



K2 ENERGY LIMITED

ABN 99 106 609 143

2018 SHARE PURCHASE PLAN

An offer to shareholders of K2 Energy Limited to purchase additional fully paid ordinary shares in K2 Energy Limited on the terms and conditions set out in this document

Important Dates

Record Date	Tuesday 30 January 2018
Announcement of Share Purchase Plan	Wednesday 31 January 2018
Despatch of Terms & Conditions and Application Forms to Eligible Shareholders	Wednesday 7 February 2018
Share Purchase Plan opens	Wednesday 7 February 2018
Share Purchase Plan closes	Wednesday 28 February 2018
Allotment and issue of SPP shares	Tuesday 6 March 2018
Despatch of holding statements	Tuesday 6 March 2018
Quotation of SPP shares on ASX	Wednesday 7 March 2018

* The above timetable is indicative only. The Company may, at its discretion, vary any of the key dates above, including the Closing Date and the Issue Date, by sending a revised timetable to ASX.

This is an important document and should be read in its entirety.
If you have any doubts as to what you should do, you should seek advice from your stockbroker, accountant, solicitor or other professional adviser.

31 January 2018

Dear Shareholder

Opportunity to participate in the K2 Energy Limited 2018 Share Purchase Plan

The Board of Directors of K2 Energy Limited (**K2** or the **Company**) is pleased to invite you to participate in the Company's 2018 Share Purchase Plan (**SPP**). The SPP allows eligible shareholders to subscribe for up to \$15,000 worth of additional shares in K2 at a **subscription price of \$0.01 per share**, without participants being required to pay brokerage or other costs that would normally apply to an on-market purchase of shares.

Purpose of the SPP

Funds raised will be used to provide additional working capital for the company and its activities.

Details of the Company's activities are set out in announcements made by K2 to ASX and are available from the ASX or K2's website at www.k2energy.com.au.

Key points of the SPP

The SPP is expected to open on Wednesday 7 February 2018 and close on Wednesday 28 February 2018. Details of the SPP are set out in the accompanying Terms and Conditions. You should read the Terms and Conditions in their entirety before deciding whether to participate.

Key points of the SPP are as follows:

- Under the SPP, you may acquire up to \$15,000 worth of new shares in the Company in parcels of \$2,000, \$4,000, \$7,000, \$10,000 or \$15,000 as set out in the attached Application Form.
- The **subscription price of the new shares is \$0.01 each**, which represents a discount of 28.6% to the last ASX traded price of K2 shares (\$0.014) on 30 January 2018 (the last day on which K2 shares were traded before the SPP announcement), or a discount of 7.2% to the volume weighted average price of K2 shares over the last five days on which K2 shares traded on ASX immediately prior to the announcement of the SPP.
- Shares allocated under the SPP will rank equally in all respects with existing fully paid ordinary shares of the Company quoted on the ASX.

In accordance with the ASX Listing Rules, the maximum number of shares which may be issued under the SPP is 73,217,145 shares, being 30% of K2's current issued share capital.

Shareholder approval is not required for the SPP.

Participating in the SPP

Only shareholders of the Company with a registered address in Australia or New Zealand at 7:00pm AEDT on 30 January 2018 (**Eligible Shareholders**) are entitled to participate in the SPP. The offer is non-renounceable, which means that the rights of Eligible Shareholders to participate in the SPP are not transferable. Participation in the SPP is optional.

To participate in the SPP, you can subscribe and pay by BPAY® in accordance with the instructions set out in the personalised Application Form (and if you make payment by BPAY®, you do not need to return your Application Form). Alternatively, if you wish to pay by cheque, you must fill out your personalised Application Form and return it with your cheque to the Company's share registry, Boardroom Pty Limited, by no later than 5:00pm AEDT on Wednesday 28 February 2018.

Any queries concerning the SPP offer should be directed to the Company's share registry on:

Telephone: 1300 737 760
Facsimile: (02) 9290 9655
Email: corporateactions@boardroomlimited.com.au

All Director related entities intend to apply for shares under the SPP.

The Directors recommend this offer under the SPP to you and welcome your ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Samuel Gazal', with a stylized flourish at the end.

Samuel Gazal
Chairman

Frequently Asked Questions

Set out below are answers to some key questions that you may have about the Share Purchase Plan (**SPP**). This table is qualified by and should be read in conjunction with the Terms and Conditions in this booklet.

Question	Answer
What is the SPP?	The SPP enables Eligible Shareholders to apply to purchase up to AUD\$15,000 worth of New Shares without paying any brokerage or other charges.
Am I eligible to participate?	You are eligible to participate if you fulfil the criteria set out in clause 1 of the Terms and Conditions. You must have been a registered holder of K2 shares with a registered address in Australia or New Zealand at 7:00pm (Sydney time) on Tuesday 30 January 2018 (Record Date). If you are a nominee or custodian holding shares on behalf of one or more beneficial holders, you may also apply to purchase up to AUD\$15,000 worth of shares on behalf of each beneficial holder, subject to complying with the criteria set out in clause 2 of the Terms and Conditions.
Do I have to participate?	Participation is optional.
Can I transfer my entitlement to participate?	You cannot transfer your right to purchase New Shares under the SPP to anyone else.
How do I apply?	To apply for New Shares you can either: Option 1: Pay by BPAY® Make payment by BPAY® as shown on the Application Form. Eligible Shareholders based outside Australia cannot apply using BPAY® unless they have an Australian bank account. Option 2: Pay by cheque Complete and return the enclosed Application Form together with a cheque made payable to “K2 Energy Limited” as shown on the Application Form.
What is the maximum investment for each Eligible Shareholder?	The maximum investment for each Eligible Shareholder is AUD\$15,000.
How many New Shares will I receive?	You may apply for a parcel of New Shares in one of the application amounts set out in clause 2 of the Terms and Conditions. The subscription price under the SPP is AUD\$0.01 per share. This is a discount of 28.6% to K2 Energy Limited’s closing share price on ASX on 30 January 2018 (being the last active trading day before the details of the SPP were announced). This is also 7.2% less than the VWAP of Shares of AUD\$0.010775 over the last five days on which K2 shares were traded before the SPP was announced. If K2 receives valid applications in excess of 73,217,145 shares, the Directors will scale back applications and return excess funds to applicants without interest.
When will I receive my New Shares?	Unless the Closing Date of the SPP is extended, the Company expects that New Shares will be allotted on 6 March 2018. You should receive your holding statement or transaction confirmation statement shortly thereafter.
When can I trade New Shares?	The Company expects that quotation of the New Shares on the ASX will commence on the trading day following the Issue Date. You can trade your New Shares after the Issue Date. However, you should confirm your holding on or after the Issue Date before trading any New Shares you believe you have acquired under the SPP.

2018 Share Purchase Plan Terms and Conditions

The Company's SPP allows Eligible Shareholders to acquire up to AUD\$15,000 worth of New Shares at a subscription price of AUD\$0.01 per Share. This offer is made in accordance with ASIC Class Order 09/425 which grants relief from the requirement to prepare a prospectus for the offer of shares under an SPP.

1. Eligibility

To be eligible to participate in the SPP, you must be an Eligible Shareholder as at the Record Date. Each offer to Eligible Shareholders is made on the same terms and conditions.

2. Application for Shares

Participation in the SPP is optional. The amount an Eligible Shareholder may invest under the SPP is limited. The Application Form specifies parcels of a particular value of Shares for which applications can be made. An Eligible Shareholder may apply for a parcel of Shares in any one only of the following amounts:

	Amount	Number of Shares
Offer A	\$15,000	1,500,000
Offer B	\$10,000	1,000,000
Offer C	\$7,000	700,000
Offer D	\$4,000	400,000
Offer E	\$2,000	200,000

ASIC Class Order 09/425 requires that each Eligible Shareholder may only purchase up to AUD\$15,000 worth of Shares under the SPP. The AUD\$15,000 limit applies irrespective of how many Shares an Eligible Shareholder holds on the Record Date.

Joint/Multiple Holdings

If an Eligible Shareholder (other than a Custodian) receives more than one copy of this offer, or if an Eligible Shareholder holds Shares in more than one capacity (that is, because they are both a sole and joint holder of Shares), the maximum amount the Eligible Shareholder may apply to invest under the SPP in all capacities is AUD\$15,000. Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification required to be given as part of the Application Form will be taken to have been given by all of them.

Trustee/Nominee Holdings

If an Eligible Shareholder acts as a trustee or a nominee and is expressly noted on the share register as holding Shares on account of a named beneficiary (that is, is a Custodian), the named beneficiary will be taken to be the registered holder of those Shares and the Custodian may apply, on behalf of each beneficiary, for up to AUD\$15,000 worth of New Shares per beneficiary, subject to providing the Company with a custodian certificate that complies with the requirements of ASIC Class Order 09/425 (**Custodian Certificate**). By providing a Custodian Certificate, an Eligible Shareholder represents and warrants to the Company that it is a 'custodian' within the definition of that term in ASIC Class Order 09/425. Custodian Certificates can be obtained from the Company's share registry, Boardroom Pty Limited, by telephone on 1300 737 760, by facsimile on (02) 9290 9655 or by email to corporateactions@boardroomlimited.com.au.

If a person holds Shares as a trustee or nominee for another person, but is not a Custodian, it cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings apply (see "Joint/Multiple Holdings" above).

3. Non-renounceable Offer

The offer under the SPP is non-renounceable. Eligible Shareholders cannot transfer their right to acquire Shares under the SPP to another person.

4. Rights Attaching to Shares

All New Shares issued under the SPP will rank equally with the Company's existing Shares and will carry the same voting rights and other entitlements of existing Shares as at the Issue Date.

5. Price of New Shares

The issue price of the New Shares is AUD\$0.01 each, which is, in accordance with the Listing Rules, at least 80% of the volume weighted average price of existing Shares quoted on the ASX during the last 5 days in which sales in the Shares were recorded immediately prior to the Announcement Date (being AUD\$0.010775).

The market price of the Shares may change after the New Shares are offered under the SPP. However, this will not affect the price at which participating Eligible Shareholders will receive the New Shares under the SPP. This means that the Issue Price for the New Shares under the SPP may be higher or lower than the market price of existing Shares at the date of allotment.

6. Number of Shares Issued

The maximum number of New Shares that are able to be issued under the Listing Rules is 73,217,145. On that basis, the Company reserves the right to scale back Applications on any basis it determines. When fewer New Shares are allotted than were applied for by an Eligible Shareholder, surplus application monies will be returned, without interest, after the Closing Date. The number of New Shares issued to an Eligible Shareholder (including as a result of a scaling back) will be rounded (up or down) to the nearest whole number of Shares.

7. How to Apply - Application Form

Eligible Shareholders wishing to participate in the SPP must follow the instructions set out on the enclosed personalised Application Form. You can either:

- subscribe and pay by BPAY® in accordance with the instructions set out in the personalised Application Form. If you choose this option, you do not need to return your completed Application Form; **or**
- subscribe and pay by cheque, in which case a completed Application Form together with your cheque must be sent in the reply paid envelope so that it is received by the Company's share registry by no later than the Closing Date unless the Closing Date is otherwise extended by the Company.

8. Issue Date

It is expected that the New Shares will be issued under the SPP on Tuesday 6 March 2018 and quotation on the ASX is expected to commence the trading day following the Issue Date. You should receive your holding statement or transaction confirmation statement shortly thereafter.

9. Cost of Participation

No brokerage, commission, stamp duty or other transaction costs will be payable by you in respect of an issue of New Shares under the SPP.

10. Variation and Termination

The Company reserves the right to modify, terminate or waive compliance with any provision of these Terms and Conditions at any time. The Company will notify the ASX of any modification, waiver or termination of the SPP. Without limiting the above, the Company may issue to any Eligible Shareholder fewer New Shares than the Eligible Shareholder applied for under the SPP if, in the opinion of the Company, the proposed issue would contravene any applicable law or the Listing Rules of the ASX.

11. Company's Discretion Regarding Shortfall Shares

The Board reserves the right to place any Shortfall Shares in their absolute discretion and at a price no less than the price of the New Shares offered under the SPP, to the extent that any such placement of Shortfall Shares can be made having regard to the Listing Rules and the Corporations Act.

12. Disputes

The Company may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or Application, and the decision of the Company will be conclusive and binding on all Shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of the Terms and Conditions.

13. Foreign Shareholders

Distribution of the SPP offer documentation (including these Terms and Conditions and Application Form) in jurisdictions outside of Australia may be restricted by law. This documentation does not constitute an offer of, or invitation to subscribe for securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Shareholders resident outside Australia should consult their professional advisers as to whether, in order to enable them to participate in the SPP, any governmental or other consents are required or other formalities need to be observed. Where this documentation has been sent to Shareholders with registered addresses outside Australia who are not entitled to participate, it is sent to them for information purposes only.

14. Effect of Receipt

Receipt by the Company's share registry of a completed Application Form or, in the case of an Eligible Shareholder who chooses to subscribe and pay by BPAY® for New Shares, receipt by the Company of an payment by BPAY of the Application Money will:

- represent an acknowledgement that the Shareholder named on the Shareholder's Application Form (**Named Shareholder**) is an Eligible Shareholder;
- constitute an irrevocable and unconditional acceptance of the offer in accordance with the Terms and Conditions and the constitution of the Company by the Named Shareholder;
- represent a certification by the Named Shareholder that the aggregate of the application price for the Shares the subject of the Application and the application price for any other Shares in the Company applied for under the SPP or any other similar arrangement in the last 12 months does not exceed AUD\$15,000;
- represent an acknowledgement that the Named Shareholder is lawfully permitted to accept the offer to acquire the Shares under the SPP and participate in the SPP in accordance with the laws applicable in Australia and any other applicable laws in the jurisdiction in which the Named Shareholder and / or the beneficial owner of the Shares is situated;
- represent an acknowledgement that the Named Shareholder accepts the risk that the market price of the Shares may fall between the date on which the Application is submitted and the date the New Shares are issued;
- if the Shareholder returns a completed Application Form, authorise the Company (and its officers and agents) to correct any error in, or omission from, the Named Shareholder's Application Form and to complete the Application Form by the insertion of any missing details;
- constitute an acceptance by the Named Shareholder to indemnify the Company for, and to pay to the Company within 5 business days of the demand, any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- represent an acknowledgement by the Named Shareholder that the Company is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
- represent an acknowledgement by the Named Shareholder that under the Terms and Conditions, and to the maximum extent possible at law, the Named Shareholder releases the Company and its Directors and officers from any liability for any loss the Named Shareholder may suffer as a result of making any investment in the Company under the SPP.

15. Reliance on Terms and Conditions

These Terms and Conditions have been prepared in accordance with ASIC Class Order 09/425, which relates to share purchase plans that do not require a prospectus or disclosure document. Accordingly, the level of disclosure in these Terms and Conditions is considerably less than the level of disclosure required in a prospectus or other disclosure document.

Nothing in these Terms and Conditions constitutes financial or investment advice. In deciding whether or not to participate in the SPP, you should rely on your own knowledge of the Company, refer to disclosures made by the Company to ASX (which are available for inspection on the ASX's website at www.asx.com.au and on the Company's website at www.k2energy.com.au) and seek the advice of your professional adviser.

16. Governing Law

The Terms and Conditions are governed by the laws in force in the State of Victoria, Australia, and are to be interpreted in accordance with their spirit, intention and purpose.

Glossary

In these Terms and Conditions, the following words have the following meanings unless the context requires otherwise:

AEDT	Australian Eastern Daylight Time as observed in Sydney, Australia
Announcement Date	Wednesday 31 January 2018
Application	an application for New Shares under the SPP made in accordance with the instructions on the enclosed Application Form
Application Form	the personalised form accompanying these Terms and Conditions
Application Money	the application money required for a subscription of New Shares under the SPP, as applicable to the parcel option selected
ASIC	the Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires)
Board	the board of Directors
Closing Date	the last date for accepting the offer under the SPP, being 5:00pm AEDT on Wednesday 28 February 2018 or such other date and/or time determined by the Board
Company	K2 Energy Limited (ABN 99 106 609 143)
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Custodian	has the meaning given in ASIC Class Order 09/425
Directors	the directors of the Company
Eligible Shareholders	Shareholders with a registered address in either Australia or New Zealand at 7:00 pm AEDT on the Record Date
Issue Date	Tuesday 6 March 2018 or such other date determined by the Board
Listing Rules	the official listing rules of ASX
New Share	a Share to be issued pursuant to these Terms and Conditions
Record Date	7:00 pm AEDT on Tuesday 30 January 2018
Share	a fully paid ordinary share in the capital of the Company
Shareholder	a registered holder of Shares
SPP	the share purchase plan as set out in these Terms and Conditions and the Application Form
Shortfall Shares	those Shares available for purchase under the Share Purchase Plan not accepted by Shareholders
Terms and Conditions	the terms and conditions under which the offer in respect of the Share Purchase Plan is being made