

AJS:SH:D11
S Holmes

6 May 2009

**NATURAL FUEL LIMITED ACN 106 760 418
(Administrators Appointed) ("NFL")**

CIRCULAR TO SHAREHOLDERS

ADELAIDE
BRISBANE
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HONG KONG
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MUMBAI
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UNITED STATES
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I refer to the appointment of Martin Jones, Darren Weaver and me as Joint and Several Voluntary Administrators of NFL pursuant to Section 436A of the Corporations Act 2001 ("the Act") on 9 April 2009.

Attached is an information sheet published by the Australian Securities and Investments Commission ("ASIC"), which provides general advice to shareholders whose investment is in voluntary administration (please refer to page 4 in particular).

This circular is to advise you about the status of your position in the administration of the Company.

A. Timing in the Administration

The Voluntary Administration process is largely a time driven sequence of events leading to a resolution of each companies' affairs, either by way of restructuring its affairs allowing the business to continue, or by winding them up. The steps are summarised below:

- (a) Voluntary Administrators have been appointed by the company.
- (b) Within eight business days of the appointment of the Voluntary Administration, a meeting of creditors is held to confirm the Administrators' appointment and, if necessary, to appoint a Committee of Creditors (meeting was held on Thursday 23 April 2009).
- (c) Within 20 business days of the appointment, the Administrators must convene a second meeting of creditors to be held within 25 business days after the appointment (so, on or before 26 May 2009 unless an application is made to the Court for an extension beyond this date). To convene the meeting, the Administrators must prepare a report to creditors, which details any proposal for a Deed of Company Arrangement ("DOCA") and the result of the investigations into the affairs of the company.



- (d) At the second meeting of creditors, the creditors are given the opportunity to decide the fate of the company by way of resolution, being either acceptance of any DOCA proposal, placing the Company in liquidation, or returning the control of the Company to the directors.
- (e) The second meeting of creditors may be adjourned for a period of up to forty-five (45) business days, which is often sought to ensure the Administrators complete their investigations and assessment of any proposed DOCA.
- (f) If a DOCA is proposed to and is accepted by creditors, it must be executed within fifteen (15) business days. Upon execution, the Voluntary Administrators become Administrators of the Company subject to a Deed of Company Arrangement.

B. Shareholders' Investment Status and Updates

Shareholders' interests are to the profits of a trading company (traditionally through dividends), but more specifically to the surplus which remains after creditors' claims are paid. Accordingly, the Administrators are not required to provide a written update to each shareholder. That said, I will provide updates of the status of the Administration to shareholders via the Company announcements section on the ASX website or on the Ferrier Hodgson website www.ferrierhodgson.com.au.

In only recent years, the Courts have recognised that in particular circumstances, shareholders may be entitled to claim as creditors, with equal rights of return. Accordingly, you may wish to consider obtaining independent legal advice as to whether you have a claim against the Company, and therefore whether you are entitled to also participate as a creditor of the Company. If so, the attached Informal Proof of Debt form may be submitted to this office, with appropriate details as to the basis and quantum of your claim.

There are four areas of testing that will be carried out in order to assess your claim correctly:

1. Your existence as a shareholder (i.e. whether it can be confirmed that you are a shareholder);
2. Quantum of your claim (i.e. whether the value of your claim has been calculated correctly);
3. Causation of damages (i.e. whether the Company's actions can be shown to have caused your damage); and
4. Correct execution of the Informal Proof of Debt.



At this early stage of the Administration, I am unable to say what the likely outcome of the Administration will be for employees, creditors and shareholders, though I do note that there is the prospect of the Company (perhaps in some altered form) trading again on the ASX. In this regard, I will be working with the major creditors, in relation to a range of possible measures to facilitate the best possible outcome.

For further information concerning the Voluntary Administration process generally and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com.

Should you have any queries in relation to this matter, please do not hesitate to contact either Sean Holmes or Tom Birch of this office.

A handwritten signature in black ink, appearing to read 'A Saker', written in a cursive style.

ANDREW SAKER
Joint and Several Administrator of
Natural Fuel Limited

Encl.

INFORMAL PROOF OF DEBT FORM
NATURAL FUEL LIMITED
(ADMINISTRATORS APPOINTED)
ACN 106 760 418

Regulation 5.6.47

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$.....)

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

.....
.....
.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....
.....
.....

Other information:

.....
.....

.....
Signature of Creditor
(or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators;
or
- b. he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint and Several Administrators.