

24 November 2014

## Due diligence completed by Funding Partner for Alcoutim project, Portugal

The Company announced on 7 October 2014 that KNE had, through its wholly owned subsidiary Bolt Resources (Pty) Ltd, been granted the Alcoutim exploration concession in Portugal.

KNE also announced signing of a Joint Venture Agreement with a private funding partner (the “**Funding Partner**”) by which the Funding Partner will fund the Alcoutim Project.

The Company is pleased to announce that all conditions precedent to the Joint Venture Agreement, including due diligence and formal documentation, have been completed. Accordingly, the funding for the project is now unconditional.

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%.

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



### FAST FACTS

#### Capital Structure

Shares on Issue: 38.9 million  
Market Cap @ 7c \$2.7 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](http://www.kuneneresources.com)

ASX Code: KNE

ABN 36 155 396 893

## Alcoutim exploration licence, Iberian Pyrite Belt, Portugal

The Alcoutim exploration concession 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 km<sup>2</sup> exploration licence in southern Portugal covering part of the Iberian Pyrite Belt (see Figure 1 below). The Iberian Pyrite Belt is one of the largest Volcanogenic Massive Sulphide (VMS) provinces in the world with over 250 copper deposits. Its deposits principally 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.

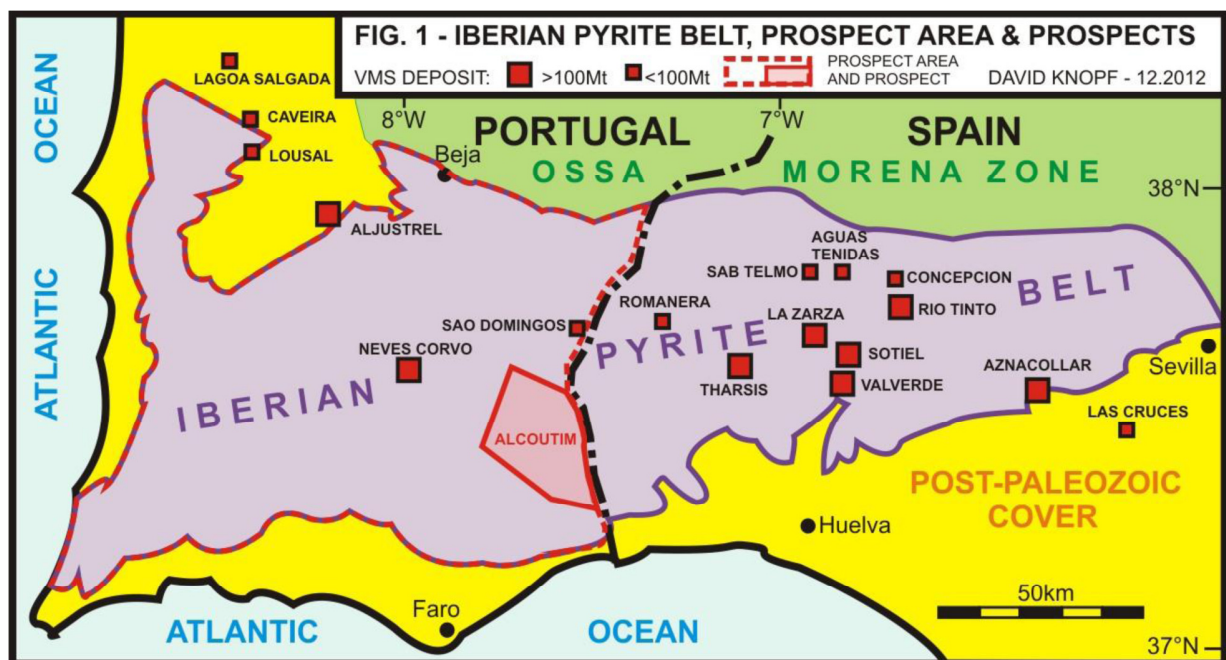


Figure 1: Alcoutim Project shown relative to world class deposits in the Iberian Pyrite Belt

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 Mn-, Cu- and Sb-mines on the licence area.

The Alcoutim license contains a large-scale regional magnetic anomaly of 12 km x 6 km likely reflecting massive mafic intrusions 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 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 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.

**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 3,478km<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.

