KUNENE RESOURCES

21 September 2015

Final drill results for Kaoko Project

The Company has received the final assay results for the drilling undertaken at its 95% owned Kaoko Project. The drilling campaign was largely undertaken with funds provided by First Quantum Minerals under the Kaoko Project joint venture. The drilling campaign was conducted from May to August 2015 and consisted of a total of 15 boreholes for 1360.7 metres of diamond drilling and 1537 metres of RC drilling. On 13 July 2015 the Company announced the results of drilling of two diamond boreholes at the Dolomite Ore Formation.

Drilling consisted of the following target areas on Exclusive Prospecting Licences 4347 and 4346, as shown on Figure 1 below (see Tables 1a and 1b for full results):

(a) Dolomite Ore Formation ("**DOF**") (copper-cobalt target)
- 2 boreholes for a total of 270.1 metres of diamond drilling
- Confirmed first discovery of copper-cobalt mineralisation in Namibia
- Best 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).
- Full results announced on 13 July 2015

(b) Okanihova South-West (copper target)
- 6 boreholes (KHRC02-KHRC07) for a total of 1230 metres of RC drilling and 296.35 metres of diamond drilling
- Copper mineralisation was only intersected in the central section of the Okanihova lineament with the typical chalcopyrite-pyrrhotite mineralisation known from the initial Okanihova target. Magnetic anomalies further to the southwest along the Okanihova lineament intersected intensive but barren hydrothermal pyrrhotite mineralisation, likely representing a distal end-member of the hydrothermal system.
- Best results
  - 10m @ 0.34% Cu from 63-73m, *including* 3m @ 0.71% Cu from 65-68 m (drill hole KHRC02).

(c) Okanihova Central (copper target)
- (KHRC01, KHRC08) 2 boreholes for a total of 307 metres of RC drilling
- Although copper mineralisation was intersected in both holes, the limited drilling campaign did not identify grade of economic interest at the western part of the Okanihova Central target.
- Best results
  - 26m @ 0.13% Cu from 65-91m, *including* 1m @ 0.46% Cu from 67-68m (drill hole KHRC08).

(d) Ombazu (conceptual base metal target)
- 4 boreholes for a total of 573 metres of diamond drilling
- All boreholes intersected intense pyrrhotite mineralisation in carbonaceous black shales.
- No significant results.

(e) NOTZ (lead-zinc-silver-copper target)

- 1 borehole was drilled for a total of 221.25 metres of diamond drilling
- The borehole intersected the MVT style Pb-Zn-barite-(Cu) mineralisation with anomalous lead, zinc and silver.
- No significant results.

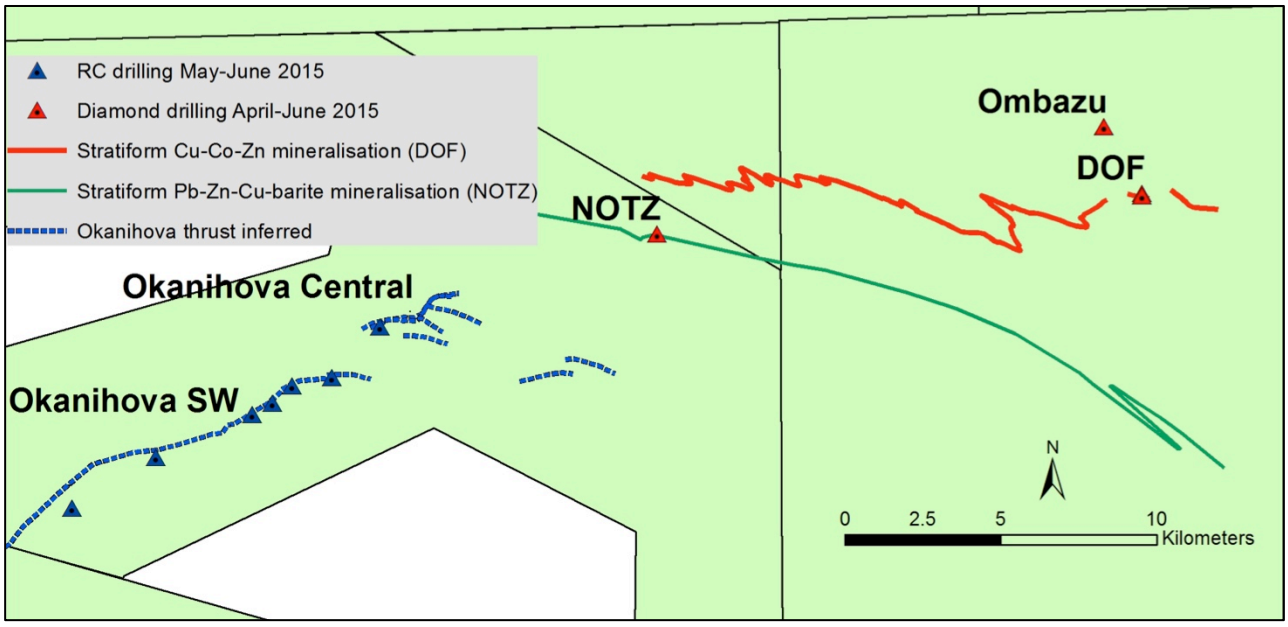

Figure 1: Overview of targets drilled (green shows Kaoko licences)

Borehole	Depth (m)	Northing	Easting	RL	Dip	Az	From (m)	To (m)	Width (m)	Cu %
KHRC01	213	8022298	342281	1023	80	215	199	208	9	0.12
KHRC02	190	8020780	340729	984	50	180	63	73	10	0.34
						Incl	*65*	*68*	*3*	*0.71*
KHRC03	241	8019839	339014	950	90	000	178	181	3	0.13
KHRC04	223	8019480	338411	942	70	225	2	30	28	0.15
							45	50	5	0.23
							80	85	5	0.15
KHRC05	145	8018096	335479	903	90	000	nsr			
KHRC06	211	8016662	332915	904	80	180	nsr			
KHRC07	220	8021854	322153	961	90	000	nsr			
KHRC08	94	8022452	342815	1222	70	215	65	91	26	0.13
						Incl	*67*	*68*	*1*	*0.46*

Table 1a: Results of RC boreholes (ICP analysis)

Borehole	Depth (m)	Northing	Easting	RL	Dip	Az	From (m)	To (m)	Width (m)	Pb %	Zn %	Ag ppm
DOF-01	130.60	8026727	365539	1257	55	200	Full results announced on 13 July 2015					
DOF-02	139.50	8026650	365540	1255	55	200	Full results announced on 13 July 2015					
OMB-01	170.05	8028832	364364	1280	70	223	nsr					
OMB-02	23.50	8027976	365496	1266	70	200	nsr					
OMB-03	106.95	8028301	365540	1264	55	184	nsr					
OMB-04	272.50	8028117	367831	1264	80	192	nsr					
KHRC03*	283.35	8019839	339014	950	90	000	nsr					
KHRC05*	399.00	8018096	335479	903	90	000	nsr					
NOTZDD 01	221.25	8025323	350734	1424	55	190	106	126	20	0.34	0.29	4.4
						Incl	*108*	*111*	*3*	*1.03*	*0.20*	*3.9*
						Incl	*115*	*117*	*2*	*0.41*	*1.08*	*5.7*
							146	*156*	*10*	*0.41*	*0.05*	*2.6*

NB: * denotes that the hole was diamond drilled as an extension of an RC hole (see Table 1a above)

Table 1b: Results of diamond boreholes (ICP analysis)

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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.

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 January and July 2015, the Okanihova, Ombazu and NOTZ projects (EPL 4346 and EPL4347) were sampled by 7 diamond and 8 RC 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. The RC material sampled per meter was made up of about 500-1000g of homogenized RC material. 1000-2000g of composite RC samples made up the 2m samples sent to the labs.
	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. Washed RC chips were logged in detail for lithology, alteration, foliation, veining, weathering and mineralization.
	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 half 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.	Half-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. A total of 22 samples from the Ombazu project was additionally analysed with MEXRF26, PGM-MS23 methods. 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 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 or OREAS 902) 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 100 cm and a maximum sample length of 300 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 boreholes represent reconnaissance drilling, 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 delivered directly to the ALS laboratory in Swakopmund by the Company's fleet manager.
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, Ombazu and NOTZ targets are located wholly within Exclusive Prospecting Licences 4346 and 4347, which are 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, Ombazu or NOTZ targets.
Geology	*Deposit type, geological setting and style of mineralisation.*	The expected mineralisation is developed in a sedimentary succession of likely Nosib-Ombombo 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.