Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Kabuni Limited

ABN

28 158 307 549

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	a) Fully Paid Ordinary Shares b) Options exercisable at $0.05 each and expiring 30 June 2019 c) Options exercisable at $0.05 each and expiring 30 June 2019 d) Fully Paid Ordinary Shares e) Options exercisable at $0.05 each and expiring 30 June 2019
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	a) 29,900,000 b) 14,950,000 c) 15,000,000 d) Maximum of 160,209,175 e) Maximum of 80,104,588
3	Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	a) Fully Paid Ordinary Shares b) Options exercisable at $0.05 each and expiring 30 June 2019 c) Options exercisable at $0.05 each and expiring 30 June 2019 d) Fully Paid Ordinary Shares e) Options exercisable at $0.05 each and expiring 30 June 2019

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	a) Yes b) Options will form a new class of security with any ordinary shares issued as a result of the exercise of any Options to rank equally with existing ordinary shares on issue. The Company is seeking quotation of these Options. c) Options will form a new class of security with any ordinary shares issued as a result of the exercise of any Options to rank equally with existing ordinary shares on issue. The Company is seeking quotation of these Options. d) Yes e) Options will form a new class of security with any ordinary shares issued as a result of the exercise of any Options to rank equally with existing ordinary shares on issue. The Company is seeking quotation of these Options.
5	Issue price or consideration	a) $0.027 per share b) Options will be granted for nil consideration. c) $0.001 per option d) $0.027 per share e) Options will be granted for nil consideration.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To provide funds for the development of the Kabuni Business and for costs of operations, sales, and marketing and for general working capital purposes.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	12 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	a) 16,884,082
6d	Number of +securities issued with security holder approval under rule 7.1A	a) 13,015,918

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	b) 14,950,000 c) 15,000,000 Annual General Meeting of the Company held on Friday 18 November 2016
6f	Number of +securities issued under an exception in rule 7.2	d) Maximum of 160,209,175 shares e) Maximum of 80,104,588 options
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	a) - More than 75% of VWAP?: Yes - Issue price: $0.027 per share - Issue Date: expected to be on 21 October 2016 - VWAP: $0.0294 - VWAP source: IRESS
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 - 89,794 7.1A - nil
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	a) expected to be on 21 October 2016 b) expected to be on 18 November 2016 following shareholder approval at the Company's AGM. c) expected to be on 18 November 2016 following shareholder approval at the Company's AGM. d) expected to be on 18 November 2016 based on the indicative timetable set out in the prospectus lodged on 17 October 2016. e) expected to be on 18 November 2016 based on the indicative timetable set out in the prospectus lodged on 17 October 2016.

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the +securities in section 2 if applicable)	294,877,471	Ordinary Shares
		12,000,000	Listed Options exercisable at $0.30 on or before 25 August 2018
		110,054,588	Listed Options exercisable at $0.05 on or before 30 June 2019

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the +securities in section 2 if applicable)	25,540,879	Fully paid ordinary shares escrowed until 3 September 2017
		7,781,432	Class A Performance Shares escrowed until 3 September 2017
		2,251,190	Class A Performance Shares
		7,781,435	Class B Performance Shares escrowed until 3 September 2017
		2,251,190	Class B Performance Shares
		6,781,433	Class C Performance Shares escrowed until 3 September 2017
		2,251,190	Class C Performance Shares
		6,781,433	Class D Performance Shares escrowed until 3 September 2017
		2,251,190	Class D Performance Shares escrowed
		2,500,000	Unlisted Options exercisable at $0.20 on or before 30 June 2017
		3,636,667	Unlisted Options exercisable at $0.18 on or before 31 March 2019
		150,000	Unlisted Options exercisable at $0.13 on or before 6 November 2018
		200,000	Unlisted Options exercisable at $0.13 on or before 31 October 2018
		650,000	Unlisted Options exercisable at $0.13 on or before 6 September 2019
		100,000	Unlisted Options exercisable at $0.18 on or before 15 May 2016

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	non-renounceable
13	Ratio in which the +securities will be offered	One (1) new share for every one (1) share held and one (1) free attaching option for every two (2) shares issued.
14	+Class of +securities to which the offer relates	Fully Paid Ordinary Shares and Options exercisable at $0.05 each and expiring 30 June 2019
15	+Record date to determine entitlements	24 October 2016
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Rounded up
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Shareholders that do not have a registered address within Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	11 November 2016
20	Names of any underwriters	Alto Capital (ACN 088 503 208) and CPS Capital (ACN 130 948 579)
21	Amount of any underwriting fee or commission	2% management fee and a 4% capital raising fee on all funds raised.
22	Names of any brokers to the issue	Alto Capital (ACN 088 503 208) and CPS Capital (ACN 130 948 579)
23	Fee or commission payable to the broker to the issue	2% management fee and 4% capital raising fee on all funds raised

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	n/a
25	If the issue is contingent on security holders' approval, the date of the meeting	n/a
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	25 October 2016
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	19 October 2016
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a
30	How do security holders sell their entitlements *in full* through a broker?	n/a
31	How do security holders sell *part* of their entitlements through a broker and accept for the balance?	n/a
32	How do security holders dispose of their entitlements (except by sale through a broker)?	n/a
33	+Issue date	Expected to be 18 November 2016 per the indicative timetable set out in the Prospectus.

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(*tick one*)

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	n/a
39	+Class of +securities for which quotation is sought	n/a

+ See chapter 19 for defined terms.

40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	n/a
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	n/a

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the +securities in clause 38)	n/a	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 17 October 2016

(Company secretary)

Print name: Aaron Bertolatti

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	129,825,842
Add the following: • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	333,333 – 19 November 2015
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-
"A"	130,159,175

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	19,523,876
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period *not counting* those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 *Note:* • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	2,500,000 – 19 February 2016 50,000 – 1 March 2016 16,884,082 – expected to be issued on 21 October 2016
"C"	**19,434,082**
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	19,523,876
Subtract "C" *Note: number must be same as shown in Step 3*	19,434,082
Total ["A" x 0.15] – "C"	89,794 *[Note: this is the remaining placement capacity under rule 7.1]*

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	130,159,175
Step 2: Calculate 10% of "A"	
"D"	*Note: this value cannot be changed*
Multiply "A" by 0.10	13,015,918
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	13,015,918 – expected to be issued on 21 October 2016
"E"	13,015,918

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	13,015,918
Subtract "E" *Note: number must be same as shown in Step 3*	13,015,918
Total ["A" x 0.10] – "E"	- *Note: this is the remaining placement capacity under rule 7.1A*

+ See chapter 19 for defined terms.