



14 March 2013

Ms Luxmy Wigneswaran
Senior Adviser, Listings Compliance (Sydney)
Australian Securities Exchange

Dear Luxmy,

PARTIALLY UNDERWRITTEN NON RENOUNCEABLE RIGHTS ISSUE

KUTH Energy Limited ABN 33 125 694 920 (ASX: KEN) (**KUTH** or the **Company**) is pleased to announce a partially underwritten non renounceable rights issue to shareholders to raise approximately \$863,500 (before costs) (**Offer**).

The Offer will allow eligible shareholders to subscribe for one (1) share (**New Shares**) for every two (2) shares held at 7:00pm on Friday, 22 March 2013 (**Record Date**) at the issue price of \$0.015 per New Share (**Rights Issue**). There will be a shortfall facility, where eligible shareholders will have the ability to subscribe for additional shares in the Company, which may be issued from any shortfall that may occur under the Rights Issue.

Pursuant to the Rights Issue, the Company will issue up to 57,572,292 New Shares to raise up to \$863,500 before costs of the Offer.

The Rights Issue is non-renounceable and is partially underwritten. Entities associated with members of the Board and management have partially underwritten the issue to an amount of \$148,572 in addition to their commitment to take up their full entitlement of \$159,044 under the issue. There are no underwriting or management fees payable in respect of the Rights Issue.

In addition, the Company has granted Veritas Securities Limited ABN 94 117 124 535 (Veritas) an exclusive mandate to place an amount up to the shortfall of the partially underwritten Rights Issue (excluding any Shortfall amount taken up by existing Shareholders in excess of their Entitlements under this Offer and the underwritten amount by the Board) within one month of the date of allotment of shares under the Rights Issue. Veritas will receive a fee of 6% plus GST of any amount placed by them.

USE OF FUNDS RAISED

The proceeds from this Rights Issue will be used to fund:

- Working capital requirements of the group;
- Site access works, drilling of temperature holes and production well design costs to continue the project momentum in Vanuatu;
- Negotiating and signing a Power Purchase Agreement and land lease in Vanuatu;
- Securing project funding of the Vanuatu development;
- Securing exploration licenses currently at the application stage; and
- Maintaining existing tenements in Australia.

ELIGIBILITY

To be eligible to participate in the Rights issue, applicants must:

- be registered as a shareholder on the Company's register of members at 7.00 pm Sydney time on the Record Date; and
- have an address in Australia or New Zealand as recorded on the Share Registry as at the Record Date.

The Company has determined that it would be unreasonable to extend the Offer to shareholders resident outside Australia or New Zealand having regard to the:

- number of shareholders outside Australia and New Zealand;
- number and value of New Shares offered; and
- legal and regulatory requirements and costs associated with opening the Rights Issue to those shareholders.

To be eligible to participate in the Rights Issue, option holders with a registered address in Australia and New Zealand must:

- (a) confirm that they are eligible to exercise all or part of their options (i.e. their options have vested); and
- (b) exercise their options so that they are a shareholder on the Record Date.

An offer document setting out the terms of the Rights Issue will be lodged with ASX on or about 14 March 2013. Eligible shareholders will also be sent a copy of the offer document and an entitlement and acceptance form on 25 March 2013.

TIMETABLE

Key dates of the Rights Issue are as follows:

Announcement of the Offer	14 March 2013
"Ex" Date for Entitlement to new Shares	18 March 2013
Record Date to determine your Entitlement to new Shares	22 March 2013
Expected date of dispatch of Offer and Entitlement and Acceptance Form	25 March 2013
Last day for acceptance and payment in full (Closing Date)	11 April 2013
First day of trading of new Shares on a deferred settlement basis	12 April 2013
Expected allotment and dispatch of Holding Statements	17 April 2013

This timetable is indicative only and subject to change. A full timetable is included within the Offer Document lodged with the ASX on 14 March 2013.

For further information, please contact David McDonald, Managing Director, on 02 9238 6865.

Yours sincerely



David McDonald
Managing Director