

## **K2 ENERGY SIGNS FARM IN AGREEMENT ON STRATEGIC 3D LEASES IN OKFUSKEE COUNTY, OKLAHOMA**

The Directors of K2 Energy Limited are pleased to announce that the company has concluded an Agreement with Metro Energy Group ("Metro Energy") of Tulsa Oklahoma to acquire a 50% interest in 1930 acres of oil and gas leases owned by Metro Energy in Okfuskee County, Oklahoma.

The leases are located in an Area of Mutual Interest ("AMI") known as the "BAD CREEK AMI" covering 36 square miles. The AMI is strategic 3D target specific acreage with potential to drill 10 – 20 exploration wells on 3D generated exploration targets, with multiple potential pay zones to depths generally less than 5000'.

The consideration paid by K2 Energy to Metro Energy for a 50% interest in the Metro Energy Acreage is US\$ 945,000 and K2 Energy has agreed to carry Metro Energy for 25% of the total of the combined cost of Metro Energy/K2 Energy's participation in the first four wells drilled through production casing point.

Metro Energy will be the Operator of all wells drilled within the BAD CREEK AMI and will be AMI manager. Metro Energy and K2 Energy will participate in new leases acquired within the AMI on a 50/50 basis and K2 Energy will pay its share of the leasing costs, plus 20%, as Metro Energy will provide or procure all land management services.

## **TOMAHAWK ENERGY/ K2 ENERGY MERGER**

K2 Energy has also agreed on terms with Metro Energy to consolidate and simplify several existing Agreements between Tomahawk Energy and Metro Energy relating to acreage and wells in which those companies are partners, once Tomahawk Energy's offer for K2 Energy becomes unconditional and the new Board of the merged group being reconstituted, as per Tomahawk Energy's Bidder's Statement.

Tomahawk Energy currently owns interests in oil and gas lease acreage within the BAD CREEK AMI area, which will be combined with the K2 Energy Acreage post merger, to increase the interest of the merged companies in the acreage within the AMI. This agreement with Metro Energy was negotiated by K2 Energy, with the assistance of Tomahawk Energy.

In the event that the Tomahawk/K2 Energy merger does not proceed, Metro Energy has the option to buy back all or part of the acreage acquired by K2 Energy within the Bad Creek AMI.

## **DRILLING COMMENCED IN BAD CREEK AMI**

Drilling commenced on the first two wells in the BAD CREEK AMI while the Agreement with Metro Energy was being finalised.

The **PREIGEL# 10-1 WELL** has been drilled to a total depth of 4350 feet and encountered strong gas shows from mud logs in multiple potential pay zones in the Jefferson, Boak and Gilcrease sands and the deeper Huntington Churt Zone. The electric logs of the well have not yet been provided to K2 Energy and further information will be provided to the market once the company has evaluated well logs to be provided by Metro Energy. K2 Energy has a 28.5591% working interest in the Preigel #1-10 well.

The **PATRIOT #1-15**, the second well in the Bad Creek AMI, has commenced drilling to a total depth of 4350 feet on a 370 acre 3D generated structure. The well is drilling and has reached a depth of 3,336 feet. Mud logs indicate strong gas shows in the Bartlesville, Booch, Cromwell and Jefferson sands and the well appears to be confirming the 3D structural high identified by 3D seismic. K2 Energy has a 6.0425% working interest in the Patriot #1-15.

The BAD CREEK AMI project with Metro Energy Group will provide the company with immediate drilling targets within an area on which the partners own proprietary 3D seismic data. In addition the acreage position will provide synergy and an alignment of interests with Tomahawk Energy on completion of the merger, as Tomahawk also owns mineral lease interests within the AMI and in the adjacent townships.

The Board of K2 Energy expects that the BAD CREEK AMI project will accelerate the company's plans to become an oil and gas producer in the coming year and will be of significant benefit to the company on completion of the proposed merger with Tomahawk Energy.

26th April, 2007