

29 January 2021

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED
31st December 2020**

The Directors of K2 Energy Limited (ASX: KTE) ("K2") provide the following report for the quarter ended 31st December 2020.

K2 Energy's major activities during the quarter were its strategic investment in Atomera, Inc. ("Atomera"), its oil and gas interests in the USA and its solar energy activities.

ATOMERA, INC.

K2 Energy provided critical funding to Atomera, Inc. during its R & D development phase while they developed patentable technology for the silicon chip industry with energy saving and performance attributes. This funding converted into a significant interest in a NASDAQ listed corporation, being Atomera, Inc.

Detailed below is an extract of a recent announcement made by Atomera on 5th January 2021.

Atomera Incorporated (NASDAQ:ATOM), a semiconductor materials and technology licensing company, announced in early January 2021 it had entered into a Joint Development Agreement (JDA) with a leading semiconductor provider for integration of Atomera's Mears Silicon Technology (MST) into their silicon fabrication process. The JDA includes a manufacturing license allowing the customer to fabricate semiconductor wafers incorporating MST for use in their products. Atomera's MST is a patented, quantum-engineered material that enhances transistors to deliver significantly better performance in today's electronics.

"Atomera is thrilled to join with an industry leader that has a strong record of technology innovation to extend Moore's Law," said Scott Bibaud, president and CEO, Atomera. "During this JDA, we will work together to prove the technical and economic advantage of adopting MST across multiple process technologies and business units within our partner company. This agreement aligns well with our long-standing mission to collaborate with leaders in the industry to extend the life of existing manufacturing processes and accelerate adoption of new technologies, through development of our cutting-edge materials."

"This latest agreement is part of Atomera's effort to develop deeper and more strategic relationships with selected customers through JDAs - an agreement format that is well suited to large customers who have multiple production nodes, process technologies and product divisions, ultimately leading to deeper customer penetration, faster integration, and quicker adoption across product lines. The agreement will generate revenue for Atomera this year."

Further details are available at www.atomera.com

Atomera's current share price is approximately USD30 per share, which values K2 Energy's shareholding in Atomera at approximately AUD20 million.

ATOMERA, INC. 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 is seeking a solar group to joint venture or collaborate with, in order to commercialise the MST™ Technology.

OIL AND GAS ACTIVITIES

During 2019/20 K2 acquired a drilling interest in an exploration permit in Alabama, USA. The well was drilled to 12,600 feet, and whilst oil shows were encountered, the well was not commercial, particularly at current oil prices.

K2 also has a 1% interest in the Horace Greeley oil and gas exploration prospect in Oil and gas exploration area in Conecuh County, Alabama. The first well drilled was uncommercial. Refer schedule below for details of tenement interests held by K2.

QUARTERLY CASHFLOW

Cash on hand at 31 December 2020 was \$645,000.

Cash outgoings for the quarter were \$378,000, including an amount of \$3,300 paid for the use of the Company's registered office premises. An amount of \$330,000 was paid in relation to previously accrued (2015-2018) prior years' directors' and management fees.

Authorised by: Terence Flitcroft, Company Secretary on behalf of K2 Energy Limited

SCHEDULE OF TENEMENT INTERESTS as at 29 January 2021***Acreage Held by Production (HBP)***

Section-Township-Range	Well Lease	Quadrant	Drilling Units Acreage HBP	Interest held by K2 Energy Limited
Conecuh County Alabama	Horace Greeley	SE	1300 acres	1% WI 0.75% NRI
Conecuh County Alabama	SE Brooklyn Field Extension	SE	160 Acres	0.5% WI

WI- Working Interest**NRI- Net Revenue Interest**