

**Natural Fuel Limited  
(Subject to Deed of Company Arrangement)  
(ACN 106 760 418)**

**NOTICE OF GENERAL MEETING  
AND  
EXPLANATORY STATEMENT**

**General Meeting to be held at Level 24, St Martins Tower, 44 St Georges Terrace, Perth WA 6000 on 16 August 2010 commencing at 10am (WST).**

**The Deed Administrators have given their consent to convene the meeting and to despatch this Notice of Meeting and the accompanying Explanatory Statement, but have taken no part in the preparation of these documents and express no opinion about any of their contents including but in no way limited to any statements regarding the Recapitalisation Proposal other than as set out in their report to the Company's Creditors dated 17 June 2010. The Deed Administrators make no recommendations about how Shareholders should vote on the resolutions contained in the Notice of Meeting and have not undertaken any due diligence in relation to the Recapitalisation Proposal. They have relied on discussions with the Company, the Directors and their respective advisors. The Directors have prepared and take responsibility for these documents and have caused the despatch of this Notice of Meeting and the accompanying Explanatory Statement.**

**This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.**

**RECAPITALISATION PROPOSAL OF  
NATURAL FUEL LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
(ACN 106 760 418)**

**General Information**

This Notice of Meeting and Explanatory Statement sets out information about the proposed recapitalisation of the Company.

Completion of the recapitalisation will result in:

- (a) the restructure of the Company's capital base;
- (b) the raising of working capital for the Company;
- (c) termination of the Deed of Company Arrangement (DOCA) and retirement of the Deed Administrators; and
- (d) forgiveness of all provable debts of the creditors of the Company.

Further details of the Recapitalisation Proposal are provided in Section 2 of the Explanatory Statement. A short explanation of each Resolution to be considered at the General Meeting is set out in Section 3 of the Explanatory Statement. Definitions of capitalised terms used in the Notice of Meeting and Explanatory Statement are set out in Section 6 of the Explanatory Statement.

**In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company.**

**If Shareholders reject the proposed recapitalisation, it is probable that the Company may proceed into administration or liquidation. In those circumstances, it is unlikely there will be any return to Shareholders.**

The Resolutions are therefore important and affect the future of your Company. You are urged to give careful consideration to the Notice of Meeting and the contents of the Explanatory Statement.

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**NOTICE OF GENERAL MEETING**  
**Natural Fuel Limited**  
**(Subject to Deed of Company Arrangement)**  
**(ACN 106 760 418)**

Notice is given that a General Meeting of Shareholders of Natural Fuel Limited will be held at Level 24, St Martins Tower, 44 St Georges Terrace, Perth, WA 6000, on 16 August 2010 commencing at 10am (WST).

<b>SPECIAL BUSINESS</b>
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The business to be transacted at the General Meeting is the proposal of Resolutions 1 to 5 as set out below.

**Resolution 1 – Consolidation of Capital**

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 2 to 5 (inclusive) being passed and in accordance with section 254H of the Corporations Act, Listing Rule 7.20 and the Company’s Constitution and for all other purposes, approval be and is hereby given to the consolidation of the Existing Shares in the Company on a 1 for 700 basis as detailed in the Explanatory Statement, with any fractional entitlements being rounded down to the nearest whole number. The Record Date will be 6 Business Days from the date of the General Meeting at which this Resolution is passed.”*

**Resolution 2 – Reduction of Capital**

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1 and 3 to 5 (inclusive) being passed and in accordance with sections 256B and 258F of the Corporations Act and for all other purposes, approval be and is hereby given to the capital of the Company being reduced by applying an amount being a portion of the accumulated losses of the Company against the share capital which is considered permanently lost.”*

**Resolution 3 – Issue of New Shares to Admitted Unsecured Creditors**

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1, 2, 4 and 5 being passed and in accordance with Listing Rule 7.1 of the Corporations Act and for all other purposes, approval be and is hereby given to the issue 400,000 New Shares for nil consideration to Admitted Unsecured Creditors on a pari passu basis in full and final satisfaction of their debt as detailed in the accompanying Explanatory Statement.”*

**Resolution 4 – Issue of New Shares pursuant to Capital Raising**

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

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*“That, subject to Resolutions 1 to 3 (inclusive) and 5 being passed and in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of up to 2,500,000 New Shares at an issue price of \$0.10 each per share to raise up to \$250,000 as detailed in the accompanying Explanatory Statement.”*

#### **Resolution 5 – Future Issue of Convertible Notes**

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1 to 4 (inclusive) being passed and in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to issue Convertible Notes at an issue price of \$5,000 each raising up to a total value of \$250,000 as detailed in the accompanying Explanatory Statement.”*

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### Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Corporations Act in relation to the following persons (**Excluded Persons**). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons:

<b>Resolution Number.</b>	<b>Title</b>	<b>Excluded Persons</b>
3	<b>Issue of New Shares in satisfaction of debt of Admitted Unsecured Creditors</b>	Admitted Unsecured Creditors and any of their Associates.
4	<b>Issue of Shares pursuant to Capital Raising</b>	Any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder of ordinary securities, if the Resolution is passed, and any of their Associates.
5	<b>Future Issue of Convertible Notes</b>	Any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder of ordinary securities, if the Resolution is passed, and any of their Associates.

However the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it.

Resolutions 1 to 5 (inclusive) are subject to and conditional upon each and every Resolution being passed. Accordingly, the Resolutions should be considered collectively as well as individually. Shareholders are specifically referred to Section 6 of the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

### Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

### **Voting Entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Company has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (WST) on 14 August 2010. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlement to attend and vote at the General Meeting.

**Dated: 14 July 2010**

**By Order of the Board of Directors**

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**Michael Pixley**  
Director  
Natural Fuel Limited (Subject to Deed  
of Company Arrangement)

# **EXPLANATORY STATEMENT TO SHAREHOLDERS**

## **PROPOSAL FOR THE RECAPITALISATION OF NATURAL FUEL LIMITED**

**(Subject to Deed of Company Arrangement)**

**ACN 106 760 418**

### **IMPORTANT NOTICE**

**This Explanatory Statement has been prepared to assist Shareholders with their consideration of the resolutions necessary to implement the Recapitalisation Proposal. The Deed Administrators have given their consent to convene the meeting and to despatch this Explanatory Statement and the accompanying Notice of Meeting, but have taken no part in the preparation of these documents and express no opinion about any of their contents including but in no way limited to any statements regarding the Recapitalisation Proposal. The Deed Administrators make no recommendations about how Shareholders should vote on the resolutions contained in the Notice of Meeting and have not undertaken any due diligence in relation to the Recapitalisation Proposal. The Directors have prepared and taken responsibility for these documents and have caused the despatch of this Explanatory Statement and the accompanying Notice of Meeting.**

**Shareholders should read this Explanatory Statement in full and if they have any questions, should obtain professional advice before making any decisions in relation to the resolutions to be put to Shareholders at the meeting.**

This Explanatory Statement includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. None of the Company, its Directors, the Deed Administrators or their advisors can assure Shareholders that forecast or implied results will be achieved.

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**Proxy Form**

# EXPLANATORY STATEMENT

## 1 INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in Section 6 of this Explanatory Statement.

## 2 RECAPITALISATION PROPOSAL

### 2.1 Background

On 10 November 2009, the Directors of the Company appointed Darren Weaver, Martin Jones and Andrew Saker as joint and several administrators of the Company pursuant to section 436A(1) of the Corporations Act.

At a meeting of the Company's Creditors on 20 October 2009, the Creditors resolved that the Company enter into a Deed of Company Arrangement on the terms proposed by NRG Capital Pty Ltd (NRG), which was executed on 10 November 2009.

Following submissions by NRG of their recapitalisation plan to the ASX, the ASX notified NRG that their submission had been rejected with the Company required to comply with the requirements of chapters 1 and 2 of the Listing Rules before it could be reinstated on the ASX.

On 17 June 2010 at a further Meeting of the Company's Creditors, the Creditors approved certain changes to the initial DOCA. These changes have the effect of amending the principal features of the Recapitalisation Proposal as detailed in Section 2.2 below.

Upon request, a copy of the DOCA is available for inspection at the office of Ferrier Hodgson, Level 26, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia.

The operational and expenditure plans of the Company are summarised in Section 2.4 of this Explanatory Statement.

### 2.2 Principal Features of the Recapitalisation Proposal

The principal features of the Restructure Proposal are set out below:

- (a) **Consolidation of Capital:** Consolidation of the existing issued capital of the Company on a 1 for 700 basis (See Resolution 1 and Section 3.3).
- (b) **Reduction of Capital:** The capital of the Company to be reduced by applying an amount being a portion of the accumulated losses of the

Company against the Share capital which is considered permanently lost (see Resolution 2 and Section 3.4).

- (c) **Satisfaction of Admitted Unsecured Creditors Debt:** The issue of 400,000 New Shares to the Admitted Unsecured Creditors in full and final satisfaction of their debt (see Resolution 3 and Section 3.5).
- (d) **Capital Raising:** The issue of up to 2,500,000 New Shares in the Company at a price of 10 cents each to raise up to \$250,000 (see Resolutions 4 and Sections 3.6) and the issue of the Convertible Notes raising an additional \$250,000 (see Resolution 5 and 3.7).

Completion of the Recapitalisation Proposal will restructure the Company's issued capital and net asset base, provide working capital and terminate the DOCA.

Further, due to the DOCA all existing provable debts against the Company will be released, extinguished and barred, with Admitted Creditors claims only able to be met from the Trust Assets in accordance with the terms of the DOCA.

The Company is already admitted to the Official List of the ASX, however, trading in the Existing Shares was suspended on 9 April 2009. As part of the reconstruction and recapitalisation of the Company, ASX has confirmed that the Company is required to re-comply with Chapters 1 and 2 of the Listing Rules for its Shares to be reinstated to the Official List. Reinstatement to ASX is at the discretion of ASX and will be subject to compliance with ASX and Corporations Act regulatory requirements. The Recapitalisation Proposal is therefore the initial stage in the Company's reconstruction and relisting process.

For information on the Company's operational plans following the recapitalisation are set out below.

### 2.3 Indicative Timetable

Set out in the table below is the expected timing for completion of the Recapitalisation Proposal, subject to all regulatory requirements. These dates are indicative only and may be varied without prior notice.

	<b>2010</b>
General Meeting of Existing Shareholders	16 August
Record Date for Consolidation of Capital	24 August
Notice sent to each security holder	25 August
Termination of DOCA and retirement of the Deed Administrators	25 August
Allotment of New Shares	26 August
Despatch of new holding statements	31 August

### 2.4 Operational and Expenditure Plans of the Company

The Company proposes to raise sufficient funds to provide working capital and to extinguish the DOCA.

- (a) **Capital Raisings**

The capital raising of up to \$250,000 contemplated by Resolution 4 and the issue of the Convertible Note raising a further \$250,000 contemplated by Resolution 5 will enable the recapitalisation of the Company to be completed and enable the Company to meet its initial capital objectives and expenditure plans.

The purpose of the capital raising is to:

- (i) effectuate the DOCA through the payment of between \$150,000 and \$201,411 to the Creditors' Trust (as detailed in Section 2.7);
- (ii) provide funding to investigate new opportunities to enable the Company to seek reinstatement on the ASX; and
- (iii) meet the administration costs of the Company and the expenses of the recapitalisation of the Company.

(b) **Expenditure Plans and Use of Funds**

The Company's review and development plans are the best estimates available to the Company at this time. It is important to recognise that although certain parts of the budget allocations are committed expenditures, work programs are subject to changes in line with emerging circumstances and opportunities.

It is proposed that the funds raised under the Capital Raising and Convertible Note issue will be applied as follows:

<b>Use of Funds – Expenditure Budget</b>	<b>Year 1</b>
<b>Total funds raised</b>	<b>\$500,000</b>
Utilised as follows:	
Working capital – administration of the Company and investigation of new opportunities	\$100,000
Payment to the Deed Administrator to satisfy obligations under the DOCA	\$200,000*
Expenses associated with the recapitalisation proposal	\$100,000
<b>Total funds utilised</b>	<b>\$400,000</b>
<b>Cash at Bank</b>	<b>\$100,000</b>

\* Estimate only. See section 2.7 for details.

## 2.5 Proforma Capital Structure

The proforma capital structure of the Company on completion of the Recapitalisation Proposal is as follows:

Description	Resolution	Number of Shares	% Interest
Existing Shares		506,611,538	100%
1:700 Capital Consolidation (i)	Resolution 1	723,730	19.97%
Issue to Admitted Unsecured Creditors (ii)	Resolution 3	400,000	11.04%
Issue pursuant to Capital Raising (iii)	Resolution 4	2,500,000	68.99%
<b>TOTALS (iv)</b>		<b>3,623,730</b>	<b>100%</b>

### Notes

- (i) Refer to commentary in Section 3.3 of this Explanatory Statement.
- (ii) Refer to commentary in Section 3.5 of this Explanatory Statement.
- (iii) Refer to commentary in Section 3.6 of this Explanatory Statement.
- (iv) The Company will also have on issue 50 Convertible Notes to be issued under Resolution 5 convertible to shares subject to satisfaction of certain conditions. Refer to commentary in section 3.7 of this Explanatory Statement.

## 2.6 Proforma Statement of Financial Position

	NOTE	Unaudited as at 31 May 2010 \$	Valuation if Proposal approved \$
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents	1	144,204	200,000
Other Assets		73,887	
<i>Non-Current</i>			
Intangible Assets		nil	
<b>Total Assets</b>		<b>218,091</b>	<b>200,000</b>
<b>Liabilities</b>			
Provision for Priority Expenses (Administrator Costs)	2	(64,880)	0
Preferred Creditors (Employee Entitlements)	2	(667,755)	0
Unsecured Creditors	2	(124,083,283)	0
<b>Total Liabilities</b>		<b>(124,815,918)</b>	<b>0</b>
<b>Net Assets/(Liabilities)</b>		<b>(124,597,827)</b>	<b>200,000</b>
Shares on issue	3	506,611,538	3,623,730
<b>Value of a NFL Share</b>		<b>(\$0.24)</b>	<b>\$0.055</b>

### NOTES:

#### 1. Cash and Cash Equivalents

Cash and cash equivalents have been adjusted for the expected changes that will result from the recapitalisation of the Company. These adjustments are set out below:

Description	Amount
Cash prior to Proposal (in Creditor's Trust for the benefit of Creditors)	144,204
Cash Received from Capital Raising	500,000
Payment to Creditor's Trust	(200,000)
Payment for reconstruction costs	(100,000)
<b>Cash Following Proposal (at bank, for the benefit of Shareholders)</b>	<b>200,000</b>

#### 2. Provision for Legal and Deed Administrator Fees/Unsecured Creditors

If the Recapitalisation Proposal is approved then the provision for legal and Deed Administrators fees and unsecured creditors will be settled by the payment of between \$150,000 and \$201,411 to the Creditor's Trust established by the Deed Administrators and

the issue of 400,000 New Shares to Admitted Unsecured Creditors (pursuant to Resolution 3) as detailed in Section 2.7 of the Explanatory Statement.

### 3. Shares on Issue

Description	Number of Shares
<b>Current shares on issue</b>	<b>506,611,538</b>
Shares on issue following consolidation	723,730
Shares issued to Admitted Unsecured Creditors	400,000
Shares issued pursuant to Capital Raising	2,500,000
<b>Total Adjustments</b>	<b>3,623,730</b>

#### 2.7 Forgiveness of Creditors' Claims

As part of the Recapitalisation Proposal, a total sum of between \$150,000 and \$201,411 will be payable by the Company to the Trust Fund as follows:

- (a) the Trust Fund will be established for the sole benefit of the Creditors;
- (b) the sum of \$150,000 will be paid to the Trust Fund by Trident of which \$25,000 has been paid by Trident as a deposit and will be reimbursed to Trident by the Company;
- (c) an additional amount of up to \$51,411 may be paid to the Trust Fund to meet any shortfall in employee entitlements, in the event that the DOCA does not provide a return equal to or greater than the return employees would expect to receive under the Company's General Employee Entitlements Redundancy Scheme. The shortfall in employee entitlements is to be paid from the proceeds of the sale of the GEM Biofuel PLC shares owned by the Company (as detailed in Section 4.6) with the final amount to be paid into the Trust Fund (up to \$51,411) dependent on the sale price of these shares;
- (d) the Assets will be transferred to the Trust Fund; and
- (e) the trustee of the Trust Fund shall be the Deed Administrators.

In addition, the Company has agreed, subject to Shareholder approval pursuant to Resolution 3, to issue a total of 400,000 New Shares to the Admitted Unsecured Creditors in full and final satisfaction of all outstanding rights and liabilities of the Admitted Unsecured Creditors. The New Shares will be issued on a pari passu basis in proportion to the amount of debt for which the Admitted Unsecured Creditors are admitted in the Creditors' Trust.

Under the DOCA, the Claims of the Admitted Creditors against the Company are released and extinguished on the payments to the Trust Fund and the issue of New Shares to the Admitted Unsecured Creditors, with the Admitted Creditors to become beneficiaries of the Trust Fund (as set out above).

The DOCA will terminate after all of the DOCA Conditions have been satisfied, and the obligations thereunder are performed. However, if any of the DOCA Conditions are not satisfied, the DOCA may be terminated and the Company may be placed in liquidation or alternatively, the Deed Administrators (at their discretion) may elect another proponent to undertake the recapitalisation of the Company.

### **3 GENERAL MEETING**

#### **3.1 Action to be Taken by the Existing Shareholders**

In order to proceed with the Recapitalisation Proposal, the Company must convene a General Meeting of Existing Shareholders for the purposes of passing the Resolutions in compliance with the requirements of the Listing Rules and the Corporations Act. The Notice of Meeting convening the General Meeting is included at the front of this booklet. Existing Shareholders are encouraged to attend and vote in favour of each of the Resolutions to be put at the General Meeting.

If an Existing Shareholder is not able to attend and vote at the General Meeting, the Existing Shareholder is encouraged to complete the proxy form at the back of this booklet and return it to the Company at the address stated on the proxy form not later than 48 hours before the time specified for the commencement of the General Meeting.

#### **3.2 General Meeting Resolutions**

There are 5 Resolutions to be put to the General Meeting.

Resolutions 1 to 5 (inclusive) are ordinary resolutions.

All the Resolutions in the Notice of Meeting are conditional on the passing of each of the other of those Resolutions, so that those Resolutions will not have any effect unless each of the Resolutions is passed.

Certain voting restrictions are imposed in relation to some of the Resolutions as detailed in the accompanying Notice of Meeting under the heading "Voting Exclusion Statement".

A short explanation of each Resolution is set out in this Section 3.

#### **3.3 Resolution 1 – Consolidation of Capital**

Resolution 1 is an ordinary resolution.

It proposes that the issued capital of the Company be altered by consolidating the existing securities on a 1 for 700 basis. The Record Date for determining the consolidation of capital will be 6 Business Days after the date of the General Meeting at which the Resolution is passed. Any fractional entitlements as a result of holdings not being evenly divisible by 700 will be rounded down to the nearest whole number.

Section 254H of the Corporations Act enables a company to convert all or any of its shares into a smaller number of shares by a resolution passed at a general meeting. The conversion proposed by Resolution 1 is permitted under section 254H of the

Corporations Act. Please also refer to Section 5.2 for further information in this regard.

The consolidation will not result in any change to the substantive rights and obligations of Existing Shareholders. The purpose of the consolidation of the existing issued capital of the Company is to reduce the number of existing securities on issue. For example, a Shareholder currently holding seven thousand (7,000) Shares will, as a result of the consolidation, hold ten (10) Shares.

The Company's balance sheet and tax position will remain unaltered as a result of the consolidation. However, the Company's issued capital as a result of the consolidation on a 1 for 700 basis will be as follows:

Shares on Issue – Pre-consolidation	506,611,538
Shares on Issue - Post Consolidation	723,731

### **3.4 Resolution 2 – Reduction of Capital**

Resolution 2 is an ordinary resolution, and is designed to reduce the share capital of the Company in accordance with sections 256B and 258F of the Corporations Act by a portion of the accumulated losses of the Company.

The purpose of reduction of capital is to reduce the amount of capital on issue where the value has been permanently lost or not represented by available assets, provided that the Company does not cancel any Shares. Goodwill has been treated as an "available" asset for the purposes of whether a loss reduction of capital is made out. The accumulated losses are comprised of the amount of goodwill lost as a consequence of the Company being under administration and that which relates to the Company's assets that have been either sold or discontinued and the trading losses accumulated by the Company.

The Company proposes to effect a reduction of capital by debiting the Company's capital account by the amount of the Company's accumulated losses. Under this reduction of capital the Company will not be returning any capital to Shareholders or cancelling any Shares. It will essentially be an accounting entry which will take immediate effect from the passing of Resolution 2.

The reduction of capital has no direct negative impact on Shareholders (or their shareholding), is not selective between Shareholders and will not affect the number of fully paid shares on issue in the Company. The Company does not have any partly paid shares or convertible securities on issue which may be affected by the reduction of capital.

### **3.5 Resolution 3 – Issue of New Shares to Admitted Unsecured Creditors**

On 10 November 2009, the Directors of the Company appointed the Administrators pursuant to section 436A(1) of the Corporations Act.

At a meeting of Creditors held on 29 June 2010, Creditors approved that the conversion rights on the convertible bonds issued by the Company during the period between 10 April and 26 April 2007 will be cancelled, with the respective liability

transferred to the Creditors' Trust. This had the effect of causing an increase in the estimate of the total Admitted Unsecured Creditors of the Company to \$124,083,283.

The Company has agreed, subject to Shareholder approval pursuant to Resolution 3, to issue a total of 400,000 New Shares to the Admitted Unsecured Creditors in full and final satisfaction of all outstanding rights and liabilities of the Admitted Unsecured Creditors. The New Shares will be issued on a pari passu basis in proportion to the amount of debt for which the Admitted Unsecured Creditors are admitted in the Creditors' Trust. Accordingly, no funds will be raised from the issue pursuant to Resolution 3 with the New Shares to be issued in full and final satisfaction of the debt owed to the Admitted Unsecured Creditors.

The issue of New Shares under Resolution 3 is to be approved by Existing Shareholders under the requirements of Listing Rule 7.1 as noted in Section 5.1 of this Explanatory Statement.

The allotment of the New Shares pursuant to Resolution 3 will occur within 10 Business Days of receiving Shareholder approval. Whilst every endeavour will be made by the Company to adhere to this timeframe, this date is indicative only.

The issue of New Shares under Resolution 3 must occur no later than 3 months, or such later date as permitted by the Listing Rules, from the date of the General Meeting.

### **3.6 Resolution 4 – Issue of New Shares pursuant to Capital Raising**

Resolution 4 is an ordinary resolution and provides for the issue of up to 2,500,000 New Shares in the Company at an issue price of \$0.10 each per share to raise up to \$250,000.

The issue of New Shares under Resolution 4 is to be approved by Existing Shareholders under the requirements of Listing Rule 7.1 as noted in Section 5.1 of this Explanatory Statement.

The issue of New Shares is subject to Shareholders passing Resolution 4, compliance with ASX and Corporations Act regulatory requirements and market factors at that point in time.

The cash raised will be used for working capital, to meet the administration costs of the Company, to pay the Company's ongoing listing costs and to implement the Company's operational and expenditure plans outlined in Section 2.4.

The determination of the allottees and the date for allotment for the New Shares pursuant to Resolution 4 has not yet been identified. The allottees will be at the discretion of the Directors and none of the allottees will be a Related Party of the Company. Allotment of the New Shares will occur progressively as and when the allottees are identified.

The issue of New Shares pursuant to Resolution 4 must occur no later than 3 months, or such later date as permitted by the Listing Rules, from the date of the General Meeting.

### **3.7 Resolution 5 – Future Issue of Convertible Notes**

Resolution 5 is an ordinary resolution and provides for the issue of Convertible Notes at an issue price of \$5,000 per note to raise a total of \$250,000. The terms of the Convertible Notes are set out in Section 5.8.

The issue of the Convertible Notes under Resolution 5 is to be approved by Existing Shareholders under the requirements of Listing Rule 7.1 as noted in Section 5.1 of this Explanatory Statement.

The issue of the Convertible Notes is subject to Shareholders passing Resolution 5, compliance with ASX and Corporations Act regulatory requirements and market factors at that point in time.

The determination of the allottees and the date for allotment for the Convertible Notes pursuant to Resolution 5 has not yet been identified. The allottees will be at the discretion of the Directors and none of the allottees will be a Related Party of the Company. Allotment of the New Shares will occur progressively as and when the allottees are identified.

The cash raised will be used for working capital, to meet the administration costs of the Company, to pay the Company's ongoing listing costs and to implement the Company's operational and expenditure plans outlined in Section 2.4.

The issue of the Convertible Notes pursuant to Resolution 5 must occur no later than 3 months, or such later date as permitted by the Listing Rules, from the date of the General Meeting.

## **4 OTHER INFORMATION**

### **4.1 Scope of Disclosure**

The provisions of the Corporations Act require that this Explanatory Statement sets out all other information that is reasonably required by Existing Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Existing Shareholders by the Deed Administrators or by the Company by notification to the ASX.

### **4.2 Voting Intentions of the Directors**

The Directors of the Company intend to vote in favour of the proposed Resolutions.

### **4.3 Recommendation by Directors**

The Directors recommend that in the context of the Company's current circumstances, the Existing Shareholders should approve the Resolutions to be put to the General Meeting. However, Existing Shareholders must decide how to vote based on the matters set out in the Explanatory Statement.

#### 4.4 Taxation

The Recapitalisation Proposal may give rise to income tax implications for the Company.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position and none of the Company, the Directors, the Deed Administrators or any adviser to the Company accepts any responsibility for any individual Existing Shareholder's taxation consequences on any aspect of the Recapitalisation Proposal.

#### 4.5 Interests of the Directors

At the date of this Explanatory Statement, the Directors interests in the existing securities of the Company are as follows:

Director	Shares
Michael Pixley	12,193,728
Richard Selwood	54,878,800
Robert Rooke	25,000

None of the Directors are an Associate of any other.

#### 4.6 Effect of the Recapitalisation Proposal

For the purposes of this Explanatory Statement, the following information is provided for consideration by the Existing Shareholders.

The Company's shares were last traded on ASX on 9 April 2009 and the Deed Administrators were appointed Administrators on 10 November 2009. Prior ASX share trading prices for the Company are not considered a reliable basis to assess the New Shares.

The Company is subject to a DOCA with no further resources to satisfy unsecured creditors (excluding 1.08 million shares owned by the Company in GEM Biofuel PLC, a Company listed on the AIM, which will be transferred to the Creditors' Trust and sold to pay the shortfall in entitlements under the Company's General Employee Entitlements Redundancy Scheme). Due to the Company's current state of affairs, the lack of profit history and the immediate lack of a reliable future cash flow from remaining assets, maintainable earnings are not considered a reliable basis to assess the New Shares.

The Administrators of the Company estimate on a liquidation basis, there is a deficiency of funds and the Creditors will not receive a return if the Recapitalisation Proposal does not proceed. Therefore, on a liquidation basis, the Existing Shareholders return from the Company is likely to be nil.

Accordingly, the current implicit value of the Existing Shares at the date of this Explanatory Statement would be nil cents.

Based on the proforma Statement of Financial Position disclosed in Section 2.5 of this Explanatory Statement (which assumes the completion of the Recapitalisation Proposal) the estimated net assets after the Recapitalisation Proposal would be equivalent to approximately 5.5 cents per New Share.

The advantages of passing the Resolutions and subsequent completion of the Recapitalisation Proposal and termination of the DOCA include:

- (a) A net cash injection of approximately \$500,000 into the Company, together with negligible liabilities, compared with the current position whereby the Company is under a DOCA and is in a net liability position.
- (b) Return of the control of the Company to the Directors through the resignation of the Administrators.
- (c) The net asset backing of a New Share could be expected to increase from nil cents to approximately 5.5 cents (\$0.055) following completion of the Recapitalisation Proposal.

The principal disadvantage to Existing Shareholders is that their existing shareholdings will be significantly diluted following the Capital Consolidation on a 1:700 basis and the issue of New Shares pursuant to Resolutions 3 and 4 and the Convertible Notes pursuant to Resolution 5. However, this must be balanced with the fact that their existing shareholdings currently have nil value and the fact that, should the Recapitalisation Proposal not proceed, it is probable that the Company will be placed into liquidation. Following completion of the Recapitalisation Proposal, their reduced shareholdings would have value based on the cash injection to the Company.

#### **4.7 Deed of Company Arrangement**

On 20 October 2009, pursuant to section 439A of the Corporations Act, a meeting of the Company's creditors was held at which it was resolved that the Company execute a Deed of Company Arrangement ("DOCA"). The Company entered into the DOCA on behalf of its Creditors on 10 November 2009.

At a meeting of Creditors held on 29 June 2010, Creditors approved variations to the DOCA, with the key terms and conditions as follows:

- (a) that it is subject to the following conditions (collectively referred to as the "DOCA Conditions"):
  - (i) The Administrators raising funds for the benefit of Creditors by causing the Company to enter into a recapitalisation proposal with a third party.
  - (ii) The Administrators creating a Creditors' Trust for the benefit of Creditors and the transferring of the Assets to the Trust Fund.
  - (iii) Should completion of the DOCA not occur, then the Company may be wound up, or the Administrators may elect an alternative proponent to undertake the recapitalisation of the Company.
- (b) that following satisfaction of the DOCA Conditions:
  - (i) the provable debts of the Company to Creditors are to be forgiven ("Forgiveness");
  - (ii) in consideration of the Forgiveness, the Creditors become beneficiaries of the respective Trust Fund (the "Beneficiaries");

- (iii) the Trust Fund shall receive the following (collectively referred to as the “Contributions”):
  - (A) The Assets;
  - (B) \$150,000; and
  - (C) An amount of up to \$51,411 to meet any shortfall in employee entitlements, in the event that the DOCA does not provide a return equal to or greater than the return employees would expect to receive under the Company’s General Employee Entitlements Redundancy Scheme;
- (iv) 400,000 New Shares will be distributed to the Admitted Unsecured Creditors on a pari passu basis in proportion to the amount of debt that the Admitted Unsecured Creditors are admitted for in the Creditors’ Trust.
- (v) the Administrators must deliver the contributions they receive to the Trustees once the Trust Fund is established and the DOCA Conditions are satisfied;
- (vi) the DOCA will terminate after all of the DOCA Conditions have been satisfied, and the obligations thereunder performed;
- (vii) if any of the DOCA Conditions are not satisfied, then the DOCA could terminate and the Company would then proceed into liquidation;
- (viii) the Beneficiaries, will share rateably (where applicable) in the Trust Fund;
- (ix) the Trust Funds will terminate when all the Contributions that are to be made to them have been received by the Trustees and distributed to the Beneficiaries; and
- (x) all costs incurred by the Administrators and Deed Administrators and the Trustees will be paid in accordance with the DOCA.

## **5 REGULATORY REQUIREMENTS**

The General Meeting has been called to approve specific aspects of the Recapitalisation Proposal in accordance with the Listing Rules and the Corporations Act which are summarised below.

### **5.1 Listing Rule 7.1**

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. The limitation is to 15% of a company’s capital in any 12 month period.

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The total number of New Shares that may be issued under Resolutions 3 and 4 is 2,900,000 New Shares. In addition, the maximum number of New Shares that may be issued under Resolution 5 on conversion of the Convertible Notes following the reinstatement of the Company to the Official List is 2,500,000 New Shares.

As the proposed issue of New Shares under Resolutions 3 to 5 (inclusive) will result in an issue of more than 15% of the Company's capital in a 12 month period, Shareholder approval is required under Listing Rule 7.1 for the issue of New Shares under Resolutions 3 to 5 (inclusive).

Approval is being sought under Listing Rule 7.1 in relation to Resolution 3 which is the issue of 400,000 New Shares in the Company to the Admitted Unsecured Creditors in satisfaction of their unsecured debt. The allottees are the Admitted Unsecured Creditors and are not related parties of the Company.

Approval is also being sought under Listing Rule 7.1 in relation to:

- (a) Resolution 4 which is the issue of up to 2,500,000 New Shares in the Company at \$0.10 each per share to raise up to \$250,000. The determination of the allottees is at the sole discretion of Trident. The allottees will not be Related Parties of the Company; and
- (b) Resolution 5 which is the issue of Convertible Notes to raise up to \$250,000 to parties that are not Related Parties of the Company.

Following the approval of the issue of these New Shares referred to above, the Company will still have the capacity to issue 15% of its expanded share capital over the next 12 months as those New Shares once issued will be excluded from the calculation under Listing Rule 7.1.

All of these New Shares will, on issue, rank equally in all respects with the Existing Shares (post consolidation).

## **5.2 Section 254H of the Corporations Act**

Under Resolution 1, the Company proposes to consolidate its existing issued capital in the Company on a 1 for 700 basis in accordance with section 254H of the Corporations Act. Under section 254H of the Corporations Act, a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting of the company.

## **5.3 Section 256B of the Corporations Act**

Under Resolution 2, the Company proposes to alter the capital of the Company by reducing it where the value has been permanently lost by applying an amount being a portion of the accumulated losses of the Company. Under section 256B of the Corporations Act, a reduction of capital of this nature must be approved by a resolution passed at a general meeting of the Company.

## **5.4 Section 258F of the Corporations Act**

Under Resolution 2, the Company proposes to alter the capital of the Company by cancelling any paid-up share capital that is lost or is not represented by available assets.

## **5.5 Intentions as to the Future of the Company**

The present intentions of NRG Capital, Trident and the Directors regarding the future of the Company, if the Resolutions in the Notice of Meeting are approved by Shareholders are to:

- (a) effectuate the DOCA through the payment of a sum between \$150,000 and \$201,000 as detailed in Section 2.7 of this Explanatory Memorandum, resulting in the resignation of the Administrators and the return of the Company to the control of the Directors.
- (b) pay outstanding ASX Listing Fees to ensure retention of the Company's ASX Listing;
- (c) provide enough working capital to allow the Company to continue to meet its ongoing obligations as and when they fall due; and
- (d) consider various investment opportunities that will allow the company to raise suitable additional capital and seek reinstatement of the Company on the ASX through re-compliance with Chapters 1 and 2 of the ASX Listing Rules. To this end it is most likely that a further shareholder meeting will be held to approve further transactions that may see a change of direction of the Company, with the view to achieving re-instatement to quotation on ASX.

## **5.6 Recapitalisation Budget**

The costs associated with the recapitalisation of the Company will be \$300,000 (which includes \$200,000 payable to the Trust Fund). The Administrators and Trustees' fees are payable in accordance with the DOCA and have been included in the expenditure plans contained in Section 2.4 of this Explanatory Statement, which reflects the expected position of the Company immediately following the passing of all the Resolutions.

## **5.7 Financial and Dividend Policies of the Company**

There is no immediate intention of the Directors to change the financial or dividend policies of the Company.

## **5.8 ASIC and ASX's Role**

As the Company is not seeking Shareholder approval for the issue of a benefit to a Related Party, the Company is not required to lodge the Notice of Meeting of the Explanatory Statement with the ASIC. However, the approvals being sought under Resolution 3 and 4 require ASX Listing Rule approval and accordingly the Company must lodge a copy of the Notice of Meeting and the Explanatory Statement with ASX.

The fact that the accompanying Notice of Meeting, this Explanatory Statement and other relevant documentation has been received by ASX is not to be taken as an indication of the merits of the Recapitalisation Proposal or the Company. ASX and its respective officers take no responsibility for any decision an Existing Shareholder may make in reliance on any of that documentation.

## 5.9 Terms of Convertible Note

The material terms of the Convertible Notes are as follows:

- (a) **Issue Price** – Convertible Notes will be issued at a price of A\$5,000 per note.
- (b) **Conversion Price** – A Convertible Note is convertible into New Shares at a conversion price of 10 cents each per Share, being 50,000 Shares per note.
- (c) **Conversion Period** – The Convertible Note must convert within 7 days of the date the Company is reinstated to the Official List of the ASX and cannot be converted prior to that date.
- (d) **Interest** – No interest is payable on the Convertible Note.
- (e) **Security** – The Convertible Note is unsecured.
- (f) **Ranking on Conversion** – Each New Share issued on conversion of the Convertible Notes will rank equally with all New Shares then on issue by the Company.

## 6 DEFINITIONS

In this Explanatory Statement:

**Administration Date** means 10 November 2009, the date on which the Administrators were appointed, or taken to be appointed, as administrators of the Company pursuant to section 436A of the Corporations Act.

**Administrators** mean Darren Weaver, Martin Jones and Andrew Saker jointly and severally, in their capacity as deed administrators of the DOCA.

**Admitted Creditor** means any person with a Claim that has been accepted by the Administrators or Trustees and includes an Admitted Unsecured Creditor.

**Admitted Unsecured Creditors** means any person with an unsecured claim that has been accepted by the Administrators or Trustees.

**AIM** means the Alternative Investment Market of the London Stock Exchange.

**Assets** means all rights, property and undertakings of whatever kind and wherever situated of the Company, other than Intellectual Property, as at 10 November 2009 including without limitation claims or choses in action against the Former Directors or any other party.

**Associate** has the meaning set out in sections 11 to 17 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.

**Board** means the board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Consolidation** means the consolidation of the existing issued capital of the Company on the basis of 1:700 as proposed under Resolution 1 and detailed in Section 3.3 of the Explanatory Statement.

**Capital Raising** means the issue of up to 2,500,000 New Shares at a price of 10 cents each to raise up to \$250,000 as proposed under Resolution 4 and detailed in Section 3.6 of the Explanatory Statement.

**Claim(s)** means a debt payable by, or a claim against, the Company (present, future, certain or contingent, ascertained or sounding only in damages) being debts or claims the circumstances giving rise to which occurred before the Appointment Date that would be admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Corporations Act, if the Company had been wound up and the winding up is taken to have commenced on the appointment date including the secured creditor's claim.

**Company** means Natural Fuel Limited (Subject to Deed of Company Arrangement) (ACN 106 760 418).

**Constitution** means the constitution of the Company.

**Convertible Note** means a convertible note to be issued by the Company as proposed under Resolution 5 and detailed in Section 3.7 of the Explanatory Statement.

**Corporations Act** means the Corporations Act 2001.

**Creditor(s)** means any person having a Claim against the Company.

**Creditors Trust** means the trust established for the benefit of Creditors.

**Deed Administrators** means the Administrators of the DOCA.

**Directors** means collectively Michael Pixley, Richard Selwood and Robert Rooke.

**DOCA** means the Deed of Company Arrangement executed on 10 November 2009 between the Deed Administrators and the Creditors (as amended and approved by Creditors).

**DOCA Conditions** means the DOCA conditions referred to in Section 4.7.

**Existing Shares** means the 506,611,538 issued fully paid ordinary shares in the Company before the Capital Consolidation.

**Existing Shareholder** means the holder of an Existing Share.

**Explanatory Statement** means the Explanatory Statement accompanying the Notice of Meeting.

**Former Directors** means a person who was a director of the Company at the Administration Date and who has ceased to be such.

**General Meeting** means the general meeting of the Existing Shareholders convened for the purposes of considering the Resolutions.

**Listing Rules** means the Listing Rules of the ASX.

**New Share(s)** means a fully paid ordinary share in the Company after the Capital Consolidation.

**Notice of Meeting** means the notice convening the General Meeting accompanying this Explanatory Statement.

**NRG** means NRG Capital Pty Ltd (ACN 137 741 809)

**Official List** means the official list of the ASX.

**Recapitalisation Proposal** means the proposal for the recapitalisation of the Company as described in Section 2 of this Explanatory Statement.

**Record Date** means the date the share registry will determine the amount of Existing Shares to be consolidated pursuant to the Capital Consolidation.

**Related Party or Related Parties** means a party so defined by section 228 of the Corporations Act.

**Resolution** means a resolution to be considered at the General Meeting as contained in the Notice of Meeting.

**Section** means a section of this Explanatory Statement.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a shareholder of the Company.

**Trident** means Trident Capital Pty Ltd (ACN 100 561 733).

**Trust Assets** means the Trust Fund.

**Trust Fund** means the trust fund referred to in Section 2.7 of the Explanatory Statement.

**Trustee(s)** means either the trustees of the Trust Fund and/or the Administrators (as applicable).

**NATURAL FUEL LIMITED**  
**(Subject to Deed of Company Arrangement)**  
**ACN 106 760 418**  
**PROXY FORM**

**Shareholder Details**

Name: .....

Address: .....

Contact Telephone No: .....

Contact Name (if different from above): .....

**Appointment of Proxy**

I/We being a shareholder/s of Natural Fuel Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of Natural Fuel Limited to be held at Level 24, St Martin's Tower, 44 St Georges Terrace, Perth, WA 6000 at 10am (WST) on 16 August 2010 and at any adjournment of that meeting.

The Chairman  
of the meeting

(mark with an 'X')

**OR**

**IMPORTANT:**

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

**If the person you are appointing as your proxy is someone other than the Chairman of the meeting:  
Write the name of that person in the box below.**

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

**If you hold 2 or more Shares in Natural Fuel Limited you may appoint a second proxy:  
Write the name of your second proxy in the box below.**

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
- (b) if you have appointed 2 proxies under this proxy form.

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of the Company to be held at 10am (WST) on 16 August 2010 and at any adjournment of that meeting.

**Voting directions to your proxy - Please mark only one of the boxes with an "X" for each resolution to indicate your directions.**

<b>Special Business</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1: Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Reduction of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Issue of New Shares to Admitted Unsecured Creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Issue of New Shares pursuant to Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Future Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If you mark the "Abstain" box with an "x" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.**

**PLEASE SIGN HERE**

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

**Individual or Shareholder 1**

**Sole Director and  
Sole Company Secretary**

**Shareholder 2**

**Director**

**Shareholder 3**

**Director/Company Secretary**

## How to complete this Proxy Form

### 1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

### 3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

### 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

### 6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting, i.e. no later than 10am (WST) on 14 August 2010. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to Trident Capital of Level 24, 44 St Georges Terrace, Perth WA 6000 or sent by facsimile to (08) 9218 8875.**