

5th October 2018

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED
30th September 2018**

The Directors of K2 Energy Limited (ASX: KTE) ("K2") provide the following report for the quarter ended 30th September 2018.

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"). K2 holds 583,846 shares of common stock in Atomera, which is listed on NASDAQ. Atomera is a semiconductor materials and licensing company focused on deploying its proprietary technology into the semiconductor industry.

K2 is pleased to report that Atomera has signed its first commercial agreements for its semiconductor technology.

The following is information from Atomera, including extracts from their announcements in late September and early October 2018.

Atomera licenses MST Technology

- *Asahi Kasei Microdevices ("AKM"), a Japanese semiconductor manufacturer of high-end specialty integrated circuits (ICs) and sensor products, has licensed Atomera's Mears Silicon Technology™ (MST).*
- *The agreement with AKM represents the first license revenue for Atomera and the beginning of our commercial license business.*
- *Access to Atomera's silicon enhancement Intellectual Property (IP) provides AKM with technology to address global market opportunities.*
- *STMicroelectronics, a global semiconductor leader serving customers across the spectrum of electronics applications, has executed an integration license for Atomera's Mears Silicon Technology™ (MST) as a continuation of their R&D phase.*
- *The phased license agreement provides rights for STMicroelectronics to integrate Atomera MST with their in-house technology.*

About Atomera

Atomera Incorporated has developed Mears Silicon Technology (MST), which increases performance and power efficiency in semiconductor transistors. MST can be implemented using equipment already deployed in semiconductor manufacturing facilities and is complementary to other nano-scaling technologies already in the semiconductor industry roadmap.

MST Technology Benefits

Manufacturers can address their yield, power and performance challenges at a fraction of the cost of alternative approaches. Atomera breathes new life into semiconductor fabs by providing up to a full node of performance benefits to existing fab processes empowering competitive new product designs in existing fabs. Atomera's patented material technology enables more efficient and better controlled current flow, leading to dramatic improvements in device performance and power efficiency.

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 solar group to joint venture or collaborate with, in order to commercialise the MST™ Technology.

OIL AND GAS ACTIVITIES

K2 Energy has evaluated potential oil and gas drilling opportunities in the USA during the quarter.