

April 23rd, 2008

## **ASX ANNOUNCEMENT**

### **Well completed – evaluation continues**

K2 Energy is pleased to announce that the Priegel #3 Booch (Boak) sand zone appraisal well in its Bad Creek Project in Oklahoma is proceeding to completion after delays due to flooding during heavy rains during March in Oklahoma.

On March 24<sup>th</sup> last the well was acid stimulated and swabbed back 15 -20 feet of free oil. On March 29<sup>th</sup> the Booch zone was fracture stimulated and the well flowed fluids before being placed on pump on April 15<sup>th</sup>. The well has been producing 7-8 barrels of fluid per hour with a 2-5% oil cut since that time and the operator plans to continue to pump fluids for 30 days to evaluate the potential of the well to produce at an economic oil cut percentage in the fluids produced.

The Priegel #3 well is intended to evaluate the potential of the Booch zone for a water flood oil recovery project and /or a horizontal drilling program to produce oil from the extensive Booch reservoir mapped on 3D seismic.

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