14 July 2015

First copper-cobalt discovery in Namibia confirmed by drilling

Diamond drilling at Dolomite Ore Formation (DOF) confirms consistent stratabound mineralization

- First copper-cobalt mineralization of Central African Copperbelt type in Namibia.
- Significant results:
  - 8m @ 0.54% Cu + 1137ppm Co + 0.53% Zn from 60.4m, *including* 2.1m @ 1.0% Cu + 1012ppm Co from 60.4m (drill hole DOF02).
  - 4.65m @ 0.55% Cu + 1153ppm Co + 0.59% Zn from 106.65m, *including* 2.1m @ 0.84% Cu + 1129ppm Co from 106.65m (drill hole DOF01).
- True width estimated as similar to intersected width.
- Combined copper-cobalt-zinc mineralization is equivalent to +1% Cu grades.

Potential for large-scale copper-cobalt horizon

- Outcrops of DOF horizon indicate a strike length of the mineralization >40km. Drilling confirms that DOF continues in areas with alluvial or calcrete cover.
- Copper/zinc grades consistent with historical boreholes drilled between 2-5km to the west (historical boreholes not assayed for cobalt).
- Potential for grade to increase in structural settings focusing the fluid flow. Potential for width to increase in fold noses and reverse faults.
- Mineralogical studies in progress at Colorado School of Mines under supervision of Prof Murray Hitzman.
- Follow up drilling in planning to understand the mineralisation control and to identify areas with intense mineralisation.

Cobalt an attractive and strategic commodity

- Cobalt has high demand-growth due to strategic and un-substitutable industrial uses, including in portable electronics, hybrid vehicles and aerospace applications.
- Half world's cobalt reserves contained in DRC.
- Considered critical/strategic metal by EU and USA (USA has no domestic production).

KUNENE RESOURCES

FAST FACTS

Capital Structure

Shares on Issue: 38.9 million

Market Cap @3c $1.2 million

Cash on hand $0.5 million

(30 June 2015)

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

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West Perth 6005

Website

www.kuneneresources.com

ASX Code: KNE

ABN 36 155 396 893

First copper-cobalt discovery in Namibia confirmed by drilling at Kaoko Project

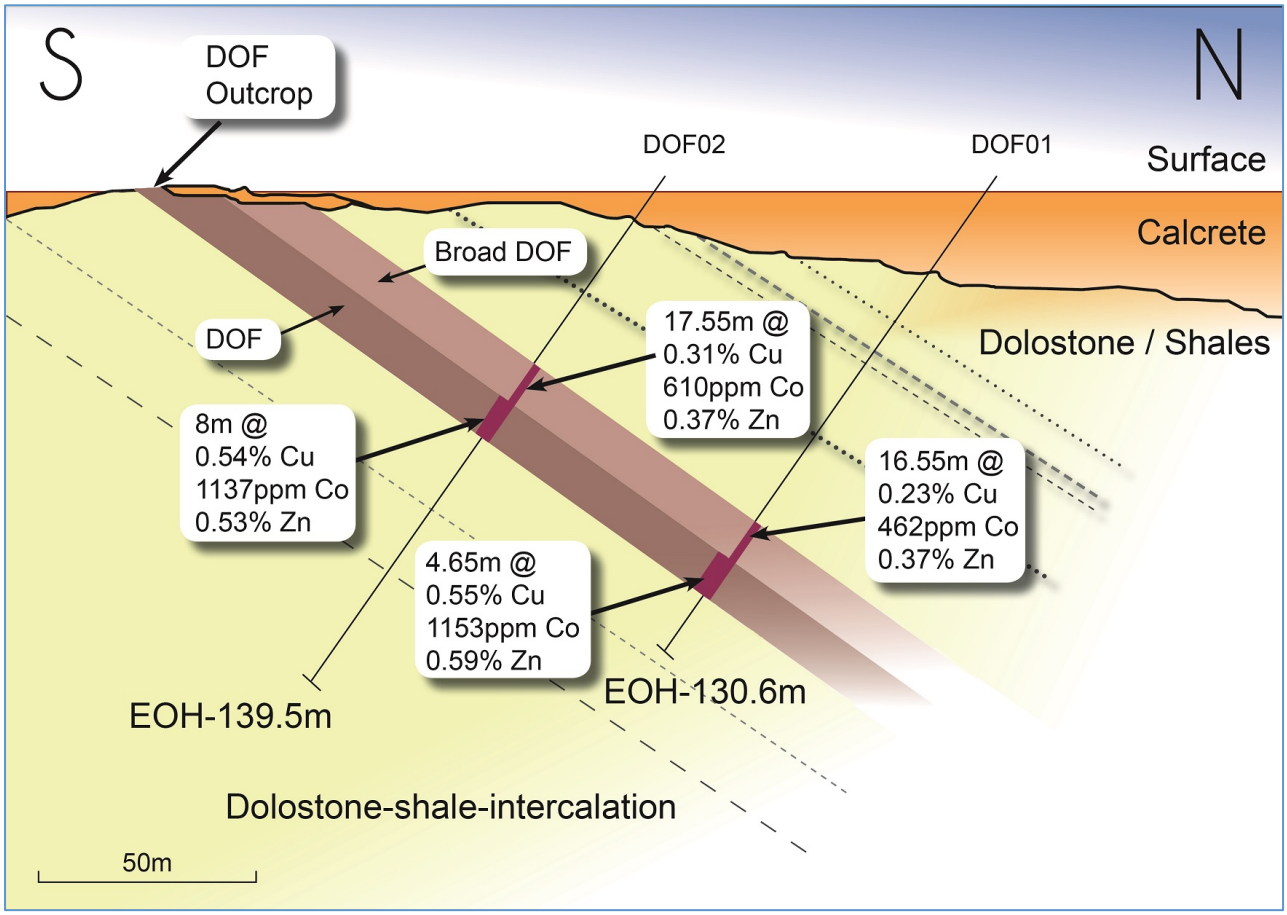

Figure 1: DOF drill results and interpreted structure

Introduction to Dolomite Ore Formation (DOF)

The DOF occurs in a sequence of intercalated siltstones, shales, sandstones and carbonate rocks within the Upper Proterozoic Ombombo Formation (Mwashya equivalent). The DOF itself appears to be a dolomitized carbonate horizon that is underlain and overlain by dark, relatively reduced siltstones. The DOF displays anomalous Cu-(Zn-Co) geochemistry that has been traced on surface for 20 km along the northern flank of the Steilrand anticlinorium north of Okanihova. Mapping has established the DOF over a 32 km extent (see Figure 2).

Five percussion holes, drilled by Rio Tinto in 1992-93, intersected the DOF unit and recorded copper and zinc values. However, the historic holes were not assayed for cobalt and the copper/zinc grades were uneconomic. Soon after, Rio Tinto ceased exploration activities in the region and no follow up work was completed to understand the unit. Outcrop sampling by Kunene Resources in 2012 identified cobalt in the unit – the first time cobalt has been found in appreciable quantities in Namibia – and after substantial work was undertaken to understand the results, the Company named the unit Dolomite Ore Formation. Since mid 2014, further work on the DOF was undertaken by the Company in conjunction with First Quantum Minerals' geologists and the Colorado School of Mines.

The Cu-Co-mineralization is likely structurally controlled. However, it's timing between an early stratabound mineralisation in the subsiding sedimentary basin (>720 Ma) and the Damaran orogeny at 550 Ma is still unclear. However, both theories bear significant upside. Detailed research on the DOF project is being conducted by the Colorado School of Mines under the supervision of Prof. Murray Hitzman, one of the world's foremost authorities on Copperbelt mineralization.

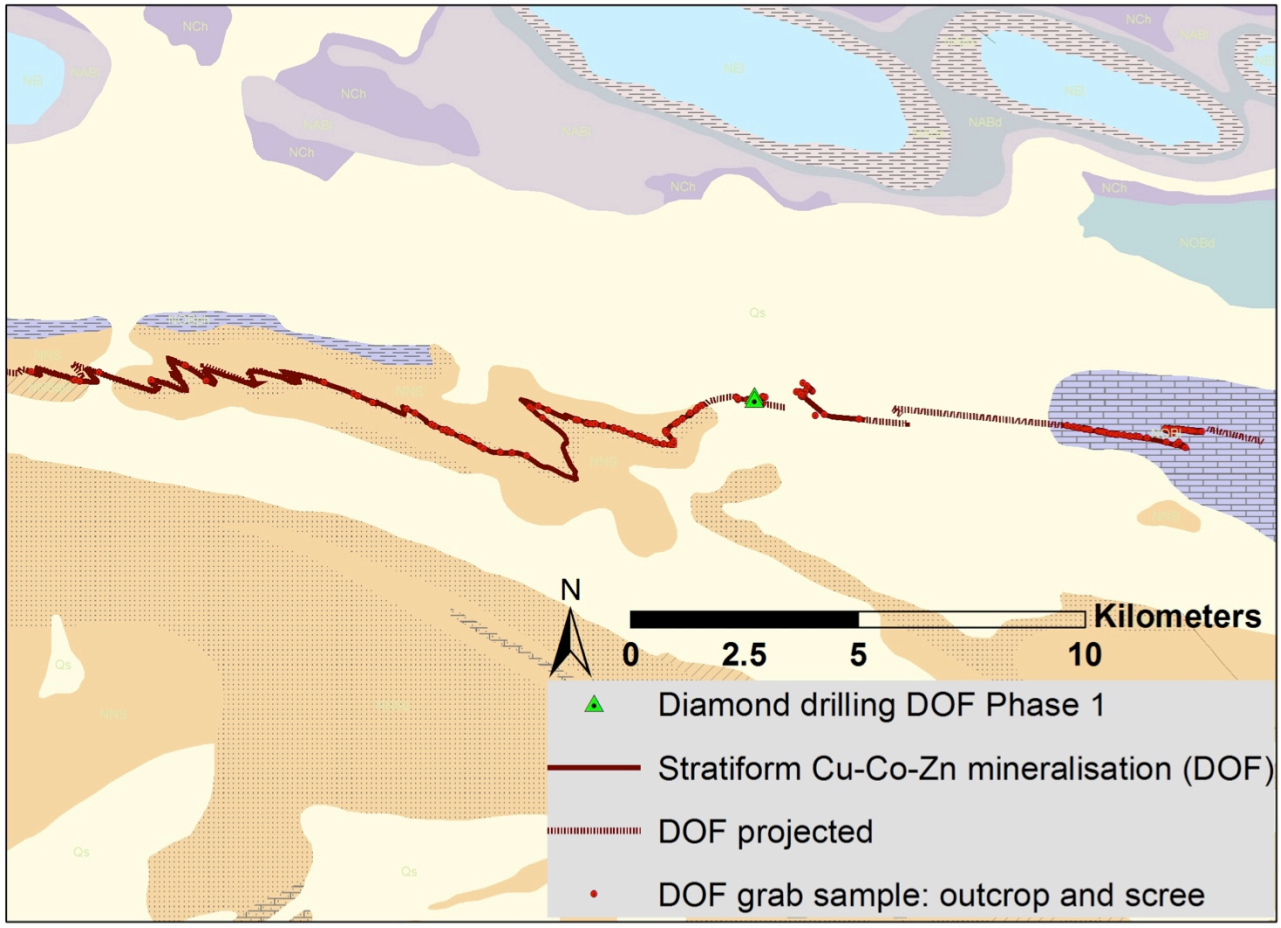

Figure 2: Extent of currently mapped and indicated DOF in the central Kaoko project area

Diamond drilling results

Mapping of the DOF copper-cobalt horizon by a team of geologists from Kunene Resources, First Quantum Minerals and Colorado School of Mines indicates a strike length of the DOF of at least 32km (see Figure 2). However, large parts of the central DOF project are covered by alluvium and calcrete. The Company's high resolution aeromagnetic survey shows large NW trending faults in this area which might have focused the mineralising fluid.

Two diamond holes were drilled under the joint venture with First Quantum Minerals to target the DOF horizon at about 100m depth, generating the first unweathered samples of the DOF copper-cobalt horizon (see Figure 1). The first drill hole, DOF01, was drilled close to a riverbed where some small single outcrops of DOF exist. Results are shown in Table 1 below:

Borehole	Depth (m)	Northing	Easting	RL	Dip	Az	From (m)	To (m)	Width (m)	Cu	Co	Zn	Cu(e)*
DOF01	139.5	8026727	365539	1257	55	200	94.6	111.3	16.55	0.23%	462ppm	0.37%	0.58%
						Incl	*106.65*	*111.3*	*4.65*	*0.55%*	*1153ppm*	*0.59%*	1.32%
						Incl	*106.65*	*108.75*	*2.1*	*0.84%*	*1129ppm*	*0.65%*	1.62%
DOF02	130.6	8026650	365540	1255	55	200	50.65	68.8	17.55	0.31%	610ppm	0.37%	0.74%
						incl	*60.8*	*68.8*	*8*	*0.54%*	*1137ppm*	*0.53%*	1.29%
						Incl	*61.5*	*63.55*	*2.05*	*1.0%*	*1012ppm*	*0.38%*	1.63%

* Cobalt and zinc values have been converted to copper equivalent values using assumed metal prices as follows: copper price of US$6000 per tonne; cobalt price of US$30,000 per tonne; zinc price of US$2,000 per tonne. The converted cobalt and zinc values are then added to the actual copper values to give a total copper equivalent grade described as % Cu(e). For example, a cobalt value of 1153ppm is equivalent to a copper value of 5,765ppm or 0.58% Cu(e).

Table 1: Results of diamond boreholes (ICP analysis) – true width estimated to be same as drill width.

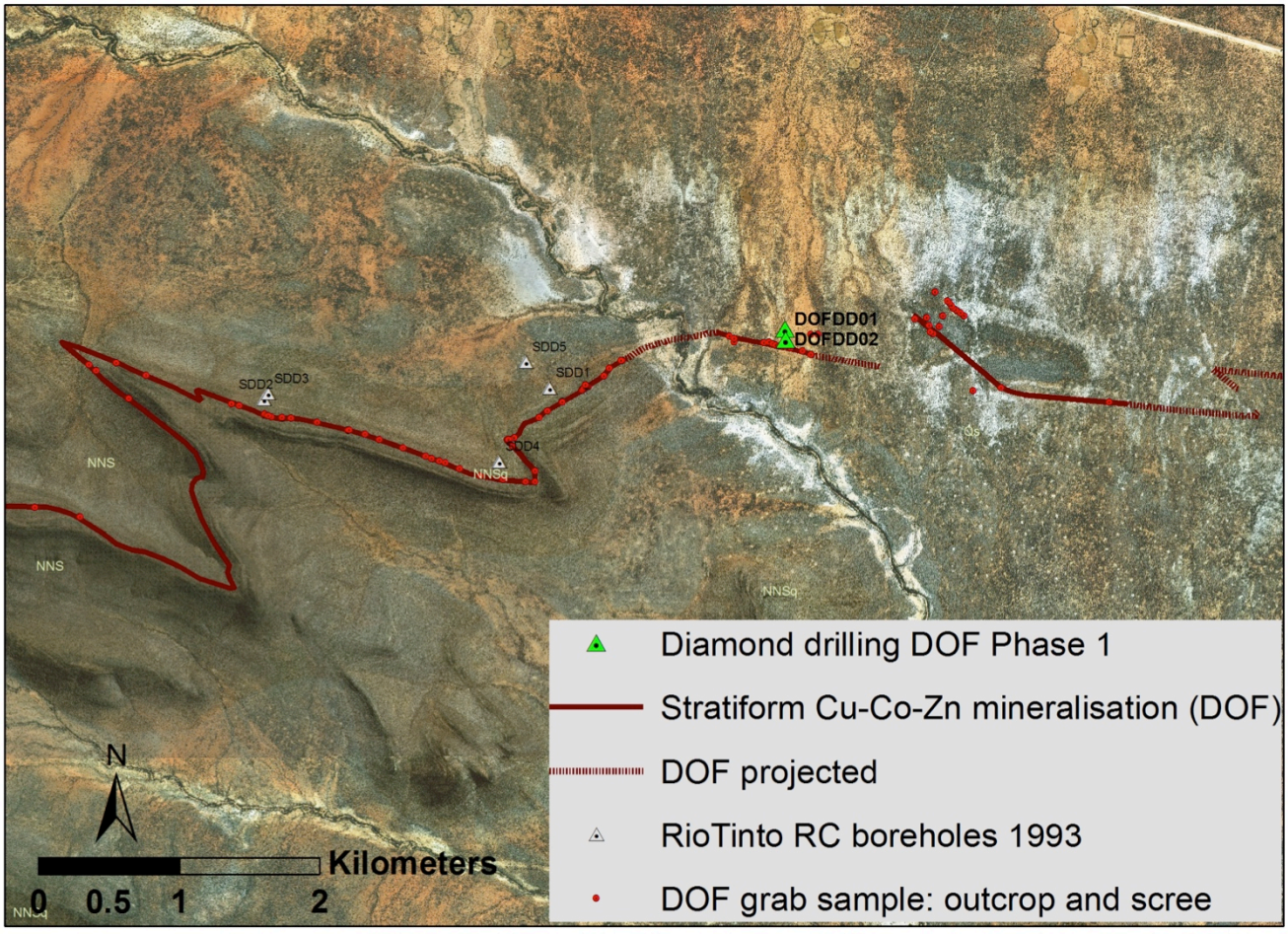

Figure 3: Location of current diamond drilling (DOF01 and DOF02) and Rio Tinto's percussion holes of 1993 (SDD)

Assay results have shown pleasing results in terms of both grade and width (see Table 1). The results from both boreholes demonstrate the consistency of the mineralization. As shown in Figure 1, there appears to be a broader mineralized zone ("Broad DOF") of approximately 16m, with the 4-8m wide DOF in its footwall. A narrower 2m wide core within the DOF shows higher concentrations of copper, with cobalt and zinc grades consistent (in DOF01: 2.05m @ 1.0% Cu + 1012ppm Co + 0.38% Zn).

Potential for large-scale copper-cobalt horizon

The results obtained in DOF01 and DOF02 are broadly consistent with the copper and zinc values obtained in historical drilling by Rio Tinto in the 1990s (cobalt was not assayed in that program). In drill results located 2-5km from current drilling (see Figure 3) the unit was found to be up to 8.6m thick, grading 0.32% Cu & 0.64% Zn (Co not assayed). True width is not known and no records other than sketches are preserved.

Given the extent that the DOF horizon has been mapped on surface (more than 32km), the relative consistency of the mineralization and the simple geometry of the ore horizon, the DOF has potential to be a large-scale resource of copper and cobalt with zinc credits.

Through the work being undertaken by Colorado School of Mines, the Company will benefit from substantial high-end scientific analysis, including mineralogical testwork from which conclusions will be drawn on possible metallurgical beneficiation.

A follow up drill program is in planning to understand the mineralization control and identify areas with higher grade mineralization. Although the DOF appears to be a relatively consistent horizon, there is potential for width and grade to increase on fold noses and other structural features.

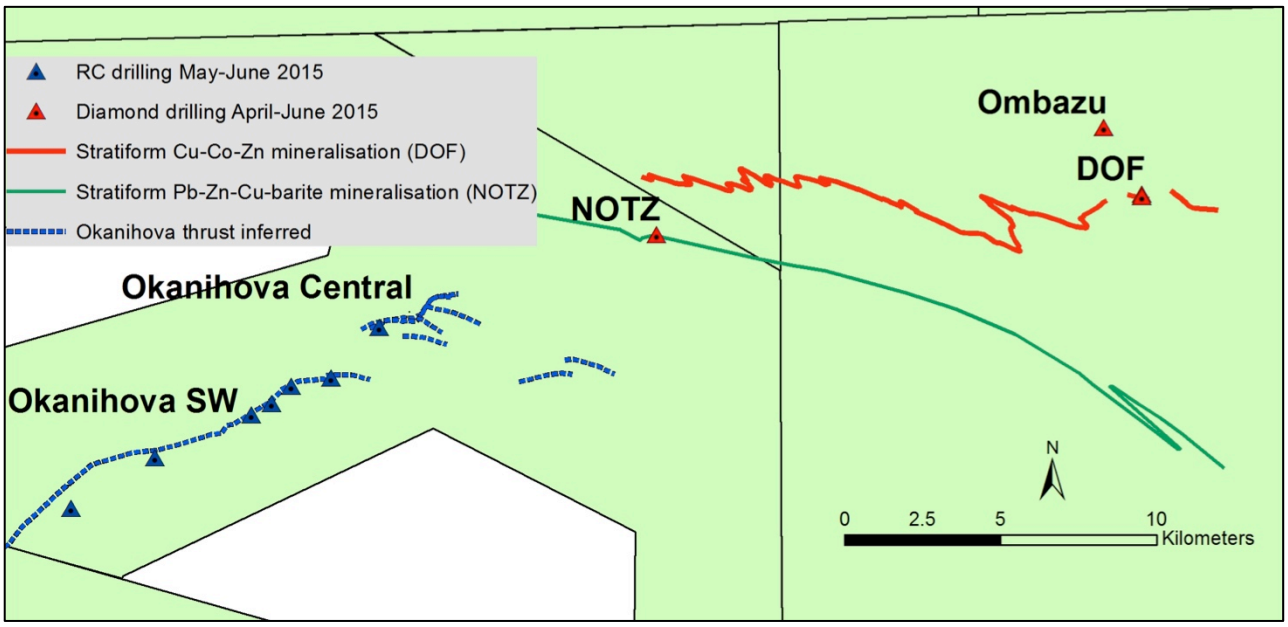

Figure 4: DOF drilling relative to Kunene Resources' other drilling programs

Background on cobalt

Cobalt has a diverse range of important metallurgical and chemical uses which varies from aircraft engines to rechargeable batteries. Strong demand for rechargeable batteries in laptop computers, tablets, mobile phones and other portable electronics has been the biggest growth driver for cobalt consumption. Cobalt cathode chemistry continues to be the product of choice for applications requiring thin, flexible and high energy density batteries with the best possible cycle life. Furthermore, automotive related demand for cobalt containing battery materials is expected to rapidly increase in the coming years as the market adaptation of (plug-in) hybrid electric vehicles starts to accelerate. Consumption in the superalloy sector has benefitted from a buoyant aerospace sector

where airplane and engine build rates remain high. Demand growth for cobalt from other, more mature consuming industries tends to be of a more cyclical nature, following general economic and industrial production growth trends.

Cobalt resources and production is concentrated in the Democratic Republic of Congo, which has close to half of the world's cobalt reserves and accounts for more than half the world's production of cobalt ore. In recent years China, which has limited domestic resources of cobalt, has secured the majority of the cobalt production in DRC. The balance of the world's cobalt is concentrated in Australia, Cuba, Zambia, New Caledonia, Canada, Russia and Brazil. Notably, the United States has no domestic resources or supply of cobalt ore.

In consequence of the industrial importance of cobalt and the concentration of supply, cobalt is classified by the USGS as a strategic mineral and by the EU as a critical raw material.

The importance of cobalt resulted in it being traded on the London Metals Exchange since 2012.

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^2
- ✓ 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.

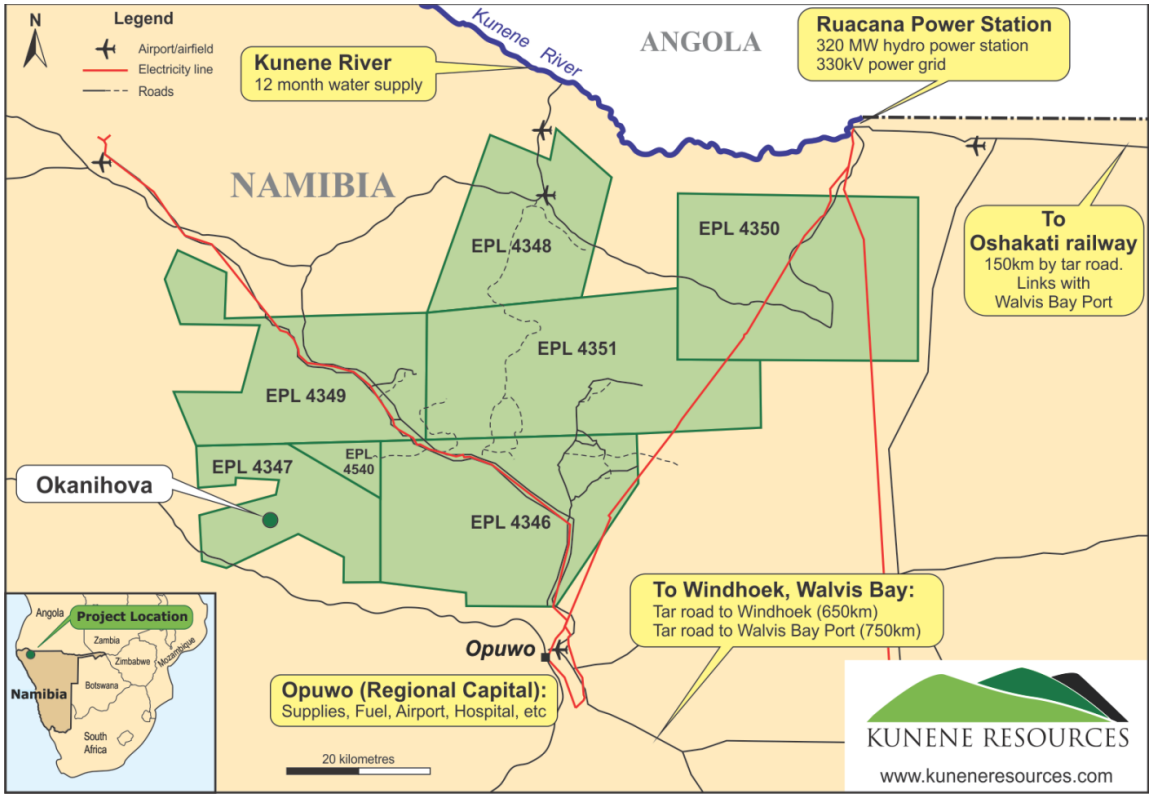

Table 2: JORC 2012 disclosures on sampling techniques and data

Section 1: Sampling Techniques and Data		
Criteria	**JORC Code Explanation**	**Commentary**
Sampling Technique	*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*	Between October and December 2014, the DOF Okondaurie project (EPL 4346) was sampled by 2 diamond drill holes. The drill core was fitted, oriented and marked by professional geotechnicians, and cut in half parallel to the orientation line using a core cutter diamond saw. Subsequently, the one half of the core was cut into quarter core for geochemical and mineralogical sampling, respectively.
	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.	Core samples were logged in detail for lithology, alteration, foliation, veining, weathering and mineralization. Based on that quarter core samples are of good representivity.
	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.	N/A
Drilling	*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).*	Diamond drilling HQ for first 30-40m, followed by NQ core size. Core was oriented by drilling contractor with a Reflex Orientation Tool. A minimum of two orientation points within 10° were considered reliable.
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The length of the core recovered is measured and recorded against the length of the run (i.e. core expected). The difference is automatically calculated in the exploration database. The number of driller induced breaks, which should be marked by the driller at the rig with red crosses. The natural breaks in the core. Within one core run if more than 1 meter is completely broken the natural breaks are indicated as 100. Diamond core recoveries are logged and recorded in the database. Overall recoveries are >95%.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Recoveries are good and there are no significant sample recovery problems.
	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.	Insufficient drilling and geochemical data is available at the present stage to evaluate potential sample bias. As the nature of the copper mineralisation is partly thin veining of sulfides and sulfide minerals are regarded as brittle, copper grades might underreport as some fine sulphide material is lost with the drill fluid and core/core box cleaning.

Logging	*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.*	Geotechnical logging is being conducted on all diamond drill holes by teams of experienced professional geologists. 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.
	Whether logging is qualitative or quantitative in nature. Core (or costean/Trench, channel, etc) photography.	Logging of diamond core is of high quality with detailed record of lithology, mineralogy, mineralisation, structural, weathering, alteration, color and other features of the samples. Lithology – Information recorded on the lithology sheet consists of meters from and to, regolith, weathering intensity, lithology type, texture, grainsize, color and color tone. Alteration is recorded as individual types with the intensity and location of each using codes. Alteration assemblages can then be derived from the data collected. Mineralisation is recorded by identifying the individual minerals (oxides and sulphides) along with a percentage of concentration for the described interval. The location and style of the sulphide occurrences is also recorded. Structure - Structural measurements are taken using kenometers. Collect are foliation, bedding, veining particularly mineralised veining, fold hinges and lineations (mineral stretching, gouging, slickensides etc). Measurements taken using a kenometer are taken as alpha and beta angles, and converted to dip and dip direction using the conversion sheet.
	The total length and percentage of the relevant intersections logged.	All drillholes are being logged in full to end of hole.
Sub-Sampling Technique and Sample	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Sampling of quarter core cut by diamond saw.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	N/A
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Quarter-core is regarded as sufficient sample type for representivity.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Solid orientation marks indicate the bottom of hole and are preserved in the sample retained in the core box after cutting and sampling. Therefore the cut line was offset from the orientation line by 15-30° and marked on the core with a wax pencil. The core was cut cleanly along the cutting line through the lengths of core dividing it into two equal halves.
	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.	N/A
	Whether sample sizes are appropriate to the grain size of the material being sampled.	N/A
Quality of Assay Data and Laboratory Tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Assays were carried out by ALS Johannesburg based on their high in-house standards and QA/QC. All samples were analysed using ALS code MEMS61r, MEXRF26, PGM-MS23. Using 4-acid digest, the assays are regarded as total, as no refractory copper minerals (eg silicates) were observed.

	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.	No data of geophysical tools (Niton XRF analyser) were used in this report.
	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.	Full-core photographs were taken by the core technician, after orientation and metre marks have been annotated on the core but before the core is cut. Two sets of photos were taken, wet and dry. The QA/QC protocol is: - A standard (AMIS 0088) is inserted every 20th sample - A blank is inserted every 20th sample.
Verification of Sampling and Assaying	*The verification of significant intersections by either independent or alternative company personnel.*	N/A.
	The use of twinned holes.	No twin holes have been drilled.
	The verification of significant intersections by either independent or alternative company personnel.	N/A
	Discuss any adjustment to assay data	N/A
Location of Data points	*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.*	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.
	Specification of the grid system used	The grid system is WGS 84 Z 33(S).
	Quality and adequacy of topographic control	Topographic control is based on GPS.
Data Spacing and Distribution	*Data spacing for reporting of Exploration Results*	Drilling is conducted on a hole by hole basis in areas of outcrop, geochemical anomalism or geophysical targets. Drill core samples were taken according to lithology with a minimum sample length of 10 cm and a maximum sample length of 200 cm.
	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.	The two boreholes represent one reconnaissance fence, thus not allowing for tonnage estimations. Sampling within each borehole was detailed and comprehensive, thus will be available for future resources estimations.
	Whether sample compositing has been applied	None.
Orientation of Data in Relation to Geological Structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	At this early stage and nature of drilling, the orientation is determined to provide initial geological control on key lithologies, first structural data and its possible control on mineralisation.

	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.	N/A
Sample Security	*The measures taken to ensure sample security*	Chain of custody is managed by the Company. The drill core is kept at the fenced-off company's premises in the regional capital Opuwo. Samples were bagged by trained employees and trucked directly to the ALS laboratory in Swakopmund by the Company's contract driller.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	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	*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.*	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. 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.
	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.	The tenements are in good standing with no known impediments.
Exploration Done by Other Parties	*Acknowledgment and appraisal of exploration by other parties.*	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	*Deposit type, geological setting and style of mineralisation.*	The copper mineralisation is developed in a sedimentary succession of likely 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. 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, or Okohongo Horizons which host mineralisation (including 10 Mt @ 1.1% Cu at Okohongo) to the south of the company's land holding.
Drill Hole Information	*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:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length* • *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.*	Intercepts that form the basis of this announcement are tabulated in Table 1 of the announcement and incorporate Hole ID, Easting, Northing, Dip, Azimuth, Depth. The drill hole collar locations are determined by handheld GPS survey with an accuracy of +/- 5 meters. Appropriate maps and plans also accompany this announcement.

Data Aggregation Methods	*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.*	N/A.
	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.	N/A
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	N/A
Relationship Between Mineralisation Widths and Intercept Lengths	*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').*	The orientation or geometry of the mineralised zone has not yet been established.
Diagrams	*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.*	No significant discovery is reported.
Balanced Reporting	*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.*	N/A
Other Substantive Exploration Data	*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.*	Selected geophysical survey results are indicated in the body of the text.
Further Work	*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.*	Future work at Okanihova target and EPL4347 has not been determined, but will likely include additional reconnaissance diamond/RC drilling, infill drilling, geophysical analysis and geochemical surveys.