

KTL Technologies Limited

ABN 75 009 089 981

26 May 2011

Dear Shareholder

NON-RENOUCEABLE ENTITLEMENT ISSUE

On 24 May 2011, KTL Technologies Limited (Company) lodged a prospectus (Prospectus) with the Australian Securities & Investments Commission (ASIC) in relation to a non-renounceable entitlement issue of one fully paid ordinary share in the capital of the Company (Share) for every Share held by shareholders of the Company as at the Record Date (as set out in the timetable below) (Eligible Shareholders) at an issue price of \$0.0025 per Share, together with one free attaching option to acquire a Share (Option) for every two Shares subscribed for, to raise up to approximately \$1,282,214 (Offer). Fractional entitlements will be rounded up to the nearest whole number.

All of the Shares offered under the Prospectus will rank equally with the Shares on issue at the date of the Prospectus. All of the Options offered under the Prospectus are exercisable after 30 June 2012 at \$0.0225 each and expire on 30 June 2016. The Prospectus contains further information regarding the rights and liabilities attaching to the Shares and the full terms and conditions attaching to the Options.

Based on the Company's current issued capital, the Offer will result in 512,885,462 Shares and 256,442,731 Options being issued.

The Offer is fully underwritten by First Pioneer Holdings Limited (First Pioneer) and KNT International Company Limited (KNT), existing shareholders of the Company. KNT and First Pioneer have each committed to underwrite 50% of the full subscription amount. Both First Pioneer and KNT have confirmed their intentions to subscribe for their full entitlement under the Offer.

Availability of Prospectus

The Prospectus together with a personalised entitlement and acceptance form will be sent to Eligible Shareholders on the date set out in the timetable below. Instructions on how and when to apply under the Offer are set out in the Prospectus. The Prospectus is an important document and should be read in its entirety before deciding whether to accept an entitlement. If after reading the Prospectus you have any questions you should consult your stockbroker, accountant or other professional adviser.

The Prospectus has also been lodged with ASX and is available on the ASX website at www.asx.com.au and on the Company's website at www.ktltek.com.au.

KTL Technologies Ltd ABN 75 009 089 981

Address: Level 34 AMP Centre, 50 Bridge Street, Sydney NSW 2000
Facsimile: +612 8216 0701

Email: info@ktltek.com.au

Telephone: +612 8216 0937
Website: www.ktltek.com.au

Use of Funds

The funds raised by the Offer will be used to develop the Company's sales distribution business of waterproofing and anti-corrosion materials, to identify and pursue other potential business opportunities, to settle existing debt, for and general working capital purposes and to meet the anticipated expenses of the Offer.

Application for quotation

The Company has applied to ASX for quotation of the Shares to be issued pursuant to the Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and Options and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest. No application for quotation of the Options will be made by the Company.

Timetable

The timetable in respect of the Offer is set out below:

Lodgement of Prospectus with the ASIC and ASX	24 May 2011
Notice sent to Shareholders	26 May 2011
Ex date	27 May 2011
Record Date for determining Entitlements	2 June 2011
Prospectus despatched to Shareholders	8 June 2011
Closing Date*	5.00 pm (WST) on 23 June 2011
Securities quoted on a deferred settlement basis	24 June 2011
ASX notified of under subscriptions	28 June 2011
Despatch of holding statements	29 June 2011

* These dates are determined based on the current expectations of the Directors and may change with 6 Business Days prior notice, subject to the Corporations Act and the ASX Listing Rules.

Capital Structure

Upon completion of the Offer (assuming the all Shares and Options offered under the Prospectus are issued and no Options are exercised, prior to the Record Date), the capital structure of the Company will be:

Shares

	Number
Shares currently on issue	512,885,462
Shares offered pursuant to the Offer	512,885,462
Total Shares on issue after completion of the Offer	1,025,770,924

Options

	Number
Options (unlisted) (exercise price \$0.05 / expiry date 29 May 2011)	12,000,000
Options (unlisted) offered pursuant to the Offer (exercisable after 30 June 2012 / exercise price \$0.0225 / expiry date 30 June 2016)	256,442,731
Total Options on issue after completion of the Offer	268,442,731

Enquiries

If you have any questions about applying for securities under the Prospectus, please contact Rachel Wong at the Company on +61 2 8216 0937.

Yours faithfully



RACHEL WONG
DIRECTOR AND COMPANY SECRETARY
KTL TECHNOLOGIES LIMITED

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