KASBAH RESOURCES LIMITED

ACN 116 931 705

Condensed Consolidated Interim Financial Report

For the Half Year Ended

31 December 2020

Corporate Directory

Directors

Evan James Spencer (Executive Chairman)
Kapil Ashvin Seetulsingh (Non-executive Director)
Nicholas Michael Slade (Non-executive Director)
Katie Laura Southwell (Non-executive Director)

Company Secretary

Pradeep Subramaniam

Principal Registered Office in Australia

Level 4, 100 Albert Road
South Melbourne VIC 3205

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E-mail: info@kasbahresources.com
Web: www.kasbahresources.com

Share Registry

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008
Telephone: +61 1300 554 474

Auditors

HLB Mann Judd (WA) Partnership
Level 4
130 Stirling Street
Perth WA 6000

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Directors Report

Your Directors present the Condensed Consolidated Interim Financial Report ("financial statements") on the consolidated entity (referred to hereafter as the "Group") consisting of Kasbah Resources Limited ("Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

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

- Mr Evan Spencer
- Mr Ashvin Seetulsingh
- Mr Nicholas Slade
- Ms Kate Southwell (appointed 23 November 2020)

REVIEW OF OPERATIONS

Operating Results

Loss after tax from continuing operations for the half-year ended 31 December 2020 was $951,973 (2019: $2,620,842). The loss after tax was derived after exploration and evaluation expenditure of $227,513 (2019: $665,378), employee benefit expenses of $168,234 (2019: $522,080), share based payments expense of $41,330 (2019: $365,675). The interest on borrowings was $347,719 (2019: $437,762). As disclosed in the 30 June 2020 Annual Report, exploration and evaluation expenditure is expensed as incurred except for the acquisition of exploration properties, which is capitalised and carried forward. The cash balance at 31 December 2020 was $315,056 (30 June 2020: $692,465). The Group incurred net operating cash outflows for the half year of $553,489 (2019: $2,174,517). There were limited investing and financing activities other than the cash contribution of the non-controlling interest's potion of project costs.

The Company successfully focussed on reducing corporate overheads and discretionary spending in response to a weak tin price environment throughout 2019/2020 and the Covid-19 global pandemic, resulting in significantly reduced expenditure for the half year period. This was achieved through a disciplined approach to cost management by reducing Australian head office personnel and costs. However, the Group's Moroccan operations were largely unabated with full employment maintained and dues and taxes discharged in a timely manner whilst also steadfastly ensuring compliance with Moroccan Covid-19 protocols. The Company has ensured that the operating permits and our social license to operate have not been adversely impacted by the global pandemic.

Although on-ground activities were restricted, the Company continued to advance its project optimisation initiatives with the aim of delivering the Achmmach Tin Project to its fullest potential. This includes evaluating options to increase the resource, extend mine life and to minimise the environment footprint to the furthest extent possible. The Achmmach Tin Project has excellent Environmental, Social and Governance (ESG) outcomes, not only from the philosophy adopted in the 2018 Definitive Feasibility Study but also through the strategic initiatives of the Moroccan government such as investment in renewable energy and ambitious targets. The Company is also evaluating the merits of a downstream processing facility which could promote the Moroccan tin industry.

The tin market continued to demonstrate volatility throughout 2020 with the global pandemic impacting supply and operations of major producers. However, the increased demand in consumer electronic products saw LME tin stocks at low levels towards the end of 2020, resulting in an increasing tin price environment. The low stocks level was also accelerated by the supply deficit, which had been expected given a lack of investment in tin projects over the last two decades. The Achmmach Tin Project is one of the most advanced greenfield tin projects in the world and the Company is well placed to take advantage of a favourable tin market dynamic when the investment environment is conducive to undertake a large-scale development project.

On the corporate side, the Company obtained overwhelming support from shareholders for its proposal to delist its securities from the Australian Stock Exchange in September 2020. The delisting was primarily aimed to addressing the valuation disparity between the Achmmach Tin Project metrics and the listed market capitalisation. The Company continues to undertake initiatives to maximise shareholder value, including considering alternative development options and evaluation of all strategic options.

As announced in November 2020, the Company secured a bridge funding of $410,000 and extended the maturity of the Convertible Loan to 30 April 2021. This enabled the Company to review its options in order to seek a sustainable funding solution moving forward. In April 2021, the Company executed a placement agreement with Pala Investments Limited to raise A$3,300,000 million at $0.15 cents, valuing the Company at approximately $50 million. The Company believes that this is more in line with the inherent value of its underlying assets, in particular the Achmmach Tin Project. In addition, the Achmmach Tin Project has significant upside potential with the resource open at depth and along strike, near mine extensional potential and a highly prospective regional endowment.

EVENTS SUBSEQUENT TO BALANCE DATE

On 1 February 2021, the Company drew down $410,000 of the additional funding secured from Pala Investments Limited as announced on 27 November 2020. The amount drawn down and all interest and fees accrued from 1 January 2021 have maturity of 30 April 2021.

On 5 March 2021, 4,279,466 new fully paid ordinary shares were issued pursuant to the vesting of NED Share Rights.

On 15 March 2021, 1,586,314 NED Share Rights were issued to current non-executive directors in lieu of remuneration for the period 1 July 2020 to 31 March 2021. The NED Share Rights were issued at a valuation of $0.07 per share right.

On 18 March 2021, the Company received a conversion notice from Pala Investments Limited in accordance with the terms of the Amended Convertible Loan Agreement as approved by shareholders at the Company’s Annual General Meeting held on 28 November 2019. Pala has exercised its right to convert $8,097,248 of the outstanding loan balance into 161,944,953 fully paid ordinary shares in the issued capital of Company at $0.05 per share.

Following the issue of shares to Pala Investments Limited, a change of control event was triggered which resulted in the vesting of 462,141 performance rights and 1,586,314 share rights. A total of 2,048,455 fully paid ordinary shares were issued.

On 15 April 2021, the Company entered into a share subscription agreement with Pala Investments Limited for the issue of 22,000,000 fully paid ordinary shares at $0.15 per share, raising $3,300,000 to undertake further exploration and evaluation activities, evaluation of strategic options, working capital as well as to repay the remaining Borrowing payable to Pala Investments Limited

No other events or circumstances have arisen since 31 December 2020 that would require disclosure in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 4 and forms part of this Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of Directors and on behalf of the Directors by:

Evan Spencer
Executive Chairman

Ashvin Seetulsingh
Non-Executive Director

Melbourne, 15 April 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Kasbah Resources Limited for the half-year ended 31 December 2020, 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 review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**B G McVeigh**
15 April 2021	**Partner**

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2020

		Consolidated	
	Notes	31 December 2020 $	31 December 2019 $
Revenue from continuing operations	2	49,787	2,521
Exploration and evaluation expenditure		(227,513)	(665,378)
Project financing expenses		-	(20,205)
Employee benefits expenses		(168,234)	(522,080)
Employee share-based payment expense		(41,330)	(365,675)
Accounting and corporate fees		(59,549)	(211,333)
Occupancy expense		(25,782)	(54,358)
Administration expenses		(66,816)	(150,030)
Marketing and investor relations		-	(17,187)
Transaction fees and other associated costs		-	13,329
Interest and borrowing costs		(357,719)	(437,762)
Non-recoverable Moroccan VAT expense		(41,895)	(155,225)
Depreciation and amortisation expenses		(6,405)	(10,018)
Foreign exchange (losses)/ gains		(6,517)	(27,441)
(Loss) from continuing operations before tax expense		(951,973)	(2,620,842)
Income tax benefit / (expense)		-	-
(Loss) after tax from continuing operations		(951,973)	(2,620,842)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation difference on foreign operations		(140,537)	86,529
Total comprehensive loss for the period		**(1,092,510)**	**(2,534,313)**

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2020

		Consolidated	
		31 December 2020	31 December 2019
	Notes	$	$
Total loss for the year is attributable to:			
Non-controlling interest		(81,635)	(187,562)
Owners of Kasbah Resources Limited		(870,338)	(2,433,280)
		(951,973)	**(2,620,842)**
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(141,485)	(171,875)
Owners of Kasbah Resources Limited		(951,025)	(2,362,438)
		(1,092,510)	**(2,534,313)**

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

		Consolidated	
		31 December 2020	30 June 2020
	Notes	$	$
Current Assets			
Cash and cash equivalents		315,056	692,465
Trade and other receivables		198,997	288,842
Non-current assets classified as held for sale		1	1
Total Current Assets		514,054	981,308
Non-Current Assets			
Property, plant and equipment		2,774	9,257
Exploration and evaluation expenditure		6,007,369	6,166,538
Total Non-Current Assets		6,010,143	6,175,795
Total Assets		**6,524,197**	7,157,103
Current Liabilities			
Trade and other payables	3	427,310	445,065
Borrowings	4	8,093,706	7,735,987
Total Current Liabilities		8,521,016	8,181,052
Non-Current Liabilities			
Employee entitlements		21,586	18,880
Total Non-Current Liabilities		21,586	18,880
Total Liabilities		**8,542,602**	8,199,932
NET ASSETS		**(2,018,405)**	(1,042,829)
Equity			
Issued capital	5	74,444,397	74,444,397
Accumulated losses		(106,831,977)	(105,961,640)
Reserves		29,944,760	29,284,118
Parent entity interest		(2,442,820)	(1,533,125)
Non-controlling interest	6	424,415	490,296
TOTAL EQUITY		**(2,018,405)**	(1,042,829)

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2020

Consolidated	Issued Capital	Accumulated Losses	Share Based Payments Reserves	Foreign Currency Translation Reserves	Equity Component of Convertible Loan	Other Reserves	Sub-Total	Non-controlling Interest	Total
	$	$	$	$	$	$	$	$	$
Balance 1 July 2019	**74,233,355**	**(102,120,587)**	**4,377,393**	**(721,991)**	**133,531**	**25,873,350**	**1,775,050**	**311,056**	**2,086,106**
Loss for the period	-	(2,433,280)	-	-	-	-	(2,433,280)	(187,562)	(2,620,842)
Other comprehensive income									
Foreign currency translation differences	-	-	-	70,842	-	-	70,842	15,687	86,529
Total comprehensive loss for the period	**-**	**(2,433,280)**	**-**	**70,842**	**-**	**-**	**(2,362,438)**	**(171,875)**	**(2,543,313)**
Transactions with owners in their capacity as owners									
Share based payments	-	-	365,675	-	-	-	365,675	-	365,675
Transactions with non-controlling interests	-	-	-	-	-	-	-	304,527	304,527
Balance 31 December 2019	**74,233,355**	**(104,553,869)**	**4,743,068**	**(651,148)**	**133,531**	**25,873,350**	**(221,713)**	**443,708**	**221,995**

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

Condensed Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2020

Consolidated	Issued Capital $	Accumulated Losses $	Share Based Payments Reserves $	Foreign Currency Translation Reserves $	Equity Component of Convertible Loan $	Other Reserves $	Sub-Total $	Non-controlling Interest $	Total $
Balance 1 July 2020	**74,444,397**	**(105,961,640)**	**4,760,619**	**(649,852)**	**-**	**25,873,350**	**(1,533,125)**	**490,296**	**(1,042,829)**
Loss for the period	-	(870,338)	-	-	-	-	(870,338)	(81,635)	(951,973)
Other comprehensive income									
Foreign currency translation differences	-	-	-	(80,687)	-	-	(80,687)	(59,850)	(140,537)
Total comprehensive loss for the period	**-**	**(870,338)**	**-**	**(80,687)**	**-**	**-**	**(951,025)**	**(141,485)**	**(1,092,510)**
Transactions with owners in their capacity as owners									
Share based payments	-	-	41,330	-	-	-	41,330	-	41,330
Transactions with non-controlling interests	-	-	-	-	-	-	-	75,604	75,604
Balance 31 December 2020	**74,444,397**	**(106,831,978)**	**4,801,949**	**(730,539)**	**-**	**25,873,350**	**(2,442,820)**	**424,415**	**(2,018,405)**

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

Condensed Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2020

	Consolidated	
	31 December 2020 $	31 December 2019 $
Cash flows from operating activities		
Cash paid to suppliers and employees	(279,767)	(911,364)
Payments for exploration and evaluation	(323,872)	(1,264,649)
Interest received	650	1,496
Receipts from other income	49,500	-
Net cash outflow from operating activities	(553,489)	(2,174,517)
Cash flows from investing activities		
Refunds for security deposits and bonds	53,746	3,190
Net cash inflow from investing activities	53,746	3,190
Cash flow from financing activities		
Share issue costs	-	(6,246)
Proceeds from borrowings	-	800,000
Proceeds from non-controlling interest	82,790	347,286
Net cash inflow from financing activities	82,790	1,141,040
Net decrease in cash held	(416,953)	(1,030,287)
Cash at the beginning of the period	692,465	1,916,223
Effect of exchange rate fluctuations on cash held in foreign currencies	39,544	26,338
Cash at the end of the period	315,056	912,274

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

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial report ('financial statements') is a general-purpose financial report and has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including *AASB 134 Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *'Interim Financial Reporting'*.

The financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consisted with those of the previous financial year and corresponding half-year, except for the impact of the new Standards and Interpretations effective 1 July 2020 disclosed below. These accounting policies are consisted with the Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments, if applicable. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2020

In the period ended 31 December 2020, the Group has 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 reporting period. There are no material impact of the new and revised Standards and Interpretations on the Group.

Standards and Interpretations in issue not yet adopted

The Group has also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. 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 Group and, therefore, no change is necessary to Group accounting policies.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

Going concern

For the half year ended 31 December 2020 the consolidated entity recorded a loss of $951,973 (2019: loss of $2,620,842) and had net cash outflows from operating activities of $553,489 (2019: $2,174,517). As at 31 December 2020, the consolidated entity and has a net working capital deficit of $8,006,962 (30 June 2020: working capital deficit of $7,199,744) and net liabilities of $2,018,405 (30 June 2020: net liabilities of $1,042,829).

On 18 March 2021, Pala Investments Limited exercised their right to convert $8,097,248 of the outstanding Borrowing into ordinary shares of the Company pursuant to terms of the Amended Convertible Loan Agreement as approved by shareholders of the Company. The Borrowing was classified as a current liability as at 31 December 2020. Subsequently, the Company executed a share placement agreement with Pala Investments Limited to raise $3,300,000 to undertake further exploration and evaluation activities, evaluation of strategic options, working capital as well as to repay the remaining Borrowing payable to Pala Investments Limited. The completion of the proposed share subscription by Pala Investments Limited is subject to approval by shareholders of the Company. In addition, should further funding be required, it is expected to be met through additional capital raises from existing or new shareholders or through execution of a potential corporate transaction. The ability of the consolidated entity to continue as a going concern is dependent on these future events.

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, whether it will be able to realise its assets and discharge its liabilities in the normal course of business. At this stage there are reasonable grounds to believe funding will be available for the Company to continue as a going concern.

The consolidated half-year 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.

2. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2020 $	31 December 2019 $
Interest revenue	287	1,008
Government subsidies	49,500	-
Value added tax refund	-	1,513
	49,787	2,521

3. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2020 $	30 June 2020 $
Current		
Trade payables	87,959	134,407
Other payables and accruals	208,466	185,975
Employee entitlements	130,885	124,683
	427,310	445,065

4. BORROWINGS

	Consolidated	
	31 December 2020 $	30 June 2020 $
Current		
Convertible loan – secured	8,093,706	7,735,987

On 20 December 2018, following approval by shareholders at the 2018 Annual General Meeting, the Company drew down $5,000,000 under the Convertible Loan Agreement with Pala Investments Limited. The convertible 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. Maturity of the convertible loan was 31 December 2019, however, was subject to a Kasbah option to extend the maturity to 31 December 2020 for a 2% extension fee and a step up in the interest rate to 15%. The equity component of the convertible loan of $133,531 was recognised within Other Reserves. Arrangement Fees of $100,000 was capitalised and incurs interest at 12% per annum. Arrangement Fees were amortised over the period of the loan.

4. BORROWINGS (CONTINUED)

Kasbah exercised its option to extend the maturity and capitalised the extension fee of $114,400. In addition, following shareholder approval on 26 November 2019, the convertible loan was increased by $1,300,000 to be drawn down in two tranches. Both tranches were subsequently drawn down. The increased facility incurs interest at 15% per annum.

On 27 November 2020, the maturity of the convertible loan was extended to 30 April 2021. A bridge finance loan of $410,000 was drawn down on 1 February 2021. The bridge finance loan and all interest accrued from 1 January 2021 does not include a conversion feature and matures on 30 April 2021.

Subsequent to the end of the period, Pala Investments Limited exercised their right to convert $8,097,247 of the outstanding Borrowing into ordinary shares of the Company pursuant to terms of the Amended Convertible Loan Agreement as approved by shareholders of the Company.

5. ISSUED CAPITAL

	Consolidated		Consolidated	
	31 December 2020 Number of Shares	30 June 2020 Number of Shares	31 December 2020 $	30 June 2020 $
Issued and Paid-up Capital				
Ordinary shares, fully paid	135,379,952	135,379,952	74,444,397	74,444,397
Movements in ordinary share capital				
Balance at the beginning of the financial period/year	135,379,952	133,238,371	74,444,397	74,233,355
Shares issued as part of NED Share Rights Plan (Jan 2020)	-	2,141,581	-	211,042
Issued capital at end of period	135,379,952	135,379,952	74,444,397	74,444,397

6. EQUITY – NON-CONTROLLING INTEREST

The non-controlling interest arises from a 25% shareholding in the subsidiary company (Atlas Tin SAS) by two Japanese companies, Nittetsu Mining Co. Ltd (NMC) and Toyota Tsusho Corporation (TTC).

	Consolidated	
	31 December 2020 $	31 December 2019 $
Nittetsu Mining Co. Ltd (NMC) – 5% NCI		
Opening Balance – NCI	(994,180)	(863,230)
Funds received from NMC	15,121	62,361
Share of Comprehensive Loss for the year	(28,297)	(34,375)
	(1,007,356)	(835,244)
Toyota Tsusho Corporation (TTC) – 20% NCI		
Opening Balance – NCI	1,484,476	1,174,286
Funds received from TTC	60,483	242,166
Share of Comprehensive Loss for the year	(113,188)	(137,500)
	1,431,771	1,278,952
Total Non-controlling Interest	**424,415**	**443,708**

7. SHARE BASED PAYMENTS

No share-based payment arrangements were entered into during the period.

8. SUBSEQUENT EVENTS AFTER BALANCE DATE

On 1 February 2021, the Company drew down $410,000 of the additional funding secured from Pala Investments Limited as announced on 27 November 2020. The amount drawn down and all interest and fees accrued from 1 January 2021 have maturity of 30 April 2021.

On 5 March 2021, 4,279,466 new fully paid ordinary shares were issued pursuant to the vesting of NED Share Rights.

On 15 March 2021, 1,586,314 NED Share Rights were issued to current non-executive directors in lieu of remuneration for the period 1 July 2020 to 31 March 2021. The NED Share Rights were issued at a valuation of $0.07 per share right.

On 18 March 2021, the Company received a conversion notice from Pala Investments Limited in accordance with the terms of the Amended Convertible Loan Agreement as approved by shareholders at the Company's Annual General Meeting held on 28 November 2019. Pala has exercised its right to convert $8,097,248 of the outstanding loan balance into 161,944,953 fully paid ordinary shares in the issued capital of Company at $0.05 per share.

Following the issue of shares to Pala Investments Limited, a change of control event was triggered which resulted in the vesting of 462,141 performance rights and 1,586,314 share rights. A total of 2,048,455 fully paid ordinary shares were issued.

On 15 April 2021, the Company entered into a share subscription agreement with Pala Investments Limited for the issue of 22,000,000 fully paid ordinary shares at $0.15 per share, raising $3,300,000 to undertake further exploration and evaluation activities, evaluation of strategic options, working capital as well as to repay the remaining Borrowing payable to Pala Investments Limited

No other events or circumstances have arisen since 31 December 2020 that would require disclosure in this financial report.

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no changes in contingent liabilities or contingent assets since 30 June 2020.

10. FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables and current payables are considered to be a reasonable approximation of their fair value.

Directors Declaration

In the Directors' opinion:

a) The accompanying financial statements and notes set out on pages 45to 17 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

   and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Evan Spencer
Executive Chairman

Ashvin Seetulsingh
Non-Executive Director

Melbourne, 15 April 2021

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Kasbah Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kasbah Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kasbah Resources Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
15 April 2021