As filed with the Securities Exchange Commission on April 18, 2013

REGISTRATION NO. 333-178307
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST EFFECTIVE AMENDMENT NO. 2
TO
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CHANTICLEER HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**8742**	**20-2932652**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

11220 Elm Lane, Suite 203
Charlotte, NC 28277
(704) 366-5122
(Address, including zip code, and telephone number, including area code, of registrant's principal executive officers)

Michael D. Pruitt
Chief Executive Officer
11220 Elm Lane, Suite 203
Charlotte, NC 28277
(704) 366-5122
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Fort Lauderdale, FL 33301
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Post-Effective Amendment No. 2 to the Registration Statement on Form S-1 (File No 333-178307) as originally declared effective by the Securities and Exchange Commission ("SEC") on June 21, 2012 is being filed in order to update the prospectus included in this registration statement as required by Section 10(a)(3) of the Securities Act of 1933, as amended, to reflect the registrant's annual report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the SEC on April 3, 2013.

The information in this preliminary prospectus is not complete and may be changed. We have filed a Registration Statement with the Securities and Exchange Commission relating to this offering. We may not sell these securities nor may offers to buy these securities be accepted until the registration statement filed with the Securities and Exchange Commission becomes effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion, Dated April 18, 2013

Preliminary Prospectus

CHANTICLEER HOLDINGS, INC.

2,444,450 Shares of Common Stock

This prospectus covers the sale of up to 2,444,450 shares of our common stock to be issued upon the exercise of warrants issued in our public offering as a component of the units sold by us in the offering.

Our secondary offering was declared effective on June 21, 2012. Holders of warrants issued as a component of the units sold by us in the offering may purchase one share of common stock for each warrant exercised. The warrants are exercisable at $5.00 per share at any time on or before June 21, 2017.

We have the common stock and warrants quoted on the NASDAQ Capital Market under the symbols: HOTR, HOTRW, respectively. The last sale prices of our common stock and warrants, as quoted on NASDAQ on April 16, 2013 were $2.38 and $0.26, respectively.

These are speculative securities. Investing in these securities involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. We have not yet been profitable and have a history of losses. See "Risk Factors" beginning on page 9 for factors you should consider before buying our securities.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS OR THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is April 18, 2013

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. The information in this prospectus is complete and accurate only as of the date of the front cover regardless of the time of delivery of this prospectus or of any sale of shares. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in our affairs since the date hereof.

Except where the context requires otherwise, in this prospectus, the "Company," "Chanticleer," "we," "us," and "our" refer to Chanticleer Holdings, Inc., a Delaware corporation, and, where appropriate, its subsidiaries.

This prospectus has been prepared based on information provided by us and by other sources that we believe are reliable. This prospectus summarizes certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents, if any, for a more complete understanding of what we discuss in this prospectus. In making a decision to invest in the common stock, you must rely on your own examination of us and the terms of the offering and securities offered in this prospectus, including the merits and risks involved.

You should not consider any information in this prospectus to be legal, business, tax or other advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in our common stock.

HOOTERS OF AMERICA, INC. ("HOA") IS NOT DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED HEREBY AND ASSUMES NO RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION DESCRIBED HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO IT. HOA DOES NOT ENDORSE OR MAKE ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in the prospectus. It does not contain all of the information you consider before purchasing our units. Therefore, you should read the prospectus in its entirety, including the risk factors and the other financial statements and related footnotes appearing elsewhere in this Prospectus. Unless the context indicates otherwise, references to "we," "us," "our," "Chanticleer" or the "company" generally refer to Chanticleer Holdings, Inc., a Delaware corporation, and its subsidiaries.

Our Business

Overview

We have changed our focus recently from managing investments to owning and operating Hooters franchises internationally. Hooters restaurants are casual beach-themed establishments with sports on television, jukebox music, and the "nearly world famous" Hooters Girls. The menu consists of spicy chicken wings, seafood, sandwiches and salads. Each locations menu can vary with the tastes of the locality it is in. Hooters began in 1983 with its first restaurant in Clearwater, Florida. From the original restaurant and licensee Mr. Robert Brooks, Hooters has become a global brand, with locations in 44 states domestically and over 430 Hooters restaurants worldwide. Besides restaurants, Hooters has also branched out to other areas, including licensing its name to a golf tour and the sale of packaged food in supermarkets.

We expect to either own 100% of the Hooters franchise or partner with a local franchisee in the countries we target. We based this decision on what we believe to be the successful launch of our South African Hooters venture and believe we have aligned partners and operators in various international markets. We continue to operate our management and consulting services segment, however we are focused on expanding our Hooters operations, and expect to use substantially all the net proceeds from this offering, in the following areas: South Africa, Brazil, Hungary and Australia.

We also have our legacy investment management and consulting services businesses.

How Chanticleer Obtains Hooters Franchises and Territories

Chanticleer identifies a target international territory and our CEO, Mike Pruitt, who is also on the Board of Hooters of America, Inc. ("HOA" or "Hooters"), uses his contacts at HOA and also his own personal relationships to gather information on a possible partner/operator in specifically identified territories. Concurrently we gather public information regarding the demographics and economics for that territory and analyze whether we believe the territory can support a successful Hooters restaurant or restaurants.

After we conclude that a territory meets our criteria for a successful Hooters franchise, we apply, along with our partner if there is one, for a franchise with HOA. The application includes our findings on the economics and demographics of the area as well as personal financial information of all the partners. HOA performs its own background checks, as well as third party market research and competitor data. After the application is accepted, a detailed business proposal is submitted by the franchisee, including a detailed analysis and history of the territory/country, a description of the first few proposed locations (including population, income levels and economic factors in the region). HOA performs its own due diligence on the application. If approved, the franchisee signs a franchise agreement for the territory, generally for a 20 year period and pays HOA an initial franchise fee of $75,000 for the first location and a $15,000 deposit on the other locations applied for. HOA is heavily involved in the site survey for each location. After the opening of a restaurant, the franchisee pays a monthly continuing royalty fee to HOA based on gross revenue. The franchise agreement also requires that a certain percentage of gross revenue must be spent on marketing/advertising.

Hooters granted us non-exclusive franchise rights for the Republic of South Africa in June 2009. Specifically related to our South African franchise, our ongoing obligations to HOA are as follows:

- 4% of gross revenue is paid to HOA monthly as a continuing royalty fee for the first 18 months a restaurant is open. After this initial period, the rate is calculated based on the last 12 months revenue on a sliding scale. Currently our Durban, Johannesburg (reset January 1, 2012), and CapeTown (reset December 1, 2012) locations have been open more than 18 months and the rates for the next 12 months from the reset date has been set at 4%, 5%, and 3%, respectively.

- 4% of gross revenue is to be spent on advertising and marketing.

- Open seven locations by December 31, 2014.

If any of these obligations are not met, HOA has the right to terminate our franchise agreement.

HOA's obligations to us related to our South African franchise are as follows:

- Advise us on locating and opening a completed restaurant, including supplier lists, acceptable site criteria, and architectural plan (at HOA's option).

- Provide us with management training and pre-opening training for non-management employees.

- Advise us on operation, advertising and promotion.

- Provide us with the requirements for a standardized system for accounting, cost control, and inventory control.

If any of these obligations are not met we have the right to terminate our franchise agreement.

This franchise agreement has a 20 year term beginning June 2009 for our initial restaurant and 20 years after the opening of each subsequent location. We may renew after the 20-year period with written notice 6 to 18 months prior to termination date, the signing of the then current form of franchise agreement, and a $25,000 fee per restaurant.

Hooters Assistance and Training to Franchisee Prior To and After Opening

After acceptance as a franchisee, Hooters requires employees/staff of franchisees to attend a 5 day seminar called "Hooters University" at Hooters corporate headquarters in Atlanta, Georgia. Attendees are educated in all aspects of operating a Hooters restaurant, including Hooters' mission statement, menu, human resources, accounting, and employee recruitment and training. Subsequently each of key management staff are required to work in a Hooters Corporate restaurant for 4 additional weeks. Prior to the initial restaurant of a franchisee opening, Hooters assists with a site survey of the restaurant and sends staff for several weeks to the restaurant to further assist and train employees.

After opening, Hooters assists with marketing, food distribution, and worldwide purchasing contracts.

South Africa

We currently have four Hooters locations in South Africa: Cape Town, Durban and Johannesburg (two locations), owned by four companies that we control. In order to obtain investor funds to pay for the initial costs involved in commencing operations for each of the South Africa locations, we agreed to allocate a portion of the profits from each restaurant so that the investors in Cape Town, Durban, and the first Johannesburg location received 40% of the net profits after taxation (the "SA Profits") until they have received a return of their investment and a pre-tax annual compounded return on that investment of 20% (the "SA Return"). Once the investors have received the SA Return, the investors are thereafter entitled to receive 10% of the SA Profits. As of December 31, 2012 there are no profits and therefore nothing has been accrued.

We formed a management company to operate the current South African Hooters locations. As of December 31, 2012, we own 90% of the management company, with one member of local management owning the remaining 10%. The management company currently charges a management fee of 5% of net revenues to the Hooters locations in South Africa.

Other Countries

We are currently targeting the following countries for the opening of additional restaurants:

- **Brazil** - we have acquired development rights for Hooters in three states of Brazil, including Rio de Janeiro. We have partnered with the current local franchisee who owns the Hooters franchise rights in the state of Sao Paolo and we own 60% of the entity holding the development rights, with our local partner owning the remaining 40%.

- **Hungary -** we have acquired development rights for Hooters in Hungary, where we own 80% of the entity holding the franchise rights, with our local partner owning the remaining 20%. We opened our first restaurant in Budapest in August 2012, in the middle of Franz Liszt Square. The location is situated on the most popular summertime outdoor terrace destination in the heart of Budapest. We have contracted with our local partner, who we believe is an experienced franchise restaurateur, to manage the day-to-day operations of the locations, although we do not presently have any agreement in writing.

- **Australia** - we have partnered with the current Hooters franchisee in a joint venture although we do not presently have any formal agreement in writing. The first Hooters restaurant under this joint venture opened in January 2012 in Campbelltown, a suburb of Sydney and HOA recently consented to the transfer of the operating rights for a second Hooters restaurant under the joint venture to be located in Townsville, Australia (for which we have also received preliminary site approval). We are in discussions to purchase from the same franchisee a partial interest in the first two existing Hooters locations in the Sydney area.

- **Western Europe** – we have a non-binding letter of intent with a current franchisee to purchase 100% of an existing Hooters location.

Acquisition of Hooters Restaurants

Our trend toward focusing on Hooters arose when the Company and our partners completed the acquisition of HOA and Texas Wings, Inc. ("TW") in 2011. Our then wholly owned subsidiary, Chanticleer Investors, LLC (“Investors LLC”) and its three partners, H.I.G. Capital, KarpReilly, LLC and Kelly Hall, president of Texas Wings Inc., the largest Hooters franchisee in the United States, combined to form HOA Holdings, LLC ("HOA LLC") which created an operating company with 161 company-owned locations across sixteen states, or nearly half of all domestic Hooters restaurants and over one-third of the locations worldwide. The Company now owns approximately 20% of Investors LLC, which represents approximately 3% ownership interest in HOA LLC. We presently have not received any revenue from our interest in HOA LLC, and will receive revenue, if any, based on distributions from the entity.

The Company received a payment of $400,000 at closing for its services in facilitating the acquisition of HOA and TW. In addition, for a minimum of four years, the Company will receive annual payments of $100,000 due in January each year while Mr. Pruitt serves on its board.

Management and consulting services

The Company provides management and consulting services for small companies which are generally seeking to become publicly traded. The Company also provides management and investment services for Investors LLC and Investors II, which are affiliates of the Company. We will occasionally invest in other non-Hooters related opportunities when we believe this is in the best interests of the Company and its shareholders.

Corporate Information

Our principal executive offices are located at 11220 Elm Lane, Suite 203, Charlotte, NC 28277. Our web site is www.chanticleerholdings.com. Information included or referred to on, or accessible through our website is not incorporated in this prospectus and is not a part of this prospectus.

This Offering

We are registering 2,444,450 shares of our common stock issuable by us upon exercise of outstanding warrants. These warrants are exercisable at $5.00 per share at any time on or before June 21, 2017.

Common Stock Outstanding as of April 15, 2013		3,698,896 Shares
Use of Proceeds		For marketing, franchise development, and working capital
NASDAQ Symbols	Common Stock	HOTR
	Warrants	HOTRW

Summary Historical Financial Information

The following table summarizes our financial data. We have derived the following summary of our statements of operations data and balance sheet data for the years ended December 31, 2012 and 2011 from our audited financial statements appearing elsewhere in this prospectus. The following summary of our financial data set forth below should be read together with our financial statements and the related notes to those statements, as well as the section titled "Management's discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

	Years Ended December 31,	
	2012	2011
Statement of Operations Data:		
Revenues	$ 6,883,066	$ 1,476,649
Expenses	10,049,631	2,639,363
Net loss	$ (3,166,565)	$(1,162,714)
Balance Sheet Data:		
Current Assets	$ 2,030,375	$ 641,963
Working Capital (deficit)	257,523	(3,078,523)
Total assets	7,646,431	4,798,699
Total stockholders' equity	5,528,553	485,768

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements.

In some cases, you can identify forward-looking statements by terminology, such as "expects," "anticipates," "intends," "estimates," "plans," "believes," "seeks," "may," "should", "could" or the negative of such terms or other similar expressions. Accordingly, these statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this prospectus, including matters described in the section titled “Risk Factors.”

You should read this prospectus completely and with the understanding that our actual future results may be materially different from what we expect. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this prospectus, and particularly our forward-looking statements, by these cautionary statements.

RISK FACTORS

An investment in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the specific risks described below and other information included in this prospectus. The risks described below are not the only risks involved in an investment in our securities. The risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the risks described below actually occur, our business, results of operations, and financial condition could suffer materially. In that event, the trading price and market value of our securities could decline, and you may lose all or part of your investment in our securities.

Risks Related to Our Company and Industry

We have not been profitable to date and expect our operating losses to continue for the foreseeable future; we may never be profitable.

We have incurred operating losses and generated negative cash flows since our inception and have financed our operations principally through equity investments and borrowings. At this time, our ability to generate sufficient revenues to fund operations is uncertain. For the fiscal years ended December 31, 2011, we had revenue of $1,476,649 and incurred a net loss of $1,162,714. For the fiscal year ended December 31, 2012, we had revenue of $6,883,066 and incurred a net loss of $3,166,565. Our total accumulated deficit through December 31, 2012, was $9,258,697.

As a result of our brief operating history, revenue is difficult to predict with certainty. Current and projected expense levels are based largely on estimates of future revenue. We expect expenses to increase in the future as we expand our activities. We cannot assure you that we will be profitable in the future. Accordingly, the extent of our future losses and the time required to achieve profitability, if ever, is uncertain. Failure to achieve profitability could materially and adversely affect the value of our Company and our ability to effect additional financings. The success of the business depends on our ability to increase revenues to offset expenses. If our revenues fall short of projections, our business, financial condition and operating results will be materially adversely affected.

Our financial statements have been prepared assuming a going concern.

Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. Our financial statements as of December 31, 2012, were prepared under the assumption that we will continue as a going concern for the next twelve (12) months. Our independent registered public accounting firm has issued a report that includes an explanatory paragraph referring to our losses from operations and expressing substantial doubt in our ability to continue as a going concern without additional capital becoming available. Our ability to continue as a going concern is dependent upon our ability to obtain additional financing, obtain further operating efficiencies, reduce expenditures and ultimately, create profitable operations. Such financings may not be available or may not be available on reasonable terms. Our financial statements do not include adjustments that result from the outcome of this uncertainty.

Our business strategy includes operating a new line of business that is distinct and separate from our primary existing operations, which could be subject to additional business and operating risks.

Consistent with our announced growth strategy, we are expanding the operation of our development of Hooters Restaurants, which are operations in a new and distinct line of business from our existing operations. Development of a new business segment is a complex, may be costly and a time consuming process and may involve assets and operations in which we have limited operating experience. Failure to timely and successfully develop this new line of business in conjunction with our existing operations may have a material adverse affect on our business, financial condition and results of operations. The difficulties of integrating new business activities with existing operations include, among other things: operating distinct business segments that require different operating strategies and different managerial expertise; necessity of coordinating organization systems and facilities in different locations; and integrating personnel with diverse backgrounds and organizational cultures.

There are risks inherent in expansion of operations, including our ability to acquire additional territories, generate profits from new restaurants, find suitable sites and develop and construct locations in a timely and cost-effective way.

We cannot project with certainty, nor do we make any representations regarding, the number of territories we will be able to acquire or the number of new restaurants we and our partners will open in accordance with our present plans and within the timeline or the budgets that we currently project. In addition, our franchise agreements with HOA provide that we must exercise our option to open additional restaurants within each of our territories by a certain date set forth in the development schedule and that each such restaurant must be open by the date specified in the schedule. If we fail to timely exercise any option or if we fail to open any additional restaurant by the required restaurant opening date, all of our rights to develop the rest of the option territory will expire automatically and without further notice.

Our failure to effectively develop locations in new territories would adversely affect our ability to execute our business plan by, among other things, reducing our revenues and profits and preventing us from realizing our strategy. Furthermore, we cannot assure you that our new restaurants will generate revenues or profit margins consistent with those currently operated by us.
The number of openings and the performance of new locations will depend on various factors, including:

- the availability of suitable sites for new locations and our ability to secure HOA's approval of a proposed site;
- our ability to negotiate acceptable lease or purchase terms for new locations, obtain adequate financing, on favorable terms, required to construct, build-out and operate new locations and meet construction schedules, and hire and train and retain qualified restaurant managers and personnel;

- managing construction and development costs of new restaurants at affordable levels;
- the establishment of brand awareness in new markets; and
- the ability of our Company to manage this anticipated expansion.

While the impact varies with the location and the qualifications of our partners, tight credit markets are generally making financing for construction and operation of restaurants more difficult to obtain on favorable terms.

Competition for suitable restaurant sites in target markets is intense. Not all of these factors are within our control or the control of our partners, and there can be no assurance that we will be able to accelerate our growth or that we will be able to manage the anticipated expansion of our operations effectively.

We may be subject to general risk factors affecting the restaurant industry, including current economic climate, costs of labor and food prices

If we grow as anticipated, our Company may be affected by risks inherent in the restaurant industry, including:

- adverse changes in national, regional or local economic or market conditions;
- increased costs of labor;
- increased costs of food products and/or supplies;
- availability of, and ability to obtain, adequate supplies of ingredients that meet our quality standards;
- increased energy costs;
- management problems;
- increases in the number and density of competitors;
- changing consumer tastes, habits and spending priorities;
- changing demographics;
- changes in government regulation; and
- local, regional or national health and safety matters.

We, as well as other companies in this industry, are susceptible to claims filed by customers alleging that we are responsible for an illness or injury they suffered at or after a visit to our restaurant. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, such litigation may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment for significant monetary damages in excess of any insurance coverage could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our reputation, which in turn could adversely affect our results.

Employees may also file claims or lawsuits against us based on discrimination or wrongful termination or based upon their rights created by the state laws wherein we do business. These claims or lawsuits could result in unfavorable publicity and could have a material adverse effect on our business.

There is intensive competition in our industry, and we will be competing with national, regional chains and independent restaurant operators.

The restaurant industry is intensely competitive. Moreover, the retail food industry in general is highly competitive and includes highly sophisticated national and regional chains. Our sector is highly competitive with respect to, among other things, taste, price, food quality and presentation, service, location and the ambiance and condition of each restaurant. While we strive to differentiate ourselves through the items we offer on our menu and the environment in which they are offered, we will, nonetheless, be required to compete with national and regional chains and with independent operators for market share, access to desirable locations and recruitment of personnel. No assurances can be given that we will have the financial resources, distribution ability, depth of key personnel or marketing expertise to compete successfully in these markets.

In addition, although our franchise agreements grant us certain rights to develop restaurants within the specified territories, HOA has reserved the right to develop, open and operate and to authorize others to develop, open and operate Hooters restaurants outside of our "protected territory." Our "protected territory" is limited to a radius of 8 kilometers from any restaurant location we open. Therefore, HOA or one of its franchisees could effectively compete against us even in the territories in which we develop our restaurants, which could have a material adverse effect on our business and results of operations.

Our rights to operate and franchise Hooters-branded restaurants are dependent on the Hooters' franchise agreements.

Our rights to operate and franchise Hooters-branded restaurants and therefore our ability to conduct our business derive principally from the rights granted or to be granted to us by Hooters in our franchise agreements. As a result, our ability to continue operating in our current capacity is dependent on the continuation and renewal of our contractual relationship with Hooters.

In the event Hooters does not grant us franchises to acquire additional locations or terminates our existing franchise agreements, we would be unable to operate and/or expand our Hooters-branded restaurants, identify our business with Hooters nor use any of Hooters' intellectual property. As the Hooters' brand and our relationship with Hooters are among our competitive strengths, the failure to grant or the expiration or termination of the franchise agreements would materially and adversely affect our business, results of operations, financial condition and prospects.

Our business depends on our relationship with Hooters and changes in this relationship may adversely affect our business, results of operations and financial condition.

Pursuant to the franchise agreements, Hooters has the ability to exercise substantial influence over the conduct of our business. We must comply with Hooters' high quality standards, we cannot transfer the equity interests of our subsidiaries, without Hooters' consent, and Hooters has the right to control many of the locations' daily operations.

Notwithstanding the foregoing, Hooters has no obligation to fund our operations. In addition, Hooters does not guarantee any of our financial obligations, including trade payables or outstanding indebtedness, and has no obligation to do so. If the terms of the franchise agreements excessively restrict our ability to operate our business or if we are unable to satisfy our obligations under the franchise agreements, our business, results of operations and financial condition would be materially and adversely affected.

We do not have full operational control over the businesses of our franchise partners.

We are and will be dependent on our partners to maintain Hooters' quality, service and cleanliness standards, and their failure to do so could materially affect the Hooters brand and harm our future growth. We do not presently have formal written agreements in place with any of our partners regarding these types of matters. Although we intend to exercise significant control over partners through written agreements in the future, our partners will continue to have some flexibility in the operations, including the ability to set prices for our products in their restaurants, hire employees and select certain service providers. In addition, it is possible that some partners may not operate their restaurants in accordance with our quality, service and cleanliness, health or product standards. Although we intend to take corrective measures if partners fail to maintain Hooters' high quality, service and cleanliness standards, we may not be able to identify and rectify problems with sufficient speed and, as a result, our image and operating results may be negatively affected.

A failure by Hooters to protect its intellectual property rights, including its brand image, could harm our results of operations.

The profitability of our business depends in part on consumers' perception of the strength of the Hooters brand. Under the terms of our franchise agreements, we are required to assist Hooters with protecting its intellectual property rights in our jurisdictions. Nevertheless, any failure by Hooters to protect its proprietary rights in the world could harm its brand image, which could affect our competitive position and our results of operations.

Our business has been adversely affected by declines in discretionary spending and may be affected by changes in consumer preferences.

Our success depends, in part, upon the popularity of our food products. Shifts in consumer preferences away from our restaurants or cuisine could harm our business. Also, our success depends to a significant extent on discretionary consumer spending, which is influenced by general economic conditions and the availability of discretionary income. Accordingly, we may experience declines in sales during economic downturns or during periods of uncertainty. A continuing decline in the amount of discretionary spending could have a material adverse effect on our sales, results of operations, business and financial condition.

Increases in costs, including food, labor and energy prices, will adversely affect our results of operations

Our profitability is dependent on our ability to anticipate and react to changes in our operating costs, including food, labor, occupancy (including utilities and energy), insurance and supplies costs. Various factors beyond our control, including climatic changes and government regulations, may affect food costs. Specifically, our dependence on frequent, timely deliveries of fresh meat and produce subject us to the risks of possible shortages or interruptions in supply caused by adverse weather or other conditions which could adversely affect the availability and cost of any such items. In the past, we have been able to recover some of our higher operating costs through increased menu prices. There have been, and there may be in the future, delays in implementing such menu price increases, and competitive pressures may limit our ability to recover such cost increases in their entirety. The recent volatility in certain commodity markets, such as those for energy, grains and dairy products, which have experienced significant increases in prices, may have an adverse effect on us in fiscal 2013 and beyond and may cause franchisees in our industry to delay construction of new restaurants and/or cause potential new franchisees to reconsider entering into franchise agreements. The extent of the impact may depend on our ability to increase our menu prices and the timing thereof.

Our business and the growth of our Company are dependent on the skills and expertise of management and key personnel.

During the upcoming stages of our Company's anticipated growth, we will be entirely dependent upon the management skills and expertise of our management and key personnel, including Michael Pruitt, our current Chairman and Chief Executive Officer. Mr. Pruitt also sits on HOA's board of directors. We do not have employment agreements with any of our officers. The loss of services of Mr. Pruitt or other executive officers would dramatically affect our business prospects. Certain of our employees are particularly valuable to us because:

- they have specialized knowledge about our company and operations;
- they have specialized skills that are important to our operations; or
- they would be particularly difficult to replace.

We would be materially adversely affected in the event that the services of Mr. Pruitt or any key management personnel ceased to be available to us.

Our food service business and the restaurant industry are subject to extensive government regulation.

We are subject to extensive and varied country, federal, state and local government regulation, including regulations relating to public health and safety and zoning codes. We operate each of our locations in accordance with standards and procedures designed to comply with applicable codes and regulations. However, if we could not obtain or retain food or other licenses, it would adversely affect our operations. Although we have not experienced, and do not anticipate, any significant difficulties, delays or failures in obtaining required licenses, permits or approvals, any such problem could delay or prevent the opening of, or adversely impact the viability of, a particular restaurant or group of restaurant.

We may be subject to significant foreign currency exchange controls in certain countries in which we operate.

Certain foreign economies have experienced shortages in foreign currency reserves and their respective governments have adopted restrictions on the ability to transfer funds out of the country and convert local currencies into U.S. dollars. This may increase our costs and limit our ability to convert local currency into U.S. dollars and transfer funds out of certain countries. Any shortages or restrictions may impede our ability to convert these currencies into U.S. dollars and to transfer funds, including for the payment of dividends or interest or principal on our outstanding debt. In the event that any of our subsidiaries are unable to transfer funds to us due to currency restrictions, we are responsible for any resulting shortfall.

Our foreign operations subject us to risks that could negatively affect our business.

We expect all of our restaurants will be operated in foreign countries and territories outside of the U.S., and we intend to continue expansion of our international operations. As a result, our business is increasingly exposed to risks inherent in foreign operations. These risks, which can vary substantially by market, include political instability, corruption, social and ethnic unrest, changes in economic conditions (including wage and commodity inflation, consumer spending and unemployment levels), the regulatory environment, tax rates and laws and consumer preferences as well as changes in the laws and policies that govern foreign investment in countries where our restaurants are operated. For example, it was recently discovered that our South African CFO had falsified audit documents and misappropriated funds. Although we have implemented various controls to prevent such misconduct from occurring in the future, this remains an inherent risk in doing business in a foreign country.

In addition, our results of operations and the value of our foreign assets are affected by fluctuations in foreign currency exchange rates, which may adversely affect reported earnings. More specifically, an increase in the value of the United States Dollar relative to other currencies, such as the Australian Dollar, the Brazilian Real, the British Pound, the Euro, the Hungarian Forint, and the South African Rand could have an adverse effect on our reported earnings. There can be no assurance as to the future effect of any such changes on our results of operations, financial condition or cash flows.

We may not attain our target development goals and aggressive development could cannibalize existing sales.

Our growth strategy depends in large part on our ability to increase our net restaurant count in markets outside the United States. The successful development of new units will depend in large part on our ability and the ability of our franchisees/partners to open new restaurants and to operate these restaurants on a profitable basis. We cannot guarantee that we, or our franchisees/partners, will be able to achieve our expansion goals or that new restaurants will be operated profitably. Further, there is no assurance that any new restaurant will produce operating results similar to those of our existing restaurants. Other risks which could impact our ability to increase our net restaurant count include prevailing economic conditions and our, or our franchisees'/partners', ability to obtain suitable restaurant locations, obtain required permits and approvals in a timely manner and hire and train qualified personnel.

Our franchisees/partners also frequently depend upon financing from banks and other financial institutions in order to construct and open new restaurants. If it becomes more difficult or expensive for our franchisees/partners to obtain financing to develop new restaurants, our planned growth could slow and our future revenue and cash flows could be adversely impacted.

In addition, the new restaurants could impact the sales of our existing restaurants nearby. It is not our intention to open new restaurants that materially cannibalize the sales of our existing restaurants. However, as with most growing retail and restaurant operations, there can be no assurance that sales cannibalization will not occur or become more significant in the future as we increase our presence in existing markets over time.

Current conditions in the global financial markets and the distressed economy may materially adversely affect our business, results of operations and ability to raise capital.

Our business and results of operations may be materially affected by conditions in the financial markets and the economy generally. The stress being experienced by global financial markets that began in late 2007 continued and substantially increased during 2008 and into 2009. The volatility and disruption in the financial markets have reached unprecedented levels. The availability and cost of credit has been materially affected. These factors, combined with volatile oil prices, depressed home prices and increasing foreclosures, falling equity market values, declining business and consumer confidence and the risks of increased inflation and unemployment, have precipitated an economic slowdown and severe recession. These events and the continuing market upheavals may have an adverse effect on us, our suppliers and our customers. The demand for our products could be adversely affected in an economic downturn and our revenues may decline under such circumstances.

Furthermore, the fixed-income markets are experiencing a period of both extreme volatility and limited market liquidity, which has affected a broad range of asset classes and sectors. Equity markets have also been experiencing heightened volatility. We may find it difficult, or we may not be able, to access the credit or equity markets, or we may experience higher funding costs as a result of the current adverse market conditions. Continued instability in these markets may limit our ability to access the capital we require to fund and grow our business.

The Sarbanes-Oxley Act of 2002 and new rules and regulations issued thereunder by the Securities and Exchange Commission may deter qualified individuals from accepting positions as directors or officers.

Risks Related to Our Securities

We are, and in the future may be, subject to shareholder litigation, which is costly to defend, could require us to pay damages, and could limit our ability to trade in the future.

On October 12, 2012, a lawsuit was filed in the United States District Court, Southern District of Florida, against the Company, its directors, Dawson James Securities, Inc. and Merriman Capital, Inc. (the underwriters of the Company's securities), and Creason and Associates P.L.L.C (the Company's auditor). The class action seeks unspecified damages and alleges, among other things, violations of the Securities Act of 1933, in connection with the Company's public offering.

This lawsuit is subject to inherit uncertainties and the actual costs to be incurred with the lawsuit depend upon many factors. We cannot be certain how long it will take to resolve this matter or be reasonably certain of its potential outcome. While the Company maintains insurance that may apply to this claim, we are uncertain as to whether proceeds of such insurance will be available to satisfy some or all of this claim. We have not established any reserves for any potential liability related to this lawsuit at this time.

While warrants are outstanding, it may be more difficult to raise additional equity capital.

During the term that the warrants are outstanding, the holders of those warrants are given the opportunity to profit from a rise in the market price of our common stock. We may find it more difficult to raise additional equity capital while the warrants are outstanding. At any time during which these public warrants are likely to be exercised, we may be able to obtain additional equity capital on more favorable terms from other sources.

Our stock price has experienced price fluctuations and may continue to do so following this offering, resulting in a substantial loss in your investment.

The current market for our common stock has been characterized by volatile prices with little to no volume. Although we have the securities offered hereby listed on the NASDAQ Capital Market, an active trading market for our securities may never develop or if it develops, it may not be sustained, which could affect your ability to sell our securities and could depress the market price of the securities purchased in this offering. In addition, the public offering price of the securities offered by this prospectus has been determined by our board of directors and management in conjunction with the underwriters and may bear no relationship to the price at which the securities will trade. The offering price does not necessarily indicate the current value of the securities offered hereby and should not be regarded as an indicator of any future market performance or value thereof. Accordingly,

In addition, the stock market can be highly volatile. As a result, the market price of our securities can be similarly volatile, and investors in our securities may experience a decrease in the value of their securities, including decreases unrelated to our operating performance or prospects. The market price of our securities after the offering will likely vary from the offering price and is likely to be highly unpredictable and subject to wide fluctuations in response to various factors, many of which are beyond our control. These factors include:

- quarterly variations in our operating results and achievement of key business metrics;
- changes in the global economy and in the local economies in which we operate;
- our ability to obtain working capital financing, if necessary;
- the departure of any of our key executive officers and directors;
- changes in the federal, state, and local laws and regulations to which we are subject;
- changes in earnings estimates by securities analysts, if any;
- any differences between reported results and securities analysts' published or unpublished expectations;
- market reaction to any acquisitions, joint ventures or strategic investments announced by us or our competitors;
- future sales of our securities;
- announcements or press releases relating to the casual dining restaurant sector or to our own business or prospects;
- regulatory, legislative, or other developments affecting us or the restaurant industry generally; and
- market conditions specific to casual dining restaurant, the restaurant industry and the stock market generally.

We may not be able to maintain our approved listing on theNASDAQ Capital Market, which may limit the ability of security holders to resell their securities in the secondary market.

We have our common stock and warrants quoted on the NASDAQ Capital Market. However, we might not continue to meet the criteria for continued listing of our securities in the future. A company having securities quoted on the NASDAQ Capital Market must make all required filings on a timely basis with the SEC and also meet the qualitative and quantitative continued listing criteria of the NASDAQ Capital Market. In the event we are unable to meet this criteria and become delisted, quotations for trading of our securities would likely be conducted in the over-the-counter markets. In such case, an investor in this offering would likely find it more difficult to dispose of our securities or to obtain accurate market quotations for our securities, either of which could result in a substantial loss of your investment.

Our common stock has historically been a "penny stock" under SEC rules. It may be more difficult to resell shares of common stock classified as "penny stock".

Our common stock has historically been a "penny stock" under applicable SEC rules (generally defined as non-exchange traded stock with a per share price below $5.00). These rules impose additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as "established customers" or "accredited investors." For example, broker-dealers must determine the appropriateness for non-qualifying persons of investments in penny stocks. Broker-dealers must also provide, prior to a transaction in a penny stock not otherwise exempt from the rules, a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, disclose the compensation of the broker-dealer and its salesperson in the transaction, furnish monthly account statements showing the market value of each penny stock held in the customer's account, provide a special written determination that the penny stock is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction.

These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit the market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

Our common stock could be further diluted as the result of the issuance of additional shares of common stock, convertible securities, warrants or options.

In the past, we have issued common stock, convertible securities and warrants in order to raise money. We have also issued common stock as compensation for services and incentive compensation for our employees and directors. We have shares of common stock reserved for issuance upon the exercise of certain of these securities and may increase the shares reserved for these purposes in the future. Our issuance of additional common stock, convertible securities, options and warrants could affect the rights of our stockholders, could reduce the market price of our common stock or could result in adjustments to exercise prices of outstanding warrants (resulting in these securities becoming exercisable for, as the case may be, a greater number of shares of our common stock), or could obligate us to issue additional shares of common stock to certain of our stockholders.

Shares eligible for future sale may adversely affect the market.

From time to time, certain of our stockholders may be eligible to sell all or some of their shares of common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144 promulgated under the Securities Act, subject to certain limitations. In general, pursuant to amended Rule 144, non-affiliate stockholders may sell freely after six months subject only to the current public information requirement. Affiliates may sell after six months subject to the Rule 144 volume, manner of sale (for equity securities), current public information and notice requirements. Of the approximately 3.7 million shares of our common stock outstanding as of December 31, 2012, approximately 3.4 million shares are freely tradable without restriction as of that date. Any substantial sales of our common stock pursuant to Rule 144 may have a material adverse effect on the market price of our common stock.

The redemption of the public warrants issued in this offering may require potential investors to sell or exercise the public warrants at a time that may be disadvantageous for them.

At any time, provided that the VWAP of our common stock is equal to or greater that $7.75 per share for at least twenty (20) consecutive trading days, we may redeem the outstanding public warrants, in whole or in part, upon not less than 30 days' notice, at a price of $.01 per warrant. The terms of our warrants prohibit us from redeeming them unless we have a current and effective registration statement available covering the exercise of the warrants. If we exercise our right to redeem the public warrants, they will be exercisable until the close of business on the date fixed for redemption in such notice. If any warrant called for redemption is not exercised by such time, it will cease to be exercisable, and the holder thereof will be entitled only to the redemption price of $.01 per warrant. Notice of redemption of the public warrants could force holders to exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so or to sell the warrants at the current market price when they might otherwise wish to hold the warrants or accept the redemption price, which is likely to be substantially less than the market value of the warrants at the time of redemption.

If we do not maintain an effective registration statement you may not be able to exercise your warrants. For you to be able to exercise your warrants, the shares of the common stock be issued to you upon exercise of the warrants must be covered by an effective and current registration statement. We cannot assure you that we will continue to maintain a current registration statement related to the shares of our common stock underlying in the warrants. The potential inability to exercise the warrants may have an adverse effect on the demand for the warrants and the prices that can be obtained from reselling them.

We do not expect to pay cash dividends in the foreseeable future and therefore investors should not anticipate cash dividends on their investment.

Our board of directors does not intend to pay cash dividends in the foreseeable future, but instead intends to retain any and all earnings to finance the growth of the business. To date, we have not paid any cash dividends and there can be no assurance that cash dividends will ever be paid on our common stock.

Director and officer liability is limited.

As permitted by Delaware law, our by-laws limit the liability of our directors for monetary damages for breach of a director's fiduciary duty except for liability in certain instances. As a result of our by-law provisions and Delaware law, shareholders may have limited rights to recover against directors for breach of fiduciary duty. In addition, our by-laws and indemnification agreements entered into by our company with each of the officers and directors provide that we shall indemnify our directors and officers to the fullest extent permitted by law.

USE OF PROCEEDS

We may receive gross proceeds of up to $12.2 million from the exercise of our warrants, before deducting expenses estimated at $0.2 million. We will retain discretion over the use of the net proceeds we may receive from this offering, but we currently intend to use such proceeds, if any, for working capital purposes, financing of capital expenditures and additional operating facilities, general and administrative expenses, and sales and marketing.

PLAN OF DISTRIBUTION

The shares of common stock issuable upon the exercise of the warrants will be offered solely by us, and no underwriters are participating in this offering. For the holders of the warrants to exercise the warrants, there must be a current registration statement covering the common stock underlying the warrants on file with the Securities and Exchange Commission. The issuance of the common stock must also be registered with various state securities commissions or exempt from registration under the securities laws of the states where the public warrant holders reside.

We intend to maintain a current registration statement while the warrants are exercisable. The public warrants expire June 21, 2017.

DIVIDEND POLICY

We have not declared or paid any dividends on our common stock. We do not intend to declare or pay any dividends on our common stock in the foreseeable future, but rather to retain any earnings to finance the growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our results of operations, financial condition, contractual and legal restrictions and other factors the board of directors deems relevant.

CAPITALIZATION

The following table is derived from our financial statement as of December 31, 2012, which is set forth elsewhere in this prospectus, and sets forth our capitalization as of December 31, 2012.

You should read this capitalization table together with the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Plan of Operations" and with our financial statements and accompanying notes included elsewhere in this prospectus.

	December 31, 2012
Common stock, 3,698,896 shares issued and outstanding	$ 370
Additional paid-in capital	14,898,423
Other stockholders' equity	(111,543)
Accumulated deficit	(9,258,697)
Stockholders' equity	$ 5,528,553

All amounts exclude shares of common stock issuable upon the exercise of the warrants or any shares issuable upon the exercise of any warrants or options which are outstanding on the date of this prospectus.

MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Our common stock is currently listed on NASDAQ under the ticker “HOTR", prior to June 21, 2012 our common stock traded on the “OTC Bulletin Board” or “OTCBB” system under the symbol "CCLR". All OTCBB prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

The market closing, high and low prices on the OTCBB for the period through June 20, 2012 and NASDAQ from June 21, 2012 forward are as follows:

Quarter Ended	High	Low
*Through April 16, 2013	$ 3.64	$ 1.40
March 31, 2012	$ 7.40	$ 4.40
June 30, 2012	8.00	4.00
*September 30, 2012	2.92	4.36
*December 31, 2012	3.64	3.64
March 31, 2011	$ 3.38	$ 2.12
June 30, 2011	3.20	2.09
September 30, 2011	3.25	2.15
December 31, 2011	5.00	2.75

*NASDAQ trading halted from September 11, 2012 through January 15, 2013

Number of Shareholders and Total Outstanding Shares

As of April 15, 2013, there were 3,698,896 shares issued and outstanding, held by approximately 52 shareholders of record. Effective May 11, 2012, the Company's common stock was reverse split, 1 share for each 2 shares issued, pursuant to a majority vote of the Company's shareholders. All share references have been adjusted as if the split occurred prior to all periods presented. This number does not include:

- any beneficial owners of common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries, or
- broker-dealers or other participants who hold or clear shares directly or indirectly through the Depository Trust Company, or its nominee, Cede & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report that are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. The words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "believes," "estimates," "projects" or similar expressions are intended to identify these forward-looking statements. These statements are subject to risks and uncertainties beyond our reasonable control that could cause our actual business and results of operations to differ materially from those reflected in our forward-looking statements. The safe harbor provisions provided in the Securities Litigation Reform Act do not apply to forward-looking statements we make in this report. Forward-looking statements are not guarantees of future performance. Our forward-looking statements are based on trends which we anticipate in our industry and our good faith estimate of the effect on these trends of such factors as industry capacity, product demand and product pricing. The inclusion of projections and other forward-looking statements should not be regarded a representation by us or any other person that we will realize our projections or that any of the forward-looking statements contained in this prospectus will prove to be accurate.

Management's Analysis of Business

We have changed our focus recently from managing investments to owning and operating Hooters franchises internationally. Hooters restaurants are casual beach-themed establishments with sports on television, jukebox music, and the "nearly world famous" Hooters Girls. The menu consists of spicy chicken wings, seafood, sandwiches and salads. Each locations menu can vary with the tastes of the locality it is in. Hooters began in 1983 with its first restaurant in Clearwater, Florida. From the original restaurant and licensee Mr. Robert Brooks, Hooters has become a global brand, with locations in 44 states domestically and over 430 Hooters restaurants worldwide. Besides restaurants, Hooters has also branched out to other areas, including licensing its name to a golf tour and the sale of packaged food in supermarkets.

We expect to either own 100% of the Hooters franchise or partner with a local franchisee in the countries we target. We based this decision on what we believe to be the successful launch of our South African Hooters venture and believe we have aligned partners and operators in various international markets. We are focused on expanding our Hooters operations, and expect to use substantially all of our capital in South Africa, Brazil, Hungary, Australia and Europe.

Accordingly, we operate in two business segments; Hooters franchise restaurants and our legacy investment management and consulting services businesses.

LIQUIDITY AND CAPITAL RESOURCES AND GOING CONCERN

At December 31, 2012 and 2011, the Company had current assets of $2,030,375 and $641,963; current liabilities of $1,772,852 and $3,720,486; and a working capital balance (deficit) of $257,523 and $(3,078,523), respectively. The Company incurred a loss of $3,166,565 during the year ended December 31, 2012 and had an unrealized loss from available-for-sale securities of $261,404 and foreign currency translation gains of $29,013, resulting in a comprehensive loss of $3,398,956.

The Company's corporate general and administrative expenses averaged approximately $650,000 per quarter during 2012. The Company expects costs to increase as we expand our footprint internationally in 2013, offset by one-time costs incurred in the fourth quarter of 2012 of approximately $150,000 for professional fees related to our South African subsidiaries. In addition, as announced in March 2013, we will be exiting the operation of our investment management subsidiary, which we believe will save us approximately $50,000 per quarter starting with the second quarter of 2013. Effective October 1, 2011, the Company acquired majority control of the restaurants in South Africa and began consolidating these operations. In August 2012, the Company opened a restaurant in Budapest, Hungary, and shares 80% of the profits. The Company also shares 49% of the profits in our Hooters location opened in January 2012 in Campbelltown, Australia, a suburb of Sydney.

In addition, the Company has a note with a balance at December 31, 2012 of $236,110 owed to its bank which is due in August 2013. The Company's South African subsidiaries have bank overdraft and term facilities of $361,586. The Company plans to continue to use limited partnerships, if the Company's contemplated raise is not completed or not fully subscribed, to fund its share of costs for additional Hooters restaurants.

On January 31, 2013, the Company settled outstanding liabilities of $170,686 from a South African bank, previously presented in our consolidated balance sheets in "other liabilities". Upon making a payment of $98,578, the Company received a release from all other bank liabilities, resulting in a total gain on extinguishment of debt of $72,108, which will be presented in our March 31, 2013 10-Q filing as other income.

On April 11, 2013, the Company and Paragon Commercial Bank ("Paragon") entered into a credit agreement (the "Credit Agreement"). The Credit Agreement provides for an additional $500,000 revolving credit facility with a one (1) year term from the Closing Date. This increases the Company's obligation to Paragon to a total of approximately $734,000, which includes a prior note payable's current outstanding balance of approximately $234,000. The Credit Agreement is available to be drawn at the Company's discretion to finance investments in new business ventures and for the Company's general corporate working capital requirements in the ordinary course of business. The note payable expires on August 10, 2013, whereas the new credit facility expires on April 10, 2014.

Borrowings under the Credit Agreement bear monthly interest at the greater of: (i) floor rate of 5.00% or (ii) the Wall Street Journal's prime plus rate (currently 3.25%) plus 1.00%. All unpaid principal and interest are due one (1) year after the Closing Date. Any borrowings are secured by a lien on all of the Company's assets. The obligations under the Credit Agreement are guaranteed by Mike Pruitt, the Company's Chief Executive Officer.

The Company expects to meet its obligations in 2013 with some or all of the following:

- The Company received $100,000 in January 2013 as a fee for its CEO to be a board member of Hooters of America and expects to continue to receive this fee for the next three years based on the current agreement;
- Borrow, if and to the extent available, additional funds;
- Form joint ventures or other financing vehicles.

If the above events do not occur or if the Company does not raise sufficient capital, substantial doubt about the Company's ability to continue as a going concern exists. These consolidated financial statements do not reflect any adjustments that might result from the outcome of these uncertainties.

Evaluation of the amounts and certainty of cash flows:

The Company has used short-term financing to meet the preliminary requirements of its planned expansion, principally in South Africa, Europe and Australia. If the Company is unable to obtain necessary additional funding, the Company would be required to limit its expansion plans. We would use limited partner funding and other sources of capital to the extent necessary to attempt to fund as much of the planned expansion as possible. There can be no assurance that any of this funding will be available when needed.

Cash requirements and capital expenditures:

In 2013, we expect to open one restaurant in each of the following countries or continents – Australia, Brazil, Europe and South Africa. The Company expects the total cash requirements for these restaurants to be approximately $3.3 million, of which approximately $650,000 has been paid as of December 31, 2012.

In addition, we expect general and administrative expenses to be approximately $2.0-$2.4 million for 2013.

Discussion and analysis of known trends and uncertainties:

The World economy has been in a state of flux for some time with the debt problems of a number of countries in Europe, the recent recession in the United States, the significant increase to debt in the United States compounded by continuing to give away more than can reasonably be collected, the slowing economy in China and other factors. It is impossible to forecast what this will mean to our expansion plans in South Africa, Brazil, Australia, Poland and Hungary. We feel that we minimize our risks through investment in different geographical areas.

Expected changes in the mix and relative cost of capital resources:

Since the middle of 2010, the Company has utilized high cost capital to finance its international growth. The Company hopes to eliminate the majority of this debt with new equity and further, to use this equity to complete its expansion plans over the next two years.

Other prospective sources for and uses of cash:

If the Company is unable to obtain sufficient funding, it will seek other sources of interim funding to maintain its current operations and complete the restaurants already underway.

If the above events do not occur or the Company is unable to develop its business model, substantial doubt about the Company's ability to continue as a going concern exists.

Other Events

On March 22, 2013, the Company, with Board approval, has decided to exit the management of the Investors II fund which was managed by Advisors. The Company will save approximately $50,000 of expenses quarterly based on this decision, and will have minor participation rights in future incentive fees earned by the Company’s former managers. The Company will present this business as a discontinued operation in the March 31, 2013 10-Q.

RESULTS OF OPERATIONS

Note: unless noted, the primary reasons for the increase in restaurant amounts from 2011 compared to 2012 were for the following reasons:

- **In 2011, three South African restaurants were consolidated for the fourth quarter of 2011;**
- **In mid-February 2012, our fourth South African location opened along with the three other South African restaurants being opened the entire year;**
- **Our Hungary location opened in late August 2012.**

Revenue

Revenue amounted to $6,883,066 in 2012 and $1,476,649 in 2011. Revenues were $100,000 and $6,752,323 in 2012 from the management and restaurant businesses, respectively, and $493,167 and $980,247 in 2011. The majority of our revenues in 2011 for the management business was from a fee of $400,000 received in January 2011 for our services in facilitating the acquisition of HOA and TW and of $91,667 of the Company’s annual payment from HOA of $100,000, which is due in January each year while Mr. Pruitt serves on its board. Revenues in 2012 and 2011 of $30,743 and $3,235, respectively were recognized for fees from our services.

Restaurant cost of sales

Restaurant cost of sales for 2012 and 2011 totaled $2,761,949 (40.9%) and $504,971 (51.5%), respectively of restaurant net sales. We expect the percentage to decrease as we open more stores in 2013 as we expand our business in South Africa and other countries.

Restaurant operating expenses

Restaurant operating expenses for 2012 and 2011 totaled $3,785,034 (56.1%) and $598,225 (61.0%) of restaurant net sales. We expect the percentage of operating expenses to restaurant net sales to decline as we open more Hooters locations, however we have a limited history to be able to forecast a range.

General and Administrative Expense ("G&A")

G&A amounted to $2,618,368 in 2012 and $1,249,749 in 2011. The more significant components of G&A are summarized as follows:

	2012	2011
Professional fees	$ 284,166	$ 104,016
Payroll and benefits	955,833	563,323
Consulting and investor relation fees	558,881	261,315
Travel and entertainment	173,333	84,767
Accounting and auditing	276,200	70,450
Shareholder services and fees	119,565	11,082
Other G&A	250,390	154,796
	$ 2,618,368	$ 1,249,749

G&A costs are expected to be $500-$600,000 per quarter in 2013, with the costs associated with the activities of the restaurant business continuing to grow. Revenue from the restaurants is expected to exceed this increase in expense.

Professional fees increased $180,150 from 2012 to 2011 as we expanded our footprint internationally and incurred costs of approximately $150,000 in the fourth quarter of 2012 related to our South African operations accounting issues.

Payroll and benefits increased $392,510 in 2012 from 2011 primarily from the addition of restaurant management personnel starting in the fourth quarter of 2011 and additional corporate employees starting in the second quarter of 2012.

Consulting and investor relations fees increased $297,566 from 2012 to 2011 as the Company engaged experienced personnel to startup our European subsidiary and to assist in Brazil, as well as to increase the Company's recognition in the investment arena. Non-cash fees for services were $110,965 and $74,573 in 2012 and 2011, respectively.

Travel and entertainment increased $88,566 from 2012 to 2011 as Company personnel, primarily the CEO, traveled to increase our company awareness and secure financing and partners for the restaurant locales.

Accounting and auditing increased $205,750 from 2012 to 2011 as we expanded our footprint internationally and engaged a larger audit firm in the fourth quarter of 2012.

Shareholder services and fees increased $108,483 from 2012 to 2011 primarily from the fees associated with being a listed company on NASDAQ.

OTHER INCOME (EXPENSE)

Other income (expense) consisted of the following at December 31, 2012 and 2011:

	2012	2011
Other income (expense):		
Equity in earnings (losses) of investments	$ (14,803)	$ (76,113)
Realized (losses) gains from sale of investments	(16,598)	94,353
Interest expense	(474,926)	(183,467)
Interest and other income	864	5,017
Other than temporary decline in available-for-sale securities	-	(147,973)
	$ (505,463)	$ (308,183)

Equity in Earnings (losses) of Investments

Equity in earnings (losses) of investments includes our share of earnings from investments in which we own at least 20% and are being accounted for using the equity method. The 2012 amount is all from losses on our Hooters Australian locations (Campbelltown and a second location planned to be opened in the second quarter of 2013). The 2011 losses from the Hoot Campbelltown and Hoot SA partnerships in 2011 were $66,857 and $9,256, respectively.

Realized (Losses) Gains from Sale of Investments

Realized (losses) gains are recorded when investments are sold and were a loss f $16,598 in 2012 from the sale of Investors II and in 2011 from a gain on sales of DineOut of $19,991 and a gain from our Hooters South Africa interests of $74,362.

Interest Expense

Interest expense increased by $291,459 in 2012 from 2011 primarily due to the addition in late 2011 of a line of credit which built to a balance of $2,000,000 and convertible notes payable in the amount of $2,750,000. The line of credit and convertible notes payable were paid in cash or common stock with our June 2012 raise.

Other than Temporary Decline in Available-for-Sale Securities

The Company determined that its investment in available-for-sale securities had an other than temporary decline in value and recorded a realized loss in the amount of $0 and $147,973 in 2012 and 2011, respectively. Valuations were determined based on the quoted market price for the stock when it was determined the decline was not temporary and the decline was recorded. In 2011, the Company recorded an impairment of $147,973 primarily related to the Company's investment in HiTech Stages ($124,573) and Efftec International ($22,500).

RECENT ACCOUNTING PRONOUNCEMENTS

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or operating results.

On July 27, 2012, the FASB issued Accounting Standards Update No. 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. The Update simplifies the guidance for testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill. Examples of intangible assets subject to the guidance include indefinite-lived trademarks, licenses, and distribution rights. The amendment allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is "more likely than not" that the asset is impaired. Under former guidance, an organization was required to test an indefinite-lived intangible asset for impairment on at least an annual basis by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeded its fair value, an impairment loss was recognized in an amount equal to the difference. The amendments in this Update are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company is currently evaluating the impact of this Update, but does not expect the Update to have a material impact on the consolidated financial statements.

On February 5, 2013, the FASB issued Accounting Standards Update No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The standard is intended to improve the reporting of reclassifications out of accumulated other comprehensive income of various components. The Update requires an entity to present, either parenthetically on the face of the financial statements or in the notes, significant amounts reclassified, from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The amendments in this Update are effective for annual and interim periods beginning after December 15, 2012. The Company will adopt this amendment for the March 31, 2013 interim period financial statements.

CRITICAL ACCOUNTING POLICIES

The SEC has suggested companies provide additional disclosure and commentary on their most critical accounting policies, which they defined as the ones that are most important to the portrayal of a company's financial condition and operating results, and require management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition our most critical accounting policy is the valuation of our investments. The methods, estimates and judgments we use in applying this accounting policy has a significant impact on the results we report in our financial statements.

Investments

We determine fair value to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. Our evaluation process is intended to provide a consistent basis for determining the fair value of our available-for-sale investments. In summary, for individual securities classified as available-for-sale securities, an enterprise shall determine whether a decline in fair value below the amortized cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the individual security shall be written down to fair value as a new cost basis and the amount of the write-down shall be included in earnings (accounted for as a realized loss). The new cost basis shall not be changed for subsequent recoveries in fair value. Subsequent increases in the fair value of available-for-sale securities shall be included in other comprehensive income and subsequent decreases in fair value, if not an other-than-temporary impairment, also shall be included in other comprehensive income.

The first step in the analysis is to determine if the security is impaired. All of our available-for-sale securities were listed and we use the closing market price and other factors to determine the amount of impairment if any. The second step, if there is an impairment, is to determine if the impairment is other than temporary. To determine if a decline in the value of an equity security is other than temporary and that a write-down of the carrying value is required, we considered the following:

- The length of time and the extent to which the market value has been less than the cost;
- The financial condition and near-term prospects of the issuer, including any specific events which may influence the operations of the issuer such as changes in technology that may impair the earnings potential of the investment or the discontinuance of a segment of the business that may affect the future earnings potential; or

- The intent and ability of the holder to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value.

Unless evidence exists to support a realizable value equal to or greater than the carrying value of the investment in equity securities classified as available-for-sale, a write-down to fair value accounted for as a realized loss should be recorded. Such loss should be recognized in the determination of net income of the period in which it occurs and the written down value of the investment in the issuer becomes the new cost basis of the investment.

Investments in which the Company has the ability to exercise significant influence and that, in general, are at least 20 percent owned are stated at cost plus equity in undistributed net earnings (loss), less distributions received. The Company also has equity investments in which it owns less than 20% which are stated at cost. An impairment loss would be recorded whenever a decline in the value of an equity investment or investment carried at cost is below its carrying amount and is determined to be other than temporary. In judging "other than temporary," the Company considers the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and long-term operating and financial prospects of the investee, and the Company's long-term intent of retaining the investment in the investee.

Leases

Restaurant Operations lease certain properties under operating leases. Many of these lease agreements contain rent holidays, rent escalation clauses and/or contingent rent provisions. Rent expense is recognized on a straight-line basis over the expected lease term, including cancelable option periods when failure to exercise such options would result in an economic penalty. We use a time period for straight-line rent expense calculation that equals or exceeds the time period used for depreciation. In addition, the rent commencement date of the lease term is the earlier of the date when they become legally obligated for the rent payments or the date when they take access to the grounds for build out. Accounting for leases involves significant management judgment.

Intangible Assets

Goodwill

Generally accepted accounting principles in the United States require the Company to perform a goodwill impairment test annually and more frequently when negative conditions or a triggering event arise. In September 2011, the FASB issued amended guidance that simplified how entities test goodwill for impairment. After an assessment of certain qualitative factors, if it is determined to be more likely than not that the fair value of a reporting unit is less than its carrying amount, entities must perform the quantitative analysis of the goodwill impairment test. Otherwise, the quantitative test(s) become optional. As allowed under the amended guidance, the Company chose not to assess the qualitative factors of its reporting units and, instead, performed the quantitative tests.

Franchise Cost

Intangible assets are recorded for the initial franchise fees for our restaurants. The Company amortizes these amounts over a 20 year period, which is the life of the franchise agreement.

COMMITMENTS AND CONTINGENCIES

Effective August 1, 2010, the Company extended its office lease agreement for a period of one year at a monthly rental of $2,100, for its office located at 11220 Elm Lane, Suite 103, Charlotte, NC 28277. Since August 1, 2011, the lease has continued at the same rate on a month-to-month basis. On July 1, 2012, the Company signed a one year office lease agreement for a satellite office in Florida for one year at a monthly rate of $800. This lease ends in June, 2013 and will not be renewed.

The Company leases the land and building for our four restaurants in South Africa and one restaurant in Hungary through our subsidiaries. The South Africa leases are for five year terms and the Hungary lease is for 10 years and all include options to extend the terms. We lease some of our restaurant facilities under "triple net" leases that require us to pay minimum rent, real estate taxes, maintenance costs and insurance premiums and, in some instances, percentage rent based on sales in excess of specified amounts.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table presents a summary of our contractual operating lease obligations and commitments as of December 31, 2012:

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-Term Debt Obligations (1)	$ 236,110	$ 236,110	$ -	$ -	$ -
Operating Lease Obligations (2)	2,694,561	556,752	1,120,953	512,066	504,790
Capital Lease Obligations (3)	100,660	43,502	51,589	5,569	-
Total	$ 3,031,331	$ 836,364	$ 1,172,542	$ 517,635	$ 504,790

(1) Represents the outstanding principal amounts and interest on all our long-term debt.
(2) Represents operating lease commitments for our four Hooters restaurants in South Africa and one restaurant in Hungary.
(3) Represents capital lease commitments on principal and interest for three Hooters restaurants in South Africa.

BUSINESS

Overview

We have changed our focus recently from managing investments to owning and operating Hooters franchises internationally. Hooters restaurants are casual beach-themed establishments with sports on television, jukebox music, and the "nearly world famous" Hooters Girls. The menu consists of spicy chicken wings, seafood, sandwiches and salads. Each locations menu can vary with the tastes of the locality it is in. Hooters began in 1983 with its first restaurant in Clearwater, Florida. From the original restaurant and licensee Mr. Robert Brooks, Hooters has become a global brand in 44 states domestically and over 430 Hooters restaurants worldwide. Besides restaurants, Hooters has also branched out to other areas, including licensing its name to a golf tour and food being sold in supermarkets.

We expect to either own 100% of the Hooters franchise or partner with a local franchisee in the countries we target. We based this decision on the successful launch of our South African Hooters venture and believe we have aligned partners and operators in various international markets. We continue to operate our management and consulting services segment, however we are focused on expanding our Hooters operations, and expect to use substantially all of the net proceeds from this offering, in the following areas: South Africa, Brazil, Hungary and Australia.

We also have our legacy investment management and consulting services businesses.

How Chanticleer obtains Hooters locations and territories

Chanticleer identifies a target international territory and our CEO, Mike Pruitt, who is also on the Board of HOA, uses his contacts at HOA and also his own personal relationships to gather information on a possible partner/operator in specifically identified territories. Concurrently we gather public information regarding the demographics and economics for that territory and analyze whether we believe the territory can support a successful Hooters location or locations.

After we conclude that a territory meets our criteria for a successful Hooters franchise, we apply, along with our partner if there is one, for a franchise with HOA. The application includes our findings on the economics and demographics of the area as well as personal financial information of all the partners. HOA performs its own background checks, as well as third party market research and competitor data. After the application is accepted, a detailed business proposal is submitted by the franchisee, including a detailed analysis and history of the territory/country, a description of the first few proposed locations (including population, income levels and economic factors in the region). HOA performs its own due diligence on the application. If approved, the franchisee signs a franchise agreement for the territory, generally for a 20 year period and pays HOA an initial franchise fee of $75,000 for the first location and a $15,000 deposit on the other locations applied for. HOA is heavily involved in the site survey for each location. After the opening of a restaurant, the franchisee pays a monthly continuing royalty fee to HOA based on gross revenue. The franchise agreement also requires that a certain percentage of gross revenue must be spent on marketing/advertising.

Hooters granted us non-exclusive franchise rights for the Republic of South Africa in June 2009. Specifically related to our South African franchise, our ongoing obligations to HOA are as follows:

- 4% of gross revenue is paid to HOA monthly as a continuing royalty fee for the first 18 months a restaurant is open. After this initial period, the rate is calculated based on the last 12 months revenue on a sliding scale. Currently our Durban, Johannesburg (reset January 1, 2012), and CapeTown (reset December 1, 2012) locations have been open more than 18 months and the rate for the next 12 months from the reset date has been set at 4%, 5%, and 3%, respectively.

- 4% of gross revenue is to be spent on advertising and marketing.

- Open seven locations by December 31, 2014.

If any of these obligations are not met, HOA has the right to terminate our franchise agreement.

HOA's obligations to us related to our South African franchise are as follows:

- Advise us on locating and opening a completed restaurant, including supplier lists, acceptable site criteria, and architectural plan (at HOA's option).

- Provide us with management training and pre-opening training for non-management employees.

- Advise us on operation, advertising and promotion.

- Provide us with the requirements for a standardized system for accounting, cost control, and inventory control.

If any of these obligations are not met we have the right to terminate our franchise agreement.

This franchise agreement has a 20 year term beginning June 2009 for our initial restaurant and 20 years after the opening of each subsequent location. We may renew after the 20-year period with written notice 6 to 18 months prior to termination date, the signing of the then current form of franchise agreement, and a $25,000 fee per restaurant.

Hooters assistance and training to franchisee prior to and after opening

After acceptance as a franchisee, Hooters requires employees/staff of franchisees to attend a 5 day seminar called "Hooters University" at Hooters corporate headquarters in Atlanta, Georgia. Attendees are educated in all aspects of operating a Hooters restaurant, including Hooters mission statement, menu, human resources, accounting, and employee recruitment and training. Subsequently each of key management staff are required to work in a Hooters Corporate restaurant for 4 additional weeks. Prior to the initial restaurant of a franchisee opening, Hooters assists with a site survey of the restaurant and sends staff for several weeks to the restaurant to further assist and train employees.

After opening, Hooters assists with marketing, food distribution, and worldwide purchasing contracts.

South Africa

The Company currently operates four Hooters locations: one in Cape Town, one in Durban, and two in Johannesburg. We employ approximately 242 employees at these locations, as well as five employees at our management company.

The Company formed Chanticleer Holdings, Limited, a Bailiwick of Jersey Company ("CHL") to own the Company's 50% interest in Chanticleer & Shaw (Pty.) Ltd., a South Africa private company ("C&S Ltd."). As of October 1, 2011, the Company purchased the remaining 50% interest in C&S Ltd. C&S Ltd. is the franchisee under the HOA franchise agreement for South Africa. Each restaurant is owned by a South African private company which we control. For the first location in Durban, South Africa, we currently own 82% of the private company's outstanding securities and the remaining 18% is owned by outside investors. For the second location in Johannesburg, South Africa, we currently own 88% of the private company's outstanding securities and the remaining 12% is owned by outside investors. For the third location in CapeTown, South Africa, we currently own 90% of the private company's outstanding securities and the remaining 10% is owned by outside investors. For the fourth location in Emperor's Palace, we currently own 88% of the private company's outstanding securities and the remaining 12% is owned by outside investors. In order to obtain investor funds to pay for the initial costs involved in commencing operations for each of the first three South Africa locations, we agreed to allocate a portion of the profits from each restaurant such that the investors (which we refer to as LP's) receive 80% of the net profits after n taxation (the "SA Profits") until they have received a return of their investment and a pre-tax annual compounded return on that investment of 20% (the "SA Return"). Once the investors have received the SA Return, the investors are thereafter entitled to receive 20% of the SA Profits.

Our first location in South Africa opened in December 2009 and as of December 31, 2011 LP's have been paid $129,877 (36.9%) against their 20% return. Our second location opened in June 2010 and as of December 31, 2011 LP's have been paid $65,461 (15.9%) against their 20% return. Our third location opened in June 2011 and as of December 31, 2011 LP's have been paid $18,000 (4.2%) against their 20% return. The payments to investors for our first and second locations were primarily funded from the cash flows of the restaurants. The payments to investors for the third location were funded by the Company as an advance on expected future cash flows.

The Company, concurrently with purchasing the remaining 50% interest in C&S Ltd., has formed a management company to operate the current South African Hooters locations. The management company currently charges a management fee of 5% of net revenues. We own 90% of the management company, with key management owning the remaining 10%.

Other countries

- **Brazil** - we have acquired development rights for Hooters in three states of Brazil, including Rio de Janeiro. We have partnered with the current local franchisee who owns the Hooters franchise rights in the state of Sao Paolo and we own 60% of the entity holding the development rights, with our local partner owning the remaining 40%.

- **Hungary –** the Company currently operates one Hooters location in the middle of the Franz Liszt Square in Budapest, Hungary, where we own 80% of the entity holding the franchise rights, with our local partner owning the remaining 20%. The location is situated on the most popular outdoor terrace destination during the summer months in the heart of Budapest. We have contracted with our local partner, who we believe is an experienced franchise restaurateur, to manage the day-to-day operations of the locations, although we do not presently have any agreement in writing. We currently have 27 employees at the Budapest location.

- **Australia** - we have partnered with the current Hooters franchisee in a joint venture although we do not presently have any formal agreement in writing. The first Hooters restaurant under this joint venture opened in January 2012 in Campbelltown, a suburb of Sydney and HOA recently consented to the transfer of the operating rights for a second Hooters restaurant under the joint venture to be located in Townsville, Australia (for which we have also received preliminary site approval). We are in discussions to purchase from the same franchisee a partial interest in the first two existing Hooters locations in the Sydney area.

- **Western Europe** – we have a non-binding letter of intent with a current franchisee to purchase 100% of an existing Hooters location.

ACQUISITION OF HOOTERS RESTAURANTS

Our trend toward focusing on Hooters arose when the Company and our partners completed the acquisition of Hooters of America, Inc. ("HOA") and Texas Wings, Inc. ("TW"). On January 24, 2011, Investors LLC and its three partners, H.I.G. Capital, KarpReilly, LLC and Kelly Hall, president of Texas Wings Inc., the largest Hooters franchisee in the United States, combined to form HOA Holdings, LLC ("HOA LLC"). Together HOA LLC has created an operating company with 161 company-owned locations across sixteen states, or nearly half of all domestic Hooters restaurants and over one-third of the locations worldwide. We now own approximately 14% of Investors LLC, which represents approximately 3% of HOA LLC. We presently have not received any revenue from our interest in HOA LLC, and will receive revenue, if any, based on distributions from the entity.

The Company received a payment of $400,000 at closing for its services and expense reimbursement in facilitating the acquisition. In addition, for a minimum of four years, the Company will receive annual payments of $100,000 due in January each year while Mr. Pruitt serves on its board.

NARRATIVE DESCRIPTION OF BUSINESS – SEGMENTS

The Company is organized into two active business segments as of the end December 31, 2011, the Management segment has been operating since our inception and the Restaurant Operations segment was added during 2009 and had its initial operations in 2010. The insurance and specialized services segment is inactive at December 31, 2010 and was shut down during the third quarter of 2011.

Management and consulting services

The Company provides management and consulting services for small companies which are generally seeking to become publicly traded. The Company also provides management and investment services for Investors LLC and Investors II. The Company will also provide management services to CDF.

Insurance and specialized financial services

We have formed AFS to provide unique financial services to the restaurant, real estate development, investment advisor/asset management and philanthropic organizations. AFS was shut down during the third quarter of 2011.

INVESTMENTS MANAGED

Chanticleer Investors LLC

On April 18, 2006, the Company formed Investors LLC and sold units for $5,000,000. Investors LLC's principal asset was a convertible note in the amount of $5,000,000 with HOA, collateralized by and convertible into 2% of HOA common stock. The original note included interest at 6% and was due May 24, 2009. The note was extended until November 24, 2010 and included an increase in the interest rate to 8%.

The Company owned $1,150,000 (23%) of Investors LLC until May 29, 2009 when it sold 1/2 of its share for $575,000. Under the original arrangement, the Company received 2% of the 6% interest as a management fee ($25,000 quarterly) and 4% interest on its investment ($11,500 quarterly). Under the extended note and revised operating agreement, the Company receives a management fee of $6,625 quarterly and interest income of $11,500 quarterly. The Company sold an additional $75,000 of its investment in December 2010, leaving it with a balance of $500,000 at December 31, 2010.

On January 24, 2011, Investors LLC and its three partners combined to form HOA Holdings, LLC ("HOA LLC") and completed the acquisition of Hooters of America, Inc. ("HOA") and Texas Wings, Inc. ("TW"). Together HOA LLC has created an operating company with 161 company-owned locations across sixteen states, or nearly half of all domestic Hooters restaurants and over one-third of the locations worldwide.

Investors, LLC had a note receivable in the amount of $5,000,000 from HOA that was repaid at closing. Investors LLC then invested $3,550,000 in HOA LLC (approximately 3.1%) ($500,000 of which is the Company's share). One of the investors in Investors LLC that owned a $1,750,000 share is a direct investor in HOA LLC and will now carry its ownership in HOA LLC directly. The Company now owns approximately 14% of Investors LLC.

The Company received a payment of $400,000 at closing for its services in facilitating the acquisition. In addition, for a minimum of four years, the Company will receive annual payments of $100,000 due in January each year while Mr. Pruitt serves on its board.

Chanticleer Investors II, LLC

On July 31, 2006, the Company formed Investors II. Investors II began raising funds in January 2007 for the purpose of investing in publicly traded value securities and has now completed its fourth year of operations with $3,668,249 under management as of December 31, 2012. The Company announced its intention to exit this business on March 22, 2013.

Chanticleer Dividend Fund, Inc. ("CDF")

On November 10, 2010 the Company formed Chanticleer Dividend Fund, Inc. ("CDF") under the general corporation laws of the State of Maryland. CDF filed a registration statement under Form N-2 to register as a non-diversified, closed-end investment company in January 2011. The Company, through Advisors, will have a role in management of CDF when its registration statement becomes effective.

EMPLOYEES

At December 31, 2012 and December 31, 2011, we had 276 (242, 27 and 7 in South Africa, Hungary, and USA, respectively) and 95 (90 and 5 in South Africa and USA, respectively) full-time employees, respectively. Approximately 30 of our South African employees are represented by a labor union. We have experienced no work stoppage and believe that our employee relationships are good.

PROPERTIES

Effective August 1, 2010, the Company extended its office lease agreement for a period of one year at a monthly rental of $2,100, for its office located at 11220 Elm Lane, Suite 203, Charlotte, NC 28277. Since August 1, 2011, the lease has continued at the same rate on a month-to-month basis. On July 1, 2012, the Company signed a one year office lease agreement for a satellite office in Florida for one year at a monthly rate of $800; the lease is not being renewed upon its expiration in June, 2013.

Our office facilities are suitable and adequate for our business as it is presently conducted.

The Company leases the land and building for our four restaurants in South Africa through our subsidiaries. The leases are for five year terms and include options to extend the terms. We lease our restaurant facilities under “triple net” leases that require us to pay minimum rent, real estate taxes, maintenance costs and insurance premiums and, in some instances, percentage rent based on sales in excess of specified amounts.

LEGAL PROCEEDINGS

On October 12, 2012, Francis Howard ("Howard"), individually and on behalf of all others similarly situated, filed a lawsuit against Chanticleer Holdings, Inc. (the "Company"), Michael D. Pruitt, Eric S. Lederer, Michael Carroll, Paul I. Moskowitz, Keith Johnson (The "Individual Defendants"), Merriman Capital, Inc., Dawson James Securities, Inc. (The "Underwriter Defendants"), and Creason & Associates P.L.L.C. (The "Auditor Defendant"), in the U.S. District Court for the Southern District of Florida. The class action lawsuit alleges violations of Section 11 of the Securities Act against all Defendants, violations of Section 12(a)(2) of the Securities Act against only the Underwriter Defendants, and violations of Section 15 against the Individual Defendants. Howard seeks unspecified damages, reasonable costs and expenses incurred in this action, and such other and further relief as the Court deems just and proper. On October 15th, 2012, the Honorable Judge James I. Cohn filed an Order setting the Calendar Call for the case for June 13th, 2013, and the Trial Date for the trial period commencing on June 17th, 2013. On October 31st, 2012, the Company and the Individual Defendants retained Stanley Wakshlag at Kenny Nachwalter, P.A. to represent them in this litigation. Requests by the Underwriting Defendants for indemnification were denied. On November 2nd, 2012, we filed a Joint Motion to Extend Deadline to Respond to Class Action Complaint, requesting that our responsive pleading deadline be delayed until after a lead Plaintiff is named. That Motion was approved, and on December 12th, 2012, Howard filed a Motion to Appoint himself Lead Plaintiff and to Approve his selection of The Rosen Law Firm, P.A. as his Counsel. An Order appointing Francis Howard and the Rosen Law Firm as lead Plaintiff and lead Plaintiff's Counsel was entered on January 4, 2013. Therein, Judge Cohn also reset Calendar Call for October 10, 2013; trial was reset for the two-week period commencing October 15, 2013. On February 19, 2013, Plaintiff filed an Amended Complaint. On April 5, 2013, the Company, Individual Defendants, and the Auditor Defendant (separately) filed a Motion to Dismiss the action; Judge Cohn has yet to make a ruling on the Motions.

Given that the outcome of litigation is inherently uncertain, and the early stage of this class action, the Company can neither comment on the probability of potential liabilities, nor provide an estimate of such. This lawsuit is subject to inherit uncertainties and the actual costs to be incurred with the lawsuit depend upon many factors. We cannot be certain how long it will take to resolve this matter or be reasonably certain of its potential outcome. While the Company maintains insurance that may apply to this claim, we are uncertain as to whether proceeds of such insurance will be available to satisfy some or all of this claim. We have not established any reserves for any potential liability related to this lawsuit at this time.

On March 26, 2013, our South African operations received Notice of Motion filed in the Kwazulu-Natal High Court, Durban, Republic of South Africa, filed against Rolalor (PTY) LTD ("Rolalor") and Labyrinth Trading 18 (PTY) LTD ("Labyrinth") by Jennifer Catherine Mary Shaw ("Shaw"). Rolalor and Labyrinth were the original entities formed to operate the Johannesburg and Durban locations, respectively. On September 9, 2011, the assets and the then-disclosed liabilities of these entities were transferred to Tundraspex (PTY) LTD ("Tundraspex") and Dimaflo (PTY) LTD ("Dimaflo"), respectively. The current entities, Tundraspex and Dimaflo are not parties in the lawsuit. Shaw is requesting that the Respondents, Rolalor and Labyrinth, be wound up in satisfaction of an alleged debt owed in the total amount of R4,082,636.13 (approximately $442,189). The Company intends to vigorously defend itself in this matter.
Given that the outcome of litigation is inherently uncertain and the early stage of this action, the Company can neither comment on the probability of potential liabilities, nor provide an estimate of such.

On April 1, 2013, the Company received a subpoena from the Securities and Exchange Commission seeking information regarding our South African entities' previous accounting issues. The Company intends to comply as required.

GOVERNMENT REGULATION

The restaurant industry is subject to numerous federal, state and local governmental regulations, including those relating to the preparation and sale of food and alcoholic beverages, sanitation, public health, fire codes, zoning, and building requirements. Each restaurant requires appropriate licenses from regulatory authorities allowing it to sell liquor, beer and wine, and each restaurant requires food service licenses from local health authorities. Our licenses to sell alcoholic beverages must be renewed annually and may be suspended or revoked at any time for cause, including violation by us or our employees of any law or regulation pertaining to alcoholic beverage control, such as those regulating the minimum age of employees or patrons who may serve or be served alcoholic beverages, the serving of alcoholic beverages to visibly intoxicated patrons, advertising, wholesale purchasing and inventory control. In order to reduce this risk, restaurant employees are trained in standardized operating procedures designed to assure compliance with all applicable codes and regulations. In connection with our expansion into international markets, we are taking on additional responsibilities under the Foreign Corrupt Practices Act and similar local regulations. We will implement policies, procedures and training to ensure compliance with these regulations.

We and our partners are also subject to laws governing our relationship with employees. Our failure or the failure of our partners to comply with international, federal, state and local employment laws and regulations may subject us to losses and harm our brands. The laws and regulations govern such matters as wage and hour requirements; workers' compensation insurance; unemployment and other taxes; working and safety conditions, and citizenship and immigration status. Significant additional government-imposed regulations and similar laws related to minimum wages, overtime, rest breaks, paid leaves of absence, mandated health benefits, may also impact the performance of company and franchised operations. In addition, employee claims based on, among other things, discrimination, harassment, wrongful termination, wage and hour requirements, and payments to employees who receive gratuities may divert financial and management resources and adversely affect operations. The losses that may be incurred as a result of any violation of such governmental regulations by the us or our partners are difficult to quantify.

We are also subject to licensing and regulation by international, state and local departments relating to the service of alcoholic beverages, health, sanitation, and fire and safety standards. Compliance with these laws and regulations may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation.

COMPETITION

The restaurant industry is intensely competitive. We compete on the basis of the taste, quality and price of food offered, guest service, ambience, location, and overall dining experience. We believe that our attractive price-value relationship, the atmosphere of our restaurant, our focus on our guest and the quality and distinctive flavor of our food enable us to differentiate ourselves from our competitors. We believe we compete primarily with local and regional sports bars and national casual dining and quick casual establishments, and to a lesser extent with quick service restaurants such as wing-based take-out concepts. Many of our direct and indirect competitors are well-established national, regional or local chains and some have substantially greater financial and marketing resources than we do. We also compete with other restaurant and retail establishments for site locations and restaurant team members.

In our other business segments, we compete for clients with many other financial service and business advisory companies. The Companies we compete against may have widespread brand recognition and substantially greater resources and marketing capabilities than we have.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICER

The following section sets forth the names, ages and current positions with the Company held by the Directors, Executive Officers and Significant Employees as of December 31, 2012; together with the year such positions were assumed. There is no immediate family relationship between or among any of the Directors, Executive Officers or Significant Employees, and the Company is not aware of any arrangement or understanding between any Director or Executive Officer and any other person pursuant to which he was elected to his current position.

Each Director and Executive Officer will serve until he or she resigns or is removed or otherwise disqualified to serve or until his or her successor is elected. The Company currently has five Directors.

NAME	AGE	POSITION
Michael D. Pruitt	51	President, CEO and Director since June 2005
Eric S. Lederer	46	CFO since June 2012
Alex Hemingway	36	President of CRK since 2011
Gordon Jestin	45	COO of KPL since 2011
Darren Smith	31	CFO of KPL since 2012
Michael Carroll	63	Independent Director since June 2005
Rusty Page	70	Non-Independent Director since January 2013
Paul I. Moskowitz	55	Independent Director since April 2007
Keith Johnson	54	Independent Director since November 2009

Michael D. Pruitt

Michael Pruitt founded Avenel Financial Group, a boutique financial services firm concentrating on emerging technology company investments, in 1999. In 2001, he formed Avenel Ventures, a technology investment and private venture capital firm. In the late 1980s, Mr. Pruitt owned Southern Cartridge, Inc., which he eventually sold to MicroMagnetic, Inc., where he continued working as Executive Vice President and a Board member until Southern Cartridge was sold to Carolina Ribbon in 1992. From 1992 to 1996, Mr. Pruitt worked at Ty Pruitt Trucking, which was sold in 1996 to Priority Freight Systems. Between 1997 and 2000, Mr. Pruitt assisted several public and private companies in raising capital, recruiting management and preparing companies to go public or be sold, as a consultant. He was the CEO from 2002-2005, President and Chairman of the Board of Onetravel Holdings, Inc. (formerly RCG Companies), a publicly traded holding company formerly listed on the AMEX. Mr. Pruitt received a Bachelor of Arts degree from Coastal Carolina University in Conway, South Carolina, where he sits on the Board of Visitors of the Wall School of Business. Mr. Pruitt is currently a director of North American Energy Resources, Inc. and CEO and director of Efftec International, Inc.

Eric S. Lederer

Eric Lederer joined Chanticleer Holdings in February 2011 and was appointed CFO in June 2012. Prior to joining us, he served as Controller of PokerTek, Inc. (NASDAQ, PTEK), a licensed gaming company that develops and distributes electronic table games, since December 2005. Prior to PokerTek, Mr. Lederer was the Controller of OneTravel Holdings, Inc. (AMEX, OTV), a holding company primarily involved in the travel industry. Prior to OneTravel, Mr. Lederer worked as the Controller in privately-held companies in the entertainment industry and at a New York City CPA firm. Mr. Lederer received his B.S. in Accounting from Lehigh University. Mr. Lederer is a member of our Disclosure Committee

Alex Hemingway

Alex Hemingway brings domestic and international executive management experience to the team and a proven track record of success in the Central European QSR industry. Between 1999–2005, Alex was President and Chief Executive of Central European Franchise Group (“CEFG”), the owner and operator of the Pizza Hut and Kentucky Fried Chicken brands in Hungary as well as three local national brands. Both brands boasted the highest customer feedback scores in the region for YUM! Restaurants International. While managing CEFG, Mr. Hemingway was approached by Orient Rt., Central Europe’s largest restaurant company with 130+ operating units based in Budapest, to be its Chief Executive Officer. Between the two companies Alex has had over 180 units and 5000 people under his employ. Alex founded and served as the Director of the Fast Food Association of Hungary. He currently serves on the Board of Supervisors of the Budapest Honved Football Club and local charitable foundations.

Gordon Jestin

Gordon ("Gordie") Jestin trained in the restaurant industry as far back as 1993, completing openings, front-of-house trainings, and overall business practices. Mr. Jestin acquired a share in his first restaurant in 1995, having completed two years of work experience and management promotion. He then went on to own one of South Africa's most popular sports bars / restaurants, Cottonfields Umhlanga, and was the operating partner there until 2009 when the restaurant was transformed into the first Hooters restaurant in South Africa. Over the years, Mr. Jestin has acquired three other restaurants, one of which he still has a share in today as a silent partner. In 2009, Mr. Jestin joined the Hooters SA management company and was promoted to COO in October, 2011.

Darren Smith

Darren Smith has more than 7 years of financial accounting experience. He has worked for UBAC Management & Business Advisory from February until October 2012 as a Senior Associate; VEXX Media as their Financial Director for 3 years prior; and Grant Thornton Durban from March 2005 until February 2009 as a Senior Auditor and Audit Supervisor. Mr. Smith has expertise in leading the preparation of audited financial statements, drafting financial statements, designing systems of internal controls, and driving efficiency and productivity through supervision and monitoring of the financial team.

Michael Carroll

Michael Carroll currently owns and operates a sales and training consulting firm based in Richmond, Virginia. Mr. Carroll has also served as a director for OneTravel Holdings, Inc., formerly RCG Companies Incorporated, from January of 2004 until February 2005. He previously spent 22 years in the distribution business, 19 of which were in computer products distribution. In 1978, Mr. Carroll founded MicroMagnetic, Inc., a computer supply distribution company that he sold to Corporate Express in 1997. From 1997 to 1999, he was a division president at Corporate Express, a publicly traded business-to-business office products and service provider. He holds a Bachelor's Degree in Business Management from The College of William & Mary in Williamsburg, Virginia, and a Master's Degree in Business Administration from Virginia Commonwealth University. Mr. Carroll is a member of our Audit, Nominating and Compensation committees. Mr. Carroll was asked to serve as a Director based in part on his significant experience in the distribution business, as well as his general proven success in business.

Russell ("Rusty") Page

Rusty Page is a thirty-five year investor relations executive and is currently the founder and principal of Rusty Page & Company, a unique equity marketing and investor relations consulting firm. He also currently sits on the Board of Directors of The Diamond Hill Financial Trends Fund. Mr. Page previously served as Senior Managing Director of The NASDAQ Stock Market, as well as Senior Vice President and Equity Marketing Executive for NationsBank Corporation, the predecessor of Bank of America. Mr. Page has not yet been appointed to any Board Committee. Mr. Page was asked to serve as a Director based in part on his significant investor relations knowledge, Board membership experience, and familiarity with The NASDAQ Stock Market.

Paul I. Moskowitz

Paul Moskowitz is a Phi Beta Kappa of Vassar College and Cardozo Law School. Mr. Moskowitz was a co-founder and partner of a Jacobs and Moskowitz, a New York law firm specializing in corporate and real estate law. He became affiliated with The World Travel Specialist Group/The Lawyers' Travel Service ("WTSG/LTS") in 1988 and served as corporate counsel, representing the travel agency network in legal, real estate, and other business activities. In 1989, he joined WTSG full time as President and Chief Operating Officer until March 2003, with his primary responsibilities including day-to-day operations which encompassed WTSG's airline relationships and sales and marketing. Mr. Moskowitz led the growth of WTSG to one of the top 20 U.S. travel management firms with more than 90 offices throughout the U.S. Mr. Moskowitz is currently engaged as a consultant for another travel organization. Mr. Moskowitz is a member of our Audit, Compensation, and Nominating Committees. Mr. Moskowitz was asked to serve as a Director based in part on his significant legal experience and general proven success in business.

Keith Johnson

Keith Johnson currently serves as President of Efficiency Technologies, Inc., the wholly owned operating subsidiary of Efftec International, Inc. Prior to that he has been the President and Chief Executive Officer of YRT² (Your Residential Technology Team) in Charlotte, North Carolina, since 2004. Mr. Johnson served as Executive Vice President and Chief Financial Officer of The Telemetry Company in Dallas, Texas (1997-2004), Senior Vice President - Finance and Administration of Brinks Home Security in Dallas, Texas (1995-1997), and Chief Financial Officer of BAX Global in London, England (1992-1995). Mr. Johnson has a BS in accounting from Fairfield University in Fairfield, Connecticut. Mr. Johnson is the head of our Audit Committee, and a member of our Compensation and Nominating Committees. Mr. Johnson was asked to serve as Director based in part on his financial expertise and general proven success in business.

We believe that each of our directors' experience in business and financial matters qualifies them to serve as one of our directors.

Code of Ethics

The board of directors has adopted a code of ethics applicable to all directors, officers and employees, including our principal executive officer. A copy of the code of ethics is available at our website at www.chanticleerholdings.com.

EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors deliberates executive compensation matters to the extent they are not delegated to the Chief Executive Officer.

Summary Compensation Table

The following table shows the compensation of the Company's Chief Executive Officer, Chief Financial Officer, and each executive officer whose total cash compensation exceeded $100,000 for the year ended December 31, 2012.

ANNUAL COMPENSATION

Name and Principal Position	Year	Salary	Bonus	Total
Michael D. Pruitt (CEO since	2012	$ 204,000	$ 10,000	$ 214,000
June 2005)	2011	$ 168,000	$ -	$ 168,000
Eric S. Lederer (CFO since June 2012)	2012	$ 74,000	$ 6,000	$ 80,000
Alex Hemingway	2012	$ 200,004	$ -	$ 200,004

Required columns for stock awards, option awards, non-entity incentive plan compensation, change in pension value and nonqualified deferred compensation earnings and all other compensation are omitted from the table above as the amounts are all zero.

Options/SAR Grants Table

There were no grants of options or SARs during the year for the named individual.

Aggregated option/SAR exercises and fiscal year-end option/SAR value table.

There were no option/SAR exercises or any options/SARs outstanding at fiscal year-end for the named individual.

Long-term incentive plan ("LTIP") awards table

There were no LTIP awards during the year for the named individual.

Compensation of directors

Our directors each earned $4,250 for 2010 and none was earned or accrued in 2011 or 2012. The fees were approved by the Board and the 2010 fees were paid in 2011.

The Company intends to pay its Executives and Directors salaries, wages or fees commensurate with experience and industry standards in relationship to the success of the Company.

Employment contracts and termination of employment and changes in control arrangements

The Company does not have any current employment agreements with its officer or directors. The Company intends to pay its executives and directors salaries, wages, or fees commensurate with experience and industry standards in relationship to the success of the company.

The Company does not have any change in control arrangements.

Report on repricing of options/SARs

The Company has no options or SARs outstanding during 2012 or 2011, accordingly, none were repriced.

Director Independence

We undertook a review of the independence of our directors and, using the definitions and independence standards for directors provided in the rules of NASDAQ Capital Market, we determined that Michael Carroll, Paul Moskowitz and Keith Johnson are "independent directors" as defined under the rules of NASDAQ Capital Market.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

To the Company's knowledge, the following table sets forth information with respect to beneficial ownership of outstanding common stock as of April 17, 2013 by:

- ☐ each person known by the Company to beneficially own more than 5% of the outstanding shares of the Company's Common Stock;
- ☐ the Company's chief executive officer and chief financial officer;
- ☐ each of the Company's directors; and
- ☐ all of the Company's directors and its executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the U.S. Securities and Exchange Commission (the "SEC") and includes voting or investment power with respect to the securities as well as securities which the individual or group has the right to acquire within 60 days of the determination date. Unless otherwise indicated, the address for those listed below is c/o Chanticleer Holdings, Inc., 11220 Elm Lane, Suite 203, Charlotte, NC 28277. Except as indicated by footnote, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The number of shares of the Common Stock outstanding used in calculating the percentage for each listed person includes the shares of Common Stock underlying options or other convertible securities held by such persons that are exercisable within 60 days of April 17, 2013, but excludes shares of Common Stock underlying options or other convertible securities held by any other person. The number of shares of Common Stock issued as of April 17, 2013, was 3,698,896. Except as noted otherwise, the amounts reflected below are based upon information provided to the Company and filings with the SEC.

Name	Number of Shares of Common Stock Owned	Post-offering
ICS Opportunities, Ltd. (1)	444,444	11.3%
Michael D. Pruitt (2)	383,041	9.9%
Robert B. Prag (3)	393,117	9.9%
John Lemak/Sandor Capital/Sandor Advisors (4)	381,111	9.9%
Eric S. Lederer	375	*
Michael Carroll(5)	16,500	*
Russell (“Rusty”) Page (5)	3,000	*
Paul I. Moskowitz (5)	9,300	*
Keith Johnson (5)	3,000	*
Officers and Directors As a Group (6 Persons)	415,216	10.7%

* less than 1%

(1) ICS Opportunities, Ltd. maintains principal offices at 666 Fifth Avenue, New York, NY 10103. The amounts set forth in the table exclude additional shares underlying warrants issued in the Company’s June 2012 offering. This information is based solely on information in Schedule 13G.

(2) Includes 35,410 shares of common stock held by Avenel Financial Group, Inc., a corporation controlled by Michael D. Pruitt. The amounts set forth in the table excludes 207,000 additional shares underlying Class A Warrants and Class B Warrants owned by Mr. Pruitt, which warrants limit exercise to that number of shares that, when aggregated with the holder’s existing ownership of the Company’s common stock, would result in such holder, together with related persons or entities, owning more than 9.9% of the Company’s issued and outstanding common stock.

(3) Mr. Prag's address is 2455 El Amigo Road, Del Mar, CA 92014. The amounts set forth in the table include 115,550 shares of common stock owned by Mr. Prag, 16,158 shares of common stock owned by Del Mar Consulting Group, Inc. Retirement Plan Trust 9with respect to which Mr. Prag serves as Trustee), 91,985 Warrants (HOTRW) owned by Mr. Prag to acquire shares of HOTR Common Stock and 180,000 shares of common stock underlying Class A Warrants and Class B Warrants owned by Mr. Prag and Del Mar Consulting Group, Inc. Retirement Plan Trust, which warrants limit exercise to that number of shares that, when aggregated with the holder’s existing ownership of the Company’s common stock, would result in such holder, together with related persons or entities, owning more than 9.9% of the Company’s issued and outstanding common stock. This information is based solely on information in Schedule 13G.

(4) John S. Lemak has investment and voting control over the securities held by Sandor Capital Master Fund LP. Sandor maintains principal offices at 2828 Routh Street, Suite 500, Dallas, TX 75201. The amounts set forth in the table include 174,772 shares of common stock owned by Sandor, 24,700 shares of common stock owned by John S. Lemak and 98,728 shares of common stock underlying Class A Warrants owned by Sandor. The amounts set forth in the table exclude additional shares underlying Class A Warrants and Class B Warrants owned by Sandor and John S. Lemak, which warrants limit exercise to that number of shares that, when aggregated with the holder's existing ownership of the Company's common stock, would result in such holder, together with related persons or entities, owning more than 9.9% of the Company's issued and outstanding common stock. This information is based solely on information in Schedule 13G.

(5) Includes Class A and Class B warrants as follows:

	Shares Owned	Class A Warrants	Class B Warrants	Total
Michael Carroll	5,500	5,500	5,500	16,500
Rusty Page	1,000	1,000	1,000	3,000
Paul I. Moskowitz	3,100	3,100	3,100	9,300
Keith Johnson	1,000	1,000	1,000	3,000

DESCRIPTION OF SECURITIES

Common Stock

We are authorized to issue 20,000,000 shares of common stock, holders of common stock are each entitled to cast one vote for each share held of record on all matters presented to shareholders. Cumulative voting is not allowed; hence, the holders of a majority of our outstanding shares of common stock can elect all directors.

Holders of common stock are entitled to receive such dividends as may be declared by our Board out of funds legally available and, in the event of liquidation, to share pro rata in any distribution of our assets after payment of liabilities. Our directors are not obligated to declare a dividend. It is not anticipated that dividends will be paid in the foreseeable future.

Holders of common stock do not have preemptive rights to subscribe to any additional shares we may issue in the future. There are no conversion, redemption, sinking fund or similar provisions regarding the common stock. All outstanding shares of common stock are fully paid and nonassessable.

Warrants

The warrants are exercisable at any time after they become quoted separately until June 21, 2017. The exercise price of a warrant is $5.00. The warrants are redeemable at our option for $.01 per warrant upon 30 days' prior written notice, at any time after the VWAP of our common stock is equal to or greater than $7.75 per share for at least twenty (20) consecutive trading days. The warrants may only be redeemed if we have a current and effective registration statement available covering the exercise of the warrants.

We will send a written notice of redemption to holders of the warrants at their last known address appearing on the registration records maintained by the warrant agent. No other form of notice or publication is required. If we call the warrants for redemption, the holders of the warrants will then have to decide whether to sell the warrants, exercise them before the close of business on the business day preceding the specified redemption date or hold them for redemption.

We will make adjustment to the exercise price and the number of shares of common stock purchasable upon exercise of the warrants if certain events occur including stock dividends, stock splits, combinations, and reclassifications of our common stock.

If we merge or consolidate with another corporation, or if we sell our assets as an entirety or substantially as an entirety to another corporation, we will make provisions so that the warrant holders will be entitled to receive upon exercise of the warrant the kind and number of securities, cash or other property that would have been received as a result of the transaction by a person who was a stockholder immediately before the transaction and who owned the same number of shares of common stock for which the warrant was exercisable immediately before the transaction. No adjustment to the warrants will be made, however, if a merger or consolidation does not result in a reclassification or change in our outstanding stock.

Other Warrants

During the third quarter of 2011, we issued warrants having a subscription price of $0.08 which entitled our shareholders to acquire one Class A Warrant which would entitle the holder to acquire one share of our common stock for $5.50 and one Class B Warrant which would entitle the holder to acquire one share of our common stock for $7.00. The warrants have a five year life. At December 31, 2012, the Company had issued 1,097,254 Class A and Class B warrants.

On August 10, 2011, we issued two warrants to the shareholder who collateralized the Company's $2,000,000 line of credit. The Class A Warrant is for 100,000 shares exercisable at $5.50 per share for 10 years and the Class B Warrant is for 112,500 shares exercisable at $7.00 per share for 10 years.

Anti-Takeover Effects of Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws

We are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Subject to certain exceptions, the statute prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after 'the date of the transaction in which the person became an interested stockholder unless:

- prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (1) by persons who are directors and also officers and (2) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

For purposes of Section 203, a "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the date of determination whether the person is an "Interested Stockholder" did own, 15% or more of the corporation's voting stock.

In addition, our authorized but unissued shares of common stock and preferred stock are available for our board to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions and employee benefit plans The existence of our authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or other transaction. Our authorized but unissued shares may be used to delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. The board of directors is also authorized to adopt, amend or repeal our bylaws which could delay, defer or prevent a change in control.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for our common stock and warrant agent is Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034, phone (469) 633-0101.

LEGAL MATTERS

The validity of the securities offered in this prospectus will be passed upon for us by Roetzel & Andress LPA, Fort Lauderdale, Florida.

EXPERTS

The financial statements of Chanticleer Holdings, Inc. as of December 31, 2012 and for the year ended December 31, 2012, have been included herein and in the registration statement in reliance upon the report of Marcum LLP, independent registered public accounting firm, appearing elsewhere herein, and upon authority of said firm as experts in accounting and auditing.

The financial statements of Chanticleer Holdings, Inc. as of December 31, 2011 and for the year ended December 31, 2011, have been included herein and in the registration statement in reliance upon the report of Creason Associates, P.L.L.C., independent registered public accounting firm, appearing elsewhere herein, and upon authority of said firm as experts in accounting and auditing.

The financial statements of the South African Subsidiaries of Chanticleer Holdings, Inc. as of December 31, 2011 and for the period from October 1, 2011 through December 31, 2011 have not been included separately herein but included as part of the consolidated financial statements of Chanticleer Holdings, Inc., in reliance upon the report of Marcum LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and other reports, proxy statements and other information with the SEC. Anyone may inspect a copy of the registration statement or any other reports we file, without charge at the public reference facility maintained by the Securities and Exchange Commission at 100 F Street, N.E., Room 1580, Washington, DC 20549. Copies of all or any part of the registration statement may be obtained from that facility upon payment of the prescribed fees. The public may obtain information on the operation of the public reference room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains a website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the Securities and Exchange Commission.

You can find additional information concerning us on our website http://www.chanticleerholdings.com. Information contained on, or linked from, our website is not and should not be considered a part of this prospectus.

CHANTICLEER HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the
Board of Directors and Shareholders
of Chanticleer Holdings, Inc.

We have audited the accompanying consolidated balance sheet of Chanticleer Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2012, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chanticleer Holdings, Inc. and Subsidiaries, as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America .

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum llp

New York, NY
April 2, 2013

CREASON & ASSOCIATES, P.L.L.C.
7170 S. Braden Ave., Suite 100
Tulsa, Oklahoma 74136

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of
The Board of Directors and Stockholders of
Chanticleer Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Chanticleer Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2011, and the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the year ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Kiarabrite (Pty) Ltd, Dimaflo (Pty) Ltd, Tundraspex (Pty) Ltd, Civisign (Pty) Ltd, Dimalogix (Pty) Ltd, and Chanticleer & Shaw Foods (Pty) Ltd. (collectively referred to as the South Africa Operations), wholly-owned and majority-owned subsidiaries, which statements reflect total assets and revenues constituting 45 percent and 66 percent, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Africa Operations, is based solely on the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit and the audit report of the other auditors provide a reasonable basis for our opinion.

As discussed in Note 17 to the consolidated financial statements, the Company has restated its consolidated financial statements as of December 31, 2011, and for the year then ended.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chanticleer Holdings, Inc. and Subsidiaries as of December 31, 2011, and the consolidated results of their operations and their cash flows for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Chanticleer Holdings, Inc. and Subsidiaries will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, Chanticleer Holdings, Inc. has incurred substantial net losses and negative cash flows from operations for the past several years, along with negative working capital. In addition, the Company has future plans that may require substantial financial obligations. There can be no assurance that the Company will be able to generate sufficient cash revenues to fund its current operations and fulfill its future commitments. These conditions raise substantial doubt about Chanticleer Holdings, Inc. and Subsidiaries' ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

/s/ Creason & Associates, P.L.L.C.
Tulsa, Oklahoma
April 3. 2012 (Except for the effects of the restatement as discussed in Note 17 to the 2011 consolidated financial statements, which are dated December 4, 2012)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the
Board of Directors and Shareholders
Chanticleer Holdings, Inc.

We have audited the accompanying combined balance sheet of South African Subsidiaries of Chanticleer Holdings, Inc. (the "Company") as of December 31, 2011, and the related combined statements of operations, changes in equity and cash flows for the period from October 1, 2011 through December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South African Subsidiaries of Chanticleer Holdings, Inc., as of December 31, 2011, and the results of its operations and its cash flows for the period from October 1, 2011 through December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ Marcum llp

New York, NY
December 4, 2012

Chanticleer Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets:		
Cash	$ 1,248,274	$ 165,129
Accounts receivable	161,073	108,714
Other receivable	85,473	42,109
Inventory	227,023	105,073
Due from related parties	137,763	76,591
Prepaid expenses	170,769	144,347
TOTAL CURRENT ASSETS	2,030,375	641,963
Property and equipment, net	2,316,146	1,505,059
Goodwill	396,487	396,487
Intangible assets, net	559,832	325,084
Investments at fair value	56,949	318,353
Other investments	2,116,915	1,582,148
Deposits and other assets	169,727	29,605
TOTAL ASSETS	$ 7,646,431	$ 4,798,699
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and notes payable	$ 236,110	$ 1,171,855
Convertible notes payable	-	1,625,000
Accounts payable and accrued expenses	1,122,633	478,005
Other current liabilities	361,586	330,607
Current maturities of capital leases payable	27,965	41,590
Deferred rent	10,825	43,225
Due to related parties	13,733	30,204
TOTAL CURRENT LIABILITIES	1,772,852	3,720,486
Capital leases payable, less current maturities	60,518	85,853
Deferred rent	98,448	7,162
Other liabilities	186,060	263,321
Long-term debt, less current maturities	-	236,109
TOTAL LIABILITIES	2,117,878	4,312,931
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock: $0.0001 par value; authorized 20,000,000 and 200,000,000 shares; issued 3,698,896 shares and 1,506,061 shares; and outstanding 3,698,896 and 1,249,446 shares at December 31, 2012 and 2011, respectively	370	151
Additional paid in capital	14,898,423	6,459,656
Other comprehensive (loss) income	(181,741)	50,650
Non-controlling interest	70,198	593,863
Accumulated deficit	(9,258,697)	(6,092,132)
Less treasury stock, 256,615 shares at December 31, 2011	-	(526,420)
	5,528,553	485,768
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,646,431	$ 4,798,699

See accompanying notes to consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Restaurant sales, net	$ 6,752,323	$ 980,247
Management fee income - non-affiliates	100,000	493,167
Management fee income - affiliates	30,743	3,235
Total revenue	6,883,066	1,476,649
Expenses:		
Restaurant cost of sales	2,761,949	504,971
Restaurant operating expenses	3,785,034	598,225
Restaurant pre-opening expenses	204,126	-
General and administrative expense	2,618,368	1,249,749
Depreciation and amortization	383,454	79,542
Total expenses	9,752,931	2,432,487
Loss from operations	(2,869,865)	(955,838)
Other income (expense)		
Equity in earnings (losses) of investments	(14,803)	(76,113)
Realized (losses) gains from sales of investments	(16,598)	94,353
Interest and other income	864	5,017
Interest expense	(474,926)	(183,467)
Other than temporary decline in available-for-sale securities	-	(147,973)
Total other expense	(505,463)	(308,183)
Net loss before income taxes	(3,375,328)	(1,264,021)
Provision for income taxes	19,205	-
Net loss before non-controlling interest	(3,394,533)	(1,264,021)
Non-controlling interest	227,968	101,307
Net loss	(3,166,565)	(1,162,714)
Other comprehensive loss:		
Unrealized loss on available-for-sale securities (none applies to non-controlling interest)	(261,404)	(13,005)
Foreign translation gains (losses)	29,013	(4,372)
Other comprehensive loss	$ (3,398,956)	$ (1,180,091)
Net loss per share, basic and diluted	$ (1.25)	$ (0.98)
Weighted average shares outstanding	2,541,696	1,185,018

See accompanying notes to consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years ended December 31, 2012 and 2011

	Common Stock							
	Shares	Par	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Accumulated Deficit	Treasury Stock	Total
Balance, January 1, 2011	1,285,959	$ 129	$ 5,456,195	$ 68,027	$ 24,175	$ (4,929,418)	$ (536,683)	$ 82,425
Common stock issued for:								
Convertible notes payable and accrued interest	206,143	21	731,066	-	-	-	-	731,087
Services	13,875	1	74,572	-	-	-	-	74,573
Cash	84	-	500	-	-	-	-	500
Available-for-sale securities contributed by CEO	-	-	125,331	-	-	-	-	125,331
Warrants sold, net	-	-	20,608	-	-	-	-	20,608
Amortize warrants	-	-	35,247	-	-	-	-	35,247
Sell treasury stock	-	-	16,137	-	-	-	10,263	26,400
Available-for-sale securities	-	-	-	(13,005)	-	-	-	(13,005)
Non-controlling interest	-	-	-	-	670,995	-	-	670,995
Foreign translation loss	-	-	-	(4,372)	-	-	-	(4,372)
Net loss	-	-	-	-	(101,307)	(1,162,714)	-	(1,264,021)
Balance, December 31, 2011	1,506,061	$ 151	$ 6,459,656	$ 50,650	$ 593,863	$ (6,092,132)	$ (526,420)	$ 485,768
Common stock issued for:								
Services	5,000	1	32,399	-	-	-	-	32,400
Conversion of notes payable and accrued interest	423,828	42	1,907,196	-	-	-	-	1,907,238
Purchase of non-controlling interest	219,248	22	986,651	-	(986,651)	-	-	22
Acquisition of non-controlling interest for cash	-	-	-	-	(490,615)	-	-	(490,615)
Reclassification of non-controlling interest	-	-	(1,181,569)	-	1,181,569	-	-	-
Cash, net of expenses	1,801,374	180	7,051,284	-	-	-	-	7,051,464
Available-for-sale securities	-	-	-	(261,404)	-	-	-	(261,404)
Amortize warrants	-	-	169,200	-	-	-	-	169,200
Foreign translation gain	-	-	-	29,013	-	-	-	29,013
Treasury stock cancelled	(256,615)	(26)	(526,394)	-	-	-	526,420	-
Net loss	-	-	-	-	(227,968)	(3,166,565)	-	(3,394,533)
Balance, December 31, 2012	3,698,896	$ 370	$ 14,898,423	$ (181,741)	$ 70,198	$ (9,258,697)	$ -	$ 5,528,553

See accompanying notes to consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Net loss	$ (3,394,533)	$ (1,264,021)
Adjustments to reconcile net loss to net cash used in operating activities:		
Other than temporary decline in value of available-for-sale securities	-	147,973
Bad debt expense - related party	-	750
Consulting and other services rendered in exchange for investment securities	-	(1,500)
Depreciation and amortization	383,454	79,542
Equity in (earnings) loss of investments	14,803	76,113
Common stock issued for services	32,400	74,573
Loss (gain) on sale of investments	16,598	(94,353)
Revaluation of equity investment prior to acquisitions	-	74,362
Amortization of warrants	169,201	35,247
Increase in amounts due from affiliate	(77,643)	(54,217)
Increase in accounts receivable	(52,359)	(81,528)
Increase in other receivable	(43,364)	(42,109)
Increase in prepaid expenses and other assets	(125,368)	(58,690)
Increase in inventory	(121,950)	(36,676)
Increase (decrease) in accounts payable and accrued expenses	785,965	(30,701)
Increase in deferred rent	58,886	20,308
Decrease in deferred revenue	-	(1,750)
Net cash used by operating activities	(2,353,910)	(1,156,677)
Cash flows from investing activities:		
Proceeds from sale of investments	-	190,325
Investment distribution	-	8,140
Purchase of investments	(1,202,936)	(1,502,247)
Franchise costs	(239,684)	(75,000)
Purchase of property and equipment	(1,173,801)	(219,811)
Treasury stock proceeds	-	26,400
Net cash used by investing activities	(2,616,421)	(1,572,193)
Cash flows from financing activities:		
Proceeds from sale of common stock	7,051,464	500
Proceeds from sale of common stock warrants, net	-	20,608
Loan proceeds	2,915,000	2,790,000
Loan repayment	(3,939,098)	(7,036)
Capital lease payments	(45,814)	(13,970)
Non-controlling interest investment	90,000	-
Other liabilities	(46,282)	62,262
Net cash provided by financing activities	6,025,270	2,852,364
Effect of exchange rate changes on cash	28,206	(4,372)
Net increase in cash and cash equivalents	1,083,145	119,122
Cash, beginning of year	165,129	46,007
Cash, end of year	$ 1,248,274	$ 165,129

See accompanying notes to consolidated financial statements.

Chanticleer Holdings, Inc. and Subsidiaries
Consolidated Statements of Cash Flows, continued
For the Years Ended December 31, 2012 and 2011

	2012	2011
Supplemental cash flow information:		
Cash paid for interest and income taxes:		
Interest	$ 273,468	$ 101,479
Income taxes	-	-
Non-cash investing and financing activities:		
Due to related party exchanged for convertible note payable	$ -	$ 25,000
Convertible notes payable exchanged for common stock	1,907,238	711,500
Common stock issued for Hoot limited partner units	986,651	-
Accrued interest exchanged for common stock	-	10,000
Investment contributed by the Company's CEO	-	125,331
Common stock issued for prepaid consulting contract	-	44,850
Acquisition of subsidiaries:		
Current assets, excluding cash and cash equivalents	$ -	$ 138,801
Property and equipment and intangible assets	-	1,985,799
Total assets excluding cash and cash equivalents	-	2,124,600
Liabilities assumed	-	953,917
Non-controlling interest	-	645,436
Prior investment of the Company	-	320,247
	-	1,919,600
Purchase price, net assets acquired - cash paid	$ -	$ 205,000

See accompanying notes to consolidated financial statements.

1. NATURE OF BUSINESS

ORGANIZATION

Chanticleer Holdings, Inc. (the "Company") was organized October 21, 1999, under its original name, Tulvine Systems, Inc., under the laws of the State of Delaware. The Company previously had limited operations and was considered a development stage company until July 2005. On April 25, 2005, the Company formed a wholly owned subsidiary, Chanticleer Holdings, Inc. On May 2, 2005, Tulvine Systems, Inc. merged with and changed its name to Chanticleer Holdings, Inc.

The consolidated financial statements include the accounts of Chanticleer Holdings, Inc. and its subsidiaries, Chanticleer Advisors, LLC, ("Advisors"), Avenel Ventures, LLC ("Ventures"), Avenel Financial Services, LLC ("AFS"), Chanticleer Holdings Limited ("CHL"), Chanticleer Holdings Australia Pty, Ltd. ("CHA"), Chanticleer Investment Partners, LLC ("CIP"), DineOut SA Ltd. ("DineOut"), Chanticleer and Shaw Foods (Pty) Ltd. ("C&S"), Kiarabrite (Pty) Ltd ("KPL"), Dimaflo (Pty) Ltd ("DFLO"), Tundraspex (Pty) Ltd ("TPL"), Civisign (Pty) Ltd ("CPL") and Dimalogix (Pty) Ltd ("DLOG") (collectively referred to as "the Company," "we," "us," or "the Companies"). All significant inter-company balances and transactions have been eliminated in consolidation.

Effective May 11, 2012, the Company's common stock was reverse split, 1 share for each 2 shares issued, pursuant to a majority vote of the Company's shareholders. All share references have been adjusted as if the split occurred in to all periods presented.

Information regarding the Company's subsidiaries is as follows:

- Advisors was formed as a wholly owned Nevada Limited Liability Company on January 18, 2007 to manage related companies, Chanticleer Investors, LLC ("Investors LLC"), Chanticleer Investors II, LLC ("Investors II") and other investments owned by the Company (the Company announced its intention to exit this business on March 22, 2013, see Note 16, Subsequent Events for further details);

- Ventures was formed as a wholly owned Nevada Limited Liability Company on December 24, 2008 to provide business management and consulting services to its clients;

- CHL was formed as a wholly owned Limited Liability Company in Jersey on March 24, 2009 to own the Company's initial 50% interest in Hooters SA, GP, the general partner of the Hooters restaurant franchises in South Africa;

- CHA was formed on September 30, 2011 in Australia as a wholly owned subsidiary to invest in Hooters restaurants in Australia;

- CIP was formed as a wholly owned North Carolina limited liability company on September 20, 2011. CIP was formed to manage separate and customized investment accounts for investors. The Company has registered CIP as a registered investment advisor so that it can market openly to the public (the Company plans to exit this business during the first quarter of 2013);

- DineOut was formed as a Private Limited Liability Company in England and Wales on October 29, 2009 to raise capital in Europe (the Company owns approximately 89% of DineOut at December 31, 2012);

- KPL was formed on August 30, 2011 in South Africa to manage the Hooters restaurants in South Africa. The Company owns 90% and local management owns 10% at December 31, 2012;

- C&S was formed in 2009 in South Africa, effective October 1, 2011 is owned 100% by the Company, and holds the Hooters of America ("HOA") franchise rights in South Africa;

- DFLO was formed on August 16, 2011 in South Africa, is owned 82% by the Company and 18% by outside investors at December 31, 2012, and owns the Hooters restaurant in Durban, South Africa;

- TPL was formed on August 18, 2011in South Africa, is owned 88% by the Company and 12% by outside investors at December 31, 2012, and owns the Hooters restaurant in Johannesburg, South Africa;

- CPL was formed on August 29, 2011 in South Africa, is owned 90% by the Company and 10% by outside investors at December 31, 2012 and owns the Hooters restaurant in Cape town, South Africa;

- DLOG was formed on August 27, 2011 in South Africa, is owned 88% by the Company and 12% by outside investors at December 31, 2012 and owns the Hooters restaurant in the Emperor's Palace in Johannesburg, South Africa;

- CRK was formed on October 12, 2011 in Hungary, is owned 80% by the Company and 20% by a local investor at December 31, 2012 and is intended to own restaurants in Hungary and Poland; and

- AFS was formed on February 19, 2009 as a Nevada Limited Liability Company to provide unique financial services to the restaurant, real estate development, investment advisor/asset management and philanthropic organizations. AFS's business operation was not activated and was discontinued in September 2011.

GOING CONCERN

At December 31, 2012 and 2011, the Company had current assets of $2,030,375 and $641,963; current liabilities of $1,772,852 and $3,720,486; and a working capital balance (deficit) of $257,523 and $(3,078,523), respectively. The Company incurred a loss of $3,166,565 during the year ended December 31, 2012 and had an unrealized loss from available-for-sale securities of $261,404 and foreign currency translation gains of $29,013, resulting in a comprehensive loss of $3,398,956.

The Company's corporate general and administrative expenses averaged approximately $650,000 per quarter during 2012. The Company expects costs to increase as we expand our footprint internationally in 2013, offset by one-time costs incurred in the fourth quarter of 2012 of approximately $150,000 for professional fees related to our South African subsidiaries. In addition, as announced in March 2013, we will be exiting operating our investment management subsidiary which we believe will save us approximately $50,000 per quarter starting with the second quarter of 2013. Effective October 1, 2011, the Company acquired majority control of the restaurants in South Africa and began consolidating these operations. In August 2012, the Company opened a restaurant in Budapest, Hungary, and shares 80% of the profits. The Company also shares 49% of the profits in our Hooters location opened in January 2012 in Campbelltown, Australia, a suburb of Sydney.

In addition, the Company has a note with a balance at December 31, 2012 of $236,110 owed to its bank which is due in August 2013 The Company's South African subsidiaries have bank overdraft and term facilities of $361,586. The Company plans to continue to use limited partnerships, if the Company's contemplated raise is not completed or not fully subscribed, to fund its share of costs for additional Hooters restaurants.

On January 31, 2013, the Company settled outstanding liabilities of $170,686 from a South African bank, previously presented in our consolidated balance sheets in "other liabilities". Upon making a payment of $98,578, the Company received a release from all other bank liabilities, resulting in a total gain on extinguishment of debt of $72,108, which will be presented in our March 31, 2013 10-Q filing as other income.

The Company expects to meet its obligations in 2013 with some or all of the following:

- The Company received $100,000 in January 2013 as a fee for its CEO to be a board member of Hooters of America and expects to continue to receive this fee for the next three years based on the current agreement;
- Borrow, if and to the extent available, additional funds;
- Form joint ventures or other financing vehicles.

If the above events do not occur or if the Company does not raise sufficient capital, substantial doubt about the Company's ability to continue as a going concern exists. These consolidated financial statements do not reflect any adjustments that might result from the outcome of these uncertainties.

2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the valuation of the investments in portfolio companies and deferred tax asset valuation allowances. Actual results could differ from those estimates.

REVENUE RECOGNITION

Restaurant Net Sales

We record revenue from restaurant sales at the time of sale, net of discounts. Sales revenues are presented net of sales and value added (VAT) taxes. Cost of sales primarily includes the cost of food, beverages, and merchandise and disposable paper and plastic goods used in preparing and selling our menu items, and excludes depreciation and amortization.

Management Fee Income

The Company receives revenue from management fees from both affiliated companies and non-affiliated companies. Our revenue recognition policy provides that revenue is generally realized or realizable and earned when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed or determinable; and
- Collectability is reasonably assured.

We may collect revenue in both cash and in the equity securities of the company to whom we are providing services. Typically when we are paid cash for services, it is based on a monthly fee and is recorded when earned. When we receive equity securities for our management services, we generally receive the securities in advance for our services to be earned over the life of the contract, generally one year. We value these securities and defer recognition of the revenue over the life of the management contract.

The fair value of the equity instruments received was determined based upon the stock prices as of the date we reached an agreement with the third party and is not subject to adjustment after the measurement date.

RESTAURANT PRE-OPENING EXPENSES

Restaurant pre-opening expenses, which are expensed as incurred, consist of the costs of hiring and training the initial hourly work force for each new restaurant, travel, the cost of food and supplies used in training, grand opening promotional costs, the cost of the initial stocking of operating supplies and other direct costs related to the opening of a restaurant, including rent during the construction and in-restaurant training period.

ACCOUNTS RECEIVABLE

The Company monitors its exposure for credit losses on its receivable balances and the credit worthiness of its receivables on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based upon specific customer and other balances, where a risk of default has been identified, and also include a provision for non-customer specific defaults based upon historical experience. As of December 31, 2012 and December 31, 2011, the Company has not recorded an allowance for doubtful accounts. If circumstances related to specific customers change, estimates of the recoverability of receivables could also change.

INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out method) or market, and consist primarily of restaurant food items and supply inventory.

OPERATING LEASES

The Company leases certain property under operating leases. Many of these lease agreements contain rent holidays, rent escalation clauses and/or contingent rent provisions. Rent expense is recognized on a straight-line basis over the expected lease term, including cancelable option periods when failure to exercise such options would result in an economic penalty. In addition, the rent commencement date of the lease term is the earlier of the date when we become legally obligated for the rent payments or the date when we take access to the property or the grounds for build out.

MARKETABLE EQUITY SECURITIES

Available-for-sale securities

The Company's investments in marketable equity securities which are classified as available-for-sale are carried at fair value. Investments available for current operations are classified in the consolidated balance sheets as current assets; investments held for long-term purposes are classified as non-current assets. Unrealized gains and losses, net of tax, are reported in other comprehensive income as a separate component of stockholders' equity. Gains and losses are reported in the consolidated statements of operations when realized, determined based on the disposition of specifically identified investments, using a first-in, first-out method.

Investments identified by the Company as being potentially impaired are subject to further analysis to determine if the impairment is other than temporary. Other than temporary declines in market value from original costs are charged to investment and other income, net, in the period in which the loss occurs. In determining whether investment holdings are other than temporarily impaired, the Company considers the nature, cause, severity and duration of the impairment.

OTHER INVESTMENTS

Investments in which the Company has the ability to exercise significant influence and that, in general, are at least 20 percent owned are stated at cost plus equity in undistributed net earnings (loss), less distributions received. The Company also has equity investments in which it owns less than 20% which are stated at cost. An impairment loss would be recorded whenever a decline in the value of an equity investment or cost investment is below its carrying amount and is determined to be other than temporary. In judging "other than temporary," the Company considers the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and long-term operating and financial prospects of the investee, and the Company's long-term intent of retaining the investment in the investee.

FAIR VALUE MEASUREMENTS

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets.
Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
Level 3 Significant inputs to the valuation model are unobservable.

We maintain policies and procedures to value instruments using the best and most relevant data available. Our investment committee reviews and approves all investment valuations.

Our available-for-sale equity securities are all valued using Level 1 inputs or Level 2 inputs.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company is required to disclose fair value information about financial instruments when it is practicable to estimate that value. The carrying amounts of the Company's cash, accounts receivable, inventory, accounts payable, accrued expenses, other current liabilities, convertible notes payable and notes payable approximate their estimated fair value due to the short-term maturities of these financial instruments and because related interest rates offered to the Company approximate current rates.

FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets (generally five and seven years). The carrying amount of all long-lived assets is evaluated periodically to determine if adjustment to the depreciation and amortization period or the unamortized balance is warranted. Based upon its most recent analysis, the Company believes that no impairment of property and equipment exists at December 31, 2012 and 2011. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

INTANGIBLE ASSETS

Goodwill

Generally accepted accounting principles in the United States require the Company to perform a goodwill impairment test annually and more frequently when negative conditions or a triggering event arise. In September 2011, the FASB issued amended guidance that simplified how entities test goodwill for impairment. After an assessment of certain qualitative factors, if it is determined to be more likely than not that the fair value of a reporting unit is less than its carrying amount, entities must perform the quantitative analysis of the goodwill impairment test. Otherwise, the quantitative test(s) become optional. As provided for under the amended guidance, the Company chose not to assess the qualitative factors of its reporting units and, instead, performed the quantitative tests.

Franchise Cost

Intangible assets are recorded for the initial franchise fees for our restaurants. The Company amortizes these amounts over a 20 year periods, which is the life of the franchise agreement.

INCOME TAXES

Deferred income taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company has provided a valuation allowance for the full amount of the deferred tax assets.

As of December 31, 2012 and 2011 the Company had no accrued interest or penalties relating to any tax obligations. The Company currently has no federal or state examinations in progress, nor has it had any federal or state tax examinations since its inception. The last three years of the Company's tax years are subject to federal and state tax examination.

STOCK-BASED COMPENSATION

The compensation cost relating to share-based payment transactions (including the cost of all employee stock options) is required to be recognized in the financial statements. That cost is measured based on the estimated fair value of the equity or liability instruments issued. A wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans are included. The Company’s financial statements would include an expense for all share-based compensation arrangements granted on or after January 1, 2006 and for any such arrangements that are modified, cancelled or repurchased after that date based on the grant-date estimated fair value.

As of December 31, 2012 and 2011, there were no options outstanding. See Note 11 regarding outstanding warrants.

LOSS PER COMMON SHARE

The Company is required to report both basic earnings per share, which is based on the weighted-average number of common shares outstanding, and diluted earnings per share, which is based on the weighted-average number of common shares outstanding plus all potentially dilutive shares outstanding. At December 31, 2012 and 2011, there are no potentially dilutive shares outstanding. Accordingly, no common stock equivalents are included in the loss per share calculations and basic and diluted earnings per share are the same for all periods presented.

FOREIGN CURRENCY TRANSLATION

Adjustments resulting from the process of translating foreign functional currency financial statements into U.S. dollars are included in accumulated other comprehensive income in common stockholders’ equity. Foreign currency transaction gains and losses are included in current earnings. Most of our foreign operations use their local currency as the functional currency.

COMPREHENSIVE INCOME

Standards for reporting and displaying comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. We are required to (a) classify items of other comprehensive income by their nature in financial statements, and (b) display the accumulated balance of other comprehensive income separately in the equity section of the balance sheet for all periods presented.

CONCENTRATION OF CREDIT RISK

Cash is maintained at financial institutions, which at times, may exceed the FDIC insurance limit.

RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements at December 31, 2011 and for the periods then ended to conform to the December 31, 2012 presentation. The reclassifications had no effect on net loss.

RECENT ACCOUNTING PRONOUNCEMENTS

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. At March 28, 2013, none of these pronouncements are expected to have a material effect on the financial position, results of operations or cash flows of the Company.

On July 27, 2012, the FASB issued Accounting Standards Update No. 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. The Update simplifies the guidance for testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill. Examples of intangible assets subject to the guidance include indefinite-lived trademarks, licenses, and distribution rights. The amendment allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is "more likely than not" that the asset is impaired. Under former guidance, an organization was required to test an indefinite-lived intangible asset for impairment on at least an annual basis by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeded its fair value, an impairment loss was recognized in an amount equal to the difference. The amendments in this Update are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company is currently evaluating the impact of this Update, but does not expect the Update to have a material impact on the consolidated financial statements.

On February 5, 2013, the FASB issued Accounting Standards Update No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The standard is intended to improve the reporting of reclassifications out of accumulated other comprehensive income of various components. The Update requires an entity to present, either parenthetically on the face of the financial statements or in the notes, significant amounts reclassified, from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The amendments in this Update are effective for annual and interim periods beginning after December 15, 2012. The Company will adopt this amendment for the March 31, 2013 interim period financial statements.

3. ACQUISITION OF MAJORITY OWNED HOOTERS RESTAURANTS

Effective October 1, 2011, the Company acquired majority ownership of a management company, a company that owns the HOA franchise rights for the territory of South Africa, and four Hooters restaurants in South Africa. Previously, the Company owned a minority interest in the restaurants and was not in control and these operations were accounted for using the equity method of accounting. New entities were formed for the operations and the Company's ownership at December 31, 2012 is as follows: KPL 90%, DFLO 82%, TPL 88%, CPL 90%, C&S 100% and DLOG 88%. The restaurant owned by DFLO in Durban opened in January 2010, the restaurant owned by TPL in Johannesburg opened in June 2010, the restaurant owned by CPL in Cape Town opened in June 2011 and the restaurant owned by DLOG opened in February 2012.

The acquisition was accounted for using the purchase method of accounting and, accordingly, the consolidated statements of operations include the results of the South African operations beginning October 1, 2011. The assets acquired and the liabilities assumed were recorded at estimated fair values as determined by the Company's management based on information currently available and on current assumptions as to future operations. A summary of the estimated fair value of assets acquired and liabilities assumed in the acquisition follows:

Current assets, excluding cash and cash equivalents	$ 138,801
Property and equipment and intangible assets	1,985,799
Total assets excluding cash and cash equivalents	$ 2,124,600
Liabilities assumed	953,917
Non-controlling interest	645,436
Prior investment of the Company	320,247
Purchase price (net assets acquired)	$ 205,000
Cash paid	$ 205,000

Liabilities assumed includes $547,646 and $593,928 at December 31, 2012 and 2011, respectively in bank debt of the prior entities which the Company has agreed to repay without interest upon completion of its new financing. These amounts are included in other liabilities.

Unaudited pro forma results of operations for the year ended December 31, 2011, as if the Company had acquired majority ownership of the South African Hooters restaurants on January 1, 2011 is as follows. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated, or which may result in the future.

	2011
Net revenues	$ 4,840,914
Net earnings (loss)	$ (1,031,135)
Net earnings (loss) per share, basic and diluted	$ (0.44)

4. INVESTMENTS

INVESTMENTS AT FAIR VALUE CONSIST OF THE FOLLOWING AT DECEMBER 31, 2012 AND 2011.

	2012	2011
Available-for-sale investments at fair value	$ 56,949	$ 318,353
Total	$ 56,949	$ 318,353

AVAILABLE-FOR-SALE SECURITIES

Activity in our available-for-sale securities may be summarized as follows:

	2012	2011
Cost at beginning of year	$ 263,331	$ 284,473
Contributed to the Company by it's CEO	-	125,331
Received as management fees	-	1,500
Other than temporary loss in available-for-sale securities	-	(147,973)
Cost at end of year	263,331	263,331
Unrealized gain (loss)	(206,382)	55,022
Total	$ 56,949	$ 318,353

Our available-for-sale securities consist of the following:

	Cost	Unrecognized Holding Gains (Losses)	Fair Value	Realized Holding Loss	Loss on Sale
December 31, 2012					
North Carolina Natural Energy	1,500	-	1,500	-	-
North American Energy	126,000	(111,300)	14,700	-	-
North American Energy	10,500	(7,350)	3,150	-	-
North American Energy	125,331	(87,732)	37,599	-	-
	$ 263,331	$ (206,382)	$ 56,949	$ -	$ -
December 31, 2011					
Remodel Auction	$ -	$ -	$ -	$ (900)	$ -
North Carolina Natural Energy	1,500	-	1,500	-	-
North American Energy	126,000	(42,000)	84,000	-	-
North American Energy	10,500	7,500	18,000	-	-
North American Energy	125,331	89,522	214,853	-	-
Efftec International, Inc.	-	-	-	(22,500)	-
HiTech Stages	-	-	-	(124,573)	-
	$ 263,331	$ 55,022	$ 318,353	$ (147,973)	$ -

North Carolina Natural Energy, Inc. ("NCNE") – NCNE is a successor to REMC whose business was discontinued. NCNE has plans to become involved in some form of natural energy. The Company received 100,000,000 shares of NCNE (less than 1% on a fully diluted basis) for management services during 2011. The shares were valued at $1,500 based on NCNE's valuation as a shell.

North American Energy Resources, Inc. - During the quarter ended June 30, 2009, the Company exchanged its oil & gas property investments for 700,000 shares of North American Energy Resources, Inc. ("NAEY") which were valued at $126,000 based on the closing price of NAEY on the date of the trade. At December 31, 2012 and 2011, the stock was $0.02 and $0.12 per share and the Company recorded an unrealized loss of $111,300 and $42,000, respectively, based on the Company's determination that the price decline was temporary.

During the first quarter of 2010, the Company received an additional 150,000 shares of NAEY in exchange for management services. The shares were initially valued at $10,500, based on the trading price at the time. At December 31, 2012, the Company recorded an unrealized loss of $7,350 based on the market value. At December 31, 2011, the shares were valued at $18,000 and the Company recorded unrealized appreciation of $7,500.

During June 2011, the Company's CEO contributed 1,790,440 shares of NAEY to the Company which was valued at $125,331 based on the trading price at the time. Mr. Pruitt did not receive additional compensation as a result of the transfer. At December 31, 2012, the Company recorded an unrealized loss of $87,732 based on a market value of $37,599. At December 31, 2011, the Company recorded unrealized appreciation of $89,522 based on a market value of $214,853.

NAEY appointed a new management team in December 2010 and they are seeking acquisition opportunities for onshore and offshore oil and gas properties. Accordingly, the Company determined that any decline was temporary.

Remodel Auction Incorporated ("REMC") – During 2009, the Company acquired 334 shares of REMC for management services with an initial cost of $275,000 which has now been fully impaired.

EffTec International, Inc. - Effective April 1, 2010, the Company's CEO became a director and the CEO of EffTec International, Inc. The Company received 150,000 shares of EffTec and an option to acquire an additional 150,000 shares at $0.15 per share in exchange for the management services to be provided. The shares were valued at $22,500 based on the trading price of EffTec at the date of the transaction. At September 30, 2011, the market value of the Efftec stock dropped to less than $0.01 per share and the Company determined the reduction was other than temporary and impaired its investment to zero.

HiTech Stages, Ltd. ("HiTech") – The Company originally acquired 275,000 shares of HiTech in exchange for 150,450 shares of DineOut during the June 2010 quarter. HiTech was unable to raise sufficient capital to fund its business plan and the stock price dropped to near zero at September 30, 2011. The Company determined the decline was other than temporary and fully impaired its investment on September 30, 2011.

OTHER INVESTMENTS ARE SUMMARIZED AS FOLLOWS AT DECEMBER 31, 2012 AND 2011.

	2012	2011
Investments accounted for under the equity method	$ 1,066,915	$ 815,550
Investments accounted for under the cost method	1,050,000	766,598
Total	$ 2,116,915	$ 1,582,148

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Activity in investments accounted for using the equity method is summarized as follows.

	2012	2011
Balance, beginning of year	$ 815,550	$ 87,200
Equity in earnings (loss)	(14,803)	(76,113)
New investments	409,543	812,604
Reclassification of investments	(143,375)	-
Distributions received	-	(8,141)
Balance, end of year	$ 1,066,915	$ 815,550

Equity investments consist of the following at December 31, 2012 and December 31, 2011:

	2012	2011
Carrying value:		
Hoot SA I, II, III - South Africa	$ -	$ 143,274
Hoot Campbelltown Pty. Ltd. (49%) - Australia	555,331	570,134
Second Hooters location (49%) - Australia	511,584	102,041
Brazil	-	101
	$ 1,066,915	$ 815,550

Equity in earnings (loss) and distributions from equity investments during the years ended December 31, 2012 and 2011 follows. The activity from the South African restaurants is through September 30, 2011 at which time the Company acquired majority ownership and began consolidating these operations.

	2012	2011
Equity in earnings (loss):		
Hoot S.A. I, II, III	-	(9,256)
Hoot Campbelltown (49%)	(14,803)	(66,857)
	$ (14,803)	$ (76,113)
Distributions:		
Hoot S.A. I, LLC (20%)	-	6,248
Hoot S.A. II, LLC (20%)	-	1,893
	$ -	$ 8,141

The Company acquired majority ownership of the South African restaurants effective September 30, 2011, accordingly, the amounts in 2011 are for only nine months. In addition, the restaurant at the Hoot Campbelltown location incurred a loss for certain pre-opening expenses before it opened in January 2012, our share of which is included above.

	2012	2011
Revenue	$ 3,348,928	$ 3,364,265
Gross profit	2,381,245	2,122,073
Income (loss) from continuing operations	(30,208)	131,949
Net income (loss)	(30,208)	131,949

The summarized balance sheets for the two locations in Australia of which we owned 49% at December 31, 2012 and December 31, 2011 follows:

	2012	2011
ASSETS		
Current assets	$ 604,147	$ 58,975
Non-current assets	2,909,276	1,646,508
TOTAL ASSETS	$ 3,513,423	$ 1,705,483
LIABILITIES		
Current liabilities	$ 1,057,911	$ 76,035
PARTNER'S EQUITY	2,455,512	1,629,448
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 3,513,423	$ 1,705,483

Hooters S.A., GP - The Company formed CHL to own the Company's 50% general partner interest in Hooters S.A., GP, the general partner of the Hooters' restaurant franchises in South Africa. The initial restaurant opened in December 2009 in Durban, South Africa and operations commenced in January 2010. In the initial restaurant CHL had a 10% interest in restaurant cash flows until the limited partners receive payout and a 40% interest in restaurant cash flows after limited partner payout. The second location opened in Johannesburg in June 2010 and a third location opened in Cape Town in June of 2011 with similar structures. Effective September 30, 2011, the Company acquired majority control of the South African operations and began consolidating its operations on October 1, 2011. The fourth location opened in February 2012 in Emperor's Palace Casino in Johannesburg with a similar structure.

CHA (Hoot Campbelltown Pty. Ltd and Hoot Surfers Paradise Pty. Ltd.) – CHA entered into a partnership with the current local Hooters franchisee in Australia in which CHA will own 49% and its partner own 51%. The local partner will also manage the restaurants. The first location, Hoot Campbelltown Pty. Ltd. opened in Campbelltown, a suburb of Sydney, in January 2012. A second location is in the planning stages and we expect it to open in the second quarter of 2013.

INVESTMENTS ACCOUNTED FOR USING THE COST METHOD

A summary of the activity in investments accounted for using the cost method follows.

	2012	2011
Investments at cost:		
Balance, beginning of year	$ 766,598	$ 766,598
Impairment	(16,598)	-
New investments	300,000	-
Total	$ 1,050,000	$ 766,598

Investments at cost consist of the following at December 31, 2012 and 2011:

	2012	2011
Chanticleer Investors, LLC	$ 800,000	$ 500,000
Edison Nation LLC (FKA Bouncing Brain Productions)	250,000	250,000
Chanticleer Investors II	-	16,598
	$ 1,050,000	$ 766,598

Chanticleer Investors LLC - The Company sold 1/2 of its investment in Investors LLC in May 2009, which reduced its ownership from 23% to 11.5%. Accordingly, in May 2009, the Company discontinued accounting for this investment using the equity method and began to account for the investment using the cost method. In December 2010, the Company sold an additional $75,000 of its investment at cost.

On April 18, 2006, the Company formed Investors LLC and sold units for $5,000,000. Investors LLC's principal asset was a convertible note in the amount of $5,000,000 with Hooters of America, Inc. ("HOA"), collateralized by and convertible into 2% of Hooters common stock. The original note included interest at 6% and was due May 24, 2009. The note was extended until November 24, 2010 and included an increase in the interest rate to 8%.

The Company owned $1,150,000 (23%) of Investors LLC until May 29, 2009 when it sold 1/2 of its share for $575,000. Under the original arrangement, the Company received 2% of the 6% interest as a management fee ($25,000 quarterly) and 4% interest on its investment ($11,500 quarterly). Under the extended note and revised operating agreement, the Company received a management fee of $6,625 quarterly and interest income of $11,500 quarterly until it was repaid in January 2011

On January 24, 2011, Investors LLC and its three partners combined to form HOA Holdings, LLC ("HOA LLC") and completed the acquisition of HOA and Texas Wings, Inc. ("TW"). Together HOA LLC has created an operating company with 161 company-owned locations across sixteen states, or nearly half of all domestic Hooters restaurants and over one-third of the locations worldwide.

Investors, LLC had a note receivable in the amount of $5,000,000 from HOA that was repaid at closing. Investors LLC then invested $3,550,000 in HOA LLC (approximately 3.1%) ($500,000 of which was the Company's share). One of the investors in Investors LLC that owned a $1,750,000 share is a direct investor in HOA LLC and will now carry its ownership in HOA LLC directly. In July 2012, the Company acquired an additional interest of $300,000, at cost, from one of the partners for cash, which increased our ownership to approximately 22% of Investors LLC as of December 31, 2012.

Based on the current status of this investment, the Company does not consider the investment to be impaired.

EE Investors, LLC - On January 26, 2006, we acquired an investment in EE Investors, LLC with cash in the amount of $250,000. We acquired 1,205 units (3.378%) in EE Investors, LLC, whose sole asset is 40% of Edison Nation, LLC (formerly Bouncing Brain Productions, LLC). Edison Nation was formed to provide equity capital for new inventions and help bring them to market. The initial business plan included developing the products and working with manufacturers and marketing organizations to sell the products. This has evolved into a less hands-on program which involves selling products with patents to other larger companies and retaining royalties. Edison Nation has now reached cash flow break-even, and in addition has been retained by a number of companies for which they do product searches to supplement its business. Edison Nation plans to repay the majority of its debt in 2013 and expects to subsequently begin making distributions to its owners. Based on the current status of this investment, the Company does not consider the investment to be impaired.

Chanticleer Investors II - The Company paid $16,598 in professional services to form this partnership. Chanticleer Advisors, LLC acts as the managing general partner and receives a management fee based on a percentage of profits. In 2012 the Company wrote off the $16,598 of expenses (the Company announced its intention to exit this business on March 22, 2013, see Note 16, Subsequent Events for further details).

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2012 and 2011:

	2012	2011
Office and computer equipment	$ 35,076	$ 32,179
Furniture and fixtures	47,686	67,794
Construction in progress	-	217,001
Restaurant furnishings and equipment	2,826,760	1,437,729
	2,909,522	1,754,703
Accumulated depreciation	(593,376)	(249,644)
	$ 2,316,146	$ 1,505,059

Construction in progress consists of costs incurred as of December 31, 2011 for our Emperor's Palace location in Johannesburg, South Africa, which opened in February 2012. Restaurant furnishings and equipment consists of leasehold improvements, and bar, kitchen and restaurant equipment used in our five locations opened as of December 31, 2012. Depreciation expense was $364,645 and $74,238 for the years ended December 31, 2012, and December 31, 2011, respectively, including $35,314 and $9,869 for capital lease assets. Restaurant furnishings and equipment includes capital lease assets from three of our South African restaurants of $141,413 with a net book value of $96,230 and $131,544 at December 31, 2012 and December 31, 2011, respectively.

6. INTANGIBLE ASSET, NET

GOODWILL

Goodwill arose from the excess paid over the fair value of the net assets acquired for the three operating restaurants effective October 1, 2011 and amounts to $396,487. An evaluation was completed effective December 31, 2012 at which time the Company determined that no impairment was necessary.

FRANCHISE COST

Franchise cost for the Company's Hooters restaurants consists of the following at December 31, 2012 and December 31, 2011. The Company is amortizing these costs from the opening of each restaurant for the 20 year term of the franchise agreement with HOA.

	2012	2011
Franchise cost:		
South Africa	$ 358,888	$ 346,140
Brazil *	135,000	-
Hungary	104,684	-
	598,572	346,140
Accumulated amortization	(38,740)	(21,056)
Intangible assets, net	$ 559,832	$ 325,084
Years ended December 31, 2012 and 2011:		
Amortization expense	$ 18,809	$ 5,304

Amortization for franchise costs are as follows:

December 31,	Amount
2013	$ 23,179
2014	23,179
2015	23,179
2016	23,179
2017	23,179
Thereafter	308,937
Totals	$ 424,832

* The Brazil franchise cost is not being amortized until we open a restaurant.

7. LONG-TERM DEBT AND NOTES PAYABLE

Long-term debt and notes payable are summarized as follows.

	December 31, 2012	December 31, 2011
$2,000,000 line of credit with a bank, interest at Wall Street Journal Prime +0.5% (minimum of 4.5%) payable monthly; due August 20, 2012; collateralized by a certificate of deposit owned by a shareholder; collateralized by substantially all of the Company's assets and guaranteed by Mr. Pruitt. Line was paid off after the June 2012 offering.	$ -	$ 1,165,000
Note payable to a bank due in monthly installments of $1,739 including interest at Wall Street Journal Prime + 1% (minimum of 5.5%); remaining balance due August 10, 2013; collateralized by substantially all of the Company's assets and guaranteed by Mr. Pruitt	236,110	242,964
18% convertible notes payable; interest payable quarterly; due on the six-month anniversary of the date issued; convertible under the same terms as the subsequent capital raised in connection with a public offering of the Company's securities	-	1,625,000
	236,110	3,032,964
Notes payable and current portion of long-term debt	236,110	2,796,855
Long-term debt, less current portion	$ -	$ 236,109

The Company pays the shareholder whose certificate of deposit is used as collateral on the $2,000,000 line of credit 1% of the outstanding balance on the line of credit monthly. In addition, the Company issued warrants to the shareholder, as described in Note 11.

During the three months ended March 31, 2011, the Company issued convertible notes payable with a total principal balance of $25,000 in exchange for an amount due a related party of $25,000. The convertible notes included interest at 10% per annum, which was payable quarterly beginning on April 1, 2010 until maturity on January 4, 2012. The convertible notes were convertible into our common stock at the rate of $3.50 per share. Convertible notes with a face value of $711,500 and accrued interest of $19,588 were converted into 206,143 shares of our common stock on March 30, 2011.

8. Bank Overdraft and Term Facilities

Bank overdraft and term facilities at December 31, 2012 and December 31, 2011 are associated with the South African Operations and consist of the following:

	December 31, 2012	December 31, 2011
Bank overdraft facilities (1)	$ 254,251	$ 255,607
Term facility (2)	112,950	112,950
Term facility (3)	180,445	225,371
	547,646	593,928
Other current liabilities	361,586	330,607
Other liabilities	$ 186,060	$ 263,321

(1) Bank overdraft facilities are unsecured and have a total maximum facility of approximately $260,000. The interest rate as of December 31, 2012 is 11%. The facilities are reviewed annually and are payable on demand. Concurrently with the January 31, 2013 mentioned in (2) below, the Company was released from a facility totaling $56,528, and a $56,528 gain on settlement of debt will be recognized in the first quarter of 2013.

(2) Term facility is payable on demand and the facility is secured by certain assets of one of the Company's shareholders. After ongoing negotiations between the bank and the Company, on January 31, 2013, $98,579 was paid in full satisfaction of the facility, resulting in a gain on settlement of debt of $14,371 which will be recognized in the first quarter of 2013.

(3) The monthly payments of principal and interests of the term facility total approximately $5,000 and have been made for the period from October 1, 2011 through December 2012. The interest rate at December 31, 2012 is 10.3%.

9. Capital Leases Payable

Capital leases payable at December 31, 2012 and 2011 is associated with the South African operations and consists of the following:

	December 31, 2012	December 31, 2011
Capital lease payable, due in 49 monthly installments of $1,081, including interest at 10%, through April 2016	$ 38,548	$ 46,149
Capital lease payable, due in 32 monthly insallments of $800 including interest at 10%, through November 2014	17,183	24,186
Capital lease payable, due in 14 monthly installments of $1,470, including interest at 10%, through May 2013	7,389	23,211
Capital lease payable, due in 36 monthly installments of $1,022, including interest at 10%, through February 2015	25,363	33,897
Total capital leases payable	88,483	127,443
Current maturities	27,965	41,590
Capital leases payable, less current maturities	$ 60,518	$ 85,853

The capital leases cover point of sale and other equipment for three of the South African restaurants. Annual requirements for capital lease obligations are as follows:

December 31,	Amount
2013	$ 43,502
2014	35,063
2015	16,526
2016	5,569
Total minimum lease payments	100,660
Less: amount representing interest	(12,140)
Present Value of Net Minimum Lease Payments	$ 88,520

10. INCOME TAXES

The income tax provision (benefit) consists of the following:

	2012	2011
Foreign		
Current	$ 19,205	$ -
Deferred	(170,962)	(103,300)
U.S. Federal		
Current	-	-
Deferred	(791,395)	(299,558)
State and local		
Current	-	-
Deferred	(93,105)	(35,242)
Change in valuation allowance	1,055,462	438,100
Income tax provision (benefit)	$ 19,205	$ -

The provision (benefit) for income tax using the statutory U.S. federal tax rate is reconciled to the Company's effective tax rate as follows:

	2012	2011
Loss before income taxes:		
United States	$ 2,346,516	$ 890,941
Foreign	800,844	271,773
	$ 3,147,360	$ 1,162,714
Computed "expected" income tax expense (benefit)	$ (1,070,100)	$ (395,300)
State income taxes, net of federal benefit	(93,861)	(46,500)
Foreign rate differential	74,106	-
Travel, entertainment and other	53,660	3,700
Change in valuation allowance	1,055,400	438,100
Income tax expense (benefit)	$ 19,205	$ -

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Major components of deferred tax assets and liabilities at December 31, 2012 and 2011 were:

	2012	2011
Net operating loss carryforwards	$ 2,538,400	$ 1,660,200
Capital loss carryforwards	630,100	630,100
Investments	(80,400)	(86,700)
Foreign operations	274,236	103,300
Total deferred tax assets	3,362,336	2,306,900
Valuation allowance	(3,362,336)	(2,306,900)
Net deferred tax assets	$ -	$ -

As of December 31, 2012 and 2011, the Company has U.S. federal and state net operating loss carryovers of approximately $6,680,000 and $4,369,000, respectively, which will expire at various dates beginning in 2024 through 2031, if not utilized. As of December 31, 2012 and 2011, the Company has foreign net operating loss carryovers of $1,073,000 and $272,000, respectively. These net operating loss carryovers can be carried indefinitely as long as the Company is trading. The Company has a capital loss carryforward of $1,658,000 which expires between 2015 and 2016 if not utilized. In accordance with Section 382 of the Internal Revenue code, deductibility of the Company's U.S. net operating loss carryovers may be subject to an annual limitation in the event of a change of control as defined under the Section 382 regulations.

In assessing the realization of deferred tax assets, Management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, Management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the year ended December 31, 2012 and December 31, 2011, the change in valuation allowance was approximately $1,055,462 and $438,100.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between two positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing-authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

As of December 31, 2012 and December 31, 2011, no liability for unrecognized tax benefits was required to be reported.

Interest costs related to unrecognized tax benefits are required to be calculated, if applicable, and would be classified as "interest expense, net" in the two statement of operations. Penalties would be recognized as a component of "general and administrative expenses". As of December 31, 2012 and December 31, 2011, no interest or penalties were required to be reported. The Company does not expect any significant changes in its unrecognized tax benefits in the next year.

11. STOCKHOLDERS' EQUITY

The Company has 20,000,000 and 200,000,000 shares of its $0.0001 par value common stock authorized at December 31, 2012 and 2011, respectively and 3,698,896 and 1,506,061 shares issued and 3,698,896 and 1,249,446 shares outstanding at December 31, 2012 and 2011, respectively. There are no options outstanding.

Effective May 11, 2012, the Company's common stock was reverse split, 1 share for each 2 shares issued, pursuant to a majority vote of the Company's shareholders. All share references have been adjusted as if the split occurred in to all periods presented.

2012 Transactions

On May 8, 2012, the Company issued 5,000 shares of its common stock in exchange for services to be performed over a six month period and valued at $32,400.

EQUITY RAISE

The Company filed a Form S-1 Registration Statement under the Securities Act of 1933 which was declared effective on June 21, 2012. The Company issued 2,444,450 units at $4.50 per unit, consisting of one share of Common Stock and one five year redeemable warrant (redeemable at the Company's option) exercisable at $5.00 per share for an issuance value of $11 million (net $7.2 million). The issuance of shares included shares issued upon the conversion of notes payable and accrued interest of approximately $1.9 million and shares issued for the purchase of a percentage of the Hoot SA non-controlling interest of approximately $1.0 million.

During August 2012, treasury stock shares of 256,615 were cancelled and returned to the Company.

2011 Transactions

On March 30, 2011, the Company issued 206,143 shares of its common stock in exchange for convertible notes payable with a balance of $711,500 and accrued interest of $19,588.

On July 28, 2011, the Company issued 5,000 shares of its common stock in exchange for consulting services valued at $21,500.

On September 23, 2011, the Company issued 7,500 shares of its common stock in exchange for consulting services to be performed valued at $44,850.

On September 23, 2011, the Company issued 1,375 shares of its common stock in exchange for services performed and valued at $8,223.

On October 19, 2011, the Company issued 84 shares of its common stock in exchange for cash in the amount of $500.

Warrants

On January 6, 2011, the Company filed a Form S-1 Registration Statement under the Securities Act of 1933. The Registration Statement was declared effective on July 14, 2011 and registers one Class A Warrant and one Class B Warrant for each common share of the Company issued and outstanding. The warrants have a subscription price of $0.04 which entitles our shareholders to acquire one Class A Warrant which would entitle the holder to acquire one share of our common stock for $5.50 and one Class B Warrant which would entitle the holder to acquire one share of our common stock for $7.00. The warrants have a five year life. At December 31, 2011, the Company had issued 1,097,254 Class A and Class B warrants. Proceeds from the offering are summarized as follows.

Proceeds from sales of Class A and Class B warrants	$	87,780
Legal and professional fees incurred for offering		(67,172)
	$	20,608

On August 10, 2011, the Company issued two warrants to the shareholder who collateralized the Company's $2,000,000 line of credit discussed in Note 7. The Class A Warrant is for 100,000 shares exercisable at $5.50 per share for 10 years and the Class B Warrant is for 112,500 shares exercisable at $7.00 per share for 10 years. The warrants were valued using Black-Scholes at $906,351. This amount will be amortized to interest expense over the ten year life of the warrants.

On March 28, 2012, the Company issued 125,000 and 25,000 five year warrants at $6.50 and $8.00, respectively for consulting services related to the Company's expansion into Europe. The warrants were valued using Black-Scholes at $518,599. This amount will be amortized to consulting fees (in G&A on consolidated statements of operations) over the five year life of the warrants.

On June 21, 2012, the Company issued 2,444,450 five-year redeemable warrants as noted above in the "Equity Raise" section.

Warrant amortization is summarized as follows at December 31, 2012 and 2011 and for the years then ended:

	2012	2011
Added to additional paid-in capital	$ 169,200	$ 35,247
	$ 169,200	$ 35,247
Interest expense	90,636	35,247
Consulting expense	78,564	-
	$ 169,200	$ 35,247

12. RELATED PARTY TRANSACTIONS

Due to related parties

The Company has received non-interest bearing loans and advances from related parties. The amounts owed by the Company as of December 31, 2012 and 2011 are as follows:

	2012	2011
Hoot SA I, LLC	$ 12,191	$ 15,409
Chanticleer Foundation, Inc.	-	10,750
Chanticleer Investors, LLC	1,542	4,045
	$ 13,733	$ 30,204

Due from related parties

The Company has earned income from and made advances to related parties. The amounts owed to the Company at December 31, 2012 and 2011 is as follows:

	2012	2011
Chanticleer Investors II, LLC	$ 19,864	$ 1,485
Chanticleer Dividend Fund, Inc.	74,281	74,281
Hoot SA II, III, IV LLC	43,618	825
	$ 137,763	$ 76,591

Management income from affiliates

The Company had management income from its affiliates in 2012 and 2011, as follows:

	2012	2011
Chanticleer Investors II, LLC	$ 30,743	$ 1,485
North American Energy Resources, Inc.	-	1,750
	$ 30,743	$ 3,235

Chanticleer Investors LLC

Investors LLC collected its note receivable and reinvested $3,550,000 in HOA LLC (See Note 4). There was no management income from Investors LLC in 2011 or 2012.

Chanticleer Investors II LLC

The Company manages Investors II and earned management income of $30,743 and $1,485 in 2012 and 2011, respectively.

Chanticleer Dividend Fund, Inc. ("CDF")

On November 10, 2010 the Company formed CDF under the general corporation laws of the State of Maryland. CDF filed a registration statement under Form N-2 to register as a non-diversified, closed-end investment company in January 2011. The Company, through Advisors, will have a role in management of CDF when its registration statement becomes effective. CDF continues to look for opportunities to use the entity, including for growth capital in the restaurant industry.

Hoot SA, LLC; Hoot SA II, LLC; Hoot SA III, LLC and Hoot SA IV, LLC

The Hoot partnerships were formed to help finance the first four Hooters restaurants in South Africa.

Efftec International, Inc. ("Efftec")

The Company's CEO became CEO and the sole director of Efftec during 2010 and the Company received 150,000 common shares and an option to acquire 150,000 shares for management services. The shares and option were initially valued at $22,500, based on the trading price of Efftec at the time.

North American Energy Resources, Inc. ("NAEY")

The Company's CEO became CEO and a director of NAEY during 2010 and the Company received 150,000 common shares for management services. The shares were valued at $10,500, based on the trading price of NAEY at the time. The Company's CEO resigned as CEO of NAEY in December 2010 and remains a director. During June 2011, the Company's CEO contributed 1,790,440 shares of NAEY to the Company which was valued at $125,331 based on the trading price at the time. Mr. Pruitt did not receive additional compensation as a result of the transfer.

Chanticleer Foundation, Inc.

Chanticleer Foundation, Inc. is a Donor-Advised Fund whose governing body consists of Mr. Pruitt, a director of the Company and an employee of the Company. The Foundation loaned the Company $10,750 during 2011.

Avenel Financial Group, Inc.

Avenel Financial Group, Inc. is a company owned by Mr. Pruitt. Advances previously made to the Company were repaid during 2011. Avenel Financial Group, Inc. invested as a limited partner in the South African Hooters locations. Avenel Financial Group, Inc. invested $14,000, $12,500, and $25,000 in the Durban, Johannesburg, and Cape Town locations, respectively, and is entitled to receive approximately 2.0%, 1.5%, and 2.9%, respectively, of the net profits after taxation ("SA Profits") of each of the locations until payout. As of December 31, 2012, Avenel Financial Group, Inc. has received an aggregate of $6,441 in SA Profits and $49,816 in return of investment under the same terms as the other limited partners.

13. SEGMENTS OF BUSINESS

The Company is organized into two segments as of the end of 2012 and 2011.

Management and consulting services ("Management")

The Company provides management and consulting services for small companies which are generally seeking to become publicly traded. The Company also provides management and investment services for Investors LLC, Investors II and other unaffiliated companies.

Operation of restaurants ("Restaurants")

At December 31, 2012, the Company has majority ownership of four restaurants and a management company in South Africa and one restaurant in Hungary which opened in August 2012. In South Africa, three of the restaurants and the management company were operating at December 31, 2011 and the fourth restaurant opened in February 2012. Majority ownership was acquired effective September 30, 2011 and these operations are consolidated with the Company's other operations since that date. At December 31, 2012, the Company has 49% ownership of two restaurants in Australia, one of which opened in January 2012 and the second is under construction and expected to open in the second quarter of 2013. The operations in Australia will be accounted for using the equity method. The Company has also begun activity in Brazil and Europe, but has not finalized any arrangement.

Financial information regarding the Company's segments is as follows for 2012 and 2011.

Year ended December 31, 2012

	Management	Restaurants	Total
Revenues	$ 130,743	$ 6,752,323	$ 6,883,066
Interest expense	$ 421,587	$ 53,339	$ 474,926
Depreciation and amortization	$ 8,768	$ 374,686	$ 383,454
Net loss before non-controlling interest	$ (2,403,901)	$ (990,632)	$ (3,394,533)
Non-controlling interest			227,968
Net loss			$ (3,166,565)
Assets	$ 1,606,059	$ 4,990,372	$ 6,596,431
Non-restaurant investments			1,050,000
Total Assets			$ 7,646,431
Total Liabilities	$ 338,537	$ 1,779,341	$ 2,117,878
Expenditures for non-current assets	$ 2,898	$ 1,170,903	$ 1,173,801

Year ended December 31, 2011

	Management	Restaurants	Total
Revenues	$ 496,402	$ 980,247	$ 1,476,649
Interest expense	$ 118,995	$ 64,472	$ 183,467
Depreciation and amortization	$ 8,013	$ 71,529	$ 79,542
Net loss before non-controlling interest	$ (1,035,763)	$ (228,258)	$ (1,264,021)
Non-controlling interest			101,307
Net loss			$ (1,162,714)
Assets	$ 950,966	$ 2,762,782	$ 3,713,748
Non-restaurant investments			1,084,951
			$ 4,798,699
Total Liabilities	$ 3,327,318	$ 985,613	$ 4,312,931
Expenditures for non-current assets	$ 2,808	$ 217,003	$ 219,811

The following are revenues, operating loss, and long-lived assets by geographic area as of and for the years ended December 31:

Revenue:	**2012**	**2011**
United States	$ 130,743	$ 496,402
South Africa	6,284,186	980,247
Hungary	468,137	-
	$ 6,883,066	$1,476,649
Operating loss:	**2012**	**2011**
United States	$(1,968,352)	$ (693,552)
South Africa	(539,178)	(262,286)
Hungary	(378,933)	-
	$(2,886,463)	$ (955,838)
Long-lived assets, end of year:	**2012**	**2011**
United States	$ 1,626,903	$1,649,049
South Africa	1,866,855	1,835,411
Hungary	909,828	-
Australia	1,066,915	672,175
Brazil	145,555	101
	$ 5,616,056	$4,156,736

The Company used multiple foreign currency exchange rates during the periods presented. For South Africa, for the Statements of Operations we used average rates for the period of 8.22 Rands per USD, and for the Balance Sheet current assets and liabilities were at 8.49 and non-current assets and liabilities ranging from 6.93-8.51. For Australia, for the Statement of Operations we used an average rate ranging from 1.00-1.07 USD per AUD and for the balance sheet we used 1.04 for current assets and liabilities, and 1.02-1.04 for non-current assets and liabilities.

14. COMMITMENTS AND CONTINGENCIES

Effective August 1, 2010, the Company extended its office lease agreement for its office for a term of one year with monthly lease payments of $2,100. Since August 1, 2011, the office lease continues at the same rate on a month-to-month basis. On July 1, 2012, the Company signed a one year office lease agreement for a satellite office in Florida for one year at a monthly rate of $800; the lease is not being renewed upon its expiration in June, 2013.

The Company leases the land and buildings for its four restaurants in South Africa and one restaurant in Hungary through its subsidiaries. The South Africa leases are for five year terms and the Hungary lease is for a 10 year term and include options to extend the terms. We lease some of our restaurant facilities under “triple net” leases that require us to pay minimum rent, real estate taxes, maintenance costs and insurance premiums and, in some instances, percentage rent based on sales in excess of specified amounts.

Rent obligations for our five restaurants are presented below:

2013	$ 556,752
2014	588,855
2015	532,098
2016	401,658
thereafter	615,198
Totals	$2,694,561

Rent expense for the years ended December 31, 2012 and December 31, 2011 was $792,420 and $112,334, respectively. Rent expense for the years ended December 31, 2012 and 2011 for the Company's restaurants was $757,766 and $83,116, respectively, and is included in the "Restaurant operating expenses" of the Consolidated Statement of Operations. Rent expense for the years ended December 31, 2012 and 2011 for the management segment was $34,654 and $29,218, and is included in the "General and administrative expense" of the Consolidated Statement of Operations.

On October 12, 2012, Francis Howard ("Howard"), individually and on behalf of all other similarly situated, filed a lawsuit against Chanticleer Holdings, Inc. (The "Company"), Michael D. Pruitt, Eric S. Lederer, Michael Carroll, Paul I. Moskowitz, Keith Johnson (The "Individual Defendants"), Merriman Capital, Inc., Dawson James Securities, Inc. (The "Underwriter Defendants"), and Creason & Associates P.L.L.C. (The "Auditor Defendant"), in the U.S. District Court for the Southern District of Florida. The class action lawsuit alleges violations of Section 11 of the Securities Act against all Defendants, violations of Section 12(a)(2) of the Securities Act against only the Underwriter Defendants, and violations of Section 15 against the Individual Defendants. Howard seeks unspecified damages, reasonable costs and expenses incurred in this action, and such other and further relief as the Court deems just and proper. On October 15th, 2012, the Honorable Judge James I. Cohn filed an Order setting the Calendar Call for the case for June 13th, 2013, and the Trial Date for the trial period commencing on June 17th, 2013. On October 31st, 2012, the Company and the Individual Defendants retained Stanley Wakshlag at Kenny Nachwalter, P.A. to represent them in this litigation. Requests by the Underwriting Defendants for indemnification were denied. On November 2nd, 2012, we filed a Joint Motion to Extend Deadline to Respond to Class Action Complaint, requesting that our responsive pleading deadline be delayed until after a lead Plaintiff is named. That Motion was approved, and on December 12th, 2012, Howard filed a Motion to Appoint himself Lead Plaintiff and to Approve his Selection of The Rosen Law Firm, P.A. as his Counsel. An Order appointing Francis Howard and the Rosen Law Firm as lead Plaintiff and lead Plaintiff's Counsel was entered on January 4, 2013. Therein, Judge Cohn also reset Calendar Call for October 10, 2013; trial was reset for the two-week period commencing October 15, 2013. On February 19, 2013, Plaintiff filed an Amended Complaint. On April 5, 2013, the Company, Individual Defendants, and the Auditor Defendant (separately) filed a Motion to Dismiss the action; Judge Cohn has yet to make a ruling on the Motions.

Given that the outcome of litigation is inherently uncertain, and the early stage of this class action, the Company can neither comment on the probability of potential liabilities, nor provide an estimate of such. As of December 31, 2012, no amounts have been accrued for related to this matter.

On March 26, 2013, our South African operations received Notice of Motion filed in the Kwazulu-Natal High Court, Durban, Republic of South Africa, filed against Rolalor (PTY) LTD ("Rolalor") and Labyrinth Trading 18 (PTY) LTD ("Labyrinth") by Jennifer Catherine Mary Shaw ("Shaw"). Rolalor and Labyrinth were the original entities formed to operate the Johannesburg and Durban locations, respectively. On September 9, 2011, the assets and the then-disclosed liabilities of these entities were transferred to Tundraspex (PTY) LTD ("Tundraspex") and Dimaflo (PTY) LTD ("Dimaflo"), respectively. The current entities, Tundraspex and Dimaflo are not parties in the lawsuit. Shaw is requesting that the Respondents, Rolalor and Labyrinth, be wound up in satisfaction of an alleged debt owed in the total amount of R4,082,636 (approximately $480,000). The Company intends to vigorously defend itself in this matter.

Given that the outcome of litigation is inherently uncertain and the early stage of this action, the Company can neither comment on the probability of potential liabilities, nor provide an estimate of such. As of December 31, 2012, no amounts have been accrued for related to this matter.

On April 1, 2013, the Company received a subpoena from the Securities and Exchange Commission, requesting various corporate documents relating to operations. The Company intends to fully cooperate with the subpoena.

The Company has engaged outside South African tax experts in September 2012 to assist with compliance with Value Added Tax (VAT), payroll taxes, and income taxes in South Africa. A voluntary disclosure agreement has been submitted and the Company is awaiting contact from the South African governmental agency. As of December 31, 2012, $385,621 has been accrued and is included in accounts payable and accrued expenses in our consolidated balance sheet.

In connection with the acquisition of the business as described in Note 3 (whereby, on October 1, 2011, Rolalor (Pty.) Ltd., Alimenta 177 (Pty.) Ltd. and Labyrinth Trading (Pty.) Ltd. transferred their respective net assets to the newly formed entities controlled by the Company), the Company believes the purchase and sale with the seller was accomplished in accordance with the laws and regulations of the taxing authorities in South Africa. However, there can be no absolute assurance as to whether the business acquired continues to have any outstanding tax and regulatory filing requirements, as well as whether the local authorities could seek to recover any unpaid taxes or other amounts due from the Company, its shareholders or others. The Company is not aware of any existing obligations that remain outstanding for which the Company may be required to settle. In connection with acquiring the net assets of the business, the Company may be entitled to be reimbursed by the seller for any pre-acquisition obligations of the business that may arise, post-acquisition.

In addition, the Company has not filed certain corporate income tax returns for previous years, which could potentially result in penalties upon filing these returns.

15. DISCLOSURES ABOUT FAIR VALUE

Assets and liabilities measured at fair value on a recurring basis are summarized in the following tables according to FASB ASC 820 pricing levels.

		Fair Value Measurement Using		
	Recorded value	Quoted prices in active markets of identical Assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2012				
Assets:				
Available-for-sale securities	$ 56,949	$ 55,449	$ 1,500	$ -
December 31, 2011				
Assets:				
Available-for-sale securities	$ 318,353	$ 316,853	$ 1,500	$ -

At December 31, 2012 and 2011, the Company's available-for-sale equity securities were valued using Level 1 and Level 2 inputs as summarized above. Level 1 inputs are based on unadjusted prices for identical assets in active markets that the Company can access. Level 2 inputs are based on quoted prices for similar assets other than quoted prices in Level 1, quoted prices in markets that are not yet active, or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets.

The Company does not have any investments that are measured on a recurring basis using Level 3 inputs.

Certain assets are not carried at fair value on a recurring basis, including investments accounted for under the equity and cost methods. Accordingly, such investments are only included in the fair value hierarchy disclosure when the investment is subject to re-measurement at fair value after initial recognition and the resulting re-measurement is reflected in the consolidated financial statements.

See Note 4 for further details of the Company's investments.

16. SUBSEQUENT EVENTS

On January 31, 2013, the Company settled outstanding liabilities of $170,686 from a South African bank, previously presented in our consolidated balance sheets in “other liabilities”. Upon making a payment of $98,578, the Company received a release from all other bank liabilities, resulting in a total gain on extinguishment of debt of $72,108, which will be presented in our March 31, 2013 10-Q filing as other income.

On March 22, 2013, Chanticleer Holdings, Inc. announced its intention to exit the fund management business. The desired result of current negotiations would be for Chanticleer Advisors, LLC (“Advisors”) to resign as manager of Chanticleer Investors II (“Investors”). Matthew Miller and Joe Koster, two of the current fund managers, will cease to be employed by Advisors and will control the new entity (“NEWCO”) which will continue management of Investors, subject to limited partner approval. Mr. Michael Pruitt will resign as one of the portfolio managers. From this arrangement, the Company will have an ongoing economic benefit from this aspect of the business, while eliminating the losses associated with the fund management business. Chanticleer Advisors has failed to produce profits and has resulted in operating losses since inception. The transition is expected to be effectuated on May 1, 2013.

17. RESIGNATION OF SOUTH AFRICAN CHIEF FINANCIAL OFFICER

On September 7, 2012, the audit committee of Chanticleer Holdings, Inc. (the “Company”), upon recommendation of the Company’s management determined that the Company’s Consolidated Financial Statements for its fiscal year ended December 31, 2011 as originally filed in the Form 10-K could no longer be relied on. The Company determined that the Financial Statements of Kiarabrite (Pty) Ltd., Dimaflo (Pty) Ltd., Tundraspex (Pty) Ltd., Civisign (Pty) Ltd., Dimalogix (Pty) Ltd., and Chanticleer & Shaw Foods (Pty.) Ltd. (collectively referred to as the “South Africa Operations”) which are the South African management company and the four entities organized for the stores we operate in South Africa and the company that owns the HOA franchise rights for the territory of South Africa, were not audited as the Company was led to believe. Accordingly, this Amendment is being filed to include the report of the independent registered public accounting firm responsible for performing the audit of our South Africa Operations. The following tables reflect the items which changed as a result of the restatement and includes the balances as previously reported, the adjustments and the restated balance.

On September 7, 2012, the Company’s South African Chief Financial Officer (“SA CFO”) resigned. It was determined that the SA CFO had committed certain illegal acts, fraud and certain misrepresentations of facts. Due to the SA CFO’s actions, certain taxes were not paid. In addition, the applicable tax forms were not filed during the proper periods. The Company has engaged tax experts to assist in the tax process. The Company also discovered approximately $85,473 (net of repayments of approximately $42,000) and $42,109 of cash that was misappropriated by the SA CFO during the periods ended December 31, 2012 and 2011, respectively (presented as “other receivable” on the Company’s combined balance sheet as of December 31, 2011), and approximately $128,000 in total for the period October 2011 through September 2012. As of March 28, 2013, approximately $43,000 has been recovered by the Company and payment plans are in place for the remainder.

PART II

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
3.1(a)	Certificate of Incorporation (3)
3.1(b)	Certificate of Merger, filed May 2, 2005 (3)
3.1(c)	Certificate of Amendment, filed July 16, 2008
3.1(d)	Certificate of Amendment, filed March 18, 2011 (4)
3.1(e)	Certificate of Amendment filed May 22, 2012 (5)
3.2	Bylaws (2)
4.1	Form of Common Stock Certificate (6)
4.2	Form of Unit Certificate (7)
4.3	Form of Warrant Certificate included in Exhibit 4.4 (7)
4.4	Form of Warrant Agency Agreement (7)
4.5	Form of Unit Agency Agreement (7)
5.1	Legal opinion of Counsel (7)
10.1	Revolving Credit Facility dated August 10, 2011 between the Company and Paragon Commercial Bank (6); Revolving Credit Facility dated April 11, 2013 between the Company and Paragon Commercial Bank*
10.2	Form of Franchise Agreement between the Company and Hooters of America, LLC (6)
21	Subsidiaries (6)
23.1	Consent of Roetzel & Andress LPA included in Exhibit 5.1 (7)
23.2	Consent of Creason & Associates, P.L.L.C.*
23.2	Consent of Marcum, LLP*

(1) Incorporated by reference to the Registration Statement on Form S-1 filed on May 18, 2012.

(2) Incorporated by reference to the Registration Statement on Form 10-SB filed on February 15, 2000.

(3) Incorporated by reference from Exhibit 2.1 to the Quarterly Report on Form 10-Q, filed August 15, 2011.

(4) Incorporated by reference from Exhibit 3.1 to the Current Report on Form 8-K, filed on March 18, 2011.

(5) Incorporated by reference from Exhibit 3.1 to the Current Report on Form 8-K, filed on May 23, 2012.

(6) Incorporated by reference to the Registration Statement on Form S-1 filed on December 2, 2011.

(7) Incorporated by reference to the Registration Statement on Form S-1 filed on May 30, 2012.

* Filed herewith.

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (The "Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel, the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or together, in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof;

3. To remove from registration by means of a post-effective amendment any of the securities that remain unsold at the termination of this offering;

4. That, for the purpose of determining liability under the Securities Act to any purchaser:

(i) If the registrant is relying on Rule 430A:

(A) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(B) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(ii) If the registrant is relying on Rule 430B:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(iii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5. That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

6. The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt deliver to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of l933 (the "Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Post-Effective Amendment Number 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Charlotte, North Carolina, on April 18, 2013.

CHANTICLEER HOLDINGS, INC.

By: /s/ Michael D. Pruitt
Michael D. Pruitt,
Chief Executive Officer
(Principal Executive Officer)

/s/ Eric S. Lederer
Eric S. Lederer
Chief Financial Officer
(Principal Accounting Officer)

POWER OF ATTORNEY

The registrant and each person whose signature appears below hereby authorizes the agent for service named in this registration statement, with full power to act alone, to file one or more amendments (including post-effective amendments) to this registration statement, which amendments may make such changes in this registration statement as such agent for service deems appropriate, and the registrant and each such person hereby appoints such agent for service as attorney-in-fact, with full power to act alone, to execute in the name and in behalf of the registrant and any such person, individually and in each capacity stated below, any such amendments to this registration statement.

In accordance with the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
/s/ Michael D. Pruitt Michael D. Pruitt	Chairman of the Board of Directors, CEO and Director (Principal Executive Officer)	April 18, 2013
/s/ Eric S. Lederer Eric S. Lederer	CFO (Principal Accounting Officer)	April 18, 2013
/s/ Michael Carroll Michael Carroll	Director	April 18, 2013
/s/ Russell J. Page Russell J. Page	Director	April 18, 2013
/s/ Paul I. Moskowitz Paul I. Moskowitz	Director	April 18, 2013
/s/ Keith Johnson Keith Johnson	Director	April 18, 2013

PARAGON COMMERCIAL BANK
3535 Glenwood Avenue, Raleigh, North Carolina 27612

Loan #

COMMERCIAL NOTE

Loan Officer CWB

Date: April 11, 2013 Borrower: Chanticleer Holdings, Inc.

Loan Amount: $500,000.00 E Revolving Line of Credit

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise(s) to pay to PARAGON COMMERCIAL BANK ("Bank"), or order, the sum of Five Hundred Thousand and 00/100 Dollars ($500,000.00) or so much as shall have been disbursed from time to time and remains unpaid, including or together with interest at the rate and payable in the manner hereinafter stated. Principal and interest shall be payable at Bank at the address indicated above, or such other place as the holder of this Note may designate.

INTEREST RATE

All payments made on this Note will be applied first to accrued interest and then to principal. Interest will accrue on the unpaid principal balance at the rate set forth below until maturity and will accrue on any unpaid past due interest before maturity and on any unpaid balance after maturity as set forth on the reverse side of this Note.

Interest payable on this Note will be at the per annum rate of:

E Wall Street Journal Prime Rate + 1.00%, with a floor rate of 5.00%

As used in this Note "Wall Street Journal Prime" shall mean the prime rate most recently published in the "Money Rates" section specified in the Eastern Edition of the Wall Street Journal; provided that if more than one such "Prime Rate" is published, the higher of such rate shall be applicable.

Interest will be calculated on the basis of: Actual days/360 day year

All rates except the "Fixed" rate will be subject to change without prior notice at the sole option of Bank and will be effective: As of the date the base rate (Wall Street Journal Prime Rate) changes

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments: The amount of each scheduled payment and the final payment will change.

PRINCIPAL PAYMENT TERMS

Principal (and interest if indicated under Interest Payment Terms below) shall be payable as follows:

Payable in one single payment on April 10, 2014 (herein referred to as "Maturity").

INTEREST PAYMENT TERMS

Interest shall be payable in arrears, as follows:

Payable monthly beginning May 10, 2013 and consecutively on the same calendar day of each such calendar period thereafter.

LATE CHARGE

If any scheduled payment is in default 15 days or more (unless interest on this Note is payable in advance, in which case such period shall be 30 days or more), Obligors agree to pay a late charge equal to 6.00% of the amount of the payment that is in default, but not more than maximum amount allowed by applicable law.

PREPAYMENT

This Note may be prepaid in whole or in part any time without premium.

For partial prepayments, the Bank may, in its sole discretion, apply the prepayment to principal and recalculate the installment payment amount so that equal payments of principal and interest will cause this Promissory Note to be paid in full with the same Maturity date (set forth above). If the Bank decides not to recalculate the installment payment amount, then such prepayment will be applied to the most remote installment then unpaid and shall not otherwise reduce the installment payments coming due prior thereto.

COLLATERAL

SECURED. This Note is secured by collateral described in the following security instruments:

Cross Collateralized and Cross Defaulted with Paragon Commercial Loan #9930000455 to Borrower secured by:

Security agreement(s) dated July 15, 2009 evidenced by UCC-1 filing with North Carolina Secretary of State for a blanket first priority lien on all furnishings, equipment, inventory and other items and types of personal property now owned or hereafter acquired, all the Borrower's general intangibles, Instruments and or investment documents and accounts receivable, whether presently existing or arising in the future, and all the proceeds and products from the foregoing (including insurance proceeds). In addition to the foregoing, the collateral shall also include the Borrower's 11.5% interest in Chanticleer Investors, LLC sole asset: a Convertible Secured Promissory Note dated May 24, 2006 between Robert H. Brooks and any and all amendments thereto ("Security Agreement").

1) At maturity of this Note, or upon default, Bank is authorized and empowered to apply to the payment hereof, any and all money deposited in Bank in the name of or to the credit of each party, without advance notice, and is authorized to offset any obligation of Bank to any party to the payment hereof.

2) Collateral securing other loans of each party with Bank may also secure this loan and this loan may also be supported by separate Guaranty Agreement(s).

SIGNATURES

The undersigned parties are jointly and severally liable for the payment of this Note and have subscribed their names hereto. The provisions printed below are a part of this Note. The provisions of this Note are binding on the heirs, executors, administrators, successors and assigns of each and every party and shall inure to the benefit of the holder, its successors and assigns. This Note is executed under the seal of each of the parties and of the endorsers, if any.

CHANTICLEER HOLDINGS, INC.

By:
/s/ Michael D.Pruitt

Additional Terms and Provisions of Note

DEFAULT. Any of the following shall constitute an event of default: (1) the failure to make when due any payment described herein, whether of principal, interest, or otherwise; (2) the failure of any party hereto to perform any of the terms and conditions written into, the Loan Agreement or security instrument(s) securing this Note or any guaranty agreement or security instrument(s) securing such guaranty agreement which apply to this Note; (3) the death, dissolution, merger, consolidation or termination of existence of any party; or if any party is a corporation with thirty-five (35) or fewer shareholders, the aggregate transfer(s) of voting shares in such party whereby persons or entities not owning on the date hereof, singly or in the aggregate, 50% or more of the voting shares of such party, become the owner(s), singly or in the aggregate, of 50% or more of such voting shares, or if such party is a limited or general partnership, any change in general partnership interest(s) in such party; (4) the application for the appointment of a receiver for any party or the filing of a petition under any provisions of the Bankruptcy Code or Act by or against any party or any assignment for the benefit of creditors by or against any party; (5) the failure of any party to furnish from time to time, at Bank's request, financial information requested with respect to such party without undue delay; (6) a determination by Bank that it deems itself insecure or that an adverse change in the financial condition of any party has occurred since the date hereof; (7) the failure of any party to perform any other obligation to Bank; (8) the termination of any guaranty agreement which applies to this Note; (9) default by Borrower or any guarantor under the terms of any agreement or instrument pursuant to which Borrower or any guarantor has borrowed money from any person; (10) default by Borrower under terms of any instrument or other agreement to which this Agreement or any of the other loan documents are subordinate or which is subordinate to this Agreement or any of the other loan documents.(1 1) default by Borrower or any guarantor in keeping, performing or observing any term, covenant, agreement or condition of any Commitment upon which all or any portion of any indebtedness evidenced by the NOTE was predicated.

LATE CHARGES, EXPENSES AND ACCELERATION. Each party agrees to pay any late charges permitted by applicable law that Bank may, in its discretion, charge for late payments. If this Note is not paid in full whenever it becomes due and payable, each party agrees to pay all costs and expenses of collection, including a reasonable attorney's fee up to the amount of fifteen (15) percent of the then outstanding balance. Upon the occurrence of an event of default, the entire unpaid balance of this Note shall, at the option of Bank, become immediately due and payable, without notice or demand. Failure to exercise the option to accelerate shall not constitute a waiver of the right to exercise same in the event of any subsequent default.

INTEREST. Upon the nonpayment of any payment of interest described herein, the Bank, at its option and without accelerating this Note, may accrue interest on such unpaid interest at the rate(s) applicable hereunder from time to time until maturity of this Note. After maturity of this Note, whether by acceleration or otherwise, interest will accrue on the unpaid principal of this Note and any accrued but unpaid interest shall bear interest at the lesser of (I) the highest contract rate, if any, permitted by applicable law (ii) a rate equal to 18% per annum. Such interest rate shall apply both before and after any judgment hereon.

WAIVER. Each party waives presentment, demand, protest and notice of dishonor, waives any rights which they may have to require Bank to proceed against any other person or property, agrees that without notice to any party and without affecting any party's liability, Bank, at any time or times, may grant extensions of the time for payment or other indulgences to any party or permit the renewal, amendment or modification of this Note, the Loan Agreement or any security instrument(s), or permit the substitution, exchange or release of any security for this Note and may add or release any party primarily or secondarily liable, and agrees that Bank may apply all moneys made available to it from any part of the proceeds from the disposition of any security for this Note either to this Note or to any other obligation of any of the parties to Bank, as Bank may elect from time to time.

PARTIES. Each signatory of this Note is herein sometimes referred to as "Party" or collectively as "Parties" and each agrees to be liable hereunder jointly and severally. This Note shall apply to and bind each party's heirs, personal representatives, successors and assigns. All references in this Note to Bank shall include the holder hereof and this Note shall inure to the benefit of any holder, its successors and assigns.

PARTIES' DUE DILIGENCE. The undersigned acknowledge and represent that they have relied upon their own due diligence in making their own independent evaluations of the purposes for which the proceeds of this Note will be used and of the business affairs and financial condition of all parties hereto, and they will continue to be responsible for making their own appraisals of such matters. The undersigned have not relied upon and will not hereafter rely upon Bank for such information for such appraisal or other assessment or review and, further, will not rely upon any such information which may now or hereafter be prepared by Bank.

CREDIT INVESTIGATION. The Bank is authorized to investigate from time to time the credit of each party and to answer questions relating to the Bank's credit experience with each party.

PARAGON COMMERCIAL BANK
COMMERCIAL LOAN AGREEMENT

THIS COMMERCIAL LOAN AGREEMENT (the "AGREEMENT") is made this 11th day of April, 2013, between Chanticleer Holdings, Inc. ("BORROWER") whose address is 11220 Elm Lane Suite 203 Charlotte, NC 28277 and Paragon Commercial Bank ("BANK").

RECITAL

BORROWER wishes to acknowledge total borrowings as of the date of this Commercial Loan Agreement from BANK in the principal sum of up to Seven Hundred Thirty Four Thousand One Hundred Thirty and 43/100 DOLLARS ($734,130.43), and BANK is and or has been willing to lend such sum to BORROWER on the terms and conditions herein contained and as may have been contained in any and all previous commitment letters issued by BANK (the "COMMITMENT(s)"), which COMMITMENT(s) also may require or have required one or more guarantors (each a "GUARANTOR") to agree to certain terms and conditions contained therein and in a separate guaranty agreements.

NOW THEREFORE, BANK and BORROWER agree to the premises herein contained as follows:

ARTICLE I - LOAN

Subject to the terms and conditions set forth herein, BANK agrees or has previously agreed to make a loan to BORROWER in the original principal sum of $250,000.00, with a current principal balance of $234,130.43.

Subject to the terms and conditions set forth herein, BANK agrees or has previously agreed to provide an open end line of credit to BORROWER; amounts repaid may be re-borrowed, provided that the aggregate principal amount outstanding at any one time does not exceed $500,000.00.

The indebtedness to be provided pursuant to this AGREEMENT is hereinafter sometimes referred to as the "LOAN".

SECTION 1.1. NOTE. The LOAN shall be evidenced by BORROWER's Commercial Note dated the same date as this AGREEMENT substantially in the form of Exhibit A attached hereto ("NOTE"), all terms of which are incorporated herein by this reference.

SECTION 1.2. LOAN DOCUMENTS. The loan documents shall include this AGREEMENT, the NOTE, deed of trust, guaranty agreement, any collateral assignments, and any and all other documents which BORROWER, GUARANTOR or any other party or parties have executed and delivered, or may hereafter execute and deliver to evidence, secure or guarantee the obligations, or any part thereof, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified. The loan documents constitute the entire understanding and agreement between BORROWER and BANK with respect to the transactions arising in connection with the LOAN, and supersede all prior written or oral understandings and agreements between BORROWER and BANK with respect to the matters addressed in the loan documents. In particular, and without limitation, the terms of any commitment by BANK to make the LOAN are merged into the loan documents. Except as incorporated in writing into the loan documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the loan documents. If there is any conflict between the terms, conditions and provisions of this AGREEMENT and those of any other instrument or agreement, including any other loan document, the terms, conditions and provisions of this AGREEMENT shall prevail.

SECTION 1.3. PREPAYMENT. BORROWER may prepay principal on the indebtedness arising under this AGREEMENT only in accordance with the terms of the NOTE.

SECTION 1.4. PURPOSE. The proceeds of the LOAN shall be used as identified in each loan approval.

SECTION 1.5. SECURITY. As security for all indebtedness to BANK, BORROWER grants to BANK a security interest in BORROWER's collateral as identified in each set of loan documents.

SECTION 1.6. SUCCESSORS AND ASSIGNS.

(a) Each and every one of the covenants, terms, provisions and conditions of this AGREEMENT and the LOAN documents shall apply to, bind and inure to the benefit of BORROWER, its successors and those assigns of BORROWER consented to in writing by BANK, and shall apply to, bind and inure to the benefit of BANK and the endorsees, transferees, successors and assigns of BANK, and all persons claiming under or through any of them.

(b) BORROWER agrees not to transfer, assign, pledge or hypothecate any right or interest in any payment or advance due pursuant to this AGREEMENT, or any of the other benefits of this AGREEMENT, without the prior written consent of BANK, which consent may be withheld by BANK in its sole and absolute discretion. Any such transfer, assignment, pledge or hypothecation made or attempted by BORROWER without the prior written consent of BANK shall be void and of no effect. No consent by BANK to an assignment shall be deemed to be a waiver of the requirement of prior written consent by BANK with respect to each and every further assignment and as a condition precedent to the effectiveness of such assignment.

(c) BANK may sell or offer to sell the LOAN or interests therein to one or more assignees or participants. BORROWER shall execute, acknowledge and deliver any and all instruments reasonably requested by BANK in connection therewith, and to the extent, if any, specified in any such assignment or participation, such assignee(s) or participant(s) shall have the same rights and benefits with respect to the LOAN Documents as such person(s) would have if such person(s) were BANK hereunder. BANK may disseminate any information it now has or hereafter obtains pertaining to the LOAN, including any security for the LOAN, any credit or other information on the BORROWER's property (including environmental reports and assessments), BORROWER, any of Borrower's principals or any GUARANTOR, to any actual or prospective assignee or participant, to BANK's affiliates, to any regulatory body having jurisdiction over BANK, to any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to BORROWER and the LOAN, or to any other party as necessary or appropriate in BANK's reasonable judgment.

SECTION 1.7. CREDIT LINE PAYOUT. At a time of BORROWER's choosing, but prior to the maturity date of the NOTE, the principal balance of the NOTE for any line of credit must be fully repaid by BORROWER and must remain paid out for NA consecutive days.

ARTICLE II REPRESENTATIONS AND WARRANTIES

BORROWER makes the following representations and warranties to BANK, which representations and warranties shall survive the execution of this AGREEMENT and the closing and shall be affirmed upon each draw request and any advances of the LOAN.

SECTION 2.1. LEGAL STATUS. BORROWER is a business entity duly organized and existing under the laws of the State of North Carolina, and is qualified to do business in all jurisdictions in which it conducts its business.

SECTION 2.2. NO VIOLATION. The making and performance by BORROWER of this AGREEMENT does not violate any provision of law, and does not result in a breach of or constitute a default under any agreement, indenture or other instrument to which BORROWER is a party or by which BORROWER may be bound.

SECTION 2.3. AUTHORIZATION. This AGREEMENT has been duly authorized, executed and delivered, and is a valid and binding agreement of BORROWER; and the NOTE to be issued hereunder by BORROWER, upon its execution and delivery in accordance with the provisions of this AGREEMENT, will be a valid and binding obligation of BORROWER in accordance with its terms.

SECTION 2.4. LITIGATION. There are no pending or threatened actions or proceedings before any court or administrative agency which may adversely affect the financial condition, results of operations, business or properties of BORROWER other than those heretofore disclosed by BORROWER to BANK in writing.

SECTION 2.5. CORRECTNESS OF FINANCIAL STATEMENTS. The financial statements dated December 31, 2012, heretofore delivered by BORROWER to BANK present fairly the financial condition of BORROWER, and prepared in accordance with sound accounting principles applicable to entities such as the BORROWER, consistently applies as approved by LENDER. As of the date of such financial statements, and since such date, there has been no material adverse change in the condition or operations of BORROWER, nor has BORROWER mortgaged, pledged or granted a security interest in or encumbered any of BORROWER's assets or properties since such date.

SECTION 2.6. TAXES. BORROWER has filed or caused to be filed all tax returns, reports, estimates and declarations which are required to be filed, and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on BORROWER or any of its property by any governmental authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with and prepared in accordance with sound accounting principles applicable to entities such as the BORROWER, consistently applies as approved by LENDER have been established; and no liens have been filed and no claims are being asserted with respect to any such taxes, fees or other charges and no event exists, or will exist at closing which with the giving notice or the lapse of time, or both, would give rise to a lien. Federal tax returns of BORROWER have been audited through BORROWER's tax year ended 2012, and BORROWER has no knowledge of any pending assessments or adjustments of its income tax payable with respect to any year subsequent to that date.

SECTION 2.7. NO SUBORDINATION. The obligations of BORROWER under this AGREEMENT or the NOTE are not subordinated in right of payment to any other obligation of BORROWER to any other lender or other person, including without limitation any member, manager, shareholder, principal, partner, director, officer, employee or agent of BORROWER.

SECTION 2.8. PERMITS, FRANCHISES. The BORROWER possesses, and will hereafter possess, all permits, memberships, franchises, contracts, and licenses required and all trademark rights, trade names, trade name rights, patents, patent rights, and fictitious name rights necessary to enable it to conduct the business in which it is now engaged without conflict with the rights of others.

SECTION 2.9 NO DEFAULT CONTRACTUAL OBLIGATIONS. BORROWER is not in default under or with respect to any contractual obligation (including any indebtness) in any respect which could be materially adverse to its businesses, operations, properties, financial or other conditions, or which could materially adversely affect its ability to perform its obligations under the loan documents, and no event exists, or will exist at closing which, with the giving of notice or the lapse of time, or both, would give rise to such a default. To the best of its knowledge, all of the material contractual obligations of BORROWER are valid, binding, and enforceable obligations of all of the parties thereto, in accordance with their respective terms, and, to the best of its knowledge, there are no material disputes between BORROWER and the other parties to such material contractual obligations with respect to such contractual obligations and BORROWER, after taking the LOAN into account, will be able to continue performing its obligations under such contractual obligations.

SECTION 2.10 NO DEFAULT LOAN DOCUMENTS. No default conditions or EVENT OF DEFAULT shall exist at closing and, to the best of BORROWER's knowledge, after due and diligent inquiry, no event exists, or will exist at closing which with the giving of notice or the lapse of time, or both, would give rise to a default condition.

SECTION 2.11 OWNERSHIP OF PROPERTY; LIENS; ETC. BORROWER has good and marketable title in fee simple in and to all of the collateral (including without limitation, the Borrowing Base, as defined in SECTION 3.4(t), if applicable) free and clear of any and all liens, security interests, claims, demands, off-sets, contingencies or other outstanding interests, whether legal or equitable, except for liens and interests, if any, approved by BANK.

SECTION 2.12 DISCLOSURE. Neither this AGREEMENT, the other loan documents, nor any representation, certificate, statement or other documents furnished to BANK prior to or contemporaneous with the execution and delivery of this AGREEMENT by BORROWER contains any untrue statement of any material fact or omits disclosure of any material fact necessary to make the statement contained herein misleading. There is no material fact known to BORROWER which has not been disclosed to BANK in writing which affects in a materially adverse manner the property, business, prospects, profits or condition (financial or otherwise) of BORROWER, or the ability of BORROWER to fully perform this AGREEMENT and the other loan documents to which it is a party, and any all other transactions contemplated herein.

SECTION 2.13 COLLATERAL AND COMPLIANCE. All of the collateral and all other property that is necessary for the full use and enjoyment of the collateral is in material compliance with all governmental and regulatory orders, directives, rules and regulations, including zoning, subdivision, and environmental rules and regulations, and will be operated in such manner to remain in material compliance with such laws until the LOAN is paid and satisfied in full.

SECTION 2.14 NO MATERIALLY ADVERSE CONTRACTS ETC. BORROWER is not subject to any charter or corporate restriction or legal restrictions, or any judgment, decree, order, rule, regulations or any other requirement of law which has or is expected in the future to have a material adverse effect on the business, assets, or financial condition or prospects of BORROWER. BORROWER is not a party to any contract or agreement which has or is expected to have any material adverse effect on the business, assets, financial conditions or prospects of any of them.

SECTION 2.15 NAME. BORROWER operates its business and owns its assets only under its name used herein.

SECTION 2.16 ENVIRONMENTAL COMPLIANCE. BORROWER has not conducted any activity on any real property owned or leased by it, or otherwise in its possession or control, involving the generation, treatment, storage or disposal of hazardous waste, other than activities in the normal course of its business (and as to such activities in the normal course of business, it is in compliance in all material respects with all requirements of law), nor has any previous owner conducted any such activities. BORROWER's records do not now, nor to its best knowledge, have they ever revealed any discharge, spill, or disposal of any hazardous substances, hazardous waste or oil at, on or under any of the aforementioned real property. There has not been any notice or violation, administrative penalty, civil or criminal action, claim, lien or any administrative or legal action or notice of same by any person whatsoever (including any governmental authority) against BORROWER of any of the aforementioned real property relating to any hazardous substances, hazardous waste, oil, or any other environmental matters. The soil, surface water and ground water on, under or about said real property are free from hazardous substances, hazardous waste and oil.

ARTICLE III CONDITIONS PRECEDENT

The obligation of BANK to make any advance hereunder is subject to the fulfillment of the following conditions:

SECTION 3.1. APPROVAL OF BANK COUNSEL. All legal matters incidental to each advance hereunder shall be satisfactory to BANK counsel.

SECTION 3.2. REPRESENTATIONS AND WARRANTIES. The representations and warranties made by BORROWER which are contained herein and/or in any certificate, document, or financial or other statement furnished at any time under or in connection herewith, shall be correct and as of closing, as if made on and as of such date, and on and as of the date of each advance or disbursement of LOAN proceeds.

SECTION 3.3 NO DEFAULT OR EVENT OF DEFAULT. No default condition or EVENT OF DEFAULT shall have occurred and be continuing as of closing or after giving effect to the LOAN to be made at closing, nor shall a default condition or EVENT OF DEFAULT exist as of the date of any disbursement or advance of LOAN proceeds.

SECTION 3.4. DOCUMENTATION. BORROWER shall have delivered to BANK in form and substance satisfactory to BANK the following described documents:

(a) Loan Documents. BANK shall have received fully executed and, if necessary, recorded or filed, originals of the loan documents required by the COMMITMENT, this AGREEMENT and/or as may be otherwise required by BANK to evidence the LOAN and to create and perfect the lien and security interest in the collateral required herein.

(b) Supporting Documentation. All of the conditions listed in this SECTION 3.3, in the COMMITMENT and elsewhere in this AGREEMENT shall have been completed and/or satisfied, including, without limitation, perfection in favor of BANK of the lien and security interest in all of the collateral as required herein.

(c) UCC-11 Search Results. BANK shall have received current UCC-11 search results from such local and state filing offices verifying any judgments, liens or pending cases as BANK may request, each showing no liens or encumbrances against any of the collateral.

d) Taxes. BORROWER shall have delivered to BANK evidence that the ad valorem taxes on any real property that is a part of the collateral have been paid through the most recent calendar year and information as to tax parcel identification numbers, tax rates, estimated tax values and the identities of the taxing authorities.

(e) Licensee and Permits. BORROWER shall have received copies of all material licenses and permits respecting BORROWER's business that are necessary for the conduct thereof.

(f) Insurance. BORROWER shall have delivered to BANK evidence that BORROWER and such other persons as required by BANK have obtained each of the insurance policies required under this AGREEMENT together with satisfactory evidence of premium payments.

(g) Current Financial Statements. BORROWER shall have delivered to BANK complete and current financial statements, all as required by and in form satisfactory to BANK.

(h) Taxpayer Identification Number. BORROWER shall have supplied to BANK its federal taxpayer identification numbers and/or social security numbers.

(i) Authority Documents. BANK shall have received from BORROWER and from such other persons as BANK may request, documents evidencing their respective authority to enter into this LOAN and loan documents, as applicable, together with certificates of authority and/or good standing and borrowing certifications as BANK and its counsel deem appropriate.

0) Opinion of BORROWER's Counsel. BANK shall have received from BORROWER's counsel a written legal opinion regarding, as applicable, the organization and operation of BORROWER, the enforceability of the loan documents and such other matters as BANK may reasonably request, such opinion to be in form and substance satisfactory to BANK.

(k) Borrowing Base Report. NA

SECTION 3.5 ORIGINATION FEE AND OTHER FEES. BORROWER shall have paid to BANK the origination fee or commitment fee as may be required in the COMMITMENT and all other fees and costs and expenses to be paid by BORROWER at or before closing, as provided in the COMMITMENT.

SECTION 3.6 BANK ACCOUNTS. As a condition of the LOAN, BORROWER or a related entity agrees to establish and maintain their primary depository account with BANK. BORROWER or such related entity agrees to maintain deposits with BANK based on this relationship and during the term of the LOAN.

SECTION 3.7 ADDITIONAL MATTERS. All other documents and legal matters in connection with the transactions contemplated by this AGREEMENT shall be received by BANK in form and substance satisfactory to BANK and its counsel and such counsel shall have received all information and such counterpart originals, or certified or other such copies of such documents, as such counsel may reasonably request.

SECTION 3.8 GENERAL. Without imposing any obligation or undertaking by BANK or its counsel and without acknowledging compliance with the representations and warranties or waiving strict compliance by BORROWER with all of the terms and conditions of the AGREEMENT and the materiality of all of the representations and warranties of BORROWER, BANK or BANK's counsel shall retain the right to be satisfied that all matters required to be performed in connection with this transaction have been performed in such a manner that the LOAN funds can be advanced, the lien and security position of BANK perfected in the collateral and that no event exists which will jeopardize the LOAN or the prospect of payment of the LOAN or the payment or performance of any of BORROWER's obligations in this AGREEMENT or any other loan documents.

ARTICLE IV AFFIRMATIVE COVENANTS

BORROWER covenants that so long as BORROWER is indebted to BANK under this AGREEMENT, and until the payment in full of the NOTE issued hereunder, BORROWER will:

SECTION 4.1. PUNCTUAL PAYMENT. Punctually pay the interest and principal of the NOTE at the times and place in the manner specified in the NOTE.

SECTION 4.2 PRIORITY PAYMENTS. Make payments of principal and interest due under this AGREEMENT and the NOTE before making any payments of (a) principal and interest to any non-related party creditor and (b) principal and interest to any shareholder, partner, member or other related party of BORROWER.

SECTION 4.3. ACCOUNTING RECORDS. Maintain adequate books and accounts in accordance with sound accounting principles applicable to entities such as the Borrower, consistently applied as approved by Lender. BORROWER shall permit any representative of BANK, at any reasonable time, to inspect, audit and examine such books and inspect the properties of BORROWER.

SECTION 4.4. FINANCIAL STATEMENTS. Furnish BANK: From time to time such other information as BANK may reasonably request.

SECTION 4.5. EXISTENCE. Preserve and maintain its existence and all of its rights, privileges and franchises; conduct its business in an orderly, efficient, and regular manner; and comply with the requirements of all applicable laws, rules, regulations and orders of a governmental authority.

SECTION 4.6. INSURANCE. Maintain and keep in force insurance of the types and in amounts customarily carried in lines of business similar to BORROWER's, including but not limited to fire, public liability, property damage, flood, contents coverage and workers' compensation, carried in companies and in amounts satisfactory to BANK; and

BORROWER shall deliver to BANK from time to time at BANK's request schedules setting forth all insurance then in effect.

SECTION 4.7. FACILITIES. Keep all BORROWER's properties useful or necessary to BORROWER's business in good repair and condition, and from time to time make necessary repairs, renewals and replacements thereto so that BORROWER's property shall be fully and efficiently preserved and maintained.

SECTION 4.8. TAXES AND OTHER LIABILITIES. Pay and discharge when due any and all indebtedness, obligations, assessments, taxes, including federal and state income taxes and real and personal property taxes, except such as BORROWER may in good faith contest or as to which a bona fide dispute may arise; provided provision is made to the satisfaction of BANK for eventual payment thereof in the even that it is found that the same is an obligation of BORROWER.

SECTION 4.9. LITIGATION. Promptly give notice in writing to BANK of any litigation pending or threatened in excess of $10,000.00.

SECTION 4.10. FINANCIAL CONDITION. Maintain BORROWER's financial condition according to the following schedules: NA

SECTION 4.11 CROSS COLLATERAL. BORROWER Agrees, and GUARANTOR will agree, that any collateral securing the LOAN will also secure any other indebtedness of BORROWER or GUARANTOR to BANK and that any other collateral pledged as security for any other obligation of BORROWER or GUARANTOR to BANK will also secure their respective obligations under this AGREEMENT.

SECTION 4.12. DOCUMENTARY STAMP TAXES. Pay or reimburse BANK on demand for all present and future documentary stamp taxes, if any, required by any jurisdiction as a condition of filing a financing statement, deed of trust or other agreement covering collateral which is the subject of this AGREEMENT.

SECTION 4.13. NOTICE TO BANK. Promptly give notice in writing to BANK of (1) the occurrence of any EVENT OF DEFAULT: (2) any change in the location of any collateral for the LOAN, name of BORROWER, and in the case of an organization, any change in name, identity or corporate structure; or (3) any uninsured or partially uninsured loss through fire, theft, liability or property damage in excess of an aggregate of $25,000.00.

SECTION 4.14. WAIVER OF TRIAL BY JURY. To the extent permitted by law, it is mutually agreed by and between the BORROWER and BANK that the respective parties waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other or any matter whatsoever arising of or in any way connected with this AGREEMENT.

SECTION 4.15. DEATH OF THE GUARANTOR. Notwithstanding anything to the contrary in the body of any of the loan documents, it is understood that the death of any natural person who is a GUARANTOR shall constitute an EVENT OF DEFAULT., provided however, that the BORROWER and any parties offer and consummate an alternative guaranty structure acceptable to the BANK, which shall consist of the execution of the same unconditional guaranty agreement as initially executed by the deceased GUARANTOR by an individual, individuals, entity or entities, or with any changes to the guaranty agreement as may be required by law and satisfactory to the BANK. The BANK reserves the right to require documentation evidencing the authority of the substitute or alternative GUARANTOR or GUARANTORs including, without limitation, trust agreements, partnership agreements, corporate resolutions and operating agreements, and to require an opinion of counsel acceptable to the BANK that the guaranty or guaranties have been duly authorized, executed and delivered and are valid and enforceable in accordance with their terms if the alternative GUARANTOR is not an individual or natural person. The party's or the parties' failure to deliver and execute such alternative guaranty agreement or agreements shall entitle the BANK, at its option and in BANK's sole discretion, to call the LOAN due and payable in full, such failure being an EVENT OF DEFAULT under the NOTE and the LOAN documents.

ARTICLE V NEGATIVE COVENANTS

BORROWER further covenants that so long as BORROWER is indebted to BANK under this AGREEMENT, and until payment in full of the NOTE issued hereunder, BORROWER shall not, without prior written consent of BANK:

SECTION 5.1. USE OF FUNDS. Use any of the proceeds of the NOTE except for the purpose(s) stated in SECTION 1.4.

SECTION 5.2. CAPITAL EXPENDITURE LIMITATION. Make any additional investment in fixed assets in any one fiscal year in excess of an aggregate of NA.

SECTION 5.3. LEASE EXPENDITURES; MAXIMUM LEASES. During the term of the LOAN, BORROWER will not enter into any lease agreement which would cause or require the total amount of annual lease expenditures incurred by the BORROWER on all leases to exceed NA per fiscal year, without the prior written approval of BANK..

SECTION 5.4. OTHER INDEBTEDNESS. Create, incur, assume, guaranty, become contingently liable for, or permit to exist any other liabilities or other indebtedness resulting from borrowings, loans or advances, whether secured or unsecured, except short-term borrowings from BANK and the liabilities of BORROWER to BANK for money borrowed hereunder, nor shall BORROWER knowingly grant or permit liens on or security interests in any of BORROWER's assets.

SECTION 5.5. MERGER, CONSOLIDATION, SALE OF ASSETS. Merge into or consolidate with any corporation or other entity, or acquire all or substantially all of the assets of any other corporation or entity; or sell, lease, assign, transfer or otherwise dispose of all or substantially all of its assets.

SECTION 5.6. GUARANTEES. Guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments in the ordinary course of business) or accommodation endorser or otherwise for the debt or obligations of any other person or entity.

SECTION 5.7. LOANS, ADVANCES, INVESTMENTS. Make any loans or advances to, or investments in, any person or entity, including officers, directors, stockholders, managers, members, partners or employees of BORROWER.

SECTION 5.8. DIVIDENDS, DISTRIBUTIONS. Declare or pay any dividend either in cash, stock or other property; or redeem, retire, purchase or otherwise acquire any shares of any class of BORROWER's stock or any other equity interest in BORRROWER now or hereafter outstanding. During the term of the LOAN, BORROWER may not purchase or redeem any shares of its capital stock, declare or pay any dividends, or make any other distribution, loan or payment to any stockholder, member, partner, officer or employee in excess of NA in any fiscal year, other than normal salaries and amounts needed to pay actual income taxes paid by the individual owners resulting from the BORROWER's income reported on their personal tax returns.

SECTION 5.9. OFFICER AND DIRECTOR COMPENSATION. Pay any compensation to any past, present or future shareholder, director, officer, manager, member, partner or employee, whether through salary, bonus, or otherwise, in excess of NA. During the term of the LOAN, the sum of all salaries, bonuses, fringe benefits or other compensation paid by BORROWER to all officers shall not exceed $ NA without the prior written consent of BANK.

SECTION 5.10 CHANGE IN FISCAL YEAR. Change its fiscal year without the consent of the BANK.

SECTION 5.11 CHANGE OF CONTROL. Make or suffer a change of ownership or change in management that effectively changes control of BORROWER from the current ownership or management.

ARTICLE VI DEFAULT

SECTION 6.1. EVENTS OF DEFAULT. The following shall constitute EVENTS OF DEFAULT:

(a) Default by BORROWER in any payment of principal or interest under the NOTE subject to any applicable grace or cure periods stated in the NOTE.

(b) Any representation or warranty made by BORROWER hereunder shall prove to be at any time incorrect in any material respect.

(c) Default by BORROWER in the performance of any other non-payment covenant or agreement contained herein.

(d) Default by BORROWER or GUARANTOR under the terms of any agreement or instrument pursuant to which BORROWER or GUARANTOR has borrowed money from any person.

(e) The entry of any judgment or levy of any attachment, execution or other process against the assets of BORROWER, and such judgment be not satisfied, or such levy or other process be not removed within twenty (20) days after the entry or levy thereof, or at least five (5) days prior to the time of any proposed sale under any such judgment or levy.

(f) BORROWER or any GUARANTOR shall be adjudicated as bankrupt or insolvent, or shall consent to or apply for the appointment or a receiver, trustee or liquidator of itself or any of its property, or shall admit in writing its inability to pay its debts generally as they become due, or shall make a general assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization or arrangement in a proceeding under any bankruptcy law, or BORROWER or its directors, majority stockholders, partners, managers or members shall take action looking into the dissolution or liquidation of BORROWER.

(g) BORROWER's breach of or default under any of or default under any of the terms, conditions or covenants contained in this AGREEMENT.

(h) The actual or threatened demolition, injury or waste to the collateral, or any part thereof, which, in the sole opinion of BANK, may impair its value, or the actual or threatened decline in value of the collateral or any part thereof;

(i) The insolvency of BORROWER, or any party comprising BORROWER, GUARANTOR, or any person obligated for payment of the LOAN.

Q) BORROWER's default under terms of any instrument or other agreement to which this AGREEMENT or any of the other loan documents are subordinate or which is subordinate to this AGREEMENT or any of the other loan documents.

(k) Default by BORROWER or GUARANTOR in keeping, performing or observing any term, covenant, agreement or condition of any COMMITMENT upon which all or any portion of any indebtedness evidenced by the NOTE was predicated.

(I) Any false statement, misrepresentation or withholding of facts by BORROWER, and/or by any GUARANTOR, any principal, shareholder, partner, member, manager, director, officer, employee or any other person in any loan application or other document provided by BORROWER and/or any other person to BANK or its agents, including any misrepresentation made in this AGREEMENT, or in any representation or statement made by BORROWER and/or any other person to BANK or its agents, as to any matter relied upon by BANK in evaluating whether to extend credit and financing to BORROWER.

(m) A determination by BANK that the prospect of payment or performance by BORROWER, GUARANTOR, and/or any other person under all or any of the loan documents is insecure or that a material adverse change in the financial condition of BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN has occurred since the date of this AGREEMENT.

(n) The death, dissolution, merger, consolidation or termination of existence of any BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN; or if any BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN is a corporation with thirty-five (35) or fewer shareholders, the aggregate transfer(s) of voting shares in such BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN whereby persons or entities not owning on the date hereof, singly or in the aggregate, 50% or more of the voting shares of such BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN, become the owner(s), singly or in the aggregate, 50% or more of the voting shares of such BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN, or if such party is a limited or general partnership, any change in general partnership interest(s) in such BORROWER, GUARANTOR, and/or any person obligated for payment of the LOAN.

SECTION 6.2. REMEDIES UPON DEFAULT. Upon the occurrence of any EVENT OF DEFAULT, with respect to any personal property, collateral or fixtures, BANK shall have all of the rights and remedies of a secured party under the North Carolina Uniform Commercial Code. Without in any way limiting the generality of the foregoing, BANK shall also have the following specific rights and remedies:

(a) Any indebtedness of BORROWER under this AGREEMENT or the NOTE, any of the NOTE to the contrary notwithstanding, shall, at BANK's option and without notice, become immediately due and payable without presentment, notice or demand, all of which are hereby expressly waived by BORROWER; and the obligation, if any, of the BANK to permit further borrowings hereunder shall immediately cease and terminate.

(b) To take immediate possession of all equipment, inventory, fixtures, and any or all other collateral securing the LOAN, whether now owned or hereafter acquired, without notice, demand, presentment, or resort to legal process, and, for these purposes, to enter any premises where any of the collateral is located and remove the collateral therefrom or render it unusable.

(c) To require BORROWER to assemble and make the collateral available to BANK at a place to be designated by BANK which is also reasonably convenient to BORROWER.

(d) To retain the collateral in satisfaction of any unpaid principal or interest on the LOAN or sell the collateral at public or private sale after giving such notice, as the BANK deems necessary, of the time and place of the sale and with or without having the collateral physically present at the place of the sale.

(e) To make any repairs to the collateral which BANK deems necessary or desirable for the purposes of sale.

(f) To exercise any and all rights of set-off which BANK may have against any account, fund, or property of any kind,tangible or intangible, belonging to BORROWER which shall be in BANK's possession or under its control.

(g) BANK shall have the right to collect receivables, endorse checks, collect rents, issues, profits and revenues assigned to BANK as collateral for the LOAN, to appoint a receiver or other third party to inspect the books and records of BORROWER and to evaluate collateral, at BORROWER's expense, and to contact all account parties and direct them to pay BANK directly.

(h) BANK shall have the right to the appointment of a receiver to collect the rents and profits from the property and collateral assigned to BANK to secure LOAN, without consideration of the value thereof or the solvency of any person liable for the payment of the amounts then owing. BANK, at its option, in lieu of an appointment of a receiver, shall have the right to do all those things the receiver could have done. If such receiver should be appointed, or if there should be a sale of the property and collateral by foreclosure, the BORROWER or any person in possession of the property and collateral, as tenant or otherwise, shall become a tenant at will of the receiver or of the purchaser and may be removed by a writ of ejectment, summary ejectment or other lawful remedy.

(i) The exercise by the BANK of any right or remedy granted to the BANK or to any receiver or trustee in law or equity, or by this or any other document shall not be deemed an irrevocable election of remedies thereby precluding the BANK or any receiver or trustee from exercising or pursuing any other right or remedy granted to the receiver, the trustee or BANK under this or any other document or at law or in equity. All remedies contained herein or in any other separate agreement executed contemporaneously with the execution of this AGREEMENT, including without limitation any assignment, security agreement, mortgage, deed of trust, or other security instrument, are intended to be cumulative.

ARTICLE VII MISCELLANEOUS

SECTION 7.1. WAIVER. No delay or failure of BANK, or any holder of the NOTE, in exercising any right, power or privilege hereunder shall affect such right, power or privilege; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or privilege. The rights and remedies of BANK hereunder are cumulative and not exclusive. Any waiver, permit, consent or approval of any kind by BANK, or any holder of the NOTE, of any breach or default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

SECTION 7.2. NOTICES. All notices, requests and demands given to or made upon the respective parties shall be deemed to have been given or made when deposited in the mail, postage prepaid, and addressed as follows:

BORROWER: Chanticleer Holdings, Inc.
11220 Elm Lane Suite 203
Charlotte, NC 28277

BANK: Paragon Commercial Bank
3535 Glenwood Avenue
Raleigh, North Carolina 27612

SECTION 7.3. ATTORNEY'S FEES. BORROWER will reimburse BANK for all costs, expenses and reasonable attorneys' fees expended or incurred by BANK in administering and enforcing this AGREEMENT, in actions for declaratory relief in any way related to this AGREEMENT, or in collecting any sum which becomes due the BANK on the NOTE.

SECTION 7.4. NORTH CAROLINA LAW APPLICABLE. This AGREEMENT and the NOTE shall be construed in accordance with the laws of the State of North Carolina. BORROWER and any member, manager, general partner, or GUARANTOR of BORROWER each irrevocably consents to the jurisdiction of any Federal or State court within the State of North Carolina, and submits to venue in the State of North Carolina, and each also consents to service of process by any means authorized by Federal law or the law of the State of North Carolina. Without limiting the generality of the foregoing, each of BORROWER, or any member, manager, general partner and GUARANTOR of BORROWER hereby waives and agrees not to assert by way of motion, defense, or otherwise in such suit, action, or proceeding, any claim that (i) BORROWER or any such member, manager, general partner and GUARANTOR is not subject to the jurisdiction of the courts of the State of North Carolina or the United States District Court for North Carolina; or (ii) such suit, action, or proceeding is brought in an inconvenient forum; or (iii) the venue of such suit, action, or proceeding is improper.

SECTION 7.5. FURTHER ASSURANCES; POWER OF ATTORNEY. At any time, and from time to time, upon request by BANK, BORROWER will, at BORROWER's expense: (a) correct any defect, error or omission which may be discovered in the form or content of any of the loan documents; (b) make such further assurances as may be required by BANK; and (c) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates and other documents as may, in the opinion of BANK, be necessary or desirable in order to complete, perfect or continue and preserve the lien and security position of the BANK. Upon any failure by BORROWER to do so, BANK may make, execute and record any and all such instruments, certificates and other documents for and in the name of Borrower, all at the sole expense of Borrower, and BORROWER hereby irrevocably appoints the BANK as its attorney-in-fact, this power of attorney being coupled with an interest, in order that BANK may administer the LOAN and exercise the rights and remedies contained in this AGREEMENT and in any related loan documents and assignments by BORROWER at any time, including without limitation after the occurrence of an EVENT OF DEFAULT under this AGREEMENT or other loan documents as may be prescribed by BANK under SECTION 3.3 of this AGREEMENT or otherwise required by BANK.

SECTION 7.6 ARBITRATION AND DISPUTE RESOLUTION. (a) Arbitration. Except to the extent expressly provided below, any dispute under this AGREEMENT or other loan document shall, upon the request of either party, be determined by binding arbitration in accordance with the Federal Arbitration Act, Title 9, United States Code (or if not applicable, the applicable state law), the then-current rules for arbitration of financial services disputes of the American Arbitration Association ("AAA"), and the other terms and conditions set forth in this SECTION 7.6 below. In the event of any inconsistency with AAA rules, the terms and conditions of this AGREEMENT shall control. The filing of a court action is not intended to constitute a waiver of the right of BORROWER or BANK, including the suing party, thereafter to require submittal of the dispute to arbitration. Any party to this AGREEMENT may bring an action, including a summary or expedited proceeding, to compel arbitration of any dispute in any court having jurisdiction over such action. The arbitration shall be administered by AAA, who will appoint a single arbitrator. If AAA is unwilling or unable to administer the arbitration, or if AAA is unwilling or unable to enforce or legally precluded from enforcing any and all provisions of this AGREEMENT, then any party to this Agreement may substitute another arbitration organization that has similar procedures to AAA and that will observe and enforce any and all provisions of this AGREEMENT. All arbitration hearings will be commenced within ninety (90) days of the demand for arbitration and completed within ninety (90) days from the date of commencement; provided, however, that upon a showing of good cause, the arbitrator shall be permitted to extend the commencement of such hearing for up to an additional sixty (60) days. The judgment and the award, if any, of the arbitrator shall be issued within thirty (30) days of the close of the hearing. The arbitrator shall provide a concise written statement setting forth the reasons for the judgment and for the award, if any. The arbitration award, if any, may be submitted to any court having jurisdiction to be confirmed and enforced, and such confirmation and enforcement shall not be subject to arbitration. Any dispute concerning this arbitration provision, including any such dispute as to the validity or enforceability of this provision, or whether a Dispute is arbitrable, shall be determined by the arbitrator; provided, however, that the arbitrator shall not be permitted to vary the express provisions of these terms and conditions or the reservation of rights set forth in subsection (b). The arbitrator shall have the power to award legal fees and costs pursuant to the terms of this AGREEMENT.

(b) Reservations of Rights. Nothing in this AGREEMENT shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation and any waivers contained in this AGREEMENT, or (ii) apply to or limit the right of BANK (A) to exercise self help remedies such as (but not limited to) setoff, or (B) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, (C) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief, writ of possession, prejudgment attachment, or the appointment of a receiver, or (D) to pursue rights against a party to this AGREEMENT in a third-party proceeding in any action brought against BANK in a state, federal or international court, tribunal or hearing body (including actions in specialty courts, such as bankruptcy and patent courts). BANK may exercise the rights set forth in clauses (A) through (D), inclusive, before, during or after the pendency of any arbitration proceeding brought pursuant to this AGREEMENT. Neither the exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the dispute occasioning resort to such remedies. No provision in the loan documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in any loan document for arbitration of any-dispute.

IN WITNESS WHEREOF, the Parties hereto have caused this AGREEMENT to be executed under seal the day and year ifrst herein ove wri1tsrt; .7

Paragon

(SEAL)
Charles W. Bartz, Senior Vice President

Version Date 10/7/09

CHANTICLEER HOLDINGS, INC.

By:/s/Michael D. Pruitt
President/CEO

(SEAL)

UNCONDITIONAL GUARANTY

Date: April 11, 2013

OBLIGOR(S): Chanticleer Holdings, Inc.
ADDRESS: 4201 Congress Street Suite 145
Charlotte, NC 28210

GUARANTOR(S): Michael D. Pruitt
ADDRESS:

OBLIGEE: PARAGON COMMERCIAL BANK
4725 Piedmont Row Drive Suite 200
Charlotte, North Carolina 28210

WHEREAS, the above OBLIGOR(S) (hereinafter jointly and severally termed "Customer") desire(s) to obtain extensions of credit and/or a continuation of credit extensions and/or to engage in business transactions and enter into various contractual relationships and otherwise to deal with Paragon Commercial Bank (hereinafter termed "Bank"); and

WHEREAS, Bank is unwilling to extend or continue to extend credit to and/or to engage in business transactions and enter into various contractual relationships with, and otherwise to deal with Customer unless it receives an unconditional and continuing, joint and several guaranty from the above identified, undersigned GUARANTOR(S) (each, any and all of whom is hereinafter termed "Guarantor"), covering all "Obligations of Customer," as hereinafter defined.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, and in order to induce Bank, from time to time, in its sole discretion to extend or continue to extend credit(with or without security) to and/or to engage in business transactions and enter into various contractual relationships with Customer (without limiting the generality of the foregoing, this Guaranty is being given in order to induce Bank to lease and/or sell real, personal and/or mixed property to Customer, to purchase or discount any Acceptances, Accounts, Chattel Paper, Checks, Contracts, Contract Rights, Drafts, General Intangibles, Instruments, Investment Securities, Land Contracts, Purchase Money Security Agreements (Conditional Sale Contracts of real and/or personal property), Real and/or Personal Property Leases, or any other instruments or evidences of indebtedness (with or without recourse) upon which Customer, jointly or severally, is or may be liable as maker, co-maker, endorser, acceptor, guarantor, surety or otherwise and otherwise to deal with Customer), Guarantor (jointly and severally, if more than one) hereby absolutely and unconditionally guarantees to Bank and its successors and assigns, the due and punctual payment of all indebtedness, obligations and liabilities of said Customer to Bank, and all claims of Bank against the Customer primary or secondary (whether by way of endorsement or otherwise), whether now existing or hereafter arising, whether arising out of contract(s), tort(s) or otherwise, whether created directly with Bank or acquired by Bank through assignment, endorsement or otherwise: whether matured or unmatured; whether absolute or contingent; whether joint or several; whether secured or unsecured; whether monetary or nonmonetary; whether liquidated or unliquidated, as and when the same become due and payable (whether by acceleration or otherwise), in accordance with the terms of any instruments, accounts receivable, security agreements, land and/or other contracts, drafts, leases, chattel paper, debts, obligations or liabilities evidencing any such indebtedness, obligations, liabilities, or claims, including all renewals, extensions, substitutions and/or modifications thereof (all indebtedness, obligations and liabilities of the Customer to Bank and claims of Bank against Customer, including all of the foregoing, being hereinafter collectively termed "Obligations of Customer") provided, however, that the liability, jointly and severally, of the undersigned Guarantors hereunder, at any one time outstanding, with respect to the aggregate principal amount of the "Obligations of Customer," shall not exceed the sum of money here specified (the "Specified Amount"), plus, in addition to the Specified Amount, Guarantors shall also be liable for payment of all interest or finance charges thereon, costs of court, default interest thereon, late payment charges and the reasonable attorneys' fees of Bank, to wit:

Five Hundred Thousand and 00/100 Dollars ($500,000.00)

Further, if the Obligations of Customer or this Guaranty are referred to an attorney-at-law, including Bank's in-house counsel, for collection, whether or not suit is commenced, Guarantor expressly hereby agrees to pay, in addition to the Specified Amount, all expenses of collection, including, without limitation, reasonable attorneys' fees. Guarantor hereby stipulates and agrees that, if suit is instituted, up to and not in excess of fifteen percent (15%) of the total amount(s) due hereunder and remaining unpaid at the time suit is instituted by Bank shall be deemed to be the "reasonable attorneys' fees."

In order to implement the foregoing and as additional inducements to Bank, Guarantor further covenants and agrees:

1. This guaranty is and shall remain an unconditional and continuing guaranty of payment and not of collection, shall remain in full force and effect irrespective of any interruption(s) in the business or other dealings and relations of Customer with Bank and shall apply to and guarantee the due and punctual payment and performance of all "Obligations of Customer" due by Customer to Bank. To that end, Guarantor hereby expressly waives any right to require Bank to bring any action against any Customer or any other person(s) or to require that resort be had to any security or to any balance(s) of any deposit or other account(s) or debt(s) or credit(s) on the books of Bank in favor of Customer or any other person(s) and without limiting the generality of the foregoing, undersigned Guarantor herewith expressly waives any rights he otherwise might have had under the provisions of G.S. §26-7, et seq. and/or other laws to require Bank to attempt to recover against Customer and/or to realize upon any securities or collateral security which Bank holds for the Obligations of Customer. Any Guarantor may, by a written notice, delivered personally to or received by certified or registered United States Mail by an officer of Bank actually involved in the transactions being guaranteed hereby, at the address of Bank first above given, terminate this Guaranty with respect to all "Obligations of Customer" incurred or contracted by Customer, acquired by Bank, or otherwise arising more than thirty (30) business days after the date on which such written notice is so delivered to or received by said Bank officer. Such written notice of termination shall be the sole and exclusive method for terminating this Guaranty as to future Obligations of Customer and notwithstanding termination, this Guaranty and all security given for this Guaranty and/or the Obligations of Customer shall remain in full force and effect as to all Obligations of Customer incurred, existing, or arising in any manner pre-termination, including, without limitation, all Obligations of Customer then existing or thereafter arising under loan commitments which exist pre-termination and all Obligations of Customer under lines of credit and/or revolving lines of credit for advances both pre- and post-termination.

2. TIME IS OF THE ESSENCE HEREOF. Any notice(s) to Guarantor shall be sufficiently given, if mailed to the first above stated address(es) of Guarantor.

3. This Guaranty Agreement constitutes the entire agreement between the parties with respect to this Guaranty, and no waivers or modifications shall be valid unless they are reduced to writing, duly executed by the party to be charged thereby, and expressly approved in writing by an officer of Bank actually involved in the transactions being guaranteed hereby. This Guaranty does not terminate, cancel, supersede, renew, or substitute for any existing guarantee to Bank by any Guarantor, unless expressly provided herein, and the execution and delivery hereafter to Bank by any Guarantor of a new guarantee shall not terminate, cancel, supersede, or be a renewal or substitution for this Guaranty, unless expressly provided therein, and all rights and remedies of Bank hereunder, under any existing guarantee, or under any guarantee hereafter given to Bank by any Guarantor shall be cumulative and may be enforced singly or concurrently.

4. If any process is issued or ordered to be served upon Bank, seeking to seize Customer's and/or Guarantor's rights and/or interests in any bank account(s), such bank account(s) shall be deemed to have been and shall be set-off against any and all "Obligations of Customer" and/or all obligations and liabilities of Guarantor hereunder, as of the time of the issuance of any such writ or process, whether or not Customer, Guarantor and/or Bank shall then have been served with notice thereof.

5. All moneys available to and/or received by Bank for application toward payment of (or reduction of) the "Obligations of Customer" may be applied by Bank to such individual debt(s) in such manner, and apportioned in such amount(s) and at such time(s), as Bank, in its sole discretion, may deem suitable or desirable.

6. As security for any and all liabilities of Guarantor hereunder, now existing or hereafter arising, Guarantor hereby grants Bank a security interest in any and all moneys or other property (i.e., goods and merchandise, as well as all documents relative thereto, also, funds, investment securities, choses in action and any and all other forms of property, whether real, personal or mixed, and any right, title, or interest of Guarantor therein or thereto) and/or the proceeds thereof, which have been or may hereafter be, deposited or left with Bank (or with any agent or other third party acting on Bank's behalf) by or for the account or credit of Guarantor, including (without limitation of the foregoing), any property in which Guarantor may have any interest. Further, where any obligation of Guarantor is due and unpaid Bank hereunder, Bank is herewith authorized to exercise its right of Set-Off or "Bank Lien" as to any moneys deposited in demand, checking, time, savings, or other accounts of any nature maintained in and with it by any of the undersigned, without advance notice. Such right of Set-Off shall also be applicable and exercised by Bank, in its sole discretion, where Bank is indebted to any Guarantor by reason of any Certificate(s) of Deposit, Bond(s), Note(s) or otherwise.

7. Guarantor acknowledges that any termination of liability hereunder, as provided for in paragraph 1 above shall not terminate this Guaranty as to existing Obligations of Customer nor release Guarantor from full liability for "Obligations of Customer" hereby guaranteed and then in existence including, without limitation, all Obligations of Customer then existing or thereafter arising under loan commitments which exist pretermination and all Obligations of Customer under lines of credit and for revolving lines of credit for advances subsequent to the effective date of termination, or from full liability for renewal(s) or extension(s) of the "Obligations of Customer" in whole or in part, whether such renewals or extensions are made before or after the effective date of such termination, and with or without notice to Guarantor, and for substitution therefor, or modifications thereof,

8. The termination of the Guaranty by one or more Guarantors, or the release, settlement or compromise by Bank with respect to any one or more Guarantors, shall not affect the obligations or liability of the remaining Guarantors hereunder, and as to the remaining Guarantors, this Guaranty shall continue in effect as if such Guarantors had been the only Guarantors executing this Guaranty.

9. Guarantor agrees that his liability hereunder shall not be diminished by any failure on the part of Bank to perfect or continue perfection of (by filing, recording or otherwise) any security interest(s) it may have in any property securing this Unconditional Guaranty and/or the "Obligations of Customer" secured hereby and hereunder.

10. Guarantor further hereby consents and agrees that Bank may at any time, or from time to time, in its sole discretion: (i) renew, extend or otherwise change the time of payment, and/or the manner, place or terms of payment of any or all of the "Obligations of Customer" or otherwise modify the Obligations of Customer; (ii) grant indulgences generally from time to time to the Customer and/or any other person liable for the "Obligations of Customer"; (iii) exchange, release and/or surrender all or any of the collateral security, or any part(s) thereof, by whomsoever deposited, which is or may hereafter be held by it or in which it has a lien or security interest in connection with all or any of the "Obligations of Customer" and/or any liabilities or obligations of Guarantor hereunder; (iv) sell or otherwise dispose of and/or purchase all or any of any such collateral at public or private sale, or to or through any investment securities broker, and after deducting all costs and expenses of every kind for collection, preparation for sale, sale or delivery, the net proceeds of any such sale(s) or other disposition may be applied by Bank upon all or any of the "Obligations of Customer"; and (v) settle or compromise with the Customer, any insurance carrier and/or any other person(s) liable thereon, any and all of the "Obligations of Customer," and/or subordinate the payment of all or any part of same, to the payment of any other debts or claims, which may at any time(s) be due or owing to Bank and/or any other person(s); all in such manner and upon such terms as Bank may deem proper and/or desirable, and without notice to or further assent from Guarantor, it being agreed that Guarantor shall be and remain bound upon this Unconditional Guaranty, irrespective of the existence, value or condition of any collateral, or the impairment of any collateral (to include, without limitation, failure to perfect a security interest in collateral), or the unenforceability of any of the Obligations of Customer or the discharge of or release of Customer from liability for any of the Obligations of Customer and notwithstanding any such change, exchange, settlement, compromise, surrender, release, sale or other disposition, application, renewal or extension and notwithstanding also that the "Obligations of Customer" may at any time(s) exceed the aggregate principal sum hereinabove prescribed (if any such limiting sum appears). If Bank should request Guarantor to consent to any of the foregoing, such request and/or consent by Guarantor shall not constitute a waiver by Bank of the provisions of this paragraph which permit such actions without Guarantor's consent, nor of any other provision of this Guaranty relating to acts or inactions of Bank and such request and/or consent shall not create a course of dealing between Bank and Guarantor that would require the consent of Guarantor to any of the foregoing in the future. Further, this Guaranty shall not be construed to impose any obligation on Bank to extend or continue to extend credit or otherwise deal with Customer at any time.

11. If Customer is an organization, this Guaranty covers all "Obligations of Customer" purporting to be created or undertaken on behalf of such organization by any officer, partner, manager, employee, or agent of such organization, without regard to the actual authority of any such officer, partner, manager, employee, or agent, whether or not corporate or partnership resolutions, proper or otherwise, are given by any Customer to Bank, and/or whether or not such purported organizations are legally chartered or organized.

12. This Unconditional, Continuing Guaranty shall be binding upon Guarantor, and the heirs, executors, administrators, successors and assigns of Guarantor; and it shall inure to the benefit of, and be enforceable by Bank, and its successors, transferees and assigns. The death of Guarantor shall not terminate any liability hereunder. This Unconditional Guaranty shall remain in force after Guarantor's death until written notice of termination, sent by a legal representative of Guarantor, is received by Bank as set forth in paragraph 1 above and such termination shall be limited as provided in paragraphs 1 and 7 above.

13. This Unconditional Guaranty shall be deemed to have been made under and shall be governed by the Laws of the State of North Carolina in all respects, including matters of construction, validity and performance. Further, all terms or expressions contained herein which are defined in Articles 1, 3, or 9 of the North Carolina Uniform Commercial Code shall have the same meaning herein as in said Articles of said Code.

14. No waiver by Bank of any default(s) by Guarantor or Customer shall operate as a waiver of any other default or of the same default on a future occasion. If more than one person has signed this Guaranty, such parties are jointly and severally obligated hereunder. Further, use of the masculine or neuter pronoun herein shall include the masculine, feminine or neuter, and also the plural. The term "Guarantor," as used herein, shall (if signed by more than one person) mean the "Guarantors and each of them." If any Guarantor shall be a partnership or a limited liability company, the obligations, liabilities and agreements on the part of such Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals composing the partnership or the limited liability company. Further, the term "Guarantor" shall include in such event any altered or successive partnerships or limited liability companies, it being also understood that the predecessor partnership(s) or LLC(s) and their partners or members and managers shall not thereby be released from any obligations or liabilities hereunder. Bank, or any other holder hereof, may correct patent errors in this Guaranty.

15. Guarantor hereby waives: (i) notice of acceptance of this Guaranty; (ii) notice(s) of extensions of credit and/or continuations of credit extensions to Customer by Bank; (iii) notice(s) of entering into and engaging in business transactions and/or contractual relationships and any other dealings between Customer and Bank; (iv) presentment and/or demand for payment of any of the "Obligations of Customer"; (v) protest or notice of dishonor or default to Guarantor or to any other person with respect to any of the "Obligations of Customer" or with respect to any security therefor; (vi) all other notices to which Guarantor might otherwise be entitled; (vii) any demand for payment under this Guaranty; (viii) any defense of any kind which the Customer might have; and (ix) application of any other defenses available to Guarantor.

16. Anything contained herein to the contrary notwithstanding, if for any reason the effective rate of interest on any of the Obligations of Customer should exceed the maximum lawful contract rate, the effective rate of such obligation(s) shall be deemed reduced to and shall be such maximum lawful contract rate, and any sums of interest which have been collected in excess of such maximum lawful contract rate shall be applied as a credit against the unpaid principal balance due hereunder.

17. In the event any provision(s) of this instrument should be left blank or incomplete, Guarantor hereby authorizes and empowers Bank to supply and complete the necessary information to complete or fill in the blank provision(s).

18. Should any one or more provisions of this Unconditional Guaranty be determined to be illegal or unenforceable by a court of competent jurisdiction, the other provisions shall remain in full force and effect.

19. In the event of a change in, or amendment or modification of the legal status or existence of the Customer, this Guaranty shall continue and shall also cover the indebtedness of the Customer under the new or amended status, according to the terms hereof guaranteeing the Obligations of the original Customer.

20. The obligation of any Guarantor executing this Unconditional Guaranty shall not be dependent upon the subsequent execution hereof by any other person.

21. Guarantor shall provide Bank with such financial information as Bank may from time to time request. Any statement of account or records that bind the Customer shall be binding against the Guarantor and the records of Bank maintained in the ordinary course of its business with respect to the Obligations of Customer shall be binding on Guarantor in all respects, including, without limitation, the extent and nature of the Obligations of Customer and the liabilities of Guarantor under this Guaranty.

22. Guarantor warrants and covenants that Guarantor has made such inquiries as Guarantor deems necessary in order to ascertain the financial condition of Customer, and has, in fact, ascertained the financial condition of Customer and is satisfied with such financial condition, that Guarantor has adequate means to obtain from Customer, on a continuing basis, information concerning the financial condition of Customer, and that Guarantor has not relied, and will not rely, on Bank to provide such information, now or in the future.

23. Guarantor agrees that in the event judgment or any court order or administrative order for turnover or recovery is entered against Bank (whether by consent, compromise, settlement or otherwise) for, or Bank is required or agrees to repay (i) the amount of any monetary payment or transfer of any property (whether real, personal or mixed, tangible or intangible, or the value thereof) made to Bank by or on behalf of the Customer and/or Guarantor for credit to the Obligations of Customer, or (ii) the amount of any set-off(s) exercised by Bank and credited to Obligations of Customer, then in such event (and notwithstanding the prior discharge or satisfaction in whole or in part of any or all Obligations of Customer due Bank or the written or stamped notation of cancellation, release or satisfaction affixed to this Guaranty or any instrument of indebtedness evidencing the Obligations of Customer, or any prior notice of the termination of this Guaranty as to future debts of Customer) the amount or value of any such payments, property or set-off(s) recovered from Bank shall be deemed to be Obligations of Customer and this Guaranty and the liabilities of Guarantor hereunder shall be automatically revived and reinstated and shall continue and remain in full force and effect as to the same, together with interest thereon from date of recovery at the rate(s) applicable to the Obligations of Customer to which such payments, transfers or set-off(s) were credited, costs of court, and the reasonable attorneys' fees incurred by Bank in connection therewith.

24. Guarantor further expressly waives, for Bank's benefit and the benefit of Customer and any other guarantor, maker or endorser of the Obligations of Customer, any and all rights of recourse against Customer, or any other guarantor, maker, or endorser of the Obligations of Customer, or property or assets of the same, arising out of any payment made under or pursuant to this Guaranty, including any claim of subrogation, reimbursement, exoneration, contribution or indemnity that the undersigned Guarantor may have against the Customer, any other guarantor, or maker or endorser of the Obligations of Customer. Guarantor will not enter into any contract or agreement in violation of the provisions hereinabove, and any such purported contract or agreement shall be void ab initio.

25. EVENTS OF DEFAULT. Guarantor shall be in default under this Unconditional Guaranty upon the happening of any of the following events, circumstances or conditions, to wit::

(a) Default in the payment or performance of any of the obligations or of any covenant, warranty or liability contained or referred to herein, or contained in any other contract or agreement of Customer and/or Guarantor with Bank, whether now existing or hereafter arising; or

(b) Any warranty, representation or statement made or furnished to Bank by or on behalf of Customer and/or Guarantor, in connection with this Guaranty Agreement or to induce Bank to extend credit or otherwise deal with Customer and/or Guarantor proving to have been materially false in any material respect when made or furnished; or

(c) Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any State or Federal Bankruptcy or insolvency laws by or against Guarantor and/or Customer; or

(d) Failure of a Customer and/or Guarantor which is a legal entity to maintain its existence in good standing; or

(e) Upon the entry of any monetary judgment or the assessment and/or filing of any tax lien against either Customer and/or Guarantor or upon the issuance of any writ of garnishment or attachment against any property of, debts due or rights of Customer and/or Guarantor, to specifically include the commencement of any action or proceeding to seize moneys of either Customer and/or Guarantor on deposit in any bank account with Bank; or

(f) If Bank should otherwise deem itself, any security interests, its collateral or property, or the "Obligations of Customer" guaranteed hereby and hereunder and/or the liability of Guarantor hereunder unsafe or insecure, or should Bank, in good faith, believe that the prospect of payment or other performance by Customer and/or Guarantor is impaired.

26. REMEDIES ON DEFAULT. Upon the occurrence of any of the foregoing events, circumstances, or conditions of default, all of the obligations evidenced herein and secured or guaranteed hereby shall immediately be due and payable without notice. Further, Bank shall then have all of the rights and remedies granted hereunder, all of the rights and remedies of a Secured Party and/or Holder-in-Due Course under the North Carolina Uniform Commercial Code and/or under other laws of North Carolina.

27. Guarantor acknowledges that Guarantor has read this Guaranty and fully understands the rights granted to Bank herein, and the waiver of rights of Guarantor. Guarantor further acknowledges that each of the terms contained herein is a material inducement to Bank to extend credit to the Customer and is necessary in order for the Bank to fully realize the benefits of Bank's bargained for agreement with the Customer and Guarantor.

This Guaranty is secured by: N/A

IN WITNESS WHEREOF, this Guaranty is executed (i) if by individuals, by hereunto setting their hands under seal by adoption of the word "SEAL" appearing next to the individuals' names, (ii) if by a corporation, by the duly authorized officers of the corporation on its behalf under seal by adoption of the facsimile seal printed hereon for such purpose or, if an impression seal appears hereon, by affixing such impression seal, (iii) if by a partnership, by the duly authorized partners of the partnership on its behalf under seal by adoption of the word "SEAL" appearing next to the name of the partnership and/or the signatures of the partners, or (iv) if by a limited liability company, by the duly authorized member or manager of the limited liability company on its behalf under seal by adoption of the word "SEAL" appearing next to the name of the limited liability company and/or the signatures of the members or managers, on the day and year first above written.

(SEAL)

/s/ Michael D. Pruitt, an Individual

PARAGON COMMERCIAL BANK
BUSINESS RESOLUTION AND AUTHORIZATION
For Accounts, Borrowing, and other Transactions
(This document may be referred to herein as the "Authorization")

Chanticleer Holdings, Inc.

Date: April 11, 2013 Tax Identification No.:

1 . Certification of Business Entity and Adoption of Banking Resolutions. The undersigned, whether one or more, hereby certify to Paragon Commercial Bank (the "Bank") that Chanticleer Holdings, Inc. is the correct legal name of a business (hereinafter sometimes referred to as the "Business"), which Business is organized as a:

Check One:

® Corporation	☐ General Partnership	☐ Limited Partnership
☐ Limited Liability Company	☐ Joint Venture	☐ Sole Proprietorship

The undersigned further certify that the following is the trade name of the Business, if different from the legal name: NA

The undersigned further certify to the Bank that the following resolutions are a true, correct, and complete copy of the resolutions adopted at a meeting of the governing body of the Business (Board of Directors, Members, Managers, or Partners, as applicable to the Business) duly and properly called and held on NA. Such resolutions appear in the minutes of this meeting, have not been rescinded or modified, and remain in full force and effect:

"The Business resolves that,

A. The Bank is designated as a depository for the funds of the Business and to provide other financial accommodations indicated in this resolution.

B. This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Bank. Any and all prior resolutions adopted by governing body (Board of Directors, Members,Managers, Partners, as applicable) of the Business and certified to the Bank as governing the operation of the Business's account(s) are in full force and effect until the Bank receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to the Bank, establishing the authority for the changes.

C. The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Business. Any Agent, so long as they act in a representative capacity as an Agent of the Business, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated in this Authorization, from time to time with the Bank, subject to any restrictions on this resolution or otherwise agreed to in writing.

D. All transactions, if any, with respect to any deposits, withdrawals, rediscounts and borrowings by or on behalf of the Business with the Bank prior to the adoption of this resolution are hereby ratified, approved and confirmed.

E. The Business agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Business. The Business authorizes the Bank, at any time, to charge the Business for all checks, drafts, or other orders, for the payment of money, that are drawn on the Bank, so long as they contain the required number of signatures for this purpose.

F. The Business acknowledges and agrees that the Bank may furnish at its discretion automated access devices to Agents of the Business to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), and debit cards.

G. The Business acknowledges and agrees that the Bank may rely on alternative signature and verification codes issued to or obtained from the Agent(s) named on this resolution. The term "alternative signature and verification codes" includes, but is not limited to, facsimile signatures on file with the Bank, personal identification numbers (PIN), and digital signatures. If a facsimile signature specimen has been provided on this resolution (or that are filed separately by the Business with the Bank from time to time) the Bank is authorized to treat the facsimile signature as the signature of the Agent(s) regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file. The Business authorizes each Agent to have custody of the Business's private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key. The Bank shall have no responsibility or liability for unauthorized use of alternative signature and verification codes unless otherwise agreed in writing."

2. Certification of Authority. The undersigned certify to the Bank that:

A. I am authorized to act on behalf of the Business.

B. I am authorized and directed to execute an original or a copy of this Authorization to Bank, and anyone else requiring a copy.

C. Business is properly formed and validly existing under the laws of North Carolina and that Business has the power and authority to conduct business and other activities as now being conducted.

D. Business has the power and authority to adopt this Authorization and to confer the powers granted in this Authorization, the designated Agents have the power and authority to exercise the actions specified in this Authorization, and Business properly adopted these authorizations and appointed the Agents and me to act on its behalf.

E. Business will not use any new trade or fictitious name without Bank's prior written consent and will preserve Business' existing legal name, trade names, fictitious names and franchises.

F. Business will notify Bank before reorganizing, merging, consolidating, recapitalizing, dissolving or otherwise materially changing ownership, management or organizational form.

3. General Authorization. I certify that the Business authorizes and agrees that:

A. Bank is designated to provide Business the financial accommodations indicated in this Authorization.

B. All prior transactions obligating Business to Bank by or on behalf of Business are ratified by execution of this Authorization.

C. Any Agent, while acting on behalf of Business, is authorized, subject to any expressed restrictions, to make all other arrangements with Bank which are necessary for the effective exercise of the powers indicated within this Authorization.

D. The signatures of the Agents are conclusive evidence of their authority to act on behalf of Business.

E. Unless otherwise agreed to in writing, this Authorization replaces any earlier related Authorization and will remain effective until Bank receives and records an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of this authorization must be accompanied by documentation, satisfactory to Bank, establishing the authority for the change.

F. Bank may verify credit history of Business by obtaining a credit report from a credit reporting agency or any other necessary means.

4. Specific Authority. The following Officers or Agents of the Business are authorized to act on behalf of the Business in carrying out the purposes of this Authorization:

Name and Title or Position (Type or Print)	Signature
/s/ Michael D. Pruitt President, CEO	x

5 . Powers Granted. Business authorizes the designated Officers or Agents to act as indicated (Authorize one or more Agents to each power by placing the letter corresponding to their name in the area before each power. Following each power indicate the number of Agent signatures required to exercise the power.):

Indicate A,B,C, D,E. and/or F		Description of Power	Indicate number of Signatures required
A	(1)	Exercise all of the powers listed in this resolution.	One
	(2)	Open any deposit or share account(s) in the name of the Business.	
	(3)	Sign or endorse checks and orders for the payment or deposit of money, or otherwise withdraw or transfer funds on deposit with Bank.	
	(4)	Borrow money on behalf and in the name of the Business, sign, execute and deliver promissory notes or other evidence of indebtedness.	
	(5)	Pledge, mortgage or otherwise create security interests in any property held by or belonging to the Business and have full authority to endorse, assign, and guarantee the same, on behalf of the Business.	
	(6)	Endorse, assign, transfer, mortgage or pledge bills receivable, warehouse receipts, bills of lading, stocks, bonds, real estate or other property now owned or hereafter owned or acquired by the Business as security for sums borrowed, and to discount the same, unconditionally guarantee payment of all bills received, negotiated or discounted and to waive demand, presentment, protest, notice of protest and notice of non-payment.	
	(7)	Guarantee to the Bank the prompt payment of obligations of the Business and execute in the nameof the Business such guaranty or surety contracts as the Bank may require.	
	(8)	Enter into agreements for a lock box, night depository or a written lease for the purpose of renting, maintaining, accessing and terminating a Safe Deposit Box at the Bank.	

(9) Enter into any pre-authorized electronic funds transfer agreements (using an ATM card, debit card, code or similar means), internet banking agreement, or commercial wire transfer agreements.

(10) Receive and acknowledge receipt of funds, whether payable to the Business or an Agent.

(11) Sign or endorse using facsimile signatures adopted by the Business. Bank may rely on those facsimile signatures that resemble the specimens periodically on file with the Bank, regardless by whom or by what means the signatures were affixed.

(12) Periodically amend, renew, substitute or terminate any agreements or arrangements with Bank that relate to this Authorization.

(13) To execute a guaranty by the Business of the debts or obligations of Chanticleer Holdings, Inc.

(14) Other:

6. Limitations on Powers. The following are express limitations on the powers granted under this Resolution: NA

All previous resolutions and certifications in conflict herewith relating to the Bank are superseded.

IN WITNESS WHEREOF, (i) each individual signing this instrument has set his or her hand and adopted as his or her seal the word "SEAL" set forth beside his or her name, intending this to be a sealed instrument, (ii) each other entity has caused this instrument to be executed in its name by a person or persons duly authorized and, if a corporation, its corporate seal to be affixed hereto, otherwise having adopted the word "SEAL" set forth beside its name as its seal, intending this to be a sealed instrument, all by authority duly given, and all as of the date of this Resolution and Authorization.

We, the undersigned, do hereby certify that the foregoing is a true and correct copy of a resolution adopted at a meeting of the Board of Directors of this Corporation, the original of which is duly recorded in the corporate minute book, and we do further certify that the foregoing resolution does not violate any prohibition, limitations or provisions contained in the Articles of Incorporation or Bylaws of this Corporation.

Chanticleer Holdigj s, Inc.

By: /s/ Michael D. Pruitt

President, CEO

Attest: Corporate Secretary

We. the undersigned, do hereby certify that the foregoing is a true and correct copy of a resolution adopted at a meeting of the Board of Directors of this Corporation, the original of which is duly recorded in the corporate minute book, and we do further certify that the foregoing resolution does not violate any prohibition, limitations or provisions contained in the Articles of Incorporation or Bylaws of this Corporation.

Chanticleer Holdings, Inc.

/s/ Michael D. Pruitt,
President, CEO

Attest: Corporate Secretary

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in this Registration Statement of Chanticleer Holdings, Inc. on Form S-1 FILE NO. 333-178307 Post Effective AMENDMENT # 2 of our report dated April 3, 2012 (Except for the effects for the restatement as discussed in Note 17 to the consolidated financial statements, which are dated December 4, 2012) with respect to our audit of the consolidated balance sheet and related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows of Chanticleer Holdings, Inc. and Subsidiaries as of December 31, 2011, and for the year then ended, which report appears in the Prospectus, which is part of this Registration Statement and includes an emphasis paragraph relating to an uncertainty as to the Company's ability to continue as a going concern. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Creason & Associates, PLLC

Creason & Associates, PLLC
Tulsa, Oklahoma
April 18, 2013

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Chanticleer Holdings, Inc. and Subsidiaries on Form S-1 File No. 333-178307 Post Effective Amendment #2 of our report dated April 3, 2013, which includes an explanatory paragraph as to the Company's ability to continue as a going concern, with respect to our audit of the consolidated balance sheet and related consolidated statement of operation and comprehensive loss, changes in stockholders' equity and cash flows of Chanticleer Holdings, Inc. and Subsidiaries as of December 31, 2012 and for the year ended December 31, 2012, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum llp

Marcum llp
New York, New York
April 18, 2013

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Chanticleer Holdings, Inc. on Form S-1 File No. 333-178307 Post Effective Amendment #2 of our report dated December 4, 2012 with respect to our audit of the combined balance sheet and related combined statements of operations, changes in equity and cash flows of South African Subsidiaries of Chanticleer Holdings, Inc. as of December 31, 2011 and for the period from October 1, 2011 through December 31, 2011, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum llp

Marcum llp
New York, New York
April 18, 2013