

22 July 2009

**SNAPSHOT**

Kasbah Resources Limited  
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**ASX Code: KAS**

**Investment Data**

Shares on Issue 177M  
High / Low (52 week)  
\$0.15 / \$0.03

**Board & Management**

Graeme Walker  
Non Executive Chairman

Wayne Bramwell  
Managing Director

Peter Hepburn Brown  
Non Executive Director

Rod Marston  
Non Executive Director

Rob Weinberg  
Non Executive Director

Peter Youd  
Company Secretary

Jeffrey Lindhorst  
Exploration Manager

**Shareholders**

Top 20 Hold 66%

**Cash Reserves**

Cash Balance \$2.2M  
(30 June 2009)

**Projects - Morocco**

- Achmmach Tin Project
- Tamlalt Gold Project
- El Karit Tin Project

For further information email  
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Or visit our website

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**QUARTERLY ACTIVITIES REPORT**  
**JUNE 30 2009**

***Achmmach Option Agreement Extended***

***Meknes Zone Indicated Resource (MJI) Drilling Program Contract Awarded and Diamond Rig Mobilised***

***Successful Completion of 1:1 Rights Issue***

**HIGHLIGHTS**

- Achmmach Option Agreement Extended to June 2011
- Meknes Zone Indicated Resource (MJI) Drilling programme approved
- Ground magnetics survey completed at Achmmach and Tamlalt
- Surface geochemistry highlights anomalous high grade samples at Camp Zone
- Drilling contract awarded
- Drill rig mobilised – drilling to commence in August
- Reassessment of Eastern Zone surface samples indicates broader high grade tin at surface
- Metallurgical programme complete at SGS Cornwall with high grade tin primary concentrates produced
- Surface sampling extends strike of Tamlalt Gold prospect

## 1.0 OVERVIEW

Kasbah Resources Limited (Kasbah) is pleased to provide this update as to the company's progress in Morocco. The company's prime exploration focus during the quarter continues to be its Achmmach Tin Project.

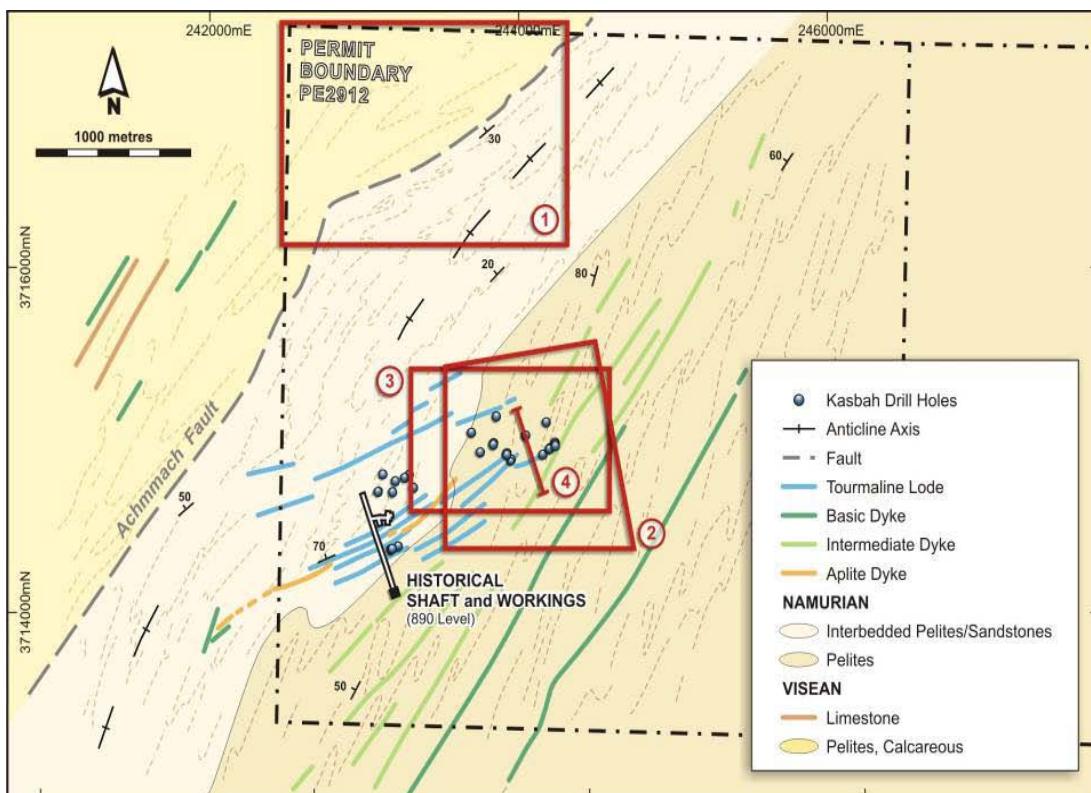
## 2.0 ACHMMACH TIN PROJECT

### 2.1 Activities for the quarter

Following the encouraging results from a preliminary orientation ground magnetic survey completed over the Meknes Zone in November 2008, a broader ground magnetic survey was completed over the entire 16km<sup>2</sup> of the western Achmmach permit (PE2912).

A review of the open cut tin potential of the Eastern Zone on PE2912 commenced with the re-mapping of the surface at 1:1,000 scale, re-logging of drill holes, review of distribution of tin in rock chip samples and trenches and collection of soil samples for multi-element analysis on a broad 40m x 80m grid to define the associated lithogeochemistry.

Reconnaissance soil samples on an 80m x 160m grid were collected over 242 Ha in the northwest corner of PE 2912. This area is cut by a major NE trending shear zone identified in the surface mapping and recognized in the ground magnetics. It is underlain by a magnetic high similar in character to the magnetic high that underlies the tin mineralisation of the Eastern Zone. Minor tourmaline alteration and quartz veining is found along the shear zone. **Figure 1** defines the work programme locations.



1) NW reconnaissance soils 2) Eastern Zone soils 3) Eastern Zone mapping 4) AD014 cross section

Final planning and approval was completed for the proposed 15,000m Meknes Zone Indicated Resource (MJI) infill diamond drill hole program and a drilling contract was signed. A topographic site survey was completed and plans drawn up for the expansion of the Achmmach exploration camp to accommodate extra personnel for the next phases of development.

An initial scoping study was completed for the proposed Achmmach Exploration Decline. The North Decline Access Project (NDA) will incorporate underground development to establish drill cuddies to test the extent and continuity of the tin mineralisation at depth below the 800m RL and proximate to the Meknes Zone.

## 2.2 **Ground Magnetic Survey**

### 2.2.1 **Survey Specification**

Geophysical consulting group, Resource Potentials was commissioned to carry out the acquisition and processing of a ground magnetic survey over the Achmmach project western lease PE2912. The survey consisted of 300 line / km covering approximately 32 km<sup>2</sup>. The survey was completed at 200m line spacing with infill at 100m and 50m line spacing over areas of interest where better definition of anomalies was required.

A GEM GSM19 proton procession magnetometer with an integrated GPS system was used as the field unit, recording the total magnetic intensity (TMI) and location. A sampling rate of 0.5s (2Hz) was used to provide almost continuous profiles along the lines. A Geometrics G856 proton procession magnetometer was used as a base station so the diurnal corrections could be made to the data.

### 2.2.2 **Results/Interpretation**

While not yet fully interpreted, the ground magnetic image (**figure 2**) clearly shows a number of magnetic domains / features which can be associated with features identified in the mapping and drilling results. The entire northwest quarter of PE2912 is underlain by a complex magnetic high cut by numerous 060 mag trending linears. Field mapping has identified these as shear zones cutting the outcropping interbedded siltstone and sandstones. Besides a few small dykes outcropping at the surface there are no indications of any major intrusive(s).

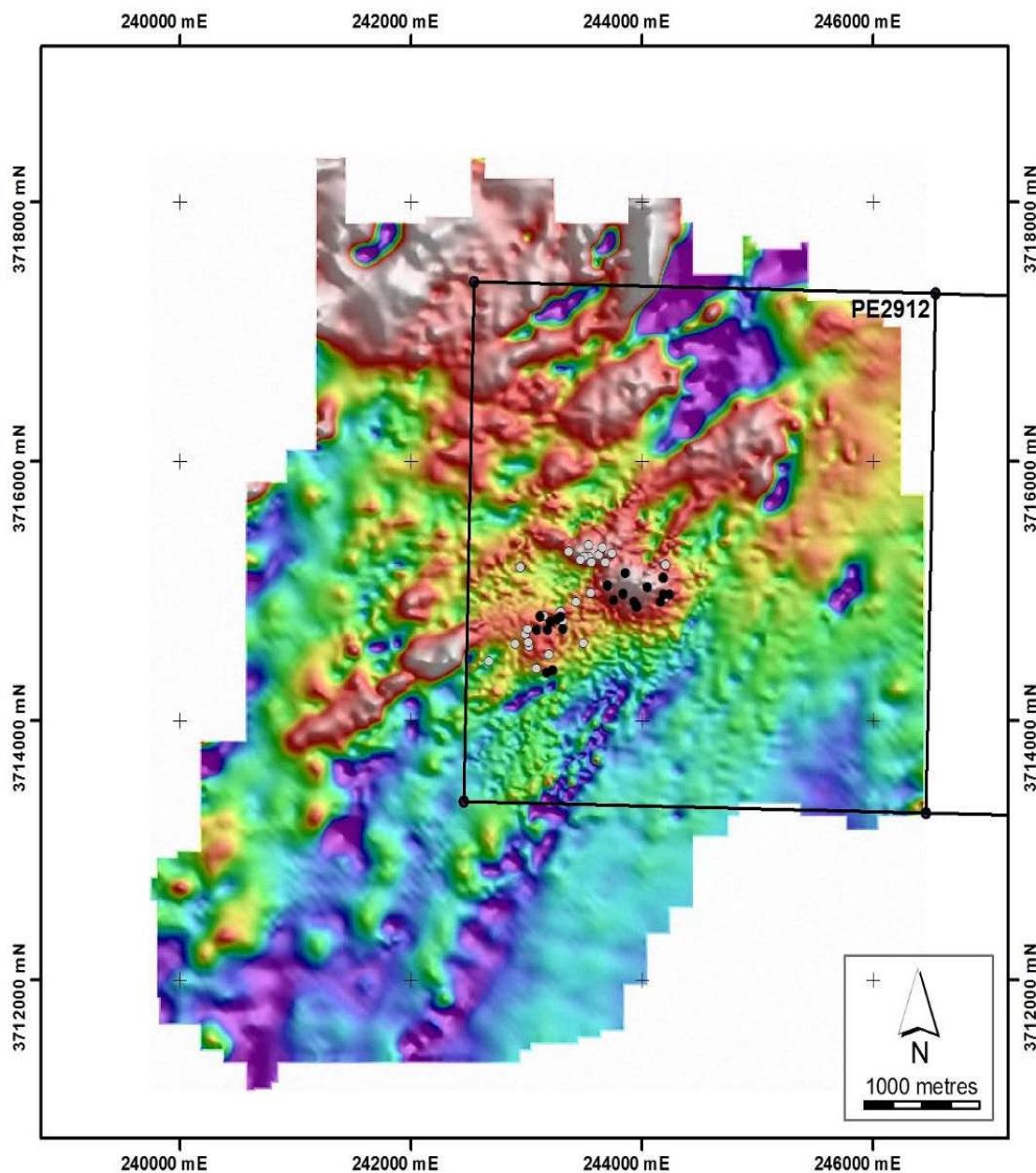
This area has been soil sampled and is discussed below in Section 2.3

The southern half of the magnetic complex is segmented by two well developed linears spaced about 700m apart trending 110 magnetic. The southernmost of these linears is developed along the northern edge of the prominent magnetic highs that underlie the ONHYM drill holes S01-S11 and the area defined as the Eastern Zone mineralisation by Kasbah. Drilling in Kasbah holes AD01-AD017 encountered significant pyrrhotite +/- cassiterite veining that is believed to be responsible for the large magnetic high centred at about 24400mE, 3715000mN.

There is a well developed tin in soil anomaly (see Section 2.3) also associated with this magnetic high and cut by the 110 magnetic trending linear.

A smaller 400m x 250m magnetic high oriented ENE centred at 243150mE, 3714600mN underlies the Meknes Zone mineralisation as defined in drill holes AD018 – AD028. The origin of this magnetic anomaly is not known as there is only a small amount of pyrrhotite veining noted in the current drilling which is unlikely to be causing this response.

Whilst the cause of the magnetic anomaly is unknown it is encouraging that the underlying magnetic signature associated with this zone of mineralisation forms a coherent body.



**Figure 2**  
**Ground magnetic image over the Achmmach Deposit**  
 (Black dots are Kasbah drill hole collars, Grey dots are historic ONHYM drill hole collars.)

### 2.3 Surface Geochemistry Program

#### 2.3.1 Soil Surveys (PE2912)

##### NW Reconnaissance Soils

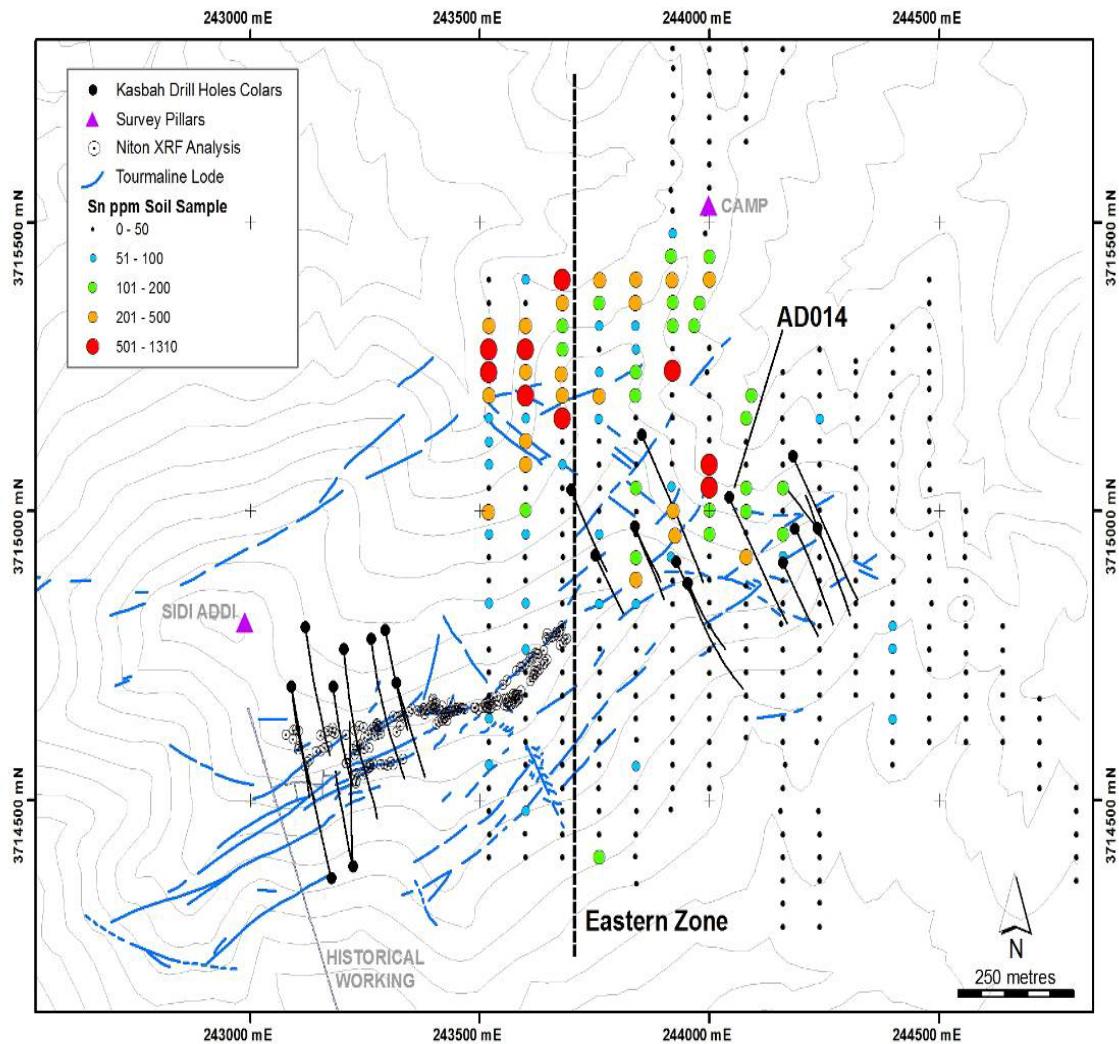
A reconnaissance soil sample program on an 80m x 160m grid was completed over the large magnetic complex identified in the NW of PE2912. The 203 samples collected were dispatched to ALS Perth late in the Quarter and results are expected in early August.

### Eastern Zone Soils

As part of the review of the open cut potential of the Eastern Zone within PE2912, over 100 hectares was soil sampled. Results from the 358 soils samples collected on a 40m x 80m grid over the Eastern Zone of the Achmmach deposit have identified two separate zones of anomalous tin in the soils.

The largest zone, approximately 400m x 200m, which is open to the northeast, north and west covers the area previously drilled by ONHYM in holes S01-S11.

This zone is co-incident with highly anomalous rock chip samples (**figures 3 and 4**). This zone is located just 500 metres southwest of the exploration camp and is referred to as the **Camp Zone**.



**Figure 3**  
**Eastern Zone Soil Sample Results and NITON Analysis Results**

The second anomalous zone covers an area of approximately 250m x 200m whose centre is just west of the collar position of AD014. The anomaly is associated with the mapped ESE trending, SW dipping tourmaline lodes and the intersection of the main NE trending tourmaline lodes on the hill. Rock chips in both of these areas have returned grades > 1% tin.

### 2.3.2 NITON XRF Analysis

#### Eastern Zone

Original Kasbah investigation and rock-chip sampling of the Eastern Zone tourmaline lodes was undertaken prior to Kasbah having a NITON hand held X-ray fluorescent (XRF) analyser. Rock chip sampling of these structures is very difficult due to their extreme hardness and massive texture. Reassessment of this area with the Niton XRF analyser has revealed that the tin is more widespread than indicated by the original rock chip sampling.

Originally, the Kasbah rock chip samples were collected from the broken and fractured edges of the tourmaline outcrops and it is these areas that are now known to be unmineralised or contain weak tin values. With the use of the Niton XRF analyser it is now evident that the very hard tourmaline breccias that are difficult to rock chip, contain the higher grade tin mineralisation.

#### Western Area (Meknes Zone)

In the western part of the Achmmach lease PE2912, only 2 out of 700 of the original rock chip samples returned values greater than 0.1% tin. After the Eastern Zone review, a systematic review of the surface was carried out with the NITON XRF to test the effectiveness of the rock chip sampling in the western area over the main Meknes lodes (structures A, B and C from previous ONHYM work).

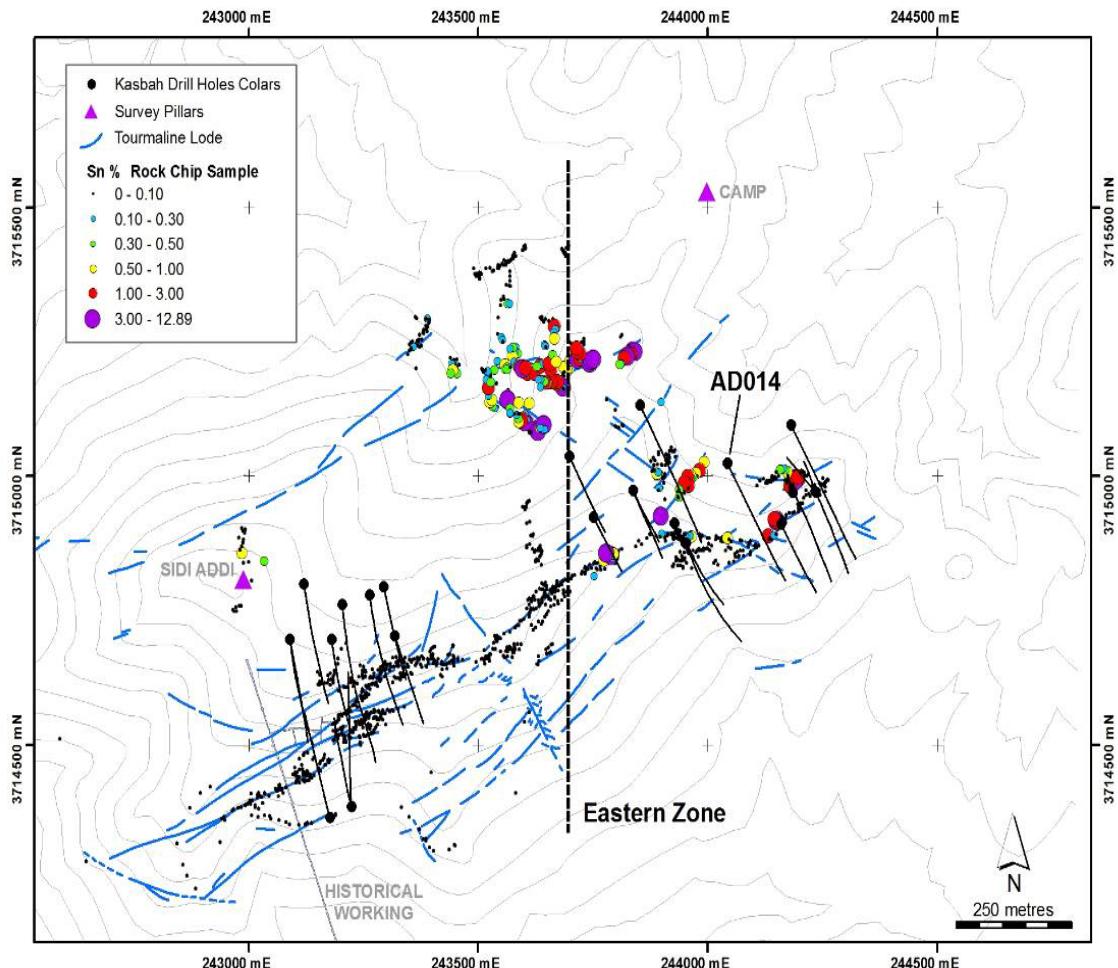
More than 1000 point analyses were taken over the surface structures (**figure 3**) testing tourmaline altered sediments, tectonic breccias, hydrothermal breccias and quartz veining. No anomalous tin values were found, confirming the original rock chip sampling results which indicated there was limited tin mineralisation at the surface in this area.

### 2.4 Eastern Zone Geology and Mineralisation

#### 2.4.1 Surface Geology

The Eastern Zone of the Achmmach hill is defined as the area east of 243700mE (WGS84 UTM30). It was tested by Kasbah Resources drill holes AD001 to AD017 and by ONHYM drill holes S25-S29. The Camp zone, where ONHYM drilled holes S01-S11, is located across the regional shear zone about 300 metres to the northwest (**figure 4**).

A common characteristic of both the Eastern Zone and the Camp Zone is the presence of high grade tin at the surface in the tourmaline lodes (**figure 3**). Both zones are also underlain by prominent magnetic highs as is evident from figure 2.



**Figure 4**  
**Eastern Zone Rock Chip Sample Results**

ONHYM had previously undertaken trenching in the Eastern and Camp Zones and it was within these mapped and sampled trenches that the first shallow high grade tin assays were seen (**figure 5**).



**Figure 5**  
**ONHYM Trench T32**  
**(Check Assays from Rock Chip Samples Returned from 1-3% Sn)**

The geology shown in **figure 6** is compiled from the systematic ongoing 1:1,000 scale outcrop mapping completed during the quarter. This is a geologically complex area but the relationships between the different elements can now be interpreted.

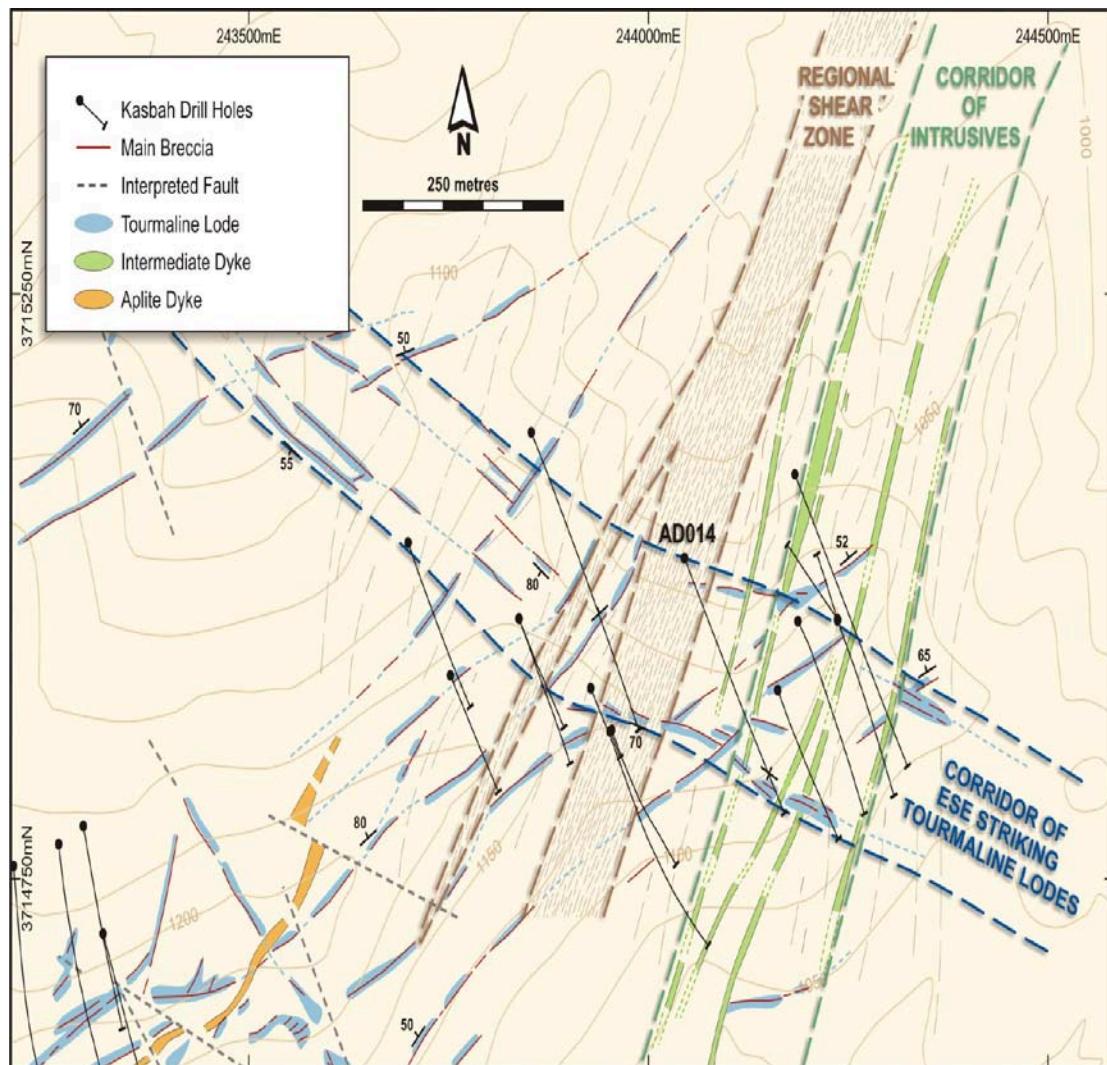
The exposed siltstone / mudstone sequence is folded and sheared with bedding (S0) / cleavage (S1) striking N-NE and dipping moderately to steeply to the west. The sediments are intruded by a number of dykes/sills of intermediate composition located in a broad 100m wide corridor sub-parallel to the fabric of the sediments.

Just west of the intrusive corridor, a broad 100m wide NNE trending regional shear zone has been mapped on the surface, intersected in drill holes and recognised in the ground magnetics. This shear can be traced for over 4 kilometres across the lease and is approximately parallel to the regional bedding and foliation and to the corridor of the intrusives.

The shear zone does not appear to offset the tourmaline lodes to any significant extent.

Despite having the same 050 to 070 trend, compared to the massive pervasive tourmaline lodes in the Meknes Zone to the west, these tourmaline lodes are thinner and more discontinuous in the Eastern Zone. In contrast to the Meknes Zone, these structures host high grade tin at the surface, especially where they are intersected by the ESE-WNW trending / SW dipping corridor of tourmaline lodes.

To the northwest this ESE-WNW trending corridor is strongly mineralised at the surface in the Camp Zone where it again intersects with the more discontinuous 050 to 070 tourmaline lodes. Late stage cross cutting chalcedony and fluorite, filled breccias, fractures and veins are developed sub-parallel to the ESE-WNW trending tourmaline altered corridor.

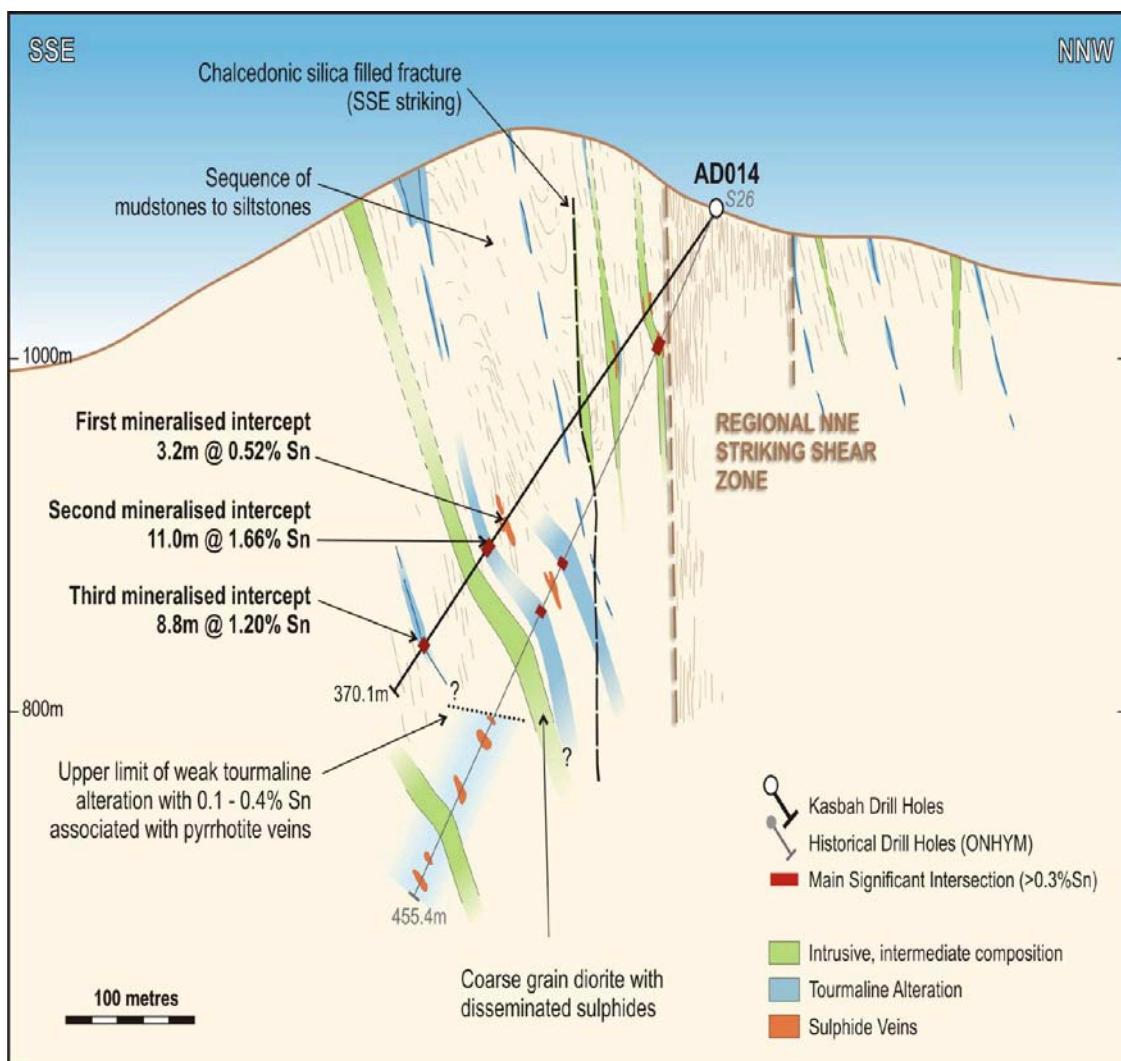


**Figure 6**  
**Eastern Zone Interpreted Geology**

#### 2.4.2 Mineralisation

**Figure 7** depicts a cross section with drill holes S26 from ONHYM and AD014 from Kasbah and is representative of the main characteristics of the Eastern Zone:

- 1) host rocks are interbedded mudstones/siltstones,
- 2) widespread tabular intrusions of intermediate composition,
- 3) weaker, less pervasive tourmaline alteration/lodes,
- 4) tin mineralisation associated with pyrrhotite/pyrite veining and/or with quartz veining associated with relatively weak tourmalinization,
- 5) regional ESE-WNW trending shear zone,
- 6) development of crosscutting late-stage fractures, veins and breccias of chalcedony and fluorite.



The NE trending regional shear zone is intercepted in several drill holes:

- 1) the top of AD001, AD002, AD011, AD012, AD014,
- 2) the middle of AD015 and,
- 3) the end of AD016 and AD017.

There are weak tourmaline lodes developed within the shear zone indicating it predated the tourmaline alteration. Two main alteration styles are noted in the Eastern Zone;

- 1) a very pervasive silica-sericite alteration, and;
- 2) a patchy weak to moderate tourmaline alteration.

The silica-sericite alteration occurs as broad haloes around the main structures and becomes more prevalent downhole. This alteration is recognized as yellow-brown to grey colour overprinting and where more intense obliterating the original bedding and most of the rock fabric. The tourmaline alteration comes later and overprints the silica-sericite alteration. The tourmaline alteration is not as pervasive as in the other parts of the deposit and is more difficult to correlate in section, but lodes mapped at the surface correlate with the weak tourmaline alteration along the fractures, veins or breccias intersected downhole.

In the Eastern Zone, mineralisation appears to be increasing with depth as a broad low grade halo is intersected in a number of holes. This is particularly well developed in the bottom of S26 and AD013 where the mineralisation is associated with patchy weak tourmaline alteration and sulphide veining. The diorite intersected in this zone in AD013 and S27 is also within this halo. AD013 intersected 18.8m @ 0.36% Sn from 412.5m and S27 intersected 45.9m @ 0.55% Sn from 449.8m. Mineralisation occurs as pyrrhotite, chalcopyrite, arsenopyrite and cassiterite veins.

## 2.5 Meknes Zone Indicated Resource (MZI) Drill Program

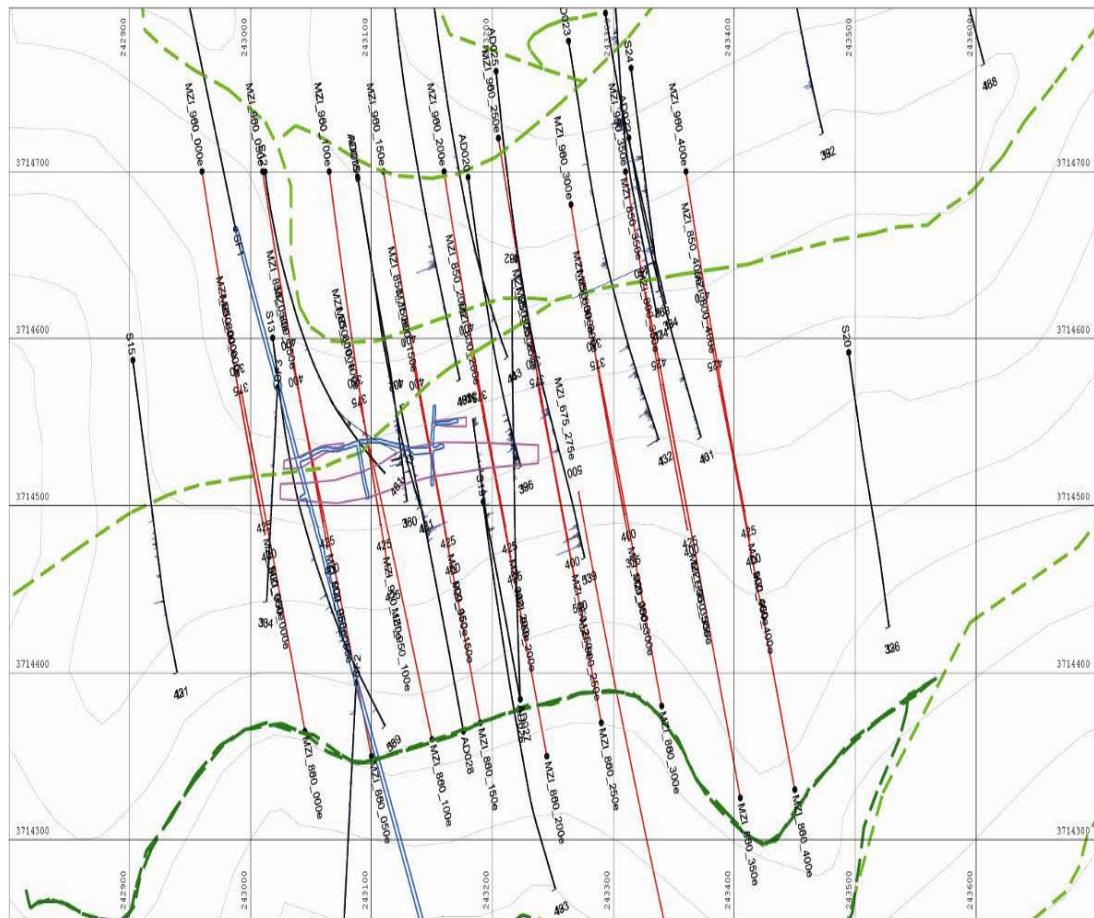
To date Kasbah Resources has drilled a total of 8,805m from 28 drill holes within the Achmmach prospect. Eleven (AD018-AD028) of the 28 holes totalling 4,615m have been drilled in the area of the historical underground workings defined as the Meknes zone.

The drilling is on six sections oriented 165-345 magnetic with 8 of the 11 holes (AD018-AD025) drilled from the north. The other three (AD026-AD028) are drilled from the south. Currently many sections have only one hole on them or in the case of sections with multiple holes, the spacing is approximately 50-100m between sections. This spacing makes it difficult to determine with confidence the continuity of mineralisation between sections on a mining (stope design) scale.

The MZI drill hole program aims to collect sufficient data for the estimation of a JORC Indicated Resource in the range of 1 to 2 Mt from within the existing JORC Inferred Resource of 6Mt @ 0.9% Sn.

Systematic drilling will focus on a 400 metre zone along strike from the mineralisation defined by ONHYM in the underground workings (structures B and C) on the 3714525mN section from 24300mE to 243400mE extending from the 950mRL to the 800mRL. To achieve this, a total of 15,000m of diamond drilling from 37 holes on 9 sections is planned on a nominal 50m x 50m grid (**figure 8**).

Drilling will be from both the north and the south of the hill. The drilling from the north will test the 950mRL and the 900mRL. The drilling from the south will test the 850mRL and the 800mRL. All HQ and NQ core runs will be oriented for structural measurements.



## Figure 8

### MZI Resource Drill Programme

## 2.6 Achmmach 1B Metallurgical Programme

The 1B metallurgical programme was completed late in the quarter at SGS Cornwall and a final report is pending. Preliminary results show clean, high grade primary concentrates (>60% Sn) being achievable with no significant penalty elements present.

Future work will focus on upgrading the middlings / intermediate concentrate streams to maximise total tin recovery to final concentrate.

## 2.7 Future Work

In addition to the ongoing MZI drilling program, systematic mapping, re-logging and sampling of the Eastern Zone and Camp Zone will be undertaken as part of the review of the broader open cut potential of the Achmmach deposit.

### 3.0 TAMLALT GOLD PROJECT

#### 3.1 Activities for the Quarter

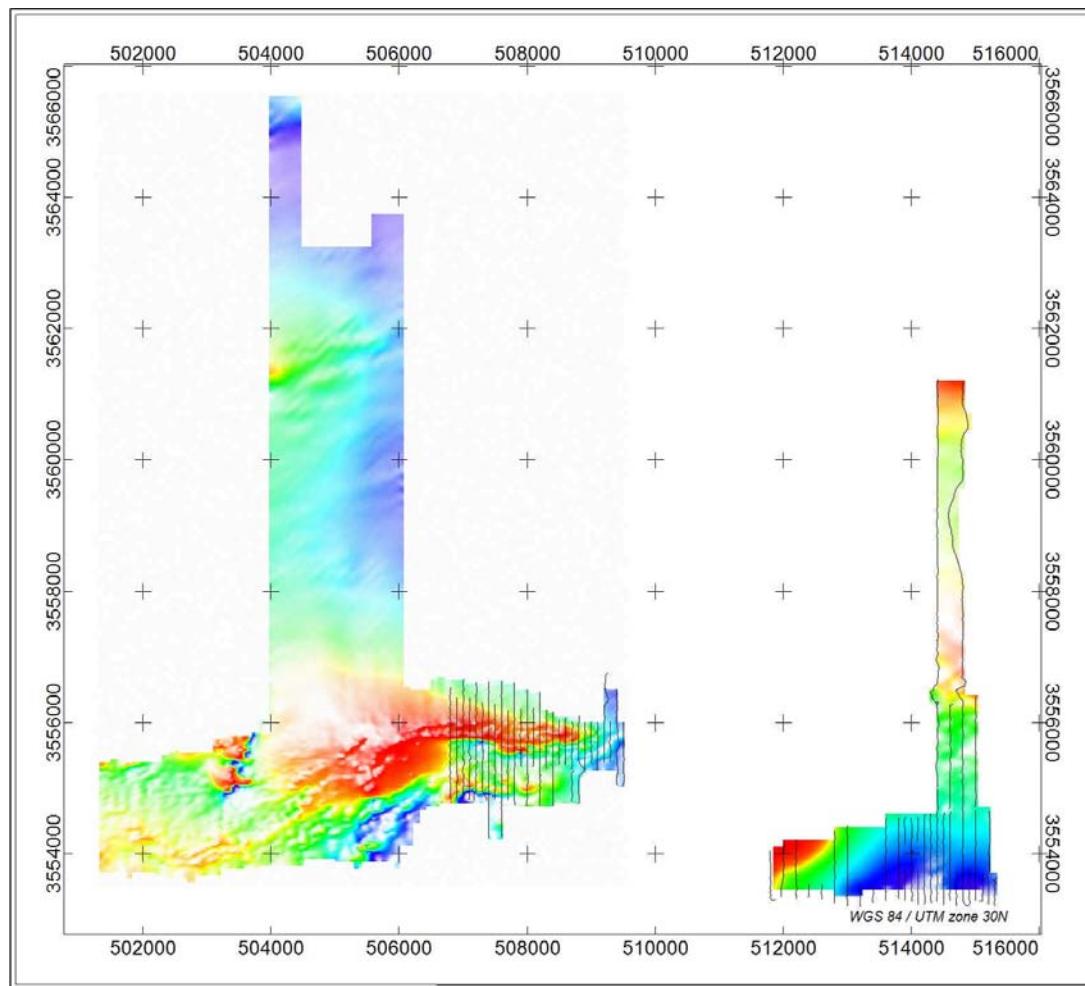
In November 2008 weather conditions precluded access to some sections of the Jebel Malek permits. Ground magnetics were completed in these areas during the quarter with some orientation ground magnetic lines completed further to the east in areas of cover.

A total of 76 line/km were completed which was comprised of 40 line km east of the previous drilling at Jebel Malek and 36 line km of orientation survey approximately 8 km east of Jebel Malek (**figure 9**).

#### 3.2 Ground Magnetic Survey

##### 3.2.1 Survey Specification

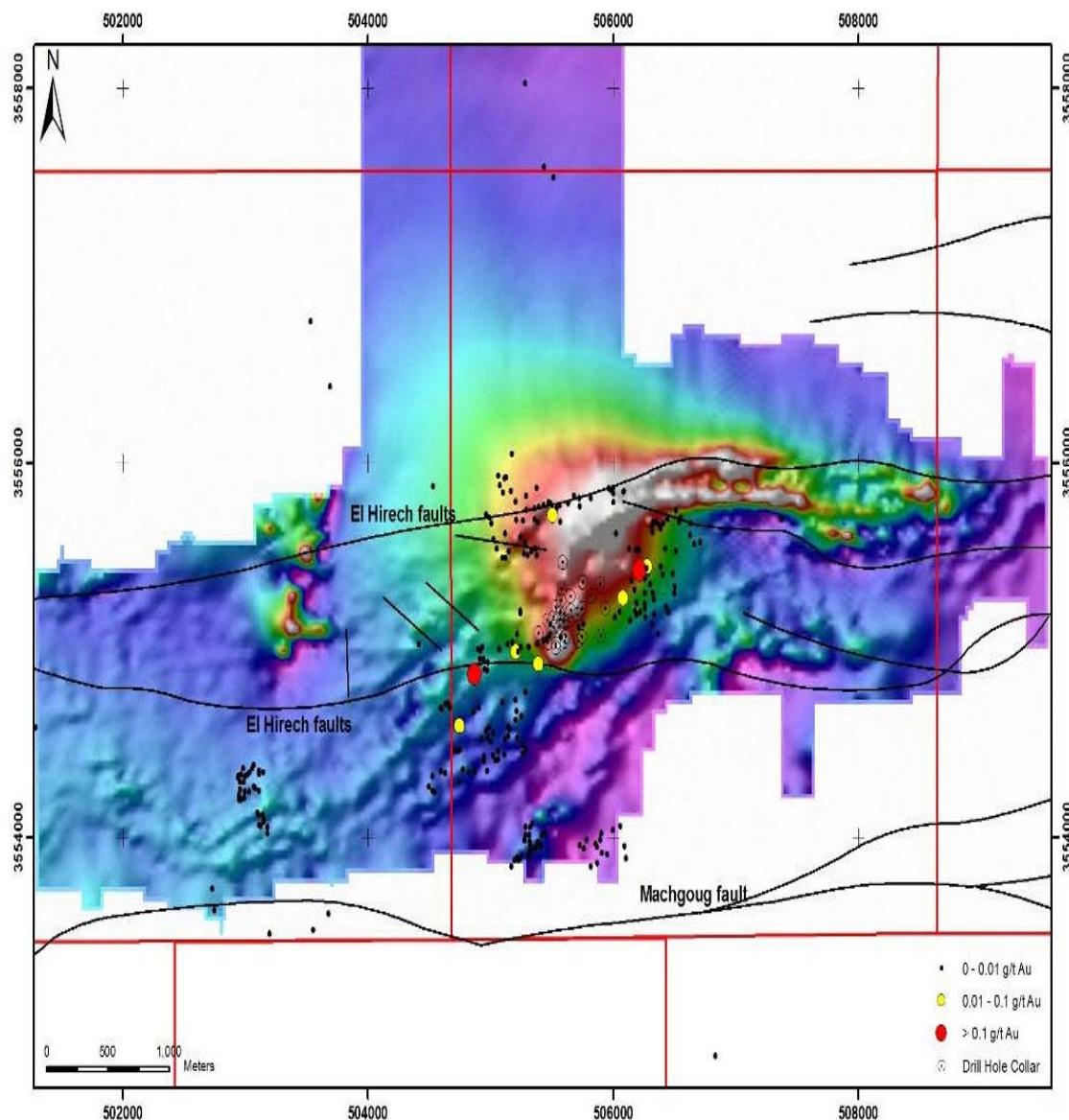
A GEM GSM19 proton procession magnetometer with an integrated GPS system was used as the field unit, recording the total magnetic intensity (TMI) and location. A sampling rate of 0.5s (2Hz) was used to provide almost continuous profiles along the lines. A Geometrics G856 proton procession magnetometer was used as a base station so the diurnal corrections could be made to the data.



**Figure 9**  
**Ground Magnetic Traverse Lines on Merged TMI Magnetic Image**

### 3.2.2 Results/Interpretation

The most prominent feature of the ground magnetics (figure 10) is the large intense ovoid shaped magnetic high where the known gold mineralisation is located on its southern flank. The size and shape of this feature suggests a buried intrusive that is dipping slightly to the north.



**Figure 10**

**Ground Magnetic TMI Image with Rock Chip Sample Results Centred on the Jebel Malek Prospect**

The two E-W oriented magnetic high ridges and intervening low that trend from the main body to the east are part of the stratigraphy. The highs are coincident with outcropping green chlorite/magnetite altered intermediate volcanics and the lows are the felsic volcanics.

The other prominent feature is the sigmoidal shape of the weak magnetic ridges which represent the stratigraphy under cover. Flexures in these features are considered prospective to host mineralisation and in areas of cover will be tested by some trenches, especially near the flanks of the large magnetic high.

### **3.3 Rock Chip Sample Results**

A total of 426 rock chip samples were collected into two field missions (**figure 10**). The first mission was carried out in November 2008 (reported December 2008) with 103 samples were taken, mainly in the vicinity of the ONHYM drilled area. The second mission was carried out in April 2009 and 323 rock chip samples were taken from areas underlain by the magnetic anomalies, and from small windows of outcrop found within the covered area.

Only two samples returned significant gold grade ( $> 0.1\text{ppm Au}$ ). The first one located 550 metres WSW of the current drilling returned 1.66 g/t Au from quartz veins associated with the contact of the felsic and intermediate rocks where they trend sub-parallel to the southern splay of the E-W trending El Hirech Fault.

The second one located 400 metres ENE of the current drilling returned 0.65 g/t Au and is associated with the edge of the main magnetic high where it is cut by an ESE trending splay of the El Hirech Fault.

These samples extend the potential total strike length of the Jebel Malek gold prospect to approximately 1.5km. To date only 500m of this strike has been drill tested.

### **3.4 Future Work Program**

All the ONHYM holes from Jebel Malek prospect will be re-logged and cross sections completed and interpreted. The geology, alteration and mineralisation can then incorporated into a wireframe model and further infill drilling planned to test the potential of the prospect.

Systematic magnetic susceptibility measurements will be collected from core to allow more comprehensive modelling of the magnetic data. Additional orientation trenches will be dug to test zones under cover on the flanks of the magnetic high.

Where appropriate, after a reconnaissance field study, more widespread soil/stream geochemistry will be planned to determine other areas of anomalous gold within the eight leases which can then be evaluated.

## 4 CORPORATE

### 4.1 Extension to Achmmach Option Agreement

On May 27 Kasbah announced that Madame Amina Benkhadra, the Minister for Energy and Mines, Water and the Environment had approved an extension to the Memorandum of Agreement between ONHYM and Kasbah for the Achmmach Tin Project in Morocco.

With this extension, the deadline for completion of a Feasibility Study on the Achmmach Tin Project now becomes June 2011.

Under this agreement and on completion and submission of a Feasibility Study to ONHYM (the Office National des Hydrocarbures et Des Mines) Kasbah can exercise its exclusive option to acquire 100% of the Achmmach Tin Project, in the El Hajeb region of Morocco. The agreement also has provision for Kasbah, at its election, to utilise a further 12 months from June 2011 to optimise the study if required.

On exercise of the option ONHYM will transfer the Achmmach mining permits to Kasbah in return for payments of US\$1M on transfer and thereafter, annual payments of US\$1M for 4 years. The total transfer price is US\$5M plus a 3% net smelter royalty.

### 4.2 Entitlement Issue

On May 28 Kasbah announced a 1:1 non-renounceable rights issue to raise approximately \$2.655m through the issue of approximately 88,500,000 new fully paid ordinary shares at an issue price of 3 cents per ordinary share.

The purpose of the rights issue is to fund the Meknes Zone Indicated Resource (MZI) drilling programme.

The rights issue was closed on 26 June with 100% take up of the 88,500,000 from existing shareholders raising the full \$2.655m before costs.

### 4.3 Capital Structure

Table 1 summarises the capital structure and equities Kasbah Resources Limited has on issue after the entitlement issue.

**Table 1**  
**Kasbah – Capital Structure Post Entitlement Issue**

<b>Fully paid Ordinary Shares</b>	<b>177,000,006</b>
Performance Shares	15,000,003
Unlisted Options exercisable at various prices between 20-35cps	21,270,000

#### 4.4 Major Shareholders

Table 2 summarises the major shareholders of Kasbah Resources Limited after the entitlement issue.

**Table 2**  
**Kasbah - Major Shareholders, After Entitlement Issue**

	Shares	%
<b>Resource Capital Fund III</b>	<b>18,000,000</b>	<b>10.17</b>
<b>African Lion 2 Fund</b>	<b>18,000,000</b>	<b>10.17</b>
<b>Merrill Lynch (Australia) Nominees</b>	<b>15,160,387</b>	<b>8.57</b>
<b>Societe Generale (Australia)</b>	<b>12,000,000</b>	<b>6.78</b>

For and on behalf of the Board,



**Wayne Bramwell**  
Managing Director

For further details contact:

**Wayne Bramwell**  
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Phone: +61 8 9463 6651  
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**Peter Youd**  
Company Secretary

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[info@kasbahresources.com](mailto:info@kasbahresources.com)

The information in this report is based on information compiled by Mr. Jeffrey Lindhorst a Member of the Australasian Institute of Geoscientists. Mr. Lindhorst is a full-time employee of Kasbah Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Lindhorst consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.