

ASX ANNOUNCEMENT

22nd May 2008

Share Placement

K2 Energy Limited (ASX code KTE) is pleased to advise that it has successfully completed the placement of 22 million fully paid ordinary shares at 14 cents per share to raise \$3.08 million to clients of Martin Place Securities Pty Limited.

The placement of 11.8 million shares is to be completed in early June and the balance of 10.2 million shares is to be completed subject to shareholder approval at a General Meeting of Shareholders of the company.

The funds raised will provide working capital for the company's conventional oil and gas projects in the USA, as well as the further accelerated drilling of its Woodford and Caney shale gas project in Oklahoma. The company is seeking to convert the previously announced contingent resource of up to 81 bcf of gas net to KTE to probable and proven reserves.

The company plans to drill the first two horizontal Woodford Shale wells in the coming weeks with the first well due to spud shortly.

For further information please contact Managing Director Peter Moore on 02 92512254.