

ASX: K2F

19 January 2017

ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000  
Australia

Attention: Dawn James

*By Email:* tradinghaltsperth@asx.com.au

Dear Mrs James,

We refer to the letter received from the ASX dated 18 January 2017 in relation to the change of director's interest notice lodged on behalf of Mr Gino D'Anna and released to the ASX on 17 January 2017 ("Appendix 3Y").

In relation to the letter, we note the following queries have been raised by the ASX:

1. *What arrangements does the Company have in place (including with its directors) to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

The Company has recently adopted a revised Securities Trading Policy and Corporate Governance Manual which sets out the key parameters for directors dealing in the securities of the Company. The revised policies include prescriptive timing with respect to the notification of share trades to the Company Secretary and also includes further clarification around trading outside of closed periods and the necessary steps involved in ensuring that appropriate approvals are gained prior to trades taking place.

The Company is aware of its obligations under listing rule 3.19A and has circulated the specific listing rule extract to the directors to ensure that they are aware of their obligations in this respect.

All trades including contract notes are to be supplied to the Company Secretary on the day the trade becomes effective and the Company Secretary is to also be kept informed where approvals to trade have been sought and granted and the specific timing / length of time for such approvals.

The Company is confident that these additional processes will ensure that strict adherence to the disclosure obligations is achieved.

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[www.k2fly.com](http://www.k2fly.com)

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2. *What arrangements does the Company have in place (including with its directors) to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

The Company believes that the revised policies will ensure that a repeat breach of the disclosure obligations does not occur in the future. The specific director has been made aware of the breach and has been instructed that such a failure to disclose the relevant trading in the Company's securities is prohibited and sustained breaches will lead to penalties.

The Company advises that the failure to lodge the Appendix 3Y within the mandated time was also a result of an administrative oversight on the part of the director responsible and was also in part due to the business travel requirements.

The Company submits that it is in compliance with its disclosure obligations under listing rule 3.1.

**For further information, please contact:**

Brian Miller  
Executive Chairman  
K2fly Limited  
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E: [brian@k2fly.com](mailto:brian@k2fly.com)

Gino D'Anna  
Non-Executive Director  
K2fly Limited  
T: +61 400 408 878  
E: [gino@k2fly.com](mailto:gino@k2fly.com)

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18 January 2016

Mr Norman Grafton  
Company Secretary  
K2fly Limited  
Level 1, 8 Parliament Place  
WEST PERTH WA 6005

By email:

Dear Mr Grafton

**K2fly Limited (the "Company")**

We refer to the following:

1. The Company's announcement lodged with ASX Ltd ("ASX") on 17 January 2017 regarding a change of director's interest notice for Mr Gino D'Anna ("Appendix 3Y").
2. ASX Listing rule 3.19A which requires an entity to tell ASX the following:

*3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3. Listing rule 3.19B which states as follows.

*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.*

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As the Appendix 3Y indicates a change in Mr D'Anna's notifiable interests occurred on various dates, namely 3 January 2017, 5 January 2017, 9 January 2017 and 11 January 2017 the Appendices 3Y should have been lodged with the ASX within 5 days of each applicable date. As the Appendix 3Y was lodged on 17 January 2017 it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B, and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities", ASX requires the Company to respond to each of the following questions.

1. What arrangements does the Company have in place (including with its directors) to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
2. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

The Company's response should be sent by email to me at tradinghaltspert@asx.com.au – it should not be sent to the ASX Market Announcements Office.

The Company's response is required as soon as possible and, in any event, **by not later than 3.00pm AWST on Friday, 20 January 2017**. Under listing rule 18.7A, a copy of this letter and the Company's response will be released to the market, so the Company's response should be in a form suitable for release and must separately address each of the questions asked.

Please contact me should you have any queries about this letter.

Yours sincerely,

*[sent electronically without signature]*

Dawn James  
**Adviser, Listings Compliance (Perth)**