



21 November 2017

Dear Shareholder

NON-RENOUCEABLE RIGHTS ISSUE OFFER TO AUSTRALIAN AND NEW ZEALAND SHAREHOLDERS ONLY

On 17 November 2017, Kabuni Ltd (**Company**) lodged a prospectus for a non-renounceable rights issue on the basis of nine (9) new shares (**New Shares**) for every ten (10) fully paid ordinary share in the Company (**Share**) held as at 5.00pm (WST) on Thursday, 23 November 2017, at an issue price of \$0.002 per New Share, with two (2) free attaching options exercisable at \$0.004 each on or before 30 April 2021 (**Free Attaching Options**) to be issued 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 generation and for working capital purposes.

This letter is to inform you about the Offer and to explain why you will not be able to subscribe for New Shares and Free Attaching Options (**New Securities**). This letter is not an offer to issue 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.

Ineligible shareholders

Security holders who are not eligible to participate in the Offer are "Ineligible Security Holders".

The restrictions upon eligibility to participate in the Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to the Company of complying with these legal and regulatory requirements compared with the relatively small number of security holders in those countries, the relatively small number of existing Shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make or extend offers to security holders in certain countries under the Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for the Offer stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise you that it will not be extending the Offer to you and you will not be able to subscribe for New Securities under the Offer. You will not be sent the documents relating to 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