

QUARTERLY ACTIVITIES REPORT

September 2008

HIGHLIGHTS

- **Shallow drilling programme ahead of schedule**
 - **Strong heat flow results define new Tasmanian geothermal exploration province, approximately 4,800 km²**
 - **New tenements applied for in Fiji**
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During the quarter to 30 September 2008 KUTh Energy Ltd (ASX:KEN) continued its shallow heat flow survey across the whole of its Tasmanian geothermal tenements, and consolidated its entry into South Pacific countries to explore for Conventional Geothermal Power (CGP) resources.

SEL26/2005 and SEL45/2007

KUTh Energy Limited has maintained a very active exploration which continues to yield very encouraging results.

Exploration progress in Tasmania included on-going systematic drilling of shallow boreholes spaced 20 km apart and heat flow measurements from those boreholes. Four new HQ diamond holes were completed to 250 m deep during the quarter, and heat flow measurements were made in ten previously completed boreholes which had reached thermal equilibrium. Heat flow data are being measured by Hot Dry Rocks Pty Ltd.

So far, 31 of the 37 planned holes in the program have been drilled and heat flow results have been received from 16 holes. Of these data, 10 values between 92 and 118 mW/m² define what KUTh regards is a major new Australian geothermal exploration province which extends over at least 4,800 km² of central Tasmania (Figure 1). The extent of this province is expected to increase as new heat flow data become available.

KUTh also carried out two MT surveys over six weeks in two highly prospective areas in central and northern Tasmania to help define sub-surface geological structures. The northern survey across the Tamar Conductivity Zone occupied 40 sites over a distance of 43 km, while the survey in central Tasmania occupied 54 sites over 50 km. Results should be available during the December quarter.

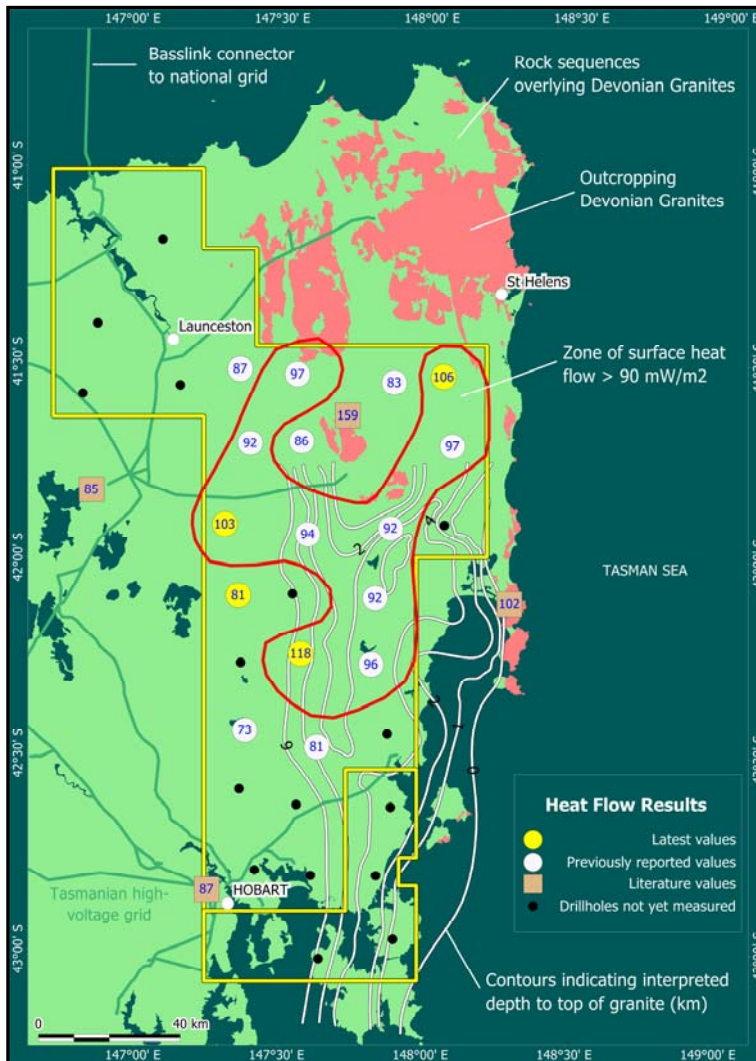


Figure 1. Latest results from mapping of crustal heat flow from shallow drill holes in Tasmania by KUTh Energy Ltd. Red outline represents an approximate 90 mW/m² contour and encloses an area of about 4,800 km² of high heat flow

Queensland

The company held meetings with the North Queensland Land Council (NQLC) to progress Native Title issues surrounding its two Queensland tenement applications (Figure 2). Further negotiations are planned for the December quarter.

Pacific Strategy

There has been progress in KUTh's Pacific program which aims to develop CGP energy resources which have the possibility of accelerating the path to revenue through some early power generation. This strategy is seen as complimentary to the longer term EGS strategy being deployed in Australia and the company will continue to look for opportunities in the CGP area.

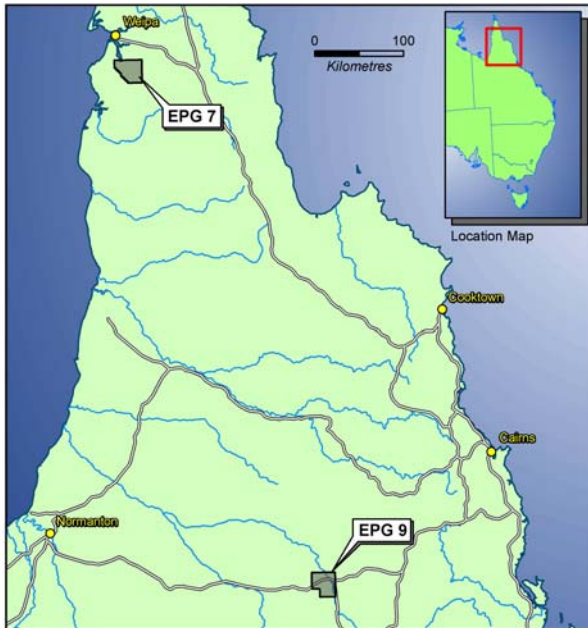


Figure 2. Locations of geothermal exploration tenements applied for in Queensland.

In Fiji, wholly-owned Fijian subsidiary KUTh Exploration (Fiji) Ltd has submitted applications for four geothermal Special Prospecting Licences, totalling 700 km² (Figure 3). Each area is centred on significant hot springs with favourable geology, three are on the main island of Viti Levu, and the other is on the second large island of Vanua Levu. They are located close to either high-demand local electricity grids or potential significant mining operations. If successful KUTh will have the possibility of replacing high cost diesel power generation with CGP energy.

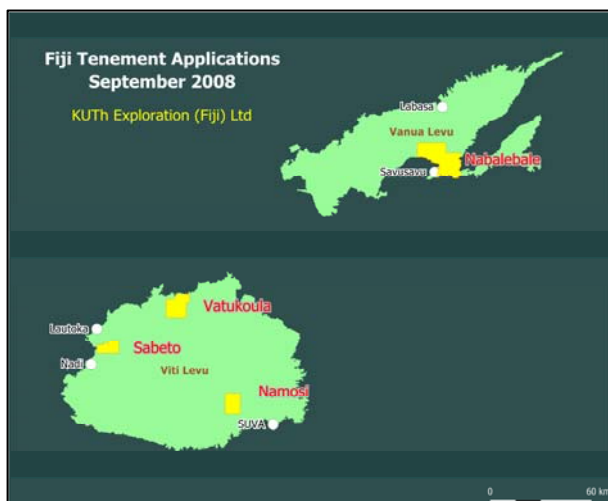


Figure 3. Locations of geothermal exploration tenements applied for in Fiji.



Management

During the quarter the company secured the services of David McDonald to lead the company through the important phase of commercialising its tenement opportunities. He will commence in the new role in January 2009.

FINANCIAL POSITION

At the end of the quarter, KUTH was holding cash or deposits of \$3.3 million.

For further information please contact:

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KUTH Energy Limited is a Member of the Australian Geothermal Energy Group and the Australian Geothermal Energy Association.



Corporate Information

Board Members

Dr John Bishop Chairman
Stephen Bartrop Non executive Director
Paul Broad Non-executive Director
George Miltenyi Non-executive Director

Management

Dr Graeme Wheller Exploration Manager
Justin Clyne Company Secretary
Dr Roger Lewis Principal Consultant

Registered and Principal Office

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Stock Exchange Listing

Ordinary shares ASX code: KEN

Issued Share Capital

At 30 September, issued capital was:
53,679,785 ordinary shares
333,333 unlisted options

Substantial shareholders

Victoria Bishop & Joe Bishop	13.57%
Roger Lewis	9.82%
Bullock Point Pty Ltd	5.37%
Stephen Bartrop	5.31%
George Miltenyi	5.12%
Malcolm Ward	5.07%

Quarterly Price Activity

KEN - Ordinary shares
High: 23 cents
Low: 12.5 cents
Last (30/09/08): 17.0 cents