NATURAL FUEL

27 June 2011

Mr Joseph Jeevaraj
Adviser, Listings (Perth)
ASX Limited
Level 8 Exchange Plaza
PERTH WA 6000

Dear Joseph

NATURAL FUEL LIMITED

We refer to your letter dated 24 June 2011 in respect to the late lodgement of the Appendix 3Y – Change of Director's Interest Notice for Mr Michael Pixley.

Having regard to ASX Listing Rules 3.19A and 3.19B and Guidance Note 22 "Director Disclosure Interests and Transactions in Securities – Obligations of Listed Entities", we respond as follows:

1. Following the appointment of new Directors to the Company, the Company's records were obtained from the Administrator and a compliance review of the Company's records was conducted and that, as a result of the review, it was identified that an Appendix 3Y had not lodged for Mr Pixley following the consolidation of the Company's share capital in September 2010. Steps were then immediately undertaken to immediately rectify the matter.

2. The Company believes that it now has adequate arrangements in place, which include processes to inform the Company's Directors of their obligations to advise the Company of securities trading activity and acknowledgements of the Directors in relation to these issues.

3. The Company believes that the current arrangements to ensure compliance with Listing Rule 3.19B are adequate.

Yours sincerely

Peter Webse
Company Secretary
Natural Fuel Limited

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ASX
COMPLIANCE

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24 June 2011

Mr Simon Lill
Director
Natural Fuel Limited
Level 26, 108 St Georges Terrace
Perth WA 6000

By email: simon@tridentcapital.com.au

Dear Simon

Natural Fuel Limited (the "Company") Appendix 3Y – Change of Director's Interest Notice

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX Ltd ("ASX") on 16 June 2011 regarding a change in the director's interest for Michael Pixley ("Appendix 3Y").

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

   - On the date that the entity is admitted to the official list.
   - On the date that a director is appointed.

   The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

   3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that a change in the Director's notifiable interest occurred on 7 September 2010. It appears that the Appendix 3Y should have been lodged with ASX by 14 September 2010. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3 If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **5:00 pm WST on Tuesday 28 June 2011.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

Joseph Jeevaraj
Adviser, Listings (Perth)