
Kunene Resources Limited
ACN 155 396 893
(to be renamed Department 13 International Limited)

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at CWA House,
Level 2, 1176 Hay Street West Perth, Western Australia on Monday,
30 November 2015 at 10.00am (WST).**

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9486 8237.

KUNENE RESOURCES LIMITED
(TO BE RENAMED DEPARTMENT 13 INTERNATIONAL LIMITED)
ACN 155 396 893

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Kunene Resources Limited (**Company**) will be held at CWA House, Level 2, 1176 Hay Street West Perth, Western Australia on Monday, 30 November 2015 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form forms part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 28 November 2015 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 22.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

2. Resolution 2 – Re-election of Philip Werrett as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Philip Werrett, who retires in accordance with Clause 11.3 of the Constitution of the Company, being eligible and offering himself for re-election, be re-elected as a director of the Company with immediate effect."

3. Resolution 3 – Change to scale and nature of activities

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change to the scale and nature of its activities on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Approval of Acquisition of D13

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of:

(a) 200,000,000 Shares (**Consideration Shares**); and

(b) 200,000,000 Performance Shares,

*(collectively **Consideration Securities**) to the Vendors (or their nominees) as consideration for the Acquisition on the terms and conditions in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Vendors, and their nominees, and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval of new class of Securities – Performance Shares

To consider, and if thought fit, to pass with or without amendment, the following resolution as a special resolution:

*“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 246B(1) of the Corporations Act and Clause 3.1 of the Constitution of the Company and for all other purposes, the Company be authorised to create a new class of share on the terms and conditions in Schedule 3 and in the Explanatory Memorandum (**Performance Shares**).”*

6. Resolution 6 – Authority to issue Capital Raising Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to that number of Shares (**Capital Raising Shares**), when multiplied by the Capital Raising Issue Price, will raise up to \$6,000,000 (**Capital Raising**), on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Appointment of Mr Jonathan Hunter as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Clause 11.7 of the Constitution, and with effect from Completion of the Acquisition, Mr Jonathan Hunter be appointed as a Director."

8. Resolution 8 – Appointment of Dr Kathleen Kiernan as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Clause 11.7 of the Constitution, and with effect from Completion of the Acquisition, Dr Kathleen Kiernan be appointed as a Director."

9. Resolution 9 – Appointment of Mr Gavin Rezos as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Clause 11.7 of the Constitution, and with effect from Completion of the Acquisition, Mr Gavin Rezos be appointed as a Director."

10. Resolution 10 – Appointment of Mr Al Teller as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Clause 11.7 of the Constitution, and with effect from Completion of the Acquisition, Mr Al Teller be appointed as a Director."

11. Resolution 11 – Appointment of Mr Philip George as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Clause 11.7 of the Constitution, and with effect from Completion of the Acquisition, Mr Philip George be appointed as a Director."

12. Resolution 12 – Authority to issue Loan Satisfaction Shares to D13 Lenders

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 42,000,000 Shares (**Loan Satisfaction Shares**) to the D13 Lenders on the terms and conditions, set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue of the Loan Satisfaction Shares and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution 13 – Authority to issue Securities to Viaticus and its nominees

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue:

- (a) up to 20,000,000 Shares (**Option Fee Shares**) in consideration of the Option Fee;
- (b) up to:
 - (i) 45,000,000 Shares;
 - (ii) 84,000,000 Performance Shares; and

(iii) 40,000,000 Options,

(together the **Introducer Securities**) in consideration of introduction and facilitation services provided under the Viaticus Mandate Agreement,

to Viaticus (and/or its nominees) on the terms and conditions, set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue of the Option Fee Shares and Introducer Securities and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. Resolution 14 – Adoption of Performance Rights Plan

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, approval is given for the establishment of the "Department 13 International Limited Performance Rights Plan" and the issue of Performance Rights and Shares on exercise of Performance Rights, thereunder, on the terms and conditions summarised in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. Resolution 15 – Approval of grant of Performance Rights to Mr Jonathan Hunter

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 12,500,000 Performance Rights (and 12,500,000 Shares on exercise of the Performance Rights) to Mr Jonathan Hunter (and/or his nominees) under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Performance Rights Plan and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

16. Resolution 16 – Approval of grant of Performance Rights to Dr Kathleen Kiernan

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 3,000,000 Performance Rights (and 3,000,000 Shares on exercise of the Performance Rights) to Dr Kathleen Kiernan (and/or her nominees) under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Performance Rights Plan and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

17. Resolution 17 – Approval of grant of Performance Rights to Mr Gavin Rezos

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 4,000,000 Performance Rights (and 4,000,000 Shares on exercise of the Performance Rights) to Mr Gavin Rezos (and/or his nominees) under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Performance Rights Plan and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

18. Resolution 18 – Approval of grant of Performance Rights to Mr Al Teller

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 3,000,000 Performance Rights (and 3,000,000 Shares on exercise of the Performance Rights) to Mr Al Teller (and/or his nominees) under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Performance Rights Plan and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

19. Resolution 19 – Approval of grant of Performance Rights to Mr Philip George

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 1,250,000 Performance Rights (and 1,250,000 Shares on exercise of the Performance Rights) to Mr Philip George (and/or his nominees) under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Performance Rights Plan and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

20. Resolution 20 – Change of Company Name

To consider, and, if thought fit, to pass with or without amendment, the following resolution as a special resolution:

“That, subject to each of the other Acquisition Resolutions being passed, with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Department 13 International Limited.”

21. Resolution 21 – Approval of issue of Shares to Mr Philip Werrett in lieu of Directors’ fees

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue 300,000 Shares to Mr Philip Werrett (or his nominee) in lieu of directors’ fees payable to Mr Philip Werrett on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Werrett and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

22. Resolution 22 – Approval of issue of Shares to Mr Peter Pawlowitsch in lieu of salary

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue 1,600,000 Shares to Mr Peter Pawlowitsch (or his nominee) in lieu of salary payable to Mr Peter Pawlowitsch on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Pawlowitsch and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

23. Resolution 23 – Approval of issue of Shares to Mr Michael Leech in lieu of Directors’ fees

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue 300,000 Shares to Mr Michael Leech (or his nominee) in lieu of directors’ fees payable to Mr Michael Leech on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Leech and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

24. Resolution 24 – Approval of issue of Shares to Mr Brandon Munro in lieu of salary

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Directors to issue 2,400,000 Shares to Mr Brandon Munro (or his nominee) in lieu of salary payable to Mr Brandon Munro on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Munro and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

25. Resolution 25 – Authority for Mr Jonathan Hunter to participate in the Capital Raising

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Jonathan Hunter (and/or his nominees) to participate in the Capital Raising to the extent of up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Hunter and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

26. Resolution 26 – Authority for Dr Kathleen Kiernan to participate in the Capital Raising

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Dr Kathleen Kiernan (and/or her nominees) to participate in the Capital Raising to the extent of up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000, will amount to up to \$50,000, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Kiernan and her nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

27. Resolution 27 – Authority for Mr Gavin Rezos to participate in the Capital Raising

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Gavin Rezos (and/or his nominees) to participate in the Capital Raising to the extent of up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Rezos and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

28. Resolution 28 – Authority for Mr Al Teller to participate in the Capital Raising

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Al Teller (and/or his nominees) to participate in the Capital Raising to the extent of up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Teller and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

29. Resolution 29 – Authority for Mr Philip George to participate in the Capital Raising

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to Resolution 6 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Philip George (and/or his nominees) to participate in the Capital Raising to the extent of up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr George and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

30. Resolution 30 – Increase in maximum aggregate cap of non-executive Directors' remuneration

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

"That for the purpose of Clause 11.14 of the Company's constitution and Listing Rule 10.17, and for all other purposes, the maximum aggregate amount of remuneration which may be provided by the Company to all non-executive directors for their services as directors be increased by \$250,000 to a maximum amount of \$500,000 per annum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

31. Resolution 31 – Appointment of Auditor

To consider and, if thought fit, to pass with or without amendment, the following resolution as a special resolution:

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, RSM Australia Partners having been nominated by a shareholder consented in writing to act in the capacity of auditor, be appointed as auditor of the Company."

32. Resolution 32 – Approval of the disposal of Kaoko Project

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 11.2 and for all other purposes, Shareholders approve the sale of the Kaoko Project (through the sale of all of the issued share capital of Kunene Metals Mauritius) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 27 October 2015

BY ORDER OF THE BOARD



Mr Ian Hobson
Company Secretary

KUNENE RESOURCES LIMITED
(TO BE RENAMED DEPARTMENT 13 INTERNATIONAL LIMITED)
ACN 155 396 893

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at CWA House, Level 2, 1176 Hay Street West Perth, Western Australia on Monday, 30 November 2015 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Personalised Proxy Forms have been sent out with this Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 1, 14 to 19, 21 to 24 and 30 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 1, 14 to 19, 21 to 24 and 30.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 1, 14 to 19, 21 to 24 and 30 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.kuneneresources.com or by contacting the Company on (08) 9486 8237.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2015;
- (b) ask questions or make comment on the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report;
- (d) ask the auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Summary of the Acquisition

4.1 Background

The Company is a mineral exploration company with interests in exploration licences in Namibia and Portugal. Following an extended period of difficult market conditions for junior resources companies, the Company remained open minded to acquisitions or investments in other sectors.

The Company announced on 3 September 2015 that it had entered into a conditional agreement to acquire 100% of the issued capital of D13 (**Acquisition**). D13 is a drone defense, cyber security and RF software communications and networking research and development company based in Virginia.

4.2 Capital Raising

The Company will seek to raise a minimum of \$4,000,000 and up to a maximum of \$6,000,000, through the issue of up to that number of Shares, when multiplied by the Capital Raising Issue Price (defined below), that amounts to the raising amount.

The issue price will be the greater of:

- (a) \$0.04 per Share; and
- (b) the price which is 85% of the 5 day VWAP for Shares rounded down to the nearest whole cent calculated over any 5 day period on which sales of Shares were recorded before the date of the Meeting, which 5 day period will be determined by the Company in conjunction with the Vendors,

(Capital Raising Issue Price).

The Company will announce the Capital Raising Issue Price to ASX prior to the date of the Meeting and immediately following a decision being made regards the Capital Raising Issue Price.

Resolution 6 seeks Shareholder approval for the Capital Raising (refer to Section 10).

4.3 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.

4.4 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 Schedule 6).

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 4.14 for further information regards the Licence Agreement).
- **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:

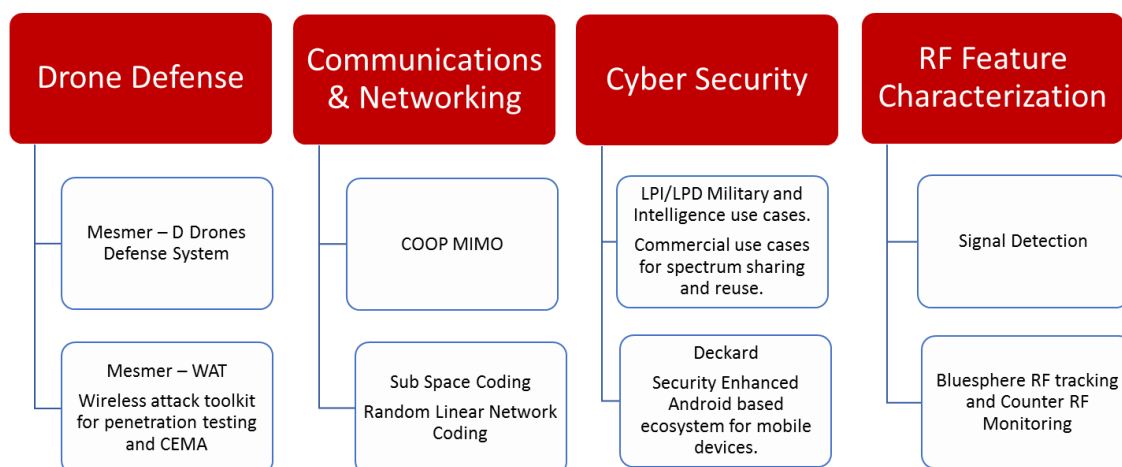


Figure 1: Proposed Product Portfolio

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 4.7 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 an industry seeking greater bandwidth to deliver data and streaming services. The successful entry of this technology into the market will require acceptance from large service operators to adopt the technology as an industry standard. It is a potentially very high reward technology with attendant market risk.

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. Companies with high data transmission, analysis or content streaming services are potential users of this technology.

D13's C MIMO technology has been demonstrated in urban environments by various research institutions in Europe and the US. C MIMO technology is part of the Long Term Evolution (LTE) Advanced cellular standard (Release 11, standardised on December 2012) and is recognized by the industry as an essential enabler to increase bandwidth efficiency, data rates, and coverage. D13 will look to partner and license this technology by the end of 2016.

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.

4.5 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.

4.6 Business Strategy

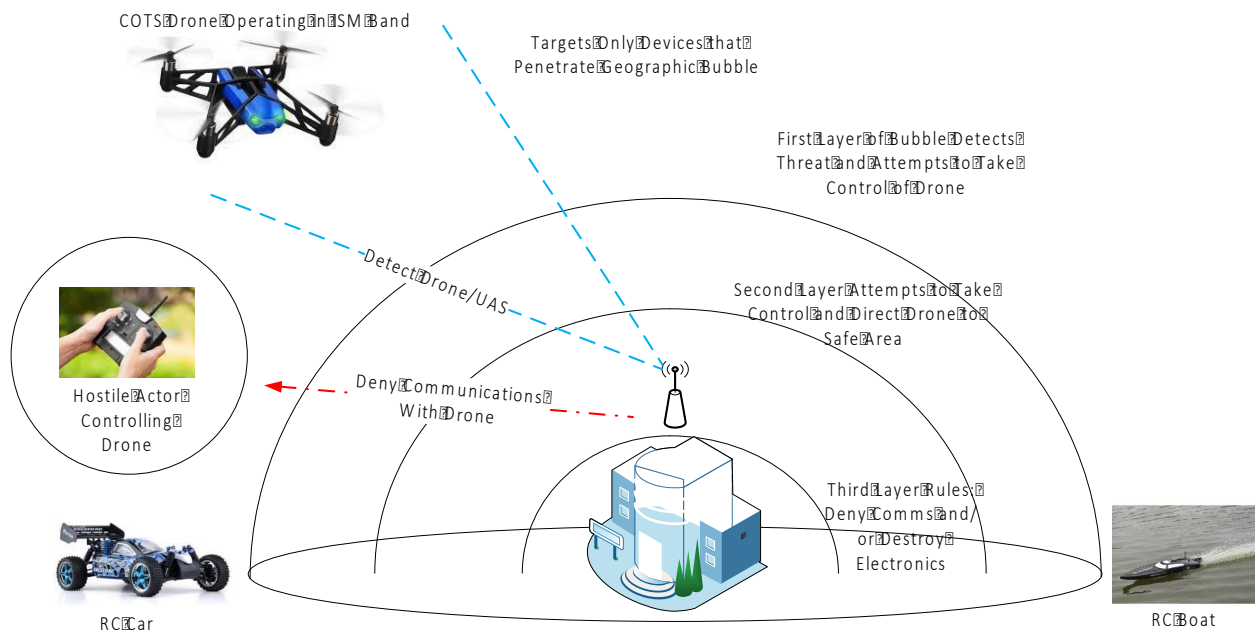
D13's initial focus and business strategy is to:

- 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.

4.7 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:

(a) **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.

- (b) **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.
- (c) **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.
- (d) **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.
- (e) **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.
- (f) **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.
- (g) **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.
- (h) **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.
- (i) **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.

4.8 Development Opportunities for other D13 Products and Services

- (a) **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.

(b) **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 license over the key patents, which were developed by D13's Chief Science officer, Steve Shattil. 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.

D13 sees C-MIMO as a potentially market transforming technology which requires dedicated business development resources to commercialize through engagement with large mobile, data transmission, content streaming and internet service providers to achieve adoption of C-MIMO as an industry standard technology.

(c) **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.

(d) **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.

(e) **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.

4.9 Business Plan Execution

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 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.
- (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 C MIMO and Sub Space Coding technologies in conjunction with large scale infrastructure or device companies.
- (j) Commercialise LPI/LPD, Deckard and RF Feature technologies through direct sales, out-licencing or joint ventures.
- (k) Consider out-licensing non-core applications of the D13 proprietary technologies which have been further developed and that have high value, such as derivative applications of C-MIMO and Sub Space Coding.
- (l) Establish strategic relationships with industry recognized entities as a means of faster market penetration.

4.10 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:

- (a) Provide high level consulting and thought leadership around potential threats arising from Drones and the 'Internet of Things' emerging standards;

- (b) 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;
- (c) Provide service and support to setup drone or other device resilient organizations;
- (d) Provide wireless attack tool kit services and training to government agencies, law enforcement and the commercial sector; and
- (e) Provide cyber security reviews.

4.11 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.

4.12 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.

4.13 Technologies

The intellectual property of D13's key technologies is detailed in Schedule 6.

4.14 Licence Agreement

The key terms of the Licence Agreement are:

- (a) The licensor, Genghiscomm Holding LLC (**Licensor**) grants an exclusive and worldwide licence to D13 to use the intellectual property the subject of the wireless networking patents and patent applications referred to in item XX of Schedule 6 (**Licence IP**).
- (b) The licence gives D13 the right to create and sell products using the Licence IP and provide services in relation to the development of products using the Licence IP. D13 has an obligation to diligently commercialise the technology.
- (c) The licence has global coverage.
- (d) D13 will pay the Licensor royalties of:
 - (i) 7% of net product sales (gross sale price less taxes like VAT (excluding income tax) and import/export duties); and
 - (ii) 3% on net service sales (consideration received for the services less taxes like VAT (excluding income tax)).
- (e) The term of the Licence Agreement is for the life of the patent rights although the Licensor may terminate the licence on 180 days' notice if the minimum royalties for the licence in the first five years are not met by actual royalty payments or payments in lieu. The minimum royalties (**Minimum Royalties**) are as follows:
 - (i) Contract Year 2016 - \$10.
 - (ii) Contract Year 2017 - \$50,000.
 - (iii) Contract Year 2018 - \$150,000.
 - (iv) Contract Year 2019 - \$300,000.
 - (v) Contract Year 2020 - \$500,000.
- (f) The Licensee has a discretionary right to terminate the licence with 90 days notice.

- (g) Standard termination provisions apply for non-compliance with the terms of the Licence Agreement.
- (h) 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.
- (i) The Licence Agreement contains warranties regarding the Licensor's ownership of the Licence IP
- (j) The Licence Agreement requires D13 to provide quarterly and annual reporting obligations on commercialisation progress during the quarter/year.

4.15 Management of D13

The key management personnel of D13 (who will become the key management personnel of the Company following Completion) are as follows:

- (a) Jonathan Hunter (Executive Chairman and Chief Executive Officer)

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 11.2 for a brief profile of Mr Hunter.

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

As part of the Acquisition, Mr Hunter will be granted 12,500,000 Performance Rights under the Performance Rights Plan. Refer to Section 15 for further details.

- (b) Robi Sen (Chief Technical Officer)

Mr Sen is currently chief technical officer of D13, and from Completion, will become chief technical officer of the Company.

Mr Sen is the chief technical officer of D13. 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.

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..
- (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 Performance Rights under the Performance Rights Plan. Refer to Section 14 for details.

(c) Steve Shattil (Chief Science Officer)

Mr Shattil is currently chief science officer of D13. 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 technical officer involves overseeing the technical foundations of the D13 business. Mr Shattil has Masters qualifications in engineering (electrical) and science (physics).

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..
- (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 Section 14 for details.

(d) Bryan Halfpap (Director – Research Engineering)

Mr Halfpap is currently a lead engineer with D13. 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.

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..
- (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 Section 14 for details.

(e) Ben Smith (Director – Wireless Systems)

Mr Smith is currently a lead engineer with D13. 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.

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..
- (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 Section 14 for details.

4.16 Use of Funds

Following completion of the Acquisition and the Capital Raising, the Company intends to apply funds as follows:

PROPOSED USE OF FUNDS	\$4M Minimum Capital Raising	\$6M Maximum Capital Raising
Cash on hand – Company and D13	\$1,160,000	\$1,160,000
Proceeds from Capital Raising	\$4,000,000	\$6,000,000
Total Cash on completion of re-compliance	\$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	\$1,555,000	\$2,235,000
Costs of the offer	\$605,000	\$725,000
Total	\$5,160,000	\$7,160,000

Note:

1. An exchange rate of AUD:USD 0.70 has been assumed for any US dollar items.
2. If more than the \$4M minimum but less than the \$6M maximum is raised, the funds will be applied in priority as follows, firstly to costs of the offer, then 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 the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any expenditure allocation, the funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

4.17 Consideration

Under the terms of the Acquisition, the Company has agreed to issue the Consideration Securities to the Vendors. Refer to Sections 4.19 and 8 for further details.

4.18 Board Changes

Following the completion of the Acquisition, the Company will seek changes to its Board of Directors, with all existing Directors stepping down from their positions.

The outgoing Directors will be replaced on the Board by Mr Jonathan Hunter as Executive Chairman and Chief Executive Officer, Dr Kathleen Kiernan as Executive Director – Government Sector, Mr Al Teller as Executive Director – Commercial Sector, and Mr Gavin Rezos and Mr Philip George as non-executive Directors. Shareholder approval for these appointments is being sought pursuant to Resolutions 7 to 11. Refer to Section 11 for more information on the qualifications of each of these nominees.

4.19 Terms of the Acquisition

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 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 principal terms of the transaction encapsulated under the Acquisition Agreement are as follows:

- (a) The consideration is:
 - (i) 200,000,000 Consideration Shares;
 - (ii) 200,000,000 Class A Performance Shares, which are convertible into 200,000,000 Shares on a one for one basis, in the event that the 20 trading day VWAP of the Company's 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:
 - (A) D13 commences first commercial sales of Drone Defense products;
 - (B) D13 enters into a licencing agreement for any of the Technologies with a National or State Government Agency or significant multinational corporation;
 - (C) D13 enters into a licence agreement for any of the Technologies with a supplier to a National or State government agency;
 - (D) D13 enters into a joint venture agreement with a large network or mobile company or a supplier to law enforcement, defense or military;
 - (E) the cumulative value of grants provided to D13 equals or exceeds US\$3m; or
 - (F) the Company (or a spin off entity of the Company) lists on the NASDAQ, OTC QX or NYSE Markets.
- (b) The Company will conduct a capital raising of a minimum of \$4,000,000 up to a maximum of \$6,000,000 through the issue of Shares at the Issue Price pursuant to a prospectus.
- (c) The Acquisition is conditional upon, and subject to, a number of conditions which remain outstanding at the date of this Notice, 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);
 - (iv) if required, each of the Vendors waiving all pre-emptive and other rights over any of the D13 Shares (if any); and
 - (v) 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 Section 14 for further details.
- (e) D13 has been provided loan funds totalling \$1,000,000 pursuant to the Loan Agreement, to continue to grow its business pending completion of the Acquisition. Should the Acquisition proceed to Completion, it has been agreed that this loan (plus \$50,000 in loan fees) will be assigned to the Company and the D13 Lenders will be repaid through the issue of Shares at \$0.025 per Share.
- (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. 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 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.
- (h) The Vendors have acknowledged that some or all of the Consideration Securities 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 the D13 Group and its business provided by the major shareholders of D13.

Resolution 4 seeks Shareholder approval for the issue of the Consideration Securities pursuant to the Acquisition.

4.20 Effect of the Acquisition on the Company

Below is a table showing the Company's current capital structure and the capital structure on completion of the Capital Raising (assuming the maximum of \$6,000,000 is raised at issue price per Share of \$0.10 per Share) and issue of the Consideration Shares and other Securities contemplated by this Notice.

	Shares	Performance Shares	Performance Rights	Options
Balance at the date of this Notice	43,903,500			2,100,000 ¹
To be issued to D13 Vendors pursuant to the Acquisition	200,000,000	200,000,000		
Option Fee Shares to Viaticus Nominees	20,000,000			
Loan Satisfaction Shares to D13 Lenders	42,000,000			
Introducer Securities to Viaticus Nominees	45,000,000	84,000,000		40,000,000 ²
Director Performance Rights			23,750,000	
Employee Performance Rights			62,500,000	
Satisfaction of Existing Director fees	4,600,000			
Capital raising	60,000,000 ³			
Total	415,503,500⁴	284,000,000	86,250,000	42,100,000
Total fully diluted assuming conversion of all convertible securities	827,853,500⁴	-	-	-

Notes:

1. Existing unlisted Options exercisable at \$0.40 each, expiring 15 September 2016.
2. New unlisted Options exercisable at \$0.025 each, expiring 5 years after the date of issue.
3. Assumes the Capital Raising is conducted at a Capital Raising Issue Price of \$0.10. See Section 10.3 for further information regards the number of Shares which may be issued if the Capital Raising Price is a higher amount having made the calculation of the Capital Raising Price at the appropriate time.
4. These figures are indicative only and depend upon the number of Capital Raising Shares actually issued, which will be determined by the Capital Raising Issue Price.

4.21 Pro-forma Balance Sheet

A pro-forma balance sheet of the Company on completion of the Acquisition and the Capital Raising is set out in Schedule 2 assuming a Capital Raising Price of \$0.04 per Share (minimum price for the Capital Raising) and \$0.10 per Share (illustrative price given current share price). The pro-forma balance sheet is based on audited accounts for the Company and the D13 Group as at 30 June 2015.

4.22 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) The Company will be exposed to a growth industry, and Shareholders can share in the future prospects of D13's business.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition and Capital Raising will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.
- (d) Shareholders may be exposed to further debt and equity opportunities that it did not have prior to the Acquisition.
- (e) The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.

4.23 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) The D13 business has a different risk and reward profile to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (b) Should the Acquisition be completed, the Company's Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly.

- (c) The Company will be exposed to the risks associated with D13 and its business (refer to Section 4.25 for further information).

4.24 Timetable

An indicative timetable for the completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules is set out in the table below.

Event	Date
Lodgement of Prospectus with ASIC	13 November 2015
Shareholder Meeting to approve the Acquisition	30 November 2015
Closing date for Prospectus offer	30 November 2015
Complete Acquisition	10 December 2015
Re-quotation of Shares on ASX	14 December 2015

*Dates in the above table other than the Shareholder Meeting are indicative only.

4.25 Risk Factors

The Company has undertaken a due diligence process (including commercial, financial, legal, technical and other risks) prior to the date of this Notice and will conduct further due diligence on D13 and its Technologies pending Completion. While this process is undertaken to identify any material risks specific to D13 and its Technologies, it should be noted that the usual risks associated with companies with a small market capitalisation undertaking business in the technology sector are expected to remain after the completion of due diligence.

Shareholders and investors should also be aware that the Acquisition to acquire D13 is conditional on a number of events (refer to Section 4.19 above). Accordingly, there is a risk that the Acquisition may not be completed.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and ongoing operation of the D13 business are outlined in Schedule 1.

4.26 Company existing resources assets

The Company proposes to sell its main undertaking, being the Kaoko Project in Namibia, together with its other resources assets. The Company's resources assets consist of the following:

- (a) African Mining Capital 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.

Shareholder approval for the disposal of the Kaoko Project is sought in Resolution 32. See Section 21 of this Explanatory Memorandum for further information.

5. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that this Resolution is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass this Resolution will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

If at least 25% of the votes cast are voted against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put to shareholders at the second annual general meeting a resolution proposing that another general meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) would go up for re-election.

At the Company's 2014 Annual General Meeting the remuneration report was approved by over 75% of shareholders.

6. Resolution 2 – Re-election of Mr Philip Werrett

Resolution 2 seeks approval for the re-election of Mr Philip Werrett.

In accordance with the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being (rounded up to the nearest whole number) must retire from office and are eligible for re-election. Accordingly Mr Werrett retires and being eligible for re-election, offers himself for re-election at the Meeting.

Mr Werrett is a qualified accountant with over 30 years' commercial experience in mining services and mining exploration businesses. Mr Werrett has held multiple directorships within mining services, engineering and technology focused ASX listed entities and has extensive knowledge of corporate financial management.

7. Resolution 3 – Change to scale and nature of activities

7.1 Background

Resolution 3 seeks approval from Shareholders under Listing Rule 11.1.12 for the significant change to the scale and nature of the activities of the Company as a result of the Acquisition.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of each of the other Acquisition Resolutions.

7.2 Listing Rule 11.1 Requirements

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of a company's activities. The acquisition of D13 by the Company will have the effect of increasing the scale and changing the nature of the Company's activities.

Resolution 3 seeks Shareholder approval to allow the Company to complete the Acquisition, which will change the scale and nature of the Company's activities. Accordingly, the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. The ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Capital Raising pursuant to Resolution 6 to meet the requirements of re-compliance.

See Section 4 of this Explanatory Memorandum for further information on the Acquisition and the likely affect that the Acquisition will have on the Company.

A voting exclusion statement is included in the notice.

7.3 Waiver of 20 cent rule as part of re-compliance

As set out in Section 7.2 the proposed 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 pursuant to Resolution 6 will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Capital Raising is proposed to be completed at the Capital Raising Issue Price, which may be an issue price of less than 20 cents.

Following completion of the Capital Raising, the Company will have New Options on issue with an exercise price of \$0.025, being less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11.

The Company has applied to the ASX for a waiver of ASX Listing Rule 2.1 Condition 2 together with a waiver from ASX Listing Rule 1.1 Condition 11 to allow the Company to issue the Capital Raising Shares at the Capital Raising Issue Price, and to have the New Options on issue with an exercise price less than 20 cents. ASX is considering the application.

8. Resolution 4 – Approval of Acquisition of D13

8.1 General

As outlined in Section 4 of this Explanatory Memorandum, the Company is proposing to acquire all of the shares in D13 from the Vendors.

The Acquisition is subject to the Conditions set out in Section 4.19 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and D13's business is outlined in Section 4 above.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Securities to be issued under Resolution 4 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Shares to the Vendors as consideration for the Acquisition.

Resolution 4 is an ordinary resolution. Resolution 4 is subject to the approval of each of the other Acquisition Resolutions.

8.2 Specific Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of shares the Company will issue under Resolution 4 is 200,000,000 Shares and 200,000,000 Performance Shares.
- (b) The Consideration Securities will be issued to the Vendors, who are not related parties of the Company.
- (c) The Consideration Securities will be issued no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow) and it is intended that the Consideration Securities will be issued on the same date, being the date of completion of the Acquisition.
- (d) The Consideration Securities will be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Shares.
- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and the Performance Shares will be issued on the terms and conditions as set out in Schedule 3.
- (f) A voting exclusion statement is included in the Notice.

9. Resolution 5 – Approval of new class of Securities – Performance Shares

The Company seeks Shareholder approval to create the Performance Shares as a new class of Shares on the terms and conditions in Schedule 3.

Resolution 5 is a special resolution. Resolution 5 is subject to the passing of each of the other Acquisition Resolutions.

Under Clause 3.1 of the Constitution and subject to the Corporations Act, the Listing Rules and the Constitution, the Directors may at any time issue such number of shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine.

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to the shares already issued.

Under section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure.

In accordance with Clause 3.7 of the Constitution, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up:

- (a) with the consent in writing of the holders of three quarters of the issued shares of that class; or
- (b) authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 3 of this Explanatory Memorandum.

The Company has applied to ASX seeking confirmation that the terms are appropriate and equitable for the purposes of Listing Rule 6.1. ASX is considering the application.

10. Resolution 6 – Authority to issue Capital Raising Shares

10.1 General

The Company will seek to raise a minimum of \$4,000,000 and up to \$6,000,000 (before costs) by way of the issue Shares at the Capital Raising Issue Price. Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to a maximum number of Shares, that when multiplied by the Capital Raising Issue Price will amount to \$6,000,000 (**Capital Raising Shares**).

The funds raised from the Capital Raising will be used to provide capital for business development of the D13 business, product development for drone defense system sales, to pay

the costs of the Acquisition and Capital Raising and for general working capital. A proposed use of funds table is set out in Section 4.16.

A summary of Listing Rule 7.1 is provided in section 8.1.

Given the Capital Raising Shares to be issued under Resolution 6 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 6 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

10.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue under the Capital Raising is that number of Shares, when multiplied by the Capital Raising Issue Price, that will amount to \$6,000,000.
- (b) The Company will issue the Capital Raising Shares no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow) and it is intended that the Capital Raising Shares will be issued on the same date, being the date of completion of the Acquisition.
- (c) The Capital Raising Shares will be issued at the Capital Raising Issue Price per Share, being the greater of :
 - (i) \$0.04 per Share; and
 - (ii) the price which is 85% of the 5 day VWAP for Shares rounded down to the nearest whole cent calculated over any 5 day period on which sales of Shares were recorded before the date of the Meeting, which 5 day period will be determined by the Company in conjunction with the Vendors.

The Company will announce the Capital Raising Issue Price to ASX prior to the date of the Meeting.

- (d) The Capital Raising Shares will be issued to the general public which will exclude related parties of the Company (other than as provided for in Resolutions 25 to 29).
- (e) The Capital Raising Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Capital Raising Shares will be used for business development of the D13 business, product development for drone defense system sales, to pay the costs of the Acquisition and Capital Raising and for general working capital. Refer to the use of funds table in Section 4.16 for further details.
- (g) The issue of the Capital Raising Shares will occur on the date of completion of the Acquisition.
- (h) A voting exclusion statement is included in the Notice.

10.3 Dilution

For illustrative purposes, a Capital Raising Issue Price of \$0.10 has been assumed. The lowest issue price has been set at \$0.04 per Share.

Set out below is a worked example of the number of Shares that may be issued under Resolution 6 based on assumed issue prices of \$0.04, \$0.07 and \$0.10.

Assumed issue price	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 6	Current Shares (43,903,500) plus other Shares to be issued pursuant to this Notice (excluding the Shares pursuant to Resolution 6)	Increase in the number of Shares assuming the Company issued the maximum amount pursuant to Resolution 6	Dilution effect on existing Shareholders
\$0.04	150,000,000	355,503,500	505,503,500	29.67%
\$0.07	85,714,286	355,503,500	441,217,786	19.43%
\$0.10	60,000,000	355,503,500	415,503,500	14.44%

Assuming no Options are exercised or other Shares issued, and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 355,503,500 (being the 43,905,500 Shares on issue plus all other Shares to be issued pursuant to this Notice (excluding the Shares pursuant to Resolution 6)) to 505,503,500 and the shareholding of existing Shareholders would be diluted by 29.67%.

The Company notes that the above workings are an example only and the actual price may differ. As a result the number of Shares to be issued and the dilution percentage will also differ.

11. Resolutions 7 to 11 – Appointment of Directors

11.1 General

In connection with the Acquisition, the Vendors have nominated Mr Jonathan Hunter, Dr Kathleen Kiernan, Mr Gavin Rezos, Mr Al Teller and Mr Philip George (together the **Proposed Directors**) as their nominees to be appointed as Directors.

Clause 11.7 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Each of the Proposed Directors, having consented to act, seeks approval to be appointed as a Director with effect from Completion of the Acquisition.

11.2 Candidate Director's Profile – Mr Jonathan Hunter (Resolution 7)

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).

11.3 Candidate Director's Profile – Dr Kathleen Kiernan (Resolution 8)

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 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 John Hopkins University and at the Naval Postgraduate School Center for Homeland Defense and Security.

11.4 Candidate Director's Profile – Mr Gavin Rezos (Resolution 9)

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.

11.5 Candidate Director's Profile – Mr Al Teller (Resolution 10)

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.

11.6 Candidate Director's Profile – Mr Philip George (Resolution 11)

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.

Mr George holds a bachelor of science, majoring in internet working and security.

12. Resolution 12 – Authority to issue Loan Satisfaction Shares to D13 Lenders

12.1 General

To provide D13 with much needed working capital to enhance the development of its technology, in September 2015, the D13 Lenders agreed to provide a working capital facility of \$1,000,000 to D13 pursuant to the Loan Agreement. As part of Completion of the Acquisition, the Company has agreed to take assignment of the loan owing under the Loan Agreement and satisfy repayment of the loan owing (together with loan fees of \$50,000) with the issue of the Loan Satisfaction Shares at \$0.025 per Share.

Resolution 12 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 42,000,000 Shares to the D13 Lenders in satisfaction of the loan and loan fees owing under the Loan Agreement.

A summary of Listing Rule 7.1 is provided in section 8.1.

Given the Loan Satisfaction Shares to be issued under Resolution 12 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 12 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

12.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue is 42,000,000 Shares.
- (b) The Company will issue the Loan Satisfaction Shares no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow) and it is intended that the Loan Satisfaction Shares will be issued on the same date, being the date of completion of the Acquisition.
- (c) The Loan Satisfaction Shares will be issued for nil cash consideration as they will be issued in consideration of the satisfaction of the loan owing under the Loan Agreement.
- (d) The Loan Satisfaction Shares will be issued to the D13 Lenders.
- (e) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) No funds will be raised from the issue of the Loan Satisfaction Shares as they will be issued in consideration of the satisfaction of all amounts owing under the Loan Agreement. The funds advanced under the Loan Agreement were used by D13 for general operating expenses and working capital purposes.
- (g) It is expected that the Loan Satisfaction Shares will be issued on one date.
- (h) A voting exclusion statement is included in the Notice.

13. Resolution 13 – Authority to issue securities to Viaticus and its nominees

13.1 General

Resolution 13 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of:

- (a) up to 20,000,000 Option Fee Shares; and
- (b) up to 45,000,000 Shares, 84,000,000 Performance Shares and 40,000,000 New Options (together the **Introducer Securities**),

to Viaticus and/or its nominees. Viaticus is a corporate advisory firm the principals of which are Mr Gavin Rezos and Mr Nicholas Clark. Mr Gavin Rezos is a proposed director of the Company from completion of the Acquisition.

Viaticus has been engaged by D13 pursuant to the Viaticus Mandate Agreement to provide business strategy, business structuring, business development, administration advice, capital raising 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 the Option Fee Shares at \$0.025 per Share. The Company has also agreed (subject to Shareholder approval) to grant Viaticus (or its nominees) the Introducer Securities in consideration of these services provided in connection with the Acquisition.

In addition, Viaticus will:

- (a) be paid a transaction management fee of 1% of the total amount raised under the Capital Raising and a capital raising fee of 5% of the Capital Raising (which Viaticus may pay away in full or in part to other brokers);
- (b) be paid a transaction management fee of 1% of the total amount raised by the loan under the Loan Agreement and a capital raising fee of 5% of the total amount raised by the loan under the Loan Agreement (which Viaticus may pay away in full or in part to other brokers) to be satisfied by the payment of US\$10,000 and issue of 2,000,000 Shares in respect of the loan fees;
- (c) pursuant to a consultancy arrangement for the provision of investor relation and capital raising services that Viaticus will be paid consultancy fees of US\$8,000 per month post completion of the Acquisition.

Mr Clark will also with effect from completion of the Acquisition provide services of chief financial officer pursuant to a consulting agreement under which Mr Clark will be paid a fee of USD\$5420.00 per month.

A summary of Listing Rule 7.1 is provided in section 8.1.

Resolution 13 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

13.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (c) The maximum number of securities the Company may issue is 65,000,000 Shares, 84,000,000 Performance Shares and 40,000,000 New Options.
- (d) The Company will issue the Option Fee Shares and Introducer Securities no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow) and it is intended that the Option Fee Shares and Introducer Securities will be issued on the same date, being the date of completion of the Acquisition.
- (e) The Option Fee Shares and Introducer Securities will be issued for nil cash consideration as they will be issued in consideration of the introduction, facilitation and corporate advisory services provided in connection with the Acquisition and the Capital Raising.
- (f) The Option Fee Shares and Introducer Securities will be issued to Viaticus (and/or its nominee).
- (g) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Performance Shares have the terms and conditions set out in Schedule 3. The New Options will each be exercisable at \$0.025 on or before the date which is 5 years after the date of issue, and will otherwise have the terms and conditions set out in Schedule 4.
- (h) No funds will be raised from the issue of the Option Fee Shares and Introducer Securities as they will be issued in consideration of the introduction, facilitation and corporate advisory services provided in connection with the Acquisition and the Capital Raising.

- (i) A voting exclusion statement is included in the Notice.

14. Resolution 14 – Adoption of Performance Rights Plan

14.1 General

Resolution 14 seeks Shareholder approval for the establishment of the Performance Rights Plan (**Plan**).

The Company wishes to exempt issues of securities under the Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1.

Resolution 14 is an ordinary resolution.

The Plan provides for the issuance of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary Share in the Company for each Performance Right.

To achieve its corporate objectives, the Company needs to attract and retain its key staff. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Plan will:

- (a) enable the Company to recruit, incentivise and retain key management personnel and other eligible Employees needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Plan with those of Shareholders; and
- (d) provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

This is the first approval sought under Listing Rule 7.2 Exception 9(b) with respect to the Plan. No Performance Rights have previously been issued under the Plan and the Plan has not previously been approved by Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Performance Rights Plan and all unallocated Performance Rights issuable pursuant to it every three years.

The key features of the Plan are as follows:

- (a) The Board will determine the number of Performance Rights to be granted to Eligible Employees (or their nominees) and the vesting conditions, expiry date of the Performance Rights in its sole discretion.
- (b) 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.

- (c) Subject to the Corporations Act and the Listing Rules and restrictions on reducing the rights of a holder of Performance Rights, the Board will have the power to amend the Plan as it sees fit.

A detailed overview of the terms of the Plan is attached in Schedule 5. A copy of the Plan can be obtained by contacting the Company.

14.2 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) The material terms of the Performance Rights Plan are summarised above.
- (b) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Performance Rights Plan.
- (c) No securities have been issued under the Performance Rights Plan.
- (d) A voting exclusion statement has been included for the purposes of Resolution 14.

15. Resolutions 15 to 19 – Approval of grant of Performance Rights to Proposed Directors

15.1 General

It is proposed, subject to Shareholder approval, that the Proposed Directors be appointed as Directors with effect from completion of the Acquisition. Refer to Section 11 for further details.

As outlined above, the Company intends to grant 23,750,000 Performance Rights under the Performance Rights Plan to the Proposed Directors in connection with the Acquisition, as a long term incentive in connection with their appointments. The principal terms of the Performance Rights Plan are summarised in Schedule 5.

The Performance Rights will be granted for nil cash consideration. Vesting of the Performance Rights is subject to the performance condition set out in Section 15.2(b) below, which is the same milestone that must be attained for conversion of the Performance Shares. The expiry date of the Performance Rights is also set out in Section 15.2(b) below.

Shareholder approval is required for the grant of the Performance Rights to the Proposed Directors under Listing Rule 10.14 because each of the Proposed Directors is a proposed Director of the Company and the grant of the Performance Rights is subject to their appointment as a Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Performance Rights to the Proposed Directors will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

Resolutions 15 to 19 are ordinary Resolutions and are subject to each of the other Acquisition Resolutions being passed.

15.2 Specific information required by Listing Rule 10.15

The following information is provided for the purposes of Listing Rule 10.15:

- (a) the maximum number of securities to be issued to the Proposed Directors (and/or their nominees) pursuant to Resolutions 15 to 19 is as follows:
 - (i) Mr Jonathan Hunter (and/or his nominees) – 12,500,000 Performance Rights;
 - (ii) Dr Kathleen Kiernan (and/or her nominees) – 3,000,000 Performance Rights;
 - (iii) Mr Gavin Rezos (and/or his nominees) – 4,000,000 Performance Rights;
 - (iv) Mr Al Teller (and/or his nominees) – 3,000,000 Performance Rights; and
 - (v) Mr Philip George (and/or his nominees) – 1,250,000 Performance Rights;
 - (b) 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:
 - (i) D13 commences first commercial sales of Drone Defense products;
 - (ii) D13 enters into a licencing agreement for any of the Technologies with a National or State Government Agency or significant multinational corporation;
 - (iii) D13 enters into a licence 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.
- Shares issued on conversion of the Performance Rights will be subject to a further voluntary escrow period of 12 months from conversion.
- The Performance Rights will expire at 5.00 pm on the date which is 3 years after the date of issue.
- If the performance condition of a Performance Right is not achieved by the Milestone Date then the Performance Right will lapse. Further terms and conditions of the Performance Rights are set out in the summary of the Performance Rights Plan in Schedule 5.
- (c) The Performance Rights will be granted for nil consideration. Upon exercise of the Performance Rights, Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.

- (d) There have not been any Performance Rights granted under the Performance Rights Plan to date.
- (e) Under the Performance Rights Plan, only Eligible Employees or their nominees (subject to Board approval), are entitled to participate in the Performance Rights Plan. Each of the Proposed Directors will be an Eligible Employee for the purposes of the Performance Rights Plan following Completion of the Acquisition.
- (f) Each of the Proposed Directors is a related party of the Company by virtue of being a proposed Director.
- (g) A voting exclusion statement is included in the Notice.
- (h) The Company will grant the Performance Rights no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

16. Resolution 20 – Change of Company Name

As part of the Acquisition, the Directors have determined to change the Company name to D13 International Limited. Resolution 20 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 20 is a special resolution. Resolution 20 is subject to the passing of each of the other Acquisition Resolutions.

The change of name of the Company will take effect from when ASIC alters the details of the Company's registration.

17. Resolutions 21 to 24 – Approval of issue of Shares to Directors in lieu of Directors' fees and salary

17.1 General

The Company proposes to grant a total of 4,600,000 Shares (**Director Shares**) to each of Directors, or their nominees, for nil cash consideration in lieu of \$115,000 of outstanding Directors fees and salary payments as follows:

Name	Directors' Fees/Salary	Number of Shares ⁽¹⁾
Philip Werrett	\$7,500	300,000
Peter Pawlowitsch	\$40,000	1,600,000
Michael Leech	\$7,500	300,000
Brandon Munro	\$60,000	2,400,000
Total	\$115,000	4,600,000

1 The Company has determined the number of Shares to be issued to the Directors based on the deemed issue price of the Acquisition of \$0.025 per Share.

Shareholder approval is required under Listing Rule 10.11 to issue the Director Shares to each of the Directors because the Directors are related parties of the Company.

If approval for the issue of the Director Shares is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Shareholder approval of the issue of the Director Shares to the Directors pursuant to Listing Rule 10.11 means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 21 to 24 are ordinary resolutions, and are subject to the passing of each of the other Acquisition Resolutions.

17.2 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Shares is provided as follows:

- (a) The maximum number of Shares (on a post-Consolidation basis) to be issued to the Directors (and/or their nominees) is:
 - (i) Mr Philip Werrett (and/or his nominees) – up to 300,000 Shares;
 - (ii) Mr Peter Pawlowitsch (and/or his nominees) – up to 1,600,000 Shares;
 - (iii) Mr Michael Leech (and/or his nominees) – up to 300,000 Shares; and
 - (iv) Mr Brandon Munro (and/or his nominees) – up to 2,400,000 Shares.
- (b) The Company will issue the Director Shares no later than one month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company intends to apply for a waiver to extend this one month period to 3 months. If the ASX grants such waiver then the Director Shares will be issued no later than three months after the Meeting.
- (c) Each of the Directors is a related party of the Company by virtue of being a Director.
- (d) The Director will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company .
- (e) The Director Shares will be issued for nil cash consideration in lieu of Directors' fees and salary as set out in the table in Section 17.1, and accordingly no funds will be raised from the issue of the Director Shares.
- (f) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (g) A voting exclusion statement is included in the Notice.

18. Resolutions 25 to 29 – Authority for Director Participation in the Capital Raising

18.1 Background

It is proposed that each of the Proposed Directors, Messrs Hunter, Kiernan, Rezos, Teller and George (**Participating Directors**) and/or their nominees, participate in the Capital Raising.

Further details of the Capital Raising are set out in Section 4.2. The Participating Directors wish to obtain Shareholder approval to subscribe for up to a maximum of \$50,000 worth of Shares each, such number of Shares to be determined by the Capital Raising Issue Price (together the **Director Capital Raising Shares**).

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. The Participating Directors are related parties of the Company by virtue of being Proposed Directors. Therefore approval is required under Listing Rule 10.11 for the issue of the Director Capital Raising Shares to them.

Resolutions 25 to 29 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Capital Raising Shares to the Participating Directors. If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Furthermore, Shareholder approval of the issue of the Existing Directors Capital Raising Shares means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 25 to 29 are ordinary resolutions and are subject to approval of Resolution 6.

18.2 Specific information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Capital Raising Shares is provided as follows:

- (b) The maximum number of Shares to be issued to the Participating Directors (and/or their nominees) is:
 - (i) Mr Jonathan Hunter (and/or his nominees) – up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000;
 - (ii) Dr Kathleen Kiernan (and/or her nominees) – up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000;
 - (iii) Mr Gavin Rezos (and/or his nominees) – up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000;
 - (iv) Mr Al Teller (and/or his nominees) – up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000; and
 - (v) Mr Philip George (and/or his nominees) – up to that number of Shares, when multiplied by the Capital Raising Issue Price, amounts to \$50,000.
- (c) The Company will issue the Director Capital Raising Shares no later than one month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company intends to apply for a waiver to extend this one month period to 3 months. If the ASX grants such waiver then the Director Capital Raising Shares will be issued no later than three months after the Meeting.
- (d) The Participating Directors are related parties of the Company by virtue of being Proposed Directors.
- (e) The Director Capital Raising Shares will be issued at the Capital Raising Issue Price.

- (f) The Director Capital Raising Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (g) The funds raised from the issue of the Director Capital Raising Shares will be aggregated with and used for the same purpose as the funds raised from the Capital Raising. See Section 4.16 for further details.
- (h) A voting exclusion statement is included in the Notice.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Existing Directors Capital Raising Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Existing Directors Capital Raising Shares to the Existing Directors (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

19. Resolution 30 – Increase in maximum aggregate cap of non-executive Director fees

Under Clause 11.14 of the Constitution the level of aggregate fees paid to non-executive Directors needs to be approved by Shareholders. Currently, the level of aggregate fees is set at \$250,000 per annum.

Listing Rule 10.17 provides that an entity must not increase the total amount of directors' fees payable by it or any of its child entities without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive director. Listing Rule 10.17 also requires that the amount of any increase and the maximum amount payable annually to the directors as a whole be stipulated.

It is considered appropriate and necessary to set an aggregate level of fees payable to non-executive Directors that ensures the Company is able to attract and retain appropriate persons as non-executive Directors. The current aggregate level of fees payable to non-executive Directors of \$250,000 is not considered to be adequate. Accordingly, it is proposed that the amount of funds available for payment of fees to non-executive Directors be increased by \$250,000 to \$500,000 per annum.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

Details of securities issued by the Company to non-executive directors over the past 3 years under Listing Rule 10.11 or 10.14 are set out in the table below:

Director	Shares	Options ¹	Other
Phillip Werrett		200,000	
Peter Pawlowitsch		500,000	
Mike Leech		200,000	
Bruce Lane		200,000	

1 Exercisable at \$0.40 on or before 15 September 2016

Shareholders should note that the proposed increase in non-executive directors' remuneration does not relate to salaries paid to Executive Directors in their capacity as executives of the Company. Executive Directors do not receive remuneration in the form of the Directors' fees in addition to their salaries.

20. Resolution 31 – Appointment of Auditor

BDO, the Company's current auditor have resigned subject to ASIC approval. Following receipt of such approval the Company proposes to appoint RSM Australia Partners as the Company's auditor under section 329(5) of the Corporations Act).

As RSM Australia Partners will have been appointed by Directors to fill a vacancy in auditor, RSM Australia Partners' appointment lasts only until the Meeting. The Company must appoint an auditor at the Meeting, and the Company may only appoint an auditor if a Shareholder gives the Company a written nomination for the proposed auditor.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for RSM Australia Partners to be appointed as the Company's auditor. Under section 328B(3) of the Corporations Act, a copy of this nomination:

- (a) has been sent to RSM Australia Partners; and
- (b) is attached to this notice as Schedule 7.

RSM Australia Partners has given its written consent to act as the Company's auditor.

If Resolution 31 is passed, the appointment of RSM Australia Partners as the Company's auditor will take effect at the close of this Annual General Meeting.

21. Resolution 32 – Approval of the disposal of Kaoko Project

21.1 Background and Reasons for Disposal

The Company proposes to sell its main undertaking, being the Kaoko Project in Namibia, together with its other resources assets. The Company's resources assets consist of the following:

- (a) African Mining Capital 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 this 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. Accordingly, the Company had a very short timeframe in which to conduct a sale process or to otherwise close down the relevant projects.

The Company's board undertook a number of exploratory discussions with third parties that had shown previous interest in the Kaoko Project. However, none of these discussions materialised into offers because of one or more of the following factors:

- (a) the Namibian Ministry of Mines and Energy has not processed the renewal applications for the Kaoko Project exploration licences (applied for in April 2015); although the company is not aware of any reasons why the renewal would not be granted, it nonetheless creates substantial uncertainty in the eye of a purchaser;
- (b) caution associated with First Quantum Minerals' decision to withdraw from the Kaoko Project joint venture;
- (c) the general shortage of exploration funding available for an early stage, African exploration project such as the Kaoko Project;
- (d) the current downturn in commodity prices and affect on investor sentiment;
- (e) the ambiguous drilling results at the flagship Okanihova target, early stage of the copper-cobalt discovery at the dolomite ore formation target and negative results at all other targets.

The Company also considered the process of closing down all projects and winding up the relevant group entities. This would involve substantial legal and administrative costs associated

with relinquishing licences, renegotiating joint venture agreements, winding up subsidiaries in Namibia, Mauritius and Australia, terminating staff and contractors. Further, the time required to fulfil necessary statutory obligations associated with winding up subsidiaries made a close down difficult to achieve within the necessary timeframe.

Accordingly, the Company's board believes that the proposed sale of the Company's resources assets to Dr Ellmies is appropriate in the circumstances and enables the D13 Acquisition to proceed.

21.2 Listing Rule 11.2

Listing Rule 11.2 provides that a company must not dispose of its main undertaking (that is, its main asset or business) without the approval of its shareholders. The sale of the Kaoko Project requires the approval by way of an ordinary resolution of Shareholders.

Resolution 32 is an ordinary Resolution.

21.3 Future of the Company after the sale of the Kaoko Project

The Company's assets following the Disposal will comprise of the business of D13 which is detailed in this Explanatory Memorandum.

21.4 Future of the Company if the sale of the Kaoko Project is not approved

In the event that Shareholders do not approve the sale of the Kaoko Project, the Kaoko Project will not be disposed of and the Company will need to discuss this outcome with the Vendors of D13. Disposal of the current assets of the Company is a condition of the D13 Acquisition.

21.5 Financial effect of the disposal

Under the terms of the agreement for the disposal of the Company's resource assets the Company's resources assets are being sold in exchange for salary and termination benefits that would otherwise be due to Dr Ellmies under his contract with the Company which is a saving in cash payments of approximately A\$100,000.

In addition the disposal comes with the additional benefit that the Company will no longer have to fund the administrative and carrying costs of these assets and associated corporate structures, such costs estimated to be at least \$240,000 per annum (not including exploration expenses that may be required to keep licences in good standing).

The Company's resource assets have a carrying value in the balance sheet of the Company of nil so their disposal does not affect the balance sheet.

21.6 Other Material Information

There is no other information material to the making of a decision by a Shareholder whether or not to approve Resolution 32 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Memorandum.

21.7 Directors' Recommendation

After considering all relevant factors, the Directors unanimously recommend the Shareholders vote in favour of Resolution 32.

22. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

\$ means Australian Dollars.

Acquisition has the meaning given in Section 4.1.

Acquisition Agreement has the meaning given in Section 4.19.

Acquisition Resolutions means Resolutions 3 to 24.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2015.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Capital Raising has the meaning given in Resolution 6.

Capital Raising Issue Price has the meaning given in Section 4.2.

Capital Raising Shares has the meaning given in Resolution 6.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company or **Kunene** means Kunene Resources Limited ACN 155 396 893.

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 Securities has the meaning given in Resolution 4.

Consideration Shares has the meaning given in Resolution 4.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

D13 means Department 13 LLC, a limited liability company incorporated in Virginia, United States of America.

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.

Director means a director of the Company.

Director Capital Raising Shares has the meaning given in Section 18.1.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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 Plan.

Existing Directors means Messrs Philip Werrett, Brandon Munro, Peter Pawlowitsch and Michael Leech (who resigned on 7 September 2015).

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Introducer Securities has the meaning given in Resolution 13.

Kaoko Project means the mineral exploration project of the Company called the Kaoko Project in Namibia.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the 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 of \$1,000,000 available to D13.

Loan Satisfaction Shares has the meaning given in Resolution 12.

Meeting has the meaning given in the introductory paragraph of the Notice.

New Option means an Option to be issued on the terms and conditions set out in Schedule 4.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Option Fee Shares has the meaning given in Resolution 13.

Participant means a person who holds a Performance Right under the Plan.

Participating Directors has the meaning given in Section 18.1.

Performance Share means a performance share issued as part of Consideration Securities.

Performance Right means a performance right granted under the Plan.

Performance Rights Plan has the meaning given in Section 14.1 of the Explanatory Memorandum.

Proposed Directors means the proposed Directors of the Company set out in Section 11.

Prospectus means the prospectus, to be issued by the Company, for the Capital Raising.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Securities means Shares, Performance Shares and/or Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Technologies means the technologies set out in Schedule 6.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Vendors has the meaning given in Section 4.1.

Viaticus means Viaticus Capital LLC a limited liability company incorporated in Wyoming, United States of America.

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.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Risk Factors of the Acquisition

1. Introduction

There are a number of risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

2. Risks

(a) Conditional acquisition

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. A Prospectus will be issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the date of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition, the Capital Raising, 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.

(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:

- (i) 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; and

- (ii) 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.

(c) 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.

(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.

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.

(e) 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.

(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.

(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 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.

(h) Competition and new technologies

The industry in which the Company will be involved, post its acquisition of D13, 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.

(i) **CoOp MIMO Technology Licence**

The Company may not be able to attract key companies in the mobile data communication sectors to facilitate the adoption of the CoOP MIMO technology resulting in a loss of this Licence from lack of commercialisation.

(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.

(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.

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.

(l) **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.

(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.

(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.

(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 conditions with these organisations or that any potential agreements with such organisations will be complied with.

(p) 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.

3. 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 time of issuing this Notice of Meeting 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 outlined 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 Notice of Meeting. 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.

Schedule 2 – Pro-forma Balance Sheet

Pro forma Balance sheet assuming a Capital Raising Price of \$0.04 per Share

	Department 13 LLC	Kunene Resources Limited	Note	Unaudited Pro Forma Consolidated (Minimum Subscription)	Unaudited Pro Forma Consolidated (Maximum Subscription)
	Balance Sheet	Balance Sheet		Balance Sheet	Balance Sheet
	30-Jun-15	30-Jun-15		30-Jun-15	30-Jun-15
	\$	\$		\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	39,396	554,223	1	3,954,001	5,828,634
Trade and other receivables	22,308	177,871		200,179	200,179
Total Current Assets	61,704	732,094		4,154,180	6,028,813
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		4,180,193	6,054,826
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		3,735,606	5,610,239
EQUITY					
Contributed equity	29,258	6,268,964	1,2,3,6	5,440,732	7,317,853
Other contributed equity – Perf. shares	-	-	4	418,320	418,320
Reserves	1,702	1,361,457	5,6	181,562	181,562
Accumulated losses	(40,324)	(7,179,051)	2,3a,3b,4,5,6,7	(2,238,226)	(2,240,714)
Minority interest	-	(66,782)		(66,782)	(66,782)
Equity	(9,364)	384,588		3,735,606	5,610,239

Notes to the Pro Forma Adjustments:

1. The issue of:
 - a. where only the Minimum Subscription is raised: 100,000,000 Shares at \$0.04 per Share to raise \$4,000,000 pursuant to the Capital Raising; and
 - b. where the Maximum Subscription is raised: 150,000,000 Shares at \$0.04 per Share to raise \$6,000,000 pursuant to the Capital Raising.
2. Conversion of \$115,000 in directors' benefits into Shares at a price of \$0.01 per Share (4,600,000 Shares in total) and payment of an additional \$45,000 in directors' benefits in cash.
3. Additions to contributed equity consist of the following share issues:
 - a. The issue of 45,000,000 Shares at deemed price of \$0.01 per Share to Viaticus (introducer fee); and
 - b. The issue of 20,000,000 Shares at deemed price of \$0.01 per Share for the Option Fee Share to Viaticus.
4. Additions to other contributed equity consist of the following Performance Share issues 84,000,000 Performance Shares at deemed price of \$0.00498 per share to Viaticus (introducer fee).
5. Reserve movements account for the below security issues:
 - a. 40,000,000 unlisted Options (exercise price \$0.025 and expiry 5 years from settlement) at deemed price of \$0.01 per Share to Viaticus (introducer fee); and
 - b. 86,250,000 Performance Rights to Directors and employees at Nil deemed value due to vesting conditions.
6. The Acquisition is considered a Reverse Acquisition under Australian Accounting Standards (AASB). Under the requirements of AASB 3 *Business Combinations*, the pre-Acquisition equity of Kunene Resources Limited is to be eliminated from the consolidated balances of the Group. There is no effect on the net asset value of the consolidated group.
7. The Company has provided for transaction related costs in this pro forma balance sheet.

Pro forma Balance sheet assuming a Capital Raising Price of \$0.10 per Share

	Department 13 LLC	Kunene Resources Limited		Unaudited Pro Forma Consolidated (Minimum Subscription) Balance Sheet 30-Jun-15 \$	Unaudited Pro Forma Consolidated (Maximum Subscription) Balance Sheet 30-Jun-15 \$
	Balance Sheet 30-Jun-15 \$	Balance Sheet 30-Jun-15 \$	Note		
ASSETS					
Current Assets					
Cash and cash equivalents	39,396	554,223	1	3,930,538	5,805,171
Trade and other receivables	22,308	177,871		200,179	200,179
Total Current Assets	61,704	732,094		4,130,717	6,005,350
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		4,156,730	6,031,363
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		3,712,143	5,586,776
EQUITY					
Contributed equity	29,258	6,268,964	1,2,3,6	5,440,732	7,317,853
Other contributed equity – Perf. shares	-	-	4	418,320	418,320
Reserves	1,702	1,361,457	5,6	181,562	181,562
Accumulated losses	(40,324)	(7,179,051)	2,3a,3b,4,5,6,7	(2,261,689)	(2,264,177)
Minority interest	-	(66,782)		(66,782)	(66,782)
Equity	(9,364)	384,588		3,712,143	5,586,776

Notes to the Pro Forma Adjustments:

1. The issue of:
 - a. where only the Minimum Subscription is raised: 40,000,000 Shares at \$0.10 per Share to raise \$4,000,000 pursuant to the Capital Raising; and
 - b. where the Maximum Subscription is raised: 60,000,000 Shares at \$0.10 per Share to raise \$6,000,000 pursuant to the Capital Raising.
2. Conversion of \$115,000 in directors' benefits into Shares at a price of \$0.01 per Share (4,600,000 Shares in total) and payment of an additional \$45,000 in directors' benefits in cash.
3. Additions to contributed equity consist of the following share issues:
 - a. The issue of 45,000,000 Shares at deemed price of \$0.01 per share to Viaticus (introducer fee); and
 - b. The issue of 20,000,000 Shares at deemed price of \$0.01 per share for the Option Fee Share to Viaticus.
4. Additions to other contributed equity consist of the following Performance Share issues 84,000,000 performance shares in Kunene at deemed price of \$0.00498 per share to Viaticus (introducer fee).
5. Reserve movements account for the below security issues:
 - a. 40,000,000 unlisted Options (exercise price \$0.025 and expiry 5 years from settlement) in Kunene at deemed price of \$0.01 per Share to Viaticus (introducer fee); and
 - b. 86,250,000 Performance Rights to Directors and employees at Nil deemed value due to vesting conditions.
6. The Acquisition is considered a Reverse Acquisition under Australian Accounting Standards (AASB). Under the requirements of AASB 3 *Business Combinations*, the pre-Acquisition equity of Kunene Resources Limited is to be eliminated from the consolidated balances of the Group. There is no effect on the net asset value of the consolidated group.
7. The Company has provided for transaction related costs in this pro forma balance sheet.

Schedule 3 – Terms and Conditions of 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 licencing, 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 Schedule 6 and any improvements, variations or successor inventions thereto.

1. Conversion and expiry of Performance Shares

- (a) **(Conversion on achievement of Milestone)** Upon the 20 trading day VWAP of the Company's Shares as traded on ASX equaling or exceeding \$0.05 and one of the following other milestones being achieved:
 - (i) D13 commences first Commercial Sales of Drone Defense Products;

- (ii) D13 enters into a licencing agreement for any of the Technologies with a National or State government agency or a large corporation (determined by either market capitalisation, asset value or market share) with operations in more than one country;
- (iii) D13 enters into a licence 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 corporation (determined by either market capitalisation, asset value or market share) operating in the mobile telephone, internet or wireless network industry as a product or service provider, 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 **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 Limited 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.

Schedule 4 – Terms and Conditions of New Options

1. Entitlement

Each New Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price and Expiry Date

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**).

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

4. Notice of Exercise

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.

5. Shares issued on exercise

Shares issued on exercise of the Options will rank equally with the then shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

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:

- (a) issue the Share; and
- (b) 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.

8. Participation in new issues

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.

9. Adjustment for bonus issues of Shares

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):

- (a) 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
- (b) no change will be made to the Exercise Price.

10. Adjustment for entitlement issue

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.

11. Adjustments for reorganisation

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.

12. Options not quoted

The Company will not apply to ASX for quotation of the Options.

13. Options transferable

The Options are transferable.

14. Lodgement Instructions

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.

Schedule 5 – Summary of the Performance Rights Plan

Summary of the Plan and terms on which offers 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.

Schedule 6 – D13 Technologies

PART 1 - ISSUED PATENTS

Title	Serial Number	Filing Date	Patent No.	Grant Date
D13				
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
Licence Agreement				
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

PART 2 - PATENT APPLICATIONS

Title	Serial Number	Filing Date	Pub No.
D13			
Method and Apparatus for Fast Prototyping of Wireless Transceivers	13/116,984	26-May-11	2011/0292976
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
Unmanned Aerial Vehicle Intrusion Detection and Countermeasures	62/233,982	28-Sept-2015	Not Published
Licence Agreement			
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 Demultiplexing in CDNs	14/168,466	30-Jan-14	2014/0146924
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

Schedule 7 – Nomination of Auditor Letter


19 October 2015

Mr Ian Hobson
Company Secretary
Kunene Resources Limited
Level 1, 6 Thelma Street
West Perth WA 6005

Haven Super Pty Ltd, being a member of Kunene Resources Limited (**Company**), nominate RSM Australia Partners in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (“Act”) to fill the office of auditor of the Company.

Please distribute copies of this notice of nomination as required by section 328B(3) of the Act.

Signed:

A handwritten signature in black ink, appearing to read 'P. Pawlowitsch', written in a cursive style.

Peter Pawlowitsch
Director

KUNENE RESOURCES LIMITED
(TO BE RENAMED DEPARTMENT 13 INTERNATIONAL LIMITED)
ACN 155 396 893

PROXY FORM

The Company Secretary
Kunene Resources Limited

By post:
Kunene Resources Limited
PO Box 226
Subiaco, WA 6904

By facsimile:
08 9388 8256

By email:
ianhobson@bigpond.com

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We ¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____
votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box) ☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting of the Company to be held at CWA House, level 2, 1176 Hay Street, West Perth, Western Australia on 30 November 2015 at 10.00am(WST) and at any adjournment or postponement of the Meeting and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

Important – If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1, 14 to 19, 21 to 24 and 30. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 14 to 19, 21 to 24 and 30, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1, 14 to 19, 21 to 24 and 30 even if Resolutions 1, 14 to 19, 21 to 24 and 30 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Phillip Werrett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Acquisition of D13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of new class of securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Authority to issue Capital Raising Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		_____	_____	_____

Resolution 7	Appointment of Mr Jonathan Hunter as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Appointment of Dr Kathleen Kiernan as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Appointment of Mr Gavin Rezos as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Appointment of Mr Al Teller as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Appointment of Mr Philip George as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Authority to issues Loan Satisfaction Shares to D13 Lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Authority to issue Securities to Viaticus and its nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Approval of Performance Rights to Mr Johnathan Hunter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Approval of Performance Rights to Dr Kathleen Kiernan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17	Approval of Performance Rights to Mr Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18	Approval of Performance Rights to Mr Al Teller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19	Approval of Performance Rights to Mr Philip George	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 20	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 21	Approval of issue of Shares to Mr Philip Werrett in lieu of Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 22	Approval of issue of Shares to Mr Peter Pawlowitsch in lieu of salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 23	Approval of issue of Shares to Mr Michael Leech in lieu of Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 24	Approval of issue of Shares to Mr Brandon Munro in lieu of salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 25	Authority for Mr Jonathan Hunter to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 26	Authority for Dr Kathleen Kiernan to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 27	Authority for Mr Gavin Rezos to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 28	Authority for Mr Al Teller to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 29	Authority for Mr Philip George to participate in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 30	Increase in maximum aggregate cap of non-executive Directors'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 31	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 32	Approval of the disposal of Kaoko Project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹ Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

Postal address: PO Box 226, Subiaco, WA 6904.

Facsimile: 08 9388 8256 if faxed from within Australia or +618 9388 8256 if faxed from outside Australia.

Email: ianhobson@bigpond.com