

ASX / Media Release

7 January 2020

ASX code: **K2F**

Operational Update – Record invoices, SaaS ARR and TCV has significantly grown

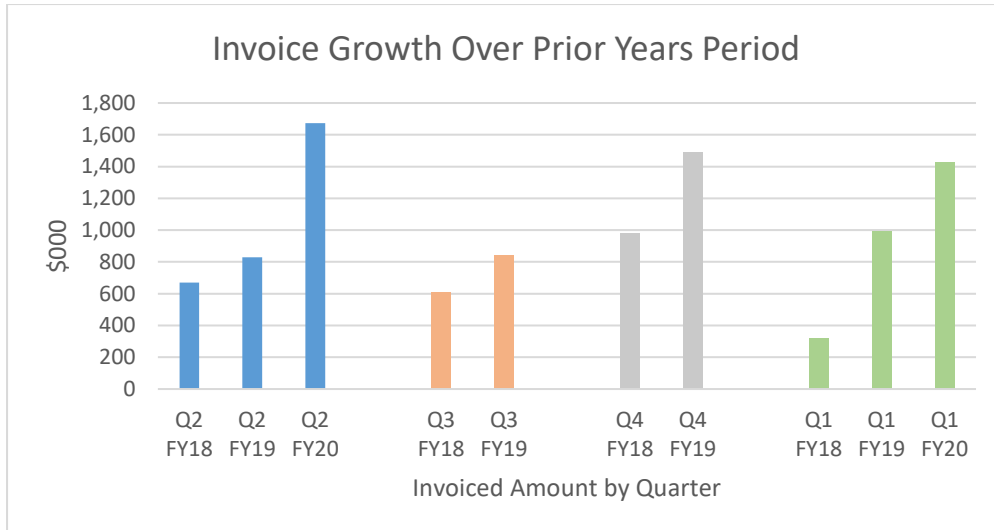
Highlights

- Record invoices raised for Q2 FY20
- Invoices for Q2 FY20 increased 102% from Q2 FY19 (A\$1.67m v. A\$0.83m)
- Cash at hand on 31 December was \$1.1m with approximately \$1.05m in receivables
- New contracts signed with Rio Tinto and Nexa Resources for the RCubed Resource Governance solution
- Multiyear SaaS contract extensions with Teck Resources (RCubed) and Westgold Resources (Infoscope)
- Significant progress made with other prospective clients including paid work in advance of contract signing
- Current Annual Recurring Revenue (ARR) grew by 40% in Q2 to >\$1.4m
Current Total Contract Value (TCV) grew by 188% in Q2 to >\$3.5m

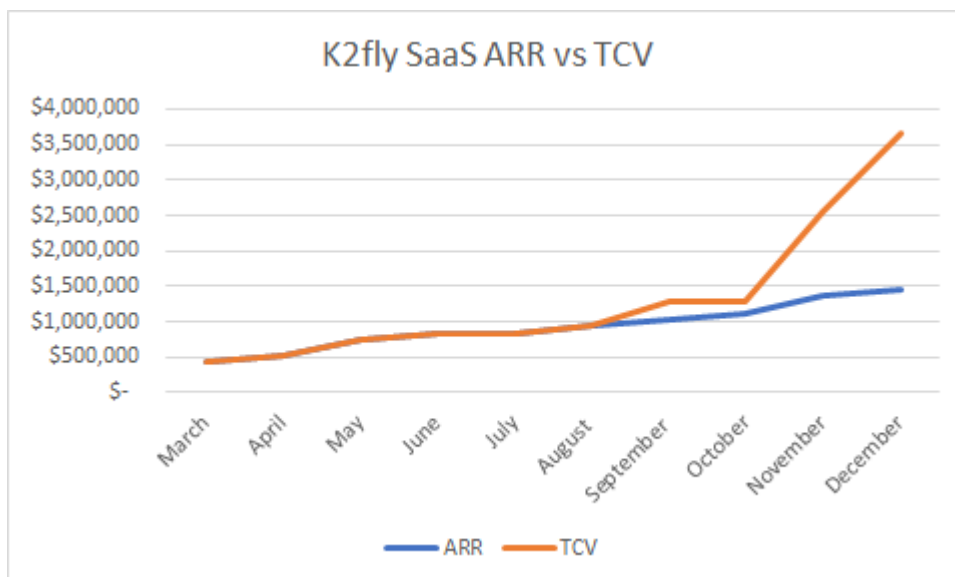
Invoicing and Cash Flow

K2fly Limited (ASX: K2F) (**K2fly** or **the Company**) is pleased to announce that it has raised invoices for approximately \$1.67m in the Q2 FY20 quarter, which is an improvement of 102% over the equivalent quarter in FY19. This is the largest quarterly figure for invoicing ever attained by K2F.

As at 31 December 2019, the available cash at hand was approximately \$1.1m. In addition, there was approximately \$1.05m in aged receivables largely from Tier 1 clients. There is also another \$0.10m of Work in Progress with existing clients which will be invoiced on delivery.



SaaS contracts - ARR and TCV Current ARR has grown 40% in Q2 to >\$1.4m
 Current TCV has grown 188% in Q2 to >\$3.5m



Sales Update

On 25 October 2019 NYSE listed Nexa Resources from Brazil signed a one-year contract for RCubed Mineral Resource and Reserve software solution across 12 sites. Nexa Resources operates 5 polymetallic mines across Brazil and Peru.

On 19 November 2019 multi listed (NYSE, ASX, LSE) Rio Tinto contracted with K2F to deploy its RCubed software solution across 20 sites in a 5-year agreement.

On 13 December 2019 existing client Teck Resources extended its contract with K2F for its RCubed solution for a further 3 years.

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On 18 December 2019 existing Infoscope client, Westgold Resources extended the length and breadth of its contract with K2F when it signed for a further 5 years.

On 15 December 2019 a newly formed entity, “The Place of Keeping” agreed to take over the roll-out of the Infoscope software and services to Aboriginal groups across Australia. This new entity is expected to give momentum to the rollout of the Keeping Place solution, which is based upon Infoscope functionality, to many communities in 2020 who will potentially want to deploy the solution. ‘The Keeping Place’ is built on K2fly’s Infoscope solution and is, a secure, customisable online platform that enables Traditional Owners to regain data sovereignty, apply cultural protocols, manage native title, improve governance and unlock social and economic opportunities for current and future generations.

As at the end of December 2019, K2F’s Software as a Service offerings (RCubed and Infoscope) have been deployed or are being deployed in 45 countries and across 235 sites. K2F is in contractual negotiations for SaaS solutions with several other major mining companies at the moment, and while there are no guarantees of success, K2F is well placed to win these contracts before 30 June.

Capital Update

During the quarter, the Company issued the following securities:

- 81,522 shares and 750,000 unlisted options exercisable at \$0.35 each on or before 11 October 2022 issued on 11 October 2019 pursuant to an investor marketing mandate between the Company and Canary Capital (refer ASX announcement 11 October 2019)
- 323,419 shares issued on 11 December 2019 upon the exercise of 323,419 unlisted options exercisable at \$0 each which expired on 26 November 2020
- 1,751,200 unlisted options issued on 20 December 2019 to directors and consultants, as approved by shareholders at the Company’s AGM
- 2,150,580 unlisted options issued on 20 December 2019 to employees under its shareholder-approved Employee Incentive Option Plan
- 380,000 shares issued on 27 December 2019 upon the exercise of \$0.225 options which expired on 28 December 2019
- 200,000 shares issued on 27 December 2019 upon the exercise of \$0.25 options which expired on 28 December 2019

Announcement released with authority of K2F board.

ENDS

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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 the following Software Solutions:

- **Mineral Resource Governance - RCubed** a resource and reserve reporting solution that supports reporting codes such as JORC, NI43101 and SAMREC across the major stock exchanges – including NYSE, LSE, TSX, ASX and JSE; and
- **Natural Resource Governance - Infoscope**, an Enterprise Land Management, Natural Resource Governance 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.