

16 September 2015

Withdrawal of First Quantum Minerals from Kaoko Project joint venture

Kunene Resources Limited wishes to advise that First Quantum Minerals Ltd (**First Quantum**) have advised the Company that they will be withdrawing from the Kaoko Project joint venture, in accordance with their rights under the Joint Venture Heads of Agreement dated 6 February 2014 (**JV Agreement**).

First Quantum exceeded all its minimum obligations under Phase 1 of the JV Agreement and was to notify the Company by 30 September 2015 if it intended to proceed to Phase 2, requiring a total spend of US\$7,000,000 (inclusive of expenditure to date) to earn a 51% in the Kaoko Project.

Under the terms of the JV Agreement, First Quantum had a minimum size threshold for any discovery at the Kaoko Project of two million tonnes of contained copper (or equivalent of other metals). Whilst the exploration program funded by First Quantum yielded encouraging results, including a new copper-cobalt discovery at the Dolomite Ore Formation, First Quantum did not see sufficient potential for a deposit that met that minimum size threshold.

First Quantum's expenditure to date does not entitle them to any interest in the Kaoko Project. In consequence of the transaction announced on 3 September 2015 by which the Company has entered into a conditional agreement to acquire Department 13 LLC, the Company is obliged to dispose its interest in the Kaoko Project. Steps will be taken in this regard, conditional on concluding the Department 13 transaction.

Kunene Resources Managing Director, Brandon Munro said "Kunene Resources is grateful to First Quantum Minerals for their financial and technical capacity and their exemplary conduct throughout the joint venture. As our partner, First Quantum showed an exceptional level of engagement and support."

For further enquiries please contact:

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