

27th October 2017

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

The Directors of K2 Energy Limited (ASX: KTE) ("K2") provide the following report for the quarter ended 30th September 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 8th August 2017.

- *Atomera added new prospective customers to both the planning and the setup phase of the customer engagement cycle bringing Atomera's total engaged customer count to 11. Atomera continues to work with four potential customers in the pivotal phase of evaluating MST[®].*
- *In July 2017, Atomera was issued three patents by the US Patent and Trademark Office, bringing to four the total number of US patents issued in 2017 so far.*
- *Atomera's new R&D pipeline continues to show great progress with nine new wafer fabrication and test cycles completed in the June Quarter - a total of 17 so far in 2017.*

"During the second (June) quarter, we made significant progress across all aspects of the company including new customer acquisition, R&D, and patent generation," commented Scott Bibaud, President and CEO.

Atomera had \$21.7 million in cash and cash equivalents as of June 30, 2017

Patents Issued

Atomera continues to build its patent portfolio and reached the milestone of 60 issued US patents. Four new US patents have been issued so far in 2017, consisting of:

- *"Semiconductor Devices with Enhanced Deterministic Doping and Related Methods"*
- *"Method for Making Semiconductor Structures in Single-Wafer Processing Chamber with Desired Uniformity Control"*
- *"Semiconductor Device Including a Superlattice and Replacement Metal Gate Structure and Related Methods"*
- *"Methods for Making a Semiconductor Device Including Atomic Layer Structures Using N2O as an Oxygen Source"*

Including international patents, Atomera's portfolio consists of over 110 issued patents.

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.