

Kunene Resources Limited
ACN 155 396 893
To be renamed Department 13 International Limited



PROSPECTUS

For the offer of 40,000,000 Shares at an issue price of \$0.10 each to raise \$4,000,000 (before costs) (**Public Offer**). Oversubscriptions of up to a further 20,000,000 Shares at an issue price of \$0.10 each to raise up to a further \$2,000,000 (before costs) may be accepted under the Public Offer.

The Prospectus also contains:

- (a) an offer of 200,000,000 Shares and 200,000,000 Class A Performance Shares to the Vendors (and/or their nominees) in consideration for the acquisition of all of their D13 Shares (**Vendor Offer**). Refer to Section 6.2 of this Prospectus for more information in respect of the Vendor Offer;
- (b) an offer of 42,000,000 Shares to the D13 Lenders (and/or their nominees) in satisfaction of the loan provided under the Loan Agreement (**D13 Lender Offer**). Refer to Section 6.3 of this Prospectus for more information in respect of the D13 Lender Offer; and
- (c) an offer of 65,000,000 Shares, 84,000,000 Class A Performance Shares and 40,000,000 New Options to the Advisers in connection with the Viaticus Mandate Agreement (**Adviser Offer**). Refer to Section 6.4 of this Prospectus for further details of the Adviser Offer.

Conditional Offer

The Public Offer is conditional upon the Public Offer Conditions outlined in Section 6.5 of this Prospectus being satisfied. In the event that the Public Offer Conditions are not satisfied, the Company will not proceed with the Public Offer and the Company will repay all application monies received. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

Re-compliance with Chapters 1 and 2

In addition to the purpose of raising funds under the Public Offer and issuing Securities under the other Offers, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

Important Information

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

An investment in the Securities offered by this Prospectus should be considered as speculative.

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1. Important Information

1.1 Important notice

This Prospectus is dated 19 November 2015 and was lodged with ASIC on that date. ASX, ASIC and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. The expiry date of this Prospectus is that date which is 13 months after the date this Prospectus was lodged with ASIC (**Expiry Date**). No Securities may be issued on the basis of this Prospectus after the Expiry Date.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary before deciding whether to invest. An investment in the Securities the subject of this Prospectus should be considered speculative. Please refer to Section 12 for details relating to risk factors that could affect the financial performance and assets of the Company.

As the Vendor Offer and the Adviser Offer include non-quoted Performance Shares and Options, the Company is prohibited from accepting applications under those Offers during the Exposure Period. This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the acceptance of applications for or issue of non-quoted Performance Shares and Options. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under the Vendor Offer and the Adviser Offer under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

Persons wishing to apply for Securities under the Offers must do so using the applicable Application Form as provided with a copy of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

1.2 Web site – electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.kuneneresources.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to, or accompanied by, the complete unaltered version of the Prospectus. If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. During the offer period, any person may obtain a copy of the Prospectus (free of charge) by contacting the Company on +61 8 9486 8237.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not

provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

1.3 Overseas applicants

The offer of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer of Securities. No action has been taken to register or qualify the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate securities laws.

It is the responsibility of any Applicant outside Australia to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

For further information see Section 6.18.

1.4 Forward looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 12, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1.5 Definitions

A number of defined terms are used in this Prospectus. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 16, words and phrases in this Prospectus have the same meaning and interpretation as in the Corporations Act or ASX Listing Rules.

1.6 Disclaimer

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers. You should only rely on information in this Prospectus.

2. Corporate directory

Existing Directors

Mr Brandon Munro (Managing Director)
(Proposed to resign following Completion)
Mr Philip Werrett (Non-Executive Chairman)
(Proposed to resign following Completion)
Mr Peter Pawlowitsch (Non-executive Director)
(Proposed to resign following Completion)

Company Secretary

Mr Ian Hobson

Proposed Directors

Mr Jonathan Hunter (Executive Chairman and Chief Executive Officer)
Dr Kathleen Kiernan (US Executive Director – Government Relations)**
Mr Gavin Rezos (Non-Executive Director)
Mr Al Teller (US Executive Director - Commercial)**
Mr Philip George (Non-Executive Director)

Registered Office

Level 1, 6 Thelma Street
West Perth WA 6005

Corporate Adviser

Viaticus Capital, LLC
100 New York Avenue,
Suite 710W,
Washington, DC
USA 20005

Investigating Accountant

RSM Financial Services Australia Pty Ltd
Level 12, 60 Castlereagh Street
Sydney NSW 2000

Auditors

Proposed

RSM Australia Partners
Level 12, 60 Castlereagh Street
Sydney NSW 2000

Lawyers

GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Author of the Patent Report

Ascenda Law Group
333 W. San Carols Street, Suite 200
San Jose
California, USA 95110

Share Registry*

Automic Registry Services
Suite 1a, Level 1, 7 Ventnor Avenue,
West Perth WA 6005,

Company Website

www.kuneneresources.com

D13 website

www.department13.com

ASX Code

Current: KNE
Proposed: D13

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

** See Section 16 for explanation of term "US Executive Director".

3. Key information and indicative timetable

Public Offer	Minimum Subscription	Maximum Subscription
Price per Share	\$0.10	\$0.10
Shares offered	40,000,000	60,000,000
Amount to be raised (before costs)	\$4,000,000	\$6,000,000
Vendor Offer		
Shares offered to Vendors	200,000,000	200,000,000
Class A Performance Shares offered to Vendors	200,000,000	200,000,000
D13 Lender Offer		
Shares offered to the D13 Lenders	42,000,000	42,000,000
Adviser Offer		
Shares offered to Advisers	65,000,000	65,000,000
Class A Performance Shares offered to Advisers	84,000,000	84,000,000
New Options offered to Advisers*	40,000,000	40,000,000
Other issues of Securities (not under this Prospectus)		
Shares to be issued to the Existing Directors and the Former Director in satisfaction of outstanding directors' fees and salary	4,600,000	4,600,000
Performance Rights to be granted to the Proposed Directors under the Performance Rights Plan	23,750,000	23,750,000
Performance Rights to be granted to other D13 employees under the Performance Rights Plan	62,500,000	62,500,000
General		
Total cash on completion of the Offers	\$5,160,000	\$7,160,000
Total Shares on issue upon completion of the Offers	403,926,750	415,503,500
Total Class A Performance Shares on issue upon completion of the Offers	284,000,000	284,000,000
Total Options on issue upon completion of the Offers	33,676,750	42,100,000
Total Performance Rights on issue upon completion of the Offers	86,250,000	86,250,000
Market capitalisation on completion of the Offers at \$0.10 per Share	\$40,392,675	\$41,550,350
Note: Refer to Section 6.10 for further details relating to the proposed capital structure of the Company. * Viaticus has agreed that immediately prior to re-listing it will exercise or procure the exercise of such number of the New Options as is required to ensure that the Company does not have more Securities convertible into Shares on issue than Shares on issue as at re-listing.		

Indicative timetable	
Lodgement of this Prospectus with ASIC	19 November 2015
Opening Date for the Public Offer	19 November 2015
Shareholder Meeting	30 November 2015
Closing Date for the Public Offer	30 November 2015
Completion of the Acquisition	10 December 2015
Issue of Securities under the Offers	10 December 2015
Dispatch of holding statements	11 December 2015
Expected date for Shares to be reinstated to trading on ASX	14 December 2015

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

4. Investment Summary

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

4.1 Introduction

Topic	Summary	Details
Who is the issuer of the Prospectus?	Kunene Resources Limited ACN 155 396 893 (Company) (to be renamed "Department 13 International Limited").	Section 7.1
Who is the Company and what does it do?	The Company is a public company that has been listed on ASX since 4 July 2012. The Company's principal activities previously involved mineral exploration for base and precious metals. The Company holds interests in mining permits in Namibia, and a minority interest in a mining permit in Portugal. In light of difficult market conditions for junior mineral exploration companies, the Company has been evaluating high quality and value adding investment opportunities outside the resources industry.	Section 7.1
What is the Company's strategy?	The Company is proposing to acquire 100% of D13. D13 is a drone defense, cyber security and RF software communications and networking research and development company based in Virginia. Following reinstatement to quotation of the Company's Shares on ASX, the Company's primary focus will be to develop the business of D13 in line with its business model and strategy.	Section 7.2
What are the Company's key assets?	The Company's primary assets are its cash holdings (approximately \$180,000 as at 15 October 2015) and its interests in the Kaoko and Alcoutim mining permits. The Company has agreed to dispose of its interests in the Kaoko and Alcoutim mining permits for consideration valued at \$100,000 in total (subject to Completion of the Acquisition and (in the case of the sale of the Kaoko permits only) Shareholder approval at the Shareholder Meeting). Via the Acquisition, the Company intends to acquire 100% of the issued capital of D13.	Section 7.1
What is the Public Offer?	The Company is offering 40,000,000 Shares to the public at an issue price of \$0.10 each to raise a Minimum Subscription amount \$4,000,000 (before costs of the Offers). Oversubscriptions of up to a further 20,000,000 Shares at an issue price of \$0.10 each to raise up to a further \$2,000,000 may be accepted under the Public Offer to raise a Maximum Subscription amount of \$6,000,000. The Public Offer is not underwritten.	Section 6.1
What is the Vendor Offer?	The Company is offering 200,000,000 Shares and 200,000,000 Class A Performance Shares to the Vendors and/or their nominees in consideration for the acquisition of all of their D13 Shares.	Section 6.2

Topic	Summary	Details
What is the D13 Lender Offer?	The Company is offering 42,000,000 Shares to the D13 Lenders and/or their nominees in satisfaction of the loan provided under the Loan Agreement (See Section 13.4 for more information on this agreement).	Section 6.3
What is the Adviser Offer?	The Company is offering 65,000,000 Shares, 84,000,000 Class A Performance Shares and 40,000,000 New Options to the Advisers in connection with the Viaticus Mandate Agreement (see Section 13.3 for more information on this agreement).	Section 6.4
What are the conditions of the Public Offer?	The Public Offer is conditional upon the following events occurring: - the Company raising the Minimum Subscription amount of the Public Offer (being \$4,000,000); - Shareholders approving the Acquisition Resolutions at the Shareholder Meeting; - Completion of the Acquisition; and - ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for re-quotation from ASX on terms which the Company believes are capable of satisfaction. If any of the Public Offer Conditions are not satisfied then the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. If the Company does not proceed with the Public Offer, it will not proceed with the other Offers under this Prospectus.	Section 6.5
Why is the Public Offer being conducted?	The purposes of the Public Offer are to: - meet the requirement that the Company re-complies with ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules; - provide funding for the continued development of D13's business model and strategy; - meet the expenses of the Offers; and - provide funding for working capital and administration expenditure.	Section 6.8

4.2 The Acquisition of D13

Topic	Summary	Details
What is the Acquisition?	The Acquisition is the Company's proposed acquisition of 100% of the issued capital of D13.	Section 13.2
What are the key terms of the Acquisition?	The key terms of the Acquisition are as follows (a) as consideration for the acquisition of 100% of the issued capital of D13, the Company will issue to the Vendors a total of 200,000,000 Shares and 200,000,000 Class A Performance Shares (Consideration Shares); (b) the Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Prospectus:	Section 13.2

Topic	Summary	Details
	i) Shareholder approval of the Acquisition Resolutions at the Shareholder Meeting; ii) the parties obtaining all necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Acquisition, including re-compliance with Chapters 1 and 2 of the Listing Rules and the Company receiving conditional approval to reinstate the Company's Securities to trading on ASX following Completion of the Acquisition on terms which the Company believes are capable of satisfaction; iii) the Company either selling or winding up all of its subsidiaries, without any liability being incurred by the Company (other than costs of implementing the sale or winding up (capped at \$20,000) and which will not include any payments to directors or their related bodies corporate); and iv) the Vendors and any other parties receiving Securities in connection with the Acquisition entering into such restriction agreements as required by ASX. (c) In connection with the Acquisition, the Company will also establish the Performance Rights Plan, to enable the Company to incentivise and reward directors and key employees. The Company intends to grant 23,750,000 Performance Rights under the Plan to the Proposed Directors and 62,500,000 Performance Rights under the Plan to certain key employees of D13. (d) D13 has been provided loan funds pursuant to the Loan Agreement, to continue to grow its business pending Completion of the Acquisition. The amount outstanding under the Loan Agreement is \$1,050,000. Should the Acquisition proceed to Completion, it has been agreed that this loan will be assigned to the Company and the D13 Lenders will be repaid through the issue of Shares at \$0.025 per Share. (e) Viaticus has been engaged by D13 pursuant to the Viaticus Mandate Agreement to provide capital raising and transaction services to D13 to result in a public listing of the D13 business and ongoing assistance including investor relations, business strategy, business development advice and defense industry advice. The Company has subsequently agreed to certain commercial arrangements regarding that engagement. As a result of these arrangements, Viaticus (or its nominees) is entitled to an option fee of \$500,000 which will be satisfied by the issue of the Option Fee Shares at \$0.025 per Share. Viaticus (or its nominees) is entitled to receive the Introducer Securities in connection with Completion of the Acquisition. (f) In connection with the Acquisition, the Existing Directors and the Former Director have agreed for \$115,000 of outstanding Directors fees and salary payments to be satisfied through the issue of Shares at \$0.025 per Share. (g) The Vendors have acknowledged that some or all of the Consideration Shares may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX.	

Topic	Summary	Details
	(h) There are standard commercial warranties regarding D13 and its business provided by the major shareholders of D13.	
What approvals are being sought at the Shareholder Meeting?	At the Shareholder Meeting to be held on 30 November 2015, the Company will seek Shareholder approval for, amongst other things, the following Acquisition Resolutions: (a) the change in nature and scale of the activities of the Company as a result of the Acquisition; (b) the issue of the Consideration Shares to the Vendors (and/or their nominees); (c) the Class A Performance Shares as a new class of Securities; (d) the Public Offer under this Prospectus; (e) the appointment of the Proposed Directors to the Board; (f) the issue of Shares to the D13 Lenders (and/or their nominees) in satisfaction of the loan provided under the Loan Agreement; (g) the issue of the Adviser Securities to the Advisers; (h) the adoption of the Performance Rights Plan; (i) the grant of Performance Rights to the Proposed Directors; (j) the change of the Company's name to "Department 13 International Limited"; and (k) the issue of Shares to the Existing Directors and the Former Director in satisfaction of outstanding directors' fees and salary.	Section 6.6
Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules?	At the Shareholder Meeting, the Company will seek Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company will be suspended from trading from the day of the Shareholder Meeting and will not be reinstated until the Company has satisfied the Public Offer Conditions, including re-compliance with Chapters 1 and 2 of the Listing Rules. There is a risk that the Company may not be able to meet the requirements for re-quotation on ASX. In the event the Public Offer Conditions are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest).	Section 6.7
Who is D13?	D13 is a drone defence, cyber security and RF software communications and networking research and development company based in Virginia in the United States. Since inception, D13 has grown a strong intellectual property base (either directly owned patents or exclusively licensed from Genghiscomm Holdings, LLC – see the Patent Report in Section 11 for further details). Genghiscomm Holdings, LLC is a company related to D13 key executive, Mr Steve Shattil, who is also a D13 shareholder and a Vendor. The intellectual property of D13 can be grouped into the following categories:	Section 7.3

Topic	Summary	Details
	(a) Mesmer: A technology for manipulating wireless protocols. This has a range of applications allowing a user to take control of a wireless communication system. D13 is developing a drone defense system (Mesmer-D) using its Mesmer technology. (b) Co-operative MiMO (C-MIMO): A technology enabling a significant increase in the bandwidth of communications networks by using each point on the network as a component to process, send and receive signals, in a mutually supportive manner. D13 has licensed the right to use this technology from entities related to D13 key executive Mr Steve Shattil worldwide but for certain limited fields of use relating to US and Australian government use in network and data communication infrastructure and for drone defence (see Section 13.5(a) for further information regarding the License Agreement). (c) LPI/LPD Communications: A technology which “hides” communications in a highly innovative manner, leading to increased communications security. (d) Deckard: A technology to secure smartphones using the Android operating system, making them less vulnerable to intercept, hacking etc. (e) RF Feature Characterisation: A technology which tracks, classifies and characterises radio users in unique ways.	
What is D13's business model?	D13 plans to develop its proprietary technologies to: (a) Build its engineering team over the next 6 months to optimise Mesmer-D as a variant of the Mesmer technology specifically focused on drone defense. (b) Concurrently undertake business development and marketing to engage with potential customers in the US and internationally for Mesmer-D. (c) Market and sell the Mesmer-D capability in the US, either as hardware and software together or as software to be mounted on existing hardware. (d) Identify, qualify and train partners who will be able to sell, market and support the Mesmer-D capability outside the US. (e) Continue to update software versions of Mesmer-D which is focused on the most prevalent commercial off the shelf (COTS) drones such as DJI, Parrot, and Horizon Hobbys (estimated to be 80-90% of the current market), to other drones as they are developed in the future. (f) Continue to refine operating specifications to meet individual customer requirements and utilise these features as standards as Mesmer-D is developed. (g) Integrate the ability to address ad-hoc mobile networking between a swarm of multiple devices. While this is an added product capability for increasing coverage, it also involves the integration of D13's other technologies such as the Tactical Network Dominance Device (TNDD) patent, LPI/LPD patent and C MIMO patents to deliver comprehensive solutions in a fast evolving world. D13 aims to develop an initial product that self referentially and recursively integrates, expands, and strengthens all D13's current proprietary technology thereby raising significant barriers to entry for competitors seeking to access the same markets.	Section 7.3

Topic	Summary	Details
	(h) Assess the value of undertaking simultaneous efforts to build new products based on the evolving intellectual property base in the fields of communication and security. (i) Commercialise LPI/LPD, Deckard and RF Feature technologies through direct sales, out-licensing or joint ventures. (j) Consider out-licensing non-core applications of the D13 proprietary technologies which may be further developed by D13 and that may have high value, such as derivative applications of C-MIMO and Sub Space Coding. (k) Establish strategic relationships with industry recognized entities as a means of faster market penetration. The business is currently loss making. D13's business should accordingly be considered high risk and speculative.	

4.3 Key Risks

Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks and uncertainties. The risk factors set out in Section 12 and other risks applicable to all listed securities, may affect the value of the Securities in the future. Accordingly an investment in the Company must be considered highly speculative. This Section summarises some of the risks that apply to an investment in the Company. Investors should refer to Section 12 for a more detailed summary of the risks.

Key risk	Details	Details
Conditional Acquisition and Offers	As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the Shareholder Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition and the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on reinstatement to quotation. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation. In the event that the Public Offer Conditions set out in Section 6.5 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Public Offer and will repay all Application Monies received. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.	Section 12.1(a)
Dependency on Government Budgets	D13 is currently involved with a number of US Federal Government agencies in the defense and law enforcement sectors, and is reliant on the those government agencies remaining a customer of D13 and as a partner for product development activities. If US Federal Government agencies' budgets are reduced or their funding priorities reallocated, this may have an adverse effect on the Company's business activities, sales and potential research and development programmes, as well as on D13's ability to fund those activities.	Section 12.1(b)
Patent rights	D13 relies heavily for its success on its ability to obtain and maintain patent protection for its technology. D13 holds both granted and pending patent applications (Intellectual Property Rights) in respect of the D13 Technologies. Whilst D13 holds current granted patents, the prospect of obtaining patent	Section 12.1(c)

Key risk	Details	Details
	protection for products and the technology such as those proposed under the patent applications is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect D13's ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by D13. As a result, D13's patent application may not proceed to issued patents and, if issued, may not be of commercial benefit to D13, or may not afford D13 adequate protection from competing products. In particular, objections have been raised in relation to the following D13 patent applications: (a) patent application 13/116,984, citing an existing patent owned by a third party; and (b) patent application 14/164,254 for lack of patentable subject matter. If D13 is not able to overcome these objections, there is a risk that it will not be awarded the applicable patents. Alternatively, in modifying the relevant claims to address the objections, there is a risk that the scope of protection in the issued patents being significantly less than the scope of protection sought by D13. In addition, since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, D13 cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent applications for such inventions was the first to be filed. Even if D13 succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.	
Protection of Intellectual Property Rights	D13 holds granted and pending patent applications. The Company may be required to spend significant resources to monitor and protect the intellectual property acquired through the proposed Acquisition of D13. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel. In addition, unauthorised use of the D13's technology and brand in counterfeit products or services could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.	Section 12.1(d)
Infringement of third party intellectual property rights	If a third party accuses D13 of infringing its intellectual property rights or if a third party commences litigation against D13 for the infringement of patent or other intellectual property rights, D13 may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that D13 incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.	Section 12.1(e)

Key risk	Details	Details
	In addition, parties making claims against D13 may be able to obtain injunctive or other equitable relief that could prevent D13 from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against D13, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent D13 from commercialising available products and could cause it to incur substantial expenditure.	
Technology Risk	D13 has developed its own technology in house, and will continue to develop and seek advancements in its technology. The development and advancement of technology is complex, and progression may be subject to unexpected difficulties and external factors. Further, operating systems, components, hardware and software will require updating and maintenance, which may also affect the ability of D13 to effectively maintain, develop and upgrade its technology, which may in turn have a detrimental effect on D13's operating and financial performance. D13's primary technology is focused on delivering counter-drone defense systems. Drone manufacturers may seek to block the manner of control used by D13 or radically change the way drones are controlled by users. For D13's technology and products to remain relevant and effective, D13 will need to continue to advance its technology to counter advancements that may be made by drone manufacturers.	Section 12.1(f)
Drone usage	Drone usage has become prevalent and grown rapidly in recent years and the Company considers that drone usage will continue to be prevalent in future. D13's primary technology is focused on delivering counter-drone defense systems and the success of its business is therefore dependent upon drone usage becoming more prevalent. If however drone usage does not continue to increase significantly then the need for drone defence systems may be reduced, which will adversely affect D13's operations and prospects.	Section 12.1(g)
Regulatory environment	D13's operations are involved in potentially sensitive areas. Matters involving government and law enforcement, property rights (buildings, air space and public open space), security, cyber security, communications and privacy are subject to numerous regulatory requirements and constraints, which are likely to evolve over time. Some of D13's proposed activities may become restricted through regulatory changes, including if Government Authorities were to decide that some of D13's technology is nationally sensitive or contrary to public interests. This could detrimentally affect D13's ability to offer certain services, or may require D13 to comply with a range of regulatory requirements. Regulatory changes could otherwise see D13 being required to obtain and hold licences in some jurisdictions or otherwise comply with specific regulations. Failure to comply with such obligations could result in remedial action or litigation, which could potentially lead to D13 being required to take remedial actions, including paying compensation or a fine. Regulatory changes may also result in increased costs and resources for regulatory	Section 12.1(h)

Key risk	Details	Details
	compliance, which could impact upon the Company's financial position and financial performance. Technologies such as those of D13 which effectively take control of a drone owned by a third party may have legal ramifications and in some cases may be illegal in some jurisdictions. Such regulatory issues may impact on the extent to which D13 is able to commercialise its drone defence technology outside the defence, law enforcement and public safety sectors.	
Competition and new technologies	The industry in which the Company will be involved, post Completion of the Acquisition, is highly competitive and is subject to increasing competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of D13's projects and business. For instance, new technologies could overtake the advancements made by D13 which could negatively impact on the financial position and financial performance of the Company. Competing technologies could be developed or could get to market with a solution before D13 and reduce the market opportunity, even with a less comprehensive solution. This may be particularly true of large well-resourced defense integrators. Similarly, aggressive pricing or additional service offerings from competitors could require the Company to adjust its own pricing and service offerings to continue to generate business, which could negatively impact on the financial position and financial performance of the Company.	Section 12.1(i)
C MIMO Technology License	The Company may not be able to attract US or Australian government agency or department interest to facilitate the adoption of the C MIMO technology in large scale network infrastructure resulting in a loss of the License Agreement for Government use from lack of commercialisation. In addition, the Company may not be able to integrate the C MIMO technology into its drone defense products which result in a loss of the License Agreement for use in drone defence from a lack of commercialisation.	Section 12.1(j)
Research and development activities	Research and development activities for products are expensive, time consuming and difficult to design and implement. Even if the results of D13's research and development activities are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate research and development activities at any time for various reasons. Any of the foregoing could have a material adverse effect on D13's business, results of operations and financial condition.	Section 12.1(k)
Sufficiency of funding	D13's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves, the funds raised under the Capital Raising and funds generated over time by D13 will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of D13, including the need to conduct further research and development, enhance its operating infrastructure and to acquire complementary businesses and technologies.	Section 12.1(l)

Key risk	Details	Details
	Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.	
Limited trading history	D13 was founded in 2010 and whilst its management have significant experience in the industry, D13 has a limited trading history. In its first four years of operations, D13 has generated revenue from repeat discrete small value contracts. Given this limited trading history, there is inherent uncertainty in relation to D13's business, and investors should consider D13's prospects in light of its limited trading history. There can be no guarantee that D13's research and development initiatives will be successful, or even if they are successful, to be able to generate commercially viable levels of revenue. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Acquisition.	Section 12.1(m)
Reliance on key personnel	The recent developments of D13 have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Jonathan Hunter and Robi Sen along with technical skills provided by Steve Shattil. Although these individuals have entered into Executive Services Agreements, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed which may adversely affect the business. D13 is also substantially dependent on the continued service of its existing engineering personnel because of the complexity of its services and Technologies. There is no assurance that D13 will be able to retain the services of these persons.	Section 12.1(n)
Research and development	The Company can make no representation that any of its research into or development of its security and surveillance technologies will be successful, that the development milestones will be achieved, or that the security and surveillance technologies will be developed into products that are commercially exploitable. There are many risks inherent in the development of technology related products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.	Section 12.1(o)
Dependence on outside parties	The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and	Section 12.1(p)

Key risk	Details	Details
	conditions with these organisations or that any potential agreements with such organisations will be complied with.	
Foreign exchange risks	The Company will be operating in numerous jurisdictions, including the USA. Consequently, it may generate revenue and incurs costs and expenses in more than one currency. Accordingly, the depreciation and/or the appreciation of the US dollar, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings.	Section 12.1(q)

4.4 Proposed use of funds and other key terms of the Offers

Topic	Summary	Details
What is the proposed use of funds raised under the Public Offer?	The funds raised under the Public Offer are proposed to be used (over the first year following re-instatement to quotation of the Company's Shares) to fund the following key business activities: • business development and marketing; • engineering and software development; • plant and equipment; • costs of the Offers; and • working capital.	Section 6.9
Will the Company be adequately funded after completion of the Public Offer?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its business objectives as set out in this Prospectus.	Sections 6.8 and 6.9
What rights and liabilities attach to the Shares being offered?	All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 14.1.	Section 14.1
What rights and liabilities attach to the Class A Performance Shares being offered?	The Class A Performance Shares are shares that convert into Shares upon satisfaction of the Milestone. The rights and liabilities attaching to the Shares are described in Section 14.2.	Section 14.2
What are the terms and conditions of the New	The New Options have an exercise price of \$0.025 each, expiring 5 years after the date of grant. The full terms and conditions of the New Options are described in Section 14.4.	Section 14.4

Topic	Summary	Details
Options being offered?		
Is the Public Offer underwritten?	No, the Public Offer is not underwritten.	Section 6.11
Who is the lead manager to the Public Offer?	The Company has not appointed a lead manager to the Public Offer. However, the Company has engaged Viaticus as corporate adviser to the transaction. The Company will pay Viaticus the following fees in relation to the Public Offer: (a) a transaction management fee of 1% of the total amount raised under the Public Offer; and (b) a capital raising fee of 5% (which Viaticus will pay away in full or in part to a licensed broker working through Viaticus), payable on completion of the Public Offer. These fees will amount to between \$240,000 (if only the Minimum Subscription is raised) and \$360,000 (if the Maximum Subscription is raised). The Company has agreed to pay various other fees to Viaticus in relation to the Acquisition and the Loan Agreement, and for ongoing consultancy arrangements. Refer to Section 6.12 for details of these fees. Refer to Sections 13.3 and 13.4 for summaries of the Viaticus Arrangements and the Loan Agreement.	Sections 6.12, 13.3 and 13.4
Will the Securities issued under the Offers be listed?	The Company will apply for listing of the Shares offered under the Offers on ASX under ASX code 'D13' within seven days of the date of this Prospectus. Completion of the Offers is conditional on, amongst other matters, ASX approving this application. The Company will not apply for listing of the Class A Performance Shares or the New Options to be offered under the Vendor Offer or the Adviser Offer.	Section 6.7
What are the tax implications of investing in Securities under the Offers?	The tax consequences of any investment in Securities will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 6.24
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop D13's business. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.	Section 6.14

Topic	Summary	Details
How do I apply for Shares under the Public Offer?	Applications for Shares under the Public Offer must be made by completing a Public Offer Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being \$0.10 per Share. Cheques must be made payable to “Kunene Resources Limited – Share Offer Account” and should be crossed “Not Negotiable”.	Section 6.15(a)
How do I apply for Securities under the Vendor Offer?	The Vendor Offer is an offer to the Vendors and their nominees only. Only the Vendors and their nominees may accept the Vendor Offer. A personalised Vendor Offer Application Form will be issued to the Vendors and their nominees together with a copy of this Prospectus. The Company will only provide the Vendor Offer Application Forms to the Vendors and their nominees.	Section 6.15(b)
How do I apply for Securities under the D13 Lender Offer?	The D13 Lender Offer is an offer to the D13 Lenders and their nominees only. Only the D13 Lenders and their nominees may accept the D13 Lender Offer. A personalised D13 Lender Offer Application Form will be issued to the D13 Lender and their nominees together with a copy of this Prospectus. The Company will only provide the D13 Lender Offer Application Form to the D13 Lenders and their nominees.	Section 6.15(c)
How do I apply for Securities under the Adviser Offer?	The Adviser Offer is an offer to Viaticus and its nominees only. Only Viaticus and its nominees may accept the Adviser Offer. A personalised Adviser Offer Application Form will be issued to Viaticus and its nominees together with a copy of this Prospectus. The Company will only provide the Adviser Offer Application Form to Viaticus and its nominees.	Section 6.15(d)
When will I receive confirmation that my application has been successful?	It is expected that holding statements will be sent to successful Applicants by post on or about the dispatch date noted in the indicative timetable set out in Section 3.	Sections 3, 6.17 and 6.20
How can I find out more about the Prospectus or the Offers?	Questions relating to the Offers can be directed to the Company on +61 8 9486 8237.	Section 6.25

4.5 Board and management

Topic	Summary	Details
Who are the Directors of the Company:	The Existing Directors of the Company are: - Mr Brandon Munro (Managing Director) - Mr Philip Werrett (Non-Executive Chairman) - Mr Peter Pawlowitsch (Non-Executive Director)	Section 8.1

Topic	Summary	Details
	Upon the completion of the Acquisition, changes will be made to the Board, with the resignation of all Existing Directors and the appointment of the Proposed Directors, such that the Board will then comprise: • Mr Jonathan Hunter (Executive Chairman and Chief Executive Officer) • Dr Kathleen Kiernan (US Executive Director – Government Relations)* • Mr Gavin Rezos (Non-Executive Director) • Mr Al Teller (US Executive Director - Commercial)* • Mr Philip George (Non-Executive Director) Refer to Section 8.1 for details of the relevant experience and expertise of the Directors. * Refer to (see Section 16 for explanation of term "US Executive Director").	
Who are the key management personnel?	Following the Acquisition, the key management personnel will include: • Mr Jonathan Hunter (Executive Chairman and Chief Executive Officer) • Mr Robi Sen (Chief Technical Officer) • Mr Steve Shattil (Chief Science Officer) • Mr Bryan Halfpap (Director - Research Engineering) • Mr Ben Smith (Director - Wireless Systems)	Sections 8.1, 8.2, 8.6(a) and 8.7
What are the significant interests of Directors?	The interests of the Directors are detailed in Section 8.3. The security holdings of the Directors are set out in Section 8.4. Section 8.6 sets out details of related party agreements with the Company from which the Directors may benefit. Proposed Director, Mr Jonathan Hunter, holds 20% of the D13 Shares on issue. The Company proposes to acquire the D13 Shares held by Mr Hunter as part of the Acquisition. Accordingly, Mr Hunter will receive a proportion of the Consideration Shares on Completion of the Acquisition (being 40,000,000 Shares and 40,000,000 Performance Shares in total). Proposed Director, Mr Gavin Rezos, is a principal and 50% shareholder of Viaticus. See Section 6.12 for details of the fees which the Company has agreed to pay to Viaticus. It is also intended that each of the Proposed Directors will be granted Performance Rights under the Performance Rights Plan. It is proposed that the Proposed Directors will be issued 23,750,000 Performance Rights in total.	Sections 8.3, 8.4 and 8.6
Are there any relationships between the Company and parties involved in the Acquisition or Offers that are relevant to investors?	See disclosures above in relation to the Proposed Directors. The Company has entered into the License Agreement with Genghiscomm Holding, LLC, an entity related to proposed Chief Science Officer, Mr Steve Shattil. Refer to Section 13.5(a) for details.	Section 8.6

4.6 Miscellaneous

Topic	Summary	Details
What material contracts are the Company and D13 a party to?	The material contracts of the Company and D13 comprise: (a) Acquisition Agreement; (b) License Agreement; (c) Viaticus Consultancy Agreement; (d) Viaticus Mandate Agreement; (e) Loan Agreement; (f) Executive Service Agreement – Executive Chairman and Chief Executive Officer; (g) Executive Services Agreement – Chief Technical Officer (h) Executive Services Agreement – Chief Science Officer (i) Executive Services Agreement – Director - Research Engineering (j) Executive Services Agreement – Director - Wireless Systems	Sections 8.6, 8.7 and 13
What is the financial position of the Company and D13 post completion of the Offers and the Acquisition?	The Company is currently listed on ASX and its financial history, including its 2013, 2014 and 2015 Annual Reports are available on its website (www.kuneneresources.com). D13's historical operations have focused on the development of its intellectual property portfolio and undertaking paid research projects with US Government agencies and corporate customers. It has incurred significant costs in doing so but made only a small loss in its last financial year. Further financial information regarding the Company and D13 is set out in Section 9 of this Prospectus and considered in the Investigating Accountant's Report in Section 10.	Sections 9 and 10
Will any Securities be subject to escrow?	Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on ASX, certain Shares, Performance Shares, Options and Performance Rights in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. The Vendors have acknowledged that some or all of the Consideration Shares may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX. No Shares issued under the Public Offer are expected to be subject to escrow. All Adviser Securities issued under the Adviser Offer are expected to be subject to escrow. Refer to Section 6.13 for further details of the escrow arrangements.	Section 6.13

5. Chairman's letter

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Kunene Resources Limited, to be renamed Department 13 International Limited. The Company has entered into binding agreements with the Vendors to acquire 100% of the issued capital of D13.

D13 is a drone defence, cyber security and RF software communications and networking research and development company based in Virginia in the United States. Since inception, D13 has grown a strong intellectual property base (either directly owned patents or exclusively licensed from Genghiscomm Holdings, LLC – see the Patent Report in Section 11 for further details).

This Prospectus has been issued by the Company for a public offering of 40,000,000 Shares at an issue price of \$0.10 each to raise \$4,000,000. Oversubscriptions of a further 20,000,000 Shares at an issue price of \$0.10 each to raise a further \$2,000,000 may be accepted. The funds raised will be used for business development and marketing, engineering and software development, plant and equipment, costs of the Offers and working capital. Refer to Section 6.9 for further details on the use of funds.

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities from a mineral exploration company to a technology development company.

This Prospectus also contains:

- (a) an offer of 200,000,000 Shares and 200,000,000 Class A Performance Shares to the Vendors (and/or their nominees) in consideration for the acquisition of all of their D13 Shares. Refer to Section 6.2 of this Prospectus for more information in respect of the Vendor Offer;
- (b) an offer of 42,000,000 Shares to the D13 Lenders (and/or their nominees) in satisfaction of the loan provided under the Loan Agreement (see Section 13.4 for more information on this agreement). Refer to Section 6.3 of this Prospectus for more information in respect of the D13 Lender Offer; and
- (c) an offer of 65,000,000 Shares, 84,000,000 Class A Performance Shares and 40,000,000 New Options to the Advisers in connection with the Viaticus Mandate Agreement (see Section 13.3 for more information on this agreement). Refer to Section 6.4 of this Prospectus for more information in respect of the Adviser Offer.

This Prospectus includes details of the Offers, the Company and D13, including the assets and proposed operations, together with a statement of the risks associated with investing in the Company. I recommend that you read this document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I commend this offer to you and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Werrett', with a stylized flourish at the end.

Philip Werrett

Chairman

6. Details of the Offers

6.1 The Public Offer and Minimum Subscription

Pursuant to this Prospectus, the Company offers 40,000,000 Shares at an issue price of \$0.10 each to raise \$4,000,000 (before costs of the Offers). Oversubscriptions of up to a further 20,000,000 Shares at an issue price of \$0.10 each to raise up to a further \$2,000,000 may be accepted under the Public Offer.

All Shares issued pursuant to the Public Offer will rank equally with the existing Shares on issue. Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares.

The minimum level of subscription for the Public Offer is 40,000,000 Shares to raise \$4,000,000. No Shares will be issued until the Minimum Subscription has been received. If the Minimum Subscription is not received within four months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Shares under this Prospectus and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

Please refer to Section 6.15(a) for details on how to apply for Shares under the Public Offer.

6.2 The Vendor Offer

Pursuant to this Prospectus, the Company is also offering 200,000,000 Shares and 200,000,000 Class A Performance Shares to the Vendors (and/or their nominees) in consideration for the acquisition of all of their D13 Shares (**Vendor Offer**).

All Shares issued pursuant to the Vendor Offer will rank equally with the existing Shares on issue. Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares. Please refer to Section 14.2 for further information regarding the rights and liabilities attaching to the Class A Performance Shares.

There is no minimum subscription under the Vendor Offer.

Please refer to Section 6.15(b) for details of how to apply for Shares and Class A Performance Shares under the Vendor Offer.

6.3 The D13 Lender Offer

Pursuant to this Prospectus, the Company is also offering 42,000,000 Shares to the D13 Lenders (and/or their nominees) in satisfaction of the loan provided under the Loan Agreement (**D13 Lender Offer**).

All Shares issued pursuant to the D13 Lender Offer will rank equally with the existing Shares on issue. Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares.

There is no minimum subscription under the D13 Lender Offer.

Please refer to Section 6.15(c) for details of how to apply for Shares under the D13 Lender Offer.

6.4 The Adviser Offer

Pursuant to this Prospectus, the Company is also offering 65,000,000 Shares, 84,000,000 Class A Performance Shares and 40,000,000 New Options to the Advisers in connection with the Viaticus Mandate Agreement (see Section 13.3 for more information on this agreement) (**Adviser Offer**).

Please refer to Section 14.1 for further information regarding the rights and liabilities attaching to the Shares. Please refer to Section 14.2 for further information regarding the rights and liabilities attaching to the Class A Performance Shares. Please refer to Section 14.4 for further information regarding the terms and conditions of the New Options.

There is no minimum subscription under the Adviser Offer.

Please refer to Section 6.15(d) for details of how to apply for Securities under the Adviser Offer.

6.5 Public Offer Conditions

The Public Offer is conditional upon the following events occurring:

- (a) the Company receiving subscriptions for the Minimum Subscription amount of the Public Offer (being \$4,000,000) (see Section 6.1);
- (b) Shareholders approving the Acquisition Resolutions at the Shareholder Meeting (see Section 6.6);
- (c) Completion of the Acquisition; and
- (d) ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for re-quotations from ASX on terms which the Company believes are capable of satisfaction,

(together the **Public Offer Conditions**).

If the Public Offer Conditions are not achieved then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

If the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

6.6 Shareholder Meeting

At the Shareholder Meeting the Company will seek Shareholder approval for (among other things) the:

- (a) change in nature and scale of the activities of the Company as a result of the Acquisition;
- (b) issue of the Consideration Shares to the Vendors (and/or their nominees);
- (c) Class A Performance Shares as a new class of Securities;
- (d) Public Offer under this Prospectus;
- (e) appointment of the Proposed Directors to the Board;
- (f) issue of Shares to the D13 Lenders (and/or their nominees) in satisfaction of the loan provided under the Loan Agreement;
- (g) issue of the Adviser Securities to the Advisers;
- (h) adoption of the Performance Rights Plan;

- (i) the grant of Performance Rights to the Proposed Directors;
- (j) change of the Company's name to "Department 13 International Limited"; and
- (k) the issue of Shares to the Existing Directors and the Former Director in satisfaction of outstanding directors' fees and salary.

6.7 Re-compliance with Chapters 1 and 2 of the Listing Rules

At the Shareholder Meeting, the Company will seek Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company will be suspended from trading from the time of the Shareholder Meeting and will not be reinstated until the Company has satisfied the Public Offer Conditions, including re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on ASX. In the event the Public Offer Conditions are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest). If the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

The Company will apply to ASX no later than seven days from the date of this Prospectus for Official Quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full (without interest) in accordance with the Corporations Act.

The Company will not apply to ASX for quotation of the Class A Performance Shares or the New Options. Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation of the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

6.8 Purpose of the Public Offer

The purpose and key objectives of the Public Offer are to:

- (a) meet the requirements of ASX to re-comply with ASX's admission requirements under Chapters 1 and 2 of the Listing Rules;
- (b) provide funding for the continued development of D13's business model and strategy (refer to Section 7.3(g));
- (c) meet the expenses of the Offers; and
- (d) provide working capital and administration expenditure.

6.9 Use of funds

The Company intends to apply the funds raised from the Public Offer together with existing cash reserves over the first year following reinstatement to quotation of the Company's Shares as follows:

Source of funds	Minimum Subscription	Maximum Subscription
Cash position for the merged entity	\$1,160,000	\$1,160,000
Funds raised under the Public Offer	\$4,000,000	\$6,000,000
Total funds available	\$5,160,000	\$7,160,000
Use of funds		
Business Development and Marketing	\$300,000	\$500,000
Engineering and Software Development	\$2,600,000	\$3,500,000
Plant and Equipment	\$100,000	\$200,000
Working Capital	\$1,496,751	\$2,171,384
Costs of the Offers ¹	\$663,249	\$788,616
Total funds applied	\$5,160,000	\$7,160,000
Notes:		
1. Refer to Section 14.13 for further details of the costs of the Offers.		

If the Company raises more than the Minimum Subscription but less than the Maximum Subscription, the Company intends to apply these funds firstly to pay additional costs of the Offers. Additional funds will then be allocated to the engineering and software team, then to the business development and marketing team, then to plant and equipment and finally to working capital.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Directors are satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives as set out in this Prospectus.

The use of further debt or equity funding will be considered by the Board where it is appropriate to expand sales and marketing efforts, accelerate a specific product development or capitalise on further opportunities.

It should be noted that the Company is unlikely to be self-funding through its own operational cash flow at the end of the 12 month period referred to above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

6.10 Capital structure

The proposed pro forma capital structure of the Company following completion of the Offers and the Acquisition is as follows:

Equity component	Shares ¹ Minimum Subscription	Shares ¹ Maximum Subscription	Class A Perform- ance Shares ²	Options ³ Minimum Subscription	Options ³ Maximum Subscription	Perform- ance Rights ⁴
On issue as at date of Prospectus	43,903,500	43,903,500	-	2,100,000	2,100,000	-
Issued pursuant to the Public Offer	40,000,000	60,000,000	-		-	-
Issued pursuant to the Vendor Offer	200,000,000	200,000,000	200,000,000		-	-
Issued pursuant to the D13 Lender Offer	42,000,000	42,000,000	-		-	-
Issued pursuant to the Adviser Offer	65,000,000	65,000,000	84,000,000	40,000,000	40,000,000	-
Issued to the Existing Directors and the Former Director in satisfaction of outstanding directors' fees and salary	4,600,000	4,600,000	-		-	-
Granted to the Proposed Directors under the Performance Rights Plan	-	-	-		-	23,750,000
Granted to employees of D13 under the Performance Rights Plan	-	-	-		-	62,500,000
Shares to be issued on exercise of New Options immediately prior to re-listing ⁵	8,423,250			(8,423,250)		
Total following completion of the Acquisition and Offers	403,926,750	415,503,500	284,000,000	33,676,750	42,100,000	86,250,000

Notes:

1. Rights attaching to Shares are summarised in Section 14.1
2. Class A Performance Shares convertible into Shares upon satisfaction of the Milestone. The terms and conditions of the Class A Performance Shares are outlined in Section 14.2.
3. Further details in respect to the terms and conditions of the Options are outlined in the Options table below.
4. The terms and conditions of the Performance Rights are outlined in Section 14.5.
5. Viaticus has agreed that immediately prior to re-listing it will exercise or procure the exercise of such number of the New Options as is required to ensure that the Company does not have more Securities convertible into Shares on issue than Shares on issue as at re-listing. The exercise of this number of New Options will result in the Company receiving \$210,581.25 in cash from Viaticus (and/or its nominees). This amount has not been taken into account in the Use of Funds table in Section 6.9. If the Maximum Subscription is raised, Viaticus will not be required to exercise or procure the exercise of any New Options.

Following completion of the Offers and Acquisition the Company will have 42,100,000 Options on issue as outlined below.

Options	Exercise Price	Expiry Date/ Term	Number
On issue at the date of this Prospectus ¹ :	\$0.40	15 Sept 2016	2,100,000
Issued pursuant to the Adviser Offer ²	\$0.025	5 years from grant	40,000,000
Total Options following completion of the Offers			42,100,000
Notes:			
1. The terms and conditions of the Existing Unlisted Options are outlined in Section 14.3.			
2. The terms and conditions of the New Options to be issued pursuant to the Adviser Offer are outlined in Section 14.4.			

It should be noted that the Company's Shares have traded at prices in excess of:

- (a) above the exercise price for the New Options; and
- (b) the share price component of the performance condition applying to the Class A Performance Shares and the Performance Rights,

since the announcement of the Acquisition. Accordingly, it is possible that some or all of the New Options and, subject to the satisfaction of remaining performance milestones and conditions, the Class A Performance Shares and the Performance Rights may be exercised or converted at any time following completion of the Offers. If this were to occur:

- (a) Shareholders would be diluted as a result of the issue of Shares on exercise or conversion of the New Options, the Class A Performance Shares and/or the Performance Rights: if all of the New Options, Class A Performance Shares and Performance Rights are exercised, the Company would be required to issue Shares amounting to approximately 100% of its issued capital (assuming only the Minimum Subscription is raised under the Public Offer and that the other Options on issue have not been exercised); and
- (b) if all of the New Options were to be exercised, the Company would receive approximately \$1,000,000 in cash (this cash has not been taken into account in the Use of Funds table in Section 6.9).

6.11 No underwriting

The Public Offer is not underwritten.

6.12 Corporate adviser fees

The Company has not appointed a lead manager to the Public Offer.

However, the Company has engaged Viaticus as the corporate adviser to the transaction.

The Company has agreed to pay Viaticus the following fees in relation to the Public Offer:

- (a) a transaction management fee of 1% of the total amount raised under the Public Offer; and

- (b) a capital raising fee of 5% of the total amount raised under the Public Offer (which Viaticus will pay away in full or in part to a licensed broker working through Viaticus),

payable on completion of the Public Offer. These fees will amount to between \$240,000 (if only the Minimum Subscription is raised) and \$360,000 (if the Maximum Subscription is raised). In addition, Viaticus will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with the Public Offer.

The Company has also agreed to issue the following Securities to Viaticus (or its nominees):

- (a) 20,000,000 Shares in satisfaction of an option fee of \$500,000 payable to Viaticus (being the Option Fee Shares); and
- (b) 45,000,000 Shares, 84,000,000 Performance Shares and 40,000,000 New Options in consideration for services provided by Viaticus in connection with the Acquisition (being the Introducer Securities).

These Securities together comprise the Adviser Securities the subject of the Adviser Offer under this Prospectus.

The Shares referred to above have been independently valued for accounting purposes only (under the applicable accounting standards) at a value of \$0.01 each based on book value of the Company's net assets as at 30 June 2015 (being the date of the Company's last audited accounts prior to announcement of the Acquisition) and those Shares are included on this basis in the pro forma adjustments in the pro forma statement of financial position set out in Section 9.5.

The Class A Performance Shares have been independently valued for accounting purposes only (under the applicable accounting standards) at a value of \$0.00498 each using the binomial model methodology and the Class A Performance Shares are included on this basis in the pro forma adjustments in the pro forma statement of financial position set out in Section 9.5.

The New Options are unlisted options exercisable at \$0.025 each on or before the date which is 5 years from grant. These New Options have been independently valued for accounting purposes only (under the applicable accounting standards) at a value of \$0.0045 each using the Black-Scholes methodology and the New Options are included on this basis in the pro forma statement of financial position set out in Section 9.5.

Viaticus (or its nominees) will also receive 2,000,000 of the Loan Satisfaction Shares the subject of the D13 Lender Offer under this Prospectus.

The Company has also agreed to pay Viaticus:

- (a) a transaction management fee of \$10,000 payable under the Loan Agreement; and
- (b) a corporate advisory fee of US\$8,000 per month (with effect from Completion of the Acquisition) for ongoing assistance including investor relations, business strategy, business development advice and defense industry advisory services to be provided to the Company under the Viaticus Consultancy Agreement. In addition, Viaticus will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with that agreement.

The Company may also pay transaction management fees and capital raising fees to Viaticus in relation to future capital raisings by the Company, with the quantum of such fees to be agreed on a case by case basis depending on Viaticus's involvement in such capital raisings at the request of the Company.

Proposed Director, Mr Gavin Rezos is a principal and 50% shareholder of Viaticus. It is proposed that Mr Rezos (or entities controlled by him) will receive the following Adviser Securities and Loan Satisfaction Shares as Viaticus's nominee:

- (a) 20,030,000 Shares;
- (b) 40,000,000 Performance Shares; and
- (c) 13,000,000 New Options.

It is also proposed that Mr Rezos will receive 4,000,000 Performance Rights under the Performance Rights Plan. Refer to Sections 14.5 and 14.6 for further details on the Performance Rights and the Performance Rights Plan.

Refer to Sections 13.3 and 13.4 for a summary of the terms of the Viaticus arrangements and the Loan Agreement.

6.13 Restricted securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on ASX, certain Shares, Class A Performance Shares and New Options in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is anticipated that:

- 200,000,000 Shares to be issued to the Vendors (and/or their nominees) under the Vendor Offer will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- 200,000,000 Class A Performance Shares to be issued to the Vendors (and/or their nominees) under the Vendor Offer (and Shares issued on conversion of those Class A Performance Shares) will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- 7,110,000 Shares to be issued to the D13 Lenders (and/or their nominees) under the D13 Lender Offer will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- 24,390,000 Shares to be issued to the D13 Lenders (and/or their nominees) under the D13 Lender Offer will be subject to ASX escrow for 12 months from the date of re-compliance with the Listing Rules;
- 65,000,000 Shares, 84,000,000 Class A Performance Shares and 40,000,000 New Options to be granted to the Advisers under the Adviser Offer (and Shares issued on conversion of those Class A Performance Shares and exercise of those New Options) will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- 4,600,000 Shares to be issued to the current Directors and the Former Director in lieu of Directors' fees and salary will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules; and

- 51,250,000 Performance Rights to be issued to the Proposed Directors and various other employees and consultants (and Shares issued on conversion of those Performance Rights) will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules.

None of the Shares issued under the Public Offer are expected to be restricted securities.

The Vendors have acknowledged that some or all of the Consideration Shares may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by ASX.

The restricted securities listed above are subject to change depending on the escrow periods imposed by ASX in accordance with the Listing Rules. Prior to the Company's Shares being reinstated to trading on ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

6.14 Dividend policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop D13's business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances can be given by the Company in relation to the payment of dividends or that franking credits may attach to any dividends.

6.15 How to apply

(a) Public Offer

Applications for Shares under the Public Offer will only be accepted on the general application form accompanying this Prospectus (**Public Offer Application Form**). The Public Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Public Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the Company, for an amount equal to the number of Shares for which the Applicant wishes to apply multiplied by the Application price of \$0.10 per Share. Cheques must be made payable to "**Kunene Resources Limited – Subscription Account**" and should be crossed "**Not Negotiable**".

Applications for Shares must be for a minimum of 20,000 Shares (\$2,000) and thereafter in multiples of 5,000 Shares (\$500).

Completed Public Offer Application Forms and accompanying cheques (or payment to the bank account advised by the Company) must be received by the Company before 5.00pm (WST) on the Closing Date at either of the following addresses:

Kunene Resources Limited
c/- Automic Registry Services

Delivery Address	or	Postal Address
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Suite 1a, Level 1, 7 Ventnor Avenue
West Perth WA 6005
Australia

PO Box 223
West Perth WA 6872
Australia

Applicants under the Public Offer are urged to lodge their Public Offer Application Forms as soon as possible as the Public Offer may close early without notice.

An original, completed and lodged Public Offer Application Form together with a cheque for the Application Monies or a payment to the bank account advised by the Company, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not need to be signed to be valid. If the Public Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Public Offer Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque or direct transfer for the Application Monies.

(b) **Vendor Offer**

The Vendor Offer is an offer to the Vendors and their nominees only.

Only the Vendors and their nominees may apply for Shares and Performance Shares under the Vendor Offer.

A personalised application form will be issued to the Vendors and their nominees together with a copy of this Prospectus (**Vendor Offer Application Form**). The number of Shares and Performance Shares to be offered to you will be outlined in the Vendor Offer Application Form provided by the Company. The Company will only provide the Vendor Offer Application Forms to persons entitled to participate in the Vendor Offer.

In order to apply for the issue of Shares and Performance Shares under the Vendor Offer you must complete and return the personalised Vendor Offer Application Form to either of the following addresses:

Kunene Resources Limited
c/- Automic Registry Services

Delivery Address	or	Postal Address
Suite 1a, Level 1, 7 Ventnor Avenue		PO Box 223
West Perth WA 6005		West Perth WA 6872
Australia		Australia

by no later than 5.00pm on the Closing Date. If you do not return your Vendor Offer Application Form by this time and date, then the Vendor to you will lapse.

(c) **D13 Lender Offer**

The D13 Lender Offer is an offer to the D13 Lenders and their nominees only.

Only the D13 Lenders may apply for Shares under the D13 Lender Offer.

A personalised application form will be issued to the D13 Lender and their nominees together with a copy of this Prospectus (**D13 Lender Offer Application Form**). The number of Shares to be offered to you will be outlined in the D13 Lender Offer Application Form provided by the

Company. The Company will only provide the D13 Lender Offer Application Form to persons entitled to participate in the D13 Lender Offer.

In order to apply for the issue of Shares under the D13 Lender Offer you must complete and return the personalised D13 Lender Offer Application Form to either of the following addresses:

Kunene Resources Limited
c/- Automic Registry Services

Delivery Address	or	Postal Address
Suite 1a, Level 1, 7 Ventnor Avenue West Perth WA 6005 Australia		PO Box 223 West Perth WA 6872 Australia

by no later than 5.00pm on the Closing Date. If you do not return your D13 Lender Offer Application Form by this time and date, then the D13 Lender Offer to you will lapse.

(d) **Adviser Offer**

The Adviser Offer is an offer to the Advisers only.

Only the Advisers may apply for Securities under the Adviser Offer.

A personalised application form will be issued to the Advisers together with a copy of this Prospectus (**Adviser Offer Application Form**). The number of Securities to be offered to you will be outlined in the Adviser Offer Application Form provided by the Company. The Company will only provide the Adviser Offer Application Form to persons entitled to participate in the Adviser Offer.

In order to apply for the issue of Securities under the Adviser Offer you must complete and return the personalised Adviser Offer Application Form to either of the following addresses:

Kunene Resources Limited
c/- Automic Registry Services

Delivery Address	or	Postal Address
Suite 1a, Level 1, 7 Ventnor Avenue West Perth WA 6005 Australia		PO Box 223 West Perth WA 6872 Australia

by no later than 5.00pm on the Closing Date. If you do not return your Adviser Offer Application Form by this time and date, then the Adviser Offer to you will lapse.

6.16 **Application monies to be held on trust**

Until the Securities are issued under this Prospectus, the Application Monies for Shares under the Public Offer will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

6.17 Allocation of Securities

The Directors will determine the recipients of the Shares under the Public Offer in consultation with Viaticus (as corporate advisor to the transaction). The Directors (in conjunction with Viaticus) reserve the right to reject any application or to issue a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded by cheque to the Applicant (without interest).

Subject to ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Public Offer closes. Securities under the other Offers will be issued on or about the same date as under the Public Offer. Holding statements will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares.

Applicants who sell the Shares before they receive their holding statement will do so at their own risk.

6.18 Applicants outside Australia

This Prospectus and the Offers do not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to existing D13 shareholders (ie, the Vendors) and to the extent permitted below.

United States

The Prospectus has not been filed with, or reviewed by, the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Offers or the accuracy, adequacy or completeness of the Prospectus. Any representation to the contrary is a criminal offence.

The shares to be issued pursuant to the Offers have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Offers are not being made in any US state or other jurisdiction where it is not legally permitted to do so.

US shareholders of D13 should note that the Offers are made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the Australian Securities Exchange. The Offers are subject to disclosure requirements of Australia that are different from those of the United States.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since the Company is located in Australia and most of its officers and directors are residents of Australia. You may not be able to sue the Company or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel the Company and its affiliates to subject themselves to a US court's judgment.

6.19 Commissions on application forms

As noted in Section 6.12, the Company has agreed to pay a capital raising fee to Viaticus of 5% of the total amount raised under the Public Offer, this amount includes any fees paid to any licensed securities dealers or Australian Financial Services Licensee in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or

Australian Financial Services Licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensee.

6.20 CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). All trading on ASX in existing Shares is, and in new Shares will be, settled through CHESS. ASX Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's share registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their security holding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

6.21 Risks

As with any investment in securities, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 12 of this Prospectus. An investment in the Securities on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

6.22 Forecast financial information

Given the nature of the D13 business and the fact it is proposing to move from a development stage to a growth and commercialisation stage of operations, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies the Company's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

6.23 Privacy statement

If you complete an Application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a security holder and to facilitate distribution payments and corporate communications to you as a security holder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form for Securities, the Company may not be able to accept or process your Application.

6.24 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

6.25 Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers can be directed to the Company on +61 8 9486 8237.

7. Company and D13 Overview

7.1 Company overview and current assets

The Company is a public company that is listed on ASX (ASX code: KNE). Its principal activities previously focused on the exploration of several base metals projects. Kunene has built up a portfolio of interests in mining tenements in Namibia and Portugal.

In light of difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the resources industry to take advantage of global market trends and maximise Shareholder value.

The key assets of the Company comprise its cash holdings (approximately \$180,000 as at 15 October 2015) and the following resources assets:

- (a) African Mining Capital 3 Pty Ltd, which is the ultimate holding company for the 95% owned Kaoko Project in Namibia;
- (b) Kunene North Pty Ltd, which is the ultimate holding company for a 95% interest in several ungranted licence applications in Namibia;
- (c) a 49% shareholding in Bolt Resources Pty Ltd, which is the holder of the Alcoutim licence in Portugal;
- (d) various fixed assets held by the Company, all of which are located in Namibia and have been used in the Company's exploration projects.

The Company wrote all the above assets down to a carrying value of zero as at 30 June 2015.

The Company has reached agreement with Dr Rainer Ellmies, the Company's Chief Geologist, to dispose of all the Company's resources assets in exchange for salary and termination benefits that would otherwise be due to Dr Ellmies under his contract with the Company. Dr Ellmies (and/or his nominee purchaser of the assets) is required to give a release and indemnity for the Company's liabilities under the various joint venture contracts. This values the overall transaction at approximately A\$100,000 plus the value of the releases and indemnities.

The agreement is structured as follows:

- (a) African Mining Capital 3 Pty Ltd agrees to sell all its shares in Kunene Metals Mauritius to Dr Ellmies (or his nominee). This sale is subject to Shareholder approval being sought at the Shareholder Meeting as the Kaoko Project is the Company's main undertaking and completion of the Acquisition occurring.
- (b) Kunene North Pty Ltd agrees to sell all its shares in Tubagi Island Investments Pty Ltd to Dr Ellmies (or his nominee). This sale is subject to waiver of pre-emptive rights by the 5% holder of shares in Tubagi Island Investments Pty Ltd.
- (c) The Company agrees to sell all its shares in Bolt Resources Pty Ltd. This sale is subject to waiver or completion of pre-emptive rights by the 51% holder of shares in Bolt Resources Pty Ltd.
- (d) The Company transfers title in the various fixed assets to Dr Ellmies.

- (e) The Company will wind up its remaining subsidiaries (African Mining Capital 3 Pty Ltd, Kunene North Pty Ltd and Curran Resources Pty Ltd) after completion of each respective sale.

Under the terms of the Acquisition Agreement, the Company is obliged to dispose of its resources assets (and associated subsidiaries) as a condition precedent to completion of the Acquisition and is obliged to obtain releases and indemnities in respect of those assets.

7.2 Company strategy

The Company is proposing to acquire 100% of the issued capital in D13.

Following Completion of the Acquisition and reinstatement to quotation of the Company's Shares on ASX, the Company's primary focus will be to develop the business of D13 in line with its business model and strategy as outlined further in Section 7.3(g).

As set out in Section 7.1, the Company has agreed to dispose of its interests in the Kaoko and Alcoutim mining permits for consideration valued at \$100,000 in total (subject to Completion of the Acquisition and (in the case of the sale of the Kaoko permits only) Shareholder approval at the Shareholder Meeting). Shareholder approval for the disposal of the Kaoko permits is being sought at the Shareholder Meeting.

7.3 Overview of D13

(a) Founding and Initial Activity of D13

D13 was founded in Virginia, USA in 2010 by a small group of former military officers, scientists and engineers bringing together particular expertise in radio frequency (**RF**) engineering.

In the first four years of operations, D13 provided consulting services to various US government agencies for research and development activities under repeat discrete small value contracts, whilst establishing itself as a known and trusted service provider to those US government agencies.

R&D activity for other companies and agencies of the US Government through consulting services included innovative Tagging Tracking and Locating (TTL) technologies, small discreet electronic tags which allowed a user to track objects and assets. D13 also developed mobile applications that assisted in surveillance of tracking of persons and recording calls.

(b) Product and Capability Statement of D13

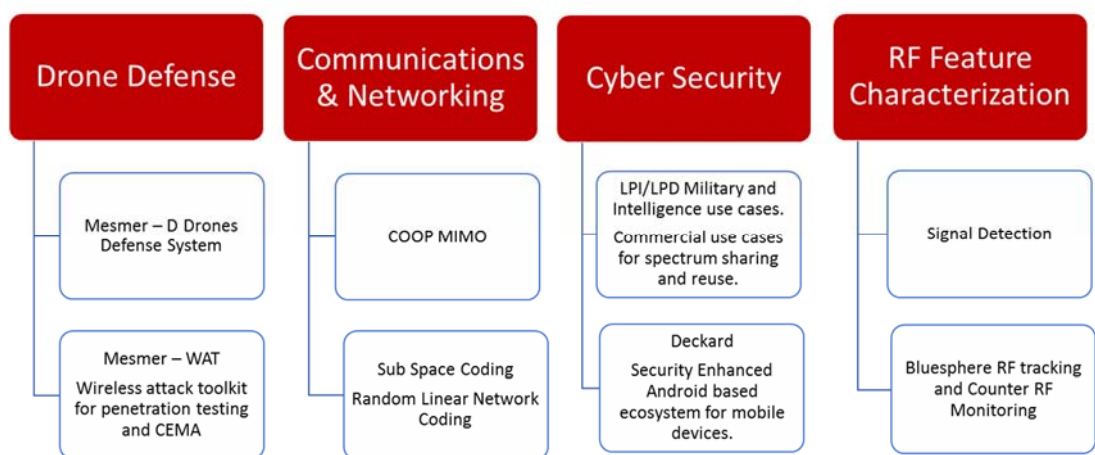
Since inception, D13 has grown a strong intellectual property base (either directly owned patents or exclusively licensed from Genghiscomm Holdings, LLC, see the Patent Report in Section 11 for further details). Genghiscomm Holdings, LLC is a company related to D13 key executive, Mr Steve Shattil, who is also a D13 shareholder and a Vendor. The intellectual property of D13 can be grouped into the following categories:

- **Mesmer**: A technology for manipulating wireless protocols. This has a range of applications allowing a user to take control of a wireless communication system. D13 is developing a drone defense system (**Mesmer-D**) using its Mesmer technology.
- **Co-operative MiMO (C-MIMO)**: A technology enabling a significant increase in the bandwidth of communications networks by using each point on the network as a component to process, send and receive signals, in a mutually supportive manner. D13 has licensed the right to use this technology from entities related to D13 key executive Mr Steve Shattil (see Section 13.5(a))

for further information regarding the License Agreement and the licensed fields which are limited to drone defense or US and Australian government uses.

- **LPI/LPD Communications:** A technology which “hides” communications in a highly innovative manner, leading to increased communications security.
- **Deckard:** A technology to secure smartphones using the Android operating system, making them less vulnerable to intercept, hacking etc.
- **RF Feature Characterisation:** A technology which tracks, classifies and characterises radio users in unique ways.

This intellectual property portfolio enables the possible development of a product and service capability in the following areas:



The priority of development and, if development is successful, the potential commercialisation is as follows:

1. Drone Defense
2. Communications Networking
3. Cyber Security
4. RF Feature Characterization

Drone Defense

There is a large unmet demand for drone defense from military, government, law enforcement, sports and entertainment operators and public safety agencies. Mesmer can be applied to a number of areas, but the exponential growth in drone technology, and the rapidly falling unit price of a Commercial Off the Shelf (**COTS**) drone unit means that millions of easily available COTS drones are entering the market. This poses security challenges to several areas. D13 identified that potential competitors in this field offer systems that are not as comprehensive or have technological, manner of use or regulatory impediments. The existing reputation for capability and performance built by D13 with potential customers such as US government agencies, coupled with D13's operational experience, provides a significant foundation to enter this market. See Section 7.3(e) for further information.

D13 has conducted live demonstrations of Mesmer-D to various agencies of the US Government and will continue to work towards developing a commercial version following completion of the Acquisition.

Communications & Networking

C MIMO is a potentially transformative technology for a world seeking greater bandwidth to deliver data and streaming services. The successful entry of this technology into the market will require acceptance from governments and large service operators to adopt the technology as an industry standard.

Sub Space Coding is a component of this technology that can be implemented on software and requires no special hardware, significantly increasing bandwidth and power efficiency of devices.

D13 will look to partner and license this technology by the end of 2016 under the limitations of the License Agreement relating to use by US and Australian governments and drone defence (see Section 13.5(a)).

Cyber Security

Low Probability of Intercept/Low Probability of Detection (LPI/LPD)

The proposed D13 LPI/LPD system will be a fundamental change in direction from current low probability intercept and detection technologies which traditionally use techniques such as complex waveforms, throw-away waveforms, and high-bandwidth signals. The D13 LPI/LPD system uses techniques that can be implemented across numerous frequencies and radio protocols on the basis the information is transmitted as synthesized channel distortions that are typically filtered out before data processing is performed.

The proposed D13 LPI/LPD system will be a tactical response to the needs of numerous defense, intelligence community and law enforcement requirements to apply secure communications technologies to commercially available infrastructures in widespread use such as cellular communications. In the proposed D13 LPI/LPD system, communication devices will establish secure communications using existing third-party networks, in a manner which makes it difficult to distinguish and detect the device's transmissions from ordinary transmissions in the third-party network.

A first generation version of D13's proposed LPI/LPD system is currently being reviewed within US Government research organizations.

Deckard – Secure Enhance Android Operating Systems for Commercial Mobile Phones and Tablets

Deckard is an open source, security enhanced Android based mobile software platform that offers greatly enhanced security compared to current commercial and open source offerings. While there are numerous security enhanced commercial mobile platforms available, such platforms tend to be restricted to government and law enforcement use, are expensive, and are of variable quality in terms of performance. Many of these platforms are based on Android or Blackberry, and are capable of being compromised by only moderately sophisticated cyber-attacks.

Deckard is distinguished from other platforms in the market place in part, as Deckard uses a replicant which is a reverse engineered and ported version of the Google ASOP branch and designed to reduce the number of special Google hooks in the source. This not only makes the Deckard product code easier to run on various devices it also makes the device potentially more secure.

A first generation version of Deckard is in use within a US Government organization for trial purposes.

Radio Frequency Feature Characterization

D13's RF Feature Characterization product in development is a system that analyses specific meta-characteristics, or features, of a radio frequency signal. For example - Frequency Hopping, Fast Frequency Hopping, Spread Spectrum, Orthogonal frequency-division multiplexing (OFDM), Full Duplex, Duty cycle, and other features. This potential product is of significance to developers of systems that need to detect signals within very noisy environments, such as commercial cellular communications. It is also a significant advancement for systems that need to detect signals without first knowing the sort of signal they are looking for; unlike current methods of signal detection. Applications in this latter area may include RF site surveys, finding interfering signals or various law enforcement uses. It would also assist airports and regulatory agencies detect jamming signals and radio frequency identification defeat software, as a further example of potential use.

D13's RF Feature Characterisation product line and branding is under development.

(c) Overview of D13 Staff and Expertise

D13 has three core areas of expertise as follows:

- | | |
|---------------------|---|
| Technology: | Mr Robi Sen (CSO) and Mr Steve Shattil (CTO) as D13's Chief Science and Technical Officers, provide the technical foundation for the business. |
| Engineering: | Mr Ben Smith and Mr Bryan Halfpap as Lead Engineers develop and implement the science into usable technology. |
| Operators: | Mr Jonathan Hunter (CEO), Mr Roger Davies (Director Business Development) and Mr Paul McCarthy (Program Manager) provide the perspective of D13 to potential customers and management of business operations. |

It is the intention of the Company that, following completion of the Acquisition and successful completion of the Capital Raising, D13 will recruit additional engineers, project managers, sales and customer service staff.

(d) Business Strategy

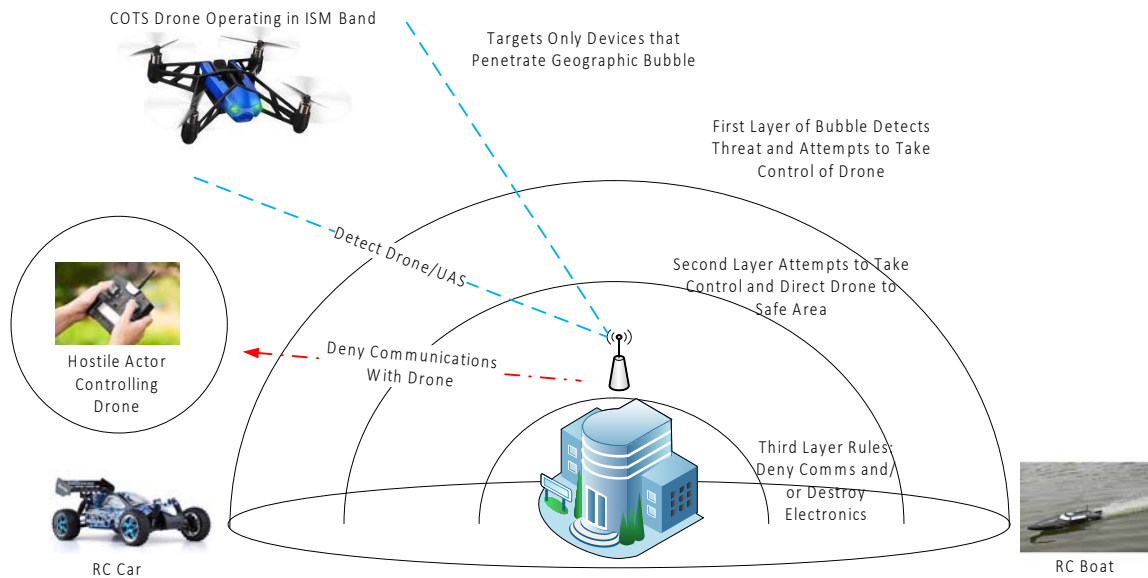
D13's initial focus and business strategy is to:

- Work with key US government partners to deliver a counter-drone system that meets the partners' specific requirements. The Mesmer intellectual property has an inherent flexible capability which potentially enables D13 to meet a range of US and international government agency requirements. Furthermore, the flexibility of the technology also enables D13 to meet a range of commercial requirements for drone defense.
- Develop the technologies in massive system bandwidth enabling technology (**C MIMO**), communications security (**LPI/LPD Comms**), Android Operating System device security (**Deckard**), RF Feature Characterisation (**RF Feature**) by both partnering and licensing these technologies.
- Continue to develop a range of new technologies aligned with the above technologies.

(e) **Potential Development Opportunities for Mesmer-D**

There is a large unmet demand for drone defense from military, government, law enforcement, sports and entertainment operators and public safety agencies. Mesmer-D can be applied to a number of areas, but the exponential growth in drone technology, and the rapidly falling unit price of a commercial off the shelf (COTS) drone unit means that millions of easily available COTS drones are entering the market. This poses security challenges to several areas. D13 identified that potential competitors in this field offer systems that are not as comprehensive or have technological, use or regulatory impediments. The existing reputation for capability and performance built by D13 with potential customers such as US government agencies, coupled with D13's operational experience provide a significant foundation to enter this market.

A generic version of the Mesmer-D capability is shown in the diagram below:



The Mesmer-D solution has a number of attractive features:

- Mesmer-D is capable of identifying and taking control of commercial drones. It is designed to defend points, perimeters, or areas against one or many more drones (ie, a swarm).
- Mesmer-D is capable of landing drones safely and not causing uncontrollable crashes. For example, a drone can be made to land in a pre-designated safe area where emergency response to hazardous materials is available.
- The solution is attractive relative to traditional electronic warfare systems since it does not affect other communications.
- Mesmer D is a low energy, target specific, drone control solution that does not use high power jamming technologies.
- Mesmer-D solution is at a stage of development where it has the capability to intervene in threats from 90-95% of COTS drones.
- Mesmer-D solution is positioned to be highly attractive to defense and law enforcement agencies, operators of sensitive infrastructure (such as power, water and nuclear

facilities and airports) as well as sporting and entertainment events operators, and commercial/domestic applications.

- Mesmer-D solution has the capacity to meet insurance requirements that may be required of companies at risk of loss from accidental or deliberate interference from drone activity.

The potential uses for Mesmer-D include the following:

Government customer, VIP protection

D13 believes that COTS drones are a significant concern for Government security agencies such as the US Secret Service and their counterparts internationally. D13 sees a significant market opportunity as it believes these agencies presently lack an effective solution. The flexible nature of Mesmer-D, and the ability to apply a variety of concepts of operation should make Mesmer-D particularly attractive as a solution. There will be requirements to protect fixed facilities where VIPs are present as well as a mobile solution as VIPs travel.

Government facilities

Government facilities are likely to require drone defense at a range of fixed facilities, such as national defense headquarters, legislative, regulatory and public service buildings.

Prisons

The use of drones to deliver illicit material such as drugs, weapons and cell phones has been regularly reported in the media. These invariably involve the use of COTS drones and have occurred in many countries. There is a significant market for the use of a drone defense system by any prison with an outside exercise yard where drones may be used to deliver illicit material. The US Federal Bureau of Prisons on 4 November 2015 issued a Request for Information to evaluate drone defense systems.

Aviation protection

There are now regular media reports of drones being used in the vicinity of aircraft, despite such activity being illegal. There is a potential market for drone defense systems to deploy at airports and in emergency services areas where aircraft are operating such as fire and rescue.

Utility and power infrastructure

Several nations have been reported in the media as being highly concerned about illegal drone flights over essential public service infrastructure such as water and power facilities including nuclear power plants. Drones have the potential to deliver hazardous payloads, in 3 dimensions at speed. In 2014, the French Government reported numerous unknown drone flights over commercially operated nuclear plants.

Sport and entertainment events

The use of drones over major sport and entertainment events poses two challenges – firstly the hazard if a drone falls into the crowd attending the event delivers a threat to public safety, and secondly the issue of the control of broadcasting rights. D13 is prioritising the sports and entertainment market for the sale of the Mesmer-D solution.

Theme parks

D13 believes that there is a market for drone defense for open air theme parks to prevent overhead drone flights which may be a threat to public safety.

Commercially sensitive sites

The use of drones for commercial espionage is a threat for which a range of industries, from major defense companies who are investing heavily in commercial or government sensitive research projects, to TV and film companies who are filming episodes, where they wish to keep the storylines confidential.

Individuals counter-paparazzi concerns

A variety of high net worth individuals such as movie stars and others in the public eye are now contending with illegal drone flights over their property and D13 believes that this will be a growing market for Mesmer-D.

(f) Development Opportunities for other D13 Products and Services

Additional applications for the Mesmer technology

The fundamental Mesmer capability is not limited to drones. There are a number of sensitive defense applications where there is a requirement for the ability to manipulate the wireless protocols of communications networks.

Communications and Networking (C-MIMO)

The availability of bandwidth for communication, content streaming and data transmission is being impacted from the rise of these services. As smart devices multiply, they take up portions of an increasingly tight bandwidth. C-MIMO will potentially offer a transformative approach to solving such issues by linking devices together to act coherently. The use of C-MIMO will potentially multiply the available bandwidth exponentially by virtue of the more devices on a network working together, the more bandwidth that becomes available through an amplification effect. A system using C-MIMO will potentially use less power and be much more resilient. The quality of the "internet of things" market and the vast majority of the world's communications networks will potentially be significantly improved by C-MIMO for which D13 holds an exclusive worldwide license over the key patents for use by US and Australian governments and their agencies and departments (subject to certain limitations relating to municipal governments as described in Section 13.5(a)) and for use to detect, disable and control drones. The key patents are owned and developed Steve Shattil who is a key executive of the D13. A component of this technology – Sub Space Coding - can potentially be implemented on software and requires no special hardware, significantly increasing bandwidth and power efficiency.

C-MIMO is a potentially market transforming technology which requires dedicated business development resources and significant effort to commercialize through engagement with governments and their communications agencies to achieve adoption of C-MIMO as an industry standard technology.

Secure communications (LPI/LPD)

D13's proprietary Low Probability Intercept, Low Probability Detection (**LPI/LPD**) technology will potentially offer an innovative way for government or commercial users to hide communications from intercept. There is a growing market for cyber security as more people and enterprises use mobile communications.

Secure smart phone technology (Deckard)

Smart phones using Android operating systems are increasingly attractive to a range of users, but Android is often not optimised to provide cyber security to its users. Deckard will potentially offer government and commercial users an easily installed system to secure a smart phone using

Android. Potential markets include the law enforcement community, the intelligence community, defense as well as the technology and finance industries.

Radio Frequency (RF) Feature Characterisations

This potential product is potentially of significant use to developers of systems that need to detect signals within very noisy environments, such as commercial cellular communications. It is also potentially a significant advancement for systems that need to detect signals without first knowing the sort of signal they are looking for; unlike current methods of signal detection. Applications in this latter area may potentially include RF site surveys, finding interfering signals, or various law enforcement uses. It would also assist airports and regulatory agencies detect jamming signals and radio frequency identification defeat software, as a further example of potential use.

(g) Business Plan Execution

D13 plans to develop its proprietary technologies to:

- i) Build its engineering team over the next 6 months to optimise Mesmer-D as a variant of the Mesmer technology specifically focused on drone defense.
- ii) Concurrently undertake business development and marketing to engage with potential customers in the US and internationally for Mesmer-D.
- iii) Market and sell the Mesmer-D capability in the US, either as hardware and software together or as software to be mounted on existing hardware.
- iv) Identify, qualify and train partners who will be able to sell, market and support the Mesmer-D capability outside the US.
- v) Continue to update software versions of Mesmer-D which is focused on the most prevalent COTS drones such as DJI, Parrot, and Horizon Hobbys (estimated to be 80-90% of the current market), to other drones as they are developed in the future.
- vi) Continue to refine operating specifications to meet individual customer requirements and utilise these features as standards as Mesmer-D is developed.
- vii) Integrate the ability to address ad-hoc mobile networking between a swarm of multiple devices. While this is an added product capability for increasing coverage, it also involves the integration of D13's other technologies such as the Tactical Network Dominance Device (TNDD) patent, LPI/LPD patent and C MIMO patents to deliver comprehensive solutions in a fast evolving world. D13 aims to develop an initial product that self referentially and recursively integrates, expands, and strengthens all D13's current proprietary technology thereby raising significant barriers to entry for competitors seeking to access the same markets.
- viii) Assess the value of undertaking simultaneous efforts to build new products based on the evolving intellectual property base in the fields of communication and security.
- ix) Commercialise LPI/LPD, Deckard and RF Feature technologies through direct sales, out-licensing or joint ventures.

- x) Consider out-licensing non-core applications of the D13 proprietary technologies which may be further developed over and above the initial licensed technologies and that may have high value, such as derivative applications of C-MIMO and Sub Space Coding.
- xi) Establish strategic relationships with industry recognized entities as a means of faster market penetration.

(h) Ancillary Business Services

D13 has a history of providing consulting and training services to agencies of the US Government. It is expected that there will be continuing opportunities in this area for which D13 may engage dedicated resources to provide a service to meet demand.

Consulting and training will be conducted only to educate and develop advocacy for D13's products and solutions such as activity that synergistically supports product offerings and skill sets without detracting from the Mesmer-D business priority.

Examples of such potential consulting and training opportunities are to:

- i) Provide high level consulting and thought leadership around potential threats arising from Drones and the 'Internet of Things' emerging standards;
- ii) Provide lower level consulting to help design mitigation strategies and Tactics, Techniques and Procedures (TTP). That is, how could troops use simple tools, or Mesmer, to reduce their signature and or mitigate the threat from COTS drones in the field;
- iii) Provide service and support to setup drone or other device resilient organizations;
- iv) Provide wireless attack tool kit services and training to government agencies, law enforcement and the commercial sector; and
- v) Provide cyber security reviews.

(i) Revenue Model

D13 will work to win US, UK and Australian defense R&D contracts and grants to support the build out costs of Mesmer and the other technologies while providing an ability to transition its product development programs into US Government programs of record on a product application basis. Such US Government certifications will enable D13 products and services to be available across a number of US Government departments and agencies under large scale system procurements within the US Government Joint Capabilities Integration and Development System (JCIDS) process.

D13 will pivot design of a counter drone system to meet the commercialization model of single point and multi-node systems, while still supporting the security requirements of the defense sector. Certain advanced features will only be offered to the defense and law enforcement services.

D13 will look to leverage current hardware platforms to integrate a "stop gap" solution in order to speed development and a go to market strategy.

(j) **Market Overview**

The market for D13 rests at the intersection of the large and rapidly growing Unmanned Aerial Systems (**UAS**) industry and the rising need for countermeasures to detect, deter, deny and defeat UASs that present risks to personal privacy, intellectual property, public safety, and critical infrastructure.

Unmanned Aerial Systems (UASs)

An unmanned aircraft is one that is operated tele-remote, semi, and fully autonomously without the possibility of direct human intervention from within or on the aircraft. The industry adopted the term “unmanned aerial systems” (UASs) for a uniform lexicon, but they are also referred to as unmanned aerial vehicles (UAVs), remotely piloted vehicles, and drones (colloquial). The US Federal Aviation Administration (FAA) defines UAS as an “unmanned aircraft (UA) and all of the associated support equipment, control station, data links, telemetry, communications and navigation equipment, etc., necessary to operate the unmanned aircraft.”

The emergence of UASs is among the most significant aerospace advancements in decades. Global industry sales for UAS platforms, excluding UAV's costing less than US\$10,000, are currently estimated at \$4 Billion USD annually and are expected to increase significantly in the next few years. Until recently, whilst most industry sales were for military applications, the UAS market potential across a wide range of military/civil, commercial and consumer (prosumer/hobbyist) applications is forecasted to drive dynamic growth over the next decade.

Commercial & Consumer UAS Markets

The use of UASs for commercial and civil applications are two market segments positioned for rapid growth. The commercial market segment is driven largely by the US Federal Aviation Administration's (FAAs) proposed Feb 15, 2015 ruling to allow small UAS operation in civil airspace for non recreational purposes as long as priority FAA authorization is obtained. According to the FAA, small UAS's are 55 pounds or less, operate at a max altitude of 500 feet, and must follow a wide range of operational requirements.

This ruling opens the door to a wide range of new commercial applications, such as real estate, industrial logistics, critical infrastructure protection, emergency response, agriculture, film making, environmental monitoring, mining, construction and insurance risk management.

The commercial market potential for small UASs, less than USD\$10,000, (including platform, related components and services) is currently estimated at about \$2 Billion in 2015 and expected to increase significantly in the next few years.

Similar to the commercial market, the consumer market (including prosumers and hobbyists) and UASs generally intended for recreational use, is positioned for rapid growth. Recreational use of small UASs, in general, is not currently regulated by national civil aviation infrastructure. In the US, national recreational use of small UASs is considered the operation of “model aircraft” and must follow general safety and operational guidelines. The consumer market (i.e., prosumer/hobbyist) is currently estimated at about \$400 Million USD annually in 2015 and expected to increase significantly in the next few years (including the platform, related components and services). A review of unit sales estimates reported by the Consumer Electronics Association (CEA) suggests there will be about 700,000 consumer UASs sold in the US alone by the end of 2015 and this number is estimated to grow rapidly over the next few years. Consumer UAS market growth will be driven by recent advances in performance (e.g., Qualcomm just announced its system-on-a-chip (SoC) processors will significantly reduce the weight of a UAS), the addition of sophisticated components (e.g., 4K cameras), and the lowering the unit cost from a few thousand to a few hundred dollars.

Counter UAS (C-UAS) Technologies

The rapid proliferation of UASs in civilian airspace creates a host of potential new threats to individuals, commercial industry and civil governments. In addition to threats related to improper operation, there are a host of threats due to hostile, criminal or malicious intent, such as unwarranted surveillance (individual or property), intellectual property/trade secret theft, drug trafficking, property theft, and use of UAS systems to deliver munitions, radiological or biological threats. As the UAS market grows, so will the demand for novel countermeasure that address UAS threats to critical airspace, high value infrastructure, individuals and events.

There are a variety of counter UAS (C-UAS) technologies on the market, but most have been designed for military applications. Military C-UAS systems are generally comprised of radars and sensor product offerings to identify and track small, fast, low flying aircraft while being able to distinguish them from other targets, such as birds. Military defeat typically involves electronic counter measures by jamming or physical/kinetic technologies through gunfire, laser, missile or nets. While these systems may be effective for use in military theatre, they are not applicable (or, in some cases, legal) in civilian airspace.

There are several challenges for countering hostile UASs in civilian airspace. First, the detection of small UASs operating in restricted airspace presents a challenge as some may avoid current aerial surveillance systems. Second, defeating a UAS with hostile intent and in particular, one carrying a lethal payload such as a dirty bomb, is another challenge. While law enforcement organisations may shoot down a UAS, then the problem of falling debris and collateral damage is of concern – particularly if the UAS was carrying a munition, radiological or biological threat. A new type of C-UAS system is needed for the non-destructive means to address the unwarranted threats posed by a UAS in civilian airspace.

D13 has developed C-UAS solutions that detect, deter, deny and defeat UASs operating in civilian airspace. D13's solutions are non-destructive and legal to operate in the US, allowing the control of a UAS to be directed away from its operator or forced to land in a safe spot. D13 aims to provide individuals, corporations and civil governments with the means to protect critical airspace, high value critical infrastructure, individuals and events.

(k) Technologies

The intellectual property of D13's key technologies is detailed in the Patent Report in Section 11.

The prospect of attaining patent protection for products and the technology such as those proposed to be used in the D13 business is highly uncertain and involves complex and continually evolving factual and legal questions. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by D13. As a result, D13's patent applications may not proceed to issued patents and, if issued, may not be of commercial benefit to D13, or may not afford D13 adequate protection from competing products.

In particular, objections have been raised in relation to the following D13 patent applications:

- (a) patent application 13/116,984, citing an existing patent owned by a third party; and
- (b) patent application 14/164,254 for lack of patentable subject matter.

If D13 is not able to overcome these objections, there is a risk that it will not be awarded the applicable patents. Alternatively, in modifying the relevant claims to address the objections,

there is a risk that the scope of protection in the issued patents being significantly less than the scope of protection sought by D13.

The potential protection offered by patents notwithstanding, D13's various technologies collectively comprise sophisticated systems that have had significant engineering time invested in their development by engineers skilled and experienced in bringing such systems and technologies to market. D13 believes that an investment of this magnitude in intellectual property itself offers a reasonable barrier to imitation with or without patent protection. D13 does not believe that the non-grant of any of the patent applications described in the Patent Report in Section 11 will prevent it from continuing with its business operations, or from implementing its business strategy, as outlined in this Prospectus. D13 is not aware of the existence of any third party patents that would prevent its activities or impact on its business model.

7.4 Financial information

Information relating to the financial information of the Company and D13 is set out in Section 9 of this Prospectus and in the Investigating Accountant's Report in Section 10 of this Prospectus.

8. Directors, key management and corporate governance

8.1 Director profiles

Subject to Completion of the Acquisition, it is intended that the Board of the Company will be comprised of Mr Jonathan Hunter, Dr Kathleen Kiernan, Mr Gavin Rezos, Mr Al Teller and Mr Philip George. All Existing Directors intend to resign as Directors following Completion of the Acquisition.

Brief profiles of the Directors of the Company following Completion of the Acquisition are set out below.

Mr Jonathan Hunter

Executive Chairman and Chief Executive Officer

Mr Hunter is the chief executive officer of D13, and is a former advisor to the US National Academy of Science on defense technology. Mr Hunter has more than 25 years' experience in leadership positions within the US Military and US Government Advisory Committees. As a principal for D13, he is responsible for growing and managing all US strategic relationships, including supporting, assisting, and advising the company's path to market and growth within the areas of the three levels of government.

Mr Hunter holds a Bachelor of Science majoring in Criminal Justice and an MBA (Technology Management Program).

Dr Kathleen Kiernan

US Executive Director – Government Relations (see Section 16 for explanation of term "US Executive Director")

Dr Kathleen Kiernan is the founder and CEO of Kiernan Group Holdings, Inc. a global consulting firm specializing in law enforcement, defense, and intelligence industries with specialized support to federal and civil clients in the areas of strategy, policy, tactics, and training. Dr Kiernan is a 29-year veteran of Federal Law Enforcement. She has previously served as the Assistant Director for the Office of Strategic Intelligence and Information for the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), Member of the Army Science Board, and a Member of the Air Force Strategic Studies Board

Dr Kiernan is an appointed member to IBM Network Science Research Center (NSRC), collaboration between the Sensemaking Fellowship (formerly based at the MIT International Development Initiative) Swansea University's Network/Relationship Science Analytics PhD Program as well as its NSRC, and scholars from academic institutions, such as MIT and Harvard. Dr Kiernan is also a member of the AFCEA Executive Committee (Class of 2015), and the AFCEA Intelligence and Homeland Security Committees.

Dr Kiernan was the recipient of the US National Women of Influence-Public Sector award in 2010.

Dr Kiernan completed her Doctorate in Education at Northern Illinois University, and her Master of Science in Strategic Intelligence at the Joint Military Intelligence College in Washington, DC. She also holds a Master of Arts in International Transactions from George Mason University Homeland Security Policy Institute, and she is a faculty member at The Johns Hopkins University and at the Naval Postgraduate School Center for Homeland Defense and Security.

Mr Gavin Rezos

Non-Executive Director

Mr Rezos is a principal of Viaticus Capital LLC, a firm which specializes in structuring and arranging public and private funding for growth businesses in the technology sector. Viaticus has offices in London, Washington and Perth, utilizes an international network of investors and advisors for cross border transactions.

Mr Rezos is Executive Chairman of Alexium International Group Limited, an ASX (ASX:AJX) OTC QX (US) listed technology company commercializing patented environmentally friendly flame retardants to the US Defense sector and commercial markets, with an operational business based in Greer, South Carolina, US. Mr Rezos is a Non-Executive Director of Iluka Resources Limited (an ASX top 100 company). Mr Rezos is a Non-Executive Director of Metalysis PLC, a Cambridge University spin out company with a patented metals processing technology in which Iluka is a major investor, appointed March 2014.

Mr Rezos has degrees in law and arts, and he has previously worked as a solicitor in Australia and the UK, and was a former Investment Banking Director of HSBC with regional roles in HSBC in London, Sydney and Dubai.

Mr Al Teller

US Executive Director – Commercial (see Section 16 for explanation of term "US Executive Director")

Mr Teller is the former Chairman and CEO of the MCA Music Entertainment Group (now Universal) and the former President of Columbia Records and CBS Records (now Sony). Mr Teller served as the music industry's representative on the National Information Infrastructure Advisory Council created by US President Bill Clinton to develop public policy regarding the Internet. He currently serves on the Board of Directors of INgrooves, an Internet digital distribution company and consults various organizations on Internet strategy.

After MCA, Teller led two venture capital-funded businesses, Atomic Pop LLC and Red Ant Entertainment, both widely regarded as innovative milestones in the growth of the digital distribution of music through the Internet.

Mr Teller graduated from Columbia University with a BS in Electronics Engineering and an MS in Operations Research and went on to earn an MBA from Harvard Business School.

Mr Philip George

Non-Executive Director

Mr George has experience as a managing director and operations manager with a strong background in cyber security and IT networking. He has previously worked as a general manager, technical director, global IT manager, team lead, and IT Manager. For the last eleven years, Mr George primarily serviced the Finance, Oil & Gas, Start-up & Mining and Petrochemical industries. Mr George is the former Operations Manager for Uber Australia.

Mr George is the founder of NURV Consulting which delivers custom cloud based solutions to small & medium businesses. Over six years after establishing NURV Consulting, Mr George established and maintained wholesale and supplier relationships with Australian and international solutions providers to deliver premium end customer solutions.

Brief profiles of the Existing Directors who are proposed to resign following Completion of the Acquisition are outlined below.

Mr Brandon Munro – Managing Director (appointed 4 April 2014)

Mr Munro holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a Fellow of the Financial Services Institute of Australia (Finsia) and is a Graduate Member of the Australian Institute of Company Directors.

Mr Munro brings regulatory, governance, mergers and acquisitions and capital markets knowledge to the team.

During the past three years, Mr Munro has been a director of the following other listed companies:

- Rewardle Holdings Limited (25 March 2013 – present)

Mr Philip Werrett – Non-Executive Chairman (appointed 30 January 2012)

Mr Werrett holds a Bachelor of Business (accounting) and is a member Certified Practising Accountants Australia. He has over 30 years commercial experience in both operational and corporate roles, and has held positions as a director of a number of ASX listed entities.

Mr Werrett has extensive experience in senior financial management, and at board level in the management of engineering, mining services and mining exploration companies.

Mr Werrett was previously an alternate director of Autodom Limited (resigned 15 August 2013). He has not been a director of other ASX listed companies in the last three years.

Mr Peter Pawlowitsch – Non-Executive Director (appointed 30 January 2012)

Mr Pawlowitsch holds a Bachelor of Commerce from the University of Western Australia, is a member of Certified Practising Accountants Australia and also holds a Masters of Business Administration from Curtin University.

These qualifications have underpinned more than ten years' experience in the accounting profession, business management and the evaluation of businesses and mining projects.

During the past three years, Mr Pawlowitsch has been a director of the following listed companies:

- Ventnor Resources Limited (12 February 2010 – present)
- Dubber Corporation Limited (formerly Crucible Gold Limited) (26 September 2011 – present)
- Knosys Limited (16 March 2015 – present)

8.2 Key management personnel

The following persons will comprise the key management personnel of the Company following completion of the Acquisition.

Mr Jonathan Hunter

Current chief executive officer of D13, and proposed Executive Chairman and Chief Executive Officer of the Company

Mr Jonathan Hunter is currently chief executive officer of D13, and from Completion, will become executive chairman and chief executive officer of the Company.

Refer to Section 8.1 for a brief profile of Mr Hunter.

Mr Robi Sen

Current Chief Technical Officer of D13, and proposed Chief Technical Officer of the Company

Mr Sen is a communications industry professional with a 25 year career in IT, engineering, and research on cutting edge projects for NASA, US Department of Energy and US Department of Defense. He is an innovator with a track record of designing and building novel security systems, sensors, electronic warfare platforms, and communication systems for industry and government customers. Mr Sen has authored and co-authored numerous technical books including three books on Android Systems and has over 15 years' experience in senior and executive management.

Mr Sen holds a Bachelor of Science majoring in Mathematics and a Masters in Military History.

Mr Steve Shattil

Current Chief Science Officer of D13, and proposed Chief Science Officer of the Company

Mr Shattil is an experienced industry professional with a wealth of experience in patent prosecution and intellectual property. Mr Shattil has extensive technical expertise in wireless communications, optics, digital signal processing, channel coding, software, and remote sensing. Mr Shattil's role as chief science officer involves overseeing the technical foundations of the D13 business. Mr Shattil has Masters qualifications in engineering (electrical) and science (physics).

Mr Bryan Halfpap

Currently a Lead Engineer of D13, and proposed Director - Research Engineering of the Company

Mr Halfpap's experience includes developing custom security attack/defense/research tools, techniques, and procedures. Mr Halfpap's role as a lead engineer involves developing and implementing D13's science into usable technology. Mr Halfpap holds a bachelor of science.

Mr Ben Smith

Currently a Lead Engineer of D13, and proposed Director - Wireless Systems of the Company

Mr Smith has broad experience in directing a broad range of IT initiatives while participating in the planning, analysis and implementation of information technology solutions in direct support of business objectives. Mr Smith's role as a lead engineer involves developing and implementing D13's science into usable technology.

Please refer to the employment agreement summaries in Section 8.7 for details of the material terms of engagement of the key management personnel.

8.3 Directors' interests

Other than as set out in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (c) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as a director of the Company, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

8.4 Directors' Securities interests

Directors are not required under the Company's Constitution to hold any Shares.

The interests of the Directors in securities of the Company as at the date of this Prospectus are as follows.

Director	Shares		Existing Unlisted Options ¹
	Number	%	
Brandon Munro	1,933,000	4.40%	500,000
Philip Werrett	200,000	0.46%	200,000
Peter Pawlowitsch	1,750,000	3.99%	500,000
Jonathan Hunter	-	-	-
Dr Kathleen Kiernan	-	-	-
Gavin Rezos	3,075,000	7.00%	-
Al Teller	-	-	-
Philip George	-	-	-
1. Unlisted options exercisable at \$0.40 each on or before 15 September 2016.			

Proposed Directors Dr Kathleen Kiernan, Gavin Rezos, Al Teller and Philip George have advised that they intend to subscribe for up to 175,000 Shares, 500,000 Shares, 50,000 Shares and 50,000 Shares (respectively) under the Public Offer. The other Proposed Directors, and the Existing Directors, have advised that they do not intend to subscribe for any Shares under the Public Offer.

Proposed Director, Mr Jonathan Hunter, holds 20% of the D13 Shares on issue. The Company proposes to acquire these D13 Shares as part of the Acquisition. Accordingly, Mr Hunter will receive a proportion of the Consideration Shares under the Acquisition (being approximately 40,000,000 Shares and 40,000,000 Class A Performance Shares in total). Mr Hunter is also a D13 Lender, and will receive 1,600,000 Loan Satisfaction Shares under the D13 Lender Offer.

Proposed Director, Mr Gavin Rezos, is a principal and 50% shareholder of Viaticus. The Company has agreed to issue the Adviser Securities to Viaticus (or its nominees) in connection with the

Viaticus Mandate Agreement. It is proposed that Mr Rezos (or entities controlled by him) will personally receive the following Adviser Securities as Viaticus's nominee:

- (a) 19,250,000 Shares;
- (b) 40,000,000 Performance Shares; and
- (c) 13,000,000 New Options.

Viaticus (or its nominees) will also receive 2,000,000 of the Loan Satisfaction Shares the subject of the D13 Lender Offer under this Prospectus. Mr Rezos (or entities controlled by him) will personally receive 780,000 of the Loan Satisfaction Shares as Viaticus's nominee.

The anticipated interests of the Directors in the securities of the Company, following Completion of the Acquisition and the Offers (assuming the subscription for Shares under the Public Offer by the Proposed Directors as noted above), are as follows:

Director	Shares		Existing Unlisted Options ²	New Options ³	Class A Performance Shares ⁴	Performance Rights
	Number	% ¹				
Brandon Munro	4,333,000	1.04%	500,000	-	-	-
Philip Werrett	500,000	0.12%	200,000	-	-	-
Peter Pawlowitsch	3,350,000	0.81%	500,000	-	-	-
Jonathan Hunter	41,600,000	10.01%	-	-	40,000,000	12,500,000
Dr Kathleen Kiernan	175,000	0.04%	-	-	-	3,000,000
Gavin Rezos	23,555,000	5.67%	-	13,000,000	40,000,000	4,000,000
Al Teller	50,000	0.01%	-	-	-	3,000,000
Philip George	50,000	0.01%	-	-	-	1,250,000
- Assuming the Maximum Subscription is raised. - Unlisted options exercisable at \$0.40 each on or before 15 September 2016. See Section 14.3 for the terms and conditions of the Existing Unlisted Options. - Unlisted options exercisable at \$0.025, expiring 5 years after the date of grant. See Section 14.4 for the terms and conditions of the New Options. - Refer to Section 14.2 for the terms and conditions of the Class A Performance Shares. - Refer to Section 14.5 for the terms and conditions of the Performance Rights.						

8.5 Remuneration of Directors

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders, which is currently \$250,000 per annum. It is proposed that this amount will be increased to \$500,000 per annum (subject to Shareholder approval at the Shareholder Meeting)

The annual remuneration of each Director, including their personally related entities, during the the last two financial years is as follows:

Director	Year	Short Term Benefits	Long Term Benefits	Post-Employment	Share Based Payments	Total	Rem- uneration consisting of Options during the year %
		Salary and Fees \$	Annual Leave \$	Super-annuation \$	Options \$ ⁵		
P Werrett	FY2014/2015	27,460	-	2,540	-	30,000	-
	FY2013/2014	24,423	-	2,259	17,702	44,384	39.9%
B Munro ¹	FY2014/2015	226,372	15,231	18,628	-	260,231	-
	FY2013/2014	143,117	-	19,700	44,255	207,072	21.4%
P Pawlowitsch	FY2014/2015	120,000	-	-	-	120,000	-
	FY2013/2014	120,000	-	-	44,255	164,255	26.9%
D Schwann ²	FY2014/2015	-	-	-	-	-	-
	FY2013/2014	6,833	-	-	-	6,833	-
M Leech ³	FY2014/2015	30,000	-	-	-	30,000	-
	FY2013/2014	20,000	-	-	17,702	37,702	46.9%
B Lane ⁴	FY2014/2015	-	-	-	-	-	-
	FY2013/2014	20,642	-	1,909	17,702	40,253	44.0%
Total	FY2014/2015	403,832	15,231	21,168	-	440,231	-
	FY2013/2014	20,642	-	23,868	141,616	500,499	28.3%

Notes:

1. Appointed 4 April 2014.
2. Resigned 5 November 2013.
3. Resigned 7 September 2015.
4. Resigned 4 April 2014.
5. Value of 2,100,000 remuneration Options received by the then Directors, as approved by shareholders on 23 October 2013.

In connection with the Acquisition, the Existing Directors of the Company and the Former Director have agreed for \$115,000 of outstanding Directors fees and salary to be satisfied through the issue of Shares at \$0.025 per Share.

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by the Company.

The remuneration of executive Directors and key management personnel will be determined by the Board. A summary of the material terms of employment of Mr Jonathan Hunter (the proposed Executive Chairman and Chief Executive Officer of the Company) and the other key management personnel are outlined in Sections 8.6(a) and 8.7.

The annual remuneration payable to each of the Directors following Completion of the Acquisition and the Offers is as follows:

Director	Annual Remuneration
Jonathan Hunter	US\$175,000 ¹
Dr Kathleen Kiernan	US\$25,000
Gavin Rezos	US\$25,000 ²
Al Teller	US\$25,000
Philip George	\$24,000
1. Refer to Section 8.6(a) for details of Mr Hunter's Executive Services Agreement. 2. Mr Rezos is a principal and 50% shareholder of Viaticus. This amount does not include fees payable by the Company to Viaticus under the Viaticus Consultancy Agreement or in connection with the Viaticus Mandate Agreement or the Loan Agreement. See Section 6.12 for details of these fees, and Sections 13.3 and 13.4 for summaries of the Viaticus arrangements and the Loan Agreement.	

8.6 Agreements with Directors or Related Parties

(a) Executive Service Agreement – Executive Chairman and Chief Executive Officer

The principal terms of the executive services agreement with Mr Hunter for the position of Executive Chairman and Chief Executive Officer include:

- (i) The agreement is for an initial period of 12 months.
- (ii) The agreement may be terminated:
 - (A) by either party without cause with 6 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
 - (B) promptly following material breach or in the case of misconduct.
- (iii) A base salary of US\$175,000 p.a. (inclusive of statutory superannuation).
- (iv) Other industry standard provisions for a senior executive of a public listed company.

As part of the Acquisition, Mr Hunter will be granted Performance Rights under the Performance Rights Plan. Refer to Sections 14.5 and 14.6 for further details.

(b) Viaticus Arrangements and Loan Agreement

Proposed Director, Mr Gavin Rezos, is a principal and 50% shareholder of Viaticus. The Company has agreed to pay various fees to Viaticus under the Viaticus Consultancy Agreement and in connection with the Viaticus Mandate Agreement and the Loan Agreement. See Section 6.12 for details of these fees, and Sections 13.3 and 13.4 for summaries of the Viaticus arrangements and the Loan Agreement.

(c) Relationship between Proposed Directors and D13

As noted in Section 8.4, Proposed Director, Mr Jonathan Hunter, holds 20% of the D13 Shares on issue. The Company proposes to acquire these D13 Shares as part of the Acquisition. Accordingly, Mr Hunter will receive a proportion of the Consideration Shares under the Acquisition (being

approximately 40,000,000 Shares and 40,000,000 Class A Performance Shares Options in total). Refer to Section 8.4 for further details.

Proposed Director, Mr Gavin Rezos, is a principal and 50% shareholder of Viaticus. D13 has entered into the Viaticus Mandate Agreement, the Viaticus Consultancy Agreement and the Loan Agreement with Viaticus. Refer to Section 6.12 for details of the fees payable to Viaticus in connection with the Offers and the Acquisitions. See Sections 13.3 and 13.4 for summaries of the Viaticus arrangements and the Loan Agreement.

(d) Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Existing Directors and is proposing to enter into similar deeds with each of the Proposed Directors upon their appointment. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

8.7 Agreements with key management personnel

Refer to Section 8.6(a) for a summary of the key terms of Mr Jonathan Hunter's Executive Services Agreement for the position of Executive Chairman and Chief Executive Officer.

(a) Executive Services Agreement – Chief Technical Officer

The principal terms of the executive services agreement with Mr Sen for the position of Chief Technical Officer include:

- (i) The agreement is for an initial period of 12 months.
- (ii) The agreement may be terminated:
 - (A) by either party without cause with 6 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or
 - (B) promptly following material breach or in the case of misconduct.
- (iii) A base salary of US\$175,000 p.a. (inclusive of statutory superannuation).
- (iv) Other industry standard provisions for a senior executive of a public listed company.

It is proposed that Mr Sen will be granted 12,500,000 Performance Rights under the Performance Rights Plan. Refer to Sections 14.5 and 14.6 for details.

(b) Executive Services Agreement – Chief Science Officer

The principal terms of the executive services agreement with Mr Shattil for the position of Chief Science Officer include:

- (i) The agreement is for an initial period of 12 months.
- (ii) The agreement may be terminated:
 - (A) by either party without cause with 6 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or

(B) promptly following material breach or in the case of misconduct.

(iii) A base salary of US\$175,000 p.a. (inclusive of statutory superannuation).

(iv) Other industry standard provisions for a senior executive of a public listed company.

It is proposed that Mr Shattil will be granted 5,000,000 Performance Rights under the Performance Rights Plan. Refer to Sections 14.5 and 14.6 for details.

(c) **License Agreement**

The Company has entered into the License Agreement with Genghiscomm Holding, LLC, an entity related to proposed Chief Science Officer, Mr Steve Shattil. Refer to Section 13.5(a) for details.

(d) **Executive Services Agreement – Director - Research Engineering**

The principal terms of the executive services agreement with Mr Halfpap for the position of Director - Research Engineering include:

(i) The agreement is for an initial period of 12 months.

(ii) The agreement may be terminated:

(A) by either party without cause with 3 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or

(B) promptly following material breach or in the case of misconduct.

(iii) A base salary of US\$137,000 p.a. (inclusive of statutory superannuation).

(iv) Other industry standard provisions for a senior executive of a public listed company.

It is proposed that Mr Halfpap will be granted 5,000,000 Performance Rights under the Performance Rights Plan. Refer to Sections 14.5 and 14.6 for details.

(e) **Executive Services Agreement – Director - Wireless Systems**

The principal terms of the executive services agreement with Mr Smith for the position of Director - Wireless Systems include:

(i) The agreement is for an initial period of 12 months.

(ii) The agreement may be terminated:

(A) by either party without cause with 3 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or

(B) promptly following material breach or in the case of misconduct.

(iii) A base salary of US\$137,000 p.a. (inclusive of statutory superannuation).

(iv) Other industry standard provisions for a senior executive of a public listed company.

It is proposed that Mr Smith will be granted 5,000,000 Performance Rights under the Performance Rights Plan. Refer to Sections 14.5 and 14.6 for details.

8.8 Corporate governance

This summary identifies the key corporate governance policies and practices adopted by the Company's Board. The Board is committed to ensuring continued investor confidence in the operations of the Company and in maintaining high standards of corporate governance in the performance of their duties.

The role of the Board

The role of the board of Directors is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company.

The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

- (a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, as well as its employees, customers and the community;
- (b) in a manner designed to create and continue to build sustainable value for shareholders;
- (c) in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and
- (d) with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The responsibilities of the Board include:

- (a) represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- (b) protect and optimise the Company's performance and build sustainable value for Shareholders;
- (c) set, review and monitor compliance with the Company's values and governance framework; and
- (d) ensure that Shareholders are kept informed of the Company's performance and major developments.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is ten. The Board at the date of this Prospectus is comprised of 3 Directors, namely Messrs Philip Werrett, Brandon Munro and Peter Pawlowitsch. Following completion of the Acquisition, the Board will be comprised of 5 Directors, namely Mr Jonathan Hunter, Dr Kathleen Kiernan and Messrs Gavin Rezos, Al Teller and Philip George. The Directors consider the size and composition of the Board is appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish committees to assist in

carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board delegates the management of the Company's business and day to day operation to the Chairman and Chief Executive Officer who is authorised, in turn, to delegate such powers conferred on him or her to members of the senior management group.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Independence of Directors

The Board considers the issue of independence with regard to a set of questions outlined in the Board charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9). The securities trading policy regarding allowable dealings is that those persons should:

- (a) not deal in the Company's securities while in possession of price sensitive, non-public information; and
- (b) only trade in the Company's securities after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "blackout periods".

The securities trading policy is available on the Company's website at www.kuneneresources.com.

Remuneration policy

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- (a) annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;
- (b) rewards, bonuses, commissions, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- (c) Share participation – the Company proposes to implement the Performance Rights Plan (refer to Section 14.6 for further details); and
- (d) other benefits, such as holiday leave, sickness benefits, medical cover, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Chairman and Chief Executive Officer.

Remuneration of executives will be reviewed annually by the Board. Determination of Non-Executive Director's fees is with regard to the long term performance of the Company as well as the complexity of the Company's business and the environment in which it operates.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

- (a) through the release of information to the market via ASX;
- (b) through the distribution of the annual report and notice of annual general meeting;
- (c) through letters and other forms of communications directly to Shareholders; and
- (d) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

ASX Corporate Governance Principles and Recommendations

Where possible and having regard to the size and nature of the Company's operations, the Board has adopted the Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council. As a listed entity the Company has been required to report any departures from the principles and recommendations in its annual report. The

Company's departures from the principles and recommendations, as at the date of re-admission to the Official List, are set out in the table below.

Recommendation	Nature of departure	Explanation for departure
1.5	Measurable objectives for achieving gender diversity have not been established or disclosed.	The Company has not formally established measurable objectives for achieving gender diversity given the current stage of its operations and number of employees. The Company has however adopted a Diversity Policy which outlines the Company's objectives in the provision of equal opportunities in respect of employment and employment conditions. The Diversity Policy is available on the Company's website. The Company will review the requirement to set and report on measurable objectives for achieving gender diversity as the Company's operations and employee numbers grow.
2.1	The Board should have a Nomination Committee.	The Company has not constituted a Nomination Committee given the size of the Board and the nature and scale of the Company's operations. The full Board carries out the role of a Nomination Committee in accordance with the Nomination Committee Charter.
2.5	The Chair of the Board should be an independent director.	The Chairman of the Board, following re-admission to quotation, will not be an independent Director by virtue of the fact that he will also be the Chief Executive Officer and a substantial shareholder, holding approximately 10.01% of the Share on issue on completion of the Offers and the Acquisition. The Board does not believe this will interfere with his capacity to bring independent judgement on issues before the Board and to act in the best interest of the Company and its security holders generally.
4.1	The Board should have an Audit Committee.	The Board does not have a separately constituted Audit Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.
7.1	The Board should have a committee to oversee risk.	The Board has not constituted a Risk Committee given the size of the Board and the nature and scale of its activities. The Board as a whole is responsible for the oversight of the Company's risk management and internal

Recommendation	Nature of departure	Explanation for departure
		compliance and control framework. Following re-admission to quotation, responsibility for control of risk management will be delegated to the appropriate level of management within the Company, with the CEO having ultimate responsibility to the Board for the risk management and internal compliance and control framework.
8.1	The Board should have a Remuneration Committee.	The Board does not have a separately constituted Remuneration Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

9. Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information. The Financial Information has been prepared solely for inclusion in the Prospectus and is intended to present to potential investors with information in the pro forma historical financial position of the Company.

9.1 Summarised Financial Information of the Company

This Section contains a summary of the audited historical statement of financial position and statement of profit and loss of the Company as at and for the financial years ended 30 June 2013, 30 June 2014, and 30 June 2015 that the Directors consider relevant to investors. The financial information presented is in an abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Corporations Act.

Company Financial Information	Audited FY ended 30 June 2015 \$	Audited FY ended 30 June 2014 \$	Audited FY ended 30 June 2013 \$
Revenue from continuing operations	42,791	108,106	78,271
Operating Expenses			
Exploration and evaluation write-off	(4,128,436)	(404,233)	(42,070)
Directors fees and benefits expense	(274,000)	(358,883)	(165,700)
Impairment of investment	-	(160,000)	-
Impairment of plant and equipment	(58,212)	-	-
Loss on investment	(30,000)	-	-
Share based payments	-	(185,871)	-
Other expenses	(306,097)	(684,883)	(329,069)
EBITDA	(4,753,954)	(1,685,764)	(458,568)
Depreciation	(18,069)	(11,592)	-
EBIT	(4,772,023)	(1,697,356)	(458,568)
Interest expense	-	-	-
Loss before income tax	(4,772,023)	(1,697,356)	(458,568)
Income tax benefit/(expense)	-	-	-
Loss after tax from continuing operations	(4,772,023)	(1,697,356)	(458,568)
Total assets	752,094	5,512,502	3,298,393
Total liabilities	367,506	461,798	252,127
Net assets	384,588	5,050,704	3,046,266

The audited financial statements (inclusive of significant accounting policies) of the Company for the three financial years ended 30 June 2013, 30 June 2014, and 30 June 2015 are available (free of charge) by request to the Company on +61 8 9486 8237.

9.2 Summarised Financial Information of D13

This Section contains a summary of the audited historical statement of profit and loss and statement of financial position of D13 as at and for the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and reviewed historical statement of profit and loss and statement of financial position as at and for the half year ended 30 June 2015 that the Directors consider relevant to investors. The financial information presented is in an abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Australian Accounting Standards.

D13 Financial Information	Reviewed six months ended 30 June 2015	Audited FY ended 31 December 2014	Audited FY ended 31 December 2013	Audited FY ended 31 December 2012
	\$	\$	\$	\$
Revenue	226,500	334,969	184,757	267,333
Cost of goods sold	(116,510)	(199,333)	(64,027)	(268,816)
Operating Expenses				
Employee benefits expense	-	(2,143)	(23,169)	(10,362)
General and admin expense	(104,940)	(103,841)	(18,990)	(34,910)
License fees and patent expense	(8,767)	(38,838)	(15,190)	(27,904)
Professional fees	(10,127)	(5,850)	(15,530)	(31,615)
Research and development expense	(5,116)	(18,936)	(16)	-
EBITDA	(18,960)	(33,972)	47,835	(106,274)
Depreciation	(590)	-	-	(627)
EBIT	(19,550)	(33,972)	47,835	(106,901)
Interest expense	-	-	-	-
Loss before income tax	(19,550)	(33,972)	47,835	(106,901)
Income tax benefit/(expense)	-	-	-	-
Loss after tax from continuing operations	(19,550)	(33,972)	47,835	(106,901)
Total assets	67,717	64,676	78,529	20,793
Total liabilities	77,081	54,840	35,100	25,021
Net assets/(liabilities)	(9,364)	9,836	43,429	(4,228)

The audited financial statements (inclusive of significant accounting policies) of D13 for the three financial years ended 31 December 2014, 31 December 2013 and 31 December 2012 and

the review financial statement for the half year ended 30 June 2015 are available (free of charge) by request to the Company on +61 8 9486 8237.

Investors should note that D13's business is currently loss making. The D13 business should accordingly should be considered high risk and speculative.

9.3 Historical Financial Statements of the Company

The historical financial information for the Company comprises the historical Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Company for the year ended 30 June 2015, Statement Financial Position as at 30 June 2015 and Statement of Changes in Equity (**Historical Financial Information**).

Corresponding Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Company for the year ended 30 June 2014, Statement Financial Position as at 30 June 2014 and Statement of Changes in Equity have also been presented.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards issued by the Australian Accounting Standards Board.

The Historical Financial Information of the Company as at 30 June 2015 has been derived from the annual financial report of the Company for the year ended 30 June 2015, which has been audited by BDO Audit (WA) Pty Ltd and on which an unmodified limited assurance opinion was issued with an emphasis of matter in respect of material uncertainty regarding the Company's ability to continue as a going concern and the consequential need for the Company to seek additional funding. Comparative financial information for the year ended 30 June 2014 have been audited by BDO Audit (WA) Pty Ltd and on which an unmodified opinion was issued.

Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited FY ended 30 June 2015	Audited FY ended 30 June 2014
	\$	\$
Revenue from continuing operations	42,791	108,106
Exploration and evaluation write-off	(4,128,436)	(404,233)
Depreciation	(18,069)	(11,592)
Directors fees and benefits expense	(274,000)	(358,883)
Impairment of investment	-	(160,000)
Impairment of plant and equipment	(58,212)	-
Loss on investment	(30,000)	-
Share based payments	-	(185,871)
Other expenses	(306,097)	(684,883)
Loss before income tax expense from continuing operations	(4,772,023)	(1,697,356)
Income tax expense	-	-
Loss after income tax expense from continuing operations	(4,772,023)	(1,697,356)
Loss after income tax expense from discontinued operations	(101,119)	-
Loss after income tax for the year	(4,873,142)	(1,697,356)
Attributable to:		
Members of Kunene Resources Limited	(4,679,933)	(1,682,096)
Non-controlling interests	(193,209)	(15,260)
	(4,873,142)	(1,697,356)
Other comprehensive income/loss		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	192,500	(278,763)
Total comprehensive loss for the year	(4,680,642)	(1,976,119)
Attributable to:		
Members of Kunene Resources Limited	(4,485,206)	(1,962,181)
Non-controlling interests	(195,436)	(13,938)
	(4,680,642)	(1,976,119)

Historical Consolidated Statement of Financial Position**Audited
As at
30 June 2015****Audited
As at
30 June 2014**

\$

\$

ASSETS**Current Assets**

Cash and cash equivalents	554,223	1,272,212
Trade and other receivables	177,871	97,372
Total Current Assets	732,094	1,369,584

Non-Current Assets

Trade and other receivables	20,000	20,000
Available for sale financial assets	-	40,000
Plant and equipment	-	75,053
Mining tenements and exploration	-	4,007,865
Total Non-Current Assets	20,000	4,142,918
Total Assets	752,094	5,512,502

LIABILITIES**Current Liabilities**

Trade and other payables	218,255	115,778
Provisions	15,231	-
Other liabilities	134,020	346,020
Total Current Liabilities	367,506	461,798
Total Liabilities	367,506	461,798
Net Assets	384,588	5,050,704

EQUITY

Contributed equity	6,268,964	6,254,438
Reserves	1,361,457	1,168,957
Accumulated losses	(7,179,051)	(2,499,118)
Total Equity attributable to members of Kunene Resources Limited	451,370	4,924,277
Non-controlling interests	(66,782)	126,427
Total Equity	384,588	5,050,704

Historical Consolidated Statement of Changes in Equity	Audited Contributed Equity	Audited Accumulated Losses	Audited Reserves	Audited Non-controlling Interests	Audited Total
	\$	\$	\$	\$	\$
Total equity at 1 July 2013	2,874,438	(817,022)	988,850	-	3,046,266
Loss attributable to members	-	(1,682,096)	-	-	(1,682,096)
Loss attributable to non-controlling interests	-	-	-	(15,260)	(15,260)
Exchange differences on translation of foreign operations	-	-	(278,763)	-	(278,763)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(1,682,096)	(278,763)	(15,260)	(1,976,119)
Transactions with equity holders:					
Non-controlling interests on acquisition of subsidiary	-	-	-	141,688	141,688
Securities issued (net of raising costs)	2,380,000	-	-	-	2,380,000
Convertible notes issued	1,000,000	-	-	-	1,000,000
Cost of share based payments	-	-	458,870	-	458,870
Total equity at 30 June 2014	6,254,438	(2,499,118)	1,168,957	126,428	5,050,705
Total equity at 1 July 2014	6,254,438	(2,499,118)	1,168,957	126,428	5,050,705
Loss attributable to members	-	(4,679,933)	-	-	(4,679,933)
Loss attributable to non-controlling interests	-	-	-	(193,209)	(193,209)
Exchange differences on translation of foreign operations	-	-	192,500	-	192,500
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(4,679,933)	192,500	(193,209)	(4,680,642)
Transactions with equity holders:					
Securities issued (net of raising costs)	14,526	-	-	-	14,526
Total equity at 30 June 2015	6,268,964	(7,179,051)	1,361,457	(66,782)	384,588

9.4 Historical Financial Statements of D13

The historical financial information in this section comprises the historical Statement of Profit or Loss and Other Comprehensive Income of D13 and Statement of Changes in Equity for the half year ended 30 June 2015 and Statement of Financial Position as at 30 June 2015 (**Historical Financial Information**).

Corresponding Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity of D13 for the year ended 31 December 2014 and Statement Financial Position as at 31 December 2014 have also been presented.

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards issued by the Australian Accounting Standards Board.

The Historical Financial Information of D13 as at 30 June 2015 has been derived from the interim financial report of D13 for the half year ended 30 June 2015, which has been reviewed by RSM Australia Partners and on which an unmodified limited assurance conclusion was issued. Corresponding financial information for the year ended 31 December 2014 has been audited by RSM Australia Partners and an unmodified audit opinion was issued.

Historical Statement of Profit or Loss and Other Comprehensive Income	Reviewed Six Months ended 30 June 2015	Audited Year ended 31 December 2014
	\$	\$
Revenue from continuing operations	226,500	334,969
Consulting expenses	(128,029)	(199,333)
Depreciation expenses	(590)	-
Employee benefits expense	-	(2,143)
General and administration expenses	(93,422)	(103,841)
License fees and patent expense	(8,767)	(38,838)
Professional fees	(10,126)	(5,850)
Research and development expense	(5,116)	(18,936)
Loss before income tax expense from continuing operations	(19,550)	(33,972)
Income tax expense	-	-
Loss after income tax for the year	(19,550)	(33,972)
Other comprehensive income/loss		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation	350	379
Total comprehensive loss for the year	(19,200)	(33,593)

Historical Statement of Financial Position

Reviewed As at 30 June 2015	Audited As at 31 December 2014
\$	\$

ASSETS**Current Assets**

Cash and cash equivalents	39,396	5,833
Trade and other receivables	22,308	58,843
Total Current Assets	61,704	64,676

Non-Current Assets

Plant and equipment	6,012	-
Total Non-Current Assets	6,012	-
Total Assets	67,716	64,676

LIABILITIES**Current Liabilities**

Trade and other payables	77,080	54,840
Total Current Liabilities	77,080	54,840
Total Liabilities	77,080	54,840
Net Assets	(9,364)	9,836

EQUITY

Contributed equity	29,258	29,258
Reserves	1,702	1,352
Accumulated losses	(40,324)	(20,774)
Total Equity	(9,364)	9,836

Historical Statement of Changes in Equity	Audited Contributed Equity	Audited Accumulated Losses	Audited Reserves	Audited Total
	\$	\$	\$	\$
Total equity at 1 January 2014	29,258	13,198	973	43,429
Loss for the year	-	(33,972)	-	(33,972)
Other comprehensive income	-	-	379	379
Total comprehensive loss for the year	-	(33,972)	379	(33,593)
Transactions with equity holders	-	-	-	-
Total equity at 31 December 2014	29,258	(20,774)	1,352	9,836

Historical Statement of Changes in Equity	Reviewed Contributed Equity	Reviewed Accumulated Losses	Reviewed Reserves	Reviewed Total
	\$	\$	\$	\$
Total equity at 1 January 2015	29,258	(20,774)	1,352	9,836
Loss for the year	-	(19,550)	-	(19,550)
Other comprehensive income	-	-	350	350
Total comprehensive loss for the year	-	(19,550)	350	(19,200)
Transactions with equity holders	-	-	-	-
Deficiency in equity at 30 June 2015	29,258	(40,324)	1,702	(9,364)

9.5 Pro Forma Statement of Financial Position

A consolidated pro-forma historical statement of financial position as at 30 June 2015 for the Company is presented below.

The pro-forma statement of financial position has been prepared based on audited financial statements as at 30 June 2015, events relating to the Acquisition, the issue of Securities under this Prospectus described below and other subsequent events and the pro forma adjustments described below. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described below, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

Potential investors should read the Investigating Accountant's Report in full before making any investment decision.

		D13	Kunene Resources Limited	Pro Forma Adjustments (Minimum Subscription)	Pro Forma Consolidated (Minimum Subscription)	Pro Forma Adjustments (Maximum Subscription)	Pro Forma Consolidated (Maximum Subscription)
	Note	Historical Reviewed 30-Jun-15	Historical Audited 30-Jun-15		30-Jun-15		30-Jun-15
		\$	\$	\$	\$	\$	\$
ASSETS							
Current Assets							
Cash and cash equivalents	3	39,396	554,223	3,547,333	4,140,952	5,211,385	5,805,004
Trade and other receivables		22,308	177,871		200,179	-	200,179
Total Current Assets		61,704	732,094	3,547,333	4,341,131	5,211,385	6,005,183
Non-Current Assets							
Trade and other receivables		-	20,000		20,000		20,000
Patents		-	-		-		-
Property plant and equipment		6,013	-		6,013		6,013
Total Non-Current Assets		6,013	20,000	-	26,013	-	26,013
Total Assets		67,717	752,094	3,547,333	4,367,144	5,211,385	6,031,196
LIABILITIES							
Current Liabilities							
Trade and other payables		77,081	218,255		295,336		295,336
Provisions		-	15,231		15,231		15,231
Other liabilities		-	134,020		134,020		134,020
Total Current Liabilities		77,081	367,506	-	444,587	-	444,587
Total Non-Current Liabilities		-	-	-	-	-	-
Total Liabilities		77,081	367,506	-	444,587	-	444,587
Net Assets		(9,364)	384,588	3,547,333	3,922,557	5,211,385	5,586,609
EQUITY							
Contributed equity	4	29,258	6,268,964	(609,110)	5,689,112	1,019,555	7,317,777
Other contributed equity – Perf. shares	5	-	-	418,320	418,320	418,320	418,320
Reserves	6	1,702	1,361,457	(1,219,472)	143,687	(1,181,597)	181,562
Accumulated losses	7	(40,324)	(7,179,051)	4,957,595	(2,261,780)	4,955,107	(2,264,268)
Minority interest		-	(66,782)	-	(66,782)	-	(66,782)
Equity		(9,364)	384,588	3,547,333	3,922,557	5,211,385	5,586,609

9.6 Notes to the Pro Forma Adjustments

1. Pro Forma Adjustments and Assumptions

Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of the Historical Financial Information are those of the Company and for Pro Forma Historical Financial Information are those of the accounting acquirer, D13. A preliminary assessment of D13 and the Company's accounting policies adopted in the preparation of the Pro Forma Historical Financial Information has not identified any material differences.

Joint accounting policies of the Company and D13 are jointly referred to as the Group's policies. These are as follows:

(a) Foreign currency translation

(i) *Functional currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency').

The functional currency of the Company is Australian dollars (AU\$).

The functional currency of D13 is United States dollars (US\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(ii) *Presentation currency*

The financial statements are presented in Australian dollars, which is the presentation currency.

Functional currency balances are translated into the presentation currency using the exchange rates at the balance sheet date. Value differences arising from movements in the exchange rate are recognised in other Comprehensive Income

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Impairment of assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and other receivables

Trade and other receivables are stated at their cost less an allowance for impairment of receivables.

(f) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables are generally due for settlement within 30 days.

Collectability of other receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance made for doubtful debts is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue).

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within 'impairment expense'. When a trade or other receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

(g) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually payable within 30 days of recognition.

(h) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(i) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(j) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the historical and pro forma historical statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Share-Based Payments

Where the Group operates equity –settled share-based payment employee share and option schemes, the fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model, which incorporates all market vesting conditions.

The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share-based payment transactions also include transactions where the Group receives goods and services as consideration for equity instruments in the entity. In situations where equity instruments are issued and some or all of the goods and services received by the Group as consideration cannot be specifically identified, the unidentified goods and services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identified goods and services received at the grant date. This is then capitalised or expensed as appropriate.

(l) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(m) Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's

employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Depreciation is calculated over the estimated useful life of the assets as follows:

Plant and equipment – 1 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

License and patent expenses

There is a degree of judgment required in respect of the capitalisation of patent costs and the future commercial application thereof. The directors have adopted a prudent approach and all patent costs are currently expensed until there is more certainty around the commercialisation of the technology.

2. Pro Forma Adjustments and Assumptions

The Pro Forma Historical Financial Information gives effect to the Acquisition of D13 by the Company and the capital raising contemplated under this Prospectus as if they had occurred on the date being presented, being 30 June 2015. Unless specifically described, the Pro Forma Historical Financial Information does not include adjustments for the Company's business occurring after 30 June 2015 that do not relate to the Acquisition or the capital raising contemplated under this Prospectus. The pro forma adjustments are as follows:

- (a) To determine the minimum and maximum subscription, the issue of:
 - i) where only the Minimum Subscription is raised: 40,000,000 Shares at \$0.10 per Share to raise \$4,000,000 (before costs) pursuant to the Capital Raising; and
 - ii) where the Maximum Subscription is raised: 60,000,000 Shares at \$0.10 per Share to raise \$6,000,000 (before costs) pursuant to the Capital Raising;
- (b) Conversion of \$115,000 in accrued directors' benefits into Shares at a deemed price of \$0.01 (4,600,000 Shares in total) and payment of an additional \$45,000 in directors' benefits in cash. These benefits accrue subsequent to the balance sheet date of 30 June 2015 and up to the date of Completion of the Acquisition;
- (c) Additions to contributed equity consist of the following Share issues:
 - i) The issue of 45,000,000 Shares at deemed price of \$0.01 per share to Viaticus (part of the Introducer Securities); and
 - ii) The issue of 20,000,000 Shares at deemed price of \$0.01 per share for the Option Fee Share to Viaticus;
- (d) Additions to other contributed equity consist of the issue of 84,000,000 Performance Shares in the Company at deemed price of \$0.00498 per Performance Share to Viaticus (part of the Introducer Securities);
- (e) Reserve movements account for the below security issues:
 - i) 40,000,000 New Options (exercise price \$0.025 and expiry 5 years from Completion) in the Company at deemed price of \$0.01 per New Option to Viaticus (part of the Introducer Securities);
 - ii) 86,250,000 Performance Rights to Directors and employees at deemed price of \$0.00498 per Performance Right. No value is recognised at grant date due to vesting conditions.
- (f) As consideration for 100% of the shares in D13, the Company will issue 200,000,000 Shares and 200,000,000 Performance Shares to the shareholders of D13. As a result of the share exchange, the former shareholders of D13 will acquire accounting control of the Company. The Acquisition will be accounted for as an asset acquisition via a share based payment. The excess of the estimated fair value of the equity instruments that D13 is deemed to have issued to acquire the Company (the Deemed Consideration), plus the transaction costs (together, the Consideration) over the estimated fair value of the Company's net assets will be recorded as a charge to profit or loss (for the purposes of the pro forma to the accumulated losses). This charge effectively represents the cost of acquiring the listing status of the Company. For the purpose of the pro forma adjustment, the estimated fair value of the equity instruments deemed to be issued by D13 amounts to \$1,097,588, based on the price of \$0.025 agreed between the Company and D13 shareholders and the number of Shares on issue in the Company prior to the issue of the Consideration Shares.

See table below:

Deemed consideration	\$
Valuation per share	0.025
Deemed consideration (43,903,500 shares)	1,097,588

On the assumption that the net assets of the Company are recorded at their fair value after recognising the fair value of the exploration and evaluation assets of the Company as valued by Directors, and the Acquisition occurred on 30 June 2015, the Consideration would be allocated as follows:

Allocation of consideration

	Pro Forma	
	Minimum Subscription \$	Maximum Subscription \$
Deemed consideration	1,097,588	1,097,588
Fair value of net assets of the Company at 30 June 2015	384,588	384,588
Cost of listing status acquired by D13 charged to accumulated losses	713,000	713,000
	1,097,588	1,097,588

- (g) The Company has provided for transaction related costs in this pro forma balance sheet;
(h) Where only the Minimum Subscription is raised, 8,423,250 in New Options will be converted into Shares at an exercise price of \$0.025.

3. Cash and Cash Equivalents

	Pro Forma Historical	
	Minimum Subscription (unaudited) \$	Maximum Subscription (unaudited) \$
Historical Balance of Company	554,223	554,223
Historical Balance of D13	39,396	39,396
<i>Pro Forma Adjustments</i>		
Shares issued pursuant to this prospectus (refer 2 (a))	4,000,000	6,000,000
Options conversion (refer 2 (h))	210,581	-
Acquisition, Public Offer and other share issue costs	(663,248)	(788,615)
Closing balance	4,140,952	5,805,004

4. Contributed Equity – Ordinary Shares

	Pro Forma Historical		Pro Forma Historical	
	Minimum	Maximum	Minimum	Maximum
	Subscription	Subscription	Subscription	Subscription
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	No of Shares	No of Shares	\$	\$
Historical contributed equity - Company	43,903,500	43,903,500	6,268,964	6,268,964
<i>Pro Forma Adjustments</i>				
Shares issued pursuant to this Prospectus (refer 2 (a))	40,000,000	60,000,000	4,000,000	6,000,000
Acquisition of D13 (refer 2 (f))	200,000,000	200,000,000	1,097,588	1,097,588
Fully paid contributed equity – D13	-	-	29,258	29,258
Elimination of Kunene equity – reverse acquisition accounting	-	-	(6,268,964)	(6,268,964)
Issue of Introducer Securities to advisors (refer 2 (c)(i))	45,000,000	45,000,000	450,000	450,000
Issue of Option Fee Shares to advisors (refer 2 (c)(ii))	20,000,000	20,000,000	200,000	200,000
New Options conversion (refer 2 (h))	8,423,250	-	248,456	-
Shares to D13 Lenders	42,000,000	42,000,000	-	-
Shares in lieu of directors' benefits (refer 2 (b))	4,600,000	4,600,000	46,000	46,000
Acquisition, Public Offer and other share issue costs	-	-	(382,190)	(505,069)
Closing balance	403,926,750	415,503,500	5,689,112	7,317,777

5. Other Contributed Equity – Performance Shares

	Pro Forma Historical		Pro Forma Historical	
	Minimum	Maximum	Minimum	Maximum
	Subscription	Subscription	Subscription	Subscription
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	No of Shares	No of Shares	\$	\$
Historical contributed equity - Company	-	-	-	-
<i>Pro Forma Adjustments</i>				
Acquisition of D13 (refer 2 (f))	200,000,000	200,000,000	-	-
Issue of Introducer Securities to advisors (refer 2 (d))	84,000,000	84,000,000	418,320	418,320
Closing balance	284,000,000	284,000,000	418,320	418,320

6. Reserves

	Pro Forma Historical Minimum Subscription (unaudited) \$	Pro Forma Historical Maximum Subscription (unaudited) \$
Options reserve	141,985	179,860
Foreign currency translation reserve	1,702	1,702
	143,687	181,562
Historical reserves - Company	1,361,457	1,361,457
<i>Pro Forma Adjustments</i>		
Elimination of Company's equity	(1,361,457)	(1,361,457)
Acquisition of D13	1,702	1,702
Introducer Securities (New Options) to advisors (refer 2 (e)(i))	179,860	179,860
Exercise of New Options	(37,875)	-
Closing balance	143,687	181,562

a. Share Based Payments Reserve

	Pro Forma Historical Minimum Subscription (unaudited) No of Securities	Pro Forma Historical Maximum Subscription (unaudited) No of Securities	Pro Forma Historical Minimum Subscription (unaudited) \$	Pro Forma Historical Maximum Subscription (unaudited) \$
Historical share based payments reserve - Company				
Options	37,000,000	37,000,000	1,447,720	1,447,720
<i>Pro Forma Adjustments</i>				
<u>Options</u>				
Elimination of Company's equity	(34,900,000)	(34,900,000)	(1,447,720)	(1,447,720)
Introducer Securities (New Options) to advisors (refer 2 (e)(i))	40,000,000	40,000,000	179,860	179,860
Exercise of New Options	(8,423,250)	-	(37,875)	-
Closing balance	33,676,750	42,100,000	141,985	179,860
<u>Performance rights</u>				
Performance Rights to directors and employees (refer 2 (e)(ii))	86,250,000	86,250,000	-	-
Closing balance	86,250,000	86,250,000	-	-

b. Foreign Currency Translation Reserve

	Pro Forma Historical Minimum Subscription (unaudited) \$	Maximum Subscription (unaudited) \$
Historical foreign currency translation reserve - Company	(86,263)	(86,263)
<i>Pro Forma Adjustments</i>		
Elimination of Company's equity	86,263	86,263
Acquisition of D13	1,702	1,702
Closing balance	1,702	1,702

7. Accumulated Losses

	Pro Forma Historical Minimum Subscription (unaudited) \$	Maximum Subscription (unaudited) \$
Historical accumulated losses - Company	(7,179,051)	(7,179,051)
<i>Pro Forma Adjustments</i>		
Elimination of Company's equity	7,245,833	7,245,833
Acquisition of D13	(40,324)	(40,324)
Cost of listing (refer 2 (f))	(713,000)	(713,000)
Issue of Introducer Securities (Shares) to advisors (refer 2 (c)(i))	(450,000)	(450,000)
Issue of Option Fee Shares to advisors (refer 2 (c)(ii))	(200,000)	(200,000)
Issue of Introducer Securities (New Options to advisors (refer 2 (e)(i))	(179,860)	(179,860)
Issue of Introducer Securities (Performance Shares) to advisors (refer 2 (d))	(418,320)	(418,320)
Shares in lieu of directors' benefits (refer 2 (b))	(46,000)	(46,000)
Costs associated with Transaction	(281,058)	(283,546)
Closing balance	(2,261,780)	(2,264,268)

8. Subsequent Events

The Pro Forma statement of financial position does not account for ordinary operating income or expenditure of the Company or D13 subsequent to 30 June 2015.

Subsequent to 30 June 2015, D13 was provided a loan of \$1,050,000 for working capital. Subject to the successful completion of the Acquisition, this loan will be assigned to the Company and will be redeemed via the issue of 42,000,000 Shares at \$0.025 per Share.

The Directors are not aware of any other subsequent events which would materially impact on the financial position of the Company or D13.

10. Investigating Accountant's Report

RSM Financial Services Australia Pty Ltd

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18 November 2015

The Directors
Kunene Resources Limited
Level 1, 6 Thelma Street
West Perth WA 6005

Dear Directors

Independent Limited Assurance Report (IAR) on Kunene Resources Limited pro forma historical financial information and historical financial information of Department 13 LLC

We have been engaged by Kunene Resources Limited (Kunene or the Company) to report on the historical financial information of Department 13 LLC (D13) for the 6 months ended 30 June 2015, and financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and pro forma historical financial information of Kunene as at 30 June 2015 for inclusion in a prospectus to be dated on or about 18 November 2015 and relating to the offer of 40,000,000 new shares in Kunene to raise \$4.0 million (the Prospectus). The directors have also resolved to accept up to \$2.0 million in oversubscriptions.

The Prospectus also contains an offer to issue:

- 200,000,000 new Kunene shares and 200,000,000 Kunene Class A performance shares to D13 members in consideration for the acquisition of all of their D13 Shares;
- 42,000,000 new Kunene shares to the D13 creditors in satisfaction of the loan provided under a loan agreement; and
- 65,000,000 new Kunene shares, 84,000,000 Kunene Class A performance shares and 40,000,000 options to advisers.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001* (the Act). RSM Financial Services Australia Pty Ltd (RSMFSA) holds the appropriate AFSL under the Act.

Expressions and terms defined in the Prospectus have the same meaning in this IAR.

Scope*Historical financial information*

You have requested RSMFSA to review the following historical financial information of D13 included in the Prospectus:

The Summarised Financial Information of D13 which includes:

- a summary of financial performance for the 6 months ended 30 June 2015 and the years ended for the years ended 31 December 2014, 31 December 2013 and 31 December 2012; and
- a summary of total assets and total liabilities as at 30 June 2015, 31 December 2014, 31 December 2013, and 31 December 2012.

The Historical Financial Statements of D13 which includes:

- the historical statement of profit and loss and other comprehensive income for the six months ended 30 June 2015 and the year ended 31 December 2014;
- the historical statement of financial position as at 30 June 2015 and 31 December 2014; and

- the historical statement of changes in equity for the six months ended 30 June 2015 and the year ended 31 December 2014

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards (AAS) and the company's adopted accounting policies. The historical financial information has been extracted from the financial reports of D13 for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 which were audited by RSM Australia Partners (RSMAP) in accordance with the Australian Auditing Standards; and for the 6 months ended 30 June 2015, which were reviewed by RSMAP in accordance with the Auditing Standard on Review Engagements 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (the D13 financial reports).

RSMAP issued an unmodified review conclusion for the 6 months ended 30 June 2015 and unmodified audit opinion on the financial statements for the years ended 31 December 2012, 31 December 2013 and 31 December 2014

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS applicable to general purpose financial reports prepared in accordance with the Act.

Pro forma historical financial information

You have requested RSMFSA to review the pro forma historical Statement of Financial Position of Kunene as at 30 June 2015 referred to as 'the pro forma historical financial information'.

The pro forma historical financial information has been derived from:

- the Statement of Financial Position as at 30 June 2015, extracted from the audited financial statements of Kunene for the year ended 30 June 2015 (the historical Statement of Financial Position); and
- the pro forma adjustments applied to the historical Statement of Financial Position to illustrate the effect of events and transactions as described in section 9.5 of the Prospectus.

The historical financial information of Kunene was audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards.

The audit opinion for Kunene for the year ended 30 June 2015 included an emphasis of matter in respect of material uncertainty regarding the Company's ability to continue as a going concern and the consequential need for the Company to seek additional funding.

The stated basis of preparation is the recognition and measurement principles contained in AAS applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 9.3 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of Kunene are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of Kunene and D13's work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in section 9.5 of the Prospectus; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

A review is substantially less in scope than an audit conducted in accordance with the AAS and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 9.2 and section 9.4 of the Prospectus, and comprising:

The summary of Summarised Financial Information which includes:

- a summary of financial performance for the 6 months ended 30 June 2015 and the years ended for the years ended 31 December 2014, 31 December 2013 and 31 December 2012.
- a summary of total assets and total liabilities as at 30 June 2015, 31 December 2014, 31 December 2013, and 31 December 2012.

The Historical Financial Statements of D13 which includes:

- the historical statement of profit and loss and other comprehensive income for the six months ended 30 June 2015 and the year ended 31 December 2014;
- the historical statement of financial position as at 30 June 2015 and 31 December 2014; and
- the historical statement of changes in equity for the six months ended 30 June 2015 and the year ended 31 December 2014

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 9.2 and section 9.4 of the Prospectus.

Pro forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information being the Statement of Financial Position as at 30 June 2015 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 9.5 of the Prospectus.

Restriction on use

Without modifying our conclusions, we draw attention to section 9 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSMFSA has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSMFSA has not authorised the issue of the Prospectus. Accordingly, RSMFSA makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Declaration of interest

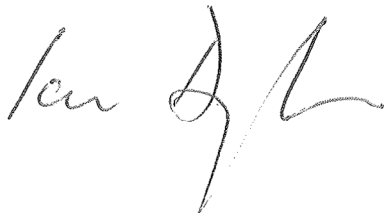
RSMFSA does not have any interest in the outcome of this transaction other than the preparation of this assurance report for which normal professional fees will be received. RSMAP is the independent auditor of D13.

Financial Services Guide (FSG)

We have included a FSG as Appendix A to this IAR. The FSG is designed to assist retail clients with any general financial product advice in our IAR

Yours faithfully

RSM Financial Services Australia Pty Ltd

A handwritten signature in black ink, appearing to read 'Ian Douglas'.

Ian Douglas

Director

RSM Financial Services Australia Pty Ltd

Appendix A - Financial services guide (FSG)

RSM Financial Services Australia Pty Ltd - ABN 22 009 176 354 & AFSL 238 282 (RSMFSA or we or us or ours as appropriate) - has been engaged to provide general financial product advice in the form of an independent limited assurance report (the IAR or report) to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a FSG. This FSG is designed to help retail clients make a decision as to their use of our services and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing to you under our Australian Financial Services Licence (AFSL) - No 238282;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

Financial services we will provide

For the purpose of our report and this FSG, the financial service which we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing various different financial services. However in respect of the financial services being provided to you by us, fees will be agreed with, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis.. You will not pay to us any fees for our services; the Company will pay our fees. These fees are \$25,000.

Of the fee we receive RSMFSA will retain 5% for the provision of licensing services and transfer 95% to RSM Australia Pty Limited (RSM Australia). For example if RSMFSA were to be paid \$10,000, we would retain \$500 and pay \$9,500 to RSM Australia.

Except for the fees referred to above, neither RSMFSA, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All of our employees who provide or provided services in relation to the financial services being provided to you receive a salary. However, other employees of RSMFSA and its related entities may be remunerated in other ways, such as salaries with the entitlement to earn a bonus, depending on meeting revenue, compliance and marketing targets throughout any given financial year. Such other remuneration structures are not relevant to the financial services being provided to you.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSMFSA is wholly owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners (RSMAP).

From time to time, RSMFSA, RSMAP, RSM Australia and / or RSM related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an AFSL, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSMFSA, PO Box R1253, Perth, WA, 6844, +61 (0) 8 9261 9100

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to external dispute resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of the IAR to which this FSG is attached.

11. Patent Report

18 November 2015

Kunene Resources Limited
L1, 6 Thelma Street
West Perth, WA 6005
Australia

Re: Intellectual Property Report Concerning
Department 13, LLC / Genghiscomm Holdings, LLC

Dear Sirs:

This Report has been prepared for inclusion in a Prospectus to be issued by
Kunene Resources Limited.

We have been requested to report on the present status of certain patents, patent
applications, trademarks, trademark applications, and licenses in the name of
Department 13, LLC / Genghiscomm Holdings, LLC (the "Assets").

1.0 Contents

Section 2.0 sets out a brief overview of the intellectual property portfolio of
Department 13, LLC / Genghiscomm Holdings, LLC, and a summary of the Assets
described in this Report.

Section 3.0 provides general comments on patent protection, patent procedures,
and requirements for patentability.

Section 4.0 provides general comments regarding potential limitations of patent protection.

Section 5.0 describes the patents and patent applications in the name of Department 13, LLC / Genghiscomm Holdings, LLC.

Section 6.0 describes describes the inter-company license between Department 13, LLC and Genghiscomm Holdings, LLC.

Section 7.0 provides a disclaimer and describes limitations of this Report.

Section 8.0 provides a statement of independence regarding preparation of this Report.

2.0 Overview

Department 13, LLC / Genghiscomm Holdings, LLC have certain patents and patent applications upon which we have been requested to report.

The patents and patent applications have not been handled by us or on our instructions.

Accordingly, we have relied upon other sources in providing this Report. In particular, we have relied upon information provided by Steven Shattil, as well as information publicly accessible through online records of the United States Patent and Trademark Office ("USPTO").

2.1 Patents and Patent Applications

The Department 13, LLC / Genghiscomm Holdings, LLC patent portfolio comprises eight issued U.S. patents, eleven pending U.S. patent applications, and two pending U.S. provisional patent application. Particulars of these patents and applications are as follows:

Issued Patents

Title	Serial Number	Filing Date	Patent No.	Grant Date
Distributed Wireless Communications for Tactical Network Dominance	12/103,983	16-Apr-08	8,254,847	28-Aug-12
LPI/LPD Communication Systems	13/757,032	1-Feb-13	8,929,550	6-Jan-15
Cooperative Beamforming in Wireless Networks	11/187,107	22-Jul-05	8,670,390	11-Mar-14
Cooperative Wireless Networks	12/545,572	21-Aug-09	8,750,264	10-Jun-14
Cooperative Wireless Networks	14/276,309	13-May-14	9,048,897	2-Jun-15
Cooperative Wireless Networks	14/275,161	12-May-14	9,042,333	26-May-15
Cooperative Wireless Networks	14/511,585	10-Oct-14	9,136,931	15-Sep-15
Cooperative Subspace Multiplexing in CDNs	14/168,442	30-Jan-14	8,942,082	27-Jan-15

Pending Applications

Title	Serial Number	Filing Date	Pub No.
Method and Apparatus for Fast Prototyping of Wireless Transceivers	13/116,984	26-May-11	2011/0292976
Sharing Resources Between Wireless Networks	14/498,499	26-Sep-14	2015/0009945
Intrusion Detection and Radio Fingerprint Tracking	14/109,928	17-Dec-13	Not Published
Cooperative Subspace Multiplexing in Comm Nets	14/164,253	26-Jan-14	2014/0140188
Cooperative Subspace Demultiplexing in Comm Nets	14/164,254	27-Jan-14	2014/0140189
Cooperative Subspace Demultiplexing in	14/168,466	30-Jan-14	2014/0146924

CDNs			
Cloud Radio Access Network	14/709,936	12-May-15	2015/0244430
Cooperative Wireless Networks	14/727,769	1-Jun-15	2015/0263835
Coordinated Multipoint Systems	14/733,013	8-Jun-15	Not Published
Distributed Radio System (Hardware & Software)	14/789,949	1-Jul-15	Not Published
Airborne Relays in Cooperative-MIMO Systems	62/197,336	30-Jul-15	Not Published
LPI/LPD Communication Systems	14/937,518	10-Nov-15	Not Published
Unmanned Aerial Vehicle Intrusion Detection and Countermeasures	62/233,982	28-Sep-15	Not Published

We have confirmed details of the above-referenced patents and published pending applications through the USPTO Public PAIR database where available. For the patent applications not yet published, we relied on information provided by the patent owner.

We are not aware of any counterpart patents or patent applications for any of the above in any other jurisdictions.

2.2 Trademarks and Trademark Applications

A review of the public databases maintained by the USPTO did not reveal any registered trademarks or pending trademark applications in the name of Department 13, LLC / Genghiscomm Holdings, LLC.

2.3 Licenses

A Patent License Agreement, effective 1 Oct. 2015, exists between Genghiscomm Holdings, LLC and Department 13, LLC, pursuant to which Department 13, LLC is a

exclusive licensee with respect to U.S. Patents 8,670,390, 8,750,264, 8,942,082, 9,048,897, 9,042,333, and 9,136,931; U.S. patent application nos. 13/116,984, 14/109,928, 14/164,253, 14/164,254, 14/168,466, 14/498,499, 14/727,769, 14/709,936, 14/733,013, 14/789,949, and 62/197,336; and any patents issuing on said applications.

3.0 Patent Protection, Patent Procedures and Requirements for Patentability

Patent rights constitute an important component of intellectual property, and provide a statutory monopoly for new (novel), non-obvious (inventive) and useful inventions for a limited period. Patents may be granted in respect of new or improved products, compositions and processes in almost all areas of current scientific, commercial and industrial activities.

Patent rights are essentially national rather than trans-national and a patent must be obtained in each country where protection of an invention is required. A fundamental requirement of the patent system is that the invention be “new” at the time of filing a patent application. Newness in this sense is judged in relation to what was publicly known or used at the date of the application. Another requirement is for a non-obvious advance over what was previously known. This means that patent protection cannot be obtained for developments which would be obvious to a person of ordinary skill in the art given the state of the art. A further requirement is that the invention must be suitable subject matter for a patent. For example, patent protection is not available for so-called “laws of nature,” natural phenomena, and abstract ideas.

In the present case, Department 13, LLC / Genghiscomm Holdings, LLC have only U.S. patent and patent applications, therefore set out below is a broad outline of

patent procedures with a U.S. focus.

In circumstances where a technological innovation has been identified, the inventors may act to file a patent application. The initial filing may be in the form of a provisional patent application or a non-provisional patent application. Where the innovation is deemed to be complete and no further development is anticipated in the near future, it is often the case that a non-provisional patent application is filed. However, where further development is expected in the near term, it may be that a provisional application covering the initial innovation is filed in the first instance. The provisional application can be used to establish an initial priority date and can provide a cost-effective way of commencing the patenting process. As further developments arise, one or more subsequent provisional patent applications can be filed. These developments can later be consolidated in one or more non-provisional applications, filed before expiration of the provisional applications.

Strategies involving both provisional applications and non-provisional applications as the first instance application have been implemented in the Department 13, LLC / Genghiscomm Holdings, LLC patent portfolio, as will be explained below.

Within 12 months of filing a provisional application, it is necessary to advance the patent process to the next stage. The strategy adopted for that next stage is dependent upon the type of patent protection required and the countries of interest. If patent protection is required in only the United States, all that may be necessary is to file a U.S. non-provisional patent application at the USPTO. If, on the other hand, patent protection is required internationally, consideration may be given to filing an international application under an arrangement known as the Patent Cooperation Treaty (PCT). An international application under the PCT comprises a single application covering a multitude of PCT member states. It is important to note that the international application does not lead to grant of an

international patent. Rather, it provides a cost-effective way of filing a single application covering a multitude of countries. It is later necessary to advance the international application to what is known as national and regional phases, which effectively constitute separate patent applications in each of the jurisdictions concerned. Each jurisdiction then will consider the patent application on its merits and make its own decision as to whether or not a patent is granted.

As alluded to above, within 12 months of the first-filed provisional application, it is necessary to file a non-provisional patent application, which would typically incorporate all of the subject matter of the earlier provisional application(s), or alternatively particular subject matter of interest. In the United States, absent special circumstances and/or additional filing fees, non-provisional applications are typically examined in the order in which they are filed. Currently, there can be a delay of up to three years after filing before examination commences.

Once examination does begin, a patent examiner considers the application to make an assessment as to whether the application satisfies a prescribed requirement that it be directed to one invention only. If the examiner forms the view that the application covers more than one invention, the examiner may require that the application be restricted to claims relating to one particular invention. The patent applicant is then required to elect which invention and its associated claims is to be the subject of patent examination. The other inventions, which are not elected to be part of the examination process, can be pursued by way of further applications known as divisional applications. The examiner then proceeds to search the invention defined by the claims as filed in cases where there was no requirement for restriction, or the invention as defined by the elected claims when a restriction was required.

Once the search is complete, the examiner typically issues an examination report which is known as an Office Action. This commences a process which is commonly

referred to as prosecution of the patent application.

The first Office Action presents the findings of the examination process with respect to patentability of the invention defined by the claims of the patent application. Common rejections are that the claimed invention lacks novelty or is obvious in view of prior art of which the Examiner is aware. There is then a period of time (typically three months, extendible for a further three months) within which the applicant may respond to the Office Action. If no response is timely submitted, the application will lapse.

Once a response to the first Office Action has been filed, the response is considered by the examiner. It may be that the examiner allows the application, or alternatively issues a further Office Action. Depending on the circumstances, the new Office Action may or may not administratively close prosecution of the patent application (e.g., in the form of what is known as final Office Action). When a final Office Action issues, there are restrictions regarding the ways in which the application can be advanced. One option for advancing the application is to prepare an additional amendment in an endeavor to overcome the examiner's rejection. Sometimes, an interview with the examiner is arranged, prior to submitting a response to the final Office Action. Another option is to file a Request for Continued Examination (RCE). This option re-open the patent prosecution process, and allow further amendments and argument to be submitted in an endeavor to obtain allowance. An appeal process within the USPTO is also available.

Under U.S. patent practice, a patent applicant is obligated to disclose to the USPTO all non-cumulative, material prior art (e.g., other issued patents, published patent applications, scientific journal articles, books, magazine articles, or any other published material, irrespective of the country or language in which the published material was made) of which the applicant is aware. Materiality, in this sense, is

established if the information established, by itself or in combination with other information, a prima facie case of unpatentability of a patent claim, or if it refutes or is inconsistent with a position taken by the applicant in asserting patentability of a claim or refuting an examiner's arguments of unpatentability of a claim.

If a patent applicant knowingly or intentionally fails to submit prior art to the USPTO, then any patent that later issues from the patent application may be declared unenforceable. Furthermore, the duty to submit such relevant information to the USPTO lies not only on the applicant or inventor, but also on any patent attorney or other legal staff employed by the applicant. This is known as the "duty of candor." Submissions made in order to comply with an applicant's duty of candor are usually made in an Information Disclosure Statement ("IDS").

The process of Office Action – Applicant Response – Office Action can continue indefinitely until the application is allowed, the applicant abandons the application, or the applicant initiates the appeal process. A complete description of all possible avenues of prosecution is beyond the scope of this Report, however, following allowance it is necessary to pay an issue fee for a patent to issue.

Any divisional application(s), continuation application(s), or continuation-in-part application(s) needs to be filed before issuance of the patent.

A continuation application is an application which continues on from an earlier application (known as the parent application) and which contains the same subject matter. It is often filed to maintain patent rights, and provide a further opportunity to address examiner's rejections and/or seek additional claims.

A continuation-in-part application (CIP) is similar to a continuation application, but with some additional subject matter included in the application. A CIP application claims priority from the previously-filed parent application insofar as common

subject matter is concerned. New subject matter receives a priority date corresponding to the CIP application filing date. A CIP application provides a way of addressing improvements or developments after the parent patent application was filed.

Strategies involving CIP applications have been implemented in the Department 13, LLC / Genghiscomm Holdings, LLC patent portfolio, as will be explained below.

The term of a continuation application or a CIP application corresponds to the term available for the parent patent application. In other words, a continuation application and a CIP application do not provide opportunities to extend the maximum term of 20 years which would otherwise be available through the parent application.

4.0 Potential Limitations of Patent Protection

There can be no assurance that each of the patent applications set out in Section 5.0 will result in the grant of a patent, or that the scope of protection provided by any granted patent will be identical to the scope of the application as originally filed or currently pending.

Additionally, in the United States, an opportunity is provided for third parties to challenge the validity of a patent at any time during its term. To this end, it should be noted that the grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid then the patent is unenforceable. For example, relevant prior disclosures may be discovered that were not raised during examination, which may limit the scope of patent protection sought, perhaps to a very narrow field.

Further, it should also be noted that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that working of a patented invention is prevented by the existence of another patent.

5.0 The Patents and Patent Applications

This Report summarizes the status of certain patents and patent applications in the name of Department 13, LLC / Genghiscomm Holdings, LLC., as identified in Section 2.0.

5.1 U.S. Patent 8,254,847

U.S. Patent 8,254,847 (the "'847 patent") was filed 16 April 2008, and names Robi Sen as the sole inventor. For convenience, the abstract of the '847 patent is set out below.

Ad-hoc networks employing cooperative signal processing are configured for detecting, identifying, and visualizing radio communication networks used by an adversary, such as enemy combatants or criminals. These networks are further configured for performing a non-passive tactical response to an adversary's communication capabilities. Such ad-hoc networks are particularly useful for identifying radio communication resources, establishing radio links, and subverting an adversary's communication capabilities in environments lacking available communication infrastructure, including battlefield environments, and locations where communication infrastructure is non-existent or has been compromised by natural disasters or terrorists attacks.

This abstract is provided for information purposes only and does not necessarily reflect the scope of patent rights.

The '847 patent is currently in force and, provided all maintenance fees are paid, will remain in force until 29 June 2031. The 3½-year maintenance fee for the '847 patent is currently payable until 30 April 2016. Thereafter, the fee may still be paid along with a surcharge. If the maintenance fee is not paid by 28 August 2016, the patent will lapse.

The '847 patent is presently assigned to Department 13, LLC, 510 Princess Anne St., Ste. 200, Fredericksburg, VA 22401.

During prosecution, the examiner had issued rejections of the claims in view of the combined teachings of Gelvin et al., U.S. Pat. 7,020,0701 and Culpepper et al., U.S. Pat. 7,750,801, however, noted that the prior art did not teach or suggest a tactical network dominance method that included, *inter alia*, dynamically reconfigurable assessment, determination, or execution of a non-passive tactical response targeting an external radio communication link based on transceiver location, historical value ranges, or recent measurements. When the claims were amended to include this feature, the patent was allowed.

During prosecution, no IDS submissions were made by the applicant; Mr. Shattil has confirmed that this was because the applicant was not aware of any material prior art.

5.2 U.S. Patent No. 8,929,550

U.S. Patent 8,929,550 (the "'550 patent") was filed 1 Feb. 2013, and names Steve Shattil and Robi Sen as co-inventors. For convenience, the abstract of the '550

patent is set out below.

A node in a first network requests a communication channel from a second network. Upon receiving a channel assignment, nodes in the first network employ the assigned channel for communicating in a manner that is transparent to the second network. A transmitting node selects a decoy data signal as a carrier signal, synthesizes data-bearing channel distortions; and distorts the carrier signal with the channel distortions prior to transmission. An undistorted version of the decoy data may be transmitted to an intended receiver. The receiver distinguishes between the synthesized data-bearing channel distortions and natural channel distortions to decrypt the data. In a MIMO system, the transmitter generates a MIMO precoding matrix from a message to be sent to the receiver and multiplies the decoy data signal vector with the MIMO precoding matrix.

The '550 patent is currently in force and, provided all maintenance fees are paid, will remain in force until 5 July 2033. The 3½-year maintenance fee for the '847 patent is due 6 July 2018.

The '550 patent has been assigned by inventor Steve Shattil to Department 13, LLC, 510 Princess Anne St., Ste. 200, Fredericksburg, VA 22401. Mr. Shattil advises that inventor Robi Sen has executed an assignment of this patent and that the assignment will be recorded with the USPTO in due course.

During prosecution of the '550 patent, the examiner issued a restriction requirement with respect to the claims. Claims that were not elected for prosecution in the application that became the '550 patent were later presented in U.S. Application 14/498,499, discussed below. No substantive rejections in view of the prior art were made by the examiner before allowing the claims of the '550 patent.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.3 U.S. Patent No. 8,670,390

U.S. Patent 8,670,390 (the "'390 patent") was filed 22 July 2015, and names Steve Shattil as the sole inventor. For convenience, the abstract of the '390 patent is set out below.

A beam-forming system comprises a cooperative array of wireless terminals coupled to at least one wireless wide area network (WWAN) and communicatively coupled to a wireless local area network (WLAN) configured to provide information exchanges between the wireless terminals. A cooperative beam-forming system employing the WLAN provides antenna-array processing benefits (such as frequency reuse, interference rejection, array-processing gain, antenna-switching diversity) to the individual wireless terminals. A network access operator facilitates network control functionality between the WWAN and the cooperative array of wireless terminals.

The '390 patent claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

The '390 patent is currently in force and, provided all maintenance fees are paid, will remain in force until 19 Aug. 2024. The 3½-year maintenance fee for the '847 patent is due 11 Sep. 2017.

The '390 patent has been assigned by inventor Steve Shattil to Genghiscomm Holdings, LLC, 1942 Broadway St., Ste. 314C, Boulder, CO 80302.

During prosecution of the '390 patent, the examiner requested a technical overview of directional beam-forming and subspace processing. Upon presenting such a description in connection with arguments for patentability of the claims, the examiner allowed the claims over the combined teachings of Sivaprakasam, U.S. Pat. 6,785,513, Kotzin, U.S. PGPUB 2003/0026222, and Walton et al., U.S. Pat.

6,662,024.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.4 U.S. Patent No. 8,750,264

U.S. Patent 8,750,264 (the "264 patent") was filed 21 Aug. 2009, and names Steve Shattil as the sole inventor. For convenience, the abstract of the '264 patent is set out below.

A wireless local area network (WLAN) communicatively couples together a group of mobile wireless terminals configured to operate in a wireless wide area network (WWAN). A network-management operator processes WWAN-control messages used by the mobile wireless terminals and the WWAN. One or more of the mobile wireless terminals may function as the network-management operator.

The '264 patent is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

The '264 patent is currently in force and, provided all maintenance fees are paid, will remain in force until 24 Mar. 2023. The 3½-year maintenance fee for the '847 patent is due 11 Dec. 2017.

The '264 patent has been assigned by inventor Steve Shattil to Genghiscomm Holdings, LLC, 1942 Broadway St., Ste. 314C, Boulder, CO 80302.

During prosecution of the '264 patent, a telephone interview between the

examiner and Mr. Shattil took place and resulted in allowance of the claims. As part of the interview, the claims were amended to recite their present subject matter and the examiner remarked that these amendments, along with the arguments raised by the applicant, demonstrated the patentability of the claims over the prior art. In particular, the inclusion of limitations directed to

selecting a plurality of mobile wireless terminals to perform cooperative subspace processing, wherein each of the plurality of mobile wireless terminals provides an insufficient number of linearly independent combinations of wireless wide area network (WWAN) signals to enable demultiplexing the WWAN signals, wherein the plurality of the mobile wireless terminals provides a vector comprising a plurality of linearly independent combinations of WWAN signals expressed by $y=Hx+u$, where H is a matrix of coefficients, x is a vector comprising the WWAN signals and u denotes noise, wherein the plurality of the mobile wireless terminals is selected to provide H with a sufficient rank to enable demultiplexing the WWAN signals; and generating subspace array processing weights and combining the linearly independent combinations of WWAN signals for demultiplexing the WWAN signals

were found sufficient to patentably distinguish the claims.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.5 U.S. Patent No. 9,048,897

U.S. Patent 9,048,897 (the "897 patent") was filed 13 May 2014, and names Steve Shattil as the sole inventor. For convenience, the abstract of the '897 patent is set out below.

A cooperative multi-user multiple input, multiple output (MIMO) system coordinates spatially distributed network transceiver nodes for communicating with wireless client devices. A MIMO processor

pre-codes data for transmission from the network transceiver nodes, wherein the pre-coding comprises subspace coding derived from channel measurements between the network transceiver nodes and the wireless client devices. A network controller coordinates the network transceiver nodes to transmit simultaneous non-interfering channels within a common frequency to the wireless client devices such that each client device receives a subspace-coded transmission from each of the network transceiver nodes. The client devices and/or the network transceiver nodes may be selected based on channel state information and/or measured channel quality.

The '897 patent is a continuation of U.S. Application 12/545,572, filed 21 Aug. 2009, now U.S. pat. 8,705,264, which is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

The '897 patent is currently in force and, provided all maintenance fees are paid, will remain in force until its expiration. During prosecution of the '894 patent, a terminal disclaimer with respect to U.S. Application 14/275,161, now U.S. Pat. 9,042,333, discussed below, was filed. Among other things, a terminal disclaimer shortens the term of a later-filed patent to that of an earlier-filed patent. Furthermore, the later filed patent and the earlier filed patent must be, and remain, commonly owned, otherwise the later-filed patent will immediately lapse. Terminal disclaimers are commonly filed when the claims of a later-filed patent are deemed to be obvious in view of an applicant's earlier-filed patent. In this case, therefore, provided all maintenance fees are timely paid, and the two remain commonly-owned, the '897 patent will expire on the same day as U.S. Pat. 9,042,333 (14 May 2022). The 3½-year maintenance fee for the '847 patent is due 3 Dec. 2018.

The '897 patent has been assigned by inventor Steve Shattil to Genghiscomm

Holdings, LLC, 1942 Broadway St., Suite 314C, Boulder, CO 80302.

There were no substantive prior art rejections of any of the claims of the '897 patent raised by the examiner.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.6 U.S. Patent No. 9,042,333

U.S. Patent 9,042,333 (the "333 patent") was filed 12 May 2014, and names Steve Shattil as the sole inventor. For convenience, the abstract of the '333 patent is set out below.

A cooperative multi-user multiple input, multiple output (MIMO) system coordinates spatially distributed transceiver stations for communicating with wireless client devices. The system comprises a network interface communicatively coupled to the transceiver stations via a backhaul network, which may comprise a wireless local area network. A MIMO processor pre-codes NR original data streams to generate NT subspace-coded data streams, wherein each subspace-coded data stream comprises a linear combination of at least some of the original data streams. NT may denote a number of transmitting antennas, and NR may denote a number of receiving antennas. A network controller conveys the subspace-coded data streams to the transceiver stations via the backhaul network and coordinates the simultaneous transmission of the subspace-coded data streams over wireless links to the wireless client devices. The pre-coding causes the transmissions to coherently combine at a first wireless client device to produce at least a first data stream while suppressing inter-user interference from at least a second data stream intended for at least a second wireless client device. The client devices and/or the transceiver stations may be selected based on channel state information and/or measured channel quality.

The '333 patent is a continuation of U.S. Application 12/545,572, filed 21 Aug. 2009, now U.S. Pat. 8,750,264, which is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

The '333 patent is currently in force and, provided all maintenance fees are paid, will remain in force until 14 May 2022. The 3½-year maintenance fee for the '847 patent is due 26 Nov. 2018.

The '333 patent has been assigned by inventor Steve Shattil to Genghiscomm Holdings, LLC, 1942 Broadway St., Suite 314C, Boulder, CO 80302.

During prosecution of the '333 patent, a telephone interview between the examiner and Mr. Shattil took place and resulted in allowance of the claims. As part of the interview, the claims were amended to recite their present subject matter. There were no substantive rejections of the claims based on any prior art.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.7 U.S. Patent No. 9,136,931

U.S. Patent 9,136,931 (the "931 patent") was filed 10 Oct. 2014, and names Steve Shattil as the sole inventor. For convenience, the abstract of the '931 patent is set out below.

A cooperative multi-user multiple input, multiple output (MIMO) system coordinates wireless client devices to provide cooperative

uplink transmissions. A group of wireless client devices is selected based on their channel state information such that their uplink transmissions are uncorrelated. All of the client devices in the group transmit data on the same set of OFDM subcarriers. Channel state information is also communicated to at least one base transceiver along with the data. The channel state information may be measured by the wireless client devices, or the channel state information may be determined from pilot tones transmitted by the wireless client devices and received by at least one base transceiver. A cooperative-MIMO processing system communicatively coupled to at least one base transceiver processes the received uplink transmissions and the channel state information to separate received interfering signals via subspace de-multiplexing.

The '931 patent is a continuation-in-part of U.S. Application 14/276,309, filed 13 May 2014, now U.S. Pat. 9,048,897, which is a continuation of U.S. Application 12/545,572, filed 21 Aug. 2009, now U.S. Pat. 8,750,264, which is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

The '931 patent is currently in force and, provided all maintenance fees are paid, will remain in force until its expiration. During prosecution of the '931 patent, a terminal disclaimer with respect to U.S. Application 14/275,161, now U.S. Pat. 9,042,333, and U.S. Application 14/276,309, now U.S. Pat. 9,048,897, was filed. Therefore, provided all maintenance fees are timely paid, and the three patents remain commonly-owned, the '931 patent will expire on the same day as U.S. Pat. 9,042,333 (14 May 2022). The 3½-year maintenance fee for the '931 patent is due 15 Mar. 2019.

The '931 patent has been assigned by inventor Steve Shattil to Genghiscomm Holdings, LLC, 1942 Broadway St., Suite 314C, Boulder, CO 80302.

During prosecution of the '931 patent, a telephone interview between the

examiner and Mr. Shattil took place and resulted in allowance of the claims. As part of the interview, the claims were amended to recite their present subject matter. In particular, the feature of using distributed computing for pre-coding downlink transmissions or calculating pre-coding weights for downlink signals was added to the claims to overcome prior art rejections raised by the examiner in view of Walton, U.S. Pat. 7,020,110 and Walton and Ketchum, U.S. Pat. 7,197,084.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.8 U.S. Patent No. 8,942,082

U.S. Patent 8,942,082 (the "082 patent") was filed 30 Jan. 2014, and names Steve Shattil as the sole inventor. For convenience, the abstract of the '082 patent is set out below.

A source node selects a plurality of original data components to transfer to at least one destination node. A plurality of transmitting nodes cooperatively encodes the original data components to generate a plurality of subspace coded components and a corresponding code matrix. Each of the transmitting nodes transmits a subset of the plurality of subspace coded components and corresponding code matrix, wherein at least one of the transmitting nodes has a rank that is insufficient for decoding the plurality of subspace coded components. A destination node may employ a plurality of receiving nodes to cooperatively receive a plurality of subspace coded components and their corresponding code vectors, wherein the rank of at least one of the receiving nodes is insufficient for decoding the coded components. The destination node builds up the dimension of the subspace spanned by code vectors it collects from the receiving nodes so it can decode the coded components.

The '082 patent is a continuation-in-part of U.S. Application 11/187,107, filed 22 Jul.

2005, now U.S. Pat. 8,670,390, which claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

The '082 patent is currently in force and, provided all maintenance fees are paid, will remain in force until 14 May 2022. The 3½-year maintenance fee for the '082 patent is due 27 Jul. 2018.

The '082 patent has been assigned by inventor Steve Shattil to Genghiscomm Holdings, LLC, 1942 Broadway St., Suite 314C, Boulder, CO 80302.

The claims of the '082 patent were allowed without comment or rejection by the USPTO examiner.

During prosecution, the applicant provided an IDS submission to identify prior art.

5.9 US Patent Application 13/116,984

US Patent Application 13/116,984 (the "'984 application") was filed 26 May 2011 by inventors Robi Sen and Ian Starnes, and claims priority to U.S. Provisional Application 61/349,097, filed 27 May 2010.

For convenience, the abstract of the '984 application is provided below.

An electronic object is configured for rapid prototyping of a wireless communication transceiver. The electronic object comprises hardware and software components. An identification module is configured for automatically conveying the electronic object's identity to at least one other electronic object in the transceiver. A signal processor performs object-specific signal processing, which is one of a plurality of component transceiver functions performed by a transceiver. An interface provides access to the electronic object's

resources by other electronic objects via physical and logical entry points.

During an initial examination, the USPTO examiner rejected the majority of the claims as being anticipated by Harris, U.S. PGPUB 2009/0156252. For example, Harris is said to disclose:

- a first electronic object comprising:

- a hardware component, comprising a hardware interface for communicatively coupling to a second electronic object configured to function as a different component of the transceiver; a central processing unit; and a memory for storing software and data; [Harris at 0027-0029] and

- a first object oriented design software component of a radio transceiver program, comprising:

- a set of signal processing instruction for performing one of a plurality of steps for converting a received radio signal to a digital baseband signal; [Harris at 0027 the package may be

- functional as a CDMA transceiver, thus converting received radio to digital baseband, 0048; it may be running windows based or Macintosh based both of which are Object Oriented] a discovery component configured for conveying the electronic objects identity to the at least one other electronic object; [0028] and

- OOD software interface for enabling a second OOD software component of the radio transceiver program residing on a second electronic object to invoke at least one operation in the first OOD software component, wherein the second OOD software component comprises instruction for performing a different one of the plurality of steps. [Harris at 0027-0030; 0033; 0037; the device may be composed of the basic phone module, as well as the communication module which controls operation of the first module as here claimed to allow communications]

Claim 10 has been rejected as being obvious over Harris and alleged common knowledge in the art concerning the updating of the identity of a device when it is reprogrammed to allow other users.

A response to the examiner's rejections was filed 2 November 2015. In that response the applicant traversed the rejections in view of Harris on the basis that (1) Harris does not disclose an Object-Oriented Design software component of a radio transceiver program, (2) software interfaces between software components are frequently and such interfaces facilitate the software-defined radio of the invention, and (3) Harris' USB interface to hardware facilities does not anticipate a software-based approach as specified in the claims. The next stage in the prosecution of this application is for the examiner to review the applicant's arguments and make further determinations as to the patentability of the claims.

A petition seeking leave to add a priority claim to, as a CIP of, U.S. Application 12/328,917, filed 5 Dec. 2008, now U.S. Pat. 7,965,761, which is a divisional of U.S. Application 11/621,014, filed 8 Jan. 2008, now U.S. Pat. 7,593,449, which is a divisional of U.S. 10/131163, filed 24 Apr 2002, now US Pat 7,430,257, which claims priority to U.S. Provisional Application 60/286,850, filed 26 Apr 2001, has been filed, but not yet approved. The same petition seeks to add Steve Shattil as an inventor. If approved, the petition would change the priority date of this application from 27 May 2010 to 26 Apr 2001, and may affect the status of the Harris reference as prior art.

The '984 application has been assigned by inventors Shattil and Starnes to Department 13, LLC and the assignment recorded with the USPTO.

As part of the prosecution of the '984 application the applicant has not provided any IDS submissions to the USPTO. As we are not involved with the prosecution of this application we cannot comment on the reason for this, however, in light of the above-mentioned petition it may be necessary for the applicant to cite references from the alleged priority applications for the benefit of the examiner.

5.10 US Patent Application 14/498,499

US Patent Application 14/498,499 (the “499 application”) was filed 26 Sep. 2014 by inventor Steve Shattil.

At the time of filing, the ‘499 application was identified as a divisional of U.S. Application 13/757,032, filed 1 Feb. 2013, now U.S. Pat. 8,929,550, which claims priority to U.S. Provisional Application 61/594,086, filed 2 Feb. 2012. However, in a preliminary amendment, the claim for priority was amended to indicate that the ‘499 application is a CIP of U.S. Application 13/757,032, not a divisional, and is also a CIP of U.S. Application 14/275,161, filed 12 May 2014, which is a continuation of U.S. Application 12/545,572, filed 21 Aug. 2009, now U.S. Pat. 8,750,264, which is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims the priority benefit of U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and which is also a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned). This requested change has not yet been entered by the USPTO.

To ‘499 application has been assigned by inventor Shattil to Gehghiscomm Holdings, LLC and the assignment recorded with the USPTO.

For convenience, the abstract of the ‘499 application is provided below.

A node in a first wireless network requests a radio communication channel from a second wireless network. Upon receiving a channel assignment, nodes in the first network employ the assigned channel for communicating in a manner that is transparent to the second network. Communications via the second wireless network may initiate communications in the first wireless network, keep the assigned channel reserved, communicate network control messages for the first wireless network, transmit a decoy signal, and/or communicate a reference signal. Antenna array processing can prevent the first and second wireless networks from interfering with each other.

The '499 application has not yet received any substantive examination, however, the applicant has provided an IDS.

5.11 US Patent Application 14/109,928

We are advised that US Patent Application 14/109,928 (the "928 application") was filed 26 Sep. 2014 by co-inventors Robi Sen and Steve Shattil. We have confirmed this filing, however, as the '928 application has not been published we have not been able to review the detailed status of the application.

We understand the '928 application relates to intrusion detection and radio fingerprint tracking:

A transmitter is configured to change its unique radio signature enough to defeat radio fingerprinting identification without destroying the content of the transmissions. The transmitter may be configured for defeating both transient-signal fingerprinting and steady-state fingerprinting. The transmitter may be configured to obfuscate transient detection. The transmitter may continuously vary spectral, amplitude, and/or phase characteristics of its transmissions to defeat radio fingerprinting. The transmitter may pair radio fingerprints with subscriber terminal identification codes (e.g., MAC addresses or SMSIs) for generating different radio identities. The transmitter may measure another transmitter's radio fingerprint, and, compensating for its own radio fingerprint, spoof the measured radio fingerprint.

Because the '928 application has not been published, no assignment recordation information is publicly available. However, Mr. Shattil advises that his assignment has been recorded at the USPTO reel/frame 036957/0894 and that an assignment from inventor Robi Sen has been recorded at 037010/0406.

5.12 US Patent Application 14/164,253

US Patent Application 14/164,253 (the “253 application”) was filed 26 Jan. 2014 by inventor Steve Shattil.

The ‘253 application is a CIP of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims the priority benefit of U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and which is also a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

To date, no assignment of the ‘253 application has been recorded with the USPTO. However, Mr. Shattil has provided a copy of the assignment recorded in connection with U.S. Application 11/187,107 (to Genghiscomm Holdings, LLC) and the grant in that assignment extends to continuation-in-part applications. Hence, the ‘253 application is owned by Genghiscomm Holdings, LLC.

For convenience, the abstract of the ‘253 application is provided below.

A source node selects a plurality of transmitting nodes to cooperatively encode a set of original packets to transfer to a destination node. Encoding produces a plurality of coded packets and a corresponding code matrix of coefficients. The coded packets and the corresponding code matrix comprise a set of independent equations of independent variables in a system of linear equations, wherein the independent variables comprise the original packets. A destination node may select a set of receiving nodes to cooperatively receive the transmissions. The destination node collects the coded packets and code matrix from the receiving nodes, which provide a sufficient number of independent equations for decoding the original packets. Decoding comprises calculating a solution for the system of linear equations.

On 2 Sep. 2015, the applicant responded to a USPTO Office Action by amending the claims in an attempt to overcome the examiner’s rejections under 35 U.S.C. § 101 for lack of patentable subject matter. This amendment was successful and the

'253 application was allowed on 4 Nov. 2015. The application will issue as a U.S. patent upon payment of the issue fee.

In addition to the amendment, the applicant has filed a terminal disclaimer in the '253 application with respect to U.S. Application 14/164,254. Accordingly, the '253 and '254 applications must remain co-owned in order to be valid upon issuance.

The applicant has provided an IDS to the USPTO.

5.13 US Patent Application 14/164,254

US Patent Application 14/164,254 (the "254 application") was filed 27 Jan. 2014 by inventor Steve Shattil.

The '254 application is a CIP of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims the priority benefit of U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and which is also a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

To date, no assignment of the '254 application has been recorded with the USPTO. However, Mr. Shattil has provided a copy of the assignment recorded in connection with U.S. Application 11/187,107 (to Genghiscomm Holdings, LLC) and the grant in that assignment extends to continuation-in-part applications. Hence, the '254 application is owned by Genghiscomm Holdings, LLC.

For convenience, the abstract of the '254 application is provided below.

A source node selects a plurality of transmitting nodes to cooperatively encode a set of original packets to transfer to a

destination node. Encoding produces a plurality of coded packets and a corresponding code matrix of coefficients. The coded packets and the corresponding code matrix comprise a set of independent equations of independent variables in a system of linear equations, wherein the independent variables comprise the original packets. A destination node may select a set of receiving nodes to cooperatively receive the transmissions. The destination node collects the coded packets and code matrix from the receiving nodes, which provide a sufficient number of independent equations for decoding the original packets. Decoding comprises calculating a solution for the system of linear equations.

The '254 application is presently undergoing examination and on 4 Sep. 2015, the applicant responded to a USPTO Office Action by amending the claims in an attempt to overcome the examiner's rejections under 35 U.S.C. § 101 for lack of patentable subject matter. Arguments similar to those advanced in the '253 application, and which were successful therein, have been made and will now be evaluated by the USPTO. There are no substantive rejections of the claims in view of prior art.

In addition to the amendment, the applicant has filed a terminal disclaimer in the '254 application with respect to U.S. Application 14/164,253. Accordingly, the '253 and '254 applications must remain co-owned in order to be valid upon issuance.

The applicant has provided an IDS to the USPTO.

5.14 US Patent Application 14/168,466

US Patent Application 14/168,466 (the "466 application") was filed 30 Jan. 2014 by inventor Steve Shattil.

The '466 application is a CIP of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims the priority benefit of U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and which is also a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

To date, no assignment of the '466 application has been recorded with the USPTO. However, Mr. Shattil has provided a copy of the assignment recorded in connection with U.S. Application 11/187,107 (to Genghiscomm Holdings, LLC) and the grant in that assignment extends to continuation-in-part applications. Hence, the '466 application is owned by Genghiscomm Holdings, LLC.

For convenience, the abstract of the '466 application is provided below.

A source node selects a plurality of original data components to transfer to at least one destination node. A plurality of transmitting nodes cooperatively encodes the original data components to generate a plurality of subspace coded components and a corresponding code matrix. Each of the transmitting nodes transmits a subset of the plurality of subspace coded components and corresponding code matrix, wherein at least one of the transmitting nodes has a rank that is insufficient for decoding the plurality of subspace coded components. A destination node may employ a plurality of receiving nodes to cooperatively receive a plurality of subspace coded components and their corresponding code vectors, wherein the rank of at least one of the receiving nodes is insufficient for decoding the subspace coded components. The destination node builds up the dimension of the subspace spanned by code vectors it collects from the receiving nodes and then decodes the subspace coded components.

The '466 application has not yet received substantive examination, however, the applicant has provided an IDS to the USPTO.

5.15 US Patent Application 14/709,936

US Patent Application 14/709,936 (the “936 application”) was filed 12 May 2015 by inventor Steve Shattil.

The ‘936 application is a CIP of U.S. Application 13/116,984, filed 26 May 2011, presently pending, which is a CIP of U.S. Application 12/328,917, filed 5 Dec. 2008, now U.S. Pat. 7,965,761, which is a divisional of U.S. Application 11/621,014, filed 8 Jan. 2007, now U.S. Pat. 7,593,449, which is a divisional of U.S. Application 10/131,163, filed 24 Apr. 2002, now U.S. Pat. 7,430,257, which claims priority from U.S. Provisional Application 60/286,850, filed 26 Apr. 2001.

To date, no assignment of the ‘936 application has been recorded with the USPTO. However, Mr. Shattil has provided a copy of the assignment for the ‘936 application to Genghiscomm Holdings, LLC and the grant appears to be in order. Hence, the ‘936 application is owned by Genghiscomm Holdings, LLC.

For convenience, the abstract of the ‘936 application is provided below.

Instead of just consuming network resources, client devices create network resources via cooperative subspace processing to increase data bandwidth and expand radio coverage so the network grows dynamically with demand. Server-side cooperative-MIMO provides joint processing for geographically distributed base stations with overlapping coverage areas. A combination of centralized coordination and distributed computing pools and virtualizes base station processing, which reduces complexity, size, and power requirements of base stations to facilitate rapid and inexpensive network deployments. Cooperative subspace coding reduces overhead and transport-layer inefficiencies, and enables each channel to simultaneously employ multiple network paths, even over non-homogeneous networks. Cooperative subspace processing enables a client in a first network to reuse its allocated channels for communicating in another network without interfering with the first network.

The '936 application has not yet received substantive examination, however, the applicant has provided an IDS to the USPTO.

5.16 US Patent Application 14/727,769

US Patent Application 14/727,769 (the "769 application") was filed 1 Jun. 2015 by inventor Steve Shattil.

The '769 application is a continuation of U.S. Application 14/276,309, filed 13 May 2014, now U.S. Pat. 9,048,897, which is a continuation of U.S. Application 12/545,572, filed 21 Aug. 2009, now U.S. Pat. 8,750,264, which is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims priority from U.S. Provisional Application 60/598,187, filed 2 Aug. 2004, and is a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned).

To date, no assignment of the '769 application has been recorded with the USPTO. However, Mr. Shattil has provided a copy of the assignment recorded in connection with U.S. Application 11/187,107 (to Genghiscomm Holdings, LLC) and the grant in that assignment extends to continuations, divisionals, and continuation-in-part applications. The '769 application claims priority by way of continuations and divisionals to U.S. Application 11/187,107; hence, the '769 application is owned by Genghiscomm Holdings, LLC.

For convenience, the abstract of the '769 application is provided below.

A cooperative multi-user multiple input, multiple output (MIMO) antenna array comprises a MIMO subspace processing system communicatively coupled by a fronthaul network to a set of antennas residing on multiple ones of a plurality of geographically distributed wireless terminals in a Radio Access Network. The MIMO

subspace processing system can comprise a distributed computing system. The MIMO antenna array is adapted by updating the set of antennas to produce a second set of antennas; reconfiguring the fronthaul network; selecting an updated set of distributed computing resources to perform MIMO subspace processing; and reconfiguring the MIMO subspace processing to employ channel state information of the second set to enable multiple non-interfering subspace channels occupying a common frequency.

The '769 application has not yet received substantive examination, however, the applicant has provided an IDS to the USPTO.

5.17 US Patent Application 14/733,013

US Patent Application 14/733,013 (the "013 application") was filed 8 Jun. 2015 by inventor Steve Shattil and has been published as US 2015/0270882.

The '013 application is a CIP of U.S. Application 13/116,984, filed 26 May 2011, which is a CIP of U.S. Application 12/328,917, filed 5 Dec. 2008, now U.S. Pat. 7,965,761, which is a divisional of U.S. Application 11/621,014, filed 8 Jan. 2007, now U.S. Pat. 7,593,449, which is a divisional of U.S. Application 10/131,163, filed 24 Apr. 2002, now U.S. Pat. 7,430,257, which claims priority from U.S. Provisional Application 60/286,850, filed 26 Apr. 2001.

The '013 application has been assigned by inventor Shattil to Genghiscomm Holdings, LLC, and the assignment recorded with the USPTO.

The abstract of the '013 application reads as follows:

In a coordinated multipoint system, geographically distributed base transceiver stations employ overlapping coverage areas in a Radio Access Network (RAN) to serve multiple User Equipments (UEs). A

fronthaul network communicatively couples the base transceiver stations to a central processor. The central processor comprises a cooperative multiple-input, multiple-output (MIMO) processor configured to select multiple antennas residing on multiple ones of the base transceiver stations to serve each of the UEs; compute baseband pre-coding weights for signals to be transmitted by the antennas, the baseband pre-coding weights computed from RAN channel state information between the antennas and the UEs; and coordinate transmissions of pre-coded signals from the antennas to exploit multipath in the RAN to coherently combine at each of the UEs. Since each UE can be provided with its own localized coherence zone, this enables the UEs to concurrently employ the same frequency spectrum.

To date there has been no substantive examination of the '013 application, however, the applicant has provided an IDS to the USPTO.

5.18 US Patent Application 14/789,949

US Patent Application 14/789,949 (the "949 application") was filed 1 Jul. 2015 by inventor Steve Shattil and has been published as US 2015/0303950.

The '949 application is a CIP of U.S. Application 13/116,984, filed 26 May 2011, pending, which is a CIP of U.S. Application 12/328,917, filed 5 Dec. 2008, now U.S. Pat. 7,965,761, which is a divisional of U.S. Application 11/621,014, filed 8 Jan. 2007, now U.S. pat. 7,593,449, which is a divisional of U.S. Application 10/131,163, filed 24 Apr. 2002, now U.S. Pat. 7,430,257, which claims priority from U.S. Provisional Application 60/286,850, filed 26 Apr. 2001.

The '949 application has been assigned by inventor Shattil to Genghiscomm Holdings, LLC, which assignment has been recorded with the USPTO.

The abstract of the '949 application reads as follows:

A software defined radio (SDR) virtualizes physical-layer processing operations of a radio access network (RAN) communication standard. The SDR comprises multiple components which are distributed across network nodes communicatively coupled by a fronthaul network. The SDR components are coordinated to function as a RAN transceiver. In one aspect, the SDR can simultaneously support multiple RAN communication protocols and function as a personalized virtual base station for each and every client device in the RAN.

The '949 application is awaiting substantive examination and the applicant has provided an IDS to the USPTO.

5.19 US Patent Application 14/937,518

US Patent Application 14/937,518 (the "518 application") was filed 10 Nov. 2015 by inventor Steve Shattil. Because the application was just filed it has not yet been published, so we cannot access its file history via and public databases. However, we have verified the electronic filing receipt as provided by Mr. Shattil.

Mr. Shattil advises that the '518 application is a divisional of U.S. Application 14/498,499, filed 26 Sep. 2014. At the time of filing, the '499 application was identified as a divisional of U.S. Application 13/757,032, filed 1 Feb. 2013, now U.S. Pat. 8,929,550, which claims priority to U.S. Provisional Application 61/594,086, filed 2 Feb. 2012. However, in a preliminary amendment, the claim for priority was amended to indicate that the '499 application is a CIP of U.S. Application 13/757,032, not a divisional, and is also a CIP of U.S. Application 14/275,161, filed 12 May 2014, which is a continuation of U.S. Application 12/545,572, filed 21 Aug. 2009, now U.S. Pat. 8,750,264, which is a divisional of U.S. Application 11/187,107, filed 22 Jul. 2005, now U.S. Pat. 8,670,390, which claims the priority benefit of U.S.

Provisional Application 60/598,187, filed 2 Aug. 2004, and which is also a CIP of U.S. Application 10/145,854, filed 14 May 2002 (abandoned). This requested change has not yet been entered by the USPTO.

We do not have any publicly available information concerning the assignment status of the '518 application, however, it would be customary for the '518 application, as a divisional of the '499 application, to have been covered in the assignment of the '499 application.

Mr. Shattil has provided the abstract of the '518 application as follows

In a wireless communication system, a secure communication link is provided by selecting a decoy data signal vector for transmission, generating a MIMO precoding matrix from a message to be sent; and multiplying the decoy data signal vector by the MIMO precoding matrix to construct a precoded signal vector. The MIMO precoding matrix produces information-bearing synthesized channel distortions in the transmitted signal. An undistorted version of the decoy data may be transmitted to an intended receiver. The receiver distinguishes between the synthesized information-bearing channel distortions and natural channel distortions to decrypt the information, while an eavesdropper would find it difficult to distinguish between natural and synthesized channel distortions in the signals it receives.

As it has just been filed, the '518 application will not yet have received any substantive examination.

5.20 US Provisional Application 62/197,336

We understand that US Provisional Application 62/197,336 (the "336 provisional") was filed 30 Jul. 2015 by inventor Steve Shattil. Provisional applications are not published by the USPTO and are not publicly accessible unless and until they are

referenced by a subsequent non-provisional application. Hence, we cannot independently verify the filing of this provisional application through the USPTO databases.

While we do not have a copy of the application, we understand from Mr. Shattil that it consists of 55 pages of disclosure and three drawing sheets.

Because the application has not been published, we cannot independently verify whether an assignment of the '336 provisional has been recorded with the USPTO, however, Mr. Shattil has reported that such an assignment (to Genghiscomm Holdings, LLC) has been filed and recorded at reel/frame 036633/0929.

The '336 provisional will need to be replaced by a non-provisional application on or before its one-year anniversary, 30 Jul. 2016.

IDS submissions are not typically made in connection with provisional applications and we are not aware of any such submissions in connection with the '336 provisional.

5.21 US Provisional Application 62/233,982

We understand that US Provisional Application 62/233,982 (the "982 provisional"), entitled "Unmanned Aerial Vehicle Intrusion Detection and Countermeasures, was filed 28 Sep. 2015 by inventors Steve Shattil and Robi Sen. Provisional applications are not published by the USPTO and are not publicly accessible unless and until they are referenced by a subsequent non-provisional application. Hence, we cannot independently verify the filing of this provisional application through the USPTO databases. We have, however, verified the filing of the application from its

electronic filing receipt provided by Mr. Shattil.

While we do not have a copy of the application, we understand that it consists of 25 pages of disclosure and 10 drawing sheets. The application can be summarized as follows:

A method comprises detecting wireless communication systems by extracting identifying features of transmitted signals of interest. The collected features are cross-referenced with a predetermined set of features corresponding to a set of known communication systems to determine if a match can be made. Even if a match cannot be made, the collected features can be compared to features of different signal types, such as to indicate a set of probable systems or probable signal types. This information can be used to determine if detected signals correspond to a particular communication system used with a device (e.g., a UAV) that is perceived as a threat. Then a set of exploits corresponding to the probable systems and/or probable signal types can be employed to remediate the threat. In accordance with certain aspects of the invention, the exploits can comprise protocol attacks.

Because the application has not been published, we cannot verify whether an assignment of the '982 provisional has been recorded with the USPTO. However, Mr. Shattil reports that assignments from the inventors have been obtained and will be recorded in due course.

The '982 provisional will need to be replaced by a non-provisional application on or before its one-year anniversary, 28 Sep. 2016.

IDS submissions are not typically made in connection with provisional applications and we are not aware of any such submissions in connection with the '982 provisional.

6.0 Licenses

By virtue of an exclusive license, effective 1 Oct. 2015, Department 13, LLC (D-13) obtained rights under patents and patent applications owned by Genghiscomm Holdings, LLC. More specifically, D-13 is afforded the right to manufacture, have manufactured, distribute, have distributed, use, offer for sale, sell, lease, loan, and/or import Licensed Products in the specified Field throughout the world and to perform Licensed Services in the Field throughout the world. D-13 may further extend these rights to an Affiliate and/or Sublicensee, provided the Affiliate and/or Sublicensee agrees to be bound by the terms of the license agreement. The license agreement is terminable at D-13's option upon 90-days written notice.

Under the license, the defined Field includes (i) "Government uses," where "Government" is any federal, state, county or municipal government, and any agency, department or other unit thereof of the United States of America or Australia (except, in the case of municipal governments and their agencies or departments, telecommunication and data networks that serve the general public); and (ii) commercial uses in the areas of detecting, disabling, or controlling unmanned vehicles, aerial vehicles, trains, or vessels ("drones").

In exchange for these rights, D-13 agreed to use diligent efforts to make Licensed Products and/or Licensed Services commercially available and to maintain a bona fide, funded, ongoing and active research, development, manufacturing, regulatory, marketing or sales program to make Licensed Products and/or Licensed Services available to the government within one year of the agreement. Failure to do so may be treated as a breach of the agreement. D-13 also committed to certain royalty payments to Genghiscomm Holdings, LLC in respect of Licensed Product and Licensed Service sales.

Under the license, Licensed Products and Licensed Services are measured in terms

of the claims of the patents being licensed, with a Licensed Product / Licensed Service being that which would be covered by a claim of a licensed patent that has not been found invalid or otherwise unenforceable, or a claim of a pending application being prosecuted in good faith.

Other conditions relating to timings of payments, provision of reports, breach and cure, export control, and representations and warranties typical of such licenses are also included in this agreement. D-13 may not assign this license absent consent by Genghiscomm Holdings, LLC, and a merger or change of control of D-13 would be considered such an assignment.

The patents and applications subject to the license agreement are:

Title	Serial Number	Filing Date	Patent No.	Grant Date
Cooperative Beamforming in Wireless Networks	11/187,107	22-Jul-05	8,670,390	11-Mar-14
Cooperative Wireless Networks	12/545,572	21-Aug-09	8,750,264	10-Jun-14
Cooperative Wireless Networks	14/276,309	13-May-14	9,048,897	2-Jun-15
Cooperative Wireless Networks	14/275,161	12-May-14	9,042,333	26-May-15
Cooperative Wireless Networks	14/511,585	10-Oct-14	9,136,931	15-Sep-15
Cooperative Subspace Multiplexing in CDNs	14/168,442	30-Jan-14	8,942,082	27-Jan-15

Title	Serial Number	Filing Date	Pub No.
Method and Apparatus for fast Prototyping of Wireless Transceivers	13/116,984	26-May-11	2011/0292976
Sharing Resources Between Wireless Networks	14/498,499	26-Sep-14	2015/0009945
Intrusion Detection and Radio Fingerprint Tracking	14/109,928	17-Dec-13	Not Published
Cooperative Subspace Multiplexing in Comm Nets	14/164,253	26-Jan-14	2014/0140188
Cooperative Subspace Demultiplexing in Comm Nets	14/164,254	27-Jan-14	2014/0140189
Cooperative Subspace Demultiplexing	14/168,466	30-Jan-14	2014/0146924

in CDNs			
Cloud Radio Access Network	14/709,936	12-May-15	2015/0244430
Cooperative Wireless Networks	14/727,769	1-Jun-15	2015/0263835
Coordinated Multipoint Systems	14/733,013	8-Jun-15	Not Published
Distributed Radio System (Hardware & Software)	14/789,949	1-Jul-15	Not Published
Airborne Relays in Cooperative-MIMO Systems	62/197,336	30-Jul-15	Not Published

The parties agreed to update the above list periodically.

7.0 Disclaimer and Limitations

The Report is not to be construed as a legal opinion as to the registrability of patent applications. It should also be appreciated that the Report is not a validity opinion on the patents and patent applications which are the subject of the Report. No conclusions on validity based on the Report should be made. Moreover, the Report does not provide any guarantee that the subject inventions may be commercially exploited without risk of infringement of earlier rights.

7.1 Patent Disclaimer

Scope of Claims May Vary during Examination

It is often necessary during the examination of a patent application to define the invention more specifically by amendment of the claims, so as to distinguish relevant prior art. As a result of this process, there may be variations in the claims from the time of filing and the time of this Report, reflecting in part the examination process and threshold requirements for patentability. Such

amendments may affect the scope and, hence, the commercial significance of any resultant patent protection.

Grant of Patent Provides No Guarantee of Validity

A granted patent provides no guarantee of validity. In most jurisdictions, including the United States, a patent application undergoes a substantive examination process before proceeding to grant which confers an initial presumption of validity. However, the validity of a patent may be challenged at any time after grant, by way of proceedings filed in a court of competent jurisdiction or the USPTO. Validity proceedings before the USPTO do not confer any presumption of validity.

Grant of Patent Provides No Guarantee of Non-Infringement

The grant of a patent provides no guarantee that the patentee is entitled to commercially exploit the patented invention, since the working of an invention, even if validly patented, may infringe an earlier patent or other intellectual property rights.

8.0 Statement of Independence

This is an independent report. When considering this Report, it should be noted that:

This Report is limited to reporting on the status of the subject patents and patent applications, and does not extend to anything else.

The involvement of Ascenda Law Group, PC is limited solely to the preparation of this Report.

Ascenda Law Group, PC has had no involvement whatsoever in handling and providing instructions in relation to the subject patents and patent applications or the license agreement discussed herein.

Ascenda Law Group, PC and the writer have no interest in Kunene Resources Limited; however, Ascenda Law Group, PC will be paid normal commercial fees for the preparation of this Report.

The giving of our consent to the inclusion of this Report in the Prospectus should not be taken as an endorsement by Ascenda Law Group, PC of Kunene Resources Limited or its technologies or a recommendation by Ascenda Law Group, PC of the merits of any investment in Kunene Resources Limited.

Ascenda Law Group, PC gives no assurance or guarantee whatsoever in respect of the future success or financial returns associated with the acquiring the shares being offered pursuant to the Prospectus.

We have given our consent to the issue of the Prospectus with this Report appearing therein.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'T. N. Fahmi', with a stylized flourish at the end.

Tarek N. Fahmi

12. Risk factors

An investment in the Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities.

12.1 Risks specific to the D13 Acquisition

(a) Conditional Acquisition and Offers

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the date of the Shareholder Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition and the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

Completion of the Public Offer remains subject to the Company acquiring all of the shares in D13. In the event that the Public Offer Conditions set out in Section 6.5 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Public Offer and will repay all Application Monies received. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

(b) Dependency on Government Budgets

D13 is currently involved with a number of US Federal Government agencies in the defense and law enforcement sectors, and is reliant on the those government agencies remaining a customer of D13 and as a partner for product development activities. If US Federal Government agencies' budgets are reduced or their funding priorities reallocated, this may have an adverse effect on the Company's business activities, sales and potential research and development programmes, as well as on D13's ability to fund those activities.

(c) Patent rights

D13 relies heavily for its success on its ability to obtain and maintain patent protection for its technology. D13 holds both granted and pending patent applications (**Intellectual Property Rights**) in respect of the D13 Technologies. Whilst D13 holds current granted patents, the prospect of obtaining patent protection for products and the technology such as those proposed under the patent applications is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect D13's ability to obtain patents for its products and technologies. In addition, the scope of patent applications

can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by D13. As a result, D13's patent application may not proceed to issued patents and, if issued, may not be of commercial benefit to D13, or may not afford D13 adequate protection from competing products.

In particular, objections have been raised in relation to the following D13 patent applications:

- i) patent application 13/116,984, citing an existing patent owned by a third party; and
- ii) patent application 14/164,254 for lack of patentable subject matter.

If D13 is not able to overcome these objections, there is a risk that it will not be awarded the applicable patents. Alternatively, in modifying the relevant claims to address the objections, there is a risk that the scope of protection in the issued patents being significantly less than the scope of protection sought by D13.

In addition, since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, D13 cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent applications for such inventions was the first to be filed.

Even if D13 succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.

(d) Protection of Intellectual Property Rights

D13 holds granted and pending patent applications. The Company may be required to spend significant resources to monitor and protect the intellectual property acquired through the proposed Acquisition of D13. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel. In addition, unauthorised use of the D13's technology and brand in counterfeit products or services could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(e) Infringement of third party intellectual property rights

If a third party accuses D13 of infringing its intellectual property rights or if a third party commences litigation against D13 for the infringement of patent or other intellectual property rights, D13 may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that D13 incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against D13 may be able to obtain injunctive or other equitable relief that could prevent D13 from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against D13, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defense of any lawsuit or failure to obtain any of these licenses could prevent D13 from commercialising available products and could cause it to incur substantial expenditure.

(f) **Technology Risk**

D13 has developed its own technology in house, and will continue to develop and seek advancements in its technology. The development and advancement of technology is complex, and progression may be subject to unexpected difficulties and external factors. Further, operating systems, components, hardware and software will require updating and maintenance, which may also affect the ability of D13 to effectively maintain, develop and upgrade its technology, which may in turn have a detrimental effect on D13's operating and financial performance.

D13's primary technology is focused on delivering counter-drone defense systems. Drone manufacturers may seek to block the manner of control used by D13 or radically change the way drones are controlled by users. For D13's technology and products to remain relevant and effective, D13 will need to continue to advance its technology to counter advancements that may be made by drone manufacturers.

(g) **Drone usage**

Drone usage has become prevalent and grown rapidly in recent years and the Company considers that drone usage will continue to be prevalent in future. D13's primary technology is focused on delivering counter-drone defense systems and the success of its business is therefore dependent upon drone usage becoming more prevalent. If, however, drone usage does not continue to increase significantly then the need for drone defense systems may be reduced, which will adversely affect D13's operations and prospects.

(h) **Regulatory environment**

D13's operations are involved in potentially sensitive areas. Matters involving government and law enforcement, property rights (buildings, air space and public open space), security, cyber security, communications and privacy are subject to numerous regulatory requirements and constraints, which are likely to evolve over time. Some of D13's proposed activities may become restricted through regulatory changes, including if Government Authorities were to decide that some of D13's technology is nationally sensitive or contrary to public interests. This could detrimentally affect D13's ability to offer certain services, or may require D13 to comply with a range of regulatory requirements.

Regulatory changes could otherwise see D13 being required to obtain and hold licences in some jurisdictions or otherwise comply with specific regulations. Failure to comply with such obligations could result in remedial action or litigation, which could potentially lead to D13 being required to take remedial actions, including paying compensation or a fine. Regulatory changes may also result in increased costs and resources for regulatory compliance, which could impact upon the Company's financial position and financial performance.

Technologies such as those of D13 which effectively take control of a drone owned by a third party may have legal ramifications and in some cases may be illegal in some jurisdictions. Such regulatory issues may impact on the extent to which D13 is able to commercialise its drone defence technology outside the defence, law enforcement and public safety sectors.

(i) **Competition and new technologies**

The industry in which the Company will be involved, post Completion of the Acquisition, is highly competitive and is subject to increasing competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities

or actions may positively, or negatively affect the operating and financial performance of D13's projects and business.

For instance, new technologies could overtake the advancements made by D13 which could negatively impact on the financial position and financial performance of the Company. Competing technologies could be developed or could get to market with a solution before D13 and reduce the market opportunity, even with a less comprehensive solution. This may be particularly true of large well-resourced defense integrators. Similarly, aggressive pricing or additional service offerings from competitors could require the Company to adjust its own pricing and service offerings to continue to generate business, which could negatively impact on the financial position and financial performance of the Company.

(j) C MIMO Technology License

The Company may not be able to attract US or Australian government agency or department interest to facilitate or sponsor the adoption of the C MIMO technology by the US or Australian governments or may not be able to incorporate the technology into its drone defense products, resulting in a loss of the License Agreement from lack of commercialization.

(k) Research and development activities

Research and development activities for products are expensive, time consuming and difficult to design and implement. Even if the results of D13's research and development activities are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate research and development activities at any time for various reasons. Any of the foregoing could have a material adverse effect on D13's business, results of operations and financial condition.

(l) Sufficiency of funding

D13's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves, the funds raised under the Capital Raising and funds generated over time by D13 will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of D13, including the need to conduct further research and development, enhance its operating infrastructure and to acquire complementary businesses and technologies.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(m) Limited trading history

D13 was founded in 2010 and whilst its management have significant experience in the industry, D13 has a limited trading history. In its first four years of operations, D13 has generated revenue from repeat discrete small value contracts. Given this limited trading history, there is inherent uncertainty in relation to D13's business, and investors should consider D13's prospects in light of its limited trading history. There can be no guarantee that D13's research and development initiatives will be successful, or even if they are successful, to be able to generate commercially viable levels of revenue. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Acquisition.

(n) Reliance on key personnel

The recent developments of D13 have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Jonathan Hunter and Robi Sen along with technical skills provided by Steve Shattil. Although these individuals have entered into Executive Services Agreements, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed which may adversely affect the business.

D13 is also substantially dependent on the continued service of its existing engineering personnel because of the complexity of its services and Technologies. There is no assurance that D13 will be able to retain the services of these persons.

(o) Research and development

The Company can make no representation that any of its research into or development of its security and surveillance technologies will be successful, that the development milestones will be achieved, or that the security and surveillance technologies will be developed into products that are commercially exploitable.

There are many risks inherent in the development of technology related products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(p) Dependence on outside parties

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(q) Foreign exchange risks

The Company will be operating in numerous jurisdictions, including the USA. Consequently, it may generate revenue and incurs costs and expenses in more than one currency. Accordingly, the depreciation and/or the appreciation of the US dollar, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings.

12.2 General Risks

(a) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i) general economic outlook;
- ii) introduction of tax reform or other new legislation;
- iii) interest rates and inflation rates;
- iv) changes in investor sentiment toward particular market sectors;
- v) the demand for, and supply of, capital; and
- vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- i) general economic conditions in jurisdictions in which the Company operates;
- ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) Insurance coverage

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company proposes to arrange and maintain insurance coverage for its employees, as well as professional indemnity, product liability and third party liability insurance, however it does not currently propose to arrange and maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or

inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(d) **Litigation**

The Company is exposed to possible litigation risks including, but not limited to, intellectual property and patent claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(e) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, malicious cyber hacking, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(f) **Unforeseen risk**

There may be other risks which the Directors are unaware of at the date of this Prospectus which may impact on the Company, its operation and/or the valuation and performance of the Company's Shares.

(g) **Combination of risks**

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlines in this Section could affect the performance valuation, financial performance and prospects of the Company.

(h) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(i) **Growth**

There is a risk that the Company may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel and third party personnel may also be a significant obstacle to growth.

(j) **Investment Highly Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

13. Material contracts

13.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the Offers or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offers. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

13.2 Acquisition Agreement

The Company has entered into a binding heads of agreement with D13, Viaticus and the majority shareholders of D13 (**Acquisition Agreement**) and binding agreements with each of the other shareholders of D13, pursuant to which the Vendors have agreed to sell 100% of the issued capital of D13 to the Company. The principle terms of the Acquisition encapsulated under the Acquisition Agreement are as follows:

- (a) The consideration is:
 - i) 200,000,000 Shares; and
 - ii) 200,000,000 Class A Performance Shares.
- (b) The Company will conduct the Public Offer.
- (c) The Acquisition is conditional upon, and subject to, a number of conditions which remain outstanding at the date of this Prospectus, including:
 - i) the Company obtaining all necessary shareholder approvals as are required to give effect to the transactions contemplated by the Acquisition Agreement; and
 - ii) the parties obtaining all necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the transactions contemplated by the Acquisition Agreement, including re-compliance with chapters 1 and 2 of the Listing Rules and the Company receiving conditional approval to reinstate the Company's securities to trading on ASX following completion of the Acquisition, on conditions satisfactory to the Company;
 - iii) the Company either selling or winding up all of its subsidiaries, without any liability being incurred by the Company (other than costs of implementing the sale or winding up (capped at \$20,000) and which will not include any payments to directors or their related bodies corporate); and
 - iv) to the extent required by the ASX, the Company or the ASX Listing Rules, each Vendor and any party to whom Option Fee Shares, Introducer Securities or Loan Satisfaction Shares are issued, entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules.
- (d) In connection with the Acquisition, the Company will also establish the Performance Rights Plan (**Plan**), to enable the Company to incentivise and reward key employees. The Company intends to grant 23,750,000 Performance Rights under the Plan to

Proposed Directors and 62,500,000 Performance Rights under the Plan to certain employees of D13. Each Performance Right entitles the holder to be issued one Share upon satisfaction of the Milestone. Refer to Sections 14.5 and 14.6 for further details.

- (e) D13 has been provided loan funds pursuant to the Loan Agreement, to continue to grow its business pending Completion of the Acquisition. The amount outstanding under the Loan Agreement is \$1,050,000. Should the Acquisition proceed to Completion, it has been agreed that this loan will be assigned to the Company and the D13 Lenders will be repaid through the issue of Shares at \$0.025 per Share. Refer to Section 13.4 for further details.
- (f) Viaticus has been engaged by D13 pursuant to the Viaticus Mandate Agreement to provide capital raising and transaction services to D13 to result in a public listing of the D13 business. See Section 13.3 for further details in relation to that agreement). The Company has subsequently agreed to certain commercial arrangements regarding that engagement. As a result of these arrangements, Viaticus (or its nominees) is entitled to an option fee of \$500,000 which will be satisfied by the issue of the Option Fee Shares at \$0.025 per Share. Viaticus (or its nominees) is entitled to receive the Introducer Securities in connection with Completion of the Acquisition.
- (g) In connection with the Acquisition, the Existing Directors of the Company and the Former Director have agreed for \$115,000 of outstanding Directors fees and salary to be satisfied through the issue of Shares at \$0.025 per Share.
- (h) The Vendors have acknowledged that some or all of the Consideration Shares may be escrowed in accordance with the requirements of ASX and will execute such form of escrow agreement as required by the ASX.
- (i) There are standard commercial warranties regarding D13 and its business provided by the major shareholders of D13.

13.3 Viaticus Arrangements

Viaticus has been engaged by D13 pursuant to the Viaticus Mandate Agreement to provide ongoing assistance including investor relations, business strategy, business development advice and defense industry advice, corporate finance and transaction services to D13 to result in a public listing of the D13 business.

The Company has subsequently agreed to certain commercial arrangements regarding that ongoing engagement and the introduction of the opportunity to acquire D13. As a result of these arrangements, Viaticus (or its nominees) is entitled to an option fee of \$500,000 which will be satisfied by the issue of 20,000,000 Shares (the **Option Fee Shares**) at \$0.025 per Share. The Company has also agreed (subject to Shareholder approval) to grant Viaticus (or its nominees) 45,000,000 Shares, 84,000,000 Performance Shares and 40,000,000 New Options (together, the **Introducer Securities**) in consideration of these services provided in connection with the Acquisition.

The Option Fee Shares and the Introducer Securities together comprise the Adviser Securities the subject of the Adviser Offer under this Prospectus.

The Shares referred to above have been independently valued for accounting purposes only (under the applicable accounting standards) at a value of \$0.01 each based on book value of the Company's net assets as at 30 June 2015 (being the date of the Company's last audited accounts prior to announcement of the Acquisition) and those Shares are included on this basis in the pro forma adjustments in the pro forma statement of financial position set out in Section 9.5.

The Class A Performance Shares have been independently valued for accounting purposes only (under the applicable accounting standards) at a value of \$0.00498 each using the binomial model methodology and the Class A Performance Shares are included on this basis in the pro forma adjustments in the pro forma statement of financial position set out in Section 9.5.

The New Options are unlisted options exercisable at \$0.025 each on or before the date which is 5 years from grant. These New Options have been independently valued for accounting purposes only (under the applicable accounting standards) at a value of \$0.0045 each using the Black-Scholes methodology and the New Options are included on this basis in the pro forma adjustments in the pro forma statement of financial position set out in Section 9.5.

The Company has also agreed to pay the following fees to Viaticus in relation to the Public Offer:

- (i) a transaction management fee of 1% of the funds raised under the Public Offer; and
- (ii) a capital raising fee of 5% of the funds raised under the Public Offer (which Viaticus will pay away in full or in part to licensed brokers working through Viaticus).

In addition, Viaticus will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with the Public Offer.

Viaticus has been engaged by the Company and D13 pursuant to the Viaticus Consultancy Agreement to provide ongoing assistance including investor relations, business strategy, business development advice and defense industry advice and corporate advisory services to the Company with effect from Completion of the Acquisition. The Company has agreed to pay a consultancy fee of US\$8,000 per month to Viaticus for these services. In addition, Viaticus will be entitled to be reimbursed for reasonable out of pocket expenses incurred in connection with the agreement.

The Company may also pay transaction management fees and capital raising fees to Viaticus in relation to future capital raisings by the Company, with the quantum of such fees to be agreed on a case by case basis depending on Viaticus's involvement in such capital raisings at the request of the Company.

The Viaticus arrangements contain covenants, warranties, representations and indemnities that are customary for an agreement of this nature.

Proposed Director, Mr Gavin Rezos is a principal and 50% shareholder of Viaticus. The other principal and shareholder of Viaticus is Mr Nicholas Clark. Each of Mr Rezos and Mr Clark (and their affiliated entities) will receive Adviser Securities and Loan Satisfaction Shares as Viaticus's nominee. See disclosure in relation to Mr Rezos's interests in Securities in Sections 6.12 and 8.4.

13.4 Loan Agreement

D13 has been provided loan funds pursuant to the Loan Agreement, to continue to grow its business pending Completion of the Acquisition. The amount outstanding under the Loan Agreement is \$1,050,000. Should the Acquisition proceed to Completion, it has been agreed that this loan will be assigned to the Company and the D13 Lenders will be repaid through the issue of 42,000,000 Shares (the **Loan Satisfaction Shares**) at \$0.025 per Share. 2,000,000 of the Loan Satisfaction Shares will be issued to Viaticus (or its nominees).

Under the Loan Agreement, Viaticus will also receive a transaction management fee of \$10,000, which will be paid by the Company on Completion of the Acquisition.

13.5 D13 Agreements

Set out below are summaries of the material provisions of agreements to which D13 is a party and which may be material in terms of the Offers or the operations of D13, or otherwise are or may be relevant to an investor who is contemplating the Offers.

(a) License Agreement

The key terms of the License Agreement are:

- (i) The licensor, Genghiscomm Holding, LLC (**Licensor**) grants an exclusive and worldwide license to D13 to use the intellectual property the subject of the wireless networking patents and patent applications referred to in section 2.3 in the Patent Report in Section 11 (**License IP**).
- (ii) The license gives D13 the right to create and sell products using the License IP and provide services in relation to the development of products using the License IP. D13 has an obligation to diligently commercialise the technology.
- (iii) The license has global coverage in the fields of:
 - A. use by US and Australian federal, state, and county governments and their agencies and departments (other than in the case of municipal or local governments, certain uses relating to telecommunication and data networks that serve the general public); and
 - B. in the field of commercial use, for detecting, disabling and controlling drones.
- (iv) D13 will pay the Licensor royalties of:
 - (A) 7% of net product sales (gross sale price less taxes like VAT (excluding income tax) and import/export duties); and
 - (B) 3% on net service sales (consideration received for the services less taxes like VAT (excluding income tax)).
- (v) The term of the License Agreement is for the life of the patent rights although the Licensor may terminate the license on 180 days' notice if the minimum royalties for the license in the first five years are not met by actual royalty payments or payments in lieu. The minimum royalties (**Minimum Royalties**) are as follows:
 - (A) Contract Year 2016: \$10.
 - (B) Contract Year 2017: \$50,000.
 - (C) Contract Year 2018: \$150,000.
 - (D) Contract Year 2019: \$300,000.
 - (E) Contract Year 2020: \$500,000.
- (vi) The Licensee has a discretionary right to terminate the license with 90 days' notice.
- (vii) Standard termination provisions apply for non-compliance with the terms of the License Agreement.

- (viii) If the Licensee does not meet the Minimum Royalty in a Contract Year, Licensee must pay the Licensor the difference between the Minimum Royalty amount and the actual royalties paid.
- (ix) The License Agreement contains warranties regarding the Licensor's ownership of the License IP
- (x) The License Agreement requires D13 to provide quarterly and annual reporting obligations on commercialisation progress during the quarter/year.

13.6 Agreements with Directors, Related Parties and key management personnel

A summary of the agreements with Directors, key management personnel and related parties of the Company is set out in Sections 8.6 and 8.7.

14. Additional information

14.1 Rights attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Partly paid Shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) **Winding up**

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) **Dividend reinvestment and Share plans**

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) **Directors**

The Constitution states that the minimum number of Directors is three and the maximum number is ten.

(k) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) **Share buy backs**

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) **Unmarketable parcels**

The Company's constitution permits the Board to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Shareholder notice of the intended sale.

If a Shareholder does not want his Shares sold, he may notify the Company accordingly.

(n) **Capitalisation of profits**

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(o) **Capital reduction**

Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital.

(p) **Preference Shares**

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

14.2 Terms and conditions of Class A Performance Shares

For the purpose of these terms and conditions:

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

Change of Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or

- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement.

Commercial Sales means sales by way of licensing, product or service which are cash generative.

Company means Kunene Resources Limited ACN 155 396 893.

D13 means means Department 13 LLC, a limited liability company incorporated in Virginia, United States of America.

Drone Defense Products means systems, devices, radio software or protocol manipulation products or services involved in providing a defence to threats posed by unmanned aerial or marine vehicles.

Holder means a holder of a Performance Share.

Listing Rules means the Listing Rules of the ASX.

Share means a fully paid ordinary share in the Company.

Technologies means the technologies set out in section 2.1 of the Patent Report in Section 11 and any improvements, variations or successor inventions thereto.

1. Conversion and expiry of Performance Shares

- (a) **(Conversion on achievement of Milestone)** Upon one of the following milestones being achieved:
 - (i) D13 receives more than \$1m in aggregate revenues from Commercial Sales of Drone Defense products;
 - (ii) D13 receives more than \$1m in aggregate revenues from sales or licensing agreements for any of the Technologies with a National or State Government Agency or significant multinational corporation;
 - (iii) D13 receives more than \$1m in aggregate revenues from sales or license agreements for any of the Technologies with a supplier to a National or State government agency;
 - (iv) D13 receives more than \$1m in aggregate revenues from joint venture or distribution agreements with a large network or mobile company or a supplier to law enforcement, defense or military;
 - (v) the cumulative value of grants provided to D13 equals or exceeds US\$3m; or
 - (vi) the Company (or a spin off entity of the Company) lists on the NASDAQ, or NYSE Markets stock exchanges,

and the 20 trading day VWAP of the Company's Shares as traded on ASX equalling or exceeding \$0.05 and (the **Milestone**), each Performance Share will convert into a Share on a one for one basis.

- (b) **(Expiry Date)** The Milestone must be achieved on or before 5.00pm (WST) on the date which is three years from the date of issue of the Performance Shares (**Expiry Date**).
- (c) **(No conversion)** To the extent that Performance Shares have not converted into Shares on or before the Expiry Date, then all such unconverted Performance Shares held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.
- (d) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (e) **(Ranking of shares)** Each Share into which the Performance Share will convert will upon issue:
 - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emptive rights and any transfer restrictions.

2. Conversion on change of control

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:
 - (i) the Milestone will be deemed to have been achieved; and
 - (ii) each Performance Share will automatically and immediately convert into Shares,however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be prorated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.

3. Rights attaching to Performance Shares

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.

- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (e) **(Rights on winding up)** Each Performance Share entitles a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company, but only to the extent of \$0.0001 per Performance Share.
- (f) **(Not transferable)** A Performance Share is not transferable.
- (g) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
- (h) **(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (i) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (j) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

ASX has confirmed that the terms are appropriate and equitable for the purposes of Listing Rule 6.1.

14.3 Terms and condition of Existing Unlisted Options

The rights and liabilities attaching to the New Options can be summarised as follows:

- (a) Each Existing Unlisted Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The Options have an exercise price of \$0.40 (**Exercise Price**) and an expiry date of 15 September 2016 (**Expiry Date**).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options will rank equally with the Shares of the Company.
- (f) The Company will not apply to ASX for quotation of the Options.
- (g) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (h) After an Option is validly exercised, the Company must as soon as possible:
 - i) issue the Share; and

- ii) do all such acts, matters and things to obtain:
 - (A) the grant of official quotation of the Share on ASX no later than 5 days from the date of exercise of the Option; and
 - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.
- (i) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

 However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (j) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - ii) no change will be made to the Exercise Price.
- (k) If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$
 - O = the old Exercise Price of the Option.
 - E = the number of underlying Shares into which one Option is exercisable.
 - P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
 - S = the subscription price of a Share under the pro rata issue.
 - D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
 - N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (l) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (m) The Options are transferable subject to compliance with the Corporations Act.

- (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

14.4 Terms and conditions of New Options

The rights and liabilities attaching to the New Options can be summarised as follows:

- (a) Each New Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The Options have an exercise price of \$0.025 (**Exercise Price**) and an expiry date of the date which is 5 years after the date of issue (**Expiry Date**).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) Shares issued on exercise of the Options will rank equally with the then shares of the Company.
- (f) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (g) After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:
 - i) issue the Share; and
 - ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.
- (h) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.
- (i) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
 - ii) no change will be made to the Exercise Price.
- (j) If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

- E = the number of underlying Shares into which one Option is exercisable.
 - P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
 - S = the subscription price of a Share under the pro rata issue.
 - D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
 - N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.
- (k) If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
 - (l) The Company will not apply to ASX for quotation of the Options.
 - (m) The Options are transferable.
 - (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

14.5 Terms and conditions of Performance Rights

(a) Entitlement

Each Performance Right entitles the holder to be issued one Share upon satisfaction of certain milestones.

(b) Vesting Conditions and Milestone Date

The Performance Rights will vest and convert into ordinary Shares in the event that the 20 trading day VWAP of the Shares as traded on ASX equals or exceeds \$0.05 and one of the following other milestones is achieved within 3 years from the date of issue (**Milestone Date**):

- i) D13 commences first commercial sales of Drone Defense products;
- ii) D13 enters into a licensing agreement for any of the Technologies with a National or State Government Agency or significant multinational corporation;
- iii) D13 enters into a license agreement for any of the Technologies with a supplier to a National or State government agency;
- iv) D13 enters into a joint venture agreement with a large network or mobile company or a supplier to law enforcement, defense or military;
- v) the cumulative value of grants provided to D13 equals or exceeds US\$3m; or
- vi) the Company (or a spin off entity of the Company) lists on the NASDAQ, OTC QX or NYSE Markets.

The Performance Rights will expire at 5.00 pm on the Milestone Date.

- (c) Following conversion of Performance Rights, the Shares received on conversion will be subject to voluntary escrow for a period of 12 months from the date of conversion.
- (d) The Performance Rights will otherwise be issued on the general terms provided for in the Performance Rights Plan (see Section 14.6).

14.6 Summary of the Performance Rights Plan

Summary of the Performance Rights Plan and terms on which offers of Performance Rights may be made:

- (a) The Directors, at their discretion, may at any time invite Eligible Employees to participate in the grant of Performance Rights.
- (b) The eligible participants under the Plan are full time and part time Employees (including Directors) of the Company and its related bodies corporate or any other person who is declared by the Board to be eligible to receive a grant of Performance Rights under the Plan (**Eligible Employees**). Subject to Board approval, an Eligible Employee may nominate a nominee to receive the Performance Rights to be granted to the Eligible Employee.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

- (c) The Plan is administered by the Directors of the Company, who have the power to:
 - i) determine appropriate procedures for administration of the Plan consistent with its terms;
 - ii) resolve conclusively all questions of fact or interpretation in connection with the Plan;
 - iii) delegate the exercise of any of its powers or discretions arising under the Plan to any one or more persons for such period and on such conditions as the Board may determine; and
 - iv) suspend, amend or terminate the Plan (subject to restrictions on amendments to the Plan which reduce the rights of the Participant in respect of any Performance Rights or Shares already granted).
- (d) Performance Rights will be granted for nil cash consideration, unless the Board determines otherwise (which will be no more than a nominal amount).
- (e) No amount will be payable on the exercise of Performance Rights under the Plan.
- (f) The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.
- (g) The Company must have reasonable grounds to believe that the number of Shares to be issued on exercise of the Performance Rights when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:
 - i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
 - ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

does not exceed 5% of the total number of issued Shares at the time the invitation to acquire Performance Rights is made (but disregarding any securities issued as the result of an offer that can be disregarded in accordance with ASIC Class Order 14/1000).

- (h) The Shares to be issued following the Performance Rights vesting conditions being satisfied, will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares. The Board may apply such further voluntary escrow on Shares issued on conversion of Performance Rights as it shall determine appropriate.
- (i) The Performance Rights granted under the Plan will be subject to vesting conditions determined by the Board from time to time and expressed in a written offer made by the Company to the Eligible Employee which is subject to acceptance by the Eligible Employee within a specified period. The vesting conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the Participant and/or by the Company or (iii) such other performance conditions as the Board may determine and set out in the offer. The Board determines whether vesting conditions have been met.
- (j) Performance Rights will have an expiry date as the Board may determine in its absolute discretion and specify in the offer to the Eligible Employee.
- (k) The vesting conditions of Performance Rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the offer to the Eligible Employee. The Board shall have discretion to extend a milestone date. Performance Rights will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on vesting of the Performance Rights within the period required by the Listing Rules.
- (l) The Performance Rights are not transferable unless the Board determines otherwise or the transfer is required by law and provided that the transfer complies with the Corporations Act.
- (m) If a vesting condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse. An unvested Performance Right will also lapse if the Participant ceases to be an Eligible Employee for the purposes of the Plan by reason of resignation, termination for poor performance or termination for cause (unless the Board determines otherwise).
- (n) Under the Plan, if the Participant ceases to be an employee of the Company Group for any reason other than those reasons set out in (m), including (but not limited to) upon the retirement, total and permanent disability, redundancy, death of a Participant or termination by agreement then in respect of those Performance Rights which have not satisfied the vesting condition but have not lapsed, then the Participant shall be permitted to continue to hold those Performance Rights as if the Participant was still an Eligible Employee except that any continuous service condition will be deemed to have been waived (unless the Board determines otherwise).
- (o) If a Participant acts fraudulently or dishonestly, is in breach of his or her obligations to the Company and its related bodies corporate or has done an act which has brought the Company or any of its related bodies corporate into disrepute, or the Company becomes aware of a material misstatement or omission in the financial statements in relation to the Company Group, a Participant is convicted of an offence in connection with the affairs of the Company Group or a Participant has judgment entered against him in any civil proceedings in respect of the contravention of his duties at law in his capacity as an employee or officer of the Company Group, the Board will have the discretion to deem any Performance Rights to have lapsed.
- (p) If in the opinion of the Board, Performance Rights vested as a result of the fraud, dishonesty or breach of obligations of either the Participant or any other person and in the opinion of the Board, the Performance Rights would not have otherwise vested; or the Company is required by, or entitled under, law to reclaim an overpaid bonus or other amount from a Participant, then the Board may determine (subject to applicable law) any treatment in relation to the Performance

Rights or Shares to comply with the law or to ensure no unfair benefit is obtained by the Participant.

- (q) Where there is an event that the Board considers may result in a change of control of the Company (**Change of Control Event**), the Board may in its discretion determine that all or a specified number of the Participant's Performance Rights vest or cease to be subject to restrictions (as applicable) although the Board may specify in an offer to a Participant that a different treatment will apply if a Change of Control Event occurs.

Unless the Board determines otherwise, if a Change of Control Event occurs, any restrictions on dealing imposed on vested Performance Rights will cease to have effect.

- (r) There are no participating rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (s) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the number of Shares which must be allocated on the exercise of a Performance Right.
- (t) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be allocated on the exercise of a Performance Right will be increased by the number of Shares which the Participant would have received if the Performance Right had vested before the record date for the bonus issue.
- (u) If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Rights holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

14.7 Substantial Shareholders

At the date of this Prospectus, the following Shareholders have a voting power of 5% or more of the Shares on issue.

Shareholder	Number of Shares Held	% interest as at date of Prospectus
Aymon Pacific Pty Ltd <Jerezos A/C>	3,075,000	7.00%

The following table shows the voting power of the Vendors and the substantial Shareholders in the Company:

- (a) following completion of the Acquisition and the Offers;
 - (b) following conversion of all Performance Shares; and
 - (c) following conversion of all Performance Shares and exercise of all New Options,
- (in each case assuming the Maximum Subscription is raised under the Public Offer, but no other new capital is raised).

	Number of Shares held post completion of Acquisition and Offers	Voting power %	Shares held post conversion of Class A Performance Shares and Performance Rights	Voting power %	Shares held post conversion of Class A Performance Shares, Performance Rights and New Options	Voting power %
Jonathan Hunter	41,600,000	10.01%	94,100,000	11.98%	94,100,000	11.40%
Robi Sen	40,000,000	9.63%	92,500,000	11.77%	92,500,000	11.20%
Roger Davies	33,200,000	7.99%	63,200,000	8.02%	63,200,000	7.63%
Paul McCarthy	30,800,000	7.41%	60,800,000	7.74%	60,800,000	7.36%
Nicholas Clark	29,590,000	7.12%	69,590,000	8.86%	82,590,000	10.00%
Gavin Rezos	23,605,000	5.68%	67,605,000	8.60%	80,605,000	9.76%
Bryan Halfpap	21,360,000	5.14%	46,360,000	5.90%	46,360,000	5.61%
Steve Shattil	20,800,000	5.01%	45,800,000	5.83%	45,800,000	5.55%
Ben Smith	20,360,000	4.90%	45,360,000	5.77%	45,360,000	5.49%
Sub Total	261,315,000	62.89%	585,315,000	74.25%	611,315,000	73.81%
Total Shares on issue	415,503,500		785,753,500		825,753,500	
Notes: The totals above assume that the Shareholders listed above (other than the Proposed Directors) do not receive any Shares issued under the Public Offer. The totals above assume that the Proposed Directors listed above receive the full amount of the Shares that they have indicated to the Company they intend for subscribe for under the Public Offer (see Section 8.4 for details).						

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

14.8 Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers under this Prospectus; or
- (c) the Offers under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offers of Securities under this Prospectus.

Automic Registry Services has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

Viaticus has been appointed as corporate adviser to the Company in relation to the Offers. The Company estimates that it will pay Viaticus between \$240,000 (if only the Minimum Subscription is raised) and \$360,000 (if the Maximum Subscription is raised) for these services. See Section 6.12 for details of all fees payable by the Company to Viaticus in connection with the Offers and the Acquisition. During the 24 months preceding lodgement of this Prospectus with ASIC, Viaticus has not received any other fees from the Company.

RSM Financial Services Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 10. The Company estimates it will pay RSM Financial Services Australia Pty Ltd a total of \$24,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, RSM Financial Services Australia Pty Ltd has not received any other fees from the Company.

RSM Partners Australia is to be appointed as the Company's auditor. Following the appointment of RSM Partners Australia as the Company's auditor, fees will be charged in accordance with normal charge out rates. RSM Partners Australia has also been engaged as D13's auditor, and is expected to receive \$12,500 in audit fees from D13. During the 24 months preceding lodgement of this Prospectus with ASIC, RSM Partners Australia has not received any other fees from the Company.

GTP Legal has acted as the solicitors to the Company in relation to the Offers and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay GTP Legal approximately \$150,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, GTP Legal has received approximately \$25,890 in fees from the Company.

Ascenda Law Group has prepared the Patent Report which has been included in Section 11. The Company estimates it will pay Ascenda Law Group a total of \$5,000 for these services (which includes fees already paid to Ascenda Law Group for services provided to the Company in connection with the Company's due diligence for the Acquisition). During the 24 months

preceding lodgement of this Prospectus with ASIC, Ascenda Law Group has not received any other fees from the Company.

14.9 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offers; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

Viaticus has given its consent to being named as the corporate adviser to the Company in this Prospectus. Viaticus has not withdrawn its consent prior to the lodgement of this Prospectus.

RSM Australia Partners has given its written consent to being named as the auditor to the Company in this Prospectus. RSM Australia Partners has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

RSM Financial Services Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. RSM Financial Services Australia Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

GTP Legal has given its written consent to being named as the lawyer to the Company in this Prospectus. GTP Legal has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Ascenda Law Group has given its written consent to being named as the author of the Patent Report and to the inclusion of the Patent Report in Section 11 in the form and context in which the report is included. Ascenda Law Group has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Automic Registry Services has given its written consent to being named as the Company's share registry in this Prospectus. Automic Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

14.10 Litigation

To the knowledge of the Existing Directors and the Proposed Directors, as at the date of this Prospectus, neither the Company nor D13 is involved in any legal proceedings and the Existing Directors and the Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or D13.

14.11 ASX Waivers

The Company has obtained a waiver from ASX to permit it to:

- (a) issue Shares under the Public Offer to the Proposed Directors; and
- (b) issue Shares to the Existing Directors and the Former Director in satisfaction of outstanding directors' fees and salary,

later than one month following the Shareholder Meeting but no later than three months following the Shareholder Meeting.

The Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include that:

- (a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 11).

The terms of the proposed capital raising will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Public Offer is proposed to be completed at an issue price of 10 cents per Share, being an issue price of less than 20 cents.

Following completion of the Offers, the Company will have New Options on issue with an exercise price of 2.5 cents, being less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11.

The Company has obtained a waiver of ASX Listing Rule 2.1 Condition 2, together with a waiver of ASX Listing Rule 1.1 Condition 11, to allow the Company to:

- (a) issue the Shares under the Public Offer at no less than 2 cents per Share; and
- (b) have the New Options on issue with an exercise price of no less than 2 cents.

14.12 Taxation

The acquisition and disposal of Securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

14.13 Expenses of the Offers

The estimated expenses of the Offers are as follows:

Item of expenditure	Minimum Subscription	Maximum Subscription
ASX & ASIC fees	\$108,226	\$113,105
Legal fees	\$205,000	\$205,000
Investigating Accountant's Report	\$56,500	\$56,500
Patent Report	\$5,000	\$5,000
Viaticus fee in relation to the Public Offer ¹	\$240,000	\$360,000
Share registry, printing and other	\$48,523	\$49,011
Total	\$663,249	\$788,616

Notes:

1. Refer to Section 6.12 for further details in respect to the fees payable to Viaticus in relation to the Public Offer.

15. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Existing Directors and the Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Existing Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

A handwritten signature in black ink, appearing to read 'B. Munro', enclosed within a hand-drawn oval.

Brandon Munro
Director

For and on behalf of Kunene Resources Limited

19 November 2015

16. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$A or \$ means an Australian dollar.

Acquisition means the acquisition by the Company of all of the issued capital of D13, as contemplated by the Acquisition Agreement.

Acquisition Resolutions means Resolutions 3 to 24 from the Company's notice of meeting dispatched to Shareholders for consideration at the Shareholder Meeting, being resolutions for approval of the following matters:

- (a) Change to scale and nature of activities;
- (b) Approval of Acquisition of D13;
- (c) Approval of new class of Securities – Performance Shares;
- (d) Authority to issue Capital Raising Shares;
- (e) Appointment of each of the Proposed Directors as a Director;
- (f) Authority to issue Loan Satisfaction Shares to D13 Lenders;
- (g) Authority to issue Securities to Viaticus and its nominees;
- (h) Adoption of Performance Rights Plan;
- (i) Approval of grant of Performance Rights to each of the Proposed Directors;
- (j) Change of Company Name; and
- (k) Approval of issue of Shares to each of the Existing Directors and the Former Director in life of directors' fees and salary

Adviser Offer has the meaning given in Section 6.4.

Adviser Offer Application Form means the application form as provided with a copy of this Prospectus relating to the Adviser Offer.

Adviser Securities means 65,000,000 Shares, 84,000,000 Class A Performance Shares and 40,000,000 New Options (being the Option Fee Shares and the Introducer Securities).

Advisers means Viaticus and/or its nominees.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities pursuant to an Application Form.

Application Form means an application form as provided with a copy of this Prospectus relating to the Offers.

Application Monies means application monies for Shares received and banked by the Company.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Class A Performance Share or Performance Share means a share in the capital of Kunene issued on the terms and conditions set out in Section 14.2.

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 3.

Company or Kunene means Kunene Resources Limited (ACN 155 396 893) (to be renamed Department 13 International Limited).

Company Group means the Company and its 'related bodies corporate' (as that term is defined in the Corporations Act).

Completion means completion of the Acquisition.

Consideration Shares means the Shares and Performance Shares being offered to the Vendors pursuant to the Vendor Offer as contemplated by the Acquisition Agreement.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

COTS means "commercial off the shelf".

D13 means Department 13 LLC, a limited liability company incorporated in Virginia, United States of America.

D13 Group means D13 and its related bodies corporate.

D13 Lenders means sophisticated and professional investors arranged by Pheakes Pty Ltd, the lead syndicated lender, who have advanced funds to D13 under the Loan Agreement.

Directors mean the directors of the Company at the date of this Prospectus and the Proposed Directors.

Eligible Employee means a full time or part time employee of the Company Group (including a director) or any other person who is declared by the Board to be eligible to receive a grant of Performance Rights under the Performance Rights Plan.

Existing Directors means the persons identified as existing directors in the Corporate Directory.

Existing Unlisted Options means the Options currently on issue on the terms and conditions set out in Section 14.3.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Former Director means Mr Michael Leech.

FY means full year.

Introducer Securities has the meaning given in Section 13.3.

Investigating Accountant's Report means the investigating accountant's report in Section 10.

HY means half year.

License Agreement means the Patent License Agreement made on 1 October 2015 between Genghiscomm Holdings, LLC and D13, as amended and restated on 17 November 2015.

Listing Rules means the official listing rules of ASX.

Loan Agreement means the loan agreement dated 1 September 2015 between D13 and the D13 Lenders with Viaticus as arranger and manager pursuant to which the D13 Lenders agreed to make a loan facility available to D13.

Loan Satisfaction Shares has the meaning given in Section 13.4.

Mesmer-D has the meaning given in Section 7.3(b).

Milestone has the meaning given in Section 14.2.

Maximum Subscription means 40,000,000 Shares at \$0.10 each to raise \$4,000,000 (before costs).

Minimum Subscription means 60,000,000 Shares at \$0.10 each to raise \$6,000,000 (before costs).

New Option means an Option to be issued on the terms and conditions set out in Section 14.4.

Offers means the Public Offer, the Vendor Offer, the D13 Lender Offer and the Adviser Offer.

Official List means the official list of ASX.

Official Quotation means official quotation of the Company's Shares by ASX in accordance with the Listing Rules.

Option means an option to subscribe for a Share.

Option Fee Shares has the meaning given in Section 13.3.

Participant means a person who holds a Performance Right under the Performance Rights Plan.

Performance Rights Plan or **Plan** means the Company's performance rights plan to be approved at the Shareholder Meeting and summarised in Section 14.6.

Performance Right means the contractual right to be issued a Share on achievement of the milestones and on the terms detailed in Section 14.5 to be granted on the terms and conditions under the Performance Rights Plan.

Proposed Directors means the persons identified as proposed directors in the Corporate Directory, the details of whom are set out in Section 8.1.

Prospectus means this prospectus.

Public Offer has the meaning given in Section 6.1.

Public Offer Application Form means the application form as provided with a copy of this Prospectus relating to the Public Offer.

Public Offer Conditions means the conditions of the Public Offer outlined in Section 6.5.

Securities means Shares, Options, Class A Performance Shares and Performance Rights or any combination of these as the context provides.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Security Transfer Registrars Pty Ltd.

Shareholder means a holder of Shares.

Shareholder Meeting means the annual general meeting of Shareholders to be held on 30 November 2015.

US\$ means a United States of America dollar.

US Executive Director means a Director of the Company that does not report to management, and is not an employee, but is more involved in particular aspects of business development for the Company than a typical non-executive director.

Vendor Offer has the meaning given in Section 6.2.

Vendor Offer Application Form means the application form as provided with a copy of this Prospectus relating to the Vendor Offer.

Vendors means the shareholders of D13.

Viaticus means Viaticus Capital LLC a limited liability company incorporated in Wyoming, United States of America.

Viaticus Consultancy Agreement means the Consultancy Agreement dated on or about 15 November 2015 between the Company, D13 and Viaticus.

Viaticus Mandate Agreement means the term sheet and mandate agreement dated 5 August 2015 between Viaticus and D13 pursuant to which Viaticus is to provide capital raising and transaction services to D13 to result in a public listing of the D13 business.

WST means Western Standard Time, Perth, Western Australia.