
KABUNI LTD

ACN 158 307 549

NOTICE OF SPECIAL MEETING

TIME: 9.45am (WST)

DATE: 16 October 2017

PLACE: Ground Floor, 16 Ord Street
West Perth, Western Australia

NOTICE OF GENERAL MEETING

TIME: At the earlier of 10.00am (WST) and the conclusion or adjournment (whichever is earlier of the Special Meeting)

DATE: 16 October 2017

PLACE: Ground Floor, 16 Ord Street
West Perth, Western Australia

Independent Expert's Report

The Independent Expert has concluded that the terms of the PTF Transaction are, as a whole, fair and reasonable to non-associated Shareholders. The Independent Expert considers that the PTF Transaction is reasonable, taking into account the factors noted in the Independent Expert's Report accompanying this Notice, including the factors (positive, negative and other factors) noted in section 8 of the report.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meetings are those who are registered Shareholders at 5.00 pm (WST) on 14 October 2017.

BUSINESS OF THE MEETINGS

The Company is convening a Special Meeting and a General Meeting of Shareholders on 16 October 2017 to be held at Ground Floor, 16 Ord Street, West Perth, Western Australia.

The purpose of these meetings is to seek Shareholder approval of the PTF Transaction and related matters, including the cancellation of Shares and Performance Shares held by Mr Neil Patel, the former Managing Director of the Company, who resigned as a Director on 3 April 2017 (**Selective Capital Reduction**).

In relation to the Selective Capital Reduction, the Company is required to hold two separate meetings, being:

- (a) Special Meeting at 9.45am (WST). This meeting is a special meeting of Mr Neil Patel in his capacity as a Shareholder. Mr Patel will be the only participant and Shareholder who will vote at this meeting, either in person or by proxy, to seek his approval of the cancellation of the Securities pursuant to the Selective Capital Reduction.
- (b) General Meeting at the earlier of 10.00am (WST) and the conclusion or adjournment of the Special Meeting. This meeting is for all Shareholders, to seek their approval for the PTF Transaction and related matters, including the Selective Capital Reduction.

NOTICE OF SPECIAL MEETING

Notice is given that a Special Meeting of Mr Neil Patel in his capacity as a shareholder of Kabuni Ltd ACN 158 307 549 (**Company**) will be held on 16 October 2017 at Ground Floor, 16 Ord Street, West Perth, Western Australia.

AGENDA

1. RESOLUTION 1 – APPROVAL FOR SELECTIVE REDUCTION OF CAPITAL

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

"That, subject to the passing of the Divestment Resolutions, for the purpose of section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to undertake a selective reduction of capital comprising the cancellation of the following Securities held by Mr Neil Patel:

- (a) 19,950,000 Shares;*
- (b) 6,151,250 Class A Performance Shares;*
- (c) 6,151,250 Class B Performance Shares;*
- (d) 6,151,250 Class C Performance Shares; and*
- (e) 6,151,250 Class D Performance Shares,*

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: Only Mr Neil Patel may vote at this Special Meeting and on this Resolution. The Company will disregard any votes cast on this Resolution by any other person.

DATED: 13 September 2017

BY ORDER OF THE BOARD



BRETT TUCKER
COMPANY SECRETARY

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Kabuni Ltd ACN 158 307 549 (**Company**) will be held on 16 October 2017 at Ground Floor, 16 Ord Street, West Perth, Western Australia.

AGENDA

1. RESOLUTION 1 – APPROVAL FOR SELECTIVE REDUCTION OF CAPITAL

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

“That, subject to the passing of the other Divestment Resolutions and Resolution 1 being passed at the Special Meeting, for the purpose of sections 256C(2) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to undertake a selective reduction of capital comprising the cancellation of the following Securities held by Mr Neil Patel:

- (a) 19,950,000 Shares;*
- (b) 6,151,250 Class A Performance Shares;*
- (c) 6,151,250 Class B Performance Shares;*
- (d) 6,151,250 Class C Performance Shares; and*
- (e) 6,151,250 Class D Performance Shares,*

on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Neil Patel and his associates (as defined in the Corporations Act). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or 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.

Voting Prohibition: Pursuant to section 224 of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a related party (as defined in the Corporations Act) of the Company to whom Resolution 1 would permit a financial benefit to be given, or an associate (as defined in the Corporations Act) of such a related party. However, this voting prohibition does not prevent the casting of a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1, and it is not cast on behalf of a related party of the Company to whom Resolution 1 would permit a financial benefit to be given, or an associate of such a related party.

2. RESOLUTION 2 – DISPOSAL OF MAIN UNDERTAKING

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

“That, subject to the passing of the other Divestment Resolutions and Resolution 1 being passed at the Special Meeting, for the purposes of Listing Rules 10.1 and 11.2, section 208 of the Corporations Act and for all other purposes, approval is given for the disposal by the Company of its interest in the share capital of Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited, on the terms and conditions set out in the Explanatory Statement.”

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of Shareholder approval under Listing Rule 10.1. The Independent Expert comment on the fairness and reasonableness of the PTF Transaction to the non-associated Shareholders in the Company. The Independent Expert has concluded that the PTF Transaction is **FAIR AND REASONABLE** to non-associated Shareholders.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction, a party who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if this Resolution is passed, and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or 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.

Voting Prohibition: Pursuant to section 224 of the Corporations Act, a vote on Resolution 2 must not be cast (in any capacity) by or on behalf of a related party (as defined in the Corporations Act) of the Company to whom Resolution 2 would permit a financial benefit to be given, or an associate (as defined in the Corporations Act) of such a related party. However, this voting prohibition does not prevent the casting of a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 2, and it is not cast on behalf of a related party of the Company to whom Resolution 2 would permit a financial benefit to be given, or an associate of such a related party.

3. RESOLUTION 3 – APPROVAL FOR DISPOSAL WITHOUT OFFER

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

“That, subject to the passing of the other Divestment Resolutions and Resolution 1 being passed at the Special Meeting, for the purpose of Listing Rule 11.4. and for all other purposes, approval is given for the Company to sell its shareholding interests in Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited to Print the Future, Inc. without making an offer to Shareholders which satisfies Listing Rule 11.4.1(a), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or 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 – CHANGE OF NAME

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

"That, subject to the passing of the other Divestment Resolutions, Resolution 1 being passed at the Special Meeting and completion of the PTF Transaction, for the purpose of section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to "Design Technologies Limited".

5. RESOLUTION 5 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND SHARES ON THEIR CONVERSION

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 7.4 and for all other purposes, Shareholders ratify and approve the issue of Convertible Notes to sophisticated and professional investors, and any Shares that may be issued on their conversion, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or 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.

6. RESOLUTION 6 – AMENDMENT OF THE CONSTITUTION

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 136(2) of the Corporations Act and for all other purposes, Shareholders approve is given for the Company to amend its Constitution as set out in the Explanatory Statement".

DATED: 13 September 2017

BY ORDER OF THE BOARD



**BRETT TUCKER
COMPANY SECRETARY**

Voting in person

To vote in person, attend the Special Meeting or General Meeting (as applicable) at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the relevant enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9482 0540.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. BACKGROUND TO RESOLUTIONS

1.1 Background to agreement to PTF Transaction

Kabuni Ltd (ASX: KBU) ("**Kabuni**" or "**the Company**") is a North American based SaaS and e-commerce platform in the home design space. Kabuni was reinstated to official quotation on the ASX on 3 September 2015 following the acquisition of PDT Technologies Inc., which was subsequently renamed to Kabuni Technologies Inc. in November 2015.

On 8 March 2017, the Company announced that it had signed a non-binding letter of intent ("**LOI**") with Print the Future, Inc. ("**PTF**") for the acquisition by PTF of the following (together, the "**Operating Subsidiaries**"):

- (i) all of the issued shares in the capital of Kabuni Technologies, Inc ("**KTI**");
- (ii) all of the issued shares in the capital of Kabuni USA, Inc. ("**Kabuni USA**"); and
- (iii) 999 of the issued shares in the capital of Kabuni Technologies (India) Private Limited, with the only other issued share in the capital of Kabuni India being held by KTI ("**Kabuni India**").

PTF is a company incorporated in Delaware, USA and is controlled by Kabuni's founder and former Managing Director, Mr Neil Patel.

On 5 April 2017, the Company announced that it would enter into a Temporary Services Agreement ("**TSA**") with PTF pursuant to which the Company agreed to make certain employees and equipment of the Company available to PTF on request in return for a monthly service fee. The TSA was terminated on 30 June 2017. As at the date of termination, an amount of A\$843,900.20 was due and payable by PTF to the Company under the TSA, which outstanding amount is currently repayable pursuant the TSA Note (the terms of which are described more fully in Section 1.3(b), below).

On 4 May 2017, the Company announced that it had entered into a binding Share Purchase Agreement ("**SPA**") with PTF pursuant to which PTF would acquire all of the issued shares of the Operating Subsidiaries.

On 21 June 2017, the Company announced that it had entered into an amended and restated Share Purchase Agreement ("**Purchase Agreement**") pursuant to which, among other amendments, Kabuni USA was excluded from the sale to PTF. Kabuni USA owns the Design Campus business, which is an online education platform tailored specifically for the interior design industry. Design Campus has a strong following on social media and currently derives its revenue from its subscription base. The Design Campus business is more fully explained in Section 1.5 below.

Pursuant to the Purchase Agreement, only KTI and Kabuni India ("**Sale Corporations**") are proposed to be sold by Kabuni to PTF ("**PTF Transaction**").

Shareholder approval of the PTF Transaction is sought pursuant to Resolutions 2 and 3 at the General Meeting.

1.2 Summary of Sale Corporations

KTI (formerly "PDT Technologies Inc.") was incorporated on 23 August 2013 in British Columbia, Canada. On 25 August 2015, KTI was acquired by Kabuni.

KTI operates a North American-based SaaS platform in the home design space that enables the design/build community to grow their business through an omni-channel experience. KTI's platform enables users worldwide to engage in educational courses; networking and tools through membership. This design platform was founded by former Kabuni director, Mr Neil Patel. KTI'S registered office is in Vancouver, British Columbia.

KB India was incorporated in India on 12 May 2016 and is a software development company providing services to KTI.

1.3 Purchase Agreement – Summary of Key Terms

(a) Purchase price

PTF agrees to acquire from the Kabuni all of the issued and outstanding shares of the Sale Corporations, for a purchase price of \$4,500,000 (the "**Purchase Price**"), which has been partially satisfied by the issue of the TSA Note (as defined below), and the remainder of which will be satisfied, subject to Shareholder approval pursuant to Resolutions 2 and 3, by the issue of the Purchase Note (as defined below).

(b) TSA Note

In part payment of the Purchase Price, PTF has delivered to the Company a convertible promissory note in a principal amount of A\$843,900.22 (the "**TSA Note**"), the terms of which are summarised below.

Interest payable on TSA Note

No interest will accrue with respect to the TSA Note unless an event of default occurs. If an event of default occurs, the principal amount will bear interest at a rate of 22% per annum.

Conversion of TSA Note

After the maturity date of the TSA Note, being 31 October 2017, the Company may, but is not required to, elect to convert the unpaid amount under the Purchase Note into common stock of PTF at a conversion price equal to the lesser of the following:

- 50% of the price offered under the Regulation A+ Offer offering document; and
- the price per share of common stock issued by PTF in the most recent transaction or series of related transactions prior to the proposed issue date which transaction or series of related transactions raised an aggregate of at least USD\$500,000,

provided that the TSA Note may only be so converted to the extent that the beneficial ownership by the Company of PTF does not exceed 4.99%, and any unconverted amount will therefore remain outstanding.

Repayment of TSA Note

As announced on 17 July 2017, the first repayment of the principal amount under the TSA Note was due on 15 July 2017. In satisfaction of that amount, the Company and PTF have entered into the following agreements:

- a deed of cancellation ("**Deed of Cancellation**"), pursuant to which, subject to Shareholder approval, with effect from 15 July 2017 ("**Effective Date**"):
 - the 19,950,000 Shares held by Mr Neil Patel will be cancelled; and
 - in consideration for the cancellation of these Shares, an amount of \$93,158.28 will be deemed to have been repaid in respect of the TSA Note, representing the value of the 19,950,000 Shares to be cancelled, using the VWAP of Shares for the 10 days prior to 15 July 2017 of \$0.0047; and
- a debt forgiveness agreement ("**Debt Forgiveness Agreement**"), pursuant to which, effective from the Effective Date:
 - Property Beacon Technology Inc. ("**PBT**"), a company controlled by Mr Patel, has agreed to forgive CAD\$55,966.36 in respect of a loan in the amount of CAD\$82,179 that is payable by KTI to PBT ("**PBT Loan**"); and
 - the amount of \$56,841.72 is deemed to have been repaid in respect of the TSA Note.

Under the Purchase Agreement, Mr. Patel has also agreed, subject to Shareholder approval, to cancel his 24,500,000 Performance Shares for no consideration, effective as at the completion of the PTF Transaction. Shareholder approval of the cancellation of the Securities in the Company held by Mr Patel is the subject of Resolution 1 at the Special Meeting and General Meeting.

On 15 August 2017, a notice of default was given to PTF under the TSA Note in relation to the non-payment of the amount of \$175,000 that was due and payable to the Company on 15 August 2017. PBT has agreed to forgive the remainder of the outstanding amount payable by KTI to PBT under the PBT Loan, being \$26,212.64 as partial payment of the outstanding amount. The outstanding balance of \$148,787.36 remains due and payable, and will accrue default interest at the rate of 22% per annum.

The balance payable by PBT to the Company under the TSA Note and all accrued and unpaid interest is due on 31 October 2017.

If PTF raises any capital, that amount must be applied to the fixed repayments on the dates set forth above. In addition, 50% of any capital raised by PTF in excess of US\$750,000 must be applied to the repayment of amounts outstanding with respect to the TSA Note.

If PTF undertakes and closes a Regulation A+ Offer of its securities of US\$5 million or more, then the net proceeds of such raising must be applied to the repayment of the TSA Note.

As the TSA Note was issued in order to evidence the amounts payable under the TSA as at termination of the TSA on 30 June 2017, the TSA Note is effective as of 30 June 2017 and will remain effective, regardless of whether or not the PTF Transaction completes.

(c) **Purchase Note**

Subject to Shareholder approval, PTF will issue to the Company in satisfaction of the balance of the Purchase Price, a convertible promissory note (the "**Purchase Note**").

Interest payable on Purchase Note

The Purchase Note will not bear interest until after 30 November 2017, from which date the Purchase Note will bear interest at the rate of 22% per annum.

Conversion of Purchase Note

After 30 November 2017, the Company may, but is not required to, elect to convert the unpaid amount under the Purchase Note into common stock of PTF at a conversion price equal to the lesser of the following:

- 50% of the price offered under the Regulation A+ Offer offering document; and
- the price per share of common stock issued by PTF in the most recent transaction or series of related transactions prior to the proposed issue date which transaction or series of related transactions raised an aggregate of at least USD\$500,000,

provided that the Purchase Note may only be so converted to the extent that the beneficial ownership by the Company of PTF does not exceed 4.99%, and any unconverted amount will therefore remain outstanding.

Repayment of Purchase Note

The Purchase Note will mature and be repayable on or before 30 November 2017.

50% of any capital raised by PTF in excess of US\$1.5 million must be applied to the repayment of amounts outstanding with respect to the Purchase Note.

If PTF conducts a Regulation A+ Offer of its securities, all funds raised by PTF by that offering must be applied to the repayment of the Purchase Note.

(d) **Mutual assignment and release**

A mutual assignment and release from each of KTI and Kabuni India in a form to be agreed between PTF and the Company will be entered into, pursuant to which:

- KTI and Kabuni India, and Kabuni USA, will release each other from all obligations and liabilities that may be owing to one another, including

but not limited to a full and complete release and forgiveness of the loan in the amount of US\$50,000 repayable by Kabuni USA to KTI;

- KTI and Kabuni India, and Kabuni USA, will each assign to PTF any and all rights it may have in any intellectual property that is used primarily in the business of KTI, Kabuni India or Kabuni USA (other than the Design Campus business).

(e) **Intercompany loan**

KTI is currently indebted to the Company in the amount of approximately CAD\$12,700,000 ("Intercompany Loan"). At completion of the PTF Transaction, the balance of the Intercompany Loan (after application of any amount of the Purchase Price) will be forgiven, and will provide KTI with a full and complete release in a form reasonably satisfactory to the Company and PTF.

(f) **Use of Kabuni name**

After completion of the PTF Transaction, the Company must cause its name, and the name of Kabuni USA to be changed to remove the word "Kabuni", and must not carry on business using the name "Kabuni".

Shareholder approval of the change of the Company's name is the subject of Resolution 4.

(g) **Security**

Guarantees and general security agreements have or will be provided with respect to the Purchase Agreement, TSA Note and Purchase Note as follows:

- guarantee agreements, pursuant to which each of KTI and Kabuni India will guarantee the obligations of PTF under the TSA Note, the Purchase Agreement and the Purchase Note; and
- security agreements, pursuant to which PTF will grant a security interest in its right, title and interest in the shares in the Sale Corporations, and each of KTI and Kabuni India will provide a general security interest in all of their present and after-acquired personal property to secure their guarantees.

1.4 The Company's future direction

The Board's key focus in proposing the PTF Transaction has been on the value of the PTF Transaction relative to the performance of the businesses of the Sale Corporations ("**Sale Corporation Businesses**").

The Board acknowledges that significant time and resources have been invested by the Company in the Sale Corporation Businesses since the Company acquired PDT Technologies and was reinstated to ASX in September 2015. Despite this investment, the Company has been unable to generate a sufficient level of engagement with, or revenue from, the Sale Corporation Businesses, and the Sale Corporation Businesses have incurred significant operating losses.

It is anticipated that the disposal of the Sale Corporations will afford the Company the ability to reduce the ongoing cash drain on the limited funds of the Company while transferring all current and future liabilities of those companies to PTF.

If the PTF Transaction proceeds:

- the Company will retain full ownership of Kabuni USA and that company's Design Campus business, which is considered by the Company to hold the most potential to develop profitably for the benefit of Shareholders. Details of the Design Campus business are set out below in Section 1.5 below; and
- the Board will consider further acquisitions in the technology, design sector and other industries, to add value for Shareholders.

If the Company does not receive Shareholder approval for the PTF Transaction, or if the PTF Transaction is otherwise not completed, then the Company will seek to dispose of the Sale Corporations to an unrelated party or unrelated parties of the Company or otherwise dispose of the Sale Corporations.

1.5 The Design Campus business

Design Campus is the business of Kabuni USA, a wholly owned subsidiary of Kabuni, which will not be disposed of pursuant to the PTF Transaction.

Design Campus is an online platform for members to subscribe to design courses that feature relevant training content, including courses accredited by both the Interior Design Continuing Education Counsel and the Architect's Institute of America. Members also gain access to the Design Campus library, a database of educational design articles and literature.

The Board has developed short to long-term development goals for the Design Campus business which include the following:

- short-term marketing plan to leverage existing member base, increase engagement and to generate new member subscriptions from regular releases of new platform content and social media posts;
- engage new sponsors and consider licencing deals;
- re-price the Design Campus course offering to make the price points more attractive;
- introduce new platform features including gamification for 'edu-tainment', live news feed, affiliation programs and to create a payment processing platform for members, encompassing accounting and billing; and
- grow the community from interior designers to other aspects of design build community such as architects, general contractors, landscapers and design lovers.

2. RESOLUTION 1 – APPROVAL FOR SELECTIVE REDUCTION OF CAPITAL (SPECIAL MEETING AND GENERAL MEETING)

2.1 Background

As set out in Section 1.3, pursuant to the TSA Note, PTF was required to make a first repayment of \$150,000 to the Company on 15 July 2017. Under the terms of the Purchase Agreement, PTF has elected to partially repay the TSA Note through the cancellation of Shares held by Mr. Neil Patel, subject to Shareholder approval.

As set out in Section 1.3, PTF and the Company have entered into the Deed of Cancellation and the Purchase Agreement pursuant to which, subject to Shareholder approval, the following Securities held by Mr Neil Patel will be cancelled:

- 19,950,000 Shares;
- 6,125,000 Class A Performance Shares;
- 6,125,000 Class B Performance Shares;
- 6,125,000 Class C Performance Shares; and
- 6,125,000 Class D Performance Shares.

In consideration for the cancellation of the Shares, an amount of \$93,158.28 will be deemed to have been repaid as of 15 July 2017, in respect of the TSA Note, representing the value of the 19,950,000 Shares to be cancelled, using VWAP of Shares for the 10 days prior to 15 July 2017 of \$0.0047 ("**Cancellation Consideration**"). No consideration is payable for the cancellation of the Performance Shares.

Each of the Performance Shares set out above converts into one Share on the satisfaction of certain milestone events, as set out below.

Class of Performance Share	Milestone event
Class A	<p>Milestone A: each Class A Performance Share will convert into one Share upon:</p> <p>(a) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$200 revenue, each month for three consecutive months, on or before 30 August 2016; or</p> <p>(b) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$200 revenue, each month for three consecutive months, and the vesting criteria with respect to Milestone D below is also achieved.</p>

Class of Performance Share	Milestone event
Class B	<p>Milestone B: each Class B Performance Share will convert into one Share upon:</p> <p>(a) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$750 revenue, each month for three consecutive months, on or before 31 December 2016; or</p> <p>(b) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$750 revenue, each month for three consecutive months, and Milestone D below is also achieved.</p>
Class C	<p>Milestone C: each Class C Performance Share will convert into one Share upon:</p> <p>(a) the Company achieving the Canadian dollar equivalent of at least \$20 million in revenue in any 12 month period and has a minimum of 20,000 registered home designers, on or before 31 December 2017; or</p> <p>(b) the Company achieving the Canadian dollar equivalent of at least \$20 million in revenue in any 12-month period and a minimum of 20,000 registered home designers, and Milestone D below is also achieved.</p>
Class D	<p>Milestone D: each Class D Performance Share will convert into one Share upon:</p> <p>(a) the Company achieving the Canadian dollar equivalent of at least \$50 million in revenue in any 12 month period; and</p> <p>(b) a minimum of 35,000 registered home designers.</p>

The milestone events attaching to the Performance Shares have not been achieved and consequently, none of the Performance Shares have converted into Shares. Had the milestone events attaching to the Performance Shares have been met, the Performance Shares would have converted into a total of 24,500,000 Shares.

The purpose of Resolution 1:

- of the Special Meeting is to seek the approval of Mr Neil Patel; and
- of the General Meeting is to seek the approval of Shareholders,

for the Company to undertake a selective reduction of capital of the Company for the purpose of enabling the Company to cancel Shares and Performance Shares held by Mr Neil Patel.

The effect of Resolution 1 of each Meeting will be that, if both Resolutions are approved, the Shares and Performance Shares set out above will be cancelled for the Cancellation Consideration, with effect from the latter of completion of the PTF Transaction, and the date that is 14 days after lodgement by the Company with ASIC of a copy of the Resolutions as passed.

Resolution 1 of each Meeting is conditional upon Resolution 1 of the other Meeting being approved, as well as all Divestment Resolutions being approved by Shareholders. Accordingly, if any of the Divestment Resolutions are not approved, or if Resolution 1 of either the Special Meeting or the General Meeting is not passed, neither Resolution 1 will not have effect.

2.2 Chapter 2E of the Corporations Act (General Meeting)

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to section 208 applies, or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

A related party of the Company includes a former Director, who was a Director within the previous 6 months. Accordingly, the selective capital reduction in respect of Securities held by Mr Neil Patel as proposed by Resolution 1 of the General Meeting ("**Selective Capital Reduction**") involves the provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party of the giving of the financial benefit would be reasonable in the circumstances if the related party and the company were dealing at arm's length (or terms less favourable than arm's length).

The Board considers the Selective Capital Reduction to be fair and reasonable to Shareholders. However, as there is no comparable transaction to the Selective Capital Reduction being undertaken by the Company with a non-related party, the Board is of the view that it is prudent to seek Shareholder approval under section 208 of the Corporations Act.

In accordance with the requirements of sections 217 to 227 of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed Selective Capital Reduction:

Name of Related Party

The related party to whom the financial benefit will be given is Mr Neil Patel, the former Managing Director of the Company, who resigned as a Director on 3 April 2017.

Nature and Value of the Financial Benefit

The nature of the financial benefit to be provided is the satisfaction of the amount of \$93,158.28 that was due and payable by Mr Neil Patel to the Company as of 15 July 2017, in respect of the TSA Note.

Remuneration of Mr Neil Patel

The remuneration of Mr Neil Patel, who was appointed as a Director on 25 August 2015, and resigned on 3 April 2017, for the financial years ended 30 June 2016 and 30 June 2017 is as set out below.

	Base salary	Share based payments	Non-monetary benefits	Superannuation	Total
Financial year ended 30 June 2016	\$191,517	Nil	\$9,387	Nil	\$200,904
Financial year ended 30 June 2017	\$174,728	Nil	Nil	\$2,564	\$177,292

Note: Mr Patel received remuneration in the financial year ended 30 June 2017 with respect only to the period ended 3 April 2017, being the date of his resignation as a Director.

Securities held by Mr Neil Patel

As at the date of this Notice, Mr Neil Patel has a relevant interest in the Securities described in Section 2.1, all of which are proposed to be cancelled pursuant to the Selective Capital Reduction.

Effect on capital structure

If the Selective Capital Reduction is approved and the relevant Securities cancelled, the effect on the Company's capital structure will be as set out in Sections 2.4 and 2.6 below.

Additional Information

Additional information relevant to Shareholders' decisions with respect to Resolution 1 of each Meeting is included in this Explanatory Statement, including in Sections 1 and 2. The Directors encourage Shareholders to read the Explanatory Statement in its entirety before making a decision as to how to vote on the Resolutions.

2.3 Section 256C of the Corporations Act

Pursuant to section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- addressing the risk of the transaction leading to the Company's insolvency;
- seeking to ensure fairness between the shareholders of the Company; and
- requiring the Company to disclose all material information.

In particular, section 256B of the Corporations Act requires that a Company may only reduce its capital if:

- it is fair and reasonable to the shareholders as a whole;
- it does not materially prejudice the Company's ability to pay its creditors; and
- it is approved by shareholders in accordance with section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act requires that the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

The Directors believe that the Selective Capital Reduction is fair and reasonable to Shareholders for the following reasons:

- the Selective Capital Reduction will only result in the cancellation of the Shares and Performance Shares held by Mr Neil Patel;
- the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors and will have minimal financial effect on the Company; and
- the cash reserves of the Company will not be reduced by the Selective Capital Reduction, as nil cash consideration is being provided for the Selective Capital Reduction.

The Directors do not consider that there are any material disadvantages to the Company undertaking the Selective Capital Reduction.

Resolution 1 of the Special Meeting Mr Neil Patel.

Resolution 1 of the General Meeting is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

2.4 Overall effect of proposed Selective Capital Reduction

The overall effect of the Selective Capital Reduction will be to:

- reduce the number of Shares currently on issue from 241,443,455 to 221,493,455, being a reduction of 8.26%; and
- reduce the number of Performance Shares currently on issue from 38,130,493 to 13,630,493, being a reduction of 64.25%.

As a result of the Selective Capital Reduction, the relevant interest of Mr Patel in the Company (i.e. his controlling interest of voting shares) will be reduced to nil, and the percentage interest of each other Shareholder will increase by a factor of 8.26%.

2.5 Interests of Directors

The Directors do not have any material interest in the outcome of Resolution 1 of the Special Meeting, nor do they have any material personal interest in the outcome of Resolution 1 of the General Meeting other than as a result of their interest arising solely in the capacity as Shareholders. The Directors do not have any interest in any Performance Shares.

2.6 Listing Rule 7.20

Pursuant to Listing Rule 7.20, the Company is required to notify Shareholders of the effect of any reorganisation of its capital. The Company considers the Selective Capital Reduction to be a reorganisation of its capital for the purposes of Listing Rule 7.20.

The Company has the following securities on issue as at the date of this Notice. The effect of the Selective Capital Reduction is outlined below.

Security	On issue as at date of Notice	Effect of Selective Capital Reduction	On issue after Proposed Capital Reduction
Shares			
Fully paid ordinary Shares	241,443,455	(19,950,000)	221,493,455
Performance Shares			
Class A Performance Shares	10,032,622	(6,125,000)	3,907,622
Class B Performance Shares	10,032,622	(6,125,000)	3,907,622
Class C Performance Shares	9,032,623	(6,125,000)	2,907,623
Class D Performance Shares	9,032,623	(6,125,000)	2,907,623
Options			
Listed Options exercisable at \$0.30 each; expiring on 25 August 2018	12,000,000	N/A	12,000,000
Listed Options exercisable at \$0.05 each on or before 30 June 2019	70,567,146	N/A	70,567,146
Unlisted Options exercisable at \$0.18 each on or before 31 March 2019	2,196,667	N/A	2,196,667
Unlisted Options exercisable at \$0.13 each; expiring on 6 November 2018.	150,000	N/A	150,000
Unlisted Options exercisable at \$0.13 each; expiring on 31 October 2018	200,000	N/A	200,000
Unlisted Options exercisable at \$0.13 each; expiring on 6 September 2019	650,000	N/A	650,000
Unlisted Options exercisable at \$0.05 each on or before 30 June 2019	1,475,000	N/A	1,475,000
Unlisted Options exercisable at \$0.06 each on or before 30 June 2019	4,000,000	N/A	4,000,000
Unlisted Options exercisable at \$0.03 each on or before 7 November 2019	2,500,000	N/A	2,500,000
Unlisted Options exercisable at \$0.06 each on or before 7 November 2019	1,500,000	N/A	1,500,000
Unlisted Options exercisable at \$0.09 each on or before 7 November 2019	1,500,000	N/A	1,500,000

Unlisted Options exercisable at \$0.06 each on or before 31 March 2019	1,000,000	N/A	1,000,000
Unlisted Options exercisable at \$0.05 each on or before 30 September 2019	250,000	N/A	250,000
Convertible Notes			
Face value of \$1.00 each	250,000	N/A	250,000

The Selective Capital Reduction will not involve any fractional entitlements, as the proposal is to cancel Securities held by only one Shareholder, being Mr Neil Patel, as set out in Section 2.1. The Selective Capital Reduction will have no effect on Options or Convertible Notes on issue.

2.7 No other material information

Other than as previously disclosed to Shareholders and as set out in this Explanatory Statement, there is no other information known to the Company that is material to the decision of Mr Patel or the Shareholders as to whether or not to approve Resolution 1 of each Meeting.

2.8 Directors' recommendation

Each of the Directors recommend that Mr Neil Patel vote in favour of Resolution 1 of the Special Meeting as they consider it to be fair and reasonable to him, and in the best interests of Shareholders and the Company.

Each of the Directors recommend that Shareholders (other than Mr Patel) vote in favour of Resolution 1 of the General Meeting as they consider it to be fair and reasonable to Shareholders, and in the best interests of Shareholders and the Company.

The Directors do not have an interest in the outcome of Resolution 1 of either Meeting, other than in their capacities as Shareholders.

3. RESOLUTION 2 – DISPOSAL OF MAIN UNDERTAKING (GENERAL MEETING)

3.1 Background

The Company is seeking Shareholder approval pursuant to Resolution 2 to allow the Company to sell its Sale Corporations, being its main business undertaking, pursuant to the Purchase Agreement.

The material terms and conditions of the Purchase Agreement are set out in Section 1.3 above.

A summary of the Company's intended future activities and direction after completion of the PTF Transaction is set out in Section 1.4 above.

The PTF Transaction is conditional upon Shareholder approval, which is the subject of Resolutions 2 and 3 of this Notice. Further, Resolution 2 is conditional upon all Divestment Resolutions being approved by Shareholders, and Resolution 1 being passed at the Special Meeting. Accordingly, if any of the Divestment Resolutions are not approved, or if Resolution 1 is not passed at the Special Meeting, Resolution 2 will not have effect.

The Company has obtained an Independent Expert's Report from Stantons International Securities Pty Ltd to address the fairness and reasonableness of the PTF Transaction to non-associated Shareholders. The Independent Expert's Report is included in full in **Annexure 1**.

The Independent Expert has concluded that the PTF Transaction is fair and reasonable to non-associated Shareholders.

3.2 Listing Rules and Corporations Act

As the PTF Transaction is between the Company and a related party of the Company, being Mr Neil Patel, the Company seeks Shareholder approval to comply with the regulatory requirements of Chapter 2E of the Corporations Act as well as Listing Rules 10.1 and 11.2.

Listing Rule 10.1

Listing Rule 10.1 provides a general restriction on a listed company from disposing of a substantial asset to a related party, without Shareholder approval.

A related party of the Company includes a former Director, who was a Director within the previous 6 months, and an entity controlled by a related party of the Company. PTF is controlled by Mr Neil Patel, the former Managing Director of the Company, who resigned as a Director on 3 April 2017, being within 6 months prior to the date on which the Company entered into the Purchase Agreement. Consequently, PTF is a related party of the Company.

The Sale Corporations are a substantial asset, as the value of the consideration to be paid for them by PTF is equal to more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

Accordingly, Shareholder approval is required to comply with Listing Rule 10.1.

Listing Rule 11.2

Listing Rule 11.2 provides that an entity must not dispose of its main undertaking without obtaining the approval of its Shareholders.

Listing Rule 11.2 further provides that a listed entity must not enter into an agreement to dispose of its main undertaking unless the agreement is conditional on that entity getting that approval.

The Company confirms that the Purchase Agreement is conditional upon Shareholder approval as the Company.

Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to section 208 apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

As set out above under the sub-heading "Listing Rule 10.1", PTF is a related party of the Company. Section 229 of the Corporations Act includes as an example of a "financial benefit" the sale of assets to a related party. Consequently, the proposed PTF Transaction constitutes the proposed provision of a financial benefit to a related party.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party of the giving of the financial benefit would be reasonable in the circumstances if the related party and the company were dealing at arm's length (or terms less favourable than arm's length).

Notwithstanding that the Board considers the PTF Transaction to be in the best interests of the Company and Shareholders, and that the Independent Expert considers it to be fair and reasonable to non-associated Shareholders, the Board is of the view that it is prudent to seek Shareholder approval under section 208 of the Corporations Act.

In accordance with the requirements of sections 217 to 227 of the Corporations Act, and Listing Rules 10.1 and 11.2, the following information is provided to allow Shareholders to assess the proposed PTF Transaction:

Name of the Related Party

The related party is Print the Future, Inc., a company incorporated in Delaware, USA and is controlled by Kabuni's founder and former Managing Director, Mr Neil Patel, who resigned as a Director on 3 April 2017.

Nature and Value of the Financial Benefit

The Company will sell the entire issued capital of Kabuni Technologies Inc. and Kabuni Technologies (India) Private Limited to PTF. Section 5 of the Independent Expert's Report set out in **Annexure 1** contains a valuation of the financial benefit.

Remuneration and Security Holding of Mr Neil Patel

Please refer to Section 2.2 above.

Additional Information

Additional information relevant to Shareholders' decisions as to how to vote on Resolution 2 is included in this Explanatory Statement, including in Sections 1 and 3, and in the Independent Expert's Report set out in **Annexure 1**. The Directors

encourage Shareholders to read the Explanatory Statement and the Independent Expert's Report in their entirety before making a decision as to how to vote on Resolution 2.

The timing of the Transaction, insofar as it is determined by the payment of the Purchase Price to the Company is set out in Sections 1.1 and 1.3 above.

Subject to Shareholders approving the Divestment Resolutions, the Company anticipates completion of the Transaction, including transfer of the shares in the Sale Corporations to PTF, occurring within one week of the General Meeting.

3.3 Interests of Directors

The Directors do not have any material interest in the outcome of Resolution 2 other than as a result of their interest arising solely in their capacity as Shareholders.

3.4 Independent Expert's Report

The Company engaged Stantons International Securities Pty Ltd to address the fairness and reasonableness of the PTF Transaction to non-associated Shareholders. The Independent Expert's Report is included in full in **Annexure 1**.

The Independent Expert's Report is also provided to satisfy the requirements of Chapter 2E of the Corporations Act and Listing Rule 10.10.2.

What is fair and reasonable must be judged by the Independent Expert in all circumstances of the PTF Transaction, including the likely advantages to Shareholders if the proposal is approved and comparing them with the disadvantages if the proposal is not approved.

The Independent Expert has concluded that the Transaction proposed by Resolution 2 is **fair and reasonable** to non-associated Shareholders.

3.5 Financial impact on the Company

As set out in Section 1.3 above, the consideration receivable by the Company for the Sale Corporations is \$4.5 million. Please refer to section 5 of the Independent Expert's Report for a valuation of this consideration.

As set out in section 6.5 of the Independent Expert's Report, the fair value of the Sale Corporations at settlement may approximate \$459,429.

Consequently, the financial impact of the Transaction on the Company will be to increase its net assets by up to approximately \$4,040,571.

3.6 Advantages and disadvantages of the Transaction

The Independent Expert's Report sets out the advantages and disadvantages of the Transaction. The disadvantages of the Transaction are considered in sections 8.2 to 8.5 of the Independent Expert's Report, and the disadvantages are considered in sections 8.6 and 8.7 of the Independent Expert's Report.

3.7 Consideration of alternative proposals

The Company has not to date received any formal proposals to acquire the Sale Corporations, other by PTF.

The Directors have considered alternative options available to the Company and consider that in the absence of a superior proposal, the PTF Transaction provides the most beneficial outcome to Shareholders.

3.8 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2, and note in this respect the recommendation of the Independent Expert, as set out in the Independent Expert's Report set out in **Annexure 1**.

4. RESOLUTION 3 – APPROVAL FOR DISPOSAL WITHOUT OFFER (GENERAL MEETING)

4.1 Background

As set out in Section 1.3 above, the Company is proposing to dispose of the Sale Corporations to PTF pursuant to the PTF Transaction.

The PTF Transaction is governed by the Purchase Agreement, the material terms and conditions of which are set out in Section 1.3 above.

4.2 Listing Rule 11.4

Under Listing Rule 11.4 an entity must not dispose of a major asset if, at the time of the disposal it is aware that the person acquiring the asset intends to issue or offer securities with a view of becoming listed.

ASX Guidance Note 13 provides that ASX is likely to treat an asset as a “major asset” if, relevantly,

- the value of, or the value of the consideration for, the asset represents 20% or more of consolidated equity interests; or
- the value of, or the value of the consideration for, the asset represents 15% or more of consolidated assets.

The Company will receive the amount of \$4.5 million in consideration for the Sale Corporations pursuant to the PTF Transaction. This amount represents approximately:

- 932% of the Company's consolidated equity interests as at 30 June 2017; and
- 505% of the Company's consolidated assets as at 30 June 2017.

Therefore, the Sale Corporations are considered to be a major asset for the purposes of Listing Rule 11.4.

The Board considers that the consideration that will be received by the Company for the Sale Corporations pursuant to the PTF Transaction represents fair market value.

The Company is aware that PTF intends to undertake a Regulation A+ Offer of its securities under the Securities Act of 1933 (US) following or in conjunction with completion of the Purchase Agreement. The exact terms of the proposed Regulation A+ Offer are not yet known to the Company.

Accordingly, the Listing Rule 11.4 would prohibit the disposal by the Company of the Sale Corporations pursuant to the PTF Transaction. However, Listing Rule 11.4.1 provides that Listing Rule 11.4 does not apply where:

- the securities to be issued or offered by the buyer, except those to be retained by the seller, are offered pro rata to the seller's shareholders, or in another way that, in ASX's opinion, is fair and reasonable in all the circumstances; or
- the seller's shareholders approve of the disposal without the offer referred to in paragraph (a) above, being made, and the notice of meeting includes a voting exclusion statement.

The Company does not intend to offer the issued share capital of the Sale Corporations to its Shareholders. Accordingly, pursuant to Resolution 3, the Company seeks Shareholder approval for the purpose of Listing Rule 11.4.1(b).

Resolution 3 is conditional upon all Divestment Resolutions being approved by Shareholders, and Resolution 1 being passed at the Special Meeting. Accordingly, if any of the Divestment Resolutions are not approved, or if Resolution 1 is not passed at the Special Meeting, Resolution 3 will not have effect.

4.3 ASX information requirements

The following information is provided to assist Shareholders to decide how to vote on Resolution 3:

- The assets being disposed are the Sale Corporations, as described in Section 1.2 above.
- The value of the Sale Corporations is set out in section 5 of the Independent Expert's Report.
- The Sale Corporations have not contributed positively to the Company's recent or past earnings.
- The consideration for the Sale Corporations is the amount of \$4.5 million, as described in Section 1.3 above.
- The material agreement for the disposal of the Sale Corporations is the Purchase Agreement, as described in Section 1.3 above.
- The Directors consider that the disposal of the Sale Corporations is in the Company's best interests, for the reasons set out in Section 1.4 above.
- A summary of the Company's intended future activities and direction after completion of the PTF Transaction is set out in Section 1.4 above.

4.4 Directors' recommendation

For the reasons outlined above, the Directors unanimously recommend Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – CHANGE OF NAME (GENERAL MEETING)

5.1 Background

If the PTF Transaction is completed, then pursuant to the terms of the Purchase Agreement, the Company will not be permitted to use "Kabuni" in its name. Consequently, the Directors have resolved to seek Shareholder approval to change the Company's name to "Design Technologies Limited".

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company, being the development of the Design Campus business and to seek new opportunities in the technology, design sector and other industries to add value for shareholders.

5.2 Legal requirements

Resolution 4 seeks the approval of Shareholders for the change of name, in accordance with section 157(1)(a) of the Corporations Act.

The change of name of the Company will take effect from when the Company lodges the prescribed form for the change of name with ASIC and ASIC alters the details of the Company's registration.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Resolution 4 is conditional upon all Divestment Resolutions being approved by Shareholders, and Resolution 1 being passed at the Special Meeting. Accordingly, if any of the Divestment Resolutions are not approved, or if Resolution 1 is not passed at the Special Meeting, Resolution 4 will not have effect.

5.3 Directors' recommendation

For the reasons outlined above, the Directors unanimously recommend Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – APPROVAL TO ISSUE SHARES ON CONVERSION OF CONVERTIBLE NOTES (GENERAL MEETING)

6.1 Background

On 17 July 2017, the Company issued 250,000 Convertible Notes to raise \$250,000 to provide working capital and to pay for costs associated with the PTF Transaction.

On 21 August 2017, the Company issued 35,000 Convertible Notes in satisfaction of fees in the amount of \$35,000 that were payable by the Company to its corporate advisors.

A summary of the key terms of the Convertible Notes is set out in Section 6.4 below.

Pursuant to Resolution 5, the Company seeks Shareholder ratification of the issue of the Convertible Notes.

6.2 Effect of Resolution 5

Listing Rule 7.1 provides that a company may not issue equity securities (including convertible notes) if those equity securities will, when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where shareholders subsequently approve securities that were issued under Listing Rule 7.1 then those securities will be treated as having been made with shareholder approval for the purpose of Listing Rule 7.1.

Pursuant to Listing Rule 7.2, Exception 4, if approval is given for the issue of convertible securities for the purposes of Listing Rule 7.1, the issue of any securities on the conversion of those convertible securities will not count towards the company's 15% placement capacity.

Consequently, the effect of passing Resolution 5 will be to refresh the Company's 15% placement capacity under Listing Rule 7.1 (with respect to the Convertible Notes) and to exclude any Shares that may be issued on the conversion of those Convertible Notes from using the Company's 15% placement capacity.

6.3 Listing Rules information requirements

Pursuant to Listing Rule 7.5, the following information is provided to Shareholders in relation to Resolution 5 for the purpose of seeking approval under Listing Rule 7.4:

(i) The number of securities issued

285,000 Convertible Notes were issued.

If a Convertible Note is converted into Shares, the maximum number of Shares that may be issued is calculated by dividing the face value of that Convertible Note by the relevant Share price, as set out in Section (iii) below.

(ii) **The price at which the securities were issued**

The Convertible Notes were issued at an issue price of \$1 each.

(iii) **The terms of the securities**

The key terms of the Convertible Notes are summarised in Section 6.4 below.

(iv) **The names of the recipients of the securities**

The securities were issued to the following Exempt Investors who were clients of Alto Capital and CPS Securities:

- Mr Jason Peterson and Mrs Lisa Peterson as trustees for the J & L Peterson Super Fund;
- Richsham Nominees Pty Ltd;
- Mr David Charles Neesham and Mrs Pamela Christine Neesham as trustees for the DC & PC Neesham Super Fund;
- Alitime Nominees Pty Ltd as trustee for the Honeyham Family Trust;
- Mr Brett Alexander Hawley;
- J & J Bandy Nominees Pty Ltd as trustee for the Bandy Pension Fund;
- Surf Coast Capital Pty Ltd as trustee for the Minnie Pension Fund;
- Mr Hugh Anthony Sharpe;
- Lonhro (WA) Pty Ltd as trustee for the Lonhro Trust; and
- Jaguar Investments Pty Ltd;
- CPS Capital Group Ltd; and
- ACNS Capital Markets Pty Ltd.

None of the Noteholders is a related party of the Company for the purposes of the Corporations Act or the Listing Rules.

(v) **The use of the funds raised**

The funds raised, being in the amount of \$250,000, were applied to costs associated with the PTF Transaction, and to the working capital requirements of the Company.

The remaining 35,000 convertible notes were issued as satisfaction of corporate advisory fees owed to Alto Capital and CPS Securities.

6.4 Summary of the terms of the Convertible Notes

A summary of the key terms of each Convertible Note is as follows:

(i) **Face value**

Each Convertible Note has a face value of \$1.

(ii) **Interest**

No interest accrues or is payable with respect to the Convertible Notes.

(iii) **Conversion**

Subject to obtaining Shareholder approval for their conversion into Shares, each Convertible Note converts into Shares as follows:

- at the election of a Noteholder, at a Share price that is equal to a 20% discount to the VWAP of Shares over the period of 5 consecutive trading days on ASX on which Shares are able to be traded immediately preceding the Conversion Date; and
- automatically in the event that the Company conducts a capital raising by either debt finance or the issue of Securities (**Capital Raising**), at a Share price that is equal to:
 - if the Capital Raising is conducted by the issue of Shares – the amount that is a 20% discount to the price at which the Shares are issued to investors under the Capital Raising; and
 - if the Capital Raising is conducted by debt finance – the amount that is a 20% discount to the VWAP of Shares over the period of 5 consecutive trading days on ASX on which Shares are able to be traded immediately preceding the Conversion Date;

(iv) **Redemption**

If Shareholder approval for the issue of Shares on the conversion of the Convertible Notes is not obtained by the Company pursuant to Resolution 5, the Company must redeem all of the Convertible Notes by paying to each Noteholder the amount equal to 105% of the Redemption Amount of the Convertible Notes that are held by the relevant Noteholder.

If the Convertible Notes have not previously been converted, redeemed or otherwise cancelled, the Company must redeem all of the Convertible Notes on the Maturity Date by paying to each Noteholder the amount equal to 105% of the Redemption Amount of the Convertible Notes that are held by the relevant Noteholder.

A Noteholder may, at any time following the occurrence of an Event of Default, require the Company to redeem some or all of the Convertible Notes held by the Noteholder by giving notice of the same to the Company, in which circumstance the Company must pay to the Noteholder the Redemption Amount of the Convertible Notes being redeemed.

(v) **Issues of new securities by the Company**

A Noteholder is not entitled to participate in any new issue of Shares or other securities to Shareholders unless some or all of the Convertible Notes held by that Noteholder have been converted into Shares on or before the date for determining entitlements to the issue, in which circumstance the Noteholder may then participate as a result of holding Shares.

(vi) **Reconstruction of Company's capital**

If at any time the issued capital of the Company is reconstructed, including any reduction, repayment by way of reduction, consolidation or division (**Reconstruction**), then the entitlement of the Noteholder to convert the Convertible Notes held by that Noteholder will be:

- reconstructed in the same proportion and manner as any such reconstruction of the issued capital of the Company; and
- subject to the same provisions (if any) with respect to the rounding of entitlements as are sanctioned by the meeting of Shareholders which approves any such reconstruction of the capital of the Company,

but in all other respects the terms for the conversion of the Convertible Notes will remain unchanged.

This provision regarding Reconstructions applies only if the Reconstruction has the effect of increasing or decreasing the issued Share capital of the Company by a factor of more than 20%. The cancellation of any securities issued by the Company to any vendor of PDT Technologies, is to be disregarded in calculating the effect of any Reconstruction on the issued Share capital of the Company.

6.5 Directors' recommendation

For the reasons outlined above, the Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

7. RESOLUTION 6 – AMENDMENT OF THE CONSTITUTION (GENERAL MEETING)

7.1 Proposed amendments

Resolution 6 seeks Shareholder approval pursuant to section 136(2) of the Corporations Act to amend the Constitution as follows:

(i) **Reduce deemed notice period**

Presently, the Constitution provides that a notice sent by post is deemed to have been served three days after the date of its posting. The proposed amendments to the Constitution would eliminate this deemed notice period, enabling the Company to call meetings of its Shareholders on 28 days' notice from the date of posting, rather than 31 days' notice from the date of posting. This amendment would align the Constitution with current commercial practice.

(ii) **Small Holding Share Sale Facility**

The Company proposes inserting provisions into the Constitution to provide a mechanism by which the Board may, once in each 12 month period, with the deemed agreement of the relevant Shareholders, aggregate Small Holdings (being a Shareholding with a market value of \$500 or less) and sell them on the relevant Shareholders' behalf.

Pursuant to the proposed amendments, a Shareholder with a Small Holdings would be entitled to elect to retain their Small Holdings by notifying the Company as such, or by increasing the size of their Small Holdings to a value of more than \$500.

The Small Holding Share Sale Facility will benefit the Company in terms of savings in maintenance costs in relation to share registry fees and also printing, mail out and postage costs.

The Small Holding Share Sale Facility will benefit Shareholders directly for the following reasons:

- all transaction costs in relation to the Small Holding Sale Facility would be borne by the Company, eliminating transaction costs that may otherwise be prohibitively expensive for holders of Small Holdings given the proportionally high transaction costs compared to the gross proceeds of sale; and
- the Company's aggregation of small holdings to sell on-market may achieve a higher price for the Shares than would be possible were those parcels to be sold individually. been sold as individual small parcels.

The proposed amendments to the Constitution are set out in full in **Schedule 2**.

A copy of the proposed amended Constitution will be sent to any Shareholder upon request. It will also be available for inspection at the Company's registered office during normal business hours prior to the General Meeting and will be tabled and available for inspection at the General Meeting.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

If Resolution 6 is passed, the proposed amendments to the Constitution will take effect immediately.

7.4 Directors' recommendation

For the reasons outlined above, the Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Listing Rules.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited.

Board means the current board of directors of the Company.

Business Day means a day that is not a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, or a day that is not an ASX trading day.

Class A Performance Share means a Performance Share that converts into a Share on satisfaction of the milestone events set out in Section 2.1.

Class B Performance Share means a Performance Share that converts into a Share on satisfaction of the milestone events set out in Section 2.1.

Class C Performance Share means a Performance Share that converts into a Share on satisfaction of the milestone events set out in Section 2.1.

Class D Performance Share means a Performance Share that converts into a Share on satisfaction of the milestone events set out in Section 2.1.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) – currently none prescribed.

Company or **Kabuni** means Kabuni Ltd (ACN 158 307 549).

Constitution means the Company's constitution.

Conversion Date means the date on which the Convertible Notes convert into Shares.

Convertible Note means a convertible note in the Company, the terms and conditions of which are summarised in Section 6.4.

Convertible Note Subscription Agreement means a subscription agreement for convertible notes.

Corporations Act means the Corporations Act 2001 (Cth).

Design Campus means the Design Campus business, being the business of Kabuni USA, as described in Section 1.5.

Divestment Resolutions means each of Resolutions 1 to 4 in the Notice, each of which must be approved by Shareholders in order for any of them to be effective.

Director means a director of the Company.

Equity Securities means a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Event of Default means any of the following events:

- (a) the Company fails to perform any other undertaking, obligation or agreement under the Convertible Note Subscription Agreement;
- (b) any warranty or representation by the Company in respect of the Convertible Notes is or becomes false, misleading or incorrect when made;
- (c) the Company fails to prepare and submit any annual reports or financial statements required by the Corporations Act;
- (d) an Event of Insolvency occurs in respect of the Company; or
- (e) all or any part of the provisions of the Convertible Notes is or becomes illegal, void, voidable, unenforceable or otherwise of limited force or effect to the material detriment of the Noteholder.

Event of Insolvency means in relation to a person:

- (a) a controller (as defined in section 9 of the Corporations Act), administrator, liquidator, trustee or similar officer is appointed in respect of the person or any property of the person;
- (b) a liquidator or provisional liquidator is appointed in respect of the person; or
- (c) the person becomes, or admits in writing that it is, or is declared or deemed under any applicable law to be, insolvent or unable to pay its debts as and when they become due and payable.

Exempt Investor means an investor to whom a Security may be issued without giving disclosure under Chapter 6D of the Corporations Act, including but not limited to:

- (a) a 'professional investor' as that term is defined in section 9 of the Corporations Act;
- (b) a 'sophisticated investor' for the purposes of sections 708(8) to (10) of the Corporations Act; and
- (c) a person, senior manager or a body corporate controlled by a senior manager for the purposes of section 708(12) of the Corporations Act

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting means the meeting convened by the Notice of General Meeting.

Group Company means the Company or any Associated Body Corporate.

Independent Expert means Stantons International Securities Pty Ltd.

Independent Expert's Report means the report of the Independent Expert with respect to the PTF Transaction, as set out in **Annexure 1**.

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

KTI means Kabuni Technologies Inc., a company incorporated under the laws of British Columbia, Canada.

Kabuni India means Kabuni Technologies (India) Private Limited, a company incorporated under the laws of India.

Kabuni USA means Kabuni USA, Inc., a corporation incorporated under the laws of Delaware.

Listing Rules means the Listing Rules of ASX.

Maturity Date means 31 December 2017.

Meeting means the Special Meeting or the General Meeting, as the context requires.

Noteholder a holder of a Convertible Note.

Notice means the Notice of General Meeting or Notice of Special Meeting, or both of those notices, as the context requires.

Notice of General Meeting means the notice of general meeting and Explanatory Statement.

Notice of Special Meeting means the notice of special meeting and Explanatory Statement.

Officer means a Director of the Company or such other person within the meaning of that term as defined by the Corporations Act.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the Listing Rules.

PDT Technologies means PDT Technologies Inc. (now known as Kabuni Technologies Inc.), a company incorporated under the laws of British Columbia, Canada, with registration number BC0978625, the acquisition of which by the Company is described in the Company's prospectus dated 7 July 2015.

Performance Share means a right to acquire a Share subject to the satisfaction of defined milestone events, and includes a Class A Performance Share, Class B Performance Share, Class C Performance Share and a Class D Performance Share.

Proxy Form means the proxy form accompanying the Notice.

PTF means Print the Future, Inc., a company incorporated in Delaware, USA and is controlled by Kabuni's founder and former Managing Director, Mr Neil Patel.

PTF Transaction means the transactions contemplated under the Purchase Agreement, as summarised in Section 1.3, the approval of which is the subject of the Divestment Resolutions, in particular Resolution 2.

Redemption Amount means the aggregate of the face value of the Convertible Notes.

Regulation A+ Offer means an offer of securities conducted pursuant to Regulation A+ of the Securities Act of 1933 (US).

Relevant Person means:

- (a) in respect of an Eligible Participant, that person; and
- (b) in respect of a Nominee of an Eligible Participant, that Eligible Participant.

Resolution means a resolution set out in the Notice of Special Meeting or Notice of General Meeting, or all of them, as the context requires.

SaaS means software as a service.

Section means a section of this Explanatory Statement.

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

Shareholder means a holder of a Share.

Special Meeting means the meeting convened by the Notice of Special Meeting.

WST means Western Standard Time as observed in Perth, Western Australia.

VWAP means volume weighted average price.

Schedule 1 – Reporting issuer disclosure

INTRODUCTION

The Company is a “reporting issuer” in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - Continuous Disclosure Obligations (“NI 51-102”) of the Canadian Securities Administrators, the following disclosure is required to be included with the accompanying Notice. This schedule is the management information circular (this “Circular”) required to be sent to Shareholders under NI 51-102.

The information in this Circular is given as of 12 September, 2017, unless otherwise specified. Certain terms and abbreviations used in this Circular are defined in the section entitled “Glossary” of the accompanying Notice.

PURPOSE OF SOLICITATION

This Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the General Meeting. The General Meeting will be held at Ground Floor, 16 Ord Street, West Perth, Western Australia, on 16 October 2017, at 9:45am (WST), for the purposes set forth in the Notice accompanying this Circular. References in the Circular to the General Meeting include any adjournments or postponements thereof.

It is expected that the solicitation of proxies will be primarily by mail but may also be solicited by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. All costs of this solicitation will be borne by the Company.

The Board has fixed 12 September, 2017 at 5:00 p.m (WST) as the record date for determining the registered Shareholders entitled to receive the Notice of General Meeting. However, any Shareholder who acquires Shares after the record date may obtain a copy of the Notice and Explanatory Memorandum and a Proxy Form by contacting the Company. The Board has fixed 14 October, 2017 at 5pm (WST) as the record date for determining the Shareholders of the Company entitled to vote at the General Meeting.

APPOINTMENT OF PROXIES BY REGISTERED SHAREHOLDERS

A Proxy Form is attached to the Notice. **A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholder’s behalf at the General Meeting other than the person designated in the form of proxy and may exercise such right by following the instructions set out in the Proxy Form.** All Shareholders are invited and encouraged to attend the General 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 General Meeting in person.

Please note that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

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

REVOCATION OF PROXIES

A proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the Shareholder or by his/her attorney authorized in writing, and delivered to the registered office of the Company at any time up to and including close of business on the last business day preceding the day of the General Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the General Meeting on the day of the General Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy will be voted for each of the matters referred to in the Notice, as described in this Circular, or withheld from voting or voted against if so indicated on the form of proxy. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, or other matters, which may properly come before the General Meeting. At the time of printing of the Circular, management of the Company knows of no such amendments, variations or other matters to come before the General Meeting.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as disclosed in the Notice, no person who has been a Director or executive officer of the Company at any time since the beginning of its last completed financial year or any associate or affiliate of any such Director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the General Meeting other than the election of directors or appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Australian companies do not have authorized share capital. There is generally no limit in the Australian Corporations Act or the constitution of the Company (the Constitution) on the power of the Board to issue Shares. However, subject to certain exceptions, the ASX Listing Rules prohibit an ASX-listed company from issuing shares or options representing more than 15% of its issued capital in any 12-month period without shareholder approval. The Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price.

As of the date of the Circular, the Company has 241,443,455 Shares issued and outstanding. The Shares are the only securities of the Company entitled to be voted at the General Meeting and subject to certain exclusions of votes described in the Notice, each Share is entitled to one vote on all matters to be acted upon at the General Meeting.

To the knowledge of the Directors and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10 per cent or more of the voting rights attached to the Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

A description of the matters to be submitted to the meeting of Shareholders is set out in the Notice.

No directors are proposed to be elected at the General Meeting. Accordingly, this Circular does not include the information prescribed by Item 7 of Form 51-102F5 to NI 51-102, or section 2.1 of National Instrument 58-101 – Disclosure of Corporate Governance Practices.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to compensation plans under which equity securities of the Company are authorized for issuance as at June 30, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$A) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,513,334	\$0.06	12,072,172 ⁽¹⁾
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,513,334		12,072,172

Notes:

- (1) As at June 30, 2017, the total number of Shares available for issuance under the Option Plan calculated as 5% of 241,443,455.

Employee Options

At the Company's Annual General Meeting held on November 12, 2015 (AET), the shareholders of the Company approved an Employee Option Plan (the "**Option Plan**"), pursuant to which the Company may issue options ("**Employee Options**") to employees, consultants and officers of the Company ("**Participants**") and issue Shares to those Participants, if they choose to exercise their Employee Options. In the case of a Director, no Employee Options may be issued to the Director without express shareholder approval of the number and terms of the Employee Options.

The Directors, at their discretion, may issue Employee Options to Participants at any time, having regard to relevant considerations such as the Participant's past and potential contribution to the Company, and their period of employment with the Company. Participants in the Option Plan are persons who are an 'eligible participant' (as that term is defined in Australian Securities and Investments Commission Class Order 14/1000) in relation to the Company or a subsidiary of the Company, and has been determined by the Board to be eligible and participate in the Option Plan from time to time.

Employee Options must be granted for nil consideration. The exercise price of the Employee Options shall be determined by the Board, in its discretion, provided that in no event shall the exercise price be less than 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the date of the grant.

The maximum number of Shares issuable on exercise of outstanding Employee Options must not at any time exceed 5% of the total number of issued Shares, provided that the Board may, in its discretion, increase this percentage, subject to applicable legal and regulatory requirements.

The Board may determine the time periods or performance hurdles after which the Employee Options will vest and the percentage of Employee Options issued which will vest at each particular time. The Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company. An Employee Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Employee Option has vested. The expiry date is determined by the Board but, in any event, will be no later than five years from the date of grant of the Employee Option.

The Board may determine the treatment of Employee Options in the event of cessation of employment. The Board's policy is to provide that if a Participant ceases to be an employee or consultant by reason of retirement, permanent disability, redundancy or death, the Participant is entitled to keep any vested Employee Options. Where a Participant ceases to be an employee or consultant for other reasons, the Participant has three months from that date to exercise any vested Employee Options, and any others will automatically lapse.

Employee Options are non-assignable and non-transferable, except that once vested they may be transferred pursuant to the requirements of the Australian Corporations Act.

The Board may suspend or terminate the Option Plan at any time, in which case the Company shall not make any further grants of Employee Options under the Option Plan during the suspended or terminated period. The Option Plan may be amended at any time by the Board, subject to any requirements of the Listing Rules and the Corporations Act.

Director Options

On November 29, 2016 (WST), the Company issued 3,000,000 unlisted options Directors of the Company as an incentive for future performance. The options were issued for nil consideration. The options will expire on June 30, 2019 (WST). The exercise price for each option is A\$0.06. These options were issued with the approval of the Shareholders.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except for the obligations of the Company's founder and former Managing Director, Mr. Neil Patel, in the PTF Transaction and as disclosed in the Notice, none of the Directors, executive officers, employees, former directors, former executive officers or former employees of the Company or any of its subsidiaries, and none of their respective associates, is or has within 30 days before the date of this Circular or at any time since the beginning of the most recently completed financial year been indebted to the Company or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except for the interest of the Company's founder and former Managing Director, Mr. Neil Patel, in the PTF Transaction and as disclosed in the Notice, no informed person of the Company, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of subsidiaries.

AUDITORS

The Company's auditors are Stantons International Audit and Consulting Pty Ltd. (Stantons International), of Level 2, 1 Walker Avenue, West Perth WA 6005. Stantons International were first appointed on November 6, 2013.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

Shareholders may contact the Company Secretary at (08) 9482 0580, in order to request copies of the company's financial statements and MD&A for its most recently completed financial year.

SCHEDULE 2 – AMENDMENTS TO THE CONSTITUTION

The amendments proposed to be made to the Constitution pursuant to Resolution 7 in the Notice are as follow:

1. Insert the following defined terms into clause 1.1, in alphabetical order:

“Marketable Parcel” has the meaning ascribed to it by the Listing Rules.

“Purchaser” means the person or persons (including a Member or Members) to whom the relevant securities are disposed or sold in accordance with clause 36.1.

“Sale Consideration” means the proceeds of any sale or other disposal of the relevant securities of a Small Holder pursuant to clause 36.

“Sale Notice” means a written notice given to a Small Holder in accordance with clause 36.1.

“Sale Notice Date” means the date on which the relevant Sale Notice is sent by the Company to a Small Holder advising that the Company intends to sell that Small Holder’s securities on that Member’s behalf under clause 36.1.

“Small Holder” means the holder of less than a Marketable Parcel of the relevant securities.

2. Delete clause 31.2, and in its place, insert the following new clause

If a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and the notice is deemed to have been served on the date of its posting.

3. Insert the following clause as a new clause 36:

36. SMALL HOLDING SHARE SALE FACILITY

36.1 Subject to the Listing Rules, the Company is entitled to sell securities of a Small Holder on the following conditions:

- (a) the Company must give to the Small Holder a Sale Notice which notifies the Small Holder of the Company’s intention to sell that Small Holder’s securities on that Small Holder’s behalf;
- (b) the Small Holder must be given at least 6 weeks from the Sale Notice Date in which to advise the Company that the Small Holder wishes to retain the Small Holder’s security holding;
- (c) if the Small Holder advises the Company under clause 36.1 (b) that the Small Holder wishes to retain the Small Holder’s security holding, the Company must not sell it pursuant to the Sale Notice; and
- (d) subject to clause 36.1 (c), at the expiry of the 6 week period, the Company is entitled to sell all of the Small Holder’s securities in the Company which are, at the date of sale, less than a Marketable Parcel.

- 36.2 For the purposes of the sale of securities under clause 36.1 each Small Holder:
- (a) appoints the Company as the Small Holder's agent to sell, as soon as practicable after the expiry of the 6 week period after the Sale Notice Date, all of the Small Holder's relevant securities at a price or for a consideration which in the opinion of the Directors, has a value not less than the market value and to receive the Sale Consideration on behalf of the Small Holder; and
 - (b) appoints the Company and each of its Directors jointly and severally as the Small Holder's attorneys in that Small Holder's name and on that Small Holder's behalf to effect all transfer documents, deed or other documents or instruments necessary to transfer the relevant securities from the Small Holder to the Purchaser.
- 36.3 The Company must bear all costs of and incidental to the sale of security holdings under this clause 36.
- 36.4 The Purchaser is not bound to see to the regularity of the actions and proceedings of the Company under this clause 36 or to the application of the Sale Consideration in respect of a Small Holder's relevant securities. After the Purchaser's name is entered in the Register in respect of the relevant securities the validity of the sale or other disposal may not be impeached by any person and the remedy of any person aggrieved by the sale or other disposal is in damages only and against the Company exclusively. The title of the Purchaser is not affected by any irregularity in connection with the sale or disposal of the relevant securities to the Purchaser.
- 36.5 With respect to the receipt and payment of the Sale Consideration:
- (a) the Sale Consideration must be received by the Company and paid by the Company to the Small Holder or as that Small Holder may direct;
 - (b) the Sale Consideration received by the Company must be paid into a bank account opened and maintained by the Company for that purpose only;
 - (c) the Company must hold the Sale Consideration in trust for the Small Holders whose securities are sold under this clause 36 pending distribution of the Sale Consideration;
 - (d) the Company must as soon as practicable after the sale of securities of Small Holders, and to the extent that it may reasonably do so, distribute the Sale Consideration; and
 - (e) the provisions of the applicable legislation dealing with unclaimed moneys apply to any Sale Consideration unable to be distributed by the Company for any reason.
- 36.6 The Sale Consideration must not be sent to a Small Holder until the Company receives any certificate relating to the securities which have

been sold (or is satisfied that the certificate has been lost or destroyed).

36.7 This clause 36 may be invoked only once in any 12 month period.

36.8 The power to sell in this clause 36 lapses following the announcement of a takeover offer or the making of a takeover announcement. However, despite this clause 36.7, the procedure provided in this clause 36 may be recommenced after the close of the offers made under the takeover offer or takeover announcement.

ANNEXURE 1 – INDEPENDENT EXPERT’S REPORT

5 September 2017

The Directors
Kabuni Limited
Ground Floor
16 Ord Street
WEST PERTH WA 6005

Dear Sirs

RE: KABUNI LIMITED (“KABUNI” OR “THE COMPANY”) (ABN 28 158 307 549) ON THE PROPOSAL THAT SHAREHOLDERS APPROVE THE DISPOSAL OF 100% OF INTERESTS IN ITS WHOLLY OWNED SUBSIDIARIES, KABUNI TECHNOLOGIES INC (“KTI”) AND KABUNI TECHNOLOGIES (INDIA) PRIVATE LIMITED (“KB INDIA”) (“CORPORATIONS” OR “THE SALE SUBSIDIARIES”) TO PRINT THE FUTURE, INC (“PTF”) FOR A TOTAL DEEMED CONSIDERATION OF \$4,500,000 AS MORE FULLY DESCRIBED BELOW - MEETING OF SHAREHOLDERS PURSUANT TO AUSTRALIAN STOCK EXCHANGE (“ASX”) LISTING RULE 10.1

Summary of Conclusion

In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, the proposals as outlined in paragraphs 1.4 to 1.6 and Resolution 2 are considered to be fair and reasonable to those shareholders not associated with PTF (and its deemed associate, Neil Patel) at the date of this report.

1. Introduction

- 1.1 We have been requested by the Directors of Kabuni to prepare an Independent Expert’s Report to determine the fairness and reasonableness relating to the proposals as outlined in Resolution 2 to the Notice of Meeting (“Notice”) and the Explanatory Statement (“ES”) attached to the Notice relating to the proposal for Kabuni to sell to PTF, the wholly owned Sale Subsidiaries (or child entities) (KTI and KB India).
- 1.2 The Company holds (a) 100% of the issued shares of KTI, and (b) 99.9% of the issued shares of KB India (the only other share being held by KTI) (the “Shares” and KTI and KB India are referred to as the “Sale Subsidiaries”). Refer section 3 for further details on the Sale Subsidiaries.
- 1.3 PTF is a company incorporated under the laws of Delaware, USA and is controlled by Neil Patel, a former director of Kabuni (to 3 April 2017) and one of the key vendors when Kabuni acquired all of the issued capital of KTI in August 2015.

PTF, Kabuni and KTI entered into a Temporary Service Agreement dated 3 April 2017 (“TSA”) but effective from 6 March 2017, whereby KTI will provide software development (some of which is provided to KTI by KB India), marketing and certain other services (“the Services”) to PTF. The monthly service fee payable was equal to the operating expenses of

KTI and KB India (“the Corporations”) and at the time of entering into the TSA, the service fees were expected not to exceed CAN\$300,000 per month but PTF would be liable to pay additional service fees if the monthly costs of KTI and KB India exceeded CAN\$300,000. Unpaid service fees when due and payable under the TSA bear interest at 20% per annum until full repayment. The TSA was terminated on 30 June 2017. As at 30 June 2017, the amount owed under the TSA by PTF was \$843,900.22. This amount is now repayable pursuant to the TSA Note (described in paragraph 1.4, below).

PTF initially (on 1 May 2017) entered into a Share Purchase Agreement (“SPA”) with Kabuni to acquire all of the issued capital of Kabuni’s subsidiaries, KTI, KB India and Kabuni USA, Inc (“KBUSA”). However, on 30 June 2017, the Company entered into an Amended and Restated Share Purchase Agreement (“Purchase Agreement”) with PTF that in effect amended, re-stated and replaced the SPA.

1.4 Under the Purchase Agreement, it is proposed that Kabuni will be paid a purchase price of \$4,500,000 from PTF as set out below:

- (a) A convertible promissory note from PTF in a principal amount that shall be equal the total amounts outstanding under the TSA including accrued interest, as at 30 June 2017 of (“the TSA Note”);
 - (i) The TSA Note was issued on 30 June 2017. The TSA Note was issued in order to evidence the amounts payable under the TSA as at termination of the TSA on 30 June 2017. Accordingly, the TSA Note is effective as of 30 June 2017 and will remain effective, regardless of whether or not the transaction completes.
 - (ii) The TSA Note will be repayable as follows:
 - 1) by the cancellation of the shares and performance shares in Kabuni held by Neil Patel is in satisfaction of the original \$150,000 due on 15 July 2017) (refer (v) below for details on share cancellations);
 - 2) \$175,000 on 15 August 2017 (refer changes as outlined at the end of this paragraph below); and
 - 3) The balance and all accrued and unpaid interest, on 15 September 2017 (now 31 October 2017 - refer changes as outlined at the end of this paragraph below).
 - (iii) Mandatory Repayment:
 - 1) 100% of any capital raised by PTF must be applied to the fixed repayments on the dates as set out above;
 - 2) 50% of any capital raised by PTF in excess of \$750,000 must be applied to the repayment of the TSA Note within 3 business days of being received.
 - (iv) The TSA Note will be convertible and secured on the same basis as the Purchase Note (see below).
 - (v) Neil Patel has agreed to forfeit and cancel his ordinary shares (19,950,000 in total) in Kabuni (effective from 15 July 2017 but subject only to any applicable regulatory requirements and the approval by Kabuni’s shareholders of the cancellation of the relevant Kabuni shares) and an amount of \$93,158.28 is deemed paid in respect of the first scheduled repayment of the TSA Note (calculated based on the volume weighted average share price (“VWAP”) of Kabuni shares as traded on ASX for the 10 days prior to 15 July 2017. The balance owing of A\$56,841.72 under the first scheduled TSA Note repayment was settled through the forgiveness of an amount of CAD\$55,966.36 in respect of a loan owed by a company related to PTF, effective on 15 July 2017.

- (b) A convertible promissory note of PTF in the agreed form, in a principal amount that shall equal \$4,500,000 less the principal amount of the TSA Note, (but not taking into account any amount attributable to accrued interest) (“the Purchase Note”).
 - (i) The Purchase Note will be issued on completion of the transaction.
 - (ii) The Purchase Note will mature and be repayable on or before 30 November 2017;
 - (iii) The Purchase Note will not bear interest prior to Maturity. After Maturity, it will bear interest at the rate of 22% per annum.
 - (iv) Mandatory Repayment
 - (a) On completion of the Reg A+ (as defined in the original SPA) all funds from offering must be repaid against the Purchase Note within 7 days of receipt;
 - (b) 50% of any capital raised by PTF in excess of \$1,500,000 must be applied to the repayment of the Purchase Note within 3 business days of being received.
 - (v) Kabuni’s option to convert: After the Maturity, Kabuni has the right (but not the obligation) to convert unpaid amount under the Purchase Note into common stock of PTF at a conversion price equal to the lesser of (i) 50% of the price offered under the Reg A+ offering document; and (ii) the price per share of Common Stock issued by PTF in the most recent of transactions prior to the Issue Date which transaction or series of related transactions raised an aggregate of at least US\$500,000.
 - (vi) Repayment of the Purchase Note will be secured by:
 - a) Guarantee agreements, pursuant to which each of KTI and KB India will guarantee the obligations of PTF under the TSA Note, the Purchase Agreement and the Purchase Note (“the Guarantee Agreements”); and
 - b) Security agreements, pursuant to which (A) each of KTI and KB India will provide a general security interest in all of the present and after-acquired personal property to secure their guarantees, and (B) PTF will grant a security in Kabuni’s right, title and interest in and to the shares (“the Security Agreements”).

On 15 August 2017, a notice of default was given to PTF under the TSA Note in relation to an amount payable of \$175,000 due to the Company on 15 August 2017. PBT has agreed to forgive the remainder of the outstanding amount payable by KTI to PBT under the PBT Loan, being \$26,212.64 (CAN\$26,211.99) as partial payment of the outstanding default payment. The remaining amount of \$148,787.36 due will accrue default interest at the rate of 22% per annum. The balance payable by PBT to the Company under the TSA Note and all accrued and unpaid interest is due on 31 October 2017.

1.5 In addition, effective from 1 July 2017:

- (a) PTF will indemnify Kabuni and its directors, officers, agents and representatives, from and against all liabilities resulting from or connected to KTI and KB India, including any liabilities resulting from or connected to KTI and K India, including liabilities prior to 1 July 2017, except for costs related to the operations of KTI and KB India prior to the Letter of Intent (LOI) Date of 6 March 2017 (“Pre-TSA Expenses”). Kabuni will remain responsible for all Pre-TSA Expenses.
- (b) PTF will agree to fund all costs and expenses relating to the on-going operations of KTI and KB India;
- (c) PTF will agree to not adversely affect KTI’s and KB India’s operating their businesses on the ordinary course until the approval of Kabuni’s shareholders is received and the closing and transfer of the shares (in KTI and KB India) has occurred; and
- (d) PTF will take out and maintain adequate insurance for KTI and KB India.

- 1.6 At completion of the sale of the Shares (in KTI and KB India), the following documents (among others) will be delivered and become effective:

- (a) Share Transfer forms and applicable certificates to effect the transfer of the Shares (in KTI and KB India);
- (b) The Purchase Note;
- (c) The Guarantee Agreements;
- (d) The Security Agreements;
- (e) Release agreement by Kabuni to KTI of the intercompany loan (owing by KTI to Kabuni) of around \$12,600,000;
- (f) Release agreement by Neil Patel, whereby Neil Patel agrees to forfeit and cancel his 24,605,000 performance shares in Kabuni (with immediate effect and unconditionally);

Mr Patel has also agreed to cause Property Beacon Technology, Inc (“PBT”) to forfeit, cancel and forgive the loan in the amount of CAN\$82,178.35 owing by KTI to PBT (“the KTI Loan”) in repayment of the TSA Note upon the occurrence of a default under the TSA Note. CAN\$55,966.36 has been forgiven and the balance of \$26,196.27 (CAN\$26,211.99) as a result of the Loan Agreement Amendment Number 5, Termination and Release of 15 August 2017 and the Amended Agreement of 15 August 2017 has also been forgiven but offset against the TSA Note.

- 1.7 The proposed sale of the Sale Subsidiaries to PTF is known, for the purpose of this report, as the Sales Transaction.

- 1.8 Listing Rule 10.1 of the ASX Listing Rules provides that shareholder approval is required before a listed company may sell a substantial asset from various persons in a position of influence. This includes acquiring a substantial asset from a related party or a substantial shareholder. PTF is proposing to acquire the shares in the Sale Subsidiaries from Kabuni for the Consideration as noted in paragraph 1.4 above. Where a sale of a substantial asset takes place, the Listing Rules requires an Independent Expert's Report to report as to whether the relevant transactions are fair and reasonable to non-associated shareholders.

- 1.9 The proposal under Resolution 2 for Kabuni to sell all of the shares in the Sale Subsidiaries for \$4,500,000 to PTF represents a sale of a substantial asset as the sale of the shares in the Sale Subsidiaries collectively represents greater than 5% of the Company’s last audited consolidated net assets.

As noted above PTF is controlled by Neil Patel a former director of Kabuni over the past six months and Neil Patel was one of the significant Vendors of KTI when KTI was sold to Kabuni in August 2015. As at 30 June 2017, Neil Patel had an interest in 19,950,000 ordinary shares in Kabuni (that are to be cancelled as noted above) and 24,605,000 performance shares in Kabuni (that will be cancelled as part of the Sales Transaction). The interests of Neil Patel own approximately 8.26% of the ordinary issued capital of Kabuni as at 30 June 2017. The Kabuni Directors, as required under ASX Listing Rule 10.1 seek shareholder approval for the Sales Transaction.

- 1.10 To assist shareholders in making a decision on the Sales Transaction, the current directors have requested that Stantons International Securities Pty Ltd prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Sales Transaction as noted in Resolution 2 is fair and reasonable to the non-associated Kabuni shareholder (not associated with PTF and Neil Patel).

1.11 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals between Kabuni, the Sale Subsidiaries and PTF
- Corporate history and nature of businesses of the Sale Subsidiaries
- Future direction of Kabuni
- Value of consideration as to the Sales Transaction
- Consideration as to fairness and reasonableness of the Sales Transaction
- Conclusion as to fairness and reasonableness of the Sales Transaction
- Shareholders Decision
- Sources of information
- Appendix A and Financial Services Guide

1.12 In determining the fairness and reasonableness of the Sales Transaction pursuant to Resolution 2, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above-mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash.

An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Accordingly, our report in relation to Resolution 2 comprising the approval to dispose of the Sale Subsidiaries to PTF is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of Kabuni. This report is limited only to Resolution 2, and we do not report or opine on the other Resolutions (Resolutions 1 and 3 to 7) being put to the shareholders as part of the Notice.

1.13 Resolution 1 in the Notice also refers to the approval for the selective buy-back of ordinary shares and performance shares in Kabuni owned by Neil Patel; Resolution 2 relate to the approval to sell its main business undertaking (the subject of this report); Resolution 3 seeks specific approval to sell the Company’s main undertaking without an offer to the shareholders; Resolution 4 relates to the proposal to change the name of the Company to Design Technologies Limited; Resolution 5 relates to the proposal to increase the directors fees pool to the non-executive directors; Resolution 6 relates to the ratification of the issue of convertible notes and allowing the issue of shares on conversion of such notes and Resolution 7 relates to amending the Company’s Constitution.

1.14 **In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, the proposals as outlined in paragraph 1.4 to 1.6 and Resolution 2 are collectively considered to be fair and reasonable to those shareholders not associated with PTF (and its deemed associate, Neil Patel) at the date of this report.**

1.15 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this Report.

2. **Implications of the Proposal with PTF**

- 2.1 As at 24 August 2017, there are 241,443,455 ordinary fully paid shares on issue in Kabuni. The significant registered fully paid shareholders as at 31 July 2017, based on the top 20 shareholders list were disclosed as follows:

	No. of fully paid shares	% of issued fully paid shares
Neil Patel	19,950,000	8.26
J&J Bandy Nominees Pty Ltd	12,000,000	4.97
David and PC Neesham	11,985,142	4.96
Seventy Three Pty Ltd	9,742,000	4.03
	<hr/> 53,677,142 <hr/>	<hr/> 22.22 <hr/>

The top 20 shareholders own approximately 46.31% of the ordinary issued capital of the Company at 31 July 2017.

It is noted that Neil Patel is to forfeit and cancel his ordinary shares (19,950,000 in total) in Kabuni (effective from 15 July 2017 but subject only to any applicable regulatory requirements and the approval by Kabuni's shareholders of the cancellation of the relevant Kabuni shares) and an amount of A\$93,158.28 is deemed repaid in respect of the TSA Note (calculated based on the VWAP of Kabuni shares as traded on ASX for the 10 days prior to 15 July 2017).

- 2.2 As at 24 August 2017, the following share options are outstanding:

- 12,000,000 share options (listed) exercisable at 30 cents each, on or before 25 August 2018;
- 70,567,146 share options (listed) exercisable at 5 cents each, on or before 30 June 2019;
- 2,196,667 share options exercisable at 18 cents each, on or before 31 March 2019;
- 150,000 share options exercisable at 13 cents each, on or before 6 November 2018;
- 250,000 share options exercisable at 13 cents each, on or before 31 October 2018;
- 650,000 share options exercisable at 13 cents each, on or before 16 September 2019;
- 1,475,000 share options exercisable at 5 cents each, on or before 30 September 2019;
- 3,000,000 share options exercisable at 6cents each, on or before 30 September 2019;
- 2,500,000 share options exercisable at 3 cents each, on or before 11 July 2019;
- 1,500,000 share options exercisable at 6 cents each, on or before 11 July 2019;
- 1,500,000 share options exercisable at 9 cents each, on or before 11 July 2019;
- 1,000,000 share options exercisable at 6 cents each, on or before 31 March 2019;
- 250,000 share options exercisable at 5 cents each, on or before 30 June 2019; and
- 1,000,000 share options exercisable at 6 cents each, on or before 30 June 2019.

- 2.3 If the Sale Transaction is completed by selling the interest in the Sale Subsidiaries, Kabuni's share structure would not change (unless the 19,950,000 shares held by Neil Patel are cancelled as noted above), however it would divest itself of the Sale Subsidiaries for proceeds of \$4,500,000 payable as noted above and in the ES attached to the Notice. However, the Sale Subsidiaries have external current creditors, based on the unaudited consolidated work papers as at 30 June 2017 of \$258,143 (excluding loans from Kabuni as noted above totalling approximately \$13,337,203 as at 30 June 2017 2017) and thus Kabuni will be relieved of the costs associated with winding up the Sale Subsidiaries in order to settle any outstanding liabilities of the Sale Subsidiaries.

- 2.4 The current Board of Directors is expected to change in the near future following the passing of Resolutions 1 to 7 at the proposed shareholders meeting. New directors may be appointed in the future as and when the need arises. The existing directors of Kabuni are Stuart Carmichael (Non-Executive Chairman), Colm O'Brien (NED), Ajai Sehgal (NED) and Nathan Sellyn (NED). Tony King resigned as a director of Kabuni on 17 July 2017. Other Board changes may eventuate following completion of the Sales Transaction.
- 2.5 The Company has 38,130,493 performance shares on issue of which 24,605,000 are controlled by Neil Patel. The cost (fair value) taken up by the Kabuni Group at the date of issue of the 38,130,493 performance shares was \$4,013,409. There are 4 classes of performance shares - 10,032,622 Class A performance shares, 10,032,625 Class B performance shares, 9,032,623 Class C performance shares and 9,032,623 Class D performance shares.

Each Class A Performance shares convert to one ordinary share in Kabuni upon:

- i. a minimum of 1,000 Registered Home Designers each achieve the CAN\$ equivalent of at least \$200 revenue, each month for 3 consecutive months, on or before 30 August 2016; or
- ii. a minimum of 1,000,000 Registered Home Designers each achieve the CAN\$ equivalent of at least \$200 revenue, each month for 3 consecutive months, and the Milestone D is also achieved (Milestone A).

Each Class B Performance shares convert to one ordinary share in Kabuni upon:

- i. a minimum of 1,000 Registered Home Designers each achieve the CAN\$ equivalent of at least \$750 revenue, each month for 3 consecutive months, on or before 30 31 December 2016; or
- ii. a minimum of 1,000 Registered Home Designers each achieve the CAN\$ equivalent of at least \$200 revenue, each month for 3 consecutive months, and the Milestone D is also achieved (Milestone B).

Each Class C Performance shares convert to one ordinary share in Kabuni upon:

- i. the Company achieving the CAN\$ equivalent of at least \$20,000,000 in revenue in any 12 months and has a minimum of 20,000 Registered Home Designers, on or before 1 December 2017; or
- ii. the Company achieving the CAN\$ equivalent of at least \$20,000,000 in revenue in any 12 months and has a minimum of 20,000 Registered Home Designers, and Milestone D is achieved (Milestone C).

Each Class D Performance shares convert to one ordinary share in Kabuni upon:

- i. the Company achieving the CAN\$ equivalent of at least \$50,000,000 in revenue in any 12 months; and
- ii. a minimum of 35,000 Registered Home Designers on or before 31 March 2018 (Milestone D).

Fair values were only ascribed to the Class A and B performance shares and no values as ascribed to the Class C and D performance shares as it was considered that achieving the Class C and D milestone conditions (to convert to ordinary shares in Kabuni) was uncertain.

It is highly unlikely that the milestone conditions for Class C and D performance shares will be met.

Neil Patel has agreed to cancel/forfeit the 24,605,000 performance shares controlled by him as part of the Sales Transaction and as noted above.

- 2.6 To provide working capital in the interim, the Company has entered into convertible loan agreements for \$285,000 with various note investors and such Notes will be convertible at the earlier of the next capital raising, at a 20% discount to the next capital raising of Kabuni (mandatory conversion); or by 31 December 2017 at a 20% discount to the 5-day VWAP as traded on ASX. The Notes expire 31 December 2017.

The loans are unsecured and, subject to shareholder approval (Resolution 6 refers), convertible to Kabuni shares at the earlier of 31 December 2017 and the date of the shareholders meeting to seek approval for the Company's above-mentioned recapitalisation activities, including disposal of the Sale Subsidiaries. If no shareholders' approval is obtained within the later of the shareholders meeting and 90 days from the issue date of the convertible loans, the convertible loans must be redeemed within 5 days of the relevant date and the amount repayable is 105% of the Redemption Amount (the principal amount).

Following shareholder approval for the Sales Transaction, the Company may also undertake a rights issue in order to provide development and working capital, at terms yet to be determined.

- 2.7 If the Sales Transaction is consummated, Kabuni will:

- no longer own shares in the Sale Subsidiaries and debts incurred by the Sale Subsidiaries are purely the responsibility of the Sale Companies (as was the case before but Kabuni had been funding the working capital of such companies and thus ceases effective 1 July 2017);
- forgive the loan amount owing by KTI to Kabuni of around \$12,600,000 (Kabuni had already provided in full, as a doubtful debt, loan amounts made by Kabuni to KTI);
- Cancel the 24,605,000 performance shares controlled by Neil Patel; and
- Receive a total of \$4,500,000, less amounts satisfied from the forgiveness of loans and cancellation of shares, as noted above, initially via the issue of the TSA Notes and the Purchase Notes totalling \$4,500,000 that are to be repaid to Kabuni by PTF as noted in paragraph 1.4 above (although the Company has the option to convert the unpaid amount under the Purchase Note into common stock of PTF at a conversion price equal to the lesser of (i) 50% of the price offered under Reg A+ offering document, and (ii) the price per common stock offered by PTF in the most recent transaction or series of related transactions prior to the issue date which transaction or series of related transactions raised an aggregate of at least US\$500,000.

3. Corporate History and Nature of Businesses of the Kabuni Group and PTF

- 3.1 Kabuni is a listed company on the ASX. Its significant assets and liabilities as at 30 June 2017 are:
- The shareholding interests in KTI, KB India and KBUSA;
 - The Kabuni Group as at 30 June 2017 had current assets totalling approximately \$889,967, non-current assets totalling approximately \$nil and trade creditors and accruals of approximately \$407,166 for a net asset position of approximately \$482,801. The Sale Subsidiaries are incurring further net costs of approximately \$270,000 per month (estimated for 3 months to 30 September 2017 of \$809,000). The costs relating to Kabuni and other subsidiaries of Kabuni not being sold total are estimated at \$20,000 per month.
- 3.2 KTI was incorporated on August 23, 2013 under the Business Corporation Act of the Province of British Columbia, Canada. On August 25, 2015, KTI was acquired by Kabuni (the "Parent") with headquarters in Australia, (the "Acquisition"). KTI is a North American-based SaaS platform in the home design space that enables the design/build community to grow their business through an omni-channel experience. KTI's platform enables users worldwide to engage in educational courses; networking and tools through membership.

KTI'S head office is located at 1378 West Pender Street, Vancouver, BC, Vancouver, BC V6E 4S9.

On 24 January 2017, the Company announced that it had signed a binding agreement to acquire Design Campus, an online education platform and training resource for the professional design community. Design Campus was co-founded by Lori Dennis, a leading interior designer and star of HGTV's "The Real Designing Women." Total costs for both the acquisition and integration of the business are approximately US\$100,000.

Design Campus is an online platform for members to subscribe to design courses that feature relevant training content, including courses accredited by both the Interior Design Continuing Education Council (IDCEC) and the Architects Institute of America (AIA). Members also gain access to the Design Campus library, a database of educational design articles and literature. Design Campus's online community includes 21 paid users, 40 unique videos and 60 unique videos ready for edit, along with significant social media followers (65.1k Instagram, 4.2k Facebook and 15.2k Twitter).

Following the proposed sale to PTF, the Company's intends to focus on the Design Campus platform, with the immediate aim to increase brand recognition by providing new content in order to drive new customers to the Design Campus site and convert current followers to paid customers. Further the Company intends to engage new sponsors and consider licencing deals.

The Company has a short-term marketing plan to drive engagement and new member subscriptions which includes regular release of new platform content and social media posts and to leverage its existing member base.

Further the Company plans to create a holistic affiliate marketing strategy with identified products/players and to re-price the Design Campus course offering to make the price points more attractive.

Some examples of new platform features include Introduce gamification for 'edu-tainment', live news feed, affiliation programs and to create a payment processing platform for members, encompassing accounting and billing.

The Company's expansion strategy for the medium-longer term comprises growing the community from Interior Designers to other aspects of Design Build community such as Architects, General Contractors, Landscapers and Design Lovers.

To 30 June 2017, KTI has incurred accumulated losses of approximately \$12,875,640 and at this stage, based on current Kabuni management, is not expected to be profitable in the short to medium term. KTI is the main operating subsidiary of the Kabuni Group.

KTI has a lease commitment on Kabuni House in Canada at CAN\$10,500 per month. The rental agreement is for a period of 3 years from 1 July 2015 and thus as at 30 June 2017, the outstanding rental commitment approximates CAN\$126,000.

KB India was set up in India on 12 May 2016 and is an Indian based software company providing software development services to KTI and Kabuni. In December 2016, the Company entered into a binding lease agreement for office premises in India. Commencing 1 February 2017, the Company will pay IRR175,000 (approximately \$3,600) per month.

- 3.3 PTF is an early stage technology company, incorporated in the USA currently wholly controlled by Neil Patel and its current business is the commercialisation of 3D printing technology. Its short to medium term plans are to raise sufficient funds from new investors to repay the \$4,500,000 Consideration noted above; provide sufficient working and development capital to the Sale Subsidiaries being acquired effective from 1 July 2017 and provide sufficient working and development capital for the existing 3D printing technology. Furthermore, PTF plans to list on a recognised securities exchange in North America (USA and/or Canada).
- 3.4 Further details are in announcements made by Kabuni to the ASX to 28 August 2017 and the ES attached to the Notice and shareholders are encouraged to read recent reports on the Kabuni Group and PTF before determining whether to vote for or against Resolution 2 (and other resolutions) in the Notice.

4. Future Directions of Kabuni

- 4.1 We have been advised by the directors and Kabuni that:
- * The composition of the Board is expected to change in the short term as a result of the proposed Sales Transaction. The proposed divestment of the Sale Subsidiaries will allow the board to concentrate on its existing USA operations and consider further acquisitions in the technology, design sector and other industries, to add value for Shareholders;
 - * The Company has no further plans at the date of this report to enter into transactions with PTF or the directors noted as being involved with PTF in the short to medium term (other than the Sales Transaction);
 - * No Dividend policy has been set; and
 - * The Company has sought new capital by way of convertible notes as described in paragraph 2.6 above and may raise new share equity at a later stage.

5. Value of Consideration received from the Sale Transactions

- 5.1 The Company is to receive a total of up to \$4,500,000 in cash (before 30 November 2017 and as described in paragraph 1.4 above). Under the Purchase Agreement, as indicated under paragraph 1.4, above, PTF has agreed to indemnify Kabuni for all ongoing liabilities of the Sale Corporations (except for Pre-TSA Expenses). These external liabilities of the Sale Subsidiaries that are estimated at \$258,133 (as at 30 June 2017 but could approximate \$1,000,000 as at 30 September 2017). On consummation of the Sale Transactions, Kabuni will be relieved of the costs associated with winding up the Sale Subsidiaries in order to settle any outstanding liabilities of the Sale Subsidiaries.

As noted above, Mr. Neil Patel's has agreed to forfeit and cancel his 19,950,000 shares in Kabuni as part consideration of reducing the TSA Note. Further, part forgiveness of an amount of \$56,841.72 of a loan owed by KTI to PBT was agreed to satisfy repayment of the TSA Note. The TSA Note debt as at 30 June 2017 is \$843,900 and the Purchase Note will be in a principal amount of approximately \$3,700,000, being equal to \$4,500,000 less the amount of service fees payable by PTF under the TSA (not taking into account disbursements and overdue interest).

Once the 19,950,000 Kabuni shares are cancelled (following shareholder approval), the TSA Note debt would reduce by an amount of \$93,158.28 (calculated based on the VWAP of Kabuni shares as traded on ASX for the 10 days prior to 15 July 2017) and the issued capital in Kabuni reduced by \$93,159.28 (and the number of shares on issue in Kabuni would reduce from 241,443,455 to 221,493,455.)

After the Maturity (30 November 2017), Kabuni has the right (but not the obligation) to convert unpaid amount under the TSA Note and the Purchase Note into common stock of PTF at a conversion price equal to the lesser of (i) 50% of the price offered under the Reg A+ offering document; and (ii) the price per share of Common Stock issued by PTF in the most recent of transactions prior to the Issue Date which transaction or series of related transactions raised an aggregate of at least US\$500,000.

Thus, not all of the \$4,500,000 Consideration may be received in cash but part may but not necessarily so may be acquitted by Kabuni owning shares in PTF. If shares in PTF are elected to be received, the initial Consideration will still be \$4,500,000 but Kabuni runs the risk that the shares it may receive in PTF in the future may be worth less than the agreed consideration for the shares it receives in PTF (and conversely, any PTF shares it may own may rise in value, if the businesses of PTF are commercially successful).

Repayment of the TSA Note and the Purchase Note will be secured by:

- Guarantee agreements, pursuant to which each of KTI and KB India will guarantee the obligations of PTF under the TSA Note, the Purchase Agreement and the Purchase Note (the Guarantee Agreements); and
- Security agreements, pursuant to which (A) each of KTI and KB India will provide a general security interest in all of the present and after-acquired personal property to secure their guarantees, and (B) PTF will grant a security in Kabuni's right, title and interest in and to the Shares (the Security Agreements).

Due to the relatively short time to Maturity (30 November 2017), we have not considered it necessary to discount to net present value, the TSA Note and the Purchase Note.

6. Basis of Valuation of the Sale Subsidiaries

6.1 Shares

6.1.1 In considering the proposals to allow the sale of the Sale Subsidiaries to PTF, we have sought to determine if the consideration payable by PTF is fair and reasonable to the existing non-associated shareholders of Kabuni.

6.1.2 The proposals to allow the sale of the Sale Subsidiaries to PTF would be fair to the existing non-associated shareholders if the value of the consideration being offered by PTF is greater than or equal to the value of the shares in the Sale Subsidiaries (combined). Accordingly, we have sought to determine a theoretical value that could reasonably be placed on the Sale Subsidiaries shares for the purposes of this report.

6.1.3 The valuation methodologies we have considered in determining the current technical value of the Sale Subsidiaries are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market value price of shares.

6.2 Discounted Cash Flows / Capitalised Maintainable Earnings

The discounted cash flow analysis ("DCF") has a strong theoretical basis, valuing a project/business on the net present value of its future cash flows. It requires an assessment of an appropriate discount rate, an analysis of the future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end

of the forecast period. This method of valuation is particularly appropriate for businesses of a start-up nature where there is little historical basis for normalising the earnings of the business, or where it is anticipated that a business will have a finite life. The Sale Subsidiaries are incurring losses and under the current management structure are not expected to be profitable in the near to medium term. Kabuni cannot afford to finance losses of the Sale Subsidiaries. Accordingly, the DCF method is not the most appropriate for the valuations of Sale Subsidiaries currently do not have a reliable profit history from business undertakings and therefore this methodology is not appropriate method to value the Sale Subsidiaries.

Maintainable earnings in valuing a business (as distinct from a company as a whole) are usually considered as either the earnings before interest, tax and depreciation (“EBITDA”) that could be maintained in the future and is normally taken as an average of the past three to five years EBITDA’s or is based on earnings (after interest and depreciation) after tax. The maintainable earnings methodology is used where there a company usually has a track record of profits. The Sale Subsidiaries have a history of losses and have experienced liquidity problems, which all point to the fact that the capitalised maintainable earnings methodology is not an applicable method to value the Sale Subsidiaries.

6.3 Takeover Bid

We have been advised by the directors of Kabuni that there are no previous formal bids for the Company or its Sale Subsidiaries. The directors do not believe that there would be any person with an interest in taking over the Company or the Sale Subsidiaries by way of a formal takeover bid at the current time. To our knowledge, there are no current formal bids in the market place and the directors of Kabuni and ourselves have formed the view that there is unlikely to be any takeover bids made for Kabuni or the Sale Subsidiaries in the immediate future (but noting that PTF who is deemed a related party is offering \$4,500,000 for all of the shares in the Sale Subsidiaries). We have no reason to consider that the Kabuni directors’ views are not currently accurate.

6.4 Share Price

The shares in the Sale Subsidiaries are not listed and thus there is no reliable “market based” price to ascribe to a share in KTI or KB India. It is noted that the market capitalisation of Kabuni as at 30 June 2017 based on a Kabuni share price as traded on ASX around that date of 0.5 cents (albeit no very low volumes) approximates \$1,207,000 that is considerably less than the deemed Consideration (\$4,500,000) offered by PTF for all of the shares in the Sale Subsidiaries.

6.5 Net Asset Backing and Wind-Up Value

- 6.5.1 The unaudited financial statements of financial position of the Sale Subsidiaries (combined) as at 30 June 2017, after conversion to Australian dollars (not allowing for estimated net costs of approximately \$750,000 between 1 July 2017 and 30 July 2017 that would be treated as additional creditors but some may be paid by Kabuni and treated as Owing to Kabuni) disclose the following (rounded):

Current Assets	273,625
Non-Current Assets	<u>443,937</u>
Total Assets	717,562
Liabilities	
Trade creditors and accruals	(258,133)
Owing to Kabuni	<u>(13,337,203)</u>
Total liabilities	<u>(14,595,336)</u>
Net (Liabilities)	<u>\$(12,877,7740)</u>

The loans due to Kabuni will be forgiven by Kabuni on settlement of the Sales Transaction and thus accumulated losses of KTI will reduce by approximately \$13,337,203 (using 30 June 2017 figures) and will result in accumulated losses becoming accumulated profits of approximately \$459,429.

In the books of Kabuni as the parent entity to 30 June 2017, the inter-company loans had been fully provided. Part or all of the proceeds receivable from PTF may be offset initially against the loan owing by KTI and not against the shares in KTI and KB India.

Thus, based on the 30 June 2017 unaudited financial figures, on settlement, the net adjusted assets of the Sales Subsidiaries combined may approximate \$459,429.

- 6.5.2 Thus, in our opinion, the preferred fair value of the Sale Subsidiaries before the Sales Transaction is \$nil but after adjusting for the forgiveness of the loan due by KTI to Kabuni, the net assets of the Sale Subsidiaries approximate \$459,429.

7 Conclusion as to Fairness on the proposal relating to the Sales Transaction

- 7.1 The proposal to sell the Sales Subsidiaries to PTF for the \$4,500,000 Consideration noted is believed fair to Kabuni's non-associated shareholders if the value of the consideration offered is equal to or greater than the value of the shares in the Sale Subsidiaries being sold to PTF.

- 7.2 Given the Consideration receivable of \$4,500,000 (albeit, not all receivable in cash as discussed further in this report) for the shares in the Sale Subsidiaries is greater than the assessed value of the Sale Subsidiaries (as noted above), the Sales Transaction can be considered to be fair to the non-associated shareholders of Kabuni.

- 7.3 **Based on the reasons outlined in 7.2 above, the proposed sale of all of the shares in the Sale Subsidiaries to PTF as outlined in Resolution 2 to the Notice is considered on balance to be fair to the non-associated shareholders of Kabuni.**

8. Reasonableness of the proposals in relation to Resolution 2 being the proposed sale of the shares in the Sale Subsidiaries

- 8.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed sale of the shares in the Sale Subsidiaries to PTF.

Advantages

- 8.2 PTF has agreed under the Purchase Agreement to assume all liabilities of the Sale Subsidiaries other than the Pre-TSA Expenses (and other than the loan due by KTI to Kabuni that will be forgiven as discussed above, as at 1 July 2017) (notwithstanding that settlement of the Sales Transaction may be in September to November 2017). PTF's indemnification obligations apply regardless of whether or not Closing occurs.

- 8.3 The Kabuni Group is in a very poor financial situation and does not have sufficient funds to commit to expanding the operations of the Sale Subsidiaries and the USA operations. Kabuni, in the absence of a material capital raising or the proposed Sales Transaction, could fall into some form of Administration. As noted above, Kabuni cannot meet the existing liabilities and future commitments relating to the Sale Subsidiaries. If the Sales Transaction does not complete, Kabuni will be required to incur costs associated with winding up the Sale Subsidiaries in order to settle any outstanding liabilities of the Sale Subsidiaries. PTF, under the Purchase Agreement, has agreed to indemnify Kabuni for the ongoing obligations of the Sale Subsidiaries, regardless of whether closing occurs. However, it is not certain that Kabuni will be able to enforce and collect on such indemnity if the Sales Transaction does not

complete. Accordingly, completion of the Sales Transaction will result in a significant potential saving in future cash outlays for Kabuni and Kabuni wishes to concentrate on advancing the USA Design Campus business (an on-line educational platform and training resource for the professional design community) and consider further acquisitions in the technology, design sector and other industries, to add value for Shareholders

- 8.4 In the current market it is time consuming and extremely difficult for companies such as Kabuni to raise capital equity on commercial terms, and if raised, significant discounts to recent traded share prices may need to be offered. It is not uncommon to offer discounts in the current market of between 20% and 50%. We have been advised that support for a capital raising under the current circumstances is highly unlikely. By selling the Sale Subsidiaries, Kabuni may receive up to \$4,500,000 in cash.

As noted above, Mr. Patel has agreed to forfeit and cancel his 19,950,000 shares in Kabuni, and there has been partial forgiveness of a loan owed to PBT, as part consideration of reducing the TSA Note. The TSA Note debt as at 30 June 2017 is \$843,900 and the Purchase Note will be in a principal amount of approximately \$3,700,000, being equal to \$4,500,000 less the amount of service fees payable by PTF under the TSA (not taking into account disbursements and overdue interest). Once the 19,950,000 Kabuni shares are cancelled (following shareholder approval), the TSA Note debt would reduce by an amount of \$93,158.28 (calculated based on the VWAP of Kabuni shares as traded on ASX for the 10 days prior to 15 July 2017) and issued capital in Kabuni reduced by \$93,159.28 (and the number of shares on issue in Kabuni would reduce from 241,443,455 to 221,493,455. The partial loan forgiveness's as previously noted has further reduced the TSA Note debt by \$56,841.72 and CAN\$26,196.27.

After the maturity date (30 November 2017), Kabuni has the right (but not the obligation) to convert unpaid amount under the TSA Note and the Purchase Note into common stock of PTF at a conversion price equal to the lesser of (i) 50% of the price offered under the Reg A+ offering document; and (ii) the price per share of Common Stock issued by PTF in the most recent of transactions prior to the Issue Date which transaction or series of related transactions raised an aggregate of at least US\$500,000.

Thus, not all of the \$4,500,000 Consideration may be received in cash but part may but not necessarily so may be acquitted by Kabuni owning shares in PTF. If shares in PTF are elected to be received, the initial Consideration will still be \$4,500,000 but Kabuni runs the risk that the shares it may receive in PTF in the future may be worth less than the agreed consideration for the shares it receives in PTF (and conversely, any PTF shares it may own may rise in value, if the businesses of PTF are commercially successful).

- 8.5 The sale of the shares in the Sale Subsidiaries as noted above is considered to be fair.

Disadvantages

- 8.6 The Company would lose any future direct benefit of an increase in the market value of the Sales Subsidiaries being sold, due to positive performance/results or increased market sentiment or otherwise. There is always the potential that Kabuni will be unable to collect any amounts on the Notes but in this case Kabuni can still "claw back" the assets under the Security, so it will end up in the same position as before, in theory. This report is based on the situation that the Security will not need to be called upon.
- 8.7 Should the sale of the Sale Subsidiaries proceed, there is no guarantee that the Directors of Kabuni will be able to commercialise the Design Campus business that will remain in the Kabuni Group post the Sales Transaction or source new businesses for Kabuni or significantly recapitalise the existing Company. In the absence of a recapitalisation, there is the possibility that the Company may be placed into some form of administration.

Other Factors

- 8.8 The carrying value of the loan to KTI in the accounts of Kabuni as at 30 June 2017 is \$nil (loan fully provided by \$13,337,203). As noted, the loan to KTI will be forgiven.
- 8.9 The Kabuni Group will lose Canadian and Indian tax losses (unquantified) as a result of the Sales Transaction. However, utilisation of such tax losses is dependent on the ability of the Sale Subsidiaries to earn profits (and currently, this is not the case), the likely hood of utilisation of the tax losses in the short/medium term is remote (with the possibility that the tax losses may never be utilised). It is our opinion that the tax benefit has currently a minimal or nil value.
- 8.10 If shares in PTF are elected to be received, the initial Consideration will still be \$4,500,000 but Kabuni runs the risk that the shares it may receive in PTF in the future may be worth less than the agreed consideration for the shares it receives in PTF (and conversely, any PTF shares it may own may rise in value, if the businesses of PTF are commercially successful).

9. Conclusion as to Reasonableness

- 9.1 **In our opinion, in the absence of a superior proposal and after taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 8 of this report, the proposals as outlined in paragraph 1.4 and Resolution 2 may, be considered to be reasonable to those shareholders not associated with PTF and Neil Patel (and their associates at the date of this report).**

10. Shareholder Decision

- 10.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the proposals as outlines in Resolution 2 and as more fully described in the ES are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution xx (and all other Resolutions). The responsibility for such a voting recommendation lies with the directors of Kabuni.
- 10.2 In any event, the decision whether to accept or reject Resolution 2 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 2 (and all other Resolutions) shareholders should consult their own professional adviser.
- 10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Kabuni. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposal under Resolution 2 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

11. Sources of Information

- 11.1 In making our assessment as to whether the proposal to effect the sale of all of the shares in the Sale Subsidiaries to PTF for a consideration deemed to be \$4,500,000 (as outlined in paragraph 1.4) is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and its asset that is relevant to the current circumstances. In addition, we have held discussions with the management/directors of Kabuni about the present and future operations of the Company.

Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors of Kabuni.

11.2 Information we have received includes, but is not limited to:

- * Draft Notices and Explanatory Statement to Shareholders of Kabuni prepared to 28 August 2017;
- * Discussions with a former director of Kabuni (Tony King) and correspondence with Stuart Carmichael, a current director of Kabuni;
- * Details of historical market trading of Kabuni ordinary fully paid shares recorded by ASX to 28 August 2017;
- * Shareholding details of Kabuni as at 27 June 2017;
- * Announcements made by Kabuni from 1 June 2015 to 5 September 2017;
- * The cash flow forecasts of the Kabuni Group for 2016/17;
- * Reviewed financial accounts of Kabuni for the half year ended 31 December 2016;
- * Audited financial accounts of Kabuni Group for the year ended 30 June 2016;
- * Consolidated work papers of the Kabuni Group to 30 June 2016, 31 December 2016, 31 March 2017 and 30 June 2017;
- * External creditors and assets of the Sale Subsidiaries as at 30 June 2017;
- * The original SPA dated 1 May 2017;
- * The Term Sheet (Amended and Restated Share Purchase Agreement) dated 30 June 2017;
- * The Amended and Restated Share Purchase Agreement dated 30 June 2017;
- * The Deed of Agreement with Neil Patel to forfeit his ordinary shares in Kabuni;
- * The Amended Agreement of 15 August 2017;
- * Notice of Default dated 15 August 2017;
- * The Deed of Agreement with PBT and various amendments to 15 August 2017; and
- * Estimated amount owing by KTI to Kabuni as at 30 September 2017.

10.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



John P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 5 September 2017, relating to the proposed sale of all of the shares in the Sale Subsidiaries to PTF as outlined in paragraph 1.4 of the report and Resolution 2 in the Notice of Meeting to Shareholders and the ES proposed to be distributed to the Kabuni shareholders in September 2017 for a shareholders meeting planned for October 2017.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with Kabuni and with PTF other than acting as an independent expert for the purposes of this report. However, the parent entity of Stantons International Securities Pty Ltd, Stantons International Audit and Consulting Pty Ltd are the auditors of Kabuni. The signing director and quality control person relating to the audits of the Kabuni Group have not been involved in the preparation of the Independent Expert's Report. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$22,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in Kabuni. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and John Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John Van Dieren FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Kabuni in order to assist them to assess the merits of the proposed Sales Transaction as outlined in Resolution 2 to the ES to which this report relates. This report has been prepared for the benefit of Kabuni's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the longer-term value of Kabuni, its subsidiaries and their assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of the Kabuni Group. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolution 2 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 2.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Kabuni and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), Kabuni has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Kabuni may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Kabuni; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Kabuni or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Kabuni or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to Kabuni directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 5 September 2017**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances, we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licenses.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

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

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

4. **General Financial Product Advice**

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

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

9.2 Referral to External Dispute Resolution Scheme

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

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	jvdieren@stantons.com.au

PROXY FORM – GENERAL MEETING

KABUNI LTD
ACN 158 307 549

All correspondence to:
Kabuni Ltd
PO Box 902
West Perth WA 6872
Phone: 08 9482 0580
Facsimile: 08 9482 0505

I/We _____
(insert name of holder – please print)

Of _____
(insert address of holder – please print)

Appointment of Proxy

I/We being member/s of Kabuni Ltd and entitled to attend and vote hereby appoint

<input type="checkbox"/>	The Chair of the Meeting (mark with an 'X')	OR	<input type="checkbox"/>	Write here the name of the person you are appointing if this person is someone other than the Chair of the Meeting
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or failing the person named, or if no person is named, the Chair of the Meeting or a nominee of the Chair, as my/our proxy to act generally at the meeting on my/our behalf 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) at the General Meeting of Kabuni Ltd to be held at 16 Ord Street, West Perth, Western Australia on Monday, 16 October 2017 at 10:00 am (WST) and at any adjournment of that meeting.

Important: The Chair of the Meeting intends to vote all undirected proxies in favour of all Resolutions. If the Chair 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, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions even if those Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting directions to your proxy - please mark
Ordinary business

X to indicate your directions

For Against Abstain*

Resolution 1	APPROVAL FOR SELECTIVE REDUCTION OF CAPITAL
Resolution 2	DISPOSAL OF MAIN UNDERTAKING
Resolution 3	APPROVAL FOR DISPOSAL WITHOUT OFFER
Resolution 4	CHANGE OF NAME
Resolution 5	RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND SHARES ON THEIR CONVERSION
Resolution 6	AMENDMENT OF THE CONSTITUTION

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

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 the 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 that 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:

Individual where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name all of the holders should 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 deliveries: Kabuni Ltd
 PO Box 902
 West Perth WA 6872

Facsimile: (08) 9482 0505 if faxed from within Australia or +61 8 9482 0505 if faxed from outside Australia.