

17th March, 2008

ASX ANNOUNCEMENT

Oil Shows to be tested.

K2 Energy is pleased to announce that the Priegel #3 well in its Bad Creek Project in Oklahoma has reached total depth of 2300 feet.

Logs showed good oil shows in the target formation the Booch sand and 40 feet of potential pay was identified.

Production casing has been set in preparation for testing and the operator is currently perforating the Booch zone in preparation for acid stimulation and a gel foam fracture stimulation treatment scheduled for 20th March next.

K2 Energy has a 33% interest in the well. The Booch zone is primarily an oil target with some potential for gas.

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