

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 ¹	71,766	70.8%
	Total	101,335	100.0%

Note:

- 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.

Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

K2fly Limited ACN 125 345 502

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

www.k2fly.com

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

If you have any queries concerning the Entitlement Issue, 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.