

**31<sup>st</sup> January 2014**

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER  
ENDED 31<sup>st</sup> DECEMBER 2013**

The Directors of K2 Energy Limited (ASX: KTE) (“K2”) provide the following report for the Quarter ended 31<sup>st</sup> December 2013.

**MEARS TECHNOLOGIES, INC. AND K2 ENERGY LIMITED MERGER**

The major activity of the Company during the quarter was in relation to its investment in Mears Technologies Inc.

The company has two major assets, its investment in Mears Technologies Inc and a 16% unit holding in Trey Resources 1 LLC.

During the quarter MEARS continued to engage with major companies in connection with the commercialisation of the MEARS semiconductor technology and evaluations with these companies are in progress.

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

K2 currently has a direct shareholding of 5.339% in Mears, and a fully diluted shareholding of 13.407%, as well as a bridge loan of \$1 million provided to that company. If MEARS is successful in having its technology adopted by companies in the semiconductor industry, K2 shareholders should benefit significantly.

**MEARS TECHNOLOGIES INC.**

Mears Silicon Technology (“MST™”) has been demonstrated to reduce gate leakage and increase drive current (performance) in CMOS semiconductors. It also has the benefit of reducing the increasing variability in key parameters, that is now one of the most significant problems facing the industry and which is limiting the yield, power and performance of leading products.

### **MEARS TECHNOLOGIES INC. (cont)**

The company's core competency combines materials engineering and quantum mechanics with semiconductor process technology, to optimise the power efficiency and performance of integrated circuits manufactured on deep sub-micron processes. With a licensing model and strong patent position covering new silicon structures, methods and processes, Mears Technologies enhances the fundamental electronic properties of silicon, without requiring new manufacturing equipment or the use of exotic materials.

### **MEARS SOLAR**

MEARS is seeking a collaboration partner from the ranks of the major solar companies to further the development of its solar technology.

### **OIL AND GAS**

K2 holds approximately 16% of the now expanded Trey Resources 1, LLC.

During the quarter there was no expenditure incurred by K2 in relation to this investment.