



NATURAL FUEL

15 August 2013

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

Dear Sir,

Acquisition of the Charterhill Group Ltd (“Charterhill”) – Shareholder Update

As announced to ASX on 24 May 2013, Natural Fuel Limited (“**Natural Fuel**” or “**NFL**”) has executed a Term Sheet with Charterhill to acquire 100% of the Charterhill business for an acquisition value of between \$18 million to \$22 million.

The Companies are awaiting the finalisation of audited accounts for Charterhill, as well as the finalisation of a Convertible Note issue raising \$4M for Charterhill prior to finalising the acquisition value and executing a final share purchase agreement. This is anticipated prior to the dispatch of the Notice of Meeting, anticipated in early September.

The above issues have caused some delays in the timetable for Natural Fuel to re-comply with Chapters 1 and 2 of the Listing Rules, with a new indicative timetable included below.

About Charterhill Group

Charterhill Group are chartered accountants specialising since 1998 in real estate procurement and property portfolio building solutions for retirement planning and Self Managed Super Fund property structuring. Its vision is to assist as many Australians as possible to achieve a financially independent lifestyle thereby assisting them to have freedom of choice in retirement.

Charterhill Group has offices in SA (Head Office), VIC, NSW, QLD and WA, with a national retail distribution network involved in:

- Retirement planning
- Superannuation investing
- Insurance services
- Financial Planning
- Finance sourcing
- Accounting
- Property Research including sourcing and supply
- International pension fund establishment & service

The Self Managed Super Fund Market in which Charterhill Group operates is large and growing. According to the Australian Taxation Office, at 30 June 2012, there were 478,263 Self Managed Super Funds holding total assets of \$439 billion of which real property amounted to \$66.4 billion. By 2028, total assets are forecast by leading analysts at \$2.2 trillion of which \$330 billion will be invested in real property.

In 2012, Charterhill Group processed property transactions to the value of approximately \$131 million showing an audited EBITDA of \$5.5 million and for 7 months to 31 January 2013 processed property transactions to the value of approximately \$81 million showing an audited EBITDA of \$3.39 million.

Charterhill Capital Raising

Charterhill has embarked on a Convertible Note Raising, seeking \$4M, to provide working capital and marketing funds to assist the Charterhill Group Business and the proposed re-compliance of NFL once it has concluded its acquisition of Charterhill.

We are advised that at this point in time Charterhill have accepted applications for \$2.8M of Notes and continues to work towards completion of the \$4M raising.

Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The acquisition of Charterhill Group should provide for the re-instatement to trading of Natural Fuel when the transaction is completed. It is expected that the transaction will allow NFL to comply with Chapters 1 and 2 of ASX Listing Rules through a simple compliance process given Charterhill's profit history and NTA. The acquisition is subject to ASX and all regulatory approvals.

Following completion of the acquisition, Charterhill Group will be entitled to nominate three directors for appointment to the Board of the Company. At the date of this announcement these nominees are yet to be confirmed by Charterhill Group.

Proposed Timetable for Re-compliance (indicative, subject to change)

| | |
|----------------------------------------------------|------------------|
| Execution of Share Sale Agreement | 31 August 2013 |
| Dispatch of Notice of Meeting | 9 September 2013 |
| Lodgement of Prospectus with ASIC | 1 November 2013 |
| Meeting of Shareholders to Approve Acquisition | 10 October 2013 |
| Closure of Prospectus | 6 December 2013 |
| Satisfaction of all Requirements of Chapters 1 & 2 | 13 December 2013 |
| Re-instatement to Trading* | 20 December 2013 |

* The Company's Shares are already suspended and will remain suspended from trading on the ASX until the requirements of Chapters 1 & 2 of the ASX Listing Rules have been satisfied.

Prospectus Capital Raising

The Company will prepare and issue a prospectus to raise sufficient funds and to ensure suitable shareholder spread to enable re-compliance with Chapters 1 & 2 of the ASX Listing Rules. It is anticipated that the Company will raise a minimum of \$1 million in the prospectus raising, which will be conducted at \$0.20 per share in accordance with the requirements of Chapters 1 & 2 of the ASX Listing Rules. Further details will be determined as the transaction progresses.

Indicative Capital Structure (On re-instatement)

| | Number of Shares |
|-------------------------------------------------------------------------------------------|--------------------|
| Current Issued Capital | 1,100,000 |
| Conversion of Existing Notes to Shares | 3,100,000 |
| Issue and Conversion of Additional Notes (subject to shareholder approval for Conversion) | 4,000,000 |
| Acquisition of Charterhill ¹ | 102,500,000 |
| Prospectus Capital Raising Activities ² | 5,000,000 |
| Transactional Fees | 6,000,000 |
| Total Issued Shares assuming Milestones satisfied | 121,700,000 |

1. Assumes acquisition price of \$20,500,000 – but still to be determined.
2. Assumes that Charterhill is able to re-comply through NTA and/or Profits Test and Prospectus provides for shareholder spread.

- End -