

ASX / Media Release

11 October 2019

ASX code: **K2F**

Issue of Securities

K2fly Limited (**K2F** or **the Company**) advises that a total of 81,522 fully paid ordinary shares (**Shares**) and 750,000 unlisted options with an exercise price of \$0.35 and 3-year expiry from date of issue (**Options**) have been issued to Canary Capital Pty Ltd (**Canary Capital**). These Shares and Options have been issued pursuant to the investor marketing mandate with Canary Capital as detailed in the Company's announcement dated 11 October 2019.

The Shares and Options were issued using K2F's existing 15% placement capacity under ASX listing rule 7.1 and therefore shareholder approval was not required.

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

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

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

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

ENDS

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About K2fly

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

K2fly owns the following Software Solutions:

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

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

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

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

Appendix 3B

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

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

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

Name of entity

K2FLY LIMITED

ABN

69 125 345 502

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | (a) Fully Paid Ordinary Shares (Shares)
(b) Unlisted Options (Options) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 81,522 Shares
(b) 750,000 Options |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) Fully paid ordinary shares (Shares)
(b) Unlisted options exercisable at \$0.35 each on or before 11 October 2022 (Options) |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(a) Fully paid ordinary shares rank equally with other fully paid ordinary shares currently on issue</p> <p>(b) Options will rank equally if converted or exercised into ordinary shares</p>
<p>5 Issue price or consideration</p>	<p>(a) Nil</p> <p>(b) Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) Shares issued pursuant to an investor marketing mandate entered into between the Company and Canary Capital Pty Ltd (refer ASX announcement dated 11 October 2019)</p> <p>(b) Options issued pursuant to an investor marketing mandate entered into between the Company and Canary Capital Pty Ltd (refer ASX announcement dated 11 October 2019)</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>26 November 2018</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>(a) 81,522 Shares</p> <p>(b) 750,000 Options</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Not applicable</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 895,871 7.1A – Nil
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	11 October 2019

	Number	+Class
8	81,685,663	Fully paid ordinary shares
	13,264,178	Listed Options exercisable at \$0.20 each on or before 18 May 2020 (tradeable under ASX code: K2FOA)

+ See chapter 19 for defined terms.

	Number	+Class
9		Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)
	1,920,000	Unlisted Options exercisable at \$0.25 each on or before 17 November 2020
	800,000	Unlisted Options exercisable at \$0.25 each on or before 1 December 2020
	350,000	Unlisted Options exercisable at \$0.25 each on or before 7 July 2020
	350,000	Unlisted Options exercisable at \$0.20 each on or before 1 November 2019
	400,000	Unlisted Options exercisable at \$0.225 each on or before 28 December 2019
	450,000	Unlisted Options exercisable at \$0.250 each on or before 28 December 2019
	479,340	Unlisted Options exercisable at \$0 each on or before 26 November 2020 (subject to vesting conditions)
	270,933	Unlisted Options exercisable at \$0 each on or before 26 November 2020 (subject to vesting conditions) issued under EIOP
	750,000	Unlisted Options exercisable at \$0.35 each on or before 11 October 2022
639,019	Unlisted Options exercisable at \$0.243 each on or before 26 November 2022 (subject to vesting conditions)	
1,278,179	Unlisted Options exercisable at \$0.243 each on or before 26 November 2022 (subject to vesting conditions) issued under EIOP	
797,500	Performance Rights	

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Directors do not anticipate declaring a dividend in the foreseeable future.
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Part 2 - Pro rata issue

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

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

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

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

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

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

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

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

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.

Quotation agreement

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

2 We warrant the following to ASX.

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

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

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

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

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

Sign here:



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(Joint Company Secretary)

Date: 11 October 2019

Print name:

Catherine Grant-Edwards

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

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

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

Part 1

Rule 7.1 – Issues exceeding 15% of capital									
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated									
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	60,409,751								
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">2,272,670 Shares (12 October 2018)</td> </tr> <tr> <td></td> <td style="text-align: right;">3,768,306 Shares (23 October 2018)</td> </tr> </table> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">12,000 Shares (26 October 2018)</td> </tr> <tr> <td></td> <td style="text-align: right;">202,500 Shares (5 November 2018) (shareholder approval for converted performance right obtained at 21 November 2017 AGM)</td> </tr> </table> • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 		2,272,670 Shares (12 October 2018)		3,768,306 Shares (23 October 2018)		12,000 Shares (26 October 2018)		202,500 Shares (5 November 2018) (shareholder approval for converted performance right obtained at 21 November 2017 AGM)	
	2,272,670 Shares (12 October 2018)								
	3,768,306 Shares (23 October 2018)								
	12,000 Shares (26 October 2018)								
	202,500 Shares (5 November 2018) (shareholder approval for converted performance right obtained at 21 November 2017 AGM)								
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil								
“A”	66,665,227								

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	9,999,784
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>62,454 Shares (21 December 2018)</p> <p>1,333,477 Shares (13 May 2019)</p> <p>510,000 Shares (13 May 2019)</p> <p>116,460 Shares (13 May 2019)</p> <p>6,250,000 Shares (26 September 2019)</p> <p>81,522 Shares (11 October 2019)</p> <p>750,000 Options (11 October 2019)</p>
“C”	9,103,913
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	9,999,784
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	9,103,913
Total [“A” x 0.15] – “C”	895,871

+ See chapter 19 for defined terms.

Part 2

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

+ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.