K2 ENERGY LIMITED

A.C.N. 106 609 143

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a meeting of members of K2 Energy Limited (the "Company") will be held at Suite 10.04, Level 10, 56 Pitt Street, Sydney NSW 2000 on Friday 28th June 2024 at 9:30am Sydney Time for the purpose of transacting the business set out in this Notice.

BUSINESS

1. REDUCTION OF CAPITAL

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That in accordance with section 256(1) of the Corporations Act and for all other purposes, approval is given for the Company to make an equal reduction of capital and to cancel all 300,657,151 shares on issue on the Reduction Date on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting with the consideration being either:

- The transfer of such number of shares in Atomera Inc, a Nasdaq listed Delaware Corporation, (Atomera Shares) for the aggregate number of Shares held by an Eligible Shareholder as at the Reduction Date and who elects by notice in writing to the Company to receive Atomera Shares as equals the aggregate number of Shares divided by the K2 Formula, rounded down to the nearest whole number; or
- The payment of the amount of the Per Share Cash Component for each Share for the aggregate number of Shares held by Shareholders as at the Reduction Date, rounded down to the nearest cent, who elect not to receive Atomera Shares or who are Ineligible Shareholders.

Terms having a defined meaning in the Explanatory Memorandum relating to this Notice of Meeting have a corresponding meaning in this Resolution. If a properly completed Election Form is not received from a Shareholder by the Return Time, the Shareholder will be deemed to have elected to receive the Per Share Cash Component."

2. DELISTING FROM NSX

To consider and if thought fit to pass, the following resolution as a special resolution:

"That subject to Resolution 1 being passed and for the purposes of Listing Rule 2.25 and for all other purposes, the directors of the Company are authorised to withdraw the listing of the Company from the Official List of the National Stock Exchange of Australia Limited".

Appointment of Proxy

(a) A member who is unable to attend and vote at the meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below. The proxy need not be a member of the Company.

(b) If a member wishes to appoint a proxy, and is entitled to cast 2 or more votes, then the member may appoint 2 proxies, and may specify the proportion or number of votes each proxy may cast.

(c) A proxy form (and the power of attorney (if any) under which it is signed) must be received at the registered office of the Company not less than 48 hours before the time of the holding of the meeting:

- By hand: Boardroom Pty Limited – 210 George Street, Sydney, NSW, 2000
- By mail: Boardroom Pty Limited – GPO Box 3993, Sydney NSW, 2001
- By facsimile: (02) 9290 9655

Corporate Representatives

Corporate members must either:

- appoint a proxy as set out above; or
- appoint a body corporate representative in accordance with the Corporations Act.

The appointment of a body corporate representative must be produced at the meeting.

Entitlement to Vote

For the purpose of the meeting, those members holding shares at 7pm Sydney Time on Wednesday 26th June 2024 will be voting members at the meeting.

Election Form

Accompanying this Notice is an election form for Shareholders to elect:

- If an Eligible Shareholder, Atomera Shares; or
- The cash amount.

Election Forms must be returned no later than 7pm Sydney time on Wednesday 26th June 2024 (Return Time). If no properly completed Election Form is lodged with the Company by the Return Time, the Shareholder will be deemed to have elected to receive the Per Share Cash Component.

Further Information

This Notice should be read in conjunction with the Explanatory Note.

By the Order of the Board of Directors.

T. A. Flitcroft
Company Secretary
Dated: 20th May 2024

K2 ENERGY LIMITED
ACN 106 609 143
EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared in respect of the Extraordinary General Meeting of Members of K2 Energy Limited on 28th June 2024.

RESOLUTION 1 – APPROVAL OF EQUAL CAPITAL REDUCTION

A. General Background

K2 Energy Limited (KTE or the Company) is a company which is listed on the National Stock Exchange of Australia Limited (NSX).

The Company's share capital consists of 300,657,151 fully paid ordinary shares and 100 Convertible Notes.

The Company's only remaining asset of value is 500,000 shares in Atomera Inc, a Nasdaq listed Delaware company, which a semiconductor materials and technology licensing company. As at 17th May 2024 being the latest practicable trading day in the United States prior to the issue of the Notice of Meeting the closing price of a share in Atomera Inc was US$4.45 (A$6.65[1]) valuing the shares held by the Company in Atomera Inc on that date at US$2,225,000 (A$ 3,323,376).[2]

Given the limited market trading in Company's Shares, with only three on-market trades since 1 January 2023 and the costs associated with maintaining the Company as an NSX listed company, the Board believes it would be best to offer Shareholders the ability to receive Atomera Shares or cash (from the sale of Atomera Shares) by way of an equal reduction of capital and cancellation of all 300,657,151 Shares currently on issue and the subsequent deregistration of the Company.

Upon the reduction occurring the 100 Convertible Notes will automatically convert into 100 fully paid Shares in the Company.[3] At such time the Company will have only one shareholder and as such given, it will not meet the requirements for being listed on NSX and as such subject to the passing of Resolution 2 will be delisted and will then be deregistered. The Company gave formal notice to NSX on 20th May 2024 that it intends to delist and has applied for a waiver of the 90 day period required under Listing Rule 2.25 and should that waiver be granted the directors intend the delisting to occur on 30th June 2024. If the waiver is not granted then the directors will delist the Company 90 days after 20th May 2024.

The Record Date for determining participation in the Reduction is 26th June 2024. If the Reduction is approved at the General Meeting by the required majority of Shareholders trading in the Shares will be suspended from the close of the Meeting.

B. Corporations Act requirements

Pursuant to section 256C(1) of the Corporations Act, a company may make an equal capital reduction if it is approved by an ordinary resolution passed at a general meeting of the company.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

(a) addressing the risk of the transaction leading to the company's insolvency;

(b) seeking to ensure fairness between the shareholders of the company; and

(c) requiring the company to disclose all material information.

[1] Using the US$/A$ exchange rate quoted by the Reserve Bank of Australia on that date.
[2] Further details of the trading prices of Atomera Shares are set out in Section E.
[3] These Convertible Notes are to be held by Matisse Investments Pty Limited ABN 31 152 173 352.

In particular, section 256B of the Corporations Act requires that a company may only reduce its capital if:

(a) it is fair and reasonable to the company's shareholders as a whole;

(b) it does not materially prejudice the company's ability to pay its creditors; and

(c) it is approved by the shareholders in accordance with section 256C of the Corporations Act.

The Company currently owes $408,750 to directors and senior management The Company has no other liabilities. In addition, the Company expects that the costs to complete the reduction of capital will be approximately $91,250, bringing the total costs and liabilities to approximately $500,000. The directors and senior management have agreed that to the extent that the actual costs to complete the reduction of capital are greater than $91,250 that they each receive a pro-rata reduced amount in satisfaction of the of the amounts due to them such that the total costs of the Reduction and amounts paid to directors and senior management will be no greater than $500,000.

As at 17th May 2024, the Company had on hand $160,676 in cash which is not sufficient to meet the Company's existing liabilities and pay the estimated costs of the reduction of capital.

Accordingly, if the reduction of capital is approved the Company will first sell shares in Atomera Inc, so as to have a total of $500,000 on hand to meet the costs of the reduction of capital and pay the outstanding directors and senior management fees.

The maximum number of Atomera Inc shares that will be available for distribution will be determined in accordance with the following formula (the Atomera Formula):

AS = 500,000 – N

Where:

AS = Maximum Number of Atomera Shares available for distribution; and

N = the Number of Atomera Shares required to be sold to raise sufficient funds to meet existing liabilities and costs of $500,000, converted to A$ on the date of each relevant sale.

The sale of Atomera Shares to raise the funds represented by N in the Atomera Formula will occur as soon as practical following approval by Shareholders of the Reduction Resolution.

The number of Shares that Shareholders wishing to acquire Atomera Shares will need to hold to acquire one (1) Atomera Share will be calculated in accordance with the following formula (the K2 Formula):

X = 300,657,151/AS

Where

X = the number of Shares required to receive one (1) Atomera Share; and

AS = The Maximum Number of Atomera Shares available as determined by the Atomera Formula above.

All payments of the Per Share Cash Component of the equal reduction of capital will be met through the sale by the Company of those Atomera Shares which will not be transferred to Eligible Shareholders who elect to receive them and who hold sufficient Shares to receive Atomera Shares as part of the consideration for their Shares.

The Per Share Cash Component will be calculated in accordance with the following formula (the Per Share Cash Component Formula):

PSCC = (Z X P) / Q

Where:

PSCC = Per Share Cash Component;

Z = the number of Atomera Shares to be sold to raise funds to meet the Per Share Cash Component being AS as specified in the Atomera Formula less the aggregate number of Atomera Shares transferred to Eligible Shareholders in accordance with the operation of the K2 Formula;
and

P = the average price received for each Atomera Share sold exchanged into A$ from US$ as determined by the Company from time to time after proceeds of sale are received, less any costs of realisation and conversion.

Q = 300,657,151 – the aggregate number of Shares that shareholders elect to receive Atomera Shares for.

Atomera Shares to be sold to calculate the Per Share Cash Component will be sold following the sale of the Atomera Shares to raise the funds represented by N in the Atomera Formula referred to above at the discretion of the Company having regard to the liquidity available for the sale of Atomera Shares at that time.

There can be no assurance as to the prices that will be received for Atomera Shares when they are sold or the time that will be required to dispose of the necessary number of Atomera Shares to calculate the amounts required for the operation of the formulas specified above. The prices received from the sale of Atomera Shares may be higher or lower than the historic prices for Atomera Shares. Shareholders will have no control over that realisation process.

The following is an example of the operation of these formulas (for illustrative purposes only) assuming:

- All necessary Atomera Shares required to be sold are sold to receive US$4.45 and A$6.65 on currency conversion.[4]
- That the holders of 150,000,000 Shares elect to receive Atomera Shares and are eligible Shareholders.

Under this example the Atomera Formula would result in the following:

AS= 500,000-N
N= 51,027, being the number of Atomera Shares required to generate $500,000 at the illustrative sale price of A$6.65 (being $6.65 x 51,027 or an aggregate of $339,329.55 and assuming cash on hand remains at $160,676)
AS= 500,000-51,027
AS= 448,973

Under this example the K2 Formula would be as follows;

X= 300,657,151/AS
AS= 448,973 (as above)
X= 300,657,151/448,973
X= 669

As a result the Eligible Shareholders holding the illustrative 150,000,000 Shares would receive an aggregate number of approximately 224,215 Atomera Shares, subject to rounding (150,000,000 divided by 669).

Under this example the Per Share Cash Formula would be as follows:

PSCC= (Z X P) / 150,657,151
Z= 224,758, being AS of 448,973 less 224,215 Atomera Shares distributed to Eligible Shareholders (X multiplied by 150,000,000, subject to rounding)
P= A$6.65
PSCC= (224,758 X $6.65) / 150,657,151
PSCC= $0.009921

As a result Shareholders holding the balance of the Shares (for illustrative purposes 150,657,151 Shares) would receive an aggregate amount of $1,494,670 (150,657,151 multiplied by PSCC of $0.009921).

The proposed capital reduction is an "equal" capital reduction within the meaning of section 256B(1) of the Corporations Act as the reduction applies to each holder of ordinary Shares in proportion to the number of Shares they hold and the terms of the reduction are the same for each holder of ordinary Shares.

Section 256C(4) of the Corporations Act requires that the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

[4] For illustrative purposes being the closing price in US$ and the exchange rate on the latest practicable trading date referred to above.

The Directors believe that the capital reduction as proposed is fair and reasonable to Shareholders for the following reasons:

(a) the capital reduction will result in the cancellation of the Shares held by all Shareholders as at the Reduction Date equally;

(b) the effect of the cancellation will be that all shareholders as at the Reduction Date will cease to hold Shares in the Company. Upon the equal reduction of capital occurring the 100 Convertible Notes will automatically convert into 100 Shares and the Convertible Noteholder will become the only Shareholder. The net assets of the Company following the Reduction taking effect will be negligible in amount;

(c) The share capital of the Company will, following the reduction of capital and conversion of the Convertible Notes be reduced from 300,657,151 Shares with a paid-up value of $42,208,668 to 100 fully paid Shares with a paid-up value of $100; and

(d) All Shareholders will receive the same consideration for their Shareholdings (Atomera Share or cash) which represents in total all of the assets of the Company other than the cash required to pay any existing liabilities of the Company, the costs associated with the of the reduction of capital and deregistration of the Company. At the time of the deregistration of the Company, the Company is expected to have negligible cash assets and no liabilities.

C. Summary and effect of Proposed Equal Capital Reduction

The overall effect of the equal capital reduction and cancellation of the Shares held by the Shareholders as at the Reduction Date is as follows:

Existing Share Capital	**Number**
Total number of shares on issue	300,657,151
After Equal Capital Reduction and Conversion of Convertible Notes	**Number**
Total number of shares on issue	100

D. Consideration for the Shares

Eligible Shareholders are those Shareholders in the Company to whom the Company can legally transfer Atomera Shares without the need to prepare a prospectus or other disclosure document (expected to be Shareholders with addresses in Australia and New Zealand only).

Eligible Shareholders will be able to elect to either receive Atomera Shares for the aggregate number of Shares they hold equal to that number divided by the K2 Formula above, subject to rounding. In the case of Shareholders who are Eligible Shareholders who elect not to receive Atomera Shares who being Eligible Shareholders who elect to receive Atomera Shares but hold insufficient Shares to receive an Atomera Share or who are Ineligible Shareholders a cash payment will be made equal to the Per Share Cash Component for each Share held by them as at the Reduction Date, subject to rounding.

Eligible Shareholders who wish to acquire Atomera Shares as part of the consideration for their Shares in the equal reduction of capital must properly complete the attached Election Form and return it to the Company by the Return Time of 7.00pm on 26th June 2024. Election Forms received after the Return Time will be considered invalid and the Eligible Shareholders who completed them will be taken to have elected to receive cash for their Shares. Shareholders who are to receive cash must complete section 5 of the election Form if they wish to be paid by Electronic Funds Transfer, otherwise they need do nothing.

Election Forms can be delivered to the Company as follows:

- By hand: Boardroom Pty Limited – Level 12 Grosvenor Place, 225 George Street, Sydney, NSW, 2000
- By mail: Boardroom Pty Limited – GPO Box 3993, Sydney NSW, 2001
- By facsimile: (02) 9290 9655.

The Record Date for participation in the Reduction is 7pm on 26th June 2024.

If you wish to receive cash or are an ineligible shareholder you do not need to complete the form and will automatically be taken to receive cash. If you elect to receive Atomera Shares but are subsequently found to hold insufficient K2 Shares to acquire shares in Atomera Inc you will be taken to have elected to receive cash.

The 500,000 Atomera Shares owned by the Company are held in a nominee account with an international custodian under an account in the name of Morgans Financial Limited ("Morgans"). The transfer of Atomera Shares will be affected via off- market transfers of the Atomera Shares held in the Morgans nominee account. The Shareholders acquiring those interests will then be free to advise Morgans if they wish to continue to hold the interest through Morgans or that they wish their Atomera Shares to be transferred to them directly.

No fees will be charged by Morgans in respect of the holdings until the underlying Atomera Shares are sold at which time Morgans could charge a brokerage fee. Any Taxes or transfer duties are directly the responsibility of the seller and buyer.

No advice will be provided by Morgans in relation accepting the offer of Atomera Shares.

If you elect to receive Atomera Shares you will need to complete a Morgans Account Application Form if not already a client of Morgans. This must be returned with your Election Form. A form can be found on the Morgans website https://morgans.com.au/forms. By electing to receive Atomera Shares you will be taken to have appointed any of the Company's directors as your attorney to complete all necessary share transfers and deliver them to Morgans.

Eligible Shareholders who wish to receive cash for their shares and Ineligible Shareholders who wish to be paid the Cash Consideration by way of electronic transfer need to complete section 5 on the reverse of the Election Form and return it otherwise they need do nothing.

E. Atomera Inc.

The following description of Atomera Inc's business was extracted from Atomera Inc's most recent annual report:

"We are engaged in the business of developing, commercializing and licensing proprietary processes and technologies for the $530+ billion semiconductor industry. Our lead technology, named Mears Silicon Technology™, or MST®, is a thin film of reengineered silicon, typically 100 to 300 angstroms (or approximately 20 to 60 silicon atomic unit cells) thick. MST can be applied as a transistor channel enhancement to CMOS-type transistors, the most widely used transistor type in the semiconductor industry. MST is our proprietary and patent-protected performance enhancement technology that we believe addresses a number of key engineering challenges facing the semiconductor industry. We believe that by incorporating MST, transistors can be made smaller, with increased speed, reliability and power efficiency. In addition, since MST is an additive and low-cost technology, we believe it can be deployed on an industrial scale, with machines commonly used in semiconductor manufacturing. We believe that MST can be widely incorporated into the most common types of semiconductor products, including analog, logic, optical and memory integrated circuits.

We do not intend to design or manufacture integrated circuits directly. Instead, we develop and license technologies and processes that we believe offer the designers and manufacturers of integrated circuits a low-cost solution to the industry's need for greater performance and lower power consumption. Our customers and partners include:

- foundries, which manufacture integrated circuits on behalf of fabless manufacturers;
- integrated device manufacturers, or IDMs, which are the fully-integrated designers and manufacturers of integrated circuits;
- fabless semiconductor manufacturers, which are designers of integrated circuits that outsource the manufacturing of their chips to foundries;
- original equipment manufacturers, or OEMs, that manufacture the epitaxial, or epi, machines used to deposit semiconductor layers, such as the MST film, onto silicon wafers; and
- electronic design automation companies, which make tools used throughout the industry to simulate performance of semiconductor products using different materials, design structures and process technologies.

Our principal business objective is to enter into commercial license agreements that enable our customers to manufacture and sell MST-enabled products, generating license revenues and ongoing royalties. We also license our MSTcad® software to customers, enabling them to simulate the effects of MST on their products using Synopsys, Inc.'s technology computer-aided design, or TCAD, software. In addition, we offer fee-based engineering services to customers evaluating MST. Our goal is that MSTcad® licensing and engineering service arrangements will be tools that demonstrate the benefits of MST and will lead customers to enter into full commercial licenses. A "full commercial license" involves a three-stage approach consisting of:

1. An integration license that provides our customer the right to use MST technology (with MST film deposited for the customer by Atomera) in the manufacture of silicon wafers for internal testing and sampling;
2. A manufacturing license, granting our customer the rights to install MST on a tool in their fab and to manufacture MST-enabled products for internal use only; and
3. A distribution license which grants the rights to manufacture and sell MST-enabled products to their customers.

Depending on our customers' business needs and how we initially engaged with them, we may make these license grants in one or more separate contracts. The upfront license fee becomes larger at each stage. Upon the grant of a distribution license our licensees would also be required to make royalty payments to us based on the number and sales price of MST-enabled products they sell to their customers.

Starting in 2019, we began to develop deeper relationships with several potential large-scale customers who were evaluating MST across multiple manufacturing processes and product lines. Accordingly, we have engaged with certain customers under joint development agreements, or JDAs. Our JDAs include development, technology transfer, manufacturing and licensing components.

To date, application of our MST technology has been for power devices, RFSOI devices and advanced CMOS integrated circuits. CMOS integrated circuits are the most widely used type of integrated circuits in the semiconductor industry. As applied to CMOS-type transistors, MST functions as a transistor channel enhancement. We believe MST has the potential to overcome the key challenges found in the implementation of next generation nano-scale semiconductor devices incorporating CMOS type transistors, namely enhancing drive current, reducing gate leakage and reducing variability. In addition, we believe that MST has the potential to deliver these benefits through a single technology that requires relatively minor modifications to the industry-standard CMOS manufacturing flow. Consequently, we believe that by incorporating MST, designers can make transistors with increased speed, reliability and energy efficiency, without significantly altering the current fabrication process or cost of production.

We were organized as a Delaware limited liability company under the name Nanovis LLC on November 26, 2001. On March 13, 2007, we converted to a Delaware corporation under the name Mears Technologies, Inc. On January 12, 2016, we changed our name to Atomera Incorporated. Shares of our common stock are listed on the NASDAQ Capital Market under the symbol "ATOM"."

The number of outstanding shares of Atomera's Common Stock, par value $.001 per share, as of 29 April 2024 was 26,887,371.

Atomera Inc's share price as at the latest practicable trading day prior to the issue of this Notice of meeting was US$4.45 (A$6.65).[5]

The range of prices for Atomera Shares in the 12 months prior to the issue of this Notice of Meeting was:

High: US$10.45

Low: US$ 3.68

[5] Using the US$/A$ exchange rate quoted by the Reserve Bank of Australia on that date.

The following chart shows the price and volume of Atomera Shares traded on NASDAQ since 1 January 2021:

The price at which Atomera shares will trade in future, indeed the price at which the Company will be able to sell its Atomera Shares to fund the Per Share Cash Component is unknown and cannot be guaranteed. The amount received in Australian $ following the sale of Atomera Shares will also depend on the A$/US$ exchange rate from time to time.

There are various risks associated with an investment in Atomera Inc. A number of these risks are set out in Annexure A.

Further information on Atomera Inc can be found at (https://lexamples.com/exhibits/company/0001420520/Atomera-Inc).

Shareholders wishing to elect to receive Atomera Shares should refer to the full range of information available concerning Atomera before making that election. The Company and its Directors give no assurance concerning the assets, liabilities, financial position and prospects of Atomera and Shareholders should make their own inquiries concerning Atomera before electing to receive Atomera Shares.

Financial information concerning Atomera is prepared in accordance with International Accounting Standards. These accounting standards differ from the accounting standards used by the Company to prepare its financial statements which are prepared in accordance with Australian Financial Reporting Standards. Details of the accounting principles applied in preparing each entity's financial reports are contained in the notes to their respective financial statements.

F. Delaware Corporation

Atomera Inc is domiciled in the State of Delaware in the United States of America,

Shareholders who acquire Atomera Shares as part of the reduction of capital need to be aware that the Australian law will not apply to their shareholding in Atomera and that US Securities laws and the laws of the state of Delaware will apply. We note the following disclosures by Atomera Inc in relation to Delaware laws and Atomera's constituent documents:

"Our charter documents and Delaware law may inhibit a takeover that stockholders consider favorable.

Provisions of our certificate of incorporation and bylaws and applicable provisions of Delaware law may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. The provisions in our certificate of incorporation and bylaws:

- limit who may call stockholder meetings;
- do not permit stockholders to act by written consent;
- allow us to issue blank check preferred stock without stockholder approval;
- do not provide for cumulative voting rights; and
- provide that all vacancies may be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum.

In addition, Section 203 of the Delaware General Corporation Law may limit our ability to engage in any business combination with a person who beneficially owns 15% or more of our outstanding voting stock unless certain conditions are satisfied. This restriction lasts for a period of three years following the share acquisition. These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock.

Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us or any our directors, officers or other employees arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws, or (iv) any action asserting a claim against us or any our directors, officers or other employees governed by the internal affairs doctrine. This forum selection provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any of our directors, officers or other employees.

Our board of directors may issue blank check preferred stock, which may affect the voting rights of our holders and could deter or delay an attempt to obtain control of us.

Our board of directors is authorized, without stockholder approval, to issue preferred stock in series and to fix and state the voting rights and powers, designation, preferences and relative, participating, optional or other special rights of the shares of each such series and the qualifications, limitations and restrictions thereof. Preferred stock may rank prior to our common stock with respect to dividends rights, liquidation preferences, or both, and may have full or limited voting rights. If issued, such preferred stock would increase the number of outstanding shares of our capital stock, adversely affect the voting power of holders of our common stock and could have the effect of deterring or delaying an attempt to obtain control of us."

Additionally, the NASDAQ listing rules will apply to Atomera Inc rather than the listing rules of the NSX. The following link (https://lexamples.com/exhibits/company/0001420520/Atomera-Inc) is to various exhibits lodged by Atomera Inc which may provide further details on applicable laws, listing rules and Atomera's constituent documents. Eligible Shareholders wishing to acquire Atomera Shares should make their own enquiries in respect of the differences in laws, listing rules and constituent documents.

G. Details concerning the Company

The Company is listed on NSX.

Details of the Company's assets, liabilities, financial position and prospects (including the most recent half yearly report at 31 December 2023) can be obtained by referring to the full range of financial information available from the NSX website at https://www.nsx.com.au/marketdata/company-directory/details/KTE/.

No on-market trading occurred in any K2 Shares on NSX in any months since 1st January 2023, other than detailed as follows:

Month	Volume (shares)	Value
April 2024	300,000	$1,500
March 2024	363,583	$1,818
June 2023	100,000	$1,000

H. Suspension of share trading on NSX

It is expected that if Resolution 1 is approved by Shareholders that trading in Shares will be suspended from trading following the meeting on 28th June 2024. If Resolution 2 is also passed the Company will be delisted from NSX following that meeting.

This means that if both resolutions are passed holders of K2 Shares will no longer be able to trade K2 Shares on NSX or any other Australian stock exchange.

Eligible Shareholders who acquire Atomera Shares as part of the reduction of capital will need to trade their Atomera Shares on Nasdaq.

I. Implications of the Equal Reduction Occurring

If the resolution is passed the Company will move to reduce its capital as soon as practicable (ie not earlier than 14 days after the Company notifies ASIC of the resolution being passed) and Shareholders will either receive Atomera Shares or cash.

Upon the reduction occurring the Shares currently on issue will be cancelled and the 100 Convertible Notes will automatically convert into 100 Shares.

It is proposed that the Company will be deregistered in accordance with section 601AA of the Corporations Act. Upon deregistration of the Company will cease to exist and in the case of deregistration any remaining assets (expected to be no more than $100) will vest in the Commonwealth.

The general Australian taxation implications for Shareholders are as set out in Annexure “A” to this Notice of Meeting. The Board has decided to only provide general details of Australian taxation implications as the taxation implications for specific shareholders depend on the nature of their individual situations. Shareholders are recommended to obtain their own specific taxation advice in respect of the impact of the passing of the resolution.

J. Directors’ Recommendation

The Directors believe that the proposed capital reduction is in the best interests of the Company and its Shareholders for the reasons outlined in section B.

For these reasons, the Directors recommend that Shareholders vote in favour of the capital reduction. The Directors intend to vote all Shares that they control in favour of the Reduction Resolution.

There may be considered advantages and disadvantages for Shareholders in deciding to approve the Reduction.

Some of the advantages may be considered to be:

- The Company is sub-scale and now only holds Atomera Shares.
- There is limited liquidity in the trading of Shares.
- The Company incurs costs in its operations, financial reporting obligations and in satisfying listing obligations.

Some of the disadvantages may be considered to be:

- Shareholders may prefer to remain shareholders in an Australian listed company.
- Shareholders may see the potential for the Company to be a platform to expand its activities.
- Shareholders may consider that now is not the right time to undertake this restructuring.

There may be advantages, disadvantages and risks associated with electing to receive Atomera Shares or receiving the cash alternative. The Directors make no recommendation as to the election Shareholders should make as that will depend on each Shareholders particular circumstances and preferences.

Some of the relevant advantages, disadvantages and risks that Shareholders might take into account are as follows.

Atomera Shares:

- The possibility that the Atomera Share price may increase over time.
- The risk that the Atomera Share price will decline in the future.
- Risks associated with holding shares in a Delaware NASDAQ company as compared to an Australian NSX company.

Cash:

- The risk that the cash generated from the sale of Atomera Shares to fund the Reduction will be less than historic market prices of Shares.
- The risk that receiving the cash amount and will not capture any effect of any Atomera Share price increases in the future.
- Currency conversion risks on the conversion of sale proceeds to A$.

The relevant interests of the Directors and their intentions to elect to receive Atomera Shares or cash are as follows:

Director	**Relevant interest in K2 Shares**	**Election intention**
Robert Kenneth Gaunt	12,999,260	Electing to acquire Atomera shares
Ellie Dawkins	NIL	N/A
Terence Flitcroft	14,951,491	Electing to acquire Atomera shares

K. Other Material Information

Once the resolution has been passed, the Company will move to sell the required number of Atomera Shares to meet existing liabilities and, the costs of the reduction of capital and its deregistration. The Company will not commence to sell number of Atomera Shares required to meet the cash consideration required for the Per Share Cash Consideration until at least 14 days after lodgement of the resolutions with ASIC. The period of time it will take to sell the Atomera Shares is unknown and as such it is expected the date of Reduction Date will be 10 Business Days after the sale of the required number of Atomera Shares has been completed or 3 months after the date of the passing of the resolution for the reduction of capital whichever is longer.

The Directors believe that there is no other information material to the making of a decision by an eligible Shareholder to approve Resolution above.

RESOLUTION 2 - DELISITNG FROM NSX

A. Background

After careful consideration, the Board of the Company has come to the conclusion that it is in the best interest of the Company and its Shareholders to seek the withdrawal of the Company from the official list of the NSX (Delisting). Upon Delisting, the Company's Shares will cease altogether to be quoted on the NSX and will not be able to be traded through the market operated by NSX.

The underlying factors which have results in the Board coming to this conclusion are as follows:

(a) When K2 Energy listed on the NSX, the Board believed that there would be significant opportunities for Shareholders to trade their K2 Shares on NSX, particularly given the Atomera Inc share price at that time.

(b) However, the Board has formed the view that:

(i) the Company's listing on the NSX has provided very minimal liquidity for its Shares; and

(ii) the declining share price for Atomera Shares has seen limited trading on the Company's shares.

(c) In light of the above, the Board is of the view that the financial, administrative and compliance obligations and costs associated with maintaining an NSX listing are no longer justified and therefore no longer in the best interest of its Shareholders.

The Board has considered what it regards are the potential and perceived advantages and disadvantages when the decision was made to put the delisting proposal to the Shareholders, including those set out in Sections 1.4 and 1.5.

B. Listing Rule 2.25 (Section I)

Listing Rule 2.25 (Section I) allows NSX to remove an entity from trading from its official list at the request of the listed entity. This proposal requires approval of the Company's shareholders, by special resolution with a minimum of a three-quarter majority vote.

If Resolution 2 is passed and, the Company will be able to voluntarily withdraw from the official list of the NSX and the Company's shares will cease altogether to be quoted on the NSX and will not be able to be traded through the market operated by NSX.

If Resolution 2 is not passed, the Company will not be permitted to voluntarily withdraw from the official list of the NSX and the Company's shares will remain quoted on the NSX however, trade in the Company's Shares from the Record Date will be suspended until the Reduction of Capital is completed.

C. Reasons for Delisting

The Board has considered a range of factors in reaching their decision to recommend Shareholders approval for the Company's removal from the official list of the NSX. The principal factors considered by the Board are as follows:

(a) Low level of trading on the NSX

A key reason for the Company seeking to delist from the NSX is the relatively low level of trading on the NSX. The Company's Shares only traded 3 times since January 2023 and 28 times since the Shares being listed on NSX.

(b) Lack of Liquidity

The Directors also believe that the low liquidity of the Shares on the NSX makes it difficult for Shareholders to sell their Shares now or in the future.

Accordingly, the Board has formed the view that in continuing the Company's listing on NSX this will provide little to no benefit to the Company or its Shareholders.

(c) Capital reduction

If resolution 1 is passed the Company will have only one Shareholder after the Reduction Date which means it cannot continue to be listed as it will no longer meet the listing conditions.

(d) Listing and related costs

Given the low level of trading of the Shares on the NSX, the Board considered that the financial, administrative and compliance obligations and costs associated with maintaining an NSX listing are no longer justified nor is the high level of compliance costs in the best interest of Shareholders. The proposed delisting is not expected to have any adverse effect on the financial position of the Company and is expected to result in savings of approximately A$50,000 per year combining the cost of annual listing fees (approximately $20,000) in addition to other registry, trading and professional fees. However, notwithstanding the Delisting, the Company will continue to be a disclosing entity under the Corporations Act until it is deregistered. Therefore, it will continue to incur certain associated financial reporting and compliance costs, but these costs are expected to be significantly less than if the Company were to maintain its listing.

(e) Management time and effort

A significant portion of the Company's management time is presently being dedicated to time-intensive matters relating to the Company's NSX listing. If the Company proceeds to Delist, management's time will be able to be spent on other matters for the benefit of the Company.

D. Disadvantages of delisting

Shareholders may perceive certain potential disadvantages associated with the Company's removal from the official list of the NSX, including the following:

(a) Reduced ability to sell Shares and realise investment in the Company

As the Shares will no longer be traded on the NSX after being Delisted. However, if Resolution 1 is passed all Shares listed on NSX will be cancelled on the Reduction Date and as such the Directors consider that Shareholders will not be adversely impacted by the Delisting.

(b) The fact that the Company is no longer listed may result in a perception that the Company's Shares have less value

Generally speaking, investors are likely to ascribe a higher valuation to the securities in a company that is listed on a recognised exchange. If Resolution 1 is passed the vast majority of the assets of the Company will be distributed on the Reduction Date and as such the Directors do not consider that the value of the Company will be impacted adversely by the Delisting.

(c) Limited Opportunities to Raise Capital

As an unlisted company, the Company may no longer be able to issue securities using limited disclosure documents. Therefore, if the Company wishes to raise capital following Delisting, it would generally have to do so either by way of an offer of securities under a prospectus or by way of a placement to sophisticated and professional investors.

However, if Resolution 1 is passed following the Reduction Date the Company intends to be deregistered and will have no need to raise additional capital.

(d) The requirements of the NSX Listing Rules will no longer apply to the Company

The reduction of obligations associated with a listing on the NSX may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and relief from certain corporate governance matters. The absence of continued restrictions in these areas may be perceived to be a disadvantage to some Shareholders. However, the Directors will be seeking to implement communication strategies with its Shareholders until the Reduction Date following Delisting to ensure that it continues to update Shareholders on its activities and to ensure that any concerns or other feedback from Shareholders in relation to the Company and its activities are adequately addressed.

E. Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

GLOSSARY

Atomera Formula	The Atomera Formula in section B
Atomera Inc	Atomera Inc, a Nasdaq listed company incorporated in Delaware, United States of America.
Atomera shares	Shares of common stock in Atomera Inc listed on Nasdaq
ASIC	Australian Securities and Investments Commission
Board	Board of directors of the Company
Chairman	Chairman of the General Meeting
Company	K2 Energy Limited ACN 106 609 143
Constitution	The constitution of the Company
Convertible Notes	The 100 convertible notes held by Matisse Investments Pty Ltd ABN 31 152 173 352 into 100 Shares following the Reduction taking effect
Corporations Act	*Corporations Act 2001* (Cth)
Delisting	The Shares of the Company being delisted from the Official List of the National Stock exchange of Australia Limited.
Director	A director of the Company
Election Form	The election form for a Shareholder to elect to receive Atomera Shares or cash under the Reduction provided with this Explanatory Memorandum.
Eligible Shareholder	A Shareholder referred to in section C
Ineligible Shareholder	A Shareholder who is not an Eligible Shareholder
K2 Formula	The K2 Formula referred to in section B
Morgans or Morgans Financial Limited	Morgans Financial Limited (ABN 49 010 669 726; AFSL 235410), which trades as Morgans
Notice or Notice of General Meeting	The notice of General Meeting to which this Explanatory Memorandum is attached
Per Share Cash Component	The amount given by the Per Share Cash Component Formula
Per Share Cash Component Formula	The formula set out in section 1.4
Record Date	The record date for participation in the Reduction, expected to be 26th June 2024.
Reduction	The reduction of capital referenced in the notice of meeting relating to this Explanatory Memorandum
Reduction Date	10 Business Days after the final Atomera Shares are sold by the Company to raise the cash consideration to be paid under the reduction of capital or 3 months after the passing of the resolution for the reduction of capital whichever is longer

Resolution	A resolution in the form proposed in the Notice of Meeting
Return Time	The latest time for the return of the Election Form, being 7pm on 26th June 2024.
Shares	The fully paid ordinary shares in the Company held
Shareholder	A person who holds Shares in the Company

Annexure "A"

Risks associated with an Investment in Atomera (extracted from Atomera Inc 2023 Annual Report dated March 2024.)

Risks Related to Our Business

We have generated limited revenue to date, so it is difficult for potential investors to evaluate our business. To date, our operations have consisted of technology research and development, testing, and joint development work with customers, potential customers and strategic partners. Our business model is to derive our revenue primarily from license fees and royalties, but to date we have only recognized minimal revenues. Our limited operating history makes it difficult to evaluate the commercial value of our technology, the viability of our licensing model or our prospective operations. As an early-stage company, we are subject to all the risks inherent in the initial organization, financing, expenditures, complications and delays in a new business, including, without limitation:

- *the timing and success of our plan of commercialization and the fact that we have entered into only one full commercial license with a customer, ST;*
- *our ability to replicate on a large commercial scale the benefits of our MST technology that we have demonstrated in preliminary testing;*
- *our ability to execute joint development agreements with potential customers; our ability to structure, negotiate and enforce license agreements that will allow us to operate profitably;*
- *our ability to advance our license agreement with ST through the qualification phase, complete the distribution license milestone with ST and earn the corresponding license fee and subsequently reach the phase in which ST ships royalty bearing products, which is core to our business model;*
- *our ability to advance the licensing arrangements Asahi Kasei Microdevices, our foundry licensee and our RF licensee, to manufacturing and distribution licenses and to shipment of royalty-bearing products;*
- *our success in capitalizing on the achievement of the technical milestones in our first JDA in order to enter into one or more distribution and royalty agreements with business units of that JDA customer as well as our success in meeting technical milestones in the JDA with our second JDA customer;*
- *our ability to convert licensees of our MSTcad® software to licenses of our MST technology under commercial license agreements and to successfully utilize MSTcad® in both internal development and customer evaluations; our ability to protect our intellectual property rights; and*
- *our ability to raise additional capital as and when needed.*

Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

We have a history of significant operating losses and anticipate continued operating losses for at least the near term. For the years ended December 31, 2023 and 2022, we have incurred net losses of approximately $19.8 million and $17.4 million, respectively, and our operations have used approximately $14.6 million and $12.5 million of cash, respectively. As of December 31, 2023, we had an accumulated deficit of approximately $203.1 million. We will continue to experience negative cash flows from operations until at least such time as we are able to secure manufacturing and distribution license agreements with one or more foundries, IDMs or fabless semiconductor manufacturers and such customers ship sufficient volumes of royalty-bearing products and pay upfront license fees to support our cash requirements. While management will endeavor to generate positive cash flows from the commercialization of our MST technology, there can be no assurance that we will be successful in doing so. If we are unable to generate positive cash flow within a reasonable period of time, we may be unable to further pursue our business plan or continue operations.

While we have entered into one commercial license agreement, four integration license agreements and two joint development agreements, there can be no assurance that any of these relationships will advance to further licensing stages or to royalty-based distribution license agreements. In September and October 2018, respectively, we entered into separate license agreements with AKM and ST, both of which are leading IDMs. In October 2019, we entered into a license agreement with a leading RF semiconductor supplier. In December 2021, we entered into a JDA with a leading semiconductor manufacturer. In February 2022, we entered into an integration license agreement with a semiconductor foundry. In April 2022 we entered into a JDA with a major semiconductor foundry. Our integration licensees have paid us licensing fees for the right to build products that integrate MST technology onto their semiconductor wafers, but the agreements do not grant the licensees the right to sell products incorporating MST. Such rights require our integration licensees to enter into additional license agreements that, if executed, would allow

each licensee or their foundry to manufacture MST-enabled products and to sell them to their customers. Manufacturing and distribution agreements such as our license agreement with ST provide for substantially larger upfront license fee payments than integration license fees and such agreements require licensees to make royalty payments to us based the number and sales price of MST-enabled products they sell to their customers. Our first JDA customer paid us for a manufacturing license in the first quarter of 2021 when we delivered our MST recipe to them. In February 2022, we successfully achieved all the development milestones in the JDA resulting in additional revenue. Nevertheless, neither of our JDAs commits the customers to take MST to production. ST has successfully installed our MST film recipe and they have accepted our film under the license agreement, resulting in the grant of a manufacturing license to them for internal use, but they will now enter a qualification phase and there can be no assurance that our MST technology will deliver the performance, power or other requirements that ST or our other customers seek for their products or that the integration of our technology with our customers' manufacturing process will be successful in high volume. In addition, even if our MST technology is successfully integrated into the licensees' products, any or all of our licensees may decide, for reasons unrelated to the price or performance of our MST technology, not to enter the subsequent license phases or execute the additional license agreements required to take MST to commercial production.

We expect that our product qualification and licensing cycle will be lengthy and costly, and our marketing, engineering and sales efforts may be unsuccessful. We have incurred significant engineering, marketing and sales expenses during customer engagements without entering into license agreements, generating a license fee or establishing a royalty stream from the customer and we expect that such investments ahead of license revenue will continue to be necessary in the future. The introduction of any new process technology into semiconductor manufacturing is a lengthy process and we cannot forecast with any degree of assurance the length of time it takes to establish a new licensing relationship. However, based on our engagements with potential customers to date, we believe the time from initial engagement until our customers incorporate our technologies in their semiconductor products can take 18 to 36 months or longer. Our integration license agreements with our current licensees do not commit them to manufacturing or distribution licenses and we expect those licensees to perform additional tests on evaluation wafers under their respective integration licenses before deciding whether to enter the next stages of licensing MST. As such, we will incur additional expenses in our engagements with our licensees before we receive license fees, if any, for manufacturing and distribution and before any subsequent royalty stream begins. Although we have successfully completed the objectives of our first JDA and granted that customer a manufacturing license, the agreement does not commit our customer to a distribution license. While we believe our JDAs and our integration license agreements should accelerate licensing decisions by other customers, the evaluation process for new technologies in the semiconductor industry is inherently long and complex and there can be no assurance that we will successfully convert other customer prospects into paying customers or that any of these customers will generate sufficient revenue to cover our expenses.

Qualification of our MST technology requires access to our potential customers' manufacturing tools and facilities, as well as to leased tools and facilities, which may not be available on a timely basis or at all. The qualification of a new process technology like MST entails the integration of our MST film into the complex manufacturing processes employed by our potential customers. In order to validate the benefits of MST, our customer engagement process involves fabrication of wafers that incorporate MST deposited by us using our epitaxial deposition tools and then completing the manufacturing of the wafers in our customers' facilities using their tools. The semiconductor industry in 2023 exceeded $530 billion in sales, and over the past three years the industry has been characterized by product shortages as strong demand has outstripped supply, resulting in tight capacity among our potential customers. Although these supply/demand imbalances and tight capacity conditions have eased throughout 2023, we have experienced delays in completing the processing of evaluation wafers by our customers as those customers prioritize utilization of their equipment for production use. If our customers do not dedicate their equipment and facilities to testing our products in a timely fashion, we may experience delays that will increase our expenses and delay our customers' decisions on entering into commercial licenses with us. Additionally, we conduct our ongoing research and development and portions of our customer evaluation activities using leased epitaxial (epi) deposition tools that we believe will accelerate internal development work and customer engagements. However, epi tools require ongoing, complex maintenance and they have been and will continue to be subject to both planned and unplanned downtime. Any interruption in our epi tool availability may negatively impact the progress of customer work as well as our internal research and development and accordingly could delay or prevent customers from entering into commercial licenses.

The long-term success of our business is dependent on a royalty-based business model, which is inherently risky. The long-term success of our business is dependent on future royalties paid to us by licensee-customers, whose business requires them to market products to their end customers. Royalty payments under our licenses are generally expected to be based on a percentage (i) in the case of foundries, the selling price of wafers made using MST and (ii) in the case of IDMs and fabless vendors, the selling price of MST-enabled semiconductor die sold. We will depend upon our ability to structure, negotiate and enforce agreements for the determination and payment of royalties, as well as upon our licensees' compliance with their agreements. We face risks inherent in a royalty-based business model, many of which are outside of our control, such as the following: the rate of adoption and incorporation of our technology by semiconductor designers and manufacturers and the manufacturers of semiconductor fabrication equipment; customers' willingness to agree to an ongoing royalty model, which may impact their wafer or chip costs and margins; our licensee customers' ability to successfully market MST-enabled products to their end customers;

the length of the design cycle and the ability to successfully integrate our MST technology into integrated circuits; the demand for products incorporating semiconductors that use our licensed technology; the cyclicality of supply and demand for products using our licensed technology; the impact of economic downturns; and the timing of receipt of royalty reports and the applicable revenue recognition criteria, which may result in fluctuation in our results of operations.

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all. As of December 31, 2023, we had total assets of approximately $24.0 million, cash, cash-equivalents and short-term investments of approximately $19.5 million and working capital of approximately $16.6 million. We believe that we have sufficient capital to fund our current business plans and obligations over, at least, the 12 months following the date of this Annual Report. However, even after installation of MST in a customer's fab under a manufacturing license, the full production qualification of a new technology like MST can take more than an additional year, and we have limited ability to influence our customers' testing and qualification processes. Accordingly, we may require additional capital prior to obtaining a royalty-based license or prior to such a license generating sufficient royalty income to cover our ongoing operating expenses. In the event we require additional capital over and above the amount of our presently available working capital, we will endeavor to seek additional funds through various financing sources, including the sale of our equity and debt securities, licensing fees for our technology and joint ventures with industry partners. In addition, we will consider alternatives to our current business plan that may enable us to achieve material revenue with a smaller amount of capital. However, there can be no guarantees that such funds will be available on commercially reasonable terms, if at all. If such financing is not available on satisfactory terms, we may be unable to further pursue our business plan and we may be unable to continue operations.

Unfavorable geopolitical and macroeconomic developments could adversely affect our business, financial condition or results of operations. Our business could be adversely affected by conditions in the U.S. and global economies, the United States and global financial markets and adverse geopolitical and macroeconomic developments, including inflation rates, the COVID-19 pandemic, the Ukrainian/Russian and Israeli/Palestinian conflicts and related sanctions, bank failures, and economic uncertainties related to these conditions.

For example, increased inflation may result in increases in our operating costs (including our labor costs), reduced liquidity and limits on our ability to access credit or otherwise raise capital on acceptable terms, if at all. In response to rising inflation, the U.S. Federal Reserve has raised interest rates, which, coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks.

Additionally, financial markets around the world experienced volatility following the invasion of Ukraine by Russia in February 2022 and the eruption of the Israeli/Palestinian conflict in October 2023, including as a result of economic sanctions and export controls against Russia and countermeasures taken by Russia. The full economic and social impact of these sanctions and countermeasures, in addition to the ongoing military conflicts in Ukraine and Gaza, which could conceivably expand, remains uncertain; however, both the conflicts and related sanctions have resulted and could continue to result in disruptions to trade, commerce, pricing stability, credit availability, and/or supply chain continuity, in both Europe and globally, and has introduced significant uncertainty into global markets. While we do not currently operate in Russia, Ukraine or the Middle East, as the adverse effects of these conflicts continue to develop our business and results of operations may be adversely affected.

Recent efforts to create national self-sufficiency of the semiconductor supply chain by various countries around the world creates new competitive and economic dynamics that are difficult to predict and may lead to semiconductor industry instability. Increased restrictions on the availability and use of critical semiconductor IP and equipment by various foreign entities may limit Atomera's ability to license our IP in some parts of the world.

Our internal computer systems, or those of our collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our development programs. Our internal computer systems and those of our current and any future collaborators and other contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a disruption of our development programs and our business operations, whether due to a loss of our or our customers' trade secrets or other proprietary information or other similar disruptions. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, our competitive position could be harmed and the further development and commercialization of our technology could be delayed.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our company and our vendors, including personal or confidential information of our employees, customers and vendors. In addition, outside parties may attempt to penetrate our systems or those of our customers or vendors or fraudulently induce our personnel or the personnel of our customers or vendors to disclose sensitive information in order to gain access to our data and/or

systems. We may experience threats to our data and systems, including malicious codes and viruses, phishing and other cyberattacks. The number and complexity of these threats continue to increase over time. If a material breach of, or accidental or intentional loss of data from, our information technology systems or those of our customers or vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices.

Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with customers and vendors, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our internal information technology systems or those of our third-party contractors, or our consultants' efforts to implement adequate security and control measures, will be sufficient to protect us against breakdowns, service disruption, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, industrial espionage attacks or insider threat attacks which could result in financial, legal, business or reputational harm.

Our revenues may be concentrated in a few customers and if we lose any of these customers, or these customers do not pay us, our revenues could be materially adversely affected. If we are able to secure the adoption of our MST by one or more foundries, IDMs or fabless semiconductor manufacturers, we expect that for at least the first few years substantially all of our revenue will be generated from license fees and engineering services before customers commence royalty-bearing shipments. Due to the concentration and ongoing consolidation within the semiconductor industry, we may also find that over the longer term our royalty-based revenues are dependent on a relatively few customers.

If we lose any of these customers, or these customers do not pay us, our revenues could be materially adversely affected. If we are unable to manage future expansion effectively, our business, operations and financial condition may suffer significantly, resulting in decreased productivity. If our MST proves to be commercially valuable, it is likely that we will experience a rapid growth phase that could place a significant strain on our managerial, administrative, technical, operational and financial resources. Our organization, procedures and management may not be adequate to fully support the expansion of our operations or the efficient execution of our business strategy.

If we are unable to manage future expansion effectively, our business, operations and financial condition may suffer significantly, resulting in decreased productivity.

It may be difficult for us to verify royalty amounts owed to us under our licensing agreements, and this may cause us to lose revenues. We will endeavor to provide that the terms of our license agreements require our licensees to document their use of our technology and report related data to us on a regular basis. We will endeavor to provide that the terms of our license agreements give us the right to audit books and records of our licensees to verify this information, however audits can be expensive, time consuming, and may not be cost justified based on our understanding of our licensees' businesses. We will endeavor to audit certain licensees to review the accuracy of the information contained in their royalty reports in an effort to decrease the likelihood that we will not receive the royalty revenues to which we are entitled under the terms of our license agreements, but we cannot give assurances that such audits will be effective to that end.

Our business operations could suffer in the event of information technology systems' failures or security breaches. While we believe that we have implemented adequate security measures within our internal information technology and networking systems, our information technology systems may be subject to security breaches, damages from computer viruses, natural disasters, terrorism, and telecommunication failures. Any system failure or security breach could cause interruptions in our operations, including but not limited to our technology computer-aided design, or TCAD, modeling using Synopsys software, in addition to the possibility of losing proprietary information and trade secrets. To the extent that any disruption or security breach results in inappropriate disclosure of our confidential information, our competitive position may be adversely affected, and we may incur liability or additional costs to remedy the damages caused by these disruptions or security breaches.

If integrated circuits incorporating our technologies are used in defective products, we may be subject to product liability or other claims. If our MST technology is used in defective or malfunctioning products, we could be sued for damages, especially if the defect or malfunction causes physical harm to people. While we will endeavor to carry product liability insurance, contractually limit our liability and obtain indemnities from our customers, there can be no assurance that we will be able to obtain insurance at satisfactory rates or in adequate amounts or that any insurance and customer indemnities will be adequate to defend against or satisfy any claims made against us. The costs

associated with legal proceedings are typically high, relatively unpredictable and not completely within our control. Even if we consider any such claim to be without merit, significant contingencies may exist, similar to those summarized in the above risk factor concerning intellectual property litigation, which could lead us to settle the claim rather than incur the cost of defense and the possibility of an adverse judgment. Product liability claims in the future, regardless of their ultimate outcome, could have a material adverse effect on our business, financial condition and reputation, and on our ability to attract and retain licensees and customers.

Effective as of January 31, 2024, we lost access to certain semiconductor manufacturing and engineering services which may be difficult and/or costly to replace. From April 2016 through January 2024, we worked with TSI Technology Development & Commercialization Services LLC, or TSI under a Master R&D Services Agreement and a Manufacturing Agreement. Under these agreements, TSI provided us with foundry services, consisting of engineering and manufacturing services. In August 2023, TSI was acquired by Robert Bosch Semiconductor LLC, or Bosch. In October 2023, Bosch advised us that on January 31, 2024 it would cease providing engineering and manufacturing services to third parties, including Atomera, in order to commence the conversion of the TSI fab to production of Silicon Carbide semiconductor products. As of the date of this Annual Report we are no longer working with TSI. We are in active discussions with potential replacement providers of foundry services. However, there are few foundries that offer R&D services that are comparable to those provided by TSI, so we may face difficulty in replacing the services that TSI had provided. We have utilized TSI's services for a portion of our internal R&D which required complete semiconductor device fabrication. No wafers sold or licensed to any customer have been fabricated at TSI. Accordingly, we do not believe that the loss of TSI's services will have a meaningful impact on any of our ongoing client engagements. However, our access to foundry services was interrupted while we were working to reach an agreement with a replacement foundry and adapt our R&D processes to those used at our replacement foundry. This transition may cause us to incur meaningful startup costs, may divert engineering resources from ongoing R&D activities and may increase our ongoing spending on outsourced engineering services. The potential inability to replace the TSI services in a timely manner may have a material adverse effect on the timing and cost of continuing to develop example applications and devices which exhibit the advantages of our MST technology.

Risks Related to Intellectual Property

If we fail to protect and enforce our intellectual property rights and our confidential information, our business will suffer. We rely primarily on a combination of nondisclosure agreements and other contractual provisions and patent, trade secret and copyright laws to protect our technology and intellectual property. If we fail to protect our technology and intellectual property, our licensees and others may seek to use our technology and intellectual property without the payment of license fees and royalties, which could weaken our competitive position, reduce our operating results and increase the likelihood of costly litigation. The growth of our business depends in large part on our ability to secure intellectual property rights in a timely manner, our ability to convince third parties of the applicability of our intellectual property rights to their products, and our ability to enforce our intellectual property rights. In certain instances, we attempt to obtain patent protection for portions of our technology, and our license agreements typically include both issued patents and pending patent applications as well as our proprietary know-how. If we fail to obtain patents in a timely manner or if the patents issued to us do not cover all of the inventions disclosed in our patent applications, others could use portions of our technology and intellectual property without the payment of license fees and royalties.

We also rely on trade secret laws rather than patent laws to protect other portions of our proprietary technology. However, trade secrets can be difficult to protect. The misappropriation of our trade secrets or other proprietary information could seriously harm our business. We protect our proprietary technology and processes, in part, through confidentiality agreements with our employees, consultants, suppliers and customers. We cannot be certain that these contracts have not been and will not be breached, that we will be able to timely detect unauthorized use or transfer of our technology and intellectual property, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known or be independently discovered by competitors. If we fail to use these mechanisms to protect our technology and intellectual property, or if a court fails to enforce our intellectual property rights, our business will suffer. We cannot be certain that these protection mechanisms can be successfully asserted in the future or will not be invalidated or challenged.

Further, the laws and enforcement regimes of certain countries do not protect our technology and intellectual property to the same extent as do the laws and enforcement regimes of the U.S. In certain jurisdictions, we may be unable to protect our technology and intellectual property adequately against unauthorized use, which could adversely affect our business.

A court invalidation or limitation of our key patents could significantly harm our business. Our patent portfolio contains some patents that are particularly significant to our MST technology. If any of these key patents are invalidated, or if a court limits the scope of the claims in any of these key patents, the likelihood that companies will take new licenses and that any current licensees will continue to agree to pay under their existing licenses could be significantly reduced. The resulting loss in license fees and royalties could significantly harm our business. Moreover, our stock price may fluctuate based on developments in the course of ongoing litigation.

We may become involved in material legal proceedings in the future to enforce or protect our intellectual property rights, which could harm our business. From time to time, we may identify products that we believe infringe on our patents. In that event, we expect to initially seek to license the manufacturer of the infringing products, however if the manufacturer is unwilling to enter into a license agreement, we may have to initiate litigation to enforce our patent rights against those products. Litigation stemming from such disputes could harm our ability to gain new customers, who may postpone licensing decisions pending the outcome of the litigation or who may, as a result of such litigation, choose not to adopt our technologies. Such litigation may also harm our relationships with existing licensees, who may, because of such litigation, cease making royalty or other payments to us or challenge the validity and enforceability of our patents or the scope of our license agreements.

In addition, the costs associated with legal proceedings are typically high, relatively unpredictable and not completely within our control. These costs may be materially higher than expected, which could adversely impair our working capital, affect our operating results and lead to volatility in the price of our common stock. Whether or not determined in our favor or ultimately settled, litigation would divert our managerial, technical, legal and financial resources from our business operations. Furthermore, an adverse decision in any of these legal actions could result in a loss of our proprietary rights, subject us to significant liabilities, require us to seek licenses from others, limit the value of our licensed technology or otherwise negatively impact our stock price or our business and financial position, results of operations and cash flows.

Even if we prevail in our legal actions, significant contingencies may exist to their settlement and final resolution, including the scope of the liability of each party, our ability to enforce judgments against the parties, the ability and willingness of the parties to make any payments owed or agreed upon and the dismissal of the legal action by the relevant court, none of which are completely within our control. Parties that may be obligated to pay us royalties could be insolvent or decide to alter their business activities or corporate structure, which could affect our ability to collect royalties from such parties.

Our technologies may infringe on the intellectual property rights of others, which could lead to costly disputes or disruptions. The semiconductor industry is characterized by frequent allegations of intellectual property infringement. Any allegation of infringement could be time consuming and expensive to defend or resolve, result in substantial diversion of management resources, cause suspension of operations or force us to enter into royalty, license, or other agreements rather than dispute the merits of such allegation. Furthermore, third parties making such claims may be able to obtain injunctive or other equitable relief that could block our ability to further develop or commercialize some or all of our technologies, and the ability of our customers to develop or commercialize their products incorporating our technologies, in the U.S. and abroad. If patent holders or other holders of intellectual property initiate legal proceedings, we may be forced into protracted and costly litigation. We may not be successful in defending such litigation and may not be able to procure any required royalty or license agreements on acceptable terms or at all.

Risks Related to Owning Our Common Stock

The market price of our shares may be subject to fluctuation and volatility. You could lose all or part of your investment. The market price of our common stock is subject to wide fluctuations in response to various factors, some of which are beyond our control. Between January 1, 2023 and February 1, 2024, the reported high and low sales prices of our common stock have ranged from $4.96 to $10.72. The market price of our shares on the NASDAQ Capital Market may fluctuate as a result of a number of factors, some of which are beyond our control, including, but not limited to:

- *actual or anticipated variations in our results of operations and financial condition;*
- *market acceptance of our MST technology;*
- *success or failure of our research and development projects;*
- *announcements of technological innovations by us;*
- *failure by us to achieve a publicly announced milestone;*
- *failure by us to meet expectations of investors, some of which may not be within our control or be related to our public announcements;*
- *delays between our expenditures to develop and market new or enhanced technological innovations and the generation of licensing revenue from those innovations;*
- *developments concerning intellectual property rights, including our involvement in litigation brought by or against us;*
- *changes in the amounts that we spend to develop, acquire or license new technologies or businesses;*
- *our sale or proposed sale, or the sale by our significant stockholders, of our shares or other securities in the future;*
- *changes in our key personnel;*

- *changes in earnings estimates or recommendations by securities analysts, if we continue to be covered by analysts;*
- *the trading volume of our shares; and*
- *general economic and financial market conditions and other factors, including factors unrelated to our operating performance.*

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our shares and result in substantial losses being incurred by our investors. In the past, following periods of market volatility, public company stockholders have often instituted securities class action litigation. If we were involved in securities litigation, it could impose a substantial cost upon us and divert the resources and attention of our management from our business.

We have not paid dividends in the past and have no immediate plans to pay dividends. We plan to reinvest all of our earnings, to the extent we have earnings, to cover operating costs and otherwise become and remain competitive. We do not plan to pay any cash dividends with respect to our securities in the foreseeable future. We cannot assure you that we would, at any time, generate sufficient surplus cash that would be available for distribution to the holders of our common stock as a dividend. Therefore, you should not expect to receive cash dividends on our common stock.

We expect to continue to incur significant increased costs as a result of being a public company that reports to the Securities and Exchange Commission and our management will be required to devote substantial time to meet compliance obligations. As a public company reporting to the Securities and Exchange Commission, we incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the Securities and Exchange Commission that impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. In addition, on July 21, 2010, the Dodd-Frank Wall Street Reform and Protection Act was enacted. There are significant corporate governance and executive compensation-related provisions in the Dodd-Frank Act that increased our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources. Our management and other personnel devote a substantial amount of time to these compliance initiatives.

Our charter documents and Delaware law may inhibit a takeover that stockholders consider favorable. Provisions of our certificate of incorporation and bylaws and applicable provisions of Delaware law may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. The provisions in our certificate of incorporation and bylaws:

- *limit who may call stockholder meetings;*
- *do not permit stockholders to act by written consent;*
- *allow us to issue blank check preferred stock without stockholder approval;*
- *do not provide for cumulative voting rights; and*
- *provide that all vacancies may be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum.*

In addition, Section 203 of the Delaware General Corporation Law may limit our ability to engage in any business combination with a person who beneficially owns 15% or more of our outstanding voting stock unless certain conditions are satisfied. This restriction lasts for a period of three years following the share acquisition. These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock.

Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us or any our directors, officers or other employees arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws, or (iv) any action asserting a claim against us or any our directors, officers or other employees governed by the internal affairs doctrine. This forum selection provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any of our directors, officers or other employees.

Our board of directors may issue blank check preferred stock, which may affect the voting rights of our holders and could deter or delay an attempt to obtain control of us. Our board of directors is authorized, without stockholder approval, to issue preferred stock in series and to fix and state the voting rights and powers, designation, preferences and relative, participating, optional or other special rights of the shares of each such series and the qualifications, limitations and restrictions thereof. Preferred stock may rank prior to our common stock with respect to dividends rights, liquidation preferences, or both, and may have full or limited voting rights. If issued, such preferred stock would increase the number of outstanding shares of our capital stock, adversely affect the voting power of holders of our common stock and could have the effect of deterring or delaying an attempt to obtain control of us.

Item 1B. Unresolved Staff Comments

None. Cybersecurity Item

1C. Risk Management and Strategy

Our cybersecurity program is built upon the National Institute for Standards and Technology ("NIST"), International Organization for Standardization ("ISO") and other best practice frameworks. We employ processes for assessing, identifying, and managing material risks from cybersecurity threats, including engagement of an independent cybersecurity consultant to audit our systems and procedures, make recommendations for improvement and monitor remediation of any identified risks. We also conduct random vulnerability testing including network penetration, phishing and social engineering tests. In addition, we also request Systems and Organization Control ("SOC") type reports from several of our service providers including our payroll and human resources system provider and stock administration provider.

Although we develop and maintain systems and controls designed to prevent cybersecurity breaches from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of a breach occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with service customers and vendors, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems. In addition, there can be no assurance that our internal information technology systems or those of our third-party contractors, or our consultants' efforts to implement adequate security and control measures, will be sufficient to protect us against breakdowns, service disruption, data deterioration or loss in the event of a system malfunction, or prevent data from being stolen or corrupted in the event of a cyberattack, security breach, industrial espionage attacks or insider threat attacks which could result in financial, legal, business or reputational harm.

As of the date of this report, we are not aware of cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. Governance. Our senior management team conducts the regular assessment and management of material risks from cybersecurity threats, including review with our IT team and third-party service providers. All employees and consultants are directed to report to our senior management any irregular or suspicious activity that could indicate a cybersecurity threat or incident. The Audit Committee of our Board of Directors created a cybersecurity subcommittee in February 2023 which evaluates our cybersecurity assessment and management policies, including quarterly interviews with our senior officers. Our Audit Committee meets at least quarterly with our independent registered accounting firm and communicates with them regarding any cybersecurity related risks.

Annexure **"B"**

General Australian Taxation Implications

This Tax Summary is general advice but Investors should obtain their own income tax advice in relation to their investment in the Company.

The general advice may apply to you if you held your K2 Energy Limited ("K2") shares on capital account – that is, you did not hold your K2 shares as revenue assets (as defined in section 977-50) or as trading stock (as defined in subsection 995-1(1))

This general Tax Summary does not apply to anyone who is subject to the taxation of financial arrangements rules in Division 230.

Note: Division 230 will not apply to individuals unless they have made an election for it to apply.

Return of capital is generally not a dividend

No part of the return of capital paid to a shareholder by K2 on the Payment Date is expected to be a dividend as defined in subsection 6(1).

On that basis, no part of the return of capital paid to a shareholder by K2 on the Payment Date would need to be included in the shareholder's assessable income as a dividend under section 44.

Capital gains tax consequences

CGT event G1 - Capital payment for shares

CGT event G1 happens on the Payment Date in respect of each K2 share a shareholder owns on the Record Date and continued to own on the Payment Date (section 104-135).

A shareholder makes a capital gain under CGT event G1 if the amount of the return of capital per K2 share was more than the share's cost base (subsection 104-135(3)). The amount of the gain is equal to the excess. If a shareholder made a capital gain, the share's cost base and reduced cost base are reduced to nil.

If the return of capital per K2 share was equal to or less than the share's cost base, under CGT event G1, the cost base and reduced cost base of the share are reduced by the amount of the return of capital (subsection 104-135(4)).

Discount capital gain

A shareholder can treat a capital gain made when CGT event G1 happened as a discount capital gain under Subdivision 115-A if the shareholder acquired the K2 share at least 12 months before the Payment Date (subsection 115-25(1)) and the other conditions in Subdivision 115-A are satisfied.

K2 ENERGY LIMITED

A.C.N. 106 609 143

2024 General Meeting

K2 Energy Limited (the Company) will hold a General Meeting (GM) at 9.30am (Sydney time) on Friday, 28 June 2024 at its offices at Suite 10.04, Level 10, 56 Pitt Street, Sydney NSW 2000.

In accordance with the Corporations Act Amendment (Meetings and Documents) Act 2022, the Company will not be sending hard copies of the Notice of Meeting to Shareholders who have opted in to receiving electronic copies. Instead, the Notice of Meeting can be viewed and downloaded from the investor section of our website (link below), or through the Company's announcement page on NSX: (KTE).

https://k2energy.com.au/index.php/announcements

A copy of your personalised Proxy Form is enclosed for your convenience. Please complete and return the attached Proxy Form to the Company's share registry by following the instructions contained in the Proxy Form.

The Proxy Form must be received by the Company's share registry no later than 9:30am (Sydney time) on Wednesday 26th June 2024 (being 48 hours before the commencement of the General Meeting). Any Proxy Form received after that time will not be valid for the scheduled General Meeting.

A copy of your personalised Election Form is enclosed for your convenience. Please complete and return the attached Election Form to the Company's share registry by following the instructions contained in the Election Form.

The Election Form must be received by the Company's share registry no later than 7:00pm (Sydney time) on Wednesday 26th June 2024. Any Election Form received after that time will not be valid for the scheduled General Meeting.

Should the Company need to adopt alternative arrangements to those set out in this Notice of Meeting, these will be advised to NSX and updated on the investor section of our website https://k2energy.com.au/index.php/investors and through the Company's announcement page on NSX: (KTE).

Yours sincerely,

T. A. Flitcroft
Company Secretary
Dated: 20th May 2024

This Notice should be read in conjunction with the Explanatory Note.

By the Order of the Board of Directors.

BoardRoom
All correspondence to
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600 (outside Aust)
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au
corporateactions@boardroomlimited.com.au

«NameAddress1»
«NameAddress2»`
«NameAddress3»
«NameAddress4»
«NameAddress5»
«NameAddress6»

Current holding of K2 Energy Limited Shares

Barcode SRN/HIN

Election Form

This Election Form is important. This Election Form is for use by K2 Energy Limited (**K2**) Shareholders who wish to make an Election to receive either the Scrip Consideration for all their K2 Energy Limited Shares. **If you are in doubt as to how to deal with it, please consult your legal, financial or other professional advisor immediately**. You should read the Notice of Meeting of General Meeting and the Explanatory Memorandum (**IM**) (which accompanies this Election Form) in its entirety and the instructions overleaf carefully before completing this Election Form. Your Election Form, a Morgans Account Opening Form (if you do not already have an account with Morgans) and any power of attorney under which it/they is/are signed must be received no later than 7.00pm (Sydney time) on the Election Date, currently scheduled for 26 June 2024. Defined terms used in this Election Form have the meaning given to them in the unless otherwise indicated. Note that if you are an **Ineligible Foreign Shareholder**, you may not make a Scrip Election or you wish to receive cash you should not submit this Election Form. See overleaf for instructions on how to complete this Election Form.

If you do not make an election or do not return this form or if you make an election to receive Atomera Shares but do not hold sufficient K2 Shares to receive Atomera Shares you will receive the Cash Consideration for your K2 Energy Limited Shares.

STEP 1 Tick this box if you wish to receive Shares in Atomera Inc, a Nasdaq listed Delaware Corporation.

☐ **I/We elect to receive the Scrip Consideration for ALL my/our K2 Energy Limited Shares.**

If you elect to receive Atomera Shares you will need to complete a Morgans Account Opening Form, if not already a client of Morgans. A form can be found on the Morgans website https://morgans.com.au/forms. By electing to receive Atomera Shares you will be taken to have appointed any of the Company's directors as your attorney to complete all necessary share transfers and deliver them to Morgans.

If you wish to receive cash or are an ineligible shareholder you do not need to complete the form and will automatically be taken to receive cash. *However, if you wish to receive the cash consideration by EFT you will need to provide your banking details at step 5 overleaf and return the form*. If you elect to receive Atomera Shares but are subsequently found to hold insufficient K2 Shares to acquire shares in Atomera Inc. you will be taken to have elected to receive cash.

STEP 2 — Insert contact details

Please provide a daytime telephone number where we can contact you if we have any questions about this Election Form.

Daytime telephone number

Contact name

STEP 3 — Sign this Election Form

This section must be signed in accordance with the instructions overleaf to enable your direction to be implemented.
I/We authorise K2 Energy Limited or its agent to process this Election Form on my/our behalf in accordance with the instructions set out above. If my/our Election is not in accordance with the terms of the IM and the instructions on the back of this Election Form, I/we authorise K2 Energy Limited to process my/our Election as deemed necessary. If this form is signed under a power of attorney, the attorney declares that they have no notice of revocation of that power.

Securityholder 1

Individual/sole director and sole company secretary

Securityholder 2 (if applicable)

Director

Securityholder 3 (if applicable)

Director/company secretary

Date ____/____/ **2024**

TO BE A VALID INSTRUCTION, THIS ELECTION FORM MUST BE RECEIVED AT ONE OF THE ADDRESSES LISTED OVERLEAF BY NOT LATER THAN 7.00PM ON THE RETURN TIME, CURRENTLY SCHEDULED FOR 26 JUNE 2024

HOW TO COMPLETE THIS FORM

STEP 1 — If you wish to make an Election

If you wish to make an Election, please indicate this by marking the election box on the front of this form. **Ineligible Foreign Shareholders** cannot make a Scrip Election so should not submit an Election Form. Shareholders wishing to receive the Cahs Consideration need do nothing.

Your valid Election will apply to all your K2 Energy Limited Shares held by you at 7.00pm on the Record Date.

IMPORTANT: If you make an Election to receive Shares in Atomera Inc, a Nasdaq listed Delaware Corporation and are found to hold sufficient K2 Shares to receive Atomera Shares you will receive Atomera Shares for your K2 Shares.

If you make an Election to receive Shares in Atomera Inc, a Nasdaq listed Delaware Corporation and are found to hold insufficient K2 Shares to receive Atomera Shares you will receive the Cash Consideration for your K2 Shares.

If you do not make an election and do not return this form you will receive the Cash Consideration for your K2 Energy Limited Shares.

The Election Form must be received by Boardroom Pty Limited at the address shown below no later than the Return Time, currently scheduled for 7.00 pm on 26 June 2024. You should allow sufficient time for this to occur. You may wish to consult your legal, financial or other professional advisor about the best decision for you having regard to your own particular circumstances.

This Election Form only applies to the K2 Energy Limited Shareholder identified by the SRN/HIN and the name appearing on the front of this form.

STEP 2 — Insert contact details

Please enter your contact telephone number to enable us to contact you if we have any questions about your application.

STEP 3 — Sign this Election Form

You must sign this Election Form as follows in the spaces provided:

Individual

Where the holding is in one name, the holder must sign.

Joint holding

Where the holding is in more than one name, all of the holders must sign.

Power of attorney

To sign under power of attorney, you must have either already lodged a certified copy of your power of attorney with Boardroom Pty Limited (see the contact details overleaf), or you must attach a certified photocopy of your power of attorney to this Election Form when you return it.

Companies

Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can sign alone. Otherwise, this Election Form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

STEP 4 — Lodgement of Election Form

This Election Form must be lodged in person, by mail or by fax by the Return Time currently scheduled for 7.00pm on 26 June 2024. You should allow sufficient time for this to occur. A reply-paid envelope is enclosed for Shareholders with a registered address in Australia. K2 Shareholders outside Australia will need to affix the appropriate postage. If the Election Form has been signed under a power of attorney, it may only be lodged in person or by mail and, unless you have already lodged a copy of your power of attorney with Boardroom Pty Limited, must be accompanied by a certified copy of that power of attorney.

STEP 5 — Complete banking details below

For Australian bank accounts only. Please complete the details below.

For overseas bank accounts, please complete the enclosed form and return it with this notice.

Enter the name in which the account is held (e.g.: John Smith)

BSB Number --- **Account Number**

Addresses for lodgement

Postal Address

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

Hand Delivery

Boardroom Pty Limited
Level 8
210 George Street
Sydney NSW 2000
Australia

Facsimile

+61 2 9279 0664

If you have any enquiries in relation to this Election Form, please contact the K2 Energy Limited Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia), between 8.30am and 5.30pm (Sydney time) Monday to Friday,

Privacy Statement

Boardroom Pty Limited advises that Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Form. Our privacy policy is available on our website (https://boardroomlimited.com.au/corp/privacy-policy).

K2 ENERGY LIMITED

A.C.N. 106 609 143

All Correspondence to:

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

By Fax: +61 2 9290 9655

Online: www.boardroomlimited.com.au

By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:30am (Sydney time) Wednesday 26th June 2024.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1: APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy, you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2: VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3: SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4: LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:30am (Sydney time) on Wednesday 26th June 2024.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

By Fax + 61 2 9290 9655

By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

In Person Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting, please bring this form with you to assist registration.

K2 Energy Limited

ACN 106 609 143

☐ **Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **K2 Energy Limited** (Company) and entitled to attend and vote hereby appoint

☐ the **Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting as my/our proxy at the General Meeting of the Company to be held at the **Suite 10.04, Level 10, 56 Pitt Street, Sydney NSW 2000 on Friday 28th June 2024 at 9:30am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chairman of the Meeting intends to vote undirected proxies **in favour** of each item of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Business		**For**	**Against**	**Abstain***
Resolution 1	Approval of Equal Capital Reduction	☐	☐	☐
Resolution 2	Delisting from the NSX (**special resolution**)	☐	☐	☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…….. Contact Daytime Telephone…….. Date / / 2024