
K2FLY LIMITED
ACN 125 345 502
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9:00 am (WST)

DATE: Friday, 27 November 2020

PLACE: Steinepreis Paganin Lawyers and Consultants
Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9:00 am (WST) on 25 November 2020.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – EUGENIA (JENNY) CUTRI

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

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Eugenia (Jenny) Cutri, a Director, retires by rotation, and being eligible, is re-elected as a Director."

3. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

4. RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO BRIAN MILLER

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 665,879 Executive Options to Brian Miller (or his nominee) on the terms and conditions set out in the Explanatory Statement."

5. RESOLUTION 5 – APPROVAL OF ISSUE OF OPTIONS TO EUGENIA (JENNY) CUTRI

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 150,000 ZEP Options to Eugenia (Jenny) Cutri (or her nominee) on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS TO NEIL CANBY

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 150,000 ZEP Options to Neil Canby (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

7. RESOLUTION 7 – APPROVAL OF ISSUE OF OPTIONS TO JAMES DEACON

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 150,000 ZEP Options to James Deacon (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BELLATRIX CORPORATE PTY LTD

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 83,333 Options on the terms and conditions set out in the Explanatory Statement.”

9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CANARY CAPITAL PTY LTD

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 68,182 Shares on the terms and conditions set out in the Explanatory Statement.”

10. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF UNLISTED OPTIONS TO KS CAPITAL PTY LTD

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,912,500 Options on the terms and conditions set out in the Explanatory Statement."

Dated: 21 October 2020

By order of the Board



**Catherine Grant-Edwards
Company Secretary**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 4 – Issue of Executive Options to Related Party to Brian Miller	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 4 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 5 – Issue of Options to Related Party to Eugenia (Jenny) Cutri	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 5 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or

	<p>(ii) a Closely Related Party of such a member; and</p> <p>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and</p> <p>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
Resolution 6 – Issue of Options to Related Party to Neil Canby	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 6 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either:</p> <p>(i) a member of the Key Management Personnel; or</p> <p>(ii) a Closely Related Party of such a member; and</p> <p>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and</p> <p>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
Resolution 7 – Issue of Options to Related Party to James Deacon	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 7 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <p>(a) the proxy is either:</p> <p>(i) a member of the Key Management Personnel; or</p> <p>(ii) a Closely Related Party of such a member; and</p> <p>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</p> <p>Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:</p> <p>(a) the proxy is the Chair; and</p> <p>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 4 – Issue of Executive Options to Related Party to Brian Miller	Brian Miller (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 5 – Issue of Options to Related Party to Eugenia (Jenny) Cutri	Eugenia (Jenny) Cutri (or her nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 6 – Issue of Options to Related Party to Neil Canby	Neil Canby (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 7 – Issue of Options to Related Party to James Deacon	James Deacon (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 8 – Ratification of prior issue of Options to Bellatrix Corporate Pty Ltd	A person who participated in the issue or is a counterparty to the agreement being approved (namely Bellatrix Corporate Pty Ltd) or an associate of that person or those persons.
Resolution 9 – Ratification of prior issue of Shares to Canary Capital Pty Ltd	A person who participated in the issue or is a counterparty to the agreement being approved (namely Canary Capital Pty Ltd) or an associate of that person or those persons.
Resolution 10 – Ratification of prior issue of Shares to KS Capital Pty Ltd	A person who participated in the issue or is a counterparty to the agreement being approved (namely KS Capital Pty Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Advanced Share Registry will need to verify your identity. You can register from 8.45 am on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6333 1833.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.k2fly.com.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the Company's remuneration arrangements for the directors and senior management of the Company. The remuneration report is part of the directors' report contained in the annual financial report of the Company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JENNY CUTRI

2.1 General

Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Eugenia (Jenny) Cutri (**Jenny Cutri**), who has served as a Director since 15 September 2017, retires by rotation and seeks re-election.

2.2 Qualifications and other material directorships

Ms Cutri is a highly experienced legal practitioner and compliance specialist with over 25 years' experience, in both the private and public sectors. Ms Cutri is a member of WA Law Society's Commercial Law Committee (previously having been its Convenor (Chair) in 2016 to 2017), a member of Law Council of Australia (Business Law section) and was previously a Director with City of Perth Surf Life Saving Club Inc.

Ms Cutri has extensive experience in the regulatory environment previously having been Assistant (State) Manager, Listings Compliance at ASX in Perth for 7 years and having held senior positions within the Australian Securities and Investments Commission (**ASIC**). She has also worked with Bankwest heading up their Marketing Compliance.

Ms Cutri is currently the Chief Compliance Officer and Company Secretary of CV Check Ltd, an ASX listed entity.

In the 3 years immediately before the end of the financial year, Ms Cutri did not serve as a Director of any other ASX listed company.

2.3 Independence

If re-elected the Board considers Jenny Cutri will be an independent Director.

2.4 Board recommendation

The Board has reviewed Jenny Cutri's performance since her appointment to the Board and considers that Jenny Cutri's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Jenny Cutri and recommends that Shareholders vote in favour of this Resolution.

3. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

3.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an 'eligible entity' as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$33.49 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 20 October 2020 and excluding any restricted securities that may be on issue).

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

3.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 3.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company may only issue Equity Securities under the 7.1A Mandate for cash.

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for acquiring new technologies and/or businesses (including expenses associated with such an acquisition), marketing and promotional expenses, costs associated with sales and potential geographical expansion, enhancement of its own software products or any new products which may be acquired or developed, research and development, and for general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 20 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.18	\$0.36	\$0.54
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	93,014,544 Shares	9,301,454 Shares	\$1,674,262	\$3,348,524	\$5,022,785
50% increase	139,521,816 Shares	13,952,182 Shares	\$2,511,393	\$5,022,785	\$7,534,178
100% increase	186,029,088 Shares	18,602,909 Shares	\$3,348,524	\$6,697,047	\$10,045,571

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 93,014,544 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 20 October 2020.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
 - (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 25 November 2019 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 25 November 2019, the Company has not issued any Equity Securities pursuant to the Previous Approval.

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

4. RESOLUTIONS 4 – APPROVAL TO ISSUE OPTIONS TO BRIAN MILLER

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 665,879 Options, comprising of 406,926 zero exercise price options (**Executive ZEP Options**) and 258,953 Premium Exercise Price Options (**PEP Options**) (together, the **Executive Options**) to Mr Brian Miller (or his nominee) on the terms and conditions set out below.

This Resolution seeks Shareholder approval for the grant of the Executive Options to Brian Miller (or his nominee).

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The grant of Executive Options constitutes giving a financial benefit and Brian Miller is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Miller who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Executive Options because the agreement to grant the Executive Options, reached as part of the remuneration package for Mr Brian Miller, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

The primary purpose of the grant of the Executive Options to Mr Miller is to provide a performance linked incentive component in his remuneration package to align the interests of Mr Miller with those of Shareholders and to motivate and reward his performance. Further details as set out in Section 4.5(e) below.

The Executive ZEP Options proposed to be issued to Brian Miller vest and become exercisable (subject to Mr Miller's sustained tenure) 18 months from the date of issue and upon the achievement of certain Company performance metrics. These performance metrics are determined by the Company's Remuneration Committee and are aligned to the Company's overall strategic objectives (including targets associated with invoiced revenue, annual recurring revenue and cashflow generation). The terms and conditions of the Executive ZEP Options are detailed in Schedule 1.

The PEP Options proposed to be issued to Brian Miller will vest and become exercisable (subject to Mr Miller's sustained tenure) 3 years from the date of issue. There are no performance metrics applicable to the vesting of the Executive ZEP Options. The terms and conditions of the PEP Options are detailed in Schedule 2.

4.3 ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to a related party unless it obtains approval of its shareholders.

The issue of Executive Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

This Resolution seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

4.4 Technical information required by Listing Rule 14.1A

If this Resolution is passed, the Company will be able to proceed with the issue of the Executive Options to Brian Miller within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Executive Options (because approval is being obtained under Listing Rule 10.11), the issue of the Executive Options will not use up any of the Company's 15% annual placement capacity.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Executive Options and will need to consider alternative methods for

incentivising Mr Miller, which may include cash payments that could have a negative impact on the Company's ongoing cash flow.

4.5 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to this Resolution:

- (a) the Executive Options will be granted to Mr Brian Miller (or his nominee);
- (b) the number of Executive Options to be issued is 665,879, comprising of:
 - (i) 406,926 Executive ZEP Options; and
 - (ii) 258,953 PEP Options;
- (c) the Executive Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) as the Executive Options will be issued for nil cash consideration, no funds will be raised;
- (e) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Brian Miller, to motivate and reward his performance as an Executive Director and to provide cost effective remuneration to Brian Miller, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Brian Miller;
- (f) the terms and conditions of the Executive Options are set out in Schedules 1 and 2;
- (g) the current total remuneration package for Brian Miller is \$356,915, comprising of salary of \$252,000, cash bonus of \$17,472, superannuation payment of \$24,460 and share-based payments of \$62,983. If the Executive Options are issued, the total remuneration package of Brian Miller will increase by a net amount of \$134,095 to \$491,010, reflecting the value of the Executive Options (based on the Black Scholes methodology in respect of the PEP Options, and using a probability-based valuation methodology with reference to the share price at grant date of issue in respect of the Executive ZEP Options); and
- (h) the Executive Options are not being issued under an agreement.

5. RESOLUTIONS 5, 6 AND 7 – APPROVAL OF ISSUE OF ZERO EXERCISE PRICE OPTIONS TO RELATED PARTIES

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 450,000 zero exercise options (**ZEP Options**) to Jenny Cutri, Neil Canby and James Deacon (or their nominees) (**Related Parties**) on the terms and conditions set out below.

Resolutions 5 to 7 seek Shareholder approval for the grant of the ZEP Options to the Related Parties.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The issue of ZEP Options to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the ZEP Options are proposed to be issued to all of the Directors other than, Mr Miller, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the ZEP Options. Accordingly, Shareholder approval for the issue of the ZEP Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

The primary purpose of the grant of the ZEP Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders and to motivate and reward the performance of the Related Parties. Further details as set out in Section 5.5(f) below.

5.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to a related party unless it obtains the approval of its shareholders.

The issue of the ZEP Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 5 to 7 seek the required Shareholder approval for the issue of the ZEP Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

5.4 Technical information required by Listing Rule 14.1A

If Resolutions 5 to 7 are passed, the Company will be able to proceed with the issue of the ZEP Options to the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the ZEP Options (because approval is being obtained under Listing Rule 10.11), the issue of the ZEP Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 5 to 7 are not passed, the Company will not be able to proceed with the issue of the Options and the Company will be required to renegotiate an alternate means of remunerating the Directors.

5.5 Technical Information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 5 to 7:

- (a) the ZEP Options will be issued to the following persons:
 - (i) Jenny Cutri (or her nominee) pursuant to Resolution 5;
 - (ii) Neil Canby (or his nominee) pursuant to Resolution 6; and
 - (iii) James Deacon (or his nominee) pursuant to Resolution 7,each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of ZEP Options to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 450,000 comprising:
 - (i) 150,000 ZEP Options to Jenny Cutri (or her nominee) pursuant to Resolution 5;
 - (ii) 150,000 ZEP Options to Neil Canby (or his nominee) pursuant to Resolution 6; and
 - (iii) 150,000 ZEP Options to James Deacon (or his nominee) pursuant to Resolution 7.
- (c) the terms and conditions of the Options are set out in Schedule 3;
- (d) the ZEP Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the ZEP Options will occur on the same date;
- (e) the issue price of the ZEP Options will be nil. The Company will not receive any other consideration in respect of the issue of the ZEP Options (other than in respect of funds received on exercise of the ZEP Options);
- (f) the purpose of the issue of the ZEP Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;

- (g) the ZEP Options are unquoted Options. The Company has agreed to issue the ZEP Options to the Related Parties subject to Shareholder approval for the following reasons:
- (i) the ZEP Options are unquoted; therefore, the issue of the ZEP Options has no immediate dilutionary impact on Shareholders;
 - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of ZEP Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the ZEP Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the ZEP Options on the terms proposed.
- (h) the number of ZEP Options to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service and retain the services of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the ZEP Options upon the terms proposed;

- (i) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year ²	Previous Financial Year ¹
Jenny Cutri	\$91,500	\$85,289
Neil Canby	\$91,500	\$85,289
James Deacon	\$91,500	\$85,289

Notes:

1. Comprising Directors' fees of \$36,000 and share-based payments of \$49,289 each.
2. Comprising Directors' fees of \$36,000 and the value of the ZEP Options of \$55,500 each (representing an increase of \$6,211).

- (j) the value of the Options and the pricing methodology is set out in Schedule 4;

- (k) the ZEP Options are not being issued under an agreement;
- (l) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options
Jenny Cutri	470,660 ²	-
Neil Canby	814,844	-
James Deacon	416,111	-

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX: K2F).
 2. Comprising of 181,441 held directly and 289,219 are held indirectly for Ms Cutri by M Cavanagh and T Cavanagh <ECMC Family Trust>(family trust associated with Ms Jenny Cutri).
- (m) if the ZEP Options issued to the Related Parties are exercised, a total of 450,000 Shares would be issued. This will increase the number of Shares on issue from 93,014,544 (being the total number of Shares on issue as at the date of this Notice) to 93,464,544 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.484%, comprising 0.161% Jenny Cutri, 0.161% by Neil Canby and 0.161% by James Deacon;

The market price for Shares during the term of the ZEP Options would normally determine whether the ZEP Options are exercised. If, at any time any of the ZEP Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.420	13 October 2020
Lowest	\$0.125	23 March 2020
Last	\$0.360	20 October 2020

- (o) each Director has a material personal interest in the outcome of Resolutions 5, 6 and 7 on the basis that all of the Directors (or their nominees) are to be issued Options should Resolutions 5, 6 and 7 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 5, 6 and 7 of this Notice; and
- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 5, 6 and 7.

6. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BELLATRIX CORPORATE PTY LTD

6.1 General

On 18 September 2020, the Company issued 83,333 unquoted Options in consideration for corporate advisory and company secretarial services provided by Bellatrix Corporate Pty Ltd (**Bellatrix**)(**Bellatrix Options**) to the Company between May 2019 to April 2020.

As summarised in Section 3.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

The issue of the Bellatrix Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Bellatrix Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Bellatrix Options.

This Resolution seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Bellatrix Options.

6.2 Technical information required by Listing Rule 14.1A

If this Resolution is passed, the Bellatrix Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Bellatrix Options.

If this Resolution is not passed, the Bellatrix Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Bellatrix Options.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on this Resolution being passed at this Meeting.

6.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution:

- (a) the Bellatrix Options were issued to Bellatrix;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that the recipients were:
 - (i) advisers of the Company who provided corporate advisory services; and
 - (ii) not issued more than 1% of the issued capital of the Company;
- (c) 83,333 Bellatrix Options were issued and the Bellatrix Options were issued on the terms and conditions set out in Schedule 5;
- (d) the Bellatrix Options were issued on 18 September 2020;
- (e) the Bellatrix Options were issued at a nil issue price, in consideration for company secretarial and accounting services provided by Bellatrix. The Company has not and will not receive any other consideration for the issue of the Bellatrix Options;
- (f) the purpose of the issue of the Bellatrix Options was payment for corporate advisory and company secretarial services provided to the Company between May 2019 to April 2020; and
- (g) the Bellatrix Options were not issued under an agreement.

7. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CANARY CAPITAL PTY LTD

7.1 General

On 5 May 2020, the Company issued 68,182 Shares in part consideration for investor marketing services provided by Canary Capital Pty Ltd (**Investor Relations Shares**), a boutique Sydney based investment management and corporate advisory firm.

The Company engaged the services of Canary Capital Pty Ltd (ACN 154 832 327) (**Canary**), (AFSL 456 663) who provide investor marketing services to the Company, for a period of 12 months commencing from 1 September 2019 (**Mandate**).

Under the terms of the Mandate:

- (a) the Company agreed to pay Canary a monthly fee of \$7,500 (exclusive of GST) to be made up of \$5,000 in cash and \$2,500 in equity (\$30,000 in total equity over 12 months);
- (b) to issue a first tranche of shares valued at \$15,000 at an issue price determined at the prevailing 20-day VWAP up to 1 September 2019;

- (c) to issue the second tranche of shares valued at \$15,000 at an issue price determined at the prevailing 20-day VWAP up to 1 March 2020; and
- (d) to issue Canary 750,000 unlisted options with an exercise price of \$0.35 and 3 year expiry from the date of issue.

The Company issued the first tranche of Shares on 11 October 2019, which was ratified by Shareholders at the Company's annual general meeting held 25 November 2019.

As detailed above, the Company issued the second tranche of Shares (being the Investor Relation Shares the subject of this Resolution 9) on 5 May 2020. Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 68,182 Investor Relation Shares.

As summarised in Section 3.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

The issue of the Investor Relations Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Investor Relations Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Investor Relations Shares.

This Resolution seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Investor Relations Shares.

7.2 Technical information required by Listing Rule 14.1A

If this Resolution is passed, the Investor Relations Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Investor Relations Shares.

If this Resolution is not passed, the Investor Relations Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Investor Relations Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on this Resolution being passed at this Meeting.

7.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution:

- (a) the Investor Relations Shares were issued to Canary;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that the recipients were:
 - (i) advisers of the Company who provided investor relations services; and
 - (ii) not issued more than 1% of the issued capital of the Company.
- (c) 68,182 Investor Relations Shares were issued and the Investor Relations Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Investor Relations Shares were issued on 5 May 2020;
- (e) the Investor Relations Shares were issued at a nil issue price, in consideration for investor relation services provided by Canary. The Company has not and will not receive any other consideration for the issue of the Investor Relations Shares;
- (f) the purpose of the issue of the Investor Relations Shares was to satisfy the Company's obligations under the Mandate (being the second tranche of Shares referred to in section 7.1); and
- (g) the Investor Relations Shares were issued to Canary under the Mandate. A summary of the material terms of the Mandate is set out in Section 7.1 above.

8. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF UNLISTED OPTIONS TO KS CAPITAL PTY LTD

8.1 General

On 12 June 2020, pursuant to the Underwriting Agreement (as defined below) the Company issued 1,912,500 unlisted Options in consideration for underwriting services provided by KS Capital Pty Ltd (**Underwriter Options**).

As announced on 8 May 2020, the Company entered into an underwriting agreement in respect of 7,650,000 quoted Options exercisable at \$0.20 per Option and expiring on 18 May 2020 (ASX: K2FOA) with KS Capital Pty Ltd (**Underwriter**) to raise up to an amount of \$1.53 million (**Underwriting Agreement**).

The material terms of the Underwriting Agreement are set out in Schedule 6 of this Notice and further in Company announcement dated 8 May 2020.

As summarised in Section 3.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

The issue of the Underwriter Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Underwriter Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Underwriter Options.

This Resolution seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Underwriter Options.

8.2 Technical information required by Listing Rule 14.1A

If this Resolution is passed, the Underwriter Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Underwriter Options .

If this Resolution is not passed, the Underwriter Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Underwriter Options.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

8.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution:

- (a) the Underwriter Options were issued to the Underwriter;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company.
- (c) 1,912,500 Underwriter Options were issued and the Underwriter Options were issued on the terms and conditions set out in Schedule 7;
- (d) the Underwriter Options were issued on 12 June 2020;
- (e) the Underwriter Options were issued at a nil issue price, in consideration for amounts owing to the Underwriter under the Underwriting Agreement. The Company has not and will not receive any other consideration for the issue of the Underwriter Options (other than in respect of funds received on exercise of the Underwriter Options);
- (f) the purpose of the issue of the Underwriter Options was to satisfy the Company's obligations under the Underwriting Agreement; and
- (g) the Underwriter Options were issued to the Underwriter under the Underwriting Agreement. A summary of the material terms of the Underwriting Agreement is set out in Schedule 6.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 3.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means K2Fly Limited (ACN 125 345 502).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF EXECUTIVE ZERO EXERCISE PRICE OPTIONS

(a) **Entitlement**

Once vested, each ZEP Option entitles the holder to subscribe for one Share, for nil consideration.

(b) **Expiry Date**

Each ZEP Option will expire at 5:00 pm (WST) on the date that is two years from the date of grant (**Expiry Date**). A ZEP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period and Vesting Condition**

Subject to (d), the ZEP Options shall vest and become exercisable when any vesting conditions (including remaining employed by the Company for a period of 24 months from date of issue of the ZEP Options, and achievement of FY21 Company KPIs) have been satisfied or waived by the Board.

(d) **Cessation of Employment**

Should the holder cease employment or engagement by the Company:

- (i) any unexercised ZEP Options that have vested as at the date of cessation of employment or engagement with the Company (**Cessation Date**) shall lapse if the holder does not exercise the Option within a period of 1 month after the Cessation Date; and
- (ii) any unexercised ZEP Options that have not vested as at the Cessation Date shall immediately lapse upon the Cessation Date.

(e) **Exercise Period**

The ZEP Options are exercisable at any time on and from the satisfaction of the relevant vesting conditions set out in (c) above until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The ZEP Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**).

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the ZEP Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the ZEP Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the ZEP Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ZEP Options without exercising the Options.

(l) **Change in exercise price**

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 ZEP Option can be exercised.

(m) **Transferability**

The ZEP Options are not transferable.

SCHEDULE 2 – TERMS AND CONDITIONS OF EXECUTIVE PREMIUM EXERCISE PRICE OPTIONS

(a) **Entitlement**

Once vested, each PEP Option entitles the holder to subscribe for one Share, at a cost of 143% of the 5 day volume weighted average price of the Company's Shares on the date of grant (**Exercise Price**).

(b) **Expiry Date**

Each PEP Option will expire at 5:00 pm (WST) on the date that is four years from the date of grant (**Expiry Date**). A PEP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Vesting Condition**

Subject to (d), the PEP Options shall vest and become exercisable when any vesting conditions (including remaining employed by the Company for a period of 3 years from date of issue of the PEP Options) have been satisfied or waived by the Board.

(d) **Cessation of Employment**

Should the holder cease employment or engagement by the Company:

- (i) any unexercised PEP Options that have vested as at the date of cessation of employment or engagement with the Company (**Cessation Date**) shall lapse if the holder does not exercise the PEP Option within a period of 12 months after the Cessation Date; and
- (ii) any unexercised PEP Options that have not vested as at the Cessation Date shall immediately lapse upon the Cessation Date.

(e) **Exercise Period**

The PEP Options are exercisable at any time on and from the satisfaction of the relevant vesting conditions set out in (c) above until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The PEP Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the PEP Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each PEP Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each PEP Option exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the PEP Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the PEP Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the PEP Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the PEP Options without exercising the Options.

(l) **Change in exercise price**

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 PEP Option can be exercised.

(m) **Transferability**

The PEP Options are not transferable.

SCHEDULE 3 – TERMS AND CONDITIONS OF NED ZERO EXERCISE PRICE OPTIONS

(a) **Entitlement**

Each ZEP Option entitles the holder to subscribe for one Share, for nil consideration.

(b) **Expiry Date**

Each ZEP Option will expire at 5:00 pm (WST) on the date that is two years from the date of grant (**Expiry Date**). A ZEP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The ZEP Options are exercisable at any time on or prior to the Expiry Date.

(d) **Cessation of Employment**

Should the holder cease employment or engagement by the Company any unexercised ZEP Options as at the date of cessation of employment or engagement with the Company (**Cessation Date**) shall lapse if the holder does not exercise the ZEP Option within a period of 6 months after the Cessation Date.

(e) **Notice of Exercise**

The ZEP Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**).

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the ZEP Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the ZEP Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the ZEP Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ZEP Options without exercising the Options.

(k) **Change in exercise price**

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 ZEP Option can be exercised.

(l) **Transferability**

The ZEP Options are not transferable.

SCHEDULE 4 - VALUATION OF NED ZERO EXERCISE PRICE OPTIONS

The NED ZEP Options to be issued to the Related Parties pursuant to Resolutions 5 , 6 and 7 have been valued by internal management using a probability-based valuation methodology with reference to the share price at grant date of issue of the NED ZEP Options.

Based on this valuation methodology and the assumptions set out below, the NED ZEP Options were ascribed the following value:

Assumptions:	
Valuation date	1 October 2020
Market price of Shares	37.0 cents
Exercise price	Nil
Expiry date (length of time from issue)	2 years
Indicative value per NED Option	37.0 cents
Total Value of NED Options	\$166,500
- Jenny Cutri	\$55,500
- Neil Canby	\$55,500
- James Deacon	\$55,500

Note: The valuation noted above is not necessarily the market price that the NED ZEP Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 5 – TERMS AND CONDITIONS OF BELLATRIX ZERO EXERCISE PRICE OPTIONS

(a) **Entitlement**

Each Bellatrix Option entitles the holder to subscribe for one Share, for nil consideration.

(b) **Expiry Date**

Each Bellatrix Option will expire at 5:00 pm (WST) on 16 September 2022 (**Expiry Date**). A Bellatrix Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Cessation of Employment**

Should the holder cease engagement by the Company any unexercised Bellatrix Options as at the date of cessation of engagement with the Company (**Cessation Date**) shall lapse if the holder does not exercise the Bellatrix Option within a period of 6 months after the Cessation Date.

(d) **Exercise Period**

The Bellatrix Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Bellatrix Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Bellatrix Option certificate (**Notice of Exercise**).

(f) **Exercise Date**

A Notice of Exercise is only effective on and from date of receipt of the Notice of Exercise (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Bellatrix Options specified in the Notice of Exercise;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Bellatrix Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Bellatrix Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bellatrix Options without exercising the Bellatrix Options.

(k) **Transferability**

The Bellatrix Options are not transferable except with the prior written consent of the Board.

SCHEDULE 6 – MATERIAL TERMS OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement is subject to the following material terms:

1. The Company has agreed:

- (a) to pay the Underwriter an underwriting fee of 6% of the total amount underwritten;
- (b) to issue the Underwriter one option in the Company (with an exercise price of \$0.30 each and expiry date of 3 years from the date of issue) for every 4 Options underwritten (**New Option**); and
- (c) reimburse the Underwriter for out-of-pocket expenses directly related to this transaction.

2. The Underwriter may procure such persons to sub-underwrite this transaction as the Underwriter in its sole and absolute discretion thinks fit.

3. The events of default are outlined below.

Events of default

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. Subject to the material adverse effect qualification described below, the Underwriter may terminate its obligations under the Underwriting Agreement if one or more of the following occurs:

(a) **Indices fall**

The S&P/ASX 200 Index, or the S&P/ASX Small Ordinaries Index or the Dow Jones is at any time after the date of this Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement.

(b) **Certificate**

The Certificate is not given in accordance with the requirements of the Underwriting Agreement or, if so given, is or becomes incorrect in whole or in part.

(c) **Admission to ASX**

The Shortfall Shares are not approved for official quotation by ASX, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld.

(d) **Directors**

Any director of the Company is charged with or convicted of any indictable criminal offence.

(e) **Banking facilities**

The Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility.

(f) **Changes of law**

Any law, bill or other measure is introduced or announced by the Government of Australia, the Government of any Australian State or Territory, or any responsible minister of any such Government, or any policies are adopted or announced by the Reserve Bank of Australia or any other relevant fiscal authority (in Australia), which has or might in the reasonable opinion of the Underwriter have a Material Adverse Effect on the prospects of the exercise of Options being made prior to the Expiry Date.

(g) **Return of capital or financial assistance**

The Company or any of its Related Bodies Corporate takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter.

(h) **Breach**

The Company commits or permits any breach or default of any provisions of this Agreement and, if the breach or default is capable of being remedied, fails to remedy the breach or default within 5 Business Days of the Underwriter serving written notice on the Company requiring the breach or default to be remedied.

(i) **Failure to comply**

The Company or any of its Related Bodies Corporate fails to comply with any of the following:

- (i) a provision of its Constitution;
- (ii) any statute;
- (iii) a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or
- (iv) any material agreement entered into by it.

(j) **Insolvency Event**

An Insolvency Event occurs with respect to the Company or any of its Related Bodies Corporate.

(k) **Alteration of capital structure or constitution**

The Company alters its capital structure or its Constitution without the prior written consent of the Underwriter (other than as permitted under this Agreement).

(l) **Hostilities**

There is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, the Peoples Republic of China or any member of the European Union.

(m) **Extended Force Majeure**

A Force Majeure, which prevents or delays an obligation under this Agreement, lasting in excess of 2 weeks occurs.

(n) **Default**

The Company is in default of any of the terms and conditions of this Agreement or breaches any warranty or covenant given or made by it under this Agreement.

(o) **Adverse change**

Any adverse change occurs which materially impacts the operational or financial position of the Company or any of its Related Bodies Corporate (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or any of its Related Bodies Corporate).

(p) **Investigation**

Any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its Related Bodies Corporate.

(q) **Prescribed Occurrence**

A Prescribed Occurrence occurs.

(r) **Suspension of debt payments**

The Company suspends payment of its debts generally.

(s) **Litigation**

Litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against the Company or any of its Related Bodies Corporate.

(t) **Board and senior management composition**

There is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Shortfall Shares without the prior written consent of the Underwriter (which consent is not to be unreasonably withheld).

(u) **Breach of material contracts**

Any material contract to which the Company or any of its Related Bodies Corporate is a party is terminated or substantially modified.

(v) **Judgment against**

A judgment in an amount exceeding \$100,000 is obtained against the Company or any of its Related Bodies Corporate and is not set aside or satisfied within 7 days.

(w) **False or misleading information given to the Underwriter**

Any information supplied by the Company or any person on its behalf to the Underwriter or its employees or agents in respect of the Options is or becomes materially false or misleading,

(each, a **Termination Event**).

The Underwriter may not exercise its rights to terminate unless the occurrence of a Termination Event has a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries.

SCHEDULE 7 – TERMS AND CONDITIONS OF THE UNDERWRITING OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 12 June 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

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.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



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2020 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of K2Fly Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the
meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

STEP 1

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **Steinepreis Paganin Lawyers and Consultants, Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000 on 27 November 2020 at 9:00am (WST)** and at any adjournment or postponement of that Meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 to 7 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair. I/we acknowledge the Chair of the Meeting intends to vote all undirected proxies available to them in favour of each Resolution of Business.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Eugenia (Jenny) Cutri	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Executive Options to Brian Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Issue of Options to Eugenia (Jenny) Cutri	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Issue of Options to Neil Canby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Issue of Options to James Deacon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Ratification of Prior Issue of Options to Bellatrix Corporate Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Ratification of Prior Issue of Shares to Canary Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Ratification of Prior Issue of Unlisted Options to KS Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the shareholder. If a joint holding, all the shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1 and 4 to 7, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1 and 4 to 7.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 9:00am (WST) on 25 November 2020, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



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