

Update on Kaoko Project Joint Venture



Highlights

- Kunene Resources notified its intention to convert \$1,000,000 convertible note provided by First Quantum
 - Converts into 5,000,000 fully paid ordinary KNE shares
 - Shares to be issued in due course according to convertible note deed timeline
- Agreement with First Quantum to extend decision date for proceeding to second phase of Joint Venture
 - Two month extension to 30 September 2015
 - Enables evaluation of drilling results currently being assayed
 - All First Quantum spending/drilling obligations under phase one have been exceeded.
- Solarwind Investments (Pty) Ltd transaction completed
 - Three exclusive prospecting licences added to Kaoko Project block of licences, included in First Quantum Joint Venture
 - Increases Kaoko Project footprint to 4,650 km²

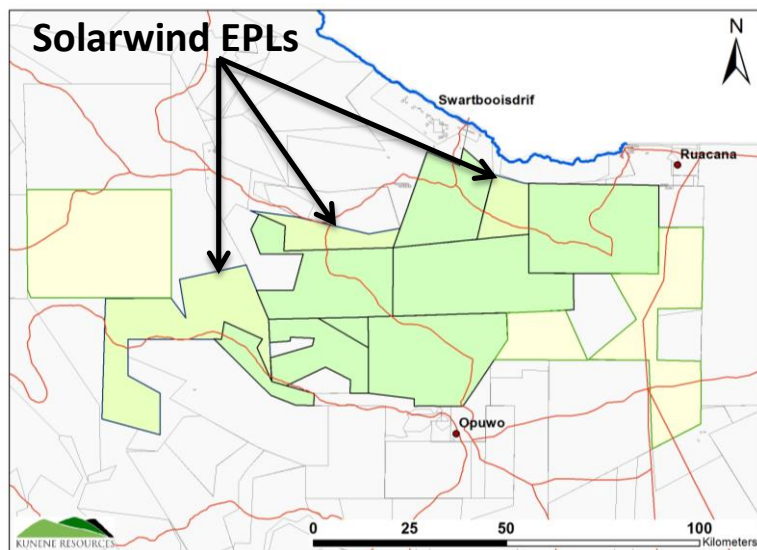


Figure 1 - Kaoko Project granted EPLs (green), EPL applications (yellow) and Solarwind EPLs (olive green)

FAST FACTS

Capital Structure

Shares on Issue: 38.9 million
Market Cap @3c \$1.2 million
Cash on hand \$0.4 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

Place of Business

Level 1, 6 Thelma Street
West Perth 6005

Website

www.kuneneresources.com

ASX Code: KNE

ABN 36 155 396 893

Update on First Quantum joint venture at Kaoko Project, Namibia

In February 2014 the Company entered into a joint venture with First Quantum Minerals Ltd (First Quantum) to explore the Kaoko Project in Namibia. Full details of the Joint Venture are contained in the Company's announcement to ASX dated 11 February 2014.

At the time First Quantum agreed to subscribe for a A\$1 million convertible note in the Company, which was either redeemable for cash or convertible into KNE shares at the Company's option. The Company has issued to First Quantum a notice of its intention to convert the convertible note in full, which will result in the issue of 5,000,000 full paid, ordinary KNE shares in due course.

The Company has also agreed with First Quantum to extend the date by which First Quantum must notify its intention to proceed to the second phase of the joint venture, from 31 July 2015 to 30 September 2015. The extension enables First Quantum to review pending assay results from recent drilling conducted at the Kaoko Project.

Under the terms of the Joint Venture, in the first phase First Quantum are obliged to spend a minimum of US\$2 million and drill at least 2000m by 31 July 2015. FQM has exceeded both of these obligations.

In the second phase, First Quantum would earn 51% of the Company's 95% interest in the Kaoko Project through spending a total of US\$7 million (including the amount spent under the first phase). First Quantum now has until 30 September to decide whether to continue into phase two.

Solarwind transaction completes increasing footprint at Kaoko Project, Namibia

Kunene Resources has completed the acquisition of Solarwind Investments (Pty) Ltd, a subsidiary of ASX-listed Discovery Resources Limited (**Discovery**). Solarwind is the holder of 5 exclusive prospecting licences (EPLs) in Namibia, including 3 EPLs that adjoin Kunene Resources' Kaoko Project. Figure 1 shows those EPLs in the context of the granted Kaoko Project EPLs and other applications that have been made by the Company.

The three Solarwind EPLs shown on Figure 1 will increase Kunene Resources' contiguous land package from 362,645 hectares to ~465,000 hectares (not including new EPL applications). These licences will form part of the existing Kaoko Project joint venture with First Quantum Minerals.

For further enquiries please contact:

Peter Pawlowitsch +61 (0) 419 299 302

Brandon Munro +61 (0) 409 985 556

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.

