

10 August 2016 (Toronto)



ASIAN MINERAL RESOURCES TO ACQUIRE KASBAH RESOURCES

Kasbah Resources Limited (“**Kasbah**”) (ASX: KAS) and Asian Mineral Resources Limited (“**AMR**”) (TSX-V: ASN) are pleased to announce that they have entered into a Scheme Implementation Agreement (the “**SIA**”) pursuant to which AMR will, if implemented, acquire all of the ordinary outstanding shares of Kasbah (the “**Kasbah Shares**”) by way of a scheme of arrangement under the Australian Corporations Act (the “**Transaction**”).

The Board of KAS has unanimously recommended that all Kasbah shareholders vote in favour of the Transaction in the absence of a superior proposal. Major shareholders of Kasbah, being Lion Selection Group (African Lion Fund), Traxys Projects L.P. and Thailand Smelting and Refining Co. together holding approximately 26.7% of Kasbah’s issued share capital, have agreed to vote in favour of the Transaction based on the disclosed terms of the scheme and in the absence of a superior proposal¹. Closing of the Transaction is expected to occur during November 2016.

HIGHLIGHTS

- Kasbah has proven exploration and resource development expertise and has recently announced a definitive feasibility study which supports a two stage development plan for its 75% owned Achmmach Tin Project
- AMR brings an experienced management team with a track record of successful underground mine development and operations arising from its operation of the Ban Phuc Nickel Mine in Vietnam
- As a cornerstone shareholder of the combined entity, Pala Investments Ltd (“**Pala**”) has provided a commitment to provide its pro rata share of any equity raising in relation to the Achmmach Tin Project, as well as an interim A\$1,000,000 bridge loan to Kasbah (on the terms and conditions set out below)
- Once completed, the Transaction will provide a clear path to the commencement of construction at Achmmach (subject to the decision of the AMR board on an appropriate project financing package)
- The Transaction provides upside opportunities for both AMR and Kasbah shareholders with exposure to upswings in both tin and nickel, a diversified asset base and potential for future growth

¹ The individual shareholdings of the relevant major shareholders are as follows: Lion Selection Group (African Lion Fund) (15.7%), Traxys Projects (5.3%) and Thailand Smelting and Refining Co. (5.7%)

TRANSACTION OVERVIEW

Under the SIA, in exchange for each of their shares, Kasbah shareholders will receive (together, the “**Scheme Consideration**”):

(a) either 1.3 common shares of AMR (“**AMR Shares**”) to be listed on the TSX Venture Exchange (the “**TSX-V**”) or 0.13 CHESSE Depository Interests (“**CDIs**”), with each CDI representing a beneficial interest in 10 AMR Shares (“**AMR Share CDIs**”) which, subject to the approval of the Australian Securities Exchange (the “**ASX**”), will be quoted on the ASX following the implementation of the Transaction; and

(b) either 0.4 of a warrant to subscribe for one AMR Share (“**AMR Warrants**”) to be listed on the TSX-V or 0.04 of a CDI, with each CDI representing a beneficial interest in 10 AMR Warrants (“**AMR Warrant CDIs**”) which, subject to the approval of ASX, will be quoted on the ASX following implementation of the Transaction.²

Based on the closing price of AMR common shares on TSX-V on 5 August 2016 of C\$ 0.025 and using a currency exchange rate of A\$ 0.9965 per C\$1, the Scheme Consideration:

- values each Kasbah Share at A\$ 0.038³
- represents premiums of 15.3% over the 60-day volume weighted average price (“**VWAP**”) of Kasbah Shares and 19.6% over the 90-day VWAP of Kasbah Shares, each up to and including trading on 19 July 2016 (being the last trading day for Kasbah Shares prior to its current trading suspension).⁴

The total number of new **AMR Shares** to be issued under the Transaction will be approximately 722,807,020, assuming cash consideration will be paid by AMR to the sole current outstanding option holder of Kasbah. As a result, on a fully diluted basis, Kasbah Shareholders will hold approximately 52.2% of the total issued share capital of AMR following implementation of the Transaction and AMR Shareholders will hold 47.8%.⁵

The AMR Warrants will be listed on TSX-V, and, subject to approval by ASX, the AMR Warrant CDIs will be quoted on the ASX, following implementation of the Transaction. The AMR Warrants and AMR Warrant CDIs will have a 4-year term and a strike price of C\$ 0.05 per AMR Share and C\$ 0.50 per AMR Share CDI (due to AMR Warrant CDIs representing 10 AMR Warrants), respectively.

Jim Askew, who is currently Chairman of AMR’s board of directors, will remain as Chairman of the board of directors of the combined company, following the implementation of the Transaction (the “**Board**”). The Board will be composed of up to 7 directors, 2 of which will be nominated by Kasbah and 2 of which will be independent directors. We are pleased to announce that Mr. Evan Spencer of AMR will remain as CEO of the combined company.

² Kasbah shareholders will receive a form on which they can elect which type of consideration they wish to receive.

³ This includes a Black-Scholes valuation of the AMR Warrants of C\$ 0.0138 per warrant.

⁴ Based on the 60 day and 90 day VWAPs of AMR Shares, a total 556,005,400 Kasbah Shares on issue and the period prior to the suspension of trading of Kasbah’s shares on 19 July 2016. In addition, 222,402,160 AMR Warrants or 22,240,216 AMR Warrant CDIs will be issued to Kasbah shareholders as part of the Transaction.

⁵ On an undiluted basis, Kasbah Shareholders will hold 47.8% and AMR Shareholders 52.2% of the total issued capital of AMR.

Pala, currently the largest shareholder of AMR, will remain as a 37.7% shareholder⁶ in the combined company following the implementation of the Transaction. In addition, Pala will provide Kasbah with a A\$1,000,000 loan to cover working capital and transaction costs, which Kasbah can draw in two tranches of A\$500,000 (“**Pala Loan**”). Outstanding principal under the Pala Loan bears interest at a rate of 12% per annum. The Pala Loan is repayable on the date falling 12 months from the date of execution of the Pala Loan, except in the following circumstances:

- the SIA is terminated by AMR as a result of a breach of the SIA by Kasbah;
- the SIA is terminated by notification to AMR by Kasbah of its intention to accept a superior proposal;
- the Independent Expert advises that the Transaction is not in the best interests of Kasbah’s shareholders; or
- the shareholders of Kasbah voting against approval of the Transaction,

in which case the outstanding principal and interest will be repayable on the earlier of: (i) the date falling 3 months after the occurrence of such an event; or (ii) the date falling 12 months from the date of execution of the Pala Loan.

Pala is excited to be part of this new opportunity for both Kasbah and AMR. To this end, Pala has illustrated its support for the Transaction through its execution of a support agreement, pursuant to which Pala has committed to provide its pro rata share of funding in relation to any equity capital raise conducted by the combined company within 12 months of the Transaction becoming effective, subject to the satisfaction of certain conditions, as a part of the overall funding solution for the development of the Achmmach Tin Project (the “**Pala Commitment**”). The Pala Commitment is conditional on:

- the Transaction becoming effective;
- the AMR board approving a decision to mine in relation to the Achmmach Tin Project having regard to the economic feasibility of the Achmmach Tin Project, and the availability and terms of project financing for the Achmmach Tin Project; and
- the majority of the proceeds of any equity raising being used to fund the construction and development of the Achmmach Tin Project.

The SIA has been unanimously approved by the boards of directors of Kasbah and AMR. The Transaction will be subject to, among other things, Kasbah shareholder approval, TSX-V approval, ASX approval of the quotation of AMR Share CDIs and AMR Warrant CDIs, receipt of all necessary regulatory and Australian court approvals, as well as the satisfaction of certain other conditions customary for a transaction of this nature. Full details of the conditions to the Transaction and all other material terms are set out in the SIA, a copy of which accompanies this announcement.

The SIA includes customary deal protection mechanisms, including mutual no shop and no talk provisions, matching and notification rights in the event of a competing proposal, and a mutual reimbursement fee payable by Kasbah or AMR in specified circumstances.

The board of directors of Kasbah unanimously recommends that Kasbah shareholders vote in favour of the Transaction in the absence of a superior proposal and subject to an independent expert concluding that

⁶ Calculated on an undiluted basis. On a fully diluted basis, Pala would be a 34.5% shareholder.

the Transaction is in the best interests of Kasbah shareholders. On the same basis, Kasbah directors intend to vote the Kasbah Shares they hold or control at the time of the Kasbah shareholder meeting in favour of the Transaction.

BENEFITS TO SHAREHOLDERS

Shareholders of AMR and Kasbah are expected to realize the following benefits from the Transaction:

- Material upfront premium to Kasbah shareholders of 15.3% over the 60-day VWAP and 19.6% over the 90-day VWAP of Kasbah Shares (up to and including trading on 19 July 2016 being the last trading day for Kasbah Shares prior to its trading suspension)
- Ability to participate in the creation of a geographically diversified base metals platform
- Experienced combined management team with a strong track record of successfully exploring, developing, constructing and operating similar-sized underground base metal mines in challenging jurisdictions
- Ability to leverage board and management expertise to use the combined group as an international base metals consolidation platform
- Significant exploration potential associated with the Ban Phuc sulphide nickel project in Vietnam
- Significant exploration and additional resource extension potential within the 75%-owned Achmmach permits and adjacent tin properties held 100% by Kasbah
- Diversified shareholder base and improved capital markets access associated with the enhanced size of the combined company, which will have a dual listing on both the TSX-V and the ASX
- Ongoing support from Pala, a leading mining investment fund, and a clear path to proceeding with the financing and development of the Achmmach Tin Project
- Choice of consideration in the form of either AMR Shares and AMR Warrants listed on the TSXV, or AMR Share CDIs and AMR Warrant CDIs to be quoted on the ASX, subject to ASX approval. Kasbah shareholders will receive a form on which they can elect the type of consideration they wish to receive

MANAGEMENT COMMENTS

Commenting on the Transaction, Kasbah's Chairman, Dr. Rodney Marston, stated: *"We are very pleased to be joining forces with AMR as we move towards the creation of a solid and diversified base metals platform. The Transaction provides immediate value creation for the Kasbah shareholders and positions the combined company well in pursuing the imminent project financing and construction of the Achmmach tin project. Moreover, the Transaction provides a unique opportunity to leverage off AMR's skilled operations and management team and their experience in commercializing and operating an underground base metals operation in a challenging jurisdiction."*

Adding the Ban Phuc Nickel Mine to the portfolio mix of the combined company will also allow for geographical and commodity diversification. There are significant exploration targets in close proximity to Ban Phuc which will, if they prove successful, place the combined company in a strong position to rapidly take advantage of the positive momentum in the nickel price and generate cash flow."

Mr. Jim Askew, AMR's Chairman, added *"AMR has done an excellent job in bringing to production the Ban Phuc Nickel Mine and operating under a challenging nickel price environment. We are very excited about the opportunity to team up with proven explorers and resource developers like Kasbah, as well as strategic players such as Toyota Tsusho Corporation and Nittetsu Mining Co. Ltd, and transfer our*

operating experience and knowhow to the successful development of the Achmmach Tin Project. Following completion and the positive results of the DFS, as a matter of first priority the combined company will proceed with considering project financing options for the Achmmach Tin Project.”

ABOUT KASBAH

Kasbah is an Australian-listed company that is focused on advancing the development of the Achmmach Tin Project located in Morocco. The Achmmach Tin Project is one of the largest tin development projects located outside of the Asian region and it is 75% owned by Kasbah, 20% owned by Toyota Tsusho Corporation and 5% owned by Nittetsu Mining Co. Ltd. An updated definitive feasibility study was released on 10 August 2016 and can be found on Kasbah’s website at www.kasbahresources.com.

ABOUT AMR

AMR owns and operates one of the world’s few sources of nickel sulphide ore, and is exploring for additional high-grade nickel assets in Vietnam. AMR commenced commercial production from its 90% owned Ban Phuc Nickel Mine in Vietnam in mid-2013. As of 30 June 2016, the Ban Phuc Nickel Mine has produced a total of c. 20,000 tonnes of nickel and c. 10,000 tonnes of copper contained in concentrate, plus a cobalt by-product since the beginning of its mine life. As disclosed on 30 May 2016, the Ban Phuc mine is expected to move into care and maintenance status late in the third quarter 2016. In addition to in and near-mine expansion projects, Ban Phuc provides a platform from which AMR can continue to focus on developing a new nickel camp within its 150km² of concessions located throughout the highly-prolific Song Da rift zone, where AMR has a number of advanced-stage nickel exploration targets.

ABOUT PALA

Founded in 2006, Pala is an investment company dedicated to value creation in the mining sector, having invested in 87 companies in 25 countries across six continents. Pala has an extensive team of accomplished mining industry professionals from all over the world, and seeks to partner with management teams, boards and shareholders to create long term value. Pala invests in all mining commodities, in development, production and turnaround situations, as well as in mining products and services. Pala has deep relationships in the mining, investment and advisory world which make it ideally positioned to assist AMR with the financing of the Achmmach project, in addition to the pro rata equity funding commitment referred to above.

Further Information

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FORWARD-LOOKING STATEMENTS - KASBAH

This announcement includes certain statements that may be deemed ‘forward-looking statements’. Forward-looking statements involve a number of risks and uncertainties. All statements that refer to any future production, resources or reserves, exploration results and events or production that Kasbah expects to occur are forward-looking statements. Although Kasbah believes that the expectations in those forward-looking statements are based upon reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially. This may be due to several factors, including market prices, exploration and exploitation success, and the continued availability of capital and financing, plus general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, and actual results or performance may differ materially from those projected in the forward-looking statements. Kasbah does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

DISCLAIMER

This press release includes certain “Forward-Looking Statements.” All statements, other than statements of historical fact, included herein, including without limitation, statements regarding completion of the project, the commencement of production and the achievement of expected benefits, potential mineralization and reserve and resource estimates, exploration results and future plans and objectives of AMR are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AMR to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from AMR’s expectations are disclosed under the heading “Risk Factors” in AMR’s Annual Information Form, and elsewhere in AMR’s documents filed from time-to-time with the TSX Venture Exchange and other regulatory authorities. Such forward-looking statements are based on a number of material factors and assumptions, including: that contracted parties provide goods and/or services on the agreed timeframes; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; that application for permits and licenses will be granted/obtained in a timely manner; that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of nickel. Although AMR has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this press release. AMR disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.