

29th January, 2010

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER
ENDED 31st DECEMBER 2009**

The Directors of K2 Energy Limited (ASX: KTE) are pleased to provide the following report for the Quarter ended 31st December, 2009.

REVIEW OF OPERATIONS

During the Quarter the company continued to conserve capital and evaluate new opportunities in the resources and renewable and conventional energy sector.

Operations in the company's Bad Creek project area in Oklahoma remain suspended pending the outcome of the ongoing legal and accounting dispute with the operator of the project, Metro Energy Group. The company however continues to work on resolving the issues on the project. Assessment and evaluation of project data is being revised with plans to resume operations on the project once the issues are resolved with Metro Energy.

During the quarter the company became aware that Metro Energy had shut in all producing wells in the Oklahoma project, without advising the company. K2 Energy had previously placed liens on the production revenue from the producing wells to prevent the revenue being paid to Metro Energy. The wells remain shut in and the company will look to resume production once the issues with Metro Energy are resolved.

For further information contact:
Mr Peter Moore,
Managing Director.
Ph: 02 9251 3311
Email: pmoore@k2energy.com.au