

27<sup>th</sup> November 2008

The Manager Companies  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

**OPTIONS EXPIRING 31st DECEMBER 2008 (ASX Code "KTEO")**

With reference to Listing Rule 6.24 and paragraph 6.1 of Appendix 6A (Timetables) of the ASX Listing Rules, K2 Energy Limited has received conditional approval from the Australian Securities Exchange for a waiver from sending Options expiry notices to holders whose Options expire on 31st December 2008.

The Waiver has been granted on the basis that the likelihood of optionholders exercising the options is too remote to justify the cost of sending notices, and is granted on condition that notices will be sent out if there is a substantial increase in the trading price prior to the option expiry date. Having received this waiver K2 Energy Limited will not be sending individual option holders a statement in relation to the expiry of the options.

The following information is provided for option holders as per Clause 6.1 of Appendix 6A of the ASX listing rules:-

- Total number of options exercisable by 31st December 2008 is 12,298,000.
- Total exercise price payable on these options is \$0.20 per share.
- Latest exercise date is 31st December 2008.
- Any options not exercised by payment of the required amount will lapse and have no value.
- The latest business date upon which the options will be quoted on the ASX is 23<sup>rd</sup> December 2008.
- The latest available market price of the shares was 2 cents on 26th November 2008.
- The highest market price of the shares during the 3 months immediately prior to this notice was 9.5 cents per share on 29th August 2008.
- The lowest market price of the shares during the 3 months immediately prior to this notice was 2 cents per option on 26th November 2008.
- The lowest market price of the Ordinary Shares during the 3 months immediately prior to this notice was 2 cents per share on 26th November 2008.
- The options have not traded in the last 3 months.
- The exercise of these options is not underwritten.

Yours faithfully,



T A Flitcroft  
Company Secretary