

28th October, 2010

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER
ENDED 30th September 2010**

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

During the September quarter the Company successfully completed a rights issue raising \$3.92 million.

MEARS SOLAR

All of the milestones set in relation to the Company's solar program were met during the September quarter.

The company's short term goals are to:-

1. Complete a side by test demonstration of MST enhanced (Photovoltaic) solar cell relative to a baseline silicon cell; and
2. Commence commercialisation discussions with one or more parties in 2011.

The solar side-by-side testing program is on track for December 2010 using leading facilities in the US and Japan. The designs of the MST™ solar cells have been completed on time and take advantage of the significantly enhanced optical absorption of MST™ silicon. The demonstration cells are currently being made.

MEARS Technologies will be attending the Photovoltaic Technology Symposium at SEMICON® to be held in Tokyo, Japan on December 1-3, 2010.

OIL AND GAS

KTE retains its shareholding in Trey Resources I LLC, a US-based limited liability company. During the quarter there was no drilling activity.