

18 April 2017

Dear Shareholder

## 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) 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 conditionally underwritten by K S Capital Pty Limited (**Underwriter**). The Company must pay the Underwriter an underwriting fee of 6% of the total amount raised pursuant to the Offer. The Company must also reimburse the Underwriter for costs incidental to the Offer.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Expenses of the Offer	29,569	29.2%
2	Working capital <sup>1</sup>	71,766	70.8%
	<b>Total</b>	<b>101,335</b>	<b>100.0%</b>

Note:

- <sup>1</sup> The working capital budget of the Company identified in the table above will be allocated to the ongoing costs of running the Company, including but not limited to administration costs, salaries and wages and the ongoing investment in the Company's technology platforms.

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.

New Options will be issued on the terms and conditions set out in section 7.1 of the Prospectus. Fully paid ordinary shares in the capital of the Company (**Shares**) issued upon the exercise of the New Options will rank equally with the Shares already on issue.

Following completion of the Offer, the Company will have issued approximately 10,133,507 New Options resulting in total Options on issue of approximately 12,853,507.

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.

K2fly Limited ACN 125 345 502

@ info@k2fly.com

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

[www.k2fly.com](http://www.k2fly.com)

Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Options.

### Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Options pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Advanced Share Registry Limited (**Share Registry**) by no later than 5:00pm (AWST) on 12 May 2017, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form **OR** making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm (AWST) on 12 May 2017, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies **OR** making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.01 per New Option).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted when the New Options are exercised and you will receive no value for your Entitlement.

### Key dates for the Offer

Event	Proposed Date
Prospectus and Appendix 3B lodged with ASX	12 April 2017
Notice of Entitlement Issue sent to shareholders	18 April 2017
Existing shares quoted on an 'ex' basis	19 April 2017
Record date	20 April 2017
Despatch of Entitlement Issue Documents to Eligible Shareholders Offer Period Opens	26 April 2017
Offer Period Closes	12 May 2017
Securities quoted on a deferred settlement basis.	15 May 2017
Notification of under-subscriptions to ASX (if any)	16 May 2017
Shortfall Settlement date	17 May 2017
New Options Issued Holding statements despatched	18 May 2017

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If you have any queries concerning the Entitlement Issue, or the action you are required to take to subscribe for New Options, please contact your financial adviser or Gino D'Anna, K2fly's Company Secretary, on +61 8 6333 1833.

**For further information, please contact:**

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**About K2fly**

K2fly Limited is an ASX listed Enterprise Asset Management technology company, which specialises in the provision of infrastructure asset management to asset intensive industries via a software technology platform and consulting services. K2fly's technology allows an organisation to manage and maintain its asset data and deliver more effective and efficient outcomes via a single, centralised system. The technology has a strong track record of empowering organisations to make better informed long term decisions in relation to the operation, management and maintenance of its physical assets.

K2fly owns the following proprietary asset management and asset maintenance technologies for use in vertically-integrated asset intensive industries:

**ADAM** Asset Data Analysis Management  
**NovIn** Real Time Asset Inspection Management App  
**DocMan** Mobility Solutions: Task Management App  
**TagMan** Mobility Solutions: Asset Verification App  
**HandoverNotes** Mobility Solutions: Electronic Information Sharing App  
**PropertyInspector** Mobility Solutions: Asset Inspection App

K2F also re-sells market leading software which has been developed by industry leaders in the USA and UK. These solutions come from OBI Partners (USA) and Capita plc (UK), where they have an outstanding track record of delivering benefits to clients.

Finally, K2F provides cutting edge advice, consultancy and services when it deploys its subject matter experts who have extensive domain knowledge in such areas as Rail, Electricity, Gas, Water, Mining, Oil & Gas, Facilities Management, Aviation and Defence.

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