
K2FLY LIMITED

ACN 125 345 502

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am

DATE: Monday, 29 March 2021

PLACE: Level 1, Grand Central, 26 Railway Road, Subiaco, WA, 6008

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 10:00am on 27 March 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES IN CONSIDERATION FOR THE ACQUISITION OF THE DECIPHER BUSINESS

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 7.1 and for all other purposes, approval is given for the Company to issue 11,366,691 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – APPROVAL TO ISSUE PERFORMANCE SHARES IN CONSIDERATION FOR THE ACQUISITION OF THE DECIPHER BUSINESS

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 7.1 and for all other purposes, approval is given for the Company to issue 5,345,633 Performance Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

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 5,633,803 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ZERO EXERCISE PRICE OPTIONS

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 140,845 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

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 43,860 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

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 200,000 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 23 February 2021

By order of the Board

**Melissa Chapman
Company Secretary**

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 1 – Approval to issue Shares	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely CSBP Limited or Wesfarmers Chemicals, Energy & Fertilisers Limited or a related body corporate of these entities (as that term is defined in the Corporations Act))] or an associate of that person (or those persons).
Resolution 2 – Approval to issue Performance Shares	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely CSBP Limited or Wesfarmers Chemicals, Energy & Fertilisers Limited or a related body corporate of these entities (as that term is defined in the Corporations Act))] or an associate of that person (or those persons).
Resolution 3 – Ratification of prior issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely Mark Forster in his personal capacity, Mark Forster and Leonie Forster as trustees of the M Forster Family Trust, and Mark Forster and Leonie Forster as trustees for the Forster Superannuation Fund) or an associate of that person or those persons.
Resolution 4 – Ratification of prior issue of Options	A person who participated in the issue or is a counterparty to the agreement being approved (namely Mark Forster and Leonie Forster as trustees for the M Forster Family Trust) or an associate of that person or those persons.
Resolution 5 – Ratification of prior issue of Shares	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 6 – Ratification of prior issue of Options	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.

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 9:45am 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.

1. RESOLUTIONS 1 AND 2 – APPROVAL TO ISSUE SHARES AND PERFORMANCE SHARES IN CONSIDERATION FOR THE ACQUISITION OF THE DECIPHER BUSINESS

1.1 General

As announced to ASX on 1 February 2021, the Company has executed a business sale agreement (**Business Sale Agreement**) to acquire assets held by CSBP Limited (**CSBP**) (a subsidiary of Wesfarmers Limited (ASX:WES)) used in the operation of the “Decipher for Mining” business (**Decipher**) (**Acquisition**).

The Decipher business provides cloud-based software-as-a-service technology and compliance solutions for mining industry customers, including in relation to rehabilitation and closure, tailings governance and monitoring and tailings disclosure database solutions.

The assets acquired pursuant to the Business Sale Agreement include goodwill, plant and equipment, intellectual property, benefit of contracts, business records and book debts of the Decipher business.

In consideration for the Acquisition, the Company will issue:

- (a) 11,366,691 Shares (**Consideration Shares**); and
- (b) 5,345,633 Performance Shares.

The deemed issue price of the Consideration Shares is \$0.32727 (being the 15-day VWAP price of the Company's shares over the 15 days prior to execution of the Business Sale Agreement), and the Consideration Shares have a total value (based on the deemed issue price) of \$3,721,113.

The Consideration Shares will be subject to voluntary escrow for two years.

The Performance Shares will convert on an annual basis into a number of Shares to a value equal to 22% of the annual revenues attributable to the Decipher business (**Revenue**), over a 4-year period following completion of the Acquisition. Each tranche of Shares issued on conversion of the Performance Shares will also be subject to voluntary escrow for 12 months. A maximum of 5,345,633 Shares can be issued to CSBP as a result of the conversion of the Performance Shares.

A summary of the terms of the Business Sale Agreement is set out in Schedule 1.

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 shares it had on issue at the start of that period.

The proposed issue of the Consideration Shares and Performance Shares falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 1 seeks Shareholder approval for the issue of the Consideration Shares for the purpose of ASX Listing Rule 7.1.

Resolution 2 seeks Shareholder approval for the issue of the Performance Shares for the purpose of ASX Listing Rule 7.1.

1.2 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are passed, the Company will be able to proceed with the issue of the Consideration Shares and Performance Shares. In addition, the issue of the Consideration Shares and Performance Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares, and the Company will not be able to complete the Acquisition.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Performance Shares, and the Company will not be able to complete the Acquisition.

1.3 ASX Listing Rule 6.1 and Guidance Note 19

ASX Listing Rule 6.1 requires that the terms that apply to each class of equity securities which an entity has on issue must, in ASX's opinion, be appropriate and equitable.

ASX has confirmed that the terms of the Performance Shares are appropriate and equitable pursuant to ASX Listing Rule 6.1, subject to a number of standard conditions, including Shareholder approval of the issue of the Performance Shares and the Company making certain requisite disclosures regarding the Performance Shares in this Notice and to the market.

As is its usual practice, ASX has imposed a requirement under ASX Listing Rule 6.1 and Guidance Note 19 *Performance Securities*, that the Company obtain Shareholder approval to the issue of the Performance Shares. This approval is sought pursuant to Resolution 2.

1.4 Technical information required by Listing Rule 7.1, Guidance Note 19 and Guidance Note 21

Pursuant to and in accordance with Listing Rule 7.3 and the terms of the ASX confirmation decision for the purpose of ASX Listing Rule 6.1, the following information is provided in relation to Resolutions 1 and 2:

- (a) the Consideration Shares and Performance Shares will be issued to CSBP or, if CSBP elects, to Wesfarmers Chemicals, Energy and Fertilisers Limited (**WesCEF**) (another subsidiary of Wesfarmers Limited which is the entity that employs the employees of the Decipher business) or one or more nominees that are related bodies corporate of CSBP or WesCEF. The Company considers that the ability of CSBP to nominate another entity to receive the Consideration Shares and/or Performance Shares is appropriate as any nominated entity will be part of the Wesfarmers Limited group of companies;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:

- (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) the maximum number of securities to be issued is:
 - (i) pursuant to Resolution 1 - 11,366,691 Consideration Shares, which shall be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
 - (ii) Pursuant to Resolution 2 - 5,345,633 Performance Shares on the terms set out in Schedule 2;
- (d) the Consideration Shares and Performance Shares are being issued to these parties in connection with the proposed Acquisition. The commercial goal of the issue of the Performance Shares is to enable CSBP to have an earn-out from the Decipher business over the four years following completion of the Acquisition, and therefore, the conversion of the Performance Shares into Shares in the Company is related to the Revenues achieved and calculated from the business over each of those four years;
- (e) the Board considers that the quantum of the consideration payable for the Acquisition reflects reasonable fair value of the business and assets of the Vendor. In particular, the number of Performance Shares to be issued is considered appropriate and equitable as it was agreed following arm's length negotiations with CSBP to arrive at the commercial terms of the proposed Acquisition having regard to:
 - (i) the value of the assets of being acquired and the Board's assessment of the future prospects of the assets;
 - (ii) revenues reasonably expected to be received by the Decipher business over the four years' after acquisition by the Company;
 - (iii) the fact that part of the consideration payable will be deferred (i.e. the Performance Shares) and only realised in relation to revenues generated after acquisition by the Company, which the Company's board reasonably considers would be value accretive for the Company; and
 - (iv) the principles and guidance articulated in Guidance Note 19 with respect to the issue of performance linked securities in the context of an acquisition;
- (f) a description of the Decipher business and the assets to be acquired pursuant to the Business Sale Agreement are set out in Section 1.1 above;
- (g) CSBP is the vendor of the Decipher business and owns 100% of the business assets to be sold to the Company pursuant to the Business Sale Agreement. WesCEF is also a party to the Business Sale Agreement as it is the current employer of the employees of the Decipher business. WesCEF does not own any of the assets of the Decipher business;

- (h) the Consideration Shares and Performance Shares will be issued no later than 3 months 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 Consideration Shares and Performance Shares will occur on the same date;
- (i) the Consideration Shares and Performance Shares will be issued at a nil issue price, in consideration for the Acquisition. The deemed issue price of the Consideration Shares (and the Shares issued upon the conversion of the Performance Shares) is \$0.32727 (being the 15-day VWAP price of the Company's shares over the 15 days prior to execution of the Business Sale Agreement);
- (j) the purpose of the issue of the Consideration Shares and Performance Shares is to satisfy the Company's obligations under the Business Sale Agreement;
- (k) the Consideration Shares and Performance Shares are being issued to CSBP (or its nominees) under the Business Sale Agreement. A summary of the material terms of the Business Sale Agreement is set out in Schedule 1; and
- (l) the Consideration Shares and Performance Shares are not being issued under, or to fund, a reverse takeover.

1.5 Dilution

Assuming no Options are exercised, no convertible securities are converted or other Shares issued, the Consideration Shares are issued as contemplated by Resolution 1, the number of Shares on issue would increase from 100,787,377 (being the number of Shares on issue as at the date of this Notice) to 112,154,068 and the shareholding of existing Shareholders would be diluted by 10.13%.

The maximum number of Shares that the Performance Shares will convert into assuming the applicable performance milestones are met is 5,345,633. Assuming the maximum number of Shares are issued upon conversion of the Performance Shares the subject of Resolution 2, and assuming no Options are exercised, no convertible securities are converted, the Consideration Shares are issued and no other Shares are issued, the number of Shares on issue would increase from 112,154,068 (being the number of Shares on issue as at the date of this Notice) to 117,499,701 and the shareholding of existing Shareholders would be diluted by 4.55%.

2. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

2.1 General

On 3 November 2020, the Company issued 5,633,803 Shares (**Sateva Consideration Shares**) in consideration for the acquisition of Sateva Pty Ltd (**Sateva**) and its subsidiary, Sateva Development Pty Ltd. The Sateva Consideration Shares were issued to the vendors of Sateva (being Mark Forster in his personal capacity as the vendor of 60.788% of the issued capital of Sateva and Mark Forster and Leonie Forster as trustees of the M Forster Family Trust as the vendor of 39.12% of the issued capital of Sateva), and Mark Forster and Leonie Forster as trustees for the Forster Superannuation Fund as nominees of the vendors.

As summarised in Section 1.1 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 obtained approval to increase its limit to 25% at the annual general meeting held on 27 November 2020.

The issue of the Sateva Consideration 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 Sateva Consideration 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 Sateva Consideration Shares.

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Sateva Consideration Shares.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Sateva Consideration Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Sateva Consideration Shares.

If Resolution 3 is not passed, the Sateva Consideration Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Sateva Consideration Shares.

2.3 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 Resolution 3:

- (a) the Sateva Consideration Shares were issued to Mark Forster in his personal capacity, Mark Forster and Leonie Forster as trustees of the M Forster Family Trust, and Mark Forster and Leonie Forster as trustees for the Forster Superannuation Fund;

- (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) 5,633,803 Shares were issued and the 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 Sateva Consideration Shares were issued on 3 November 2020;
- (e) the Sateva Consideration Shares were issued at a nil issue price, in consideration for the acquisition of Sateva. The Company has not and will not receive any other consideration for the issue of the Sateva Consideration Shares; and
- (f) the purpose of the issue of the Sateva Consideration Shares was to satisfy the Company's obligation under the share sale agreement with the vendors of Sateva (**Sateva Share Sale Agreement**). A summary of the Sateva Share Sale Agreement is set out in Section 2.4 below.

2.4 Summary of Sateva Share Sale Agreement

The material terms of the Sateva Share Sale Agreement are as follows:

- (a) the Company agreed to purchase from 100% of the issued capital of Sateva from Mark Forster and Leonie Forster in consideration for:
 - (i) cash consideration of \$1 for each \$1 of consolidated net assets of Sateva excluding any amounts relating to intangible assets, with an amount of \$2,000,000 to be paid at settlement and any balance or refund to be paid within 20 business days of settlement;
 - (ii) that number of Shares to the value of \$2,000,000 to be issued at a deemed issue price of the lower of the 10-day volume weighted average price of Shares prior to the settlement date and \$0.355, which shall be subject to 12-month voluntary escrow; and
 - (iii) deferred cash consideration of an amount equal to 18% of the invoiced amounts relating to product and product consulting sales, during that time, from the Sateva software products, ongoing or additional development of those products and any other documented or concept products that are being developed by Sateva. The deferred consideration will be calculated from the period from settlement of the acquisition to 31 December 2020, and thereafter every 3 month period to 30 June 2024;
- (b) the Company shall employ Mark Forster as Chief Development Officer; and

- (c) the vendors of Sateva provided a number of standard warranties in respect of Sateva and its business.

3. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF ZERO EXERCISE PRICE OPTIONS

3.1 General

On 3 November 2020, the Company issued 140,845 zero exercise price Options to Mark Forster which will vest on upon the satisfaction of performance metrics linked to the Sateva software products (**Zero Exercise Price Options**). The Zero Exercise Price Options were issued as part of Mr Forster's employment package and are valued at \$50,000.

As summarised in Section 1.1 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 obtained approval to increase its limit to 25% at the annual general meeting held on 27 November 2020.

The issue of the Zero Exercise Price 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 Zero Exercise Price 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 Zero Exercise Price Options.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Zero Exercise Price Options.

3.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Zero Exercise Price Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Zero Exercise Price Options.

If Resolution 4 is not passed, the Zero Exercise Price Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Zero Exercise Price Options.

3.3 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 Resolution 4:

- (a) the Zero Exercise Price Options were issued to Mark Forster and Leonie Forster as trustees for the M Forster Family Trust;
- (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) 140,845 Zero Exercise Price Options were issued and the Zero Exercise Price Options were issued on the terms and conditions set out in Schedule 3;
- (d) the Zero Exercise Price Options were issued on 3 November 2020;
- (e) the Zero Exercise Price Options were issued at a nil issue price, in consideration for services provided by Mark Forster as Chief Development Officer. The Company has not and will not receive any other consideration for the issue of the Zero Exercise Price Options;
- (f) the purpose of the issue of the Zero Exercise Price Options was to provide an equity-based incentive to Mr Forster to achieve performance metrics linked to the Sateva software products; and
- (g) the Zero Exercise Price Options were issued pursuant to the terms of Mr Forster's employment with the Company, as contemplated in a heads of agreement between the Company and Sateva dated 10 September 2020. The heads of agreement was on substantially the same terms as the Sateva Share Sale Agreement, a summary of which is set out in Section 2.4 above. The material terms of Mr Forster's engagement are as follows:
 - (i) the Company shall employ Mr Forster as Chief Development Offer commencing 23 October 2020 until his employment is terminated in accordance with his employment agreement;
 - (ii) the Company shall pay Mr Forster an annual salary of \$250,000 per annum plus superannuation;
 - (iii) the Company may pay Mr Forster a performance-based bonus in addition to his salary; and
 - (iv) the employment agreement is otherwise on standard terms and conditions.

4. RESOLUTIONS 5 AND 6 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

4.1 General

The Company issued 43,860 Shares and 200,000 Options on 26 October 2020 and 27 October 2020 respectively to Canary Capital Pty Ltd (**Canary Capital**) in consideration for investor marketing services.

As summarised in Section 1.1 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 obtained approval to increase its limit to 25% at the annual general meeting held on 27 November 2020.

The issue of the Shares and Options to Canary Capital 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 Shares and 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 Shares and Options to Canary Capital.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of 43,860 Shares to Canary Capital (**Canary Capital Shares**).

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of 200,000 Options to Canary Capital (**Canary Capital Options**).

4.2 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Canary Capital Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Canary Capital Shares.

If Resolution 5 is not passed, the Canary Capital Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Canary Capital Shares.

If Resolution 6 is passed, the Canary Capital Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Canary Capital Options.

If Resolution 6 is not passed, the Canary Capital Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, 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 Canary Capital Options.

4.3 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 5 and 6:

- (a) the Canary Capital Shares and Canary Capital Options were issued to Canary Capital Pty Ltd;
- (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) the Company issued 43,860 Shares (the subject of Resolution 5) and 200,000 Options (the subject of Resolution 6);
- (d) the Canary Capital 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;
- (e) the Canary Capital Options were issued on the terms and conditions set out in Schedule 4;
- (f) the Canary Capital Shares were issued on 26 October 2020 and the Canary Capital Options were issued on 27 October 2020;
- (g) the Canary Capital Shares and Canary Capital Options were issued at a nil issue price, in consideration for investor marketing services provided by Canary Capital. The Company has not and will not receive any other consideration for the issue of the Canary Capital Shares and Canary Capital Options (other than in respect of funds received on exercise of the Canary Capital Options);
- (h) the purpose of the issue of the Canary Capital Shares and Canary Capital Options was to satisfy the Company's obligations under the investor marketing mandate with Canary Capital; and
- (i) the material terms of the investor marketing mandate are:
 - (i) Canary Capital shall provide investor marketing services to the Company for the term of the mandate;

- (ii) the term of the mandate is 6 months commencing 1 September 2020 (unless terminated earlier in accordance with its terms);
- (iii) the Company shall pay Canary Capital a monthly fee of \$7,500 (exclusive of GST) to be comprised of \$5,000 in cash and \$2,500 in equity (\$15,000 in total equity over 6 months);
- (iv) the Company shall issue Shares valued at \$15,000 to Canary Capital at an issue price of the 20-day volume weighted average price of Shares up to 1 September 2020; and
- (v) the Company shall issue Canary Capital unlisted Options with an exercise price of \$0.70 and term of 2 years from the date of issue.

GLOSSARY

\$ means Australian dollars.

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.

Business Sale Agreement means the business sale agreement dated on or around 31 January 2021 between the Seller, Wesfarmers Chemicals, Energy & Fertilisers Limited and K2Fly Limited.

Chair means the chair of the Meeting.

Company means K2fly Limited (ACN 125 345 502).

Constitution means the Company's constitution.

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

CSBP means CSBP Limited (ACN 008 668 371).

Directors means the current directors of the Company.

Zero Exercise Price Option means an Option with the terms and conditions in Schedule 3.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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.

Performance Share means a performance share with the terms and conditions in Schedule 2.

Proxy Form means the proxy form accompanying the Notice.

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.

WesCEF means Wesfarmers Chemicals, Energy & Fertilisers Limited (ACN 008 797 402).

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

SCHEDULE 1 – SUMMARY OF BUSINESS SALE AGREEMENT

The material terms and conditions of the Business Sale Agreement are as follows:

- (a) **(Acquisition):** The Company agrees to acquire the Decipher business and assets from CSBP free from encumbrances on the terms of the Business Sale Agreement.
- (b) **(Conditions precedent):** Completion of the Business Sale Agreement **(Completion)** is conditional upon:
 - (i) Shareholders approving the issue of the Consideration Shares and Performance Shares for all purposes, including for the purpose of Listing Rule 7.1; and
 - (ii) ASX confirming that the Acquisition will not require the Company to re-comply with Chapters 1 and 2 of the Listing Rules, and confirming that the terms of the Performance Shares are appropriate and equitable for the purpose of Listing Rule 6.1. ASX has provided these confirmations.
- (c) **(Consideration):** In consideration for the Acquisition, the Company shall issue the Consideration Shares and Performance Shares to CSBP (or if CSBP elects, to WesCEF or any other nominees that are related bodies corporate of CSBP or WesCEF).
- (d) **(Adjustment payment):** After Completion, the parties must determine the amount of any adjustment payment (based on a reconciliation of certain assets and liabilities of the Business), and, if applicable, the relevant party must pay the adjustment amount within 10 business days after Completion.
- (e) **(Employees):** The Company must make an offer of employment to each employee of the Business on terms no less favourable than the terms of the employee at the date of Completion.
- (f) **(Warranties and indemnity):** CSBP has provided a number of customary warranties to the Company in respect of the Business and its assets. The Seller indemnifies the Company against all loss arising directly or indirectly from any incorrect or misleading warranty. This indemnity is subject to certain customary limitations, including a maximum liability of \$100,000.
- (g) **(Restraint of trade):** Subject to certain limited exceptions, CSBP and WesCEF shall not be engaged or involved in any activity which is the same or similar to the Business for up to 36 months after Completion, and shall not solicit employees or customers of the Business for 12 months after Completion.
- (h) **(Agriculture Solutions Business):** Nothing in the Business Sale Agreement shall restrict CSBP and WesCEF from carrying on the business of providing agricultural and laboratory management services (including a cloud-based software-as-a-service technology offering) to customers in the agriculture, education and research industries under the business name "Decipher AgTech" or the brand "DecipherAg" **(Agriculture Solutions Business)**. At Completion, the Company will deliver a trade-mark licence CSBP under which CSBP and WesCEF shall have a perpetual, royalty-free and transferable licence in Australia to use the "Decipher" trade mark in carrying on the Agriculture Solutions Business under the names "Decipher AgTech" or "DecipherAg". Subject to certain limited exceptions, the Company shall not be engaged or involved in any activity

which is the same or similar to the Agriculture Solutions Business for up to 36 months after Completion.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

1. Definitions:

AASB 15 means Australian Accounting Standards Board Standard AASB 15 (Revenue from Customer Contracts) or any replacement thereof.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange operated by ASX Limited.

Business means the business of providing cloud-based software-as-a-service technology and compliance solutions for mining industry customers using some or all of the intellectual property acquired under the Business Sale Agreement, including in relation to rehabilitation and closure, tailings governance and monitoring and tailings disclosure database solutions.

Business Sale Agreement means the business sale agreement dated on or around 31 January 2021 between the Seller, Wesfarmers Chemicals, Energy & Fertilisers Limited and K2Fly Limited.

Calculation Date means, in respect of an Earn-Out Period, a date which is not more than 9 months after the end of that Earn-Out Period, as agreed between the Seller and the Company, being the date on which the Earn-Out Amount is final and binding.

Capital Reorganisation means a reorganisation, reconstruction, consolidation, sub-division, bonus issue or some other analogous action in respect of the ordinary share capital of the Company.

Change in Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover bid pursuant to Chapter 6 of the Corporations Act in respect of the Shares announcing that it has achieved acceptances in respect of more than 50% of all Shares; and
 - (ii) that takeover bid being, or having become or been declared, unconditional; or
- (b) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the court made under section 411(4)(b) of the Corporations Act in respect of a members scheme of arrangement under Part 5.1 of the Corporations Act under which all Shares are to be either cancelled or transferred to a third party (but not a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company).

Company means K2Fly Limited (ACN 125 345 502).

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

Earn-Out Amount means, for an Earn-Out Period, Revenue for that Earn-Out Period multiplied by 0.22.

Earn-Out Period means each of the following periods:

- (a) 1 January 2021 to 31 December 2021;
- (b) 1 January 2022 to 31 December 2022;
- (c) 1 January 2023 to 31 December 2023; and
- (d) 1 January 2024 to 31 December 2024.

Expiry Date means 30 September 2025.

Issue Price means the issue price specified in the definition of "Adjusted Issue Price" in Schedule 2 of the Business Sale Agreement, being A\$0.32737 subject to adjustment in the event of a Capital Reorganisation.

Holder means a holder of a Performance Share.

Revenue means the total revenue of the Business as determined in accordance with AASB 15 included in the Company's audited and/or audit reviewed accounts and confirmed by:

- (a) the Company's auditor; or
- (b) if there is a dispute, by an independent expert appointed in accordance with Schedule 2 of the Business Sale Agreement.

For the avoidance of doubt, such revenue must exclude revenue derived from (1) one-off or extraordinary items (other than implementation or set-up revenues connected to the provision of services); (2) government grants, allowances rebates or handouts; or (3) revenue or profit that has been "manufactured" to achieve the performance milestone.

Seller means CSBP Limited.

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

Shareholder means a holder of a Share.

2. Rights attaching to the Performance Shares:

(a) Performance Shares

Each Performance Share is a share in the capital of the Company.

(b) General meetings

Each Performance Share confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders.

(c) No voting rights

A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(d) No dividend rights

A Performance Share does not entitle the Holder to any dividends.

(e) **No rights to return of capital**

A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) **Rights on winding up**

A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(g) **Not transferable**

A Performance Share is not transferable.

(h) **Capital Reorganisation**

If at any time prior to the Expiry Date there is a Capital Reorganisation, all rights of a Holder will be equitably adjusted so as to ensure no relative benefit or detriment occurs to, or is conferred upon, the Holder, Shareholders or the Company as a result of the Capital Reorganisation and otherwise so as to comply with the applicable ASX Listing Rules at the time of the Capital Reorganisation.

(i) **Application to ASX and removal of trading restrictions**

(i) The Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into Shares, the Company must within 2 Business Days of conversion apply for the official quotation on ASX of the Shares arising from the conversion.

(ii) At the time of issue of the Shares under (i) above, the Company must undertake all actions necessary to ensure that any trading restrictions imposed on the Shares under the Corporations Act are lifted by either:

(A) lodging with the ASX a cleansing notice (which complies with Section 708A(6) of the Corporations Act at the time of applying for the official quotation of the Shares arising from the conversion; or

(B) lodging a prospectus with the ASIC at the time of applying for the official quotation of the Shares arising from the conversion that satisfies the requirements of Section 708A(11) of the Corporations Act.

(j) **Participation in entitlements and bonus issues**

Without prejudice to paragraph 1(h), a Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **No other rights**

A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law have not been excluded by these terms.

3. Conversion of the Performance Shares:

(a) Conversion

On each Calculation Date, a number of outstanding Performance Shares will convert into Shares based on the formula outlined below:

$$\text{No. of Performance Shares to convert} = \frac{\text{The Earn-Out Amount (that is final and binding in accordance with the Business sale Agreement) for the most recently completed Earn-Out Period}}{\text{Issue Price}}$$

For the avoidance of doubt, in relation to the conversion under this clause 3(a):

- (i) subject to paragraph 3(a)(ii), any fraction of a Share shall be rounded up to the nearest whole number;
- (ii) nothing in this clause requires the Company to issue any Shares in excess of the number of outstanding Performance Shares on issue as at the relevant Calculation Date; and
- (iii) the obligation to undertake a conversion will cease on the first to occur of:
 - (A) the date all Performance Shares have been converted under this clause 3; and
 - (B) the Expiry Date.

(b) Conversion on Change of Control Event

- (i) Subject to paragraph 3(b)(ii), if prior to the Expiry Date a Change in Control Event occurs then each Performance Share outstanding at that time will convert into one (1) Share.
- (ii) The maximum number of Performance Shares that can be converted into Shares under paragraph 3(b)(i) upon a Change of Control Event must not exceed 10% of the issued Share capital of the Company (as at the date of the Change of Control Event).

(c) Deferral of conversion if resulting in a prohibited acquisition of Shares

If the conversion of a Performance Share under paragraph 3 would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition.

(d) **Lapse of Performance Share**

Each Performance Share that has not been converted under paragraph 3 shall lapse on the Expiry Date. For the avoidance of doubt, a Performance Share will not lapse in the event that the Shares the subject of a conversion are deferred in accordance with paragraph 3(d) above.

(e) **Conversion procedure**

(i) The Company will issue the Shares immediately upon conversion of the Performance Shares for no consideration and shall record the issue in the manner required by the Corporations Act.

(ii) The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 5 Business Days following the Calculation Date.

(f) **Ranking upon conversion**

The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

SCHEDULE 3 – TERMS AND CONDITIONS OF 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 eighteen months from the date of grant (**Expiry Date**). Based on a grant date of 3 November 2020, the Expiry Date has been determined to be 3 May 2022. A ZEP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Vesting Conditions**

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 12 months from date of grant of the ZEP Options and upon the completion and commercial delivery of 3 software products by SATEVA referred to as Maximum Return, Optimiser and Block Model Manager by 30 June 2021) 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 ZEP Option within a period of 6 months 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 ZEP Option certificate (**Notice of Exercise**).

(g) **Exercise Date**

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

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

Within 5 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 ZEP 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.

(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 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 Bellatrix Options.

(l) **Transferability**

The ZEP Options are not transferable.

SCHEDULE 4 – TERMS AND CONDITIONS OF CANARY CAPITAL OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

The amount payable upon exercise of each Option will be \$0.70 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 26 October 2022 (**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 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 5 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 not transferable except with the prior written consent of the Board.

PROXY FORM



Leading technology
for optimising assets

LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

2021 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.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are 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 General Meeting of the Company to be held **at Level 1, Grand Central, 26 Railway Road, Subiaco, WA 6008 on 29 March 2021 at 10:00am (WST)** and at any adjournment or postponement of that Meeting.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Approval to issue Shares in consideration for the acquisition of the Decipher business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval to issue Performance Shares in consideration for the acquisition of the Decipher business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of Zero Exercise Price Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of prior issue of Options	<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.

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

This form should be signed by the shareholder. If a joint holding, all the shareholders 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.

PLEASE NOTE: If you appoint the Chair as your proxy (or if he is appointed by default) but do not direct him 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 he sees 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:

- (a) 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
- (b) 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 that 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 10:00am (WST) on 27 March 2021, 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



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033