

14 September 2018

Dear Shareholder

K2Fly Limited – pro-rata non-renounceable rights issue

As announced on 12 September 2018, K2Fly Limited (ACN 125 345 502) (**Company**) is undertaking a one (1) for ten (10) pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 6,040,976 fully paid ordinary shares (**New Shares**) to raise approximately \$1,812,293 (together with one free attaching option for every four New Shares subscribed for and issued (**New Option**)). The price of New Shares under the Offer is \$0.30 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASX on 12 September 2018.

The Offer is fully underwritten by K S Capital Pty Limited (**Underwriter**). The Company has agreed to pay the Underwriter an underwriting fee of \$108,738 (being 6% of the total amount to be raised under the Offer) and reimburse the Underwriter for out-of-pocket expenses directly related to the Offer.

The proposed use of funds raised under the Rights Issue (net of expenses) will be to grow the business including the engagement of executives to drive growth of Infoscope sales, assist in the evaluation of technologies for acquisition and drive geographic expansion. Proceeds raised will also be used to further enhance its Infoscope products in relation to the SAP and Esri integration and alignment, the evaluation of different technologies for acquisition as well as for general working capital purposes.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm WST on 18 September 2018, whose registered address is in Australia or New Zealand (**Record Date**).

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue. The New Options will rank equally with the Company's listed options (ASX Code: K2FOA).

Following completion of the Offer, the Company will have issued approximately 6,040,976 New Shares and 1,510,244 New Options resulting in total Shares on issue of approximately 66,450,727 and total options on issue of approximately 17,546,154.

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 21 September 2018. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares and New Options.

K2fly Limited ACN 125 345 502

@ info@k2fly.com

Registered Office Level 1, Grand Central, 26 Railway Road, Subiaco WA 6008

www.k2fly.com

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Advanced Share Registry (**Share Registry**) by no later than 5:00pm WST on 5 October 2018, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm WST on 5 October 2018, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.30 per New Share).
- Should you wish to accept all of your Entitlement and apply for Shortfall Shares, then applications for Shortfall Shares under the Prospectus must be made on the Entitlement and Acceptance Form or by completing a BPAY® payment in accordance with the instructions referred to in the Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Lodgement of Prospectus with the ASIC	11 September 2018
Lodgement of Prospectus & Appendix 3B with ASX	Prior to the commencement of trading on 12 September 2018
Notice sent to Optionholders	12 September 2018
Notice sent to Shareholders	14 September 2018
Ex date	17 September 2018
Record Date for determining Entitlements	18 September 2018
Prospectus despatched to Shareholders & Company announces despatch has been completed	21 September 2018
Closing Date*	5 October 2018
Securities quoted on a deferred settlement basis	8 October 2018
ASX notified of under subscriptions	10 October 2018
Issue date/Securities entered into Shareholders' security holdings	12 October 2018

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*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

If you have any queries concerning the Rights Issue, please contact your financial adviser or the Company on +61 9481 7833.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B Miller', with a horizontal line underneath.

Brian Miller
Executive Director

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