

February 17, 2010

NEW OPERATOR FOR OKLAHOMA PROJECT

Highlights:

- **Metro Energy replaced as operator of 31 K2 wells**
- **Trey Resources, experienced and well established Operator nominated.**
- **Bad Creek project review.**

K2 Energy Limited (ASX-KTE) is pleased to announce Metro Energy Group has been replaced as Operator of all 31 of K2's oil and gas wells in Oklahoma.

Trey Resources Inc. has been designated as operator of the 21 wells in which KTE was a joint owner with other parties. GTK Resources LLC ("GTK") has acquired ownership of working interests of the jointly owned properties as the result of a settlement of legal action between Metro Energy Group and others parties with rights to the oil and gas properties. As a result of the settlement, Metro relinquished operations in the Oklahoma Project to GTK or a designated operator. GTK has designated Trey Resources, Inc. ("Trey") as operator of these joint wells in Oklahoma.

As a part of negotiating new Joint Operating Agreements for the jointly held properties, Trey has agreed to take over the operations of KTE's ten 100% working interest wells in the Bad Creek Project in Oklahoma. Trey will be officially appointed Operator for all 31 wells upon completion of the transfer process with the Oklahoma Corporation Commission.

The net result of the Gas Rock settlement with Metro Energy and the nomination of Trey as Operator of K2's 100% owned wells is that K2 Energy will have no further dealings with Metro Energy in the operations and development of the Oklahoma oil and gas project. The removal of Metro achieves one major goal of K2's legal action against Metro Energy currently before the Oklahoma courts.

Trey will conduct a full review and assessment of the existing wells with a view to restoring production on as many wells as possible as a matter of urgency. Trey and KTE will also immediately review all geological and engineering data for the project with a view to developing and implementing a revised exploration and development plan for the Bad Creek project which has significant potential for resource plays in the Caney and Woodford shale gas play as well as additional oil and gas potential.

The company believes that the appointment of an operator with unconventional and horizontal experience to the Oklahoma project is a significant step in unlocking the value and potential of the project for KTE shareholders.

TREY RESOURCES INC.

TREY is an Oklahoma company established by Dave Thomas and his wife Mitzi Thomas in 1983. The company is based in Midland Texas and has extensive operations in Oklahoma.

Trey is a family company that has impressive expertise and experience in all aspects of the oil and gas business, with particular emphasis on unconventional gas plays. Dave Thomas, the Chairman, President and CEO of Trey, has over 30 years of experience in the commercial and technical aspects of the oil and gas business as an executive and manager with land and geoscience responsibilities with several major companies and independents including Conoco, Mobil Oil, Tom Brown Inc. and Concho Resources. Dave holds a Masters Degree in Geology from the University of Oklahoma and has extensive expertise and experience in identifying and exploiting unconventional resource plays.

Commenting on the change in Operator K2 Energy's Managing Director, Peter Moore said, **"The nomination of Trey Resources as Operator is a very positive news for the company. It means that the highly prospective Bad Creek Project is now up and going again after a frustrating 18 months of inactivity due to operator issues. We remain very positive about the potential of the project and believe that the appointment of the experienced Trey team as Operator is the first step in adding significant value for patient K2 shareholders"**.

**For further information contact Managing Director, Peter Moore on
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