POWER RESOURCES LIMITED
ABN: 69 125 345 502

22 August 2016

The Manager
ASX Market Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

PROSPECTUS LODGED

A copy of the attached prospectus was today lodged with the Australian Securities and Investments Commission.

Yours faithfully

Norman Grafton
Company Secretary
Power Resources Limited

POWER RESOURCES LIMITED
(TO BE RENAMED "K2FLY LIMITED")
ACN 125 345 502

PROSPECTUS

For an offer of up to 25,000,000 Shares at an issue price of $0.20 per Share to raise up to $5,000,000 with a minimum subscription of $4,000,000 (**Offer**).

Completion of the Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 2.5 of this Prospectus. No Securities will be issued pursuant to this Prospectus until such time as the Conditions are satisfied.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

All references to Securities in this Prospectus are made on the basis that the 1:9.4 Consolidation for which Shareholder approval was obtained at the General Meeting held on 22 August 2016, has taken effect.

LEAD MANAGER

AFSL No. 316880

K2FLY CORPORATE ADVISOR

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered highly speculative.

TABLE OF CONTENTS

1. CORPORATE DIRECTORY

Directors[1]

Michael Scivolo
Non-Executive Chairman

Sol Majteles
Non-Executive Director

Robert Collins
Non-Executive Director

Proposed Directors

Brian Miller[2]
Executive Chairman and CEO

Noel Bonnick[2]
Non-Executive Director

Gino D'Anna[2]
Non-Executive Director

Russell Moran[2]
Non-Executive Director

Company Secretary

Norman Grafton (Current)

Gino D'Anna (Proposed)

Registered Office

Power Resources Limited
Level 1
8 Parliament Place
West Perth WA 6005

Telephone: +61 8 9481 7833
Facsimile: +61 8 9481 7835

Email: power@powerresources.com.au
Website: www.powerresources.com

Lead Manager

K S Capital Pty Ltd
Level 2
22 Pitt Street
Sydney NSW 2000

Telephone: +61 2 8005 1091
Email: g.wood@kscapital.com.au

Proposed ASX Code

K2F

Registered Office

K2fly NL
Suite 1
100 Hay Street
Subiaco WA 6008

Email: info@k2fly.com
Website: www.k2fly.com

Investigating Accountant

Stantons International Securities
Level 2
1 Walker Avenue
West Perth WA 6005

Auditors

K2fly NL
Stantons International
Level 2
1 Walker Avenue
West Perth WA 6005

Power Resources Limited
HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry[3]

Advanced Share Registry
PO Box 1156
Nedlands WA 6009
Telephone: +61 8 9389 8033

Corporate Advisor

LinQ Corporate
Level 1
17 Ord Street
West Perth WA 6005

Telephone: +61 8 9488 8888
Email: info@thelinqgroup.com

Current ASX Code

PWW

[1] To resign on Settlement of the Acquisition.
[2] To be appointed with effect from Settlement of the Acquisition.
[3] This entity has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. IMPORTANT NOTICE

2.1 Consolidation

Unless stated otherwise, all references to securities of the Company as set out in this Prospectus are on the basis that the consolidation (for which approval was obtained at the General Meeting held on 22 August 2016) has occurred.

2.2 Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules

At the General Meeting held on 22 August 2016, the Company obtained Shareholder approval for a change in nature and scale of its activities.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

The Company's Securities remain suspended from trading on ASX since 16 May 2016 and will not be reinstated until satisfaction of the Conditions to the Offer and ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the Conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offer and will repay all Application monies received.

2.3 General

This Prospectus is dated 22 August 2016 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

2.4 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

2.5 Conditional Offer

The Offer is conditional on:

(a) the Acquisition Agreement becoming unconditional; and

(b) ASX conditional approval to re-admit the Shares to Official Quotation,

(together, the **Conditions**).

Accordingly, the Offer under this Prospectus is effectively conditional on the successful completion of each other part of the Acquisition.

2.6 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.powerresources.com or from www.k2fly.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

There is no facility for the Offer to be accepted electronically or by applying online. Shares will not be issued under the electronic version of the Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

No document or information included on our website is incorporated by reference into this Prospectus.

2.7 Forward looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 5D and 11 of this Prospectus.

2.8 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

2.9 Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 19 of this Prospectus.

2.10 Time

All references to time in this Prospectus are references to Australian Western Standard Time.

2.11 Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section 11 of this Prospectus for details relating to risk factors.

2.12 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer, please call the Company Secretary for Power Resources Limited, Norman Grafton on +61 8 9481 7833 or alternatively, please call K2fly Director, Gino D'Anna on +61 400 408 878.

3. INDICATIVE TIMETABLE*

Lodgement of Prospectus with the ASIC	22 August 2016
Priority Offer Record Date	22 August 2016
Opening Date of the Offer	29 August 2016
Closing Date for Public and Priority Offer	27 September 2016
Issue of Shares under the Offer	29 September 2016
Settlement of the Acquisition^	29 September 2016
Despatch of holding statements	4 October 2016
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	7 October 2016
Re-quotation of Securities (including Shares issued under the Offer) on ASX	14 October 2016

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with any of the Offer at any time before the issue of Shares to Applicants.*

^ The above stated date for Settlement of the Acquisition is only a good faith estimate by the Directors and may have to be extended.

4. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Board of Directors of Power Resources Limited, I am pleased to present this Prospectus and to offer you the opportunity to invest in Power Resources Limited, to be renamed "K2fly Limited" (**Company**).

This Prospectus has been issued by the Company for a public offering of up to 20,000,000 Shares at $0.20 per Share to raise $4,000,000. Oversubscriptions of up to a further 5,000,000 Shares to raise a further $1,000,000 may be accepted.

The Company has entered into a Restated and Amended Sale Agreement with K2fly NL (**K2fly**), to acquire 100% of the business and assets of K2fly including the enterprise asset management technology owned and developed by K2fly. Upon completion of the transaction, the Company will change its name to "K2fly Limited" and the Board and management of the Company will change to reflect the new direction of the Company.

Developed and refined specifically for asset intensive industries over a 12-year period, K2fly's technology delivers comprehensive infrastructure asset management through industry-specific software and services.

K2fly's technology allows asset management personnel to access a centralised system to manage and maintain all their asset data to enable more efficient and effective outcomes. K2fly's technology has a strong track record of empowering organisations to make better long-term decisions, through proprietary algorithms and degradation profiles which assist in forecasting future operational and maintenance needs.

K2fly's technology offers cloud based asset management and asset maintenance software solutions and the option of physical data infrastructure management. Utilising cloud supported platforms, K2fly's technology can facilitate a range of high value asset management functions, with applicability in many sectors.

K2fly recently executed its first major international non-binding partnering agreement with a class leading Enterprise Asset Management FTSE-100 conglomerate for the sale of its asset management and maintenance technology across Europe, including the United Kingdom. A second non-binding partnering agreement has also been executed with an Asian distribution partner with offices in Singapore, Malaysia, Indonesia and Vietnam. In addition, K2fly has a strategic Partnership Agreement with K2 Technology Pty Ltd, a leading asset management and maintenance consulting group. The partnering agreements will be assigned to the Company upon completion of the transaction.

The Company is seeking to raise a maximum of $5,000,000 (before costs) to fund the ongoing development of the SME version of the flagship ADAM software offering and expand the sales growth channels.

On behalf of the board of Directors, I recommend this Offer to you and look forward to welcoming you as a shareholder of the Company. This is an exciting time for the technology sector and we look forward to your support and the opportunity of growing the Company with you.

Yours faithfully,

Michael Scivolo
Non-Executive Chairman

5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Power Resources Limited (ACN 125 345 502) (ASX: PWW)	
Who is Power Resources Limited?	The Company is a junior exploration company listed on the ASX since 23 November 2007. Currently, the Company has only one interest (90%) in a mineral tenement being the Linden (Good Hope) Gold Project in the eastern goldfields of Western Australia. Minimal exploration work has been conducted on this project over the past 12 months. In the event that Settlement occurs, the Company intends to relinquish or sell its interest in this mining tenement. For the past 12 months, the Company has also been evaluating alternative corporate opportunities and on 16 May 2016, Power Resources Limited announced to ASX that it entered into a binding, conditional agreement (**Asset Sale Agreement**) to acquire 100% of the enterprise asset management technology assets owned by K2fly.	**Section 6.1**
How will the Acquisition be implemented?	On 3 June 2016, the Company entered into the Amended and Restated Asset Sale Agreement with K2fly (which supersedes the Asset Sale Agreement) pursuant to which K2fly has agreed to sell all of its right, title and interest in the Assets to the Company. Set out below is a summary of the key terms of the Amended and Restated Asset Sale Agreement. (a) **Conditions Precedent** Settlement of the sale of the Assets (**Settlement**) is conditional on the satisfaction (or waiver) of the following conditions precedent (**Conditions**):	**Sections 6.2, 6.4 and 6.6**

Item	Summary	Further information
	(i) the Company receiving all necessary Shareholder approvals and all other regulatory approvals required by the ASX Listing Rules and Corporations Act or any other law, including ASX approvals required for Settlement and conditional approval to reinstate the Company's quoted securities to trading on the ASX following Settlement; (ii) completion of a consolidation of the capital of the Company on a 1 for 9.4 basis; (iii) the Company preparing a prospectus, lodging the prospectus with ASIC and raising a minimum of $3,000,000 under the prospectus or such greater amount as required for the Company to meet the assets test admission criteria set out in the ASX Listing Rules; and (iv) to the extent required by the ASX, the Company or the ASX Listing Rules the recipients of the Consideration Shares, K2 Technology Vendor Shares, KMM Shares, Advisor Shares and Broker Options and their controllers entering into restriction agreements in the form of Appendix 9A of the ASX Listing Rules. If the conditions set out above are not satisfied (or waived by the relevant party) on or before 1 December 2016, or such later date as the Company and K2fly may agree, the Asset Sale Agreement may be terminated at any time prior to Settlement by notice given by one party to the other party. (b) **Consideration** Subject to satisfaction of the Conditions, in consideration for the Acquisition, at Settlement the Company will issue:	

Item	Summary	Further information
	(i) 16,000,000 Shares (on a post-Consolidation basis) to K2fly (**Consideration Shares**); and (ii) 1,500,000 Shares (on a post-Consolidation basis) to K2 Technology Pty Ltd (**K2 Technology Shares**). It is the intention of K2fly to conduct an in-specie distribution of the Consideration Shares to its shareholders promptly after Settlement, however this timing is subject to ASX approval. Once the in-specie distribution has been completed, K2fly will undertake a voluntary deregistration and winding up. Refer to Section 6.4 for further details. (c) **Fees** The Company will pay the following fees in relation to the Acquisition: (i) at Settlement, the Company will pay Kalgoorlie Mine Management Pty Ltd (**KMM**); (A) 4,500,000 Shares (on a post-Consolidation basis) (**KMM Shares**) (plus GST); and (B) $250,000 (plus GST), in consideration of historical and future services provided by KMM to K2fly (including without limitation, for assisting in the structuring and completion of the sale of the Assets); (ii) subject to Settlement occurring, the Company will pay KMM a further fee of $300,000 (plus GST) payable in equal instalments of $12,500 (plus GST) per month over the 24 months following Settlement; (iii) subject to Settlement occurring, the Company will pay all outstanding	

Item	Summary	Further information
	loan amounts owing to KMM, estimated to be $100,000; (iv) at Settlement, the Company will issue 500,000 Shares (on a post-Consolidation basis) to the corporate advisor of K2fly and 500,000 Shares (on a post-Consolidation basis) to the lead manager in consideration for lead manager and advisory services provided to K2fly. The Company will also issue a further 250,000 Shares (on a post-Consolidation basis) to unrelated parties of the Company for providing assistance in connection with the Capital Raising. (**Advisor Shares**); and (v) at Settlement, the Company will issue 350,000 Broker Options to K S Capital Pty Ltd and such other Broker Options to be issued as agreed between K2fly and the Company. At the General Meeting, Shareholders approved the Company's change in focus from its current gold exploration business to developing and operating an enterprise asset management technology business. The Company intends to continue to fund its obligations in respect of the Linden Gold Project in the short term, however, will be actively seeking to dispose or joint venture this project in the medium to long term, subject to shareholders approving the change of direction. The Company also proposes to change its name to "K2fly Limited" on Settlement of the Acquisition, which in the Board's opinion will be better suited to the Company's new strategic direction.	
Who is K2fly?	K2fly operates a business in the asset management and asset maintenance sector in heavy asset intensive industries. On 8 May 2015, K2fly entered into a binding acquisition agreement with K2 Technology Pty Ltd, which set out the terms and conditions by which K2fly would acquire the enterprise asset	

Item	Summary	Further information
	management technology assets owned by K2 Technology Pty Ltd. Pursuant to the binding acquisition agreement, K2fly acquired the enterprise asset management technology assets of K2 Technology Pty Ltd, including ADAM, TagMan, DocMan, Handover Notes, Property Inspector as well as all pipeline technologies which may be developed within the three (3) years following the initial acquisition. K2fly acquired the Technologies for total consideration of $700,000 payable in cash payments, the first instalment of $400,000 was paid on or about 12 May 2015 and the second and final cash instalment of $300,000 was paid on or about 6 April 2016. K2fly is also required to procure the issue of $300,000 Shares in the Company to K2 Technology. K2fly completed the acquisition of the Technologies on 11 May 2015 and set out to develop a Software-as-a-Service (**SaaS**) business model through which clients would be able to deploy and implement the enterprise asset management technologies and associated software through a user pays subscription model, with the cost of the technology licence fees spread across equal monthly instalments. Refer to Section 16.1 for further information. K2fly and K2 Technology have also entered into a Partnership Agreement pursuant to which the parties agreed to cross-promote their respective services, developments and products for three (3) years from 11 May 2015. Pursuant to this Partnership Agreement, K2fly has been promoting the asset management services, including maintenance and reliability, supply chain management and operations support services of K2 Technology to new clients sourced by K2fly and K2 Technology has been promoting the Technologies of K2fly to new clients sourced by K2 Technology. In addition, K2 Technology has been promoting the Technologies of K2fly to existing clients of K2 Technology, many of which were previously utilising the Technologies on a project specific basis. The Partnership Agreement will be assigned to the Company effective as at Settlement. Refer to Sections 8.1 and 16.4 for further information.	

Item	Summary	Further information
	Although the Technologies have been successfully deployed and implemented by K2 Technology Pty Ltd to more than 20 clients across Australia and predominantly in the oil and gas sector, K2 Technology Pty Ltd was not separately charging those clients for the use of the technology and associated software. Since acquiring the Technologies, K2fly has sought to adopt a SaaS business model based on a user pays structure. As noted above, this business model is new to K2fly. Built, developed and refined over a period of more than 12 years, K2fly's software delivers infrastructure asset management solutions. The K2fly software allows asset management professionals to access a centralised system to manage and maintain all their asset data to improve efficiency and outcomes for asset value realisation. The K2fly software products are applicable to a range of industry sectors including government, utilities, transport, health, education, real estate, oil and gas, and mining, and have been implemented by over 20 clients globally. K2fly's range of software products focuses on the management of assets in asset-intensive industries and includes: ❖ Asset Data Analysis and Management (ADAM) ❖ TagMan ❖ DocMan ❖ Handover Notes; and ❖ PropertyInspector. The software has been developed using well-known and utilised technologies, employing established frameworks which have the capability to scale for the needs of the business over dynamic times. The ADAM, TagMan and DocMan products have been developed to work together but this is not essential and these products may be used separately depending on the needs of the end user. ADAM is the core product of the business and is intended for use as a staging system and business integration tool to assist in asset management for enterprise asset	

Item	Summary	Further information
	management and enterprise resource planning systems. Currently, K2fly has six (6) clients each using the asset management and asset maintenance technology. K2fly is continuing to build the client base through direct opportunities and indirect opportunities associated with the international partnering agreements.	
What are the enterprise asset management technology assets owned by K2fly NL?	Developed and refined specifically for asset intensive industries over a 12-year period, K2fly's technology delivers comprehensive infrastructure asset management through industry-specific software and services. K2fly's technology allows asset management personnel to access a centralised system to manage and maintain all their asset data to enable more efficient and effective outcomes. K2fly's technology has a strong track record of empowering organisations to make better long-term decisions, through proprietary algorithms and degradation profiles which assist in forecasting future operational and maintenance needs. Introducing K2fly's technology into industry-specific organisations allows asset management personnel across all levels of organisations to make better informed decisions, effectively and efficiently. The scalable and modular nature of K2fly's technology means that target markets include the broader population of SMEs, multi-nationals and corporate conglomerates. K2fly owns the following proprietary asset management and asset maintenance technologies for use in vertically-integrated asset intensive industries: **ADAM**: Asset Data Analysis Management **DocMan**: Mobility Solutions: Task Management **TagMan**: Mobility Solutions: Asset Verification App **HandoverNotes**: Mobility Solutions: Electronic Information Sharing App	**Section 8**

Item	Summary	Further information
	PropertyInspector: Mobility Solutions: Asset Inspection App	
How were the terms of the Acquisition agreed?	The Acquisition was negotiated on an arm's length basis, and the Company is satisfied that the terms of the Acquisition are the best it was able to negotiate with K2fly. In determining whether the consideration was appropriate, and accordingly whether the Company should make the Acquisition, the Company considered the following factors: (a) the acquisition of the K2fly Technologies provides the Company with an opportunity to transition into a SaaS business model offering enterprise asset management technology to organisations that operate in asset intensive industries; (b) the Company understands that the EAM sector is one that is undergoing significant transformation as technologies improve and mobility becomes more important to enterprises, which presents a unique opportunity for the Company; (c) the K2fly Technologies have been proven in commercial settings so the commercialisation risk in the application of the Technologies is considered to be low. Benchmarking the Technologies in the oil and gas sector has demonstrated that the Technologies can operate in hostile environments and the agnostic nature of the Technologies means that it can be adapted to operate in other industry segments such as utilities, infrastructure, government and healthcare opening up more opportunities; (d) K2fly has a credible, experienced management team (see Section 13 for details of management profiles who are proposed to join the Board of the Company); and (e) the Acquisition and Offer will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company	

Item	Summary	Further information
	because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may also lead to an increased liquidity of Shares and greater trading depth than previously experienced by Shareholders prior to the announcement of the Acquisition. The Board is of the view that proceeding with the Acquisition is in the best interests of the Company for the reasons set out above.	
B. Business Model		
How will the Company generate income?	Following Settlement of the Acquisition, the Company will look to develop the assets of K2fly and its enterprise asset management software offering. **Revenue Generation** **ADAM** The Company intends to earn revenue from the ADAM software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements. Additional support hours and technology implementation costs will also generate additional revenue for the Company. **TagMan** The Company intends to earn revenue from the TagMan software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the Rental of optimised hardware packages for difficult environments. **DocMan** The Company intends to earn revenue from the DocMan software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support	**Section 8.4**

Item	Summary	Further information
	hours and from the rental of optimised hardware packages for difficult environments. **HandoverNotes** The Company intends to earn revenue from the HandoverNotes software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the Rental of optimised hardware packages for difficult environments. **PropertyInspector** The Company intends to earn revenue from the PropertyInspector software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the rental of optimised hardware packages for difficult environments. **Product Development** K2fly is currently working on the deployment and commercialisation of an SME version of an EAM platform to be known as ADAMLITE. This software will have all the form and functionality of the broader, more detailed ADAM software, but will be configured to the SME market, where due to the prohibitive cost of deploying EAM software, very little penetration has taken place, presenting a significant opportunity for K2fly. This software is currently in the 'Beta' stage of development, but is intended to be commercialised over the next 3 – 6 months. ADAMLITE will operate through a centrally hosted cloud supported platform which will provide a simple and easily configurable solution for SME's across Australia and other target markets. ADAMLITE will be a pure SaaS offering and will be licensed on a subscription basis.	
What are the key business strategies of the	Upon successful Settlement of the Acquisition, the Company will further develop the Technologies by focusing on its new business strategies.	**Sections 8.3 and 8.4**

Item	Summary	Further information
Company in pursuit of its business model?	These key business strategies will be to: ❖ advance the commercialisation of the existing enterprise asset management and enterprise mobility solutions; ❖ assess further acquisitions that complement K2fly's existing technology portfolio; ❖ develop other technology platforms that will be value accretive to the Company; ❖ exploit additional partnering agreements that will give the Company a market presence in the Asia-Pacific region as well as North America; and ❖ develop the ADAMLITE platform as a pure SaaS SME offering. The longer term objectives of the Company following Settlement are to further develop and commercialise its technology platforms with a view to deploying the software worldwide and across multiple industry sectors. To do so, the Company will seek to align itself with international distributors of complementary technologies, such as Accenture, IBM and Motorola.	
What are the key dependencies of the Company's business model?	The key factors that the Company will depend on to meet its objectives are: (a) the successful implementation and roll-out of the user-pays subscription model for the K2fly asset management software; (b) the growing need for real-time analytics in asset intensive businesses, both large and medium sized; (c) the growing trend away from static asset management software offerings to dynamic cloud-supported technologies; (d) the growing trend towards mobility solutions and improving the efficiency of the "human workforce"; (e) the growing need for improved safety and security of revenue generating	**Section 8.4**

Item	Summary	Further information
	assets and methods to better protect such assets; and (f) the growing need to predict in real-time the true impact of delayed equipment maintenance expenditure and the flow-on impact to other aspects of the business.	
C. Key Investment Highlights		
What are the key investment highlights?	An investment in the Company and the acquisition of the enterprise asset management technology of K2fly offers investors an entry into the burgeoning enterprise asset management market. Key investment highlights associated with the Company and the acquisition of the Technologies of K2fly include: Proven suite of **enterprise asset management** and **enterprise mobility solutions** **Developed products** ready for market and commercialisation **Highly experienced** board and management team Key **business partnerships** in place Expanding business with a proven track record of delivering **solutions for blue chip clients** **Low operating cost** business model with opportunity to convert existing client trials to long term commercial licences	**Section 6.3**

Item	Summary	Further information
	Marketability across all **asset intensive industries** seeking increased productivity and operational efficiencies **Higher asset productivity** **Reduced maintenance costs** **Increased visibility of operations and asset performance** **Unify processes for wide-ranging asset management functions across multiple sites**	
D. Key Risks		
What are the key risks of an investment in K2fly and the Company?	The business, assets and operations of the Company, including after Settlement of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited. Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows: (a) **Risks relating to the Change in Nature and Scale of Activities** (i) **Re-Quotation of Shares on ASX** The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as	**Section 11**

Item	Summary	Further information
	if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules. (ii) **Dilution Risk** On completion of the Acquisition and all issues of Shares and Options contemplated by this Prospectus (assuming the Maximum Subscription under the Capital Raising and no exercise of Options) existing Shareholders will be significantly diluted. Upon completion of the Acquisition and achieving the minimum subscription under the Offer (assuming no further Shares are issued and no exercise of any Options), the existing Shareholders will retain approximately 10.2% of the issued capital of the Company, with the Vendors holding 32.52% and the investors under the Offer holding 40.6% of the issued capital of the Company respectively. Upon completion of the Acquisition and achieving the maximum subscription under the Offer (assuming no exercise of any Options), the existing Shareholders will retain approximately 9.3% of the issued capital of the Company, with the Vendors holding 29.52% and the investors under the Offer holding 46.1% of	

Item	Summary	Further information
	the issued capital of the Company respectively. If subsequently the Broker Options are exercised, the interests of the existing Shareholders will be further diluted. There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Assets. (iii) **Liquidity Risk** On Settlement, the Company proposes to issue the Consideration Shares, the K2 Technology Shares, the KMM Shares and the Advisor Shares. The Directors understand that ASX will treat the Consideration Shares, the K2 Technology Shares, the KMM Shares and the Advisor Shares as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time. (iv) **Contractual Risk** Pursuant to the Acquisition, Settlement is subject to the fulfilment of certain conditions precedent. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to	

Item	Summary	Further information
	seek a legal remedy, which can be costly. (b) **Risks relating to the Assets** (i) **New Business Model** K2fly acquired the Technologies in May 2015 and as a result has only been actively engaged in the sale of the technology assets on a subscription basis for a small amount of time. K2fly has the board and management in place to succeed in its business endeavours (who will join the Company as Proposed Directors) and the implementation of its business plan, although K2fly does not have a long operating history. (ii) **Data Loss / Theft** K2fly stores data on both internal and third party service providers. Penetration of the system or exploitation of some unidentified vulnerability in its network could lead to loss, theft or corruption of the Company's data. Although K2fly has strategies and protections in place to try and minimise security breaches and to protect data, these strategies might not be successful. In that event, it could negatively impact upon the Company's revenues and profitability. The Company and K2fly are comfortable that this risk is manageable and that the security precautions implemented to ensure the safety of the data is comparable to other companies operating in the software sector where data is being managed on behalf of clients. Unfortunately, data corruption, loss and theft are not unique risks to the business of software	

Item	Summary	Further information
	companies. K2fly maintains duplicate copies of data at various locations to ensure that data can always be recovered with little downtime to the clients. (iii) **Lack of API Integration** API integrations automate data transfer and remove the need for file export and import activities. While API integrations are not as important for the current version of ADAM the development of ADAMLITE may require the development of API integrations for usability. The integration of Application Programming Interfaces (or **API**'s) within asset intensive industries is not seen as a vital factor in the adoption of asset management and asset maintenance software. The primary reason for this is due to the nature of the businesses that K2fly deals with and the manner in which the data has been captured historically. ADAMLITE will be targeting small to medium enterprises which have either historically captured the data in stagnant excel databases or in some cases in hand written notes, the adoption of the ADAMLITE software will be governed by the efficiency and productivity gains. The useability of ADAMLITE and the integration of the software with CSV captured data will not depend on the application and integration of API's. What will be important, is allowing the asset management software to integrate with accounting software packages, however that will be on an ad hoc basis only, and where that requirement is highlighted, the software	

Item	Summary	Further information
	integration tools will be implemented accordingly. (iv) **Operating System Changes** K2fly uses third party operating systems with the providers of these systems regularly updating their systems. It is possible when these updates occur it could cause some of the Assets to not operate as efficiently as before. This will require Company to change the code on its system which may take some time to remedy. K2fly makes use of third party operating systems as it allows the software to deliver more powerful solutions and capture significantly more data than excel and do so without being cumbersome on the clients' server or data storage medium. In limited circumstances, a change to the third party operating system has meant that certain codes and designated fields have had to be updated in line with the third party operating system changes. In the past when this has happened, the changes have been simple to re-code and update and clients would be told about these changes with the changes taking place remotely so that clients are not interrupted and clients do not see the changes that are made. Because ADAM works over a URL, changes can be made instantaneously with no impact to the client and no downtime for the client. This will also be the case for ADAMLITE which will operate through a cloud based platform on the K2fly website, so any changes will be made instantaneously with seamless integration.	

Item	Summary	Further information
E. Directors and Key Management Personnel		
Who are the Proposed Directors?	It is proposed that upon Settlement of the Acquisition: (a) Brian Miller will be appointed to the Board as Executive Chairman and Chief Executive Officer; (b) Noel Bonnick will be appointed to the Board as a Non-Executive Director; (c) Gino D'Anna will be appointed to the Board as a Non-Executive Director and Company Secretary; and (d) Russell Moran will be appointed to the Board as a Non-Executive Director. The profiles of each of the Directors and Proposed Directors are set out in Sections 12.2 and 13.3. Details of the personal interests of each of the above individuals are set out in Section 13.5.	**Section 12**
Summary of contracts with Proposed Directors	The Company has entered into the following agreements with the Proposed Directors. **Consultancy Agreement – One Track Mind and Brian Miller** On 15 August 2016, the Company, BP Miller and RJ Carbon trading as One Track Mind (**One Track Mind**) and Mr Brian Miller entered into a consultancy agreement whereby One Track Mind will provide Mr Miller's services to the Company, and Mr Miller will be engaged as Chief Executive Officer of the Company on and from Settlement. The consultancy agreement has an initial term of 2 years and is subject to extension at the discretion of the Company. One Track Mind's consultancy fee is $240,000 per annum plus GST, to be reviewed annually and will at least be increased by CPI. In addition to the consultancy fee and any review, subject to Shareholder approval and any other terms required by the ASX, the Company may issue One Track Mind (or its nominee) performance rights which, upon achievement of	**Section 16**

Item	Summary	Further information
	their milestones, will convert into Shares (on a one for one basis) (**Performance Rights**). The Company will reimburse Mr Miller for all reasonable expenses incurred in the performance of his duties. The agreement contains standard confidentiality, change of control and termination and other clauses expected to be included in an agreement of this type. **Executive Director letter of appointment** The Company has also entered into a letter of appointment with Mr Miller pursuant to which, on and from Settlement, Mr Miller will be appointed as Executive Chairman. Pursuant to the letter of appointment, Mr Miller will be paid a base fee of $12,000 per annum. **Non-executive letters of appointment** **Mr Gino D'Anna** On 15 August 2016, the Company and Mr Gino D'Anna, entered into a non-executive letter of appointment whereby Mr D'Anna will be appointed as a non-executive director of the Company on and from Settlement, on the following terms: (a) total annual remuneration of $60,000 per annum (plus GST); and (b) Mr D'Anna will fully comply with the policies and procedures governing the business and operations of the Company. In addition to the director's fee and any review thereof, subject to Shareholder approval and any other terms required by the ASX, the Company may issue Mr D'Anna (or his nominee) Performance Rights. **Mr Russell Moran** On 15 August 2016, the Company and Mr Russell Moran, entered into a non-executive letter of appointment whereby Mr Moran will be appointed to as a non-executive director of the	

Item	Summary	Further information
	Company on and from Settlement, on the following terms: (a) total annual remuneration of $60,000 per annum; and (b) Mr Moran will fully comply with the policies and procedures governing the business and operations of the Company. In addition to the director's fee and any review thereof, subject to Shareholder approval and any other terms required by the ASX, the Company may issue Mr Moran (or his nominee) Performance Rights. **Mr Noel Bonnick** On 15 August 2016, the Company and Mr Noel Bonnick entered into a non-executive letter of appointment whereby Mr Bonnick will be appointed as a non-executive director of the Company on and from Settlement, on the following terms: (a) base fee of $40,000 per annum; (b) subject to the successful conversion of three (3) of the existing clients of K2 Technology Pty Ltd to becoming "user pays" clients of K2fly NL on terms and conditions satisfactory to the Executive Chairman of the Company, Mr Bonnick will receive an additional bonus of $30,000 (**Bonus**). Mr Bonnick may also receive additional, pro-rata payments at the rate of $10,000 for each conversion of a client from K2 Technology Pty Ltd to becoming a "user pays" client of the Company on terms and conditions satisfactory to the Executive Chairman; and (c) Mr Bonnick will fully comply with the policies and procedures governing the business and operations of the Company.	

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td>Current and Proposed Directors Interest in Shares</td><td>As at the date of this Prospectus, none of the Directors hold any Shares in the Company.
Upon completion of the Offer, the Proposed Directors will have an interest in the Shares of the Company as follows (assuming completion of K2fly's in-specie distribution of the Consideration Shares):
<table><tr><th>Proposed Director</th><th>Shares</th></tr><tr><td>Brian Miller</td><td>Nil</td></tr><tr><td>Gino D'Anna</td><td>1,797,753</td></tr><tr><td>Russell Moran</td><td>4,230,006</td></tr><tr><td>Noel Bonnick</td><td>528,751</td></tr></table></td><td></td></tr>
<tr><td colspan="3">F. Financial Information</td></tr>
<tr><td>What is the Company's financial performance?</td><td>K2fly is an early stage software and technology enterprise and so it is in the implementation and revenue growth phase.
The reviewed statement of financial position for the Company as at 31 March 2016 is set out in the Investigating Accountant's Report in Section 14.</td><td>Section 14</td></tr>
<tr><td>What is the financial outlook for K2fly and the Company?</td><td>The reviewed pro-forma statement of financial position for the Company following the completion of the acquisition of the technology assets owned by K2fly and completion of the capital raising as at 31 March 2016 (which assumes Settlement of the Acquisition) is set out in the Investigating Accountant's Report in Section 14.
Historical financial information for K2fly is contained within Section 13.</td><td>Section 14</td></tr>
<tr><td>Does the Company and K2fly have sufficient funds for its activities?</td><td>The funding for the Company's short to medium term activities will be generated from a combination of the money raised under the Offer and existing cash reserves. It is expected that as the Company continues to implement K2fly's technology across new clients, the revenue generated will cover the expenses associated with operating the business. As the business matures, this should enable the Company to generate a positive profit from its operations.
However, there is no guarantee that the Company will be able to generate profit in the</td><td>Section 7.4</td></tr>
</table>

Item	Summary	Further information
	future and there is a risk that further funding may be required in the future if the Company does not reach breakeven operations prior to exhausting its available cash resources.	
G. Offer		
What is the purpose of the Offer?	The purpose of the Offer is to position the Company to seek to achieve the objectives set out below in Section 7.1 and to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules. The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for reinstatement of the Company's Securities to quotation following the continuing suspension. Funds are being raised pursuant to the Offer to: ❖ advance the commercialisation of the existing enterprise asset management and enterprise mobility solutions; ❖ assess further acquisitions that complement K2fly's existing technology portfolio; ❖ develop other technology platforms that will be value accretive to the Company; ❖ exploit additional partnering agreements that will give the Company a market presence in the Asia-Pacific region as well as North America; and ❖ develop the ADAMLITE platform as a pure SaaS SME offering. The purpose of the Offer is also to provide sufficient working capital to meet the Company's anticipated overhead and administration expenses over the next twenty-four months. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives. The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following reinstatement of the Company to quotation on the official list of	**Section 7.1**

Item	Summary	Further information
	ASX in the manner set out in the table in Section 7.4.	
Who is the Lead Manager to the Offer?	K S Capital Pty Limited is the lead manager to the Offer.	**Section 7.1(b)**
What is being offered and who is entitled to participate in the Offer?	The Company will be offering up to 25,000,000 Shares at an issue price of $0.20 per Share to raise up to $5,000,000 with a minimum subscription of $4,000,000. Only residents of Australia and New Zealand may participate in the Offer.	**Sections 7.1, 7.11 and 7.12**
What will the Company's capital structure look like after completion of the Offer and the Acquisition?	Refer to Section 8.9 for a pro forma capital structure following Settlement of the Acquisition.	**Section 8.9**
Will I be guaranteed a minimum allocation under the Offer?	No, the Company is not in a position to guarantee a minimum allocation of Shares under the Offer. The Company has set aside $500,000 under a priority offer to existing shareholders of the Company under a priority offer entitlement on a first come-first served basis.	**Section 7.1 and 7.7**
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 17.2.	**Section 17.2**
Will any Securities be subject to escrow?	Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.	**Section 8.11**

Item	Summary	Further information
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	**Section 7.8**
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in Section 3.	**Section 3**
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of $1,000 worth of Shares (5,000 Shares).	**Section 7.1(c)**
Are there any conditions to the Offer?	The Offer is conditional on: • the Acquisition Agreement becoming unconditional; and • ASX conditional approval to re-admit the Securities to Official Quotation. If either of these Conditions are not satisfied, the Acquisition and the Offer will not proceed.	**Section 2.5**
H. Use of proceeds		
How will the proceeds of the Offer be used?	The Offer proceeds will be used for: • expenses of the Offer; • advance the commercialisation of the existing enterprise asset management and enterprise mobility solutions; • assess further acquisitions that complement K2fly's existing technology portfolio; • develop other technology platforms that will be value accretive to the Company; • exploit additional partnering agreements that will give the Company a market presence in the Asia-Pacific region as well as North America; • develop the ADAMLITE platform as a pure SaaS SME offering; and • working capital and corporate administration expenses of the Company. A detailed table settling out the proposed use of funds raised under the Offer is set out in Section 7.3.	**Section 7.3**

Item	Summary	Further information
I. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.	
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	
Where can I find more information?	• By speaking to your sharebroker, solicitor, accountant or other independent professional adviser. • By reviewing the Company's public announcements, which are accessible from ASX's website at www.asx.com.au under the ASX code "PWW". • By visiting the Company's website at www.powerresources.com.au • By visiting K2fly's website at www.k2fly.com. • By contacting Gino D'Anna, K2fly's Company Secretary, on +61 400 408 878. • By contacting the Share Registry on +61 8 9389 8033.	

6. TRANSACTION OVERVIEW

6.1 The Company

The Company is an Australian public company listed on the official list of ASX (ASX code: PWW). The Company was incorporated on 18 May 2007 and was admitted to the official list of the ASX on 15 February 2008.

In addition to its principal business activities, the Company has been actively investigating and assessing new opportunities as announced to the ASX Market Announcements Platform.

Since listing, the Company has predominantly operated as a junior exploration company focused on early stage exploration projects, with its current project being a 90% interest in the Linden Gold Project (Good Hope).

Pursuant to its continuous disclosure obligations, the Company has kept the market fully informed and updated in relation to its projects. Details of these projects and the work done to date are available on the Company's ASX announcements platform. Details of the Company's most recent activities in these areas are set out in Quarterly Activities Report for the period ended 30 June 2016 lodged with ASX on 29 July 2016.

6.2 The Acquisition

On 16 May 2016 and separately on 17 June 2016 as a result of an amended capital structure, the Company announced to ASX that it entered into a conditional sale of assets agreement to acquire 100% of the business and assets of K2fly, including the enterprise asset management technology assets owned by K2fly NL. The execution of this definitive sale agreement follows an extensive period of due diligence completed by the Company on the technology assets owned by K2fly.

Upon successful Settlement of the Acquisition, the Company will focus on developing and operating the enterprise asset management technology assets and continue to grow the business. If the Shareholders approve the acquisition of the technology assets of K2fly, post Settlement, the new board of the Company (which will be renamed "K2fly Limited") will undertake a review of the existing early stage gold exploration asset (Good Hope) to investigate opportunities to divest this existing project within 12 months.

A more detailed summary of the technology assets owned by K2fly and the proposed business of the Company following Settlement is set out in Section 8.

6.3 Key investment highlights

An investment in the Company and the acquisition of the enterprise asset management technology of K2fly offers investors a strong entry into the burgeoning enterprise asset management market.

The acquisition has been structured to provide an attractive platform for shareholder value creation, with the Company (on a post Settlement basis) having an enterprise value of $5.8 million.

Key investment highlights associated with the Company and the acquisition of the technology assets of K2fly include:

- Proven suite of **enterprise asset management** and **enterprise mobility solutions**
- **Developed products** ready for market and commercialisation
- **Highly experienced** board and management team
- Key **business partnerships** in place
- Expanding business with a proven track record of delivering **solutions for blue chip clients**
- **Low operating cost** business model with opportunity to convert existing client trials to long term commercial licences
- Marketability across all **asset intensive industries** seeking increased productivity and operational efficiencies

6.4 In-specie distribution of Consideration Shares

Pursuant to the terms of the Acquisition Agreement, K2fly will be issued 16,000,000 Consideration Shares at Settlement.

It is the intention of K2fly to conduct an in-specie distribution of the Consideration Shares to its shareholders. Once the in-specie distribution has been completed, K2fly will undertake a voluntary deregistration and winding up.

It is the current intention of K2fly that the in-specie distribution will take place 4 weeks after Settlement has occurred, however this timing is subject to ASX approval. On the basis that Settlement has occurred, the in-specie distribution of the Consideration Shares will be subject to the approval of K2fly's shareholders.

K2fly shareholders will receive 1 new share in the Company for every 4.728 shares that are currently held in K2fly (rounded up to the nearest whole share).

6.5 Suspension and Re-admission to ASX

As the Company is currently focused on mineral exploration, the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to a SaaS technology company focused on developing the Business.

ASX has indicated that this change in the nature and scale of the Company's activities will require:

(a) the approval of Shareholders; and

(b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Under new ASX policy, the securities of the Company have been suspended from trading since 16 May 2016 when the Company first announced the details of the acquisition of the technology assets of K2fly. The Shares will not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

(a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and

(b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

It is expected that the conduct of the Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List. In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offer and will repay all application monies received by it in connection with this Prospectus (without interest).

6.6 Change of Name

The Company will change its name to "K2fly Limited" on Settlement, which in the Company's opinion will be better suited to the new strategic direction. An overview of the Company's business following Settlement of the Acquisition is set out in Section 8.

7. DETAILS OF THE OFFER

7.1 The Offer

Pursuant to this Prospectus, the Company will be offering up to 25,000,000 Shares at an issue price of $0.20 per Share to raise up to $5,000,000 with a minimum subscription of $4,000,000.

The Shares offered under the Offer will rank equally with the existing Shares on issue. Refer to Section 17.2 for a summary of the terms of Shares.

(a) Minimum subscription

The minimum subscription for the Offer is $4,000,000.

(b) Not underwritten

The Offer is not underwritten. The Lead Manager under the Offer is K S Capital Pty Ltd.

(c) Minimum application amount

Applications under the Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of $1,000 worth of Shares (5,000 Shares).

(d) Eligible participants

To participate in the Offer, you must be a resident of Australia or New Zealand. See Section 7.12 for further details.

Where the Company accepts oversubscriptions, the Shares to be issued under the oversubscriptions will be issued at the absolute discretion of the Directors.

Accordingly, the Company is not in a position to guarantee a minimum application of Shares under the Offer.

(e) Quotation and trading

Application for quotation of the Shares issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.8 for further details.

No Shares issued pursuant to the Offer will be subject to any escrow requirement by the ASX.

7.2 Purpose of the Offer

Funds are being raised pursuant to the Offer to:

- advance the commercialisation of the existing enterprise asset management and enterprise mobility solutions;
- assess further acquisitions that complement K2fly's existing technology portfolio;

- develop other technology platforms that will be value accretive to the Company;
- exploit additional partnering agreements that will give the Company a market presence in the Asia-Pacific region as well as North America; and
- develop the ADAMLITE platform as a pure SaaS SME offering.

The purpose of the Offer is also to provide sufficient working capital to meet the Company's anticipated overhead and administration expenses over the next twenty-four months.

The Company intends on applying the funds raised under the Offer along with its current cash reserves in the manner detailed in Section 7.3.

7.3 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, in the next two years following re-admission to the Official List of the ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) as follows:

Funds available	Minimum Subscription ($4,000,000)	Percentage of Funds (%)	Maximum Subscription ($5,000,000)	Percentage of Funds (%)
Existing cash reserves of the Company	$15,000	0.5%	$15,000	0.3%
Funds raised from the Capital Raising	$4,000,000	99.5%	$5,000,000	99.7%
TOTAL	**$4,015,000**	**100.00%**	**$5,015,000**	**100.00%**
Development of ADAMLITE	$100,000	2.49%	$150,000	2.99%
Development of additional partnering agreements	$100,000	2.49%	$150,000	2.99%
Employment of business development personnel and technical personnel	$200,000	4.98%	$350,000	6.98%
Cloud supported product development	$100,000	2.49%	$150,000	2.99%
Research and development and evaluation of additional technologies for acquisition	$250,000	6.23%	$300,000	5.98%
Development of additional mobility asset management solutions	$125,000	3.11%	$200,000	3.99%
IT infrastructure and product support	$100,000	2.49%	$125,000	2.49%
Investments in the upgrades to ADAM	$130,000	3.24%	$150,000	2.99%
Expenses associated with the Acquisition and Capital Raising[1]	$945,057	23.54%	$1,006,691	20.07%
Working capital[2]	$1,964,943	48.94%	$2,433,309	48.52%
TOTAL	**$4,015,000**	**100.00%**	**$5,015,000**	**100.00%**

Notes

1. Refer to the table below for the itemised costs associated with the Acquisition:

Estimated Costs of Acquisition	Minimum Subscription ($4,000,000)	Maximum Subscription ($5,000,000)
Other Fees		
ASIC	$2,350	$2,350
Printing	$6,000	$6,000
Legal Fees	$60,000	$60,000
ASX Listing	$64,207	$65,841
Accounting Fees	$25,000	$25,000
Roadshow and Promotion	$5,000	$5,000
Lead Management Fee	$40,000	$50,000
Brokerage	$200,000	$250,000
Corporate Advisory Fee – Retainer	$15,000	$15,000
Repayment of Outstanding KMM Loan	$100,000	$100,000
Payment to KMM for Services Provided	$250,000	$250,000
Corporate Advisory Cash Success Fee	$100,000	$100,000
Corporate Advisory Retainer (Less Rebate)	$12,500	$12,500
Lead Manager Corporate Success Fee	$60,000	$60,000
Miscellaneous	$5,000	$5,000
TOTAL	**$945,057**	**$1,006,691**

2. Working capital includes the general costs associated with the management and operation of the business including administration expenses, salaries, directors' fees, rent and other associated costs.

3. Refer to the Investigating Accountant's Report set out in Section 14 of this Prospectus for further details.

4. Refer to Section 17.10 of this Prospectus for further details in relation to the expense of the Offer.

5. This includes corporate overheads, ASX fees, audit fees, rent and general administration costs.

Where more than the Minimum Subscription but less than the Maximum Subscription is raised the additional funds, after the increase in costs of the Capital Raising, will be allocated on a pro-rata basis to the other categories listed in the use of funds table.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 11).

The Board believes that the funds raised from the Offer, combined with existing funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve its objectives set out in this Prospectus.

It should be noted that the Company may not be self-funding through its own operational cash flow at the end of the two-year period referred to above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

7.4 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.5 Applications

Applications for Shares under the Offer must be made using the relevant Application Form. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Offer Closing Date**, which is currently scheduled to occur on 26 September 2016.

Applications under the Offer must be accompanied by payment in full in Australian currency by cheque in accordance with the instructions set out in the Application Form.

The Company reserves the right to close the Offer early.

If you require assistance in completing an Application Form, please contact the Share Registry on +61 8 9389 8033.

7.6 Priority Offer to Existing Shareholders of the Company

As part of the Offer, the Company is inviting existing Shareholders to take part in the Capital Raising, and has set aside 2,500,000 Shares for existing Shareholders under the Priority Offer. Existing Shareholders at the Priority Offer Record Date, will be assured a minimum $2,000 allocation being a parcel of 10,000 Shares and up to a maximum allocation of $25,000 (inclusive of the $2,000) being 125,000 Shares on a first come, first serve basis and subject to availability, Listing Rule 7.3.8 and the Directors' absolute discretion (**Priority Offer**).

The Board retains absolute discretion when deciding whether or not to accept any particular application under the Priority Offer in part or in full and will not be liable to an existing Shareholder who is not allocated Shares (or their full application for Shares). In the event that there is excess demand under the Priority Offer, the Directors will determine the allocation of Shares under the Priority Offer in their sole discretion.

7.7 Issue of Shares and Allocation Policy

(a) General

Subject to the satisfaction of each of the Conditions (see Section 2.5), the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in Section 3.

(b) Offer

The allocation of Shares under the Offer will be determined by the Board in its absolute discretion.

There is no guaranteed allocation of Shares under the Offer.

The Board reserves the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded (without interest) to the Applicant as soon as practicable after the Offer Closing Date.

The Company's decision on the number of Shares to be allocated to an applicant will be final.

(c) Defects in applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

(d) Interest

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the

Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

7.8 Loyalty Options Offer

The Company intends to make an offer of Loyalty Options on a 1 for 5 basis to Shareholders of the Company that are recorded as Shareholders on the Company's share register as at the record date, where the record date is set as the date which is 4 month's from the date of the re-listing of the Company on the ASX. A Loyalty Option will be subscribed for at a price of 1 cent per Loyalty Option and will have an exercise price of 25 cents per Share and a 3-year term to expiry. The Company will apply for quotation of the Loyalty Options on the Official List of the ASX.

Please refer to Section 17.4 for more information.

7.9 ASX listing

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 6.4). As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if ASX otherwise rejects the Company's application for re-admission to the Official List (see Section 6.4), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

7.10 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time; however, a charge may be made for such additional statements.

7.11 Applicants outside Australia and New Zealand – general information

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Shares in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia and New Zealand. Applicants who are resident in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept the Offer.

If you are outside Australia and New Zealand, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia and New Zealand, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

The Offer does not and will not constitute an offer of Shares in the United States of America (**US**). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that applicant's application.

7.12 New Zealand

The Offers to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008.

The Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offers must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to these Offers. If you need to make a complaint about an Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offers may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

7.13 Fees payable to Kalgoorlie Mine Management Pty Ltd

Pursuant to the Acquisition Agreement and a deed of settlement, the Company has agreed to issue to Kalgoorlie Mine Management Pty Ltd:

(a) cash fees of $250,000 (plus GST); and

(b) 4,500,000 Shares (plus GST),

in consideration for historical and future services provided by KMM to K2fly (including, without limitation, for assisting in the structure and completion of the Acquisition).

Subject to Settlement occurring, the Company will also:

(c) pay KMM a further fee of $300,000 (plus GST) payable in equal monthly instalments of $12,500 (plus GST) per month over the 24 months from

Settlement for consultancy services to be provided to the Company by KMM; and

(d) pay all outstanding loan amounts owing to KMM, estimated to be $100,000.

The fees and amounts payable to KMM were negotiated on an arm's length basis as part of the Acquisition Agreement.

The 4,500,000 Shares referred to above have been valued for accounting purposes only (under the applicable accounting standards) at a value of $0.20 each based on the price at which shares under the Offer are being offered. As set out in the Investigating Accountant's Report in Section 14, for accounting purposes these Shares proposed to be issued to KMM have been factored in the pro forma Statement of Financial Position included in the Investigating Accountant's Report at a total value of $900,000.

Refer to Section 16.2 for a summary of the Acquisition Agreement and Section 16.7 for a summary of the Deed of Settlement and proposed Consultancy Services Agreement between the Company and KMM.

7.14 Enquiries

If you have any queries in relation to the Offer, please contact the Company Secretary of the Company, Norman Grafton on +61 8 9481 7833. Alternatively, please contact Gino D'Anna, Director of K2fly on +61 400 408 878.

8. COMPANY OVERVIEW

8.1 Business Overview and Future Direction of the Company

As detailed in Section 6.1, since listing, the Company has focused on mineral exploration and evaluation. Further information can be found on the Company's website, www.powerresources.com.au.

As announced on 16 May 2016 and separately on 17 June 2016 as a result of an amended capital structure, the Company entered into a conditional sale of assets agreement to acquire 100% of the enterprise asset management technology assets owned by K2fly NL. The execution of this definitive sale agreement follows an extensive period of due diligence completed by the Company on the technology assets owned by K2fly.

Upon Settlement, the Company's focus will shift from mineral exploration and evaluation to development of the pure SaaS EAM and Enterprise Mobility Solutions (**EMS**) technology business. Post-Settlement, the new board of the Company will undertake a review of the exploration asset, Good Hope, to investigate opportunities to divest this existing project.

8.2 Background on the technology assets owned by K2fly

K2fly was incorporated on 17 May 2013 and is involved in the Enterprise Asset Management technology sector providing EAM and Enterprise Mobility Solutions to asset intensive industries that operate around the world.

On 8 May 2015, K2fly entered into a binding acquisition agreement with K2 Technology Pty Ltd, whereby K2fly set out the terms and conditions by which it would acquire the Technologies then owned by K2 Technology Pty Ltd.

K2fly acquired the Technologies for total consideration of $700,000 payable in cash payments. The first instalment of $400,000 was paid by K2fly on or about 12 May 2015 and the second and final instalment of $300,000 was paid by K2fly on or about 6 April 2016. K2fly is also required to procure the issue of $300,000 Shares in the Company to K2 Technology (referred to as the K2 Technology Vendor Shares). K2fly completed the acquisition of the Technologies on 11 May 2015 and set out to develop a SaaS business model through which clients would be able to deploy and implement the enterprise asset management technologies and associated software through a user pays subscription model, with the cost of the technology licence fees spread across equal monthly instalments.

Refer to Section 16.1 for further information.

Although the Technologies have been successfully deployed and implemented to more than 20 clients across Australia and predominantly in the oil and gas sector, K2 Technology Pty Ltd was not separately charging for the use of the technology and associated software. Since acquiring the Technologies, K2fly has sought to adopt a SaaS business model based on a user pays structure. As this business model is new to K2fly, there is a risk that this business model will not be endorsed by its clients.

K2fly and K2 Technology have also entered into a Partnership Agreement pursuant to which the parties agreed to cross-promote their respective services, developments and products for three (3) years from 11 May 2015. Pursuant to this

Partnership Agreement, K2fly has been promoting the asset management services, including maintenance and reliability, supply chain management and operations support services of K2 Technology to new clients sourced by K2fly and K2 Technology has been promoting the Technologies of K2fly to new clients sourced by K2 Technology. In addition, K2 Technology has been promoting the Technologies of K2fly to existing clients of K2 Technology, many of which were previously utilising the Technologies on a project specific basis.

K2fly's Technologies have been successfully implemented across a number of large blue-chip clients in Australia, North America and Asia. The technology of K2fly is software agnostic and operates across vertical industry segments and has been utilised in the oil and gas sector, the aviation industry, mining extraction and mineral processing industry and the manufacturing industry.

K2fly currently has six (6) active clients that are using the enterprise asset management technology.

K2fly offers an integrated software ecosystem for the management of physical assets in asset-intensive industries. This suite of software includes several different technologies:

- Asset Data Analysis and Management (**ADAM**) -- A web-enabled client-server system that can be run autonomously, allowing engineers and clients to capture, manipulate and prepare asset, spares and maintenance information from anywhere in the world. ADAM not claimed to be an EAM or Computerised Maintenance Management Systems (**CMMS**) (see more about these below) but is rather a staging system that integrates with existing EAM and CMMS as a reporting tool.

- TagMan -This asset verification mobile application allows engineers in the field to capture and record data against a hierarchical asset structure, make notes linking multiple photos, scan and verify barcode information, and log GPS co-ordinates.

- DocMan- A task management mobile application allowing staff in the field to electronically receive assigned tasks, capture notes and link multiple photos, with progress remotely monitored via a web service.

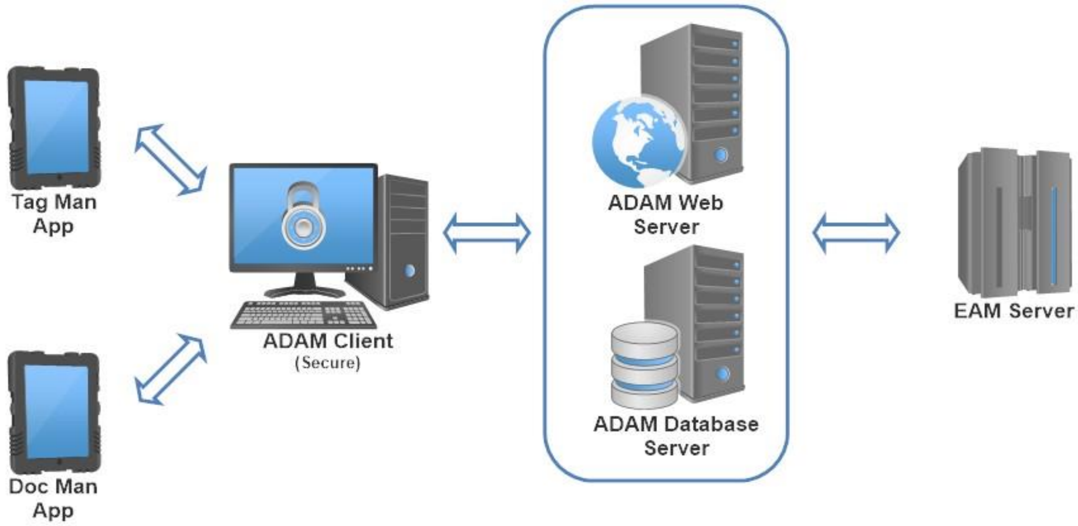
- Handover Notes - This mobile application allows team members to capture electronic notes with photos during shifts and as incidents occur, as well as enabling them to email specific records to other colleagues, improving field communications.

Two additional apps are offered by K2fly in addition to the above:

- PropertyInspector –A mobile application and web portal providing a generic inspection recording process for routine inspection processes outside of the core asset-intensive businesses considered for the ADAM family.

- FireInspector – a mobile application for the documentation and recording of potential fire hazards in the workplace.

Relationship between the K2fly products and ERP / EAM



Developed and refined specifically for asset intensive industries over a 12-year period, K2fly's technology delivers comprehensive infrastructure asset management through industry-specific software and services.

K2fly's technology allows asset management personnel to access a centralised system to manage and maintain all their asset data to enable more efficient and effective outcomes. K2fly's technology has a strong track record of empowering organisations to make better long-term decisions, through proprietary algorithms and degradation profiles which assist in forecasting future operational and maintenance needs.

Introducing K2fly's technology into industry-specific organisations allows asset management personnel across all levels of organisations to make better informed decisions, effectively and efficiently.

The scalable and modular nature of K2fly's technology means that target markets include the broader population of SMEs, multi-nationals and corporate conglomerates.

K2fly's Technologies have been used to deliver operational and maintenance efficiencies to blue chip clients across Australia, North America and South-East Asia with clients including **BHP Billiton, Woodside, Leighton, Origin, Bega, Port Authority of New South Wales, Visy, Apache and Petronas**.

K2fly has been seeking to deploy its asset management and asset maintenance technology within vertical market segments and industries with the dominant position to grow market share, taking advantage of the growing need for asset management and asset maintenance technology outside of the natural resources industry.

These industries include Pharmaceuticals, Hospitality and Tourism, Healthcare, Defence, Telecommunications, Public and Private Utilities, Maintenance and Service Contract Industry, Aviation Industry, Energy Sector and Food Manufacturing.

K2fly: First European Partnering Agreement

K2fly recently executed its first major non-binding international Partnering Agreement for the sale of its asset management and maintenance technology across Europe, including the United Kingdom. The Partnering Agreement provides K2fly with the ability to rapidly grow revenue from a deep base of European markets with large scale clients across the utilities, infrastructure, transport, aviation and defence industries, with minimal operational and capital cost.

The major distribution partner, AMT-Sybex (**Distributor**), is a FTSE-100 company and has worked in the infrastructure and energy industries since 1990, leading the adoption of Enterprise Asset Management software in asset intensive industries.

The Distributor has been servicing major organisations in the infrastructure and energy industries for over 25 years with clients including Thames Water, United Utilities, Western Power, National Grid, Centrica, London Underground Limited, Network Rail and The National Health Service.

Trusted partners of the Distributor include global leaders in the Enterprise Asset Management sector including an NYSE listed Fortune 500 company ranked in the top 25. The Distributor has in excess of 1,000 business development executives operating across Europe with direct relationships with some of the world's largest multinational organisations operating in asset intensive industries.

The Partnering Agreement also allows K2fly access to proprietary technology developed by the Distributor which can then be implemented across new and existing clients retained by K2fly.

All licence fees and monthly subscription fees that are generated pursuant to this Partnering Agreement are split equally between K2fly and the Distributor.

This Partnering Agreement will be assigned to the Company effective as at Settlement.

K2fly: First Asian Partnering Agreement

On 12 July 2016, K2fly executed its second major non-binding international Partnering Agreement with Mitrais for the sale of its asset management and maintenance technology across South East Asia, including Singapore, Indonesia, Malaysia and Vietnam. The Partnering Agreement provides K2fly with the ability to rapidly grow revenue from a deep base of South East Asian markets with large scale clients across the utilities, infrastructure and transport industries, with minimal operational and capital cost.

The Asian distribution partner, Mitrais, has been in the EAM sector for in excess of 25 years and has over 400 dedicated staff.

Mitrais has in excess of 100 current clients operating predominantly in asset intensive industries, including transport, mining, utilities and infrastructure which provides K2fly with the opportunity to have its asset management technology software assets sold directly into these existing clients.

The Partnering Agreement also allows K2fly access to proprietary technology developed by Mitrais which can then be implemented across new and existing clients retained by K2fly.

All licence fees and monthly subscription fees that are generated pursuant to this Partnering Agreement are split equally between K2fly and Mitrais.

This Partnering Agreement will be assigned to the Company effective as at Settlement.

K2fly: Partnership Agreement with K2 Technology

K2fly and K2 Technology Pty Ltd have entered into a cross-promotional partnership allowing K2fly direct access to licence-ready clients for the roll-out of its technology offering. This Partnership Agreement will be assigned to the Company at Settlement. The Company believes that the benefit of this agreement is that it will be able to leverage off and expand from K2 Technology's international expansion into North America, Singapore, Middle East.

The Partnering Agreement between K2 Technology and K2fly incentivises K2 Technology with a 20% commission on technology sales to its existing client base and on new tenders that it invites K2fly to join, and conversely, K2fly is eligible to receive a 5% commission on asset management contracts that it originates for K2 Technology.

A summary of the key terms of the Partnership Agreement is set out in Section 16.4.

K2fly: Targeting Additional Value-Add Partnering Agreements

As part of the software distribution strategy being developed by K2fly, the Company will also target the execution of additional value-add partnering agreements aimed at servicing different industry sectors and focused on mobility solutions.

Targeted partners include a major mobility and app solutions developer and re-seller operating across Australia and the United States of America, as well as a risk management software developer for the asset management sector operating across Ireland and a mobility solutions and app software developer operating across the Asia-Pacific region, including Indonesia, Singapore and Vietnam.

Each of these targeted partners has access to a significant network of clients operating in asset intensive sectors, where the need for robust Enterprise Asset Management software has been recognised.

It is considered that the execution of these additional partnering agreements will provide the Company with the critical mass required to build its brand profile across the globe.

The Company intends to seek out other potential partners in Australia on the basis of implementing ADAM to some of their existing clients. In Australia, the Company intends to continue to work with clients of K2fly whose assets include infrastructure, utilities and mining. It is anticipated that the Company will be able to leverage off the relationships that these potential partners have with their existing clients and will be able to introduce those existing clients to the ADAM technology.

ADAM has been designed to complement the existing Enterprise Resource Planning (**ERP**) and Computerised Maintenance Management Systems (**CMMS**) platforms and enhance the data analytic capabilities of asset intensive organisations.

The intuitive interface of ADAM means that asset management data can now be captured and analysed in real-time and the data outputs are accessible to more personnel within an organisation. This leads to better data management and analysis and in turn ensures that decisions can be made based on real time data and analysis rather than static data sheets.

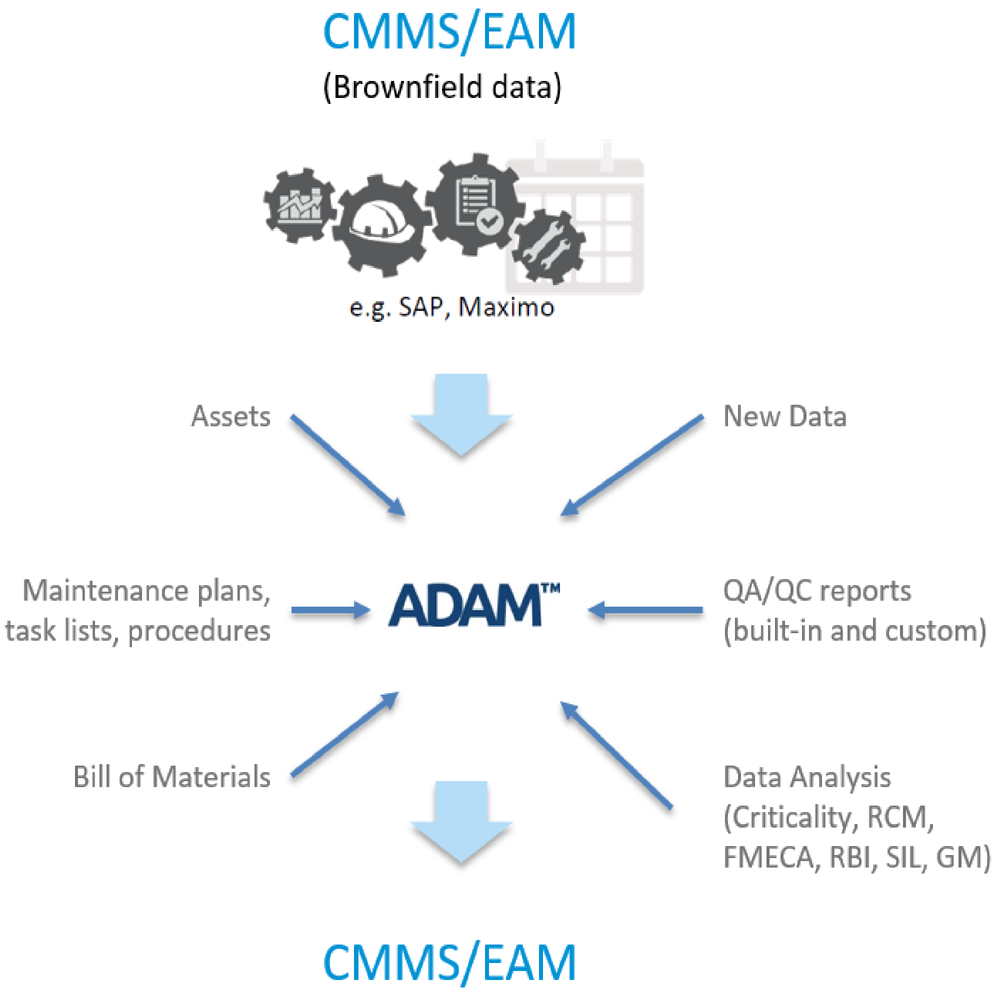
The aim of the K2fly Technologies is to offer a digital data management system that allows organisations to better manage the data that is captured and analyse the data in real-time.

An overview of the EAM solutions is provided in the section below.

ADAM – Asset Data Analysis Management

ADAM, also known as Asset Data Analysis Management, is a single-source integrated technology for the development and optimisation of asset management information, including data capture, maintenance analysis and build, spares identification, which is configurable for upload to any asset management system. ADAM has been developed as a software agnostic platform, meaning that it can interface with any existing CMMS platform being used by the clients including SAP, Oracle, JD Edwards or Maximo.

The technology incorporates a web-enabled client-server system that can be run autonomously allowing clients to capture, manipulate and prepare asset, spares and maintenance information from anywhere in the world.



ADAM is a two-part system consisting of a Windows-based client for the end user and a database with web server which retains the data exported from the EAM or ERP. The end user client is primarily used for data access, database queries and reporting purposes. The ADAM Client, which is utilised on a laptop or desktop PC, has been developed using standard Windows-based programming frameworks and is enabled within the Microsoft .NET framework.

The ADAM Server, which operates from a locally hosted server, private cloud server or from an externally hosted server, was also developed using standard Microsoft development technologies including:

- .Net for Windows runtime applications and web services;
- Microsoft SQL database;
- Excel / CSV / XML import and export tools;
- MS Internet Information Server (IIS) framework.

The Microsoft Azure Server platform is used to host the ADAM Server instances. Microsoft technologies were utilised as they provide a common and easily developed framework for application development and maximise the compatibility with commonly employed MS Office applications such as Excel.

The .NET application framework and other technologies are well known and established technologies that should have sufficient capability to scale to the needs of any single end user.

This technology is capable of scaling to serve in many pure SaaS instances, assuming the development of the ADAMLITE platform continues along this development pathway. The software moves from a Windows based 'fat client' to a pure 'thin client' where all data processing is completed on the server side rather than on the computer or device itself.

The ADAMLITE version of the application will provide only a limited scope of function compared to the current version, providing only read-only reports and data downloads. The Company also notes that there is the potential to allow rich editing and even offline working primarily to cater to slow connections but this would appear to cross over with the full ADAM client.

In terms of functionality, ADAM has a relatively wide range of claimed capabilities for the end user including:

- Asset Data:
  - Equipment hierarchy
  - Manufacturer and model
  - Equipment design/nameplate data
  - Verification information
  - RBI/SIL and other maintenance build data
  - Maintenance procedures
  - Bills of Materials (BoM)
  - Spares inventory requirements
  - Craft requirements for maintenance build
  - Document linking
- Configuration for client requirements

- Client tagging rules and tag allocation
- Criticality review tools
- Reliability Centred Maintenance (RCM) capabilities
- Build Maintenance Plans
- Spare parts review Project verification services
- Manipulation and data cleansing for entry / updating in an EAM/CMMS
- Mobile end point integration for data collection.

In addition to this, ADAM is able to be adapted so that the client at the end-user level can develop their own database queries and build their own functionality beyond that provided 'out of the box'.

While this functionality is not uncommon within these types of systems, ADAM uses simple Structured Query Language (**SQL**) queries to generate reports and conduct analysis of data within the ADAM database. SQL queries are a common and well known standard database tool for customisation of the manipulation of data within the Microsoft development environment.

This simplifies the development of additional reporting functions without the need for highly specialised training or external consultants, which are often required for certain systems such as SAP.

ADAM integrates with ERP and EAM systems via a simple file transfer of data using a Microsoft Excel-compatible file transfer mechanism. The data is transferred as an Excel file, or in a SCV or XML format which can be read by a number of different end points.

This means that ADAM does not directly interface with the ERP and EAM systems via the use of an application programming interfaces (**API**). The use of API has advantages over other file transfer mechanisms due to a high level of integration and where data needs to be transferred and updated on a frequent basis.

ADAM's use of a simple ("flat") file transfer method, however, provides greater simplicity in integration with multiple systems without significant additional programming resources required to program the necessary API integrations.

Furthermore, the flat file transfer creates a greater likelihood of integration and information transfer between systems where there is no public API for integration available from the ERP / EAM developer.

TagMan – Mobility Solutions: Asset Verification App

This asset verification app allows users to capture and record data against a hierarchical asset structure, make notes linking multiple photos, scan and verify information, and log GPS co-ordinates. TagMan allows searching, data capture, asset reading and storing of multiple photos of equipment against the specific tag.

TagMan can be used in highly restrictive environments and is fully Bluetooth integrated. TagMan can also be configured as an interface with any CMMS platform and can be used to verify and add data, view schematics, mark-up and photograph assets. TagMan features resilient connectivity for uninterrupted availability – online, offline and occasionally connected.

DocMan – Mobility Solutions: Task Management App

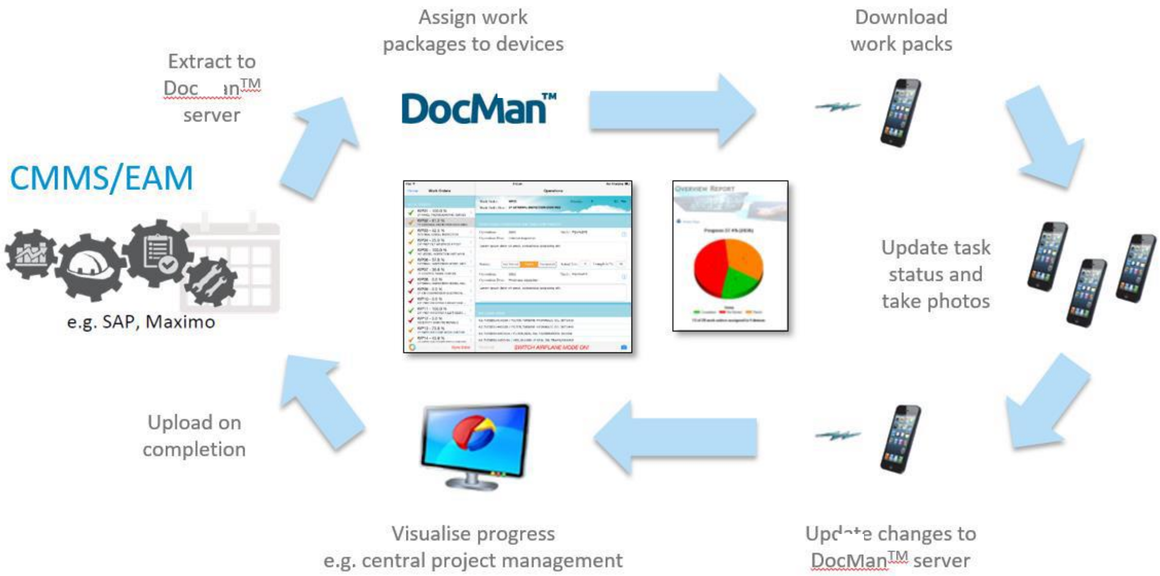
This task management app allows users to electronically receive assigned tasks, capture notes and link multiple photos, with progress remotely monitored via a cloud supported web interface.

DocMan uses agile tablet technology to provide a safe and efficient solution for the management of documents and work-order based activities.

Using WiFi capability, work packs can be assigned and instantly downloaded, delivering significant time and logistical efficiencies.

Progress against assigned activities, along with additional data and photos, can quickly and effectively be relayed back to management or a centralised project function.

In areas where internet is not available, pre-loaded work orders can be processed efficiently, to be immediately transmitted upon return to a WiFi zone. New work orders can then also be received, increasing team productivity.



HandoverNotes – Mobility Solutions: Electronic Information Sharing App

The HandoverNotes app allows team members to capture electronic notes with photos during shifts and as incidents occur, as well as email specific records to other colleagues improving field communications.

HandoverNotes aims to simplify the workplace handover process and promotes workplace communication and streamlines information sharing.

An intuitive interface allows users to easily record information as situations occur and then pass on notes along with supporting photographs electronically.

This also facilitates the instantaneous communication with management and stakeholder reporting, streamlining the OH&S function and ensuring that incidents and actions in the workplace are captured adequately and dealt with expeditiously.

PropertyInspector – Mobility Solutions: Asset Inspection App

PropertyInspector is a mobile asset inspection solution, which simplifies routine inspection tasks and is highly marketable to any industry undertaking routine inspections (i.e. hire cars, health and safety audits, etc.).

The software is a resident mobile application with web portal, and can facilitate a user customisable interface to input assessment data and generate reports.

PropertyInspector offers resilient connectivity for uninterrupted availability – online, offline and occasionally connected and offers a rapid and low risk deployment which is easily configurable to customer requirements.

Product Development

K2fly has been working on the deployment and commercialization of an SME version of an Enterprise Asset Management platform to be known as ADAMLITE. This software will have all the form and functionality of the broader, more detailed ADAM software, but will be configured to the SME market, where due to the prohibitive cost of deploying EAM software, very little penetration has taken place, presenting a significant opportunity for the Company.

This software is currently in the 'Beta' stage of development, but will be commercialized over the next 3 – 6 months. ADAMLITE will operate through a centrally hosted cloud supported platform which will provide a simple and easily configurable solution for SME's across Australia and other target markets. ADAMLITE will be a pure SaaS offering and will be licensed on a subscription basis.

Vertical Industry Integration

The directors of K2fly (who are the Proposed Directors of the Company) are seeking to deploy the Enterprise Asset Management software and the Enterprise Mobility Solutions into a number of different market segments positioned to grow market share and take advantage of the growing need for asset management and maintenance outside of the natural resources industry.

These industries include the following:

- Pharmaceuticals
- Hospitality and Tourism
- Healthcare
- Defence
- Telecommunications
- Public and Private Utilities
- Maintenance and Service Contract Industry
- Aviation Industry
- Energy Sector
- Food and Manufacturing

More information on K2fly can be found at www.k2fly.com

8.3 Description of the K2fly Business Model

The immediate objectives of the Company following Settlement are to:

- advance the commercialisation of the existing enterprise asset management and enterprise mobility solutions;
- assess further acquisitions that complement K2fly's existing technology portfolio;

- develop other technology platforms that will be value accretive to the Company;
- exploit additional partnering agreements that will give the Company a market presence in the Asia-Pacific region as well as North America;
- develop the ADAMLITE platform as a pure SaaS SME offering.

The longer term objectives of the Company following Settlement are to further develop and commercialise its technology platforms with a view to deploying the software worldwide and across multiple industry sectors. To do so, the Company will seek to align itself with international distributors of complementary technologies, such as Accenture, IBM and Motorola.

Revenue Generation

ADAM

The Company will seek to earn revenue from the ADAM software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements. Additional support hours and technology implementation costs will also generate additional revenue for the Company.

TagMan

The Company will seek to earn revenue from the TagMan software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the Rental of optimised hardware packages for difficult environments.

DocMan

The Company will seek to earn revenue from the DocMan software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the rental of optimised hardware packages for difficult environments.

HandoverNotes

The Company will seek to earn revenue from the HandoverNotes software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the Rental of optimised hardware packages for difficult environments.

PropertyInspector

The Company will seek to earn revenue from the PropertyInspector software through multiple distribution channels, including client subscriptions and licensing of the software, as well as through the configuration of the software to suit the client requirements, through selling additional support hours and from the rental of optimised hardware packages for difficult environments.

8.4 Key Dependencies of the Business Model

The key factors that the Company will depend on to meet its objectives are:

(a) the successful implementation and roll-out of the user-pays subscription model for the K2fly asset management software;

(b) the growing need for real-time analytics in asset intensive businesses, both large and medium sized;

(c) the growing trend away from static asset management software offerings to dynamic cloud-supported technologies;

(d) the growing trend towards mobility solutions and improving the efficiency of the "human workforce";

(e) the growing need for improved safety and security of revenue generating assets and methods to better protect such assets; and

(f) the growing need to predict in real-time the true impact of delayed equipment maintenance expenditure and the flow-on impact to other aspects of the business.

8.5 Growth Strategy

Upon successful Settlement of the Acquisition, the Company will aim to further develop the business by focussing on its new business strategies.

These key business strategies will be to:

- advance the commercialisation of the existing enterprise asset management and enterprise mobility solutions;
- assess further acquisitions that complement K2fly's existing technology portfolio;
- develop other technology platforms that will be value accretive to the Company;
- exploit additional partnering agreements that will give the Company a market presence in the Asia-Pacific region as well as North America; and
- develop the ADAMLITE platform as a pure SaaS SME offering.

The longer term objectives of the Company following Settlement are to further develop and commercialise its technology platforms with a view to deploying the software worldwide and across multiple industry sectors. To do so, the Company will seek to align itself with international distributors of complementary technologies, such as Accenture, IBM and Motorola.

8.6 Funding

The funding for the Company for the two years following re-admission to the Official List of ASX will be met by the offer of Shares pursuant to the Offer under this Prospectus and by the Company's existing cash reserves (see Section 7.3 for further details). As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of securities and/or from debt funding.

8.7 Financial Information

(a) Historical financial information

The Investigating Accountant's Report contained in Section 14 of this Prospectus sets out:

(i) the audited Statement of Financial Position of the Company as at 30 June 2015;

(ii) the audited Statement of Financial Position of K2fly as at 31 December 2015; and

(iii) the reviewed pro-forma Statement of Financial Position of The Company (after Settlement of the Acquisition) as at 31 March 2016.

Investors are urged to read the Investigating Accountant's Report in full.

The full financial statements for the Company for its financial year ended 30 June 2015, which includes the notes to the financial statements, can be found from the Company's ASX announcements platform on www.asx.com.au.

The last three years of audited financial information for K2fly is presented at Section 13.

(b) Forecast

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company (to be renamed K2fly Limited) (after Settlement of the Acquisition) are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.8 Dividend Policy

It is anticipated that, post-Settlement of the Acquisition, the Company (to be renamed K2fly Limited) will focus on the development of the enterprise asset management technology Business. This will likely require significant funding. Accordingly, the Company does not expect to declare any dividends during this period.

Any future determination as to the payment of dividends by the Company (to be renamed K2fly Limited) will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

8.9 Capital Structure

The expected capital structure of the Company following completion of the Offer and all related matters will be as follows:

Shares	Number Minimum Subscription ($4,000,000)	Number Maximum Subscription (5,000,000)
Current issued capital (pre-Consolidation)	47,187,501	47,187,501
Issued Capital on a post-Consolidation basis	5,019,947	5,019,947
Proposed issue of Consideration Shares	16,000,000	16,000,000
Proposed issue of Convertible Note Shares	937,500	937,500
Proposed issue of K2 Technology Vendor Shares	1,500,000	1,500,000
Proposed issue of KMM Shares	4,500,000	4,500,000
Proposed issue of Advisor Shares	1,250,000	1,250,000
Proposed issue of Shares pursuant to Capital Raising	20,000,000	25,000,000
TOTAL	**49,207,447**	**54,207,447**

Notes:

1. Subject to Shareholder approval and any other terms required by the ASX, the Company may issue 3,500,000 Performance Rights between Brian Miller, Gino D'Anna and Russell Moran (or their nominees) which will convert into Shares on the basis of certain performance milestones being achieved. Refer to Section 16.7 and 16.8 for more information.
2. Fee payable to Kalgoorlie Mine Management Pty Ltd calculated at $900,000 to be settled through the issue of 4,500,000 Shares to be issued at Settlement, equivalent to 9.1% of the undiluted issued capital of the Company, at Settlement (assuming minimum subscription).

Options	Number
Options currently on issue	Nil
Broker Options (exercisable at $0.25 on and expiring 4 years from the date of issue) to be issued	2,000,000
TOTAL	**2,000,000**

Notes:

1. Assumes no further securities are issued prior to completion of the matters the subject of the Resolutions, other than as set out in the table.
2. The terms of the Broker Options are set out in Section 17.3.
3. This table does not include the Loyalty Options that the Company intends to offer to Shareholders 4 months from the date of re-listing. Refer to Section 7.8 for further details.

This is a statement of current intentions as at the date of this Prospectus. Intervening events may alter how the Company funds the Acquisition which may impact the proposed capital structure.

8.10 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
Kalgoorlie Mine Management Pty Ltd	7,000,000	14.83%
Rovigno Pty Ltd	5,000,000	10.60%
Pershing Australia Nominees <Indian Ocean A/C>	4,700,000	9.96%
Prospero Capital Pty Ltd <Prospero Growth Fund A/C>	4,497,258	9.53%
Imperial Nominees (WA) Pty Ltd	2,687,500	5.70%

On completion of the Acquisition and the Offer (assuming minimum subscription under the Offer), the following Shareholders are expected to hold 3% or more of the total number of Shares on issue:

Shareholder	Shares	%
Kalgoorlie Mine Management Pty Ltd	5,244,680	10.61%
Talos Mining Pty Ltd <Talos Mining A/C>[1]	4,230,006	8.60%
Internatzionale Consulting Pty Ltd[2]	1,797,753	3.65%

Notes:

1. This entity is controlled by Proposed Director, Mr Russell Moran.
2. This entity is controlled by Proposed Director, Mr Gino D'Anna.

8.11 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities on issue (including the Consideration Shares and any Performance Rights issued) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company has applied to the ASX for a waiver from certain restriction requirements that might otherwise apply to Consideration Shares on the basis that a majority of the Vendors:

(a) paid cash for their K2fly Shares; and

(b) have held their K2fly Shares for a substantial period of time prior to the Acquisition of the business assets of K2fly by the Company.

Subject to this waiver, a proportion of the Consideration Shares may be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the Official List.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

8.12 Top 20 Shareholders

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offer and prior to the Securities re-commencing trading on ASX.

9. ENTERPRISE ASSET MANAGEMENT AND SOFTWARE OVERVIEW

Enterprise Asset Management is designed to facilitate the ease in management of assets for enterprises across various services, business units, departments, and geographical locations. EAM solutions are designed to help organisations to manage assets and organise their maintenance schedule.

This powers the organisation to improve capital asset management to increase reliability, enhance condition-based maintenance, support asset sustainability and maximise return on assets. These solutions have applications in a wide variety of asset-intensive industries, such as power industry, oil and gas, manufacturing, transportation, healthcare, metal and mining, and many others.

Enterprise Asset Management, these days, comprises lifecycle management, maintenance scheduling, asset tracking, and locating and risk management which has come a long way from paper-based maintenance planning in its earlier days. Its accessibility using personal mobile devices has offered organisations to implement last minute changes virtually from anywhere.

The compatibility with major platforms and the provision of multi-tasking from a single interface makes EAM a necessity for asset-intensive organisations.

During the last five years, Enterprise Asset Management has evolved to meet the growing demands of the market. To combat challenges of maximising lifecycle performance of their assets, organisations are now turning towards smarter physical infrastructure that integrates process and data throughout asset lifecycle.

EAM solutions are an important part of asset-intensive industries as the solutions facilitate optimum utilisation of resources, improve efficiency, and maximise the return of asset. These factors are expected to drive the growth of the global enterprise asset management market in the coming years.

The EAM market size is expected to grow from US$3.15 Billion in 2016 to US$5.24 Billion by 2021, at a Compound Annual Growth Rate (CAGR) of 10.7%. (Source: MarketsandMarkets, Enterprise Asset Management Market by Software Application (Linear Assets, Non-Linear Assets, Field Service Management, Assets MRO), Service (Implementation, Managed Services, Training & Support) - Global Forecast to 2021, Release date: July 2016).

The biggest challenges for organisations are the harsh economic conditions and indecisive markets which make it difficult for organisations to capitalise on its return on assets (**ROA**). The software vendors in the EAM market space are constantly designing and innovating on their software applications, as a result of which, traditional asset management activities are evolving into a complete standard approach that impacts all divisions of the organisation.

The EAM market consists of big players such as IBM, SAP, Infor, Oracle, Assetworks, ABB (Ventyx), Fujitsu, IFS, CGI Group, and Motorola Solutions.

The major factors driving this market are the administration of aging infrastructure, improved return on assets and the ability to track assets. The high deployment cost of EAM software is one of the restraints for Small and Medium Businesses (**SMB**s) along with lack of awareness among organisations about the deployment and usage.

Hence, cloud-based deployment solutions are likely to prove to be more beneficial and can seize this opportunity by providing simpler solutions to organisations. Integration of EAM and big data analytics is another opportunity for software vendors. EAM solutions mainly focus on maintenance operations and EAM software applications support the entire enterprise operations onto a single database, enabling the integration of different applications.

Some of the benefits that EAM solutions offer to organisations include higher asset productivity, reduced maintenance costs, and increased visibility of the operations and asset performance. In industries that operate in intrinsically hazardous environments such as oil and gas and metal and mining, organisations have to rely on effective asset management systems that will help augment the value of assets.

Asset management software enables organisations to more effectively achieve their organisation's goals from their asset management activities. As the science of asset management has evolved over the past few decades, it has adopted the use of IT systems to improve performance and manage the complexities in asset-intensive businesses.

The market for software and service in relation to the management of physical assets in commercial environments has evolved from the maintenance management function within organisations. This has been predicated on the evolution of EAM software from earlier CMMS.

As these systems have evolved they have become more integrated and their functionality has increased to meet the needs of end users in asset-intensive industries. With the uptake of Enterprise Resource Planning (**ERP**) systems by organisations to integrate a range of functions across business, EAM applications have become increasingly integrated with these applications as well.

This has extended further with the development and increasing adoption of smartphones and tablets to integrate data capture and management in the field through field service management (**FSM**) applications.

The diagram below shows the evolution of thinking in relation to the function of software in asset management:

	CMMS (80's-90s)	EAM (90s-2000s)	Asset Performance (2000s onwards)
Purpose	• Automate Procedures	• Track Asset Performance	• Optimise asset impact on operational performance
Scope	• Site based	• Enterprise Wide	• Enterprise wide
Data	• Maintenance Procedures	• Maintenance transactions	• Performance Data from Operations, Maintenance, HR & others
Answers	• When do we turn the wrench? • When do we order replacements?	• How do we extend asset life? • How do we reduce asset downtime?	• How do we use assets to reduce opex costs? • How can we improve assets to add to the bottom line?

Source: Infor (2008)

As EAM software and approaches to asset management have become more sophisticated, the focus of software within this sector has become accordingly more complex to meet the business needs of the end user organisations.

EAM software

The EAM and related software discussed here are focussed on physical assets (both fixed and mobile) and exclude functionality such as IT asset management, facilities workplace management (i.e., an integrated workplace management system) or financial asset management, which are separate markets and are not covered in this analysis.

Improvements in assets and maintenance productivity have been a key reason for the adoption of EAM software and ultimately organisations adopt EAM solutions to:

- Improve asset return on investment;
- Improve asset performance to reduce downtime and increase asset availability to meet regulatory requirements or customer service level agreements (**SLA**);
- Extend asset life to avoid new capital purchases for replacement, particularly where the assets are aging and more likely to fail;
- Schedule preventative maintenance to reduce the likelihood of unscheduled stoppages (breakdowns);
- Manage assets according to any existing regulatory requirements in highly regulated industries (e.g. power and water utilities);
- Improve the ability to track assets, particularly where the business has to maintain a wide variety of different types of assets and these are geographically dispersed; and
- Implement capital and operation cost saving projects such as warranty management and purchasing streamlining.

IBM has quantified the potential benefits of adoption of EAM systems:

Scenario	Benefit	ROI
Labour Utilisation	Increased	10-20%
Asset Utilisation	Increased	3-5%
Equipment purchase	Reduced	3-5%
Warranty recovery	Increased	10 -50%
Inventory needs	Reduced	20-30%
Plant Downtime	Reduced	5-20%
Material Costs	Reduced	10-50%

Functionality required by software in the EAM space

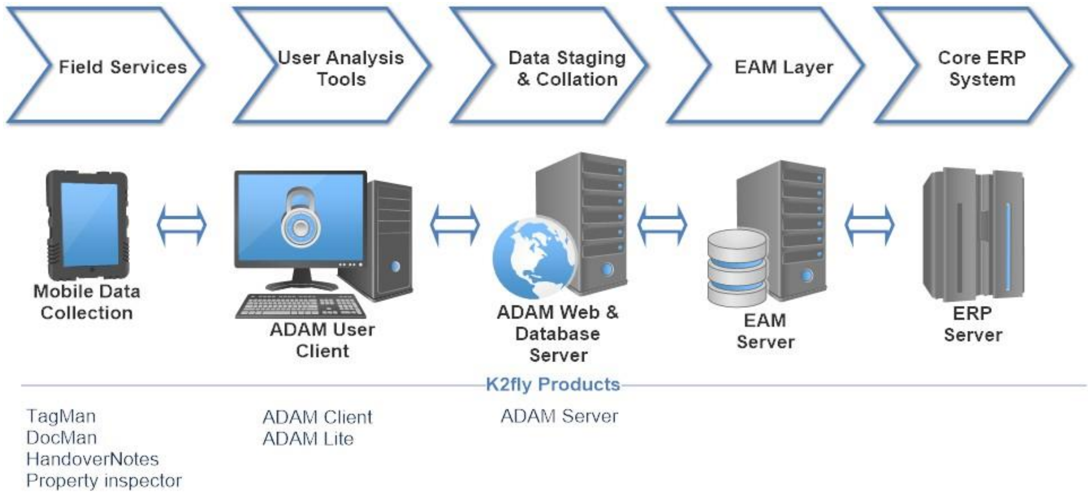
To address the market needs for customers' / end users, EAM software products must address a wide range of functional capabilities. Features and functional requirements satisfied by the "best-of-breed" software products in this category include:

- Detailed asset registry, combined with internal and external parts and support descriptions;
- Long term maintenance, project and work schedules;
- Support for complex inventory relationships for indirect maintenance, repair and operations (MRO) that are associated with forecasting planned and unplanned work on installed assets;
- Supply chain capability for indirect goods, with demand planning linked to maintenance and repair schedules;
- Probability-based, "just in case" MRO focused inventory and procurement, rather than "just in time" or material requirements;
- Planning-based Human Capital management capabilities to match skills, training and availability with work requirements;
- Statistical analyses of equipment performance and reliability;
- Condition-based triggers for asset health and performance (Operational Technology integration);
- Serial number tracking and tracing for equipment and parts;
- Financial support via detailed cost analysis;
- Integration with whatever ERP (financial and HR) package is deployed;
- Extensive warranty tracking to component levels and support for manufacturers' records requirements for equipment under warranty;
- Shutdown project planning;
- "Lock out/tag out" or "permit to work" functions; and
- Enablement and integration of both online and offline application usage for mobile workers.

Any software which can fulfil the majority or all of the functions listed above will be able to compete within the market space.

The EAM user value chain

The EAM user value chain looks at the flow of asset related information across the business and the roles or stages of interaction of the data within business IT systems. K2fly's software solutions fulfil a number of roles within the EAM value chain and this is summarised in the diagram below.



- **Field services** – This involves the collection and management of data in relation to location, conditions, events and actions recorded at the location of the asset. These activities range from simple monitoring to maintenance and repair operations on the asset. Typically, data is acquired at this point and then relayed upwards through the value chain.

- **User analysis** – The end user analysis phase collects and collates field data and data from other business systems to provide reporting and analytical insights to meet business outcomes and objectives. This stage also provides the staging for collation and input of data from the field and the subsequent cleaning and organisation of asset data.

- **Data Staging and Collation** – A staging phase where data is extracted from an existing EAM system and is converted to a format which can be readily analysed using simple analytical tools e.g. Microsoft Excel. This point of the value chain also acts as a conduit for data to be uploaded from field data into the EAM system. In some cases the EAM system may contain this functionality as an integral system rather than as a separate stage but may require specialist training or knowledge to extract, convert or analyse data contained within the EAM system.

- **EAM Layer** – The EAM system operated by the business is often tightly integrated with the organisation's ERP and may allow direct data exchange and functionality with the organisation's ERP to carry out specific asset related activities and transactions.

- **Core ERP System** – The organisations ERP which integrates the EAM with other business functions, such as purchasing, financials, HR, operations and other core business functions.

EAM software market segmentation

The EAM software market can be segmented in a number of ways, each of which can then be further segmented into different sub-segments based on software type, services, industry vertical and geography. Of these, the segment related to the services offered is only tangentially relevant but is discussed further in the Distribution Channel section below.

Segmentation on the basis of software type relates to the capabilities of the system. Some EAM systems are designed specifically for niche or industry verticals and are not viable or usable across other industry verticals. On this basis, EAM software types in this segment can be sub-segmented into:

- linear asset management software;
- non-linear asset management software;
- field services management software; and
- asset Maintenance, Repairs and Operations (**MRO**) software.

Non-linear assets are a specific subset of assets that occupy a specific space and can be tracked by their location. Non-linear assets include mobile assets (e.g. vehicles, mobile plant and equipment), and Fixed Assets (i.e. office buildings, plant, equipment).

Linear assets, which are sometimes also known as continuous assets, often connect with each other and can be part of a network that moves fixed assets, i.e. rail lines for trains, water pipes for water and roadways for other vehicles.

Field services management software typically refers to an on-premises hosted or cloud-based system that enables companies to manage widespread resources, such as data collection, asset location, managing worker activity, scheduling and dispatch work.

EAM systems are used across a wide range of industry verticals where highly intensive asset businesses operate, including:

- Oil and gas;
- Mining;
- Electricity and water utilities;
- Construction;
- Defence and security;
- Road and rail transport; and
- Government.

While these have traditionally been the market segments which have had the most need for EAM software, industry analysts have forecast that EAM solutions will see an increase in adoption by new industries which have not yet had a significant uptake of this software. These new industry vertical opportunities have been identified in infrastructure and healthcare, as these industries require improvements in profitability from managing assets more efficiently, cost saving from operations, and higher equipment utilization rates.

The EAM software market can be sub-segmented on the basis of major geographies where there are market opportunities which are:

- North America;
- Latin America;
- Western Europe;
- Asia Pacific;
- Japan;
- Eastern Europe; and
- Middle East and Africa (**MEA**).

In terms of market attractiveness, the North American, European, and MEA markets have seen the highest EAM solution penetration to date. These make these markets less attractive for entry due to the existing adoption level and competition existing in these markets. The Asia-Pacific and Latin America markets have seen much lower adoption of EAM and these regions offer the greatest opportunities for EAM vendors as many organizations within these regions are yet to adopt EAM software solutions.

To meet the demands of addressing an increasingly internationalised and global market, EAM software suppliers will need to develop either their direct to customer sales and service capabilities or develop appropriate partner-based distribution channels to meet customer demand and these are discussed further in the Distribution Channels section below.

User size segmentation

The EAM market can also be segmented based on the size of the business which has needs for EAM systems. Historically, asset-intensive businesses have been large businesses / organisations and the current market has evolved to service them. The focus of existing market participants on this larger business segment has created a situation where the cost of implementation of EAM systems is significant and beyond the capabilities of SME businesses to adopt. This has created an underserviced market for SME sized organisations which has not been fully exploited.

Some of the restraints that are hindering the growth of the EAM market in the SME sector include:

- The traditional high cost associated with deployment of EAM solutions;
- General lack of awareness among organizations about its deployment and usage to implement and deliver value for the business;
- Dynamic business environment where changes in the market can significantly change the perceived value proposition and capital payback for these systems;

- There are relatively few integrated solutions which provide the necessary functionality at a price point which is affordable for the SME market;

- Some EAM systems require a high level of specialized training or the engagement of specialist consultants which carries an additional cost for the business, for example SAP; and

- Uncertainty regarding the security issues associated with cloud-based services and solutions.

The most significant problem for SME businesses which are asset-intensive is that often their current systems and process for managing assets are inadequate to deliver significant value for the business. These business systems and processes may involve the use of common business productivity tools such as Microsoft Excel or a combination of third party software tools which fulfil specific tasks within the asset management process. Other businesses may have developed their own asset management databases and functionality which also incorporate 3rd party tools but these often have a limited lifespan and come with a high cost to develop and maintain in the longer term.

The problem with the lack of adoption of EAM systems in this market segment is a recognized issue and the current offerings from the dominant companies within the market have not sufficiently addressed the issue of offering a system at the right sale price point and keeping down the total cost of ownership of the system (e.g. people and infrastructure required to set up and operate). This segment does not yet have an apparent market leader in offering solutions but new market entrants are emerging to contest adoption by SME businesses.

Distribution channels

Critical to the sale and implementation of EAM systems is the distribution channels through which the software is delivered to the client in a usable format. Due to the complexity of asset management and the variability of the needs for different businesses (within the same industry vertical or otherwise), these systems will need some degree of configuration and setup in order to function correctly. This implementation / configuration phase is typically undertaken by the software vendor, who may or may not be the software developer.

While some vendors in the market (e.g. IBM) have the services capacity to install / configure and develop the appropriate business process and change management procedures for implementation, the majority of software development companies do not. As such, unless the business is to significantly invest in staff for sales and delivery on a broad geographical scale, then market channels need to be developed with 3rd party businesses that have the capability to deliver on the implementation as well as the access to the target customer businesses.

The channel partner model is common across many software businesses to deliver their product where there is complex implementation and related business process changes that need to be implemented. Typically, the software developer enters into a revenue sharing agreement on which a fixed price per unit or percentage of sale price is retained by the partner with the rest being passed on to the developer.

In developing 3rd party distribution channels for the EAM software, there are three typical types of businesses that might be utilised being:

- **Business consulting firms** – These businesses incorporate the implementation and configuration of systems as part of a broader business process change or transformation project;
- **IT Services firms** – These businesses specialise in providing IT based services and implementations and operate with a focus on the software technology and integration into the business systems;
- **Engineering Services firms** – These businesses provide services related to the provision of services for asset management, and maintenance engineering. The services provided often also include IT implementation of EAM systems as well as providing the platform as part of a program of managed services. In the latter case, the business also becomes the effective end user of the EAM software.

The key services related to EAM software that are delivered along the channel are Managed Services, implementation services and training and software support. In terms of the channel partners that are mentioned above, the relationship to the delivery of these services can be seen below.

	Managed Services	Implementation	Support
Software Developer			Yes
Business Consulting		Yes	
IT Services		Yes	Yes
Engineering Services	Yes	Yes	

The benefit of developing 3rd party distribution channels for a company is that it will provide the opportunity for developing sales without having to invest in significant additional staff for sales and implementation, as well as increasing the potential for geographical reach.

Market value and trends

A number of market analyst groups have undertaken analysis of the EAM software market and provide information on the value of the markets and trends in how the market is evolving. Key analysts who have produced data on this market include Gartner, MarketsandMarkets, and ARC Advisory Group. The consensus of these analysts has been that the potential market for EAM software will be one that will show continuous growth in the medium term.

The market for EAM software has seen overall growth in value since the early 2000's, although some contraction of the market occurred during a general market shrinkage / slowdown around the period of the Global Financial Crisis, but this was a trend across many industries as capital expenditure was significantly curtailed.

The most recent reports on the sector by industry analyst firm MarketsandMarkets has predicted that the global value of the sector will grow from a current value of

US $3.15 billion in 2016 to US $5.24 billion by 2021. This gives the market a compound annual growth rate of 10.7% over the period. (Source: MarketsandMarkets, Enterprise Asset Management Market by Software Application (Linear Assets, Non-Linear Assets, Field Service Management, Assets MRO), Service (Implementation, Managed Services, Training & Support) - Global Forecast to 2021, Release date: July 2016).

The major drivers and assumptions underlying the expected growth in the EAM sector are as follows:

- A dynamic shift in focus to increased operational performance and efficiency, production efficiencies and profitability for asset intensive industries;
- Maintenance execution
  - Equipment uptime;
  - Control costs: labour and materials;
  - Asset longevity; and
  - Safety.
- An increased focus on visualisation of data and computational and interrogation of data to support better decision making;
- Aging infrastructure and the need to better manage capital expenditure exposure and predictability associated with routine and non-routine maintenance;
- An increase in the requirement to have cloud computing and FSM as part of all organisations to contribute to better management of information and data and to better manage the assets to which the organisation is dependent on for revenue;
- The need to enhance the asset life of rapidly aging infrastructure, growing importance of asset tracking, and need for improved ROA associated with physical assets;
- The growing manufacturing and energy sector across the globe provides huge opportunities for EAM vendors, service providers, software providers, and consulting companies;
- FSM and non-linear asset management software applications are expected to grow at a high growth rate and hence, will present good market opportunity during the forecast period;
- The EAM solutions for government and utilities help in work management, asset valuation, risk management, preventive maintenance, and condition analysis. The government and utilities vertical accounted for the largest share in the EAM market in 2016. Projects from governments, municipal authorities, and utilities require huge resource planning and asset management to provide high-quality public asset management capabilities;
- North America is expected to hold the largest market share and dominate the EAM market from 2016 to 2021. The main drivers responsible for the growth of EAM software in North America are the stable economy,

technological advancements, and newer infrastructure demands. The EAM market in Middle East and Africa is expected to witness high growth in the coming five years due to a large number of the huge infrastructural projects demanding asset management capabilities across departments, facilities and business units; and

- The major vendors covered in the EAM market for this study include ABB Group (Switzerland), IBM Corporation (U.S.), Oracle Corporation (U.S.), SAP SE(Germany), and IFS AB (Sweden).

The key areas of growth in the future have the potential to create new opportunities for market entry for new players. As previously mentioned, new growth opportunities in respect of the market segments exist in respect of the healthcare and infrastructure markets. In addition to this, market analysis and participants have identified that new opportunities for growth in the market will evolve with the increasing move of businesses to the adoption of cloud and hosted deployment EAM solutions and the integration of 'Big Data' technologies leading to real time predictive analytics.

The adoption of cloud-based EAM systems is likely to have a positive impact on the adoption of EAM systems from the cost and usability advantages that these systems provide. This technology is seen to be one of the cost advantages which will allow for increasing uptake of EAM systems within the SME market segment.

Cloud deployments, which are often synonymous with the SaaS business model, can either be hosted by the software vendor or deployed to an organisation's private cloud and provides a number of significant potential advantages for users.

These include:

- The computational processing requirements for SaaS deployments are low for the end user, often only requiring a web browser and bandwidth, as computational processes are conducted server-side. This means that these deployments have the ability to provide information on demand and across different platforms and operating systems, including mobile devices.
- Vendor hosting solutions can save significant costs in relation to server infrastructure and operational costs. SaaS cloud deployments eliminate the costs associated with deployment, data management and hardware/software provisioning.
- Cloud SaaS offerings are commonly billed or invoiced on a monthly basis or over another agreed period. This model is cash-flow-friendly and lowers the over-all total cost of ownership. A periodical / monthly invoicing cycle also overcomes the problem of committing the expenditure as an operating vs capital cost. This can simplify the purchasing process and removes internal investment split incentives on capital budget allocation.
- Changes to the underlying software technology, such as patching, configuration, updates and upgrades are part of the Cloud service which has long-term operational and economic benefits.

The shift to cloud-based services is significant across many industries, with companies becoming warier of the purchase of software requiring large up-front payments and then ongoing maintenance fees and potentially significant additional costs to upgrade systems that become obsolete. Often businesses may avoid an upgrade cycle due to the significant additional cost this may incur from the vendor and implementation fees.

Another area of growth that has been predicted for the EAM market is the incorporation of 'Big Data' approaches and technologies to improve the effectiveness of EAM activities. While 'Big Data' is rather a nebulous term, in this instance it refers to the collection of large amounts of data regarding asset activities and performance, particularly arising from the introduction of new and improved real time monitoring technologies.

According to ERP supplier SAP, the benefits of Big Data analysis will come from the increasing introduction and adoption of internet-enabled or wireless sensors for condition monitoring. Generally characterised as an Internet of Things (IoT) type of device, internet-enabled sensors are seen to provide information for a system (particularly cloud-based services) and then allow improved condition monitoring. Furthermore, improved condition monitoring and analysis in real time has the potential to improve the performance and accuracy of predictive analytics related to incipient failure and allows corrective maintenance before catastrophic failure occurs.

Additionally, IBM, supplier of the Maximo EAM platform, sees that the use of increased data input and real-time monitoring can provide additional benefits to the EAM function within a business. IBM has identified examples where predictive analytics has resulted in several benefits for businesses, including:

- Increasing operational efficiency - Activities such as energy efficiency and optimization within facilities can help organisations cost-effectively achieve significant, quick and measurable operational improvements. The ability to monitor and analyse energy-intensive equipment across an organisation's facilities portfolio, identify operating anomalies in real time, and generate corrective work orders, can dramatically reduce energy consumption.

- Ensuring service availability – Systematically monitoring and benchmarking asset performance data can reduce the chance of business interruption from asset failure.

- Minimising risk – Extensive data feeds and analysis can help mitigate risks to facilities and assets. The use of predictive analytics can detect even minor anomalies and failure patterns to determine the assets that are at the greatest risk of failure. Predictive maintenance analytics can access multiple data sources in real time to predict equipment failure—which helps organisations avoid costly downtime and reduce maintenance costs.

Competitors

As noted previously, ADAM is not an EAM system per se, but rather a staging system where data is managed, cleansed, manipulated and analysed to then be uploaded to an EAM or ERP. However, the functions within the ADAM system are designed to be simpler to operate and conduct analysis with, as are the reporting functions for assets. However, due to the relatively similarity of the functions between ADAM and EAM systems, ADAM may face competition from other systems in respect of the 'share of wallet' for purchase decisions. In addition to the potential of competition for budget expenditure on asset management from EAM providers, there are other EAM staging products available within the market which integrate with EAM and CMMS systems, which may also compete with K2fly products.

As the EAM software market has evolved, these major players have been able to establish themselves and obtain a significant degree of market share between them. According to Gartner, there are more than 400 vendors globally providing the EAM class of software. According to analysts ARC Advisory, 150 of these companies have entered the market in the past few years. The top 10 existing vendors have been able to capture approximately 70% of the revenues in the market to date.

The major vendors that have developed and marketed EAM systems into the global market include:

- IBM
- SAP
- Infor
- Oracle
- ABB (Ventyx)
- Fujitsu
- IFS
- Schneider Electrical
- CGI Group
- Mainsaver

"The EAM market size is expected to grow from US$3.15 billion in 2016 to US$5.24 billion by 2021, at a Compound Annual Growth Rate of 10.7%"

"APAC predicted to be the fastest growing at a CAGR of 21%"

- Deloitte; National Association of Software and Services Companies (Nasscom)
- MarketandMarkets Research Report

10. MOBILE ENTERPRISE ASSET MANAGEMENT (MOBILE EAM)

Mobile enterprise asset management (or **mobile EAM**) refers to the mobile extension of work processes for maintenance, operations and repair of corporate or public-entity physical assets, equipment, buildings and grounds. It involves management of work orders (planned, break/fix or service requests) via communication between a mobilised workforce and computer systems to maintain an organisation's facilities, structures and other assets.

The idea behind mobile EAM as a business practice is that it enables remote workers – employees who spend part or all of their time away from a central office – access to data from the organisation's computer application software for enterprise asset management (commonly referred to as an enterprise system, EAM system or backend system), typically using a handheld or other mobile computer. This is to distinguish from the term mobile asset management, which refers more broadly to the actual tools, instruments and containers organisations use to track and secure equipment and other such assets frequently on the move.

In the mobile EAM process, the organisation eliminates a need for paper forms or other data reporting and communication methods (push-to-talk and radio) to move work order information to and from the point where the work is being performed.

While EAM encompasses the management of an organisation's entire asset portfolio across processes including equipment addition/ reduction, replacement, over-hauling, redundancy setup and maintenance budgets, mobile enterprise asset management is focused, by definition, strictly on the wireless automation of asset management data for such processes.

When viewed and used on a handheld device, mobile work order applications provide details such as location, stepwise job plans, safety alerts, lock-outs and prior work history on the asset, giving a maintenance technician or other remote worker more detailed asset information as well as the ability to transmit work data to the organisation's enterprise system when completed – through a wireless network, docking station or other synchronisation method.

Using computer software to achieve standard mobile EAM practices, organisations often report such advantages as an increase in timely, accurate data flow between their remote workers and central management such as planners and schedulers, which thereby improves capital and labour allocation decision processes (including an ability to schedule more planned/preventive maintenance work).

With the proliferation of smartphone and other mobile computing technologies, asset managers can expect an ever more tech-savvy workforce, lower costs in mobile devices and a higher propensity of feature-rich, workflow-specific mobile applications.

The use of mobile enterprise application platforms (MEAPs), designed around service oriented architecture principles for multiple systems integration and custom modification, and other forms of wireless computing technology for mobile EAM solutions is growing rapidly, particularly in industries where physical assets form a significant cost proportion of organisations' total assets.

These industries can include:

- Facilities management
- Utilities
- Life sciences
- Government organisations
- Manufacturing
- Oil and gas industry
- Transportation industry

In such high-value asset scenarios, the asset lifecycle improvements introduced by the increase in enterprise data flow of mobile EAM processes can bring significant savings, particularly when part of an enterprise-wide capital and labour management strategy that integrates multiple systems in an enterprise architecture (EAM system, mobile EAM application, labour dispatch/scheduling software, GIS, etc.)

"A combination of mobile device hardware management software and value-added services will drive Australia's enterprise mobility market up to $4.9 billion in 2019"

- Telsyte Australia; Enterprise Mobility Market Study 2015

11. RISK FACTORS

The business, assets and operations of the Company, including after completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company. The Company's Securities comprise a speculative investment, particularly as it is proposed for the Company's business after the Acquisition to comprise participation in the digital currency sector and its associated business.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to.

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from K2fly, parties contracted or associated with K2fly and the Asset Acquisition Agreement and other agreements, including, but not limited to, those summarised in this Prospectus. The risks and uncertainties described below are not intended to be exhaustive. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, K2fly and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire the technology assets of K2fly is outlined below.

11.1 Risks relating to the Change in Nature and Scale of Activities

(a) Re-Quotation of Shares on ASX

The acquisition of the technology assets of K2fly constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) Dilution risk

The Company currently has 47,187,501 Shares on issue (on a pre-Consolidation basis). On completion of the Acquisition, the Company proposes to issue the relevant number of Securities to K2fly Shareholders under the terms of the Acquisition and issue Shares under the Offer to raise up to $5,000,000.

Upon completion of the Acquisition and achieving the minimum subscription under the Offer (assuming no further Shares are issued and no exercise of any Options), the existing Shareholders will retain approximately 10.2% of the issued capital of the Company, with the Vendors holding 32.52% and the investors under the Offer holding 40.6% of the issued capital of the Company respectively.

Upon completion of the Acquisition and achieving the maximum subscription under the Offer (assuming no exercise of any Options), the existing Shareholders will retain approximately 9.3% of the issued capital of the Company, with the Vendors holding 29.52% and the investors under the Offer holding 46.1% of the issued capital of the Company respectively.

(c) Counterparty and contractual Risk

The Company has agreed to acquire 100% of the technology assets of K2fly from the K2fly Shareholders subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by K2fly of their obligations under these agreements. If K2fly or any other counterparty defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(d) Liquidity Risk

On completion of the Acquisition, the Company proposes to issue 16,000,000 Shares to the Vendors. The Directors understand that ASX may treat a portion of these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. As a significant number of the Company's Shares will be subject to escrow upon Settlement, there is an increased liquidity risk as a large portion of issued capital may not be able to be freely traded for a period of time.

11.2 Risks specific to K2fly's business

There are a number of specific risks involved for the Company, and consequently its Security holders, in the acquisition of the technology assets of K2fly including risks specific to the businesses and assets of K2fly which include the following non-exhaustive list:

(a) New Business Model

K2fly acquired the enterprise asset management technology assets on 11 May 2015 from K2 Technology Pty Ltd. Although the technology assets have been successfully deployed and implemented to more than 20 clients across Australia predominantly in the oil and gas sector, K2 Technology Pty Ltd was not separately charging for the use of the technology and associated software.

Since acquiring the technology assets, K2fly has sought to adopt a Software-as-a-Service (SaaS) business model based on a user pays structure. As this business model is new to K2fly, there is a risk that this business model will not be endorsed by its clients.

K2fly currently has six (6) clients utilising the technology assets and associated software, indicating that the SaaS business has been adopted by its clients, however, this business model remains new to K2fly.

K2fly does note however that the SaaS business model is not unique to the technology and software sector and therefore the clients that K2fly is seeking to sell its technology and software to understand the SaaS business model well.

(b) Data Loss / Theft

K2fly stores data on both internal and third party service providers. Penetration of the system or exploitation of some unidentified vulnerability in its network could lead to loss, theft or corruption of the Company's data. Although K2fly has strategies and protections in place to try and minimise security breaches and to protect data, these strategies might not be successful. In that event, it could negatively impact upon the Company's revenues and profitability.

The Company and K2fly are comfortable that this risk is manageable and that the security precautions implemented to ensure the safety of the data is comparable to other companies operating in the software sector where data is being managed on behalf of clients.

Unfortunately, data corruption, loss and theft are not unique risks to the business of software companies. K2fly maintains duplicate copies of data at various locations to ensure that data can always be recovered with little downtime to the clients.

(c) Lack of API Integration

API integrations automate data transfer and remove the need for file export and import activities. While API integrations are not as important for the current version of ADAM the development of ADAMLITE may require the development of API integrations for usability.

The integration of Application Programming Interfaces (or API's) within asset intensive industries is not seen as a vital factor in the adoption of asset management and asset maintenance software. The primary reason for this is due to the nature of the businesses that K2fly deals with and the manner in which the data has been captured historically. ADAMLITE will be targeting small to medium enterprises which have either historically captured the data in stagnant excel databases or in some cases in hand written notes, the adoption of the ADAMLITE software will be governed by the efficiency and productivity gains. The useability of ADAMLITE and the integration of the software with CSV captured data will not depend on the application and integration of API's.

What will be important, is allowing the asset management software to integrate with accounting software packages, however that will be on an ad hoc basis only, and where that requirement is highlighted, the software integration tools will be implemented accordingly.

(d) Operating System Changes

K2fly uses third party operating systems with the providers of these systems regularly updating their systems. It is possible when these updates occur it could cause some of the Assets to not operate as efficiently as before. This will require Company to change the code on its system which may take some time to remedy.

K2fly makes use of third party operating systems as it allows the software to deliver more powerful solutions and capture significantly more data than excel and do so without being cumbersome on the clients' server or data storage medium.

In limited circumstances, a change to the third party operating system has meant that certain codes and designated fields have had to be updated in line with the third party operating system changes. In the past when this has happened, the changes have been simple to re-code and update and clients would be told about these changes with the changes taking place remotely so that clients are not interrupted and clients do not see the changes that are made. Because ADAM works over a URL, changes can be made instantaneously with no impact to the client and no downtime for the client.

This will also be the case for ADAMLITE which will operate through a cloud based platform on the K2fly website, so any changes will be made instantaneously with seamless integration.

11.3 General risks

(a) Additional requirements for capital

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of technology development. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

(b) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the planning of the Acquisition and the Offer. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the financial performance of the Company.

(c) Management of growth

There is a risk that management of the Company will not be able to implement its growth strategy after completion of the Acquisition. The capacity of the Company's management to properly implement the strategic direction of the Group may affect the Company's financial performance.

As part of its business strategy, the Company may make acquisitions of, or significant investments in, additional complementary companies or prospects (although no such acquisitions or investments are currently planned, other than the Acquisition). Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(d) Regulatory risk

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(e) Litigation risk

The Company is exposed to possible litigation risks including intellectual property disputes, product liability claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor K2fly is currently engaged in any litigation.

(f) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic and political outlook;

(ii) introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) Force Majeure

The Company and its projects, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

11.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

12. BOARD AND MANAGEMENT

12.1 Directors and key personnel of the Company

As at the date of this Prospectus, the Board comprises of:

(a) Michael Scivolo (Non-Executive Chairman);

(b) Sol Majteles (Non-Executive Director); and

(c) Robert Collins (Non-Executive Director).

It is proposed that upon Settlement of the Acquisition:

(a) Brian Miller will join the Board as the Executive Chairman and Chief Executive Officer;

(b) Noel Bonnick will join the Board as a Non-Executive Director;

(c) Gino D'Anna will join the Board as a Non-Executive Director;

(d) Russell Moran will join the Board as a Non-Executive Director; and

(e) Michael Scivolo, Sol Majteles and Robert Collins will resign.

12.2 Current Directors of the Company

The profiles of each of the current Directors and Senior Management are set out below:

Mr Michael Scivolo – (Non-Executive Chairman)

Michael Scivolo is a Certified Practising Accountant with 35 years' experience in accounting and taxation. He is a taxation consultant with CVA Group Pty Ltd. He is currently a Director of Sabre Resources Ltd, Metals Australia Ltd and Golden Deeps Limited.

Mr Sol Majteles – (Non-Executive Director)

Sol Majteles is a partner at leading Perth law firm Lavan Legal and has more than 35 years' experience in financing, securities and commercial law. He has extensive experience in listed companies and currently serves on the board of Promesa Limited, as well as being Chairman of Metals Australia Ltd (a Director since 1987).

Mr Robert Collins – (Non-Executive Director)

Robert Collins has served on a number of ASX listed industrial and mining company boards and owned a large West Perth accounting practice serving the corporate sector. He is currently a Director of Golden Deeps Limited and Metals Australia Ltd.

12.3 Proposed Directors

The profiles of each of the Proposed Directors are set out below:

Mr Brian Miller - (Executive Chairman / Chief Executive Officer)

Brian Miller is 30-year veteran of the IT sector, having worked in Australia, US, UK, Europe, Asia and the Middle East. Brian has held executive positions in public as well as private companies, and has sat on five Boards and two industry commissions. A founding member of the Institute of Asset Management (UK), he sat on the panel which developed the initial BS5750 standard for asset management within the UK energy sector, and worked closely with the Energy Regulator, OFGEM.

Brian has specialised in Strategy and Business Development Board positions. He has worked with four organisations which have either publicly listed or achieved a trade sale during his time on the Board. These exit deals have ranged in value from A$50 million up to A$250 million, and the companies have had between 50 to 400 employees.

In the last decade, much of Brian's business involvement has been based around the exploitation of mobile technologies in the asset intensive sectors. He was a main board Director of AMT-Sybex which is a dominant player in this arena in the UK. Most clients have been blue chip, and many have been multi-national, including Electricity de France, Iberdrola (Spain), E.On (Ger), AES (USA) and Veolia (Fr). As a Strategy Director on two Boards, Brian worked with company executives to define, develop and refine influencing strategies which ultimately led to valuable exposure to decision makers and senior politicians and cabinet members in the UK, UAE, Singapore and Australia. Brian has worked hard to develop an evolving network of contacts within Australia.

Brian provides strategic direction to the business of K2fly in its endeavours to expand the footprint of the business to global jurisdictions, including Asia, Europe and North America.

Mr Noel Bonnick - (Non-Executive Director)

With a Mechanical Engineering background and over 25 years of industry experience specialising in maintenance support, condition monitoring, maintenance systems development and reliability management, Noel's ongoing role is to provide both leadership and corporate and strategic direction to the K2fly business.

Noel is the founder and executive chairman of K2 Technology Pty Ltd.

Noel was appointed to the board of K2fly on 1 June 2016 following the acquisition of the enterprise asset management technology assets by K2fly from K2 Technology Pty Ltd.

As K2fly and K2 Technology Pty Ltd have executed a partnering agreement (refer to section 16.3 for further information), it was considered necessary to have Noel appointed to the board of K2fly for the purposes of providing oversight and strategic direction to the deployment and implementation of the enterprise technology assets and associated software to new clients across Australia as well as existing clients of K2 Technology Pty Ltd.

Noel will work closely with Brian in the deployment of the enterprise asset management technology assets and will offer strategic business oversight in the deployment of the technology assets and associated software to clients' sites at jurisdictions outside of Australia.

Mr Gino D'Anna - (Non-Executive Director and Company Secretary)

Gino has significant primary and secondary capital markets experience having been involved in a number of IPOs and secondary capital raisings. He has been involved in a number of corporate reconstructions and recapitalisations and has raised in excess of $100 million for companies involved in natural resources, technology and industrial and manufacturing businesses.

Gino was a founder of K2fly NL along with fellow director Russell Moran and was previously Executive Director of ASX Listed Atrum Coal NL. Gino was previously Executive Director of ASX Listed Ferrum Crescent Limited (ASX: FCR) and ASX Listed SWW Energy Limited (ASX: SWW). Gino is currently the Executive Director of BC Anthracite NL and Executive Director and Founder of MetalsTech Limited as well as Founder of LiGeneration Limited.

Mr Russell Moran – (Non-Executive Director)

Russell has specific experience in mining transaction management, capital raisings, public reconstructions and recapitalisations, and strategic business development. He has provided a range of consulting services to private and ASX listed companies. Russell brings an extensive network of industry contacts with a heavy focus on deal origination and transaction opportunities.

Russell was a founder of K2fly NL along with fellow director Gino D'Anna and was previously Executive Director of ASX Listed Atrum Coal NL. Russell is currently the Executive Chairman of BC Anthracite NL and Executive Chairman of MetalsTech Limited.

12.4 K2fly Senior Management

Andrew Davies – Systems Architect

Andrew is a software architect with an engineering background and over 20 years' experience in the asset management, mining, retail, transport and local government industries with a number of blue-chip clients in Australia, New Zealand, United Kingdom and South Africa. He is passionate about data management and storage, security and process improvement, with a deep rooted desire to do things better and more efficiently. He has a reputation for implementing best practices and process improvements, especially around development, data storage, disaster recovery and security.

Marjan Rafati – Senior Software Developer

Marjan is a software developer specialised in .NET (web / windows applications) and iOS apps with a strong knowledge of Object Oriented Programming. Marjan has considerable software development experience, especially involving integration with SQL Server databases. Ms Rafati also possess strong experience in SharePoint development/design, and has over 5 years' experience working in agile environments. Ms Rafati also has excellent problem solving and negotiating skills.

Candice Stevenson – Financial Controller

Candice has in excess of 10 years of financial experience within the public markets with natural resource companies, technology companies and fashion organisations.

Candice is a certified CA and has significant experience within the technology start-ups sector.

12.5 Personal Interests of Directors

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director.

Details of the Directors' and Proposed Directors' remuneration and relevant interest in the Securities of the Company upon completion of the Offer are set out in the table below:

Director	Remuneration for year ended 30 June 15	Remuneration for year ended 30 June 16	Proposed remuneration for current financial year	Shares	Options
	Existing Directors				
Michael Scivolo	Nil	Nil	$8,334	Nil	Nil
Sol Majteles	Nil	Nil	$8,333	Nil	Nil
Robert Collins	Nil	Nil	$8,333	Nil	Nil
	Proposed Directors				
Brian Miller[2]	Nil	Nil	$189,000	Nil	Nil
Noel Bonnick	Nil	Nil	$29,900	528,751[1]	Nil
Gino D'Anna[2]	Nil	Nil	$45,000	1,797,753[1]	Nil
Russell Moran[2]	Nil	Nil	$45,000	4,230,006[1]	Nil

Notes:

1. Assuming completion of K2fly's in-specie distribution of the Consideration Shares.
2. Subject to Shareholder approval and any other terms required by the ASX, the Company may issue a total of 3,500,000 Performance Rights amongst Brian Miller, Gino D'Anna and Russell Moran (or their nominees) post Settlement.

The Company's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Company will seek the approval of Shareholders to set the payment of fees to the Non-Executive Directors in aggregate to not exceed $250,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

12.6 Director participation in the Offer

None of the Directors or Proposed Directors intend on participating in the Offer.

12.7 Agreements with Directors

The agreements the Company has entered into with Directors and Proposed Directors are contained in Sections 16.6 and 16.7.

13. HISTORICAL FINANCIAL INFORMATION: K2FLY

The historical financial information for K2fly is presented below. K2fly has a 31 December year end and was incorporated on 17 May 2013. The first audit period covered the period from 17 May 2013 to 31 December 2013 with the subsequent audit periods being full calendar years for both 2014 and 2015.

Summary of K2fly from the Audited Statements of Financial Position as at 31 December 2015, 31 December 2014 and 31 December 2013

	31 December 2015 $	31 December 2014 $	31 December 2013 $
Current Assets			
Cash at bank	74,815	613,119	189,825
Receivables and prepayments	10,734	2,896	2,723
Total Current Assets	85,549	616,015	192,548
Non Current Assets			
Plant and equipment	-	-	-
Intangible assets	866,667	-	-
Total Non- Current Assets	866,667	-	-
Total assets	952,216	616,015	192,528
Current Liabilities			
Creditors and accruals	673,785	16,952	121,513
Total current liabilities	673,875	16,952	121,513
Total Liabilities	673,875	16,952	121,513
Net Assets (Liabilities)	**278,431**	**599,063**	**71,035**
Equity			
Issued capital	1,245,680	1,175,895	255,890
Reserves	-	(6,750)	(2,780)
Accumulated profits	(967,249)	(570,082)	(182,075)
Net Equity (Deficiency)	**278,431**	**599,063**	**71,035**

It is estimated that losses incurred post 31 December 2015 to 31 July 2016 for K2fly is $250,000.

K2fly Statement of Profit or Loss and other Comprehensive Income

	Year Ended 31 December 2015 (Audited) $	Year Ended 31 December 2014 (Audited) $	Year Ended 31 December 2013 (Audited) $
Revenue	-	-	-
Exploration costs expensed	-	263,179	110,787
Travel and accommodation	390	10,431	28,988
Consultancy costs	47,087	66,255	28,442
General and administration	9,936	24,553	2,650
FX (gain)	572	(63,366)	(1,437)
Employee/director costs	189,565	83,660	715
Public relations and marketing	9,452	3,297	11,930
Amortisation of intangibles	133,333	-	-
Operating profit (loss) before tax	(390,345)	(388,009)	(182,075)
Income tax expense	-		-
Net profit (loss) after income tax	(390,345)	(388,009)	(182,075)
Other Comprehensive Income	-	-	-
Profit (Loss) attributable to the members of the parent entity	(390,345)	(388,009)	(182,075)

The above figures are not a guide as to future profitability that may be earned by commercialising the Assets and actual future results may be materially different. The K2fly Business was only acquired in the year ended 31 December 2015. K2fly is not being acquired, only the Assets are being acquired by the Company.

14. INVESTIGATING ACCOUNTANT'S REPORT

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

22 August 2016

The Directors
Power Resources Limited
First Floor
8 Parliament Place
WEST PERTH WA 6005

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Power Resources Limited ("Power" or "the Company") for inclusion in a Prospectus to be dated on or around 22 August 2016 ("the Prospectus") relating to the proposed offer and issue by Power of a minimum of 20,000,000 shares (after a 1 for 9.4 consolidation of capital) to be issued at a price of 20 cents each to raise a gross $4,000,000 ("Capital Raising Shares"). The Company reserves the right to issue over-subscriptions for a further 5,000,000 Capital Raising Shares to raise a further gross $1,000,000 (maximum Capital Raising would be a gross $5,000,000).

Further details are outlined below, including summary details on the proposed acquisition of the assets of K2fly NL ("K2fly"). K2fly is the owner of the technology and business systems relating to the delivery of robust solutions across enterprise asset management and enterprise mobility solutions and is more fully described below and in the Prospectus. The shares in K2fly are not being acquired.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of Power and the pro-forma consolidated statement of financial position of Power as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for Power (including its proposed subsidiaries), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 5 and 11 of the Prospectus and all investors should read the risks of investing in the Company.

3. Background

Power is a junior exploration company listed on the ASX (since 23 November 2007). Currently the Company has only one interest in a mineral tenements being the Linden (Good Hope) Gold Project in the eastern goldfields of Western Australia. Minimal exploration work has been conducted on this project over the past 12 months and it is expected that the tenements on completion of the Acquisition will be forfeited (or sold to a third party for a minimal amount).

The Company has minimal cash and is in a net deficiency situation as at 31 March 2016 (deficiency $26,314) and is expected to approximate $56,314 at date of completion of the acquisition of the K2fly Assets (refer below). As at the date of this report, all exploration activities have virtually creased and the Company over the past 12 months has been seeking new business opportunities.

On 16 May 2016, the Company announced that it had entered into a conditional agreement to acquire 100% of the K2fly Assets from an unlisted public company K2fly. K2fly is the owner of the technology and business systems relating to the delivery of robust solutions across enterprise asset management and enterprise mobility solutions. The K2fly Assets include the following enterprise asset management ("EAM") solutions and enterprise mobility solutions ("EMS"):

EAM Solutions

- **ADAM (Asset Data Analysis Management)**
  ADAM was developed in 2004 and is a single source integrated technology for the development and optimisation of asset management information, including data capture, maintenance analysis and build, spares identification, which is configurable for upload to any asset management system.

EMS

- **Tagman**
  The Tagman Asset Verification app allows engineers in the field to capture and record data against a hierarchical asset structure, makes notes linking multiple photo's, scan and verify barcode information, as well as log GPS co-ordinates.

- **Docman**
  The Docman Task Management app allows engineers in the field electronically receive assigned tasks, captures notes and link multiple photos, with progress remotely monitored via a web service.

- **Handover Notes**
  The Handover app allows team members to capture electronic notes with photos during shifts and as incidents occur, as well as email specific records to other colleagues improving field communication.

- **PropertyInsector**
  PropertyInspector is a mobile building/asset inspection solution, which simplifies routine inspection tasks. PropertyInspector is marketable to any industry undertaking routine inspections (i.e. hire cars, health and safety audits etc)

  K2fly is also developing new apps and solutions, one of which will be known as ADAMLITE.

In addition, pursuant to the agreement, K2fly and K2T entered into a Partnership Agreement whereby each are able to cross promote products and services into the pooled client base, and each party can earn commissions on joint tenders in addition to ordinary revenue. K2fly under the Partnership Agreement allows K2fly direct access to licence-ready blue chip clients for the roll out of its technology offerings. K2T can provide support services when clients are looking for additional operational support beyond technology licence sales. The Partnership Agreement between K2fly and K2T incentivises K2T with a 20% commission on technology sales to its existing client base and on new tenders that it invites K2fly to join and conversely, K2fly is eligible to receive a 5% commission on asset management contracts that it originates for K2 Technology.

K2fly is also developing new apps and solutions, one of which will be known as ADAMLITE. K2T a Perth based oil and gas engineering and consulting company entered into an agreement with K2fly in May 2015 (then called Durus Copper NL) ("Durus") in relation to the acquisition by K2fly of the technology assets owned by K2T for a total consideration of $1,000,000. The Consideration payable to K2T was/is made up of:

- $400,000 cash within two weeks of execution of the agreement and this was paid;
- $300,000 in cash that was paid in April 2016;
- The issue of $300,000 of shares in a public listed company via a reverse takeover ("RTO") and the shares to be issued the same price as the RTO.

In addition, pursuant to the agreement, K2fly and K2T entered into a Partnership Agreement whereby each are able to cross promote products and services into the pooled client base, and each party can earn commissions on joint tenders in addition to ordinary revenue. K2fly under the Partnership Agreement allows K2fly direct access to licence-ready blue chip clients for the roll out of its technology offerings. K2T can provide support services when clients are looking for additional operational support beyond technology licence sales. The Partnership Agreement between K2fly and K2T incentivises K2T with a 20% commission on technology sales to its existing client base and on new tenders that it invites K2fly to join and conversely, K2fly is eligible to receive a 5% commission on asset management contracts that it originates for K2 Technology.

In May 2016, K2fly successfully executed its first significant partnering agreement for the sale of its asset management and maintenance software across Europe, including the United Kingdom. The partnering agreement provides K2fly with the ability to leverage its software portfolio utilising the key distribution partner to facilitate the sales of the K2fly asset management and maintenance software to major clients across Europe. The Key Distribution Partner ("Distributor") is a FTSE-100 company and has worked in the infrastructure and energy industries since 1990, leading the adoption of Enterprise Asset Management software in asset intensive industries. The Distributor has worked in close partnership with major organisations in the infrastructure and energy industries for over 20 years with clients including Thames Water, United Utilities, Western Power, National Grid, Centrica, London Underground Limited, Network Rail and The National Health Service.

Power will replace K2fly under the Distribution Partnering Agreement.

As part of the software distribution strategy being developed by K2fly, the Company is also targeting the execution of additional partnering agreements aimed at servicing different industry sectors and focused on mobility solutions. Targeted partners include a major mobility and app solutions developer and re-seller operating across Australia and the United States of America, as well as a risk management software developer for the asset management sector operating across Ireland and a mobility solutions and app software developer operating across the Asia-Pacific region, including Indonesia, Singapore and Vietnam. Each of these targeted partners have access to a significant network of clients operating in asset intensive sectors, where the need for robust Enterprise Asset Management software has been recognised.

The execution of these additional partnering agreements will provide K2fly with the critical mass required in order to build its brand profile within the asset management and asset maintenance sector across the globe.

K2fly has service contacts with Candice Stevenson (current accountant for K2fly) Andrew Davies (software architect for K2fly) and Marjan Rafati (software developer for K2fly). These contracts will be assigned, so Power takes over the obligations and the employees/contractors provide services to Power. Power has entered into letters of appointment with the proposed directors and a consulting agreement with Brian Miller for his role as Chief Executive Officer. The employment and engagement arrangements of the proposed directors of Power are set out in Section 16 of the Prospectus.

Subject to Shareholder approval and any other terms required by the ASX, the Company may issue performance rights which, upon their achievement, will convert into Shares (on a one for one basis) (**Performance Rights**) as follows: 2,500,000 Performance Rights to Brian Miller (or his nominee), 600,000 Performance Rights to Gino D'Anna (or his nominee) and 400,000 Performance Rights to Russell Moran (or his nominee).

Refer to Sections 16.8 and 16.9 of the Prospectus for further details.

The Performance Rights have been ascribed nil value as it cannot be ascertained with any degree of confidence that the Performance Rights will be issued or their milestones achieved.

To date, shareholders of Power have not agreed to the issue of all Performance Rights. It is expected that a further meeting of shareholders will be held post Acquisition to confirm the issue of Performance Rights to related parties. We have assumed no Performance Rights will be issued, but if issued they will need to be valued for accounting purposes.

K2fly was formerly called Durus and was incorporated in November 2013 to acquire copper mineral prosects in South America. Durus in 2015 ceased the mineral exploration activities (its overseas subsidiary was sold) and in May 2015 acquired the rights to the K2fly Assets as noted above. K2fly has undertaken a number of small capital raisings and in April 2016 completed a placement of 26,250,000 shares at 2 cents each to raise a gross $525,000. $300,000 of the funds raised were used to fund the $300,000 cash liability to K2T as noted above. As at 30 June 2016, K2fly has 75,650,000 fully paid shares on issue, along with 26,000,000 party paid shares (paid to 0.01 cents with uncalled capital of 19.99 cents.

In June/July 2016, K2fly issued convertible notes ("Notes") to the extent of $150,000 and these Notes are to be converted to 937,500 shares in Power at a deemed 16 cents per share.

In addition, the following post consolidated securities will be issued at completion:

- 1,500,000 shares (K2 Technology Shares) to K2T or its nominee;
- 4,500,000 shares (Upfront Share Consideration) to Kalgoorlie Mine Management Pty Ltd ("KMM") in consideration for past and future services to be provided to K2fly;
- 350,000 share options to KS Capital Pty Ltd and up to 1,650,000 share options to be issued as agreed between K2fly and Power (collectively Broker Options) (up to 2,000,000 Broker Options may be issued); and
- 1,250,000 shares (Advisory and Lead Manager Shares) in accordance with K2fly's instructions.

Furthermore, an upfront cash payment of $250,000 will be made to KMM and Power will enter into a commercial consultancy agreement for services to be provided by KMM to K2fly for $12,500 per month for a period of two years (payment of $300,000 over 2 years).

Further details on K2fly and the K2fly Assets are outlined elsewhere in this report and in the Prospectus.

The proposal to acquire 100% of the K2fly Assets is known as the Acquisition. The Acquisition is subject to the following conditions precedent:

- Completion of a consolidation of capital on a 1 for 9.4 basis;
- Successful completion of a capital raising of not less than $3,000,000 at an issue price of 20 cents (the "Capital Raising") (refer below) under a prospectus or such greater amount as required to meet the assets test admission criteria set out in Australian Securities Exchange ("ASX") Listing Rules;
- Receipt of required approvals, including that of ASX; and
- To the extent required by the ASX, Power or the Listing Rules, the recipients of the Consideration Shares, K2 Technology Vendor Shares, Upfront Share Consideration, Advisory and Lead Manager Shares and Broker Options and their controllers (refer details below under paragraph 1.3) entering into Restriction Agreements.

The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Michael Scivolo, Robert Collins and Hersh S Majteles. The Company Secretary is Norman Grafton. At completion of the Acquisition, Messrs Brian Miller, Russell Moran, Gino D'Anna and Noel Bonnick will become directors of Power and Messrs Michael Scivolo, Robert J Collins and Hersh S Matjeles, existing directors of Power, will resign. Brian Miller will become the Executive Chairman and Chief Executive Officer.

In addition, certain key management personal ("KMP's") of K2fly will continue as KMP's following completion of the Acquisition.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of K2fly. Further details on all significant (material) contracts entered into by the Company and K2fly relevant to new and existing investors are referred to in Section 16 of the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities Pty Ltd to prepare an Independent Accountant's Report on:

(a) The statement of comprehensive income of Power for the year ended 30 June 2015 six months ended 31 December 2015 and the nine months ended 31 March 2016 and the statement of comprehensive income of K2fly for the three years ended 31 December 2015;

(b) The statement of financial position of Power and K2fly as at 31 March 2016; and

(c) The pro-forma statement of financial position of Power at 31 March 2016 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

It should be noted that the shares in K2fly are not being acquired but the Assets of K2fly are being acquired.

All of the financial information referred to above has been audited (except for the pro-forma statement of financial position as at 31March 2016 and the statement of comprehensive income for the nine months ended 31 March 2016 for Power). The financial accounts of K2fly have been audited for the years ended 31 December 2013, 2014 and 2015. The Directors of Power are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. We have conducted our engagement in accordance with Auditing Standard on Review Engagements ASAE 3450 – Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information and with Standard on Assurance Engagements ASRE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document.

Our examination included:

a) Discussions with Directors and other key management of Power and K2fly;

b) Review of contractual arrangements;

c) A review of publicly available information; and

d) A review of work papers, accounting records and other documents

5. Opinion

In our opinion, the pro-forma statement of financial position as set out in Appendix 2 presents fairly, the pro-forma statement of financial position of Power as at 31 March 2016 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. It is our view that the historic financial information set out in Appendices 1, 2 and 3 (including the financial information on Power as well as K2fly) presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 (including K2fly NL financial information) (audited by Stantons International Audit and Consulting Pty Ltd) are required. We state that nothing has come to our attention which would require any further modification to the financial information relating to Power and K2fly in order for it to present fairly, the statements of comprehensive income (for Power for the years ended 30 June 2013, 2014 and 2015 and the six months ended 31 December 2015 and K2fly for the three years ended 31 December 2015) and the statements of financial position as at 31 December 2015, 31 December 2014 and 31 December 2013 for K2fly and the statement of financial position of Power and K2fly as at 31 March 2016.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 March 2016 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd (Trading as Stantons International) do not have any interests in Power either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD

John Van Dieren – FCA

Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Power Year ended 30 June 2015 (Audited)	Power Six month ended 31 December 2015 (Audit Reviewed)
	$	$
Revenue- interest income and other income	38,929	6
Accounting and audit fees	(38,614)	(15,179)
Exploration written off	(19,559)	-
Impairment of available for sale financial assets	(2,291)	-
ASX/ASIC fees	-	(14,351)
Other expenses	(20,241)	(4,119)
(Loss) before tax	(41,776)	(33,643)
Income tax	-	-
Net (loss) after tax from continuing activities	(41,776)	(33,643)
Other Comprehensive Income- Foreign exchange gains	-	-
Total Comprehensive Profit (Loss) for the period	(41,776)	(33,643)
Profit (Loss) attributable to:		
Equity holders of the Company	(41,776)	(33,643)
	(41,776)	(33,643)
Total Comprehensive Profit (Loss) attributable to:		
Equity holders of the Company	(41,776)	(33,643))
	(41,776)	(33,643)

The Company, once the acquisition of the K2fly Assets is consummated, will be entering into technology and business systems relating to the delivery of robust solutions across enterprise asset management and enterprise mobility solutions and an increase in the nature and scale of activities.

We have not disclosed the detailed financial information for the year ended 30 June 2014 (a net loss from operation of $26,436). The disclosure of Power financial information for the year ended 30 June 2014 is not considered relevant.

The Company discloses an unaudited loss for the nine months ended 31 March 2016 of $36,464 ($33,643 for six months ended 31 December 2015).

APPENDIX 2 – AUDITED AND AUDIT REVIEWED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	**Power Adjusted Consolidated 31 March 2016 (Audit Reviewed) $**	**Power Pro-forma Audit Reviewed Consolidated 31 March 2016 $**
Current Assets			
Cash assets	3	18,205	3,053,062
Receivables and prepayments	4	357	357
Other financial assets	5	3,014	3,014
Total Current Assets		21,576	3,056,433
Intangibles	6	-	3,650,000
Exploration and evaluation expenditure	7	42,253	42,253
Total Non Current Assets		42,253	3,692,253
Total Assets		63,829	6,748,686
Current Liabilities			
Trade and other payables	8	55,143	-
Convertible note liability		-	-
Total Current Liabilities		55,143	-
Non-Current Liabilities			
Borrowings	9	65,000	-
Total Non- Current Liabilities		65,000	-
Total Liabilities		120,143	-
Net Assets (Liabilities)		**(56,314)**	**6,748,686**
Equity			
Issued capital- ordinary	10	4,813,995	13,018,995
Reserves	11	-	134,560
Accumulated losses	12	(4,870,309)	(6,404,869)
Total Equity (Deficiency)		**(56,314)**	**6,748,686**

Condensed Notes to and forming part of the above condensed statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE AUDITED AND AUDIT REVIEWED STATMENT OF COMPREHENSIVE INCOME AND AUDITED REVIEWED CONDENSED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) **Basis of Accounting**

The audited and audit reviewed condensed Statements of Comprehensive Income and audit reviewed or audited condensed Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) **Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

(d) **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) **Trade and other accounts payable**

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) **Recoverable Amount of Non Current Assets**

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) **Revenue and Other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Sale of Goods

Revenue from sale of goods is recognised when the Parent and Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Rendering of Services

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date. Under this method, revenue is recognised in the accounting period in which the services are provided. Where it is not practicable to measure the future value of service obligations associated with the supply of goods due to the uncertainty of timing and scope, revenue is recognised when the goods are sold.

Interest Income

Interest revenue is recognised on an accrual basis using the effective interest method.

(h) **Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) **Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(j) **Critical accounting estimates and judgements**

In preparing this Financial Report, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Key judgements

Internally Developed Intangible Assets

The carrying amounts of internally developed intangible assets are often determined based on estimates and assumptions of future events which primarily assume that sufficient revenue will be generated from the intangible asset (research and development). The K2fly directors undertake regular assessments of discounted future cash flows in considering the carrying values at each balance date.

Share Based Payments

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments as at the date at which they are granted. The assessed fair value of the share options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price, the expected volatility of the underlying share, the expected dividend, and the risk-free interest rate for the term of the option.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative figures. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate various key assumptions.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include impairment of capitalised research and development, software capitalised, plant and equipment and capitalised exploration and evaluation costs.

(k) **Financial Instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition in consistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(l) **Intangible assets**

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. If impaired, a write down will occur.

Acquired both separately and from a business combination

Intangible assets acquired separately are acquired at cost and from a business combination are acquired at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortization is charged on assets with finite lives, this expense is taken to the income statement. Intangible assets, excluding development costs, created within the business are not acquired and expenditure is charged against the income statement in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

A summary of the policies applied to the consolidated entity's intangible assets is as follows:

Goodwill and intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date. Capitalised intellectual property costs are amortized on a straight line basis to allocate the cost of the asset over its estimated useful life, which is currently assessed at 5 years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(m) **Accounting for business combinations**

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the acquired amount of any non-controlling interest in the acquiree, less the net acquired amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(n) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

2. Actual and Proposed Transactions to Arrive at Pro-forma Audit Reviewed Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 31 March 2016 audit reviewed condensed Statement of Financial Position of Power (after allowing for a further $30,000 of corporate and administrative costs) in the pro-forma consolidated Statement of Financial Position of Power are as follows:

(a) The 1 for 9.4 consolidation of capital;

(b) The completion of the Capital Raising assumed to be the minimum gross amount of $4,000,000 (20,000,000 post consolidated shares), incurring capital raising costs and associated due diligence costs of approximately $595,000;

(c) The acquisition of all of the K2fly Assets by way of an issue of 16,000,000 Consideration Shares at a deemed issue price of 20 cents per share for a total share ordinary share consideration of $3,200,000;

(d) The issue of 1,500,000 K2 Consideration Shares with a deemed value of $300,000;

(e) The issue of 937,500 shares to the K2fly convertible note holders with a deemed value of $150,000;

(f) The issue of 4,500,000 Upfront Share Consideration for an agreed value of $900,000;

(g) The issue of 1,250,000 Advisory and Lead Manager Shares with an agreed value of $250,000;

(h) The payment of Power creditors ($55,143) and financiers ($65,000) as at 31 March 2016 (as adjusted) totalling $120,143;

(i) The issue up to 2,000,000 Broker Options with an assessed fair value of approximately $134,560; and

(j) The payment of an Upfront Cash Payment to KMM of $250,000.

Note 2		Reviewed Power 31 March 2016 $	Reviewed Power Pro-forma 31 March 2016 $
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 31 December 2015		18,205	18,205
Issue of Capital Raising Shares	(b)	-	4,000,000
Prospectus issue costs	(b)	-	(595,000)
Repayment of payables and borrowings	(h)	-	(120,143)
Repayment of Upfront Cash Payment	(j)	-	(250,000)
		18,205	3,053,062
4. **Receivables and Prepayments**			
Current			
Other receivables		357	357
		357	357
5. Other Assets			
Current- Other assets		3,014	3,014
		3,014	3,014
6. Intangibles			
Intellectual property – K2fly	(c)(d)(e)	-	3,650,000
		-	3,650,000

Recoverability of the investment in the K2fly Assets and any goodwill/technology is dependent on the success of existing and future business arising from the commercialisation of the K2fly Assets. The Company, in the absence of sufficient profits in the future may need to impair the intangibles.

7. Capitalised exploration and evaluation costs			
At impaired value		42,253	42,253
		42,253	42,253

The assessed independent values are in the range of $23,000 to $45,000 with a preferred fair value of $34,000.

8. Creditors and Accruals			
Current			
Trade creditors and accruals		55,143	55,143
Less: Payment of creditors	(h)	-	(55,143)
		55,143	-

k2fly Leading technology for asset management

Note 2		Reviewed Power 31 March 2016 $	Reviewed Power Pro-forma 31 March 2016 $
9. Borrowings			
Owing to related parties		65,000	65,000
Less: Repayment of Power borrowings	(h)	-	(65,000)
		65,000	-
10. Issued Capital			
Ordinary Shares			
47,187,501 fully paid shares on issue		4,813,995	4,813,995
1 for 9.4 consolidation of capital	(a)		
5,019,947 post consolidated shares			
20,000,000 Capital Raising Shares pursuant to the Prospectus	(b)	-	4,000,000
16,000,000 Consideration Shares to acquire K2fly Assets	(c)	-	3,200,000
1,500,000 K2T Consideration Shares	(d)	-	300,000
937,500 shares to K2fly convertible note holders	(e)	-	150,000
4,500,000 Upfront Share Consideration	(f)	-	900,000
1,250,000 Advisory and Lead Manager Shares	(g)	-	250,000
		4,813,995	13,613,995
Less: estimated share issue costs	(b)	-	(595,000)
Pro-forma		4,813,995	13,018,995

The number of Power ordinary shares on issue after the Proposed Transaction is completed will be 49,207,447.

In the event that oversubscriptions of $1,000,000 were received, the number of ordinary shares on issue would increase by 5,000,000 to 54,207,447, issued capital would increase by $938,000 (after allowing for increased capital raising cost of $62,000 to $657,000) to $13,956,995 and cash funds would increase by $938,000 to $3,991,062.

11. Reserves			
Option Reserve Balance as at 31 March 2016		-	-
Issue of Broker Options	(i)	-	134,560
		-	134,560

There will be 2,000,000 share options on issue following completion of the Acquisition of the K2fly Assets all exercisable at 25 cents each, on or before 4 years from date of issue (expected to be issued in October 2016).

It is expected that loyalty options will be offered to all shareholders registered as shareholders four months after achieving re-listing on ASX. The offer will be for new loyalty options on a 1 for 5 basis. Each loyalty Option will be exercisable at 25 cents each, with a term to expiry of three (3) years from the date of issue.

In addition, subject to Shareholder approval and any other terms required by the ASX, the Company may issue 3,500,000 Performance Rights amongst Brian Miller, Gino D'Anna and Russell Moran (or their nominees). The details of the Performance Rights are outlined in Section 16 of the Prospectus.

Further shares and Performance Rights may be issued in the future under an Employee Share Plan and Performance Rights Plan, subject to Shareholder approval.

Note 2		**Reviewed Power 31 March 2016 $**	**Reviewed Power Pro-forma 31 March 2016 $**
12. Accumulated losses			
Balance as at 31 March 2016		4,870,309	4,870,309
Upfront Share Consideration	(f)	-	900,000
Value of shares to Advisors and Lead Managers	(g)	-	250,000
Issue of Broker Options	(i)	-	134,560
Upfront Cash Payment	(j)	-	250,000
		4,870,309	6,404,869

13. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma statement of financial position as at 31 March 2016.

K2fly has service contacts (either directly or through service companies) with Andrew Davies (software architect for K2fly), Candice Stevenson (current accountant for K2fly) and Marjan Rafati (software developer for K2fly). These contracts will be assigned so Power takes over the obligations and the employees/contractors provide services to Power. Power has entered into letters of appointment with the proposed directors and a consulting agreement with Brian Miller for his role as Chief Executive Officer. The employment and engagement arrangements of the proposed directors of Power are set out in Section 16 of the Prospectus.

Power will enter into a commercial consultancy agreement for services to be provided by KMM to K2fly for $12,500 per month for a period of two years (payment of $300,000 over 2 years).

The proposed new non-executive directors' fees will total $160,000 (collectively). Further details are outlined in Section 16 of the Prospectus. In addition, the Company has entered into or agreed to enter into Indemnity Deeds with each Executive and Non-Executive Director.

K2fly has a rental lease commitment in Perth for a six months period to 26 October 2016 at $1,000 (plus GST) per month.

As noted above, subject to Shareholder approval of the Performance Rights and any other terms required by the ASX, the Company may issue new ordinary shares if Performance Rights granted to the current directors of K2fly on meeting certain milestones as noted elsewhere in this report and in the Prospectus. The total number of Performance Rights is 3,500,000 and thus if all milestones are met, a total of 3,500,000 ordinary shares would be issued.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report and in the Prospectus.

Investors should read the Prospectus for further possible contingencies and commitments. For details on proposed commitments pertaining to the expanded Power, refer to the Use of Funds Section 7.4 of the Prospectus.

14. Summary of K2fly from the Audited Statements of Financial Position as at 31 December 2015, 31 December 2014 and 31 December 2013

	31 December 2015 $	**31 December 2014 $**	**31 December 2013 $**
Current Assets			
Cash at bank	74,815	613,119	189,825
Receivables and prepayments	10,734	2,896	2,723
Total Current Assets	85,549	616,015	192,548
Non Current Assets			
Plant and equipment	-	-	-
Intangible assets	866,667	-	-
Total Non- Current Assets	866,667	-	-
Total assets	952,216	616,015	192,528
Current Liabilities			
Creditors and accruals	673,785	16,952	121,513
Total current liabilities	673,875	16,952	121,513
Total Liabilities	673,875	16,952	121,513
Net Assets (Liabilities)	**278,431**	**599,063**	**71,035**
Equity			
Issued capital	1,245,680	1,175,895	255,890
Reserves	-	(6,750)	(2,780)
Accumulated profits	(967,249)	(570,082)	(182,075)
Net Equity (Deficiency)	**278,431**	**599,063**	**71,035**

It is estimated that losses incurred post 31 December 2015 to 31 July 2016 for K2fly is $250,000.

15. K2fly Statement of Profit or Loss and other Comprehensive Income

	Year Ended 31 December 2015 (Audited) $	Year Ended 31 December 2014 (Audited) $	Year Ended 31 December 2013 (Audited) $
Revenue	-	-	-
Exploration costs expensed	-	263,179	110,787
Travel and accommodation	390	10,431	28,988
Consultancy costs	47,087	66,255	28,442
General and administration	9,936	24,553	2,650
FX (gain)	572	(63,366)	(1,437)
Employee/director costs	189,565	83,660	715
Public relations and marketing	9,452	3,297	11,930
Amortisation of intangibles	133,333	-	-
Operating profit (loss) before tax	(390,345)	(388,009)	(182,075)
Income tax expense	-		-
Net profit (loss) after income tax	(390,345)	(388,009)	(182,075)
Other Comprehensive Income	-	-	-
Profit (Loss) attributable to the members of the parent entity	(390,345)	(388,009)	(182,075)

The above figures are not a guide as to future profitability that may be earned by commercialising the K2fly Assets and actual future results may be materially different. The K2fly business was only acquired in the year ended 31 December 2015. K2fly is not being acquired. Only the K2fly Assets are being acquired by the Company.

15. CORPORATE GOVERNANCE

15.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on the Company's corporate governance procedures, policies and practices can be obtained from the Company website at www.powerresources.com.au.

15.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;

(b) ensure a prudential and ethical basis for the Company's conduct and activities; and

(c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(a) developing initiatives for profit and asset growth;

(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

(c) acting on behalf of, and being accountable to, the Shareholders; and

(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

15.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

(a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and

(b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Following Settlement, the Board is proposed to consist of 4 members. The Company has not adopted a Nominations Committee Charter, nor has it formally adopted a Nominations and Remuneration Committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a Nomination and Remuneration Committee. The responsibilities of a Nomination and Remuneration Committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

15.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

15.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

15.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

15.7 Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The Company will seek the approval of Shareholders to set the maximum aggregate sum to be paid to non-executive directors of not more than $250,000 per annum, although this may be varied as an ordinary resolution at a meeting of the Company's Shareholders.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

15.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that written notification to the Chairman must be satisfied prior to trading.

15.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

15.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

15.11 Diversity Policy

The Board has not adopted a formal diversity policy but seeks to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

15.12 Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

16. MATERIAL CONTRACTS

16.1 Acquisition Agreement: K2fly NL and K2 Technology Pty Ltd

On 8 May 2015, K2fly entered into a binding acquisition agreement with K2 Technology Pty Ltd, which was subsequently varied on 15 December 2015 and 12 August 2016, in relation to the 100% acquisition of the enterprise asset management technology assets, comprising:

(a) ADAM;

(b) ASSET TRACKING SYSTEM;

(c) DocMan;

(d) TagMan;

(e) HandoverNotes;

(f) PropertyInspector;

(g) all software applications and technology platforms currently in development;

(h) all development software licenses, agreements, partnerships (e.g. SAP, Microsoft) and subscriptions (e.g. SAP memberships) required to operate and maintain the Assets ;

(i) all source code;

(j) all the know-how, techniques, marketing, processes relating to software development;

(k) all existing contracts relating to software support and systems maintenance;

(l) software support staff contracts;

(m) any agreement in place with Main Roads WA; and

(n) all technology and software development leads generated by K2 Technology Pty Ltd within the next three (3) years,

(together, the **Technologies**).

In consideration for the acquisition of the Technologies, K2fly:

1. paid to K2 Technology Pty Ltd $400,000 as a cash payment on 12 May 2015; and
2. paid to K2 Technology Pty Ltd $300,000 as a cash payment on 6 April 2016.

In addition, K2fly must procure the issue to K2 Technology of a total of $300,000 in Shares at the same deemed issue price as the Capital Raising, meaning the issue of 1,500,000 Shares in Power Resources Limited (the **K2 Technology Vendor Shares**).

As part of the acquisition of the Technologies, the following commercial opportunities were agreed:

1. K2fly and K2 Technology Pty Ltd would enter into a partnership agreement whereby each organisation would be able to cross-promote products and services into a pooled client base, and each organisation would be able to earn commissions on joint tenders in addition to ordinary revenue (refer to Section 16.4 for further information);

2. K2 Technology Pty Ltd chairman, Mr Noel Bonnick, was appointed to the Board of K2fly as a non-executive director; and

3. K2 Technology Pty Ltd staff members, Mr Andrew Davies and Mrs Marjan Rafati, were appointed by K2fly as senior management of K2fly (refer to Section 16.10 for further information).

16.2 Acquisition Agreement: K2fly NL and Power Resources Limited

On 3 June 2016, the Company entered into the Acquisition Agreement with K2fly (which supersedes the Asset Sale Agreement) pursuant to which K2fly has agreed to sell all of its right, title and interest in the Assets.

Set out below is a summary of the key terms of the Acquisition Agreement.

(a) Conditions Precedent

Settlement of the sale of the Assets is conditional on the satisfaction (or waiver) of the following outstanding conditions precedent (**Conditions**):

(i) the Company receiving all regulatory approvals required by the ASX Listing Rules and Corporations Act or any other law, including ASX approvals required for Settlement and conditional approval to reinstate the Company's quoted securities to trading on the ASX following Settlement;

(ii) completion of a consolidation of the capital of the Company on a 1 for 9.4 basis;

(iii) the Company preparing a prospectus, lodging the prospectus with ASIC and raising a minimum of $3,000,000 under the prospectus or such greater amount as required for the Company to meet the assets test admission criteria set out in the ASX Listing Rules (**Capital Raising**); and

(iv) to the extent required by the ASX, the Company or the ASX Listing Rules the recipients of the Consideration Shares, K2 Technology Vendor Shares, KMM Shares, Advisor Shares and Broker Options and their controllers entering into restriction agreements in the form of Appendix 9A of the ASX Listing Rules.

If the conditions set out above are not satisfied (or waived by the relevant party) on or before 1 December 2016, or such later date as the Company and K2fly may agree, the Acquisition Agreement may be terminated at any time prior to Settlement by notice given by one party to the other party.

(b) **Consideration**

Subject to satisfaction of the Conditions, in consideration for the Acquisition, at Settlement the Company will issue:

(i) 16,000,000 Shares (on a post-Consolidation basis) to K2fly (**Consideration Shares**); and

(ii) 1,500,000 Shares (on a post-Consolidation basis) to K2 Technology Pty Ltd (**K2 Technology Vendor Shares**).

(c) **Fees**

The Company will pay the following fees in relation to the Acquisition:

(i) at Settlement, the Company will pay Kalgoorlie Mine Management Pty Ltd (**KMM**);

(A) 4,500,000 Shares (on a post-Consolidation basis) (**KMM Shares**) (plus GST); and

(B) $250,000 (plus GST),

in consideration of historical and future services provided by KMM to K2fly (including without limitation, for assisting in the structuring and completion of the sale of the Assets);

(ii) subject to Settlement occurring, the Company will pay KMM a further fee of $300,000 (plus GST) payable in equal instalments of $12,500 (plus GST) per month over the 24 months following Settlement;

(iii) subject to Settlement occurring, the Company will pay all outstanding loan amounts owing to KMM, estimated to be $100,000;

(iv) at Settlement, the Company will issue 500,000 Shares (on a post-Consolidation basis) to the corporate advisor of K2fly and 500,000 Shares (on a post-Consolidation basis) to the lead manager in consideration for lead manager and advisory services provided to K2fly. The Company will also issue a further 250,000 Shares (on a post-Consolidation basis) to unrelated parties of the Company for providing assistance in connection with the Capital Raising (**Advisor Shares**); and

(v) at Settlement, the Company will issue 350,000 Broker Options to K S Capital Pty Ltd and such other Broker Options to be issued as agreed between K2fly and the Company.

(d) **Disposal of current assets**

The Company will rationalise its current mining asset by sale or other means within 12 months of Settlement.

16.3 Corporate Advisory Mandate

On 10 November 2015, and subsequently varied on 12 May 2016, K2fly entered into a corporate mandate with LinQ Corporate Pty Ltd (**LINQ**) to act as corporate advisor to K2fly (**Corporate Advisory Mandate**).

K2fly has agreed to pay LINQ the following:

(i) from execution of the Acquisition Agreement, a monthly corporate advisory fee of $5,000 (plus GST);

(ii) subject to the Conditions being satisfied or waived, a success fee of $200,000 (plus GST) is to be paid by the Company at Settlement. The Company can elect to pay up to 50% of the Acquisition success fees in Shares;

(iii) a transaction fee is payable to LINQ by the Company, being 6.0% of the funds raised under the Capital Raising; and

(iv) all reasonable out of-pocket-expenses, including travel and accommodation, with such costs to be approved by the Company in advance.

The Corporate Advisory Mandate otherwise contains terms and conditions which are considered standard in an agreement of this type.

16.4 K2 Technology Pty Ltd Partnership Agreement

K2fly and K2 Technology entered into a partnership agreement on 11 May 2015 pursuant to which K2fly and K2fly Technology have agreed to cross promote each other's respective services, developments and products (**Partnership Agreement**).

Under the Partnership Agreement, K2 Technology agrees to promote the Technologies alongside its own services and will receive a commission of 20% on any contract awarded to K2fly via a K2 Technology tender. Similarly, K2fly will promote K2 Technology's products alongside its own and is entitled to a 5% commission on any contract awarded to K2 Technology via a K2fky tender.

For the purpose of the partnership, K2fly will provide K2 Technology Limited with the use of ADAM, ASSET TRACKING, TAGMAN, DOCMAN and HANDOVER NOTES on an 'at-cost' basis for K2 Technology's direct use only.

The Partnership Agreement commenced on 11 May 2015 and will continue for 3 years from that date, after which time the partnership may be extended by the written consent of the parties.

This Partnership Agreement will be assigned to the Company effective as at Settlement.

16.5 Lead Manager Mandate

On 15 February 2016 K2fly entered into a lead manager agreement with K S Capital Pty Limited (**Lead Manager Agreement**). Pursuant to the Lead Manager Agreement, K S Capital will act as Lead Manager to the Capital Raising and provide the Company with assistance in undertaking the Capital Raising. This Lead

Manager Agreement was entered into on the basis of Shares being offered under the Prospectus at an issue price of 4 cents.

Due to changes in ASX policy meaning that the Company can no longer apply to raise capital at less than 20 cents as part of its re-compliance with Chapters 1 and 2 of the Listing Rules, on 3 June 2016, K2fly entered into a revised Lead Manager Agreement with K S Capital on the basis of Shares being offered under the Prospectus at an issue price of 20 cents.

A transaction fee is payable to K S Capital by the Company, being 5.0% brokerage of the total subscriptions (being a minimum of $200,000 and a maximum of $300,000) together with a 1% lead management fee of the total subscriptions (being a minimum of $40,000 and a maximum of $60,000). Upon the successful listing of the Company on the ASX, K S Capital and / or its nominee will also be issued with up to 350,000 Broker Options with an exercise price of 25 cents per Option and a term to expiry of 4 years.

K2fly has also agreed to pay K S Capital the following:

(i) one upfront payment of $10,000 with a further two monthly payments of $7,500 each (**Retainer**). 50% of the Retainer (i.e. $12,500) will be rebated against the Corporate Fee (as defined below); and

(ii) a corporate fee of $60,000 which is payable upon the successful completion of the listing of K2fly via the Acquisition (**Corporate Fee**).

This Lead Manager Agreement otherwise contains terms and conditions which are considered standard in an agreement of this type.

16.6 Convertible Note Deeds

K2fly, the Company and various sophisticated and professional investors (**Noteholders**) have entered into convertible note deeds pursuant to which the Noteholders have subscribed for notes in K2fly raising a total of $150,000. At Settlement, it is intended that the Notes will convert into Shares at a deemed issue price of 16 cents each.

The deed also contains separate mechanisms for the notes to be converted into shares in the capital of K2fly in the event that Settlement does not occur by certain specified dates.

16.7 Agreements with Kalgoorlie Mine Management Pty Ltd

(a) Deed of Settlement

On 22 August 2016 the Company and Kalgoorlie Mine Management Pty Ltd entered into a deed of settlement pursuant to which the Company and KMM agreed that from Settlement:

(i) the management agreement that has been in place between KMM and the Company is terminated in consideration for the Company paying KMM $250,000 (plus GST) and issuing KMM 4,500,000 Shares (plus GST);

(ii) the consultancy services agreement (summarised below) will govern the arrangements between the Company and KMM;

(iii) the Company irrevocably releases KMM and its personnel from, and indemnifies KMM and its personnel fully against, all actions, claims, demands, liability or causes of action whatever (whether known or unknown to the Company at the date of the deed) which, but for the execution of the deed, the Company has or would or might have had, or might in future have, or would or might have asserted, or might in future assert, against the KMM and its personnel (or any one or more of them) arising out of or in respect of or in any way related to the management agreement.

(b) Consultancy Services Agreement

Subject to Settlement occurring, the Company will enter into a consultancy services agreement with Kalgoorlie Mine Management Pty Ltd whereby KMM will provide certain transaction, business and advisory services to the Company, and KMM will, when requested to do so by the Board, be engaged as an advisor to the Board.

KMM will be responsible for overseeing the deployment of the enterprise asset management technology assets into the mining and mineral processing industry and will also manage the divestment of the Linden Gold Project.

The consultancy agreement will have a fixed term of 2 years, not capable of extension.

KMM will be entitled to a consultancy fee of $300,000 per annum plus GST, payable on the 30th of each month by instalments of $12,500 plus GST.

16.8 Consultancy Agreement – One Track Mind and Brian Miller

On 15 August 2016, the Company, BP Miller and RJ Carbon trading as One Track Mind (**One Track Mind**) and Mr Brian Miller entered into a consultancy agreement whereby One Track Mind will provide Mr Miller's services to the Company, and Mr Miller will be engaged as Chief Executive Officer of the Company on and from Settlement.

The consultancy agreement has an initial term of 2 years and is subject to extension at the discretion of the Company.

One Track Mind's consultancy fee is $240,000 per annum plus GST, to be reviewed annually and will at least be increased by CPI.

In addition to the consultancy fee and any review, subject to Shareholder approval and any other terms required by the ASX, the Company may issue One Track Mind (or its nominee) the following Performance Rights:

(a) 200,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the Company successfully completing its proposed capital raising of not less than $4 million and being admitted to the Official List of the ASX via a reverse takeover (**RTO**) including all matters of re-compliance with the ASX Listing Rules;

(b) 200,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the volume-weighted average price (**VWAP**) of the Shares as traded on ASX over 20 days being equal to or exceeding 200% of the initial listing price of the Shares pursuant to the RTO;

(c) 200,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the VWAP of the Shares as traded on ASX over 20 days being equal to or exceeding 400% of the initial listing price of the Shares pursuant to the RTO;

(d) 240,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the Company converting not less than three (3) of the existing users of the ADAM software across to an acceptable market-rate subscription model of the Company;

(e) 240,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the Company executing a Distribution Partnership Agreement / Re-seller Agreement with an acceptable agent based in the European region;

(f) 240,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the Company executing a Distribution Partnership Agreement / Re-seller Agreement with an acceptable agent based in the Asian region;

(g) 300,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $1.5 million with a minimum 10% net profit margin (before tax);

(h) 440,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $3 million with a minimum 15% net profit margin (before tax); and

(i) 440,000 Performance Rights will be issued to One Track Mind (or its nominee) and will convert into Shares upon the achieving total sales revenue over a full financial year of not less than $5 million with a minimum 20% net profit margin (before tax).

The Company will reimburse Mr Miller for all reasonable expenses incurred in the performance of his duties.

The agreement contains standard confidentiality, change of control and termination and other clauses expected to be included in an agreement of this type.

16.9 Executive and Non-executive letters of appointment

Mr Brian Miller

On 15 August 2016, Brian Miller executed a letter of appointment to become Executive Chairman of the Company effective from the date of Settlement.

(a) Term

Mr Miller's service will commence on the date of Settlement of the acquisition of the Technologies by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

(b) Fee

Mr Miller will be paid a fee of $12,000 per annum for his role as an executive Director of the Company. Any fees paid to Mr Miller will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Miller for all reasonable expenses incurred in performing his duties.

Mr Gino D'Anna

On 15 August 2016, the Company and Mr Gino D'Anna, entered into a non-executive letter of appointment whereby Mr D'Anna will be appointed as a non-executive director of the Company on and from Settlement, on the following terms:

(a) total annual remuneration of $60,000 per annum. Any fees paid to Mr D'Anna will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr D'Anna for all reasonable expenses incurred in performing his duties;

(b) Mr D'Anna's service will commence on the date of settlement of the acquisition of the Technologies by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act; and

(c) Mr D'Anna will fully comply with the policies and procedures governing the business operations of the Company.

In addition to the director's fee and any review thereof, subject to Shareholder approval and any other terms required by the ASX, the Company may issue Mr D'Anna (or his nominee) the following Performance Rights:

(a) 70,000 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company successfully completing its proposed capital raising of not less than $4 million and being admitted to the Official List of the ASX via a reverse takeover (**RTO**) including all matters of re-compliance with the ASX Listing Rules;

(b) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the volume-weighted average price (**VWAP**) of the Shares as traded on ASX over 20 days equalling or exceeding 200% of the initial listing price of the Shares pursuant to the RTO;

(c) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the VWAP of the Shares as traded on ASX over 20 days being equal to or exceeding 400% of the initial listing price of the Shares pursuant to the RTO;

(d) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company converting not less than three (3) of the existing users of the ADAM software across to an acceptable market-rate subscription model of the Company;

(e) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company executing a Distribution Partnership Agreement / Re-seller Agreement with an acceptable agent based in the European region;

(f) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company executing a Distribution Partnership Agreement / Re-seller Agreement with an acceptable agent based in the Asian region;

(g) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $1.5 million with a minimum 10% net profit margin (before tax);

(h) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $3 million with a minimum 15% net profit margin (before tax); and

(i) 66,250 Performance Rights will be issued to Mr D'Anna (or his nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $5 million with a minimum 20% net profit margin (before tax).

Mr Russell Moran

On 15 August 2016, the Company and Mr Russell Moran, entered into a non-executive letter of appointment whereby Mr Moran will be appointed as a non-executive director of the Company on and from Settlement, on the following terms:

(a) total annual remuneration of $60,000 per annum. Any fees paid to Mr Moran will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Moran for all reasonable expenses incurred in performing his duties;

(b) Mr Moran's service will commence on the date of settlement of the acquisition of the Technologies by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act; and

(c) Mr Moran will fully comply with the policies and procedures governing the business operations of the Company.

In addition to the director's fee and any review thereof, subject to Shareholder approval and any other terms required by the ASX, the Company may issue Mr Moran (or his nominee) the following Performance Rights:

(a) 50,000 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the Company successfully completing its proposed capital raising of not less than $4 million and being admitted to the Official List of the ASX via a reverse takeover (**RTO**) including all matters of re-compliance with the ASX Listing Rules;

(b) 43,750 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the volume-weighted average price (**VWAP**) of the Shares as traded on ASX over 20 days equalling or exceeding 200% of the initial listing price of the Shares pursuant to the RTO;

(c) 43,750 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the VWAP of the Shares as traded on ASX over 20 days being equal to or exceeding 400% of the initial listing price of the Shares pursuant to the RTO;

(d) 43,750 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the Company converting not less than three (3) of the existing users of the ADAM software across to an acceptable market-rate subscription model of the Company;

(e) 43,750 Performance Rights will be issued Mr Moran (or his nominee) and will convert into Shares upon the Company executing a Distribution Partnership Agreement / Re-seller Agreement with an acceptable agent based in the European region;

(f) 43,750 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the Company executing a Distribution Partnership Agreement / Re-seller Agreement with an acceptable agent based in the Asian region;

(g) 43,750 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $1.5 million with a minimum 10% net profit margin (before tax);

(h) 43,750 Performance Rights will be issued to Mr Moran (or his nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $3 million with a minimum 15% net profit margin (before tax); and

(i) 43,750 Performance Rights will be issued to you (or your nominee) and will convert into Shares upon the Company achieving total sales revenue over a full financial year of not less than $5 million with a minimum 20% net profit margin (before tax).

Mr Noel Bonnick

On 15 August 2016, the Company and Mr Noel Bonnick entered into a non-executive letter of appointment whereby Mr Bonnick will be appointed as a non-executive director of the Company on and from Settlement, on the following terms:

(a) total annual remuneration of $40,000 per annum. Any fees paid to Mr Bonnick will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Bonnick for all reasonable expenses incurred in performing his duties;

(b) subject to the successful conversion of three (3) of the existing clients of K2 Technology Pty Ltd to becoming "user pays" clients of K2fly NL on terms and conditions satisfactory to the Executive Chairman of the Company, Mr Bonnick will receive an additional bonus of $30,000 (**Bonus**). Mr Bonnick may also receive additional, pro-rata payments at the rate of $10,000 for each conversion of a client from K2 Technology Pty Ltd to becoming a "user pays" client of the Company on terms and conditions satisfactory to the Executive Chairman

(c) Mr Bonnick's service will commence on the date of settlement of the acquisition of the Technologies by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act; and

(d) Mr Bonnick will fully comply with the policies and procedures governing the business operations of the Company.

16.10 Employment Agreements

Mr Andrew Davies

On 1 July 2015, K2fly and Mr Andrew Davies entered into an employment contract whereby Mr Davies would be appointed as System Architect of K2fly. The employment contract will continue until it is terminated and is governed by the NES under the Fair Work Act.

Mr Davies will be paid an annual salary of $135,720 plus superannuation entitlements. In addition to the salary, K2fly may from time to time during the term pay Mr Davies a performance based bonus over and above the salary.

The employment contract otherwise contains the usual clauses for an agreement of this nature.

K2fly will assign this contract to the Company effective as at Settlement.

Ms Marjan Rafati

On 1 July 2015, K2fly and Ms Marjan Rafati entered into an employment contract whereby Ms Rafati would be appointed as Senior Software Developer of K2fly. The employment contract will continue until it is terminated and is governed by the NES under the Fair Work Act.

Ms Rafati will be paid an annual salary of $92,430 plus superannuation entitlements. In addition to the salary, K2fly may from time to time during the term pay Ms Rafati a performance based bonus over and above the salary.

The employment contract otherwise contains the usual clauses for an agreement of this nature.

K2fly will assign this contract to the Company effective as at Settlement.

16.11 Consultancy Contracts

Ms Candice Stevenson

On 15 March 2016, K2fly and Ms Candice Stevenson entered into a consultancy contract whereby Ms Stevenson would be appointed as Financial Controller of K2fly. The initial term of the consultancy contract is 12 months and can be extended, subject to mutual agreement in writing.

Ms Stevenson will be paid monthly in arrears, a total of $4,000 per month based on a total minimum services requirement of 64 hours per month and will be paid an hourly rate of $62.50 for any hours worked in excess of the minimum services required under the consultancy contract.

The consultancy contract otherwise contains the usual clauses for an agreement of this nature.

K2fly NL will assign this contract to the Company effective as at Settlement.

16.12 Deeds of indemnity, insurance and access

The Company is in the process of finalising deeds of indemnity, insurance and access with each of its Proposed Directors and will enter into such deeds with the Proposed Directors following their appointments. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

17. ADDITIONAL INFORMATION

17.1 Litigation

As at the date of this Prospectus, neither the Company or K2fly or any of their respective subsidiaries are involved in any material legal proceedings and the Directors and Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or K2fly NL or any of their respective subsidiaries.

17.2 Rights and liabilities attaching to Shares (including Shares to be issued under the Offer)

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Future increase in capital

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

17.3 Rights Attaching to Broker Options

The Broker Options entitle the holder to subscribe for one Share upon the exercise of each Broker Option.

(a) Exercise price

The exercise price of each Broker Option will be $0.25.

(b) Expiry date

Each Broker Option will expire at 5:00 pm (WST) on the date which is four (4) years from the date of grant of the Broker Options (**Expiry Date**). A Broker Option not exercised before the Expiry Date will automatically lapse on the Expiry Date

(c) Exercise period

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

(d) Notice of exercise

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

(e) Exercise Date

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

(f) Shares issued on exercise

Shares issued on exercise of the Broker Options will rank equally with the Shares of the Company.

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Broker 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 Broker 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.

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

(h) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Broker Options.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder of a Broker Option 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 Broker Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Broker Options without exercising the Broker Options.

(k) Change in exercise price

A Broker Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Broker Option can be exercised.

(l) Unquoted

The Company will not apply for quotation of the Broker Options on ASX.

(m) Transferability

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

17.4 Loyalty Options Terms and Conditions

(a) Entitlement

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

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Loyalty Option will be $0.25 (**Exercise Price**).

(c) Expiry Date

Each Loyalty Option will expire 3 years from the date of issue (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

(i) allot and 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 Loyalty Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Loyalty Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a Loyalty 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 Loyalty Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.

(l) Change in exercise price

A Loyalty Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

(m) Quoted

The Company will apply for quotation of the Loyalty Options on ASX.

(n) Transferability

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

17.5 Interests of Directors and Proposed Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

   (i) its formation or promotion; or

   (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

   (i) the formation or promotion of the Company; or

   (ii) the Offer.

17.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) lead manager to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue, holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

Stantons International Securities has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 14 of this Prospectus. The Company estimates it will pay Stantons International Securities a total of $8,000 (excluding GST) for these services.

Stantons International has acted as Auditor of K2fly and K2fly estimates it will pay Stantons International a total of $27,000 (excluding GST) for these services.

HLB Mann Judd has acted as Auditor of the Company and the Company estimates it will pay HLB Mann Judd a total of $12,000 (excluding GST) for these services.

Steinepreis Paganin has acted as the solicitors to Company and K2fly in relation to the Offer. The Company expects that it will pay Steinepreis Paganin $60,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

LinQ Corporate Pty Ltd has acted as corporate adviser to K2fly. In respect of this work, the Company will pay such amounts as detailed in Section 16.2. .

K S Capital Pty Ltd has acted as lead manager of the Offer. In respect of this work, the Company will pay K S Capital Pty Ltd such amounts as detailed in Section 16.5.

17.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 17.7:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Stantons International Securities has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 14 of this Prospectus in the form and context in which the information and report is included. Stantons International Securities has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Stantons International has given its written consent to being named as Auditor of K2fly in this Prospectus. Stantons International has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

HLB Mann Judd has given its written consent to being named as Auditor of the Company in this Prospectus. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

LinQ Corporate Pty Ltd has given its written consent to being named as K2fly's Corporate Advisor in this Prospectus. LinQ Corporate Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

K S Capital Pty Ltd has given its written consent to being named as the Lead Manager to the Offer in this Prospectus. K S Capital Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

The Proposed Directors have each given their written consent to being named as the proposed directors of the Company and to all other information relevant to them in this Prospectus. The Proposed Directors have not withdrawn their consents prior to the lodgement of this Prospectus with ASIC.

17.8 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $1,006,691 (assuming Maximum Subscription) and $945,057 (assuming Minimum Subscription) and are expected to be applied towards the items set out below:

Estimated Costs of Acquisition	Minimum Subscription ($4,000,000)	Maximum Subscription ($5,000,000)
Other Fees		
ASIC	$2,350	$2,350
Printing	$6,000	$6,000
Legal Fees	$60,000	$60,000
ASX Listing	$64,207	$65,841
Accounting Fees	$25,000	$25,000
Roadshow and Promotion	$5,000	$5,000
Lead Management Fee	$40,000	$50,000
Brokerage	$200,000	$250,000
Corporate Advisory Fee – Retainer	$15,000	$15,000
Repayment of Outstanding KMM Loan	$100,000	$100,000
Payment to KMM for Services Provided	$250,000	$250,000
Corporate Advisory Cash Success Fee	$100,000	$100,000
Corporate Advisory Retainer (Less Rebate)	$12,500	$12,500
Lead Manager Corporate Success Fee	$60,000	$60,000
Miscellaneous	$5,000	$5,000
TOTAL	**$945,057**	**$1,006,691**

17.9 Continuous disclosure obligations

As the Company is admitted to ASX's Official List, the Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

17.10 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form and fully read those documents. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.powerresources.com.au.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

17.11 Governing law

The Offer and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Shares pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.

18. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

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Michael Scivolo
Non-Executive Chairman
For and on behalf of
POWER RESOURCES LIMITED

19. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

Acquisition means the acquisition of the acquisition of 100% of the technology assets owned by K2fly NL in accordance with the Acquisition Agreement.

Acquisition Agreement means the Amended and Restated Sale of Asset Agreement between the Company and K2fly NL dated 3 June 2016, the material terms of which are summarised in Section 16.2.

Advisor Shares has the meaning given in Section 16.2(c)(iv).

Application Form means an application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities and Investments Commission.

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

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Broker Option means an Option with the terms and conditions set out in Section 17.3.

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.

Capital Raising has the meaning given in Section 16.2(a).

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Power Resources Limited (ACN 125 345 502).

Conditions has the meaning set out in Section 2.5.

Consideration Shares has the meaning given to it in Section 16.2(b(I).

Consolidation means the consolidation of the issued securities of the Company existing at the date of the Notice of Meeting on a 1 for 9.4 basis (rounded up to the nearest whole number).

Constitution means the constitution of the Company.

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

Directors means the directors of the Company at the date of this Prospectus.

General Meeting means the meeting of Shareholders held on 22 August 2016 at which Shareholder approval was obtained for all of the resolutions set out in the Notice of Meeting.

K2fly means K2fly NL (ACN 163 818 059).

K2fly Share means a fully paid ordinary share in the capital of K2fly.

K2 Technology means K2 Technology Pty Ltd (ACN 095 147 112).

K2 Technology Vendor Shares has the meaning given in Section 16.2(b).

KMM means Kalgoorlie Mine Management Pty Ltd (ACN 009 235 625).

KMM Shares has the meaning given in Section 16.2(c)(i).

K S Capital means K S Capital Pty Limited (ACN 124 761 557).

Maximum Subscription has the meaning given in Section 6.5(f).

Minimum Subscription means $4,000,000.

Loyalty Option means an Option with the terms and conditions set out in Section 17.4.

Notice of Meeting means the notice of general meeting and explanatory statement of the Company released on ASX on 19 July 2016 in relation to the General Meeting.

Offer means the offer pursuant to this Prospectus, as set out in Section 7.1 of up to 25,000,000 Shares at an issue price of $0.20 per Share to raise $5,000,000, with a minimum subscription of $4,000,000.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Rights means the performance rights to be issued, subject to Shareholder approval.

Priority Offer has the meaning given in Section 7.6.

Priority Offer Record Date has the meaning given in the indicative timetable in Section 3.

Proposed Directors means Mr Brian Miller, Mr Noel Bonnick, Mr Gino D'Anna (and Company Secretary) and Mr Russell Moran who will be appointed to the Board of the Company upon Settlement.

Prospectus means this prospectus.

SaaS means Software-as-a-Service.

Section means a section of this Prospectus.

Security means a security issued or to be issued in the capital of the Company, including a Share or an Option or a Performance Right.

Settlement means settlement of the Acquisition in accordance with the terms of the Acquisition Agreement.

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

Shareholder means a holder of Shares.

Technologies or **Assets** has the meaning given in Section 16.1.

Vendors means K2fly.

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

k2fly Leading technology for asset management

k2fly
Leading technology
for asset management