

5 April 2017

Company Announcements Office  
ASX Limited

*By E-Lodgement*

## Kabuni Company Update

The Board of Directors of Kabuni Ltd (the “Company” or “Kabuni”) is pleased to provide the following corporate and operational updates.

### **Proposed Transaction with Print the Future, Inc.:**

The Company advises that it has entered into a Temporary Services Agreement (“TSA”) with 3D technology focused Company, Print the Future, Inc. (“PTF”). The TSA is entered into pursuant to a non-binding letter of intent received from PTF and as announced on 8 March 2017 (the “LOI”), regarding a potential acquisition of all of the issued and outstanding shares of the Company’s operating subsidiaries, Kabuni Technologies Inc. (“KTI”), Kabuni USA, Inc. and Kabuni Technologies (India) Private Limited.

PTF is an early stage technology Company being pioneered by Kabuni founder Neil Patel, with operations in Vancouver and New York City. Most recently the Company held a highly successful pop up store in Midtown Manhattan, which underpinned its early stage capital raising efforts being supported by financial firm Wellington Shields & Co, LLC.

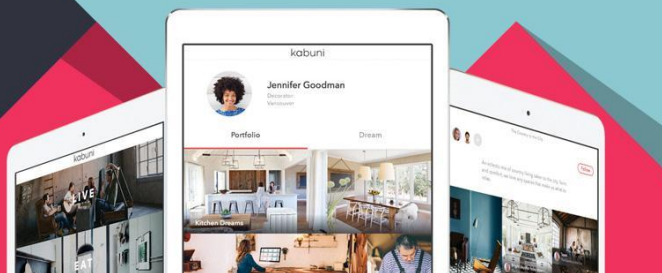
PTF is currently undertaking a preliminary capital raising which will be a precursor to a broader Reg A+ round of funding, to be supported by a national advertising and marketing campaign. Regulation A + rules were amended in 2015 by the SEC to provide an effective path for raising capital for smaller companies, whilst still providing strong investor protections.

### **Temporary Services Agreement:**

The TSA is entered into between the Company’s operating subsidiary, KTI, as services provider, and PTF, and provides that KTI will, on PTF’s reasonable request, make certain employees and equipment of Kabuni available to provide software development, marketing and other services (“Temporary Services”) to PTF, provided in each case, that (i) Kabuni’s resources shall continue to be applied in order to carry out the Kabuni’s own business strategies, and (ii) in no event shall the Temporary Services be rendered to the extent that they result in any adverse impact on the Company’s business. The Company is a party to the TSA for the limited purpose of guaranteeing the performance of KTI’s obligations under the TSA.

In consideration for the Temporary Services, and for each month of the term of the Temporary Services Agreement, PTF will pay to KTI a fee in an amount that is equal to the operating expenses of Kabuni’s operating subsidiaries for such month (including but not limited to salaries, benefits, third party contractors’ fees, professional and consulting, legal, finance and accounting services, software expenses, travel, marketing, rent, office, and the Design Campus costs, but excluding any expenses of the Vendor, such as directors’ fees or public company expenses) (the “Service Fees”). The intent of Kabuni and PTF is that the Service Fees will not exceed CAD\$300,000 per month (though any excess will remain payable by the PTF).

The TSA is effective as of March 6, 2017, and contains other covenants, representations and warranties, indemnification provisions and termination rights of a type and form that is usual in a services agreement of this nature.



### **Termination and Release Agreement:**

Pursuant to the LOI, Mr. Patel and KTI entered into a termination and release agreement in regard to Mr. Patel's employment agreement with KTI (the "Release"). The Release does not affect any of the rights or obligations of the Company or Mr. Patel to the extent arising in connection with Mr. Patel's service as a director of the Company or its subsidiaries.

The Release provides for the termination of Mr. Patel's employment agreement and his formal resignation as Managing Director and Chief Executive Officer of Kabuni and its subsidiaries. Mr. Patel has kindly agreed to remain as a one of three corporate directors of the Company's Indian subsidiary pending the completion of the proposed acquisition or until the Board otherwise determines, to avoid the time and administrative costs involved in effecting such changes under Indian corporate law.

The Release provides that KTI will pay to Mr. Patel the sum of CAD\$61,666, which shall be paid in eight (8) equal installments of CAD\$7,708, commencing on March 15, 2017 and payable then and every two weeks thereafter for the following seven 2-week periods. During this period, KTI will also maintain coverage for Mr. Patel under the company's extended health and other benefits plan. If the letter of intent or definitive purchase agreement are terminated, KTI's payment obligations under the Release also terminate.

Both the Board and Mr. Patel remain committed to full transparency and driving shareholder value for Kabuni shareholders.

### **Amended and Restated Letter of Intent:**

Concurrently with the TSA, PTF and the Company have signed a revised letter of intent, amending the terms of the letter announced on 8 March 2017 (the "Revised LOI"). The Revised LOI includes the following key terms:

- PTF will acquire all issued and outstanding shares of Kabuni's operating subsidiaries, which include KTI., a company incorporated under the laws of British Columbia, Canada, Kabuni USA, Inc., a corporation incorporated under the laws of Delaware, USA, and Kabuni Technologies (India) Private Limited, a corporation incorporated under the laws of India.
- The total consideration for the acquisition remains the same, at approximately AUD \$6.52 million. The purchase price will be reduced by the amount of the Service Fees actually paid by PTF to KTI. The final amount will be payable at the closing in equal amounts of 50% cash as an initial payment, and 50% by issuing a convertible note.
- The second tranche of payment, in the form of a convertible note, will be payable to Kabuni on the earlier of either June 30, 2017, or the date of completion of the additional financing following the initial financing.
- Under the terms of the convertible note, Kabuni will have the right, but not the obligation, to convert the note into shares of common stock of PTF at a conversion price equal to the lowest price per PTF share paid by any investor in connection with the initial financing.
- The acquisition is conditional upon PTF successfully completing its initial financing of at least US\$3,000,000. This financing is currently underway, and is expected to reach completion by 30 April 2017.
- On completion of the initial financing PTF will pay an amount of AUD \$3.75m into an escrow account to be applied towards the services fees and the initial payment on closing.



- Kabuni and PTF expect to enter into a definitive purchase agreement relating to the acquisition as soon as possible. The Revised LOI is indicative only and non-binding.
- The definitive purchase agreement will provide for a break fee of AUD\$250,000 in the event of failure of either party to complete the terms of said agreement.
- The Revised LOI also provides that, until the date on which the shareholders of Kabuni approve the acquisition, Kabuni may solicit or consider and pursue more favorable acquisition proposals.

The Board of Directors feel that this Revised LOI is a positive result for shareholders, however completion of the transaction remains subject to Shareholder approval, at a meeting to be scheduled in the coming months. Additional information on Print the Future can be found on their website [www.printthefuture.today](http://www.printthefuture.today)

### **Kabuni Organisational Restructure**

In recent months Kabuni has restructured and focused its business operations to grow and strengthen its international design and build network, as well as integrate and promote its recent acquisition, Design Campus. Kabuni's has a growing network of professionals and has maintained the value of its community and educational assets and is a core component behind the motivation for the PTF acquisition. Kabuni will continue to drive business value for its shareholders and explore all growth and M&A opportunities presented to the Board and Management.

At the start of the calendar year, the Board set a target to reduce the burn and restructure the Company by March 2017. In line with this, Kabuni has, under the guidance of the Board and Lisa Dea, CFO and acting COO, consolidated the average monthly burn to approximately \$300,000 and refocused to drive growth across its three identified business units;

- Network
- Education
- Tools

The Company has redesigned its website to align with this refocus and will continue to deepen its local Vancouver network through Kabuni House as well as market its educational tools through the Design Campus marketplace and into newly identified target groups.

The Kabuni team feels this tightened focus will deliver a stronger brand within the design and build community; an increased user and membership base across Kabuni and Design Campus as well as new revenue opportunities through affiliate marketing and brand sponsorship campaigns.

**For further information please contact:**

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