

12 April 2017

Dear Option Holder

K2FLY LIMITED – NON-RENOUNCEABLE ENTITLEMENT ISSUE

As announced on 12 April 2017 K2fly Limited (ACN 125 345 502) (**the Company** or **K2fly**) is undertaking a one (1) for five (5) pro rata non-renounceable entitlement issue (**Entitlement Issue** or **Offer**) of approximately 10,133,507 options to acquire fully paid ordinary shares (**New Options**) to raise approximately \$101,335. The price of New Options under the Offer is \$0.01 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 12 April 2017.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (AWST) on 20 April 2017, whose registered address is in Australia or New Zealand (Record Date).

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 26 April 2017.

Under the terms of the options you currently hold, there is no entitlement to participate in the Entitlement Issue, unless you exercise your options and are entered onto the register as an Eligible Shareholder on or before the Record Date. Under the terms of your options you are entitled to receive notice of the record date set for the purposes of determining entitlements to any new issue of capital. The purpose of this letter is to give you that notice in order to permit you to participate in the Entitlement Issue, should you wish to do so.

If you are not a shareholder and wish to participate in the Entitlement Issue, or if you are already a shareholder but also wish to participate in the Entitlement Issue in respect of your option holdings, it will be necessary for you to exercise all or part of your options, and the shares in respect of those options must have been issued to you before the Record Date. If you wish to do so, you should complete a Notice of Exercise of Options and lodge it with the Company, together with your payment for the number of options you wish to exercise. If the Notice of Exercise of Options together with payment in full for the relevant number of options being exercised is not received by 20 April 2017, you will not be able to participate in the Entitlement Issue in respect of the shares to be issued upon exercise of those options.

If you do not wish to participate in the Entitlement Issue (in respect of your options), you do not need to take any action.

K2fly Limited ACN 125 345 502

@ info@k2fly.com

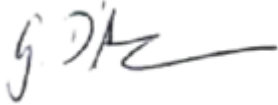
Registered Office Level 1, Grand Central, 26 Railway Road, Subiaco WA 6008

www.k2fly.com

This letter is only intended to inform you of your rights in relation to your options. This letter is not an offer or an invitation to acquire options in the Company or to participate in the Entitlement Issue.

If you require further information, please contact Gino D'Anna, K2fly's Company Secretary, on +61 8 6333 1833.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. D'Anna', with a long horizontal flourish extending to the right.

Gino D'Anna
Non-Executive Director / Company Secretary