

# K2 ENERGY LIMITED

A.C.N 106 609 143

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a meeting of members of K2 Energy Limited (the "Company") will be held at the Melaluca Room, Level 1, 151 Clarence St, Sydney, NSW 2000 on Wednesday 2<sup>nd</sup> July 2008 at 11am for the purpose of transacting the business set out in this Notice.

### BUSINESS

#### **Resolution 1 – Approval to issue 10,200,000 ordinary shares in the Company under a Placement**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and all other purposes, the issue of up to 10,200,000 ordinary shares in the Company at an issue price of \$0.14 per share under a Placement to the clients of Martin Place Securities Pty Limited within 3 months of the date of this resolution on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice be approved.”

#### **Voting exclusion**

The Company will disregard any votes cast on this resolution by Martin Place Securities Pty Limited or a person who may participate in the proposed issue and a person who might obtain a benefit, except solely in the capacity of a security holder, if the resolution is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; and
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

#### **Resolution 2 – Ratification of the issue of 11,800,000 ordinary shares in the Company under a Placement**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 and all other purposes, the issue of 11,800,000 ordinary shares in the Company at an issue price of \$0.14 per share under a Placement to the clients of Martin Place Securities Pty Limited completed on or around 2<sup>nd</sup> June 2008 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice be approved.”

## **Voting exclusion**

The Company will disregard any votes cast on this resolution by a person who participated in the issue.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; and
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

## **Appointment of Proxy**

- (a) A member who is unable to attend and vote at the meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below. The proxy need not be a member of the Company.
- (b) If a member wishes to appoint a proxy, and is entitled to cast 2 or more votes, then the member may appoint 2 proxies, and may specify the proportion or number of votes each proxy may cast.
- (c) A proxy form (and the power of attorney (if any) under which it is signed) must be received at the share registry of the Company not less than 48 hours before the time of the holding of the meeting:
  - By hand: Registries Limited - Level 7, 207 Kent Street, Sydney, NSW, 2000
  - By mail: Registries Limited - PO Box R67 Royal Exchange NSW, 1223
  - By facsimile: (02) 9279 0664

## **Corporate Representatives**

Corporate members must either:

- appoint a proxy as set out above; or
- appoint a body corporate representative in accordance with the *Corporations Act 2001*.

The appointment of a body corporate representative must be produced at the meeting.

## **Entitlement to Vote**

For the purpose of the meeting, those members holding shares at 11am on 30<sup>th</sup> June 2008 will be voting members at the meeting.

## **Further Information**

This Notice should be read in conjunction with the Explanatory Note.

By the Order of the Board of Directors.



T. A. Flitcroft  
Company Secretary  
Dated: 2<sup>nd</sup> June 2008

## EXPLANATORY NOTES ON ITEMS OF BUSINESS

This explanatory memorandum sets out further information regarding the proposed resolutions to be considered by shareholders of K2 Energy Limited (the “**Company**”) at the meeting of members to be held at The Melaluca Room, Level 1, 151 Clarence St, Sydney, NSW 2000 on Wednesday 2<sup>nd</sup> July 2008 at 11am.

### **Resolution 1 – Approval for Share Issue**

Resolution 1 provides for Shareholder approval for the issue of up to 10,200,000 fully paid ordinary Shares in the Company at an issue price of \$0.14 cents per Share under a Placement to the clients of Martin Place Securities Pty Limited within 3 months of the resolution being passed.

### **Resolution 2 – Ratification of Share Issue**

Resolution 2 provides for Shareholder approval of the issue of 11,800,000 fully paid ordinary Shares in the Company at an issue price of \$0.14 cents per Share under a Placement to the clients of Martin Place Securities Pty Limited completed on or around 2<sup>nd</sup> June 2008.

The Company has agreed to place up to 22,000,000 ordinary shares in the Company at \$0.14 each raising up to \$3,080,000 to clients of Martin Place Securities Pty Limited. The purpose of the Share Placement is to raise working capital for the company’s conventional oil and gas projects in the United States of America, as well as the further development of its shale gas project in Oklahoma, United States of America.

Australian Securities Exchange Limited (ASX) Listing Rule 7.1 provides that the Company cannot issue or agree to issue equity securities (which include Shares) without shareholder approval (unless the issue is pursuant to an exemption to Listing Rule 7.1) where the number of equity securities issued or agreed to be issued in the preceding 12 month period and the new issue exceeds 15% of the number of ordinary shares on issue at the beginning of the preceding 12 month period (increased by any issues undertaken in that period with shareholder approval or under an exemption to Listing Rule 7.1).

ASX Listing Rule 7.4 allows the Company to have shareholders approve an issue of equity securities as if the issue has been approved for the purposes of ASX Listing Rule 7.1.

As the total number of Shares to be issued under Resolutions 1 and 2 will exceed 15% of the number of ordinary shares on issue as at 2<sup>nd</sup> July 2007, the Company is therefore seeking shareholder approval in respect of the issue of shares the subject of Resolution 1 for the purposes of ASX Listing Rule 7.1 and for the issue of the shares the subject of Resolution 2 to be approved for the purposes of ASX Listing Rule 7.4.

Up to 10,200,000 ordinary Shares, which are the subject of Resolution 1 will be issued within 3 months of approval by the general meeting (ie anticipated to be issued by 2<sup>nd</sup> October 2008). 11,800,000 ordinary Shares the subject of Resolution 2 were issued on or around 2<sup>nd</sup> June 2008.

Martin Place Securities Pty Limited will place the shares with its clients.

All shares issued and to be issued are on the same terms as and rank equally with all existing ordinary shares then on issue.

Martin Place Securities Pty Limited is being paid a commission of 5% of all funds raised and will be issued 4,000,000 options exercisable at \$0.20 each at any time up to 30<sup>th</sup> June 2010.