

31st July 2017

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED
30th June 2017**

The Directors of K2 Energy Limited (ASX: KTE) ("K2") provide the following report for the quarter ended 30th June 2017.

K2 Energy major activities during the quarter were its interest in Atomera Inc. ("Atomera"), its solar energy activities and its oil and gas activities in the USA.

ATOMERA INC.

K2 Energy has an investment in Atomera, Inc. ("Atomera"), which is listed on NASDAQ, with its stock code being ATOM and K2 owning 583,846 shares of common stock in Atomera, representing 4.8% of that company.

ABOUT ATOMERA, INC.

The following are extracts and information from the Atomera, Inc. website, including their announcement dated 2nd May 2017.

Atomera (NASDAQ: ATOM), previously known as Mears Technologies, the company was founded in 2001 by Robert Mears with a vision to develop a platform of materials technologies for use across multiple industries. In response to the slowdown in the advancement of Moore's Law, Atomera used atomic level material science to develop Mears Silicon Technology™ (MST®) which provides multiple benefits to industry participants. For semiconductor designers MST® improves performance and power efficiency while potentially reducing cost. For semiconductor fabs, the technology may allow them to extend the life of their expensive manufacturing facilities by providing a new, unexpected suite of material improvements within existing process nodes.

After several years of research to perfect the technology, Atomera is now engaged with leading semiconductor companies to integrate MST® into their manufacturing flow.

During the June 2017 quarter, Atomera announced that:

- Entered evaluation phase with one top-tier semiconductor manufacturer and entered into the planning phase with one new prospective customer. Atomera now has four potential customers in the pivotal phase of evaluating MST®.*
- Atomera's new R&D infrastructure is starting to show results with eight wafer fabrication and test cycles completed in the last quarter.*

Atomera Management Commentary

"The last few months have been extraordinarily productive for Atomera," commented Scott Bibaud, President and CEO. "We are now working with 40% of the world's largest semiconductor manufacturers and have made significant progress with technology advancements that should help us shorten the sales cycle," added Mr. Bibaud.

MEARS SOLAR

K2 Energy owns the exclusive worldwide rights to the MST™ Technology for all solar energy applications.

K2 Energy funded a research and development solar program conducted by Atomera with the aim being to develop more efficient silicon based cells utilising MST™. Atomera and K2 Energy agreed that the solar activities have entered the commercialisation/collaboration phase. K2 Energy, together with the assistance of Atomera, is seeking a major international solar group to joint venture or collaborate with, in order to commercialise the MST™ Technology.

OIL AND GAS ACTIVITIES

K2 Energy owns 10.68% of Trey Resources I, LLC (“Trey Resources”) which is an oil and gas producer that has been adversely impacted by the collapse in the oil price. As previously advised, the investment in Trey Resources has a nil carrying value, and its assets remain in receivership. As a shareholder K2 Energy has no financial exposure to Trey Resources.