directed that Mr Scott Gibson act as chairman of the Scheme Meeting or failing him Mr Michael Bowen, and has directed the chairman to report the results of the Scheme Meeting to the Court.

The Directors have determined, pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the persons eligible to vote on the Scheme Meeting are those who are registered as shareholders of Kasbah on 21 November 2016 at 4.00pm (WST).

Purpose of Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a scheme of arrangement proposed to be made between Kasbah and its shareholders (**Scheme**).

To enable you to make an informed voting decision, important information on the Scheme is set out in the booklet accompanying this Notice (**Scheme Booklet**). The Scheme Booklet and Explanatory Memorandum to this Notice and Proxy Form both form part of this Notice. Terms and abbreviations used in this Notice and in the Scheme Booklet are defined in the Scheme Booklet.

AGENDA

1. RESOLUTION 1 - APPROVAL OF THE SCHEME

To consider and, if thought fit, to pass with or without amendment, the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Kasbah and the holders of its ordinary shares as contained in and more particularly described in the Scheme Booklet of which the Notice forms part, is approved, and the Directors of Kasbah are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval by the Court, to implement the Scheme with any such alterations or conditions."

Dated: 18 October 2016

By order of the Board

Trevor O'Connor

Company Secretary

KASBAH RESOURCES LIMITED
ACN 116 931 705

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Kasbah Shareholders in connection with the business to be conducted at the Scheme Meeting to be held at BDO, The Hay Room, 38 Station Street Subiaco, Western Australia on 23 November 2016 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Kasbah Shareholders in deciding whether or not to pass the resolution set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum

2. REQUIRED VOTING MAJORITY

In order for the Scheme to become effective, the resolution set out in the Notice must be passed at a meeting by:

- (a) unless the court orders otherwise, a majority of the number of Kasbah Shareholders present and voting (whether in person or by proxy, attorney or, in the case of corporate shareholders, a corporate representative) at the meeting; and
- (b) at least 75% of the votes cast on the resolution.

The court has the discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of Kasbah Shareholders (other than excluded shareholders) present and voting at the meeting.

Voting at the Scheme Meeting will be by poll rather than by a show of hands.

3. COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without alteration or conditions) is subject to approval of the Court. If the resolution proposed at the Scheme Meeting is approved by the requisite majority, and the relevant conditions of the Scheme (other than approval by the Court) are satisfied, or waived, by the time required under the Scheme, Kasbah intends to apply to the Court for the necessary orders to give effect to the Scheme.

4. ENTITLEMENT TO VOTE

The Kasbah Board has determined, and the Court has ordered, that a person's entitlement to vote at the Scheme Meeting will be the entitlement of that person as set out in the Kasbah Share Register as at 4.00pm (WST) on 21 November 2016. A Kasbah Shareholder who is an excluded shareholder will not be entitled to vote at the Scheme Meeting.

5. HOW TO VOTE

Kasbah Shareholders entitled to vote at the Scheme Meeting can vote:

- (a) by attending the Scheme Meeting and voting in person; or

- (b) by appointing an attorney to attend the Scheme Meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting and vote on its behalf; or
- (c) by appointing a proxy to attend the Scheme Meeting and vote on their behalf, using the Proxy Form accompanying this Notice.

A personalised Proxy Form accompanies this Notice. The Proxy Form contains full details of how to appoint persons and how to sign and lodge the voting form.

To be valid, Proxy Forms or electronic voting instructions must be received by the Australia Registrar by 10.00am (WST) on 21 November 2016.

Voting in Person

Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. Please bring your meeting registration forms with you to facilitate admission to the Scheme Meeting. The meeting registration form for the Scheme Meeting is the Proxy Form included with the Scheme Booklet of which this Notice forms part.

Voting by attorney or corporate representative

Kasbah Shareholders who have appointed an attorney or corporate representative to attend and vote at the Scheme Meeting should ensure that their attorney or corporate representative arrives at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. A person attending as an attorney should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Kasbah. A person attending as a representative of a corporate shareholder must present satisfactory evidence of his or her appointment to attend on behalf of that shareholder unless previously lodged with the Australian Registrar.

Voting by proxy

A Kasbah Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Scheme Meeting and also to speak at the Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the Kasbah Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Kasbah Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll, and the Kasbah Shares the subject of the proxy appointment will not be counted in computing the required majority.

Kasbah Shareholders who return their Proxy Form with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the Company Secretary of Kasbah or any Kasbah Director which do not contain a direction will be used to support the resolution to approve the Scheme.

Completed Proxy Forms must be:

- sent to the Australian Registrar (using the reply paid envelope included with this Scheme Booklet) at:

Kasbah Resources Limited
c/o Link Market Services
Locked Bag A14 Sydney South
New South Wales 1235 Australia

- faxed to 02 9287 0309 from within Australia or +61 2 9287 0309 from overseas; or
- delivered in person to:

Link Market Services
1A Homebush Bay Drive
Rhodes NSW 2138

in each case so that they are received by no later than 10.00am on 21 November 2016. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the Kasbah Shareholder or the Kasbah Shareholder's attorney. If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registrar at the same time as the Proxy Form, unless you have already provided a certified copy of the power of attorney to Kasbah. Proxies given by corporations must be executed in accordance with the Corporations Act.

If you complete and return a Proxy Form, you may still attend the Scheme Meeting in person, revoke the proxy and vote at the Scheme Meeting.

Corporate Directory

Directors

Mr Wayne Bramwell
Mr Rodney Marston
Mr Ian McCubbing
Ms Gabrielle Moeller
Mr Giles Robbins
Mr Michael Brook

Company Secretary

Mr Trevor O'Connor

Registered and Corporate Office

11 Moreau Mews
Applecross WA 6153
Tel: +61 8 9463 6651
Fax: +61 8 9463 6652

Financial Adviser

Azure Capital Limited
Level 34, Exchange Tower
2 The Esplanade
Perth WA 6000

Independent Expert

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Technical Specialist

SRK Consultant (Australasia) Pty Ltd
Level 1, 10 Richardson Street
West Perth WA 6005

Independent Asset Valuer

PP&E Valuations Pty Ltd
Level 5, 443 Little Collins Street
Melbourne VIC 8007

Australian Legal Advisers

DLA Piper Australia
Central Park, Level 31
152-158 St Georges Terrace
Perth WA 6000
Tel +61 8 6467 6000
Fax +61 8 6467 6001

Share Registry

Link Market Services
Central Park, Level 4
152 St Georges Terrace
Perth WA 6000
Tel: +61 8 9211 6670
Fax: +61 8 9287 0303

Stock Exchange Listing

Australian Securities Exchange
ASX Code: KAS

Kasbah Shareholder Information Line

From within Australia: 1800 220 771

From outside Australia: +61 1800 220 771

Any time between 9.00am and 5.00pm (WST)





KASBAH RESOURCES LIMITED
ACN 116 931 705

LODGE YOUR VOTE



BY MAIL

Kasbah Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

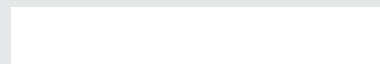
I/We being a member(s) of Kasbah Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting *(mark box)*

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **10:00am (WST) on Wednesday, 23 November 2016 at BDO, The Hay Room, 38 Station St Subiaco, Western Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolution

For Against Abstain*

1 Approval of the Scheme

☐	☐	☐



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

KAS PRX1601A

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Monday, 21 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



BY MAIL

Kasbah Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE SCHEME MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



KASBAH RESOURCES LIMITED
ACN 116 931 705

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
ASX Code: KAS
Website: www.linkmarketservices.com.au

SRN/HIN



X99999999999

SCHEME OF ARRANGEMENT – ELECTION FORM

IMPORTANT – This is an important document and requires your immediate attention.

You may use this Election Form to elect to receive the TSX-V Consideration.

If you do not return this Election Form by the Election Date (defined below), you will be deemed to have made an ASX Election.

To be a valid election, your Election Form must be received by Link Market Services Limited by 5:00pm (WST) on Wednesday, 14 December 2016 (Election Date) or such later time and date as Kasbah Resources Limited may announce to the ASX. Election Forms received after the Election Date will be invalid and you will be deemed to have made an ASX Election.

You may only make an election in respect of all of the Kasbah Shares you hold as at the Election Date.

Kasbah Shareholders should refer to the important information overleaf. Do not complete this Election Form until you have read the accompanying Scheme Booklet and the instructions on the back of this Election Form. If you are in any doubt about what to do you should consult with your investment, financial, taxation or other professional advisers.

A Election

If the Scheme becomes Effective, by default, you will have made an election to receive the ASX Consideration in the form of AMR Share CDIs and AMR Warrant CDIs listed on ASX.

You are not required to submit and return this Election Form if you want to elect to receive the ASX Consideration.

Only return this Election Form if you want to elect to receive the TSX-V Consideration.



All TSX-V Consideration:

1.3 AMR Shares and 0.4 AMR Warrants per Kasbah Share

If you correctly complete and return this form you will be deemed to have made your chosen election in respect to ALL of the Kasbah Shares you hold continuously from the Election Date.

B Contact Details

Please provide a daytime telephone number where we can contact you, if we have any questions about this application.

Daytime telephone number

Contact name (PRINT)

C Shareholder Signature(s) – This MUST be completed

I/We, have made the above election in respect of all my/our Kasbah Shares and hereby agree to the terms and conditions as set out in the Scheme Booklet.

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

Date

This form must be signed by the shareholder. If a joint holding, all shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cwlth).

**THIS FORM MUST BE RECEIVED BY LINK MARKET SERVICES LIMITED
BY NO LATER THAN 5:00PM (WST) ON WEDNESDAY, 14 DECEMBER 2016**

KAS SOA001



KASBAH RESOURCES LIMITED

1. How to complete the Election Form

Please complete all relevant sections of the Election Form USING BLOCK LETTERS in accordance with the instructions on the form.

Please note your consideration will be issued in the names as they appear on the Register.

If you are electing the TSX-V Consideration option, you must complete and return this Election Form in accordance with the instructions below.

Please refer to the Scheme Booklet dated 18 October 2016.

Terms are defined in the Scheme Booklet and have the same meaning in this Election Form.

Please sign this Election Form in the places for signature(s) out on the front page and in accordance with the following instructions:

- **Joint shareholders:** If your Kasbah Resources Limited Shares are held in the names of more than one person, all of those persons must sign this Election Form.
- **Corporations:** This Election Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
- **Powers of attorney:** If this Election Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Election Form when you return it. If this Election Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
- **Deceased Estates:** All the executors and administrators must sign this Election Form. When you return this Election Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

2. How to lodge your Election Form

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, the completed Election Form may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **Your completed Election Form must be received by the Kasbah Resources Limited Share Registry (Link Market Services Limited) by no later than 5:00pm (WST) on Wednesday, 14 December 2016.**

Postal Delivery

Kasbah Resources Limited Scheme
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
AUSTRALIA

Hand Delivery

Kasbah Resources Limited Scheme
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138
(Please do not use this address for mailing purposes)

If you have any enquiries about the Scheme of Arrangement, please contact the Kasbah Shareholder Information Line on +61 1800 220 771.

3. How to withdraw your election

A Kasbah Shareholder can withdraw their election by contacting Link Market Services Limited on +61 1300 554 474 between 8:30am and 5:00pm (Australian Eastern Standard Time) Monday to Friday. The last valid Election Form received by, or withdrawal request made to the Kasbah Registry by the Election Date will be used for the purposes of determining that Kasbah Shareholder's Election.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.