

The Directors of K2 Energy Limited provide the following project updates:

DRILLING COMMENCED – SOUTH BOURG PROSPECT.

Drilling has commenced on the Callaghan #1 Well on K2 Energy's South Bourg Prospect located in Terrebonne Parish, Louisiana.

K2 Energy has a 5% working interest in the well that will be drilled to 11,500' and will target 21 BCF of gas in the Bigenerina Humblei formation. The well is expected to reach total depth with in 21 days.

Project Acquisitions

Samano East Prospect – Starr County , Texas.

K2 Energy advises it has exercised its option with Riviera Production Company Ltd of Corpus Christie, Texas, to participate in an oil and gas well proposed to be drilled on the Samano East Prospect in Starr County, South Texas.

The proposed well is an infill development well in the Flores Field and will be drilled to 9,500', targeting two potential pay Vicksburg sands with anticipated reserves in excess of 5 BCF gas equivalent. The drill target was generated from 3D data and numerous points of subsurface control.

K2 Energy has a 10% working interest in the well for an estimated cost of \$US350,000 for the completed well. It is anticipated that the well will spud within 120 days.

Alex Prospect- Hidalgo County, Texas

K2 Energy has acquired a 7.5% working interest in the Alex prospect located in Hidalgo County , South Texas and operated by Dewbre Petroleum Corporation.

The prospect has potential for 24 BFFG and 360,000 of condensate from potentially three pressured Frio Sand targets within a fault block that has been delineated by 3D seismic data. The prospect is close to pipeline infrastructure located in the adjacent Mercedes Field and drilling is expected to commence within 120 days. K2 Energy will spend an estimated US\$350,000 on a completed well to earn its 7.5% working interest.

22nd March, 2007.