



**ASX RELEASE**  
**7 December 2012**  
**Papua New Guinea**

KUTH Energy Ltd is pleased to announce that its subsidiary company KUTH Energy (PNG) Ltd (KPNG) has signed agreements formalising its relationship with Kula Energy Pty Ltd (KULA) for the ongoing commercial development of its interests in Papua New Guinea. KULA will take a 49.8% interest in KPNG for an initial cash injection and ongoing contributions of working capital and management expertise.

Commenting on the finalisation of the agreements managing director of KUTH Energy Ltd David McDonald said *“the collaboration between KULA and KUTH will be very important to convert the Licence applications that are in place in West New Britain and Fergusson Island. There is no doubt about the valuable background and experience in PNG that the Directors of KULA bring to the table and they will contribute significantly as we move through the licence approval, exploration and commercialisation phases of this project. In particular KULA principal, Julian Malnic, has a long history in Papua New Guinea and will play an important role in this project”*.

KUTH currently has mineral exploration licence applications (ELA's) lodged in the following locations (*Figure 1*):

- ELA 2222 – Talasea - West New Britain
- ELA 2225 – Iamelele - Fergusson Island
- ELA 2226 - Salamo - Fergusson Island

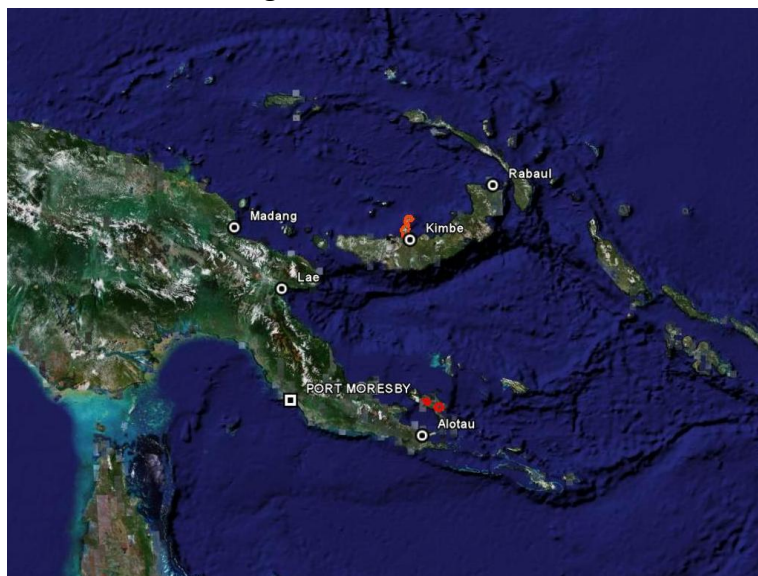


Figure 1: Location of ELA's

Re-emphasising KUTH's strategy David McDonald added *“at this stage of the company's evolution it is important that we take on projects and commitments that we think we can add value to, finance and manage with current resources. In PNG, increased mining activity in and around our licence application areas offers us the opportunity to capitalise on future mineral plays and possible large power off-take projects. We see advantages in getting something started in this country but are cognisant of the many challenges that still need to be resolved to get this project moving. We see KULA personnel extending KUTH's capabilities in-country and we look forward to advancing this project over the coming year”*.

End

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