

## Drilling update at Okanihova, Kaoko Project, Namibia



- First diamond borehole completed at Okanihova Cu Project
  - Extension of previously drilled water borehole KHDW01, from 89m to 320m depth
  - KHDW01 was extended to test remanent magnetic anomaly and passed through outer zone of IP anomaly
    - Confirmed that pyrrhotite is cause of remanent magnetism (no magnetite in core).
    - Sulphides (chalcopyrite, pyrrhotite and pyrite) identified in core and confirmed as source of chargeability (IP anomaly).
    - Borehole KHD08 positioned to test intensive zone of IP anomaly east of the Okanihova outcrop and under alluvial cover
  - Enhanced prospectivity of Okanihova lineament
    - Remanent magnetism along Okanihova lineament is likely caused by pyrrhotite
    - Boreholes KHD01-04 demonstrated that pyrrhotite and chalcopyrite are cogenetic
    - Untested remanent magnetism anomalies along 16km strike of Okanihova lineament and regionally
- Drilling Okanihova SW1 target has commenced
  - Three diamond boreholes to test potential for sandstone hosted copper mineralization, identified during soil sampling and corresponding with geophysics
  - Two geophysical target styles
    - IP anomaly that correlates closely with remanent magnetic anomaly (KHD06/07)
    - IP anomaly without remanent magnetism (KDH05)

### FAST FACTS

#### Capital Structure

Shares on Issue: 38.9 million

Market Cap @ 5.3c \$2.06 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

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West Perth 6005

##### Website

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ASX Code: KNE

ABN 36 155 396 893

## Drilling update at Okanihova, Kaoko Project, Namibia

On 31 October 2014 the Company announced the commencement of drilling at the Company's Okanihova copper target to test Induced Polarisation (IP) anomalies identified at Okanihova SW1 target and Okanihova outcrop.

### Completion of diamond borehole KHDW01

Diamond borehole KHDW01 is a water borehole drilled in late 2013 to a depth of 89m. It was extended to improve the water supply and to provide geological information on the remanent magnetic anomaly to the west of Okanihova outcrop (see Figure 1a). The borehole also passed through the outer zone of the IP anomaly near Okanihova outcrop (see Figure 1b).

After moderate visible sulphides were observed in the core (predominantly pyrrhotite with some chalcopyrite and pyrite) drilling was further extended to a total depth of 320m.

The borehole passed through the outer zone of an IP anomaly (shown in yellow and red on Figure 2) that significantly intensifies to the east (shown in pink on Figure 2). Drill core logging from KHDW01 has confirmed that the chargeability of that anomaly was caused by the presence of sulphides (chalcopyrite, pyrite and pyrrhotite) and not other minerals such as graphite. This is consistent with a comparison of the IP anomaly with boreholes KHD01-04, drilled in 2013 (See Figure 2).

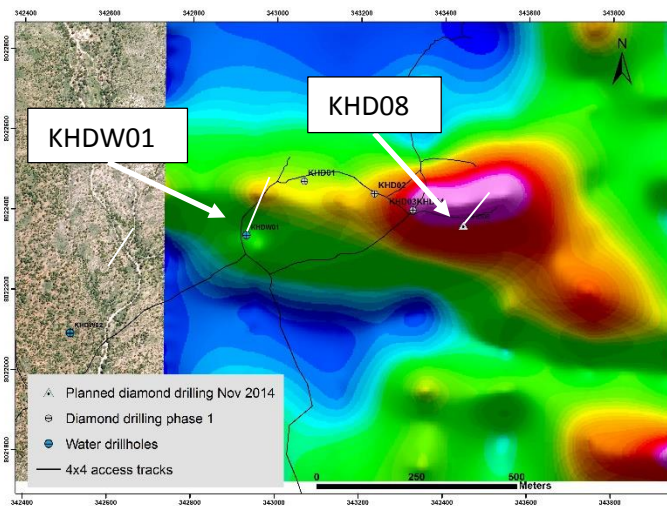


Figure 1a - Okanihova outcrop target: chargeability 850m depth slice (approx. 150m below surface)

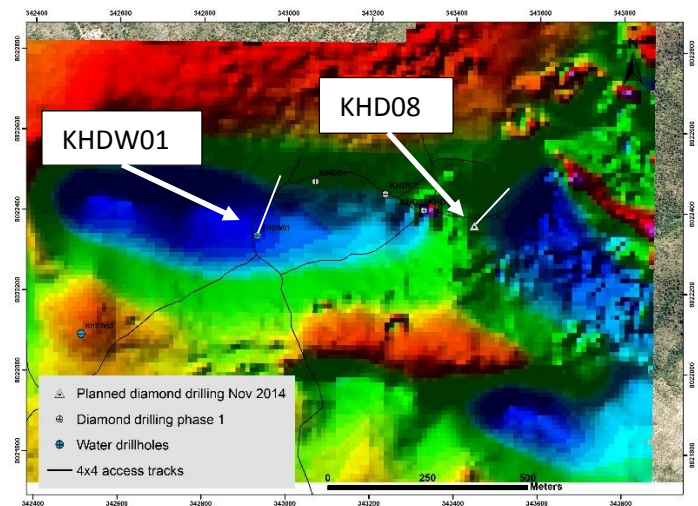


Figure 1b - Okanihova outcrop target: ground magnetics (rtp).

### Confirmation of sulphides causing remanent magnetism

Data from borehole KHDW01 has shown that the remanent magnetic anomaly to the west of Okanihova outcrop (see Figure 1a) is caused by pyrrhotite (an iron-sulphide) and not magnetite. This is a significant development as pyrrhotite (an iron sulphide) and chalcopyrite (a copper sulphide) have been observed from drill core to be co-genetic (ie formed in the same mineralisation process).

The Okanihova lineament is defined by remanent magnetic anomalies over a strike length of 16 km, a large part of which is under recent alluvial cover. Given the geophysical similarities and the geological model the remanent magnetism throughout the Okanihova lineament are likely to be caused by pyrrhotite, adding to the prospectivity of this large area.

### Planned borehole KHD08

With this additional geological information, diamond borehole KHD08 has been sited to intersect the intense zone of the IP anomaly to the east of Okanihova outcrop (see Figure 2). Ground-truthing of the area shows thick cover of boulder scree from the Steilrandberge Mountains, which would totally mask any surface or soil expression of underlying mineralization.

Figure 2 shows the existing boreholes drilled in 2013, which returned minor copper mineralization over wide zones (133m @ 0.27% Cu from 18m in KHD04, see Exploration Update dated 3 September 2014 for full disclosure). Of note is that this mineralization passed through a moderate zone of chargeability, with the more intense anomaly remaining untested.

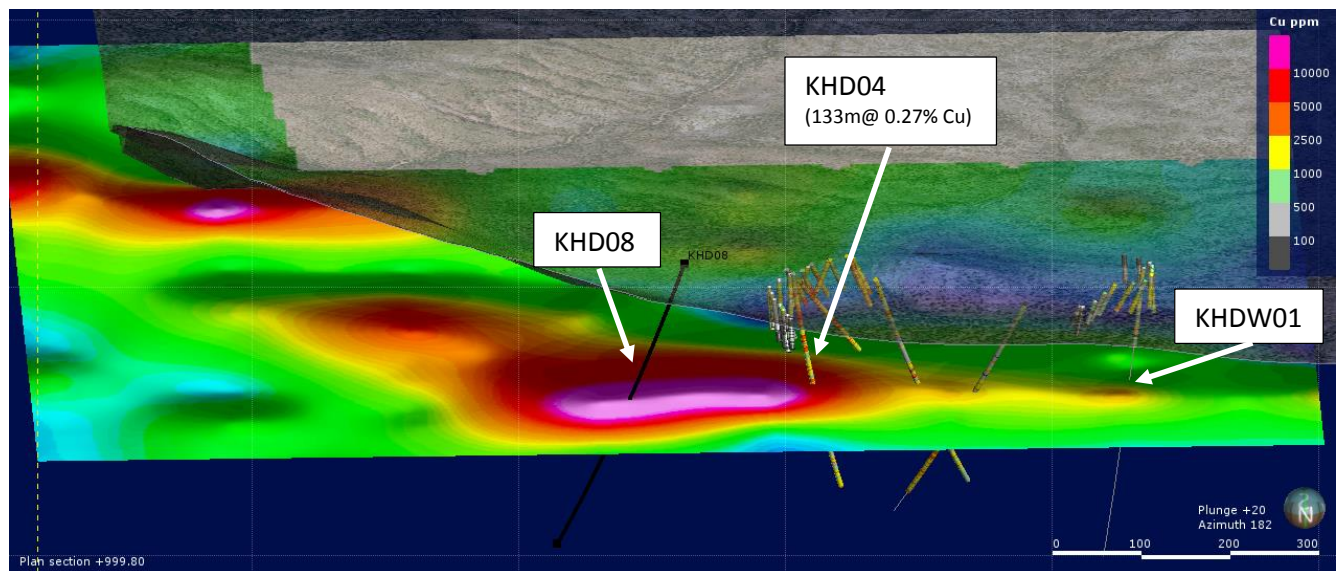


Figure 2 - 3D view of IP anomalies below topography at Okanihova outcrop (looking south) showing proposed borehole KHD08. Chargeability anomalies are shown in yellow/red/pink hues, with pink the most intense. Copper grades are reflected along the boreholes according to the scale.

### Drilling of Okanihova SW1 target

Three diamond boreholes have been sited at the Okanihova SW1 target (sandstone hosted copper) to test two distinct IP anomalies (see Figures 3a and 3b). The first IP anomaly, to be tested by KHD05, is a chargeability anomaly that correlates with weak copper in soil results, but no remanent magnetic anomaly. The second IP anomaly, which correlates with both copper in soil results and a remanent magnetic anomaly, will be tested by boreholes KHD06 and KHD07.



Given the regional extent of remanent magnetic anomalies along the 16 km Okanihova lineament and in similar structural lineaments (Opuwo lineament to the east and Olulilwa lineament to the northwest), these boreholes will assist in understanding the nature of the remanent magnetism (pyrrhotite or magnetite), and IP anomalies (sulphides or graphite) and any association between them. The results will determine whether further IP surveys at the other structural lineaments are justified.

Drilling of borehole KHD05 has commenced. Construction of roads and drill platforms are underway for boreholes KHD06 and KHD07.

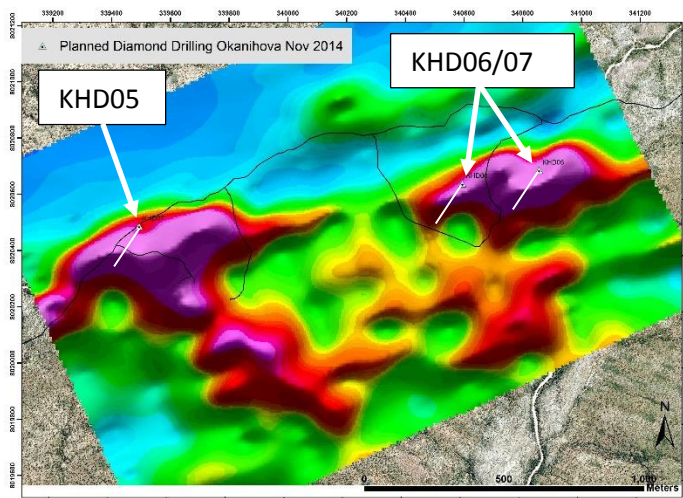


Figure 3a - Okanihova SW1 planned boreholes (shown on chargeability 950m depth slice (approx. 50m below surface))

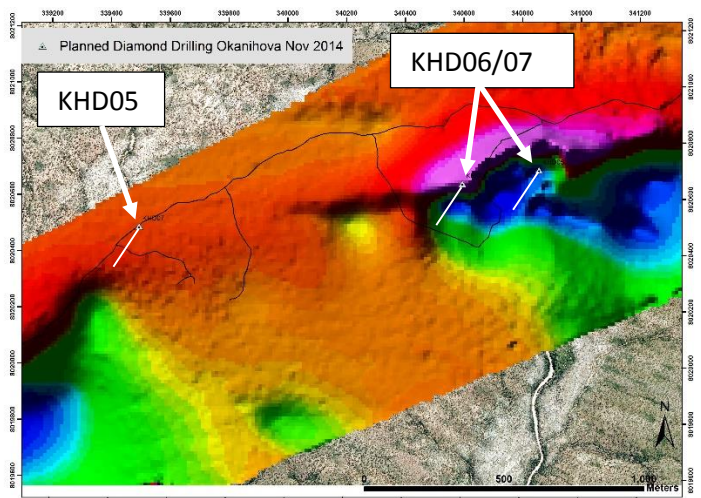


Figure 3b - Okanihova SW1 planned boreholes (shown on ground magnetics (rtp))

**For further enquiries please contact:**

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#### **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 3,478km<sup>2</sup>
- ✓ 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.

