



3 August 2011

Dear Option holder

PRO-RATA ENTITLEMENT OFFER

As announced to the ASX on 3 August 2011, KUTh Energy Limited ABN 33 125 694 920 (**Company**) is undertaking a capital raising comprising an underwritten non-renounceable rights issue to raise up to \$1,875,415. Under the offer, eligible shareholders of the Company can subscribe for 2 shares for every 3 ordinary shares that they hold at an issue price of \$0.043 per share. Eligible shareholders wishing to take up more than their pro-rata allocation of shares may do so by applying for shortfall shares in accordance with the instructions set out in the entitlement and acceptance form accompanying the Offer Document. Allocation of any shortfall shares remains at the discretion of the Board in consultation with the Underwriter (**Rights Issue**).

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 of 7.00pm (Sydney time) on 11 August 2011.

If your options have not yet vested and cannot be exercised to participate in the Rights Issue, this letter is provided to you as a formality under the ASX Listing Rules.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D McDonald', written over a light blue rectangular background.

David McDonald
Managing Director

For further information contact David McDonald on +61 2 9238 6865

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