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ASX / Media Release

ASX code: **K2F**

Chair's Address and Q3 FY21 Update – Including Invoicing

Good morning ladies and gentlemen, welcome to the General Meeting of K2fly Ltd (**K2fly**, **K2F** or **Company**) to consider amongst other resolutions the acquisition of 'Decipher for Mining' business (**Decipher**) from CSBP Limited (a subsidiary of Wesfarmers Limited) (**CSBP**). The Decipher business provides cloud-based software-as-a-service technology and compliance solutions for mining industry customers, including in relation to rehabilitation and closure, tailings governance and monitoring and tailings disclosure database solution.

If approved by shareholders K2F will issue:

- 11,366,691 fully paid ordinary shares to CSBP (Consideration Shares), valued at \$3.7M; and
- 5,345,633 Performance Shares.

CSBP will then become K2F's largest shareholder with a 10.13% holding.

The Consideration Shares will be subject to voluntary escrow of 2 years, and any shares issued on conversion of the Performance Shares will also be subject to a voluntary escrow period of 12 months.

The acquisition of the Decipher for Mining business fits within K2F's strategy of acquiring complementary adjacent products and expanding our offerings/ solution portfolio to existing and prospective customers.

By acquiring Decipher for Mining, K2fly will have the only end-to-end solution in the market today that can cover monitoring, disclosure and governance in support of the Global Industry Tailings Standard (GITS), at a time when the industry most needs it.

In terms of Decipher we have already been working closely with the team at Decipher, as part of our previously announced partnership, to develop a software solution for the monitoring, disclosure and governance of tailings storage facilities (TSF).

In terms of significant traction in this space:

- GITS has been formally endorsed by the co-convenors of the Global Tailings Review: the International Council on Mining and Metals (ICMM), the UN Environment Programme (UNEP), and the Principles on Responsible Investment (PRI).
- In December the Church of England Pensions Board and the Council on Ethics of the Swedish National Pension Funds have written to over 350 mining companies on behalf of investors with \$21 trillion in assets under management (AUM), asking them to confirm on their company websites their support for the Standard and to set out a timeline for their intended compliance with it. Take-up at the company level of the Standard beyond the largest mining companies will be key to its success.

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Consequently, and with the increasing general awareness and demands for environmental, social and governance (ESG) outcomes, K2F has seen a definite increase in inquiry and more importantly budget being released to fulfill the commitments made by mining companies in relation to TSF.

Q3 FY21 - Invoicing Update

In terms of invoicing Q3 FY21 is shaping to be a positive quarter, with invoicing totalling approximately \$2M. In the previous corresponding period of Q3 FY20 we invoiced \$1.61M.

Our previous largest invoicing quarter was Q4 FY20, with invoicing totalling \$1.9M.

Q3 FY21 - K2F's other Acquisitions

In terms of K2F's other acquisitions and performance in Q3 FY21:

Infoscope

- Infoscope Heritage was adopted by Rio Tinto Iron Ore operations in the Pilbara of Western Australia for its cultural heritage management.
- In a second project working directly with traditional owners in conjunction with Griffith University, Infoscope will be used to map and record ancient cultural heritage sites in Cape York. This project will also see us working with Griffith University's partners along with our long term partners, The Keeping Place.

RCubed

- In terms of our RCubed Mineral Inventory reporting system we contracted with two new US based customers, Alcoa USA Corp and Coeur Mining. As always with RCubed these are global corporate deals and are also a testament to our investment in the Americas region. We continue to dominate this market as the only COTS. So that we can further lead and dominate this market, we are now investing in the next generation of this product and building a seamless integration with the Block Model Management (**BMM**) tool from SATEVA.

Sateva

- SATEVA continues to grow from strength to strength, and in January we announced that K2F had received over \$850k in purchase orders in less than 3 months after acquisition. Purchaser orders have since grown to \$1.2M.

This performance underscores the Board's view that the acquisition strategy (of which Decipher for Mining is a key element) is demonstrating rapid value-add to the Company: enabling the Company to take advantage of global ESG reporting trends.

Our plan to deliver new software products and solutions to market (such as BMM and if approved by shareholders, Decipher for Mining) is progressing well and we should see further fruits of our investments in Q4 FY21 and beyond.

Jenny Cutri

Chair – K2F

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About K2fly

K2fly Ltd (K2F) is an ASX listed technology company providing enterprise-level technical assurance and reporting solutions across all aspects of the Environmental, Social and Governance functions.

Servicing the mining, oil & gas, utilities and agriculture sectors, K2fly delivers a suite of solutions in governance and compliance, stakeholder engagement and permits and obligations services for clients covering:

- Land Access
- Community and heritage
- Rehab
- Dams & Tailing
- Resources Inventory and Mine Geology Systems
- Ground Disturbance

Underpinning K2fly's Software as a Service (SaaS) offering are its proprietary technologies: RCubed, Infoscope and the SATEVA Suite.

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

In addition, K2fly provides cutting edge business consultancy services with subject matter experts across Rail, Electricity, Gas, Water, Mining, Oil & Gas, and Facilities Management.

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