

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

KTL TECHNOLOGIES LIMITED

ABN

75 009 089 981

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | 1. Ordinary shares 2. Options exercisable after 31 July 2012 at 2.25 cents per option, expiring 31 July 2016 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 512,885,462 shares 2. 256,442,731 options |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Fully paid ordinary shares 2. Unlisted options exercisable after 31 July 2012 at 2.25 cents per option, expiring 31 July 2016 |

+ See chapter 19 for defined terms.

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>1. Shares – Yes</p> <p>2. Options – No (new class of options). Options over unissued shares may only be exercised in accordance with their terms and conditions. Upon conversion of the options to shares, the shares will rank equally with existing shares</p> <p>Shares are expected to be quoted on a deferred settlement basis on 17 August 2011.</p> <p>The options will be unquoted.</p> | | | | |
|--|--|--------|--------|---------------|----------------------------|
| <p>5 Issue price or consideration</p> | <p>1. Shares - 0.3 cents per share</p> <p>2. Options – nil (free attaching options)</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Shares and options to be issued under the Company's non-renounceable rights issue on the basis of one share for every one share held and one free attaching option for every two shares subscribed for.</p> <p>Funds raised from the rights issue will be used to fund ongoing business developments, identify potential business opportunities, partial settlement of outstanding payables and provide additional working capital.</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>On or around 24 August 2011</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="766 1579 1069 1624">Number</th> <th data-bbox="1069 1579 1359 1624">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1624 1069 1843">1,025,770,924</td> <td data-bbox="1069 1624 1359 1843">Fully paid ordinary shares</td> </tr> </tbody> </table> | Number | +Class | 1,025,770,924 | Fully paid ordinary shares |
| Number | +Class | | | | |
| 1,025,770,924 | Fully paid ordinary shares | | | | |

+ See chapter 19 for defined terms.

| | Number | +Class |
|----|---|--|
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 256,442,731 options Unlisted options exercisable after 31 July 2012 at 2.25 cents per option, expiring 30 June 2016 |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Equal |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|---|--|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Non-renounceable |
| 13 | Ratio in which the +securities will be offered | 1 new share for every 1 share held, together with 1 free attaching option for every 2 shares subscribed for |
| 14 | +Class of +securities to which the offer relates | Ordinary fully paid shares and unlisted options exercisable after 31 July 2012 at 2.25 cents per option, expiring 31 July 2016 |
| 15 | +Record date to determine entitlements | 29 July 2011 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 17 | Policy for deciding entitlements in relation to fractions | Rounded up to the next whole number |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | 16 August 2011 |

+ See chapter 19 for defined terms.

| | | |
|----|---|--------------------------------|
| 20 | Names of any underwriters | JK Security Investment Limited |
| 21 | Amount of any underwriting fee or commission | 1.5% (\$23,080) |
| 22 | Names of any brokers to the issue | Not applicable |
| 23 | Fee or commission payable to the broker to the issue | Not applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | Not applicable |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | Not applicable |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 2 August 2011 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | Not applicable |
| 28 | Date rights trading will begin (if applicable) | Not applicable |
| 29 | Date rights trading will end (if applicable) | Not applicable |
| 30 | How do +security holders sell their entitlements in full through a broker? | Not applicable |
| 31 | How do +security holders sell part of their entitlements through a broker and accept for the balance? | Not applicable |

+ See chapter 19 for defined terms.

| | | |
|----|---|----------------|
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | Not applicable |
| 33 | +Despatch date | 24 August 2011 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

| | Number | +Class |
|--|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: **Rachel Wong** **Date 20 July 2011**
(Director and Company secretary)

Print name: **Rachel Wong**

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