

27th April 2018

**QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED
31st MARCH 2018**

The Directors of K2 Energy Limited (ASX: KTE) (“K2”) provide the following report for the quarter ended 31st March 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”), 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 announcements in January and February 2018.

- *A leading semiconductor manufacturer has entered Phase 3.*
- *Atomera now has six customers in the Integration Phase (Phase 3) – double the number from a year ago.*
- *One new customer has moved from Phase 1 (Planning) into the company’s Setup Phase (Phase 2) which means they have started wafers for use with Atomera’s technology.*
- *Atomera is now engaged with 50% of the world’s top semiconductor manufacturers.*
- *Achieved first revenue, consisting of non-recurring engineering services revenue, demonstrating early success with its new engagement model*
- *Engaged with the largest number of customers in company history*
- *Installed MST technology at a customer fab*
- *Filed 22 new patent applications and was granted four new US patents during 2017*

Atomera uses a customer engagement cycle model to keep investors informed about their progress toward commercialization. There are three phases in Atomera’s customer engagement cycle; the third level or Integration Phase is the final step before a customer enters into a licensing agreement with the company. Atomera now has 14 total customers evaluating its Mears Silicon Technology (MST): 6 in Phase 1, 2 in Phase 2, and 6 in Phase 3.

ABOUT ATOMERA, INC. (continued)

“We have been making consistent progress working with our customers to advancing them toward revenue for Atomera, doubling the number of customers evaluating MST in Phase 3,” said Scott Bibaud, Atomera’s President and CEO. “In addition, our collaboration with Synopsys continues to bear fruit as the delivery of MST-inserted TCAD models to semiconductor manufacturers accelerates their evaluation and integration of our technology. We believe the growing pipeline and enhanced modeling capabilities will help fast-track a license decision.”

“In 2017 we reached several major milestones. Atomera recognized its first revenue in the fourth quarter and we ended the year with double the number of companies in technical evaluation and testing of MST as we had at the beginning of the year,” commented Scott Bibaud, President and CEO. “Our level of customer engagement has never been stronger or broader than it is currently, our number of engagements has never been greater, and we have taken major steps toward accelerating the cycle time of our internal development of MST. We are now in various phases of engagement with half of the top semiconductor companies in the world.”

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 company that was adversely impacted by the collapse in the oil price. As previously advised, the investment in Trey Resources has a nil carrying value, and is in receivership. As a shareholder K2 Energy has no financial exposure to Trey Resources.

K2 Energy has been evaluating potential oil and gas drilling opportunities in the USA.