
K2FLY LIMITED

ACN 125 345 502

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11.30 am (WST)

DATE: Tuesday, 21 November 2017

PLACE: Steinepreis Paganin Lawyers and Consultants, Level 4, The Read Buildings, 16 Milligan Street, Perth WA

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 11.30 am on 17 November 2017.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SECURITIES FOR ACQUISITION OF INFOSCOPE PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,525,642 Shares and 350,000 Options to shareholders of Infoscope Pty Ltd, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – EUGENIA (JENNY) CUTRI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.3(b) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Jenny Cutri, a Director who was appointed casually on 19 September 2017, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 4 – ELECTION OF DIRECTOR – JAMES DEACON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.3(b) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, James Deacon, a Director who was appointed casually on 14 February 2017, retires, and being eligible, is elected as a Director.”

6. RESOLUTION 5 – ELECTION OF DIRECTOR – NEIL CANBY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.3(b) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Neil Canby, a Director who was appointed as an additional director on 14 February 2017, retires, and being eligible, is elected as a Director.”

7. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY - BRIAN MILLER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,740,000 Performance Rights to Brian Miller (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Brian Miller (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY - GINO D’ANNA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 600,000 Performance Rights to Gino D’Anna (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Gino D’Anna (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (iii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY - RUSSELL MORAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 400,000 Performance Rights to Russell Moran (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Russell Moran (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. **RESOLUTION 9 – INCREASE IN NON-EXECUTIVE DIRECTOR AGGREGATE REMUNERATION FEE CAP**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.17, clause 14.8(a) of the Constitution and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$150,000 to \$350,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."

Short Explanation

The Company seeks approval for an increase to the cap amount to provide flexibility more generally to add skills to the Board composition that may be necessary to best manage the Company in the interests of all Shareholders. There is no current intention to increase amounts paid to individual non-executive Directors. Please refer to section 6 of the Explanatory Statement for further information.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (iii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel

Dated: 17 October 2017

By order of the Board

Gino D'Anna
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6333 1833.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.k2fly.com.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the Company's annual financial statements and reports.

A representative of Company's auditor, HLB Mann Judd, will be present at the Meeting and Shareholders will have an opportunity to ask the Auditor's representative questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the Auditor.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SECURITIES FOR ACQUISITION OF INFOSCOPE PTY LTD

3.1 General

As announced on 11 July 2017, on 7 July 2017, the Company issued 3,525,642 Shares (**Consideration Shares**) and 350,000 Options exercisable at \$0.25 on or before 7 July 2020 (**Consideration Options**) in consideration for the acquisition of a 100% interest in collaboration specialist Infoscope Pty Ltd. Refer to the Company's ASX Announcement dated 10 July 2017 for information regarding the acquisition of Infoscope Pty Ltd.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Consideration Shares and Consideration Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 3,525,642 Consideration Shares and 350,000 Consideration Options were issued;

- (b) the Consideration Shares and Consideration Options were issued for nil cash consideration as they were issued for the acquisition of Infoscope Pty Ltd;
- (c) the Consideration Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) each Consideration Option is exercisable into one Share at \$0.25 each on or before 7 July 2020. The full terms of the Consideration Options are set out in Schedule 1;
- (e) the Consideration Shares and Consideration Options were issued to the vendors of Infoscope Pty Ltd, who are not related parties of the Company; and
- (f) no funds were raised from this issue as the Consideration Shares and Consideration Options were issued in consideration for the acquisition of Infoscope Pty Ltd.

4. RESOLUTIONS 3 TO 5 – ELECTION OF DIRECTORS

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders.

Pursuant to ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Jenny Cutri, having been appointed by other Directors on 19 September 2017, and James Deacon and Neil Canby, having been appointed by the other Directors on 14 February 2017, in accordance with the Constitution and ASX Listing Rule 14.4, retire and, being eligible, seek election from Shareholders.

4.2 Ms Eugenia (Jenny) Cutri – Resolution 3

Qualifications and other material directorships

Ms Cutri is a highly experienced legal practitioner and compliance specialist with over 20 years' experience in both private and public sectors. She is currently the Company Secretary and Legal Counsel with ASX Listed CV Check Ltd (ASX:CV1). She is also the Convener (Chair) of WA Law Society's Commercial Law Committee and a Director with City of Perth Surf Life Saving Club Inc.

Ms Cutri has extensive experience in the regulatory environment previously having been Assistant Manager, Listings Compliance at ASX in Perth for 7 years, and National Disclosure Supervisor, WA Compliance Manager (Financial Services Regulation) and Senior Legal Officer with the Australian Securities and Investments Commission. She has also worked with Bankwest heading up their Marketing Compliance.

Ms Cutri began her legal career with Parker & Parker (now Herbert Smith Freehills).

Ms Cutri has a BLaws (LLB), BJuris, BCom (Accounting) from the University of Western Australia. She also has a Graduate Diploma in Executive MBA from Mt Eliza Business School (now Melbourne Business School).

Independence

Ms Cutri has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Ms Cutri will be an independent director.

4.3 Mr James Deacon – Resolution 4

Qualifications and other material directorships

Mr Deacon has held a range of management and leadership roles in Australia and internationally across a diverse range of business sectors including; financial services, airlines, IT services, mining and utilities. He has a track record in delivering successful business transformations.

He is currently a Director of leading technology insights, market intelligence and advisory firm, Information Services Group (ISG), in Sydney. In this role he is responsible for delivering strategic sourcing advice and program management to some of Australia's leading organisations, in the utilities, public sector and telecommunications and higher education sectors.

Mr Deacon was previously General Manager, Knowledge and Technology at Western Australian Government-owned energy enterprise, Horizon Power, from 2008-2013, where, as a member of the executive leadership team, he developed and deployed Horizon Power's information technology strategy.

He was also Director, Technical Support for US airways Inc., from 1997-2004 where he was responsible for the technology support of 40,000 employees and an annual IT operating budget of US\$260 million and worked for the Department of Foreign Affairs and Trade at the Embassy of Australia in Washington DC from 1994-1996.

Mr Deacon has a B.Sc. from Murdoch University, in WA and an MBA from the Australian Graduate School of Management at the University of New South Wales. He is also a Member of the Australian Institute of Company Directors.

Independence

Mr Deacon has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Deacon will be an independent director.

4.4 Mr Neil Canby – Resolution 5

Qualifications and other material directorships

Mr Canby has held senior roles in organisations across a number of industries, including in energy and utilities with responsibilities for business development, project and operational delivery and commercial and financial management. He was Manager – Foundation Transformation Programs at Western Power Corporation, in Western Australia, from 2008-2013, where he played a key role in the delivery of Western Power's foundation transformation programs which saw Western Power transform into a networks-only, commercial business.

He was also previously Chief Information Officer for drilling services business, Advances Energy Group in Perth, WA, and has held roles with information technology company Unisys West and major global advisory firm Deloitte Touche Tohmatsu. Mr Canby began his career with accountancy firm, Arthur Andersen, in the UK, in 1991 and also worked for the firm's Perth office from 1995-2002.

He is currently Executive Director of emerging Australian renewable energy company Sunrise Energy Group Pty Ltd.

Mr Canby has a BA (Hons.) in Accounting and Financial Management from the University of Essex in the UK. He is a Chartered Accountant and a Member of the Institute of Chartered Accountants in England and Wales, and a Member of the Australian Institute of Company Directors.

Independence

Mr Canby has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Canby will be an independent director.

4.5 Board recommendation

The Board supports the election of Ms Cutri, Mr Deacon and Mr Canby, and recommends that Shareholders vote in favour of Resolutions 3 to 5.

5. RESOLUTIONS 6 TO 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

5.1 General

As disclosed in the re-compliance Prospectus lodged by the Company on 22 August 2016, the Company has agreed, subject to obtaining Shareholder approval, to issue a total of 3,500,000 Performance Rights (**Related Party Performance Rights**) to Brian Miller, Gino D'Anna and Russell Moran (**Related Parties**) (or their nominees) on the terms and conditions set out below.

Subsequent to the Company re-listing on ASX, the Board resolved to issue a further 240,000 Performance Rights (with an additional Milestone, being Milestone 10 set out in Schedule 2) to Brian Miller (or his nominee), increasing the total number of Performance Rights proposed to be issued to Mr Miller from 2,500,000 (as set out in the Prospectus) to 2,740,000.

Messrs D'Anna and Moran were appointed as directors of the Company on 18 November 2016. Messrs D'Anna and Moran ceased to be directors of the Company on 19 September 2017.

As required by ASX, the Company will obtain restriction agreements together with undertakings in accordance with ASX Listing Rules 9.3 and 9.5, in relation to the Related Party Performance Rights, and the Company will not issue any Related Party Performance Rights until a restriction agreement in relation to those Performance Rights for the relevant period has been entered into by the Company and the allottee.

Resolutions 6 to 8 seek Shareholder approval for the grant of the Related Party Performance Rights to the Related Parties (or their nominees).

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Performance Rights constitutes giving a financial benefit and Brian Miller is a related party of the Company by virtue of being a Director, and Messrs D'Anna and Moran are related parties of the Company by virtue of having been directors of the Company in the past 6 months.

The Directors (other than Mr Miller with regards to Resolution 6 due to his material personal interest in Resolution 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Performance Rights because the agreement to grant the Related Party Performance Rights, reached as part of the remuneration package for Messrs Miller, D'Anna and Moran, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Performance Rights involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6 to 8:

- (a) The Related Party Performance Rights will be granted to Mr Miller (or his nominee), who is a related party by virtue of being a Director and Messrs D'Anna and Moran (or their nominees), who are related parties by virtue of having been directors of the Company in the past 6 months.
 - (b) the number of Related Party Performance Rights to be issued is:
 - (i) 2,740,000 Related Party Performance Rights to Mr Miller;
 - (ii) 600,000 Related Party Performance Rights to Mr D'Anna; and
 - (iii) 400,000 Related Party Performance Rights to Mr Moran.
- The Company notes that Milestones 1, 5 and 6 in the case of Mr D'Anna and Mr Moran and Milestones 1, 5, 6 and 10 in the case of Mr Miller (as set out in Schedule 2) have already been achieved and therefore:
- (i) 920,000 of Mr Miller's Related Party Performance Rights will vest immediately upon their issue;
 - (iv) 202,500 of Mr D'Anna's Related Party Performance Rights will vest immediately upon their issue; and
 - (v) 137,500 of Mr Moran's Related Party Performance Rights will vest immediately upon their issue.
- (c) The Related Party Performance Rights will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Related Party Performance Rights will occur on the same date.
 - (d) The Related Party Performance Rights will be issued for nil cash consideration, accordingly no funds will be raised.
 - (e) The terms and conditions of the Related Party Performance Rights are set out in Schedule 2.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Performance Rights as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Performance Rights to the Related Parties (or their nominee) will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 9 – INCREASE IN NON-EXECUTIVE DIRECTOR AGGREGATE REMUNERATION FEE CAP

6.1 Background

Under Listing Rule 10.17, the Company must not increase the total aggregate amount of Directors' fees payable by the Company to all of its non-executive Directors without the approval of Shareholders.

The Company's Constitution limits the aggregate amount of Directors' fees which the Company may pay to the non-executive Directors to an amount or value determined by the Board which does not in any year exceed in aggregate the amount last determined by the Company in general meeting.

The current maximum aggregate annual amount of Directors' fees payable to the Company's non-executive Directors of \$150,000 was approved by Shareholders at the Company's 2016 Annual General Meeting. Details of the remuneration paid to the Company's non-executive Directors during the financial year ended 30 June 2017 are set out in the Remuneration Report.

Shareholder approval is sought to increase the maximum aggregate annual amount of Directors' fees that may be paid by the Company to all of its non-executive Directors by \$200,000 to \$350,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The increase is sought to provide flexibility more generally to add skills to the Board composition that may be necessary to best manage the Company in the interests of all Shareholders. There is no current intention to increase amounts paid to individual non-executive Directors.

In the past 3 years, the Company has not issued non-executive Directors any securities, with or without prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

6.2 Director's Recommendation

Mr Brian Miller, as executive Chairman of the Company, recommend that Shareholders vote in favour of Resolution 9. The non-executive Directors do not make a recommendation as to how Shareholders should vote on the resolution, as each of the non-executive Directors has a personal interest in the subject matter of the resolution.

GLOSSARY

\$ means Australian dollars.

ADAM means the Company's Asset Data Analysis Management technology.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means K2Fly Limited (ACN 125 345 502).

Consideration Option means the Options issued to vendors of Infoscope Pty Ltd on the terms and conditions set out in Schedule 1, the ratification for the issue of which is the subject of Resolution 2.

Consideration Shares means the shares issued to vendors of Infoscope Pty Ltd, the ratification for the issue of which is the subject of Resolution 2.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Performance Rights means the performance based rights to acquire Shares.

Prospectus means the prospectus lodged by the Company on 22 August 2016.

Proxy Form means the proxy form accompanying the Notice.

Related Party Performance Rights means the Performance Rights granted pursuant to Resolutions 6 to 8, with the terms and conditions set out in Schedule 2.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF CONSIDERATION OPTIONS

(a) **Entitlement**

Each Consideration Option entitles the holder to subscribe for one Share upon exercise of the Consideration Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Consideration Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Consideration Option will expire at 5:00 pm (WST) on 7 July 2020 (**Expiry Date**). A Consideration Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Consideration Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Consideration Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Consideration Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Consideration 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 Consideration 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 Consideration 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 Consideration 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 Consideration 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 Consideration Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an 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 Consideration Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Consideration Options without exercising the Consideration Options.

(l) **Change in exercise price**

A Consideration Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Consideration Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Consideration Options on ASX.

(n) **Transferability**

The Consideration Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

The terms and conditions of the Related Party Performance Rights are summarised below.

- (a) **(Milestone)**: The Performance Rights will have the following milestones attached to them:

Brian Miller

Of the 2,740,000 Performance Rights to be issued to Mr Miller:

- (i) 200,000 Performance Rights will vest immediately upon issue (as the original agreed milestone was completion of the capital raising under the Prospectus and the admission of the Company to the Official List of ASX) **(Milestone 1)**;
- (ii) 200,000 Performance Rights will vest 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 Prospectus **(Milestone 2)**;
- (iii) 200,000 Performance Rights will vest 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 Prospectus **(Milestone 3)**;
- (iv) 240,000 Performance Rights will vest 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 **(Milestone 4)**;
- (v) 240,000 Performance Rights will vest immediately upon issue (as the original milestone was upon the Company executing a Distribution Partnership Agreement/Re-seller Agreement with an acceptable agent based in the European region) **(Milestone 5)**;
- (vi) 240,000 Performance Rights will vest immediately upon issue (as the original milestone was upon the Company executing a Distribution Partnership Agreement/Re-seller Agreement with an acceptable agent based in the Asian region) **(Milestone 6)**;
- (vii) 300,000 Performance Rights will vest 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) **(Milestone 7)**;
- (viii) 440,000 Performance Rights will vest 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) **(Milestone 8)**;
- (ix) 440,000 Performance Rights will vest 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) **(Milestone 9)**; and
- (x) 240,000 Performance Rights will vest immediately upon issue (as the original milestone was upon the Company executing a Distribution

Partnership Agreement/Re-seller Agreement with an acceptable agent based in the United States of America) (**Milestone 10**).

Gino D'Anna

Of the 600,000 Performance Rights to be issued to Mr D'Anna:

- (i) 70,000 Performance Rights vest upon satisfaction of Milestone 1; and
- (ii) 66,250 Performance Rights vest upon satisfaction of each of Milestones 2 to 9. Mr D'Anna does not have an entitlement to Milestone 10.

Russell Moran

Of the 400,000 Performance Rights issued to Mr Moran:

- (i) 50,000 Performance Rights vest upon satisfaction of Milestone 1; and
 - (ii) 43,750 Performance Rights vest upon satisfaction of each of Milestones 2 to 9. Mr Moran does not have an entitlement to Milestone 10.
- (b) (**Notification to holder**): The Company shall notify the holder in writing when the Milestone has been satisfied.
 - (c) (**Conversion**): Subject to paragraph (l), upon vesting, each Performance Right will, at the election of the holder, convert into one Share.
 - (d) (**Share ranking**): All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
 - (e) (**Application to ASX**) The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
 - (f) (**Transfer of Performance Rights**): The Performance Rights are not transferable.
 - (g) (**Participation in new issues**) A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
 - (h) (**Reorganisation of capital**) If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and the *Corporations Act 2001 (Cth)* at the time of reorganisation.
 - (i) (**Adjustment for bonus issue**) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the Holder would have received if the Holder had converted the Performance Right before the record date for the bonus issue.
 - (j) (**Dividend and Voting Rights**): The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

- (k) **(Change in Control)**: Subject to paragraph (l), upon:
- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (A) having been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of performance rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

- (l) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)**: If the conversion of a Performance Right under paragraph (c) or (k) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition;
 - (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (l)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
- (m) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (n) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (o) **(No other rights)** A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

PROXY FORM

K2FLY LIMITED
ACN 125 345 502

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11.30 am (WST), on 21 November 2017 at Steinepreis Paganin Lawyers and Consultants, Level 4, The Read Buildings, 16 Milligan Street, Perth WA, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	RATIFICATION OF PRIOR ISSUE OF SECURITIES FOR ACQUISITION OF INFOSCOPE PTY LTD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	ELECTION OF DIRECTOR – JENNY CUTRI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	ELECTION OF DIRECTOR – JAMES DEACON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	ELECTION OF DIRECTOR – NEIL CANBY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	APPROVAL TO ISSUE PERFORMANCE RIGHTS TO A RELATED PARTY – BRIAN MILLER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	APPROVAL TO ISSUE PERFORMANCE RIGHTS TO A RELATED PARTY – GINO D'ANNA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	APPROVAL TO ISSUE PERFORMANCE RIGHTS TO A RELATED PARTY – RUSSELL MORAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	INCREASE IN NON-EXECUTIVE DIRECTOR AGGREGATE REMUNERATION FEE CAP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

**Consent for contact by e-mail
in relation to this Proxy Form:**

YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to K2fly Limited, Level 1, 26 Railway Road, SUBIACO, WA, AUSTRALIA, 6008; or
 - (b) email to the Company at gino@k2fly.com or info@k2fly.com,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.