

11 August 2016

Ms Frieda Orr
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

By email

Dear Frieda

Kasbah Resources Limited ("Company" or "Kasbah") - ASX Price Query

We refer to:

- ASX's letter dated **8 July 2016** regarding the change in the price of the Company's securities ("**First Price Letter**");
- the Company's response to the First Price Letter, dated **11 July 2016**, which set out the background and prevailing circumstances of the Company at the time the First Price Letter was received ("**Kasbah Response Letter**");
- ASX's letter dated **19 July 2016** regarding the change in the price of the Company's securities ("**Second Price Letter**");
- the Company's request for a trading halt dated **19 July 2016**;
- the Company's request for a voluntary suspension of the trading of its securities dated **21 July 2016**;
- the Company's updated definitive feasibility study (**DFS**) released to ASX on **29 July 2016**;
- the Company's announcement entitled "Retraction of ASX Release 29 July 2016 and Replacement Announcement" released on **10 August 2016**;
- the Company's replacement DFS announcement entitled "DFS Confirms Project Economics" dated **10 August 2016**; and
- the Company's announcement entitled "Asian Mineral Resources to Acquire Kasbah Resources" and dated **11 August 2016 (Merger Announcement)**.

An overview of the relevant background and prevailing circumstances, which includes our responses to the questions in the Second Price Letter, is set out below. For ease of reference, at the end of this letter, we have included details of ASX's questions in the Second Price Letter and our response to those questions.

Discussions with Parties in Relation to the Development of the Achmmach Project

1. The Company refers to the statements contained in paragraphs 14 to 17 (inclusive) of the Kasbah Response Letter, regarding confidential, incomplete discussions with parties in relation to the development of the Company's Achmmach tin project in Morocco (**Achmmach Project**).
2. In particular, the Company notes that for a period of approximately 8 months prior to the date of the Kasbah Response Letter the Company had been in confidential discussions with, and received proposals from, a number of parties regarding a variety of transactions that may lead to the development of the Achmmach Project.
3. At the time of the Kasbah Response Letter, the proposals that had been received from parties by the Company were highly conditional, non-binding and expressed to be subject to the execution of definitive agreements and the completion of satisfactory due diligence.
4. At the time the Company received the Second Price Letter, confidential negotiations with one party, Asian Mineral Resources Ltd (**AMR**), in relation to a potential transaction, were continuing. However, the confidential discussions between the Company and AMR remained highly conditional and subject to the agreement of a number of key commercial terms, including price, both internally at the Company and with AMR.
5. In fact, at the time of receiving the Second Price Letter, a first draft of a definitive transaction document had not been exchanged between the Company and AMR.
6. Given the high execution risk associated with the discussions with AMR (due to, among other things, the fact the Company had not agreed a price with AMR, was not sure if it had the support of the Company's major shareholders or the support of a majority of the Company's directors), the Company formed the view that there was significant uncertainty that the discussions with AMR would result in a completed transaction and, therefore, considered that the existence of discussions with AMR was not, of itself, price sensitive.
7. The fact that it has taken the Company a further 22 days from the receipt of the **Second Price Letter** to enter into a definitive agreement with AMR demonstrates the considerable uncertainty that existed at the time of the Second Price Letter and the significant negotiation that has been required to reach a definitive and binding agreement.
8. Given the significant uncertainty that existed at the time of the Second Price Letter and the desire of the Company's directors to ensure that securities of the Company were not being traded in an uninformed market, the Company sought a trading halt, and subsequently, a voluntary suspension in the trading of its securities.

Responses to Specific Questions in the Second Price Letter

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

Up until and including **19 July 2016**, and for the reasons referred to above, no.

2. If the answer to question 1 is "yes":

- a) Is the entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1A?

Not applicable.

- b) Can the announcement be made immediately?

Not applicable.

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable.

3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities.

The Company does not have any explanation for the trading in its securities up to and including 19 July 2016 beyond the information stated in the Kasbah Response Letter.

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely



Trevor O'Connor
CFO / Company Secretary



19 July 2016

Trevor O'Connor
Company Secretary

By email: toconnor@kasbahresources.com

Dear Trevor,

KASBAH RESOURCES LIMITED (“ENTITY”): ASX PRICE QUERY

We have noted a change in the price of the Entity’s securities from a close of \$0.053 yesterday, 18 July 2016 to an intraday high at the time of writing of \$0.069. We have also noted an increase in the volume of trading in the Entity’s securities over this period.

In light of the price change and increase in volume, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).



- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **12.00pm AWST today, 19 July 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at frieda.orr@asx.com.au and TradingHaltsPerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.



In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Frieda Orr
Adviser, Listings Compliance (Perth)