



## **NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT**

A partially underwritten non-renounceable rights issue to existing Shareholders of one (1) New Share at an issue price of \$0.015 per New Share for every two (2) Shares held to raise a maximum of approximately \$863,500 before the costs of the Offer.

This Offer is partially underwritten by entities associated with individual members of the board and management of the Company.

**The last date for applications is 11 April 2013 (5:00pm Sydney time).**

**THIS DOCUMENT IS NOT A PROSPECTUS. THIS DOCUMENT DOES NOT CONTAIN ALL OF THE INFORMATION THAT AN INVESTOR MAY REQUIRE TO MAKE AN INFORMED DECISION REGARDING THE NEW SHARES OFFERED BY THIS DOCUMENT. THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY. IF YOU HAVE ANY QUERIES PLEASE CONSULT YOUR STOCKBROKER OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.**

KUTh Energy Limited ABN 33 125 694 920  
Level 57, MLC Centre, 19-29 Martin Place, Sydney, NSW 2000  
+61 2 9238 6865 F +61 2 9238 7633 E [info@kuthenergy.com](mailto:info@kuthenergy.com) W [www.kuthenergy.com](http://www.kuthenergy.com)

**Important Notice**

The Offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of KUTh Energy Limited ABN 33 125 694 920 (the **Company**).

This Offer is partially underwritten by entities associated with individual members of the board and management of the Company.

This Offer Document is not a disclosure statement for the purposes of Chapter 6D of the Corporations Act. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in the Offer Document is significantly less than that required under a prospectus and Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to the ASX and should consult their professional advisers before deciding whether to accept the Offer.

This Offer Document is dated 14 March 2013 and was lodged with the ASX on 14 March 2013. This Offer Document is not lodged with ASIC. ASIC and ASX take no responsibility for the content of this Offer Document.

This Offer Document does not constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, or the Shares to be issued there under, or otherwise permit the offering of New Shares in any jurisdiction outside Australia and New Zealand.

In particular, this Offer Document does not constitute an offer for sale of the New Shares or any Right to a security into the United States or to U.S. persons. The New Shares and Rights have not been, and will not be, registered under the U.S. Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons (as defined for the purposes of the Securities Act 1933) unless they are registered under the U.S. Securities Act 1933 or an exemption from the registration required under the U.S. Securities Act 1933 is available.

**Disclaimer**

No person is authorised to give any information, or to make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company in connection with the Offer.

**Governing Law**

This Offer Document, the Offer and the contracts formed on acceptance of Applications are governed by the laws of New South Wales, Australia. Each Applicant for New Shares submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

**Time and date**

Unless otherwise specified, all references to time in this Offer Document and the Entitlement and Acceptance Form are references to Sydney Time, and all references to dates are to dates calculated in accordance with Sydney Time.

## **Currency**

All references to '\$' or 'dollar' are to Australian currency.

## **Definitions and references**

Capitalised terms used in this Offer Document and the Entitlement and Acceptance Form are defined in Section 7.

References to Sections are to Sections of this Offer Document, unless stated otherwise.

**This document is important and requires your attention. It should be read in its entirety.**

## Letter from the Chairman

14 March 2013

Dear Shareholder,

I am pleased to invite you to participate in a 1 for 2 non-renounceable rights issue at \$0.015 per New Share to be made by the Company (**Rights Issue**). This Offer Document outlines the details of the Rights Issue.

The Board has decided to raise approximately \$863,500 (before costs of the Offer) in new capital by way of a non-renounceable Rights Issue.

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 to any member of the Board or management or their related parties. Further details on the terms of the Underwriting Agreements are contained within Section 5 of this Offer Document.

In addition, the Company has granted Veritas Securities Limited (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. The Board reserves the right to issue any shortfall shares at its discretion.

The key focus of the Company is to maintain the momentum of the Vanuatu project following the recent granting of a Production Licence. While the Company is working on securing project funding that will minimise the future calls on KUTH shareholders the funds raised from this Rights Issue will be applied to the cost of site work, preliminary shallow drilling and production well design work to avoid delays. The recent decision to move straight to production well drilling is expected to see electricity production commence in Vanuatu in 2016, with anticipated immediate positive cash flow generation for the Company.

The Company will continue to progress its interests in Fiji, PNG and Saipan if the opportunity arises. The Company will also continue to seek out other opportunities, like Vanuatu, that are based on replacing electricity generated from diesel fuel with geothermal energy.

Finally, the Company will continue to maintain its interests in the Tasmanian and Queensland tenement areas while it continues to engage government support for these projects. The relative commercial merits of the Australian assets versus those of the Pacific do not warrant further significant investment at this time.

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 outside of Vanuatu; and

- Maintaining existing tenements in Australia.

A personalised Entitlement and Acceptance Form is attached and you will need to complete that Entitlement and Acceptance Form and return it with payment by the Closing Date to participate in the Rights Issue. The Closing Date for acceptance and payment is 5.00pm (Sydney time) on Thursday, 11 April 2013.

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 (**Shortfall Offer**). Allocation of any Shortfall Shares remains at the discretion of the Board.

New Shares will, from allotment, rank equally with existing Shares. The Company will make an application to the ASX for official quotation of these Shares. No dividend is expected to be paid on Shares in the Company in respect of the year ending 30 June 2013.

To the extent that you do not take up your entitlement to Rights (**Entitlement**), your interest in the Company will be diluted. The level of dilution will be dependent upon a combination of the percentage of the Rights Issue taken up by existing Shareholders, the number of additional rights which may be taken up by existing Shareholders in the shortfall facility, the number of shares taken up by Underwriters and any balance of the Rights Issue that may be placed by Veritas.

The maximum number of New Shares to be issued under the Rights Issue is 57,572,292 which would raise up to approximately \$863,500 (before costs of the Offer). At the conclusion of the Rights Issue, the maximum number of issued Shares in the Company will be 172,716,875.

Details of the Rights Issue and other matters required by law to be disclosed are set out in the Offer. Your Directors draw your attention to the courses of action available to you as set out in Section 3 of this Offer.

Yours faithfully



Bruce McKay  
Chairman

## 1. DETAILS OF THE OFFER

### 1.1 The Offer

This Offer Document invites Eligible Shareholders to participate in a pro rata non-renounceable offer of 57,572,292 New Shares (the **Offer**). Each Eligible Shareholder is being offered 1 New Share for every 2 Shares held as at 7:00pm (Sydney Time) on the Record Date (being 22 March, 2013). The Offer Price is \$0.015 per New Share.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional Entitlements will be rounded up to the nearest whole Share. You may also wish to apply for additional Shortfall Shares under the Shortfall Offer. Details of the Shortfall Offer are contained below at Section 1.7.

The New Shares will rank equally with existing Shares.

### 1.2 Underwriting

The Offer is partially underwritten by entities associated with members of the Board and management pursuant to Underwriting Agreements described in Section 5 of this Offer Document (**Underwriting Agreement**).

Under the terms of each Underwriting Agreement, no underwriting or management fees are payable by the Company. The Underwriting Agreements confer no benefits or entitlements upon the Directors and Management or their Related Entities other than an obligation on those parties to partially underwrite and subscribe for new shares in accordance with Exception 2 of ASX Listing Rule 10.12 which states:

Rule 10.11 states:

*“Unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities.*

10.11.1 *A related party.*

10.11.2 *A person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained.”*

Rule 10.12 states, in part:

*“The exceptions referred to in rule 10.11 are as follows:*

*...*

*Exception 2 The person receives the securities under an underwriting agreement in relation to a pro rata issue, and the terms of the underwriting were included in offer documents sent to holders of ordinary securities.*

*...*

### 1.3 Shortfall Mandate

The Company has granted Veritas Securities Limited (**Veritas**) an exclusive mandate to place an amount up to the shortfall of the partially underwritten Rights Issue within one month following the allotment of shares under this Rights Issue. This mandate does not include the shortfall amount of \$148,572 underwritten by the Board and Management and their Related Entities or any amount subscribed for by existing shareholders in excess of their entitlement under this Offer.

The exclusive mandate has been granted on a best endeavours basis and Veritas has no role in the underwriting or management of the Rights Issue.

Veritas will receive a fee of 6% plus GST of any amount placed by them in the shortfall.

#### 1.4 Indicative Timetable

Announcement Date	14 March 2013
Notice sent to Shareholders	14 March 2013
Offer Document lodged with ASX	14 March 2013
“Ex” Date for Entitlement to New Shares	18 March 2013
Record Date (for determining Entitlements to participate in the Offer)	22 March 2013
Expected date of dispatch of Offer Document and Entitlement and Acceptance Form	25 March 2013
Offer opens ( <b>Opening Date</b> )	25 March 2013
Last day for acceptance and payment in full ( <b>Closing Date</b> )	11 April 2013
Shares quoted (on deferred settlement basis)	12 April 2013
Advise ASX of shortfall	16 April 2013
Deferred settlement trading ends	17 April 2013
Expected allotment and dispatch of holding statements	17 April 2013
Normal trading commences	18 April 2013
Final date for allotment of underwritten shares by Directors and Management*	3 May 2013
Final date for allotment of shares placed by Veritas*	17 May 2013

These dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares.

\*Pursuant to Exception 2 of Listing Rule 7.2 the underwritten shares must be placed within 15 business days of the close of the offer and pursuant to Exception 3 of Listing Rule 7.2 the shares placed by Veritas must be placed within 3 months of the close of the offer.

#### 1.5 Record Date and Entitlement

The Entitlement of Eligible Shareholders to participate in the Offer is to be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

#### 1.6 Opening and Closing Dates

The Offer opens on the Opening Date, namely 25 March 2013. The Company will accept Entitlement and Acceptance Forms until 5.00pm Sydney Time on the Closing Date, or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

## **1.7 Shortfall Offer**

Subject to the Corporations Act and the requirements of the Listing Rules, Eligible Shareholders may subscribe under the Shortfall Offer for Shortfall Shares in addition to their Entitlement. The issue price of New Shares issued pursuant to an application for Shortfall Shares will be \$0.015 per New Share, being the same price for New Shares under the Offer.

Shortfall Shares will be allotted at the same time as the New Shares under the Offer. Eligible Shareholders may apply for Shortfall Shares by completing an Application for Shortfall Shares on the Entitlement and Acceptance Form that accompanies this Offer Document.

The Directors do not represent that any Application to participate in the Shortfall Offer will be successful. In relation to the Shortfall Offer, the Directors reserve the right to issue Shortfall Shares to Applicants under the Shortfall Offer in their absolute discretion. The Directors may allocate to an Applicant under the Shortfall Offer a lesser number of Shortfall Shares than the number for which the Applicant applies, or reject an Application under the Shortfall Offer, or not proceed with the issue of New Shares under the Shortfall Offer pursuant to this Offer Document. If the number of Shortfall Shares is less than the number applied for, surplus Application monies will be refunded in full. Interest will not be paid on monies refunded.

## **1.8 Issue and despatch**

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the timetable set out in Section 1.4.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## **1.9 ASX official quotation**

Application will be made to ASX for the official quotation of the New Shares. If ASX does not grant quotation to the New Shares, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

## **1.10 Eligible Shareholders**

Only Shareholders registered on the Record Date as holders of Shares with a registered address in Australia or New Zealand are entitled to participate in the Offer. All other Shareholders are Ineligible Shareholders.

This Offer Document does not constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer, or the Shares to be issued there under, or otherwise permit the offering of New Shares in any jurisdiction outside Australia and New Zealand.

The Company has determined that it would be unreasonable on this occasion to extend the Offer to Ineligible Shareholders having regard to the number of Shares held by Ineligible Shareholders and the costs of complying with the legal and regulatory requirements which would apply to an offer of Shares to Ineligible Shareholders in various jurisdictions. We trust you understand the Company's position on this matter.

By lodging a completed Entitlement and Acceptance Form an investor is taken to have warranted as to its ability to participate in the Offer without breach of the law, and related



matters in their respective jurisdiction. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to have been submitted by an Ineligible Shareholder.

In particular, this Offer Document does not constitute an offer for sale of the New Shares or any Right to a security into the United States or to U.S. persons. The New Shares and Rights have not been, and will not be, registered under the U.S. Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons (as defined for the purposes of the Securities Act 1933) unless they are registered under the U.S. Securities Act 1933 or an exemption from the registration required under the U.S. Securities Act 1933 is available.

### 1.11 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

### 1.12 CHESS and issuer sponsored holdings

Under CHESS, the Company will not issue certificates to Applicants. Instead, Applicants will receive a statement of their holding of Shares.

If you are broker sponsored, and you take up your Entitlement, ASTC will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Offer Document, provide details of your holder identification number and the participant identification number of the sponsor. ASTC will provide further statements to you to reflect any changes in your holdings in the Company during a particular month.

If you are registered in the issuer sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of Shares issued to you under this Offer Document and your security holder reference number. The Share Registry will provide further statements to you to reflect any changes in your holdings in the Company during a particular month.

### 1.13 Capital Structure

If the Rights Issue is fully subscribed, the effect of the Rights Issue on the capital structure of the Company will be as follows:

	Number
Shares currently on issue	115,144,583
Shares to be issued under this Offer Document (subject to rounding)	57,572,292
Total Shares on issue after the completion of the Rights Issue	172,716,875

The effect of the Rights Issue on the Company's capital structure in the event that only \$0.308 million is raised (being the amount underwritten by the Underwriters and committed by the Directors and management pursuant to their Entitlement) will be as follows:

	Number
Shares currently on issue	115,144,583
Shares to be issued under this Offer Document (subject to rounding)	20,507,733
Total Shares on issue after the completion of the Rights Issue	135,652,316

The number of New Shares an Eligible Shareholder will be entitled to under the Rights Issue will be rounded up to the nearest whole number of New Shares

The above assumes no options are exercised prior to the Record Date and do not account for rounding up of shares where appropriate.

The level of dilution will be dependent upon a combination of the percentage of the Rights Issue taken up by existing Shareholders, the number of additional rights which may be taken up by existing Shareholders in the shortfall facility, the number of shares taken up by Underwriters and any balance of the Rights Issue that may be placed by Veritas.

Eligible Shareholders who take up their full Entitlements will not have their Shareholdings diluted as a result of the Rights Issue. Eligible Shareholders who do not participate in full or at all will have their holdings diluted and the holdings of Ineligible Shareholders will be diluted. See also the description in Section 2.3 below as to the effect of dilution of the holdings of existing Shareholders.

For clarity, the minimum amount that will be raised pursuant to this Rights Issue, (assuming no shareholder takes up their Entitlement and no shares are placed by Veritas) is \$307,616 being the Entitlements to be taken up by the directors of \$159,044 and the underwritten amount of \$148,572 (see section 5).

There are currently 12,800,000 options on issue. Each option entitles the holder, upon payment of the applicable exercise price, to subscribe for one Share.

Details of these options are:

Exercise Price (cents)	Expiry Date of Options	Number of Options as at 14 March 2013
\$0.25	30 November 2013	1,000,000
\$0.25	5 January 2014	1,000,000
\$0.081	30 September 2014	1,500,000
\$0.095	30 September 2014	3,000,000
\$0.275	5 January 2015	1,000,000
\$0.042	30 September 2015	1,500,000
\$0.10	31 December 2015	2,500,000
\$0.30	31 December 2015	100,000
\$0.30	5 January 2016	1,000,000
\$0.30	31 December 2016	100,000
\$0.30	31 December 2017	100,000

Only if options have been exercised and the Shares issued before the Record Date will those Shares participate in the Rights Issue. The number of New Shares issued may therefore increase if some or all of the options are exercised prior to the Record Date. If all of the options are exercised, the number of Shares on issue prior to the New Shares being issued will increase by 12,800,000 and therefore a maximum of 6,400,000 shares will be capable of being issued pursuant to this rights issue.

### 1.14 Section 606 Prohibition

Section 606 of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a listed company if that person's or someone else's voting power in the company:

- (a) increases from 20% or less to above 20%; or
- (b) increases by any amount, if that person's voting power is between 20% and 90%.

(the **Section 606 Prohibition**).

Section 611 of the Corporations Act sets out a number of exemptions to the Section 606 Prohibition. In particular, section 611 of the Corporations Act provides that an increase to a person's voting power which results from that person accepting a pro-rata entitlement issues (such as this Offer) is exempt from the Section 606 Prohibition.

### 1.15 Investment decision

This Offer Document does not take into account the individual investment objectives, financial situation and particular needs of any Shareholder.

Before deciding to take up New Shares, you should consider whether the New Shares are a suitable investment for you and if you have any queries you should consult your stockbroker or other professional adviser without delay.

## 2. INFORMATION ABOUT KUTH ENERGY LIMITED

### 2.1 Business Information

#### *Overview*

The Company is a geothermal power project developer with interests throughout the Pacific and within Australia. The recent granting of a Production Licence in Vanuatu has confirmed that project as being the lead project in the Company's development portfolio. It has also demonstrated the potential value of the Company's strategy of pursuing relatively small but high margin developments that will displace diesel generation. As a result, the Company will retain a key focus on its assets in the Pacific region.

In contrast, the continued political uncertainty surrounding renewable energy initiatives and the challenging commercial environment in Australia do not warrant significant investment by the Company in its Tasmanian or Queensland assets at this time. The Company continues to believe in the long term commercial viability of geothermal power generation in Australia however it will require significant government support as is the case in many markets overseas.

#### *Vanuatu*

The key focus of the Company is the development of the geothermal power project in Vanuatu. The project will generate positive cash flow for the Company from the date of commencement of production planned for 2016.

The terms of the Production Licence issued by the Government of Vanuatu in January 2013 underpins the economics of the project. It provides for an exclusive production period of 30 years, with provision for extension, and a minimum tariff of 23.8 vatu/kWh (approximately \$0.245/kWh) as at 30 June 2012 that increases with inflation. The

Company continues to progress other key commercial documents including the Power Purchase Agreement and Land Lease.

Planning is well advanced, and site works have commenced, for the drilling of a series of shallow temperature wells (30-50m) to gather information needed to design the production wells. It is important to note that, in conjunction with its advisors, the Company has recently decided to move straight to drilling production wells. The decision not to undertake slim-hole exploratory drilling was taken after a technical review in February 2013 concluded that undertaking an exploratory slim-hole strategy would not provide a net benefit given the small size of the project. This decision, consistent with the approach taken on similar size developments elsewhere in the world, brings forward the scheduled date for commencement of production.

The Company intends to pursue a strategy to fund the project on a stand-alone project basis. It aims to attract investors with Pacific development and/or climate change mandates and to maximise the benefits of international grants and donor funding targeted at developing nations. This strategy should minimise the call on KUTh shareholders to fund the project but will ensure they retain an appropriate equity in the project without being diluted from the remainder of the project pipeline. Until such funding is in place, the Company will continue to underwrite the cost of activities to maintain the project's momentum such as undertaking the drilling of the temperature wells, including related site works, and preparatory and design work related to production drilling.

### ***Pipeline of Pacific Projects***

The Company also has projects in Fiji and PNG and is still closely following the developments in Saipan where changes in government have recently taken place. The progress of the Vanuatu project demonstrates the potential value in this broader Pacific project portfolio.

The strategy to develop geothermal projects that displace electricity generation using diesel has a sound commercial basis. The Company will continue to progress its interests in Fiji and PNG and look to other opportunities on the same basis as Vanuatu – identifying prospective resources and securing commercial contracts that underpin the viability of the project through relatively low expenditure. At that stage project funding will be sought to fund the significant capital cost of the project.



## ***Australia***

The opportunities in the Pacific together with the considerable ongoing challenges of developing EGS plays in Australia and competition for capital amongst KUTh's projects makes the development of the Company's assets in Tasmania and Queensland a secondary priority at present. The Company intends to preserve its interests in Tasmania and Queensland while it attempts to engage government support. It will maintain tenement obligations but will not invest in additional exploration or development until government support and/or other partners are secured.

### **2.2 Disclosing entity information**

The Company, as a disclosing entity under the Corporations Act, is subject to regular reporting and disclosing obligations under the Corporations Act and the Listing Rules.

The Company will provide a copy of the following documents, free of charge, to any person who asks for them during the application period (i.e. between the date of dispatch of this Offer Document and the Closing Date inclusive):

- the annual financial report for the year ended 30 June 2012 and half yearly report to 31 December 2012; and
- any continuous disclosure notices given by the Company after the lodgement of the annual financial report for the year ended 30 June 2012 and before the lodgement of a copy of this Offer Document with the ASX.

### **2.3 Potential effect of the Offer**

The Offer is a pro-rata offer, so that if all Eligible Shareholders take up their entitlements, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequence arising from the Offer on the control of the Company.

However, if a Shareholder does not take up their entitlement in full, there may be a dilutionary effect on that Shareholder's proportional Shareholdings.

The level of dilution will be dependent upon a combination of the percentage of the Rights Issue taken up by existing Shareholders, the number of additional rights which may be taken up by existing Shareholders in the shortfall facility, the number of shares taken up by Underwriters and any balance of the Rights Issue that may be placed by Veritas.

The issue of New Shares may affect the control of the Company depending on the level of take up of the issue. See Section 1.13 above.

## **3. ACTION REQUIRED BY SHAREHOLDERS**

### **3.1 What you may do**

The number of New Shares to which you are entitled under the Rights Issue (your **Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. You may:

- (a) take up all of your Entitlement to New Shares;
- (b) in addition to applying for all of your Entitlement, apply for Shortfall Shares under the Shortfall Offer;
- (c) take up part of your Entitlement and allow the balance to lapse; or

(d) not take up any of your Entitlement and allow it to lapse.

### **3.2 If you wish to take up all of your Entitlement**

If you wish to take up your Entitlement in full, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form. Forward your completed Entitlement and Acceptance Form together with your Australian Dollar cheque or bank draft for the amount shown on the form to reach the Share Registry no later than 5.00pm (Sydney time) on Thursday, 11 April 2013. Cheques or bank drafts should be made payable to “**KUTh Energy Limited**” and crossed “**Not Negotiable**”.

### **3.3 Applying for the Shortfall Shares**

If you wish to subscribe for Shortfall Shares pursuant to the Shortfall Offer, complete an application for Shortfall Shares on the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form. When completing the Entitlement and Acceptance Form, indicate the number of Shortfall Shares you wish to apply for under the Shortfall Offer, and follow steps set out above.

Shortfall Shares will be allotted at the same time as the New Shares under the Entitlement Offer are allotted. All allocations under the Shortfall Offer are at the sole and absolute discretion of the Directors. There is no guarantee that any Applications for Shortfall Shares under the Shortfall Offer will be successful. If the number of Shortfall Shares is less than the number applied for, surplus Application monies will be refunded in full. Interest will not be paid on monies refunded.

### **3.4 If you wish to take up part of your Entitlement and allow the balance to lapse**

If you wish to accept part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up in accordance with the instructions set out on the form. Forward your completed form together with your Australian Dollar cheque or bank draft for the amount due in respect of New Shares you intend to take up (being the number of New Shares you wish to accept multiplied by \$0.015, to reach the Share Registry no later than 5.00pm (Sydney time) on Thursday, 11 April 2013. Cheques or bank drafts should be made payable to “**KUTh Energy Limited**” and crossed “**Not Negotiable**”.

### **3.5 If your Entitlement is not taken up**

If you do nothing, your Entitlement that is not taken up by 5.00pm (Sydney time) on Thursday, 11 April 2013 will lapse.

### **3.6 Payment**

Send your completed Entitlement and Acceptance Form (together with your cheque for the amount applicable to the number of New Shares you have subscribed for) to reach the Share Registry by no later than 5:00pm (Sydney Time) on the Closing Date. The Company Share Registry address is:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2000

Payment will only be accepted in Australian currency by way of cheque, bank draft, or Bpay. Further details are contained on your entitlement and acceptance form. Other currency will not be accepted.

Cheques or bank drafts should be made payable to “**KUTh Energy Limited**” and crossed “**Not Negotiable**”. Please do not forward cash. Receipts for payment will not be provided.

### **3.7 Enquiries**

For further information please call the Company on (02) 9238 6865 (within Australia) or +61 2 9238 6865 (outside Australia) during business hours in Sydney.

## **4. RISK FACTORS**

### **4.1 Specific Risks**

The success of the Company is dependent upon a number of factors, including:

- land title;
- the discovery of commercially viable geothermal prospects;
- regulatory and government approvals ;
- the establishment of power off-take and pricing agreements; and
- the availability of sufficient funding to enable exploitation of prospects;

The Company is subject to a number of risks (including the inherent risks associated with geothermal exploration) and other factors that may impact both on its future performance and the market price at which its Shares trade. The geothermal tenements held, either directly or via investment in other entities, are at an exploration stage. Accordingly, investment in the Shares offered by this Offer Document should be considered speculative.

The Directors strongly recommend that investors examine the contents of this Offer Document and consult their professional advisers before deciding whether to apply for Shares. In addition to this, the Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors that may affect the future operating and financial performance of the Company and the value of an investment in it.

A summary of some of the major risk factors is set out below. The list is not exhaustive and potential investors should seek professional advice if they require further information on material risks.

#### ***Speculative Investment***

The Company is at a very early stage of its development and accordingly there are significant risks associated with investing in the Company. Potential investors should take into account the significant risks of investing and consider carefully whether investing in the Shares is an appropriate investment in light of their personal circumstances.

#### ***Exploration***

Geothermal exploration is speculative and involves significant risks which even the highest levels of experience, care and planning cannot control. There is no assurance that exploration programmes will be successful in the discovery of geothermal resources that will be sufficient for viable power generation in any or all of the Company's activities.

### ***Economic Factors***

Power pricing, reservoir management, inflation, foreign currency fluctuations, interest rates, industrial disruption, political decisions, cost over-runs and technical problems all affect the ability of a company to profit from any geothermal development. The Company may be subject to government influences in renewable energy through climate change policies in respect of carbon pricing and emissions trading schemes and/or any renewable energy support initiatives that may or may not be implemented to the geothermal sector.

These issues are beyond the control of the Company.

### ***Funding***

The Company has no income producing assets and is dependent upon being able to obtain future equity, debt, grants or joint venture funding (or any combination thereof) to support long term exploration, evaluation and development of its geothermal projects.

### ***Securities Market***

The price of the Company's securities may be highly volatile and can be expected to fluctuate depending on various factors including exploration success, market sentiment, power off-take arrangements, strategic partnering, funding initiatives, interest rates, political unrest and general economic conditions.

### ***Landowner Issues***

The Directors are aware that landowner disputes can occur in the areas of project development being contemplated by the Company. This may impact through delays and/or cancellation of exploration programs and future development if the land issue cannot be resolved.

### ***Environmental Considerations***

Any exploration activity undertaken by the Company is subject to statutory environmental conditions in the country of implementation.

### ***Operating in Foreign Jurisdictions***

The Company's assets include its interests in geothermal tenements in foreign countries, including Vanuatu. There are a number of risks associated with this including:

- Changes in the foreign country's laws, government, regulations and political climate;
- Foreign currency exposure;
- Land title; and
- a different language, culture and legal environment compared to Australia.

### ***Key Personnel***

The Company relies to a significant extent upon the experience and expertise of the Directors and key management. These persons possess knowledge and experience in geothermal exploration and development and in projects being pursued by the Company. Loss of one or more of these personnel may adversely affect the Company's prospects of pursuing its exploration programs within the timeframes and within the cost structure as currently envisaged.



### ***Exploration and Production Licence Tenure***

Exploration and production licences over geothermal tenements are subject to periodic renewal. There is no guarantee that current or future exploration or production licences over tenements or future applications for tenements will be approved. The Company's tenements and investments are subject to numerous legislative conditions.

#### **4.2 Enumerated Risks not Exclusive**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risks, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Rights Issue. Therefore, the New Shares to be issued pursuant to this Rights Issue carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for Shares in the Company.

Shareholders should consult their stockbroker, solicitor, accountant or other financial adviser if they are in any doubt as to the value of the Rights Issue and in particular in relation to taxation implications.

## **5. UNDERWRITING AGREEMENT**

### **5.1 Appointment of entities associated with members of the Board and Management as underwriter**

The Company has entered into agreements with entities associated with the following members of the Board and management (the **Underwriters**) as underwriters to the Rights Issue:

		Entitlement under the Rights Issue	Additional Amount Underwritten
Bruce McKay	Chairman	\$6,444	\$23,556
David McDonald	Managing Director	\$9,042	\$27,458
Stephen Bartrop	Director	\$60,431	\$9,569
Paul Broad	Director	\$21,050	\$16,373
George Miltenyi	Director	\$58,327	\$45,366
Stephen Robinson	Management	\$3,750	\$21,250
Justin Clyne	Company Secretary	-	\$5,000
<b>Total</b>		<b>\$159,044</b>	<b>\$148,572</b>

Under the terms of the Underwriting Agreements, entered into on 12 March, 2013 (the **Underwriting Agreement**), the Underwriters agreed to underwrite the Offer to \$148,572 in addition to subscribing for their full entitlement under the Rights Issue. Under the terms of the Underwriting Agreement, no management or underwriting fees will be payable by the Company.

The Underwriting Agreements confer no benefits or entitlements upon the Directors and Management or their Related Entities other than an obligation on those parties to partially underwrite and subscribe for new shares in accordance with Exception 2 of ASX Listing Rule 10.12 which states:

Rule 10.11 states:

*“Unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities.*

10.11.1 *A related party.*

10.11.2 *A person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained.”*

Rule 10.12 states, in part:

*“The exceptions referred to in rule 10.11 are as follows:*

*...*

*Exception 2 The person receives the securities under an underwriting agreement in relation to a pro rata issue, and the terms of the underwriting were included in offer documents sent to holders of ordinary securities.*

*...”*

## **5.2 Underwriting Agreement**

Under each Underwriting Agreement, the Underwriters’ agreements to partially underwrite the Rights Issue are subject to the fulfilment of a number of conditions essentially relating to ensuring the Company must apply to the ASX for quotation of the New Shares in accordance with the requirements of the Corporations Act and the Listing Rules and the New Shares are successfully quoted on the ASX.

## **6. IMPORTANT ADDITIONAL INFORMATION**

### **6.1 No authority for statements**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by the Company, the Directors, or any other person in connection with the Offer.

### **6.2 Privacy Act**

As a Shareholder, the Company and the Share Registry have already collected certain personal information from you. If you apply for New Shares, the Company and the Share Registry may update that personal information or collect additional personal information. The Company and the Share Registry will collect, hold and use such information to assess your application, service your needs as an investor, provide facilities and services that you request, and carry out appropriate administration.

Tax and company law requires some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers, including those listed below or as otherwise authorised under the *Privacy Act 1988 (Cth)* (**Privacy Act**):

- the Share Registry, in order to assess your Application and for ongoing administration of the Share Register; and

- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You may request access to your personal information by emailing, faxing or by telephoning the Share Registry as follows:

Boardroom Pty Limited  
 Tel: 1300 737 760 International (+61 2 9290 9600)  
 Fax: 1300 653 459 International (+61 2 9279 0644) Email:  
 enquiries@boardroomlimited.com.au

## 7. DEFINITIONS

In this Offer Document the following terms and abbreviations have the following meanings unless otherwise stated:

“**Applicant**” refers to a person who submits an Entitlement and Acceptance Form;

“**Application**” refers to the submission of an Entitlement and Acceptance Form;

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASTC**” means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532;

“**ASX**” means ASX Limited ACN 008 624 691 or, where the context permits, the Australian Securities Exchange operated by ASX Limited;

“**Board**” means the Directors convened and acting as a board of Directors;

“**Business Day**” means a day that is not a Saturday, Sunday, public holiday or bank holiday in New South Wales, Australia.

“**Cleansing Notice**” means a notice given in accordance with section 708AA(2) and section 708AA(7) of the Corporations Act;

“**CHESS**” means Clearing House Electronic Subregister System;

“**Closing Date**” means 5:00pm (Sydney time) on Thursday, 11 April 2013;

“**Company**” means KUTh Energy Limited ABN 33 125 694 920;

“**Corporations Act**” means the *Corporations Act* 2001 (Cth);

“**Directors**” means the directors of the Company from time to time;

“**Eligible Shareholder**” means a Shareholder who is under Section 1.9 eligible to accept the Offer and participate in the Rights Issue;

“**Entitlement**” means an entitlement to Shares under the Rights Issue;

“**Entitlement and Acceptance Form**” means the Entitlement and Acceptance Form accompanying this Offer Document;

**"Ineligible Shareholder"** means a Shareholder who is not an Eligible Shareholder;

**"Listing Rules"** means the Listing Rules of ASX;

**"New Share"** means a new Share proposed to be issued pursuant to this Offer;

**"Offer"** or **"Rights Issue"** means the non-renounceable pro rata offer to subscribed for New Shares pursuant to this Offer Document by paying \$0.015 for each New Share and pursuant to this Offer Document;

**"Offer Document"** means this Offer Document, dated 14 March 2013;

**"Opening Date"** means 25 March 2013;

**"Record Date"** means 7:00 pm (Sydney time) on 22 March, 2013;

**"Related Entity"** means a corporate entity or person which is a Related Entity or Related Party of a Director of the Company as defined in Section 9 of the Corporations Act 2001.

**"Right"** means the right of an Eligible Shareholder to subscribe for New Shares under the Offer;

**"Section"** means a section of this Offer Document;

**"Share"** means an ordinary fully paid share in the capital of the Company;

**"Share Registry"** means Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2000;

**"Shareholder"** means a shareholder whose details appear on the Company's register of shareholders as at the Record Date;

**"Shortfall"** means the number of New Shares for which Applications in response to Entitlements under the Offer Document have not been received by the Closing Date;

**"Shortfall Application Date"** means the date not being less than three Business Days after receipt by the Underwriters of the shortfall notice on which the Company requires the Underwriters to lodge applications in respect of the Shortfall.

**"Shortfall Offer"** means the offer of Shortfall Shares pursuant to this Offer Document as set out in Section 1.6;

**"Shortfall Shares"** means, subject to any Shortfall, the number of Shares for which persons may apply for under the Shortfall Offer;

**"Underwriting Agreement"** means the Underwriting Agreements entered into between the Company and the Underwriters on 12 March, 2013; and

**"Veritas"** means Veritas Securities Limited ABN 94 117 124 535.

## RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm  
AEDST on 22 March 2013

**Offer Closes: 5pm AEDST 11 April 2013**

1 FOR 2 NON-RENOUNCEABLE ISSUE OF UP TO 57,572,292 NEW SHARES AT AN ISSUE PRICE OF 1.5 CENTS EACH PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

### A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 1 New Share for 2 Ordinary Shares held	Price Per Share	Amount Payable for Full Acceptance, at \$0.015 per New Share
	<b>\$0.015 per Share =</b>	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	<b>\$0.015 per Share =</b>	<b>\$</b>

### B Apply for additional shares (if available)

If you wish to apply for additional shares to your Rights Entitlement above please insert the number of shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available.

Number of Additional Shares Applied for	Price Per Share	Amount Enclosed
	<b>\$0.015 per Share =</b>	<b>\$</b>

### C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Kuth Energy Limited Share Registry. Payments cannot be made at any bank.

#### Payment Option 1 - BPAY



**Biller Code: XXXX**  
**Ref: «BPAYCRN»**

#### Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form**
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

#### Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				<b>\$</b>

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to **Kuth Energy Limited** and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

**THIS FORM CONTINUES OVERLEAF**

## D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	( )	( )	

By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Offer Document to which this Application Form relates and declare that this Application is completed and lodged according to the Offer Document and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Kuth Energy Limited and agree to the terms and conditions of the Offer under the Offer Document. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Offer Document when making my/our decision to invest.

## LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

### ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New shares for which you are accepting by \$0.015 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

Telephone No. 02 9290 9600  
Facsimile No. 02 9279 0664

**If you do not deal with your entitlement it will lapse at 5.00 pm AEDST on 11 April 2013.**

### PAYMENT

#### Cheque or Draft

All cheques or drafts (expressed in Australian currency) are to be made payable to **"Kuth Energy Limited"** and crossed "Not Negotiable".

#### BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: [www.bpay.com.au](http://www.bpay.com.au). Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm AEDST on 11 April 2013.

### PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

### INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Offer Document.

### CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHES holders must notify your sponsoring broker for amendments to holdings on the CHES Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		
Shareholder 1 (Individual) / Sole Director & Sole Company Secretary	Joint Shareholder 2 (Individual) / Director	Joint Shareholder 3 (Individual) / Director/Company Secretary (Delete one)

#### 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 share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. 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 Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).