



**KASBAH RESOURCES LIMITED**

**ACN 116 931 705**

# **ANNUAL REPORT**

**For the Year Ended**

**30 June 2017**

# Corporate Directory

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## Directors

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John Gooding (Non-executive Chairman)  
Graham Freestone (Non-executive Director)  
Stephen Gill (Non-executive Director)  
Hedley Widdup (Non-executive Director)  
Martyn Buttenshaw (Alternate Non-executive Director for Stephen Gill)

## Company Secretary

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Keith Pollocks

## Principal Registered Office in Australia

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11 Moreau Mews  
Applecross WA 6153

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Facsimile: +61 8 9463 6652  
E-mail: [info@kasbahresources.com](mailto:info@kasbahresources.com)  
Web: [www.kasbahresources.com](http://www.kasbahresources.com)

## Stock Exchange Listing

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The Company is listed on the Australian Securities Exchange Limited under the trading code **KAS**.

## Share Registry

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Link Market Services Limited  
Level 12 QV1 Building  
250 St Georges Terrace  
Perth WA 6000  
Telephone: +61 1300 554 474

## Bankers

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Westpac Banking Corporation  
1257 – 1261 Hay Street  
West Perth WA 6005

## Auditors

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HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth WA 6008

Telephone: +61 8 9227 7500  
Facsimile: +61 8 9227 7533

## Solicitors

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In Australia

Steinepreis Paganin  
Lawyers & Consultants  
Level 4  
The Read Buildings  
16 Milligan Street  
Perth WA 6000  
Telephone: +61 8 9321 4000  
Facsimile: +61 8 9321 4333

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# Chairman's Letter

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## Dear Shareholders

On behalf of the new Board of Directors, it gives me great pleasure to present the Annual Report for 2017. The new Board and Management team are genuinely excited about the prospect of progressing the Achmmach Tin Project. Kasbah is well positioned with an experienced Board and Management team, as well as committed shareholders, to take the company forward towards achieving our collective goal of becoming a next generation tin producer.

For Kasbah, the first half of the financial year was dominated by events surrounding the proposed Scheme of Arrangement with nickel mining company Asian Mineral Resources (AMR) that was announced in August 2016. A key element in this proposed transaction was the presence and financial support of Pala Investments Ltd (Pala), a leading mining investment fund, as a cornerstone investor of the combined entity.

In November 2016, Kasbah received a copy of a third party expert's analysis of the valuation methodology applied in the independent expert's report presented in the Scheme of Company Arrangement booklet distributed to shareholders. On review of the 3<sup>rd</sup> party analysis the independent expert subsequently advised Kasbah that a fundamental error in the valuation methodology in the independent expert's report had been identified, affecting their valuation of the Scheme consideration, changing their opinion of the Scheme to "not fair, but reasonable" for Kasbah shareholders. Accordingly, Kasbah considered that the condition precedent requiring approval of the Scheme by the Federal Court of Australia was incapable of being satisfied in relation to the Scheme approved by shareholders and a deed of termination was signed with AMR in respect of the Scheme and that all discussions in respect to the proposed merger were concluded.

As a consequence of the above, your Board acted swiftly to secure the future of Kasbah by terminating the proposed AMR transaction and instead securing a 19.9% placement of new shares to Pala at a premium to the prevailing share price. Concurrent with this, a restructuring of the Board and senior management team was undertaken with further significant appointments made over the balance of the financial year.

Early in 2017, Kasbah and its 25% Joint Venture partners in the Achmmach Tin Project (Toyota Tsusho Corporation and Nittetsu Mining Co. Ltd) commissioned AMC Consultants to conduct an independent assessment of the Small Start Option Definitive Feasibility Study (SSO DFS) and construction readiness of the Achmmach project, to identify opportunities for project optimisation, and to highlight areas of additional study required to de-risk key technical areas. Pleasingly, their findings found no fatal flaws in the project and made a number of recommendations that will enhance the project. Management is rapidly working through these recommendations and expects to release the final results of the DFS in the December quarter this year. This will be a major milestone for Kasbah and we look forward to releasing these results to all our stakeholders.

While the new board and executive management team have set about rebuilding and refocussing Kasbah, the tin market also continued to consolidate, with tin prices trading around US\$20,000/t for most of the year. LME inventory levels came under further pressure and supply continued to decline from a number of major producers, underpinning a strong forward pricing sentiment for tin and supporting the future development of Achmmach.

Kasbah remains focused on seeking funding mechanisms to advance the Achmmach Tin Project to production and I believe that Kasbah is in a significantly better position today, to achieve the ultimate objective of developing the Achmmach Tin project, while longer term, increasing demand from existing and new technology applications are supportive of a sustained robust tin price outlook.

I would like to thank the previous Board and senior management team for their efforts including Richard Hedstrom who resigned for personal reasons in September, and I thank you, our loyal shareholders, our dedicated staff, and all our other stakeholders, for the continued support and patience, in what has been a significant year of change and progress for the Company.

On behalf of the Board and management I look forward to sharing the success of the Company with you all, as we grow to become a successful tin producer in the near future.

**John Gooding**

*Chairman*

# Corporate Strategy

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**Kasbah Resources Limited (Kasbah) is an Australian listed mineral exploration and development company.**

**Our prime commodity is tin.**

**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.

**Kasbah's project assets include:**

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

# Highlights

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Global tin demand stabilised during 2016/2017 and importantly, supply concerns continued to rise. The LME tin price continued to recover over the year, rising from US\$17,050/t at 30 June 2016 to finish the year at US\$20,150/t at 30 June 2017, a rise of 18%. During the year, LME tin inventories continued to hit multi year lows.

Kasbah achieved the following corporate and technical milestones during the financial year:

- The previously proposed Scheme of Arrangement with Asian Mineral Resources was dismissed;
- 19.9% equity placement secured with Pala Investments;
- Between December 2016 and February 2017, the Kasbah Board was restructured to reinvigorate and refocus the Company;
- A new Chief Executive Office was appointed and the Chief Operating Officer of the Company was replaced while a new Chief Financial Officer joined the Company in July 2017;
- Australian Mining Consultants (AMC) was engaged to review the Small Start Option (SSO) Definitive Feasibility Study (DFS). The aim of this review was to obtain an independent assessment of the DFS, the construction readiness of the Achmmach Project, identify opportunities for project optimisation, and to highlight areas for additional study required to de-risk key technical areas. A small number of recommendations were made by AMC and these are currently being incorporated into the final DFS, construction financing and the Board's decision to mine; and
- On 22 June, a 1:2 fully underwritten accelerated non-renounceable rights issue at 1.5c/share seeking to raise approximately \$5.2m before costs was announced. The issue was successfully completed post the end of the financial year with a number of new institutional and retail shareholders taking up stock. Concurrently with the rights issue, International Finance Corporation's (IFC) holding in the Company was also successfully placed to a range of new and existing shareholders at the same price as the rights issue.

# Operations Review

## 1. TIN MARKET

### 1.1 What a difference a year makes

Whereas the LME Tin price experienced sharp volatility and remained relatively depressed during 2015-2016, the most recent financial year has seen a steady improvement in prices stabilising around US\$20,000/t. The LME tin price as at 30 June 2017 was US\$20,150/t, a rise of 18% over the financial year, as depicted by the black line in Figure 1 below. Conversely, inventory levels on the LME continued to fall to multi year lows, as shown by the green line below.



Figure 1: LME Tin Price and Stocks to 30 June 2017

### 1.2 Tin demand, the emerging catalyst

The key change to the global tin market this year has been driven by demand. While tin production has been falling for several years, weak demand had previously impacted the price and pricing expectations.

#### Semiconductor demand still the leader

During the year, semiconductor production, which represents roughly 50% of total tin demand, continued to grow as reported by the Semiconductor Industry Association (SIA) back in January 2017:

“Global semi-conductor sales continue to pick up steam in November, increasing at the highest rate in almost two years and nearly pulling even with the year to date total from the same point in 2015.”

Worldwide semiconductor sales increased from US\$132.0bil in 1996 to US\$338.9bil in 2016, a compound annual growth rate of 4.8%. According to World Semiconductor Trade Statistics (WSTS), worldwide semiconductor industry sales are forecast to reach US\$396.7bil in 2017 and US\$413.5bil in 2018.

# Operations Review

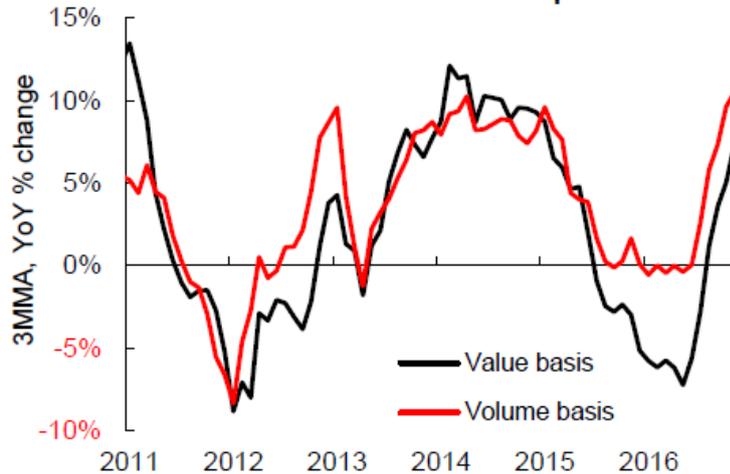


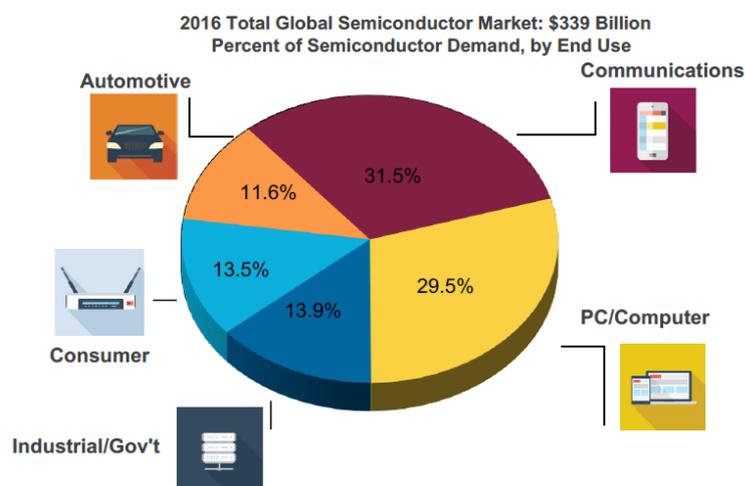
Figure 2: Global Semiconductor shipments (source World Semiconductor Trade Statistics)

## Semiconductor demand is critical to tin demand going forward

A significant proportion of semiconductor demand is fuelled by consumer end products, which includes electrical products such as entertainment systems, mobile phones and personal computers. Consumer demand in this area is rapidly developing in emerging markets such as Asia and Latin America with the Chinese market continuing to stand out, growing nearly 16% year to year, to lead all regional markets.

### GLOBAL SEMICONDUCTOR SALES ARE DRIVEN BY PRODUCTS ULTIMATELY PURCHASED BY CONSUMERS

The vast majority of semiconductor demand is driven by products ultimately purchased by consumers – be they PC's for home use or communication devices such as smartphones. Increasingly, consumer demand is driven in emerging markets including those in Asia, Latin America, Eastern Europe and Africa.



Note: Gov't is <2% of the Industrial/Gov't category, and military end-use is included in Gov't.  
Sources: World Semiconductor Trade Statistics (WSTS).

Figure 3: Semiconductor Industry Association

While the ongoing miniaturisation of electronic devices will reduce the need for tin solder, overall unit growth is expected to more than compensate for this.

# Operations Review

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## Electric vehicles the game changer for tin going forward?

While automotive use by the semiconductor industry is currently a relatively small sector, it has the potential to grow significantly and rapidly with the increasing acceptance of and manufacturing of electronic vehicles (EV).

A recent study indicated there are US\$580 of semiconductor content in an EV compared to between US\$60- US\$90 in a conventional drive train car. This represents around an 8 fold increase in potential demand, in a sector that represents a significant 6% of the tin market demand.

So how real is the EV market? We note some of the following recent headlines:

- The CEO of the largest listed oil company in Europe, Shell, indicated his next car will be an EV and that oil consumption could peak as early as the end of the next decade as electric vehicles become more popular.
- Britain announced plans to ban diesel and gasoline vehicles by 2040, following a similar move by France.
- Toyota could start mass production of EV's in China as early as 2019 as China appears set to declare production quotas for "new energy cars" next year.
- Volvo has declared that it will only offer electric or hybrid versions of its new models from 2019 and has set a goal of selling 1m electric cars by 2025.

The trend in energy generation, storage and a global transition away from hydrocarbons towards renewable energy and batteries highlights an attractive outlook for longer term tin demand.

## 1.3 Tin supply - still under pressure and still supporting prices

Tin supply from Indonesia remains mixed with indications that mine closures, which occurred when the price slumped through 2015-16, may have accelerated, exacerbated by the introduction of export quotas designed to reign in illegal mining and subsequent environmental degradation.

This has been somewhat offset by rising ore and concentrate exports from Myanmar (almost all of Chinese tin ore and concentrate imports now come from Myanmar). Part of this increase is attributed to the selling down of inventory given mining rates appear to have fallen. Myanmar ore production continues to decline, inventories of stockpiled ore are thought to be significant and thus any real decline in concentrate shipments in the short term is unlikely. The impact of a greater reliance on underground mining is also yet to be felt.

Mine production from China remains uncertain with the 2016 environmental closures continuing to have an impact. However, the move to cancel the 10% export duty on refined tin will potentially result in some increased metal exports. Smelter capacity in China has continued to grow as previously idle capacity was re-started meaning refined production has likely risen this year.

## 1.4 Tin inventories: somewhat mixed indications

LME stockpiles for tin started falling in mid-2016 and, despite a brief pick up in the early part of this year, they continued to decline and currently sit at their lowest level since 1989 at less than 1% of global demand. Conversely, Shanghai Futures Exchange (SHFE) stocks have risen strongly to around 5,700 tonnes, indicative of high stock levels in China presently.

# Operations Review

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More recently, Yunnan Tin Company (YTC), the world's biggest tin company at around 75,000t annual production, was granted government approval to export refined metal without having to pay the usual export duty provided it is processed from imported concentrate. Although tin prices initially fell on the news, prices quickly rebounded as the market acknowledged that the concept had been well flagged to the market previously.

## 1.5 Longer term tin fundamentals continue to improve

As with previous years, tin supply continues to decline as existing mines face lower production rates, combined with significant under investment in global tin exploration and new tin projects over the last decade. This trend looks set to continue and is undoubtedly positive for prices. Although Shanghai Futures Exchange inventories have increased, LME inventories are at multi decade lows. Producer stockpiles continue to be reduced in countries like Myanmar and are not significant elsewhere.

Equity market interest has boomed in commodities directly linked to the emergence of electric vehicle demand, yet little has been said of the impact this will have on the tin market. We continue to believe the outlook for tin pricing is very robust, on both the demand and supply side, and that the Achmmach Project is ideally positioned to benefit from this for many years to come.

# Operations Review

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## 2. PROJECT DEVELOPMENT

With the completion of the SSO DFS in August 2016, the focus turned to optimisation and de-risking of the Achmmach Project. With the introduction of the new Board and new management team, an internal assessment of the Achmmach 2016 SSO DFS was undertaken.

This review led to the appointment of AMC Consultants to carry out an independent technical review of the Achmmach SSO DFS.

### 2.1 AMC Overview

Kasbah, on behalf of the Achmmach Joint Venture Partners (Kasbah, Toyota Tsusho and Nittetsu Mining Co) commissioned AMC Consultants (AMC) to conduct an independent assessment of the SSO DFS and construction readiness of the Achmmach Project, to identify opportunities for project optimisation, and to highlight areas for additional study required to de-risk key technical areas. The technical review considered the SSO DFS, published in August 2016.

The review focussed on key areas as follows:

#### Geology

AMC's review of the Mineral Resource Estimation block model concluded that *"the decisions made in the execution of the grade estimation were thorough, justifiable and reasonable"*. This is a critically important component of the project as it is the resource from which all subsequent decisions relating to mining, processing etc are derived.

While the overall grade estimation is considered sound, geostatistical analysis indicates short-range grade variability. The SSO DFS was driven on a high grading strategy elevating the mine cut-off grade through the first 4 years of production. The combination of short range grade variability and a high grade mining strategy was seen as a key risk to address. As a consequence, the following additional work is being undertaken;

1. Mine scheduling and production rates were reviewed to address the concern on the ability to high grade the Achmmach orebody; and
2. Implement detailed mine schedule delays and sequencing to ensure adequate time has been built into the schedule for infill drilling and grade control during the production, planning and execution cycle.

#### Mining

AMC recommended a number of enhancements to the mine design and schedule including;

1. Review of the mine geotechnical data and model in regards to mine design and stoping parameters;
2. Redesign of the crown pillar between Western Zone stopes and surface;
3. Review of the recommended assumptions and schedule relating to cemented rock fill;
4. Review of the waste dump size and the waste mass balance through the mine life; and
5. Review of development ramp-up rates for stoping activities and ore trucking at peak production rates.

This work has all been completed as a part of the revised SSO feasibility and will be included in the updated DFS.

# Operations Review

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## Processing Design

The 2016 SSO DFS introduced several items of non-traditional processing equipment in an effort to reduce upfront capital and increase operating efficiencies. The introduction of new technology untested in the Achmmach operating environment introduced an additional element of risk to the project. AMC identified a number of items for review including;

1. Impact of the primary grind size increasing from 100 µm to 150 µm in the DFS;
2. The inclusion of non-conventional floatation cells as part of the flotation circuit; and
3. The use of vertical hammer mills as an alternative to rod mills in the grinding circuit.

Since the release of AMC findings, Kasbah has conducted further analysis and review of the process flow sheet.

AMC considered that the vertical hammer mills were insufficiently proven for a hard-rock implementation, especially when compared to rod mills which are widely applied in tin processing and are considered a far more conventional solution for hard-rock comminution. As part of the overall redesign of the process flow sheet, Kasbah has elected to replace the vertical hammer mills with conventional rod milling in the final process design.

## Tailings Storage Facility and Water Storage Dam

AMC confirmed that geotechnical drilling is required to finalise the location and design of the tailings storage facility and the water storage dam. The following work has now commenced with external consultants Knight Piesold appointed to carry out much of the work:

1. Confirmation of location and design of the tailings storage facility and water storage dam;
2. Geotechnical drilling and trenching to confirm tailings facility wall design and construction;
3. Detailed waste characterisation and mass balance determination to ensure suitability of waste rock for dam construction and site civil engineering works; and
4. Further testing of the resulting tailings sample to derive optimal upstream raise rate and final settled density for tailings management and storage.

## Exploration

AMC noted the potential for additional mineralization from further exploration within the region. Kasbah shares this view regarding field prospectivity and further work to rank and prioritise targets will commence alongside project development as the technical team is bolstered. Whilst project development is the Company's absolute focus, understanding potential for mine life extension and/or operational expansion is an opportunity to be assessed in the medium term.

## Next steps

The project optimisation phase is now underway and is on schedule for completion by the end of the September quarter of 2017. The results will then be incorporated into a revised 2017 DFS, the results of which will be announced during the December quarter of 2017. This will be a major announcement for the Company as it effectively finalises the outputs of the project, subject to final engineering and design work that will then commence in conjunction with project financing activities during the second half of calendar year 2017 with the aim of securing construction funding by the first quarter of calendar year 2018, at which point construction approval will be sought from the Kasbah Board and its joint venture partners.

# Operations Review

## 2.2 2016 Achmmach Ore Reserve

The Ore Reserve that supports the 2016 SSO DFS was announced concurrently on 10 August 2016 and has been estimated by Entech of Perth, Western Australia and uses 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 (**Table 1**) 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).

**Table 1: Achmmach Ore Reserve 2016**

Achmmach	Proven			Probable			Total		
	Ore (t)	% Sn	Tin Metal (t)	Ore (t)	% Sn	Tin Metal (t)	Ore (t)	% Sn	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
<b>TOTAL</b>	<b>877,000</b>	<b>1.10</b>	<b>9,700</b>	<b>5,680,000</b>	<b>0.80</b>	<b>45,900</b>	<b>6,557,000</b>	<b>0.85</b>	<b>55,500</b>

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

While the SSO DFS is based solely upon the Achmmach Ore Resource, exploration upside and mine life extension at Achmmach is likely from repetition of deeper targets within the main 1.6 km long Meknes Trend and the parallel, 1.6km 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 550m. It has not been drilled below 600m 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 200m of the full 1.6 km strike has defined the Western Zone reserve. Limited exploration has been undertaken across Sidi Addi at depth and along strike. Extensional exploration drilling is planned as part of the operational mine planning with the development of the western link drive to form a drill platform to efficiently target the Sidi Addi trend.

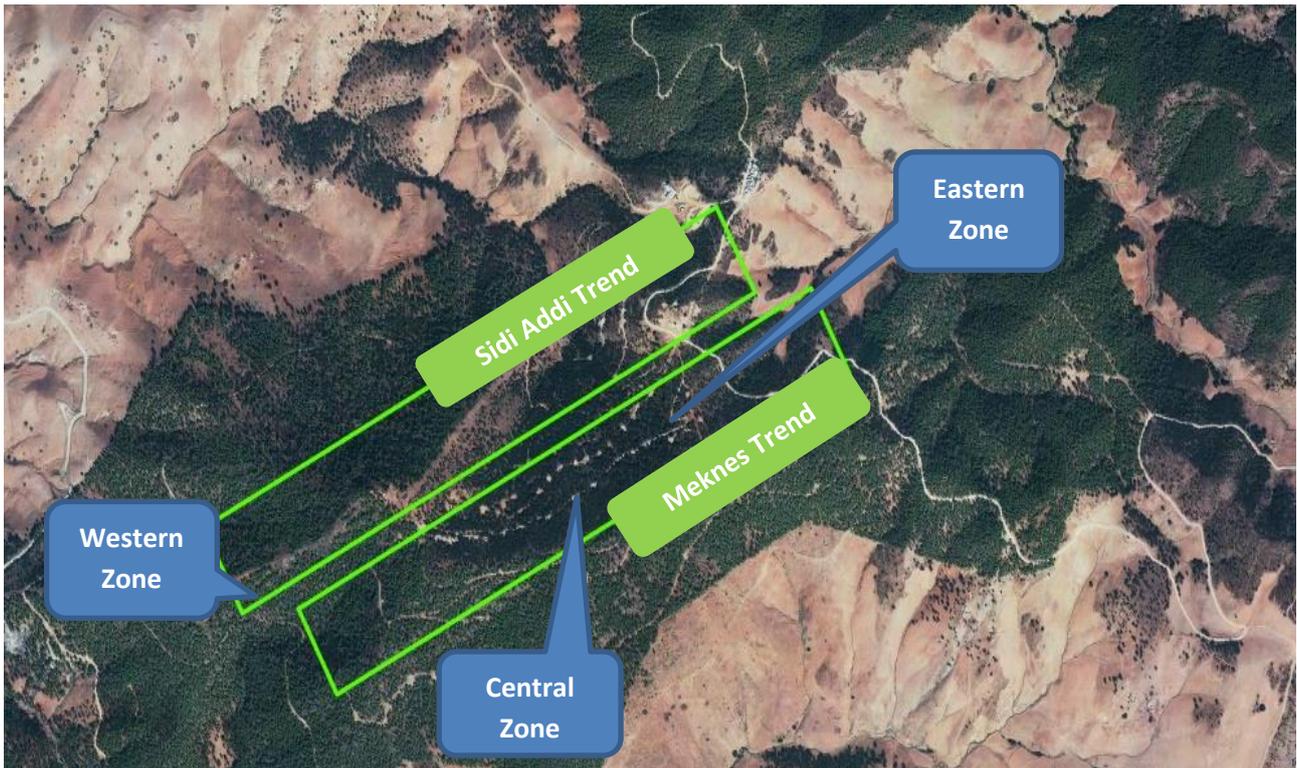


Figure 4: Achmmach Tin Project - two parallel, 1.6km long tin mineralised trends

## 2.3 Environment and Community Engagement

Post the end of the financial year, Atlas Tin received the new Mining license as granted under the recently released Moroccan Mining Code. This is a very pleasing development and re-confirms that Kasbah is fully up to date in securing all necessary project and permitting approvals for the development of Achmmach.

Interaction with local communities both in the immediate area of the proposed mine site and also in the wider community and country remains a high priority for Kasbah. Relations at all levels of community and Government remain excellent and we will look to continue working with all local stakeholders as we continue to progress plans to begin development activities on site.

# Operations Review

## 3. EXPLORATION

### 3.1 Morocco

Kasbah through its associated entities owns a number of Exploration packages within Morocco:

- **Ment Granite package (100% KAS)**
- **Zaer Granite package (100% KAS)**
- **Sofz Project (100% KAS)**
- **Tamlalt Gold Prospect (100% KAS) – not depicted in below Figure**

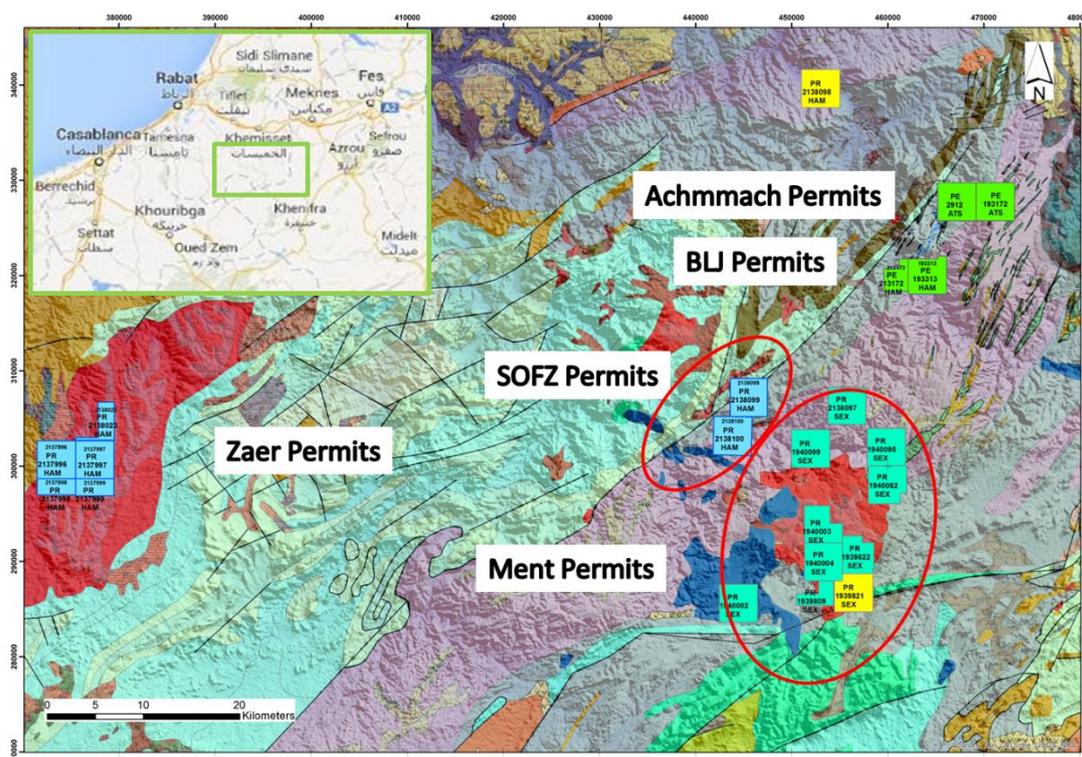


Figure 5: Map of Key Exploration Tenements

During the year the Company's key focus remained on Achmmach and minimal work was performed on these leases.

Kasbah has commenced a strategic review of its exploration leases. This has commenced with the development of a detailed project assessment, project ranking and prioritisation matrix. Once this is completed Kasbah will review its lease holdings and approach to regional exploration.

The Company is actively engaged in discussions with various parties over possible options for realising value from the Tamlalt gold prospect.

# Operations Review

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## 4. CORPORATE

### 4.1 Board changes during the year

The following changes to the Kasbah Board took place during the year:

Mr Rod Marston, non-executive Chairperson resigned December 2016

Ms Gabrielle Moeller, non-executive director, became non-executive Chairperson, December 2016

Mr Ian Mcubbing, non-executive director, resigned December 2016

Mr Giles Robbins, non-executive director, resigned December 2016

Mr Wayne Bramwell, Managing Director, stepped down to Executive Director December 2016. Resigned February 2017.

Mr Stephen Gill appointed non-executive director, December 2016

Ms Gabrielle Moeller, non-executive Chairperson, resigned, February 2017

Mr John Gooding appointed non-executive Chairperson, February 2017

Mr Graham Freestone appointed non-executive director, February 2017

Mr Wayne Bramwell, executive Director, resigned, February 2017

Mr Mike Brook, non-executive director, resigned February 2017

Mr Hedley Widdup, appointed non-executive director, February 2017

### 4.2 New Senior Management Changes during the year

The following changes to the Kasbah Senior management took place during the year:

Mr Wayne Bramwell, Managing Director, stepped down to Executive Director December 2016. Resigned February 2017

Mr Richard Hedstrom, appointed interim Chief Executive Officer December 2016. Appointed Chief Executive Officer February 2017. Resigned September 2017

Mr Mike Kitney, stepped down as Chief Operating Officer, May 2017

Mr Evan Spencer, appointed Chief Operating Officer, May, 2017

Mr Trevor O'Connor stepped down as CFO effective July 2017 and as Company Secretary effective September 2017

Mr Keith Pollocks appointed as CFO effective July 2017 and Company Secretary effective September 2017

### 4.3 Termination of proposed Scheme of Arrangement with Asian Mineral Resources

Following the failure of the proposed Scheme of Arrangement with Asian Mineral Resources, Kasbah entered a Deed of Termination with AMR in respect of the Scheme implementation agreement. As a consequence, no further discussions have taken place or are planned to take place in regards to any merger between the two parties.

# Operations Review

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## 4.4 Financial Resources

The financial position of the Group remains solid with a cash position of \$1,720,844 as at 30 June 2017 (2016: \$1,170,691). Included in this cash position was \$221,876 of the \$5.2M rights issue, with the balance of funds received after this financial year.

Debt of \$1,077,188 as at 30 June 2017 (2016: \$0).

The consolidated loss after income tax for the financial year was \$5,204,945 (2016: loss of \$3,410,664).

## 5. STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Governance of Kasbah Resources Limited's mineral resources development and management activities is a key responsibility of the Executive Management of the Company.

The Chief Operating Officer of Kasbah Resources Limited oversees and reviews all technical evaluations of the estimates and evaluates these with reference to actual physical, cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

The Chief Operating Officer is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the company with the estimation and reporting of resources and reserves done by Quantitative Group Pty Ltd and Entech Pty Ltd respectively. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A three-level compliance process guides the control and assurance activities:

1. Provision of internal policies, standards, procedures and guidelines;
2. Resources and reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes; and
3. Internal assessment of compliance and data veracity.

The objectives of the estimation process are to promote the maximum conversion of identified mineralisation into JORC compliant Mineral Resources and Ore Reserves.

Kasbah Resources reports its mineral resources and ore reserves on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition).

### Reserve and Resource Estimates

The Company confirms that it is not aware of any new information or data that materially affects the most current Reserve and Resource Estimates included in this report and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

### Forward-Looking Statements

This report 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 report. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

# Directors' Report

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as “the Group”) consisting of Kasbah Resources Limited and the entities it controlled for the year ended 30 June 2017.

## Directors

The following persons were Directors of Kasbah Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- John Gooding (appointed on 8 February 2017)
- Graham Freestone (appointed on 8 February 2017)
- Hedley Widdup (Alternate Director for Mike Brook 8 February 2017 to 27 February 2017, appointed as Non-executive Director in his own right on 27 February 2017)
- Stephen Gill (appointed on 23 December 2016)
- Martyn Buttenshaw (Alternate Director for Stephen Gill, appointed 10 May 2017)
- Mike Brook (resigned on 27 February 2017)
- Wayne Bramwell (resigned on 8 February 2017)
- Gabrielle Moeller (resigned on 8 February 2017)
- Rod Marston (resigned on 18 December 2016)
- Ian McCubbing (resigned on 18 December 2016)
- Giles Robbins (resigned on 18 December 2016)
- David Sher (Alternate Director for Giles Robbins – appointment term 8 August 2016 to 5 September 2016)

## Principal Activities

The principal activity of the Group during the year was the evaluation of its flagship Achmmach Tin Project in Morocco.

## Dividends – Kasbah Resources Limited

There were no dividends paid, recommended or declared during the current or previous financial year.

## Review of Operations

A full review of the operations is set out in the Operations Review on pages 4 - 14.

The consolidated loss after income tax for the financial year was \$5,204,945 (2016: loss of \$3,410,664). Included in the consolidated loss after income tax were employee benefits expenses of \$1,999,739 (2016: \$921,382 – increase in current year due to staff terminations), business development and transaction costs of \$1,246,473 (2016: \$102,256 – increase in current year due to costs associated with the Scheme Implementation Agreement with Asian Mineral Resources Limited) and interest and borrowing costs of \$108,346 (2016: 346 – increase in current year due to interest on the \$1,000,000 loan provided by Pala Investments Limited).

The cash position of the Group as at 30 June 2017 was \$1,720,844 (2016: \$1,170,691). On 10 August 2016, the Company released the SSO DFS for the Achmmach Tin Project. The SSO DFS determined that a 0.5 Mtpa, high grade underground operation at Achmmach is technically and commercially feasible.

# Directors' Report

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On 11 August 2016, the Company announced together with Asian Mineral Resources Limited (TSX-V: AMR) that they have entered into a Scheme Implementation Agreement pursuant to which Asian Mineral Resources Limited would, if implemented, acquire all of the ordinary outstanding shares of Kasbah Resources Limited by way of a scheme of arrangement under the Australian Corporations Act.

On 5 September 2016, the Company announced it had received A\$500,000 from Pala Investments Limited as the first instalment of a A\$1,000,000 loan facility made available to Kasbah Resources Limited pursuant to the Scheme Implementation Agreement entered into between Kasbah Resources Limited and Asian Mineral Resources Limited. The Company further announced on 7 November 2016 that it had received the second instalment of A\$500,000 from Pala Investments Limited.

On 9 December 2016, the Company announced that a fundamental error had been identified in the valuation methodology applied in BDO Corporate Finance (WA) Pty Ltd's independent expert's report on the Scheme Implementation Agreement. As a result, the Scheme was dismissed by the Federal Court of Australia.

On 19 December 2016, as a result of the Scheme being dismissed, the Company announced a placement of 138,133,684 shares to Pala Investments Limited at 2.7 cents each to raise A\$3,729,609 before costs. These shares were issued on 23 December 2016 and Pala Investments Limited became a 19.9% shareholder in the Company. In addition to the placement, the Company also announced a restructuring of the Board of Directors to reinvigorate and refocus the company, which took place between December 2016 and February 2017, the extension of the A\$1,000,000 Pala loan repayment to 31 December 2017, with an option to further extend to 30 June 2018 and that it had entered into a deed of termination with Asian Mineral Resources Limited in respect of the Scheme Implementation Agreement.

Together with the above Board restructure, an Interim Chief Executive Officer was appointed on 23 December 2016 and was confirmed as Chief Executive Officer on 8 February 2017, and a new Chief Operating Officer commenced on 1 May 2017.

Early in the 2017 calendar year, AMC Consultants were commissioned to conduct an independent assessment of the SSO DFS and construction readiness of the Achmmach Project, to identify opportunities for project optimisation, and to highlight areas of additional study required to de-risk key technical areas. AMC's findings found no fatal flaws in a project and a number of recommendations were made to enhance the project.

On 22 June 2017, the Company announced a fully underwritten non-renounceable rights issue to raise approximately A\$5.2M to finance completion of final pre-commitment technical work on the Achmmach Tin Project.

## Matters Subsequent to the End of the Financial Year

On 17 July 2017 a new Chief Financial Officer commenced at the Company, completing a restructuring of the Kasbah Board and senior management.

On 9 August 2017 the Company issued the final issue of shares to complete the A\$5.2M non renounceable rights issue which resulted in an additional 347,069,747 shares being issued at 1.5 cents each.

On 6 September 2017, the Company's CEO Richard Hedstrom resigned for personal reasons. In accordance with the terms of his service agreement, Richard Hedstrom received a payout of \$199,882, which included his notice period and accrued entitlements.

No other matters or circumstances have arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# Directors' Report

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## Likely Developments and Expected Results of Operations

The Group will now complete final study work and explore funding options for the Achmmach Tin Project.

## Environmental Regulation

In the course of its normal exploration activities the Group adheres to environmental regulations imposed upon it by the various regulatory authorities. The Group has complied with all material environmental requirements to the date of this report. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. Due to the location of the Group's projects in Morocco the Directors have assessed that there are no current reporting requirements under the Act, but this may change in the future. The Group is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect of its operating activities.

## Information on Directors

### **Mr John Gooding Assoc Dip. Mining Eng, FIE Aust, F.Aus. IMM, MAICD**

*Non-executive Chairman – appointed 8 February 2017*

John is a mining engineer with over 40 years of experience in gold and base metals operations including mining, exploration, smelting and refining, sales and marketing and major capital expansion projects. He most recently served as the Managing Director and Chief Executive Officer of Highlands Pacific for nine and a half years until November 2016, and prior to this held executive management positions with Normandy Mining, MIM, Xstrata, Ok Tedi Mining and Roche Mining. He holds both NT and NSW Mine Managers Certificates, is a Fellow of both the Institute of Engineers and the Australasian Institute of Mining and Metallurgy and is a member of the Australian Institute of Company Directors.

John is a Non-Executive Chairman of Hillgrove Resources Limited.

John has not held any other publicly listed company directorships in the last three years.

John is a member of both the Audit Committee and the Remuneration Committee from 27 February 2017.

Following the resignation of Richard Hedstrom as CEO on 6 September 2017, John remains Non-executive Chairman of the Company but will perform executive functions on an interim basis, whilst the search for a replacement executive is completed.

### **Mr Graham Freestone BEc (Hons)**

*Non-executive Director – appointed 8 February 2017*

Graham has over 45 years experience in the petroleum and natural resources industry. He has a broad finance, corporate and commercial background obtained in Australia and internationally through senior positions with the Shell Group, Acacia Resources and AngloGold. He served as Chief Financial Officer and Company Secretary of Acacia and AngloGold until 2001. Since 2001 he has held non-executive director roles with the Lion Selection Group (2001 to 2009) and Catalpa Resources (2009 to 2011).

Graham is a Non-executive Director of Evolution Mining Limited (since 2011).

Graham has not held any other publicly listed company directorships in the last three years.

Graham is Chairman of both the Audit Committee and the Remuneration Committee from 27 February 2017.

# Directors' Report

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## **Mr Hedley Widdup BSc (Hons Geology), MAusIMM**

*Alternate Non-executive Director for Mike Brook 8 February 2017 to 27 February 2017, appointed as Non-executive Director in his own right on 27 February 2017*

Hedley graduated as a geologist with first class honours from the University of Melbourne in 2000 and has extensive experience across mine and resource geology having worked at Mt Keith (WMC), Olympic Dam (WMC), Mt Isa (Xstrata) and the St Ives Gold Mine (Gold Fields). Hedley joined Lion Manager Pty Limited in July 2007 as an analyst, providing investment management services to Lion Selection Group and the African Lion funds.

Hedley is a Non-executive Director of Egan Street Resources Limited and an Executive Director of Lion Manager Pty Limited.

Hedley has not held any other publicly listed company directorships in the last three years.

Hedley is a member of both the Audit Committee and the Remuneration Committee from 27 February 2017.

## **Mr Stephen Gill MBA, MSc, BSc**

*Non-executive Director – appointed 23 December 2016*

Stephen is currently Portfolio Manager at Pala Investments Ltd. Stephen has been at Pala since 2008, during which time he has been involved in many of Pala's principal investments covering a range of commodities, as well as mining services and consumables sectors. Stephen has also supported many of Pala's investee companies in defining and implementing strategic initiatives. Stephen is also involved in the oversight of Pala's liquid investments portfolio. Prior to joining Pala, Stephen was at AMEC Plc., an engineering consulting firm, where he advised on a range of natural resources transactions.

Stephen also acted as an advisor across a range of private equity transactions, including investments in businesses spanning mining, metals processing, and mining consumables manufacturing industries. Stephen holds an MBA from the IE Business School in Madrid. He also holds an MSc from the University of North Carolina and a BSc from the University of Wales.

Stephen is currently a director of Nevada Copper (TSX: NSU) and was previously a director of Sierra Rutile (AIM:SRX) (resigned 8 December 2016) and Asian Mineral Resources (TSX.V: ASN) (resigned 1 July 2015).

Stephen has not held any other publicly listed company directorships in the last three years.

Stephen is a member of the Remuneration Committee from 29 December 2017.

## **Mr Martyn Buttenshaw MBA, MEng**

*Non-executive Alternate Director for Stephen Gill – appointed 10 May 2017*

Martyn has worked closely with several of Pala's portfolio companies including Sierra Rutile, Norcast Wear Solutions and Melior Resources, to assist in their execution of strategic plans, growth projects, product marketing strategy, development of corporate governance and achievement of operational goals.

Prior to joining Pala in 2010, Martyn was a Business Development Manager with Anglo American in its ferrous metals business unit. Martyn's primary responsibilities centered on the review and evaluation of potential iron ore investments globally. Martyn also spent five years working as a senior mining engineer with Rio Tinto in their technical services and industrial minerals groups.

Martyn is currently a director of Melior Resources (TSX:MLR) and was previously a director of Sierra Rutile Limited (LSE: SRX) (resigned 18 November 2014) and Asian Mineral Resources (TSX.V:ASN) (resigned 2 August 2017).

Martyn has not held any other publicly listed company directorships in the last three years.

# Directors' Report

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## **Mr Mike Brook BSc (Mining Geology), CEng MIMMM MAusIMM**

*Non-executive Director – resigned 27 February 2017*

Mike graduated with a Bachelor of Science in Mining Geology from the University of Wales (Cardiff) in 1981. He joined MIM Holdings Limited in Queensland in 1983 as a mine geologist in the copper and lead-zinc-silver operations, progressing to become Chief Geologist for the copper mining operation.

Mike joined stockbroker J B Were & Son in 1993 as a resource analyst specialising in emerging resource companies in the gold, base metals and mineral sands sectors. His research was recognised by the industry with an award from the Australian Gold Council for best junior company research in Australia. Mike joined the Lion team in 2001 as Manager African Funds. Mike became an executive director of Lion Manager Pty Limited in August 2004.

Mike has not held any other publicly listed company directorships in the last three years.

Mike was a member of the Audit and Remuneration Committees from 29 December 2016 to 27 February 2017.

## **Mr Wayne Bramwell BSc (Mineral Science), Grad Dip Bus, MSC (Mineral Economics), GAICD**

*Managing Director – to 23 December 2016, Executive Director 23 December 2016 to his resignation on 8 February 2017.*

Wayne is a Metallurgist and Mineral Economist with over 24 years' experience in operations, engineering, project evaluation and management. He has held senior commercial, project management and development positions with Iberian Resources Limited, Breakaway Resources Limited, Harmony Gold (Australia) Pty Limited, Hill 50 Limited and several Australian engineering companies. Wayne was a co-founder of Kasbah Resources Limited and was appointed a Director of the Company on 31 October 2005.

Wayne has not held any other publicly listed company directorships in the last three years.

Wayne was a member of the Audit and Remuneration Committees from 29 December 2016 to 8 February 2017.

## **Ms Gabrielle Moeller BSc (Economics) MSc (Applied Economics), MAICD**

*Non-executive Director – to 18 December 2016*

*Non-executive Chairperson — appointed 18 December 2016, resigned 8 February 2017*

Gabrielle is a senior business executive with more than 40 years' experience in international banking, project financing, trade finance, commodity marketing and mergers and acquisitions. Gabrielle was appointed a Director of the Company on 28 May 2014.

Previously Gabrielle has held senior corporate and finance roles including Managing Director with International banks and commodity trading houses such as Chase Manhattan Bank, Credit Agricole, Banque Paribas, Transamininvest, Transamine Trading, Finsearch SA and the Balli Group.

Gabrielle has not held any other publicly listed company directorships in the last three years.

Gabrielle was a member of both the Audit Committee and the Remuneration Committee until her resignation as director and Chair of both Committees for period 29 December 2016 to 8 February 2017.

# Directors' Report

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## **Dr Rodney Marston BSc (Hons), Ph.D., MAIG, MSEG**

*Non-executive Chairman – resigned 18 December 2016*

Rod is a Geologist with over 48 years' experience in the mineral exploration and mining industry, both in Australia and internationally. He played a key role in the discovery, development and management of the multi-million ounce Damang Gold Mine in Ghana, West Africa. Rod was appointed a Director of the Company on 15 November 2006.

Rod was a Non-executive Director (and formerly Chairman) of Independence Group NL (resigned 20 November 2014) and was a Director of Ranger Minerals Limited prior to its merger with Perilya Limited.

Rod has not held any other publicly listed company directorships in the last three years.

Rod was a member of both the Audit Committee and the Remuneration Committee until 18 December 2016.

## **Mr Ian McCubbing BCom (Hons), MBA (Ex), CA, GAICD**

*Non-executive Director – resigned 18 December 2016*

Ian is a Chartered Accountant with more than 30 years' corporate experience including mergers and acquisitions, project finance and investment banking from both the borrower's and provider's side. Ian has spent more than 16 years' working with ASX 200 and other listed companies in senior finance roles, including positions as Finance Director and Chief Financial Officer in mining and industrial companies. Ian was appointed as a Director of the Company on 1 March 2011.

Ian was previously the Chief Financial Officer of GRD Limited, a Director of Territory Resources Limited, Chairman of Eureka Energy Limited and a Director of Alcyone Resources Limited. Ian resigned as Chairman of Eureka Energy Limited on 20 June 2012, as a Director of Alcyone Resources Limited on 8 March 2013 and as Chairman of Mirabela Nickel Limited on 7 April 2014.

Ian is currently a Non-executive Director of Swick Mining Services Limited and Avenir Limited and Non-executive Chairman of Rimfire Pacific Mining NL (appointed 25 July 2016).

Ian was Chairman of the Audit Committee and Chairman of the Remuneration Committee until 18 December 2016.

## **Mr Giles Robbins, MA, MBA, C Eng. MI Mech. E**

*Non-executive Director – resigned 18 December 2016*

Giles Robbins has an MA in Engineering Science from the University of Oxford, an MBA specialising in Business Strategy from The University of Bradford and is a Chartered Mechanical Engineer. His practical engineering experience was gained in the minerals extraction industry, in chemicals and process engineering and in project management.

He has worked for the AMC Group since 1990 rising from a role in business development to the Group Managing Director. He has detailed knowledge and experience of the tin industry gained as Chairman of both Thailand Smelting & Refining Co Ltd (Thaisarco) the tin smelter based in Phuket and of Amalgamated Metal Trading Ltd, which is a ring dealing member of the London Metal Exchange (LME).

Giles has not held any other publicly listed company directorships in the last three years.

Giles was not a member of any of the Board sub-committees.

# Directors' Report

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## **Mr David Sher, MBA, MMath, CFA**

*Non-executive Alternate Director for Giles Robbins – Appointment term 8 August 2016 to 5 September 2016*

David Sher holds a Masters in Mathematics from the University of Cambridge and an MBA from INSEAD, and is a CFA Charterholder. He is currently Group Managing Director at the AMC Group, and has been a Director of the AMC Group since 2015. David has not held any other publicly listed company directorships in the last three years.

David was not a member of any of the Board sub-committees.

## **Company Secretary**

### **Mr Keith Pollocks BBus (Econs, Acc), MCommerce, CPA, MCT**

*Company Secretary – appointed 11 September 2017*

Keith has an extensive background in the natural resources sector and extensive experience in a variety of senior finance roles, having led and managed finance teams, major commercial negotiations and projects within globally significant corporations.

Prior to joining Kasbah, Keith was the CFO of the Newcastle Coal Infrastructure Group, a consortium of major coal producers, including BHP, which owns and operates one of Australia's largest coal export terminals and has turnover of A\$400m annually. Prior to this, Keith was General Manager Treasury, Taxation and Business Evaluation at MMG Limited, a dual listed globally diversified base metals company, where he was responsible for those functions. Before this, Keith held senior finance / Company Secretary positions with Lyondellbasell (formerly Shell Chemicals).

### **Mr Trevor O'Connor BBus (Acc), FGIA, FCIS, CA**

*Company Secretary – resigned 11 September 2017*

Trevor is a Chartered Accountant and a practicing Chartered Secretary with over 20 years' corporate experience. He has over 13 years' experience in the resources and mining services industry.

Prior to joining Kasbah, Trevor held the position as Chief Financial Officer and Company Secretary for ipernica Limited, an ASX listed company involved in intellectual property. He has also held the position of Company Secretary for a number of public and private companies within the mining, property development, and e-commerce sectors.

# Directors' Report

## Directors' Meetings

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

Name of Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
John Gooding	5	5	2	2	1	1
Graham Freestone	5	5	2	2	1	1
Hedley Widdup	5	5	2	2	1	1
Stephen Gill	8	8	-	-	3	3
Rodney Marston	14	14	1	1	-	-
Wayne Bramwell	17	17	1	1	2	2
Ian McCubbing	14	14	1	1	-	-
Gabrielle Moeller	16	17	2	2	2	2
Giles Robbins	12	13	-	-	-	-
Mike Brook	17	17	1	1	2	2
David Sher (alternate for Giles Robbins)	1	1	-	-	-	-

Held represents the number of meetings held during the time the director held office or was a member of the relevant committee.

# Directors' Report

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## Remuneration Report – Audited

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its regulations.

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remunerations
- C. Service agreements
- D. Share-based compensation
- E. Additional disclosures relating to key management personnel

### A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to attract and maintain appropriately qualified and experienced Directors and Executives.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and Executives. Using market remuneration data for similar junior resources companies, the Remuneration Committee has structured an executive remuneration framework that is competitive and appropriate given the stage of development of the Company and the activities which it undertakes and is consistent in aligning shareholder and corporate objectives.

In accordance with best practice corporate governance, the structure of Non-executive Director and executive remunerations are separate.

#### Non-executive Directors' Remuneration

With the significant Board restructure undertaken during the current financial year, consideration was given as to appropriate levels of remuneration to attract new Board members and these were implemented during the year.

Generally fees payable to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. In accordance with the Company's constitution, alternate Non-executive Directors are not entitled to receive remuneration.

ASX listing rules require the aggregate Non-executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting on 24 November 2011, where the shareholders approved the maximum aggregate amount of fees that can be paid to Non-executive Directors to be \$400,000.

# Directors' Report

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## Executive Remuneration

The Group has during the year restructured the remuneration system to one which aims to reward executives with a mix of remuneration based on their position and responsibility, with a fixed cash component and “at risk” components based on delivery of certain Company performance goals that are assessed over a short term basis delivered in cash or shares, and a longer term incentive plan (LTIP) component deliverable in Performance Rights that will vest 3 years after issue date. The implementation of the latter component (LTIP) is subject to shareholder approval at the Company’s 2017 Annual General Meeting.

The executive remuneration framework has four components:

- Total Fixed Remuneration comprising base salary and statutory superannuation;
- Short-term incentive plans (STIP);
- Long term incentive plan (LTIP); and
- During the 2017 financial year options have been granted to incoming senior executives as an incentive to sign on to the Company.

The fixed remuneration of executives comprising base salary and superannuation, is reviewed annually by the Remuneration Committee based on overall performance and comparable market remunerations.

The short-term incentives (“STI”) plans are reviewed annually by the Remuneration Committee and are granted to executives based on specified targets being achieved. These targets will generally include key operational and non-operational aims that reflect the current strategy of the Group to further the Group’s goals.

STI bonuses were awarded in the 2017 financial year to the Chief Executive Officer and Chief Operating Officer and under the terms of their contracts their bonus was set on a prorata basis during the initial part year they have completed to 30 June 2017. Going forward STI bonuses are “at risk” and will be tested against hurdles set at the beginning of each year such as delivery of DFS and project construction, project funding and safety.

The long-term incentives (“LTI”) are to be delivered under a revised Kasbah Long Term Incentive Plan to be put to shareholders for approval at the 2017 Annual General Meeting. Incentives under this plan will be in the form of an annual issue of Performance Rights which will vest 3 years after issue date, after testing against predetermined performance hurdles reflecting achievement of the Company’s key strategic targets and achieving targeted improvements in shareholder return over each period. On vesting, Performance Rights will convert into fully paid ordinary shares in the Company at no cost to the recipient.

The proposed LTI Plan for the initial period to 30 June 2020 incentivises executives based on the relative performance of the following metrics:

- Kasbah’s relative share price benchmarked against the S&P/ASX Small Ordinaries Resources Index over the 3 year period;
- Kasbah’s absolute share price; and
- Achmmach Tin Project actual performance assessed against delivery of key measures (CAPEX, OPEX, throughput tonnes and recoveries) against the 2017 Definitive Feasibility Study.

## Group’s Financial Performance and Link to Remuneration

Currently there is no link to the financial performance of the Group to executive remuneration. The restructuring of the remuneration system during the 2017 financial year through the implementation of STIP and LTIP has been aimed to direct focus of key management to the achievement of the Company’s key strategic goals and the delivery of improved shareholder returns over both the short term and the longer term focus of the LTIP. The Remuneration Committee deems this appropriate given that the Group is currently moving towards the development phase of the Achmmach Tin Project.

# Directors' Report

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## Use of Remuneration Consultants

During the financial year ended 30 June 2017, no remuneration consultants were engaged by the Company.

## Voting at the Company's 2016 Annual General Meeting (AGM)

At the 2016 AGM, 94% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

## B. DETAILS OF REMUNERATION

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Kasbah Resources Limited:

- John Gooding (appointed 8 February 2017)
- Graham Freestone (appointed 8 February 2017)
- Hedley Widdup (appointed 8 February 2017 as Alternate Director for Mike Brook, appointed 27 February 2017 as Director in his own right)
- Stephen Gill (appointed 23 December 2016)
- Martyn Buttenshaw (appointed 10 May 2017 as Alternate Director for Stephen Gill)
- Wayne Bramwell – Managing Director (until 23 December 2016 when he transitioned to Executive Director, resigned 8 February 2017)
- Rodney Marston – Non-executive Chairman (resigned 18 December 2016)
- Ian McCubbing – Non-executive Director (resigned 18 December 2016)
- Gabrielle Moeller – Non-executive Director (to 18 December 2016 when she transitioned to Non Executive Chairperson until her resignation on 8 February 2017)
- Giles Robbins – Non-executive Director (resigned 18 December 2016)
- Mike Brook – Non-executive Director (resigned 27 February 2017)
- David Sher – Non-executive Director (appointed 8 August 2016 to 5 September 2016 as Alternate Director for Giles Robbins)

And the following persons:

- Richard Hedstrom – Chief Executive Officer (appointed 23 December 2016, resigned 6 September 2017)
- Evan Spencer – Chief Operating Officer (appointed 1 May 2017)
- Mike Kitney – Chief Operating Officer (resigned 31 May 2017)
- Trevor O'Connor – Chief Financial Officer and Company Secretary

## Directors' Report

Name	Year	Short-term		Post	Long-term	Share based	Termination	Total
		Salaries & fees	Bonus	Employment Superannuation	Long Service Leave	payments Options	Benefits	
		\$	\$	\$	\$	\$	\$	\$
<b>Non-executive Directors</b>								
John Gooding – Non-executive Chairman (i)	2017	33,309	-	3,164	-	-	-	36,473
Graham Freestone – Non-executive Director (i)	2017	24,401	-	2,318	-	-	-	26,719
Hedley Widdup – Non-executive Director (ii)	2017	21,205	-	-	-	-	-	21,205
Stephen Gill – Non-executive Director (iii)	2017	-	-	-	-	-	-	-
Rodney Marston – Non-executive Chairman (iv)	2017	20,548	-	1,952	-	-	-	22,500
	2016	41,096	-	3,904	-	-	-	45,000
Gabrielle Moeller – Non-executive Director (v)	2017	35,580	-	-	-	-	-	35,580
	2016	30,000	-	-	-	1,944	-	31,944
Ian McCubbing – Non-executive Director (iv)	2017	25,331	-	2,169	-	-	-	27,500
	2016	32,397	-	2,603	-	-	-	35,000
Giles Robbins – Non-executive Director (iv)	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
Mike Brook – Non-executive Director (vi)	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-
<b>Executive Directors</b>								
Wayne Bramwell - Managing Director (vii) (xii)	2017	179,719	-	17,073	(65,289)	-	513,843	645,346
	2016	283,500	-	26,933	7,074	-	-	317,507
<b>Total</b>	<b>2017</b>	<b>340,093</b>	<b>-</b>	<b>26,676</b>	<b>(65,289)</b>	<b>-</b>	<b>513,843</b>	<b>815,323</b>
<b>Total</b>	<b>2016</b>	<b>386,993</b>	<b>-</b>	<b>33,440</b>	<b>7,074</b>	<b>1,944</b>	<b>-</b>	<b>429,451</b>

# Directors' Report

Name	Year	Short-term		Post	Long-term	Share based	Termination	Total
		Salaries & fees	STI Bonus	Employment	Long Service	payments	Benefits	
		\$	\$	\$	\$	\$	\$	\$
<b>Key Management Personnel</b>								
Richard Hedstrom (Chief Executive Officer) (viii)	2017	167,551	71,575	15,917	465	4,546	-	260,054
Evan Spencer (Chief Operating Office) (ix)	2017	71,357	28,411	6,779	148	4,546	-	111,241
Mike Kitney (Chief Operating Officer) (x) (xii)	2017	245,352	-	37,579	(35,324)	-	226,668	474,275
	2016	232,248	-	30,930	12,556	-	-	275,734
Trevor O'Connor (CFO & Company Secretary) (xi) (xii)	2017	223,493	-	21,232	(27,513)	-	226,693	443,905
	2016	198,660	-	18,873	9,972	-	-	227,505
<b>Total</b>	<b>2017</b>	<b>707,753</b>	<b>99,986</b>	<b>81,507</b>	<b>(62,224)</b>	<b>9,092</b>	<b>453,361</b>	<b>1,289,475</b>
<b>Total</b>	<b>2016</b>	<b>430,908</b>	<b>-</b>	<b>49,803</b>	<b>22,528</b>	<b>-</b>	<b>-</b>	<b>503,239</b>

(i) Appointed 8 February 2017.

(ii) Appointed 27 February 2017 as Director in his own right. Fees for Mr Widdup's services as Non-executive Director are paid to Lion Manager Pty Ltd.

(iii) Appointed 23 December 2017. Mr Gill did not participate in being remunerated for the 2017 financial year.

(iv) Resigned 18 December 2017.

(v) Resigned 8 February 2017.

(vi) Resigned 27 February 2017.

(vii) Resigned 8 February 2017. Termination benefits include payment of unused leave entitlements of \$197,437.

(viii) Appointed 23 December 2016, resigned 6 September 2017. It has been agreed that for the 2017 Financial Year the Net Short Term Incentive Bonus (after deduction of personal income taxes and superannuation guarantee fee will be satisfied through the issue of 2,292,994 shares which were issued on 6 September 2017.

(ix) Appointed 1 May 2017. It has been agreed that for the 2017 Financial Year the Net Short Term Incentive Bonus (after deduction of personal income taxes and superannuation guarantee fee will be satisfied through the issue of 910,182 shares which were issued on 6 September 2017.

(x) Resigned 31 May 2017. Termination benefits include payment of unused leave entitlements \$12,900.

(xi) Includes the provision for termination benefits during the financial period, although Mr O'Connor final termination date will not be until October 2017.

(xii) Negative Long-term long service leave accruals represents reversal of previously accrued Long Service Leave entitlements on termination of employment.

# Directors' Report

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk - STI		At risk – LTI*	
	2017	2016	2017	2016	2017	2016
<b>Non-executive Directors</b>						
John Gooding	100%	-	-	-	-	-
Graham Freestone	100%	-	-	-	-	-
Hedley Widdup	100%	-	-	-	-	-
Stephen Gill	-	-	-	-	-	-
Rodney Marston	100%	100%	-	-	-	-
Ian McCubbing	100%	100%	-	-	-	-
Gabrielle Moeller	100%	94%	-	-	-	6%
Giles Robbins	-	-	-	-	-	-
Mike Brook	-	-	-	-	-	-
<b>Executive Directors</b>						
Wayne Bramwell	100%	100%	-	-	-	-
<b>Key Management Personnel</b>						
Richard Hedstrom	70%	-	28%	-	2%	-
Evan Spencer	70%	-	26%	-	4%	-
Mike Kitney	100%	100%	-	-	-	-
Trevor O'Connor	100%	100%	-	-	-	-

\* Since the long term incentives in place during the current year were provided exclusively by way of options, the percentages disclosed reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

The proportion of the short term incentive bonus paid or payable is as follows:

Name	Bonus paid or payable		Bonus not achieved	
	2017	2016	2017	2016
<b>Executive Directors</b>				
Wayne Bramwell	N/A	N/A	N/A	N/A
<b>Key Management Personnel</b>				
Richard Hedstrom	100%	N/A	0%	N/A
Evan Spencer	100%	N/A	0%	N/A
Mike Kitney	N/A	N/A	N/A	N/A
Trevor O'Connor	N/A	N/A	N/A	N/A

# Directors' Report

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## C. SERVICE AGREEMENTS

On appointment to the Board all Non-executive Directors enter into a Service Agreement with the Company in the form of a letter of appointment. The letter summarises the Board's policies and terms including compensation relevant to the office of Non-executive Directors.

A summary of the key conditions of service contracts for Executives is set out as follows:

### **Richard Hedstrom – Chief Executive Officer (appointed 23 December 2016, resigned 6 September 2017)**

- Term of Agreement – No fixed term.
- Total salary inclusive of superannuation of \$350,000 to be reviewed annually.
- Short term incentives of up to 60% of Total Fixed Remuneration as per STI hurdle achievement and Remuneration Committee / Board approval.
- Long term incentives in the form of performance rights of up to 75% of Total Fixed Remuneration as per LTI hurdle achievement and Remuneration Committee / Board approval.
- The Executive or Company may terminate the agreement by providing six months' written notice. In addition termination benefits to the extent permitted under the Corporation Act are included in the contract in the event of certain termination events.
- There are no other termination benefits to be paid other than in the circumstances above.

### **Evan Spencer – Chief Operating Officer (appointed 1 May 2017)**

- Term of Agreement – No fixed term.
- Total salary inclusive of superannuation of \$340,000 to be reviewed annually.
- Short term incentives of up to 50% of Total Fixed Remuneration as per STI hurdle achievement and Remuneration Committee / Board approval.
- Long term incentives in the form of performance rights of up to 60% of Total Fixed Remuneration as per LTI hurdle achievement and Remuneration Committee / Board approval.
- The Executive or Company may terminate the agreement by providing six months' written notice. In addition termination benefits to the extent permitted under the Corporation Act are included in the contract in the event of certain termination events.
- There are no other termination benefits to be paid other than in the circumstances above.

### **Keith Pollocks – Chief Financial Officer (appointed 17 July 2017) and Company Secretary (appointed 11 September 2017)**

- Term of Agreement – No fixed term.
- Total salary inclusive of superannuation of \$310,000 to be reviewed annually.
- Short term incentives of up to 50% of Total Fixed Remuneration as per STI hurdle achievement and Remuneration Committee / Board approval.
- Long term incentives in the form of performance rights of up to 60% of Total Fixed Remuneration as per LTI hurdle achievement and Remuneration Committee / Board approval.
- The Executive or Company may terminate the agreement by providing six months' written notice. In addition termination benefits to the extent permitted under the Corporation Act are included in the contract in the event of certain termination events.
- There are no other termination benefits to be paid other than in the circumstances above.

# Directors' Report

## Trevor O'Connor – Chief Financial Officer (to 17 July 2017) and Company Secretary (to 11 September 2017)

- Term of Agreement – No fixed term, however the Company has agreed to terminate the contract with Mr O'Connor and is he is due to cease all employment with the Company on or before 25 October 2017.
- Total salary inclusive of superannuation of \$217,533 to be reviewed annually.

## D. SHARE-BASED COMPENSATION

The terms and conditions of each grant of options affecting remuneration in the previous, current or future reporting periods are as follows:

Number Granted	Grant Date	Vesting and Exercise Date	Expiry Date	Exercise Price of Options \$	Value per Option at Grant Date \$	Value of Options at Grant Date \$	Vested (%)
3,000,000	4 May 2017	4 May 2018	4 May 2020	0.033	0.013	38,535	0
3,000,000	4 May 2017	4 May 2019	4 May 2020	0.033	0.013	38,535	0
1,500,000	25 July 2017	25 July 2018	25 July 2020	0.022	0.006	18,233	0
1,500,000	25 July 2017	25 July 2019	25 July 2020	0.022	0.006	18,233	0

Following the resignation of Mr Richard Hedstrom in September 2017, 3,000,000 options held by him and granted on 4 May 2017 were cancelled.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the week up to the date of grant.

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of Options Granted during the Year		Number of Options Vested during the Year	
	2017	2016	2017	2016
Wayne Bramwell	-	-	-	-
John Gooding	-	-	-	-
Graham Freestone	-	-	-	-
Hedley Widdup	-	-	-	-
Stephen Gill	-	-	-	-
Rodney Marston	-	-	-	-
Ian McCubbing	-	-	-	-
Gabrielle Moeller	-	-	-	250,000
Giles Robbins	-	-	-	-
Mike Brook	-	-	-	-
Richard Hedstrom	3,000,000	-	-	-
Evan Spencer	3,000,000	-	-	-
Mike Kitney	-	-	-	-
Trevor O'Connor	-	-	-	-

# Directors' Report

6,000,000 options over ordinary shares were granted to incoming key management personnel as a “sign-on” incentive as part of their compensation during the year ended 30 June 2017. A further 3,000,000 options were granted to the incoming Chief Financial Officer on 25 July 2017. No options lapsed during the year. The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. No options granted in the current or previous financial years were exercised.

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were exercised by Directors or other key management personnel during the year.

## Trading in the Company's Securities by Directors, Officers and Employees

The Board has adopted a policy in relation to dealing in the securities of the Company which applies to all Directors, Officers and employees. Under the policy, these persons are prohibited from dealing in the Company's securities whilst in possession of price sensitive information and are also prohibited from short term or “active” trading in the Company's securities during specific blackout periods. The Company Secretary must be notified as soon as practical upon the trading of securities under these circumstances.

The introduction of the Company's STI and LTI Plans during the year have been designed to align the Company's remuneration policy for key management personnel with the Company's performance both in achieving its strategic goals and in the aim of improvement in returns to Shareholders.

## E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

### Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Purchased	Other (i)	Balance at the end of the year
John Gooding	-	-	-	-
Graham Freestone	-	300,000	-	300,000
Hedley Widdup	-	-	-	-
Stephen Gill	-	-	-	-
Wayne Bramwell	10,800,000	-	(10,800,000)	-
Rodney Marston	2,326,018	-	(2,326,018)	-
Ian McCubbing	260,000	-	(260,000)	-
Gabrielle Moeller	6,587,350	-	(6,587,350)	-
Giles Robbins	-	-	-	-
Mike Brook	-	-	-	-
Richard Hedstrom	-	-	-	-
Evan Spencer	-	-	-	-
Mike Kitney	537,909	-	(537,909)	-
Trevor O'Connor	-	-	-	-

(i) Movement due to resignation as a director or as key management personnel.

# Directors' Report

## Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable at the end of year	Vested and un-exercisable at the end of year
John Gooding	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-
Hedley Widdup	-	-	-	-	-	-	-
Stephen Gill	-	-	-	-	-	-	-
Wayne Bramwell	-	-	-	-	-	-	-
Rodney Marston	-	-	-	-	-	-	-
Ian McCubbing	-	-	-	-	-	-	-
Gabrielle Moeller (i)	500,000	-	-	(500,000)	-	-	-
Giles Robbins	-	-	-	-	-	-	-
Mike Brook	-	-	-	-	-	-	-
Richard Hedstrom	-	3,000,000	-	-	3,000,000	-	-
Evan Spencer	-	3,000,000	-	-	3,000,000	-	-
Mike Kitney	-	-	-	-	-	-	-
Trevor O'Connor	-	-	-	-	-	-	-

(i) Movement due to resignation as a director or as key management personnel.

**This concludes the remuneration report, which has been audited.**

# Directors' Report

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## Shares under Option

Unissued ordinary shares of Kasbah Resources Limited under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Exercise Price of Options \$	Number of Options
27 November 2014	27 November 2017	0.120	500,000
4 May 2017	4 May 2020	0.033	3,000,000
25 July 2017	25 July 2020	0.022	3,000,000
			<b>6,500,000</b>

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No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

## Shares Issued on the Exercise of Options

There were no ordinary shares of Kasbah Resources Limited issued during the year ended 30 June 2017 and up to the date of this report on the exercise of options granted to shareholders and employees.

## Indemnity and insurance of officers

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

## Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 17 to the financial statements.

# Directors' Report

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The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied the services disclosed in note 17 did not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Officers of the company who are former audit partners of HLB Mann Judd or BDO Audit (WA) Pty Ltd

There are no officers of the company who are former audit partners of HLB Mann Judd or BDO Audit (WA) Pty Ltd.

## Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under sections 307C of the Corporations Act 2001 is set out on page 36.

## Auditor

Further to the failure of the Scheme of Arrangement with Asian Mineral Resources Limited and the fundamental error identified in the valuation methodology applied by BDO Corporate Finance (WA) Pty Ltd, the Board decided to put the audit of Kasbah Resources Limited out to tender. Following this process, HLB Mann Judd were appointed as auditors and continue in office in accordance with section 327 of the Corporations Act 2001.

## Corporate Governance

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Corporate Governance Statement dated 20 September 2017 which is available on the Company's website at <http://www.kasbahresources.com/index.php/about/corporate-governance>.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**John Gooding**

*Chairman*

20 September 2017

Perth



**Graham Freestone**

*Audit Committee Chairman*

20 September 2017

Perth

# Auditor's Independence Declaration

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Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Kasbah Resources Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd  
Chartered Accountants

A handwritten signature in black ink that reads 'B G McVeigh'.

B G McVeigh  
Partner

Perth, Western Australia  
20 September 2017

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd (WA Partnership) is a member of  HLB International, a world-wide organisation of accounting firms and business advisers

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Revenue from continuing operations	3	27,246	50,801
Other Income	3	-	1,000
Exploration and evaluation expenditure		995,462	1,501,009
Non-recoverable Moroccan TVA expense	4	166,716	251,431
Employee option based payment expense		9,093	1,944
Accounting and corporate fees		224,755	199,838
Employee benefits expenses		1,999,739	921,382
Administration expenses		196,945	175,941
Project financing expenses		8,176	-
Business development and transaction costs		1,246,473	102,256
Depreciation and amortisation expenses	4	111,055	220,731
Interest and borrowing costs		108,346	346
Occupancy expenses		49,129	53,738
Other expenses from ordinary activities		116,302	33,849
(Loss) from continuing operations before tax expense		(5,204,945)	(3,410,664)
Income tax benefit/(expense)	5	-	-
(Loss) after tax from continuing operations		<b>(5,204,945)</b>	<b>(3,410,664)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference on foreign operations		(142,125)	186,783
<b>Total comprehensive loss for the year</b>		<b>(5,347,070)</b>	<b>(3,223,881)</b>

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Total loss for the year is attributable to:			
Non-controlling interest		(263,421)	(388,207)
Owners of Kasbah Resources Limited		(4,941,524)	(3,022,457)
		<b>(5,204,945)</b>	<b>(3,410,664)</b>
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(301,417)	(344,788)
Owners of Kasbah Resources Limited		(5,045,653)	(2,879,093)
		<b>(5,347,070)</b>	<b>(3,223,881)</b>
Loss per share for the year attributable to the members of Kasbah Resources Limited:			
Basic (loss) per share (cents per share)	23	(0.79)	(0.54)
Diluted (loss) per share (cents per share)	23	(0.79)	(0.54)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Balance Sheet as at 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	6	1,720,844	1,170,691
Trade and other receivables	7	256,573	154,054
Non-current assets classified as held for sale	8	1	1
<b>Total Current Assets</b>		<b>1,977,418</b>	<b>1,324,746</b>
<b>Non-current Assets</b>			
Property, plant and equipment	9	37,806	151,826
Exploration and evaluation expenditure	10	5,536,952	5,617,412
<b>Total Non-current Assets</b>		<b>5,574,758</b>	<b>5,769,238</b>
<b>TOTAL ASSETS</b>		<b>7,552,176</b>	<b>7,093,984</b>
<b>Current Liabilities</b>			
Trade and other payables	11	1,605,556	742,040
Loan - secured	12	1,077,188	-
<b>Total Current Liabilities</b>		<b>2,682,744</b>	<b>742,040</b>
<b>Non-current Liabilities</b>			
Employee Entitlements		613	69,953
<b>Total Non-Current Liabilities</b>		<b>613</b>	<b>69,953</b>
<b>TOTAL LIABILITIES</b>		<b>2,683,357</b>	<b>811,993</b>
<b>NET ASSETS</b>		<b>4,868,819</b>	<b>6,281,991</b>
<b>Equity</b>			
Issued capital	13	66,885,488	63,293,010
Reserves	14	28,357,979	28,453,016
Accumulated losses		(90,043,043)	(85,101,519)
Parent Entity Interest		5,200,424	6,644,507
Non-Controlling Interest	15	(331,605)	(362,516)
<b>TOTAL EQUITY</b>		<b>4,868,819</b>	<b>6,281,991</b>

The consolidated balance sheet should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity for the year ended 30 June 2017

Consolidated	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserves \$	Foreign Currency Translation Reserves \$	Other Reserves \$	Subtotal \$	Non- controlling Interest \$	Total \$
<b>Balance 1 July 2015</b>	<b>63,293,010</b>	<b>(82,079,062)</b>	<b>3,492,343</b>	<b>(1,057,986)</b>	<b>25,873,350</b>	<b>9,521,655</b>	<b>(475,964)</b>	<b>9,045,691</b>
Loss for the period	-	(3,022,457)	-	-	-	(3,022,457)	(388,788)	(3,410,664)
<b>Other comprehensive income</b>								
Foreign currency translation differences	-	-	-	143,364	-	143,365	43,419	186,783
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(3,022,457)</b>	<b>-</b>	<b>143,364</b>	<b>-</b>	<b>(2,879,093)</b>	<b>(344,788)</b>	<b>(3,223,881)</b>
<b>Transactions with owners in their capacity as owners</b>								
Share based payments	-	-	1,944	-	-	1,944	-	1,944
Issue of fully paid shares	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Non-controlling interest contributed assets	-	-	-	-	-	-	458,236	458,236
<b>Balance 30 June 2016</b>	<b>63,293,010</b>	<b>(85,101,519)</b>	<b>3,494,287</b>	<b>(914,622)</b>	<b>25,873,350</b>	<b>6,644,507</b>	<b>(362,516)</b>	<b>6,281,991</b>
<b>Balance 1 July 2016</b>	<b>63,293,010</b>	<b>(85,101,519)</b>	<b>3,494,287</b>	<b>(914,622)</b>	<b>25,873,350</b>	<b>6,644,507</b>	<b>(362,516)</b>	<b>6,281,991</b>
Loss for the period	-	(4,941,524)	-	-	-	(4,941,524)	(263,421)	(5,204,945)
<b>Other comprehensive income</b>								
Foreign currency translation differences	-	-	-	(104,129)	-	(104,129)	(37,996)	(142,125)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(4,941,524)</b>	<b>-</b>	<b>(104,129)</b>	<b>-</b>	<b>(5,045,653)</b>	<b>(301,417)</b>	<b>(5,347,070)</b>
<b>Transactions with owners in their capacity as owners</b>								
Share based payments	-	-	9,093	-	-	9,093	-	9,093
Issue of fully paid ordinary shares	3,729,609	-	-	-	-	3,729,609	-	3,729,609
Share issue costs	(137,131)	-	-	-	-	(137,131)	-	(137,131)
Non-controlling interest contributed assets	-	-	-	-	-	-	332,328	332,328
<b>Balance 30 June 2017</b>	<b>66,885,488</b>	<b>(90,043,043)</b>	<b>3,503,380</b>	<b>(1,018,751)</b>	<b>25,873,350</b>	<b>5,200,425</b>	<b>(331,605)</b>	<b>4,868,819</b>

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows for the year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(3,369,674)	(1,394,288)
Payments for exploration and evaluation		(1,237,212)	(2,163,463)
Interest received		28,068	52,535
Other Income		-	-
<b>Net cash outflow from operating activities</b>	22a	<b>(4,578,818)</b>	<b>(3,505,216)</b>
<b>Cash flows from investing activities</b>			
Payment of security deposits and bonds		-	(9,137)
Refund of security deposits and bonds		2,221	1,389,922
Payments for mining assets		-	(1,336,977)
Payments for plant and equipment		-	(5,127)
Proceeds from sale of plant and equipment		-	1,000
<b>Net cash inflow from investing activities</b>		<b>2,221</b>	<b>39,681</b>
<b>Cash flow from financing activities</b>			
Proceeds from share issues		3,951,486	-
Share issue costs		(128,476)	(23,096)
Share issue costs - subsidiary		(10,294)	(95,476)
Proceeds from borrowings		1,000,000	-
Borrowing costs		(30,000)	-
Proceeds from non-controlling interests		351,367	649,987
<b>Net cash inflow from financing activities</b>		<b>5,134,083</b>	<b>531,414</b>
Net increase/(decrease) in cash held		557,486	(2,934,121)
Cash at the beginning of the financial year		1,170,691	4,087,167
Effect of exchange rate fluctuations on cash held in foreign currencies		(7,333)	17,645
<b>Cash at the end of the financial year</b>	6	<b>1,720,844</b>	<b>1,170,691</b>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

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## 1. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations and the Corporations Act 2001. Kasbah Resources Limited is a for-profit entity domiciled in Australia for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars.

### Compliance with IFRS

The consolidated financial statements of Kasbah Resources Limited comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

### Historical Cost Convention

These financial statements have been prepared on the accruals basis under the historical cost convention.

### Going Concern

For the year ended 30 June 2017 the consolidated entity recorded a loss of \$5,204,945 (2016: \$3,410,664) and had net cash outflows from operating activities of \$4,578,818 (2016: \$3,505,216) and has a net working capital deficit of \$705,326 at 30 June 2017 (2016: a net surplus of \$582,706).

On 22 June 2017, the Company announced a non-renounceable rights issue to raise approximately \$5.2M to finance completion of final technical work on the 2017 DFS for the Achmmach Tin Project, and to fund all activities leading up to a decision to commence construction in early calendar year 2018. These proceeds had all been received by 8 August 2017.

After completion of this work, the Company together with its Joint Venture partners should be a position to approve a decision to mine in conjunction with related offers of debt and equity to facilitate construction of the Achmmach Tin Project. At this stage, the ability of the consolidated entity to continue as a going concern is dependent on this future finalisation of debt and equity. If this does not proceed the consolidated entity will be required to secure additional funding through a capital raising or borrowings to fund its operational activities.

The above conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. At this stage there are reasonable grounds to believe that debt and equity funding will be available to secure the development of the Achmmach Tin Project.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

# Notes to the Consolidated Financial Statements

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## Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to materially affect the current or future financial years apart from those detailed below.

- Note 5 – Taxation
- Note 10 – Recoverability of Exploration and Evaluation Expenditure
- Note 24 - Share Based Payments

## Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kasbah Resources Limited (the Company) or (Parent Entity) as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless a transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

## Accounting Policies

Refer to note 26 for further information as to the Group's accounting policies.

# Notes to the Consolidated Financial Statements

## 2. SEGMENT INFORMATION

AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Company as the Chief Executive Officer and other members of the Board of Directors.

The Board has determined that the Company has one reportable segment, being mineral exploration. As the Company is focused on mineral exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities.

	Consolidated	
	2017	2016
	\$	\$
<b>Segment information provided to the Board:</b>		
Revenue from external customers	-	-
Reportable segment loss	(1,316,497)	(2,133,911)
Reportable segment assets	5,892,591	6,175,896
Reportable segment liabilities	(306,420)	(290,858)
<b>Reconciliation of revenue from external customers to total revenue is as follows:</b>		
Segment Revenue	-	-
Unallocated		
- Interest	27,246	50,801
<b>Total revenue as per continuing operations</b>	<b>27,246</b>	<b>50,801</b>
<b>Reconciliation of reportable segment loss to operating loss before income tax is as follows:</b>		
Total loss for reportable segment	(1,316,497)	(2,133,911)
Unallocated		
- Corporate expenses	(3,915,694)	(1,327,554)
- Interest revenue	27,246	50,801
- Other	-	-
<b>Loss before income tax from continuing operations</b>	<b>(5,204,945)</b>	<b>(3,410,664)</b>
<b>Reconciliation of reportable segment assets to total assets is as follows:</b>		
Segment Assets	5,892,591	6,175,896
Segment Assets includes: Additions to non-current assets:	-	11,847
Unallocated		
- Cash	1,486,805	868,949
- Other	172,780	49,139
<b>Total assets as per consolidated balance sheet</b>	<b>7,552,176</b>	<b>7,093,984</b>

# Notes to the Consolidated Financial Statements

## Reconciliation of reportable segment liabilities to total liabilities is as follows:

Segment Liabilities	(306,420)	(290,858)
Unallocated		
- Payables	(1,186,996)	(328,334)
- Provisions	(112,753)	(192,801)
- Loans	(1,077,188)	-
<b>Total liabilities as per consolidated balance sheet</b>	<b>(2,683,357)</b>	<b>(811,993)</b>
<b>Other Information</b>		
Depreciation	69,258	165,966

### 3. REVENUE AND OTHER INCOME

#### Revenue from continuing operations:

Interest revenue	27,246	50,801
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#### Other Income:

- Profit on disposal of fixed assets	-	1,000
	-	<b>1,000</b>

### 4. EXPENSES

#### Loss before income tax includes the following items:

Rental expenses relating to operating leases	49,129	53,738
Superannuation expense	120,721	96,293
Write off of non-recoverable Moroccan TVA	166,716	251,431

#### Depreciation and amortisation:

- Plant and equipment	84,755	182,258
- Motor vehicles	25,922	30,185
- Amortisation - Software	378	8,288
	<b>111,055</b>	<b>220,731</b>

# Notes to the Consolidated Financial Statements

## 5. INCOME TAX EXPENSE

	Consolidated	
	2017	2016
	\$	\$
<b>a) Income tax expense (benefit)</b>		
Current tax expenses (benefit)	-	-
Deferred tax expenses (benefit)	-	-
	-	-
<b>b) Reconciliation of the prima facie tax loss from ordinary activities before income tax to income tax expense (benefit):</b>		
Profit/(Loss) before income tax expense	(5,204,945)	(3,410,664)
Tax at the tax rate 27.5% (2016: 30%)	(1,431,360)	(1,023,199)
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
- Non-deductible expenses	522,923	297,053
- Benefit of deferred tax assets not previously recognised	(29,006)	-
- Deferred tax assets not recognised on tax losses and temporary difference	785,885	461,742
- Tax rate differential	151,557	264,404
Income tax expense (benefit)	-	-
<b>c) Deferred tax assets</b>		
Temporary differences	969	1,257
	969	1,257
<b>Deferred tax liabilities</b>		
Temporary differences	(969)	(1,257)
	(969)	(1,257)
<b>Net deferred tax assets (liabilities)</b>	0	0
<b>d) Deferred tax assets not recognised</b>		
Deferred tax assets have not been recognised in relation to the following matters:		
Temporary differences	842,610	945,900
Tax losses	8,507,766	8,234,090
	9,350,376	9,179,990

# Notes to the Consolidated Financial Statements

## Significant accounting judgement

### Tax Losses

No deferred tax asset has been recognised on the unused tax losses as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities in the relevant jurisdictions. The benefits of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

### Taxes

The Group is subject to various taxes in Australia and offshore jurisdictions and at times significant judgement is required in determining the Group's liability associated with these taxes. The Group estimates its tax liabilities based on its understanding of the transactions and the tax laws in the local jurisdictions in which it operates. Should the final outcome of these matters be different from the initial assessment, such differences will impact the Group's liabilities in the period in which such determination is made.

## 6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$	\$
Cash at bank and in hand	1,023,368	525,691
Short-term deposits at call	697,476	645,000
	<b>1,720,844</b>	<b>1,170,691</b>

## 7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$	\$
<b>Current:</b>		
Trade and other receivables (i)	80,261	91,824
Prepayments	176,312	62,230
	<b>256,573</b>	<b>154,054</b>

- (i) As at 30 June 2017 the trade debtors of the Group were nil. (2016: nil). No trade and other receivables balances were past their due date at 30 June 2017 (2016: Nil) and hence no impairment has been recognised. Refer note 16 for the Group entity's credit risk policy. The carrying amount of trade and other receivables approximates fair value and no allowance has been made for non-recovery.

# Notes to the Consolidated Financial Statements

## 8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2017	2016
	\$	\$
<b>Current:</b>		
Tamlalt permits held for sale	1	1
	<b>1</b>	<b>1</b>

During the 2011 financial year the Board made the decision to focus on the Company's Achmmach Tin Project. Capitalised exploration and evaluation costs associated with the Tamlalt Gold Project were impaired. Subsequently the Company decided to seek to divest the Tamlalt exploration permits. As it is highly probable the asset will be realised through a sale rather than continuing use, the asset was reclassified as a non-current asset held for sale.

## 9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017	2016
	\$	\$
Plant and equipment – at cost	1,586,282	1,606,321
Less: Accumulated depreciation	(1,554,321)	(1,487,306)
<b>Total plant and equipment at net book value</b>	<b>31,961</b>	<b>119,015</b>
Motor vehicles – at cost	145,075	147,183
Less: Accumulated depreciation	(139,627)	(115,147)
<b>Total motor vehicles at net book value</b>	<b>5,448</b>	<b>32,036</b>
Computer software – at cost	57,084	57,084
Less: Accumulated amortisation	(56,687)	(56,309)
<b>Total computer software at net book value</b>	<b>397</b>	<b>775</b>
<b>Total property plant and equipment</b>	<b>37,806</b>	<b>151,826</b>

# Notes to the Consolidated Financial Statements

## Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated	
	2017	2016
	\$	\$
<b>Plant and Equipment:</b>		
Carrying amount at beginning of year	119,015	287,077
- Additions	-	3,991
- Disposals	-	-
- Movement due to foreign exchange	(2,299)	10,205
- Depreciation	(84,755)	(182,258)
<b>Carrying amount at end of year</b>	<b>31,961</b>	<b>119,015</b>
<b>Motor Vehicles:</b>		
Carrying amount at beginning of year	32,036	60,223
- Additions	-	-
- Disposals	-	-
- Movement due to foreign exchange	(666)	1,998
- Depreciation	(25,922)	(30,185)
<b>Carrying amount at end of year</b>	<b>5,448</b>	<b>32,036</b>
<b>Computer Software:</b>		
Carrying amount at beginning of year	775	7,927
- Additions	-	1,136
- Disposals	-	-
- Movement due to foreign exchange	-	-
- Amortisation	(378)	(8,288)
<b>Carrying amount at end of year</b>	<b>397</b>	<b>775</b>

# Notes to the Consolidated Financial Statements

## 10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2017	2016
	\$	\$
Costs carried forward in respect of areas of interest in:		
<b>Exploration and/or evaluation phase:</b>		
Balance at beginning of year	5,617,412	5,302,014
- Capitalised borrowing costs	-	105,086
- Movement due to foreign exchange	(80,460)	210,312
<b>Total exploration and evaluation expenditure</b>	<b>5,536,952</b>	<b>5,617,412</b>

### Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs. Initially a review is undertaken to see whether any circumstances indicate that the area of interest should be tested for impairment. If after this initial review circumstances are identified the Company will undertake an assessment to determine if any provision should be made for the impairment of the carrying value.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

### Significant accounting judgement

The Directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

## 11. TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
	\$	\$
<b>Current:</b>		
Trade payables	232,800	154,776
Employee entitlements	132,565	275,908
Other payables and accruals	1,240,191	311,356
	<b>1,605,556</b>	<b>742,040</b>

### Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 16.

## 12. LOAN - SECURED

	Consolidated	
	2017	2016
	\$	\$
Loan – Pala Investments Limited	1,000,000	-
Accrued Interest	88,438	-
Arrangement Fee	(30,000)	-
Amortisation of Arrangement Fee	18,750	-
	<b>1,077,188</b>	<b>-</b>

The loan from Pala Investments Limited was drawn down in two tranches of \$500,000 in August 2016 and November 2016 to provide working capital for the Company. The loan is secured against the assets of Kasbah Resources Limited other than Kasbah's interest in the Atlas Tin Project joint venture (which requires the consent of the other joint venture parties pursuant to the terms of the Atlas Tin Shareholders Agreement), with interest charged at 12% per annum. Repayment of the loan was due on or before 10 August 2017 however during the period the repayment date has been extended to 31 December 2017 and the Company now also has an option to further extend the loan to 30 June 2018 with the payment of an extension fee.

# Notes to the Consolidated Financial Statements

## 13. ISSUED CAPITAL

	Consolidated		Consolidated	
	2017	2016	2017	2016
	Number of Shares	Number of Shares	\$	\$
<b>Issued and Paid-up Capital</b>				
Ordinary shares, fully paid	694,139,119	556,005,435	66,885,488	63,293,010
<b>Movements in ordinary share capital:</b>				
Balance at the beginning of the financial year	556,005,435	556,005,435	63,293,010	63,293,010
Share placement at 2.7 cents (Dec 2016)	138,133,684	-	3,729,609	-
Less share placement costs	-	-	(137,131)	-
<b>Issued capital at end of period</b>	<b>694,139,119</b>	<b>556,005,435</b>	<b>66,885,488</b>	<b>63,293,010</b>

### Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any proceeds of liquidation.

Ordinary shares have no par value and the Company does not therefore have a limit to the amount of its authorised capital.

Options have no voting rights and upon exercise each option is converted to an ordinary share.

### Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. As a junior explorer the Board does not establish a target return on capital. Capital management requires the maintenance of strong cash balances to support ongoing exploration expenditure and development.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# Notes to the Consolidated Financial Statements

## 14. RESERVES

### Nature and purpose of reserves

- i) Share based payment reserve  
The share based payment reserve is used to recognise the fair value of options issued but not exercised.
- ii) Foreign Currency Translation Reserve  
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 26(d).
- iii) Other Reserves  
This reserve is used to recognise the deemed gain on sale to a non-controlling interest.

## 15. EQUITY – NON-CONTROLLING INTEREST

The non-controlling interest is represented by two Japanese companies, Nittetsu Mining Co. Ltd (NMC) and Toyota Tsusho Corporation (TTC).

	Consolidated	
	2017	2016
	\$	\$
<b>Nittetsu Mining Co. Ltd (NMC) – 5% NCI</b>		
Opening Balance - NCI	(997,921)	(1,021,490)
Funds received from NMC	66,441	92,527
Share of Comprehensive Loss for the year	(60,283)	(68,958)
	<u>(991,763)</u>	<u>(997,921)</u>
<b>Toyota Tsusho Corporation (TTC) – 20% NCI</b>		
Opening Balance - NCI	635,405	545,526
Funds received from TTC	265,887	365,710
Share of Comprehensive Loss for the year	(241,134)	(275,831)
	<u>660,158</u>	<u>635,405</u>
<b>Total Non-Controlling Interest</b>	<b><u>(331,605)</u></b>	<b><u>(362,516)</u></b>

# Notes to the Consolidated Financial Statements

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## 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial Risk Management

#### Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

#### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Groups' surplus cash investments.

In Australia funds are deposited with financial institutions which have AA credit ratings and in Morocco with financial institutions which have A+ credit ratings. Sufficient funds to cover only one quarter's funding requirements are maintained in Morocco.

#### Other Receivables

The Group operates in the mining exploration sector at this stage in its development, and has no trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

#### Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposures, with none of the receivables being past due or impaired.

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it should always have sufficient liquidity to meet its liabilities when they fall due.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The decision on how the Company will raise future capital and its success will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

# Notes to the Consolidated Financial Statements

	Carrying Amount \$	6 Mths or less \$	6-12 Mths \$	1-2 Years \$	2-5 Years \$	More than 5 years \$
<b>Consolidated 30 June 2017</b>						
Trade and other payables	1,423,953	1,423,953	-	-	-	-
	<b>1,423,953</b>	<b>1,423,953</b>	-	-	-	-
<b>Consolidated 30 June 2016</b>						
Trade and other payables	363,170	363,170	-	-	-	-
	<b>363,170</b>	<b>363,170</b>	-	-	-	-

## Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## Currency Risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are US Dollars (USD), South African Rand (ZAR) and British Pounds (GBP).

## Exposure to Currency Risk

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

Consolidated	30 June 2017			30 June 2016		
	USD	ZAR	GBP	USD	ZAR	GBP
Cash and cash equivalents	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-
Trade and other payables	(500)	-	-	-	(269,502)	-
<b>Gross statement of financial position exposure</b>	<b>(500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(269,502)</b>	<b>-</b>

## Interest Rate Risk

The Group is exposed to interest rate risk. The Group's exposure to market interest rates relate primarily to cash and cash equivalents held in Australian financial institutions. At 30 June 2017 all cash and cash equivalents in Australia were held with two financial institutions.

# Notes to the Consolidated Financial Statements

	Consolidated	
	2017	2016
	\$	\$
Cash and cash equivalents	1,023,368	525,691
Short term cash deposits	697,476	645,000
	<b>1,720,844</b>	<b>1,170,691</b>

## Net Fair Values of Financial Assets and Liabilities

The fair value of all financial assets and financial liabilities which are current, approximates their carrying values because of the short-term nature of these items. The Group does not carry any financial instruments at fair value therefore their disclosures are not presented.

## 17. REMUNERATION OF AUDITORS

	Consolidated	
	2017	2016
	\$	\$
<b>Audit Services:</b>		
- Auditors of the Company – HLB Mann Judd	30,000	-
- Auditors of the Company – BDO Audit (WA) Pty Ltd	-	41,500
- Remuneration of other auditor for subsidiaries	18,873	18,150
<b>Total remuneration for Audit services</b>	<b>48,873</b>	<b>59,650</b>
Amounts received, or due and receivable, for taxation and other services provided by:		
- Affiliated companies to HLB Mann Judd	-	-
- Affiliated companies to BDO Audit (WA) Pty Ltd	67,364	4,151

# Notes to the Consolidated Financial Statements

## 18. CONTINGENCIES

The Group is subject to various taxes in Australia and offshore jurisdictions and at times significant judgement is required in determining the Group's liability associated with these taxes. The Group estimates its tax liabilities based on its understanding of the transactions and the tax laws in the local jurisdictions in which it operates. Should the final outcome of these matters be different from the initial assessment, such differences will impact the Group's liabilities in the period in which such determination is made.

Under the terms of the agreement with ONHYM for the transfer of the Achmmach permits to Atlas Tin SAS, ONHYM is entitled to a 3% Net Smelter Return (NSR) once production commences. The royalty is due for payment before the end of the second quarter following the year that the production relates to.

Under the terms of the agreement to purchase the BLJ tenements in Hamada Minerals SARLAU, a one off payment of 2,000,000 Moroccan Dirhams (A\$271,769 as at 30 June 2017) is payable to the previous holders of the tenements (1,000,000 Moroccan Dirhams each). The payment is contingent upon mining commencing from these permits and is payable on the commencement of mining.

## 19. RELATED PARTY DISCLOSURES

### a) Remuneration of Key Management Personnel

Remuneration of Directors and other Key Management Personnel:

	Consolidated	
	2017	2016
	\$	\$
Short-term employee benefits	1,147,832	817,902
Post-employment benefits	108,183	83,242
Long term employment benefits	(127,513)	29,601
Share based payments	9,092	1,944
Terminations	967,204	-
	<b>2,104,798</b>	<b>932,689</b>

### b) Transactions with Directors' related entities

Transactions between parties are on normal commercial terms and conditions unless otherwise stated. No loans were provided to related parties during the year.

### c) Shareholder loan

The Company has a secured loan from its main shareholder Pala Investments Limited. Details on the loan are disclosed in note 12.

# Notes to the Consolidated Financial Statements

## 20. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Kasbah Resources Limited, at 30 June 2017. The information presented has been prepared using consistent accounting policies as presented in note 26.

	Parent	
	2017	2016
	\$	\$
Current Assets	1,680,814	970,510
Non-current Assets	4,565,523	4,729,688
<b>Total Assets</b>	<b>6,246,337</b>	<b>5,700,198</b>
Current Liabilities	2,386,477	455,529
Non-current Liabilities	613	69,953
<b>Total Liabilities</b>	<b>2,387,090</b>	<b>525,482</b>
Contributed Equity	66,885,488	63,293,010
Accumulated Losses	(66,529,621)	(61,612,581)
Option Reserve	3,503,380	3,494,288
<b>Total Equity</b>	<b>3,859,247</b>	<b>5,174,717</b>
Profit / (Loss) for the Year	(4,312,570)	(1,791,738)
Other Comprehensive Income	-	-
<b>Total Comprehensive Loss for the Year</b>	<b>(4,312,570)</b>	<b>(1,791,738)</b>

The parent entity has not entered into any guarantees with its subsidiaries.

There are no contingent liabilities of the parent entity.

There are no contractual commitments of the Parent.

# Notes to the Consolidated Financial Statements

## 21. INTERESTS IN SUBSIDIARIES

	Interest Held	
	2017	2016
	%	%
<b>a) Particulars in relation to controlled entities</b>		
<b>Parent Entity</b>		
Kasbah Resources Limited		
<b>Controlled Entities</b>		
Atlas Tin SAS	75	75
Hamada Minerals SARLAU	100	100
Sahara Exploration SARLAU	100	100
Meseta Exploration SARLAU	100	100
Arena Minerals Limited	0	100

The above controlled entities are incorporated in the Kingdom of Morocco, with the exception of Arena Minerals Limited which is incorporated in the Republic of Uganda. Arena Minerals Limited was voluntarily liquidated during the year. All shares are fully paid ordinary shares

### b) Particulars in relation to controlled entities

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations.

	Atlas Tin SAS	
	2017	2016
	\$	\$
<i>Summarised statement of financial position</i>		
Current Assets	918,134	1,008,223
Non-current Assets	5,466,901	5,617,168
<b>Total Assets</b>	<b>6,385,035</b>	<b>6,625,391</b>
Current Liabilities	300,577	325,984
Non-current Liabilities	-	-
<b>Total Liabilities</b>	<b>300,577</b>	<b>325,984</b>
<b>Net Assets</b>	<b>6,084,458</b>	<b>6,299,407</b>

# Notes to the Consolidated Financial Statements

## *Summarised statement of profit or loss and other comprehensive income*

Revenue	-	-
Expenses	(1,424,025)	(2,137,369)
Other Comprehensive Income	(151,983)	186,783
<b>Total Comprehensive Loss for the Year</b>	<b>(1,576,008)</b>	<b>(1,950,586)</b>

## *Statement of cash flows*

Net cash used in operating activities	(1,378,074)	(2,339,462)
Net cash used from investing activities	-	6,616
Net cash used in financing activities	1,317,818	1,920,539
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(60,256)</b>	<b>(412,307)</b>

## *Other financial information*

Profit attributable to non-controlling interests	(263,421)	(388,207)
Accumulated non-controlling interests at the end of report period	(331,605)	(362,516)

## 22. NOTES TO STATEMENTS OF CASH FLOWS

### a) Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	Consolidated	
	2017	2016
	\$	\$
Profit/(loss) after income tax	(5,204,945)	(3,410,664)
<i>Adjustments for:</i>		
- Depreciation	111,055	220,731
- Interest	88,438	-
- Borrowing costs	18,750	-
- Option based payment expense	9,093	1,944
- Gain/(loss) on sale of non-current assets	-	(1,000)
- Net exchange differences	(46,824)	16,291
<i>Change in operating assets and liabilities</i>		
- (Increase) / decrease in trade and other receivables	4,142	(30,764)
- Increase/(decrease) in trade and other payables	441,473	(519,814)
<b>Net cash utilised in operating activities</b>	<b>(4,578,818)</b>	<b>(3,505,216)</b>

# Notes to the Consolidated Financial Statements

## 23. (LOSS) PER SHARE

	2017	2016
	cents	cents
Basic earnings / (loss) per share (cents per share)	(0.79)	(0.54)
Diluted earnings / (loss) per share (cents per share)	(0.79)	(0.54)
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	627,532,192	556,005,435
Net (loss) attributed to EPS	(4,941,524)	(3,022,457)

## 24. SHARE BASED PAYMENTS EMPLOYEE BENEFITS

The Company granted 6,000,000 new options to executives during the financial year (2016: nil).

Under the Company's Incentive Option Scheme all options issued can be exercised to acquire one ordinary share. The exercise price of the options is determined by the Directors. Share options are granted at the discretion of the Board.

All unvested employee options expire on the earlier of their expiry date or upon termination of the employee's employment.

There are no voting or dividend rights attached to the options.

The following share-based payment arrangements were in place during the current and prior periods:

Number	Grant Date	Expiry Date	Exercise Price of Options \$	Value per Option at Grant Date \$	Vesting Date
250,000	27 November 2014	27 November 2017	0.12	0.019	27 November 2014
250,000	27 November 2014	27 November 2017	0.12	0.019	27 November 2015
3,000,000	4 May 2017	4 May 2020	0.033	0.013	4 May 2018
3,000,000	4 May 2017	4 May 2020	0.033	0.013	4 May 2019

Using a Black-Scholes option valuation methodology, the fair value of the options issued during the year was calculated using the following assumptions:

Input	Value
Grant date	4 May 2017
Share price	\$0.021
Exercise price	\$0.033
Expected volatility	114.32%
Expiry date	4 May 2020
Expected dividend	Nil
Risk free interest rate	1.87%

## Notes to the Consolidated Financial Statements

Details of options as at the beginning and end of the reporting periods and movements during the year are set out below:

Expiry Date	Exercise Price	Number of Options at Beginning of Year	Options Granted	Options Expired or Cancelled	Options Exercised	Number of Options on Issue at End of Year	
						Vested	Unvested
27 Nov 2017	\$0.120	500,000	-	-	-	500,000	-
4 May 2020	\$0.033	-	6,000,000	-	-	-	6,000,000
		<b>500,000</b>	<b>6,000,000</b>	-	-	<b>500,000</b>	<b>6,000,000</b>

## Notes to the Consolidated Financial Statements

The options outstanding at 30 June 2017 had a weighted average exercise price of \$0.04 (2016: \$0.12) and a weighted average remaining life of 2.66 years (2016: 1.41 years).

The annualised historical volatility of share prices is calculated as the standard deviation of the log of the differences between share prices multiplied by an annualisation factor.

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Number of</b>	<b>Weighted</b>	<b>Number of</b>	<b>Weighted</b>
	<b>Options</b>	<b>Average Price</b>	<b>Options</b>	<b>Average Price</b>
		<b>\$</b>		<b>\$</b>
<b>Outstanding at the beginning of the year</b>	500,000	0.120	14,500,000	0.252
Granted	6,000,000	0.033	-	-
Exercised	-	-	-	-
Expired / Cancelled	-	-	(14,000,000)	0.256
<b>Outstanding at Year End</b>	<b>6,500,000</b>	<b>0.040</b>	<b>500,000</b>	<b>0.120</b>
<b>Exercisable at Year End</b>	<b>500,000</b>	<b>0.120</b>	<b>500,000</b>	<b>0.120</b>

### 25. EVENTS SUBSEQUENT TO REPORTING DATE

On 17 July 2017 a new Chief Financial Officer Keith Pollocks commenced at the Company, completing a restructuring of the Kasbah Board and senior management.

On 9 August 2017 the Company issued the final issue of shares to complete the A\$5.2M non renounceable rights issue which resulted in an additional 347,069,747 shares being issued at 1.5 cents each.

On 6 September 2017, the Company's CEO Richard Hedstrom resigned for personal reasons. In accordance with the terms of his service agreement, Richard Hedstrom received a payout of \$199,882, which included his notice period and accrued entitlements.

No other matters or circumstances have arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

# Notes to the Consolidated Financial Statements

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## 26. OTHER ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Financial Statement Presentations

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

### Accounting Policies

#### a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the profit or loss except where it relates to items which may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent it is probable future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and to comply with the conditions of deductibility imposed by the law.

#### b) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### c) Financial Instruments Recognition

Financial instruments are initially measured at fair value on trade date, including transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market and are stated at amortised cost using the effective interest rate method. Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts.

# Notes to the Consolidated Financial Statements

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Collectability of trade receivables is reviewed on an ongoing basis. Debts known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence the entity will not be able to collect the debt.

## **Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity. Trade accounts are normally settled within 60 days. Payables to related parties are carried at amortised cost. Interest, when charged by the lender, is recognised using the effective interest rate method.

## **Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## **d) Foreign Currency Transactions and Balances**

### **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Kasbah Resources Limited's functional and presentation currency.

### **Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

### **Group Companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.

Income and expenses for each item in the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment is repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

# Notes to the Consolidated Financial Statements

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## e) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

GST/VAT which is deemed non-recoverable from the relevant tax authority is expensed in the period in which the expense is incurred or asset purchased.

Cash flows are presented in the statement of cash flows on a gross basis. The GST/VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## f) Parent Entity Financial Information

Financial information for the parent entity, Kasbah Resources Limited, is disclosed in note 20 and has been prepared on the same basis as the consolidated financial statements.

## g) Borrowing Costs

Borrowing costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the period in which they are incurred.

## h) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## i) Share Based Payments

The costs of equity-settled transactions, in the form of options over shares, that are provided to employees or Directors of the Company are measured at fair value on grant date. The fair value is determined by using the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

## j) Adoption of New and Revised Standards

### *Standards and Interpretations applicable to 30 June 2017*

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

# Directors' Declaration

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In the director's opinion:

1. The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the international Accounting Standards Board as described in note 1 to the financial statements;
3. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**John Gooding**

*Chairman*



**Graham Freestone**

*Audit Committee Chairman*

Dated: this day 20 of September 2017

# Independent Auditor's Report

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Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Kasbah Resources Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Kasbah Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated balance sheet as at 30 June 2017, 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 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material uncertainty regarding going concern*

We draw attention to Note 1 in the financial report, which describes the events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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# Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit matter
<b>Recoverability of capitalised exploration and expenditure</b> Note 10 to the financial report	
<p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition. All other exploration costs are expensed.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p> <p>The group has two area of interests, the Achmmach Tin Project and the Bou El Jaj Tin Project. Both of these projects are located in Morocco.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values;</li><li>• We considered the Director's assessment of potential indicators of impairment;</li><li>• We obtained evidence that the Group has current rights to tenure of its area of interest;</li><li>• We examined the exploration budget for 2018 and discussed with management the nature of planned ongoing activities;</li><li>• We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and</li><li>• We examined the disclosures made in the financial report.</li></ul>

## *Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report

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## *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Independent Auditor's Report

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## Report on the Remuneration Report

### *Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Kasbah Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd  
Chartered Accountants

A handwritten signature in dark blue ink that reads 'B G McVeigh'.

B G McVeigh  
Partner

Perth, Western Australia  
20 September 2017

## ASX Additional Information

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Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 14 September 2017.

### Capital Structure

1,044,412,042 fully paid shares listed on the Australian Stock Exchange. The Company has 6,500,000 unquoted options on issue.

### Distribution of Shareholders

The distribution of shareholdings as at 14 September 2017 was:

Range	Number of Holders	Number of Securities
1-1,000	154	13,664
1,001-5,000	545	1,771,042
5,001-10,000	480	3,912,258
10,001-100,000	1,559	58,560,143
100,001 + over	523	980,154,935
<b>Total</b>	<b>3,261</b>	<b>1,044,412,042</b>

Less than a marketable parcel \* 2,143 26,363,876

\* Less than a marketable parcel represents holdings of less than \$500 worth of shares

### Substantial Shareholders

The Company has received the following Substantial Holding notices:

Shareholder Name	Number of Shares	% of Issued Shares
Pala Investments Limited	207,200,526	21.59
Lion Selection Group Limited	137,126,074	13.17

## ASX Additional Information

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### Voting Rights

Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

### Unquoted Securities (Options)

	Number of Holders	Number on Issue
Options over ordinary shares issued	3	6,500,000

### Securities Subject to Voluntary Escrow

Number of Securities	Class of Securities	Date Escrow Period Ends
138,133,684	Fully Paid Ordinary Shares	23 December 2017
3,203,176	Fully Paid Ordinary Shares	6 September 2018

### Disclosure of top-up right granted to Pala Investments Limited pursuant to ASX waiver listing Rule 6.18

Under the terms of the Placement Agreement entered into by Kasbah Resources Limited ("Kasbah") and Pala Investments Limited ("Pala") on 18 December 2016, Kasbah granted Pala the right to subscribe for additional ordinary shares to maintain its percentage shareholding in the Company on a fully diluted basis immediately prior to the issue of such ordinary shares. This right lapses if Pala holds less than 5% or more than 25% of Kasbah shares on a fully diluted basis, or if the strategic relationship between Kasbah and Pala ceases.

## ASX Additional Information

### Kasbah - Twenty Largest Quoted Equity Security Holders

Name	Number of Shares	% of Total Issued Shares
1. Citicorp Nominees Pty Limited	138,133,684	13.23
2. African Lion 3 Limited	126,251,074	12.09
3. Citicorp Nominees Pty Limited	90,540,975	8.67
4. BNP Paribas Noms Pty Ltd <DRP>	50,000,000	4.79
5. J P Morgan Nominees Australia Limited	38,616,502	3.70
6. Thailand Smelting & Refining Company Limited	31,197,990	2.99
7. Merrill Lynch (Australia) Nominees Pty Limited	29,686,470	2.84
8. Swiss Partners Pty Ltd	14,840,015	1.42
9. Traxys Projects L.P.	14,791,735	1.42
10. National Nominees Limited <DB A/C>	14,034,062	1.34
11. African Lion 3 Limited	10,875,000	1.04
12. Braham Investments Pty Ltd <Braham Staff Super Fund A/C>	10,221,507	0.98
13. UBS Nominees Pty Ltd	9,311,448	0.89
14. Mr Petr Turcovsky	9,000,000	0.86
15. Corporate Property Services Pty Ltd <K W Share A/C>	8,721,174	0.84
16. Tarifa Investments Pty Ltd <Tarifa Investments A/C>	8,200,000	0.79
17. Nurragi Investments Pty Ltd	7,681,144	0.74
18. Calama Holdings Pty Ltd <Mambat Super Fund A/C>	7,666,666	0.73
19. Mr Nicholas Dermott Mc Donald	7,400,000	0.71
20. Jetosea Pty Ltd	7,202,647	0.69
	<b>634,372,093</b>	<b>60.74</b>

# ASX Additional Information

## Annual Review of Mineral Resources and Ore Reserves

The Company has completed its annual review of its Mineral Resources and Ore Reserves and notes that on 10 August 2016 the Company announced the results of the Achmmach Small Start Option Definitive Feasibility Study, which included an updated Ore Reserve.

## Mineral Resources Estimates – Consolidated Summary (100% Project Basis)

As at 30 June 2017			
Category	M Tonnes	Sn %	Contained Tin (Kt)
<b>Measured</b>			
Meknes Trend	1.6	1.00%	16.1
Sidi Addi Trend	-	-	-
<b>Indicated</b>			
Meknes Trend	13.0	0.80%	107.0
Sidi Addi Trend	0.3	1.25%	4.2
<b>Inferred</b>			
Meknes Trend	-	-	-
Sidi Addi Trend	-	-	-
<b>Total</b>	<b>14.9</b>	<b>0.85%</b>	<b>127.3</b>

## Ore Reserves Estimate – Consolidated Summary (100% Project Basis)

As at 30 June 2017			
Ore Reserves are a subset of the Mineral Resource Estimates			
Category	M Tonnes	Sn %	Contained Tin (Kt)
<b>Proven Reserves</b>			
Meknes Trend	0.877	1.10%	9.7
<b>Probable Reserves</b>			
Meknes Trend	5.359	0.80%	43.1
Sidi Addi Trend	0.321	0.85%	2.7
<b>Total</b>	<b>5.680</b>	<b>0.80%</b>	<b>45.9</b>
<b>Total Reserves</b>	<b>6.557</b>	<b>0.85%</b>	<b>55.5</b>

## ASX Additional Information

### Mineral Resources Estimates – Annual Comparison (100% Project Basis)

30 June 2016	M Tonnes	Sn %	Contained Tin (Kt)
Meknes Trend	14.6	0.85%	123.1
Sidi Addi Trend	0.3	1.25%	4.2
<b>Total Mineral Resource 2016</b>	<b>14.9</b>	<b>0.85%</b>	<b>127.3</b>
<b>Resources Additions</b>			
Meknes Trend	-	-	-
Sidi Addi Trend	-	-	-
	-	-	-
<b>30 June 2017</b>			
Meknes Trend	14.6	0.85%	123.1
Sidi Addi Trend	0.3	1.25%	4.2
<b>Total Mineral Resource 2017</b>	<b>14.9</b>	<b>0.85%</b>	<b>127.3</b>

**Notes:**

- 1) Refer to Kasbah Announcements on 10 September 2013 (Meknes Trend) and 25 November 2014 (Western Zone) for detailed information relating to the Mineral Resource Estimates shown as 30 June 2017 balances. No further drilling on these areas has taken place post these announcements.
- 2) The geographical area for Tin Resources is Morocco.

### Ore Reserves Estimates – Annual Comparison (100% Project Basis)

30 June 2016	M Tonnes	Sn %	Contained Tin (Kt)
Meknes Trend	9.219	0.77%	71.3
Sidi Addi Trend	-	-	-
<b>Total Ore Reserve 2016</b>	<b>9.219</b>	<b>0.77%</b>	<b>71.3</b>
<b>Reserve Additions / (Subtractions)</b>			
Meknes Trend	(2.983)	0.62%	(18.5)
Sidi Addi Trend	0.321	0.85%	2.7
	(2.662)	0.59%	(15.8)
<b>30 June 2017</b>			
Meknes Trend	6.236	0.85%	52.8
Sidi Addi Trend	0.321	0.85%	2.7
<b>Total Ore Reserve 2017</b>	<b>6.557</b>	<b>0.85%</b>	<b>55.5</b>

**Notes:**

- 1) Refer to Kasbah Announcement on 10 August 2016 for detailed information relating to the Ore Reserves Estimates shown as 30 June 2017 balances. No further drilling has taken place post this announcement.
- 2) The geographical area for Tin Reserves is Morocco.

# ASX Additional Information

## Schedule of Permits

Project	Permit Type	Permit Number	Registered Interest
Achmmach	LE	332912	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	1940002	100%
	PR	1940003	100%
	PR	1940004	100%
	PR	1940082	100%
	PR	1940095	100%
	PR	1940099	100%
	PR	2138097	100%
	PR	2138099	100%
	PR	2138100	100%

All permits are located in the Kingdom of Morocco.

LEGEND: LE – Licence Exploitation (Exploitation Licence) PE – Permis Exploitation (Exploitation Permit) PR – Permis Recherche (Research Permit)

\* 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.