

23rd July, 2010

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30th June 2010

The Directors of K2 Energy Limited (ASX: KTE) are pleased to provide the following report for the Quarter ended 30th June 2010.

MEARS SOLAR

During the March Quarter the company secured the exclusive worldwide rights to the Mears Silicon Technology for all solar energy applications from Mears Technologies Inc. ("MTI").

The Mears MST™ technology, potentially addresses one of the major limiting factors for photovoltaic (PV) technology and solar power generation, being the efficiency limits of silicon PV cells. MTI is confident that a key efficiency parameter can be lifted significantly using MST™ technology and furthermore that the amount of silicon required can be significantly reduced over time, potentially making PV cells both significantly more efficient and much less expensive.

The MST™ technology involves the production of altered or "nano-doped" layers of silicon that can be inserted into the manufacture of silicon solar PV wafers. The process lends itself to application in existing silicon wafer manufacturing processes.

K2's solar research and development continued during the June quarter. The highlights of the quarter were:

- The optical characterisation milestone has been achieved (optical characterisation is the analysis of the ability of materials to absorb light)
- Side by side testing of the Mears Silicon Technology ("MST™") solar cell is on track for December 2010
- Commercialisation of the technology with PV solar cell manufacturers is still scheduled for 2011.

The head of Mears Technologies Inc., Dr Robert Mears, was appointed to the K2 Energy Limited Board of Directors in July 2010.

OIL AND GAS

On 17th June 2000 KTE acquired approximately 30% of Trey Resources 1 LLC, a US-based limited liability company, in exchange for its oil and gas assets and 100% of the shares in K2 Energy USA Inc. which were transferred to Trey Inc as part of this transaction.

Oil and gas outgoings in the future have been substantially reduced. KTE has the opportunity to invest further in additional exploration, at its election, in proportion to its holding in Trey Resources 1 LLC.