

30th August 2010

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Non-Renounceable Rights Issue - Shortfall

The Board of K2 Energy Limited is pleased to advise that the Company's non-renounceable rights issue to raise up to \$3.920 million has closed with a total of \$1.962 million raised.

K2 Energy Limited received acceptances for shares totalling 39,230,396 shares.

The shortfall therefore is 39,162,768 shares.

The company's broker, Foster Stockbroking Limited, has been engaged to place the shortfall shares, in accordance with the Rights Issue Offer document.

Shares will be allotted on 2nd September 2010 and statements dispatched.

Trading of the new shares will commence on 3rd September 2010.

For and on behalf of
K2 Energy Limited



T A Flitcroft
Company Secretary