

September Quarterly Report

Highlights:

- Alcoutim Project, Portugal
 - Secured 576 km² exploration licence in Iberian Pyrite Belt
 - Prospective for copper-zinc-lead-tin-gold
 - Entered into Joint Venture agreement with private funding partner to fund exploration
- Kaoko Project, Namibia
 - Drilling to re-commence in October 2014
 - Regional systematic soil sampling program over whole license block with more than 28,000 soil samples taken over 3,500 km² completed.
 - Geophysics at Okanihova
 - Phase 3 ground magnetics program completed.
 - Ground based IP test survey completed over parts of Okanihova.
- KNE has solid cash position (\$0.85m) and low burn
 - All project costs met from joint venture funding.
 - Corporate costs approximately \$50,000 per month.



FAST FACTS

Capital Structure

Shares on Issue: 38.9 million

Market Cap @ 4c \$1.55 million

Cash on hand \$0.85 million

(30 September 2014)

Corporate Directory

Directors

Philip Werrett

Peter Pawlowitsch

Mike Leech

Managing Director

Brandon Munro

Company Secretary

Ian Hobson

Company Highlights

Mineral exploration for precious and base metals in Namibia.

Contact Details

Place of Business

Level 1, 6 Thelma Street

West Perth 6005

Website

www.kuneneresources.com

ASX Code: KNE

ABN 36 155 396 893

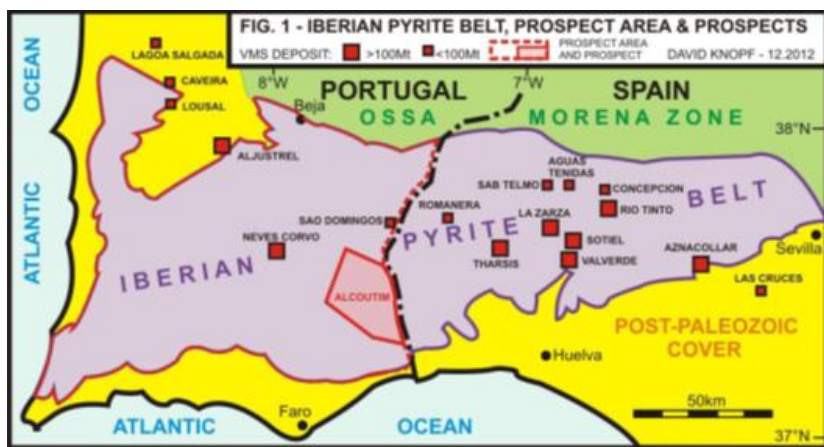


Figure 1: Alcoutim Project shown relative to world class deposits in the Iberian Pyrite Belt

Alcoutim exploration licence in Iberian Pyrite Belt, Portugal

The Company, through its wholly owned subsidiary Bolt Resources (Pty) Ltd, applied for the Alcoutim exploration concession in Portugal in 2013. The licence was granted on 23 September 2014 for a period of 3 years, extendable by a further two periods of 1 year each.

The Alcoutim Project is a 576 km² exploration licence in southern Portugal covering part of the Iberian Pyrite Belt (see Figure 1). The Iberian Pyrite Belt is one of the largest Volcanogenic Massive Sulphide (VMS) provinces in the world with over 250 copper deposits. Its deposits comprise polymetallic Cu-Zn-Pb-sulphide ore of chalcopyrite, sphalerite and galena, with significant tin, silver and gold credits.

The Alcoutim Project is located in the southern zone of the IPB along the Neves-Corvo-trend which hosts the Neves-Corvo deposit. Previous exploration by Billiton, Rio Tinto and Somincor has documented folded flysch units overlying the prospective stratigraphy. Thus, the work program will need to locate deposits under the younger cover rocks. Systematic review of the historic data has confirmed the potential of the Alcoutim Project to host large Cu (Pb-Zn-Sn-Au) VMS deposits.

Positive geological attributes of the licence include the following:

- ✓ Prospective Lithology: The Volcano-Sedimentary Sequence, regionally hosting all VMS deposits, is locally outcropping near Alcoutim and was intersected in boreholes on the license area.
- ✓ Right Position & Structure: Alcoutim is situated on the Neves-Corvo-trend on the Rosario-Neves antiform.
- ✓ Several historic Cu-, Mn- and Sb-mines on the licence area.

The Alcoutim license contains in its southern part a large-scale regional magnetic anomaly of 12 km x 6 km likely reflecting massive mafic magmatic rocks which are known in other portions of the belt to be associated with massive sulphide mineralisation. This untested target is directly situated along the Neves-Corvo-trend, 60 km SE of Neves Corvo.

Approximately 10,000 m of diamond drilling was historically completed on northern part of the Alcoutim licence area, for which most of the drill core is available for inspection. However, none of the historical drilling concepts were designed to test mineralisation associated with the magnetic anomaly referred to above.

Portugal is a European Union member state with a strong rule of law, excellent infrastructure and a long history of mining. In recent years Portugal has introduced progressive laws and policies designed to stimulate the economy through encouraging mining activity.

KNE obtains funding for Alcoutim

KNE signed a Joint Venture Agreement with a private funding partner (the “**Funding Partner**”) by which the Funding Partner will fund the Alcoutim Project. The Funding Partner is a member of a diversified Southern African mining and services group with substantial drilling, mining and mineral processing capability. In light of the group’s substantial drilling business, it is envisaged that a substantial component of the funding under the project will be undertaken by providing in-kind drilling services.

Under the agreement, the Funding Partner will fund the Alcoutim Project on the following terms:

- (a) The Funding Partner is committed to funding a minimum of €267,500, an amount sufficient to meet the first year's expenditure obligations and related costs;
- (b) In return for funding a total of €1.2 million, the Funding partner receives 51% of the Alcoutim Project. Should the Funding Partner decide not to fund the full €1.2 million, the project will revert to being 100% owned by KNE;
- (c) The Funding Partner has the option to fund a further €1.2 million (for a total of €2.4 million) which will take its ownership of the Alcoutim Project to 80%.

The agreement, and the Funding Partner's obligations above, is subject to completion of a Shareholders Agreement and the Funding Partner completing a restricted legal and financial due diligence by 14 November 2014;

KNE will be responsible for oversight of the project, with appropriate in-country resources to be appointed by the joint venture.

Issue of shares to David Knopf

Pursuant to a consulting agreement with consulting Geologist Mr David Knopf, the Company issued Mr Knopf 403,500 KNE shares on 7 October 2014 in recognition of the role played by Mr Knopf in securing the Alcoutim licence.

Kaoko Project, Namibia

Exploration under the Kaoko Project joint venture with First Quantum Minerals has continued to ramp up since commencement on 1 April 2014.

Drilling to recommence in October 2014

The Company's first phase diamond drilling program will commence in October 2014. The program is planned to commence with targets within the Okanihova lineament, including additional holes close to the original Okanihova outcrop area and the sandstone-hosted mineralisation at Okanihova SW. Also included in the first phase is a stratigraphic fence of boreholes testing the Dolomite Ore Formation under cover and an adjacent substantial magnetic anomaly assumed to be Chuos formation (Grand Conglomerate equivalent). Second and further phases of drilling will be determined based on results from this first phase.

Assay analysis (ICP-MS) of previously untested intersections of core from diamond boreholes KHD01-KHD04 and water borehole KHDW01 was completed. The additional dataset of 537 samples has enabled a better understanding of the structure at Okanihova and mineralization potential. All significant results are summarized in Table 1 with the most significant being:

- KHD01: 8m @ 0.45% Cu from 261m
- KHD02: 3m @ 0.82% Cu from 8m

- 5m @ 0.51% Cu from 48m
5m @ 0.61% Cu from 138m
- KHD03: 122m @ 0.31% Cu from 17m
Including 10m @ 0.55% Cu from 35m
Including 6m @ 0.43% Cu from 53m
Including 16m @ 0.45% Cu from 90m
- KHD04: 6m @ 0.4% Cu from 23m
10m @ 0.60% Cu from 48m
8m @ 0.48% Cu from 78m

Further drilling at Okanihova will target the potential for higher grade Cu-mineralisation identified from geophysical and structural interpretations.

Regional soil sampling program

The regional soil sampling program has been completed with 28,000 soil samples covering the whole 3,500 km² of the licence package. The regional sampling extended onto adjoining licence areas for a better understanding of regional-scale mineralisation processes.

All soil samples were analysed in Windhoek by Niton XRF. A number of copper, lead, zinc and barium soil anomalies were identified and require a combination of further infill sampling and mapping. A systematic sample set of approximately 3,900 samples, covering the whole license block, was sent for multi-element ICP and fire assay for Au. This data-set will then be subjected to a variety of cutting-edge geochemical and statistical analyses by First Quantum Minerals.

As a third phase, infill soil grids will be combined with base-of-slope stream sediment sampling to directly trace stratabound Cu and Zn-Pb mineralisation of Tsumeb/Kipushi-type.

The regional soil sampling program is designed as a first step to discover medium to large scale sediment hosted base metals deposits throughout the substantial unexplored and/or covered areas of the licence block. These areas are prospective for similar greenfield discoveries to that made at Okanihova.

To complement the soil sampling data in the covered areas, work is underway to conduct a regional ground water analysis for trace elements and specific isotopes in a selection of approximately 20 water boreholes over the whole licence package.

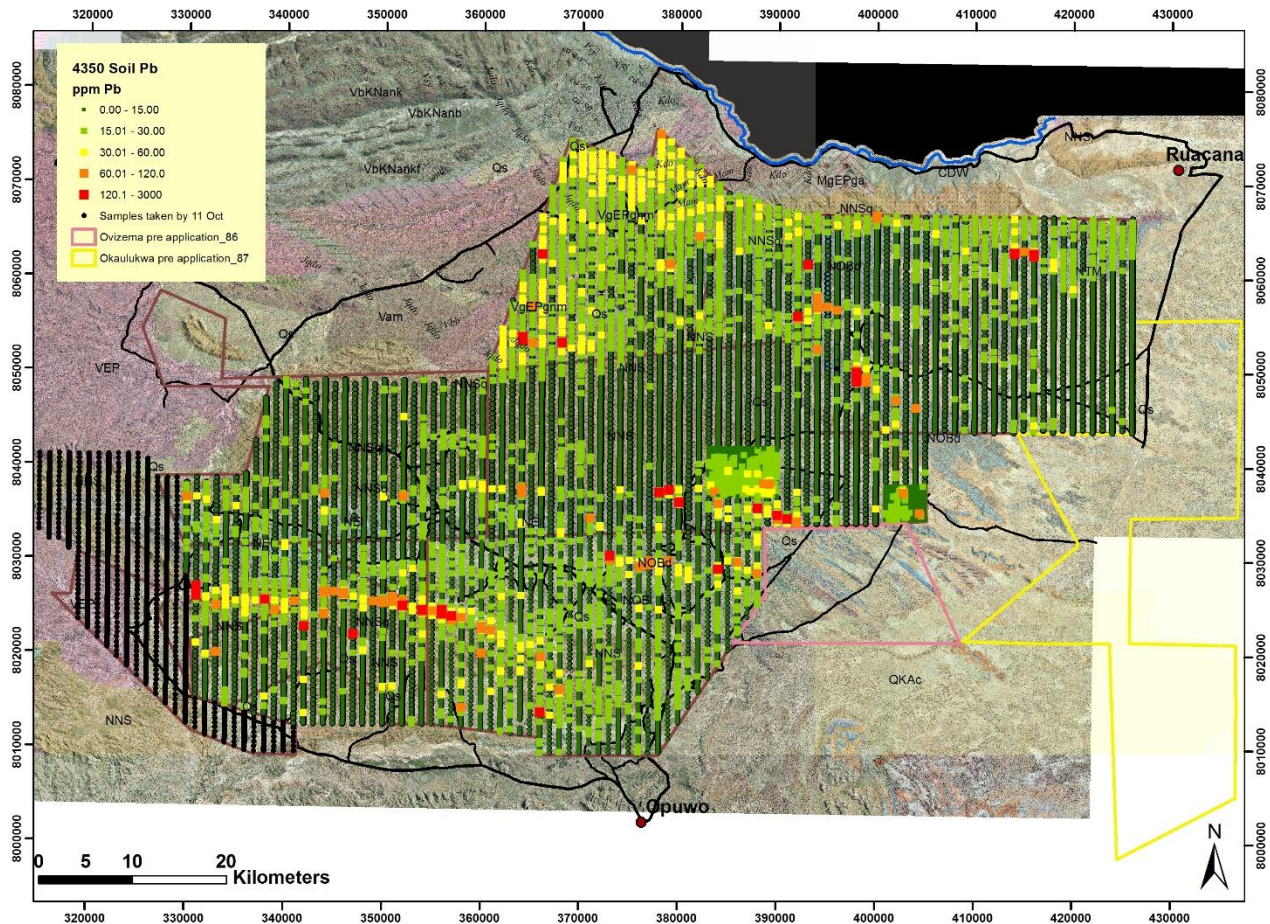


Figure 2: Regional soil grid (lead in soil, pXRF) over licence package showing progress by 12 October 2014: Regional soil samples are taken at 1 km line spacing while sample spacing alternates per line at 100 m and 500 m respectively. First infill grids at Ovingondo and RCC1 at 200 m line spacing and 50 m sample spacing.

Geological mapping program

The geological mapping program has progressed with completion of the mapping and geochemical sampling along the known extent of the Dolomite Ore Formation (copper-cobalt horizon known as DOF). This aspect of the program is being conducted in the form of an MSc thesis under supervision of Professor Murray Hitzman of Colorado School of Mines.

Kunene Resources geologists have completed a mapping project on an area where the DOF horizon was predicted by remote sensing (See Figure 3). As predicted, extensive stratabound copper mineralization has been found, however hosted in sandstones (therefore named the Sandstone Ore Formation, or SOF). Mapping and sampling of SOF is ongoing.

Detailed mapping of the central part of the Okanihova project has been completed and will be used in conjunction with ground magnetics and the planned ground based IP surveys to position drill holes for the phase 1 drilling campaign in October.

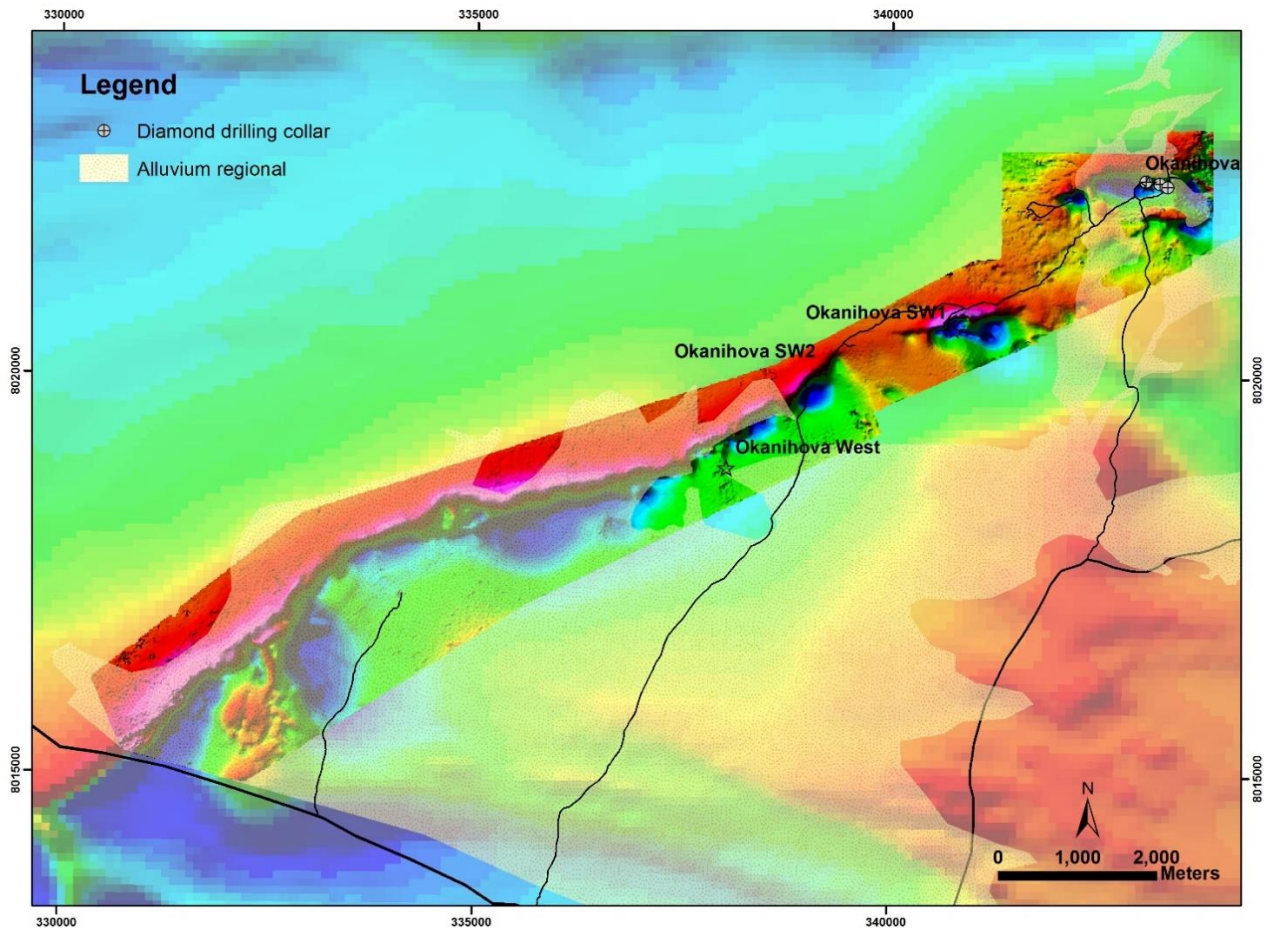


Figure 4: Okanihova ground magnetic survey (rtp on background of government sponsored aeromagnetic data): The mineralisation controlling structure of the Okanihova lineament clearly continues under cover to the SW.

Okanihova IP trial

On 3 September 2014 the Company announced a ground based IP (induced polarization) survey would be trialed over selected areas of the Okanihova lineament to determine whether IP is a useful tool to predict sandstone-hosted disseminated copper sulphide mineralization in target Okanihova SW1.

Trial at Okanihova SW1: sandstone-hosted copper target

The trial was completed in September with a total IP survey of 21 line kilometres over the sandstone-hosted Cu-target at Okanihova SW1. Processed results show strong and clear chargeability anomalies correlating with surface Cu in soil anomalies (see Figures 5a and 5b). The chargeable features dip to the south and can be followed from near surface down to the survey depth (of about 250m).

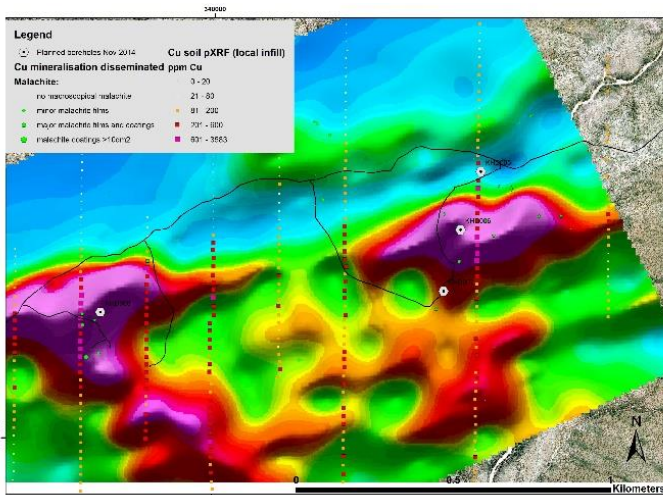


Figure 5a - Okanihova SW1 sandstone-hosted target: chargeability 950m depth slice (approx. 50m below surface)

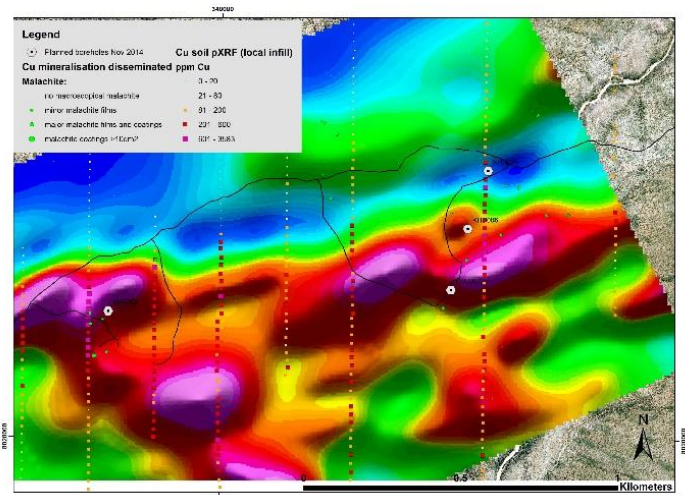


Figure 5b - Okanihova SW1 sandstone-hosted target: chargeability 850m depth slice (approx. 150m below surface)

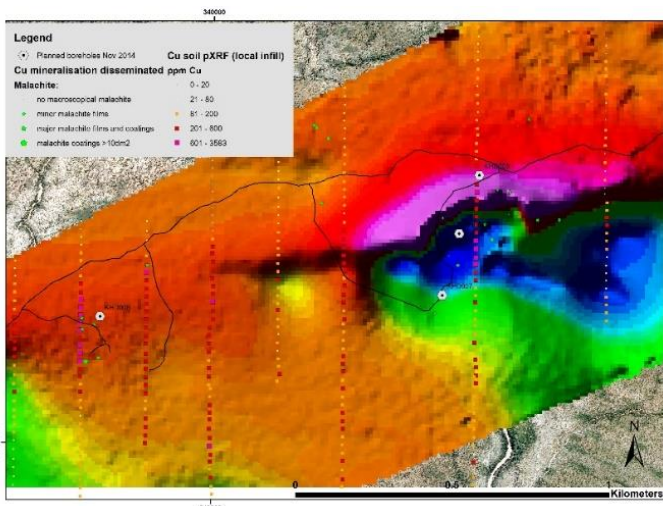


Figure 6a - Okanihova SW1 sandstone-hosted target: ground magnetics (rtp) showing Cu in soil sample results

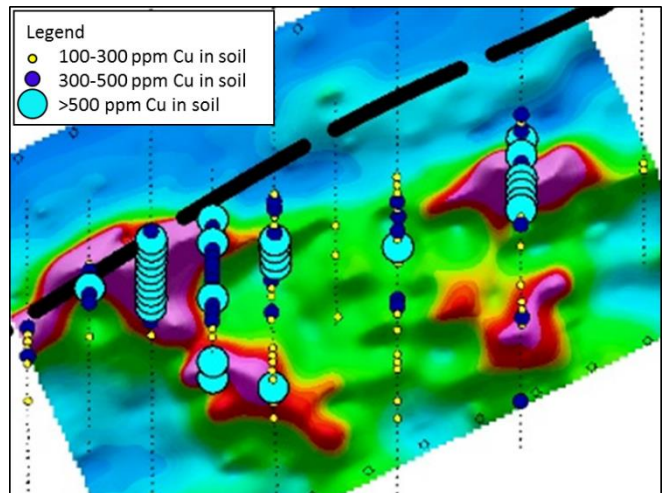


Figure 6b - Okanihova SW1 target: correlation of IP results (metal factor at 950m depth slice) with soil sampling results (Cu in soil)

Figure 6a shows the remanent magnetic anomaly that defines the Okanihova SW target (on identical area to Figures 6a and 6b). The IP anomalies clearly correlate with the remanent magnetic features. Figure 6b shows a strong correlation of the IP results with soil sampling (copper in soil) results. Thus, combining soil geochemistry with ground magnetics and IP defines first order drill targets.

IP trial at Okanihova outcrop

Due to the positive results from the initial IP survey at Okanihova SW1 and the clear and strong resulting anomalies, a further IP test was conducted over the area of the Okanihova outcrop (see Figure 7, which shows the location of the IP lines on ground magnetic data). The second trial was to test the chargeability of known shale-hosted copper sulphide vein mineralization identified in boreholes KHD01-04 and KHDW01. The chargeability at this location showed a weaker correlation with the known mineralization, which was typically at grades of 0.1%-0.3% copper.

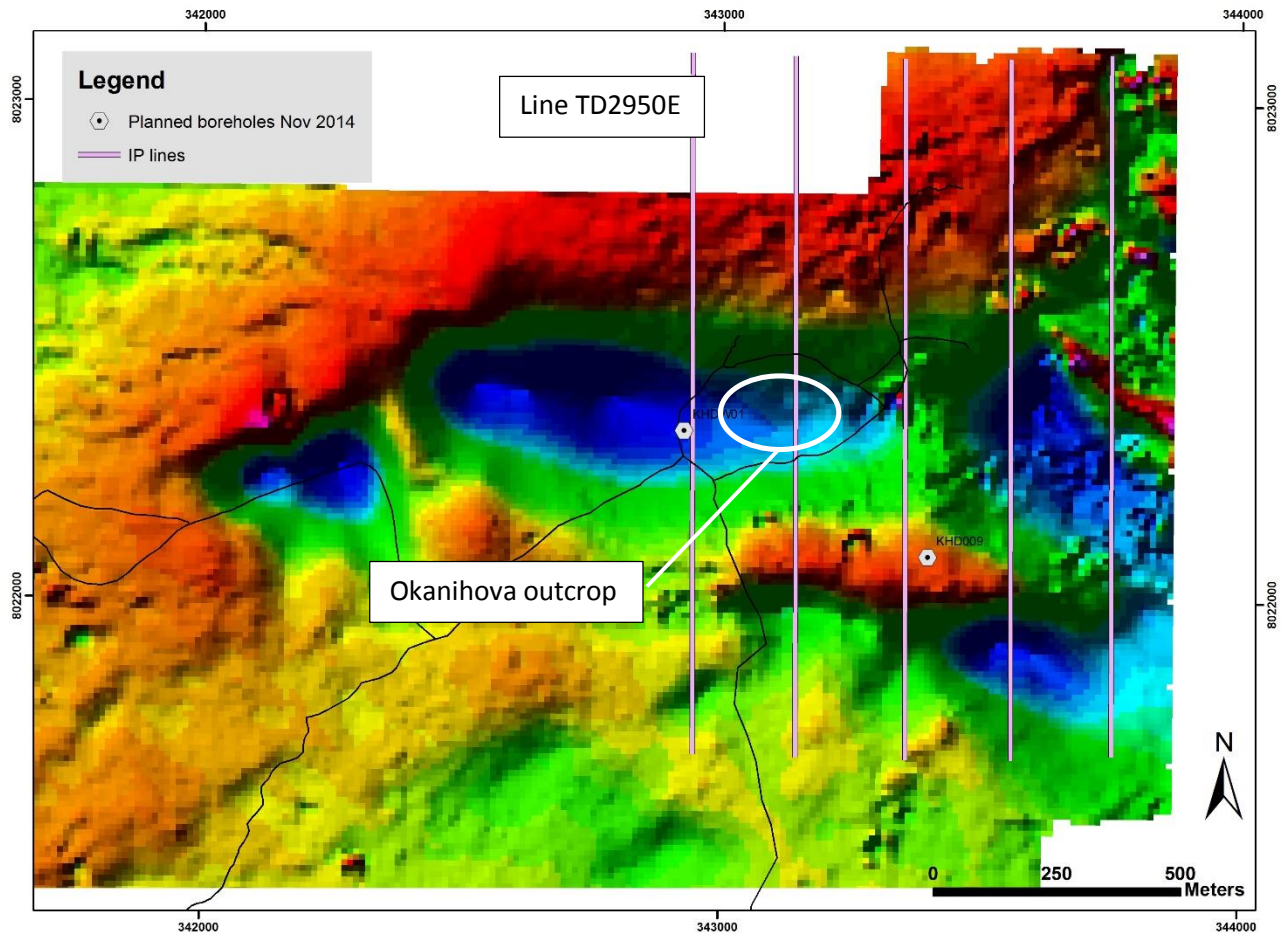


Figure 7 - Okanihova outcrop showing locations of IP survey lines on ground magnetic image (rtp)

However, strong conductive anomalies were identified directly to the west and south of the Okanihova outcrop in an area that is covered by alluvium and has not been drill tested. Figure 8 shows Line TD2950E (as shown on Figure 7) which shows an anomaly, in a position that correlates with the remanent magnetic anomaly seen on Figure 7.

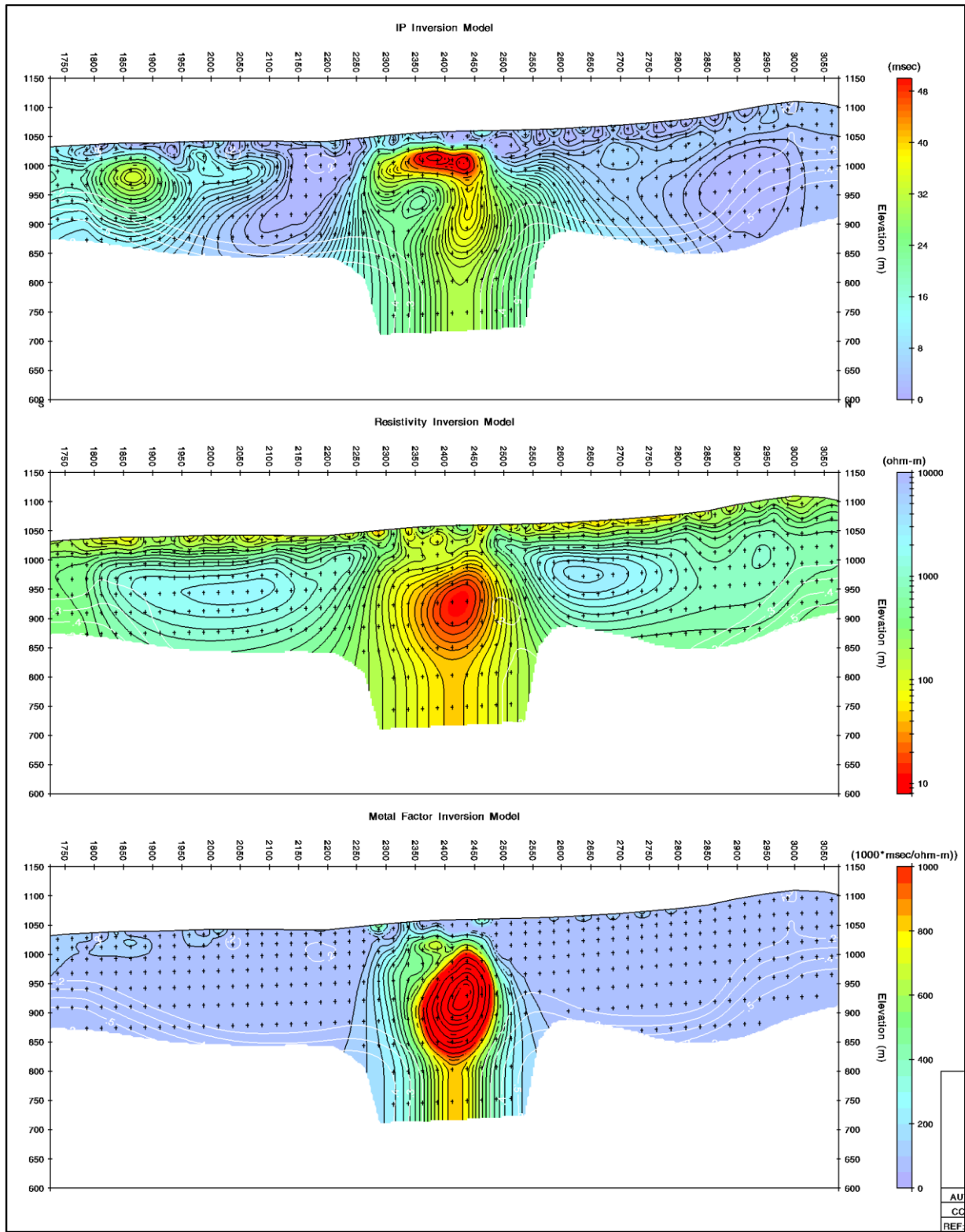


Figure 8 – IP line TD2950E to the direct west of Okanihova outcrop showing a strong and distinct anomaly from approx. 50m below surface

Business development

The Company is currently reviewing a number of prospecting licences in Namibia and Zambia to identify prospective opportunities in copper and base metals. Although the preference is to identify licences that can be incorporated into the joint venture with First Quantum Minerals, the Company is permitted under its joint venture arrangements to independently pursue projects.

KNE cash position

The Company maintains a solid cash position \$0.85m (as at 30 September 2014) given the Company's low cash burn. As all project related expenses are met by joint venture funding, the corporate costs are approximately \$50,000 per month.

For further enquiries please contact:

Peter Pawlowitsch +61 (0) 419 299 302

Competent Person Statement

The comments regarding the geology, prospectivity and exploration results, in this document, have been made by Simon Coxhell, (Member Australasian Institute of Mining and Metallurgy), who is a consultant of Kunene Resources Ltd. Mr Coxhell has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Coxhell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Kunene Resources Limited

Kunene Resources Limited (ASX:KNE) is an emerging precious and base metals exploration company. Kunene Resources is focused on exploring its flagship Kaoko Project in Namibia. The project area has not been comprehensively explored in the past and there is potential for the discovery of new deposits.

Listed on Australian Securities Exchange, Kunene Resources is headquartered in Perth, Australia.

Kaoko Project highlights:

- ✓ 95% owned by Kunene Resources (5% owned by local partner, The Namibian Former Robben Island Political Prisoners Trust)
- ✓ seven exploration licences, total area of 3,478km²
- ✓ emerging minerals province with similar geology to the Central African Copperbelt
- ✓ prospective for copper and other base metals, gold and rare metals
- ✓ project entirely located on communal farmland (ie government owned) with good community support
- ✓ experienced and well regarded in-country management

Infrastructure ready for development

- ✓ Power through Project area from Ruacana hydro station
- ✓ Water: year round water supply from Kunene River
- ✓ Roads: Excellent roads connecting with rail/port
- ✓ no environmental sensitivities or other hurdles

About Namibia

- ✓ Socially and politically stable, good security
- ✓ excellent infrastructure (#1 in Africa: Fraser Institute)
- ✓ history of mining with community acceptance and skills
- ✓ strong rule of law, private property rights in constitution
- ✓ English official language, competent government.

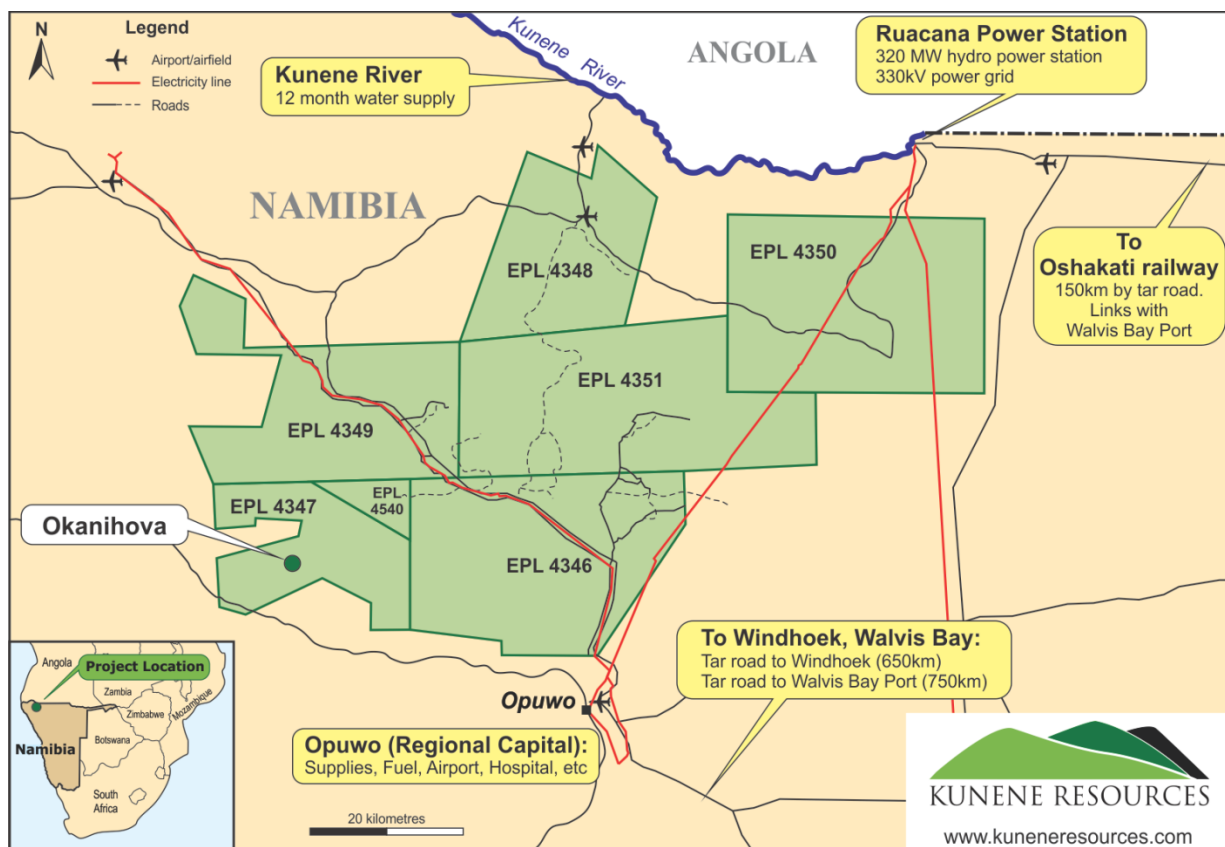


Table 1: All significant intersections from diamond boreholes at Okanihova

Borehole	Depth (m)	Northing	Easting	RL	Dip	Az	From (m)	To (m)	Width* (m)	Cu
KHD01	365	8,022,475	343,066	1070.0	59	145	248	329	81	0.24%
<i>incl</i>							261	269	8	0.45%
KHD02	332	8,022,445	343,234	1084.2	65	230	8	10	3	0.82%
							46	58	12	0.38%
<i>incl</i>							48	53	5	0.51%
							129	152	23	0.30%
<i>incl</i>							138	143	5	0.61%
							251	267	16	0.29%
KHD03	152	8,022,405	343,326	1068.0	50	240	17	138	122	0.31%
<i>incl</i>							35	45	10	0.55%
<i>incl</i>							53	60	6	0.43%
<i>incl</i>							90	106	16	0.45%
KHD04	282	8,022,405	343,326	1068.0	80	240	18	151	133	0.27%
<i>incl</i>							48	58	10	0.60%
<i>incl</i>							78	86	8	0.48%
<i>incl</i>							148	151	3	0.55%
KHDW01	90	8,022,342	342,923	1047.5	70	30	71	72	2	0.39%

Table 2: JORC 2012 disclosures on sampling techniques and data

Section 1: Sampling Techniques and Data		
Criteria	JORC Code Explanation	Commentary
Sampling Technique	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling</i>	Exploration at Okanihova (EPL 4347) is sampled by diamond drill holes. To date a total of 6 diamond holes have been drilled to an average depth of 217m. Holes were collared at various angles and declinations to optimally intersect zones of interest.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report.</i>	The drill hole collar locations are determined by handheld GPS survey with an accuracy of +/- 5 metres. Core samples were logged for lithology, alteration, weathering and mineralization.
	<i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	Diamond core is HQ and NQ size, sampled on 1m intervals in areas of visual mineralisation and cut into half. Samples were despatched to Actlabs in Windhoek, Namibia, for sample preparation, where they were crushed, dried and pulverised to produce a sub sample for analysis. Actlabs sent the pulps to their facility in Canada for analysis by aqua regia digest with an ICP/OES finish. The following elements were included: Hg, Ag, Cu, Zn, Pb, Ni, Cd, Co, Mn, Fe.
Drilling	<i>Drill type (eg core, reverse circulation, open- hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Diamond drilling, both HQ and NQ core size. Core is not oriented by drilling contractor.
Drill Sample Recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Diamond core recoveries are logged and recorded in the database. Overall recoveries are >95%.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Recoveries are good and there are no significant sample recovery problems.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Insufficient drilling and geochemical data is available at the present stage to evaluate potential sample bias.
Logging	<i>Whether core and chip samples have been geologically and geotechnical logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Geotechnical logging is being conducted on all diamond drill holes. Information on lithology, mineralisation, dip, dip direction, alpha angle, beta angle, texture, shape, roughness and fill material is stored in the structure/Geotech table of the database.

	<i>Whether logging is qualitative or quantitative in nature. Core (or costean/Trench, channel, etc) photography.</i>	Logging of diamond core recorded lithology, mineralogy, mineralisation, structural (DDH only), weathering, alteration, colour and other features of the samples.
	<i>The total length and percentage of the relevant intersections logged.</i>	All drillholes are being logged in full to end of hole.
Sub-Sampling Technique and Sample Preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Core was transported to Windhoek and cut in half at the company's premises using a core saw.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	N/A
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sample preparation for all samples follows industry best practice and was undertaken by Actlabs in Windhoek, Namibia, where they were crushed, dried and pulverised to produce a sub sample for analysis. Sample preparation involving oven drying, coarse crushing, followed by total pulverisation LM2 grinding mills to a grind size of 85% passing 75 microns.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	QC for sub sampling follows Actlab's procedures.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	No field duplicates have been taken.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered to be appropriate to correctly represent the style of mineralisation, the thickness and consistency of the intersections.
Quality of Assay Data and Laboratory Tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<p>The laboratory used an aqua regia digest with an ICP/OES finish, suitable for reconnaissance. The method approaches total dissolution of most minerals.</p> <p>Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained.</p>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools were used to determine any element concentrations at this stage.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	<p>Laboratory QA/QC involves the use of internal lab standards using certified reference material, blanks, splits and duplicates as part of the in house procedures.</p> <p>Certified reference materials, having a good range of values, were inserted by Actlabs blindly and randomly. Results highlight that sample assay values are accurate and that contamination has been contained.</p> <p>Repeat or duplicate analysis for samples shows that the precision of samples is within acceptable limits.</p>

Verification of Sampling and Assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The Company's Chief Geologist has visually verified significant intersections in diamond core intersections.
	<i>The use of twinned holes.</i>	No twin holes have been drilled.
	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Primary data was collected using a set of company standard Excel templates and re-entered into laptop computers.
	<i>Discuss any adjustment to assay data</i>	No adjustments or calibrations were made to any assay data used in this report.
Location of Data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	All drillholes have been located by GPS in UTM grid WGS84 Zone 33 (S). Downhole surveys were completed at the end of every hole where possible using a Reflex Ezitrack EMS downhole survey tool, taking measurements every 30m.
	<i>Specification of the grid system used</i>	The grid system is WGS 84 Z 33(S).
	<i>Quality and adequacy of topographic control</i>	Topographic control is based on GPS
Data Spacing and Distribution	<i>Data spacing for reporting of Exploration Results</i>	Drilling is conducted on a hole by hole basis in areas of outcrop, geochemical anomalism or geophysical targets.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The mineralised domains have not yet demonstrated sufficient continuity in both geological and grade to support the definition of Mineral Resource and Reserves, and the classifications applied under the 2012 JORC Code.
	<i>Whether sample compositing has been applied</i>	Samples have been composited to one metre lengths, and adjusted where necessary to ensure that no residual sample lengths have been excluded (best fit).
Orientation of Data in Relation to Geological Structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	At this early stage and nature of drilling, the orientation is determined to provide initial geological control on key lithologies and potential mineralisation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No orientation based sampling bias has been identified in the data at this point.
Sample Security	<i>The measures taken to ensure sample security</i>	Chain of custody is managed by the Company. Samples are transported to the company's Windhoek premises and delivered to Actlabs, Windhoek, for sample preparation. The sample pulps for assay are then freighted to Actlabs, Canada assay laboratory. Whilst in storage, they are kept in a locked yard. Tracking sheets are used track the progress of batches of samples
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No review of the data management system has been carried out.

Section 2 Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral Tenement and Land Tenure Status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>The Okanihova target is located wholly within Exclusive Prospecting Licence 4347, which is part of the company's 95% owned Kaoko Project. The Kaoko Project tenements cover an aggregate area of 3,478 km² (347,800ha), granting the holders the right to explore for base and rare metals, precious metals and precious stones.</p> <p>The tenements are all wholly owned by the company's 95% owned subsidiary, Kunene Resources Namibia (Pty) Ltd. The tenements are located in government owned communal farmland areas, where no native title issues, historical sites or environmental sensitivities are known to exist.</p>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenements are in good standing with no known impediments.
Exploration Done by Other Parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	No previous exploration work of any description is known to have taken place in the area on and around the Okanihova target. No previous systematic exploration has been undertaken on any part of EPL 4347.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The copper mineralisation is developed in a sedimentary succession of likely Nosib-Ombombo transition (alternatively Nosib succession). Arkose quartzitic sandstones and conglomerates of the footwall Nosib Formation are exposed in anticlinal structures to the west and southwest as well as a possible thrust structure in the mountains to the east.</p> <p>The middle Nosib or Ombombo Formation consists of a sequence of finely intercalated siltstones and shales with minor sandstone, marlstone, limestone and dolostone layers. The true thickness cannot be established due to intense shearing and tied folding. The sequence is preliminarily interpreted as equivalents of the local units named by Teck as the Omivelo, Horseshoe and Okohongo Horizons which host mineralisation (including 10 Mt @ 1.1% Cu at Okohongo) to the south of the company's land holding.</p>
Drill Hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	Intercepts that form the basis of this announcement are tabulated in Table 3 in the body of the announcement and incorporate Hole ID, Easting, Northing, Dip, Azimuth, Depth and Assay data for mineralised intervals. Appropriate maps and plans also accompany this announcement.

Data Aggregation Methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	No averaging techniques were used.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	All intersections are assayed on one meter intervals No top cuts have been applied to exploration results Mineralised intervals are reported on a weighted average basis.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are used in this report.
Relationship Between Mineralisation Widths and Intercept Lengths	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	The orientation or geometry of the mineralised zone has not yet been established.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	The appropriate plans and sections have been included in the text of this document.
Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All grades, high and low, are reported accurately with "from" and "to" depths and "hole identification" shown.
Other Substantive Exploration Data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	The outline of anomalies are identified on plan in figures in the body of the text.
Further Work	<i>The nature and scale of planned further work (eg tests for lateral extensions or large scale step out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Future work at Okanihova target and EPL4347 has not been determined, but will likely include addition reconnaissance diamond/RC drilling, infill drilling, geophysical analysis and geochemical surveys.

Annexure 1: Tenement summary

Kaoko Project, Namibia

Tenement	Status	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
EPL 4346	Granted	95	0	0	95
EPL 4347	Granted	95	0	0	95
EPL 4348	Granted	95	0	0	95
EPL 4349	Granted	95	0	0	95
EPL 4350	Granted	95	0	0	95
EPL 4351	Granted	95	0	0	95
EPL 4540	Granted	95	0	0	95
EPL 5601	Granted	0	0	95	95

Western Australian projects

Currans Well Tenements

Tenement	Status	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
P57/1261	Granted	100	0	0	100
P57/1262	Granted	100	0	0	100
P57/1263	Granted	100	0	0	100
P57/1264	Granted	100	0	0	100
P57/1265	Granted	100	0	0	100
P57/1266	Granted	100	0	0	100
P57/1267	Granted	100	100	0	0

Sandstone Tenements

Tenement	Status	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
E57/779	Granted	100	100	0	0
E57/921	Granted	100	100	0	0