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ASX / Media Release

27 October 2020

ASX code: K2F

Q1 FY21 Quarterly Activities Report

Highlights

- **Invoices for Q1 FY21 increased 15% from Q1 FY20 ($1.64M v. $1.43M)**
- **K2F cash flow positive from operations for Q1 FY21 ($0.38M cash positive)**
- **MOU signed with Decipher to create integrated monitoring and governance platform for Tailings Storage Facilities**
- **Existing clients sign up for new, paid Proof of Concepts (POC) with additional solutions and/or new K2F solutions**
- **Five-year contract for RCubed signed with Orano SA (Paris) in July**
- **Paid POCs for Reconciliation and Land Management**
- **On 30 September cash at bank was $3.1M with $0.88M in receivables, no debt**

Billing and Cash Flow

K2fly Limited (ASX: K2F) **(K2fly** or **the Company**) is pleased to announce that it has raised invoices for $1.64M in the Q1 FY21 quarter, which is an improvement of 15% over the equivalent quarter in FY20.

As at 30 September 2020, the cash available was $3.1M. In addition, there was $0.88M in receivables predominantly from Tier 1 clients.

During Q1 FY21, K2F's current operations achieved net positive cashflows of $0.38M. This flows on from being cash flow positive in the previous quarter (Q4 FY20) by $0.7M.

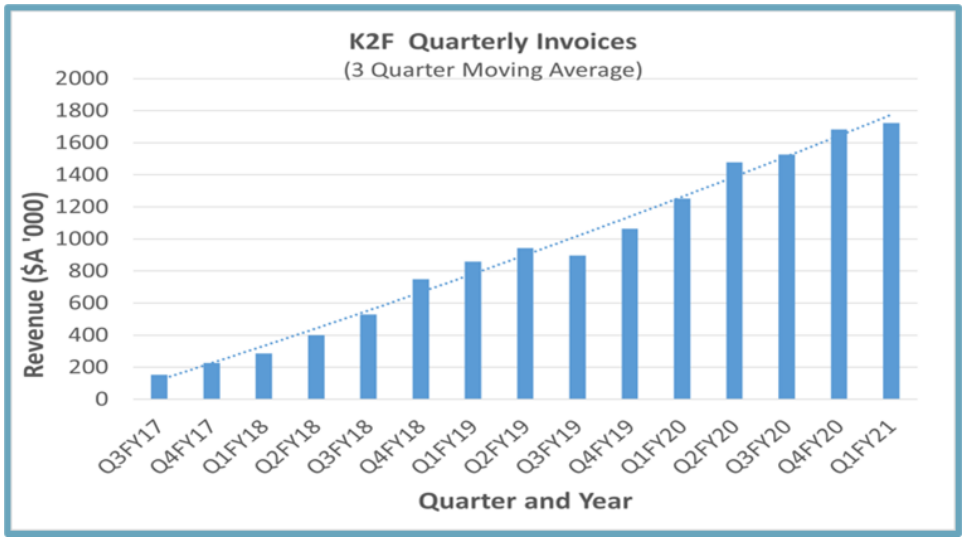
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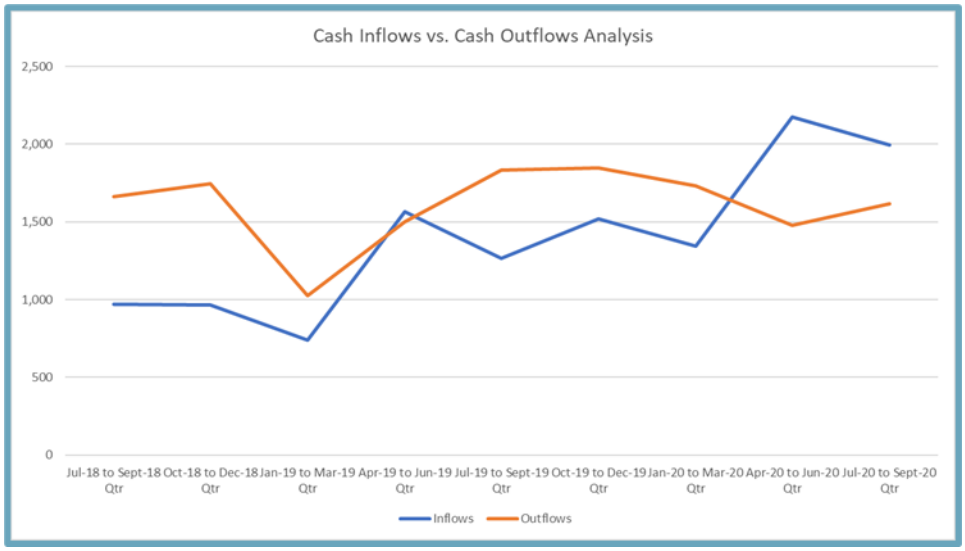
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Software as a Service (SaaS) Update

SaaS Sales Update

In July K2fly announced that it had signed a contract with Orano SA (Orano), formerly known as Areva SA. Orano is a multinational nuclear fuel cycle company with uranium mining operations, and is headquartered in Paris, France. Orano signed a five-year contract to implement the RCubed resource governance solution, and the total contract value was in excess of AU$300k.

A number of major K2F customers have signed for Proof of Concept (POC) and scoping studies on additional K2fly SaaS offerings. Imerys is conducting a paid POC study to implement our land management solution across their 200+ sites globally. In addition, other Australian-based mining customers are conducting feasibility studies on K2F heritage solutions in light of the recent Juukan Cave issues in the Pilbara.

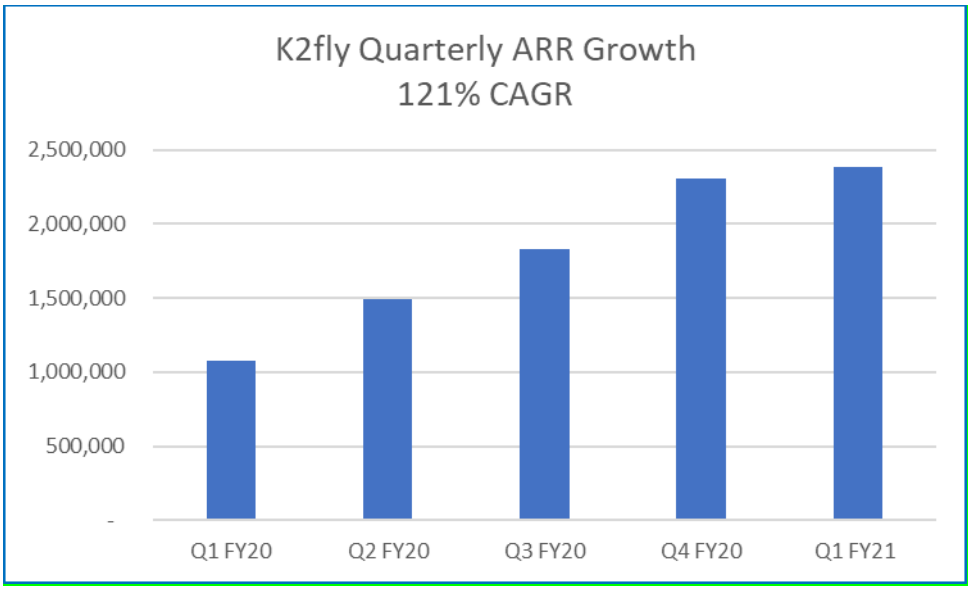
Teck Resources in Canada have started paid POCs on a new K2F reconciliation solution.

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K2F is also finalising a paid second phase development plan for The Keeping Place project which will enhance current capabilities by including advanced mapping functionality and a mobile application.

Whilst the contract amounts for the POC are not material, the POC are significant in that they demonstrate the demand for K2F products and also K2F's ability to expand its sales and offer additional products to existing clients.

K2F is confident that there will be more new name client announcements to be made in 2020. Of course, until signed, there are no guarantees that these contracts will be finalised.



MOU with Decipher for Tailings Storage Facilities solution

On 8 July K2fly announced an MOU with Decipher, which offers an award-winning cloud monitoring platform. K2F and Decipher have partnered to create an integrated monitoring and governance platform for Tailings Storage Facilities (TSF). Our proposed solution will ensure the resource industry has access to a significantly better tool to aid monitoring and governance of TSFs to recognised standards. K2fly are already collaborating with SAP on the development of a Tailings solution for SAP customers globally and the Decipher partnership adds a further level of detail into the monitoring of facilities.

Payments to Related Parties and their Associates

In accordance with ASX Listing Rule 4.7C.3, payments to related parties of the Company and their associates during the quarter totalled $127,975 relating to the Executive Director salaries and Non-Executive Director fees. This amount is included at Item 6.1 of the Appendix 4C.

Refer to the Remuneration Report in the 2020 Annual Report for further details on director remuneration.

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Capital Update

During the quarter, the following changes in securities occurred:

- 7 July 2020 – Expiry of 350,000 unlisted options with an exercise price of $0.25
- 10 July 2020 – Issue of 741,105 shares upon the exercise of unlisted options
- 20 July 2020 – Issue of 42,351 shares upon the exercise of unlisted options
- 21 July 2020 – Issue of 64,967 shares upon the exercise of unlisted options
- 17 September 2020 – Issue of 122,510 shares upon the exercise of unlisted options, issue of 83,333 unlisted options with an exercise price of $nil expiring 16 September 2022 and the lapsing of 707,263 unlisted options expiring 25 November 2021 which did not vest

Following the quarter end, on 2 October 2020 and 16 October 2020, the Company issued 496,860 shares upon the exercise of $0.25 unlisted options with an expiry date of 17 November 2020.

Announcement released with authority of K2F board.

ENDS

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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 governance and compliance, stakeholder engagement and permits and obligations services for clients covering:

- Land Access
- Community and heritage
- Rehabilitation
- Dams & Tailing
- Resources Inventory
- Ground Disturbance

Underpinning K2Fly's Software as a Service offering are its proprietary technologies:

- **RCubed**, a mineral resource and reserve reporting solution supporting JORC, NI43101 and SAMREC reporting codes across the major stock exchanges, including NYSE, LSE, TSX, ASX and JSE

- **Infoscope**, a solution supporting Enterprise Land Management, Natural Resource Governance and Stakeholder Relations

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.