

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

K2 Energy Limited

ABN

99 106 609 143

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | A maximum of 94,047,754 ordinary shares, of which
<ul style="list-style-type: none">- 31,333,334 shares have today been issued pursuant to a placement- A maximum of 62,714,420 shares will be issued pursuant to a share purchase plan (SPP) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary fully paid shares |

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>All ordinary shares issued will rank equally with existing ordinary shares</p>				
<p>5 Issue price or consideration</p>	<p>3 cents per ordinary share.</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To fund future investment in Mears Technologies Inc. and provide additional working capital</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<ul style="list-style-type: none"> - 18th May 2012 for shares issued pursuant to a placement - Anticipated to be 22nd June 2012 for shares issued pursuant to the SPP 				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1301 995 1339">Number</th> <th data-bbox="995 1301 1291 1339">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1339 995 1559">303,095,821 (subject to finalisation of SPP)</td> <td data-bbox="995 1339 1291 1559">Ordinary</td> </tr> </tbody> </table>	Number	+Class	303,095,821 (subject to finalisation of SPP)	Ordinary
	Number	+Class			
303,095,821 (subject to finalisation of SPP)	Ordinary				
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1592 1011 1630">Number</th> <th data-bbox="1011 1592 1291 1630">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1630 1011 1850">Nil</td> <td data-bbox="1011 1630 1291 1850"></td> </tr> </tbody> </table>	Number	+Class	Nil	
	Number	+Class			
Nil					
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>No change- dividends not currently paid</p>				

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A

25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1 (ordinary shares only)

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

Not applicable

39 Class of +securities for which quotation is sought

Not applicable

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Not applicable	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 18th May 2012
Company Secretary

Print name: T A Flitcroft

K2 Energy Limited			
Fully Paid Ordinary Shares			
Top 20 Holdings as at 18-05-2012			
Holder Name	Balance at 18-05-2012	%	
ASIA UNION INVESTMENTS PTY LTD	19,000,000	7.904	
GOLDEN WORDS PTY LIMITED	12,401,703	5.159	
MR TREVOR KENNEDY & MRS CHRISTINA KENNEDY & MR DANIEL KENNEDY <GOLDEN EGGS SUPER FUND A/C>	10,641,023	4.427	
ADAJAC PTY LTD	8,333,333	3.467	
EDWARDS MEADOWS PTY LIMITED <MOORE INVESTMENT A/C>	8,154,691	3.392	
BLAZZED PTY LTD <GAUNT MANAGEMENT A/C>	6,240,000	2.596	
TIMBINA PTY LIMITED <SUPER FUND A/C>	5,019,050	2.088	
MR ROBERT KENNETH GAUNT	4,259,260	1.772	
BALANDER PTY LIMITED <SUPER FUND A/C>	3,995,000	1.662	
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,354,348	1.395	
JESINTA PTY LIMITED	3,333,334	1.387	
MR DON CONWAY & MRS EILEEN CONWAY <SUPERANNUATION FUND A/C>	3,200,000	1.331	
MONTCLAIR PTY LIMITED <WASSIM GAZAL FAMILY A/C>	3,200,000	1.331	
UNITED & PACIFIC SHIRT CO PTY LTD <THE ELIZABETH NO 2 A/C>	3,100,000	1.290	
GRAVIE PTY LTD <DAVID GREATOR EX SUPER A/C>	2,966,667	1.234	
TIMBINA PTY LIMITED <TIMBINA SUPER FUND A/C>	2,959,120	1.231	
MRS JOYITA PELENATETE MALYON	2,930,000	1.219	
MR ROBERT GREGORY LOOBY <FAMILY ACCOUNT>	2,820,000	1.173	
LINK TRADERS (AUST) PTY LTD	2,333,333	0.971	
BALANDER PTY LIMITED <BALANDER SUPER FUND A/C>	2,180,000	0.907	
	110,420,862	45.936	
	Total IC	240,381,401	

K2 Energy Limited

Analysis of Holdings as at 18-05-2012

Security Classes:

Fully Paid Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	252	80,477	0.033
1,001-5,000	162	514,221	0.214
5,001-10,000	297	2,309,821	0.961
10,001-100,000	576	21,454,572	8.925
100,001-99,999,999,999	252	216,022,310	89.866
Totals	1,539	240,381,401	100.000