

25 June 2013

MEARS TECHNOLOGIES, INC. AND K2 ENERGY LIMITED MERGER UPDATE AND TIMETABLE

On 5th December 2012 K2 Energy Limited (ASX:KTE) (“K2”) announced that it had entered into a merger agreement with MEARS Technologies, Inc. (“MEARS”) (“Proposed Merger”).

The Proposed Merger agreement was subject to a number of conditions including raising a minimum of \$7.5M.

Unfortunately due to the difficult equity raising climate in Australia for technology companies, this has not been possible in the required time frame.

The Board of K2 has therefore decided to close the process in relation to the merger and cancel the shareholder meeting scheduled for 28th June 2013.

K2 continues to hold investments in Mears Technologies Inc. and its oil and gas investment in Trey Resources LLC.

K2 retains its shareholding in Mears and in addition has a US\$1,000,000 bridge loan in the company.

As a result if Mears is successful in commercialising its chip technology, K2 and its shareholders will be major beneficiaries.

The Board remains confident in the prospects for Mears Technologies Inc., provided it can raise sufficient funds privately to complete its commercialisation process.

The merger and fund raising process has been difficult in the current economic environment experienced in Australia, and has not been achieved despite the best efforts by management and Directors of both K2, Mears Technologies Inc. and Foster Stockbroking.