

5<sup>th</sup> December 2012

**MEARS TECHNOLOGIES, INC. AND K2 ENERGY LIMITED ENTER INTO AN AGREEMENT AND PLAN OF MERGER**

K2 Energy Limited (ASX:KTE) (“K2”) is pleased to announce that it has entered into an Agreement and Plan of Merger with MEARS Technologies, Inc. (“MEARS”) for the purpose of its proposed merger with MEARS, which was announced to ASX on 22 October 2012.

The Agreement and Plan of Merger is attached to this announcement and contains certain standard provisions for mergers under Delaware law, including representations and warranties (see articles II and III), conditions precedent (see article V) and termination rights (see article VI).

K2 is seeking to dispatch a Notice of Meeting and Explanatory Memorandum to its shareholders in January 2013. This document will include full details of MEARS, the proposed merger transaction and the capital raisings that will take place in connection with the merger.

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

K2 ENERGY LIMITED,

K2 MERGER SUBSIDIARY, INC.

AND

MEARS TECHNOLOGIES, INC.

December 4, 2012

## **AGREEMENT AND PLAN OF MERGER**

Agreement entered into as of December 4, 2012 by and among K2 Energy Limited, an Australian corporation (the “Buyer”), K2 Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of the Buyer (the “Transitory Subsidiary”), and Mears Technologies, Inc., a Delaware corporation (the “Company”).

This Agreement contemplates a merger of the Transitory Subsidiary into the Company. In such merger, the stockholders of the Company and certain option holders and warrant holders of the Company will receive ordinary shares of the Buyer in exchange for their common stock, options and warrants of the Company. Capitalized terms shall have the meanings set forth in ARTICLE VII.

The Parties intend that, as soon as practicable following the execution of this Agreement, certain stockholders of the Company will cause written consents to the transactions contemplated by this Agreement to be executed by themselves or by their proxy holders.

NOW, THEREFORE, in consideration of the representations, warranties and covenants herein contained, the Parties agree as follows.

### **ARTICLE I THE MERGER**

1.1 The Merger. Upon and subject to the terms and conditions of this Agreement, the Transitory Subsidiary shall merge with and into the Company at the Effective Time. From and after the Effective Time, the separate corporate existence of the Transitory Subsidiary shall cease and the Company shall continue as the Surviving Corporation. The Merger shall have the effects set forth in Section 259 of the Delaware General Corporation Law.

1.2 The Closing. The Closing shall take place at the Waltham office of Wilmer Cutler Pickering Hale & Dorr LLP commencing at 9:00 a.m. local time on the Closing Date.

1.3 Actions at the Closing. At the Closing:

(a) the Company shall deliver to the Buyer and the Transitory Subsidiary the various certificates, instruments and documents referred to in Section 5.2;

(b) the Buyer and the Transitory Subsidiary shall deliver to the Company the various certificates, instruments and documents referred to in Section 5.3;

(c) the Surviving Corporation shall file with the Secretary of State of the State of Delaware the Certificate of Merger; and

(d) the Buyer shall issue the Merger Shares in accordance with Section 1.6.

1.4 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of any Party or the holder of any of the following securities:

(a) Each Company Share issued and outstanding immediately prior to the Effective Time (other than Company Shares owned beneficially by the Buyer or the Transitory Subsidiary, Dissenting Shares and Company Shares held in the Company's treasury) shall be converted into and represent the right to receive such number of Buyer Ordinary Shares as is set forth on the Conversion Schedule.

(b) Each Company Option issued and outstanding immediately prior to the Effective Time and held by an Accredited Investor (other than Company Options owned beneficially by the Buyer or the Transitory Subsidiary and Company Options the holders of which have not executed and delivered to the Company an Option Exchange Agreement providing that such Company Option has been converted into the right to receive Merger Shares) shall be converted into and represent the right to receive such number of Buyer Ordinary Shares as is set forth on the Conversion Schedule.

(c) Each Company Warrant issued and outstanding immediately prior to the Effective Time (other than Company Warrants owned beneficially by the Buyer or the Transitory Subsidiary and Company Warrants the holders of which have not executed and delivered to the Company a Warrant Exchange Agreement providing that such Company Warrant has been converted into the right to receive Merger Shares) shall be converted into and represent the right to receive such number of Buyer Ordinary Shares as is set forth on the Conversion Schedule.

(d) Each Company Share held in the Company's treasury immediately prior to the Effective Time and each Company Share, Company Option and/or Company Warrant owned beneficially by the Buyer or the Transitory Subsidiary shall be cancelled and retired without payment of any consideration therefor.

(e) Each share of common stock, \$.01 par value per share, of the Transitory Subsidiary issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter evidence one share of common stock, \$.01 par value per share, of the Surviving Corporation.

#### 1.5 Dissenting Shares.

(a) Dissenting Shares shall not be converted into or represent the right to receive Merger Shares, unless the Company Stockholder holding such Dissenting Shares shall have forfeited his, her or its right to appraisal under the Delaware General Corporation Law or properly withdrawn, his, her or its demand for appraisal. If such Company Stockholder has so forfeited or withdrawn his, her or its right to appraisal of Dissenting Shares, then (i) as of the occurrence of such event, such holder's Dissenting Shares shall cease to be Dissenting Shares and shall be converted into and represent the right to receive the Merger Shares issuable in respect of such Company Shares pursuant to Section 1.4, and (ii) promptly following the occurrence of such event, the Buyer shall issue to the Company Stockholder the Merger Shares to which such holder is entitled pursuant to Section 1.4.

(b) The Company shall give the Buyer prompt notice of any written demands for appraisal of any Company Shares, withdrawals of such demands, and any other instruments that relate to such demands received by the Company. The Company shall not, except with the

prior written consent of the Buyer, make any payment with respect to any demands for appraisal of Company Shares or offer to settle or settle any such demands.

#### 1.6 Exchange of Shares.

(a) As soon as practicable after the Effective Time, the Company shall send a notice and a transmittal form to each holder of a Certificate advising such holder of the effectiveness of the Merger and the procedure for surrendering to the Buyer such Certificate in exchange for the Merger Shares issuable pursuant to Section 1.4. Subject to Section 1.7, each holder of a Certificate, upon proper surrender thereof to the Buyer in accordance with the instructions in such notice, shall be entitled to receive in exchange therefor (subject to any taxes required to be withheld) the Merger Shares issuable pursuant to Section 1.4. Until properly surrendered, each such Certificate shall be deemed for all purposes to evidence only the right to be issued Merger Shares pursuant to Section 1.4. Holders of Certificates shall not be entitled to be issued the Merger Shares to which they would otherwise be entitled until such Certificates are properly surrendered.

(b) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed, the Buyer shall issue in exchange for such lost, stolen or destroyed Certificate the Merger Shares issuable in exchange therefor pursuant to Section 1.4.

1.7 Fractional Shares. If the number of Company Shares, Company Options or Company Warrants held by a holder of a Certificate is such that the aggregate entitlement of that holder to Merger Shares is not a whole number, then the entitlement in each case must be rounded down to the nearest whole number.

#### 1.8 Certificate of Incorporation and By-laws.

(a) The Certificate of Incorporation of the Surviving Corporation immediately following the Effective Time shall be amended so that such Certificate of Incorporation is identical to the Certificate of Incorporation of the Transitory Subsidiary immediately prior to the Effective Time, except that (i) the name of the corporation set forth therein shall be changed to the name of the Company and (ii) the identity of the incorporator shall be deleted.

(b) The By-laws of the Surviving Corporation immediately following the Effective Time shall be the same as the By-laws of the Transitory Subsidiary immediately prior to the Effective Time, except that the name of the corporation set forth therein shall be changed to the name of the Company.

#### 1.9 Company Warrants.

(a) As of the Effective Time and subject to a lower percentage being agreed under Section 5.2(e), the Buyer agrees that any outstanding Company Warrants not subject to a Warrant Exchange Agreement, if any (the "Assumed Company Warrants"), whether vested or unvested, shall have the right to receive upon exercise, such number of shares of Buyer Ordinary Shares as is set forth on the Conversion Schedule, at such exercise price as is set forth on the

Conversion Schedule. Within two (2) business days prior to the Closing, the Company will provide the Buyer with the list of Assumed Company Warrants, if any.

(b) As soon as practicable after the Effective Time, the Buyer or the Surviving Corporation shall deliver to the holders of Assumed Company Warrants appropriate notices setting forth such holders' rights pursuant to such Assumed Company Warrants and the agreements evidencing such Assumed Company Warrants shall continue in effect on the same terms and conditions (subject to the amendments provided for in this Section 1.9 and such notice).

(c) The Buyer shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Buyer Ordinary Shares for delivery upon exercise of the Assumed Company Warrants assumed in accordance with this Section 1.9 and to ensure that such Buyer Ordinary Shares, when delivered upon the exercise of Assumed Company Warrants, shall be freely tradable on the ASX and not subject to any restrictions on sale, assignment or transfer.

1.10 Company Options. Any Company Option not subject to an Option Exchange Agreement as of ten (10) business days prior to the Closing shall be terminated immediately prior to the Effective Time.

1.11 Board of Directors. The Board of Directors of the Buyer and the Surviving Corporation immediately following the Effective Time shall consist of seven directors and the initial directors of the Surviving Corporation shall be John Gerber, Rinn Cleavelin, Rolf Stadheim, Robert Mears, Robert Gaunt, Sam Gazal and Erwin Trautmann.

1.12 No Further Rights. From and after the Effective Time, no Company Shares, Company Options or Company Warrants shall be deemed to be outstanding, and holders of Certificates shall cease to have any rights with respect thereto, except as provided herein or by law.

1.13 Closing of Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of Company Shares, Company Options or Company Warrants shall thereafter be made. If, after the Effective Time, Certificates are presented to the Buyer, the Surviving Corporation or the Exchange Agent, they shall be cancelled and exchanged for Merger Shares in accordance with Section 1.4, subject to applicable law in the case of Dissenting Shares.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

The Company represents and warrants to the Buyer that, except as set forth in the Company Disclosure Schedule, the statements contained in this Article II are true and correct as of the date of this Agreement and will be true and correct as of the Closing as though made as of the Closing, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties will be true and correct as of such date).

## 2.1 Capitalization.

(a) The authorized capital stock of the Company consists of 35,000,000 Company Shares, of which, as of the date of this Agreement, 12,332,685 shares are issued and outstanding and no shares are held in the treasury of the Company.

(b) Section 2.1 of the Company Disclosure Schedule sets forth a complete and accurate list, as of the date of the Agreement, of the holders of capital stock of the Company, showing the number of shares of Company Shares held by each stockholder. All of the issued and outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable. All of the issued and outstanding shares of capital stock of the Company have been offered, issued and sold by the Company in compliance with all applicable federal and state securities laws.

(c) Section 2.1 of the Company Disclosure Schedule sets forth a complete and accurate list, as of the date of this Agreement of: (i) all stock option or other stock or equity-related plans of the Company, indicating for each such plan the number of Company Shares issued to date under such plan, the number of Company Shares subject to outstanding Company Options under such plan and the number of Company Shares reserved for future issuance under such plan; (ii) all holders of outstanding Company Options, indicating with respect to each Company Option the stock option or other stock or equity-related plan of the Company under which it was granted, the number of Company Shares subject to such Company Option, the exercise price, the date of grant, and the vesting schedule (including any acceleration provisions with respect thereto); and (iii) all holders of outstanding Company Warrants, indicating with respect to each Company Warrant the agreement or other document under which it was granted, the number of shares of capital stock, and the class or series of such shares, subject to such Company Warrant, the exercise price, the date of issuance and the expiration date thereof.

(d) Except as set forth in this Section 2.1 or in Section 2.1 of the Company Disclosure Schedule, (i) no subscription, warrant, option, convertible security or other right (contingent or otherwise) to purchase or acquire any shares of capital stock of the Company is authorized or outstanding, (ii) the Company has no obligation (contingent or otherwise) to issue any subscription, warrant, option, convertible security or other such right, or to issue or distribute to holders of any shares of its capital stock any evidences of indebtedness or assets of the Company, (iii) the Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or to make any other distribution in respect thereof, and (iv) there are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Company.

(e) Except as set forth in Section 2.1 of the Company Disclosure Schedule, there is no agreement, written or oral, between the Company and any holder of its securities, or, to the best of the Company's knowledge, among any holders of its securities, relating to the sale or transfer (including agreements relating to rights of first refusal, co-sale rights or "drag-along" rights), registration under the Securities Act, or voting, of the capital stock of the Company other than the Company Investor Agreements.

2.2 Authorization of Transaction. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by the Company of this Agreement and, subject to obtaining the Company Stockholder Approval, which is the only approval required from the Company Stockholders, the consummation by the Company of the transactions contemplated hereby has been duly and validly authorized by all necessary corporate action on the part of the Company. Without limiting the generality of the foregoing, the Board of Directors of the Company (i) determined that the Merger is advisable, fair and in the best interests of the Company and its stockholders, (ii) adopted this Agreement in accordance with the provisions of the Delaware General Corporation Law, and (iii) directed that this Agreement and the Merger be submitted to the stockholders of the Company for their adoption and approval and resolved to recommend that the stockholders of the Company vote in favor of the adoption of this Agreement and the approval of the Merger. This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE BUYER AND THE TRANSITORY SUBSIDIARY**

Each of the Buyer and the Transitory Subsidiary represents and warrants to the Company that, except as set forth in the Buyer Disclosure Schedule, the statements contained in this Article III are true and correct as of the date of this Agreement and will be true and correct as of the Closing as though made as of the Closing, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties will be true and correct as of such date).

#### 3.1 Capitalization.

(a) As of the date of this Agreement, 244,057,151 Buyer Ordinary Shares are issued and outstanding and no shares are held in the treasury of the Buyer. As of the date of this Agreement and as of the Effective Time, the Buyer neither (A) has any shares of capital stock or other securities of the Buyer issued or outstanding nor (B) is obligated, contingently or otherwise, to issue any such shares or other securities, other than (i) the Buyer Ordinary Shares described in the preceding sentence, (ii) the Buyer Ordinary Shares issuable to holders of Company Shares, Company Warrants and Company Options in accordance with this Agreement, (iii) the Merger Financing Shares, (iv) options to purchase or acquire up to 6,000,000 Buyer Ordinary Shares that are issued and outstanding and (v) options to purchase or acquire up to 2,000,000 Buyer Ordinary Shares that the Buyer has agreed to issue to Foster Stockbroking Pty Limited.

(b) All of the issued and outstanding Buyer Ordinary Shares have been duly authorized and validly issued and are fully paid and nonassessable. All of the issued and outstanding Buyer Ordinary Shares have been offered, issued and sold by the Buyer in compliance with all applicable federal and state securities laws.



(c) Section 3.1 of the Buyer Disclosure Schedule sets forth a complete and accurate list, as of the date of this Agreement of: (i) all stock option or other stock or equity-related plan of the Buyer, indicating for each such plan the number of Buyer Ordinary Shares issued to date under such plan, the number of Buyer Ordinary Shares subject to outstanding options under such plan and the number of Buyer Ordinary Shares reserved for future issuance under such plan; (ii) all holders of outstanding Options, indicating with respect to each Option the stock option or other stock or equity-related plan of the Buyer under which it was granted, the number of Buyer Ordinary Shares subject to such Option, the exercise price, the date of grant, and the vesting schedule (including any acceleration provisions with respect thereto); and (iii) all holders of outstanding Warrants, indicating with respect to each Warrant the agreement or other document under which it was granted, the number of shares of capital stock, and the class or series of such shares, subject to such Warrant, the exercise price, the date of issuance and the expiration date thereof. All of the shares of capital stock of the Buyer subject to Options and Warrants will be, upon issuance pursuant to the exercise of such instruments, duly authorized, validly issued, fully paid and nonassessable.

(d) Except as set forth in this Section 3.1 or in Section 3.1 of the Buyer Disclosure Schedule, as of the date of this Agreement, (i) no subscription, warrant, option, convertible security or other right (contingent or otherwise) to purchase or acquire any shares of capital stock of the Buyer is authorized or outstanding, (ii) the Buyer has no obligation (contingent or otherwise) to issue any subscription, warrant, option, convertible security or other such right, or to issue or distribute to holders of any shares of its capital stock any evidences of indebtedness or assets of the Buyer, (iii) the Buyer has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or to make any other distribution in respect thereof, and (iv) there are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to the Buyer.

(e) Except as set forth in Section 3.1 of the Buyer Disclosure Schedule, there is no agreement, written or oral, between the Buyer and any holder of its securities, or, to the best of the Buyer's knowledge, among any holders of its securities, relating to the sale or transfer (including agreements relating to rights of first refusal, co-sale rights or "drag-along" rights), registration under the Securities Act, or voting, of the capital stock of the Buyer.

3.2 Authorization of Transaction. Each of the Buyer and the Transitory Subsidiary has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery by the Buyer and the Transitory Subsidiary of this Agreement and, subject to obtaining the Buyer Stockholder Approval, which is the only approval required from the Buyer Stockholders, the consummation by the Buyer and the Transitory Subsidiary of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Buyer and Transitory Subsidiary, respectively. Without limiting the generality of the foregoing, the Board of Directors of the Buyer, (i) determined that the Merger is advisable, fair and in the best interests of the Buyer and its stockholders, (ii) adopted this Agreement in accordance with the provisions of the Corporations Act, and (iii) directed that this Agreement and the Merger be submitted to the stockholders of the Buyer for their adoption and approval and resolved to recommend that the stockholders of the Buyer vote in favor of the adoption of this Agreement

and the approval of the Merger. This Agreement has been duly and validly executed and delivered by the Buyer and the Transitory Subsidiary and constitutes a valid and binding obligation of the Buyer and the Transitory Subsidiary, enforceable against them in accordance with its terms.

3.3 Listing. Prior to the Effective Time, the Buyer shall have secured for listing upon the ASX, the Merger Shares upon issuance thereof, and upon such issuance, the Merger Shares shall be freely tradable on the ASX and not subject to any restrictions on sale, assignment or transfer.

## **ARTICLE IV COVENANTS**

4.1 Closing Efforts. Each of the Parties shall use its Reasonable Best Efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including using its Reasonable Best Efforts to ensure that (i) its representations and warranties remain true and correct in all material respects through the Closing Date and (ii) the conditions to the obligations of the other Parties to consummate the Merger are satisfied.

### 4.2 Governmental and Third-Party Notices and Consents.

(a) Each Party shall use its Reasonable Best Efforts to obtain, at its expense, all waivers, permits, consents, approvals or other authorizations from Governmental Entities, and to effect all registrations, filings and notices with or to Governmental Entities, as may be required for such Party to consummate the transactions contemplated by this Agreement and to otherwise comply with all applicable laws and regulations in connection with the consummation of the transactions contemplated by this Agreement.

(b) The Company shall use its Reasonable Best Efforts to obtain, at its expense, all such waivers, consents or approvals from third parties, and to give all such notices to third parties, as are required in connection with this Agreement and the Merger under any agreements with the Company.

### 4.3 Stockholder Approval.

(a) As promptly as practicable after the execution of this Agreement, the Parties shall prepare the Disclosure Statement. The Disclosure Statement shall include (i) excerpts from the Meeting Materials to the extent necessary to comply with applicable law, (ii) a summary of the Merger and this Agreement and (iii) a statement that appraisal rights are available for the Company Shares pursuant to Section 262 of the Delaware General Corporation Law and a copy of such Section 262. Each of the Company and the Buyer shall furnish all information that the other Party may reasonably request in connection with the preparation of the Disclosure Statement. Each of the Company and the Buyer shall use Reasonable Best Efforts to cause the Disclosure Statement to comply with applicable law. The Company shall as promptly as practicable mail the Disclosure Schedule to the Company Stockholders. The Company shall use reasonable efforts to secure and cause to be filed with the Company consents from Company Stockholders necessary to secure the Company Stockholder Approval. Following the receipt of

the Company Stockholder Approval, the Company shall notify the Buyer. The Company shall also send, pursuant to Sections 228 and 262(d) of the Delaware General Corporation Law, a written notice to all stockholders of the Company that did not execute such written consent informing them that this Agreement and the Merger were adopted and approved by the stockholders of the Company and that appraisal rights are available for their Company Shares pursuant to Section 262 of the Delaware General Corporation Law (which notice shall include a copy of such Section 262), and shall inform the Buyer of the date on which such notice was sent.

(b) The Company, acting through its Board of Directors, shall include in the Disclosure Statement the unanimous recommendation of its Board of Directors that the stockholders of the Company vote in favor of the adoption of this Agreement and the approval of the Merger. Notwithstanding the foregoing, the obligation set forth in the foregoing sentence shall not apply (and the Board of Directors shall be permitted to modify or withdraw any such recommendation previously made) if the Board of Directors of the Company reasonably concludes, after consultation with its outside legal counsel, that the fiduciary duties of the Board of Directors under applicable law prohibit it from fulfilling the obligations in the foregoing sentence.

(c) The Company shall ensure that the Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading (provided that the Company shall not be responsible for the accuracy or completeness of any information concerning the Buyer or the Transitory Subsidiary furnished by the Buyer in writing for inclusion in the Disclosure Statement).

(d) The Buyer shall ensure that any information furnished by the Buyer to the Company in writing for inclusion in the Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(e) The Buyer shall use Reasonable Best Efforts to obtain from the stockholders of the Buyer at a special meeting of the stockholders of the Buyer, the approval of the issuance of the Merger Shares and any other approvals required by the Buyer to perform its obligations hereunder, including but not limited to its obligations in Section 5.3, without any additional action required, as of the Closing, in each case in accordance with the Listing Rules and the applicable requirements of the Corporations Act. In connection with such special meeting of stockholders, the Buyer shall prepare Meeting Materials in accordance with the requirements of the Listing Rules, lodge the Meeting Materials with the ASX, and promptly following the resolution to the satisfaction of the ASX of all ASX comments on the Meeting Materials, distribute the Meeting Materials to its stockholders and, pursuant thereto, call such special meeting of stockholders and solicit proxies from its stockholders to vote in favor of the approval of the Merger at such special meeting. The Company agrees to cooperate with the Buyer in the preparation of the Meeting Materials.

(f) The Buyer, acting through its Board of Directors, shall include in the Meeting Materials the unanimous recommendation of its Board of Directors that the stockholders of the Buyer vote in favor of the approval of the issuance of Buyer Ordinary Shares in the

Merger. Notwithstanding the foregoing, the obligation set forth in the foregoing sentence shall not apply (and the Board of Directors shall be permitted to modify or withdraw any such recommendation previously made) if the Board of Directors of the Buyer reasonably concludes, after consultation with its outside legal counsel, that the fiduciary duties of the Board of Directors under applicable law prohibit it from fulfilling the obligations in the foregoing sentence.

(g) The Buyer shall ensure that the Meeting Materials do not contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading (provided that the Buyer shall not be responsible for the accuracy or completeness of any information relating to the Company or furnished by the Company in writing for inclusion in the Meeting Materials).

(h) The Company shall ensure that any information relating to the Company or furnished by the Company to the Buyer in writing for inclusion in the Meeting Materials does not contain any statement which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading.

4.4 Financing. The Buyer shall use Reasonable Best Efforts to secure at least AUD \$7,500,000 in gross proceeds from third parties in exchange for the issuance of Buyer Ordinary Shares in an amount to be determined based on a pre-money valuation of the Buyer of at least AUD \$30,000,000 (or such lower amount mutually agreed-upon by the Boards of Directors of both Parties) (such sale and issuance, the “Merger Financing” and the shares to be issued in the Merger Financing, the “Merger Financing Shares”).

4.5 Company Options and Company Warrants. The Company shall take such actions as may be required to cause all Company Options not subject to an Option Exchange Agreement as of ten (10) business days prior to the Closing to be terminated immediately prior to the Effective Time. The Company shall use Reasonable Best Efforts to cause all holders of Company Warrants to execute a Warrant Exchange Agreement with respect to all such Company Warrants. For any Company Warrants not subject to a Warrant Exchange Agreement as of ten (10) business days prior to the Closing and pursuant to the terms of which the Company has the unilateral authority to require that such Company Warrant be exercised or else will terminate prior to the Closing, the Company shall terminate such Company Warrants effective immediately prior to the Closing. Company Warrants not subject to a Warrant Exchange Agreement and not terminated prior to the Closing, if any, shall be treated as set forth in Section 1.9(a).

#### 4.6 Indemnification.

(a) The Buyer shall not, for a period of six (6) years after the Closing, take any action to alter or impair any exculpatory or indemnification provisions now existing in the Certificate of Incorporation or By-laws of the Surviving Company for the benefit of any individual who served as a director or officer of the Company at any time prior to the Closing (an “Indemnified Executive”), except for any changes which may be required to conform with

changes in applicable law and any changes which do not affect the application of such provisions to acts or omissions of such individuals prior to the Closing.

(b) From and after the Closing, the Buyer agrees that it will, and will cause the Surviving Corporation to, indemnify and hold harmless each Indemnified Executive against any costs or expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities or amounts paid in settlement incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Closing, whether asserted or claimed prior to, at or after the Closing, to the fullest extent permitted under Delaware law (and the Buyer and the Surviving Corporation shall also advance expenses as incurred to the fullest extent permitted under Delaware law, provided the Indemnified Executive to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Indemnified Executive is not entitled to indemnification).

(c) For a period of six (6) years after the Closing, the Buyer shall cause the Surviving Corporation to maintain (to the extent available in the market) in effect a directors' and officers' liability insurance policy covering those persons who are currently covered by the Company's directors' and officers' liability insurance policy (a copy of which has been heretofore delivered to the Buyer) with coverage in amount and scope at least as favorable to such persons as the Company's existing coverage; provided, that in no event shall the Buyer or the Surviving Corporation be required to expend in excess of 150% of the annual premium currently paid by the Company for such coverage.

4.7 Listing of Merger Shares. The Buyer shall make application to ASX for the Merger Shares to be listed on the ASX immediately following the Closing Date, such that the Merger Shares shall be freely tradable on the ASX immediately following the Closing Date.

4.8 Promissory Notes. Subject to the holders of promissory notes issued by the Company with a face value in the amount of approximately \$0.58 million extending the maturity date of their promissory notes by six (6) months, the Buyer shall also extend the maturity date of its promissory note with a face value in the amount of \$1 million by six (6) months from April 4, 2013 to October 4, 2013.

4.9 Notifications of Certain Changes by the Company. The Company shall notify the Buyer promptly: (a) if any time on or prior to the Closing, the Company becomes aware that the Company Financial Statements (i) do not comply as to form in all material respects with applicable accounting requirements, (ii) were not prepared in accordance with US GAAP applied on a consistent basis throughout the periods covered thereby (except as may be indicated in the notes to such financial statements) and (iii) do not fairly present the consolidated financial position of the Company as of the dates thereof and the consolidated results of its operations and cash flows for the periods indicated, consistent with the books and records of the Company, except that the unaudited interim financial statements are subject to normal and recurring year-end adjustments which will not be material in amount or effect and do not include footnotes; (b) of any liabilities, not shown on the Most Recent Balance Sheet, except (i) liabilities which (A) have arisen since the Most Recent Balance Sheet Date in the Ordinary Course of Business and (B) are not material, individually or in the aggregate, or (ii) contractual and other liabilities

incurred in the Ordinary Course of Business which are not required by US GAAP to be reflected on a balance sheet; and (c) of any event or development (including Legal Proceedings) occurring since June 30, 2012, or of which the Company became aware on or after June 30, 2012, which, individually or in the aggregate, has had, or could reasonably be expected to have in the future, a Company Material Adverse Effect.

4.10 Notification of Certain Changes by the Buyer. The Buyer shall notify the Company promptly: (a) if any time on or prior to the Closing, the Buyer becomes aware that (i) the Buyer Reports do not comply in all material respects with the requirements of the Corporations Act and all ASX listing requirements and the respective rules and regulations thereunder when filed, (ii) as of their respective dates, the Buyer Reports contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (iii) the audited financial statements and unaudited interim financial statements of the Buyer included in the Buyer Reports (A) do not comply as to form in all material respects with each of the Corporations Act, applicable accounting requirements and Listing Rules and the respective rules and regulations thereunder when filed, (B) were not prepared in accordance with AASBs applied on a consistent basis throughout the periods covered thereby (except as may be indicated therein or in the notes thereto), and (iii) do not fairly present the consolidated financial condition, results of operations and cash flows of the Buyer as of the respective dates thereof and for the periods referred to therein; (b) of any liabilities, not shown on the balance sheet as of June 30, 2012 contained in the Buyer's Annual Report for the fiscal year ended June 30, 2012, except (i) liabilities which (A) have arisen since June 30, 2012 in the Ordinary Course of Business and (B) are not material, individually or in the aggregate, and (ii) contractual and other liabilities incurred in the Ordinary Course of Business which are not required by AASBs to be reflected on a balance sheet; or (c) of any event or development (including Legal Proceedings) occurring since June 30, 2012, or of which Buyer became aware on or after June 30, 2012, which, individually or in the aggregate, has had, or could reasonably be expected to have in the future, a Buyer Material Adverse Effect.

4.11 Notice of Conversion Ratio. On or before the fifth day prior to the Closing Date, the Company shall send notices to each of the holders of Company Shares and, if any, each of the holders of Company Warrants not subject to a Warrant Exchange Agreement, setting forth the exchange ratio for each Company Share as calculated pursuant to the Conversion Schedule.

4.12 Equity Awards. The Buyer shall obtain all necessary consents, approvals or other authorizations (including, without limitation, any applicable approvals of the stockholders of the Buyer) and effected all of the registrations, filings and notices which are required such that Buyer may issue to Robert Mears and Erwin Trautmann and other key management personnel of the Buyer and the Surviving Corporation, without the need for any further actions other than approval by the Board of Directors of the Buyer, options to purchase up to an amount of shares equal to ten percent (10%) of the fully-diluted Buyer Ordinary Shares (such amount to be determined as of immediately following the Closing but after giving effect to and including the issuance of the Merger Financing Shares).

**ARTICLE V**  
**CONDITIONS TO CONSUMMATION OF THE MERGER**

5.1 Conditions to Each Party's Obligations. The respective obligations of each Party to consummate the Merger are subject to the Agreement and the Merger receiving the Company Stockholder Approval and Buyer Stockholder Approval.

5.2 Conditions to Obligations of the Buyer and the Transitory Subsidiary. The obligation of each of the Buyer and the Transitory Subsidiary to consummate the Merger is subject to the satisfaction (or waiver by the Buyer) of the following additional conditions:

(a) the Company shall have obtained (and shall have provided copies thereof to the Buyer) all of the waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices, referred to in Section 4.2 which are required on the part of the Company, except for any which if not obtained or effected would not have a Company Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(b) the representations and warranties of the Company set forth in this Agreement shall be true and correct as of the date of this Agreement and shall be true and correct as of the Closing as though made as of the Closing, except to the extent that the inaccuracy of any such representation or warranty is the result of events or circumstances occurring subsequent to the date of this Agreement and any such inaccuracies, individually or in the aggregate, would not have a Company Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement; *provided, however*, that the representations and warranties made in Section 2.1(a) shall be true and correct as of the Closing Date, except for immaterial inaccuracies;

(c) the Company shall have performed or complied with in all material respects its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(d) no Legal Proceeding shall be pending or threatened in writing wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of the transactions contemplated by this Agreement, or (ii) cause the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect; and

(e) holders of 100% (or such lesser percentage as may be agreed to by the Buyer) of the Company Warrants shall have either entered into a Warrant Exchange Agreement or been notified that their Company Warrant will terminate immediately prior to the Closing if not exercised by such time.

5.3 Conditions to Obligations of the Company. The obligation of the Company to consummate the Merger is subject to the satisfaction of the following additional conditions:

(a) the Merger Shares shall have been approved for listing on the ASX, subject only to official notice of issuance and customary pre-quotations listing conditions, and

upon issuance, the Merger Shares shall be freely transferable and tradable on the ASX and not subject to any restriction on sale, assignment or transfer;

(b) the due execution and delivery of transaction documents for the Merger Financing, which shall provide that the closing of the Merger Financing shall become automatically effective, without any additional action required, as of the Closing (other than conditions of an administrative nature as would usually be imposed by ASX to permit quotation of Buyer Ordinary Shares on ASX);

(c) subject to them consenting to act, the below directors shall have been elected as of the Closing as the directors of the Buyer and the Surviving Corporation: John Gerber, Rinn Cleavelin, Rolf Stadheim, Robert Mears, Robert Gaunt, Sam Gazal and Erwin Trautmann; provided, however, that Erwin Trautmann shall continue to serve as a director for so long as he is Chief Executive Officer of the Buyer.

(d) subject to the Australian Securities & Investments Commission altering the details of the Buyer's registration, the Buyer shall have changed its name to Mears Technologies Limited as of the Closing;

(e) the Buyer shall have effected all of the registrations, filings and notices referred to in Section 4.2 which are required on the part of the Buyer, except for any which if not obtained or effected would not have a Buyer Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(f) the representations and warranties of the Buyer set forth in this Agreement shall be true and correct as of the date of this Agreement and shall be true and correct as of the Closing as though made as of the Closing, except to the extent that the inaccuracy of any such representation or warranty is the result of events or circumstances occurring subsequent to the date of this Agreement and any such inaccuracies, individually or in the aggregate, would not have a Buyer Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement; *provided, however*, that the representations and warranties made in Section 3.1(a) shall be true and correct as of the Closing Date, except for immaterial inaccuracies.

(g) each of the Buyer and the Transitory Subsidiary shall have performed or complied with in all material respects its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(h) no Legal Proceeding shall be pending or threatened in writing wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of the transactions contemplated by this Agreement or (ii) cause the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect; and

(i) no event or circumstances shall have occurred which would have a Buyer Material Adverse Effect on the consolidated financial position of the Buyer and its subsidiaries since the date of, and as disclosed in the Buyer's Annual Report to Shareholders for the fiscal year ended June 30, 2012 (as filed by the Buyer with ASX on September 28, 2012), nor shall any



other event or circumstances have occurred since that date or become likely to occur which would have a Buyer Material Adverse Effect, which is disclosed, in either case:

(i) in the prospectus or any supplementary prospectus issued by the Buyer in connection with the Merger;

(ii) in the Half-year Financial Report of the Buyer and its subsidiaries for the period ended December 31, 2012; or

(iii) by the Buyer or any of its directors to the Company, including pursuant to the obligations set forth in Section 4.10 hereof;

but excluding any event or circumstances which occur directly as a result of any action required by Section 4 of this Agreement, or as a result of the acquisition of the Company by the Buyer, including without limitation the Merger Financing.

## **ARTICLE VI TERMINATION**

6.1 Termination of Agreement. The Parties may terminate this Agreement prior to the Closing, as provided below:

(a) the Parties may terminate this Agreement by mutual written consent;

(b) the Buyer may terminate this Agreement by giving written notice to the Company in the event the Company is in breach of any representation, warranty or covenant contained in this Agreement, and such breach (i) individually or in combination with any other such breach, would cause the conditions set forth in Section 5.2 not to be satisfied and (ii) is not cured within twenty (20) days following delivery by the Buyer to the Company of written notice of such breach;

(c) the Company may terminate this Agreement by giving written notice to the Buyer in the event the Buyer or the Transitory Subsidiary is in breach of any representation, warranty or covenant contained in this Agreement, and such breach (i) individually or in combination with any other such breach, would cause the conditions set forth in Section 5.3 not to be satisfied and (ii) is not cured within twenty (20) days following delivery by the Company to the Buyer of written notice of such breach;

(d) the Buyer may terminate this Agreement by giving written notice to the Company if between June 30, 2012 and Closing there has occurred a change, event, circumstance or development (including Legal Proceedings) which, individually or in the aggregate, has had, or could reasonably be expected to have in the future, a Company Material Adverse Effect, provided that changes, events, circumstances or developments will not be taken into account in determining whether there has been or will be a Company Material Adverse Effect to the extent they are attributable to actions by or on behalf of the Buyer;

(e) the Company may terminate this Agreement by giving written notice to the Buyer if between June 30, 2012 and Closing there has occurred a change, event,

circumstance or development (including Legal Proceedings) which, individually or in the aggregate, has had, or could reasonably be expected to have in the future, a Buyer Material Adverse Effect, provided that changes, events, circumstances or developments will not be taken into account in determining whether there has been or will be a Buyer Material Adverse Effect to the extent they are attributable to actions by or on behalf of the Company;

(f) any Party may terminate this Agreement by giving written notice to the other Parties at any time after the stockholders of the Company and/or the Buyer have voted on whether to approve this Agreement and the Merger in the event this Agreement and the Merger failed to receive the Company Stockholder Approval or Buyer Stockholder Approval;

(g) the Buyer may terminate this Agreement by giving written notice to the Company if the Closing shall not have occurred on or before March 1, 2013 by reason of the failure of any condition precedent under Section 5.1 or 5.2 (unless the failure results primarily from a breach by the Buyer or the Transitory Subsidiary of any representation, warranty or covenant contained in this Agreement); or

(h) the Company may terminate this Agreement by giving written notice to the Buyer if the Closing shall not have occurred on or before March 1, 2013 by reason of the failure of any condition precedent under Section 5.1 or 5.3 (unless the failure results primarily from a breach by the Company of any representation, warranty or covenant contained in this Agreement).

6.2 Effect of Termination. If any Party terminates this Agreement pursuant to Section 6.1 all obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party for willful breaches of this Agreement prior to such termination).

## **ARTICLE VII DEFINITIONS**

For purposes of this Agreement, each of the following terms shall have the meaning set forth below.

“AASBs” shall mean Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board under the Corporations Act.

“Assumed Company Warrant” shall have the meaning set forth in Section 1.9(a).

“ASX” shall mean the Australian Securities Exchange or ASX Limited, as the context requires.

“Accredited Investors” shall have the meaning given to such term in Rule 501(a) of Regulation D promulgated under the Securities Act.

“Buyer” shall have the meaning set forth in the first paragraph of this Agreement.

“Buyer Disclosure Schedule” shall mean the disclosure schedule provided by the Buyer and the Transitory Subsidiary to the Company on the date hereof.

“Buyer Material Adverse Effect” shall mean any material adverse change, event, circumstance or development with respect to, or material adverse effect on, the business, assets, liabilities, capitalization, prospects, condition (financial or other), or results of operations of the Buyer. For the avoidance of doubt, the parties agree that the terms “material”, “materially” or “materiality” as used in this Agreement with an initial lower case “m” shall have their respective customary and ordinary meanings, without regard to the meaning ascribed to Buyer Material Adverse Effect.

“Buyer Ordinary Shares” shall mean the ordinary shares of the Buyer.

“Buyer Reports” shall mean (a) the Buyer’s Annual Report for the fiscal year ended June 30, 2012, as filed with ASX on September 28, 2012, and (b) all other reports filed by the Buyer under the Corporations Act or with the ASX since June 30, 2012.

“Buyer Stockholders” shall mean the stockholders of record of the Buyer immediately prior to the Effective Time.

“Buyer Stockholder Approval” shall mean the approval of the merger by a majority of the votes represented by the outstanding Buyer Ordinary Shares entitled to vote on this Agreement and the Merger.

“Certificate of Merger” shall mean the certificate of merger or other appropriate documents prepared and executed in accordance with Section 251(c) of the Delaware General Corporation Law.

“Certificates” shall mean (a) stock certificates that, immediately prior to the Effective Time, represented Company Shares converted into Merger Shares pursuant to Section 1.4 (including any Company Shares referred to in the last sentence of Section 1.5(a)), (b) option agreements that, immediately prior to the Effective Time, represented Company Options converted into Merger Shares pursuant to Section 1.4, and (c) warrants agreements that, immediately prior to the Effective Time, represented Company Warrants converted into Merger Shares pursuant to Section 1.4.

“Closing” shall mean the closing of the transactions contemplated by this Agreement.

“Closing Date” shall mean the date two business days after the satisfaction or waiver of all of the conditions to the obligations of the Parties to consummate the transactions contemplated hereby (excluding the delivery at the Closing of any of the documents set forth in Article V), or such other date as may be mutually agreeable to the Parties.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Company” shall have the meaning set forth in the first paragraph of this Agreement.

“Company Disclosure Schedule” shall mean the Company Disclosure Schedule provided by the Company to the Buyer on the date hereof.

“Company Financial Statements” shall mean:

(a) the audited consolidated balance sheets and statements of income, changes in stockholders’ equity and cash flows of the Company as of the end of and for each of the last three fiscal years, and

(b) the Most Recent Balance Sheet and the unaudited consolidated statements of income, changes in stockholders’ equity and cash flows for the six (6) months ended as of the Most Recent Balance Sheet Date.

“Company Investor Agreements” shall mean the Third Amended and Restated Investor Rights Agreement, dated as of November 14, 2011, by and among the Company and the parties named therein, Third Amended and Restated Stockholders’ Voting Agreement, dated as of November 14, 2011, by and among the Company and the parties named therein, and the Third Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of November 14, 2011, by and among the Company and the parties named therein.

“Company Material Adverse Effect” shall mean any material adverse change, event, circumstance or development with respect to, or material adverse effect on, the business, assets, liabilities, capitalization, prospects, condition (financial or other), or results of operations of the Company. For the avoidance of doubt, the parties agree that the terms “material”, “materially” or “materiality” as used in this Agreement with an initial lower case “m” shall have their respective customary and ordinary meanings, without regard to the meaning ascribed to Company Material Adverse Effect.

“Company Options” shall mean each option to purchase or acquire Company Shares, whether issued by the Company pursuant to the Company’s 2007 Stock Incentive Plan, as amended, or otherwise.

“Company Shares” shall mean the shares of Common Stock, \$0.001 par value per share, of the Company.

“Company Stockholders” shall mean the stockholders of record of the Company immediately prior to the Effective Time.

“Company Stockholder Approval” shall mean the adoption of this Agreement and the approval of the Merger by a majority of the votes represented by the outstanding Company Shares entitled to vote on this Agreement and the Merger.

“Company Warrants” shall mean each warrant or other contractual right to purchase or acquire Company Shares, provided that Company Options shall not be considered Warrants.

“Conversion Schedule” shall mean the schedule set forth on Exhibit A hereto.

“Corporations Act” shall mean the Corporations Act 2001 of the Commonwealth of Australia.

“Designated Person” shall mean any shall any Company Stockholder or affiliate thereof, or any officer, employee or director of the Company, or affiliate thereof.

“Disclosure Statement” shall mean a written proxy or information statement containing the information prescribed by Section 4.3(a).

“Dissenting Shares” shall mean Company Shares held as of the Effective Time by a Company Stockholder who has not voted such Company Shares in favor of the adoption of this Agreement and with respect to which appraisal shall have been duly demanded and perfected in accordance with Section 262 of the Delaware General Corporation Law and not effectively withdrawn or forfeited prior to the Effective Time.

“Effective Time” shall mean the time at which the Surviving Corporation files the Certificate of Merger with the Secretary of State of the State of Delaware.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Governmental Entity” shall mean any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency.

“Indemnified Executive” shall have the meaning set forth in Section 4.6.

“Legal Proceeding” shall mean any action, suit, proceeding, claim, arbitration or investigation before any Governmental Entity or before any arbitrator.

“Listing Rules” shall mean the Listing Rules of ASX.

“Meeting Materials” shall mean a Notice of Meeting and Explanatory Memorandum of the Buyer.

“Merger” shall mean the merger of the Transitory Subsidiary with and into the Company in accordance with the terms of this Agreement.

“Merger Financing” shall have the meaning set forth in Section 4.4.

“Merger Financing Shares” shall have the meaning set forth in Section 4.4.

“Merger Shares” shall mean the Buyer Ordinary Shares into which Company Shares, Company Options and Company Warrants are converted pursuant to Section 1.4.

“Most Recent Balance Sheet” shall mean the unaudited consolidated balance sheet of the Company as of the Most Recent Balance Sheet Date.

“Most Recent Balance Sheet Date” shall mean June 30, 2012.

“Option Exchange Agreement” shall mean the agreement entered into between the Company and a holder of a Company Option that is an Accredited Investor, in the form attached hereto as Exhibit B, pursuant to which a Company Option is either converted into the right to receive Merger Shares upon the Closing or is terminated effective immediately prior to the Closing.

“Ordinary Course of Business” shall mean the ordinary course of business consistent with past custom and practice (including with respect to frequency and amount).

“Parties” shall mean the Buyer, the Transitory Subsidiary and the Company.

“Reasonable Best Efforts” shall mean best efforts, to the extent commercially reasonable.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Surviving Corporation” shall mean the Company, as the surviving corporation in the Merger.

“Transitory Subsidiary” shall have the meaning set forth in the first paragraph of this Agreement.

“US GAAP” shall mean United States generally accepted accounting principles.

“Warrant Exchange Agreement” shall mean the agreement entered into between the Company and a holder of a Company Warrant, in the form attached hereto as Exhibit C, pursuant to which a Company Warrant is either converted into the right to receive Merger Shares upon the Closing or is terminated effective immediately prior to the Closing.

## **ARTICLE VIII MISCELLANEOUS**

8.1 Press Releases and Announcements. No Party shall issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other Parties; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law, regulation or stock market rule (in which case the disclosing Party shall use reasonable efforts to advise the other Parties and provide them with a copy of the proposed disclosure prior to making the disclosure).

8.2 No Third Party Beneficiaries; Waiver of Conflicts Regarding Representation.

(a) This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns; provided, however, that (i) the provisions in Article I concerning issuance of the Merger Shares, and (ii) the provisions of Section 4.6 concerning indemnification are intended for the benefit of the individuals specified therein.

(b) The Buyer and the Transitory Subsidiary waive and will not assert, and each agrees to cause the Surviving Corporation to waive and to not assert, any conflict of interest arising out of or relating to the representation, after the Effective Time of any Designated Person in any matter involving this Agreement or any other agreements or transactions contemplated thereby (including any litigation, arbitration, mediation or other proceedings), by any legal counsel currently representing the Company or any Subsidiary in connection therewith.

(c) The Buyer and the Transitory Subsidiary waive and will not assert, and each agrees to cause the Surviving Corporation to waive and to not assert, any attorney-client privilege with respect to any communication between any legal counsel and any Designated Person occurring during the current representation in connection with any representation of any Designated Person after the Effective Time, including in connection with a dispute with Buyer, and following the Closing, with the Surviving Corporation, it being the intention of the parties hereto that all such rights to such attorney-client privilege and to control such attorney-client privilege shall be retained by such Designated Person; *provided* that the foregoing waiver and acknowledgement of retention shall not extend to any communication not involving this Agreement or any other agreements or transactions contemplated hereby and thereby, or to communications with any Person other than the Designated Persons and their advisors.

8.3 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, with respect to the subject matter hereof (including, without limitation, the Memorandum of Agreement dated October 19, 2012 between the Buyer and the Company).

8.4 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign any of its rights or delegate any of its performance obligations hereunder without the prior written approval of the other Parties.

8.5 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

8.7 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to the Company:

Mears Technologies, Inc.  
189 Wells Avenue. 3<sup>rd</sup> Floor  
Newton, MA 02459  
United States of America  
Attention: John Gerber

Copy to:

Wilmer Cutler Pickering Hale and Dorr LLP  
850 Winter Street  
Waltham, MA 02451  
United States of America  
Attention: Mick Bain, Esq.

If to the Buyer or the Transitory Subsidiary:

K2 Energy Limited  
Level 2, 27 Macquarie Place  
Sydney, NSW 2000  
Australia  
Attention: Company Secretary

Copy to:

King & Wood Mallesons  
Level 61, Governor Phillip Tower  
1 Farrer Place  
Sydney, NSW 2000  
Attention: Greg Golding

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

8.8 Governing Law. All matters arising out of or relating to this Agreement and the transactions contemplated hereby (including without limitation its interpretation, construction, performance and enforcement) shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.



8.9 Amendments and Waivers. The Parties may mutually amend any provision of this Agreement at any time prior to the Closing; provided, however, that any amendment effected subsequent to the Company Stockholder Approval shall be subject to any restrictions contained in the Delaware General Corporation Law. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by any Party with respect to any default, misrepresentation or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.11 Submission to Jurisdiction. Each Party (a) submits to the jurisdiction of any state or federal court sitting in the state of Delaware in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court and (e) waives any right it may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 8.7, provided that nothing in this Section 8.11 shall affect the right of any Party to serve such summons, complaint or other initial pleading in any other manner permitted by law.

8.12 Construction.

(a) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

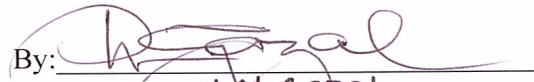
(b) Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(c) Any reference herein to "including" shall be interpreted as "including without limitation".

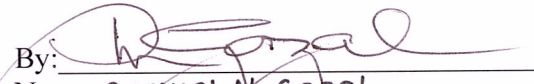
(d) Any reference to any Article, Section or paragraph shall be deemed to refer to an Article, Section or paragraph of this Agreement, unless the context clearly indicates otherwise.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

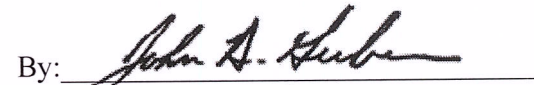
K2 ENERGY LIMITED

By:   
Name: Samuel N. Gazal  
Title: Director

K2 MERGER SUBSIDIARY, INC.

By:   
Name: Samuel N. Gazal  
Title:

MEARS TECHNOLOGIES, INC.

By:   
Name: John D.T. Gerber  
Title: Chairman

## EXHIBIT A

### **Conversion Schedule**

Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

#### **Merger Shares**

Subject to the terms and conditions of the Agreement and subject to adjustment as set forth in this Conversion Schedule, the Buyer shall issue 800,000,000 Merger Shares to acquire all of the issued and outstanding Company Shares, Company Warrants, and Company Options.

As of March 1, 2013, the Buyer expects the following to reflect its capital structure:

Buyer Ordinary Shares	244,057,151
Buyer Options (exercisable at AUD\$ 0.20 by December 31, 2014)	6,000,000
Buyer Options (exercisable at AUD \$0.03 by February 28, 2016)	2,000,000
	<b>252,057,151</b>

In addition, in connection with the Closing, the Buyer may issue additional Buyer Ordinary Shares as part of the Merger Financing and additional Buyer equity securities exercisable for new Buyer Ordinary Shares as set forth in Section 4.12 of the Agreement.

As of March 1, 2013, the Company expects the following to reflect its capital structure:

Company Shares	12,332,685
Company Warrants	9,216,495
Company Options	2,909,692
	<b>24,458,872</b>

In addition, prior to the Closing, the Company may issue up to 6,166,342 additional Company Shares at a share price of US\$0.25 per common share for a maximum capital raise of US\$1,541,585.50 (the "Company Common Stock Offering").

#### **Merger Share Adjustment**

The number of Merger Shares shall be adjusted according to the following to the extent applicable:

- a) If the Company receives any additional funds from the Company Common Stock Offering prior to the Closing, the absolute number of Merger Shares shall be increased by an amount equal to the quotient obtained by dividing (i) the quotient obtained by dividing the dollar value of the funds raised denominated in US dollars divided by 1.02 by (ii) \$0.03.

- b) If the Buyer issues any Buyer Ordinary Shares or equity securities convertible into new Buyer Ordinary Shares above the existing 244,057,151 Buyer Ordinary Shares (“Additional Buyer Ordinary Shares”), the absolute number of Merger Shares shall be increased so that the ratio of (i) 800,000,000 plus any increase in Merger Shares under clause (a) above divided by (ii) 244,057,151 plus the number of Additional Buyer Ordinary Shares equals 3.277821 (the “Merger Ratio”);
- c) If the Buyer reduces the number of Buyer Ordinary Shares outstanding by way of a capital reduction or consolidation of shares, the absolute number of Merger Shares shall be reduced so that the ratio of (i) the total number of Merger Shares divided by the total number of Buyer Ordinary Shares equals the Merger Ratio.

Accordingly, the aggregate number of Merger Shares to be issued will equal the following product:

$$\text{MS} = (\mathbf{800,000,000} + \mathbf{X}) \text{ times} \\ (\mathbf{1} + (\mathbf{ABOS} \div \mathbf{244,057,151})) \text{ times} \\ (\mathbf{BOSC} \div (\mathbf{ABOS} + \mathbf{244,057,151}))$$

Where:

MS = Aggregate Number of Merger Shares to be issued to holders of Company securities as consideration for the Merger

ABOS = Number of Additional Buyer Ordinary Shares issued before a consolidation or capital reduction

BOSC = Number of Buyer Ordinary Shares outstanding after a consolidation or capital reduction

$X = (A \div ER \div MSP)$

ER = 1.02

A = Amount of capital (in US\$) raised by the Company via the Company Common Stock Offering

MSP = 0.03

If any Company Warrants are not exchanged pursuant to Warrant Exchange Agreements or terminated and the Buyer elects in its sole discretion to waive its closing requirement under Section 5.2(e), the number of Merger Shares (MS) to be issued shall be reduced by the number of Merger Shares that would have otherwise been issued to purchase applicable Company Warrants at the values calculated by the formulas below.

## Allocation of Merger Shares

The Merger Shares, as may be adjusted above, shall be allocated among outstanding Company Shares, Company Warrants, and Company Options according to an established conversion schedule using the following formulas (the “Conversion Schedule”).

$$\mathbf{MSC = (MS - MSW - MSO)}$$

Where:

MSC = Number of Merger Shares issued to holders of Company Shares

MSW = Number of Merger Shares issued to holders of Company Warrants

MSO = Number of Merger Shares issued to holders of Company Options

$$\mathbf{MSW = (BSV \div MSP)}$$

Where:

BSV = Black Scholes Value attributed to Company Warrants exchanged for Merger Shares

MSP=0.03

$$\mathbf{MSO = (BSV \div MSP)}$$

Where:

BSV = Black Scholes Value attributed to Company Options exchanged for Merger Shares

MSP=0.03

The Black Scholes Value (BSV) attributed to any Company Warrants or Company Options exchanged for merger shares shall be calculated as follows:

$$\mathbf{BSV = SN(d_1) - Ke^{(-rt)}N(d_2)}$$

(as applied to each series of Company Warrants and Company Options)

Where:

S = MSP

t = time until expiration of Warrant or Company Option

K = strike price

r = 0.31%

N = cumulative standard normal distribution

e = 2.7183

$$d_1 = \frac{\ln\left(\frac{S}{K}\right) + \left(r + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}$$

$$d_2 = d_1 - \sigma\sqrt{t}$$

$\sigma = 67.5\%$

ln = natural logarithm

## Illustrative Conversion Schedule

Following are two illustrative conversion schedules utilizing the formulas above with the following assumptions.

- **Illustrative Conversion Schedule 1:** Illustrates the Conversion Schedule assuming a one (1) for ten (10) share consolidation by the Buyer and a minimum expected Company Common Stock Offering closing of 4,000,000 additional Company Shares.
- **Illustrative Conversion Schedule 2:** Illustrates the Conversion Schedule assuming a one (1) for ten (10) share consolidation by the Buyer and a maximum Company Common Stock Offering closing of 6,166,342 additional Company Shares.

### **Illustrative Conversion Schedule 1 (4,000,000 Additional Common Shares)**

	DTE Years	Company Securities Outstanding			Net Securities	Buyer Merger Consideration				
		Ex Price	Outstanding	Company Common Stock Offering		Buyer Holding	AUD Per Sec.	AUD Value	K2 Shares	
Common Shares			12,332,685	4,000,000	987,612	15,345,073	\$1.3194	\$20,245,851	67,486,169	81.0%
Warrants										
3-May-12	9.18	\$2.25	1,408,170		888,888	519,282	\$0.7912	\$410,868	1,369,560	1.6%
14-Nov-11	3.71	\$2.25	1,256,112		-	1,256,112	\$0.4542	\$570,564	1,901,881	2.3%
15-Jun-11	3.29	\$2.25	1,777,652		244,442	1,533,210	\$0.4159	\$637,729	2,125,764	2.6%
15-Jun-11	3.29	\$2.25	4,643,586		1,928,304	2,715,282	\$0.4159	\$1,129,405	3,764,682	4.5%
30-Dec-10	2.83	\$2.98	122,965		58,725	64,240	\$0.2824	\$18,140	60,465	0.1%
06-Dec-03	0.77	\$7.49	8,010		-	8,010	\$0.0008	\$7	23	0.0%
Options										
01-Dec-12	9.76	\$2.25	2,631			2,631	\$0.8156	\$2,146	7,153	0.0%
11-Oct-12	9.62	\$2.25	923,452			923,452	\$0.8098	\$747,858	2,492,858	3.0%
01-Mar-12	9.01	\$2.25	234,056			234,056	\$0.7837	\$183,427	611,424	0.7%
25-Jan-12	8.91	\$2.25	36,676			36,676	\$0.7794	\$28,587	95,289	0.1%
15-Dec-11	8.80	\$0.17	21,111			21,111	\$1.1832	\$24,979	83,265	0.1%
15-Dec-11	8.80	\$2.25	328,974			328,974	\$0.7744	\$254,760	849,200	1.0%
21-Oct-11	8.65	\$0.17	217,777			217,777	\$1.1821	\$257,432	858,105	1.0%
21-Oct-11	8.65	\$2.25	435,556			435,556	\$0.7676	\$334,314	1,114,380	1.3%
08-Jun-10	7.28	\$3.94	10,000			10,000	\$0.5572	\$5,572	18,574	0.0%
12-Dec-08	5.79	\$3.94	26,000			26,000	\$0.4572	\$11,888	39,626	0.0%
31-Jul-08	5.42	\$3.94	20,000			20,000	\$0.4301	\$8,602	28,675	0.0%
12-Jun-08	5.28	\$3.94	94,000			94,000	\$0.4199	\$39,475	131,582	0.2%
26-Mar-08	5.07	\$16.73	544			544	\$0.1128	\$61	205	0.0%
06-Dec-07	4.77	\$16.73	37			37	\$0.0975	\$4	12	0.0%

DTE Years	Company Securities Outstanding				Net Securities	Buyer Merger Consideration				
	Ex Price	Outstanding	Company Common Stock Offering	Buyer Holding		AUD Per Sec.	AUD Value	K2 Shares		
06-Nov-07	4.69	\$16.73	160		160	\$0.0934	\$15	50	0.0%	
24-Aug-07	4.48	\$3.94	67,470		67,470	\$0.3562	\$24,035	80,117	0.1%	
08-Jan-07	3.86	\$3.94	8,000		8,000	\$0.3027	\$2,422	8,072	0.0%	
05-Dec-06	3.77	\$3.94	10,000		10,000	\$0.2944	\$2,944	9,814	0.0%	
06-Oct-06	3.60	\$3.94	38,100		38,100	\$0.2796	\$10,654	35,512	0.0%	
06-Oct-06	3.60	\$12.50	560		560	\$0.0709	\$40	132	0.0%	
29-Aug-06	3.50	\$3.94	1,500		1,500	\$0.2701	\$405	1,351	0.0%	
08-Jun-06	3.27	\$3.94	20,000		20,000	\$0.2494	\$4,987	16,624	0.0%	
02-Mar-06	3.01	\$3.94	7,500		7,500	\$0.2240	\$1,680	5,600	0.0%	
02-Mar-06	3.01	\$12.50	7,500		7,500	\$0.0433	\$325	1,084	0.0%	
02-Feb-06	2.93	\$3.94	10,000		10,000	\$0.2164	\$2,164	7,212	0.0%	
02-Jan-06	2.84	\$3.94	10,000		10,000	\$0.2082	\$2,082	6,939	0.0%	
17-Sep-05	2.55	\$12.50	7,500		7,500	\$0.0261	\$195	651	0.0%	
17-Sep-05	2.55	\$3.94	15,000		15,000	\$0.1796	\$2,693	8,978	0.0%	
09-Jun-05	2.27	\$3.94	10,000		10,000	\$0.1524	\$1,524	5,081	0.0%	
23-May-05	2.23	\$3.94	20,000		20,000	\$0.1478	\$2,956	9,853	0.0%	
09-May-05	2.19	\$3.94	15,000		15,000	\$0.1440	\$2,160	7,199	0.0%	
08-Apr-05	2.10	\$3.94	10,000		10,000	\$0.1355	\$1,355	4,517	0.0%	
04-Feb-05	1.93	\$12.50	5,000		5,000	\$0.0095	\$48	159	0.0%	
05-Dec-04	1.76	\$3.94	10,000		10,000	\$0.1018	\$1,018	3,393	0.0%	
09-Jun-04	1.27	\$3.94	66,470		66,470	\$0.0553	\$3,675	12,251	0.0%	
09-Jun-04	1.27	\$12.50	5,000		5,000	\$0.0013	\$7	22	0.0%	
08-Jun-04	1.27	\$3.94	20,000		20,000	\$0.0550	\$1,101	3,670	0.0%	
31-Oct-03	0.67	\$12.50	7,500		7,500	\$0.0000	\$0	0	0.0%	
17-Sep-03	0.55	\$3.94	18,500		18,500	\$0.0055	\$102	341	0.0%	
17-Sep-03	0.55	\$6.00	5,000		5,000	\$0.0005	\$2	8	0.0%	
20-Aug-03	0.47	\$3.94	40,000		40,000	\$0.0031	\$125	417	0.0%	
09-Jun-03	0.27	\$3.94	15,000		15,000	\$0.0002	\$3	11	0.0%	
08-Jun-03	0.27	\$3.94	29,060		29,060	\$0.0002	\$6	19	0.0%	
23-May-03	0.23	\$3.94	20,000		20,000	\$0.0001	\$1	4	0.0%	
30-Apr-03	0.16	\$3.94	39,058		39,058	\$0.0000	\$0	1	0.0%	
08-Apr-03	0.10	\$3.94	20,000		20,000	\$0.0000	\$0	0	0.0%	
			<b>24,458,872</b>	<b>4,000,000</b>	<b>4,107,971</b>	<b>24,350,901</b>		<b>\$24,980,392</b>	<b>83,267,974</b>	<b>100.0%</b>

## Illustrative Conversion Schedule 2 (6,166,342 additional common shares)

	DTE Years	Company Securities Outstanding			Net Years	Buyer Merger Consideration				
		Ex Price	Outstanding	Company Common Stock Offering		Ex Price	Outstanding	Company Common Stock Offering		
Common Shares			12,332,685	6,166,342	987,612	17,511,415	\$1.2177	\$21,324,257	71,080,858	83.6%
Warrants										
3-May-12	9.18	\$2.25	1,408,170		888,888	519,282	\$0.7139	\$370,733	1,235,778	1.5%
14-Nov-11	3.71	\$2.25	1,256,112		-	1,256,112	\$0.3958	\$497,144	1,657,147	1.9%
15-Jun-11	3.29	\$2.25	1,777,652		244,442	1,533,210	\$0.3600	\$552,016	1,840,054	2.2%
15-Jun-11	3.29	\$2.25	4,643,586		1,928,304	2,715,282	\$0.3600	\$977,609	3,258,697	3.8%
30-Dec-10	2.83	\$2.98	122,965		58,725	64,240	\$0.2395	\$15,385	51,283	0.1%
06-Dec-03	0.77	\$7.49	8,010		-	8,010	\$0.0005	\$4	13	0.0%
Options										
01-Dec-12	9.76	\$2.25	2,631			2,631	\$0.7371	\$1,939	6,464	0.0%
11-Oct-12	9.62	\$2.25	923,452			923,452	\$0.7316	\$675,636	2,252,121	2.6%
01-Mar-12	9.01	\$2.25	234,056			234,056	\$0.7068	\$165,425	551,416	0.6%
25-Jan-12	8.91	\$2.25	36,676			36,676	\$0.7027	\$25,774	85,912	0.1%
15-Dec-11	8.80	\$0.17	21,111			21,111	\$1.0857	\$22,920	76,401	0.1%
15-Dec-11	8.80	\$2.25	328,974			328,974	\$0.6980	\$229,610	765,365	0.9%
21-Oct-11	8.65	\$0.17	217,777			217,777	\$1.0846	\$236,191	787,303	0.9%
21-Oct-11	8.65	\$2.25	435,556			435,556	\$0.6914	\$301,165	1,003,883	1.2%
08-Jun-10	7.28	\$3.94	10,000			10,000	\$0.4956	\$4,956	16,520	0.0%
12-Dec-08	5.79	\$3.94	26,000			26,000	\$0.4024	\$10,463	34,877	0.0%
31-Jul-08	5.42	\$3.94	20,000			20,000	\$0.3773	\$7,546	25,152	0.0%
12-Jun-08	5.28	\$3.94	94,000			94,000	\$0.3679	\$34,579	115,265	0.1%
26-Mar-08	5.07	\$16.73	544			544	\$0.0952	\$52	173	0.0%
06-Dec-07	4.77	\$16.73	37			37	\$0.0817	\$3	10	0.0%
06-Nov-07	4.69	\$16.73	160			160	\$0.0781	\$13	42	0.0%
24-Aug-07	4.48	\$3.94	67,470			67,470	\$0.3091	\$20,855	69,517	0.1%
08-Jan-07	3.86	\$3.94	8,000			8,000	\$0.2601	\$2,080	6,935	0.0%
05-Dec-06	3.77	\$3.94	10,000			10,000	\$0.2525	\$2,525	8,417	0.0%
06-Oct-06	3.60	\$3.94	38,100			38,100	\$0.2391	\$9,108	30,359	0.0%
06-Oct-06	3.60	\$12.50	560			560	\$0.0582	\$33	109	0.0%
29-Aug-06	3.50	\$3.94	1,500			1,500	\$0.2304	\$346	1,152	0.0%
08-Jun-06	3.27	\$3.94	20,000			20,000	\$0.2116	\$4,232	14,107	0.0%
02-Mar-06	3.01	\$3.94	7,500			7,500	\$0.1887	\$1,415	4,718	0.0%
02-Mar-06	3.01	\$12.50	7,500			7,500	\$0.0347	\$260	868	0.0%
02-Feb-06	2.93	\$3.94	10,000			10,000	\$0.1819	\$1,819	6,063	0.0%
02-Jan-06	2.84	\$3.94	10,000			10,000	\$0.1745	\$1,745	5,818	0.0%



DTE	Company Securities Outstanding				Net	Buyer Merger Consideration				
	Years	Ex Price	Outstanding	Company Common Stock Offering		Years	Ex Price	Outstanding	Company Common Stock Offering	
17-Sep-05	2.55	\$12.50	7,500		7,500	\$0.0203	\$153	508	0.0%	
17-Sep-05	2.55	\$3.94	15,000		15,000	\$0.1490	\$2,235	7,450	0.0%	
09-Jun-05	2.27	\$3.94	10,000		10,000	\$0.1250	\$1,250	4,167	0.0%	
23-May-05	2.23	\$3.94	20,000		20,000	\$0.1209	\$2,419	8,062	0.0%	
09-May-05	2.19	\$3.94	15,000		15,000	\$0.1176	\$1,764	5,879	0.0%	
08-Apr-05	2.10	\$3.94	10,000		10,000	\$0.1102	\$1,102	3,672	0.0%	
04-Feb-05	1.93	\$12.50	5,000		5,000	\$0.0070	\$35	117	0.0%	
05-Dec-04	1.76	\$3.94	10,000		10,000	\$0.0810	\$810	2,698	0.0%	
09-Jun-04	1.27	\$3.94	66,470		66,470	\$0.0418	\$2,778	9,260	0.0%	
09-Jun-04	1.27	\$12.50	5,000		5,000	\$0.0009	\$4	14	0.0%	
08-Jun-04	1.27	\$3.94	20,000		20,000	\$0.0416	\$832	2,773	0.0%	
31-Oct-03	0.67	\$12.50	7,500		7,500	\$0.0000	\$0	0	0.0%	
17-Sep-03	0.55	\$3.94	18,500		18,500	\$0.0033	\$62	206	0.0%	
17-Sep-03	0.55	\$6.00	5,000		5,000	\$0.0002	\$1	4	0.0%	
20-Aug-03	0.47	\$3.94	40,000		40,000	\$0.0018	\$71	236	0.0%	
09-Jun-03	0.27	\$3.94	15,000		15,000	\$0.0001	\$1	4	0.0%	
08-Jun-03	0.27	\$3.94	29,060		29,060	\$0.0001	\$2	8	0.0%	
23-May-03	0.23	\$3.94	20,000		20,000	\$0.0000	\$0	1	0.0%	
30-Apr-03	0.16	\$3.94	39,058		39,058	\$0.0000	\$0	0	0.0%	
08-Apr-03	0.10	\$3.94	20,000		20,000	\$0.0000	\$0	0	0.0%	
			24,458,872	6,166,342	4,107,971	26,517,243		\$25,511,358	85,037,861	100.0%

## EXHIBIT B

### **Form of Option Exchange Agreement**

#### **OPTION EXCHANGE AGREEMENT**

This Option Exchange Agreement (this “**Agreement**”) entered into by and between Mears Technologies, Inc. (the “**Company**”) and the undersigned holder (the “**Holder**”) of the option(s) set forth on the signature page hereto (each an “**Option**” and collectively the “**Options**”) to purchase shares of the Company’s common stock, \$0.001 par value per share (the “**Common Stock**”), is effective as of the date set forth on the signature page hereto. Capitalized terms used but not defined herein shall have the meanings given them in the Merger Agreement (as defined below).

*WHEREAS*, K2 Energy Ltd., an Australian corporation (“**K2**”), K2 Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of K2 (“**K2 Merger Subsidiary**”), and the Company have entered into an Agreement and Plan of Merger (the “**Merger Agreement**”), dated as of [\_\_\_\_], 2012, providing for the merger of K2 Merger Subsidiary with and into the Company, with the Company as the surviving entity and a wholly-owned subsidiary of K2 (the “**Merger**”);

*WHEREAS*, a condition to the closing of the Merger is that all outstanding options to purchase shares of the Company’s capital stock be either exercised, exchanged for the right to receive ordinary shares of K2 (“**Merger Shares**”) in connection with the Merger or terminated in advance of the Merger (unless waived by K2);

*WHEREAS*, the exercise price of each Option is more than the current fair market value of the Merger Shares that would be received if the Holder were to exercise such Option for shares of the Company’s Common Stock in advance of the Merger and then exchange such shares for Merger Shares in connection with the Merger;

*WHEREAS*, pursuant to the terms of the Company’s [2007 Stock Incentive Plan, as amended] and the Options, all options remaining outstanding as of immediately prior to the Effective Time of the Merger will terminate at such time;

*WHEREAS*, the Company is offering the Holder the opportunity to exchange the Options for the right to receive Merger Shares (without paying the exercise price of the Options) based on the methodology described in the Merger Agreement;

*WHEREAS*, the Conversion Schedule to the Merger Agreement sets forth the manner of calculating the number of Merger Shares that the Holder would receive if the Holder elects to exchange the Options for Merger Shares and the Holder has reviewed such Conversion Schedule;

*WHEREAS*, if the Holder does not wish to exchange the Options for the right to receive Merger Shares, the Company is alternatively offering the Holder the opportunity to terminate the Options, effective immediately prior to the Closing of the Merger;

*WHEREAS*, the Holder is under no obligation to exchange or terminate the Options and the Company expresses no opinion as to whether the Holder should exchange or terminate the Options;

*WHEREAS*, in connection with the Merger, the Holder desires to make the below election with regards to exchanging or terminating the Options.

*NOW THEREFORE*, in consideration of the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Holder and the Company hereto agree as follows:

1. The Holder irrevocably makes the election set forth on the signature page hereto, contingent upon the Closing of the Merger, to have the Options either exchanged for the number of Merger Shares as set forth in the Merger Agreement or terminated immediately prior to the Closing of the Merger.

2. The Holder understands that exchanging the Option(s) for Merger Shares in connection with the Merger would be a taxable event. The Holder also understands that the value of the Merger Shares received upon exchanging the Option(s), if Holder elects to exchange the Option(s), may be more than or less than the fair market value of the Option(s). Whether any tax would be due from the Holder would depend on individual factors and the Holder has reviewed with the Holder's own tax advisors the federal, state, local and foreign tax consequences of this Agreement and the Merger. The Holder is relying solely on such advisors and not on any statement or representations of the Company or any of its agents. The Holder understands that the Holder (and not the Company) shall be responsible for the Holder's own tax liability that may arise as a result of this Agreement and the Merger. In the event that the Company is required by law to withhold any tax on account of an Option exchanged by the Holder, the Holder is obligated to pay such amount to the Company or, in the Company's sole discretion, the Company may retain such number of Merger Shares as it shall reasonably determine is necessary to cover such withholding tax obligation, sell or otherwise realize value on such Merger Shares, pay over all or the required portion of the proceeds from such sale or other realization to the Internal Revenue Service in satisfaction of such withholding tax obligation, and pay any remaining proceeds to the Holder in cash. Any Merger Shares so retained and disposed or otherwise realized upon by the Company shall be conclusively treated as having been exchanged by, and received by, the relevant Holder for purposes of this Agreement.

3. If the Holder elects to exchange the Option(s), the Holder shall complete and return a transmittal letter in customary form if so requested by the Company or K2.

4. This Agreement and the agreements referenced on the signature page hereto constitute the entire agreement among the parties and supersedes any prior understandings, agreements or representations by or among the parties, written or oral, with respect to the subject matter hereof. In the event of a conflict between this Agreement and the agreements referenced on the signature page hereto, the terms of this Agreement shall control.

5. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign any of its rights or delegate any of its performance obligations hereunder without the prior written approval of the other party.

6. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

7. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to or application of its rules regarding the conflicts of laws.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, this Option Exchange Agreement has been duly executed by the parties hereto as of the date written below.

*Agreed and Accepted:*

**HOLDER**

\*Name:

By:

\_\_\_\_\_  
(Signature)

Print Name of Signatory  
(if Holder is an entity):

\_\_\_\_\_

Print Title of Signatory  
(if Holder is an entity):

\_\_\_\_\_

Date:

\_\_\_\_\_

*\* Please ensure that the name of the Holder as written above matches the name on the Options.*

**COMPANY**

**MEARS TECHNOLOGIES, INC.**

By: \_\_\_\_\_  
(Signature)

Name: John Gerber

Title: Chairman of the Board of Directors

**OPTIONS**

Name of Option Holder	Issue Date	No. of Shares of Common Stock Underlying Option

Check one

\_\_\_\_\_ The Holder hereby irrevocably elects to exchange the Option(s) for the number of Merger Shares calculated in the manner set forth in the Merger Agreement.

\_\_\_\_\_ The Holder hereby irrevocably elects to terminate the Option(s) as of immediately prior to the Closing of the Merger.

## EXHIBIT C

### **Form of Warrant Exchange Agreement**

#### **WARRANT EXCHANGE AGREEMENT**

This Warrant Exchange Agreement (this “**Agreement**”) entered into by and between Mears Technologies, Inc. (the “**Company**”) and the undersigned holder (the “**Holder**”) of the warrant(s) set forth on the signature page hereto (each a “**Warrant**” and collectively the “**Warrants**”) to purchase shares of the Company’s common stock, \$0.001 par value per share (the “**Common Stock**”), is effective as of the date set forth on the signature page hereto. Capitalized terms used but not defined herein shall have the meanings given them in the Merger Agreement (as defined below).

*WHEREAS*, K2 Energy Ltd., an Australian corporation (“**K2**”), K2 Merger Subsidiary, Inc., a Delaware corporation and a wholly-owned subsidiary of K2 (“**K2 Merger Subsidiary**”), and the Company have entered into an Agreement and Plan of Merger (the “**Merger Agreement**”), dated as of [\_\_\_\_], 2012, providing for the merger of K2 Merger Subsidiary with and into the Company, with the Company as the surviving entity and a wholly-owned subsidiary of K2 (the “**Merger**”);

*WHEREAS*, a condition to the closing of the Merger is that all outstanding warrants to purchase shares of the Company’s capital stock be either exercised, exchanged for the right to receive ordinary shares of K2 (“**Merger Shares**”) in connection with the Merger or terminated in advance of the Merger (unless waived by K2);

*WHEREAS*, the exercise price of each Warrant is more than the current fair market value of the Merger Shares that would be received if the Holder were to exercise such Warrant for shares of the Company’s Common Stock in advance of the Merger and then exchange such shares for Merger Shares in connection with the Merger;

*WHEREAS*, the Company is offering the Holder the opportunity to exchange the Warrants for the right to receive Merger Shares (without paying the exercise price of the Warrants) based on the methodology described in the Merger Agreement;

*WHEREAS*, the Conversion Schedule to the Merger Agreement sets forth the manner of calculating the number of Merger Shares that the Holder would receive if the Holder elects to exchange the Warrants for Merger Shares and the Holder has reviewed such Conversion Schedule;

*WHEREAS*, if the Holder does not wish to exchange the Warrants for the right to receive Merger Shares, the Company is alternatively offering the Holder the opportunity to terminate the Warrants, effective immediately prior to the Closing of the Merger;

*WHEREAS*, the Holder is under no obligation to exchange or terminate the Warrants and the Company expresses no opinion as to whether the Holder should exchange or terminate the Warrants;

*WHEREAS*, in connection with the Merger, the Holder desires to make the below election with regards to exchanging or terminating the Warrants.

*NOW THEREFORE*, in consideration of the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Holder and the Company hereto agree as follows:

1. The Holder irrevocably makes the election set forth on the signature page hereto, contingent upon the Closing of the Merger, to have the Warrants either exchanged for the number of Merger Shares as set forth in the Merger Agreement or terminated immediately prior to the Closing of the Merger.

2. The Holder understands that exchanging the Warrant(s) for Merger Shares in connection with the Merger would be a taxable event. The Holder also understands that the value of the Merger Shares received upon exchanging the Warrant(s), if Holder elects to exchange the Warrant(s), may be more than or less than the fair market value of the Warrant(s). Whether any tax would be due from the Holder would depend on individual factors and the Holder has reviewed with the Holder's own tax advisors the federal, state, local and foreign tax consequences of this Agreement and the Merger. The Holder is relying solely on such advisors and not on any statement or representations of the Company or any of its agents. The Holder understands that the Holder (and not the Company) shall be responsible for the Holder's own tax liability that may arise as a result of this Agreement and the Merger. In the event that the Company is required by law to withhold any tax on account of a Warrant exchanged by the Holder, the Holder is obligated to pay such amount to the Company or, in the Company's sole discretion, the Company may retain such number of Merger Shares as it shall reasonably determine is necessary to cover such withholding tax obligation, sell or otherwise realize value on such Merger Shares, pay over all or the required portion of the proceeds from such sale or other realization to the Internal Revenue Service in satisfaction of such withholding tax obligation, and pay any remaining proceeds to the Holder in cash. Any Merger Shares so retained and disposed or otherwise realized upon by the Company shall be conclusively treated as having been exchanged by, and received by, the relevant Holder for purposes of this Agreement.

3. If the Holder elects to exchange the Warrant(s), the Holder shall complete and return a transmittal letter in customary form if so requested by the Company or K2.

4. This Agreement and the agreements referenced on the signature page hereto constitute the entire agreement among the parties and supersedes any prior understandings, agreements or representations by or among the parties, written or oral, with respect to the subject matter hereof. In the event of a conflict between this Agreement and the agreements referenced on the signature page hereto, the terms of this Agreement shall control.

5. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign any of its rights or delegate any of its performance obligations hereunder without the prior written approval of the other party.

6. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

7. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to or application of its rules regarding the conflicts of laws.

*[Signature Page to Follow]*



IN WITNESS WHEREOF, this Warrant Exchange Agreement has been duly executed by the parties hereto as of the date written below.

*Agreed and Accepted:*

**HOLDER**

\*Name:

By:

\_\_\_\_\_  
(Signature)

Print Name of Signatory  
(if Holder is an entity):

\_\_\_\_\_

Print Title of Signatory  
(if Holder is an entity):

\_\_\_\_\_

Date:

\_\_\_\_\_

*\* Please ensure that the name of the Holder as written above matches the name on the Warrants.*

**COMPANY**

**MEARS TECHNOLOGIES, INC.**

By: \_\_\_\_\_  
(Signature)

Name: John Gerber

Title: Chairman of the Board of Directors

**WARRANTS**

Name of Warrant Holder	Issue Date	No. of Shares of Common Stock Underlying Warrant

Check one

\_\_\_\_\_ The Holder hereby irrevocably elects to exchange the Warrant(s) for the number of Merger Shares calculated in the manner set forth in the Merger Agreement.

\_\_\_\_\_ The Holder hereby irrevocably elects to terminate the Warrant(s) as of immediately prior to the Closing of the Merger.