

**KABUNI LIMITED**  
**ACN 158 307 549**

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**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held at  
Level 2, 10 Kings Park Road, West Perth, Western Australia  
on Friday 18 November 2016 at 3:30pm (WST).

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*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9212 0105.***

# KABUNI LIMITED

ACN 158 307 549

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Kabuni Limited (**Company**) will be held at Level 2, 10 Kings Park Road, West Perth, Western Australia on Friday, 18 November 2016 at 3:30pm (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form each form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 16 November 2016 at 3:30pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

The Company is a "reporting issuer" in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators, certain additional required disclosure is included in Schedule 2.

## AGENDA

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### 1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### 2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report contained in the Company's annual financial report for the year ended 30 June 2016 be adopted by the Company."*

**Note:** The vote on Resolution 1 will be an advisory vote of Shareholders only, and will not bind the Directors or the Company.

**Voting Prohibition:** In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (d) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### 3. Resolution 2 – Re-election of Director – Mr Nathan Sellyn

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Nathan Sellyn who retires in accordance with Article 18 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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#### 4. Resolution 3 – Election of Director – Mr Colm O'Brien

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Colm O'Brien, who was appointed on 18 July 2016, retires in accordance with Article 18.10 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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#### 5. Resolution 4 – Election of Director – Mr Ajai Sehgal

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Ajai Sehgal, who was appointed on 1 August 2016, retires in accordance with Article 18.10 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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#### 6. Resolution 5 – Issue of Options to Mr Frans Tjallingii

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purpose of Listing Rule 10.11 and for all other purposes, approval is given for the issue by the Company of 5,500,000 Options to Mr Frans Tjallingii (or his nominee) on the terms and conditions described in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Frans Tjallingii, being a person who is to receive Securities in relation to the Company, and any of his Associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 7. Resolution 6 – Issue of Options to Mr Nathan Sellyn

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 Options to Mr Nathan Sellyn (or his nominee) on the terms and conditions described in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Nathan Sellyn, being a person who is to receive Securities in relation to the Company, and any of his Associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 8. Resolution 7 – Issue of Options to Mr Colm O'Brien

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 Options to Mr Colm O'Brien (or his nominee) on the terms and conditions described in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Colm O'Brien, being a person who is to receive Securities in relation to the Company, and any of his Associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. Resolution 8 – Issue of Options to Mr Ajai Sehgal

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 Options to Mr Ajai Sehgal (or his nominee) on the terms and conditions described in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Ajai Sehgal, being a person who is to receive Securities in relation to the Company, and any of his Associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 10. Resolution 9 – Ratification of the issue of 29,900,000 Placement Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*‘That for the purpose of Listing Rule 7.4 and for all other purposes, approval be and is hereby given to the issue by the Company of 29,900,000 Shares at an issue price of \$0.027 each to sophisticated and professional investors on the terms and conditions described in the Explanatory Memorandum.’*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by all persons who participate in the issue, and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 11. Resolution 10 – Issue of Placement Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 14,950,000 free attaching Options to sophisticated and professional investors on the terms and conditions described in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 12. Resolution 11 – Issue of Listed Options

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Listed Options at an issue price of \$0.001 each, to sophisticated and professional investors, on the terms and conditions described in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution any person who may participate in the proposed issue, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 13. Resolution 12 – Approval of 10% Additional Placement Capacity

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue a number of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum."*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Additional Placement Capacity issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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Dated 14 October 2016

**BY ORDER OF THE BOARD**



Aaron Bertolatti  
**Company Secretary**

**EXPLANATORY MEMORANDUM**

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**1. Introduction**

**1.1 General**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 2, 10 Kings Park Road, West Perth, Western Australia on Friday, 18 November 2016 at 3:30pm (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

**1.2 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**1.3 Annual Report**

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website [investor.kabuni.com](http://investor.kabuni.com) or by contacting the Company on +61 8 9212 0105.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2016;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## **2. Resolution 1 – Adoption of Remuneration Report**

### **2.1 General**

The Remuneration Report of the Company for the financial year ended 30 June 2016 is set out in the Company's Annual Report. The Remuneration Report sets out the remuneration arrangements for Directors and Key Management Personnel of the Company. The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Shareholders will be asked to vote for the adoption of the Remuneration Report at the Meeting. The vote on Resolution 1 is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by Shareholders on the Remuneration Report when reviewing the Company's future remuneration policies and practices.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") to determine whether another meeting be held within 90 days at which all of the Directors (other than the managing director) must go up for re-election.

At the Company's previous annual general meeting the votes against the remuneration report was less than 25% of the votes cast on the resolution. As such, Shareholders will not need to consider a spill resolution at this Meeting.

The Company encourages all Shareholders to cast their votes on Resolution 1 (Adoption of Remuneration Report).

### **2.2 Voting exclusions**

The Company will disregard any votes cast on this Resolution by or on behalf of members of Key Management Personnel whose remuneration details are included in the Remuneration Report and any Closely Related Parties of those persons.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2016. Their Closely Related Parties are defined by the Corporations Act and include certain of their family members, dependants and companies they control.

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on this Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies in favour of this Resolution.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their Closely Related Parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

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### **3. Resolution 2 – Re-election of Director – Mr Nathan Sellyn**

Article 18.2 of the Constitution requires that one third of the Directors must retire at each annual general meeting.

Article 18.3 provides that a Director who retires under Article 18.2 is eligible for re-election.

Pursuant to the Constitution, Mr Nathan Sellyn will retire by rotation and seek re-election.

Mr Sellyn is currently a partner at Assembly Stakeholder Relations, a boutique investor relations firm that he cofounded in 2011. Between August 2004 and April 2011 Mr Sellyn worked for Great Canadian Gaming Corporation where he held various roles including Director of Corporate Development and Investor Relations. Mr Sellyn is also a co-founder and serves as Chief Creative Officer since 2011 of Brothersport Games, a sports-gaming application development studio. Mr Sellyn earned a Bachelor of Arts degree from Princeton University.

The Board unanimously supports the re-election of Mr Sellyn.

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### **4. Resolution 3 – Election of Director – Mr Colm O'Brien**

Article 18.9 of the Constitution allows the Directors to appoint at any time a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Colm O'Brien was appointed as a Director on 18 July 2016. Pursuant to Article 18.10 of the Constitution, Mr O'Brien will retire and seek re-election.

Mr O'Brien has over 20 year's executive level experience in financial services, management consulting and media industries. He has led ASX listed company Aspermont Limited (ASX: ASP) as CEO and transformed that business from a local mining publication to a global, digitally led resources media business including world leading events.

Mr O'Brien is currently a Director of Carrington Partners, a management consultancy firm focused on providing practical strategic and executive support, including business growth, cost review and turnarounds, transformational change, acquisition/partnership structures and funding introductions. Mr. O'Brien also acts as non-executive director of Pacific Star Network Limited (ASX: PNW), an ASX listed media company with market leading niche assets in broadcasting and publishing, including SEN Radio, Frankie Magazine, Smith Journal and Surfing Life Australia.

The Board unanimously supports the re-election of Mr O'Brien.

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### **5. Resolution 4 – Election of Director – Mr Ajai Sehgal**

Article 18.9 of the Constitution allows the Directors to appoint at any time a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Ajai Sehgal was appointed as a Director on 1 August 2016. Pursuant to Article 18.10 of the Constitution, Mr Sehgal will retire and seek re-election.

Mr Sehgal is the current Chief Technology Officer/Chief Information Officer of Hootsuite, leading Software Engineering, IT, Security, and Operations. Hootsuite is the world's most widely used platform for managing social media and is headquartered in Vancouver, Canada.

Prior to Hootsuite, Mr Sehgal spent 16 years with the Canadian Armed Forces before joining Microsoft Corporation in Redmond, Washington as a Software Engineering Lead. While at Microsoft, he helped found and scale Expedia from a small group of 40 people within Microsoft into a new public company that became the world's largest travel agency. He later helped establish Groupon's travel business as VP of Product & Technology. With more than 30 years of experience, Mr Sehgal specializes in the global scaling of SaaS technology and is leading Hootsuite technology through the next step in its evolution.

The Board unanimously supports the re-election of Mr Sehgal.



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## **6. Resolution 5 – Issue of Options to Mr Frans Tjallingii**

### **6.1 General**

The Company proposes to issue to Mr Frans Tjallingii (or his nominee), Chief Operating Officer, 5,500,000 Options as an incentive forming part of his remuneration.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

The effect of Resolution 5 will be to allow the Company to issue the Options to Mr Tjallingii (or his nominee) during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **6.2 Technical information required by Listing Rule 7.3**

Pursuant to Listing Rule 7.3, the following information is provided in relation to the issue of Options:

- (a) The maximum number of Securities to be issued is 5,500,000 Options. The Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Options will be issued on the same date.
- (b) The Options will be issued for nil cash consideration, and accordingly, no funds will be raised.
- (c) The Options will be issued to Mr Tjallingii (or his nominee), who is not a related party of the Company. The terms and conditions of the Options are set out in **Annexure A** to this Explanatory Memorandum.
- (d) Any Shares issued on exercise of the Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue.

Resolution 5 is an ordinary resolution.

The Directors recommend that Shareholders vote in favour of Resolution 5.

### **6.3 Voting exclusions**

The Company will disregard any votes cast on this Resolution by or on behalf of members of Key Management Personnel whose remuneration details are included in the Remuneration Report and any Closely Related Parties of those persons.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2016. Their Closely Related Parties are defined by the Corporations Act and include certain of their family members, dependants and companies they control.

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on this Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies in favour of this Resolution.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their Closely Related Parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

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## 7. Resolution 6 to 8 – Issue of Options to Directors

### 7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue its Directors referred to below a total of 3,000,000 Options (**Director Options**) as an incentive based remuneration package. Resolutions 6 to 8 seek Shareholder approval for the grant of the Director Options to the following Directors (or their nominees):

- (a) Mr Nathan Sellyn: 1,000,000 Options;
- (b) Mr Colm O'Brien: 1,000,000 Options; and
- (c) Mr Ajai Sehgal: 1,000,000 Options,

The proposed grant of Director Options forms part of the remuneration package for the abovementioned Directors (each a **Proposed Recipient**).

### 7.2 Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Director Options constitutes giving a financial benefit and Messrs Sellyn, O'Brien and Sehgal are related parties of the Company by virtue of being Directors. However, Shareholder approval is not being sought for the purposes of the related party benefit provisions of the Corporations Act (particularly section 208 of the Corporations Act) on the basis that the benefit is considered to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the company's and the related party's circumstances.

Having considered the Company's circumstances and each Proposed Recipient's position with the Company:

- (a) with respect to Mr Sellyn, the Board other than Mr Sellyn considers that the financial benefit conferred by the grant of the Director Options to Mr Sellyn is reasonable and therefore, the exception in section 211 applies;
- (b) with respect to Mr O'Brien, the Board other than Mr O'Brien considers that the financial benefit conferred by the grant of the Director Options to Mr O'Brien is reasonable and therefore, the exception in section 211 applies; and
- (c) with respect to Mr Sehgal, the Board other than Mr Sehgal considers that the financial benefit conferred by the grant of the Options to Mr Sehgal is reasonable and therefore, the exception in section 211 applies.

### 7.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

As the grant of the Director Options involves the issue of securities to related parties of the Company, shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

The effect of passing Resolutions 6 to 8 will be to allow the Company to issue up the Director Options to each of Messrs Sellyn, O'Brien and Sehgal, or their nominees without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is not received for Resolutions 6 to 8, the Company will not issue the Director Options to each of Messrs Sellyn, O'Brien and Sehgal, or their nominees.

#### **7.4 Technical information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Director Options will be granted to Messrs Sellyn, O'Brien and Sehgal, or their nominees.
- (b) The maximum number of Securities to be issued are the numbers of Director Options set out below:
  - (i) Mr Nathan Sellyn: 1,000,000 Options;
  - (ii) Mr Colm O'Brien: 1,000,000 Options; and
  - (iii) Mr Ajai Sehgal: 1,000,000 Options.
- (c) The Director Options will be granted no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Director Options will be issued on the same date.
- (d) The Director Options will be issued for nil cash consideration, accordingly no funds will be raised.
- (e) The terms and conditions of the Director Options are set out in **Annexure B** to this Explanatory Memorandum.

Each of Resolutions 6 to 8 is an ordinary resolution.

As the Directors have an interest in Resolutions 6 to 8, they do not wish to make a recommendation as to how Shareholders ought to vote on Resolutions 6 to 8.

#### **7.5 Voting exclusions**

The Company will disregard any votes cast on Resolutions 6 to 8 by or on behalf of members of Key Management Personnel whose remuneration details are included in the Remuneration Report and any Closely Related Parties of those persons.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2016. Their Closely Related Parties are defined by the Corporations Act and include certain of their family members, dependants and companies they control.

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on Resolutions 6 to 8 in accordance with his stated intentions. The Chairman intends to vote all undirected proxies in favour of Resolutions 6 to 8.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their Closely Related Parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

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## 8. Resolution 9 – Ratification of the issue of 29,900,000 Placement Shares

### 8.1 Background

On 17 October 2016, the Company announced a placement of 29,900,000 Shares (**Placement Shares**) at an issue price of \$0.027 per Share, with one free attaching Option for every two Placement Shares issued (**Placement Options**), to raise \$807,300.

Of the Placement Shares, 16,873,876 Shares were issued without Shareholder approval under Listing Rule 7.1, and 13,026,124 Shares were issued without Shareholder approval under Listing Rule 7.1A.

Shareholder approval of the issue of the Placement Options is the subject of Resolution 10, below.

### 8.2 Requirements of the Listing Rules

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of Shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1, and holders of ordinary securities subsequently approve it. Such approval replenishes the Company's 15% capacity and enables it to issue further equity securities up to that limit.

Having obtained Shareholder approval at the Company's Annual General Meeting on 12 November 2015, the Company has an additional 10% placement capacity under Listing Rule 7.1A.

Issues of Securities made under Listing Rule 7.1A can also be ratified under Listing Rule 7.4, which ratification replenishes the company's additional 10% limit, enabling the Company to issue further equity securities up to that limit.

If Resolution 9 is approved by Shareholders, the Shares issued under the Placement will not be included in the Company's issuing capacity calculation for the purposes of Listing Rule 7.1 or 7.1A.

For the purpose of Listing Rule 7.5, information regarding the Placement Shares is provided as follows:

- (a) 29,900,000 Placement Shares have been issued.
- (b) The Placement Shares were issued at an issue price of \$0.027 each.
- (c) The Placement Shares were fully paid ordinary shares that ranked equally with all existing Shares then on issue.
- (d) The Placement Shares were issued to investors as determined by the Board, and clients and contacts of Alto Capital and CPS Capital (**Placement Participants**). None of Placement Participants was a related party of the Company. Each Placement Participant was a sophisticated investor (for the purposes section 708(8) or (10) of the Corporations Act) or a professional investor (for the purposes of section 708(11) of the Corporations Act).
- (e) Funds raised from the issue of the Placement Shares have been or will be applied to the sales, marketing and ongoing development of the Kabuni technology platform, corporate, general and administrative expenses, and to the costs of the issue.

Resolution 9 is an ordinary resolution.

The Directors recommend that Shareholders vote in favour of Resolution 9.

The Chairman intends to vote undirected proxies in favour of Resolution 9.

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## **9. Resolution 10 – Subsequent Approval of Placement Options**

### **9.1 General**

Resolution 10 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 14,950,000 Placement Options to Placement Participants on the basis of one free Placement Option for every two Placement Shares subscribed for.

Resolution 10 is an ordinary resolution.

### **9.2 Requirements of the Listing Rules**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting unless another exception to Listing Rule 7.1 applies.

Because, with the issue of the Placement Shares, the Company will not have capacity under Listing Rule 7.1 to grant the Placement Options, Resolution 10 seeks Shareholder approval pursuant to Listing Rule 7.1.

The effect of Resolution 10, if passed, will be that the Placement Options will be exempt from the 15% limit under Listing Rule 7.1. This will allow the Company to grant the Placement Options and provide flexibility during the next 12 month period to issue further Securities in order to raise additional capital, if required.

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Placement Options:

- (a) The number of Securities to be issued is 14,950,000 Placement Options.
- (b) The Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Placement Options will be issued on the same date.
- (c) The Placement Options are free-attaching to the Placement Shares and therefore will be issued for nil cash consideration.
- (d) The Placement Options will be issued to the Placement Participants, who are not related parties of the Company.
- (e) The Placement Options will be issued on the terms and conditions set out in **Annexure C**.

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## 10. Resolution 11 – Issue of Listed Options

### 10.1 General

The Company anticipates that after the date of the Notice, it will lodge a prospectus for continuously quoted securities that sets out the terms of a partially underwritten non-renounceable pro rata offer (**Offer**) of one (1) new Share for every one (1) Share held by Shareholders, at an issue price of \$0.027 per new Share with one (1) free attaching Option exercisable at \$0.05 each on or before 30 June 2019 for every two (2) New Shares issued to raise up to approximately \$4.33 million.

The Company is undertaking the Offer to raise funds for sales, marketing and ongoing development of the Kabuni technology platform, and for general working capital.

The Offer is partially underwritten by Alto Capital and CPS Capital, who are acting as joint lead managers to the Offer.

Separately to the Offer, the Company intends to issue to clients and contacts of Alto Capital and CPS Capital, 15,000,000 Options exercisable at \$0.05 on or before 5.00pm (WST) on 30 June 2019, at an issue price of \$0.001 each (**Listed Options**) to raise \$15,000.

Other than the differences in their issue prices, the terms of the Listed Options will be identical to the terms of the free attaching Options to be issued under the Offer.

Resolution 11 seeks Shareholder approval under Listing Rule 7.1 for the issue by the Company to issue to investors as determined by the Board, and clients and contacts of Alto Capital and CPS Capital, 15,000,000 Listed Options.

### 10.2 Requirements of the Listing Rules

Listing Rule 7.1 permits an entity to issue equity securities up to 15% of its issued capital over a 12 month period without shareholder approval. This resolution gives the Company approval to issue the 15,000,000 Listed Options. If this resolution is passed then the 15,000,000 Underwriter Options issued will not count towards the Company's 15% placement capacity under Listing Rule 7.1.

For the purposes of this resolution the following information is provided to Shareholders:

### 10.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Underwriting Option Consideration:

- (a) The number of Securities to be issued is 15,000,000 Listed Options.
- (b) The Listed Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all Listed Options will be issued on the same date.
- (c) The Listed Options will be issued at an issue price of \$0.001 each.
- (d) The funds raised from the issue of the Listed Options will be applied to the sales, marketing and ongoing development of the Kabuni technology platform, corporate, general and administrative expenses, and to the costs of the issue.
- (e) The Listed Options will be issued to investors as determined by the Board, and clients and contacts of Alto Capital and CPS Capital, none of whom will be a related party of the Company.
- (f) The Listed Options will be issued on the terms and conditions set out in **Annexure D**.

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## 11. Resolution 12 – Approval of 10% Additional Placement Capacity

### 11.1 General

Resolution 12, if passed, would give the Company additional capacity to issue or agree to issue Equity Securities (up to 10% of the Company's total fully paid ordinary securities on a 12 month look back basis), in addition to the 15% permitted under Listing Rule 7.1, without further member approval (**Additional Placement Capacity**).

The information below provides more background on Listing Rule 7.1A and the disclosure required by Listing Rule 7.3A.

The Board considers it is in the Company's best interests to have the opportunity to take advantage of the flexibility to be able to issue additional securities provided under Listing Rule 7.1A. No decision has been made by the Board to undertake any issue of Securities if Shareholders approve Resolution 12. The Board believes that Resolution 12 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 12.

### 11.2 Description of Listing Rule 7.1A

#### (a) Additional Placement Capacity

Under Listing Rule 7.1A, an eligible entity may seek approval from members by special resolution at its annual general meeting to have the Additional Placement Capacity.

If approved, the Additional Placement Capacity will allow the Company for a period of 12 months from the date of the Meeting to issue or agree to issue Equity Securities equal to 10% of the number of total fully paid ordinary securities on issue (on a 12 month look back basis) on a non-pro rata basis.

#### (b) Eligible entity

Under the Listing Rules, an "eligible entity" is an entity which, as at the date of the relevant resolution, is not included in the S&P/ASX300 Index and has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300 million. As at the date of this Notice, the Company is an "eligible entity".

#### (c) Special resolution

The Additional Placement Capacity requires shareholder approval by way of a special resolution at an annual general meeting. This requires at least 75% of the votes to be cast in favour of the resolution by members entitled to vote on the resolution.

#### (d) Securities which may be issued under the Additional Placement Capacity

Under the Additional Placement Capacity, the Company must issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the Company has on issue one class of quoted Equity Securities, being fully paid ordinary shares (ASX code: KBU).

#### (e) Formula for calculating 10% Additional Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid ordinary securities that became fully paid ordinary securities in the 12 months;
- (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4,
- (D) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

(f) Minimum issue price

The issue price of each Equity Security issued under the Additional Placement Capacity must be no less than 75% of the VWAP for the securities in that class.

The VWAP is to be calculated over the 15 trading days on which trades of securities in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed; or
- (ii) if the securities are not issued within five trading days of the date above, the date on which the securities are issued.

The Company will disclose this information when Equity Securities are issued under the Additional Placement Capacity.

(g) 10% Placement Period

Equity Securities may be issued under the Additional Placement Facility at any time after the date of this Meeting until that date that is 12 months after this Meeting. The approval to the Additional Placement Facility under this Resolution will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(h) Dilution risks

If Equity Securities are issued under the Additional Placement Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- (i) the market price for Equity Securities in the class of securities issued under the Additional Placement Capacity may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A (that is, the date of the Meeting, if Resolution 12 is approved); and
- (ii) the Equity Securities may be issued under the Additional Placement Capacity at a discount to the market price for those Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A"



calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Number of Shares on Issue	Issue Price per Share	\$0.0145	\$0.029	\$0.058
		50% decrease in current issue price	Current issue price	100% increase in current issue price
<b>130,309,175 (Current)</b>	<b>Shares issued</b>	13,030,918	13,030,918	13,030,918
	<b>Voting dilution</b>	10%	10%	10%
	<b>Funds raised</b>	\$188,948	\$377,897	\$755,793
<b>195,463,763 (50% increase)</b>	<b>Shares issued</b>	19,546,376	19,546,376	19,546,376
	<b>Voting dilution</b>	10%	10%	10%
	<b>Funds raised</b>	\$283,422	\$566,845	\$1,133,690
<b>260,618,350 (100% increase)</b>	<b>Shares issued</b>	26,061,835	26,061,835	26,061,835
	<b>Voting dilution</b>	10%	10%	10%
	<b>Funds raised</b>	\$377,897	\$755,793	\$1,511,586

The examples in the above table are based on the following assumptions:

- (i) The Company issues Shares for cash under the Additional Placement Capacity and no other types of quoted Equity Securities.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) Other than as indicated in the table, the Company does not issue any additional Equity Securities during the Additional Placement Period.
- (iv) The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the existing 15% placement capacity under Listing Rule 7.1.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder based on that Shareholder's holding at the date of the Meeting.
- (vi) No Options are exercised during the Additional Placement Period and before the date of the issue of the Equity Securities.
- (vii) The issue price is \$0.029, being the closing share price of the Shares on ASX on 10 October 2016.

(i) Purposes for which equity securities may be issued

The Company may issue Equity Securities under the Additional Placement Capacity for the following purposes:

- (i) to provide non-cash consideration for new asset purchases or investments; or
- (ii) to raise cash to fund:
  - (A) general working capital expenses;
  - (B) repayment of debt; or
  - (C) the acquisition of new assets and investments (including any expenses associated with such an acquisition).

The Company will comply with the disclosure Listing Rules 7.1A.4 and 3.10.5A on issue of any Equity Securities issued pursuant to the approval sought by Resolution 12. If Equity Securities are issued for non-cash consideration, the Company will at the time of issue of the Equity Securities provide a valuation of the non-cash consideration that demonstrates that the issue price of the securities are at or above the minimum issue price, in accordance with the Note to Listing Rule 7.1A.3. The Company intends to maintain the ability to issue securities under Listing Rule 7.1A for non-cash consideration.

(j) Allocation policy

The Company's allocation policy and the identity of the recipients of Equity Securities issued under the Additional Placement Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

No decision has been made in relation to an issue of Equity Securities under the Additional Placement Capacity, including whether the Company will engage with new investors or existing Shareholders, and if so the identities of any such persons.

However, when determining of the allocation policy and the identity of the recipients, the Company will have regard to the following considerations:

- (i) the purpose for the issue of the Equity Securities;
- (ii) the financial situation and solvency of the Company;
- (iii) impacts of the placement on control;
- (iv) other methods of raising capital that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate; and
- (v) advice from corporate, financial and broking advisers (if applicable).

Recipients may include existing Shareholders or new investors, but not persons who are related parties or associates of related parties of the Company. If an issue is made in connection with the acquisition of assets, the recipients may be the sellers of those assets.

(k) Details of approvals under Listing Rule 7.1A previously obtained by the Company

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 12 November 2015.

(l) No Shares have been issued under Listing Rule 7.1A.

Since the 2015 Annual General Meeting the Company has issued a total of 483,333 Shares, 666,667 Performance Shares and 7,996,668 unlisted Options representing approximately 5.6% of the total number of Equity Securities on issue 12 months prior to the date of the 2016 Annual General Meeting, details of which are set out below.

Date of issue	Equity Securities issued	Recipient	Issue price	Discount to market price	Total consideration	Non-cash consideration and current value
19/11/2015	333,333 fully paid ordinary shares 333,333 Class A Performance shares 333,334 Class B Performance Shares	Mr Matthew Hehman Mr Matthew Hehman Mr Matthew Hehman	Nil Nil Nil	100% 100% 100%	Nil Nil Nil	Issued to Mr Matthew Hehman, a Director of the Company, as an incentive, forming part of his remuneration, as approved by Shareholders at AGM held on 12 November 2015. Current values: <ul style="list-style-type: none"> <li>333,333 fully paid ordinary shares: \$9,667</li> <li>333,333 Class A Performance shares: 66,667</li> <li>333,334 Class B Performance Shares: 66,667</li> </ul>
19/02/2016	2,500,000 unlisted Options (exercisable at \$0.20 each, on or before 30/06/17)	Foster Stockbroking Pty Ltd	Nil	100%	Nil	Issued to as consideration for stockbroking and corporate advisory services in lieu of cash and pursuant to a corporate advisory agreement. Current value: \$100
01/03/2016	150,000 fully paid ordinary shares	S3 Consortium Pty Ltd	Nil	100%	Nil	Issued as consideration for marketing and promotional services provided pursuant to a professional services agreement. Current value: \$4,350
17/03/2016	4,190,001 unlisted Options (exercisable at \$0.18 each on or before 31/03/19)	Directors and employees of and consultants to the Company	Nil	100%	Nil	Issued to employees of and consultants to the Company as incentives forming part of their remuneration, pursuant to the Company's Employee Share Option Scheme. Current value: \$3,600
18/08/2016	106,667 Unlisted Options (exercisable at \$0.18 on or before 31/3/19)  150,000 Unlisted Options (exercisable at \$0.13 on or before 6/11/18)	Mr Sean Peever  Ms Raquel Hirsch	Nil  Nil	100%  100%	Nil  Nil	Issued to employees of and consultants to the Company as incentives forming part of their remuneration, pursuant to the Company's Employee Share Option Scheme. Current values: <ul style="list-style-type: none"> <li>106,667 Unlisted Options: \$552</li> <li>150,000 Unlisted</li> </ul>

Date of issue	Equity Securities issued	Recipient	Issue price	Discount to market price	Total consideration	Non-cash consideration and current value
	300,000 Unlisted Options (exercisable at \$0.13 on or before 31/10/18)	Black Hawk Financial Inc.	Nil	100%	Nil	Options (exercisable at \$0.13 on or before 6/11/18): \$1,065
	650,000 Unlisted Options (exercisable at \$0.13 on or before 06/09/19)	Ms Lisa Dea	Nil	100%	Nil	<ul style="list-style-type: none"> <li>300,000 Unlisted Options (exercisable at \$0.13 on or before 31/10/18): \$2,110</li> <li>650,000 Unlisted Options (exercisable at \$0.13 on or before 06/09/19): \$6,848</li> </ul>
	100,000 Unlisted Options (exercisable at \$0.13 on or before 12/05/19)	Mr Rory Braatvedt	Nil	100%	Nil	<ul style="list-style-type: none"> <li>100,000 Unlisted Options (exercisable at \$0.13 on or before 12/05/19): \$924</li> </ul>

**Note:**

1. The current value of Equity Securities is based on a value of \$0.029 per Share, being the closing price of Shares as at 10 October 2016.
  2. The current values of Options and Performance Rights have been calculated using Black-Scholes methodology.
- (m) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.
- (n) The Directors recommend that Shareholders vote in favour of Resolution 12.

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## Schedule 1 Definitions

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**10% Additional Placement Capacity** has the meaning in Section 11.1.

**10% Placement Period** has the meaning in Section 11.2(g).

**Alto Capital** means ACNS Capital Markets Pty Ltd trading as Alto Capital (ACN 088 503 208) AFSL 279099.

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2016.

**Article** means an article of the Constitution.

**ASIC** means Australian Securities and Investments Commission.

**Associate** has the meaning set out in the Listing Rules.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chairman** means the chairman of the Meeting.

**Closely Related Party** has the meaning in section 9 of the Corporations Act.

**Company** means Kabuni Limited ACN 158 307 549.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CPS Capital** means CPS Capital Group Pty Ltd (ACN 088 055 636) AFSL 294848.

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listed Options** means the Options to be issued pursuant to Resolution 11.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Option** means an option which entitles the holder to subscribe for one Share.

**Placement** means the placement of 29,900,000 Shares that is the subject of Resolution 9, as described in Section 8.1.

**Placement Option** means a free attaching Option to be issued pursuant to the Placement, approval of which is the subject of Resolution 10.

**Placement Participant** means a participant in the Placement.

**Placement Share** means a Share to be issued pursuant to the Placement, ratification of the issue of which is the subject of Resolution 10.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Security** means a Share or an Option.

**Section** means a section contained in this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

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## Schedule 2 Reporting issuer disclosure

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The information set out below is provided pursuant to the requirements of National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators.

### INTRODUCTION

The Company is a “reporting issuer” in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - Continuous Disclosure Obligations (“NI 51-102”) of the Canadian Securities Administrators, the following disclosure is required to be included with this Notice of Annual General Meeting and Explanatory Memorandum (the “Notice”). This schedule is the management information circular (this “Circular”) required to be sent to Shareholders under NI 51-102.

The information in this Circular is given as of October 14, 2016, unless otherwise specified. Certain terms and abbreviations used in this Circular are defined in Schedule 1 of the accompanying Notice.

### PURPOSE OF SOLICITATION

This Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting. The Meeting will be held at Level 2, 10 Kings Park Road, West Perth, Western Australia on Friday, November 18, 2016 at 3:30pm (WST), for the purposes set forth in the Notice accompanying this Circular. References in the Circular to the Meeting include any adjournments or postponements thereof.

It is expected that the solicitation of proxies will be primarily by mail but may also be solicited by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. All costs of this solicitation will be borne by the Company.

The Board has fixed October 14, 2016 at 5:00 p.m. (WST) as the record date for determining the registered Shareholders entitled to receive the Notice of Meeting. However, any Shareholder who acquires Shares after the record date may obtain a copy of the Notice and Explanatory Memorandum and a Proxy Form by contacting the Company. The Board has fixed November 16, 2016 at 3:30pm (WST) as the record date for determining the Shareholders of the Company entitled to vote at the Meeting

### APPOINTMENT OF PROXIES BY REGISTERED SHAREHOLDERS

A Proxy Form is attached to the Notice. **A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by following the instructions set out in the Proxy Form.** All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **REVOCATION OF PROXIES**

A proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the Shareholder or by his/her attorney authorized in writing, and delivered to the registered office of the Company at any time up to and including close of business on the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

### **VOTING OF PROXIES**

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy will be voted for each of the matters referred to in the Notice, as described in this Circular, or withheld from voting or voted against if so indicated on the form of proxy. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, or other matters, which may properly come before the Meeting. At the time of printing of the Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as disclosed in the Notice, no person who has been a Director or executive officer of the Company at any time since the beginning of its last completed financial year or any associate or affiliate of any such Director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or appointment of auditors.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

Australian companies do not have authorized share capital. There is generally no limit in the Australian Corporations Act or the constitution of the Company (the Constitution) on the power

of the Board to issue Shares. However, subject to certain exceptions, the ASX Listing Rules prohibit an ASX-listed company from issuing shares or options representing more than 15% of its issued capital in any 12-month period without shareholder approval. The Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price.

As of the date of the Circular, the Company has 130,309,175 Shares issued and outstanding. The Shares are the only securities of the Company entitled to be voted at the Meeting and subject to certain exclusions of votes described in the Notice, each Share is entitled to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the Directors and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10 per cent or more of the voting rights attached to the Shares, other than as set forth in the table below.

Name	Type of Ownership	Number of Shares	Percentage of Class <sup>(1)</sup>
Mr. Nimesh (Neil) Patel	Registered and Beneficial	19,950,000	15.31% <sup>(2)</sup>

Notes:

- (1) Based on 130,309,175 issued and outstanding Shares.  
(2) On a non-diluted basis.

## MATTERS TO BE ACTED UPON AT THE MEETING

A description of the matters to be submitted to the meeting of Shareholders is set out in the Notice.

## Information Regarding Directors

The following table sets out, for each person proposed to be nominated for election as a Director (a “proposed Director”) and each other person whose term of office as a Director will continue after the Meeting, the person’s name, province or state, and country of residence, date of appointment as Director, present principal occupation, and the number of Shares beneficially owned, or controlled or directed, directly or indirectly, by such person.

Name, Current Position, and State/Province and Country of Residence	Position Held Since	Principal Occupation	Number and Percentage of Shares Beneficially Owned or Controlled
<b>Anthony John Whitfield King</b> Director and Chairman of the Board Western Australia <sup>(5)(6)</sup> Australia	May 11, 2012 (WST)	Managing Director of Max Capital Pty Ltd	4,625,040 Shares <sup>(1)</sup> (3.55%) <sup>(2)</sup>
<b>Nimesh (Neil) Patel</b> Managing Director and Chief Executive Officer <sup>(5)(6)</sup> British Columbia, Canada	August 25, 2015 (WST)	Managing Director and Chief Executive Officer of the Company	19,950,000 Shares (15.31%) <sup>(2)</sup>
<b>Nathaniel Woolfe Sellyn</b>	August 25, 2015 (WST)	Partner and Founder at Assembly Stakeholder Relations	866,666 Shares <sup>(1)(3)</sup> (0.67%) <sup>(2)</sup>



<b>Name, Current Position, and State/Province and Country of Residence</b>	<b>Position Held Since</b>	<b>Principal Occupation</b>	<b>Number and Percentage of Shares Beneficially Owned or Controlled</b>
Director <sup>(4)(5)(6)</sup> British Columbia, Canada			
<b>Nikolas Ajagu</b> Director <sup>(4)(5)(6)</sup> New York, United States	August 25, 2015 (WST)	Global Head of Partnerships, Facebook Advertising Technology	333,333 Shares (0.26% <sup>(2)</sup> )
<b>Colm O'Brien</b> Director <sup>(4)(5)(6)</sup> Western Australia, Australia	July 18, 2016 (WST)	Director of Carrington Partners	Nil.
<b>Ajai Sehgal</b> Director <sup>(4)(5)(6)</sup> Washington, United States	August 1, 2016 (WST)	Chief Technology Officer of Hootsuite Media Inc.	Nil.

Notes:

- (1) These Shares are held in the name of Seventy Three Pty Ltd. Mr. King is a director of Seventy Three Pty Ltd, but is not a direct beneficiary of these Shares.
- (2) Based on 130,309,175 issued and outstanding Shares.
- (3) Mr. Sellyn is the beneficial and registered holder of 333,333 Shares. Assembly Stakeholders Relations Corp (an entity controlled by Mr. Sellyn) is the beneficial and registered holder of 533,333 Shares.
- (4) Audit Committee member.
- (5) Nomination Committee member.
- (6) Remuneration Committee member.

The following describes the respective principal occupations of each of the above-named Directors for the five preceding years.

- (a) Mr. King has been the Managing Director of Max Capital Pty Ltd., a securities firm specializing in capital raisings and corporate finance transactions based in Perth, Western Australia, since July 2011.
- (b) Mr. Patel joined Kabuni as Chief Executive Officer in July 2015, in connection with the Acquisition. Mr. Patel founded Kabuni Technologies (then PDT Technologies Inc.) in 2013 and has served as its Chief Executive Officer since 2013. Prior to joining Kabuni Technologies, he was the founder and Chief Executive Officer for 5730962 Manitoba Ltd (o/a Webidiotz), an online video-creation and marketing company, from September 2008 until December 2012.
- (c) Mr. Sellyn has been a partner at Assembly Stakeholder Relations, a boutique investor relations firm that he cofounded, since 2011.
- (d) Mr. Ajagu has held the position of Global Head of Partnerships, Facebook Advertising Technology at Facebook Inc. since 2014. Prior to then, Mr. Ajagu led various operations and monetization teams in the areas of advertising and marketing at Facebook. Mr. Ajagu has worked for Facebook Inc. since 2007.
- (e) Mr. O'Brien has been Director of Carrington Partners, a firm that provides strategic advice and executive support to businesses, since September 2015. Prior to then, Mr. O'Brien was Group Chief Executive Officer for Aspermont Limited, a media group listed on the Australian Stock Exchange, from 2005 to 2015.

- (f) Mr. Sehgal has been the Chief Technology Officer of Hootsuite Media Inc., a SaaS cloud-based social relationship platform, since April, 2014. Prior to then, from September 2012 to April 2014, Mr. Sehgal was Vice President Product and Technology - Global Travel, for global e-commerce marketplace, Groupon. From March 2010 to August 2012, Mr. Sehgal was Vice President of Technology for on-line travel company, Expedia.

### **Cease Trade Orders and Bankruptcies**

To the Company's knowledge and other than as disclosed herein, no proposed Director nor any other person whose term of office as a Director will continue after the Meeting is, as at the date of this Circular, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any person or company, including the Company, that:

- (a) was subject to (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "order") that was issued while the director or executive officer or promoter was acting in the capacity of a director, the chief executive officer or the chief financial officer thereof; or
- (b) was subject to an order that was issued after the director or executive officer or promoter ceased to be a director, the chief executive officer or the chief financial officer thereof and which resulted from an event that occurred while that person was acting in such capacity.

To the Company's knowledge and other than as disclosed herein, no proposed Director nor any other person whose term of office as a Director will continue after the Meeting:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date hereof, a director or executive officer of any person or company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### **Penalties or Sanctions**

To the Company's knowledge and other than as disclosed herein, no Proposed director nor any other person whose term of office as a Director will continue after the Meeting, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would

likely be considered important to a reasonable investor in making an investment decision.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The following discussion describes the significant elements of the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer and Chief Financial Officer and each of the three most highly compensated executive officers or the three most highly compensated individuals acting in a similar capacity during the financial year ended June 30, 2016, whose total annual compensation (individually) exceeds C\$150,000 (collectively, the **"Named Executive Officers"** or **"NEOs"**). The NEOs are:

- (a) Nimesh (Neil) Patel, Managing Director and Chief Executive Officer
- (b) Timothy Cyril Fernback, Interim Chief Financial Officer\*
- (c) Marc-Alexandre Poirier, Chief Legal Officer
- (d) Linda Lee, former Chief Financial Officer (from October 2015 to March, 2016).

\* Please note that, effective September 6, 2016, Ms. Lisa Dea replaced Mr. Fernback as Chief Financial Officer of the Company.

### Overview

The Board has adopted a written remuneration policy to determine the compensation for the Directors and executive officers. Given that the Company remains at an early stage of development, the Board's overall approach to compensation remains subject to change and will continue to evolve as the Company grows and develops its business. Accordingly, the discussion contained in this Circular reflects the current practice with respect to compensation.

Further, to fulfil its corporate governance responsibilities with respect to remuneration, the Board has established a Remuneration Committee. Currently, the full Board performs the function of the Remuneration Committee. For further information regarding the powers and responsibilities of Remuneration Committee, see *"Audit Committee and Corporate Governance – Compensation"*, below.

The Board, acting in its capacity as Remuneration Committee, makes decisions regarding salaries, annual bonuses and equity incentive compensation for the executive officers and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, the Chief Financial Officer and the other executive officers. The Board further administers the incentive compensation and benefit plans, discharging any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans.

### Compensation Objectives

Pursuant to the remuneration policy, the Company's compensation policies and practices are designed to:

- (a) align executive remuneration with shareholder interests;
- (b) retain, motivate and reward appropriately qualified executive talent for the benefit of

- the Company;
- (c) to achieve a level of remuneration that reflects the competitive market in which the Company operates;
- (d) to ensure that individual remuneration is linked to performance criteria if appropriate; and
- (e) to ensure that executives are rewarded for both financial and non-financial performance.

The Board aims to satisfy these objectives through the adoption of a compensation program for executive officers that combines base remuneration, which is market related, with performance-based remuneration which is determined on an annual basis. Given the early stage of development, the Board has not yet established a comparator group for the purposes of benchmarking. All market comparisons reflect an informal assessment and are based on the Board's knowledge and experience in executive compensation matters. No formal benchmarking has been undertaken.

Overall remuneration decisions are subject to the discretion of the Board and can be changed to reflect competitive and business conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to the performance and relevant comparative information.

### **Compensation Components**

In accordance with the remuneration policy, compensation currently consists primarily of three elements: base salary, cash bonus and long-term equity incentives. Each element of compensation is described in more detail below.

#### ***Base Salary***

A primary element of the Company's compensation program is base salary. The Company's view is that a competitive base salary is a necessary element for attracting and retaining qualified executive officers. The amount payable to an executive officer is determined based on the scope of his or her responsibilities and prior experience, while taking into account and informal evaluation of competitive market compensation for similar positions and overall market demand for such executives at the time of hire.

Base salaries are reviewed annually and increased for merit reasons, based on the executive officer's success in meeting or exceeding Company and individual objectives. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of the executive officer's role or responsibilities, as well as for market competitiveness.

#### ***Cash Bonus Plan***

As at the date hereof, the Board has not approved any formal cash bonus plan. The Board may consider implementing such a plan in the future. *Ad hoc* cash bonuses may be paid from time to time if deemed appropriate by the Board, based on the attainment of particular objectives.

### ***Long-Term Equity Incentives***

Equity-based awards are a variable element of compensation that allow executive officers to be rewarded for their sustained contributions to the Company. Equity awards reward continued employment by an executive officer, with an associated benefit to Kabuni of attraction of employees, continuity and retention. Executives may participate in Share, performance rights and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the Board considers it appropriate to retain flexibility to issue Shares, performance rights and options to executives outside of approved schemes in exceptional circumstances.

The Company has adopted an Option Plan, pursuant to which the Company may issue Employee Options to employees, consultants and officers of the Company to purchase Shares (see “*Securities Authorized for Issuance Under Equity Compensation Plans – Employee Options*”, below). The Board believes that Employee Options will provide management with a strong link to long-term corporate performance and the creation of shareholder value. The Board does not award Employee Options according to a prescribed formula or target but instead takes into account the individual’s position, current base salary, informal assessment at comparable market salaries, ability to affect profits and the individual’s historic and recent performance and the value of the awards in relation to other elements of the executive’s total compensation. The Board takes previous grants of Employee Options into consideration when considering new grants of Employee Options.

### ***Risks Associated with Company’s Compensation Policies and Practices***

Given that the Company remains at an early stage of development and the fact that the Board’s overall approach to compensation remains under development, the Board has not formally assessed the risks associated with the Company’s compensation policies and practices. However, given the limited elements of compensation paid to date, the Board does not believe there are currently any risks arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the company.

### ***Policy on Purchase of Financial Instruments***

Given that the Company remains at an early stage of development, the Board has not currently adopted a policy regarding the purchase by NEOs or Directors of financial instruments for hedging purposes in connection with equity securities granted as compensation or held, directly or indirectly, by the NEO or Director.

## Summary Compensation Table

The following table sets forth information regarding compensation paid to the Named Executive Officers for the financial year ended June 30, 2016. As the Company was not a reporting issuer in previous financial years, summary compensation information is not included for those years.

Name and principal position	Year	Salary (A\$) <sup>(1)</sup>	Share-based awards (A\$)	Option-based awards (A\$)	Non-equity incentive plan compensation		All other compensation (A\$)	Total compensation (A\$)
					Annual incentive plans (A\$)	Long-term incentive plans (A\$)		
<b>Nimesh (Neil) Patel</b> Managing Director and Chief Executive Officer	Ended June 30, 2016	191,313	Nil <sup>(3)</sup>	Nil	Nil	Nil	Nil.	191,313
<b>Timothy Cyril Fernback</b> Interim Chief Financial Officer <sup>(2)</sup>	Ended June 30, 2016	47,570	Nil	Nil	Nil	Nil	Nil.	47,570
<b>Marc-Alexandre Poirier</b> Chief Legal Officer	Ended June 30, 2016	165,460	Nil <sup>(3)</sup>	31,006	Nil	Nil	2,585 <sup>(4)</sup>	199,051
<b>Linda Lee</b> Former Chief Financial Officer <sup>(5)</sup>	Ended June 30, 2016	107,173	Nil	Nil	Nil	Nil	45,502	152,675

Notes:

- (1) All amounts in this table have been converted from Canadian dollars to Australian dollars based on the Bank of Canada daily noon exchange rate quoted by the Bank of Canada on June 30, 2016: C\$1.00 = A\$1.0341.
- (2) Effective September 6, 2016, Ms. Lisa Dea replaced Mr. Fernback as Chief Financial Officer of the Company.
- (3) In connection with the completion of the acquisition by the Company of Kabuni Technologies Inc. (previously, PDT Technologies Inc.) ("Kabuni Technologies") (the "Acquisition"), on August 25, 2015 (WST), certain employees of Kabuni were granted Performance Shares. Among others, Mr. Patel received 24,605,000 Performance Shares (comprising 6,151,250 Class A, B, C and D Performance Shares), and Mr. Poirier received 434,964 Performance Shares (comprising 108,741 Class A, B, C and D Performance Shares). The Performance Shares will convert into Shares if certain performance milestones are achieved. For further details regarding the terms and conditions of the Performance Shares, see the Company's Annual Information Form for the most recently completed financial year. Kabuni Technologies has ascribed a nominal amount to the fair value of the Performance Share awards on the grant date, for purposes of determining the value of the employment benefit received by employees. The nominal fair value was determined based on the following factors: (a) the Performance Shares are subject to significant restrictions, including that they are non-voting, non-participating and carry no right to proceeds on liquidation, and (b) the Performance Shares are subject to forfeiture if the milestones are not achieved, and there is a real possibility that the Performance Share milestones will never be achieved, considering the lack of proven historical results of the Kabuni Business. The fair value for compensation purposes is different than the accounting fair value of the Performance Shares, determined in accordance with IFRS 2 *Share-based Payments*. As set out in the Company's financial statements for the financial year ended June 30, 2016, the Company has attributed A\$0.20 (the issue price in connection with the Public Offer) to the Class A Performance Shares and the Class B Performance Shares and a *nil* value to the Class C Performance Shares and Class D Performance Shares. Using this methodology, the fair value of the award of Performance Shares is: A\$2,460,500 in the case of Mr. Patel and A\$43,496 in the case of Mr. Poirier.
- (4) A one-time cash bonus of A\$2,600 was paid to Mr. Poirier in September, 2015, following completion of the

Acquisition.

- (5) Ms. Lee acted as Chief Financial Officer of Kabuni from October, 2015 to March, 2016, pursuant to an executive employment agreement with Kabuni Technologies. The amount in this table includes all amounts payable to Ms. Lee in connection with the termination of her employment with Kabuni Technologies.

## Incentive Plan Awards

The following table sets forth information regarding awards granted to the Named Executive Officers and outstanding as at the end of the financial year ending June 30, 2016.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)	Market or payout value of vested share-based awards not paid out or distributed (A\$)
<b>Nimesh (Neil) Patel</b> Managing Director and Chief Executive Officer	Nil	N/A	N/A	N/A	24,605,000 Performance Shares <sup>(1)</sup>	2,460,500 <sup>(2)</sup>	Nil
<b>Timothy Cyril Fernback</b> <sup>(3)</sup> Interim Chief Financial Officer	Nil	N/A	N/A	N/A	Nil	N/A	N/A
<b>Marc-Alexandre Poirier</b> Chief Legal Officer	1,000,000	0.18	March 31, 2019 (WST)	Nil	434,964 Performance Shares <sup>(1)</sup>	43,496 <sup>(2)</sup>	Nil
<b>Linda Lee</b> Former Chief Financial Officer	Nil	N/A	N/A	N/A	Nil	N/A	N/A

Notes:

- (1) In connection with the completion of the Acquisition, a number of employees of Kabuni Technologies were granted Performance Shares. More specifically, Mr. Patel received 24,605,000 Performance Shares (comprising 6,151,250 Class A, B, C and D Performance Shares), and Mr. Poirier received 434,964 Performance Shares (comprising 108,741 Class A, B, C and D Performance Shares). The Performance Shares will convert into Shares if certain performance milestones are achieved. For further details regarding the terms and conditions of the Performance Shares, see the Company's Annual Information Form for the most recently completed financial year.
- (2) This assumes that all Performance Shares are converted into Shares and is calculated based on a Share price of A\$0.10, being the volume-weighted average price of the Shares on the ASX for the 10-day period prior to and including June 30, 2016.
- (3) Effective September 6, 2016, Ms. Lisa Dea replaced Mr. Fernback as Chief Financial Officer of the Company.

## Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

## Termination and Change of Control Benefits

Other than as set out below, there are no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in responsibilities of the Named Executive Officer following a change in control of the Company.

**Nimesh (Neil) Patel** – Under the employment agreement between Kabuni Technologies and Neil Patel, Kabuni Technologies may not terminate the employment, except for cause, for an initial term of three years, commencing on July 31, 2015 and ending on July 31, 2018. Thereafter, Kabuni Technologies may terminate Mr. Patel's employment at any time by making a lump sum payment equal to (a) six months of base salary (currently, C\$185,000 per annum), plus (b) a sum equal to 10% of this amount. If there is a "Change of Control", Mr. Patel may terminate his employment at his option and receive a lump sum payment equal to (a) 12 months of base salary (currently, C\$185,000 per annum), plus (b) a sum equal to 15% of this amount. "Change of Control" includes (i) the acquisition by another person of 40% or more of the Company's outstanding voting securities, (ii) a sale of all or substantially all of the assets of the Company, (iii) the merger of the Company with other entity, or (iv) the liquidation, dissolution or winding-up of the Company. The receipt of the aforesaid payments is conditional upon the prior execution of a release and indemnity by Mr. Patel in favour of Kabuni Technologies.

**Linda Lee** - Ms. Lee provided her services through an employment contract which the parties mutually agreed to terminate in March 2016, with termination to be effective after a certain transition period. All amounts payable to Ms. Lee in connection with the termination of her employment with Kabuni Technologies are included in the "*Summary Compensation Table*", above.

**Marc-Alexandre Poirier** - Under the employment agreement between Kabuni Technologies and Marc-Alexandre Poirier, Kabuni Technologies may not terminate the employment, except for cause, for an initial term of 12 months, commencing on June 14, 2015 and ending on June 15, 2016. Thereafter, Kabuni Technologies may terminate Mr. Poirier's employment at any time by giving three months' notice.



### ***Estimated Incremental Payments on Change of Control and Termination Without Cause***

The following table provides details regarding the estimated incremental payments from the Company to the Named Executive Officers on termination without cause, assuming that termination took place on June 30, 2016.

	<b>Nimesh (Neil) Patel (A\$)<sup>(1)</sup></b>	<b>Linda Lee<sup>(4)</sup> (A\$)</b>	<b>Marc- Alexandre Poirier (A\$)</b>	<b>Timothy Cyril Fernback</b>
Amounts due for early termination prior to end of fixed term	398,569 <sup>(2)</sup>	-	-	-
Severance Payment	105,222 <sup>(3)</sup>	-	41,365 <sup>(5)</sup>	-
<b>TOTALS</b>	<b>503,791</b>	<b>-</b>	<b>41,365</b>	<b>-</b>

Notes:

- (1) All amounts in this table have been converted from Canadian dollars to Australian dollars based on the Bank of Canada daily noon exchange rate on June 30, 2016: C\$1.00 = A\$1.0331.
- (2) This represents a payment of 25 months' of base salary, from July 1, 2016 to July 31, 2018, the end of the initial term under Mr. Patel's fixed term employment agreement.
- (3) This represents a severance payment of (a) six months of base salary (currently, C\$185,000 per annum), plus (b) a sum equal to 10% of this amount.
- (4) Ms. Lee acted as Chief Financial Officer of Kabuni from October, 2015 to March, 2016, pursuant to an executive employment agreement with Kabuni Technologies. All amounts payable to Ms. Lee in connection with the termination of her employment with Kabuni Technologies are included in the "Summary Compensation Table", above.
- (5) This represents a severance payment of three months of base salary (currently, C\$160,000 per annum.)

The following table sets forth details regarding the estimated incremental payments from the Company to the Named Executive Officers on change of control if the executives elected to terminate their employment, assuming a triggering event occurred on June 30, 2016.

	<b>Neil Patel (A\$)<sup>(1)</sup></b>	<b>Linda Lee (A\$)</b>	<b>Marc- Alexandre Poirier (A\$)</b>	<b>Timothy Cyril Fernback (A\$)</b>
Amounts due	220,010 <sup>(1)</sup>	-	-	-

Notes:

- (1) All amounts in this table have been converted from Canadian dollars to Australian dollars based on the Bank of Canada daily noon exchange rate on June 30, 2016: C\$1.00 = A\$1.0341
- (2) This represents a severance payment of (a) 12 months of base salary (currently, C\$185,000 per annum), plus (b) a sum equal to 15% of this amount.

### **DIRECTOR COMPENSATION**

The Directors' compensation program is designed to attract and retain qualified individuals to serve on the Board.

The Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting of shareholders. The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

Fees and payments to the non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. Non-executive Directors do not receive performance-based pay.

All non-executive Directors are currently paid an annual stipend of A\$15,000 to A\$50,000. There are currently no separate attendance fees or fees payable for chairing any committee. The fees are subject to annual review by the Board. The maximum aggregate amount which has been approved to be paid to non-executive Directors is currently set at A\$150,000 per annum.

All Directors are entitled to be paid their traveling and other out-of-pocket expenses reasonably incurred by them in connection with the affairs of the Company.

Executive Directors are not entitled to receive any additional compensation, including Employee Options, in their capacity as Directors.

### Director Compensation Table

The following table sets forth information regarding all amounts of compensation provided to the Directors for the financial year ended June 30, 2016. As the Company was not a reporting issuer in previous financial years, compensation information is not included for those years.

Name <sup>(1)</sup>	Fees Earned (A\$)	Share-based awards (A\$)	Option based awards (A\$)	Non-equity incentive plan compensation (A\$)	Pension value (A\$)	All other compensation (A\$)	Total (A\$)
<b>Anthony John Whitfield King</b> Director and Chairman of the Board	68,750 <sup>(2)</sup>	-	-	-	-	-	68,750
<b>Nathaniel Woolfe Sellyn</b> Non-Executive Director	12,742 <sup>(3)</sup>	66,667 <sup>(4)</sup>	-	-	-	-	79,409
<b>Matthew Hehman</b> Non-Executive Director <sup>(5)</sup>	11,849 <sup>(3)</sup>	66,667 <sup>(4)</sup>	-	-	-	-	78,516
<b>Nikolas Ajagu</b> Non-Executive Director	12,500 <sup>(3)</sup>	66,667 <sup>(4)</sup>	-	-	-	-	79,167
<b>Cameron Pearce</b> Director (until September 16, 2015)	2,500	-	-	-	-	-	2,500

Notes:

- (1) Nimesh (Neil) Patel is also a Director, but does not receive any additional compensation for his or her services as a Director. Relevant disclosure regarding compensation is fully reflected in the Summary Compensation Table (see above, under "Executive Compensation").
- (2) Under the agreement between Mr. King and the Company regarding his appointment to the Board, Mr. King is entitled to receive a fee A\$75,000 per annum for his services as Chairman and Director.
- (3) Each of these Directors is entitled to a fee of A\$15,000 per annum for his services as Director.
- (4) This represents the award to each of these Directors of (a) 333,333 Shares, (b) 333,333 Class A Performance Shares, and (c) 333,334 Class B Performance Shares. The fair value of the 333,333 Shares has been calculated based on the Public Offer price of A\$0.20 per Share, for a total of A\$66,667. A *nil* fair value has been ascribed to the Class A and Class B Performance Shares for purposes of completing this table, for the same reasons as those set out in Note (1) to the Summary Compensation Table (see above, under "Executive Compensation").
- (5) Mr. Hehman resigned from the Board on July 13, 2016.

## Incentive Plan Awards

The following table sets forth information regarding awards granted to the Directors and outstanding as at the end of the financial year ending June 30, 2016. As the Company was not a reporting issuer in previous financial years, award information is not included for those years.

Name <sup>(1)</sup>	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)	Market or payout value of vested share-based awards not paid out or distributed (A\$)
<b>Anthony John Whitfield King</b> Director and Chairman of the Board	-	-	-	-	-	-	-
<b>Nathaniel Woolfe Sellyn</b> Non-Executive Director	-	-	-	-	666,667 Performance Shares <sup>(2)</sup>	66,667 <sup>(3)</sup>	0
<b>Matthew Hehman</b> <sup>(4)</sup> Non-Executive Director	-	-	-	-	666,667 Performance Shares <sup>(2)</sup>	66,667 <sup>(3)</sup>	0
<b>Nikolas Ajagu</b> Non-Executive Director	-	-	-	-	666,667 Performance Shares <sup>(2)</sup>	66,667 <sup>(3)</sup>	0

Notes:

- (1) Information regarding incentive plan awards to Nimesh (Neil) Patel, Managing Director and Chief Executive Officer, are set out in the Incentive Plan Awards table under “*Executive Compensation*”, above.
- (2) Each of these Directors have received, in connection with their appointment to the Board, 666,667 Performance Shares (comprising 333,333 Class A Performance Shares, and 333,334 Class B Performance Shares). The Performance Shares will convert into Shares if certain performance milestones are achieved. For further details regarding the terms and conditions of the Performance Shares, see the Company’s Annual Information Form for the most recently completed financial year.
- (3) This assumes that all Performance Shares are converted into Shares and is calculated based on a Share price of A\$0.10, being the volume-weighted average price of the Shares on the ASX for the 10-day period prior to and including June 30, 2016.
- (4) Mr. Hehman resigned from the Board on July 13, 2016.

## STATEMENT OF CORPORATE GOVERNANCE

### Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company.

The following sets forth the Company’s disclosure of its corporate governance practices in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) as they relate to the corporate governance guidelines set forth in National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”).

The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### ***Board of Directors***

NI 58-101 provides that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from holding shares or securities in the company. In addition, where a company has a significant shareholder, NI 58-101 provides that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors should exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

As at the date of this Circular, the Board is comprised of six Directors, namely Anthony John Whitfield King, Nimesh (Neil) Patel, Nathaniel Woolfe Sellyn, Nikolas Ajagu, Colm O’Brien and Ajai Sehgal, of which each of Nathaniel Woolfe Sellyn, Nikolas Ajagu, Colm O’Brien and Ajai Sehgal, being a majority of the Board, is considered independent for the purposes of NI 58-101. Anthony John Whitfield King is the Chair of the Board and is not considered to be an independent Director and Nimesh (Neil) Patel is not considered to be an independent Director as he is the Chief Executive Officer. The Company holds regularly scheduled Board meetings at least four times per year. The Board may meet independently of management as needed.

The following table sets for the attendance of the Directors at eleven Board meetings held during the most recently completed financial year.

<b>Name of Director</b>	<b>Number of Meetings in Attendance</b>	<b>Number of Meetings eligible to Attend</b>
Anthony John Whitfield King	11	11
Nimesh (Neil) Patel	10	10
Nathaniel Woolfe Sellyn	9	10
Nikolas Ajagu	8	10
Colm O’Brien	-	-
Ajai Sehgal	-	-
Cameron Pearce	2	2
Travis Schwertferger	1	1

### ***Directorships***

Except as set out below, none of the Directors are currently directors of other reporting issuers (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction.

Mr. Colm O'Brien is currently a non-executive director of Pacific Star Network Limited and Aspermont Limited, both ASX-listed companies.

Article 18.2 of the Constitution requires that one-third of the Directors must retire at each annual general meeting, and any other Director not in such one-third who has held office for three years or more must retire from office. A retiring Director is eligible for re-election. The Company does not impose term limits on its Directors as it takes the view that term limits are an arbitrary mechanism for removing Directors which can result in valuable, experienced Directors being forced to leave the Board solely because of length of service. Instead, the Company believes that Directors should be assessed based on their ability to continue to make a meaningful contribution. The Company's annual performance review of Directors assesses the strengths and weaknesses of Directors and, in its view, is a more meaningful way to evaluate the performance of Directors and to make determinations about whether a Director should be removed due to under-performance.

### ***Board Mandate***

The Board is responsible for the general supervision of the management of the Kabuni Business as well as for the oversight and review of the strategic planning process of the Company. The Board will discharge its responsibilities directly and through its committees, which consist of the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board meets regularly to review the business operations, corporate governance and financial results of the Company. The Board has adopted the mandate attached hereto as Attachment 1.

### ***Position Descriptions***

The Company does not currently have written position descriptions for the Chief Executive Officer, the Chairman of the Board, or for the Chair of each of the committees. The Board intends to develop a written position description for the Chief Executive Officer, which will set out the Chief Executive Officer's key responsibilities, including duties relating to strategic planning, operational direction, interaction with the Board and communication with shareholders. The Board intends to adopt a written position description for the Chairman of the Board which will set out the Chairman's key responsibilities, including duties related to Board meetings, shareholders' meetings, director development and communication with shareholders and regulators. The Board also intends to adopt a written position description for each committee chairman which will set out each committee chairman's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee. These descriptions will be reviewed annually by the Board.

### ***Orientation and Continuing Education***

The Company intends to develop an orientation program for the Directors to assist new directors with understanding the role of the Board and its committees, the contribution that directors are expected to make to the Board and the nature and operation of the Kabuni Business. The Company also intends to develop a continuing education program for all Directors to enable Directors to maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Kabuni Business remains current. The Nomination Committee has responsibility for overseeing the design and implementation of any such programs for Directors.

## ***Ethical Business Conduct***

The Board has adopted a written code of business conduct and ethics (the “**Code**”) for the Directors, executive officers and employees. A copy of the Code is available on the Company’s website at investor.kabuni.com. The Code constitutes written standards that are designed to deter wrongdoing and promote: (i) honest and ethical conduct; (ii) avoidance of conflicts of interest, including disclosure of any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest; (iii) full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, securities regulatory authorities and in other public communications made by the Company; (iv) compliance with applicable governmental laws, rules and regulations; (v) the prompt reporting to the Audit Committee or a supervisor of violations of the Code; and (vi) accountability and responsibility by all Directors, officers and employees for adherence to the Code.

The Audit Committee monitors compliance with the Code and recommend disclosures with respect thereto. Accordingly, the Audit Committee will be responsible for, among other things, reviewing the Code with a view to complying with all applicable rules and regulations, receiving regular reports from management with respect to compliance with the Code, and satisfying itself that management has established a system to disclose the Code (and any amendments thereto) to the extent required.

## ***Nomination of Directors***

The Board has adopted a Nomination Committee to carry out the responsibilities delegated by the Board relating to the Company’s director nominations process and procedures. The Nomination Committee is required to meet at least once per year and is comprised of all Directors, a majority of whom are “independent” within the meaning of applicable Canadian securities laws. Currently, all Directors are the members of the Nomination Committee and Anthony John Whitfield King is the chair. The Board encourages an objective nomination process by soliciting the views of all Directors on the skills and experience required by the Board and by ensuring that all Directors have an equal opportunity to nominate candidates and debate the relative merits of all proposed candidates. Given the majority of the Board is independent, the Board believes that these fulsome discussions and participation ensure an objective nomination process. In addition, any candidate whose appointment could involve a potential conflict of interest is voted on by those directors that are not related to the conflict in question.

The Nomination Committee is responsible for, among other things: ensuring that the Board has the appropriate blend of directors with the necessary skills, expertise, relevant industry experience and diversity. In that regard, the Nomination Committee shall: (a) regularly review the size and composition of the Board and consider any appropriate changes; (b) identify and assess necessary and desirable director skills and competencies and provide advice on the skills and competency levels of Directors with a view to enhancing the Board; (c) make recommendations on the appointment and removal of Directors; (d) regularly review the time required from non-executive Directors and whether non-executive Directors are meeting that requirement; (e) regularly review the Company’s Diversity Policy and make decisions as to any strategies required to address Board diversity; and (f) regularly review and consider and note the relative proportion of women and men at all levels of the economic group controlled by Company.

In making recommendations to the Board regarding individuals qualified to become directors, the Nomination Committee will consider: (i) any selection criteria approved by the Board from time to time, including the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competencies and skills that the Board considers each existing Director to possess; (iii) the competencies and skills each new nominee would bring to the boardroom; and (iv) the diversity of the board composition, including gender considerations.

In carrying out its responsibilities, the Nomination Committee has the authority to retain a firm to assist in identifying director candidates.

### ***Compensation***

The Board has adopted a Remuneration Committee to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation of the Company. The Remuneration Committee is required to meet at least once per year and is comprised of all Directors, a majority of whom are “independent” within the meaning of applicable Canadian securities laws. Currently, all Directors are the members of the Nomination Committee and Anthony John Whitfield King is the chair. To encourage an objective compensation process, the Board promotes open and candid discussion among its independent Directors, and the independent Directors are encouraged to ask questions and to review related matters. Given the majority of the Board is independent, the Board believes that these fulsome discussions and participation ensure an objective compensation process. In addition, any matter which could pose a potential conflict of interest is voted on by those directors that are not affected by the conflict in question.

The Remuneration Committee assists the directors in their oversight of executive and director compensation, including with respect to: (i) reviewing and approving compensation of the senior executives and non-executive Directors; (ii) recommending to the Board long-term incentive-based plans and equity-based plans; (iii) reviewing compensation disclosure in public documents; (iv) reviewing risks related to compensation programs.

With regards to the Chief Executive Officer’s compensation, the Compensation Committee is responsible for: (i) reviewing and approving the corporate goals and objectives relevant to the Chief Executive Officer compensation; (ii) evaluating the Chief Executive Officer’s performance in light of those corporate goals and objectives; and (iii) determining (or making recommendations to the Board with respect to) the Chief Executive Officer’s compensation level based on this evaluation.

### ***Other Board Committees***

Other than as disclosed herein, there are no committees of the Board as of the date of this Circular.

### ***Assessments***

The Nomination Committee will develop a process for assessing, on an annual basis, the performance and effectiveness of the Board, the committees of the Board and the individual contributions of each Director. This process to consider the solicitation and receipt of comments from directors and the competencies and skills each individual director is expected to bring to the Board and whether they have devoted sufficient time in fulfilling their duties as directors.

## ***Diversity***

Kabuni is committed to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of diverse skills and talent from its Directors, executive officers and employees. With this in mind, the Company has adopted a written diversity policy (the Diversity Policy) that is available for viewing on the Company's website at <http://investor.kabuni.com>.

As stated in the Diversity Policy, Kabuni believes that diversity involves recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives, including persons with co-existing domestic responsibilities. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal factors. Kabuni values the differences between its people and the contribution these differences make to the Company.

Pursuant to the Diversity Policy, it is the responsibility of the Board to foster an environment where individual differences are respected; the ability to contribute and access employment opportunities is based on performance, skill and merit; and inappropriate attitudes, behaviours and stereotypes are confronted and eliminated. As such, the Board proactively monitors Kabuni's compliance with the Diversity Policy, which includes conducting an annual review of objectives set under the Diversity Policy and the Company's progress in achieving them.

Kabuni currently has no women on the Board. However, the Company realizes the potential benefits from new perspectives that could be gained through increasing diversity within the Board's ranks. In keeping with the Diversity Policy, Kabuni hopes to foster greater diversity in the composition of its Board going forward, and ensure that the Company maintains an appropriate mix of skills and talents to achieve its business goals. The Company is committed to providing equal opportunities with respect to employment and employment conditions, including hiring, training and career advancement. In seeking candidates for appointment to the Board, the Company considers individuals' age, gender, ethnicity, cultural background, and other personal factors, as well as their integrity and character, insight into and knowledge of the Kabuni Business and the online home design industry, and general business acumen.

Kabuni recognizes the value in maintaining a diverse team of executive officers to strengthen leadership and decision-making. In making executive appointments, Kabuni takes a similar approach to appointments to the Board; the Company considers candidates' character, professional qualifications, and overall merit, as well as gender and geographic diversity.

Kabuni does not adhere to any specific targets or quotas in determining the representation of women in Board membership. The Board does not believe that targets or quotas set forth in a formal policy necessarily result in the identification or selection of the best candidates. Kabuni is currently in an early stage of its development and, given that the Company currently has few employees, the application of measurable objectives in relation to gender diversity at various levels of the Kabuni Business is not considered to be appropriate or practical. The Board will review this position on an annual basis and will implement measurable objectives for increasing diversity as and when the Directors find them to be in the Company's best interests.

Women hold zero out of the six positions on the Board (0%) and two of the six positions as executive officers of Kabuni Technologies (33.33%).



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to compensation plans under which equity securities of the Company are authorized for issuance as at June 30, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$A) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	3,630,000 <sup>(1)</sup>	0.18	2,885,458 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	2,500,000 <sup>(3)</sup>	0.20	Nil
Total			

Notes:

- (1) Employee Options issued to employees and consultants of the Company and its subsidiary, Kabuni Technologies, under the Option Plan. See “*Employee Options*”, below.
- (2) As at June 30, 2016, the total number of Shares available for issuance under the Option Plan was 6,515,458, calculated as 5% of 130,309,175 outstanding Shares.
- (3) Unlisted options issued to Foster Stockbroking Pty Ltd. See “*Foster Options*”, below.

### Employee Options

At the Company’s Annual General Meeting held on November 12, 2015 (AET), the shareholders of the Company approved an Employee Option Plan (the “**Option Plan**”), pursuant to which the Company may issue options (“**Employee Options**”) to employees, consultants and officers of the Company (“**Participants**”) and issue Shares to those Participants, if they choose to exercise their Employee Options. In the case of a Director, no Employee Options may be issued to the Director without express shareholder approval of the number and terms of the Employee Options.

The Directors, at their discretion, may issue Employee Options to Participants at any time, having regard to relevant considerations such as the Participant’s past and potential contribution to the Company, and their period of employment with the Company. Participants in the Option Plan are persons who are an ‘eligible participant’ (as that term is defined in Australian Securities and Investments Commission Class Order 14/1000) in relation to the Company or a subsidiary of the Company, and has been determined by the Board to be eligible and participate in the Option Plan from time to time.

Employee Options must be granted for nil consideration. The exercise price of the Employee Options shall be determined by the Board, in its discretion, provided that in no event shall the exercise price be less than 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the date of the grant.

The maximum number of Shares issuable on exercise of outstanding Employee Options must not at any time exceed 5% of the total number of issued Shares, provided that the Board may, in its discretion, increase this percentage, subject to applicable legal and regulatory requirements.

The Board may determine the time periods or performance hurdles after which the Employee Options will vest and the percentage of Employee Options issued which will vest at each particular time. The Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company. An Employee Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Employee Option has vested. The expiry date is determined by the Board but, in any event, will be no later than five years from the date of grant of the Employee Option.

The Board may determine the treatment of Employee Options in the event of cessation of employment. The Board's policy is to provide that if a Participant ceases to be an employee or consultant by reason of retirement, permanent disability, redundancy or death, the Participant is entitled to keep any vested Employee Options. Where a Participant ceases to be an employee or consultant for other reasons, the Participant has three months from that date to exercise any vested Employee Options, and any others will automatically lapse.

Employee Options are non-assignable and non-transferable, except that once vested they may be transferred pursuant to the requirements of the Australian Corporations Act.

The Board may suspend or terminate the Option Plan at any time, in which case the Company shall not make any further grants of Employee Options under the Option Plan during the suspended or terminated period. The Option Plan may be amended at any time by the Board, subject to any requirements of the Listing Rules and the Corporations Act.

### **Foster Options**

On February 19, 2015 (WST), the Company issued 2,500,000 unlisted options to purchase Shares to Foster Stockbroking Pty Ltd. The options were issued for nil consideration, pursuant to a corporate advisory services agreement between the Company and Foster Stockbroking Pty Ltd. The options will expire on June 30, 2017 (WST). The exercise price for each option is A\$0.20. The options will vest when the price of the Shares (based on a 20-day volume weighted average price), as quoted by the ASX, reaches a level of A\$0.225. These options were issued without the approval of the Shareholders using the Company's 15% annual placement capacity.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the Directors, executive officers, employees, former directors, former executive officers or former employees of the Company or any of its subsidiaries, and none of their respective associates, is or has within 30 days before the date of this Circular or at any time since the beginning of the most recently completed financial year been indebted to the Company or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or any of its subsidiaries.

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or any proposed Director of the Company, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of subsidiaries.

## **AUDITORS**

The Company's auditors are Stantons International Audit and Consulting Pty Ltd. (Stantons International), of Level 2, 1 Walker Avenue, West Perth WA 6005. Stantons International were first appointed on November 6, 2013.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

Shareholders may contact the Company Secretary at (08) 9212 0105, in order to request copies of the company's financial statements and MD&A for its most recently completed financial year.

**KABUNI LTD.**  
**Corporate Governance Policies**  
**BOARD CHARTER**

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## 1. Board Charter

### 1.1 Role of the Board

The Board of Directors (the “**Board**”), directly and through its committees, is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company.

The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:

- (a) overseeing the Company, including its control and accountability systems;
- (b) appointment, evaluation, rewarding and if necessary the removal of the Managing Director (or equivalent), the Company Secretary and senior management personnel;
- (c) ratifying the appointment, remuneration, and where appropriate, the removal, of senior executives;
- (d) in conjunction with members of the senior management team, develop corporate objectives, strategies and operations plans and approve and appropriately monitor plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- (e) establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- (f) monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets;
- (g) monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- (h) identifying areas of significant business risk and ensure that the Company is appropriately positioned to manage those risks;
- (i) overseeing the management of safety, occupational health and environmental matters;
- (j) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;

- (k) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- (l) ensuring effective disclosure and communication with shareholders and the general public, and reviewing any policies related to such disclosure;
- (m) ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- (n) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct, including through adopting of a written code of conduct and a whistleblower policy; and
- (o) reporting accurately to shareholders, on a timely basis.

While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may make use of committees. The Board has established the following committees:

- (a) Audit Committee,
- (b) Nomination Committee, and
- (c) Remuneration Committee, and

the Board may form other Committees at its discretion.

Each Director has the right to seek independent professional advice on matters relating to his position as a Director of the Company at the Company's expense, subject to the prior approval of the Chair, which shall not be unreasonably withheld.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

In accordance with the constitution of the Company, directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every 3 years. The constitution does not specify a maximum term for which a Director may hold office.

The Board may not delegate its overall responsibility for the matters listed above. However, the responsibility for the day-to-day operation and administration of the Company may be delegated by the Board to the Managing Director. The Board will ensure that the Managing Director and the management team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and executive Directors.

While there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by

the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- (a) Board approval and monitoring of a strategic plan;
- (b) approval of annual and semi-annual budgets and monitoring actual performance against budget; and
- (c) procedures are in place to incorporate presentations at each Board meeting by financial, operations and marketing management, as appropriate.

## **1.2 Independent Directors**

A majority of the directors on the Board, including any Chair of the Board, must be independent in accordance with applicable law. The Board must establish procedures to ascertain director independence and conflict of interest issues.

## **1.3 Role of the Chair**

The Chair is responsible for the leadership of the Board, for the efficient organisation and conduct of the Board's functioning and for the briefing of all Directors in relation to issues arising at Board meetings. The Chair is also responsible for overall shareholder communication, chairing shareholder meetings, arranging Board performance evaluation, and presides over meetings of the Board. The Chair is responsible for leading and managing the Board in the discharge of its duties.

The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between directors and between the Board and management.

Any other position which the Chair may hold either within, or outside, the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of the Company.

## **1.4 Role of the Managing Director**

The roles of the Chair and Managing Director should not be combined except in particular circumstances, in particular where the size of the company necessitates the combining of the roles and is approved by the Board.

The Managing Directors' duties are to:

- (a) have the overall responsibility for running the affairs of the Company under delegated authority from the Board including undertaking and assessing risk management and internal control effectiveness and to implement the policies and strategies set by the Board. In carrying out his/her responsibilities, the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results;

- (b) devote the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;
- (c) be accountable for planning, coordinating and directing the operations of the company;
- (d) promote the interests of the Company; and
- (e) faithfully and diligently perform the duties and exercise the powers consistent with the position of a Managing Director of the Company and assigned by the Board.

In fulfilling his or her duties, the Managing Director:

- (a) reports directly to the Board;
- (b) provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- (c) complies with reasonable directions given by the Board.

### **1.5 Role of the Company Secretary**

The Company Secretary supports the effectiveness of the Board by monitoring that board policy and procedures are being followed, and by coordinating the timely completion and despatch of board agenda and briefing papers. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

### **1.6 Roles of Directors and Officers**

Individual Directors should devote the necessary time to the tasks entrusted to them. All Directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers should be aware of their legal obligations.

This policy is reviewed annually.

### **1.7 Meetings**

- (a) Meetings of the Board will be called, scheduled, and held pursuant to the Company's constituting documents, including its articles, by-laws and any shareholder agreement, as well as pursuant to applicable law.
- (b) Quorum for a Board meeting will be a majority of the directors. All directors are expected to attend and be prepared to participate, including reviewing all meeting materials before every Board meeting.
- (c) The Board will provide at least 24 hours notice of a meeting, unless all members of the Board consent to another time period or waive notice.



- (d) The Chair of the Board will seek input from the directors and Company's management, when setting each Board meeting's agenda.
- (e) Any written material to be provided to directors for a Board meeting must be distributed in advance of the meeting to give directors time to review and understand the information. All material provided to directors will be relevant and concise.
- (f) Any member of senior management may, if invited by the Chair of the Board, attend, give presentations relating to their responsibilities and otherwise participate at Board meetings.
- (g) The Company Secretary will be the secretary of the meeting.
- (h) The Company Secretary will circulate minutes of all Board meetings to the Board and will ensure that all minutes of meetings, or written resolutions in lieu of a meeting, are filed in the Company's minute book.
- (i) The Board, the committees and each director will perform an annual self-assessment on its, his or her contribution and effectiveness. The Board and any committee will consider its charter, and any director will consider his or her position description, when performing a self-assessment.

**Annexure A**  
**Terms of Options to be issued to Mr Frans Tjallingii**

The Options entitle Mr Tjallingii to subscribe for Shares on the following terms and conditions:

1. Each Option gives the Mr Tjallingii the right to subscribe for one Share.
2. The Options will expire on 7 November 2019 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option (**Exercise Price**) and the date on which they vest (**Vesting Date**) are detailed below;

Number of Options	Exercise Price	Vesting Date
2,500,000	The FMV	7 November 2017
1,500,000	The greater of (a) \$0.06, and (b) the FMV.	7 November 2017
1,500,000	The greater of (a) \$0.09, and (b) the FMV.	7 November 2017

**Note:** *FMV means the fair market value of the Shares on the date when the issue of the Options is approved by Shareholders, provided that, for such purposes, the "fair market value" of the Shares is defined as the average closing sale price of the Shares on the ASX over the 5 trading days immediately preceding the date when Shareholder approval is given.*

4. Mr Tjallingii may exercise an Option by lodging with the Company, after the Vesting Date and on or prior to the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) payment of the Exercise Price for each Option being exercised;

**(Exercise Notice).**
5. Any Exercise Notice received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
6. After an Option is validly exercised, the Company must, as soon as possible following receipt of the Exercise Notice and receipt of cleared funds equal to the sum payable on the exercise of the Option:
  - (i) issue and allot the Share; and
  - (ii) do all such acts matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Share.
7. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.
8. The Options are personal to Mr Tjallingii, and Mr Tjallingii may not sell, transfer or otherwise dispose of, or make a declaration of trust in respect of, the Options:
  - (i) until after the Options have vested; or
  - (ii) otherwise with the prior consent of the board of the Company (**Board**).

Vested Options are transferable provided that the transfer of the Options complies with section 707(3) of the Corporations Act, or any other applicable law.

9. All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.

10. The Company will not apply for quotation of the Options on ASX.

11. Ceasing to be an employee

(i) For the purposes of this item 11:

**"Employee"** means a person who is a full-time or permanent part-time employee or officer or director of the Company or any of its subsidiaries or such other person as the Board determines.

**"Bad Leaver"** means an Employee who ceases to be an Employee in circumstances where the Board has determined that the Employee has acted fraudulently, dishonestly or in material breach of the Employee's obligations to the Company or any of its subsidiaries.

**"Good Leaver"** means an Employee who ceases to be an Employee by any reason other than as a Bad Leaver.

(ii) If at any time prior to the Expiry Date of any Options, Mr Tjallingii ceases to be an Employee as a Good Leaver, Mr Tjallingii will be entitled to keep any Options for which the relevant Vesting Date has passed (**Vested Options**) and the Board, in its absolute discretion, shall determine the amount of any Options for which the relevant Vesting Date has not passed (**Unvested Options**) to vest.

(iii) If at any time prior to the Expiry Date of any Options, the Board determines that Mr Tjallingii has acted fraudulently, dishonestly or in material breach of Mr Tjallingii's obligations to the Company or any of its subsidiaries, then all of Mr Tjallingii's Options (including Vested Options) will automatically expire and lapse on the date that the Board makes that determination.

6. Upon the occurrence of a Change in Control Event (as hereinafter defined) the Board may determine (in its discretion):

(i) that the Options may vest and be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Change in Control Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or

(ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change in Control Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately vest and become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this item 6, **"Change in Control Event"** means:

(i) the occurrence of:

- a. the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
- b. that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or

(ii) the announcement by the Company that:

- a. Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
  - i. cancelled; or
  - ii. transferred to a third party; and

- b. the Court, by order, approves the proposed scheme of arrangement; or
  - (iv) the occurrence of the sale of all or a majority of the Company's main undertaking; or
  - (v) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.
12. Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of Options, if other Shares of the Company are listed at that time. The Company will issue, where required to enable Shares issued on exercise of Options to be freely tradeable on ASX, a cleansing statement under section 708A(5) of the Corporations Act at the time the Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Shares which complies with the requirements of the Corporations Act.
13. If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves (**Bonus Issue**), and Mr Tjallingii holds Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue, he shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue (**Bonus Shares**) to a person registered as holding the same number of Shares as that number of Shares to which Mr Tjallingii may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other Shares issued upon exercise of the Options.
14. If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option
15. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which Mr Tjallingii is entitled or the Exercise Price of his Options or both or any other terms will be reconstructed in a manner determined by the Board, which complies with the provisions of the Listing Rules.
16. There are no participating rights or entitlements inherent in the Options and Mr Tjallingii will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 Business Days after the issue is announced. This will give Mr Tjallingii the opportunity to exercise his Options prior to the date for determining entitlements to participate in any such issue.
17. These Option terms shall in all respects be governed by, and shall be construed in accordance with, the laws of Western Australia.

## **Annexure B**

### **Terms of Director Options to be issued to Messrs Sellyn, O'Brien and Sehgal**

The Director Options entitle the holder (**Optionholder**) to subscribe for Shares on the following terms and conditions:

1. Each Director Option gives the Optionholder the right to subscribe for one Share.
  2. The Director Options will expire at 5.00 pm (WST) on 30 June 2019 (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  3. The amount payable upon exercise of each Director Option will be \$0.06 (**Exercise Price**).
  4. The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  5. An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and:
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;
- (Exercise Notice).**
6. An Exercise Notice is only effective when the Company has received the full amount on the Exercise Price in cleared funds.
  7. Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
  8. The Director Options are freely transferrable.
  9. All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
  10. The Company will not apply for quotation of the Director Options on ASX.
  11. The Company will apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
  12. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
  13. There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
  14. Subject to paragraph (12), a Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.

## Annexure C

### Terms and Conditions of Placement Options

The Placement Options entitle the holder (**Placement Optionholder**) to subscribe for Shares on the following terms and conditions:

1. Each Placement Option gives the Placement Optionholder the right to subscribe for one Share.
  2. The Placement Options will expire at 5.00 pm (WST) on 30 June 2019 (**Expiry Date**). Any Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  3. The amount payable upon exercise of each Placement Option will be \$0.05 (**Exercise Price**).
  4. The Placement Options held by each Placement Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  5. An Placement Optionholder may exercise their Placement Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Placement Options specifying the number of Placement Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Placement Options being exercised;
- (Exercise Notice).**
6. An Exercise Notice is only effective when the Company has received the full amount on the Exercise Price in cleared funds.
  7. Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Placement Options specified in the Exercise Notice.
  8. The Placement Options are freely transferrable.
  9. All Shares allotted upon the exercise of Placement Options will upon allotment rank pari passu in all respects with other Shares.
  10. The Company will apply for official quotation of the Placement Options on ASX.
  11. The Company will apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of Placement Options on ASX within 10 Business Days after the date of allotment of those Shares.
  12. If at any time the issued capital of the Company is reconstructed, all rights of a Placement Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
  13. There are no participating rights or entitlements inherent in the Placement Options and Placement Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced. This will give Placement Optionholders the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.
  14. Subject to paragraph (12), a Placement Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Placement Option can be exercised.

## Annexure D

### Terms and conditions of Listed Options

The Listed Options entitle the holder (**Listed Optionholder**) to subscribe for Shares on the following terms and conditions:

1. Each Listed Option gives the Listed Optionholder the right to subscribe for one Share.
  2. The Listed Options will expire at 5.00 pm (WST) on 30 June 2019 (**Expiry Date**). Any Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  3. The amount payable upon exercise of each Listed Option will be \$0.05 (**Exercise Price**).
  4. The Listed Options held by each Listed Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  5. An Listed Optionholder may exercise their Listed Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Listed Options specifying the number of Listed Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Listed Options being exercised;
- (Exercise Notice).**
6. An Exercise Notice is only effective when the Company has received the full amount on the Exercise Price in cleared funds.
  7. Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Listed Options specified in the Exercise Notice.
  8. The Listed Options are freely transferrable.
  9. All Shares allotted upon the exercise of Listed Options will upon allotment rank pari passu in all respects with other Shares.
  10. The Company will apply for official quotation of the Listed Options on ASX.
  11. The Company will apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of Listed Options on ASX within 10 Business Days after the date of allotment of those Shares.
  12. If at any time the issued capital of the Company is reconstructed, all rights of a Listed Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
  13. There are no participating rights or entitlements inherent in the Listed Options and Listed Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Listed Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced. This will give Listed Optionholders the opportunity to exercise their Listed Options prior to the date for determining entitlements to participate in any such issue.
  14. Subject to paragraph (12), a Listed Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Listed Option can be exercised.