



Kabuni Ltd
ACN 158 307 549

Prospectus

For a partially underwritten non-renounceable pro rata offer of one (1) New Share for every one (1) Share held by Shareholders registered at 5.00pm (WST) on the Record Date 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 approximately \$4.33 million before costs (**Rights Offer**), and for the offer of the shortfall to the Rights Offer (**Shortfall Offer**).

Underwriters

ACNS Capital Markets Pty Ltd (trading as Alto Capital)
CPS Capital Group Pty Ltd

The Rights Offer opens on 25 October 2016 and closes at 5.00pm (Perth time) on 11 November 2016 (unless extended).

This document contains important information about the Offers. You should read the entire document. Please read the instructions in this document and the accompanying Entitlement and Acceptance Form regarding your Entitlement. If you have any questions about the Offers or this Prospectus, you should speak to your professional adviser.

The securities offered by this Prospectus should be considered speculative.

Important information

Prospectus

This Prospectus is dated 17 October 2016 and was lodged with ASIC on that date. Neither ASIC, ASX nor their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Securities will be made to ASX within 7 days after the date of this Prospectus.

Electronic prospectus

This Prospectus may be viewed in electronic form at investor.kabuni.com by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on investor.kabuni.com does not form part of this Prospectus.

Risk factors

Investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors are set out in Section 1.5 of this Prospectus. These risks together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Securities in the future. An investment in the Company should be considered speculative. Investors should consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

Overseas Shareholders

This Prospectus is not, and is not intended to constitute, an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Securities, including by submitting the Entitlement and Acceptance Form or making a payment using BPAY@ you represent and warrant that there has been no breach of such laws.

The distribution of this Prospectus and accompanying Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by laws and persons who come into possession of it should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Company disclaims all liability to such persons.

No action has been taken to register or qualify this Prospectus, the New Securities or the Offers, or otherwise to permit a public offering of the New Securities, in any jurisdiction outside Australia and New Zealand.

Please refer to Sections 2.3 and 2.9 for further details of requirements applicable to certain countries in which Shareholders may reside.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's

website www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Securities of the Company.

No person is authorised to give any information or make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Prospectus.

Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current expectations about future acts, events and circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Accepting the Offers

Applications for New Securities may only be made on an original application form as sent with this Prospectus. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Rights Offer. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. Applications for Securities under the Shortfall Offer must be made on the Entitlement and Acceptance Form if you are an Eligible Shareholder, or on a Shortfall Application Form if you are a new investor in the Company.

By returning an acceptance form or lodging an acceptance form with your stockbroker or otherwise arranging for payment for your New Securities in accordance with the instructions on the form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the Offers detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

Defined terms

Certain capitalised terms and other terms used in this Prospectus are defined in the Glossary of defined terms in Section 10.

Currency

All references in this Prospectus to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

Reference to time

All references in this document to time relate to Western Standard Time in Perth, Western Australia.

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Timetable for the Rights Offer

The indicative Timetable for the Rights Offer is as follows:

Event	Date
Announcement of Offers	Monday, 17 October 2016
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	Monday, 17 October 2016
Notice of Rights Offer sent to Shareholders	Wednesday, 19 October 2016
Ex-date (date from which Shares begin trading without the Right to participate in the Rights Offer)	Friday, 21 October 2016
Record Date (to identify Shareholders entitled to participate in the Rights Offer)	5.00pm (WST) Monday, 24 October 2016
Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Tuesday, 25 October 2016
Rights Offer opens (Opening Date)	Tuesday, 25 October 2016
Last day to extend the Closing Date	Tuesday, 8 November 2016
Rights Offer closes (Closing Date)	Friday, 11 November 2016
New Securities quoted on a deferred settlement basis	Monday, 14 November 2016
Notice to ASX of Shortfall	Wednesday, 16 November 2016
New Securities issued	Friday, 18 November 2016
Quotation of New Securities on ASX commences	Monday, 21 November 2016

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

Corporate Directory

Directors

Mr Tony King
Chairman

Mr Neil Patel
Managing Director and
Chief Executive Officer

Mr Colm O'Brien
Non-Executive Director

Mr Nik Ajagu
Non-Executive Director

Mr Nathan Sellyn
Non-Executive Director

Mr Ajai Sehgal
Non-Executive Director

Company Secretary

Mr Aaron Bertolatti

Registered and Principal Office

Kabuni Ltd
35 Richardson Street
WEST PERTH WA 6005

T: +61 8 9212 0105

Email: ir@kabuni.com

Web: www.investor.kabuni.com

Solicitors to the Offers

Jackson McDonald
Level 17
225 St Georges Terrace
PERTH WA 6000

T: +61 8 9426 6611

F: +61 8 9321 2002

Auditors (for information purposes only)

Stantons International Audit and Consulting
Pty Ltd
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

Underwriters and Joint Lead Managers

ACNS Capital Markets Pty Ltd trading as
Alto Capital
(ACN 088 503 208) (AFSL No. 279099)
Ground Level, 16 Ord Street
West Perth WA 6005
T: +61 (0) 418 944 611

CPS Capital Group Pty Ltd
(ACN 130 948 579) (AFSL 294848)
Level 45, 108 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9223 2252

Share Registry

Security Transfer Australia Pty Ltd trading as
Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153

T: +61 8 9315 2333

F: +61 8 9315 2233

Email: registrar@securitytransfer.com.au

ASX Code: KBU

1. Investment overview

1.1 Introduction

Kabuni Ltd (**Kabuni** or **Company**) is seeking to raise up to approximately \$4.33 million before costs under the Offers described in this Prospectus, in order to fund the ongoing costs of marketing and developing its business for the online home design industry.

The Rights Offer is partially underwritten by the Underwriters for a total commitment of \$2,192,700.

1.2 Capital raisings

On Monday, 17 October 2016, Kabuni announced the following capital raisings:

- (a) *Placement*: a placement to sophisticated and professional investors, of 29,900,000 new Shares at an issue price of \$0.027 each, with one free attaching Option exercisable at \$0.05 each on or before 30 June 2019 for every two new Shares issued, for a total of 14,950,000 Options (**Placement Options**) to raise a total of \$807,300 (before costs) to fund the costs of operations, sales, marketing and the ongoing development of the Kabuni Business, and for general working capital purposes (**Placement**),
- (b) *Listed Options Placement*: a placement to sophisticated and professional investors, of 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 (before costs) (**Listed Options Placement**), and
- (c) *Offers*: a rights issue on the basis of one New Share for every one Share held by Shareholders registered at 5.00pm (WST) on the Record Date at an issue price of \$0.027 per New Share, with one Free Attaching Option exercisable at \$0.05 each on or before 30 June 2019 for every two New Shares issued to raise approximately \$4.33 million before costs (**Rights Offer**), and for the offer of the shortfall to the Rights Offer (**Shortfall Offer**), together referred to as the **Offers**.

Shares to be issued pursuant to the Placement are to be issued on or about 21 October 2016, being prior to the Record Date, using the Company's existing issuing capacity under Listing Rules 7.1 and 7.1A. The Placement Options and the Listed Options are to be issued subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting.

The Rights Offer is partially underwritten by the Underwriters pursuant to the Underwriting Agreement. The Company has appointed the Joint Lead Managers as exclusive joint lead managers for the Offers and the Placement pursuant to the Mandate. For further details regarding the underwriting and management arrangements, see Sections 2.6, 8.3 and 8.4.

1.3 Purpose of the Offers

The purpose of the Offers, together with the Placement and the Listed Options Placement (together referred to as the **Capital Raisings**), is to raise funds to pay for the costs of operations, sales, marketing and the ongoing development of the Kabuni Business, the costs of the Offers and for general working capital purposes. The Capital Raisings will raise funds of up to \$5,147,948, which are planned to be used as follows:

Use of funds	Amount at partial subscription ¹	Amount at full subscription ²
Operations & overhead	\$1,451,409	\$2,295,213
Sales & marketing (net of revenue)	\$360,740	\$378,342
Technology development	\$810,446	\$1,176,031
Costs of the Offers	\$215,250	\$348,176
Working capital ³	\$162,155	\$950,186
Total	\$3,000,000	\$5,147,948

Notes:

1. This column assumes a partial subscription to the extent of the underwriting commitment of \$2,192,700 and completion of the Placement to raise \$807,300.
2. This column assumes a full subscription of \$4,325,648 (based on the number of Shares to be on issue as at the Record Date, which includes the Shares to be issued pursuant to the Placement) and completion of the Placement to raise \$807,300, and of the Listed Options Placement to raise \$15,000.
3. Working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

The information in this table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time.

On completion of the Offers the Board believes the Company will have sufficient funds to achieve these objectives.

1.4 Company's business

Kabuni's business is to operate an internet-based software-as-a-service (**SaaS**) and e-commerce platform (the **Platform**) for the online home design industry (the **Kabuni Business**). The Kabuni Business also includes a physical retail space, the Kabuni House, which is intended to complement the Platform and serve as a meeting space for independent home design professionals (**Designers**) and their clients. The Kabuni Business is carried on primarily through Kabuni's Canadian subsidiary, Kabuni Technologies.

(a) The Platform

Kabuni's Platform serves as a marketplace for connecting consumers with Designers and showcasing home décor, home furnishings and related products (**Home Products**) from makers of home furnishings or artwork (**Makers**) and other Kabuni suppliers. The Platform is made up of Apple iOS and web browser-based applications, which provide the interface for users to interact with a sophisticated database and e-commerce system. The Platform includes a variety of tools to enable communication and collaboration between Designers and consumers, as well as search tools to help users find Home Products or design ideas.

The Platform also provides an e-commerce system allowing consumers to make on-line purchases of products from Kabuni's product catalogue. Kabuni purchases the Home Products from its suppliers at wholesale prices for re-sale. The system provides for the payment to Designers of a pre-determined

share of Kabuni's revenues generated from sales of products promoted by them. Further, Kabuni donates a percentage of its profit generated from sales transactions to charitable organizations dedicated to combating homelessness. The Platform engages consumers in its philanthropic efforts, by displaying to consumers the amounts Kabuni is anticipated to donate as a result of their purchases. Kabuni currently offers shipping of products to Canada and the US only.

Kabuni is at an early stage of operations and has yet to earn material revenue. The Company intends to generate revenue primarily from selling Home Products in the Platform's online marketplace. Kabuni House membership fees may also provide an additional source of revenue (see below).

(b) Kabuni House

In July, 2016, Kabuni launched its first Kabuni House (formerly "Community Design Studio") (the **Kabuni House**) in Vancouver, British Columbia. This 300 square metre space is a hub for the local design community, offering a co-working space for interior designers, makers, architects, realtors, and home stagers to work on projects, meet with clients, and network. The Kabuni House is intended to complement the e-commerce business, driving transactions and increasing brand awareness. The Kabuni House provides members with access to advanced computer technologies and touch screens in order to showcase their design ideas while accessing Kabuni's catalogue of home decor products.

Kabuni has implemented a tiered paid membership model for the Kabuni House, which may provide the opportunity for Kabuni to generate additional revenue from membership fees. As the paying membership model remains in its infancy, Kabuni's strategy in this regard may shift in order to meet business needs.

1.5 Key risks

An investment in the Company has risks that you should consider before making a decision to invest. These risks may adversely affect the Company's financial position, prospects and price of its securities. These risks are described in detail in Section 6, and include the following key risks.

(a) Limited operating and revenue generation history

Kabuni is a start-up company, has a limited operating history and there is no assurance that future operations will result in revenues or profits. The Company has no history of earnings, and there is no assurance that the Kabuni Business will generate earnings, operate profitably or provide a return on investment in the future.

(b) Future capital requirements

As stated in the Independent Auditor's Report to the Company's financial statements for the year ended 30 June 2016, the ability of the Company to continue as a going concern and meet its administration and other commitments is dependent upon the Company raising further working capital or commencing profitable operations. In the event the Company is unable to raise further working capital or commence profitable operations, the Company may not be able to meet its liabilities as they fall due, or realise its assets at their stated values.

In addition, further funding will be required by the Company to support ongoing activities and operations. Accordingly, the Company will need to engage in equity or debt financing to secure additional funds. If the Company is unable to obtain debt or equity to fund expansion, there can be no assurance that the Company will have sufficient capital resources to meet its stated objectives in order to carry on the Kabuni Business, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to the Company's existing shareholders.

(c) Software development and online operations

The Company may experience failures in its operational infrastructure or difficulties with software development that could material adverse effect on the Company's business, results of operations and financial condition. Furthermore, interruptions or delays in service from third-party cloud storage providers for the Platform, or the loss or corruption of cloud-based data, would impair the delivery of the Company's service and harm its business. In addition, the Company employs third-party licensed software for use in or with its services, and the inability to maintain these licenses or errors in the software the Company licenses could result in increased costs, or reduced service levels, which would adversely affect the Company's business. Breaches in security could severely harm the Company's reputation and expose the Company to liability.

(d) Key personnel

The Company's future success will depend upon its continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and user support representatives. The loss of any key member of senior management could have a material adverse effect on the Company's business, results of operations and financial condition.

1.6 The Board

Tony King Chairman

Mr King is a Chartered Accountant with over 15 years' experience in finance, accounting and corporate matters. He has extensive experience in business development and transaction execution. Over a number of years, Mr King has developed key relationships and extensive networks with fund managers, stockbrokers and financial institutions.

Mr King's career has included several years of investment banking and financing experience, including periods based in London and the eastern states of Australia. Mr King is the Managing Director of Max Capital Pty Ltd.

Neil Patel Managing Director and Chief Executive Officer

Mr Patel founded Kabuni Technologies in 2013 and has served as its Chief Executive Officer since 2013. Mr Patel is an experienced entrepreneur with a track record of creating innovative technology solutions for the property sector. 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.

Between November 2005 and July 2008 Mr Patel was Chief Executive Officer of One Move Ltd. in the United Kingdom, an innovative app-based company that partnered with Research in Motion in 2006. Mr Patel also acted as a director of One Move's publicly-traded parent company, OneMove Technologies Inc. (TSX-V: OM), from February 2006 until May 2008.

Colm O'Brien
Non-Executive Director

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.

Nik Ajagu
Non-Executive Director

Mr Ajagu has worked for Facebook Inc. since December 2007, where he holds the position of Global Head of Partnerships, Facebook Advertising Technology. At Facebook, Mr Ajagu spun out and led the company's Media Solutions teams in North and South America, and led various operations and monetisation teams responsible for designing and implementing the systems, tools, products, and processes that grew Facebook Inc. into a multibillion-dollar advertising business.

In January 2014, he co-founded Code & Canvas, a San Francisco-based centre for art and innovation, and in September 2014 co-founded Barrel and Ink, a creative platform for winemakers and graphic artists. Mr Ajagu is an active guest lecturer and his organisational leadership and design models have been highlighted in case studies by academic institutions, including Harvard Business School. Mr Ajagu holds a Bachelor of Arts degree from Princeton University.

Nathan Sellyn
Non-Executive Director

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.

Ajai Sehgal
Non-Executive Director

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.

2. Details of the Rights Offer

2.1 The Rights Offer

The Company is making a partially underwritten pro rata offer of Shares (**New Shares**) to Eligible Shareholders (**Rights Offer**).

Eligible Shareholders will be entitled to apply for one (1) New Share for every one (1) Share held at 5.00pm (WST) on the Record Date, at an issue price of \$0.027 per New Share, with one (1) free attaching Option exercisable at \$0.05 on or before 30 June 2019 for every two (2) New Shares (**Free Attaching Option**). The issue price is payable in full on application.

The Company has 130,309,175 Shares and 12,000,000 Options listed on ASX, 7,236,667 unlisted Options, and 38,130,493 Performance Rights on issue.

Based on the number of Shares expected to be on issue on the Record Date, a total of 160,209,175 New Shares and 80,104,588 Free Attaching Options will be offered under the Rights Offer, raising \$4,325,648 before costs of the Rights Offer.

The purpose of the Offers and the intended use of the funds raised is set out in Section 1.3.

Information about how to accept your Rights and apply for the New Shares is set out in Section 3.

2.2 Non-renounceable Rights Offer

The Rights Offer is non-renounceable. Accordingly, an Eligible Shareholder may not sell or transfer all or part of its Rights under this Offer.

2.3 Entitlement and eligibility to Rights Offer

The Rights Offer is made to Eligible Shareholders only.

All Shareholders with a registered address in Australia or New Zealand and who are registered as the holder of Shares at 5.00pm (WST) on 24 October 2016 (**Record Date**) are Eligible Shareholders. The Rights Offer is not extended to Shareholders who do not meet this criteria.

The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Prospectus.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

To apply for New Shares under the Rights Offer, you must complete your Entitlement and Acceptance Form and lodge it with payment for the New Shares, or make a payment by the BPAY facility, by no later than 5.00pm (WST) on the Closing Date. Please see Section 3 for further information about accepting the Rights Offer.

Your rights to participate in the Rights Offer will lapse if you do not accept your Entitlement by the Closing Date. Any New Shares not applied for will form part of the Shortfall.

The Company reserves the right (in its sole discretion) to:

- (a) reject any application that it believes comes from a person who is not an Eligible Shareholder; and
- (b) reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Rights Offer proves to be false, exaggerated or unsubstantiated.

The Company will not allocate shortfall Shares to the extent that the recipient's voting power would be in breach of the takeover thresholds in the Corporations Act.

The Directors reserve the right not to proceed with the whole or any part of the Rights Offer at any time prior to the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.

2.4 Opening Date and Closing Date of Rights Offer

The Rights Offer will open for receipt of Applications on Tuesday, 25 October 2016 (**Opening Date**) and will close on Friday, 11 November 2016 (**Closing Date**). Subject to compliance with the ASX Listing Rules (as relevant), the Company reserves the right to close the Rights Offer early or to extend the Closing Date.

2.5 No minimum subscription

There is no minimum subscription to the Offers. However the Underwriter has agreed to partially underwrite the Rights Offer as set out in Section 2.6.

2.6 Underwriting and management of the Offers and the Placement

The Rights Offer is partially underwritten by Alto Capital and CPS Capital (**Underwriters**).

The Underwriters have agreed with the Company to partially underwrite the Rights Offer and to subscribe for up to 81,211,112 New Shares and 40,605,556 Free Attaching Options, being a total commitment of \$2,192,700.

The number of Rights taken up under the Offers will go in relief of the obligations of the Underwriters under the Underwriting Agreement and will reduce the number of New Securities acquired by the Underwriters.

The Underwriters have entered into sub-underwriting agreements with a number of independent parties. The Underwriters have indicated that no Underwriter or sub-underwriter will become a substantial holder as a result of complying with their commitments under the sub-underwriting agreement. For further details of the possible effect of the Offers on control of the Company, please refer to Section 4.5.

For further details of the Underwriting Agreement, please refer to Section 8.3.

Pursuant to the Mandate, Alto Capital and CPS Capital (**Joint Lead Managers**) have been engaged to act as joint lead manager to the Capital Raisings on certain terms and conditions. The Joint Lead Managers will use their best endeavours to place any Shortfall not subscribed for under the Rights Offer with investors. For further details of the Mandate, please refer to Section 8.4.

2.7 Rights and liabilities attaching to New Shares and Free Attaching Options

The New Shares issued under this Prospectus and on the exercise of Free Attaching Options will be fully paid and will rank equally in all respects with existing Shares. Each Free Attaching Option will be exercisable at \$0.05 on or before 30 June 2019. A summary of the rights and liabilities attaching to the New Shares and Free Attaching Options is set out in Section 5.

2.8 Shortfall Offer

Any New Shares and Free Attaching Options not subscribed for under the Rights Offer and the Underwriting Agreement will form the Shortfall and will be offered under the Shortfall Offer.

The Shortfall Offer is a separate offer under this Prospectus. The issue price of the New Shares under the Shortfall Offer is \$0.027 (equal to the issue price under the Rights Offer).

An individual, including an Eligible Shareholder, may apply for additional New Shares and Free Attaching Options under the Shortfall Offer provided they are eligible under all applicable securities laws to receive an offer under the Shortfall Offer.

The Shortfall Offer will open on Tuesday, 25 October 2016 and unless extended will close on Friday, 23 December 2016.

The Company reserves the right to close the Shortfall Offer earlier than 23 December 2016.

If after the close of the Rights Offer, any Shortfall has not been subscribed for under the Rights Offer and the Underwriting Agreement, the Directors reserve the right to place some or all of the remaining Shortfall under the Shortfall Offer. The Directors, in consultation with the Joint Lead Managers, will have discretion as to how to allocate such Shortfall.

In the event that applications for Shortfall Securities exceed the total amount of the Shortfall, then applications will be scaled back. Subject to the terms of the Underwriting Agreement, the Directors intend to prioritise Applications for Shortfall Securities that are made by Eligible Shareholders.

The Company cannot guarantee that you will receive the number of Shortfall Securities you apply for. If you do not receive any or all of the Shortfall Securities you applied for, the excess Application Monies will be returned to you without interest.

The Company will not allocate shortfall Shares to the extent that the recipient's voting power would be in breach of the takeover thresholds in the Corporations Act.

2.9 Excluded Shareholders

The Rights Offer is not made to Shareholders who on the Record Date have a registered address outside Australia or New Zealand (**Excluded Shareholders**). Neither the Prospectus nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making the decision to not extend the Rights Offer to Excluded Shareholders the Company has taken into account the small number Shareholders outside Australia and New Zealand, the number and value of New Shares that would be offered to

Shareholders outside Australia and New Zealand and the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Rights Offer made to Eligible Shareholders with an address in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Rights Offer is made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand are responsible for ensuring that any dealing with New Shares issued under the Rights Offer do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Rights or the distribution of this Prospectus or the Entitlement and Acceptance Form.

The distribution of this Prospectus and accompanying application (including electronic copies) outside Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

3. Accepting the Rights Offer

3.1 Action you may take

The number of New Securities to which you are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. If you are an Eligible Shareholder you may:

- (a) accept your Rights in full;
- (b) accept your Rights in full and apply for additional New Securities under the Shortfall;
- (c) accept part of your Rights and allow the balance to lapse; or
- (d) allow all of your Rights to lapse.

3.2 Accepting your Rights in full or in part

If you wish to accept your Rights in full or in part, either:

- (a) complete the Entitlement and Acceptance Form for the number of New Securities you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque for the Application Monies to the Company's Share Registry (see Section 3.5); or
- (b) make a payment through the BPay® facility for the number of New Securities you wish to apply for in accordance with the instructions on the Entitlement and Acceptance Form – see Section 3.6.

Your Entitlement and Acceptance Form or Bpay® payment must be received by no later than 5.00pm (WST) on the Closing Date.

If you do not accept all of your Rights, then the balance of your Rights will lapse and the New Securities that are not subscribed for will form part of the Shortfall.

If you do not take up all of your Rights, then your percentage shareholding in the Company will reduce.

3.3 Accepting your Entitlement in full and applying for additional New Shares under the Shortfall Offer

If you wish to accept your Rights in full and apply for New Securities under the Shortfall Offer either:

- (a) complete the Entitlement and Acceptance Form for all of your Rights and specify the number of additional New Securities you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque for the Application Monies to the Company's Share Registry (see Section 3.5); or
- (b) make a payment through the Bpay® facility for all of your Rights and the number of additional New Securities you wish to apply for in accordance with the instructions on the Entitlement and Acceptance Form.

Your Entitlement and Acceptance Form or Bpay® payment must be received by no later than 5.00pm (WST) on the Closing Date.

The allocation and issue of New Securities under the Shortfall Offer will be determined by the Directors in their discretion. The allocation policy in relation to the Shortfall Offer is set out in Section 2.8.

3.4 Allowing your Rights to lapse

If you do not wish to accept any of your Rights you are not required to take any action. If you do nothing, then your Rights will lapse. The New Securities not subscribed for will form part of the Shortfall.

If you do not take up all of your Rights, then your percentage shareholding in the Company will reduce.

3.5 Lodging your Entitlement and Acceptance Form

Unless you are making payment by Bpay®, completed Entitlement and Acceptance Forms and accompanying cheques for Application Monies must be mailed or delivered to:

By hand delivery:

Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153

By post:

Security Transfer Registrars
PO Box 535
APPLECROSS WA 6953

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Kabuni Ltd**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 5.00pm (WST) on the Closing Date.

The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Securities. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company’s decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3.6 Payment by Bpay®

Payment by Bpay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Bpay® Biller Code and Customer Reference Number shown on the form. You can only make a payment via Bpay® if you are a holder of an account with an Australian financial institution that supports Bpay® transactions.

The reference number shown on each Entitlement and Acceptance Form (**Reference Number**) is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by Bpay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

If you pay by Bpay®:

- (a) you do not need to return the Entitlement and Acceptance Form but are taken to have made the declarations on that form; and

- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Securities which is covered by your Application Monies.

You must ensure that your completed Entitlement and Acceptance Form or payment by Bpay® is received by 5.00pm (WST) on the Closing Date. Your financial institution may implement cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. The Company is not responsible for any postal or delivery delays or delay in the receipt of BPay® payment.

3.7 ASX quotation of New Securities

Securities under the Offers are expected to be issued and holding statements despatched as soon as practicable after the Closing Date, in accordance with the ASX Listing Rules and the timetable set out on page iii. Securities issued under the Shortfall will be issued on a progressive basis. No issue of Securities will be made until ASX grants permission for quotation of the New Shares.

Application for official quotation on ASX of the Securities issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The fact that ASX may agree to grant official quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities. If permission for quotation is not granted by ASX within 3 months after the date of this Prospectus, the Securities will not be allotted and Application Monies will be refunded (without interest) as soon as practicable.

It is your responsibility to determine your holdings before trading in Securities. Any person who sells Securities before receiving confirmation of their holding will do so at their own risk.

The Directors reserve the right not to proceed with the whole or any part of the Offers at any time before the allotment of New Securities. In that event, relevant Application Monies will be refunded without interest.

3.8 No brokerage

No investor will pay brokerage as a subscriber for New Securities under the Offers.

3.9 Holding of Application Monies

Application Monies will be held in a trust account until the New Securities are issued.

The trust account established by the Company for this purpose will be solely used for handling Application Monies.

Any interest earned on Application Monies will be for the benefit of, and will remain the sole property of, the Company, and will be retained by the Company whether or not the allotment and issue of New Securities takes place.

Applications and Application Monies may not be withdrawn once they have been received by the Company.

3.10 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities (**CHESS Statement** or **Holding Statement**).

If you are broker sponsored, ASX Settlement will send you a CHESS Statement.

The CHESS Statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Company's Share Register and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.11 Privacy

If you apply for New Securities you will be providing personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, carry out appropriate administration and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act (as amended), the Corporations Act and certain rules of ASX. If you do not provide the information required on the Entitlement and Acceptance Form or Shortfall Application Form (as applicable), the Company may not be able to accept or process your Application.

Under the Privacy Act, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at:

Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Email: registrar@securitytransfer.com.au

3.12 Taxation implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers do

not accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offers. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

4. Effect of the Offers

4.1 Principal effect of the Offers on the Company

The principal effects of the Offers, assuming the Offers are fully subscribed and completion of the Placement and Listed Options Placement, will be to:

- (a) increase the number of Shares on issue from 160,209,175 Shares as at the Record Date (including 29,900,000 Shares to be issued pursuant to the Placement), to 320,418,350 Shares;
- (b) increase the number of Options on issue from 19,236,667 Options as at the Record Date (the issue of the 14,950,000 Placement Options and the 15,000,000 Listed Options is subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting) to 129,291,255 Options; and
- (c) increase cash reserves by up to approximately \$4,799,772 immediately after completion of the Offers and payment of the estimated expenses of the Offers, assuming the Offers are fully subscribed and completion of the Placement and Listed Options Placement.

4.2 Effect on capital structure

The capital structure of the Company following completion of the Offers is set out below:

Shares	Partial subscription ¹	Full subscription ²
Shares on issue at the date of this Prospectus	130,309,175	130,309,175
Shares to be issued pursuant to the Placement (to be completed prior to Offers)	29,900,000	29,900,000
Shares on issue at Record Date	160,209,175	160,209,175
New Shares issued under the Offers	81,211,111	160,209,175
Options on issue at the date of this Prospectus	19,236,667	19,236,667
Options to be issued pursuant to the Placement ³	14,950,000	14,950,000
Listed Options to be issued pursuant to the Listed Options Placement ⁴	Nil	15,000,000
Options issued under the Offers	40,605,556	80,104,588
Performance Rights on issue at the date of this Prospectus	38,130,493	38,130,493

Performance Rights to be issued pursuant to the Placement	Nil	Nil
Performance Rights issued under the Offers	Nil	Nil
Total Shares on issue at completion of the Offers	241,420,286	320,418,350
Total Options on issue at completion of the Offers^{3,4}	74,792,223	129,291,255
Performance Rights on issue at completion of the Offers	38,130,493	38,130,493

Notes:

1. This column assumes a partial subscription to the extent of the underwriting commitment of \$2,192,700 and completion of the Placement to raise \$807,300.
2. This column assumes a full subscription of \$4,325,648 (based on the number of Shares to be on issue as at the Record Date, which includes the Shares to be issued pursuant to the Placement) and completion of the Placement to raise \$807,300, and of the Listed Options Placement to raise \$15,000.
3. The issue of the Placement Options is subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting.
4. The issue of the Listed Options is subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting.
5. This table assumes that no Options are exercised.

A summary of the terms the Options the Company currently has on issue is as follows:

- (a) 12,000,000 Options listed on ASX exercisable at \$0.30 each; expiring on 25 August 2018.
- (b) 2,500,000 unlisted Options exercisable at \$0.20 each; expiring on 30 June 2017.
- (c) 3,636,667 unlisted Options exercisable at \$0.18 each; expiring on 31 March 2019.
- (d) 100,000 unlisted Options exercisable at \$0.18 each; expiring on 12 May 2019.
- (e) 150,000 unlisted Options exercisable at \$0.13 each; expiring on 6 November 2018.
- (f) 200,000 unlisted Options exercisable at \$0.13 each; expiring on 31 October 2018.
- (g) 650,000 unlisted Options exercisable at \$0.13 each; expiring on 6 September 2018.

14,950,000 Placement Options exercisable at \$0.05 each on or before 30 June 2019 are to be issued pursuant to the Placement, subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting. The Company intends to seek quotation of the Placement Options on ASX.

A further 15,000,000 Listed Options exercisable at \$0.05 each on or before 30 June 2019 at an issue price of \$0.001 each to raise \$15,000 are to be issued pursuant to a private placement, subject to the approval of Shareholders at the Company's

forthcoming Annual General Meeting. The Company intends to seek quotation of the Listed Options on ASX.

4.3 Pro forma statement of financial position

Set out below are:

- (a) the audited consolidated statement of financial position of the Company as at 30 June 2016; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 30 June 2016 incorporating the effect of the Offers at full subscription.

The unaudited pro forma consolidated statement of financial position has been derived from the financial statements of the Company and adjusted to reflect pro forma assets and liabilities of the Company as if completion of the Offers had occurred by 30 June 2016. The historical and pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements

The pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 June 2016 and the completion of the Offers except for:

- at maximum subscription, the issue of 160,209,175 New Shares at \$0.027 each, thereby raising up to \$4,325,648 of capital pursuant to the Prospectus;
- completion of the Placement to raise \$807,300 and of the Listed Options Placement to raise \$15,000; and
- costs of the Offers will be approximately \$348,176.

The unaudited consolidated pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Consolidated Entity between 30 June 2016 and the completion of the Offers except for those noted above.

No allowance has been made for expenditure incurred in the normal course of business from 30 June 2016 to the Closing Date.

Kabuni Ltd.
Unaudited Consolidated Pro Forma Statement of Financial Position
as at 30 June 2016

	Consolidated	Pro Forma	Unaudited Pro Forma Consolidated
	2016	adjustments	2016
	\$	\$	\$
Current assets			
Cash and cash equivalents	1,958,734	4,799,772	6,758,506
Trade and other receivables	147,747	-	147,747
Prepaid expenses and deposits	142,936	-	142,936
Assets held for sale	5,000	-	5,000
	2,254,417	4,799,772	7,054,189
Non-Current Assets			
Property and equipment	809,469	-	809,469
Total Non-Current Assets	809,469	-	809,469
Total Assets	3,063,886	4,799,772	7,863,658
Current liabilities			
Trade and other payables	434,159	-	434,159
Loans payable	84,983	-	84,983
Total Current Liabilities	519,142	-	519,142
Total liabilities	519,142	-	519,142
Net Assets	2,544,744	4,799,772	7,344,516
Equity			
Issued capital	17,338,533	4,784,772	22,123,305
Reserves	4,160,664	15,000	4,175,664
Accumulated losses	(18,954,453)	-	(18,954,453)
Total Equity	2,544,744	4,799,772	7,344,516

Note to the Pro Forma Statement of Financial Position

1. Assumptions:
 - The Offers, Placement and Listed Options are fully subscribed raising \$5,147,948.
 - The costs of the Offers total \$348,176 (being costs at full subscription).
2. The Pro Forma Statement of Financial position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2016 and the completion of the Capital Raisings except for in the normal course of business operations and the Assumptions outlined in Note 1.
3. As the Listed Options are being issued for consideration of \$15,000, the Listed Options Placement will not have a material immediate effect on the Company's financial position. However, for every Listed Option that is exercised prior to the expiry date of the Listed Option, the Company will receive \$0.05 and the issued capital will increase by one Share. If all Listed Options are issued and all of those Listed Options are subsequently exercised, the Company will be paid exercise proceeds of approximately \$750,000 and an additional 15,000,000 Shares will be issued.
4. As the Placement Options and Free Attaching Options are being issues for \$Nil consideration, the issue of the Placement and Free Attaching Options will not have an immediate effect on the Company's financial position. However, for every Placement or Free Attaching Option that is exercised prior to the expiry date of the Placement or Free Attaching Option, the Company will receive \$0.05 and the issued capital will increase by one Share. If all Placement and Free Attaching Options are issued and all of those Placement and Free Attaching Options are subsequently exercised, the Company will be paid exercise proceeds of approximately \$4,752,729 and an additional 95,054,588 Shares will be issued.
5. The Pro Forma Statement of Financial Position is prepared based on the Assumptions outlined in Note 1. Assuming a partial subscription of the Rights Offer to the extent of the underwriting commitment of \$2,192,700 and completion of the Placement to raise \$807,300, then the Company's Pro Forma Statement of Financial Position would be adjusted as follows:
 - Cost of the offering would be reduced to \$215,250
 - Cash would be reduced to \$4,743,484
 - Net assets would be reduced to \$5,329,494
 - Issued capital would be reduced to \$20,123,283
 - Reserves would be reduced to \$4,160,664
 - Total equity would be reduced to \$5,329,494

4.4 Details of substantial Shareholders

The current relevant interests of the substantial Shareholders (persons who have relevant interests in 5% or more of the Company), are as follows:

Substantial Shareholder (includes associated entities)	Number of Shares held as at date of Prospectus	% of total Shares on issue as at date of Prospectus	% of total Shares on issue as at Record Date
Mr Neil Patel	19,950,000	15.31%	12.48%
J & J Bandy Nominees Pty Ltd as trustee for the J & J Bandy Superannuation Fund	6,600,000	5.00%	4.07%
Total	26,450,000	20.31%	16.55%

Note: This table assumes that no Options are exercised and that neither substantial Shareholder is issued any Shares under the Placement.

If all of the Rights are accepted there will be no change to the percentage shareholding interests of the substantial Shareholders on completion of the Offers. If only part of the Rights are accepted, then there may be a change to the percentage shareholding interest of the substantial Shareholders on completion of the Offers.

Mr Neil Patel has indicated that his current intention is to not participate at any level under the Offers.

J & J Bandy Nominees Pty Ltd as trustee for the J & J Bandy Superannuation Trust (**J & J Bandy**) has entered into an agreement with the Underwriters confirming that it will take up 100% of its Rights.

The potential change to the voting power of each of the substantial Shareholders is set out in Section 4.5 below.

4.5 Effect of Offers on control of the Company

As at the date of this Prospectus, the Company has 130,309,175 Shares, 12,000,000 Options listed on ASX, 7,236,667 unlisted Options and 38,130,493 Performance Rights on issue.

As at the Record Date, assuming a full subscription under the Offers, the Company expects to have 160,209,175 Shares, 12,000,000 Options listed on ASX, 7,236,667 unlisted Options and 38,130,493 Performance Rights on issue. The issue of the 14,950,000 Placement Options and of the 15,000,000 Listed Options are subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting.

The maximum number of New Securities that the Underwriters must subscribe for is 81,211,112 New Shares and 40,605,556 Free Attaching Options.

The Underwriters have entered into sub-underwriting agreements with a number of independent parties. The Underwriters have indicated that no Underwriter or sub-underwriter will become a substantial holder as a result of complying with their commitments under the sub-underwriting agreement.

The potential interests of each substantial Shareholder, assuming different scenarios under the Offers, are shown in the table below.

Name	Percentage of total Shares before Offers	Percentage of total Shares after Offers		
		100% take up	50% take up	0% take up
Mr Neil Patel	15.31%	6.23%	8.3%	12.48%
J & J Bandy Nominees Pty Ltd as trustee for the J & J Bandy Superannuation Fund	5.00%	4.12%	5.49%	8.24%

Notes: This table assumes that no Options are exercised.

The levels of take up in this table reflect the terms of the Underwriting Agreement, and assume that no Options are exercised before the Offers close.

Descriptions of the different levels of take up are as follows:

- (a) “100% take up” assumes that all Eligible Shareholders, including each substantial Shareholder, accept 100% of their Rights;
- (b) “50% take up” assumes that all Eligible Shareholders accept 50% of their Rights, other than J & J Bandy, which takes up all of its Rights pursuant to its commitment described in Section 4.4; and
- (c) “0% take up” assumes that no Eligible Shareholders accept any of their Rights, other than J & J Bandy, which takes up all of its Rights pursuant to its commitment described in Section 4.4, and that the Underwriter subscribes 74,611,112 Shortfall Shares pursuant to the Underwriting Agreement.

If all of the Eligible Shareholders under the Rights Offer accept their Rights in full, then the Rights Offer will have no effect on the control of the Company. In this case, Eligible Shareholders will maintain their percentage shareholding interest in the Company.

4.6 Effects of the Offers on activities of the Company

The issue of New Securities under the Offers will provide funds for the purposes set out in Section 1.3.

Following the Offers, the Company intends to continue to operate and develop the Kabuni Business as described in Section 1.4.

5. Rights and liabilities attaching to Securities

5.1 Rights and liabilities attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office.

(a) Share capital

All issued ordinary fully paid shares in the capital of the Company rank equally in all respects.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the Share, but in respect of partly paid Shares has such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare such dividends out of profits as may appear to the Directors to be justified in accordance with the Corporations Act and may authorise the payment by the Company to the Shareholders of such a dividend. The Directors may authorise the payment to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to Shares with special rights as to dividends, all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Rights on winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole

or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

(e) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Further increases in capital**

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may grant Options with rights of conversion to Shares or preemptive rights to any Shares, to any person, for any consideration, as the Directors resolve.

(g) **Variation of rights attaching to Shares**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(h) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

5.2 **Terms and conditions of Free Attaching Options**

- (a) Each Option gives the holder (**Option Holder**) the right to subscribe for one Share.

- (b) The Options will expire at 5.00 pm (WST) on 30 June 2019 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).
- (d) The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount on the Exercise Price in cleared funds.
- (g) 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 Options specified in the Exercise Notice.
- (h) The Options are freely transferrable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will apply for official quotation of the Options on ASX.
- (k) The Company will apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and Option Holders 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 5 Business Days after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (n) Subject to paragraph (l), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

6. Risk factors

6.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There can be no guarantee that the Company will achieve its stated objectives.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code Kabuni) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should consider the risk factors set out in Sections 6.2 and 6.3 below, which the Directors believe represent some of the key, specific and general risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. These risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

6.2 Specific risks relating to the Company

The following risks have been identified as being risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its listed securities.

Risks associated with an investment in a start-up company

- (a) **Limited operating and revenue generation history:** Kabuni is a start-up company, has a limited operating history and there is no assurance that future operations will result in revenues or profits. Kabuni Technologies, the principal operating entity of the Kabuni Business, was incorporated on August 23, 2013. Since then, Kabuni Technologies' principal activities were related to the development of its business and the Platform. Kabuni is in the process of establishing partnerships and relationships, and building brand recognition with users of Kabuni's technology. As a result, Kabuni has no history of material revenue generation. Kabuni has experienced losses in the past, and may not achieve or sustain profitability in the future. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.

The Platform is targeting a new and developing market, and elements of the Company's business strategy are new and subject to ongoing development. There is no guarantee that the commercialization of the Platform will be successful, or that the Company's target audience of Designers and consumers will use or continue to use the Platform. The Company anticipates that it will take several years to achieve positive cash flow from operations. There can be no assurance that there will be continued or increased demand for the Company's products or services, or that the Company will become profitable. The Company has encountered and continues to encounter risks and difficulties frequently experienced by growing businesses in rapidly changing industries, including increasing and unforeseen expenses as the Company continues to develop the Platform. If the Company does not

manage these risks successfully, its business, results of operations and prospects will be harmed.

- (b) **Negative operating cash flow:** The Company has limited financial resources. To date, Kabuni has experienced negative operating cash flow. Kabuni expects to continue to incur losses unless and until such time as the Kabuni Business generates sufficient revenues to fund its continuing operations. The Company has no history of earnings, and there is no assurance that the Kabuni Business will generate earnings, operate profitably or provide a return on investment in the future.
- (c) **Future capital requirements:** As stated in the Independent Auditor's Report to the Company's financial statements for the year ended 30 June 2016, the ability of the company to continue as a going concern and meet its administration and other commitments is dependent upon the Company raising further working capital or commencing profitable operations. In the event the Company is unable to raise further working capital or commence profitable operations, the Company may not be able to meet its liabilities as they fall due, or realise its assets at their stated values.

In addition, the Company's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves and funds generated over time by the Kabuni Business will be sufficient to successfully achieve any or all of the objectives of the Company's business strategy. Further funding of projects will be required by the Company to support ongoing activities and operations, including the need to develop new services or enhance its existing service, enhance its operating infrastructure and to acquire complementary businesses. Accordingly, the Company will need to engage in equity or debt financing to secure additional funds. If the Company is unable to obtain debt or equity to fund expansion, there can be no assurance that the Company will have sufficient capital resources to meet its stated objectives in order to carry on the Kabuni Business, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and would have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with software development and online operations

- (d) **Technical operations infrastructure:** The Company is expecting significant growth in the number of users being added to the Platform. The Company seeks to maintain sufficient excess capacity in its operations infrastructure to meet the needs of all of its users. The Company also seeks to maintain excess capacity to facilitate the rapid provisioning of new user deployments and the expansion of existing user deployments. In addition, the Company needs to properly manage its technological operations infrastructure in order to support version control, changes in hardware and software parameters and the evolution of its services. Despite the fact that the Company has taken a number of steps to allow its infrastructure to handle significant increases in demand, it may in the future experience website disruptions, outages and other performance problems. If the Company's operations infrastructure fails to keep pace with increased sales, users may experience delays as the

Company seeks to obtain additional capacity, which could adversely affect the Company's reputation and have a material adverse effect on the Company's business, results of operations and financial condition.

- (e) **Dependence on internet usage for commerce:** The success of the Platform and the Company's resulting ability to generate revenues from the sale of products through the Platform are substantially dependent on internet usage by users on the Platform. Even if the Company can establish a user base, there can be no guarantee that users will be willing to purchase products through the Platform, which would also limit Kabuni's revenue generating abilities.
- (f) **Difficulties in software development:** The Company's ability to attract new users and retain existing users will depend in large part on whether the Company can continue to improve and enhance the functionality, performance, reliability, design, security and scalability of the Platform. The Company may experience difficulties with software development that could delay or prevent the development, introduction, or implementation of new solutions and enhancements. Software development involves a significant amount of time for research and development, and it can take months to update, code and test new and upgraded solutions and integrate them into the Platform. The continual improvement and enhancement of the Platform requires significant investment, and the Company may not have the resources to make such an investment. To the extent that the Company is unable to improve and enhance the functionality, performance, reliability, design, security and scalability of the Platform in a manner that responds to interior design professionals and interior design industry participants' evolving needs, this may have a material adverse effect on the Company's business, results of operations and financial condition.

Further, defects or disruptions in the rollout of the Company's new products and product enhancements could diminish demand for the Company's service, adversely affect the Company's reputation or subject the Company to substantial liability. Like many internet-based companies, the Company provides frequent incremental releases of software updates and functional enhancements. Such new versions frequently contain undetected errors when first introduced or released. Errors in the Platform or service may be detected in the future. In addition, users may use the Platform in unanticipated ways that may cause a disruption in service for other users. Since Designers use the Platform for important aspects of their business, any errors, defects, disruptions in service or other performance problems with the platform could hurt the Company's reputation and may damage Designers' businesses. Further, if the Company suffers extended periods of unavailability for the platform, there would be a negative impact on the Company's reputation. Although the Company attempts to limit liability via the Company's terms of use, any errors, defects, disruptions in service or other performance problems with the Platform could result in litigation against the Company, and such litigation could result in substantial, material liability for the Company, as well as material legal expenses.

- (g) **Third-party cloud storage providers:** The Company currently serves users from third-party cloud storage providers based both within and outside of the US. The use of cloud storage providers results in less direct control over the Platform and data. Such third parties may also be vulnerable to security breaches and compromised security systems, which could adversely affect the Company's reputation and result in litigation or liability. Additionally, interruptions in the Company's service, or loss or corruption of data, may reduce the Company's revenue; cause the Company to issue credits or pay

fees; and adversely affect the Company's ability to retain existing users and attract new users. The Company's business will also be harmed if existing users and potential users believe that the Company's technology is unreliable.

- (h) **Third-party licensed software:** The Company's services incorporate certain third-party software obtained under licenses from other companies. The Company anticipates that it will continue to rely on such third-party software and development tools in the future. Although the Company believes that there are commercially reasonable alternatives to the third-party software the Company currently licenses, this may not always be the case, or it may be difficult or costly to replace. In addition, integration of the software used in the Company's services with new third-party software may require significant work and require substantial investment of the Company's time and resources. Also, to the extent that the Company's services depend upon the successful operation of third-party software in conjunction with its own software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of the Company's services, delay new services introductions, result in a failure of the Company's services, and injure the Company's reputation. The Company's use of additional or alternative third-party software would require the Company's to enter into additional license agreements with third parties.
- (i) **Limited trademark and patent protection:** The Company has filed for trademark protection for the "KABUNI" brand name in the US, Canada, Europe, Australia and New Zealand. Except as aforesaid, the Company does not currently have any patent or trademark protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent or trademark protection of Kabuni intellectual property and registration of associated trademarks in the future. Third parties may infringe or misappropriate the Company's trademarks or other intellectual property rights or may challenge the validity of the Company's trademarks or other intellectual property rights, which could have a material adverse effect on the Company's business, results of operations and financial condition. The actions that the Company takes to protect its trademarks, patents, software, data and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect the Company's intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others.
- (j) **Limited protection of software and other digital intellectual property:** The Company uses a combination of open source and third party licensed software to develop its own software and network platform. The Company relies on the copyright it has in its software code and its intellectual property being kept confidential within the organisation to protect its trade secrets. If the Company fails to protect its intellectual property secrets, competitors may gain access to its technology which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's digital content is not protected by any registered copyrights or other registered intellectual property. Rather, digital content is protected by statutory and common law rights, user agreements that limit access to and use of business data and by technological measures. Compliance with use restrictions is difficult to monitor, and the Company's proprietary rights in its digital content databases may be more difficult to enforce than other forms of intellectual property rights. The Company cannot ensure that it will be able to prevent infringement of its intellectual property rights or misappropriation of its proprietary information. Any infringement or misappropriation could harm any competitive advantage the Company currently derives or may derive from its proprietary rights. Third parties may assert infringement claims against the

Company. Any such claims and any resulting litigation could subject the Company to significant liability for damages.

- (k) **Security:** Hackers could render the platform unavailable through denial of service or other disruptive attacks. Whilst the Company will take reasonable precautions to minimise such attacks, these strategies may not be successful. Unavailability of the platform could lead to a loss of revenues whilst Kabuni is unable to provide its services. Further, if the security of users' confidential information stored in the Company's systems is breached or otherwise subjected to unauthorized access, the Company's reputation may be severely harmed and the Company may be exposed to liability.

Other risks specific to the Company

- (l) **Competition:** The online home design industry is highly competitive and is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of Kabuni's projects and business.

Failure to compete effectively against current or future competitors could result in loss of users, which would in turn result in an impairment of the ability to achieve or maintain profitability. The Company cannot provide any assurance that Kabuni will be able to compete effectively for users against existing or new competitors, and the failure to do so could result in a failure to increase Kabuni's user base, increased marketing expenses, or diminished brand strength, any of which would have a material adverse effect on the Company's business, results of operations and financial condition.

- (m) **Dependence on third-party supplier relationships:** The Company currently proposes to operate a significant amount of its operations through a series of contractual relationships with third party service and product providers, including agreements with suppliers of home furnishings and shipping service providers. However, Kabuni has not entered into any binding supply agreement with any supplier (other than Makers), and no supplier (that is not a Maker) is under any binding obligation to fulfil any order of Kabuni. As the Kabuni Business develops, the Company intends to enter into supply agreements, on customary terms for agreements of their nature, including as to product and delivery standards. Makers who wish to offer products for sale on the Platform are required to agree to certain standard terms and conditions regarding their supply of products to Kabuni, including as to product and delivery standards.

Arrangements with product suppliers and Makers carry a risk that the third parties do not adequately or fully comply with their respective contractual rights and obligations. If current suppliers or Makers were to stop selling their products, the Kabuni Business may not be able to procure alternatives from other suppliers or Makers in a timely and efficient manner and on acceptable terms, or at all.

- (n) **Key personnel:** The recent developments of the Kabuni Business have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Nimesh (Neil) Patel, Managing Director and Chief Executive Officer. The loss of any key member of senior management, including Mr Patel, could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's future success will depend upon its continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, and user support representatives. The Company's ability to execute efficiently is dependent upon contributions from its employees, including its senior management team. In addition, there may occasionally be changes in the senior management team that may be disruptive to its business. If the Company's senior management team, including any new hires that the Company may make, fails to work together effectively and to execute on its plans and strategies on a timely basis, this have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's growth strategy also depends on its ability to expand its organization with highly skilled personnel. Identifying, recruiting, training and integrating qualified individuals will require significant time, expense and attention. In addition to hiring new employees, the Company must continue to focus on retaining its best employees. While the Company believes it has implemented a number of incentive programs for both current and potential employees, competition for highly skilled personnel is intense. The Company may need to invest significant additional amounts of cash and equity to attract and retain new employees, and the Company may never realize returns on these investments. If the Company is not able to effectively add and retain employees, its ability to achieve its strategic objectives will be adversely impacted, and this will have a material adverse effect on the Company's business, results of operations and financial condition.

- (o) **Insurance risk:** In certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.
- (p) **Potential acquisitions:** As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.
- (q) **Foreign currency fluctuations:** Kabuni's revenues, costs and expenses will largely be denominated in US or Canadian dollars, whereas the Company has raised capital and reports in Australian dollars. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the US or Canadian dollar relative to the Australian dollar may result in lower than anticipated revenue, profit and earnings as a result of the translation of earnings into Australian dollars. Furthermore, since the majority of the Company's costs are incurred in Canadian dollars, a weakening of the Australian dollar relative to the Canadian dollar would result in an increase in costs when translated to Australian dollars. Although the Company implements certain strategies to hedge against foreign currency fluctuation risk, there can be no assurance that the Company's strategies will be successful in mitigating this risk.
- (r) **Interior design industry:** The Kabuni Business and financial performance are affected by the health of, and changes to, the interior design industry, particularly in the US and Canada. Interior design industry patterns are affected by economic conditions, and tend to decline or grow more slowly

during periods of slow growth or economic downturns. A decrease in the demand for interior design services could lead to reductions in user traffic on the Platform and reductions in product sales through the platform. In addition, the Company may become subject to rules and regulations in the interior design industry that may restrict or complicate the Company's ability to deliver services. These changes would have a material adverse effect on the Company's business, results of operations and financial condition.

6.3 General investment risks

- (a) **Stock market conditions:** As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia and changes in exchange rates.

- (b) **Liquidity risk:** There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offers.
- (c) **Securities investment risk:** Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of technology companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.
- (d) **Taxation:** There may be taxation implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.
- (e) **Other risks:** Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk, and other matters that may interfere with the business or trade of the Company.

7. Continuous disclosure documents

7.1 Continuous disclosure obligations

This is a prospectus for the offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The New Shares to be issued under this Prospectus are in a class of securities that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

7.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2016 annual financial report on 31 August 2016:

Date	Description of ASX Announcements
17 October 2016	Rights Issue and Placement
14 October 2016	Suspension Request
14 October 2016	Voluntary Suspension
11 October 2016	Trading Halt
7 October 2016	Financial Statements and MD&A
5 October 2016	Appointment of Chief Operating Officer
13 September 2016	Kabuni Partners with Online Marketplace Rented.com
12 September 2016	Investor Presentation September 2016
8 September 2016	Kabuni shifts to Growth Focus in FY2017

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company, including the Company’s corporate governance policies, may be obtained from the Company’s website at www.investor.kabuni.com or at ASX’s website at www.asx.com.au.

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the financial year ended 30 June 2015, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

8. Additional information

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

8.2 Property Beacon Loan Agreement

Kabuni Technologies entered into a Loan Agreement dated as of 30 November 2013 between Kabuni Technologies, as borrower, and Property Beacon Technology Inc. (**Property Beacon**), as lender (the **Property Beacon Loan Agreement**), pursuant to which Property Beacon agreed to lend to Kabuni Technologies the sum of up to C\$110,000.

Mr Nimesh (Neil) Patel, Managing Director and Chief Executive Officer of the Company and a director of Kabuni Technologies, is a majority shareholder of Property Beacon. Consequently, Property Beacon is a related party of the Company.

Advances made under the Property Beacon Loan Agreement accrued interest at the rate of 8% per annum. The original maturity date for repayment of the loan was 30 June 2014. The loans were secured by a general security agreement on all of the personal property of Kabuni Technologies.

The Property Beacon Loan Agreement was amended by a Loan Agreement Extension dated July 1, 2014, a Loan Agreement Amendment and Release of Security dated June 30, 2015, and a Loan Agreement Amendment dated June 30, 2016. Pursuant to these amendments, the maturity date was extended to June 30, 2017. In addition, the loans were amended such that the loans would no longer bear interest, and the security for the loans were released. As at the date of this Prospectus, the outstanding amount of the loan is C\$82,178.

8.3 Underwriting Agreement

Under the Underwriting Agreement, the Underwriters have agreed to partially underwrite the Rights Offer up to \$2,192,700, with each Underwriter to severally underwrite and subscribe for 50% of up to 81,211,112 New Shares and 40,605,556 Free Attaching Options.

(a) Conditions precedent

The Underwriting Agreement is conditional on conditions precedent which are of the type and form that is usual in an underwriting agreement of this nature, and which have been met as at the date of this Prospectus.

(b) Warranties

The Company has given warranties and covenants to the Underwriters which are of the type and form that is usual in an underwriting agreement of this nature.

(c) Fees payable to Underwriter

The Company will pay the Underwriters:

- (i) a total underwriting fee of 4% of the underwritten amount (excluding director participation); and

- (ii) a total lead manager fee of 2% of the underwritten amount.

The above fees are exclusive of GST. Payment of the above fees is deemed to satisfy the Company's obligation to pay the same fees under the Mandate (see below), with such fees only being payable once.

(d) **Termination**

The Underwriters may terminate their obligations under the Underwriting Agreement to take up Securities in excess of its Entitlement in the event of certain circumstances which are of the type and form that are considered usual for an underwriting agreement of this nature. The termination events include:

- (i) **(Indices fall)**: the ASX All Ordinaries Index, the ASX Small Ordinaries Index, NASDAQ, Dow Jones Industrial Average or the S&P500 is, at any time after the date of the Underwriting Agreement, 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement or there is a fall in the ASX All Ordinaries Index, the ASX Small Ordinaries Index, NASDAQ, Dow Jones Industrial Average or the S&P500 of 4% or greater on any given day; or
- (ii) **(Share price)**: the Shares finish trading on the ASX under the ASX code of "KBU":
 - A. on any two (2) consecutive days in which sales in the Shares are recorded that is equal to or less than \$0.025; or
 - B. with a volume weighted average price for three (3) consecutive days in which sales in the Shares are recorded that is equal to or less than \$0.025; or
- (iii) **(termination events)**: a number of other termination events, the right to terminate being subject to a requirement that the termination event is likely to have a "Material Adverse Effect".

8.4 Joint Lead Manager Mandate

Under the Mandate, the Joint Lead Managers have been appointed to act as (a) the exclusive lead managers in relation to the Offers and the Placement, and (b) corporate advisors to the Company, on certain terms and conditions.

Among other things, the Joint Lead Managers have agreed to use their best endeavours to place any Shortfall within 90 days of the Closing Date.

In addition, commencing with effect on the first day of the calendar month starting after the successful completion of the Offers and for a term of 12 months thereafter, the Joint Lead Managers will provide ongoing corporate advisory services to the Company.

The Company agrees to pay the Joint Lead Managers, in connection with the Offers and the Placement:

- (a) up to approximately \$102,959 (assuming a full subscription), being a 2% management fee on all funds raised; JLMs agree to split this fee equally; and

- (b) up to approximately \$205,918 (assuming a full subscription), being a capital raising fee equal to 4% of all funds raised (excluding director participation).

The amounts set out above will be satisfied by, and are not in addition to, the fees payable to the Joint Lead Managers as Underwriters under the Underwriting Agreement as described in Section 8.3.

In addition, the Company agrees to pay Joint Lead Managers a corporate advisory fee of \$10,000 per month (in total for both Joint Lead Managers) during the 12-month corporate advisory services term.

The Mandate may be terminated without cause at any time by the Company or Joint Lead Managers by giving the other party 3 months' written notice.

The Company has agreed to exclusively retain the Joint Lead Managers for a period of 12 months following the date of the Mandate (**Exclusivity Period**) with respect to the capital raising services, but excluding any capital raising activities, placements or transactions with third parties located in the United States or Canada.

The Company has granted to the Joint Lead Managers a right of first refusal on any placement by the Company of up to \$5,000,000, for the duration of the Exclusivity Period. The Company may at any time during the Exclusivity Period dissolve this right of first refusal by paying a \$25,000 break fee to the Joint Lead Managers.

Subject to and following successful completion of the Capital Raisings and for a period ending 12 months after the date of the Mandate, the Joint Lead Managers have the right to designate one suitable and adequately experienced individual for nomination to the board of the Company.

8.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any entity in which a Director is a partner or director, has or has had in the two (2) years before the date of this Prospectus, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (b) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offers.

8.6 Security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors and in the Shares, Options and Performance Rights of the Company are as follows:

Director	Shares	Options	Performance Shares			
			Class A	Class B	Class C	Class D
Tony King	4,625,040 ¹	-	-	-	-	-
Neil Patel	19,950,000	-	6,151,250	6,151,250	6,151,250	6,151,250

Director	Shares	Options	Performance Shares			
			Class A	Class B	Class C	Class D
Colm O'Brien	-	1,000,000 ³	-	-	-	-
Nik Ajagu	333,333	-	333,333	333,334	-	-
Nathan Sellyn	866,666 ²	1,000,000 ³	333,333	333,334	-	-
Ajai Sehgal	-	1,000,000 ³	-	-	-	-

Notes:

1. Mr King has a relevant interest in these Shares as a director of Seventy Three Pty Ltd which holds 4,271,000 Shares as trustee of the King Super Fund No 3, and 354,040 Shares as a beneficiary of the King Super Fund No 2. Seventy Three Pty Ltd as trustee for the King Superannuation Fund has entered into an agreement with the Underwriters committing to subscribe for 4,271,000 New Shares and 2,135,500 Free Attaching Options under the Rights Offer.
2. Mr Sellyn has a relevant interest in 333,333 Shares as their registered holder, and a relevant interest in 533,333 Shares as the controlling shareholder of Assembly Stakeholders Relations Corp.
3. These Options have not yet been issued as their issuance is subject to the Company obtaining the approval of Shareholders in general meeting. If issued, these Options will be exercisable at \$0.06 each on or before 5.00pm (WST) on 30 June 2019.

The Performance Shares set out above each convert to one Share on the satisfaction of certain vesting criteria, as set out below.

Class of Performance Share	Vesting criteria
Class A	<p>Milestone A: each Class A Performance Share will convert into one Share upon:</p> <p>(a) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$200 revenue, each month for three consecutive months, on or before 30 August 2016; or</p> <p>(b) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$200 Revenue, each month for three consecutive months, and the vesting criteria with respect to Milestone D below is also achieved.</p>
Class B	<p>Milestone B: each Class B Performance Share will convert into one Share upon:</p> <p>(a) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$750 revenue, each month for three consecutive months, on or before 31 December 2016; or</p> <p>(b) a minimum of 1,000 registered home designers each achieve the Canadian dollar equivalent of at least \$750 revenue, each month for three consecutive months, and Milestone D below is also achieved.</p>
Class C	<p>Milestone C: each Class C Performance Share will convert into one Share upon:</p> <p>(a) the Company achieving the Canadian dollar equivalent of at least \$20 million in revenue in any 12 month period and has a minimum of 20,000 registered home designers, on or before 31 December 2017; or</p> <p>(b) the Company achieving the Canadian dollar equivalent of at least \$20 million in revenue in any 12-month period and a minimum of 20,000 registered home designers, and Milestone D below is also achieved.</p>

Class D	<p>Milestone D: each Class D Performance Share will convert into one Share upon:</p> <p>(a) the Company achieving the Canadian dollar equivalent of at least \$50 million in revenue in any 12 month period; and</p> <p>(b) a minimum of 35,000 registered home designers.</p>
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Upon the occurrence of a change of control event in circumstances where any of Milestone A, Milestone B, Milestone C or Milestone D (together the **Milestones**) has not been met, that number of Performance Shares on issue that, after conversion, is up to a maximum number that is equal to 10% of the issued Share capital (as at the date of the change of control event will automatically convert into Shares on a pro rata basis to all holders).

If any Milestone is not achieved by 31 December 2018, then all Performance Shares in the class of Performance Shares attaching to that Milestone, held by each holder, will automatically consolidate into one Performance Share and will then convert into one Share.

If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).

Directors or their associated entities who are registered as Shareholders on the Record Date may participate in the Offers.

8.7 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by the Company in a general meeting. The aggregate maximum is presently set at \$150,000 per annum. The Managing Director may receive such remuneration as the directors determine.

A Director may be reimbursed for out of pocket expenses incurred as a result of their directorship.

Details of remuneration provided to the Company's current Directors during the past two financial years is as follows:

Financial year up to 30 June 2016					
Director	Base salary / Directors' fees	Share based payments	Non-monetary benefits	Super-annuation	Total
Tony King	\$76,250	Nil	\$3,737	\$14,088	\$94,075
Neil Patel appointed 25 August 2015	\$191,517	Nil	\$9,387	Nil	\$200,904
Nik Ajagu appointed 25 August 2015	\$12,500	Nil	\$613	Nil	\$13,113
Nathan Sellyn appointed 25 August 2015	\$12,742	Nil	\$625	Nil	\$13,367

Financial year up to 30 June 2016					
Director	Base salary / Directors' fees	Share based payments	Non-monetary benefits	Super-annuation	Total
Colm O'Brien appointed 18 July 2016	N/A	N/A	N/A	N/A	N/A
Ajai Sehgal appointed 1 August 2016	N/A	N/A	N/A	N/A	N/A

Financial year up to 30 June 2015					
Director	Base salary / Directors' fees	Share based payments	Non-monetary benefits	Super-annuation	Total
Tony King	\$110,000	Nil	\$3,806	\$21,400	\$135,206

8.8 Director indemnity deeds

The Company has entered into a deed of indemnity with each of the Directors.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all Directors against all losses or liabilities incurred by each Director in their capacities as Directors.

8.9 Expenses of the Offers

The estimated expenses payable in cash by the Company in respect of costs associated with this Prospectus and the Offers, including offer management, broking fees, legal, accounting, corporate advisory, printing, ASIC and ASX fees and other costs will be approximately \$348,176 (at full subscription).

8.10 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offers.

CPS Capital is an Underwriter and a Joint Lead Manager to the Offers and will be paid a fee of up to \$154,438 (plus GST) assuming a full subscription. In the period two (2) years prior to the date of this Prospectus, CPS Capital have provided other

capital raising services to the Company and have been paid fees totalling approximately \$324,503.30 (including GST) for those other services.

Alto Capital is an Underwriter and a Joint Lead Manager to the Offers and will be paid a fee of up to \$154,438 (plus GST) assuming a full subscription. In the period two (2) years prior to the date of this Prospectus, Alto Capital have provided other capital raising services to the Company and have been paid fees totalling approximately \$92,478 (including GST) for those other services.

Jackson McDonald has acted as solicitors to the Company in relation to the Offers and legal due diligence enquiries in respect of the Company and is entitled to be paid approximately \$10,000 (plus GST) in respect of these services. In addition, Jackson McDonald has provided other legal services to the Company in the period two (2) years prior to the date of this Prospectus and has been paid, or is entitled to be paid, fees totalling approximately \$125,000 (excluding GST) for those other services.

8.11 Consents and liability statements

Jackson McDonald has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in the form and context in which it is named.

Security Transfer Registrars Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

CPS Capital has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Underwriter and Joint Lead Manager to the Offers in the form and context in which it is named.

Alto Capital has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Underwriter and Joint Lead Manager to the Offers in the form and context in which it is named.

Each of Jackson McDonald, the Underwriters and Security Transfer Registrars Pty Ltd:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

8.12 Market prices of Shares on ASX

Information about the closing market price of Shares quoted on ASX during the 3-month period before the date of this Prospectus is set out in the table below.

	Price	Date
Highest	\$0.090	14 July 2016
Lowest	\$0.025	12 September 2016
Latest	\$0.029	14 October 2016

9. Directors' responsibility statement and consent

The Directors state that they have made all reasonable enquiries and that on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements; those persons have given their consent before lodgement of this Prospectus with ASIC or, to the Directors' knowledge, before any issue of New Securities pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read 'Tony King', written in a cursive style.

Tony King
Chairman

for and on behalf of the Company

Dated: 17 October 2016

10. Glossary of Terms

Alto Capital	ACNS Capital Markets Pty Ltd trading as Alto Capital (ACN 088 503 208) (AFSL No. 279099)
Applicant	A person who applies for New Securities in accordance with this Prospectus.
Application	A valid application for New Securities offered under this Prospectus.
Application Monies	The monies payable by Applicants to the Offers.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning set out in the Listing Rules.
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Rules	The settlement rules of ASX Settlement.
Board	The board of Directors.
Business Day	A day: (a) that is a business day as defined in the Listing Rules; and (b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
Capital Raisings	The Offers, the Placement and the Listed Options Placement.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement.
CHESS Statement or Holding Statement	A statement of shares registered in a CHESS account.
Closing Date	The closing date of the Rights Offer as set out in Section 2.4.
Company or Kabuni	Kabuni Ltd ACN 158 307 549.
Consolidated Entity	The Company and its subsidiaries.
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CPS Capital	CPS Capital Group Pty Ltd (ACN 130 948 579) (AFSL 294848)
Designers	Independent home design professionals.
Director	A director of the Company as at the date of this Prospectus.
Eligible Jurisdictions	Australia and New Zealand.

Eligible Shareholder	A Shareholder who is: <ul style="list-style-type: none"> (a) a registered holder of Shares on the Record Date; (b) has a registered address in Australia or New Zealand as shown in the Share Registry; (c) not in the United States or a U.S. Person or acting for the account of or benefit of a U.S. Person; and (d) eligible under all applicable securities laws to receive an offer under the Rights Offer.
Entitlement	The number of New Shares and Free Attaching Options that a Shareholder is entitled to apply for under the Rights Offer, as determined by the number of Shares held by that Shareholder at the Record Date.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Prospectus.
Excluded Shareholder	A Shareholder as at the Record Date whose registered address is not situated in an Eligible Jurisdiction.
Existing Share	A share issued before the date of this Prospectus.
Existing Shareholder	A holder of an Existing Share.
Free Attaching Option	The Options that may be issued under this Prospectus on the terms set out herein.
GST	Goods and services tax.
Home Products	Home décor, home furnishings and related products.
J & J Bandy	J & J Bandy Nominees Pty Ltd as trustee for the J & J Bandy Superannuation Trust, a substantial shareholder of the Company
Kabuni Business	Kabuni's business, consisting of operating the Platform for the online home design industry.
Kabuni Technologies	Kabuni Technologies Inc., incorporated under the laws of British Columbia, Canada.
Joint Lead Managers	CPS Capital and Alto Capital
Listed Options	The 15,000,000 Options to be issued to sophisticated and professional investors as described in Section 1.2.
Listed Options Placement	The placement of Listed Options to be conducted by the Company as described in Section 1.2.
Listing Rules	The listing rules of ASX.
Lodgement Date	The date of lodgement of the Prospectus with ASIC as set out on page iii.
Makers	Makers of home furnishings or artwork.
Mandate	The Joint Lead Manager & Joint Corporate Advisory Mandate dated 11 October 2016, entered into between the Joint Lead Managers and the Company.
New Securities	New Shares and Free Attaching Options.
New Shares	The Shares that may be issued under this Prospectus on the terms set out herein.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.

Offers	The Rights Offer and the Shortfall Offer, or either one of those offers as the case may be.
Official List	The official list of ASX.
Official Quotation	Official quotation by ASX.
Opening Date	The opening date of the Rights Offer as set out in Section 2.4.
Option	An option to subscribe for a Share.
Option Holder	The holder of an Option.
Placement	The placement of 29,900,000 new Shares and Placement Options to be conducted by the Company as described in Section 1.2.
Placement Options	The 14,950,000 free attaching Options to be issued to sophisticated and professional investors as described in Section 1.2.
Platform	Kabuni's Internet-based SaaS and e-commerce platform.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Prospectus	This prospectus dated 17 October 2016, including any electronic or online version of this prospectus.
Record Date	5.00pm (WST) on 24 October 2016 or such other date as may be determined by the Directors.
Right	The right to subscribe for New Shares under an Offer.
Rights Offer	The offer of New Shares and Free Attaching Options under this Prospectus.
SaaS	Software-as-a-service.
Section	A section of this Prospectus.
Securities	Shares and/or Options.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	The Company's share registry, Security Transfer Australia Pty Ltd ACN 008 894 488.
Shareholder	The holder of a Share.
Shortfall	The number of New Shares offered under this Prospectus for which valid Applications have not been received from Eligible Shareholders before the Closing Date.
Shortfall Application Form	An application form for New Securities under the Shortfall Offer.
Shortfall Offer	The offer of Shortfall Securities under this Prospectus.
Shortfall Securities	Shortfall Shares and Free Attaching Options issued to the Shareholders in accordance with this Prospectus as set out in Section 2.8.
Shortfall Shares	Shortfall Shares issued to the Shareholders in accordance with this Prospectus as set out in Section 2.8.
Underwriters	CPS Capital and Alto Capital.

Underwriting Agreement	The Underwriting Agreement dated on or about 17 October 2016 between the Company and the Underwriters.
U.S. Person	Any person in the United States or any person that is, or is acting for the account or benefit of, a “U.S. person” (as defined in Regulation S under the United States Securities Act of 1933, as amended).
WST	Western Standard Time, being the time in Perth, Western Australia.