

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.

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. **Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

K2fly Limited ACN 125 345 502

@ info@k2fly.com

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

www.k2fly.com

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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