

31 October 2017

Company Announcements Office
ASX Limited

By E-Lodgement

Completion of Selective Capital Reduction

Kabuni Ltd (“Kabuni”) is pleased to advise of the completion of its selective capital reduction that was approved at the General Meeting held on 16 October 2017 (“General Meeting”). The Selective Reduction was effected pursuant to the Amended and Restated Share Purchase Agreement with PTF which completed on 18 October 2017 as previously announced to the ASX.

The Company confirms that 14 days has passed since it lodged its notice of selective capital reduction with ASIC.

The overall effect of the Selective Capital Reduction is as follows:

- reduction of the number of Shares currently on issue from 241,443,455 to 221,493,455, being a reduction of 19,950,000 shares representing 8.26%; of the total fully paid shares previously on issue; and
- reduction of the number of Performance Shares currently on issue from 38,130,493 to 13,525,493, being a reduction of 24,605,000 Performance Shares representing 64.52% of the Performance Shares previously on issue.

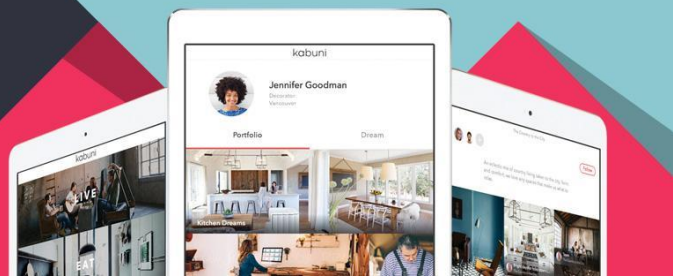
As a result of the Selective Capital Reduction, the relevant interest of Mr Patel in the total voting shares on issue has been reduced to nil, and the percentage interest of each other Shareholder in the total shares on issue has increased by 8.26%.

Further, Mr Patel’s total holding of Performance Shares has been reduced to nil.

ASX Listing rule 7.20

The Company considers the Selective Capital Reduction to be a reorganisation of its capital for the purposes of Listing Rule 7.20. Pursuant to Listing Rule 7.20 the Company has the following securities on issue as at the date of this Announcement. The effect of the Selective Capital Reduction is outlined below.

| Security | On issue as at date of the General Meeting | Effect of Selective Capital Reduction | On issue as at this Announcement |
|----------------------------|--|---------------------------------------|----------------------------------|
| Shares | | | |
| Fully paid ordinary Shares | 241,443,455 | (19,950,000) | 221,493,455 |



| Performance Shares | | | |
|---|------------|-------------|------------|
| Class A Performance Shares | 10,032,622 | (6,151,250) | 3,881,372 |
| Class B Performance Shares | 10,032,622 | (6,151,250) | 3,881,372 |
| Class C Performance Shares | 9,032,623 | (6,151,250) | 3,881,372 |
| Class D Performance Shares | 9,032,623 | (6,151,250) | 3,881,372 |
| 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 | 2,013,334 | 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 \$0.05 each on or before 30 June 2019 | 150,000 | N/A | 150,000 |
| 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 \$0.06 each on or before 31 March 2019 | 1,000,000 | N/A | 1,000,000 |
| Convertible Notes | | | |
| Face value of \$1.00 each | 285,000 | N/A | 285,000 |

For further information please contact:

Brett Tucker

Company Secretary

p: + 61 8 9482 0555