



17 November 2017

Dear Convertible Security Holder,

NON-RENOUNCEABLE RIGHTS ISSUE OFFER

On 17 November 2017, Kabuni Ltd (**Company**) announced an offer of new fully paid ordinary shares in the Company (**New Shares**) by way of a nine (9) for ten (10) non-renounceable rights issue to existing shareholders, with two (2) free attaching options exercisable at \$0.004 on or before 30 April 2021 (**Free Attaching Options**) for every five (5) New Shares subscribed for to raise approximately \$574,423 (**Offer**).

The net funds raised will be used for sales & marketing, project evaluation and for working capital purposes.

This letter is to inform you about the Offer and to explain why you will not be able to participate in the Offer with respect to your options, convertible notes or performance rights (as applicable). This letter is not an offer to issue New Shares and Free Attaching Options (**New Securities**) to you, nor an invitation for you to apply for New Securities.

You are not required to do anything in response to this letter.

The Offer is to be implemented under section 713 of the *Corporations Act 2001* (Cth).

Information about the Offer

1. The Offer is being made to Eligible Shareholders on the basis of the number of fully paid ordinary shares in the Company (**Shares**) held at 5.00pm (Perth time) on Thursday, 23 November 2017 (**Record Date**). Under the Offer, Eligible Shareholders with a registered address in Australia and New Zealand will be able to subscribe for nine (9) New Shares for every ten (10) Shares held on the Record Date at an issue price of \$0.002 per New Share, with two (2) Free Attaching Options to be issued for every five (5) New Shares subscribed for.
2. The Offer opens on Monday, 27 November 2017 and is expected to close at 5.00pm (Perth time) on Friday, 8 December 2017.
3. The Offer is non-renounceable which means that Eligible Shareholders cannot sell their rights under the Offer.
4. A person is an Eligible Shareholder and is eligible to participate in the Offer if they are a registered holder of Shares on the Record Date and they:
 - (a) have a registered address listed on the Company's share register in Australia or New Zealand or in any other jurisdiction outside Australia that the Company determines as being a jurisdiction in which its securities can be offered without requiring the filing or lodgement of a prospectus in that jurisdiction;
 - (b) are not in the United States and are not a US person or acting for the account of benefit of a person in the United States or a US person; and

- (c) are eligible under all applicable securities laws to receive an offer under the Offer, without the use of a prospectus, disclosure document or other lodgement, filing, registration or qualification.
5. The Offer is not extended to security holders who do not meet this criteria.
 6. To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand (or any other jurisdiction outside Australia that the Company determines as being a jurisdiction in which its securities can be offered without requiring the filing or lodgement of a prospectus in that jurisdiction), it is that person's responsibility to ensure that any acceptance complies with all applicable foreign laws.
 7. Up to 287,211,488 New Shares and 114,884,595 Free Attaching Options may be issued under the Offer (based on the current capital structure of the Company and assuming that no existing options, performance shares or convertible notes are exercised, vest or are converted before the Record Date). New Shares issued under the Offer will rank equally with the Company's existing fully paid ordinary shares.
 8. There is no minimum subscription under the Offer.
 9. Eligible Shareholders who take up their Rights in full may also apply for additional New Securities under any shortfall.

Eligibility to participate

A person is eligible to participate in the Offer if they are a registered holder of Shares on the Record Date and have an address in Australia or New Zealand.

The Offer does not extend to the holders of options, convertible notes or performance shares in the Company and unless you also hold Shares, you will not be sent documents relating to the Offer.

You are not entitled to participate in the Offer **unless you exercise your options, convert your convertible notes or if your performance shares vest (as relevant) and you are registered (with an address in Australia or New Zealand) as the holder of Shares by 5.00pm on the Record Date.**

Options may only be exercised, convertible notes may only be converted and performance shares may only vest in accordance with the terms of issue together with payment of the relevant exercise or conversion price (if any).

If you do not exercise your options, convert your convertible notes or if your performance shares do not vest, then after the Closing Date of the Offer an adjustment may be made to the terms of those securities in accordance with any formula set out in their terms and conditions.

Timetable for the Offer

17 November 2017	Announcement to ASX of the Offer.
17 November 2017	Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)
17 November 2017	Notice of Offer sent to Convertible Security holders
21 November 2017	Notice of Offer sent to Shareholders
22 November 2017	Shares commence trading on the ASX on an ex-rights basis.
5.00pm (Perth time) 23 November 2017	Record Date – the date for identifying eligible shareholders entitled to participate in the Offer.
27 November 2017	Prospectus with Entitlement and Acceptance Forms sent to eligible shareholders.
27 November 2017	Opening Date – the first day for receipt of acceptances under the Offer and the shortfall offer.
5.00pm (Perth time) 8 December 2017	Closing Date – the last day for receipt of acceptances under the Offer and the shortfall offer.
11 December 2017	New Shares quoted on ASX on a deferred settlement basis.
11 December 2017	Announcement to ASX of the results of the Offer and any shortfall.
13 December 2017	Issue date - New Shares issued under the Offer and the shortfall offer and entered into the share register.
14 December 2017	New Shares expected to commence normal trading on ASX.

Note: these dates are indicative only and may be subject to change.

This letter is provided for your information only and does not constitute an offer of New Shares under the Offer. We encourage you to speak to your financial adviser before making any investment decision whether to exercise your options or convert your convertible notes before the Record Date and whether to take up any resulting entitlement under the Offer.

For further information on the Offer, please see the Company's announcements on ASX (www.asx.com.au) or the Company's website (<http://investor.kabuni.com/>) or alternatively contact the Company on +61 8 9482 0555 from 9.00am to 5.00pm (Perth time), Monday to Friday.

The board and management thank you for your continued support of the Company.

Yours faithfully

Brett Tucker
Company Secretary