



ASX Announcement

16 May 2016

ACQUISITION OF LEADING 'SAAS' ASSET MANAGEMENT TECHNOLOGY

Highlights:

- **Power Resources has entered into a binding sale of asset agreement to acquire 100% of the asset management and asset maintenance technology assets owned by K2fly**
 - **K2fly's technology allows asset management personnel to navigate its centralised management system to identify, manage and maintain all asset data in order to streamline operational and maintenance efficiencies**
 - **K2fly's technology has a strong track record of empowering some of Australia's largest organisations to make better long-term decisions through proprietary algorithms and degradation profiles, vital for accurately forecasting maintenance needs**
 - **The scalable and modular nature of K2fly's technology means that target markets include SMEs, multi-nationals and corporate conglomerates**
 - **K2fly's technology offers cloud based asset management and asset maintenance software solutions and the option of physical data infrastructure management**
 - **K2fly's Executive Chairman Mr Brian Miller is a 30-year veteran of the IT sector, a founding member of the Institute of Asset Management (UK) who shaped the development of the BS5750 Standard for Asset Management within the UK energy sector and brings an extensive network of contacts, opportunities and experience within mobility solutions in asset intensive sectors**
 - **K2fly is growing global market penetration through Partnering Agreements, aimed at rapidly growing client adoption and K2fly business revenue**
 - **Deal terms provide a strong platform for shareholder value creation**
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Power Resources Limited (ASX: PWW) ("**Power**" or the "**Company**") is pleased to announce that it has entered into a binding sale of asset agreement ("**Sale Agreement**") in relation to the acquisition of 100% of the asset management and asset maintenance technology assets owned by K2fly NL (**K2fly**). The execution of this definitive Sale Agreement follows an extensive period of due diligence completed by Power on the technology assets owned by K2fly.

Commenting on the Acquisition, Chairman of Power, Michael Scivolo stated:

"This acquisition marks a significant transition for Power into the asset management and asset maintenance industry and we look forward to building on the exciting growth story of K2fly."

Executive Chairman of K2fly, Brian Miller stated:

"This agreement with Power enables K2fly to fast-track its aggressive growth strategy and drive synergistic partnerships with global leaders in the Enterprise Asset Management industry. K2fly is seeking to capitalise on the burgeoning Enterprise Asset Management industry worth \$2.5 billion today which is expected to grow to \$4.5 billion by 2019."

The terms of the Acquisition (as set out in Annexure A) provide a strong platform for shareholder value creation, with K2fly (on a post completion basis) having an Enterprise Value of \$5.6 million, assuming a minimum capital raising of \$3 million is completed.

K2fly is being advised on the Acquisition by LinQ Corporate Pty Ltd.

Power, in consultation with K2fly, will now progress towards a notice of meeting for shareholders to approve the Acquisition and the lodgement of a Prospectus with the ASIC and the ASX to raise a minimum of \$3 million at 4 cents per share with over-subscriptions of a further \$2 million.

K S Capital Pty Ltd is the Lead Manager to the Prospectus capital raising.

K2fly: Leading Technology for Asset Management

Developed and refined specifically for asset intensive industries over a 12-year period, K2fly's technology delivers comprehensive infrastructure asset management through industry-specific software and services.

K2fly's technology allows asset management personnel to access a centralised system to manage and maintain all their asset data to enable more efficient and effective outcomes. K2fly's technology has a strong track record of empowering organisations to make better long-term decisions, through proprietary algorithms and degradation profiles which assist in forecasting future operational and maintenance needs.

Introducing K2fly's technology into industry-specific organisations allows asset management personnel across all levels of organisations to make better informed decisions, effectively and efficiently.

The scalable and modular nature of K2fly's technology means that target markets include the broader population of SMEs, multi-nationals and corporate conglomerates.

K2fly owns the following proprietary asset management and asset maintenance technologies for use in vertically-integrated asset intensive industries:

ADAM	Asset Data Analysis Management
DocMan	Mobility Solutions: Task Management App
TagMan	Mobility Solutions: Asset Verification App
HandoverNotes	Mobility Solutions: Electronic Information Sharing App
PropertyInspector	Mobility Solutions: Asset Inspection App

K2fly technologies have been used to deliver operational and maintenance efficiencies to blue chip clients across Australia, North America and South-East Asia with clients including **BHP Billiton, Woodside, Leighton, Origin, Bega, Port Authority of New South Wales, Visy, Apache and Petronas.**

K2fly is seeking to deploy its asset management and asset maintenance technology within vertical market segments and industries with the dominant position to grow market share, taking advantage of the growing need for asset management and asset maintenance technology outside of the natural resources industry.

These industries include Pharmaceuticals, Hospitality and Tourism, Healthcare, Defence, Telecommunications, Public and Private Utilities, Maintenance and Service Contract Industry, Aviation Industry, Energy Sector and Food Manufacturing.

K2fly: First European Partnering Agreement

K2fly recently executed its first major international Partnering Agreement for the sale of its asset management and maintenance technology across Europe, including the United Kingdom. The Partnering Agreement provides K2fly with the ability to rapidly grow revenue from a deep base of European markets with large scale clients across the utilities, infrastructure, transport, aviation and defence industries, with minimal operational and capital cost.

The major distribution partner ("**Distributor**") is a FTSE-100 company and has worked in the infrastructure and energy industries since 1990, leading the adoption of Enterprise Asset Management software in asset intensive industries.

The Distributor has been servicing major organisations in the infrastructure and energy industries for over 25 years with clients including Thames Water, United Utilities, Western Power, National Grid, Centrica, London Underground Limited, Network Rail and The National Health Service.

Trusted partners of the Distributor include global leaders in the Enterprise Asset Management sector including an NYSE listed Fortune 500 company ranked in the top 25. The Distributor has in excess of 1,000 business development executives operating across Europe with direct relationships with some of the world's largest multinational organisations operating in asset intensive industries.

Commenting on the Partnering Agreement, K2fly Executive Chairman, Mr Brian Miller stated:

"The Distributor is a class-leading player in the Enterprise Asset Management sector with large multinational clients. Accessing a deep network of clients through the Partnering Agreement will allow K2fly to rapidly roll out its technology across Europe and will open the door to some of the world's largest corporate conglomerates in the utilities, agriculture, nuclear, aviation, infrastructure, energy and transport sectors."

The Partnering Agreement also allows K2fly access to proprietary technology developed by the Distributor which can then be implemented across new and existing clients retained by K2fly.

K2fly: Targeting Additional Value-Add Partnering Agreements

As part of the software distribution strategy being developed by K2fly, the company is also targeting the execution of additional value-add partnering agreements aimed at servicing different industry sectors and focused on mobility solutions.

Targeted partners include a major mobility and app solutions developer and re-seller operating across Australia and the United States of America, as well as a risk management software developer for the asset management sector operating across Ireland and a mobility solutions and app software developer operating across the Asia-Pacific region, including Indonesia, Singapore and Vietnam.

Each of these targeted partners has access to a significant network of clients operating in asset intensive sectors, where the need for robust Enterprise Asset Management software has been recognised.

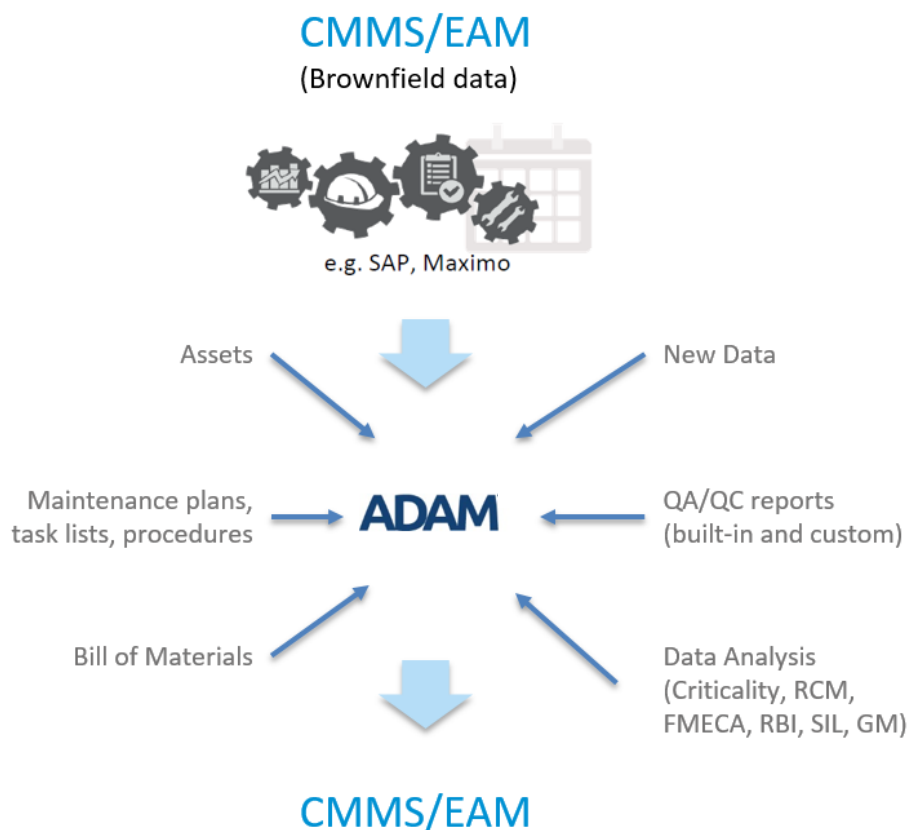
The execution of these additional partnering agreements will provide K2fly with the critical mass required to build its brand profile across the globe.

A brief overview of the technology applications is provided below:

ADAM - Asset Data Analysis Management

ADAM, also known as Asset Data Analysis Management, is a single-source integrated technology for the development and optimisation of asset management information, including data capture, maintenance analysis and build, spares identification, which is configurable for upload to any asset management system. ADAM has been developed as a software agnostic platform, meaning that it can interface with any existing CMMS platform being used by the clients including SAP, Oracle, JD Edwards or Maximo.

The technology incorporates a web-enabled client-server system that can be run autonomously allowing clients to capture, manipulate and prepare asset, spares and maintenance information from anywhere in the world.



TagMan - Mobility Solutions: Asset Verification App

This Asset Verification app allows users to capture and record data against a hierarchical asset structure, make notes linking multiple photos, scan and verify information, and log GPS coordinates. TagMan allows searching, data capture, asset reading and storing of multiple photos of equipment against the specific tag.

TagMan can be used in highly restrictive environments and is fully Bluetooth integrated. TagMan can also be configured as an interface with any CMMS platform and can be used to verify and add data, view schematics, mark-up and photograph assets. TagMan features resilient connectivity for uninterrupted availability - online, offline and occasionally connected.

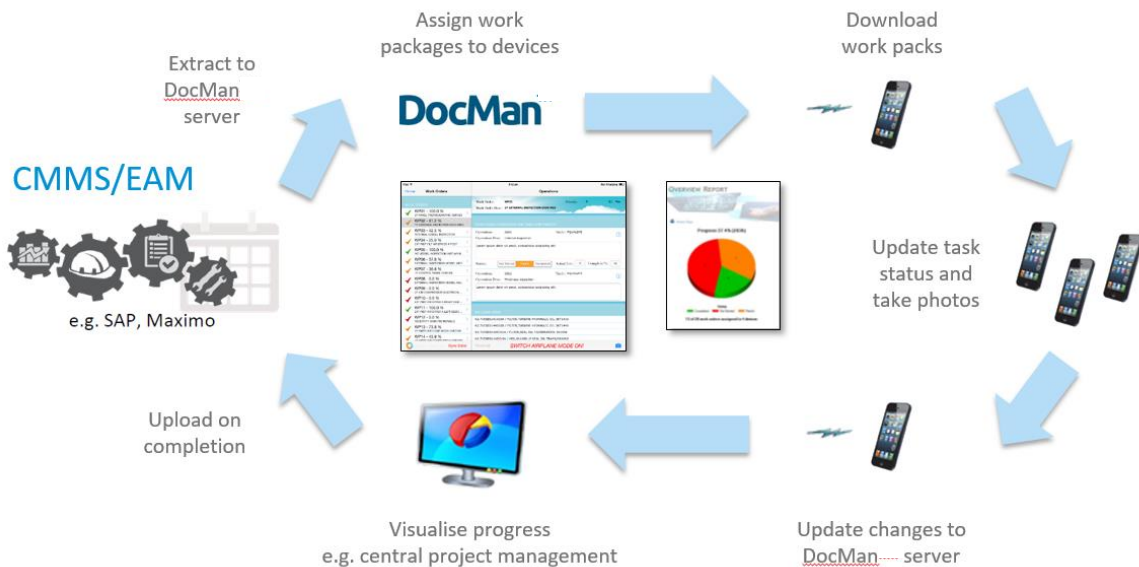


DocMan - Mobility Solutions: Task Management App

This Task Management app allows users to electronically receive assigned tasks, capture notes and link multiple photos, with progress remotely monitored via a cloud supported web interface. DocMan uses agile tablet technology to provide a safe and efficient solution for the management of documents and work-order based activities.

Using WiFi capability, work packs can be assigned and instantly downloaded, delivering significant time and logistical efficiencies. Progress against assigned activities, along with additional data and photos, can quickly and effectively be relayed back to management or a centralised project function.

In areas where internet is not available, pre-loaded work orders can be processed efficiently, to be immediately transmitted upon return to a WiFi zone. New work orders can then also be received, increasing team productivity.



HandoverNotes – Mobility Solutions: Electronic Information Sharing App

The HandoverNotes app allows team members to capture electronic notes with photos during shifts and as incidents occur, as well as email specific records to other colleagues improving field communications. HandoverNotes aims to simplify the workplace handover process and promotes workplace communication and streamlines information sharing.

An intuitive interface allows users to easily record information as situations occur and then pass on notes along with supporting photographs electronically. This also facilitates the instantaneous communication with management and stakeholder reporting, streamlining the OH&S function and ensuring that incidents and actions in the workplace are captured adequately and dealt with expeditiously.

PropertyInspector – Mobility Solutions: Asset Inspection App

PropertyInspector is a mobile asset inspection solution, which simplifies routine inspection tasks and is highly marketable to any industry undertaking routine inspections (i.e. hire cars, health and safety audits, etc.).

The software is a resident mobile application with web portal, and can facilitate a user customisable interface to input assessment data and generate reports. PropertyInspector offers resilient connectivity for uninterrupted availability – online, offline and occasionally connected and offers a rapid and low risk deployment which is easily configurable to customer requirements.

More information on K2fly can be found at www.k2fly.com

The Enterprise Asset Management Market

Enterprise Asset Management ("EAM") is designed to facilitate the ease in management of assets for enterprises across various services, business units, departments, and geographical locations. Enterprise asset management solutions are designed to help organisations to manage assets and organise their maintenance schedule.

This empowers the organisation to improve capital asset management to increase reliability, enhance condition-based maintenance, support asset sustainability and maximise return on assets. These solutions have applications in a wide variety of asset-intensive industries, such as power industry, oil & gas, manufacturing, transportation, healthcare, metal & mining, and many others.

Enterprise asset management, these days, comprises lifecycle management, maintenance scheduling, asset tracking, and locating and risk management which has come a long way from paper-based maintenance planning in its earlier days. Its accessibility using personal mobile devices has offered organisations to implement last minute changes virtually from anywhere.

The compatibility with major platforms and the provision of multi-tasking from a single interface makes enterprise asset management a major necessity for asset-intensive organisations.

Enterprise asset management solutions are an important part of asset-intensive industries as the solutions facilitate optimum utilisation of resources, improve efficiency, and maximise the return of asset. These factors are expected to drive the growth of the global enterprise asset management market in the coming years.

The EAM market size is expected to grow from \$2.9 billion in 2015 to \$4.7 billion by 2020, at a Compound Annual Growth Rate (CAGR) of 10.3%.

The global market opportunity is expected to be \$140 billion by the year 2020 growing at a compounded annual growth rate of 15% with the APAC region predicted to be the fastest growing at a CAGR of 21%.

The major factors driving this market are the administration of aging infrastructure, improved return on assets and the ability to track assets. The high deployment cost of EAM software is one of the restraints for Small and Medium Enterprises (SMEs) along with lack of awareness among organisations about the deployment and usage.

Hence, cloud-based deployment solutions are likely to prove to be more beneficial and can seize this opportunity by providing simpler solutions to organisations. Integration of EAM and big data analytics is another opportunity for software vendors. EAM solutions mainly focus on maintenance operations and EAM software applications support the entire enterprise operations onto a single database, enabling the integration of different applications.

Some of the benefits that EAM solutions offer to organisations include higher asset productivity, reduced maintenance costs, and increased visibility of the operations and asset performance. In industries that operate in intrinsically hazardous environments such as oil and gas and metal and mining, organisations have to rely on effective asset management systems that will help augment the value of assets.

New Board and Management Team

Upon completion of the Acquisition, the current Power directors will resign from the Board and the following persons will be appointed:

Mr Brian Miller (Executive Chairman and CEO) - 30-year veteran of the IT sector, a founding member of the Institute of Asset Management (UK) which shaped the development of the BS5750 Standard for Asset Management within the UK energy sector and brings an extensive network of contacts, opportunities and experience within mobility solutions in asset intensive sectors

Mr Noel Bonnick (Director) - Mechanical engineer with 25 years' experience in asset management and previously head of asset management and asset maintenance at Woodside (Western Australia)

Mr Gino D'Anna (Director) - Extensive primary and secondary capital market experience

Mr Russell Moran (Director) - Entrepreneur with a background in strategic business development

Change of Company Name

Following completion of the transaction, the Company will change its name to "K2fly Limited".

ASX Regulatory

Escrow

To the extent required by the ASX, Power or the Listing Rules, the recipients of the Consideration Shares, K2 Technology Vendor Shares, the Upfront Share Consideration, the recipients of the Advisory and Lead Manager Shares and the Broker Options and controllers will enter into Restriction Agreements.

Two of the substantial shareholders in K2fly representing a combined interest of 15.5% (post completion) have agreed to an escrow period of 24 months from the date of listing.

Mandatory escrow conditions will be imposed on the K2 Technology Vendor Shares, the Upfront Share Consideration and the Advisory and Lead Manager Shares and Broker Options. This has been designed to maintain a tight share register for Power post completion.

Re-compliance with ASX Listing Rules Chapters 1 and 2

Since the Acquisition will result in a significant change to the nature and scale of Power's activities, the Acquisition will require Power shareholders' approval under ASX Listing Rule 11.1.2 and will also require Power to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Consolidation

In order to re-comply with the ASX Listing Rules, Power intends, subject to shareholder approval, to undertake a consolidation of its issued capital on the basis of 1.9 shares being consolidated into

1 share (1.9:1) with a view to the Shares being valued at a price sufficient to satisfy the re-compliance with the ASX Listing Rules. The Consideration Shares to be issued to the shareholders of K2fly, as specified in Annexure A, will not be subject to the same consolidation ratio.

Capital Raising

To enable Power to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its growth strategy post-completion of the Acquisition, Power plans, subject to shareholder approval, to complete a capital raising under a full form prospectus to raise a minimum of A\$3 million with over-subscriptions of a further A\$2 million at the discretion of Power.

Lead Manager to the Prospectus is K S Capital Pty Ltd.

In early April 2016, K2fly undertook a seed capital raising led by Lead Manager, K S Capital Pty Ltd. K2fly sought to raise \$450,000 at 2 cents per share, but due to overwhelming demand, the board of K2fly accepted a total of \$525,000. Participants in the seed capital raising include a number of stockbroking groups within Sydney, Melbourne, Adelaide and Perth.

It is expected that support for the Prospectus offering will be significant. Marketing has already commenced through the Lead Manager, K S Capital Pty Ltd and through K2fly's corporate advisor, LinQ Corporate Pty Ltd.

Shareholder Approvals

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Acquisition will be sent to Power shareholders in due course. It is expected that Power will convene a meeting to facilitate shareholder approval in mid July 2016. Subject to Power shareholder approval being obtained, the securities of Power will remain suspended until the company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Acquisition has completed.

Indicative Timetable

An indicative timetable for completion of the Acquisition is set out below:

Event	Date
Announce Transaction	16 May 2016
Commence preparation of Notice of Meeting and Prospectus	May 2016
Lodge Notice of Meeting with ASX	Early June 2016
Dispatch Notice of General Meeting	Mid June 2016
Lodge Prospectus with ASIC and ASX	Mid June 2016
Hold General Meeting	Mid July 2016
Completion of Acquisition and issue of Shares	End July 2016
Power to re-list as "K2fly Limited"	August 2016

Please note that this timetable is indicative only and the directors of Power reserves the right to amend the timetable as required with the approval of K2fly.

Pro Forma Capital Structure

The indicative share capital structure of Power post-acquisition of K2fly (on a post-consolidated basis, based on completion of the Acquisition and following the proposed capital raising) will be:

	Shares	Implied Share Price/ Value	Shareholding %
Current Shares on Issue	47,187,501	\$0.021	0.0%
Post Consolidation Issued Capital	25,000,000	\$0.040	11.6%
K2fly Consideration Shares	80,000,000	\$0.040	37.0%
K2 Technology Vendor Shares	7,500,000	\$0.040	3.5%
Upfront Share Consideration (KMM - Fee)	22,500,000	\$0.040	10.4%
Advisory and Lead Manager Fee (Unallocated)	6,250,000	\$0.040	2.9%
Prospectus Capital Raising	75,000,000	\$0.040	34.7%
Total - Post RTO and Capital Raising	216,250,000		100%

In addition, up to 4 million Broker Options may also be issued, each with an exercise price of 5 cents per share and a term to expiry of 4 years from the date of issue.

For further information, please contact:

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Annexure A

Key terms of the Acquisition of K2fly

Power and K2fly have entered into a binding Sale of Asset Agreement ("**Sale Agreement**").

The key terms of the Sale Agreement are as follows:

1. **Conditions Precedent:** Completion of the Acquisition is subject to and conditional upon a number of conditions precedent, including:
 - (a) Power receiving all necessary shareholder approvals and all other regulatory approvals required by the ASX Listing Rules and Corporations Act or any other law, including ASX approvals required for Settlement and conditional approval to reinstate Power's quoted securities to trading on the ASX following Settlement;
 - (b) completion of a consolidation of the capital of Power on a 1 for 1.9 basis;
 - (c) Power preparing a Prospectus, lodging the Prospectus with ASIC and raising a minimum of \$3,000,000 under the Prospectus or such greater amount as required for Power to meet the assets test admission criteria set out in the ASX Listing Rules; and
 - (d) to the extent required by the ASX, Power or the Listing Rules the recipients of the Consideration Shares, K2 Technology Vendor Shares, the Upfront Share Consideration, the Advisory and Lead Manager Fees and the Broker Options and their controllers entering into Restriction Agreements.
2. **Consideration:** Subject to satisfaction of the conditions precedent, at completion, Power will issue the following securities (on a post-consolidation basis):
 - (a) issue to K2fly (or its nominees) the 80,000,000 Consideration Shares;
 - (b) issue to K2 Technology (or its nominees) the 7,500,000 K2 Technology Vendor Shares;
 - (c) issue the 22,500,000 Upfront Share Consideration to KMM;
 - (d) issue 1,000,000 Broker Options to K S Capital Pty Ltd and such other Broker Options to be issued as agreed between K2fly and Power; and
 - (e) issue the Advisory Fees and Lead Manager Shares in accordance with K2fly's instructions.
3. **Board composition:** At completion of the Acquisition, Power will appoint Mr Brian Miller, Mr Noel Bonnick, Mr Gino D'Anna and Mr Russell Moran as directors of Power. All existing directors will resign.
4. **Change of name:** Following successful completion of the Acquisition, Power will change its name to "K2fly Limited".
5. **Fee:** Following successful completion of the Acquisition, Power will make an upfront cash payment to Kalgoorlie Mine Management of \$250,000 and enter into a commercial consultancy agreement for services to be provided to K2fly for \$12,500 per month for 2 years.

The Sale Agreement otherwise contains clauses typical for binding agreements of this nature.