



18 MARCH 2015

ASX CODE: KAS

**OUR PRIME COMMODITY IS
TIN**

LME TIN PRICE (13/03/15)

**USD17,400 / T
(CASH BUYER)**

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

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

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT

CAPITAL STRUCTURE

SHARES ON ISSUE:	451M
UNLISTED OPTIONS:	14.5M
CASH @ 31/12/14:	\$4.8M

MAJOR SHAREHOLDERS

WORLD BANK (IFC)	18.0%
AFRICAN LION GROUP	14.8%
TRAXYS	4.6%
MGMT & DIRECTORS	3.6%
TRANSAMINE	2.9%
THAISARCO	2.3%

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ASX RELEASE

ENHANCED ACHMMACH DFS LIFTS BASE CASE NPV TO USD 171M CAPITAL AND OPERATING COSTS REDUCED



Highlights from the Enhanced DFS include:

- Base Case NPV increases **35%** from 2014 DFS to **USD171M**
- **18%** reduction in pre-production capital to **USD148M**
- **13%** reduction in C3 cost of tin production to **USD13 296/t tin in concentrate**
- **9%** increase in Ore Reserves to **9.2 Mt @ 0.77% Sn** for **71 300 t** of contained tin
- Underground connection to the high grade Western Zone extends total project life to approximately **10 years**
- **5%** increase in average mill throughput to **1.05 Mtpa**
- Process improvements increase life of mine metallurgical recovery to 71.8% from 70.3%
- **10%** increase in average annual tin in concentrate production to **5 850 tonnes**

Kasbah Managing Director Wayne Bramwell said:

“The Enhanced Definitive Feasibility Study has seen our Base Case NPV rise and C3 cost of tin in concentrate production fall to approximately USD13 296 per tonne, confirming Achmmach as a low cost producer.

The Kasbah team and our consultants have done a fantastic job optimising key project factors within our control and the robustness of this project has been improved significantly.

The underlying economics of this strategic tin asset remain compelling.”

OVERVIEW

Kasbah Resources Limited (**Kasbah, ASX: KAS**) is pleased to announce the completion of the Enhanced DFS Programme (EDFS) (announced 3 December 2014) for the Achmmach Tin Project (75% Kasbah, 20% Toyota Tsusho Corp and 5% Nittetsu Mining Co) in the Kingdom of Morocco. The 2015 EDFs has delivered the following key changes and improvements from the 2014 DFS (announced 31 March 2014) including:

- A 9% increase in Ore Reserve for Achmmach (announced 12 March 2015);
- Enhancement in life of mine metallurgical recovery from 70.3% to 71.8%;
- The connection of the high grade Western Zone (WZ) to the Meknès Trend;
- A revised mine design and schedule that brings tonnage and grade forward in the early years of production; and
- A review of project capital and operating costs.

In addition to these enhancements, there has been significant devaluation of the three key currencies that underpin in excess of 80% of all Achmmach capital and operating costs (i.e. the Moroccan Dirham (MAD), the Euro (EUR) and the South African Rand (ZAR)). All of these factors combined have lead to significant reductions in project capital and operating costs and confirmed Achmmach as a low cost tin production opportunity.

The 2015 Base Case NPV has increased to USD171M, a 35% increase over the 2014 DFS Base Case.

The 2015 DFS base case is premised upon a 12 month average tin price (14 February 2014 to 13 February 2015) of USD21 511 / tonne. For comparison a Spot Price scenario has been modelled. It should be noted that the 13 March 2015 tin price is the lowest price recorded in 31 months and is not considered relevant to a project scheduled to commence production in late 2016 when tin prices are forecast to rebound strongly (refer Appendix A – section 8).

Table 1 summarises the key economic parameters of the EDFs for the Achmmach Tin Project.

Table 1: EDFs Economic Summary

Parameter	Unit	2015 EDFS Spot Case	2015 EDFS Base Case	2014 DFS Base Case
LME Cash Buyer Sn price	USD/t	@ 13/3/15 17 400	12 Mth Avg 21 511	@ 28/3/14 23 025
Life of Mine Free Cash (post tax)	USD M	151	316	270
Pre-production Capital	USD M	150	148	181
Post-tax NPV _{8%}	USD M	65	171	126
IRR (ungeared)	%	18.5	32.9	23.3
Payback period	years	3.6	2.3	3.2
C3 costs	USD/t tin in concentrate	13 180	13 296	15 309

The 2015 EDFS has delivered a significantly more robust project Base Case scenario, importantly achieving decreased sensitivity to tin price as shown in **Figure 1** below.

It should be noted that the 2014 DFS Base Case NPV of USD126M can be achieved in the 2015 EDFS model by utilising a tin price of just USD19 800 / tonne, a number well below 2015-2016 tin price forecasts made by the Commodity Research Unit (CRU) and BNP Paribas in February 2015 (refer Appendix A - section 8).

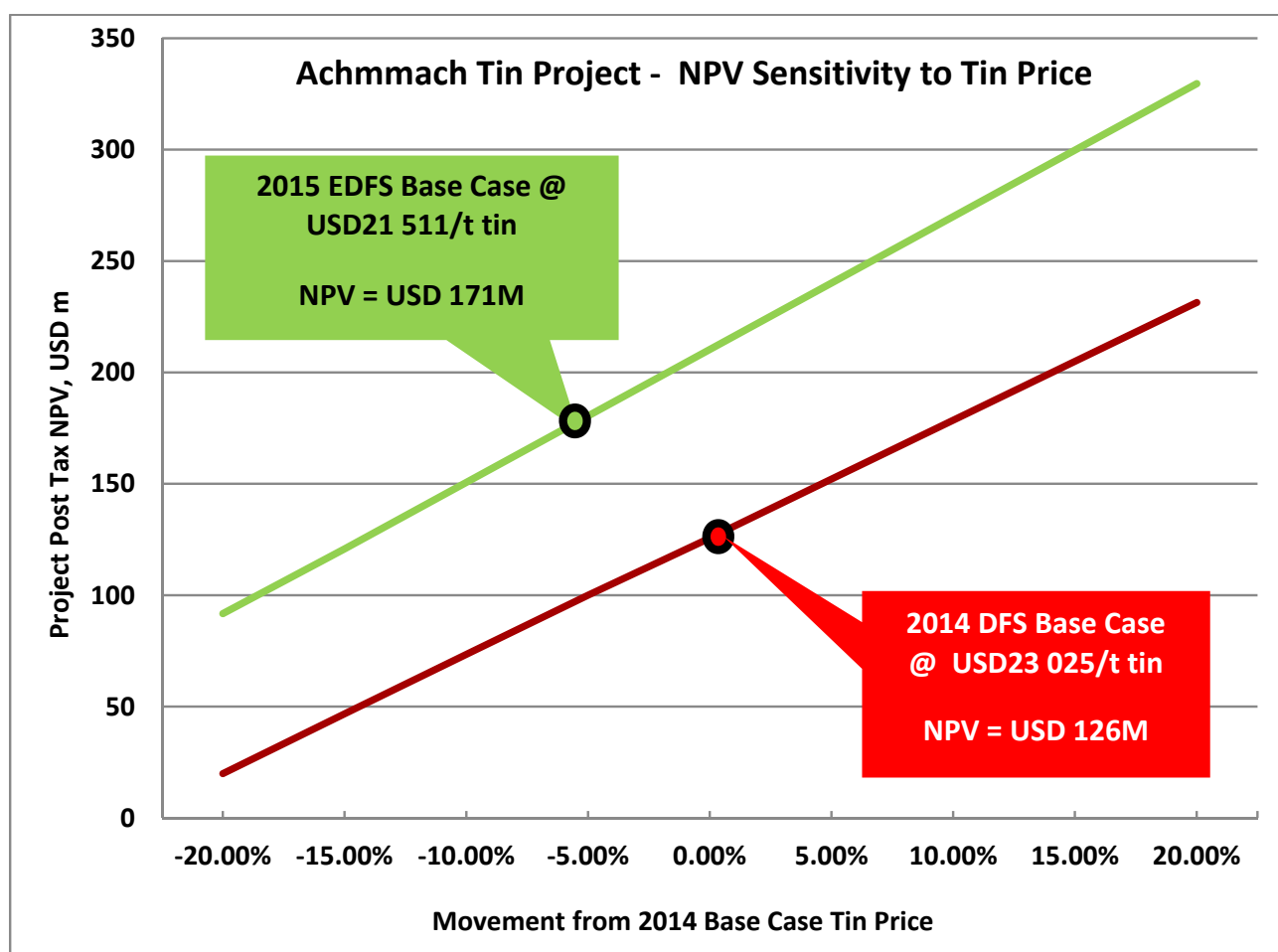


Figure 1: Achmmach NPV Sensitivity to Tin Price
Lower curve – 2014 DFS Model; Upper curve – 2015 EDFS Model

Table 2 below expands the key technical and economic metrics of the Achmmach Tin Project at LME spot on 13 March 2015 and the 12 month average LME spot price from 14 February 2014 to 13 February 2015.

The 2014 DFS Base Case results are also provided for comparison.

Table 2: Achmmach Technical and Economic Summary

Parameter	Unit	2015 EDFS Spot Case	2015 EDFS Base Case	2014 DFS Base Case
TECHNICAL SUMMARY				
Mining Reserve ^A	Mt	9.219	9.219	8.445
Life of Mine (LOM) Mined Ore Grade	% Sn	0.77	0.77	0.78
Average Mill Throughput	Mtpa	1.05	1.05	1.0
Metallurgical Recovery	%	71.8	71.8	70.3
Average annual tin in concentrate produced	tpa	5 850	5 850	5 300
ECONOMIC SUMMARY				
LME Tin Price - Cash Buyer	USD/t	@ 13/3/15 17 400	2014 Average ^D 21 511	@ 28/3/14 23 025
LOM Gross Revenue	USDM	838	1 036	996
LOM Post- tax Free Cash Flow	USDM	151	316	270
Pre-production Capital	USDM	150	148	181
Sustaining Capital	USDM	54	57	71
Post-tax NPV_{8%}	USDM	65	171	126
IRR (ungeared)	%	18.5	32.9	23.3
Payback period	years	3.6	2.3	3.2
C1 costs^B	USD/t tin in concentrate	8 318	8 318	8 623
C3 costs^C	USD/t tin in concentrate	13 180	13 296	15 309

^A - Mining Reserve is derived from Measured and Indicated Mineral Resources that have had mining dilution and recovery factors applied to the mine design, and ore treatment and other surface operational cost factors applied to create an inventory of mineable stope and development tonnes, the extraction and treatment of which may be accomplished in an economic and environmentally acceptable manner.

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

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

^D - LME Cash buyer average of 14/02/14 to 13/02/15 inclusive

LOOKING FORWARD

An updated project financial model will now be sent to financiers so they can provide revised debt terms for the Achmmach Tin Project. Kasbah expects to be in a position to review updated offers during April-May 2015.

Appendix A provides a summary of the EDFS Scope, methodology and a discussion of project economics.

On behalf of the Board



Wayne Bramwell
Managing Director

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KASBAH - AN EMERGING TIN PRODUCER

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

Our commodity is tin.

Kasbah has two tin projects (the Achmmach Tin Project and the Bou El Jaj Tin Project) located in the Kingdom of Morocco:

- **Achmmach Tin Project JV in Morocco (75% Kasbah, 20% Toyota Tsusho and 5% Nittetsu Mining)**

Kasbah is the manager and operator of the Achmmach Tin Project. Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) of Japan are Kasbah's strategic development partners in this project with the definitive feasibility study into the development of a 1Mtpa underground mine, concentrator and associated infrastructure at Achmmach completed in March 2014 and updated in March 2015. At the base case scale of annual production depicted in the EDFs of 5,850 tonnes of tin in concentrate, Achmmach would be the 8th largest tin mine in the world and the largest tin mine in Africa.

- **Bou El Jaj Tin Project in Morocco (100% Kasbah)**

Kasbah retains a 100% interest in the prospective Bou El Jaj Tin Project. This project is 10km from the Achmmach Tin Project and is an early stage exploration opportunity that could become a satellite ore source for Achmmach. It is currently pre-resource and additional drilling is required on multiple targets within the Bou El Jaj permits.

FORWARD LOOKING STATEMENTS

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

This announcement has been prepared in accordance with the provisions of the JORC Code 2012 Edition and ASX Listing Rules. In addition to complying with these requirements, the Company believes that it also has a reasonable basis for making the forward looking statements in this announcement, including with respect to any production targets, based on the information contained in this announcement and in particular with respect to the 2015 Achmmach EDFs, the Company has sought professional advice and inputs from specialised consultants and operators in fields relevant to the nature of the EDFs as detailed in Appendix A, Table 3.

APPENDIX A: ENHANCED DFS SCOPE, METHODOLOGY AND PROJECT ECONOMICS

1. SCOPE

The Enhanced DFS programme (EDFS) has incorporated the following:

- Integrating the WZ Resource into a revised underground mine design for the Meknès Trend;
- Completing metallurgical studies on enhanced fine tin recovery from Meknès Trend ore; and
- Revising Tailings Management Facility (TMF) construction strategy to achieve more efficient use of capital.

The 2015 EDFs is based on the average tin price of the LME cash buyer price from 14 February 2014 to 13 February 2015 inclusive at USD21 511/t and exchange rates prevailing on 9 March 2015.

The EDFs was compiled by Minero Consulting (Minero) utilising the capital and operating cost basis employed in the March 2014 DFS. The following groups contributed key inputs to the EDFs (**Table 3**).

Table 3: Achmmach EDFs Contributors

Section	Contributors	Substance
Geology	<ul style="list-style-type: none"> ▪ Quantitative Group Pty Ltd (QG) ▪ Kasbah staff 	<ul style="list-style-type: none"> ▪ WZ Resource estimation ▪ WZ Geological review; ▪ Wire framing, interpretation, core photography
Mining	<ul style="list-style-type: none"> ▪ Entech Pty Ltd (Entech) ▪ Minero 	<ul style="list-style-type: none"> ▪ Underground development capex; Underground mining opex; WZ underground study; Mineral Reserves & life of mine plan; ▪ Technical and scheduling advice
Metallurgy	<ul style="list-style-type: none"> ▪ NAGROM Mineral Processors (Nagrom) ▪ AMMTEC Ltd ▪ IMO Laboratories (IMO) ▪ Allied Mineral Laboratories (Allied) ▪ Met-Solve (Canada) 	<ul style="list-style-type: none"> ▪ Gravity separation; froth flotation ▪ Ore mineralogy & liberation testing ▪ Froth flotation ▪ WHIMS testing ▪ Ultrafine gravity separation
Processing	<ul style="list-style-type: none"> ▪ DRA Pacific Pty Ltd (DRA) ▪ Golder Associates (UK) Ltd (Golder) 	<ul style="list-style-type: none"> ▪ Plant layout redrafting; Equipment requirements; capital & operating cost review ▪ Tails management facility capital review
Environment	<ul style="list-style-type: none"> ▪ Golder Associates (UK) Ltd (Golder) 	<ul style="list-style-type: none"> ▪ Site water management review
Economic modelling	<ul style="list-style-type: none"> ▪ Optimum Capital (OC) 	<ul style="list-style-type: none"> ▪ Financial modelling; project finance;
General Information	<ul style="list-style-type: none"> ▪ Minero 	<ul style="list-style-type: none"> ▪ Study coordination services

2. ORE RESERVES AND MODIFYING FACTORS

Table 4 depicts the Achmmach Ore Reserve, which underpins the production target and was announced on 12 March 2015 (and included the Competent Person's consent). This was prepared by a Competent Person in accordance with requirements in Appendix 5A of the JORC Code.

The Company confirms that is not aware of any new information or data that materially effects the information included in the announcement dated 12 March 2015 and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

Table 4: March 2015 Achmmach Ore Reserve

(@ 0.55% Sn Cut-off grade for High Grade Ore and 0.25% Sn for Low Grade Development Ore)^A

Achmmach	Proven		Probable		Total		Tin
	tonnes	% Sn	tonnes	% Sn	tonnes	% Sn	tonnes
High Grade Ore	1 258 000	0.98	7 643 000	0.77	8 721 000	0.80	69 350
Total Low Grade Development Ore	13 000	0.56	485 000	0.39	498 000	0.39	1 950
TOTAL	1 271 000	0.97	7 948 000	0.74	9 219 000	0.77	71 300

^A The cut-off is based on a tin price of USD23 000/t, mining costs of USD33.75/t of ore, including sustaining capital, processing cost of USD18.13/t of ore, G&A costs of USD4.67/t of ore, mine development costs of USD1 309/m and shipping & concentrate treatment charges of USD1 173/t of tin. All reported numbers are rounded to 1,000t ore, 0.01% Sn, 50t tin metal.

3. MINING

The Achmmach underground mine design for the EDFs has been developed using the combined Meknès Trend Mineral Resources of 13 September 2013 and Western Zone Mineral Resources of 25 November 2014, resulting in an Ore Reserve of **9.2 Mt of ore at 0.77% Sn**, mining it over a nominal 10 year period.

Mine design is based upon the following inputs:

- A longhole open stoping method using pastefill has been selected;
- Mine access will be via twin portals;
- Establishment of a cross drive linking the Meknès trend with the Western Zone;
- The mine will operate using local personnel. Experienced expatriate mining personnel will be engaged to provide initial mine development management and ore delivery and mining method training;
- A cut-off grade of 0.55% Sn was determined as part of the ore reserve determination;
- The mining schedule includes a proportion of low grade incremental ore, which where possible will be delayed in the mine schedule in favour of delivering higher grade ore to the ROM pad;
- Mine backfill will use cemented mill tailings, batched from a surface plant and reticulated underground; and
- Mobile equipment will be purchased new and replaced as required.

The longhole open stoping (LHOS) method is well suited to the Achmmach orebody geometry and rock mass competency and will allow good ore recoveries with minimal dilution. Ore blocks will be developed at 20 m to 25 m intervals. Paste backfill will be used for the majority of stopes to optimise the mining schedule by allowing a top down mining sequence. This results in near 100% ore extraction. Use of pastefill for mining also reduces the TMF storage requirements and footprint.

Figure 2 shows the evolution of the Project mine design with the integration of the WZ and a reduction in life of mine development.

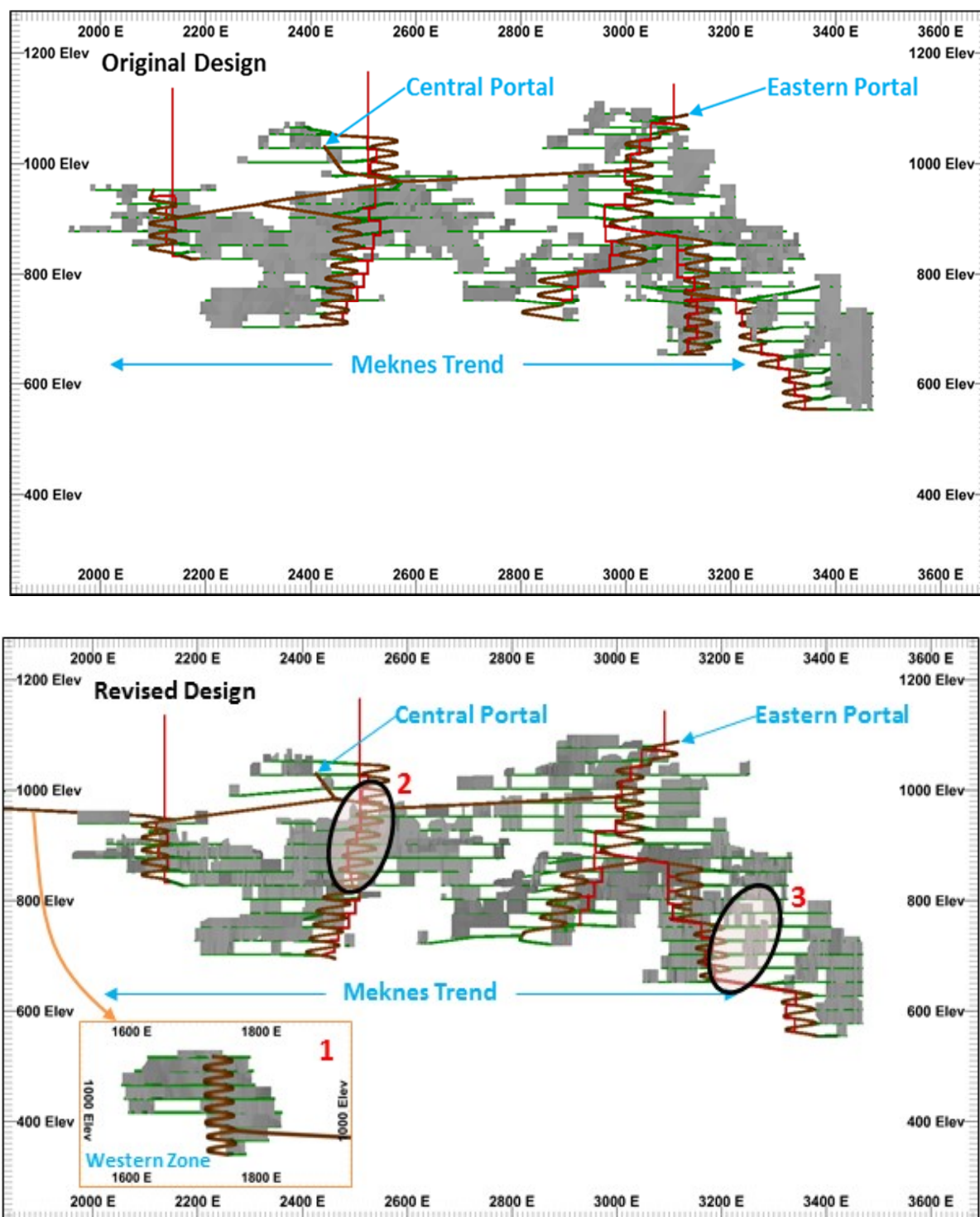
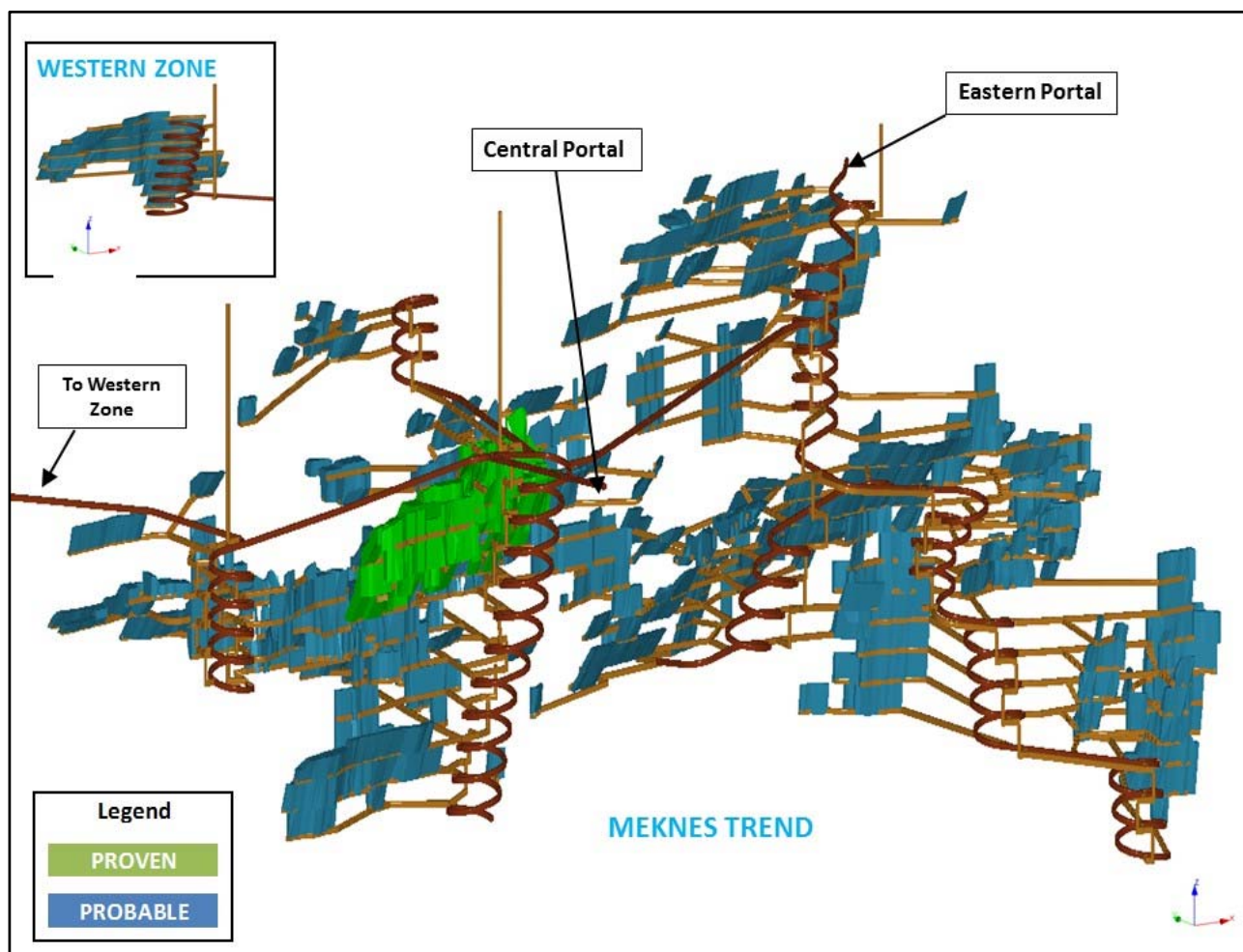


Figure 2: Evolution of Achmmach Underground Mine Design from DFS (above) to EDFS (below)
 (1) Incorporation of WZ; (2) Rationalised Central Zone development;
 (3) Rationalised Eastern Zone Development

Figure 3 shows an updated isometric projection of the 2015 mine design.



**Figure 3: Isometric Projection of 2015 Underground Mine Design
(Reserve components shown: Green – Proven, Blue – Probable)**

Where the orebody is relatively narrow and the ground conditions permit, LHOS without pastefill will be used. This occurs in the upper Eastern as well as Western end of the Meknès Trend and in the Western Zone. In these areas, occasional rib pillars and some regional support will be required.

Given the proximity of the WZ ore to the surface, a 10 m crown pillar will be left for possible ultimate reclamation.

Figure 4 shows the monthly ROM ore delivery schedule compared with the requirements to meet the average 1.05 Mtpa ore processing rate.

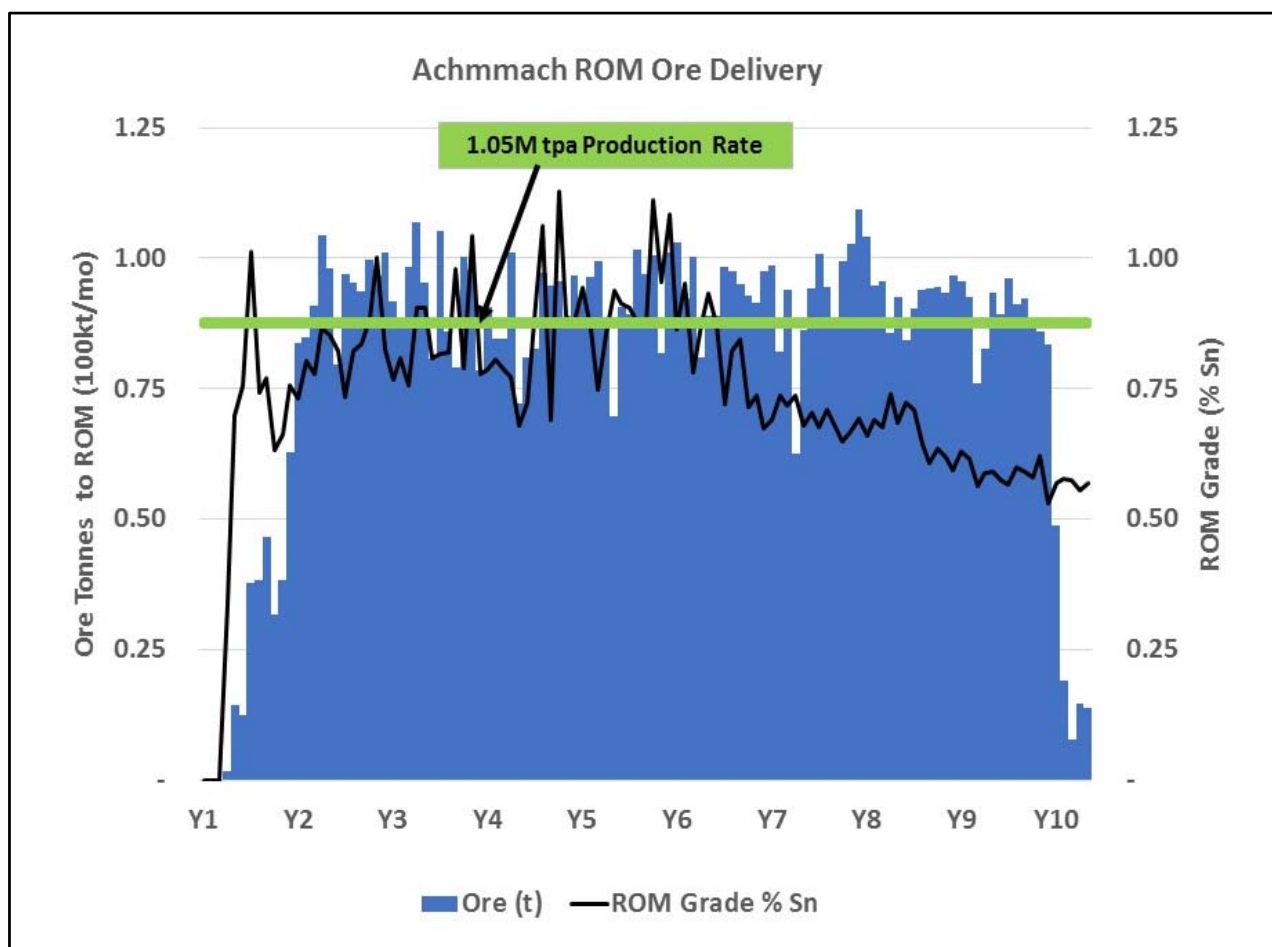


Figure 4: Achmmach ROM Ore Monthly Delivery Schedule (in 100 kt units) and average ROM Sn grade

4. METALLURGY AND PROCESSING

Metallurgy

The EDFS metallurgical programme employed a 3 t bulk sample of crushed diamond core from the Meknès Trend to verify and subsequently extend the findings of the DFS programme, based on encouraging results obtained from testing WZ ore as reported in the 16 October 2014 release (“78% Tin Recovery from the Western Zone”). Extended cassiterite flotation and ultra-fine cassiterite recovery and concentration were key components of the EDFS metallurgical programme.

Regrinding of additional primary gravity middlings directed more cassiterite to the flotation stage of the process and away from the gravity tail. Further work with flotation reagents resulted in recovery improvement and reduced reagent consumption. Sequential application of ultra-fine Falcon gravity concentration produced improvements in final fine concentrate grade and quality. **Table 5** shows the metallurgical performance achieved in the EDFS.

Table 5: EDFS Meknès Ore Metallurgical Testwork Summary

Stream	Mass Distn. %	Sn Distn. %	Sn, %
Head	100	100	0.97
Final Concentrate	1.33	74.7	55.0
Combined Tailing	98.67	25.3	0.25

These results were employed to modify the metallurgical recovery algorithm developed during the DFS, with the result that recovery at the average ROM grade of 0.77% Sn is expected to be 71.8%. The DFS metallurgical recovery algorithm was modified for the Meknès ore and adapted to the WZ ore as shown in **Figure 5**.

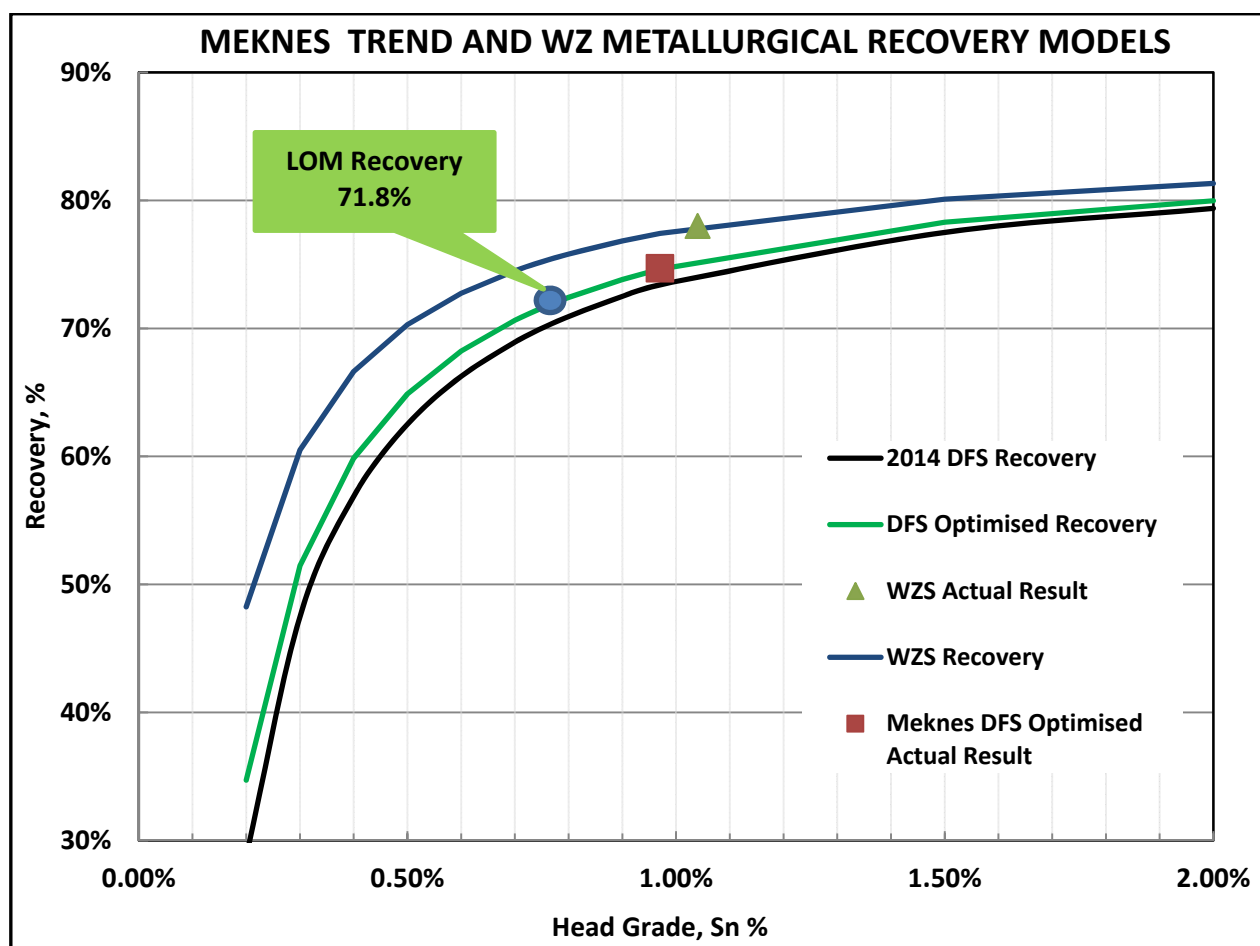


Figure 5: Achmmach Metallurgical Recovery Results

Processing

No substantial changes to the March 2014 DFS flow sheet arose from the 2015 EDFs.

As a result of the Entech finding that the mine could deliver up to 1.1 Mtpa of ROM ore to the mill, Kasbah and DRA Pacific Pty Ltd (DRA) conducted a review of the DFS processing plant capacity by examining potential bottlenecks and opportunities for capital reduction.

Table 6 summarises the outcome of this exercise.

Table 6: Achmmach EDFS Process Plant Review

Plant Area	EDFS Revision	EDFS Cost Impact
Crushing	No change	No change
Milling	Total mill power increase by 300 kW	Minor operating cost lift
Gravity circuit	Increase regrind spiral capacity Improved classification efficiency Remove 4 x coarse Falcon concentrators	Minor capital cost lift Minor operating cost reduction Capital cost reduction
Sulphide flotation circuit	No change	No change
Cassiterite flotation circuit	Reduced flotation feed tonnage Reduced reagent consumption	Operating cost reduction
Product handling	No change	No change
Tailings	Remove deslime ahead of paste production	Capital and operating cost reductions
Reagents & consumables	Reduced flotation reagents	Operating cost reduction
Plant layout	Reduce short term water storage capacity Relocate limestone milling Reduce ancillary buildings footprint	Capital cost reduction Capital & operating cost reductions Capital cost reduction

Table 7 Lists the process design parameters derived by DRA.

Table 7: Achmmach Process Plant Design Parameters

Parameter	Unit	EDFS Value	DFS Value
Operating Capacity	Mtpa	1.1	1
Head Grade	% Sn	0.76-0.96	0.96
Operating Hours:			
Crushing Plant	h/y	5 500	5 000
Beneficiation Plant	h/y	8 300	8 000
Nominal Mill Feed	t/h	133	125
Tin Dressing Concentrate:			
Grade	% Sn	55	55
Rate	t/h	1.4	1.2
Ultra-Fine Concentrate:			
Grade	% Sn	55	50
Rate	t/h	0.4	0.4
Overall Concentrate:			
Grade	% Sn	55	54
Rate	t/h	1.81	1.58
Recovery	%	75	71

Tailings Management

Tailings management will be simplified by the removal of the deslime step ahead of paste production. DFS testing showed whole of tailings to paste to be viable.

Further test work using low heat cement specifically available from Moroccan suppliers will be carried out as part of final Project design.

Paste Fill Plant

No changes to the paste plant are envisaged. Changes to cement dosing rates may arise from future testing of low heat cement available in Morocco.

5. INFRASTRUCTURE

No changes to major infrastructure items are envisaged.

Golder completed a review of the site water balance and additional dynamic modelling of the water storage dam operation. This work reinforced the view that process and mine water requirements will be well supported by seasonal run-off capture and storage.

Reliance on water bores for process water has been virtually eliminated.

6. ENVIRONMENT AND COMMUNITY

Approvals and Permits

Atlas Tin SAS (75% Kasbah, 20% Toyota Tsusho Corp, and 5% Nittetsu Mining Co.Ltd) has obtained the following approvals as announced to the market on 13 January 2015 “Achmmach Receives Project Approvals”:

- Final acceptance of the Achmmach Environmental and Social Impact Assessment (ESIA) incorporating final Environmental and Social Monitoring and Management Plan (ESMMP) by the Moroccan Ministry of Environment;
- Completion of collective farmland rental agreement with the Ministry of Interior. This agreement is now live and ATS has commenced paying an annual rent for the benefit of the collectives;
- Signing of in principle Community Development agreements with the Communes of Ait Ouikhalfen and Ras Jerri; and
- Acceptance of the proposed Achmmach water management strategy by the Sebou Hydraulic Basin Agency.

Table 8 summarises approvals issued by the various Moroccan administrative bodies.

Table 8: Achmmach Project Approval Status

Approval	Date issued	Authority
Environmental & social	22/12/2014	Ministry of Environment. Decision No. 36/2014
Collective land rental agreement	25/11/2014	Ministry of Interior. File 10 776
Community development agreements	17/10/2014	Presidents of Ait Ouikhalfen and Ras Jerri communes
Project water supply and management	19/12/2014	Sebou Basin Agency, Fes. ABHS/DEPRE/SDE 2433/14

Since the completion of the March 2014 DFS, Atlas Tin has commenced finalisation of key Project ESSMP plans ahead of achieving financial closure.

7. COSTS

Capital Costs

Pre-production capital costs for the project have been reduced to **USD148 M** as detailed in **Table 9**.

Table 9: Project Capital Cost Breakdown – Pre-production USD M

Cost Item	EDFS March 2015	DFS March 2014	Change, %
Mine equipment	20.45	27.51	-25.7
Mine development	14.23	18.74	-24.1
Paste plant	7.35	7.63	-3.6
Process plant	43.57	51.37	-15.2
Tailings and water management	4.03	7.57	-46.7
Site infrastructure	16.30	18.89	-13.7
Indirect Costs	17.47	18.27	-4.4
Off-site infrastructure	7.77	8.98	-13.5
Working capital & others	3.30	6.33	-47.9
Contingency	11.01	13.31	-17.2
Capitalised VAT and other costs	2.28	2.49	-8.6
Total	147.76	181.09	-18.4

The capital cost estimate is based upon an EPCM approach to project delivery.

Entech has achieved reductions in mine capital through the rationalisation of decline development in the Central and Eastern Zones of the mine and reductions in fixed plant requirements.

DRA has generated process plant and infrastructure capital savings through flowsheet improvements in the gravity and flotation circuits together with rationalisation of site fencing and sewage handling requirements.

Golder has reconfigured the TMF construction schedule to incorporate a two-phased approach to starter embankment construction. This approach has facilitated the deferral of USD2.9M to the production phase of the Project as sustaining capital.

Foreign Exchange Effects on Capital Costs

The principal currencies accounting for capital costs are the Moroccan Dirham (MAD), the Euro (EUR) and the South African Rand (ZAR).

Figure 6 illustrates the relative contributions of these currencies to capital costs.

Total Capital Cost Currency Split

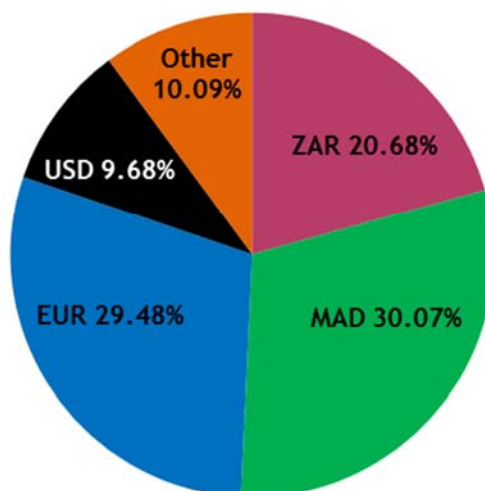


Figure 6: Dominance of EUR, MAD and ZAR in Project Capital Cost

Operating Costs

Summaries of life of mine operating costs are shown in Table 10 and Table 11:

Table 10: Project Operating Cost Estimates - USD/t of Recovered Tin

Operating Costs – Life of Mine	March 2015	March 2014	Change, %
Mining	3,935	3 549	+10.9
Processing	2,379	2 871	-17.1
Administration	895	1 060	-15.6
Concentrate transport and processing	1 109	1 143	-3.0
C1 Cash Costs	8 318	8 623	-3.5
Depreciation & amortisation	4 243	5 867	-27.7
C2 Cost	12 561	14 490	-13.3
Royalties	574	617	-7.0
Project related corporate costs	161	202	-20.4
C3 Cost	13 296	15 309	-13.2

Table 11: Project Operating Cost Estimates - USD/t of Ore

Operating Costs – Life of Mine	March 2015	March 2014	Change, %
Mining	22.50	19.29	+16.7
Processing	13.22	15.61	-15.3
Administration	4.97	5.76	-13.7
Concentrate transport and processing	6.16	6.21	-0.8
C1 Cash Costs	46.85	46.88	-0.1
Depreciation & amortisation	23.57	31.90	-26.1
C2 Cost	70.42	78.78	-10.6
Royalties	3.19	3.35	-3.1
Project related corporate costs	0.89	1.10	-18.8
C3 Cost	74.50	83.23	-10.5

Costs per tonne of tin have declined slightly as metallurgical recovery improvements take effect. Mining costs per tonne of ore have increased owing to expensing some lateral development associated with exploiting smaller stopes and the use of additional trucks and drill rigs.

Figure 7 shows the changes in incremental operating cost components.

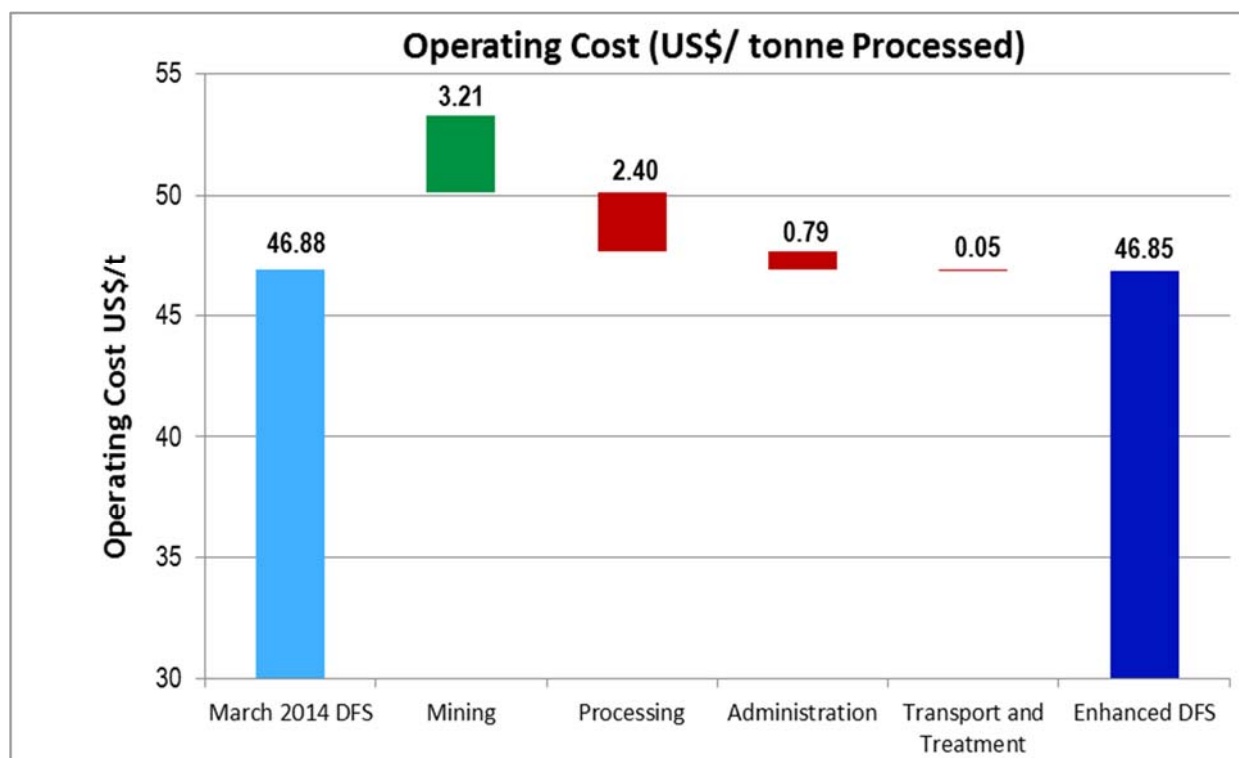


Figure 7: EDFs Incremental Operating Cost Impacts

Foreign Exchange Effects on Operating Costs

Whilst tin is traded on a USD basis, the principal currencies accounting for operating costs are the Moroccan Dirham (MAD), the United States Dollar (USD) and the Euro (EUR).

Figure 8 illustrates the relative contributions of these currencies to operating costs.

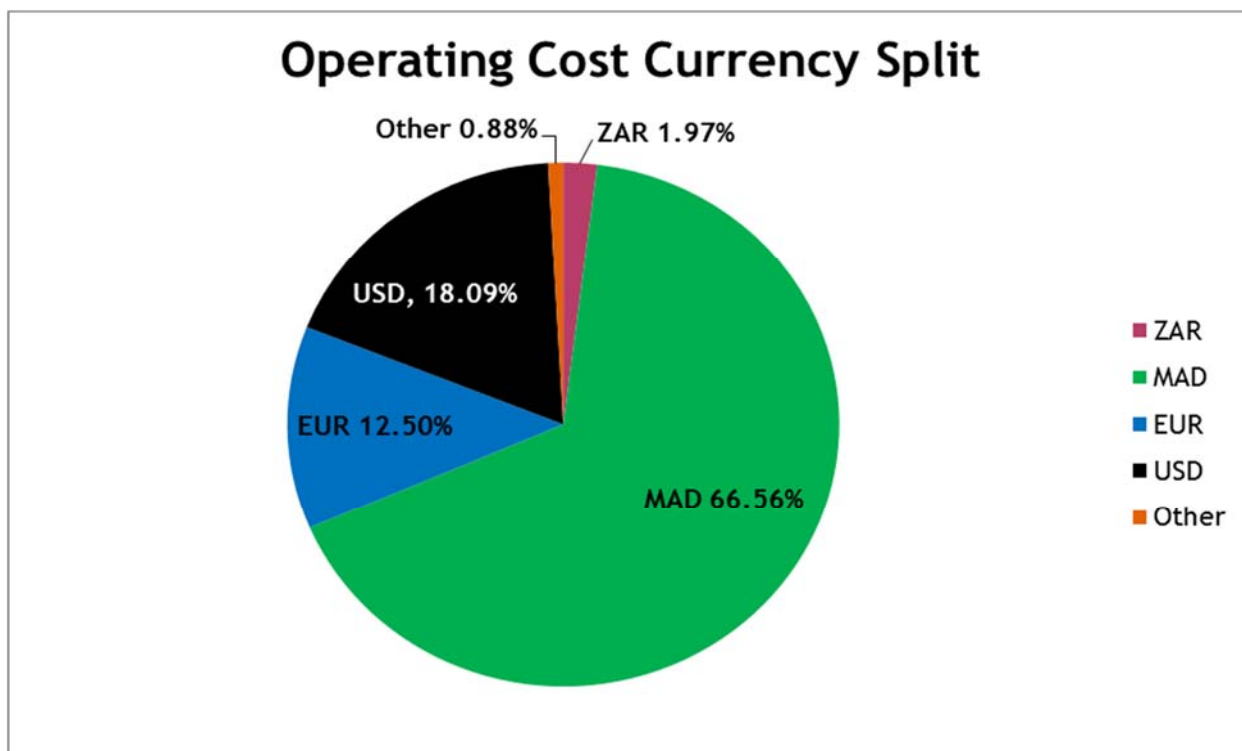


Figure 8: Dominance of MAD, EUR and USD in Project Operating Costs

The USD becomes prominent in the operating cost breakdown owing to the terms of freight and smelter contracts being written in USD.

8. PROJECT ECONOMICS

Tin Market and Price Forecasts

The February 2015 Tin Monitor, published by Commodity Research Unit (CRU) in association with the International Tin Research Institute (ITRI) depicts a tin market very focussed upon supply issues in 2015 onwards. CRU reports that, while much attention has been focussed on the startling growth in mine supply from Myanmar during 2014 and Indonesian schemes to restrict tin supply to support prices during the beginning of 2015, that steady improvement in tin demand has been reported by consumers and suppliers.

CRU states that:

“This may help shift the global market balance from a surplus now estimated at some 8,000 tonnes in 2014 to a deficit of 5,000 tonnes in 2015.”

Table 12 depicts the total demand / supply balance for 2015 forecast by the CRU and shows growth in estimated world tin consumption towards 368 000 tonnes.

Table 12: Refined Tin Supply Demand Balance Summary – ‘000 tonnes

	2012	2013	2014	2015f
Refined Tin				
<u>Production</u>				
Africa & Australasia	0.6	0.6	0.6	1.5
China	152.0	158.1	175.0	178.0
Indonesia	52.3	54.8	67.5	70.0
Malaysia	37.8	32.7	35.2	28.0
Thailand	22.9	23.0	17.1	14.0
Other Asia	6.9	8.4	8.4	8.4
Bolivia	14.3	14.9	15.6	16.0
Brazil	9.5	10.6	11.9	12.5
Peru	24.8	24.4	24.5	22.0
Belgium	11.3	10.3	9.8	10.0
Poland	1.4	2.0	2.2	2.2
Russia	0.9	1.0	1.0	1.0
Total	334.7	340.8	368.8	363.6
<u>Consumption</u>				
China	149.7	156.4	162.7	167.8
Japan	27.3	27.0	26.4	26.0
Other Asia	55.1	57.3	58.5	59.0
USA	31.0	30.5	31.4	32.0
Other Americas	18.6	19.0	19.5	20.0
Europe	54.8	56.0	59.5	60.0
Other	3	3.1	3.3	3.4
Total	339.5	349.3	361.3	368.2
World Balance	-4.8	-8.5	7.5	-4.6
Data: ITRI, CRU				

With respect to tin price forecasts, the CRU states in the February 2015 Tin Monitor that:

“Price forecasts depend partly on the tin “fundamentals” and partly on the general economic/commodity market environment, which remains fairly gloomy. Currently tin-specific factors are not clear or positive enough to counter-act the general ones.

The latest Reuters poll of analysts' price forecasts published at the end of January (2015) gave an average predicted 2015 LME price of USD21 045/tonne, within a range of predictions from USD18 500 - USD23 500/tonne. The forecasts for tin and the other LME metals for 2016 are for across-the-board improvements, with the mean tin price forecast of USD23 520/t, within a range of USD19 750 - USD28 000/t.

Based on current knowledge it is difficult to justify price forecasts much different to the averages identified in the survey.”

The 2016 mean tin price forecast above is well above Kasbah's 2014 DFS and 2015 EDFs tin price estimate and shows the level of conservatism in Kasbah's forward pricing assumptions.

BNP Paribas February 2015

The upward trajectory in tin price forecast is also supported by European banks active in commodity and project financing. Stephen Briggs, Metals Strategist for BNP Paribas stated in his 26 February 2015 ***“Prospects for Base Metals – Take a Walk on the supply side”*** presentation a similar view on tin market dynamics and future price escalation driven by market shortages. Mr Briggs makes these key points in this recent presentation:

- After rebounding by 12% in 2010, tin demand fell by ~6% over 2011-12.
- Cyclical recovery in 2013-14 of ~3% p.a. was well short of other metals, and the trend remains indifferent.
- There are big constraints in key producing countries.
- A range of problems have hit the tin industries in Bolivia, Peru, DR Congo, China and Indonesia.
- The only real bright spots today are Australia, Brazil and especially Myanmar. Myanmar may peak in 2015.
- New mines are thin on the ground for at least 12-18 months.

BNP Paribas states that:

“A return to deficit in 2015 may yet push tin back up to USD25 000 /t by late 2015 / early 2016.”

BNP Paribas price projections for tin (**Table 13**) from late 2015 onwards predict a steep rise in current market prices for tin which bodes well for the proposed 2016 start-up of the Achmmach Tin Project in Morocco.

Table 13: Summary of BNP Paribas base metal price forecasts – USD/t; 13/01/15

	2014 Actual	2015	2016	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Aluminium	1,867	1,940	2,225	1,790	1,900	2,000	2,070	2,125	2,180	2,250	2,345
Copper	6,862	6,175	6,850	6,000	6,250	6,100	6,350	6,500	6,650	6,900	7,350
Nickel	16,867	17,700	24,800	15,100	16,300	18,600	20,800	22,500	23,800	25,600	27,300
Zinc	2,164	2,400	2,950	2,150	2,300	2,500	2,650	2,750	2,850	3,000	3,200
Lead	2,096	2,080	2,660	1,850	1,975	2,170	2,325	2,435	2,560	2,735	2,910
Tin	21,893	22,000	26,500	19,900	21,050	22,700	24,350	25,000	25,800	27,000	28,200

Source: BNP Paribas Commodity Markets Strategy

Table 14 summarises the results of the EDFs modelling completed by Optimum.

Table 14: EDFs Life of Mine Financial Results

Project Returns	Pre Tax	Post Tax
NPV @ 8% discount rate, USD M	202	171
IRR	35.00%	32.88%
Payback Years (post maximum negative cash flow)	-	2.3
Free Cash flow, USD M	367	316
C1 costs, USD/t	8 318	8 318
C3 cost, USD/t	13 296	13 296

A full set of comparative figures follows in **Table 15**.

Table 15: Achmmach EDFS Technical and Economic Summary

Parameter	Unit	March 2015 spot forex and spot tin price USD17 400	EDFS Base Case March 2015 spot forex and tin price USD21 511	EDFS LME Cash Buyer Price @ 28/03/2014 USD23 025/t *	DFS Base Case LME Cash Buyer Price @ 28/03/2014 USD23 025/t
Mining Reserve ^A	Mt	9.219	9.219	9.219	8.445
Life of Mine (LOM) Mined Ore Grade	% Sn	0.77	0.77	0.77	0.78
Average Mill Throughput	Mtpa	1.05	1.05	1.05	1.0
Average annual tin in concentrate produced	tpa	5 850	5 850	5 850	5 300
LOM Gross Revenue	USDM	838	1 036	1 109	996
LOM Post- tax Free Cash Flow	USDM	158	316	302	270
Pre-production Capital	USDM	151	148	170	181
Sustaining Capital	USDM	54	57	67	71
Post-tax NPV_{8%}	USDM	65	171	156	126
IRR (ungeared)	%	18.5	32.9	28.4	23.3
Payback period	years	3.6	2.3	2.6	3.2
C1 costs^B	USD/t ore treated	46.85	46.85	53.02	46.88
C1 costs	USD/t tin in concentrate	8 318	8 318	9 420	8 623
C3 costs^C	USD/t tin in concentrate	13 180	13 296	15 169	15 309

*Base case tin price and exchange rates held constant from March 2014 DFS

^A - Mining Reserve is derived from Measured and Indicated Mineral Resources that have had mining dilution and recovery factors applied to the mine design, and ore treatment and other surface operational cost factors applied to create an inventory of mineable stope and development tonnes, the extraction and treatment of which may be accomplished in an economic and environmentally acceptable manner.

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

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

Figure 9 and Table 16 illustrate the results of the EDFS with and without the effects of foreign exchange rate movements since March 2014.

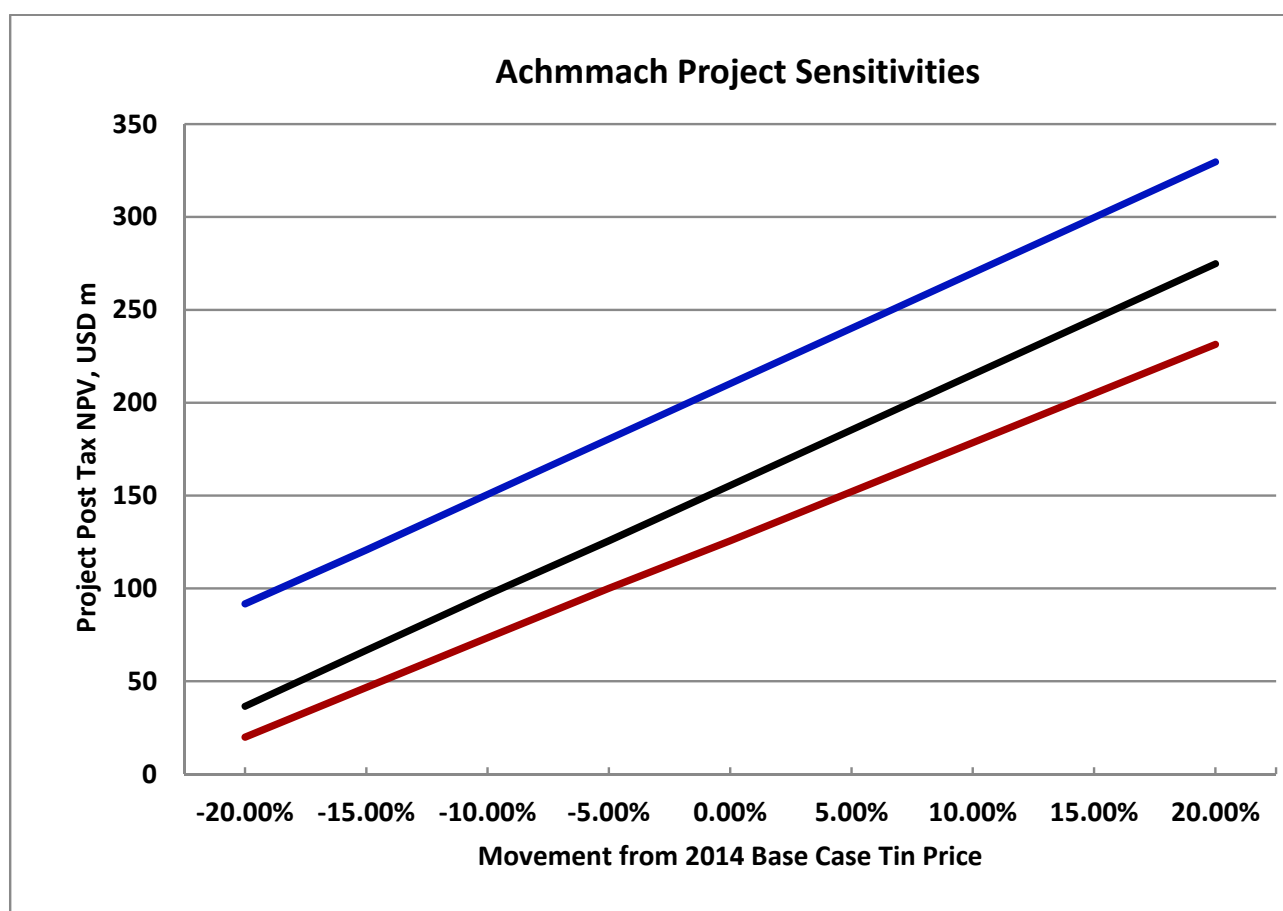


Figure 9: Comparative Tin Price Sensitivity - **March 2014 DFS (lower curve)** cf 2015 EDFs without Foreign Exchange Effects (middle curve) and cf **2015 EDFs with Foreign Exchange Effects (upper curve)**

Table 16: Project Sensitivity to Tin Price – Guide to Figure 9: NPV, USD vs Tin Price, USD/tonne

Tin Price Variation from Base:	-20.00%	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%	20.00%
Tin Price, USD/tonne	18,420	19,571	20,723	21,874	23,025	24,176	25,328	26,479	27,630
EDFS + FX @ 9 March 2015	92	121	151	181	210	240	270	300	330
2015 EDFs (No FX Gains FROM 2014 DFS)	37	67	97	126	156	185	215	245	275
2014 DFS Base Case	20	47	74	100	126	152	179	205	231

9. DEVELOPMENT TIMETABLE

The EDFS does not envisage significant changes to the duration of the Project development timetable. However, actual Project commencement will depend on achieving financial close. **Figure 10** shows a revised *indicative* Project schedule based on the current project status.

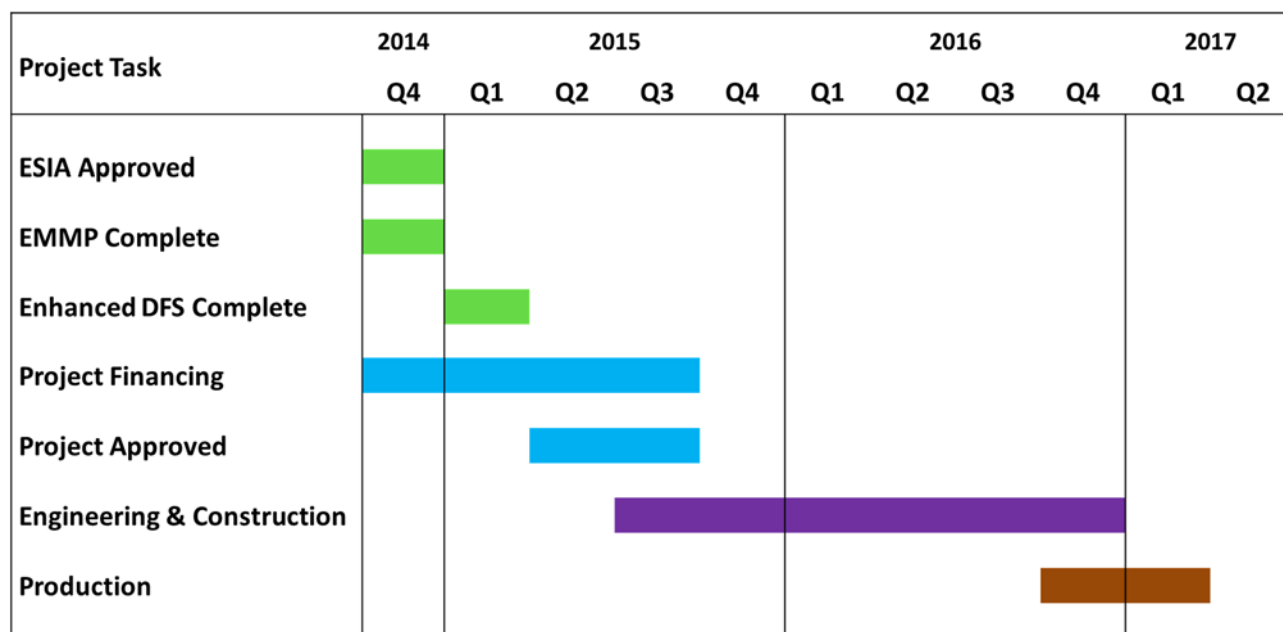


Figure 10: Achmmach Indicative Development Schedule

10. OPPORTUNITIES

Several opportunities to enhance the EDFS Base Case remain to be further examined as the Project development schedule progresses.

These include:

- Expand mine life through defining new resources down dip of the WZ or deeper extensions within the Meknès Trend;
- Achieving incremental tin recovery from presently identified process reject streams;
- Reducing water losses in the tailings management system;
- Exploring contract mine development to reduce pre-production capital;
- Evaluating different models of project delivery that would be particularly suited to the Moroccan industrial landscape;
- Assessing potential benefits of adopting smaller scale mine development and equipment;
- The Sidi Addi trend has been lightly explored and retains the potential to greatly expand, and may potentially duplicate the current Meknès Trend resource;
- Develop Bou-El-Jaj as an economic stand-alone satellite mining operation that would provide feed to the Achmmach mill; and
- Investigate down stream processing of concentrates within Morocco to service adjacent markets.