



**28 January 2014**

**ASX CODE: KAS**

**OUR PRIME COMMODITY IS  
TIN**

**LME TIN PRICE (24/01/14)**

**US\$22,100 / T  
(CASH BUYER)**

#### ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY IS ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

#### PROJECTS

ACHMMACH TIN PROJECT  
BOU EL JAJ TIN PROJECT

#### CAPITAL STRUCTURE

SHARES ON ISSUE:	396M
UNLISTED OPTIONS:	20.5M
CASH @ 31/12/13:	\$7.9M

#### MAJOR SHAREHOLDERS

WORLD BANK (IFC)	15.8%
AFRICAN LION GROUP	15.1%
TRANSAMINE	3.3%
TRAXYS	3.3%
MGMT & DIRECTORS	3.0%
THAISARCO	2.0%

#### CONTACTS

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🌐: [www.kasbahresources.com](http://www.kasbahresources.com)

## ASX RELEASE

## DECEMBER 2013 QUARTERLY REPORT



**Kasbah Resources Limited (ASX: KAS) is pleased to report its activities for the December 2013 Quarter on the Company's tin projects in Morocco.**

- Initial drilling within the Western Zone Shallows ("WZS"), part of the Achmmach Tin Project, on the Sidi Addi Trend delivers a maiden, shallow Indicated Resource
- Final drilling in the WZS (announced 9 January 2014) extended mineralisation. Best down hole drilling intersections included:
  - 9.3m @ 0.95% Sn from 95.0m  
(including 3.0m @ 1.93% Sn from 95.0m) (WZD011)
  - 8.0m @ 0.84% Sn from 83.0m  
(including 2.7m @ 1.67% Sn from 88.3m) (WZD012)
  - 6.4m @ 1.51% Sn from 64.2m  
(including 4.3m @ 2.14% Sn from 66.3m) (WZD016)
  - 10m @ 0.74% Sn from 45.0m  
(including 3.0m @ 1.35% Sn from 52.0m) (WZD020)
  - 2.0m @ 1.23% Sn from 80.0m (WZD021)
- WZS Resource update in early February
- All Achmmach Definitive Feasibility Study ("DFS") work packages being finalised with DFS to be released during Q1, 2014
- Cash position at 31 December 2013 is **\$7.9M**

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## DECEMEBER QUARTERLY REPORT

### OVERVIEW

Kasbah is pleased to report this quarterly update from its Achmmach and Bou El Jaj Tin Projects in Morocco. This report summarises the key technical and commercial deliverables from the December Quarter.

During this period Kasbah made the following key ASX releases:

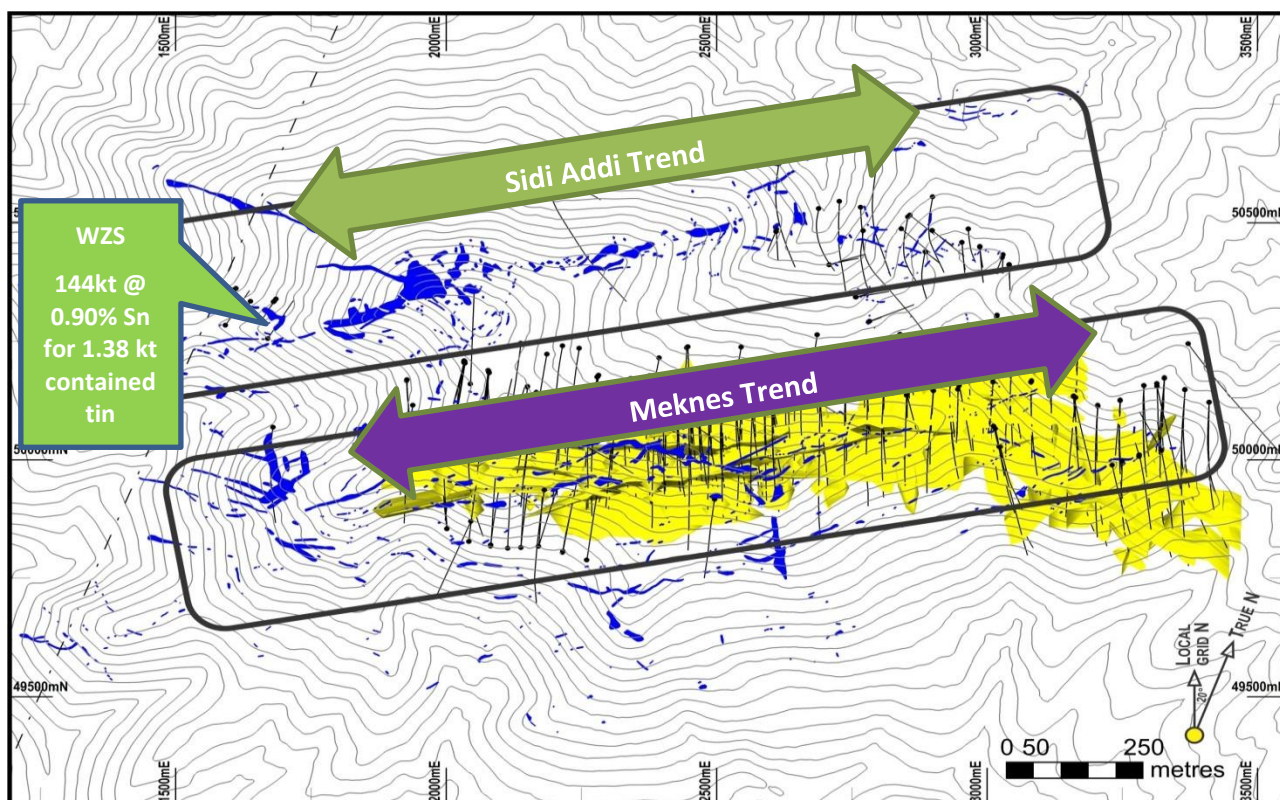
- **09 January 2014**           Drilling Extends the Western Zone Shallows at Achmmach;
- **22 November 2013**       Results of Annual General Meeting;
- **5 November 2013**        Open Pit Targets to be Incorporated into Achmmach DFS;
- **4 November 2013**        Kasbah Announces Indicated Resource in Western Zone Shallows;
- **24 October 2013**         Annual Report to Shareholders; and
- **08 October 2013**         Drilling Success in the Western Zone Shallows ("WZS").

Please refer to the individual releases for the detailed results at [www.kasbahresources.com](http://www.kasbahresources.com).

**Key milestones achieved during the Quarter included:**

1. The announcement of a maiden, 144k tonnes shallow resource within the WZS target on the largely untested Sidi Addi Trend (refer Table 1);
2. Approval from strategic partners to extend the DFS to Q1, 2014 to evaluate open pit targets at Achmmach; and
3. Completion of extensional drilling across the WZS target.

**Figure 1** depicts the location of the defined resources and additional targets across the Achmmach Tin Project.



**Figure 1: Plan view of Achmmach Tin Project (Meknes Trend and WZS target depicted) and identified tin resources, tourmaline outcrops (blue) and Meknes global resource (yellow)**

## PROJECT DEVELOPMENT UPDATE

The Company is pleased to report completion of the resource development programmes at Achmmach during the quarter. Following the upgrade to the Meknes Trend mineral resource reported on 10 September 2013, Kasbah announced a maiden shallow mineral resource at its WZS target in the Sidi Addi Trend on 4 November 2013 (**refer Table 1**). Extensional shallow drilling at the WZS is now complete.

**Table 1: Western Zone Shallows - November 2013 Mineral Resource Estimate  
(@ 0.35% Sn cut off grade <sup>A</sup>)**

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

<sup>A</sup> The tin grade has been rounded to the nearest 0.05% Sn. The 0.35% Sn cut-off grade used for reporting the resource is based on a tin price of US\$23,000/tonne and a total estimated operating cost of US\$57/tonne (mining US\$5/tonne, processing US\$38/tonne and smelting US\$14/tonne). Processing recovery for tin at an average head grade of 0.85% Sn will be approximately 70%. Bulk density was estimated by Ordinary Kriging, and has an average value within the mineralised zones of 2.89t/m<sup>3</sup>.

<sup>B</sup> The Company confirms that it is not aware of any new information or data, other than the additional drilling information which was released to the market on 9 January 2014 which has not been factored into WZS November Mineral Resource Estimate and that all material assumptions and technical parameters underpinning the November 2013 Mineral Resource Estimate continue to apply and have not materially changed.

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## DEFINITIVE FEASIBILITY STUDY

The Achmmach DFS is principally based on underground ore from the Meknes Trend with the possible contribution from a small, satellite open pit from the Sidi Addi Trend.

Currently two portals are planned across the Meknes Trend (the Central Portal in the Meknes-Gap Zone and the Eastern Portal in the Eastern Zone) being the primary means of ore supply. Open pit ore modelling completed during the Quarter on the Eastern Zone Shallows ("EZS") target at Achmmach determined that extraction of these ore blocks by underground methods produced a better economic result.

As such all ore within the Meknes Trend is proposed to be mined by underground methods.

Parallel to the Meknes Trend is the prospective Sidi Addi Trend which is known to contain similar tourmaline-tin mineralisation. Preliminary modelling of the WZS target on the Sidi Addi Trend suggests extraction of shallow ore from this location (**refer Figure 1**) may be viable. As such shallow ore from the WZS to supplement underground ore from the Meknes Trend may be integrated into the DFS mine schedule and this assessment will be completed prior to the DFS release during Q1, 2014.

A summary of progress of the key Achmmach DFS work packages follows:

- **Resource Estimation**

Independent resource consultant Quantitative Group ("QG") of Western Australia completed a preliminary estimation of mineral resources for the WZS during the quarter. Extensional drilling has successfully extended the known mineralisation and QG is currently preparing an updated WZS mineral resource estimate for this prospective target. This resource update will be released in early February.

- **Mine Design**

Mining One Pty Limited ("Mining One") progressed mine design, mine schedule development and mine development and operating costs to final draft status during the quarter. The DFS mine design will be signed off in Q1, 2014. Present indications suggest a mine life in excess of nine years will be achievable, during which time more than 95% of ore extraction will be obtained by long-hole mining methods from within the Meknes Trend.

Design and costing of the satellite WZS open pit will be completed during in Q1, 2014.

- **Metallurgy**

The DFS metallurgical programme continued, with testing of gravity concentration methods applicable to fine cassiterite recovery. Bulk testwork conducted on the Meknes Trend ore zone was completed while flowsheet confirmatory testwork for the Eastern Zone Shallows ("EZS") ore commenced. Testing of the EZS, carried out at Nagrom laboratory (Perth) and focusing on replication of the designed flowsheet remained in progress at the end of the quarter.

Additional optimisation testwork commenced in this quarter focusing mainly on improving tin recovery, flotation reagent reduction and premium product processing options.

Progressive results from the metallurgical programme continue to indicate metallurgical recovery exceeding 70% may be expected from the Achmmach ore. Some 85% of the recovered tin will report to gravity concentrate with the balance recovered through cassiterite flotation.

▪ **Process Design and Engineering**

DRA Pacific Pty Ltd ("DRA") – DRA continued with their review of cost inputs from Morocco, which make up 60 – 70% of the project capital cost inputs. Other principal input currencies include the South African Rand and the Euro.

The extension to the DFS delivery date has enabled DRA to pursue opportunities to reduce process plant capital and operating cost estimates.

▪ **Tailings Management Facility ("TMF")**

Golder UK Limited has completed the TMF and water storage dam (WSD) design. Final cost estimation will be completed during Q1, 2014 once the mine design and schedule has been signed off.

CPC Engineering of WA completed the design and cost estimation for the paste backfill plant during the quarter.

▪ **Environmental and Social Impact Assessment ("ESIA")**

Feedback from the National Committee review session, which took place in Morocco on 3 October 2013 was received during the quarter. Responses to the National Committee queries will be finalised by Kasbah and Artelia Group of France during January 2014.

▪ **Financial Modelling**

Optimum Capital commenced financial modelling of the Achmmach Project to DFS level. Kasbah anticipates this exercise to be completed during Q1, 2014.

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## EXPLORATION

Kasbah's exploration activities for Quarter 4, 2013 are summarised below:

- **Bou El Jaj Tin Project ("BLJ")**

The geochemical survey programme of the BLJ tenement area to the south of Oued Beht initiated during Q3, 2013 was completed. Final interpretation of the geochemical sample reports will be completed during Q1, 2014.

- **Achmmach Tin Project**

- **Western Zone (Sidi Addi Trend)**

A 935m second phase of shallow diamond drilling was completed in the Western Zone (WZ) of the Sidi Addi Trend during the quarter to test the extension of the previously reported outcropping occurrence there. The results of this programme were released on 13 January 2014.

- **Regional Exploration**

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

These areas are prospective for both tin and tungsten.

## CORPORATE

- **Cash Reserves**

Cash reserves at 31 December 2013 were **\$7.9M**.

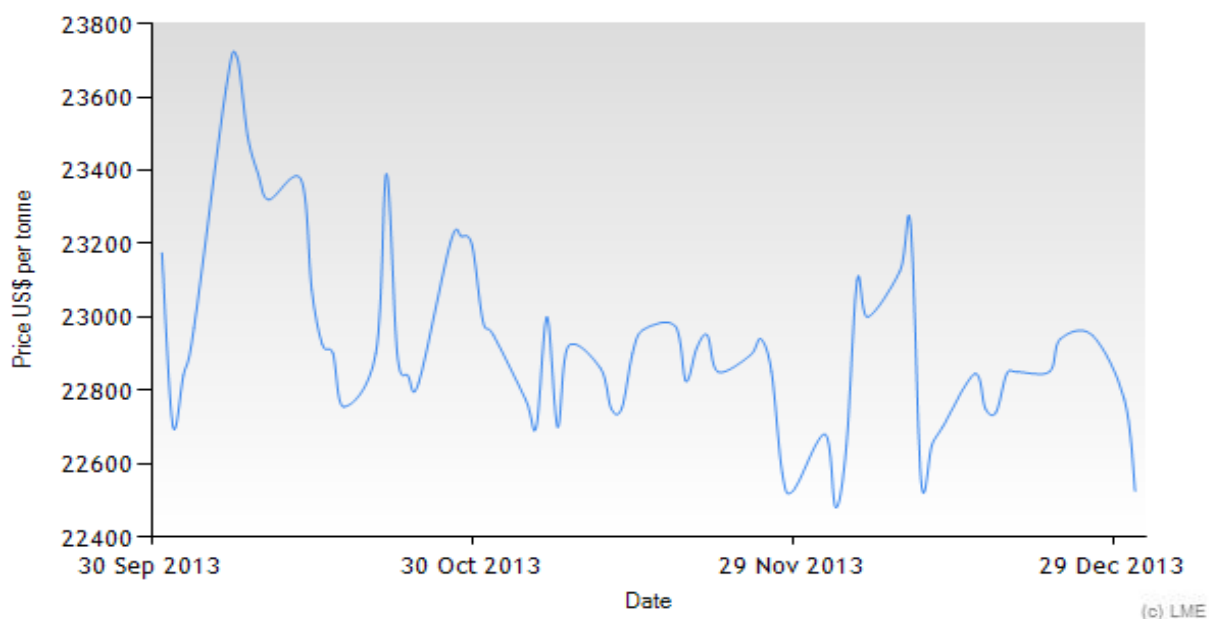
## TIN MARKET OVERVIEW

Tin prices tightened within the range USD22,500 to USD23,400 per tonne during the quarter as the Indonesian ICDX operation gained momentum, while China became a net exporter for the first time in over two years. (*CRU Tin Monitor, December 2013*)

Growth within the electronics industry is forecast to increase at 4.8% during 2014 rising to 6% during 2015 as renewed global economic activity and accelerating growth in developing countries take effect. With the electronics sector accounting for 50% of global tin demand this effect will have a significant impact on the tin market.

Similarly, forecast growth in demand for quality tin plate for food packaging, particularly in China where demand is expected to grow by an average 8% per year, will contribute to growth in demand in the second largest category of tin use. (*ITRI*)





**Figure 2: LME Tin Cash Buyer Price (30 September 2013 to 29 December 2013)**

## LOOKING FORWARD

During Q1, 2014 Kasbah will target the following milestones:

- Updated resource for the WZS;
- Approval of the Achmmach ESIA; and
- Finalisation of the DFS premised upon extraction of both underground and WZS open pit ore.

For and on behalf of the Board



**Wayne Bramwell**  
**Managing Director**

For further information please go to:  
 Or email:

[www.kasbahresources.com](http://www.kasbahresources.com)  
[info@kasbahresources.com](mailto:info@kasbahresources.com)

Follow us on twitter [@kasbahresources](https://twitter.com/kasbahresources)

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**KASBAH - AN EMERGING TIN PRODUCER**

*Kasbah currently has two tin projects located in the Kingdom of Morocco. Nittetsu Mining Co. Ltd ("NMC") and Toyota Tsusho Corporation ("TTC") of Japan are Kasbah's strategic development partners in the Achmmach Tin Project. NMC has secured a 5% interest in the Achmmach Tin Project and TTC can secure a 20% interest in the Achmmach Tin Project (having earned a nominal interest of 18.8% to date by paying \$16 million in cash to Kasbah in 2012). TTC is required to make a final payment to Kasbah within 90 days of completion of the DFS to earn its 20% interest. Kasbah retains a 100% interest in the Bou El Jaj Tin Project 10km from the Achmmach Tin Project.*

*The definitive feasibility study into the development of a 1Mtpa underground mine, concentrator and associated infrastructure at Achmmach is proceeding, with Kasbah targeting first tin production in 2015.*

**FORWARD LOOKING STATEMENTS**

*This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.*



**INTERESTS IN MINING TENEMENTS**

Project/Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
<b>Achmmach</b>	Morocco	PE2912 PE193172	95%* 95%*		
<b>Bou El Jaj</b>	Morocco	PR2137803 PE193313	100% 100%		
<b>Tamlalt</b>	Morocco	PE223197 PE223198 PE223199 PE223200 PE223201 PE223202 PE223203 PE223204	100% 100% 100% 100% 100% 100% 100% 100%		
<b>Ezzhiliga</b>	Morocco	PR210349 PR210350 PR210351 PR210352 PR210353 PR210354 PR210355 PR210356 PR210357 PR210358 PR210359 PR210361	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%		
<b>Miscellaneous Permits</b>	Morocco	PR2137913 PR1938815 PR1939131	100% 100% 100%		

**LEGEND:**

*PE – Permis Exploitation*

*PR – Permis Recherche*

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

*NMC has secured a 5% interest in the Achmmach Tin Project and TTC can secure a 20% interest in the Achmmach Tin Project (having earned a nominal interest of 18.8% to date by paying \$16 million in cash to Kasbah in 2012). TTC is required to make a final payment to Kasbah within 90 days of completion of the DFS to earn its 20% interest. Upon this payment being made Kasbah's interest in the Achmmach Tin Project will reduce to 75%.*

**INTERESTS IN MINING TENEMENTS (cont)**

Farm-out agreements / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil					
Farm-out agreements / Tenements	Location	Permit Number	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil					

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**KASBAH RESOURCES LIMITED**

ABN

78 116 931 705

Quarter ended ("current quarter")

31 DECEMBER 2013

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(2,171)	(5,752)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(789)	(1,669)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	82	128
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	1,097	1,099
<b>Net Operating Cash Flows</b>		(1,781)	(6,194)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(26)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Payment for security deposits & bonds	-	(15)
<b>Net investing cash flows</b>		(1)	(41)
1.13	Total operating and investing cash flows (carried forward)	(1,782)	(6,235)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,782)	(6,235)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,782)	(6,235)
1.20	Cash at beginning of quarter/year to date	9,637	14,110
1.21	Exchange rate adjustments to item 1.20	55	35
1.22	<b>Cash at end of quarter</b>	<b>7,910</b>	<b>7,910</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	152
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.7 – Research & Development tax rebate of \$1.097m.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	1,054
4.2 Development	-
4.3 Production	-
4.4 Administration	957
<b>Total</b>	<b>2,011</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,074	1,336
5.2 Deposits at call	6,693	8,138
5.3 Bank overdraft	-	-
5.4 Other (provide details) - Cash held in Morocco	143	163
<b>Total: cash at end of quarter</b> (item 1.22)	<b>7,910</b>	<b>9,637</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	395,912,596	395,912,596		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry Date</i>
KASAAB	2,500,000	-	\$0.25	26 August 2014
KASAAB	4,000,000	-	\$0.25	24 November 2014
KASAQ	500,000	-	\$0.10	5 October 2015
KASAAC	1,500,000	-	\$0.28	20 July 2015
KASAAD	2,000,000	-	\$0.26	23 November 2015
KASAAE	10,000,000	-	\$0.26	23 November 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

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+ See chapter 19 for defined terms.



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_ Date: 28 January 2014  
Chief Financial Officer / Company Secretary

Print name: Trevor O'Connor

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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