

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

KUTh Energy Limited

ABN

33 125 694 920

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter 31 December 2008 \$A'000	Year to date (6 months) 31 December 2008 \$A'000
1.1	Receipts from product sales and related debtors	0	0
1.2	Payments for (a) exploration and evaluation	(353)	(1,334)
	(b) development	0	0
	(c) production	0	0
	(d) administration	(161)	(238)
1.3	Dividends received	0	0
1.4	Interest and other items of a similar nature received	59	167
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	REDI Grant funds received	-	106
	Net Operating Cash Flows	(455)	(1,299)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	0	0
1.9	Proceeds from sale of: (a) prospects	0	0
	(b) equity investments	0	0
	(c) other fixed assets	0	0
1.10	Loans to other entities	0	0
1.11	Loans repaid by other entities	0	0
	Security deposits	0	0
1.12	Other (provide details if material)	0	0
	Net investing cash flows	0	0
1.13	Total operating and investing cash flows (carried forward)	(455)	(1,299)

*1.7 – \$106 prepayment by funding authority of September Quarter estimated expenditure under the Grant

1.13	Total operating and investing cash flows (brought forward)	(455)	(1,299)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	0	0
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other – share issue costs	0	0
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	(455)	(1,299)
1.20	Cash at beginning of quarter/year to date	3,341	4,185
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	2,886	2,886

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	25
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

1.23 – Consulting fees at normal commercial rates to a Director related entity - \$25
1.23 – 416,666 shares issued to Directors for Nil consideration (value \$125k) in payment of Director's fees for 12 months period 1 July 2008 to 30 June 2009. The proportion of shares issued covering the March 2009 and June 2009 Quarter will be held in escrow until these fees are earned. Refer ASX announcement 21 November 2008.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	0
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	566	671
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other – Bank bills, bank term deposits	2,320	2,670
Total: cash at end of quarter (item 1.22)	2,886	3,341

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	No changes		
6.2	Interests in mining tenements acquired or increased	No changes		

6.3 A full list of KUTH Energy Limited tenements is included as an attachment to this report.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 +Ordinary securities	54,096,451*	30,393,688	Fully Paid	Fully Paid
7.4 Changes during qtr (a) Increases through issues (b) Decreases through returns of capital, buy-backs	416,666 Nil	416,666 Nil	30	30
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during qtr (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 Options	333,333** 1,000,000 1,000,000 1,000,000	0 0 0 0	<i>Exercise price</i> 30 25 27.5 30	<i>Expiry date</i> 30 Sep 2012 5 Jan 2014 5 Jan 2015 5 Jan 2016
7.8 Issued during quarter	3,000,000***	0	Various	5 Jan 2014 - 2016
7.9 Exercised during qtr	Nil			
7.10 Expired during qtr	Nil			
7.11 Debentures <i>(totals only)</i>	Nil			
7.12 Unsecured notes <i>(totals only)</i>	Nil			

* 23,702,763 shares ASX escrowed until 25 September 2009.

** 333,333 options ASX escrowed to 25 September 2009 as per section 9.9 of the company's Prospectus.

*** 3,000,000 share options issued 8th January 2009 with exercise dates vesting as follows

- 1,000,000 – 8.1.09
- 1,000,000 – 8.1.10
- 1,000,000 – 8.1.11

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: _____ *Justin Clyne* _____ Date: 27th January 2009
(~~Director~~/Company Secretary)

Print name: Justin Clyne

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Schedule of Tenements as at 30 January 2009

Tenement Name	Number	Holder	Expiry	Comment
Tasmania				
	SEL 26/2005	KUTh Exploration Pty Ltd	6 Aug 2011	
	SEL 45/2007	KUTh Exploration Pty Ltd	18 Dec 2012	
	SEL 68/2007	Mineral Ventures Pty Ltd	13 May 2013	
	SEL 57/2008	KUTh Exploration Pty Ltd		Application 8 Oct 2008
Queensland				
	EPG 7	KUTh Exploration Pty Ltd		Application 5 Apr 2007
	EPG 9	KUTh Exploration Pty Ltd		Application 5 Apr 2007
Vanuatu	Takara	Kuth Energy (Vanuatu) Limited		Application 6 Jun 2008
	Teouma	Kuth Energy (Vanuatu) Limited		Application 6 Jun 2008
Fiji				
	CX712 (Sabeto)	KUTh Exploration (Fiji) Ltd		Application 15 Jul 2008
	CX713 (Vatukoula)	KUTh Exploration (Fiji) Ltd		Application 15 Jul 2008
	CX714 (Namosi)	KUTh Exploration (Fiji) Ltd		Application 15 Jul 2008
	CX715 (Nabalebale)	KUTh Exploration (Fiji) Ltd		Application 5 Sep 2008
Papua New Guinea				
	ELA 1671 (Talasea)	KUTh Energy (PNG) Ltd		Application 6 Aug 2008
	ELA 1672 (Salamo)	KUTh Energy (PNG) Ltd		Application 6 Aug 2008
	ELA 1673 (Iamelele)	KUTh Energy (PNG) Ltd		Application 6 Aug 2008

SEL = special exploration licence
EPG = geothermal exploration permit