



19 October 2016

Dear Optionholder

Participation in Rights Offer

On 18 October 2016, Kabuni Ltd (**Kabuni** or **Company**) announced a partially underwritten one (1) for one (1) non-renounceable rights issue offer at an issue price of \$0.027 (2.7 cents) per share (**New Share**), with one (1) free attaching option exercisable at \$0.05 (5 cents) and expiring on 30 June 2019 (**Free Attaching Option**) for every two (2) New Shares issued to raise approximately \$4.33 million before expenses (**Offer**).

Full details of the Offer are in the prospectus setting out the Offer (**Prospectus**) and the Appendix 3B lodged with ASX on 18 October 2016.

Eligibility to participate

The Offer is based on the number of Shares held by a shareholder at 5.00pm Perth time on Monday, 24 October 2016 (**Record Date**).

The Offer does not apply to your holding of Kabuni options (**Options**).

To be eligible to participate in the Offer in respect of your Options, you will need to exercise those Options and be registered (with a registered address in Australia or New Zealand) as the holder of the underlying Kabuni shares as at the Record Date being 24 October 2016.

If you do not wish to participate in the Offer (in respect of your Options) you do not need to take any action.

To exercise some or all of your Options you will need to give notice in writing to Kabuni in accordance with the terms and conditions of the issue of your Options together with payment of the exercise price for each Option exercised.

If you do not exercise your Options, then after the Closing Date of the Offer an adjustment may be made to the exercise price of your Kabuni options in accordance with any formula set out in the terms and conditions of Options.

The anticipated timetable for the Offer is as follows:

Event	Date
Announcement of Offers	Monday, 17 October 2016
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	Monday, 17 October 2016
Notice of Rights Offer sent to Shareholders	Wednesday, 19 October 2016
Ex-date (date from which Shares begin trading without the Right to participate in the Rights Offer)	Friday, 21 October 2016
Record Date (to identify Shareholders entitled to participate in the Rights Offer)	5.00pm (WST) Monday, 24 October 2016
Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Tuesday, 25 October 2016
Rights Offer opens (Opening Date)	Tuesday, 25 October 2016



Last day to extend the Closing Date	Tuesday, 8 November 2016
Rights Offer closes (Closing Date)	Friday, 11 November 2016
New Securities quoted on a deferred settlement basis	Monday, 14 November 2016
Notice to ASX of Shortfall	Wednesday, 16 November 2016
New Securities issued	Friday, 18 November 2016
Quotation of New Securities on ASX commences	Monday, 21 November 2016

The above dates are indicative only and may be subject to change. The Directors may vary these dates subject to any applicable requirements of the Corporations Act or the Listing Rules. The Directors may extend the Closing Date by giving at least three Business Days notice to ASX before the Closing Date.

You are encouraged to consult your stockbroker or other professional adviser before exercising any of your Options.

For further information on the Offer, please see the Company's announcements on ASX (www.asx.com.au) or the Company's website (www.investor.kabuni.com) or alternatively contact the Company on +61 8 9212 0105 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

Mr Aaron Bertolatti
Company Secretary