



ASX

AUSTRALIAN SECURITIES EXCHANGE

MARKET RELEASE

24 January 2007

K2 Energy Limited

REINSTATEMENT TO OFFICIAL QUOTATION

The suspension of trading in the securities of K2 Energy Limited (the "Company") will be lifted immediately, following receipt of an announcement by the Company in relation to a material transaction that was in advanced negotiations. These negotiations have not resulted in a transaction and have now ceased.

Security Code: KTO
KTOO

Stephen Small
Adviser, Issuers (Sydney)

K2 ENERGY LIMITED

A.C.N. 115 310 560

Level 2, Kyle House
27 Macquarie Place
Sydney NSW 2000

Tel: 9251 3311
Fax: 9251 6550

24th January, 2007

The Manager Companies
Attn:Stephanie Yong
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Dear Ms Yong

Trading Halt

K2 Energy Limited requested a trading halt on 19 January 2007, and subsequently voluntary suspension on 23 January 2007 pending an announcement by the Company in relation to a material transaction that was in advanced negotiations. These negotiations have not resulted in a transaction and have now ceased.

The Company requests that its shares and options to be returned to trading.

Security Codes: KTO and KTOO

Yours faithfully,



T.A. Flitcroft
Company Secretary