

March 5th, 2008

Gas discovery at Ross 3-27

K2 Energy is pleased to announce its participation in a gas discovery well in its Bad Creek Project area in Oklahoma.

The Ross 3-27 well was drilled by Williams Petroleum in late February 2008 has **flow tested at between 488 and 736 mcf of gas per day** from the Union Valley sand formation with excellent tubing pressures. K2 Energy has a 4.4% interest in the well.

This discovery is important to K2 Energy as this well with its development potential continues to demonstrate the potential of the Union Valley Limestone formation in the Bad Creek Project area where K2 Energy has broad interests ranging from 4.0 to 50%.

The Union Valley formation is a primary objective of several ongoing and proposed workovers of K2 Energy's existing wells in the Bad Creek Area.

The ongoing well workover program that commenced in late 2007 has delivered an estimated 400 mcf/d of additional gas production to K2 Energy in recent months. This increase in production at time when gas prices have risen around 50% over past months is encouraging news for K2 Energy.

The development plans for Ross 3-27 are being considered as the well also tested 5-14 barrels of water per hour and will require a water disposal facility to be incorporated in the production.

For further information please contact Managing Director, Peter Moore on 02 9251 3311