

ASX / Media Release

13 May 2019

ASX code: **K2F**

Issue of Securities

K2fly Limited (**K2F** or **the Company**) advises that a total of 8,626,460 fully paid ordinary shares (**Shares**) have been issued.

The Shares issued are as follows:

1. As detailed in the Company's announcement dated 7 May 2019:
 - a) 8,000,000 Shares issued pursuant to a placement raising \$800,000 (**Placement**), of which:
 - 6,666,523 Shares have been issued under LR 7.1A (**7.1A Placement Shares**); and
 - 1,333,477 Shares have been issued under LR 7.1; and
 - b) 510,000 Shares issued to Canary Capital Pty Ltd (**Canary**) in lieu of fees on placement funds raised (issued under LR 7.1); and
2. As detailed in the Company's announcement dated 22 November 2018, 116,460 Shares have been issued to Canary pursuant to the investor mandate (issued under LR 7.1).

A completed Appendix 3B has been lodged together with this announcement.

Listing Rule 7.1A Disclosures

In addition to the LR 7.1A disclosure information detailed in the Company's announcement dated 7 May 2019, K2F provides disclosure information required under LR 3.10.5A(a) in respect of the 7.1A Placement Shares.

Details of the approximate percentage of the issued capital following completion of the issue of the 7.1A Placement Shares by pre-Placement shareholders and new shareholders are set out below.

Pre-Placement shareholders that did not participate in the Placement	77.1%
Pre-Placement shareholders that did participate in the Placement	20.1%
Participants in the Placement who were not previously shareholders	2.8%

K2fly Limited ACN 125 345 502

E info@k2fly.com

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

www.k2fly.com

Notice Under Section 708A(5)(e) of the Corporations Act 2001

In respect of the Shares, K2F gives notice under section 708A(5)(e) of the Corporations Act 2001 (Cth) (**Act**) of the following:

1. The Shares were issued without disclosure under Part 6D.2 of the Act;
2. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act; and
3. As at the date of this notice, there is no information to be disclosed which is excluded information (as defined in section 708A(7) of the Act) that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

ENDS

For further information, please contact:

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About K2fly

K2fly Ltd is an ASX listed technology company which targets asset intensive industries. It supplies people, products and strategic alliances focussed on solving problems for clients.

K2fly owns **Infoscope**, a Land Management and Stakeholder Relations solution for the Energy and Resources market.

K2fly has strategic alliances with global technology companies such as: GE(USA), Esri (USA) and SAP (Germany).

K2fly also re-sells market leading software which has been developed by industry leaders in the USA, Australia, Europe and the UK. These solutions come from OBI Partners (USA), Kony (USA), Pointerra Limited (Aus), ABB (Switzerland), Totalmobile (UK) and Capita plc (UK), where they have an outstanding track record of delivering benefits to clients.

In addition, K2fly provides cutting edge advice, consultancy and services when it deploys its subject matter experts who have extensive domain knowledge in such areas as Rail, Electricity, Gas, Water, Mining, Oil & Gas, Facilities Management, Aviation and Defence.

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

K2FLY LIMITED

ABN

69 125 345 502

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 8,000,000 Shares
(b) 510,000 Shares
(c) 116,460 Shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) Fully paid ordinary shares (Shares)
(b) Fully paid ordinary shares (Shares)
(c) Fully paid ordinary shares (Shares) |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Fully paid ordinary shares rank equally with other fully paid ordinary shares currently on issue</p>
5	Issue price or consideration	<p>(a) \$0.10 per Share</p> <p>(b) \$0.10 per Share</p> <p>(c) \$0.1288 per Share</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>a) Shares issued to investors pursuant to a placement (refer ASX announcement 7 May 2019) (Placement)</p> <p>b) Shares issued to Canary Capital Pty Ltd (Canary) in lieu of advisory fees in connection with the Placement (refer ASX announcement 7 May 2019).</p> <p>c) Shares issued pursuant to an investor marketing mandate between the Company and Canary (refer ASX announcement 22 November 2018)</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>26 November 2018</p>
6c	Number of +securities issued without security holder approval under rule 7.1	<p>(a) 1,333,477 Shares</p> <p>(b) 510,000 Shares</p> <p>(c) 116,460 Shares</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	(a) 6,666,523 Shares
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes. The \$0.10 issue price is 84% of the Company's 15-day VWAP as of the date the shares were agreed to be issued (3 May 2019) of \$0.1197 (Listing Rule 7.1A.3(a)) VWAP source data: Yahoo Finance
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 7,977,393 7.1A – Nil
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	13 May 2019

	Number	+Class
8	75,354,141	Fully paid ordinary shares
	13,264,178	Listed Options exercisable at \$0.20 each on or before 18 May 2020 (tradeable under ASX code: K2FOA)

+ See chapter 19 for defined terms.

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

Number	⁺ Class
1,920,000	Unlisted Options exercisable at \$0.25 each on or before 17 November 2020
800,000	Unlisted Options exercisable at \$0.25 each on or before 1 December 2020
350,000	Unlisted Options exercisable at \$0.25 each on or before 7 July 2020
350,000	Unlisted Options exercisable at \$0.20 each on or before 1 November 2019
400,000	Unlisted Options exercisable at \$0.225 each on or before 28 December 2019
450,000	Unlisted Options exercisable at \$0.250 each on or before 28 December 2019
797,500	Performance Rights
665,352	Unlisted Options exercisable at \$0 each on or before 26 November 2020 (subject to vesting conditions)
683,866	Unlisted Options exercisable at \$0 each on or before 26 November 2020 (subject to vesting conditions) issued under EIOP
639,019	Unlisted Options exercisable at \$0.243 each on or before 26 November 2022 (subject to vesting conditions)
1,278,179	Unlisted Options exercisable at \$0.243 each on or before 26 November 2022 (subject to vesting conditions) issued under EIOP

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

The Directors do not anticipate declaring a dividend in the foreseeable future.

⁺ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the +securities will be offered	Not applicable
14	+Class of +securities to which the offer relates	Not applicable
15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	+Issue date	Not applicable

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

Not applicable

39 ⁺Class of ⁺securities for which quotation is sought

Not applicable

⁺ See chapter 19 for defined terms.

40	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)</p>	Not applicable	
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	Number	⁺ Class
		Not applicable	Not applicable

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

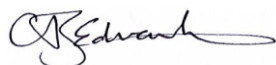
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



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(Joint Company Secretary)

Date: 13 May 2019

Print name: Catherine Grant-Edwards

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	60,409,751
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	2,272,670 Shares (12 October 2018) 3,768,306 Shares (23 October 2018) 12,000 Shares (26 October 2018) 202,500 Shares (5 November 2018) (shareholder approval for converted performance right obtained at 21 November 2017 AGM)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	66,665,227
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>

+ See chapter 19 for defined terms.

Multiply “A” by 0.15	9,999,784
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>62,454 Shares (21 December 2018)</p> <p>1,333,477 Shares (13 May 2019)</p> <p>510,000 Shares (13 May 2019)</p> <p>116,460 Shares (13 May 2019)</p>
“C”	2,022,391
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	9,999,784
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	2,022,391
Total [“A” x 0.15] – “C”	7,977,393

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	66,665,227
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	6,666,523
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	6,666,523 Shares (13 May 2019)
“E”	6,666,523

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	6,666,523
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	6,666,523
Total [“A” x 0.10] – “E”	Nil

+ See chapter 19 for defined terms.